

Driving Innovative IT Metrics

By Embracing Human Nature



John Bowen

Director – Global Partnerships, Computer Aid, Inc. – 2009-present

CIO – PPL Global - 1999-2009

President – Management Envision – 2012-present - research and consulting

Lived in Argentina and Chile for four years

Project management experience:

Multinational projects in Latin America, Europe, Middle East, Asia, Africa 4-year project in US and UK (WMS, OMS, GIS, CIS, MMS)

5-year project in 8 companies in 5 countries (ERP, CIS, GIS, WMS, SCADA)

Education: DePauw University - Mathematics, Computer Science, Symbolic Logic

Visiting lecturer: Lehigh University, Iacocca Institute, Global Village,

Drexel University, DePauw University, DeSales University, Muhlenberg College -

Information Engineering, International IT, Global Business, Project/Program/Portfolio/Process Management



Computer Aid, Inc.

Lehigh Valley, PA based privately-held corporation, founded in 1981

4,000+ employees: 6 continents, 15 countries

IT services: software solutions, application development, application maintenance, management consulting, system engineering, project/program/portfolio management, IT outsourcing, process engineering



Objective of Session

- 1. To establish the need for monitoring the metrics that really matter.
- 2. To identify why this is such a challenge.
- 3. To identify the types of metrics that really matter.
- 4. Show how familiar framework can be adapted for metrics identification (and communication).
- 5. Give you enough to use back at your office to improve your metrics program.

Agenda

- 1. The Innovative Metrics Opportunity
- 2. Why Do These Opportunities Still Exist?
- 3. What Metrics Should We Monitor?
- 4. Working With Conditions Data
- 5. Developing Innovative Metrics for Your Organization



Part One

The Innovative Metrics Opportunity



The Innovative Metrics Opportunity

- Despite Everything We've Tried, Project Success Rates Little Changed in 30 Years
 - McKinsey (17% threaten company)
 - IBM (40% met exp 10X range)
 - KPMG (70% orgs with failure)
 - Standish CHAOS Report



Source: http://calleam.com/WTPF/?page_id=1445

"So many software projects fail in some major way that we have had to redefine success to keep everyone from becoming despondent..."

Source: Tom DeMarco in his book, Controlling Software Projects



The Innovative Metrics Opportunity

 There Is Plenty of Opportunity for Improving Challenged Project Success Rates

RESOLUTION

	2004	2006	2008	2010	2012
Successful	29%	35%	32%	37%	39%
Failed	18%	19%	24%	21%	18%
Challenged	53%	46%	44%	42%	43%

Project resolution results from CHAOS research for years 2004 to 2012.

Source: http://versionone.com/assets/img/files/ChaosManifesto2013.pdf



IT Project Management Success is Abysmal

- US Dept of Defense Integrated Human Resource System (DIMHRS) Delivered no functionality; 199% original cost
- □ UK's Fire Control Project 11% functionality; 391% original cost
- ☐ California Court Management System

 10% functionality; 214% original cost
- US Social Security Administration Disability Case Processing System No functionality; 100% original cost
- □ British Columbia Integrated Case Management System 30% functionality; 100% original cost

The Innovative Metrics Opportunity

It's About Competitive Capability

Organizations with a mature PMO outperform those with an immature PMO by:

28% for on-time project delivery;

24% for on-budget delivery; and

20% for meeting original goals and business intent of projects.

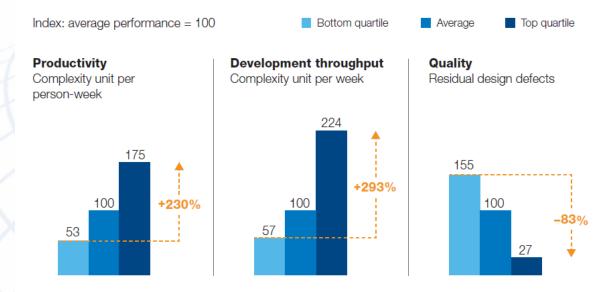
Source: www.metier.com, According to PMI



The Innovative Metrics Opportunity

It's About Competitive Capability

Software-development performance varies significantly across development groups and companies.



Source: Numetrics-embedded software project (a McKinsey Solution), October 2013, including data on software-development projects at 1,300 companies across global markets



The NEW Software Reality

"We believe that every industrial company will become a software company."

Source: GE CEO, Jeffrey Immelt, 2013 GE Annual Report, Letter to shareholders.

It's Happening NOW

- Number of top 100 product and service companies that are now dependent on software – has DOUBLED (to nearly 40%) in the past 20 years.
- Revenues from digitized products and channels are expected to exceed 40% in industries such as insurance, retailing and logistics.

Part Two

Why Do These "Opportunities" Still Exist?



Why Do These Opportunities Still Exist?



Self-deception

People (including PMs) are predisposed to see a perfect end state (e.g., successful project completion, and tend to practice self-deception (confirmation bias, fact filtering, etc.) to support this expectation.



It's Who We Are

- Outside of IT for Neurophysiological Perspective
 - Anthropology Research
 - Psychology Research

BEHAVIORAL AND BRAIN SCIENCES (2011) 34, 1-56

The evolution and psychology of self-deception

The Elements of a Scientific Theory of Self-Deception

ROBERT TRIVERS

Department of Anthropology, Rutgers University, 131 George Street,

Deception and Evolutionary Biology

Euclid O. Smith

Department of Anthropology and Yerkes Regional Primate Research Center Emory University

Introduction

Anthropologists have long been interested in questions of human consciousness and perception. It is easy to speculate about the evolutionary origins of such attributes and to construct adaptive scenarios that rationalize the benefits of cognitive capabilities for their possessors in the evolutionary struggle for survival. Too often anthropologists and others interested in the behavioral and neural sciences attributed higher cognitive characteristics to humans without recognizing that other animals may have cognitive capabilities that would seriously question the notion of human uniqueness for conscious thought, self-awareness, and intentional deception. Langer (1972:163) has noted that deception is a distinctly human activity. It seems unlikely, however, that anyone would accept such a clear distinction today, although some anthropologists have expressed doubts about the cognitive capacities of nonhuman species. It is important to note that the similarity in patterns of deceit between human and nonhuman animals has been recognized and clearly articulated for over four decades. Wile (1942:294) states that "there is little difference between the feigning of death by a beetle and the syncope of a man on the battlefield."

In this volume we attempt to view human behavior as a complicated dialogue between biology and culture (see Paul, this volume). It seems to me that deception and its implications for consciousness and self-awareness is one area where the interplay between what we often reserve for humans and a careful scrutiny of the behavior of nonhuman primates may be instructive.

A commonly held view by Rappaport (1979) and others notes that among nonhuman primates deception has only been convincingly demonstrated in apes. "It is not surprising that even for apes for whom lying is evidently possible it is probably uncommon. But for many, if not indeed most other species, lying may not occur because of the stereotyped nature and external control of the specific

active misrepresenere may be multiple ant interactions beand fragmentation) de denial of ongoing rratives of intention, tion to create a selfcome from internal g from differentially ors suppressing negeption can be ana-

ory is a sub-theory conon flow within an indib-theory can always be oubt about the need for e need for solid, scienof one's own behavior cietal disasters (e.g., in om psychology,6-13 we tation of reality to the uggling with one's own rise, and that at the levelp produce major disasso great, the question of self-deception?

equires that we explain and the genes within

nal deception by allowing people to avoid the cues o additional advantages: It eliminates the cottly button if the deception is discovered. Beyond its le to display more confidence than is warranted, be both deceiver and deceived. We propose that versus unconscious memories, conscious versus of methods for deceiving others, it should come noted promoses and we, discovery avoides breast of gical processes, and we discuss various types of self-deception before considering the levels of ionary approach to self-deception with current elf-deception.

can also be useful in deceiving the self.

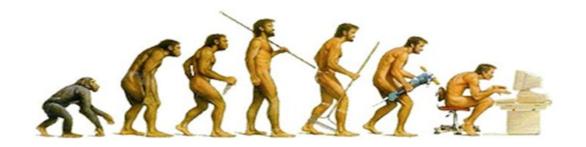
if I can deceive you by avoiding a critical
mation, then it stands to reason that I can in the same manner. Thus, we consider of self-deception, including biased inforstrategies, biased interpretive processes mory processes. What marks all of these var ception is that people favor welcome over formation in a manner that reflects their ations (in this sense, our approach to self-consistent with Kunda 1990; Mele 1997; Greenberg 1987). We also consider classic eption such as rationalization and convinat a lie is true

ON HIPFEL, professor of psychology at the of Queensland, Australia, conducts research gnition and evolutionary psychology.

RIVERS, professor of anthropology at Rutgers is best known for his theories of reciprocal anental investment and sexual selection, parol of offspring sex ratio, and parent—offspring sex ratio, and parent—offspring sivers is recipient of the Crafoord Prize for nental analysis of social evolution, conflict



Self-deception Is "Natural"



In fact, all humans self-deceive:

- "self-deception is a kind of strategy which allows us to better deceive others by first deceiving ourselves..."
- "self-deception occurs as a social intelligence strategy"
- "there is a neuro-physiological basis for self-deception in humans."

Paper by: James Sage, Ph.D, Vice Chancellor @ Univ. of Wisconsin

Research by: Robert Trivers, Ph.D, Evolutionary Biologist, Crafoord Prize recipient Research by: V.S. Ramachandran, Ph.D, Neuroscientist, Center for Brain and Cognition



Quick Survey

 How many people consider themselves to be above average drivers?

"For driving skills, 93% of the U.S. sample and 69% of the Swedish sample put themselves in the top 50%" Svenson, Ola (February 1981). "Are We All Less Risky and More Skillful Than Our Fellow Drivers?". Acta Psychologica 47 (2): 143–148. doi:10.1016/0001-6918(81)90005-6.

"almost 80% of participants had evaluated themselves as being an above-average driver." lain A. McCormick; Frank H. Walkey; Dianne E. Green (June 1986). "Comparative Perceptions of Driver Ability: A Confirmation and Expansion". *Accident Analysis & Prevention* 18 (3): 205–208. doi:10.1016/0001-4575(86)90004-7.



We Deceive Ourselves So As To Persuade Others of Our Worth

- "A survey of university professors found that 94% thought they were better at their jobs than their average colleague"
- "A survey of 1 Million high school seniors found that all thought they were above average [in their] ability to get along with others"

- Thomas Gilovich, 1993, *How We Know What Isn't So*



The "Problem State" Takeaways

- 1. Stop expecting PMs to 'do the right thing'.

 Despite all the training and encouragement, PMs are still human and will tend to self-deceive (and then pass it on).
- 2. Make self deception impossible.

 Provide PMs with timely, objective, action-compelling information.
- 3. Make ignoring important information impossible.

Provide PM management with information necessary to hold PMs accountable.



Project Manager Development Must Improve

"Successful projects are led, not managed."

Great Project Management

Project Management	Project Leadership		
Methodology	Leadership		
Process	Communication		
Project Plans	Tenacity		
Status Reports	Focus		
Project Meetings	Motivation		
Software Skills	Inspiration		
Time Tracking	Action		
Issues Tracking	Energy		



Part Three

What Metrics Should We Monitor?



What Metrics Should We Monitor?

Backward Looking

- Lagging Indicators
- Tracking Progress

Forward Looking

- Leading Indicators
- Managing Risk



Tracking Progress Looking Backward

What <u>did</u> we do?

- Volume
- Quality
- Cost





Tracking Progress Looking Backward – Enterprise Level

- Alignment of IT Investments to Business Strategy
- Cumulative Business Value of IT Investment
- IT Spend Ratio New Versus Maintenance
- Critical Business Services
 - Customer Satisfaction
 - Service Level Performance
- Operational Health
 - Outages
 - Security Incidents
 - Project Success Rate
 - Average Defect Rate



Tracking Progress Looking Backward – Project Level

Metric	Description		
Scope Change Requests	# of scope changes requested by the client or sponsor		
Scope Change Approvals	# of scope changes that were approved		
Overdue tasks	# of tasks that were started but not finished on time		
Tasks	# of task that should have started but have been delayed		
Over budgeted tasks	# of tasks that have cost more to complete than expected		
Earned Value	Budgeted Cost of Work Performed (BCWP)		
Over allocated Resources	# of resources assigned to more than one task.		
Turnover	# of project team members who quit or terminated.		
Training Hours	# of training hours per project team member.		

http://www.slideshare.net/anandsubramaniam/project-metrics-measures



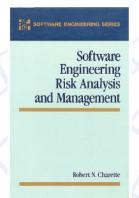
Managing Risk Looking Forward – Experts Agree on EWS

What should we do?

The Four Horsemen of IT Project Doom

Material Financial Risks of IT Projects: The Early Warning Signs of Failure
Leon A. Kappelman, Ph.D.







Journal of Information Technology (2000) 15, 317-327

Risk factors in enterprise-wide/ERP projects

MARY SUMNER

School of Business, Southern Illinois University, Campus Box 1106, Edwardsville, IL 62026, USA





Managing Risk Looking Forward – Kappelman Research

- Kappelman Research
 - Derived List of
 - Six People Factors
 - Six Process Factors
- For In-process **Audits**



TABLE 3 The Dominant Dozen Early W

Dominant Dozen Early Warning Signs

PEOPLE-RELATED RISKS

Lack of top management support

Weak project manager

No stakeholder involvement and/or participation

Weak commitment of project team

Team members lack requisite knowledge and/o

Subject matter experts are overscheduled

PROCESS-RELATED RISKS

Lack of documented requirements and/or succ

No change control process (change manageme

Ineffective schedule planning and/or managem

Communication breakdown among stakeholders

Resources assigned to a higher priority project

No business case for the project

EARLY WARNING SIGNS

OF IT PROJECT FAILURE: THE DOMINANT DOZEN

Lenn A. Kannelman, Robert McKeeman, and Linuary Zhann.

The postmortem examination of failed IT projects reveals that long before the failure there were significant symptoms or "early warning signs." This article describes the top 12 people related and project-related IT project risks, based on "early warning sign" data collected from a panel of 19 experts and a survey of 55 IT project managers.

The MASTERY OF RISK DISTINGUISHES of modern times from the past by under the standing and nearning risks and measuring risks and measuring risks and standing and measuring risks and the standing and receive the future as a winn of the gods and thereby have been empowered to the measure of risks and thereby have been empowered to the measure of risks and the standing risks and the standin ninding us that about 20 percent of IT projects

there were significant symptoms or early warming signs, "formulack warming signs is de-fined as an event or indication that predicts, more detail. Table 2 shows the mean imper-ciation, or alters one of possible or intend-ing problems. Early warming signs (WS9) spirs and the an indication of manifesting risks and internal control of manifesting risks and interna

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Managing Risk Looking Forward – Dominant Dozen

Table: The Early Warning Signs of IT Project Failure

	The Four Horseman of IT Project Doom				
The Deadly Dozen EWSs	Stakeholders	Requirements	Processes	Team	
People-Related Risks					
 Lack of top management support. 	X				
Weak project manager.				X	
No stake holder involvement.	X				
 Weak commitment of project team. 				X	
Team members lack requisite knowledge and/or skills.				X	
Subject matter experts overscheduled.	X				
Process-Related Risks	•				
 Lack of documented requirements and/or success criteria. 		X			
 No change control process or change management. 			Х		
 Ineffective schedule planning and/or management. 			Х		
 Communication breakdown among stakeholders. 			Х		
 Resources assigned to higher priority project. 		X			
No business case for the project.		X			





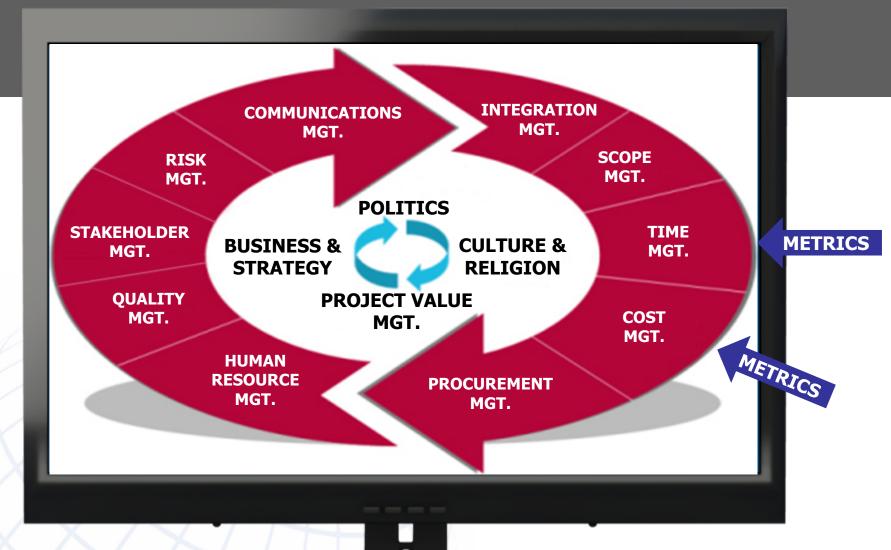
Managing Risk PMI Knowledge Areas

PM Competency Conditions

- 10 Knowledge Areas
- Things You Should Know
- Things You ShouldDo







Adapted from PMBOK® Guide – Fifth Edition,



The eight subjective (human) dimensions of Project Management - are responsible for 85% of all project failures (NASA study)

- Time management (schedule)
- Cost management (budget)
- Scope management
- Quality
- Human resources
- Risk
- Procurement (contractors)
- Integration
- Communication
- Stakeholder management

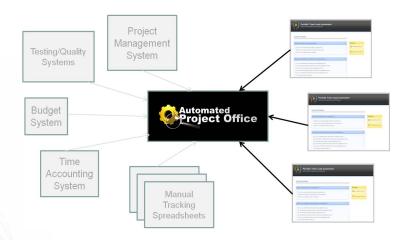
So, then...What Metrics Should We Monitor?

- In addition to traditional
 - Key Performance Status
- What To Collect
 - Key Performance Conditions
 - Intra-process Conditions
 - Inter-process Conditions
 - Key Process/Practice Compliance



What Metrics Should We Monitor?

- How to Collect the Metrics that Matter
 - -Intuition
 - -MBWA
 - Survey Software
 - Purpose DesignedSoftware





Part Four

Working with Conditions Data (The Tale of the Four Missing Metrics)



Managing Risk You Need "ESP" to Know "PRP"

Three Important CONDITIONS to Monitor

- Expectations Management
- Sponsor Involvement
- Process Compliance

To Minimize One Project Risk Factor

Project Rework Probability

According to the Carnegie Mellon Software Engineering Institute, "Data indicate that 60-80% of the cost of software development is in rework."

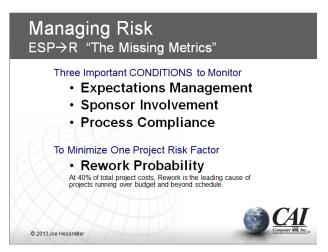
Source: Paul D. Nielsen, "About Us: From Director and CEO Paul D. Nielsen," Carnegie Mellon Software Engineering Institute, http://www.sei.cmu.edu/about/message/



The Four Missing Metrics

- SMART Are expectations clear?
- SMPL Is sponsor engaged?
- PAL Are processes being followed?

 PRPL – Are causes of Rework being avoided?



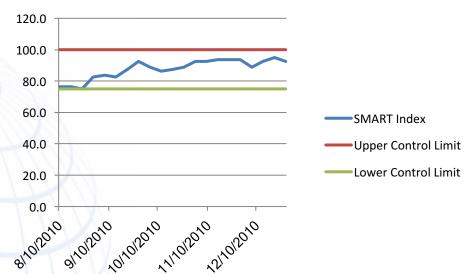


The SMART Level

SMART Level

Tracks the clarity of assignments. The higher the SMART Level, the higher the level of understanding of what is expected. Therefore, less Rework and less management intervention required.

The SMART Level



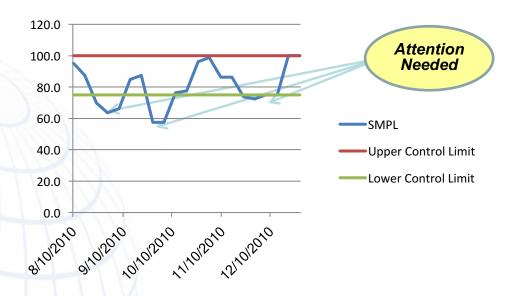


The SMPL Line

SMPL Line

Tracks the participation level of the senior management and/or sponsor.

Senior Management Participation Level



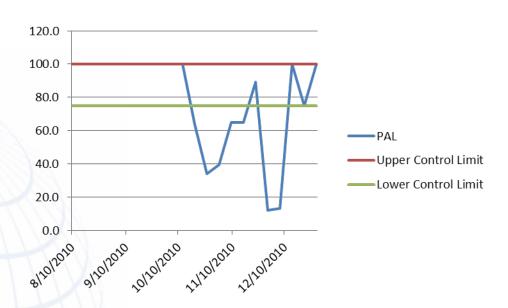


Process Adherence Likelihood

PAL

Measures likely level of process adherence based on conditions that would tend to lead to 'short cuts' on process..

Process Adherence Likelihood



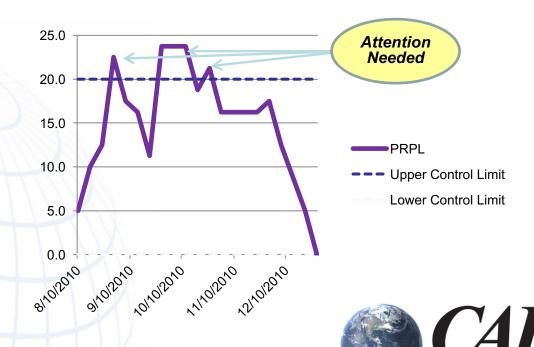


The PRPL Line

PRPL Line

Tracks the 'probability' of Rework based on changes in the conditions that are known to cause Rework.

Project Rework Probability Level



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Part Five

Developing Innovative Metrics for Your Organization



How Did You Get Here?

In one of these?





A Gauge for Every Condition

Automotive Engineers Long Ago Defined the Critical Measures for Safe, Effective **Engine Operation.**

Fuel Gauges

Fuel pressure, fuel level or combustion-if it has to do with monitoring the go-juice, you'll find

Electrical Gauges:



Air/Fuel Ratio Gauges: By measuring and c Gauge is helpful when accurate readings are i on highly-modified vehicles. Narrow Bands running at the ideal ratio of 14.7:1. Wide Bar important for high-performance vehicle tuner Nothing knocks your ride out of co

Fuel Level Gauges: One of the easiest gauge of fuel. Aftermarket Fuel Level Gauges usual Voltmeters: Meet the ammeter's m Every car has a speedometer, and eve

dashboard with accurate electrical

always preferred over an ammeter. Fuel Pressure Gauges: Sitting between your

Fuel Pressure Gauge basically measures how much fuel is being delivered. Since the of actual fuel pressure, never mount one of these gauges in your cockpit unless you

Knock Gauges: Knock Gauges measure knock or detonation—the engine-killing in much boost, over fueling, mistuning and inadequate cooling.

imers:

Tachs and Speedos:



don't always work with factory gear. Make su fuel pressure gauge, only it measure serious about seeking speed and readi

Speedometers: The most common of work with your factory gear, so make

Pressure Gauges:



When the pressure's on to take the pressure, boost and vacuum with g

Oil Pressure Gauges: From a sing oil is the lifeblood that keeps it move with an Oil Pressure Gauge.



From amplifiers to transmissions, vital components in your vehicle simply get hot when you're running hard. Make sure you keep tabs on the temps with gauges that can handle the heat.

Oil Temperature Gauge: Perfect for keeping your engine's lifeblood-oil-within the proper operating temperatures. An Oil Temperature Gauge is a great way to monitor overall engine

Transmission Temperature Gauges: Excessive automatic transmission temperatures can signal some expensive repairs are coming your way. A Transmission Temperature Gauge keeps tabs on the temps, especially when you're towing or racing, and lets you know to let off well before

Water Temperature Gauges: If you've ever been that guy on the side of the road, hood open with steam spewing out like an old locomotive, you've experienced overheating. Since hot coolant is the first indication that something's wrong, a Water Temperature Gauge is your first line of defense against an overheating engine.

Water Pressure Gauge: A loss of pressure from your water pump means there's probably a leak in your cooling system—which spells disaster for your engine. A Water Pressure Gauge delivers fast—or slow—vou're going. Afterm; an early indication that pressures are fluctuating.

Tachometers: Also known as a tach, an RPM Gauge or rev-counter, a Tachometer measures your engine's revolutions per minute. Performance drivers use tachs to time shifts, to know when the engine is in its power band, and to keep from over-revving and destroying the motor.





The Basic Measures

Automotive Gauge	Asks the Question	To Measure
Odometer	How far?	Deliverables Delivered
Clock	How long?	Duration
Fuel Level	How much further?	Input Units Available
Speedometer	How fast?	Deliverables per Unit of Time
Tachometer	How intensely?	Effort Intensity
Oil Pressure	Do we have enough lubrication to smooth interactions?	Supply of Lubricant to Smooth Interaction Between Components
Oil Temperature	How smooth are interactions?	Ability of Lubricant to smooth Interaction Between Components
Water Pressure	Do we have enough coolant to keep the engine producing?	Supply of Coolant to dissipate excess engine heat
Water Temperature	How effective is the coolant in keeping the engine cool?	Ability of Coolant to dissipate engine heat
Voltmeter	Is enough energy being applied to the other important systems?	Ability to Support other Control and Comfort Systems

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Comparative Metrics

To Measure	<u>Automotive</u> <u>Metric</u>	IT Metric
Deliverables Delivered	Miles	Milestones Met, Service Level Achieved, Function Point Delivered
Duration	Hour	Hour
Input Units Available	Gallons	Resource Hour
Deliverables per Unit of Time	Miles Per Hour	Earned Value Per Clock Hour
Effort Intensity	RPM	Hours Worked Per Week/Available Hours
Supply of Lubricant to Smooth Interaction Between Components	PSI	Stakeholder Interaction Satisfaction
Ability of Lubricant to Smooth Interaction Between Components	Degrees	Number of Open Issues from Stakeholder Interactions
Supply of Coolant to dissipate excess engine heat	PSI	Duration to Close Issues/Number of Issues
Ability of Coolant to dissipate engine heat	Degrees	Number of Escalated Issues
Ability to Support other Control and Comfort Systems	Volts	On Time Process Deliverables (Status, Reporting, Training)



This is the State of PM Monitoring and Control Today





This is Where We Need to Be





Did We Accomplish Our Objectives?

- ☐ To establish the need for monitoring the metrics that really matter.
- ☐ To identify why this is such a challenge.
- ☐ To identify the types of metrics that really matter.
- ☐ Show how a familiar framework can be adapted for metrics identification (and communication).
- ☐ Give you enough to use back at your office to improve your metrics program.

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QUESTIONS

MORE INFORMATION

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