# **SE Formicio Insights**

On moving organisations beyond their default future



Welcome to our latest bulletin, in which we focus on the challenge of delivering successful projects.

In our lead article two colleagues and I argue that the main reason most strategy implementation projects fail is that they give insufficient attention to the embedded organisational capabilities that define an organisation's trajectory. After all, the purpose of strategy implementation projects is to change the trajectory of the organisation – and increasingly that of its partners.

In our second article we feature recent <u>research</u> undertaken by the Association for Project Management that identified 12 conditions for project success. Perhaps not surprisingly, while the conditions are well understood they are not well applied.

Finally, we review Critical Chain, a business novel by Eliyahu M Goldratt. First published in 1997 it tells the story of a young academic who reinvents project management, and in doing so helps us understand the difference between a project's critical path and its critical chain.

As always, we welcome your feedback.

Best regards

<u>David Trafford</u>

#### **About Formicio**

We work with people who want to improve their organisation's future.

## The impact of organisational capabilities on project success

Delivering projects – particularly those aimed at implementing strategy – remains a challenge, one where the success rate has not improved over the past 25 years. Numerous studies confirm what we already know, that in all probability your project will not deliver its intended outcomes. According to John P Kotter, Professor Emeritus at the Harvard Business School, only about 5% of large-scale transformational change projects are successful.

Many explanations are given, and as many solutions offered – most of them focusing on improving the 'mechanics' of project management and the skills of project managers. While these are necessary they are not sufficient as they do not address the underlying reasons why most projects fail to deliver their intended outcome, namely that insufficient attention is given to the embedded organisational capabilities that define an organisation's trajectory. After all, the purpose of strategy implementation projects is to change the trajectory of the organisation – and increasingly that of its partners, as is often the case in joint ventures.

When a strategy implementation project comes up against organisational capabilities that are not aligned with its target trajectory, it will inevitably fail, either because they were not considered at all or their impact underestimated. These organisational capabilities are often described as the organisation's 'antibodies' to change. Some organisational capabilities are easily recognisable, while others only become apparent when they are experienced. Successfully changing an organisation's trajectory therefore involves introducing new organisational capabilities, strengthening others and 'retiring' some.

To read the full article in which <u>David Trafford</u>, <u>Peter Boggis</u> and <u>Frank Dannenhauer</u> introduce a simple technique for assessing the impact of organisational capabilities on project success, click here.

### **Conditions for project success**

Research by the Association for Project Management (APM) – a leading voice in the profession – reveals that the environment in which the projects, programmes and portfolios operate are at the heart of improving project outcomes.

The research involved over 850 project professionals and thought leaders across the private and public sector, and covered projects ranging from below £50k to over £500M. The outcome was a framework for project success that comprises the following 12 conditions:

- 1. Effective governance
- 2. Goals and objectives
- 3. Commitment to project success
- 4. Capable sponsors
- 5. Secure funding
- 6. Project planning and review

We provide thought leadership and thought partnership on all aspects of formulating and operationalising strategy.

Our approach is to help our clients find solutions that work best for them, while keeping them true to their intent.

Specifically we can help clients:

**Confront** their organisation's default future.

**Explore** alternative futures that are not only better, but achievable.

**Establish** the conditions necessary to successfully operationalise strategy.

**Develop** the organisational capabilities needed to sustain the target future.

More details can be found on our website.

### **Parting thought**

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new."

Socrates Classical Greek philosopher c. 470 BC – 399 BC 7. Supportive organisations

- 8. End users and operators
- 9. Competent project teams
- 10. Aligned supply chain
- 11. Proven methods and tools
- 12. Appropriate standards

Perhaps not surprisingly the research also revealed that while these conditions for project success are well known and understood, in practise they are often not applied. As a result, nearly 80% of projects reviewed in the research failed to wholly meet their planned objectives.

A <u>full</u> and <u>summary</u> report are available.

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## Can you distinguish between your project's Critical Chain and its Critical Path?

Our featured book is neither new nor a conventional business book, it's a novel first published in 1997 by Eliyahu M Goldratt. The book, entitled *Critical Chain*, tells the story of an associate professor in a mid-ranking US university seeking tenure as full professor. In pursuit of his goal he agrees to deliver a course on project management to a group of executive MBA students.

With the help of his students – who are all struggling to deliver projects within their companies – he realises how little he knows about project management and the reasons why most projects overrun or go over budget. As his chances of achieving tenure seem even more remote, he begins to understand the dynamics of projects and begins to reinvent project management.

His resulting methodology involves limiting multitasking; pooling all task buffers to the end of the project plan; introducing feeder buffers and resource buffers. Perhaps the most significant concept is that of the Critical Chain, which is defined as the longest chain (not path) of dependent tasks. Where 'dependent' refers to resources and resource contention across tasks and/or projects as well as the sequence and logical dependencies of the tasks themselves. This differs from the Critical Path, which is the longest chain of dependent steps in time, irrespective of resource constraints.

The distinction between Critical Chain and Critical Path is important as many projects fail to recognise the critical dependencies resulting from different tasks within the same project, or across different projects, requiring the same resources at the same time.

As in all good novels our hero's thinking, and its application on his students' projects, is a great success and as a result of his achievements he is awarded full professorship.

The book may be nearly 20 years old, but its relevance is as important today as it was when it was first published.

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