

Success Rate and Resource Reduction from Interdependency Management

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Outline

- What are interdependencies between projects and what they are needed for?
- How do interdependencies influence success rate?
- How do interdependencies influence resource reduction?

Interdependency – what it is?

- “A project portfolio is a collection of projects”

(Artto *et al.* 2001)

- “No project is not on an island”

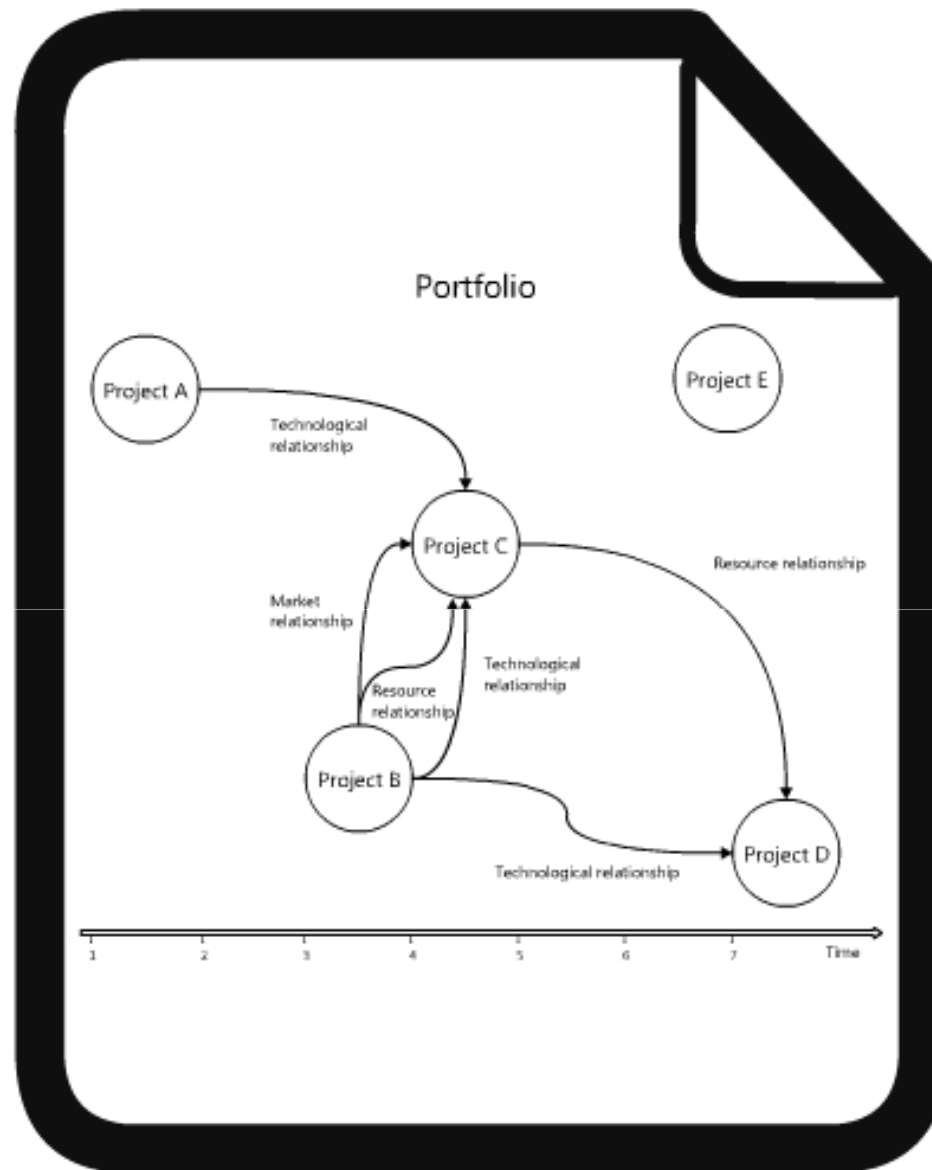
(Engwall 2003)

- **Interdependency is relationship between projects**

Interdependency - examples

- Human resource: e.g., resource sharing and availability on time, resource conflicts, motivation
- Technological: e.g., modularity, knowledge diffusion across projects
- Market: e.g., business unit pull, cannibalization of existing products

(Verma & Sinha 2002)



Interdependency - why?

- Project selection must be made with care (more than 50% of projects fail)

(Archer and Ghasemzadeh 2004)

- Interdependency is recommended to be considered during portfolio selection

(Archer and Ghasemzadeh 1999)

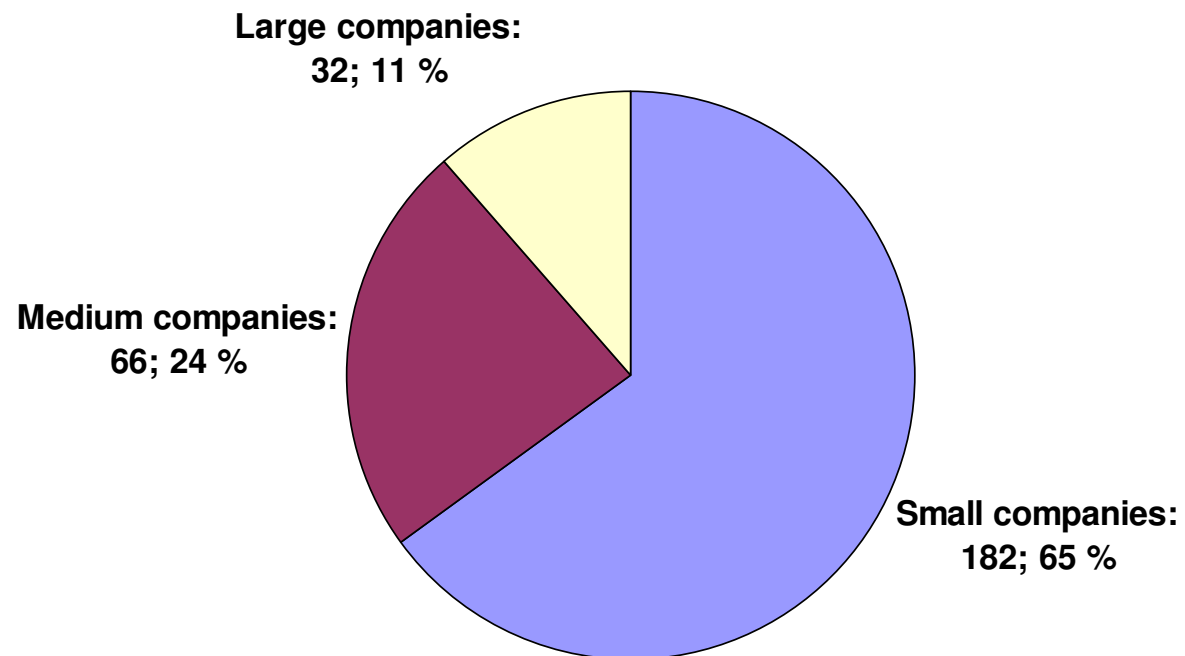
Research questions

Old wisdom in business: how to get more and cheaper?

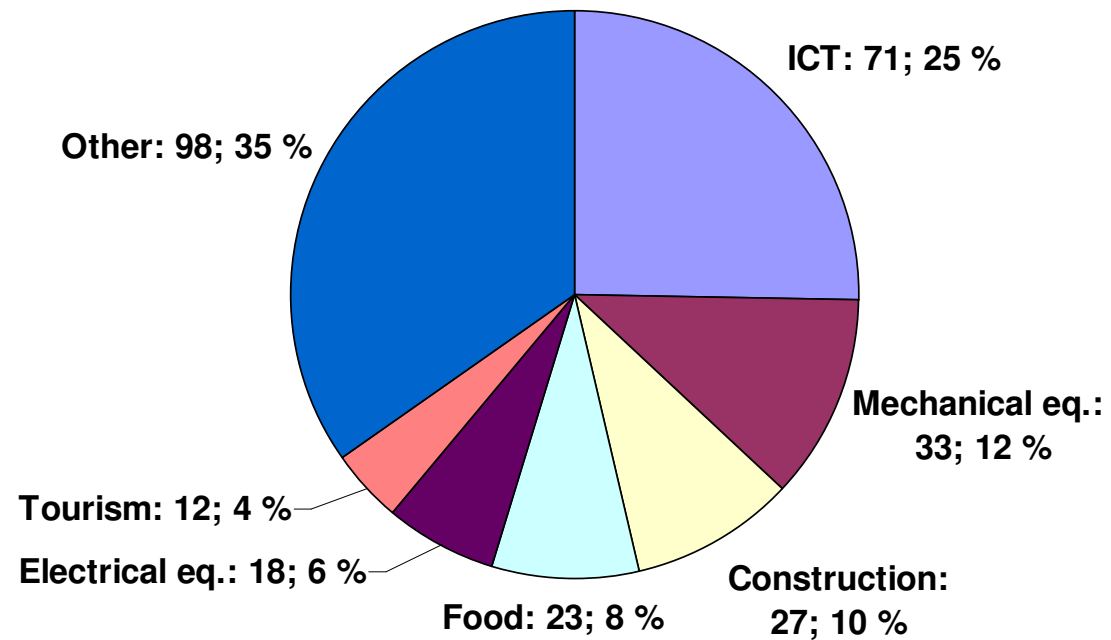
- *RQ1*. How much interdependency management relate to project success?
- *RQ2*. How much interdependency management relate to resource reduction?

Sample (1/2)

288 respondents (response rate 41%)



Sample (2/2)



Success rate

Average success rate of projects [%]	Usage of interdependency	
	Yes	No
Total	*67,43	*56,00
<i>Small</i>	68,94	53,64
<i>Medium</i>	67,77	75,00
<i>Large</i>	59,11	70,00

* $p < 0.05$

Type of project and success rate

Success rate Type of project	Usage of interdependency	
	Yes	No
NPD	*63,20	60,83
Modifications	*72,23	54,17
Platform	*76,00	30,00
Internal development	*71,23	52,50

* $p < 0.05$

Resource reduction

Average length of projects [months]	Usage of interdependency	
	Yes	No
Total	9,50	6,01
<i>Small</i>	8,78	6,42
<i>Medium</i>	9,38	2,50
<i>Large</i>	13,43	4,00

Summary

- Companies that take interdependency into account are more successful (RQ1), however, there are exceptions - medium and large companies, and NPD projects
- Higher need for resources was noticed among users of interdependency (RQ2)

To get more, you have to pay more!

Further actions

- Why people believed higher resource reduction and why it did not happen?
- Small companies behave similarly to large companies - in questions such as HR sharing and modularity - why?

Thank you for your attention!

