

EXHIBIT 10.2**SPECIFIC PROJECT STAKEHOLDER PRIORITIES**

	IMPROVE	KEEP	
Scope		X	
Quality		X	
Time			≤1 month to save \$5,000
Cost	Want to save		
Contribution to Organization		X	
Contribution to Society		X	

Source: Adapted from Timothy J. Kloppenborg and Joseph A. Petrick, *Managing Project Quality* (Vienna, VA: Management Concepts, Inc., 2002), 46.

The specific priorities of the project's most important stakeholders can be summarized in a table such as Exhibit 10.2. A project manager and team need to understand not only what the project plans call for but also what area(s) the most important stakeholders would like to improve and what area(s) they are willing to sacrifice to enable those improvements. For example, consider a project that calls for building a four-bedroom house of 2,800 square feet. Perhaps the homeowner (the most important stakeholder) insists on keeping the size at 2,800 square feet and insists on the normal quality (no leaks, square walls, etc.), but would like to improve on the cost (pay less money). To improve on the cost objective, one of the other objectives probably needs to be sacrificed. Perhaps the homeowner would be willing to move in a month late if the savings were \$5,000.

Once the project team understands the project success measures and priorities, attention is turned to understanding the project risks. All projects have some risk, and the more unique a project is, the more risk may be present. It is impossible to remove all sources of risk. It is undesirable to even try to remove all risk because that means the organization is not trying anything new. A risk is anything that may impact the project team's ability to achieve the general project success measures and the specific project stakeholder priorities. This impact can be something that poses a **threat** or "a risk that would have a negative effect on one or more project objectives."³ The impact, on the other hand, could be something that poses an **opportunity** or "a risk that would have a positive effect on one or more project objectives."⁴

Wise project managers strive to develop a **risk management plan**, which is "a component of the project management plan that describes how risk management activities will be structured and performed,"⁵ and have it in place before risk events occur. By documenting risk information in a proactive manner, a project manager can eliminate or reduce the impact of some threats and capitalize on some opportunities. The risk management plan is also useful for communicating with the various project stakeholders and for later analysis to determine what worked well and may be good practice to use on future projects, and what went poorly and should be avoided on future projects.

Some risk management plans include all of the topics in this chapter. Others are smaller. For example, a risk management plan template for an IT consulting company is shown in Exhibit 10.3.