Project Management:
Causes of failure

Confucius says, *"Study the past if you would define the future"*, here at Greyfly we say apply "bespoke AI technology supported by experts using best practice techniques to increase project success"

Desk Research & Interviews

In 2018, Greyfly reviewed academic research and project management reports from independent organisations and professional bodies, such as the Association for Project Management (APM), Project Management Institute (PMI) and Management Consultancies Association (MCA), to examine and identify causes of project failure.

This research was supplemented with interviews of Directors and Senior Managers, (across Media/Telecoms, IT and Utilities) to establish a consolidated view of the reasons for project failure.

Recurrent themes for causes of failure were identified and these have been split into organisational, project and external factors below.

Organisational

Definition: Organisational factors outside the project manager's control that reduce the likelihood of project success.

"There is some standard complexity, not having clear sponsorship, not being clear as to what it is we need to get out of the project and knowing whether we are going to get it"

Key causes:
• Overall **company culture and the environment** across and between functions are cited as the most likely to impact project success or failure and are often underrepresented within governance frameworks. In fact, 56% of the responses from the PM Solutions survey in 2018 claim organisational culture is in the top two challenges that mostly constrain project implementation.

• Lack of active engagement and support from **sponsors and stakeholders** inhibits communication, compromises the clarity of requirements and defers the decision-making process, causing project delay and potential failure; leading to change conflict and mismanagement of expectations.

• Inadequate **business change management** can result in significant stress, unrest and resistance - adversely impacting project delivery and performance while increasing risk, staff turnover and cost.

• Most notably for bigger corporates, their scale and scope can create a large **variation and inconsistency** in delivery approach.

Project

Definition: Project problems that directly influence the likelihood of success.

"They are trying to do more projects that may be far riskier or far more innovative, but they usually treat them all exactly the same"

Key causes:
• **Poor governance** is a major contributor to project failure. Governance appropriate to the scale of the project and accountable decision-makers with necessary delegated authority is required.

• **Planning** and sizing activities are critical to determining required resources and allocating time. Inappropriate planning often occurs as risks and resources are underestimated and unrealistic approval expectations are set. As a result, inappropriate or reactive planning contributed to 45% of IT project failures (McKinsey, 2012).

• Not gathering, agreeing and controlling the **business requirements** from stakeholders and sponsors and failing to manage expectations well. Actually, PMI (2018) reported this as one of the top three causes of project failures (35%).

• Another reason for project failure is the lack of an appropriate **business case** with supporting forecasting and tracking – especially in relation to changes. This is reflected in the upfront **benefits** and **realisation** post-project. Consequently, poor decisions are made, due to a lack of clear and measurable indicators of success, which would be the usual **key performance indicators** monitored throughout a project.

• **Budget control**, either too tight (introducing restrictions and/or delay) or too loose (introducing uncertainty and/or poor financial visibility and control) can also cause project failures.

• Lack of the right **skills, capability and understanding** of roles links to resource planning and allocation. For example, in their 2017 research APM confirmed that poorly trained project managers are the biggest single cause leading to project failure (32%). Moreover, the team members' commitment, communication and motivation are additional subfactors influencing project success.

"We are so pleased to have been successful in our bid to the consultancy framework and look forward to working with the BBC to provide value for money, experienced, results driven consultants who use innovative systems and processes to assure project success."
Lloyd Skinner, Founder & CEO of Greyfly

• The failure to appropriately recognise the **nature of a project** (criticality, scale, cost, timescales and visibility) challenges all engagements, commitments, investment, requirements and support required to deliver the project successfully.

• Any project type or approach that is new to the company, always has a higher chance of failure due to the need for wider business understanding, engagement and support - most importantly **appropriate capability** and **best practice methods** with comprehensive and effective **business change management.**

External Factors

Definition: Outside of the direct control of the organisation. Considered in the early planning and design stage of a project and revisited during the lifecycle.

Key causes:
• **Regulation, economic, or political change** provides uncertainty that directly influences the level of risk in delivering a project. Any of these changes may shift the environment in which the project operates.

• **Innovation and disruption** or a requirement to be disruptive to compete. Change happens faster with increased risk (and reward) and typically technological advances and a drive for fast-evolving B2C products and services cause further failure.

Conclusion

"There is nothing that I am seeing in my current company that is different from any other organisation I have worked for"

Regardless of project type, these challenges are common across industries and vary only in impact. These common challenges show a number of universal project foundations are applicable to every project, organisation and industry.

So, projects may be very different, organisations may also differ in size and scale, and industries have many and varied drivers BUT the high-level causes of project failure are the same.

Seven Foundations for Project Success

Based on this extensive research, Greyfly has established seven foundations for project success.

The Greyfly assurance and delivery framework are built on these seven Foundations to improve confidence in, and the likelihood of, project success.

As well as providing bespoke assurance services, Greyfly also:

• Provides the support and guidance required to deliver assurance improvement plans;
• Assess overall and specific skills and capability and help improve the internal capability;
• Supply knowledge and expert resources, supporting delivery.

Greyfly's increasing development and adoption of Artificial Intelligence (AI) is also enabling faster and better value assessments of assurance and capability.

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