

# CIOs Can't Do It Alone: Project Success through Better Sponsorship

by Payson Hall

No strategically minded CIO's agenda would be complete without the item "Review and improve project management capabilities." It seems that objective has remained near the top of the list for the last 20 years, despite regular attempts to address it through spending on training, methodologies, tools, consultants, and certifications. If you pick up a current edition of a trade publication from your desk, you will likely find a story of colossal project management failure on the cover and glossy ads for more project management tools throughout. Keeping your organization's failed projects off the cover of *Computerworld* and *InformationWeek* — now that's strategic in both the public and private sectors. But is the secret the latest project management tools, as advertising might suggest?

## **WE DID "PROJECT MANAGEMENT." WHY DO WE STILL HAVE TROUBLED PROJECTS?**

The benefits realized from improved project management focus during the past dozen years have begun to plateau. The investments in staff training and process improvement were substantial. Many organizations have seen benefits in improved project definition, planning, and execution, yet

projects remain too frequently late and over budget, if they deliver at all. We fired our silver bullets and the project chaos werewolf stumbled and slowed, but it on keeps coming. C-level executives (CEO, CIO, CFO) continue to wonder when they will see the promised improvement in the quality of information supporting their decision-making and why beleaguered projects remain such a drag on productivity and profitability. They wonder who or what must change next in the project management evolution.

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Enter consultants, tool vendors, and snake oil salesmen hawking the panacea du jour: enterprise portfolio management (EPM) systems. EPM tools provide executives with a consolidated view of progress data on all of an organization's projects. Some literature suggests they are the "next big thing" for improving our project management

practices. Although some mature organizations could benefit from deploying these tools, most organizations are not facing a data problem as much as "an effective response to data" problem. What is the value of improved portfolio information if we aren't responding effectively to the project-level information already available?

Suppose that accurate status is available for projects, but project team members or managers hesitate to deliver problematic information because they don't want to rock the boat or play the messenger in a "shoot the messenger" scenario. What if meaningful status is reported but never reaches the sponsor through the competing stimuli associated with multiple projects, changing technology, and a dynamic business environment? Worse yet, imagine that sponsors receive news about project problems but are unsure of how to respond. Creating "enterprise dashboard" views of the data will not help an organization address these challenges, but better sponsorship will.

While it may disappoint some of the vendors poised to help you tackle your problems with EPM tools, a prelude to procurement should be an evaluation of your

organization's sponsorship skills. If you find your sponsors are receiving and acting effectively on status information at the project level, perhaps your organization *would* be served by more consolidated views of data. If instead you find that your sponsorship skills need improvement, your resources might be better invested in honing these fundamentals. Most organizations can realize a tangible benefit from improved sponsorship in just a few months. Every organization has a few projects that are ill conceived and unlikely to deliver value. Consider the benefit of being able to cancel projects that represent future disappointments earlier. All of the resource investments not made in the doomed projects move directly to the bottom line. Avoidance of needless expense has a tremendous ROI.

### THE ROLE OF SPONSORSHIP IN THE PROJECT MANAGEMENT PROCESS

It's not that project management isn't working or isn't necessary, it just isn't sufficient. Project management is about defining, planning, and managing projects, but it is also about supporting timely and effective decisionmaking related to those projects — decisionmaking that occurs not at the project manager's level, but at the level of the sponsor and above. There is a common misconception that we throw tough projects at good project managers and then the desired results are miraculously delivered on time and on budget. In practice, project management is as much

about helping sponsors respond effectively when project reality is failing to live up to expectations. For this process to work, there must be a sponsor involved who represents the interests of the organization, is open to receiving information (including bad news), and is willing and able to respond.

### Sponsorship Defined

To provide a common frame of reference, let's briefly review the role sponsors serve in project initiation and management to assure we have a common definition of "sponsorship."

Projects are initiated because a sponsor chooses to commit resources to a project idea he or she believes contributes to the achievement of organizational goals.

This suggests:

- Sponsor choices initiate projects.
- Sponsors seek to accomplish organizational goals.
- Sponsors believe projects contribute to accomplishing organizational goals.
- Sponsors control resources and have choices about how resources are committed.

When a candidate idea is advanced from "project proposal" ("*Here's an interesting idea...*") to "initiated project" ("*Let's spend time and money exploring this...*"), it means that one or more leaders within an organization believe the project is a worthwhile investment. The individuals who decide to invest

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organizational resources in a project are called the project's "sponsors." Selecting which projects to initiate involves judgments based on the expected ROI, the risk of failure, the risk or penalty of not doing the project, the size of the investment required, and the duration of the project.

Sponsors choose to sponsor a project because of two fundamental assumptions:

1. The project can be completed successfully within proposed schedule, scope, and resource bounds.
2. The value of the successful project is worth the investment and the risk of failure.

These assumptions are based upon limited information available at the time of initiation, and they may be incorrect or may change over time.

### Sponsorship Is Not a One-Shot Deal

During initiation, sponsors represent the organizational goals that led to project authorization and are responsible for conveying these goals and the assumptions behind the project's business case to the project manager. Successful projects need sponsors who are actively engaged in project selection and can provide the organizational context for a project, but the

role of the sponsor does not end there. Sponsors are expected to be champions for the project, so long as project goals are aligned with the goals of the organization. Sponsors have the authority, the right, and the obligation to cancel or redefine projects that later become or are revealed to be poor investments.

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Projects continue from one status period to the next because sponsors choose to continue expending resources to pursue a project that they believe will help achieve organizational goals.

This suggests:

- Sponsors regularly choose to continue projects.
- Sponsors could choose *not* to continue a project.
- Sponsors may believe a project contributes to achieving an organizational goal.
- Sponsors control resources and have choices about how resources are expended.

In well-managed organizations, ongoing projects have regularly scheduled status reviews with project sponsors. The purpose of a review is to provide sponsors with current information about the health of the project, its performance against its goals, and the latest predictions of the schedule and

resources required to complete the project. As a project progresses, the actual schedule and resource requirements of the project should become clearer. Initial assumptions and predictions about size and complexity should be replaced with data based upon experience. Some risk events may occur, and some identified risks may become less likely. New risks and issues may be identified. The project manager can expect to be better and better informed about the project as time passes, and he or she will promptly relay this new information to the sponsor.

The purpose of status reporting is to provide an opportunity to consolidate and reflect on what has been learned during the most recent portion of the project journey so that an organization can reassess its commitment to the project. Sponsors use status information to determine whether the project remains viable, consistent with the organization's goals, and worth the risk of continued investment. Electing to continue a project should be a conscious choice. The sponsor must consider the project and its larger organizational context, asking:

- Are the current resource estimates credible?
- Is the currently projected schedule credible?
- Am I confident that the scope and quality that will be delivered will meet the project's goals?
- Has the business imperative for the project changed?

- Does the currently projected completion date for the project affect the project's value?
- How does the currently estimated cost to complete the project compare with the expected value of the completed project?
- Do identified risks warrant a reassessment of the wisdom of continuing the project?
- Is the project the best use of the resources committed by the organization?
- Should this project be continued through the next status period?

These questions (particularly the last one) get to the heart of the sponsor's role in ongoing project management. The sponsor must determine whether progress to date and the current expected value of the project warrant continued investment.

## ASSESSING SPONSORSHIP

Performing a rough assessment of the caliber of an organization's sponsorship capabilities need not require expensive studies, platoons of consultants, or 360-degree surveys. Take the following steps, and consider what they might reveal about sponsorship in your organization. It may take a few days, but the results will be enlightening.

1. **Build a list of the substantial projects currently underway.** Each project on the list should indicate the project start date, originally projected end date, the current projected end date, the

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initial resource allocation (people and funds in measurable units; e.g., 10 person-months and \$30,000), the resources consumed to date, and the current estimated resources needed to complete the project. This list should also include the names of the project manager and sponsor(s) of each project.

If an organization cannot readily identify the projects underway and provide this crude asset allocation information, it had better identify and quantify the projects in its portfolio before it worries about advanced portfolio management topics. In the absence of some notion of the resources currently allocated to projects, how can you prioritize resources among current projects or decide to launch new ones? If you don't know what resources are committed, how can you decide to commit more? An organization's sponsors are supposed to be the stewards of the resources. They should know where the people and money are going, and it should be a conscious choice.

2. **Select a few projects and obtain and review the original project charters or definition documents for each.** Review the change log and the current project charter. Have the

definition or goals of the project changed? Is there an audit trail (change log) that demonstrates that the changes were conscious decisions by the project sponsors? Were the schedule and resource implications of the changes considered? Is the expected value of the project quantified? Does anything in the environment or history of the project (actions of competitors, changes in the economy, new technology) suggest that the business case should be reassessed?

Changes to project parameters happen: sometimes to take advantage of opportunities, sometimes to respond to changed assumptions or changes in the project environment. Project changes are a healthy response to the changing world inside and outside of the project. Effective sponsorship ensures that changes are considered in the context of the project's overall business value. Projects that seem to move forward with monumental inertia rather than periodic, thoughtful reassessment and renewed commitment are not an indication of healthy sponsorship.

3. **Identify a few recent troubled projects within your organization** — projects that failed to realize their expected value and potential or were cancelled outright. For each project, ask:

- When was it known that this project was in trouble? If the project manager was doing

his or her job, an audit trail should exist to answer this question, and a warning should have been promptly and clearly relayed to the project's sponsors.

- Was continuing the project an informed decision? If the sponsor had timely and accurate status information and was doing his or her job, the answer to this question should be "yes."

Projects involve risk. Good sponsors sometimes choose to initiate and continue high-risk projects when the rewards are commensurate with the risk. Some troubled projects can't be salvaged, and thus they fail or are cancelled late. Reviewing recent troubled projects can provide a wealth of information about the quality of project management and sponsorship in your organization. While troubled projects per se are not necessarily a sign of poor sponsorship (all projects are calculated gambles), a pattern of projects that continued long after there was sufficient cause to reassess the wisdom of continuing is strong evidence of sponsorship problems.

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## LET'S KICK IT UP A NOTCH: IMPROVING SPONSORSHIP

Project sponsors are responsible for the translation of organizational strategy into the tactical implementation of projects. Each project in an organization's portfolio represents a wager that risks precious resources. The organization bets that a valuable project can be accomplished within a reasonable amount of time. The investment to achieve the goal must be commensurate with the ROI and the risks involved.

Once a project is launched, the project manager is the steward of the resources assigned to the project. Project sponsors must retain the strategic perspective while monitoring tactical project status and responding to emerging information about project performance and risk, while weighing the potential

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rewards of the successful project against the risk of continuing.

From the CIO perspective, a sponsor's timely assessment of project viability and estimated value is essential to sound decisionmaking. Organizational leaders need information about individual projects to manage the contents and priority of the entire portfolio of projects, moving to redefine or cancel those efforts that no longer seem profitable or aligned with organizational goals. CIOs have a huge stake in the

quality of sponsorship because they have a huge stake in the quality of the organization's decisionmaking. Before investing in additional tools to present project status data in innovative ways, most organizations would do better to ensure that project sponsors understand their role and have the skill and information needed to perform their vital function in the project management process. If your sponsors don't know how to drive, a new dashboard won't help. If your sponsors don't know they are sponsors, who is driving?

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