Project Risk Management Questions

1. Give **two reasons** why Risk Management is used for projects.
2. Detail **three attitudes** to Risk Management and **give an example of each**.
3. Explain the **difference between** *Qualitative* and *Quantitative* Risk.
4. Create a brief **Risk Register** for the following case:

   You are organising a social event for a small group of friends at a venue outside the centre of town.

   Here are some points to think on:

   - Some friends might bring partners or other friends
   - Refreshments
   - Venue
   - Transport

5. Having read the Risk Management slide pack, the BP case study and further reading, identify **any two areas** of risk that were not fully accounted for and **explain** what could have been done to better manage the risk.

Project Risk Management Answers

1. Answer may include:
    a. Cost associated with accounting for risk before it occurs versus cost associated with accounting for risk after it occurs. Must also include why the cost can be greater i.e. planned contingency and budget allocated to fix risk versus no plan and expensive quick fix solutions.
    b. Safety, to create documentation that ensures that any and all risk to persons and plant is accounted for to minimise chance of occurrence. Must also include why safety is important to a project i.e. cost and good will to a project can be heavily damaged through any harm to people or plant.
    c. Account for environmental factors i.e. political and environment. Must also include why accounting for the environment can improve a project i.e. taking into account that the price of materials is volatile will allow a more accurate budget to be formulated.
    d. To ensure quality of delivered project. Must also include why quality can be ensured by using Risk Management i.e. project risk can be tracked and controlled once identified, contingency plans allow quick and suitable fixes of risk.
    e. Any other valid reason with suitable explanation.

2. Answer can be obtained from slides 6 & 7 of Project Risk Management:
    a. Answer must include ignoring risk, reactive risk management and proactive risk management.
    b. Suitable example, which shows understanding of the three different attitudes.

3. Answer can be obtained from slide 9 of Project Risk Management Slide Pack:
    a. Quantitative Risk is measured in terms of ‘High’, ‘Medium’ and ‘Low’ or in a rated scale i.e. 1 to 10
    b. Qualitative Risk is measured in terms of real numbers like ‘£10000’ or in percentages i.e. ‘50%’

4. Example:

Risk Category	Risk Title	Risk No.	Probability (0-3)	Impact (1-3)	Compound Risk	Mitigation	Contingency	Owner
Guests	Too Many Guests Attend	1.1	2	2	4	Get a indication of additional guests and account for them	Deny guests entry	Self
Guests	Guests are bored	1.2	1	3	3	Hire entertainment	Bring out the Nintendo Wii	Self
Refreshments	Run out	2.1	1	3	3	Buy more refreshments than needed for the maximum number of guests	Order takeout food or get more refreshment from shop mid event	Self or guest with transport
Refreshments	Diet requirements	2.2	3	3	9	Obtain diet requirements of guests before event and account for them	Guests go without or obtain during event	Self & Caterer
Venue	Unsuitable for event	3.1	1	3	3	Visit the venue before the date of the event to make sure it is suitable	Find other venue	Self & Venue convener
Venue	Extra costs associated with event hire	3.2	1	3	3	Inquire about regulations surrounding the event hire	Move venue or pay for extra cost	Self & Venue convener
Transport	Breaks down	4.1	1	2	2	Make sure the transport is suitable for transport to party	Hire taxies	Self & Transport owner
Transport	Gets lost	4.2	1	1	1	Make sure the transport driver is aware of the route and obtain a map with directions	Use Google maps on an Iphone or ask for directions	Driver

- Can include the when the action must be done but is not necessary for this example.

5. Identified areas of unaccounted risk:
    a. Depth of water
    b. Equipment
    c. Skill set of engineers
    d. Any other valid identification

The cement material used for the oil well did not hold up well in the environment i.e. at the depth required. Further testing and contingency planning for well material failure would be required.

The equipment such as the shearing rams failed under operation due to a flat battery and a broken solenoid. Correct inspection should be carried out or a suitable monitoring system put in place to monitor the critical system parameters.

Identify the 40 minute period where the onsite engineers were unaware of influx of oil into the well. Engineers were unable to interpret the data from the well monitoring system, therefore the system was not fully understood and so the risk of having the knowledge available to manage the system was not fully addressed.