

Risk management process, review of the options

Business



In the below table we will take a closer look at how well the risk was Identified by Kuris Hodgkin.

Description	Identified/Not	Constraints and Remarks	Size
the layout of the floor plate	Identified	Complicated due to condominiums lying over the hotel rooms over a parking garage, which resulted in fixed column spacing and elevator core locations.	Number, mix and size of the condominium units
	Identified	BRA approved maximum number of units to be built was 96, which Hodgkin chose opposing Farley, the marketing consultant's idea of building spacious 72 units because of Hodgkin' expected performance targets of \$134. Lion gross sales and \$26 million net profit out of the project.	
Time Constraints	Not identified	Project was on a tight schedule as Kelly Constructions was convinced to cut off 03 month from the estimated 32 months of the project duration, with a promise of minimal changes to the original design. Eventually with the allowance of Individual customization In the units, customers (I. E Millers) required drastic changes.	

Manpower deficiency

Identified/Not	Remarks
Not Identified	Neither RAG nor Hodgkin expect customers to require big alterations.

But customers did, causing instant changes in the project design decreasing manpower and efficiency of the construction.

Extra Costs and Delays	Identified/Not	Remarks
	Not identified	RAG allowed customers to modify their units as they please as long as they pay for additional cost but customers asked for big modifications, the cost for wasted materials and extra cost for demolition and delays in construction would go upon general contractor since they got the project on fixed sum contract.

I External Factors I Not identified I It is mentioned that In later phase in the project, sales were low and the local economy was weakening. I Customer Dissatisfaction/Complaints I Not Identified I With the deficit manpower and budget overrun, service became slow causing several buyer complaints.

I Below is a table for assessing the above-identified risks. Risk I Likelihood to occur I Impact I Effect on the project | 1. Issues regarding size of the layout and floor plate I Certain I High I Project design is affected because of the constraints. | 2.

Decisions on number, mix and units of condo to be sold I Certain I High I If 96 units of condominiums to be sold, they would need better marketing and excellent finishing touches. If 72 units to be sold, condo sales might not hit targets Hodgkin was supposed to hit.

| 3. Time constraints (Project falling behind schedule) I High I High I Delayed project meant extra cost, which can frustrate the General contractor and customers | 4. Manpower deficiency I Medium I High I Deficit manpower leads to slower work completion and project falling behind schedule | 5.

Extra costs and delays I Medium I High for General contractor, Medium for RAG and High for the project I As the General contractor works for Fixed Sum Contract extra costs, which exceeds budget, would go from their profit.

Delays would cause customer satisfaction and loss of sales | 6. External factors I Low I Medium I As the target market is wealthy couples, factors like Economy wouldn't matter much so would not affect sales in a drastic manner | 7.

Customer Dissatisfaction | Medium | Medium | This might lead to loss of some sales/ potential customers because Hodgkin' marketing strategy is word of mouth and dissatisfied customers wouldn't recommend the condos to their friends/family | 3. 4 Risk Response Development As mentioned above, many of the risks were highly likely to occur. Should any of those occur, it's ultimately project manager's task to have a contingency plan, which Hodgkin didn't have. She also made wrong assumptions in the planning phase of the project thinking that customers would require only minimal changes that wouldn't obstruct construction process.

As mentioned above some risks posted threat to Hodgkin marketing strategy as well but she didn't consider the risks and eventually failed in developing Risk Response program. 3.

5 Risk Response Control As a result of not having a Risk Response plan, Hodgkin could not reduce the impact or the effect those events had on the project. It is true that, she had to manage a lit-faceted project but she wasn't able to even reduce the additional cost, which was occurring due to her planning and marketing failures, and the deadline being overrun due to various delays. 4.

Review of The Options Inform the Millers that it's too late to allow changes | * No extra costs for General contractor * No construction delays * Millers are able to make the changes themselves | * Millers would be dissatisfied * Careful coordination is required * Sprinkler changes could shut down the entire floor | Push through the changes | * Minimizes the work which have to be ripped out * If the cost is acceptable Millers ill be satisfied | *It's expensive

to put a unit on hold * Can take several weeks * It could in return increase the cost to a point where Millers will not be happy with the cost | Hire a small general contractor to finish the unit | * Changes required can be done * No extra cost for the general contractor * Construction would not be delayed | * Managing two general contractors * Possibility of violence and vandalism * Could be expensive * Kelly Contractors would give a very small credit for the work done and materials purchased * Arguments over the responsibility of inch list items | Stop the work on the unit and hand it over to Millers | Millers are in control of the cost and the work to be done * No extra cost for the general contractor | * Most banks wouldn't accommodate lending against the unit * Can shrink the target market * Reduces Rush's control over the project * Impact on continuing construction operations on a building which also held a luxury hotel | Move Millers to different unit on the higher floor | *Would buy more time * No need to restructure what's already been applied * Construction of other floors are undisrupted | *There was no identical unit available on a higher floor Interior designer's work will go in vain and would have to redesign * Higher floor units are pricier | All options carry advantages as well as plenty of inconveniences but the best option as our point of view would be moving Millers to a different floor Moving the Millers to a higher floor would buy more time so the cost of the changes can be assessed and approved by the Millers.

As there's no interior work done on units on the higher floors there won't be any requirements to demolish anything or to put construction of other units/floors on hold, which would content the general annotator and also Millers can achieve the changes they want after approving the cost.

There will be no wasted materials also. This option is more advantages because it would keep the general contractor content with the project. On a disadvantageous note, there's the possibility that Millers might refuse the option as units on the higher floors are expensive and not identical with the unit they chose and also if Millers chose the unit, their interior designer might have the rework her designs which would cost Millers more. But given the good points and bad points, this option remains as the most feasible one.