BUMGT 6973 Project Management Final Assessment

Semester 2, 2021

ASSESSMENT REQUIREMENTS

Read the following case study and write an answer to each of the following 4 questions. The word document needs to clearly state each question and then provide a written response. Each answer should be approximately 300 words. The completed word document needs to be uploaded via Turnitin.

Essential Assessment Criteria:

1. Please check the marking guide to understand how marks will be allocated.
2. Answer each question completely, this includes any sub-questions posed.
3. Each answer should include a case study reflection directly related to the question.
4. Use relevant theory to support your answers.
5. Extend your critical thinking beyond the case study. Examples provided to support an answer do not have to be specifically in the case.
6. APA referencing is required. It is suggested that a minimum of 2 references per answer should be cited. Please provide a reference list for each question. Note, the reference list is NOT included in the word count.

Online Submission is required for all students

Please submit your assignment online by the due date.

Word limit: 4 x 300 (approximately 1,200 words) (+/- 10%). Excluding references.

Weighting/Value: 40%

Final Assessment Case Study   **[Total = 40 marks]**

The Queensland Health Payroll Fiasco

There are many reasons why projects of any kind fail. Analysts point to insufficient resources, inappropriate resource allocations, poor communications, and misaligned goals among many other options as possible causes of why projects fail to come in on time or on budget. However, when the project fails because of all of those concerns (as well as many other contributing factors), the high level of disappointment is often overwhelmed by the excessive economic cost of the debacle. Such is the case with the Queensland AU Health sector digital payroll disaster.

They Just Needed an Updated Payroll System

The Queensland Health System (QHS) provides public healthcare services to Australia's Queensland province. The sector has over 65,000 workers employed in its Department of Health and its 16 Health and Hospital departments. In 2006, QHS was looking for a replacement for its then soon-to-be-obsolete payroll system, support for which was set to expire in 2008. In December 2007, the agency finally contracted with IBM Australia to design and implement a new system at a budget of AU $6.9 M, deliverable in July 2008.

Early Signs of an Impending Fiasco

From its very beginning, several factors were playing into the project's ultimately disastrous conclusion:

Insufficient Calculations of Scope and Term

The complexity of the project was immense and involved the management of over 24,000 differing combinations of wage payments and withholdings for over 80,000 workers and subcontractors. Because of the fear that the existing system was in imminent danger of immediate failure, IBM agreed to take just seven months to develop and implement an "Interim Solution" to tide the agency over until a full replacement became operational.

Within that seven months, only two weeks were set aside at the beginning of the project to scope out the "critical business requirements" needed by the agency and the digital solutions that would respond to those demands. Not surprisingly, the lack of identifiable objectives was a significant cause of the project's abject bungling.

Inexperienced "Leadership"

Despite its affiliation with a global digital leader, this was IBM Australia's first attempt at delivering a project of this size. That fact was not helpful considering that QHS was probably the most complex of the Australian agencies needing the overhaul and was perhaps not the best candidate for IBM's first go.

Additionally, the "Solution Design Authority (SDA)," the state agency with the responsibility to define and maintain the scope, architecture, and design of the new system, was "passive, perhaps lazy" about communicating its requirements for a payroll system. Before project development began, the SDA accepted IBM's "incomplete, ... unsatisfactory scope [of work] documents" as is and with no questions. The project was off to a horrible start.

Too Many Players Cluttering the Field

Management of the project became even muddier after it commenced. Numerous agencies and boards divided oversight and authority, causing significant confusion which, in the end, rendered them all "ineffective in establishing a shared understanding of stakeholder expectations in relation to the quality of project deliverables":

- *The SDA (which, during this period, transformed into the Program Delivery Office (PDO) of the state's "CorpTech" IT division);*
- *The Queensland Health Enterprise Solution Transition (QHEST), the state's information technology management program and acting project manager (which inexplicably retitled the "Interim Solution" as the "Queensland Health Implementation of Continuity" (QHIC) – no confusion there!);*
- *The "Executive Steering Committee" (ESC) which included personnel from CorpTech as well as the Shared Services Agency (SSA) and the Department of Education, Training and the Arts (DETA), and*
- *The "Release Steering Committee" which answered to both the ESC and CorpTech and counselled its Chair regarding the development of the Interim Solution.*

While there appeared to be lots of oversight of the program, Australia's Auditor-General reported that "it was not clear which Accountable Officer had responsibility for the overall governance and successful completion of the whole project."

Cut to the Chase: The Consequences of this Disastrous Project

Suffice it to say that the project rolled out with the same high level of difficulty and disaster as it had begun:

- *When the payroll programming finally went live in March 2010, its estimated cost was AU $101 M and the system still wasn't working. Further, analysis of the botched-but-barely-operational system in 2013 (three years after implementation) indicated that it again wasn't performing as expected and that getting it fully functioning within the next five years (by 2018) would cost another AU $836 M, taking the total cost of the project to AU $1.2 Billion.*
- *The state paid additional millions of dollars pursuing investigations into the causes of the failed project, each of which identified the list of factors cited above, as well as numerous other contributors to the debacle.*
- *The state also sued IBM to recover some of its costs expended during the project term but lost in court and was compelled to pay IBM its costs of the suit.*
- *But perhaps the project's worst failure was caused by the inability of team leadership to adequately plan and test the system during the development process. Back in 2010, because of time constraints and cost overruns, it was*

determined to let the system go live without testing, which resulted almost immediately in over 35,000 payroll anomalies. Thousands of workers were underpaid or didn't receive payment at all, while the system inadvertently overpaid thousands of other employees by a total of AU $400 M. Queensland has consequently spent millions more collecting those unearned funds from their employees; as of July 2017, almost 32,000 QH workers still owed the state $38 M in payroll overpayment attributable to the failure of the QHS Payroll Project.

Project managers in any sector will do well to delve a little deeper into facts that drove the QHS payroll fiasco, which is an excellent opportunity to embrace the adage that it's not necessary to experience a failure to learn from one.

Source: Beyond Software. (2017, November 21). The Queensland health payroll fiasco. Retrieved 21 September 2020, from Beyond Software website: https://blog.beyondsoftware.com/the-queensland-health-payroll-fiasco

Question 1

This case identifies that Queensland Health System (QHS) needed a replacement for its then soon-to-be-obsolete payroll system. The issue was that support for the existing payroll system was set to expire in 2008.

Considering this case, compare the benefits of financial and non-financial project selection approaches. Provide a recommendation as to what project selection approach you would recommend and why? You need to be critical, use relevant theory, reflect on the case, and provide examples to support your answer. Use APA referencing as required.   [10 marks]

Question 2

This case discusses a range of risks that have occurred throughout the project lifecycle. The risk project lifecycle (below), illustrates the concept that the chance of a risk occurring is more likely in the defining stage, but the cost is low. The chances of a risk occurring decreases through the project lifecycle but the cost to fix a risk event increases.

Figure 7.1   RISK PROJECT LIFE CYCLE
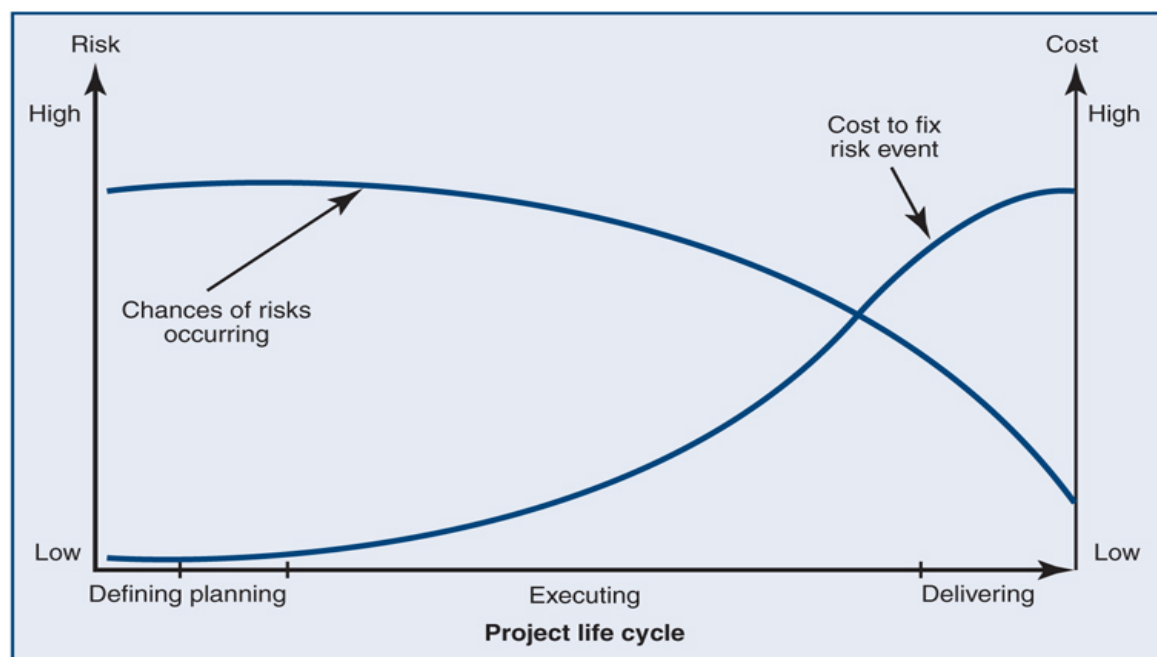
(Larson, E., Honig, B., Gray, C., Dantin, U., & Baccarini, D. (2014). Managing risk. In *Project management: The managerial process* (6th ed., p. 223).

Considering the risk project lifecycle illustrated above, explain how project risks affected the Queensland Health Payroll project through its lifecycle and what the cost implications were. You should describe the risks, critically analyse what actions were taken, and recommend what actions could have been taken to mitigate those risks. You

need to be critical, use relevant theory, reflect on the case, and provide examples to support your answer. Use APA referencing as required.   [10 marks]

Question 3

This case identifies a key issue as being disorganised project leadership. This sentiment was expressed by Australia's Auditor-General who reported that "it was not clear which Accountable Officer had responsibility for the overall governance and successful completion of the whole project."

This case indicates the importance of project managers having appropriate skills. Discuss what skills are needed to be an effective project manager and explain how these skills can address the project leadership concerns. You need to be critical, use relevant theory, reflect on the case, and provide examples to support your answer. Use APA referencing as required.   [10 marks]

Question 4

This case raises the importance of lessons learnt as a key aspect of project closure. The case concludes with the statement: "Project managers in any sector will do well to delve a little deeper into facts that drove the QHS payroll fiasco, which is an excellent opportunity to embrace the adage that it's not necessary to experience a failure to learn from one".

Considering this case, what are some of the lessons learnt that you can identify, explain why are they important for future projects. You need to be critical, use relevant theory, reflect on the case and provide examples to support your answer. Use APA referencing as required.
[10 marks]