

Big Business - disaster avoidance, an answer!

It is always more apparent when big businesses have problems, get into trouble or founder because they attract media attention and hence become the target for open debate whether this be on TV, in the local pub or even on the train.

To avoid problems, change direction and mitigate disaster revised or new strategies need to be reviewed, reality checked, approved and implemented in order that benefits can be realised. There is no longer the luxury of time to undertake these steps sequentially. Today's market requires a fast track approach for the successful delivery of business critical projects.

Chaucer has developed a 'Strategy Realised' methodology for the fast track delivery of business projects and programs.



Big businesses (together with small and medium sized ones) have to instigate projects of one sort or another in order to generate the transactions which keep them alive.

In big business the need for change is paramount in order to maintain market share, be profitable, contend with the internet, even survive.

Big business has to embark upon and execute projects on an ongoing daily basis, these projects have to be delivered with pace and be successful, something which requires discipline as well as expertise in project management which is so often missing in an organisation. The fact that project management skills are often missing in an organisation should not be of any great surprise as companies are and rightly so focused on their core business. This could be manufacturing, providing a service, creating, marketing, or whatever it is that they do. Project management of business projects is a non-core discipline* and therefore when a project needs to be delivered those in the company who are nominated to deliver it tend to lack project management skills or experience. This can be the case even though a particular project may be the single most important piece of work the company has to deliver in a financial year.

Typical examples of drivers for a business project or program are:

- ▶ The need to comply with a new regulatory requirement.
- ▶ The need to grow or expand the business.
- ▶ The need to create and launch a new product or service.
- ▶ The need to reduce costs.
- ▶ The need to become more efficient.
- ▶ The need to move offices or change location.
- ▶ The need to implement new processes in order to improve management control.

It could be all, some or just one of the above or maybe something totally different.

A project can be for regulatory purposes such as the state of recent projects to ensure organisations complied with the Sarbanes-Oxley Act.

A project can be in response to a competitor who introduces a new product that will eat into a company's market share and therefore has to be responded to.

A project can be a marketing initiative that is for the purpose of increasing profits such as the launch of a loyalty card to gain new customers and help in retaining existing ones.

A project can be an acquisition which has massive benefits through the synergies which can be achieved.

A project can be an IT or Systems implementation for the purposes of automation and hence cost reduction or in the interests of achieving greater sales volume and hence greater profitability.

A project can be an HR/Re-organisation project for the purposes of becoming more efficient and/or as part of an overall cost reduction program.

Although all projects are unique it is essential that there is experience and expertise available in the application of project management processes in order for the project to be successful.

Failure by business to implement projects successfully can be catastrophic and have a huge detrimental effect on an organisations ability to sustain itself. There are many reasons why companies fail or partially fail.

Some examples of what can cause problems and hence reduce earnings for a company and over a period of time lead to failure are:

- ▶ Lacking a divestment strategy when making acquisitions.
- ▶ Not divesting (when it becomes apparent that some parts of its business do not fit or have synergies with the rest of the business or become unprofitable).
- ▶ Lacking new or replacement products to bring to the market.
- ▶ Complacency!
- ▶ Becoming too inward looking.
- ▶ Taking foot off the accelerator in respect to continuous improvement and/or efficiencies.
- ▶ Becoming de-focused on the core business.
- ▶ Overstretching, losing control.
- ▶ Failing to integrate following a merger.

The expeditious delivery of business projects are the key to a successful business and its continuing sustainability.

Why?

Because until a project is delivered (or in some cases substantially delivered) the benefits from the project do not contribute to a business. This contribution can be in the form of increased profits, cost savings or being compliant or maybe one or more of a myriad of other benefits. What is sometimes not fully appreciated is that until delivered the project is often a serious drain on a company's cash and resources.

The realisation of a project takes time and during that time a company will continue to change (maybe because other projects are in progress at the same time) this situation is one that is often overlooked. The status of a company at the time the project is started with all good intent and based upon a solid business case for the project, can look significantly different when the project is finally delivered. The original business case benefits, can have been seriously eroded sometimes to the extent of being completely negated.

This situation happens when projects are not delivered with pace, when projects overrun or when other unforeseen risks or issues occur.

So there is a need at the outset of a project to understand from a business perspective what are the risks to the project. For example a risk maybe a regulatory change in a country included within the project scope or it could be the cost of materials increasing above that planned for the project due to market demand. Many businesses run risk assessments and carry out risk analysis of their projects but unfortunately this is insufficient in this day and age where our business and commerce moves so fast and encompasses a global dimension not previously seen and sadly not always appreciated. What is also now needed is a good understanding of the interfaces and interdependencies that either will affect the project directly or may be affected by the project.

A company or organisation will need to carefully examine and understand the linkages between projects. The organisation will most probably have a portfolio of projects which need to be managed as such. The projects must be prioritised, the linkages between them understood especially where these are interfaces which have some form of interdependency that affects the delivery of the project in some way. These linkages can be through the use of a common resource(s) or reliance upon a common system. It can be that a risk or issue is created by an interface or interdependency between one or more projects such as a new credit card launch being delayed due to the inability of a back office system upgrade being delayed because of hardware availability problems. The benefits of a project may also be at serious risk due to another project being executed by another part of the same organisation and they may be calling upon the same overall pot of cash for funding! This is especially the case where projects become delayed for whatever reason and hence the benefits do not materialise when planned but costs continue thus, in effect, causing a double drain on financial resources.

If a project can be delivered on the same day that it is started then none of these problems occur, regretfully in real life this is not the case and the longer a project goes on the more likely is the case that it will suffer risks, issues, disruption and further delay that can and often does erode the value of the project.

Risks, sometimes unforeseen need to be addressed immediately and the mitigating actions necessary to remove or reduce their impact must be included within the project plan or schedule. Issues when they occur need to be clearly identified and managed through good project management.

The initial planning of a project can significantly reduce both risks and issues, it is however necessary to plan the project in some detail in order to gain the full benefit from this sometimes rather tedious process. It is also essential to continue the planning (and resource scheduling) of a project throughout its duration in order to assure success.

Another aspect of project execution within an organisation is the need to safeguard 'business as usual'. After all, this is most likely what is providing the funding for the project. Therefore when considering what resources to use for the project organisation it is important to consider both the needs of day-to-day operations as well as the needs of the project. The sharing of resource between the two does not work.

It is vital to apply the principles of project management to any project in order for it to be successful. The essentials for success are a clear understanding of the project goal or objective, good comprehensive planning and strong leadership. A project must be delivered with pace. It takes rigor and discipline in a business environment to ensure a project is successful.

Project management must be applied in a fit-for-purpose often 'light-touch' way. You are unlikely to require the same level of project management resource, tools and techniques for the building of a house that you are for the acquisition of a multi-billion global business.

A poor or badly delivered project will have very detrimental effect on an organisation.

A successfully delivered project will have a significantly positive impact on any company or organisation.

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December 2008

* Project Management is a core discipline of Chaucer Consulting. Chaucer's experience in Project and Program Management has been built-up over many years of involvement in working internationally with numerous clients across a variety of industry sectors.