Contents

List of Figures  xvi
List of Tables  xx
Preface  xxi
Author  xxii
Introduction  xxiii


Chapter 1  Risk Management Practices  3
A Systematic Process  4
Summary  5

Chapter 2  Risk Concepts  7
Risk Attitudes and Appetites  9
Classifying Risk  10
Risk Breakdown Structure  10
Risk Taxonomy  11
Risk Facets  11
Other Risk Categories  13
Taxonomically Developed Risks  16
Other Relevant Considerations  17
Risk Management Perspectives  17
Realities of Project Management  19
Summary  21
Chapter 3  The Risk Management Structure  23
Risk Management Planning  23
   Description and Project Summary  25
Risk Environment  26
   Approach to Risk Management  28
   Application Issues and Problems  31
   Other Relevant Plans  31
Risk Governance  32
   Approach Summary  32
   Bibliography  33
   Approvals  33
Identify Risks  33
   Documentation Reviews  34
   Information-Gathering Techniques  34
   Checklists  35
   Assumptions Analysis  36
   Diagramming Techniques  36
Perform Qualitative Analysis  37
   Baselining Risk  37
   Rating Schemes and Definitions  38
   Assumptions Testing  40
   Risk Modeling  40
   Using Analogies  42
   Conducting Data Quality Assessments  42
   Risk Categorization  42
   Risk Urgency Assessment  42
Perform Quantitative Analysis  43
   Expert Interviews  43
   Expected Monetary Value (EMV)  43
   Decision Tree Analysis  44
   Program Evaluation and Review Technique  44
   Sensitivity Analysis  44
   Simulations  44
Plan Risk Responses  48
Risk Avoidance  49
Risk Transference  49
Risk Mitigation  50
Risk Acceptance  50
Opportunity Exploitation  51
Opportunity Sharing  51
Opportunity Enhancement  52
Opportunity Acceptance  52
Monitor and Control Risks  53
Summary  56
## CONTENTS

### Part II Risk Management Techniques

#### Chapter 4 Expert Interviews
- Technique Description 65
- When Applicable 66
- Inputs and Outputs 66
- Major Steps in Applying the Technique 66
- Use of Results 68
- Resource Requirements 69
- Reliability 69
- Selection Criteria 69
  - Resource Requirements 70
  - Applications 71
  - Outputs 73
- Summary 73

#### Chapter 5 Planning Meetings: The Risk Management Plan
- Technique Description 75
- When Applicable 75
- Inputs and Outputs 75
- Major Steps in Applying the Technique 76
- Use of Results 80
- Resource Requirements 80
- Reliability 80
- Selection Criteria 80
  - Resource Requirements 81
  - Applications 82
  - Outputs 83
- Summary 84

#### Chapter 6 Risk Practice Methodology
- Technique Description 86
- When Applicable 86
- Inputs and Outputs 89
- Major Steps in Applying the Technique 89
- Use of Results 90
- Resource Requirements 91
- Reliability 91
- Selection Criteria 91
  - Resource Requirements 92
  - Applications 93
  - Outputs 94
- Summary 95
CHAPTER 7 DOCUMENTATION REVIEWS

Technique Description 98
When Applicable 98
Inputs and Outputs 98
Major Steps in Applying the Technique 98
Use of Results 99
Resource Requirements 100
Reliability 100
Selection Criteria 100
Resource Requirements 101
Applications 102
Outputs 103
Summary 104

CHAPTER 8 ANALOGY COMPARISONS

Technique Description 105
When Applicable 106
Inputs and Outputs 106
Major Steps in Applying the Technique 107
Use of Results 109
Resource Requirements 109
Reliability 109
Selection Criteria 110
Resource Requirements 110
Applications 111
Outputs 112
Summary 113

CHAPTER 9 PLAN EVALUATION

Technique Description 115
Using the WBS for Risk Identification 116
Using Specifications for Risk Identification 117
Using Statements of Work (SOWs) for Risk Identification 118
Developing a Technical Risk Dictionary or Risk Register 118
Using Other Plans for Risk Identification 120
When Applicable 120
Inputs and Outputs 120
Major Steps in Applying the Technique 120
Use of Results 121
Resource Requirements 121
Reliability 121
Selection Criteria 122
Resource Requirements 122
Applications 123
Outputs 125
Summary 125
Chapter 17 Risk Registers/Tables

Technique Description 183
When Applicable 183
Inputs and Outputs 185
Major Steps in Applying the Technique 186
Use of Results 187
Resource Requirements 187
Reliability 188
Selection Criteria 188
Resource Requirements 188
Applications 189
Outputs 189
Summary 190

Chapter 18 Project Templates

Technique Description 191
When Applicable 191
Inputs and Outputs 192
Major Steps in Applying the Technique 193
Use of Results 193
Resource Requirements 193
Reliability 194
Selection Criteria 194
Resource Requirements 194
Applications 195
Outputs 196
Summary 197

Chapter 19 Assumptions Analysis

Technique Description 199
When Applicable 199
Inputs and Outputs 201
Major Steps in Applying the Technique 201
Use of Results 202
Resource Requirements 202
Reliability 203
Selection Criteria 203
Resource Requirements 203
Applications 204
Outputs 205
Summary 206

Chapter 20 Decision Analysis: Expected Monetary Value

Technique Description 207
When Applicable 208
Inputs and Outputs 208
Major Steps in Applying the Technique 209
CONTENTS

Use of Results 212
Resource Requirements 212
Reliability 212
Selection Criteria 213
  Resource Requirements 213
  Applications 214
  Outputs 215
Summary 215

Chapter 21 Estimating Relationships 217
  Technique Description 217
  When Applicable 218
  Inputs and Outputs 219
  Major Steps in Applying the Technique 219
  Use of Results 220
  Resource Requirements 220
  Reliability 220
  Selection Criteria 221
    Resource Requirements 221
    Applications 222
    Outputs 222
Summary 223

Chapter 22 Network Analysis (Excluding PERT) 225
  Technique Description 227
  When Applicable 228
  Inputs and Outputs 229
  Major Steps in Applying the Technique 230
  Use of Results 230
  Resource Requirements 230
  Reliability 231
  Selection Criteria 231
    Resource Requirements 231
    Applications 232
    Outputs 233
Summary 234

Chapter 23 PERT 235
  Technique Description 235
  When Applicable 235
  Inputs and Outputs 236
  Major Steps in Applying the Technique 236
  Use of Results 240
  Resource Requirements 240
  Reliability 240
  Selection Criteria 241
    Resource Requirements 241
    Applications 242
## Contents

### Chapter 27 Futures Thinking
- Technique Description
- When Applicable
- Inputs and Outputs
- Major Steps in Applying the Technique
- Use of Results
- Resource Requirements
- Reliability
- Selection Criteria
  - Resource Requirements
  - Applications
  - Outputs
- Summary

### Chapter 28 Risk Modeling
- Technique Description
- When Applicable
- Inputs and Outputs
  - Model Development
  - Model Application
- Major Steps in Applying the Technique
  - Model Development
  - Model Application
- Use of Results
- Resource Requirements
- Reliability
- Selection Criteria
  - Resource Requirements
  - Applications
  - Outputs
- Summary

### Chapter 29 Sensitivity Analysis
- Technique Description
- When Applicable
- Inputs and Outputs
- Major Steps in Applying the Technique
- Use of Results
- Resource Requirements
- Reliability
- Selection Criteria
  - Resource Requirements
  - Applications
  - Outputs
- Summary
CONTENTS

Chapter 30 Monte Carlo Simulations
  Technique Description 303
  When Applicable 304
  Inputs and Outputs 304
  Major Steps in Applying the Technique 306
  Use of Results 309
  Resource Requirements 309
  Reliability 309
  Selection Criteria
    Resource Requirements 311
    Applications 311
    Outputs 312
  Summary 313

Chapter 31 Risk Factors
  Technique Description 315
  When Applicable 316
  Inputs and Outputs 317
  Major Steps in Applying the Technique 317
  Use of Results 318
  Resource Requirements 318
  Reliability 318
  Selection Criteria
    Resource Requirements 319
    Applications 319
    Outputs 320
  Summary 320

Chapter 32 Risk Response Matrix/Pugh Matrix
  Technique Description 321
  When Applicable 324
  Inputs and Outputs 324
  Major Steps in Applying the Technique 324
  Use of Results 326
  Resource Requirements 327
  Reliability 327
  Selection Criteria
    Resource Requirements 327
    Applications 328
    Outputs 329
  Summary 330

Chapter 33 Performance Tracking and Technical Performance Measurement
  Technique Description 331
  When Applicable 331
  Inputs and Outputs 335
  Major Steps in Applying the Technique 335
  Use of Results 337
Resource Requirements 337
Reliability 337
Supplemental Information 337
  Technical Performance 338
  Schedule Performance 339
  Cost Performance 341
Selection Criteria 341
  Resource Requirements 341
  Applications 344
  Outputs 345
Summary 346

Chapter 34 Risk Reviews and Audits 347
  Technique Description 347
  When Applicable 347
  Inputs and Outputs 348
  Major Steps in Applying the Technique 348
  Use of Results 349
  Resource Requirements 350
  Reliability 350
  Selection Criteria 350
    Resource Requirements 350
    Applications 351
    Outputs 352
Summary 352

Chapter 35 Other Common Techniques 355
  Cost Performance Reports Analysis 355
  Independent Technical Assessment 356
    Technique Description 356
    When Applicable 356
    Inputs and Outputs 357
    Major Steps in Applying the Technique 357
    Use of Results 357
    Resource Requirements 358
    Reliability 358
    Selection Criteria 358
Independent Cost Estimates 359

Glossary 361

Appendix A: Contractor Risk Management 383
Appendix B: An Abbreviated List of Risk Sources 387
Appendix C: Basic Probability Concepts 397
Appendix D: Quantifying Expert Judgment 409
Appendix E: Special Notes on Software Risk 421
Index 431