

Risk Response and Planning Job Aid

	What it Means	What it DOESN'T Mean	Considerations
Accept Risk – Choose to accept the risk and develop a contingency plan	<ul style="list-style-type: none"> • “It is what it is”: Do nothing! • Acknowledge the risk is present and possible, and the team will just deal with it if and when it happens. 	<ul style="list-style-type: none"> • That the risk is less likely to occur or is any less possible • That the impact has been reduced in any way 	<ul style="list-style-type: none"> • If the impact is too great, consider another response • Put a contingency plan in place in case the risk should occur
Avoid Risk – Change the project to eliminate the threat	<ul style="list-style-type: none"> • “Make it go away!” • Proactively change something to get around the identified risk • Shift directions • Choose a different approach 	<ul style="list-style-type: none"> • That the risk will not occur 	<ul style="list-style-type: none"> • Even if not completely avoided, steps taken to avoid the risk often provide some mitigation benefit by reducing the probability or impact in some way
Transfer Risk – Shift the risk, or some part of it, to another party	<ul style="list-style-type: none"> • “Give it to someone else!” • Take steps to move the cost of any risk impact to a third party, such as a vendor or insurance company • Implement contract terms that provide reimbursement or other benefits in case of risk occurrence and impact • Also known as a shared risk 	<ul style="list-style-type: none"> • That the risk has been reduced in any way • That the third party will automatically respond with the urgency and management approach the project may need, in case the risk occurs 	<ul style="list-style-type: none"> • Transference shifts the costs, but usually not the non-monetary impacts: time lost, potential physical damages, etc. • Supplement with other response strategies such as avoidance or mitigation to reduce the impact of non-monetary losses • The risk event can still occur, and the project may still suffer some impact • Plan to manage project impacts if the risk occurs
Mitigate Risk – Reduce the probability or impact of the risk	<ul style="list-style-type: none"> • “Defense, defense, defense!” • Proactively change something or take steps to lessen the impact or probability of a risk • Do what’s possible, but acknowledge the risk isn’t completely avoidable and will have some impact 	<ul style="list-style-type: none"> • That mitigation steps will completely prevent risk occurrence • That mitigation is always preferable to acceptance • Just because you can reduce the risk or impact doesn’t mean you should! 	<ul style="list-style-type: none"> • It may be less risky to accept the original risk • Mitigation activities may create new, possibly worse, risks • Calculate the cost-benefit of potential mitigation plans to determine viability. Example – it is not advisable to spend \$100k to mitigate a \$50k risk

Risk Planning Before and After

Before	After
<p>Risk Response Plan (RRP)</p> <ul style="list-style-type: none"> • A RRP defines specifically how the team will execute the response selected for the risk being managed. • The RRP is a mini-project plan with steps to be performed or conditions required to manage the risk in question. • Most commonly called a "Mitigation Plan", an effective RRP must define actions for Avoidance and Transference risks as well • Must answer: "What will actually be done to <Avoid/Mitigate/Transfer> this risk?" 	<p>Contingency Plan</p> <ul style="list-style-type: none"> • A contingency plan defines specifically how the team will react in case the risk being managed materializes into an active issue. • A contingency plan identifies what steps will be taken if or when the risk does occur. • A contingency plan is technically a predetermined issue management plan. • Must answer: "What will be done to manage the impacts of this issue? How will we recover or continue, and minimize the damage?" • Once a risk materializes, it becomes an issue.