

*Removing the Hidden Costs and Root Problems of
CLIENT/SERVER and MAINFRAME
Systems Projects*

**HOW TO TURN
COMPUTER PROBLEMS
INTO
COMPETITIVE
ADVANTAGE**

Learn why the average client/server computer project actually costs between four and five times the original budget, how it hurts shareholder returns, and what you can do about it. Lessons are drawn from five industries, fifteen research studies spanning over 10,000 projects, and eighty-eight client/server case studies.

Help
For

VALUE-DRIVEN INVESTORS

Understand how computer problems damage earnings and stock value — and what you can do about it.

Help
For

EXECUTIVES WITH INTEGRITY

Quantify the damage caused by greed, self interest, and incompetence — and see how to take action.

Help
For

PROJECT MANAGEMENT PROFESSIONALS

Learn how to help executives and shareholders do the right things — give your project a firm foundation for success.

T O M I N G R A M

1.3 A Cross-Industry Benchmark: How the 75% Gang Does It Right

1.3.1 The Single Most Important Finding

As we see in the studies of Appendix A, and as developed in the Section 2 conclusions, commercial computer projects currently perform very poorly.⁴ They are on time, on budget, and as promised only about 30 to 35 percent of the time. This leads us to ask several questions:

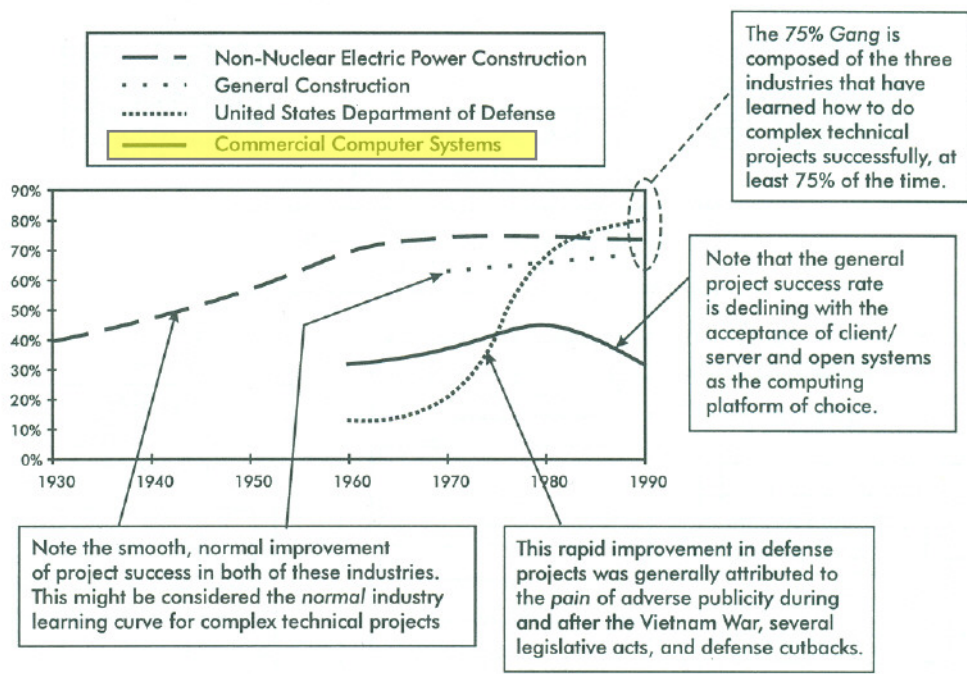
1. Is this terrible level of performance a simple fact of life (as some would have us believe)?
2. Is there any reason to believe significant improvement is possible?
3. Are there any precedents from history or other industries that can help us improve?

For the last fifteen years, the Project Management Institute (PMI) has advocated a cross-industry, historical view of project management. We owe a great debt of thanks to PMI and its visionary people. PMI has made possible the compilation of the following cross-industry, historical benchmark: *To compare the success rates of complex, long-term technical projects from three other industries against the success rates of commercial computer projects.*

Project Success Definition. A project was considered successful if it was on time, on budget, and performed as promised. (**Note:** Due to difficulties in comparing vastly different projects, industries, and study data, the statistics presented in Figure 3 should be interpreted as generally accurate, plus or minus 5 percent, unless otherwise noted.)

The Single Most Important Finding of This Entire Body of Research. History and cross-industry precedents show that it is possible to improve the success rate of commercial computer projects by double or threefold! Stop for a moment and contemplate the implications. If your organization can raise the success rate for computer projects from 35 to 75 percent, the following things would probably happen:

1. Your firm would plug a leak that is probably costing 5 percent of earnings per year or more (almost certainly saving millions of dollars)!
2. Your firm would double or triple its ability to execute cost reduction and revenue enhancement projects.

Figure 3. Cross-Industry Success Rates for Complex Technical Projects

Data Sources: The figures in this chart were provided and confirmed by at least two credible sources in each industry. Non-nuclear electric power project success rate data was provided by a study authored by Brunner, McLeod, and LaLiberte of British Columbia Hydro and Haddon Jackson Associates, published in the 1995 annual conference proceedings of the Project Management Institute. Additional data was provided by Garland Lawrence, Lawrence and Assoc., a retired executive of Central Louisiana Electric. General construction industry project success rate data (primarily oil refineries and chemical manufacturing plants) was provided by Kirk Murrow of the Construction Industry Institute of Austin, Texas, and confirmed by Eric Jenett, a retired executive of Brown and Root, Houston, Texas.

3. You would gain competitive advantage because your competitors would still be floundering with the status quo.

Additional Observations, Interpretations, and Conclusions.

1. You do not have to tolerate the current, abysmal success rate in computer projects.

2. Studying and adapting the lessons learned by these industries is the quickest way to shorten the learning curve.

3. Absent any substantial corrective action, the outcomes of commercial computer projects will probably improve gradually over the next twenty or thirty years. Those firms that can compress this natural industry learning curve will gain substantial competitive advantage.

4. The defense industry shows us that rapid improvement is possible.⁵ (Note on the credibility of the defense department data and techniques: Many of us may hold negative views of the effectiveness of defense department management and