



## TenStep Supplemental Paper

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### **Building an Objective Project Scorecard Usually Implies More Complexity**

When a project ends, many project teams struggle with whether they were really successful or not. Knowing how a project ended compared to its deadline and budget only tells part of the story. If a project team delivers a poor quality product on time and within budget, it still should not be viewed as a success. On the flip side, if quality is extremely important, the sponsor may consider the project a success if the deliverables meet the quality criteria, even if the project was also late and over budget.

The term "scorecard" is used to describe the criteria that determine whether the project was a success or not. The term "balanced scorecard" refers to having a rounded set of success criteria that take into account a number of different aspects of delivering a solution. Scorecards allow you to establish and gain agreement on the important criteria that signify how successful a project is.

Once you start thinking about your success criteria, however, there is an important factor to consider. The more you strive for accuracy and objectivity in your success criteria, the more complex and time consuming the data gathering and interpretation will become. Let's look at ways to gauge overall project success, starting at the very simple and moving toward the more complex.

#### **Simple Sponsor Survey – Yes or No**

Perhaps the simplest way to know if you were successful is to simply ask the client sponsor whether the project was a success or not. This is the most direct and the sponsor is usually the person who ultimately must judge success. The sponsor would take into account the budget, deadline, quality, etc., and also make a mental determination of which criteria was most important.

And there you have it - a straight "yes" or "no" from the sponsor to the question of whether or not the project was a success. All or nothing! What can be simpler?

#### **Allow a Range of Survey Answers**

The problem with the simple "yes" or "no" answer is that it is black or white (all or nothing) and does not leave any room for shades of gray. Usually the sponsor will be happy about how some things turned out and disappointed in other things. The sponsor may not be willing to be slotted into a simple "yes" or "no" answer.

A method that allows more options is to still ask one question, but allow the answer to be expressed in a range. For example, you can ask the sponsor "How satisfied were you with the overall success of the project?" and allow them to express their answer on a one through five scale (or one through ten). Now the sponsor has some discretion. If they are totally satisfied, they can score the project a five out of five. If they were happy about most things, but unhappy about some, they can rate the team a four out of five. This



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allows the sponsor to provide a little more of a gray area, while still keeping things very simple.

### **More Comprehensive Survey**

You will probably discover that asking one question is just not enough, especially if you want to validate that certain specific behaviors are taking place. To gather more feedback, your survey just needs to have more than one question. Instead, you break overall success into a number of components. For instance, you may have multiple questions that ask, on a scale from one to five, how satisfied the individual was with:

- How the team communicated
- Whether the deliverables produced were of high quality
- Whether the team responded in a timely manner
- Whether the team was knowledgeable in the business area
- Etc.

This survey can also be completed by a wider range of people. You could ask the sponsor and a number of other impacted stakeholders to provide feedback.

### **Adding multiple success criteria**

Of course, these survey metrics do not have to stand on their own. You can combine them with other basic information regarding budget and deadline to determine the overall success of the project. As an example, the team may have been within 5% of budget and hit its deadline. They may also receive an overall consolidated 4.1 out of 5.0 on the survey. The question then is whether this is a success or not. There is certainly much more information available. However, in addition to setting the success criteria, the project team must also establish a reasonable target number. For the budget and deadline, this probable means that you completed the project within your estimates – plus or minus your tolerance levels. For survey results, you could establish a target level, for instance, an average of 3.5 on a five-part scale.

This leads us to one more level of complexity. If you have multiple success criteria, how do you combine them all together? If you were utilizing cost, delivery date and a client survey, how do you know what is most important. If your deadline was extremely important, for instance, you may find that the project was successful if it hit the deadline, even if it was over budget. This gets into the area of weighting the scorecard success criteria.

### **The Weighting System**

As you take more and more factors into account to determine project success, the last area you need to address is some type of weighting system. This will be necessary because not all of the performance factors are of equal importance. For instance, it may be vital that your project be completed by a certain date, and that may be more important than whether you hit your budget target. In fact, you may have to overspend your budget



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to make sure you hit the deadline. So, on that project, meeting the deadline date should be weighted more heavily than meeting the budget target.

The way you establish an overall weighting formula is to start off with a maximum point total and divide the achievement of that maximum total into the number of success criteria. Let's look at an example of a project with five success criterion. The achievement of all the success criteria results in a 100-point maximum. In other words, if the project team did everything perfectly, their total score would be 100 points. Let's also say that the five criteria are deadline, budget, quality, client satisfaction and sponsor rating of success. You would develop a scorecard grid, as follows:

#	Scorecard Criteria	Weighting	Actual Results	Actual Score
1	Deadline - complete by December 31	25	December 31	25
2	Budget - \$250,000 plus or minus 10%	10	\$270,000	10
3	Quality - Five questions survey averages at least 3.5 out of 5	20	3.2	10
4	Client Satisfaction - Five question survey averages at least 3.5 out of 5	20	3.4	15
5	Sponsor rating of success - Three question survey averages at least 3.5 our of 5	25	4	25
6	Total	100		85

You can get very sophisticated with this scorecard system. However, you will find that each attempt to get more fact-based and less subjective requires you to get more and more precise in defining the overall scorecard rules. For instance, the following needs to be taken into account as you get more sophisticated.

- **You must define what the numerical total represents.** For instance, on the project above, you could say that any final rating over 80 represents success. In that case, the project above was successful. If there was a bonus to be paid for project success, you could say that a full bonus would be paid for an overall rating of 80 or above. No bonus (or a partial bonus) would be paid for a score under 80.
- **You would define whether partial credit is given to scores that do not meet the scorecard criteria.** For instance, in the example above, the project went over budget by \$20,000. This was within the acceptable range of plus of minus 10% (\$225,000 to \$275,000), so the team received full credit of 10 points.

On the other hand, the overall quality rating was 3.2 and the target was 3.5. The question is whether the project team receives zero points since they missed the criteria, or if they receive partial credit for getting close. In this example, the team received 10 points, or half the possible total. You could imagine that at some point; say under 3.0, the team would not have received any points. If the team had missed



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that criterion, their total points for the project would have fallen to 75. If the success target was 80, the project would have been viewed as a failure, even though the rest of the criteria were hit successfully, including an overall 4 out of 5 rating from the sponsor. That shows why it is important to have proper weighting for your project. If you are going to have this level of algorithmic objectivity, it is important that the team really focus on the important scorecard success factors. This is a powerful incentive.

- **You must decide whether the weightings represent the maximum allowed, or whether the team can score higher.** For example, on your Sponsor survey criteria, perhaps you could establish a rule that says that you receive an extra 10 points for every .5 over your target. In our example above, since the final score was 4.0, the team would have received 35 points for this criterion, which represents the target 25 points, plus an extra 10 points for exceeding the target. Again, if you allow extra credit, you must determine what that means. For instance, if you were paying a bonus on successful completion of the project, going over 100 may mean that the team receives a higher bonus, say 110% of the target bonus.

### **The Success Formula Must be Known Ahead of Time**

The key to these rating systems is that they have to be defined ahead of time so that the entire team can focus on the areas that are important. If you don't finalize the criteria until the project is already started, you may find out that you are too far behind in certain categories to achieve them. If the team feels that they do not have a chance to achieve the targets, the scorecard will result in a lot of negative feeling and poor morale, which is just the opposite of what you are trying to achieve.

The other aspect of having the scorecard built early is that it gives the project team time to adjust if there are problems. For instance, in the project example above, let's assume that the project duration is around nine months. The project manager may send out the quality survey and the client satisfaction survey after three months and after six months. That way, if the survey results are not coming as expected, the project team can determine the cause, and the entire team has time to correct the problems before the project is completed. This is part of a process improvement process. If the scorecard is not completed early and the team does not have time for interim surveys, the first time they see survey results is when the project is completed, which is too late to take any corrective activity.

### **Make Sure You Have Client Agreement as Well**

The project team and the client must agree on the overall scorecard ahead of time. You do not want to be in a position where the project team is declaring success at the end of a project, but the client feels the project was unsuccessful. If you have an agreement on the scorecard, both the project team and the business client should have common expectations in terms of overall project success.

### **Summary**



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Is your project a success or not? Simple metrics are easy to capture, but they do not leave much room for telling the entire story on a project. In general, the simpler your metrics are, the harder it is to look at shades of gray. If your success is based strictly on your sponsor's feedback, you can end up in an all-or-nothing situation. The more aspects of the project you take into account, the more sophisticated you need to be in terms of how the separate criteria get put together for the overall success level.

If you have multiple success criteria, you will find you also need to put together a weighting scale. When you were in high school, your final grade was determined by some sort of formula based on your test scores, quiz scores, homework, attendance, etc. For the most part, everything was numeric based, and could all be calculated based on the raw scores. Pretty simple, and no surprises.

On a project, however, it is not that simple, since you have to take into account client satisfaction and quality – both of which get into subjective data. Your project scorecard can try to compensate for the subjectivity, and attempt to make the process as objective and mathematically driven as possible – just like your high school grade.

However, the more objective and fact-driven you attempt to get, the more complex and intricate your scorecard data collection and interpretation needs to be. Your scorecard criteria should be balanced and comprehensive. You should have targets that are challenging but reasonable. You also need to weight the various aspects of the scorecard to make sure that the relative importance is established. If you do not think through these implications, you may have confusion and disappointment at the end of the project as your scorecard results are subject to multiple interpretations.