

Project risk management – fluidity in risk planning case study

[Business](#), [Risk Management](#)



Risk Paper 2 Project Risk Management- Professor Hurst Fluidity in Risk

Planning – A Case Study One of the most important steps within a project is risk management because it plans for and responds to risks that impact the overall project deliverables including budget and timeframe. Risk management is used to mitigate risk in ways that align with each individual risk and its potential impact. During the risk management process risks are identified and defined and a plan to control, monitor and eliminate them is created.

Risks from all areas are brought up during these brainstorming sessions of the risk management planning phase and are planned for accordingly. The work breakdown structure of the project is used as a guide when compiling a risk matrix that will identify potential risks, their severity and impacts. The case study in chapter 13 reflects two different risk response strategies with regards to the tender review process of a project's deliverables.

The first phase of the case study aligns more closely with a thorough and effective risk planning process plan while the second phase builds on the baselines determined by the first phase to generate a more solid and final risk assessment that will continue to be fluid throughout the project. Risk management is a crucial step of the project planning stage that continuously evolves throughout the project. During phase one of the case study this stage is considered a high importance and value step thus resulting in the proper planning of the risks based off the WBS.

The objectives of phase one are clearly identified and the intention to identify major risks of the project, which will be used as a baseline when

comparing each individual tender to the project's risk outcomes, is clear and all major steps to do so are taken. Step one of the creating the tender phase one case study calls for the “ project structure to be reviewed with the project manager and key staff” and creating “ an agreed risk WBS”. (Cooper, Grey, Raymond, Walker, 2005, p. 52) The first step calls for a meeting of all parties involved to review the WBS and start brainstorming on potential risks. This is a highly advised step because it allows for proper risk identification and mutual understanding of the risks amongst all parties. Phase one does a solid job identifying risks using human resources, quantifiable measures and adequate documentation. Phase two uses the outcomes of phase one as a baseline and works of off those when comparing each tenderer's offer to the risks and determining the impact the tender will have on each individual risk.

Phase two uses the exact same process as phase one except it already has a baseline to work with whereas phase one creates the baseline. Both steps are highly regarded steps yet step two does a better job at identifying risks because it uses the baseline of potential risks and compares them to the introduction of a new major risk, the tenderer, while measuring its impact on the overall project. Phase two is the more solid one of the two phases because it demonstrates the fluidity of the risk planning process while quantifying each change to the baseline using the same approach as in phase one.

The case study states that during phase two all “ revised risk likelihood and impact measures should be converted to numeric scales and risk factors

[should be] recalculated”. (Cooper, Grey, Raymond, Walker, 2005, p. 160) Thus phase two also does a better job at quantifying the risks because it compares each changed risk to the baseline and adjusts its ratings based on the proposed changes creating a more realistic understanding of the potential risk likelihood and impact. The case study was interesting because it showed the pre planning phase of the risk planning process.

The pre planning phase was phase one because it created a baseline of assumed risks while phase two built on this fluidity and showed the impacts each tenderer would have on these risks. Essentially phase one of the case study directed phase two since phase two could not be completed without the identified baselines. Phase one was a simpler stage of the case study because it consisted of brainstorming and risk identification without taking into consideration the positive or negative impacts a third party would have. This does not mean that it didn't plan for those as phase two was to follow once tender submissions were received.

Phase two, however, had a more compelling assessment of risk because it had a map already outline and it just needed to follow it to arrive at the best possible location or situation. The first phase identified risk assessment formulas to quantify the risks; it created a baseline of risks and audit proof steps to follow. With those results in mind, the second phase was more concrete because it followed the steps set forth by the first phase, analyzed the impact of the actions of the tenderer on the baseline risks, assessed those, asked them and then assigned numerical values using the formula set forth in the first phase. These two cases are so much alike yet they are so

different as well. They are alike because they use the same process to identify and rank risks but their baselines are different. The first case, phase one, started with a blank slate using the WBS to identify risks while the second case, phase two, used the baseline set forth by the first phase and used the WBS to explore new ways and their impacts on the overall project.

Both phases of this case study are crucial in risk management projects and are enforceable whether a tender is requested or not. Risk management is a fluid process that calls for constant adjustments to achieve the best possible outcome with minimal if not zero interruptions of the project's deliverables. This case study showed the importance of constant review of risks and the work that goes into risk avoidance and mitigation.

Risk avoidance does not only occur during the initial phase of risk planning but it is something that project managers prefer to keep in mind with every step they take, whether this means hiring contractors, employees or support staff, each individual and their actions will impact the overall risk of the project, the question is how severely? References Cooper, D. , Grey, S, Raymond, G. , Walker, P. (2005). Project Risk Management Guidelines Managing Risk in Large Projects and Complex Procurements. West Sussex, England : Wiley and Sons.