



PROJECT **PERFECT**  
Pty Ltd

# Risk Management User Guide

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### Document Origin

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Version	Date	Changes
1.0	27/2/08	Initial Version

# Risk Guidelines

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**Overview** The purpose of a risk assessment is to:

- Identify the significant risks
- Understand their potential impact and probability that they will occur
- Look at what can be done to reduce (mitigate) the risk
- Understand the potential impact and probability after mitigation

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**What is a Risk** A “Risk” is a future condition or circumstance that may have an impact on the project if it should occur. The impact may be positive or negative. A positive risk may in fact present an opportunity but it will probably have a disruptive effect on the project.

A positive impact risk may be that a certain person with particular skills relevant to the project may become available. If they do it will speed up the project. The value of listing it as a risk is that you can plan what you might do to either make the person available, or what you will do if the person is available.

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**Risk in Projects** It is normal to have “Risk” associated with a project. Each project owner should be aware that “Risks” exist, and that it is a normal part of the project. A good Project Manager will identify the “Risks”, and put in place actions to lessen the “Risk”.

Example

- Late delivery of software from a Vendor will cause the project to be delayed.
- Business Users not being available when required will result in incomplete requirements.

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**Risk Management Components** Risk management consists of four components.

- Risk Identification
- Risk Quantification
- Risk Response Development
- Risk Response Control

The process for each of these components is covered later in this document

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## Risk Guidelines, Continued

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### **Significant Risks**

The objective is not to identify every possible risk. The objective is to identify significant risks. For example, there may be a risk that the building will be destroyed by earthquake. Unless you live on the fault line, the effort to mitigate the risk is out of proportion to the potential that it will happen. The focus is on the risks that will cause the biggest impact, or are most likely to happen.

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## Definition – Risk Types

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**Purpose of Definitions** It is important to create a shared understanding when terms are used. The following are definitions and examples of terms used in risk management.

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**Risk Types** “Risks” can be classified into several categories. All are important when doing risk management as they are treated differently.

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**Generic Risks** There are “Generic Risk’s” for all projects, and it is not sensible for each project to develop their own strategy to address the same “Risk”. It is better to learn from the past and use the same strategies as other projects have used.

**Example**

Risk of not having a clear definition of the scope during the early stage of the project, which may result in budget and time blow-out, may be generic to most projects. Action to lessen the “Risk” may be to have a scope variation process in place. Each team does not want to invent the same solution. It is easier to use a generic solution for all projects.

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**Program Risks** A number of projects may be grouped into a program with some “Risks” common across the program. Here it may be appropriate to manage these “Risks” at a program level, rather than within each project. Management strategies can be applied as required. The “Program Risks” are different to “Generic Risks”. “Program Risks” typically only apply to the projects within a program.

**Examples**

A risk to several projects in a program may be the cross-organisational nature of the program makes it difficult to find a committed Sponsor. The “Risk” applies to each project, but is common to the program. It does not necessarily apply to project outside the program.

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## Definition – Risk Types, Continued

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**Project Specific Risks** There are always “Project Specific Risks” that require their own set of solutions. Whilst other projects may have addressed similar “Risks”, they are not applicable to all, or even most projects. These “Risks” need to be tailored to suit the particular circumstances of the project.

### Example

Risk of missing a window of opportunity in which the users are available will delay testing on a project, may be project specific. This may require the creation of a specific set of actions to lessen the “Risk”.

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**Incident Specific Risks** There are “Project Specific Risks” that are related to a particular part of the project. If they are to come to reality they will happen at a specific point. These points are triggers for the “Risk” and the “Risk” can be managed by monitoring the triggers.

### Example

The test data will not be available when the users are ready to test so there is the potential for delay. The trigger is the application being ready to test. There may be other points where the “Risk” will become visible – for example when a test team is being nominated – but the impact will happen when testing is to be undertaken.

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**Ongoing Risks** Other “Project Specific Risks” are ongoing. They exist for the life of the project. The team needs to be vigilant for the life of the project as they can occur at any time.

### Example

The risk that there will be a communication breakdown between the Users and the Network Infrastructure people causing implementation problems, for example. There are no particular triggers or events that might precipitate the “Risk” becoming an issue.

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## Definition – Risk Types, Continued

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**Business Risk** “Project Risk” is very different to “Business Risk”. “Business Risk” is the impact on, or exposure to the organisation of the project failure. “Business Risk” and “Project Risk” may be related – the higher the “Risk” of the project, the higher the exposure of the organisation (“Business Risk”). The purpose of project risk management is to address “Risks” related to the project, not “Business Risks”. “Business Risks” need to be addressed by the Business area in parallel with the project.

### Example

The organisation needs to install a new accounting system at year-end. If the date is missed, it will be delayed a year. The project is to select, and implement the new system.

The “Project Risks” may be related to gathering requirements, or finding a suitable package. The “Business Risk” is related to a year delay in implementing a new system, and the implications of using the old system for another 12 months.

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**Other Risk Related Definitions** There are several other terms that need to be defined in order to ensure we have a common understanding.

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**Causes & Effects** A “Risk” has a “Cause”, and an “Effect”. It is important you identify the “Risk” and not the “Cause” or “Effect”.

- The “Cause” is a situation that exists and sets up a “Risk”.
- The “Effect” is the outcome of the “Risk” should it come to reality.

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## Definition – Risk Types, Continued

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### Example Cause and Effect

A particular business process is complex and the person, who has been doing the work for the longest, has resigned. If we don't understand the process, the new system might not meet the business requirements.

- **Cause:** Complexity of business process
- **Effect:** System delivered might not meet business requirements
- **Risk:** Reliance on limited number of people with the knowledge to provide requirements

A "Risk" must contain some uncertainty or it is not a "Risk". In other words, the probability is less than 100%. In this example, the complexity of the business process, or the "Cause", is a fact. It has a probability of 100%. The complexity of the process is the "Cause" of the "Risk".

What we are uncertain about is the extraction of the requirements from the limited number of people. This is the "Risk". The result of this uncertainty – not meeting business requirements - is the "Effect".

The "Effect" is in fact the "Impact" which is usually stated in the risk.

"Risk" = "Situation" + "Impact"

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### Triggers

"Triggers" are points at which the "Risk" should be closely monitored.

#### Example

There is a risk that a vendor will not be able to meet their schedule for a new software release due in December, and the project will be delayed. A "Trigger" may be that a beta release is due in August. If the beta release is late, it is a warning that the final delivery will probably be late

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## Definition – Risk Types, Continued

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### **Contingency Plan**

A key concept of risk management is that it is better to have a solution “on the shelf” rather than try to resolve a problem in the heat of the moment.

Thinking out a possible response in a calm environment is likely to generate a better solution than if it is done in the middle of a crisis. It might also be possible to come up with several alternatives. In a crisis, often people just follow the first path that becomes visible.

#### Example

There is a risk that the scope of the project will be far bigger than imagined after we conduct a feasibility study. This may lead to the project being cancelled.

A possible solution is that if this happens, we present a number of options ranging from the complete project to delivery of components that fit within the budget and time expectations.

Another risk may be that the introduction of new technology may present difficulties to the operational staff in running the system on a day to day basis.

A possible solution is that we bring in experienced staff from outside the organisation to assist in the first few weeks of operation. This scenario creates an action item to locate an outside organisation who have the necessary skills, and can provide resources if required.

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### **Assumptions**

An “Assumption” is slightly different to a “Risk”. An “Assumption” is an interpretation of the situation made at a point in time, which is yet to be validated. An “Assumption” still needs actions to validate, but is not considered a “Risk”. If the “Assumption” is later proven to be false, it may become an “Issue”.

Just to confuse the situation, the fact that we have had to make an “Assumption” because we don’t have certainty about a situation, may in fact be a “Risk”. The situation is not the risk. The fact we have to make an assumption about the situation is a risk.

#### Example

We make an assumption that a certain skilled resource will be available from a certain date. If the person is not available, it becomes an “Issue”. There may also be a “Risk” that skilled resources are not available. Resolving the “Assumption” will make the “Risk” go away.

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## Definition – Risk Types, Continued

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**Decisions** “Decisions” are resolutions to a problem, or resolution to a situation that was unclear. “Decisions” may be the outcome of an “Issue”. The “Decisions” are not an issue in themselves.

Example

There is a proposal relating to the inclusion of a particular set of reports within the scope of the project. The decision is taken to not include the reports.

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**Constraints** If there is a 100% chance that an event will occur it is either an “Issue” or a “Constraint.”

If it is a “Constraint”, it is something that has happened and cannot be changed. The Project Team needs to accept it as a fact, and work within the boundaries of the “Constraint”.

Example

- We requested three developers but when the project was approved to proceed, only two were allocated to the project. There is no negotiation on this allocation.
  - Key Business User is on leave for the next four weeks. Leave cannot be changed. The project needs to wait four weeks to begin.
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**Issues** An “Issue” is something that has happened, but the team will seek to find a solution to enable them to proceed. It is a problem for the project, which needs to be fixed.

An “Issue” is different to a “Risk”. A “Risk” has a probability of occurring but has not yet occurred. If the probability is not 100% it is a “Risk”.

Example

- Budget will not be approved until the next Board Meeting. The Project can however apply for interim funding to proceed.
  - There is a risk that a piece of hardware may not arrive on a certain date and if this happens, the project will be delayed. The moment we learn the hardware is delayed (i.e. the probability of the hardware being late is 100%) the “Risk” becomes an “Issue”.
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## Risk Assessment Workshop - Identification

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### Overview

A risk assessment workshop can be regarded as “organised brainstorming”. The lists included in this document will probably account for 50% to 70% of project risks but there will be risks unique to every project that are not in the list attached. The process below will enable you to prepare a proper risk plan.

As mentioned, there are four parts:

- Risk Identification
  - Risk Quantification
  - Risk Response Development
  - Risk Response Control
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### Defining a Risk

A “Risk” should be defined in two parts. The first part is the “Situation” that will cause the problem. The second is the likely “Impact”.

Typical Situations	Typical Impacts
<ul style="list-style-type: none"><li>• Lack of availability of business users</li><li>• Vendor unable to meet deadline</li><li>• Unknown complexity of the requirements</li><li>• Lack of access to Sponsor</li><li>• Etc.</li></ul>	<ul style="list-style-type: none"><li>• Delay to the project</li><li>• Budget will be exceeded</li><li>• Requirements will not be accurate</li><li>• Testing will be incomplete</li><li>• Unable to start the next phase</li><li>• Scope not clearly defined</li></ul>

### Example Risk Definition

Consequently a “Risk” should be documented as

- Lack of availability of business users will cause a delay to the project
  - Scope not clearly defined due to lack of access to the Sponsor will result in budget being exceeded
- 

### Preparing for the Workshop

Use the “Risk Checklist” which is attached to this document. Prior to the meeting, break up the existing “Risks” into the categories on the checklist. It may be appropriate to edit the checklist for the project. For example, there may be no Political/Legal aspects to the project.

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## Risk Assessment Workshop - Identification, Continued

### Running the Workshop

Allow at least an hour for the workshop. Whilst the session should have an element of “brainstorming” there should be some structure. The following is a suggested agenda.

Stage	Description
Opening the Meeting	When the meeting starts, depending on the experience of the group, run through the following topics: <ul style="list-style-type: none"> <li>• Purpose of this meeting</li> <li>• The process to be followed</li> <li>• Definition of “Risk”.</li> <li>• Difference between “Risk” and “Constraint”/”Issue”.</li> <li>• Difference between “Risk”, “Cause” and “Effect”</li> </ul>
Brainstorm Risks	It is useful to have a brainstorming session to write up “Risks” prior to examination of each category. Ask the group to identify “Risks” and jot them down on a whiteboard. Stop any discussion of the “Risk”. The idea is to build up momentum and get out as many “Risks” as possible in a short space of time.
Refer to Risk Source Checklist	Use the "Risk Source Checklist" attached to prompt the team to find other risks not already identified
Refer to Risk Situations Checklist	Use the "Risk Situations Checklist" attached to prompt the team to find other risks not already identified.
Refine	Go through the risk ensuring each is described as a "Situation" and an "Impact". Remove risks that have been duplicated.
Eliminate Cause & Effect	At this stage, there will probably be some “Causes” and “Effects” included. They should be converted to “Risks” during this process.

### Identifying Risk Categories

The “Risks” should be reviewed in order to identify those that are:

- Generic Risks
- Program Risks
- Business Risks

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## Risk Assessment Workshop - Identification, Continued

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### Handling Risk Groups

At this stage you can determine how to handle “Risks” that have been identified as “Generic Risks” or “Program Risks”. It may be more appropriate to deal with “Generic Risks” and/or “Program Risks” in a separate session.

A decision will also need to be taken regarding “Business Risks”. Normally these are passed to the Business area to manage.

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### Deliverable

- List of “Risks”
  - Category to which the “Risk” belongs
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## Risk Assessment Workshop - Quantification

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**Overview** Not all risks will be addressed. The focus should be on risks that are most likely to happen and cause the biggest impact.

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**Impact & Probability** Risks should be measured in terms of impact and probability. The following scales should be used.

Impact	<ul style="list-style-type: none"> <li>• Catastrophic</li> <li>• High</li> <li>• Medium</li> <li>• Low</li> </ul>
Probability	<ul style="list-style-type: none"> <li>• Almost Certain</li> <li>• Highly Likely</li> <li>• Likely</li> <li>• Unlikely</li> </ul>

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**Rate for Impact** The “Risk” should be rated for the impact it will have on the project. Use the following guidelines.

Rating	Description
Critical	<p><b>Definition:</b> Very high impact with catastrophic consequences</p> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>• High impact on cost, schedule or deliverables</li> <li>• Possible suspension or cancellation of the project</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Major supplier closes down and no alternatives available</li> <li>• Company is sold and funding is withdrawn</li> <li>• Key resource who is the only person with the business knowledge leaves the organisation and no person can provide requirements</li> <li>• Old hardware fails and cannot be repaired. System is unusable.</li> </ul>

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## Risk Assessment Workshop - Quantification, Continued

### Rate for Impact (continued)

Rating	Description
High	<p><b>Definition:</b> Material high impact with major consequences</p> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>• Impact on cost schedule or deliverables</li> <li>• Change to project profile</li> <li>• Work-arounds have significant impact on project or none available</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Services supplied by key supplier are inadequate and we cannot achieve our objectives</li> <li>• Serious industry dispute effects availability of business users</li> <li>• Strategies being developed are different to corporate strategies</li> </ul>
Medium	<p><b>Definition:</b> Noticeable impact with clearly visible consequences.</p> <p><b>Consequences</b></p> <ul style="list-style-type: none"> <li>• Impact on cost, schedule or deliverables</li> <li>• Work-arounds have an impact on project</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Business users not available as frequently as required and consequently requirements are incomplete</li> <li>• Project team cannot be located centrally and communication problems develop</li> <li>• Key member off through illness and project cannot proceed</li> <li>• Non crucial software does not fully meet expectations and needs to be modified</li> </ul>

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## Risk Assessment Workshop - Quantification, Continued

### Rate for Impact (continued)

Rating	Description
Low	<p><b>Definition:</b></p> <ul style="list-style-type: none"> <li>• Some minor impact with unimportant consequences</li> <li>• May have an impact</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>• Little impact on cost schedule or deliverables.</li> <li>• Work-arounds available</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Some information is missing when talking to users and it becomes more time consuming to gather requirements</li> <li>• Some delays in finding permanent equipment for contractors delays their start date</li> <li>• Training is delayed for project staff and consequently development is delayed</li> </ul>

### Rate for Probability

Rate the “Risk” for how likely it is to occur. Remember, if the probability of the “Risk” occurring is 100% or greater, it is not a “Risk”. Use the following table.

Description	% Probability
Almost Certain	80% to 99%
Highly Likely	50% to 79%
Likely	20% to 49%
Unlikely	1% to 19%

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## Risk Assessment Workshop - Quantification, Continued

### Determine Priority

Priority is a combination of the Impact and Probability. The following is a useful way to break the “Risks” down into four categories.

<b>Probability</b>	<b>Almost Certain</b>	<b>Medium</b>	<b>Critical</b>
	<b>High Likely</b>		
	<b>Likely</b>	<b>Low</b>	<b>High</b>
	<b>Unlikely</b>		
		<b>Low</b>	<b>Medium</b>
		<b>High</b>	<b>Catastrophic</b>
		<b>Impact</b>	

### Priority

Given the combination above, we can rate the priority as follows

Impact	Probability	Priority
Catastrophic	Almost Certain	Critical
Catastrophic	Highly Likely	Critical
Catastrophic	Likely	Critical
Catastrophic	Unlikely	High
High	Almost Certain	Critical
High	Highly Likely	High
High	Likely	High
High	Unlikely	Medium
Medium	Almost Certain	High
Medium	Highly Likely	High
Medium	Likely	Medium
Medium	Unlikely	Low
Low	Almost Certain	Medium
Low	Highly Likely	Low
Low	Likely	Low
Low	Unlikely	Low

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## Risk Assessment Workshop - Quantification, Continued

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### Scalability

Depending on the size of the project, the following approach should be taken, and “Risk” should be assessed

<b>Project Size</b>	<b>Approach</b>	<b>Risk Priority Assessed</b>
Small	Assessment by Project Manager & Key Stakeholders	All Critical and possibly the High
Medium	Workshop involving Key Stakeholders	All Critical and High and possibly Medium
Large	Workshop involving Key Stakeholders	All Critical and High and possibly Medium and Low
Very Large	Workshop involving All Stakeholders	All Critical, High and Medium and possibly Low

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# Risk Assessment Workshop – Risk Response Development

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**Overview** Even if the Project Manager has done the “Risk Quantification” in isolation, it is useful to expand the audience when it comes to “Response Development”. This will achieve two things. It will allow a broader range of options to be explored, and will spread the workload when it comes to implementing “Risk Development” activities.

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**Strategies** There are four possible strategies that can be adopted. They are:

- Accept
- Transfer
- Avoid
- Mitigate

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**Accept Strategy** Acceptance of a “Risk's” consequences can be active (e.g. by developing a contingency plan to execute should the risk event occur) or passive (e.g. by accepting delay if some events take longer than anticipated).

### **Example**

In a particular business area, there are three key users. There is a risk one or more may leave the organisation in the next 3 months and the requirements will be difficult to obtain. The “Risk” is rated as “Likely” for probability and “Medium” for impact. It falls into the low category.

The impact of one person leaving is considered insignificant in that the other two people can provide information for the requirements. It will have an impact on the time availability of the person, but is manageable.

The impact of two people leaving would be more significant but is still manageable. The probability of two people leaving in the next three months is considered very “Unlikely”.

If all three people were to leave (for which the probability is rated something less than “Unlikely”) it would have a major impact on the departmental operation as well as the project. As there is no contingency in place at the departmental level to address this “Risk”, the business area considers it to be an acceptable “Business Risk”. The Project Team agrees with the business and decides to accept the “Risk”.

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## Risk Assessment Workshop – Risk Response Development, Continued

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### **Transfer Strategy**

Share or assume the consequences of the “Risk”. This can be with the customer or perhaps a third party, usually a supplier. While this does not necessarily reduce the impact, it can reduce the probability

#### **Example**

We do not have the expertise to produce documentation for training. Training may not be effective and the implementation may fail. We will transfer the “Risk” by employing a specialist documentation company to prepare the documents.

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### **Avoid Strategy**

Eliminate a specific threat (usually by eliminating the cause) or find alternative paths to achieve the same results (thereby eliminating the “Risk”). The Project Team can never eliminate all “Risk”, but specific “Risks” can often be eliminated.

#### **Example**

We might have a risk that a new hardware supplier who has quoted lower prices will not be able to support the equipment. The “Risk” was rated as “Critical”. To avoid the “Risk”, we might decide to use an existing supplier who we know has proven support.

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### **Mitigate**

Reduce the probability of the “Risk” eventuating and/or impact of the “Risk”.

#### **Example**

There is a “Risk” that we will not have sufficiently skilled resources to implement a new database technology so it might prove more complex than we thought. An action to lessen, or mitigate the “Risk” is to send nominated resources on a database training course. Another action may be that we recruit resources with the necessary skills. Neither actions remove the “Risk” but they do significantly reduce the probability.

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## Risk Assessment Workshop – Risk Response Development, Continued

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**Action Items** “Action Items” should be developed for “Risks” that have been identified as being:

- Transferred
- Avoided
- Mitigated

“Actions” should include:

- What is to be done
  - Who is responsible
  - When it is to be completed
- 

**Change to Rating** After “Action Items” have been taken to transfer or mitigate the “Risk”, it is appropriate to review the “Risk” for probability and impact. A new priority can be established.

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**Output** A Risk Management Plan includes a section detailing when each phase is scheduled and held. It also includes participants.

	<b>Accept</b>	<b>Transfer</b>	<b>Avoid</b>	<b>Mitigate</b>
Contingency Plan	No	No	No	Yes
Actions	No	Yes	Yes	Yes
Worst Case	Yes	No	No	Yes
Change to Rating after Actions Implemented	No	Yes	No	Yes
Transferred to	No	Yes	No	No

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## Risk Assessment Workshop - Risk Response Control

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<b>Purpose</b>	To ensure there is: <ul style="list-style-type: none"><li>• An awareness and vigilance of the “Risks”.</li><li>• An understanding of the actions being undertaken to lessen the “Risks”</li></ul>
<b>Inputs</b>	Risk Management Plan
<b>Regular Review</b>	Depending on project size, “Risks” should be reviewed formally or informally at least every month. The review should cover both the status and actions related to current “Risks” and identification of new “Risks”.
<b>Inform Stakeholders</b>	There should be a risk component of all status reports. In particular, share information with stakeholders (especially drivers and supporters) by: <ul style="list-style-type: none"><li>• Explaining in detail the nature of the “Risk”, how it would impact the project, and the basis on which the probability was calculated.</li><li>• Telling people the most recent assessment of the current chances that a “Risk” will eventuate, what is being done to minimise that probability, and what others can do to reduce the chances of negative consequences.</li><li>• Encouraging people to think and talk about “Risks”, with a view to minimising their potential impact.</li><li>• Ensuring any potential solutions are clearly understood so that should a “Risk” become an issue, it can be dealt with swiftly</li><li>• Constantly looking for new “Risks”</li><li>• Documenting all information about “Risks”.</li></ul>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>• Status Reports</li><li>• Revised Risk Management Plan</li></ul>

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## Risk Categories

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### Overview

The following are areas of a project from where risks may eventuate. Use this list to focus the project team on identifying specific risks for their project. Worksheets are included at the end of this document. This list is common risks. It will not cover all risks on every project.

At the end of this document is a more comprehensive checklist of potential risks in each category.

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### Duplication

Some risks span more than one category and are often mentioned in two or three categories. The wording may be slightly different in the categories due to a slightly different perspective on the risk. Only list the risk once if it applies in two places.

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### Client Environment

- Staff Behaviour
  - Staff Availability
  - Business processes
  - Business Impact
  - Customer Characteristics
  - Documentation
  - Understanding of requirements
  - Corporate procedures and governance
  - Financial constraints
  - Management commitment
  - Expectations
  - Legal or Political issues
- 

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## Risk Categories, Continued

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- Team Environment**
- Project Size
  - Resources – Human
  - Resources – Other
  - Project Definition
  - Understanding of scope
  - The schedule
  - Other Projects
  - Development of the deliverable
  - Implementation
  - Skills availability
  - Location
- 

- System/Service Complexity**
- Development Environment
  - Process
  - Technology Issue
  - Contractual Issues
  - Third Party Personnel
  - Hardware impact
  - Supplier impact
-



## Typical Risks

**Client Environment** The following are typical risks in a client environment.

Risks	Probability	Impact	Priority	Action	Responsible	Date
Clients will not commit to a standardised product development approach						
Clients are not prepared to commit to change control procedures						
Senior management is not committed to the project deliverables						
No project Sponsor						
Low priority for the project within the client group						
Deliverable is critical to the client environment						
Many outside organisations involved in the project						
Many different clients/branches/groups involved in the project						
Large/small number of individual clients/system users						

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## Typical Risks, Continued

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### Client Environment (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
Severity of procedural changes in the client department						
Structural changes required when project complete						
Organisational attitude to change						
Lack of stakeholder participation						
Lack of appropriate stakeholder participation						
Knowledge of stakeholders						
Lack of communication between client groups						
Dependency on a single expert for requirements						
Meeting deadlines imposed by legislation						
Dependency on outside experts						
No clear cost/benefit analysis						
Project is not strategic						

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## Typical Risks, Continued

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### Client Environment (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
Business problems to be solved require clarification						
Business solution under development needs clarification						
Business solution under development needs clarification						
Lack of availability of Business Users						
Lack of communication to end users						
Incorrect expectations set during feasibility study						
Sponsor has disregard for methodology but wants fixed time frame						
Insufficient analysis of business area requirements						
Main Business User does not represent the needs of users						
Business user indecisiveness will delay the project						

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## Typical Risks, Continued

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### Client Environment (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
Complaints that business users are slow and uncooperative						
Minimal feedback from business users about system						
Business users want flexible specifications						
Expectations are different from reality						
Sufficient resources not committed to the project						
Business users do not show concern or raise issues						
Conflicting or unclear requests from business users						
Lack of agreement on functionality for the project						
Ramifications of changing method of business not clear						
Business users continually want to add little things to the project						

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## Typical Risks, Continued

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### Client Environment (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
Business user continually oscillate on functionality requirements						
Poor Business Analysis						
The business is re-organising or changing business procedures						
Business users are not able to make decisions at Prototype Review						
Critical change in client or organisation						

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## Typical Risks, Continued

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**Team Environment** The following are typical risks relating to the team environment

Risks	Probability	Impact	Priority	Action	Responsible	Date
Priority of the project within the IT area						
Lack of resources in the project team						
Project team too large or too small						
Project too long						
Lack of skills or availability of the project manager						
Too many part time resources						
Too many external resources						
System developers lack experience in the area						
Programmers lack skills in language/database/etc.						
Lack of experience in applications package						
New technology/hardware/methodology						
Lack of support tools						
Support tools too complex						

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## Typical Risks, Continued

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### Team Environment (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
Project deadlines unreasonable						
Project team scattered throughout the organisation						
Physical environment unsuitable						
Low morale in the team						
Insufficient time to devote to the project						
No communication between members						
Matrix decision makers for any or all of the key roles						
Attempted renegotiation of project mandate						
Using development tool in ways not meant to be used						
Skipping of essential tasks or activities to "meet the next date"						
Team does not understand or accept the process						

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## Typical Risks, Continued

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### Team Environment (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
Sense of ownership of system is with IT, not business users						
A decision or change request is not documented						
No decisions from meetings						
Team not working together nor understanding their roles						
Poor relationship develops between business user and developer						
Further changes requested at the a late point						
Business user does not commit much time						
Misunderstand roles, or lack of performance						
Third party interposed between IT and business users						
Reluctant to advise Sponsor at first sign of slippage						

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## Typical Risks, Continued

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### Team Environment (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
Team communication problems (may manifest as perceived stress)						
Issues not being logged						
Issues not being addressed						
Lack of communication to the organisation about the project						
Expectations out of kilter with reality						

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## Typical Risks, Continued

System/Service Complexity The following are typical risks relating to the System/Service Complexity

Risks	Probability	Impact	Priority	Action	Responsible	Date
Unclear proposal document						
System performance critical						
No documentation for system to be replaced						
No prototype of new system						
Availability of new hardware						
Highly complex logic involved						
High data complexity						
High system transaction rates						
Significant security issues						
Complex interfaces						
Many integrated packages						
High level and complex languages						
Requirements unstable						
Scope unclear						
Scope likely to expand						

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## Typical Risks, Continued

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### System/Service Complexity (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
No process to manage scope change						
High level of innovation required for the system						
High expectation level from the client						
New or unproven technology						
Lack of comments in code or documentation						
Developer wants to re-work section of application						
New functionality is disguised as bug fixes ("creeping functionality")						
IT Management requests changes in scope and/or functionality						
Initial estimates may be unrealistic						
Attendees consistently unprepared for Prototype Reviews						
Testing and re-testing requirements unrealistic						

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## Typical Risks, Continued

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### System/Service Complexity (continued)

Risks	Probability	Impact	Priority	Action	Responsible	Date
IT person performs Business User role						