



How to Manage Risks during Project Development and Design

2016 MDT Preconstruction Conference

Objectives

- ▶ Understand MDT's new Risk Management Policy
- ▶ Become familiar with Risk Management tools
- ▶ Others?

Rationale

- ▶ Every project has risks, regardless of project size or complexity
- ▶ Risks have negative or positive effects on at least one project objective (scope, cost, time, and quality)
- ▶ Risk Management minimizes surprises that hinder project delivery through effective communication and documentation
- ▶ Actively managing risks will help manage project scope, schedule, and budget

Introduction

- ▶ Scenario 1: Routine oil change and vehicle inspection
- ▶ Scenario 2: Minor annoyances noted that need attention
- ▶ Scenario 3: Engine light comes on and car quits



▶ 4

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Impact to budget? Time? Expected scope of work?

Risk Management Policy

- ▶ Apply scaled Risk Management process to all projects
- ▶ Use level of project risk to determine minimum process
- ▶ Actively manage risk for all medium and high risk projects
- ▶ Actively manage risk for all NH and restricted funding projects

Risk Management Policy

Project Level of Risk See table in Appendix A	Minimum Process Project managers may use a higher level process as needed
Low Risk Pavement Preservation or minor projects	Risk identification using the Project Risk Documentation worksheet and document in milestone reports
Medium Risk Rehab or Reconstruct	Qualitative risk analysis using the RMP worksheet
High Risk Complex projects	Risk analysis workshop using the RMP worksheet



What's all this mean?

Low Risk

- ▶ Identify potential areas of risk
- ▶ Document and communicate
- ▶ Handle as necessary for meeting project objectives (MANAGE)

Medium Risk

- ▶ Identify potential areas of risk
- ▶ Document and communicate
- ▶ Actively **MANAGE** risks through project development
 - ▶ Identify
 - ▶ Analyze qualitatively
 - ▶ Strategize
 - ▶ Manage

High Risk

- ▶ Identify potential areas of risk
- ▶ Document and communicate
- ▶ Actively **MANAGE** risks through project development
 - ▶ Identify
 - ▶ Analyze quantitatively
 - ▶ Strategize
 - ▶ Manage

Tools

Risk Management Plan

RMP



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RMP

<http://www.mdt.mt.gov/business/contracting/cost.shtml>

Internal:

Departments > Highways Bureau > Cost Estimating

External:

Doing Business > Design Consulting > Cost
Estimating



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