THE ROLE OF THE PROJECT SPONSOR IN SUCCESS OR FAILURE

Work and Organisational Performance

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Abstract

The aim of the research was to analyse the role of the project sponsor within a particular department of an IS development company, and to investigate what effect project sponsors had on project success or failure. Further, the research findings could be used to suggest corrective actions needed to improve the project sponsor's performance, thus increasing the success rate of projects.

The research was conducted in the form of a quantitative survey within the project management division of an information systems (IS)development company which was in the process of changing in both structure and culture; from a formal silo structure to a matrix structure embracing the principles of Balanced Scorecard Programme Management (BSPM) (Kaplan & Norton, 2001). The company had been experiencing a high project failure rate.

The results of the survey revealed that project failure is due to unrealistic time frames, poor leadership, and inadequate project sponsorship. The project sponsor, percentage of failed projects, composition of the project team, and the composition of the company were proven to have an influence on project success or failure.

Introduction

The perfect organisation, in terms of maximum business value achieved through its projects, is one that delivers on its strategy efficiently and effectively, including the right projects, at the right time, delivered on budget. The rate of change in the business arena is continuously increasing, and companies are constantly seeking innovative products, services and knowledge-enabled processes to enable them to compete effectively against each other. Information systems (IS) play an important role as an enabler of these processes.

The research, conducted in the form of a quantitative survey in an IS development company which was in the process of changing in both structure and culture; from a formal silo structure to a matrix structure. Furthermore, the vision of the company is to be a more project-driven

entity (project-centric) and customer-focused, embracing the principles of BSPM (Kaplan & Norton, 2001). BSPM translates the vision/mission into desired objectives and performance measures that can be quantified or qualified and appraised, as well as defining and measuring managerial performance requirements (Kaplan & Norton, 2001).

IS projects, commissioned to support and enable the business functions, often fail. Up to now, IS solution providers and vendors have not been penalised for selling inferior products and services as they have relied on the market to understand and forgive them until they finally provided acceptable solutions. The situation is further worsened due to the fact that IS providers are still failing to acknowledge their problems, and failing to take responsibility for failed IS solutions (McKague, 1998; Standish Group International, 1999) mainly due to the increased demand for projects to be delivered faster, and technology making projects more and more complicated (IT Cortex, 2010). The Robbins-Gioia Survey in 2001 noted 51% of US respondents viewed there IS implementations as unsuccessful, and The KPMG survey in 1997 revealed that 61% of Canadian companies reported IT project failures (as cited by IT Cortex, 2010). Widespread acceptance of low performance would be unacceptable in any other industry (McKague, 1998). Getting projects completed on time and on budget is a critical skill (Mateyasuk, 1999).

The aim of this dissertation was to research the relationship between the performance of the project sponsor, the organisation's structure at that time, and the effect on project success. Leading on from this was an attempt to understand the corrective actions needed to improve the project sponsor's performance, such as changing their role to suit the current organisational structure in order to increase the success of projects.

The key research objectives of this dissertation were to educate project sponsors on their role and responsibilities in relation to the organisational structure, increase project success by improving the performance of the project sponsor (owner), identify the main elements of the project sponsor's role that cause projects to fail, and identify possible solutions to each of the elements in order to reduce project failure rates.

The research problem statement was: Increased project value and project success can be impacted upon by the performance and the role fulfilment of the project sponsor.

The following investigative questions were formulated:

- What is the project sponsor's role in project failure?

- What is the role of the project sponsor relating to an inexperienced project manager on a project, where the project manager's role is highly defined and "set in stone", and all problems and issues outside of this role are escalated to the project sponsor?

- How does the project sponsor's role evolve as the organisation transforms from a traditional structure to encompass BS-based programme management?

- What is the project sponsor's base or core role?

- What other responsibilities are additional to the project sponsor, both external and internal to the project, due to a lack of, or weak, organisational structure?

- What is the project sponsor's role in regard to being a project sponsor on multiple projects?

Literature review

A project is "a temporary endeavour undertaken to create a unique product, service or result" (Project Management Body of Knowledge (PMBOK), 2004:368). A collection of projects, which may run concurrently, is known as a programme. Project business value maximisation is when the project/programme, at a strategic level, achieves maximum business value by achieving all-round stakeholder satisfaction, expected value delivery, strategic goal or strategic objective delivery, achieves its return on investment, and continues to deliver maximum business value long after the completion of the project. This is the responsibility of the project sponsor.

The researcher situated the research within the paradigm BSPM. BSPM has the advantage of translating the vision/mission into desired objectives and performance measures that can be

quantified or qualified and appraised, and it defines managerial performance requirements and measures the achievement of the desired results (Kaplan & Norton, 2001).

The most common reasons projects fail, according to the Office of Government Commerce (2005), are listed below:

- Lack of clear links between the project and the organisation's key strategic priorities, including agreed measures of success.

- Lack of clear senior management, ownership and leadership.

- Lack of effective engagement with stakeholders.

- Lack of skills and proven approach to project management and risk management.

- Too little attention to dividing development and implementation into manageable steps.

- Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits).

- Lack of understanding of and contact with the supply industry at senior levels in the organisation.

- Lack of effective project team integration between clients, the supplier, and the supply chain.

Project managers have encouraged having very detailed job descriptions, as they are tired of being blamed for project failure. Thus, what a project manager does and does not do has become very specific, even at times teetering on typically "governmentalised" lines, to the point that when one asks a project manager to achieve something, the answer is "No, it's not my job" or "No its not part of my job description" or, with more sarcasm, "I didn't see that mentioned in PMBOK". This is not necessarily a bad thing, but who is left to fill the gaps in and around the project?. It is the contention of the researcher that this position is best filled by the project sponsor.

PMBOK (2004) defines the project sponsor as "the person or group that provides the financial resources, in cash or in kind, for the project." In a company using BSPM, the chief programme officer, programme managers, product managers and sponsors would be the links between strategy and projects. Within smaller, less structured or evolved companies, the only link is the project sponsor. The project sponsor is the only link between business and strategy, and the project and technicalities. Thus project sponsors fill both the external and internal gaps in the project, and depending on the size and number of gaps, the project sponsor's role is either minor or very large. The project sponsor is the executive or manager with the fiscal authority, political clout and personal commitment to see a project through. Their role is to ensure that throughout its life cycle the project is focused on achieving its objectives and delivering a product that will ultimately achieve the projected benefits, adopting a cost-conscious approach to the project, thus balancing the demands of business, user and supplier.

Kapur (2006) states that, "Sponsorship is not a spectator sport. A good IS project sponsor commits political capital as well as resources and personal time". He further adds, "The sponsor should be able to make 80% of all decisions without approval from higher-ups" (Kapur, 2006).

The research method

In understanding the problem of exactly why projects fail due to project sponsor performance in the company, a combined qualitative and quantitative research methodology was used, which required interviews with selected personnel and setting up a questionnaire. Case studies on this topic were also conducted, in order to serve as first-hand, practical sources of information. Personal experience in this field also added a relevant and significant input into this study. The information gathered for the purpose of this study was analysed, logically grouped, and compiled into separate sections.

The final survey sample comprised 34 (from the original 350 employees) individuals, at various levels, selected from the project management environment within a particular IS development

organisation. The researcher posited that the following variables affect a project's success or failure:

- Project sponsor (too poor/weak to fulfil roles and responsibilities).

- Percentage of failed projects (low percentage to high percentage).

- Composition of the team (and roles and responsibilities).

- Structure of the company.

- Sponsor's defined roles and responsibilities in the company.

The quantitative questionnaire (with 38 questions) was set up on the Internet, with a link sent out in an e-mail, requesting the interviewees' participation. The questionnaire was structured with drop-down multiple-choice answers, and therefore no typing or writing was required. It took approximately an hour to complete. The survey system picked up the identity of every computer terminal, so that there could be no duplication. Although the survey was therefore not anonymous, the researcher promised that he alone had access to the answers and would not disseminate individual information – only the combined results.

Statistical analysis

In this company, 88% of sponsors are assigned. Interestingly, 29% of participants had been project sponsors, which meant possible bias in the rest of the survey. All participants had experience in projects; 85% of the participants had more than two years' experience in projects, 56% of the participants had more than five years' experience in projects, and 24% had more than 10 years' experience. In terms of ideal characteristics of the sponsor, leadership qualities were highly rated, as were communication skills, negotiation skills and business skills.

Regarding the accessibility and visibility of the project sponsor, the project sponsor was only accessible half of the time that they need to be – a worrying fact, as non-availability can cause delays on a project, and decisions having to be made without the project sponsor's involvement.

In terms of effort put into the project by the project sponsor, 36% stated "none" or "too little", thus reinforcing the fact that sponsors are not accessible and do not spend enough time on their projects While an overwhelming 88% felt that the project sponsor is integral in leading the project to success, almost a third (28%) felt that that the sponsor did not take ownership of the project, and 61% felt that project failure was due to the project sponsor; particularly due to their lack of experience and engagement (participation and accessibility) in the projects, confirming the critical importance of the need for project sponsors to perform their role correctly.

In terms of decision making, the sponsors make the final decision 70% of the time, yet 42% of the participants felt that project sponsors do not make good decisions. This is extremely troubling, as a major function of any project sponsor is to make decisions – and especially the final decisions, as they are accountable and are the project owner. If almost half the project sponsors are not capable of making good decisions, then it stands to reason that half of projects will fail due to the project sponsor, or most certainly will not deliver the maximum business value. In mitigation, 75% admit their incorrect decisions, and say they make the necessary corrections. Although 70% of the time the project sponsor is accountable, this still leaves 30% of the time where they are not held accountable by the company for their failure!

One in every five sponsors is viewed as not solution orientated, meaning low problem solving skills, leading to a higher incidence of project risk, and 30% of project sponsors are not the "take action" type of leaders, leading to frustrations for the project team. Over 40% of project sponsors are not visionary – an important trait for most leaders, but critical when dealing with the topic of project sponsors, as the strategy has already been created and they are just delivering and enabling it through the projects. Further, the results pointed to a lack of management skills on the part of the sponsors, although they are well versed in technology.

A critical function of project sponsors is understanding the true business needs, customer requirements and project expectations. Without this knowledge they cannot make the right decisions, yet respondents noted that 22% of project sponsors do not understand the business and customer requirements intimately. This is a recipe for disaster, especially if the role of the project sponsor in the organisation is very large and complex.

When asked about the worst mistakes a project sponsor could make, 60% noted pushing for unrealistic time frames. Not providing accurate information to the project manager, poor prioritisation of projects and poor motivational leadership also rated highly. Over 50% felt that the project sponsors need to improve their skills in marketing the project internally and externally - a main function of the project sponsor. The marketing of a project is critical to get buy-in, to keep the project moving forward at a high pace and also to motivate project staff, as this gives them spotlight time. It also motivates staff not to fail. It was noted that 50% of the time the project staff had to do the work of the project sponsor due to their incompetence and lack of performance to ensure project success. A third of the project sponsors have very rigid management styles, and 55% of the time the project sponsors are not adaptive or flexible.

Regarding the understanding of the technical requirements (not the technical "nuts and bolts") of the project, 76% feel that it is most important sponsors understand the business requirements of the project, i.e. they should focus on the business deliverables of the project. A worrying 36% of participants reported that project sponsors do not shield the team from outside influences, disruptions, scope creep etc., which is a major aspect in the role of the project sponsor's role. Nearly 44% of participants felt that the project sponsor needed to improve their political skills - roadblocks that cannot be cleared cause delays on the project and need to be skilfully negotiated. When asked to state the importance of the sponsor's various tasks (multiple answers), 76% reported clearing roadblocks as the most important, followed by championing the project and the team.

In terms of organisational structure, 91% of participants concluded that their current company structure was a hindrance to the project sponsor adding maximum value. The company structure should be designed to maximise output, not to hinder. One can deduce that the organisation has not fully evolved into BSPM. The project sponsor role is complex in this

organisation at this point in time, and is most likely at its peak of complexity. As the company structures and systems mature, the project sponsor's role will become less complex.

Findings and recommendations

The pushing of unrealistic time frames is typical of project sponsors who do not understand the project and are more concerned in the short term with please executives. A lack of leadership ability was very evident, along with basic management skills such as problem-solving, negotiating and communicating. The inability to prioritise projects leads to low staff morale, increased frustration, and high risk for the company.

The results of the survey have clearly shown that the project sponsor's role is extremely important and that the extent and complexity of the role varies, depending on the evolution of the company with regard to BSPM and project structuring as a subset thereof.

The survey conclusively highlights that the project sponsor's role is very important and can be very complex; therefore the project sponsor's performance has a direct impact on project success or failure. This survey also gave value to the participants in teaching them more about the role of the project sponsor. Clearly, the results show where project sponsors need to improve their performance and thus directly improve their project success.

The most significant and relevant reasons for IS project failure span from the internal project environment through to the external project environment. Identifying and analysing these reasons within the environment of any anticipated IS project, will establish a base from which a successful IS project could be initiated.

The variables (listed below) were proven to have an influence on each other:

- Project sponsor (poor/weak to fulfil roles and responsibilities).

- Percentage of failed projects (low percentage to high percentage).

- Composition of the team (and roles and responsibilities).

- Structure of the company.

- Sponsors defined roles and responsibilities in the company.

The short-term solution is that project sponsors need to be aware of their role, need to perform their role correctly, and need to be trained, coached and educated. This is a short-term solution, and is not always the ideal long-term solution. This dissertation was focused on the role of the sponsor and their education.

The long-term solution pertains to the organisational structure. The reason project sponsors' roles have become far more than they should be in many circumstances, is due to weaknesses in the organisational structure. The structure should include an organisational organogram, strategy creation and delivery, maturity of all job roles and descriptions, efficiency and the correct levels of all processes, procedures and methodologies, maturity of systems, and the existence of high-performance teams and BS-based programme management. The greater the lack of organisational structure, the greater the role of the project sponsor ('Jack of all trades'). Over the long term, as the organisational structure matures and is optimised, the role of the project sponsor will diminish. A combination of both of the above solutions should be implemented in parallel.

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