

# Why Projects Fail

## Avoiding the Classic Pitfalls

ORACLE WHITE PAPER



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*“Those who plan do better than those who do not plan even though they rarely stick to their plan.”*

WINSTON CHURCHILL

FORMER BRITISH PRIME MINISTER

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## Introduction

There is an age-old saying that goes something like this: “we can do anything we want, but we cannot do everything we want.” This is the classic conundrum that all firms face. Organizations across industries are challenged to deliver an increasing number of projects and programs, while maintaining flat (or decreasing) budgets and resources. In such an environment, one outcome is overwhelmingly prevalent...project failure.

Tectonic shifts in technology as well as in global workforce dynamics mean that managing projects will remain challenging and a time-consuming exercise for most enterprises regardless of measures designed to achieve success.

Are project failures considered normal? Long-held beliefs and studies have indicated that a majority of projects end in failure, perhaps suggesting that project failures are becoming an accepted norm. The oft-referenced, now multi-decade-old, Standish Group Chaos Report cited a 31% project failure rate effectively lowering the bar, and along with it any optimism for a successful project effort.

Here we look to examine the most common causes of project failure in an effort to highlight root causes and suggest avoidance measures to help fellow project managers reduce the number of barriers on the path to success.

## Avoiding the Common Pitfalls

Project failure can be easily attributed to a number of factors. Six areas in particular highlight the biggest and most common failure culprits. These are Constituent Alignment, Proactive Risk Management, Performance Measurement, Project Scope Definition and Management, Critical Project Communication and Methodology Usage. Each is discussed below, along with suggestions on avoiding the classic pitfalls.

### Constituent Alignment

Successful projects deliver in large part because of an engaged set of stakeholders. Be they business unit executives, sponsors or executive management, the chain of command is generally an active participant in the successful project. Clearly, any initiative will suffer immensely if the sponsor is not committed, or if the key players are unable to develop a cohesive project strategy and supervise the direction of the effort.

The alignment issue is critical in cases where the project's goals are not in step with the organization's basic vision. An effort to open key markets in Asia when the organization is devoting resources in Europe is a simple example.

Also worth considering is that projects often fail because departments assign the person they can most easily live without rather than the person who can contribute most to an initiative. As an example, if a project around implementing a new purchasing system is assigned a newly hired buyer to be the Procurement representative on the project team, the project is likely to fail.

*Pitfall Avoidance:* A clear set of defined goals and objectives, reviewed throughout the term of the project is a recommended best practice. Any course corrections, or even project cancellations, can become routine in this process. Matching skills and relevant expertise to projects is a critical success factor. Consistent communication, in a standardized format, to the major stakeholders also helps. Remember, it takes the average person seven views of the same message before it starts to resonate.

### Proactive Risk Management

Perhaps one of the more under-reported areas of project failure is risk management. In many cases, project risks are not proactively identified, analyzed, and mitigated. Even in cases where risk is an active part of the execution process, the rigor devoted to this area is negligible. Too often, problems are addressed reactively, causing schedules and budgets to be exceeded. This results in schedule slippage, budget overruns, and excessive staff overtime and burnout.

*Pitfall Avoidance:* The best practice recommendation is to utilize an integrated and proactive risk management approach for all project efforts. This includes developing and publishing the Risk Management Plan and educating the entire project team on the benefits of performing risk management. At a more granular level it is necessary to integrate identified risks to scope, schedule and cost. Additionally, maintaining a risk log and making the data available to all via reports and self-service portals helps tremendously.

### Performance Measurement

This is an area that receives a great deal of lip service, and yet where little is understood. The lack of project performance measures leads to all parties having little visibility into where projects are relative to where they should be at various points in time. As a result, troubled projects are not highlighted in time for remedial action and appropriate corrective measures are not identified, all leading to poor product/service quality.



*Pitfall Avoidance:* A recommended approach is to use standardized project performance measures and establish project baselines for schedule, effort, product, etc. The role of Earned Value Management (EVM) is important here, even in small projects.

### Project Scope Definition and Management

Does this project sound familiar? The project has vaguely-written scope definitions; there are problems in gathering user requirements; there is pressure to execute before the project is adequately defined; there is no rigorous scope management. This is one of the classic cases of project failure waiting to happen. It may sound trite, yet project scope must be clear, concise, and unambiguous. It must be clearly and commonly understood by project stakeholders, team members, and executives alike.

*Pitfall Avoidance:* The recommended approach is to review the project's scope with the user community and obtain 100 percent buy-in to what is about to be performed and delivered. A clear understanding of scope is essential to gaining commitment and executing successfully. Obtain agreement on what is in, and out, of scope. It may be appropriate to create and use a formal change control procedure, including a Change Control Board.

Designing the "perfect" solution with a very broad scope frequently leads to intricate, multi-year projects with complex interdependencies. Where possible, limit scope to achievable, well-defined efforts. With tighter project scope, the organization can do a better job of monitoring progress and controlling outcomes.

For complex, expensive projects containing many unknowns and volatile risks, institute a scope investigation phase in advance of project approval and execution. The scope investigation can take the form of a pilot, a proof-of-concept research paper, a benchmarking analysis of similar projects, or a simulation. Regardless of the approach chosen, this technique of using a pre-project to define scope will bring much-needed clarity to the primary project and improve the chances of its success.

### Critical Project Communication

It is vital for project managers and stakeholders to be aware of project progress and challenges at every stage. Unfortunately, stakeholders are often informed of critical issues at a stage when the impact on costs, timelines and scope are significant or irreversible. Inadequate communication of project status and issues is a function of stakeholder needs and expectations not being managed appropriately. Obviously, resolving the issues takes time away from planned project activities. This issue will affect any part of the project.

*Pitfall Avoidance:* First and foremost, create a communications management plan. This should be comprised of two parts: project communications and stakeholder communications. These activities must be initiated at project kickoff, with particular effort put into performing a stakeholder analysis to identify expectations and communication needs. Be prepared to deliver project status and updates through more than one information delivery vehicle in order to accommodate the diverse needs of stakeholders. The good news here is that modern project management tools have incorporated social collaboration technologies, helping to enhance project communication efforts.

### Methodology Usage

The role of methodologies in delivering a successful project is often overlooked. To be sure, a variety of project management and related standardized processes are available. These include the PMBOK guidelines, PRINCE and PRINCE 2, along with more governance-oriented frameworks such as ITIL and CoBiT. The choice of a methodology, whether standardized or organization-specific, is secondary to its usage and adherence during project execution.

*Pitfall Avoidance:* Enforcement of the chosen methodology is vital. This task is made easier via automation and tools that incorporate project workflow into the overall project execution lifecycle.

## What About the Expectation of Failure?

Granted, projects do and will fail, particularly IT projects. While perception has much to do with the definition of failure, that perception is often steeped in reality. However, these do not address the larger mindset issue that all projects are burdened with right from the start: the expectation of failure.

Ten years worth of project failure statistics have taken their toll. The anticipated eventuality of failure is built into the project from the very beginning and is an unwritten reason for a project's demise. Overcoming this complacency requires a strong project leader and supporting PMO, a cultural bias to succeed, and a strict communication policy highlighting successes.

More to the point, avoiding the pitfalls noted above will not guarantee a successful project. They will however provide a solid footing and foundation from which to begin the process of executing against the project's objectives and strongly influence a successful outcome.

### Role of Tools and Automation

Technology and automation play a key role in helping organizations deliver successful projects. In particular, Cloud-based Project Portfolio Management solutions offer the continuous process feedback loop by which organizations can align, prioritize, and execute against organizational project demands while balancing supply constraints.

These tools are especially relevant in delivering the end-to-end project lifecycle dashboard, reporting, and analytics necessary for project stakeholders to aid in decision-making. Further, they play a critical role in delivering the financial governance needed to effectively deliver projects in today's global enterprise.

## Conclusion

The technological and generational shift with companies moving to the cloud, an insatiable demand for digital data and analytics, and a push for anytime, anywhere, any device access to corporate information is changing the way enterprises are viewing themselves.

As a result, the very nature of work - how, where, what, and by whom it is done - is undergoing a radical change. And it is under this environmental and technological backdrop that a project manager must lead and define success.

In this environment, executing critical projects successfully is a key business requirement. Avoiding the common project pitfalls discussed above will help the enterprise successfully navigate the challenges and better position projects for success.



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