Project Risk Management Terms	
	Directions: Hide this side of the flashcards or fold page in half. Read the term, recite the definition, and then look at this side of the flashcards to check your answer.
Acceptance	A risk response appropriate for both positive and negative risks, but often used for smaller risks within a project.
Ambiguity risks	Risks that have an uncertain, unclear nature, such as new laws or regulations, the marketplace conditions, and other risks that are nearly impossible to predict.
Avoidance	A risk response to avoid the risk.
Brainstorming	The most common approach to risk identification; usually completed by a project team with subject matter experts to identify the risks within the project.
Business risks	These risks may have negative or positive outcomes. Examples include using a less experienced worker to complete a task, allowing phases or activities to overlap, or forgoing the expense of formal training for on-the-job education.
Cardinal scales	A ranking approach to identify the probability and impact by using a numerical value, from .01 (very low) to 1.0 (certain).
Checklists	A quick and cost-effective risk identification approach.
Data precision	The consideration of the risk ranking scores that takes into account any bias, the accuracy of the data submitted, and the reliability of the nature of the data submitted.
Decision tree	A method to determine which of two or more decisions is the best one. The model examines the costs and benefits of each decision's outcome and weighs the probability of success for each of the decisions.

Delphi Technique	An anonymous method of querying experts about foreseeable risks within a project, phase, or component of a project. The results of the survey are analyzed by a third party, organized, and then circulated to the experts. There can be several rounds of anonymous discussion with the Delphi Technique, without fear of backlash or offending other participants in the process. The goal is to gain consensus on project risks within the project.
Enhancing	A risk response that attempts to enhance the conditions to ensure that a positive risk event will likely happen.
Escalating	A risk response that is appropriate for both positive and negative risk events that may outside of the project manager's authority to act upon.
Expected monetary value (EMV)	The monetary value of a risk exposure based on the risk's probability and impact in the risk matrix. This approach is typically used in quantitative risk analysis because it quantifies the risk exposure.
Exploit	A risk response that takes advantage of the positive risks within a project.
External risks	These risks are outside of the project, but directly affect it—for example, legal issues, labor issues, a shift in project priorities, or weather. "Force majeure" risks call for disaster recovery rather than project management. These are risks caused by earthquakes, tornadoes, floods, civil unrest, and other disasters.
Flowcharts	System or process flowcharts show the relationship between components and how the overall process works. These are useful for identifying risks between system components.
Influence diagrams	An influence diagram charts out a decision problem. It identifies all of the elements, variables, decisions, and objectives and also how each factor may influence another.
Ishikawa diagrams	These cause-and-effect diagrams are also called fishbone diagrams and are used to find the root cause of factors that are causing risks within the project.
Low-priority risk watch list	Low-priority risks are identified and assigned to a watch list for periodic monitoring.
Mitigation	A risk response effort to reduce the probability and/or impact of an identified risk in the project.

Monte Carlo technique	A simulation technique that got its name from the casinos of Monte Carlo, Monaco. The simulation is completed using a computer software program that can simulate a project, using values for all possible variables, to predict the most likely model.
Ordinal scales	A ranking approach that identifies and ranks the risks from very high to very unlikely or to some other value.
Organizational risks	The performing organization can contribute to the project's risks through unreasonable cost, time, and scope expectations; poor project prioritization; inadequate funding or the disruption of funding; and competition with other projects for internal resources.
PESTLE	A prompt list used for risk identification. PESTLE examines risks in the Political, Economic, Social, Technological, Legal, and Environmental domains.
Probability and impact matrix	A matrix that ranks the probability of a risk event occurring and its impact on the project if the event does happen; used in qualitative and quantitative risk analyses.
Project management risks	These risks deal with faults in the management of the project: the unsuccessful allocation of time, resources, and scheduling; unacceptable work results; and poor project management.
Pure risks	These risks have only a negative outcome. Examples include loss of life or limb, fire, theft, natural disasters, and the like.
Qualitative risk analysis	This approach "qualifies" the risks that have been identified in the project. Specifically, qualitative risk analysis examines and prioritizes risks based on their probability of occurring and their impact on the project should they occur.
Quantitative risk analysis	This approach attempts to numerically assess the probability and impact of the identified risks. It also creates an overall risk score for the project. This method is more in-depth than qualitative risk analysis and relies on several different tools to accomplish its goal.
RAG rating	An ordinal scale that uses red, amber, and green (RAG) to capture the probability, impact, and risk score.
Residual risks	Risks that are expected to remain after a risk response.

Risk	A project risk is an uncertain event or condition that can have a positive or negative impact on the project.
Risk identification	The systematic process of combing through the project, the project plan, the work breakdown structure, and all supporting documentation to identify as many risks that may affect the project as possible.
Risk management plan	A project management subsidiary plan that defines how risks will be identified, analyzed, responded to, and monitored within the project. The plan also defines the iterative risk management process that the project is expected to adhere to.
Risk management planning	The agreed-upon approach to the management of the project risk processes.
Risk owners	The individuals or entities that are responsible for monitoring and responding to an identified risk within the project.
Risk register	The risk register is a project plan component that contains all of the information related to the risk management activities. It's updated as risk management activities are conducted to reflect the status, progress, and nature of the project risks.
Risk report	The risk report explains the overall project risks and provides summaries about the individual project risks.
Risk response audit	An audit to test the validity of the established risk responses.
Risk responsibilities	The level of ownership an individual or entity has over a project risk.
Risk score	The calculated score based on each risk's probability and impact. The approach can be used in both qualitative and quantitative risk analysis.
Root cause identification	Root cause identification aims to find out why a risk event may be occurring, the causal factors for the risk events, and then, eventually, how the events can be mitigated or eliminated.
Secondary risks	New risks that are created as a result of a risk response.
Sensitivity analysis	A quantitative risk analysis tool that examines each risk to determine which one has the largest impact on the project's success.
Sharing	A risk response that shares the advantages of a positive risk within a project.

SWOT analysis	SWOT analysis is the process of examining the project from the perspective of each characteristic: strengths, weaknesses, opportunities, and threats.
TECOP	A prompt list used in risk identification to examine the Technical, Environmental, Commercial, Operational, and Political factors of the project.
Technical, quality, or performance risks	Technical risks are associated with new, unproven, or complex technologies being used on the project. Changes to the technology during the project implementation can also be a risk. Quality risks are the levels set for expectations of impractical quality and performance.
Transference	A risk response that transfers the ownership of the risk to another party. Insurance, licensed contractors, or other project teams are good examples of transference. A fee and contractual relationships are typically involved with the transference of a risk.
Variability risks	A type of risk based on the variations that may occur in the project, such as production, number of quality errors, or even the weather.
VUCA	A prompt list used in risk identification that examines the Volatility, Uncertainty, Complexity, and Ambiguity of risk factors within the project.