

2010 Dialogue Series

July 1, 2010

Project Success



Web Conferencing Overview

If you cannot hear my voice:

- Adjust the sound on your computer to listen
- No dial-in number
- Try logging out and logging in again or restarting your web browser -- sometimes that fixes sound problems

Use a headset if you are in an open cube environment

Problems? Go to <http://www.lotuslive.com/support/>

Dialogue Tools

- Raise your hand – click on the hand
- Chat to ask questions – enter your question and click “Send”



Polling and Recording

- Polls may appear
 - They are optional
 - Click on your answer
- Session is recorded, including Q&A
 - If you do not wish to be part of the recording, do not ask questions

For Those Who Were Late

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Alex S. Brown, CEO
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What is Success?

suc•cess |sək'ses|

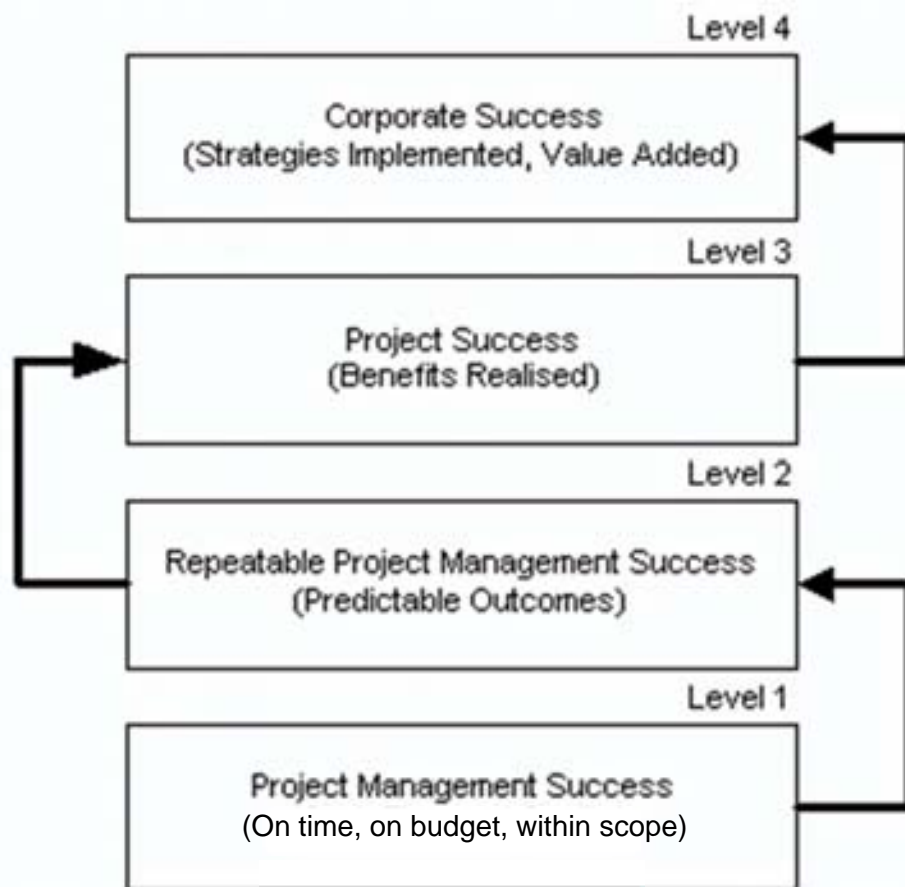
noun

the accomplishment of an aim or purpose : *the president had some **success** in restoring confidence.*

- the attainment of popularity or profit : *the success of his play.*
- a person or thing that achieves desired aims or attains prosperity : *I must make a success of my business.*
- archaic the outcome of an undertaking, specified as achieving or failing to achieve its aims : *the good or ill success of their maritime enterprises.*

ORIGIN mid 16th cent.: from Latin *successus*, from the verb *succedere* 'come close after' (see SUCCEED).

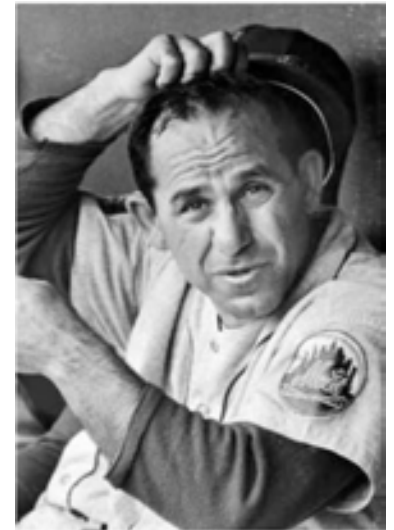
What is Project Success?



Success may be defined differently depending on the audience

**In theory, there is no difference
between theory and practice.
In practice, there is.**

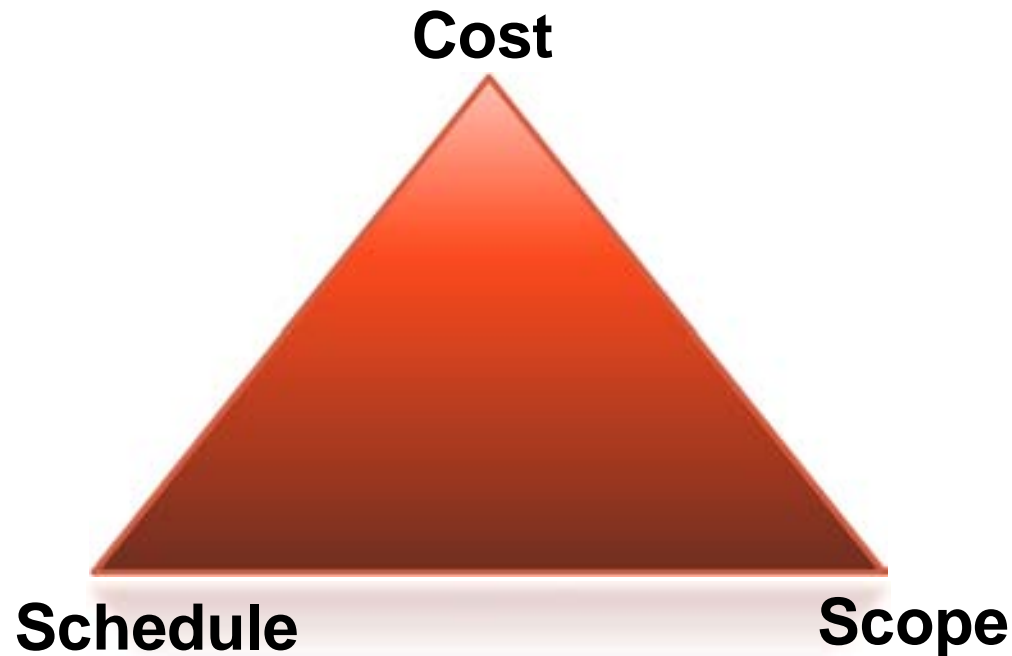
~ Yogi Bera



Dimensions of Project Success

- The Triple Constraint
- Customer Satisfaction
- Increased Capacity and Efficiency
- Financial Returns
- New Learning: Market Knowledge, Best Practices, or Lessons Learned
- Project Value
- New Business

The Triple Constraint



- Projects involve compromise between/among the constraints
- Success is often seen in the context of successful compromises

Scope, Schedule, Budget and Quality

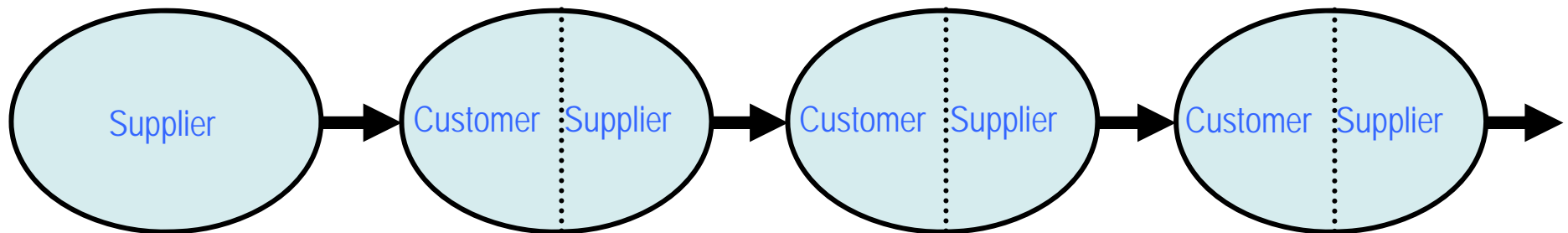
- How important is the “Triple Constraint?”
- Is there a need for a new model?
- How do we go beyond the “triangle”?
- Consider the definition of success in today’s business environment. What factors will affect the definition of success in the future?

Customer Satisfaction

- The achievement of the *desired* deliverables
- Customers who willingly pay for the product or service delivered
- The customer believes that the problem is solved
- High quality relationship established among stakeholders (a level of trust has been established)
- Customer learns to address analogous problems - can apply knowledge to other areas of the business

The Customer Supplier Model

In a project, the customer is the next person in the process



- Set Expectations intentionally
- Define Deliverables
- Establish Acceptance Criteria (for each C/S interface)

Increased Capacity and Efficiency

Letts, Ryan and Grossman (1998) suggest that the three overall outcomes of capacity building include:

1. helping the organization to do what it already does, but better;
2. improving its ability to grow; and
3. improving its ability to change.



**If you are not keeping score,
it is just practice.**

~ Vince Lombardi

Financial Measures

- Return on Investment
- Internal Rate of Return
- Net Present Value
- Total Cost of Ownership
- Criteria for Financial Measures
 - Tangible Benefits
 - Intangible Benefits
 - Sustainability
- Often act as key factors in project selection

Measures of Value

- **Tangible Values**

- Cash flow
- Payback period
- Profitability
- Market share
- Earned Value

- **Intangible values**

- Stockholder satisfaction
- Stakeholder satisfaction
- Customer satisfaction
- Employee retention
- Brand loyalty
- Time-to-market
- Business relationships
- Safety
- Reliability
- Reputation
- Goodwill
- Image

Source: Value Driven Project Management – Kerzner, Saladis, John Wiley and Sons & IIL Inc

ROI Is Easy . . . Right?

$$\text{ROI} = \frac{\text{Gain from Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

ROI Is Easy . . . Right?

$$\text{ROI} = \frac{(\text{Gain from Investment} - \text{Cost of Investment})}{\text{Cost of Investment}}$$

Opportunity costs

Cost of capital assets

Amortization

Lost revenue

Currency differences

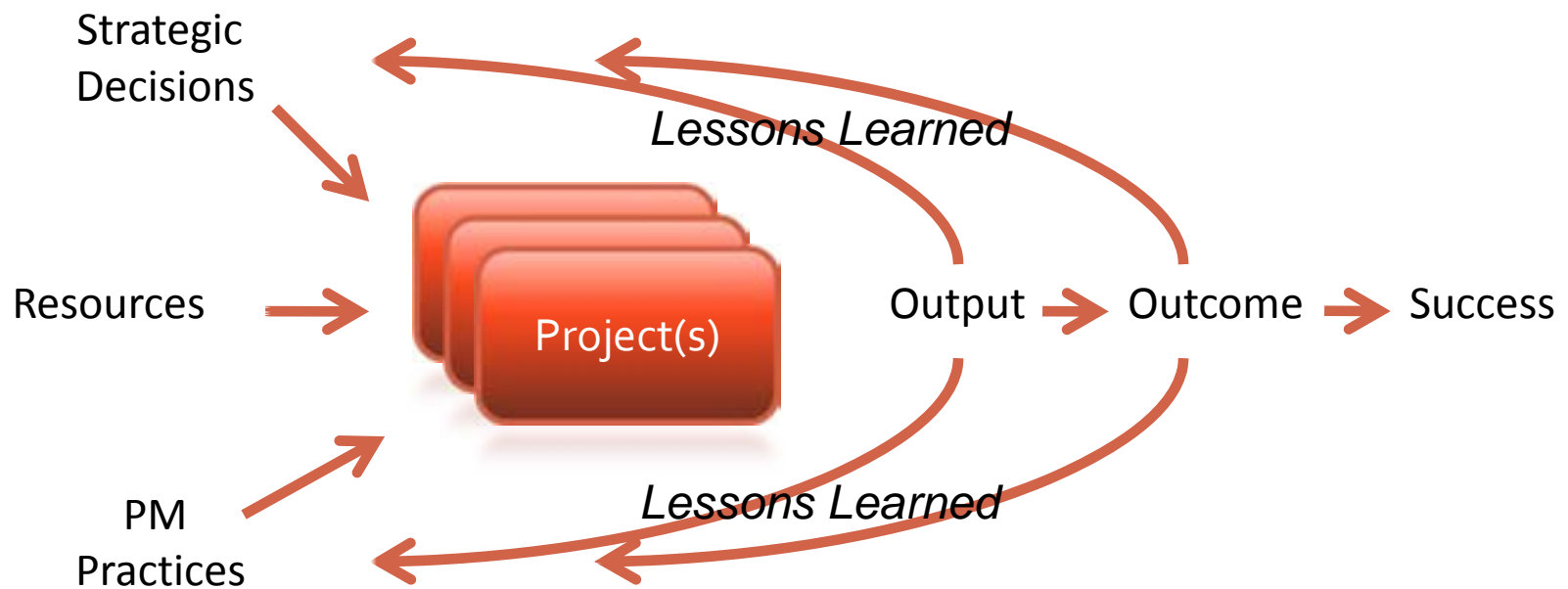
Opportunity profits

Cost of money

Departmental
Charge backs

Increased Productivity

The Learning Model



Enhancing Project Management Intelligence

- How we are getting smarter
 - Today, success is measured by factors beyond the triple constraint
 - Project management, program management, and portfolio management are becoming business norms
 - Best practices are abundant
 - Value driven project management is becoming a major factor in:
 - Project selection
 - Resource management
 - Customer relationship management
 - Go and no go decisions

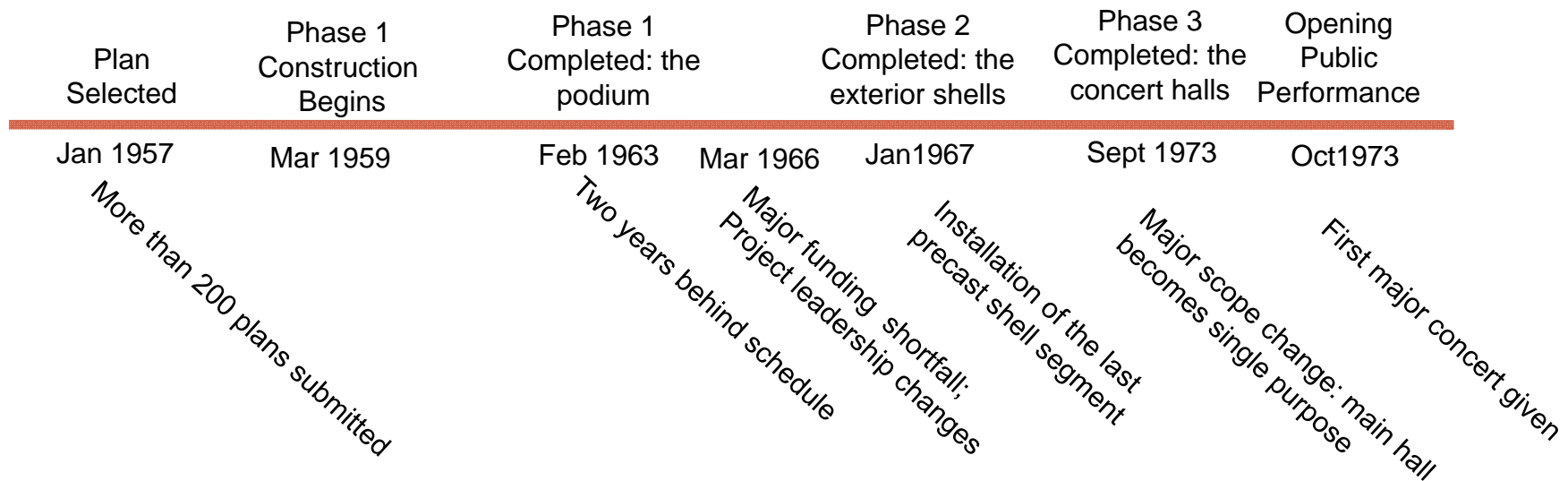
A Look At Failure

- How is failure determined?
- What are the major factors that contribute to project failure?
- If a project achieves all objectives and the customer is dissatisfied who is responsible for the failure?
- Is failure always bad?

Sydney Opera House



Case Study: The Sydney Australia Opera House



Sydney Opera House: Outputs Spelled Failure

- Original cost: \$7 million (Australian \$)
- Final cost: \$100 million (Australian \$)
- Major leadership changes throughout
- Several major unforeseen scope changes, both technical and product
- Funding shortfalls caused major delays
- Stakeholder discord was felt across project

Sydney Opera House: Outcomes Were Successful

It stands by itself as one of the indisputable masterpieces of human creativity, not only in the 20th century but in the history of humankind.

- Expert evaluation report to the UNESCO World Heritage Committee, 2007

Stakeholders	Opening Day	Five Years Later
Organizational	Failure	Success
Product/Market	Success	Success
Capital Markets	Failure	Success



**Price is what you pay, value is
what you get.**

Warren Buffet

Improving Competitive Position

For Whom?	How?
For Product Oriented Organizations	<p>Project management is a differentiator for many companies.</p> <p>Construction and IT firms in particular must demonstrate effective PM practices to prospective customers</p>
For Project Management Delivery Organizations	<p>Project management field is full of independent players – independent consultants or small businesses who deliver PM services</p> <p>Success is often defined by the referral process - to continued employment and new jobs for project managers</p>

Orienting A Project Toward Success

- ✓ Define success early
- ✓ Project constraints may indicate areas for success
- ✓ Success criteria should be explicit and easy to understand
- ✓ Project success should address multiple dimensions
- ✓ Formal scope changes may redefine success

Other Observations?



“As of this second quit doing less than excellent work!”

Tom Peters

Thank You!

Looking Back

- How was this presentation?

Looking Forward

- Next 2010 Dialog Series:
asapm President Stacy Goff
August 5, 2010 3:00PM EDT

Contact Us at: ***Dialogue@asapm.org***

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