

Everyone's Smart University

Project (Spring 2021)

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Section

Master

Date

Thursday

18 / 03 / 2021.

Course Code

(PMG510)

Project Risk Management

Instructions:

- اخر موعد للتسليم هو يوم السبت 2021-05-08 في تمام الساعة ٩ مساءً.
- الإجابة متاحة باللغة الإنجليزية أو اللغة العربية مع مراعاة أن تكون المصطلحات العلمية باللغة الانجليزية.
- يتم تسليم المشروع في صيغة ملف . pdf مع الالتزام نموذج الجامعة ولن تقبل أي مستندات أخرى.
- يجب مراعاة أقسام البحث الرئيسية (مقدمة Introduction، دراسات علمية سابقة Literature Review، طريقة البحث Methodology، النتائج والمناقشة Results and Discussion ، وأخيراً المراجع References . وان كان هناك ملحقات Appendices يتم إضافتها)
- يجب الالتزام بـ Theme موحد كما يلي:
- حجم الخط 12.
- نوع الخط Arial.
- لون الخط أسود.
- المسافة بين الأسطر 1.5 line spacing
- عدد صفحات البحث (لا يقل عن ثلاث صفحات ولا يزيد عن ست صفحات).

Instructor's Name: Eng. Mosaab M. Hamed

Over Size Shipments Project

Introduction:

A lead foreign logistics and customs clearance company works with many corporations that have a fine market share in Saudi Arabia. Lately they were assigned by one of their key clients to ship over 20 hazardous material with a chargeable weight over 10,000 KG during specific period. Looking to the current situation with the pandemic, handling this project can have a lot of risks during the plan and execution phase of the project that aimed to be reduced through this risk analysis project. Logistics risks require a tight control and monitor, from the moment of dispatch till shipment arrival.

Objectives:

The objectives of the paper are:

- 1- Identify some of the risks associated to the project
- 2- Apply risks severity matrix and probability-impact assessment
- 3- Calculate the and he EMV for each risk
- 4- Apply Preventive and corrective plan

Literature Review:

Risks generally covers many areas of definitions, however in logistics industry risk was defined by APICS "In the context of supply chain management, risk management involves dealing with uncertainty in supply, transformations, delivery, and customer demand. The uncertainties can be the result of such forces as yields, timing, pricing, and catastrophic events." [1]. However, these risks limits the uncertainties that can happens during the process which can lead to the project failure.

Nijole Batarliene made a research on the risks associated to the transportation of the dangerous goods, and the study showed that dangerous freighter has relatively high accidents. The writer used 5-Steps process technique to analyses the risk and provide technical solutions for the risks.[2]

Methodology:

Qualitative and quantitative data were used to do the analysis and the risks assessments tool.

1- Qualitative Data:

Qualitative data are the risks list, which are listed based on brainstorm and previous similar project and experience. Other qualitative method is the severity measurements (High, Medium, Low). Severity matrix tool helps in considering the risks that need the higher attention As the risk

severity get higher ranking (Red= High priority, Yellow= Medium, Green= Low) contingency plan is required. [3].

2- Quantitative Data:

Quantitative data will be in the Probability-Impact assessment, for this tool the measurement for each factor will be (0-0.3= Low, 0.4-0.6= Medium, 0.7-1 High). Another tool is the EMV, by this tool we can calculate the contingency cost for each risk, and the total contingency cost need to be planned in the budget of the project. [4]

Risks Identification:

1- Global Pandemic (Covid-19)

Covid-19 has become a worldwide problem, and in the shipping transportation industry it's a serious uncertainty risk lead to consistent flight delays, and in some situations where complete countries lockdown that lead the shipment to be stuck in transit.

2- Shipment Discrepancy and Lost

Shipment discrepancy and lost can lead to a complete failure of the project, and can affect the company reputation if it was not solved fast and properly

3- Wrong Destination

Shipments arriving to the wrong destination, a problem happened in many situations, for example shipment misrouted and delivered to Hamburg instead of Jeddah.

4- Compliances and Regulation

Dangerous goods require a lot of paperwork like applying for OK2KSA approval and IATA approvals. All this beside the custom clearance documents. Failing to achieve theses compliances and regulation can waste a lot of time.

5- Bad Weather

Storms and snowy weather can lead to flight delays, in some countries where their weather is not stable flight can be delayed for days. JFK is an example for such situation, in 2020 winter, snow storms last for 3 weeks and all this time all flights were delayed through this period.

Risks Analysis:

Probability-Impact assessment and severity matrix help in putting priorities to the risks. Acknowledging the priority based on the assessment and the severity of the risks allow to set resources in the right direction.

Figure 1 Severity Matrix

Impact	High 0.7-1	Mid	High	Critical
	Medium 0.4-0.6	Low	Mid	High
	Low 0-0.3	Low	Low	Mid
		Low 0-0.3	Medium 0.4-0.6	High 0.7-1
Probability				

Table 1: probability-impact assessment

Risk	P	I	Severity	Preventive Action	Corrective Action
Global Pandemic (Covid-19)	0.8	0.9	Critical	1- In case flight were stocked in transit or delayed, avoid the routing in countries that has serious conditions with covid. 2- Book direct flights	1- Notify stakeholders and management 2- Ensure to have counterpart offices in the main cities that can help on site (import, re-export) in case of lockdown.
Shipment Discrepancy and Lost	0.4	0.8	High	1- Study different airline choices, choose the guaranteed company. Study the terms and conditions	1- Track the last location of the shipment and communicate with our origin to send broker there to look for it.

Risk	P	I	Severity	Preventive Action	Corrective Action
				carefully and ensure to have a fair compensation if shipment was lost.	2- Communicate the airline care team to investigate and report the situation.
Wrong Destination	0.3	0.7	Medium	1- Track & trace the shipments, sending pre alerts and check MAWB with origins when shipment departure, having staff on site to ensure everything goes in the right direction.	1- Communicate the wrong distention origin team to have the shipment imported and re-exported to the right direction
Compliances and Regulation	0.2	0.3	Low	1- Assign broker to do all the needful documentations. 2- Learning and preparing the required documents before the EDD of the shipments	1- Communicate the compliance agency and solve the issue
Bad Weather	0.2	0.8	Medium	1- Ensure that Shipped goods have insurance bill.	1- Send a notification for the project owner about the dely. Follow up till having the earliest booking 2- Truck the shipment to the nearest POL with better wither conditions

Table 2: EMV Calculation

Risks	Probability	Impact Cost	Risk Contingency
Global Pandemic (Covid-19)	0.8	SAR 37,500.00	SAR 30,000.00
Shipment Discrepancy and Lost	0.4	SAR 90,000.00	SAR 36,000.00
Wrong Destination	0.3	SAR 26,250.00	SAR 7,875.00
Compliances and Regulation	0.2	SAR 11,250.00	SAR 2,250.00
Bad Weather	0.2	SAR 5,625.00	SAR 1,125.00

Total EMV= SAR 77,250.00

Results and Discussion:

The above result instructs that there is 2 highly important which are the global pandemic covid-19, and the shipment discrepancy and lost. Both have the highest contingency cost and the highest severity.

The wrong destination is medium severity, and the risk contingency can be considered as medium too looking the range. Will have long term impact if happened, it can result in losing the client and giving bad reputation to the company. However, the bad weather condition has medium severity, but it has the lowest cost the bad weather will impact the schedule of the project and the ETA.

Last lowest risk based on the severity analysis is compliance risk, the probability of it to happen is low since it's not the first time the company held similar project. The staff are fully aware of the documentation. But if it occurred it can lead to missing the planned flight and redoing the booking process again.

References:

- [1] D. WATERS, GLOBAL LOGISTICS New directions in supply chain management, 2006.
- [2] Nijole Batarliene Dept of Transport Management , Vilnius Gediminas Technical University , Plytines g. 27, Vilnius, LT-10105, Lithuania E-mail: Published online: 27 Oct 2010
- [3] Jory MacKay, Pliano risk management plan for your project, 03 April 2020
- [4] Paul Hopkin, Fundamentals of Risk Management 5th editin