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# Project Management Survey Report

## Aim to succeed

# Why projects succeed or fail in the Namibian environment

## Observations from practical experience – with a focus on IT projects

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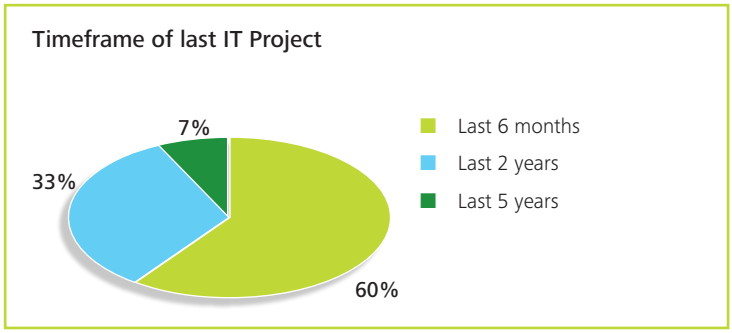
What is it that makes or breaks IT projects in Namibia? Is the experience amongst companies in this country different from elsewhere in the world and if so, are there any lessons that can be learnt specific to our environment?

In an attempt to find answers to these questions, the IT Risk Advisory Division of Deloitte & Touche Namibia recently conducted a survey amongst some of the most renowned companies in Namibia. Responses were elicited from companies in a variety of economic sectors, including, amongst others, mining and exploration, telecommunications, retail, manufacturing, distribution, financial services, consulting and the general services sector.

Participants were requested to complete detailed questionnaires, providing details of their experience with recent IT projects[1] .




Not surprisingly, a majority (60%) indicated that they had implemented or upgraded a major computer system within the last six months, which clearly shows the constant and fast-moving change that IT environments also undergo in our country.

54% of participants classified their projects as large, impacting the entire organisation. The remaining 46% classified their projects as very large, impacting both the entire organisation and external stakeholders (e.g. suppliers). Project time frames ranged from less than a month (23%) to more than three years (8%).

The nature of IT projects that were undertaken was very diverse, being an indicator of the depth and maturity that has meanwhile been reached in this country. For example, projects undertaken included:

- Enterprise Resource Planning (ERP) application projects. While we predominantly see SAP in practice, Oracle also continues to play a role;
- Linking of applications across companies and industries;
- Storage solutions, consolidation and offsite replication of data storage;
- Server virtualisation;
- Other hardware upgrades/replacements; and
- Microsoft Office implementation projects.

1 Participants included project sponsors, project directors, project managers, clients and other representatives.

# Critical success factors

For IT projects to meet their stated objectives, several critical success factors should be dealt with. The discussion below focuses on how well these are generally achieved in the Namibian context, based on our survey.

### Alignment of the project to overall business needs

All participants confirmed that their IT projects are in line with their organisations' overall growth strategies. For 64% of projects, end users were very involved and 29% indicated that end users were partly involved. Only 7% indicating that there was no end user involvement; however, the underlying work for this 7% related to technical infrastructure upgrades, where end users were not directly affected.

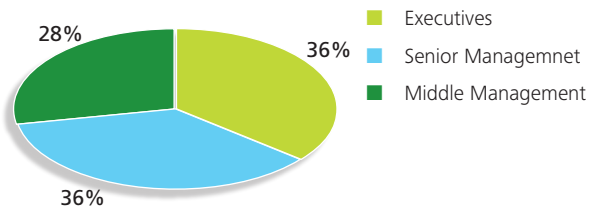
Generally, executives that are responsible for IT projects in Namibia seem to be well aware of the critical need to align projects to overall business needs and to involve those who are affected by the project – the users.

### Project sponsorship by top management

Without the backing of top management, the chances of success of any project are greatly diminished.

69% of participants indicated that management was "very involved" with the remaining 31% indicating that management was "partly involved". The levels of management involved in the projects that participated in our survey were as follows:

Levels of management involved in IT projects




Top management – executives – were thus involved in just over one third of the projects, which is considered low. To improve chances of success, closer involvement of the leaders of Namibian companies is encouraged. This task should not be delegated to lower levels of management.

### Project governance

Sound governance mechanisms should be implemented at all projects of any magnitude – based on the principles of good governance pertaining to any business organisation[2].

Typically, the primary structure responsible for project governance is the project steering committee. Given that all participants classified their projects as either "large" or "very large", it is surprising to note that project steering committees were only established for two thirds (67%) of the projects we surveyed. Where a project steering committee was in place, only 30% of participants involved experts and/or third parties (e.g. the external auditor) on these committees.

Best practice suggests that internal audit departments should be involved in projects. Just over half of the participants confirmed that they did involve their internal audit departments. Of the 46% who did not involve internal audit, 15% did not have such a department. The remaining 31% did have an internal audit department, which did however not play a role on the project.

50% of those who involved their internal audit department did this through consultations, but not by assigning a formal role to the internal auditors. Ideally, the internal auditors should be members of the project steering committee and/or the project team, or have a formal review responsibility.

## There is significant scope to improve governance of projects in Namibia.

Where there is no internal audit department, consideration should be given to involve the external auditor in this capacity[3].

There appears to be significant scope to improve governance of projects that are conducted in Namibia. This is an area that typically does not require a large monetary investment but can have a profound impact on the success rate of a project.

### Allocation of adequate resources to the project

Allocating insufficient resources to projects is one of the most common pitfalls seen in practice. Resources include sufficient project funding, freeing up the right skills for the project, as well as allowing reasonable timeframes for the individual project milestones.

Whether the resources allocated to a project were sufficient can only be assessed after project completion. A majority of participants (62%) confirmed that their projects were completed under or within budget and as per the project schedule. 30% remained within budget but exceeded the schedule and only 8% exceeded both.

While these trends are not out of line with experience elsewhere in the world, during our consultations we observe a common factor that causes project delays: staff members that are assigned to a project team are often not freed up sufficiently from their day-to-day activities, thereby not being able to focus sufficiently on the project. Also, if they are theoretically freed for the project, one repeatedly observes interference by their colleagues, requesting "urgent" attendance to routine, day-to-day matters. Both project and line management should be aware of this pitfall for timely project completion.

2 The King III report on corporate governance, launched on 1 September 2009, provides extensive guidance.

3 Independence requirements may impose restrictions.

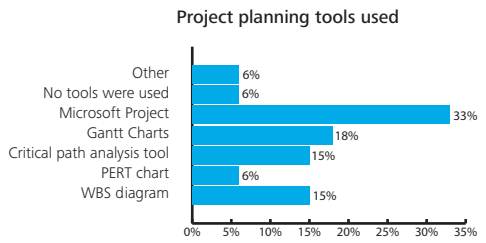
## Pre-project phase

Pre-planning and preparation is critical for the proper management and success of any structured activity such as a project.

As part of the pre-planning phase, a risk assessment should be done for important projects as early as possible. 26% of participants conducted a risk assessment at the beginning of the project and 47% had risk assessments throughout. However, the portion of participants that only did risk assessments at the end of the project (16%) or no risk assessment at all (11%) is considered too high. Project managers in Namibia should be aware of this opportunity for improvement.

All of the participants used a formal methodology to determine the requirements of the project upfront[4].

Project planners are au fait with the various planning tools that are available and use these to their advantage with a strong preference for the Microsoft Project application:




All but one participant formulated a detailed work plan for the project.

It is reassuring that for 86% of projects, roles and responsibilities were clearly defined and formally communicated to all project team members.

The quality of pre-project planning can also be assessed by surveying scope changes. Over nine out of ten participants experienced scope changes after initial scope definition. Reasons given were:

| | |
|---|---|
| Required for go-live | 30% |
| Moves the go-live date | 17% |
| Changes content of any deliverable | 23% |
| Impacts the cost of the project | 30% |

Over three quarters of participants also experienced changes to the project budget. Reasons cited by these were:

| | |
|---|---|
| Poor planning | 30% |
| Scope underestimated, technical difficulties | 17% |
| Additional costs due to delays or Inflation | 23% |
| Contracts with external consultants | 30% |
| Variations and design changes | 41% |

Based on the survey, apart from the need to:

a) improve on performing risk assessments early on and throughout the project; and

b) focus more on assessing and defining project scope and project effort/cost upfront to reduce the need for subsequent scope changes and budget amendments, the pre-project phase is generally managed well in Namibia, based on the survey.

Note also that 69% of participants conducted a pre-implementation review of their projects to ascertain whether the objectives were met by the design of the solution.

4 Methodologies used included: project feasibility study, user requirement meetings, functional requirements and proprietary methodologies.

## Project management

In terms of generally accepted project management theory, large and very large projects should ideally be managed professionally by a project office within the organisation[5]. While 50% of participants had an internal project office, 34% delegated project management to one or more specific departments within the organisation and 16% used an external project team, the vendor or other structures to manage their project.

With only half of the participants having established their own project office, awareness regarding the importance of having a dedicated in-house body managing critical projects needs to be improved.

Projects conducted in Namibia should make better use of formal project milestones and signoff of these when achieved.

A positive trend was that all participants used some kind of formal project management methodology, e.g. SDLC (Systems Development Life Cycle), ITIL (Information Technology Infrastructure Library), etc.

All participants also regularly monitored project progress: 50% on a weekly basis, 22% on a daily basis, 22% on a monthly basis and the rest used some other basis. However, only 36% used formal project milestones with signoff when these have been achieved, to establish project progress. The rest used a combination of formal or informal meetings and other means.

Project information and changes are mostly communicated through meetings and reports (80%), which is considered best practice.

Most of the participants adopted formal risk management strategies, with 56% managing project risks by mitigating them to lessen their impact. 22% accepted the project risks, as these were perceived to be too inconsequential to warrant active management thereof.

5 "Successfully managing large scale projects", Dr. Markus Warg, Dr. Gero Scholz, co-author Jens Kock, Frankfurter Allgemeine Zeitung Verlag, 2001, ISBN 3-89843-033-2 [German].

### Quality control

For large and very large projects it may be necessary to establish a separate quality control unit within the project team. This unit should not only be responsible for testing but also for adherence to quality control standards at various levels, such as:

- the organisation of the project;
- the tools and programming language to use;
- software development methodologies to choose;
- coding conventions;
- testing;
- training of users;
- documentation guidelines;
- signoff of project deliverables;
- independent reviews and quality audits;
- etc.

## Users on 23% of the participants' projects were trained inadequately.

Specifically for IT projects, all project deliverables (typically hardware, infrastructure, systems software and/or applications) should be subjected to rigorous, multi-level, multi-layer and multi-party testing prior to being made available to users in a production environment.

For software development projects, testing should be done at least at the following levels:

- Testing of individual components;
- Integration testing (the working together of all application modules is tested);
- Application testing (the whole application is tested)
- Performance testing (the testing of resource usage, scalability and reliability. This includes stress testing, load testing, endurance testing, spike testing and scalability testing); and
- User acceptance testing (testing by selected end users).

Testing should be done against pre-defined test cases that include as many different circumstances and scenarios as possible. Note though that for applications of any complexity it is practically impossible to test these in their entirety, therefore testing also needs to be risk-focused.

While 77% of participants used test plans for gaining assurance as to the quality of their IT projects, 15% did informal testing without predefined plans and 8% did no testing at all. This ratio is considered low – testing should always be done and the results thereof formally approved prior to handing over the results of IT projects.

For those participants who did engage in testing, 56% used external consultants and end users as testers and 44% used super users.

75% of participants trained their end users less than a month before go live, which is normally appropriate, given that users may forget what they have been trained for if this knowledge is not used shortly thereafter.

It is alarming though that 23% of participants were of the opinion that end users did not have sufficient knowledge to fully utilise the new system after they have been trained. Attention should be given to more rigorous user training.

## Post go live success factors

Amongst survey participants there was a clear tendency to implement projects using a phased approach (56%), as this is considered less risky than using the big-bang approach (29%). 14% used a parallel approach for implementing new IT systems, the disadvantage being that this approach requires double processing for a certain period of time.

Whatever implementation approach is preferred though, projects – and specifically IT projects – should not cease at go live date. Several tasks should continue thereafter, such as ongoing post go live support and performing a post implementation review.

The purpose of a post implementation review is to ascertain whether the project's objectives were met.

In order to determine whether their projects were a success, the participants attached virtually equal weight to each of the following factors:

- the project was completed on time;
- the project was completed within budget;
- the project was of good quality;
- a high return on investment resulted from the project; and
- whether employees embraced the change.

To measure the achievement of these factors, roughly two out of three participants performed a post implementation review. 44% of those performed the post implementation review within the first month after go live, 44% within the first six months and 12% within the first 18 months.

A post-implementation review should be scheduled at a reasonable time after the IT project has been implemented. Typical periods can range from four weeks to six months, depending upon the type of project and its environment[6].

67% of participants ensured that the post implementation review yielded independent insights by either using their internal audit department, their external auditor or a consulting form for this assignment. 17% used the project team or their third party vendor for this review – resulting in a risk that the result might be biased.

Where possible, we recommend that a party who has not at all been involved with the project before and who is independent of any of the role players in the project team be used to conduct a post implementation review. The report should be tabled at senior level – either at the project steering committee or at the organisation's executive committee.

6 "IS auditing guideline: Post Implementation Review" Document G29, Information Systems Audit and Control Association, ISACA (www.isaca.org).

# Lessons learned

Our study has revealed a number of common trends that those responsible for conducting projects – and specifically IT projects – should focus on to ensure that Namibia leverages its scarce resources as effectively as possible for success:

- Executives should be closer involved;
- A project steering committee should be established for every important project and staffed with the right skills;
- Internal audit (or external audit if there is no internal audit department) should be involved in the governance of projects;
- Risk assessments should be conducted for all important projects – early on and, if need be, throughout;
- More focus should be directed at defining the project scope upfront to avoid costly changes later on;
- Projects should be managed professionally using a project office, that should be based in-house if possible;
- Project milestones should be used. The achievement thereof should be formally assessed before moving on;
- Project results should always be tested rigorously prior to implementing these;
- Training of users should receive more attention; and
- A post implementation review should be performed after each important project using an independent party.

While it will always be possible to improve on how projects are conducted, the survey clearly showed that IT projects at those organisations that responded to our survey are in general managed professionally, which is highly encouraging.

Please do not hesitate to contact either the author or **Melanie Späth**, manager in the IT Risk Advisory division, at **+264 61 285 5000** or www.deloitte.com/na should you require further information on this topic.

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