



cutting through complexity

Project and Programme Management survey 2015

Are you getting the most out of it?

April 2015

kpmg.se

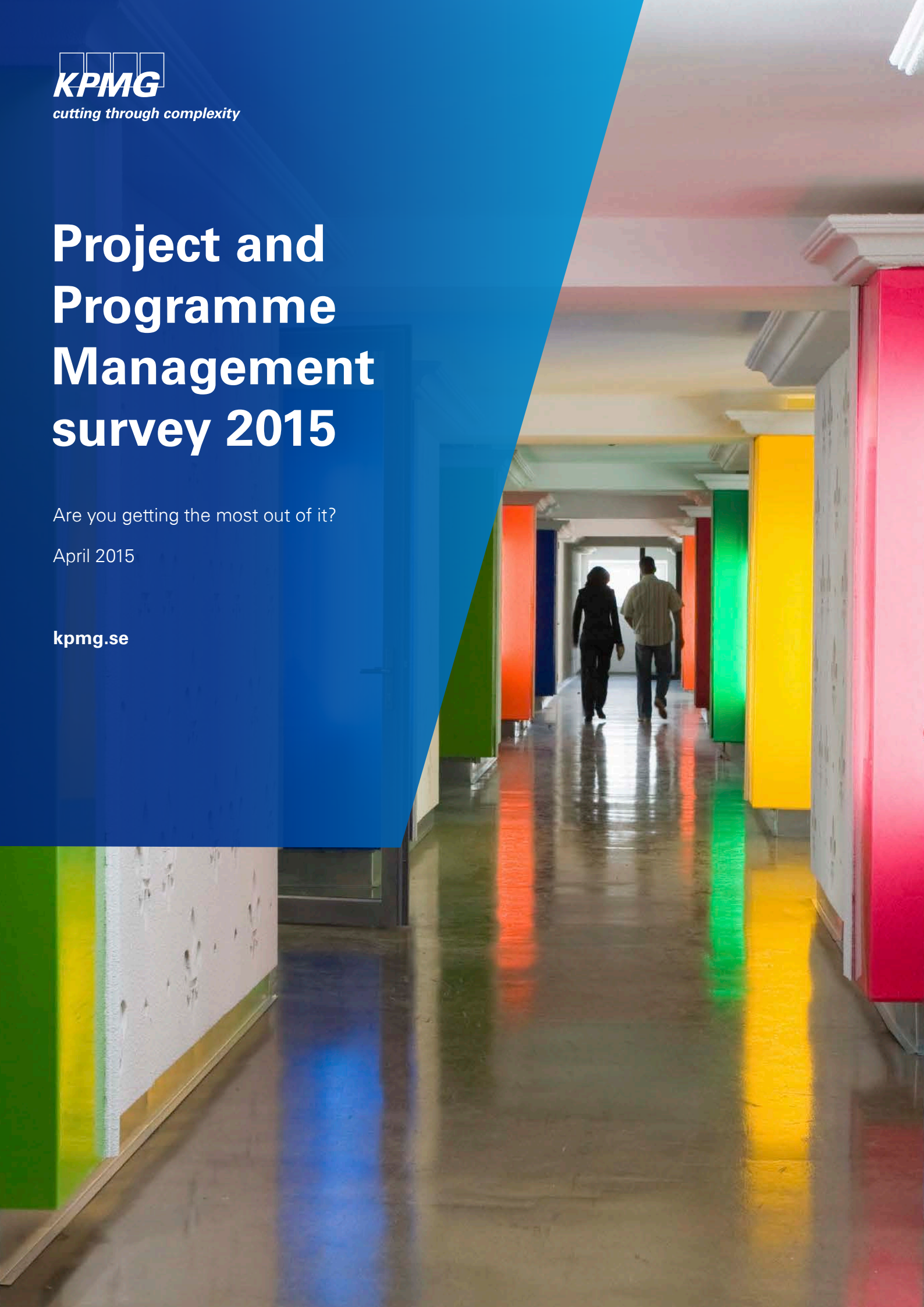




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Preface

by Magnus Sjöström and Per Braun

Obtaining as many benefits as possible, while facing limited budgets and resources: in 2015 this is of more importance than ever. Since our previous survey in 2007, we expected that organisations would have progressed more rapidly in the application of project and programme management. At the time, it transpired that organisations were able to acknowledge the importance of well deployed project and programme management, but this did not result in actually applying them.

Do organisations accept their current performance?

This new research has highlighted how organisations still do not execute project and programme management in a structured manner. At the present time in particular, after two consecutive economic crises, the drive to execute projects efficiently and effectively should be evident. However, organisations increasingly acknowledge the added value of structured project and programme management. In addition, the amount of available methodologies and best practices such as the deployment of a Project Management Office (PMO), Quality Assessments (QAs), change management and benefit management has increased significantly. However, in practice, the appliance of these methodologies and best practices stagnates. In our study, only 20% of the organisations actively monitor benefit realisation.

For this study we have conducted a survey and collected data from more than 50 representatives of large organisations in Sweden. Our main target group for this survey has been CFOs, CIOs and project managers from a wide range of industries. The results have been analysed and compared with previous studies conducted in Sweden as well as abroad.

In this report we guide you through the most significant and striking research results. Where possible, we clarify how you can improve the performance of your organisation. We conclude with an overview of possible causes for missed opportunities. We hope that the insights offered can serve as a guideline for your organisations to further improve your capabilities.



Magnus Sjöström
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Executive summary

Still relevant from 2007

- Project failure rates are still high.
- Business cases, when applied, still focus primarily on costs and financial ratios.
- Organisations still use own project management methodologies to a high degree.
- Few organisations consider their project management process to be formalised, well-proven and effective for achieving their purpose.

New in 2014

- Business cases are applied more formally and are used more frequently.
- Organisations conduct risk assessments in their projects to a higher degree.
- The importance of qualified and experienced project leaders has increased.
- The use of PMOs has increased significantly.



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- 01 Increased importance of projects, yet success rates lag behind
- Out of a total of 52 respondents in our survey, Only 8% responded that the majority of their projects deliver on time, within budget and with 90% realised benefits. Despite this, organisations still consider projects as important instruments for realising their strategic goals. In fact, our study indicates that the importance of projects increases.
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- 02 Structured project management contributes to success
- The success rate of projects increases when a formal and structured project management is applied and organisations using business cases more often deliver projects within budget. However, it is alarming that only 8% of the respondents consider their current project management process to be centralised, well documented and with a strong and proven approach. Finally, a positive trend we have identified is that risk management has become more important in projects today. Risk assessments conducted properly increase the quality of projects.
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- 03 Management of benefits is essential, in all phases
- As little as 20% of organisations manage benefits through the complete project lifecycle. Even fewer conduct any form of evaluation to measure the actual benefits gained from projects. Benefit management helps projects to aim for results which are of significance to the business. Subsequently, effective management and use of the benefits can, in combination with effective change management, lead to actual realisation of those benefits. We have seen that organisations recognise an important relationship between the deployment of effective change management and high benefit realisation, but at the same time regard their own capabilities and level of expertise in this field as low.
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- 04 Much to gain from structured deployment of Quality Assurance
- Generally, organisations today have a positive attitude towards Quality Assurance. 79% of organisations responded that they apply some sort of QA in their projects. However, very few use a standardised and formal process. Instead, QAs are most commonly apply only when considered necessary. In order for organisations to manage the increased complexity of projects, QA should be a natural element in every project. By deploying QAs not just after, but also before and during projects, the contribution of projects to the realisation of organisational strategy can be increased.
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- 05 Conclusion and future outlook: structural improvements possible
- Even though there are many well-proven methods and best practices available today, projects still do not deliver the expected benefits. An explanation as to why project results lag behind could be that projects today are more complex and organisations lack the knowledge of how to apply and make use of available methods. In order to ensure higher success rates in the future, organisations should learn and make use of available project management methods and apply a structured process for managing their projects.
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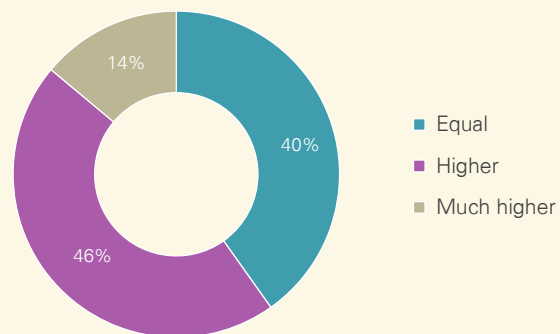
01 Increased importance of projects, yet success rates lag behind

60% of the respondents claim that the importance of projects for realising their strategic and operative goals has increased since last year. At the same time, the actual success rate of projects does not meet desired levels. Limited application of project and portfolio management is one explanation of these results. According to the respondents the main causes for project failure are:

- Unclear project goals
- Ineffective project management
- Failure in delivery of internal resources

“Nearly half of all respondents either do not review cost calculations or do not stop underachieving projects.”

How respondents rate the importance of projects towards the realisation of strategic objectives compared to the previous year.



A means for realising strategy

Projects play an important role in the realisation of organisational strategy. In order to facilitate the realisation of these strategic objectives, organisations can establish a portfolio management process. Within this process, organisations can monitor and prioritise within current projects to ensure the most efficient project portfolio. By doing so, the organisation can control both the composition and the performance of the project portfolio. Ideally, the composition of the portfolio reflects the organisation's strategic priorities.

In order to ensure that the portfolio actually serves its purpose, it is important to continuously reassess its composition and progress.

If the projects are no longer in line with strategy, or if the performance is insufficient in order to deliver the expected contribution to strategy, then it is rational to terminate projects and consider the invested capital as 'sunk cost'. This will lead to additional time and resources becoming available for more profitable projects. We find it alarming that as many as 48% of the respondents claim that, currently, they either do not review cost calculations or do not terminate underachieving projects.

Project results must increase

When asked about how many of the projects delivered on time, with expected quality and realised benefits, only 8% of the respondents stated that most of their projects fulfilled these criteria. Approximately 31% estimated

that 50-75% of their projects achieved these criteria, while the majority of the respondents completed only less than half of their projects as planned. These results are not surprising, and are similar to what we saw in 2007 when posing the same questions. However, these outcomes hint at opportunities that are of significance: Improved benefit realisation or reduced budget excess can greatly impact organisations. Experience with projects and proper portfolio management enables organisations to better manage their performance.

The process of composing a project portfolio

For participating organisations, the main motives for initiating new projects are improvement of business processes, improvement of technology and the development of a new product or service. Since the motives for new projects can vary, it is important to have the ability to choose the most beneficial projects for the organisation. A proper method for choosing projects facilitates the process of finding synergies between the different projects and helps meet company needs by creating a mix that aligns with the current business strategy.

Selection and management through portfolio management

Portfolio management has two core tasks. Initially, its purpose is to select, staff and initiate projects, i.e. to compose the project portfolio. Subsequently, portfolio management should manage the implementation of projects, that is to monitor the project performance. Deep understanding of portfolio management is a major success driver. If organisations apply portfolio management, they can ensure that projects will deliver in terms of organisational strategy.

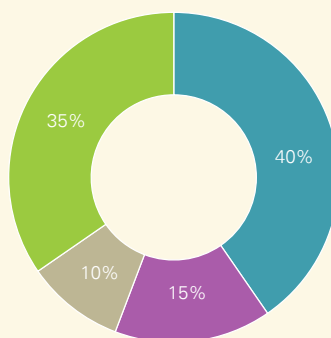
Out of all the respondents, only 44% currently consider portfolio management as a proper management tool, and not more than 40% of organisations apply portfolio management to both core tasks. At the same time, many respondents claim that lack of determination of organisational needs in the projects was one of the major factors for failure. Proper portfolio management helps organisations direct their projects to be

consistent with strategic needs and goals. Organisations which only use portfolio management for the selection of new projects miss out on opportunities to manage project implementation. If projects are monitored during implementation, it increases the possibilities of making modifications, such as terminating projects that are no longer relevant. According to our study, 37% of the respondents claim that they do terminate projects, but should consider this more critically by better management of project implementation.

Since we have seen that the complexity of the average project has increased, we believe that organisations would benefit from applying portfolio management to a greater degree. Higher complexity means that more focus towards both composition and performance of the project portfolio is necessary to control and monitor projects. The recognition of portfolio management as a powerful tool to manage projects must grow, and the rate at which it is applied in organisations must increase in order to improve project success rate.



How organisations focus on portfolio management



- Composition and performance of the project portfolio
- Performance of the project portfolio
- Composition of the project portfolio
- No portfolio management

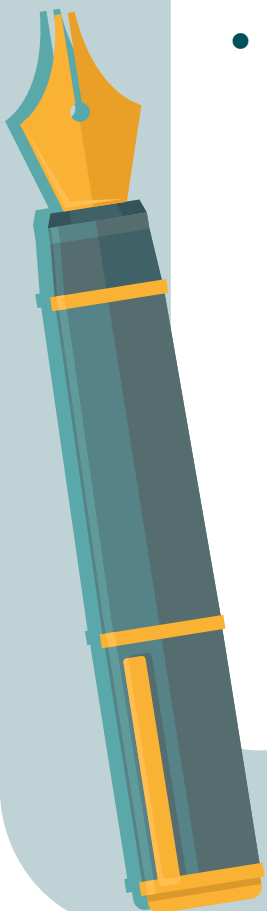
“Higher complexity means that more focus towards both composition and performance of the project portfolio is necessary to control and monitor projects.”

Increased importance of projects, yet success rates lag behind (cont.)

This is what you can do

Improving management and project implementation creates time for operating more competently and achieving more with the same effort and the same budget. The following measures contribute to this:

- Set up portfolio management for selection and active management of projects in order to enable better control in a changing environment
- Align projects with strategic objectives. Subsequently, prioritise projects based on the contribution to this strategy in order to maximise the benefit of the project portfolio
- Do not be reluctant to terminate projects.
This creates time and budgets for other or better alternatives







02 Structured project management contributes to success

Organisations that have formal or structured project management processes deliver a higher rate of projects with expected quality. Formal or structured project and portfolio management can therefore be greatly beneficial to organisations.

Smart use of PMO

Only 8% of the respondents consider their own project management process to be formalised, well-proven and effective for achieving their purpose. As many as 37% of the respondents use an informal project management process. However, 67% of the respondents claim to have a central project management office (PMO). The implementation of PMOs has increased since 2007, which indicates that organisations have taken steps in the right direction. Mature PMOs increase the possibility of completing projects on time and within budget. If the PMO is also responsible for portfolio management, the organisation can benefit from a holistic view of all ongoing activities. A PMO can ensure the correct deployment of supporting tools such as risk assessments, business cases, integrated project planning, resource management, project management methodologies, as well as setting training requirements.

Lessons learned derived from evaluations and project reviews can be applied by the PMO to new projects, thus improving the implementation of future projects.

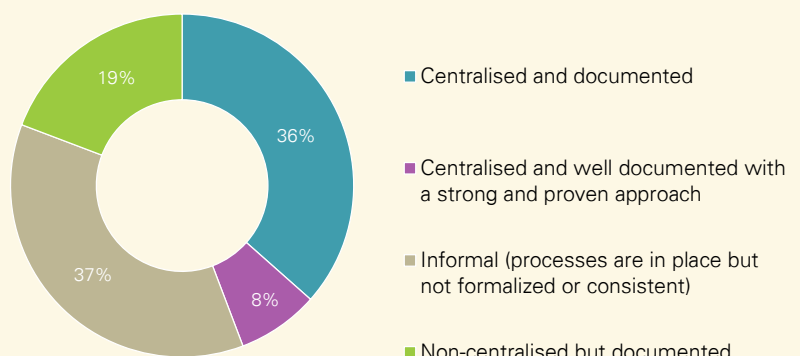
Staying ahead

Out of all the respondents, 63% rate their project management to be somewhat formal and 37% consider their project management to be informal. Our conclusion is that there is still a lot to be gained by improvements in the field of project management, as only 8% consider their project management process as a 'strong and proven approach'. In order to gain a competitive edge and realise maximum benefits from projects, structured project management is essential.

Deliver on quality using structured project management

Organisations which classify their project management as centralised complete more projects according to quality criteria. The table on the following page shows that 48% of organisations that classify their project management processes as formal complete most of their projects (more than 75%) with expected quality. Out of the organisations that do not have a formal process, only 32% complete their projects with expected quality.

Degree of project management formalisation rate



Percentage of projects that meet quality criteria	< 25%	25%–50%	51%–75%	> 75%
Have a formal process	3%	6%	42%	49%
Do not have a formal process	5%	23%	40%	32%

2.1 The role of risk management in success

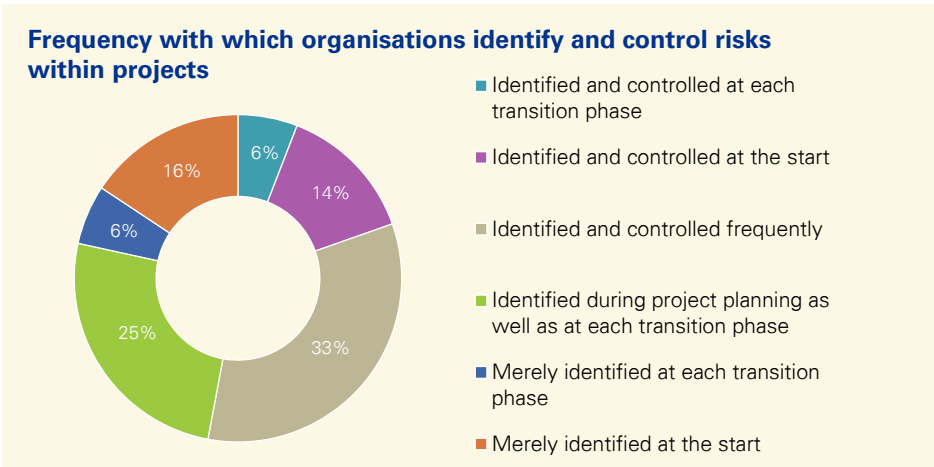
A majority of the respondents acknowledge the use and necessity of risk assessments. Previous research has shown that there is limited awareness of risk within projects. In order to ensure reliable risk management, it is important to have a risk profile to enable risks to be identified. The risk profile can be established from within the organisation, or by an external party who views the project plan objectively. Continuous risk assessments are critical in order to monitor and manage risk throughout the lifetime of the project.

“Only 8% of the respondents consider their project management process to be formalised, well-proven and effective for achieving their purpose.”

The responses to this study indicate that risk assessments are either performed on an ad-hoc basis or by internal peer review, where the project manager is usually responsible for conducting the risk assessment. However, some risks cannot be controlled by the project manager. Changes in the economy, government legalisation or organisational strategy are examples of factors which can affect project outcome. Risk assessments conducted by external parties can provide knowledge of the surroundings and highlight risks that otherwise might be overlooked.

Well executed risk management

90% of the participants in this study apply some sort of risk assessment to their projects. This is a higher number compared to 2007, where only 46% stated that they performed risk assessments to some degree. This is a promising trend, as risk assessments are important in order for organisations to ensure results when executing projects. However, the way to approach and work with risk differs throughout the organisations. 33% claim that their organisation identify and control risks on a regular basis, whereas 16% identify and control risks only at the beginning of the projects. In doing so, risks that occur during the implementation of the project may be overlooked, thus jeopardising the outcome.



Structured project management contributes to success (cont.)

Risk assessments generate value

There is an apparent advantage in having regular risk identification and control processes. According to the responses to our survey, 59% of organisations conducting risk assessments on a regular basis complete most of their projects with expected quality. The table below illustrates the figures.

“A majority of organisations which conduct risk assessments on a regular basis complete most of their projects with expected quality.”

Percentage of projects completed according to quality criteria	< 25%	25%–50%	51%–75%	> 75%
Risks are identified and controlled frequently	0%	6%	35%	59%
Risks are identified during project planning as well as at each transition phase	0%	15%	31%	54%
Risks are identified and controlled at each transition phase	0%	0%	67%	33%
Risks are only identified at the start	0%	25%	50%	25%
Risks are identified and controlled at the start	0%	50%	50%	0%

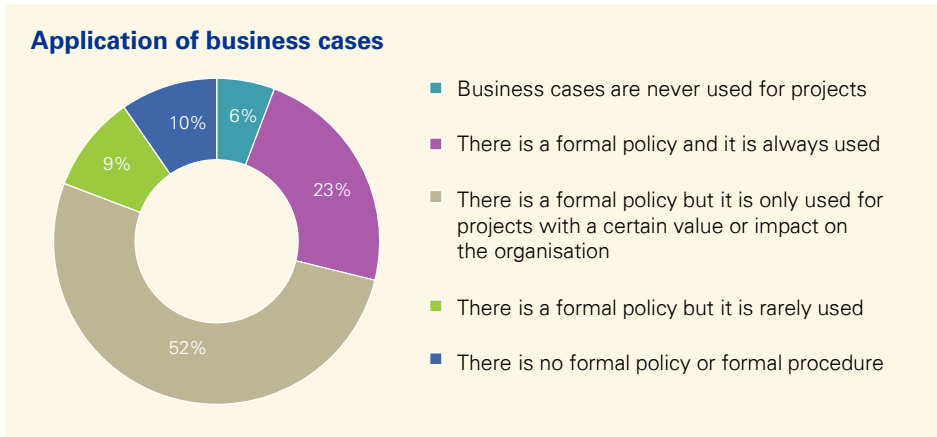
2.2 Business cases contribute to successful projects

Business cases are often used

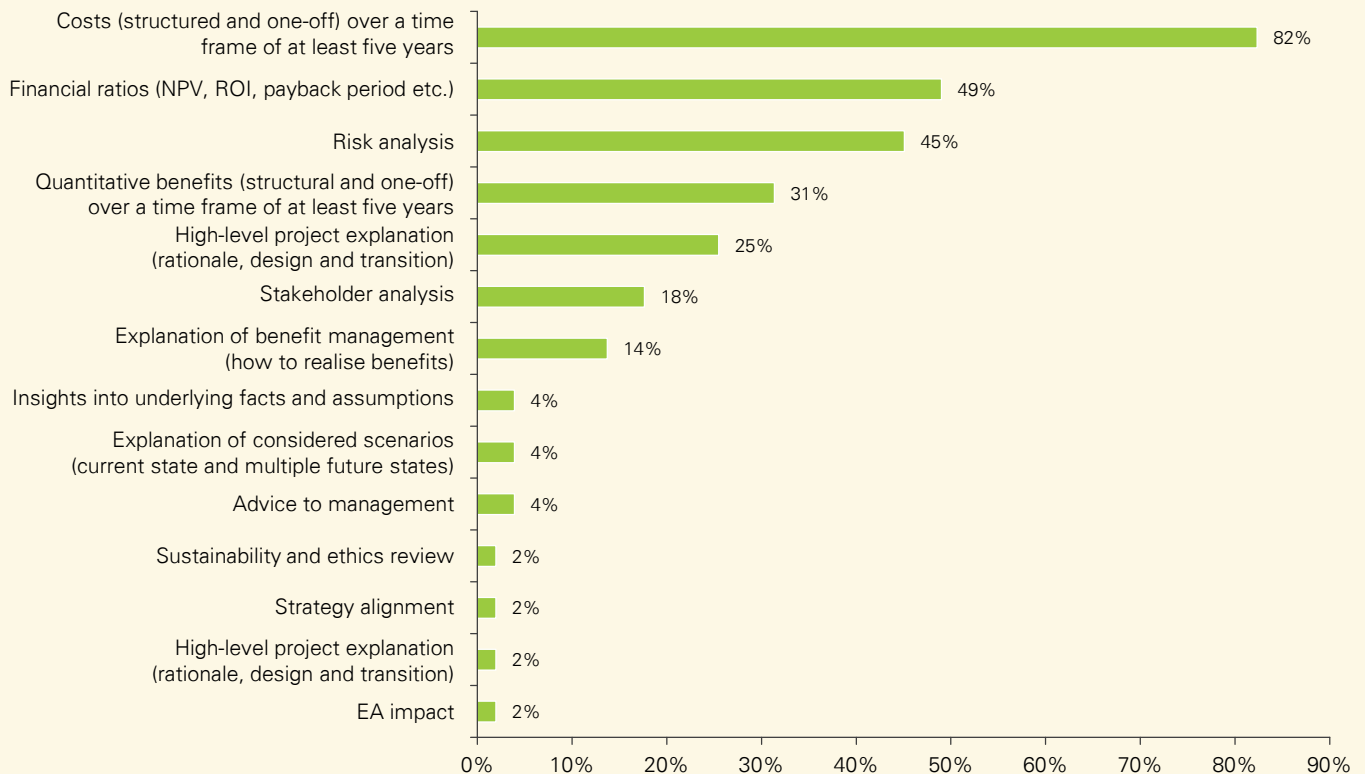
84% of the respondents state that they have some sort of formal process for business cases. Compared to 2007, the number of respondents who use business cases has notably increased. However, only 23% use a standardised process which is always applied to projects.

There is a focus on costs – do not miss out on benefit management

Most of the respondents include several elements in their business cases. Most organisations consider costs, risks and financial ratios such as net present value, return on investment and payback period. It is important to prioritise all these elements in a business case. Costs and operational as well as financial risks are important and thus need to be allocated time in a business case. However, according to our study, not many organisations include benefit management as their top three elements. We believe that it is important not to exclude benefit management, as it might lead to missed opportunities.



What is included in a business case?



Review the business case – finish on budget

This study shows that organisations that do not review their business cases complete less projects on budget. 60% of organisations which do not review their business case, complete less than half of their projects within budget. Meanwhile, 67% of organisations that do review their business case and terminate unfavourable projects complete over 75% of their projects without additional funding.

2.3 The impact of project management methodologies and project review on success

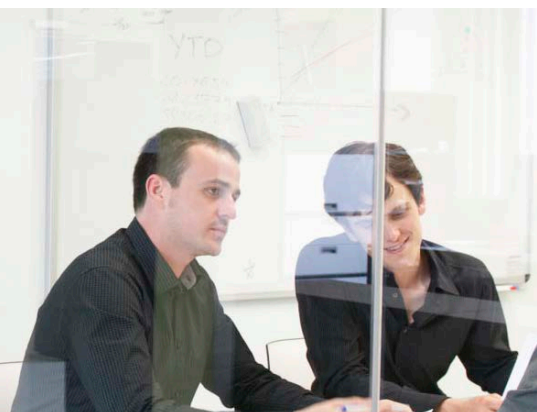
Successful realisation of projects is often the result of a structured project management. In order to realise a structured project management, the use of project management methodologies and qualified project leaders can be vital. 56% of the respondents apply an official project methodology in some way. It is important to pay attention to the implementation of a methodology, not just its content. This is a matter of doing, experiencing and eventually improving.

Operational experience is of great importance

Out of the respondents, 52% state that they choose project leaders with operational expertise and some experience of project management. 40% of the participating respondents state that they assign projects to experienced and qualified project leaders, a number which has increased significantly compared to 2007.

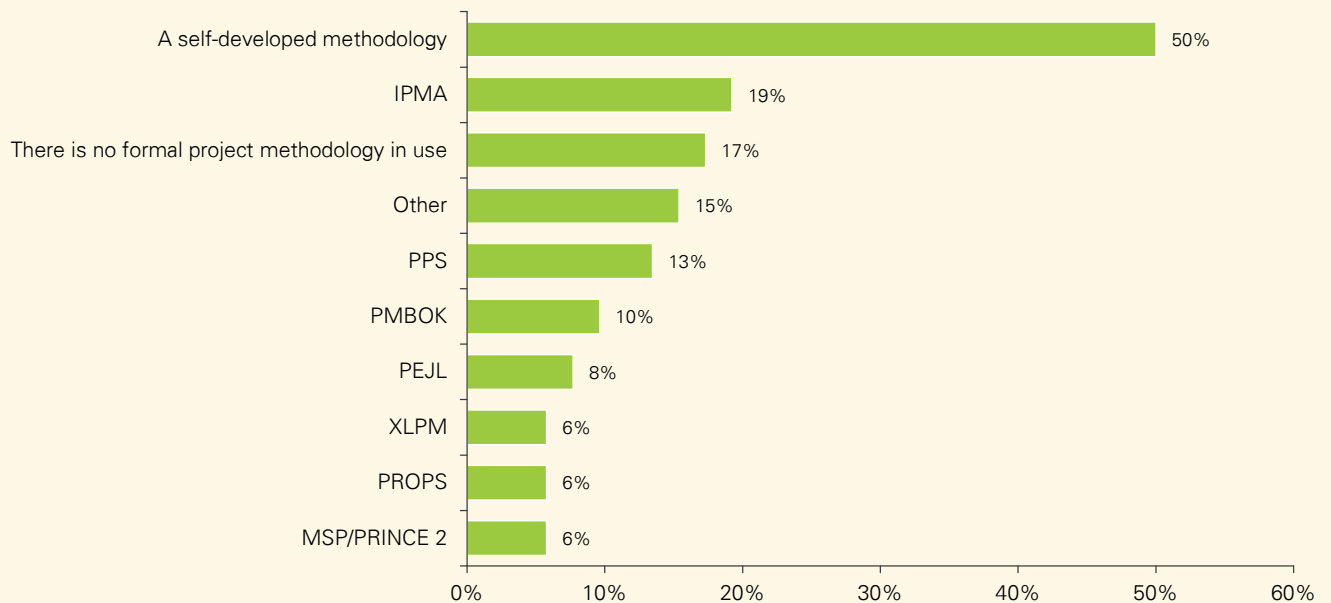
Project methodologies – Known and unknown methodologies

43% of the respondents state that they use a self-developed methodology, or a combination of a self-developed methodology and an official project methodology. As many as 17% of organisations do not apply any formal project methodology when working in projects. These organisations deliver less on quality compared to those who apply a formal project methodology. In order to have a structured and clear plan when executing projects, a strong project methodology is of great importance. Furthermore, we have also noted that organisations that do not use a formal project methodology often fail to deliver on time. A lack of project methodology often leads to more time than necessary being allocated to project plans and project structure.



Structured project management contributes to success (cont.)

Methodologies used by Swedish organisations



Feedback enables success

Out of all the respondents, 37% said that they aim to capture lessons learned and evaluate these for all projects. However, applying lessons learned to future projects is not considered in more than 10% of organisations. There is still much to gain in this area, as implementation of lessons learned contributes to organisational growth and a higher ratio of completed projects within time, budget and expected quality.



A green clipboard with a white sheet of paper and a blue and orange fountain pen. The clipboard has a circular hole at the top. The pen is positioned diagonally on the left side of the paper.

This is what you can do

Investing in project management capabilities results in better projects. This capability can be developed by training, active use of lessons learned and reflection, such as risk management.

- Ensure the project management office has a central role in the development of project management capabilities
- Give the PMO a coordinating role in matters such as scope definition and changes
- Do not limit risk control to delivery on time and within budget, but also control risks that relate to the achievement of benefits
- Organise structural risk assessments in order to steer projects in the right direction and on time



03 Management of benefits is essential, in all phases

When organisations aim to realise their targeted benefits, they face the challenge of continuously managing the benefits – ranging from the initial idea to the realised vision. The advantages of continuous management are known to most organisations, but there are still improvements that can be made in this area on a day-to-day basis. Continuous management contributes not only to a higher realisation of intended benefits, but also to more effective and time-consistent project management.

Increased focus on benefits

In practice, most organisations manage benefits, although not in a very structured manner. “What does this project deliver in terms of benefits?” is a frequently asked and answered question when organisations work with business cases. During the implementation of projects, organisations should continuously check if a proposed solution helps to realise intended benefits. Our results show that only 20% of organisations actively monitor benefit realisation today.

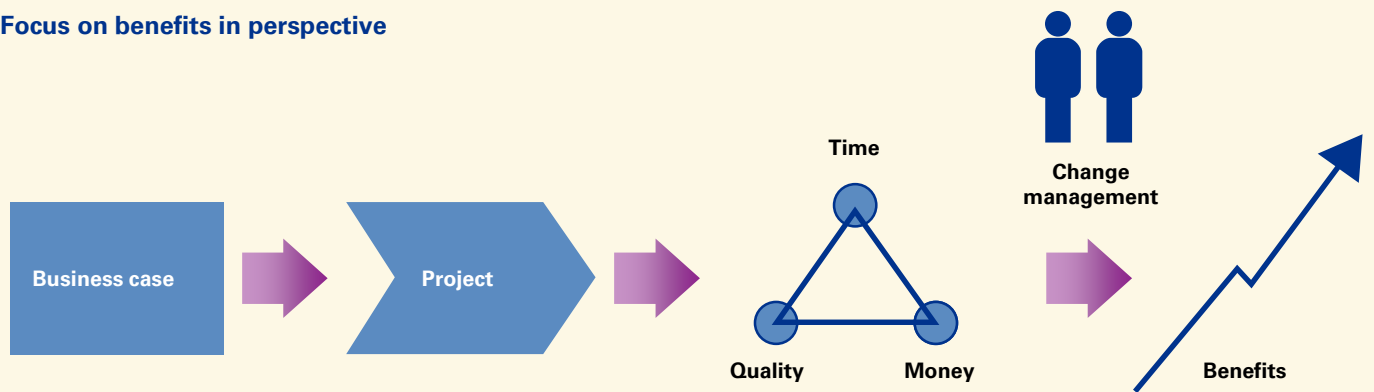
44% of the respondents state that the actual benefit management takes place after project completion. This is usually the time when the impact on the behaviour of employees and the consequences of this behaviour on the benefits become visible. As many as 27% do not conduct any formal

evaluation after completion. This is unfortunate, as benefit management that is properly applied from the start, or before initiation of the project, draws attention to the attitudes of stakeholders, the impact on the organisation, risks of realisation and the configuration of the process for managing change.

Thus, benefit management should take place during the projects, not only afterwards, when the line organisation assumes control.

The focus of benefit management is, in our view, more than just identifying and monitoring benefit realisation, as it is often defined. It also implies the design and implementation of interventions that increase the realisation of benefits through project management (product-related interventions) and change management (human-related interventions).

Focus on benefits in perspective



The yield of benefit management

Of the respondents, 27% have no process in place to evaluate achieved benefits from projects. Only 12% monitor benefits throughout the whole project life cycle. Organisations adopting a formalised process for benefit management that is always applied to projects, report a higher success rate of projects in terms of quality, as well as a lower overall project failure rate. These figures are illustrated on the following page.

High potential in change management

Respondents indicate that change management has a positive effect on the realisation of benefits. Even so, the respondents' own ability to manage change is limited according to the results. 67% indicate that their ability to manage change is moderate or insufficient and only 31% indicate that it is high.

The foundation: a good business case

In addition, the foundation for adequate benefit management lies in the business case. Quantitative and qualitative benefits are already included in nearly 31% of the business cases. In chapter two we concluded that business cases for projects are widely applied within organisations today. However, in order to identify projects that are of value, it is important to include benefit management in the business case. To get approval from higher bodies, focus on benefits may be essential. Projects which lack distinct benefits can be perceived as unnecessary to execute.

In order to maintain quality and ensure that projects are in line with organisational strategy, the business case must be continuously reviewed. 35% of organisations only review the business case when major changes are proposed. Only 12% of the respondents claim to always review their business case before continuing into the next project phase. Continuous reviews of the business case facilitate the identification of anomalies which might have occurred during the project implementation and might lead to dissatisfying projects.

Organisations with a formal process for benefit management yield a higher level of successful projects

Formal process		Quality Criteria			
		< 25%	25%–50%	51%–75%	> 75%
Project failure rate	< 25%	3%	3%	27%	36%
	25%–50%	0%	3%	12%	9%
	51%–75%	0%	0%	4%	3%
	> 75%	0%	0%	0%	0%

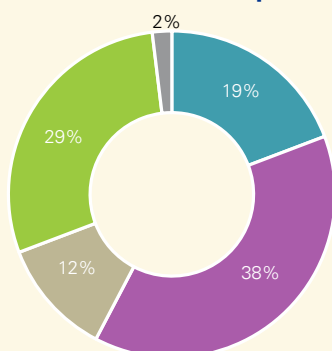
Non-formal process		Quality Criteria			
		< 25%	25%–50%	51%–75%	> 75%
Project failure rate	< 25%	5%	9%	21%	22%
	25%–50%	0%	11%	21%	5%
	51%–75%	0%	0%	6%	0%
	> 75%	0%	0%	0%	0%

Realise savings by terminating project earlier

Only 12% of the respondents terminate projects that turn out to lack benefits. 38% of the respondents claim that they do terminate projects, but should consider this more carefully. As many as 19% of the respondents continue with their projects due to invested capital, despite the fact that the project will not turn out to be favourable. It would be more rational to terminate such projects and devote time and money to more profitable projects. When organisations focus on benefits and work with an up-to-date business case, they have information which will allow for timely intervention if it turns out that a project will be unfavourable. An up-to-date business case will provide insight into the significant savings potential; projects that do not add value can be identified earlier and therefore be terminated in time.

“In order to maintain quality and ensure that projects are in line with organisational strategy, the business case must be continuously reviewed.”

Measures taken on an updated and possibly dissatisfactory business case



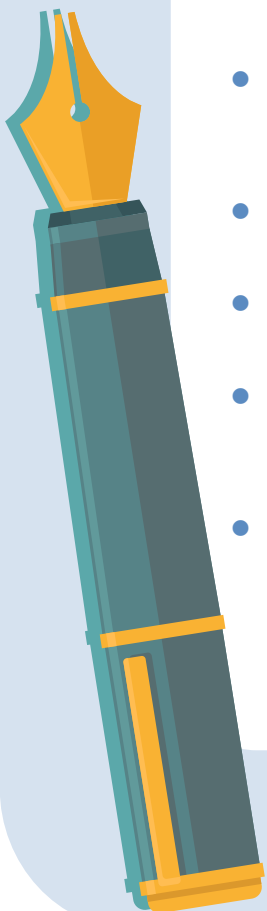
- Due to investments made earlier in the projects, underachieving projects are completed after all
- Projects are stopped but in our organisation we should consider this more critically
- Stopping projects after a business case turns out to be unfavourable is common practice
- The business case is not reviewed
- Other

Management of benefits is essential, in all phases (cont.)

This is what you can do

When you focus on benefits while managing your projects, your chances of success will be significantly higher. You can strengthen your project management with the following activities and measures:

- Managing benefits throughout the whole project life cycle, ranging from the preparation of the business case to the implementation phase
- Do not be reluctant about adjusting or even terminating a project on the basis of insight into the realisation of benefits – a significant savings potential. Remember: 'Quitting is not failing, but failing to quit is!'
- Do not harbour unrealistic expectations: Not all projects succeed, and it is not uncommon to make different choices while advancing
- While preparing the business case, careful attention should be paid to the substantiation of the benefits
- Use the business case to guide decision making, not for accountability
- Adopt a multidisciplinary approach: the controller, the line organisation, the project and the change management all play a role in the realisation of benefits
- Choose an appropriate approach and vary between 'prescribing' benefit targets and allowing a future benefit growth potential, depending on what is best suited to an organisational unit or the intended benefits







04 Using Quality Assurance in a structural manner adds value

According to our study, organisations usually use Quality Assurance only when it is deemed necessary or on projects of a certain size. 21% of the respondents never apply QA. No matter when applied, project evaluation is important and will contribute to the success of projects. As a coaching function, QA can have a major impact on the outcome of a project.

Safeguarding quality

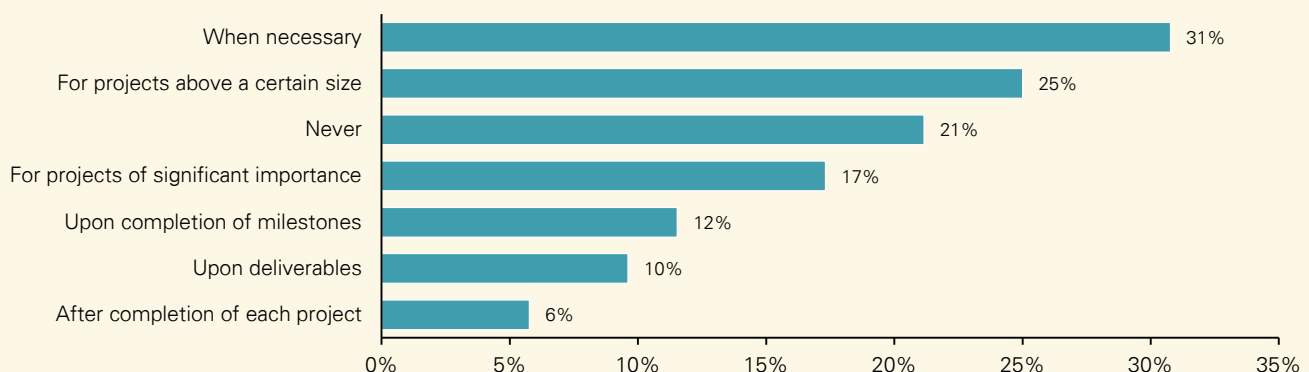
Organisations usually monitor the quality of projects through progress reports (time), achieved versus targeted budget (resources) and the deployment of experienced colleagues to conduct reviews (quality). This information, however, is derived from the employees of the project itself. In order to challenge the project members and to ensure that a project or programme achieves the desired results on time and within budget, it is highly recommended to perform independent quality assurance.

Within a QA – depending on the scope and the desired path – the project progress, budget and deliverables are reviewed. Organisations can use QAs proactively, based on one incident, or as a retrospective evaluation.

Application of QA in organisations

56% of the respondents acknowledge Quality Assurance as an important tool for project management, yet only 19% always apply QAs in their projects. Organisations which monitor and coordinate their projects can steer them in the right direction to ensure alignment with the organisational strategy, and to meet expected budget and quality. External parties evaluating projects can contribute with knowledge, new insights and support, something that will facilitate organisations and improve project management. Studies show that organisations which apply QA deliver a higher success rate of projects within budget and with realised benefits. On the following page, the application of QAs in Swedish organisations are shown.

The use of QA within Swedish organisations



Swedish organisations seem to apply QAs on an ad-hoc basis instead of as a standardised and formal routine. Because of this, they may miss out on opportunities that Quality Assurance can contribute to by helping organisations monitor projects and ensure that they meet expected quality. In order to achieve the best results, we recommend frequent monitoring rather than temporary reviews of certain projects, which seem to be the most common practise today.

Two ways to make better use of QAs – and achieve more using projects

1. Set QAs as a standard policy and as a regular activity in all projects

Many respondents do not have specified QA policies and procedures. In order to ensure excellent results in projects, Quality Assurance should be a standard policy for organisations. Since projects today are more complex and have a greater impact on organisations, the extent to which these projects are reviewed and monitored must be constantly addressed.

The reason why QA is not widely applied today may be due to a lack of knowledge. If the steering committees are unfamiliar with the purpose of QAs,

they are unlikely to trust its ability to generate positive effects, thereby choosing not to apply QAs. A well-defined QA policy should ensure that QA activities and QA budgets are standardised practices in each project. An additional advantage of this approach is that QAs are perceived positively, or at least not negatively. In this way the organisation promotes the use of QAs from a negative intervention to a regular instrument, ultimately benefiting a project's success.

2. Coaching and supporting

QAs support and even coaches a project or programme in controlling risks and threats. The independent and fresh view of QA challenges the steering committee and the programme board, contributing to early detection of problems. It keeps project managers focused and, in fact, coaches them with questions such as:

- Is the business case still viable?
- Is the decision-making process clear and effective?
- Is the organisation ready for a Go Live of the programme?

An independent perspective provides more insight into the progress of the project and enables early adjustments, thus increasing the probability of delivering expected results on time and within budget.

Structuring QA policy

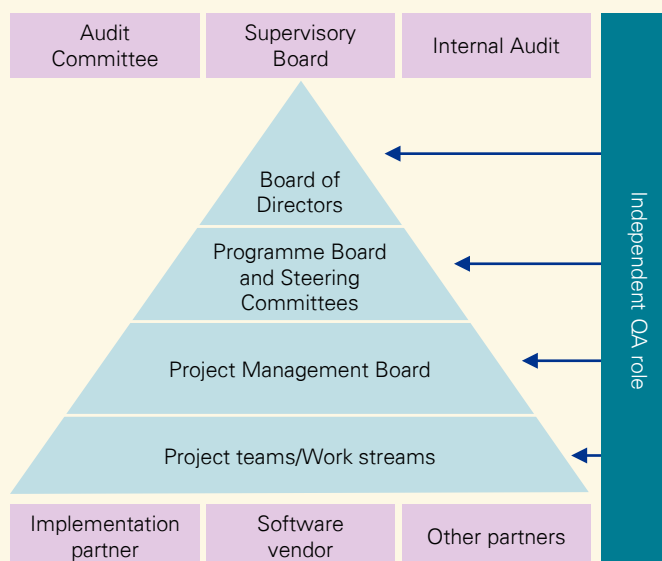
A QA policy consists of a strategic, tactical and operational element. The description of the approach encompasses the difference in size: small, medium or large, possibly combined with the factor significance. Based on this, agreements are made regarding when the independent role is fulfilled and by whom, what the organisation-wide agreements on the frequency of QAs are, and what the subjects of the QAs are both during implementation and subsequently.

Possible topics

At the strategic level, QA policies concern the business case, the alignment with the organisational strategy and leadership styles. Tactical questions are mainly about governance, decision making or resource management. Operational questions concern the progress and implementation of a project and whether or not the organisation is ready for the planned changes.

"21% of the respondents never apply Quality Assurance even though QA can have a large impact on the outcome of projects."

This picture illustrates the positioning of the QA role in the organisation. It is important to note the independent positioning of the QA role, preferably reporting to the steering committee or the board of directors. In addition, it is important to operate in proximity to the project to ensure that advice from the QA role can be directly processed and the learning effect in the organisation is optimal.

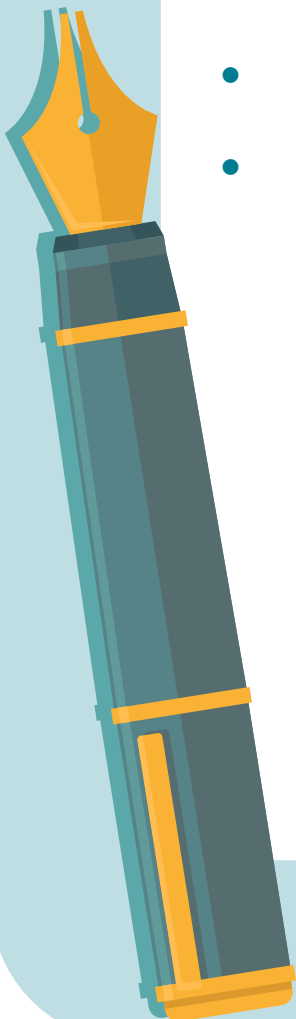


Using Quality Assurance in a structural manner adds value (cont.)

This is what you can do

The added value of using Quality Assurance (QA) while realising successful projects is significant. This added value can be achieved in a number of ways:

- Set QAs as a standard policy and as a regular activity in projects
- Use QAs in a structural manner to proactively determine whether a project is still in line with its pre-determined assumptions
- Reserve a sufficient budget at the start of a project for the implementation of QAs
- You can use QAs in the event of incidents or as an evaluation tool, but it is a missed opportunity to limit their use to this purpose only



FINAL
COST FOR
X-LEG

PZ BUILD
COMPL.

IRPZ
PZ

PZ DELAYED
3/15 -
WE DELAYED
3/19/??

PP
FINISH
X-LEG

X-LEG

PPA P'S
• QA PLAI
• PROCESS
• APPR

X-LEG
mfg - off

PZ ORDE
ENTRY

X-LEG

Make change
in SP for
P.P.

Release
from Product
Hold
Sc

SOE READ.
REV. 1

MFG,
X-LEG

SYSTEM

LOAD
COMPL
X-LEG

ECO

KLGD

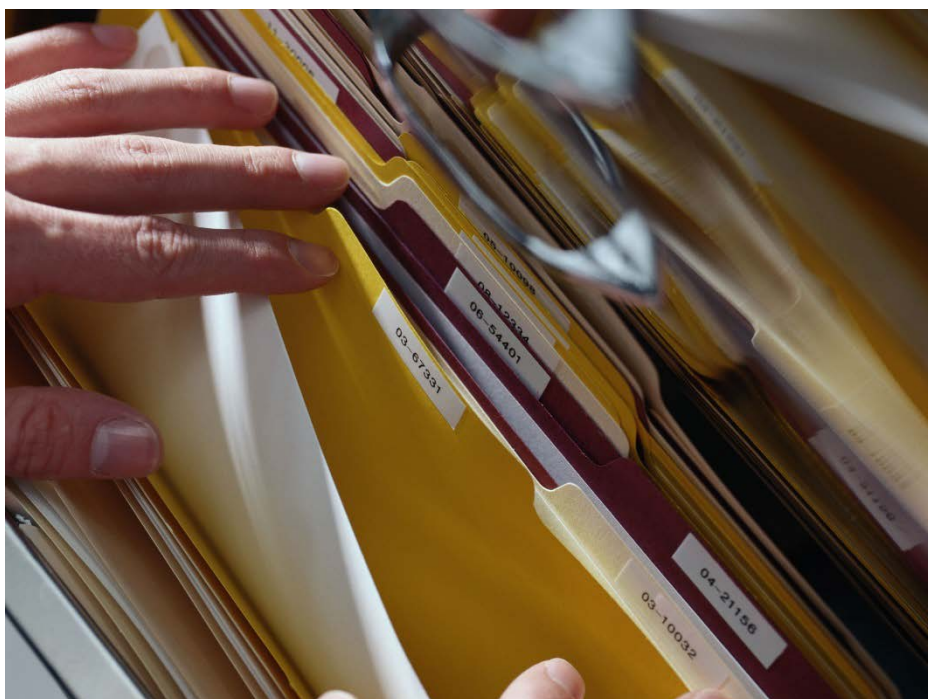


05 Conclusion and future outlook: structural improvements possible

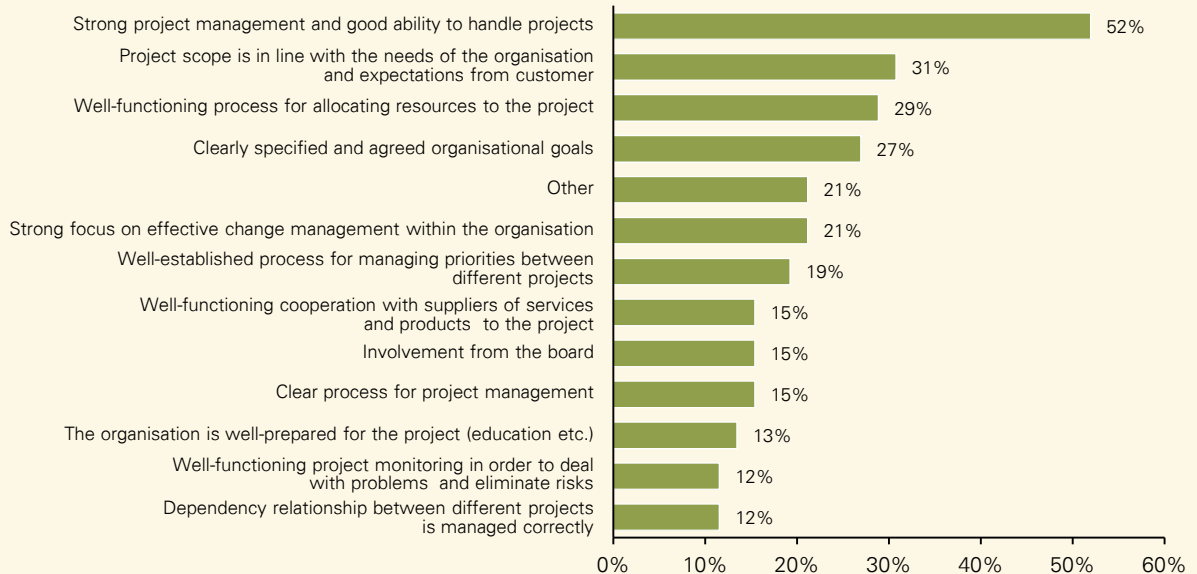
It is remarkable that, even after a financial and economic crisis and budget cutbacks, organisations still fail to execute their projects in a structured and controlled manner. The number of projects which deliver in terms of quality, time and within budget is low even though the potential for increasing success rates is high. What organisations should not do is work on an ad-hoc basis on their projects. Today, the project environment is much more complex, increasing the need for synergies between projects. We conclude that too few organisations apply portfolio management, missing out on the opportunities this brings. Even if proven tools and best practices are abundant, organisations still choose not to apply these.

We have seen that organisations that lack formality and structure when working with projects deliver less in terms of quality. However, there are more formal processes in use and more qualified project leaders in organisations today, compared to 2007. This trend is positive and we are seeing organisations slowly adapting to the changing environments, something that is vital for their business. Even though the use of project methodologies is increasing, the project success rate still lags behind. This could possibly be explained by the fact that organisations do not apply these methodologies in a proper way. It is obvious that organisations still need guidance in order to develop and increase their knowledge of project management, which is something they can learn from professional players in the field.

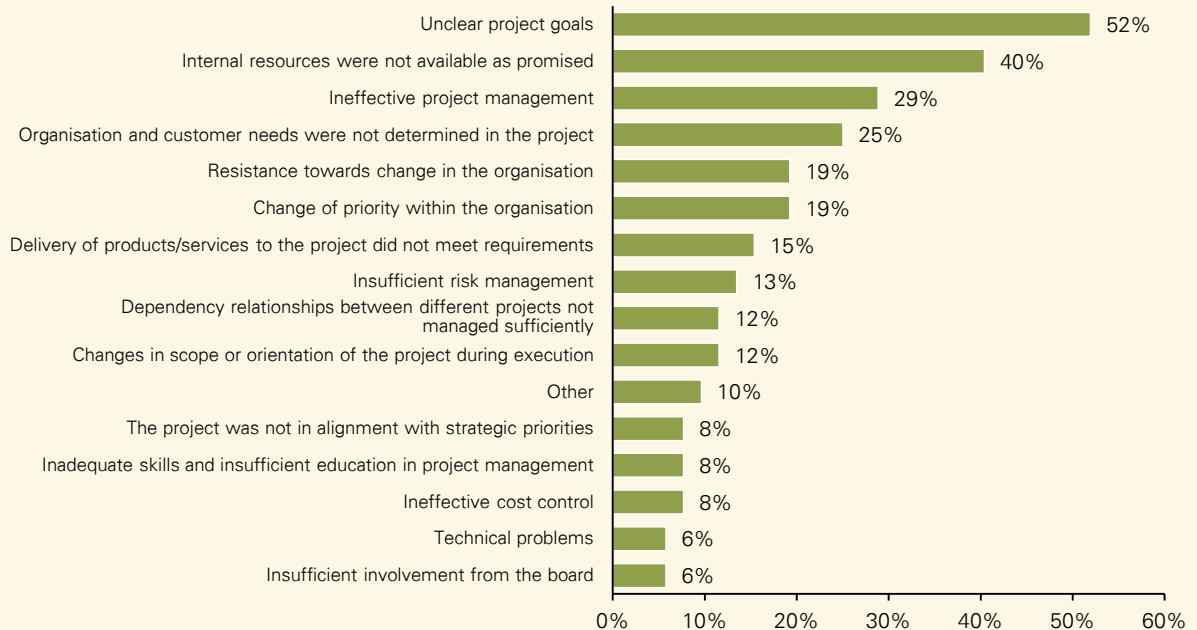
On the following pages we present factors that cause project failure, but also the factors that contribute to successful projects. The challenge for organisations is to take advantage of the factors that contribute to success, and at the same time include the factors that lead to failure in their risk assessments.



Factors contributing to project success



Factors contributing to project failure



Possible explanations for project failure

It is obvious that projects have become larger, more complex and more challenging. However, these factors only explain the lagging of results. It seems inexplicable that organisations have not progressed to large scale applications of project management methods and techniques.

On the basis of additional pressure on company and project results, we expected to find a more intensive and consistent use of these methods and techniques.

We therefore conclude this survey with an exploration of possible causes. We have distinguished between two areas of project management improvement: Human and Management.

Conclusion and future outlook: structural improvements possible (cont.)

Human Factors

People all have their own unique view on the projects they work on, and the way they work. The complexity and risks of projects are continuously underrated, benefits are inflated and timelines are too tight. Combined with the overestimation of one's own abilities and limited risk controls, the result is delayed and budgets are exceeded. Two phenomena from the field of psychology might explain this:

Planning fallacy

The tendency for people and organisations to underestimate the time needed to complete a task. This is the case, even if they have previously experienced delays on similar tasks. Additionally, people are optimistic by nature and believe in a successful outcome (optimism bias). The result: delays, overestimation of results, higher costs, less benefits.

Illusion of control

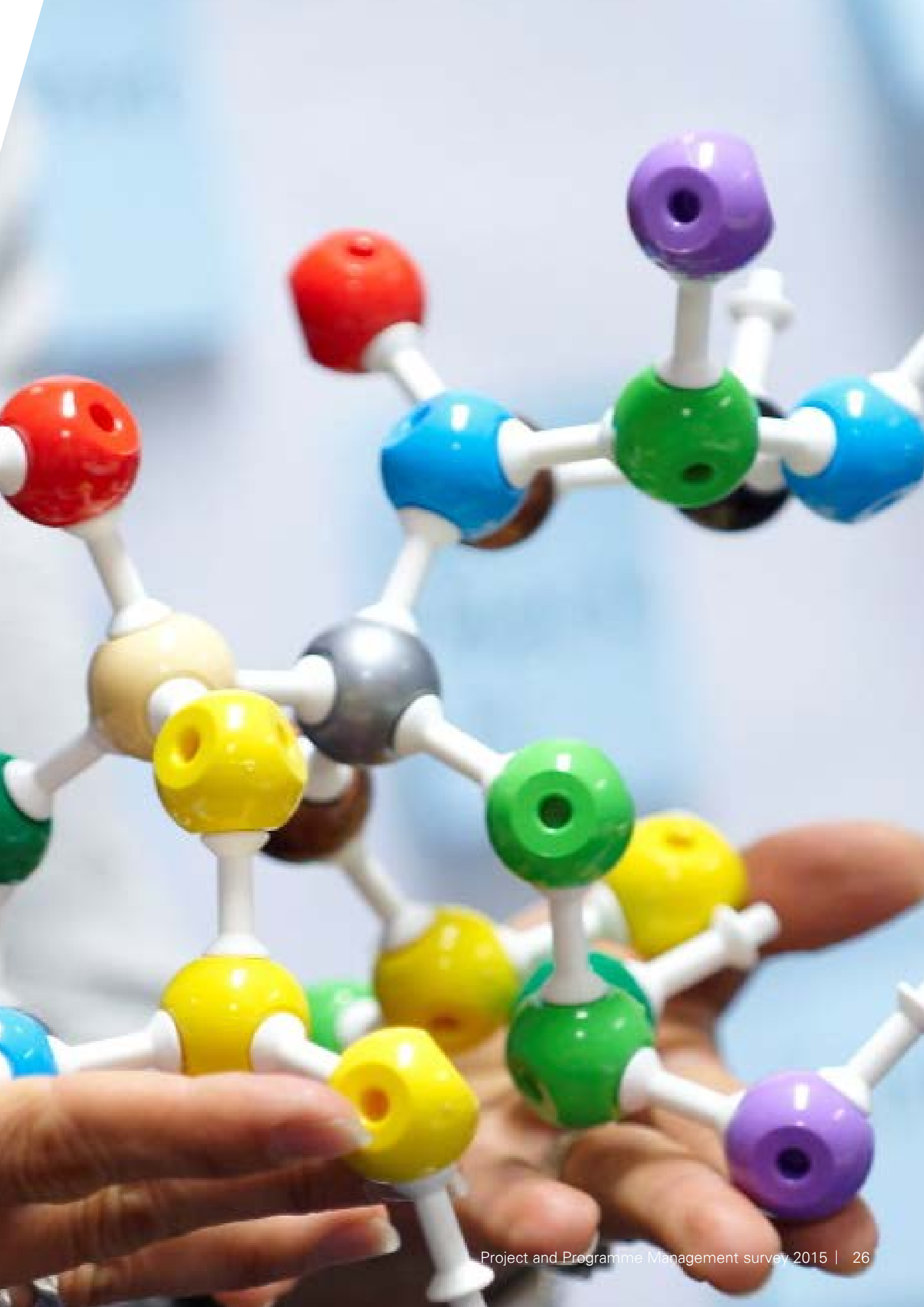
The tendency for people to overestimate their own influence and control of events. This might explain why organisations feel they do not need certain control instruments. To prevent this, in the US, the government enforces the use of QAs on all governmental projects. Because of the power of illusion of control, this enforcement is often a necessity, although risk compensation (changing behaviour based on risks experienced previously) can occur. The enforced use of QAs could paradoxically lead to more risky behaviour in projects.

Management of projects

In our opinion, the importance of project management is underestimated. Project management is a true profession, not a side job. This concerns project managers but also steering committees, in which we often see a lack of understanding of the roles and responsibilities of both the committee as a whole and the individual members. Sometimes, personal motives and interests prevail because of a lack of direction. Because of the volume and strategic importance of projects, organisations should improve the management of their projects. By improving project management skills and capabilities of those involved – steering committee, project managers, project team members – organisations will benefit more from lessons learned in other projects. In addition, this will lead more quickly to measurable improvements in future projects.

How to get the most out of your projects

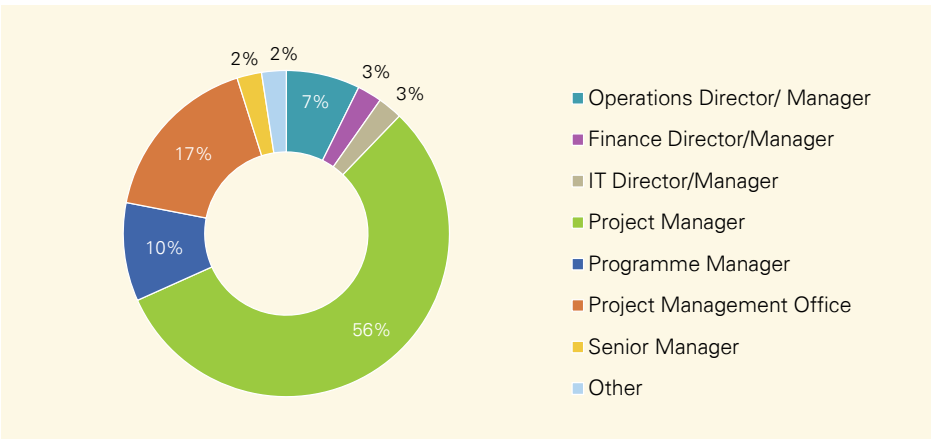
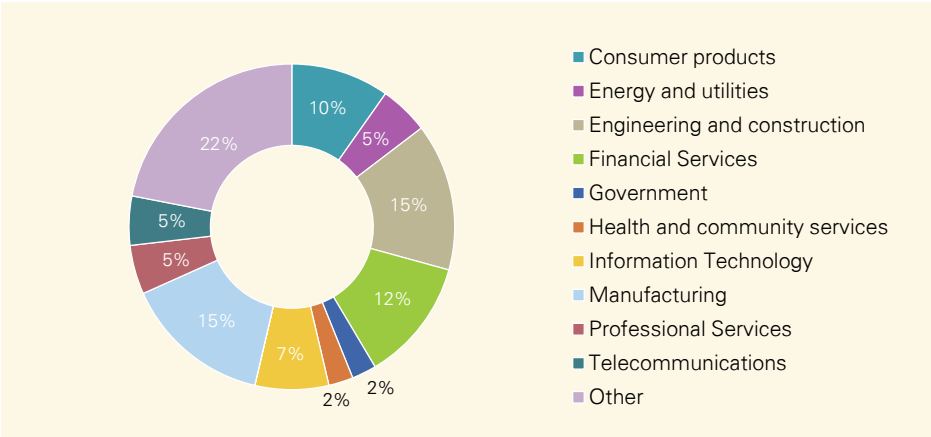
- Manage benefits and results.
- Set priorities in order to deliver.
- Align all change initiatives with organisational strategy.
- Safeguard the (added) value.
- Hold everyone accountable for their promises.
- Invest in the development of people and processes.



Background information on survey

About the respondents

A total of 52 Swedish respondents from various sectors and positions completed our questionnaire. The charts below show the distribution of the industry and job level of our respondents. The data for the survey was collected between the month of June and August 2014.





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