

# Risk Management Professional



## PMI-RMP PREPARATION COURSE

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## Lec-5



## 11.5 Plan Risk Responses -> Definition



Process of developing options & actions to enhance opportunities & to reduce threats to project objectives.



Plan what to do about identified risks.

Document individual plans. Assign risk Owner.

Keep risk response appropriate based on the importance & significance of the risk.

Minimize negative risks.

Enhance positive risks.

Negative Risk response

Avoid

Transfer

Mitigate

Accept

Positive Risk response

Exploit

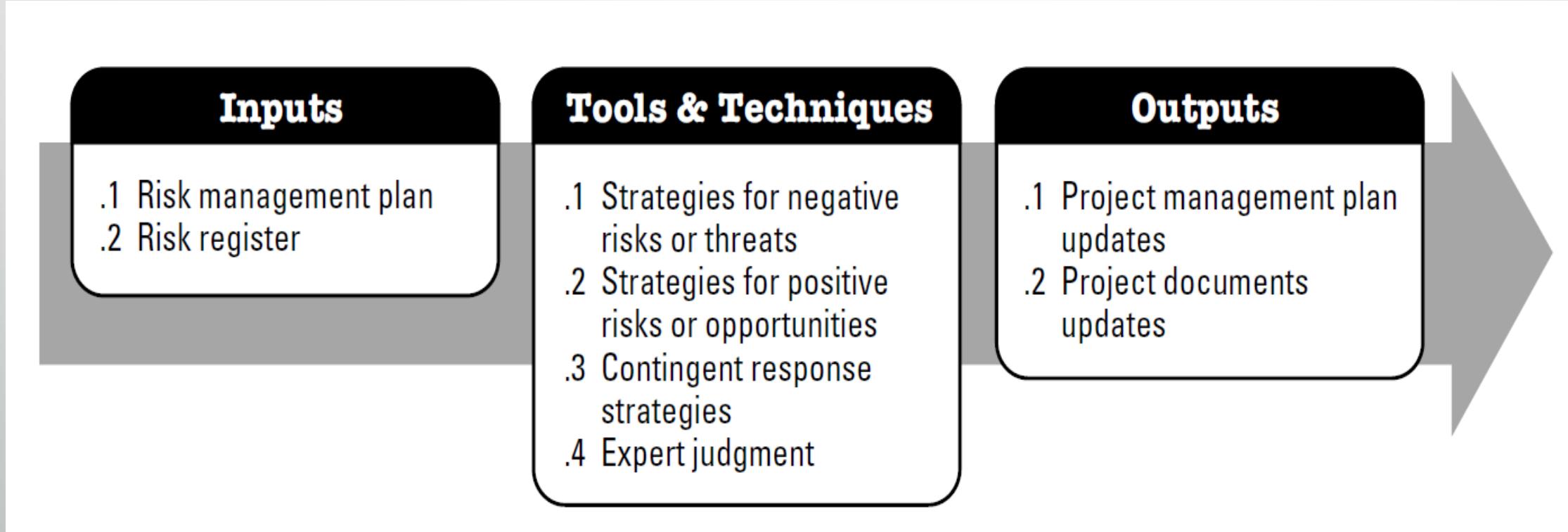
Enhance

Share

Accept

# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### 11.5 Plan Risk Responses->Inputs->Risk Register



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Strategies for Negative Risks or Threats



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### Plan Risk Responses: Tools and Techniques

#### ➤ Strategies for **Negative** Risks or Threats

##### **1- Avoid**

- The project team acts to **eliminate** the threat or protect the project from its impact.
- **Changing** the project management plan to eliminate the threat entirely.
- Examples of this include **extending** the schedule, **changing** the strategy, or **reducing scope**.



##### **2- Transfer**

- The project team **shifts** the impact of a threat to a third party.
- Examples of this include **insurance**, performance bonds, warranties, guarantees, and contracts (a fixed-price contract may transfer risk to the seller.)



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### Plan Risk Responses: Tools and Techniques

#### ➤ Strategies for **Negative** Risks or Threats

#### **3- Mitigate.**

- The project team acts to **reduce the probability** of occurrence or **impact** of a risk.
- Conducting **more tests**, or choosing a more **stable supplier** are examples of mitigation actions.
- Mitigation may require **prototype** development to reduce the Risk.



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### Plan Risk Responses: Tools and Techniques

#### ➤ Strategies for Negative Risks or Threats

#### **4- Accept.**

- The project team decides to acknowledge the risk and not take any action unless the risk occurs.
- This strategy indicates that the project team has decided not to change the project management plan to deal with a risk, or is unable to identify any other suitable response strategy.
- This strategy can be either passive or active.
- Passive acceptance requires no action except to document the strategy, periodically review the threat to ensure that it does not change significantly.
- Active acceptance strategy is to establish a contingency reserve, including amounts of time, money, or resources to handle the risks.



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Strategies for Positive Risks or Opportunities



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### Plan Risk Responses: Tools and Techniques

#### ➤ Strategies for **Positive Risks or Opportunities**

##### **1- Exploit**

- The exploit strategy may be selected for risks with **positive** impacts where the organization wishes to **ensure** that the **opportunity** is realized.
- This strategy seeks to **eliminate** the uncertainty associated with a particular upside risk by ensuring the opportunity definitely happens.
- Examples of directly exploiting responses include assigning an organization's **most talented** resources to the project to **reduce** the time to completion.
- Using **new technologies** or technology upgrades to **reduce cost** and **duration** required to **realize** project objectives.



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### Plan Risk Responses: Tools and Techniques

#### ➤ Strategies for **Positive Risks or Opportunities**

#### **2- Enhance.**

- Used to increase the probability and/or the positive impacts of an opportunity.
- Examples of enhancing opportunities include adding more resources to an activity to finish early.



#### **3- Share.**

- Sharing a positive risk involves allocating some or all of the ownership of the opportunity to a third party who is best able to capture the opportunity for the benefit of the project.
- Examples of sharing actions include forming risk-sharing partnerships and joint ventures.



#### **3- Accept.** Willing to take advantage of the opportunity if it arises, but not actively pursuing it.

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## 05. Plan Risk Responses

### Plan Risk Responses: Tools and Techniques



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### Plan Risk Responses: Tools and Techniques



Contingency plans:

- Plan that deals with events that may or may not occur.



Construction project Risk:

There is a risk that rain may fall, which will damage your materials lying in the open.



Plan:

If there is an indication of rain, all materials will be covered with a plastic sheet. Also, after rain, you will bring a blower/vacuum pump to clean & dry wet materials.

# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### Plan Risk Responses: Tools and Techniques



Fallback plan:

- Plan that gets Implemented when the contingency plan fails or is not fully effective.



Construction project Risk:

There is a risk that rain may fall, which will damage your materials lying in the open.

Suppose rain continued for a long time than anticipated, leading material to be useless.



Plan B:

If material is useless, you will reorder them from a pre-identified supplier & start the work immediately.

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## 05. Plan Risk Responses

### Outputs

#### Project Documents Updates

Updates to the **risk register** can include:-

- Risk owners and assigned responsibilities.
- Trigger conditions, symptoms, and warning signs of a risk occurrence.
- Contingency plans and triggers that call for their execution.
- **Fallback plans** for use as a reaction to a risk that has occurred and the primary response proves to be inadequate.
- **Residual risks** that are expected to remain after planned responses have been taken, as well as those that have been deliberately accepted.
- **Secondary risks** that arise as a direct outcome of implementing a risk response.

## **Lecture 05 : Project Risk Management**

### **05. Plan Risk Responses**

**Practice\_Standard\_Project  
\_Risk\_Management**

**BY: EL-Sayed Mohsen , PMP®, PMI- RMP®**

# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### The risk owner:

- Is responsible for ensuring that the risk response is effective and for planning additional risk responses if required



### The risk action owner:

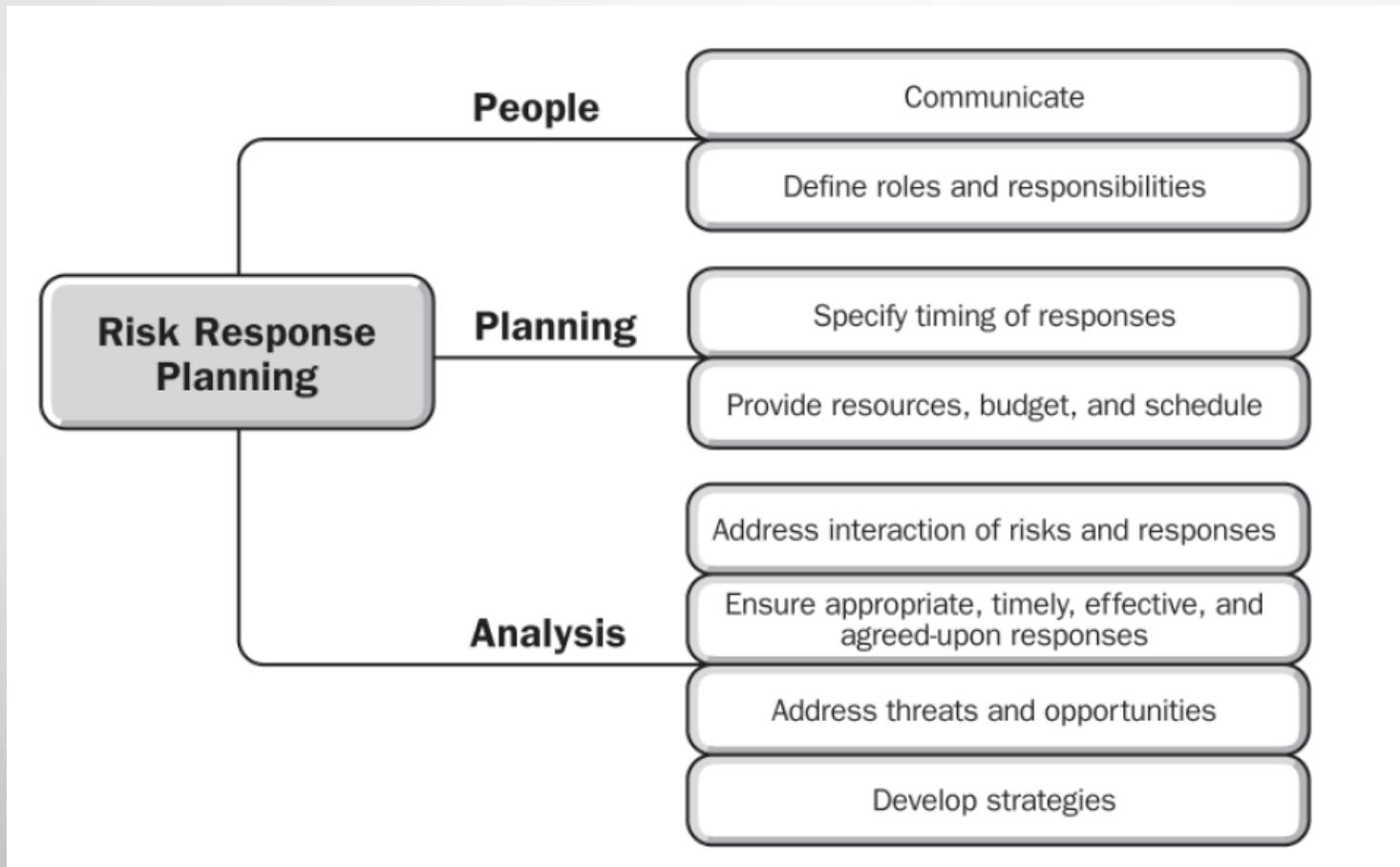
- Is responsible for ensuring that the agreed-upon risk responses are carried out as planned, in a timely manner.
- Responses, when implemented, can have potential effects on the project objectives and, as such, can generate additional risks. These are known as secondary risks and have to be analyzed and planned for in the same way as those risks which were initially identified.
- Residual risks that will remain after the responses have been implemented. These residual risks should be clearly identified, analyzed, documented, and communicated to all relevant stakeholders.



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Critical Success Factors for the Plan Risk Responses Process



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Critical Success Factors for the Plan Risk Responses Process

#### 1- Communicate.

- Communication with the various stakeholders should be maintained in an open and appropriate manner.
- If organizational causes of risks, such as culture, attitudes, or disagreements concerning objectives are present, they should be addressed openly, this require involving high levels of organization management, other stakeholders.



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Critical Success Factors for the Plan Risk Responses Process

#### 2- Clearly Define Risk-Related Roles and Responsibilities.

- Risk response success will dependent upon full support and involvement of project team and other stakeholders .
- The key roles for Project Risk Management are those of **risk owner** and **risk action owner**.
- A single **risk owner** should be assigned to **every** identified risk.
- Each agreed-upon risk response should have single **risk action owner**.
- Management may take ownership of risks with political, organizational causes.
- Senior management should approve and track associated risk-related contingency reserves



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

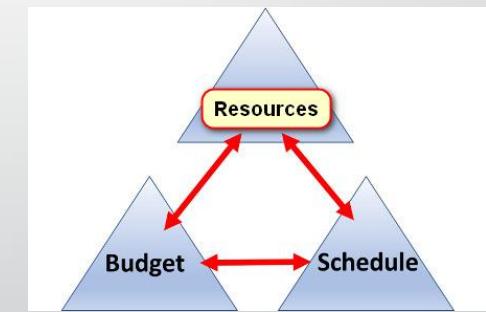
### ➤ Critical Success Factors for the Plan Risk Responses Process

3- Specify Timing of Risk Responses .



- Agreed-upon responses should be integrated into the project management plan and will therefore be scheduled and assigned for execution.

4- Provide Resources, Budget, and Schedule for Responses.



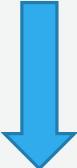
- Management's role is vital for supporting the project manager in developing risk responses and authorizing the corresponding resources.

# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Critical Success Factors for the Plan Risk Responses Process

5- Address the Interaction of Risks and Responses.



- Responses may be developed to address risks related either by cause and effect or by common root cause.
- Categorization of risks by the risk breakdown structure, affinity diagram, help identify and address this situation.

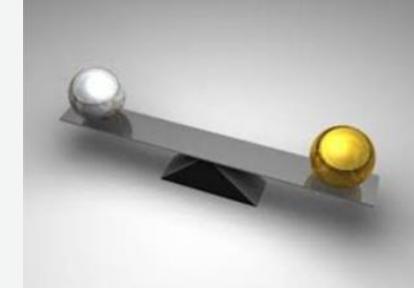


# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Critical Success Factors for the Plan Risk Responses Process

**6- Ensure Appropriate, Timely, Effective, and Agreed-Upon Responses.**



- Responses should be appropriate, **timely**, cost-effective, feasible, achievable, agreed-upon, assigned, and accepted.

Any proposed risk response plan needs to be assessed against the following criteria:

- Consistency with organizational values, project objectives, and stakeholder expectations.
- Technical feasibility.
- Ability of the project team or risk action owners outside the project to **carry out** the corresponding actions

# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Critical Success Factors for the Plan Risk Responses Process

**7- Address Both Threats and Opportunities.**



➤ If either threats or opportunities are **not fully addressed**, the combined set of response strategies will be **incomplete** and may even be **invalid**.

**8- Develop Strategies before Tactical Responses.**



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## 05. Plan Risk Responses

### ➤ Very important questions



**Q1) The project team is in the process of developing risk responses. While dealing with a particular risk, the team discover that it cannot be avoided and attempts to transfer or mitigate the risk is unsuccessful. What the team should do?**

- A- Continue to investigate to find ways to transfer**
- B- Accept the risk**
- C- Reduce the project scope so that risk can be avoided**
- D- Continue investigating ways to reduce the impact of the risk.**



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## 05. Plan Risk Responses

### ➤ Very important questions



Q2) You are the project manager for your company and a new change request has been approved for your project. This change request, however, has introduced several new risks to the project. You have communicated these risk events and the project stakeholders understand the possible effects these risks could have on your project. You are elected to create a mitigation response for the identified risk events. Where will you record the mitigation response?

- A- Risk register
- B- Risk log
- C- Risk management plan
- D- Project management plan



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## 05. Plan Risk Responses

### ➤ Very important questions



Q3) Which risk response indicates the allocation of ownership of opportunity to third party?

- A- Share
- B- Exploit
- C- Enhance
- D- Venture



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Very important questions



Q4) You and project team have agreed that if the vendor is late by more than ten days they will cancel the order and hire another Company to fulfill the order. The new Company can guarantee orders within three days, but the costs of their products are significantly more expensive than the current vendor. What type of a response strategy is this?

- A- Internal risk management strategy
- B- Contingent response strategy
- C- External risk response
- D- Expert judgment



B

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## 05. Plan Risk Responses

### ➤ Very important questions



Q5) Which of the following risk responses guide that the project plan will not be changed to deal with the risk?

- A- Exploitation
- B- Transference
- C- Acceptance
- D- Mitigation



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## 05. Plan Risk Responses

### ➤ Very important questions



Q6) You are a project manager working on a software development project. You have developed the risk management plan, identified risks, and determined risk responses for the risks. One of the risks you identified occurs, and you implement the response for that risk. Then, another risk occurs as a result of the response you implemented. What type of risk is this called?

- A- Trigger risk
- B- Residual risk
- C- Secondary risk
- D- Mitigated risk

ANSWERS

C

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## 05. Plan Risk Responses

### ➤ Very important questions



**Q7) What are the strategies for dealing with positive risks?**

- A- Avoid, mitigate, transfer, accept**
- B- Transfer, mitigate, avoid, exploit**
- C- Exploit, share, enhance, accept**
- D- Mitigate, enhance, exploit, accept**



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## 05. Plan Risk Responses

### ➤ Very important questions



Q8) You are the project manager in company XYZ. You have been asked to create a proposal for a construction project for a client. While studying the relevant details, you realize that there are several requirements within the SOW and RFP provided by the client that would eliminate XYZ from bidding on the construction project. You propose to management to allow XYZ to create a partnership with a competitor GFK so that together they could bid on the construction project and qualify for the customer's requirements. What risk response are you proposing to management?

- A- Exploiting
- B- Teaming agreement
- C- Transference
- D- Sharing



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## 05. Plan Risk Responses

### ➤ Very important questions



Q9) You are a project manager in construction project. You and your team planned, identified, analyzed risks for your project and now you are starting to plan risk responses for your project with your project team. What are the risk responses for a negative risks in the project?

- A- Avoid, Mitigate, Share and Accept.
- B- Avoid, Mitigate, Enhance and Accept.
- C- Avoid, Mitigate, Exploit and Accept.
- D- Transfer, Mitigate, Avoid and Accept.



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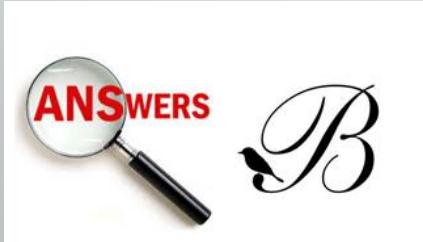
## 05. Plan Risk Responses

### ➤ Very important questions



Q10) Which risk response is acceptable for both positive and negative risk events?

- A- Transferring
- B- Acceptance
- C- Sharing
- D- Enhancing



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## 05. Plan Risk Responses

### ➤ Very important questions



Q11) You are assigned a project manager in critical project for your Company, you noticed that your company usually expose to some large thieves, now you want to establish a strategy to protect your project. which of the following options will protect the project from the thieves?

- A- Buy Insurance.
- B- Avoid.
- C- Accept.
- D- Terminate the project.



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## 05. Plan Risk Responses

### ➤ Very important questions



Q12) You are a project manager in construction project. You and your team planned, identified, analyzed risks and planned risk responses for your project with your project team. While the implantation phase one of the identified risk occurs. How will you fund this risk?

- A- Contingency reserve.
- B- Management reserve.
- C- Do nothing.
- D- Senior management.

A magnifying glass focusing on the word "ANSWERS".

A stylized signature or flourish.

# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Very important questions



**Q13) You are a project manager in construction project. You and your team planned, identified, analyzed risks and planned risk responses for your project with your project team. While the implantation phase one of the unidentified risk occurs. How will you fund this risk?**

- A- Contingency reserve.**
- B- Management reserve.**
- C- Workaround.**
- D- Do nothing.**



*B*

# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Very important questions



**Q14) You are assigned a project manager in critical project for your Company. You and your team planned, identified, analyzed risks and planned risk responses for your project with your project team. While the implantation phase one of the unidentified risk occurs. How will you deal with this risk?**

- A- Contingency reserve.**
- B- Contingency plan.**
- C- Workaround.**
- D- Do nothing.**



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## 05. Plan Risk Responses

### ➤ Very important questions



Q15) You are a project manager at Big construction project for your organization. You rent a generator because of the main generator always outages, after few weeks one of your project team inform you that there are many problems in the renting generator and cause new risk for your project. What is the new risk called?

- A- Secondary risk.
- B- remaining risk.
- C- business risk.
- D- Residual risk.



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## 05. Plan Risk Responses

### ➤ Very important questions



Q16) You are the project manager of a Project and identified a risk event in the project with a high probability of occurrence and the risk event has a high cost impact on the project. You discuss the risk event with customer and he decide that the requirements surrounding the risk event should be removed from the project. The removal of the requirements does affect the project scope, but it can release the project from the high-risk exposure. What risk response has been enacted in this project?

- A- Mitigation
- B- Transference
- C- Acceptance
- D- Avoidance



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## 05. Plan Risk Responses

### ➤ Very important questions



Q17) You are monitoring the project performance. You want to make a decision to change the project plan to eliminate a risk in order to protect the project objectives. Which of the following strategies will you use to tackle the risk?

- A- Risk mitigation
- B- Risk avoidance
- C- Risk acceptance
- D- Risk transference



B

# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Very important questions



**Q18) You and your project team are identifying the risks that may exist within your project. Some of the risks are small risks that won't affect your project much if they happen. What should you do with these identified risk events?**

- A- All risks must have a valid, documented risk response.**
- B- These risks can be accepted**
- C- These risks can be added to a low priority risk watch list.**
- D- These risks can be dismissed**



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## 05. Plan Risk Responses

### ➤ Very important questions



**Q19) which of the following not critical success factor for the Plan Risk Responses Process?**

- A- Provide Resources, Budget, and Schedule for Responses**
- B- Develop Strategies before Tactical Responses**
- C- Specify Timing of Risk Responses**
- D- Continuously Monitor Risk Trigger Conditions**



# Lecture 05 : Project Risk Management

## 05. Plan Risk Responses

### ➤ Very important questions



Q20) which of the following is critical success factor for the Plan Risk Responses Process?

- A- Appropriate Project Model
- B- Communicate
- C- Commitment to Collecting High-Quality Risk Data
- D- Prior Risk Identification and Qualitative Risk Analysis



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