

**SD5953**

# **Successful Project Management**

## **THE IMPACT OF PROJECT FAILURE**

School of Design

The Polytechnic University of Hong Kong

**IMPORTANT**

Please sit with the members  
of your final group project

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# What Can We Learn From Failure?

## Project Failure Examined

# 2011 Study of Failed Projects

## **Strategies for Project Recovery**

» A PM SOLUTIONS RESEARCH REPORT

# A Long & Large Study

- 12 Months
- 134 Organizations
- 20,821 Projects Evaluated

# The Population – Part 1\*

Respondents	163
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## Roles:

C-Level	11%
VP or Director-Level Business Management	6%
VP or Director-Level Program/Project Management	11%
Head of PMO	23%
Program/Project Manager	42%
Other	7%

\* <http://www.pmsolutions.com/collateral/research/Strategies%20for%20Project%20Recovery%202011.pdf>

# The Population - Part 2\*

## Organizational Size

Large	39%
Medium	25%
Small	36%

## Industries

Professional & Technical Services	23%
Manufacturing	13%
Information	13%
Finance & Insurance	12%
Healthcare & Social Services	7%

\* <http://www.pmsolutions.com/collateral/research/Strategies%20for%20Project%20Recovery%202011.pdf>



# 33%+ of Projects Were at Risk\*

**This is already an intolerable situation  
Who here would accept at best a 67% grade?**

## Dollars at Risk in the Average Organization: \$74 million

This data represents 20,821 projects closed in the last 12 months by 134 organizations.

- ▶ Average number of projects closed per firm ..... 155
- ▶ Average total cost of closed projects per firm..... \$200 million
- ▶ Average cost per project..... \$1.3 million
- ▶ Percentage of projects at risk—recovered (25%) or failed (12%)..... 37%
- ▶ Average dollars at risk per firm .....\$74 million
- ▶ Average dollars saved due to successful project recoveries per firm.....\$50 million
- ▶ Average dollars lost due to project failures per firm.....\$24 million

\* <http://www.pmsolutions.com/collateral/research/Strategies%20for%20Project%20Recovery%202011.pdf>

# The Impact of Failure

# The Financial Impact of Failure\*

## Terminated Projects - by Organizational Size

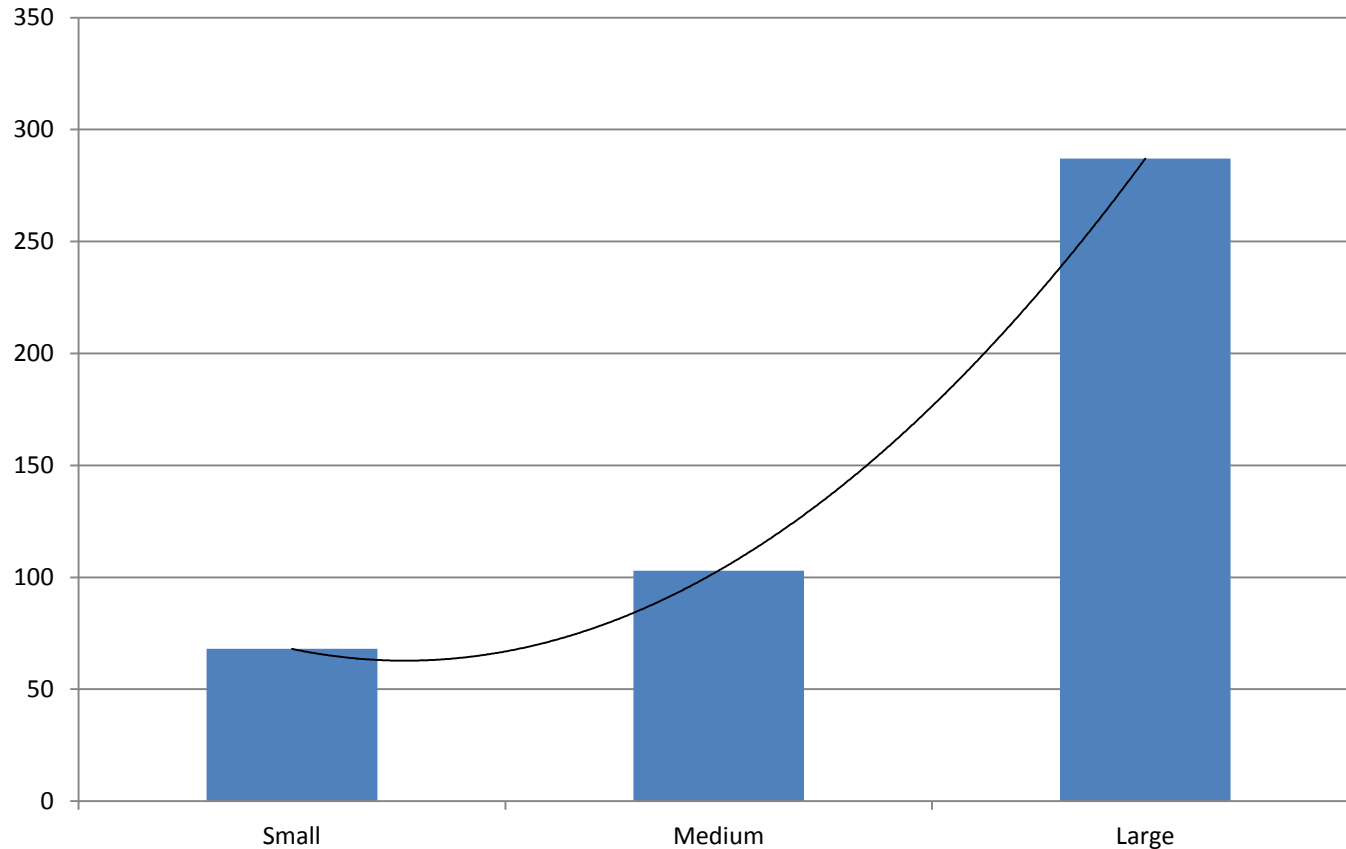
**SMALL:            68        projects    @        \$200,000**

**MEDIUM:        103      projects    @        \$1,200,000**

**LARGE:            287      projects    @        \$1,600,000**

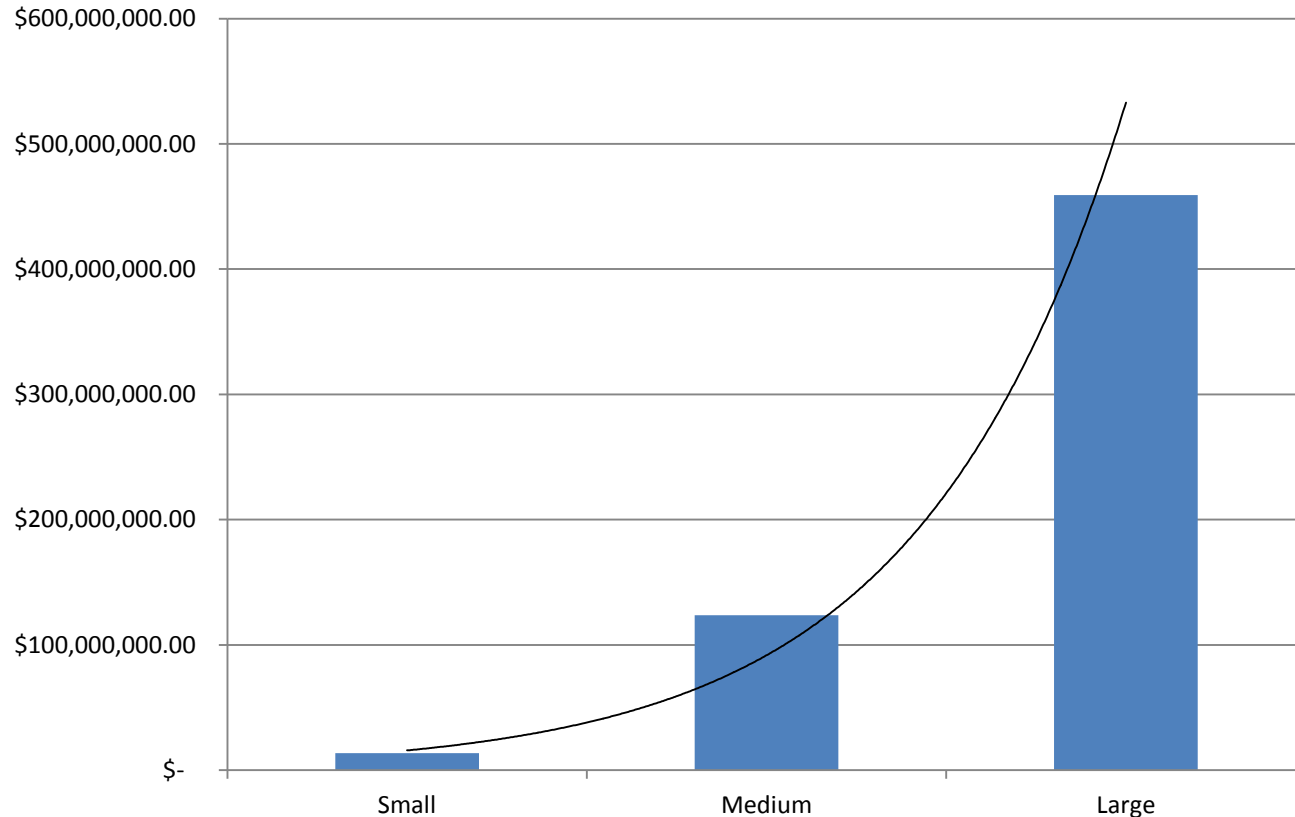
\* <http://www.pmsolutions.com/collateral/research/Strategies%20for%20Project%20Recovery%202011.pdf>

# Failure Visualized – Quantity



This closely matches a polynomial growth situation

# Failure Visualized – Money



This closely matches an exponential growth situation

# Project Failure – The Final Word

In this study, **19 projects failed per company at an average cost of \$1.3M each – between one and two per month**

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In one year, as a group, these companies lost **3,216,000,000**  
(YES, over 3 Billion dollars) due to Failed Projects

**So...Is It Boring Now?**

# Questions?



**Thank You**