‘Keeping it simple’ for maturity assessment helps counter project failure

by **Doug Littlejohn**, COO of 20|20 Business Insight

> **We should be wondering why all projects aren’t completed on time, on scope, and under budget**

Investing in training to give project managers the technical knowledge and skills to do their jobs is important, but only part of what it takes to be successful. In many cases, providing formal education is the easy bit, so much so that in practice, some organisations have highly competent PMs working unsupported within an ‘immature’ organisation in terms of their project management worldview.

Recent stats from the US highlighted that around 39% of projects valued in excess of $10m failed, representing a huge cost to the investing organisation.

Large projects, especially those in the technological and engineering sectors, have a poor track record. Cross industry research undertaken by PricewaterhouseCoopers into over 10,500 projects from 200 international companies found that only 2.5% of sample companies successfully completed all projects.

Add to this the numbers of more informally run and monitored projects, and it is quite feasible to suggest that 50% of projects across the entire value spectrum must be failing in one way or another. Considering the huge investments organisations are making with their PM training initiatives, we should be wondering why all projects aren’t completed on time, on scope, and under budget? What are the primary reasons for project failure? Based on our direct experience, as the consultants engaged to identify why things went wrong, these are the most frequent causes of project failure.

1. Mismatch between the project and organisation’s strategic priorities
2. No pre-agreed measures of project success
3. Ill-defined senior management ownership and leadership
4. Ineffective engagement with stakeholders
5. Poor project management technical skills
6. Non-standard approach to project management and risk management.
7. Inability to differentiate stages of project development and implementation
8. Proposal evaluation focused on price rather than long-term value for money and achievement of business benefits
9. Lack of contact with senior management levels in the organisation.
10. Poor project team integration between clients, the supplier team and supply chain.

Of the ten reasons for failure raised above, only one is the result of insufficient technical knowledge. The rest relate to more fundamental issues within the organisation. Some are cultural or structural but all serve as indicators of low project management maturity at the organisational level. In many instances, organisations that are failing have highly competent project managers, whose abilities far out-strip the capabilities of the organisations they work for in terms of project management maturity.

This scenario is inevitably damaging for an organisation and means they cannot realise the holistic benefits they might otherwise from project management activities. For instance, if cost management or data collection processes cannot be standardised, how can project performance be accurately measured across a portfolio? Longer term, situations like this usually mean that failure rates for projects increase as their complexity grows and it becomes impossible to measure project management effectiveness across a growing organisation. It means they cannot easily replicate successes and that’s a major reason why industry research points to high project failure rates.

All too often I hear clients confess that they simply don't have the business processes in place to support the project management team. Their problems continue because the programme director cannot tangibly communicate this shortfall to senior management. One way to resolve the situation and identify gaps between individual competence and organisational maturity is to undertake a formal organisational maturity assessment. This gives programme directors tangible evidence to escalate the need for developing formalised business processes for project delivery.

There are a number of formal models available for assessing organisational maturity in project management, each with its own set of advantages and limitations. Within the software/technology sphere, the CMMI framework is widely used, partly because its methodology guides the simultaneous improvement of both project processes and software development methodologies; and also because it integrates management and engineering practices. Users of the CMMI approach have reported shorter times to market, reduced development efforts, greater customer satisfaction, quality and significantly increased employee morale as a result of measuring (and subsequently improving) organisational project management maturity.

Another maturity framework in widespread use is the Portfolio, Programme, and Project Management Maturity Model (P3M3). This originated from the UK Office of Government Commerce (OGC) and was developed to help public sector organisations assess performance and identify ways to improve success levels with improvement plans. It is popular because of the widespread reliance on PRINCE2 and has since become a key maturity assessment model, using a set of 5 levels to categorise organisational effectiveness.

As consultants running maturity assessments for end user organisations, P3M3 can be complicated to implement in practice because it contains almost 150 pages of complex guidelines. To counter this, we have developed our own maturity assessment process, which is similar to the P3M3 model, CMMI and others, but greatly simplified for clients. Also based on 5 levels, our approach takes a more common sense approach to reach the same conclusion. The end output for clients is a very pragmatic understanding of the extent to which their organisation has formal processes and procedures for project management in place. We can then apply this information and our knowledge of the organisational culture to propose a framework of processes and procedures to follow. The new way of working is often driven by an online environment to support the individual, which guides them through the administrative side of their job, supported with immediate access to documentation.

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The scale we have devised for measuring maturity ranges from random, where there is little or no co-ordination across projects and functions; to repeatable, where processes have been described regionally, but not adhered to consistently; right up to excellent, where there is a strong and well anchored global project culture. Our methodology is consistent with the P3M3 model's analysis and the outcomes are the same, but, we think, it's much more straightforward to implement. Participating organisations are required to go through and apply a rating to their own situation based on very common sense questions like 'is project scope well defined during the early stages?' or 'to what extent are project objectives specific and measurable?' and 'how are risk management techniques applied?'

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Having worked with countless companies to implement maturity assessments, their value for clients is seen in the way it forces them to go beyond assessing project management capabilities in terms of just cost management and look at how their business processes could be improved. Applying multi-disciplinary monitoring criteria ensures that areas for improvement can be identified precisely around the themes of management control, financial and risk management, stakeholder engagement, resource management and organisational governance. The whole exercise inevitably highlights a lot of organisational weaknesses, inconsistencies and contradictions in their approaches. For example, an organisation may score highly for financial management but have a low score for risk or resource management.

In addition, having a more mature and standardised approach to project delivery makes the process of integrating new project managers into an organisation much more straightforward. This is something many clients have struggled with since in most cases, in spite of the economic climate, they tend to be recruiting new staff rather than looking to downsize employee levels.

When an organisation completes a maturity assessment and starts to see the outcomes, one of the immediate benefits is stronger senior management support for project initiatives. In addition, our clients have reported their status within the organisation is greatly improved and reduced incidences of project management being outsourced unnecessarily. Improved processes bring a greater ability to predict project outcomes accurately and respond to potential deficiencies more quickly.

Overall, the improved project success rates that ensue from improved organisational maturity help to energise an organisation, support the idea of a winning culture and enhance customer satisfaction all round. As they always say, success breeds success.

About the author

Doug Littlejohn is the COO of 20|20 Business Insight and an expert undertaking in project management maturity assessments for companies.