

PROJECT RISK MANAGEMENT

Chapter 1: Introduction to Risk Management

(Risk Management & Risk Sources)

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Chapter Description

- **Expected Outcomes**

- Understanding risk management fundamental knowledge: risk management and risk sources
- Understanding risk attitude concept and risk management



- **Resources**

- Farid Usmani
(<https://pmstudycircle.com/2012/02/demystifying-risk-attitude/?cv=1>)

Content

1.6 Risk Management

1.7 Sources of Risk

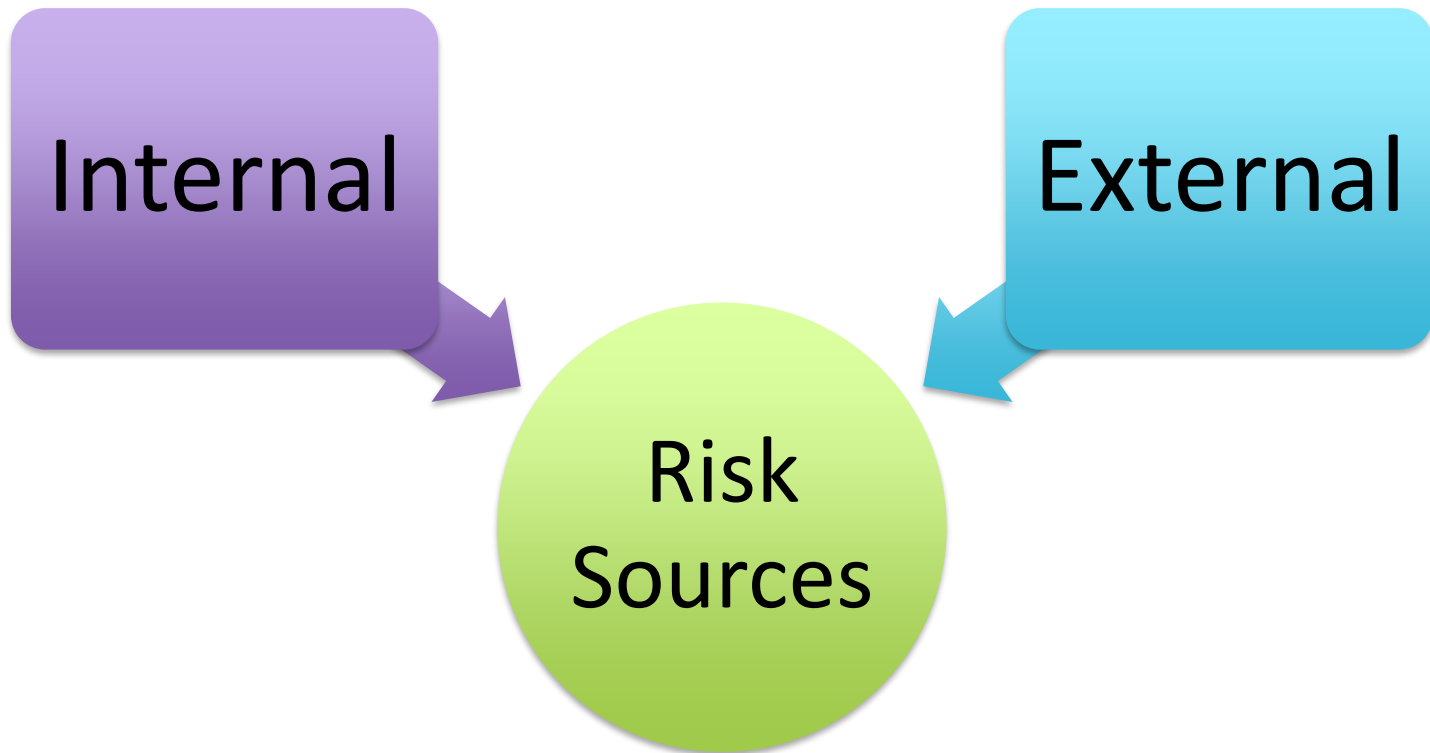


Risk Management

- Act or practice of dealing with risk.
- Includes *planning* for risk, *assessing* (identifying and analyzing) risk issues, *developing* risk handling strategies, and *monitoring* risk to determine how they have changed

Source: Farid Usmani
(<https://pmstudycircle.com/2012/02/demytifying-risk-attitude/?cv=1>)

Sources of Risk



Sources of Risk (cont'd)

- Internal risk
Originated within the event/project

Categories

Market
Risk

Technical
Risk

Sources of Risk (cont'd)

Market risk

- Market requirements or needs are not fulfilled
- Sources :
 - incomplete or inadequate requirement and needs definitions
 - Failure in identifying change requirements and needs
 - Failure in identifying the latest products from competitors

Sources of Risk (cont'd)

Technical risk

- Risk not fulfilling the requirements of cost, performance or time resulting from technical issues
- It is usually higher when a project is involved with unfamiliar activities or implementing new technology or method

Sources of Risk (cont'd)

- **External Risk**

- Comes from sources which is outside of the project
- Include:
 - Conditions of market
 - Actions from competitors
 - Regulations from the government
 - Exchange and interest rates
 - Decision from customer or senior management on staffing and priorities of project
 - Needs and behavior of customer

Conclusion of The Chapter

- **Conclusion**

- With careful planning and wise management, some inherent project risks can be substantially reduced or virtually eliminated
- Project risks that impact the project objective comes from multiple sources.



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