



# Programme assurance benchmark

Forecasts of cost of planned projects have remained remarkably inaccurate for decades, according to Professor Flyvbjerg, Chair at Oxford University – Megaproject management, phronesis. He writes in the *New Yorker* that “megaproject planners are often outright dishonest, systematically overestimating benefits and underestimating costs”.

**T**his ultimately leads to stakeholder disappointment and often to adjudged failure. Besides the considerable financial impact of such failure, is the time lost to competitors that will never be caught up.

According to Pieter Roos, a Programme Assurance professional, “as a result of this, organisations that are not able to execute their strategy, run the risk of becoming unsustainable and being replaced by new players or taken over by their competitors.”

Bram Meyerson, CEO of Quantimetrix, says that about 50% of projects analysed slip on their original targets and about 60% exceed their budgets. The extent of this overrun is often significant.

## Measuring project health costs

In conversations with project stakeholders about getting large runaway projects back on track Roos is often asked, “Where are we going to find the money to do this?”

Roos suggests that this exposes flawed thinking in that project managers only start measuring project health when projects get into trouble. Unless organisations adopt the habit of undertaking health assessments as standard practice and allocating budget from the start, this will always be a problem.

## Governed to success

In many large organisations, programme assurance is regarded as unavoidable, to be performed by internal audit, with an almost exclusive focus on governance. Roos says that in the many years that he has been in the field, he has never witnessed any project being ‘governed to success’.

Instead, execution requires strong management discipline, with governance providing the important outer skin that keeps project management processes honed. Extensive reliance on governance shifts focus away from the differentiated activities that lead to value creation.

## Internal audit’s role

Confusion exists between the role internal audit is supposed to play versus the management requirement to continually assess and respond to blind spots on projects.

The two are not opposed, but complementary. Roos says, “Who wants to wait for internal audit to report their shortcomings to the board if they can proactively identify and remediate matters before they develop into real issues?”

As much as we are dependent on external views about our project success, the project should look after itself before allowing anybody else to show us our weaknesses.

## A tailored approach

A health assessment ranges from an exercise that lasts a few hours, to an in-depth periodic assessment, to ad hoc evaluations of problem areas.

Meyerson believes that there should not be a one-size-fits-all assurance framework but recommends a tailored approach that objectively identifies the real issues and remediates them systemically.

## Identify and remove hurdles

Project stakeholders should agree on a set of metrics that describe the ongoing health of a project and the likelihood of it achieving its defined outcomes.

Value management practices and regular reviews should identify the impact shortcomings and suggest recommendations related to shortcomings identified by the assessment. ■



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