

Department of State Bureau of
Overseas Buildings Operations Industry Day

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JUNE
29-30
2023
WASHINGTON • D.C.



Managing Risk in Large Government Construction Programs



U.S. DEPARTMENT OF STATE
BUREAU OF OVERSEAS BUILDINGS OPERATIONS

OBO Industry Day

Project Risk Panel: Managing Risk in Large Government Construction Programs

June 29, 2023

Agenda

1. Overview of the Overseas Buildings Operations (OBO) Project Risk Management Program.
2. Highlight of risk management strategies across the design and construction.
3. Conversation-How OBO works with contractors as a team to mitigate these risks.



Project Risk Management Program-Why we manage project risk?

- **To achieve our mission:** OBO's mission is to provide safe, secure, functional, and resilient facilities that represent the U.S. government to the host nation and support the Department's achievement of U.S. foreign policy objectives abroad.
- **Minimize crisis management:** If you think risk management is expensive, try crisis management.
- **Stakeholders:** We have an obligation to our stakeholders to deliver projects in the most timely and cost-effective manner. Risk management is an effective tool to aid us in meeting project goals and objectives.
- **Risk is a State Department focus:** We have been working on risk for some time and we continue to focus on risk as it has become a State Department priority.
- **Communication:** Enhance awareness and understanding with the Contractor and Project Team.

How we manage risk across the OBO program:

- **Start early:** Risk management starts at the very beginning when the project is in concept phase and site search/selection is underway.
- **Create a risk register:** Noting potential risks and estimated values. Update the register through the design and construction phase.
- **Incorporate risk metrics into existing processes:** Schedule durations and cost estimating, monthly schedule reviews, and project reporting.
- **Perform risk workshops-** On active projects update the risk register. Look for opportunities as well as risks.
- **Evaluating Risk Across Projects:** Identify common risk items on project's risk register and build risk dashboards.
- **Education:** Risk education for the OBO workforce.
- **Build on Vision and Growing to the next level:** Develop a vision and guidelines, create yearly goals and performance indicators. Project, Program, Portfolio, Enterprise risk.

Risk management strategies across the OBO program:

- **Incorporate Industry Best Practices:**
- **Systemic risk-** Building a risk profile and assigning a score—
 - Internally developed for measuring common areas of Budget, Complexity, Cooperation, Context, and Location with subfactor questions in each one to do a weighted average.
 - Incorporate early in project.

Factors in Risk Profile

- Project Type (Greenfield, Renovation, etc)
- Project Size (Small-Mega)
- Delivery Method (DB, DBB, CMA, etc)
- Geographic Regions

Risk Profile Range

- Limited
- Moderate
- Elevated
- Substantial
- Extreme

Project

- Montevideo Rehab
- Kinshasa NEC
- Beirut NEC
- Brasilia NEC
- Tunis MSGR & NOX
- Nogales NCC
- Doha NCC

Profile Risk Level

- Substantial
- Elevated
- Extreme
- Substantial
- Moderate
- Elevated
- Substantial

Risk management strategies across the OBO program:

- **Incorporate Industry Best Practices: Cont.**
 - **CII - IPRA (Integrated Project Risk Assessment)**
 - IPRA was developed by Construction Industry Institute CII to identify, assess, and measure risks which are specific to international construction projects. Developed a risk scoring method, so that projects risk level can be quantified and compared to other projects.
 - Works best incorporating early and has about 80 factors to score so multi-hour process. We are early in incorporating this into our processes.
 - **Schedule / Cost Contingency Analysis (Monte Carlo Modeling)**
 - Using Monte Carlo as an industry standard for taking set of risks with corresponding probabilities and dollar values and modeling into a most likely exposure. We utilize this method in risk workshops and also on the schedule analysis to determine likely completion dates by probability.



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