Achieving significant failure cost reductions in a Business and IT project portfolio

The Start

The organization is an internationally operating firm in the Telecom, Media & Transport sector. It deploys projects in various tracks such as 'Innovation', 'Business Development', 'Operations' and 'Maintenance' in B2B and B2C markets. Projects are marked by a significant IT component and the total portfolio is above €400 million (non-capex) annually.

The variety of tracks, size of the portfolio and the impact of project success and failure on the strategic objectives has motivated management to improve both the effectiveness ("are we doing the right projects") and the productivity ("are we doing the projects in the right way").

This case pertains to the failure cost reduction of a pilot – portfolio of 84 projects with a total budget of €131 million (non-capex). Our approach comprises three phases:
1. Evaluate the projects
2. Implement in-house best practices
3. Track-and-trace the new projects

Evaluate the projects

This phase quantifies the impact on productivity for a variety of factors per project, determines where in the organization these factors are being well-managed, where to find the 'white swans' ("normal" overrun) as well as the 'black swans' and indicates how hard your projects are affected by factors that you 'do-not-have-in-sight'.
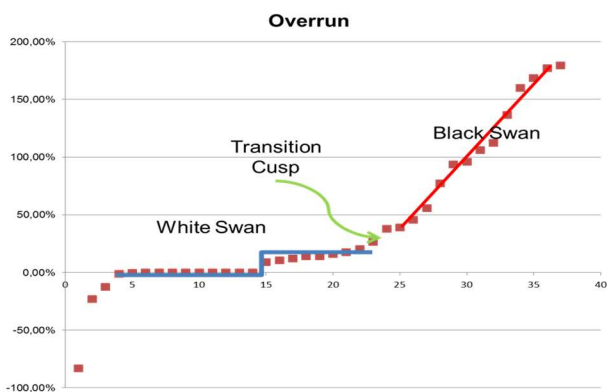
First, we assess for all active and a number of recently completed projects in the portfolio, the impact of (1) the "traditional" project factors and (2) the decision-making process within the projects. Our Transition Compass™ algorithms calculate the impact of all factors; a positive,

dampening, impact if they are well-managed and a negative, over-running, impact when they are not. These values also tell you where to find the 'best – practice' improvements within the organization. This simplifies the recommendations of actionable 'best - practices, facilitates their deployment across the organization and thus improves the chances of success. Furthermore, our algorithms also show the configurations of factors with the greatest impact, per track, per market and per project type. This helps the organization, very specifically, to pinpoint the causes of success and failure, to take the right measures and to avoid the 'one-size-fits-all' pitfall when resolving.

Finally, our algorithms also determine the collective impact of the factors that we have not explicitly included in the evaluation. These 'blind spot' factors that we do not know by name, we cannot control and yet they contribute 45% to failure costs due to their impact on budget and
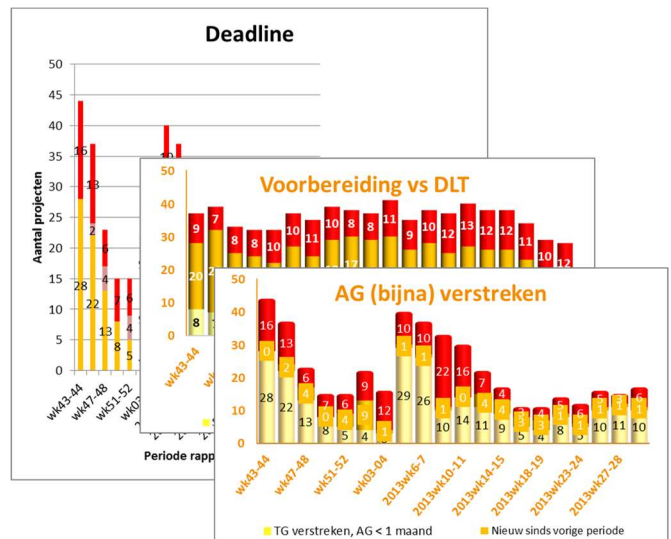

runtime.

Upon completion of this stage the organization knows which factors drive productivity of its projects, the actual impact of each factor, where in the organization these factors are being well-managed and how hard your projects are affected by factors that they do not know.

Implement in-house best practices

This phase improves productivity for a first time by means of proven measures in the guise of internal 'best - practices'. Initially this is done solely for the "traditional" project factors.

The implementation of measures to combat the "traditional" factors project is facilitated by means of the choice for internal best - practices; the evaluation phase has high – lighted the projects that are managing these factors well. Analysis of these internal 'best - practices' accelerates the selection of appropriate countermeasures and facilitates their deployment across the organization.

Upon completion of this phase, the organization has implemented a first series of proven measures and begins to structurally increase the productivity of its projects.
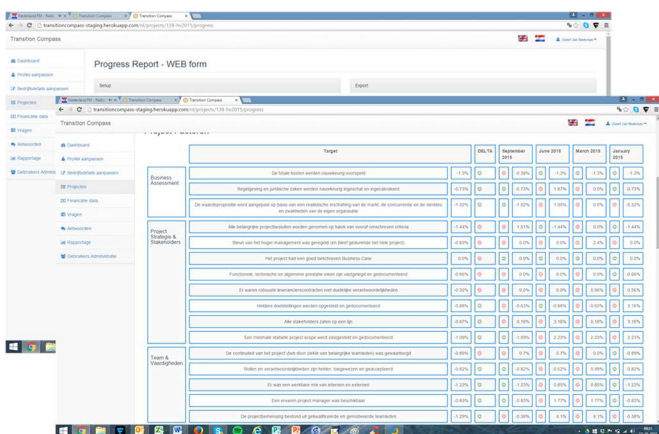
Selective track-and-trace of new projects

This final phase enables the organization to structurally increase the productivity by 'track-and-trace' of the improvements taking root, by measuring success and failure in new projects and by countering deviations via additional counter measures.
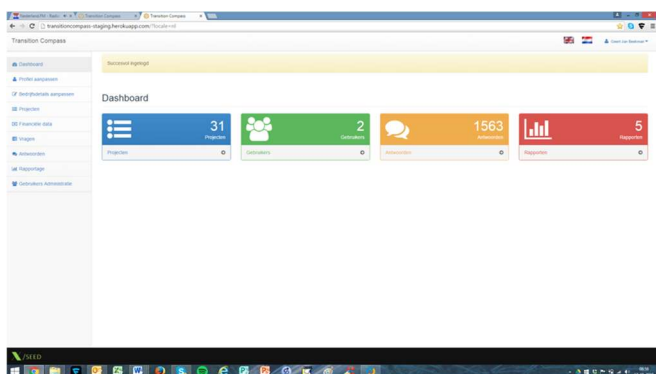
First of all, we leave behind the algorithms in the form of an easily accessible SaaS. The project core team inputs the status of a set of "traditional" factors via an on-line interface on a monthly basis. For this purpose they use the same interface as during the "Evaluation" - phase, a set of the same factors and are they done in about 15 minutes. The algorithms calculate the impact on the runtime and the budget for each active project and a handpicked set of reports delivers the outcomes and insights. This way, everyone involved can track whether improvements are achieved, deadlines do not get missed, commitments remain honored and productivity actually increases.

Management has the option to deploy the SaaS selectively for any number of projects, or with a wider scope as a complementary management instrument. The SaaS enables the organization to determine the impact of project factors on active projects, to track the success of counter measures and take timely action based on facts. And thus the cost of failure come down via cost and overrun reductions and customer satisfaction increase.

Does this seem worth your while?
During the next budget year, new projects demonstrate improvements upto 12 percent.

Are you interested in finding out how to improve the productivity of your projects? Do less redundant projects, better manageability and decreased downside risk appeal to you?

We gladly show you your benefits, how to accomplish all this for your organization and how you can make a difference.

Please contact Geert Jan Beekman (+31 653 221446, geertjan@xseed.nu), Geoffrey Craps (+32 476 760325, geoffrey@xseed.nu), or Frank Zuure (+31 651 541377).