

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

Master of Project
Management

Date

18 / 02 / 2021

Course Code

(PMG510)

Project Risk Management

Instructions:

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1. King Abdullah Sport City Risk Analysis:

King Abdullah Sport City (KASC) is a construction project that was tendered to Saudi Aramco Company as the manager of the project. Aramco Company had to plan the construction of this stadium in a short time frame and high standard that match FIFA standard for football venue. In this essay some of the risks of KASC project will be analyzed and a strategic plan will be placed in order to avoid the impacts associated to these risks.

1.1. Short Time Scheduled

It was required by the client to finish the project in 2014, while the project was bid to Aramco in 2012. 2 years is small time period comparing to other projects as big as KASC. It is mandatory to meet the customer satisfaction thus project get accepted. This is considered as control risk; a small delay can impact the whole project schedule.

The likelihood of this risk to appear can be considered as high. 2 years is short period comparing to other sport stadiums projects constructed in SA. The impact of it is also high, since the delay can affect the rejection of the client, and it would cost the operational company a lot of money and efforts.

In order to meet the period scheduled and avoid delays, Aramco used prefabricated materials, and dealt with local vendors, and foreign construction company to avoid logistics and construction delays. They also employed 8400 labor to avoid shortage and increase the productivity.

1.2. Unknown Site Conditions

Unknown site condition is frequent sources of dispute between owners and contractors, and lack of knowledge can also cause receiving additional compensation for the changes. This is considered as uncertainty risk.

The likelihood of this risk to appear can be considered as high, since the project allocated near the coast. The soil type and the variation of the thickness of the land crust would have high short-term and the long-term impact.

A deep investigation on the site condition was conducted to be fully aware of the site conditions, attempting to disclaim responsibility for site conditions and include a differing site conditions clause in the contract to reduce the risk costs forced by specific conditions.

1.3. Natural Disasters

Floods, fires, and lightning storms can cause a huge damage on the materials and the tools in the site. It also can cause high injuries and death sometime for the people working in the site. This is considered as hazard risk

The likelihood of this risk to appear can be considered as low, looking the nature of Jeddah and the weather type. However, the impact of this risk is high looking to the life and damages can be caused by this risk type.

To avoid the loses of natural disasters, and effective response to the disaster and effective recovery plan should be prepared. Furthermore, a project like KASC must be insured by insurance company to reduce the costs.

1.4. Design Error

KASC stadium shall meet FIFA standard for football to achieve the desirable goal of this project. Having design errors will affect this goal, and last changes lead to crushing the schedule and exceeding the agreed budget and schedule. This is considered as control risk.

The likelihood of this risk to appear is low, since Aramco work on high standard levels and high quality materials is used. The impact of such risk is high if these errors was discovered in the late stage of the project process.

To avoid such errors, Aramco managed to have good communication and documentation network to track the errors and solve it before they escalate.