RMRI

PROJECT RISK MANAGEMENT

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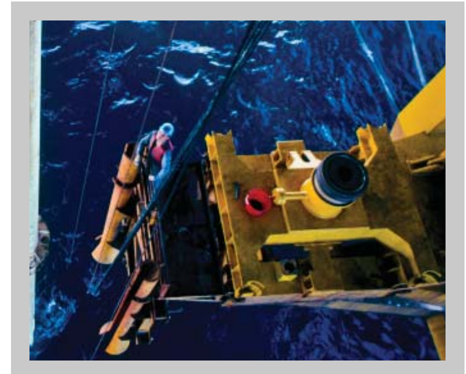
Any large-scale industrial project can essentially be divided into three main phases:

1. Concept description, evaluation and selection, initial design
2. Project implementation – detailed design/engineering, procurement, construction and installation
3. Ongoing operations

Clearly risk exists throughout a project, but the nature of the risks faced varies according to the phase. Despite the large up-front investment required and the significant risks of time and budget over-runs during the implementation stage, current approaches to risk management at this stage of a project still rely primarily on qualitative approaches, judgement and experience.

We believe that, in order to effectively reduce or mitigate the risks faced, it is first necessary to quantitatively assess the impact of decisions, future market conditions and unplanned events on the overall returns that can be expected from the project.

Since a project is undertaken to generate future revenues, this assessment must account for expenditures during the project phase (CAPEX), operating costs (OPEX) and revenues generated, as well as the timing of payments and receipts.



IMPLEMENTATION

RMRI's approach centres on accounting fully for the economic impact of delays during the implementation phase of a project, by considering the effect of loss of or delays to revenues and hence overall returns.

In order to assess this impact, we work with you to understand the operation,so that we can develop an economic model for the planned operations that accounts for operating costs and revenues. This model reflects the cash flows of the operation under the expected 'base case' conditions, but is flexible and designed to account for and interpret the impact of hazards and uncertainties identified for the project.

The results of the risk assessment are communicated, via the RiBsheet™, in a clear and easy to understand format.

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