



Zero Chance of a Zero-Risk Project

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The word “risk” is a common and widely-used part of today’s vocabulary, relating to personal circumstances (health, pensions, insurance, investments etc), society (terrorism, economic performance, food safety etc), and business (corporate governance, strategy, business continuity etc). One area where risk management has found particular prominence is in the management of projects, perhaps because of the risky nature of projects themselves.

So why are projects risky? There are some factors which are found in all projects, and which make them inherently risky, including:

- *Uniqueness*, involving at least some elements that have not been done before
- *Complexity* of various kinds, including technical, commercial, interfaces or relational
- *Assumptions and constraints* about the future, both explicit (open) and implicit (hidden), which may prove to be wrong
- *Objectives*, defining the measures by which project success will be determined, which are usually fixed and sometimes conflicting
- *People*, including project team members and management, clients and customers, suppliers and subcontractors, all of whom are unpredictable to some extent
- *Stakeholder requirements, expectations and objectives* that can be varying, overlapping and sometimes conflicting
- *Change*, since every project is a change agent, moving from the known present into an unknown future
- *Environment* within which the project exists, including both the internal organisational environment, and the external environment where changes outside the project’s control can occur

These risky characteristics are built into the nature of all projects and cannot be removed without changing the project. For example, a “project” which was not unique, had no constraints, involved no people and did not introduce change would in fact not be a project at all. Trying to remove the risky elements from a project would turn it into something else, but it would not be a project. Indeed projects are undertaken in order to gain benefits while taking the associated risks in a controlled manner. It is impossible to imagine a project without risk.

Of course some projects will be high-risk, while others have less risk, but all projects are by definition risky to some extent. The “zero-risk project” is an oxymoron – it does not and cannot exist. This of course is why risk management is such an important part of effective project management: since all projects are exposed to risk, successful projects are the ones where that risk is properly managed.