

# PROJECT RISK MANAGEMENT

## CHAPTER 4: RISK MANAGEMENT PROCESS

by

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# Chapter Description

- **Expected Outcomes**
  - Understanding the difference between general risk management process and project management's risk management process.
  - Understanding each phase of the risk management process
  
- **References**
  - <https://www.projectsmart.co.uk/10-golden-management.php>



# Content #1

## Chapter 4: Risk Management Process

4.1 Is Risk Management an Iterative Process?

4.2 Why Manage Risk?

4.3 Rules of Project Risk Management

4.4 Risk Management Process



Is RM process an iterative process?

# Is RM process an iterative process?

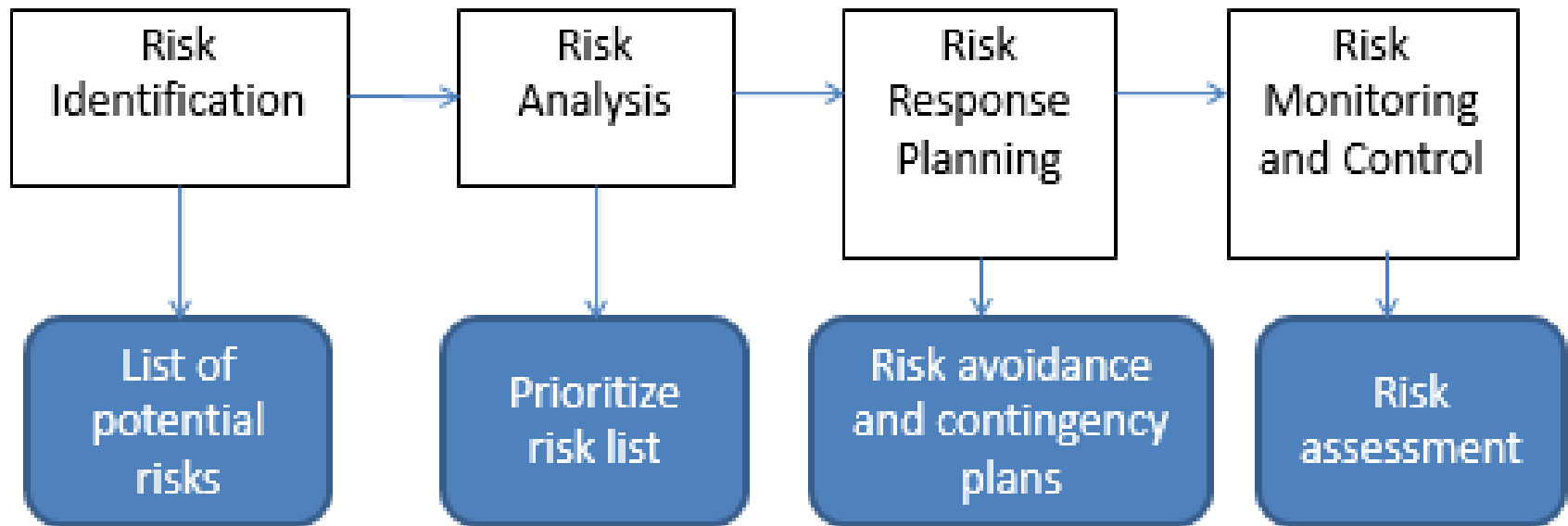
Risk management is not a one-time only process

It is repeated throughout the life of the project

Risk identification starts at initiating phase, heavily addressed during planning and continues during project executing, monitoring and controlling as changes are made and/or issues are discovered

# Risk Management Process

# Risk Management Process (cont'd)



# Risk Management Process (cont'd)

## Risk Identification

- Risks relating to business, project and product is identified.

## Risk Analysis

- The likelihood x consequences of the risks are assessed

## Risk Planning

- Developing actions to minimize and avoid the risk's effect.

## Risk Monitoring

- Risk in the projects are monitored



# Risk Management Process (cont'd)

## PRM's Golden Rules

- Rule 1: Consider risk management as creating value
- Rule 2: Embed risk management into the project
- Rule 3: Identify the risk early
- Rule 4: Communicate about risks
- Rule 5: Consider both threats and opportunities
- Rule 6: Clarify responsibility
- Rule 7: Prioritize/assess risks
- Rule 8: Plan and implement risk responses
- Rule 9: Document and track project risks & assoc. tasks
- Rule 10: Continuously update, improve and enhance process

Source: <https://www.projectsmart.co.uk/10-golden-rules-of-project-risk-management.php>

# Risk Management Process (cont'd)

The following factors of risk are determined in RM:

Probability

Impact

Expected  
timing

Frequency  
of event



# PMBOK 5<sup>TH</sup> EDITION RISK MANAGEMENT PROCESS

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# PMBOK 5<sup>th</sup> EDITION RISK MANAGEMENT PROCESS

## Risk Management Planning

- Method to plan and approach RM activities in a project is decided.

## Risk Identification

- Risks that may influence the project is are determined, and their characteristics are documented.

## Qualitative Risk Analysis

- Qualitative risk analysis is performed to prioritize the effects of risk towards objectives of project.

# PMBOK 5<sup>th</sup> EDITION RISK MANAGEMENT PROCESS

## Quantitative Risk Analysis

- Risks probability x consequences are measured and their effects on the objectives of projects are estimated.

## Risk Response Planning

- Techniques and procedures on reducing threats and enhancing opportunities on project objectives are developed.

## Risk Monitoring and Control

- New risks are identified, remaining risks are monitored, plans on reducing risks are executed, and effectiveness of the plan in project life cycle are evaluated.

# Conclusion of The Chapter

- **Conclusion #1**
  - Project may either use a general RM or project management's RM, however project management's is more detailed in terms of risk analysis.
- **Conclusion #2**
  - Before conducting RM process in project, each phase must be clearly understood as each phase is different with one another.

