

# Project Risk Factors Checklist

## Instructions

‘Risk’ refers to future conditions or circumstances that exist outside of the control of the project team that will have an adverse impact on the project if they occur. In other words, a risk is a potential future problem that has not yet occurred. A reactive Project Manager resolves problems when they occur. A proactive Project Manager tries to resolve potential problems (risks) before they occur.

There are inherent characteristics of projects that imply high and low levels of risk. For instance, a project that is estimated to take 10,000 effort hours is inherently more risky than one that takes 1,000 effort hours. Likewise, a project utilizing new technology or a new architecture will have a higher degree of risk than one utilizing older and more stable technology.

Section I of this template is used to determine whether there are inherent risks on your project. The results should be used as guidelines, since there will be other factors that may lower or raise the risk level. For instance, you may have a large project, which implies higher risk. This risk could be reduced if you also have an experienced Project Manager. Depending on where your project characteristics fall, you can evaluate whether your risk is high, medium or low. (Medium risks fall in between the extremes.) If your project has many high-risk characteristics, it does not mean you will not be successful. However, it does mean that you should put a plan into place to manage the risk.

When you have completed the checklist, look at all of the high-risk items and refer to Section II of this template. In this section you will see each high-risk factor and examples of problems you may encounter. For each high-risk factor, create a plan to ensure that the risk is mitigated and does not occur. The second column of Section II shows examples of activities that can be added to the risk plan to help mitigate the risk.

*The full copy of this eight-page checklist is available for licensed users of TenStep. This checklist contains the following two sections. Two examples are shown here. The full template contains a complete set of risk factors.*

## Section I. Project Risk Factors

Characteristics	Low Risk	Medium Risk	High Risk
The business benefit of the project is:	<input type="checkbox"/> Well defined	<input type="checkbox"/>	<input type="checkbox"/> Poorly defined
The scope of the project is:	<input type="checkbox"/> Well defined	<input type="checkbox"/>	<input type="checkbox"/> Poorly defined

## Section II - Risk Management Strategy Tables

High Risk Factors / Potential Problems	Risk Management Activities
<p><b>The business benefit of the project – Poorly defined</b></p> <ul style="list-style-type: none"> <li>• Project is in jeopardy of being placed on-hold or cancelled if higher value work is identified</li> <li>• Harder to get resources required</li> <li>• Hard to evaluate the value of the project to the organization</li> <li>• Hard to define scope changes in terms of cost/benefit</li> <li>• Hard to know if business value was achieved when project is complete</li> </ul>	<ul style="list-style-type: none"> <li>• Try to get business customer to quantify the overall business value of the project</li> <li>• Look at the major requirements and try to quantify the value of the various deliverables</li> <li>• Document the intangible benefit that the project will achieve</li> <li>• Review prior similar projects to see how the benefits were quantified</li> <li>• Don't start the project while the business value is undefined</li> </ul>
<p><b>The scope of the project – Poorly Defined</b></p> <ul style="list-style-type: none"> <li>• Hard to provide sound estimates</li> <li>• May spend time and cost on areas out of scope</li> <li>• Hard to gather concise requirement</li> <li>• Difficult to write project definition and workplan</li> <li>• Hard to invoke scope change procedures</li> <li>• Project deliverables are poorly defined</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on firming up scope in the planning process</li> <li>• Define various components of scope such as what organizations are impacted, what deliverables are expected, what type of information is required</li> <li>• Clearly define what is out of scope for the project</li> <li>• Begin to define business requirements at a high level, and then work upward to define scope</li> <li>• Ask project sponsor to make decision on conflicting scope statements</li> <li>• Document all scope assumptions when providing estimates of work, cost or duration</li> <li>• Use pictures or diagrams to communicate scope and options</li> <li>• Establish firm scope change procedures up front</li> <li>• Ensure the project definition and business requirements are formally approved and signed off</li> <li>• Distribute scope statements to all stakeholders for confirmation</li> <li>• Do not begin project until scope is clear</li> </ul>