Chapter 8: Identifying Risks and Planning Responses

Key Learning Points

- Risks can be threats (negative impact) or opportunities (positive impact).
- Common types: technical, financial, schedule, operational, and compliance risks.
- A risk register documents risks, their likelihood, impact, and mitigation plans.
- Proactive risk management during the project and retrospective analysis after closure strengthen future planning.

Every project faces uncertainty. From supply chain disruptions to stakeholder disagreements or software bugs, risks and issues can derail even the most carefully planned efforts. That's why successful project managers don't rely on luck—they proactively prepare for what could go wrong and respond swiftly when problems occur. This chapter focuses on how to **identify**, **assess**, **plan for**, and **review** risks and issues throughout and beyond the project lifecycle.

According to the **PMBOK® Guide**, this chapter aligns with the **Planning Process Group** and the **Project Risk Management** knowledge area, specifically focusing on "Identify Risks," "Perform Qualitative Risk Analysis," "Plan Risk Responses," and—later in the lifecycle—supporting lessons learned in the **Closing Process Group**. In for-profit organizations, where time is money and failure can be costly, good risk management is a strategic necessity.

What's the Difference Between Risks and Issues?

A **risk** is a potential event that may or may not happen (future-focused). An **issue** is something that has already occurred and must be addressed immediately (present or past-focused). While much of this chapter focuses on identifying and planning for risks before they occur, experienced project managers must also be ready to **respond to issues as they emerge** and **reflect on them afterward** during post-project reviews.

Identifying and Categorizing Project Risks

Project managers use brainstorming, checklists, expert interviews, and reviews of past projects to identify potential risks. Below are examples of risks, organized by type, commonly faced in for-profit businesses:

Risk Type	Example in a For-Profit Project
Technical Risks	New feature fails integration with core product
Schedule Risks	Client feedback delayed, pushing back launch
Resource Risks	Key team member leaves mid-project
Financial Risks	Unexpected license costs or vendor price hikes
Operational Risks	Supplier delivers faulty or late materials
External Risks	Government regulation changes impacting compliance
Quality Risks	Deliverables do not meet contractual specifications
Strategic Risks	Project outcome no longer aligns with business priorities
Reputation Risks	Missed deadlines cause client dissatisfaction and public complaints

Proactive Risk Planning

To prepare for these possibilities, teams create a **risk register** with the following elements:

- Risk name and description
- Likelihood (Low/Medium/High)
- Impact (Low/Medium/High)
- Response strategy (Avoid, Mitigate, Transfer, Accept)
- Responsible owner

This register is updated throughout the project as new risks emerge or others are resolved.

Example: Risk Register for a Software Launch

Risk	Likelihood	Impact	Response Strategy	Owner
Delay in mobile app approval	Medium	High	Mitigate – submit early	Product Manager
Developer leaves mid-project	Low	High	Transfer – pre-screen backup contractor	Tech Lead
Competitor launches similar app	Medium	Medium	Accept – monitor market	Marketing Manager
Data security breach	Low	High	Mitigate – encryption and access controls	IT Lead
Budget overrun due to new features	High	Medium	Avoid – freeze scope	Project Manager

Concurrent Risk and Issue Management

Even with solid planning, unexpected **issues** will occur. These may be previously identified risks that materialize, or completely unforeseen events. Project managers must deal with them as they arise, adjusting scope, resources, or timelines through change control processes. For example, a delivery delay from a third-party vendor could require revising the schedule, notifying the client, and reassigning tasks to keep progress moving on other fronts.

Dealing with Risks and Issues Retrospectively

At the end of the project, it is critical to evaluate how well risks and issues were managed. This retrospective process is part of the **lessons learned review** conducted during the **Closing Process Group**.

Key questions during this review include:

- Which risks occurred and how effectively were they handled?
- Which issues were most disruptive, and what responses worked?
- Were there early warning signs that were missed?
- How could similar risks be avoided or mitigated in the future?
- Were contingency plans sufficient?

Documenting answers to these questions builds **organizational process assets**—reference materials that help future projects avoid repeating the same mistakes.

Example Retrospective Entry for a Lived Risk

Lived Risk	Was Planned?	How Managed	What We Learned
Vendor failed to deliver on time	Yes	Used backup vendor (mitigation)	Always have a vetted secondary supplier option
Team member left mid-project	No	Shifted workload; hired late	Plan resource risk even if attrition is unlikely
Budget overrun (client added scope)	Partially	Added change order, increased budget	Scope freeze must be enforced more strictly

This documentation is typically shared with the **Project Management Office (PMO)** or added to the company's knowledge base.

For for-profit businesses, every delay or cost overrun represents not just inefficiency, but potential revenue loss. When organizations fail to learn from past mistakes, they risk repeating them—undermining project value and stakeholder trust. By analyzing lived risks after project closure, companies can improve future risk planning, strengthen project performance, and mature their project management practices over time.

Sample Risk Register – Digital Marketing Campaign Project

Risk ID	Risk Description	Category	Likelihood	Impact	Response Strategy	Response Plan	Owner	Status
R1	Facebook algorithm changes reduce ad visibility	External/ Strategic	Medium	High	Mitigate	Use multiple platforms; shift budget to higher-performing channels if needed	Digital Ad Manager	Active
R2	Graphic designer unavailable due to illness	Resource	Low	Medium	Transfer	Cross-train a junior designer to handle key tasks	Creative Director	Active
R3	Campaign goes over budget due to extra revisions	Financial	Medium	High	Avoid	Limit client revision rounds in contract; use change order for additional work	Project Manager	Active
R4	Negative public feedback on social media	Reputational	Medium	High	Mitigate / Accept	Prepare FAQ responses; have PR ready; monitor comments 24/7	Social Media Lead	Active
R5	Delayed approval of ad copy from client	Schedule	High	Medium	Accept	Build buffer time into schedule; send reminders and escalation process if needed	Account Manager	Active
R6	Email list includes invalid or outdated contacts	Quality	Medium	Medium	Mitigate	Conduct list-cleaning process 1 week before launch	CRM Coordinator	Active
R7	Project manager leaves mid-campaign	Resource	Low	High	Transfer	Assign backup PM early; document processes and status weekly	Department Director	Active
R8	Last-minute scope changes requested by client	Scope	High	High	Avoid / Transfer	Lock scope during kickoff; change requests must go through approval process	Project Manager	Active

References

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