

# On the Subject of Schedule and Budget Overruns<sup>1</sup>

## LETTER TO THE EDITOR

30 May 2022

Ref: Smith, K. F. (2022). Schedule Slippages, Root Causes & Recommended Remedies, *PM World Journal*, Vol. XI, Issue V, May. Online at <https://peworldlibrary.net/wp-content/uploads/2022/05/pmwj117-May2022-Smith-schedule-slippages-root-causes-remedies.pdf>

To the Editor, PM World Journal

I read the advisory article "Schedule Slippages, Root Causes & Recommended Remedies" by Dr. Kenneth Smith with interest in the May edition of PW World Journal. Based on my experience, there is one additional root cause that is rarely, if ever, mentioned, and this is: the sponsor-project manager relationship.

For example, I was asked to audit a project that was significantly over time and over budget. A senior manager asked me the question that is addressed in the article: "why, despite all of our training and investment in project management, does this keep happening?"

As he was expecting a detailed analysis of procedural and technical shortcomings in his organization, he was nonplussed when I simply said: "It is because you insist on being lied to!"

To explain: the two main factors are a) project managers tend to assume that it their duty to ensure that the project gets approved and b) the sponsor frequently sets unrealistic targets for the time and cost required. Project managers well may start off by using the correct estimating tools to arrive at an initial set of figures, but, even before presenting these numbers to the sponsor, they frequently pare them down in order to make the numbers more "acceptable".

As an example, I was shown a work breakdown structure which included a "software test" task but did not make any allowance for carrying out any ensuing remedial work and retesting. When I asked about this, I was told by the project manager that this omission seemed to be the only way to adjust the planned schedule to fit in with what the sponsor would probably find acceptable. I told the project manager that I could save still more time on their planned schedule. They seemed very interested until I explained that, logically, they could save time and cost by eliminating the entire testing sequence. When they said that this was bad practice, I did get them to understand that my proposed "adjustment" to the schedule was no worse a practice than

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committing the project, as shown in their current plan, to testing and then taking no action whatever the results of the tests.

The remedy to this practice of mutual self-deception is based on two simple steps, one technical and one behavioural.

Technically, the project manager should use the traditional planning and simulation tools such as precedence diagramming and Monte Carlo simulation, ask the sponsor to specify the likelihood of success that should be planned for, and then present the corresponding figures for the budget and schedule, based on the success likelihood levels provided by the simulations. If required, the sponsor can then use the probability simulation curves to modify the time and cost objectives according to a strategic compromise between their ambition and the likelihood of success.

The behavioural factor is that project managers should understand that they are accountable only for presenting the most achievable and technically complete plan. They are not responsible for finding a way of obtaining approval if this entails adapting their plan to unachievable requirements. In order to resist pressure from the sponsor, project managers need to realize that, until they say “yes I will” to the sponsor, it is they who have the upper hand, because, without the project manager’s commitment, sponsors are incapable of accomplishing anything on which their jobs depend. Understanding this power should allow project managers to resist pressure from the sponsor to commit to unreasonable objectives and thereby allow them to negotiate a mutually-agreed goal-set. Once an agreement has been reached, the project manager and the sponsor should personally indicate joint accountability for the successful delivery of the agreed plan by including the objectives and the corresponding likelihoods explicitly in the auditable set of project documents that are signed off by both parties.

In this way, project managers can eliminate the sponsor-related root cause of failure from future projects.

I have just realized that this behavioural approach aligns with the Disciplined Agile precept for project managers that I never previously understood: “be awesome”!

Yours etc.,

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