

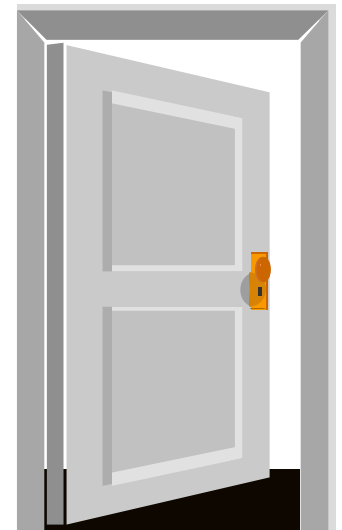
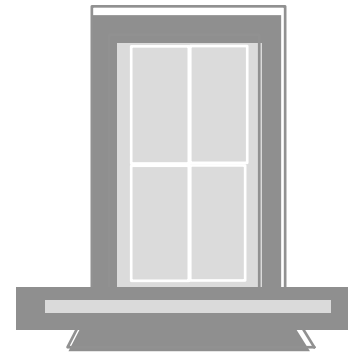
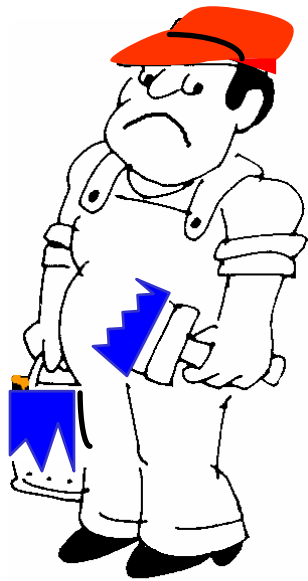
An abstract graphic on the left side of the slide, featuring several overlapping circles and lines in shades of gray. One circle is significantly larger and more prominent than the others, and the lines appear to be part of a larger, complex geometric structure.

# **Why Risk Management?**

**Barbara Phillips**

**November 2005**

# What's Happened to Our Painter?

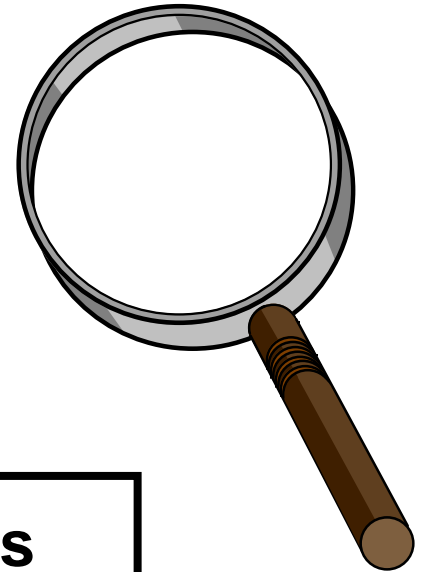


# Questions

- What is a risk?
- What is the importance of risk management?
- Who is the risk manager?
- Why analyze the probability and impact of a risk separately?

# Importance of Risk Management

- Risk management helps you focus attention
  - Where you can have an effect
  - Where your efforts will be most beneficial
- Crisis avoidance management
- Proactive rather than reactive

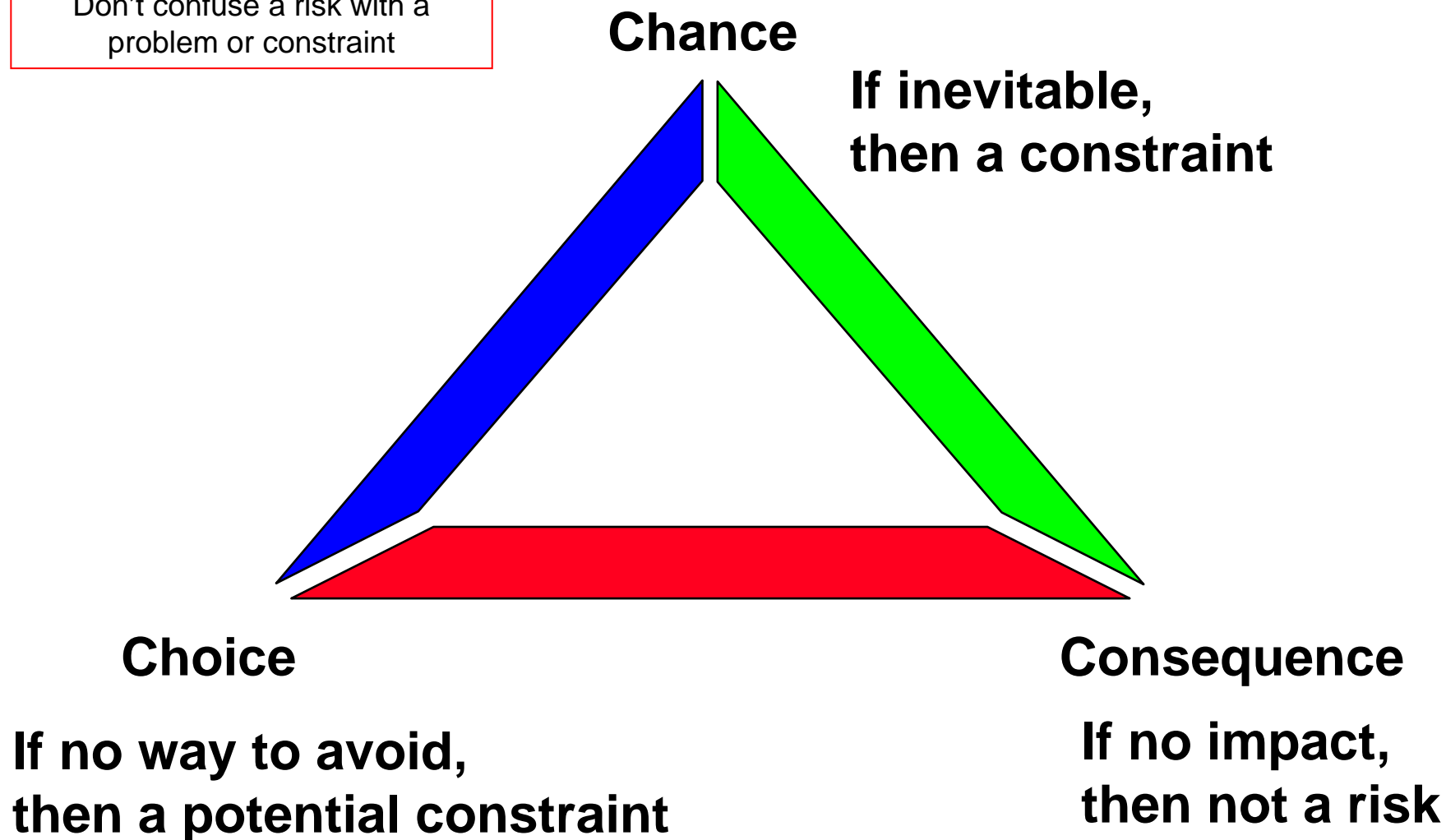


**“Successful project managers  
are good risk managers”\***

\* Boehm, Barry. *Preface to Tutorial: Software Risk Management*. Washington, D.C.: IEEE Computer Society Press, 1989.

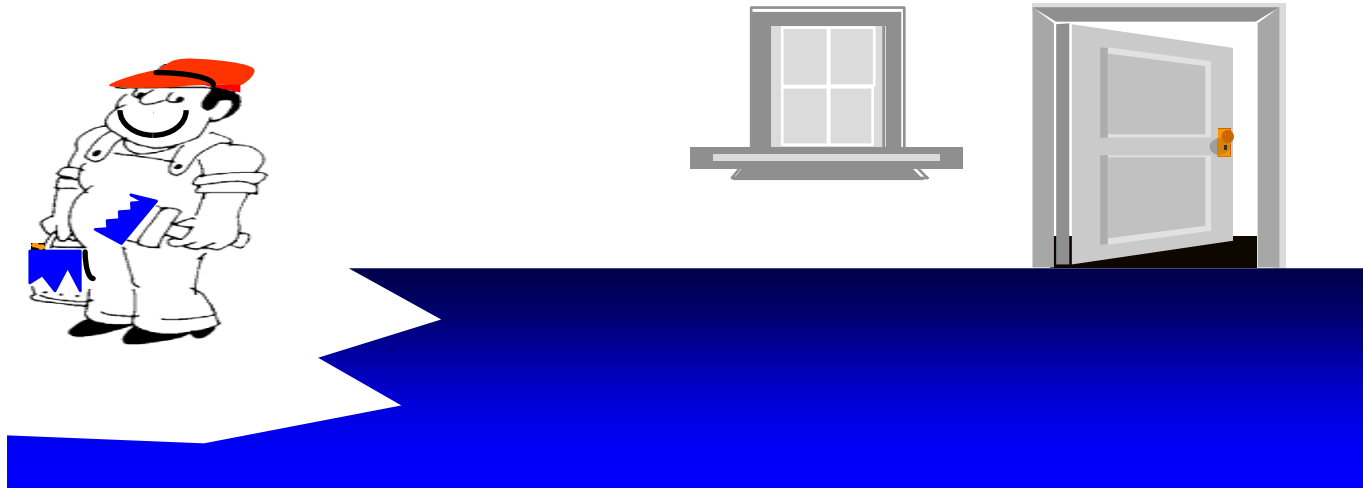
# Components of Risk

Don't confuse a risk with a problem or constraint



# Our Painter Applied Good Risk Management

- Good risk management is not a one time activity; maximum value is gain by evaluating risks over time
- A project manager can be a good risk manager or a good crisis manager – your choice



# PMP Prep Questions

1. Risks will be identified during which phase of the project management life cycle?
  - A. Initiating
  - B. Planning
  - C. Executing
  - D. All phases
  
2. What should be done with non-critical risks?
  - A. Document them for historical use on other projects
  - B. Document them and revisit during project execution
  - C. Document them and set them aside because they are already covered in your contingency plans
  - D. Document them and give them to the customer
  
3. All of the following are always inputs to the risk management process EXCEPT:
  - A. Historical information
  - B. Lessons learned
  - C. Work breakdown structure
  - D. Project status reports

# More PMP Prep Questions

4. A project manager asked various stakeholders to determine the probability and impact of a number of risks. He then tested assumptions and evaluated the precision of the risk data. He is about to move to the next step of risk management. Based on this information, what has the project manager forgotten to do?

- A. Evaluate trends in risks analysis
- B. Identify triggers
- C. Provide a standardized risk rating matrix
- D. Create a fallback plan

5 During risk planning, your team cannot come up with an effective way to mitigate or insure against a risk. It is not a task that could be outsourced, nor could it be deleted. What would be the BEST solutions?

- A. Accept the risk
- B. Continue to investigate ways to mitigate the risk
- C. Look for ways to avoid the risk
- D. Look for ways to transfer the risk