



Thought Leadership...

**Reversing the Project Failure Trend: A Question of
Understanding & Focus**

People, Passion & Projects

Reversing the Project Failure Trend: A Question of Understanding and Focus

A short commentary on project failure rates and the need for improvement

The recent release of the '*CHAOS Summary 2009*' by the Standish Group, reported the highest failure rates in a decade across a huge range of technology projects across a wide range of sectors and geographies. Significant findings included:

- + 44% of projects were challenged (late, over budget, and/or with less than the required features and functions)
- + 24% failed (cancelled prior to completion, or delivered and never used)
- + 32% succeeded (delivered on time and budget with required features and functions)

Standish Group CIO Jim Crear commented on the report: "These numbers represent a downtick in the success rates from the previous study, as well as a significant increase in the number of failures. They are at their lowest point in the last five study periods."

The first CHAOS Report was published in 1994 and continues to be published every 2 years. The first issue stated that the project failure rate was 31%, with 53% of projects challenged and estimated that US IT projects alone had wasted US\$140 billion against US\$250 billion in project spending. While the current success rate of 32% is a significant improvement on the shockingly low 16% rate of 1994, it remains troublesome especially as IT initiatives become more complex in nature, increased pressures on timelines and less tolerance for risky ventures.

The positive impact of the project management profession on projects over the past 15 years and perhaps technology innovation has reduced financial waste and improved the requirements development processes. So why are we not seeing continued improvement in success rates? Clearly, the current global economy is impacting progress, but it's not the only barrier. It is possible that project scope complexity and business challenges being faced today are beyond the skills and experience capability of those managing or leading the projects?

In a recent *CIO Update* entitled "**Project Management Training Benefits Everyone in IT,**" Sue Bergamo suggests that organisations falling victim to high failure rates in project delivery should review how the organisation is being trained and how resources are utilising a standard project methodology. She notes that relying on existing project managers to train other project managers is typically not adequate in relaying valuable information regarding the use of a methodology. And she challenges her CIO counterparts to take a look at how many people within their organisations are functioning as project managers without the requisite skill sets – cautioning that that they should not assume everyone within a given initiative has a full understanding of project management methodology and how to use it.

We're operating in a depressed market following the global financial meltdown, yet research points to a greater volume of project activity, greater complexity and higher budgets. This leads to higher risk of failure on the organisation. At this point even the most experienced programme and project managers faces significant obstacles leading to issues that can de-rail project-based activity, including;

- + Misaligned expectations on outputs and outcomes.
- + Lack of executive support (governance)
- + Insufficient resources
- + Inability to properly identify and communicate with stakeholders
- + Failure to assess and/or mitigate risks
- + Lack of standardised processes
- + Believing a project schedule is a solid project management plan
- + Absence of strong project leadership among all involved parties.

There's a very simple truth to consider here: Project teams that speak the same language and follow common processes are more likely to overcome communications and process related challenges for better performance and higher success rates. Across sectors, organisations that are consistently delivering projects on time, in scope and within budget share common practices – namely an organisation-wide commitment to using a formal project management methodology that suits their specific need. By establishing a common approach an organisation sets the stage for effective communication and project

execution. Our observations suggest that this, while well understood, is not actually done. Rather decision makers may actually be confused by the rhetoric from some commentators within the project management profession that advocate for all manner of approaches and methods. In our view this simply confuses those organisational decision makers and detracts from gaining standardisation and downstream consistency across all project activity.

Incrementally gaining depth through training in areas like leadership, change, cost and risk, planning ability, emotional intelligence and negotiation ensures continuous improvement. Project managers are able to develop the soft skills needed to motivate and engage their teams, and to effectively promote their projects and programmes. Over time, processes are streamlined, communications improve, and with more skilled resources at work, performance raises giving better results. The return on investment is gained through better quality, more efficient execution and increased project success rates.

However, the focus should not solely be on the Project Manager and the methodology. Organisations also need to consider doing the right projects. If training and formal methodology result in doing projects well portfolio management results in doing the right projects. Portfolio management is described as “the selection and management of an organisations projects, programmes and business-as-usual activity (BAU) taking into account resource constraints, prioritisation and strategic objectives”. Linking projects to strategic objectives ensures that the right projects are being done. Prioritisation ensures that an organisation’s limited resources are primarily focussing on high value initiatives which will alleviate the common problem of an organisation having too many projects and too few resources to deliver.

Larger organisations are implementing programme and project management offices (PMOs) in growing numbers for stronger governance of programmes and projects across their enterprises. In some organisations PMOs are also responsible for portfolio management i.e. the inclusion of parcels of business-as-usual work along with project-based activity.

Consider the Standish Group’s findings on the top influencers on project success which could certainly be considered as **7 Tips for Project Success in Your Organisation:**

- + Executive management support
- + Clear business objectives
- + Optimising scope
- + Project management expertise
- + Skilled resources
- + Formal methodology
- + Standard tools and infrastructure

Organisations wishing to gain real advantage from the use of project-based management should set about making sure the above pointers are well established, integrated and working. It is crucial that planned programmes and projects align with the organisations strategic and operational goals and objectives. PMO’s can be the vehicle or mechanism that can add value by shifting and lifting their game to focus more on alignment and the use of portfolio as well as programme and project techniques.

With high-value and often complex deliverables on the line, increased time pressures and perhaps limited investment there’s too much at stake in today’s jittery market. In our view the biggest risks remain as talent capability and availability. We therefore recommend that you focus on making budget provision for investment in your resource capability by developing career path roadmaps that include succession and skills development as well as business and project related process development.

Material Source:

This paper has been adapted from some initial work done by Karen Tate of Griffin Tate LLC in the USA. Project Plus has modified the commentary based on additional research available and by offering our thought-leadership perspective. Griffin Tate and Project Plus have a strategic alliance that has been in place for over 10 years.

The Chaos Summary and related information can be sourced from the Standish Group at www.standishgroup.com

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About Project Plus

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Project Plus maintains significant knowledge and awareness of both current global best practice and its practical application. Our staff and resources are highly qualified with high levels of skill as well as experience and maintain up to date in professional development.

Our point of difference is that our clients can access global best practice and our skill and knowledge of its pragmatic application. This knowledge comes from wide sector experience. We also ensure our resources all benefit from this experience through our peer-review process, which we use to support any assignment. Peer review by senior executives is included and does not incur any additional charge. This process provides clients with surety in terms of any assignments for which Project Plus is responsible.

We always try to ensure that our services fit your needs, so you get the results you are looking for. Our history of success with a wide range of client entities means most of our client relationships have spanned many years. We are especially proud of this history, our focus on delivering results, and the great relationships we have with clients in different parts of the world. Our business values and our passion for project-based management help us to be a firm with which it is easy to do business.

Contact Us

NZ & Asia Pacific – Iain Fraser, iain.fraser@projectplusgroup.co.nz

UK & EMEA - Iain Fraser, iain.fraser@projectplusgroup.co.uk

Nth America - services@projectplusgroup.com

Other - services@projectplusgroup.com

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