

6.1: Introduction

Learning Objectives

- After reading this chapter, you will be able to:
- Distinguish between risks and issues.
- Describe the role of risk management in project success.
- Identify types of risks based on the project phases.
- Explain the risk management process.
- Describe the five responses in risk management.

• Overview

Although project managers can prepare a well-thought-out and comprehensive project scope, schedule and cost management plans, they cannot ensure that all these plans are free of problems that may occur due to numerous reasons during the project. Even the most carefully planned projects can run into trouble. No matter how well we plan, our project can always encounter unexpected problems. Team members get sick or quit, resources that we depend on turn out to be unavailable, even the weather can throw us for a loop (e.g., a snowstorm). So, does that mean that we are helpless against unknown problems? No! We can use risk planning to identify potential problems that could cause trouble for the project, analyze how likely they are to occur, take action to prevent the risks we can avoid, and minimize the ones that we can't. In this chapter, we will discuss both negative risks (i.e., threats) and positive risks (i.e., opportunities). A project manager must always keep in mind that risks mean uncertainties, not solely problems or threats all the time, since they are sometimes opportunities that we should consider exploiting. There are no risk-free projects because there is an infinite number of events that can have a negative or positive effect on projects. Project managers must be prepared to deal with uncertainties. Planning for events that can delay a project, decrease its quality, or increase its budget is a necessary part of project planning.

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