

The Development of Risk Responses

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Ricardo Viana Vargas is a project, portfolio and risk management specialist. During the past 15 years, he has been responsible for over **80 major projects** in various countries in the areas of petroleum, energy, infrastructure, telecommunications, information technology and finances, comprising an investment portfolio of over 18 billion dollars.

He was the first Latin American volunteer to be elected Chairman of the Board for the **Project Management Institute (PMI)**, the largest project management organization in the world with close to 500,000 members and certified professionals in 175 countries.

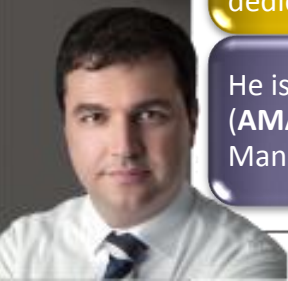
Ricardo Vargas has written **ten books** on project management, published in Portuguese and English, which have sold over 200,000 copies throughout the world. In 2005 he received the PMI Distinguished Award for his contribution to the development of project management and the PMI Professional Development Product of the Year award for the PMDome® workshop, considered the best project management training solution in the world.

He is a project management professor for various MBA courses, and actively participates on editorial boards for specialized journals in Brazil and the United States. Vargas is a recognized reviewer of the **PMBOK Guide**, the most important reference in the world for project management, and also chaired the official translation of PMBOK into Portuguese.

He is a chemical engineer and holds a master's degree in Industrial Engineering from UFMG (Federal University of Minas Gerais). Ricardo Vargas also holds a Master Certificate in Project Management from George Washington University and is certified both as a Project Management Professional (PMP) by PMI and as IPMA-B by the International Project Management Association. He attended the Program on Negotiation for Executives at **Harvard Law School**.

Over an eleven year timeframe, which began in 1995, Ricardo, in conjunction with two partners, established one of the most solid Brazilian businesses in the area of technology, project management and outsourcing, which had a staff of **4,000 collaborators** and an annual income of 50 million dollars in 2006, when Ricardo Vargas sold his share of the company to dedicate himself on a fulltime basis to the internationalization of his project management activities.

He is a member of the Association for Advancement of Cost Engineering (**AACE**), the American Management Association (**AMA**), the International Project Management Association (**IPMA**), the Institute for Global Ethics and the Professional Risk Management International Association (**PRMIA**).



Factors that Influence the Responses

Lack of information on the impact of risks

Lack of information about probabilities

Personal benefits for assuming the risks voluntarily

Depth of vulnerability to the risk

Existence or lack thereof, of alternate risk responses

Risk Responses to Threats

Avoid

The risk is eliminated by eliminating its cause

Mitigate

The risk is mitigated up to acceptable levels by the use of contingency plans and/or insurances

Accept

The risk is not eliminated and the project assumes its consequences

Transfer

The risk is transferred to another party (ex: Insurance)

Risk Responses to Opportunities

Ignore

The risk is recorded but no action is taken

Improve

The team tries to increase the probability and/or positive impact of the risk

Explore

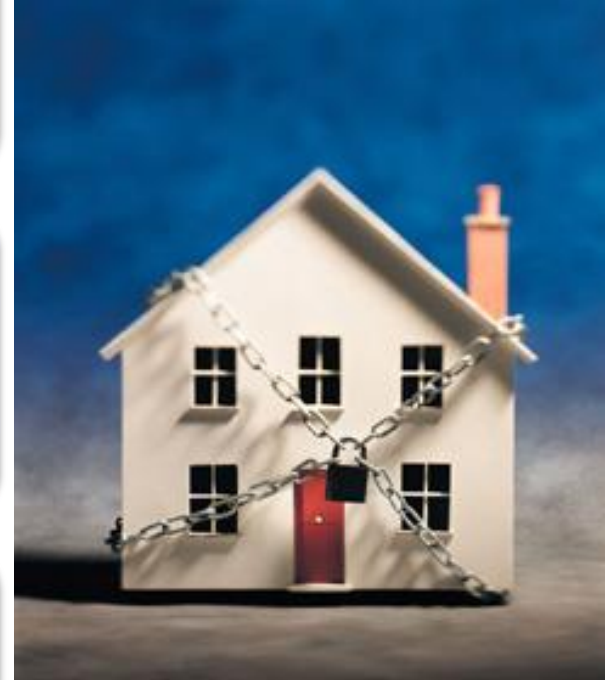
The team tries its best efforts to take advantage of the opportunity, increasing its benefits

Insurance

It's a traditional way of risk transfer.

The insured pays the insurance company so that the insurer compensates the policyholder for losses that occur in case the risk do happen.

It is a buy and sell relationship for identified risks.



Reserves

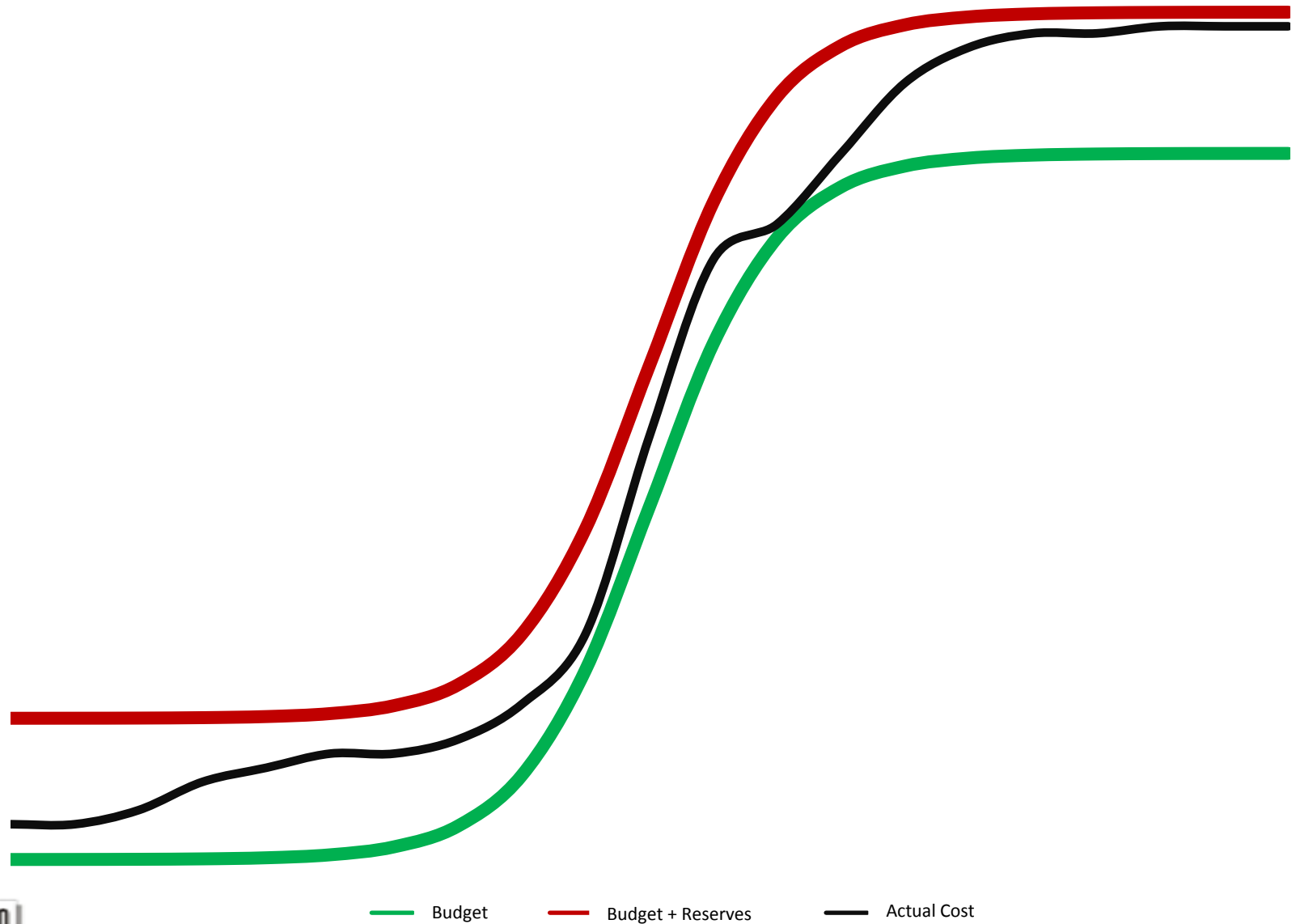


Reserves are budget provisions or a plan to mitigate risks.

Management reserves – to cover the unknown risks (*unknown-unknown*)

Contingency reserves – to cover the known and identified risks (*unknown-known*)

The Size of Reserves



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content about project , risk and
portfolio management.**