Relating causes of project failure to an organizational strategic business framework

By Alan Stretton

INTRODUCTION

An organizational strategic business framework (*the Framework*)

In the first of my two articles in the last two issues of this journal (Stretton 2017k,l) I discussed the initiation of projects via organizational strategic business planning, which included both deliberate and emergent strategies, as outlined under Stages 1 to 3 in Figure 1 below. In the following article I extended strategic business planning to encompass strategy execution. This included both project and non-project components, again as illustrated in Figure 1 (which has been slightly modified from the original in light of suggestions from early feedback). This strategic business framework shows both the strategic management stages, and the project contributions attaching to them.

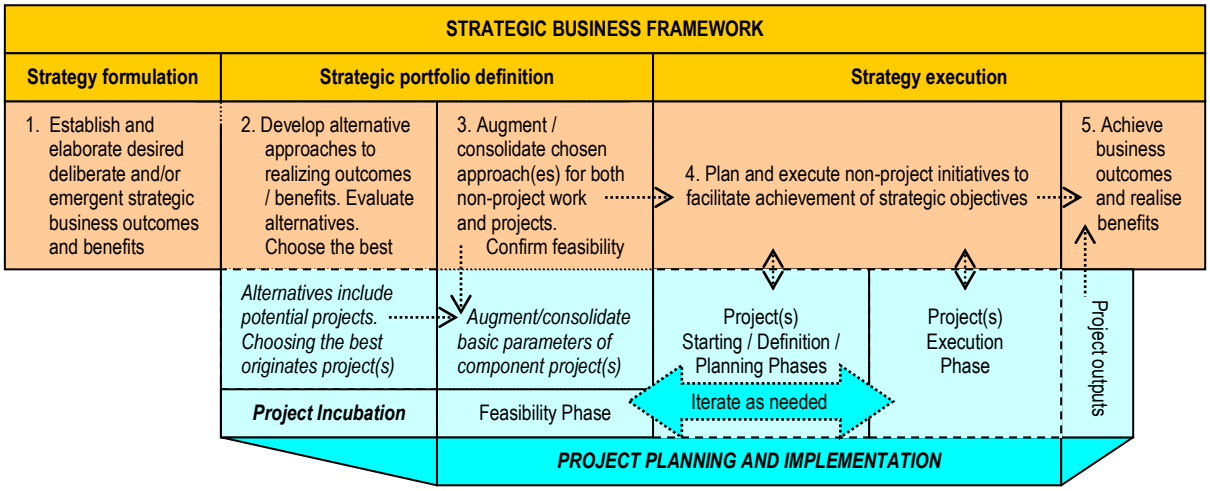

Figure 1: Project management within an extended strategic business framework

Causes of project failure

In this article I want to relate causes of project failure to this framework. In doing this, I will be drawing on a series of articles I wrote earlier in this journal on project successes and failures. In the second article of that series (Stretton 2015a), I assembled quite detailed lists of over forty causes of project failures.

These listings were derived from the rather sparse relevant materials in the project management literature, and I emphasised that these causes of project failure, and frequency of occurrence, did not claim to be necessarily representative of projects at large. Indeed, I strongly argued that there was an urgent need to accumulate comprehensive data on causes of project failure, and I will continue to do so.

However, that article has the only amalgamation of such data that I know of, and, although not necessarily representative, these causes of failure are surely indicative enough to warrant further examination – which is the subject of this article.

There were five main groups of causes of project failure recorded in the earlier article, summarised below, and shown as percentages of the total causes of failure.

Project initiation-related causes of failure	40%
Project mgt. operational-related causes of failure	30%
Organizational leadership-related causes of failure	15%
Project mgt. leadership-related causes of failure	9%
Other (externally-related) causes of failure	6%

In this article I will list all the detailed causes of project failure within each group, and broadly align most of them with the organizational strategic business framework.

INITIATION-RELATED RELATED CAUSES OF FAILURE AND THE BASIC FRAMEWORK

The project initiation-related causes of project failure constitute nearly 40% of total causes, and comprise fourteen different causes, many of them repeated in different sources (as indicated in parentheses). Seven of these causes appear to be directly related to high-level *strategy formulation* and *portfolio definition*, rather than to the project components of the framework. In Figure 2 below I have represented them in three groups, with a slightly modified strategy colour-code.

The other seven causes can be related to the component projects. These are also represented in three groups, with the lighter turquoise project colour-code.

It will also be seen that in Figure 2 and following figures I have used only key headings to represent the more detailed strategic business framework in Figure 1.

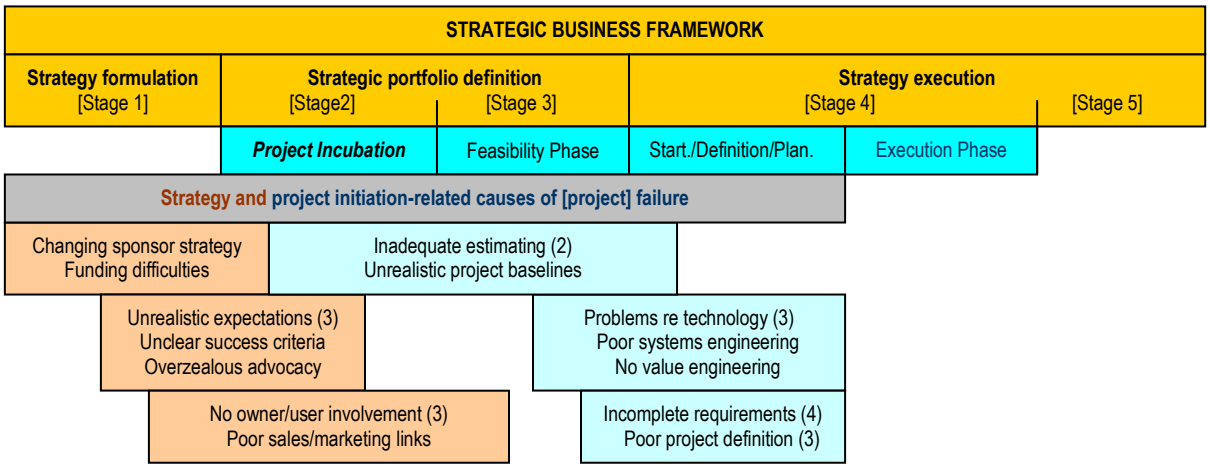

Figure 2: Relating strategy and project initiation-related causes of [project] failure to the basic strategic business framework

We now discuss these causes of failure in more detail.

High-level strategy initiation-related causes

Changing sponsor strategy; Funding difficulties

It can be seen that failures due to these two causes have been placed squarely under the organizational *strategy formulation* heading. This is because they are evidently caused by deficiencies in strategy formulation at a senior general management level. They basically precede project incubation and initiation, although of course changing sponsor strategy would almost certainly involve project change down the track.

Unrealistic expectations (3); Unclear success criteria; Overzealous advocacy

These three causes have been shown as covering both Stages 1 and 2 of the Strategic Business Framework, as they could occur in either or both stages. Although not specifically indicated, *Unclear success criteria* also links with *inadequate estimating* in the project-related sub-group of causes, and *unrealistic expectations* with both *inadequate estimating* and *unrealistic project baselines* in that sub-group.

No owner/user involvement; Poor sales/marketing links

These causes straddle Stages 1, 2 and 3 of the strategic business framework. They are quite similar, in that they reflect a failure to adequately involve owners, users, and customers generally, in deciding on, and developing details of, appropriate strategic outcomes and benefits.

I have discussed the necessity for identifying/verifying customers' needs before specifying product/service requirements in this journal in the past, notably in Stretton 2013e. This is particularly important for project-based organizations offering project management services to external customers. But it's also an important contribution that suitably experienced project managers can make in other contexts.

Project initiation-related causes

Inadequate estimating (2); Unrealistic project baselines

These causes also straddle Stages 2 and 3. They have much in common, as *unrealistic project baselines* generally tend to derive from *inadequate estimating*, which many regard as being more common than is generally recognised.

As I indicated in Stretton 2017k, and indicated in Figure 1 above, the development of alternative approaches to realizing strategic outcomes in Stage 2 above invariably involves potential projects. Evaluating the alternative approaches requires order-of-magnitude estimates to be made of costs, timing, scope, and similar for the project(s) within these alternatives. When the best alternative is chosen, so is/are its component project/s which will be further developed, along with their order-of-magnitude estimates.

It is difficult to see how reliable initial estimates of the project alternatives, and then of the augmented chosen project(s), can be made without the involvement of a suitably qualified project manager.

Problems re technology (3); Poor systems engineering; No value engineering

These three causes tend to be more technical, but are also a timely reminder that technical matters play an important role in very many projects.

Regarding technology, if the problems have to do with technological uncertainties, Shenhar & Dvir 2007 have developed many substantial guidelines to help manage various levels of such uncertainties.

Incomplete requirements (4); Poor project definition (3)

These causes are pretty much the same. They most directly relate to the Starting/ Definition/ Planning project phases, and their frequency of citation is rather alarming. They are, in effect, the consequences of earlier inadequacies.

How do they come about? It can be reasonably assumed that these causes mainly happened because competent project managers were not involved in the work that led to these failures. I say this because these would simply not apply if an appropriately experienced project manager, with commensurate authority to exercise his/her responsibilities, were involved.

However, the desirability of getting project managers involved in these early strategic/project stages/phases does not appear to be recognised by senior general management in many production-based organizations. Such lack of recognition also suggests deficiencies in leadership at that level, and we now go on to look at causes of failure due to organizational leadership-related deficiencies.

RELATING ORGANIZATIONAL LEADERSHIP-RELATED CAUSES OF FAILURE TO THE BASIC FRAMEWORK

There were eight different causes of failure in this group, which I have arrayed over the whole of Stages 2, 3 and 4 of the strategic business framework.

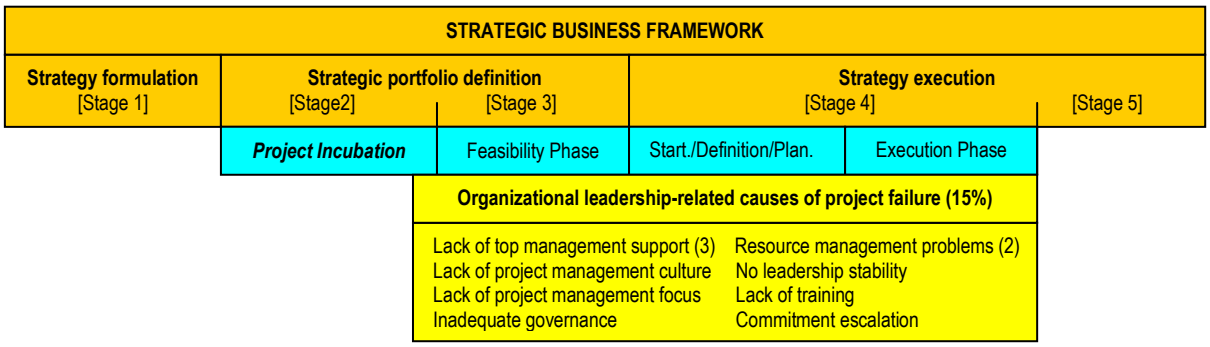

Figure 3: Relating organizational leadership-related causes of project failure to the framework

The four causes in the left hand column very clearly reflect a situation where senior organizational management has little, if any, understanding of project management, nor of its potential for helping achieve their strategic objectives. They therefore pay little attention to the management of the project components. This further confirms the need to somehow or other make senior general management more aware of the benefits project management can bring to initiation activities.

Problems with resource allocation certainly appear to be ongoing problems in production-based organizations undertaking projects. *No leadership ability* and *lack of training* are self-explanatory. *Commitment escalation* was listed by Dalcher 2014, and essentially refers to 'throwing good money after bad' – i.e. an irrational response to emerging losses – which most certainly should not happen. But, when it does, it is more likely to happen in the project execution phase.

We now move on to look at the other main groups of causes of project failure.

RELATING PM OPERATIONAL- RELATED AND PM LEADERSHIP- RELATED CAUSES OF PROJECT FAILURE TO THE FRAMEWORK

In Figure 4, I have shown the detailed project management *(PM) operational-related causes of project failure,* plus the *PM leadership-related causes*, from Stretton 2015a, under the *Project(s) Execution* phase.

For the sake of completeness I have added the *Other externally-related causes of failure*, with its three component causes, but will not be commenting on these any further.

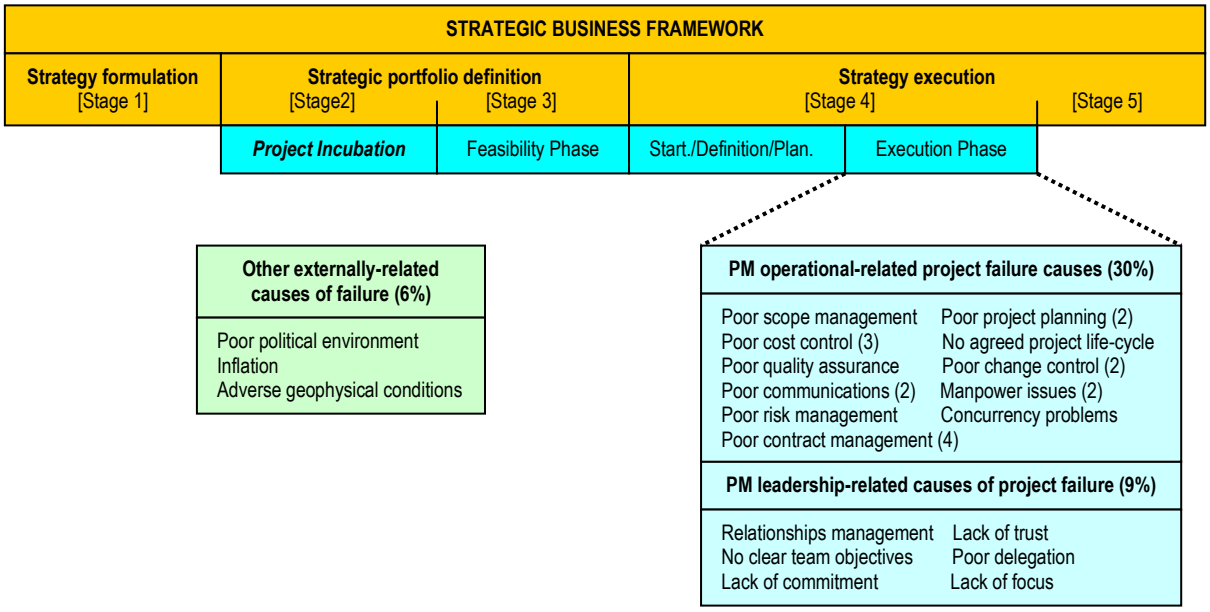

Figure 4: Relating PM operations-related and PM leadership-related causes of project failure to the basic strategic business framework

Project management (PM) operational-related causes of project failure

These comprise some 30% of total causes of project failure. This is a very substantial list of eleven different causes, many of which were cited more than once. It is also a rather depressing one. All the causes in the left hand column are standard knowledge or competency areas in most project management standards (i.e. bodies of knowledge, competency standards, etc). Most matters in the right hand column are also generally covered in these standards, with the possible exception of *concurrency problems*.

How is it that these 30% of all project failures come about in spite of the massive amount of help that is available through such standards?

I am told by project management colleagues who are well experienced in working in production-based organizations that the project management work is often allocated to people who have no prior experience in this sector, and are unaware of the existence of these standards. This could account for some of the above.

Even amongst those with prior experience, how many of them actually refer to, and actually use, these standards in practice? Or is the problem that these standards do not cover a sufficiently wide range of types of projects – e.g. those with high initial uncertainties about goals, and/or about methods of achieving them?

Whatever the causes, there seem to be some very significant unanswered questions about the utility and usage of current project management standards.

Project management (PM) leadership-related causes of project failure

I don't know quite how to interpret these causes of project failure. We do not have strong one-to-one relationships between these and the operational causes just discussed, although there are clearly some rather more generalised connections.

It happens that most of these PM leadership-related causes are failures which are also frequently seen in general management. Perhaps this could be seen as reinforcing the need for more relevant general management materials in project management standards.

However, leadership is different from management. As Naughton 2013 observed,

> In business, **Management** can be measured by the ability to deliver results through a process, often by applying technical knowledge, whereas **Leadership** demands that results are achieved through the application of people skills.

The importance of effective leadership has always been recognised by project practitioners, and is being increasingly recognised in the project management literature. Perhaps at some time in the future we may come to differentiate between "project leaders" and project managers.

DISCUSSION ON CAUSES OF FAILURE AND THE STRATEGIC FRAMEWORK

High-level strategy initiation-related causes

These seven causes relate directly with early high-level organizational strategic initiatives, and have little direct relationship with projects that are introduced in subsequent strategic developments – except perhaps for follow-up interactions with owners/ users/ customers. Therefore they should not really be listed as causes of *project* failure – hence the squared brackets around *project* in Figure 2.

By and large it appears that project management has little to contribute to help lessen these causes of failure. However, it might be worthwhile mentioning that, in the project-based organizations in which I spent much of my working life, the strategic planning and implementation was undertaken by past or present project managers, because they were all we had. At a personal level I was heavily involved in strategic planning for the parent Lend Lease Corporation for some seven years, and with its subsidiary Civil & Civic for over fifteen years. Sure, we had to acquire quite a few new skills, but isn't that what a manager is constantly doing anyway?

I will have more to say about acquiring strategic and business competencies in my next article in this journal.

Project initiation-related causes

All seven of these causes strongly indicate that project managers were not involved in these pre-execution project phases, simply because these seven causes would be at least substantially mitigated, if not eliminated, if an appropriately competent project manager was in charge, or at least heavily involved.

However, the desirability of getting project managers involved in these early strategic/project stages/phases does not appear to be recognised by senior general management in many production-based organizations. Such lack of recognition also suggested deficiencies in leadership at that level, which was the next causal group.

Organizational leadership-related causes

Four of the eight causes in this section were direct failures by organizational leadership to actively support the project management operations. This reinforces the need to somehow or other increase senior general management awareness and recognition of the benefits project management can bring to project initiation-related activities.

This then raises the question of how to remedy this situation. I propose to address this question (again!) in a future article in this journal.

Project management (PM) operational-related causes

Most of the causes listed in this group are covered in great detail in project management standards, such as the various bodies of knowledge, competency standards, and a host of other supporting works, which raises some serious questions about their use and/or utility. I will discuss this further under "Concluding".

Project management (PM) leadership-related causes

I noted that most of these PM leadership-related causes are failures which are also frequently seen in general management. Perhaps this could be seen as reinforcing the need for more relevant general management materials in project management standards. However, I also noted that leadership is different from management, and I propose to look further into leadership issues in a future article in this journal.

CONCLUDING

Differing perspectives on project mgt. involvement in pre-execution phases

Numerically, the greatest number of causes of failure relate to early strategic/project stages/phases, and particular the incubation and feasibility phases of potential and chosen projects. These are natural domains for project management, but project management is all too seldom involved in these domains. Many project managers are, and have been for a long time, strongly advocating increased involvement in initiation-related stages/phases by whatever means this can be achieved. Unfortunately, there are also many project managers, and project management bodies, who do not see this as a priority, and remain focused on project execution. This strongly hampers efforts of advocates for increased early involvement (e.g. see Stretton 2016g).

This impasse should be seen as a major problem – or better still, as an opportunity thinly disguised as a problem – by the project management community. However there are few indicators that it is likely to be happen in the near future. However, in spite of this, my next article will be specifically concerned with possible ways of increasing project management involvement in pre- execution phases of projects.

Project execution and project management standards

The other major group of causes of project failure relate specifically to the project execution phase. When we consider that this phase has virtually blanket coverage in the project management literature, why is it that this number is so extraordinarily high?

In a recent article in this journal (Stretton 2017d), I reiterated what so many writers have been saying for so many years, namely that current project management standards cover only what many have called traditional projects – i.e. projects which have high levels of initial certainty about both project goals and methods of achieving them, and which have relatively low complexity.

The numbers of non-traditional projects are already high, and evidently continue to grow. Moreover, there have long been quite substantial materials in the broader project management literature on managing non-traditional projects. However, by and large these have not found their way into our so-called standards. Why is this so?

It would not appear to be unreasonable to suggest that authors/ owners of project management standards and the like appear to have so much of a vested interest in defending their existing materials, that they feel they cannot address the above question in an open-minded way. Whether reasonable or not, I am certainly not holding my breath about the possibility of this matter being redressed any time soon.

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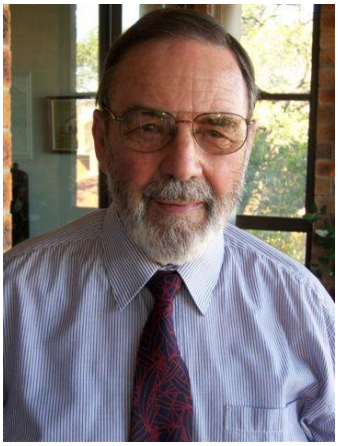
About the Author



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