

Riskmanagement for construction- and civil works-
companies

Guidance to projectjournal

– Tool for riskmanagement



dansk
byggeri

About the projectjournal

There is reason to believe, that the Projektjournal are the tool, which can initiate systematic usage of riskmanagement – to benefit the company, the construction sector and the society.

" Projektjournal is a good reminder, which keep attention on conditions, which are important to deal with during the progress in the buildingproject"

"Riskmanagement improve the profit"

" Implementing of a system for riskmanagement will improve our ability to survive"

STATEMENTS FROM CONSTRUCTION- AND CIVIL WORKS COMPANIES

Introduction

Dansk Byggeri has taken following initiatives to improve members riskmanagement:

- Information regarding riskmanagement on www.danskbyggeri.dk
- Publishment of Projektjournal
- Publishment of a updated version of "Risikostyring i bygge- og anlægssektoren - En vejledning for entreprenørbranchen", 2. udgave, november 2005. Riskmanagement can improve the earnings and strengthen the competitiveness. The statement is agreed on both within the Danish construction sector and internationally.

Danish investigations confirms the value of good riskmanagement, saving 5-10% of the construction sector turn-over .

KPMG International has produced a completely new investigation, which indicate, that riskmanagement is definitely the major challenge for the construction sector in the coming years. The investigation is based on statements from 24 top managers in the largest construction companies in the world. Furthermore initiatives are taken to improve teaching in riskmanagement on the danish engineering schools.

Projektjournal

A crucial condition , for a successfull introduction and usage of the tools, are:

- Support and engagement from management
- ready and motivated staff
- a will and ability to incorporate necessary routines in the company

The projectjournal is a new tool to start working with riskmanagement. The projektjournal are aimed at all construction- and civil works companies and are able to cover most companies need for risk management. The journal can be used as it is, a paradigm or as an integrated part of the total management in the company.

The companys riskmanagement can be further developed using the more detailed guidance "Riskmanagement in the construction- and civil works sector". There is a full compliance between Projectjournal and the Guidance, as same terminology are used and both are developed according to standards for riskmanagement in force.

Page 3 in this folder are containing a short guidance to the use of the projectjournal.. The main idea is, that the journal are following the buildingproject during all phases.

Regarding riskmanagement

Riskmanagement does not mean, that all risks can be avoided, but it gives a certain knowledge regarding the risks connected to e.g. a buildingproject. A clear idea regarding the importance of risks and how to handle them is achieved. The condition for success is, that the understanding of risks are presen in topmanagement, projectmanager and the individual employee, and a good riskcommunication is established vertical and horizontal in the company.

RISKMANAGEMENT I CONSTRUCTION- AND CIVIL WORKS SECTOR, 2. EDITION 2005

Projectjournal - guidance

Used for
Riskmanagement of buildingprojects.

Projectjournal
The projectjournal is following a buildingproject during the whole projectcycle and can subsequently enter in the companys "lessons learnt".

Projectjournal is consisting of	Page
Basic data for the project	1
Riskassessment with adjoining acceptcriterias	1
Assessment of risks/riskareas during the projectcycle	2 and 3
"Lessons learnt"	4

Riskassessments are used like this during the projectcycle:

- 1) First a preliminary assessment are developed, normally after the tendermaterial have been received from the client. The main topic here is to clarify, if it is a project you want to work with and the attached risks are to big in the beginning.
- 2) After this it is considered whether measures can limit the risks to an acceptable level, so a bid can be handed in with reservations/conditions, which eventually have to be included in the bid.
- 3) If there are deviations from bid until signing of contract, revision of riskassessments is needed.. Riskconditions at start of the construction are stated, to enable the sitemanagement

To have a updated riskassessed starting point for the execution of the buildingproject.

- 4) The constructionperiod.
Here the main riskconditions and the adjoining riskreducing measures are stated, which are the condition for start of the construction. Risks identified during the construction period and the neccessary measures to compete them, is registered simultaneously.
- 5) After completion of the project, a concluding assessment/evaluation are developed, regarding actual progress within the individual riskareas.

Riskassessment

A risklevel from 1 to 5 are used to express whether a risk is considered as small – medium or large. The aim is, to get all risks down to an acceptable level. This is done by assessing every riskarea individually. A proposal for acceptcriterias are filled in, marked with red, yellow and green. The company can propose own acceptcriterias.

Riskareas

The indicated riskareas are not relevant in all projects. Use the rrelevant ones and include eventually others in the items "other". The stated partsums and totalsums are only included to give a quick overview of a buildingprojects total risklevel. It is the individual riskareas, which are focussed on, and shall be used for managing risks.

The projektjournal is developed under the project "Riskmanagement in Contractorbusiness", and is the end product of input from 72 construction- and civil works companies and a subsequent test on buildingprojects.

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