

WG # 1

The Three Secrets of Great Projects

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Background and Challenge

Projects today are getting more and more complex, with higher demands for better efficiency and tighter schedules, as well as increased competition. However, quite often, even the most ambitious and well funded efforts suffer extensive overruns, long delays, and miss-realization of expectations, or sometimes, all of them combined. While the importance of projects in all industries keeps increasing, it seems that project management practices and techniques are not really meeting the challenges of today's projects, including many projects in the construction industry.

Our assay presents the results of a study that was motivated by this challenge. In contrast to other studies, which typically investigated the reasons for project failure, we examined the most successful (and great) projects, looking for the common elements of success throughout the history of large modern projects—also called megaprojects—since the late 1950s. Using a strategic approach, we selected the most successful ones based on multiple success metrics such as, efficiency, impact on the user/customer, business success, and impact on society. Our results show that the most successful projects are characterized by the following three elements: a clear vision, total alignment, and adapting to complexity.

The Strategic Idea and Impact – The Three Common Ingredients of Success

We look at projects as strategic processes in which the objectives of any project is creating value for different stakeholders. We have called this approach Strategic Project Leadership® (SPL). Success is considered a broad concept, and is measured using several criteria, not just meeting time and cost objectives. The metrics we used are described in the following table.

Table 1: Strategic Multidimensional Success Metrics

Success Metric	Efficiency	Impact on Customer/User	Business/Financial Success	Impact on Society
Measuring	Meeting time and cost goals	Customer/User satisfaction, improvement	Business profits, return on investment	Environment, well-being of society

Strategic Project Leadership® is seeing project leaders as CEOs of their projects, who are responsible for achieving the expected business results of the project, while leading their teams with high energy and motivation. In sum, project leaders must have both a short and a long-term perspective. They need to focus on the short-term delivery requirements, as well as the economic, environmental, social, and political aspects of their projects. In our study we looked at the

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managerial and organizational elements that led to achieving the success criteria (metrics) described above.

We found that the most successful projects were distinguished by three different (and unrelated factors): Clear Vision, Total Alignment, and Adapting to Complexity – see Figure 1:

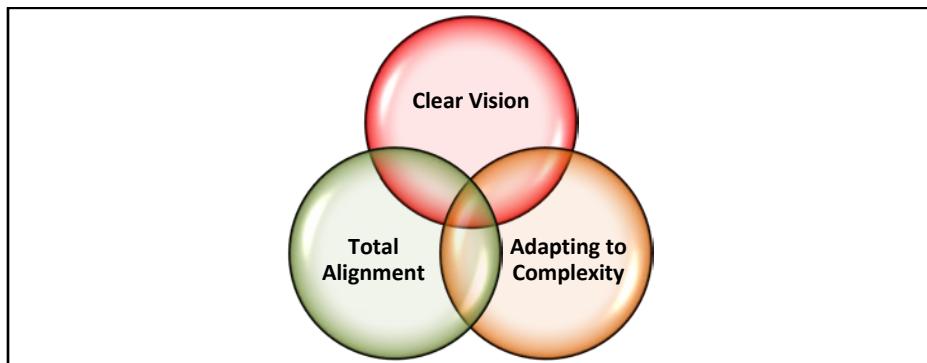


Figure 1: Projects Necessary Ingredients for Success

Clear Vision

A vision is an articulation of the end results, which is defined in simple terms that everyone could understand and imagine. It simply describes the state of the world after the project is completed, and is often described in visual, or even emotional terms. Other kinds of vision are telling what will people be able to do once the project is completed; or how their lives will improve or be simplified. A vision does not deal with profits or financial performance, nor is it described in technical terms. Best visions are evoking emotional reactions, such as Kennedy's vision for the Apollo program: "Put a man on the Moon and bring him back before the end of the decade." The vision of the Mall of America was: "Build the largest and most fun mall in America." And the first World Trade Center's was "a commercial and trade center that will revitalize the economy in lower Manhattan."

Good visions are created by great leaders. They are able to articulate in simple terms what the project is all about – customers know what to expect, sponsors understand and better communicate what they will create, and employees realize what they are part of, and clearly understand how they can contribute to the new creation.

Full Alignment

Full alignment means that all parties are identified with and committed to the goals, means and the difficulties expected in the project. Such alignment is difficult to achieve and manage. Since projects involve networks of stakeholders with different interests and agendas, the sponsor and performing organizations must have a clear and shared understanding of the vision and how to achieve it. Similarly, customers and users should be involved upfront and their voice should be heard and considered. After all, they will be the most impacted and a major factor in asserting success at the end. Finally, a successful project must be aligned with the community and environment in which it functions. Lack of alignment is quickly causing conflict and huge delays.

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One cannot expect to successfully put a huge creation in a public environment or neighborhood without the support of all those who may be affected.

The most successful projects are aware of this need and work hard to achieve such alignment. For example, the London Olympic village planners and managers created a coordinated network of contractors using a set of common rules and risk sharing agreements that created a mutual interest for all. Similarly, the builders of the first World Trade Center in Manhattan, were managed by the executives of the Port Authority that was also the sponsor of the project. They were tightly aligned with the City's government as well as many merchant organizations, restaurants, etc. In contrast, the Los Angeles Subway project was defined and managed as an engineering technical design-and-build project. While it was created to serve millions of passengers, there was no real connect or alignment with the citizens of the city. No wonder, when opened, very few people actually used it.

Adapting to Complexity

We define complexity as any factor that may inhibit a project from its timely completion. Such factors may include size, number of elements, and degree of interconnectedness, but they may also include levels of uncertainty, and degrees of constraints. Uncertainty may involve technological, market uncertainty, political, economical, environmental, etc. And constraints may involve time constraints, limited resources, restrictions, regulations, etc.

Obviously, different projects have different degrees of complexity, and clearly, “one size does not fit all.” Therefore, the “trick” is to understand the degree of complexity and to adapt the project’s management style to its specific kind and degree of complexity. For example, in the Apollo project NASA understood that going to the moon is extremely complex, risky, and uncertain. They therefore put in place numerous mechanisms for testing and examining everything. Nothing was left to chance, and the mindset was: “it is unsafe to fly, unless there is proof that nothing can go wrong.” In contrast, while the Sydney Opera House had a clear vision set by the architect from the outset, it lacked alignment between the city, the architect and the political system around it, leading to extensive conflicts and unchecked spending. The project also failed to estimate the levels of complexity involved in such complex structure. Only late into the project’s construction, did its builders learn how to produce the orange-shaped roof slices that made its structure so unique.

Barriers, Solutions, and Next Steps

Obviously, moving projects into a strategic mindset and process will take time. It also requires adopting specific methods and tools for planning, executing and reviewing. One well known successful project—Guggenheim’s Museum in Bilbao, built by Frank Gehry--has implemented the full strategic approach, as all other Gehry’s projects. Gehry, the architect, insists that he will also serve the project’s CEO with complete power to make all the financial and modifications decisions. Similarly, the Strategic Project Leadership® structured and formal system is implementing the new mindset and techniques in several leading companies with great levels of success (see splwin.com).

The barrier to success is tradition. Most companies are still using their traditional approaches and standard tools of project management planning. It is not easy to adopt a new mindset, and build

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the new skillset and toolset. The change requires some new levels of planning and new tools that will be added to the existing methods and processes. It also requires implementing new company educational systems to bring existing project managers to the new level and train young managers from day one to think strategically about their projects and about their roles as leaders.