

International Centre for
Complex Project Management
The Conspiracy of Optimism

A Position Paper



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The views expressed in this paper do not necessarily represent individual partner views. The paper is designed to promote discussion and debate around complex project management issues.

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We choose to go to the moon ...

We choose to go to the moon. We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win, and the others, too.

President John F. Kennedy, Rice University, September 12, 1962

And win they did. Despite the technical difficulties, a man took a small step, mankind a giant leap. Could it happen today? The ‘science’ of project management has progressed hugely in the ensuing 50 years – we have a bagful of well-developed methods and tools, and a reasonably comprehensive project management body of knowledge.

Ironically, these things are probably why we would never leave the ground. Necessary, yes - but they aren’t enough, and relying on them alone won’t work. ‘Scientific’ management relies on the precise definition of the task in hand. The bigger and more complex a project is, the more imprecise that definition. Dealing with uncertainty demands flexibility, and the tenacity to deliver in the face of unknown obstacles and difficulties.

If President Obama stood at that same podium, and announced that the nation has chosen to eliminate AIDS, to successfully rebuild a war-torn nation, to combat global warming or to go to Mars before the end of the next decade – certainly complex tasks, but no less technically achievable than a lunar landing – it would not be science that would deliver the promise. It would be resolute and skilled leadership, wisdom, diplomacy and most of all an accommodated understanding that, whatever the cost, the outcome would be worth it.

The cynics of the world would laugh anyway – citing any number of high-profile project failures, where costs and schedules have been exceeded by orders of magnitude. As an example (but only the most recent example of many), the 2009 Gray report on the UK Ministry of Defence suggested that defence equipment programs on average experience a schedule overrun of 80% and cost 40% more than planned. The surprising aspect of this report was that no-one was surprised. It appears that poor project performance on complex programs is inevitable. So should we do only the easy things, even if the hard things are what we need? The answer, of course, is a resounding NO!

While it is inarguable that many complex projects around the world have indeed overrun and underdelivered – it is profoundly untrue that this is an inevitable outcome. Rather, it is simply the case that the prevailing acquisition environment militates towards failure. It is unrealistic to depend on tool sets and skill sets that may be adequate for simple projects but cannot cope with complexity. They might work sometimes – but their success has probably owed more to individual heroism and the conjunctions of the planets than the suitability of the processes deployed. Albert Einstein: *“Insanity is doing the same thing and expecting different results”*.

There are four major issues to address.

A **Conspiracy of Optimism** exists across the supply chain. *“Pessimists don’t get programs”*. Purchasers market their favoured project to their sponsors to gain the approvals they need, and adopt a mindset ready to believe the lowest compliant bidder in order to gain that acceptance. The competitive environment drives prices down, even though purchasers often know this is unlikely to be what they will eventually pay. On the other hand, suppliers accept that in a competitive environment, building adequate risk into their bid is likely to make them too expensive; so they will tend to say what their customer wants to hear, knowing that scope creep will allow them an excuse to increase the final price. Neither party really trusts the other, since both have been enculturated to a combative procurement scenario; deep down they both know what’s going on, but they won’t (can’t) admit it to each other or themselves.

Aggressive media pressure on government agencies; the reluctance of both politicians and CEOs to invest strategically (with the benefits of such investment being delivered not to themselves, but their successors); the demand for short-term results from corporate shareholders in the competitive theatres of defence, construction and other major public sector programs; all these work against the ideal of an honest, open, mutually trusting engagement between stakeholders and the agreement of **Appropriate Contracting Models**. Again, all parties are aware of this – but can't afford to be the first to admit it and sign contracts that allow for unknowns and uncertainties. A flexible agreement based on mutual trust would be contrary to accepted negotiation tactics, which are intrinsically a philosophy of *"You show me yours, and I'll show you mine – but you have to show me yours first"*.

There is a huge amount of empirical evidence proving that even the best estimation techniques will only be accurate within a 25% cone of uncertainty, *even when detailed requirements have been agreed* – and yet contracts are let, often on a fixed price basis, far too early in the project lifecycle. Hugely wasteful effort is often expended on attempting to deliver to initial estimates, rather than admit the impossibility of accurately predicting unknown unknowns. The issue is exponentially exacerbated in proportion to project complexity.

Similarly, contracts with an emphasis on punitive measures for non-performance of the supplier (though rarely matched by equally-weighted sanctions for non-performance of the customer!) are generally counterproductive. There is nothing wrong in using the threat of sanctions as a contractual incentive, but these have to be realistic, with an equitable balance between delivery/ reward and shared risk, if the outcome is not to be a combination of poor product performance, unsatisfied customers and financial penalties on the supplier.

Complex Project Management Competencies and Tools are not just a question of more rigorous application of existing 'industry standard' methods and techniques, which is the equivalent of shouting louder to make a foreigner understand what you're saying. People are *rarely* incompetent on purpose – but if they are unaware of the existence of anything better, they will use what they have. Unfortunately, the competencies required to manage high degrees of complexity are not usually found on engineering or project management curricula – and it may even be that they demand different personal attributes to those commonly found in people proficient in the 'science' of those disciplines.

These skills encompass aspects of behaviour as well as competence. Certainly, the project management repertoire, especially in the areas of systems thinking and experiential learning, needs to be developed and implemented. But of equal importance is the need for behavioural skills to evolve to meet the challenges of increasingly complex activity and its related uncertainty. Complex project management demands vision and motivation; empathy; attention to relationship building, in order that trust may be mutually awarded and maintained through difficult periods; the ability to take a holistic view; consummate communication skills; practical application of experientially-derived wisdom; and perhaps most of all, courage – the courage to be able to speak the truth (and hear it!), and to take good risk. The potential energy of an unexploded bomb helps, too – Theodore Roosevelt: *"Speak softly and carry a big stick; you will go far."*

But above all, although all these factors are critical to complex project success, it is **Leadership** that is paramount. John Kennedy didn't hand over a set of detailed requirements, but a vision that everyone could share, allowing them to relate the task in hand to the wider goal. Strong leadership inspires and motivates a set of disparate individuals with specialist expertise and domain knowledge; it institutionalises a common value set across the entire community, who understand and accept that their individual tasks are not ends in themselves, but contributions to a bigger purpose.

In the end, it's all about outcome. Projects don't end at the implementation phase—they continue throughout the lifetime of the product, and the true measures of their success will be the usefulness, durability and beauty of what they have delivered. When reflecting on their iconic nature, few people would remember the budget or schedule overruns of the Pyramids, the Taj Mahal or the Sydney Opera House. Some would argue that it doesn't matter. Others would contest this view and point to the reputational and societal impacts if government monies/resources are consumed irresponsibly. Certainly the student with no new school or the patient without adequate hospital facilities would have differing views.

There are many calls upon leadership attention, many different stakeholders to be convinced, many cultural and behavioural changes needed if the above issues are to be addressed. Not least, a mature attitude to project complexity demands the absolute necessity of sacrificing short-term gain in order to deliver programs of long-term organisational, social and international importance. The best of the best of the worldwide project management community understand this, which is why they have combined under the auspices of the International Centre for Complex Project Management (ICCPM) to guide research and implement the necessary competencies and process changes within their own discipline, but in itself that will not be enough. Prophets, unfortunately, have no honour in their own country. Until their message is heard and acted upon by senior executives in both public and private sectors, who alone possess sufficient power to invest, support and lead a permanent behavioural change in Complex Project Management, we shall stay on Earth forever.

Michael Cavanagh, MSc

November 2009

