
WHY PROJECTS FAIL

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AGENDA

Project Definition

What is Project Failure

Failure Statistics

Some Examples

Underlying Causes

Summary

WHAT IS A PROJECT

A unique activity

A defined start and end

Something that is not BAU

SO WHY DO PROJECTS FAIL???

PEOPLE



THE BAD NEWS: MOST PROJECTS STILL FAIL

The Standish Group found that in 2000 only about 28% of IT projects were successful. The rest were either total failures or failed to meet business requirements.

THE BAD NEWS cont.

The Standish Group also estimated that of the \$382 billion spent in 2003 on IT projects in the United States, \$82 billion was a total waste. One-third of the projects that either failed or did not meet business requirements had overruns of 200 to 300%.

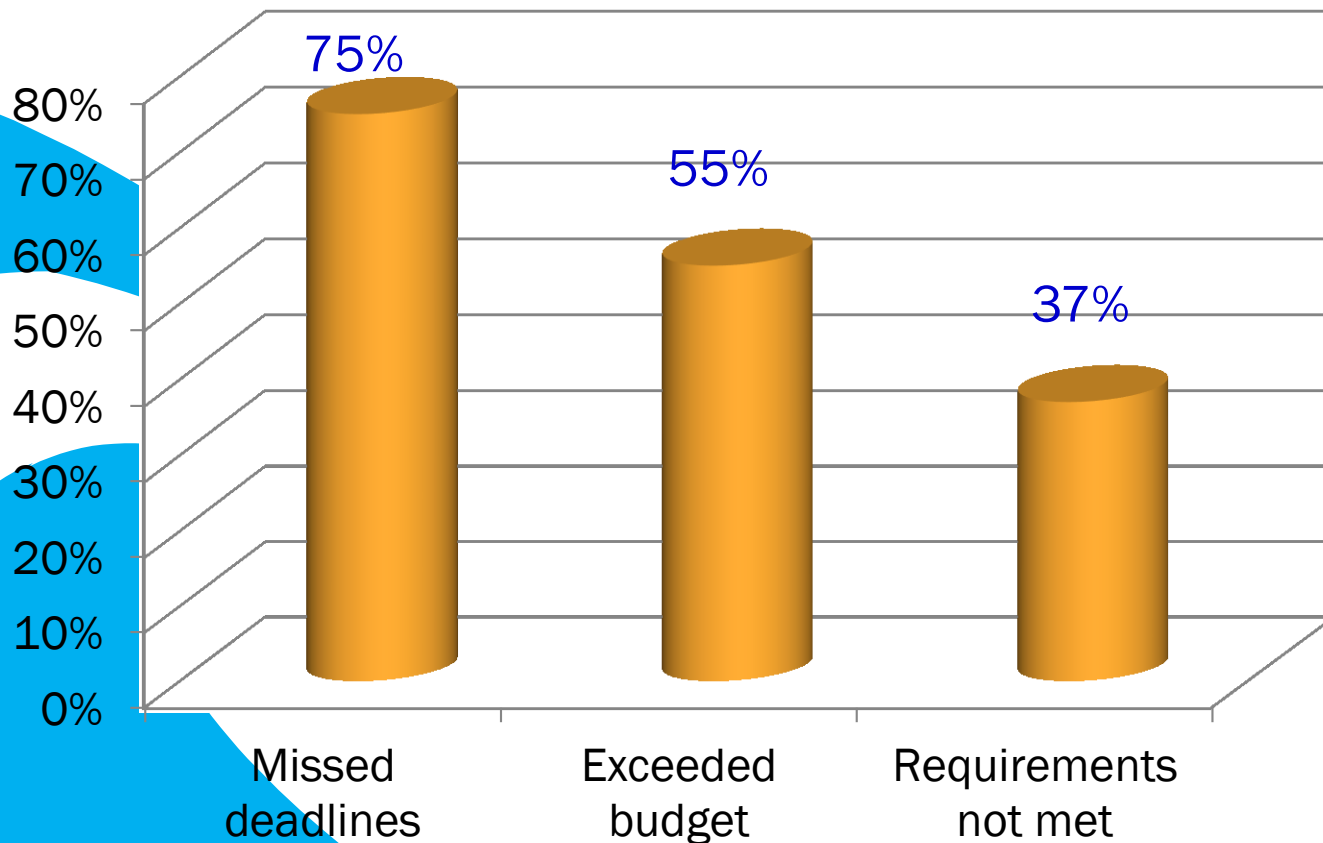
NOT JUST IT PROJECTS

Robert Cooper's studies on new-product development showed that about 46% of all resources were allocated to projects that were cancelled or failed to yield an adequate financial return.

Only one of four products that entered development became a commercial success.

NOT ONLY IN THE USA

1998 by the Bull Computer Corporation in the United Kingdom



STUDIES SHOW

70% of projects fail

70% of business have had projects that fail

WHAT IS PROJECT FAILURE

Does not deliver at all

Does not deliver all deliverables

Deliverables are not up to required quality

WHAT IS PROJECT FAILURE cont.

Deliverables not aligned to business strategy

Never were

Business Strategy changed

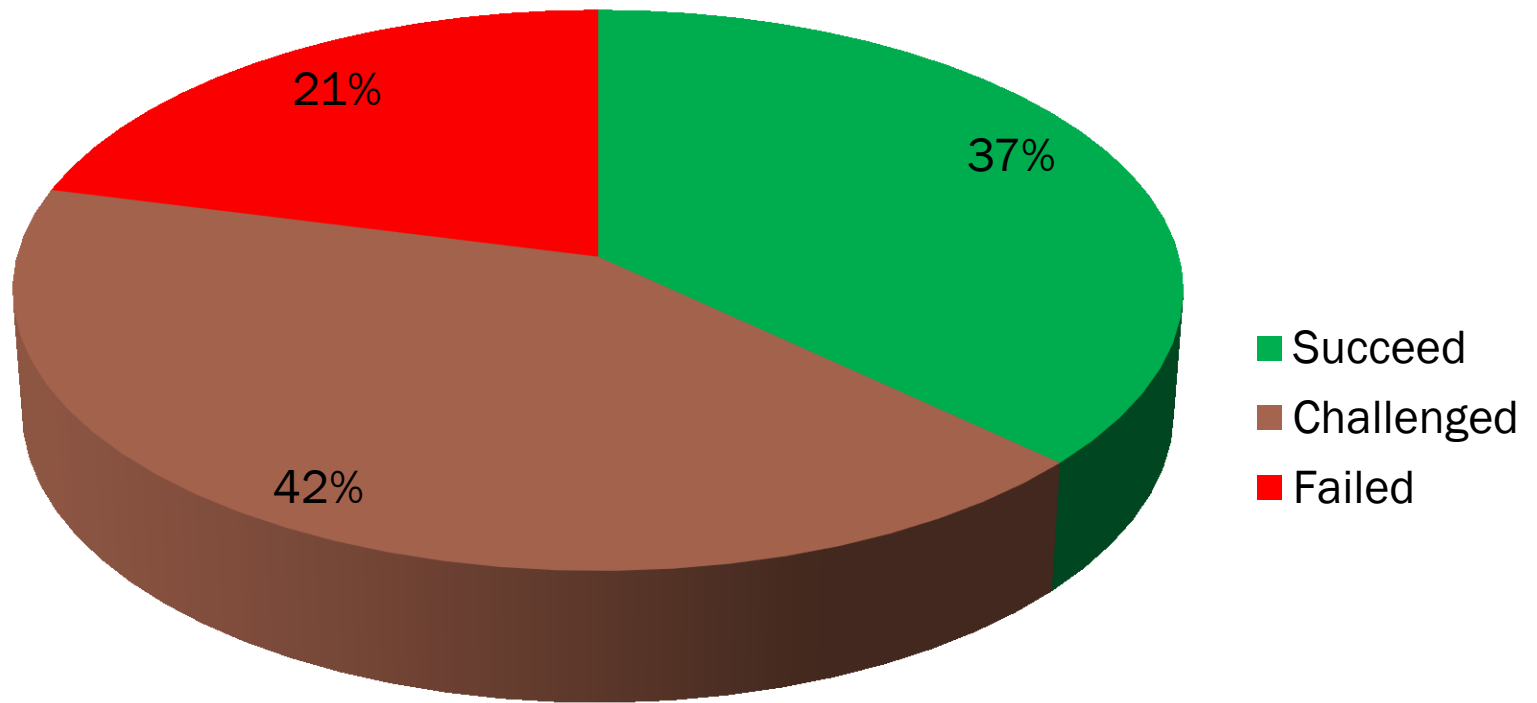
Benefits not realised

WHAT IS PROJECT FAILURE cont.

Cost over runs

Time over runs

THE STANDISH GROUP 2011



"CHAOS MANIFESTO 2011"

37% succeed

- × Delivered on time
- × On Budget
- × With required features and functions

42% challenged

- × Late
- × Over budget
- × Less than required features and functions

21% failed

- × Cancelled
- × Did not deliver
- × Never used

EVEN WELL-MANAGED PROJECTS FAIL

Denver International Airport was initiated in 1989 to take over Denver's Stapleton Airport, which had outgrown its maximum capacity. But the project suffered an extensive delay of sixteen months and an enormous cost overrun of \$1.5 billion. As it turned out, one component—the automatic bag-handling system—had a higher risk than the project's other elements, but it was treated as a standard, well-proven subsystem, just like any other part of the project.

AND AGAIN

The Segway personal transportation system was expected to change the way people travelled, particularly in big cities. With high sales expectations, its builders prepared a substantial infrastructure for mass production. Although the product was well designed and fun to ride, it did not fulfil its business forecasts; sales were short of predictions and, in retrospect, the extensive investment in production capabilities seemed unjustified.

AND AGAIN

NASA's Mars Climate Orbiter (MCO) was supposed to circle the planet Mars and collect weather data as well as act as a relay communication station to a second vehicle, Mars Polar Lander. MCO was launched by NASA as planned on December 11, 1998, but after nine and a half months in space, its signal was lost just as it began its final insertion manoeuvre. The failure was later described as a technical error due to a failure to use metric units in the coding of one of the ground software files.

NEW ZEALAND EXAMPLES

Energy Sector – Stakeholder engagement

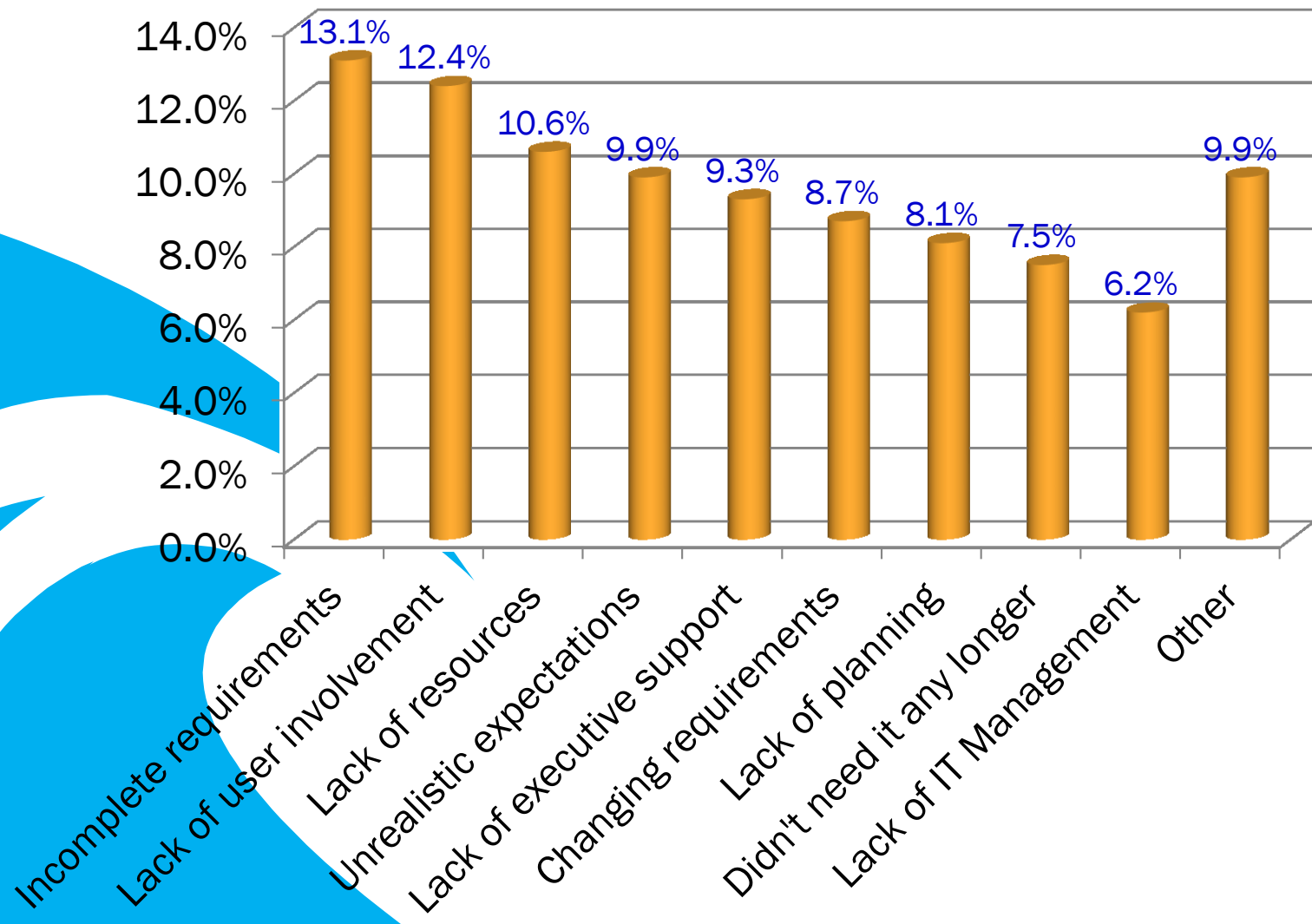
Government - Governance

Science and Conservation – Lack of planning & lack of Governance

Government – lack of benefit realisation

Government Website Upgrade = Risk management

REASONS FOR FAILURE



UNDERLYING CAUSES

Unachievable objectives

- + Scope too large
- + Treated as one large project rather than multiple projects within a programme of work
- + Benefits not quantified

UNDERLYING CAUSES cont.

Unrealistic time frames

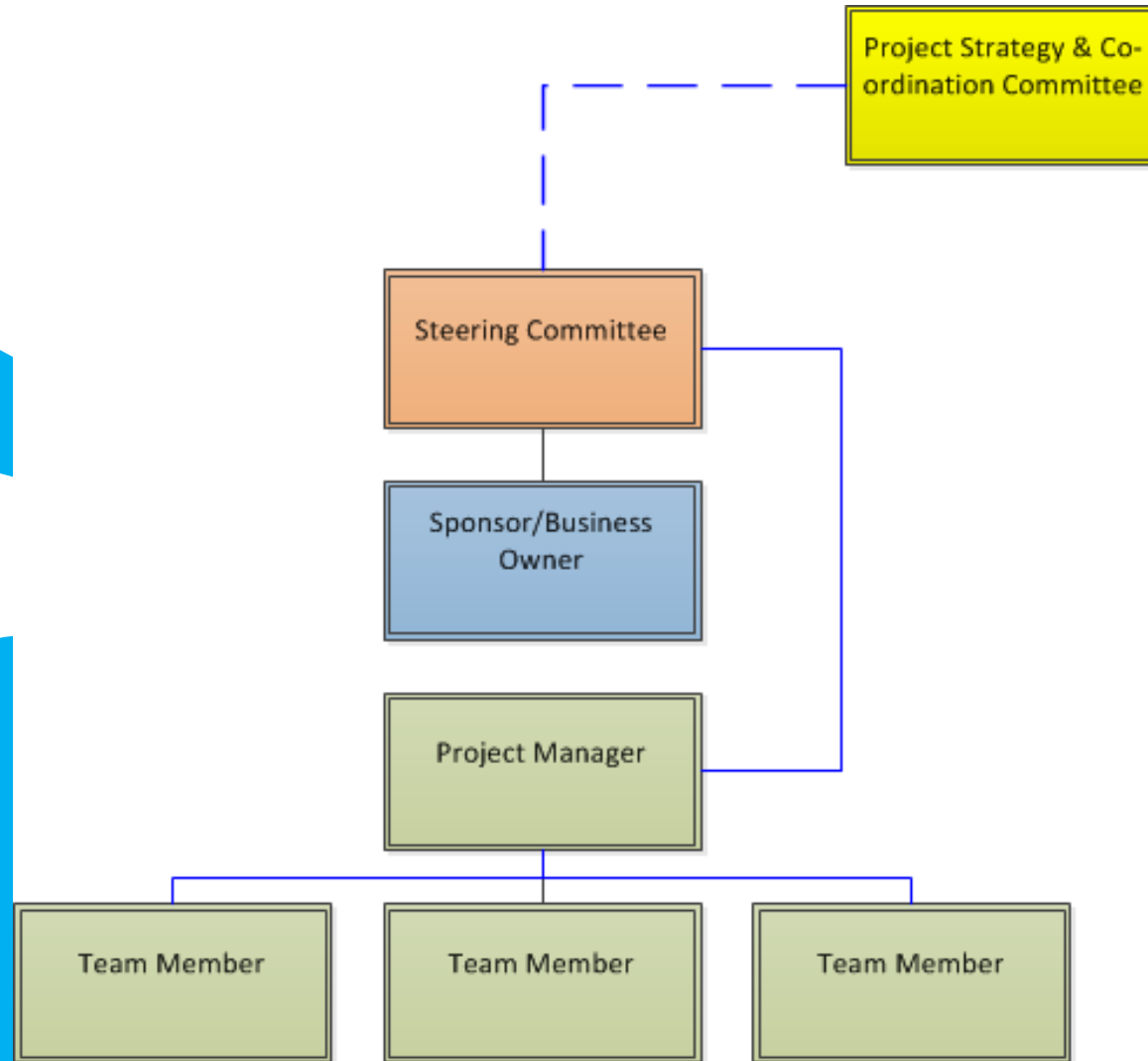
UNDERLYING CAUSES cont.

Team members split between BAU and the project

UNDERLYING CAUSES cont.

Lack of or poor governance

UNDERLYING CAUSES cont.



UNDERLYING CAUSES cont.

Poor project management practices

- + Project Management Plan
- + Project Status Reporting
- × Regular

Project Status Report

Project name:			
Project manager:		Reporting period:	
Status symbol key: 🟢 exceeding expectations 🟡 within expected parameters 🔴 below expected parameters			

General overview for this reporting period:					
Overall status:	Paste rating symbol	Budget:	Paste rating symbol	Timeline:	Paste rating symbol

PROJECT STATUS REPORT cont.

Work completed this reporting period (short bullet points)

-

Work planned for the next reporting period (short bullet points)

-

PROJECT STATUS REPORT cont.

Risks & Issues (Red 🚫 and Amber ⚠️ only)

A risk is something that could impact on the project in the future & ideally there is a plan (mitigation strategy) in place to reduce the likelihood of this risk occurring.

An issue is something that has already occurred & you are taking action to resolve.

Type	Status	Description	Mitigation strategy	Target mitigation date (DD/MM/YY)	Assigned to
	Paste rating symbol				
Risk	🚫				
Issue	⚠️				

PROJECT STATUS REPORT cont.

Project Financials				
Operational Expenditure				
Total project budget	Total project expenditure to date	Expected total project expenditure to completion	Status Paste rating symbol	Comments
Capital Expenditure				
Total project budget	Total project expenditure to date	Expected total project expenditure to completion	Status Paste rating symbol	Comments

PROJECT STATUS REPORT cont.

Income				
Total budget Income	Income to date	Total Projected Income	Status	Comments
			Paste rating symbol	

PROJECT STATUS REPORT cont.

Key milestones					
Milestone Description	Original completion date (note: this does not change)	Target completion date	Completed	Status Paste rating symbol	Comments
			✓	↑	

UNDERLYING CAUSES cont.

Inadequate or no risk management

- + At project start up
- + On-going through out the duration of the project

RISK MANAGEMENT PLAN SUMMARY/REGISTER

Risk Item ID	Risk Category (Project Internal External)	Risk Description	Probability (H, M, L)	Impact (H, M, L) & Statement	Approach (Avoid Mitigate Accept)	Actions to Be Taken	Contingency Plan Needed? (Y/N) & Developed? (Y/N)

UNDERLYING CAUSES cont.

Inadequate stakeholder communications and management

- + Stakeholders
 - × Identify
 - × Categorise
- + Communications Plan

UNDERLYING CAUSES cont.

People Change Management

Awareness

Desire

Knowledge

Ability

Reinforcement

THE CONSEQUENTS

Wasted money / finance costs

Missed market opportunities

Brand suffers

THE CONSEQUENTS cont.

Staff casualties

- + Success through heroics
- + Burnt out
- + Disillusioned
- + Stressed
- + Dysfunctional
- + Turnover

THE CONSEQUENTS cont.

BAU suffers

Benefits are not achieved

Your business suffers

SUMMARY

Projects by their very nature have associated risks

Ensure Risks are identified and managed

Objectives must be SMART

- + Specific
- + Measurable
- + Achievable
- + Realistic
- + Time bound

SUMMARY cont.

Implement the appropriate governance structure

Manage your Project Manager

Communicate

Manage Human Change - ADKAR

Learn from yours and others experience

- + Undertake PIR's
- + Complete Benefit Realisation Assessments

FINAL MESSAGES

“Forewarned is Forearmed”

“Failing to plan is planning to Fail”

“Horses for Courses”

Questions

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