

CREATE A RISK MANAGEMENT PLAN: Case Study

Scenario

As a project manager for Office Green, you are responsible for a risk management plan to help you identify and prepare for possible risks for the Plant Pals operations launch.

You determine that there are two main risks types you need to plan for:

1. Going over the project **budget**
2. Falling behind the training **schedule**

Your team identifies three possible risk scenarios for each category:

Budget Risks

Your team's Fulfillment Director has identified three possible budgetary risks to mitigate:

- **Each delivery truck costs \$16,000 more than initially quoted.** Your team estimates a 50% chance this risk will occur. If it does, Office Green would pay \$32,000 more than expected for their two delivery trucks.
- **A product vendor charges a higher rate than expected.** Your team determines a 20%-25% chance this risk will occur. The budget impact would be approximately \$17,000.
- **A product vendor loses a product shipment.** Your team estimates only a 5% chance this risk will occur. A lost shipment would cost over \$25,000.

Schedule Risks

Your training team is concerned that they could fall behind schedule when training Office Green's employees, and highlighted three possible scheduling risks:

- **Your Training Manager gets sick and misses a week of training.** Your team estimates a 5%-10% chance this risk will occur.
- **You cannot hire enough employees in time to train them before launch.** Your team estimates a 20%-30% chance this risk will occur, and it could delay the project by over a month.
- **More than 50% of employees quit after a difficult training process, leaving the company short-staffed.** Your team estimates only a 5% chance this risk will occur.



Operations & Training Risk Management Plan

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Objective

The objective of this document is to outline risk to Project Plant Pals Operations & Training and the plans to mitigate those risks.

Executive Summary

In normal circumstances, Project Plant Pals Operations & Training will take six months to fully implement all protocols, including setting up operational tools, putting delivery processes in place, and training employees. The project will begin before the Plant Pals launch and extend beyond it. See below for risks to this project, and the mitigation plan to address them:

RISK TYPE ONE: Going over the project budget

Scenario	Risk to project (L/M/H)	Mitigation Plan
A product vendor loses a product shipment	L	TRANSFER RISK Ensure we have robust contracts in place that clearly define the product vendor's liability for the loss of a product shipment.
A product vendor charges a higher rate than expected	M	A. MINIMIZE RISK Get backup product vendors in place if our original product vendor has an issue. B. ACCEPT RISK Determine the amount of \$17,000 as our contingency reserves (buffer).
Each delivery truck costs \$16,000 more than initially quoted.	H	AVOID RISK Consider using other trucks that are available on the market.

RISK TYPE TWO: Falling behind the training schedule

Scenario	Risk to project (L/M/H)	Mitigation Plan
Your Training Manager gets sick and misses a week of training	L	ACCEPT RISK Request one extra Training Manager to help work on the trainings or hire a contractor (with prior approval from project stakeholders).
You cannot hire enough employees in time to train them before launch	M	MINIMIZE RISK Source an external recruiting company (in addition to in-house recruiters).
More than 50% of employees quit after a difficult training process, leaving the company short-staffed	M	AVOID RISK Provide relevant training opportunities and adequate level of training process. Encourage healthy work-life balance.

Appendix:

Probability chart:

Probability		
	Qualitative	Quantitative (if measurable)
Low	Very low chance of risk occurring.	Less than <10% chance of risk occurring.
Medium	Medium chance of risk occurring.	10%-49% chance of risk occurring.
High	High chance of risk occurring.	50%-100% chance of risk occurring.

Impact chart:

Types of Impact	Low	Medium	High
Financial	Low financial impact, costing the company \$0-\$14,000	Medium financial impact, costing the company \$15,000-\$29,000	High financial impact, costing the company \$30,000 or more
Operational	Low impact to project operations, causing delays of a few days to a few weeks	Medium impact to project operations, with potential to delay project by a month or more	High impact to project operations, with potential to cause project failure
People	Low impact to employee attrition, with 5%+ of employees quitting	Medium impact to employee attrition, with 25%+ of employees quitting	High impact to employee attrition, with 50%+ employees quitting

Probability and Impact Matrix:

		Inherent Risk		
		Impact		
		Low	Medium	High
Probability	High	Medium	High	High
	Medium	Low	Medium	High
	Low	Low	Low	Medium