

Entrepreneurship Curricula

Risk analysis

Situation

During the planning phase you have to construct a model that incorporates the whole progress of the project as well as the course of the upcoming project phase. Usually the project manager, members of the team or those responsible for the Work Packages/different tasks encounter additional risks that may have a negative impact on the project's progress.

End result

List of project risks and measures for their reduction.

Procedure to be followed:

1. **Overview:** Consider what are the possible risks that may arise in reference to project planning. Search for risks considering the four main areas of their occurrence: technology, organisation, people and environment.
2. **Risk portfolio:** Determine possible risks that may have a negative influence over the project's progress. Evaluate the risks with respect to their likelihood of occurrence (low, medium or high) and visualise the results (portfolio).
3. **Risk measures:** Identify preventive or corrective measures which reduce the likelihood of occurrence and/or the impact of risks.
4. Prepare a short **presentation** for the entire team.

1) Overview: which are the possible risks in relation to this project?

Focusing on...	... possible risks could be...
Project context and stakeholder analysis	
Goal matrix	

2) Risk measures

Nº	Risk	Probability	Impact	Measure	
				Preventive measure	Corretive measure
1	Absence of the youth leader from work due to a mild cold.	Low	High: Trip can't be carried out without a youth leader.	Designate a substitute Youth leader before the 25.04.	The substitute Youth leader accompanies The group during the trip.

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2	Paris is expensive and costs are too high.	Medium	High: Less than 20 Youngsters participate in the trip. Trip is in danger.	Always differentiate what is a "must" and what an "option". Calculate with two alternatives.	Cancel non-obligatory "options".
...					

Preventive measures are used in advance, in order to lower the likelihood of risk occurrence and the impact of risks. **Corrective measures** are used in emergency cases (being a kind of "plan B").

Likelihood of occurrence: uncertainty or risk?

Not all uncertainty can be considered as risks. During risk analysis you should only consider the risks, not the uncertainties! An uncertainty becomes a risk if its likelihood of occurrence can be estimated and quantified, **and/or** if it has a high impact. For example, riding your bicycle for 30 minutes with wet hair can be considered a **risk** if you do this in the middle of the cold winter season.

On the other hand, if you do the same on the beach during summer☀ me, wet hair will merely represent an **uncertainty**. Whether something is a risk or an uncertainty is therefore a question of evaluation and of the assumptions you make. The project's subject matter can also make a difference:

5 % of risk probability or impact can be considered high or low, depending on the project. To reach conclusions use again the brainstorming method: compile information and then evaluate your findings. Can I estimate the likelihood of occurrence of this event? Does it represent a risk? How high is its impact? Can it only be considered as an uncertainty?

Risks disposition and consequences

The willingness to take risks differs from person to person and from situation to situation. While some may still deliberate, others would already take up action. Often these extreme attitudes compensate each other in a team. However, the effect may also increase if only one party is represented in the same team (e.g. only "eternally hesitant" vs. only "daredevil" members). So should boldness or caution prevail? Consequences for the project could be: delay, cost over-run, faults and mistakes or other negative effects like loss of reputation or trust.

Risks and chances

Risks and chances are two sides of the same coin. Often only the risk aspect is taken into consideration. However, hidden chances and opportunities could be (and should be) analysed in the same way: how high is the probability of an opportunity? What are its impacts? Only when risks and chances are viewed together can the actual value of a project be discerned.