



PROJECT RISK MANAGEMENT

It Worked !

Task: Build a Dock in the Middle of Nowhere and Save Money



Everyone Has Risk

Owner

Contractor

Engineer



Summary of Project Risks

- Existing Plant Operations Critical to Owner's Profit
- Weather
- Extremely Limited Working Area
- Remote Site Location – Personnel Transportation
- Variable Material Costs
- Limited Subsea Information, Known Obstructions
- Unknown Property Boundaries

Experience

- Similar to Previous Dock Repairs Done At Site
 - Geotechnical Conditions Explored
 - Known Areas of Obstructions
 - Anticipated Poor Weather
- Plant Operations and Transportation Network
 - Facilities in Anchorage and Dutch Harbor to Shelter People
 - Cargo Ship and Fishing Fleet Transportation

Contractor's Risks

Weather
Material Costs
Weather
Transportation
Weather





Owner's Risk

Cost

Schedule

Impact on the Fish Production



Engineer's Risk

Design Errors

Contractor Errors

Unhappy Owner



Risk Management Scheme

Work as a Team

- Owner and Engineer Prepared Design as a Team
 - 4 Prospective Contractors Interviewed Before Plans Finished
 - Team Attitude
 - Experience in Aleutians
 - Low Bid not the Automatic Winner
 - Approach
 - Bid Format
 - Value Added

Risk Allocation

- Owner

 - Assumes Material Cost

 - Assumes Weather Risk with Independent Monitoring

- Contractor

 - Assumes Equipment Risk

 - Assumes Management of Construction

- Engineer

 - Has a Really Good Insurance Company

Construction Team

- Owner
 - Purchased Materials
 - Supplied Food
 - Paid Invoices
 - Coordinated Transportation
- Contractor
 - Supplied Equipment and Manpower
 - Constructed Project
- Engineer
 - On Site for Design Changes
 - Monitor Construction Progress

Why Did It Work ?

TRUST

Owner Not Burdened With Excessive Internal Rules

Engineer Open to New Ideas

No Prescribed Methods

Work Experience With Each Other

Attitude to Embrace the Challenge



Thank You