

## Initiating Successful Projects

In the three years to December 2011 the National Audit Office examined 40 major government projects and the different approaches taken when initiating projects. Through this work and previous examinations, the NAO has learned that the quality of the initiating stages of a project are highly predictive of project success. With this in mind the NAO has produced guidance to assist project development by focusing on the characteristics in the early stages that make a difference in project delivery.

The NAO has identified five key factors of successful project initiation:

1. Purpose – having clarity on the overall priorities and desired outcomes;
2. Affordability – understanding what delivery will cost and not being over-optimistic;
3. Pre-commitment – having robust internal assessment and challenge to establish if the project is feasible;
4. Project set-up – the detailed specification, procurement, contract and incentive design; and
5. Delivery and variation management – maintaining delivery pressure throughout the life of the contract and flexibility to recover the integrity of the project in light of unanticipated events or significant variations from the original plan.

### 1. Purpose

It is essential that the aims and rationale for the project are clear, and that it is aligned to strategic objectives. Public sector projects have aspirations that come from a wide variety of groups and organisations undertaking them must manage the expectations through improved strategies for reconciling conflicting perspectives and being clear about what is achievable.

### 2. Affordability

A robust approach to producing realistic cost and time estimates reduces the risk of performance shortfalls through cost overruns, missed deadlines or reductions in scope. Realistic assessment of potential risks and an understanding of the sensitivity of cost estimates to change allows an organisation to put in place sufficient contingency measures to mitigate uncertainty.

### 3. Pre-commitment

An effective project appraisals process can identify weaknesses in proposals and challenge assumptions, often bringing new perspectives and enabling lessons learned from previous or wider experience to be exploited through consideration of alternative methods or pilot schemes.

#### 4. Project set-up

Ensuring that the organisation has appropriate commercial skills enables them to identify and negotiate in the best interests of the project. A clear definition of scope and purpose reduces the risk of scope creep and ensures that the output will be fit for the intended purpose.

#### 5. Delivery and variation management

Ensuring that the contractual terms incentivise delivery and provide flexibility will enable an organisation to respond to and manage changes in circumstances effectively. Investing in creating good working relationships enable open communications, improved collaboration and easier dispute resolution.

Two-thirds of public projects are delivered late, over budget or do not deliver the expected benefits. The NAO's work shows that very few projects have enough feasibility work undertaken to develop a robust understanding of what is needed, if this is deliverable and what it will realistically cost. Projects that succeed have strong data systems, oversight of performance throughout the project and strong accountability for delivery.

The Guide is available at:

[http://www.nao.org.uk/publications/1012/initiating\\_successful\\_projects.aspx](http://www.nao.org.uk/publications/1012/initiating_successful_projects.aspx)