

**TRAINER'S MATERIALS**

**MODULE: PROJECT MANAGEMENT. PROJECT CYCLE, MONITORING & EVALUATION, FINANCIAL MANAGEMENT, INTERCULTURAL ASPECTS.**

**TOPIC 6: PROJECT CYCLE MANAGEMENT. RISK MANAGEMENT.**

**TRAINER'S MANUAL OF THE TRAINING SESSION**

**DURATION OF THE SESSION: 120 MINUTES**

<b>Time</b>	<b>Table of content</b>	<b>How</b>
15'	<p><b>Introduction to the topic.</b></p> <p><b>PCM and risk management</b></p> <p>This session, like the previous one on project evaluation, will be based on a case study - we will look at risk management in a specific project: Entrepreneurial Youth for Green Europe.                      We have already dealt with this motion at the session on monitoring, so we certainly remember what it was about.                      As a reminder, take a look at the project website <a href="https://greeneurope.uni.lodz.pl/">https://greeneurope.uni.lodz.pl/</a> and watch a presentation about the project.</p>	<p><i>Trainer's speech / presentation / project website</i></p>
50'	<p><b>What does project risk management mean?</b></p> <p>Brainstorming in groups</p> <p>Discussion</p> <p>Definition of risk management:</p> <p>We will refer to risk management as described in the methodology of PMI - Project Management Institute  <a href="https://mfiles.pl/pl/index.php/Metodyka_PMI">https://mfiles.pl/pl/index.php/Metodyka PMI</a></p> <p>First we will see where risk management fits into the project</p>	<p><i>Brainstorming</i></p> <p><i>Discussion</i></p>

	<p>management structure (→ participant handbook)</p> <p>We will then compare PMI's theory of risk management with how risk management is described in the Green project (→ appendix "Entrepreneurial Youth for Green Europe-risk management")</p> <p><b>"PMI methodology</b> - is a general set of project management principles codified by the Project Management Institute and published in the form of the <b>PMBOK® Guide</b>, which has been widely recognised as the knowledge base of the professional project manager.</p> <ul style="list-style-type: none"> <li>• In 1983, PMI attempted to take stock of the project management experience.</li> <li>• A few years later, areas of knowledge about project management were formulated on the basis of the collected material and research.</li> <li>• In 1996, PMI developed a project management standard, the <b>"Guide to the Project Management Body of Knowledge</b> (A Guide to the Project Management Body of Knowledge, The PMBOK® Guide) or PMBOK® for short.</li> <li>• Since then, the PMI standard has been continuously improved, which has translated into successive editions of PMBOK®, which have been issued at four-year intervals.</li> <li>• In late 2012 and early 2013, the fifth version of the PMI standard was published. It introduced stakeholder management as the tenth key project knowledge area.</li> <li>• In 2017, the sixth version of the methodology was released. It included additional references to agile project management.</li> <li>• The seventh version of the methodology was released in 2021.</li> </ul> <p>The PMBOK® Guide is a set of generally accepted best practices in project management, which was created in order to create a common language, a set of concepts in this field. Its popularity as a template for project management processes has been proven among other things by research conducted by the German project management institute GPM and the international consulting firm PricewaterhouseCoopers. In both cases they showed that 41-43% of the surveyed organisations use PMBOK® Guide as a project management methodology. (M. Trocki et al. 2017, pp. 99-100)"</p> <p>"According to the PMBOK® Guide, project management requires the implementation of 47 processes described in detail as to their rationale and scope. According to the methodology, project</p>	<p><i>Participant handbook</i></p> <p><i>Annex: Risk management in project Green</i></p>
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	<p><i>management involves the application of processes in combination with knowledge, skills, techniques and tools. Each process is accompanied by a set of resources, i.e. information and documents necessary to start the process, a set of techniques and tools helpful in its implementation and a set of results being the effect of its implementation. In order to complete the project successfully it is necessary to adapt the methodology to the needs of the project specificity, i.e. to select the necessary processes from the presented groups of processes, to translate, to adapt the final project product to the project specificity, to realise the requirements set by the project environment including its stakeholders and to balance the scope, cost, time, quality, resources and risk in order to achieve the goals set at the beginning." (M. Trocki et al. 2017, pp. 100-101)</i></p> <p><i>The process structure is based on two grouping criteria (M. Trocki et al. 2017, pp. 101-103):</i></p> <ul style="list-style-type: none"> <li>• <i>first dimension of process grouping - groups processes into ten knowledge areas, which include:</i> <ol style="list-style-type: none"> <li>1. <i>Scope management in the project.</i></li> <li>2. <i>Project time management.</i></li> <li>3. <i>Project cost management.</i></li> <li>4. <i>Project quality management.</i></li> <li>5. <i>Human resources management in the project.</i></li> <li>6. <i>Project communication management.</i></li> <li>7. <b>Project risk management.</b></li> <li>8. <i>Project procurement management.</i></li> <li>9. <i>Managing stakeholder involvement in the project.</i></li> <li>10. <i>Project integration management.</i></li> </ol> </li> <li>• <i>the second dimension of process grouping - is based on the project management cycle, in which we can distinguish:</i> <ul style="list-style-type: none"> <li>• <b>a group of initiation processes</b> - including the processes of formulating objectives, making assumptions, filling key roles in the project and ensuring formal approval of the project in the organisation,</li> <li>• <b>a group of planning processes</b> - covering processes of preparation and planning of activities necessary for project realisation,</li> </ul> </li> </ul>	
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	<ul style="list-style-type: none"> <li>• <b>a group of execution processes</b> - including execution processes, which ensure that the work and project progress are carried out according to the developed plan,</li> <li>• <b>a group of monitoring and control processes</b> - including processes for monitoring the progress of the project and for interpreting deviations in order to take appropriate preventive and/or corrective action when necessary,</li> <li>• <b>group of completion (closure) processes</b> - covering processes of closing and accounting for all activities undertaken in the project and obtaining a formal acceptance of the project.</li> </ul> <p><b>Project risk management</b> is an area through which the project manager can systematically estimate the chances of the success of the project plan and identify and prepare in advance for situations that may affect the project. The task of this area is to conduct a risk analysis, identify and characterise risks, develop a plan to prevent risks (the so-called proactive strategy) and to respond to risks when they occur (the so-called reactive strategy), as well as to monitor and supervise risks. Each type of risk can be described in terms of its likelihood and strength of impact on the project, while the processes included in the risk management area are designed to maximise the likelihood and strength of opportunities and minimise threats. (M. Trocki et al. 2017, pp. 130-132)"</p> <p><b>Group work task:</b>          Having become familiar with the theory of risk management and the place of risk management in the project structure, the "risks" described in the appendix for Project Green should be analysed with regard to the following issues:          - Are the risks cross-cutting - covering the whole project?          - Are the planned preventive measures sufficient?          - How can this risk management plan be improved?</p>	<p><i>Group work and presentation of conclusions by one person from the group</i>  <i>Discussion</i></p>
50'	<p><b>Crisis situation and risk management</b></p> <p>Let us first look at the stages of risk management identified by PMI:</p>	<p><i>Flipped classroom</i>  <i>Task for the group -</i></p>

<p><i>"1. <b>Risk management planning</b> - the first step is to prepare a plan for project-specific risk-related studies. It is recommended that appropriate procedures, documentation and techniques are prepared.</i></p> <p><i><b>Qualitative risk analysis</b> - consists of assessing the significance of risks that may occur during project implementation. Statistical testing of risk factors can also be used, although it is usually included in the next stage.</i></p> <p><i>4 <b>Quantitative risk analysis</b> - focuses on measuring the probability of individual risk factors occurring. This probability can be treated as objective or subjective.</i></p> <p><i>5 <b>Planning of risk prevention measures</b> - the main aim is to create a plan to prevent or reduce potential risks. It focuses on developing appropriate techniques, methods and material safeguards against the factors that pose a risk.</i></p> <p><i>6 <b>Risk monitoring and control</b> - This consists of two aspects. First, it implements a risk management system. On the other hand, it consists of carrying out preventive and supervisory activities covering the project in question. "</i></p> <p>And how does this theory relate to the fact of the <b>crisis situation</b> ?</p> <p>Crisis - what is it?</p> <p><i>"a sudden, unpredictable change in the company, social, economic, or political environment where the company operates, it is a change that causes tension, which can weaken the image of the company. (Pływaczewski W., Kędzierska G., 2001)"</i></p> <p><i>"an event that poses a threat to the life and health of people and property, a combination of events and circumstances leading to a loss of control over the development of the situation"</i></p> <p><b>Risk avoidance and risk reduction</b> - two strategies for risk control in the era of the COVID-19 pandemic.</p> <p>Risk avoidance. Risk avoidance is the primary way to reduce potential losses from natural disasters, such as not building houses in flood-prone areas.</p>	<p><i>find information in the participant's handbook and on the internet what is a crisis situation</i></p>
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	<p>Risk reduction. "Quite symptomatic of risk reduction are attempts to control nature manifested by the construction of dikes or retention reservoirs, and in cases where certain elements of nature cannot be subjected to human influence (rain, snow and hail, storms, hurricanes, etc.) early warning and crisis management systems are created. "</p> <p><b>Group work task:</b></p> <p>The risk management of the Green Europe project was prepared before the pandemic occurred.</p> <p>Which pandemic strategy - avoidance or risk reduction - to adopt?</p> <p>Work in groups - one group analyses the consequences of risk avoidance strategies, the other group risk reduction. First - how does the project work in this case. Then - what are the consequences.</p>	<p><i>Working in groups</i></p> <p><i>Two workshops</i></p> <p><i>(blocks of paper on the wall)</i></p> <p><i>Presentation by each group</i></p> <p><i>Discussion</i></p>
5'	<p><b>Conclusions</b></p> <p>Risk management in projects depends on the scale of the project. For smaller scale projects, monitoring tools seem to be completely sufficient to control risks. However, for large and multidimensional projects, an additional risk management strategy may be necessary. It is also worth noting that financial management also supports risk management. In a situation where we are dealing with Erasmus+ projects with a fixed budget and no crisis situation is expected, risk management falls under the "<b><i>monitoring and control processes group</i></b>", which includes processes for monitoring the progress of the project and interpreting deviations in order to take appropriate preventive and/or corrective action if necessary"</p> <p>However, it is worthwhile to be aware of crisis situations and then to adopt a chosen line of action - risk avoidance or risk reduction - which should be accompanied by a long process of considering the state the crisis is causing and the possible consequences. It may turn out that risk reduction is not enough if, due to the crisis, no activities</p>	<p><i>Trainer's speech</i></p>

	can be carried out and the project will bring only losses. Risk avoidance until the crisis is over - i.e. doing nothing - may be the only viable strategy.	
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