

# Coping with external risk

All the projects we studied, whether American, Belgian, German or Canadian, encountered at least one type of external risk and the majority faced two or more. Cross-analysis of the case studies showed that all projects were subject to political risks of some type. Technological risk ranked second, while socio-economic risk was encountered least often.

In the **Service Canada Initiative** (SCI) for instance, an integrated government service delivery network was to be put in place, bringing together many independent ministries who were also seeking financing to further develop their own individual forms of service delivery. One director described the political risk in this way:

*"Based on what we learned, the concept makes sense. Now we need to convince the deputies and ministers and we need funding for the next few years. If we don't get it, we will go down".*

Reflecting on this problem, the project manager acknowledged that delivering the project on time took so much of their energy and resources that the "political marketing" of the project was neglected. This political risk could have been avoided, that is, it had been identified but it was given low priority because of the lack of resources. After several years of work, the project team was not able to gather the political support needed to maintain funding for the integrated service program. Consequently, the initiative was abandoned. Members of the team were assigned to other projects while the service was disaggregated and specific activities were transferred to separate agencies.

**Ontario Business Connect (OBC)** developed an added value one-stop service system for business entrepreneurs. Since many public and private sector partners were involved, choosing an infrastructure and the software was an important decision:

*"We were happy because we are building things in components so if technology changes, you have the ability to use the most recent without throwing out everything else that came before. It's the concept of plug and play. So our model has changed and it's ok."*

The OBC technical team managed the risk of technology obsolescence by using a mitigation measure: developing a modular infrastructure. It was more costly in the short run but it soon became clear that the solution adopted was the right one because it allowed for flexibility and wide participation.

While the foregoing external risks are important, the most common risks come from the internal environment. These stem not only from the characteristics of the project itself, but also from organizational factors that can hinder a project's progress and outcome. In the case of collaboration projects, relationship risks also exist because multiple partners must share work, costs, resources, and rewards. The table below presents and illustrates these three categories of internal risk.

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Internal risks associated with collaboration projects	
Risks associated with the project itself	<i>Characteristics of clients/users of the service:</i> resistance to change, lack of involvement, inadequate education level, difficulties in communicating, unrealistic expectations. <i>Scope of the project:</i> universality or specificity of the service, number of partners involved, number of clients, size of budget. <i>Complexity of the project:</i> especially organizational and technological complexity. <i>Definition and structure of the project:</i> unclear objectives, ill-defined specifications and functional requirements, changes in the scope or the reach of the project, difficulties in integrating data or processes.
Organizational risks	<i>Lack of resources:</i> uncertainty of funding, inadequate resources, lack of expertise in complex resource management. <i>Project team competencies:</i> lack of experience, expertise, stability, and communication skills. <i>Management strategy:</i> inadequate or inappropriate organizational support and control, absence of a champion, lack of leadership, unavailability of tested management tools and processes. <i>Technological know-how:</i> absence of an adequate technological infrastructure and of in-house technological competencies.
Relationship risks	<i>Form of collaboration:</i> inadequate or inappropriate type of agreement, misunderstandings regarding the content of the agreement; inappropriate selection of partners. <i>Collaborative process:</i> problems occurring with coordination, communications, culture differences, inertia, dependency, mistrust, lack of consensus or involvement.