

DeliverMyStrategy® Case Study Recovering a Troubled Program

BACKGROUND

The client organisation had embarked on a strategically important project. It had a budget of \$50 million and had been running for many years. It was finally suspended for lack of visible progress.

At the time Caravel Group was engaged the budget was projected to be significantly higher than originally planned and the schedule was no longer thought to be achievable.

CLIENT

Major Australian Organisation (Confidentiality clause applies)¹

Application of DMS Diagnostics

The engagement for the recovery of this troubled project started with a review using the DMS diagnostic capability.

The DMS generic 14-point solution plan was then used to provide the relevant review topics for further assessment, planning and implementation.

The ensuing review identified that the major components of the project only had their name and the functional and performance specification requirements in common. This suggested that the project would best be handled in the form of a suite of separate projects.

An assessment of the delivery environment exposed

- a distrust of suppliers
- potential management personality issues, and
- "baggage" within the industry

The program of work was modelled and set up in the DMS support environment before applying the DMS diagnostic tools.

Pinpointing Specific Problem Areas

The DMS model identified the following problem areas:

Project "Operating Position" Alert

An assessment of delivery and governance capabilities identified that the "operating position" of each of the 3 projects was in RED territory. This was due to poor governance delivery capabilities in both the client and supplier organisations.

Client Governance Skills and Conflicts of Interest

The review identified that the client governance team had too many stakeholders, conflicts of interest, and poor project governance skills.

There was also a lack of understanding of project governance requirements and risks associated with the projects (yet there was little acceptance of this).

Moreover, the project suffered from the application of "static" corporate governance approaches when a dynamic and flexible project governance approach was required.

Supplier Behaviour

Initial discussions with client & supplier management suggested that various forms of bad behaviour ('point scoring' and the like) was resulting in poor project delivery outcomes. Subsequently, a strategic alignment assessment identified that suppliers were behaving precisely as you would expect them to behave i.e. driven by commercial self-interest. It was simply that "good behaviour" as seen by the supplier was strategically mis-aligned with the client project goals.

Line Management Behaviour

Client-side line management executives in the delivery space displayed behaviours that resulted in poor outcomes. Some examples included:

- Line management engaged with the supplier without project knowledge under the banner of "Client-Supplier Relationship Management Meetings". This behaviour favours suppliers whose senior executives are able to influence client perceptions without interference from the project.
- Business groups outside of the project using the same supplier reinforced their own KPIs at the expense of the project. The result was that the client had effectively gone into competition with itself. The supplier then picked off high-profit, low-risk items and deferred the project (seen as low profit and high risk) to another day.
- Line management had poor understanding of methods used by projects as distinct from methods used by the business-as-usual side of the organisation, e.g. how to manage risk and achieve delivery goals in the project context.

Applying the generic DMS Solutions Plan

The application of the DMS proprietary 14-Point Solution Plan requires simultaneous unlocking of all project constraints for best results. The process in this case therefore started looking at all 14 topics of the DMS solution to identify the constraints within each. The results indicated that constraint removal would need to occur over a period of time – there was no simple solution.

The constraints included

- fundamental behavioural problems
- skill problems
- architectural problems
- commercial contract problems across multiple internal business units and external suppliers.

Project Delivery Plan

Major flaws with risk allocation, risk management and the associated commercial arrangements were identified during the diagnostic stage (Essentially, the client was paying the suppliers a premium based on the perceived risks rather than the real risks of the projects.) To deal with this, new contracts for delivery were implemented.

Further, a high level plan was presented to break up the project into a program of 3 projects. Each project had a cure plan to address their specific go forward issues.

Major sources of economic benefit were identified as a result of the above solution activities.

The project delivery plan was accepted by the executive and implemented over time.

Project Governance Delivery Plan

A detailed governance plan helped resolve the structural aspects of governance and was accepted by the executive. The net effect was a reduction in the size of the project governance team to only those who could, and would help the project.

Implementing the Solution

The DMS tool was populated with the new project delivery structures and then started tracking the project status.

Project Delivery Management

With reasonable control over the project delivery side, Caravel set about reconstructing the project into a series of projects to form the program. While simple enough in principle, it took months to achieve:

- New supplier contracts
- New project structures

- New project teams
- New business teams
- New reporting requirements

The result was a much cleaner project delivery and only one non-performing supplier to deal with. The links to the other suppliers who had essentially stalled the original project had been removed.

Over time, project governance and project delivery assessments were performed to monitor the delivery performance. The results showed dramatic turnarounds in terms of:

- changes in policy from the suppliers
- changes in personnel, and
- restructuring on both sides

Based on the visibility of these, DMS helped to manage the changes and deal with the issues raised.

Supplier & Client Side Governance

As the DMS solution was applied at the program level, it didn't allow implementation of organisation-wide changes. Accordingly there was insufficient latitude to

- Implement the entire 14 point solution plan
- Fix the fundamental problems of client-side project delivery governance
- Directly modify some undesirable behaviours
- Directly resolve poor skills

Instead, a short term solution was delivered by resolving the weaknesses as they applied to the program:

- Contract deep-dive meetings were set up with the project team, supplier and the client side senior executive that exhibited the key undesirable behaviours
- This tripartite approach highlighted disconnects between the various management levels and the different messages being delivered to the client
- The review confirmed that the client had gone into competition with themselves
- It was further highlighted that the supplier was not strategically aligned with the importance of the troubled project compared with other projects they were executing for the client.

Conclusion

DMS afforded the accurate measurement of, and response to, Project Governance & Project Delivery performance, strategic alignment across all projects for all suppliers (internal and external) and sub-suppliers.

After multiple sessions with the supplier and the client, the desired behavioural change occurred. It was

immediately obvious once these constraints had been removed.

Thanks to accurate measurement, it was possible to see how project delivery and project governance performance varied in near real time and by how much. It is much more dynamic than many could imagine.

In this instance DMS was applied by Caravel, however, it may be equally successfully utilised, with a little training, by competent personnel and universally applied for any strategic initiative.

Find out more

The 14-Point Solution Plan along with review topics briefly represent here form the core of the DMS IP which is not in the public domain. To find out more about how it applied to this case study, and to discuss how your business might benefit from DMS please talk to Caravel phone (02) 9956 6562, or email info@delivermystrategy.com

Business Outcomes Achieved

Applying the DMS Solution to this program allowed

- Recovery of 6 months' schedule from agreed deadline dates
- Recovery of 20% of the original budget, saving the client about \$10 million.

* Caravel's confidentiality policy prohibits naming the client organisation and projects. We have changed certain factors to prevent identification.