

Managing Project Risk

A Structured Approach

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Risk Management: A Structured Approach

Questions

- Who is in the best position to offer design/construction risk management information?
- To what extent can the architect become involved in the risk management of the client's project?
- Are architects accepting client's risk if they do not identify every risk in a risk assessment?
- Who has the authority to make risk management decisions?

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Developing Core Competency

Input
Data

Transformation:

- Marketing and client relationship building
- Pre-design information gathering and analysis
- Design
- Drawing and Specification production
- Construction review and contract admin

Output
Decisions
and
Deliverables

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Risk Management

Project Risk Management is the art and science of identifying and responding to project risk throughout the life of a project and in the best interests of its objectives.


Risk Management is an attitude as well as a process

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Uncertainty, Opportunity and Risk

Unknowns (uncertainty) → 

- Project Risk is the cumulative effect of the chances of uncertain occurrences adversely and beneficially affecting project objectives.

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Risk Attitudes and Thresholds

- Level of risk that is acceptable to:
 - The Client and Project Sponsor
 - The Architect
 - Consulting Engineering Design Team
 - Users
 - Other stakeholders
- Dependent on many elements including:
 - Potential frequency & severity of loss
 - Manageability of the risk
 - Potential for (adverse) publicity
 - Whose money is it?
 - Whose reputation is it?
- Risk seeking, risk averse, or risk neutral

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Questions Addressed in a Risk Management Plan

- How addresses the methodology to be used and how the risks will be evaluated
- Who addresses individual roles in risk management and their communication
- How much addresses the risk management budget

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Questions Addressed in a Risk Management Plan (cont'd.)

- When addresses risk management activity scheduling
- What addresses what risks will be handled
- Why provides a rationalization for risk management activities

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A Structured Approach

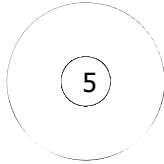
1. Develop a Risk Management Plan
2. Identify Risk
3. Qualitative Risk Analysis
4. Quantitative Risk Analysis
5. Develop Risk Response Plans
6. Manage Risk Responses

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Selling Risk Management Services

- Take 5 minutes and consider to whom and how you could sell risk management services.
- Consider clients how may not typically be used to considering risk.
- What would your value proposition be?



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