Risk Taking: Manage Risk

Peter Drucker, considered the father of modern management, once said that behind every successful business was a courageous decision. Success is usually predicated on a combination of a good idea and a good risk-management plan.

Risk is about uncertainty, but if you put a plan around it you can effectively reduce the risk. Project managers use a specific process to manage risk of a project. Think about a project you and your team will introduce in the near future. Work with them to reduce potential risk. Here are the five steps for managing risk.

- **Step 1: Identify the risk.** Uncover, recognize, and describe risks that might affect your project or its outcomes. You can use brainstorming or analysis to identify possible risks.

- **Step 2: Analyze the risk.** Once risks are identified, determine the likelihood and effect of each risk. Understand the nature of the risk and its potential to affect project goals.

- **Step 3: Rank the risk.** Determine the risk magnitude. This is a combination of likelihood and consequence. Also, decide whether the risk is acceptable or serious enough to warrant treatment.

- **Step 4: Mitigate the risk.** Assess your highest ranked risks and establish a plan to treat or modify them to achieve acceptable risk levels. How can you minimize the probability of the risks? Create risk-mitigation strategies, prevention plans, and contingency plans.

- **Step 5: Monitor the risk.** As you progress through the project, monitor, track, and review risks.

Following these five steps will help you and your team to move confidently toward achieving your project goals. Unpleasant surprises and barriers can be discovered and reduced.