

Silence Fails

The Five Crucial Conversations for Flawless Execution



VitalSmarts™

 **The Concoars Group**

SILENCE FAILS

The Five Crucial Conversations for Flawless Execution

The Silent Crisis

This year, leaders across the world will make an awful bet. They will bet a substantial portion of their organizations' budgets on ventures that have less chance of paying out than a red or black bet on a roulette wheel. And yet, as in every year for many decades, leaders will continue to put the money down.

Their preferred hedge against failure? Formal systems. Over the past twenty years, project professionals and management experts have focused on improving the formal systems related to program governance, project management, and project-related technologies.

While these new approaches have substantially improved results, today two-thirds or more of initiatives, programs, or projects still miss their mark. Something is clearly missing. Beginning in late 2005, VitalSmarts and The Concours Group partnered to dive below the formal systems to identify what is missing when project execution fails.

This study, *Silence Fails: The Five Crucial Conversations for Flawless Execution*, demonstrates that project leaders can substantially improve their organization's ability to execute on high-stakes projects and initiatives by breaking a code of silence on five astoundingly common yet largely undiscussed and ignored problems that contribute significantly to almost all project failures.

Situation Analysis

Senior executives frequently bet their companies on high-stakes efforts like major product releases, strategic IT projects, organizational restructurings, fast-paced downsizings, or aggressive quality initiatives. And these bets rarely pay off as anticipated. With estimated failure rates ranging from 72 to 91 percent¹, companies' collective inability to execute on major projects costs hundreds of billions of dollars a year. For example, it's estimated that of the \$255 billion spent per year on IT projects in the U.S., more than a quarter is burnt up in failures and cost overruns.²

The failure of the cutting-edge baggage handling system at the Denver International Airport provides a dramatic example of this inability to execute. With 26 miles of conveyors, the system promised to carry bags more quickly and reliably from passengers to planes and back again. Instead, the breakthrough concept racked up hundreds of millions of dollars in cost overruns, delayed the airport's opening by over a year, and drained 10 years of additional resources in various salvage attempts before leaders admitted failure.³

In addition to sapping organizational performance, these project failures cost careers. Now more than ever, CEOs are under pressure to either get results or get lost. In 2005, CEO turnover doubled from the year before.⁴ In just the past five years, close to two-thirds of all major companies have replaced their CEOs. CIOs are similarly vulnerable, with a quarter losing their jobs each year.⁵ Studies suggest that an inability to deliver on critical projects is a primary reason for this alarming rate of dismissals. Their shortcomings were less about strategy and decision making than about their ability to execute these plans.⁶

KEY FINDINGS

Breaking a code of silence on five astoundingly common yet largely undiscussed and ignored problems will contribute significantly to project success.

KEY FINDINGS

When these problems are not openly and skillfully discussed, projects of all sizes fail miserably.

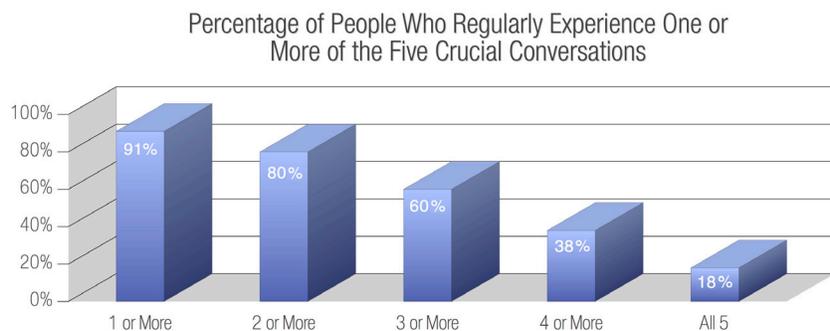
Five Crucial Conversations

Silence Fails suggests that leaders can significantly increase their organization’s ability to execute on high-stakes projects and initiatives by focusing on the five crucial conversations outlined below. The study also found that increased effectiveness at any one of the five crucial conversations that address these problems improves project performance by 50 percent to 70 percent or more.

The five crucial conversations identified by the study are the most prevalent and most costly barriers to project success. Each brings with it myriad misses and overruns that plague projects, teams, and organizations. *Silence Fails* addresses the cost, culture, and long-term dynamics of each. They are:

1. **Fact-Free Planning.** A project is set up to fail when deadlines or resource limits are set with no consideration for reality.
2. **AWOL Sponsors.** A sponsor doesn’t provide leadership, political clout, time, or energy to see a project through to completion.
3. **Skirting.** People work around the priority-setting process.
4. **Project Chicken.** Team leaders and members don’t admit when there are problems with a project but instead wait for someone else to speak up.
5. **Team Failures.** Team members are unwilling or unable to support the project.

This study confirms that some projects are plagued by more of these problems than others—likely due to high levels of interdependence among levels and functions. And when these problems are not openly and skillfully discussed, projects of all sizes fail miserably. Those who effectively discuss these issues have a positive impact on the objectives of their projects.



Key Findings

Silence Fails demonstrates that these five problems are not a project death sentence, but they significantly impact the results a team or organization may be trying to achieve. Findings include:

- 90 percent of project leaders regularly experience one or more of these problems with nearly 40 percent of their projects.
- 91 percent report that these problems are difficult if not impossible to resolve in their current organization.

KEY FINDINGS

When one or more of these problems is not confronted—or not confronted well—it festers, sets off workarounds, and produces politics.

- 61 percent attempt to speak up about the issue, yet only 14 percent feel they speak up in a skillful way that has a lasting effect on the problem.
- Up to 88 percent claim that these issues continue over the life of their project and beyond.
- Between 82 percent and 87 percent of projects report significant negative impact when they fail to address budget, scope, and schedule issues.
- Team morale suffered significant setbacks among 73 percent of projects studied. 43 percent of projects continued to suffer from a long list of problems even after the project ended.

Silence Fails demonstrates that whether these five problems can be discussed determines whether or not they will derail an initiative. The data show that when people discuss these problems in effective ways, projects come back on course. And when one or more of these five problems is not confronted—or not confronted well—it festers, sets off workarounds, and produces politics. In the end, project failure is almost inevitable.

The Good News: Speaking Up Makes a Difference

While the data show that fewer than one in five project leaders effectively engage in the crucial conversations needed to solve these five problems, the good news is that one in five *does*. Much can be learned by studying their successes and whether these skilled individuals produce different results than their peers. Research on this contingent of crucial conversations successes helps answer questions like:

- Does it affect project success when project leaders speak up effectively?
- Can others be taught to speak up more skillfully with similar results?

The resounding answer to each is “yes.”⁷ In each of the five key problem areas, the study found a clear difference between speaking up and speaking up well. Across the problem areas, about half of leaders make some attempt to speak up. But most are ineffective. Some speak up but water down their concerns, so the issues are never fully aired. Some speak up but do so in a way that provokes defensiveness from others. And a handful—about one in eight—are able to share their full concerns and, by the end of the conversation, feel their views are understood.

The research also showed that while the skill of the initiator is a key ingredient in ensuring these crucial conversations are held well, the receptiveness of the other party is similarly important. Project leaders who are adept at holding crucial conversations are far more effective in dealing with prickly and defensive executives. But their skill doesn’t guarantee their concerns will be addressed. Unless and until leaders take extraordinary measures to ensure their environment is conducive to holding crucial conversations, a significant number of issues will remain unaddressed, invisible, and fatal.

However, when a skillful leader creates even a moderately safe environment:

- The likelihood of a project failing to meet budget is reduced by almost half.
- When project leaders effectively step up to these crucial conversations, hitting schedule is at least 40 percent more likely, quality improves almost 60 percent, and the likelihood a project will end with strong morale and intact stakeholder relationships is almost 70 percent greater.

KEY FINDINGS

Unless and until leaders take measures to ensure their environment is conducive to holding crucial conversations, a significant number of these issues will remain unaddressed, invisible, and fatal.

Next Steps for Senior Leaders

Although *Silence Fails* focuses on important findings that can predict and explain failure, the most important implication of the study is the potential leaders have to influence success.

Senior leaders can predict and prevent the failure of high-stakes business initiatives by creating a culture where the five conversations are held quickly and effectively. *Silence Fails* also provides insights and recommendations on how senior leaders can develop a business case for change, measure behaviors, invest in skills, hold senior management accountable, and make heroes of early adopters.

Organization of This Report

This report contains the results of the *Silence Fails* study. Each of the five crucial conversations for flawless execution is explored, including the following:

- A composite case study, The Last Roundup, that describes the issues the *Silence Fails* research team documented in actual projects.
- Key findings as they relate to each specific crucial conversation, including the extent of each problem, the cost of not speaking up, and the effect of speaking up.
- Actual comments from study participants that further reflect the environment and effects of these crucial conversations when they go unaddressed.
- A conclusion that identifies best practices for leaders who want to help their organizations improve their ability to step up to and hold these five crucial conversations to improve project success.

Section Notes

¹ "CHAOS Chronicles," Standish Group, 2004 and "The Strategy Focused Organization," Kaplan and Norton, 2001

² "CHAOS Chronicles," Standish Group, 2004

³ "Dependable Software by Design," Scientific American, June 2006, p. 69

⁴ Challenger, Grey, and Christmas, cited in USA Today, 10 April 2006, p. 2B

⁵ "Work Management: Why Can't Information Managers Manage?" John J. Lucas, PMI Seminar/Symposium. Proceedings, 1995, p. 304-310.

⁶ Study by LeadershipIQ.com

⁷ Based on over 25 years of research, VitalSmarts continue to conduct field studies that demonstrate significant, sustainable results brought about through organizational change initiatives. These efforts focus on behavior modification as opposed to system design and strategy development. See www.vital-smarts.com for case studies and additional information.

ABOUT THIS CASE

This case follows a composite character, Bob Kelley, through a major organizationwide initiative, and describes issues the *Silence Fails* research team documented in actual projects.

Throughout the remainder of this study, pertinent *Silence Fails* findings will be applied to the this case study.

CASE STUDY:

THE LAST ROUNDUP

A project leader in a major business services company, Bob Kelley led an effort codenamed “Roundup” to in-source the company’s billing system. The history of the billing system was complex:

- The billing system was the lifeblood of the company—responsible for drawing hundreds of millions of dollars into the company on a monthly basis by issuing timely and accurate bills to more than 20 million customers.
- For twenty years the billing system had been handled by a vendor.
- For three years Kelley led a sometimes unruly and loose confederation of more than 1,000 professionals drawn from various functions in his company, as well as contractors to change over to a company-owned system.

Roundup was a particularly tough assignment given that Kelley was the line manager of only a few of these people, and his mission depended on the unflinching support of *all* of them.

The stakes couldn’t have been higher. And Roundup’s status could not have been worse. By the time we met Kelley, the project was already 100 percent overdue and 300 percent over the original budget—an investment of well over \$250 million to that point with no end in sight. Kelley believed, however, there was a light at the end of the tunnel. The first cutover date for a small contingent of customers was two weeks away. As he walked out of a “release review,” he believed all was in order and the chance of success was high.

One month later, Kelley was handed his head. The release was a disaster. The vendor managing the legacy system failed to transfer data when required. Once they did, the new bills were plagued with errors, and the system suffered from multiple “Severity 1” glitches—causing it to crash uncontrollably during the billing cycle. When he was dismissed, Kelley was escorted to his desk by a security guard who then walked him out of the building.

Diagnosis

Kelley’s demise was the direct result of failure to effectively address the five issues identified in *Silence Fails*. Each of the five key problems emerged at one time or another during the course of the initiative.

Conclusion

The complete undoing of Roundup was not guaranteed by the existence of these problems but by how they were handled. Most were never fully discussed with the people who needed to hear them. Others were raised, but then muffled by the very executives who should have listened and taken action.

Fact-free planning reflects bad planning behaviors at every level.

Extent and Costs

Of the 85 percent of study participants who reported the prevalence of fact-free planning in their projects:

- 39% of their projects were affected
- 91% said the issue was difficult or impossible to confront or resolve
- 61% spoke up at all
- 14% spoke up skillfully and had some effect on the problem
- 19% were able to solve the problem

88% reported that the problem persisted*, causing operational impact as follows:

- 82% of projects exceeded their budget
- 82% missed deadlines
- 82% had missing or wrong functionality or quality problems
- Team morale was damaged on 73% of projects
- 43% had a long list of problems to be resolved after the project ended

* Continued for the life of the project and beyond.

CRUCIAL PROBLEM #1:

FACT-FREE PLANNING

A project is set up to fail when deadlines or resource limits are set with no consideration for reality.

Fact-free planning describes ways leaders set project parameters without involving—or by falsely involving—project leaders. Project leaders are often given sets of deliverables, budgets, and timelines with no input or opportunity to determine what the project will really take. At other times they are asked to calculate the resources and time needed to achieve a scope of work, but then their estimates are ignored. In either case, the result is a set of timelines, budgets, and deliverables that are unrealistic from the beginning.

Very often, unrealistic constraints get placed on projects. An executive or customer will make commitments to another stakeholder without the project team’s consent and will then present the finished plan as a done deal. Over time, teams that are subjected to these mindless demands begin to pad budgets and timelines—anticipating that their estimates will be ignored.

Fact-free planning reflects bad planning behaviors at every level. When project leaders realize these practices are taking place, they must be willing and able to call the bluff. If they avoid this crucial conversation and either commit to something they know can’t happen or fake their way to success, they set themselves and their projects up to fail.

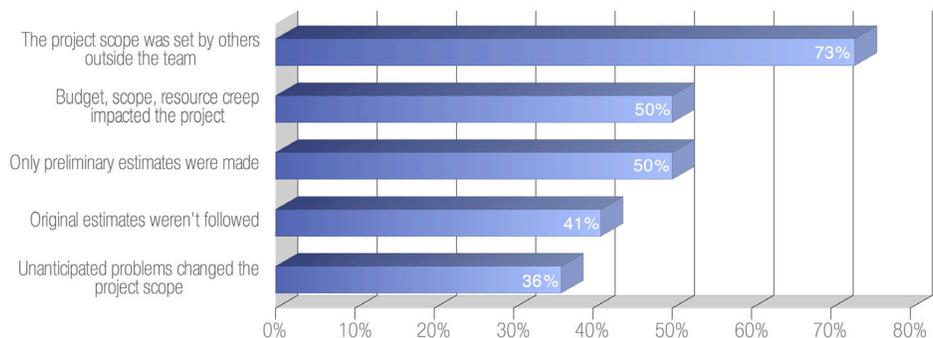
Similarly, executives who avoid discussing their doubts about an estimate’s validity or the team’s competence instead use their power in a way that generates *political* rather than *valid* agreements. Then when failures follow, their doubts about the team are confirmed, and they feel justified in using more fact-free planning to re-establish their sense of control.

The only way out of this vicious cycle is for project leaders and executives to candidly and effectively express their suspicions, doubts, and data. While these crucial conversations aren’t easy, they are the only path to rational commitments.

How common are these problems? Eighty-five percent of project leaders are faced with “fact-free planning.”

Key drivers include:

Indicators of Fact-Free Planning



Impact of Speaking Up

The 19% who skillfully addressed this problem** improved quality and functionality by 69% while reducing:

- Cost overruns by 29%
- Schedule delays by 17%
- Inappropriate shortcuts by 47%
- Persistent problems* by 58%

* Continued for the life of the project and beyond.

** Compared to those who didn't address the issue (these differences are all statistically significant, $p < .05$)

Application

THE ROUNDUP CASE

When Kelley took over Roundup, he was given one year to complete the insourcing and a budget of \$45 million. Ideally, this schedule and budget would have been the result of a careful planning process that involved Kelly, but that's not the way it happened. Instead, Kelly's executive leaders were playing a common game in project execution—they fished for the best deal they could get. They set a stretch goal and hoped the performance pressure it created would motivate him to achieve it. Kelley was a good soldier and tried to make it work, but he knew from the beginning that it couldn't.

Just how this plays out with project teams is better illustrated by these key findings:

- When project leaders face these problems, they know the stakes are high, and 61 percent make some effort to raise their concerns—often in an understated way.
- More than nine out of ten project leaders describe this type of conversation as between “difficult” and “impossible” to resolve.
- In fact, only 19 percent are able have the conversation in a way that gets results. When project leaders are unable to succeed at this conversation, their projects turn into slow-motion train wrecks.

When the conversation fails, the impending failure becomes widely anticipated.

- Nine out of ten project leaders share their concerns with project team members and with others across the organization.
- Team morale takes a hit in nearly three-quarters of these cases as people become aware that they're headed toward failure. At this point in the project, the unrealistic specs are rarely resolved; 88 percent of the time they remain for the life of the initiative or beyond.
- 9 percent of these projects come in over \$1 million over budget.
- 70 percent of the time, people take inappropriate shortcuts, cut documentation, or skip testing in order to meet the specifications, and in the end these projects fail.
- In fact, 61 percent achieve the hat trick of project failure; they miss their deadlines, go over budget, *and* fail to achieve their deliverables.
- 43 percent end up with a long list of problems to resolve after the project itself has ended.

Participant Comments

“Here's how it works here. Year 1: Six Sigma is the hot thing and you get all the resources you need. Year 2: They put the squeeze on you arbitrarily cutting by X percent. Year 3: You're not meeting goals because you have no resources, and they kill it.” — *Manager, Pharmaceutical Firm*

“We ask you to do a project. You come back and say, ‘I need twenty-five resources and \$2.5 million.’ And your sponsor says, ‘Okay, how about three resources, clock time, and no money?’ and we say ‘Sounds right.’ You have to, because you can't challenge.” — *Department Head, Food Services Firm*

“There's no such thing as planning for a project. There's the real date and the date you're told to do it. Part of the front end of a project should be identifying and refining your scope. What is realistic? In previous experience—it's not about what is the true scope and how many resources and how long. Senior manager A spoke with senior manager B—we're going to have this done by the end of February. We set an end date and work backward. So we cut out testing and other quality processes.” — *Director, Financial Services Firm*

When the project sponsor is AWOL, the project team is stranded and exposed.

Extent and Costs

Of the 65% of study participants who reported the prevalence of AWOL sponsors in their projects:

- 33% of their total projects were affected
- 88% said the issue was difficult or impossible to confront or resolve
- 47% spoke up at all
- 11% spoke up skillfully and had some effect on the problem
- 17% were able to solve the problem

75% reported that the problem persisted*, causing operational impact as follows:

- 75% of projects exceeded their initial budget
- 85% missed deadlines
- 74% had missing or wrong functionality or quality problems
- Team morale was damaged on 69% of projects
- 31% had a list of problems to be resolved after the project ended

* Continued for the life of the project and beyond.

CRUCIAL PROBLEM #2:

AWOL SPONSORS

A sponsor doesn't provide leadership, political clout, time, or energy to see a project through to completion.

Project sponsors are responsible to provide leadership and political support. And they frequently don't. When the sponsor is AWOL, the project team is stranded and exposed. They're sent off to accomplish a task and don't have the firepower needed to implement the project. For example, key leaders whose help or resources are needed to enable the project may not come through, and the sponsor who has the organizational muscle to hold them accountable fails to do so.

In many cases the sponsor who should have fought the political battles (returning calls, following up with commitments, and so on) ultimately leaves project leaders to fend for themselves. Rather than directly address the issue, they begin working around it.

Key findings include:

- 65 percent of project leaders experience problems with AWOL sponsors.
- About half of those make some attempt to bring up their concerns.
- 88 percent of study participants indicate that conversations on this subject are difficult if not impossible to have in their organizations.
- Fewer than one in five project leaders who suffer from AWOL sponsors are able to hold the crucial conversation with their sponsor in a way that solves the problem.

When the project leader fails to resolve AWOL sponsor problems, projects are destined to fail—and the costs add up.

- More than three-quarters come in substantially over budget, behind schedule, and/or below specifications.
- In fact, 11 percent come in more than a million dollars over budget.
- Team morale is damaged more than two-thirds of the time.

Participant Comments

"My project from the president was, 'We need to eliminate \$50 million in cost by moving three major manufacturing programs from North America to our Asia operations.'

"My 'sponsor' was the VP of North America. I met with the North America person and he basically said, 'Over my dead body.' And this is my sponsor! I went to the president and said, 'What is up with this? How am I going to manage through this?' So he sent an e-mail to the sponsor and ordered him to help me. My sponsor is now my sworn enemy." – *Director, Manufacturing Firm*

Impact of Speaking Up

The 17% who were able to address this problem** improved quality and functionality by 50% while reducing:

- Cost overruns by 33%
- Schedule delays by 33%
- Persistent problems* by 70%
- Inappropriate shortcuts by 66%

* Continued for the life of the project and beyond.
 ** Compared to those who didn't address the issue (these differences are statistically significant, $p < .05$)

"I was working with people I've never met in another country and basically I was trying to drive something that the CIO wanted. I tried to get people to understand that this was what we were being told to do—that it was a directive, not a choice. I finally had to talk to the CIO and explain to him, 'I need help, you need to explain why we need to do this. You need to get people's buy-in and support.' I was afraid an email would go out like 'This is what you need to do and you will do it NOW.' I don't think that would have helped the situation. Instead, he kind of backed off and the project died. But not for another year." — *Program Manager, Pharmaceutical Firm*

Application

THE ROUNDUP CASE

In Bob Kelley's case, the sponsor who should have fought the political battles required to get the old vendor to cooperate rarely returned calls, seldom followed up with commitments, and ultimately left Kelley to fend for himself.

When Kelley took on Roundup he made a fatal mistake. He was told through the grapevine that his sponsor was a bit of a deadbeat. Rather than directly address this issue, he began working around it. He called on other executives for help and enabled the problem by absolving his sponsor of responsibility.

Skirting plagues most projects for their entire duration.

Extent and Costs

Of the 83% of study participants who reported the prevalence of skirting in their projects:

- 33% of their total projects were affected
- 79% said the issue was difficult or impossible to confront or resolve
- 51% spoke up at all
- 13% spoke up skillfully and had some effect on the problem
- 16% were able to solve the problem

81% reported that the problem persisted*, causing operational impact as follows:

- 78% of projects exceeded their budget
- 87% missed deadlines
- 80% had missing or wrong functionality or quality problems
- Team morale was damaged on 66% of projects
- 28% had a long list of problems to be resolved after the project ended

* Continued for the life of the project and beyond.

CRUCIAL PROBLEM #3:

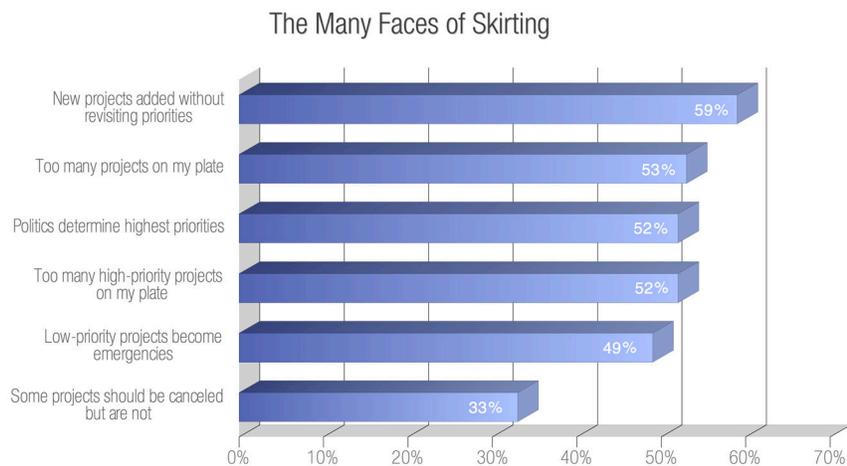
SKIRTING

People work around the priority-setting process.

Powerful stakeholders and senior leaders often skirt the formal decision-making, planning, and prioritization processes. They need what they need, and they don't want to be burdened with practical considerations. So they work around the process. The results are often outrageous overcommitment, disappointment, and burnout. Projects get approved for which there are no resources, scope creep bloats approved projects far beyond the resources originally budgeted, and team members deliver a succession of disappointing results and suffer from battered morale.

Key findings include:

- 83 percent of project leaders contend with stakeholders and others who skirt the formal planning and execution system. The most common descriptions of skirting include:



- 79 percent of project leaders describe the discussion as between “difficult” and “impossible” to resolve.
- Only 13 percent are able to skillfully raise their concerns in a way that gets heard.

With so few people able to succeed at this crucial conversation, it's no surprise that skirting plagues projects for their entire duration. Other key findings include:

- Four out of five of these projects suffer from skirting issues for the life of the project or beyond.
- 78 percent of these projects go over budget.
- 87 percent miss their deadlines.
- Two-thirds leave teams with battered morale.
- 80 percent fail to achieve their deliverables.

Impact of Speaking Up

The 17% who were able to address this problem** improved quality and functionality by 64% while reducing:

- Cost overruns by 64%
- Schedule delays by 60%
- Persistent problems* by 70%
- Inappropriate shortcuts by 66%

* Continued for the life of the project and beyond.
** Compared to those who didn't address the issue (these differences are all statistically significant, $p < .05$)

Application

THE ROUNDUP CASE

The VP of Marketing in Kelley's company repeatedly injected additional requirements into the project with no consideration for their impacts on the budget or schedule. He did so through both direct intervention and deal-cutting with sponsors and executives. Kelley and his team were left to deal with the fallout. Once again—the problem was not only that the Marketing VP skirted decision-making processes—the problem was that no one confronted his violations in a way that stopped them.

Bob Kelley and his sponsors failed to step up to the crucial conversation when repeated skirting made the scope of his project impossible to fulfill. As a result, the violations continued, and added momentum to the oncoming train wreck.

Participant Comments

"A real simple example: somebody might be walking with me to the coffee machine and they start talking about something. I have to stop and say, 'You realize this is just a conversation—that you did not just initiate a project. You cannot go back to your CIO three months from now and say, 'We've been working with them for two months now.' Talking to me on the way to the break room is not how you contract for our services.'" — *Senior Program Manager, Food Services Firm*

"There are people who are better at navigating through all the stakeholders. It tends to become more political. It's a lot of fine negotiating, deciding carefully who you're going to piss off and who you're not. I haven't seen an example of where we're good at balancing priorities in a traditional sense. I have just seen some better than others at being artful or persistent, or getting the right air cover to navigate through it."

"When a project manager says, 'No,' to a customer, here's what will happen: The customer will call the president of our company and say, 'You need to do this,' and he says 'Yes.' Then we get horrible scope creep because after we make agreements, people hang things on the project like a Christmas tree without adding any resources. When we fail to make schedule or budget, they don't say anything immediately, but then they badmouth us later for generally being over budget and past due." — *Project Manager, Food Services Firm*

When project participants play project chicken, the status and review process becomes a joke.

Extent and Costs

Of the 55% of study participants who reported the prevalence of project chicken:

- 31% of their total projects were affected
- 61% said the issue was difficult or impossible to confront or resolve
- 42% spoke up at all
- 13% spoke up skillfully and had some effect on the problem
- 26% were able to solve the problem

76% reported that the problem persisted*, causing operational impact as follows:

- 78% of projects exceeded their budget
- 86% missed deadlines
- 74% had missing or wrong functionality or quality problems
- Team morale was damaged on 54% of projects
- 23% had a long list of problems to be resolved after the project ended

* Continued for the life of the project and beyond.

CRUCIAL PROBLEM #4:

PROJECT CHICKEN

Team leaders and members don't admit when there are problems with a project but instead wait for someone else to speak up first.

Once a project gets underway, it can derail when various subteams or team members fail to honestly report project risks. They engage in Project Chicken.

This costly game resembles the lunatic practice of driving cars head-on as a test of nerves to see who swerves out of the way first—or who is more “chicken.” The corporate version is played when project leaders fail to admit they may fall short on deliverables and need more time. Instead, they hope some other group that has problems will speak up first. Whoever speaks up first will be blamed for causing the delay, but everyone who is behind will benefit.

When project leaders play project chicken, the status and review process becomes a joke. The team loses opportunities to gracefully respond to problems by revising goals, shifting resources, reorganizing plans, and more. Instead, the project hurtles forward on a collision course with failure while everyone watches—nervous but silent.

Almost every organization reported some form of Project Chicken, and more than half of project leaders say they face it regularly. Often, the enormous pressure to give good news sets project leaders up for failure by making it difficult to discuss risks. Such pressures also make it hard for team members to admit that a single problem could pose a risk to the entire project, even though the problems may be longstanding and complex. In this situation it's also hard to admit that shortcuts could pose a risk to the entire project. Project leaders often see these trains coming for months but fail to speak up in an effective way.

Key findings include:

- Roughly one in four project leaders who face this problem are able to effectively discuss project chicken with those who appear to be playing the game.
- When project leaders face these problems they know the stakes are high, but only 42 percent make some effort to raise their concerns.
- 13 percent of project leaders describe this type of conversation as “difficult” and “impossible” to resolve.

When the conversation fails, so do 76 percent of the projects.

- 86 percent of those miss their deadlines.
- 78 percent come in over budget.
- 74 percent are missing functionality or suffer from lower-than-desired quality.

Impact of Speaking Up

The 17% who were able to address this problem** improved quality and functionality by 56% while reducing:

- Cost overruns by 55%
- Schedule delays by 69%
- Persistent problems* by 70%
- Inappropriate shortcuts by 66%

* Continued for the life of the project and beyond.
 ** Compared to those who didn't address the issue (these differences are all statistically significant, $p < .05$)

Application

THE ROUNDUP CASE

The enormous pressure to give good news set Kelley up for failure by making it difficult to discuss risks. It made it hard to admit that a single problem vendor could pose a risk to the entire project, even though the problems with the vendor were longstanding and numerous. It made it hard to admit that shortcuts during testing could pose a risk to the entire project, even though testing had been seriously limited to meet the aggressive release schedule.

The problem was that none of these risks were addressed either in Kelley's final project review or in prior sessions. Project participants had seen these problems coming for months, but no one had spoken up in an effective way.

Participant Comments

"There are plenty of cases where someone has known something was wrong but didn't speak up soon enough. So yeah, if you have project updates and you have good, good, good, good, good, then bad at the end of the day. Then it's too late to do anything." — *Project Manager, Construction Firm*

"Oh, yeah. We have information about project success. We claim we hit schedule every time. But it's a lie. So the statistics looks good—but what we never admit is how many times we've moved the schedule. That's the real story—but we don't talk honestly about when we won't hit schedule and why. I can't think of a single project in the past two and a half years that was finished on the date initially planned." — *VP Information Services, Manufacturing Firm*

"This was not an IT person, and she was leading a project that required a lot of IT. The people below her weren't giving her all the information that they should have, and she wasn't able to connect the dots. They knew they were in trouble, but the project was at a high visibility. They just kept working hard—like they'd eventually get there.

"I took the project from green to red overnight, two weeks before it was supposed to go live. I had to involve the second and third highest persons in our company, and obviously that didn't go over well. The person who was the project lead, I felt bad for her." — *Vice President, Food Services Firm*

Too often, team members will ignore team deficiencies and work around the problem.

Extent and Costs

Of the 80% of study participants who reported the prevalence of team failures in their projects:

- 30% of their total projects were affected
- 76% said the issue was difficult or impossible to confront or resolve
- 49% spoke up at all
- 14% spoke up skillfully and had some effect on the problem
- 24% were able to solve the problem

80% reported that the problem persisted*, causing operational impact as follows:

- 73% of projects exceeded their budget
- 82% missed deadlines
- 77% had missing or wrong functionality or quality problems
- Team morale was damaged on 69% of projects
- 24% had a long list of problems to be resolved after the project ended

* Continued for the life of the project and beyond.

**CRUCIAL PROBLEM #5:
TEAM FAILURES**

Team members are unwilling or unable to support the project.

Project leaders generally have a common attribute: they have far more responsibility than they have authority. They “lead” large cross-functional groups with very few direct reports. Often, all have other masters—and it shows.

Project leaders report being hobbled by team members who don’t show up to meetings, fail to meet schedules, or lack the competence to meet ambitious goals. Often these leaders have no say in selecting or replacing these nonperformers and feel powerless to coach them. Instead, they ignore their deficiencies and work around the problem.

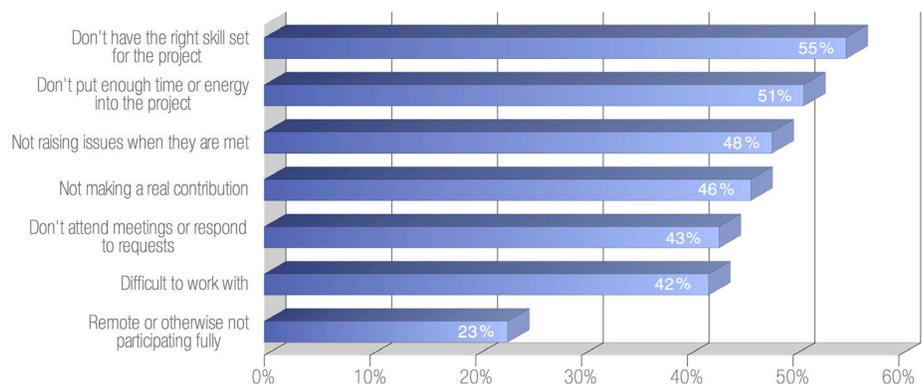
For example, someone assigned to the team may be viewed by others as incompetent. Rather than addressing such concerns openly, additional resources are brought in to take over the most critical tasks. Not only is this a costly duplication of effort, it creates an environment of resentment and mistrust between the now-competing individuals and among other team members as they are dragged into this jockeying.

A second source of team struggle comes when project leaders must negotiate with functional managers to staff their projects. These functional managers often have many other priorities and are unresponsive to the project leader’s needs. Once again, if project leaders can’t hold effective crucial conversations with functional managers who fail to deliver, then project success is compromised.

Key findings include:

- When project leaders fail to effectively address performance problems in their teams, four out of five projects suffer from budget, schedule, and/or quality problems.
- Of the 80 percent of leaders who reported team member failures, their observations about common causes include:

Where Team Members Let Each Other Down



Impact of Speaking Up

The 17% who were able to address this problem** improved quality and functionality by 64% while reducing:

- Cost overruns by 64%
- Schedule delays by 60%
- Persistent problems* by 70%
- Inappropriate shortcuts by 66%

* Continued for the life of the project and beyond.
 ** Compared to those who didn't address the issue
 (these differences are all statistically significant, $p < .05$)

Application

THE ROUNDUP CASE

From the beginning, Kelley suffered from the common lot of all project leaders—he had far more responsibility than he had authority. He “led” a group of 1,000+ professionals—only seven of whom reported to him. All had other masters—and it showed.

Kelley, for example, was assigned a senior systems architect whom Kelley thought was incompetent. Rather than addressing his concerns openly, he brought in a second architect and made sure this person received the most critical tasks. Not only was this a costly duplication of effort, it created an environment of resentment and mistrust between the two architects and among other team members they dragged into their jockeying.

- 76 percent of those describe the discussion as between “difficult” and “impossible” to resolve.
- As a result, only 14 percent are able to skillfully raise their concerns in a way that gets heard.

With so few people able to succeed at this crucial conversation, it's no surprise that team failures begin in the earliest stages of projects and persist for their entire duration.

- 80 percent these projects suffer from team failures for the life of the project or beyond.
- Up to 82 percent of these projects go over budget, miss deadlines, and suffer from quality problems.
- More than two-thirds leave teams with battered morale.

Participant Comments

“The functional managers? You've got to hound them. I just had this one project. I kept reaching out to the manager of the resource group I needed. First I tried to invite them to the kick-off meeting so they'd see the scope of their involvement. Then I sent them private e-mails. I was getting blown off for weeks. I stop by their office, and if I ever brought up how they've been blowing me off, they really didn't like it. And escalate? The most my manager would do was send them an e-mail. No one really confronted the problem. That really stinks.” — *Project Manager, Food Services Firm*

“If your project isn't hot you won't get the resources they committed to you. They don't take you seriously until you have a crisis. When it becomes a crisis then we will address it. Now someone can step up and become a hero. Say the regulators are coming next week! Now you get the resources, the money, and away you go.” — *Project Manager, Financial Services Firm*

“Once they assign a bad resource you can only escalate to their manager. You just accept what they give you. Or just give their work to someone else. If that person has a track record, then obviously the manager knows, so why bother escalating? We do not have a way of turning down a resource or giving feedback to the manager or the individual. The functional manager has no idea how this person really functions. So you succeed by finding a horde of people you like and trying to synchronize the ending of one project with the beginning of your next so you can hang onto them.” — *Project Leader, Manufacturing Firm*

Application

THE ROUNDUP CASE

The complete undoing of Roundup was not guaranteed by the existence of these problems but by how they were handled. Most were never fully discussed with the people who needed to hear them. Others were raised, but then muffled by the very executives who should have listened and taken action.

KEY FINDINGS

The crucial issues being addressed are so common that many leaders have stopped seeing them.

CONCLUSION

Although *Silence Fails* focuses on important findings that can predict and explain failure, the most important implication of the study is that potential leaders have to influence success.

While the data show that fewer than one in five project leaders effectively engage in the crucial conversations needed to solve these five problems, the good news is that one in five does. Much can be learned by studying their successes and whether these unique individuals produce different results than their stymied peers.

Research on this contingent of crucial conversations successes demonstrates that project leaders who speak up effectively do affect project success, and that others can be taught to speak up more skillfully and achieve similar results. Not only is it possible to rapidly and measurably change patterns of silence in an organization to patterns of open dialogue and accountability, it's also possible to sustain these results.*

Following are a few of the best practices project leaders and leaders can begin using immediately to address the issues raised in *Silence Fails*. Use these best practices to face the issues and begin building organizational competence at resolving them.

Getting People to Speak Up Well

As stated earlier in this report, in each of the five key problem areas, the study found a clear difference between speaking up and speaking up well. Across the problem areas, about half of leaders make some attempt to speak up. But most are ineffective. Some speak up but they water down their concerns, so the issues are never fully aired. Some speak up but do so in a way that provokes defensiveness from others. And a handful—are able to share their full concerns by the end of the conversation, feel their views are understood and respected.

The study also shows that while the skill of the initiator is a key ingredient in ensuring these crucial conversations are held well, the receptiveness of the other party is similarly important. Project leaders who are adept at holding crucial conversations are far more effective in dealing with prickly and defensive executives. But their skills don't guarantee that their concerns will be addressed. Unless and until leaders take extraordinary measures to ensure their environment is conducive to holding crucial conversations, a significant number of issues will remain unaddressed, invisible, and fatal.

1. Develop a Business Case for Change

The crucial issues being addressed are so common that many leaders have stopped seeing them. Rapid change can be made, but not if these crucial conversations are seen as “soft” issues—or as a “nice to do.” Consider the following steps to develop your business case for change:

- Begin by making the problem visible. Track and publish data about project successes and failures.
- Distribute *Silence Fails* to generate discussion about the root cause of current underperformance.
- Engage senior leaders in a “listening campaign” where they lead structured focus groups to validate whether these crucial problems affect current results.

KEY FINDINGS

When a skillful leader creates even a moderately safe environment, the likelihood of project success increases 50 to 70 percent.

The goal of this process of published results, engaging discussion, and focused listening is to help senior leaders connect the behaviors described here with results they care intensely about. Once they can articulate this connection, they will see the business need for changing these vital behaviors.

2. Measure Behaviors

Leaders who are serious about improving how their people address these conversations are the first to regularly measure current behavior.

- Conduct a *Silence Fails Assessment* (find one at www.silencefails.com) to determine how well your project is performing in relation to the five crucial conversations in *Silence Fails*.
- Discuss the results of the *Silence Fails Assessment* with the right people. Whether it's the senior management team or another team of cross-functional leaders, this will help draw attention to the existence of the crucial issues and whether they are being adequately discussed and addressed.
- Use an organizational survey to assess executive competence within your organization.

3. Invest in Skills

Most project leaders and team members lack the confidence to address these politically sensitive issues because they don't know how to lead this risky discussion. Leaders who train their people to deal with these specific crucial conversations see substantial improvement in whether and how the issues get resolved.

- Publish a bold improvement goal. Get senior leadership committed to specific improvements over baseline measures.
- Follow up with training, discussion, assessments, and other tools to ensure that transference is occurring. Monitor the impact of this training in your organization.
- Map training outcomes to key performance indicators. Determine the behaviors that are connected to the results you want to improve and track both the behavioral change and that bottom-line result you're after.

4. Hold Senior Management Accountable

Investing in project leaders' competence at holding crucial conversations is necessary but insufficient. Effective organizations judge leaders and hold them accountable for improving the measures on this survey within their areas of responsibility. The best even tie it to senior leadership bonuses and performance evaluations. In addition:

- Make leaders the teachers. People will change their behavior more rapidly if leaders deliver the training than if staff trainers or outside consultants do so. When leaders teach, the speed of change can be two or three times greater than when those who aren't as credible and connected in the organization lead instruction.*
- Hold everyone accountable for creating a safe environment for these crucial conversations.

When senior leaders know that they are accountable for how well they lead at changing people's behavior, they get much more interested.

5. Make Heroes of Early Adopters

The key to getting a hundred people to speak up is to publicly reward the first one who does. Be sure to send a clear and public message that these conversations aren't just important, they're *crucial*—and those who raise them are highly valued. Tips include:

- Highlight and reward people who take a risk and raise these crucial conversations.
- In a public forum, praise individuals who surface sensitive project risks or skillfully challenge leaders.

If you want to change the values of an organization away from silence and toward candid dialogue, make heroes of those who take a chance with these new behaviors.

For the resources recommended here and additional tools, please visit www.silencefails.com.

Section Notes

* Based on over 25 years of research, VitalSmarts continue to conduct field studies that demonstrate significant, sustainable results brought about through organizational change initiatives. These efforts focus on behavior modification as opposed to system design and strategy development. See www.vitalsmarts.com for case studies and additional information.

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ABOUT THE STUDY

Beginning in late 2005, VitalSmarts and The Concours Group partnered to dive below the formal systems to identify what was missing. With worldwide participants, the study *Silence Fails* yielded substantial findings. The study was broken into two phases: exploratory and observational.

EXPLORATORY PHASE

Researchers conducted interviews and gathered statements from individuals in leadership positions, as well as individual contributors involved in project management. From there, the research team analyzed emerging themes and patterns to produce a set of issues that were most prevalent and costly. Results were retested with focus groups. Finally, a preliminary test of the survey was conducted to confirm that our factor analysis was consistent with a survey-based approach.

OBSERVATIONAL PHASE

The observational phase of our study, including a full survey, included the following:

- Researchers spent more than 150 hours observing various phases of project chartering, approval, and execution. In addition, interviews, focus groups, and surveys were administered to more than 1,000 senior executives, project sponsors, project leaders, and project participants.
- More than 1,000 executives and project management professionals across 40 companies were involved. Participating organizations came from a wide variety of industries, including pharmaceuticals, a fast food conglomerate, an international construction company, airlines, financial services, government agencies, and consumer products. While most of the 40 companies were Fortune 500 multinational organizations, about 10 percent were smaller, regional firms.
- The analysis encompassed more than 2,200 projects, ranging from \$10,000 IT projects to billion-dollar organizational restructuring efforts.
- Study participants ranged in experience from veteran, university-trained and certified project leaders to newly minted managers with little formal training in project management. Some organizations had sophisticated project governance, management processes, and policies, while others had far less developed approaches.

APPENDIX

Aggregated study findings are outlined below.

		Fact-Free Planning	AWOL Sponsors	Skirting	Project Chicken	Team Failures
Extent of Problem	Project managers with this problem	85%	65%	83%	55%	80%
	% of their projects affected	39%	33%	33%	31%	30%
	Those reporting it's hard to confront/resolve.	91%	88%	79%	61%	76%
	Those who speak up at all	61%	47%	51%	42%	49%
	Those who speak up skillfully	14%	11%	13%	13%	14%
	Those able to solve the problem	19%	17%	16%	26%	24%
Cost of Not Speaking Up	The problem continues for the life of the project or beyond	88%	75%	81%	76%	80%
	Budgets are exceeded	82%	75%	78%	78%	73%
	Deadlines are missed	82%	85%	87%	86%	82%
	Functionality specs or quality suffers	82%	74%	80%	74%	77%
	Team morale is damaged	73%	69%	66%	54%	69%
	A long list of problems remain to be resolved after the project ended	43%	31%	28%	23%	24%
Impact of Speaking Up	Reduced cost overruns	29%	33%	35%	55%	64%
	Reduced schedule delays	17%	33%	28%	69%	60%
	Improved quality and functionality	69%	50%	44%	56%	64%
	Were less likely to take inappropriate shortcuts	47%	66%	64%	66%	66%
	Were less likely to have a long list of problems to resolve after the project ended	58%	70%	71%	70%	70%

For more information about this study, contact VitalSmarts at 800.449.5989 or via e-mail at research@vitalsmarts.com