Example of essay on risk status report and paper

Business, Management

Risk Response

Risk One

The company runs the risk of delays in production resulting from the absence of Julie. Julie is scheduled to take her vacation for one week during the third month of production. Roto air can respond to this risk by getting a temporary replacement for the one week when Julie is going to be absent on vacation. The replacement can be sourced within the organization depending on how busy the other employees are or from without the organization. In this way, Roto Air will prevent the delays in work that would result from the absence of Julie. It is the responsibility of Jose to ensure that a temporary replacement for Julie who is equally qualified for the position occupied by Julie has been found before her scheduled departure.

Risk Two

Risk Three

Roto Air gave priority to qualified local applicants for various position in the project. One of these positions as that of welders. However, two positions could not be filed because there were no more skilled welders from the locality. If this issues left unattended, Roto Air runs the risk of commencing production with some shortages in the labor force. If all the means have been exhausted, the company can fill the two openings with skilled welders from elsewhere. By expatriating the welders, Roto Air will fill the two openings and ensue that production continues as schedules. The task of sourcing the skilled welders from elsewhere is given to Jose.

Risk Four

Roto Air requires a rotor forming machine to be custom made in order to meet the production requirements. However, the manufacturer who has been contracted to custom-make the machine expects a delay in the delivery of the machine by one month. This situation is compounded by the fact that no other manufacturers for the same product exist. A failure to install the machine in time will delay the production schedule by a month. Assuming that the contract entered between Roto Air and the manufacturer has punitive provisions for delays, Jackie should exert fines as stated in the contract in order to compensate for the delays.

Risk Five

Roto Air employs the just on tie systems for the delivery of every major component. However, there is the threat because of the hurricane season that coincides with one of the months in which the project is scheduled. Due to the hurricane season, it is projected that there will be delays in the delivery of some of these components. In anticipation of these delays, Jackie can authorize that the affected components be delivered a month before the hurricane season. This means would mean flouting the just in time delivery system. However, it would also ensure that production continues during the hurricane seasons, thereby contributing towards meeting the scheduled completion time.

Risk Management Options

A manager can reduce the effect of the above mentioned and many more risks in his organization. One of the options that a manager can exercises is risks acceptance. In this option, the manager proceeds with the planned activities with the intention of bearing the costs of the effects of the risks. For instance, the manager would bear the costs of delays in production as a result of the effects of the hurricane seasons. By exercising the acceptance option, the manager would factor these costs into the production costs (Culp, 2002).

Alternatively, a manager can exercises the avoidance option. In this option, the manager changes strategy in order to avoid the activity which is threatened by the risk under consideration. For instance, the project manager would stop production for the month when the hurricane season is predicted. The manager would also seek to schedule production after the hurricane season or complete the project before the start of the hurricane season (Conrow, 2003).

Managers can also uses the control option. As highlighted above, managers have a host of controls that they can exercise in order to mitigate the effects of the perceived risk. For instance, the manager in this case had the option of seeking other suppliers when the preferred supplier expressed concerns regarding the timely delivery of the components. This mitigates the effects of late delivery which could potentially cripple production. Finally, the manager can transfer the risk. In this option, the manager seeks out professionals who handle risk management. For instance, the manager can insure the transportation of components in order to guarantee compensation in the case they are damaged (Aven & Renn, 2010).

References

Aven, T., & Renn, O. (2010). Risk management and governance: Concepts, guidelines and applications. Berlin: Springer.

Conrow, E. H. (2003). Effective risk management: Some keys to success. Reston, Va: American Institute of Aeronautics and Astronautics. Reston, Va. : American Institute of Aeronautics and Astronautics.

Culp, C. L. (2002). The art of risk management: Alternative risk transfer, capital structure, and the convergence of insurance and capital markets. New York: J. Wiley.