

Risk Response Planning

What to do when the "it" happens

Prepared by Don Ardiel
BArch, MDE, OAA, MRAIC, PMP

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Risk Response Planning

Risk Response Planning

"Risk Response Planning is the process of developing options and determining actions to enhance opportunities and reduce threats to the project's objectives." (*PMBOK® Guide*, p.260).

For each risk, in priority order:

1. Develop options and select best option
2. Ensure option does not conflict with project objectives
3. Integrate the resulting tasks into the project plan

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Risk Prioritization

Probability increases ↑	Very High	←	1		
	High		3		
	Medium		6	4,5	
	Low			2	
	Very Low				↓
	Very Low	Low	Medium	High	Very High

Severity of Impact increases →

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Risk Response process

"Risk Response planning must be:

- Appropriate to the severity of the risk
- Cost effective in meeting the challenge
- Timely to be successful
- Realistic within the project context
- Agreed upon by all parties involved
- Owned by a responsible person"

PMBOK, pp. 260

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Risk Response Strategies


Threats		Opportunities
Avoid		Exploit
Mitigate		Enhance
Transfer		Share or Partner
	Accept	

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Avoidance

- Alter the project to avoid the risk
- May involve eliminating condition which results in the risk
- These options are usually easy to identify however they may be difficult to agree to.
- Examples:
 - Cutting or deferring scope
 - Significantly changing your approach

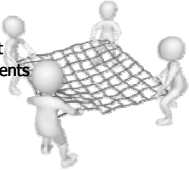


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Mitigation

- Actions which reduce the probability of the risk, or reduce the impact of the risk, or reduce both
- Risk is not eliminated but rather reduced to an acceptable threshold
- Ensure that project objectives are respected
- Examples:
 - Walkthrough deliverable results
 - Consult with an expert
 - Incorporate a pilot into your project
 - Designing redundancy into components




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Transference

- Shifting the consequences of a risk to a third party
- Transferring liability for financial risk exposure
- Examples:
 - Insurance
 - Subcontracting (depending on contract type)



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Strategies for Positive Risks or Opportunities

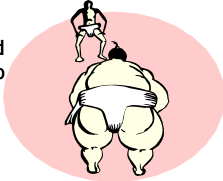
- **Exploit:** realize benefit through uncertainty by making the risk event happen
- **Share:** allocating ownership or partner with another party to ensure the benefit of the risk is realized
- **Enhance:** modify the opportunity by increasing the size of the positive impact

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Exploit

- Ensure that the opportunity of an uncertain event is realized
- Seeks to eliminate the uncertainty by making the opportunity happen
- Example include:
 - Increasing quality beyond customer expectations to realize a marketing opportunity




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Share

- Allocating ownership to a third party to realize the risk benefit
- Partner with others to share in benefits; you own the opportunity, they own the resources.
- Joint Ventures and teams




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Enhance

- Increase the size of the opportunity by increasing the impact and probability of the risk event
- Maximize benefit
- Reinforcing the trigger of the event
- Enhancing influencing factors of the risk event



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Strategies for Both Threat and Opportunities

- **Acceptance**
 - Seldom possible to eliminate all risk
- **Residual Risk:**
 - After avoidance, mitigation, transfer, enhancement, exploitation and sharing strategies have been put into place, the residual risk is often accepted,

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Risk Response Plans

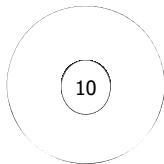
- For each risk:
 - Provide all risk data gathered to date
 - Identify strategies considered
 - Articulate the best strategy
 - Include contingency plans if identified
 - Incorporate actions into the project plan with responsibilities
- Include contingency reserve amount and justification
- Ensure the Response Plan is communicated to the team and the Sponsor

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Develop Risk Response Tactics

- Develop several risk response strategies for each of the 4 risks you have identified. Try and use as many of the generic strategies as you can think of.



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