

# Managing Project Risk

## A Structured Approach

Prepared by Don Ardiel  
BArch, MDE, OAA, PMP

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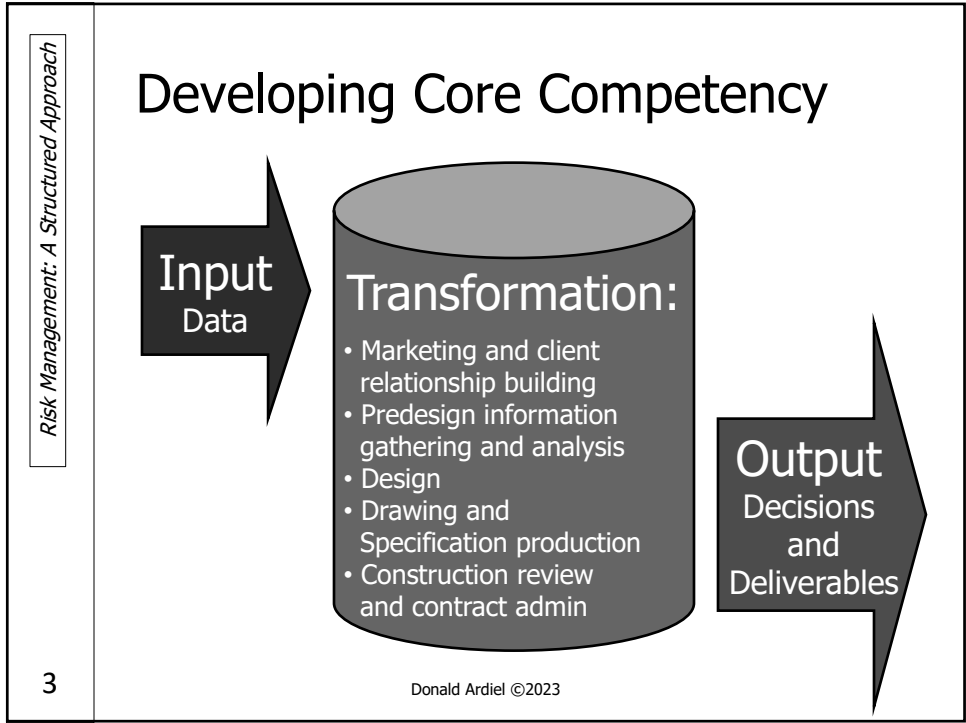
# Questions

- 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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## 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 who may not typically be used to considering risk.
- What would your value proposition to these clients?



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