

## 1 Risk Management 33

1.	<p>Given the following possible profit and loss outcomes of a project, find the expected total profit or (loss):</p> <table><tr><th>Profit or (Loss)</th><th>Probability</th></tr><tr><td>(\$1,000)</td><td>0.1</td></tr><tr><td>\$0</td><td>0.1</td></tr><tr><td>\$1,000</td><td>0.3</td></tr><tr><td>\$2,000</td><td>0.5</td></tr></table> <p>A. (\$1,000) B. \$1,000 C. \$2,000 D. \$1,200 D</p>	Profit or (Loss)	Probability	(\$1,000)	0.1	\$0	0.1	\$1,000	0.3	\$2,000	0.5
Profit or (Loss)	Probability										
(\$1,000)	0.1										
\$0	0.1										
\$1,000	0.3										
\$2,000	0.5										
2.	<p>In planning a mitigation strategy there are two possibilities:</p> <p>A. Assume the risk and prepare a contingency plan for the risk when it happens B. Transfer the risk and/or transfer the risk to a third party C. Avoid the risk and/or mitigate the risk D. Reduce the probability of a risk and/or reduce the impact of the risk D</p>										
3.	<p>A project manager states, he will take the necessary measures required to control this risk by continuously reevaluating it and developing contingency plans or fallback positions. If the risk event occurs, I will take the appropriate actions. He/she is exercising the ___ method of risk reduction.</p> <p>A. Transfer B. Avoidance C. Mitigation D. Acceptance D</p>										
4.	<p>When preparing responses for risks:</p> <p>A. The project manager should be assigned to resolve all risks B. Only the risk with the highest probability of occurring should have risk response plans C. Every risk should have an effective responses developed to handle the risk D. There are some known risks for which it is not cost-effective to develop a proactive response D</p>										
5.	<p>Risk can best be described as:</p> <p>A. A negative potential occurrence B. A negative occurrence C. Any variance from the expected D. Anything that could go wrong on a project C</p>										

6.	<p>The process of conducting an analysis to determine the probability of risk events and the consequences associated with their occurrence to specific project objectives is known as:</p> <p>A. Risk assessment</p> <p>B. Risk-handling</p> <p>C. Lessons learned</p> <p>D. Risk quantification</p> <p>D</p>																												
7.	<p>Based on the data in the table below, which strategy has the highest expected value?</p> <table><tr><th colspan="4">Payoff Table (Profit in Millions)</th></tr><tr><th>Strategy</th><th>Scenario 1 25%</th><th>Scenario 2 50%</th><th>Scenario 3 25%</th></tr><tr><td>S1</td><td>80</td><td>50</td><td>120</td></tr><tr><td>S2</td><td>80</td><td>80</td><td>80</td></tr><tr><td>S3</td><td>160</td><td>120</td><td>-20</td></tr><tr><td>S4</td><td>20</td><td>40</td><td>20</td></tr><tr><td>S5</td><td>-20</td><td>0</td><td>-60</td></tr></table> <p>A. S1</p> <p>B. S2</p> <p>C. S3</p> <p>D. S4</p> <p>C</p>	Payoff Table (Profit in Millions)				Strategy	Scenario 1 25%	Scenario 2 50%	Scenario 3 25%	S1	80	50	120	S2	80	80	80	S3	160	120	-20	S4	20	40	20	S5	-20	0	-60
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8.	<p>Future risk events or outcomes that are unfavorable are called:</p> <p>A. Risks</p> <p>B. Opportunities</p> <p>C. Losses</p> <p>D. Contingencies</p> <p>A</p>																												
9.	<p>In the range of contract types, from firm fixed price (FFP) to cost plus fixed fee (CPFF), where is the risk the greatest for the buyer?</p> <p>A. Firm fixed price</p> <p>B. Fixed price incentive firm target</p> <p>C. Cost plus fixed fee</p> <p>D. Cost plus award fee</p> <p>C</p>																												
10.	<p>Andrew has joined as the Project Manager of a project. One of the project documents available to Andrew lists down all the risks in a hierarchical fashion. What is this document called?</p> <p>A. Risk Management Plan.</p> <p>B. List of risks.</p> <p>C. Monte Carlo diagram.</p> <p>D. Risk Breakdown Structure.</p> <p>D.</p>																												
11.	<p>Which of the following statements is true about risks?</p> <p>A. When evaluating risks their impact should be considered, however probability of</p>																												

	<p>occurrence is not important.</p> <p>B. Risks if they happen always have negative impact and not positive.</p> <p>C. Risk register documents all the risks in detail.</p> <p>D. Risk response plan is another name for Risk Management Plan.</p> <p>C.</p>
12.	<p>Beta is the Project Manager of a data center construction project. During a project review, Beta realizes that one particular risk has occurred. To take appropriate action against risk that has happened, Beta needs to refer to which document?</p> <p>A. Risk response plan</p> <p>B. Risk management plan</p> <p>C. Risk breakdown structure</p> <p>D. Risk register</p> <p>A.</p>
13.	<p>During which stage of Risk planning are risks prioritized based on probability and impact?</p> <p>A. Identify Risks</p> <p>B. Plan Risk responses</p> <p>C. Perform Qualitative risk analysis</p> <p>D. Perform Quantitative risk analysis</p> <p>C.</p>
14.	<p>During which stage of Risk planning are modeling techniques used to determine overall effects of risks on project objectives for high probability, high impact risks?</p> <p>A. Identify Risks</p> <p>B. Plan Risk responses</p> <p>C. Perform Qualitative risk analysis</p> <p>D. Perform Quantitative risk analysis</p> <p>D</p>
15.	<p>Andrew is a Project Manager for Green Valley project. A risk management plan has been prepared for the project. Which of the following should Andrew do next?</p> <p>A. Perform Qualitative risk analysis</p> <p>B. Perform Quantitative risk analysis</p> <p>C. Identify Risks</p> <p>D. Plan Risk responses</p> <p>C</p>
16.	<p>With assistance from the team, the Project Manager has just determined what will be done as a result of uncertain events happening on the project as well as who will be responsible for monitoring and responding if the events do occur. Which of the following best describes what they have just completed?</p> <p>A. Risk Identification</p> <p>B. Risk Response Planning</p> <p>C. Secondary Response Planning</p> <p>D. Qualitative Analysis</p> <p>B</p>
17.	<p>The CEO of your company is considering entering a global market with products that</p>

	<p>had been sold only locally. If your company enters it successfully, the reward could be quite significant. If the entry fails, the company could suffer significant negative impact. What would the CEO be considered?</p> <p>A. Risk Seeker B. Risk-Averse C. To be meeting stockholder expectations D. Risk -Neutral A</p>
18.	<p>The electrical project is scheduled to run until the end of the year. There is the possibility that the union collective contract will not be renewed immediately upon its expiration in the next month. If this happens, Senior Management has decided to shift job responsibilities around with the non-union personnel so they could be involved in the union roles on the project as well as their regular responsibilities. This would include replacing the union workers during key on call periods associated with the power grid. The goal would be to minimize the schedule slippage on the project as the union negotiation is not in their control. This is an example of what type of risk response?</p> <p>A. Transfer B. Avoid C. Accept D. Mitigate D</p>
19.	<p>The project team is performing risk analysis, evaluating a risk that has a very high probability of occurring. If it does, the company could go out of business. Which of the following will the risk likely be analyzed with?</p> <p>A. Qualitative Risk Analysis B. Insurable risk C. Quantitative Risk Analysis D. Pure risk C</p>
20.	<p>The e-commerce system has been processing 50,000 transactions per hour. Today, the main application crashed, preventing the fulfillment of customer orders. The risk response didn't fix the problem. Which of the following steps would they perform first?</p> <p>A. Determine why the Risk Response Plan failed B. Fix the problem C. Determine why the problem happened D. Adjust the Risk Response Plan B</p>
21.	<p>The printing company has added a new line for its laminating business. This involves new technology to laminate book covers quicker and cheaper. They are anticipating this will allow them to make a greater type of product and improve output efficiency. Because of the machine cost and the specific knowledge needed to repair it if it breaks, they have purchased a service contract for the machine from the manufacturer. Purchasing the service contract is an example of what?</p> <p>A. ISO 9000</p>

	<p>B. Conformance to quality</p> <p>C. Business risk</p> <p>D. Insurable risk</p> <p>D</p>
22.	<p>The Project Manager and his team are in the planning phase of the reverse logistics project, identifying things that could go differently than planned. They are also trying to identify warning signs that would show that these events could occur. What is the team doing?</p> <p>A. Conformance to quality</p> <p>B. Problem solving</p> <p>C. Risk analysis</p> <p>D. Risk identification</p> <p>D</p>
23.	<p>The vice president of the marketing division has decided to take a "wait and see" approach to a new direction the solid state amplifier market appears to be headed in. He feels that waiting will minimize a great deal of the risk that could come with being a leader in the market, in case the market changes. What would the vice president be considered?</p> <p>A. Risk-Neutral</p> <p>B. To be meeting stockholder expectations</p> <p>C. Risk-Averse</p> <p>D. Risk Seeker</p> <p>C</p>
24.	<p>The airplane design project is scheduled to run until the end of the year. There is the possibility that the union contract will not be renewed upon its expiration in the next month. If this happens, Senior Management has decided to outsource the work offshore because it has no input to negotiations with the union and no assurance how long the strike could last. The date cannot slip on the schedule so options are limited. This is an example of what type of risk response?</p> <p>A. Transfer</p> <p>B. Avoid</p> <p>C. Accept</p> <p>D. Mitigate</p> <p>A</p>
25.	<p>The point of sale project has experienced a lot of issues and changes. The Cost Performance Index is presently 0.87 and the Schedule Performance Index is 0.85. Risk could have been managed better from the start of this project but management didn't view it a priority. Halfway through the execution of the Project Management Plan, the Project Manager assigned two people to do nothing but monitor for risks and work with the people who implemented the Risk Response Plans. What would be a main goal to achieve from Risk Monitoring?</p> <p>A. Corrective Action</p> <p>B. Quantitative Analysis</p> <p>C. Overall Risk ranking for the project</p>

	D. Qualitative Analysis A
26.	Which of the following processes has risk register as the primary output? A. Plan Risk Management B. Identify Risks C. Monitoring and Control Risks D. Perform Qualitative Risk Analysis B.
27.	Five of the processes in Project Risk Management are from which process group? A. Initiating B. Planning C. Executing D. Monitoring and Control B.
28.	Susan is a Project Manager for an ERP upgrade project. To prioritize the risks involved, Susan sends a questionnaire to gather inputs from experts. Which technique is Susan using? A. Delphi technique B. Interviews C. Brain storming D. Documentation review A.
29.	Egon is a Project Manager for software migration at a bank. A major risk that has been identified is attrition of resources. As a strategy to respond to this risk, Egon, with support from Senior Management, provides good increments to his team members. What type of risk response is Egon following? A. Accept B. Avoid C. Transfer D. Escalate D.
30.	Which of these is an invalid response to positive risks? A. Exploit B. Mitigate C. Enhance D. Share B.
31.	Which of the following is true about risks? A. Risk impact should be considered, but probability of occurrence is not important B. Risk Response Plan is another name for Risk Management Plan. C. Risks always have negative impact and not positive D. The risk register documents all the identified risks in detail D
32.	Which of these is a valid response to negative risks and not positive risks?

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	<ul style="list-style-type: none"><li>A. Share</li><li>B. Mitigate</li><li>C. Exploit</li><li>D. Enhance</li></ul> B
33.	<p>Your project sponsor has asked you to present your project's high-level risk register to him in the next project update meeting. Which of the following processes must be started to have your high level risk register?</p> <ul style="list-style-type: none"><li>A. Control Risks</li><li>B. Perform Qualitative Risk Analysis</li><li>C. Plan Risk Management</li><li>D. Identify Risks</li></ul> D