

Week 1 – Project Failure

- Peter We're told, Helen, that 31% of information systems projects that are undertaken today fail. Can you tell us what you think the major reasons for project failure?
- Helen Interesting question, Peter. Actually I would like to think that projects don't fail. I think they may be delayed in time, they may have cost overruns or they may look different from what they started from but I would like to think that in essence (and I may be specifically be talking about us) we don't necessarily have failed projects. As I said they will change the way they look because oftentimes it's a communication issue – we thought we understood what the user wanted and then maybe built according to that and then the user says, "Well that's not what I really wanted" – so it may change the look and feel, we may take longer to do certain things but I don't think personally that many projects fail. Some projects wane on the vine quite frankly because the sponsorship starts waning. So maybe that's where the failure number come from that you're referring to comes from; I would really stay away from the word "failure".
- Peter Thank you Helen. Bruce, your thoughts on this topic?
- Bruce Well, coming from the construction industry, I'm going to put into context what failure is. We have projects that go over budget, certainly, and we have some jobs that don't add to our profit line – we consider that experience – but there are possibilities of failure. True failure is catastrophic to a construction company, and I can give you a few examples. It doesn't happen very often – it hasn't happened to us and we've been around since 1951 so we've had longevity through good luck and good management. But I have started to think about where those potential failures could come from. There's a possibility of a technical failure – often we get the drawings from someone else so we're not on the hook for that technical issue – but occasionally we do design-build jobs. We did the Skydome (well, was the Skydome, I guess the Rogers Centre now) and that was a design-build job so we were on the hook for designing a retractable roof stadium in a time where there was no large-scale retractable roof stadium in the world so there's a huge risk. Don Smith, who's the founder of the company, bet the company on that, and in the end that worked, but there's a huge potential failure risk but it takes a lot of intensive effort to build a prototype that works - the actual operating building. So there's a technical potential risk that could cause a project to fail.
- Peter Hao, in your experience, why do projects fail?
- Hao I think there are two areas that I often see projects "fail". I say "fail" because it's all about how you set out the expectations. When you say a

project fails – do you mean that it had cost overruns or was delayed in time? If the project can still meet the original objective, do you call it successful? It really depends on expectation management. And that's where I see the most of the projects "fail". It is not being able to manage that expectation going in – 'it will take this long?' and 'it will cost this much?' And by the way, there are a bunch of risks over here that if you do not check on them on a regular basis and act on it, it will fail. And these are the two areas where I see, day in and day out. 80% of the projects in which we are involved in that fail have those two criteria not being met. But is this really called "failing"? I think it depends on who is defining the expectations upfront.

Helen Just to that point, real quickly, I think that's a good ending note. 'What does failure really mean?' I think every organization, or maybe every industry we heard, defines what failure means in that particular case, so hence why I indicated that for us it has to be something catastrophic, and therefore failure, I think, is within a manageable definition within each context and within each organization. And so, I think that's a good point. It's one of those words that you have to be careful with. What does it really mean?

Peter Absolutely. And of course what you're telling us too is that the definition of the project, actually having that clear at the beginning is very, very important. Thank you.