Five tips to improve the success rates of IT transformation projects

In summary
These five tips are based on our engagement with dozens of clients with IT transformation projects where we have provided ‘rescue’ services as projects are running off the rails. Often clients leave this analysis to the ‘post implementation review’ stage and the lessons learned are too painful to acknowledge and act upon.

The successful delivery of IT transformation projects is dependent not only on the systems implementation and technical delivery, but it also requires equal attention and effort to the governance, business benefits, people and process areas.

Typically, project management methodologies focus on the basics such as well structured project schedules, project documentation management, detailed test planning and effective status reporting. These basic elements are required, but won’t guarantee project success from the viewpoint of key stakeholders.

A focus on measuring business benefits, management of multiple releases, maintaining senior stakeholder support and setting up an effective Steering Committee are all vital towards ensuring successful delivery of IT transformation projects.

Contact us

Kaylene O’Brien
Partner, Consulting
Melbourne
Tel: +61 (0) 3 9671 7697
Mobile: +61 (0) 414 529 536
kobrien@deloitte.com.au

Peter Ryan
Partner, Consulting
Sydney
Tel: +61 (02) 9322 5693
Mobile: +61 (0) 414 257 228
pyryan@deloitte.com.au

Gordon Pattison
Partner, Consulting
Brisbane
Tel: +61 (0) 7 3308 7207
Mobile: +61 (0) 401 128 064
gpattison@deloitte.com.au

Dean Grandy
Partner, Consulting
Canberra
Tel: +61 (0) 2 6263 7121
Mobile: +61 (0) 409 037 068
dgrandy@deloitte.com.au

Paul Klein
Partner, Consulting
Perth
Tel: +61 (0) 8 9365 7060
Mobile: +61 (0) 419 013 405
paulklein@deloitte.com.au

Andrew Culley
Partner, Consulting
Adelaide
Tel: +61 (0) 8 8407 7305
Mobile: +61 (0) 408 551 266
aculley@deloitte.com.au
IT transformation projects are notorious for having high failure rates. Here are five practical tips that can help improve the likelihood of success.

The media headlines say it all – over budget, late and not delivering what was promised. From our experience working with clients to improve the ROI of their IT spend and rescuing projects that are off the rails, we see some common mistakes across most industry sectors – and these mistakes are avoidable.

In this short article, we explain five tips to improve the success rates of IT transformation projects.

1. **It’s about the ‘benefit’ not the requirements or functionality**

   It is too easy for Program Directors to say ‘we are only delivering what is in the requirements spec’. This ignores the fundamental reason that organisations spend millions of dollars on their IT projects. The aim is to deliver improved business outcomes.

   The end result is that some IT transformation projects focus heavily on the ‘go live’ event and the delivery of functional scope – but the stakeholders see no improvement in their business. Somehow the promised benefits have disappeared along the way.

   A foundation for successful delivery is ‘benefits management’ and this is a hot topic for our clients. During the planning and business case phase, the case for business change requires the definition of compelling, feasible and quantifiable business benefits. The benefit areas require clear linkage to the planned system functionality – down to the requirements level.

   After the definition of business benefits at the commencement of the project, they also need revisiting at key project milestones to assess their potential for realisation.

   The benefits management approach also assists with prioritisation and scope control. It ensures that benefits aren’t lost if project scope changes occur in flight.

   **Tip: Focus your planning and communications on the benefit not the functionality**

2. **Big bang is not the answer**

   Too often projects are planned with a big bang go live date which is years away. It is tempting to plan this way because it minimises the perceived cost and complexity of multiple incremental releases. It also simplifies stakeholder expectation management (sit tight – you’ll get everything you’re expecting in three years time at go live). The downside is that it can set up the project for failure.

   Big bang misses the opportunity to deliver some key areas of business benefit earlier.

   The long lead times also increase the risk of requirements changing over time and loss of critical team members and stakeholders whilst the project is in flight.

   **Multi-year technology projects should aim for delivery of discrete portions of functionality in multiple releases. We have restructured several ‘in distress’ IT transformation projects with this multiple release approach and enabled them to get back on track.**

   The benefit of the multiple release approach is that it reduces risks and allows the lessons learnt along the way to be applied in the next release.

   **Tip: Plan for multiple releases**

3. **An organisational capability to transform**

   Is the overall approach for your big IT transformation project driven by the IT department or is it dictated by the big system integrator?

   Do the key stakeholders complain that they don’t understand what is expected of them and when they need to get involved?

   Is there limited understanding of the business process impacts from the new functionality?

   Is the change management function focused on designing a training pack and not much else?

   Is the project reporting all about the technical issues and progress of the system integrator?

   Are IT-dependent projects managed just like any other capital project?

   These are symptoms of an organisation with limited transformation capability. Typically, their projects aren’t setup for success.

   There is a differentiator in businesses that have an embedded capability to transform and improve.

   **Tip: Assess your organisation’s capability to transform**

4. **Successful projects need key project stakeholders who are collaborators not commentators**

   Here’s the downward spiral: Program Director reports to the key stakeholders (usually via a Steering Committee or other governance forum). There are some big project issues to report and key stakeholders take the opportunity to ‘throw rocks’.

   ‘We always knew that this project was flawed’. ‘I never agreed that we should select vendor X anyway’.

   ‘I’m not sure why we are doing this project’.

   ‘The project expects my subject matter experts to lift out of this downward spiral is an effective Steering Committee.

   **Tip: Build an engaged steering committee**

5. **A senior business ‘sponsor’ for the project who urgently needs the project to deliver**

   The project sponsor must have the major stake in the planned benefits from the project. The sponsor is the person who is ‘banging the table’ when progress is not tracking well. They are reliant upon the project to help them deliver business improvement.

   Most CIOs know the feeling of delivering a project with a disengaged business. There is an absence of business input and if the new system goes live, it has a much greater chance of user rejection.

   The project sponsor role has the mandate to drive change, make decisions and rally support from other stakeholders. The sponsor is accountable for the delivery of the planned project benefits.

   It is a critical role, but too often is incorrectly assumed to be in place or adversely impacted by management turnover.

   This role should be clear from the planning and business case stage. The sponsor has an active role throughout the project as the ‘face of the project’ and in communicating key or difficult messages to the wider stakeholder community.

   **Tip: Ensure that there is a senior business ‘sponsor’ who is prepared to champion the project**

Some of the techniques for improving the effectiveness of Steering Committees includes:

- Documentation of roles and responsibilities (i.e. a Steering Committee Charter)
- Linking performance reviews of the individual execs to the project success
- Team building activities to improve the decision making capability of the group.