

Day 2:

Assumptions and Risks - Two Sides of a Coin

Assumptions are statements that we believe to be true. You believe it to be true, but you are not certain. This means there is some risk that the assumption will not come true. Because of this uncertainty assumptions are very much related to risk, and in fact are simply low-level risks. They have the same characteristics as a risk - probability of occurrence and impact to your project.

Let's take an example of a common statement that is included in many Project Charters - that the resources needed for this project will be available when needed. What kind of a statement is this? Most people would say it is an assumption. After all, when a project starts, you always assume you will get the resources you need.

However, is it always an assumption? Can you imagine starting a project where the people and equipment were not available and there was a realistic possibility that they would not be ready when you need them - perhaps because another project needed to finish first? It is not too difficult to imagine that scenario. In that case, the same statement would definitely be a risk - not an assumption.

The same statement might be an assumption or a risk depending on the circumstances of your particular project. There is some degree of uncertainty to an assumption. If the event is negative and there is a low probability that it will happen, it can be stated as an assumption. If the event is positive and there is a high likelihood it will happen, it is also an assumption.

Review the following examples to see how the same concepts can be assumptions or risks depending on the specifics of your particular project.

Assumption Statement	Risk Statement
We will have strong support for this initiative from our management team.	We are not confident in the support from our management team, which could make it harder to implement culture change in the organization.
To support the aggressive schedule, we will not allow requirements changes once the initial set are approved.	It is likely we will not be able to identify all important requirements up-front, resulting in scope change requests and making it harder to hit the aggressive deadline.
The new equipment will perform as specified.	There is a chance that the equipment will not perform as specified, which could cause rework and delays on the project.

One way to identify important assumptions is to perform a risk assessment and look at all the low-risk items. Most of these low risks are not worth mentioning, but some will have significant implications if events do not turn out as you think. These are the ones that you can document as assumptions.