

Everyone's Smart University

Project(Spring 2021)

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PROJECT LEADERSHIP

Introduction:

The method of recognizing, evaluating, managing risks to an organization's resources and profits is known as risk management. These challenges or hazards may arise from a range of causes, such as financial volatility, legal obligations, strategic management mistakes, incidents, and natural disasters. IT security vulnerabilities and data-related risks, as well as risk control techniques to reduce them, have risen to the top of the priority list for digitized enterprises. As a result, businesses' mechanisms for detecting and monitoring risks to their digital properties, such as confidential business records, a customer's personally identifiable information (PII), and intellectual property, are gradually being used in risk management programs. Any corporation and organization faces the possibility of unanticipated, damaging incidents that might cost them revenue or force them to close permanently. Risk assessment enables businesses to brace for the unexpected by reducing risks and additional expenses before they occur. A company can save money and secure the prospects by adopting a risk management strategy and considering the multiple possible threats or incidents before they arise. This is because a solid risk control strategy would assist an organization in establishing policies to prevent future risks, mitigate their effect if they do exist, and deal with the consequences. Organizations will be more secure in their strategic choices if they can consider and manage risk. Furthermore, sound corporate governance practices that emphasize on risk control will assist an organization in achieving its objectives. Literature review: The probability theory and decision-making under uncertainty are the foundations of risk assessment. The predicted utility principle, the theory of bounded rationality, and prospect theory, in particular, had a big impact. The concept of expected utility theory states that people make decisions dependent on the expected utility of various options. The theory of bounded rationality notes that in the physical world, multiple outcomes and their probabilities are difficult to comprehend. Prospect theory aids in simulating the impact of human experience on decision-making. (Misra, & Kumar, 2006). The art and science of recognizing, assessing, and reacting to risk over the life of a project in the best interests of achieving project goals is known as project risk management (Schwalbe, 2006). Since the beginning of time, risk assessment has been done informally by all, whether they are aware of it or not. Modern risk management, which came to prominence as a commonly recognized management function between 1955 and 1964 (Snider, 1991), has its origins in insurance, with which it has been closely connected for more than three decades. Risk assessment has not always been a happy tale, and research shows that it is currently unsuccessful at coping with unpredictable incidents. Project management was heavily chastised in the 1960s for failing to deliver projects due to technological complexity, contract strategy, citizen resistance, and project environmental impacts (Morris, 1997). A project manager can also contend that the last two are external project considerations that are outside their direct influence (Ibid), and it is generally believed that these would be moved up the chain to higher management levels (Chapman & Ward, 1997).

The main objectives of risk management include (Yee et al., 2001):

- To allow for more organized and less discretionary decision-making.
- By assessing threats and solution situations, a better view of the risks that a project faces can be gained.
- To assist in determining which threats demand immediate intervention and which can wait.
- To let managers aware that a project will have a variety of effects, and that reasonable action can be taken to mitigate any negative repercussions.

Methodology:

This research follows the descriptive approach. We concern study risk management through collecting data from previous studies and literature. We will give further application risk management applied on a project in the discussion. Result and Discussion: Risk management strategy The launch approach (ESU coffee shop) involved talking to stakeholders (interviewing) based on brainstorming, and discussion among the various employees to determine the maximum risks that should be taken into account when completing the project plan. All risks were identified and identified, and a countermeasure was identified for each risk. Staff will make every effort to ensure that steps are taken to mitigate risks, should they arise. Identifying risks

Identifying risks:

Description	Risk			How to prevent and mitigate the risk
	P	S	P*S	
1. Fire damage to property and life	3	5	15	Always ensure the proper working and positions of smoke alarms, fire extinguishers by conducting regular check and test. Staff training must be provided for cases of fire, including how to evacuate. Adequately cover the negative impact of fire to life and property by purchasing insurances.
2. Suppliers amend their terms and conditions of supply	2	3	6	Establish and sustain the good relationship with long-term suppliers. Ensure proper plan B in case the suppliers change the terms and conditions.
3. Hygiene of food is not ensure or food is poisoning	2	4	8	Always utilize the most quality ingredients and ensure the hygiene
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Record of the risk:

The project manager and project committee issued the continuity of event preparations and evaluating further, the basic review and recommendation for the prospect of setting the counter date. Opportunity and keeping an eye out. Time is one of the four key choices. At the right time, the better solution. Both threats will be communicated to the project manager, who will directly notify stakeholders.

Risk and triggers:

risk	source	prevention	response	impact
Fire	Unattended cooking	supervision	Fire alarm	Smoke inhalation and death
poisoning	Unhygienic workplace	hygienic terms and conditions	Manage expiry dates	Stomached or death
Insufficient materials	Suppliers do not fulfil their obligations of supplying	Make plan B or alternative list of suppliers	Use substitute products	It will stop working/ profit reduction
Disputes	Land owner	negotiations	friendly relationship	Loss of the store
Key staff resigns	maternity leave	training	Train other key staff	shortage

Risk contingency plan:

Risk description	Grade	Mitigation action
Fire damage to property and life	A	After the fire damages, the shop must immediately rebuild and re-operate the business as quickly as possible whilst waiting for insurance payments.
Suppliers amend their terms and conditions of supply	C	Opt for alternative suppliers or increase working capital via personal cash reserves.
Hygiene of food is not ensure or food is poisoning	B	Promptly investigate on the grounds of the food poisoning. Support the affected customers as much as possible. Enable the complaint handling process.
Suppliers do not fulfil their obligations of supplying	B	Make purchases from alternative suppliers or opt for suitable substitute products.
Disputes or agreements with the owner of the rented place.	D	Hire lawyer for advice or lawsuit.
Key staff resigns or takes maternity leave	D	Offer short-term contract for suitable replacement (until the permanent staff can do the job).

A= Mitigation actions, to reduce the likelihood and seriousness, to be identified and implemented as soon as the project commences as a priority.

B= Mitigation actions, to reduce the likelihood and seriousness, to be identified and appropriate actions implemented during project execution.

C= Mitigation actions, to reduce the likelihood and seriousness, to be identified and costed for possible action if funds permit.

D= to be noted - no action is needed unless grading increases over time.

Summary and recommendations:

Project risk analysis and management is an ongoing process that can begin at any stage of the project cycle and can last and continue until the costs of its use become more than its potential benefit that can be gained. The project progresses, the risks decrease and thus the effectiveness of using risk analysis and management tends to diminish so it is advisable to use it in the early stages of the project life cycle. There is no project that does not have risks, but all projects have risks, and analyzing these risks after identifying them and then managing them is an integral part of project management, and without that the project will be subject to failure.

References:

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