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DEPARTMENT OF COMPUTER SCIENCE

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CSC 408 ASSIGNMENT 3

1. Summary of Risk Management

Risk management refers to the practice of identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/curb the risk.

When an entity makes an investment decision, it exposes itself to a number of financial risks. The quantum of such risks depends on the type of financial instrument. These financial risks might be in the form of high inflation, volatility in capital markets, recession, bankruptcy, etc.

So, in order to minimize and control the exposure of investment to such risks, fund managers and investors practice risk management. Not giving due importance to risk management while making investment decisions might wreak havoc on investment in times of financial turmoil in an economy. Different levels of risk come attached with different categories of asset classes.

For example, a fixed deposit is considered a less risky investment. On the other hand, investment in equity is considered a risky venture. While practicing risk management, equity investors and fund managers tend to diversify their portfolio so as to minimize the exposure to risk.

Risk identification is the process of listing potential project risks and their characteristics. The results of risk identification are normally documented in a risk register, which includes a list of identified risks along with their sources, potential risk responses, and risk categories. Broadly speaking, risk identification is the combined effort of: identifying and analyzing potential events that may negatively impact individuals, assets, and/or the environment; and making judgments "on the tolerability of the risk on the basis of a risk analysis" while considering influencing factors.

Risk appraisal refers to an evaluation of the chances that a future event may occur. Similar terms include risk assessment, risk perception, perceived likelihood, and perception of vulnerability.

Risk analysis is the process of identifying and analyzing potential issues that could negatively impact key business initiatives or projects. This process is done in order to help organizations avoid or mitigate those risks.

Cause-Effects Chains Analysis (CECA) uses qualitative approach for building causality diagram to model the analysed system, an approach similar to Root Cause Analysis (RCA) and Fault Tree Analysis (FTA) in several aspects. FTA, however, goes a step further by using the structure of the model and probability calculus to gain quantitative results reflecting reliability of the system.

Quantitative analysis (QA) is a technique that seeks to understand behavior by using mathematical and statistical modeling, measurement, and research. Quantitative analysts aim to represent a given reality in terms of a numerical value. It can also be defined as the process of collecting and evaluating measurable and verifiable data such as revenues, market share, and [wages](https://corporatefinanceinstitute.com/resources/careers/compensation/remuneration/) in order to understand the behavior and performance of a business. In the past, business owners and company directors relied heavily on their experience and instinct when making decisions. However, with the era of data technology, quantitative analysis is now considered a better approach to making informed decisions.

A risk register is a document used as a risk management tool and to fulfill regulatory compliance acting as a repository for all risks identified and includes additional information about each risk. Risk register can also be viewed as a record of identified risks for a project. In other terms, it is the documented response to what could happen, or occur which would stand in the way for a project to achieve its desired goal. The risk associated with activities and organizational strategies are identified first, then, they are graded in terms of their likelihood of occurrences and severity.

Methods for dealing with risk are avoiding the risk,, taking precautions to prevent or mitigate risk impact, accepting the risk, sharing the risk, limiting the risk and transferring the risk.

Insurance is a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. It can also be defined as a Risk-transfer mechanism that ensures full or partial financial compensation for the loss or damage caused by event(s) beyond the control of the insured party. Under an insurance contract, a party (the insurer) indemnifies the other party (the insured) against a specified amount of loss, occurring from specified eventualities within a specified period, provided a fee called premium is paid.
Categories of Insurance include legal liabilities, protection against loss or damage to property, cover relating to personnel, pecuniary loss.

In this litigious society, a person can be sued for just about anything: a slip on the walk, a harsh and untrue word spoken in anger, an accident on the ball field. A personal liability policy covers many types of these risks and can give coverage in excess of that provided by homeowner’s and automobile insurance.

No business should take a chance of leaving unprotected its buildings, permanent fixtures, machinery, inventory, and the like. Various property policies cover damage or loss to a company’s own property or to property of others stored on the premises.

Life insurance provides for your family or some other named beneficiaries on your death. Two general types are available: term insurance provides coverage only during the term of the policy and pays off only on the insured’s death; whole-life insurance provides savings as well as insurance and can let the insured collect before death.

Obligatory insurance is any type of [insurance](https://www.investopedia.com/terms/i/insurance.asp) an individual or business is legally required to buy. Compulsory insurance is mandatory for individuals and businesses that want to engage in certain financially risky activities, such as operating an automobile or operating a business with employees. Compulsory insurance is supposed to protect accident victims against the costs of recovering from an accident that someone else, such as another driver or an employer, has caused.

Uninsurable risk is a condition that poses an unknowable or unacceptable risk of loss or a situation in which the insurance would be against the law. Insurance companies limit their losses by not taking on certain risks that are very likely to result in a loss. Many states offer insurance for otherwise uninsurable risks through their "high-risk pools." However, lifetime benefits may be capped and [premiums](https://www.investopedia.com/terms/p/premium.asp) may be expensive.

The steps to obtaining insurance are **connecting with your broker, Claiming investigation begins, getting your policy reviewed, conducting damage evaluation and making payment.**

**The ways to plan for a crisis include Organization, Contingency planning, Tabletop and other exercises.**

2. Summary of Project Organization structure

A project organization is a structure that facilitates the coordination and implementation of project activities. Its main reason is to create an environment that fosters interactions among the team members with a minimum amount of disruptions, overlaps and conflict. One of the important decisions of project management is the form of organizational structure that will be used for the project.

Effective organizing create results, and to be fully effective, nonprofits must exhibit strengths in five core organizational areas—leadership, decision making and structure, people, work processes and systems, and culture. Simply put, effective organizations deliver results. This connection has been well-documented in the for-profit sector, with highly effective organizations demonstrating superior market performance to their less effective peers. We have observed the same connection between effectiveness and performance time and time again in our work with over 200 nonprofit organizations. Given the link, it is critically important for nonprofit leaders to assess their organizations' effectiveness and become more purposeful about improving it.

Effective communication is a process of exchanging ideas, thoughts, knowledge and information such that the purpose or intention is fulfilled in the best possible manner. In simple words, it is nothing but the presentation of views by the sender in a way best understood by the receiver. We can say that it generally involves the sender and receiver.

An [organizational chart](https://www.investopedia.com/articles/basics/03/022803.asp) is a diagram that visually conveys a company's internal structure by detailing the roles, responsibilities, and relationships between individuals within an entity. Organizational charts either broadly depict an enterprise company-wide or drill down to a specific department or unit. It can also be defined as a diagram that displays a reporting or relationship hierarchy. The most frequent application of an org chart is to show the structure of a business, government, or other organization. These charts have a variety of uses, and can be structured in many different ways. They might be used as a management tool, for planning purposes, or as a personnel directory, for example. Perhaps your organization doesn't operate in a "command and control" style, but instead relies on teams.

Shortcomings of organograms include not showing informal channels; this is one of the biggest disadvantages of organizational charts. Not all communication channels are formal and well defined and org charts fail to capture them. Although org charts are not meant to capture them, informal channels are vital in any organization or business so failing to capture them might hinder communication. Secondly, It can be a maintenance headache; an outdated organizational chart is almost worthless. But keeping it up to date is very hard, especially for large organizations. Employees might change departments, leave the company, assigned a new role etc. in a short period of time. Since it is hard to keep track of these changes properly maintaining an organization chart will be time consuming.

Almost every developing company begins with the hope of becoming a big corporation someday. Small business owners know that the only way to get there is by delivering on their promises. That means manufacturing and selling great products and providing exceptional services. It also means constantly optimizing and improving their processes.

When used appropriately, project management can prove to be highly effective in perfecting, modifying and creating more productive and potent business processes.

Project management emergence in a developing company entails achieving the project’s goals on time while still sticking to the budget (which may be small). You will have to consider several project management practices and figure out which ones can apply to your business and help achieve its goals better.

You will do well by implementing agile project management practices as they have the ability to respond to issues as and when they arise during the progression of the project. Making the required changes to a project at the right time can save resources and help deliver a successful project as per schedule and within budget.

While manufacturing operations may not be more complex than other businesses, their management deals with the production of physical items that incorporate costly materials and labor and that consumers use on a continuous basis. When management of manufacturing is not effective, it can result in inferior quality, defects and safety issues in the products. Poor manufacturing management not only affects profitability but can place the survival of the company in question.

Communications management is about keeping everybody in the loop. The communications planning process concerns defining the types of information you will deliver, who will receive it, the format for communicating it, and the timing of its release and distribution. It turns out that 90% of a project manager’s job is spent on communication so it’s important to make sure everybody gets the right message at the right time.

Having a Project manager increases the likelihood a project will be successful and profitable, enabling your business to grow. Provide vision and direction – the project manager identifies the aims and vision of the project and gives it purpose and direction. They also provide the point of contact for the project.

A project life cycle is the sequence of phases that a project goes through from its initiation to its closure. The number and sequence of the cycle are determined by the management and various other factors like needs of the organization involved in the project, the nature of the project, and its area of application. The phases have a definite start, end, and control point and are constrained by time.

Project matrix organization refers to a team whose members are drawn from various line or functional units of the heirarchical organization. The organization so developed is temporary in nature, since it is built around the project or specific task to be done rather than on organizational functions.

A project team and task force is a temporary team created to address a single piece of work, a problem, or a goal.

An organizational or business function is a core process or set of activities carried out within a department or areas of a company.

Organizations with more than one project manager tend to thrive more because all the workload is efficiently shared and supervised.

A joint venture is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task. This task can be a new project or any other business activity.