Factsheet

Managing Risks

Risk Planning

Risk management involves planning for possible negative events that can have an impact on the change project. As a change leader you need to ensure potential risks are identified early and put strategies in place to prevent or mitigate negative impacts. There are two types of controls that act as barriers between the risk and negative event, or the negative event and the impact:

* **preventive controls** – to stop the event occurring.
* **recovery controls** – to mitigate the effects if the event occurs.

How to do it

Before planning your risk management, make sure your project plan is up-to-date. This will highlight what aspects of the project need attention, the deliverables and dependencies. There are two phases:

Phase 1: Plan and develop controls.

**Identify risks.**

Ask the following questions in relation to all deliverables and dependencies outlined in your project plan:

* **Are there any external threats or risks?**

These could be external to your team, organisation, and could include things like budget or policy shifts, difficulties with stakeholder engagement or not being able to procure necessary skills or resources.

* **Are there any internal threats or risks?**

These are internal to your team and could include things like competing priorities, team holiday leave or sickness, deficient communication or collaboration, insufficient skills or knowledge, and delays with signoff or approvals.

Document these in a register. Your organisation should have a risk register template available for you to use.

**Develop controls.**

With each risk identified, you need to develop preventive and recovery controls. Ask the following:

* **What can be done to prevent the risk becoming a negative event?**

These strategies will be your preventive controls.

* **What can be done to mitigate or diminish the impact of the negative event should it occur?**

These strategies will be your recovery controls.

**Assign likelihood.**

After identifying your risks and developing your controls, assess the likelihood of each risk occurring. It is useful to have a consistent scale with each rating explained to minimise differing interpretations of your assessment. Your ratings could be:

* low, medium, high.
* 1 – 5, with 1 indicating that the event is very unlikely to occur, and 5 very likely to occur.
* rare, unlikely, possible, likely, almost certain.

Phase 2: Monitor and update.

Review your risk register regularly to ensure it is up-to-date and accurately reflects all risks to the change project. It is the role of every team member to be aware of risks and to keep the risk manager informed of potential new issues.

**Success measures.**

Your risk management will be successful if:

* all risks are identified with time to develop and implement any necessary controls.
* your controls successfully prevent or mitigate risk.
* your register is kept up-to-date throughout the life of the project.
* your project team is aware of potential risks and their role in risk management.