WOULD YOU BELIEVE IT?

Jon Hall, Chair of BCS ELITE and Senior Lecturer at The Open University and Chris Tiernan, Memsec ELITE and Managing Partner, Grosvenor Consultancy Services LLP, delve in to the reality of IT projects and ask: are CEOs being realistic in their expectations?

Recently one of us was sitting in a programme board meeting with three main board directors and the programme manager, reviewing the implementation of a major IT system. The development was due to have taken 18 months, but overrun by a year. The cost was 183 per cent of the original budget. As you might expect, the programme manager was getting a particularly hard time and the directors were very glum.

After the programme manager was given lots of ideas on where to bury different parts of the excess costs, the chairman tried to move the disconsolate group on to the next item on the agenda. The author remarked that a major IT research organisation had determined that only about 25 per cent of IT projects are successful and that its definition of success is that they take less than twice as long and cost less than twice what was originally envisaged. Stunned silence followed. Then the CFO – yes the CFO – said: ‘Excellent, we are in the upper quartile!’ Smiles all around; they moved cheerily on to the next item.

Let’s face it, projects do not overrun time and budget and deliver short. It is poor estimating, planning and management that cause that to happen.

Why does this happen time and again? Unlike the creations of the Industrial Revolution, which were tangible and very visible, IT creations in terms of new ways of doing things are largely intangible and invisible. They manifest themselves in changes in organisation charts and behaviours, and sets of accounts. Often the benefits of something are in its absence, for example, cost and time reductions, and therefore soon forgotten. In lacking tangible outcomes, plans and estimates from which hidden outcomes arise can so easily be regarded as pliable fictions by management, who will proceed to knock a large chunk off even the most realistic of budgets, impose and then insist that infeasible deadlines are met and ask that greater and more benefits (realistic or otherwise) are identified.

Knowing this, it may be simply the natural response to pad/trim an estimate here, to delay a deadline there, to over-promise a benefit. Dan Ariely’s latest book The (Honest) Truth about Dishonesty (ISBN: 978-0-00-747731-9) reveals how, in situations like this, we can all push the boundaries of what we find acceptable and, just as in The Prisoner’s dilemma, without trust everything is conspiracy. So are business cases, perhaps, only examples of benefits fraud?

Are the expectations of IT realistic? Then there are the expectations: IT has created a rod for its own back in delivering the largest, most complex and flexible systems of any type that exist. IT has learned to deliver no matter the tremendous complexity of the domain, no matter the capriciousness of the customer. Great strides have been made improving software engineering from its humble beginnings to be able to do so; once no more than glorified hacking, the modern use of requirements engineering and software architectures, for instance, have given software a bulwark against complexity, with agile processes more recently the beam that bends and flexes with the customer’s changing moods.

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In delivering technology solutions time after time, IT has raised the expectations of our hungry audience for bigger, faster, better. No longer is there the question: ‘I wonder what software can do for my organisation?’ No longer is there the question: ‘I wonder what to do with it. Giving them the honest truth about IT might allow them to relax and make more informed decisions.

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In delivering technology solutions time after time, IT has raised the expectations of our hungry audience for bigger, faster, better. No longer is there the question: ‘I wonder what software can do for my organisation?’ It’s been replaced by an assumption that IT can and will deliver. IT is only part of the puzzle

Unfortunately, like all assumptions, (it’s made an ‘ass’ out of ‘u’ and ‘me’) IT is a mental ‘prosthesis’ inserted into a living organism – an enterprise – with a very effective immune response mechanism, an extremely complex cerebral cortex of its own and one that is heavily influenced by a faster reactive reptilian brain of ancient origin, all instincts. So, no matter how good the IT system, it’s a question of how the patient reacts when we try to fit the appliance and he or she has to learn to live with it.

This raises the vast challenge of merging a technology that calls for incredible precision with a world where we are trying to change human behaviour, which behavioural economics is now demonstrating is far from rational and honest. Software engineering is making an invaluable contribution, but we also need to turn to other disciplines to help ensure the patient gains worthwhile benefits from his or her transformation, no matter their state of mind. It’s the disciplines of medicine, psychology, social sciences, behavioural economics and so on, not IT, that deal with irrationality (and, perhaps, dishonesty) and it is there that we should look for our answers.

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So do we all need to be more honest about what IT can and cannot do and what else needs to be done, thereby improving the organisations that employ us? If business cases more realistically described all that needs to be done and the costs and risks involved, would as many get approved? Perhaps there would be fewer IT jobs and less revenue for suppliers; or would there? Every penny spent on failed projects damages not just the reputation of IT, but the very organisations that employ us.

If economic growth in the last decade or so was based on people spending other people’s money, then, while that is being repaid, where will the next decade’s growth come from to get us out of the current situation? One answer is through business transformation, but we need to get much better at that. Many organisations in the US and UK are awash with cash not knowing what to do with it. Giving them the honest truth about IT might allow them to relax their purse strings.

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