WBS 3.3 Blog

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Assessing and Managing Project Risk

PMGT 613

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Welcome to my week 3 blog!

After reviewing the blog topics, I found myself drawn to unique differences between Qualitative and Quantitative analysis and their advantages and disadvantages.

In your own words, what are the pros and cons of Qualitative and Quantitative analysis of risks?

Qualitative analysis, for me, has always meant those characteristics or factors, in decision making, that aren't as simple as dollars and cents. Quantitative analysis is the complete opposite as its purpose is to view decision making from a specific quantity, or cost, point of view. Each of these methods has pros, and cons.

The Pros of Qualitative risk analysis are:

- Flexibility

- Ease of use

- No calculations involved

The Cons of Qualitative risk analysis are:

- Subjective based on viewpoint of analyst and/or their team

- Lack the specifics utilized by a more quantifiable process

The Pros of Quantitative risk analysis are:

- Assign a specific value for decision making

- Make it possible to determine exact value savings.

The Cons of Quantitative risk analysis are:

- Fails to account for the non-quantifiable impact on how things work

- Fails to address the long-term impact on customers, vendors, and employees.

Which is the preferred method in your organization and why? Textron Aviation utilizes Quantitative Analysis as its preferred method. Corporate decisions are based on financial performance, such as how each facility performs from a Net Operating Profit standpoint. Manufacturing and Service are both based on measurable performance as well, and failure to meet that performance will either result in manufacturing layoffs, or closure of service facilities. In Tampa, we've experienced the qualitative impact on customers as many of them now have to travel further and endure more expense in having their aircraft maintained. Their frustration has been felt and it's because of this experience I base my understanding on which method is employed by my organization.