



Travelling Companion

Hello, and welcome to The Infonomics Letter for November 2009.

Regular readers will know that my travel agenda has been intense during the past few months, mostly focused on spreading awareness and knowledge of ISO/IEC 38500 in Australia and internationally.

The travel demand for November has been such that I have been very glad of the opportunity to introduce Jan Begg as a guest writer for this edition. Jan is one of those rare individuals who is a practicing company director who also has a comprehensive understanding of information technology. In establishing her new consulting company, Azulin, Jan undertook an international survey of project success factors. She reports the results of that research for us this month. The first statistic that caught my attention is her finding that only 8% of projects are a complete success. This is almost exactly the same number as KPMG found in their global survey of 2005, which showed that only 7% of projects could prove successful delivery of the original objectives, as formally defined in a business case.

In the week of November 16, I delivered a briefing for the itSMF Australia chapter in Perth, followed by the final events in the ACS Education Across the Nation (EdXN) Series. Overall, the EdXN series has touched around 300 professionals in the IT industry, as well as a smattering of business executives and board directors who had been convinced by their IT staff of the potential value in the sessions. It's been most rewarding to have received extensive positive feedback from those who attended these sessions, with many people reporting that the sessions brought the standard to life for them. A further 30 ACS members participated in the one-day masterclass. Between them and the briefing participants who completed a survey, we have a rich set of data for a report to be produced for the next Infonomics Letter on the state of governance of IT in Australia.

It is interesting to contrast these numbers with international experience. Classes in Germany and Malaysia this year have attracted sixty participants – the majority of these being run over two days. And in Spain, as a guest of AEMES, I had the great pleasure to speak with more than one hundred IT professionals, leading academics, and senior business and IT personnel from major companies including Europe's fourth largest bank.

Effective governance of IT in the public sector is vitally important if we are to achieve the promised benefits of "joined up" government, e-government and e-health. This is a key reason why I keep watching the way the Australian Government is

implementing the response to the Gershon Report. The first Public Sector Governance Conference, presented by the Australian Institute of Company Directors in Canberra provided an opportunity to explain to government agency leaders the meaning of the first two Gershon recommendations, in the context of joined-up government and proper use of ISO 38500. The audience responded very positively to this session, with numerous comments and questions following. My aim was to stimulate thinking about the critical role of agency leaders in governing IT, and so it is good pleased to report that Infonomics is now helping one agency as a direct result of this exercise. While the positive audience response was pleasing, it may also be that it was in part stimulated by the representatives of the IT vendor who sponsored the conference, when they managed to turn their interesting-sounding topics into boring advertisements for their product!

Concern about control of major change and the relatively low success rates for projects appears to have become significant for the directors of Westpac Bank. In a move that has drawn comment worldwide (at least from eagle-eyed Infonomics letter readers), Westpac recently announced that it will oversee implementation of the bank's new retail systems from board level. Anybody following the developments at Westpac will be aware that it has merged with the smaller St George Bank, and that the executive team now includes quite a few who were at St George. Some (including CEO Gail Kelly) moved well before the merger – others have won roles as a result of the merger. In bank mergers, rationalising the technology is often seen as one of the major savings, and the Westpac – St George merger is no exception. However, according to press reports, it is turning the "big bank prevails" ethic of prior mergers on its head, and now Westpac will adopt much of the St George systems portfolio. With relatively young, but proven systems, it would appear that this will be a very strong example of the IT projects we discuss in *Waltzing with the Elephant* – a technology enabled business change where there is in reality not a great deal of IT to be done, but a great deal of business system change to be done. In this context, it is indeed important that the Westpac board oversee the effort, and make sure that the Westpac managers unlock themselves from past habits in the interests of a truly effective change. We will be watching closely!

Finally, sincere thanks to Carlos Francavilla from Buenos Aires, who has been most energetic in translating the Infonomics Letter into Spanish. The links are in Carlos' blog, [here!](#)

Kind regards,
Mark Toomey
30 November 2009.

Why don't projects succeed?

by Jan Begg

Why are most business projects a waste of time and money? Why do sponsors say that projects are failing to meet business needs? Why do organisations continue to repeat mistakes although the recipe for success is known?

This article explores these and other questions and looks for answers in collective experience. The role of IT governance and specifically project governance in reducing project risk will be examined in these deliberations.

In a recent international survey by specialist project governance consultancy Azulin no business sponsors said that project success was good. This shocking finding was underlined by the collective opinion of 55 senior executives, CIOs, project practitioners and service providers that only 8% of projects are successful.

Yet the participants did not hesitate when asked to list the preconditions for success. 70% said that clear goals, business buy-in, skilled project team and effective governance lead to success. The emphasis on each factor differed by role, for example CIO's said governance was the number one factor, whereas service providers had business buy-in first. Business sponsors and project practitioners agreed that for them having a clear goal was the most important factor.

in business initiatives with a significant technology component.

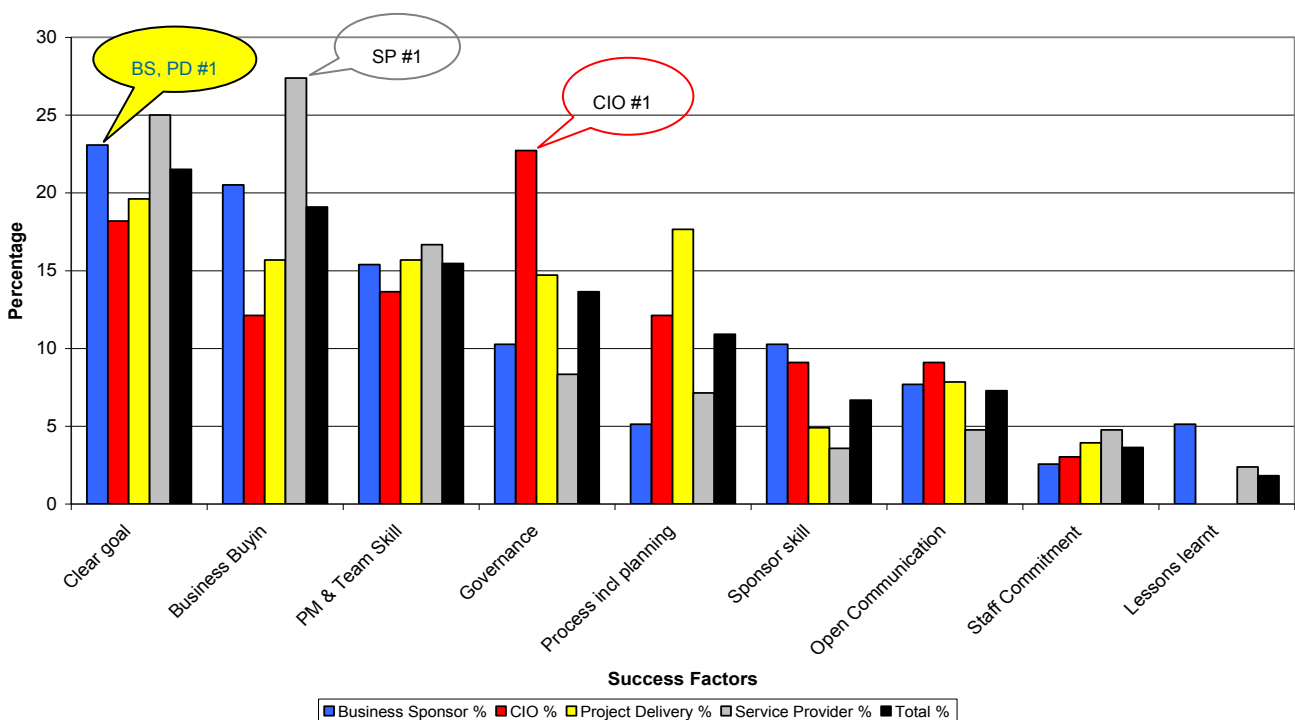
One survey participant observed that steering committees were in a cloud of delusion as to actual state of the project. Another commented that project reporting misses early warning signs. These examples of project governance failure are symptoms of knowledge and process issues. Is it too hard for the average executive to effectively execute their responsibility for project oversight? If a key governance artefact, project reporting, is failing it makes the job even harder.

Most managers have formal education qualifications such as an MBA or have completed reputable executive education courses. Is executive education failing managers?

Executive education concentrates on operational management and includes little more than a passing reference to project management. It is widely accepted that most people learn from experience and benefit from coaching and only 10% of learning is done formally. Managers must practice on-the-job, however this experience is costly and with increased labour mobility companies are tempted to buy-in qualified managers rather than provide development opportunities.

Strategy is still poorly executed, especially and specifically the driving of key projects that contribute to the objectives. In 2006 Graeme Cocks, Melbourne Business School's Professorial Fellow summarised the

Project Success Factors by Role



So what is going wrong? Is there an answer in project governance? The survey questions explored the relationship between project governance and success

critical drivers for successful implementation of strategy as focused leadership, visible management systems and good project management. All too often

business managers hire an external project manager and return their focus to day-to-day operational issues, confident that the project governance framework and attendance at monthly meetings will keep them informed of the situation.

The role and impact of project sponsorship is a focus for researcher Lynn Crawford, of the Lille School of Management in France (ESC Lille) and Bond University, Australia. With her international colleagues she recently conducted over 108 interviews relating to 36 projects in five different regions: Australia, China, Europe, North America and South Africa (<http://www.pmperspectives.org/>). Trying to answer the question: what is the sponsor's true role? She concluded that they are pivotal in project success through a combination of governance oversight, support and influence.

"Sponsors are often the critical link between corporate and project governance," says Crawford, "ensuring that governance requirements are met and that projects receive the support they need."

Of course sponsors must be excellent communicators and use their passion to connect the organization and the project. Project managers often focus on the sponsor's level of authority however Crawford's research shows that they must also have experience, knowledge, perspective and credibility.

What is the role of overall IT Governance in helping organisations to harvest real value from projects? The standard ISO IEC 38500-2008 provides us with a framework to understand responsibilities and the division between management and governance. It contains reference to "IT Projects" however I prefer Mark Toomey's terminology used in "Waltzing with the Elephant" - "Business Projects with IT Components". It is through these endeavours that organisations implement strategic change.

Toomey notes that projects are often complex and multidimensional. They frequently involve design of new business process, acquisition of new skills and establishment of new control structures. The governance framework should also allow for reviews to determine if the resulting project is still relevant and feasible. The Azulin survey found that only 33% of participants said that their organisations not only did project reviews but also actioned the recommendations.

The path to successful implementation demands project management and executive sponsor time, knowledge and skill, recognising and resolving obstacles, managing change and providing consistent leadership.

Is there any evidence that organisational maturity in project methodologies helps? There was a strong correlation between the level of project governance maturity, acting on review recommendations and project success. The organisations that had higher

maturity had project management at the core of their business operating model and their profitability depended on it.

CIO's know project success is not easy; they are constantly balancing IT operations, projects and business strategy. Many have invested in software development life cycle and project governance methodologies to lower risk. Evidence indicates project management capability has improved but project success is still not good enough. Although project management skills have improved business sponsor skills have not kept pace. This imbalance produces increasing frustration and delays in decision making, budget blow out and implementation delays.

The Azulin survey also found that 89% of organisations did not learn from past projects. Strikingly CIO's were the most pessimistic, not one said that organisations learnt any lessons although they acknowledged that individuals did. Is this a case for retaining project management capability in-house, or at least having a strategic approach to which skills are contract or permanent, balancing short term costs with longer term outcomes?

The GFC has reduced the availability of investment funds and approved projects must deliver real business benefits. Those organisations that increase their project success will gain competitive advantage by successfully completing initiatives that deliver. To achieve this success project sponsors must focus their leadership, get effective coaching so that they can ask the right questions and be aware of the common causes of project failure.

Understanding ISO 38500

The Infonomics ISO/IEC 38500 education program is all but complete, with the National University of Singapore conference on governance of IT on December 1 being the final event. There is a new calendar of events coming for 2010, along with some major developments in our approach to spreading understanding of the standard and, perhaps more importantly, how to use it to control risk and increase value from spending on IT.

Keep a watch on the [Infonomics Site](#) and forthcoming editions of The Infonomics Letter for details.

Buy your (boss an) Elephant book

What a great Christmas present for your boss, project sponsor, CIO or CEO! Waltzing with the Elephant is designed to help them all direct and control IT.

Buy it at [The Infonomics Shop](#) or find other channels at the [Infonomics web site](#).