

Do 80% of organizations average a project failure rate of 80%?



This short article is not intended to provide precise numbers, rather to highlight an intriguing anomaly in the data that could benefit from some structured research. But, if as one view of the data suggests, some 80% of organizations have project failure rates in the region of 80%, there is a significant project governance challenge to overcome.

Crunching the numbers.

Over many years, and many different reports (each based on a different survey method) we regularly see the following data presented:

1. Far more projects fail than succeed, the ratio is typically around 30% success 70% fail.
2. There are some organizations that routinely achieve project success, these are slowly increasing as an overall percentage and currently sit at around 20%. These organizations deliver most of their projects successfully.
3. But, the vast majority of executives surveyed think their organization manages its projects successfully. The percentage of executive with this view seems to sit comfortably above 80%.

But, unless there is a major distortion in one or more of the data sets, these findings are mutually incompatible!

If 20% of organizations that 'do projects' get most of their projects delivered successfully, it means this group has to account for at least half of the 30% of successful projects, which pushes the ratio of project failures for the rest of the organizations to a ratio of 15:65 = 19% success -vs- 81% fails.

In round numbers 80% of the organizations doing projects, appear to have an average project failure rate of around 80%.

But if more than 80% of executives feel their organizations deliver projects successfully the data indicates that a lot of these executives are seriously misinformed.

Using the same approximations, if 20% of organisations deliver projects successfully, it is reasonable to assume 20% of the surveyed executives work for these organisations. Which means 60% of the executives that think their organisation do projects well, work for the 80% of organisations that fail to deliver projects successfully (together with the 20% of executives who know their organizations have problems). So, in the 80% of organisations with project delivery issues, this gives a ratio for the executives of 60 misinformed to 20 who understand the situation. Rounding to 100% this is a ratio of 75% to 25%.

So, my question is why do some 75% of executives in the 80% of organizations that routinely fail to deliver projects successfully appear to believe the opposite?

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Criticizing the numbers.

The number crunching above has many weaknesses, which may, or may not, invalidate the calculations:

1. First, anyone who has read *The Flaw of Averages* by Sam L. Savage¹, knows that averaging averages is fraught. The calculations in this post are only an approximation of a meta-analysis. But in the absence of an integrated data set for proper statistical analysis, I believe the trends highlighted above are valid indicators of a problem. What is needed to test these indicators is a proper survey that contrasts executive opinions against project success rates across a large sample of organizations.
2. The second issue is the sample of executives surveyed. Most of the data I have seen comes from 'opt-in' surveys which is likely to bias the sample towards executives that consider projects important.
3. The third issue is the measurement and perception of project success, discussed below.

In summary, this article is not intended to provide precise numbers, rather to highlight an intriguing anomaly that could benefit from some structured research.

Analysing the numbers.

The answer to the question 'Why do so many executives in organizations that consistently fail to deliver projects successfully believe the opposite?' is a core governance issue. There are many potential causes including:

1. Perceptions of success vary, measures of project success are typically based on being on time and on budget, and sometimes include scope delivery. Whereas the executives may be considering the benefits they see delivered to their organization².
2. Communication failures caused by organizational, culture, and/or governance issues³. Because of these failures, the executives either don't know, or don't want to know, their organization is failing to deliver its projects successfully.

Regardless of the cause, if the assessment that the majority of executive in organisations that fail to deliver projects successfully believe the opposite, this perception helps explain why so many organizations simply do not invest in systems to improve project delivery. There is no point in spending money to fix a problem the executives cannot acknowledge.

¹ For more on *The Flaw of Averages* see:

<https://mosaicprojects.wordpress.com/2012/06/22/the-flaw-of-averages/>

² For more on assessing project success and failure see *Measuring Project Success*:

<https://mosaicprojects.wordpress.com/2023/04/27/measuring-project-success/>

³ For more on the complex area of communicating project status to executives, and communication failures caused by organizational culture and governance issues, see: <https://mosaicprojects.com.au/PMKI-ORG-005.php>



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So whereto from here??

The problem is significant! To quote from the 2018 PMI Pulse of the profession survey: *“There is a powerful connection between effective project management and financial performance. Organizations that are ineffective with project management waste 21 times more money than those with the highest performing project management capabilities. But the good news is that by leveraging some proven practices, there is huge potential for organizations to course correct, and enhance financial performance.”*

But finding a solution will not be easy. All the while a large percentage of the people responsible for setting their organization’s strategy, culture, and governance systems, believe their projects are being managed successfully (even when they are not), they will not invest in better project delivery systems.

Changing these perceptions, and the organisation’s culture, to allow the implementation of effective project governance and controls is a journey:

1. We need to know if the assessments discussed above are valid – this requires focused research. A subset of this would be to establish a true measure of project success and failure.
2. From the research, we need validated data – numbers matter!
3. The data needs to be widely publicised, and then,
4. The biggest challenge is changing organizational culture, which needs executive support⁴!

It looks like the academic community and the major associations have a lot of work to do.

First Published 5th May 2023 – **Augmented and Updated**



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⁴ For more on **the strategic management of projects and programs** see: <https://mosaicprojects.com.au/PMKI-ORG-015.php#Process1>

