



Rolls-Royce

A Project Director's View of Risk Management

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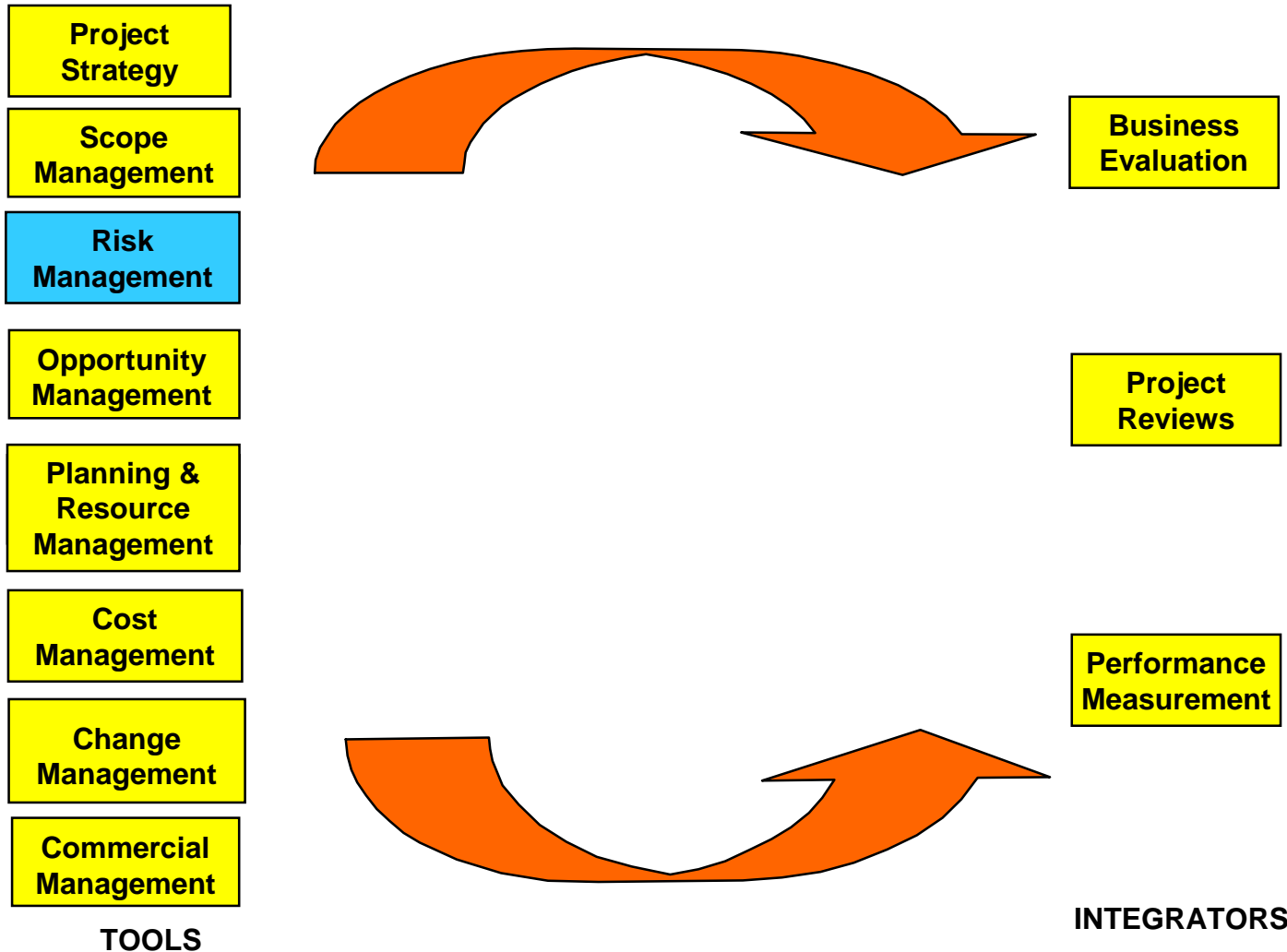
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Introduction

- **Risk Management as a Project Management Tool**
- **Major areas of risk on projects or Why Projects Fail**
- **Some personal observations on risk management**

The Tools and Integrators of Project Management



Cobb's Paradox

“We know why projects fail, we know how to prevent their failure – so why do they still fail?”

Martin Cobb
Treasury Board of Canada Secretariat
Ottawa, Canada

12 Ways to Wreck a Project according to Pinto

1. Ignore the project environment including stakeholders

2. Push a new technology to market too quickly

3. Don't bother building in fallback options

4. When problems occur, shoot the one most visible

5. Let new ideas starve to death from inertia

6. Don't bother conducting feasibility studies

7. Never admit a project is a failure

8. Overmanage project managers and their team

9. Never, never conduct post-failure reviews

10. Never bother to understand project trade-offs

11. Allow political expediency and in-fighting to dictate crucial project decisions

12. Make sure the project is run by a weak leader

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Why do projects fail?

- **INVOLVE NOVELTY:** Technology, geography, new supplier etc.
- **TENDER/BUSINESS CASE DEVELOPMENT:** Scoping and change control
- **CHANGE BETWEEN TENDER APPROVAL AND CLIENT AGREEMENT:** What the salesman sold and how this information “leaked out”
- **EXECUTION INITIATION:** Launch, Resourcing etc
- **CONTINUITY OF ACCOUNTABILITIES:** eg: Tender to execution
- **PLANNING TO KEEP EVERYONE HAPPY:** Not for control but a pretty picture without any substance
- **FINANCIAL ACCOUNTING:** Allocation of cost for accounting not control. Looking backwards not forwards

Risk: Some Personal Observations

- **To manage risk you first have to recognise something as a risk**
- **In many organisations production of the risk register is the end of the risk management process**
- **50% of the benefit of Risk Management is the process**
- **Risk allows Project Managers to be ahead of the game and not be just reactive**
- **Project Risk Management, with the advent of Turnbull, has been made to appear a science. It is not. It will help provide a decision against a set of circumstances, at a given point in time**

Risk: Some Personal Observations Cont'd

- **We take risks and do not even recognise they are risks, because they are the norm**
- **Levels of risk are a consequence of at least one decision, or more normally, a series of decisions. We just need to recognise that these decisions have been made**
- **Strategy, scope, time cost etc. etc. are interrelated and interdependent. Change one and other(s) will change**
- **Project risk management is not a standalone tool**
- **Technical and business risk go hand in hand. Change one, and more often than not other(s) will change**

