



# **MANAGING RISKS ON ITSM PROJECTS**

**ITSM PROJECTS ARE TOUGH –  
PLAN TO SUCCEED!**

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**Version : 1.1**



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## EXECUTIVE SUMMARY

IT projects do not have a great track record of success relative to their promised goals and objectives. Various studies on IT project success published by the Standish Group, KPMG or Robbins-Gioia all conclude that the likelihood of IT projects delivering on their promised value proposition is no higher than 54%. This roughly 50/50 chance of success or failure has not done IT any favors in helping to build credibility with the business or our ability to deliver on promises made.

At Pink Elephant our experience shows us that IT Service Management (ITSM) projects fail at ever higher rates primarily due to their dependency on organizational and behavioral change. The actual tangible side of creating deliverables and configuring a service management tool is the easy part. The primary risk to ITIL<sup>®</sup> project success is the political ability to deploy the process and policy changes across the fragmented IT towers and technology silos<sup>1</sup>. Without the ability to make real change happen the project returns almost no value and the money spent on process design and tools is a wasted investment.

To avoid this trend we need more than our best intentions. The following lessons learned from failed projects can help us open our minds to managing risks and planning to succeed rather than become yet another statistic.

- An ITSM/ITIL project requires process implementation and significant cultural and behavioral change
- Many organizations have pursued process implementation and/or change projects (ITIL or other) that have failed in achieving key objectives
- Most failed process projects reveal clear, early warning signs that the project was at risk but these signs were missed, ignored or not managed
- Risks must be identified and managed for the duration of the project and within the wider context of organizational and behavioral change

The objective of this paper is to move beyond typical Project Management risks that we are familiar with and to get to the heart of the issues that cause many ITIL project to fail.

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<sup>1</sup> ITIL<sup>®</sup> is a Registered Trade Mark of AXELOS



## ITSM RISK MANAGEMENT AND ITSM PROJECTS

Why Risk Management for ITSM projects?

*In this world there are four kinds of people:*

1. *Those who make things happen*
2. *Those who watch things happen*
3. *Those who have things happen to them*
4. *Those who wonder what happened*

Source: Anonymous

As you read this quote you can probably relate with each one of these scenarios from some point of your IT career. You have now been asked to lead or play a part in an ITSM project and you know that there are many risks that can derail the project and perhaps even your career. You have a choice to bury your head in the sand or to take some level of control over your destiny by actively identifying and managing the risks that will most assuredly place obstacles to success in your path.

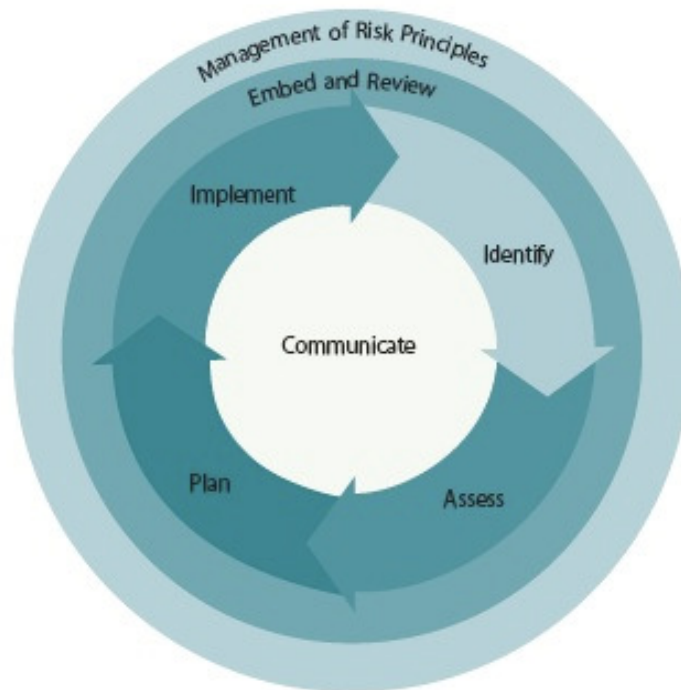
The goal of this paper is help you plan to succeed by being the person who makes things happen.

Risk Management, as a project control, is not new to most people. If you have ever been part of any major IT project you will probably be familiar with the process of Risk Management where, as a project team, you are asked to participate in a brainstorming session where you offered your valued opinion about all the potential issues that could arise as part of the project.

The project manager having this initial source of information begins a process by which he or she continually manages the risk by the following simple but effective series of activities that represent the circular process of Risk Management.

A Risk Management process includes:

1. **Identifying** risks that may occur throughout the program's lifecycle (including post-deployment).
2. **Assessing / Ranking** these risks to ascertain the probability of these risks occurring and the potential impact to the program if they do occur.
3. **Planning** a mitigation strategy to deal with the higher impact, higher probability risks.
4. **Implementing** the mitigation strategies and actions identified as necessary to project success.
5. **Managing / Communicating** the risks throughout the improvement program and on-going operations to increase the chances for program success.



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Based on Figure 4.1 *Management of Risk: Guidance for Practitioners*



## The Unique Challenges Of ITSM Projects

While Risk Management as a process is understood by most people, the true issue is that classic project risk criteria focuses primarily on the concepts of on time, on budget and with quality. Each of these key elements is vitally important to project success; however, what our experience has taught us is that if an ITSM project is on the road to failure these classic elements are likely to not be the most dangerous issues that need management.

Most ITSM projects fail due to people issues related to culture, organizational design, inter-departmental politics, lack of knowledge, soft stuff, etc.

You have probably heard of the sacred three-legged stool mantra of service management:

### **People, Process & Technology**

This model is inherently flawed in that these legs are nowhere near balanced when it comes to effort/risk for ITSM projects. In reality the saying should be:

### **People, People, People, Process & Technology**

You can buy process! (In fact we will sell you some)  
You can buy technology and tools! (You will have to go somewhere else for this one)  
But you cannot buy the hearts and loyalty of people. (Bribes don't count – or last!)

So from this perspective it is important to look at the Management of Risk Methodology (M\_o\_R®) which extends the concept of Risk Management beyond the classic project concerns into the critical areas of Strategic and Operational Risk Management.<sup>2</sup>

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<sup>2</sup>M\_o\_R® is a Registered Trade Mark of AXELOS

The M\_o\_R model is ideal for ITSM projects in that it focuses the risk identification process beyond the program and project risk to also consider strategic and operational risks, which from Pink’s experience represent the area of most common sources of project failure.



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Based on Figure 6.1 *Management of Risk: Guidance for Practitioners*

Based on this experience Pink Elephant has developed its PinkREADY™ Change Readiness and Risk Identification methodology and tool set. The next section of this paper provides a list and explanation of the 22 Critical Success Factors (CSFs) identified as critical for successful ITSM projects.

The total absence or immaturity of anyone of these 22 factors could potentially derail your ITSM project and cause your initiative to be yet another statistic.



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## **PINKREADY AND CRITICAL SUCCESS FACTORS**

The PinkREADY methodology and toolkit reviews the health of 22 Critical Success Factors (CSFs) necessary for ITSM project success and is based on several best practice models and Pink's extensive ITIL project experience.

### **Strategic Factors:**

The following factors represent strategic CSFs:

- **Organizational Structures**
  - The level to which the organization is willing to adjust its organizational structure and reward systems for new and ongoing roles to facilitate the goals of the program
- **Role Authority**
  - The level of authority of the individuals assigned to fulfill the roles within the program and for ongoing operations
- **Supplier Management**
  - The level to which supplier participation, agreements and contracts have been integrated into the planning and execution of the program's deliverable items
- **Continual Service Improvement**
  - The level to which formal measurement models and assessments are applied and the use of the subsequent data for the purposes of continual service improvement





## **Program Management Factors**

The following factors represent program (multi project – multiyear) level CSFs:

- **Program Urgency**
  - The level of urgency and responsiveness required to complete the key deliverable items or objectives of the multi-phased initiative or program
- **Program Vision**
  - The level of clarity and comprehension of the vision (e.g.: intended direction and future state) and objectives of the program as it relates to strategic business and enterprise IT goals
- **Program Strategy**
  - The level of clarity and comprehension of the program's strategy and method of achieving its objectives
- **IT Service Management Education**
  - The level of general knowledge across Enterprise IT related to ITSM principles and the program objectives and deliverable items
- **Program/Project Communication**
  - The level, frequency, variety of methods and effectiveness of program/project-related communication to stakeholders
- **Availability of ITSM Tools**
  - The extent to which ITSM and process automation tools are available to support the program objectives
- **Program Momentum**
  - The ability to sustain the program momentum over time by delivering on commitments, overcoming organizational inertia/resistance and managing competing priorities



## **Project Management Factors**

The following factors represent classic project level CSFs:

- **Project Leadership**
  - The membership, authority and effectiveness of the projects' sponsorship and senior steering committee
  
- **Project Management**
  - The maturity and effectiveness of project management, plan, controls, project management skills and project governance
  
- **Time Resources**
  - The time provided to the project resources for planning, building and deploying the project deliverable items
  
- **People Resources**
  - The quality and quantity of people resources applied throughout the project lifecycle
  
- **Money Resources**
  - The level of project funding is sufficient to achieve the project objectives through the life of the project



## **Operational/Cultural Factors**

The following factors represent day-to-day operational or cultural CSFs:

- **Performer Skill and Competency**
  - The level of knowledge and skill to adequately fulfill the operational roles assigned by the program
- **Ability to Deploy**
  - The level of political capability required to deploy the program deliverable items to overcome possible functional and organizational silos
- **Collaborative Climate**
  - The degree to which various groups and IT departments typically collaborate and coordinate cross-functional activities and processes (includes all internal groups and external suppliers)
- **Information Flow**
  - The degree to which formal and informal information is communicated within and across organizational groups and to individuals
- **Focus on Individual Action**
  - The degree to which the company values, promotes and rewards personal over team accomplishments
- **Respect for Rules**
  - The degree to which individuals respect, comply and work with the existing organizational policies and procedures



As part of program management planning activities, Pink Elephant advises that organizations assess the 22 factors at each of the following three project phases:

1. **Ready to start?** Are you ready to move forward with an investment in an ITSM project, based on the history of past transformation projects and your current operational culture?
2. **Ready to go live?** Are you ready and will you be successful in deploying the ITIL processes based on the activities completed during the planning, design and build phase of the project lifecycle?
3. **Ready to continue?** Are you ready to continue with the ITIL transformation project based on the success or failure of the program so far?

So what are you going to do if the answer to any of these questions is **NO?**

Plan To Succeed!

Manage Your Risks Rather Than Allow Them To Manage You.



## CONCLUSION

No one starts a project or takes on an ITSM improvement initiative with a desire to fail; however, the statistics as well as the experiential evidence shows us that there are many dangers that lurk in the murky waters of transformation projects for the unsuspecting and unformed.

The process of Risk Management is not focused on avoidance of these turbulent waters but rather on the identification and navigation required to successfully steer through or around the certainty of obstacles. Whether you face a mountain or a molehill on your ITSM journey, the outcome can often be within your control.



## **PinkREADY™**

### **What Is PinkREADY?**

PinkREADY is an ITSM project risk identification and mitigation planning service that enables customers to realize the promised benefits of ITIL projects, avoid unnecessary costs, and support organizational change.

Why is this important? Many process improvement initiatives fail because risks and barriers are not properly identified before the start of a major change. Increase your chances of success by using PinkREADY.

### **How Does PinkREADY Work?**

Pink Elephant reviews the “health” of 22 CSFs necessary for ITIL project success, based on several best practice models and Pink’s extensive 20 years of ITIL experience. The service leverages online data gathering tools and a facilitated risk analysis/planning workshop to deliver three key outcomes:

- Visibility into a change initiative’s state of health
- A prioritized plan for managing risks to the project’s success
- Key inputs for managing change

### **Who Is PinkREADY For?**

The service is aimed at organizations that are starting major change initiatives or those already progressing through a change and are experiencing problems. Depending on which of these critical questions you face, Pink Elephant works with key stakeholders, including management, staff and suppliers, to find the answer to the following questions:

- Are you ready to start?
  - Are you ready to move forward with an investment in an ITSM project based on the history of past transformation projects and your current operational culture?
- Are you ready to go live?
  - Are you ready to deploy the ITIL processes based on the activities completed during the planning, design and build phase of the project lifecycle?
- Are you ready to continue?
  - Are you ready to continue with the ITIL transformation program based on the success or failure of the project so far?



## What Are The Benefits?

- **Save Time** – Proactively identify strategic, program and project risks that can derail your ITSM project, and use this information to mitigate them
- **Save Money** – Avoid unnecessary costs due to unplanned project overrun or failure
- **Understand Your Environment** – Gain insight into the cultural and political impact on your ITIL project, and use this information to plan a targeted communication and education plan to improve management and staff buy-in
- **Manage Risk** – Use the prioritized risk exposure report for executive decision making on risk mitigation

## What Do You Get With PinkREADY?

There are three major deliverables:

- **Critical Enablers Survey & Report:**
  - An online survey is used to gather data that feeds a graphical report based on each participant's anonymous input into existing practices around the 22 critical enablers
- **Planning Workshop & Risk Exposure Report:**
  - Using the survey input, a Pink Elephant Consultant leads a guided risk identification and planning workshop. The workshop's outcome is a prioritized risk exposure report that can be used to support executive decision making for risk mitigation activities, organizational change management and resource allocation
- **Risk Mitigation Guidance:**
  - For each risk identified in the workshop, the Consultant provides guidance based on experience about mitigating risks and supporting the key program, project and organizational change management activities required to ensure project success

## For More Information

To learn more about PinkREADY and the service delivery options available, call 1-888-273-PINK or email [info@pinkelephant.com](mailto:info@pinkelephant.com).

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