international centre for programme management at Cranfield

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Beating the odds – the secrets of successful programmes

Given the reported low success rate, programme management poses significant challenges for most organisations. The report describes the findings from a two-year study of 21 major programmes of many types, of varying levels of success in a wide range of organisations in Europe. Those findings explain many of the causes of the varying levels of performance and how managers can improve the success rate of their organisations' programmes.

Transforming knowledge into action

Contents

1. Introduction

The International Centre for Programme Management (ICPM) was established in January 2008 as a global R&D hub for programme management research, development and dissemination. Programme management is a discipline that is evolving rapidly as organisations seek to implement strategic change and configure their resources to gain the maximum advantage. ICPM's mission is to establish and promote world-class programme management practices, by bringing together experienced researchers and leading practitioners.

Research is conducted in close collaboration with organisations facing complex challenges related to project, programme and portfolio management so that the research is not only academically rigorous but also relevant for practice.

The study reported here is part of a programme of research within ICPM addressing a range of aspects of programme, project and portfolio management, which aims to gain new knowledge and enable organisations to improve their programme management practices and levels of success. The focus of the study was on the role of programmes in achieving the business strategy – hence all the programmes were identified by the organisations as critical to their strategies, although in reality this was not always the case. The study involved multiple visits to each organisation over the two years plus 7 workshops involving most of the organisations on each occasion.

The report describes the findings from this two-year longitudinal study investigating eight major programmes in the UK and Europe. In a separate, parallel study working with the Business Transformation Academy[i], 13 further cases were analysed and the results are also included in the report. The organisations studied are from many sectors: the public sector, telecommunications, logistics and transport, food, financial services, automotive, building and construction, pharmaceuticals, energy and IT. The types of programmes included the delivery of sub-programmes of the London 2012 Olympic Games, new product and service developments, organisational rationalisation and restructuring, global common systems and processes, new industrial infrastructure, post-merger consolidation, sustainability and new business production and delivery models. The financial investments involved ranged from tens to hundreds of millions of pounds.

In terms of achieving their stated objectives, of the 21 programmes studied, 6 can be considered as completely successful, 9 were partly successful, but 6 failed to achieve any of the declared objectives or were abandoned part way through. This success ratio of approximately 30:40:30 percent is consistent with other studies of large projects and programmes. This relatively low success rate and the considerable investments in every endeavour confirm this is a vitally important area to investigate.

During the study we developed a new analysis framework and tool set: 'Programme Assessment Matrices', which have been used both to analyse the cases and by the organisations themselves to improve the planning and execution of the programmes. The full write up and guide to the use of the matrices is available in a separate report[ii].

2. Executive Summary

Given the consistently reported low success rate, programme management poses significant challenges for most organisations. Few longitudinal research studies have been undertaken to observe both successful and unsuccessful practices and approaches. Through working over two years with a range of organisations, we have highlighted some important issues for managers to consider as they embark on major initiatives. By understanding and addressing these issues, organisations can improve the chance that their programmes will deliver the benefits they seek. The top ten findings are described in this executive summary. They are discussed in more depth in the body of the report together with further, significant findings.

1. From the programmes studied, those identified as integral to the future business strategy were all at least partially successful. It could be concluded that the 'positive' nature of the programmes' intentions meant that there was little stakeholder resistance to the initiative and hence the organisation was able to deploy its most capable resources. Senior management and executive involvement was sustained throughout the programme. Conversely those programmes that had primarily 'reductionist' intentions, e.g. restructuring to reduce costs or eliminate inefficiencies, were less successful. Executive involvement in the programmes was weak and stakeholders' commitment quickly waned.

2. Interestingly and perhaps counter intuitively, in most of the *successful* programmes the need was 'high' – clearly recognised as a business priority – but initially the readiness was 'low'. In these the argument for investment and change was endorsed at executive level and time and effort spent at the start to achieve the buy-in of the rest of the organisation and develop the ability to undertake the changes. In the majority of those that were *partially successful* the readiness appeared to be 'high' as well as the need. Why they were not entirely successful is best explained as over-ambition or even over-enthusiasm; rather too many optimistic assumptions were made at the start with little assessment of the potential risks involved.

3. The more successful programmes were also based on a clear strategic driver *plus* a strong financial business case. Those with weaker strategic drivers but good financial cases gained less commitment and were usually less successful. Very often financial benefits were overestimated, while the risks and the problems in making the changes were underestimated, perhaps because realistic estimates might have made it difficult to secure funds and resources. During the programme, as the scope becomes clearer, this inevitably leads to changes to the costs involved and the benefits that can actually be delivered, but only a minority of organisations revisit the business cases as programmes evolve.

4. Programmes cannot be fully planned in advance and have to adapt to both changing business conditions and programme achievements. This is not necessarily a comfortable position for senior management and requires a knowledgeable, accountable and empowered governance group to oversee and, where necessary, adapt the programme. Rather than decrease during the programme, uncertainty can often even increase, especially due to changes in the external environment.

5. Some organisations thought they may have 'over-planned' things at the start, due largely to the demands of some stakeholders for detailed plans, which were then not really used. However, the planning activities were seen as essential to bring stakeholders together and for reconciling their different priorities and interests. The process of planning was more important than the plans produced and helped address many of the initial uncertainties.

6. Having a clear vision of the intended future business and organisational models and then allowing compromises and trade-offs in the detail of how they are implemented, is more likely to achieve stakeholder commitment than imposition. The successful transformation programmes usually addressed the organisational, people and capability aspects first, before dealing with the process and technology aspects. The less successful tried to do the reverse.

7. Most ‘strategic’ programmes require the development or acquisition of new capabilities and knowledge in order to be carried out successfully. Management generally underestimate how much has to be learned by the organisation and individuals to define, manage and implement a major programme. Introducing new ways of working may also require considerable ‘un-learning’ by large numbers of professional people – not easy to achieve without actually removing the old processes. If the programme relies heavily on the capabilities of suppliers (especially IT suppliers), they may exert undue influence over *what* is done – the scope and achievable benefits - rather than on *how* the programme can be successfully delivered.

8. Most business change programmes involve at least two distinct and different phases – first to create a new capability and second to exploit it. In most of the cases the new capability, for example a global HR database or Finance & Accounting Service Centre, was created, but not always used effectively, hence the benefits achieved were often less than those originally envisaged. While creating a new capability can be done ‘off-line’, separately from business as usual, using and exploiting it often competes with other operational priorities or can have negative effects on other aspects of operational performance, as was observed in some of the cases.

9. Programme governance structures and staffing profiles are likely to change significantly over the life cycle. There seem to be three basic approaches to organising programmes: (1) a separate task force, (2) as part of business-as-usual (BaU), or (3) a combination (matrix). Not surprisingly the last of these proves most problematic. Some programmes have dedicated change managers, others have senior managers assigned to the programme, but they can find it difficult to reconcile achieving change at the same time as sustaining performance. Running change programmes in parallel with BaU causes tensions within the organisation and a clear statement of priority for which takes precedence is essential.

10. Few organisations, as yet, have the capabilities in place to manage multiple concurrent programmes with varying levels of uncertainty, competing for the same resources over extended periods. No organisation in the study had an effective mechanism in place for managing a combined large portfolio of ‘strategic’ programmes and more traditional projects – although some are trying to address this issue. Managing multiple programmes (Programme Portfolio Management) requires an additional governance structure or regular strategic and operational review and reconciliation at executive level especially if there are programme inter-dependencies or contention for critical and scarce resources.

3. The main findings

a) Strategic intent

In terms of their intent or expected business contribution, programmes can be categorised according to the programme investment portfolio model[iii] in Figure 1 below:

Strategic (5)	High Potential (5)
Creates or sustains a competitive advantage ***1 successful*** ***4 partially successful***	***Identifies how new competitive advantages can be created*** ***1 successful*** ***3 partially successful*** ***1 failure***
Key Operational (8)	**Support (3)**
Overcomes known or prevents foreseen business disadvantage ***4 successful*** ***2 partially successful*** ***2 failures***	***Reduces costs or removes Inefficiencies*** ***3 failures***

Figure 1: Positioning the cases in a Programme Portfolio Matrix

All but one of those considered as *strategic or high potential*, aimed at creating or identifying competitive advantages were at least partially successful. It could be concluded that the 'positive' nature of the transformation intentions meant that there was little stakeholder resistance to the initiative and hence the organisation was able to deploy its most capable resources.

Conversely those that best fit the *support* definition – to reduce costs or remove inefficiencies – were all unsuccessful. In each case what could be considered as operational problems should not have become the argument for a major transformation, which increased the scope of the changes but not the business benefits. Senior management engagement and support was limited and the initiatives were given little priority, except in the functional area concerned.

The *key operational* programmes, aimed at overcoming or preventing real or potential disadvantages, had mixed fortunes and the reasons for this are in the detail of how they were managed, not in the strategic intent.

b) Organisational need and readiness assessment

When the priority or urgency of the need to invest in a major change initiative is compared with the organisation's readiness or current capability to carry out the programme successfully are compared, further conclusions can be drawn (see Figure 2).

Adapted from the model described in 'A Handbook of Business Transformation Management Methodology' edited by A. Uhl and L.Gollenia, Gower Applied Research, 2012

Figure 2: Strategic Change: Transformation Need v. Organisation Readiness

In all but one of the *unsuccessful* cases the need for action or change was relatively low; either there was no pressing need or there was little agreement, at a senior level, that it was a business priority. As a consequence the rest of the organisation was unwilling to do the low priority, but demanding and complex work involved: i.e. readiness was also low. Had the organisations undertaken such an analysis early in the programme, failure and the significant resulting waste of money and resources could have been avoided. In the unsuccessful case where the need was high, the programme was managed as large IT project, which was not appropriate given the extensive business changes involved.

In most of the *successful* programmes the transformation need was 'high' – clearly recognised as a priority – but initially the organisation readiness was low. In these cases the argument for investment and change was endorsed at executive level and time and effort was spent at the start to achieve the buy in of the rest of the organisation and develop the organisation's ability to undertake the changes.

The majority of cases where both need and readiness were high were only *partially successful.* The reason they were not entirely successful is perhaps best explained as over ambition or even over enthusiasm, due to rather too many 'positive' or optimistic assumptions being made at the start and little assessment of the potential risks involved. In some cases assumptions about the business environment were too optimistic and others the envisioned new business 'model' proved not entirely viable. In the four *partially successful* cases where the need was high, but readiness was low, the scope was revised during implementation because the business environment changed during the period it took to execute the programme or because other priorities becoming more critical.

c) Business strategy & capability development

Business Strategy

When programmes are being used to implement the change aspects of the business strategy they are normally cross functional and are almost inevitably in conflict with delivering business-as-usual (BaU) activities and performance within functions or processes. Most have to compete with BaU and in some cases other programmes for managers' interest and resources. Therefore a clear statement of priority for which takes precedence for management actions is essential – but that is frequently not the case, which may explain why some have extended time periods or get restructured or stopped. Such prioritisation should be reflected in resource allocation and performance measurement and reward/remuneration.

In some cases the business strategy changed during the programme's life and this affected its aims and scope. In most cases the programme's perceived or actual importance decreased. There was some evidence that management interest wanes after a couple of years; it may be inevitable that existing programmes will seem to be less important or perhaps less exciting than new initiatives.

Transformational change programmes should start top-down with a vision of what the future will be, but deciding the actual content and process for change should emerge from the 'middle-out', to make sure it is achievable, while also 'keeping the shop open' and maintaining business performance during the programme.

Integrating programme performance assessment with measuring the success of the business strategy – i.e. measuring the programme's contribution to strategy - can be critical to its completion and success. However, in time-limited programmes, focus may be more on deliverables than final outcomes - make sure it works first, then worry about the other objectives.

Capabilities

Organisational capabilities in this context are of two types: 1) those required to design, and plan and deliver the programme successfully and 2) those that are to be changed or created by the programme. *Capability* is defined as '*a coordinated set of tasks utilising organisational resources to create or deliver organisational outputs'.* Examples might include: new product development, customer relationship management, scenario planning, performance benchmarking, using 'business intelligence' tools or, in the context of executing the programme, acquisition and integration of new technology, benefits management or supplier management might be essential capabilities.

Many programmes rely on the capabilities of other organisations and in some cases the development of those other organisations' capabilities. Again, these organisations' capabilities may be overestimated and are not necessarily stable or cannot be tailored to fit the specific needs of the programme. In some failure cases where the organisations relied heavily on the generic knowledge and capabilities of a third party implementation partner, it changed the nature of the programme towards what the 'partner' could do, rather than what was actually required.

Capabilities can decline as programmes evolve (due to staff loss, etc.) and programmes can damage capabilities as well as improve them. Longer term capability issues which have implications for the future business strategy can be thrown up as the programme proceeds. For example, in one case the creation of new marketing channels required the restructuring of existing channels and customer or supplier relationships.

Most change programmes involve at least two distinct and different phases – first to create a new organisational capability and second to exploit it. It most cases the capability, for example a global HR database or Finance & Accounting Service Centre, was created, but not always used or leveraged effectively, hence the benefits achieved were often less than those originally envisaged. While creating a new capability can be done 'off-line', separately from business as usual, using and exploiting it often competes with other operational priorities or may have negative effects on other aspects of operational performance, as was observed in a few of the cases. Figure 3 shows three key stages in the development of new capabilities from the acquisition or restructuring of resources, then 'bundling' or combining them in new ways to create capabilities prior to deploying them.

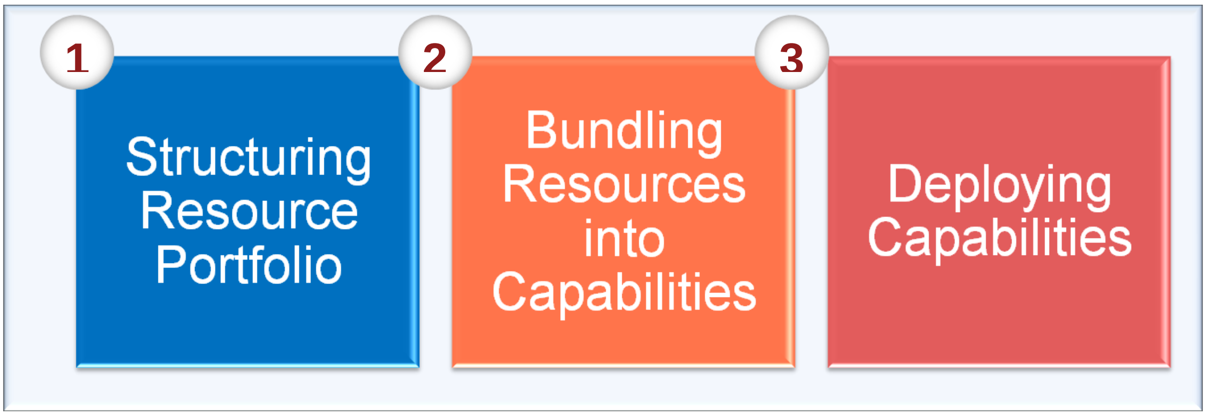


Figure 3: The 3 stages of 'Resource Orchestration' to create business capabilities

If developing a new (or enhancing an existing) capability takes longer than expected it can cause reduced commitment or concerns for the deployment phase. Managers need to be clear which parts of the programme or expected benefits are dependent on new or enhanced capabilities and which are not, to ensure artificial dependencies and delays are not introduced.

d) Business cases & managing uncertainty

Business cases

The more successful programmes were based on a clear strategic driver plus a strong financial business case. Others with weaker strategic drivers but good financial cases achieved less commitment and were usually less successful. Some were initially 'reactive' problem-based, others were 'proactive' opportunity-seeking and some just 'had to be done' due to absolute business drivers, irrespective of the financial case.

In those that were not successful the objectives and business cases were often vague, based on a 'benefits vision' rather than an evidence-based set of benefits and an understanding of how to realize them. This vagueness made it difficult for some stakeholders to believe the programme was worthwhile and commit the required time and resources. In some of the cases there was confusion between 'changes' and 'benefits': for example introducing common global processes is a change, not a benefit (it may create the potential for benefits, such as reducing costs or higher service levels). It was noted that many business cases do not always consider in enough detail the role of enablers and infrastructure investments that produce benefits outside the programme as well as being essential for other benefits within the programme.

Very often business benefits were overestimated, while the risks and the problems in making the changes were underestimated, perhaps because realistic estimates might have made it difficult to secure funds and resources. During the programme, as the scope becomes clearer, this inevitably leads to changes to the costs involved and the benefits that can actually be delivered, but only a minority of organisations revisit the business cases as programmes evolve. This is surprising given the difficulty in accurately estimating costs, benefits and resource requirements for large programmes which can last several years.

Managing uncertainty

Many of the programmes were affected by changes in priority due to business factors and (in some cases) power exerted by individuals inside the organisation. Some lost momentum or even became less important; others sustained progress, but normally through executive intervention to reinforce priority.

Changes in the external environment and how programme performance is assessed can mean that *rather than decrease during the programme, uncertainty can increase*. The longer the programme, the more likely this is to happen. Changes in the external environment - e.g. financial crisis; competitors' activities; economic and investment climate - influenced most of the programmes, some significantly.

Unlike most projects, the business and organisational uncertainties involved in programmes mean they cannot be fully planned in advance, although some stakeholders will expect detailed plans. Because of this, a few of the organisations thought they may have 'over-planned' things at the start and produced plans which were then not really used. However the planning activities were seen as essential to bring stakeholders together and for reconciling their different priorities and interests. The process of planning was more important than the plans produced and helped address many of the initial uncertainties.

Risk management was often glossed over, which is surprising given the percentage of programmes that are not successful. This reluctance to explore the risks earlier may have been influenced by executive instigation of the programme, which can discourage negative feedback, making it inadvisable or even career-limiting to point out the potential risks! As a result many risks only became apparent during implementation leading to increased costs, delays, scope reductions and even abandonment.

In most cases, when the programme was initiated, strategic objectives describing the overall expected contribution were established. However there was not always a clear connection to the specific benefits and changes needed and in turn how the performance of the programme activities would be measured, in order to ensure it would deliver the benefits and objectives (as shown in Figure 4). Poorly integrated performance management introduced further uncertainties in some cases especially where the key measures used to assess the programme performance were mainly supply-side biased – costs and timescales – which did not allow enough flexibility to address unexpected change management issues sufficiently during implementation. This led to a protracted 'shakedown' or optimisation phase when aspects of the programme had to be reworked or further changes made to recover some of the benefits.

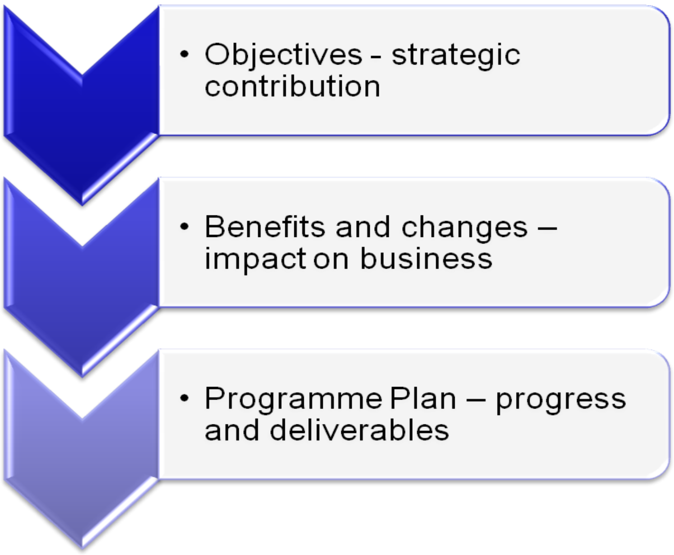


Figure 4: Levels of programme performance management and measurement

e) Governance, stakeholder and relationship management

Governance

The inability to plan the programme activities and resources in advance and the need to continually adapt the plans to accommodate changing business conditions and programme achievements is not necessarily a comfortable position for senior management. Delegation to a trusted executive sponsor plus a knowledgeable, accountable and empowered governance group to oversee and, where necessary, revise the programme aims, scope and delivery approach was a key feature of all the successful programmes. Figure five shows the most common elements of programme governance, their rationale and relationships.

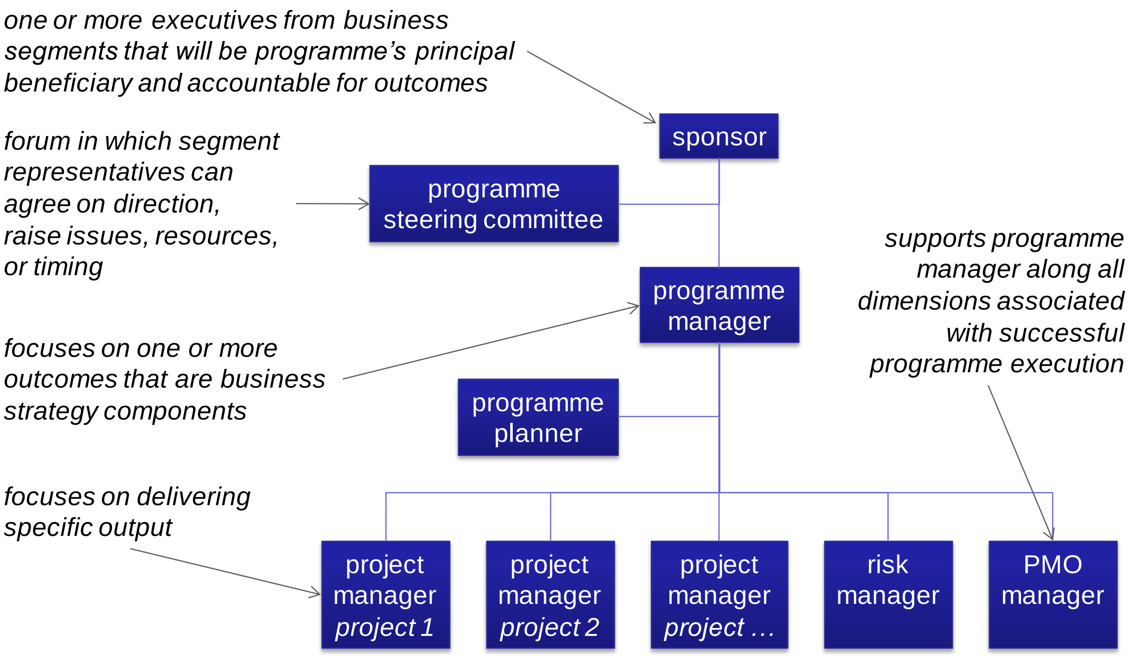


Figure 5: Governance rationale and structure – adapted from OGC guidelines (2008[iv])

All the programmes studied had Board level representation on Governance groups and review/scrutiny by the Executive Management. However, having an executive sponsor (normally VP or 'C-level'), who is actively involved can considerably speed up decision-making.

Governance groups' structure and membership is subject to deliberate as well as reactive change over the programme life cycle, especially as development moves into deployment. But frequent changes to either governance structures or key members can destabilise the programme and create uncertainty or delay.

Programme success depends on the effectiveness of the governance mechanism(s) in responding to the needs of the programme and directing programme and stakeholder activities. The right balance is difficult to achieve and sustain and governance normally becomes increasingly directive during implementation.

Governance groups tend to be large in order to accommodate all stakeholder interests, especially when the programme involves several organisations and delivery partners - complex, layered governance structures may be required to bring all stakeholders together.

Stakeholder management

Stakeholder engagement is a critical success factor in almost every programme and early alignment or reconciliation of multi-stakeholder interests is very important. Maintaining stakeholder interest and commitment is a major challenge on long programmes – this needs continual efforts to sustain involvement. Gaining real, not just notional engagement and commitment of stakeholders is an issue in some programmes. Lack of benefits to some key stakeholders and local agendas causes problems in getting business changes agreed or implemented.

Having a clear vision of the intended future business and organisational models and then allowing compromises and trade-offs in the detail of how they are implemented, is more likely to achieve stakeholder commitment than imposition. The successful programmes usually addressed the organisational, people and capability aspects first, before dealing with the process and technology aspects. The less successful tried to do the reverse.

The relative power and influence of some stakeholders and groups changes during the life of the programme and can cause significant changes to scope and priorities within the programme – these changes need to be understood and if possible anticipated. In some cases there were issues due to either underestimating the relative 'power' of some stakeholders or not appreciating the balance of power amongst them.

There is a need to focus on 'ground-level' operational working relationships as well as management in different functions or partner organisations. Cross-organisational training and testing of all aspects of implementation plans is difficult but can be critical to success. In some cases it was these people relationships that were critical to success, not the 'Communications Strategy'.

A common lesson from many of the cases – even the successful ones – is that *no amount of communication is ever enough!* When asked 'what would you do differently next time?' – 'better communication' was the most common response. Informing everyone in the organisation why change is needed and the consequences of not changing is one of the most important messages and needs regular repetition. Delivering it when it is most meaningful in the working context of the recipients is also critical. When it was poorly done it created undue expectations, unexpected concerns and even suspicion.

Failing to remember that communication is a two-way process is often a weakness in large strategic programmes and in a number of the less successful cases little attention was paid to questions, concerns or feedback which the programme team felt were distracting or unimportant. It became clear later that if more attention had been paid serious problems could have been avoided.

The 'relationship triangle' in Figure 6 suggests that the priority early in the programme should be to gain agreement between senior and line management on what the programme entails, before 'negotiating' with senior management for the funds and dedicated resources required. In some of the less than successful cases the 'contract' between the programme team and senior management was agreed before the views of line managers had been taken into account.

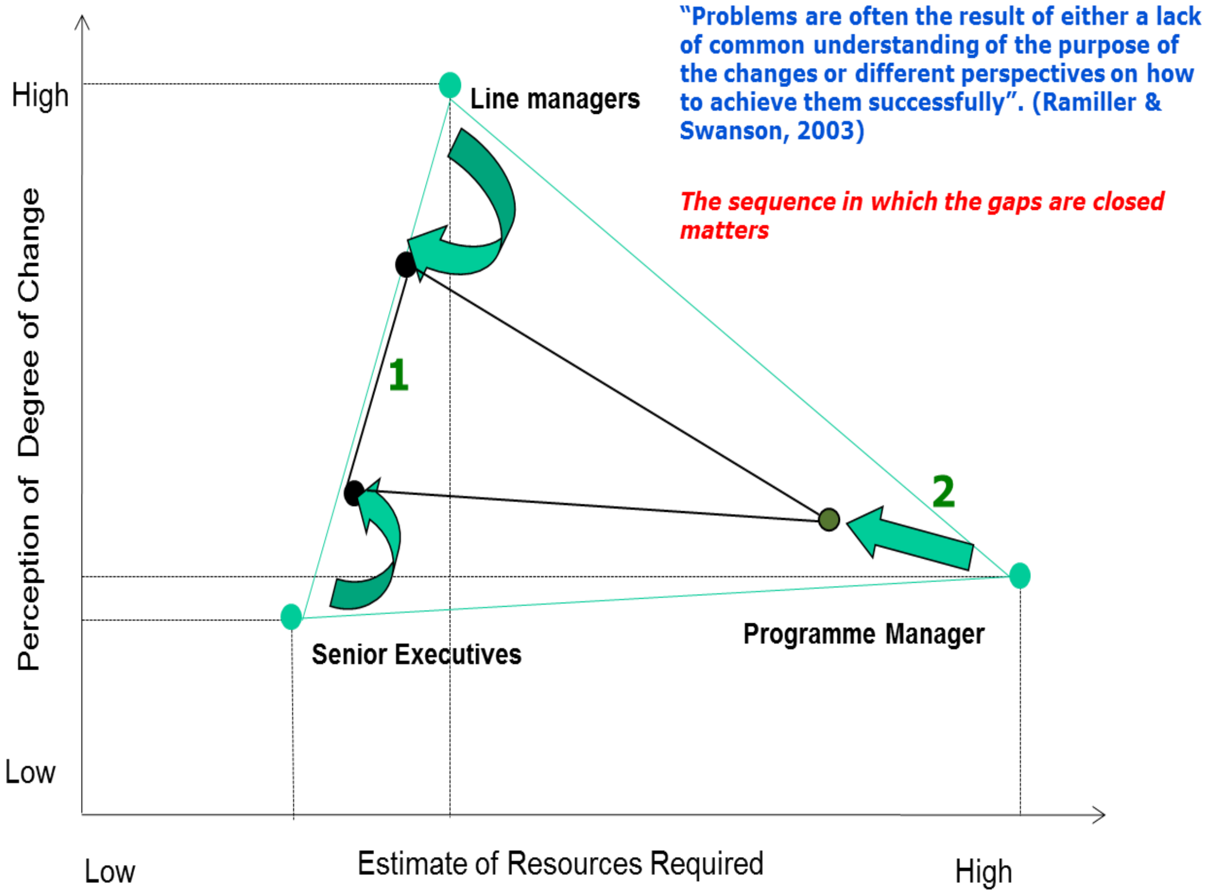
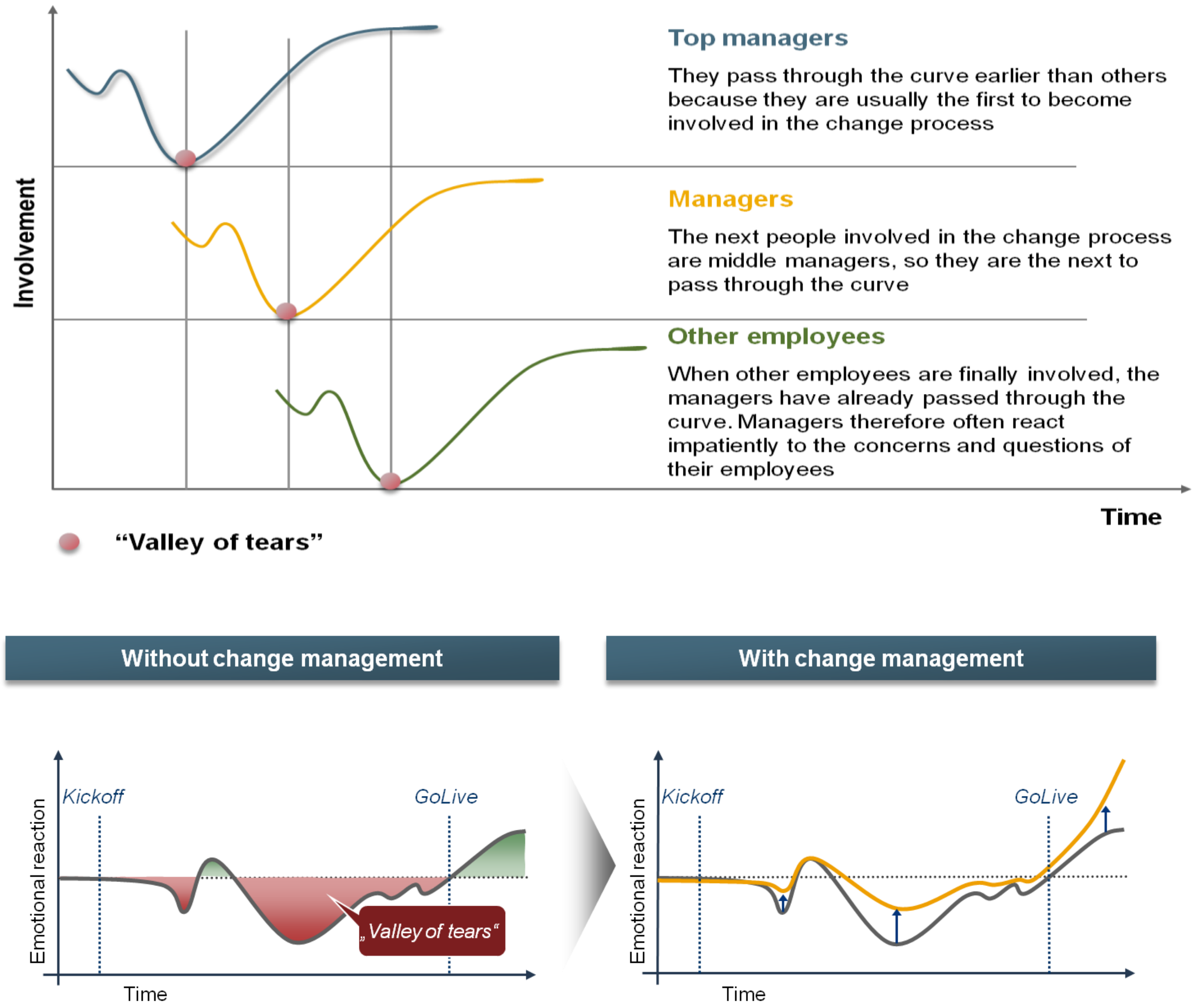


Figure 6: The Triangle of Potential Disagreement

The well-known 'transition curve' (see Figure 7) describes how people and organisations experience major change. It should be anticipated and respected in the stakeholder management approach adopted. A comprehensive and sustained approach should ensure that the period that people spend in the 'valley of tears' characterised by uncertainty and even disillusionment, is reduced to a minimum. The other curve also shows that different groups reach this point at different times in the transformation: senior management concerns may have moved on, just at the time many line managers and staff are under stress, usually due to change and business as usual pressures colliding.



Working areas	Communication	Motivation	Empowerment	Qualification
	Make sure that people are informed and have the opportunity to formulate their wishes.	Make sure that people accept the project and are willing to assist it in an active way .	Make sure that people are allowed to work within the project.	Make sure that people have the qualification to work within the project and with the software.

Figure 7: The Transformation Experience

Relationship Management

Suppliers, especially IT suppliers, can have undue influence over what is done rather than just how it is done. Sometimes even when the supplier only provides the 'how' – technology, methods etc – this can in effect determine what can actually be achieved – the how drives the what! Involving different suppliers in different parts or stages of the programme can create additional tensions.

Generally for multi-supplier management there are issues about where should the co-ordination should be managed: in the client, by one or more of the suppliers, or both? This can create high transaction costs as well as misunderstandings. We found no evidence of major problems in the 8 cases in our longitudinal study, just tensions; but in the BTA cases there were serious issues in some cases where the organisation had weak internal capabilities and effectively allowed the suppliers to manage the whole programme.

Working with suppliers who want to sell on the product or knowledge they gain from the programme to others, including (with agreement) competitors, can lead to conflicting interests and priorities especially towards the latter stages of the programme or if it suffers significant delays.

The Olympic programmes had a number of different organisations involved, none of which could contemplate failure, so significant and often cumulative contingencies and safety margins were included, especially in the capacity provided. Having a clear mutual interest in success and avoiding failure should avoid many issues. This is effectively a partnership rather than client/supplier relationship, as the consequences of success and failure are the same or very similar for all parties.

f) Programme resourcing and organisational learning

Programme resourcing

There seem to be three basic approaches: separate task force, or as part of BaU, or a combination (matrix). Each has pros and cons, and all three can work depending on the nature and timescale of the programme and the organisation structure and culture, although the matrix structure is generally the most difficult to deploy successfully. Some organisations use dedicated change managers, others have senior managers assigned to the programme but they can find it difficult to reconcile achieving change and sustaining operational performance.

The ‘task force’ approach, which exercises the use of power, worked well when the need to change or deliver was urgent, the objectives were very clear and the means of achieving them were known. In the opposite situations a more devolved approach enabled organisations to succeed through embedding learning and knowledge sharing processes into the programme.

If dedicated cross functional/business area teams are required, there can be problems getting the best user expertise allocated to the programme for a long period. Most tend to organise the programme to make efficient use of the dedicated resource. The challenge is both building up the team and then running it down during and after implementation. The latter needs to be planned well in advance to avoid staff worrying about the next job and leaving the programme too soon, or being ‘poached’ by other new programmes. Both the programme structure and staffing profiles change significantly over the life cycle – all the programmes showed this, but some anticipated it better than others. This is both more critical and easier to do in time-limited programmes.

As the programme proceeds it may be necessary to change modes and in turn the governance of the programme. In particular the creation of a new capability can be carried out by a task force largely separated from day to day operations, but to exploit it can require different types of changes especially in a multi-unit organisation where the units are of different sizes and maturities. This ‘transfer of ownership’ from the programme team to the business units has to be planned carefully and, as in some of the successful cases, tested through pilot implementations.

It can be difficult to get the best people involved in programmes due to a poor track record of previous programmes which creates a self-fulfilling circle of failure for complex programmes. Even when key individuals are ‘promised’ they are often not released when needed. There need to be some ‘incentives’ for people to become involved rather than stay in the ‘day job’.

If the organisation is undertaking multiple concurrent programmes it may be necessary to change the organisation structure to provide the capabilities and resources needed.

Organisational learning

Most ‘strategic’ programmes require the organisation to develop or acquire new capabilities and knowledge to carry them out successfully. Depending on the nature of the programme, existing programme development and implementation processes may be inappropriate or prove inadequate and the organisation needs to develop new processes or methods. However, this aspect is often neglected at the start and emerges later, which usually increases the cost and timeframe and even changes the nature of the programme. How much has to be learned, by the organisation and individuals, in order to define, manage and implement a new large and complex programme is often underestimated.

Sometimes knowledge creation is part of the objective of a programme but mostly it happens to meet needs as they arise during the programme. There was little evidence of explicit approaches to creating knowledge or managing learning during the programmes and often it was not clear how new knowledge would be retained. Other programmes have standardisation of processes or similar as an objective, which implies considerable ‘un-learning’ then ‘re-learning’ by large numbers of professional people. This is not easy to achieve without actually removing the old processes.

Assessing existing competences and capabilities as part of the ‘Readiness’ is important to determine the programme strategy. If some essential competences and skills are limited or absent a strategy for developing them is needed early in the programme. Insufficient ‘gap analysis’ was a contributory reason for the failure in at least two of the cases.

Where suppliers are providing essential competences those also need to be appraised and managed – suppliers tend to both over-state and over-estimate their capabilities. Organisational and individual experience cannot always be transferred from other projects especially in other organisations. The programme may also compete with other priorities for the supplier, which can result in the substitution of less competent staff (the ‘B-team’) to replace the initial team that was expected to last the duration. When personnel change knowledge is always lost, and this can be especially troublesome when some of the tacit knowledge used in the bid process is not passed on to the delivery team, leading to uncertainty as to why earlier decisions were made.

There is a need to balance exploration and exploitation activities over the programme life cycle. For example, some “exploration” projects might be needed to identify/test capability changes whilst, in parallel “exploitation” projects can deliver changes and benefits from existing capabilities. There is a danger of “capability or scope creep”: different stakeholders will have different expectations: some may want to continue exploring new options whilst others want to implement what can be achieved using existing capabilities, causing conflicts, confused priorities and, almost inevitably, delays.

g) Programme portfolio management

In a number of the companies studied there was a shift from project portfolios with local decision-making to a strategic programme approach but in others the user ‘project mentality’ was still prevalent.

Few organisations currently have the capabilities in place to manage multiple concurrent programmes with varying levels of uncertainty, that compete for the same resources over extended periods. Programme Portfolio Management is a new dimension of strategic management (and has only limited similarity to Project Portfolio Management). No organisation seems to have mechanisms for managing a combined portfolio of ‘strategic’ programmes and more traditional projects – although some are trying to address this issue.

Managing multiple programmes requires an additional governance structure or regular strategic and operational review and reconciliation at executive level especially if there are programme inter-dependencies or contention for critical and scarce resources.

Other programmes can have significant direct influence over the performance of ‘your’ programme. The start up of new programmes can ignore the commitments or plans of existing programmes or unexpected conflicts or tensions develop as programmes proceed. Typically organisations take on more projects than they have the capability to achieve – this appears to be happening in the case of programmes as well.

4. Some implications of these findings

a) For Organisations

Our study confirmed the well known and persisting success and failure ratios for programmes and large projects. Only about 30% are successful in terms of achieving the stated objectives and benefits. Perhaps more significantly, about 30% fail to deliver anything of value, but often incur enormous cost and usually create organisational stress over extended periods. Our study shows that most of these failure programmes were either ill-conceived, or could have been identified as likely to fail early in programme. In some cases they were stopped part way through, but others continued to the bitter end. Frameworks and techniques described in this report can help identify such potential failures and prevent the subsequent pain for the organisation.

The remaining 40% of programmes do achieve some of the objectives, but are usually delayed or overspent or both. Our evidence suggests that this was often due to changes in the business context outside the programme, but that adjustments to the programme scope or ambition were only made some time later, rather than when the need to adjust was first apparent. More frequently, however, the partial failure was due to not managing all the components of the programme effectively and in particular not achieving the necessary combination and integration of the ‘technology, business and people’ changes required to deliver the benefits. This in turn was often due to either unexpected conflicts between the programme activities and achieving business-as-usual performance expectations and targets or a lack of clarity about which was the higher priority.

Most organisations undertake too many projects and programmes simultaneously, which causes resourcing conflicts, often creates duplicated efforts and unmanageable levels of change and even results in conflicting outcomes. This by itself inevitably reduces the success rate. Managing the programme and project investment portfolio is now a strategic issue in many organisations and few organisations in our studies thought they were doing this effectively. When initiating a new programme, it is important to understand the effects it may have on projects and programmes already underway and decide which have priority for resources and whether the changes required across programmes can be consolidated or rationalised to reduce the potential risks. Equally, decisions on resource commitments for current projects and programmes should consider the implications for imminent, new strategic initiatives.

From this research it seems some organisations have the characteristics and capabilities which enable programmes to be created and implemented successfully and others do not. These can be related to, for example:

- the strategic planning horizon
- the nature of the operations (e.g. too continuous),
- the rate of product and service innovation and changes in the business environment
- organisational and managerial stability
- fluctuating levels of business performance and profitability
- the organisation structure (e.g. degrees of autonomy, performance measurement, etc.)

It is therefore worth considering if programmes are suitable vehicles for all organisations, or whether should some limit themselves to an evolving collection of numerous smaller, shorter term projects. Further research may enable us to distinguish more clearly those types of organisational environments which are conducive to running successful programmes compared with others that can only cope with shorter term, discrete projects.

b) For Programmes

Major business initiatives and programmes can last several years, expand to become very large and absorb considerable (often unplanned) resources and management attention. Often the costs associated with the changes were not always known or made explicit and only become clear later. This can result in both ‘fatigue’ and resentment, and the programme can even become a focus for organisational discontent. This is less of an issue when there is a clear link between the programme and the organisation strategy or when there is an immovable completion date.

Strong but sensitive governance and genuine stakeholder engagement, leading to commitment of knowledge and resources, are critical factors in almost all programmes. The governance structure provides and sustains the link to the business strategy and the appropriate executive involvement in the programme, which in turn creates the rationale and political climate for stakeholder engagement. In addition, the willingness of stakeholders to engage will depend to some extent at least on ‘what’s in it for them’ and identifying as many benefits as possible for the programme is likely to help achieve that. Equally if some stakeholders perceive they are being forced to change unnecessarily and even suffering for the benefit of others (e.g. losing their jobs), they may attempt to sabotage the programme. This happened in a few of the cases. Early assessment of stakeholders’ interests in the programme as well as the organisational readiness and capability to undertake it will increase the chances of success.

Some of the other issues which may affect programme success can be identified and the uncertainties involved assessed objectively both at the beginning and as the programme evolves or is impacted by external factors. The Programme Assessment Matrices (see next section) provide an additional toolset to improve the identification of potential issues and the actions needed to address them. They also provide a route through the programme, connecting what it is trying to achieve to how the use of resources and capabilities is leading to the delivery of the benefits expected. This creates the ability to understand cause and affect relationships more precisely within the programme and refine either the ambition or the means of achieving it. As found in the study, uncertainty does not necessarily decrease during the lifecycle as might be assumed by management.

There are a range of approaches to structuring and resourcing programmes, all of which can work in the appropriate circumstances. Which to adopt is partly dependent on the nature of the programme, its strategic impact and the need to create new business capabilities, but also on the organisation structure, how intensively and extensively the programme affects operations and, as always, the culture. This implies that organisations should be prepared to adopt different approaches for different programmes and have more than one mode in place at any one time.

c) For Programme Managers

Programmes are considered here as the means of implementing aspects of an organisation's strategy and hence the programme manager has to ensure he or she is aware of the implications of how the programme will impact that strategy, as both evolve. This is difficult in large complex, multi-stream, multi-project programmes, where the tendency of the project managers will be to deliver their components successfully, but often lose touch with the rest of the programme. Groups of stakeholders will also have stronger interests in some projects than the others and only a few will be concerned about the overall objectives and benefits expected. A key skill of good programme managers has been described as 'managing the white space in between the projects', or all the activities that produce more than the sum of the parts.

Earlier research exploring the role of project/programme managers and teams in large IT projects and programmes concluded that the successful ones 'enabled the organisation to deliver the project or programme' rather than be responsible for every aspect of delivery. It is by creating coalitions or groups of stakeholders to take responsibility for aspects of design and development, but more importantly, implementation that helps ensure organisational ownership of the programme or in some cases the transfer of ownership from the project team. If the programme team is seen as the main stakeholder in the success of the programme and essentially negotiates with each stakeholder group separately, either the programme will be dominated by the more powerful stakeholders or self interest will prevail.

Programme performance measurement is problematic, especially measuring progress and achievement in relation to the business strategy and the programme objectives and benefits. Traditional project management measures are necessary but insufficient in a complex mix of multiple projects and other activities. The aspects that need to be managed and therefore measured will evolve over the life cycle of the programme and what is measured at each stage will influence behaviours. Some measures therefore are to create or encourage the future behaviours required, rather than measure progress. As programmes evolve more measures tend get added, yet few get removed and this can lead to having too many, often confusing or even conflicting measures in place, only a few, if any, of which were used to aid decision making within or about the programme. Establishing a comprehensive and coherent set of performance measures to include future ‘demand-side’ aspects and leading indicators, as well as historical ‘supply-side’ performance aspects, and changing them through the programme lifecycle, is a critical aspect of managing a programme.

5. A new framework and management tool-set produced from the research: Programme Assessment Matrices

During the research we were trying to understand how programmes could be set up and successfully managed to deliver the benefits that were originally anticipated. From this, we developed the ‘programme assessment matrices’ (PAM), an analytic framework based on a set of linked questions. These matrices and associated questions enable a shared understanding of options available, the work to be done and any issues or weaknesses to be highlighted and addressed.

These built on the OGC MSP Programme Typology Matrix[v], looking at the technology, business and people/behaviour change dimensions of a programme. By considering these three levels, a greater granularity of understanding could be obtained about any given piece of work. A key premise was that the ‘harder’ or more tangible, dimensions of large programmes, such as IT or engineering aspects, often receive most attention because how they are progressing can be measured relatively easily. Conversely, the ‘softer’, less tangible, aspects are much harder to evaluate and consequently may receive less attention. However, it is these process and behavioural change aspects that often result in programme failure. As stated earlier the more successful programmes dealt with the people aspects before the more technical ones and the less successful generally did the reverse.

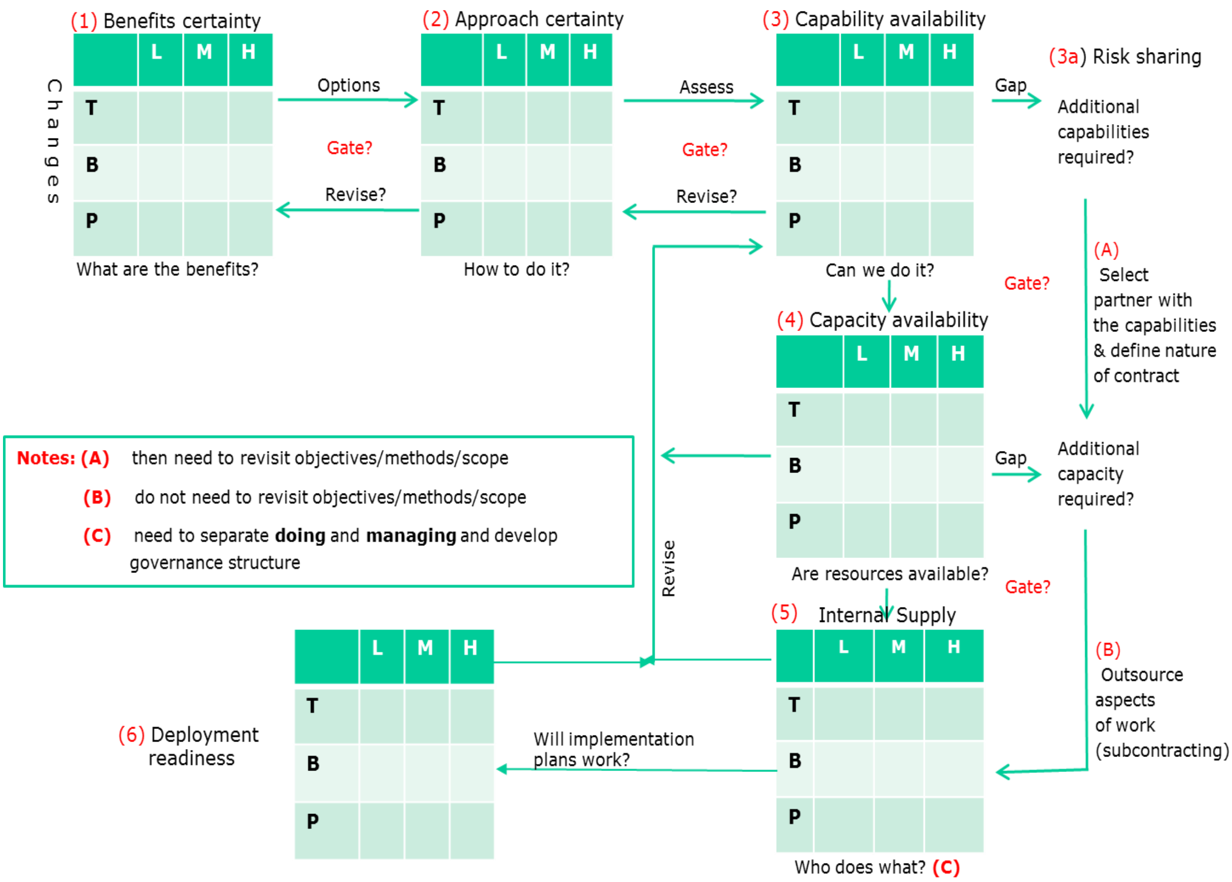


Figure 8: The Programme Assessment Matrices

Figure 8 shows an overview of the 6 matrices (for a full account, please see the PAM White Paper). It asks a sequence of six pertinent sets of questions to determine readiness from the beginning and throughout the programme; assessing whether the benefits and changes needed are well understood; whether we know *how* to do it; whether we *can* do it, if resources are available, if we know who will do which aspects, and, later in the programme, whether the new or changed capabilities are ready to be deployed. Each of these questions is asked for the technology, business process, and people dimensions, with levels of certainty or confidence rated as high, medium or low. The intention is not to measure these aspects rigorously – in reality the complexity of the work precludes any such simple approach – but to allow structured discussions among senior managers and the programme team to surface key issues and ensure that there is a common understanding between them of the nature of the work and the organisation's readiness and ability to undertake it.

The matrices were used these during the case studies, and it became clear from the troubled programmes that early establishment of benefits, approaches and capability assessments had not been sufficient. By asking the right questions throughout the programme and realistically assessing readiness, success appears more likely and large investments in poor outcomes may be avoided. The questions themselves are straightforward, yet the matrices as a whole provide a clear, systematic approach to assessing the work. We have subsequently used the PAM framework and questions with a wide range of private- and public-sector organisations and the feedback has been very positive as to its value in evaluating programmes.

6. Assumptions and Limitations

The study included 21 case studies 8 of which were longitudinal studies over 2 years while the 13 BTA cases were retrospective. Both sets were in depth case studies, carried out by experienced academics and, as the findings were very similar, we have combined the results of the two sets. The structuring of the interview questions in the two sets of cases was different, but the topics covered were similar enough to enable a combined analysis. The findings are based on these 21 cases and we are not assuming they are a balanced or representative sample of all the types of programmes organisations undertake. However, from presenting these findings to wider audiences, it is clear they resonate with many other organisations and the programmes they carry out.

The limitations are of two types. First, the limited number of cases means, as above, that the results cannot be assumed to be representative, even though the cases do reflect the patterns of success and failure reported from other studies. Second, whilst in every case a carefully selected cross section of people were interviewed, given the scale of some of the programmes the views expressed may not be representative of all the programme stakeholders and affected parties. Documentation was used in most of the cases to corroborate and extend the data from the interviews, which were recorded and transcribed, unless the interviewee requested otherwise, which a few did.

7. Acknowledgements

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8. Glossary of terms and definitions

The terms resources and capabilities are used frequently throughout the report. These are defined as:

- ***Resources*** – tangible and intangible factors that an organisation has or controls. Resources include technological, human and financial resources, patents, intellectual property, brand image etc., as well as reputation and values, processes and existing trading partnerships.

- ***Capabilities*** **–** coordinated sets of tasks utilising organisational resources to create or deliver organisational outputs. Examples might include: new product development, customer relationship management, scenario planning, performance benchmarking, using 'business intelligence' tools.

Project*:* A pre-defined scope of work delivered using existing capabilities to achieve agreed outputs in accordance with an authorised business case

Programme: A dynamic collection of related projects and activities that, in combination, achieve agreed organisational objectives and emergent outcomes, including the creation of new capabilities.

Portfolio: A set of related and unrelated projects and programmes that compete for an organisation's resources and funds.

References

[i] See Chapter 12 of *A Handbook of Business Transformation Management Methodology,* (2012), Ed by A. Uhl & L. Gollenia, Gower Applied Research, Farnham, UK

[ii] John Ward & Neil Turner, (2012), *Programme Assessment Matrices,* ICPM White Paper, Cranfield University

[iii] See Chapter 3 of reference in (i) above.

[iv] Office of Government Commerce, (2008), *Managing Successful Programme*, The Stationery Office, London

[v] As for (iv)

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