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Employment: The High Cost of Failure

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The Employment section did not involve the reporting or the editorial staff of The Moscow Times.



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Projects, and the ability to deliver them on time and on budget, not only represent an ongoing challenge for any organization, but also require a significant investment. Regardless of the size or undertaking in question, effectively managing a project from start to finish is essential to ensure the value of the project's objective is realized — and that the project process yields an appropriate return. Because of the business-critical nature of effective project management, adequate attention must be given to both the mechanics and the gains expected from the activity.

More and more companies are realizing that projects can no longer be viewed as "one-off" isolated activities, but instead should be treated as a core activity that drives future business profitability. In fact, the effectiveness of an organization's project management process can make or break the success of any undertaking, and therefore, the business's bottom line. The activity of project management then must be tightly associated with the objective of the project itself.

Delivering projects on time and on budget is a minimum requirement to do business for most organizations, and for most it is critical to long-term success. Companies that adhere to strong project management methods, including detailed evaluation of scope and budget, ongoing risk management and measurement of project results, consistently perform better in the marketplace than those that do not.

Yet, many companies consistently fail to meet their project goals or measure project success. This failure stems largely from an inability to implement and follow well-defined project management practices, despite ongoing efforts to improve processes with the goal of delivering better, faster and less costly results.

Multiple studies show that a significant number of projects overrun their original timelines or

are never completed. A study by PricewaterhouseCoopers, which reviewed 10,640 projects from 200 companies in 30 countries and across various industries, found that only 2.5 percent of the companies successfully completed 100 percent of their projects. A study published in the Harvard Business Review, which analyzed 1,471 IT projects, found that the average cost overrun was 27 percent, but one in six projects had a cost overrun of 200 percent on average and a schedule overrun of almost 70 percent. We have all heard about large construction projects — the Channel Tunnel, Euro Disney, and Boston's "Big Dig" — that ended up costing almost double their original estimate. Most organizations simply cannot afford to fail on such a grand scale.

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The changing nature of work suggests that more, and not fewer, project management opportunities is a trend that is here to stay. With an ever-growing need for accessible and integrated data, organizations require larger platforms to manage supply chains, customer relationships and dozens of other crucial systems. Mega-software projects are now common in private and government organizations. Development is not slowing down, especially in emerging economies. This alone suggests a continued focus on transformational projects, and the resulting need to effectively manage them.

From our point of view, the following observations and suggestions could be of help for those who care about effective project management programs in their companies:

Communication breakdowns are an underlying theme in most project failures. Management may rethink its goals for a project, not communicate them well and expect the team to adapt accordingly. In this case there will be, at a minimum, discrepancies between the work performed and the work expected, which is a recipe for project disaster. Within the working levels of the project, effective communication of status, i.e., "where we stand," is essential to keeping everyone focused on their contribution to the overall project. It is axiomatic to suggest that it is impossible to over-communicate during project execution.

Next, the project's scope must be well defined at the outset to provide a clear path to the end. The vision of success begins with a clear and understandable statement of what the effort will encompass. Before moving forward, project managers should establish reasonably stable metrics to ensure effective intermediate progress. While there will always be some degree of readjusting priorities and tasking during the project, a well-defined scope ensures these adjustments are made within the context of the overall project objectives.

If significant changes are made to the scope or the objectives of the project, ask management current objectives. If project managers amend project tasking, then they should determine the need for additional resources to help accomplish the new tasks. In this case, project managers should establish new deadlines, adjust project plans, reschedule work and continue to monitor progress toward desired goals. If project managers stick to these steps, they are more likely to achieve control of the project, stay within the revised project parameters and achieve the desired results.

Finally, it is necessary to create a truly collaborative work environment where visibility of the work involved in the project and the change which is likely to occur as a result of the project can be analyzed and discussed by interested and affected parties. This ensures minimal uncertainty and the wherewithal to keep all interests "on board." Ownership of risk identification, planning, management and tracking must also be taken to then be communicated to the appropriate stakeholders.

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