



Motivating Accountability for Project Performance with Health Checks



PM-Partners White Paper Series



Introduction

Approximately two-thirds (66%) of all projects surveyed over that past decade have failed or are challenged. Most troublesome are bigger projects. Only 19% of big projects costing US\$750,000 to US\$3 million were successful in 2009 (The Standish Group 2009). Intuitively there is a plethora of reasons why projects become troublesome. Still there are almost no guidelines suggesting how challenging projects can be resurrected. One such guideline is a Health Check that, when used properly, allows a project team to take charge of future performance.

Talented project executives rely on Health Checks to meet their accountabilities for establishing governance structures, delegating authority, managing by exception, clarifying change strategies, communicating with stakeholders, motivating project teams, and – ultimately – delivering strategic benefits to the business (Chiesa, et al. 2007). Although widely used in practice, Health Check conclusions are often hypothetical and do not reflect actual project health (Bryde and Wright 2007).

The PM-Partners group has been conducting health checks and assurance services for over 14 years. We refined our Health Check service across an entire business cycle of 2009 where economic contraction, mild recession and growth brought about a renewed interest in obtaining higher value for project outcomes.

We conducted 77 hours of face-to-face interviews with executives, managers and stakeholders of large transformation projects in the public and private sectors in Australia. Hence, this White Paper will summarise our research evidence pointing to a concise set of criteria for assessing success in projects.

What are Project Management Health Checks?

Interest in Project Performance Management began when Kaplan & Norton (1992) devised the Balanced Scorecard. Building on Kaplan's framework, the project management community similarly devised the tools of Project Management Health Checks and Project Audits that specifically measure performance in project situations.

Figure 1 (overpage) illustrates the different objectives of a Health Check tool and a Project Audit tool. Health Checks are a tool utilised in quality assurance, and are designed to give project executives a degree of confidence that a team can deliver project outcomes that exceed expected acceptance criteria. Audits are a tool for project assurance, and are designed to assess how effectively the project team is utilising approved corporate methodologies.

In other words, Health Checks and Audits are complementary assurance tools, but they measure different sets of criteria (e.g. critical success factors). Such criteria include project

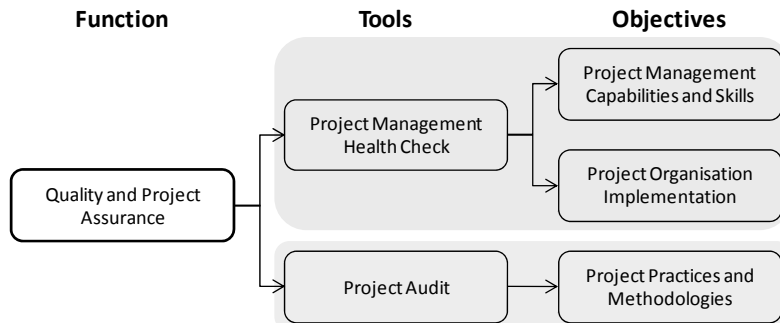


Figure 1: Tools in Project Performance Management

progress, status reporting and compliance with project methodology. Specifically regarding Health Checks, assessments should deliver two pieces of information in the performance puzzle.

1. Is actual performance tracking close to planned performance? The question objective is to discover the qualities of Project Management Capabilities and Skills.
2. Is actual performance realistically measured with the selected criteria? The question objective is to discover the qualities of Project Organisation Implementation.

Project Management Capabilities and Skills

Project best practices are defined in the globally accepted standards published in industry guidelines like PRINCE2®, P3O® and the PMBOK® Guide.

Each guideline discusses a plethora of processes, tools, techniques and role responsibilities – so much that people often feel compelled to pre-define exhaustive checklists of generic evaluation criteria.

Yet few if any of the criteria are prioritised; many criteria are vague ‘yes or no’ measures of performance; and most criteria fail to measure the unique attributes of successful projects. Compounding the problems of weak evaluation criteria is a mistaken expectation that generic checklist evaluations create greater accountability for project performance.

An effective solution to the evaluation problems is to identify a few core criteria for inclusion in a Health Check. Byrde and Wright (2007, Table 2) discovered in their

Accountability is a capability and a skill that can be assessed with Health Checks.

- Is the project environment capable of motivating people to be *answerable* for performance?
- Are skilled managers empowered to *take*



research a set of five categories of core criteria. The criteria are especially relevant to projects with ambiguous strategies, more than one viable option in a Business Case, and multiple stakeholder expectations. The categories in Figure 2 below are listed in order of highest to lowest importance to project performance.

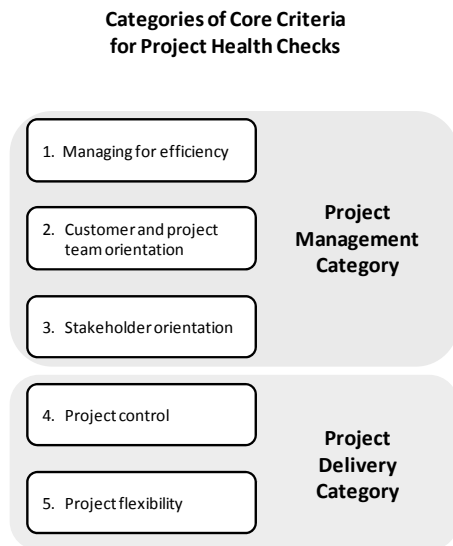


Figure 2: Health Check Performance Measures

In Figure 2, the upper three categories of evaluation criteria are relevant for measuring project management performance. The lower two categories pertain to evaluations of project delivery. Some of the key criteria are outlined below.

Category 1: Managing for efficiency

The important topics for defining core evaluation criteria include:

- ⇒ Managing and controlling the trade-offs in the Triangle of Balance (scope, cost, schedule)
- ⇒ Taking corrective action to conform to technical and project requirements
- ⇒ Evaluating supplier performance with criteria on time, cost and technical specification

Category 2: Customer and project team orientation

The important topics for defining core evaluation criteria include:

- ⇒ Satisfying the requirements of customers, and surveying customer satisfaction
- ⇒ Giving prompt responses to queries from customers
- ⇒ Taking corrective actions to conform to customer requirements
- ⇒ Developing opportunities for project team members



Category 3: Stakeholder orientation

The important topics for defining core evaluation criteria include:

- ⇒ Satisfying the requirements of stakeholders
- ⇒ Managing stakeholder expectations

Category 4: Project control

The important topics for defining core evaluation criteria include:

- ⇒ Minimising project duration and cost
- ⇒ Using Earned Value Management controls in progress reports

Category 5: Project flexibility

The important topics for defining core evaluation criteria include:

- ⇒ Relaxing schedule deadlines to fully deliver project benefits
- ⇒ Increasing resources to meet project milestones and deliverables

Health Check of Project Organisation Implementation

Another objective of Health Checks, shown in Figure 1, is Project Organisation Implementation. Project management cannot perform effectively in isolation from the client organisation, meaning the group of people who accept or reject the outcomes of a project. It is essential to determine how well the client organisation can best use projects for delivering expected product benefits.

Thus, a comprehensive Health Check includes an assessment of project methodology implementation in organisations (Jaafari 2007). Table 2 lists some considerations for assessing business and strategy alignment as well as project implementation effectiveness.

Project Implementation Assessment is akin to an Organisation Impact Assessment. It must not be confused with Post Implementation Reviews.



Alignment of Benefits with Strategy	Project Implementation Effectiveness
Product innovation processes	Governance and leadership
Project delivery process	End-to-end project lifecycle management and team motivation
Congruence in strategy and customer expectations	Product and market testing
Strategy adaptability to technology trends	Regularity of investment reviews, planning and control
Product design and operational effectiveness	Infrastructure architecture, process engineering, quality management
Supply chain responsiveness	Procurement, transportation and warehousing
Organisation learning and knowledge management	Organisation change management, training, handover planning
Business risk management	Project risk management

Table 1: Health Check Criteria for Organisational Assessments

A Final Note

How an assessor goes about eliciting perceptions of project performance in interviews and workshops is important. Project management performance is largely subjective and generally measured by stakeholder perceptions. Unknowingly, stakeholders often attribute success and failure to the wrong drivers (e.g. people, processes, systems) of project performance. Questions persisting in all Health Checks are, 'what or who is to blame for failure', 'why should what or who be credited with success', and 'did an outcome result from good management or happenstance (e.g. organically)'. Thus critical thinking skills are crucial when recruiting and selecting assessors to conduct a Health Check.



Critical thinking and objectivity in Health Check assessments will depend partly on the way in which questions are posed to stakeholders. The best question, for instance, is 'what influenced the key decisions made by project management'? The question is consistent with eliciting stakeholders' opinions of the capabilities and skills of project management. In contrast, the suboptimal question, 'which project management practices have been carried out effectively?' would typically bias stakeholder perceptions toward an evaluation of techniques in project control – where they may not possess subject matter expertise (Bryde and Wright 2007). Indeed, poorly constructed questioning and misdiagnosed performance has been shown to thwart goal achievement and discourage motivation for business improvement (Senge 2006).

The implication for all project executives and managers is to exercise caution in the use of traditional questions aimed at assessing 'time, cost, quality', even though these criteria are often the most tangible and available. In particular, excessive attention on schedules is identified with overly reactive styles of managing projects. Reactionary project management often results in analysis paralysis, defensive interpersonal styles, missed goals, lost opportunities, unmotivated teams and dissatisfied senior management.

Conclusion

The White Paper began with an observation that Health Check conclusions are often hypothetical and do not reflect actual performance in project management. A typical Health Check focuses too much on projects and not enough on management. Biases are inadvertently introduced into Health Check assessments because of poorly constructed questions.

The White Paper highlighted the importance of designing core criteria that directly assess the five categories of effective performance in project management. Also noted was the importance of orienting project managers toward handling the diverse perceptions of stakeholders and customers. The orientation would be leveraged from competencies in: product requirements analysis, business process management, performance management, and business strategy. An essential learning outcome would be a refocus of project managers away from the shorter-term attention on project tasks; to the preferential longer-term attention on stakeholder relationships and business improvement.



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About the author

Richard has a 20 year career in end-to-end management of projects and programs, people change, and professional training. He leverages his certifications in PRINCE2®, P3O® and the PMBOK® Guide to lead assurance reviews (Health Checks and Post-Implementation Reviews) of business critical and large-budget programs/projects. Then he helps clients transition to greater accountability in leadership with coaching and tailored training in governance roles, implementation responsibilities, reporting transparency, and personal and interpersonal skills. In addition, Richard advises clients in the preparation of Business Cases, timeline estimates, and human resource profiling.

Richard holds a Doctor of Business Administration from MGSM (Macquarie Graduate School of Management) in Sydney. He continues to research the influencing and interpersonal skills required for managing large projects.



Assurance & Health Check Services

PM-Partners group Assurance and Health Check services are designed to provide an impartial view on how a project or program is performing against stated objectives and in accordance with relevant processes and standards.

Our services include:

- ⇒ ·Online project health check
- ⇒ ·Consultant facilitated project and program health checks
- ⇒ ·Post Implementation Reviews
- ⇒ Project Governance Review
- ⇒ Project Assurance (formal/regular scheduled health checks and briefings with a sponsor)

Benefits

- ⇒ A major factor in ensuring that more projects are successful
- ⇒ Review alignment between project/program objectives and organisational strategy
- ⇒ Identification of challenges so that action can be taken
- ⇒ Clarity from people that aren't too close to the project, organisation or vendor
- ⇒ Unbiased and confidential insight to help you make informed decisions
- ⇒ Service tailored to your needs
- ⇒ Compliance, Risk reduction , Cost avoidance
- ⇒ Staff development and learning

To arrange a presentation on PM-Partners group Health Check services please call us on 1300 701 314 or contact us via our website, www.pm-partners.com.au.

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