

Risk Management Professional



PMI-RMP PREPARATION COURSE

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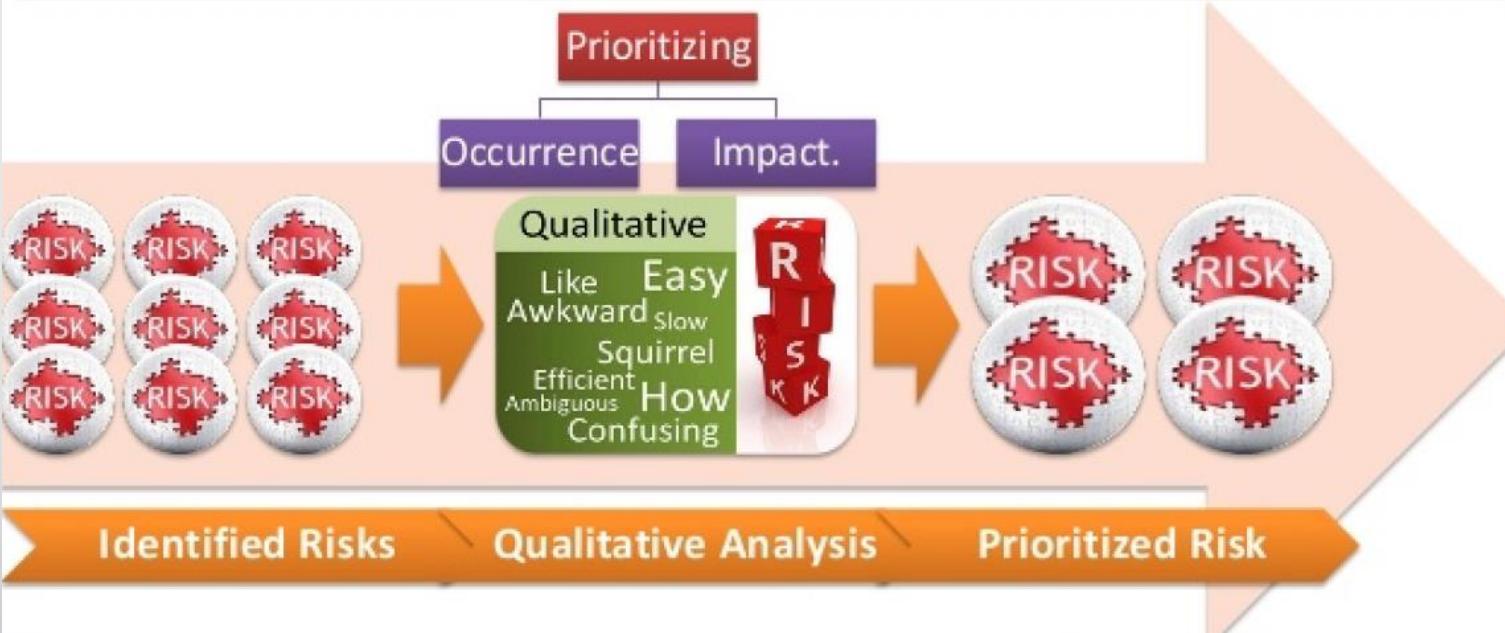


Lecture 03 : Project Risk Management

03. Perform Qualitative Risk Analysis

11.3 Perform Qualitative Risk Analysis-> Definition

Qualitative
Like Easy
Awkward Slow  It is the process of prioritizing risks for further analysis by assessing & combining their probability of occurrence & impact.



 It enables PM to reduce the level of uncertainty and to focus on high-priority risks

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03. Perform Qualitative Risk Analysis

11.3 Perform Qualitative Risk Analysis-> Difference

Perform Qualitative Risk Analysis

Qualitative
Like Easy
Awkward Slow
Squirrel
Efficient How
Ambiguous Confusing



- Prioritize Risks as High, Medium & Low.
- Based on relative probability & likelihood of occurrence

Perform Quantitative Risk Analysis



Identify the numerical values in terms of cost, timeline for each Risk

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03. Perform Qualitative Risk Analysis

NOTES

- Prioritizing risks for further analysis by assessing and combining probability and impact.
- key benefit is that it enables project managers to reduce the level of uncertainty and to focus on high-priority risks.
- The quality of the available information on project risks helps to clarify the assessment of the risks importance to the project.
- Qualitative Risk Analysis is a rapid and cost-effective means of establishing priorities for Plan Risk Responses and lays the foundation for Perform Quantitative Risk Analysis, if required.
- Qualitative Risk Analysis process is performed regularly throughout the project life cycle as defined at risk management plan.
- This process can lead into Perform Quantitative Risk Analysis or directly into Plan Risk Responses.

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03. Perform Qualitative Risk Analysis

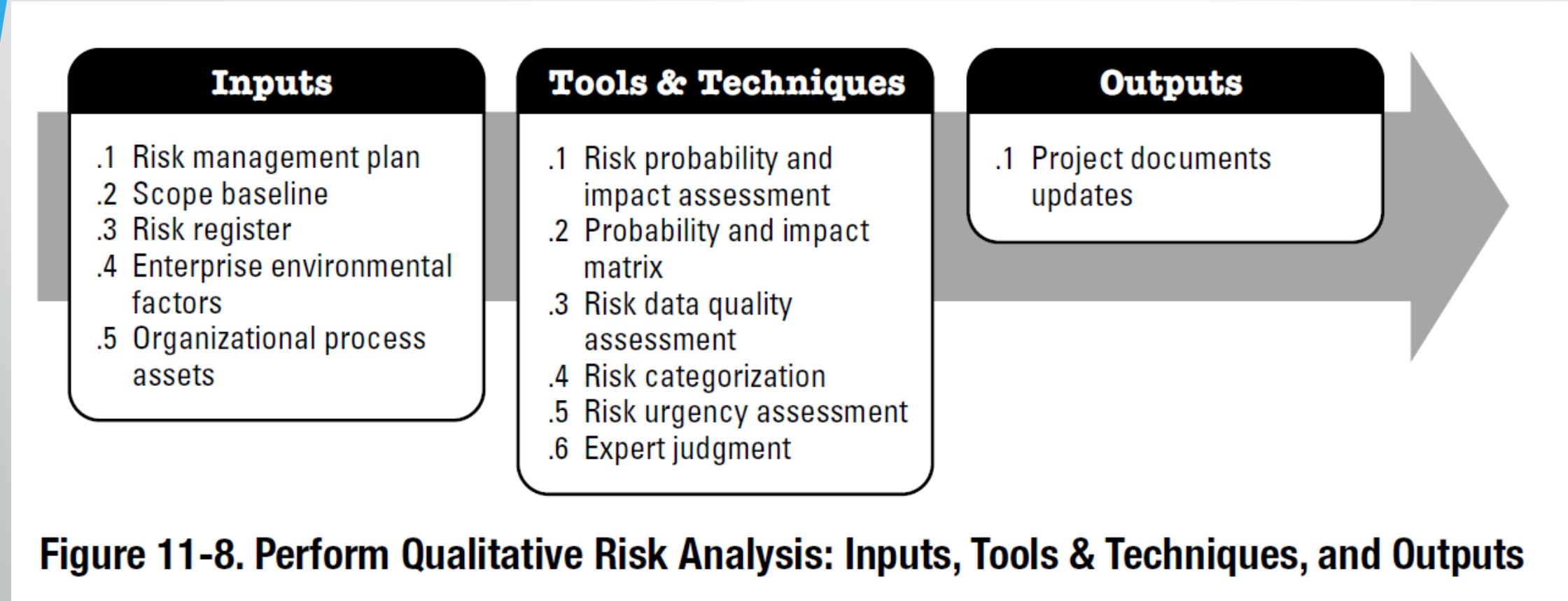
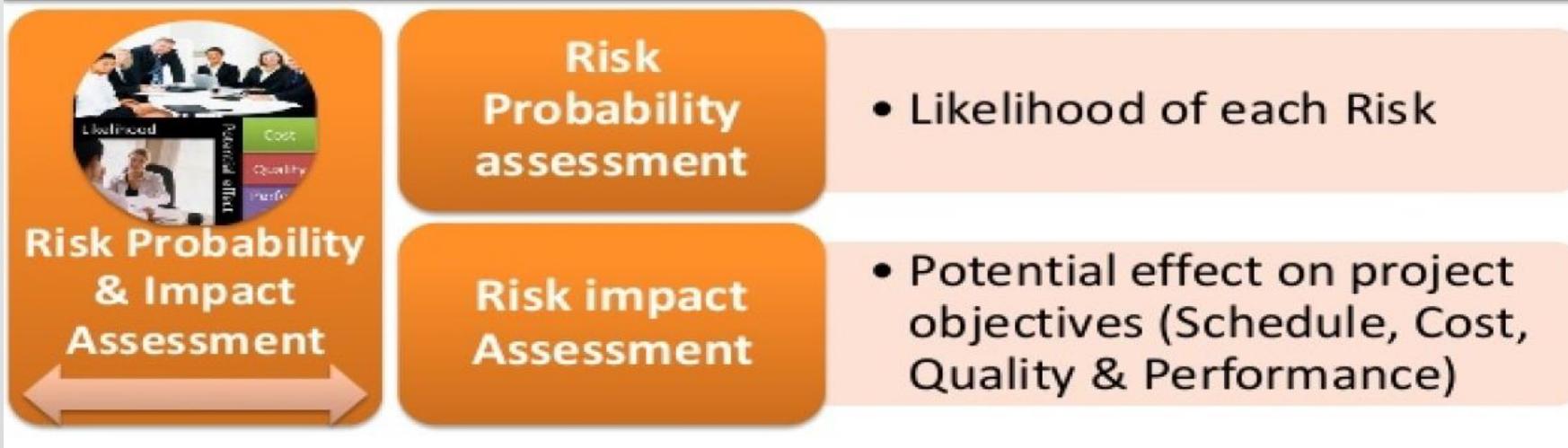


Figure 11-8. Perform Qualitative Risk Analysis: Inputs, Tools & Techniques, and Outputs

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03. Perform Qualitative Risk Analysis

Perform Qualitative Risk Analysis: Tools and Techniques



11.3.2.1 Risk Probability and Impact Assessment

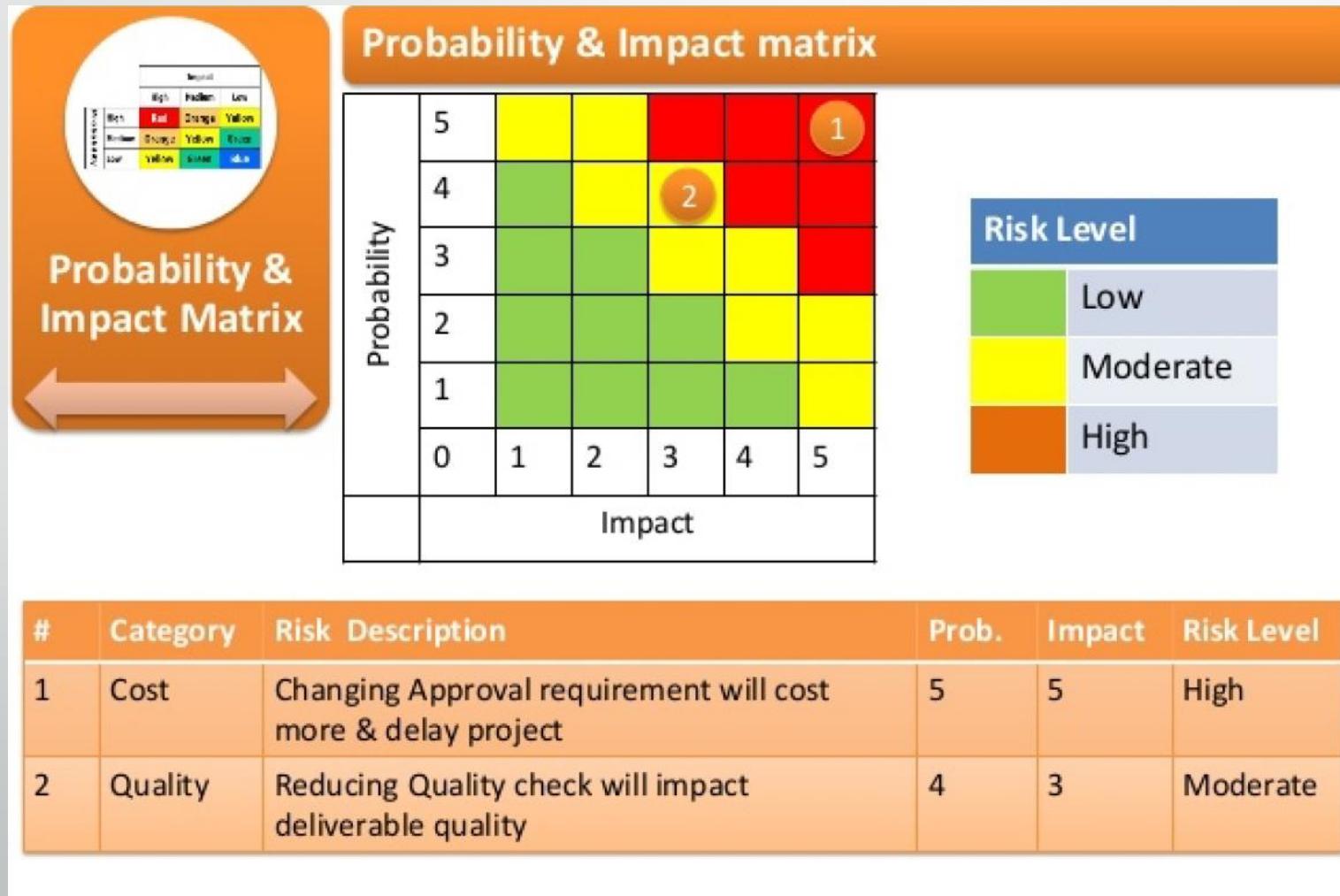
Risk probability assessment investigates the likelihood that each specific risk will occur. Risk impact assessment investigates the potential effect on a project objective such as schedule, cost, quality, or performance, including both negative effects for threats and positive effects for opportunities.

Probability and impact are assessed for each identified risk. Risks can be assessed in interviews or meetings with participants selected for their familiarity with the risk categories on the agenda. Project team members and knowledgeable persons external to the project are included.

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03. Perform Qualitative Risk Analysis

Perform Qualitative Risk Analysis: Tools and Techniques



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Perform Qualitative Risk Analysis: Tools and Techniques

Probability and Impact Matrix:

- A table specifies combinations of probability and impact that lead to rate the risks as **low**, **moderate**, or **high priority**.
- This helps finding risks need immediate response, risks need additional analysis, and risks need to be put on the watchlist.

0.90	0.05	0.09	0.18	0.36	0.72
0.70	0.04	0.07	0.14	0.28	0.56
0.50	0.03	0.05	0.10	0.20	0.40
0.30	0.02	0.03	0.06	0.12	0.24
0.10	0.01	0.01	0.02	0.04	0.08
Probability	0.05/ Very Low	0.10/ Low	0.20/ Moderate	0.40/ High	0.80/ Very High
Impact					

■ High Risks ■ Moderate Risks ■ Low Risks

Probability and Impact Matrix

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03. Perform Qualitative Risk Analysis

Perform Qualitative Risk Analysis: Tools and Techniques



Risk can be categorized by source/Root cause etc

Useful in developing Risk Response

Categorized by Source-RBS, Area of Project – WBS or by Project Phase

#	Risk Category	No.
1	Quality	10
2	Scope	20
3	Schedule	30

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Perform Qualitative Risk Analysis: Tools and Techniques

Risk Urgency Assessment:



This will be applied to risks will need immediate response.

Urgent risks may move independently to risk response planning while the others continue through quantitative risk analysis.

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03. Perform Qualitative Risk Analysis

OUTPUTS



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03. Perform Qualitative Risk Analysis

**Practice_Standard_Project
_Risk_Management**

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03. Perform Qualitative Risk Analysis

➤ Critical Success Factors for the Perform Qualitative Risk Analysis Process

1- Use Agreed-Upon Approach
(probability – impact -Urgency - Manageability).



Urgency:

- Risks requiring **near term responses** may be considered more **urgent** to address.
- **Indicators** of urgency can include the lead time necessary to execute a risk response and the clarity of **symptoms** and **warning signs**.

Manageability:

- Some risks are **not manageable** and it would be a **waste** of resources to attempt to address them. The project team may examine these and decide to:
 - Go forward, perhaps establishing a **contingency reserve**.
 - Stop or **re-scope** the project because these risks pose an **unmanageable threat** or an **opportunity** that should not be missed with high probability and consequences.
 - Inform the **customer** of the risks and ask for a **decision** from their point of view.

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03. Perform Qualitative Risk Analysis

➤ Critical Success Factors for the Perform Qualitative Risk Analysis Process

1- Use Agreed-Upon Approach
(probability – impact -Urgency -
Manageability).



Q-By the nature of project risk, All risks may be assessed according to probability of occurrence and impact on individual objectives. Other factors may be considered in determining the importance of a risk. Which of the following are factors used to determine the importance of the risks?

- A- Urgency and Manageability.
- B- Probability and effect.
- C- Low priority risks.
- D- Risks categories



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03. Perform Qualitative Risk Analysis

➤ Critical Success Factors for the Perform Qualitative Risk Analysis Process

**2- Use Agreed-Upon Definitions
of Risk Terms**



**3- Collect High-Quality
Information about Risks**



**4- Perform Iterative Qualitative
Risk Analysis**



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03. Perform Qualitative Risk Analysis

➤ Critical Success Factors for the Perform Qualitative Risk Analysis Process

2- Use Agreed-Upon Definitions
of Risk Terms



The use of definitions, for example, of levels of probability and of impact on objectives, assists in giving realistic assessments for each risk, and facilitates the communication of the results to management and stakeholders .

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03. Perform Qualitative Risk Analysis

➤ Critical Success Factors for the Perform Qualitative Risk Analysis Process

3- Collect High-Quality Information about Risks



Often this information is **not available** in any historic database and should be gathered by **interviews, workshops, and expert judgment.**

Data gathered from individuals may be subject to reporting or intentional bias.

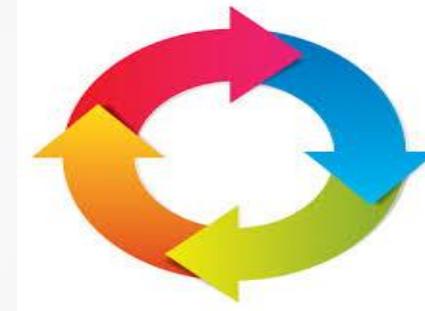
Bias should be identified and remedied, and unbiased source of information should be found and used.

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03. Perform Qualitative Risk Analysis

➤ Critical Success Factors for the Perform Qualitative Risk Analysis Process

4- Perform Iterative Qualitative Risk Analysis



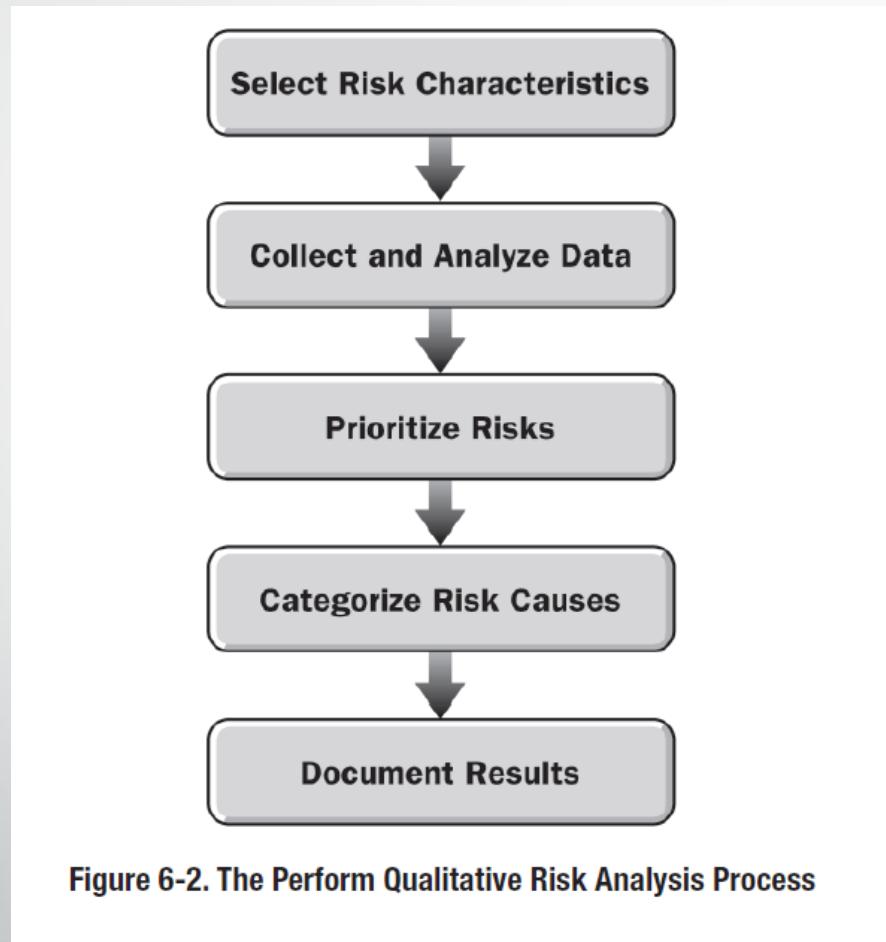
The success of qualitative risk analysis is enhanced if the process is used periodically throughout the project.

The frequency of this effort will be planned in the **Plan Risk Management** process.

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03. Perform Qualitative Risk Analysis

➤ Tools and Techniques for the Perform Qualitative Risk Analysis



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03. Perform Qualitative Risk Analysis

➤ Tools and Techniques for the Perform Qualitative Risk Analysis

1) Select Risk Characteristics that Define Risks' Importance.

- Qualitative risk analysis tools provide ways to distinguish those risks that are important for response from those that are less important.
- Output from qualitative risk analysis tools includes a listing of risks in priority order or in priority groups.

2) Collect and Analyze Data.

- Including interviews, workshops, and references to databases of prior projects, require management support.
- It is important to protect against bias in data gathering when relying on expert judgment for the information.

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03. Perform Qualitative Risk Analysis

➤ Tools and Techniques for the Perform Qualitative Risk Analysis

3) Prioritize Risks by Probability and Impact on Specific Objectives

- This capability provides a **list of risks** that are **important** for any specific objective of interest to management .

4) Prioritize Risks by Probability and Impact on Overall Project

- A **common reason** is for ease of communication with **management** and other **stakeholders**.
- Technique for creating overall risk priority measure should be documented in **Plan Risk Management** process.

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03. Perform Qualitative Risk Analysis

➤ Tools and Techniques for the Perform Qualitative Risk Analysis

5) Categorize Risk Causes

- Categorizing risks lead to improved analysis of probability and magnitude of project risk and effective responses.
- Identifying common root causes of a group of risks reveal both the magnitude of the risk event for the group as a whole along with effective strategies that might address several risks simultaneously.
- Identifying risks that can occur at the same time or using the same resources for recovery provide a realistic picture of problems of risk mitigation using scarce resources.

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03. Perform Qualitative Risk Analysis

➤ Tools and Techniques for the Perform Qualitative Risk Analysis

6) Document the Results of the Perform Qualitative Risk Analysis Process.

- This information is usually stored in the **risk register** which is easy to use and **update** with new information.
- The risk register list of **prioritized risks** is posted to the project participants to improve the project plan.
- Risks of **low priority** to the project placed on a **watch list** and are reviewed less often for changes in their **status** .



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03. Perform Qualitative Risk Analysis

➤ Tools and Techniques for the Perform Qualitative Risk Analysis



Q-You are a Risk manager and you want to use the tools and techniques used for assessing individual risks in the qualitative risk analysis. Which of the following is qualitative risk analysis process?

- A- Select the characteristics -Collect and analyze data -prioritize Risks- assess probability and impact - document results.
- B- Select the characteristics -Collect and analyze data -prioritize Risks- Categorize Risk causes.
- C- Select the characteristics -Collect and analyze data -prioritize Risks- Categorize Risk causes - document results.
- D- Select the characteristics -Collect and analyze data -prioritize Risks- assess probability and impact - document results.



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03. Perform Qualitative Risk Analysis

APPENDIX D

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Lecture 03 : Project Risk Management

03. Perform Qualitative Risk Analysis

1- Probability and Impact Matrix (P-I Matrix)

- Allows the organization to prioritize the project risks for further analysis (e.g., quantitative) or risk response
- A table specifies combinations of probability and impact that lead to rate the risks as low, moderate, or high priority.
- This helps finding risks need immediate response, risks need additional analysis, and risks need to be put on the watch list.
- Reflects the organization's level of risk tolerance.



Q- You are a project manager , one of your project team members ask you which tools and techniques that Reflect the organization's level of risk tolerance.

- A- Probability and impact matrix.
- B- Cause and effect diagram.
- C- SWOT.
- D- Prompt list.

0.90	0.05	0.09	0.18	0.36	0.72
0.70	0.04	0.07	0.14	0.28	0.56
0.50	0.03	0.05	0.10	0.20	0.40
0.30	0.02	0.03	0.06	0.12	0.24
0.10	0.01	0.01	0.02	0.04	0.08
Probability	0.05/ Very Low	0.10/ Low	0.20/ Moderate	0.40/ High	0.80/ Very High
Impact					

Probability and Impact Matrix

High Risks Moderate Risks Low Risks



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03. Perform Qualitative Risk Analysis

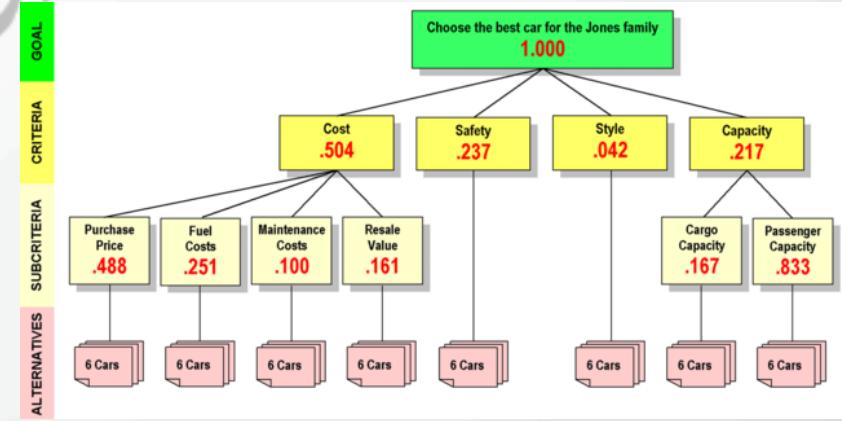
2- Analytic Hierarchy Process (AHP)

AHP is a method to calibrate preferences for achieving the different objectives of a project



Q- You are a Risk manager in new construction Project .During Perform qualitative risk analysis process one of the tools is calibrating preferences for achieving the different objectives of a project in terms of their priority to the stakeholders or to management.

- A- Prompt list.
- B- Force Field Analysis.
- C- RBS.
- D- AHP.



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03. Perform Qualitative Risk Analysis

Very Important KEYWORDS

1. (P-I Matrix) (Reflects the organization's level of risk tolerance)
2. Analytic Hierarchy Process (calibrate and objectives)

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➤ VERY IMPORTANT QUESTIONS



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Q1) By the nature of project risk, All risks may be assessed according to probability of occurrence and impact on individual objectives. Other factors may be considered in determining the importance of a risk. Which of the following are factors using to determine the importance of the risks?

- A- Urgency and Manageability.**
- B- Probability and effect.**
- C- Low priority risks.**
- D- Risks categories.**



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03. Perform Qualitative Risk Analysis



Q2) You are a project manager working at critical project in your organization. You and your team finished identify risk process, now you are in Perform Qualitative risk analysis process.as per the bellow table Which one of the following risk has the highest priority in the project?

- A) Risk 1
- B) Risk 2
- C) Risk 3
- D) Risk 4



Risk	Probability	Impact
R1	Low	High
R2	Low	Low
R3	Moderate	High
R4	High	low

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03. Perform Qualitative Risk Analysis



Q3) You are a Risk manager and you want to use the tools and techniques used for assessing individual risks in the qualitative risk analysis. Which of the following is qualitative risk analysis process?

- A- Select the characteristics -Collect and analyze data -prioritize Risks- assess probability and impact - document results.**
- B- Select the characteristics -Collect and analyze data -prioritize Risks- Categorize Risk causes.**
- C- Select the characteristics -Collect and analyze data -prioritize Risks- Categorize Risk causes - document results.**
- D- Select the characteristics -Collect and analyze data -prioritize Risks- assess probability and impact - document results.**



c

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03. Perform Qualitative Risk Analysis



Q4) You are a project manager of a new construction project. You identified the risks may impact you project, now you want to assign risk owner for each risk, which of the following is the best to be Risk Owners?

- A- Sponsor.
- B- Project manager.
- C- Risk manager.
- D- Project team.



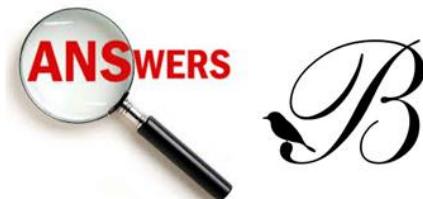
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03. Perform Qualitative Risk Analysis



Q5) During which process of risk management are risks prioritized based on their relative probability and impact?

- A- Identify risk.**
- B- Perform Qualitative Risk Analysis.**
- C- Perform Quantitative Risk Analysis.**
- D- Control risk.**



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03. Perform Qualitative Risk Analysis



Q6) A watch list is an output of which risk management process?

- A- Identify risk.**
- B- Perform Qualitative Risk Analysis.**
- C- Plan risk responses.**
- D- Plan risk management.**

ANSWERS

B

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03. Perform Qualitative Risk Analysis



Q7) You are a project manager, one of your project team members ask you which tools and techniques that Reflect the organization's level of risk tolerance.

- A- Probability and impact matrix.**
- B- Cause and effect diagram.**
- C- SWOT.**
- D- Prompt list.**



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03. Perform Qualitative Risk Analysis



Q8) A ranking of risks and a list of risks for additional analysis are outputs of which process of risk management?

- A- Plan risk management.
- B- Identify risk.
- C- Perform Qualitative Risk Analysis.
- D- Control risk.



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03. Perform Qualitative Risk Analysis



Q9) You are a Risk manager in new construction Project. During Perform qualitative risk analysis process one of the tools is calibrating preferences for achieving the different objectives of a project in terms of their priority to the stakeholders or to management.

- A- Prompt list.**
- B- Force Field Analysis.**
- C- RBS.**
- D- AHP.**



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03. Perform Qualitative Risk Analysis



Q10) In your project and during the planning phase. Now you are in Qualitative risk analysis process and working with your team in assessing the probabilities and impacts and prioritizing the risks. How do you enhance this process?

- A- Overall Project Risk Derived from Individual Risks.**
- B- Interrelationships Between Risks in Quantitative Risk Analysis.**
- C- Specify Timing of Risk Responses.**
- D- By iterative the process.**



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03. Perform Qualitative Risk Analysis



Q11) What is the difference between qualitative and quantitative risk analysis?

- A- Qualitative identify new risks but Quantitative numerically analyzing the effects of the identified risks on the overall project objectives.
- B- Qualitative assess the probability and impact of the risks, prioritize risks and Categorize risks by cause. but Quantitative numerically analyzing the effects of the identified risks on the overall project objectives.
- C- Quantitative assess the probability and impact of the risks and prioritize risks but Qualitative numerically analyzing the effects of the identified risks on the overall project objectives.
- D- Qualitative prioritize risks but Quantitative numerically analyzing the effects of the identified risks on the overall project objectives.



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03. Perform Qualitative Risk Analysis



Q12) Sam is a project manager at Critical Project for his Organization. He, the Risk manager and Project team are reviewing the risk register; they notice that four risks may affect the schedule and the budget. Which risk is more critical?

Risk A impact 30000\$, delay 15 days with probability 40%.

Risk B impact 25000\$, delay 10 days with probability 60%.

Risk C impact 60000\$, delay 20 days with probability 75%.

Risk D impact 15000\$, delay 8 days with probability 20%.

Which risk is more critical?

- A- Risk A.
- B- Risk B.
- C- Risk C.
- D- Risk D.



C

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03. Perform Qualitative Risk Analysis



Q13) The project team is in the process of performing qualitative risk analysis. All of the following updates will be included within the risk register updates except:

- A- List of risks requiring additional analysis**
- B- List of low priority risks**
- C- Probability of achieving time objectives**
- D- Risks grouped by categories**

A magnifying glass icon with the word ANSWERS inside it.

A stylized letter C.

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03. Perform Qualitative Risk Analysis



Q14) You are about to perform qualitative risk analysis on the identified risks within your project. Which one of the following will NOT help you to perform this project management activity?

- A- Scope baseline**
- B- Risk management plan**
- C- Risk register**
- D- Stakeholder register**



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03. Perform Qualitative Risk Analysis



Q15) You and the project team are assessing the risk events and creating a probability and impact matrix for the identified risks. Which one of the following statements best describes the requirements for the data type used in qualitative risk analysis?

- A- A qualitative risk analysis requires fast and simple data to complete the analysis.
- B- A qualitative risk analysis requires accurate and unbiased data if it is to be credible.
- C- A qualitative risk analysis encourages biased data to reveal risk tolerances.
- D- A qualitative risk analysis required unbiased stakeholders with biased risk tolerances



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03. Perform Qualitative Risk Analysis



Q16) You are working with the project stakeholders to begin the qualitative risk analysis process. You will need all of the following as inputs to the qualitative risk analysis process except for which one?

- A- Stakeholder register**
- B- Project scope statement**
- C- Risk management plan**
- D- Risk register**



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03. Perform Qualitative Risk Analysis



Q17) Risk data quality assessment, risk categorization, and risk urgency assessment
are tools and techniques of the following process:

- A. Plan Risk Management
- B. Identify Risks
- C. Perform Qualitative Risk Analysis
- D. Perform Quantitative Risk Analysis



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03. Perform Qualitative Risk Analysis



Q18) The project manager has just documented risks that will require near-term responses. What technique did the project manager most likely use to generate this update?

- A. Checklist Analysis**
- B. Risk Urgency Assessment**
- C. Assumptions Analysis**
- D. Delphi Technique**

ANSWERS

B

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Q19) You work as a project manager for Blue Well Inc. You are working with Nancy, the COO of your company, on several risks within the project. Nancy understands that through qualitative analysis, you have identified 80 risks that have a low probability and low impact as the project is currently planned. Nancy's concern, however, is that the impact and probability of these risk events may change as conditions within the project may change. She would like to know where will you document and record these 80 risks that have low probability and low impact for future reference. What should you tell Nancy?

- A. Risks with low probability and low impact are recorded in a watchlist for future monitoring.
- B. All risks, regardless of their assessed impact and probability, are recorded in the risk log.
- C. Risk identification is an iterative process so any changes to the low probability and low impact Risks will be reassessed throughout the project life cycle.
- D. All risks are recorded in the risk management plan.



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03. Perform Qualitative Risk Analysis



Q20) You are the project manager of the GHY project for your organization. You are about to start the qualitative risk analysis process for the project and you need to determine the roles and responsibilities for conducting risk management. Where can you find this information?

- A. Enterprise environmental factors
- B. Risk register
- C. Risk management plan
- D. Staffing management plan

ANSWERS

C

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03. Perform Qualitative Risk Analysis



Q21) You work as a project manager for Blue Well Inc. You are working on a project and the Management wants a rapid and cost-effective means for establishing priorities for planning risk Responses in your project. Which risk management process can satisfy management's objective For your project?

- A. Historical information**
- B. Qualitative risk analysis**
- C. Quantitative analysis**
- D. Rolling wave planning**



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03. Perform Qualitative Risk Analysis



Q22) John works as a project manager for ABD project. He and his team, are working on the Following activities:

- Relative ranking or priority list of project risks
- Watch lists of low priority risk
- Trends in Qualitative Risk Analysis results

On which of the following processes is John working on?

- A. Perform Qualitative Risk Analysis
- B. Plan Risk Management
- C. Plan Risk Responses
- D. Perform Quantitative Risk Analysis



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03. Perform Qualitative Risk Analysis



Q23) which of the following is NOT a characteristic of the critical factors of the Perform Qualitative Risk Analysis?

- A- Use agreed-upon approach
- B- Use agreed-upon definitions
- C- Collection of high-quality data
- D- Non-iteration



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03. Perform Qualitative Risk Analysis



Q24) Which of the following is NOT a Critical Success Factor for the Perform Qualitative Risk Analysis Process?

- A- Use Agreed-Upon Definitions of Risk Terms
- B- Collect High-Quality Information about Risks
- C- Use Project manager's Approach
- D- Perform Iterative Risk Analysis



C

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