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Risk Mitigation Procedure

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Abstract:

This document describes the requirements for risk mitigation and planning.

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1.0 Purpose

The risk mitigation and planning process uses information from [REDACTED]

[REDACTED] Common documentation procedures frequently include [REDACTED]

[REDACTED] Formalizing risk mitigation and planning throughout the Company will help [REDACTED]

2.0 Objectives of Risk Mitigation and Planning

The objectives of risk mitigation and planning are to [REDACTED]

[REDACTED] The process identifies and [REDACTED]

[REDACTED] The owner of the risk could be [REDACTED]

[REDACTED] depending on the contracting method and risk allocation.

Once the Planners, Engineers and Managers have thoroughly analyzed the critical set of risks, they are [REDACTED]

Three key questions can be posed for risk mitigation:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

An understanding of these three questions is critical to [REDACTED]

[REDACTED] An understanding of questions 2 and 3 is necessary for [REDACTED] and the flexibility of risk mitigation [REDACTED]

3.0 Risk Response Options

Risk identification, assessment and analysis exercises form the basis for [REDACTED]

A response may be the following:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

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The above categorization of risk response options helps [REDACTED]
 [REDACTED] The strategies and actions include the following:

Acceptance: [REDACTED]
 [REDACTED]

Avoidance: [REDACTED]
 [REDACTED]

Mitigation: [REDACTED]
 [REDACTED]

Transference: [REDACTED]
 [REDACTED]

Given a clear understanding of the risks, their magnitude and the options for response, an understanding of project risk will [REDACTED] allow for thoughtful risk planning.

4.0 Risk Planning

Risk planning involves [REDACTED]
 [REDACTED] for the management of risk:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Risk planning is iterative and includes [REDACTED]
 [REDACTED] a high degree of uncertainty,
 [REDACTED] review and report.

Planning begins by [REDACTED]
 [REDACTED] This planning
 should also address [REDACTED]
 [REDACTED]

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4.1 Risk Planning Documentation

Each risk plan should be documented but the level of detail will [redacted] benefit from detailed and formal risk management plans that record [redacted] documentation and reports. Projects that are smaller or contain minimal uncertainties may [redacted]

4.2 Red Flag Item Lists

A red flag item list is created at [redacted] It is perhaps the simplest form [redacted] in a streamlined qualitative risk management process.

A red flag item list is a technique to identify [redacted] in a list or red flagged and the list is kept current as the project progresses through development and production management. By listing items that can potentially impact a project's cost or schedule and by keeping the list current, the project team has [redacted] about these items.

By maintaining a running list, these items will not [redacted]

See a sample list of risks in Appendix A. While this sample list can be used to create a list of red flag items for a project, it is [redacted] quantitative extension of a red flag list.

4.3 Risk Charters

The creation of a risk charter is a more formal identification of risks than [redacted] The risk charter provides project managers with [redacted] risk impacts as the project progresses through [redacted]

A risk charter is a document containing [redacted]

- The risk charter contains [redacted]
- It may contain [redacted]
- It may also include [redacted]
- This method may be [redacted]

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[REDACTED] The terms 'risk charter' and 'risk register' have the same meaning.

A risk charter is used as [REDACTED] part of a [REDACTED] can help control [REDACTED] It is appropriate for [REDACTED]

The risk charter organizes [REDACTED] rather than [REDACTED]

[REDACTED] The risk charter may include relevant information such as the following:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Two examples of risk charters are in Appendix B and C. The first example is a spreadsheet that forms the basis of the risk management plan. The spreadsheet contains columns for [REDACTED] The second example uses the term risk register synonymously with risk charter. The risk register contains [REDACTED] but the goal of the documentation is [REDACTED]

5.0 Formal Risk Management Plan

The strategy to manage risk provides [REDACTED] the project planning and scoping process [REDACTED] affects risks, additional industry resources can provide valuable insight into [REDACTED]

The six primary steps in project risk management are the following:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]

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The plan is the road map that [redacted] may be specific in [redacted] such as [redacted] and be [redacted]. The following is a sample risk management plan outline:

1. [redacted]
2. [redacted]
3. [redacted]
4. [redacted]
5. [redacted]
6. [redacted]
7. [redacted]
8. [redacted]
9. [redacted]
10. [redacted]
11. [redacted]

Each risk plan should be [redacted]. Red flag item lists, risk charters and formal risk management plans provide [redacted].

6.0 Risk Identification Process

The risk identification process begins with [redacted] an examination of [redacted]. These issues and concerns can be [redacted]. Appendix A contains examples of risk checklists and the following provides a typical checklist. Checklists and databases can be created for [redacted] project specific risks.

Typical Risk Identification Checklist:

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

The team should examine and identify project events by [redacted]. This is a practical way of addressing [redacted].

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that often occur [REDACTED]

After the risks are identified, they should be [REDACTED]

[REDACTED] Classifying risks also provides [REDACTED]. The typical risk identification checklist shown above is the highest level classification for the checklist, which is provided in detail in Appendix A. The following table provides a typical list of classifications with alternate identified risks.

CLASSIFICATION OF IDENTIFIED RISKS				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

A number of documents and tools are available to support the risk identification process. The following table provides an example of project-specific documents, program documents and techniques available for risk identification.

6.1 Risk Identification Tools and Techniques

Project risk can be identified multiple ways ([REDACTED]). At a minimum, the team should [REDACTED] after these documents have been reviewed.

Risks and opportunities that affect products and services (operational processes) can be determined using tools such as [REDACTED], etc..

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[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

The key to success with any risk identification tool or technique is to [REDACTED]
 [REDACTED] The documents and techniques should only support [REDACTED]

The risk identification process identifies and categorizes risks that could affect [REDACTED]
 [REDACTED] the project development and delivery process.
 Risk identification is [REDACTED]
 The tools and techniques outlined herein should [REDACTED]

6.2 Risk Allocation

The rigorous process of risk identification, assessment, analysis and mitigation [REDACTED]
 [REDACTED] aligns the team (Company and Supplier)
 with the needs and objectives of the Customer.

In theory, best value is achieved by [REDACTED]
 [REDACTED] However, the Supplier and the supply chain are [REDACTED]
 The judgment required by the Company is how [REDACTED]
 [REDACTED] to work [REDACTED]
 [REDACTED] and control the consequences.

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The purchase order is the vehicle for [REDACTED] Whether the purchase order is for design or build-to-print, it defines [REDACTED] Risk allocation in any purchase order affects [REDACTED]

Best practice:

The goal of an optimal allocation of risk is to [REDACTED] However, if the Company and Suppliers take [REDACTED] they will realize [REDACTED] of all parties involved.

The rigorous process of risk identification, assessment, analysis and mitigation allows for a [REDACTED] When risks are understood and their consequences are [REDACTED] aligns the team (Company and Supplier) with [REDACTED]

The objectives of risk allocation can vary depending on unique project goals but four fundamental tenets of sound risk allocation should always be followed:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

6.2.1 Allocate Risks to Party Best Able to Manage Them

A fundamental tenet of risk management is to allocate the risks to the party best able to manage them. The party assuming the risk should [REDACTED] For example, [REDACTED]

Following this principle of allocating the risks to the party best able to manage them will [REDACTED] inappropriate risk shifting from [REDACTED]

Because of the advantages and disadvantages associated with efficient and equitable allocation of risk, each project should [REDACTED]

6.2.2 Risk Allocation in Alignment with Project Objectives

Risks should be allocated in a manner that [REDACTED] and [REDACTED]

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these objectives must be [redacted] willing to [redacted]

Allocating risks in alignment with project objectives begins with [redacted] often difficult to identify and prioritize [redacted]

The importance of clearly understanding and defining project objectives cannot be overemphasized. Project objectives directly determine [redacted] In addition, project objectives can affect [redacted] contracting or management decision.

6.2.3 Risk Sharing

The concepts of risk sharing and risk allocation are often used synonymously. Risk allocation is defined as [redacted] However, the term risk sharing can be [redacted] Risk sharing is clearly defining [redacted] For example, a risk that is commonly shared is [redacted] In this situation, the Company is [redacted]

Communication among parties is a key to any sharing of risk allocation. Risk-sharing provisions should be [redacted]

6.2.4 Risk Allocation in Alignment with Customer-Oriented Performance Goals

The ultimate goal of risk allocation should be to [redacted] For example, use [redacted] with the [redacted] and process improvement.

6.2.5 Risk Allocation Matrix

Perhaps the most widely used tool for risk allocation is a simple risk allocation table or matrix. It is useful to [redacted] be a template for [redacted] throughout the [redacted] It provides clear direction when [redacted]

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██████████ The following example is a simple risk allocation table but the concepts can be expanded to cover all significant risks on the project. The table intentionally does not ██████████

Example of risk allocation matrix for outsourced processes:

RISK	PARTY RECOMMENDED TO ASSUME RISK	HOW RISK IS ASSIGNED OR MANAGED
██████████	██████████	██████████
██████████	██████████	██████████
██████████	██████████	██████████
██████████	██████████	██████████

Allocation matrices are a fundamental tool in the development of ██████████ Appendix D provides an example ██████████ risk allocation matrix. It provides a detailed framework to make ██████████ that employ some type of innovative purchasing.

6.2.6 Innovative Contracting Tools and Techniques

The purchase order is the vehicle for ██████████ and the potential for ██████████ with project and Customer goals. ██████████

The following table provides a list of innovative project delivery, procurement and contracting methods that can be used for risk allocation. The Company can develop these non-traditional techniques and consider them ██████████

when appropriate to accomplish

Innovative contracting approaches for risk allocation:

Project Delivery Approaches	Procurement Approaches	Purchase order Payment Approaches
██████████	██████████	██████████
PROPRIETARY INFORMATION PAGE 13 of 26	This document expires 1 day after printing unless marked 'Issued'. Date Printed: ██████████	Form Rev: Orig

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[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

6.2.7 Contingency Considerations

Any party assuming a risk must be prepared for [REDACTED]
 [REDACTED] see Appendix E. Proper risk allocation will allow [REDACTED]
 [REDACTED]

Left blank intentionally

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Appendix A - Risk Identification Checklists - Red-Flag List

1. Project Management Risk Document Checklist

Risk management reports vary depending on [redacted]
The following are examples of risk management documents and reports that may be useful:

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

2. Sample Red Flag Item List (reduce list as required)

Technical Risks

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

External Risks

- [redacted] s
- [redacted]
- [redacted]
- [redacted]
- [redacted] ges
- [redacted]
- [redacted]
- [redacted]

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Environmental Risks

. [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
 . [Redacted]
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Organizational Risks

. [Redacted]
 . [Redacted]
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3. Miscellaneous Checklist

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

4. Common Risks

- [REDACTED]
- [REDACTED]

Environmental

- [REDACTED]
- [REDACTED]

Other Risks

- [REDACTED]

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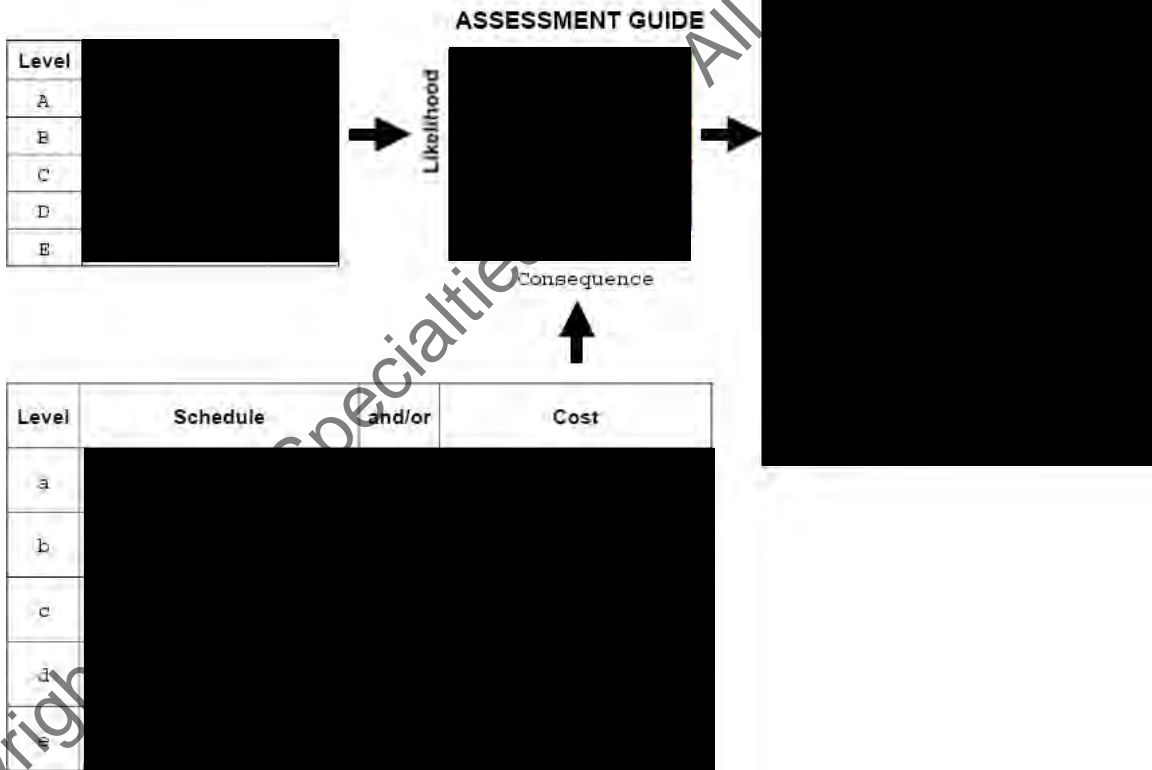
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Appendix B - Risk Charter

Project Risk Charter Management Plan (Example)

Double-click to browse Excel spreadsheet

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See legend below...



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[Redacted content]

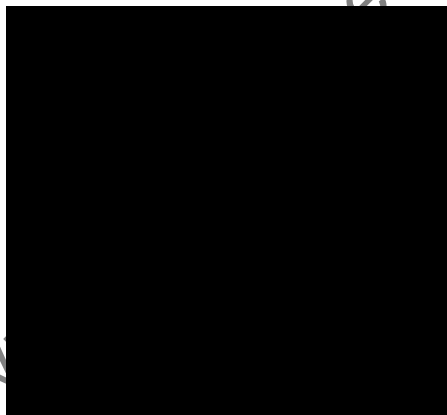
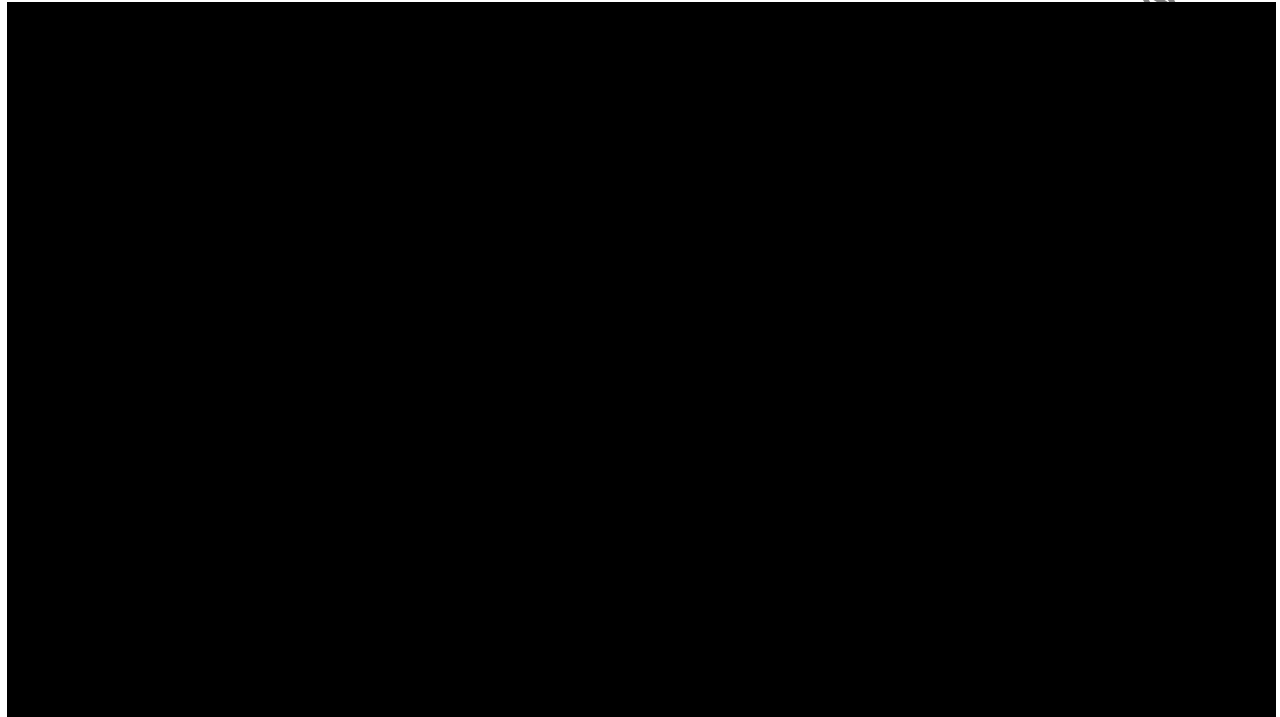
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Appendix C - Risk Register

Project Risk Register Management Plan (Example)

Double-click to browse Excel spreadsheet



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Appendix D - Design-Produce Risk Allocation Matrix

Item Description	Risk	Mitigation
Item 1		
Item 2		
Item 3		
Item 4		
Item 5		
Item 6		
Item 7		
Item 8		
Item 9		
Item 10		
Item 11		
Item 12		
Item 13		
Item 14		
Item 15		
Item 16		
Item 17		
Item 18		
Item 19		
Item 20		
Item 21		
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Item 50		

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Program									

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