



Proactive Project Surveillance

There is no such thing as a risk free project! Every project has a probability of succeeding (usually set around the 80% level) but if there is a probability of success, there has to be a corresponding probability of failure: 80% probability of success = 20% probability of failure. Effective surveillance systems are needed to identify which projects are currently candidates for failure in sufficient time to take appropriate action.

Determining an acceptable level of risk for an organisation to accept is a governance function¹. The consequences of these 'risk settings' sets the framework for selecting projects to undertake². The role of project reviews is to create an effective surveillance system that identifies problems early and helps resolve issues before they become serious. Whilst a defined percentage of all projects are probably going to fail, probability is not certainty, the future is not pre-determined and the degree of failure is amenable to change.

The Role of Project Reviews and Assurance

Effective project reviews help the organisation's management understand what's really going on within each project. Routine oversight and reporting processes (typically involving a PMO) deal with project information 'as-is' on a weekly or monthly basis; an effective review looks deeper into the project to understand 'why' and importantly 'what might be' to highlight emerging opportunities, identify emerging risks and in conjunction with the project team, recommend appropriate actions. After a review everyone should be confident the current status of the project is clearly understood. Review teams provide this assurance through an independent assessment of key project attributes that cuts across the oversights and biases that we're all prone to³ (including the project manager and project sponsor).

Review teams provide three types of information to project stakeholders:

- 1) **Performance improvement information:** project managers need a clear view of what's happening on their projects so they can manage them effectively. Reviews provide an independent assessment of status and of how the project, and the project's supporting management (PCBs, Sponsors, etc) are performing against accepted good *practice*. Focused support and coaching helps the project manager identify gaps in their understanding and define appropriate improvement strategies for implementation.
- 2) **Management information:** project sponsors, other managers and executives need a clear view of what's happening in the project's they have management responsibility for and across the organisation's complete portfolio of projects. Impartial reviews help ensure that decisions are based on validated information:
 - a. At the portfolio level⁴, the information is used to inform decisions about managing its overall profile and 'net present value' by cancelling projects that no longer contribute value, redirecting resources, etc.; and for managing any interdependencies and side effects.
 - b. At the project oversight level, Project Control Boards, Sponsors and other managers need information to understand what support and assistance the project manager needs to optimise the value created by the project's expected outcomes. This is an integral part of the organisation overall Project Delivery Capability (PDC)⁵ maturity.

¹ For more on **Governance** see:

- Organisational / Corporate Governance: http://www.mosaicprojects.com.au/WhitePapers/WP1033_Governance.pdf
- Project Governance: http://www.mosaicprojects.com.au/WhitePapers/WP1073_Project_Governance.pdf

² For more on the options and consequences of choosing various project risk settings see our blog, **Stakeholder Risk Tolerance**: <http://stakeholdermanagement.wordpress.com/2012/04/03/stakeholder-risk-tolerance/>

³ For more on cognitive bias see: http://www.mosaicprojects.com.au/WhitePapers/WP1069_Bias.pdf

⁴ For more on **Portfolio Management** see: http://www.mosaicprojects.com.au/WhitePapers/WP1017_Portfolios.pdf

⁵ For more on Project Delivery Capability see: http://www.mosaicprojects.com.au/WhitePapers/WP1079_PDC.pdf



- 3) **Organisational learning:** information from project reviews is an excellent way to help organisations learn from experience – *‘Lessons learned’*. An effective ‘lessons learned’ knowledge management system⁶ helps project team members see what is really happening and learn immediate lessons about what is and isn't working. At a wider level observations can be incorporated into checklists and other artefacts, transferring the knowledge across the organisation.

Ideally the project review should be primarily a ‘peer review process’; project managers helping project managers. This approach helps reduce resistance by eliminating the ‘big brother’ aspects of the review and participating in a review teams is a learning experience for the individuals concerned. Participating in the review process broadens the review team’s skills and expertise by giving them the opportunity to see a wider range of projects. Despite the benefits, project reviews are stressful for all concerned. Few project teams have spare time to talk to reviewers; review teams need to get up to speed rapidly on complex projects and political pressures are common. Minimising these pressures needs a mature support system, typically part of a strategic PMO.

The Role of the Strategic PMO

The PMO⁷ can play an important role in reducing ‘review stresses’ and maximising the effectiveness of the review teams. It achieves this by:

- **Establishing context for regular reviews** - when reviews are conducted routinely, as part of business-as-usual, they tend to be less disruptive, less contentious and more effective. When reviews are exceptional events, they tend to become associated with failure – the mere fact of being reviewed suggests that your project is in trouble; which creates defensiveness and reduces the beneficial effects discussed above. The PMO can establish a routine of regular reviews and schedule and coordinate the reviews and the review teams.
- **Providing and developing a pool of expertise** - review teams need people with expertise and experience in reviewing. The PMO can provide a pool of such people, from within itself and by keeping track of the expertise within the organisation. It can also help grow the pool of expertise by constructing review teams with a view to extending people’s experience and providing mentoring opportunities.
- **Monitoring the effectiveness of the review process** - the PMO should gather feedback from project teams and executives on the effectiveness of each review and the value of its outputs. This feedback should be used to refine review schedules, adjust the structure of review teams, update the review processes, protocols, etc.
- **Maintaining the review processes and protocols** - checklists and guidelines help review teams decide what aspects of a project to focus on, and what to look for when reviewing these aspects. The PMO should ensure these materials are accessible and are updated to reflect any new lessons learned from completed reviews.
- **Tracking project-level actions** - the PMO should track the progress of agreed actions at the project level as part of its routine oversight process. Agreed actions should be incorporated into the project plan by the project manager. The updated and agreed plan is then monitored by the PMO on a routine basis.
- **Supporting PDC improvements** - where reviews identify actions outside the scope of the project team, the PMO can help coordinate and track these actions in support of the project manager’s regular communication with their project board and other executives responsible for the organisation’s overall Project Delivery Capability⁸ (PDC).
- **Embedding lessons learned into the KM system and organisational standards** – lessons learned and any recommend improvements to the organisation’s project methodology and associated templates, guidelines, etc need reviewing, agreeing and actioning. The PMO typically coordinates updates to the

⁶ For more on **Lessons Learned** see: http://www.mosaicprojects.com.au/WhitePapers/WP1004_Lessons_Learned.pdf

⁷ For more on the **Role of PMOs** see: http://www.mosaicprojects.com.au/WhitePapers/WP1034_PMOs.pdf

⁸ The **PDC Framework** is described at: http://www.mosaicprojects.com.au/WhitePapers/WP1074_PPP_Taxonomy.pdf



lessons learned knowledge management system and to the organisation's methodology. It may also develop supporting artefacts such as training materials, etc.

- **Providing administrative support** - the PMO should be responsible for managing the review support functions such as scheduling meetings, booking rooms, recording minutes, etc. The administrative workload involved with running a review programme across a substantial portfolio is significant, and effective admin-support is essential to make the most effective use of the skilled resources involved in both the review teams and the management of the projects being reviewed.

All these activities suggested for the PMO support the work of the review teams, freeing them to focus on undertaking effective reviews, minimising the amount of time needed for each review and maximising the value gained by the organisation from the review process.

Conclusion

Effective reviews provide clear, validated information to decision makers, so they have the basis needed to make good decisions.

When an organisation's management is assured it has a clear understanding of what's really happening in its projects, managers at all levels are more likely to make better decisions about how to best manage the on-going work of each project, to maximise the overall value returned from the organisation's investment in its portfolio of projects.

Some projects will always fail; organisations take short term risks in order to gain the long term benefits from the new products, services or results the projects help deliver. The secret to success is vigilance backed up by informed action; effective surveillance systems will identify emerging points of failure before they become catastrophic; and help the organisation learn from experience through an effective 'lessons learned' knowledge management system.

Project reviews are an effective way to do both of these objectives, and a well structured PMO can play a vital role in setting up and supporting an effective review and assurance programme.

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<http://www.stakeholdermapping.com/>