

# FENNOVOIMA

## **Risk Management Integration to Project Management – Case FV**

**Round Table Meeting, ATOMEXPO 2019, Sochi  
15<sup>th</sup> April, 2019**

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# Fennovoima – New player in the field

## Plant supplier: RAOS – Turn key project

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### Challenges:

Complex Nuclear Project

New Organizations

Add-on Requirements

Multicultural Working Environment

Economical Pressure

Political Aspects

Environmental Issues



# Risk Management in General

- Risk Management is an essential tool to tackle the inevitable *uncertainty at all levels*

## Fact:

**Projects continuing to run late, over budget or under performing**

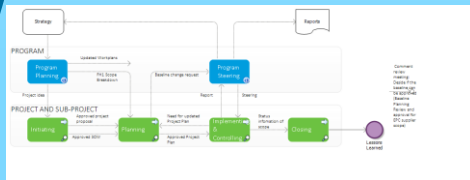
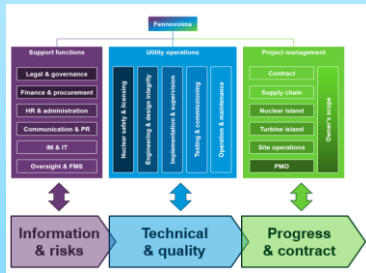
- Poorly defined project objectives and inadequate attention to the proactive management of risks too often affect harmfully reaching the targets

## Note:

### **Strategic vision vs. Tactical project delivery**

- Main failings in the approach to risk management arises from a narrow focus
- RM remains restricted to the technical or operational field, addressing tactical threats to processes, performance or people.

# Risk Management Integration



- Widening the scope of risk management to encompass both *strategic risks* and *upside opportunities*
- Integrated approach can bridge the gap between strategy and tactics.
- *Integrated risk management* addresses risks across a variety of levels in the organisation, including *strategy and tactics*, and covering both *opportunity and threat*.
- Integrated risk management can produce a number of benefits to the organisation which are not available from the typical limited-scope risk process.

# Risks

- Variety of uncertainties, arising from a range of sources
  - technical issues
  - commercial constraints
  - management issues and
  - external dependencies.
- Successful businesses do not seek to avoid uncertainty due to the relationship between risk and reward.
- The no-risk project does not exist nor is not desirable, since the available benefits are determined to a large extent by the degree of risk
- Risk vs. Uncertainty
  - Risk arises when uncertainty has the potential to affect objectives
  - Risk is any uncertain event or set of circumstances that may effect on one or more objectives
  - There are uncertainties that cannot affect objectives, and which are therefore not risks.
- Relationship between risk, uncertainty and objectives makes risk management such an important contributor to both project success and business benefits.

# Risks and opportunities

- Project objectives provide the link between the overall vision and the projects which are established to implement that vision.
  - Acceptance criteria for project deliverables is needed in aim to provide the capability to realise business benefits.
  - Project objectives affected by the uncertain environment resulting in a level of risk exposure.
- Risk management exists to address this risk exposure, leading to an acceptable and manageable level of risk.
- This increases the chance of meeting project objectives, which raises the likelihood of achieving the required business benefits.
- Effective risk management leads to project benefits.
- Problem lies in the scope with which risk management is commonly applied, where two key limitations exist:
  - Firstly, the risk process concentrates on risks to projects, processes, performance and people, either addressing risks relating to technical functionality, or tackling issues of health and safety. The focus is *tactical*.
  - The second, to restrict scope to dealing only with uncertainties that have a potentially adverse affect, i.e. *threats*. This ignores the existence of upside risk, or opportunity, which can be defined as risk with positive impact.

# Current RM Scope to Next Level

- The one-sided focus on threats denies organisations the chance of exploiting opportunities through the risk process
- Including both threats and opportunities within the risk process increases the chance of meeting project targets .
- For risk management to achieve its potential of bridging the gap between strategic vision and tactical project delivery:

The first change is to include *strategic* elements, and

The second is to include *opportunities*.

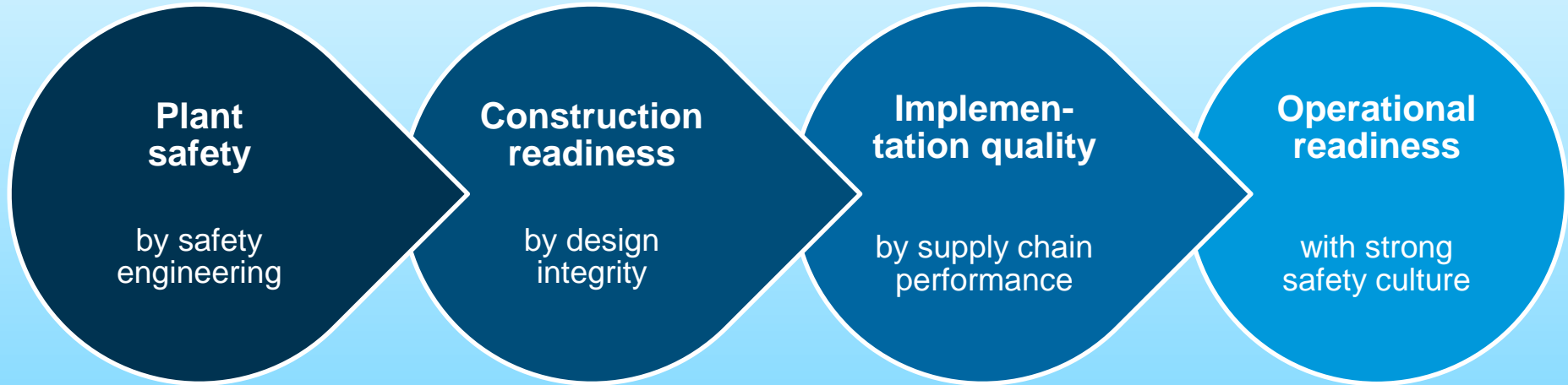
- The primary requirement for implementing strategic risk management is to identify *strategic objectives* which might be affected by uncertainty.
- Strategic risk management is identification of roles and responsibilities at an appropriate level.
- Tactical risks might be managed by the project manager or a functional manager -> Strategic risks are the responsibility of senior management.

**Integrated** approach to **risk management** can create significant strategic advantage by bridging the ***strategy/tactics gap***, and dealing with both ***threats and opportunities***, to enable both successful project delivery and increased realisation of business benefits.



# Fennovoima Reprogrammed Stepwise Approach

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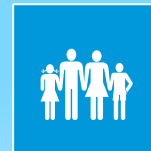
PSAR & FSAR  
Regulations  
Assessment  
Licensing



BD & 3D  
Availability  
Technology  
Specifications



FH1  
Configuration  
Quality  
Lifetime



FV  
Competence  
Organization  
Production




Risk Management Process covers all operations of the organization and focuses on **matters that are essential to us and to our key stakeholders.**

**THANK YOU!**



**ERKKI PALONEN**

 @Fennovoima