Glossary

Base - Value exclusive of threat and opportunity (i.e., per specific set of assumptions).

Bias - Error in value (e.g., due to conservatism).

Contingency - Value in addition to base cost and schedule intended to cover risks and other uncertainties (e.g., for project cost and for project schedule).

Contingency Plan - A set of predefined actions to be taken when a negative risk occurs.

Impact - Effect or consequence of an action or the failure to take action.

Mitigation - The act of alleviating a harmful circumstance. Risk mitigation seeks to reduce the probability and/or impact of a threat to below an acceptable threshold or to enhance/exploit the probability/ and/or impact of an opportunity.

Opportunity - A risk that will have a positive impact on a project objective if it occurs.

Probability - Likelihood of the occurrence of any event.

Qualitative Risk Analysis – The process of prioritizing risks by assessing the probability and impact of project risks to classify risks as high, medium, and low for prioritized risk response planning.

Quantitative Risk Analysis - The process of analyzing the effects of each prioritized risk and assigning values in terms of cost and time impacts.

Recovery - Actions to reduce project cost and/or schedule (e.g., scope reductions), typically in reaction to exceeding available contingency.

Residual Risk - Risks that remain even after developing responses to the project's original risks.

Risk - A defined uncertainty that can impact the outcome of a project including cost, schedule, scope or quality. A risk has a cause and, if it occurs, a consequence. (Project Risk - An uncertain event or condition that, if it occurs, has a positive or negative impact on at least one project objective.)

Risk Allocation - Placing responsibility for a risk to a party through a contract. The fundamental tenets of risk allocation include allocating risks to the party best able manage them, allocating risks in alignment with project goals, and allocating risks to promote Team alignment with customer-oriented performance goals.

Risk Analysis - process of calculating project performance including risks, and often the sensitivity of that performance to the various risks (i.e., to prioritize the risks for further assessment or for risk mitigation), based on previous structuring and risk identification and assessment. As used elsewhere, sometimes refers broadly to identification and assessment, as well as analysis, of risks, interchangeably with risk assessment.

Risk Assessment - A component of risk management that bridges risk identification and risk analysis in support of risk allocation.

Risk Avoidance - Changing the project plan to eliminate the risk or to protect the project objectives from its impact. It is a tool of the risk response planning process.

Risk Documentation - Recording, maintaining, and reporting assessments; handling analysis and plans; and monitoring results. It includes all plans, reports for the Project Manager and decision authorities, and reporting forms that may be internal to the Project Manager.

Risk Event - A discrete occurrence that may affect a project in either a positive or negative way.

Risk Identification - Determining which risks might affect the project and documenting their characteristics. Tools used include brainstorming and checklists.

Risk Management - The systematic process of planning for, identifying, analyzing, responding to, and monitoring project risk. Risk management involves people, processes, tools, and techniques that will help the project manager maximize the probability and consequences of positive events and minimize the probability and consequences of adverse events. Project risk management is most effective when first performed early in the life of the project and is a continuing responsibility throughout the project.

Risk Management Plan - Documents how the risk processes will be carried out during the project. This is the output of risk management planning.

Risk Owner - A person assigned to monitor the risk(s) and inform the project manager of any changes in the status of the risk.

Risk Register - A document detailing all identified risks, including description, cause, probability of occurrence, impact(s) on objectives, proposed responses, owners, and current status.

Risk Trigger - Symptoms and warning signs that indicate whether a risk is becoming a near-certain event and a contingency plan/response plan should be implemented.

Severity (or risk severity) - a measure of a risk's impact on project performance, e.g., by combining values of changes in cost and schedule due to that risk.

Structuring - process of defining base project performance, e.g., by reviewing/abstracting available detailed project performance estimates, adequately for purpose of risk management process.

Threat - A risk that will have a negative impact on a project objective if it occurs.