

COST BENEFIT STUDY FORM 6: RISK ANALYSIS

Agency _____ Division _____
 Project Name _____
 Alternative _____
 Date _____ Prepared by _____

Circle the number on the scale from 1 (lowest risk) to 10 (highest risk) which best represents this alternative.

LEVEL OF RISK

Low Medium High

ECONOMIC RISK

1. The length of the project's payback. The shorter the payback, the lower the risk.

1---2---3---4---5---6---7---8---9---10

2. The length of the project's development time. The shorter the development time, the less likely objectives, users, and development personnel will change; consequently the lower the risk.

1---2---3---4---5---6---7---8---9---10

3. The smaller the differences people make in cost, benefit, and lifecycle estimates, the greater the confidence you will achieve the expected return.

1---2---3---4---5---6---7---8---9---10

points

assessment

OPERATIONAL RISK

1. User acceptance. The stronger the users support the project, the less risk of failure.

1---2---3---4---5---6---7---8---9---10

2. Changes to organizational policies and structure. The more a project influences changes to relationships within an organization or modifies existing policies, the greater the risk.

1---2---3---4---5---6---7---8---9---10

3. Changes to method of operation, practices, and procedures. The more a project necessitates major changes or modifications to standard operating procedures in an organization, the greater the risk.

1---2---3---4---5---6---7---8---9---10

points

assessment

TECHNICAL RISK

1. Project staff skills and clarity of project design requirements. Technical risk is reduced where similar problems have been solved or where the design requirements are understandable to all project participants.

1---2---3---4---5---6---7---8---9---10

2. Proven and accepted equipment and software. Tried and tested hardware and software components carry lower risk. Projects that are novel or break new ground carry higher risk.

1---2---3---4---5---6---7---8---9---10

3. Project complexity. A project that requires a high degree of technical skills and experience will be a higher risk undertaking than one that is not as sophisticated and can be handled by less specialized people.

1---2---3---4---5---6---7---8---9---10

points

assessment