

Why IT Projects Fail

Causes of Failure

Design and Definition Failures

- Required outputs not described with sufficient clarity - no scope definition prior to authorization
- Over-ambition - sweeping into a single project all "good ideas - all deliverable in one chunk"
- Project seen as an IT project, not as part of a wider process to deliver business objectives
- End-goal too distant with too few review points to confirm business case

Decision Making Failures

- Prime responsibility rests with committees
- Consensus must be achieved on all issues
- No single individual in authority - project manager makes decisions in absence of sponsor

Project Discipline Failures

- Project documentation replaces project management
- Milestones are too distant - slippage is not managed
- Weak arrangements to identify and evaluate risks and allocate them to managers with authority
- Requirements changes not reflected in fixed deadlines
- Contingency planning is weak or unrealistic
- Project beyond the experience and capability of the Project Manager

Supplier Management Failures

- Project has little understanding of supplier commercial imperatives (e.g. in fixed price contracts)
- Supplier not selected on a value for money basis
- Projects are launched without an agreed contractual completion date, acceptance criteria and cost limit
- Insufficient transparency of management information between client and supplier
- Supplier managed to limit cost rather than risk - no validation of supplier's assumptions

People failure

- Separation between the project and those who own the business need
- Culture in project teams to "explain away" real risks, and to hide rather than address problems
- Users' needs not understood due to secrecy or haste during definition and design phase
- Too few senior people involved who have real authority

Impact on Project

Projects have little understanding of what they have to do to "succeed" and far too many stakeholders to satisfy. Without clear definition of interim success or assessment of what is achievable, projects drift into long term activities that become uncontrolled and uncontrollable.

Ultimately, failure is designed in

Key issues are logged but remain unresolved as all people with an interest are consulted. Outcomes of consultation will be blurred in order not to trigger opposition and veto. Projects are not given clear direction - key actions are not taken or are inconsistent

Ultimately, a failed project evolves

Plans are constructed based on deadlines that are pre-determined; few people actually believe they reflect reality so slippage or the impact of change is not taken seriously. Prospect of failure is not allowed to be acknowledged so few preparations are made for problems which do arise.

Ultimately, the project moves, unacknowledged, into failure, and costs escalate

The key early part of the project is confused by contractual debate and positioning - often leaving both sides disappointed. This mistrust is then exacerbated by misunderstanding of supplier and project motivations creating further disputes and resort to contract - this leads to a culture of secrecy and "taking sides"

Ultimately, the project focuses its energies on blame for failure

Project staff develop what they believe they can develop, and avoid asking for guidance to avoid the risks of veto and delay. Requirement "owners" fail to understand what is feasible and therefore request deliverables and changes which are impracticable within the given time-scales or budget

Ultimately the project delivers failure

Responsible Leadership

Experience

BEST PRACTICE

Why IT Projects Fail

Accountability

Managing Risk

Business Case



Key questions you should ask before you approve a project

Let us know what you think

Item One: The Department

"Does the Department and other key stakeholders understand how this project will affect the business, and how much and how little can be changed once it is launched?"

- 1.1 Is the basic design for this project fixed, cleared and visible with all key people (including Ministers) - do these people understand that the basic design is now "frozen"?
- 1.2 Does the Department know what it can change as the project progresses and how much change will cost in terms of money, performance reduction and time-scales?
- 1.3 Explain the Business Case to me so that I understand why each of the components of the project are necessary to achieve our business objectives. How does each component deliver benefit?
- 1.4 Are the future users of the technology properly represented on the project, and are they sufficiently engaged, knowledgeable and senior to take decisions quickly and authoritatively?
- 1.5 Explain to me how our business processes and environment will change, internally and externally, as a result of the project.
- 1.6 What are the benefits that we have to deliver after the project is handed over? Do we have a benefit delivery plan? Do we have a transition plan to new systems?

Item Two: The Project

"Is the project properly staffed to enable effective leadership, decision-making and risk management to begin from day one and continue consistently to the end?"

- 2.1 Who is the senior manager with real understanding of the business requirement and responsible for delivery of the business benefits?
- 2.2 Is there someone with a full time commitment and appropriate experience to manage the project?
- 2.3 Who is the very senior individual personally accountable for the delivery of this project - is he or she committed from now until it is completed and signed-off, and does he or she have the authority to make key decisions (affecting this Department and others)?
- 2.4 Do I understand the business requirement and the expected results of the project, and am I convinced that they are realistic?
- 2.5 Will there be sufficient experienced project and "user" staff on this project from day one?
- 2.6 What are the top ten risks for this project - have we plans in place to manager these risks and contingency plans to respond if, despite our best efforts, the risk actually happens?
- 2.7 Do the project structures, roles and responsibilities recognize the distinction between the in-house business change project and the contributing supplier-led development project, where these are different?
- 2.8 At what points will I be able to tell if the project is failing - and how quickly will I be able (contractually and politically) to implement remedial actions or stop the project if it fails?

Item Three: The Supplier

"How will the way we work with our Supplier help this project to succeed?"

- 3.1 Does the supplier understand our business needs?
- 3.2 Do we understand the business and commercial interests of the supplier - do they complement ours?
- 3.3 Are there any outstanding contractual issue or unsigned agreements in respect of this project?
- 3.4 Have we detailed the responsibilities of the Department in respect of this project - are we certain we can discharge them?
- 3.5 Is the development project staffed with people whose seniority is compatible with those from the supplier?
- 3.6 Who is the key supplier senior manager that I can contact if and when things go wrong?
- 3.7 Has the supplier actually delivered this technology before? Or is it novel?
- 3.8 Is the price fixed? If not how are we planing to control cost?

Useful resources

U.K. Office of Government Commerce: "Information Systems Handbook"

The Handbook is a comprehensive set of best practice guidelines covering the IS Management lifecycle: setting strategic direction, implementing plans, managing ongoing services, review; it includes online links to other sources of help and advice. The overall aim of the Handbook is to help organisations achieve successful IS-enabled change, in order to meet the demands of policy initiatives and customer expectations. It can be used to help you to improve performance through deployment of best practice.

The handbook may be downloaded free of charge from...

www.ogc.gov.uk/ogc/publications.nsf/pages/ISManage141310.html

INTOSAI EDP web site

We offer a number of audit reports on various aspects of IT governance for downloading free of charge.....

www.nao.gov.uk/intosai/edp/rrv.htm

We also publish a number of links to web resources useful to auditors of IT projects.....

www.nao.gov.uk/intosai/edp/othergovtpublist.html

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If any of the answers above are unsatisfactory, the project should not be approved