



PPPM  
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# The Project Volatility Exposure Brief

A Director-Level Insight into Projects Operating  
under Uncertain Conditions

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## Executive Summary

Projects across the Gulf are now operating in a structurally more volatile environment, characterised by:

- Rapid changes in prices, logistics, focus and financing
- Increasing geopolitical and supply chain disruption
- Greater uncertainty in stakeholder priorities and funding

The key implication is that traditional project controls are no longer sufficient and that projects must actively manage volatility, not just absorb it.

The best-performing projects will not be those that avoid volatility, but those that anticipate it, plan for it, and respond faster than others.

## Why This Matters at Board Level

Volatility is no longer just a delivery issue—it is a strategic risk to:

- Project viability (cost escalation, funding pressure)
- Schedule certainty (logistics and supply chain disruption)
- Commercial position (contract claims, pricing imbalance)
- Portfolio outcomes (reprioritisation, delays, cancellations)

Without intervention, exposure will erode margins, delay delivery, and increase claims.

## What We Are Seeing in Projects

Based on current market conditions, we are seeing effects in the following areas.

### Cost

- Increased volatility in oil, steel, shipping, insurance and FX-linked imports
- Baselines often rely on single point estimates rather than escalation ranges

### Supply Chain

- Greater exposure to route disruption (e.g. Red Sea, Hormuz)
- Increased need for multi-sourcing and origin-risk awareness

### Schedule

- Higher likelihood of delays due to logistics, customs and security constraints

### Contracts

- Fixed-price structures increasingly misaligned with market reality
- Growing exposure to claims (tariffs, escalation, force majeure)

### Stakeholders

- Faster shifts in priorities and funding decisions
- Increased emphasis on localisation and resilience



## Current Maturity – Typical Gaps

Most projects remain:

- Reactive rather than proactive
- Dependent on static risk registers
- Operating on monthly review cycles
- Lacking scenario planning and trigger-based controls

Critically, risk management is still treated as administrative, not strategic.

## What “Good” Looks Like

Leading projects are already shifting to using the following approaches.

### Risk-Led Delivery

- Risk management as a core decision driver, not a reporting function

### Trigger-Based Risk Management, using live triggers such as:

- Oil price bands
- FX thresholds
- Shipping route status
- Price/tariff changes
- Insurance premium movements

### Scenario-Based Planning, with standard use of:

- Base case
- Disruption case
- Severe escalation case

### Resilient Delivery Models such as:

- Multi-route supply chains
- Flexible procurement strategies
- Contracts designed for volatility, not stability

## Key Questions for Directors

To assess exposure, boards should ask:

- Where are we most exposed to external volatility (cost, logistics, regulation)?
- Which assumptions would fail first under disruption?
- Do we have trigger points and pre-agreed responses?
- How quickly can we re-plan and make decisions?
- Are our contracts and procurement strategies fit for volatility?

## Volatility Exposure Review

We recommend a targeted review to assess and reduce exposure.

### Scope

- Stress-test key assumptions
- Assess risk maturity and governance
- Map exposure across cost, supply chain, contracts and schedule
- Conduct scenario testing
- Define actionable mitigation strategies

### Outputs

- Clear exposure heatmap
- Identification of critical risks and triggers
- Practical action plan to improve resilience
- Recommendations for contract, procurement and governance changes

### Strategic Outcome

Organisations that act now will:

- Improve cost certainty and financial control
- Reduce programme disruption risk
- Strengthen commercial position and contract resilience
- Enable faster, better decision-making under pressure
- Deliver projects that can adapt to volatility, not be driven by it

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If you would value an objective assessment of your organisation's volatility exposure, request a confidential diagnostic conversation.

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