

CASE STUDY: RISK MANAGEMENT

CLIENT	Major Multi-National Construction Company
PROJECT	PFI Libraries Project
CONTRACT	PFI Contract
CONTRACT VALUE	£30m
WORK SCOPE	Preparation of a bid for the PFI new build and refurbishment of four libraries
BLAKE NEWPORT SERVICES PROVIDED	Full risk management services



SITUATION

The client was preparing a bid for submission for the demolition and rebuild of one library and the refurbishment of three further Libraries. The risk assessment process was a specified requirement of the bid submission. The client's project team identified at an advanced stage of bid preparation that they did not have the internal resources to carry out the required risk management exercise, within the short time available, to complete the bid.

IMPLICATIONS

Without a comprehensive risk register, analysed bid and plan for ongoing risk management throughout the project the client was in danger of having their bid rejected.

OBJECTIVE

Blake Newport was commissioned to provide the risk management expertise that would enable the client to participate in the bid within the tender timeline. Blake Newport's brief was to facilitate a workshop, produce a comprehensive risk register, facilitate the quantification of the risks and carry out a cost risk analysis of the combined bid, inherent uncertainty and the risks. The report developed from this was to include the process of risk management for the project, should the client be successful.

BLAKE NEWPORT SOLUTIONS

Blake Newport prepared and facilitated a workshop which:

- Reviewed the project scope and status
- Identified the key project milestones and dates
- Identified the assumptions, exclusions, constraints and interfaces in connection with the project
- Identified the significant and strategic cost and schedule risks to the project
- Ranked the risks in order of severity
- Assigned an "Owner" to each risk, developed and established the immediate actions necessary to reduce the perceived impact of each significant risk
- Produced a comprehensive Risk Register for the project.

Following completion of the workshop each significant risk was reviewed and a detailed three point estimate of the potential cost impact of each risk was calculated for each library. From these a cost analysis model was built and run to provide potential outturn costs for each library and the project as a whole.

OUTCOME

As a result of Blake Newport's expertise in this area, the client was able to submit a complete tender for the project within the timeframe allowed; with full knowledge of the level of risk the project would pose to the client and total confidence in the bid value and the risk allowance (contingency) included. Additionally, the client was provided with a robust risk management information and process as a basis for the future risk management of the project through to completion.