

The update for project professionals 6 September 2011

# project

THE VOICE OF PROJECT MANAGEMENT

## Private firms in a flap over black swan projects

Top bosses of private firms are just as likely to run into IT project problems as their public sector counterparts, new research has revealed.

The study by Oxford University and McKinsey shows that one in six IT projects are 'mismanaged' with average cost overruns of 200 per cent and delays of 70 per cent.



*Professor Bent Flyvbjerg*

Researchers said that rare but high-impact problems, dubbed 'black swans', were often to blame.

It found that there was a tendency among top managers to ignore low probability but high-impact risks to project plans.

This in turn, had led to catastrophic results for businesses looking to implement large IT projects.

Recent examples of 'black swan blindness' include well-known brands such as Kmart and the UK's second largest car glass company, Autowindcreens, the report said.

It added that many other large organisations have been on the brink of collapse because of out-of-control IT projects.

Professor Bent Flyvbjerg from Oxford's Said Business School's BT Centre for Major Programme Management said IT projects are now so big and touch so many aspects of business that "this poses a singular new challenge for top management".

Fellow researcher Jürgen Laartz from McKinsey added: "The results are a wake-up call for top managers considering significant IT projects."

Professor Flyberg and his team are now looking to develop tools that help IT managers avoid out-of-control projects.

The study follows a recent Government report which set out plans to reduce the risk of IT project failures.

The Government ICT Strategy will look to simplify or 'chunk down' complex and lengthy IT projects.



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It said the government would look to move away from large and expensive ICT projects, with a presumption that no project will be greater than £100 million.

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