KEY REASONS PROJECTS FAIL

Albion

EXPERIENCE DRIVEN

I. INTRODUCTION

THE NIGHTMARE SCENARIO

Imagine a construction project gone terribly, terribly wrong. Delays piling up on delays, budget busted, the general contractor, architect and subcontractors all at loggerheads, nothing getting finished, and everyone pointing fingers at everyone else. Sounds like a nightmare, right?

Over a period of two years, we were asked to rescue five different projects that were suffering these kinds of problems. It gave us an insight we weren't expecting. Like anyone who works in construction, we weren't surprised that unexpected problems had cropped up; it's a given when you're dealing with complex multi-million dollar construction projects. But we had always found a way around the problems. On these projects, we were seeing just the opposite. No matter what the teams tried, some intractable problem always cropped up.

We took a long hard look at what had gone wrong with each project, so we could figure out what we could do better. And in each case we realized it wasn't about engineering mistakes or construction errors, **it was about a team that wasn't operating as a team at all.**

Teamwork and team building are pretty familiar phrases in the business world, but while it's easy to say, it turns out it's not easy to do. We'd never taken teamwork for granted, but seeing how the lack of teamwork had doomed these five projects piqued our curiosity. We decided to team up with Sea2Sea Consultants to dig deeper into the mechanics of teamwork in project management, to see what worked, and of course, what didn't work.

FROM AUSTRALIA TO OUTER SPACE

Look at the Sydney Opera house. Today, it's one of the most iconic structures in the world, but its construction turned out to be one of the most disastrous infrastructure projects in Australia's history. Begun in 1958 with an initial budget of $7 million and a four-year timeline, the Opera House wasn't finished until 1973 and ended up costing more than $100 million. Initially, no project manager was assigned, and the designer, engineer, and contractors were soon fighting amongst themselves. Plagued by delays and disagreements the designer resigned halfway through construction, taking his drawings with him, and a whole new team had to be brought in. In many ways it's a miracle the landmark building was ever built.

If you think keeping to construction schedules and budgets is tough on Earth, try doing it in orbit. The International Space Station (ISS) — an orbital laboratory that's a joint effort between Russia, Europe, Japan, Canada and the U.S. — was already four years behind schedule when construction began in 1998. Three years later, the project had been so poorly managed that NASA couldn't even estimate how much it would cost. Eventually, the budget ballooned from an original estimate of $17 billion to $160 billion, an 800% increase. The U.S. kicked in $100 billion of that total, plus $3 billion annually. In many ways it's not surprising that a project with so many stakeholders was plagued by delays and busted budgets. The Sydney Opera House and the International Space Station are two of the most high profile construction nightmares in, and out of, this world, but they are by no means the exception.
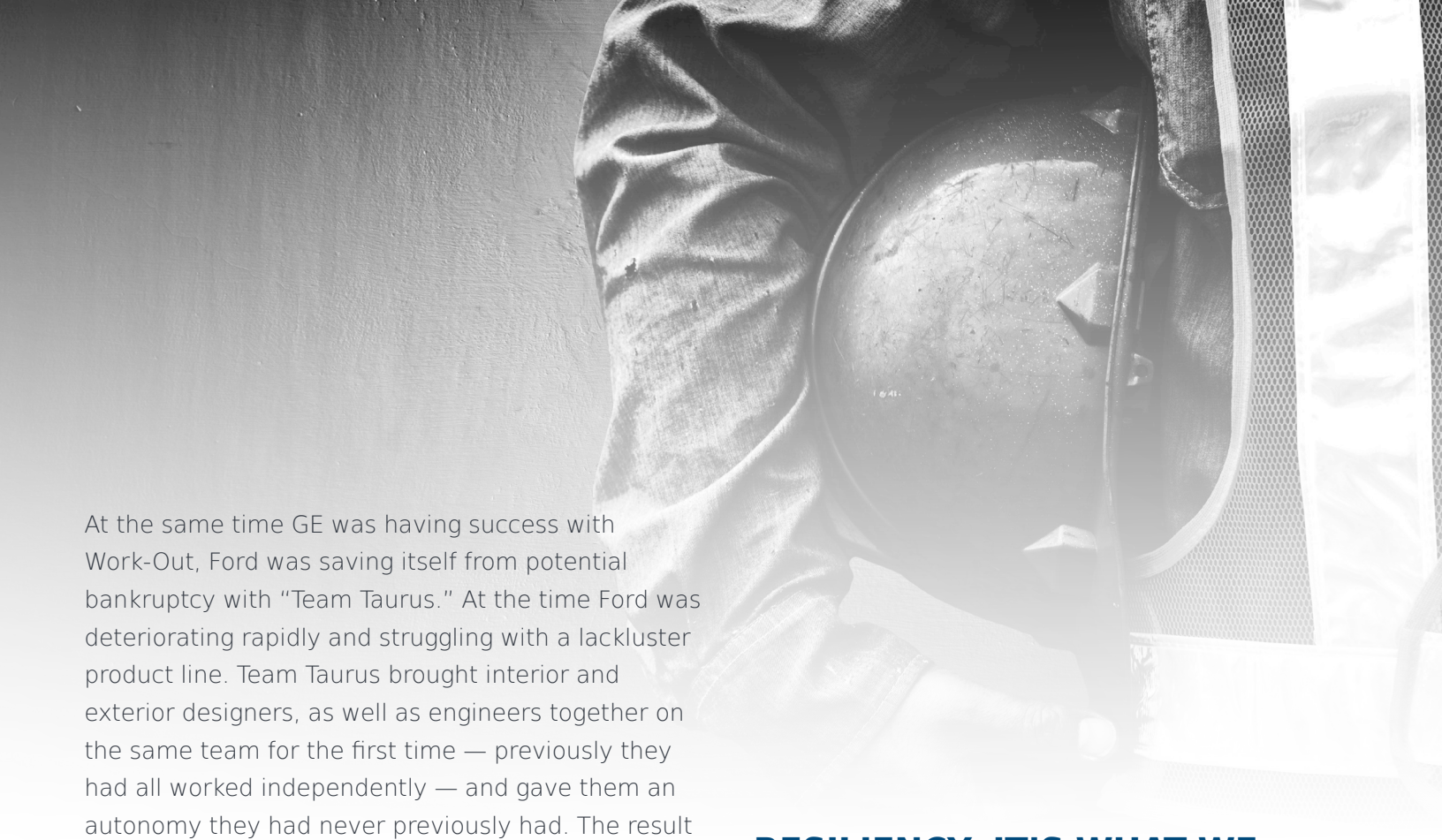
Research shows an estimated 50% of self-directed teams result in failure.

While effective teams can produce extraordinary results, we found that the research showed an estimated 50% of self-directed work teams resulted in failure. That was pretty shocking to us. When you're dealing with multi-million dollar projects, a 50/50 chance of failure doesn't sound very reasonable.

IT DOESN'T HAVE TO BE 50/50

Only it's not really a 50/50 chance when you think about it. There are teams that consistently succeed. We looked at teams outside of the construction industry with a reputation for getting the job done, no matter what the situation — teams in the military, bioscience, corporate America. What made some teams work and others flounder?

In 1987, General Electric CEO Jack Welch launched "Work-Out," a series of town hall meetings designed to bust through bureaucracy and habitual thinking. Everyone was to focus on cutting the fat out of the system and making the tough decisions needed to slim down the corporation and boost productivity. The result helped drive double digit growth, and by the time Jack Welch retired GE was the most valuable company in the world. Even today, when GE businesses hit any kind of bureaucratic snag or market uncertainty, it's second nature for the senior manager in charge to say, "Let's do a Work-Out on that."

At the same time GE was having success with Work-Out, Ford was saving itself from potential bankruptcy with "Team Taurus." At the time Ford was deteriorating rapidly and struggling with a lackluster product line. Team Taurus brought interior and exterior designers, as well as engineers together on the same team for the first time — previously they had all worked independently — and gave them an autonomy they had never previously had. The result was the Taurus, over a million of which were sold by 1989, sparking not bankruptcy but a boom in profits.

The 1980s proved to be something of a renaissance in project management, and GE and Ford are just two examples. But we looked back even further. How had individuals come together to build the Empire State Building, the Palace of Versailles, the Great Pyramid at Giza? Throughout history, some groups had clearly figured teamwork out. You don't look at the Navy SEALS and think they have a 50/50 chance of success, you think, oh I am getting out of their way right now! **What is their secret?**

RESILIENCY: IT'S WHAT WE SAW AGAIN AND AGAIN

If you were to look up resiliency in the dictionary you'd find the definition, "the ability to become strong, healthy, or successful again after something bad happens." That sounded like what we were seeing in successful teams. It wasn't that they didn't come across challenges, it was that they found a way to succeed despite them. Issues would arise, as they always do, but the successful teams had the ability to respond. But what was that "ability?" What makes up resiliency?

re·sil·ien·cy /rəˈzilyənse/
(noun)

The ability to become strong, healthy, or successful again after something bad happens.

II. FOUR KEY REASONS FOR PROJECT FAILURE

In many ways it's easier to look at it the other way round. What does a project look like when a team doesn't have resiliency? There are any number of things that can go wrong with a project. That's reality. Trust us, we deal with large commercial construction projects chock full of details on a daily basis. But in our experience, there are just a handful of fundamental things that doom a project to failure.

FAILURE #1:
WRONG PEOPLE FOR THE PROJECT

"Trust, but verify."
>—Ronald Reagan

Picture this: a large commercial construction company — the one whose name you've seen on high-rises, dams, or malls — comes into your office and pitches for your business. They're a billion-dollar company, well-dressed, and super-convincing. Who wouldn't get seduced? But the reality is they're dreaming of tower cranes and skyscrapers. The economy slows down and this company that's used to projects with a $15 million floor is suddenly chasing smaller projects just to keep the money rolling in. They send their "C" team — not even the "B" team — and you have a recipe for disaster. Then the economy picks back up, and even the "C" team loses interest. Is your size project what they specialize in?

It's easy to get romanced by all that a billion-dollar company can offer, but the right people offer trust, and trust is priceless.

FAILURE #2:
LACK OF COMMUNICATION

"The day soldiers stop bringing you their problems is the day you have stopped leading them."
>—General Colin Powell

PricewaterhouseCoopers (PwC) analyzed more than 10,000 projects involving more than 200 companies in 30 different countries, and found that only a handful of companies – 2.5 percent – successfully completed all of their projects. Why? Looking further, the Project Management Institute (PMI) found poor communication was responsible for at least 30 percent of failed projects.

Poor communication is fatal, and all too common. At best it creates confusion and misunderstanding; at worst it leads to a loss of cohesion within a group, reduced productivity, and sometimes mistakes which doom a project.

When project team members see themselves as individuals, they set the project up to fail. There's no **communication, coordination,** or **collaboration.**

FAILURE #3:
LACK OF COLLABORATION

"Coming together is a beginning, staying together is progress, and working together is success."
—Henry Ford

Teams are made up of individuals, but how many times can you really say every individual pulled in the same direction? How many times have you seen individuals within a team putting their own interests first? It's human nature, after all, to look after number one.

When project team members see themselves only as individuals, they set the project up to fail. There's no communication, coordination, or collaboration. Steps get missed, blame gets placed, unresolved problems trickle down to all involved. Instead of progress, there are distractions, delays, and pointed fingers.

This isn't about bad apples. No one wants the project to fail. The system is adversarial. Individuals go into the project with competing goals, sacred turfs, and embedded issues. Everyone wants to protect themselves and no one wants to take the blame if things go wrong. It's as if all the principals are going into battle against each other. It's no wonder it's hard to collaborate. It requires us to lower our shields and put down our weapons.

FAILURE #4:
LACK OF COMMITMENT

"A project gets a year late one day at a time."

— Wai Mun Koo, Global PMO Manager at Tyco Flow

Big projects fail at an astonishing rate. Individuals focus on covering their own backs and don't commit to the time frame, the budget, and most important, to each other.

How could a detail so minor as **doorknobs** cause a multimillion project to fail?

Take doorknobs for an example. How could a detail so minor as doorknobs cause a multimillion project to fail? Well, imagine a scenario where the doorknobs are necessary to complete the doors, which are placed in such a way that they've become a critical element. In theory, the subcontractor should provide submittals, which the contractor will approve and then pass on to the architect. If all parties are pulling in the same direction, the plans are approved within hours, and work proceeds quickly. Now imagine the architect delays approval for weeks.

Construction slows down. Subcontractors aren't paid promptly, which chips away at their commitment and productivity. The critical doors hold up other elements, and pretty soon there's a domino effect of delays. And that's just doorknobs. There are thousands of such critical moments. How your team addresses the challenges of each critical moment decides the overall fate of your project.

III. HOW TO CREATE A WINNING TEAM

Okay, so the reasons why projects fail probably seem familiar. We're betting you've seen problems communicating, or team members not pulling in the same direction before. Now to the difficult part. How do we stop that happening? Well, we went through this the hard way so you wouldn't have to. Here are what we think are the four key steps to creating great teams and ensuring successful, timely projects.

KEY TO SUCCESS #1: "RIGHT-SIZING" THE TEAM FOR THE JOB

Remember that billion-dollar construction company and the "C" team it dumped you with? It's important to find the right company for your project. But that goes beyond just avoiding big companies, or even super-small companies, that have no expertise in your project. It requires evaluating not just the primary team, but the subsets of people they, themselves, will have to rely on.

Teams are made up of individuals, but each of those individuals has their own orbit of people they interact with. Contractors rely on subcontractors and suppliers, and architects rely on engineers and designers. Are those subcontractors and engineers experienced, capable, and appropriate for the job? Will they buy in to a collaborative project? It's vital to ask not only if your primary team members have good working relationships with each other, but whether they can rely on the people in their particular orbit.

KEY TO SUCCESS #2: OPEN A COMMUNICATION DIALOGUE

Everyone in a project, from owners to managers to subcontractors, has to embrace open dialogue and clear communication. Each person should be clear from the get-go about:

· Roles
· Responsibilities
· Expectations
· Goals
· Methods
· Potential Conflicts/Constraints

But what we like to call "master communicators" go beyond this. In 61 percent of failing projects, someone tries to speak up, but only 14 percent of those who do feel they communicate in a way that has a lasting effect on the problem. Master communicators can identify what success and failure mean to each stakeholder, and are not afraid of asking difficult questions. That way, all issues get on the table early and can be dealt with by the team.

"The two words 'information' and 'communication' are often used interchangeably, but they signify quite different things. Information is giving out; communication is getting through."

—Sydney J. Harris, Chicago Sun Times journalist

KEY TO SUCCESS #3: CREATE A SPIRIT OF COLLABORATION

Things will go wrong, it's a given. The success of a project relies not on what goes wrong, but on how the team reacts to those challenges. At Albion we live by our own internal motto: "run toward the fire!" It means, when a challenge emerges, let the rest of the team know straightaway and engage it head on. Don't keep it to yourself and don't delay. Everyone works together to attack mission-critical challenges as soon as they crop up.

As an example, on one recent project we found a significant, unforeseeable problem in the existing conditions. It would have been easy to throw the problem back to the architect — and that's typically what would happen — but instead we dealt with the problem head-on. We called the architect and together we brainstormed a solution. You could say we went above and beyond our individual duty, but as a team, our goal is the same — a successful project delivery.

Knowing that challenges will occur, you must establish a culture from the beginning that embraces solution-seeking rather than finger-pointing. It's easy to hide behind contract provisions, to delay decisions, or to preemptively pass the buck. Collaborative problem-solving is far harder, but far more effective. It requires all parties to check their swords and the shields at the door! As issues arise, solutions are found.

RUN TOWARD THE FIRE!

—Albion internal motto

KEY TO SUCCESS #4: DEVELOP A TEAM CULTURE

Have you ever been in a meeting where someone asks a question, and you, and everyone else there, immediately recognizes you were all wondering the same thing? It's not easy admitting you don't know something, but sometimes, having the courage to admit what you don't know can make the difference between moving forward with confidence, or just making it up as you go along.

This is one way where individuals can make a tremendous difference. In business school they tell you culture starts at the top, but we all have permission to collaborate. What they don't tell you in business school, is that team work is contagious. It only takes one team member to set the standard.

Take the Navy SEALs for example. They are world-renowned for their efficiency. They are broken into eight teams, but if you were to plucks the SEALs out of their units and create an ad hoc team, do you have any doubt that team would still be one of the most formidable forces on the planet?

An improvised Navy SEAL team would still operate at maximum efficiency, because each individual is dedicated to work with, and for, every other member.

Few factors contribute more to success. When the multinational business consultants Deloitte surveyed business leaders from 130 countries, 82% agreed "culture is a potential competitive advantage." When a project's culture is clearly aligned with strategy, reaching the sky seems simple!

"It is acceptable – even mandatory – to articulate your ignorance."

—Jim McCarthy, Microsoft

IV. CONCLUSION

"There is no mystery about the origin of the skyscraper. It was merely the application of common sense."

—Paul Starrett of Starrett Brothers and Eken, builders of the Empire State Building

There's no better example of a project that successfully reached to the sky than the Empire State Building. Built in 1931 by general contractors Starrett Brothers and Eken, the 102-story tower was constructed in just one year and 45 days, 12 days ahead of schedule and nearly $10 million under budget (more than $140 million in today's figures). It was the tallest building in the world when finished, a distinction it held for forty years, and was "over-designed" to make sure it could adopt future updates and innovations.

The project was a model of efficiency. When faced with the challenge of moving materials to the site, the contractors built a railway, rather than use traditional man-powered wheelbarrows. The 60,000 tons of steel girders were marked with their place in the framework before arrival, so they could be immediately swung into place, sometimes as quickly as 80 hours after coming out of their Pittsburgh furnaces. The plumbing and electrical work was finely tuned to begin even as the outside of the building was still going up.

Not only did Starrett Brothers respond to every challenge with innovation, but they masterfully managed a large cast of sub-contractors, designers, engineers and more than 3,500 men in 60 different types of trade, together logging in seven million man hours. Construction was fast-tracked even as designs were being finalized, and nearly every stage involved overlapping work, requiring absolute precision and no tolerance for delay.

Looking back, we can see that not only were Starrett Brothers the right people for the job, but they got all other players pulling in the same direction, and mastered communication. Paul Starrett may have called it "common sense," but the kind of resilient culture that can make the Empire State Building such a success takes as much work as the building itself.

KEY TAKEAWAYS

PICK THE RIGHT TEAM FOR THE PROJECT

BE A MASTER COMMUNICATOR

EMBRACE COLLABORATION

CREATE A RESILIENT CULTURE

ABOUT THE AUTHOR

Brian Newsome, LEED AP, CHC, co-founded Albion in May 2003, and serves as the company's Executive Vice President. Thanks in part to Brian's contributions, today Albion is the most credentialed health care constructor in Georgia, and a major player in the building industry. Brian is responsible for the overall field operations and is personally involved in every project the company undertakes.

Brian holds more than 25 years of executive leadership knowledge and expertise in the construction and technology industries. He holds certifications from the American Society of Health Care Engineers (ASHE), the U.S. Green Building Council, and the American Hospital Association (AHA).

Brian attended the University of Florida, where he studied Business and Architecture.

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