The Top 10 Reasons Projects Fail

How to Avoid the Most Common Project Related Pitfalls

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TOP 10 REASONS PROJECTS FAIL:

HOW TO AVOID THE MOST COMMON PROJECT RELATED PITFALLS

A practical review and approach to recognizing and avoiding the most common mistakes that derail projects and reduce client satisfaction when delivering Professional Services.

"Pitfall": Here is a word that has been used metaphorically for so long that few people know or remember the actual etymology behind it. In essence, "pitfall" refers to a trap for hunting made by digging a hole, covering it with leaves and branches, and waiting for an animal to fall in.

While we all generally know what a pitfall is in the business world and understand that they should be avoided, the most obvious traps are still sometimes the ones we fall into - especially when managing projects with dozens of competing priorities that distract us and take our eyes off the trail ahead.

When buyers of professional or consulting services respond to satisfaction surveys, three consistent themes emerge regarding project management:

1) **Project Methodology** - Project managers need to refine and strengthen their organizational and communications skills in order to deliver projects more effectively.

2) **Cost & Value** – Customers want to understand the extra value they receive for the higher cost, specifically around the use of a project methodology and manager.

3) **Quality** – Customers are often concerned that while there was some level of testing in place, quality controls were not consistently used.

Keeping these themes in mind, this paper will identify the top 10 reasons projects fail and focus on how to avoid these common project management "pitfalls". *Actually, RTM Consulting has discovered through research that the #1 reason projects fail is the failure to get the right person in the right place at the right time – a lack of great resource management – so this paper might be more accurately described as "the next ten reasons projects fail." Since our white paper library has substantial material on the importance of resource management to effective project execution, this paper will focus on ten more identified reasons from the project management domain and how to avoid these pitfalls.*

Reason #1 – Lack of Risk and Issue Management

Good Project Managers spend 90% of their time communicating. This may occur in a variety of ways, but ultimately, communication is the most important critical success factor for bringing a project in on time, on budget, and delivering the scope the client requested. Yet when the pressure is on and time is limited, one of the first and most critical pieces of communication is often ignored -- the Issues and Risk log.

If you are not familiar with the difference between an issue and a risk, consider this simple illustration. Assume you have just purchased a cabin in the mountains. While a beautiful three level get-away has some of the more scenic overlooks in the county, it also has the highest fire danger in the land, so you do everything you can to mitigate that risk. In the summers you clear back the brush. In the late winters you remove the fallen trees. And to top it off, you maintain enough fire insurance to cover your losses in the event there is a fire. This is your risk mitigation plan. If a fire does come along and destroy your dream cabin, now you have an Issue! In short, Risks are problems that might occur, whereas Issues are problems that are happening now.

One of the most prevalent problems we see with Issue and Risk management is that they are turned into monumental efforts, when most could be recorded in seconds and maintained in minutes a day. On one particular project, we interfaced with a Project Manager who ended his one year engagement with 18 issues recorded. What we discovered was that each issue had taken hours to draft, and hours to maintain and support through closure. Issue management was so complex that it required nearly 50% of a project assistant's time. In the end, the project failed and one of the reasons was that key issues were not raised. Why? When questioned, the team revealed that raising an issue felt like a punishment rather than a benefit.

Issue and Risk management is a *Safe Harbor* activity in a project. If, at the end, a project has logged 300+ issues and 100+ risks, who cares? It's better to log a couple of sentences and keep track of what needs to be done to ensure the project remains on task.

Best Practices for Issues / Risk Management

1) Setup a simple Issue and Risk tracking log in a spreadsheet workbook.

2) Have the PM review and work the list at the beginning and end of each day. This does not mean every issue requires attention twice a day, but the PM should be constantly thinking about who, how and when the issue can be reconciled. 30 minutes, twice a day, is enough to stay on top of and quickly resolve issues and risks. At RTM Consulting, we call this 'daily risk management'.

3) Every status meeting should cover the relevant topics in the Issues and Risk log. If there is not enough time, schedule a second meeting.

4) Issue logging should be easy and efficient and not a major task or project unto itself. Any issue that requires more than 30 seconds to read through on the log is too complicated.

5) Create a culture where Issue and Risk management is a part of the normal process of a project and not something to be embarrassed by or penalized for. Encourage this activity as a *Safe Harbor* activity.

Reason #2 - Not Planning for Project Related Meetings

One of our consultants recently saw this sign advertising a meeting:

> Are you lonely?
> Do you **hate** having to make a decision?
> Would you rather talk about it than do it?
> Then why not….
>
> # HAVE A MEETING!
>
> Meetings will help you:
> • feel important • sleep in peace • offload decisions • get to see other people • impress (or bore) your colleagues • learn to write volumes of meaningless notes
>
> And the best part, you can do it all *ON THE CLOCK*! MEETINGS: THE PRACTICAL ALTERNATIVE TO WORK!

Meetings are often perceived as the way to get work done, however, consider the impact an ineffective meeting can have. A series of poorly facilitated meetings can lead to lower attendance by key stakeholders resulting in poorly defined requirements, lower control, and less than desirable results from a project.

The noted CEO of a leading plastics manufacturer enforced four transforming rules for all meetings:

Rule #1 – All meetings must have a written agenda.

Rule #2 – All meetings must result in either a list of action items or the closure to an action item(s). If not, the meeting was a waste of time (after meetings he would quiz people walking out about the action items).

Rule #3 – If someone was invited to a meeting and did not speak up, then they should <u>not</u> be invited to the next meeting. Participation is required.

Rule #4 – No status meeting is to last more than 45 minutes (this CEO would often cut off discussion and end meetings promptly at the 46th minute).

While there were at times exceptions to these rules, they were rare.

Best Practices for Meetings
1) Be organized; always prepare a formal agenda.

2) Have a pre-designated leader or moderator.

3) Keep the meeting on track, avoid tangents, and use the 'parking lot' to record unrelated issues for handling another time.

4) Emphasize next steps, action items, and what it will take to close issues.

5) Document the results of a meeting and email out within 1 business day.

6) Respect people's time: Start on time - End on time.

Reason #3 – Project Management is an Optional Activity

Once, there was a person in a hot air balloon, and when he spotted someone below, he lowered the balloon closer to the ground to get his attention, and shouted, "Hey, I don't know where I am. Can you help me?"

The man responded, "You are in a hot air balloon. You're about twenty feet above the ground, three miles east of the Mississippi river."

"You must be a Geologist," the person in the hot air balloon replied.

"Why yes!" said the man below, "How did you know?"

"Everything you have told me is true, but I don't know what to do with this information. Honestly, I am still lost. You haven't been any help at all," he explained.

"Ah, you are a Project Manager," noted the man on the ground.

"Yes, I am a Project Manager. How did you know?" the balloonist responded.

"You have no idea where you are or where you are going. You've gotten to where you are now due to a lot of hot air. And now you expect me to fix your situation. You are in the same situation now as you were before I came along, but somehow this is my fault!"

As funny as this classic project management tale is, the biting fact remains; there is some level of truth to it. If perception is reality, then the reality is, Project Management is an often misunderstood profession whose value has been lost to many.

We contend that misperceptions about the value of Project Management typically have less to do with the skills of a Project Manager and more to do with mismanagement of and lack of communication around the value that some critical aspect brings to a project. When communicating to a prospective client about adding Project Management to the initiative, always keep in mind what is important to them, not you!

Best Practices for Communicating Project Management Value

1) Have a project management value proposition elevator pitch ready. Be able to articulate in 30 seconds the value project management brings to your product or service. A confident, quick answer is often more effective than a rambling narrative and 20 presentation slides.

2) Focus on the value project management brings to the client and avoid its benefits to your company. A major perception from clients is that a project manager is present to help their vendor and not themselves. Constantly highlight the actions and deliverables that a PM will bring to the client and how it will make their life easier on the project.

3) Keep to the "1 Collar" theory. In classic business culture customers would often demand that they wanted "1 collar to grab" when they have a problem with their vendor. The same is true with project management. Spreading out levels of accountability across several people and organizations decreases the ability to be successful. 1 person needs to be accountable for the delivery of your project, not a team.

4) Have a project methodology that is flexible enough to be "right-sized" to the engagement. Clients do not want 9 inches of project management methodology and control processes to read…they want just enough to get the job done right.

5) Don't give away project management for free! People don't value what they don't pay for. When project management is not paid for…don't fake it and try to have someone just do it in the margins. Where there is no project manager, there is no project. Where there is no project management – you have staff augmentation!

Reason #4 – Padding of Estimates

Have you ever thought about the word "Estimate"? The most fundamental definition of this word implies that an estimate is a rough idea of how long something will take or how much it will cost. The key words here are "*rough idea.*" Think about what an oxymoron the concept of a <u>*Fixed Bid Estimate*</u> really is.

Part of the root cause of estimate padding resides in the fact that most organizations do not have a basic estimating strategy. Classically, there are three types of estimates, as the following figure depicts:

Analogous

- Ball-park (not precise)
- Expert prepares
- Based on history or similar projects
- "Back of a napkin" approach
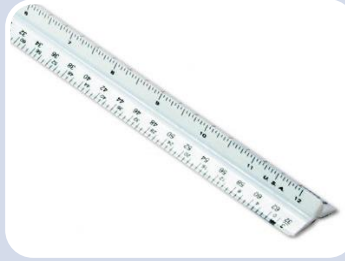
Parametric Estimation

- Considers project characteristics to calculate total costs of the project
- When historic information is available these parametric estimations will be more accurate
- **Examples:**
  - 1 Report = 20 hours, thus 10 reports will take 200 hours
  - A house costs ~$125/sq. foot to build

Bottom-up approach

- Estimating starts from the bottom most part of WBS hierarchy (work package)
- Work packages are divided into activities
- Summing up work packages to modules or groups, summing up different modules to stages, summing up different stages to project is the bottom-up approach method
- The people who will actually do this work should create the estimates

Best Practices to Avoid Estimate Padding

1) Understand what type of estimate is being created and communicate that to the client and all key stakeholders.

2) Enforce semantics and dialogs that see estimates as *guesses* and not facts.

3) Develop a system of *Contingency Factor* that is based on estimating type (see above).

4) Teach people to develop estimates that do not have padding. Educate them that the contingency factor will address any need that padding may account for.

5) Consider developing a *Risk Budget* for specific areas of an estimate that have the most exposure for cost overruns.

6) At the end of a project, have a feedback loop into estimating that emphasizes lessons learned rather than success or failure based on how well a project came in on budget or not.

7) Reward collaboration on estimates.

8) Avoid the "1-size-fits-all" estimation models and spreadsheets.

Reason #5 – Not Reviewing Lessons Learned

> **Those Who Do Not Learn from History
> Are DOOMED to Repeat It!**

It seems like a simple idea, however, we would venture that less than 95% of all projects ever look at lessons learned from any similar initiative before they start. Why? It has nothing to do with a lack of desire, but more often than not, with how and when a project team is engaged. Think back to the last five projects you have been involved with: how many had a project manager assigned, with some reasonable period of undisturbed preparation time prior to the kick off? If you can think of many, you are in the minority on this topic.

In most cases the project manager and the related team are finishing up their previous engagement while they are starting their next project. This is a classic case of project overlap. In cases where there is a break, the team is often pressed to put in time toward corporate initiatives or training which were previously skipped or delayed due to past project commitments. In the end, the root cause is simple: lessons learned are not reviewed because time is not made available for this critical task.

Best Practices for Reviewing Lessons Learned

1) Part of a Project Manager's performance review should be how well they completed, communicated and stored previous project lessons learned.

2) Host an internal pre-project planning meeting for the sole purpose of discussing previous and similar projects. Invite project team members who worked on the similar project and most importantly, invite people who have worked with the client before.

3) Don't focus on the obvious, but consider the subjective aspects of how a client works. Often, a project team member who has worked with a client before can provide some simple "rules-of-thumb" the client lives by, that are among the most important lessons learned available.

4) For every line item in a previous lessons learned, make sure there is a corresponding:

   a. Line item in the new projects WBS detail, or…
   b. Line item in the Risk Log, or…
   c. Line item in the Issue Log.

   > ** Note: If a previous lessons learned is not relevant to the existing project, still force the item to be recorded as a NA (not applicable) issue in the Issues Log with a reason why in the comments section.

Reason #6 – Ineffective Project Charters

> Every project begins with a Charter
> This isn't a matter to barter
> It enhances success
> This isn't a guess
> Not doing it makes the job harder
> — Project Management by Bruce R. Shaw

Within the project management community, there is possibly no single document that is more misunderstood than the *Project Charter*. While there is overall consensus that they should be developed, there are three general complaints that often hinder the writing of a project charter, or as referred to in the Prince2™ methodology, a PID (Project Initiation Document):

"They take too long to put together"
- A quality Project Charter is concise and should take hours to craft, plus a few hours to refine and secure sign-off.

"The information is too high level to be useful"
- A Project Charter should have enough detail to fill up an hour long presentation. A good Charter will allow a stranger to walk into the project, read the document, and within a half-hour understand the *what*, *why*, *how*, *how long*, and *desired results* of the project.

"No One Reads Them!"
- This may be true, but it is not an excuse! At the very least, having a project charter shows that someone (namely the PM) thought through the critical points of the project before work began.

Best Practices for Writing a Project Charter

Whether you are a PMI™ or Prince2™ advocate, the best practice for success is documenting a few key pieces before a project starts. These include:

Project Title	Background	Scope Statement	Objective	PM Assigned & Authority
Stakeholders	Communication Plan	High Level Schedule w/ Milestones	High Level Risks / Issues / Constraints / Assumptions	

The general rule of thumb is that if it takes a Project Manager more than four hours to write the first draft of the project charter, plus about two more hours to socialize and update it, then the project charter is probably too long. This simple rule may not achieve perfection, but sometimes

"good enough" is just the right amount to set a vision and get everyone on the same page and establish the project manager's authority.

Reason #7 – Over Reliance on Project Tools

A mature PMO organization can sustain a large set of project tools, most likely because they have grown into them organically. However, a common mistake of a small or growing PMO is to try and quickly adopt a large set of manual and computer supported project management software tools. Additionally, there are other "crutches" that project managers lean on too much. These include:

1) Project scheduling software as the sole source for project status.

2) Project dashboards, which are either too high level or too detailed to communicate status effectively.

3) Project methodologies and PSA systems that are so detailed in nature that just maintaining them becomes its own sub-project. Note: RTM Consulting believes strongly in the importance of methodologies and automation tools – the key here is that they be used for the right applications, and not be viewed as the 'answer to all our PM problems'.

4) Relying on email and instant messaging as a means of formal communication.

Best Practices for Project Tool Selection

Regarding each of these same 4 areas, consider the following best practice suggestions:

Project Scheduling Software (e.g. MS Project)

- **Solution** : Project scheduling tools should be used by a small subset of the project team. All other stakeholders should receive either PDF copies of canned schedule reports, or re-summarized and simplfied reporting in another format.

Project Dashboards

- **Solution** : Dashboards need to be flexible enough to change with the changing demands of the organization, but be simple enough that a PM can do their weekly updates in less than 30 minutes.

Project Methodologies

- **Solution** : Develop a "Project Typing" framework that applies just the right number of PM deliverables and controls to meet the scope, schedule, cost efforts of the project presented.

Email and IM

- **Solution** : Email Rule of Thumb – If the text on the screen scrolls at all beyond the frame, then: write a document, hold a meeting, or make a call
- **Solution** : IM's – If you are past 5 IM's with a person, you are having a conversation… so call them! Better yet – go and meet with them.

Reason #8 – Lack of Face-to-Face Time

A recent global survey by *NFI Research* showed that 67 percent of senior executives and managers say their organization would be more productive if their superiors communicated more often by personal discussion. Even while most executives desire more personal discussions with their teams and direct reports, the most common method of communicating employed by these same business leaders is e-mail.

> *"Too many people take the easy way out and try and do everything via e-mail and in a lot of cases consume more time on both sides of the equation than they would have by simply picking up the phone or going to see the person,"* said one survey respondent. "*I often find that when I look the other person in the eyes and ask them something I get far more than I ever would over e-mail."*

> *"Personal discussion is the foundation of communications,"* said another respondent. *"Once this foundation is established, it enables all of the other forms of communication. Having a personal connection builds trust and minimizes misinterpretation and misunderstanding."*

Project Management is 90% communication. How effective is this communication when 100% is done remotely?

Best Practices for Improving Face-Time Communication

Motivational speaker Tony Robbins once said: *"To effectively communicate, we must realize that we are all different in the way we perceive the world and use this understanding as a guide to our communication with others."*

While no person can ever fully control communication they can influence it. This can be done by:

1) **Ensuring proper communication decoding is occurring:** One of the axioms all managers should live by is that it is their responsibility to make sure that the message given is received and understood.

2) **Paying attention to non-verbal's**: 55% of communication is non-verbal, thus face time with team members and clients is essential.

3) **Observing paralinguals:** Pitch and tone of a person's voice provides a great deal of meaning. With this concept in mind, consider how much meaning is lost through email and instant messaging since these mediums do not translate paralinguals.

4) **Active listening & feedback:** Confirmation of the message. Repeat back what has been said: "let me summarize what I just heard".

> The more elaborate our means of communication, the less we communicate.
> - Joseph Priestley

Reason #9 – No WBS

WBS (Work Breakdown Structure): The WBS is a task-oriented detailed hierarchical breakdown, which defines the work packages and tasks to a very low level. Graphically the WBS appears like an organizational chart tree structure, which shows a subdivision of effort required to achieve an objective:
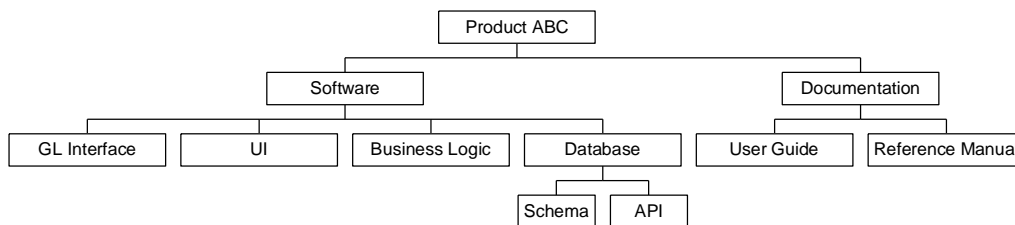
Best Practices for Ensuring the WBS Is Done

Developing a WBS is often times more of an art than it is a task. Not everyone is internally *wired* to develop a good and thorough WBS. Even some of the most skilled and successful Project Managers struggle to create a proper WBS. However, all is not lost. There are some simple tips that can be followed to create this critical planning document. Even a simple WBS is better than no WBS at all.

1) Keep the number of tasks/activities under control - stay under 600 tasks or else break the project into multiple sub projects for large projects.

2) Break the work down in to logical packages avoiding the details of each aspect of the package.

3) Relationships (Predecessors) - start with your tasks and then add relationships.

4) Have a common standard for updating "% Complete".

5) Avoid Resource Leveling – while many software schedule tools perform this feature, in practice they add a level of complexity that can quickly derail good planning.

6) Distribute high level views of the WBS to all key stakeholders for feedback (better yet – schedule a meeting to walk through the high level WBS before drilling down into each package).

7) Start with team collaboration then lock yourself in a room. Software tools such as MS Project™ are a great way to organize tasks, dependencies, and even relative schedules, but finalizing a schedule in front of a crowd is frustrating for everyone.

Reason #10 – Gold Plating

Have you ever heard your project manager say *"We have scope creep!?"*…followed by your lead developer saying: *"I don't know where it came from, but you have to see this cool widget we have added…"*

Gold Plating is an old term that refers to allowing for small changes to occur in a project that do not go through change control approval.

Developers are fascinated by new technology and are sometimes anxious to try out new features of their tools, languages, and environments, or to create their own slick widget, regardless of whether or not it is required in their current product development scope. Even the smallest of added ("gold plated") features requires time for design, testing, implementation, documentation, and eventual support, all of which lengthen the schedule and increase cost.

Best Practices for Discouraging Gold Plating

There has been much written on the topic of scope management. There are countless best practices that deal with when, where and how scope creep can be identified and stopped, yet, it still occurs. The best suggestion may actually be not to *discourage* "Gold Plating", but to *encourage* it! Taking a lesson from mom and dad, sometimes reverse psychology is the best way to drive the correct behavior.

In one particular European technology company, there was a monthly contest to come up with the best new software feature or widget. The rules were simple:

1. All development must be done outside of normal office hours and be non-billable to the company or client.

2. All development must be done in a *Sandbox* development environment, away from project code and critical systems (Note: This aspect did require the company to provide additional environments to support ad-hoc development).

3. All development must be accompanied by a short whitepaper on the nature, benefit and ROI of the new feature as well as whom the target customer(s) may be.

Monthly prizes worth several hundred American dollars were awarded, coupled with a recognition celebration. At the end of the year two additional prizes were awarded. One prize went to the best idea of the year, while the second was awarded to the idea that made it into a product and netted the biggest ROI.

While no one idea will eliminate "gold plating," there are some creative practices that can encourage this entrepreneurial behavior to manifest itself through the proper channels.

Closing Comments

In the end, the root cause of most project pitfalls is a lack of coordinated planning around project communication. Keep in mind:

- Communication happens.
- Good communication happens on occasion.
- Great communication takes work and planning!

ABOUT RTM CONSULTING AND THE AUTHORS

Cincinnati-based RTM Consulting provides strategic and operational advisory services to technology companies and other industries to assist them in increasing revenues and growing margins by leveraging consulting, professional and support services more effectively. Specializing in Global Resource Management, Project/Portfolio and Knowledge Management, and Services Business Optimization, RTM Consulting helps IT hardware, software and pure consulting companies achieve the benefits associated with successful services portfolios. With its unique Just-in-Time Resourcing® solution and Business Acceleration Services, RTM Consulting helps large, medium and small firms move beyond theory to practical application of industry best practices and achievement of exceptional results in the shortest possible period of time.

Randy Mysliviec leads RTM Consulting, providing high impact advisory services for technology companies' professional and consulting service businesses. Acknowledged by industry sources as an expert in Global Resource Management (GRM) and author of the Just-in-Time Resourcing® brand of solutions, Randy helps multi-national companies with the complex challenge of operating professional services teams serving the global market. He is a founding member of the Technology Professional Services Association (TPSA – now TSIA - the Technology Services Industry Association) and served as a member of the TPSA Advisory Board.

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