On Project Benefits, Success and Value[1]

LETTER TO THE EDITOR

Ref: Nieto-Rodriguez, A. (2026). The Success Illusion: Why "On Time and On Budget" Tells You Almost Nothing; Reimagining Project Management for a New Era, series article 8, *PM World Journal*, Vol. XV, Issue VIII, August. Available online at https://pmworldjournal.com/wp-content/uploads/2026/08/pmwj167-Aug2026-Nieto-Rodriguez-The-Success-Illusion.pdf

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Dear Editor,

I agree wholeheartedly with the central thesis of Antonio Nieto-Rodriguez's recent article focusing on the value of a project's benefits when judging whether or not it has been a success. A project is only potentially worthwhile if the value of its outcome exceeds the value of the resources that are required for its delivery. As project managers, we should thus accept that the value of our projects' benefits should exceed their delivery costs and act accordingly. Realising this is an antidote to the temptation to fixate on the process of project delivery to the exclusion of all else.

However, I would like to add another reason why drawing conclusions from a simple comparison between a project's outcome and its cost objective is often inappropriate. To illustrate the point, we could consider the case of two project managers being asked to deliver the same project, one with a budget of £240,000 and the other with a budget £930,000. If their projects are both delivered at a final cost of £840,000, which one would be considered to have done the better job? The first would have overspent by almost 300% and, no doubt, be labelled as having failed. In contrast, the second would have returned £90,000 to the project's grateful sponsors. You might think that no project could be authorised with such different estimates. But you would be wrong; these numbers are simply disguised values taken from the 2012 London Olympic Games.

When the 2012 Olympiad was awarded to London in 2005, the estimated net cost stood at £2.4b. In March 2007, the UK Government revised the budget upwards to a figure of £9.3b. This included a contingency fund of £2.7b. The size of the contingency fund alone thus became higher than the original estimate! I remember watching the BBC current affairs programme Newsnight shortly after this, in which the Sports Minister, Richard

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Caborn, was asked why the estimated cost had risen by so much. His explanation was charmingly simple. The earlier costing had been designed to win the bid!

About a year after this, I was asked to review the risk analysis that had supported the original £2.4b estimate. The naivety of this analysis and the way in which the input estimates had been derived suggested that the review process had been less than rigorous. This prompted me to consider the role and interests of the various stakeholders that had been involved. These stakeholders were the London Mayor, the London Organising Committee of the Olympic Games (LOCOG), the UK Government and the consultancy companies employed to support the cost estimating process. When thinking though the interests of each one, I realised that all were motivated to produce an attractive bid and that none had serious cause to be wary of the risk cost escalation. The London Mayor, Ken Livingstone, had cut a deal with the UK Government whereby costs to London Council taxpayers would be limited to the original estimate. This meant that UK taxpayers would bear any additional costs.

However, an inside source told me that the UK government had expected the bid result to be an honourable loss to Paris, thus explaining why it had been relaxed about the cost estimate. The other two stakeholders were strongly motivated to win the bid and knew they would not foot the bill. LOCOG members, led by Lord Sebastian Coe enhanced their personal reputations through the process and the various consultancies capitalised on the new work generated both in London and, later, in Rio de Janeiro. When all decision makers are motivated to support a bid and none are concerned about the risk of winning, optimism bias is inevitable.

The 2012 London Olympics provides an interesting case in judging success or failure. The eventual net cost was £8.4b. Prior to the bid, there had been some opposition to the idea on the grounds of cost. Londoners were assured that that the costs would be modest: equivalent to the price of one Mars Bar per week per person. Most UK taxpayers outside the city would have been blissfully unaware that they would have to make up the shortfall. Since this shortfall eventually amounted to around £360 per the average family of four, they might have regarded the project as being a failure. However, this is not how the Games are remembered. They were delivered without last minute panics, were well regarded by the IOC and became a source of national pride. The objectives set for the schedule and quality points of the project triangle were achieved with aplomb.

With regards to the third point of the project triangle (cost), the UK government acted astutely when reviewing the budget. By changing the goalposts, it avoided future criticism and by creating a substantial contingency fund it enabled the project's management to handle emergent setbacks in a sensible and efficient manner. The return of some of this contingency to taxpayers then became part of the success story.

The 2012 London Olympiad is fondly remembered as a triumph of British organisational skills. However, its backstory serves as a useful example of how project objectives are influenced by politics. Whilst the Olympics is an example of a government project, personal incentives and internal politics can cause similar effects within companies. Many project managers will have experience of being set unrealistic objectives after a "successful" bid. In these circumstances, it is unfair to judge the project manager's performance by comparing the project's actual cost and completion dates with the baseline objectives.

Yours sincerely,

Martin Hopkinson

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