

GLOSSARY OF RISK MANAGEMENT TERMS AND DEFINITIONS

A

Accepted Deliverables. Products, results, or capabilities produced by a project and validated by the project customer or sponsors as meeting their specified acceptance criteria.

Accuracy. An assessment of correctness within the quality management system.

Acquisition. Obtaining human and material resources necessary to perform project activities. Acquisition implies a cost of resources and is not necessarily financial.

Activity. A distinct, scheduled portion of work performed during the course of a project.

Activity Cost Estimates. The projected cost of the planned activity, which includes the cost of all resources required to execute and complete the activity, including all cost components and types.

Activity Duration. The time in calendar units between the start and finish of a schedule activity.

Activity List. A documented tabulation of schedule activities that shows the activity description, activity identifier, and a sufficiently detailed scope of work description so project team members understand what work is to be performed.

Actual Cost (AC). The realized cost incurred for the work performed on an activity during a specific time period.

Agreements. Any document or communication that defines the initial intentions of a project. This can take the form of a contract, memorandum of understanding (MOU), letters of agreement, verbal agreements, email, etc.

Alternatives Analysis. A technique used to evaluate identified options in order to select the options or approaches to use to execute and perform the work of the project.

Alternatives Generation. A technique used to develop as many potential options as possible to identify different approaches to execute and perform the work of the project.

Applying Leads and Lags. A technique used to adjust the amount of time between predecessor and successor activities.

Assumption. A factor in the planning process that is considered to be true, real, or certain, without proof or demonstration.

Assumptions Analysis. A technique that analyzes the accuracy of assumptions and identifies project risks caused by the inaccuracy, inconsistency, or incompleteness of assumptions.

B

Basis of Estimates. Supporting documentation outlining the details used in establishing project estimates such as assumptions, constraints, level of detail, ranges, and confidence levels.

Benchmarking. The comparison of actual or planned practices, such as processes and operations, to the practices of comparable organizations to identify best practices, generate ideas for improvement, and provide a basis for measuring performance.

Brainstorming. A general creativity and data collection technique that can be used to identify risks, ideas, or solutions to issues through the participation of a group of team members or experts in the field.

Budget. The approved estimate for the project or any work breakdown structure component or any schedule activity.

C

Change Request. A formal proposal to modify a document, deliverable, or baseline.

Constraint. A limiting factor that affects the execution of a project, program, portfolio, or process.

Contingency. An event or occurrence that could affect the execution of the project that may be accounted for with a reserve.

Contingency Reserve. The budget allocated in the cost or performance measurement baseline for identified risks that are accepted and for which contingent or mitigation responses are developed.

Contract. A mutually binding agreement for the parties that obligates the seller to provide the specified product, service, or result and obligates the buyer to pay for it.

Control Limits. The area composed of three standard deviations on either side of the centerline or mean of a normal distribution of data plotted on a control chart, which reflects the expected variation in the data.

Corrective Action. An intentional activity that realigns the performance of the project work with the project management plan.

Cost-Benefit Analysis. A financial analysis tool used to determine the benefits provided by a project against its costs.

Cost Performance Index (CPI). A measure of the cost efficiency of budgeted resources expressed as the ratio of earned value to actual cost.

Criteria. Standards, rules, or tests on which a judgment or decision can be based or by which a product, service, result, or process can be evaluated.

Critical Path. The sequence of activities that represents the longest path through a project, which determines the shortest possible duration.

Critical Path Activity. Any activity on the critical path in a project schedule.

Customer. The person, people, organization, or organizations that will pay for the product, service, or result of the project. Customers can be internal or external to the performing organization.

D

Data Date. A point in time when the status of the project is recorded.

Data Gathering Techniques. Repeatable processes used to collect and organize information from a variety of sources.

Deliverable. Any unique and verifiable product, result, or capability to perform a service that is required to be produced to complete a process, phase, or project.

Document Analysis. A data gathering technique that analyzes existing documentation and identifies information relevant to the requirements.

Documentation Reviews. The process of gathering a corpus of information and reviewing it to determine accuracy and completeness.

E

Earned Value Management. A methodology that combines scope, schedule, and resource measurements to assess project performance and progress.

Enterprise Environmental Factors. Conditions, not under the immediate control of the team, that influence, constrain, or direct the project, program, or portfolio.

Estimate Activity Durations. The process of estimating the number of work periods needed to complete individual activities with the estimated resources.

Estimate Activity Resources. The process of estimating the type and quantities of material, people, equipment, or supplies necessary to perform each activity.

Estimate Costs. The process of developing an approximation of the monetary resources needed to complete project work.

Execute. Accomplishing the project work; providing the deliverables; and providing work performance information.

Executing Process Group. Processes performed to complete the work defined in the project management plan to satisfy the project requirements.

Expert Judgment. Judgment provided based upon expertise in an application area, knowledge area, discipline, industry, etc., as appropriate for the activity being performed. Such expertise may be provided by any group or person with specialized education, knowledge, skill, experience, or training.

F

Facilitated Workshops. A technique for extracting information that includes focused sessions, in which key interdisciplinary stakeholders meet to define product requirements.

Forecast. An estimate or prediction of conditions and events in the project's future based on information and knowledge available at the time of the forecast. The information is based on the project's past performance and its expected performance for the future, and it includes information that could have an impact on the project in the future, such as estimate at completion and estimate to completion.

Free Float. The amount of time that a schedule activity can be delayed without delaying the early start date of any successor or violating a schedule constraint.

G

Guideline. Official advice or recommendations that indicate policies, standards, or procedures about how something should be carried out.

H

Historical Information. Documents and data on prior projects including project files, records, correspondence, closed contracts, and closed projects.

I

Identify Risks. The process of determining which risks may affect the project and documenting their characteristics.

Identify Stakeholders. The process of identifying the people, groups, or organizations that could impact or be impacted by a project decision, activity, or result, as well as analyzing and documenting relevant information regarding their interests, involvement, interdependencies, influence, and potential impact on project success.

Input. Any item, whether internal or external to the project, which is required by a process before that process proceeds. It may be an output from a predecessor process.

Interviews. A formal or informal approach to elicit information from stakeholders by talking to them directly.

L

Lag. The amount of time whereby a successor activity will be delayed with respect to a predecessor activity.

Lessons Learned. Knowledge gained during a project, which shows how project events were addressed or should be addressed in the future for the purpose of improving future performance.

Lessons Learned Knowledge Base. The storage of historical information and lessons learned from both the results of selection decisions from previous projects and the performance of previous projects.

Log. A document used to record and describe or denote selected items identified during the execution of

a process or activity. It is usually used with a modifier, such as “issue,” “change,” “assumption,” or “defect.”

Logical Relationship. A dependency between two activities or between an activity and a milestone.

M

Manage Communications. The process of collecting, creating, distributing, storing, retrieving, and ultimately disposing of project information, according to the Communications Management Plan.

Monitor. Collecting project performance data according to a plan, producing performance measures, and reporting and disseminating performance information.

Monitoring and Controlling Process Group. Processes required to track, review, and regulate the progress and performance of the project; identify any areas in which changes to the plan are required; and initiate the corresponding changes.

N

Negotiation. The process and activities carried out to settle disputes through consultations and dialogues among the parties involved.

O

Objective. A goal toward which work is to be directed, a strategic position to be attained, a purpose to be achieved, a result to be obtained, a product to be produced, or a service to be performed.

Opportunity. A risk that would have a positive effect on one or more project objectives.

Organizational Process Assets. Plans, processes, policies, procedures, and knowledge bases that are specific to and used by the performing organization.

Output. A product, result, or service generated by a process. It may be an input to a successor process.

P

Perform Qualitative Risk Analysis. The process of prioritizing risks for further analysis or action by assessing and combining their probability of occurrence and impact.

Perform Quantitative Risk Analysis. The process of numerically analyzing the effect of identified risks on overall project objectives.

Plan Risk Management. The process of defining how to conduct risk management activities for a project.

Plan Risk Responses. The process of developing options and actions to improve opportunities and reduce threats to project objectives.

Planning Process Group. Processes required to establish the scope of the project, refine the objectives, and define the course of action required to attain the objectives that the project was undertaken to achieve.

Policy. A structured pattern of actions adopted by an organization such that the organization's policy can be explained as a set of basic principles that govern the organization's conduct.

Portfolio. Projects, programs, subsidiary portfolios, and operations managed as a group to achieve strategic objectives.

Preventive Action. An intentional activity that ensures the future performance of the project work is aligned with the project management plan.

Probability and Impact Matrix. A grid for linking or mapping the probability of occurrence of each risk and its impact on project objectives if that risk occurs.

Procedure. An established method of accomplishing a consistent performance or result, a procedure typically can be described as the sequence of steps that will be used to execute a process.

Process. A systematic series of activities directed toward causing an end result such that one or more inputs will be acted upon to create one or more outputs.

Product. An artifact that is produced, is quantifiable, and can be either an end item in itself or a component item. Additional words for products are “material” and “goods.”

Program. Related projects, subsidiary programs, and program activities that are managed in a coordinated manner to obtain benefits not available from managing them individually.

Program Management. The application of knowledge, skills, tools, and techniques to a program to meet its requirements and obtain benefits and control not available by managing projects individually.

Project. A temporary endeavor undertaken to create a unique product, service, or result.

Project Communications Management. It includes the processes required to ensure timely and appropriate planning, collection, creation, distribution, storage, retrieval, management, control, monitoring, and ultimate disposition of project information.

Project Cost Management. It includes the processes involved in planning, estimating, budgeting, financing, funding, managing, and controlling costs so the project can be completed within the approved budget.

Project Human Resources Management. It includes the processes that organize, manage, and lead the project team.

Project Integration Management. It includes the processes and activities to identify, define, combine, unify, and coordinate the various processes and project management activities within the Project Management Process Groups.

Project Life Cycle. The series of phases that a project passes through from its start to its completion.

Project Management. The application of knowledge, skills, tools, and techniques to project activities to meet the project requirements.

Project Management Knowledge Area. An identified area of project management defined by its knowledge requirements and described in terms of its component processes, practices, inputs, outputs, tools, and techniques.

Project Management Process Group. A logical grouping of project management inputs, tools and techniques, and outputs. Project Management Process Groups include initiating processes, planning processes, executing processes, monitoring and controlling processes, and closing processes. Project Management Process Groups are not project phases.

Project Manager (PM). The person assigned by the performing organization to lead the team that is responsible for achieving the project objectives.

Project Phase. A collection of logically related project activities that culminates in the completion of one or more deliverables.

Project Procurement Management. It includes the processes necessary to purchase or acquire products, services, or results needed from outside the project team.

Project Quality Management. It includes the performing organization's processes and activities, which determine quality policies, objectives, and responsibilities, so the project meets the needs for which it is carried out.

Project Risk Management. It includes the processes concerned with conducting risk management planning, as well as the identification, analysis, response planning, response implementation, and monitoring of risk on a project.

Project Schedule. An output of a schedule model that presents linked activities with planned dates, durations, milestones, and resources.

Project Schedule Management. It includes the processes required to manage the timely completion of the project.

Project Schedule Network Diagram. A graphical representation of the logical relationships among the project schedule activities.

Project Scope. The work performed to deliver a product, service, or result with the specified features and functions.

Project Scope Management. It includes the processes required to ensure that the project includes all the work required, and only the work required, to complete the project successfully.

Project Stakeholder Management. It includes the processes required to identify the people, groups, or organizations that could impact or be impacted by the project, to analyze stakeholder expectations and their impact on the project, and to develop appropriate management strategies for effectively engaging stakeholders in project decisions and execution.

Project Team. A set of individuals who support the project manager in performing the work of the project to achieve its objectives.

Q

Quality. The degree to which a set of inherent characteristics fulfills requirements.

Quality Requirement. A condition or capability that will be used to assess conformance by validating the acceptability of an attribute for the quality of a result.

R

RACI. A common type of responsibility assignment matrix that uses responsible, accountable, consult, and inform statuses to define the involvement of stakeholders in project activities.

Requested Change. A formally documented change request that is submitted for approval through the Integrated Change Control Process.

Requirement. A condition or capability that must be present in a product, service, or result to satisfy a contract or another formally imposed specification.

Reserve. A provision in the project management plan to mitigate cost and/or schedule risk. It is often used with a modifier (e.g., management reserve, contingency reserve) to provide further detail on what types of risk are meant to be mitigated.

Reserve Analysis. An analytical technique to determine reserve needs compared to the available reserve.

Residual Risk. The risk that remains after risk responses have been implemented.

Resource. Specialized human resources (specific disciplines, either individually, in teams, or in groups), equipment, services, supplies, raw materials, materials, budgets, or funds.

Responsibility. An assignment that can be delegated within a project management plan such that the assigned resource incurs a duty to perform the requirements of the assignment.

Responsibility Assignment Matrix (RAM). A grid that shows the project resources assigned to each work package.

Risk. An uncertain event or condition that, if it occurs, has a positive or negative effect on one or more project objectives.

Risk Acceptance. A risk response strategy whereby the project team decides to acknowledge the risk and not take any action unless the risk occurs.

Risk Appetite. The degree of uncertainty an organization or individual is willing to accept in anticipation of a reward.

Risk Audits. Examining and documenting the effectiveness of the risk management process.

Risk Avoidance. A risk response strategy whereby the project team acts to eliminate the threat or protect the project from its impact.

Risk Breakdown Structure (RBS). A hierarchical representation of risks arranged by risk category.

Risk Categorization. Organizing risks by sources of risk

S

(e.g., using the RBS), the area of the project affected (e.g., using the WBS), or another useful category (e.g., project phase) to determine the areas of the project that are most exposed to the effects of uncertainty.

Risk Data Quality Assessment. A technique to evaluate the degree to which the data about risks is useful for risk management.

Risk Management Plan. A component of the project, program, or portfolio management plan that describes how risk management activities will be structured and performed.

Risk Mitigation. A risk response strategy whereby the project team acts to decrease the probability of occurrence or impact of a threat.

Risk Reassessment. The identification of new risks, the reassessment of current risks, and the closing of outdated risks.

Risk Register. A document containing the results of risk analysis and risk response planning.

Risk Threshold. The degree of uncertainty or impact in which a stakeholder may have particular interest. The organization will accept risk that falls below that risk threshold. The organization will not tolerate risk that goes above that risk threshold.

Risk Tolerance. The degree, quantity, or volume of risk that an organization or an individual will endure.

Risk Transference. A risk response strategy whereby the project team shifts the impact of a threat to a third party, together with ownership of the response.

Risk Urgency Assessment. The review and determination of the moment in which actions may be necessary before other risk elements occur.

Role. A defined function to be performed by a project team member, such as testing, filing, inspecting, or coding.

Schedule Compression. A technique used to shorten the schedule duration without reducing the project scope.

Schedule Performance Index (SPI). A measure of schedule efficiency expressed as the ratio of earned value to planned value.

Scope. The sum of the products, services, and results to be provided as a project.

Secondary Risk. A risk that arises as a direct result of implementing a risk response.

Sequence Activities. The process of identifying and documenting relationships among the project activities.

Specification. A document that completely, accurately, and verifiably expresses the requirements, design, behavior, and other characteristics of a system, component, product, result, or service, as well as the procedures to determine if these provisions have been met. Some examples are requirements specifications, design specifications, product specifications, and test specifications.

Stakeholder. An individual, group, or organization that may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project.

Stakeholder Analysis. A technique of systematically gathering and analyzing quantitative and qualitative information to determine whose interests should be taken into account throughout the project.

Stakeholder Register. A project document including the identification, assessment, and classification of project stakeholders.

Standard. A document that provides, for common and repetitive use, the rules, guidelines, or characteristics that activities (or their results) should meet in order to obtain an optimal degree of order in a given context.

SWOT Analysis. Analysis of strengths, weaknesses, opportunities, and threats of an organization, project, or option.

T

Technique. A systematic procedure defined and employed by one or more persons to perform one or more activities in order to generate a product or result or provide a service. It may use one or more tools.

Diagramming Techniques. Approaches to presenting information with logical linkages that aid in understanding.

Templates. Partially complete documents in a predefined format that provide a defined structure for collecting, organizing, and presenting information and data.

Threat. A risk that would have a negative effect on one or more project objectives.

Tool. Something tangible, such as a template or software program, used in performing an activity to produce a product or result.

Total Float. The amount of time that a schedule activity can be delayed or extended from its early start date without delaying the project finish date or violating a schedule constraint.

Trigger Condition. An event or situation that indicates that a risk is about to occur.

Work Package. The work defined at the lowest level of the work breakdown structure for which cost and duration are estimated and managed.

Work Performance Data. The raw observations and measurements identified during activities being performed to carry out the project work.

Work Performance Reports. The physical or electronic representation of work performance information compiled in project documents, intended to generate decisions, actions, or awareness.

*Reading created in-house, based on A Guide to the Project Management Body of Knowledge (PMBOK® Guide) / Project Management Institute, Sixth Edition.

V

Variance Analysis. A technique for determining the cause and degree of difference between the baseline and actual performance.

Verified Deliverables. Completed project deliverables that have been checked and confirmed for correctness through the Control Quality process.

W

Work Breakdown Structure Component. An entry in the work breakdown structure that can be at any level.