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## View Point

### Managing risky projects in the ebusiness world

By Fiona Raymond-Cox 27 July 2001

**Fiona Raymond-Cox, a senior manager at PricewaterhouseCoopers, discusses the importance of establishing the right priorities to create a successful ebusiness.**

You are the CEO of a bricks and mortar trading company with a turnover in excess of HK\$50 million. It has been in existence for many years. You have an excellent customer base and correspondingly a strong market position. You cannot afford to risk your reputation.

You and your management team have been considering the benefits and pitfalls of online trading but you keep hearing of the number of ebusiness related projects that fail at an alarming rate. You keep asking yourself, "Why?" After all, you know that everyone starts out with good intentions.

Whenever organizations embark on new projects, the sponsors and stakeholders expect management and the project team to deliver on time, within budget and to acceptable standards. In reality, a great many suffer project delays -- and potentially significant financial overruns which can incur major financial losses as well as loss of reputation -- because the outcome is ambiguous and the project has been mis-managed.

The nature of ebusiness, and its associated uncertainty, means that inherent risks always threaten the success of a project. Many organizations starting an ebusiness project are about to embark on trading issues and business partnerships never encountered before and at a speed previously inconceivable. Management is forced to address the security of their key networks, systems and ebusiness websites; compliance with security requirements set out by the regulators; cyber crime and more, whilst at the same time building customer confidence that orders will be fulfilled and personal data kept confidential.

The success of your ebusiness project can best be determined when all your sponsors and stakeholders agree to endorse the project, providing the resources (people, time and money) to do so, as well as agreeing to the appointment of a well-respected project manager.

You know that in the hands of the right person, your ebusiness project will be a success if there is good communication and cooperation within an organized project team. In appointing a project

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cooperation within an organized project team. In appointing a project manager, you need to make sure that he is proactive, able to identify potential risks, and ensure appropriate mitigating actions are taken. Failure to do so could result in these becoming risks that impact the cost, timescales or quality of your project deliverables. You should expect your project manager to develop and implement procedures for the identification and management of project risks and this person must enforce them. After all, you will want to be kept apprised of the status of the project on an ongoing basis.

Provided that your project manager is able to draw up a work plan that identifies the tasks that need to be accomplished, this will set the scene to ensuring that your project is implemented successfully. He will need to assign resources and deadlines to those tasks. Thereafter, his project team will work to clearly documented instructions when performing the tasks. This will ensure that the project team knows who their team members are, the project plan/dates, what is or is not covered in the budget and what resources are available to assist them with their job. So long as procedures are put in place to track and document progress -- slippage in project timetable, overruns on budget and under/over utilization of staff -- your project should adhere to the work plan. Concluding the project, if you assume the role of project sponsor, you will need to sign it off as confirmation that your company's ebusiness project objectives have been met. Then the project team can be disbanded or, if successful enough, you may want them to move on to the next project.

If your company engages in particularly complex or multiple projects at the same time, you may want to consider establishing a project support office, which would assist the project manager with the administrative side of this and other projects.

Importantly, if your company's internal resources are limited, the use of external resources to manage the lifecycle of a project (whether simple or complex, single or simultaneous) can be extremely beneficial. Alternatively, you may just want the assurance that your project team is performing as you would expect. Someone who can conduct an independent and objective review of the project management framework over a particular project can help to flag potential problems and increase the prospects of a successful outcome of the project.

Ebusiness projects don't have to be daunting. But you'll probably be keen to push the project to fruition far faster than any other project you have undertaken, increasing the need for effective risk management procedures.

As the CEO of a company with an excellent reputation to maintain, you cannot afford to waste time, money and resources. Have you and your management team clearly considered the project risks and put in place the framework and procedures to help manage them?

***Fiona Raymond-Cox is a senior manager at  
PricewaterhouseCoopers.***

***Email: [fiona.raymond-cox@hk.pwcglobal.com](mailto:fiona.raymond-cox@hk.pwcglobal.com)***