



TenStep Supplemental Paper

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Was Your Project Really Successful or Not?

You have all read the stories about the large number of IT projects that fail. Depending on the report you read, half or more of these projects fail - perhaps as high as 80%. According to the reports, the larger the project, the greater the chance that it will be a failure.

Let's assume that the number of failed projects is 50% - the low number. What is interesting is to try to relate that number to personal experience. Where are all of these failed projects coming from? Can you say that half or more of the projects that you managed were failures?

It's All in the Definition

The idea of a failed project starts with understanding the definition. You may have a perception of what it means to manage a failed project. Your company should have a definition as well, and if they do, your definition should be the same as theirs. One major concept that plays a key role is the idea of tolerances.

Define a Reasonable Cost and Duration Tolerance Level

If you estimate a project to cost \$230,000, is your project a failure if the actual cost is \$230,500? You missed your budget, right? Yes, but this gets into the concept of tolerances. If you delivered within \$500 on a \$230,000 budget, you should be lifted on someone's shoulder and paraded around the company as a hero.

Your company needs to establish the tolerance level that they consider to be reasonable for projects. For example, the tolerance level may be -10% to +5%. That is, if you deliver the project for 5% over budget, it is still considered a success. For the \$230,000 project, that means you could have gone overbudget by \$11,500 and still have been considered successful. On the other side, if the final cost was underbudget by greater than 10%, that is a problem too. The problem is that the company wanted to deliver projects within expectations. If the sponsor had known that the project actually cost a lot less than estimated, they may have been able to make other decisions with the unused budget. The cost estimate should also include any formally approved scope changes. If your original budget was \$200,000, and the client approved an additional \$30,000 in scope changes, then the final \$230,000 is the number that you get held accountable for, plus your tolerances.

Normally there is some room for tolerances with your deadline as well. If the projects are internally focused, the end dates are in many cases arbitrary. Your original deadline must also be extended if scope changes were approved.

Of course, not all projects have that flexibility. The YR2K software projects for instance, typically had to be completed by the first time they ran in the new year. A week late was not going to work.

Declaring Success From a Project Perspective



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Once you understand your tolerances (if any), you can start to evaluate success from a project perspective. Generally, the project team members can declare success if:

1. The project is delivered within the estimated cost, plus or minus the tolerance.
2. The project was delivered within its deadline, plus or minus the tolerance.
3. All of the major deliverables were completed. (Some minor ones, or minor functionality, might not be delivered.)
4. The overall quality is acceptable. (It does not have to be perfect.)

Some companies also look at whether the project team was easy to do business with. That is, did the client and the project team work well together? Was there good communication? If the client had another project (and a choice), would they ask you to work on it again?

Declaring Success from a Company Perspective

Declaring success from a project perspective is normally what the project team is asked to be accountable for. However, from a company perspective, success would also be based on whether the company received the value that was promised from the initial ROI calculations. If the project was a failure from a project perspective, it is normally a failure from a company perspective as well. (Although this is not always the case.)

However, there are also many examples of projects that were successfully delivered, yet are not delivering the value promised. If the project team delivered successfully within tolerances, there is usually nothing else that can be done from their perspective. However, it is possible that the return on investment calculations were faulty, or the marketplace was misjudged, by the client and sponsor. It is also possible that this project was part of a larger initiative. Although your project may be successful, the overall, larger initiative may be a failure.

Summary

Every organization should have some general rules about how to declare overall project success or failure. Your project isn't a failure if you miss the budget by a dollar and deliver a day late. Normally a project will still be considered successful if it delivers within cost and deadline tolerances, and delivers all major deliverables within acceptable quality. From an overall business perspective, another set of questions should also be answered as to whether the business value was achieved as promised.