



The 4 things every leader needs to know about managing projects

What will it cost if you don't improve the way you manage projects, both in the short term and longer term? The answer can be game changing.



Billions of dollars are spent annually on the delivery of projects. Yet it is a well-known fact that most projects fail to deliver. And even if a project does achieve the intended outcomes, it is a rarity for it to come in under budget and on time. IBM won a \$6 million contract from the QLD government in 2007, but the project snowballed into a whopping \$1.2 billion nightmare. One health payroll system went live only to overpay, under pay or not pay at all over 80,000 medical professionals. Then there's the software system collapse that cost RMIT a cool \$47 million.

Study after study reveal that projects are typically not managed well. One recent PwC study of over 10,000 projects in 200 companies spanning 30 countries, found that only 2.5% successfully completed all their projects. A study published in the Harvard Business Review, which analysed 1,471 IT projects, found that the average overrun was 27% and 1 in 6 projects had a cost overrun of 200% on average.

Most leaders will profess good familiarity with projects and their management. Despite this, projects continue to see missed deadlines, overrun budgets – or worse, don't achieve tangible results. While skills are widely held, projects continue to fail because individuals may know “what” to do, but organisations do not know “how” to do it.

While project management should be integrated into the management of the business, it often is not. Often projects are treated as “business as usual” with little governance, and the resources required for effective delivery are frequently underestimated.

Specifically, there are 7 areas where most projects fail:

1. The project is poorly defined, planned and resourced giving it little chance of being successful
2. The program/project manager is part time and has other, more pressing, duties
3. Often a few key people are on several projects with little time available for any of them
4. There is a lack of clarity around project accountabilities and responsibilities
5. Review meetings are difficult to organise and don't happen frequently enough to take appropriate, timely corrective action
6. Project tasks are not seen as the most important part of people's job – they almost have to sneak away to do it
7. Project learning is poor or non-existent: the same project errors happen year on year because the business hasn't invested to fix the issues

Having the privilege of working with some of the world's leading businesses in more than 50 countries, we have discovered what we refer to as the Holy Grail of project efficiency and effectiveness. The key message is that project management at its heart is change management and it is people that make projects happen, not forms and procedures.

From our experience, there are 4 critical success factors of those that do it best:

1. Define the problem

Paint a rich picture of intended outcomes and get buy-in from your critical stakeholders – only then start doing the Gantt charts, resourcing and budgets

2. Lift the focus on projects

If it isn't important, scrap the project and focus on activities that are. If it is important, treat it with the respect it deserves and with the appropriate level of leadership team focus

3. Resource your most important projects with your best people

Make sure the leader is dedicated, skilled and respected, especially if the project is business critical

4. Decide how the program/project will be monitored

By whom and the responsibilities and authorities of those involved; especially in taking action to get things back on track

So what does it cost to achieve project management excellence? Of course this depends on each business's unique set of needs, capability and baseline. There is another question that is worthwhile for leaders to reflect on: what will it cost if we don't improve the way we manage our projects, both in the short term and longer term?

The answer can be game changing. It takes time and focused effort to improve the way projects are executed. If you follow the 4 success factors listed above, you will be well on your way to achieving the holy grail of project effectiveness and efficiency.