Sustainable Growth through Project Management: Dream or Reality?

Les Labuschagne
Inaugural Lecture
17 March 2011
The important thing in science is not so much to obtain new facts as to discover new ways of thinking about them.

- Sir William Bragg
  (Nobel Prize in Physics 1915)
The Journey

- **Strategic level**
  - Vision
    - Mission
  - Operationalising of the Strategy
  - Management of Portfolio

- **Tactical level**
  - Management of Operational Plans
  - Management of Programmes

- **Operational level**
  - Managing day-to-day activities
  - Management of Projects
  - Perform operations activities
  - Perform project activities

**Organisational Resources**

- Current organisation
- Future organisation
Global financial crisis
• Growth declining from 5.0% in 2008 to 1.6% in 2009
• Impact: 20m more people in Africa will be in extreme poverty in 2015

World Bank Assistance
• Total lending rose to $11.4 billion
• Largest single loan made was a $3.75 billion to Eskom Holdings Ltd.,

Africa
• 1 billion people (2009) in 61 territories
• 14.72% of the world’s human population
Types of Projects

AFRICA
IBRD AND IDA LENDING BY SECTOR | FISCAL 2010
SHARE OF TOTAL OF $11.44 BILLION

- Water, Sanitation, and Flood Protection: 4%
- Agriculture, Fishing, and Forestry: 3%
- Education: 3%
- Transportation: 15%
- Public Administration, Law, and Justice: 14%
- Information and Communications: < 1%
- Industry and Trade: 2%
- Health and Other Social Services: 10%
- Energy and Mining: 43%
- Finance: 3%
FIFA World Cup 2010 (R24.5 billion),

King Ushaka International Airport (R6.8 billion),

Gautrain (R25.9 billion),

Cape Town International Airport (R1.6 billion)
Notable ICT Project Failures

- **LSE Breaks Down Biggest Failure in 8 Years**
  - September 8, 2008 - System broke down on the day European equities posted their biggest gain in 5 months, hurting clients who trade an average **$17.5bn a day**

- **Overstock.com’s 4 Year ERP Nightmare**
  - October 8, 2008 - The **$14.2m** loss was further exacerbated by a customer service meltdown related to the hurried ERP rollout

- **eNatis**
  - 2007 - The Department of Transport’s **R311m** nationwide licensing system unable to register new and pre-owned vehicles leading to lost revenue

- **Sainsbury’s $526m Project Failure**
  - October 2005 - Giant British food retailer had to write off **$526m** it had invested in an automated Supply-Chain Management system

http://www.lessons-from-history.com/node/89
Notable Project Failures

- FBI Virtual Case File project
  - 2005 - US Justice Department Inspector General report stated $170m project was a failure

- UK IRS
  - 2005 - the UK Inland Revenue produced tax payment overpayments of $3.45bn because of software errors

- Canadian Government welfare management system
  - July 2004 - A new system costing $200m was unable to handle a simple benefits rate increase

- AVIS ERP
  - 2004 - Avis cancelled an ERP project after $54.5m is spent

- Pathway project
  - 2002 - the UK government wasted £698m on a smartcards for benefits payments project
Failure as Part of Life

60% • Hollywood movies
60% • Mergers and acquisitions
80% • Food products
80% • Venture capital investments

(Slywotzky & Weber, 2007):
Investigate the practice of 3PM (project-, program- & portfolio management) in order to develop an understanding of its causality.

An improved understanding can lead to the development of improved 3PM practices leading to the optimisation of results. This will directly impact economic growth and poverty alleviation.
PROSPERUS - Success

<table>
<thead>
<tr>
<th></th>
<th>Prosperus 2002</th>
<th>Prosperus 2008</th>
<th>Prosperus 2010</th>
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<tbody>
<tr>
<td>Successful</td>
<td>43%</td>
<td>37%</td>
<td>59%</td>
</tr>
<tr>
<td>Challenged</td>
<td>35%</td>
<td>36%</td>
<td>29%</td>
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<tr>
<td>Failed</td>
<td>22%</td>
<td>27%</td>
<td>12%</td>
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PROSPERUS - Challenged

<table>
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<tr>
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<td>21%</td>
<td>12%</td>
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</table>
## Prosperus - Failed

<table>
<thead>
<tr>
<th>Year</th>
<th>Successful</th>
<th>Challenged</th>
<th>Failed</th>
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<tbody>
<tr>
<td>2002</td>
<td>43%</td>
<td>35%</td>
<td>22%</td>
</tr>
<tr>
<td>2008</td>
<td>37%</td>
<td>36%</td>
<td>27%</td>
</tr>
<tr>
<td>2010</td>
<td>59%</td>
<td>29%</td>
<td>12%</td>
</tr>
</tbody>
</table>
### Graph: PROSPERUS vs. CHAOS

#### Overview:
- **Successful**
- **Challenged**
- **Failed**

<table>
<thead>
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<tbody>
<tr>
<td></td>
<td>16%</td>
<td>27%</td>
<td>26%</td>
<td>28%</td>
<td>43%</td>
<td>34%</td>
<td>29%</td>
<td>35%</td>
<td>37%</td>
<td>32%</td>
<td>59%</td>
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<tr>
<td></td>
<td>53%</td>
<td>33%</td>
<td>46%</td>
<td>49%</td>
<td>35%</td>
<td>51%</td>
<td>53%</td>
<td>46%</td>
<td>36%</td>
<td>44%</td>
<td>29%</td>
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<tr>
<td></td>
<td>31%</td>
<td>40%</td>
<td>28%</td>
<td>23%</td>
<td>22%</td>
<td>15%</td>
<td>18%</td>
<td>19%</td>
<td>27%</td>
<td>24%</td>
<td>12%</td>
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Perceived Maturity

Maturity Level 1 | Maturity Level 2 | Maturity Level 3 | Maturity Level 4 | Maturity Level 5
Actual Maturity

<table>
<thead>
<tr>
<th>Year</th>
<th>Integration</th>
<th>Scope</th>
<th>Time</th>
<th>Cost</th>
<th>Quality</th>
<th>HR</th>
<th>Communications</th>
<th>Risk</th>
<th>Procurement</th>
<th>Mean value</th>
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<tbody>
<tr>
<td>2010</td>
<td>3.21</td>
<td>3.16</td>
<td>3.13</td>
<td>3.05</td>
<td>2.99</td>
<td>2.99</td>
<td>3.14</td>
<td>2.91</td>
<td>3.26</td>
<td>3.09</td>
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<tr>
<td>2008</td>
<td>3.75</td>
<td>3.71</td>
<td>3.79</td>
<td>3.61</td>
<td>3.44</td>
<td>3.61</td>
<td>3.65</td>
<td>3.38</td>
<td>3.59</td>
<td>3.61</td>
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<tr>
<td>2003</td>
<td>3.02</td>
<td>3.12</td>
<td>2.99</td>
<td>2.94</td>
<td>2.82</td>
<td>2.87</td>
<td>2.93</td>
<td>2.65</td>
<td>2.99</td>
<td>2.93</td>
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</table>
## Actual vs. Perceived Maturity

<table>
<thead>
<tr>
<th>Average Perceived</th>
<th>Average Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3</td>
<td>3.09</td>
</tr>
<tr>
<td>2008</td>
<td>2.97</td>
<td>3.61</td>
</tr>
<tr>
<td>2003</td>
<td>3</td>
<td>2.93</td>
</tr>
<tr>
<td>FACTORS</td>
<td>SUCCESS</td>
<td>CHALLENGED</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td>Somewhat important</td>
<td>Very important</td>
</tr>
<tr>
<td>Support of innovative technology</td>
<td>30.5</td>
<td>17.9</td>
</tr>
<tr>
<td>Executive support</td>
<td>36.4</td>
<td>32.2</td>
</tr>
<tr>
<td>Clarity of organisational objectives</td>
<td>37.2</td>
<td>37.1</td>
</tr>
<tr>
<td>Understanding of user’s needs</td>
<td>41.6</td>
<td>33.8</td>
</tr>
<tr>
<td>Requirements definition</td>
<td>40.0</td>
<td>35.8</td>
</tr>
<tr>
<td>Communication between team &amp; customers</td>
<td>41.2</td>
<td>37.6</td>
</tr>
<tr>
<td>Communication between project team members</td>
<td>43.4</td>
<td>35.7</td>
</tr>
<tr>
<td>Project manager competency</td>
<td>40.9</td>
<td>32.9</td>
</tr>
<tr>
<td>User understanding of technology</td>
<td>29.7</td>
<td>21.5</td>
</tr>
<tr>
<td>User involvement</td>
<td>36.3</td>
<td>26.3</td>
</tr>
<tr>
<td>Handling of change</td>
<td>36.0</td>
<td>28.8</td>
</tr>
<tr>
<td>Change control processes</td>
<td>35.4</td>
<td>24.5</td>
</tr>
<tr>
<td>Formal methodologies</td>
<td>33.5</td>
<td>23.7</td>
</tr>
<tr>
<td>Auditing of processes</td>
<td>28.5</td>
<td>18.2</td>
</tr>
</tbody>
</table>
Providing Direction

Strategic level:
- Chief Portfolio Officer
- CEO / CIO / CFO

Tactical level:
- Program Manager
- Manager
- Stakeholder
- Internal Auditors
- Business Unit Managers
- Sponsor
- Suppliers
- Partners

Operational level:
- Organisational Resources
- Project Manager
- External Resources
- Project Team
Situational Sponsorship

Representing the needs of the permanent organisation

High Governance
- Low Support

Low Governance
- Low Support

High Governance
- High Support

Low Governance
- High Support

Representing the needs of the temporary organisation

Need for Governance

Need for Support
Representing the needs of the permanent organisation

Situational Sponsorship

Competent project manager and team
Strategic importance
High visibility

Challenging project
Strategic importance
High visibility

Competent project manager and team
Strong organizational support
Repeat project
Low visibility

Challenging project and/or
Weak PM and/or team
Repeat project
Low visibility

Representing the needs of the temporary organisation

Need for Governance

Need for Support
Situational Sponsorship

Representing the needs of the permanent organisation

Need for Governance

Representing the needs of the temporary organisation

Need for Support
<table>
<thead>
<tr>
<th>No.</th>
<th>Hypothesis</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Strategic objectives guide the conceptualization and selection of initiatives and/or projects</td>
<td><img src="image" alt="Finding" /></td>
</tr>
<tr>
<td>H2</td>
<td>The benefits associated with a project are major determinants in its selection and funding</td>
<td><img src="image" alt="Finding" /></td>
</tr>
<tr>
<td>H3</td>
<td>Benefits are determined and quantified before the start of all projects</td>
<td><img src="image" alt="Finding" /></td>
</tr>
<tr>
<td>H4</td>
<td>Benefits are tracked and measured after completion of projects</td>
<td><img src="image" alt="Finding" /></td>
</tr>
<tr>
<td>H5</td>
<td>Project success is measured against the benefits that were realized</td>
<td><img src="image" alt="Finding" /></td>
</tr>
</tbody>
</table>
### Different interpretations of project success

- Management of the project
- Ability of the project deliverable to satisfy needs
- Triple / Quadruple constraints

### Linking project outcome to strategic objectives

- Projects contribute to strategic intent, even if not measured quantitatively

### Programme and benefits management processes

- Organisations were achieving strategic objectives and were therefore successful despite absence of processes
Portfolio Management

- Vision
  - Strategy Map (Translate Vision into Strategies)
  - Strategies
    - Strategy Map (Translate Strategies into Business Objectives)
    - Balanced Scorecard (Link Measurements & Targets to Business Objectives)
  - Business Objectives with Measurements & Targets
    - Measure Measurement & Targets against Projects
    - Measure Business Objectives against Programmes
    - Measure Strategy against Portfolio
  - Portfolio
    - Programme Management
    - Programmes
      - Project Management
      - Projects / Action Plans
    - Measure Business Objectives against Programmes
  - Requirements Management

Balanced Scorecard (Link Measurements & Targets to Business Objectives)
Future Research

3PM Governance

Determining the individual and collective contributions projects make to achieving the organisational strategic objectives

The African Perspective on 3PM
Conclusion

Best Practice vs. Real Practice

Dream vs. Reality

Philosophy vs. Science

Conventional Wisdom vs. Unconventional Wisdom
If you know the enemy (projects) and know yourself (3PM), you need not fear the result of a hundred battles.

If you know yourself (3PM) but not the enemy (projects), for every victory gained you will also suffer a defeat.

If you know neither the enemy (projects) nor yourself (3PM), you will succumb in every battle.