OLIVER WIGHT PAPER series

Too Important to Fail

How to Ensure Improvement Projects Drive Sustained Success



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I am at the point in my professional career where I have enough experience – and humility – to look back at what I have learned while leading and being a member of project teams.

Some of the projects were large – across many business segments worldwide – and spanning multiple years. Some were small, quick improvement projects that required only a few months of effort.

All had one thing in common: A high risk of failure and an even higher risk that, if successful, the results would not be sustained.

A survey by the Project Management Institute found that 28% of strategic initiatives are deemed failures by the companies implementing the initiatives. (Failure is defined as not meeting the original goals or business intent of the projects.[1]) Further, only 29% of all information technology projects are successful, according to the Standish Group, which has conducted surveys on IT projects for more than 20 years.[2]

For anyone involved in improvement initiatives, those are unsettling statistics! So why do some projects succeed and others fail? And how can companies increase the chances of success?

Here are some things I have learned over my career about success and failure of projects:



First, a bigger budget won't ensure that projects are implemented on time and on budget, or derive the expected results; nor will technology guarantee success.

Second, it's not like you can read a few books and be successful. Amazon lists more than 1,600 books on the methodology of project management; there is even a book titled *Project Management for Dummies*.

Despite the significant body of knowledge, most projects still fail.

Third, and most importantly: People, structure, and discipline are among the most critical success factors.

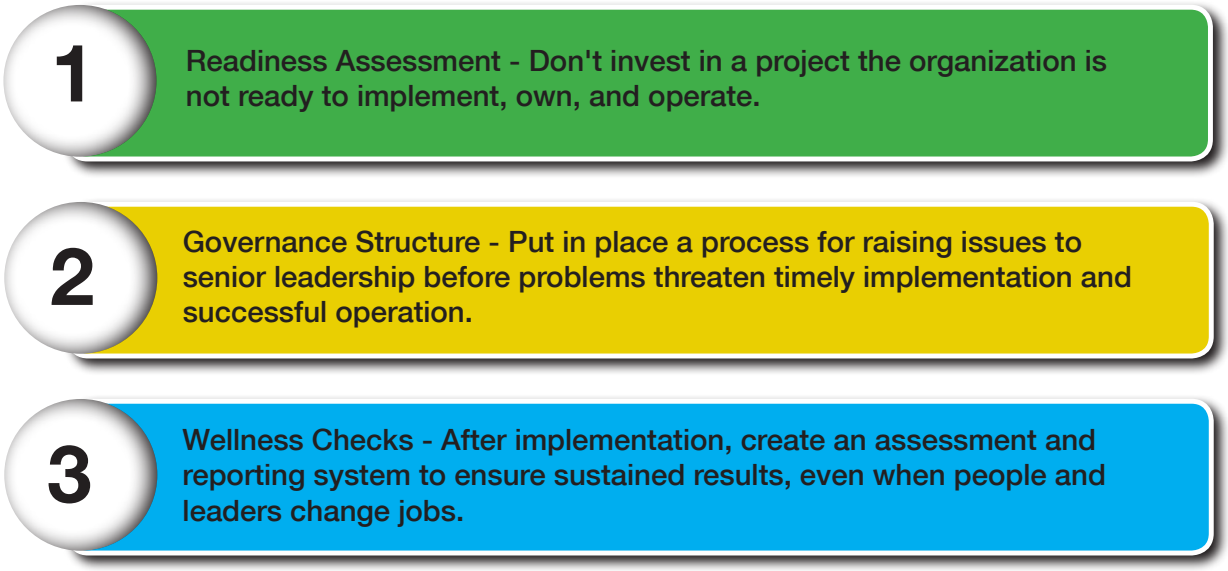
[1]Project Management Institute, 9th Global Project Management Survey: Pulse of the Profession 2017, www.pmi.org
[2]Nick Ismail, Why IT Projects Continue To Fail At An Alarming Rate, www.information-age.com, February 16, 2018.

Rats, you may say. It is so much easier to throw money or technology at a problem. People are difficult. They are hard to control. They have feelings, emotions, and opinions!

My experiences have shown me: When companies are trying to fix a problem or improve their competitive position – the reason for most improvement projects – they will not succeed without the talents and skills of their people. And I mean all people, including engaged leaders and users – the beneficiaries of the improvement.

When doing postmortems on projects over the years, I found those that succeeded incorporated three elements as part of the project management methodology – and used them well. Those projects that were less successful did not perform the three elements well, or they were not part of the methodology at all.

Following are the critical elements:



Each of these elements is for and about people. The elements may be called by different titles, but they are all found in best-practice methodologies for project management.

The model below shows one best-practice methodology (Figure 1). It is called the Oliver Wight Proven Path because it has been used successfully by companies large and small for more than 40 years. Like similar methodologies, it includes the critical elements that must be addressed for success in any project.

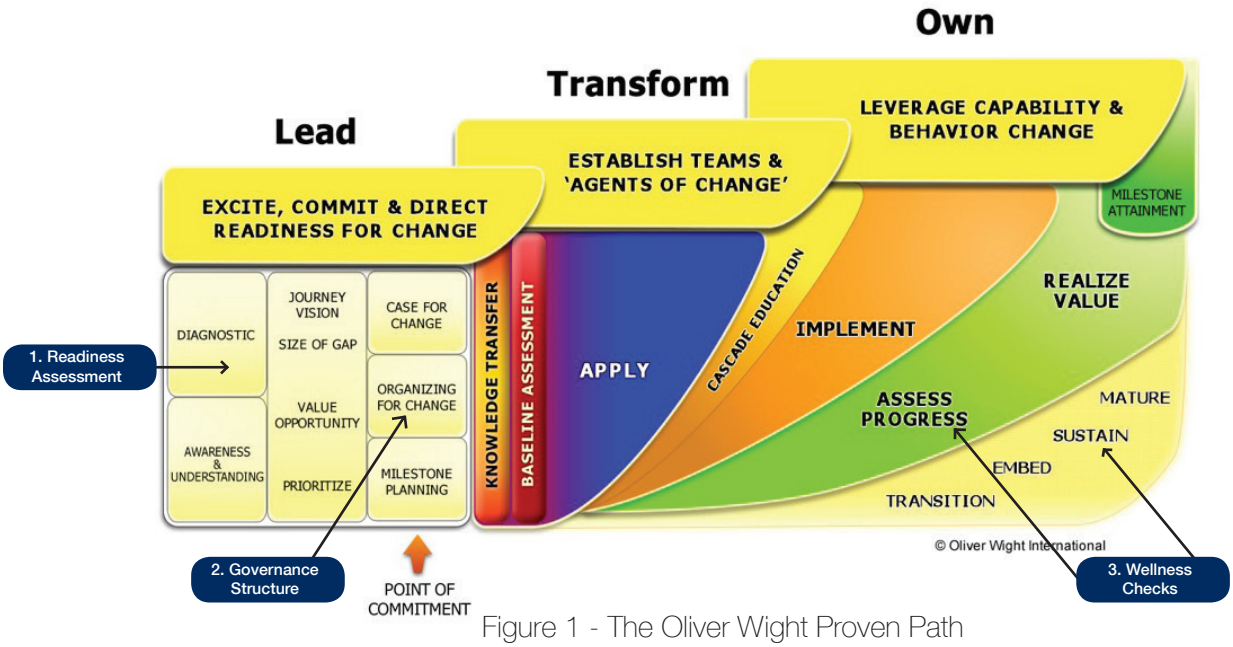


Figure 1 - The Oliver Wight Proven Path

1. Readiness Assessment – Don't invest in a project the organization is not ready to implement, own, and operate.

The need for improvement may be self-evident, such as poor performance, limited tools, and customer and competitive pressures. But that alone will not ensure success. The more significant consideration is whether the organization can "handle" the change required to achieve the project objectives.

To assess organizational readiness, these questions must be asked and answered:

- Has a senior leader emerged to sponsor and be the driver for change? Will the executive leadership team support the senior leader in this improvement effort?

- Are people uncomfortable with the present state or otherwise motivated enough to change their practices and adopt new ways of performing their work?

- Is the state of the business stable enough to withstand change? (An impending merger or acquisition may not be the right timing for some improvement projects, for example.)

- Is the organization, beginning with senior leadership, willing to invest what is needed to make the improvement?

If the answer to the questions in the first bullet are not yes, it indicates that the leadership team probably does not have the appetite and fortitude for change.

Over my career, only one improvement project driven by middle management alone was successful. And it only succeeded because the leadership team ultimately embraced it, near the end of the implementation. Usually, projects driven by middle management fail outright or achieve suboptimal results at best and cause frustration toward the senior leadership team.

Beyond leadership, the people closest to the process must also have a desire to do things differently. Often, sharing the results of a diagnostic, which includes a readiness assessment, can help create an urgency for change (see Figure 1). The objective is to gain a certain level of awareness and understanding before committing resources (time, money, and people) to an improvement initiative.

If creating awareness does not change the answers in the bullets above from no to yes, I would be very hesitant to recommend investing in the improvement project. Not only is the project highly likely to fail, it also will waste time, money, and resources.

Accepting these truths and waiting for the right time can mean the difference between success and failure. I have seen executive teams rightly delay significant improvement initiatives for things like a pending organizational structure change or a significant adjustment to marketing strategy. While there was immense pressure to move forward, we knew any large efforts during such transitions were more likely to fail, given the competition for resources and attention. I have also seen executive teams creatively improve their case for change by recruiting more experienced leaders and practitioners. These



newcomers have seen best practices elsewhere and know what is possible. Once they are on board, they can help people understand there is a better way to operate; and then the executive team "pulls the trigger" for the improvement project to start.

2. Governance Structure – Put in place a process for raising issues to senior leadership before problems threaten timely implementation and successful operation.



The governance structure needs to be well thought out – in advance. It needs to consider the culture and leadership styles. It also needs to empower decision making by the project team and process users while making it "safe" to raise issues to the senior leadership members of the governance team.

It can be nerve-wracking to communicate to senior leaders that problems have been encountered that could delay the project completion date. It is just as difficult to explain that an issue has been encountered that could prevent the project from achieving the agreed-upon business objectives.

Some advice based on my experiences:

- Establish an issue escalation process at the very start of the project.
- Set the expectation that all projects encounter problems, and it is important to acknowledge and resolve problems. Some people view the emergence of issues as a form of failure. Define failure as willfully ignoring issues.
- Create repeatable forums that provide an automatic place to raise issues. Commonly used forums include weekly status reviews and monthly steering committee meetings. These forums generally are attended by the appropriate decision makers. Emerging issues should be part of the standard agenda for these forums.
- Document the guiding principles and values that will govern the new way of working as a result of the improvement initiative. Review the principles and values when making decisions. Ask whether the decision supports the guiding principles and is in keeping with the agreed-upon values.

Documented principles and values kept projects from taking wrong turns several times during my career. Two cases stand out. In those cases, the executive sponsors seemed to "forget" the guiding principles.

In both cases, we sat down with executive sponsors and reviewed the principles. Revisiting the principles helped to remind the sponsors why the decision was made to invest in the projects. These conversations spurred discussion on why it was unwise to compromise the guiding principles and values. We discussed, in detail, how deviation from the principles and values put accomplishing the business objectives at risk.

In both cases, we did not change course; and the projects were ultimately successful.

3. Wellness Checks – After implementation, create an assessment and reporting system to ensure sustained results, even when people and leaders change jobs.



The real measure of project success is whether the improvements become legacies to the business. This measure of success holds true for most initiatives, especially high-investment projects that involve reshaping the business model, implementing new processes, and installing new information technology software.

Here's an exercise for you and your team: Think about the projects you are working on. Are you planning and measuring them as work that will be finished upon go-live/launch (short-term view). Or, are you thinking about those same projects as investments in legacies - things that will leave a lasting impact on the business - for years to come (long-term view). These are two very different mindsets.

The short-term approach is most common and the easiest to fulfill. It requires project management and milestone planning. The long-term mindset, however, requires a more robust approach.

Creating a legacy mindset involves planning how to develop – and sustain – competency in people, even when there are employee turnover and management changes in the company. It also involves setting long-term goals and measurements that will evolve over time.

My grandfather used to say, "Progress ends when satisfaction begins." What he was saying, in business terms, was that continuous improvement is forever. Degradation of practices drives degradation of performance and business results.

Here's some advice on how to ensure that investments in initiatives continue to yield business results year over year:



- As part of the initial project planning, document a "glide path" for improving competency, performance, and business results over at least five years. Include in the glide path what must change – and perform better – to achieve the targeted performance and business results each year.

- Determine the most effective forum for reporting performance and business results – regularly and routinely. When executives are leaders of a company's Integrated Business Planning process, this monthly forum is used to report results. Integrated Business Planning links strategies to operational plans, performance measures, and business results.[3]

- Conduct regular wellness checks – at least every six months – to determine what is being done well and what needs to improve. The wellness checks should address: Progress in embedding the improvements as "just the way we do business," and issues that threaten the ability to sustain and improve upon performance. These checks should encompass competency in operating the processes and practices as well as optimal use of technology.

- Create an "onboarding" plan for people new to the process and new to management. Ensure that education and training are provided at the right level of detail. That way, expectations can be clearly understood and competencies can be rapidly developed. Measure the results of the onboarding program as part of the regular wellness check.

Wellness checks also serve as platforms to provide feedback focusing on where we started, how far we have come, and where we need to go. This feedback validates the effort, discipline, and persistence to continue

[3]George Palmatier, Integrated Business Planning: An Executive Level Synopsis, www.oliverwight-americas.com

to improve. Perceived necessity is not enough to ensure project success alone. Showing tangible results is absolutely critical. I have seen very beneficial and arguably critical projects stopped dead in their tracks because the value they were creating was not captured or communicated properly. This is the ultimate disappointment to those closest to the work. Their work lives are getting better through process improvement, but the project is not allowed to continue, so problems continue to plague the organization until some future point when they will, no doubt, be addressed again. Glide paths can help avoid this failure, as they establish expectations around results that will be achieved along the life cycle of the project.

I learned the glide path approach and the use of wellness checks relatively early in my career. I had the opportunity to work in the supply chain in a business segment of a global company and saw, first-hand, the struggles to deliver product on time.



An initiative for improving on-time delivery was mandated by the global leadership. It was well-known that this business problem was a "burning platform."

Wisely, the senior sponsor recognized that it would not be possible to achieve 99% or better on-time delivery without some financial tradeoffs, especially in the first couple of years. He introduced the glide path approach.

In the first year – the first phase of the project – on-time delivery would improve, but freight costs would increase. In the next phase, on-time delivery would continue to improve without the reliance on premium freight, but the business would carry more inventory. In the next phase, on-time delivery would consistently be 99%, and inventory turns would increase.

Everyone in the supply chain, the senior leaders of the business and global leadership, understood the phases in the glide path and what to expect each year. If this glide path had not been in place, it is likely that the project would have been scrapped as soon as costs started to increase in the initial phase. That short-sighted view, common in many projects, would have cost the business severely. However, because it was well understood that some metrics would get worse before others got better, the project team was able to persevere and ultimately deliver game-changing results. After decades of poor on-time delivery, the business achieved and consistently demonstrated 99% on-time delivery.

Improvement Initiatives Are Too Important to Fail

Initiatives that are too important to fail can indeed fail, even when there is a burning platform, even when the well-being of the business depends on it.

But improvement projects do not have to fail. The difference between success and failure often is recognition of the role people play, structure and discipline, and strong leadership.



ABOUT THE AUTHOR



Throughout her career, Crystal Lee has been involved in leading the implementation of various types of projects – including system implementations, new processes and process improvement, and talent development.

While at Cummins for nearly 10 years, Crystal held various leadership roles in different locations and divisions. As Director, Synchronized Business Planning, she was responsible for Integrated Business Planning and Planning and Control efforts in the Components business segment, covering 5 global business units across 20 manufacturing sites. This responsibility included change management, education, and engagement strategy focused on skill development, process design, and technology enhancements.

Most recently, Crystal was with Adventist Health System as Director of Implementation for their system-wide Talent Development Transformation. In this role, Crystal was responsible for managing the alignment between strategy, functional process design, system configuration, training, and change management to ensure the successful launch and adoption of the new process and technology.

Crystal joined Oliver Wight in 2018. She is an Oliver Wight Certified IBP Overview instructor and earned her Six Sigma Green Belt. She has a BS in Psychology and an MA in Industrial Organization Psychology.

ABOUT OLIVER WIGHT

At Oliver Wight, we believe sustainable business improvement can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from nearly 50 years of working with some of the world's best-known companies.

The Oliver Wight Class A Standard for Business Excellence is recognized by organizations and industry commentators as the definitive measure of business excellence. We have a long-standing reputation for innovation; we continually challenge the industry status quo, so you get the latest in fresh thinking around core business processes and their integration with people and technology.

Your Oliver Wight partners will coach, guide, and inspire your people to drive change throughout your organization, allowing you to create a culture of continuous improvement and innovation that simply becomes, for you, 'the way we do things.' We call our approach to change management the Proven Path; it's a proven, sustainable approach that will transform your business performance and deliver results straight to the bottom line.

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