Why Informal Project Change Control Destroys Margin

Prepared By

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In project management, margin is rarely lost in one dramatic moment. It erodes quietly—through small decisions, verbal approvals, and “quick favors” that never make it into a formal change process. Informal project change control is one of the fastest ways to turn a profitable project into a break-even (or loss-making) one.

Here’s why.

Scope Creep Becomes Invisible

When changes are agreed informally—via hallway conversations, quick calls, or untracked emails—they bypass structured review. The result is incremental scope creep.

Each individual request may seem minor:

“Can you just add this one extra report?”

“It shouldn’t take long to tweak that layout.”

“While you’re there, can you also…?”

Individually, these feel harmless. Collectively, they:

- Add unplanned hours

- Increase complexity
- Introduce rework and risk

Because they're not formally logged, the team absorbs the effort without adjusting budget or timeline. Margin quietly shrinks.

Commercial Leverage Is Lost

Formal change control protects commercial position. It ensures that:

- Impact is assessed before work starts
- Costs are priced properly
- Programme implications are documented
- Client approval is explicit

When teams proceed without this structure, they effectively deliver additional value for free. Worse still, once work is done, it becomes extremely difficult to charge retrospectively. The negotiating position weakens because the change has already been delivered.

So…revenue opportunity disappears.

Resource Plans Become Fiction

Uncontrolled changes distort planning assumptions. Teams commit capacity based on the original scope. Informal additions increase workload without increasing resourcing.

This leads to:

- Overtime
- Burnout
- Delays elsewhere
- Compromised quality

The knock-on effect spreads beyond one project. Margin erosion in one area can create performance and cost issues across the portfolio.

Risk Exposure Increases

Unreviewed changes often bypass proper risk assessment. Technical, commercial, or contractual implications may not be fully understood.

Without formal documentation:

- Liability may increase
- Deliverables become ambiguous
- Disputes become harder to defend

In disputes, documented change control is protection. Informal agreements are not.

Cultural Drift Sets In

Perhaps the most dangerous impact is cultural. When informal change becomes normal:

- Teams stop challenging scope additions
- Clients expect flexibility without cost
- Commercial discipline weakens

Over time, margin protection stops being a priority and becomes an afterthought.

The Bottom Line

Margin is protected through discipline. Formal change control is not bureaucracy—it is a commercial safeguard.

Every change should:

- Be documented
- Be impact-assessed (cost, time, risk)
- Be priced appropriately
- Be approved before delivery

Projects rarely fail because of one large mistake. They fail because of dozens of small, unmanaged decisions. Informal change control is one of the most common—and preventable—causes of margin erosion.

Strong governance doesn't slow projects down. It ensures they remain profitable.

P P P M Project Management Services LLC

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