Module: Business Processes
Unit: Introduction to Project Management
Lesson: Identifying Project Success

Identifying Project Success

Measuring Project Performance

Traditionally project management performance has been evaluated by means of three criteria; these are often known as the 'triple constraints' or the 'iron triangle' of project management and consist of:

- cost (or budget)
- time (or schedule)
- quality (or specification)

In other words, a project will be declared to have been managed successfully if it is completed within the time period scheduled for it, within the cost budgeted for it and if it meets the specification set down for its output.

Saladis and Kerzner (2009) make the point that these three criteria are likely to be interdependent to at least some degree. For instance, if a project overruns in terms of time, its costs are likely to increase as a result.

In passing it must be said that many major projects, whether in the public sector or private sector, seem not to perform well in terms of these three criteria. Perhaps because of their complexity, information technology projects seem to have particular problems.

A large study carried out by Standish Group back in 1995, which covered several thousand IT projects in US, found that only 16.2% of these were completed within the time scheduled for them and within the costs budgeted for them; for large companies the corresponding figure was only 9%. 52.7% of all the projects surveyed were over-budget - between them coming in at 189% of their original budgeted costs. Even against specification, performance was poor - the Standish research suggested that projects looked at in large companies finished with only 42% of their originally specified features and functions. (The Standish Group 1995)

Further information on project success and failure factors can be found at

http://www.projectsmart.co.uk/docs/chaos-report.pdf (last accessed 6th March 2016)

Another area of project activity, which has come in for heavy criticism, is that of public sector infrastructure projects. Flyvberg et al (2002) looked at 258 large scale transportation infrastructure projects covering twenty countries. In 90% of the projects examined by the research, costs were over budget. The researchers identified the extent of average cost overrun according to more specific project categories as follows -

- rail projects - 45%
- tunnels and bridges - 34%
- roads - 20%

(As reported in Grimsey and Lewis (2007)).

Grimsey and Lewis (2007) also reported a large study commissioned by the UK government, looking at 50 major public procurement projects over a period of 20 years. Across these projects the average time overrun was 17%, while as far as cost overruns were concerned, capital expenditure exceeded estimated costs by an average of 47% with operating expenditure being over budget on average by 41% (Mott MacDonald 2002).

Returning to the issue of how exactly project management performance should be measured, some writers have suggested that the traditional 'iron triangle' is too narrow a set of measures. To some extent, this argument depends upon making a distinction between project management success and project success. Thus, while the management of a project is seen to be successful if it comes in within budget and schedule and meets its specification, the success of the project itself might be measured by wider things. These might include customer satisfaction or profitability arising from the output of the project e.g. the road or the information technology system. In that sense the 'iron triangle' criteria can be seen to measure short term project management performance while the longer term performance of the output of the project is measured by criteria such as profitability and customer satisfaction.

Project Stakeholders

Another approach to this issue of how to measure project success is to identify different stakeholders in a project and to consider what success criteria or measurements would be important to them.

think about it

Try and identify the different stakeholders (groups or individuals) who would exist for a major public sector road-building project. In doing this remember that a standard definition of a project stakeholder is any person or group who has an interest in or is affected by a project and its output.

feedback

The list of stakeholders that we came up with is as follows:

- project manager
- project team members
- contractor(s) responsible for road building activity
- suppliers to the contractor of materials for road building
- government department responsible for roads, who will have commissioned the project
- taxpayers who will ultimately be paying for the project
- car owners and passengers likely to use the new road - or roads near it where the new road will affect levels of usage and congestion
- people who live near the new road

think about it

Based upon the list of stakeholders above, identify a range of criteria - in addition to those of the iron triangle that can be used to measure the success of the project. As the iron triangle criteria relate mainly to the management of the project, you may find that a good number of the new project criteria relate to the output of the project i.e. the road.

feedback

These are the additional criteria we thought of:

- Appearance of the road
- Ability of road design to match future traffic forecasts i.e. extent of congestion on it and other linked roads
- Receipt of prompt payment by suppliers
- Ability of road to contribute to further economic development.

N.B. all of the above criteria, with the exception of prompt payments to suppliers, are concerned with the impact of the project's output i.e. the road. Thus they are criteria of project success as opposed to project management success.

We did, however, think of a couple more criteria of project management success generally to add to the iron triangle criteria; they are:

- Job satisfaction experienced by project team members and project manager
- Personal development of project team members and project manager arising from the road construction project.