Project Assurance – predicting project failure

Context

Project assurance is that activity undertaken, typically by a program or portfolio management office to provide independent assurance to senior management regarding that status and performance of projects and programs.

Program and portfolio Management Offices (PMOs) typically do not have the resources to undertake in-depth analysis (aka 'project health check') on each project within a program or portfolio for each reporting cycle. To address this situation PMOs worldwide analyse various project metrics to determine which projects **are** in trouble and assign their limited resources to analyse and, if appropriate, assist those projects to recover.

Whilst this is a laudable approach, by the time the PMO identifies problem projects and the possible corrective actions, it may already be too late. As a result, the project will still fail despite large investments by the PMO and the PMO may be implicated (wrongly) in that failure.

The challenge for PMOs is to identify problem projects even before the project manager knows there's trouble and to redirect the project with minimal effort back onto the correct path.

So how can a PMO predict project failure (a) before the project manager can; and (b) with only minimal project performance data available?

Predicting Project Failure

With access to projects' progress and financial information as well as access to projects' risk, issue and change logs PMOs should be able to establish robust systems to predict project failure. This paper outlines a number of possible indicators that either individually or in concert will enable PMOs to identify problem projects.

Let's start with the obvious ones, and the ones some PMOs will already have in place.

Progress (% complete)

1. Actual progress to date <□% of planned (baselined) progress to date

2. Actual progress to date <□% of planned (baselined) progress to date AND reported status is 'green'

The later is intended to flag projects where the project manager is overly optimistic about completing on time.

Finances

3. Actual spend to date is >□% of planned (baselined) progress to date

4. Actual spend to date is >□% of planned (baselined) progress to date AND actual progress to date <□% of planned (baselined) progress to date

And now for some not normally implemented by PMOs

Risks

5. No. of open risks <□

   This will identify projects where risk management is lacking

6. No. of Extreme/High rated risks is >□% of all open risks

7. No. of Medium rated risk >□% of all open risks

8. The time since any open risk was reviewed >□ weeks

   This will identify projects where risk management is lacking

Issues

9. No. of open issues >□

   This would suggest that the project is not actively resolving issues

10. No. of high/extreme impact issues is >□% of all issues

11. No. of medium impact issues is >□% of all issues

12. Any issue resolution date for an open issue is >□ weeks in the past

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Change

13. The date of request of any unresolved change request is >☐ weeks in the past

14. No. of approved open change requests > ☐

These will identify projects that are suffering under the weight of constant change

As stated earlier, it is unlikely that any single indicator will be indicative of projects under stress. PMOs will need to:

☞ tailor these indicators for there specific organisation and industry, assigning values for each of the '☐' above;

☞ establish systems, such a business rules engines, to automate a weighted calculation of all these indicators to arrive at an overall score for each project;

☞ establish thresholds for project status indicators (eg. red, amber and green) that will be triggered depending on the weighted calculation of the indicators for each project; and

☞ establish means for communicating not only the status indicators but also the indicators that contributed to the status indicator.

The latter is essential for developing senior management acceptance and trust in the value add service provided by the PMO.

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