

Project Reviews, Assurance and Governance

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CASE STUDY

Earthquakes in the Project Portfolio

Computer games are a serious business. A game for a current generation console (say an Xbox® or Playstation® 3) can cost \$20 million or more to build. Even back in the mid-1990s, when my experience with formal project reviews began, a game could easily cost \$2 million to develop. The company I worked for had about 60 such games under development at any one time.

My company, like most in the industry, had a problem. Projects slipped. They often slipped by months or even years. This didn't do a lot to help our reputation with retailers, reviewers and customers. Perhaps even more critically for people who cared about things like making payroll, it made it impossible to predict cashflow. I was part of a team that was set up to bring predictability to project delivery.

Each member of the team was responsible for providing an independent view of the status of about ten projects in the portfolio. Each week we looked at what our projects were producing and tracked this against the original milestone schedules. We tracked the status of key risks. We read status reports. Above all, we talked with the project managers, discussing the issues they were dealing with and listening to their concerns. Sometimes we offered suggestions or put them in touch with other people who were dealing with similar issues, but often we just functioned as a sounding board to help them think through what was going on.

We also produced a weekly report for senior management – the Director of Development and the Chief Financial Officer (CFO). This consisted of a simple ordered listing of the projects under development, ranked by our assessment of their level of risk. We also wrote one or two sentences on each project, summarizing our reasons for its ranking. This report was openly published to everyone in the company, which gave everyone plenty of chance to tell us where we'd got it wrong...

(Interestingly, project managers generally reckoned their project was riskier than we'd assessed it. The project managers' line management generally thought projects were less risky than we'd assessed them. Either way, people started to actively track the positioning of their project, and to tell us how our ranking of its status could be improved. By publishing our report openly, we created a very useful channel for this information.)

After we'd been working with our projects for a while, we began to recognize a pattern. Projects would go through a couple of fairly formal investment-approval reviews when they were set up. They'd then run quietly for six or 12 months. Then, about three months before the date they were due to be delivered into testing, they'd start to slip. Often they'd have a big slip initially, followed by a series of progressively smaller slips as they got closer to the end date (see Figure S1.1).

This pattern was remarkably consistent. Because we were working with a portfolio of 60 similar projects, we could draw graphs and start to see statistical trends. We found a strong correlation between the magnitude of each slip and the length of time left until the due date for delivery into testing (see Figure S1.2). For some reason, projects would remain stable for much of their development phase, then suddenly experience a large slip followed by a series of progressively smaller delays.

To me, with my original training in geophysics, this pattern looks a lot like an earthquake. Stress gradually builds up as tectonic plates move. Finally the rocks break, give off a loud bang, and settle into a less strained position. Then a series of aftershocks releases any residual stress. So it was with our projects. For a long time, people could ignore the small setbacks and minor slippages, perhaps hoping to make up the time later. Finally, as the end date loomed, they could no longer avoid reality. So they'd take a big slip to release all the built-up delay. Then the stress would build up again, and they'd take a series of smaller slips to release it.

We monitored this pattern as we continued our reviews. After a couple of years, the pattern of slips looked like Figure S1.3. Projects were still slipping. The general pattern of those slips was still pretty much the same. But the slips were happening about three months earlier in the project lifecycle. There were several reasons for this: people were monitoring status more closely; project managers could use the review team to back their judgement as to when a slip was needed, so had confidence to make the call earlier; we'd got better at defining clear milestones. Overall, however, we were simply having a much

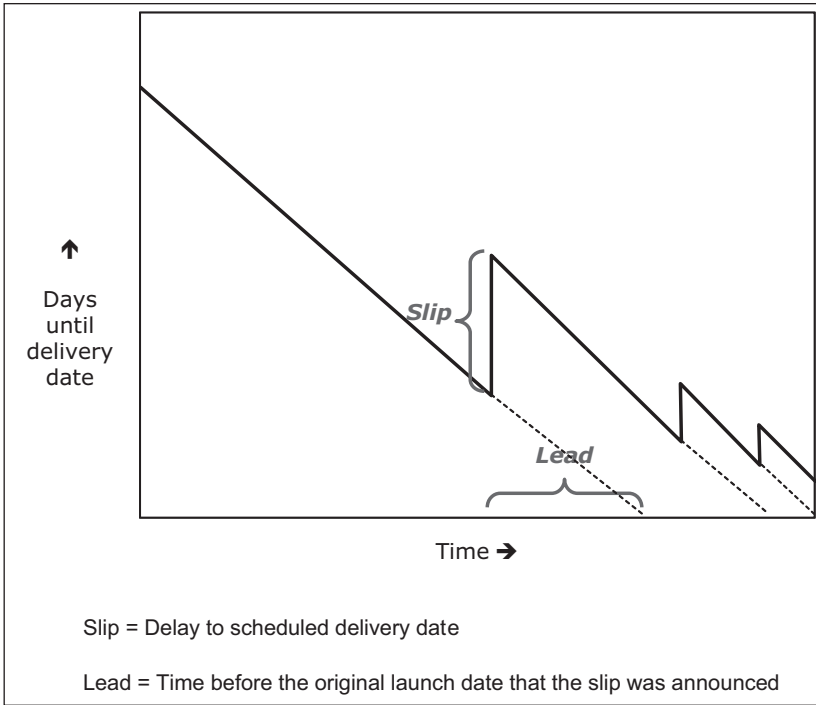


Figure S1.1 A typical project at the games company

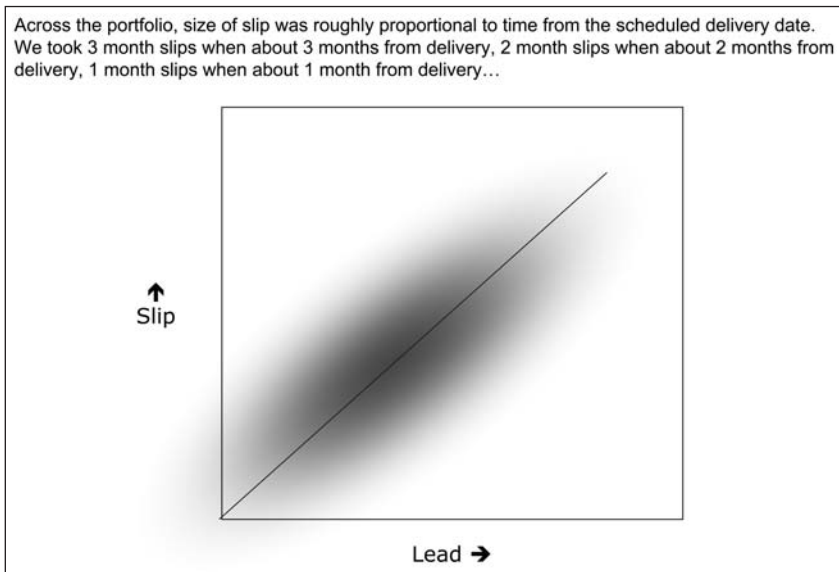


Figure S1.2 Slip was roughly proportional to time from delivery

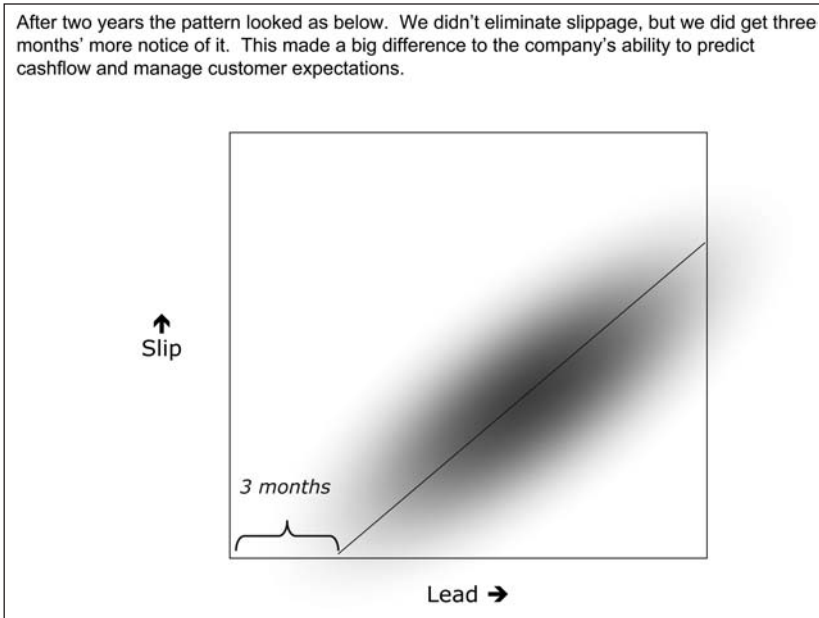


Figure S1.3 After two years we had three months' more notice of slip

more informed dialogue about our projects. This helped us to identify and relieve the stresses earlier. Which in turn meant that the CFO could be a little more confident about making payroll.

Of course, life's never as simple as the case studies make out. In order to operate effectively, the review team needed to overcome a number of challenges. For example:

- Game development teams have a diverse skillset – programmers, graphic artists, musicians, and so on. It can be difficult for a reviewer to understand the status of everything these specialists are working on. By doing small, frequent reviews we could get a good feel for overall trends, but sometimes we needed to call on technical experts from other teams to help us understand the details.
- Reviewers could become isolated. They floated across many teams rather than belonging to any one project. Furthermore, they sometimes had to back their own judgement against the convictions of an entire project team. So we needed to build our own internal mentoring and support structure.

- Everyone wanted to be the first to see our reports. Project managers naturally wanted a chance to fix any issues on their projects before we reported them more widely. The project managers' line management wanted to know what we were saying before their executive management heard it. And, of course, the executives we reported to wanted to hear of any issues as quickly as possible. We had to evolve clear communication protocols to win everyone's buy in.

Over time, I've come to realize that not all of life is like games development. Industries have different drivers. Companies have different strategies and approaches. People differ in all sorts of ways. I believe project reviews can add value in virtually all circumstances, but you need to tailor them to the situation. This book contains what I've learnt about tailoring and conducting reviews.