

IT Benefits Best Practice Survey

Issue 01

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Public

*This report is an analysis of
the findings of our Q2 2006
Best Practice Survey*

NOTICE

This is a survey for the information only of the reader. The results contained within relate to the specific survey data gathered and may not reflect the situation in the reader's own organisation.

The purpose of this document is to allow the reader to review and understand the contents of the document and for no other purpose.

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1 Introduction

The Project Factory regularly undertakes surveys and studies and makes its results available to our clients and wider interested groups.

This report is one of a series produced by The Project Factory and represents our analysis of recent survey data compiled by The Project Factory from the results obtained.

1.1 About The Project Factory

The Project Factory are specialists in all aspects of IT and IS project management covering the whole project lifecycle:

- Concept
- Planning
- Procurement
- Delivery
- Post-project review

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1.2 Executive Summary

IT projects are only of use if they deliver real benefits to an organisation, this survey looks at UK public and private sector organisations to review:

- How these sectors manage benefits development and assessment
- How strongly these sectors believe in the benefits of these projects i.e. whether it was worthwhile and financially prudent.

The findings of the survey include a comparative public/private sector analysis.

The short message; things need to improve significantly in all areas of benefits definition, development and assessment for both the private and public sectors-though in different ways and in different areas by sector.

The respondents were:

- 54% End-users and of these 46% were IT people
- 69% Executives, of which 31% were team leaders/managers
- 46% Public sector and 54% were private sector

2 The Results

This section deals with the results and the survey target organisations. These were weighted to allow for the different proportions of respondents that were public and private sector so that the data were comparable between the sectors.

All results were received in confidence and we do not disclose the specific data received either to others in a responding organisation or to third parties, in most instances we received more than one response from each organisation.

2.1 Survey Targets

Our survey targets covered organisations of varying sizes from the smallest (34 people) to the largest (just over 40,000 people)

Sectors covered were UK based:

- UK Public sector
 - Local Government
 - National Government and Agencies
- UK Private sector
 - Professional Services Sector
 - Not-for Profit and Charity
 - Distribution
 - Telecommunications
 - IT Services

2.2 Raw Results

This section looks at the raw results obtained from the survey up to the close of play 26th May 2006.

2.2.1 The Survey Design

The survey was designed to evaluate the following:

- *The prevalence and frequency of post-project benefits reviews*
- *The prevalence and frequency of pre-project benefits reviews*
- *The strength of conviction that the business benefits of recent IT projects were realistic*
- *The strength of conviction that the financial investments in recent IT projects had delivered value for money*
- *The role and level of the respondents in the organisations*
- *The market sector of the organisations*
- *The implications of this on Costs, Competitiveness and Effectivity*

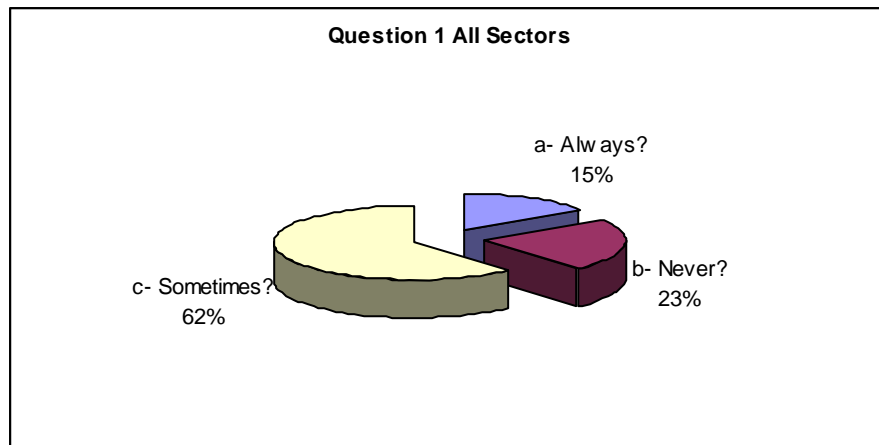
3 The Analysis

3.1 Top-Level Analysis

This section gives a sector-independent analysis of all the results.

3.1.1 Question 1

This looked at whether organisations undertook post-project benefits reviews.



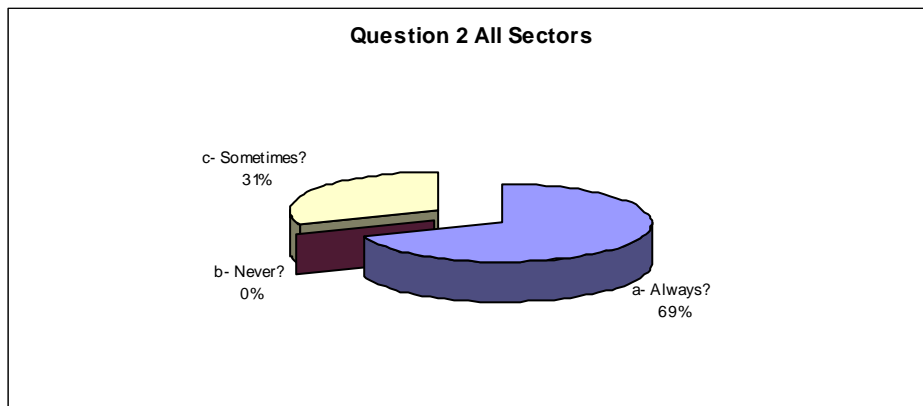
From the data collected 23% of the organisations never undertook a post-project review while the majority (62%) only undertook post project reviews sometimes. 15% of the organisations surveyed always undertook a post-project review

This indicates that in the majority of cases (85%) the delivered benefits of a project were not always evaluated, the implications of this are:

- **Cost.** *At least some of the time there is a lack of tracking of IT investment to the delivered cost-effectiveness. For nearly 1 in 4 organisations this never happens at all.*
- **Competitiveness.** *For the majority of organisations there is not always any review of whether their IT investment is improving their competitiveness. For nearly 1 in 4 this is never considered*
- **Effectivity.** *With no post-project reviews in most cases there is no feedback in the organisations into their processes for project initiation and management. Less than 1 in 7 of the organisations surveyed always investigated the benefits delivery of their IT projects.*

3.1.2 Question 2

This question investigated whether organisations undertook pre-project reviews prior to making the investment in a project.



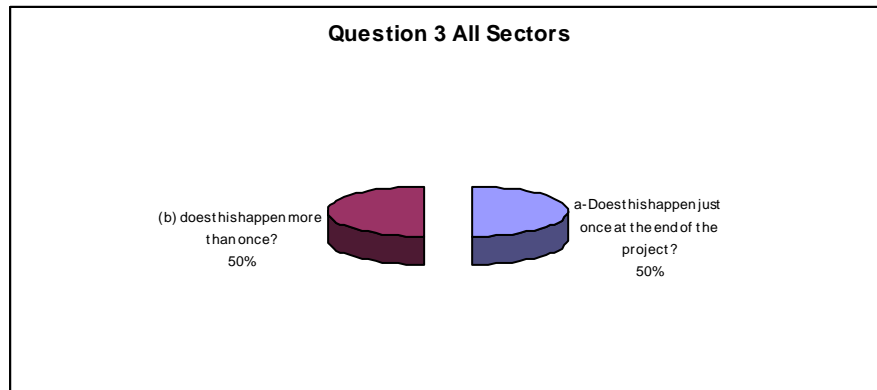
From the data collected although 0% of the organisations never undertook a pre-project review, the majority (69%) always undertook pre-project reviews. A sizeable minority (31%) only undertook pre-project reviews sometimes.

This indicates that in (31%) of cases the proposed costs and benefits of a project were not always evaluated, the implications of this are:

- **Cost.** *With no pre-project review of proposed benefits and costs this represents an un-quantified (or poorly quantified) risk for nearly 1 in 3 of the organisations that responded to the survey.*
- **Competitiveness.** *To deliver competitiveness projects have to be focussed towards delivering defined benefits based on a competitive analysis. For the 31% of organisations that might not undertake a pre-project review they are unlikely ever to gain a competitive edge through such projects.*
- **Effectivity.** *With no objectives set to drive and measure projects, their effectivity is impossible to measure and such projects are unlikely ever to improve the effectivity of the organisation or it's processes for delivering and managing projects in the future.*

3.1.3 Question 3

This investigated how often post-project reviews were undertaken-just once at the end of the project or again after the end to review the delivery effectiveness of the project benefits over time.

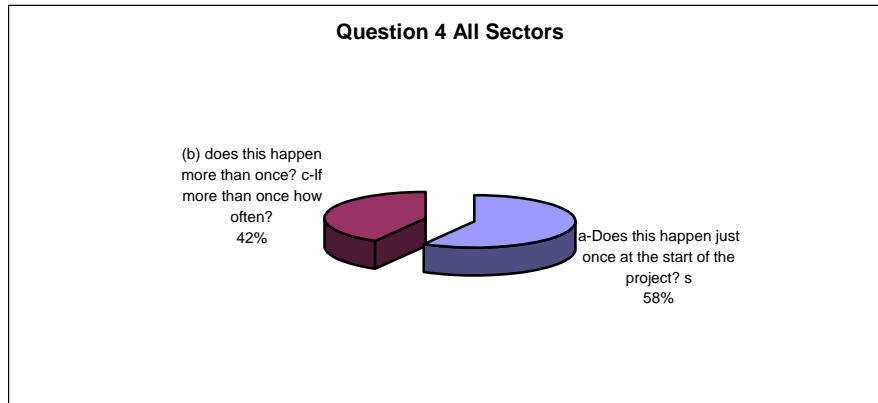


There was a 50/50 split between these two options. For those organisations that did more than 1 post-project review, the majority did just one more with only 5% undertaking further post-project reviews over time.

- **Cost.** *As with Question 1 there is a lack of longer-term tracking of IT investment to cost effectiveness in the majority of cases. For 1 in 2 organisations this never happens on a repeated basis.*
- **Competitiveness.** *As with Question 1 for many organisations there is not always any review of whether their IT investment is improving their competitiveness. For 1 in 2 this is never considered more than once.*
- **Effectivity.** *With no repeated post-project review in half of the cases there can be no feedback in the organisations into their processes for project initiation and management fed from the long-term review of delivered benefits.*

3.1.4 Question 4

This question looked at how often pre-project reviews were undertaken-just once at the start of the project or again after this to review the delivery effectiveness of the project benefits and the benefits themselves over the life of the project.

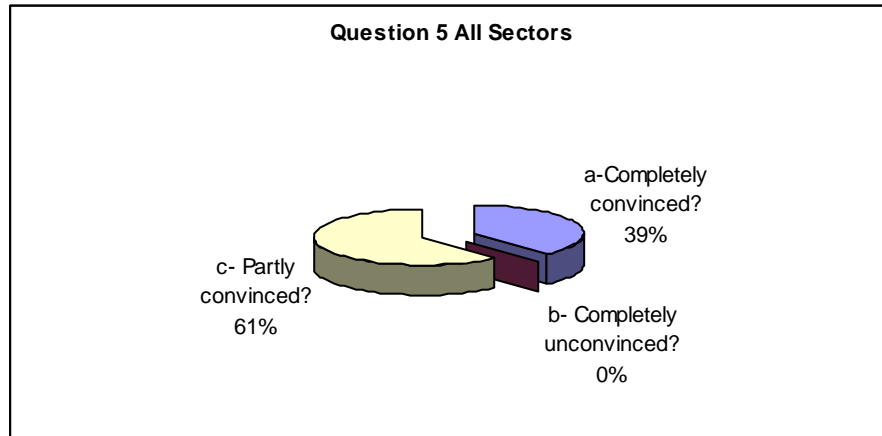


There was a 42/58 split between these two options. Of those organisations that did more than 1 pre-project review (and as in-project reviews), the majority did just one more with only 10% undertaking regular pre and in-project reviews over time.

- **Cost.** *There is a lack of more repeated evaluations of IT investment and cost-effectiveness in the majority of cases (at least some of the time). For almost 1 in 2 organisations this never happens on a repeated basis. The major risk here is that weaker business cases may slip through or business cases may go out of date during the life of the project.*
- **Competitiveness.** *As with Question 1 for almost 3 in 5 of the surveyed organisations their business case for competitiveness is never considered more than once before a project starts or again during the project.*
- **Effectivity.** *With no repeated pre-project review in half of the cases there is no feedback in the organisations into their processes for project initiation and management. There is also the significant risk that the business and benefits case itself will change and not be picked up by a project that is ongoing and of a lack of end user buy-in.*

3.1.5 Question 5

This looked at how convinced the respondents were that the initial business case was realistic



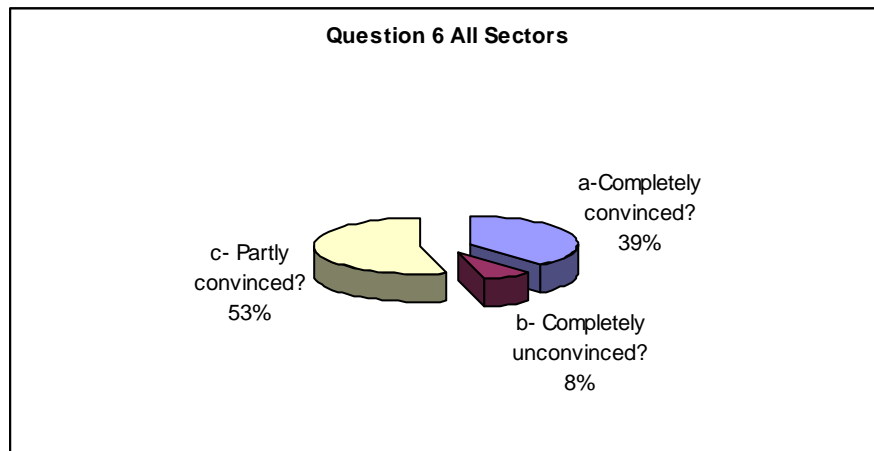
While a sizeable minority (39%) was completely convinced, and none were completely unconvinced, a sizeable majority (61%) was only partially convinced of the validity of their business case.

This implies that IT project investments are going ahead without the complete support of those involved in the projects in 2 out of 5 organisations.

- **Cost.** For nearly 3 in 5 organisations there is a lack of conviction in the efficacy of the business cases that drive such projects. This is a very serious issue; lack of buy-in may seriously impact the effective take-up of new systems by users.
- **Competitiveness.** In a world with high-speed competitive forces the best organisations are those with strong commitment to their strategic and tactical operations. The implications of the data collected are that for the majority of organisations their commitment to IT projects needs to be strengthened early on.
- **Effectivity.** Without full buy-in the effectivity of IT project-benefits at the cost, competitiveness and productivity levels may never be fully realised for an organisation.

3.1.6 Question 6

This looked at how convinced the respondents were that the initial business case was realistic, this time in terms of the delivered financial value for money.



While a sizeable minority of 39% were completely convinced, a sizeable majority (53%) were only partially convinced and an alarming 8% (or roughly 1 in 12) were completely unconvinced of the financial value for money delivered by their recent IT projects.

This implies that in 3 out of 5 organisations their IT project investments are going ahead without the complete support of those who will use these systems. 1 in 12 organisations are convinced that they will be unable to deliver value for money from their recent IT investments.

- **Cost.** For nearly 3 in 5 organisations there is a lack of conviction in the efficacy of the financial business cases that drive such projects. 1 in 12 had no conviction at all. This may well be linked to the lack of proper pre and post-project benefits review and pre-project benefits definition among other factors.
- **Competitiveness.** For 1 in 12 organisations their IT projects appear to be a waste of money and for only 2 in 5 organisations is there complete conviction that the investment was worthwhile. For the majority there is no full conviction.
- **Effectivity.** Without full buy-in then the effectivity of an IT project at the cost, competitiveness and productivity levels will never be properly and fully realised for any organisation. Any organisation that falls into the high-risk category of the 8% where no belief exists in the financial effectivity of recent IT projects needs to look hard at this area.

3.2 Sector Analysis

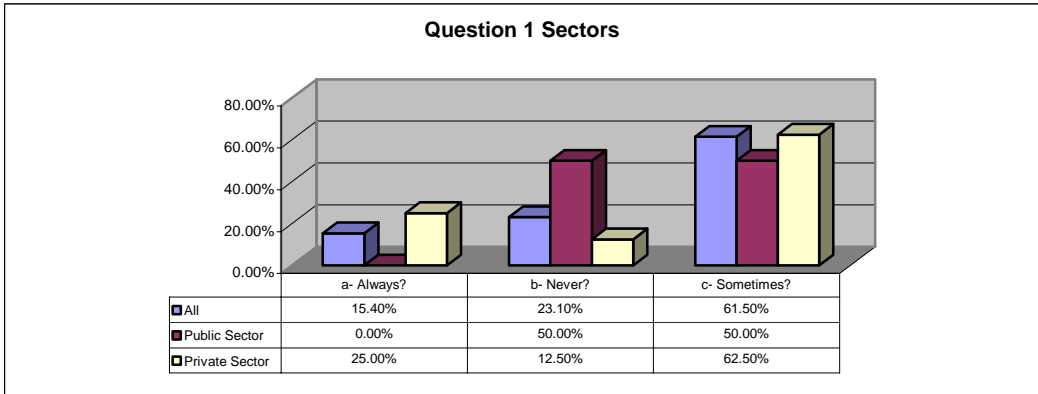
This section gives our relative sector analysis comparing each sector for each question.

3.2.1 Question 1

Question 1 looked at whether organisations undertook post-project benefits reviews.

Key Points:

- Public sector lags behind the private sector in always undertaking post-project reviews with a total of 50% never undertaking post-project reviews compared with just 12.5% in the private sector
- While 25% of the private sector always undertook post project reviews the majority did not always do this
- The private sector were in better shape than the public compared to the average position

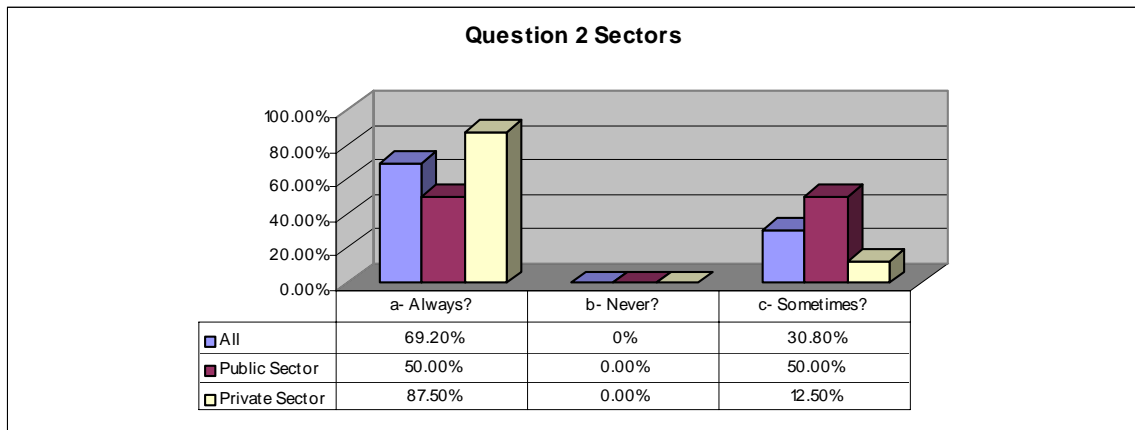


3.2.2 Question 2

Question 2 looked at whether organisations undertook pre-project reviews prior to making the investment in a project.

Key Points

- In terms of pre-project reviews both public and private sectors did undertake these and no sector did not undertake them
- The Private sector lead the public by a substantial margin in the area of always undertaking pre-project reviews
- The Public sector were 2 ½ times as likely to undertake a project without always undertaking a pre-project benefits review as the private sector

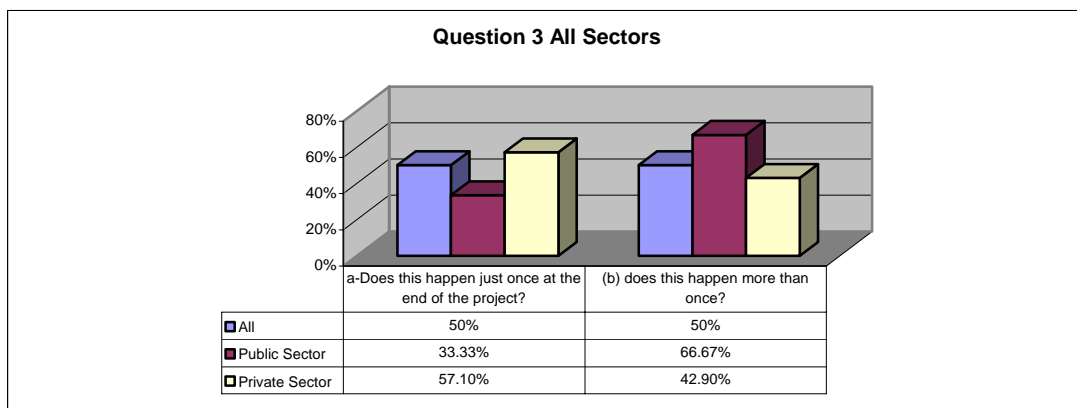


3.2.3 Question 3

Question 3 investigated how often post-project reviews were undertaken-just once at the end of the project or again after the end to review the delivery effectiveness of the project benefits over time.

Key Points

- Post project reviews were more likely to happen more than once in a public sector business than in a private sector one by nearly 3:2
- The Private sector seems more likely to undertake a single post-project review and then move on by a ration of nearly 2:1
- This may indicate that public sector businesses are struggling to justify or deliver benefits from projects once they have completed

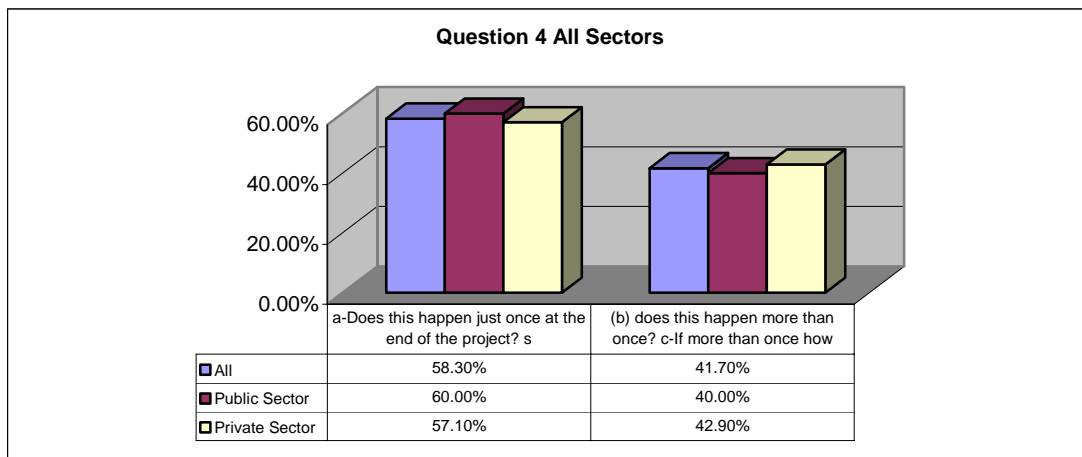


3.2.4 Question 4

Question 4 looked at how often pre-project reviews were undertaken-just once at the start of the project or again after this to review the delivery effectiveness of the project benefits and the benefits themselves over the life of the project.

Key Points

- There were no significant difference between the public and private sectors when it comes to the frequency of pre-project reviews (if they were run)
- The Public sector was slightly more likely to run these just once
- The Private sector was slightly more likely to run these more than once
- This may indicate that the private sector are more stringent in pre-project justification that the public sector

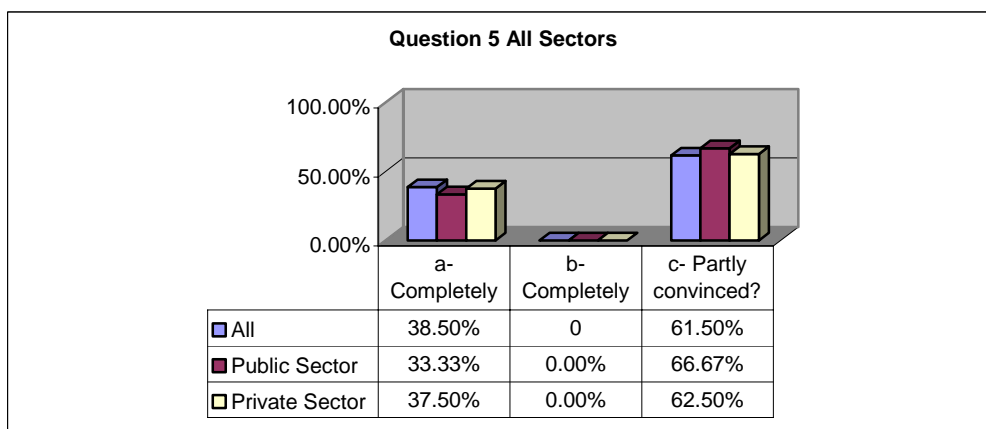


3.2.5 Question 5

Question 5 looked at how convinced the respondents were that the initial business case was realistic

Key Points

- There were no significant differences between the public and private sectors
- Private sector were more convinced that projects would deliver business benefits than public sector-possibly because of stringent pre-project review
- No sector was unconvinced of the benefits

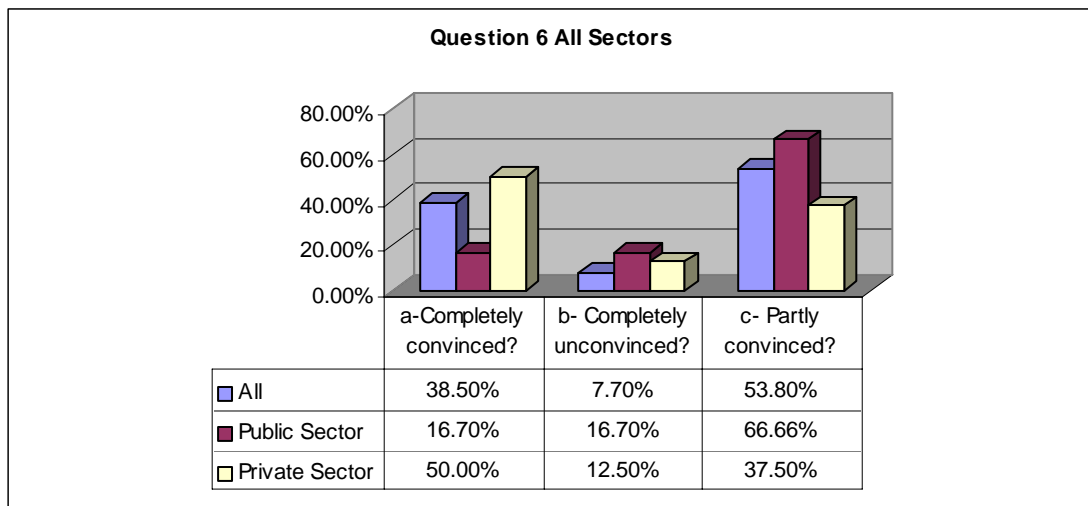


3.2.6 Question 6

Question 6 looked at how convinced the respondents were that the initial business case was realistic, this time in terms of the delivered financial value for money.

Key Points

- The Private sector was 3 times as likely to be completely convinced of the financial basis of a project than the Public sector; possibly as a result of more stringent pre-project reviews
- The Public sector were 33% more likely to be completely unconvinced of the financial basis of a project than the Private sector
- 83.3% of the Public sector were not fully convinced of the financial basis of a project
- 50% of Private sector were not fully convinced of the financial basis of a project
- The Private sector were therefore significantly more convinced of the financial basis of a project than the Public sector; possibly as a result of more stringent pre-project reviews



3.3 Best and Worst Practice

At a qualitative level it is clear from the results gathered that the UK private sector appears to lead the public sector when it comes to the area of business benefits review and realisation of benefits.

This must be viewed with some caution as it reflects only the behaviours reported by our sample and may not reflect the behaviors of the sectors as a whole.

4 Summary

4.1 What is really going on?

IT projects are undertaken for a host of reasons, however in all sectors it seems clear that there is significant room for improvement both in pre and post project benefits review and in benefits case development and socialisation (getting buy-in).

Investments in IT Projects may be substantial in financial terms but they also have potentially far-reaching implications for the organisations that undertake them in terms of:

- Business processes
- Business data
- Corporate operations
- Customer satisfaction

The well-publicised history of UK Public sector IT project failures and overruns is well known. The Private sector too has its failures but these rarely hit the press in such a public manner, that is one of the reasons for conducting this independent and confidential survey.

All sectors need to raise their game, all need to take a long hard look at how pre and post project reviews are undertaken, how often and where improvements can be made. No-one should rest on their laurels when it comes to getting the buy-in to the business and financial cases for projects.

4.2 Why is this happening?

There are many reasons why perfect practice is so uncommon in the private and public sectors, some typical reasons are:

- **Lack of engagement.** *Its all too complicated and too time consuming to do properly and anyway it peripheral to someone's day-job*
- **Lack of objectivity.** *A particular team want to do this project, deciding that their baby may be ugly needs someone uninvolved in the process*
- **Missing tools.** *Benefits assessment and definition can be a highly complex process in itself, often using resources and tools that the organisation does not have*
- **Politics.** *No-one likes to tell their boss that their idea is a daft one*
- **Supplier pressure.** *Suppliers of IT systems live to sell you stuff, its not surprising if they push to sell you stuff when you may not want it or benefit from it*
- **Self-fulfilling organisations.** *IT teams do IT stuff, that's their task but t because an IT project can be done does not mean it should be done*
- **Fire-and-forget.** *All too often we see organisations that seem to actively ignore projects once they have started and avoid checking benefits delivery once they complete*

5 How could The Project Factory Assist

The Project Factory are specialists in all areas of project delivery, skills and processes. Our professionalism and experience can help you to:

- **Deliver** more IT **value** into your organisation
- **Increase** your IT **return** on investment
- **Improve** your **project** review methods and skills
- **Reduce** your IT project **risks**

The Project Factory is often engaged to resolve projects that are already in difficulties. On such assignments our job is not to judge and fix the blame; our job is to fix the problems as quickly, effectively and cheaply as possible for our clients.

We hope that this short paper highlights some key common issues and makes you review your own organisation's attitudes and behaviours to risks and benefits, processes and methods and to avoid getting into trouble in the first place.

Remember-you can only spend your project budget once!

At The Project Factory we provide high-quality services to review and develop benefits cases, to help you build processes that are lightweight but effective. We can help you work smarter-not harder and to protect your IT project investments.

While we have no "magic wands" we do have unique skills and experience that can help you remove and reduce risks and improve your cost-effectiveness, competitiveness and time to market.

If you took part in the survey thanks for your assistance, its over to you to review how your own results match the survey data.

If you did not take place, we hope you find this useful, try matching your situation against the survey data and take a look at how you could improve matters.

If you want help to improve your score and reduce your risks then contact us, we can improve your organisation's delivery effectiveness or support your projects quickly, professionally and at realistic costs.

We can also undertake a more detailed analysis of your organisation and rank it alongside the sector data to help you become more effective, efficient and competitive.

Watch out for our next survey coming shortly.