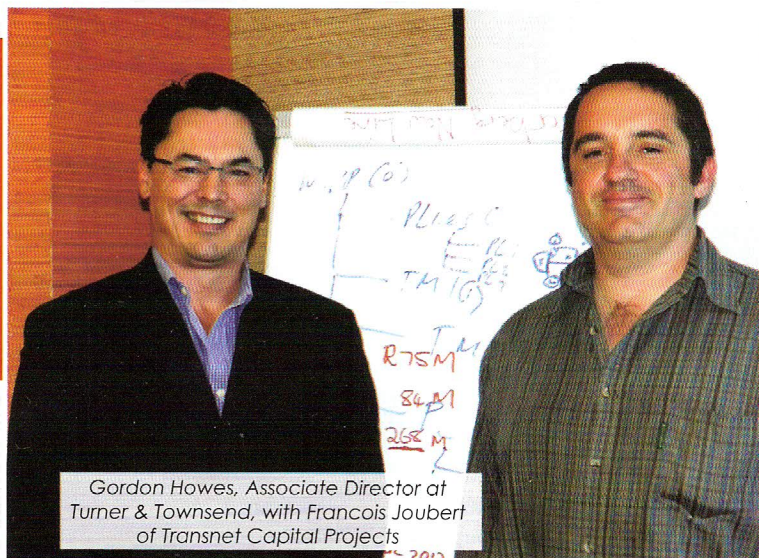
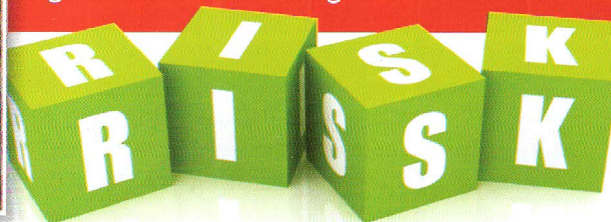


# NOT-So-Risky Business



Gordon Howes, Associate Director at Turner & Townsend, with Francois Joubert of Transnet Capital Projects

Risk management for the mega infrastructure projects rolled out by Transnet Capital Projects (TCP) is still a new and very specialised field. However, to ensure that projects are delivered on time and within budget, it's a skill that TCP can't do without, hence its programme to 'upskill' a new generation of risk managers.



In mid-2010, TCP's executive management approached Gordon Howes, Associate Director at Turner & Townsend, with a request to submit a proposal relating to TCP project risk management. As part of this company's skills transfer responsibilities as the risk management specialist for the construction of the multibillion-rand New Multi-Product Pipeline (NMPP) project, it wanted him to assist TCP in developing a centre of excellence in terms of risk management for large infrastructure projects, and he agreed to the proposal.

Gordon Howes is a seasoned risk management specialist, specialising in simulation analysis. "Risk is about simulating the future and then calculating the risk and mitigating it by providing the financial contingency required to cater for risks that could impact on a project," he explains.

"The King III Code of Governance Principles for South Africa has several practical implications for board members, directors and management of all organisations. While the board is responsible for the governance of risk and disclosure, management is delegated responsibility for the risk management implementation and plan, the upshot being that they are both dually liable for risk

management in an organisation," says Gordon.

And, while Transnet SOC is well-equipped to deal with risk management at a group level, TCP has up until now not had the competence to manage project risk at a high level. The risks that TCP most commonly faces are project risks that relate to cost, deadline and scope creep.

Given its risk management expertise, Turner & Townsend is now assisting TCP with bulking up its own risk management processes to a level where it can be benchmarked. In addition, Gordon is also helping to develop resource management expertise within the organisation. "I think that the powers that be within TCP saw the value of our work in terms of managing the risk on the NMPP project," says Gordon, who has now taken several TCP employees under his wing. One of them is Francois Joubert, an engineer and MBA graduate who, just like Gordon himself, is a PMP (Project Management Professional). Francois was previously involved in International Standards Organisation (ISO) project work within TCP, but is now being developed to be the "risk custodian" for TCP. This mentorship programme, if you will, essentially

runs from April 2011 to April 2012, although Gordon will remain in an advisory capacity for at least another year thereafter.

Thus far, Francois has been investigating the different risk methodologies in order to become better acquainted with them, has undergone training in the @Risk simulation software, and has been trained in the various risk management methodologies and processes. "We are currently developing a risk management model for the risk registers for each TCP project. Such a risk register acts as a central repository for all risks identified for a project, and for each risk it includes information such as risk probability, impact, countermeasures and contingencies, and the risk owner," explains Francois.

Once this model is finalised, it will be used for all TCP projects going forward. Thus far, 12 projects have been earmarked for an initial risk benchmarking exercise, and TCP's executive committee is to sign off on the risk model and process. "The final product will be a TCP Risk Policy tailor-made for mega infrastructure projects. For the project teams it will mean a sensible way of measuring and managing risk on all projects," concludes Gordon.