



مجموعة جامعة
الجميع الذكية
للتعليم القابضة

MIDOCEAN
UNIVERSITY
BY EVERYONE'S SMART UNIVERSITY

Risk Management

MGM 510

Lecture 1

Prepared by
Dr. Nael Zabel

www.midocean.ae

Topics to Cover in Week 1

- Project Meaning
- Definition of risk.
- Risks vs. problems.
- Risk triggers.
- Risk management: what & how ????

Meaning of “ Project “

A project: is a temporary endeavor undertaken to create a unique product, service, or result.

Project characteristic:

- ▶ Projects are temporary.

Has definite beginning and end, the end is reached when the project's objective have been achieved.

- ▶ Projects are unique.

Every project creates a unique product, service, or results.

- ▶ Progressively elaborated.

Progressively: proceeding in steps.

Elaborated: worked with care and detail.

Meaning of “ Project “

- ❑ The temporary nature of projects indicates that a project has a definite beginning and end.
- ❑ Temporary does not necessarily mean a project has a short duration.
- ❑ The end of the project is reached when one or more of the following is true:
 - The project's objectives have been achieved;
 - The objectives will not or cannot be met;

Project Ending

- Funding is exhausted or no longer available for allocation to the project;
- The need for the project no longer exists (e.g., the customer no longer wants the project completed, a change
- in strategy or priority ends the project, the organizational management provides direction to end the project);
- The human or physical resources are no longer available; or
- The project is terminated for legal cause or convenience.



Meaning of “ RISK “

- When the word “risk” is mentioned, most people tend to think of negative consequences.
- A risk is a possible/potential event.
- An example is fluctuations in exchange rate.

Meaning of “ RISK “

- Any possible/potential event could have either:
 - Positive consequence (opportunity)
 - Negative consequence (threats)
- Typically, we get more concerned about threats than opportunities.



Risk VS Problem

- Risks aren't **problems/Issues**.
- **Problems/Issues** are negative events that are in the process of occurring right now.
- Risks are potential/possible event that can materialize and then become problems.



Definitions of 'Risk'

'Effect of uncertainty on objectives' - "تأثير عدم اليقين على الأهداف"

ISO 3100:2009 Risk Management – Principles and Guidelines

NOTE 1 – An effect is a deviation from the expected – positive and/or negative

الملاحظة 1 - التأثير هو التغير عن المتوقع إما إيجاباً أو سلباً أو كليهما

NOTE 2 – Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organization-wide, project, product and process).

الملاحظة 2 - قد يكون للأهداف أبعاد مختلفة (مثل الأهداف المالية ، والصحة والسلامة ، والأهداف البيئية) ويمكن تطبيقها على مستويات مختلفة مثل (الاستراتيجية ، على مستوى المنظمة ، المشروع ، المنتج والعملية).

Definitions of 'Risk'

NOTE 3 – Risk is often characterized by reference to potential events and consequences, or a combination of these.

الملاحظة 3 - تتصنف المخاطر في كثير من الأحيان بالرجوع إلى الأحداث والعواقب المحتملة ، أو مزيج منها.

NOTE 4 – Risk is often expressed in terms of a combination of the consequences of an event (including change in circumstances) and the associated likelihood of occurrence.

الملاحظة 4 - يُعبّر عن المخاطر في كثير من الأحيان من خلال مجموعة من عواقب الحدث (بما في ذلك التغيير في الظروف) وما يرتبط به من احتمالية حدوثه.

NOTE 5 – Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its consequence or likelihood.

الملاحظة 5 - عدم اليقين هو حالة حتى ولو كانت جزئية ، لنقص المعلومات المتعلقة بفهم او معرفة عواقب او احتمالية حدوث حدث ما.

Definitions of 'Risk'

*'A **hazard** is the potential for harm arising from an intrinsic property or disposition of something to cause detriment.'*

"الخطورة هو احتمال حدوث ضرر ناتج عن خاصية جوهرية أو التصرف في شيء ما لإلحاق الضرر".

*'**Risk** is the chance, high or low, that somebody or something could be harmed by these and other hazards, together with an indication of how serious the harm could be.'*

"الخطورة هي فرصة حدوث (سواء كانت عالية أو منخفضة) ضرر شخص ما أو شيء ما، وكذلك مدى خطورة الضرر".

UK Health and Safety Executive – www.hse.gov.uk/risk/index.htm

Definitions of 'Risk'

*'A **hazard** is the potential for harm arising from an intrinsic property or disposition of something to cause detriment.'*

"الخطورة هو احتمال حدوث ضرر ناتج عن خاصية جوهرية أو التصرف في شيء ما لإلحاق الضرر".

*'**Risk** is the chance, high or low, that somebody or something could be harmed by these and other hazards, together with an indication of how serious the harm could be.'*

"الخطورة هي فرصة حدوث (سواء كانت عالية أو منخفضة) ضرر شخص ما أو شيء ما، وكذلك مدى خطورة الضرر".

UK Health and Safety Executive – www.hse.gov.uk/risk/index.htm

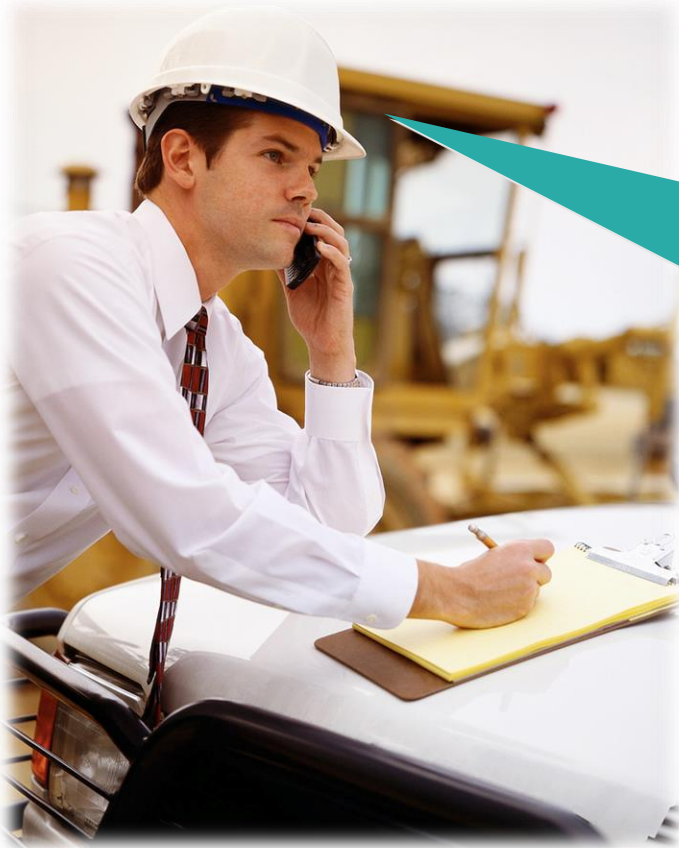
- Risk triggers are “signs” that a risk event is about to occur.
- A risk trigger signals that something more relevant to the project is on the horizon.

Open thinking

- What risks did you face today as you traveled to the workshop?
- What was the risk?
- How did you manage the risk?



Example



Boss!!!

**There is a strange
sound coming from
the excavation...??!!**

Example



Example



Operational Risk

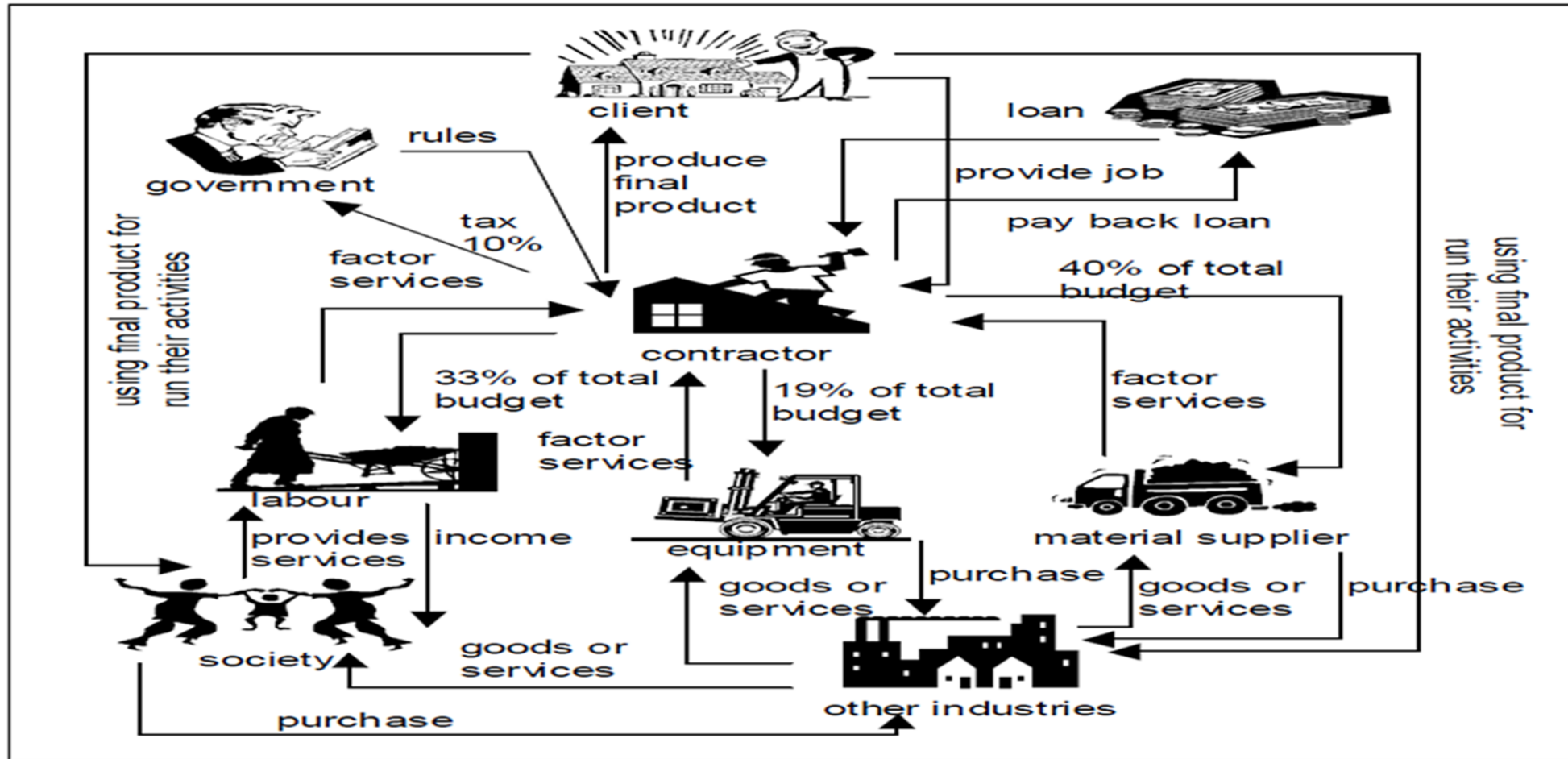


Without Risk Management!!



You will be surprised by the **T**hreats
surrounding you and will miss
Opportunities, as well!

Why does Risk Management



Why does Risk Management

- Good risk management can save time, improve quality, and reduce the costs of achieving an agreed outcome.
- Effective risk management can be a significant contributor to project success.

Why does Risk Management

- Analysis of common causes of project failure by the UK's National Audit Office (NAO) highlighted the following:
 - Importance of starting well
 - Residual uncertainty related to following aspects can put project at risk:
 - Size
 - Timescale
 - Ambition / scope
 - Complexity.

Benefits of Risk Management

'HARD' (tangible)

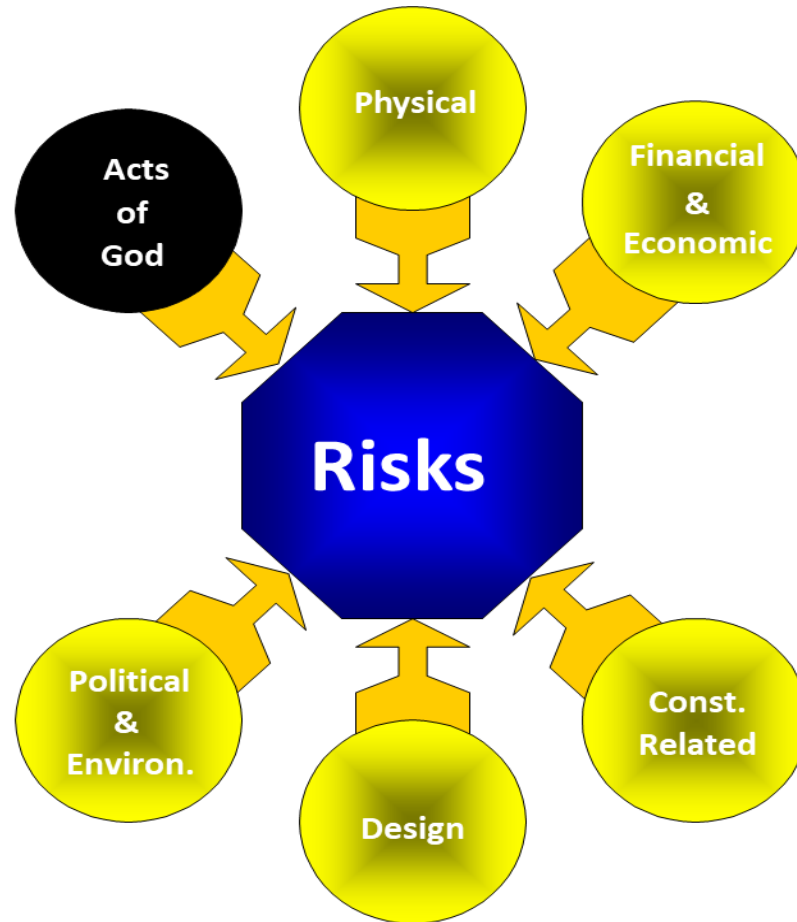
- Enables better informed and more believable plans, schedules and budgets
- Increases the likelihood of a project adhering to its schedules and budgets
- Leads to the use of the most suitable type of contract
- Allows a more meaningful assessment of contingencies
- Contributes to the build-up of statistical information to assist in better management of future projects
- Enables a more objective comparison of alternatives
- Identifies, and allocates responsibility to, the best risk owner

Benefits of Risk Management

'SOFT' (intangible)

- Improves corporate experience and general; communication
- Leads to a common understanding and improved team spirit
- Helps distinguish between good luck / good management and bad luck / bad management
- Helps develop the ability of staff to assess risks
- Focuses project management attention on the real and most important issues.

Risk Examples



Acts of God

- ✓ Flood
- ✓ Earthquake
- ✓ Landslide
- ✓ Fire
- ✓ Wind damage