

Resolving Cobb's Paradox

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When Martin Cobb was CIO for the Secretariat of the Treasury Board of Canada in 1995, he asked a question which has become known as Cobb's Paradox: "We know why projects fail; we know how to prevent their failure – so why do they still fail?"

Speaking at a recent UK conference, the UK Government's adviser on efficiency Sir Peter Gershon laid down a challenge to the project management profession: "Projects and programmes should be delivered within cost, on time, delivering the anticipated benefits." Taking up the Gershon Challenge, the UK Association for Project Management (APM) has defined its 2020 Vision as "A world in which all projects succeed."

This sounds good, but is it really possible? And is it even desirable? Do we want to limit the scope and ambition of our projects to only those that we are certain can succeed? Or will this reduce innovation, creativity and appropriate risk-taking? A spectator at a recent Cirque de Soleil performance was heard to say: "I want to see them do things that they can only do half the time." Isn't this what every project sponsor or portfolio manager should be saying?!

There are several reasons why it might be impossible to resolve Cobb's Paradox or to meet the Gershon Challenge or to achieve APM's 2020 Vision.

- **All projects are risky.** Uncertainty is built into every project, since each one is unique and complex, based on assumptions and dependencies, delivering change through people. Although the degree of risk might vary, the zero-risk project does not exist. This means that the probability of success for any project is less than 100%, so there is always the possibility of failure.
- **Most projects include unmanageable risk.** Of course we aim to manage risk in our projects, but risk management can never be 100% effective, and each project will carry some residual risk. As a result, some unmanageable risks will occur on every project, challenging our ability to meet schedules, budgets or performance requirements. On some projects the effect of unmanaged risk will be so significant that these projects will fail.
- **Risk management is not always done well.** Even though we have been managing risk on projects for centuries, there are still weaknesses in how we do it on many projects. Ineffective risk management leaves our projects exposed to unacceptable levels of risk and causes failure.

- **Project charters often omit risk thresholds.** When project sponsors commission projects, they should define risk thresholds against each objective in the project charter or business case. This tells the project team how much risk is acceptable in their project, and provides the target for risk management. But if project sponsors do not understand their risk appetite they will not set risk thresholds, leaving the project manager unable to manage risk effectively.
- **Projects should exist in a risk-balanced portfolio.** The concept of risk efficiency should be built into the way a portfolio of projects is built, with a balance between risk and reward. This will normally include some high-risk/high-reward projects, and it would not be surprising if some of these fail to deliver the expected value.
- **Innovation is built on failure.** For research and development projects or those with a high innovation content, failure is an expected and natural part of the process. Edison failed many times before he invented a working light-bulb, and creative organisations expect to do the same.
- **Failure to learn.** We don't examine past failures to learn lessons for future projects. Too often we repeat our mistakes and fail again for the same reasons. Cobb was wrong – we don't always know why our project has failed, so we can't learn how to prevent the same type of failure happening in future, so we fail again.

How should project-based organisations respond to the challenges laid down by Cobb, Gershon and APM? Should we accept unrealistic targets and be branded as failures if some of our projects do not succeed? Those of us in the project management community should help our stakeholders to understand that no project is without risk, and project failure will occasionally happen. We also need to make sure that our risk processes are fully effective, so that we minimise the chances of failure, but even with the best risk management, we cannot guarantee 100% success for every project.

Despite our best efforts, it seems that Cobb's Paradox cannot be resolved, the Gershon Challenge is unrealistic, and the APM 2020 Vision may be unachievable.

To provide feedback on this Briefing Note, or for more details on how to develop effective risk management, [contact the Risk Doctor \(info@risk-doctor.com\)](mailto:info@risk-doctor.com), or [visit the Risk Doctor website \(www.risk-doctor.com\)](http://www.risk-doctor.com).

About the Author



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Dr David Hillson CMgr FRSA FIRM FCMI HonFAPM PMI-Fellow is The Risk Doctor (www.risk-doctor.com). As an international risk consultant, David is recognised as a leading thinker and expert practitioner in risk management. He consults, writes and speaks widely on the topic and he has made several innovative contributions to the field. David's motto is "Understand profoundly so you can explain simply", ensuring that his work represents both sound thinking and practical application.

David Hillson has over 25 years' experience in risk consulting and he has worked in more than 40 countries, providing support to clients in every major industry sector, including construction, mining, telecommunications, pharmaceutical, financial services, transport, fast-moving consumer goods, energy, IT, defence and government. David's input includes strategic direction to organisations facing major risk challenges, as well as tactical advice on achieving value and competitive advantage from effectively managing risk.

David's contributions to the risk discipline over many years have been recognised by a range of awards, including "Risk Personality of the Year" in 2010-11. He received both the PMI Fellow award and the PMI Distinguished Contribution Award from the Project Management Institute (PMI®) for his work in developing risk management. He is also an Honorary Fellow of the UK Association for Project Management (APM), where he has actively led risk developments for nearly 20 years. David Hillson is an active Fellow of the Institute of Risk Management (IRM), and he was elected a Fellow of the Royal Society of Arts (RSA) to contribute to its Risk Commission. He is also a Chartered Fellow of the Chartered Management Institute (CMI) and a Member of the Institute of Directors (IOD).

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