Article Side

Risk Management

by Maria Getchell

Article published on February 2nd 2012 | Software

Have you heard of Monte Carlo â€“ a technique that helps you simulate your project and analyze the risk of your project. It is necessary to know what can lead to the failure of your project so that you are ready for the same. Project Risk Management is one of the topics covered in this Project Management Course.

To manage the risk involved in your project, resort to the following procedure -

1. Measure

The project manager needs to measure, assess, understand:

â€¢ the risk that the project will exceed the budget he is thinking of committing to

â€¢ the risk that the project will miss any dates he has in mind

â€¢ the risk that the project will fail to meet any other commitments he is about to make.

2. Minimise

So now you know the risks, what will you do next. Just knowing the risks and not working on it will not help. You have to find solutions to the same, and be ready with your plans in such situations.

3. Mention

Project managers have a duty to explain the risks to the sponsor before the sponsor gives the go ahead. (Image you don't mention the risks and when it's all going wrong you tell the sponsor that you knew all along it was high risk - you're going to get shot and quite rightly too.)

But there are good ways and bad ways of presenting risks to sponsors. Do not go in with 50 overheads listing hundreds of risks.

4. Monitor

But that isn't the end of it. Far from it. Clearly we must make sure we monitor and manage risks during the project to make it less likely that they will happen and to minimize the impact if they do.

Create a Risk Register, which lists risks in priority order. For each risk, the register might include:

â€¢ Risk number

â€¢ Description

â€¢ Consequence if risk happens

â€¢ Probability (high, medium or low)

â€¢ Planned actions to mitigate the risk

â€¢ Contingency plan (what you'll do if the risk happens)

â€¢ Risk owner (a member of the project team)

â€¢ Status (e.g. closed: no longer a risk)

At weekly team meetings risk owners report, briefly, on the status of their risks. What planned (or unplanned) actions are being taken to reduce the risk. Is the risk receding or growing? This should ensure that the team is involved in risk reduction activities and in refining the risk management plan. Keep the register updated - relegate receding risks, promote growing ones.

5. Modify

At end of each phase of your project, honestly review your work, and see to what extent the risks have been mitigated, and what needs to be done next.

Managing the risks of eth project is a good way of project management.

Article Source:
http://www.articleside.com/software-articles/risk-management.htm - Article Side

Maria Getchell - About Author:
Maria is an expert IT professional who developed some good a Project Management Software and a Wedding Planner.

Article Keywords:
Project Management , Project Management software

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!