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Gartner Says Smart Organisations Will Embrace Fast and Frequent Project Failure in Their Quest for Agility

Analysts to Discuss How to Make Organisations More Agile at the Gartner Project and Portfolio Management & IT Governance Summit 2013, 20-22 May in National Harbor, MD and 3-4 June in London

Egham, UK, 8 May, 2013 — Accepting higher project failure rates can help organisations become more efficient more quickly, according to Gartner, Inc. Gartner said project and portfolio management (PPM) leaders who take a "fail-forward-fast" approach that accepts project failure rates of 20 to 28 per cent as the norm will help their organisations become more agile by embracing experimentation and enabling the declaration of success or failure earlier in a project's life.

"Current common practices in PPM simply don't meet the needs of the day," said Audrey Apfel, managing vice president at Gartner. "Continued cost pressures on most IT organisations will force IT and PPM leaders to rethink how they deal with increasing demands on an already overburdened workforce. Steady rates of project failure will lead PPM leaders and their peers and customers to accept a certain level of failure."

Ms Apfel said that, through 2016, the accepted norm will be a 20 to 28 per cent project failure rate as organisations are forced to accept increased risk to achieve desired returns. Given the continued market turbulence and proliferation of IT, Gartner expects these failure rates to persist. Furthermore, given the increased focus on cost management, this dynamic is likely to be accepted — if not embraced — in the longer term, to limit the financial magnitude of project failures.

"Organisations need to hunt for value in uncertain conditions. Risk is increased from external business and market factors that cannot all be mitigated, and therefore must be assumed and accepted in many projects that need to be undertaken," said Ms Apfel. "By having the courage to accept failure and move on — a fail-forward-fast mindset — you are more likely to minimise your losses, learn from your mistakes, and make the organisation more efficient, more quickly."

Historically, the crux of PPM improvement efforts has been the improvement of processes, aided by the use of tools to standardise and optimise processes. While this makes things better around 80 per cent of the time, it provides a false sense of security for the other 20 per cent. Indiscriminately applying such PPM principles, developed for simpler times, can result in projects that have lost their relevance over the course of execution continuing to soak up resources. The conventional determination of a project failure involves comparing actual costs and deliverables to those originally planned for — but in high-risk and complex environments this leads to project failures that are late and expensive.

From a portfolio management perspective, by adopting a fail-forward-fast mentality organisations will have to get better at developing business cases and project plans. The introduction of mechanisms to support a fail-forward-fast mentality, such as early warning systems, stage or phase gates, and frequent reviews by unbiased persons, will become common practice and facilitate early exits from projects that are failing.

Naturally, adopting a fail-forward-fast approach will have implications for how budgets are allocated and managed. Professional services providers will fulfil many of the requirements of this shift, but Gartner predicts that demand for their services will outstrip supply as the benefits of embracing failure become more apparent.

"PPM leaders, in conjunction with the portfolio governance committee, must determine an acceptable percentage of exploratory projects that are subject to, or assumed to be subject to, fast failure in order to ensure that the real failure rate is less than or equal to the historical baseline of around 20 per cent," said Ms Apfel. "We also recommend that portfolio managers develop and institute 'stop-loss' criteria to determine when to accept failure and bring a project to an end."

More detailed analysis is available in the report "Predicts 2013: PPM Leaders Must Embrace Constant Innovation and Change", published on Gartner's web site at <http://www.gartner.com/resId=2260116>.

Gartner analysts will discuss the importance of embracing failure and other ways to make your organisation more agile in an uncertain environment at the Gartner PPM & IT Governance Summit 2013 taking place 20-22 May in National Harbor, MD and 3-4 June in London. For further information about the US Summit, please visit www.gartner.com/us/ppm. For additional details on the London Summit, please visit www.gartner.com/eu/ppm. You can also follow the event on Twitter at http://twitter.com/Gartner_inc using #GartnerPPM.

About Gartner Project and Portfolio Management & IT Governance Summit 2013

The Gartner PPM & IT Governance Summit 2013 will focus on providing the perspective needed to support business goals with PPM and IT governance strategy. Gartner analysts will help delegates accelerate delivery times, while keeping resources focused on fewer projects to drive efficiency. Delegates will also learn how to prove the value of their deliverables using meaningful metrics, and discover new techniques to engage with the business and drive change.

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