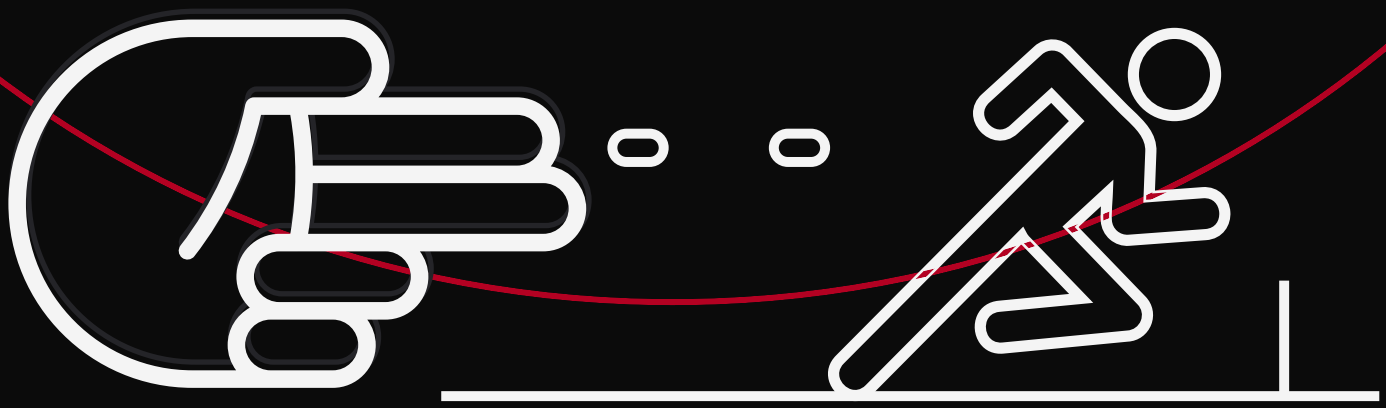
Are you jumping the gun?

...and putting your programs in the firing line?



mentor™

By **David Hilliard** and **Ian Waters**

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Results. Nothing less.

Last time your company ran a business-critical program, how did the management team organise to get the job done? Did they choose an approach - and implement it - before the uniqueness of the work was understood?

The odds are they did - and probably chose one of these approaches.

01

Allowed each function do its own thing, relying on cooperation between them. They may even have appointed a Program Manager to coordinate individual functions.

02

Handed the lead role to the Director most affected by the change to delegate downwards. Usually to the biggest function.

03

Selected a Program Director and gave him the authority and resource to get the job done. This doesn't happen often.

04

Split responsibilities between functions in some incomprehensible way. Usually for "political" reasons - to cater for executives with fragile egos who feel left out.

Whatever happened, many of us have been around long enough to know there is no single right way to organise a program. But we do have good instincts on which approaches flourish – and those that wither on the vine. We've all seen plenty.

But let's look at some of the issues in "jumping the gun" on organisation.

Planning a program

When a program is first imagined, the reasons "why" are always well understood. Businesses want better business results - more sales, improved margins, stronger profits...

Typically, these results have a clear-cut label like a healthier return-on-investment (ROI) – by a specific date. But, let's be clear - "hoped-for" results are simply targets. With few exceptions, they display a ton of misplaced optimism.

In the beginning, all that's known is the required result - and when it is needed. There are still huge understanding gaps about what's involved - between senior management and the execution teams. Many executive teams feel once targets are set, that's it. The program "ought to be possible."

This is the doctrine of misplaced precision. We are still a long way from the starting line. So, what's not understood?

What's never grasped precisely is this: work to be done to convert targets into concrete results? How will it be

done, specifically? Who will be involved? What functions, what 3rd parties, new technologies - and so on?

"Planning any program is a critical piece of foundation building."

It brings these concepts and views to life. Without a solid foundation, you can never have a robust executable plan. It might look colourful and pretty on a PowerPoint chart – but that's all it is.

A program plan "models" what needs to happen, when it can happen - and who is involved. Typically, it's called a Program Definition - but essentially, it is a mock-up of the job.

Predictably, the first cut of any new program plan is based on that much misunderstood management euphemism, "guidance."

Guidance comes in the shape of targets, from executive management. To be fair to executive management, targets are rarely pulled out of thin air. They are usually a by-product of the Business Planning process.

Most line managers should be smart enough to know targets are already baked-in to the Business Plan – and the "guidance" is largely non-negotiable. But the target problem is often made worse by the arrival of out-of-the-blue "stretch" targets.

That's another story.

First-cut program plans typically assume absolutely nothing will go wrong; there is a never-ending supply of qualified resource; and, the business is doing nothing else – only this program.

Unconstrained "everything." Perfect – but absolute

"Planning any program is a critical piece of foundation building.

nonsense. It doesn't stand scrutiny - but this is how the pattern goes.

"From then on, nobody is keen to tell top management that publicly committed numbers and dates can't be delivered..."

Anyone who does is firmly reminded the targets have been in the Business Plan for months and can't be changed.

The company's culture – sales-centric; BS-based; arrogance; political; fear-driven; indifferent – drives behaviours that can be extremely damaging.

Cover-ups become more ingenious each week as teams dream up new ways of spinning bad news. Facts are sometimes masked for months on end – like Band-Aids on cancer. No one can remember the truth anymore.

What's fascinating is how executive management don't smell the bullshit until it's too late. How can you not?

"Wouldn't it make sense to delay organisation decisions until the work is understood?"

Now, here is a key question.

If a Program Definition simulates what's intended, wouldn't it make more sense to delay organisation decisions until the work is understood?

Likewise, wouldn't it make more sense for executive management to put off making public commitments on numbers and dates until confidence levels were higher – and the ramifications were fully grasped?

"From then on, nobody is keen to tell top management that publicly committed numbers and dates can't be delivered...

Countless programs have similar features; these are regular, run-of-the-mill programs – the kind that businesses run all the time. But all programs are not the same.

Many programs are business-critical; the future of the business depends on their success. They have truly unique and distinct features that demand a dynamic, custom-built organisation. An off-the-shelf solution just won't cut it.

But how do you get to this point?

Think about the Program Lifecycle in two main parts – the Program Definition Phase and the Execution Phase. They can be sub-divided of course – and are in most businesses.

Naturally, it makes sense to put a team of people together to run the Program Definition phase. But this doesn't mean that team, that management system - and that structure - is suitable for the wider Execution Phase. Not by a long shot.

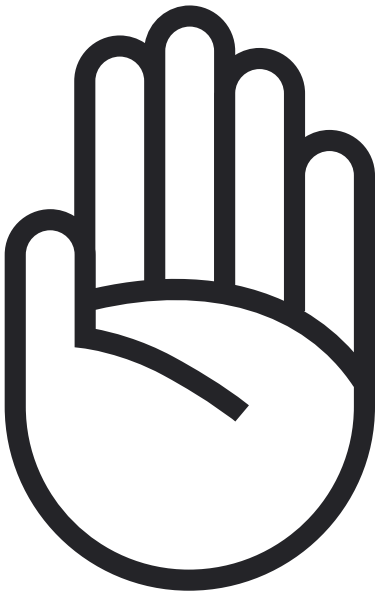
In most cases, it's not even close to what's required. Because now you know something substantial you didn't know before. You know exactly what needs to be done.

The endless refrain that crops up in every Program Definition Phase is this: the Execution Phase is always a lot tougher than anyone imagined. There are lots of unexpected bumps and twists in the road ahead that demand capabilities, experience and resource levels never previously thought about.

This prompts a fundamental question.

"Has anyone ever heard of a business-critical program that was more straightforward; less of a slog – and had fewer hurdles to jump – than anyone originally thought?"

"Wouldn't it make sense to delay organisation decisions until the work is understood?



Because this distinction is rarely taken into account, the management system - and program organisation - for the Execution Phase often ends up looking like it was designed by a chimpanzee throwing darts at an organisation chart.

The organisation to outline a program is likely to be short on muscle and smarts for the full-on Execution phase. We haven't yet found any business-critical program that turned out to be more straightforward, less of a slog – and had fewer hurdles to jump – than anyone originally thought.

"Business-critical programs are never in the 'Just Add Water class'."

But too many are treated as if they are.

Why do so many companies bounce in too early - and choose a "one-size-fits-all" program organisation? An approach that's completely incompatible with the relentless pressures of a business-critical program?

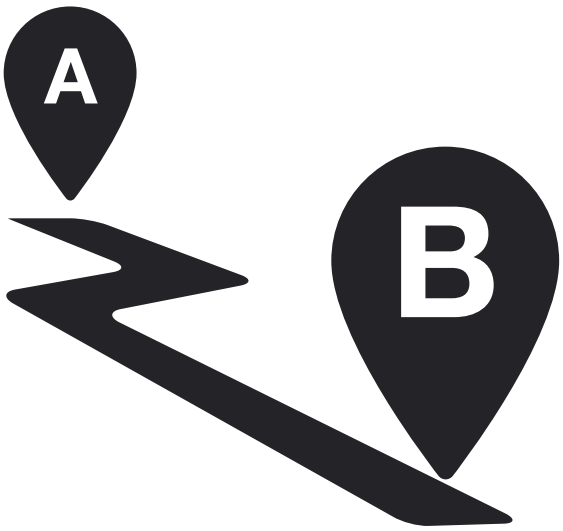
Because it happens so often suggests it's a knee-jerk reaction - driven by an almost primitive urge to get closure on the organisational question - and move on to the next BSO (Bright Shiny Object).

"Executives love to split thorny problems into lots of tame problems that are easily 'housetrained'."

Unquestionably, organisation is one of these.

There's little doubt senior managers are seduced by quick structural solutions - because they look so deceptively easy. Information systems, management styles and informal communication networks can't be messed around with on the back-of-an-envelope. But structure can.

"This doesn't mean that team, that management system - and that structure - is suitable for the wider Execution Phase.



Huge shakeups are engineered on the back-of-envelopes by replacing solid lines – badges of authority - with dotted ones, meaning individuals or functions can now only advise.

Pure wizardry.

We've all seen it, haven't we? Superficially, it's attractive, but ultimately disastrous.

Splitting complex problems into lots of tame problems has one flaw – and it's colossal. It's virtually impossible to keep track of the interdependencies between them.

What's more, tame problems don't stay solved for long. They create endless crises - and lots of firefighting.

"Just like boomerangs - no matter how hard you throw them, they just keep coming back."

Executives are inclined to forget back-of-the-envelope schemes are purely an exercise in make-believe power. Worse, they rely on an extremely optimistic view of how people in organisations actually behave.

But still it happens. Program organisations are announced before the scope of a Program is understood.

So, why do management teams – with really competent executives – make these blunders when preparing to run a business-critical program?

"Managers have bad mental models for simulating how a business - critical program is going to unfold."

No matter how gifted they are in other disciplines, many executives have bad mental models for simulating how a business-critical program is going to unfold.

"Just like boomerangs - no matter how hard you throw them, they just keep coming back.

It really isn't a surprise, they don't tackle them often enough. Maybe every 5 years - perhaps even longer. Business-critical programs are anything but routine. What they think is going to happen is often very different from what does happen. They miscalculate the demands significant features have on a program - and they either ignore – or skate over key decisions at crucial times.

But let's face it, people do underestimate the future anyway – especially future consequences. They are quick to forget the past – or too slow to remember crushing negative experiences from the past.

What's much more baffling is why - when they are in doubt - executives follow advice from other people who are no less prone to these sorts of oversights than they are.

If people are hesitant about what to do in any situation, they tend to fall back on what psychologists call "default biases." That is, if you don't know what to do, just do the easiest thing, or the thing you are used to doing.

Sometimes, the default bias is to "do nothing." That happens a lot.

Psychologists also talk about an "optimism bias." This means even when you recognise there are hazards – and there's a good chance they'll crop up. When they do, the real harm is going to be to somebody else. It's not going to be you.

"Optimism bias is widespread on business-critical programs."

Rampant overselling of "miracle results" gives birth to many fundamental oversights.

It's a universal program execution waltz - a monotonous series of dreary dance-steps that lie behind every single program failure.

"Managers have bad mental models for simulating how a business - critical program is going to unfold.

What can we do to give people a better mental model that more accurately simulates what's likely to happen on a business-critical program – and how they can organise for it?

How can we give management more specific information about what's important – and what's not?

Previously, we said there is no single right way to organise for a business-critical program. But this doesn't mean that anything goes. There are really important areas to cover.

"Successful comedians have a clear model of what they want to achieve in their performance. They don't just go on stage and start blathering."

Robin Williams and Jonathan Winters had one thing in common. They were both brilliant comedians; masters of improvisation. They could go on stage, make up stuff "on the fly" - and have audiences splitting their sides in seconds.

No one can do "improv" like they did. Both were one-offs.

But the best comedians wouldn't dream of going on stage without first writing their material - and then memorising it. They spend hours ironing out the intricacies of their characters to breathe life into them – their backgrounds, dislikes, flaws and strengths.

Humour is not what you say, but how you say it. It's about rhythm, timing and a distinctive turn of phrase. But hearing something in your head is no substitute for hearing it out loud.

That's why scripting and rehearsal is so important.

A mistimed pause - or highlighting the wrong word - can

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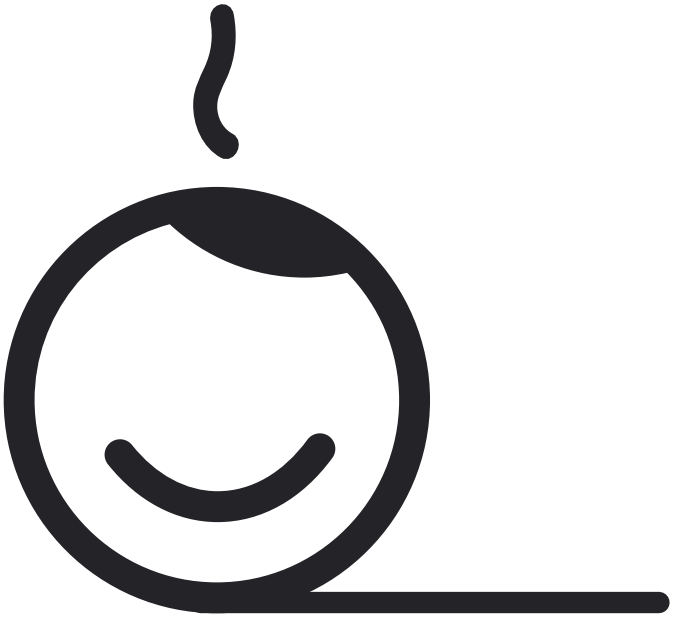


kill a joke. Well-placed silences and inflections can make a story funny – but comedians don't know until they hear it.

"What's this got to do with organising for business-critical programs?"

Successful comedians have a clear model of what they want to achieve in their performance. They don't just go on stage and start blathering.

That would spell disaster. Audience feedback is instant.

By contrast, **feeble program organisations take months to surrender their dreadful secrets** - and audiences don't find it funny.

Business-critical programs are not routine - and managers ignore or skate over key decisions at crucial times. Many decisions are in the "too-hard" category.

It really isn't a surprise, because they tackle them only once in a blue moon.

So, how can we give people a better mental model that more accurately simulates what's likely to happen on a business-critical program – and how they can organise for it?

How can we give management more specific information about what's important – and what's not?

A comedian has a specific model for his act - before it's researched, written, rehearsed and delivered to a live audience.

Managers need the same precision on organisation models for business-critical programs.

We've already said there is no single right way to organise for a business-critical program – but some options are more likely to flourish than others.

"What's this got to do with organising for business-critical programs?

“This doesn’t mean any superficial, back-of-the-envelope scheme will work.”

There are eight crucial points to model from:

1/ Full Alignment
2/ Credible plans
3/ Interdependencies
4/ Contingency Planning
5/ Change Control
6/ Resource Management
7/ Program Control
8/ Financial Management

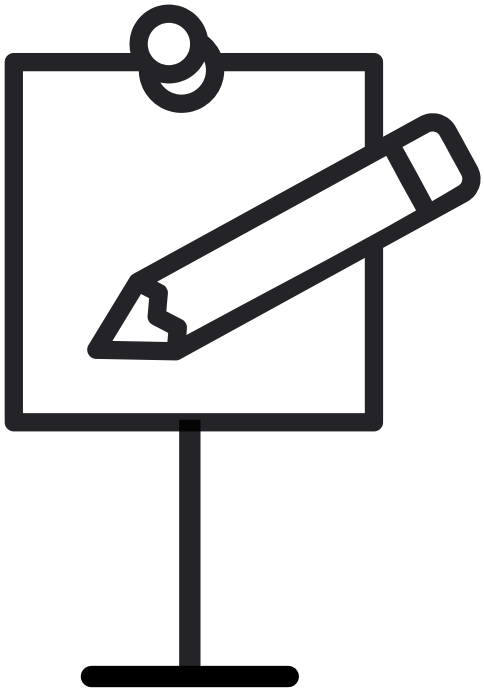
Organisation models for a business-critical program must have these key features.

1

Full Alignment

Full alignment - at the team level - covering what work is involved, timescales, expected financial results - and so on. The important phrase here is “at the team level.” It’s not enough to have senior management agreeing with each other and dishing out targets to the unsuspecting execution team. People who actually do the work must understand what they have to do - and how they will do it. **This can only be achieved through widespread staff involvement in the Program Definition process** – which receives negligible attention in most companies.

“This can only be achieved through widespread staff involvement in the Program Definition process.



2

Credible plans

Credible plans must have an excellent foundation. They should be realistic, convincing – and based on reasonable - not valiant - assumptions. **Credible plans are not targets, forecasts or "plans for a plan."**

They describe the work in detail, dependencies, key assumptions, resource levels, financial considerations – and the expected business results.

3

Interdependencies

Mismanagement of interdependencies between individual projects can kill programs stone dead. They should be "unmistakably" identified, negotiated, agreed, resourced and funded with the supplying function. No caveats - no ifs, no buts, no maybes. Failure to manage dependencies is rampant - in particular with 3rd party suppliers. Program commitments based on "provided-that-someone- else-does-this-by-then" statements are not worth a candle. Unseen and informal dependency "agreements" always cause serious problems.

4

Contingency Planning

Most plans are put together assuming everything will go perfectly; nothing can go wrong. They also imagine the program is top priority; there's a never-ending supply of skilled resource available; and, the business has no other work to do. Complete nonsense, of course. This is "optimism bias" in action. Understanding the nature of risks; how likely they are to appear; and, specifically what can be done to lessen the brunt, gives program teams confidence that potential disasters can be prevented, or worked around. **Many battered executives have learned that having "zero contingency" in program plans is a ridiculous.** Sudden calamities do occur.

5

Change Control

One small change "here or there" is unlikely to dramatically affect a program. It's the combined effect of hundreds, perhaps thousands, of minor changes passed through "on the nod" that throttle business-critical programs, triggering soaring costs and runaway timescales.

Robust, disciplined Change Control is essential.

No plan should change without a full management evaluation on resources, costs and timescales of the proposed modification.

6

Resource Management

Nothing interferes more with progress than the non-appearance of vital capabilities, skills and resource levels – at the right time. Time-slicing people's effort is the major crime. Plans are built on resource expectations. When resources aren't available as planned - or when they're still working on the last delayed program, severe problems crop up. The flow of people has to be managed dynamically. **People required 100% of the time should be clearly identified and "hard-wired" to the program**; people required 100% of the time but only for several months should be "ring-fenced" for that period of time – and shared resource requires accurate management.

8

Finance Management

The ultimate success of any program is whether it delivered its financial benefits. A program is not successful if scope and benefits are delivered "miles over" the original forecast. Poor financial management has huge consequences. A program business case is not a one-off – it's a living document - the baseline for future reporting through to program completion. The main focus should always be on the true cost of delivery. Rigorous forecasting increases accuracy and safeguards against ineffective Change Control. **The role of the Program Financial Controller is critical and should not be seen as "support" but at the heart of the program leadership team.**

7

Program Control

Pragmatism is at the heart of execution - the performance management system is pivotal to control. It strives for crisp, evidence-based answers to four basic questions: what's happened, why, is it going to continue- and what are we going to do about it? **The reluctance to face facts is widespread - a major cause of poor execution. Weak control and reporting can mask detailed implementation difficulties for months.** Reviews should be intense and focus on the truly significant drivers of progress. Measurement is much more than judging progress – it's also to find ways of performing better.

As a reminder, companies routinely use four organisation options when faced with business-critical programs:

1 **Allow each function** do its own thing, relying on cooperation. A Program Manager may attempt to coordinate individual functions.

2 **Hand the lead role** to the Director "Most Affected" by the change - to delegate down the corporate ladder.

3 **Select a Program Director,** giving him the authority and resource to get the job done.

4 **Split responsibilities** between functions in some incomprehensible way for political reasons to accommodate the "fragile ego" brigade.

The key question is this: which option is most likely to successfully use our eight-point model?

No fudges, no short cuts.

For those of you who "get it", the option most likely to thrive is Option 3. Options 1, 2 and 4 are duds, plain and simple.

" The most cohesive team always wins."

Why?

A program execution team can never be cohesive with Options 1, 2 and 4. It doesn't matter how many "rock-stars" you have scattered around the organisation.

" The most cohesive team always wins.

They're not a team - and unless they are cohesive, they'll make a complete hash of it. The team with the most cohesion always wins.

You can never get to the guts of the program execution model with these options. With these options, the program execution team is anything but a "team." It's only superficial.

Unless you have supernatural powers, the traditional structure gets in the way. If anyone claims it doesn't, ask them to test the option against the **eight-point model**.

My guess is it will fail somewhere between the **Building Alignment** and **Credible Plan** elements.

People who work in program organisations like this, feel as if it was designed by a chimpanzee throwing darts at the organisation chart. Everything is fragmented and incoherent; no-one owns anything. The baton is repeatedly dropped all over the place.

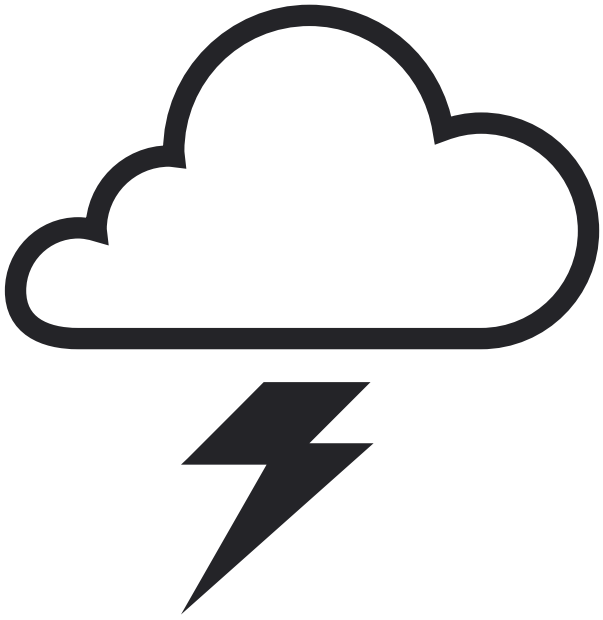
"So why do senior managers stick with red-tape approaches that are so disaster-prone?"

Most organisations have a common pattern. They all look broadly the same. Strategy comes from the top - and power filters down. Top bosses select little bosses and individuals battle for promotion.

You're given projects to do – big and small - and your boss evaluates your performance. Salary and conditions of employment are related to your pay grade.

Ask any colleague to sketch out their organisation and they'll draw a pyramid for you - with an implied pecking-order. Lines and boxes with solid lines, dotted lines – and so on.

"So why do senior managers stick with red-tape approaches that are so disaster-prone?



“Most of us who’ve worked in this world know the pyramid structure squanders more resource than it uses .”

The structure was never designed to deal with the quick-fire changes we see all around us today. It’s a huge stumbling block. It keeps the past alive and suppresses differences of opinion. Worse, it breeds yes-men.

It’s bureaucracy in the flesh.

One of the greatest inventions of the last century was “management.” And while “management” was hugely successful for years, falling entry barriers, faster competitors, and new technologies mean that relentless direction changes are the new “normal”.

But little progress has been made with “management” itself. Techniques for organising people and running major programs have remained unchanged since the time of the Pharaohs.

Conventional execution doctrine repeatedly comes up short. Many businesses are still in the dark ages when it comes to program execution.

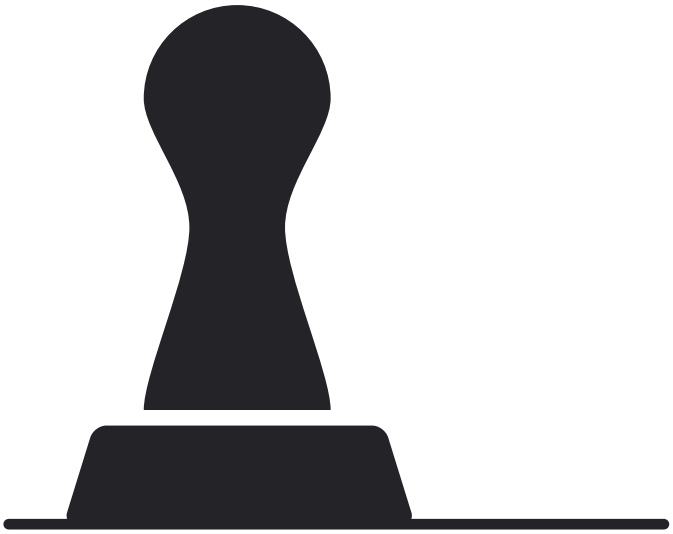
Program review meetings rapidly deteriorate into an endless trade of barbs between rival groups.

The result is a blizzard of steering committees, re-plans, side-meetings checking things, non-stop papers justifying everything – and hopeless leadership.

Worn out command-and-control tactics are magnified, many times over, in options 1, 2 and 4. These can never fire on all cylinders; they’re designed to be sclerotic, clumsy and self-defeating. The worst of all worlds.

So where does this leave us?

“.. it breeds yes-men. It’s bureaucracy in the flesh.



"Executives with deep industry experience find it hard to question treasured beliefs."

The naked truth is executives with deep industry experience find it hard to question treasured beliefs. Many prefer to squeeze out another measly increment of efficiency, believing it's safer than taking a step back - and asking a few fundamental questions.

Like, what's different now? What's changed?

"What assumptions are we still making that are no longer true?"

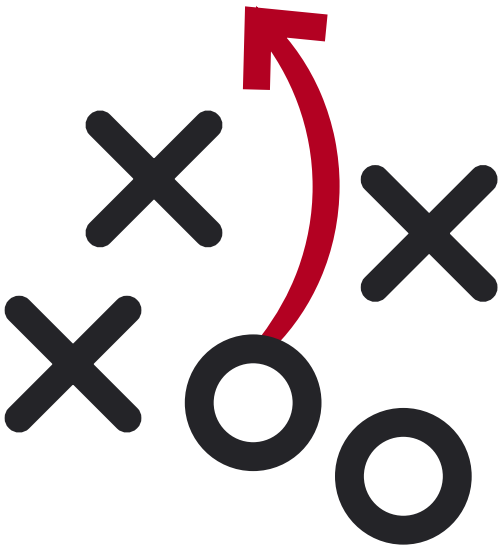
Evidence that management doesn't think deeply enough about what's not true any longer is all around us. About 70% of major programs still nosedive. Of the 30% that "succeed" half of these have been down-tuned in some material way - and not delivered the hoped-for results.

Senior executives make harmful decisions about organising for major programs - perhaps unwittingly. Organisation choices for business-critical programs have a dramatic impact on results. Crucial organisation design questions are regularly overlooked - or messed up in some way.

These days, **program execution is a "core incapability" for many businesses – rather than a "core capability."**

Each business-critical program requires a custom organisation – and a dedicated, standalone plan - that hinges on the **eight-point model** – or something very like it.

"These days, program execution is a "core incapability" for many businesses – rather than a "core capability."



And, finally...

If you like to skim articles . . . and not carefully and truly take in what's here . . . you should stop doing that.

You speed-read to get overviews, but you may also miss something crucial. you deep-read because you want to soak up something important - and you want what you read to stick in your mind.

This is proven stuff from respected veterans of execution success - direct, no fluff, no nonsense.

If you crave the kind of down-to-earth, razor-sharp advice we give on the setup, delivery and "rescue" of business-critical programs, you should make the effort to talk to us. We're not offering hints and tips; we actually tell you how to do it.

You can ask us anything you like about your strategic programs. Give us your greatest challenges and put Mentor to work for you.

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