Hiscox global technology review

CHANGE MANAGEMENT - THE SILENT PROJECT KILLER

INSIDE

WHO'S ACCOUNTABLE FOR IT FAILURE?

ENGAGING EMPLOYEES IN IT-DRIVEN CHANGE.

FIXING THE FAILING PROJECT.

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Issue 5

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Introduction

When proposing that this issue should be on the real causes of project failure, dissenting voices suggested that the causes of failure are well known and well documented. If that is the case, why then do so many projects still fail to deliver all or substantially all of the value that they planned to deliver?

One of the principal causes of project failure – which is so often overlooked as the root cause – is a failure in change management. Time and time again projects fail not because the concept or technical solution is a bad one but because the supplier and/or customer failed to:

- manage communications with affected staff;
- engage staff in the design from the outset;
- ensure that staff understood what was in it for them;
- appoint the right people to manage the project or design the system;
- ensure that senior management are seen to actively sponsor the change and walk the talk;
- reinforce the changes after the delivery phase of the project is completed;
- empower the CIO with the necessary authority (and accountability) to deliver change.

In this issue, we have invited some of the most respected and prolific writers on the topic of project failure and its root causes. Michael Krigsman sets the scene with an overview of why projects fail and provides some real examples of the devastating impact a failed project can have on a business. Barbara Kivowitz then examines the role of employee engagement in the successful delivery of projects. Finally, Todd C. Williams, author of 'Rescue the Problem Project: A Complete Guide to Identifying, Preventing and Recovering from Project Failure' provides an excellent article on the extreme care and attention required to rescue successfully a failing project.

Our sincere thanks go to all three contributors with special thanks to Michael Krigsman, whose invaluable support in creating this issue is acknowledged.

As always, we hope this issue is both thought provoking and, above all, of practical use to suppliers and customers alike. None of us want projects to fail. With greater awareness of the root causes of failure, we may get some way to achieving that goal.

With best wishes,

Jim Whetstone

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01: Who is accountable for IT failure?

Michael Krigsman

CEO, Asuret Inc., a consulting company that helps organizations run better business transformation initiatives, including cloud computing.

IT failures are causing precipitous drops in earnings and in some cases, prompting armed guards to protect executive suites. It's a management crisis of serious proportions – and has been largely ignored. Here's what senior executives need to know – and do – right now.

01: WHO'S ACCOUNTABLE FOR IT FAILURE?

It's a sobering statistic: nearly 70 percent of IT projects fail in some important way, putting the economic impact worldwide at three billion dollars, which corresponds to 4.7 percent of global GDP. And it's a universal problem: setbacks span the public and private sectors, occur in all industries, and often result in substantial economic and productivity losses.

Just look at these CRM failure statistics for the years 2001-2009 – the numbers tell a story of serious problems related to IT project delivery:

- 2001 Gartner Group: 50%
- 2002 Butler Group: 70%
- 2002 Selling Power, CSO Forum: 69.3%
- 2005 AMR Research: 18%
- 2006 AMR Research: 31%
- 2007 AMR Research: 29%
- 2007 Economist Intelligence Unit: 56%
- 2009 Forrester Research: 47%

In virtually every case of failure, management fails to anticipate serious problems. Even in cases where problems are likely, IT failure is too often considered business-as-usual, with executives throwing their figurative hands in the air, in surrender to chance or bad luck.

IT failures happen...

When managers exercise insufficient judgment, possess too little experience, hire the wrong people, ignore warning signs, and, crucially, fail to involve affected employees in a way that eases the path to success.

Why IT projects fail

Although tempting to blame project managers for failure, we must point attention to senior executives for allowing the conditions for failure to exist in the first place. The underlying reasons fall into three categories:

1. Unrealistic and mismatched expectations;
2. Conflicts of interest among customers, vendors and integrators;
3. Corporate organization structure that conspires toward failure.

Unrealistic and mismatched expectations.

Too many executives expect technology magically to solve business problems, an almost delusional misconception that leads to unhealthy risk. Dr. Paul Kedrosky, a well-known investor and economics writer, explains why: "software is super malleable and appears to create infinite productivity," he says, "which creates a nearly perfect trap for senior executives."

Health care business services provider, MedSynergies, fell into this trap when it purchased software from Lawson Software. The ill-fated relationship ended in a lawsuit when MedSynergies sued Lawson and hosting provider, Velocity Technologies, claiming the companies:

"Conspired to lure plaintiffs into onerous, long-term software, hosting and services

> "Although tempting to blame project managers for failure, we must point attention to senior executives for allowing the conditions for failure to exist in the first place."

contracts and then simply failed to perform," the complaint said. "When their software did not work, defendants piled up the services, charging hundreds of thousands of dollars in 'consulting fees' to fix the problems they themselves created."

Although there are two sides to every story, it's clear the parties had sharp differences of opinion regarding software capabilities and implementation process.

In another case of mismatched expectations, farming organization Woolf Enterprises sued ERP supplier Ross Systems over a failed implementation. Woolf's lawsuit states that Ross made: pre-sale promises…that its software would fit Woolf's needs without major

tweaks, save for a 'grower accounting module…' Moreover, while Ross promised it would develop the grower accounting module at no charge to Woolf, it never had any intention of doing so, according to the complaint.

Forensic financial analyst and blogger Francine McKenna adds, "We let business off the hook because IT is complicated." In both the previous examples, the lawsuits are rooted in business, rather than technology, disputes. However, when technology is involved, many executives relinquish accountability they might otherwise retain.

Although technology itself plays a role in some IT failures, far more

often the problem is connected with the customer's inability to cope with organizational change, conflicts with vendors, lack of training and other management issues.

Conflicts of interest among customers, vendors and integrators.

Implementing enterprise software typically involves multiple groups, each with its own set of interests, goals, and measures of success. For example, when IBM faced lawsuits in the Philippines over a failed government project involving the company's DB2 database product, tensions rose among the customer, IBM, and the system integrator. All three parties pointed fingers at each other in a series of public accusations.

Similarly, when California's Marin County sued Deloitte Consulting and SAP for fraud, it became clear how conflicting goals and agendas among customer, software vendor, and system integrator could drive failure rather than success on business transformation projects. The Marin County case is a glaring example of a concept we can call the IT 'devil's triangle'.

The 'devil's triangle' principle explains that: three parties participate in virtually every major software deployment: the customer, system integrator or consultant, and the software vendor. Since each of these groups has its own definition of success, conflicts of interest rather than efficient and coordinated effort afflict many projects.

The 'devil's triangle' explains how

economic pressures can drive software vendors and system integrators to act in ways that do not serve customer interests. It also offers insight into the ways some enterprise software customers damage their own projects.

Many IT projects succeed or fail based on how the three groups manage built-in tensions among themselves. The likelihood of success increases when each group aligns goals and expectations in a spirit of cooperation and mutual benefit. Conversely, implementations fail when greed, inexperience, or arrogance emerge as prominent motivations among participants or stakeholders.

Corporate organization structure that conspires toward failure.

Since most CIOs don't have the board-level status of other business leaders, they lack the ability to marshal crucial resources that could dramatically improve the likelihood of IT project success. Executive Director of the Center for CIO Leadership, Harvey Koeppel, believes that many companies treat IT as a second-class citizen: "Instead of integrating IT into broader business activities, many organizations position IT as a technology black box."

In my experience talking with a variety of organizations, it is clear that executive attitudes toward the CIO vary substantially. While some organizations treat the CIO as a strategic senior executive, many companies relegate IT to substandard status and prestige. The extent to which the CIO participates as

a peer with other executives in decision-making and external communications is a clear differentiating factor in companies reporting success with IT projects. SAP's Oliver Bussmann, is an example of a CIO who is fully integrated at a strategic management level in the company. In addition to running a global IT shop, Bussmann serves as one of the company's top external voices.

I asked him to explain why this is important: "Today, IT is much more than just a cost center. As CIO, you must remain ahead of new trends, know what is coming, and work out how you can implement without disruption.

The consumerization of IT is the driver for many business decisions today, so the CIO must be a business front-runner and leader, rather than a follower. SAP Global IT is one of SAP's best customers and I share those experiences on our blog. In addition, I have built up many customer relationships via social media channels, which have become an essential business communications tool."

To the extent that IT is disconnected from lines of business, the conditions for failure become intensified. For many organizations, the challenge lies in putting ideals of communication and collaboration into practice. As with all culture change efforts, bringing together IT and the business requires a shared commitment extending over a lengthy period – there is no quick fix.

When discussing this issue with the former federal CIO of the United States, Vivek Kundra, who is now Executive Vice President of Emerging Markets at salesforce.com, he responded: "Even if every IT project in the public and private sectors were successful, end users would still be unhappy with the result. In general, these projects are not designed for today's social era and do not deliver direct value to end-users. There is a huge disconnect between what technology builders create and the value that end-users demand."

It is no coincidence that both these leaders raised the issue of communication when discussing how to overcome

structural impediments to IT success. The innovative CIO of Seton Hill University, Phil Komarny, agrees:

"To reduce failures, we must break down the walls between IT and business constituencies, to make everyone a stakeholder and align interests around the table. By engaging in a more social and collaborative dialog with line of business peers, the CIO can bring greater transparency to the entire IT process."

> "...far more often the problem is connected with the customer's inability to cope with organizational change, conflicts with vendors, lack of training and other management issues."

Risk and accountability

While executives cannot anticipate every risk, current standards of accountability are clearly too low. The incidence of failed IT projects, leading to dramatic examples of waste, remains high and there is little cause to assume this situation will change soon.

Author and Suffolk University ethics professor, Lydia Segal, sees the result as 'economic abuse' on the part of company executives. "Disregard for successful outcomes is the unintended, if frequent, consequence." she says. "We expect senior management to be financial stewards on all matters of material importance, including large IT projects."

And those who assess corporate risk agree. One of the UK's top authorities on managing risk, David Hancock, also refuses to excuse failures, saying, "Executives who do not protect this value are negligent in their duties. Failing IT projects can rapidly erode shareholder value and company reputation."

As evidence, look at these few examples, which do not even scratch the surface of IT failure stories:

- In March 2012, United Airlines changed a variety of ticketing and web systems as part of a merger with Continental. Problems arising from the upgrade caused prominent sourcing blog, SpendMatters to comment on the impact to United's best customers: "across the globe, frequent flyer chaos, even for top-tier flyers, has ensued as a result."

- The National Health Service (NHS) IT failure, a massive project, has ongoing ramifications for system integrator CSC, which is currently negotiating with the UK government. Earlier in 2012, the company was forced to

> "The more the board is seen actively sponsoring the change,
> the greater the acceptance of the change among the employees."

write off almost $1.5 billion resulting from its participation in the ill-fated National Programme for IT (NPfIT).

- In 2010, publicly traded wood retailer Lumber Liquidators announced a 45 percent drop in earnings, due to 'reduced productivity' associated with its ERP deployment.

- In the UK, in 2010, system integrator EDS was forced to pay £318 million ($460.3 million) to British Sky Broadcasting (BSkyB) to settle another CRM failure case.

- In 2008, clothing giant Levi Strauss reported a 98 percent drop in net income due to problems with its SAP implementation.

- Also in 2008, retailer J. Crew reported weak earnings due to problems deploying a new CRM system and website.

- In 2007, Arizona State University had to bring in armed guards on payroll days, due to problems with an Oracle system. One can only imagine the reputation damage to the university when the Wall Street Journal published that story.

Advice for management

IT failures are a by-product of poor management practice and can be prevented. Organizations committed to change and improvement should consider these points carefully.

Make your CIO an equal partner in the business.

If he or she doesn't measure up, then find a replacement. Many sophisticated CIOs seek a 'seat at the table,' hoping to forge a genuine partnership with business peers. However, not all CIOs possess the experience and understanding needed to discuss business issues at that level. For the good of all concerned, senior executives should invite the CIO to participate in strategic discussions while demanding that IT play a user- and business-centric role.

Enlist the board behind your effort to improve.

The size and scope of many IT initiatives requires approval from the board of directors. Too often, the board is so far removed from IT projects that members do not fully understand the risks and practical realities of complex project execution. Enlist the CEO to champion IT change at the board level – do so by

considering the aggregate IT budget and making the strategic relevance of IT to the business as a whole. The more the board is seen actively sponsoring the change, the greater the acceptance of the change among the employees.

Take control of change management, the silent killer of IT projects.

Despite lip service to the contrary, most organizations treat change management as a relatively low-priority activity. As a result, change budgets are low and companies do not invest adequately in engaging employees at early stages of change or properly training them to perform new processes.

Define success and failure metrics; track progress over time.

Many IT departments track key performance indicators such as system uptime and user logins. However, these technical measures do little to address the underlying reasons for IT failure. Instead, develop metrics related to user satisfaction, collaboration between

business and IT, and senior management support for IT delivery.

Acknowledge failure when it happens.

Sweeping a mess under the carpet won't fix it. Transparency can be painful at first, but it also encourages trust and enhances long-term credibility.

CIOs should take personal control to assess and track the buy-in of employees to ensure they:

- are aware of the need for change

- possess the desire to change

- understand what they must do to make the change

- possess the necessary new skills to enable them to handle the changed way of doing things

- reinforce the change over time.

Conclusion

Responsibility and accountability for IT project success or failure lies with senior management – transferring blame to project managers or third parties is ultimately a misguided effort that will not solve this massive problem. It is time for the business community to expose IT project failures as an important source of economic waste and take steps to fix the problem.

02: Engaging employees in IT-driven change.

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If you build it, will they use it?

One of the most formidable challenges an organization faces when implementing new technology is simply getting employees to use the tools and the new processes they support. Senior management budgets for development and implementation costs and some software training, but typically under-invests in the change management efforts needed to engage employees in turning technology into the strategic transformation the business expects.

In the 1989 film, Field of Dreams, an Iowa farmer hears a voice insisting he build a baseball diamond in his cornfield. The voice tells him, "If you build it he will come." Luckily for this struggling farmer, tearing up his crops to build the baseball diamond proves to be the right strategy. The ghosts of a popular but infamous 1919 baseball team show up, and endless streams of people arrive to pay to watch them play. The farm is saved, and dreams do come true.

"A change management strategy centered on different approaches to employee motivation is needed."

For organizations, the parallel notion of 'if you build it, they will use it' has similar, compelling authority in too many large scale IT projects, but unfortunately without the magical results. Management introduces new IT systems to support their strategic directions – from data entry to cloud computing. They anticipate that explaining the need for the change, along with rolling out a package of technical training, will enlist employees in rapid adoption and high-value use.

The truth is that if you build a new IT system, some early, entrepreneurial adopters will use it to its full capacity, and even innovate new uses; many will wait, often quite a while, to see if it sticks and how others use it; most will use it at its lowest common denominator level – the level that meets their minimum daily work requirements; and some will plainly resist. In addition, many employees will simply continue to use the old system and bypass the new one altogether. The result is that data winds up bifurcated or duplicated among systems, which is wasteful, costly, and a harbinger of failure.

IT organizations, including CIOs and project managers, often pay insufficient attention to truly motivating business users and sustaining broad adoption. Motivation is, too often, equated with informing, and while important, this alone is not sufficient. Adoption tends to be an initial focus of investment, but is typically not seen as a longer-term activity to advance continuous engagement and higher levels of use. A change management strategy centered on different approaches to employee motivation is needed.

Employees as customers

Underestimating the impact of technology-driven process change on employees is a key factor in IT project failure, even when deploying excellent technology. Overcoming this problem requires a well-constructed change management strategy that understands that the employee is a valued customer, one who, like external customers, has aspirations and loyalties, wants direct benefits from the product, and is part of a system of complex social networks that influence his/her thinking and behavior.

We know from contemporary models of customer relationship development that customers are affected by three primary drivers. These same drivers need to be

applied to employee adoption of new technology.

WIIFM – the product needs to solve a real problem or deliver unanticipated, desirable value.

- P&G's swiffer product line made household cleaning easier, and within five years after its introduction, had earned a 75% share of the quick-clean market and revenues of $750 million a year.

- Apple's iPhone took consumers so far beyond the first tier value of using a touch screen to make a phone call that it delivered unanticipated value, and delight.

Engagement – it used to be the case that the organization constructed the experience, and the customer participated, or not. The customer experience has shifted from mere consumption to co-creation.

- Threadless, an online t-shirt company started in 2000, used a crowdsourcing, community-based model to solicit designs and engage consumers in an ongoing way. By 2008 they had $30 million in sales and a 30% profit margin.

Social networks – the relationship consumers have with a company or a product is not a binary one. The decisions consumers make are influenced by the many complex social networks that are part of their personal and professional worlds.

- Yelp is an online social networking and user review website on which 54 million visitors share opinions, read reviews, and engage with each other – in the service of making choices among an ever-expanding volume of options.

Drivers of employee adoption of new technology

If we regard employees as customers of new technology and processes, we can apply these drivers to their experience to create more embedded motivation for
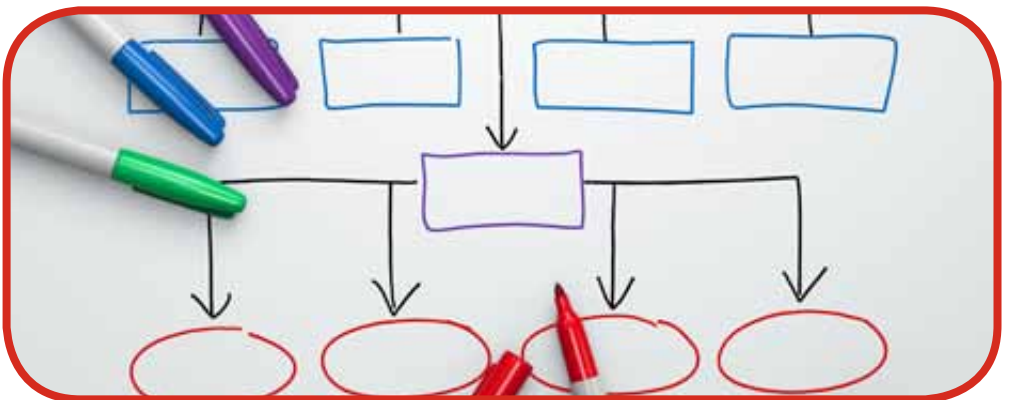
> "The value of WIIFM (what's in it for me) in encouraging employee adoption of new processes and technology can hardly be overstated."

technology adoption. When activated, these drivers offer a foundation for deriving expected value from business transformation initiatives.

WIIFM

The value of WIIFM (what's in it for me) in encouraging employee adoption of new processes and technology can hardly be overstated, but is often misunderstood, in two important ways.

IT-driven business transformation not only requires employees to learn a new tool (which can be challenging), it also enlists employees in the strategy the tool is supporting. This represents significant change in the employees' daily work experience. Too often businesses present the organization's WIIFU (what's in it for us) as if it were equivalent to the employees' WIIFM. What's in the best interests of the business may not be persuasive to employees.

A consumer goods company introduced new call center technology to make employee/caller interactions more visible and provide more incremental measures of effectiveness to support the business goals of improved efficiency, customer satisfaction, and cost savings. However, these benefits to the company did not have the same meaning to the employees who feared that this improved awareness could result in punitive measures, not benefits. A pattern of less than effective use settled in for many months until management invited groups of employees to provide feedback. It soon became clear that more technical training was not necessary. What was needed was to put in place a system of incentives for productivity that reinforced realistic expectations, along with reassurances that data would be used for instructional purposes, not punitive ones. When the company finally discovered and responded to the employees' WIIFM, rather than continue to reiterate the corporate WIIFU, the results were rapid.

The second misunderstanding is that too often the WIIFM is equated only with money. Many companies give employees a bonus for advancing to higher levels of certification with a system. While this can be effective for a subset of employees, it is important to recognize that incentives for technology adoption can take many forms: formal and informal status elevation, career advancement,

availability of learning and growth opportunities, access to expertise and/or senior management, recognition in social networks, increased ability to influence future directions, and contributing to a higher good.

Recognizing the importance of the WIIFM factor and matching the incentives to the people are necessary elements of shaping genuine and long lasting change.

Engagement

Engagement of employees in decision-making is a significant element in creating successful change. Employees are far more likely to embrace change when management invites their meaningful participation in making decisions and shaping the change.

However, management may fear that engagement means decision anarchy and information inundation. To mitigate these concerns, it is necessary to develop appropriate strategies and protocols so that employees clearly understand how they can best contribute.

The first set of protocols should address the areas in which inclusion is being sought and the authority that attaches to that inclusion. Inclusion scope could be about product selection or design, or about process development. Inclusion authority could be at the level of actual decision-making, or it could be at the levels of: data gathering, reviewing options, providing feedback, and co-designing deployment or training processes.

The nature of employee engagement needs to match the organizational culture, the need for accelerated adoption, and the impact the new tools and processes will have on employees. The more inclusive the culture, the more critical rapid adoption is, and the greater the impact on employees - the higher the level of engagement mechanisms needed. At one medium sized design firm, known for its highly democratic, consensus-driven culture, employees were included in deciding what CRM technology was to be purchased and worked directly with the vendor to customize it.

Judicious use of social business tools such as wikis, blogs, and collaborative workspaces can promote transparency and inclusion. These tools can be used to

"Employees are far more likely to embrace change when management invites their meaningful participation."

solict broad-based input, poll employees, and gather survey feedback.

Leadership can also act in deliberate ways to deepen engagement. A high-impact intervention leaders can make is to reach out directly to stakeholders and employees and personally explain, listen, and respond. This emphasizes the importance of the change and of the role of the employee. Although concepts and styles of leadership shift, when change is urgent and transformational, there is no substitute for direct dialogue with the people affected.

Another often over-looked engagement tool can be the judicious use of honest fear. Although awkward to discuss, fear often lies at the heart of technology transformation. Fear says, "If we don't make this change, we will suffer serious consequences, won't be competitive, will lose market share, won't attract top talent, or we will be forced into layoffs."

In many situations, these fears are realistic and underlie the necessity for business transformation. Nonetheless, senior management is often reluctant to introduce fear into change communications to avoid demoralizing employees. However, the harsher truths (when balanced with hope) can be important motivators of behavior change.

When management pulls back the curtain to show employees not only the benefits of the change but also the negative consequences of remaining static, employees may respond to the full honesty and rally, and even come up with their own innovative solutions. When combined with careful messaging and a clear strategic context, fear is a truthful message that can help engage employees in change.

Social networks

Social networks consist of formal and informal connections among people across boundaries and outside of hierarchies. Although employees belong to a team and department, their social systems also include trusted colleagues, go-to experts, connectors (who forge relationships), activists (who make

things happen), and people outside the organization. These social networks can become dynamic channels for quickly disseminating information and driving change. Smart organizations access these social connections to accelerate communication among workers involved in business transformation projects.

One approach to using the power of social networks is to identify key social connectors - those who serve as 'hubs' and regularly connect to many others. By engaging them as change activists, you can set in motion waves of influence that can more rapidly foster broad acceptance across the organization.

One large health care system was in the process of rolling out an electronic health record technology throughout its hospitals and ambulatory practices. The second biggest obstacle was the complexity of the technology and the medical coding structures. The biggest obstacle was clinician resistance to having technology intrude into their time with their patients.

It became apparent that some pockets of advocacy were emerging. Some clinicians were beginning to realize that sharing health information was improving the patient experience and fostering a more team based approach to care. These clinicians were informally influencing their immediate colleagues into being more open to working in this new way. Eventually, these clinicians were recognized and more formally elevated to the status of 'super users' and were tasked to influence, educate and support their colleagues. The

informal social network was appreciated and transformed into a more deliberate network of influence.

Conclusion

The impact of IT driven business transformation initiatives on the daily work experience of employees can be significant. Change management that approaches employee motivation through a customer lens needs to be an essential component of these projects. Motivated, engaged employees can accelerate and even expand the value the business expects to derive from its investment; conversely, the behaviors of disenfranchised employees, even well intentioned ones, can result in serious delays and derailments.

When employees are seen as valued customers of new, internal products and services and are engaged in benefitting from and shaping the experience of change, not only does the likelihood of project success increase, but the good will and motivation of the work force become available for additional value creation and innovation.

Without a well-designed change management plan that motivates employees to use the new IT systems and the processes they support, the risk of expensive IT failure rises dramatically. Change management needs to be integrated as a key element in all successful IT-driven business transformation strategies.

03: Fixing the failing project.

Todd C. Williams

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Understanding the problem's scope

A project falters; the project team scrambles looking for a fix. Some succeed in correcting the issues, most do not. The best they are able to do is to apply some process as contingency. Unfortunately, the project's stumble is only the first of many ill-fated steps. Failure's relentless gravity pulls the project closer to a painful termination. This predictable plot assumes that the original obstacle causing the stagger was due to the project and under their control. Unfortunately, projects are only part of a much larger system. That system, whose major constituents are the organizations around the project, has a much greater effect. Without addressing the problem project in a holistic approach, band-aides, bandages, and plaster casts are the tools of recovery, where new pavement on smooth ground would properly address the root cause.

Before we can proceed down the path of recovery, we must admit there is a problem and it will require more than the people that created it to identify and solve it. Pride, ego, emotion, denial, and inertia bias our view of the situation. Where the objective views of others are invited, the chances of rescuing the project are far higher.

Executive's contribution to project success

Few would question that executives are responsible for aligning projects with the corporate strategy. These senior level advisors must also ensure these initiatives continue to support these goals as business conditions change. To achieve this, executives must be engaged with the project—from inception and continually monitoring the project throughout its life. This requires more than ensuring the project maintains its scope, schedule, and budget; projects must deliver value. Too many projects start with the inspirational support of upper management, but as the project progresses, executives disengage, unable to see or straighten out the misalignment. This wastes company resources and hinders its ability to deliver.

Reaching for the latest technology - the shiny ball syndrome

Too often, project teams (both customers and suppliers), become enamored by numerous non-critical features, the shiny ball of new technology, or excessive process and drift from the project's strategic aims. The project executives (everyone from the sponsor, portfolio managers, PMO directors, up to the CEOs) need to monitor and guide projects to maintain their alignment, while the project manager shepherds the project within the approved scope, schedule, and budget.

Value and the executive

Executives have the responsibility of maintaining a focus on supplying value. Understanding the customer's business is critical to accomplish this. Rather than pedantically ensuring project charters, work breakdown structures, risk registers,

> "Too many projects start with the inspirational support of upper management, but as the project progresses, executives disengage, unable to see or straighten out the misalignment."

and the like, are complete to an arbitrary standard, senior managers need to make certain their contents indicate that the project is delivering the appropriate value. This goes far beyond the question "Is this document complete?" The question needs to be, "Does the document's content add value?" If the document fails to do this, the project is heading in the wrong direction. Project executives need to continually monitor value using all means available and realign projects that are not providing value or cancel them.

Value is a subjective measure. Mathematical models fail to capture it—value is not a ratio of what has been expended on the project compared to expectations. An undertaking can nicely meet those parameters and never meet the customer's needs. Rather, value is the sum of the tangible and intangible, measureable and immeasurable benefits.

Tighter supplier-customer integration

To increase the project's value, tighter integration between the customer and supplier is paramount. The most effective method in achieving this is enabling the project team to be involved with the customer at the project's inception— months before a project team is normally assigned. Whether an internal or external project, early engagement with the customer highlights subtle but important distinctions in the requirements. In many cases, the limiting factor is the project team's management. They focus on the short-term expense or are concerned about individuals stepping outside their roles and interacting with a customer.

Addressing project rescue with logic

Unfortunately, due to inadequate executive leadership, projects fail. They fail at an alarming rate. The solution is the methodical, calm approach of auditing the project's current state, analyzing the options to make it successful, negotiating a new approach, and implementing the new plans.

Gathering the data

The first step, a project audit, acquires the data to drive the project rescue.

Like the well-accustomed financial audit, this phase is an objective, non-judgmental data gathering exercise. Few, if any, actions are taken. The positive unintended consequences of the audit are: increased communication and reduced chaos.

Analyzing the information, the second step, identifies the root causes of problems, and formulates a recovery plan. The most critical work is associating problems with their sources so the originating flaw may be addressed and fixed. Correcting the root problems eliminates them from affecting this and other future projects. Unfortunately, in the mayhem, haste, and short-term concern of the cost for fixing most projects, this essential step is sacrificed. This is a key management oversight that inhibits learning from our mistakes.

The project's new plan

The recovered project's plan is necessarily different from the original. Something on the project must change, time has been lost and money spent, one or both are over budget; otherwise, the project would not in the red. Stakeholders will need to approve the changes. Therefore, the third step is negotiating and approving the new plan. Gathering an understanding of the problems, identifying the root causes, and developing plans to address them, gives the negotiation critical information. First it lends creditability to the negotiation that the new solution is better than the original and, most importantly, it provides that quantitative data of the effort required. Once the negotiation is complete, the

Unfortunately, due to inadequate executive leadership, projects fail.

root causes can be addressed and the new plans executed. Addressing the root causes prior to re-launching the project makes it run like any successful project.

The rescue is its own project

Thinking of the recovery as a project itself requires that you understand and acquire stakeholder agreement on the rescue's deliverables. Hence, there are actually three projects in every rescue effort. The recovery project is sandwiched between two other projects—the failing project and the new successful project. The recovery process generates multiple corrective actions that will predicate the new successful project. Corrective actions are a major and often overlooked recovery project's deliverable. Properly applying these corrective actions solves the problems so they will not reccur on this and future projects.

Experience shows that most problems have little to do with the project's internals. The most common are related to the organizations that are responsible for the project. How the project was

conceived, its size and complexity, inadequate managerial support, or the organization's lack of discipline or draconian policies and procedures are by far the most critical in dooming a project. These problems need to be fixed in the organization, rather than in the project and require a leadership that allows them to be corrected.

To understand the depth that you must go to identify and solve the root cause, we can look at a common issue for system integrators. Integration projects often get into trouble because they assign people with inadequate skills do the work. There are two commonly perceived solutions to this problem:

1. train team members in the required skills; or

2. replaced them with appropriately trained resources.

Ignoring the excessive cost involved, this fails to address the problem. In the audit, the recovery manager must understand why resources with improper skills were assigned to the project. It is surely not the individual's fault. A combination of policies generates this problem.

For example, companies that do system integration must keep their staff billable, therefore they have rules to use all internal resources before bringing in outside help. The policy, however, to train those internal staff to ensure they have the right skills is usually missing. To solve this, leadership must factor training into the organisation's overhead or the project's time and budget. By omitting

it, they will bid a lower price, overlooking the obvious obstacles of attempting to complete the project with deficient resources. The result is another failed project.

Leading your leaders

At this point, many would throw their hands up in despair, surrendering to the notion that only executives can fix the problem. Executives do not have an exclusive on leadership. Leadership is a trait that all of us should be honing—regardless of our organization's culture. If the organization's leadership is faltering, a little upward leading is necessary. Four of the rules for leading up are:

1. **Be dispassionate.** Objectivity is paramount. Passion is what everyone says they want, but when solving problems, emotions flare. Sticking to the facts builds confidence and averts angry interchanges. Remove any bias, by making sure the pros and cons are objectively laid out in a logical, decision-making manner.

2. **Explain the problem.** As so elegantly said by NASA's Mr. Wayne Hale[1], "remember that your leaders are not very smart." Assuming your leaders know the detail, or even the subject, of the issue you are addressing is a fatal mistake. You know every intimate detail of what you and your team are working on; your leaders do not, nor should they. They need the problem explained in concise, high-level, decision-making terms so they can give informed direction.

3. **Tell your leaders how to solve the problem.** Always have two or three viable solutions to escalated problems. Their job is to make decisions rather than figuring out all the workable solutions. They hired you to come up with the options.

4. **Ask your leaders for clarification and mentoring.** If you and your team are having trouble establishing a set of practical solutions, ask for guidance. Although your leaders are often far from the technical aspects of your job, they once were doing what you are now, maybe with a typewriter, but they were there. They have a wealth of experience. Remember the adage, "old age and treachery will out maneuver youth and skill."

All of us must mind these principles.

Conclusion

Organizations excel when their projects are successful. To turn the ever present project failure problem into continued success, we need to take a deliberate, methodical approach to rescuing them. Look beyond the reaction to band-aid the project in an effort to get to a rapid completion and focus on solving the root causes. This requires a new attitude. A culture that realises that we must change how we conduct business, dismantle organisational silos, and use each failure to generate innovative solutions. By doing this, each failure becomes a gold mine for improving organisations.

[1] http://ntrs.nasa.gov/archive/nasa/casi.ntrs.nasa.gov/20080014349_2008014369.pdf

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