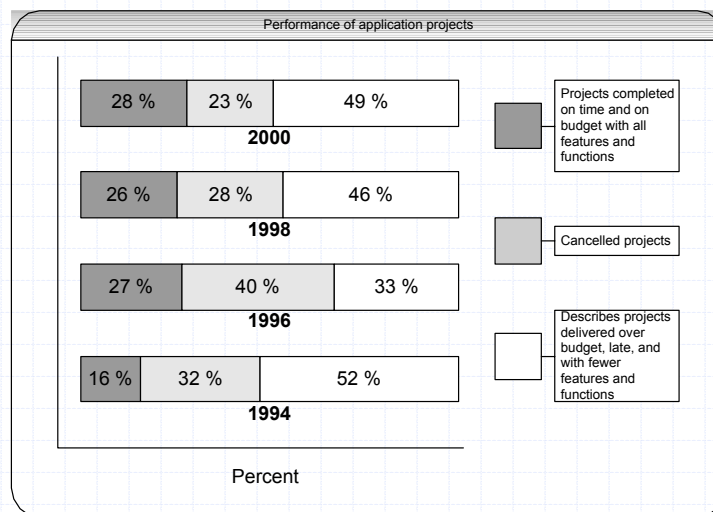


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“Risk management remains the highest ranked factor contributing to project failure,...”
Whittaker (1999, p. 27)

Why does project risk management not prevent IT projects from failing?

The Effect of Risk Conditions on Project Risk Management and the Project outcome of Information Technology Projects

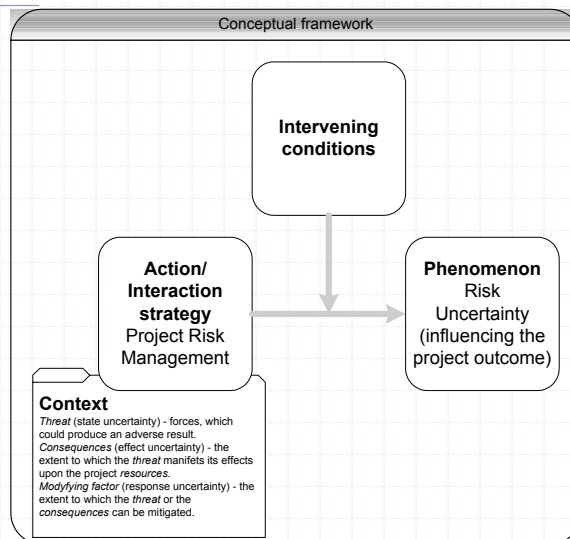
Elmar Kutsch
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Agenda

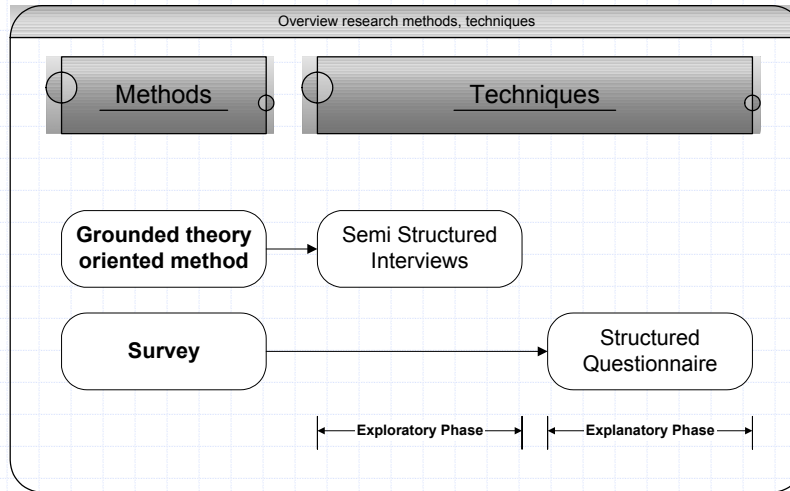


- ◆ Conceptual framework
- ◆ Research Strategy
- ◆ Findings
- ◆ Conclusion

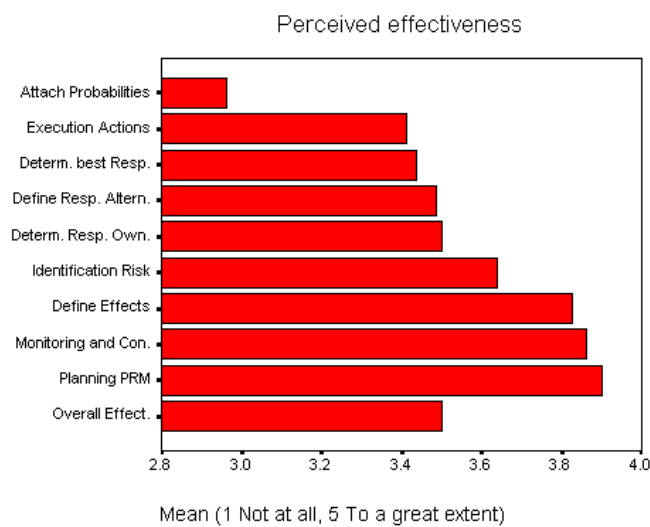
Conceptual Framework



Research Strategy



Findings



Findings



Underestimation of risk (perceived risk < actual risk) by the project manager implies, that

- ◆ either uncertainties with probable negative effects have not been identified but actually materialised, **and/or** probabilities have been assessed lower than their actual value (underestimation of state uncertainty)
- ◆ and/or consequences of identified uncertainties have been assessed lower than their actual value (underestimation of effect uncertainty),
- ◆ and/or responses have a lesser impact as predicted (underestimation of response uncertainty).

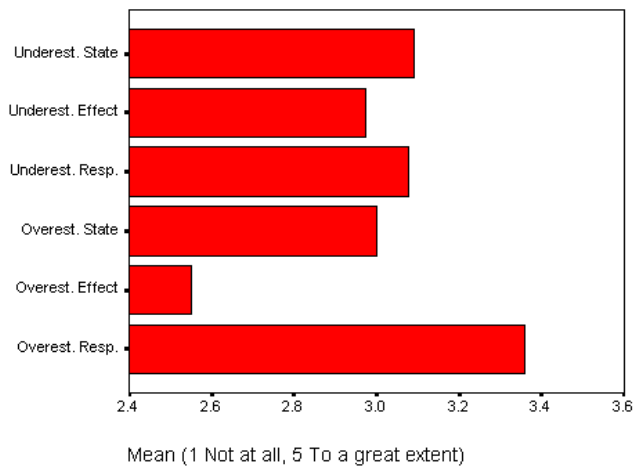
Overestimation of risk (perceived risk > actual risk) by the project manager means that

- ◆ uncertainties have been identified but not actually materialised **and/or** probabilities have been assessed higher than their actual value (overestimation of state uncertainty),
- ◆ and/or consequences of identified uncertainties have been assessed higher than their actual value (overestimation of effect uncertainty).

Findings



Result of Intervening Conditions on PRM



Findings

**Denial of
uncertainties**

◆ The problem of arousal

- Risk considered as a taboo
- The more we know the more we fear

“I didn’t want to be the doomsayer in the euphoric preliminary phase”
Interview ref. Epsilon

Findings

**Avoidance of
uncertainties**

◆ The problem of ambiguity in risk estimates

- Lack of agreement on the legitimacy of risks
- Lack of trust in risks

“This was a problem, though it wasn’t really possible to assess the risks.
We couldn’t come to any opinion”
Interview ref. Epsilon

Findings



Delay of uncertainties

- ◆ **The problem of cost justification**
 - Lack of time
 - Benefits are not clear

“If their focus and culture is one fire fighting and crisis management, the step to take pre-emptive action to prevent a risk or to produce a risk is never going to be at the top of their personal priority list.”
Interview ref. Ksi

Findings



Ignorance of uncertainties (unaware)

- ◆ **The problem of hindsight**
 - Lack of information

“Unfortunately, something materialised later on, which we were not able to anticipate.”
Interview ref. Vita

Findings



Ignorance of uncertainties (absent)

◆ The problem of ownership

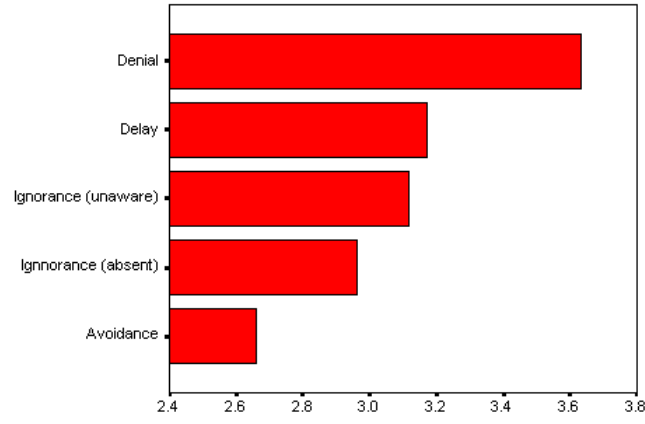
- Risk does not affect me or the project
- No ownership, no blame

“The ones we did not nail down were the ones which went beyond the scope of the project and which we were not contractually obliged to even be looking at but in hindsight those were in many cases actually the real root cause for a lot of the issues.”
Interview ref. Kapa

Findings

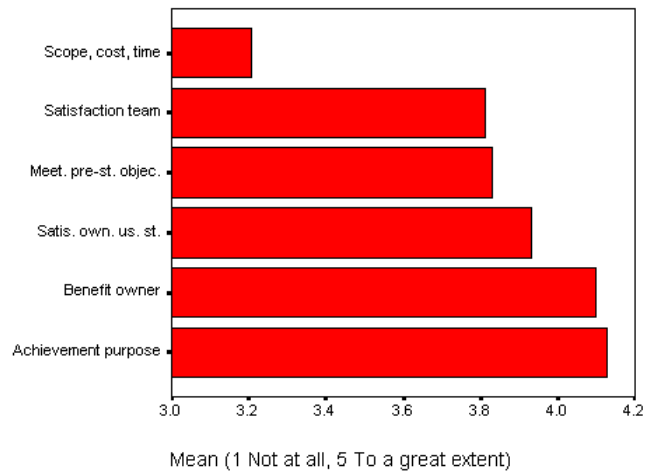


Intervening conditions



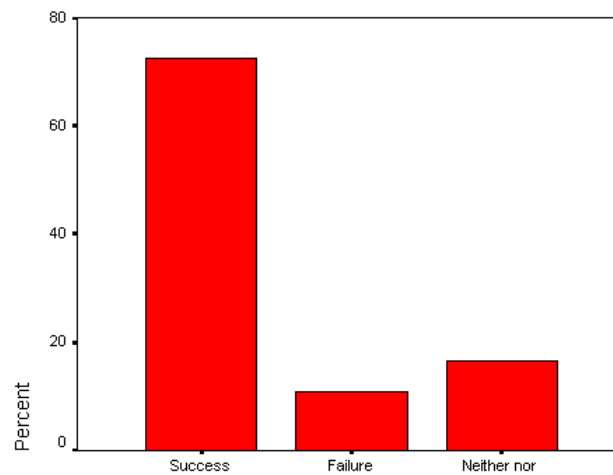
Findings

Project Outcome

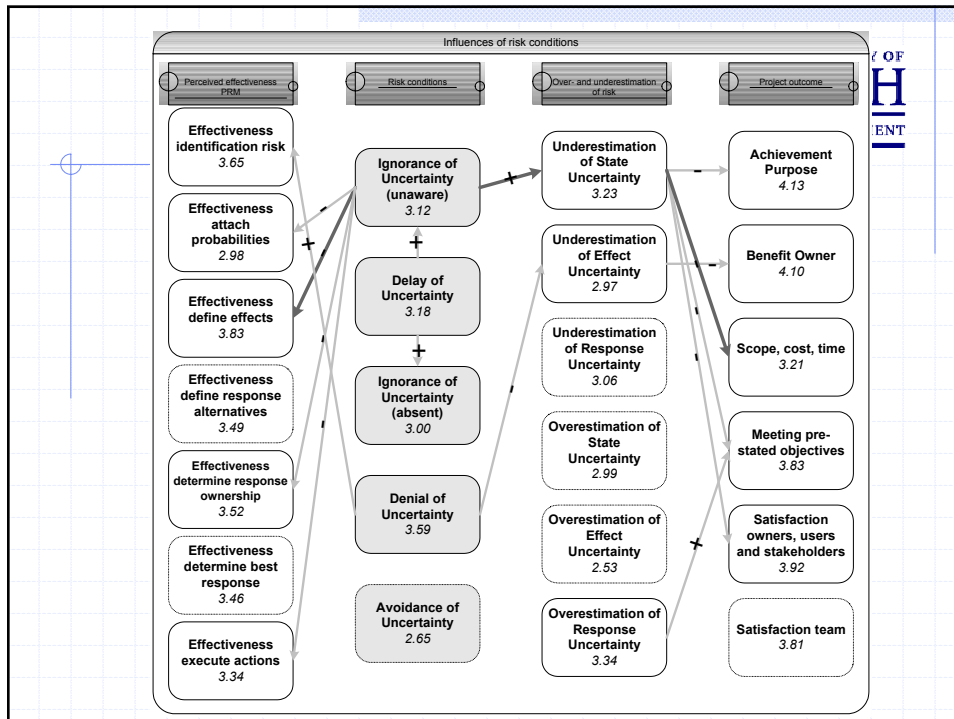
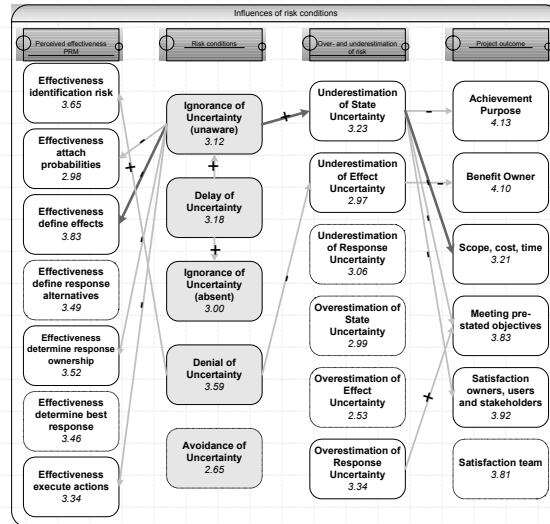


Findings

Failure / Success of projects



Findings



Conclusion

“In the face of uncertainty, man may be an intellectual cripple, whose intuitive judgements and decisions violate many of the fundamental principles of optimal behaviour”

Headge (1987, p. 151)

“Plan carefully and analytically, but move quickly and boldly”

Bourgeois (1988, p. 833)

Thank you