



Project Controls Expo – 16th Nov 2016

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An Introduction to Project Risk

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About the Speaker

The speaker has 30 years experience in managing electrical Infrastructure projects at project and programme level.

He was the London programme manager responsible for delivering the Bankside switching station project that handed over the new gallery space for Tate Modern extension , recognised at the time, as the most complex utility project of its type in western Europe.

Now has the role of Risk Manager for Capital Programme Infrastructure Projects in UK Power Networks

About the Topic

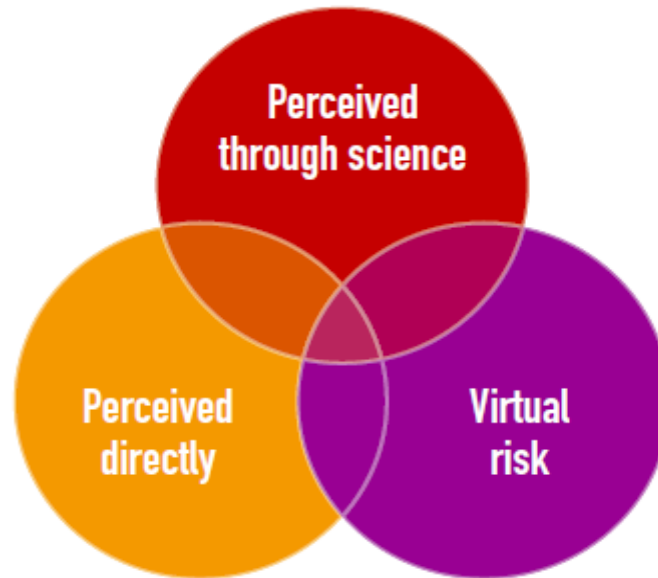
This is an introduction to the fascinating subject of risk management for those new to the subject or seeking to expand their knowledge.

The Nature of Risk

- ❑ The Royal Society : Actual versus Perceived risk
- ❑ The Kelvinists versus the objectors
- ❑ Professor John Adams' Risk thermostat
- ❑ People react according to their perception of risk

The Nature of Risk

e.g. cholera: need a microscope to see it
and a scientific training to understand



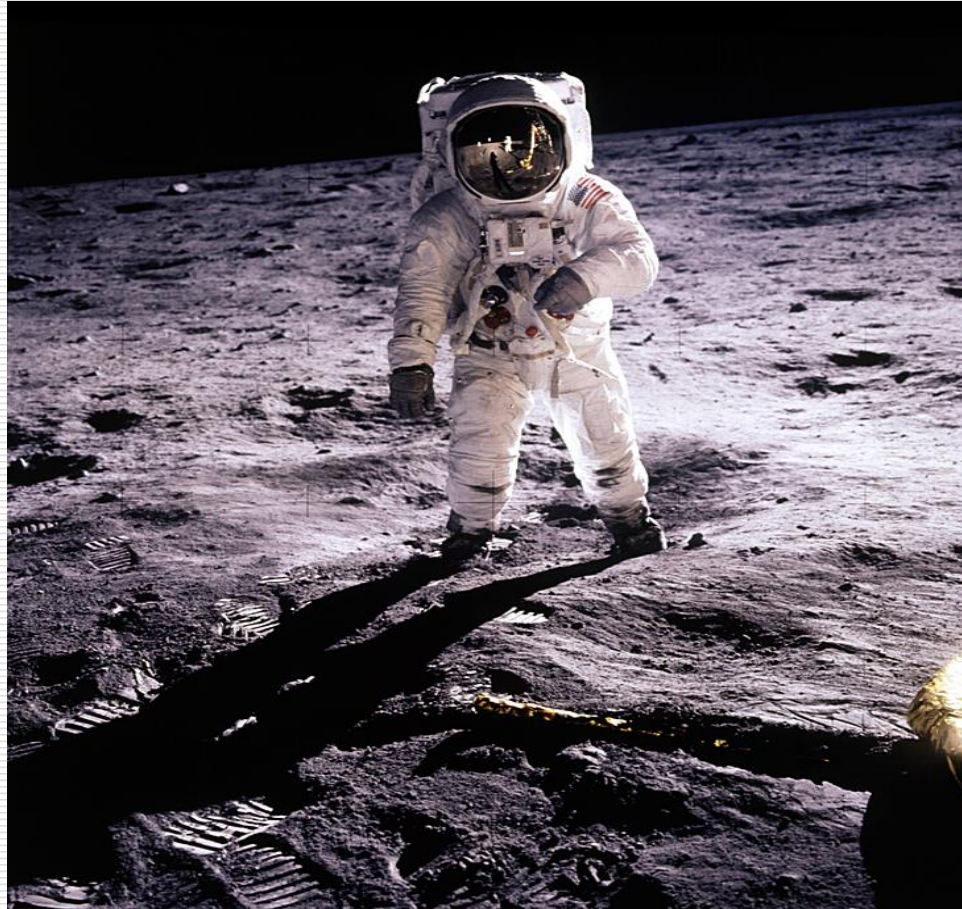
e.g. climbing a tree,
riding a bike, driving
a car

Scientists don't know
or cannot agree: e.g.
BSE/vCJD, global warming,
low-level radiation,

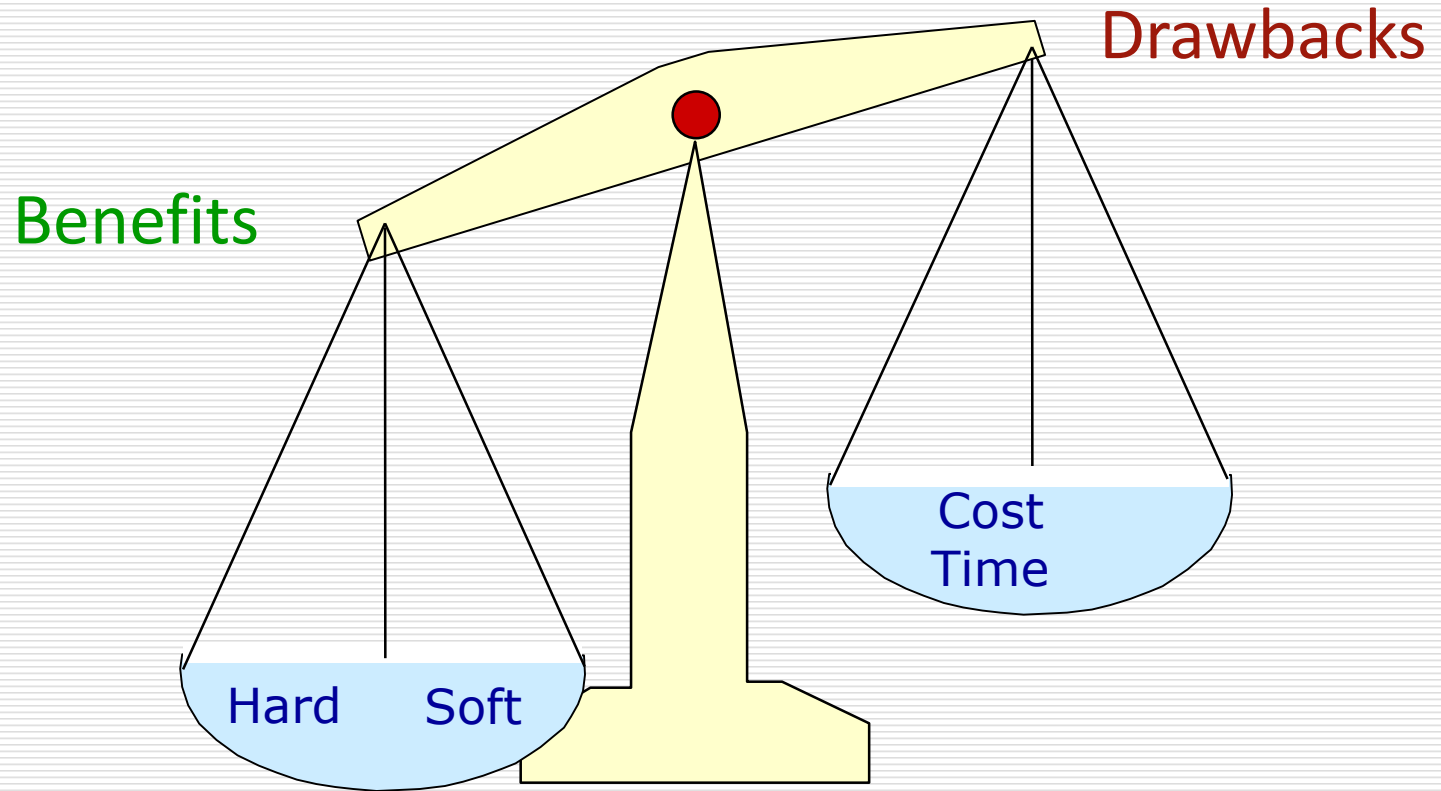
‘inevitable yet avoidable ?’



'Its True Legacy lies in its project management achievements'



Risk Management Drawbacks/Benefits



Project Risk Management

□ What is a risk ?

Definitions

Objective versus subjective risks

Risks versus Issues

Assumptions & Dependencies

Project Risk Management

□ What is a risk ?

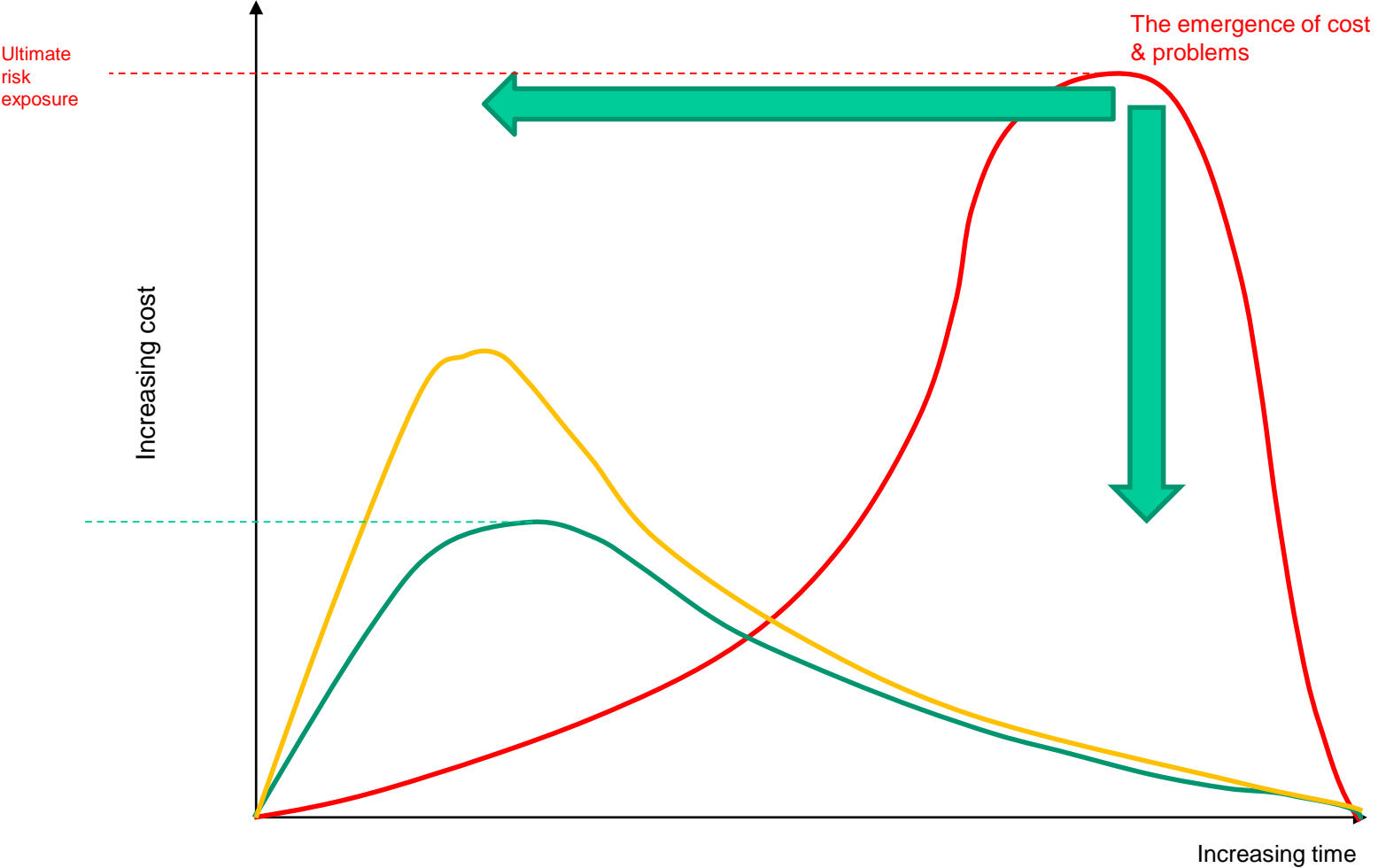
Definitions

Company Risk

An event or sequence of events that would, if materialised, directly impact the enterprise in realising its objectives by having a reputational, legislative, regulatory, health, safety, environmental, customer, business operations, employee or financial impact.

Project Risk ?

Achieving the Left Shift

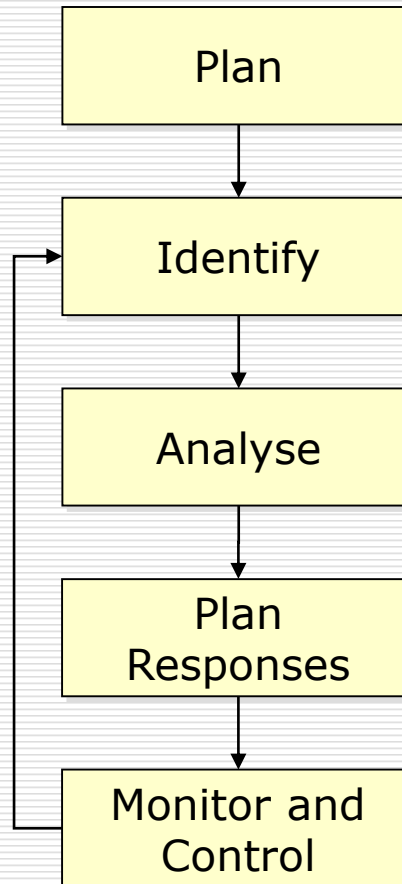


Project Risk Management

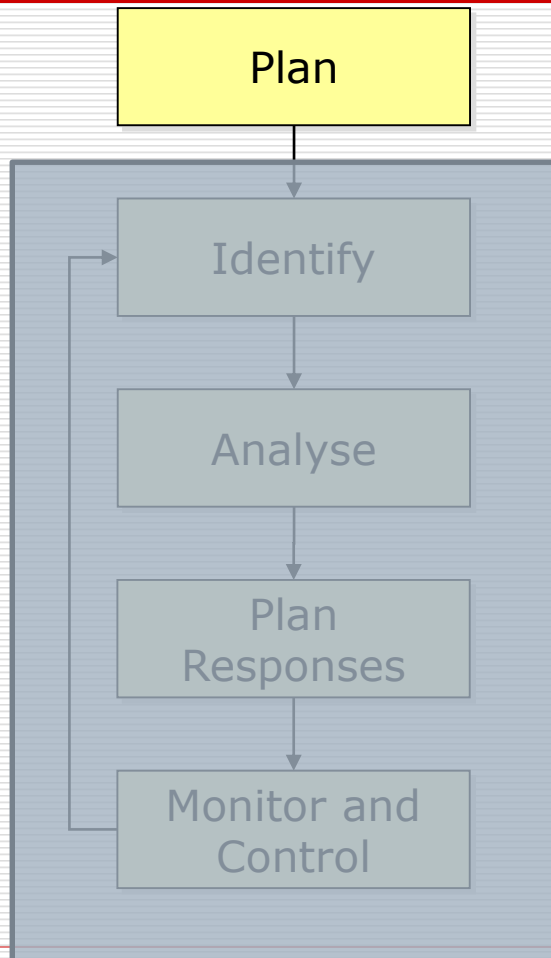
Risk Process Frameworks

- APM;- PRAM guide
- PMI
- Independent Consultants(Chapman & Ward)
- ISO 31000
- Government (OGC)
- IRM
- HSE

Risk Management Process

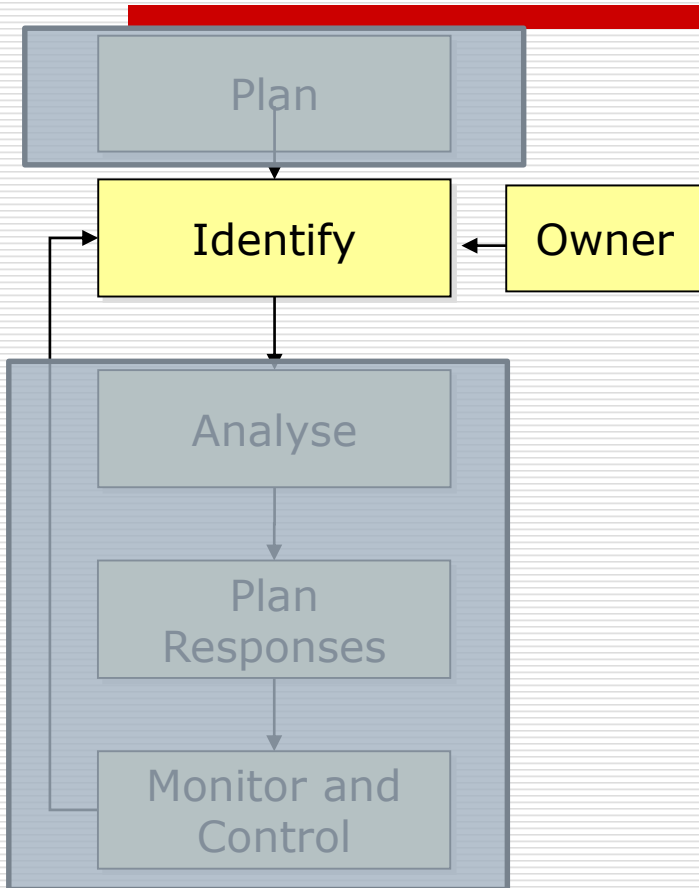


Plan Risk Management



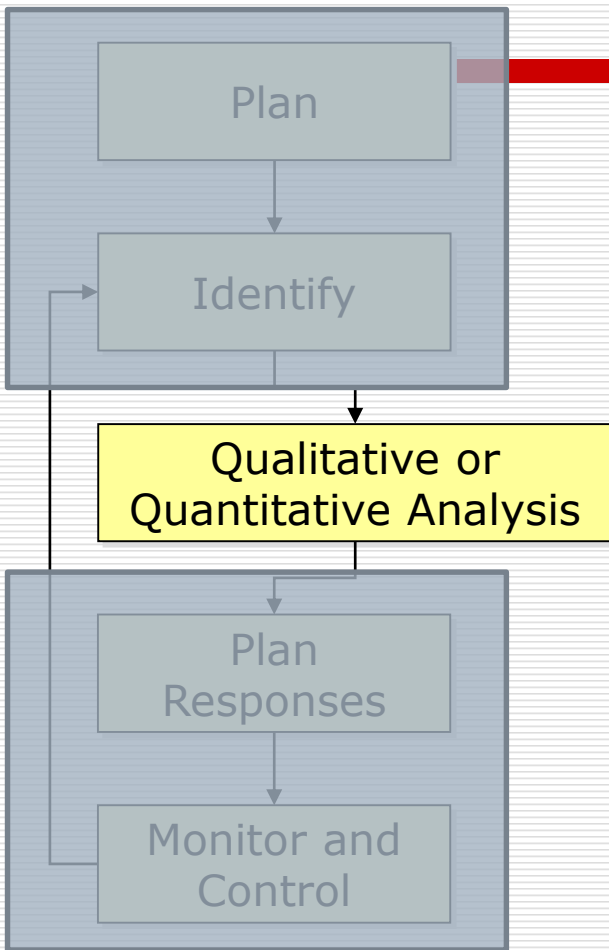
- Strategy
(why / how)
- Roles and responsibilities
(who)
- Tools and techniques
(detail)
- Parameters
(what is / is not included)

Identify Risks



- Assumption Analysis
- Brainstorming
- SWOT analysis
- Check Lists
- Interviews
- Post Project Reviews

Risk Analysis



- Probability / Likelihood
 - High / Medium / Low
 - Numeric
- Impact / Consequence
 - High / Medium / Low
 - Numeric.

Risk Assessment Matrix

Probability	High			
	Medium			
	Low			
		Low	Medium	High

Impact

Risk Assessment Matrix

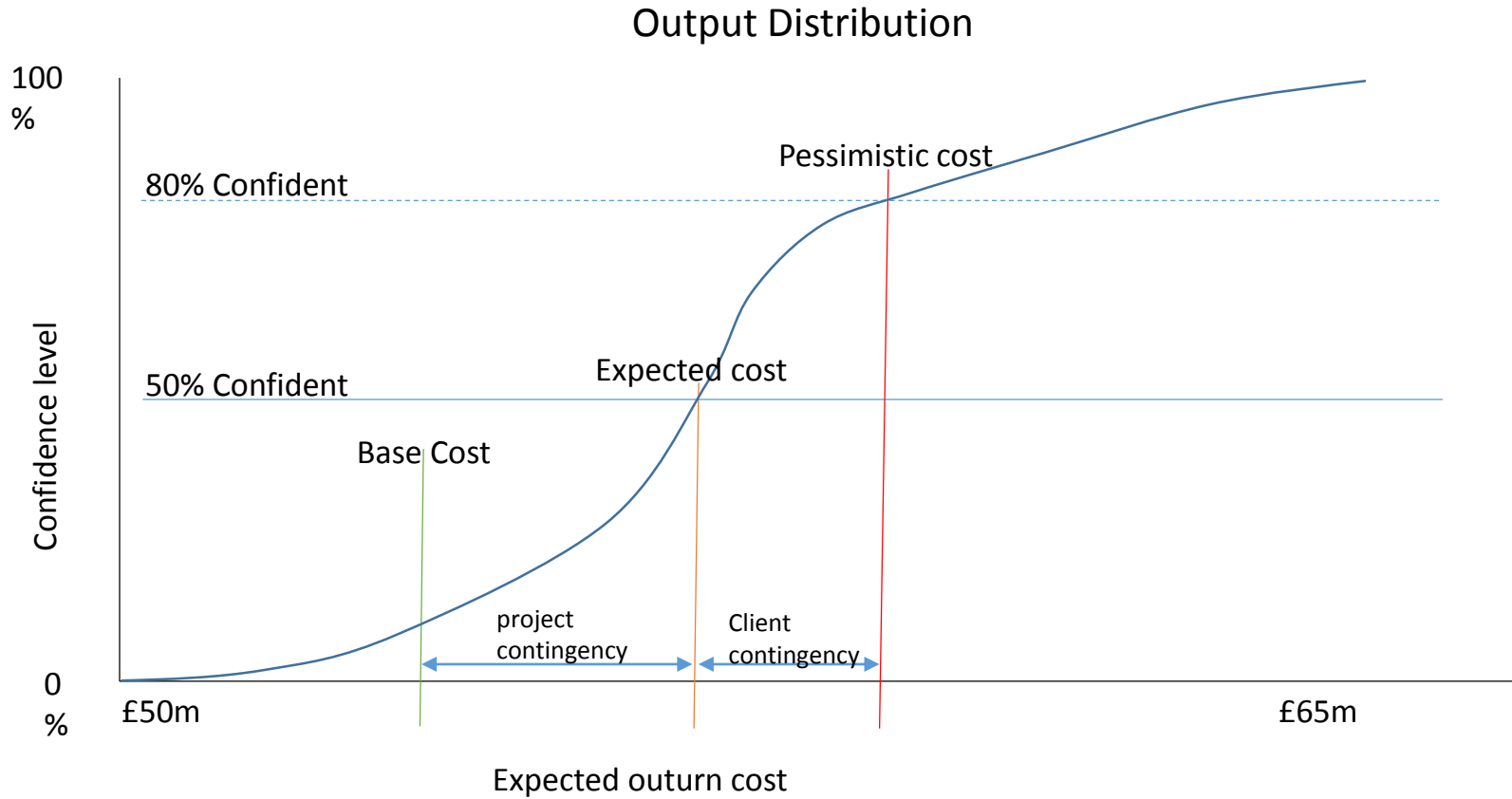
Probability	High		Take Action	
	Medium			
	Low			
		Low	Medium	High

Risk Assessment Matrix

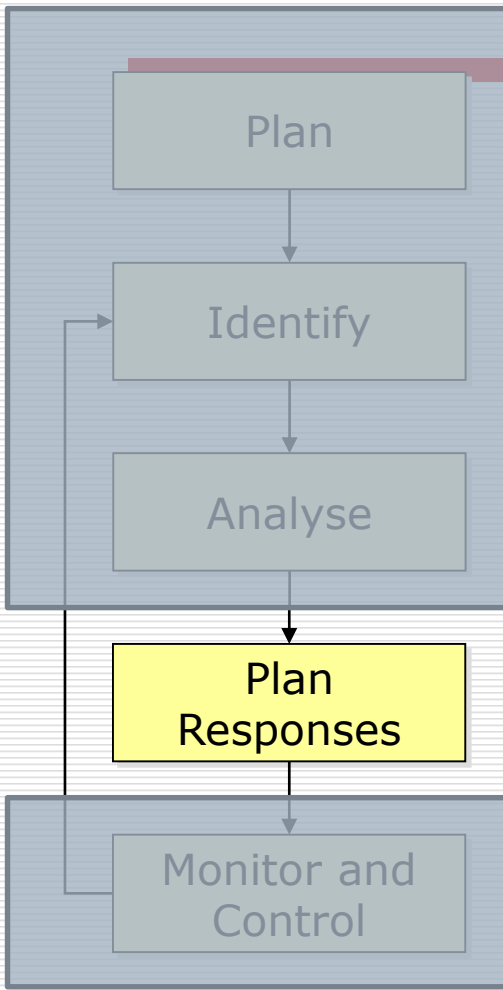
Probability	High			
	Medium	Consider	Take Action	
	Low		Consider	
		Low	Medium	High

Impact

Quantitative Risk Analysis



Risk Management



- Take Action

- High Impact – High/Medium Probability
- Medium Impact – High/Medium Probability

- Consider Action

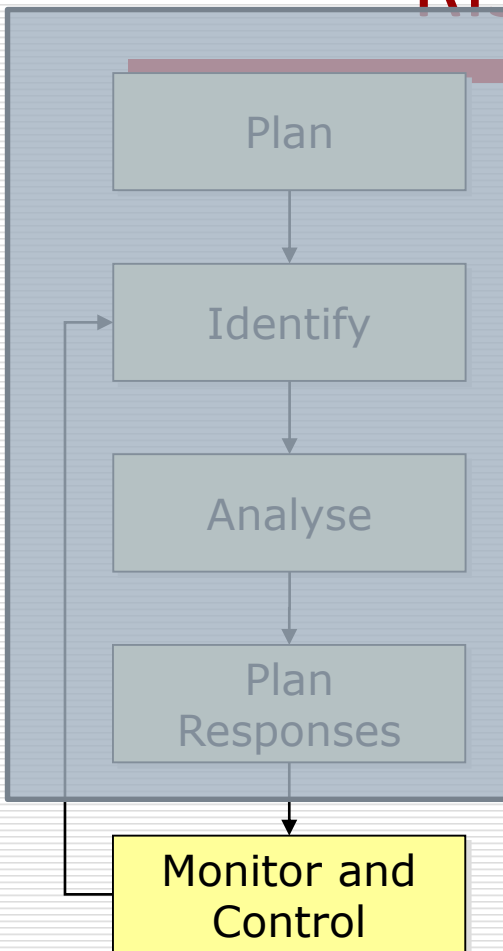
- Low Impact - High/Medium Probability
- OR**

- Low Probability – High/Medium Impact

- Monitor it (accept the risk)

- Low Impact **AND** Low Probability

Risk Monitoring and Control



- Reassessing risks
 - Has the probability changed?
 - Has the impact changed?
 - Has the risk passed?
- Are contingency plans still relevant?
- Identify any new risks

Risk Management - Summary

- ❑ Risk Planning
- ❑ Identify the risks
- ❑ Analyse the risks
- ❑ Plan responses to the risks
 - Avoid the risk (stop the risk occurring)
 - Reduce the risk (impact and / or probability)
 - Transfer the risk (insurance / sub-contract)
 - Contingency plan (alternative plan)
 - Accept the risk (ignore it)
- ❑ Monitor and control the risks

Any Questions ?
