



Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

**Master of Project
Management**

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Project Risk Management

Instructions:

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Saudi Aramco

ARAMCO is one of the biggest companies in the world and like many it faces many risks both positive & negative (mostly negative) here are 4 risks that I think the company faces/faced:

1- Low demand due to climate change: (magnitude: mid/ Impact: high)

- This is a negative (hazardous) risk as the business for the company mostly depend on oil sales and the chemicals that are produced using crude oil as the company in addition to selling oil; owns many chemical companies (SABIC is one of them) around the world that as the regulations and laws of the countries are expected to change in favor of more environment friendly sources to replace or reduce the dependence on crude oil and affect ARAMCO and the companies owned by it that work directly with oil products as this will affect the company's profits.
- The likelihood of this risk happening is about 10% on the near term and the impact is high on the company and the country.
- Ways the company could face to mitigate the impact are: making the crude oil more attractive by making the delivery easier and faster, investing in green energy and expanding its investment portfolio beyond oil and its subsidy products.

2- Investing on companies: (magnitude: mid/ Impact: high)

- This an opportunity risk as the company should keep its eyes wide open on perspective companies that are profitable and could add great value and divers its investment portfolio.
- The likelihood of this opportunity being seized is very high about 75% and the positive impact is expected to be mostly high as the state of the economy currently worldwide is not stable due to COVID-19 and its many strains that could delay the world's return to normalcy, here the company could seize the many opportunities and buy companies for pennies on the dollar.
- Ways to enhance this positive risk and insuring mostly higher rate of success is hiring some investment experts on various sections that the company has the desire to invest on, bring experts on finance, oil, manufacturing, green energy, apparel, sports ... etc. this would help the company grows it's brand to be recognized for excellence in things other than oil.

3- Threats of terrorist attacks: (magnitude: high/ Impact: high)

- This is a negative (hazardous) risk as the company is looking for investors and

attract positive attention in addition to the expenses it would take to return to normal operations after such attacks as the cost will be for sales, rectifying damage caused and the PR nightmare that the company will face to brighten its image across the globe to re-attract perspective investors.

- The likelihood of this risk happening is about 35% on the near term, mid and far and the impact is high on the company and the country, these terrorists attacks could happen on land and the sea.
- The company could mitigate this risk by buying insurance for the things that are insurable and that insurance I think would be at a high cost that could raise a secondary risk which is extra costs, the company should decide if this worth this cost. Another way to mitigate is by building extra pipes to expand the places which they can produce and deliver its oil in the kingdom and perhaps neighboring countries.

4- Operations failures: (magnitude: low/ Impact: low to mid)

- This is a negative (hazardous) risk that would affect the company's ability to meet the targets, needs of its customers and the expectations of its shareholders. Some would consider this risk to be labeled as a control risk.
- The likelihood of this risk happening is about 10% as the operations of such large network of pipelines and factories is very difficult due to various issues that could be faced i.e. unavailability of spare parts, failing to meet maintenance schedules for various parts, breaking in pipes, workers strikes and many other issues correlated with O&M.
- Ways to mitigate this risk with O&M are many and most notably ones are hiring and keeping experts with high experience in the field and giving rewards and recognitions for workers. Another way is having a sophisticated work shop to produce items and keeping attic stoke of various types of spare parts that couldn't be replicated is another way to mitigate the disturbance if it accrues and to make it at minimum but that way to mitigate the risk may raise a secondary issue which is fault of spare parts to storage/poor storage but this secondary risk could mitigated by having a seller with great ability to produce sensitive spare parts that are costly to store in short acceptable period.