



The ugly truth about why so many strategic projects fail to deliver on their promises successfully

John Corr answers your top five questions on the critical success factors that will determine whether or not your strategic project will be implemented successfully.



- Q1** What's the **ONE** biggest mistake organisations make in strategic project management? (And how can you avoid it?)
- Q2** What's the **ONE** thing you should do first when it comes to strategic project management?
- Q3** What have you done differently that has resulted in a success?
- Q4** Can you give us five quick tips for a more effective strategic project management?
- Q5** What's the easiest thing I can do right now to see results in my strategic project?

John has more than 25 years' experience helping financial institutions deliver high-value strategic projects productively, including AXA, Barclays, Capital One, Citicorp and Nationwide Building Society.

"Strategic projects are inherently difficult and come with tremendous execution risks. However, when implemented successfully, strategic projects can help you make a substantial improvement to your profitability and the value delivered to your most precious customers.

I can guarantee that your investment in time in reading this paper will help you in your objective to implement your strategic project successfully - hopefully with a great deal less effort and worry!

My very best wishes for your future success"

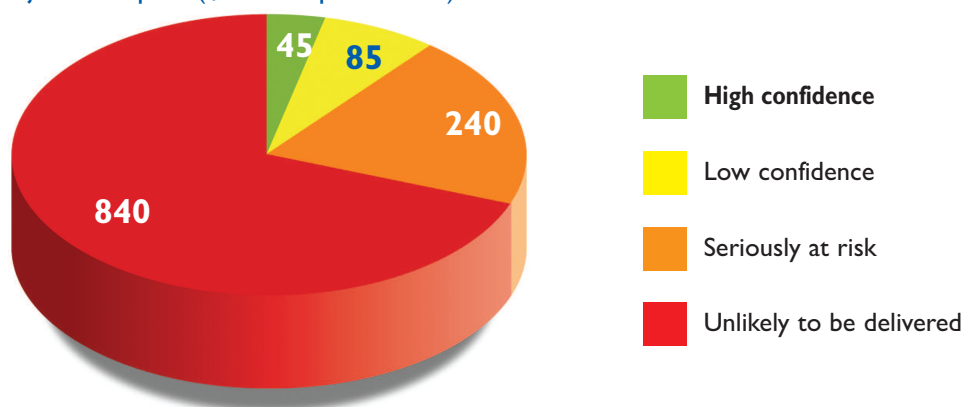
John.

QI What's the biggest mistake organisations make in strategic project management? (And how can you avoid it?)

The biggest mistake I see organisations make with strategic projects is that the commercial business cases for their projects frequently can not withstand detailed scrutiny. All too often even when a project delivers all of its original deliverables, the impact on bottom-line results is minimal. Perhaps the biggest root cause of this issue is getting persuaded to define a project in terms of pursuing 'philosophical' objectives with well meaning goals that sound good in theory, such as 'employee empowerment', 'Six Sigma' or 'improved customer experiences', which are not associated with worthwhile and tangible financial results. However, if these philosophical project goals don't lead to bottom-line improvements to your commercial business metrics (for example more revenues, lower costs, reduced bad debt) then you should wonder why you are embarking on the project in the first place. Successful strategic projects start with a focus on results – real concrete results that show up directly in your business' financials and key operational metrics.

For example, on a global back office cost reduction programme which was targeted to reduce back office & IT operations costs by over \$1 billion per annum, the senior executives of the bank had been assured that the programme was well on track to deliver the promised benefits.

Projected impact (\$ million per annum)



However, on applying diagnostic assessments to the individual projects that made up the overall programme, the bank's senior executives were shocked to learn that they were only on track to deliver less than \$50 million of the promised savings with confidence.

Having carried out the overall programme assessment 'health check', the bank went back out to 'fix and repair' its key projects to ensure they each had compelling value propositions with clear action plans that could be delivered with confidence. The eventual outcome was the delivery of a comprehensive back office & IT productivity improvement programme which reduced annual operating costs by over \$1 billion per annum.

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So my advice to maximise your prospects of success is as follows:

- I. Set out clear, measurable short-term performance improvement goals, even when you are involved in a long-term, multi-year, sustained productivity programme. For example, “within 90 days, we will increase back office productivity within our mortgage processing unit by at least 10%.”
- II. The action steps you take should lead directly to improved results. For example, “We will put together a ‘Tiger Team’ to increase straight-through-processing from 82% to 86% within the next 60 days by eliminating at least 2 of the top 5 root causes that lead to a requirement for manual intervention.”
- III. Speed is of the essence. It’s incredibly difficult to ride a bike slowly, you soon begin to wobble and fall off – not recommended when you are in the middle of city traffic! Avoid any talk of let’s first spend the next 6-9 months training people in some brilliant methodology and then we’ll consider setting tangible, improvement targets with you. Instead, look to see what results can be achieved now, the next 30 days and the next 60 days.
- IV. Banish ‘Feng Shui’ mystical improvement programmes where people learn some new complex terminology and have to spend months in training to achieve the right to apply their skills on real business problems. If you have staff experts and consultants available, get them to work immediately on helping front-line staff improve their operations. For example, “We will improve our highly recommended customer service rating from clients by 8 percentage points in the next 60 days.”
- V. Never accept requests to believe in the magic of ‘enterprise transformation’ programmes in the absence of any real tangible business results. Watch out for ‘change management’ graphs that explain you need to go through a wiggly line journey where nothing happens for 6-9 months and then suddenly ‘magic happens’. Instead, ask your teams to try out different approaches and see which of these actually ‘move the needle’ in terms of performance improvements in 30/ 60 days.
- VI. Avoid proposals where you are required to make huge investments up front and wait a long time before any performance improvement can be recognised. Instead, run multiple small-scale pilots and see which approaches work on a small scale and then roll out when you see a success on your hands. For example, trial a new sales methodology in 3 to 5 branches, if you see great results then scale up to a region and beyond if it continues to prove successful.



Q2 What's the ONE thing you should do first when it comes to strategic project management?

I know it sounds somewhat self-serving to recommend expert help when this is what our firm offers. However, if you were climbing up Mount Everest, you would really appreciate the help of an expert guide. Edmund Hillary may have been one of the world's greatest mountaineers; however he still needed Sherpa Tensing to help guide him to the peak of his success. So if I were a senior executive accountable for the delivery of a strategic project, I would ensure that I had a dedicated expert working alongside me. I would recommend that you engage someone who is highly experienced in delivering strategic projects. Their experience should cover both business-related issues and strategic project execution expertise.

At the very least, this person would act as an expert advisor; there to help you understand the issues and consequences of critical decisions. You might wish to go further and decide to have this person take on a full-time dedicated leadership role within your strategic project on your behalf. This would allow them to drive progress for you on your strategic project on a continuous day-to-day basis while you devote precious executive time to your other duties.

In addition, you will want to ensure you have a very capable 'chief of staff' on the strategic project. Ideally, this should be someone who is capable of managing the administrative, resource management and risk management aspects of the project to ensure these areas are in good order. However, I should warn you that many organisations make the mistake of solely addressing the need for an administrative project director without providing an experienced person in place dedicated to helping you address the more strategic and commercial issues thoroughly. In these cases, their sponsors receive great looking, sophisticated plans and beautiful project updates and yet the administratively minded project director overlooks the critical risks that can sink your project.



Q3 What have you done differently that has resulted in a success?

More often than not, strategic projects have detailed and complicated project plans. The more sophisticated the project management software being used to monitor and detail the project's progress, the more detailed and impenetrable the project plan.

In my experience, the majority of strategic projects are unsuccessful because of failures in managing the overriding commercial purpose of the strategic project (from the initial business requirements definition, defining the value proposition effectively and putting in place a robust benefits realisation plan). To maximise your project's success, it's useful to address these central issues head on.

To do this, I advise that you focus attention on the key questions and issues that best predict the eventual success of your strategic project. I find that there are 7 really powerful predictive questions you should explore. The 4 initial questions I suggest you should start with are:

- I. **What's the value proposition for the project investment once delivered?**
- II. **What operational improvements must take place on the ground for the value proposition to be delivered?**
- III. **What are the current CSFs (critical success factors), KPIs (key performance indicators) and their target values following the successful delivery of the strategic project?**
- IV. **Who specifically has taken personal accountability for these operational performance improvements, and who has agreed responsibility for their delivery post-project implementation?**



Q4 Can you give us five quick tips for a more effective strategic project management?

i. Appoint an expert strategic project advisor to guide you on critical decisions.

If you needed heart-bypass surgery, then you would make sure you went to an expert consultant who was highly experienced in carrying out this specialised type of surgery. Just because a junior doctor happened to have an afternoon free and was interested in gaining surgical experience, you would be unlikely to consent to having him or her put you under the knife.

If you are not highly experienced in delivering strategic projects personally, then I would suggest getting an expert advisor to work alongside you. And even if you are an expert yourself, I would question whether the competing demands of your executive responsibilities would enable you to devote the time required for a successful project outcome.

ii. Ensure you have robust risk management processes in place.

Project teams can be a very optimistic bunch. Indeed, they probably need to be in order to have the motivation to overcome difficult challenges. However, they can so easily assume that it is never going to rain, and end up avoiding managing key risks and their mitigation plans continuously (the risk assessment, if it exists, is frequently done as a one-off exercise and then completely forgotten about).

Risk management should be seen as an ongoing process, with a transparent and easily understood mechanism for making key risks (and what actions are needed to manage them) clearly apparent to you and other main stakeholders.

We've developed a powerful method for rapidly diagnosing your current risk status and framework for then mitigating this risk and managing your action plans. It's been used successfully on a range of strategic projects from replacing complex IT infrastructure to demanding timescales through to \$1+ billion cost reduction programmes.

For those of you interested in obtaining a FREE complimentary copy of our Risk Management method, we would be happy to send you a copy on request (by email to: risk@cityprojectmanagement.com or simply call us on Tel: 020 7748 2225).

iii. Make sure you have a compelling value proposition and benefits realisation plan.

This is the most critical area that can fall between the cracks between the business and IT functions on any strategic project with a heavy IT dependency. The IT function declares a victory, as their part has been delivered successfully. However, business departments might feel they have been short-changed somehow, and that they haven't been provided with what they needed to be successful.

For example, we were once asked to help a German organisation who had decided to implement 'skills based routing' for their Call Centre operations through replacing their analogue based telephony infrastructure with a digital architecture based telecoms and Call Centre systems infrastructure. Although as originally defined by the IT experts, the project would have been a technical triumph – there were no actual improvements targeted in terms of operational efficiency, cost reductions, revenue improvements or service improvements for their client base. We worked with both the business & IT teams to reshape the project's scope and deliverables to exploit their new technical platform's capabilities to make actual improvements in their client service, operational efficiency and substantial profitability improvements (that paid for the investment within 18 months).



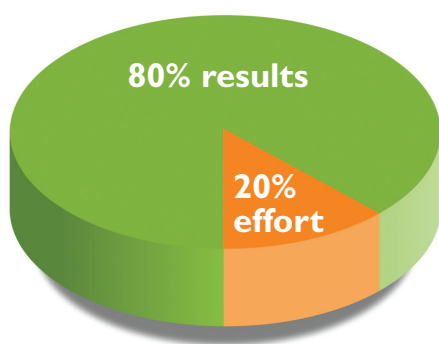
iv. Manage scope, priorities and milestones ruthlessly — ie don't deviate from your key objectives.

On a strategic project, it is so easy to see the initial scope definition get fatter and fatter as everyone across the organisation uses your strategic project as a mechanism to get their pet requirements delivered. It is not uncommon to see this in action in US politics, as influential congressmen load up major pieces of legislation with local 'pork-barrel' spending commitments unrelated to the matter at hand. If you are not vigilant, your strategic project will repeatedly gather additional scope and commitments as you progress — you need to manage the project scope ruthlessly to focus continuously on your key objectives and value proposition.

A powerful approach used by some organisations is to link the benefits realisation and scope management tightly. As an example, only one person can authorise changes to the scope or value proposition, and they are personally 'on-the-hook' for the benefits realisation plan being delivered.

If your project is a critical priority for the overall success of your financial institution, then you need to ensure that all the key functions across the organisation understand and accept the situation. It's all too frequent an occurrence for every function to have a competing set of priorities, thereby making it exceedingly difficult to get all of the interdependent components of a cross-functional project implemented when they are needed.

In our experience, a simple lesson in terms of managing scope and objectives is often overlooked. When you involve multiple functions across your business in defining scope, all too easily your project can build up its complexity and scale. I know it sounds obvious, nonetheless it's worth stressing that the more focused you are at the beginning with a view to managing scope and objectives, then the more likely you are to be successful. I would recommend you focus your attention on your project's 'value proposition', then translating it into clear operational metrics, with specific targeted improvements to your operation's critical success factors and key performance indicators and finally having these objectives converted into a proper requirements definition that explains how the proposed project scope will deliver your targeted performance improvements.



A fantastic tool for you to apply is the renowned '80/20 principle', that 20% of your scope & objectives will deliver 80% of the potential value. The '80/20 principle' is a powerful technique that you should apply ruthlessly to help you manage your scope effectively and maximise your return-on-investment. In numerous projects we've been involved with that have got themselves into serious difficulties (frequently because the resourcing required to deliver the project have far outweighed the available resources that can be applied) a swift application of the '80/20 principle' has allowed the executive sponsor to eliminate considerable complexity and get their project back on track for successful delivery.

v. Make sure you have the right resources and capabilities to deliver your strategic project.

You can have the best intentions in the world, but still fall short on a seemingly obvious failure to have the right resources and expertise in place when you need it. When analysing why companies typically realise only about 60% of their strategy's potential value when implemented (see 'Turning Great Strategy into Great Performance,' Harvard Business Review, July/August 2005), authors Mankins and Steele highlighted that the primary root cause of this 'value gap' failure was 'inadequate or unavailable resources'.

If you need a screwdriver, don't accept a hammer and expect to deliver a great job! So be fair to yourself and to your chances of successful delivery, and make sure you do whatever it takes to get the right expert resources in place when you need them.

Q5 What's the easiest thing I can do right now to see results in my strategic project?

I would recommend that you arrange for a strategic project diagnostic. This will give you an independent, expert assessment of the status of your project, including current and potential risks and the probability of its success. You need to insist that it's orchestrated by independent individuals who are not part of the project team or the business functions concerned with the project, thereby ensuring the review will not be unduly influenced by internal politics or 'turf protection'. Some organisations have their Audit functions carry out such reviews, whilst others prefer independent, external assessors.

An assessment review is carried out by gathering together the key people involved in your strategic project together in one place and go through a structured process to give you an independent assessment of where you stand and what needs to be done to maximise your chances for success. In the vast majority of cases these events take up less than a half day. The output of the event will give you critical insights into the strength of your value proposition, benefits realisation plan and risk management planning, and the appropriateness of your project execution and governance disciplines.

There is research that demonstrates that putting in place such reviews (say, every two to three months) will significantly improve your project team's chances of success (see 'The Hard Side of Change Management' by Harold L. Sirkin, Perry Keenan & Alan Jackson, Harvard Business Review, October 2005).

Our expert proprietary methodology has been used on global banks on large-scale international programmes down to specific IT infrastructure delivery projects. There are also public domain approaches such as the Best Practice 'OGC Gateway™' Reviews, which can be obtained from the Office of Government Commerce (see www.ogc.gov.uk).

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When to call us — do any of these problems seem familiar?

You are responsible for a major strategic project that has stalled. You are unsure about the true root causes of this, and need to know what it will take to get the project back on track again for success.

You want your strategic project back on track to deliver a successful outcome.

You have a number of failing projects within your portfolio. You want to know which projects should be 'killed' and which can be fixed and put back on track rapidly.

You want to kill or fix and repair failing projects within the next 30 days.

You suspect that a major project has a weak value proposition, or that the path to realising its promised benefits is unclear. You don't want to move heaven and earth to deliver a major project, only to discover that it was of little business or financial value after it was delivered by you and your team.

You want every major project to be a commercial success, with a compelling value proposition and a clear benefits realisation plan in place.

You are concerned that a major project is facing a significant risk of delay on top of severe cost over-runs due to weak project control disciplines. You suspect that a major project has weak governance and controls that raise serious doubts as to whether the project will be delivered on time and on budget. You realise there is a distinction between instilling proper controls and strangling projects with bureaucratic overkill.

You want to see proper governance and risk management in place, and be confident that the delivery will be on time and within budget.

You recognise that a major strategic project has had little time and attention spent on completing a thorough risk assessment. The key risks that might derail its success have not been covered properly. No one likes to think that disaster is about to strike and they'll have to live with the consequences. However, if insufficient thought is given to thinking through the key risks your project faces and how to manage them, then you could be faced with trying to manage an unforeseen disaster with little preparation.

You want robust risk assessments and risk mitigation plans in place for key projects.

Your strategic project is struggling because critical expertise and resources are not available now when you need them. Every large organisation has competing demands for critical resources. The most capable people are always in demand, whether it's business, IT or project execution expertise. You can face the situation where promised resources have now been reallocated to other priority initiatives leaving you with a resourcing gap that puts your delivery schedule at risk.

You want critical financial services specific expertise on-the-ground right now to eliminate your resourcing gap immediately.



Dear Reader

I do hope this article has proven helpful for you. If you haven't taken the opportunity yet, please learn more about how we have helped our clients succeed by visiting www.cityprojectmanagement.com/CaseStudies.html.

You can also hear from some of our clients directly, such as Andy Homer (Group Chief Executive of Towergate Insurance), on how we have helped them be successful. Please visit

www.cityprojectmanagement.com/OurClients.html.

My very best wishes for your future success.

John

John Corr has more than 25 years' experience helping leading international businesses — including AXA, Barclays, Capital One, Citicorp and Nationwide Building Society — overcome their most demanding challenges.

City Project Management focuses on assisting senior executives of financial institutions, who are uncomfortable with the current status of their strategic projects, get back in control and on track for successful delivery.

If you would like to learn more about how we might be able to help you achieve your personal objectives with greater speed and confidence, then please do contact us to set up a time to talk. When you call us, we'll have an initial conversation to learn more about your issues, objectives and priorities to see if and how we can help you.

If after our initial conversation it looks like we could be potentially well placed to help you, then we can progress to a more detailed exploration of potential solutions that meet your needs, priorities and budget. Just to be clear, all conversations are confidential and our initial meetings and discussions are always on a no obligation – no fee basis.

For all urgent or complex requirements, call our Managing Partner, John Corr, to set up an initial phone meeting on Tel: 020 7748 2225. If it's more convenient, you can email and suggest some alternative dates and times for us to discuss your situation.

Please email: john.corr@cityprojectmanagement.com

If it feels right, please do give us a call. We look forward to hearing from you.



John Corr

Managing Partner

City Project Management

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