



PROJECT MANAGEMENT

RM: Risk Management

Bogdan Lent

60 Minutes



13:00 RM Risk Management



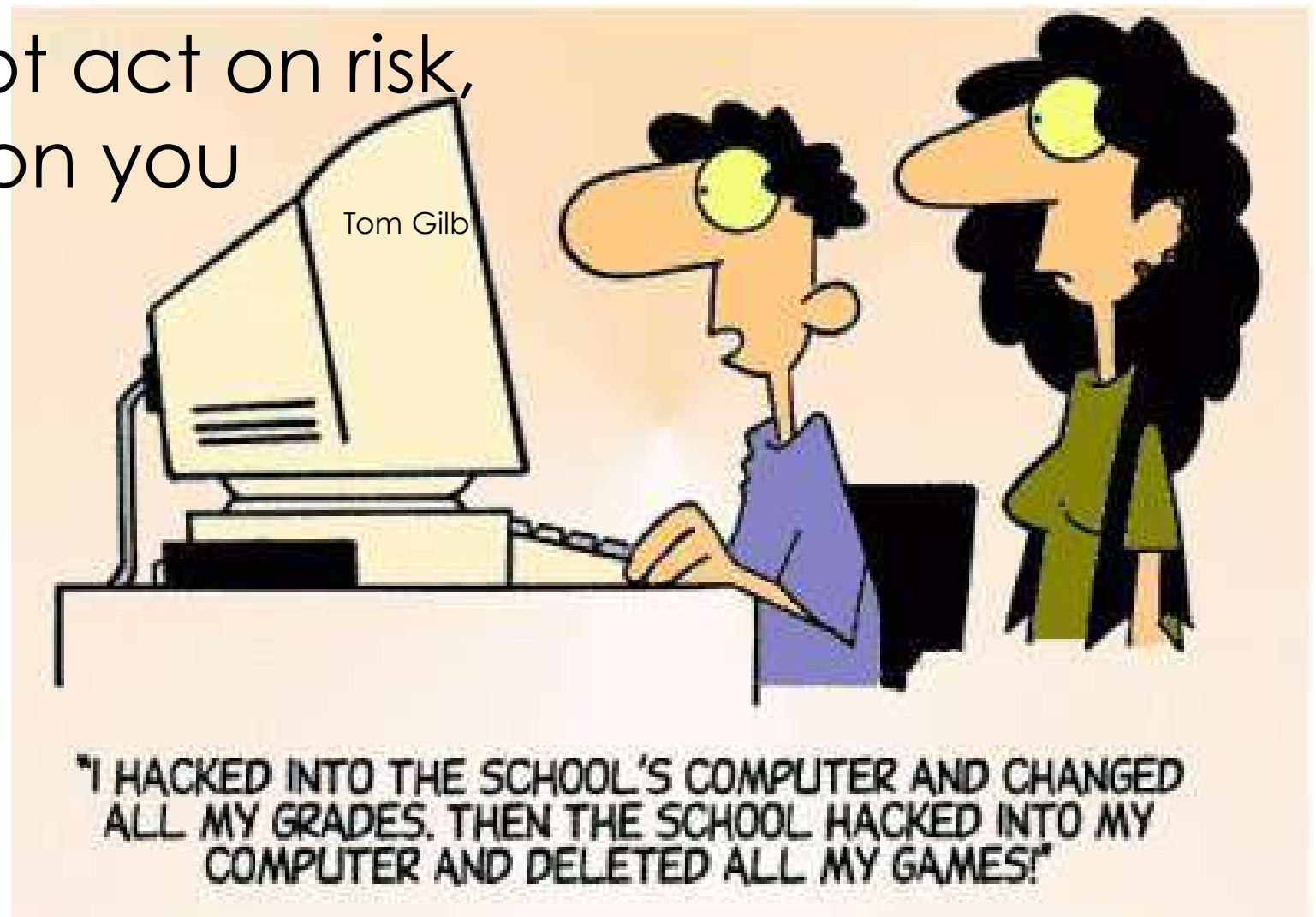
Risk Management

Project Challenges



Project Management

If you will not act on risk,
risk will act on you



13:00 RM Risk Management:

13:10 Goals Economic project risk minimization
by permanent, creative, as early as possible
reconnaissance
of potential risks,
of situations in the project, which lead to risks
and the elaboration of the suitable countermeasures.



Definitions

13:00 RM

13:20 Methods

Project risk:

Possible events and situations which have negative effect on results/ schedule /project costs.

Risk management:

Identification and initiation of countermeasures to prevent the threats and/or to reduce of the impact of risk occurrence on the project



2021 Dodge Durango Citadel Recall– Back to the service stations

3rd of May, 2021

Car manufacturer Dodge calls back about 2000 of the 2020-21 Dodge Durango three-row SUV back to the service stations. A loose or missing fastener may cause the side curtain airbag to deploy incorrectly, increasing the risk of injury.



Risk Sources

Risks occurring from the processes:

07:00	P&S	Goals, project plans, plan of cost, time, schedules, factors, technique, ...
08:00	OM	Organization, operational sequences, resources, ...
09:00	PM	Formalities of purchase, contract agreements, payments
10:00	EVM	Deviations, detection system
11:00	QM	Inefficient quality evaluation system,
12:00	PM	Inefficient process , lack of resources, ...
...	...	...



Project Management



Risk Management

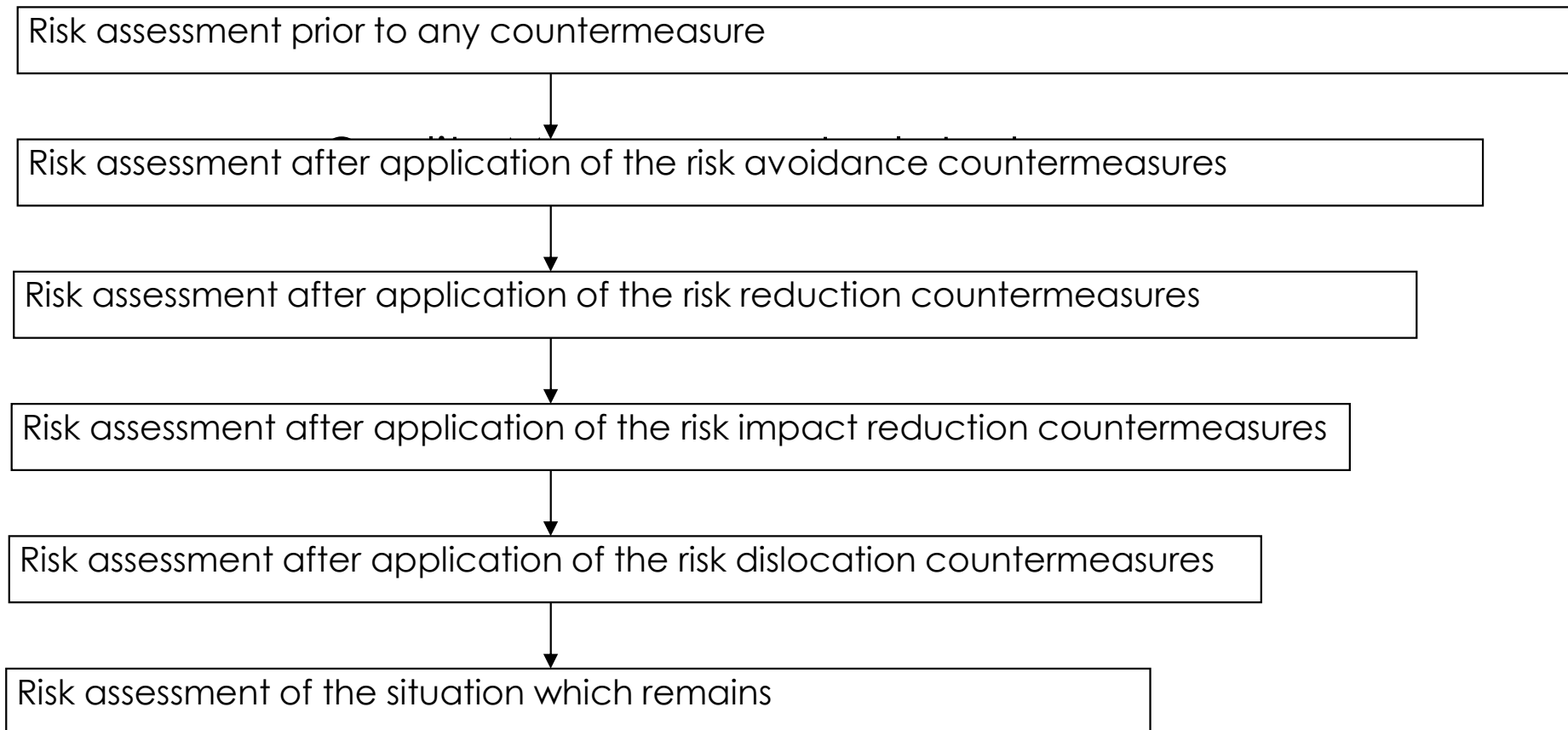
Management procedure

1. Identify all potential sources of project risks
2. Define the early warning system
3. Evaluate the probability of risk occurrence
4. Evaluate the consequences of risk occurrence
5. Elaborate the protective means
6. Elaborate the repair procedures if it happens
7. Evaluate the costs of consequences
8. Decide how to proceed
9. Initiate the appropriate actions
10. Document the Decisions
11. Monitor the situation and early warning system
12. Repeat Steps 3-11.



Risk Management

Sequence of Risk Analysis

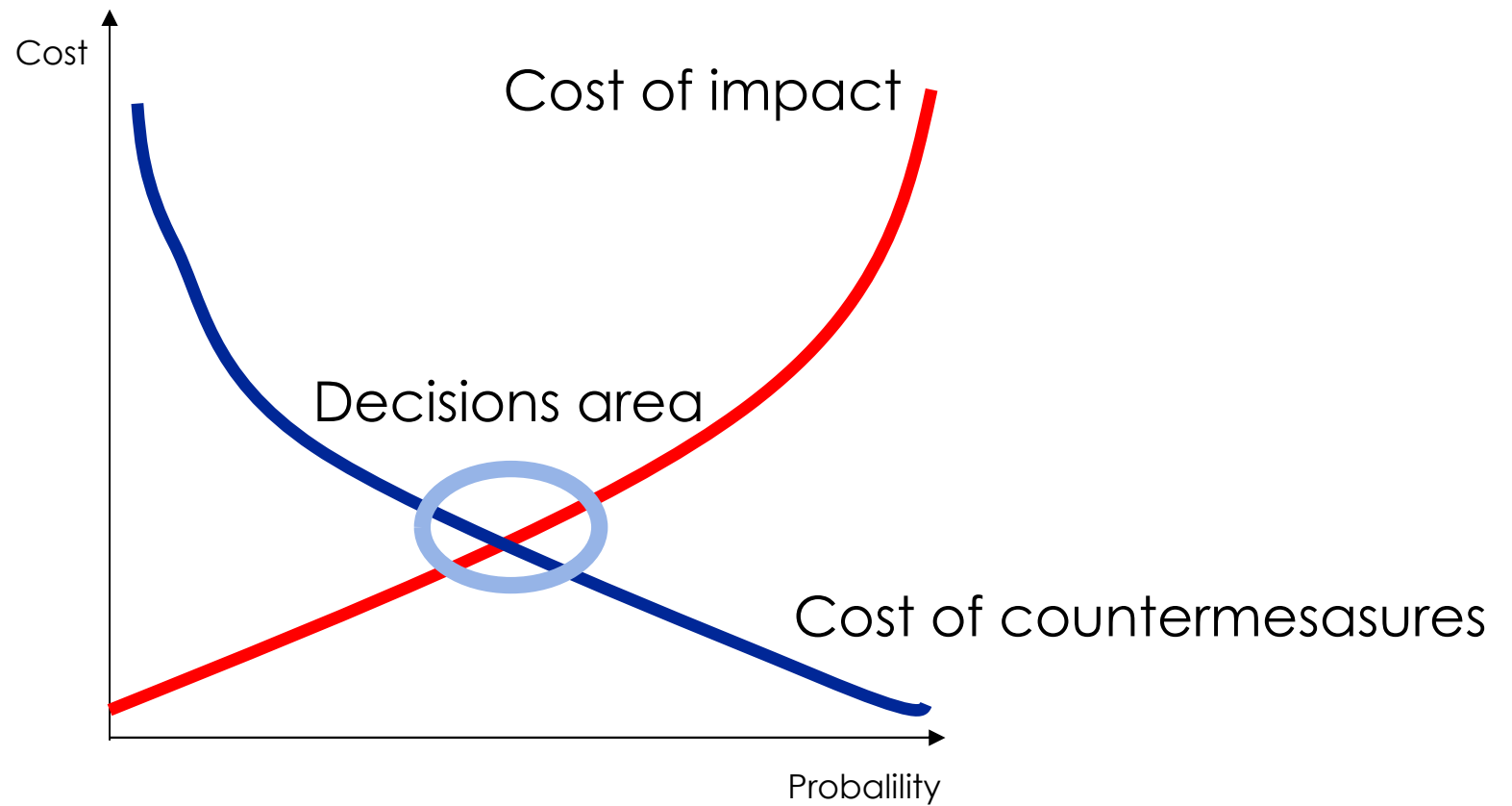


Risk Assessment probability driven

Consequence of the risk occurrence	high	3. priority	2 priority	1. priority
	medium	4. priority	3. priority	2. priority
	low	5. priority	4. priority	3. priority
		low	medium	high
		Probability of risk occurrence		



Risk Assessment by impact



Impact Assessment

Criterion	Current Situation	If applied measure 1	If applied measure 2	If applied measure 3
Losses L	10	9	4	5
Probability P	3	3	1	2
$RF = L * P$	30	27	4	10
Δ Improve- ment	-	-3	-26	-20



Countermeasures Value Analysis

Measure	Δ	Cost \$	Relation \$ / Δ	Priority
1	3	45	15	3
2	26	120	4,62	2
3	20	75	3,75	1

TOTAL WIN AFTER
ALL 3 MEASURES ARE APPLIED:

49

TOTAL COST OF APPLICATION
ALL 3 MEASURES:

240 \$



Countermeasures ABC Priorities

Measure	Δ		Cost \$		Priority
TOTAL	49	100%	240	100%	
1	3	6.12%	45	18.75%	3
2	26	53.06%	120	50%	2
3	20	40.82%	75	31.25%	1

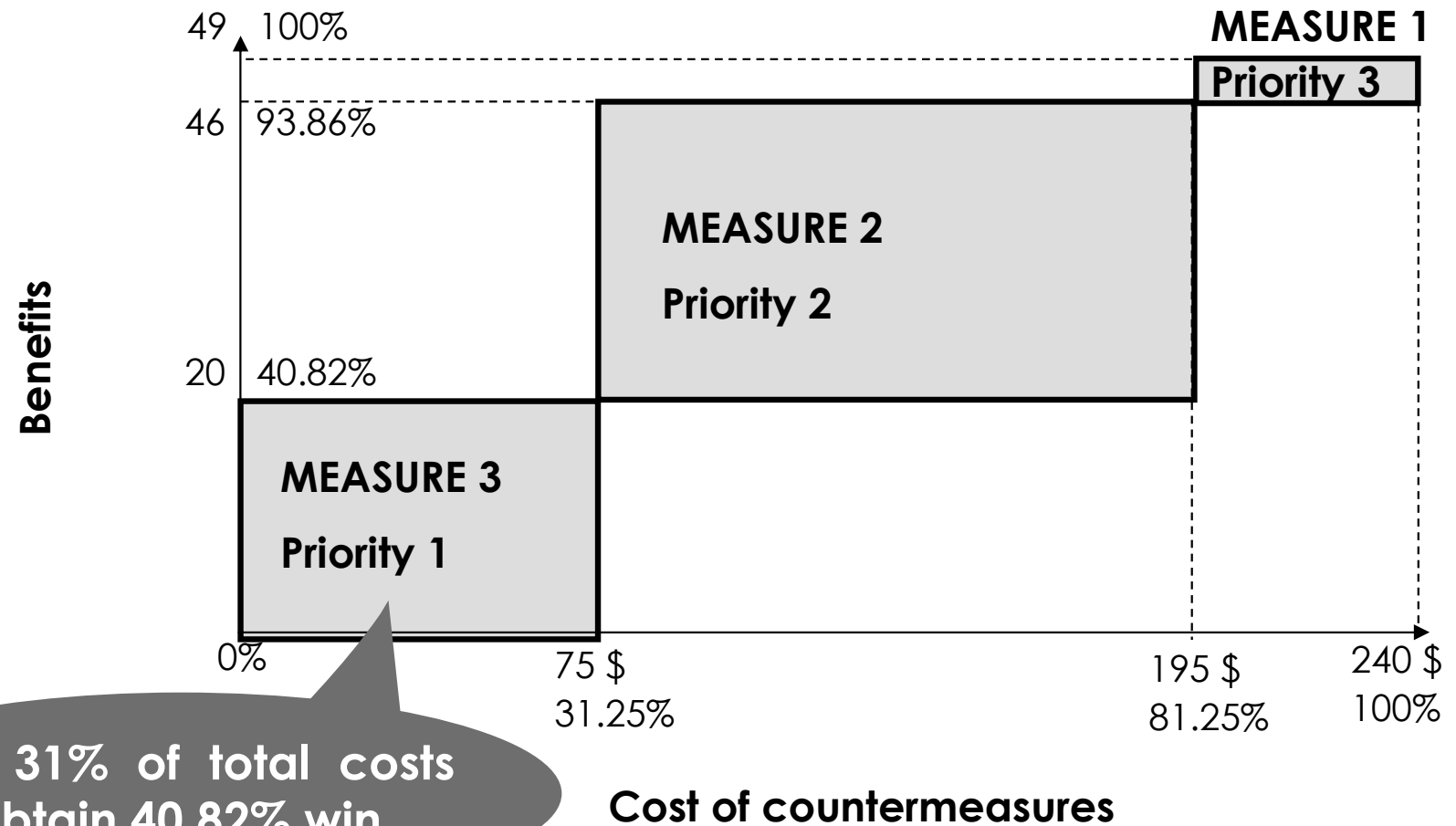
With 18.75% of total cost we obtain 6.12% win

With 50% of total cost we obtain 53% win

With 31% of total cost we obtain 41% win



Countermeasures ABC Doagram



RM: Risk Management

Bogdan Lent

60 Minutes





PROJECT MANAGEMENT