



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

Project (Spring 2021)

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Section

Master

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(PMG510)

Project Risk Management

Construction of Hotel

Introduction

My dream was I own a hotel and operation the hotel and all facility inside After hard work I start my dream to construct a hotel from six floor contain a nine suites and 25 room in every floor it also contains, swimming pole, restaurant and big garden. This project will express the risk of opening a hotel in abhor and how do I manage the risks that may occur? How do I identify the risks and what are the plans of solving the difficulties that may happen?

CONSTRUCTION PROJECTS The construction project is a complex undertaking and numerous people, activities, and requirements are involved to accomplish the goals set forth by owner. The whole design and construction process is very straight and requires a systematic, comprehensive approach. Each of the stage is unique, and specific management techniques and skills are needed to keep everything on track. The project team works together in a coordinated effort. There is a lot at stake and everyone looks forward to a successful completion of the project. **RISK MANAGEMENT** at the start of any project, there is a large amount of risks. The objectives of project risk management are to increase the probability and impact of positive events and decrease the probability and impact of negative events in the project **Risk management** is the identification, evaluation, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events^[1] or to maximize the realization of opportunities.

Risks can come from various sources including uncertainty in international markets, threats from project failures (at any phase in design, development, production, or sustaining of life-cycles), legal liabilities, credit risk, accidents, natural causes and disasters, deliberate attack from an adversary, or events of uncertain or unpredictable root-cause. There are two types of events i.e. negative events can be classified as risks while positive events are classified as opportunities

The objective of risk identification is to identify all possible risks, not to eliminate risks from consideration or to develop solutions for mitigating risks.

The risk may our construction team will face it :

- 1- Wither change (storms and tsunami)
- 2- Design risk
- 3- Construction quality risk
- 4- Resources delay
- 5- Financial risk
- 6- Construction period

Literature Reviews:

Risk management is one of the important processes of Project management, especially if it is a large and expensive project in which are many factors influencing outcome. And the construction projects fall into this category. Risks expand through the whole project life cycle; identification of the risks and making right decision of the handling with them are very significant factor leading to prosperity of all stakeholders.

In particular, construction risk is most deeply felt in the areas of pricing, design, quality and possible delays. This risk may be potentially mitigated in several ways:

- Start with a building plan that has successfully been used in the past for similar projects if possible
- Hire a highly-skilled architect and an experienced project manager to oversee the project from beginning to end
- Have a detailed and complete set of drawings to set a clear picture of the overall building plan
- Seek an experienced local contractor who is knowledgeable in the specifics of hotel development projects

- Consider lump sum pricing (a single price agreed upon before the work begins) in order to risk share with the contractor
- Have adequate contingencies on hard costs (supplies, labor, etc.) and soft costs (design fees, insurance, etc.) to protect against unexpected changes that may arise
- Carefully draft, review and negotiate the construction contract documents, liquidated damages, milestones, scope and payment timing provisions

Methodology:

we will identify the risk could face us during the project, after we listed the risks, we use the Impact-Probability Matrix to determine the probability and impact from high to low that's will help us to calculate the Expected Monetary Value

- 1- Wither change (storms and tsunami)
- 2- Design risk
- 3- Construction quality risk
- 4- Resources delay

Probability	0.7 - 1	High	High	Medium
	0.3 – 0.69	High	Medium	Low
	0 – 0.29	Medium	Low	Low
		0.7 - 1	0.3 – 0.69	0 – 0.29
		Impact		

FIGURE (RISK MTRIX)

Result

Risk event	Probability	Impact	Score
Wither change	0.6	high	60%
Design risk	0.25	Low	25%
Resources delay	0.4	medium	40%
construction quality risk	0.3	High	30%
total	155		

EMV CALCULATION:

No.	Risk	probability	Impact cost by SR	Risk contingency by SR
1	Wither change	0.6	3000	1800
2	Design risk	0.25	5000	1250
3	Resources delay	0.40	1900	760
4	construction quality risk	0.30	1500	450
	Total		11400	4260

DISCUSSION

The expected monetary value offers many benefits in risk management, such as:

- It gives you an average outcome of all identified uncertain events.
- It helps you to calculate the contingency reserve.
- In a decision tree analysis, it helps in selecting the best choice.

6.0 REFERENCE:

- 1- <https://www.saxtonstump.com/practice-area/construction-law/mitigating-risk-during-hotel-construction-projects/>
- 2- <https://pmstudycircle.com/2015/01/a-short-guide-to-expected-monetary-value>
- 3- Marchewka. *Information Technology Project Management Providing Measurable Organizational Value* 5th Edition 2014