

*Managing Risk in  
Projects*

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GOWER

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## PREFACE

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While it is very stimulating to be on the leading edge of any discipline, it can be a dangerous and lonely place sometimes. All pioneers need a safe base from which to set out on their adventures of exploration and discovery, and a home to which they can return. It is not possible for most of us to live permanently on the mountain heights or in the depths of the jungle, no matter how absorbing those places might be for a time. I view my relationship with risk management in a similar fashion. You would rightly expect the Risk Doctor to enjoy life on the edge, and certainly I find great fulfilment in working at the boundaries of our profession, seeking to develop new understanding and practical approaches to managing risk better. But I also find myself returning time and again to the fundamentals of our fascinating topic, rehearsing the first principles to ensure that any innovation is properly grounded in the essentials of risk management theory and practice.

That's why I'm pleased to offer this book in the Gower *Foundations in Project Management* series, covering the vital topic of *Managing Risk in Projects*. Projects are risky undertakings, for a number of reasons which are explored in the early chapters. As a result, modern approaches to managing projects have all recognised the central need to manage risk as an integral part of the project management discipline. Risk management is established as a core knowledge area and competence for project management practitioners, and there is wide consensus on what it entails. This book describes how risk management can be applied to all projects of all types and sizes, in all industries, in all countries. It places risk management in its proper context in the world of project management and beyond, and emphasises those central concepts which are essential to understand why and how risk management should be implemented on all projects. The generic approach detailed here is consistent with current international best practice and guidelines, but also introduces key developments in the risk management field, to ensure that readers are aware of recent thinking, focusing on their relevance to practical application.

This is of course what former British Prime Minister John Major would have called 'back to basics'. This book addresses the basics of risk management as implemented in the project context, with enough detail to explain why it is important (Chapter 2), what is involved in implementing the risk process (Chapter 3), and how to

use risk-based outputs when managing projects (Chapter 5). New leading-edge material is however also included, including the results of recent research on the effect of risk attitudes on decision-making (Chapter 4), the interface between risk management at project-level and programme-level (Chapter 6), and the ideas of ‘risk energetics’ as a framework for understanding the Critical Success Factors for effective risk management (Chapter 7).

Throughout, the goal has been to offer a concise description of current best practice in project risk management while also introducing the latest relevant developments, to enable project managers, project sponsors and others responsible for managing risk in projects to do so effectively. While the presentation of the ideas in this book represents my own views of the subject, I have of course drawn on the wisdom and insights of many who have gone before. Unfortunately they are too many to name individually, but they include the pioneers of project risk management who are well known to most.

I wish to acknowledge the support of my publisher Jonathan Norman from Gower Publishing, whose constant encouragement and enthusiasm makes me want to keep writing for him. My family and friends have also been patient and understanding, especially my wife Liz, who showed remarkable self-restraint when I suggested I should write another book on risk. I’m also grateful to my professional colleagues and clients who have been courteous enough to allow me to try out some of my ideas on them.

And finally I offer this book to those who know that risk management is important to project success but aren’t quite sure why, or who feel they could do it better if only they knew how, as well as all who are committed to managing risk in projects. By coming ‘back to basics’ we can ensure sound foundations which will allow us to build an effective approach to project risk management, leading to more successful projects and businesses. In these uncertain times, what more could we want?

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