

Risk Management

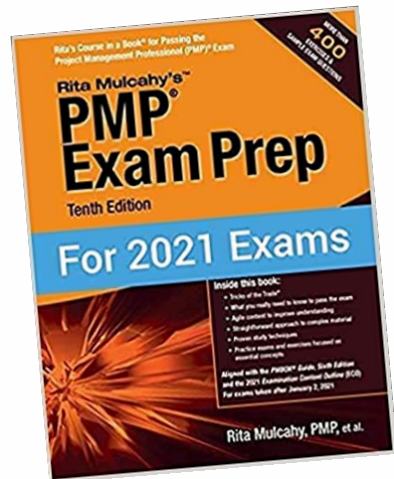
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Lecture #8 out of 10

80 minutes

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“When you have done risk management on a project, your project will go smoother and faster, with significantly fewer complications, because avoidable problems were solved before they happened.”

— Rita Mulcahy. PMP Exam Prep, 2009

Management Rectangle Pentagon



1. You just found out that one of your key programmers posted his resume on a job board. What do you do immediately?

1. Nothing
2. Update risk list
3. Post a vacancy
4. Offer him a raise

#staff

2. What is the cost of a risk, if *probability* is 0.8, *impact* is 0.7, and *effect* is £1,000?

1. £1,500

2. £560

3. £800

4. £700

#quantitative

3. What is the name of a risk with a *negative value* of the *impact*?

1. Opportunity
2. Residual Risk
3. Threat
4. Secondary Risk

#register

4. What is the relation of elements in the cause-risk-effect format?

1. Many-one-many
2. Many-many-many
3. Many-one-one
4. One-one-one

#format

5. At a technical meeting, a programmer says: "I think the use of this framework will lead to problems in the future". What do you answer?

1. "Be positive, negativity is not welcome here"
2. "Can we prevent them?"
3. "OK, let's use another one"
4. "Big problems?"

#staff

6. A new architect replaces the previous one and tells you that there is a serious security flaw in the system. What do you do?

1. Ask him to *fix* it immediately
2. Ask him to *not disclose* this information to anyone
3. Ask him to *estimate* the risk of attack
4. Nothing

#identification

7. The estimated duration of the project is 20 months. There is a 3x9 risk that a few key engineers may leave the company soon. If this happens, the project will be delayed by another 15 months. What project duration should you report now to the customer?

1. $20 + 15 \times 0.3 = 24.5$

2. $20 + 15 \times 0.3 + 10 = 34.5$

3. $20 + 15 \times 0.3 \times 0.9 = 24.05$

4. $20 + 15 = 35$

#contingency #unknown-unknowns

8. There is a *risk* that the server will break. If this happens, a new one will cost another \$5,000. How to prepare the customer for this?

1. Ask him to pay \$5K upfront, refund later
2. Put \$5K into contingency reserve
3. Put \$5K into management reserve
4. Put \$2.5K into project budget

#reserves

Homework:

“*Risk Register* is a document in which the results of risk analysis and risk response planning are recorded. It contains the outcomes of the other risk management processes as they are conducted, resulting in an increase in the level and type of information contained in the risk register over time.”
— PMBOK5

Read this:

Rita Mulcahy, *Risk Management, Tricks of the Trade for Project Managers*, 2003

0rsk.com: Cause + Risk + Effect (2019)

Narendra K. Shrivastava, A model to develop and use risk contingency reserve (2014)

Elizabeth Harrin, Management reserves and contingency reserves: what's the difference? (2012)

Bibliography

Rita Mulcahy. PMP Exam Prep, 2009.