
CONCLUSION

“Risk Management applies to everything that you do, not just the advice that you give the client but yourself and how you run your office.”

5.1 Summary

The research question of this dissertation was to find out whether ‘*a professional project manager working on projects in the construction industry actually finds Risk Management assessment beneficial during the conceptual stage*’ and the aim is to determine how many professional project managers in the construction industry, especially those that provide construction project management or has project managers in their organisation that actually uses Risk Management in their projects, especially during the conceptual stage of a construction industry life cycle, where conduct of Risk Management will be the most beneficial. After analysing and comparing the results in Chapter 5, it is found that there is a significant discrepancy on the reason why Risk Management may not be provided at an early stage.

“Anything found later may be too late to save your hide”

Risk Management has been concluded, by most of the practitioners, that Risk Management is useful and effective, and it is indeed beneficial if Risk Management is implemented from the early stages of the project life cycle, especially from the conceptual stage. Yet, there are still a handful of practitioners that still do not necessary exercise Risk Management at every project or even launching this process from the early stages of a project life cycle. This is found that most of these practitioners are project managers who have only been in the industry or has project management experience of 5 years or less. The author has therefore labelled them as ‘young practitioners’ or junior project managers. More than half of the respondents are from this category and since project management is a growing industry, therefore the growing numbers of ‘young’ practitioners will represent the overall usage of Risk Management.

Linking to the above statement, another apparent finding was that many young practitioners were not given a chance to approach Risk Management. Quite often when senior management or senior practitioner have workshops for stakeholders, junior project managers or 'young practitioners' are not required to attend. Therefore, many a times, these project managers are not able to contribute, or learn the trade and the process of Risk Management at the conceptual stage. When the project proceeds into other stages, such as the design stage, Risk Management is taken up by junior project managers to work on these projects, they tend to feel lost and do not see the need or the importance of maintaining or following up the process, thus do not learn to implement Risk Management at the beginning of their own projects or even providing this service at all.

Risk Management workshops are now a common occurrence, that if either senior or junior practitioner had not attended one before, they would have at least heard of it. As mentioned above, other than personal experience, most project information is expectedly documented for future use. These documents are frequently used as a guide in other projects or workshop orientation as a reference in similar or 'near' similar projects. This may lead project manager to approach it in a tactless and routine manner. Since every project is unique, there are no two exact similar to how the approaches, the conditions and risks it will face, therefore no identical risks and solutions for it can be used by just referencing from documented reference.

Most of the senior practitioners practice Risk Management based on experience or lesson learnt. Though records of project information, especially in large organisations or companies are recorded, as mentioned above, it is recognised that each individual project can be distinctly different from the next. Therefore, risks encountered for each project can vary, and reading up on documented risks does not have the same effect as handling risk on first hand basis. This shows that personal experience cannot be passed on.

An evident group of young practitioners also explain that the obligation to provide Risk Management is not evident in their company's system. There were no company procedures to follow nor is it implemented formally with a paper trail; therefore it relies on individual commitment to learn and becoming skilled at putting Risk Management into their practice. Even though senior staffs do put Risk Management in practice and provide this service in most of their project, it is difficult to engage them to implement Risk Management following formal company procedures, for most of them are fixed in their old ways, by providing Risk Management informally. This can mean that Risk Management is provided spontaneously and project information on this type of provision is virtually undocumented. Tying to the above reason, senior staff applies Risk Management with their own experience, and this is not transferable to the younger staff in the organisation or to the company.

“You have to have it. I've been trying to get better at it over these years and no matter how you think you think you know and how much you think you have learnt there is always a risk around the corner waiting to trip you up. There is always something out there waiting to get you anyway. We are all human, we cannot do everything and be everything to everybody, so get on learning, part of life is taking risk and learning lessons. By taking risk you grow and evolve and from a life cycle point of view it has to be done from the concept stage.”

It is recognised that the greatest degree of decisions are made during the early stages in the project life cycle and the cost implications of decisions made at this time would have a dramatic effect on the overall viability of the project, therefore project managers and stakeholders should want to involved as early as possible of the project cycle, where high level strategic decisions are made which affect overall business development and procurement strategies Most studies shows that Risk Management commences during pre-design phase, where proposal outlines and sketch designs are done, which most people assume as the 'conceptual' stage. Conceptual stage goes hand-in-hand with feasibility studies, or sometimes even slightly before.

5.2 Reflection

“A bit like project management, 10 to 20 years down the track what we call project management today maybe called something else but the process of doing it will have some basis.”

From the research analysis the author finds that Risk Management will start to specialise. There are discussions that talked about how there would be a course dedicated to Risk Management, and it is believed that the next level down is that the industry will have Risk Managers specialising in a particular area of risk.

Like the update in the 1990's of Quality Assurance, it is seen that QA greatly falls to the wayside but it is now seen to be just sensible business process. Much is Risk Management in the 2000's. Risk Management is just good management practice. Therefore, it means that responsible companies will have greater and greater need for project management who can do effective Risk Management. The author must stress that Risk Management needs to be effective, for it is not like QA that runs just by ticking boxes and filing paper; Risk Management must be practical and implementable for it to be effective. As found from this research, Risk Management is integral to effective project management. In time, it will become an addition of the 'holy trinity' making it: time, cost, quality and 'risk'. Risk kicks in and affects everything. Indeed, most project managers in the UK are actually called Risk Managers. In Australia, risk managers are seen to be specialist project manager.

“They are making a science out of everything now. I wouldn't be surprised if somewhere down the track, you have Project Management now, if Risk Management ends up a totally separate stream that people will dedicate a whole career to.”

The author felt that Risk Management is still being developed. Looking at the current bodies of knowledge, the emphasis given to Risk Management has been increasing over the last eight to ten years. More and more people are becoming more familiar with Risk Management and are using it as part of their daily processes. Therefore the author felt that the frequency of utilising Risk Management will increase. As to whether there are any other techniques, any change in the standard process, any other

sort of change in how the concept of what Risk Management is or how one should apply it, therefore the author do not see much change to what Risk Management already is. It would just be that more and more people would be using Risk Management as it is should be and right throughout the lifecycle of the project.

“It, unto itself is now its own animal. So I can only see it becoming more and more integral.”

Risk Management is there, existing, and the process is there to be used. The frequency will increase when more people are using it, therefore, when the overall efficiency of increases, it becomes expected as normal thing to do in a project.

It is apparent that Risk Management exists in one form or another, formally or informally, and its utilisation is gradually increasing. Smaller organisations or companies may not utilise it as formally as the larger organisations or projects. Yet when projects are not so big, Risk Management can be implemented day by day and are actually more efficient than some larger projects where there are many parts to the formalised process. The time that it takes to put the concept together for a larger project versus a smaller project can be costly.

Risk Management is fundamental in project management. It is good management practice and a commitment to provide proper service to client. Yet not all client are prepare to listen to the advice given, and these clients are classified as ‘*small minded*’ clients instead of small business clients, for it is not due to the size of the business or the projects that are to execute upon, but the reluctance to commit financially and practically to Risk Management. They either are unable to recognise the cost implications and feels that the cost can be better allocated somewhere else, or do not believe there is a need for it in conceptual stage. Still, there is a growing a number of clients who are more ‘educated’ in Risk Management, and are more risk adverse, especially those from the government departments.

5.3 Future

“It may get called something else, it may get called counting the sausages or something like that, I don’t know. But the process, the concept of what it does I don’t think is going to go away.”

Everyone has been doing Risk Management and people have been doing that since anyone could remember. It is just that it is been given an identity at this point in time and that identity might change. Probably the process and the reason to go through the process and the outcome that people are looking for is not going to change. In fact, the more complex technology and the more that one is being driven to do more with less, more with less people; more with less money, to get a better result; the more important it is to closely manage all one’s risks to achieve that sort of outcome. Rather than having the ability to say ‘if it costs a bit more than it does not matter, or that if it takes longer, I am not fussed’. The ability to do that these days are gone, and with more advance technology, if something goes wrong in one bit of the technology which can throw out the rest of it, it is more important to manage all one’s risks.

‘No doubt that Risk Management will go somewhere. What that direction will be I have no idea but I would like to be the first to think of it because they are usually the people that make the money! Who knows, I mean quality assurance has started probably about 10 or 12 years ago, that is when you first started to hear: Risk Management, Time Management, Value Management, and who knows where that will take us. I have no doubt that it will evolve. What to, I don’t know. All I can say is that what I find tends to happen. What has happened in the past is that I feel people have tried to put tags to the things that we inherently do.’

Even now, Risk Management is beginning to have new various names labelled on it. The few common researched ones are: Opportunity Management and Uncertainty Management. Opportunity Management comes about because Risk Management is seen as an approach that views risks as a negative impact and only focuses managing its threats and impact, while Opportunity Management looks into the positive side of the project and tries to create an opportunity by turning a negative treats to positive objectives. Uncertainty Management is a half-and-half of both, adversity found from

the results of Risk Management and upside potentials found from the results of Opportunity Management. The basic theory to it is to have opportunities be exploited in addition to risk being mitigated.

If to think about Risk Management, everyone have always done it, way back from years ago. It is just that all of a sudden someone has decided to give it a label and a tag and make a subject out of it and it is part of someone trying to justify its existence. A lot of these project management elements are coming into vogue and it is part of what a well trained professional has always done as part of their working career. It is just that now someone is able to put a label on it and present Risk Management training Value Management training, or any other training, professionally.

Another reason due to increase of utilisation in Risk Management is because of the terrorism has made insurance company scared and having the HIH Insurance Ltd. disaster which the insurance company went broke and the insurance premiums have become very high to the extreme. Even though the utilisation of Risk Management tools and techniques is not compulsory or not even mandatory, but insurance companies are asking for Risk Management plan when renewing insurance because it might reduce premiums. The frequency of Risk Management processes will increase as people become more and more risk adverse.

“You can’t do anything these days without anybody telling you off; can’t smoke too much, can’t drink too much, can’t speed, can’t run too fast, can’t drive too slow, can’t eat too fast, can’t eat too much.”

5.4 Recommendation

“The solution is simple.”

(Ansell, J. & Wharton, F., 1992)

A responsible approach to Risk Management requires the senior managers adopt a voice a collective moral stance with regards to implementation. The adoption of such a stance should not be an artifices, it has to be a sincere expression of a set of values that will determine the ethos of the organisation. Any shallowness in the expression of these values will quickly be tested in the organisations, with culture quickly to adapt the expression of the priorities revealed in the pattern of decision making by the senior managers.

The board of directors and the chief executive have the ultimate responsibility for the articulation of a value system which addresses its importance in implementation. The board must place a priority on matters affecting Risk Management, must define responsibilities for these issues, and establish a system to monitor its performance. Risk Management and other issues related to social responsibility should be treated as equivalent to other components of commercial strategy, worth of board-level review and incorporated fully into corporate value system.

If senior managers do not begin to express the sincere commitment to the issues of Risk Management, then they run the danger that society will decide to change the rules of the game. The public’s outrage at de degree of irresponsibility shown by management in the succession of recent disasters had led to calls to alter the degree of legal protection that managers have for acts carried out on behalf of employers. If business executives do not express a responsibility for the care of those who are affected by their business decisions, then the criminal justice system may be redirected so as to hold them accountable for both their actions and, more importantly, their inactions.

Risk Management should be incorporated as a requirement into policy and procedure of the company or the organisation. This will make certain both senior and junior staff exercise Risk Management and formally implement it as per requirement.

In order to sustain Risk Management, it should be maintained throughout the life cycle of the project, from conceptual stage right to hand over. As mentioned, due to time restraints, this is sometimes seen as impractical or near impossible. In Chapter 4, time restraint was pinpointed as one of the main deterrent to why Risk Management is neither implemented nor maintained, and in order make it more time available, it is to keep things simple and with proper upfront planning would change the perspective on its usage and turning it to a useful risk preventive process. With keeping things simple, the industry does not see a need for new Risk Management tools and techniques, for majority of the project managers feels that the current ones are simply effective enough.

“Don’t believe what some software vendor put in their brochure”

(Reiss, G., 1995)

Tools and techniques used in Risk Management are supposed to assist management as decision support techniques. Risk tools do not make decisions but are aids to decision making.

Clients play an important role as one of the key stakeholders in Risk Management process. For they are normally the final decision holders, and decisions they make will have a large impact on the project. Therefore it is very important that the client receives the best options to decide on, and it is the project manager’s duties to ‘educate’ the client and introduce the benefits of Risk Management to them. Providing Risk Management workshop is one of the best approaches into getting the stakeholders involved in the project, and also for all stakeholders to get together to brainstorm the possible risks and solutions for it.

‘A risk identified is a risk shared’

If everyone in the workshop identify, discuss and collectively accept some risks, everyone will go ahead with project with their eyes wide open, with the risks understood and acknowledged.

The main recommendation to this study is that any project management methodology must include a standardised Risk Management process. Although it may have a dampening affect on the '*creatives*', the risk identification should start as early as the conceptual stage. There are many sources of risk that a project will face from the conceptual stage through to project implementation. The conceptual stage of a project preceding the design stage is used to determine from various perspectives whether a project should be constructed or not. Project managers should conduct risk assessments during the project's conceptual stage and at periodic intervals throughout the development lifecycle (refer to Appendix C – Sample of Risk Management Plan in conceptual stage).

5.5 Recommendation for Further Research

Finally to conclude this dissertation, these are the recommendations for further research:

- The passing down of knowledge between experienced practitioners and young project managers.
- Importance of linking conceptual Risk Management with corporate aims and objectives.
- Importance of incorporating Risk Management tools and techniques into company policies and procedures.
- Evolvement and specialisation of Risk Management, i.e. Opportunity management, Uncertainty management; in conceptual stage.
- Generic Risk Management Plan in conceptual stage for the construction industry.
- Ways to encourage and 'educate' clients and stakeholders of Risk Management benefits, especially during the early stages of project lifecycle, through Risk Management workshops.
- Definitions and misconceptions of what Conceptual stage is.
- Benefits of simple and informal, over sophisticated, formal and technical Risk Management tools and techniques.