



PROJECT RISK MANAGEMENT GLOSSARY

Event

A significant happening or occurrence, associated with one or more aspects of the perceived threat, that has a substantial direct or indirect influence on the objectives.

The specific goals or outcomes of a proposed course of action. In the context of Project or Project Portfolio Management, the objectives could be the project deliverables, achieving the prescribed budget, schedule or specified quality or meeting the strategic objectives of the project portfolio. At a lower level, objectives could also refer to the project plan or cost estimate.

Hazard Studies

A multidisciplinary interactive and facilitated workshop in which identified hazards (or threats or risks) to the project or project phases are considered in detail in order to identify mitigation steps

Impact

The extent, or level of severity, of the consequence of the event on the objectives, usually expressed as a relative percentage (0-100%) or as a descriptive term (High-Medium-Low)

A specific factor or circumstance, or a set of factors or a range of circumstances, in either or both the internal or external environments of a business or project/portfolio that has a perceived potential to give rise to a future change in the conditions under which the course of action is being planned or implemented and thereby considered as having a significant influence of the objectives at some time in the future.

Opportunity

The event or condition that is identifiable, quantifiable and controllable and that may provide a positive effect on the achievement of specific objectives

Probability (also often called Likelihood)

The relative possibility that the event will occur, determined either *deterministically* (e.g. judgmentally) or *probabilistically* (statistically, e.g. in a Monte Carlo simulation). Probability is usually expressed as a percentage (0% = never to 100% = with absolute certainty) or as a range between (0 (never) and 1 (absolute certainty))

Risk

An event or condition that is identifiable, quantifiable and controllable and that has a potential to provide a negative effect on the achievement of specific objectives. The term is usually used in a broad sense, covering the Threat, and/or the Event and/or the Assessment

Risk Analysis

For projects, the identified threats, and consequential events, must be analysed and quantified against relevant factors such as, project cost, time, performance, quality and the ability of the project to satisfy its objectives

Risk Breakdown Structure (RBS)

An hierarchical structure which depicts the levels of project risks and the relationships between them

Risk Evaluation Criteria

Specific criteria that are considered in the context of assessing and evaluating the risk to a project as a whole or to parts of its, e.g. project phases

Risk Evaluation Criteria Matrix

A graphical representation of project risk evaluation in which the impact or a risk and its probability are depicted in a matrix

Risk Identification

A process in which potential Threats, or specific features of Treats, and their sources, are identified and defined in terms of the likely Events that they could be the cause of and which will have a significant impact on the project objectives.

Risk Analysis

A detailed qualitative or quantitative analytical consideration of the identified Threat in relation to any influence that consequential Events might have on the achievement of the Objectives

Risk Evaluation

A more detailed analytical consideration of the identified Treat and/or Event in terms of its Probability of occurring and its Impact on the Objectives, expressed as the Exposure

Risk Assessment

A term expressing the combination of the Risk Analysis and the Risk Evaluation processes.

Prioritisation

The process in which all the extent or level of Exposure and/or Losses of all identified and assessed Threats are compared against one another to determine those specific Threats for which action must receive priority

Risk Mitigation (often called Risk Response)

A generally used term to indicate one or more processes which are intended to reduce the overall Exposure by one or more measures aimed at reducing or removing the influence of the Threat, or changing the severity of the consequential Event or reducing the Probability of either the Threat or Event occurring or reducing the level of the Impact. Risk Mitigation measures are usually broadly categorized as methods pertaining to:

- Elimination
- Avoidance
- Transfer
- Sharing
- Acceptance

Residual Risks

Those Threats, or elements of Threats, or Events, or elements of Events, that are present after the Risk Mitigation process and which need to be continuously monitored. Residual risks are left over from the previous lifecycle component. Typically, they are not high risks, but could become so under certain conditions

Risk Register

A tabulated form that all includes all identified Threats, as well as progress towards their assessment and mitigation that forms the basis of the Risk Management process (see below)

Risk Management

A continuous management and leadership process that is designed to handle all aspects with respect to the identification, analysis, evaluation, prioritization and mitigation of Threats.

Uncertainty

The event or condition that is unidentifiable, unquantifiable and uncontrollable and that may provide a positive or negative effect on the achievement of specific objectives