OGC
Office of Government Commerce

Common Causes of Project Failure

OGC Best Practice

This document is primarily aimed at those managing or otherwise involved in the delivery of projects across Government.

Common Causes of Project Failure

1. Lack of clear links between the project and the organisation's key strategic priorities, including agreed measures of success.
2. Lack of clear senior management and Ministerial ownership and leadership.
3. Lack of effective engagement with stakeholders.
4. Lack of skills and proven approach to project management and risk management.
5. Too little attention to breaking development and implementation into manageable steps.
6. Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits).
7. Lack of understanding of, and contact with the supply industry at senior levels in the organisation.
8. Lack of effective project team integration between clients, the supplier team and the supply chain.

Key questions to address

1. Lack of clear links between the project and the organisation's key strategic priorities, including agreed measures of success.

- Do we know how the priority of this project compares and aligns with our other delivery and operational activities?
- Have we defined the critical success factors (CSFs) for the project?
- Have the CSFs been agreed with suppliers and key stakeholders?
- Do we have a clear project plan that covers the full period of the planned delivery and all business change required, and indicates the means of benefits realisation?
- Is the project founded upon realistic timescales, taking account of statutory lead times, and showing critical dependencies such that any delays can be handled?
- Are the lessons learnt from relevant projects being applied?
- Has an analysis been undertaken of the effects of any slippage in time, cost, scope or quality? In the event of a problem/conflict at least one must be sacrificed.

2. Lack of clear senior management and Ministerial ownership and leadership.

- Does the project management team have a clear view of the interdependencies between projects, the benefits, and the criteria against which success will be judged?
- If the project traverses organisational boundaries, are there clear governance arrangements to ensure sustainable

alignment with the business objectives of all organisations involved?

- Are all proposed commitments and announcements first checked for delivery implications?
- Are decisions taken early, decisively, and adhered to, in order to facilitate successful delivery?
- Does the project have the necessary approval to proceed from its nominated Minister either directly or through delegated authority to a designated Senior Responsible Owner (SRO)?
- Does the SRO have the ability, responsibility and authority to ensure that the business change and business benefits are delivered?
- Does the SRO have a suitable track record of delivery? Where necessary, is this being optimised through training?

3. Lack of effective engagement with stakeholders.

- Have we identified the right stakeholders?
- Have we as intelligent customers, identified the rationale for doing so (e.g. the why, the what, the who, the where, the when and the how)?
- Have we secured a common understanding and agreement of stakeholder requirements?
- Does the business case take account of the views of all stakeholders including users?
- Do we understand how we will manage stakeholders (e.g. ensure buy-in, overcome resistance to change, allocate risk to the party best able to manage it)?
- Has sufficient account been taken of the subsisting organisational culture?
- Whilst ensuring that there is clear accountability, how can we resolve any conflicting priorities?

4. Lack of skills and proven approach to project management and risk management.

- Is there a skilled and experienced project team with clearly defined roles and responsibilities? If not, is there access to expertise, which can benefit those fulfilling the requisite roles?
- Are the major risks identified, weighted and treated by the SRO, the Director, and Project Manager and/or project team?
- Has sufficient resourcing, financial and otherwise, been allocated to the project, including an allowance for risk?
- Do we have adequate approaches for estimating, monitoring and controlling the total expenditure on projects?
- Do we have effective systems for measuring and tracking the realisation of benefits in the business case?
- Are the governance arrangements robust enough to ensure that "bad news" is not filtered out of progress reports to senior managers?
- If external consultants are used, are they accountable and committed to help ensure successful and timely delivery?

5. Too little attention to breaking development and implementation into manageable steps.

- Has the approach been tested to ensure it is not 'big-bang' (e.g. in IT-enabled projects)?
- Has sufficient time been built-in to allow for planning applications in Property & Construction projects for example?

- Have we done our best to keep delivery timescales short so that change during development is avoided?
- Have enough review points been built-in so that the project can be stopped, if changing circumstances mean that the business benefits are no longer achievable or no longer represent value for money?
- Is there a business continuity plan in the event of the project delivering late or failing to deliver at all?

6. Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits).

- Is the evaluation based on whole-life value for money, taking account of capital, maintenance and service costs?
- Do we have a proposed evaluation approach that allows us to balance financial factors against quality and security of delivery?
- Does the evaluation approach take account of business criticality and affordability?
- Is the evaluation approach business driven?

7. Lack of understanding of, and contact with the supply industry at senior levels in the organisation.

- Have we tested that the supply industry understands our approach and agrees that it is achievable?
- Have we asked suppliers to state any assumptions they are making against their proposals?
- Have we checked that the project will attract sufficient competitive interest?

- Are senior management sufficiently engaged with the industry to be able to assess supply-side risks?
- Do we have a clear strategy for engaging with the industry or are we making sourcing decisions on a piecemeal basis?
- Are the processes in place to ensure that all parties have a clear understanding of their roles and responsibilities, and a shared understanding of desired outcomes, key terms and deadlines?
- Do we understand the dynamics of industry to determine whether our acquisition requirements can be met, given potentially competing pressures in other sectors of the economy?

8. Lack of effective project team integration between clients, the supplier team and the supply chain.

- Has a market evaluation been undertaken to test market responsiveness to the requirements being sought?
- Are the procurement routes that allow integration of the project team being used?
- Is there early supplier involvement to help determine and validate what outputs and outcomes are sought for the project?
- Has a shared risk register been established?
- Have arrangements for sharing efficiency gains throughout the supply team been established?

If the answers to the above questions are unsatisfactory, projects should not be allowed to proceed until the appropriate assurances are obtained.

Explanatory notes

1. An acquisition-based project is one which has a significant element dependent on the supply of goods and/or services by a third party supplier or suppliers. Whilst it is not essential for the goods or services to be provided by a single supplier, the contribution of the third party supplier or suppliers should be considered significant, if a failure to deliver on their part attracts public criticism.
2. An IT-enabled project is any business change activity, including programmes and projects, where the use of IT is critical to its success.
3. A project is defined as a unique set of co-ordinated activities with a finite duration, defined cost and performance parameters and clear outputs to support specific business objectives.
4. By value for money is meant "the optimum combination of whole-life cost and quality, fitness for purpose to meet user requirements". Government Accounting.
5. The list of Common Causes of Project Failure has been agreed by the NAO and OGC.

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