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**QUESTION**

1. Kindly provide a summary of 1000 words each for Chapter 7 and Chapter 9 titled on Risk Management and Project Organization respectively in the book titled Project management by Dennis Lock, Ninth Edition.
2. Please study Chapter 20 of the above (2).

**ANSWER**

SUMMARY OF CHAPTER SEVEN (7) OF PROJECT MANAGEMENT BY DENNIS LOCK: RISK

Risk is inevitable in everything we do. Risks can occur at any stage in a project. It is any unexpected event that might affect the people, process, technology and resources involved in a project. Project risk management is focused on anticipating what might not go to plan and putting in place actions to reduce uncertainty to a tolerable level.

IDENTIFYING THE POSSIBLE RISKS

Risk identification involves determining and documenting which risks can affect the project. It may be a simple risk assessment organised by the project team or an outcome of a formal risk assessment process.

A more disciplined process involves using checklists of potential risks and evaluating the likelihood that those events might happen on the project. Some companies and industries develop risk checklists based on experience from past projects. These checklists can be helpful to the project manager and project team in identifying both specific risks on the checklist and expanding the thinking of the team.

The past experience of the project team, project experience within the company, and experts in the industry can be valuable resources for identifying potential risk on a project. You cannot resolve a risk if you do not know what it is. There are many ways to identify risk. One way is brainstorming, which is a more structured way to get a group to look at a problem.

RISK APPRAISAL AND ANALYSIS

After the risks have been identified and listed, the risks will be evaluated by their chances of occurrence and the impact. Risk analysis is a proactive method to forecast risks that could occur in a project in order to be better prepared or to reduce their likelihood. Two ways to analyse risk is qualitative and quantitative.

Qualitative risk analysis applies a subjective assessment of risk occurrence probability against the potential severity of the risk impact to determine the overall severity of a risk. Quantitative risk analysis uses available relevant and verifiable data to produce a numerical value which is then used to predict the probability of a risk event outcome.

RISK REGISTER

The next step is to consider what might be done about the risks after they have been listed, assessed and ranked. This step is called the risk register. A risk register is a tool for documenting risks and actions to manage each risk.

The contents of a risk register are as follows;

1. A risk ID number for each risk listed
2. Space for writing in the proposed action that would be taken should the risk event materialize
3. A column headed ‘Action by’ in which the name of the person or manager responsible for taking action for each risk can be entered.
4. Impact (Severity)
5. Date registered which is the date the risk was identified
6. Risk description
7. Mitigating action which are the actions that can be taken to reduce the likelihood of the risk occurring or acceptance/transference of the risk

METHODS FOR DEALING WITH RISKS

The following are the ways a project manager can deal with risks, they are;

1. Avoid the risk
2. Take precautions to prevent or mitigate risk impact
3. Accept the risk
4. Share the risk
5. Limit the risk
6. Transfer the risk

INSURANCE

The financial impact of many risks can be offset by insuring against them. The client pays the insurance company a premium for this service and the insurer might itself choose to spread the risk by sharing it with one or more other insurance companies.

There are four main categories of insurance, they are;

1. Legal liabilities
2. Protection against loss or damage to property
3. Cover relating to personnel
4. Pecuniary loss

Note that a policy may combine cover for two or more of the above classes of risk.

There are circumstances that arise that risks cannot be covered by insurance, they are;

1. Where the risk is seen as more of a certainty than reasonable chance
2. Where the insurer is not able to spread its risk over a sufficient number of similar risks
3. Where the insurer does not have access to sufficient data from the past to be able quantify the future risk
4. Where the insured would stand to gain as a result of a claim.

PLANNING FOR A CRISIS

Some risk events can have such a potential impact on a project that special crisis management contingency plans must be made.

Once a crisis has been established, the first step is to identify the key people who will take charge of the crisis management project. Each person should have the authority to instruct others within their home organization and the permission to identify the relevant resources that could be made available should the crisis happen. A team leader or steering committee must be appointed that will manage the project should it become live. This group of key people might be called the crisis action committee.

After which the key people must meet to design appropriate contingency plans and then meet again at regular intervals to ensure that the plans are kept up to date. Lists of secondary organizations (i.e. a wide range of charitable organizations that could offer relief services) and other helpers (advertising to make public appeals for funds) must be established, which although not part of the action committee could be called upon to give urgent and immediate assistance.

Anytime a crisis arises, the committee will need to use their collective imagination to consider and be prepared in advance for as many of the problems as possible. Some of the exercises to be used are a tabletop exercise and a field exercise.

A tabletop exercise is when the members of the committee discuss their roles during a crisis and their response to the crisis. Many crisis contingency plans can be tested by field exercises, in which some or all of the services act out their parts as if the crisis had actually happened. Field exercises can reveal shortcomings in the contingency plans and test vital aspects.

SUMMARY OF CHAPTER NINE (9) OF PROJECT MANAGEMENT BY DENNIS LOCK: PROJECT ORGANIZATION STRUCTURES

Every project has to be properly organised for it to be successful. Every company has its own ideas about how to organize itself and its work. In this chapter, it describes how every project is structured and the objectives of each structure.

In order to have an effective organization, all members of the project should know what he or she is expected to do and also be motivated to make the project a success. Motivated in the sense that they know their work and are able to work together with their team.

We use charts (or organigrams) to discuss and understand organisational structures. It is important to know the meanings of the charts that we encounter during our working lives. Each chart contains conventional notational elements such as box, solid lines, dotted rules etc. These notational elements have their meaning.

One of the shortcomings of organigrams is that it is difficulty to show every communication channel and defining every subtle influence that one person might be able to exert over another. Another shortcoming is that when a new organigram is constructed, the members of the organization might feel inferior to other members of the organisation.

EMERGENCE OF PROJECT MANAGEMENT IN A DEVELOPING COMPANY

A clearer picture of some of the problems encountered in project handling can be seen by studying the management organization structure of a manufacturing company. This is a line and function organizations, because they are set up to manage work within departmental (functional) boundaries or specialist disciplines. One might ask whether general managers should not play a significant part in coordinating all the various project functions. To some extent they might, of course, but they cannot be expected to deal efficiently or effectively with the level of detail involved in the day-to-day running of projects.

As instructions are issued within departments and from one department to another, information must be fed back along the communication channels to signal the results obtained as each instruction is carried out. These feedback data are used to correct any errors discovered in the design drawings and for the essential task of controlling the general progress of the project.

PROJECT MATRIX ORGANIZATIONS

1. Matrix organization for a single project: Here the project manager acts principally as a coordinator, and has no direct line authority over any other manager or their staff. The project manager is introduced into the company to plan and progress the special project work through the organization. The names given to this organizational arrangement are a functional/coordination matrix.
2. Matrix organization for multiple projects: This is a little more complicated when handling several projects at the same time. The degree of authority given to these project managers by comparison with the departmental managers varies between companies.

**Different matrix strengths**

This measures the degree of authority given to a project manager in a matrix compared with that enjoyed by the departmental or functional managers. That balance of power must be decided mainly by more senior management and can vary enormously from one matrix organization to another.

1. Weak matrix
2. Balanced/Overlay matrix
3. Project matrix
4. Secondment matrix

PROJECT TEAMS AND TASK FORCES

A complete workgroup or team can be created for each project as a self-contained unit with the project manager placed at its head. The project manager is given direct line authority over the team and is responsible not only for planning, progress and work allocation but also for all technical aspects of the project. The project manager is in direct and supreme command, with complete authority for directing the participants so that the project meets all the objectives. Communications across the various technical and professional disciplines are easier when the project manager is in total command.

A task force can be used in management change projects either a natural disaster or an urgent industrial project or even on a project is running extremely late and is in need of a rescue operation.

A team can be assembled at a site that is some distance away from the company’s home office. It is then usually more sensible to place all site staff under the direct command of the most senior manager located at the site, rather than depend on multiple lines of command back to the home office.

ORGANIZATION OF CENTRAL ADMINISTRATION FUNCTIONS

A mistake sometimes made is to show all company functions, whatever their purpose, as part of the project team or lying within the project boundaries in a matrix. This error is seen even in well-respected textbooks. Functions such as accounting, marketing, human resources, facilities management and general administration, although they might provide essential support to projects, are not usually involved directly in performing scheduled project tasks.

There are exceptions, especially for management projects. So it is important to draw the boundaries of the project manager’s authority with care.

WHICH TYPE OF PROJECT ORGANIZATION IS BEST?

When a company is embarking on a project for the first time, the project manager is faced with a lot of questions such as:

1. Are all the key people destined to work on the project and place them under the direct management of the project manager?
2. Between weak or balanced functional matrix which would it be better to have?

It is important to note that the most successful organization make the best use of the people working within it. Those faced with the task of designing a new or changed project organization would do well to imagine themselves working as a person within the proposed organization and ask themselves the following questions:

1. Would they have a clear sense of purpose and direction?
2. How strongly motivated would they feel towards contributing to the project objectives?
3. How easy would it be to communicate with other members of the organization?
4. Would they have ready access to expert help or advice on technical matters within their own professional discipline?
5. How would they perceive their short- and long-term career prospects?