

A role of project manager in a company

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



When building a new strip mall or developing a new software it is crucial to identify risks. It is up to the project manager (PM) to identify and respond to risks. When developing a new software, possible risks might include developed new technology while writing the software, staffing issues, and scheduling. It is up to the PM to identify risk, determine the likelihood it will happen, and plan a response to possible failure.

Risk Management

Risk management can be beneficial to PMs because they can identify possible obstacles. Shimizu, Park & Hong (2012) state, “ Effective risk management requires minimizing the overall business risks through systematic risk management that responds to the changes of internal and external business environments (p. 533). Risk management can help an organization prepare for the worst. Approximately 71% of organizations now practice risk management (Meredith, Mantel, & Shafer, 2015). PMs can use project risk management to successfully complete a project and prepare for obstacles. There are six processes of risk management including planning, identification, qualitative analysis, quantitative analysis, response planning, and monitoring and control. (Meredith, Mantel, & Shafer, 2015). A PM can use these processes to identify potential risks and respond to failure.

Risk Management Planning

The first process of risk management is the planning process. It is never too soon for the project manager (PM) to plan for risk. The PM must plan for preventable, strategy and external risks (Meredith, Mantel, & Shafer, 2015). For example, when building a new strip mall the PM might consider preventable risks such as code of conduct. Following the town’s guidelines

and permit laws is a preventable risk to consider. The PM can also consider external risks such as incimate wheather that may cause unsafe working conditions. The planning stage is crucial for the PM to anticipate all posible risks including preventable, strategy and external.

Risk Identification

The second process is the risk identification. Risk identification consists of determining which risks might affect the project and identifying their characteristics. The PM must consider many enviornments including economical, technologcical, (Meredith, Mantel, & Shafer, 2015). The PM can map out possible risks to clearly identify all factors. There are several methods including the SWOT and fishbone diagrams. Fishbone diagrams identify potential factors in a cause-effect outline (Meredith, Mantel, & Shafer, 2015). If a PM is working on a project to build a new strip mall, they can use a fishbone diagam to identify internal and external risks such as enviornment, technology, budget, scheduling and staffing. They can also identify how risks can affect eachother. For instance, if the staff is not full than that can negatively effect the schedule.

Qualitative Risk Analysis

The third process of risk management is qualitative risk analysis. Qualitative risk analysis prioritizes the risks to show the most important ones and is flexible and easy to apply (Meredith, Mantel, & Shafer, 2015). A PM can use this analysis to rank the most important risks to the least. The analysis shoes the level of impact including low, medium and high and the probability it will occur (Meredith, Mantel, & Shafer, 2015). When building a strip mall, a PM can use this anaylsis to consider risks including costs, staffing, enviornment

and technology. The PM will then know which are high-risk versus low-risk. This helps the PM anticipate what will happen and how to address possible risks.

Quantitative Risk Analysis

The fourth process is quantitative risk analysis. The quantitative risk analysis is a more precise version of the qualitative risk analysis and is sometimes performed after the qualitative risk analysis. (Meredith, Mantel, & Shafer, 2015). The PM can use this analysis in addition to receive a more accurate analysis. One method of quantitative risk analysis is the Failure Mode and Effect Analysis (FMEA). FMEA is a scoring model consisting of six steps. The steps including listing all possibilities of failure, evaluating the severity of impact due to failure, the likelihood of failure, the inability to detect, finding the risk priority number and considering ways to reduce the severity, likelihood and detection. (Meredith, Mantel, & Shafer, 2015). Using this method will give a precise analysis to monitor risks.

Risk Response Planning

The fifth process to risk management is risk response planning. Risk response planning includes developing procedures to enhance opportunities and reduce threats. To enhance opportunities there are four approaches including exploit, share, enhance and accept. To reduce threats there are also four approaches including avoidance, transferring, mitigate, and acceptance. (Meredith, Mantel, & Shafer, 2015). The PM must consider all opportunities and threats when managing risk. For enhancing new opportunities, the PM can consider is to share. When building a strip mall, a PM might consider partnering with another company to reduce the cost, time

and effort of the project. This might create opportunity for future partnerships. Using external resources such as attorneys and consultants and creating a partnership can help identify external risks (Gibson, 1991). Creating a partnership can help reduce external risk and also build a relationship for future business endeavors.

Risk Monitoring and Control

The final process of risk management is risk monitoring and control. Risk monitoring and control consists of creating a record of perceived risks, methods to resolve them and the results of all PM activities (Meredith, Mantel, & Shafer, 2015). This process consists of monitoring the project and how risks and activities are controlled. The PM should track how often a risk assessment is conducted, reviewed, and identify the number of risks that were originally low and now high (Meredith, Mantel, & Shafer, 2015). Monitoring all risks can allow the PM to prepare for obstacles along the way.

Conclusion

In conclusion, when a PM takes a new project it is inevitable there will be risks. In order to successfully complete the project, the PM can use risk management to anticipate for obstacles along the way. Gibson (1999) highlights on the importance of risk-management, “ It is the goal of every risk manager to be proactive not only in day-to-day operations but in a company’s future” (p. 71). The PM must consider that risk-management affects the company’s overall performance and future.