**Dr. Engelbert Wimmer**

# MISSION POSSIBLE: REPLACING THERAPY SESSIONS WITH MANAGEMENT MEETINGS.

## Projects are a key part of business life – and yet two thirds of them fail partially, and one sixth completely.

Whether it's large-scale, international product development, an IT initiative, a reorganisation or relocation, or something as seemingly simple as defining KPIs: most of us are more or less permanently involved in at least one project. That means that projects are a consistent factor in our lives, and yet so many fail. Why? And how can failure be avoided?

Given their omnipresence, it would seem sensible to reflect on why, despite having become a normal part of everyday life, so many projects go wrong. Depending on which statistics are used

and which timeframe is applied, around two thirds of projects are completed behind schedule, at a higher cost, or without the results originally envisioned; around one sixth of projects are complete failures. To make the issue easier to grasp, in this essay we will be focussing on projects of a significant size – i.e. of special importance and defined as "mission critical". We call them "elephants" because, if they're allowed to, they have a tendency break loose and go on disorientated rampages through entire companies, by which stage it is too late to put them down – and, mysteriously, their original handlers have slunk away into the swirling dust …

In the following, we will be concentrating on the following issues:

# 1| NO RISK, NO RESULT: PROJECTS CAN (AND DO) GO WRONG

## | > PROJECTS ARE UNCERTAIN BY NATURE

Projects are problem-solving activities in which dealing with unforeseen events is actually the norm: approaches to solving problems are always about initiating change, and change can bring forth a variety of reactions, from fervent support to bitter resistance. Projects also have a habit of going far further than preceding initiatives and involving people from a range of areas; projects can even extend beyond companies and have both internal and external effects – which is grounds enough for projects to be considered generally risky undertakings.

Just a few examples of public projects, financed with taxpayers' money and thus the source of much justified indignation, will suffice to demonstrate the sheer dimensions of the risks involved.

### EXAMPLE 1: Berlin Brandenburg Airport

The planned costs of this disastrous, never-ending project have climbed from the 1.7 billion Euros originally envisioned in 2004 to a whopping 5.1 billion in 2014 – and it is already clear that the ceiling has not yet been reached. This is the airport from which, to date, more project leaders have departed than actual passengers.

**EXAMPLE 2: Airbus A380**


Development costs for this albatross of a plane were slated at around $10.7 billion. Today's estimates, however, put those costs at about $16 billion. To put that in context: the unforeseen rise would have been enough to finance a major piece of infrastructure like the Berlin-Brandenburg Airport disaster mentioned above.

**EXAMPLE 3: Elbphilharmonie Hamburg** | After initial assessments back in 2005, Hamburg agreed to costs of 77 million Euros. On 23rd April 2013, Olaf Scholz, mayor of the northern German city, announced that total costs would run to 789 million – despite the fact that no-one can really claim to know what the overall price tag for this opera house will be.

And if you think this is just Germans botching big jobs, then think again: Airbus is a pan-European company, and a brief glance at overdue or unfinished projects in any country will suffice to show that this is a truly international issue.

**EXAMPLE 4: Sydney Opera House** | From one opera house to another: architect Jørn Utzon was fired in 1966 after, at 100 million Euros in today's money, the project costs hit 14 times the original estimate. Not content with that inaccuracy, the building took twice as long to complete as he originally planned.

**EXAMPLE 5: Concorde** | Known as the Queen of the Skies, Concorde was a hungry monarch, swallowing 11 times the budget as originally costed. Expectations were sky-high, too: the Concorde was supposed to be a beacon project and proof of what European avionics could achieve. Whatever its technical specifications, in financial terms, the Concorde flew low and slow: the only barriers it broke were financial.

## | WHAT CAN WE LEARN FROM THESE SPECTACULAR PROJECT FAILURES? |

Although the search for enlightenment yields no shortage of results (Amazon.com offers around 95,000 books with "project management" in the title), there is very little by way of truly informative material. Our many years of experience have, however, convinced us that that paying attention to the following five core ideas can reduce risk, regardless of the initial situation and the overall framework of the project.

## | > THE FIVE KEY QUESTIONS GOOD PROJECT MANAGERS ASK THEMSELVES

**1 | Were the project goals set out in a clear way that is understandable to everyone involved?**

Time and time again, we are faced with projects in which – even at a very advanced stage – the client's actual desired result remained completely unclear.

**Motto to go by:** If you don't know where you're going, you're never going to get there.

**2 | Were these goals – as well as the corresponding schedules and resources – subjected to a solid, plausible (perhaps even repeated) feasibility study?**

Naïve project optimism and unrealistic measurements of the magic quality-costs-time triangle lead to struggles for resources, loss of credibility, and cynicism in project teams. It's enough to make any project into Mission Impossible.

**Motto to go by:** Show me a hero, and I'll show you a tragedy.

**3 | Are the project goals systematically adapted to changes in the environment (e.g. revised customer expectations, new knowledge and technologies, redefined business strategy)?**

If even early-stage information is lacking, then there can be systematic documentation of changes to the project premises: the result is misleading information, misunderstandings, and exposure to unknown market risks.

**Motto to go by:** "But our Walkmans sold well for years…!" Don't fall behind the times.

**4 | Was a separate channel of active project communication created that can not only disseminate signals and status updates, but receive information too?**

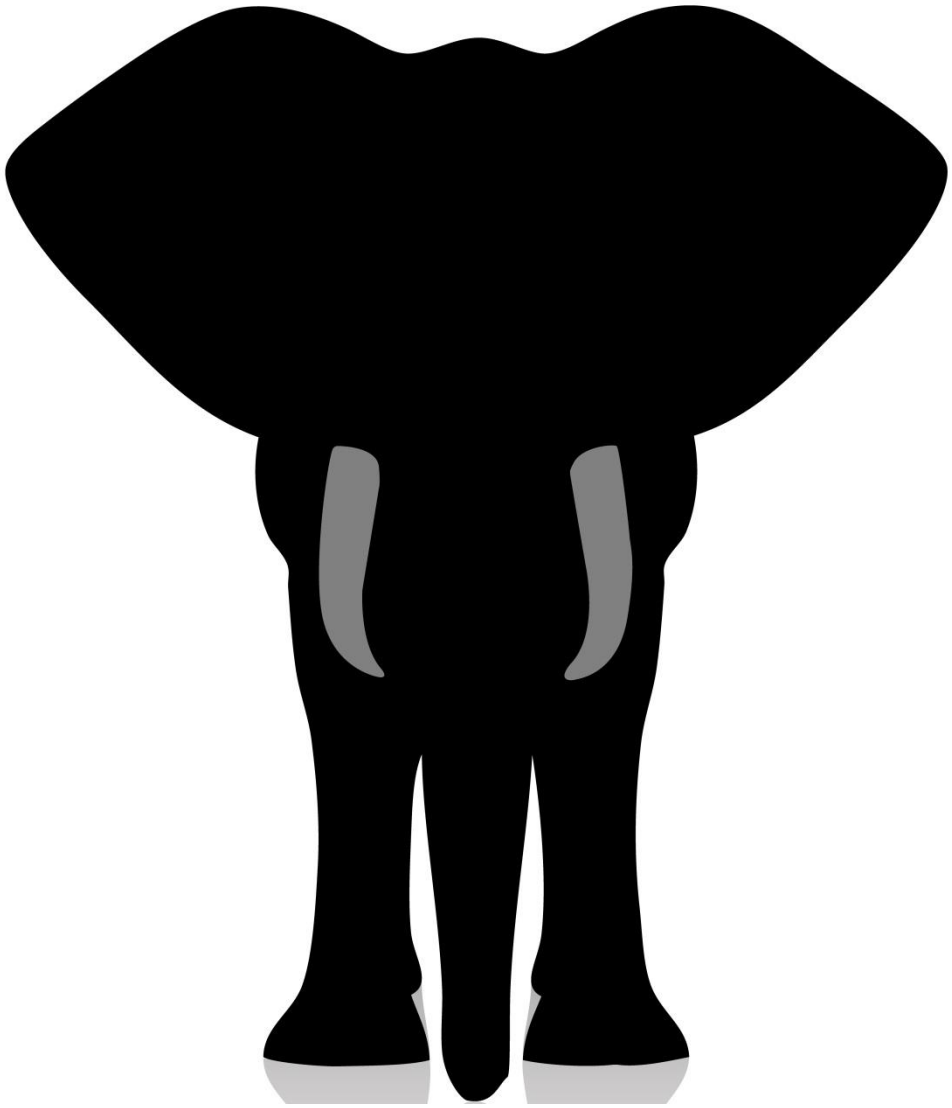
The message seems to have got through pretty much everywhere: you have to keep important stakeholders informed about projects. But between all the "townhall meetings", "project update newsletters", and "informal get-togethers" of buzzwordy modern internal communications, a lot of project managers are still forgetting that receiving feedback is just as important as broadcasting information.

**Motto to go by:** If you don't ask, you'll never know.

**5 | Does the project have a governance function in accordance with its risk factor and expectations placed on it which can keep the organisation and the project on course??**

Of course project and line management will be wrestling over influence and resources, so for all the importance of giving an unambiguous mandate to project management, the cooperation of other management boards and committees is needed. If areas of the organisation are not coordinated, the project will be a pinball ricocheting off of organisational walls.

**Motto to go by:** Get things sorted beforehand in management meetings, not after the event in therapy sessions!



## 2| WHAT TO TACKLE: YOUR BIG PROJECT SURVIVAL KIT

**1 | Were the project goals set out in a clear way that is understandable to everyone involved?** *Motto to go by: If you don't know where you're going, you're never going to get there.*

As easy as this problem may be to grasp in theory, actually tackling this area in practice presents serious difficulties: after all, it is often actually almost impossible to define goals for a project with any real exactitude at the beginning. In the first exploratory phases, it is unusual for anything more than an overall business case to be made; options are discussed and various approaches swiftly disregarded.

Given the pronounced limitations to managerial patience for deep dives into the concrete specifics, in these early phases, goals are often formulated in a manner that is too superficial, leading to a premature compromise being set at the end of the project. By this stage, many overoptimistic stakeholders have already marked out their positions and dug in to defend their expectations with a full complement of tactical techniques, driven by that classic motif: protecting their own patch. Instead of returning again and again to the overall project goals, spheres of influence are staked out and horse-trading begins. And so a lid is put on the difficult business of selecting goals in a half-hearted manner, only for the simmering disputes involved to regularly boil over throughout the project itself.

**DIAGNOSIS**: **How can a project leader recognise when, even at project maturity, goals have not yet crystallised?**

- Discussions about the scope of the enterprise or arbitrary amendments to project premises.
- Ad-hoc adaptations of project requirements or user groups.
- Rampant increase or change in the number of people or even organisational groups participating in the project.
- "Strategic projects" in which, even during the implementation phase, business cases are secondary and which are led by extremely operations-orientated units.
- Explosion of project complexity into innumerable sub-projects whose counter-dependencies and interactions are uncoordinated.

**How can this situation be ameliorated?**

Selecting goals is a tiring process that requires good communication and a high measure of openness between all involved. Ideally, it flows into a clear project documentation, preferably written from the point of view of the client or the client company and with the expected value of the project described. Good documentation includes the premises and overall framework of the project, as well as known risks or effects on existing production or other projects; importantly, the point at which the goal is reached should be measurable and laid out in as much detail as possible.

**2 | Were these goals – as well as the corresponding schedules and resources – subjected to a solid, plausible (perhaps even repeated) feasibility study?** *Motto to go by: Show me a hero, and I'll show you a tragedy.*

A feasibility study (formally, a DIN 69905 project study) is often seen as a kind of mini pre-project which can be sacrificed to the power games *du jour* and the considerations of the initial situation.

In our view, however, this "pre-study" is in fact a central tool in the project life-cycle, indispensable as a way to pin down expectations with regard to the size of the enterprise and its risk grade. An overall estimate of the resources required for the project is carried out and described using clearly traceable assumptions; in the light of this, the feasibility of the project is then examined with a critical eye and benchmarks set for time and costs consumed as well as quality delivered. If this phase is completed with a thorough grounding, disappointments further down the line can be avoided: instead of feasibility over-optimism, well-grounded statements about the limits to technical and political possibilities can be used to keep the project in relation to its environment.

The misuse of the feasibility study to justify a certain project suggestion made by power-brokers from top management is a practical problem which is always liable to rear its head. On the ground, this form of whitewash leads to the project idea being defined in a very short timeframe, while risks associated with it are systematically underestimated and opportunities overestimated. The proof that this problem is very real lies in the fact that we rarely encounter feasibility studies which offer clearly negative perspectives or lead to projects being cancelled.

**DIAGNOSIS: How can a project manager recognise when a feasibility study has not been carried out with due diligence?**

- Discussions about fundamental feasibility issues resurface periodically during the project.
- The feasibility study was followed seamlessly by the main project without orders to have resources, the team, or the timescale critically reviewed by a management or steering committee, or by outside auditors.
- A newcomer, neither intensively involved in the feasibility study nor able to talk with confidence about the premises, is made into project leader.
- The members of the steering committee can barely remember the discussions about various ways to reach the goal or about technical and organisational implementation alternatives.
- The way in which the overall timeframe was defined has not been explained plausibly with reference to visible dependencies on other programmes, initial conditions, or value promises.

**How can this situation be ameliorated?**

Even if a project is already well advanced, project leaders should never shy away from asking relevant questions regarding feasibility.

Even if a project is considered feasible at the very highest level, this is no guarantee – either for a smooth ride along the way, nor for the goal itself being reached. Projects go through crises of feasibility, and a conscious decision to terminate a project is often the clearly more sensible decision from a business point of view. A project may, at a given point, find itself confronted by challenges that it simply cannot overcome – which is when the time has come for the project manager to have the courage to ask the decisive question: is this project still at all feasible? Would it not be better to put an end to it?

The following questions should also be answered, taking due account of the situation: What does the organisation have to do and how does it need to change in order to harvest the fruits of this project? How much time do people need in various cultures to adapt to the effects of this project?

**3 | Are the project goals systematically adapted to changes in the environment (e.g. revised customer expectations, new knowledge and technologies, redefined business strategy)?** *Motto to go by: "But our Walkmans sold well for years…!" Don't fall behind the times.*

Some of the politically most complex and emotionally most difficult questions that can be asked in the context of modern project management are related to flexibly adapting to the project environment and changing external factors. Agility is decisive because projects are so often themselves reactions to sluggishness in the regular chains of command and are intended to make organisations more adaptable and flexible. This translates into similar demands on the projects themselves to deal with an additional, fundamental pressure to adapt, and while this can be overwhelming, it is simply a fact that the lie of land will change during the life-cycle of a project. The temerity with which the oh-so flexible elite of the project leader class suddenly refuse to confront the need for their projects to stay adaptable is, in this context, quite astonishing.

Essentially, project teams are used to sailing close to the limits of what is technically possible and organisationally acceptable; the sheer tenacity of this liminal existence immunises participants against the need to continually question their own mission and to expose themselves to the constant pressure to stay up-to-date.

**DIAGNOSE: How can a project manager recognise when a project is not systematically adapting to changes in its environment?**

- Project structures become "over-emancipated" from their test or power-user groups and see feedback from outside of the project team as "resistance to change".
- Inflationary, extremely long-running release-waves are created to solve overwhelming user demands at some far-off point in the future.
- Unannounced solutions from "competitors" are not analysed in an objective manner.
- Instead of valuable, passionate discussions between experts about the project mission in the steering or management committees, the situation becomes increasingly defined by a merciless political war of attrition between the project team and standard chain of command.

**How can this situation be ameliorated?**

Given their potential to shake a project to its very foundation, changing frameworks during a project run-time can pose considerable risks. This means that project managers must also be seismographers with a well-developed 360 view of their surroundings and an ability to move against changes as soon as they get wind of them. Risks can come out of the direct vicinity of the project: is management still willing to support the project 100%? Are all stakeholders still on board? Have there been changes to the legal framework? How is the market changing as the project moves forward? Are we still on the right course? Then there are human resources risks (why are my staff becoming less and less motivated?), technical risks (lack of interfaces, insufficient system compatibility), and financial risks (exchange rates, insolvency of critical suppliers or service providers).

A highly-developed sensitivity for changes in the project environment is therefore a part of the risk management programme that should be defined at the beginning of every project and equipped with an early-warning system. While we do not endorse the overly-formalistic risk-management approach by which systems alone help to avoid risks, it is nonetheless important for results-orientated project managers to reflect intensively on what could potentially go wrong – and to actively involve their team in so doing. It is also advisable to avoid implementation-focussed tunnel-vision: as the project goes on, its environment should be continually analysed and adjusted. A good way to achieve this is to involve internal trend scouts – the business

development department, technology gurus, pioneering thinkers, and business strategists; an external project audit of the kind offered by polariXparter can also be of use.

**4 | Was a separate channel of active project communication created that can not only disseminate signals and status updates, but receive information too?** *Motto to go by: If you don't ask, you'll never know.*

When we talk about "project communication", we are talking about a whole range of different project goals being fulfilled, including providing those who have commissioned and are participating in the project with information about its development and regarding time, quality, and costs. Another function of project communication is defining tasks from both an organisational and substantial point of view, as well as exchanges related to these areas of work. The third key function is making those affected by a project into effective participants in it (i.e. both participants in the project and participants in the necessary communication initiatives), helping to manage expectations and plough a furrow for the project – this is of particular relevance in projects which entail wide-ranging organisational changes.

As a general rule, what is true of the overall principles in project management is equally true of project communication: everything is fine in moderation. As demotivating and destructive as a lack of project communication can be, a flood of information – or of detailed information – can lead to a confusing mêlée of communication channels and messengers; the only logical reaction to information overload is for participants to wait and see. In more complex projects, the project gets caught in a spiral of doomsday scenarios before it has even started.

Previous experiences and cultures have a very strong effect on how communication is received, entirely as described in the classic source/receiver model, and should be taken into intensive consideration. Giving the communication role on an important project to the youngest person on the team, for example, is neither a good display of the experience of the project team deployed, nor good sign for the success of the project as a whole.

**DIAGNOSE: How can a project manager recognise when a project is lacking active communication?**

- Team members either have – or feel they have – differing information about how the project is going.
- Differences of opinion regarding the division of labour and areas of responsibility rise repeatedly to the surface.
- Rumour about the project and the goals set is rife.
- There is a vibrant "black market" for information and conjecture as team members become increasingly insecure and demotivated.
- Some project staff are working twice or three times as much as necessary – or indeed not working at all – because important information does not become known until after the event.

**How can this situation by ameliorated?**

Direct, personal contact to those involved in the project above and beyond standard channels of communication is absolutely essential. Communications planning must take account of the fact that this can actually influence performance: project managers who hide behind group e-mails, written memos, or similar messages and imagine that this is a way to successfully advance their project are kidding themselves. Active project communication is a substantial component that must be driven forward from the kick-off meeting onwards with real consistency and contagious motivation. Regular group meetings should be fixed and used to talk with the team about new and important developments, to bring in staff feedback for the next steps, and to announce changes of any importance. The flow of information regarding project-relevant items must be pumped through all departments and positions without interruption in order to quench smouldering conjecture and speculation – before it catches fire and poses a real threat to the project.

Truly excellent project communicators manage to turn people affected by their project into effective people who participate in it. Project managers also have the role of keeping the exchange of information between the project team, the steering committee, and any other third parties who may be involved alive, in all directions: forming, storming, norming, and performing – remember that old quartet? And here's a tip you mightn't be expecting from a business consultancy: try holding every second steering or management committee meeting without PowerPoint presentations!

**5 | Does the project have a governance function in accordance with its risk factor and expectations placed on it which can keep the organisation and the project on course?**
*Motto to go by: Get things sorted beforehand in management meetings, not after the event in therapy sessions!*

## NB: WE DIFFERENTIATE BETWEETN STEERING COMMITTEES AND PROJECT OVERVIEW BOARDS!

You will often find that words like "steering/management committee" and "overview/oversight boards" are used interchangeably; and while this may well be fine for smaller projects, our experience is that, especially for larger projects (budgets running into the millions and running times measured in years), there should be a clear distinction. A project overview board should be situated right at the top of the project/company hierarchy and have the role of expressing the will of the organisation; the steering committee, meanwhile, has a subsidiary, more technical part to play. The overview board is responsible for the fundamental act of formulating the commercial goals of the company – as well as acquiring the necessary financial means for the project; it is also at board level that the overall framework of the project is laid out, which is then of decisive importance for structuring the various areas of work at committee level. The steering committee takes on the task of actually implementing the company's goals and making sure they are technically correct.

| BOARD-LEVEL RESPONSIBILITIES | COMMITTEE-LEVEL RESPONSIBILITIES |
|---|---|
| ▪ Setting project goals and framework<br>▪ Commissioning the project, working with the committee<br>▪ Signing off on the committee<br>▪ Continuous information about the status of project goals<br>▪ Taking decisions as milestones are reached; re-orientating pathways<br>▪ Supporting the committee in conflicts | ▪ Implementing project commission<br>▪ Setting up process management<br>▪ Implementing the company wishes at a technical level<br>▪ Steering commercial goals centrally<br>▪ Bundling differing competences from individual areas at varying levels<br>▪ Setting up a process structuring plan<br>▪ Defining key processes |

| | |
|---|---|
| of interest<br>▪ Acting as an ambassador and patron for the project<br>▪ Managing project conclusion<br>▪ Providing financial resources | ▪ Identifying potential for improvement<br>▪ Communicating in continuous dialogue with all levels |

Dividing the areas of responsibility as assigned to the overview board and the steering committee is a key element to making a project manageable by creating both an ultimate authority with decision-making power close to company management and a steering committee with specialist departments who cannot promote themselves to decision-makers, but are entrusted responsibility in a targeted, expertise-orientated way by the managers of the overview board.

This means that the steering committee should be responsible for creating ideal technical structures for feeding into the decision-making process; yet often, the committee is incapable of doing so because it stands somewhat in the shadow of those above it, leading to a preference for policy over expertise at this level as participants try to gain profile and push their own interests – very much to the detriment of the actual tasks falling to project management.

If, however, the committee and the rest of the company get these two entities working together smoothly using coordination, communication, and structures, then there is almost no project goal they cannot reach.

**DIAGNOSE: How can a project manager recognise when a project is lacking reliable and judicious governance functions?**

- Important decisions are passed around at top-level like a hot potato; the progress of the project is impeded.
- Timeframes and milestones are rarely kept to due to unclear goals and absent leadership.
- Politics takes precedence over the project, leading to demotivated, hamstrung project staff.
- The project team disintegrates into small groups divided by entrenched frontlines who take pot-shots at each other rather than fighting for the success of the project.

- The search for the guilty party blurs the focus on the project, making it even more difficult to reach the goal successfully.

**How can this situation by ameliorated?**

In order to avoid clashes between egos and similar conflicts at a later date, positions and responsibilities must be clearly, authoritatively documented at the very beginning. Governance functions must be tightly defined, and the rest of the project teams must keep to this set-up. The idea must be to make sure that meetings are about managing projects, not about picking through disasters in the manner of the therapy session. In emergency cases (i.e. the project is in danger of bursting out of its time-costs-quality triangle), we can take on the role of external – and neutral – governance managers to exercise this function on an interim basis.

## | ELEPHANT ON THE RAMAPGE? WE ARE THE ELEPHANT WHISPERERS |

Over the last decade, we have accompanied numerous large-scale projects through to their successful conclusion, and have even turned the odd disorientated elephant back into a gracious and agile leopard. **If you find yourself surrounded by stop-signs and red lights in the course of a project, we would be happy to reflect with you on how the project has got into this dead end – and how to get out of it.**

# 3 | AUTHOR & YOUR EXPERIENCED CONTACT AT POLARIXPARTNER

**Dr. Engelbert Wimmer – Managing Director and Partner**

- More than 15 years' experience as a consultant in the manufacturing industry – especially the car industry.
- Profound understanding of processes in product development and sales & distribution, globalisation of R&D, manufacturing footprint, organisational development and change management, as well as IT management.
- Published author, popular professional speaker

## DR. ENGELBERT WIMMER

POLARIXPARTNER GmbH
Graf-Siegfried-Str. 32, 54439 Saarburg, Deutschland
www.polarixpartner.com

**Tel.** +49 6581 8290-212
**Mobil** +49 151 52742512
**Fax** +49 6581 8290 100
**E-Mail** Engelbert.Wimmer@polarixpartner.com

Mein Profil XING  my LinkedIn profile

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**MANAGEMENT. CONSULTANCY. IMPLEMENTATION.** polariXpartner is the management consultancy for the manufacturing industry. As industry insiders with many years of experience, we guide you on your way to success, just as the North Star, Polaris, has offered generations of seafarers orientation. Our approach is holistic, our philosophy focussed on implementation: we analyse and strategically evaluate your core processes while remaining active on your shop floor to make sure that optimal improvements are implemented up and down your value creation chain. **THINKING AHEAD. OPTIMISING. IMPLEMENTING.**