IT Leadership & Governance

EUNIS Congress

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IT Project Failure Rates: Facts and Reasons

IT PROJECT FAILURE RATES: FACTS AND REASONS

The picture is indeed meant to startle — he doesn't like the facts. That is, failure rates on IT projects are unacceptably high, and the reason is primarily people-based.

Here are some facts:

- According to an IBM study, only 40% of projects meet schedule, budget and quality goals. Further, they found that the biggest barriers to success are people factors.
- Geneca, a software development company, noted from its studies that 'fuzzy business objectives, out-of-sync stakeholders and excessive rework mean that 75% of project participants lack confidence that their projects will succeed.'

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Facts and Figures – Why Projects Fail

Source : IBM

Type of survey : Survey of 1,500 change management executives

Date : Oct 2008

IBM survey in the success / failure rates of "change" projects finds;

1. Only 40% of projects met schedule, budget and quality goals
2. Best organizations are 10 times more successful than worst organizations
3. Biggest barriers to success listed as people factors: Changing mindsets and attitudes – 58%. Corporate culture – 49%. Lack of senior management support – 32%.
4. Underestimation of complexity listed as a factor in 35% of projects

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www.it-cortex.com/Stat_Failure_Cause.htm#The%20KPMG%20Cana Reader Search
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Project Failure Statistics

The KPMG Canada Survey (1997)

This study, conducted by KPMG Canada, has been mentioned in the statistics over IT project failure rate.

Key Findings

The main causes of project failure that were identified were:

1. **Poor project planning**. Specifically, inadequate risk management and a weak project plan. Risk management becomes more important as the organization gets bigger, so larger organizations need to pay more attention to this area.
2. **Weak business case**. The need for the system should be justified in ways that relate directly to the organization's business needs.
3. **Lack of top management involvement and support**. This often dooms the project to failure before it starts. Securing buy-in from the top, often by a strong business case backed up with a realistic project plan, is an essential step.

Additional findings

- Projects fail more often because of schedule overruns than budget overruns.
- Many projects fail because they use new or unproven technology.
- Poor estimates or weak definitions of requirements at the project planning stage also contribute to project failure.
- Projects can run into trouble due to the vendors' inability to meet commitments.
- 60 % of the failed projects were planned to take less than one year to complete.

IT Cortex Comments on the KPMG Survey

The bias introduced by a 12 % answer rate (176 out of 1450) is of course unknown. Do people answer out of pride or

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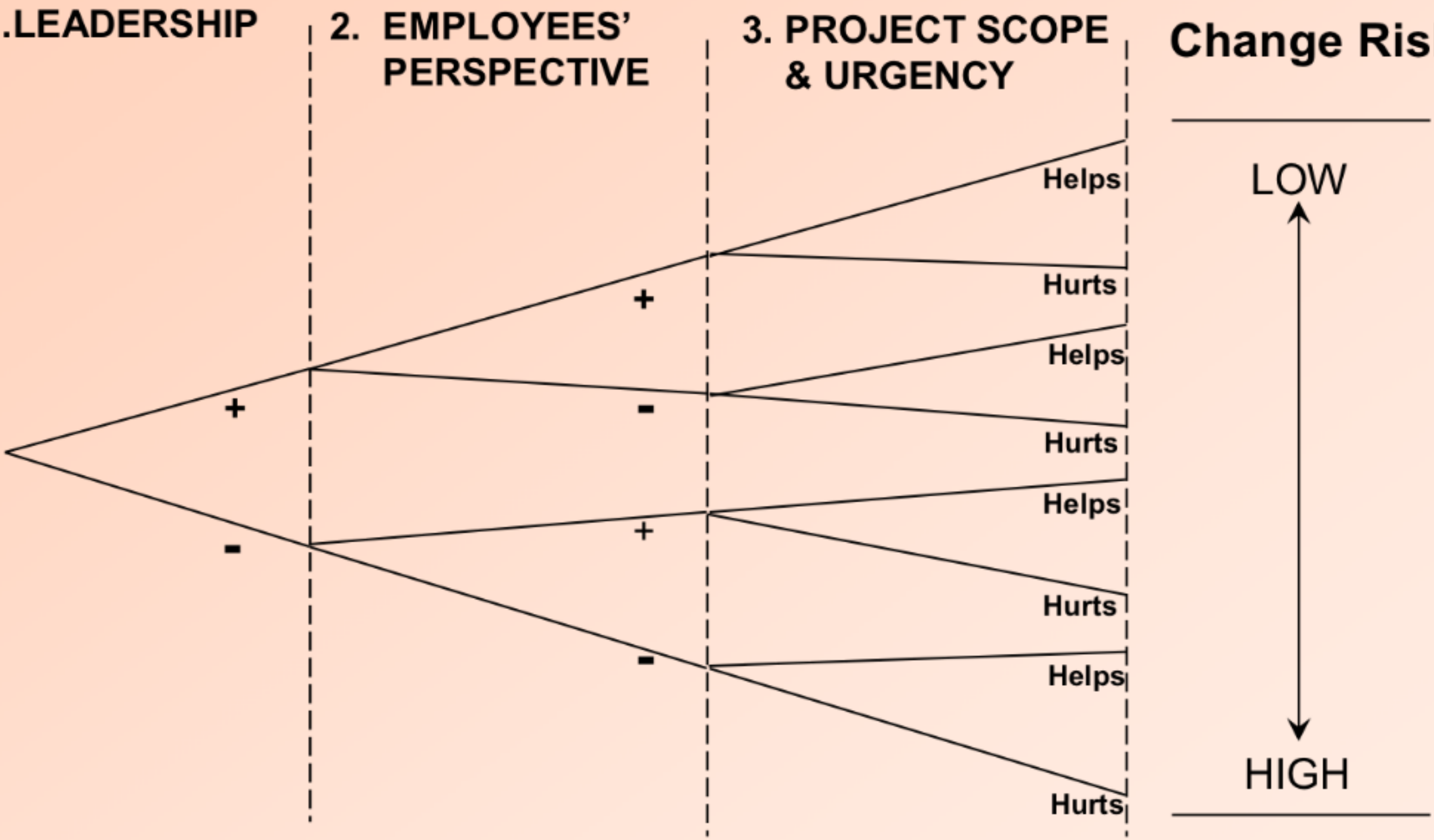
Figure 1: Assessing Change Risk



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or consultants are poor choices for the overall change management leader.

There are six specific questions for leadership assessment:

1. Are the leaders *committed* to the business case for this project?
2. Do the leaders *understand* the extent of change in work behavior required for success of the project?
3. Are the leaders *formally motivated* to accomplish the change? For example, is the achievement of the project's business goals (increased productivity, effectiveness or major transformation) built into and consistent with their performance goals?
4. Do the leaders at the proper organizational level and position have the *formal power* to exercise influence over change in work behavior of the target people?
5. Do the leaders have *experience* with a project of this scope, urgency and impact on people?
6. Do the leaders have *informal power* with respect to the people? Are they respected in the culture, articulate in making a case for change, credible, influential?

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executives to learn how their views compare to those of CIOs and found disconnects in some key areas. When it comes to cutting costs, just 61 percent of 386 CIOs in North America say rising pressure to reduce costs is a high or critical priority, compared to 84 percent of 377 North American business decision makers. And fewer than half of IT leaders (47 percent) are concerned with the competition, compared with 78 percent of business decision makers viewing it as a high or critical priority.

Room for improvement in business stakeholder relations

While 77 percent of the CIOs we surveyed expect a broader understanding of IT by non-IT colleagues will positively impact their IT organizations within the next few years, survey results suggest a good number of CIOs aren't taking the time to build relationships with their business peers. Forty-three percent report that marketing the IT department so the business has a better understanding of IT is a low priority or not on their agenda. For IT leaders that do make the effort to elevate or solidify their general relationship with the business, meeting more frequently with influential stakeholders (59 percent) and major systems operations fixes (51 percent) are among the most common efforts cited. A higher percentage of IT leaders this year are delegating more of their operations to trusted lieutenants (46 percent, up from 35 percent), developing IT leadership capabilities in senior managers (38 percent, from 28 percent), and training IT staff to better partner with business stakeholders (41 percent, up from 36 percent). While relatively few CIOs are out talking to their customers, more are taking the time to do so this year (23 percent, from 18 percent).

METHODOLOGY

CIOs annual "State of the CIO" survey is conducted with the objective of understanding how the role of the CIO continues to evolve in today's business climate and to help define the CIO agenda for 2012. This definitive benchmarking survey, now in its 11th year, measures the role of the CIO in the organization, budgetary responsibilities, business and leadership challenges, and the key skills needed for the job today. Members of CIO's audience were invited to participate in an online survey between September 12, 2011 and September 21, 2011. Results are based on 596 respondents who indicated they are the head of IT at their company or business

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(63 percent) anticipating a good year ahead. And four out of ten respondents predict growing economic strength in emerging economies like China and India will have a positive impact on their business in the next few years.

Mixed perception of the IT organization by business stakeholders

While the strategic influence of CIOs has generally grown in the past few years more than half of the IT leaders we surveyed (57 percent) are still perceived as a service provider or technology collaborator. Nearly one in five (21 percent) say IT is negatively perceived as a cost center.

Perception of IT Organization by Business Stakeholders	Total
Cost center - *Enterprise value unappreciated, misunderstood or unfulfilled*	21%
Service Provider - *Credible reputation for efficient & effective delivery*	27%
IT Partner - *Trusted, influential collaborator on all things IT*	30%
Business Peer - *Truly part of "the business," engaged in developing, not just enabling, business strategy*	15%
Business Game Changer - *Acknowledged as a primary driver of the enterprise's competitive future*	7%

CIOs in companies where the IT organization is perceived as a business peer or business game changer are significantly more likely to predict a good year ahead for their business (48 percent versus 34 percent for total respondents) and for their industry (42 percent versus 28 percent). The most business-savvy CIOs are significantly more likely to report to the CEO (60 percent, versus 38 percent), sit on the business executive committee (85 percent, versus 66 percent), and lead a non-IT area (68 percent, versus 57 percent). This group also commands the highest salaries ($245,000, on average, versus $218,000).

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IT principles	**High level statements about how IT is used in the business**	Davenport, Hammer & Metsisto 1989, Broadbent & Weill 1997
IT architecture	**An integrated set of technical choices to guide the organization in satisfying business needs. The architecture is a set of policies and rules for the use of IT and plots a migration path to the way business will be done (includes data, technology, and applications)**	Keen 1995, Ross 2003
IT infrastructure strategies	**Strategies for the base foundation of budgeted-for IT capability (both technical and human), shared throughout the firm as reliable services, and centrally coordinated (e.g., network, help desk, shared data)**	Keen 1989, Weill, Subramani & Broadbent 2002
Business application needs	**Specifying the business need for purchased or internally developed IT applications**	Earl 1993
IT investment and prioritization	**Decisions about how much and where to invest in IT including project approvals and justification techniques**	Devaraj & Kohli 2002, Ross & Beath 2002

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Decision rights or inputs rights for a particular IT decision are held by:		CxO Level Execs	Corporate IT and/or Business Unit IT	BU Leaders or Biz process Owners
Business Monarchy	A group of, or individual, business executives (i.e., CxOs). Includes committees comprised of senior business executives (may include CIO). Excludes IT executives acting independently.	✓		
IT Monarchy	Individuals or groups of IT executives		✓	
Feudal	Business unit leaders, key process owners or their delegates			✓
Federal	C level executives and at least one other business group (e.g., CxO and BU leaders)—IT executives may be an additional participant. Equivalent to a country and its states working together.	✓ ✓	✓	✓ ✓
IT Duopoly	IT executives and one other group (e.g., CxO or BU leaders)	✓	✓ ✓	✓
Anarchy	Each individual user			

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Figure 3: IT Governance Archetypes

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Style \ Domain	IT principles	IT architecture	IT infrastructure	Business application needs	IT investment and prioritization
Business Monarchy	3	3	3		2 3
IT Monarchy		1 2	2 1		
Feudal					
Federal				1	3
Duopoly	1 2			2	1
Anarchy					

1 2 3

Top Three Performers –

Governance performance is the effectiveness of governance assessed by the CIO to deliver four IT objectives weighted by importance: cost effective use of IT & effective use of IT for asset utilization, revenue growth & business flexibility. Governance performance has statistically significant positive relationship with several measures of financial performance (i.e. ROA, ROE, market cap growth).

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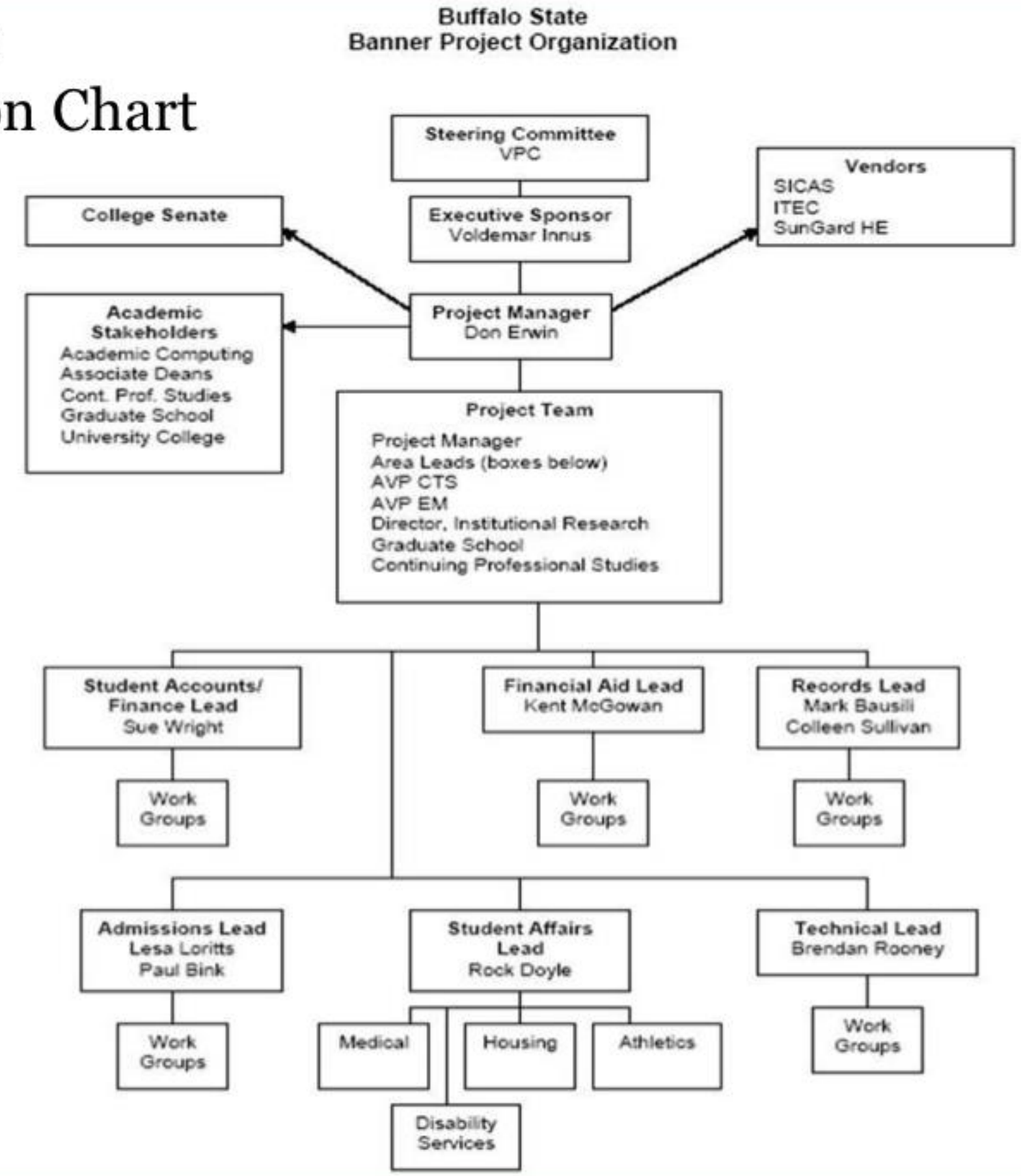
Major Issues
- IT Leadership (Gartner Group)

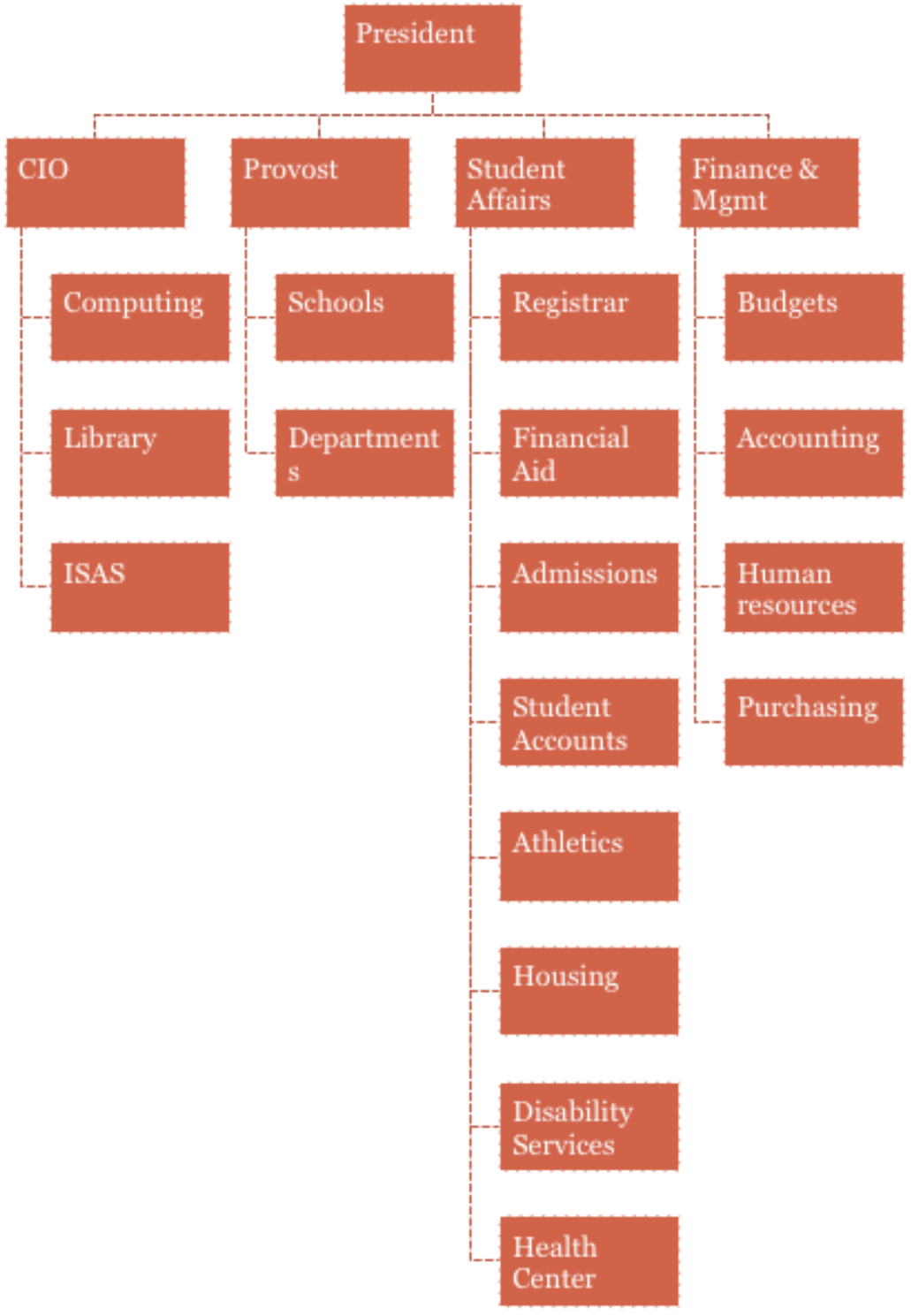
IT Professional Gap

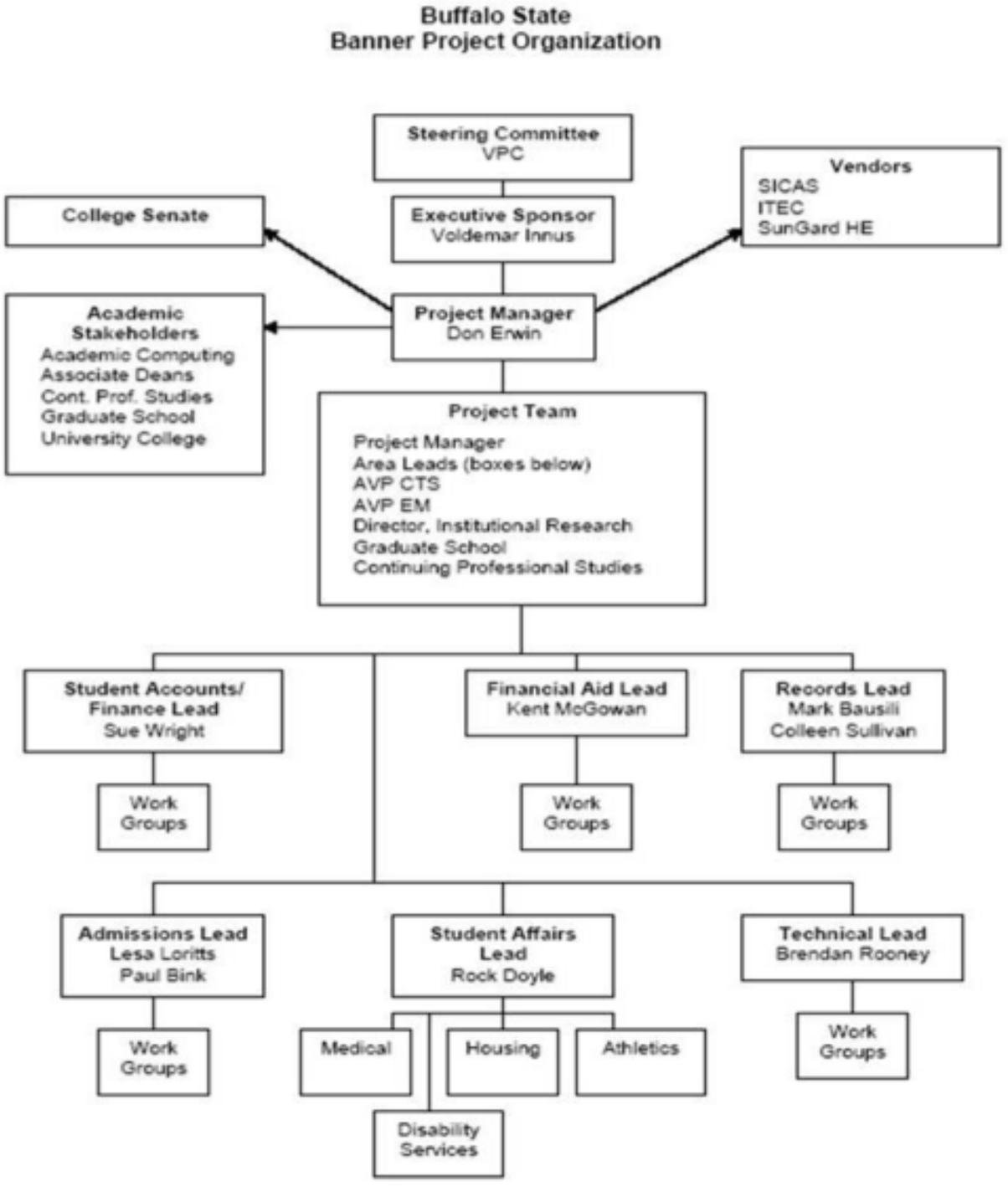
1985 Professional Resume Qualifications for the Position		1995 Professional Resume Qualifications for the Position
Hierarchical Kingpin	→	Visionary Leader
Dictator	→	Relationship manager
Technology Guru	→	Marketer
Mainframe Biggot	→	Open-systems-oriented
20 years at IBM Laboratories	→	Line Of Business Mgmt. Jobs
COBOL, PLI, Fortran, C	→	French, German, Japanese
Ph.D, MIT	→	MBA, Harvard Business School

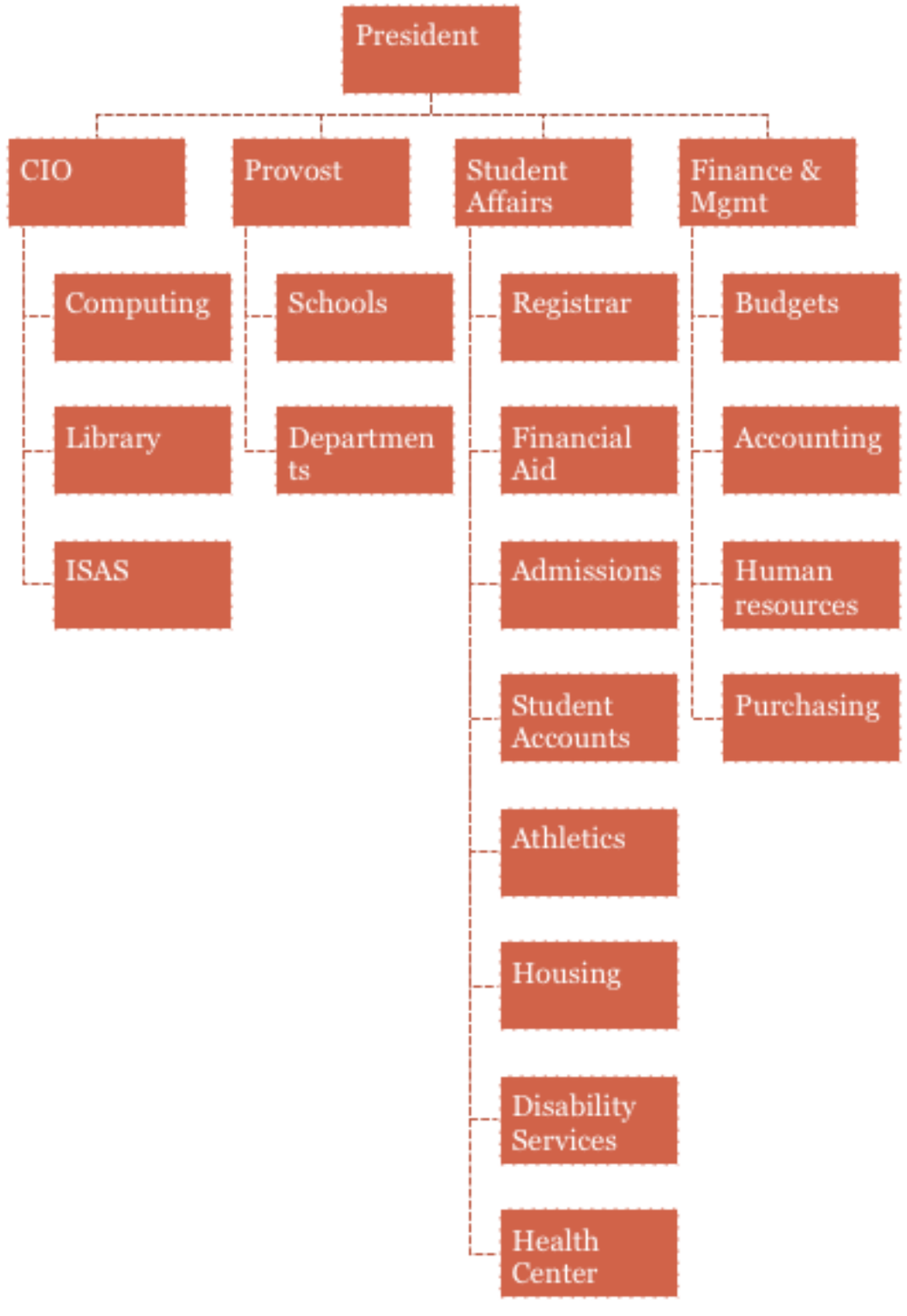
The Project Organization Chart



The Enterprise's Organization Chart




Buffalo State
Banner Project Organization
Steering Committee
VPC
Executive Sponsor
Voldemar Innus
College Senate
Vendors
SICAS
ITEC
SunGard HE
Academic Stakeholders
Academic Computing
Associate Deans
Cont. Prof. Studies
Graduate School
University College
Project Manager
Don Erwin
Project Team
Project Manager
Area Leads (boxes below)
AVP CTS
AVP EM
Director, Institutional Research
Graduate School
Continuing Professional Studies
Student Accounts/ Finance Lead
Sue Wright
Financial Aid Lead
Kent McGowan
Records Lead
Mark Bausili
Colleen Sullivan
Work Groups
Work Groups
Work Groups
Admissions Lead
Lesa Loritts
Paul Bink
Student Affairs Lead
Rock Doyle
Technical Lead
Brendan Rooney
Work Groups
Medical
Housing
Athletics
Disability Services
Work Groups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CIO
Provost
Student Affairs
Finance & Mgmt
Computing
Schools
Registrar
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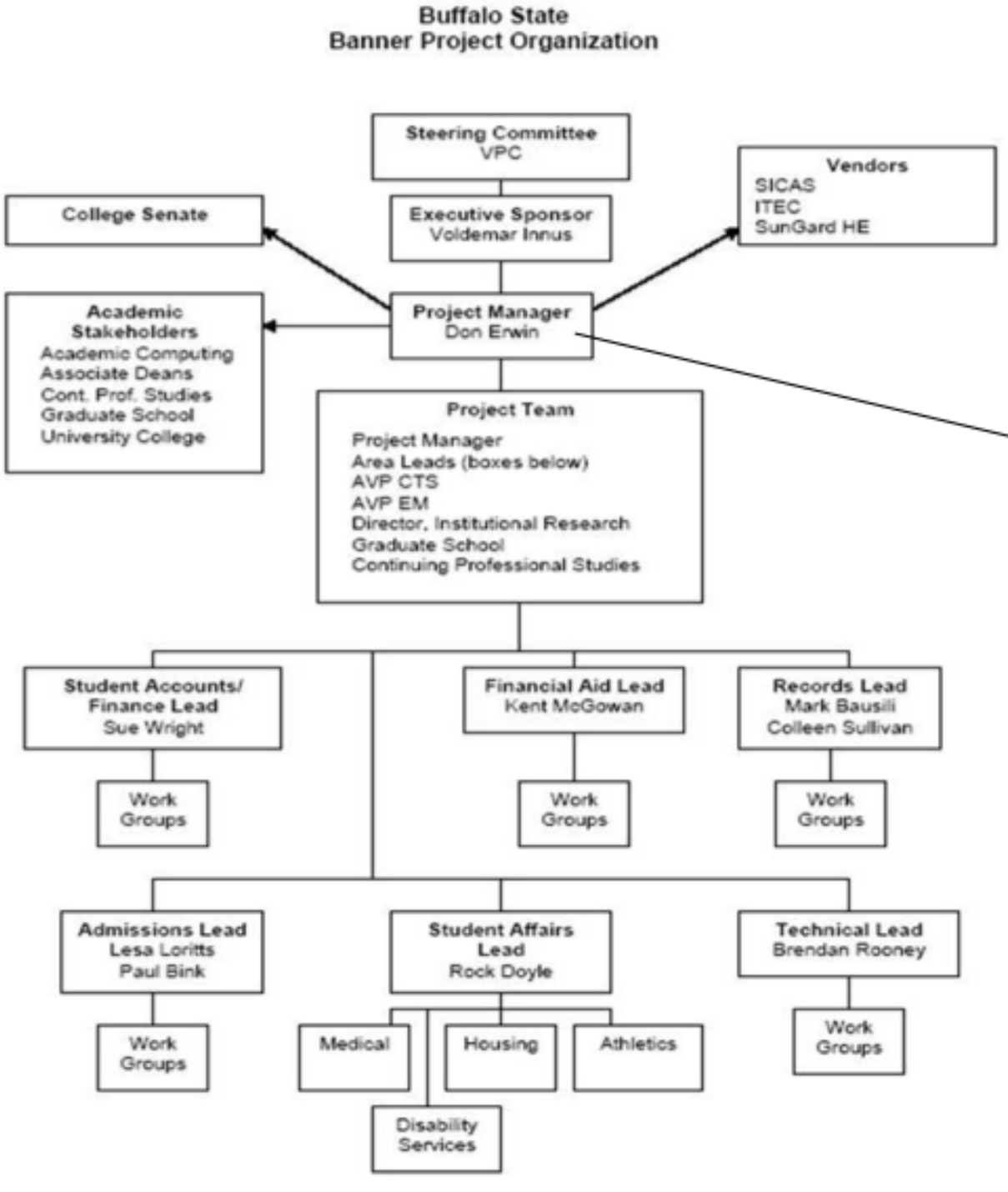
Purchasing
Athletics
Housing
Disability Services
Health Center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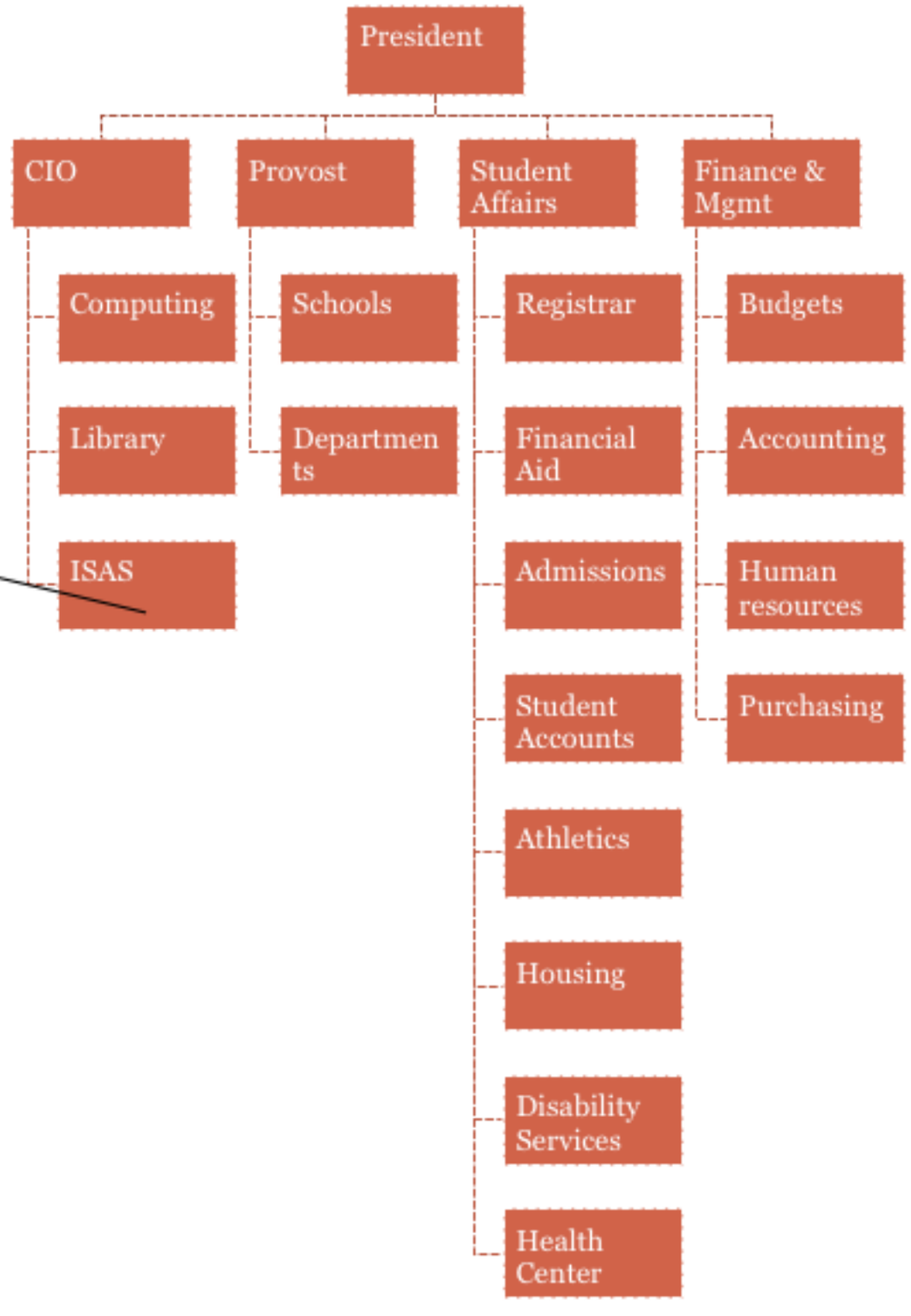
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Housing
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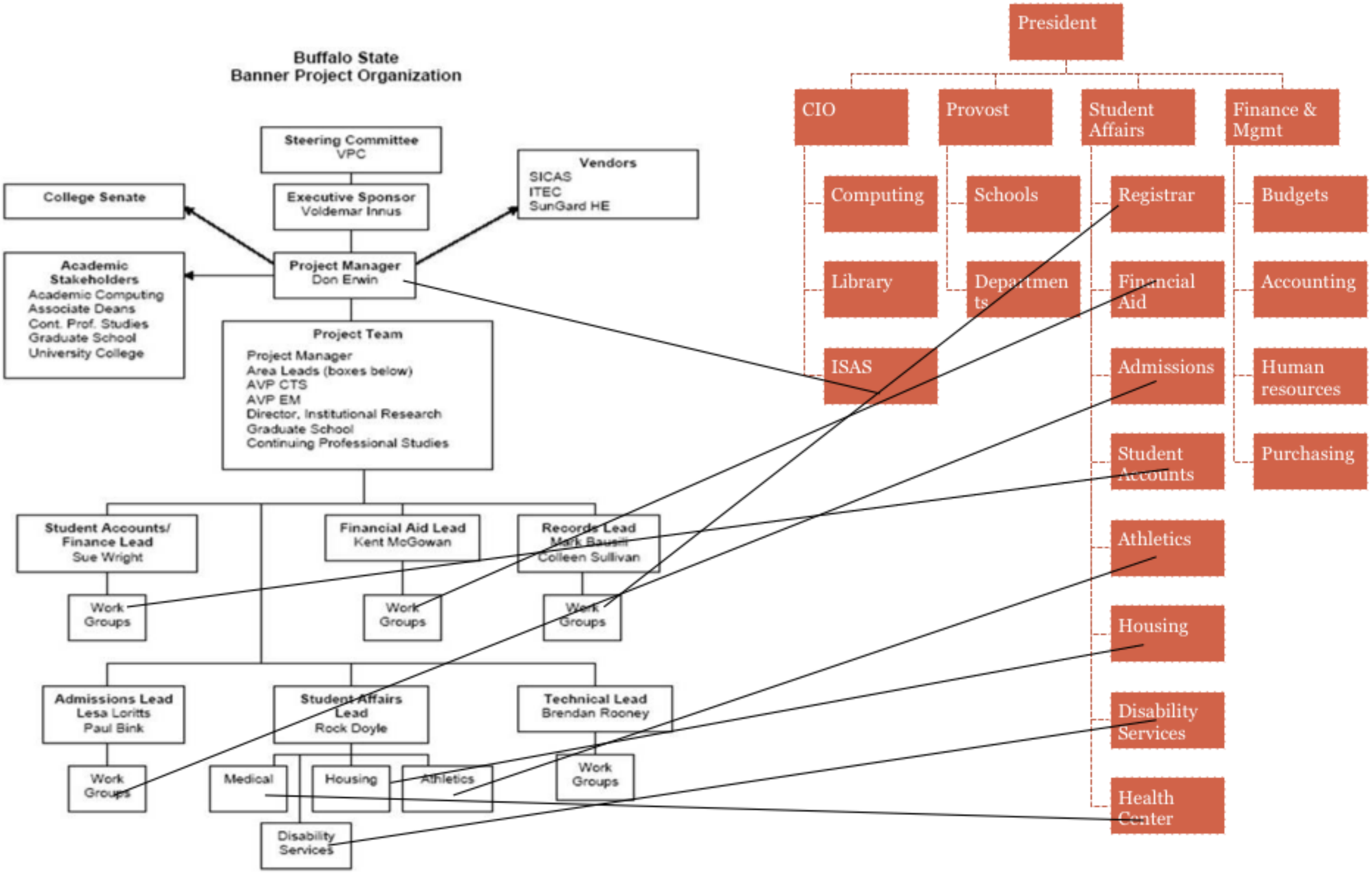
Health Center

Buffalo State
Banner Project Organization



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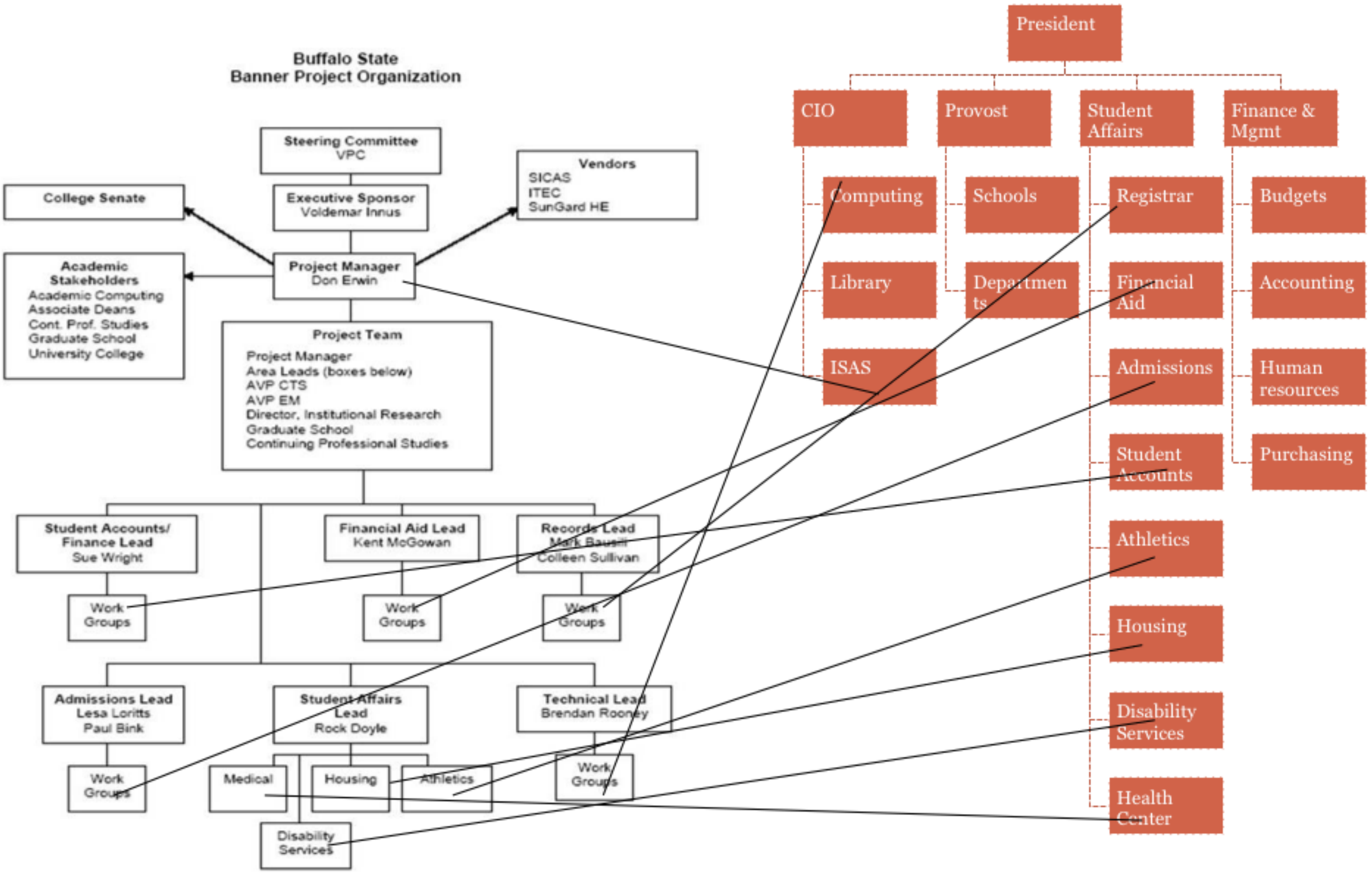

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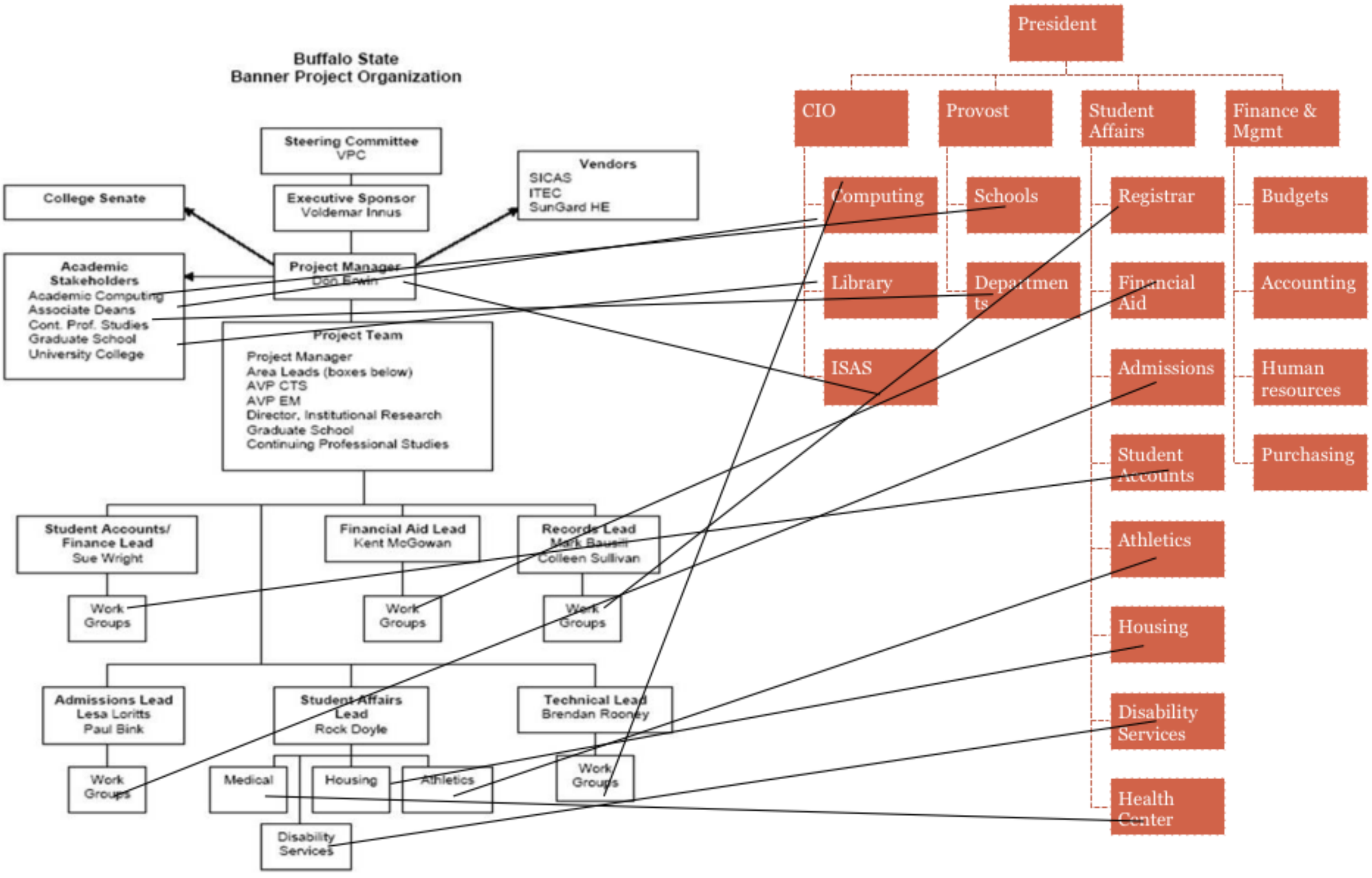

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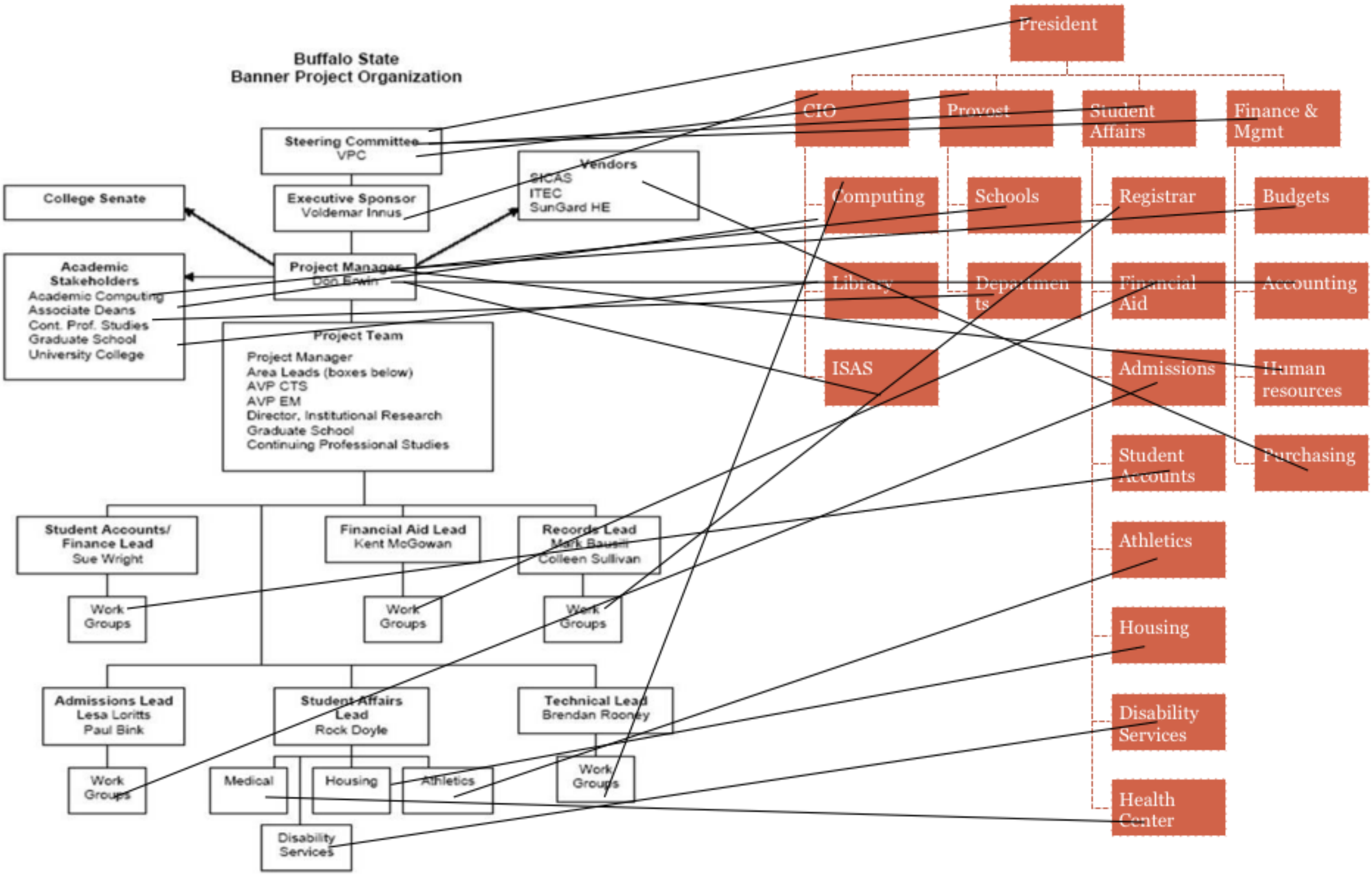
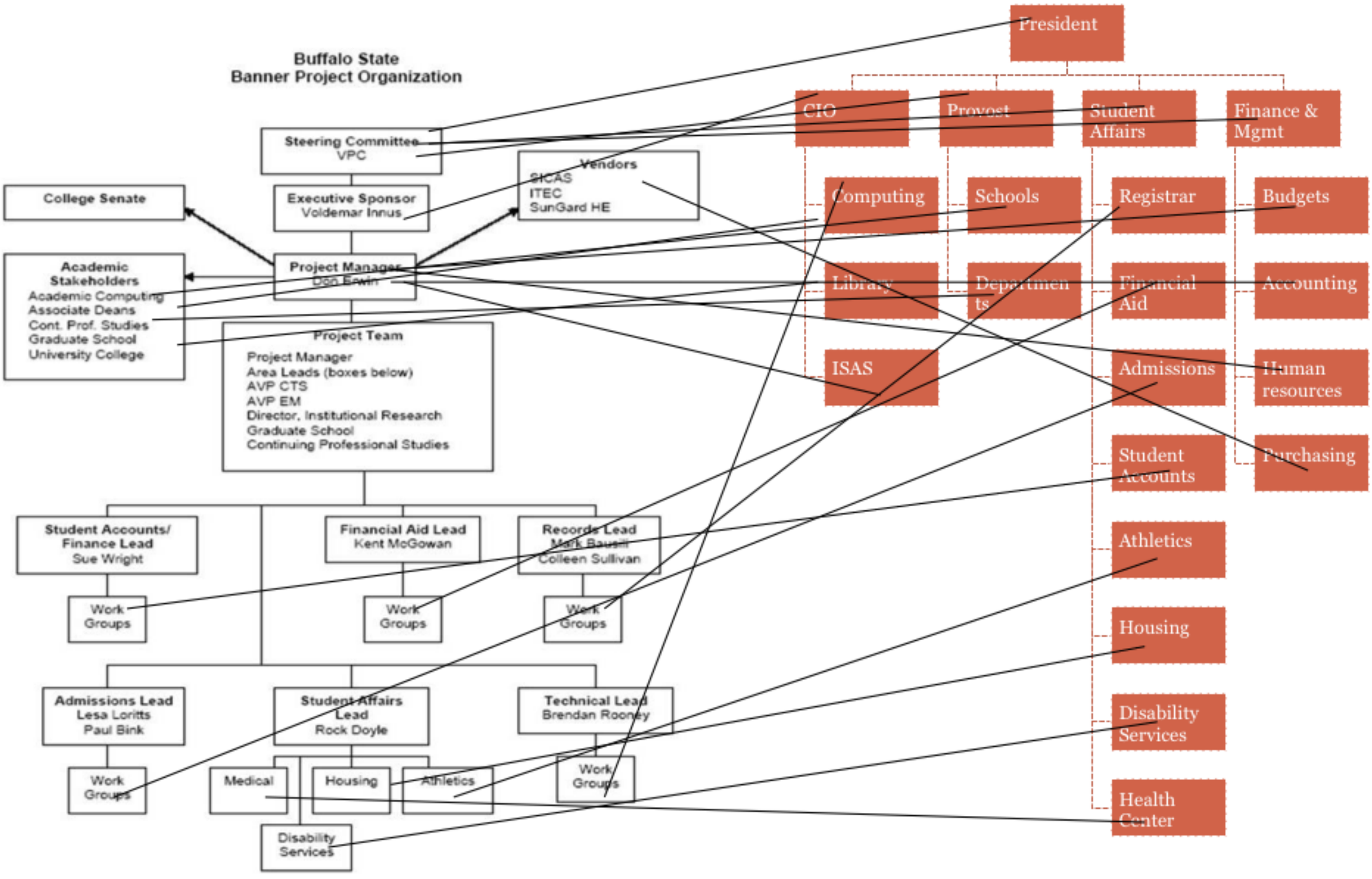


Who works for whom?



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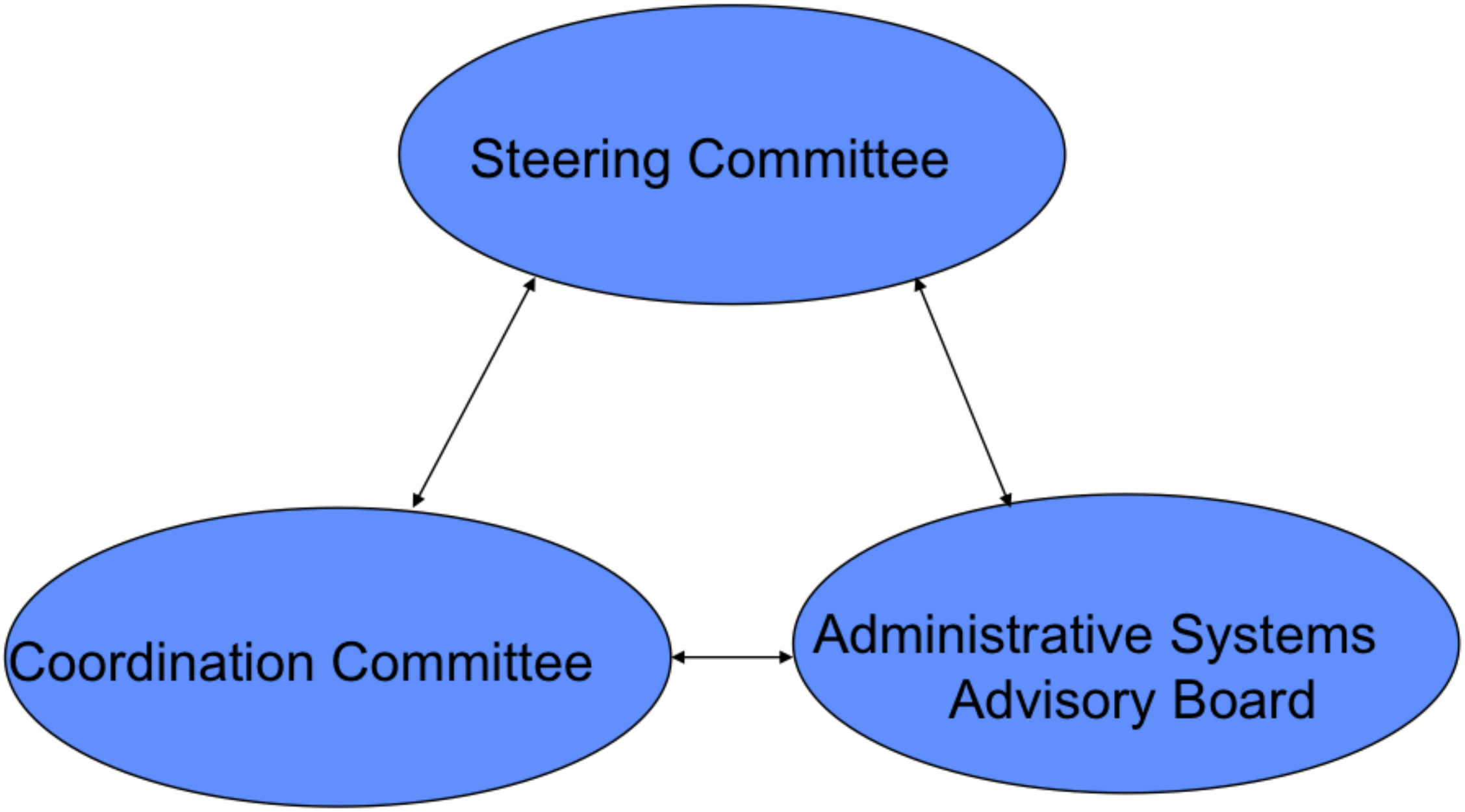
Governance Model



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Steering Committee

- Membership
  - Vice Presidents & Deans
- Roles
  - Vision and Policies
  - IT Principles
  - Major Objectives
  - Major Project Approval and Priority Setting
- A Major Direction (example)
  - Universal Student Access

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Administrative Systems Advisory Board (ASAB)

- Membership
  - Major Stakeholders (Enterprise Systems)
    - Academic Affairs, Finance and Management, Student Affairs, Research, Advancement, Health Affairs
- Roles
  - Identify and define new or enhanced services
  - Prioritize Projects
- A Major Direction (example)
  - Replace 75 separate phone systems with a single VOIP system

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Coordination Committee

- Membership
  - IT Staff from across the university
    - Schools, administrative units, and CIO area
- Roles
  - Consider and advise Steering Committee on policy changes
  - Raise issues of institution wide concern
- A Major Direction (example)
  - Institutional response to computer attacks and disaster recovery

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Planning for the Future

General Planning Principles (IT Principles)

- Stay ahead of the demand curve
- Stay in the mainstream
- Consciously build on existing investments
- Focus on continuous improvement
- Leverage wherever possible (utility functions)
- Focus human capital on competitive differentiation
- Optimize human capital & equipment investment
- Utilize project management & benchmarking
- Be an early follower

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The CIO's Goals

- Gain the **trust** of the campus leadership
  - Established the IT Steering Committee **(Teamwork)**
- Gain the **trust** of the campus IT community
  - Establish the IT Coordinating Committee **(Teamwork)**
  - Actively support the DCC
- Provide a mechanism for project definition and priority setting (Stakeholders Group)
  - Administrative Systems Advisory Board (ASAB)

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YAHOO!

Internet Life April 2000

UB ranks 11th nationwide in the "100 most wired colleges"

- **Computers/100 Students; wired dorms; public computers; discount purchase programs (UBMicro).**
- **Academics [Student Services]: On-line Registration, Drop/Add & Course Schedules.**
- **Free Services: Web Space, Tech Support, Network File Space, Email, Alumni Access.**
- **Computer Requirement: Students must own a computer.**

USA Today

reports:

Students increasingly are choosing their college based on preparation for careers in the 21st century

it

Interactive Telepresence Auditorium at RTU Riga Business School

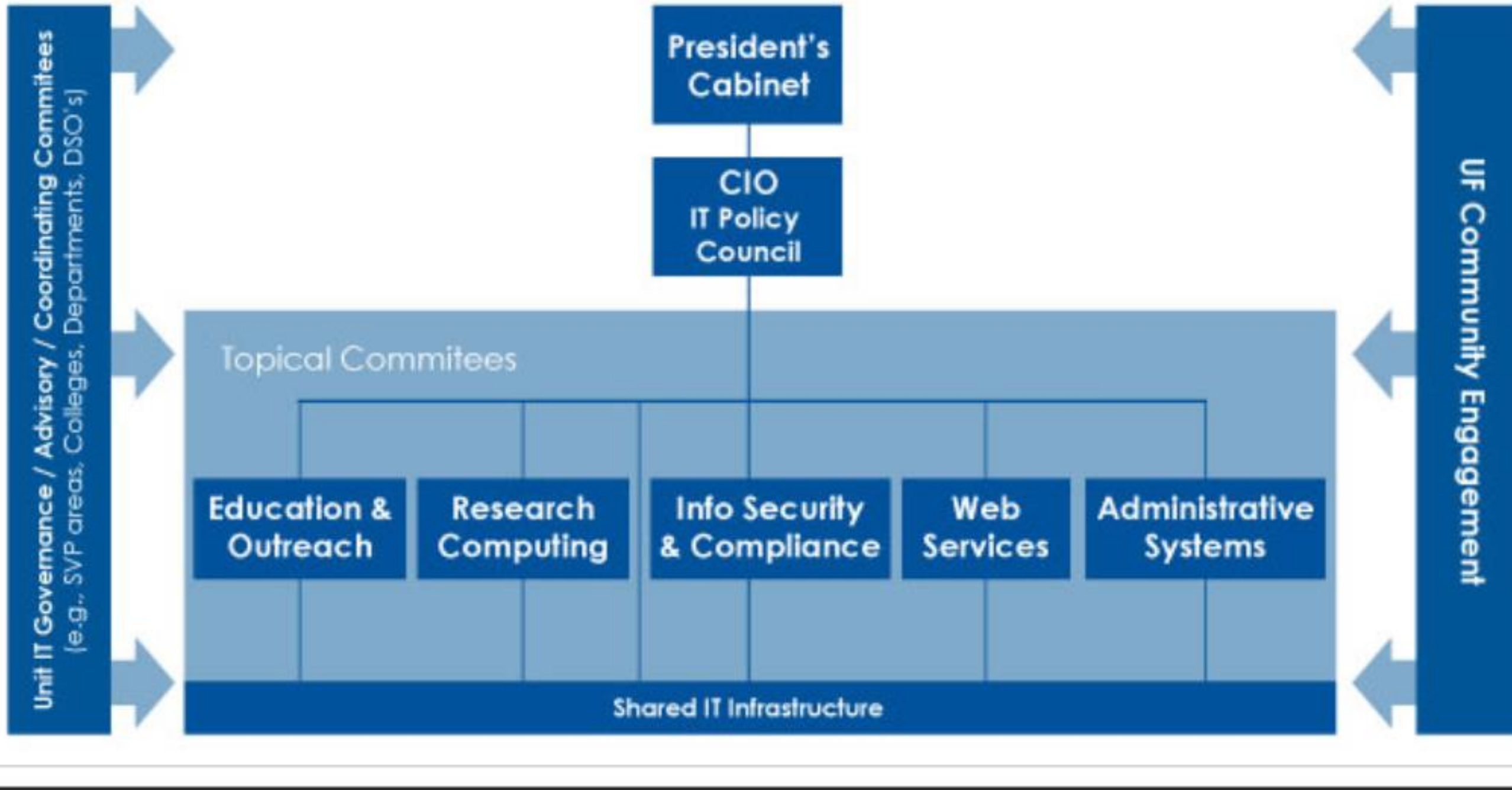
RBS Riga Business School
Riga Technical University

Virtual instruction key elements:

- High quality instructor video visible from any seat within auditorium
- Distortion free presentation on separate screen
- Clear audio, synchronized with video
- Automatic video focus on the student who is talking
- Internet Streaming
- Automatic recording of the event (synchronized and searchable video with presentation)
- Remote participation in the event with ability to ask questions and participate in the discussion.

RBS Riga Business School
Riga Technical University

Video



nt's Cabinet that approves UF-wide policies and standards, strategic UF-wide projects and associated budg
ancial commitment

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Chomping data at trillions of "bites" per second

Published: May 7th, 2013

Category: Spotlights

Using current technology, University of Florida immunologist David Ostrov needs months to conduct a test in search of the safest drugs.

What They're Saying

> *"The UF Data Center will dramatically increase the speed, power and efficiency of the university's computing network while providing our researchers with an unprecedented new scientific tool. With the opening of the center, UF joins the nation's leading universities in both research and administrative computing capabilities – a critical step in our progress toward top-10 status."*
> ***-- UF President Bernie Machen***

feedback