HOW DO YOU MEASURE SUCCESS OR FAILURE OF A PROJECT?

We asked contributors to this edition’s CPM Opinion Column to provide insight into their personal measures of success (or failure) in projects and to relate these to a particular project they worked on; and why they deemed it to be a success.
This CPM Opinion Column looks at success (or failure) of projects and different methods and measures of evaluating success.

The common theme throughout the four contributions is that people are the most important factor in determining success or failure of projects.

The technical or financial measures of success in a project are important (but only to the extent that the project can be said to be complete). It is the end users and those involved in the life of a project that are both key to its success during, and in the measuring of success of the project at the completion.

All of our contributors noted that the success of a project may not be immediately visible or tangible and a project may be classed as a failure in the short-term and then, once it has time to ‘bed down’ and the benefits of the new software/system/technology/infrastructure/building become apparent, it will be classed as a success.

Although it is agreed by the contributors that people are key to evaluating success or failure, personal measures of success (and failure) are just that and the different methods of evaluating success or failure detailed in these contributions demonstrate the variety of personal measures.

The contributors in this edition come from a variety of backgrounds and locations, all with extensive project experience.

Susanne Madsen is based in the United Kingdom and is an author, project leadership coach and brings a wealth of experience in leading large change projects in corporate environments.

Boyd McCarron is a Senior Executive at Cordelta in Canberra, Australia with over 20 years project management experience in federal government.

Mark Phillips is based in the United States and is the author of Reinventing Communication. He has spent 17 years building a project management software company and consultancy.

Dr John Davies is a subject matter expert in relationship contracting and procurement law. John is a project manager with post graduate law, business, and systems engineering qualifications.

If you would like to suggest topics for future opinion columns please send them to admin@iccpm.com. If you would like to be considered as a contributor to a future column, please contact Deborah Hein with your CV, biography and an example of your writing. Please note that preference is given to contributors who are part of the ICCPM network.

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It is not uncommon to measure success and failure of a project according to a narrow set of parameters such as time, cost, and quality. Time, cost, and quality are important considerations, but only in light of whether the desired benefits were realised. In isolation, time, cost, and quality may not mean much.

The way I measure success and failure is first and foremost by assessing if the client achieved the short and long term objectives they set out to. Did the project lead to a change in behaviour, business growth, increased customer satisfaction or any other strategic benefit? Sometimes this cannot be answered on the day of delivery, but only months after the project delivered its tangible outputs.

The second consideration is the cost at which the benefits were delivered. How long did the project take? How much money was spent and which other costs and dis-benefits did it bring about? This becomes a question of whether the business case still stacks up! But there is more to success and failure than what can be measured in the business case. What about the subjective perceptions of the client and stakeholders? Did they perceive the project to be successful independently of what the business case stated? To my mind success has an objective as well as a subjective angle to it. The customer's subjective perceptions must be taken into consideration.

Some years back I was leading a two-year IT project for a big financial institution. The purpose of the project was to introduce better risk management controls across their systems so that the regulator would allow them to hold less capital as a buffer, thereby freeing up monies in the firm. This highly complex project was originally forecast to take 18 months, but turned out to be more problematic than expected. It ended up taking 22 months to implement, cost more than originally estimated and had its fair share of problems and disagreements along the way. These conflicts and overruns however were far outweighed by the quality of the solution and the benefits that followed. Two months after the changes had been implemented the firm was granted permission by the regulator to lower its capital buffer to such an extent that the business unit became significantly more financially viable.

Had we measured the success of this project purely according to time, cost, and quality on the day of delivery, it would have failed on the first two counts. But considering that the business case was still valid and the expected benefits were realised within months of the implementation, it was perceived as successful – not just by myself, but also by the clients and stakeholders.

By traditional measures the project failed.

One organisation’s triumph over inexperience in project management. Each year, Australian Customs and Border Protection Service processes thousands of alleged breaches against the Australian Customs Act – many hundreds of which become investigation cases involving the execution of warrants, seizing and storing evidence and prosecutions against offences resulting in fines, penalties or reparation orders worth millions of dollars. In 2007, a project was initiated to address current and future inefficiencies and capability gaps in the legacy investigations case management system and business processes. The Case Management System for Investigations (CMSI) project outcome needed to enable the organisation’s strategy to move away from federated IT systems and manual, inconsistent business processes in all Investigations offices across Australia.

The success of the CMSI project was very important for the ACBPS because previous attempts to deliver the project themselves had failed and they were left sceptical as to its achieveability. After two years of false starts, the ACBPS invested in external Project Management expertise. A blended approach involving a range of methodologies was used including PRINCE2® and PMBoK; Co-design; Agile; and ITIL®. The decision to use a blended methodology approach was made by the Project Director and Project Manager in consultation with the Project Steering Committee. The approach was embedded into the software and services contract and combined industry and market maturity by targeting Commercial Off-The-Shelf (COTS) solutions from suppliers with proven relevant experience. This combination of COTS and supplier experience was called “product and vendor pedigree”.

While seemingly small at a budget of $3.6M in value, the relative scope and complexity of the CMSI Project exceeded all of their assumptions and expectations. The project spanned three financial years, involved a virtual project team with members located around Australia, approximately 250 active stakeholders, involved 10 separate contracts and contributions from approximately 116 individuals.

By traditional performance measures, the project failed. Excluding the initial first two years of effort, the actual project schedule outcome was 1.35 times the original business case and the project’s capital budget was exceeded by 1.6 times. But, with underspends achieved in the Employee and Supplier budgets, the final project budget outcome was an 18% underspend.

The final outcome? The project met all of its business objectives and delivered the ACBPS’ first national standard for investigations case management – contemporary on an international scale, and improved their ability to handle the increasingly global and diverse nature of threats to Australia’s border and trade facilitation. For the ACBPS, the project’s success represented a triumph over inexperience in project management. At the final meeting, the project steering committee acknowledged that the CMSI project had exceeded project performance expectations and made a significant contribution to the development of the organisation’s project management maturity.

In 2010, the CMSI Project won AIPM Project Management Achievement Awards (PMAA) at Chapter and National level. Personally, I measure project success by client satisfaction. The client was delighted!
People. It is all about people. Successful projects positively impact the people involved with them. Failures negatively impact people. The people involved with a project is a broad spectrum. It includes stakeholders, people working on the project, managers and the intended customers for the project deliverables. I call these project participants.

It may seem idealistic to target a win-win across all project participants. It does happen. I see it all the time in my daughter’s kindergarten. Everyone wins in successful kindergarten class projects. The students, the teachers, the parents and school administration.

It also happens in successful non-profit, community projects. The beneficiaries of the project win. The volunteer participants win. The administrative organisation wins as does the community. These projects create win-wins. They also accomplish their outcomes with less friction, lower budgets and often tighter timelines than commercial projects.

Yet, when we move to commercial or large scale projects these outcomes become more difficult to attain. Friction increases, budgets grow out of proportion and timelines elongate. It becomes challenging to deliver outcomes that benefit intended customers. And rarely do all project participants win.

What happens when we move to commercial or large scale projects that make success so difficult to attain? We lose sight of people. We rely on process to deliver intended results. But processes don’t deliver projects, people do.

We rely on forcing mechanisms and incentive structures to motivate people to work. But forcing mechanisms are prone to misalignment. What motivates one person may actually stifle another. People are not mechanical. It is impossible to structure just the right series of incentives that move everyone exactly the way they need to move.

The urgency and importance of commercial and large scale projects drives us again and again to traditional approaches, facilitated by technology. We are taught that processes and forcing mechanisms are shortcuts to success. They are not. The data is abundantly clear on the track record of traditional project management to deliver success.

Technology cuts both ways. It makes it easy to scale management approaches across large groups of people. It also amplifies the shortfalls of processes and forcing mechanisms.

Putting people first takes time. It takes the right environment and a different management approach. But there is a positive net gain in schedule, budget and customer satisfaction. It increases morale and team cohesion. It also enhances capacity for innovation.

This isn’t a new idea. The literature is rife with exhortations on the importance of people. But now technology has caught up with the needs of modern projects. We can use technology to create management approaches that do put people first, that account for the non-mechanistic nature of human decision making.

We can now put people first in a systematic and scalable way. We can benefit from a deeper understanding of people and technology. We can advance our management approaches and consistently deliver successful projects.

Putting people first. It certainly is time consuming.

Answering the question, ‘what is a successful project?’ is a project in itself. This stems from the fact that success means very different things to different stakeholders. Even within my own frame of reference there are subjective elements to defining success. Whilst some may rightly claim that that the Channel Tunnel, Sydney Opera house, or Denver Airport’s Baggage System were all financial and programmatic failures in the true sense, there would be many who would take a contrary view. For example; members of the public may deem such projects as successfully delivering iconic infrastructure, the project initiators who extracted success fees for implementing the projects would likewise claim success, and those with a nationalistic bent could claim that jobs created trump any implementation costs. Some timid project managers would even claim that a successful project is one that avoids an unfavourable audit. Success is therefore subjective as observed by Karl Marx, ‘value is determined by value, and this tautology tells us that we know nothing about value’.

This brings me back to the question of what is a successful project? My first step in answering this question is determining who is accountable for defining ‘success’ and delivering the ‘benefits’. The project business case, assuming it is crafted appropriately, will clearly define the benefits and under what assumptions. I therefore judge project success upon realisation of these benefits. Nonetheless, I am alert to the fact that defining benefits is a process prone to mischief, especially in the public sector where quantitative benefits are often eschewed in the place of more qualitative or ‘soft’ criteria such as industry development or local employment opportunities. Consequently, we can only judge project success if there is a robust, business case with realistic and measurable benefits.

Achieving these benefits is not the only consideration for gauging success. Simply delivering the planned outcomes does not demonstrate that the courses of action taken on the project were optimal. That is, could there have been a faster or cheaper way to achieve the same level of benefits? It is most difficult to retrospectively claim that an alternate course of action could have delivered better outcomes than what was ‘successfully’ delivered. As observed by a former Commonwealth Auditor General, ‘it is very easy to demonstrate that a project has failed to deliver value for money but most difficult to state that a project has delivered value for money.’ In summary, success is in the eye of the beholder. In all cases it is wise to refer back to the original business case and underlying assumption when evaluating project success.

From my experiences, the most successful project I have worked on involved substantial investment in prototyping, trade studies and early works to validate the assumptions made in the business case. As a result of this investment, the scope of work was significantly reduced. Whilst the benefits were curtailed, significant waste was avoided, expectations of end users were better managed, and unused resources were diverted to better causes.