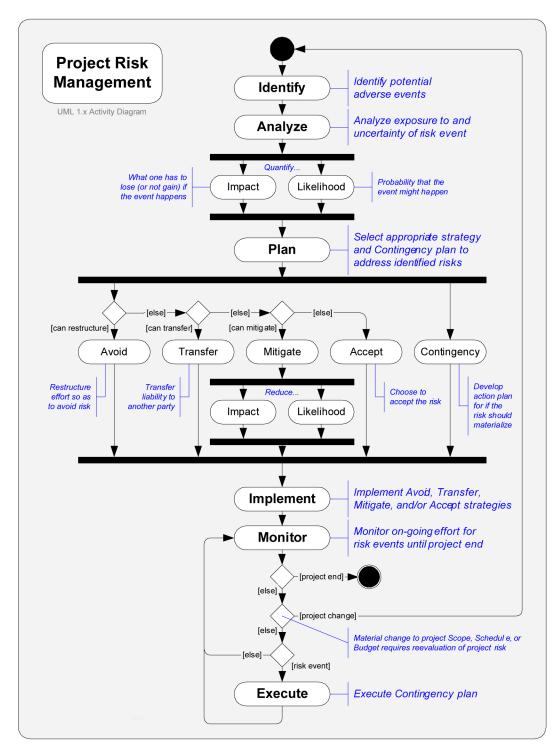# Project Risk Management

© Seahorse Analytics

Risk is exposure to uncertainty. Exposure means what one has to lose (or fail to gain). Uncertainty means the extent to which one is unsure of a given outcome. Risk involves both exposure and uncertainty. Uncertainty without exposure is like watching a horse race without placing a bet. Exposure without uncertainty is like placing a bet after the race has run.

Project Risk Management

UML 1.x Activity Diagram

Identify — *Identify potential adverse events*

Analyze — *Analyze exposure to and uncertainty of risk event*

Quantify...

What one has to lose (or not gain) if the event happens — Impact

Likelihood — *Probability that the event might happen*

Plan — *Select appropriate strategy and Contingency plan to address identified risks*

[can restructure] [else] [can transfer] [else] [can mitigate] [else] [else]

Avoid   Transfer   Mitigate   Accept   Contingency

Restructure effort so as to avoid risk

Transfer liability to another party

Reduce...

Impact   Likelihood

Choose to accept the risk

Develop action plan for if the risk should materialize

Implement — *Implement Avoid, Transfer, Mitigate, and/or Accept strategies*

Monitor — *Monitor on-going effort for risk events until project end*

[project end]

[else]

[project change]

[else]

Material change to project Scope, Schedule, or Budget requires reevaluation of project risk

[else]

[risk event]

Execute — *Execute Contingency plan*