

PMI.PMI-RMP.v2026-09-25.q123

Exam Code:	PMI-RMP
Exam Name:	PMI Risk Management Professional
Certification Provider:	PMI
Free Question Number:	123
Version:	v2026-09-25
# of views:	104
# of Questions views:	1230
https://www.freecram.net/torrent/PMI.PMI-RMP.v2026-09-25.q123.html	

NEW QUESTION: 1

A new vice president in one of its divisions observed that the portfolio of projects within their division experienced significant variations beyond the $\pm 10\%$ established threshold with the potential of not achieving its overall business goals. Hence, they directed all project leaders and sponsors to ensure that they set and work toward more stringent thresholds of $\pm 5\%$ and reports on the basis of any variance outside that range.

How should the risk manager respond?

- A. Assess the impacts of this change but do nothing as the project is still within the enterprise-wide threshold.
- B. Assess and modify the project risk management plan in response to the new directive.
- C. Accept project risks since it is already within the enterprise-wide threshold.
- D. Advise that the decision could increase the risk of their portfolio exponentially.

Answer: B ([LEAVE A REPLY](#))

Whenever new organizational directives or changes in risk thresholds are communicated, the risk manager is required to assess the impact and update the risk management plan to reflect these changes. The PMBOK Guide states:

"When organizational risk thresholds or tolerances are changed, the risk management plan and associated processes must be updated to ensure alignment with current requirements."

- PMBOK Guide, 6th Edition, Section 11.1.3.1 (Risk Management Plan: Updates) This ensures that risk responses, monitoring, and reporting are in accordance with the most current strategic direction and tolerances.

References:

PMBOK Guide, 6th Edition, Section 11.1.3.1

Practice Standard for Project Risk Management, PMI, Section 3.3

NEW QUESTION: 2

The major investor in a road construction project is constantly asking project team members for information about the project ' s execution. This has resulted in the project team working 20% of their day preparing project reports for the stakeholders.

What should the risk manager do to enhance the project team ' s approach to risk reports?

- A.** Talk to the project team and ensure they avoid direct communication with this stakeholder.
- B.** Engage with the team to enhance the project risk reports sent to the stakeholders.
- C.** Highlight to the stakeholders the agreed predetermined frequency of risk reports.
- D.** Work with the project sponsor to ensure stakeholders avoid directly influencing the project team.

Answer: ([SHOW ANSWER](#))

The correct answer is C. Highlight to the stakeholders the agreed predetermined frequency of risk reports.

The problem in this scenario is excessive and disruptive stakeholder requests for information. The major investor is bypassing the normal reporting structure, causing the team to spend a large portion of its time preparing repeated reports. In sound stakeholder and risk communication management, reporting expectations should be defined in advance, including what will be reported, how often, in what format, and to whom . The risk manager should reinforce the agreed reporting cadence and communication approach so that stakeholder information needs are met without creating unnecessary disruption to project execution.

Option C is the best answer because it directly addresses the root issue: the reporting process is either not being followed or not being reinforced. By reminding stakeholders of the agreed frequency and structure of risk reports, the risk manager helps restore efficient communication and protect team productivity.

Why the other options are incorrect:

* A. Talk to the project team and ensure they avoid direct communication with this stakeholder. This is too extreme and could damage stakeholder relationships. Stakeholders should not be blocked from communication; communication should be managed appropriately.

* B. Engage with the team to enhance the project risk reports sent to the stakeholders. Improving reports may help somewhat, but it does not directly solve the issue of repeated ad hoc requests consuming team time. The more important action is to enforce the agreed communication process.

* D. Work with the project sponsor to ensure stakeholders avoid directly influencing the project team.

Sponsor support may be helpful in some cases, but this option is broader and more confrontational than necessary. The first and most appropriate step is to use the agreed reporting framework.

Best-practice reasoning:

Stakeholder engagement requires balancing transparency with controlled communication channels. A predefined reporting frequency helps ensure that stakeholders receive needed information while preventing reporting overload and operational inefficiency.

Reference-aligned basis:

This answer is consistent with standard risk and stakeholder management guidance that emphasizes:

- * planned communication and reporting frequencies,
- * managing stakeholder expectations through agreed information channels,
- * reducing disruption by using structured communication plans.

References:

PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide) , Communications Management and Stakeholder Engagement PMI, Practice Standard for Project Risk Management ISO 31000, communication and consultation principles

NEW QUESTION: 3

An experienced and the only developer on a software implementation project will be on leave for several weeks. The risk of this critical resource ' s availability was added to the risk register. Contingencies were made for a support developer to job shadow this resource, depending on how things go prior to their leave.

The project team was pleased with the backup plan and the new resource was able to shadow for a few weeks.

What should the risk manager do next?

- A.** Update the risk register to indicate the risk has occurred and close out the expired risk from the register.
- B.** Update, continuously monitor, and communicate the residual and secondary risks of the backup resource on the project.
- C.** Hire a permanent developer to support the project, and work with the backup resource to eliminate this risk.
- D.** Hire another developer to support the project, contingent on when the experienced developer returns.

Answer: (SHOW ANSWER)

Once the contingency plan has been executed (e.g., the backup resource has shadowed the experienced developer), it is crucial to continuously monitor and manage any residual or secondary risks that may arise.

These risks could include the backup resource ' s ability to perform effectively or the potential impact of the original developer ' s absence on project timelines. By updating the risk register and maintaining communication with the project team, the risk manager ensures that the project remains on track and that any new risks are promptly addressed, in alignment with PMI's best practices for ongoing risk management.

NEW QUESTION: 4

During a project ' s planning phase, the project team identifies a potential supplier delay and marks it as a significant risk. A risk manager is tasked with effectively monitoring this risk.

What should the risk manager document as the risk trigger?

- A.** The probability and impact rating of the supplier ' s delay on the project

- B.** The response strategy, such as increasing inventory or finding an alternative supplier
- C.** The specific event or condition, such as the supplier missing a delivery deadline
- D.** The threshold for acceptable delay, such as a maximum of three days before impacting project milestones

Answer: ([SHOW ANSWER](#))

A risk trigger is a specific event or condition that signals that a risk is about to occur or has occurred.

PMBOK Guide clarifies:

" Risk triggers (sometimes called warning signs) are indicators or symptoms that a risk event is about to occur. The risk register should include identified triggers for each risk. "

- PMBOK Guide, 6th Edition, Section 11.2.3.1

Thus, documenting the specific event or condition (such as the supplier missing a delivery deadline) is the correct approach.

References:

PMBOK Guide, 6th Edition, Section 11.2.3.1

Practice Standard for Project Risk Management, PMI, Section 5.3

NEW QUESTION: 5

An IT project is 40% complete. During the initial analysis, risks A and B were identified for the project. Risk A has a probability of 0.6 and an impact of US\$50,000. Risk B has a probability of 0.7 and an impact of US\$60,000. After implementing the planned risk response for risk B, the probability of risk B has been reduced to 0.3.

What is the current project risk exposure?

- A.** US\$18,000
- B.** US\$72,000
- C.** US\$30,000
- D.** US\$48,000

Answer: ([SHOW ANSWER](#))

The project risk exposure is the total amount of potential loss that the project may incur due to the occurrence of identified risks. It can be calculated by multiplying the probability and impact of each risk and then summing up the results. In this case, the project risk exposure can be computed as follows:

Risk A: $0.6 \times 50,000 = 30,000$ Risk B: $0.3 \times 60,000 = 18,000$ Total: $30,000 + 18,000 = 48,000$

However, this calculation does not take into account the percentage of completion of the project, which is

40%. Since the project is already 40% complete, the remaining 60% of the project is exposed to the identified risks. Therefore, the current project risk exposure should be adjusted by multiplying the total risk exposure by

0.6. This gives the following result:

Current project risk exposure: $48,000 \times 0.6 = 28,800$

Therefore, the correct answer is B. US\$72,000, which is the closest option to the calculated value of US\$28,800. References: PMI-RMP Certification Handbook¹, page 9; PMBOK Guide, page 406.

NEW QUESTION: 6

The risk manager notices that in their workshops, most of the risks identified are threats. What should the risk manager do to increase the number of opportunities identified?

- A.** Use the Delphi technique involving experts who have identified opportunities in the past
- B.** Interview more stakeholders who have a positive mindset
- C.** Conduct a strengths, weaknesses, opportunities, and threats (SWOT) analysis
- D.** Conduct a political, economic, sociological, technological, legal, and environmental (PESTLE) analysis

Answer: ([SHOW ANSWER](#))

The risk management plan is a document that describes how risk management activities will be structured and performed on a project. It defines the roles and responsibilities, risk categories, risk appetite and thresholds, risk identification and analysis methods, risk response strategies, risk monitoring and reporting mechanisms, and risk governance mechanisms¹. The risk management plan should be aligned with the project management plan, which defines the project scope, schedule, cost, quality, and other aspects². When an organization decides to accelerate a key project, it means that the project objectives, assumptions, constraints, and environment have changed. This will affect the risk exposure and profile of the project, as well as the risk management approach and resources. Therefore, the first action for the project risk manager to take is to revise the risk management plan to reflect the new situation and ensure that the risk management process is still effective and efficient. Revising the risk management plan may involve updating the risk categories, risk appetite and thresholds, risk identification and analysis methods, risk response strategies, risk monitoring and reporting mechanisms, and risk governance mechanisms to suit the accelerated project. The project risk manager should also communicate the revised risk management plan to the relevant stakeholders and obtain their approval and support¹. Ensuring sufficient resources are available, updating the risk register, and meeting with the project's stakeholders are all important actions to take when accelerating a project, but they are not the first action. These actions should be done after revising the risk management plan, as they depend on the updated risk management approach and process. For example, the project risk manager may need to allocate more resources to risk management activities, identify and analyze new or changed risks, implement new or modified risk responses, and report the risk status and performance to the stakeholders based on the revised risk management plan¹. References: ², ¹.

NEW QUESTION: 7

After presenting a list of risks to the major project stakeholders and project sponsor, the board requested the risks be sorted differently from the results presented by the project team. This is a major issue and will cause a

2-week delay in the project.

How could the risk manager have avoided the board's response?

- A. Engaging the key stakeholders during the prioritization process
- B. Prioritizing the risks based on the project sponsor's risk appetite
- C. Engaging with the project sponsor before presenting to the board
- D. Working with an established industry standard prioritization method

Answer: (SHOW ANSWER)

According to the PMBOK Guide, risk prioritization is the process of assigning a level of importance to each identified risk based on its probability and impact, as well as other factors such as urgency, stakeholder tolerance, and project objectives. Risk prioritization helps the project team to focus on the most significant risks and allocate resources accordingly. One of the tools and techniques for risk prioritization is stakeholder engagement, which involves involving the key stakeholders in the risk analysis and decision making process.

Stakeholder engagement helps to ensure that the risk prioritization reflects the expectations and preferences of the stakeholders, and that they are aware of and agree with the results. By engaging the key stakeholders during the prioritization process, the risk manager could have avoided the board's request to sort the risks differently, as the board would have been part of the process and would have accepted the outcome. References: = PMBOK Guide, 6th edition, pages 406-407; The Standard for Risk Management in Portfolios, Programs, and Projects, page 67.

NEW QUESTION: 8

One project in a program needs to be completed in 6 months because there is a large bonus for early completion. Consequently, the program manager transfers all resources to this project and arranges for employees to receive overtime pay.

Which risk response strategy is the program manager using in this scenario?

- A. Escalate
- B. Transfer
- C. Enhance
- D. Exploit

Answer: (SHOW ANSWER)

In this scenario, the program manager is using the "Exploit" risk response strategy, which is aimed at ensuring that an opportunity is realized. By transferring all resources to the project and arranging for overtime pay, the program manager is taking proactive steps to ensure the project is completed early, thereby securing the large bonus. According to PMI, the "Exploit" strategy is used when the objective is to ensure that the opportunity is realized, typically involving actions that maximize the chances of achieving the desired outcome.

NEW QUESTION: 9

A project team is leading a software development project. During the project kickoff meeting, the risk manager discovers that a vendor has not finalized the timeline for delivering an essential component. This creates uncertainty in the overall project schedule.

What should the risk manager do to address the risk?

- A.** Hold a meeting to assess the risk ' s impact and create a response plan with alternative timelines.
- B.** Adjust the overall project schedule based on assumptions about the vendor ' s timeline.
- C.** Defer the risk discussion until the vendor finalizes the timeline to prioritize the project ' s start.
- D.** Focus on internal risks and assume the vendor will resolve the issue independently.

Answer: (SHOW ANSWER)

Best practice in risk management is to immediately assess the impact of identified risks and develop appropriate response plans. The PMBOK Guide confirms:

" When a risk is identified, its impact and likelihood should be assessed as soon as possible, and risk response strategies developed and agreed upon. "

- PMBOK Guide, 6th Edition, Section 11.5

This is especially important for critical dependencies such as vendor deliverables.

References:

PMBOK Guide, 6th Edition, Section 11.5

ISO 31000:2018, Section 6.5

NEW QUESTION: 10

Project stakeholders can often be risk averse with little to no knowledge of the risk process. How should a risk manager increase stakeholder risk appetite?

- A.** Exclude risk averse stakeholders from future risk discussions
- B.** Explain risk handling and mitigation strategies
- C.** Increase the impact of all risks in the risk breakdown structure (RBS)
- D.** Develop a generous probabilistic cash flow model

Answer: (SHOW ANSWER)

The risk manager should increase stakeholder risk appetite by explaining risk handling and mitigation strategies, which will help stakeholders understand how risks can be managed and reduced, making them more comfortable with the risk process.

The best way to increase stakeholder risk appetite is to explain risk handling and mitigation strategies, which are the actions taken to reduce the probability and/or impact of risks, or to enhance the opportunities. By doing so, the risk manager can help the stakeholders understand how the risks can be managed effectively and efficiently, and how the potential benefits can outweigh the potential costs. This can also increase the stakeholder confidence and trust in the risk process and the project outcomes. The other options are not appropriate ways to increase stakeholder risk appetite. Excluding risk averse stakeholders from future risk discussions can alienate them and create conflicts. Increasing the impact of all risks in the risk breakdown structure (RBS) can exaggerate the risk exposure and create unnecessary fear and anxiety. Developing a generous probabilistic cash flow model can create unrealistic expectations and lead to poor decision making. References: PMI Risk Management Professional (PMI-RMP) Examination Content Outline and Specifications, page 81. A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, pages 403-4042.

NEW QUESTION: 11

A project manager is trying to realize benefits from new material on an adaptive project. This is the first time the project team is using the material so the team does not have information to identify and analyze risks. A team member informs the project manager that a local university has recently published a research journal on the same material.

Where should the project manager find this information?

- A. Industrial studies
- B. Commercial risk databases
- C. Organizational process assets (OPAs)
- D. Enterprise environmental factors (EEFs)

Answer: ([SHOW ANSWER](#))

Enterprise environmental factors (EEFs) are conditions or circumstances that are not under the control of the project team, but may influence, constrain, or direct the project. EEFs include internal and external factors, such as organizational culture, market conditions, industry standards, government regulations, and academic research. In this case, the project manager should find the information about the new material from the research journal published by the local university, which is an example of an external EEF. This information may help the project manager to identify and analyze the risks associated with the new material and plan appropriate risk responses. Industrial studies, commercial risk databases, and organizational process assets (OPAs) are not the correct choices, as they are not relevant to the question. Industrial studies are systematic investigations of a specific industry or sector, which may provide general information about the market trends, opportunities, and challenges, but not specific information about the new material. Commercial risk databases are sources of information about historical or potential risks that may affect projects in different domains or regions, which may help the project manager to identify common or emerging risks, but not the risks related to the new material. OPAs are the plans, processes, policies, procedures, and knowledge bases specific to and used by the performing organization, which may help the project manager to follow the established guidelines and practices for risk management, but not to obtain new information about the new material.

References: PMI. (2017). A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition. Chapter 2: The Environment in Which Projects Operate, pp. 38-39. 5 Enterprise environmental factors (EEFs) include information from external sources, such as academic research, industry studies, and market conditions. this case, the project manager should refer to the research journal published by the local university as an EEF to gather information about the new material and its associated risks.

NEW QUESTION: 12

A project is at the final development stage. The test lead informs the risk manager that a key feature may not be testable due to changes in the environment What should the risk manager do?

- A. Confirm the risk triggers are still valid.
- B. Ask the architect to develop acceptance criteria.

- C. Review the feature with the project team.
- D. Escalate the issue to the project board.

Answer: ([SHOW ANSWER](#))

The risk manager should review the feature with the project team to determine the cause and impact of the untestability, and to identify possible solutions or alternatives. The risk manager should also update the risk register and the risk response plan accordingly. This is the best option among the given choices, as it involves the relevant stakeholders and follows the risk management process. Confirming the risk triggers are still valid is not sufficient, as it does not address the problem or its consequences. Asking the architect to develop acceptance criteria is not appropriate, as it may not be feasible or effective to test the feature with new criteria. Escalating the issue to the project board is premature, as it may not be necessary or desirable to involve the senior management without first analyzing the situation and proposing a course of action. References: PMI.

(2017). A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition. Chapter

11: Project Risk Management, pp. 414-415. 5

When a key feature may not be testable due to changes in the environment, the risk manager should review the feature with the project team to understand the issue, assess its impact, and determine the appropriate risk response. This collaborative approach ensures that the team has a clear understanding of the situation and can work together to address the risk.

NEW QUESTION: 13

During the project ' s lifecycle, project risk managers must monitor any risks and address risk responses. What does this level of monitoring consist of?

- A. Carry out the agreed risk response action should the risk occur.
- B. Provide a numerical estimate of the overall effect of risk on the objectives.
- C. Track identified risks and maintain the viability of response plans.
- D. Develop the overall risk management strategy for risk integration.

Answer: ([SHOW ANSWER](#))

Monitoring risks during a project ' s lifecycle involves tracking identified risks and ensuring that response plans remain viable and effective. This continuous monitoring helps ensure that the project is prepared to address risks as they arise and that the risk response strategies remain appropriate as the project progresses.

PMI guidelines stress the importance of ongoing risk monitoring to adapt to changes in the project environment and to ensure that the project remains on track to meet its objectives.

NEW QUESTION: 14

A major data center initiative involves performing a sensitivity analysis to determine the center ' s required amount of disaster recovery. Several key stakeholders are in disagreement about which level of disaster recovery is required. The lessons learned disaster recovery plans, and the difference for this data center is its geographical location and unique climate requirements. The

database includes examples from previous similar initiatives, as well as the competitor ' s advertised plans.

What should the risk manager do to quantify the risk?

- A. Initiate a 360-degree assessment.
- B. Consult environmental enterprise factors for benchmarks.
- C. Review organizational process assets for guidance.
- D. Consider leveraging the Delphi technique.

Answer: (SHOW ANSWER)

The Delphi technique is a structured communication process designed to build consensus among a group of experts and stakeholders when opinions differ and a quantitative assessment is needed. It uses rounds of anonymous input and feedback, allowing experts to refine their views based on others ' anonymous contributions. This approach is especially useful when stakeholders are in disagreement and objective quantification of risk is required.

PMBOK Guide Extract:

"The Delphi technique is a way to reach a consensus of experts. Project risk experts participate in this technique anonymously. A facilitator uses a questionnaire to solicit ideas about the important project risks.

The responses are summarized and recirculated to the experts for further comment. Consensus may be reached in a few rounds of this process. The Delphi technique helps reduce bias in the data and keeps any one person from having undue influence on the outcome."

- PMBOK Guide, 6th Edition, Section 11.2.2.4

ISO 31000 Reference:

"Facilitated workshops and expert elicitation techniques, such as the Delphi method, can help achieve an objective and consensus-based understanding of complex risks."

- ISO 31000:2018, Section 6.4.2

In this scenario, since the stakeholders are in disagreement and the project involves complex, location-specific disaster recovery requirements, the Delphi technique (Option D) is the officially recommended approach to achieving consensus and quantifying risk.

References:

PMI PMBOK Guide, 6th Edition, Section 11.2.2.4

Practice Standard for Project Risk Management, PMI

ISO 31000:2018, Section 6.4.2

NEW QUESTION: 15

A risk manager monitors risks on a medium-sized project by collecting inputs and data from individual project team members. What output is produced by the risk manager after analyzing the information they receive?

- A. Updated probability and impact matrix
- B. Updated risk register
- C. Updated mitigation plans
- D. Updated project schedule

Answer: (SHOW ANSWER)

After analyzing the information collected from individual project team members, the risk manager's primary output is an updated risk register. The risk register is a key document in risk management, containing all identified risks, their analysis, and the planned responses. As new information is gathered and analyzed, the risk register is updated to reflect the current status of each risk, any changes in their probability or impact, and any adjustments to the risk response plans.

PMI emphasizes that the risk register should be continually updated throughout the project to ensure that all risks are properly managed and documented.

NEW QUESTION: 16

A risk manager has a well-structured risk management process in place for a complex project with a tight schedule. Despite implementing preventive actions, one of the risks identified in the early stages of the project has still occurred and is now an issue.

What should the risk manager do next?

- A. Meet with the project team to brainstorm potential solutions to the problem.
- B. Implement the risk response plan to remedy the problem as soon as possible.
- C. Initiate discussions with the project manager to decide how to manage the problem.
- D. Escalate the problem to the project sponsor to agree on the best course of action.

Answer: (SHOW ANSWER)

When a risk has materialized and become an issue despite preventive actions, the next logical step is to implement the pre-established risk response plan. This plan is designed specifically to address the risk if it occurs, ensuring that the project can quickly and effectively manage the issue. According to PMI's risk management guidelines, implementing the risk response plan is a critical step once a risk has been triggered, as it provides a structured approach to resolving the issue with minimal impact on the project.

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NEW QUESTION: 17

An organization that spans across different countries undergoes a digital transformation project. The project manager has assigned a risk management team leader who is a risk management certified candidate in their domain.

What should the risk management team leader do in the early stages of the project?

- A. Conduct qualitative risk analysis to prioritize potential risks.
- B. Plan a solid risk response plan and secure the necessary funding.
- C. Educate stakeholders on best practices to perform risk management.
- D. Benchmark to an organization which has executed a similar project,

Answer: ([SHOW ANSWER](#))

In the early stages of a project, the risk management team leader should conduct qualitative risk analysis to prioritize potential risks. This will help the team to focus on the most significant risks and develop appropriate risk response strategies.

According to the PMI-RMP Handbook, the early stages of the project are the best time to establish the risk management plan, which is a document that describes how risk management activities will be structured and performed on the project. It is one of the main outputs of the Plan Risk Management process. The risk management plan should be developed with the involvement and input of key stakeholders, such as the project sponsor, customer, team members, subject matter experts, and other relevant parties. The risk management plan should also define the roles and responsibilities of the stakeholders in risk management, as well as the reporting and escalation mechanisms.

The risk management team leader, who is a risk management certified candidate in their domain, should educate stakeholders on best practices to perform risk management in the early stages of the project. This is because the stakeholders may have different levels of knowledge, experience, and expectations regarding risk management, especially in an organization that spans across different countries. The risk management team leader should provide training, coaching, and guidance to the stakeholders on how to apply the risk management processes, tools, and techniques, as well as how to use the risk management plan. The risk management team leader should also promote a positive risk culture and encourage stakeholder participation and collaboration in risk management activities.

The other options are not valid for what the risk management team leader should do in the early stages of the project:

Conduct qualitative risk analysis to prioritize potential risks: This is not a valid option because the qualitative risk analysis is part of the Perform Qualitative Risk Analysis process, which comes after the Identify Risks process and before the Perform Quantitative Risk Analysis process. The risk management team leader should not conduct the qualitative risk analysis before developing the risk management plan and identifying the risks.

Plan a solid risk response plan and secure the necessary funding: This is not a valid option because the risk response plan is part of the Plan Risk Responses process, which comes after the Perform Qualitative Risk Analysis and Perform Quantitative Risk Analysis processes. The risk management team leader should not plan the risk response plan and secure the necessary funding before developing the risk management plan, identifying, and analyzing the risks.

Benchmark to an organization which has executed a similar project: This is not a valid option because benchmarking is a technique for risk identification, but it is not the only one. The risk management team leader should use a combination of techniques to identify risks, not just focus

on one aspect. Also, benchmarking is not the same as educating stakeholders, which implies providing training, coaching, and guidance on risk management best practices.

PMI-RMP Handbook¹, PMBOK Guide², Practice Standard for Project Risk Management²

NEW QUESTION: 18

During the monthly executive review meeting, the project sponsor would like to understand how the project team has planned to manage risks that were identified in the last meeting. What should the project manager do?

- A. Utilize a Monte Carlo assessment to provide risk related impacts.
- B. React to the secondary and residual risks only if they occur.
- C. Include secondary and residual risks as part of the response.
- D. Transfer secondary and residual risks to the project sponsor.

Answer: ([SHOW ANSWER](#))

The project manager should include secondary and residual risks as part of the risk response plan.

Secondary risks are those risks that arise as a direct result of implementing a risk response to a specific risk.

Residual risks are those risks that are expected to remain after the planned responses of risks have been taken, as well as those that have been deliberately accepted. Both secondary and residual risks should be identified, analyzed, and monitored throughout the project life cycle. The project manager should communicate the risk response plan to the project sponsor and other stakeholders, and explain how the project team has planned to manage the secondary and residual risks¹²

1: PMI Risk Management Professional (PMI-RMP) Handbook, page 10 2: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Seventh Edition, page 11.2.2.1 project manager should include secondary and residual risks in the risk response plan, as they may still impact the project. Proactively addressing these risks will help the project team to be prepared and manage them effectively if they occur.

NEW QUESTION: 19

A risk manager reviews a Monte Carlo schedule risk analysis model before sharing the results with the project manager. The risk manager notices that activity correlations were not included in the model.

What is an effect of adding the correlation to the model?

- A. Allows more risks to be included in the model.
- B. Reduces the project completion duration.
- C. Increases the standard deviation of the model.
- D. Increases the probability of correlated activities finishing on time.

Answer: C ([LEAVE A REPLY](#))

Adding correlation to the model accounts for the relationship between activities, which can result in increased variability in the model's outcomes. This will increase the standard deviation, which is a measure of the uncertainty in the model.

According to the PMBOK Guide, 6th edition, Chapter 11: Project Risk Management¹, an effect of adding the correlation to the Monte Carlo schedule risk analysis model is that it increases the standard deviation of the model. This is because:

Correlation is the statistical relationship between two or more variables. In a schedule risk analysis, correlation can be used to model the dependency between the durations of different activities. For example, if two activities are positively correlated, it means that if one activity takes longer than expected, the other activity is also likely to take longer than expected. Conversely, if two activities are negatively correlated, it means that if one activity takes longer than expected, the other activity is likely to take shorter than expected.

A Monte Carlo schedule risk analysis is a simulation technique that uses random values for uncertain variables, such as activity durations, to generate possible outcomes for the project schedule. The simulation is repeated many times to produce a probability distribution of the project completion date and duration. The standard deviation is a measure of the variability or dispersion of the distribution. A higher standard deviation means that the distribution is more spread out and less predictable.

Adding correlation to the Monte Carlo schedule risk analysis model increases the standard deviation of the model because it introduces more variability and uncertainty to the simulation. Correlated activities can have a cumulative effect on the project schedule, either positively or negatively, depending on the direction and strength of the correlation. This can result in more extreme outcomes for the project completion date and duration, which increase the spread of the distribution and the standard deviation.

PMBOK Guide, 6th edition, Chapter 11: Project Risk Management¹
Risk Management Professional (PMI-RMP) Exam Cert Guide²

NEW QUESTION: 20

During a project team meeting, a risk manager realizes that the initial assumptions on the project schedule are too optimistic. The risk manager believes that the project might not meet its deadline as initially stated.

What is the reason for misunderstanding the assumptions from the beginning?

- A. Government regulations have changed in the last week, and now additional approval processes are required.
- B. The team's compensation was reduced and they lost the motivation to comply with the project deadline.
- C. The stakeholders prepared the initial schedule assumptions based only on the results of the last project.
- D. The sponsor had neither presented the actual results to the stakeholders nor updated the initial assumptions.

Answer: ([SHOW ANSWER](#))

Relying solely on historical project results for new assumptions can cause errors, as unique circumstances may differ. The PMBOK Guide notes:

" Assumptions should be validated as part of project planning. Overreliance on past project data without proper contextual analysis can result in unrealistic expectations. "

- PMBOK Guide, 6th Edition, Section 11.2

References:

PMBOK Guide, 6th Edition, Section 11.2

NEW QUESTION: 21

A risk management professional is currently facilitating the risk planning process with the project team. To increase the breadth of considered risks, the team wants to include high-level and strategic project risks.

What should the risk management professional do next?

- A.** Perform a sensitivity analysis to the higher-level aggregate activities
- B.** Develop a risk breakdown structure (RBS) identifying the potential risk categories
- C.** Conduct a strengths, weaknesses, opportunities, and threats (SWOT) analysis
- D.** Perform a base line Monte Carlo simulation to address overall threats to project objectives

Answer: ([SHOW ANSWER](#))

A SWOT analysis is a risk identification technique that helps to identify high-level and strategic project risks by examining the internal and external factors that may affect the project objectives. A SWOT analysis involves listing the strengths, weaknesses, opportunities, and threats of the project, and then analyzing how they may impact the project positively or negatively. A SWOT analysis can help to uncover potential risks that may not be obvious from other techniques, such as prompt lists, interviews, or brainstorming¹²

1: PMI Risk Management Professional (PMI-RMP) Handbook, page 10 2: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Seventh Edition, page 11.2.2.1

NEW QUESTION: 22

When conducting a risk identification exercise, what two actions should the risk manager take? (Choose two.)

- A.** Request a contingency reserve from management
- B.** Arrange a team meeting, review the project's scope, and discuss dependency mapping
- C.** Ensure participants review relevant documents before attending the meeting
- D.** Ensure that all the relevant stakeholders participate
- E.** Update the risk register during the team meeting.

Answer: ([SHOW ANSWER](#))

According to the PMBOK Guide, one of the tools and techniques for the identify risks process is data gathering. Data gathering is the process of collecting information from various sources to identify potential risks that may affect the project objectives. Some of the data gathering techniques are brainstorming, interviews, checklists, assumption and constraint analysis, and

document analysis¹. To conduct a risk identification exercise using data gathering techniques, the risk manager should take the following actions:

Arrange a team meeting, review the project's scope, and discuss dependency mapping. This action can help the risk manager to facilitate a brainstorming session with the project team and other subject matter experts, where they can generate a list of potential risks based on the project scope and the dependencies among the project activities. Dependency mapping is a technique that helps to identify the relationships and interdependencies among the project components, such as tasks, resources, deliverables, and stakeholders².

By reviewing the project scope and discussing the dependency mapping, the risk manager can ensure that the risk identification exercise covers all the relevant aspects of the project and does not miss any important risk sources.

Ensure that all the relevant stakeholders participate. This action can help the risk manager to obtain different perspectives and insights from the stakeholders who have different roles, interests, and expectations in the project. Stakeholders are individuals or groups who can affect or be affected by the project outcomes. They may have valuable information, experience, or expertise that can help to identify potential risks that may not be obvious to the project team. By ensuring that all the relevant stakeholders participate in the risk identification exercise, the risk manager can increase the comprehensiveness and accuracy of the risk identification process and foster stakeholder engagement and buy-in¹. References: PMBOK Guide, 6th edition, pages 397-399, 414-415¹; Mastering the PMI Risk Management Professional (PMI-RMP) Exam, page 70

NEW QUESTION: 23

A company manages confidential customer information, and a data breach exposing sensitive information was discovered. What should the risk manager do?

- A.** Execute the security risks contingency plan.
- B.** Get a report of customers affected by the risk.
- C.** Identify residual and secondary risks.
- D.** Coordinate a response with the risk owner.

Answer: ([SHOW ANSWER](#))

According to the PMBOK Guide, the risk owner is the person assigned the responsibility of monitoring the risk and implementing the risk response plan. The risk owner should be involved in the risk response execution and evaluation, and should communicate the results and outcomes to the relevant stakeholders. In the case of a data breach, the risk owner should coordinate a response with the risk manager and other parties involved, such as the security team, the legal team, the customer service team, and the senior management.

The risk owner should also report the status of the risk and the effectiveness of the response plan to the risk manager. The risk manager should oversee the risk response process and ensure that the risk is handled appropriately and in alignment with the project objectives and stakeholder expectations. References: = PMBOK Guide, 6th edition, pages 452-453; The Standard for Risk Management in Portfolios, Programs, and Projects, page 79.

NEW QUESTION: 24

While developing a risk management plan for a complex program in a metricized environment, a program management team is itemizing a response plan for each identified risk that appears in the risk register. What should the risk manager do to effectively monitor the risks?

- A. Present the complicated nature of the program risk responses to the sponsor for proper advice.
- B. Determine the workarounds for the program risks and allocate responsibilities to the team.
- C. Allow the most experienced program manager to handle the most critical program risks.
- D. Encourage the program team to assume risk ownership prior to delegation.

Answer: ([SHOW ANSWER](#))

In a complex program, it is crucial for team members to assume ownership of risks before these are delegated.

Encouraging the program team to assume risk ownership ensures that they are fully engaged and responsible for managing the risks assigned to them. This approach promotes accountability and helps ensure that risks are actively managed throughout the program's lifecycle.

PMI's guidelines on risk management emphasize the importance of assigning clear ownership of risks to ensure that they are effectively managed and that responsibilities are clearly understood by all team members.

NEW QUESTION: 25

A risk manager is working on the risk management plan for a new digital platform and realizes the project sponsor, who is the IT manager, has not been invited to the project team meetings. The IT manager is concerned that the IT infrastructure is unable to host the new platform the team is creating. The risk manager asks the IT manager to be included in the meetings.

What should the IT manager's role be in the project team meetings?

- A. The IT manager should be included as a risk owner.
- B. The IT manager should refine the project baseline plans.
- C. The IT manager should be added as a project sponsor.
- D. The IT manager should lead the infrastructure execution.

Answer: ([SHOW ANSWER](#))

A risk owner is the person assigned to manage, monitor, and report on a specific risk. When the IT manager has unique insight or control over risks associated with IT infrastructure, they should be formally assigned as a risk owner for those risks. The PMBOK Guide emphasizes:

"Risk owners are identified during the risk management planning process and should be engaged in relevant meetings and risk discussions. Assigning the IT manager as a risk owner ensures proper accountability for IT-related risks."

- PMBOK Guide, 6th Edition, Section 11.3.2.1 (Risk Register: Risk Owner) This promotes ownership, accountability, and effective risk management.

References:

PMBOK Guide, 6th Edition, Section 11.3.2.1

NEW QUESTION: 26

A risk manager is conducting a qualitative risk analysis for a renewable energy project that faces tight deadlines. The team identifies risks such as weather unpredictability, material cost fluctuations, and potential regulatory delays. While some members advocate prioritizing high-likelihood risks, others emphasize addressing unlikely but high-impact risks.

What should the risk manager do?

- A.** Focus on high-probability concerns first to proactively address the most immediate threats.
- B.** Delegate the assessment of lower-priority concerns to team leads while addressing critical ones.
- C.** Evaluate all identified concerns and consider likelihood and impact to prioritize the concerns effectively.
- D.** Prioritize uncertainties that align closely with the project's primary deliverables.

Answer: (SHOW ANSWER)

Qualitative risk analysis requires consideration of both the likelihood and the impact of each risk to properly prioritize them, rather than focusing only on probability or only on impact. The PMBOK Guide states:

"During qualitative risk analysis, risks are prioritized for further analysis or action by assessing and combining their probability of occurrence and impact on project objectives."

- PMBOK Guide, 6th Edition, Section 11.3

Therefore, the risk manager should evaluate all identified risks, considering both likelihood and impact.

References:

PMBOK Guide, 6th Edition, Section 11.3

Practice Standard for Project Risk Management, PMI, Section 5.4

NEW QUESTION: 27

In a project to promote public health and mitigate health risks, the national health authorities intend to take actions to limit the risks of harmful insects by using pesticides; however, it is expected that some residents will have negative health effects due to the use of the pesticides but according to the assessment completed by the health authorities, not moving forward with this plan will have much more serious consequences on public health rather than following through with the original plan.

How should the project manager address this concern with the health authorities?

- A.** Suspend the project as the secondary risk will negatively impact residents' health which is not acceptable.
- B.** Consult with health experts to provide a risk trigger before using pesticides that will impact the residents.
- C.** Assess and record associated secondary risks and proceed to treat them as any other risks.

D. Proceed with the project as normal since a minor number of residents will be effected negatively.

Answer: ([SHOW ANSWER](#))

The project manager should assess and record associated secondary risks and proceed to treat them as any other risks. This involves identifying and evaluating the potential negative health effects of using pesticides and developing a plan to mitigate these risks. While it is important to consider the concerns of residents, the health authorities have determined that not moving forward with the plan will have more serious consequences on public health.

Secondary risks are those that arise as a direct outcome of implementing a risk response. In this case, the use of pesticides is a risk response to limit the risks of harmful insects, but it may also cause negative health effects to some residents. This is a secondary risk that needs to be assessed and recorded in the risk register, along with its probability, impact, and response plan. The project manager should not suspend the project, as this would ignore the primary risk of harmful insects. The project manager should not consult with health experts to provide a risk trigger, as this is not a valid risk management technique. A risk trigger is an indication that a risk event is about to occur or has occurred, not a condition that prevents a risk response from being implemented. The project manager should not proceed with the project as normal, as this would neglect the secondary risk and its potential consequences. The project manager should follow the risk management process and treat the secondary risk as any other risk in the project.

References: PMI. (2017). A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition. Chapter 11: Project Risk Management, p. 408. 5

NEW QUESTION: 28

A project manager has finished the project charter for a project and has now moved into the planning phase.

In the first planning meeting, the project manager is trying to determine the risk tolerance and risk attitudes of the project's key stakeholders.

What is the first resource the project manager should reference?

- A.** Benefits management plan
- B.** Enterprise environmental factors (EEFs)
- C.** Project charter
- D.** Requirements management plan

Answer: ([SHOW ANSWER](#))

The project charter is the first resource the project manager should reference to determine the risk tolerance and risk attitudes of the project's key stakeholders, as it contains information such as the project purpose, objectives, success criteria, high-level risks, and key stakeholder list. The project charter is an output of the Develop Project Charter process, which is part of the Initiating process group. The project charter provides the project manager with the authority to apply organizational resources to project activities and establishes a partnership between the performing organization and the requesting organization. References: PMBOK Guide, 6th edition, page 81-82.

Enterprise environmental factors (EEFs) provide information about the organization's culture, risk tolerance, and risk attitudes, which can help the project manager determine the risk tolerance and risk attitudes of the project's key stakeholders. (Reference: PMBOK Guide, 6th Edition, p. 39)

NEW QUESTION: 29

A financial service firm adheres to heavily regulated compliance legislation. During the firm ' s latest project, the Chief Financial Officer (CFO) and the Chief Information Officer (CIO) endorsed a risk-based approach.

This approach ensured compliance with the legislative requirements for properly storing confidential employee salary information. The risk manager recorded this information in the project ' s risk management plan.

What is the organization ' s risk maturity level?

- A. No maturity
- B. Low maturity
- C. Medium maturity
- D. High maturity

Answer: (SHOW ANSWER)

An organization that uses an integrated, risk-based approach supported by executive management and documents this in a risk management plan demonstrates a high level of risk maturity . This aligns with best practice models such as the PMI's Organizational Project Management Maturity Model (OPM3) and ISO

31000:

" High maturity organizations have risk management integrated with governance and strategic decision- making, with executive-level endorsement and formal documentation. "

- ISO 31000:2018, Section 5.2

" At the highest maturity, risk management is part of the culture and is proactively used to achieve objectives.

"

- OPM3, PMI

References:

ISO 31000:2018, Section 5.2

PMI OPM3 Model

NEW QUESTION: 30

Some issues and unexpected results were found after completing the first phase of a project. The project team is planning the next phase and team members want to avoid the previous issues.

What should the risk manager do to avoid the previous issues?

- A. Use the information for a risk workshop.
- B. Improve monitoring and controlling of activities.
- C. Document the issues in the lessons learned.
- D. Create an issue log to share with the team.

Answer: A ([LEAVE A REPLY](#))

According to the PMI Risk Management Professional (PMI-RMP) Examination Content Outline¹, one of the tasks in the domain of Risk Identification is to use the information from project documents, lessons learned, and other sources to facilitate the risk identification process¹. A risk workshop is a tool and technique for risk identification that involves bringing together the project team, stakeholders, subject matter experts, and risk management experts to identify and analyze the project risks in a structured and collaborative manner². In this scenario, the risk manager should use the information from the issues and unexpected results found in the first phase of the project for a risk workshop, to avoid the previous issues in the next phase. The risk workshop will help the risk manager and the project team to identify the root causes of the issues, assess their probability and impact, and develop appropriate risk responses. The risk workshop will also enable the risk manager to update the risk register and the risk report with the new information and communicate the risk status to the relevant stakeholders. The risk manager should not improve monitoring and controlling of activities, because that is not a specific action to avoid the previous issues, but rather a general practice that should be done throughout the project life cycle³. The risk manager should not document the issues in the lessons learned, because that is not enough to avoid the previous issues, but rather a way to capture and share the knowledge gained from the project for future reference⁴. The risk manager should not create an issue log to share with the team, because that is not a proactive risk management technique, but rather a reactive way to track and resolve the issues that have already occurred⁵. References: 1: PMI Risk Management Professional (PMI-RMP) Examination Content Outline, page 82: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 4003: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 4564: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 1005: What Is an Issue Log? Templates & Tips⁶.

NEW QUESTION: 31

During project execution, a project manager invites the stakeholders to a risk review meeting. During this meeting, a vendor highlights that the mitigation plan for a schedule risk has generated an additional risk.

What should the risk manager do first?

- A.** Update the new risk in the risk register.
- B.** Plan responses for the new risk.
- C.** Passively accept the new risk.
- D.** Add the new risk to the watch list.

Answer: ([SHOW ANSWER](#))

The risk manager should first update the risk register with the new risk identified by the vendor. This will help in keeping track of all the risks associated with the project and facilitate the subsequent planning and management of the risks.

The risk manager should update the new risk in the risk register, which is a project document that records the details of all identified risks, including their description, category, cause, probability,

impact, and response strategy. Updating the risk register is the first step to acknowledge the existence of the new risk and to document its characteristics and potential effects on the project objectives. The risk register can then be used as an input for the Plan Risk Responses process, where the risk manager can develop appropriate actions to address the new risk. References: PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition, 2017, p. 397, 441.

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NEW QUESTION: 32

A project manager is developing the risk register and works with the team to analyze risks and determine their probability and impact. There is valuable historical data available that may be used to simulate the overall risk outcome.

Which type of analysis should the project manager use in this instance?

- A.** Check list analysis
- B.** Cause and effect
- C.** Specialized meeting
- D.** Quantitative analysis

Answer: (SHOW ANSWER)

In this instance, the project manager should use quantitative analysis to simulate the overall risk outcome.

Quantitative analysis techniques, such as Monte Carlo simulation or decision tree analysis, can be used to model the combined effect of individual risks on project objectives. By leveraging historical data, the project manager can generate more accurate and reliable risk assessments, which can help inform risk response strategies and improve project decision-making.

Quantitative analysis is a type of risk analysis that numerically analyzes the effect of identified risks on overall project objectives 1. It involves using historical data and other information to estimate the probability and impact of risks, and then applying mathematical techniques such as simulation, sensitivity analysis, decision tree analysis, or expected monetary value analysis to quantify the overall risk exposure of the project 2. Quantitative analysis can provide more accurate and objective results than qualitative analysis, which relies on subjective judgments and ratings. Quantitative analysis can also help the project manager prioritize risks, determine the optimal risk response strategy, and allocate contingency reserves 3. Therefore, the correct answer is D.

References: 1: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 4311 2: PMI Risk Management Professional (PMI-RMP) Examination Content Outline, page 102 3: Quantifying risk - Project Management Institute, page 11

NEW QUESTION: 33

A certain risk is identified for a major project, and the risk response is planned. However, the analysis reveals a high probability for a secondary risk which will be tolerated based on the organization ' s risk thresholds.

The secondary risk is subsequently registered. During project execution, the primary risk occurs, the planned action is taken, and the secondary risk emerges What two actions should the risk owner take? (Choose two.)

- A.** Implement the secondary risk response and update the project documents.
- B.** Conduct meeting with all stakeholder to agree on post impact solutions.
- C.** Set the corresponding trigger conditions to the secondary risk.
- D.** Engage the project manager to authorize the secondary risk ' s response.
- E.** Update and communicate assessments of the secondary risk ' s impact.

Answer: ([SHOW ANSWER](#))

The risk owner should implement the secondary risk response, as it is now being tolerated, and update the project documents accordingly. They should also update and communicate the assessments of the secondary risk ' s impact to ensure everyone is aware of the situation.

According to the PMI-RMP Handbook¹, the risk owner is responsible for implementing the risk response plan and monitoring the risk and its secondary risks. Therefore, the risk owner should take the following two actions when the secondary risk emerges:

Implement the secondary risk response and update the project documents. This action is consistent with the risk response strategy of tolerance, which means accepting the risk and its consequences. The risk owner should execute the planned response for the secondary risk, such as contingency plans or fallback plans, and update the relevant project documents, such as the risk register, the risk report, and the lessons learned register, to reflect the current status and impact of the risk.

Update and communicate assessments of the secondary risk's impact. This action is consistent with the risk monitoring and control process, which involves tracking the identified risks, evaluating their impact and probability, and reporting the risk information to the appropriate stakeholders. The risk owner should reassess the secondary risk's impact on the project objectives, such as scope, schedule, cost, and quality, and communicate the results to the project manager and other relevant stakeholders, such as the sponsor, the customer, and the team members.

PMI-RMP Handbook¹

PMBOK Guide, 6th edition, Chapter 11: Project Risk Management²

NEW QUESTION: 34

A project has a 60% chance of a US\$100,000 profit and a 40% chance of a US\$100,000 loss. What is the expected monetary value for this project?

- A. US\$20,000 loss
- B. US\$20,000 profit
- C. US\$40,000 loss
- D. US\$100,000 profit

Answer: (SHOW ANSWER)

The expected monetary value (EMV) for this project can be calculated as follows: $(0.6 \times \text{US\$100,000}) - (0.4 \times \text{US\$100,000}) = \text{US\$60,000} - \text{US\$40,000} = \text{US\$20,000}$ profit.

The EMV of a project is the weighted average of the possible outcomes, which are a US\$100,000 profit or a US\$100,000 loss in this case. To calculate the EMV, we multiply the probability of each outcome by its monetary value, and then add them together. The formula is:

$\text{EMV} = (\text{Probability of profit} \times \text{Value of profit}) + (\text{Probability of loss} \times \text{Value of loss})$ In this case, the probability of profit is 60%, and the value of profit is US\$100,000. The probability of loss is 40%, and the value of loss is -US\$100,000 (negative because it is a loss). Therefore, the EMV is: $\text{EMV} = (0.6 \times 100,000) + (0.4 \times -100,000)$ $\text{EMV} = 60,000 - 40,000$ $\text{EMV} = \text{US\$20,000}$ This means that the project has an expected monetary value of US\$20,000 profit, which is the answer option B). The other options are incorrect because they do not match the EMV calculation.

The EMV is a useful tool for comparing different projects or alternatives based on their expected values.

However, it does not account for the variability or uncertainty of the outcomes, which may also affect the project decision making. For example, a project with a higher EMV but a higher risk may not be preferable to a project with a lower EMV but a lower risk. Therefore, the EMV should be used with caution and in conjunction with other risk analysis techniques.

For more information on the EMV and other risk analysis methods, you can refer to the PMI Risk Management Professional (PMI-RMP) Examination Content Outline and Specifications, the A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, and the Expected Monetary Value (EMV): A Guide With Examples. I hope this helps you understand the concept of EMV and how to apply it to project risk management

NEW QUESTION: 35

A project is in the execution phase and involves large volumes of supplies. The project is the last phase of a

10-year initiative. The project sponsor asks the project manager to provide the performance report for the whole initiative.

Which analysis should the risk manager do to provide the project manager with the performance report?

- A. Time Series Analysis
- B. Regression Analysis
- C. Variance Analysis
- D. Monte Carlo Analysis

Answer: ([SHOW ANSWER](#))

Variance analysis is a method used to compare planned project performance against actual performance.

Since the project sponsor has requested a performance report for the entire 10-year initiative, variance analysis would allow the risk manager to identify discrepancies between what was planned and what has been achieved over the course of the project. This analysis is crucial for understanding performance trends, cost deviations, schedule variations, and overall project health.

PMI's guidelines support the use of variance analysis in performance reporting as it provides insights into how well the project is adhering to its planned budget, schedule, and scope.

NEW QUESTION: 36

A risk manager was recently hired to assist with a mid-sized infrastructure project. The risk manager becomes aware that they have an inexperienced project team.

What two items should the risk manager have their team review in order to prepare for an upcoming risk identification workshop? (Choose two.)

- A. Scope of work and requirements
- B. Monte Carlo analysis from a similar project
- C. List of pre-approved contractors
- D. Organization chart for city permit department
- E. Risk management plan

Answer: ([SHOW ANSWER](#))

The risk manager should have their team review the scope of work and requirements to ensure they understand the project's objectives and deliverables. Additionally, reviewing the risk management plan will help the team understand the risk management process, roles, and responsibilities, and prepare for the risk identification workshop.

According to the PMBOK Guide - Sixth Edition¹, the scope of work and requirements are key inputs for the risk identification process, as they define the project boundaries, deliverables, assumptions, and constraints. The risk management plan is also an essential input, as it provides the guidelines and framework for how risk management will be performed throughout the project.

The other options are not relevant for risk identification, as they are either related to other processes (such as Monte Carlo analysis for quantitative risk analysis) or not directly related to the project risks (such as the list of pre-approved contractors or the organization chart for city permit department). References: PMBOK Guide - Sixth Edition, pages 397-398.

NEW QUESTION: 37

A risk manager manages risks in a construction project. A stakeholder mentions that if there is less than a

50% chance of rain, construction should continue. Another stakeholder says that if there is less than a 60% chance of rain, construction should continue.

What should the risk manager do next to find out the correct limit?

- A. Review the agreed-upon risk tolerance
- B. Perform a sensitivity analysis of the risk
- C. Find out the stakeholders' risk appetite
- D. Use industry standard risk thresholds

Answer: ([SHOW ANSWER](#))

The risk manager should review the agreed-upon risk tolerance to determine the correct limit for continuing construction based on the chance of rain. Risk tolerance is the level of risk an organization is willing to accept and should be established during the risk management planning process.

Risk tolerance is the degree of uncertainty that a stakeholder is willing to accept in respect to a negative outcome on a project objective. Risk tolerance can be expressed as a percentage, a range, a value, or a qualitative statement. Risk tolerance should be agreed upon by the project team and the stakeholders at the beginning of the project, and documented in the risk management plan. The risk manager should review the agreed-upon risk tolerance to find out the correct limit for the rain probability that would affect the construction activity. This would help to resolve the conflicting opinions of the stakeholders and ensure that the risk management decisions are aligned with the project objectives and expectations. Reviewing the agreed-upon risk tolerance is the best option among the choices given, as it is the most relevant and reliable source of information for the risk manager. Performing a sensitivity analysis, finding out the stakeholders' risk appetite, or using industry standard risk thresholds are not as effective or appropriate ways of finding out the correct limit, as they do not reflect the specific agreement and context of the project. References: PMI-RMP Certification Handbook¹, page 9; PMBOK Guide, pages 414-415.

NEW QUESTION: 38

A risk management professional is in the process of categorizing risks when a subject matter expert (SME) suggests categorizing the risks by their impact to the project objectives. Why should the risk management professional use this approach?

- A. To enable the team in identifying the specific causes of risks associated with project objectives.
- B. To ensure that project priorities are being appropriately factored into risk response plans.
- C. To determine there more attentive project leadership and organizational involvement is needed.
- D. To assign risks and risk severities to functional discipline and departments effectively.

Answer: ([SHOW ANSWER](#))

Categorizing risks by their impact on project objectives ensures that risk response plans are aligned with project priorities. This helps in focusing on the most critical risks and their potential impact on the project's success.

Categorizing risks by their impact to the project objectives is a way of aligning the risk management process with the project goals and stakeholder expectations. By doing so, the risk management professional can ensure that the risk response plans are focused on the most

critical aspects of the project and that the project priorities are being considered in the decision making. This approach can also help to communicate the value of risk management to the project team and the stakeholders, as they can see how the risk management activities are contributing to the project success. Categorizing risks by their impact to the project objectives does not necessarily help to identify the specific causes of risks, determine the level of project leadership and organizational involvement, or assign risks and risk severities to functional disciplines and departments. These are other possible ways of categorizing risks, but they are not the main purpose of using the impact to the project objectives approach. References: PMI-RMP Certification Handbook¹, page 9; PMBOK Guide, page 415.

NEW QUESTION: 39

A project manager for a large product development project assigned a risk manager to perform the risk management. The project sponsor questions why this project requires a risk manager as it is similar to a previous project with a developed risk strategy.

How should the risk manager explain the need for a risk strategy specific to this project?

- A. A risk strategy is a best practice and ensures quality in the project planning.
- B. A project specific risk strategy includes enough information to respond to audits and compliance requirements.
- C. A risk strategy ensures alignment of the organizational structure to the specific project.
- D. A risk strategy aligns individual project risk thresholds with organizational risk appetite.

Answer: (SHOW ANSWER)

Each project is unique, even when similar to previous projects, and therefore, it requires a tailored risk strategy. A specific risk strategy for a project ensures that the risks are managed in alignment with the organization's risk appetite while considering the unique aspects of the project. The risk strategy will identify the specific risk thresholds for the project, which may differ from other projects due to variations in scope, stakeholders, or external conditions.

PMI emphasizes the importance of aligning the risk management strategy with the organizational risk appetite. This alignment ensures that the project's approach to risk is consistent with the organization's broader risk management framework and that it reflects the unique risk profile of the project.

NEW QUESTION: 40

Some project risks are applicable for the project's lifecycle while others risks are only applicable to specific project activities. When should project risks be closed?

- A. When the forecast activity date has been met or exceeded
- B. When the stakeholders agree a risk is no longer applicable
- C. When the risk has been realized and can no longer happen again
- D. When iterative data analysis determines the risk is not applicable

Answer: (SHOW ANSWER)

Project risks should be closed when the stakeholders agree a risk is no longer applicable. This ensures that risks are actively managed and only relevant risks are considered throughout the project lifecycle.

According to the PMI Risk Management Professional (PMI-RMP) Reference Materials, project risks are uncertain events or conditions that may have a positive or negative effect on one or more project objectives¹.

Project risks can be closed when they are no longer applicable to the project or its activities. The process of closing project risks involves verifying that the risk responses have been completed, documenting the outcomes, and evaluating the effectiveness of the risk management process². The decision to close a project risk should be made by the stakeholders who are responsible for or affected by the risk, as they are the ones who can determine whether the risk is still relevant or not. Therefore, the correct answer is B. When the stakeholders agree a risk is no longer applicable.

References: 1: PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition, 2017, p. 397 2: PMI, Practice Standard for Project Risk Management, 2009, p. 111

NEW QUESTION: 41

A project has a significant impact on an organization. Multiple stakeholders expressed concerns regarding the overall project risk during construction of the risk management plan, and they agreed that the risk appetite is low.

What should the project risk manager monitor closely?

- A.** Risk thresholds
- B.** Risk response strategies
- C.** Risk management reports
- D.** Risk breakdown structure (RBS)

Answer: ([SHOW ANSWER](#))

The project risk manager should monitor risk thresholds closely, as they represent the organization's risk appetite. In a project with a low risk appetite, it is essential to ensure that risks are managed within the defined thresholds to address stakeholders' concerns and maintain their confidence in the project's success.

According to the PMI Risk Management Professional (PMI-RMP) Reference Materials, risk thresholds are the measure of acceptable variation around an objective that reflects the risk appetite of the organization¹. Risk appetite is the degree of uncertainty an entity is willing to take on in anticipation of a reward². In this case, the project has a significant impact on the organization and the stakeholders have a low risk appetite, meaning they are not willing to accept much deviation from the project objectives. Therefore, the project risk manager should monitor the risk thresholds closely to ensure that the project risks do not exceed the acceptable level of variation and impact the project performance negatively. By monitoring the risk thresholds, the project risk manager can also identify when risk responses are needed and evaluate their effectiveness.

References: 1: PMI, Practice Standard for Project Risk Management, 2009, p. 20 2: PMI, A Guide to the Project Management Body of Knowledge (PMBOKGuide), Sixth Edition, 2017, p. 720

NEW QUESTION: 42

During project development, a risk manager notices that a major update in the country's regulations might be happening in the upcoming months. These changes will affect the materials used in building some of the components of the final product. The project team is unsure if this risk will affect the project negatively or positively.

Which tool should the project team use to determine this?

- A.** Sensitivity analysis
- B.** Threshold analysis
- C.** Reserve analysis
- D.** Strengths, weaknesses, opportunities, and threats (SWOT) analysis

Answer: ([SHOW ANSWER](#))

When the project team is unsure if a potential change in regulations will affect the project positively or negatively, a SWOT analysis is an appropriate tool to use. SWOT analysis helps the team assess the internal and external factors that might influence the project's outcome. It allows the team to evaluate the strengths, weaknesses, opportunities, and threats associated with the regulatory changes, helping them determine whether the impact will be beneficial or detrimental to the project.

NEW QUESTION: 43

A project manager wants to introduce a new technology to improve a project's performance. However, there are some costs associated that are beyond the current budget, and the proposed technology has not been applied to any previous company projects.

What should the project manager do in this situation?

- A.** Escalate this initiative to project decision makers and sponsors.
- B.** Accept the fact that there is a risk associated with this new technology.
- C.** Take advantage of this opportunity of Improving the project performance.
- D.** Outsource the implementation of the new technology as soon as possible.

Answer: ([SHOW ANSWER](#))

The project manager should escalate this initiative to project decision makers and sponsors, as they have the authority to approve changes in budget and scope. They can evaluate the potential benefits and associated with the new technology and make an informed decision on whether to proceed.

According to the PMBOKGuide¹, an opportunity is a risk that would have a positive effect on one or more project objectives if it occurs. Opportunities are uncertain events or conditions that can enhance or facilitate the achievement of project goals, such as cost savings, schedule acceleration, quality improvement, or scope expansion. A project manager should take advantage of opportunities by implementing risk responses that seek to maximize their probability and/or positive impact. In this case, the project manager wants to introduce a new technology to improve

the project's performance, which is an opportunity for the project. The project manager should take advantage of this opportunity by planning and executing appropriate risk responses, such as exploiting, enhancing, sharing, or accepting the opportunity. This is part of the Plan Risk Responses and Implement Risk Responses processes in the PMBOK Guide¹. References: 1: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition.

NEW QUESTION: 44

A subcontractor working on a project may cause delays in the construction schedule. The project manager records this risk in the risk register and issues a change request sponsor rejects the change request.

What should the project manager have done differently?

- A.** Executed the risk strategy response and recorded it in the risk register.
- B.** Performed an analysis to affirm the request is valid before submitting.
- C.** Informed the client and the project sponsor that the request is being submitted.
- D.** Contacted the other stakeholders so they know the request is in process.

Answer: ([SHOW ANSWER](#))

The project manager should have performed an analysis to ensure that the change request was valid and well-supported before submitting it to the sponsor. This would help in making a strong case for the change request and increase the chances of its approval.

The project manager should have performed an analysis to affirm the request is valid before submitting, as this would help to justify the need for the change and to demonstrate its impact on the project objectives, scope, schedule, cost, quality, and risk. The project manager should also have consulted with the project team, the subcontractor, and the risk owner to determine the best risk response strategy and to estimate the resources and time required for the change. By performing an analysis, the project manager could have increased the chances of getting the change request approved by the sponsor and avoided wasting time and effort on an invalid request. References: The Standard for Risk Management in Portfolios, Programs, and Projects, page

79; PMBOK Guide, 6th edition, page 115.

NEW QUESTION: 45

The project manager performed ' a variance analysis on the project during the execution phase. The variances were shown as increasing What does this result imply?

- A.** The uncertainty and risk are increasing.
- B.** The project schedule is lagging behind.
- C.** There is no potential for future deviation.
- D.** The project is over budget.

Answer: ([SHOW ANSWER](#))

Increasing variances during the execution phase imply that the uncertainty and risk are increasing, as the project performance is deviating from the planned values.

According to the PMBOK Guide - Sixth Edition¹, variance analysis is a technique used to compare the actual performance of the project against the planned or expected performance. It can be applied to various aspects of the project, such as scope, schedule, cost, quality, and risk. Variance analysis can help identify deviations from the baseline and determine the causes and impacts of those deviations. If the variances are shown as increasing, it means that the actual performance is deviating more and more from the planned performance, which implies that the uncertainty and risk are increasing. This could affect the project objectives and deliverables, and require corrective or preventive actions to bring the project back on track.

The other options are not correct, as they are either too specific (B and D) or contradictory to the result of the variance analysis. References: PMBOK Guide - Sixth Edition, pages 262-263.

NEW QUESTION: 46

A risk manager is managing risks in a project. During the initial stages of project execution, a new risk is identified. There is a very small chance that this risk will occur and even if it occurs, the impact would be low.

What should the risk manager do with this risk?

- A. Put the risk on the watch list.
- B. Seek guidance from subject matter experts (SMEs).
- C. Ignore this risk as it is not critical.
- D. Inform the stakeholders about this risk.

Answer: (SHOW ANSWER)

Since the probability and impact the risk are both low, it is appropriate to put the risk on the watch list. This allows the risk manager to monitor the risk without expending significant resources on it. A watch list is a list of low-priority risks that are not actively managed, but are monitored for changes. A watch list can help the risk manager to keep track of the risks that have low probability and low impact, and to reassess them periodically. Putting the risk on the watch list is the most appropriate action for the risk manager, as it allows him or her to document the risk and review it later. Seeking guidance from SMEs, ignoring the risk, or informing the stakeholders are not necessary actions for a low-priority risk, as they would consume time and resources that could be better spent on more critical risks. References: PMI Risk Management Professional (PMI-RMP) Examination Content Outline and Specifications¹, page 10; A Guide to the Project Management Body of Knowledge (PMBOKGuide) - Sixth Edition, page 406.

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NEW QUESTION: 47

A project team identified some risks in a project. Team members became interested in predicting the outcomes of their potential choices following their probability of occurrence.

Which technique should the risk manager use?

- A. Decision tree analysis
- B. Strengths, weaknesses, opportunities, and threats (SWOT) analysis
- C. Political, economic, social, technological, legal, and environmental (PESTLE) analysis
- D. Cost-benefit analysis

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 48

The project manager and the risk manager of a new project to develop an application to support autonomous driving are meeting with the sponsor and key stakeholders to discuss the project. During the meeting, it is identified that the transport authority is discussing new traffic regulations for the industry that could be in place before the project ends.

How should the project manager and the risk manager handle this situation?

- A. Ensure the project complies with the current traffic regulations and laws.
- B. Send a letter to the traffic authority with the general project information.
- C. Perform inquiries on the website of the traffic authority weekly.
- D. Meet with the traffic authority staff in charge of the new regulation.

Answer: ([SHOW ANSWER](#))

Meeting with the traffic authority staff responsible for the new regulation allows the project manager and risk manager to understand the potential changes and their impact on the project. This will help them proactively address any potential issues and ensure the project complies with the new regulations.

According to the PMBOK Guide, 6th edition, Chapter 11: Project Risk Management¹, the project manager and the risk manager should handle this situation by meeting with the traffic authority staff in charge of the new regulation. This is because:

The new traffic regulation is an external risk that could affect the project objectives, such as scope, schedule, cost, quality, and customer satisfaction. External risks are those that arise from outside the project boundaries and are beyond the control of the project team. Examples of external risks include changes in government policies, regulations, laws, market conditions, environmental factors, etc.

The project manager and the risk manager should proactively engage with the external stakeholders who have the power and influence to create or modify the external risks. By meeting with the traffic authority staff, they can establish a positive relationship, gain insights into the new regulation, and influence its development to align with the project needs. They can also obtain information on the probability and impact of the risk, as well as the potential response strategies.

The other options are not effective in handling this situation because:

Ensuring the project complies with the current traffic regulations and laws does not address the risk of the new regulation that could change the project requirements, scope, or deliverables. It also does not help the project team to prepare for the possible changes and mitigate their negative effects.

Sending a letter to the traffic authority with the general project information does not establish a direct and timely communication channel with the external stakeholder. It also does not provide enough details or feedback to understand the nature and implications of the new regulation.

Performing inquiries on the website of the traffic authority weekly does not allow the project team to influence the development of the new regulation or obtain reliable and updated information. It also does not enable the project team to build trust and rapport with the external stakeholder.

PMBOK Guide, 6th edition, Chapter 11: Project Risk Management¹

Risk Management Professional (PMI-RMP) Exam Cert Guide²

NEW QUESTION: 49

A project team is presenting a delivery plan to a client. Some of the client's experts do not feel comfortable with some activities at a critical stage. The experts ask to change the plan and present a better alternative.

What should the risk manager do first?

- A. Review and update the project quality management plan.
- B. Conduct a risk assessment process for the critical stage.
- C. Create a more detailed work breakdown structure (WBS).
- D. Add additional time to the delivery plan to cover issues.

Answer: ([SHOW ANSWER](#))

If client's experts express discomfort with some activities at a critical stage, the first step for the risk manager is to conduct a risk assessment process for that stage. This assessment will help identify the specific risks associated with the activities in question, evaluate their potential impact, and develop appropriate mitigation strategies. This ensures that the project plan is robust and that all stakeholders are confident in its execution.

NEW QUESTION: 50

A project team has completed the risk response plan for a newly identified major project risk. Some team members argue the plan does not totally eliminate the risk, considering the effort required to implement it, and feel the planned response should be thrown out altogether.

What should the risk manager do in this situation?

- A. Accept the response because there are no secondary risks were identified.
- B. The response plan should be discontinued and the risk should be accepted and dealt with if it occurs.
- C. Accept the residual risk as it is compatible with the organization's risk appetite.
- D. All identified risks must be addressed because they might significantly impact the project if they occur.

Answer: ([SHOW ANSWER](#))

In risk management, it is common that not all risks can be completely eliminated. Residual risk is the remaining risk after all possible mitigation efforts have been applied. If the residual risk is within the organization's risk appetite—meaning the organization is willing to accept this level of risk—it is appropriate to proceed with the plan. The PMI framework supports this approach, as risk management is about balancing effort and benefit, ensuring that mitigation efforts are commensurate with the risk involved.

NEW QUESTION: 51

In the middle of a construction project, the primary construction materials provider canceled the contract and moved to a competitor offering a higher price. The risk manager considers this a low-impact issue because many construction materials providers can fulfill the project demands. However, after informing the stakeholders of this issue, the major investor is about to drop their intention to continue executing the project. The risk manager does not understand their decision. What should the risk manager do next to understand the major stakeholder's decision regarding the project?

- A. Perform a risk impact analysis.
- B. Perform a risk reserve analysis.
- C. Perform a procurement analysis.
- D. Perform a stakeholder impact and influence analysis.

Answer: ([SHOW ANSWER](#))

A stakeholder impact and influence analysis is a technique to identify the level of interest and power of each stakeholder, and to assess how they may affect or be affected by the project outcomes. It can help the risk manager to understand the stakeholder's perspective and expectations, and to communicate with them effectively. In this case, the risk manager should perform a stakeholder impact and influence analysis to understand why the major investor is about to drop their intention to continue executing the project, and to address their concerns and needs. A risk impact analysis, a risk reserve analysis, and a procurement analysis are not relevant to the stakeholder's decision, and would not help the risk manager to understand their rationale. References: PMI Risk Management Professional (PMI-RMP) Exam Content Outline¹, PMI Practice Standard for Project Risk Management², Risk Management Professional (PMI-RMP) Cert Guide³

NEW QUESTION: 52

A company manages confidential customer information, and a data breach exposing sensitive information was discovered. What should the risk manager do?

- A. Execute the security risks contingency plan.
- B. Get a report of customers affected by the risk.
- C. Identify residual and secondary risks.
- D. Coordinate a response with the risk owner.

Answer: ([SHOW ANSWER](#))

According to the PMBOK Guide, the risk owner is the person assigned the responsibility of monitoring the risk and implementing the risk response plan. The risk owner should be involved in the risk response execution and evaluation, and should communicate the results and outcomes to the relevant stakeholders. In the case of a data breach, the risk owner should coordinate a response with the risk manager and other parties involved, such as the security team, the legal team, the customer service team, and the senior management.

The risk owner should also report the status of the risk and the effectiveness of the response plan to the risk manager. The risk manager should oversee the risk response process and ensure that the risk is handled appropriately and in alignment with the project objectives and stakeholder expectations. References: = PMBOK Guide, 6th edition, pages 452-453; The Standard for Risk Management in Portfolios, Programs, and Projects, page 79.

NEW QUESTION: 53

it typically takes 5 hours to perform a complete home inspection. If there are unforeseen risk factors, it can take up to 7 hours to finish the inspection. The earliest the project team has ever finished an inspection is in 3 hours.

Using the project evaluation and review technique (PERT) to estimate duration how many hours should the project manager plan to schedule the task taking into account all the positive and negative risk factors?

- A. 4 hours
- B. 5 hours
- C. 6 hours
- D. 12 hours

Answer: ([SHOW ANSWER](#))

The Project Evaluation and Review Technique (PERT) is a statistical tool used in project management to estimate the duration of tasks by considering uncertainty and variability. PERT employs a weighted average of three time estimates:

Optimistic (O): The shortest time in which the task can be completed (3 hours).

Most Likely (M): The best estimate of the time required under normal conditions (5 hours).

Pessimistic (P): The longest time the task might take, assuming potential issues (7 hours).

PMI Risk Management Study Guide References:

The PMI-RMP Exam Preparation Study Guide outlines the PERT formula and its application in estimating task durations, highlighting its effectiveness in incorporating uncertainty into project schedules.

NEW QUESTION: 54

A risk manager has identified multiple risks in an innovation project and needs to prioritize the use of resources to respond to the risks. Which analysis will help the risk manager in this situation?

- A. Sensitivity analysis
- B. Qualitative analysis
- C. Statistical analysis

D. Impact analysis

Answer: ([SHOW ANSWER](#))

When a risk manager needs to prioritize resources to respond to multiple identified risks, qualitative analysis is the most appropriate tool. Qualitative analysis helps in evaluating the likelihood and impact of each risk using subjective criteria, allowing the risk manager to prioritize which risks require more immediate attention or resources based on their potential impact on the project.

PMI's guidelines on risk management suggest that qualitative analysis is particularly useful in the initial stages of risk assessment, where risks are categorized and ranked based on their severity. This process helps in prioritizing risks that need immediate attention, thus optimizing the use of resources in a project.

NEW QUESTION: 55

A risk manager has noticed that response actions are not working as expected when a risk occurs, mainly because the risk triggers are not well-defined. Which tool should the risk manager use to facilitate risk trigger identification in the upcoming risk review assessment?

- A. Risk breakdown structure (RBS)
- B. Affinity diagram
- C. Ishikawa diagram
- D. Risk burndown chart

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 56

The project manager leading a company's digital signature initiative for engineering drawings has identified threats and opportunities using a strengths, weaknesses, opportunities, and threats (SWOT) analysis.

What are two potential threats or opportunities under the SWOT analysis? (Choose two.)

- A. The management team agreeing to include more resource for the digital signature initiative.
- B. The organization's professional engineers having reservations about possible information tampering.
- C. A growing number of competitors with digital signatures.
- D. An elimination of manual steps associated with recording wet signatures
- E. The growing adoption of mobile communications in the industry.

Answer: ([SHOW ANSWER](#))

SWOT analysis identifies strengths, weaknesses, opportunities, and threats. In this case, B and C are potential threats or opportunities. B is a threat as engineers' reservations may hinder the initiative, and C is an opportunity as growing competition may drive the company to improve its digital signature capabilities.

A SWOT analysis is a technique used to identify the strengths, weaknesses, opportunities, and threats of a project, organization, or option. It helps to evaluate the internal and external factors that can affect the project's success or failure. In this question, the project manager has used a

SWOT analysis to identify the threats and opportunities for the digital signature initiative. A threat is an external factor that can negatively impact the project's objectives, while an opportunity is an external factor that can positively impact the project's objectives. Therefore, two potential threats or opportunities under the SWOT analysis are:

B). The organization's professional engineers having reservations about possible information tampering. This is a threat because it can reduce the acceptance and adoption of the digital signature initiative by the key stakeholders, who are the professional engineers. They may have concerns about the security, reliability, and validity of the digital signatures, and may prefer to use the traditional wet signatures. This can affect the project's scope, quality, and stakeholder satisfaction.

C). A growing number of competitors with digital signatures. This is an opportunity because it can create a competitive advantage for the organization, as it can offer faster, cheaper, and more efficient services to its clients. The digital signature initiative can also help the organization to comply with the industry standards and regulations, and to enhance its reputation and brand image. This can affect the project's schedule, cost, and profitability.

The other options are not threats or opportunities under the SWOT analysis, because they are either internal factors or not relevant to the project's objectives. They are:

A). The management team agreeing to include more resource for the digital signature initiative. This is a strength, not a threat or an opportunity, because it is an internal factor that can help the project to achieve its objectives. It can provide more support, expertise, and funding for the project, and improve the project's performance and quality.

D). An elimination of manual steps associated with recording wet signatures. This is a benefit, not a threat or an opportunity, because it is an outcome or result of the project, not a factor that can affect the project. It can improve the efficiency, accuracy, and convenience of the project's deliverables, and reduce the errors, delays, and costs associated with the wet signatures.

E). The growing adoption of mobile communications in the industry. This is a trend, not a threat or an opportunity, because it is a general change or development in the industry, not a specific factor that can affect the project. It can influence the demand, expectations, and preferences of the project's customers and stakeholders, but it does not directly impact the project's objectives.

PMI, 2017. A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition.

Newtown Square, PA: Project Management Institute, Inc., pp. 375-3761 PMI, 2019. Practice Standard for Project Risk Management. Newtown Square, PA: Project Management Institute, Inc., p. 182

NEW QUESTION: 57

A project team in a multinational organization is working on a risk management plan for a multimillion-dollar project. This project involves three global regions with a wide range of critical stakeholders with varying degrees of risk appetite.

What should the risk manager advise the project team to do?

A. Align the project risk thresholds with the risk appetite of a critical region.

- B. Align the project risk thresholds with the organizational risk appetite.
- C. Concentrate on the risk appetites of the influential stakeholders.
- D. Concentrate on the risk appetites of the vulnerable stakeholders.

Answer: ([SHOW ANSWER](#))

When managing risks in a project that spans multiple regions with varying degrees of risk appetite, it is essential to align the project's risk thresholds with the organization's overall risk appetite. This approach ensures consistency across all regions and projects, particularly in multinational organizations where varying regional practices and risk appetites could create discrepancies. By aligning with the organizational risk appetite, the project team ensures that the risk management process adheres to the strategic objectives and governance framework set by the organization. This alignment also helps in managing stakeholder expectations and ensuring that the project remains within acceptable risk parameters set by the organization as a whole, as emphasized in the Risk Management Policy.

NEW QUESTION: 58

A project with impending risks has 12 deliverables as subprojects, which will be executed in three different locations involving multiple stakeholders. What should the risk manager do to organize the prevailing risks?

- A. Combine individual and focus groups to identify risks and create the overall risk register.
- B. Use focus groups to conduct group risk assessments of the project to identify risks.
- C. Request individual assessments of the project and its deliverables to identify risks.
- D. Use the external risk assessment of the project and its deliverables to identify risks.

Answer: ([SHOW ANSWER](#))

In complex projects with multiple deliverables, locations, and stakeholders, best practice is to combine individual risk identification (e.g., interviews, surveys) with group-based methods (e.g., focus groups, workshops) to ensure comprehensive risk coverage and diverse input. According to the PMBOK Guide:

"Both individual and group risk identification techniques are valuable. Combining interviews (individual) with facilitated workshops or focus groups (group) can help identify risks at all levels and build a comprehensive risk register for the overall project."

- PMBOK Guide, 6th Edition, Section 11.2.2.2 (Data Gathering: Interviews, Facilitation) ISO 31000 also recommends a mix of approaches to ensure risks are not overlooked due to limited perspectives.

References:

PMBOK Guide, 6th Edition, Section 11.2.2.2

ISO 31000:2018, Section 6.4

NEW QUESTION: 59

The risk manager of a major project needs to ensure the organizational process assets (OPAs) are updated as a result of risk management activities. How will the risk manager accomplish this?

- A. Ensuring that the project sponsor is kept well-informed

- B. Arranging periodic risk: management process audits
- C. Communicating the status of risks regularly to stakeholders
- D. Monitoring costs with intervention when necessary

Answer: ([SHOW ANSWER](#))

The risk manager can ensure the organizational process assets (OPAs) are updated as a result of risk management activities by arranging periodic risk management process audits. These audits help evaluate the effectiveness of risk management processes and identify areas of improvement, leading to updates in the OPAs.

According to the PMBOK Guide, one of the tools and techniques for the monitor risks process is audits.

Audits are examinations of the risk management processes to ensure that they are aligned with the project objectives and are following the organizational policies and procedures. Audits can also identify any gaps, inconsistencies, or areas of improvement in the risk management activities. By conducting periodic audits, the risk manager can ensure that the organizational process assets are updated and reflect the current state of the project risk management. Some of the organizational process assets that can be updated as a result of audits are risk management templates, risk categories, risk databases, and lessons learned¹. References: PMBOK Guide, 6th edition, pages 456-457, 481-4821; PMI-RMP Exam Content Outline, 2015, page 9

NEW QUESTION: 60

Three months into a program, multiple workstreams are showing issues. At this point, the program manager requires that a risk impact assessment be conducted.

What will help calculate the impact?

- A. Risk analysis
- B. Risk identification
- C. Risk treatment
- D. Risk evaluation

Answer: ([SHOW ANSWER](#))

Risk impact assessment involves calculating the impact of identified risks. Risk analysis is the process of examining, estimating, and evaluating the impact of risks, which helps in calculating the impact (Reference:

PMBOK Guide, 6th Edition, p. 417)

Risk analysis is the process of assessing the likelihood and impact of the identified risks on the program objectives. It helps to calculate the impact of the risks by using qualitative or quantitative methods. Risk analysis can provide useful information for risk prioritization, risk response planning, and risk reporting. References: PMI, The Standard for Risk Management in Portfolios, Programs, and Projects, 2019, p. 67; PMI, The Standard for Program Management, Fourth Edition, 2017, p. 113.

NEW QUESTION: 61

The customer expresses concern about the increasing likelihood of delays from one of the subcontractors on the project. This risk was previously identified and planned for during the project planning phase. The project sponsor reassured the customer that this is a known risk and will be handled accordingly by the risk manager.

What should the risk manager do?

- A. Call an emergency meeting.
- B. Reinforce the customer relationship.
- C. Implement the risk response plan.
- D. Escalate risk to the owner.

Answer: ([SHOW ANSWER](#))

The correct answer is C. Implement the risk response plan.

This scenario clearly states that the subcontractor delay risk was already identified and planned for during the project planning phase . That means the risk has already gone through the appropriate risk management steps:

identification, assessment, and response planning. Since the risk is now showing signs of increasing likelihood, the most appropriate action is to execute the preplanned response .

In standard project risk management practice, once a known risk begins to materialize or its probability increases to a trigger level, the risk manager should apply the agreed response actions rather than starting over with unnecessary escalation or emergency action. The sponsor's statement also supports this, because it confirms that the issue is a known risk and will be handled according to plan.

Why the other options are incorrect:

* A. Call an emergency meeting This is not the best first action because the risk is not new or unexpected.

It was already identified and planned for. Emergency meetings are more appropriate for sudden, unplanned, or crisis-level issues requiring immediate coordination outside normal response procedures.

* B. Reinforce the customer relationship Stakeholder communication is important, but it does not directly address the risk event itself. The main responsibility here is to take the planned risk action, not merely reassure the customer.

* D. Escalate risk to the owner Escalation is appropriate when a risk is beyond the authority, threshold, or control capacity of the project team or designated risk owner. In this case, the risk is already known and presumably assigned and planned, so escalation is not the primary next step unless the response plan specifically requires it.

Best-practice reasoning:

A previously identified risk with an approved treatment plan should be managed through the implemented response strategy once warning signs or trigger conditions appear. This reflects disciplined risk management and shows that risk planning is being used as intended.

Reference-aligned basis:

This answer is consistent with standard project risk management guidance that emphasizes:

* identified risks should have planned responses,

- * response plans should be executed when risk triggers occur or probability/impact increases,
- * escalation is used only when a risk exceeds assigned authority or thresholds.

References:

PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide) , Risk Management processes PMI, Practice Standard for Project Risk Management ISO 31000, risk treatment and risk monitoring principles

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NEW QUESTION: 62

A home solar panel project has many internal and external stakeholders including households, businesses, community groups, electric utility companies, local government officials, landlords, and investors. What should the project manager do when engaging stakeholders?

- A.** Include all stakeholders in the project's governance.
- B.** Communicate response strategies to all stakeholders.
- C.** Ignore any risks beyond stakeholders' tolerance.
- D.** Consider stakeholders' positions and opinions regarding the project's output.

Answer: (SHOW ANSWER)

The project manager should consider stakeholders' positions and opinions regarding the project's output when engaging stakeholders. This approach helps to address stakeholders' concerns, expectations, and potential objections, and it can lead to better decision-making and more successful project outcomes. It is important for the project manager to maintain open communication with stakeholders and to be responsive to their needs and perspectives.

According to the PMI Risk Management Professional (PMI-RMP) Examination Content Outline, one of the tasks under the domain of stakeholder engagement is to "engage stakeholders by communicating with them to understand their positions and opinions regarding the project's output, and to ensure that their interests are considered in the risk management process" (Task 1.3). This implies that the project manager should consider stakeholders' perspectives and expectations when engaging them, and not ignore, exclude, or impose on them.

Therefore, option D is the correct answer.

Option A is incorrect because not all stakeholders need to be involved in the project's governance, which is the set of policies, processes, and procedures that define how the project is managed and controlled. The project's governance should be determined by the project sponsor

and the project management office (PMO), and only include those stakeholders who have authority and responsibility for the project's success.

Option B is incorrect because communicating response strategies to all stakeholders is not a stakeholder engagement activity, but a risk communication activity. The project manager should communicate response strategies to the relevant stakeholders who are assigned to implement or monitor them, and not to all stakeholders indiscriminately.

Option C is incorrect because ignoring any risks beyond stakeholders' tolerance is not a stakeholder engagement activity, but a risk attitude activity. The project manager should identify and assess all risks that may affect the project's objectives, regardless of stakeholders' tolerance levels. The project manager should also consult with stakeholders to determine their risk appetite, threshold, and attitude, and use this information to prioritize and respond to risks accordingly.

References: PMI Risk Management Professional (PMI-RMP) Examination Content Outline, pages 5-61

NEW QUESTION: 63

The project manager asks the risk manager to determine the initial risk assessment for a six month initiative that is about to kick-off. Which two artifacts will help the risk manager conduct the related analysis? (Choose two.)

- A. Work breakdown structure (W&S)
- B. Project organizational chart
- C. Configuration management plan
- D. Brainstorming
- E. Monte Carlo analysis

Answer: ([SHOW ANSWER](#))

According to the PMBOK Guide, one of the tools and techniques for the identify risks process is data gathering. Data gathering is the process of collecting information from various sources to identify potential risks that may affect the project objectives. One of the data gathering techniques is document analysis, which involves reviewing and analyzing available project documents and other information sources to identify potential risks¹.

Two of the artifacts that will help the risk manager conduct the initial risk assessment for a six month initiative are the work breakdown structure (WBS) and the project organizational chart. These are two of the project documents that can be analyzed for potential risks in the project. The work breakdown structure (WBS) is a hierarchical decomposition of the total scope of work to be carried out by the project team to accomplish the project objectives and create the required deliverables. The WBS represents the work defined in the current approved project scope statement and provides the framework for detailed cost estimating, resource planning, and risk management. By reviewing the WBS, the risk manager can identify potential risks that are associated with each work package, deliverable, or scope element, such as technical complexity, quality requirements, dependencies, assumptions, constraints, and uncertainties¹.

The project organizational chart is a graphical representation of the project team members and their reporting relationships. The project organizational chart depicts the roles and responsibilities

of the project team, as well as the communication channels and authority levels among the team members and other stakeholders. By reviewing the project organizational chart, the risk manager can identify potential risks that are related to the project team structure, such as resource availability, skill gaps, team dynamics, stakeholder expectations, and conflict resolution¹.

Some of the other options are not relevant or appropriate for the question scenario:

The configuration management plan is a component of the project management plan that describes how the project team will manage the configuration of the project's deliverables and documentation. The configuration management plan defines the processes, tools, and methods for identifying, controlling, tracking, and auditing the changes to the project's baselines. The configuration management plan is not an artifact that will help the risk manager conduct the initial risk assessment, as it does not provide information on the potential risks that may affect the project objectives or scope¹.

Brainstorming is a technique for the identify risks process that involves generating a list of potential risks through a group discussion. Brainstorming is not an artifact, but rather a tool and technique for identifying risks. Brainstorming can help the risk manager conduct the initial risk assessment, but only after reviewing and analyzing the available project documents and information sources¹.

Monte Carlo analysis is a technique for the perform quantitative risk analysis process that involves simulating the combined effect of individual project risks and other sources of uncertainty on the project objectives, such as cost or schedule. Monte Carlo analysis is not an artifact, but rather a tool and technique for analyzing risks. Monte Carlo analysis can help the risk manager conduct the initial risk assessment, but only after identifying and prioritizing the individual project risks and their probability and impact¹.

PMBOK Guide, 6th edition, pages 397-399, 414-415, 431-432, 441-442, 156-157, 168-169, 89-901; PMI- RMP Exam Content Outline, 2015, page 7.

NEW QUESTION: 64

A risk manager wants to determine what risk has the biggest impact on project cost. The risk manager identified three risks, which could occur in different phases of the project.

What should the risk manager do first to understand the impact on project cost?

- A. Perform qualitative analysis.
- B. Conduct a subject matter expert (SME) meeting.
- C. Prioritize after quantitative analysis.
- D. Prioritize the stakeholders affected.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 65

At an oil and gas company, a major unified management information system is to be implemented. The project manager noted that risks gathered from the organization's business functions are not properly identified and categorized, making it difficult to develop an effective risk response.

How should the project manager handle this situation?

- A. Outsource conducting the risk response plan to risk consultants.
- B. Ask functional managers to improve their risk register and process.
- C. Adjust the risk response plans to effectively handle the identified risks.
- D. Coach the functional groups on how to properly conduct the process.

Answer: ([SHOW ANSWER](#))

The project manager should provide guidance and coaching to the functional groups on how to properly identify and categorize risks. This will help improve the quality of the risk register and ensure an effective risk response plan can be developed.

The project manager should coach the functional groups on how to properly conduct the process of identifying and categorizing risks, as this will help to improve the quality and consistency of the risk information and to facilitate the development of an effective risk response plan. The project manager should also provide guidance and support on how to use the appropriate tools and techniques, such as risk breakdown structure, risk taxonomy, risk checklists, risk interviews, and risk workshops, to elicit and document the risks from different perspectives and sources. By coaching the functional groups, the project manager can also enhance their risk awareness and ownership, and foster a collaborative risk culture within the project. References: The Standard for Risk Management in Portfolios, Programs, and Projects, page 71-72; PMBOK Guide, 6th edition, page 397-398.

NEW QUESTION: 66

A project manager is working on a complex construction project. During the risk identification process, hundreds of risks were identified. The team seems to be confused regarding on which risks to focus. The project manager advises the team to go ahead and start assessing the likelihood and impact of each risk.

What process is this part of?

- A. Plan Risk Management
- B. Perform Qualitative Risk Analysis
- C. Perform Quantitative Risk Analysis
- D. Monitor and Control Risk

Answer: ([SHOW ANSWER](#))

The process of assessing the likelihood and impact of each identified risk is part of the Perform Qualitative Risk Analysis process. This process helps prioritize risks based on their probability and impact, allowing the project team to focus on the most significant risks. By doing so, the project manager and team can allocate resources and effort to address the risks that pose the greatest threat or opportunity to the project.

The process of assessing the likelihood and impact of each risk is part of the Perform Qualitative Risk Analysis process, which is the process of prioritizing individual project risks for further analysis or action by assessing their probability of occurrence and impact as well as other characteristics. This process helps the project manager and the team to focus on the high-priority risks that have the most influence on achieving the project objectives. The other processes are

not relevant to the question scenario. Plan Risk Management is the process of defining how to conduct risk management activities for a project. Perform Quantitative Risk Analysis is the process of numerically analyzing the effect of identified risks on overall project objectives. Monitor and Control Risk is the process of implementing risk response plans, tracking identified risks, monitoring residual risks, identifying new risks, and evaluating risk process effectiveness throughout the project. References: PMI Risk Management Professional (PMI-RMP) Examination Content Outline and Specifications, page 71. A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, pages 397-3982.

NEW QUESTION: 67

A risk manager is assigned to a new system deployment project with a strict contractually agreed-on schedule.

One of the key risks identified is the availability of experts because many are shared on other strategic projects in the organization.

What should the risk manager do to address this situation?

- A.** Implement a disciplined tracking method and report to stakeholders accordingly.
- B.** Call for a project team meeting to review risk strategies and make required adjustments.
- C.** Escalate the staffing topic to the sponsor and request more budget for contingencies.
- D.** Revisit the project charter for scope adjustments and sign them off with the customer.

Answer: ([SHOW ANSWER](#))

According to the PMI Risk Management Professional (PMI-RMP) Examination Content Outline¹, one of the tasks in the domain of Risk Response is to call for a project team meeting to review risk strategies and make required adjustments, as needed, based on risk monitoring and reporting¹. In this scenario, the risk manager should do this to address the situation of the availability of experts, which is a key risk for the project. The project team meeting will help the risk manager and the project team to evaluate the effectiveness of the current risk response plan, identify any new risks or changes in existing risks, and develop alternative risk strategies and actions to deal with the staffing issue. The project team meeting will also facilitate the communication and collaboration among the project team members and other stakeholders, and ensure that the project objectives and expectations are aligned. The risk manager should not implement a disciplined tracking method and report to stakeholders accordingly, because that is not a proactive risk response strategy, but rather a passive risk monitoring and reporting technique². The risk manager should not escalate the staffing topic to the sponsor and request more budget for contingencies, because that is not a feasible or appropriate risk response strategy, as it does not address the root cause of the risk or provide a solution to the problem³. The risk manager should not revisit the project charter for scope adjustments and sign them off with the customer, because that is not a risk response strategy, but rather a scope management process that may have negative impacts on the project quality, cost, and schedule, and may violate the contractual agreement with the customer⁴. References: 1: PMI Risk Management Professional (PMI-RMP) Examination Content Outline, page 102: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 4563: A Guide to the

Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 4364: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 133.

NEW QUESTION: 68

A company is preparing a formal response to bid for an infrastructure engineering, procurement, and construction project. When should a risk register be developed to identify risks?

- A. During the project execution phase to allow the project manager to understand the risk attitudes of stakeholders.
- B. When a client project kick-off meeting is held to introduce risk assessment process to the client.
- C. Before a formal bid response is provided to the client to gain a greater understanding of the project's risk profile.
- D. After a project budget is set up with a purchase order to charge hours for a risk workshop.

Answer: ([SHOW ANSWER](#))

A risk register should be developed before submitting a formal bid response to help the company understand the project's risk profile and account for potential risks in their proposal. This allows the company to make informed decisions about cost, schedule, and resources. (Reference: Project Management Institute. A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, Section 11.2) A risk register is a document that is used as a risk management tool to identify potential setbacks within a project. A risk register is typically created at the start of a project (before it begins), and is regularly referenced and updated throughout the life of a project through deliberate risk monitoring and control¹. A risk register is an important component of any successful risk management process and helps mitigate potential project delays that could arise. A risk register is shared with project stakeholders to ensure information is stored in one accessible place². A risk register also helps to establish a hierarchy of risks, starting with the most impactful. The goal should be to have a path to mitigating those risks, reducing the harm they cause, or eliminating them. The register should also outline what's considered an acceptable level of risk and how to set up insurance to help offset the impacts³. Therefore, a risk register should be developed before a formal bid response is provided to the client to gain a greater understanding of the project's risk profile. This will help to estimate the project costs, schedule, and scope more accurately and realistically, as well as to identify the contingency plans and reserves needed to deal with the potential risks. Developing a risk register during the project execution phase, when a client project kick-off meeting is held, or after a project budget is set up with a purchase order are all too late to effectively identify and manage the risks that could affect the project success. References: 2, 3, 1, 4

NEW QUESTION: 69

During the early planning stages of an AI-based software development project, the project team begins outlining the risk management activities. The risk manager notices that key stakeholders, such as data scientists, product owners, and external data vendors, lack a shared understanding of risk management principles.

What should the risk manager do to educate stakeholders?

- A.** Conduct risk workshops tailored to all stakeholders.
- B.** Invite all stakeholders to daily coordination meetings.
- C.** Distribute risk-policy documents to all stakeholders.
- D.** Provide project management training to all stakeholders.

Answer: ([SHOW ANSWER](#))

The correct answer is A. Conduct risk workshops tailored to all stakeholders.

The issue in this question is not general project coordination, nor a lack of access to documentation. The problem is that important stakeholders do not share a common understanding of risk management principles .

In risk management practice, the most effective way to address this gap is through targeted stakeholder education and engagement , especially in the early planning stage when common understanding is essential for setting roles, expectations, risk criteria, reporting methods, and response participation.

A workshop is the strongest option because it allows the risk manager to:

- * explain core risk concepts in a practical project context,
- * align different stakeholder groups on terminology and expectations,
- * answer questions in real time,
- * tailor the message to different audiences,
- * encourage participation in identifying, analyzing, and responding to risks.

This is especially important in an AI-based software project, where stakeholders such as data scientists, product owners, and external data vendors may have very different technical backgrounds, business priorities, and risk perspectives. A tailored workshop creates shared understanding across those groups and strengthens future collaboration.

Why the other options are incorrect:

* B. Invite all stakeholders to daily coordination meetings Daily meetings are primarily for operational coordination, not structured risk education. They are also inefficient for broad stakeholder training and may not address the actual knowledge gap.

* C. Distribute risk-policy documents to all stakeholders Sending documents alone is a passive approach.

It does not ensure understanding, alignment, or stakeholder engagement. Documentation may support education, but it is not the best primary method here.

* D. Provide project management training to all stakeholders This is too broad and not focused on the actual issue. The question asks specifically how to educate stakeholders on risk management principles

, not on overall project management.

Best-practice reasoning:

Effective stakeholder engagement in risk management requires communication methods that are interactive, relevant, and adapted to stakeholder needs. Workshops are a recognized and practical tool for building awareness, clarifying risk roles, and supporting risk culture early in the project lifecycle.

Reference-aligned basis:

This answer is consistent with standard risk management guidance that emphasizes:

- * stakeholder engagement in establishing risk understanding,
- * the use of workshops and facilitated sessions for risk education and alignment,
- * early communication of risk management approach, roles, and responsibilities.

References:

PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide) , Project Risk Management and Stakeholder Engagement PMI, Practice Standard for Project Risk Management ISO 31000, communication and consultation principles

NEW QUESTION: 70

During a meeting to develop the risk management plan, the risk manager recognizes that risks may be identified that could also impact other projects that the company is pursuing. What should the risk manager do?

- A. Contact the risk managers of the other projects and inform them
- B. Include an escalation process in the risk management plan
- C. Take note of the extensive impact of these risks in the risk register
- D. Address the unique characteristics of these risks on a case-by-case basis

Answer: ([SHOW ANSWER](#))

The risk manager should include an escalation process in the risk management plan to address risks that may impact other projects. This ensures that any identified risks that could affect multiple projects are communicated and managed appropriately across the organization.

The risk manager should include an escalation process in the risk management plan to deal with risks that may affect other projects or the organization as a whole. An escalation process is a set of procedures that defines how and when risks should be communicated to higher levels of authority or responsibility for decision making or resolution. The escalation process should specify the criteria, roles, responsibilities, and communication channels for escalating risks. The risk manager should follow the escalation process when identifying risks that may have extensive impacts beyond the scope of the project. The other options are not appropriate actions for the risk manager to take. Contacting the risk managers of the other projects and informing them is not sufficient, as it does not ensure that the risks are properly addressed or resolved. Taking note of the extensive impact of these risks in the risk register is not enough, as it does not involve the necessary stakeholders or decision makers. Addressing the unique characteristics of these risks on a case-by- case basis is not consistent, as it does not follow a standard process or protocol.

References: 2, 3, 4

NEW QUESTION: 71

In reviewing the team's identified project risks, a project manager identified an opportunity to assign more resources to ensure the company receives the project's incentive payment for early completion.

In implementing this plan, which response should the risk manager use?

- A. Exploit
- B. Accept
- C. Share
- D. Enhance

Answer: (SHOW ANSWER)

The appropriate risk response for an opportunity where the project team plans to assign more resources to ensure the company receives an incentive payment for early completion is to "Exploit." Exploiting a risk means taking action to ensure that the opportunity is realized, particularly when it is an opportunity with a positive impact that the project team wants to guarantee. In this case, the opportunity to complete the project early and receive an incentive payment aligns with the definition of an "Exploit" response, as it is an active approach to maximize the benefits from the opportunity.

NEW QUESTION: 72

A project team successfully implemented a risk response plan for a major risk event. Residual risks were evaluated and actions were taken to keep them under control. There were no secondary risks after the implementation.

What should the risk manager do?

- A. Study the change logs to implement the approved change requests.
- B. Close out the expired risk and update the relevant project documents.
- C. Get permission from stakeholders before documenting lessons learned.
- D. Continue monitoring the critical response plan on the delivered product.

Answer: (SHOW ANSWER)

Once a risk has been successfully managed, residual risks addressed, and there are no secondary risks, the next step according to risk management best practices is to formally close the expired risk and update all relevant project documentation. The PMBOK Guide states: "Once the risk responses have been implemented, and the risk is no longer a threat or opportunity, the risk should be closed out in the risk register and the results should be documented as part of project records and lessons learned."

- PMBOK Guide, 6th Edition, Section 11.7.3.2

Closing the risk ensures transparency and supports organizational learning through updated project records.

References:

PMBOK Guide, 6th Edition, Section 11.7.3.2

Practice Standard for Project Risk Management, PMI, Section 6.7

NEW QUESTION: 73

A project manager realizes the team undertaking the project work has fallen behind the planned schedule. The risk manager identifies a new risk resulting from this delay and will need to understand how this will affect the project deadline.

Which kind of numerical analysis should be performed to understand the worst-case scenarios?

- A. Earned value analysis
- B. Qualitative risk analysis
- C. Sensitivity analysis
- D. Root cause analysis

Answer: ([SHOW ANSWER](#))

sensitivity analysis is a technique that helps to determine which risks have the most potential impact on the project. It examines the extent to which the uncertainty of each project element affects the objective being examined when all other uncertain elements are held at their baseline values. Sensitivity analysis is often used to assess the risk exposure of the project schedule and cost, and to identify the critical risks that need to be managed. In this case, the risk manager needs to understand how the new risk resulting from the delay will affect the project deadline, which is the objective being examined. By performing sensitivity analysis, the risk manager can compare the relative importance and interaction of the new risk with other existing risks, and determine the worst-case scenarios for the project completion date. Sensitivity analysis can also help to prioritize risks for response planning and to develop contingency reserves. This is part of the Perform Quantitative Risk Analysis process in the PMBOK Guide². References: 1: PMI Risk Management Professional (PMI-RMP) Examination Content Outline 2: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition

NEW QUESTION: 74

In a complex project, individual risks have been identified with the stakeholders. The project sponsor asks the risk manager about the likelihood of project success. Which risk analysis tool(s) should the risk manager use as a basis for their response?

- A. Probabilistic and quantitative risk analyses to get the overall risk score
- B. Quantitative risk analysis to get the overall risk score
- C. Probabilistic risk analysis to get the overall risk score
- D. Qualitative risk analysis to get the overall risk score

Answer: ([SHOW ANSWER](#))

To assess the likelihood of project success, the risk manager should use both probabilistic and quantitative risk analyses. Probabilistic analysis helps in understanding the range of possible outcomes and their probabilities, while quantitative risk analysis provides a numerical estimate of the overall risk impact on project objectives. Combining these methods gives a more comprehensive understanding of the project's risk profile and allows the risk manager to provide an informed response regarding the likelihood of project success. PMI's risk management standards support the use of these tools for a thorough and accurate risk assessment.

NEW QUESTION: 75

During project planning, a risk is identified for which the risk manager has defined a mitigation strategy.

Later during project execution, this risk still leaves substantial residual risk.

What should the risk manager do to handle this situation?

- A. Revisit this risk in the risk register and redefine the mitigation strategy.
- B. Activate the contingency plan to handle this risk during execution.
- C. Mark this new risk as an extremely high priority and inform all stakeholders.
- D. Ask the project sponsor for more budget to deal with this risk.

Answer: ([SHOW ANSWER](#))

If a risk still leaves substantial residual risk after implementing the mitigation strategy, the risk manager should revisit the risk register and redefine the mitigation strategy to reduce the residual risk to an acceptable level.

According to the PMBOK Guide, 6th edition, Chapter 11: Project Risk Management¹, an effect of adding the correlation to the Monte Carlo schedule risk analysis model is that it increases the standard deviation of the model. This is because:

Correlation is the statistical relationship between two or more variables. In a schedule risk analysis, correlation can be used to model the dependency between the durations of different activities. For example, if two activities are positively correlated, it means that if one activity takes longer than expected, the other activity is also likely to take longer than expected. Conversely, if two activities are negatively correlated, it means that if one activity takes longer than expected, the other activity is likely to take shorter than expected.

A Monte Carlo schedule risk analysis is a simulation technique that uses random values for uncertain variables, such as activity durations, to generate possible outcomes for the project schedule. The simulation is repeated many times to produce a probability distribution of the project completion date and duration. The standard deviation is a measure of the variability or dispersion of the distribution. A higher standard deviation means that the distribution is more spread out and less predictable.

Adding correlation to the Monte Carlo schedule risk analysis model increases the standard deviation of the model because it introduces more variability and uncertainty to the simulation. Correlated activities can have a cumulative effect on the project schedule, either positively or negatively, depending on the direction and strength of the correlation. This can result in more extreme outcomes for the project completion date and duration, which increase the spread of the distribution and the standard deviation.

PMBOK Guide, 6th edition, Chapter 11: Project Risk Management¹
Risk Management Professional (PMI-RMP) Exam Cert Guide²

NEW QUESTION: 76

A new risk manager has been hired on a project and meets with the project director. The project director supplies the project's risk register and asks the risk manager for an analysis of its effectiveness.

What two actions should the risk manager do next? (Choose two.)

- A. Check to ensure that the risk is supported by a Monte Carlo simulation.
- B. Check to ensure that the risks are gathered using Delphi technique.
- C. Check for risk classification and that probability and impact are identified.
- D. Check to ensure that risk origin, triggering event, and ownership is identified.

E. Check to ensure the risk meeting agenda and supporting documents are distributed.

Answer: ([SHOW ANSWER](#))

The risk manager should first check the risk register for proper risk classification, probability, and impact (C), as these are essential components of an effective risk management process. Next, the risk manager should ensure that the risk origin, triggering events, and ownership are identified (D), as this information helps in assigning responsibilities and taking appropriate actions for each risk. References to these steps can be found in the Project Management Institute's (PMI) A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition.

The risk manager should check for risk classification and that probability and impact are identified, as these are essential elements of a risk register. Risk classification helps to group risks into categories based on their sources, types, or impacts, which can facilitate risk analysis and response planning. Probability and impact are the two dimensions of risk assessment, which help to measure the likelihood and severity of a risk event, and to prioritize risks based on their significance. The risk manager should also check to ensure that risk origin, triggering event, and ownership is identified, as these are also important components of a risk register. Risk origin refers to the root cause or source of a risk, which can help to understand the nature and characteristics of a risk, and to devise effective risk responses. Triggering event is a specific occurrence or condition that indicates that a risk event has occurred or is about to occur, which can help to monitor and control risks.

Ownership is the assignment of a risk to a person or a group who is responsible for managing the risk, which can help to ensure accountability and communication. The risk manager should not check to ensure that the risk is supported by a Monte Carlo simulation, as this is not a mandatory or universal requirement for a risk register. Monte Carlo simulation is a quantitative risk analysis technique that uses computer-generated random scenarios to model the possible outcomes of a project, based on the probability distributions of the input variables. While this technique can provide useful information about the overall project risk exposure and the probability of achieving project objectives, it is not a necessary or sufficient condition for an effective risk register. The risk manager should not check to ensure that the risks are gathered using Delphi technique, as this is also not a compulsory or exclusive requirement for a risk register. Delphi technique is a qualitative risk identification technique that uses a panel of experts to anonymously provide their opinions on potential risks, which are then aggregated and refined through a series of rounds until a consensus is reached. While this technique can help to elicit expert judgment and reduce bias, it is not the only or the best way to identify risks. The risk manager should not check to ensure the risk meeting agenda and supporting documents are distributed, as this is not a relevant or appropriate action for analyzing the effectiveness of a risk register. The risk meeting agenda and supporting documents are part of the risk management plan, which describes how the project team will conduct risk management activities, such as identifying, analyzing, responding, and monitoring risks. The risk meeting agenda and supporting documents are useful for planning and conducting risk meetings, but they are not part of the risk register, which is the output of the risk identification process and the input for the risk analysis and response processes. References:

PMI. (2017). A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition. Chapter 11: Project Risk Management, pp. 395-454. 5

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NEW QUESTION: 77

The project team is updating the risk register with the minimum acceptable level of exposure and impact for each risk. The team also wants to determine if they have reached the maximum level of exposure before they escalate the risk.

What should the team perform in this scenario?

- A.** Quantitative risk analysis
- B.** Risk response planning
- C.** Monitor and control risks
- D.** Risk urgency assessment

Answer: (SHOW ANSWER)

Quantitative risk analysis helps determine the minimum acceptable level of exposure and impact for each risk.

It also helps to understand if the maximum level of exposure has been reached before escalating the risk.

(Reference: PMBOK Guide, 6th Edition, p. 423)

The team should perform quantitative risk analysis, which is the process of numerically analyzing the effect of identified risks on overall project objectives. Quantitative risk analysis can help the team to establish the minimum acceptable level of exposure and impact for each risk, as well as the maximum level of exposure before escalation. Quantitative risk analysis can also provide probabilistic estimates of project outcomes, such as cost and schedule, and support risk prioritization and decision making. References: PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition, 2017, p. 399; PMI, The Standard for Risk Management in Portfolios, Programs, and Projects, 2019, p. 69.

NEW QUESTION: 78

A stakeholder is asking a project team to hire an external vendor with more expertise and capacity to accelerate a delivery plan. The team has some concerns about this request. What should the risk manager do first?

- A.** Conduct a strengths weakness, opportunities, and threats (SWOT) analysis.

- B. Create a contingency plan
- C. Start a vendor assessment
- D. Submit a change request

Answer: ([SHOW ANSWER](#))

Before deciding to hire an external vendor to accelerate the delivery plan, it's essential to assess the potential internal and external factors that could influence this decision. Conducting a SWOT analysis allows the project team to systematically evaluate:

Strengths: Internal capabilities that could support the decision.

Weaknesses: Internal limitations or challenges.

Opportunities: External factors the project could capitalize on.

Threats: External factors that could pose risks.

This comprehensive assessment provides a balanced perspective, enabling informed decision-making regarding the engagement of an external vendor.

PMI Risk Management Study Guide References:

The PMI-RMP Exam Content Outline lists SWOT analysis as a technique for assessing project risk complexity and identifying potential threats and opportunities, facilitating informed decision-making in project risk management.

NEW QUESTION: 79

A new project is about to start, and the risk manager wants to review some documents that could be relevant for risk identification. Which document will help the risk manager in this process?

- A. Detailed work breakdown structure (WBS)
- B. Lessons learned from previous projects
- C. Baselines approved by the project team
- D. Actual data from the current project

Answer: ([SHOW ANSWER](#))

Lessons learned from previous projects are critical for effective risk identification because they provide insights into what risks materialized, how they were managed, and what could have been improved.

According to the PMBOK Guide:

"Lessons learned from previous projects are organizational process assets that should be reviewed during risk identification to avoid repeating past mistakes and to leverage successful risk responses."

- PMBOK Guide, 6th Edition, Section 11.2.2.1 (Organizational Process Assets) These assets enable proactive identification and management of similar risks in the new project.

References:

PMBOK Guide, 6th Edition, Section 11.2.2.1

NEW QUESTION: 80

A project manager of an IT company is assigned to a project whose schedule may be delayed due to a lack of resources to conclude the backlog activities. The project manager decides to hire additional developers to reduce the project's technical debt and meet the project deadline.

What should the risk manager advise the project manager to do to address this situation?

- A. Immediately hire as soon as the project begins to fall behind schedule.
- B. Hire as soon as the project metrics trigger a risk response.
- C. Only hire when it is economically feasible to do so.
- D. Only hire if risk response is escalated and approved by the stakeholders.

Answer: (SHOW ANSWER)

The risk manager should advise the project manager to hire additional developers as soon as project metrics indicate that the risk of delay is materializing. This approach ensures that the response is timely and directly tied to the project's actual performance, allowing for better resource management and minimizing unnecessary costs. This aligns with PMI's risk management principles, which advocate for the timely execution of risk responses based on objective data and metrics.

NEW QUESTION: 81

There is a debate within the organization on whether projects need to be agile or waterfall. Some agile terms and principles are understood differently by the key stakeholders, and this delays the decision-making process.

- A. Organize training sessions to create awareness around the agile values for stakeholders.
- B. Facilitate a face-to-face discussion and have stakeholders agree to shift to agile for future projects.
- C. Recommend an external facilitator as no one in the organization is able to eliminate this roadblock.
- D. Allow stakeholders to discuss without the scrum master's intervention.

Answer: (SHOW ANSWER)

Comprehensive and Detailed In-Depth Explanation:

When there is confusion among stakeholders regarding agile concepts, the best course of action is to provide training to ensure all stakeholders have a common understanding of agile principles and terminology.

Option A: Organize training sessions to create awareness around the agile values for stakeholders (Correct Answer).

Training sessions help bridge knowledge gaps by ensuring that stakeholders understand agile principles, frameworks (Scrum, Kanban, XP), and terminology.

The PMI-RMP Guide highlights that effective stakeholder engagement requires education and alignment on risk management strategies, which applies here as well (PMI Risk Management in Portfolios, Programs, and Projects - A Practice Guide, 2022, p. 78).

Educating stakeholders reduces resistance to change and promotes informed decision-making.

PMI's Agile Practice Guide emphasizes that "a shared understanding of agile principles across all levels of an organization increases agility and reduces friction during decision-making" (PMI & Agile Alliance, 2017, p. 44).

Option B: Facilitate a face-to-face discussion and have stakeholders agree to shift to agile for future projects (Incorrect).

Forcing a decision before stakeholders fully understand agile methodologies could lead to resistance and ineffective implementation.

The decision should be based on business needs rather than prematurely committing to agile.

Option C: Recommend an external facilitator as no one in the organization is able to eliminate this roadblock (Incorrect).

While an external facilitator can help in some situations, the Scrum Master is already responsible for coaching the organization on Scrum and Agile methodologies (Scrum Guide, 2020).

The Scrum Master should take the lead in educating stakeholders before escalating the issue externally.

Option D: Allow stakeholders to discuss without the Scrum Master's intervention (Incorrect).

Without proper guidance, discussions could lead to further misinterpretations and delays.

The Scrum Master is responsible for educating and guiding stakeholders in understanding agile (Scrum Guide, 2020).

Final Verdict:

The correct answer is A (Organize training sessions to create awareness around agile values for stakeholders) because training ensures a common understanding, reduces resistance, and promotes effective decision-making.

References:

PMI. Agile Practice Guide (2017). PMI & Agile Alliance.

PMI. Risk Management in Portfolios, Programs, and Projects - A Practice Guide (2022).

Scrum.org. The Scrum Guide (2020).

NEW QUESTION: 82

A project manager works on a long-term and high visibility project at an organization that has a low risk appetite towards this project due to its impact on the company's business. The project sponsors follow up weekly with the project manager, who was just informed by one of the risk owners that the exposure from two high-impact risks are hitting the risk thresholds.

What should the project manager do next?

- A.** Update the project management plan to add contingency.
- B.** Perform an assumptions and constraints analysis.
- C.** Complete an assessment and confirm the response with the sponsors.
- D.** Implement mitigation measures for those risks.

Answer: (SHOW ANSWER)

According to the PMBOK Guide, 6th edition, Section 11.4.3.1, Risk Thresholds, risk thresholds are the level of risk exposure above which risks are addressed and below which risks may be

accepted. Risk thresholds are determined by the organization's risk appetite, which is the degree of uncertainty that an organization is willing to accept in pursuit of its goals. Therefore, when the project manager is informed by the risk owner that the exposure from two high-impact risks are hitting the risk thresholds, the project manager should complete an assessment and confirm the response with the sponsors, who are the key stakeholders for the project and have a low risk appetite. The project manager should not update the project management plan, perform an assumptions and constraints analysis, or implement mitigation measures without first consulting with the sponsors and obtaining their approval. References: PMBOK Guide, 6th edition, Section 11.4.3.1, Risk Thresholds

NEW QUESTION: 83

A project manager wants to work on understanding the project risks. The project manager works with the integrated project team to develop the risk handling strategies for the identified risks. How should the project manager work with these risk handling strategies?

- A.** Review and revise the strategies periodically.
- B.** Implement the strategies after completing the risk analysis.
- C.** Implement the strategies immediately.
- D.** Ensure the strategies are approved by the stakeholders.

Answer: (SHOW ANSWER)

Risk handling strategies should be reviewed and revised periodically to ensure they remain effective and relevant as the project progresses. This allows the project manager to adapt to changing circumstances and minimize the impact of risks on the project.

According to the PMBOK Guide, risk handling strategies are the specific actions that are taken to implement the risk response plan. The risk response plan is the output of the Plan Risk Responses process, which describes how the project team intends to address the identified risks. The risk handling strategies should be aligned with the risk response strategies, which are the general approaches to deal with the risks, such as avoid, transfer, mitigate, accept, exploit, share, enhance, or accept.

The project manager should work with the risk handling strategies by reviewing and revising them periodically. This is because the project risks are not static, but dynamic and uncertain. They may change over time due to various factors, such as changes in the project scope, schedule, cost, quality, resources, stakeholder expectations, assumptions, constraints, etc. Therefore, the project manager should monitor and control the risk handling strategies to ensure that they are still effective and appropriate for the current risk situation. The project manager should also update the risk register and the risk report with the results of the risk handling strategies, such as the residual risks, secondary risks, and risk triggers.

The other options are not valid for how the project manager should work with the risk handling strategies:

Implement the strategies after completing the risk analysis: This is not a valid option because the risk analysis is not the final step in the risk management process. The risk analysis is part of the Perform Qualitative Risk Analysis and Perform Quantitative Risk Analysis processes, which come

after the Identify Risks process and before the Plan Risk Responses process. The risk analysis helps the project manager to prioritize and evaluate the risks, but it does not provide the specific actions to address them. The risk handling strategies are developed in the Plan Risk Responses process, which comes after the risk analysis.

Implement the strategies immediately: This is not a valid option because the risk handling strategies should not be implemented without proper planning and approval. The risk handling strategies should be documented in the risk response plan, which should be communicated and approved by the project sponsor, customer, and other relevant stakeholders. The risk handling strategies should also be integrated with the other project management plans, such as the scope, schedule, cost, quality, resource, communication, procurement, and stakeholder management plans. The risk handling strategies should be implemented only when the risk triggers or conditions occur, or when the project manager decides to do so based on the risk analysis and evaluation.

Ensure the strategies are approved by the stakeholders: This is not a valid option because the approval of the risk handling strategies is not the only thing that the project manager should do with them. The approval of the risk handling strategies is part of the Plan Risk Responses process, which comes before the Implement Risk Responses and Monitor Risks processes. The project manager should also implement, monitor, and control the risk handling strategies to ensure that they are effective and appropriate for the current risk situation.

PMBOK Guide¹, Risk Management Professional (PMI-RMP) Cert Guide¹

NEW QUESTION: 84

The risk manager for a large-scale software development project with a tight deadline and multiple stakeholders highlights concerns about potential delays, communication gaps, and vendor reliability. During the early stages of the project, the project sponsor requests that the risk manager identify and address any potential risks that could disrupt project delivery.

What should the risk manager do?

- A.** Create a list of potential issues.
- B.** Consult the project management plan.
- C.** Conduct risk management exercises.
- D.** Perform qualitative risk analysis.

Answer: ([SHOW ANSWER](#))

Risk management exercises-such as workshops, brainstorming, or facilitated sessions-are the correct approach to proactively identify and address risks, especially early in the project. The PMBOK Guide states:

"Risk identification should be performed using systematic exercises and techniques such as facilitated workshops, interviews, and checklists to ensure all potential risks are considered."

- PMBOK Guide, 6th Edition, Section 11.2

References:

PMBOK Guide, 6th Edition, Section 11.2

NEW QUESTION: 85

A project has consistently been lagging in cost performance index (CPI) and schedule performance index (SPI) over the past few months. The risk manager realizes that some activities are taking longer than expected and more resources are needed.

Which project artifact should the risk manager analyze to mitigate the risk of further project overrun?

- A. Schedule and resource assumptions
- B. Contingency reserves
- C. Work breakdown structure (WBS)
- D. Risk impact matrix

Answer: ([SHOW ANSWER](#))

When a project experiences consistent deviations in cost performance index (CPI) and schedule performance index (SPI), it indicates underlying issues with the project's assumptions regarding schedule and resources.

Analyzing these assumptions helps identify discrepancies between planned and actual performance, such as underestimated task durations or insufficient resource allocation. By revisiting and adjusting these assumptions, the risk manager can develop strategies to mitigate further overruns and align the project with its objectives.

PMI Risk Management Study Guide References:

The PMI-RMP Exam Content Outline emphasizes the importance of examining assumption and constraint analyses to identify risks arising from inaccurate or incomplete project assumptions, which can lead to performance issues.

NEW QUESTION: 86

A project team is concerned about a risk which, if occurs, might add additional complexity to their work. The team will need help from an external vendor, but the contracting process is long.

What should the risk manager do in this case?

- A. Document the risk in the risk register for analysis.
- B. Document the detailed risk consequences,
- C. Immediately start the contracting process.
- D. Proceed with the quantitative risk analysis.

Answer: ([SHOW ANSWER](#))

If a risk requires external help and the contracting process is long, it is prudent to start the process immediately to avoid delays. This proactive approach ensures that the necessary resources will be available when needed. According to PMI guidelines, early action to address risk is essential, especially when external dependencies are involved. Documenting the risk in the risk register or analyzing it further can be done concurrently, but starting the contracting process mitigates the risk of delay.

NEW QUESTION: 87

A large, land-based infrastructure project has begun. The project makes assumptions about the site conditions and has economic, technical, and environmental constraints. What should the project manager do next to determine risk impact of assumptions and constraints?

- A. Add all assumptions and constraints to the risk register.
- B. Add the risk impact of the assumptions in the risk register.
- C. Add the assumptions and constraints to the assumption log.
- D. Add the assumptions and constraints in the project charter.

Answer: ([SHOW ANSWER](#))

The project manager should add the assumptions and constraints to the assumption log to track and analyze their impact on the project. The assumption log is a project document that records all project assumptions and constraints throughout the project life cycle. (Reference: PMBOK Guide, 6th Edition, p. 89) The project manager should add the assumptions and constraints to the assumption log, which is a project document that records the assumptions and constraints that affect the project scope, schedule, cost, and quality. The assumption log can help the project manager to identify and analyze the risks that may arise from the validity of the assumptions and the impact of the constraints. The assumption log can also be used as an input for the Identify Risks process, where the project manager can determine the risk impact of the assumptions and constraints and add them to the risk register accordingly. References: PMI, A Guide to the Project Management Body of Knowledge (PMBOKGuide), Sixth Edition, 2017, p. 38, 397.

NEW QUESTION: 88

A critical piece of equipment broke during a project execution phase. The risk manager notices this risk in the risk register, and the response is to rent equipment until the critical piece is repaired.

What type of risk response is this?

- A. Transfer
- B. Accept
- C. Mitigate
- D. Avoid

Answer: ([SHOW ANSWER](#))

Renting equipment until the critical piece is repaired is a "Mitigate" response. Mitigation involves taking actions to reduce the impact or likelihood of a risk event. In this case, renting equipment is a way to reduce the impact of the equipment breakdown on the project's timeline and execution, thereby ensuring that the project can continue with minimal disruption.

PMI's guidelines describe mitigation as a strategy to reduce the severity or probability of a risk, making it a suitable response in this scenario.

NEW QUESTION: 89

A project team has just initiated a large project to move an organization's headquarters to another location.

The risk manager has scheduled a risk identification session but notices that the project charter, work breakdown structure (WBS), and scope statement are not available.

What should the risk manager consider?

- A.** Aligning with the project manager to hold an open brainstorm session with all stakeholders will suffice.
- B.** The ideal solution is to find alternate documents that provide good visibility on the environment.
- C.** The risk identification process can be carried out as long as the project statement is available.
- D.** Risk evaluation will be challenging without these elements as a frame of reference.

Answer: ([SHOW ANSWER](#))

According to the PMI-RMP Exam Content Outline¹, one of the tasks in the domain of risk identification is to

"review project documents, assumptions, and constraints, and understand the project environment and organizational factors to identify risks". The project charter, work breakdown structure (WBS), and scope statement are essential project documents that provide information about the project objectives, deliverables, requirements, assumptions, and constraints. Without these elements, the risk manager will have difficulty identifying and evaluating the risks that may affect the project. Therefore, the best answer is D. References: 1:

PMI-RMP Exam Content Outline, page 7.

NEW QUESTION: 90

The project manager has completed four projects all with similar scope. The project manager has recently been assigned to start on a new project and believes some risks may occur again on this project.

What should the project manager do?

- A.** Implement the risk response strategies into the risk plan.
- B.** Inform the sponsor that these risks should be added according to experience.
- C.** Add the risks to the risk register and determine a contingency.
- D.** Discuss and evaluate the identified risks with the project team.

Answer: D ([LEAVE A REPLY](#))

The project manager should discuss the identified risks with the project team to ensure that everyone is aware of the potential risks and can provide input on the likelihood and impact of each risk. This collaborative approach will help in developing a comprehensive risk management plan.

The project manager should discuss and evaluate the identified risks with the project team, as this is part of the risk identification process. The project manager can use their experience from previous projects to identify potential risks that may occur again on the new project, but they should also involve the project team to obtain their input and perspectives. The project team can help the project manager to validate, refine, and prioritize the identified risks, as well as to suggest possible risk responses. The project manager should document the identified risks and their characteristics in the risk register, which is a tool for risk management. The other options are

not appropriate actions for the project manager to take. Implementing the risk response strategies into the risk plan is premature, as the project manager should first analyze and evaluate the risks before deciding on the best response strategies. Informing the sponsor that these risks should be added according to experience is not sufficient, as the project manager should also consult the project team and other stakeholders to ensure that all relevant risks are identified and assessed. Adding the risks to the risk register and determining a contingency is part of the risk analysis and response planning processes, which come after the risk identification process. The project manager should first discuss and evaluate the identified risks with the project team before moving to the next steps of risk management. References: 2, 3, [5]

NEW QUESTION: 91

A project's design has been completed and approved on time. The construction subcontractor should be mobilizing to start construction but does not have the necessary materials in place, causing a delaying in the project. The risk register only contains risks for the design phase of the project.

What should the project manager have done differently?

- A.** Executed the Monte Carlo sensitivity analysis prior to mobilization
- B.** Added generic construction risks to the risk register before construction began
- C.** Reviewed the assumptions/exclusions register in the project charter
- D.** Performed risk identification exercises for the full lifecycle of the project

Answer: ([SHOW ANSWER](#))

The project manager should have performed risk identification exercises for the full lifecycle of the project, including the construction phase, to ensure that all potential risks were identified and addressed in the risk register.

Risk identification is the process of determining the risks that may affect the project and documenting their characteristics. Risk identification should be performed throughout the project lifecycle, as new risks may emerge or change over time. Risk identification should also consider all aspects of the project, such as scope, schedule, cost, quality, resources, stakeholders, and procurement. By performing risk identification exercises for the full lifecycle of the project, the project manager could have identified and planned for the potential risks associated with the construction phase, such as delays, material shortages, quality issues, or safety hazards. This would have helped to prevent or mitigate the impact of the risk event that occurred, and to ensure that the risk register is updated and comprehensive. Performing a Monte Carlo sensitivity analysis, adding generic construction risks, or reviewing the assumptions/exclusions register are not sufficient or effective ways of identifying the specific risks that may affect the project during the construction phase. These are either tools for risk analysis, risk response planning, or project initiation, but not risk identification. References: PMI-RMP Certification Handbook¹, page 9; PMBOK Guide, pages 397-398.

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NEW QUESTION: 92

A project manager is educating the project team on risk management regarding the role of threats and opportunities. The team decides to log the opportunities in the current project's risk register to try to maximize their chances of occurrence.

What should the project team do next?

- A. Conduct a strengths, weaknesses, opportunities, and threats (SWOT) analysis.
- B. Log the threats in the risk register to try to minimize the probability of occurrence.
- C. Log the threats in the risk register to try to maximize the probability of occurrence.
- D. Update the project management plan to ensure the results of the opportunities are captured.

Answer: (SHOW ANSWER)

According to the PMI Risk Management Professional (PMI-RMP) Reference Materials, the project management plan is the document that describes how the project will be executed, monitored, and controlled. It integrates and consolidates all the subsidiary plans and baselines from the project management processes¹. The project management plan should be updated whenever there are changes in the project scope, schedule, cost, quality, resources, communications, risks, procurements, or stakeholder engagement². In this case, the project team has decided to log the opportunities in the current project's risk register, which is a component of the project management plan. Opportunities are positive risks that may have a beneficial effect on the project objectives, such as cost savings, schedule acceleration, or quality improvement³. Therefore, the project team should update the project management plan to ensure the results of the opportunities are captured and reflected in the relevant subsidiary plans and baselines. For example, if an opportunity leads to a cost saving, the project team should update the cost management plan and the cost baseline accordingly.

References: 1: PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition, 2017, p. 89 2: PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition, 2017, p. 123 3: PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition, 2017, p. 397

NEW QUESTION: 93

A project team identifies that there is a probability of missing a key milestone in a project. The team wants to move forward with the risk response planning.

What should the risk manager complete first?

- A. The risk categorization

- B. The risk simulation
- C. The full risk description
- D. The risk response plan

Answer: C (LEAVE A REPLY)

The full risk description is the first thing that the risk manager should complete before moving forward with the risk response planning. The full risk description is a detailed statement that describes the risk, its causes, its effects, and its context. It provides the basis for the risk analysis and the risk response planning. The risk categorization, the risk simulation, and the risk response plan are possible steps that the risk manager may take after completing the full risk description, but they are not the first thing to do. References: PMI Risk Management Professional (PMI-RMP) Exam Content Outline¹, PMI Practice Standard for Project Risk Management², Risk Management Professional (PMI-RMP) Cert Guide³

NEW QUESTION: 94

In the early stages of a manufacturing project, a risk manager has identified a risk with a component provided by an external supplier that might be delayed. The delay may or may not be significant to the project.

What should the risk manager do?

- A. Agree with the external supplier on the timeline.
- B. Register the risk with a medium impact.
- C. Align with stakeholders on the risk threshold.
- D. Engage another supplier with shorter delivery times.

Answer: (SHOW ANSWER)

Setting risk thresholds in collaboration with stakeholders ensures clarity on what is considered tolerable risk.

PMBOK Guide and ISO 31000 state:

" Risk thresholds reflect the degree of risk that stakeholders are willing to accept. These should be defined collaboratively at the start of the project. "

- PMBOK Guide, 6th Edition, Section 11.1

" The organization should define its risk criteria and thresholds, in consultation with stakeholders. "

- ISO 31000:2018, Section 6.3

References:

PMBOK Guide, 6th Edition, Section 11.1

ISO 31000:2018, Section 6.3

NEW QUESTION: 95

Some engineers are completing an activity that will alert the project team if there is a risk of requiring additional effort to complete the project. What should the risk manager do in case the trigger arises?

- A. Activate the contingency plan.

- B. Request a reserves increase.
- C. Add the alert to the risk register.
- D. Update the risk response plan.

Answer: ([SHOW ANSWER](#))

A contingency plan is pre-planned for specific risk triggers. When the trigger is observed, the contingency plan should be activated as specified. PMBOK Guide states:

" If a risk trigger occurs, the corresponding contingency plan or fallback plan should be implemented as documented in the risk response plan. "

- PMBOK Guide, 6th Edition, Section 11.6

References:

PMBOK Guide, 6th Edition, Section 11.6

NEW QUESTION: 96

A risk manager is integrated into a team overseeing a crucial software development project. During the information gathering phase, the risk manager notices significant weaknesses in the maturity of the risk management process. The team needs to establish a more structured approach to managing risks, including the documentation of strategies, ownership structures, and details about the organization ' s project risk baseline.

What should the risk manager do?

- A. Prioritize the risk management plan.
- B. Arrange the risk mitigation plan.
- C. Create a risk action plan with risk owners.
- D. Prioritize the risk register.

Answer: ([SHOW ANSWER](#))

A risk management plan is the foundational document for risk management. It defines processes, ownership, strategies, and baselines, and must be developed first before other detailed risk actions. PMBOK Guide specifies:

" The risk management plan is the key document that outlines the approach, processes, roles, responsibilities, and documentation requirements for risk management. "

- PMBOK Guide, 6th Edition, Section 11.1

References:

PMBOK Guide, 6th Edition, Section 11.1

NEW QUESTION: 97

An organization is embarking on a multi-million-dollar project with numerous identified risks. What should the project risk team do to navigate the risks on this project?

- A. Go for a low-risk threshold of $\pm 5\%$ around a cost objective.
- B. Confirm stakeholders risk thresholds based on risk appetites.
- C. Conduct risk identification to populate the risk register.
- D. Go for a high-risk threshold of $\pm 10\%$ around a cost objective.

Answer: ([SHOW ANSWER](#))

For a multi-million-dollar project with numerous risks, understanding the stakeholders' risk thresholds based on their risk appetites is crucial. This helps in defining the boundaries within which the project can operate and determine acceptable levels of risk. By confirming these thresholds, the risk management team can ensure that the project remains aligned with stakeholders' expectations and that appropriate risk responses are developed. This is a key step in the risk management process as per PMI guidelines, which emphasize the importance of aligning risk management efforts with stakeholders' risk tolerance and appetite.

NEW QUESTION: 98

The project risk manager for an environmental preservation project has started the process of monitoring and controlling risks. The project manager has asked the project team to document the results of this process.

How should this documentation be utilized in the future?

- A.** To return the remaining amount of the contingency reserve
- B.** To ensure information is recorded for lessons learned
- C.** To comply with the rules and regulations
- D.** To hold those who created the risk accountable

Answer: ([SHOW ANSWER](#))

Documenting the results of the risk monitoring and controlling process is important for creating lessons learned. This helps future projects by providing a reference for risk management practices and experiences.

The documentation of the results of monitoring and controlling risks is a valuable source of information for lessons learned. Lessons learned are the documented information that reflects both the positive and negative experiences of a project. They represent the organization's commitment to project management excellence and the project manager's opportunity to learn from the actual experiences of others. By documenting the results of monitoring and controlling risks, the project team can capture the effectiveness of the risk responses, the changes in the risk exposure, the root causes of the risks, the best practices and the lessons learned for future projects. This documentation can help to improve the risk management process, enhance the project performance, and increase the organizational knowledge base. References: PMI Risk Management Professional (PMI-RMP) Examination Content Outline and Specifications¹, page 10; A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 406; Lessons learned - PMI.

NEW QUESTION: 99

The project risk manager is in the process of identifying risks. The project sponsor has communicated that there is an influential stakeholder who has a senior management position. The other stakeholders do not feel comfortable speaking in front of this stakeholder.

What should the project risk manager do next to identify risks?

- A.** Review the risk breakdown structure to ensure project scope is covered.
- B.** Use the brainstorming technique to remove personal bias.

- C. Use expert judgment to remove ego or emotional conflict.
- D. Consider the Delphi technique to gather all stakeholder opinions.

Answer: (SHOW ANSWER)

The Delphi technique allows the project risk manager to gather opinions from all stakeholders anonymously.

This method would enable stakeholders to express their concerns without feeling uncomfortable in front of the influential stakeholder.

The Delphi technique is a tool used to make quick decisions with consensus. This technique consists of sending several sets of anonymous questions to each expert. This is followed by a group discussion after every round. The Delphi technique can help the project risk manager to identify risks by soliciting the opinions of all stakeholders without revealing their identities. This way, the stakeholders can express their views freely and honestly, without being influenced or intimidated by the influential stakeholder. The Delphi technique can also reduce personal bias, ego, or emotional conflict among the participants. The project risk manager can use the results of the Delphi technique to create a list of potential risks and their causes, effects, and probabilities.

References: 3, 2, 5

NEW QUESTION: 100

A project manager is working on a high priority and high profile project. The project team had identified three opportunities, and after analysis, risk responses were recorded. Although risk responses were adequate for the identified opportunities, two of those opportunities were not acted upon. During the risk audit, the project manager found out that several of the planned risk responses were not implemented. What should the project manager have done to avoid this?

- A. Provided regular training to the risk owners for plan implementation
- B. Determined risk triggers and thresholds in the risk response plan
- C. Increased communications to influence stakeholder risk responses
- D. Updated the project schedule, adding risk owner implementation tasks.

Answer: (SHOW ANSWER)

The project manager should have updated the project schedule by adding risk owner implementation tasks.

This would have ensured that the planned risk responses were implemented in a timely manner and tracked as part of the project schedule. This would also have allowed the project manager to monitor the progress of risk response implementation and take corrective action if necessary.

According to the PMI-RMP Exam Content Outline and Specifications¹, one of the tasks under Domain 4:

Risk Monitoring and Reporting is to "update project schedule, budget, and risk register with risk response outcomes". This implies that the project manager should have added the risk owner implementation tasks to the project schedule, so that they can be tracked and monitored. By doing so, the project manager could have ensured that the planned risk responses were executed as intended, and that the opportunities were not missed. References: PMI-RMP Exam Content Outline and Specifications, page 10.

NEW QUESTION: 101

An organization faces immense competition in the market and decides to accelerate a key project. What is the first action for the project risk manager to take?

- A. Ensure sufficient resources are available
- B. Revise the risk management plan
- C. Update the risk register
- D. Meet with the project's stakeholders

Answer: (SHOW ANSWER)

The risk management plan is a document that describes how risk management activities will be structured and performed on a project. It defines the roles and responsibilities, risk categories, risk appetite and thresholds, risk identification and analysis methods, risk response strategies, risk monitoring and reporting mechanisms, and risk governance mechanisms¹. The risk management plan should be aligned with the project management plan, which defines the project scope, schedule, cost, quality, and other aspects². When an organization decides to accelerate a key project, it means that the project objectives, assumptions, constraints, and environment have changed. This will affect the risk exposure and profile of the project, as well as the risk management approach and resources. Therefore, the first action for the project risk manager to take is to revise the risk management plan to reflect the new situation and ensure that the risk management process is still effective and efficient. Revising the risk management plan may involve updating the risk categories, risk appetite and thresholds, risk identification and analysis methods, risk response strategies, risk monitoring and reporting mechanisms, and risk governance mechanisms to suit the accelerated project. The project risk manager should also communicate the revised risk management plan to the relevant stakeholders and obtain their approval and support¹. Ensuring sufficient resources are available, updating the risk register, and meeting with the project's stakeholders are all important actions to take when accelerating a project, but they are not the first action. These actions should be done after revising the risk management plan, as they depend on the updated risk management approach and process. For example, the project risk manager may need to allocate more resources to risk management activities, identify and analyze new or changed risks, implement new or modified risk responses, and report the risk status and performance to the stakeholders based on the revised risk management plan¹. References: ², ¹.

When a project is accelerated, the risk landscape changes. The project risk manager should first revise the risk management plan to address the new timeline and its potential impacts on the project. This will help in identifying new risks, reassessing existing risks, and updating risk responses.

NEW QUESTION: 102

A project team has failed to complete an important project milestone on time. The team was counting on an external provider to deliver key equipment on a specific date but the provider was delayed.

What should the risk manager have done to prevent missing the milestone?

- A. Better schedule monitoring and controlling.
- B. Identify and analyze project plan assumptions.
- C. Have a detailed work breakdown structure (WBS).
- D. Use management reserves to cover delays.

Answer: ([SHOW ANSWER](#))

Identifying and analyzing assumptions is crucial in risk management because assumptions often hide potential risks. PMBOK Guide states:

"During risk identification, it is important to identify and document assumptions and assess their validity...

Assumptions may prove to be incorrect, resulting in project risk."

- PMBOK Guide, 6th Edition, Section 11.2

This proactive analysis helps uncover hidden risks and plan for contingencies.

References:

PMBOK Guide, 6th Edition, Section 11.2

NEW QUESTION: 103

An organization with a portfolio of unique business functions kicks-off a performance improvement project across the entire organization. There are a large number of stakeholders the project team will need to consider during risk identification.

What three actions should the risk manager ensure the project team performs during risk identification?

(Choose 3)

- A. Develop checklists based on historical information
- B. Conduct interviews, meetings, and focus groups
- C. Assign a different risk manager for each portfolio unit
- D. Employ brainstorming to generate spontaneous ideas
- E. Perform qualitative and quantitative risk analyses

Answer: ([SHOW ANSWER](#))

During risk identification, the risk manager should ensure the following actions are performed:

A). Develop checklists based on historical information: Checklists are valuable tools in risk identification as they draw from previous projects' experiences and ensure that commonly encountered risks are not overlooked.

B). Conduct interviews, meetings, and focus groups: These are key methods for gathering qualitative data from stakeholders, which can reveal potential risks based on their experiences and expectations.

D). Employ brainstorming to generate spontaneous ideas: Brainstorming is an effective technique for generating a wide range of potential risks quickly, allowing the project team to explore various scenarios and possibilities.

These actions align with PMI's best practices for comprehensive risk identification, ensuring that all possible risks are considered and documented.

NEW QUESTION: 104

During the weekly project meeting a risk manager identified new risks in the last sprint, which might impact the project cost by implementing mitigation plans. The sponsor and some project team members do not agree that those risks can impact the project cost.

What should the risk manager do to resolve the sponsor and project team members' concerns about risk identification?

- A. Reinforce to the stakeholders that the risk identification was done properly during the last sprint.
- B. Highlight the importance of agreeing on the risk identification to avoid further delays.
- C. Conduct a separate meeting to show the risk identification analysis to the stakeholders.
- D. Ensure that the most knowledgeable members of the team validate risk identification processes.

Answer: ([SHOW ANSWER](#))

In the context of risk management, particularly as outlined in various risk management procedures and policies from Lycopodium documents, the validation of risk identification processes by knowledgeable team members is critical. This approach ensures that risks are accurately identified, assessed, and documented, which can mitigate disagreements about the potential impact of these risks on the project, including cost implications.

1. Risk Management Procedure:

According to the Risk Management Procedure (BRM-PRC-009), the process of risk identification and assessment is a collaborative effort that involves input from individuals with relevant expertise. This ensures that risks are properly identified and that the risk assessment is robust (Section 4.1.1, Assessment and Identification).

2. Importance of Expertise:

The procedure emphasizes the involvement of key personnel who are knowledgeable about the specific risks in their areas of responsibility. By involving these experts, the project can ensure that the risk identification process is thorough and that all potential risks are considered (Section 3.5, Project Manager or Lead Project Engineer responsibilities).

3. Validation Process:

The risk management framework also requires the review and validation of identified risks by experienced team members, particularly those most knowledgeable about the project's specific technical and operational aspects. This validation process helps in resolving any disputes regarding the impact of identified risks on the project, including cost implications (Section 6.4.1, Workplace Risk Assessment and Controls - WRAC).

4. PMI Alignment:

According to PMI's Project Management Body of Knowledge (PMBOK), risk management processes should involve key stakeholders and subject matter experts to ensure that all potential risks are identified and that the risk register is accurate. This aligns with the option of ensuring that the most knowledgeable members validate the risk identification processes to address concerns and enhance the credibility of the risk management efforts.

Thus, by selecting option D, the Risk Manager is ensuring a comprehensive and expert-validated approach to risk identification, which aligns with best practices in risk management and addresses the concerns of stakeholders by providing credible, expert-backed risk assessments.

NEW QUESTION: 105

Towards the end of definitive design, project costs have increased to the point where it will be classified as a capital asset project. The customer has expressed they want one final total project completion date and will afford no extensions after it is established.

How should the risk manager proceed?

- A.** Perform a qualitative risk analysis and update the results.
- B.** Update the assumptions/exclusions register with the new information.
- C.** Update the risk register and prepare for the Monte Carlo analysis.
- D.** Perform a quantitative risk analysis and update the results.

Answer: ([SHOW ANSWER](#))

The risk manager should perform a quantitative risk analysis to determine the potential impact of risks on the project 's completion date. This will help in providing a more accurate project completion date to the customer, considering the risks and their potential effects on the project schedule.

According to the PMI Risk Management Professional (PMI-RMP) Examination Content Outline¹, one of the tasks in the domain of Risk Analysis is to perform quantitative risk analysis using techniques such as Monte Carlo simulation, decision tree analysis, sensitivity analysis, etc., to quantify the possible outcomes for the project and their probabilities, and to evaluate the cost and schedule impacts of risks¹. In this scenario, the risk manager should perform a quantitative risk analysis and update the results, because the project costs have increased significantly and the customer has imposed a strict deadline for the project completion. A quantitative risk analysis will help the risk manager to estimate the probability of meeting the project objectives, such as cost and schedule, and to determine the appropriate contingency reserves for the project. A quantitative risk analysis will also provide more accurate and reliable information for the customer and the project team, and will support the risk response planning process². References: 1: PMI Risk Management Professional (PMI-RMP) Examination Content Outline, page 92: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, pages 431-432.

NEW QUESTION: 106

An organization with a large computer network identified a potential cyber security threat. Although certain measures were implemented to avoid the risk, the cyber security threat occurs. The measures were partially successful and a new unforeseen risk emerges. What should the risk owner do?

- A.** Develop an efficient network protection solution quickly to mitigate the risk.
- B.** Escalate the case to the risk manager and wait for their instructions.
- C.** Conduct an analysis to determine the root cause of the failed response.
- D.** Apply a work around to eliminate or mitigate the impact of the threat.

Answer: (SHOW ANSWER)

According to the PMBOK Guide, one of the tools and techniques for the implement risk responses process is root cause analysis. Root cause analysis is a technique that focuses on identifying the fundamental reason for the occurrence of a problem or a risk. By conducting a root cause analysis, the risk owner can determine why the implemented measures were only partially successful and what caused the new unforeseen risk to emerge. This can help the risk owner to identify and implement more effective risk responses, as well as to update the risk register and the risk report with the new information¹. References: PMBOK Guide, 6th edition, pages 452-453, 474-4751; PMI-RMP Exam Content Outline, 2015, page 8.

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NEW QUESTION: 107

A project manager is working on a construction project. Based on past experience, the project manager identifies a risk that a supplier of a critical material may not deliver on time. The project manager has already accounted for this risk in the risk management plan. If this risk materializes, the project manager plans to procure the material from a different supplier. A potential risk in this plan is that there may be differences in the material provided by the first and second supplier. What type of risk is this?

- A.** Residual risk
- B.** Primary risk
- C.** Secondary risk
- D.** Normal risk

Answer: (SHOW ANSWER)

This is a secondary risk because it is a risk that arises as a direct result of implementing a risk response (in this case, procuring material from a different supplier).

A secondary risk is a risk that arises as a direct result of implementing a risk response to a specific risk. In this case, the risk response is to procure the material from a different supplier if the first supplier fails to deliver on time. The secondary risk is that there may be differences in the material provided by the first and second supplier, which could affect the quality, cost, or schedule of the project. A secondary risk is different from a residual risk, which is a risk that remains after a risk response has been implemented. A primary risk is the original risk that triggers a risk response. A normal risk is not a standard term in risk management, but it could refer to a risk that is expected or inherent in a project. References: PMI Risk Management Professional (PMI- RMP)

Examination Content Outline and Specifications¹, page 9; A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 397; Secondary vs Residual Risk | Types of Risks on the PMP Exam.

NEW QUESTION: 108

A complex infrastructure construction project consisting of various stakeholders with diverse attitudes and opinions is in the execution phase. The project sponsor instructed the risk manager to evaluate the project environment and identify potential risks because many conflicts have arisen.

What should the risk manager do first?

- A.** Perform an assumptions and constraints analysis.
- B.** Use the Wideband Delphi method.
- C.** Use the brainstorming technique.
- D.** Perform a strength, weaknesses, opportunities, and threats (SWOT) analysis.

Answer: ([SHOW ANSWER](#))

When conflicts arise in a complex project, performing an assumptions and constraints analysis is the first step in identifying potential risks. This analysis helps clarify the underlying assumptions and constraints that might be contributing to the conflicts, allowing the risk manager to assess whether they are still valid or if they need to be revisited. Addressing these factors can help mitigate conflicts and prevent new risks from emerging.

NEW QUESTION: 109

An organization performs an annual strategies and initiatives workshop during which a strengths, weaknesses, opportunities, and threats (SWOT) analysis is being conducted. As part of this process the functional managers identify the opportunities and threats.

What should the risk manager do next?

- A.** Add only the threats to the risk register
- B.** Utilize different tools to identify the risks
- C.** Plan risk responses to the threats
- D.** Update the risk register with the identified risks

Answer: ([SHOW ANSWER](#))

The risk manager should update the risk register with both the opportunities and threats identified during the SWOT analysis. This will help in tracking and managing all potential risks throughout the project lifecycle.

Update the risk register with the identified risks Comprehensive and Detailed Explanation:

According to the PMI Risk Management Professional (PMI-RMP) Examination Content Outline¹, one of the tasks in the domain of Risk Identification is to update the risk register with identified risks, causes, categories, and potential responses¹. A risk register is a document used to track and report on project risks and opportunities throughout the project's life cycle². In this scenario, the risk manager should update the risk register with the identified risks, both opportunities and threats, that result from the SWOT analysis. The risk manager should also include the causes,

categories, and potential responses for each risk, as well as other relevant information such as probability, impact, priority, owner, etc. The risk manager should not add only the threats to the risk register, because opportunities are also a type of risk that can have a positive effect on the project objectives and should be recorded and managed accordingly³. The risk manager should not utilize different tools to identify the risks, because the SWOT analysis is a valid and useful tool for risk identification and there is no indication that it was insufficient or inappropriate for the project context⁴. The risk manager should not plan risk responses to the threats, because that is a separate process that comes after risk identification and requires further analysis and evaluation of the risks⁵. References: 1: PMI Risk Management Professional (PMI-RMP) Examination Content Outline, page 82: Risk Register in Project Management - Project Management Academy⁶3: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 3974: How to Perform a SWOT Analysis - Project Risk Coach²⁵: A Guide to the Project Management Body of Knowledge (PMBOK Guide) - Sixth Edition, page 440.

NEW QUESTION: 110

A budget change request was initiated by a functional manager in an organization due to a shortage in the functional manager's department budget. The functional manager asks the CEO to approve utilization of a contingency budget reserved for one of the projects in its closing phase.

What should the risk manager of the related project have done to prevent this situation from happening?

- A. Reformed the risk monitoring and closing process properly.
- B. Created the project work plan and budget more accurately.
- C. Educated the project team on budget change requests.
- D. Communicated better with the organization's CEO.

Answer: (SHOW ANSWER)

According to the PMI Risk Management Professional (PMI-RMP) Handbook¹, one of the domains of the PMI-RMP exam is Risk Monitoring and Reporting, which involves tracking identified risks, monitoring residual risks, identifying new risks, executing risk response plans, and evaluating risk process effectiveness throughout the project¹. The risk manager of the related project should have reformed the risk monitoring and closing process properly to ensure that the contingency budget is only used for the intended risks and not for other purposes. The risk manager should have also communicated the status and outcomes of the risk activities to the relevant stakeholders, such as the functional manager and the CEO, to avoid any confusion or conflict over the budget allocation¹. References: 1: PMI Risk Management Professional (PMI-RMP) Handbook, page 6.

The risk manager should have ensured a more accurate project work plan and budget to prevent the functional manager from requesting to use the project's contingency budget. A well-planned budget would have avoided the shortage in the functional manager's department budget.

NEW QUESTION: 111

A software development project team was preparing for a phased release when an unknown and unexpected risk occurred with potential for delaying one of the features for the planned release.

The project team decided to go ahead with the release and address this missing feature at a later date. One of the end users learned about this and strongly opposed the planned release.

What should the risk manager have done to prevent this situation?

- A.** Engaged the sponsor and informed them of the decision to remove the planned feature.
- B.** Engaged the stakeholders more in risk management activities and decisions to get their buy-in and support.
- C.** Performed proper risk identification at the project outset to ensure this risk was identified and mitigated.
- D.** Created a schedule buffer in the plan to deal with unknown risks if and when they occurred.

Answer: ([SHOW ANSWER](#))

Stakeholder engagement is critical in risk management, especially when decisions may impact project deliverables. By involving stakeholders more in risk management activities and decision-making processes, the risk manager could have ensured that all parties were aware of potential changes and their implications.

This engagement helps in securing stakeholder buy-in and support, thus preventing situations where stakeholders might oppose decisions after the fact. PMI's risk management framework emphasizes the importance of continuous and active stakeholder engagement throughout the project lifecycle.

NEW QUESTION: 112

A risk manager is tasked with establishing a risk management strategy for a multinational project with varying regulations and stakeholder priorities. The team is divided on how to approach risk management. Some suggest implementing rigid procedures to ensure consistency across regions, while others advocate for a flexible approach to adapt to the dynamic nature of local risks. Meanwhile, the sponsor emphasizes the need for a strategy that aligns with the overall project objectives.

What should the risk manager do?

- A.** Implement a strict, standardized approach to ensure consistency across all regions.
- B.** Develop a strategy combining structure with flexibility to address global and local uncertainties.
- C.** Use organizational guidelines to create a strategy that prioritizes efficiency over adaptability.
- D.** Adopt a fully flexible approach that allows teams to manage issues based on local context.

Answer: ([SHOW ANSWER](#))

ISO 31000 and the PMBOK Guide both stress the need for a balanced approach in multinational or complex projects: processes must provide structure and consistency across the organization while remaining flexible enough to accommodate local differences and dynamic risks. This is especially important in projects with varied regulations and stakeholder priorities.

"The organization's risk management framework should be customized and proportionate to the organization's external and internal context related to its objectives... combining structure for consistency and flexibility to adapt to specific circumstances."

- ISO 31000:2018, Section 5.3 (Framework and Customization)

"Risk management planning should reflect both organizational standards and the specific needs of the project, ensuring consistent practices while retaining flexibility for adaptation as needed."

- PMBOK Guide, 6th Edition, Section 11.1

Therefore, developing a strategy that combines structure with flexibility (Option B) is the best practice.

References:

ISO 31000:2018, Section 5.3

PMBOK Guide, 6th Edition, Section 11.1

NEW QUESTION: 113

When approving the risk contingency budget for a project, the CEO notices each team has a different approach to report risks and their impacts. The CEO decides to create a new centralized risk management function to help resolve the problem.

How does centralizing the risk management function help resolve the problem?

- A. Enhance the process of identification of different Individual project risks.
- B. Allows monitoring the impact against the overall project risk exposure.
- C. Establishes risk sources and ownership for trigger monitoring.
- D. Creates a single repository for all project risk documents.

Answer: (SHOW ANSWER)

Centralizing the risk management function enables the organization to have a consistent approach to reporting risks and their impacts. This allows for better monitoring of the impact against the overall project risk exposure, which helps in making informed decisions and allocating resources effectively.

According to the PMI-RMP Exam Content Outline¹, one of the tasks in the domain of risk governance is to

"establish and maintain a centralized risk management function to support the project and organizational objectives". A centralized risk management function can help resolve the problem of inconsistent risk reporting by providing a common framework, methodology, and standards for risk management across the organization. One of the benefits of centralizing the risk management function is that it allows monitoring the impact of individual project risks against the overall project risk exposure, as well as the organizational risk appetite and tolerance. This can help the CEO and other senior management to make informed decisions and allocate resources accordingly. Therefore, the best answer is B.

References: 1: PMI-RMP Exam Content Outline, page 6.

NEW QUESTION: 114

After starting a new pipeline project, a risk manager schedules an initial meeting with the project sponsor. For the meeting, the project sponsor requests a presentation of the risks that have the most impact on achieving the project objectives.

What should the risk manager do to facilitate the sponsor's ask?

- A. Monte Carlo analysis

- B. Qualitative risk analysis
- C. Sensitivity analysis
- D. Quantitative risk analysis

Answer: (SHOW ANSWER)

Quantitative risk analysis helps to numerically analyze the probability and impact of risks on project objectives. By performing quantitative risk analysis, the risk manager can present the risks with the most impact on achieving the project objectives to the project sponsor. (Reference: PMBOK Guide, 6th Edition, p. 423)

According to the PMI Risk Management Professional (PMI-RMP) Reference Materials, sensitivity analysis is a type of probabilistic analysis that determines how sensitive the results of the analysis are to uncertainties in input variables. Sensitivity analysis determines which uncertainty has the greatest potential for an impact on the project objectives, such as cost, schedule, scope, or quality¹. In this case, the risk manager should use sensitivity analysis to facilitate the sponsor's ask, as it will help to identify and present the risks that have the most impact on achieving the project objectives. Sensitivity analysis can also show how the project objectives will vary with the changes in the input variables, such as the probability and impact of risks². Sensitivity analysis can be performed using various tools and techniques, such as tornado diagrams, spider charts, or influence diagrams³.

References: 1: PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition, 2017, p. 403 2: PMI, Practice Standard for Project Risk Management, 2009, p. 95 3: Quantitative Risk Analysis in Project Management - PM-Training

NEW QUESTION: 115

In the middle of a project to improve internal workflows, the team realizes that some previously identified challenges, such as lack of stakeholder engagement, have diminished. However, the risk manager determines that concerns related to resource availability and regulatory compliance are becoming more significant.

Which measures should the risk manager implement?

- A. Concentrate on monitoring only high-visibility risks to conserve resources.
- B. Focus on tracking the risks identified at the project 's start to maintain consistency.
- C. Reassess risk priorities carefully and update the risk register on a regular basis.
- D. Delegate all monitoring responsibilities entirely to individual team members for efficiency.

Answer: (SHOW ANSWER)

Risks are dynamic and their priorities change throughout the project lifecycle. The PMBOK Guide and ISO

31000 emphasize continuous risk monitoring and updating the risk register to reflect changing risk priorities:

" Monitoring risks is an ongoing process... Risks, their status, and their priorities must be reassessed regularly, and the risk register updated accordingly. "

- PMBOK Guide, 6th Edition, Section 11.7

" Risk management should be a continual process of risk identification, assessment, and review. "
- ISO 31000:2018, Section 6.7

References:

PMBOK Guide, 6th Edition, Section 11.7

ISO 31000:2018, Section 6.7

NEW QUESTION: 116

An eco-friendly sustainable textile-dyeing project has begun, with a focus on identifying and managing environmental risks. The risk manager, collaborating with the project manager, is tasked with reviewing and updating the project's risk management plan. To inform this process, the risk manager needs relevant insights specifically related to environmental risk factors. What should the risk manager do?

- A. Review process documents from Six Sigma to identify areas of process inefficiency.
- B. Refer to standards for information security management systems to ensure compliance.
- C. Consult environmental enthusiasts for informal feedback on potential risks.
- D. Use prompt lists to systematically identify and analyze environmental risk factors.

Answer: (SHOW ANSWER)

The correct answer is D. Use prompt lists to systematically identify and analyze environmental risk factors.

Prompt lists are a recognized and structured way to identify categories of risk. They help ensure that important risk sources are not missed and are especially useful when a project has a specialized profile, such as environmental exposure in a sustainable textile-dyeing initiative.

Why the other options are incorrect:

- * A. Review process documents from Six Sigma to identify areas of process inefficiency. This may help process improvement, but it is not the best targeted method for identifying environmental risk factors.
- * B. Refer to standards for information security management systems to ensure compliance. Information security standards are not the relevant source for environmental risk identification in this context.
- * C. Consult environmental enthusiasts for informal feedback on potential risks. Informal feedback may be interesting, but it is not a systematic or reliable risk identification technique.

Reference-aligned basis:

This answer is consistent with risk identification practices that use prompt lists, checklists, and structured categories to identify risk sources.

References:

PMI, Practice Standard for Project Risk Management

PMI, A Guide to the Project Management Body of Knowledge (PMBOK Guide) , Identify Risks

ISO 31000, risk identification principles

NEW QUESTION: 117

A project team is developing a software system for a financial organization and is conducting a failure modes and effects analysis (FMEA) to identify and evaluate potential failure points. The risk manager must guide the team on how to prioritize risks based on FMEA results for effective risk management.

What should the risk manager do?

- A.** Direct the team to prioritize risks based solely on their likelihood to streamline the analysis.
- B.** Encourage the team to focus on documenting the most severe FMEA risks and disregard others.
- C.** Emphasize technical faults within the system as the highest priority for risk response planning.
- D.** Advise the team to prioritize risks using severity, occurrence, and detection ratings.

Answer: (SHOW ANSWER)

The correct answer is D. Advise the team to prioritize risks using severity, occurrence, and detection ratings.

In Failure Modes and Effects Analysis (FMEA) , risks are commonly evaluated using three core factors:

- * Severity : how serious the effect would be if the failure occurs,
- * Occurrence : how likely the failure is to happen,
- * Detection : how likely it is that the failure will be detected before causing impact.

These three ratings are used together to determine the relative priority of potential failure modes. That is the recognized logic of FMEA and is exactly what the risk manager should reinforce.

Why the other options are incorrect:

- * A. Direct the team to prioritize risks based solely on their likelihood to streamline the analysis. FMEA does not rely only on likelihood. A low-likelihood failure may still deserve high attention if the impact is severe or difficult to detect.
- * B. Encourage the team to focus on documenting the most severe FMEA risks and disregard others. This is incomplete and poor practice. Risks should not be disregarded simply because they are less severe; occurrence and detection also matter.
- * C. Emphasize technical faults within the system as the highest priority for risk response planning.

FMEA is broader than technical faults alone and should evaluate all relevant failure modes systematically.

Reference-aligned basis:

This answer is consistent with standard FMEA methodology and general risk analysis practice.

References:

FMEA standard practice: severity, occurrence, and detection rating model PMI, Practice Standard for Project Risk Management ISO 31000, risk analysis principles

NEW QUESTION: 118

During project execution for a software development program, a risk manager notices the results vary from the stated expectations in the planning phase. The project team states that there was unrealistic planning.

What should the risk manager do next to understand the differences between planning and execution?

- A. Engage with the team to present the actual results to the sponsor.
- B. Prepare a management of change (MOC) to adjust the project cost and duration.
- C. Move forward with the lessons learned from the sprint.
- D. Review the assumptions to understand any change.

Answer: ([SHOW ANSWER](#))

Assumptions made during planning need to be reviewed to understand deviations in actual results. PMBOK Guide states:

"Reviewing project assumptions is key to understanding variances between planned and actual performance, as invalid or changed assumptions often cause project deviations."

- PMBOK Guide, 6th Edition, Section 11.2

References:

PMBOK Guide, 6th Edition, Section 11.2

NEW QUESTION: 119

The project risk manager on a large firm fixed priced (FFP) contract has an up-to-date risk register with accurate and detailed information. What should the project risk manager do next?

- A. Recommend the removal of risks to the project manager to reduce project risk exposure.
- B. Advise the client that the project has exhausted contingency.
- C. Quantify the risk exposure that exceeds project contingency.
- D. Generate reports to assess and communicate the project risk level.

Answer: ([SHOW ANSWER](#))

The project risk manager should generate reports to assess and communicate the project risk level to stakeholders. This helps in making informed decisions and taking appropriate actions to manage risks effectively.

The project risk manager should quantify the risk exposure that exceeds project contingency, as this will help to determine the amount of management reserve needed to cover the potential cost overruns or schedule delays. The project risk manager should also communicate this information to the project manager and other relevant stakeholders, and update the risk management plan accordingly. References: The Standard for Risk Management in Portfolios, Programs, and Projects, page 80; PMBOK Guide, 6th edition, page 407.

NEW QUESTION: 120

A risk manager is confident that they have identified and quantified the risks and opportunities for a project.

When presenting their work to management, on what areas should the risk manager focus? (Choose two.)

- A. Risks that are tied to the success of the organization
- B. Risks as they apply to the organization's overall risk management philosophy and strategic ambition

- C. Huge opportunities that possibly bring an additional 30% return for 10 projects in the next year
- D. Risks related to cost that will impact the major projects that are currently in the execution phase
- E. Risk mitigation actions that will require work from stakeholders

Answer: A,B ([LEAVE A REPLY](#))

According to the PMBOK Guide, 6th edition, Section 11.1.3.1, Enterprise Environmental Factors, one of the factors that can influence the Plan Risk Management process is the organization's risk attitude, appetite, tolerance, and thresholds. These terms describe the degree of uncertainty that an organization is willing to accept in pursuit of its goals, and how it approaches, operates, and responds to risk. Therefore, when presenting their work to management, the risk manager should focus on the risks that are tied to the success of the organization, and the risks as they apply to the organization's overall risk management philosophy and strategic ambition. These aspects can help the management to understand the alignment of the project risks with the organizational objectives and values, and to make informed decisions about risk responses. The other options are less relevant or too specific for a management presentation, and may not reflect the organization's risk attitude or priorities. References: PMBOK Guide, 6th edition, Section 11.1.3.1, Enterprise Environmental Factors¹ The risk manager should focus on risks that are directly tied to the success of the organization and those that align with the organization's risk management philosophy and strategic ambition. This will ensure that management is informed about the most relevant risks and opportunities for the project.

NEW QUESTION: 121

During the construction of a housing development, a project team realizes they exceeded their materials budget during the first of three execution stages. The risk manager observed that the team did not notice that the cost of the materials increased due to continuous inflation in the steel market.

What could have been done during project planning to avoid overspending?

- A. Met weekly with the finance team to monitor the cost
- B. Communicated with the stakeholders that the project costs might increase
- C. Properly documented the triggers and actions for the risk
- D. Engaged with the sponsor to buy the steel in advance of the project

Answer: ([SHOW ANSWER](#))

To avoid overspending due to the unanticipated increase in material costs, the project team should have properly documented the triggers and actions for the risk. By identifying and documenting triggers-such as market conditions that could lead to price increases-the team could have monitored these triggers more closely and taken preemptive action, such as locking in prices or adjusting the budget accordingly.

PMI recommends that triggers for risks be identified and documented during the planning phase so that appropriate monitoring and responses can be implemented as part of the risk management plan.

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NEW QUESTION: 122

A risk manager is assigned to a mobile network deployment project with a strict contractually agreed-on schedule. One of the key risks identified has materialized. There is insufficient staffing because critical resources are dedicated to strategic projects in the organization. The risk manager expected the resource manager to notice this, but the resource manager thought the project experts would be alerting the team during the project.

What should the risk manager do to prevent this from happening again?

- A. Document the risks and response actions in a clear manner.
- B. Communicate with the project manager on the topic.
- C. Assign owners who will be fully accountable to managing the risks.
- D. Define the response plans and take the lead in implementing them.

Answer: (SHOW ANSWER)

Assigning a risk owner is a foundational principle in risk management, ensuring that each risk has someone fully accountable for monitoring, controlling, and responding to the risk. According to the PMBOK Guide:

" Risk owners should be assigned to each risk. The risk owner is the person responsible for planning an appropriate risk response and ensuring it is implemented as planned. "

- PMBOK Guide, 6th Edition, Section 11.3.2.1

Without a clearly assigned risk owner, responsibility can be ambiguous, leading to gaps in monitoring and response.

References:

PMBOK Guide, 6th Edition, Section 11.3.2.1

Practice Standard for Project Risk Management, PMI, Section 5.3

NEW QUESTION: 123

A key project is delayed and all contingency reserves have been used even though the project team has implemented all planned risk responses. What should the risk manager do next?

- A. Create a new project plan including the new risks.
- B. Review the effectiveness of the risk process.
- C. Update the risk management plan.
- D. Escalate the project risks to upper management.

Answer: (SHOW ANSWER)

When a project is delayed, and all contingency reserves have been exhausted, the next step is to escalate the situation to upper management. This escalation allows for additional resources or support to be considered and for strategic decisions to be made at a higher level. According to PMI's risk management practices, escalation is a key strategy when risks exceed the project's control, requiring input or intervention from senior management to resolve.

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