

# [Silver fiddle](https://assignbuster.com/silver-fiddle/)

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Silver Fiddle Construction 1) Identify potential risks associated with this project. Try to come up with at least five different risks. Now that we have clearly defined the key aspects and variables associated with this project. A brief description of the risks I identified begins with Silver Fiddle’s practice of using subcontractors. \* Silver Fiddle routinely subcontracts build work to local subcontractors. As previously discussed, Silver Fiddle is scheduled to build eleven homes this year, and these homes will be built in a local housing market which can be described as “ booming”.

Since the Czopek home is scheduled to be built within five months, our concern is that there will be a lack of subcontractors available to work on the home, given the booming housing market and the multiple homes being constructed simultaneously. We feel a well-designed time estimation based upon parametric procedures would help identify when specific subcontractors would be needed, allowing Silver Fiddle to “ book” each subcontractor for the correct time required in advance. Simply put, parametric procedures are methods of estimating based upon data from past projects.

This old data is then used to devise a cost, or in this case, a timeline, which is relevant to the new procedure. This is based upon the similarities between the legacy project data and the current project scope. These similarities are key for parametric procedures to yield accurate estimates. An alternate means of mitigating this risk is to identify a secondary set of subcontractors who are not in the local area and likely to be available during the forecasted time. \* The next risk we identified was the possibility of not meeting the five month deadline for completion.

We felt this was in part due to a lack of equipment and manpower. Since Silver Fiddle will be completing eleven other homes, the availability of their organic, or in house workers, along with their high-cost, high-use, limited availability equipment such as Earth movers, excavators and the like, may be restricted \* The availability of building supplies is another risk we feel is relevant to the project. With a number of other homes being built by Silver Fiddle coupled with a brisk housing market comprised of other homes being uilt simultaneously by other builders, a shortage of building materials is a real possibility. Since Silver Fiddle specializes in custom built homes, there is also a possibility that the Czopek have selected their home particulars, such as fixtures and other details from local vendors who may or may not have those items in stock when the time comes to purchase and install them. Other supplies in short demand could be items such as lumber, concrete, plywood, shingles, drywall and other construction materials. \* Since Silver Fiddle only employs a bookkeeper part time, we feel this presents an opportunity for risk.

Without a full-time bookkeeper, it would be easy for Silver Fiddle to lose track of costs, manpower scheduling and severely impede their ability to monitor the overall progress of the project. Additionally, we feel this could also prevent Silver Fiddle from having real-time evaluation capability of other aspects of the project. \* The final significant risk my firm identified is the possibility of not meeting the established budget ceiling of $320, 000. There are many variables which we feel could cause the cost of build to exceed the budget.

Some of those variables include having to pay a premium for in-demand subcontractors, the cost of buying and shipping materials and/or unique detailed items not locally available, and the rising cost of fuel for heavy construction equipment. Another variable which could cause the project to exceed the budget is scope creep. We feel that developing a responsible time-phased budget along with the establishment of common sense phase gates would help reduce unexpected costs and ensure the project remained on track financially. ) Use a risk assessment matrix similar to figure 7. 4 to analyze identified risks. The risk assessment form at Figure 1 provides a graphic representation of the risks we previously introduced and identified. Although in our previous discussion, we provided detailed information about each risk, the risk assessment form includes additional information on our evaluation of the likelihood and impact of each risk. Figure 1. Risk Assessment Form Risk Event| Likelihood| Impact| Detection Difficulty|

Lack of preferred subcontractors| 3| 4| 2| Exceeding five month deadline| 4| 2| 2| Lack of available building supplies| 2| 3| 1| Inadequate oversight due to bookkeeper continuity| 4| 4| 1| Exceeding the budget| 2| 4| 1| In reviewing the likelihood and impact data from Figure 1, it is clear we feel that it is very likely that the project will exceed the five month deadline and, without proactive measures now, inadequate oversight will result from the current bookkeeper arrangement.

The high likelihood we assign to exceeding the time limit is due to a great number of variables upon which the construction time is dependent. Should any one of these variables, such as lack of personnel, key equipment, supplies, etc. become problematic, it would impact other dependent variables, ultimately causing the project to exceed the deadline. Additionally, the customers have already expressed their preference to extend the deadline if it means a cost savings, and that is another scenario which may impact the completion date.

The fact that the customer has given approval for extending the due date in favor ofsaving moneydemonstrates that a firm deadline is not a major consideration for the customer and is the reason we assign an impact factor of 2 for this event. On the other hand, we assigned a likelihood factor of 2 to exceeding the budget since we feel the budget will be scrutinized over the life of the build, reducing the likelihood that it will become an issue, and an impact factor of 4 due to its importance to the customer.

We assigned a likelihood factor of 4 to inadequate project oversight due to lack of a full-time bookkeeper. We also assigned an impact factor of 4 to this risk event as well, since lack of fiscal oversight would render it nearly impossible to monitor and curb costs, which is a priority of the customers. 3) Develop a risk response matrix similar to figure 7. 7 to outline how would deal with each of the risks. Let’s review our risk response matrix, located at Figure 2. This matrix provides responses and contingency plans for each risk event. Figure 2. Risk Response Matrix

Risk Event| Response| Contingency Plan| Trigger | Who is Responsible| Lack of preferred subcontractors| Use parametric procedures to design a time estimation schedule| Use an alternate set of contractors from outside the local area| Subcontractors report they are unavailable for the project| Project manager| Exceeding five month deadline| Use resource leveling to smooth resource allocation and use heuristics| Lease equipment and operators| Resource leveling efforts are unsuccessful at smoothing allocations| Project manager| Lack of available building supplies| Advance purchase and store known needed supplies| Source multiple vendors for detailed items for customer wants| Should be done immediately| Construction foreman| Inadequate oversight due to bookkeeper continuity| Make current, part-time bookkeeper a full-time employee| Hire another bookkeeper to augment current bookkeeper’s hours| Should be done immediately| Office manager| Exceeding the budget| Develop a time-phased budget| Develop and implement project phase gates| Upon completion of project scope| Project manager| In evaluating each risk, we have done our best to not only develop a common sense response action in the event each risk occurs, but also to identify an emergency contingency plan for each risk event as well. Additionally, we have identified “ trigger” events, or events which would indicate response actions and/or contingency plans should be implemented. Finally, we have assignedresponsibilityfor the monitoring or each risk and the implementation of the response plans.