

## CEO ADVISOR

By Chris Olsen



# Projecting Success

*How top executives can develop and manage highly complex projects and avoid losses.*

**YOU'RE** the head of a software-development company that just inked a deal that could provide a significant new sales channel for your rapidly growing business.

If everything goes as planned, sales volumes for your business could increase by up to 30 percent. What's more, you'd be creating a new segment of satisfied customers that your business could successfully leverage now and well into the future.

The contract is definitely good news — how could such a meteoric rise in sales be bad? But the actual execution of the deal could be a different story altogether. As every lead executive knows, not everything goes as planned in these situations, especially given today's highly complex, speed-of-light corporate environment. For example, your customer service department may be unable to grow appropriately to meet the rising volume of customer questions or requests. If your company can't handle increasing demand, customer loyalty will eventually wane and sales-support costs can quickly run out of control.

In addition, your company's supply chain may not be prepared for escalating demand for product. Back orders and cancelled transactions can have a ripple effect for months — and across the entire business structure — leaving your firm with warehouses full of returned stock that can't easily be moved into the marketplace.

And what if your new ordering system, created specifically to support this sales channel, barely gets up in time and can't generate accurate invoices for three or four months? Customer credits and write-offs could wipe out all your first-year profits, causing you bigger problems than before the new deal was struck.

## FINDING THE RIGHT LEADER

More and more these days, businesses are operating in a project-specific environment to mitigate risks and get to an outcome that achieves their business objectives.

New initiatives, regulations, innovative technologies and products require more personnel and expertise than many companies can supply through their permanent workforce. Faced with these challenges, most corporations tend to ramp up their own project-support staff in a way that's similar to increasing in-house counsel when a legal issue arises.

But increased work volume, as well as the critical nature and complexity of many projects, often makes it necessary for organizations to seek help from outside the company.

One of the most critical decisions in any

project initiative is making sure you get the right people in place — beginning with the project leader.

Whether internal to the organization or supplied on a third-party basis, project leaders must be experienced, knowledgeable and capable of leading large and complex projects. They must have actual project-management expertise, as well as a number of critical "soft" leadership skills that help steer projects to a desirable, successful outcome, including:

- The ability to communicate effectively with stakeholders, executives, project-team members, and vendors
- A proactive mindset to anticipate issues and develop plans accordingly
- Keen listening skills and emotional intelligence to handle conflicts and personnel issues appropriately
- Organizational skills to manage the project and create a sense of confidence among team members and other project stakeholders
- Measurable enthusiasm with the right balance of optimism and skepticism.
- Sound judgment and a stable demeanor.

## COST-EFFECTIVE MANAGING

Aside from finding the right leader, make sure there's an effective governance structure to guide the project through its many ups and downs. Good project governance is your "eyes and ears" for every project,

and it serves two primary functions.

First, it enables the project team to identify all project stakeholders and their specific responsibilities. That way, they can take the appropriate course of action before any issues escalate to the executive level.

Second, sound governance helps to monitor the project's financial, schedule and quality performance. Your project team should have clear, simple measures in place to monitor project costs, progress and anticipated date of completion.

Risk management is another key project-team responsibility. In the spirit of "First, do no harm," risk management means anticipating risks, assessing their likelihood and developing the appropriate strategies for mitigation.

To address risk, consider your company's hierarchy of needs, start at the first level, and work up. Your project team should do this every time and present you with an assessment of real project risks and how they can be minimized.

### **MORE INVOLVEMENT TIME**

As an executive, you'll spend limited time being directly involved with a project. You may keep it on a short leash initially and

then decrease your involvement as your team demonstrates its ability.

At the project's outset, ask your team probing questions about project structure, risks and financial plans. Projects cost money, after all. They may even require financial resources that fall outside the process and controls of your normal budget and procurement channels. You need someone who can be trusted to manage the project's budget and schedule, achieve the desired project outcome and realize planned project benefits.

Later in the project's life cycle, you may simply receive periodic status updates and participate only when an issue has escalated. If your project office is not yet that mature, you'll want to ask questions and institute the appropriate methods to ensure things are progressing as planned.

Not every project requires them, but there are several fundamental components that should be in place to protect your investment, especially on large, complex projects:

- Project charters that clearly outline your business objectives and provide a workable path to achieving success
- Risk-management plans that evaluate potential risks and provide a means to

avoid them

- Project budget-control mechanisms that captures costs as they're incurred
- Work plans and schedules that help the project leader anticipate a realistic completion date and easily report on schedule variances
- A steering committee that is leveraged regularly for relevant project topics.

### **BOTTOM-LINE FOCUS**

Since most projects are justified on a cost-benefit analysis, benefit measurement is a key consideration for top executives.

For many projects, measurement ends when the project team disbands; the baseline measures of operation aren't collected, so there's no benchmark for calculating the project's benefits.

Often, the good results of a project — whether it's a new process, product, facility, or system — can be finely tuned and vastly improved over time. What's the key? Don't ever forget the project just because it's been completed.

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