Resource risk exists in every project. Resources are the backbone of any project, and project managers spend a significant amount of time ensuring they have what they need to achieve project goals.But what if you cant get those resources? Or, what if they are available, but not at the right time?According to the Gartners 2021 Risk Management Conference, 80% of organizations say it's hard to find people with the right skills. Skills are just one of a range of vital resources needed to complete any work, and there are many variables that can affect your ability to get people with appropriate competence.This article explains how to approach, identify and mitigate resource risk.What is resource risk?Resource risk examplesHow to mitigate resource riskResource risk refers to the chance that you may not be able to get all the necessary resources required to complete a piece of work.There are a range of factors that can impact this risk, and many of these may be out of your control as a project manager. However, being able to identify and plan for these risks goes a long way to minimizing the impact they may have.You may even be able to allow for time to overcome these risks in your project timeline, so when they do occur, they dont result in delays.There are four steps to making a resource risk plan:1. Forecast possible resource risks. Identify all the resources needed to complete the project in a resource plan and determine risk factors that could affect their availability.2. Risk assessment. Evaluate each risk, the likelihood of it occurring, and the impact it could have on the project. Assemble these risks in a risk register and categorize each on a scale from high priority to low priority. The risk register also includes any additional resources that may be required to resolve the issue.3. Risk action plan. Formulate a plan of action in case the risk eventuates. A risk action plan includes steps to mitigate the impact of the risk if it occurs, and shows a clear way forward in these potentially stressful times.4. Monitor and control. Unexpected risks may arise as projects are rolled out, or the likelihood of them occurring may change. It helps to update resource risk plans as you go, and having a visual guide to alert you to these changes can really help to minimize the impact as much as possible.Resource risk examplesAny resource that is required for your project comes with associated risks. Some, by their nature, come with more risks than others. These are some of the most common resource risks:Lack of resourcesFor whatever reason, the resources required to complete a project just may not be available. The business may not have someone with the necessary skills, or there may be delays in acquiring a critical piece of equipment.Unexpected availabilityDespite your best intentions, some resources may become unavailable at late notice. A critical staff member may be sick, burnt out or called away unexpectedly, or another project thats using that resource may be delayed. These things are out of your control, but they can cause delays.Cost overrunsUnexpected costs are common in project management. 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Without this preparation, you can exacerbate risks by making ill thought-out decisions.These are some of the best ways to mitigate resource risks.Identify likely resource shortagesA well prepared project manager is able to look at their resource allocation plan and identify potential issues with it. It pays to think critically about your allocation plan, look at likely ways it could be disrupted and come up with ways to prevent it from happening.For example, if you can see in advance that there is only one staff member that has a critical skill, you may be able to upskill someone else to reduce the chances of there being a shortage that delays the project.Runns People Planner helps to illustrate where these resource shortages exist. Watch how our CTORowan explains its functionality: Optimize resourcesThere are a range of ways you can prepare resources in order to be at their most productive for certain projects. In fact, this is something business managers can do as a matter of course to promote efficiency and productivity in all aspects of their organization.Maintenance management schedules ensure plant and equipment is well serviced and not likely to break down at any part of a project. Older equipment should be replaced regularly to ensure they can be trusted to do the job theyre needed for.Runns human resource planning tool helps to nurture and manage employees to be at their best, avoiding burnout and reducing the likelihood of them calling in sick. See our resource planning guide for more information.Source cost-effective resourcesOne simple way to keep costs down is to use the cheapest resources that can perform certain tasks. 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Its about helping you to help yourself - and it can make a real difference.By using Runn, project managers can manage and mitigate risks much more efficiently, and identify in advance when projects may face resourcing issues.By using Runn, project managers can manage and mitigate risks much more efficiently, and identify in advance when projects may face resourcing issues.Resource risk exists in every project. Resources are the backbone of any project, and project managers spend a significant amount of time ensuring they have what they need to achieve project goals.But what if you cant get those resources? Or, what if they are available, but not at the right time?According to the Gartners 2021 Risk Management Conference, 80% of organizations say it's hard to find people with the right skills. 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Its about helping you to help yourself - and it can make a real difference.By using Runn, project managers can manage and mitigate risks much more efficiently, and identify in advance when projects may face resourcing issues. Source: uci.ac.cr If you dont invest in risk management, it doesnt matter what business you are in. Its a risky business. Gary Cohn.In the project management landscape, resource risks are the biggest threat. These include talent shortages, skill gaps, lowered productivity, and more. If not managed well, this will adversely affect the project resulting in delays or failure.Therefore, the onus is on managers to effectively manage these resource risks and prevent them from ruining the project. Thereby ensuring successful project completion and delivery.This blog gives you an overview of resource risks and the strategies that can be used to mitigate them. Lets get started.What are Resource Risks?Source: northeastern.eduResource risk can be defined as any unexpected events that can negatively affect the project. For instance, prolonged absenteeism of a critical resource can halt the project and lead to delivery delays.Some common types of resource risks include:1. Lack of ResourcesOne of the significant resource risks is the shortage of resources for any pipeline projects. This usually happens when resources are already allocated to projects and cannot commit to a new project. It may also occur due to unplanned hiring resulting in mismatched skillsets. This leads to last-minute firefighting for resources leading to wrongful hiring, which can significantly compromise the project quality.2. Productivity IssuesWhen the resources are not utilizing their skills optimally, it lowers employee morale and decreases productivity. Besides, allocating over or under-qualified resources, unrealistic deadlines, inadequate training, etc., are common reasons for productivity loss.3. Cost OverrunsIn the project management landscape, the acquisition of high-cost resources can cause an unexpected increase in the budget. Additionally, assigning over-skilled resources and frequent hiring/firing also increases overheads and project costs.4. Employee BurnoutAllocating the resources without having complete visibility of their availability can result in work overload. As a result, the resources experience stress at work. Silos of data cause double-booking, resulting in employee burnout and decreased employee productivity, resulting in its failure. Therefore, it is necessary to implement techniques to reduce resource risks.Below are some ways to do the same.Reduce Project Demand to Offset Skill ShortageOnce a pipeline project reaches a certain probability of closure, project managers must estimate the requirements and initiate the resource requisition process well in advance. Accordingly, the resource manager can assess the resource pool and identify if the required resources are available or if there is any skill shortage.In case of a shortage of resources, managers can take suitable resourcing measures like training, upskilling, and out-rotation/backfilling to fulfill the resource demand. It also helps avoid unnecessary hiring/firing cycles and ensures successful project delivery.Allocate Competent Resources for Improved ProductivitySource: worldtechmag.comTo maximize workproductivity, one should ensure the right resource is working on the right project. The managers must consider employees skills, cost, availability, and interests.According to astudy, employees who work on projects of their choice are likely to be more productive. This means competent resource allocation is the stepping stone for enhanced workforce productivity and timely delivery.Optimize Resource Utilization to Eliminate Employee BurnoutDue to a lack of effective workload management, the employees can be under or over-utilized. When the resources are overloaded it leads to stress, poor morale, and low-quality work. To overcome this risk, managers should first prepare project schedules and plot how much time is invested to complete the project.Based on this, they can allocate tasks to their team. They should also constantly monitor the resource utilization rate and check signs of burnout. Accordingly, they can implement optimization techniques such as leveling and smoothing to complete deliverables with minimum obstruction and maintain the resource health index.Implement Succession Planning to Mitigate Attrition RisksEmployee attrition is one of the common resource risks that can put your business into a serious problem if the levels are relatively high. As a result, the organization may lose high-performing employees, leaving the most competent positions unoccupied.Succession planning ensures there are skilled employees to fill such critical roles and prevent adverse effects on the project/business. Managers can develop a backup or replacement plan by providing necessary training/upskilling and cross-training. This will prepare multiple individuals to perform the functions of a critical resource.Manage Bench Effectively to Ensure Optimum BillabilityThe bench is one of the dreaded words in organizations. When a project comes to an end, the employees have to serve the bench time until there is a suitable job. These resources dont generate any revenue, which adds to the bottom line. It also affects workforce morale and engagement.Managers can use forecasting techniques and stay informed of the ramp-down activities in advance. Accordingly, they can check the project resource reports and allocate these resources. If there are any skill gaps, the resource manager can also provide training or shadowing opportunities to these resources that partially match the requirement.Thus, it is necessary to implement the proper techniques to reduce resource risks. Advanced resource management software helps to do the same.Lets see how!How Does Resource Management Software Help Mitigate Risk?Source: quasa.ioResources are the critical assets that drive the project to success. It is vital to keep the performance and efficiency at their best.Savioms enterprise-grade resource management tool provides insights into real-time data for optimal management of the available resources. The following are the ways in which it helps mitigate resource risks Enable forecasting of pipeline project demands to identify resource shortages or excess from the capacity vs. demand reports and take appropriate measures to bridge the demand gap.Gives a 360-degree view of the enterprises workforce for competent resource allocation to the projects.Facilitate the identification of over and underutilized resources from forecast vs. actual reports, thus enabling managers to take necessary measures and ensure optimal utilization.Provides project vacancy and bench reports to reduce bench time of resources between projects and improve billability.Help managers schedule training,reskilling, and upskilling programs for talented resources and mitigate the risk of skill gaps, etc.ConclusionResource risks are detrimental to projects and continuously evolve if not addressed in advance. However, the techniques mentioned above, paired with appropriate resource management software, can help managers reduce resource risks. Hence, businesses should perform resource risk management diligently to recognize potential risks and deliver projects successfully.So, what strategies do you implement to mitigate resource risks? Analyzing risk is an important part of the project planning process. Having a clear sense of the project risks you face, can help your team members up for success. In this article, learn about seven of the most common project risks. Then, empower your team to find solutions before these issues derail important initiatives. As a project manager, knowing what could go wrong during your project can help you set your team members up for success. For example, what if project stakeholders propose a new app and you dont consider the time and resources it will take to create it? When the app leads to the development team, the project is falling apart before it starts.When you know the potential risks for each project, you can create reasonable project objectives and keep the team on track. In the guide below, well outline the seven most common project risks you may encounter when conducting risk assessments.Watch a live demo and Q&A session to help you streamline goal-setting, accelerate annual planning, and automate how teams intake strategic work.1. Scope creepScope risk, also known as scope creep, occurs when the initial project objectives arent well-defined. Its important to communicate your project roadmap with stakeholders from the beginning and hold firm to those parameters. If you dont communicate your project scope effectively, stakeholders may try to change requirements mid-project.How to mitigate scope creep: Creating clear project parameters from the start will strengthen your project scope. Agreeing upon the project scope and communicating that vision with stakeholders from the beginning will leave less room for scope creep. Scheduling regular progress check-ins can also ensure the project stays in line with the original project scope.2. Low performancePerformance risk occurs when the project doesnt perform as well as initially expected. While you cant always identify the root cause of low performance, you can identify project risks that may lead to low performance and plan for those risks. Examples of these risks include a time crunch and miscommunication among team members.How to mitigate low performance: Anticipating potential performance risks early on in the planning process can help you prepare. Using project management software lets you follow your processes in real time, plan your project thoroughly, and promote open communication between team members.3. High costsCost risk occurs when your project goes over the budget you initially set. Cost risk can occur because of unrealistic or lack of detailed budgeting in the project planning phase. For example, you may feel confident that your project will be completed under-budget. However, creating a detailed list of every project element and what they cost goes beyond anticipate project needs.How to mitigate high costs: To mitigate cost risk, estimate each element of your project accurately and stick closely to your budget. The best way to stick to your budget is to create a project plan template to align on deliverables, scope, and schedule. When your project goes into development, consider scheduling regular check-ins to review your budget and how youre pacing.4. Time crunchTime risk, also known as project schedule risk, is the risk that tasks in your project will take longer than expected. Delayed timelines might impact other things like your budget, delivery date, or overall performance. This is a common risk that you may run into as project manager. When youre not doing the work yourself across lots of moving pieces, its easy to underestimate the time itll take team members to complete a project during the initial planning phase.How to mitigate a time crunch: To mitigate time risk, a rule of thumb is to overestimate the time needed to complete tasks in the planning phase and build in time contingency. That way, youll have wiggle room for scheduling later on. You can also create a project schedule using a Timeline or Gantt chart. Stretched resourcesResource risk occurs if you dont have enough resources to complete the project. Resources may include time, skills, money, or tools. As a project manager, youre responsible for the procurement of resources for your team and communicating with your team about the status of resources. Resource allocation should happen early in the project planning process, typically 1-2 months before project execution, depending on project size.How to mitigate stretched resources: The best way to mitigate resource risk is to create a resource allocation plan. A resource allocation plan makes the best use of team resources while maximizing resource impact and supporting team goals. When you know what resources you need from the beginning, you minimize the chance of running out of resources later.Read: Your guide to getting started with resource management6. Operational changesOperational risk involves changes in company or team processes, like an unexpected shift in team roles, changes in management, or new processes that your team must adjust to. These things can create distractions, require adjustments in workflows, and may impact project timelines.How to mitigate operational mishaps: You cant predict or prevent operational risks, but if you know a team change is coming, you can make your team is prepared for the change and time to adjust through team meetings, scheduling tools, or additional trainings.7. Lack of clarityLack of clarity may come in the form of miscommunication from stakeholders, vague project scopes, or unclear deadlines. The result can be a lack of visibility due to siloed work, going over budget, falling behind project deadlines, changing project requirements, having to pivot project direction, or disappointing project outcomes.How to mitigate lack of clarity: When planning your project, check and recheck your requirements to ensure everything is in place. Is everyone involved on the same page? Are developers prepared for the next phase? Is the scope clearly defined? Its also important to make sure project information is accessible to all. By keeping information in a central tool, you can ensure everyone stays updated as the project progresses.How to use risk management to prepare your teamRisk management involves identifying what risk categories are most likely to affect your project and making a plan to mitigate those risks. Project management tools make risk management easier because they allow you to organize your projects from start to finish. You can also use work management software to collaborate across teams, which will make the most common risks less likely.Create a risk register templateUsing the following four steps, you can anticipate risk and keep your projects running smoothly.1. Risk identificationThe first step in the risk analysis process is identifying risks you think could affect your project. We mentioned the seven most common risk events above, but other project risks could include contractor failure, unexpected life events, data transfer issues, shifting priorities, legal risk, market risk, and project deferral.Ask yourself these questions below to begin the risk identification process:What is the likelihood of this risk occurring?What is your risk response plan?Given the likelihood and impact, what is the priority level?Who owns this risk?Once you have an answer to these questions, youll continue the risk management process through prioritization of risks, actionable solutions, and regular monitoring.Read: The project risk management process in 6 clear steps2. Determine the likelihood and impactYou can sort through your list of risks by determining which ones are most likely to occur. Placing the risks in order of likelihood will give you a better idea of which risks to prioritize as you prepare a plan of action.Not only is the likelihood of occurrence important when prioritizing risks, but assessing the business impact of each risk matters as well. You should plan more carefully for the risks that have the potential to cause significant business impact.Read: Risk matrix template: How to assess risk for project success (with examples)3. Find solutions for each riskCreating a game plan on how your team will deal with each risk is the goal when conducting risk assessments. Sorting risks based on likelihood and business impact will give you a starting point for finding solutions. Conducting a risk assessment will make your projects more successful because you can avoid risks along the way.You can meet with relevant project stakeholders to proactively identify reasonable solutions for project risks that might be top of mind for them. Take a look at lessons learned from past projects to gauge how risks were handled.4. Monitor your risk assessment regularlyOnce youve developed your risk assessment, its important to monitor it regularly because circumstances can change. The likelihood of risk can shift and so can the business impact.Its also possible that new risks can come into play or risks that were once possible may become less likely. Monitoring your risk assessment regularly can make you feel the most prepared for uncertain events.Read: What is a crisis management plan? (6 steps to create one)The right tools can make the risk assessment process easier because they allow you to analyze and prioritize risk. With real-time tracking and shared information in one place, everyone on your team can have instant access to project requirements.Project management tools can also help your team develop strong project planning skills. Knowing your process and the potential for risks can help prevent risks before they occur.Risk registerA risk register is the ultimate tool for identifying and prioritizing risk. A risk register should include the likelihood of each risk, the business impact, how you hope to prevent the risk, how you plan to respond to the risk if it occurs, and who will take action.Below is an example of what a risk register might look like. The left side shows the type of risk followed by the likelihood of the risk, the level of business impact, the person responsible for taking action, and the mitigating action.After completing a risk register, youll have a living document to use when working through projects. You can reference this information as you encounter risks and use it to reduce long-term damage.SWOT analysisSWOT stands for strengths, weaknesses, opportunities, and threats. A SWOT analysis goes beyond identifying the risks for a project because it also identifies the strong points in your project. You can use your projects strong points to stand out among competitors.To complete a SWOT analysis, go through each letter of the acronym and ask questions like the ones below to uncover new ways to improve your project and prepare your team.Strength: What do we do well?Weakness: What could we improve?Opportunity: What are our goals for the year?Threat: Where are our competitors outperforming us?After creating a SWOT analysis, youll feel more confident moving forward with projects because youll have a better understanding of where you stand in relation to competitors. Youll also know your strengths and weaknesses, which can help you improve future projects and business strategies.When you have a team with different perspectives, brainstorming is a great way to spark creativity and assess risk.Brainstorming is often the first step in creating a risk register because it identifies risk, you must start somewhere. Learning new brainstorming techniques can help your team identify risk, keep your team agile, and potentially prevent risk from occurring.The project planning phase is the most important part of any project. During this phase, the development phase is where the magic happens, but planning for your project is what documents your project scope. With these tools in tow, you can transform your projects from good to great.Create a risk register templateResource risk exists in every project. 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