# *Commentaries and Insights from Allawos & Company*

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## *Increasing the Odds of Success in Critical Initiatives*

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Critical bet-the-company initiatives be they addressing new markets, introducing new products, company repositioning, turnarounds, restructuring, partner alliances and hard or soft infrastructure investments have risks that are both Apparent and the equally dangerous subtle risks resulting from organizational disfunctionality.

The Apparent risks are just that and should be well known to any competent C-level executive. These risks fall within the Venn diagram of classic program methodology in the overlay of benefits, monetary/personnel expenditure, opportunity cost and schedules.

Apparent risks are either anticipated or become understood as they are revealed by the implied or formal creation of a project management plan to drive and monitor the execution of the initiative. Risks from schedule delays due to product glitches discovered in the

product-testing phase or new service rollout, the need for more personnel resources and alliance or channel partner execution friction and ramp-up all fall within the Apparent for a well run organization.

But just because you might call them “Apparent” does not mean they are necessarily well managed. Indeed, this is particularly an issue when it comes to initiatives that have a technical component that often puts executive management somewhat distant from the details.

Examples of projects with Apparent risks that still run amok are legion but some of the best documented are with IT projects (the essential computing, software & information processing infrastructure of a company) of organizations of all sizes.

Using IT as an example, executive management tends to be intellectually distant from the details of implementation and the project management tends to be delegated to an operational level, which has little understanding or any accountability for bottom-line business impact. The same can be said of many manufacturing projects led by changes in process and equipment.

To underline this point, a recent academic study looked at 1471 large-scale ($170m or greater) IT projects and found that most projects ran about 30% over budget but that one in six IT projects went over-budget by an average of 200%. Over 200% in many cases put the overall corporation at risk.

Be it IT, operations or even sales and marketing, executive management that lacks understanding or interest in the implementation details of major initiatives has a tendency to ignore low probability but high-impact risks to project plans. And, those overseeing the details of a bet-the-company initiative always tend to be over optimistic.

The key ways to avoid such disasters involve reducing complexity in the project definition, resisting changes to the project’s scope once underway and breaking the project into discrete modules with detailed interim project reviews, etc. But more importantly, framing the project as a business issue, not a technical one, making the

launch date a hammer to use against scope creep and re-base lining are vital.

Even with the best intent, self-oversight by employees who are executing a major project is betting against human nature. What is often needed in these circumstances is a third party or advisor who has key attributes.

First, includes a true depth of knowledge and experience in the actual implementation of work within the area in which the initiative is focused, be it marketing, branding, operations, product/service development, etc.

Secondly, it includes advisor alignment with the C-level on the business drivers, goals and trade-offs by which the project should be managed and judged. In many cases, executive management will actually be forced to consciously think through these factors in engaging the advisor. This frankly is the responsibility of the consultant or advisor to guide the discussion with executive management.

Thirdly, and essentially, the advisor is from outside the company or organization and is not personally burdened with the internal politics of the organization. The advisor’s interest is the success of the company in best possible sense untied to career aspirations within the organization.

Sadly, what is often seen is the bringing in of a consultancy to do a post mortem on a train wreck. The time to bring in a trusted advisory is at project inception not at the funeral.

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