

Risk Management

"Holiday Out" Hotel project

Risks identification, prevention and damage control

Risk management is a very important part of IT projects. Its main goals are identifying possible risks, determining ways of preventing them and establishing damage control solutions. In case of the Hotel project risk management document examines risk that are associated with 3 categories: team, technology and outside risks. The responsibility for the risk management belongs to the project manager. However, it is a wise idea to let the outside company evaluate possible project risk during standard audits.

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1 Team Risks

1.1 Lack of motivation

Lack of motivation is a common problem in all kinds of projects. It can result from many different factors (ie unrealistic expectations of the project, bad relations with project leader, bad working conditions to name a few)

Probability of occurrence: Medium

Cost: Medium to High

Prevention: Choosing an experienced project leader

Damage Control: Positive (incentives, increasing salaries, bonuses) and negative (layoffs, reducing salaries etc) stimulation

1.2 Lack of funding

Lack of funding is one of the main causes for IT projects failures. A project that is low on budget will not attract qualified staff and will not receive proper testing. It also lowers team motivation.

Probability of occurrence: Low but varies greatly

Cost: Very high, can lead to project termination

Prevention: Careful planning and evaluation of the project

Damage Control: Finding alternate financing, if possible

1.3 Personnel migration

Recent changes in social structure have lead to certain instability of personnel. Team members migrating to other companies can cause stoppages or even termination of the project if a vital member of the team decides to quit the project.

Probability of occurrence: Low to medium

Cost: Medium, varies on team member

Prevention: High salaries, motivating staff

Damage Control: New employees must be found to replace those that had quit the project

2 Technology Risks

2.1 Insufficient testing and quality management

Every IT project requires substantial amounts of testing to insure appropriate quality. Since it takes significantly lower amount of money to correct mistakes made on the early stages of the project development, testing should occur during the whole process of project development.

Probability of occurrence: Low

Cost: Low to medium and prolongation of the project

Prevention: Strict following of both testing and quality management plans

Damage control: Signing in additional employees that would focus exclusively on testing and tweaking the application

2.2 Problems with HD-TV

HD-TV on demand is one of the most demanding technologies on the market. HD-TV on demand offers an excellent picture quality which, however, comes at high price as it requires not only extremely efficient servers to handle enormous amounts of data but also appropriate data storage facility and network infrastructure to handle the data transfer from servers to hotel rooms. Thus available network bandwidth is one of the limiting factors and, especially in case of large and expensive hotels, it may require vast amounts of time and money to improve it.

Probability of occurrence: Low if sufficient testing is performed

Cost: Low to High depending whether problems can be solved on software level or the hotel's network infrastructure must be improved

Prevention: Testing during both the planning and development phase

Damage Control: The system might be scaled down to provide standard video-on-demand or pay-per-view

2.3 Safety risks

One of the most important requirements of the system is assurance a very high level of safety for customers. This is caused by the need of protection of both the clients (credit card numbers, identities etc) and the hotel (clients should only be able to see prices according to their rank)

Probability of occurrence: Low

Cost: Low

Prevention: Testing

Damage Control: Rewriting modules responsible for security

3 Risks caused by outside factors

3.1 The government

Since our client must be able to provide evidence of its business to government, the system must not only be able to support the current legislations but also provide means of converting it accordingly to possible future changes in legislation.

Probability of occurrence: Medium

Cost: Low to Medium

Prevention: Creating a system that is easily modifiable

Damage Control: Modification of the system so that it meets legislative requirements

3.2 Bankruptcy of hotel

Although highly improbable, bankruptcy of the client is always a possibility. To minimise negative results of such occurrence, the system should be built in such a way that as many as possible elements of the system could be reused in similar projects later.

Probability of occurrence: Low

Cost: High

Prevention: Making system viable to modifications and reusable

Damage Control: Selling the system to another hotel

3.3 Change of priorities in mother company

Since the bank system is just one of many different projects that the company is working on at the same time, it can always happen that the mother company will decide to change its priorities and will drop some of the projects off its priorities. To prevent that, the Project Manager should always keep the management well informed about the project and deliver up to date reports so the senior management is not only aware of the project's progress but also feels assured that it will be finished as planned.

Probability of occurrence: Low

Cost: High

Prevention: Keeping the management well informed

Damage Control: Not applicable