

# Basic Risk Management Toolkit



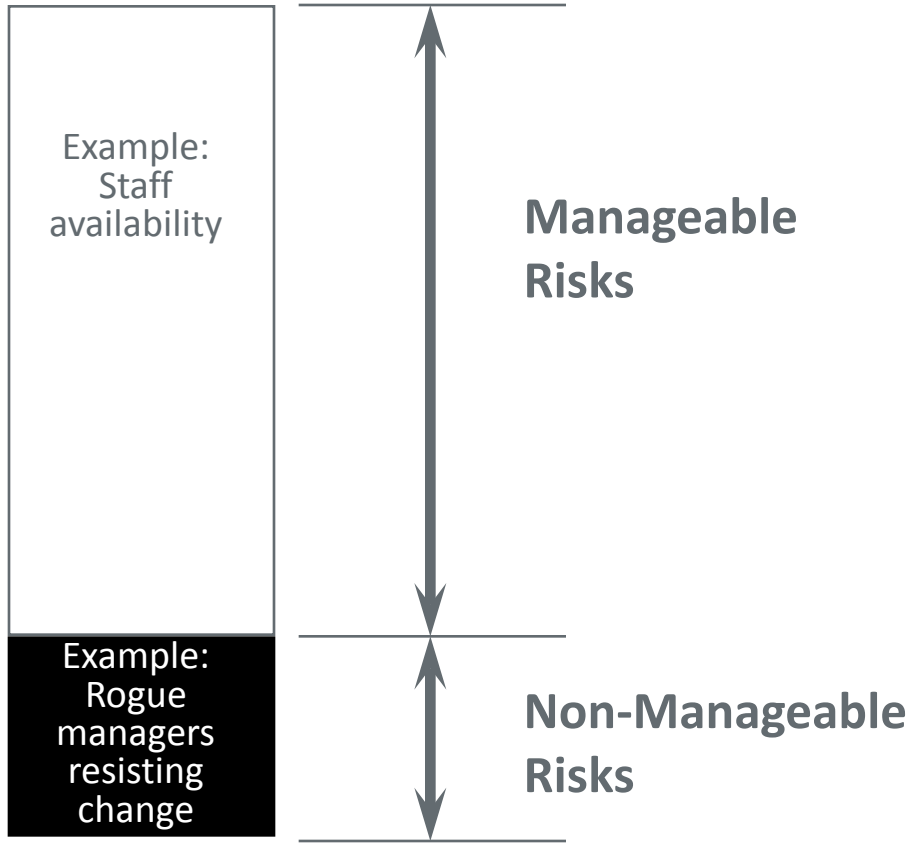
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# Basic Risk Management Toolkit Overview

The goal of Risk Management is to manage as many of the in-scope risks as possible and to convert as many of the non-manageable risks to managed risks through a rigorous approach

## Risks



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## Definitions

Risk must have

✓ Choice

✓ Chance

✓ Cost or Benefit

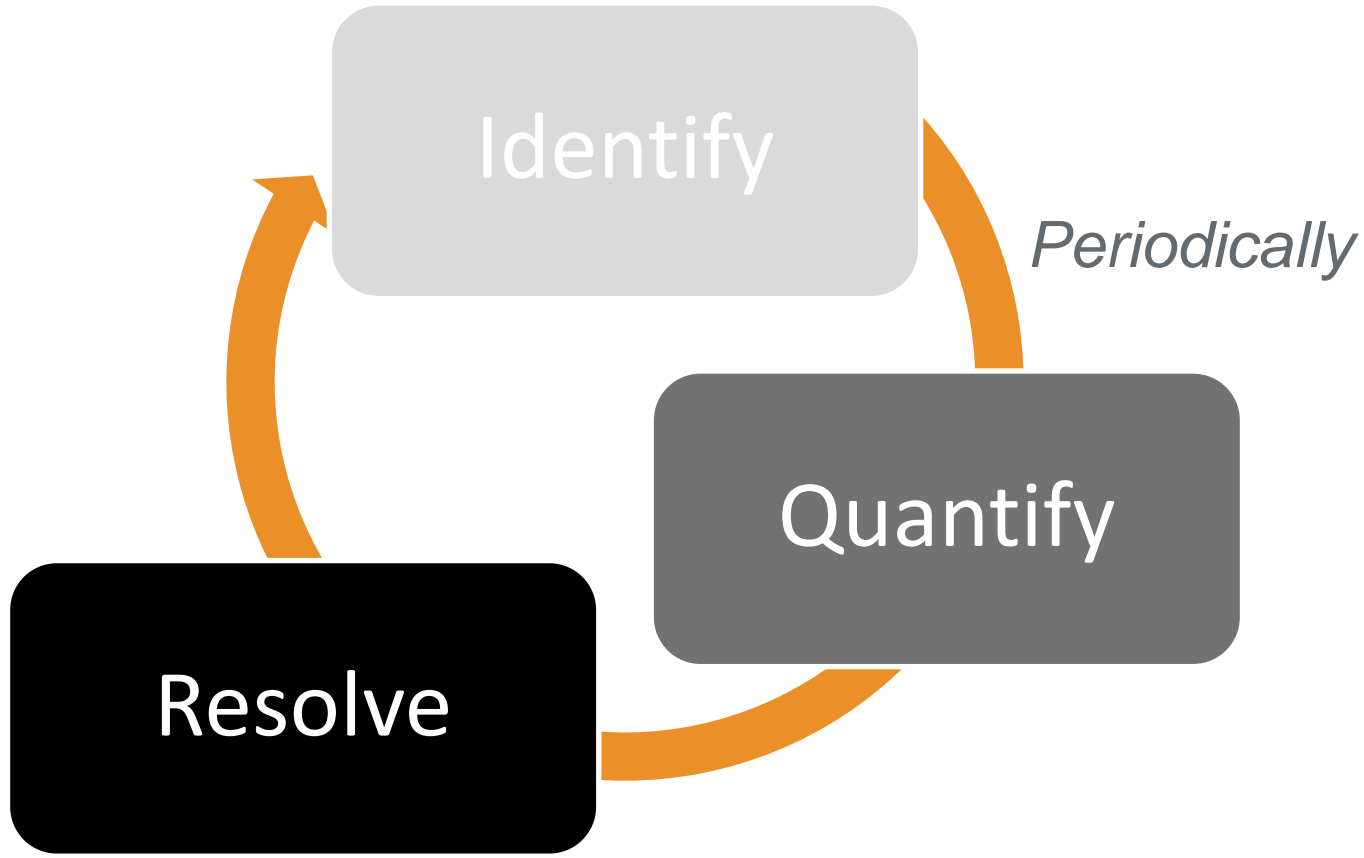
A Problem Is A Risk That Has Occurred

Risks Can Be Qualitative or Quantitative

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## Risk Management Process

Risk management is a periodic process to proactively identify, quantify and resolve risk



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## Risk Management Process

Risk management targets minimized adverse impact to business results through risk mitigation actions and contingency plans



- Systematically identify issues
- Extract risks from issues

- Determine risk probability
- Determine risk impact (cost/benefit)
- Determine risk causes
- Determine risk occurrence time frame

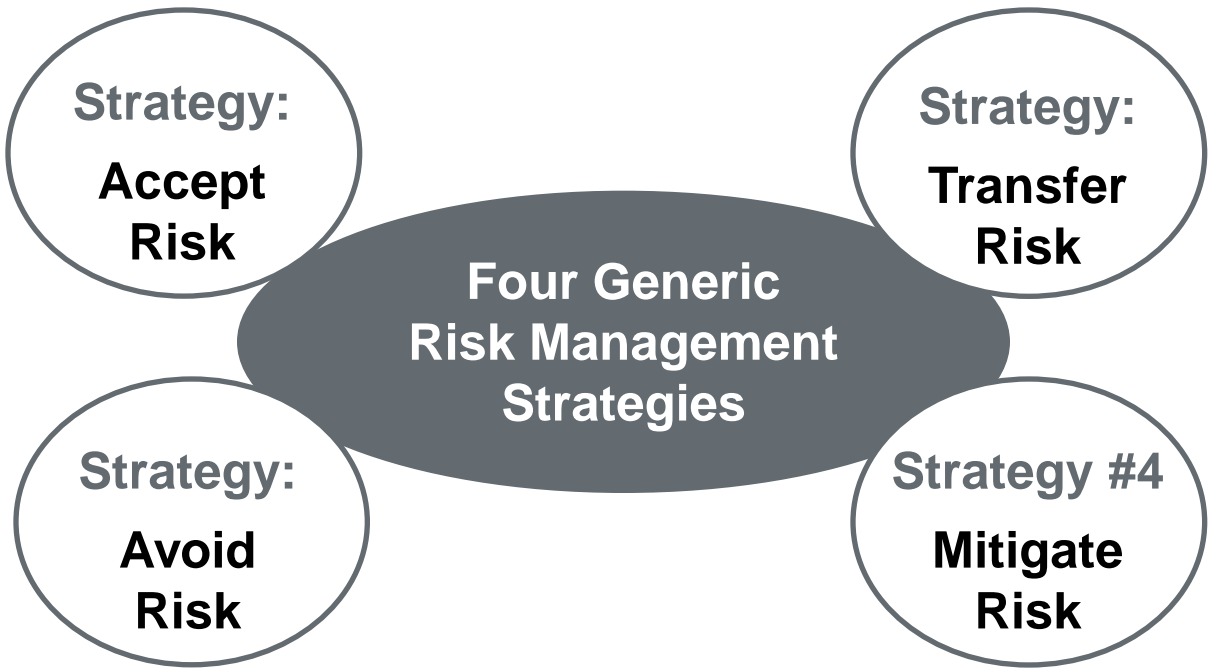
- Develop appropriate strategies
- Evaluate strategies (e.g., consider cost to mitigate versus % occur x cost)
- Select best strategy
- Develop action plan to execute strategy



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## Generic Strategies to Mitigate Risk

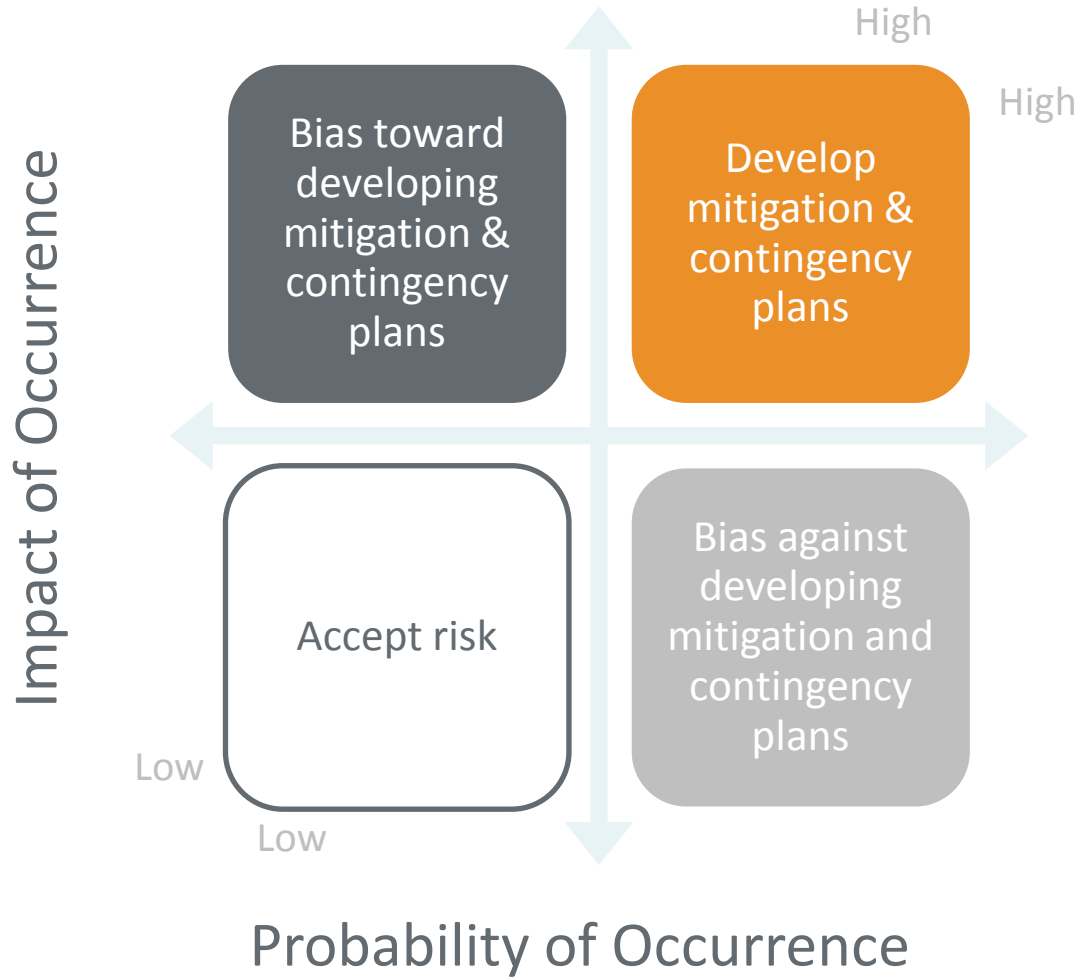
A framework of generic risk mitigation strategies



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## Example: Risk Mitigation Decision Support Framework

A decision framework to guide risk management approaches



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## Example: Project Management

### Multiple Period-Dimension Risk Management Frame

Period	Scope	Schedule	Resource
Startup			
Daily			
Weekly			
Monthly			
Quarterly			
Trigger/Event			
Wrap Up			

Define key risk management triggers, analysis and activities for each dimension/period

For example, at startup: Define critical risks to accomplishing business outcome(s); Consider events and frequency for monitoring to ensure scope (project completion) risks are appropriately managed