

PM WORLD TODAY – VIEWPOINT – SEPTEMBER 2009

## Not enough project managers to save the country

*By Michael Young*

*On 25 May in Question Time, Australian Prime Minister Kevin Rudd announced funding for 35,000 projects as part of the budget or economic stimulus packages. While this seems good on the surface, there is evidence that there simply aren't enough project managers available to deliver the outcomes so desperately needed by the community.*

The 35,000 projects range across four broad areas: Infrastructure, Defence, Information Technology and the Environment. Defence initiatives include upgrading equipment, facilities and weaponry; improvements to staff healthcare and remuneration and security infrastructure. IT projects cover implementing the recommendations of the Gershon review of IT in Government and the National Broadband Network rollout. An important and significant environmental project is the Carbon Pollution Reduction Scheme.

I have been in the Government project management game a long time and is somewhat pessimistic about the Government's chances of success in its endeavours.

Given that many of these projects are tied up in the Government's solution to the Global Financial Crisis and preparing the country for recovery – the projects will be high profile and there will be enormous expectations of success from the Government, the media and the general population.

The opposition and other critics may question the reasoning or motives behind this massive spending commitment, however, a greater question looms as to the capacity of Government agencies to plan and manage the projects and deliver these expected outcomes.

Projects don't just happen. They need skilled project managers to plan and execute them and manage the physical, financial and human resources to deliver what's required on time and within budget.

So where will these project managers come from? Let's look at some statistics.

The two prime industry associations for project management are the Australian Institute of Project Management (AIPM) and the Project Management Institute (PMI). Between them they have 13,000 members – which is purported to be around half the number of project managers (PMs) in the country.

A simple calculation shows that this represents 0.74 of a project manager for each of the 35,000 projects. This, of course, assumes there are no other Government projects in train and that there is no competition from projects in the private sector or from overseas.

Since the Gershon Review, Government agencies are on a mission to rid themselves of their reliance on contractors – with many actively pursuing the 50% target, yet with very few agencies finding permanent staff to replace them. According to a recent AIPM study, Australian Government and Defence project managers are some of the lowest paid in the Country. Their salary is almost \$17,000 below market average. Given this, how does the Government expect to attract project managers to its cause?

By their nature, some of these projects will be long and complex, tying up project management resources for months and even years. The Government will need to rely on a sound project management workforce to ensure continuity of quality and consistency of delivery.

Of course, not all the projects will need to be delivered at once – which means that project managers could potentially be involved in a number of projects over time. This will require accurate scheduling and tight management of resources to ensure that all the projects receive appropriate attention. The question is, is this a realistic expectation?

History shows that organisations tend to focus their training of project managers on three things: how to schedule a project, how to prepare a project budget and the ins and outs of a project management methodology, such as PRINCE2. The trouble is that this training doesn't teach project managers the skills they need to manage risks, stakeholder expectations and people or develop accurate estimates – the things that tend to bring schedules and budgets undone.

Project failure is well documented. American research company 'Applied Data' recently published a report that found up to 75% of software projects are cancelled. A study by META Group found that more than half of all IT projects over-shoot their budgets and timetables and fail to deliver outcomes.

The Standish Group studied over 300,000 projects valued at \$350Bn. They found that they over ran initial cost estimates by 45% and their schedules by 63%. The US Army found that of all IT projects, 47% were delivered to the customer and not used, 29% were paid for but not delivered, 19% were abandoned or reworked and only 2% were used as delivered.

A report recently released by the Australian National Audit Office of a review of 13 selected projects from 62 projects found similar mixed results. The ANAO identified the planned time, cost, deliverables and benefits from the initial project approval and compared the actual results with the approved plan.

**Outcomes of 13 selected projects**

Project	Cost	Cost variance	Time variance	ICT Deliverables	Business Benefits
A	under \$2m	-10%	0%	Not specified	Not specified
B	under \$2m	-10%	0%	Fully	Not demonstrated
C	over \$2m	0%	0%	Most	Most
D	over \$2m	0%	0%	Most	Most
E	over \$2m	-10%	25%	Most	Most
F	under \$2m	N.A.	25%	Most	Not demonstrated
G	under \$2m	50%	50%	Fully	Not specified
H	over \$2m	-10%	50%	Some	Not demonstrated
I	under \$2m	0%	50%	Fully	Not demonstrated
J	over \$2m	-50%	100%	Most	Partly
K	under \$2m	0%	100%	Half	Fully
L	under \$2m	-75%	150%	Fully	Not demonstrated
M	under \$2m	200%	300%	Most	Most

Source: ANAO analysis of agency information

ANAO Audit Report No.20 2008-09  
The Approval of Small and Medium Sized Business Systems Projects

The audit of these 13 projects found on average they were completed close to cost but often late. Half of the projects were completed later than planned by 50% or more. The achievement of planned benefits had often not be demonstrated and the ANAO recommended that agencies record the approval of individual projects in a manner that better provides a basis for assessing progress and success and recording responsibility for specific supporting elements of the business case.

The next question to be asked is whether the Rudd Government has a magic bullet that will overcome these extraordinary inefficiencies – typical in project management – to be able to deliver its projected results with so few project management resources. Or will the tax payers of Australia be happy to accept a high proportion of these projects either being delivered late over budget or not at all?

My view is that the solution doesn't have to be a magic bullet, but rather it just requires some honesty about the situation, some commonsense and good planning.

The first step would be to acknowledge the resource shortfall and stem the tide of project manager contract cancellations. This would at least provide some short term expertise from people familiar with the context of the projects and the objectives of the portfolios they exist in.

The second step would be to actually implement the recommendations of the Gershon review in terms of a plan to build project management capability within Government organisations. This is a long term solution and something in which the Government has little expertise.

The focus needs to be less on scheduling and budgeting and more on the real management skills that PMs need to deliver successful projects.

At the end of the day, there are so few project managers out there that could pull off this ambitious agenda. We have to ask when the Government is going to open its eyes, see the light and take the right action to get the job done!

#### About the Author:



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Michael Young is an award winning professional project manager and has managed a range of logistics and IT projects across many industry groups, including banking/finance, information technology (IT), telecommunications, Government, facilities, defence, aviation, consulting and manufacturing in both Australia and Asia. He is currently working in the ICT Industry as a consulting project manager, providing advice and services to a range of Government departments, where he is managing the implementation of IT systems. He holds the AIPM professional award of Certified Practising Project Director and is an AIPM endorsed assessor. Michael is the immediate past president of the ACT Chapter of the AIPM and is currently leading the development of the Australian Portfolio Manager professional standard. Michael can be contacted at [michael.young@transformed.com.au](mailto:michael.young@transformed.com.au)