CMCCO
Construction
Management
Consultant Co

Risk Management Unit

CMCCO Risk Management top senior experts are familiar with the management of project Risk where several related consultancy and studies are performed by CMCCO Risk Management team for several large scale projects and investments in the Middle East.

➲ Feasibility and investment studies

As the name implies, a feasibility study is an analysis of the viability of an idea. The feasibility study focuses on helping answer the essential question of “should we proceed with the proposed project idea?” All activities of the study are directed toward helping answer this question.

Feasibility studies can be used in many ways but primarily focus on proposed business ventures. Farmers and others with a business idea should conduct a feasibility study to determine the viability of their idea before proceeding with the development of the business. Early-on determination that a business idea will not function properly as required; saves time, money and heartache later.

A feasible business venture is one where the business will generate adequate cash-flow and profits, withstand the risks it will encounter, remain viable in the long-term and meet the goals of the founders. The venture can be a new start-up business, the purchase of an existing business, an expansion of current business operations or a new enterprise for an existing business.

A feasibility study is only one step in the business idea assessment and business development process. Reviewing this process and understanding the related information will help put the role of the feasibility study in perspective.

Reasons to Do a Feasibility Study

Conducting a feasibility study is a good business practice. If you examine successful businesses, you will find that they did not go into a new business venture without first thoroughly examining all of the issues and assessing the probability of business success.

Hereunder are other reasons to conduct a feasibility study:

- Gives focus to the project and outline alternatives
- Narrows business alternatives
- Surfaces new opportunities through the investigative process
- Identifies reasons not to proceed

- Enhances the probability of success by addressing and mitigating factors early on that could affect the project
- Provides quality information for decision making
- Helps to increase investment in the company
- Provides documentation that the business venture was thoroughly investigated
- Helps in securing funding from lending institutions and other sources

The feasibility study is a critical step in the business assessment process. If properly conducted, it may be the best investment you ever made.

Results and Conclusions

The conclusions of the feasibility study should outline in depth the various alternatives examined and the implications and strengths and weaknesses of each. The project leaders need to study the feasibility study and challenge its underlying assumptions. This is the time to be skeptical.

Don't expect one alternative to "jump off the page" as being the best one. Feasibility studies do not suddenly become positive or negative. As you accumulate information and investigate alternatives, neither a positive nor negative outcome may emerge. The decision of whether to proceed often is not clear cut. Major stumbling blocks may emerge that negate the project. Sometimes these weaknesses can be overcome. Rarely does the analysis come out overwhelmingly positive. The study will help you assess the tradeoff between the risks and rewards of moving forward with the business project.

Remember, it is not the purpose of the feasibility study or the role of the consultant to decide whether or not to proceed with a business idea, it is the role of the project leaders.

CMCCO has performed appraisal and consulting work for several project investment studies, including Hotels, Housing Projects, real estate, factories, convention and conference centers, since 1995.

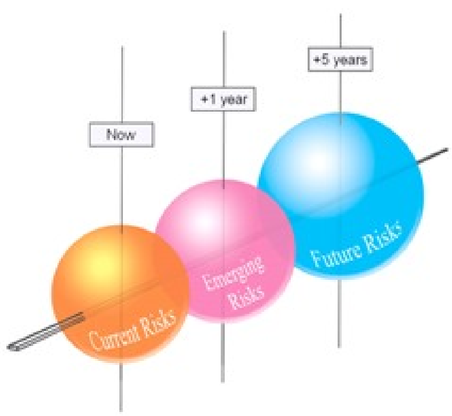
➲ Risk Management

Project Risk Management

Project Risk Management includes the processes concerned with conducting risk management planning, identification, analysis, responses, monitoring and control on a project; most of these processes are updated throughout the project. The objectives of Project Risk Management are to increase the probability and impact of positive events, and decrease the probability and impact of events adverse to the project.

The Project Risk Management processes include the following:

- Risk Management Planning – deciding how to approach, plan, and execute the risk management activities for a project.
- Risk Identification – determining which risks might affect the project and documenting their characteristics.
- Qualitative Risk Analysis – prioritizing risks for subsequent



further analysis or action by assessing and combining their probability of occurrence and impact.

- Quantitative Risk Analysis – numerically analyzing the effect on overall project objectives of identified risks.
- Risk Response Planning – developing options and actions to enhance opportunities, and to reduce threats to project objectives.
- Risk Monitoring and Control – tracking identified risks, monitoring residual risks, identifying new risks, executing risk response plans, and evaluating their effectiveness throughout the project life cycle.

Project risk is an uncertain event or condition that, if it occurs, has a positive or a negative effect on at least one project objective, such as time, cost, scope, or quality (i.e., where the project time objective is to deliver in accordance with the agreed-upon schedule; where the project cost objective is to deliver within the agreed-upon cost; etc.). A risk may have one or more causes and, if it occurs, one or more impacts. For example, a cause may be requiring an environmental permit to do work, or having limited personnel assigned to design the project.

The risk event is that the permitting agency may take longer than planned to issue a permit, or the design personnel available and assigned may not be adequate for the activity. If either of these uncertain events occurs, there may be an impact on the project cost, schedule, or performance. Risk conditions could include aspects of the project's or organization's environment that may contribute to project risk, such as poor project management practices, lack of integrated management systems, concurrent multiple projects, or dependency on external participants who cannot be controlled.

➲ Escalation Cost Analysis

Escalation Prices Changes' Studies and Escalation Analysis in a market of variables and changes that may mostly be unforeseen and may highly affect the project investment in all stages of the project development.