



## Willamette Valley Chapter Leadership Team

For more information about the Willamette Valley Chapter of PMI, contact one of the following individuals:

### PRESIDENT

#### ROBERT DAVIS, PMP

(503) 378-2101 EXT 354

Email: Robert.D.Davis@state.or.us

### VP MEMBERSHIP

#### CYNDI SMITH - (503) 378-3099

Email: Cyndi.S.Smith@state.or.us

### VP PROGRAMS

#### TARA HANSEN- (503) 378-2101 EXT 233

Email: Tara.J.Hansen@state.or.us

### VP PROFESSIONAL DEVELOPMENT

#### SHAWNMARIE FRAZIER - (503)378-2972

Email: Shawnmarie.frazier@state.or.us

### VP TREASURER

#### RODGER CLAWSON

(503) 378-3600 x2651

Email: Rodger.Clawson@state.or.us

### VP SPECIAL PROJECTS

#### LAER HAIDER - (503) 945-6049

Email: Laer.Haider@state.or.us

### VP INFORMATION

#### RAY MCKENNA - (503) 986-3681

EMAIL: ADMIN@PMI WV.ORG

### PAST PRESIDENT

#### John Doan - (503) 508-4863

Email: jadoan@comcast.net

### REGION 1 REPRESENTATIVE

#### BILL WARNER, PH.D.

(360) 354-6988

Email: bwarner@prism-media.com

### WILLAMETTE VALLEY CHAPTER, PMI

Post Office Box 766

Salem, OR 97308

Email: admin@pmiww.org

Website: [www.pmiww.org](http://www.pmiww.org)

## Software Project Status Reporting—What's wrong with Red, Yellow, and Green?

Following is part 1 of a 2 part article from Theresa Knox, PMP, Central Virginia Chapter PMI. We felt this would of interest to our members.

A study conducted by The Standish Group found that more than 275 billion dollars is spent each year in software development projects. The study further found that only 26% of projects completed on time and budget, 46% completed over budget and behind schedule and the remaining 28% failed before completing development. The cost of the failed projects an estimated 75 billion dollars (1). Of the projects that failed 74% inaccurately reported the project status. Project status is a key component for a well-run project. Status reporting is a communications tool to maintain the senior leaders' commitment to a project, report accomplishments, and request assistance for those thorny issues that need executive decisions. The importance of status reporting cannot be overstated yet how or why would project managers report an inaccurate status? The answer lies in reporting statuses using the Traffic Light status method of red, yellow or green.

The origin of the traffic light reporting is uncertain but seems to have gained its popularity in software project reporting during the Y2K preparedness status reporting (1). The intent of traffic light status reporting is to give busy senior management a quick intuitive assessment of the health of a project. The traffic light status reporting relies on the colors red, yellow and green to express the progress of a project. To determine status a software project manager uses a general rule of thumb. The rule of thumb for traffic light reporting defines a green status as everything is progressing on plan and budget. A yellow status is a state of caution where issues have slowed or moderately affected the budget and/or schedule. A status of red defines a project in distress where executive action is mandatory to resolve issues. The traffic light report gives senior management the option of taking a cursory view of the status green projects, to ask probing questions of a yellow status project, and allows them to devote full attention to resolving problems and issues of status red projects. Problems arise in the status reporting method when a project manager has an incorrect perception or bias of the true project status.

Software project managers have a difficult time in accurately perceiving the progress than do product project managers. For a product driven project such as, construction, it is easy for the project manager to view the construction site and determine the percentage of work complete. Unlike a product driven project, software projects are difficult to establish the exact completion of a task. A software project manager must rely on a developer's opinion for the percentage of work complete rather than visual inspection to determine the rate of progress. Issues arise with the developer's opinion of the rate of progress because they are focused and paid to develop not to track progress.

The result is that much of the work effort in the early stages of software development is in an unverifiable state of completion. To make matters worse, software development has a cumulative effect that can quickly turn a status green project red. The cumulative effect is not realized until the later stages of development when individual software components are

*(Continued on page 4)*

### Requests:

1. Please send your email address to admin@pmiww.org in order to receive timely messages regarding upcoming opportunities, and
2. If you no longer wish to have a paper version of our newsletter mailed to you, please let us know at admin@pmiww.org so we can use our financial resources and time wisely.

## April Lunch Program

Open Source in Business, Economics, and Project Management

*Jason McKerr, co-founder and operations manager for the Open Source Lab*

**When:** Friday, April 15, 12:00-1:00pm (Networking, 11:45)

**Where:** Red Lion Hotel, 3301 Market Street NE, Salem OR 97301

**Topic:**

Discussion of open source in business, economics, and more specifically project management.

- What are some key project management issues in Open Source deployment or development?
- How are disparate groups integrated and managed?
- Where and how is value created?

**Speaker Bio:**

Jason started out life as an economist and financial analyst. He found that he liked writing code a lot more and worked in various software development and development management positions throughout the years. Most recently he has started the Open Source Lab with Scott Kveton which hosts, among other things Mozilla, and conducts development operations as well.

He also works as a management consultant to industry, as technology planning manager for the Oregon University System, and is on the steering committee for the State of Oregon's Open Technology Roadmap Project which is creating a report for the Governor's office for aiding the development of Open technology resources and companies in Oregon.

Jason holds B.S. degrees in economics and finance he received from Boston College, and a Masters in Business Administration from Oregon State University.

Due to the expressed interest in this months presentation on Open Source, in an effort to ensure that we have enough seating and meals for everyone who wants to attend, please R.S.V.P. by sending a brief note to Tara.J.Hansen@state.or.us by **Tuesday, April 12**. This is only to give us an approximate total for the meeting, and it will help us in determining an appropriate room size. We look forward to seeing everyone on the 15th.

### Earn more PDUs!

PMI Willamette Valley has volunteer opportunities available. Volunteers can earn PDUs for their involvement. Current needs include:

- Program Planning
- Membership
- Information (Newsletter, Web Site Planning)

*For more information, contact [admin@pmiww.org](mailto:admin@pmiww.org) or any board member.*

# Membership Corner

## PMI WV Lunch Program

Third Friday of every Month  
 Red Lion Hotel  
 Time: 12 - 1 PM.

## April 2005

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13		15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

### Directions to Luncheon Meeting Location:

**From Downtown Salem:** Proceed east on Market Street, NE approximately 1.4 miles to Red Lion Hotel. Turn left to proceed into the hotel parking lot.

**From I-5:** Leave the freeway at exit 256, Market Street. Turn west onto Market Street, NE toward downtown Salem. Proceed to Red Lion Hotel. Turn right to proceed into the hotel parking lot.



### Parking:

Parking is available in the parking lot behind the building.

## Calendar of Events

### April 2005

- 5 PMI Board Meeting 12:00-1:00pm  
Revenue Building Cafeteria
- 15 PMI WV Lunch Program, 12:00-1:00  
Location: Red Lion Hotel  
3301 Market Street NE, Salem OR 97301  
Open Source in Business, Economics, and Project Management
- 21 Eugene PM Roundtable 5:30-7:15 pm  
Location: Symantec 555 International Way, Springfield OR 97477

### May 2005

- 4 Central Oregon PM Roundtable 5:00-7:00 pm  
Location: Alliance Data Systems, 1001 Disk Dr.  
Bend, OR 97702

Breakfast Roundtable for Portland, PMI Chapter is held on the first Friday of every month Location: Mentor Graphics in Wilsonville.  
 Contact Person: George Walker (Director of Breakfast Roundtables)  
 Contact Email: [georgewalker0614@aol.com](mailto:georgewalker0614@aol.com)



## Software Project Status Reporting

*(Continued from page 1)*

integrated into the single application. Only after integration can the true extent of problems be identified. Unfortunately, integration is where there is the most impact to the cost and schedule to resolve problems. It has been estimated that the cost of fixing a software problem can be 50 to 100 percent or more than the initial development cost.

### **What are the chances of reporting inaccurate software project status?**

Snow and Keil (2002) conducted a study to determine how software project managers perception and bias affect status reporting using the traffic light status method. The study used project risk to evaluate the likelihood that the correct status would be reported. The researchers assumed that projects with low risk meant the project was less complex, therefore an accurate status report was more likely to be reported. A Medium risk project implies an increase of complexity and an increased likelihood that the project manager will report an incorrect status. High-risk projects have high complexity, so were assumed to most likely have an incorrect status.

The researchers asked risk managers experienced with software projects to evaluate the most likely status of projects in each of the risk levels to validate the study's assumptions. The risk managers determined the most likely project status based on risk. The risk managers determined that:

- Low risk has a 50% chance of being green and 50% of being either yellow or red
- Medium risk has the same risk of being green, yellow, or red
- High risk most likely is red followed by yellow then green

*This is part one of a two part series. Part two will be presented in next month's edition of PMIWW Newsletter.*

### **References:**

1. Andrew Snow, Mark Keil (November 2002) - The Challenge of Accurate Software Project Status Reporting: a Two-Stage Model Incorporating Status Errors and Reporting Bias, *IEEE Transactions On Engineering Management*, vol- 49, No. 4 pg 491-499.