Critical Success Factors for Projects

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Abstract

There is no lack of papers giving prioritized "shopping lists" of reasons for both success and failure of projects, such as the Standish Chaos report. These generally list many details but ignore the big picture. What is missing, therefore, is a higher-level integrated view. This article proposes to address this lack and argues that this analysis needs to be based on what will be called "Enterprise Project Management".

Introduction

For the purpose of this article, a Critical Success Factor for Projects (CSF) is defined as a capability that must be present in order for projects to have a good chance of success. This of course begs the question as to what constitutes "success" and who should judge it.

Another point to understand is that a critical success factor does not guarantee success, but that a lack of it definitely reduces the probability of succeeding. Both David Hillson and I came up independently with the additional category of CSFs to be considered – that is "common sources of failure" –. These are not simply the result of lack of one or more critical success factors, but are specific structures, approaches and cultural artefacts that actively inhibit or undermine the path to success. Those failure-related CSFs, however, would be the topic for a different article.

There are many articles based on statistical analysis of past projects and they tend to come up with prioritized shopping lists. What is missing, however, is a higher-level, integrated view. The basis for this is presented next.

The Successful Project Family

The first step in determining critical success factors is to understand what constitutes "success".

What is success?

To come back to one point raised in the introduction, we need to start by defining the criteria with respect to which success will be measured. This always reminds me of the very old English Music Hall joke: "Hello, hello, hello! How's your wife?" to which the answer came back: "Well that depends … Compared to what?" This is certainly funny in one context but does underline a serious issue for projects. Success is variously considered to be any of the following:

- Satisfying the quality specifications,
- Complying with the triple constraint,
- Creating a value-added environment – i.e. increasing the potential of the organization,

- Delivering a predefined return on investment,
- Achieving strategic objectives.

So, which is it?

It is each one, depending on which member of the enlarged project family you are assessing. So, what does this family comprise?

Family members

The game of Happy Project Families includes three main members, two close relations and the venerable patriarch.

The main family members, defined below in line with the standards of the Project Management Institute (PMI®):

- Project: a temporary undertaking aimed at creating one or more deliverables;
- (Project) Program: a group of members of the project family managed in a synergistic way to create a potentially beneficial outcome;
- (Project) Portfolio: a group of members of the project family managed in such a way as to make best use of the organization's scarce resources in order to achieve a strategic objective.

The close family members are:

- Operations: ongoing delivery of the services of the organization. Operations makes use of any value-added changes to achieve incremental benefits;
- Development: this is the product-creation capability that provides project management with the specified deliverables.

And, as for every traditional family, it should be overseen by the venerable patriarch. In this case, it is:

- Senior management: setting the culture, strategies, structure and success criteria of the organization.

Each member of the family has its own specific area of responsibility for making the entire family successful. This is explained next.

Family responsibilities

A modified RASCI chart showing the roles and responsibilities is proposed in
Figure **1** where, in this case, S indicates who Specifies the criteria for success. As usual, A indicates who is accountable for this success – i.e. who is measured on it and where "success" or "failure" would be considered to have occured.

	Senior Management	Portfolios	Programs	Projects	Operations	Development
Quality constraints				S		A,R
Triple Constraint		(S)	S	A,R		I,R
Increased potential		S	A,R	C,I,R		
ROI	I		S	(S)	A	
Strategic success	S	A,R	C,R			

Figure 1: Who is accountable for what?

Starting from the top, the chart can be read as follows:

- Project to product:
  - The project manager specifies the quality constraints and other specifications to the provider responsible for the development of the product of the project. Success of the Development area is based on complying with these specifications.

- Program to project:
  - The program manager decomposes the program into components (subprograms, projects and non-project work). For the projects, the program manager provides a set of specifications broadly covered by the "triple constraint" model of time, cost and scope. Success of the Project area is based on satisfying the triple constraint – with the added considerations around the "value-added project" as explained next.

- Portfolio to portfolio component:
  - The portfolio manager selects the portfolio components in which to invest the organization's scarce resources and provides the specification of each one to the corresponding program manager in terms of enabling a specified set of benefits. In the event that the component is a project that is not a component of a program, the specification is applied directly to the corresponding project (the S in brackets in
  - Figure 1). Success in the Program area is based on the potential added-value due to the program. For a project component, the portfolio manager has to act as project sponsor and add a "value" success criterion to the standard triple constraint specified in the previous point.
    - This situation suggests the need for an extra member of the extended project family: the value-added project.

- Program to operations:
  - The program manager or, in the case of a value-added project, the project manager, specifies the added value from the outcome of their work that is expected to be achieved by the operations part of the organization.

- Operations keeps senior management informed about the cost and efficiency of their services.

- Senior management to portfolio:
  - Senior management makes the portfolio manager accountable for achieving their agreed set of strategic objectives.

Success, therefore, like beauty, is in the eye of the beholder. Let us now see how to achieve it.

The Need for Enterprise Project Management

Understanding is the basis for action

The diagram in
Figure **1** shows a chain of accountability from development to senior management (and vice versa) encompassing all of the project family. Any break in the chain will put all of the other parts at risk. This leads to the first top-level CSF.

CSF 1: The organization understands the chain of accountability from senior management right through the project family.

Understanding is a good start but it is not enough.

Creating the correct environment for success

The whole project family needs to be managed for in a compatible and integrated manner. This is what I am calling Enterprise Project Management (EPM). I have not used "Organizational Project Management" although that would also be an applicable term, because I want to avoid any preconceptions that may arise from PMI's Organizational Project Management Maturity Model.

The key characteristics of an Enterprise Project Management framework are as follows:

- Inclusion of all of the members of the extended project family;

- Clearly defined accountabilities – including that of senior management with respect to the other components of the EPM family as outlined in
- Figure **1**;

- Development of the correct mindset in each member of the family to ensure that the accountabilities are understood and accepted; this also reduces the risk of interference by one member of the family in another's area of accountability (e.g. micromanagement of project managers by program managers, or interference in strategic decisions by project managers);

- Success metrics for each member of the project family defined in line with the corresponding area of accountability and compatible with each other so as to provide an interlinked chain of compatible objectives;

- Clearly-specified hand-offs between members of the project family to ensure efficient transfer of the output from one member to the next one in line;

- Agreed escalation and delegation criteria to allocate work and decisions to the level that is best places to deal with this.

There are probably many other points that need to be taken into account to create a complete EPM. This can be addressed by the second CSF:

CSF 2: The organization creates, applies and maintains an Enterprise Project Management framework including definitions and management structures that support and encourage its use throughout the organization wherever it is applicable.

Once CSF 2 is in place, an additional set of more detailed CSFs based on this framework should be developed; this would potentially form the basis of an update to PMI's Organizational Project Management Maturity Model to align it with the definitions of these CSFs: maturity can be analysed with respect to the organization's ability to satisfy the relevant CSFs; this provides a complementary view to the current mainly process-based approaches.

Conclusion

The approach for Enterprise Project Management may benefit from the work that has been put in on the Enterprise ***Risk*** Management framework (e.g. the COSO model: http://www.coso.org/documents/COSO_ERM_ExecutiveSummary.pdf). It always useful to learn from the work of others, and the first sentence of the Executive Summary of the referenced COSO document can be adapted to apply to ERM:

"The underlying premise of enterprise ~~risk~~ project management is that every entity exists to provide value for its stakeholders."

CSFs for project management should therefore align directly with this underlying premise and be adapted to each member of the enterprise project family. This is **the CSF** for developing realistic and generic CSFs for project management.

About the Author

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After many years managing international IT projects within large corporations, Crispin ("Kik") Piney, B.Sc., PgMP is a freelance project management consultant based in the South of France. His main areas of focus are risk management, integrated Portfolio, Program and Project management, scope management and organizational maturity, as well as time and cost control. He has developed advanced training courses on these topics, which he delivers in English and in French to international audiences from various industries. In the consultancy area, he has developed and delivered a practical project management maturity analysis and action-planning consultancy package. He has carried out work for PMI on the first Edition of the Organizational Project Management Maturity Model (*OPM3™)* as well as participating actively in fourth edition of the *Guide to the Project Management Body of Knowledge* and was also vice-chairman of the Translation Verification Committee for the Third and the Fifth Editions. He was a significant contributor to the second edition of both PMI's Standard for Program Management as well as the Standard for Portfolio Management. In 2008, he was the first person in France to receive PMI's PgMP credential; in 2014, he did the same for the PfMP. He is co-author of PMI's *Practice Standard for Risk Management*. He collaborates with David Hillson (the "Risk Doctor") by translating his monthly risk briefings into French. He has presented at a number of PMI conferences and has published formal papers. He can be contacted at kik@project-benefits.com.