Changing Corporate Culture to Improve Project Performance

Terry Cooke-Davies, Human Systems Limited

1.   The Need to Improve Project Performance

In spite of the best efforts of project managers, the majority of projects in general business fail to meet one or more of their objectives. There is a clear need for a more effective and a more certain method of improving project performance.

In Britain at least, more and more organisations in both the private and the public sector seem to be aware of this need. We say this because firstly companies in a wide variety of markets are calling on consultants for help, and secondly the rather belated recognition of the need for management training and education is leading to more in-depth training analyses and increasingly, these analyses are identifying "project management" as a key competence.

Unfortunately, many responses to the need seem to fall into the category of "canned remedies"— if you like of "solutions looking for problems". Training companies see the solution in terms of project management training. Software companies appear to believe that project planning or project management software will cure the problems. Project management consultants either offer skilled resources of their own to manage the project, or else propose a change in structure or the introduction of a "project methodology". The problem is that many of these responses just don't work — too many projects still fail.

2.   A Four-Element model

Why? That is the question with which we have been grappling for the past four years. We don't pretend to have a total solution, but we do believe we have one or two insights, which can be helpful to our colleagues.
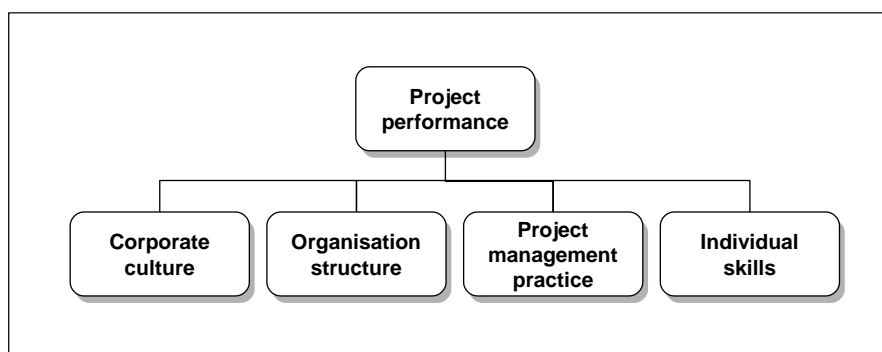

Diagram 1

Any approach which is to achieve fundamental long-term improvement in project performance needs to permeate all the relevant systems of the organisation. The approach needs to lead towards an end-state, which establishes: -

- A *corporate culture* which is action-oriented and team-based
- An *organisation structure* which develops project managers, and provides resources efficiently
- *Project management practice* which sets a project up for success and minimises project risk and
- *Skilled individuals* who use appropriate techniques to support effective teamwork.

Corporate culture is both the most important of these four elements and the most difficult to change. (See Diagram 1). And that is our focus for the rest of this paper.

3. The importance of culture

In 1985 I was retained by a subsidiary of a European computer manufacturer to manage a project, which involved both developing new systems and also getting people to change the fundamental way in which they did business. They liked what they saw and asked me to work with them to train their software development project managers.

My colleagues and I looked at current project management practice and evolved the concept of developing a "project management toolkit", and we trained all their project managers and potential project managers in its practical use. The training was "hands-on" in that every project manager left the course with a fully documented plan for a current "live" project. Both the training and the toolkit were well received and the organisation felt that it had been an extremely successful programme. I wasn't so sure however. When I conducted an informal audit of project performance I couldn't see any appreciable improvement in project performance.

When I asked myself why, I began to recognise the importance of organisation structure. Project managers didn't have sufficient control over their own time or the resources, which they needed because of the way the organisation was structured. This was a useful insight, but even then we didn't see what was staring us in the face — the culture was "activity-oriented" and the "quick fix" ruled supreme.

We became aware of culture as a fourth element in our model, separate from tools, skills and structure, only some two years later. Two organisations, both leaders in their respective fields of information technology and defence electronics, asked us to develop training programmes to help improve what they called "the project environment".

That is how we arrived at the four-element model (see Diagram 1). Its value seems to lie in the way senior management can identify what initiatives are designed to solve what problems. For example, an attempt to introduce a particular software package will be of help only if project management practice is the primary cause of poor project performance. On its own it will have little or no impact on the other three elements.

In the general business environment, at least, the words "project management" mean different things to different people. There is almost a pyramid of understanding, depending on the level of experience or sophistication (see Diagram 2).
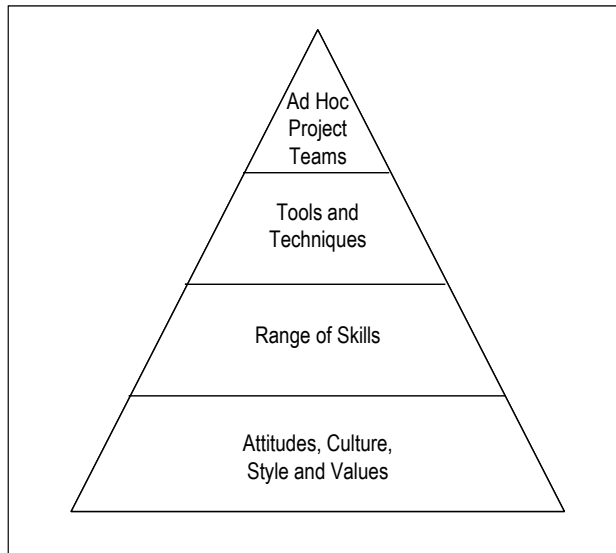

Diagram 2

Once again, at the base of the pyramid we come back to the question of culture, which we think of as "The way we do things around here". We see the attitudes, values and beliefs of the organisation as the driving force not only of the organisational behaviour but also of its culture.

At this point it seems appropriate to describe a half-dozen of the "unhelpful" cultures, which we have encountered during the past few years. No doubt could add many more of your own!

Macho management: In Britain today the enterprise culture is very fashionable. This encourages a "macho" breed of manager whose very style discourages effective planning while challenging the project manager to "prove that it can't be done". Phrases like "Where there's a will, there's a way", "Don't tell me why it can't be done, go out and find a way of doing it!" or even "If you can't do it, I'll find someone who can!" are typical of this kind of corporate culture. This virtually makes effective project planning into a "career limiting option" for those with courage enough to push against the stream.

Incentive-riddled estimating: In many companies, particularly those involved in competitive tendering, estimating becomes embroiled in a political process. Target completion dates and impossible resource budgets are the primary incentive system in the organisation. In one company this was even reinforced by a project accounting system, which prevented any work being booked to a work package in excess of the estimate. This meant that section leaders would play a game of "hunt the open work package" to find some way of booking people's time so that they could get paid at the

end of the month! In a culture like this, not only are project managers encouraged to cut corners, but also top management hears only what it wants to hear — until it is too late!

Flying Blind: Sometimes behavioural habits are part of a deeply held system of "shared values", such as "individual autonomy". One large semi-public economic consultancy identified strong commercial benefits from changing to a project team style of working. This involved estimating and planning the work involved in any particular assignment. Unfortunately no one in the organisation was prepared to account for their time using time sheets or any comparable mechanism. As a result there was no basis for any kind of effective project planning.

Mixed messages: The "systems" of an organisation (one of the key determinants of its culture) can reinforce undesirable behaviour. One organisation issued a very strong message from the top that people were to break down departmental barriers and work in teams. At the same time, the way people got recognition and promotion in the company was by achieving their individual objectives, which were set with their own line manager and reviewed in individual appraisals.

The presence of the past: One motor manufacturer has such a poor history of industrial relations within Britain that different information is available to "management" members of the project team than can be released to "union" members. The resulting suspicion in the team and distrust of potential knock-on effects of the project, contributes significantly to the over 80% of the organisation's projects which fail on the grounds of either cost or time.

Management by committee: In the public sector in Britain there are specific problems about "collective responsibility". This is a euphemism for no-one taking responsibility on their own for anything, but committees being set up to deal with every point. In this environment projects almost inevitably run late and end up with excessive costs.

In all of these cases poor project performance is a symptom of a deeper organisational ailment, and results won't improve until that disease has been cured.

4.   Changing corporate culture

I won't pretend that changing corporate culture is easy — it isn't! The first stage in dealing with this problem is often "denial". Top management will not want to hear that the culture is contributing significantly to poor project performance. This is probably in part because changing culture is about changing habits. While this may be easy to do intellectually, anyone who has tried to give up smoking will tell you how difficult it is to achieve lasting change.

Unfortunately, there is even more to it than that — the habits, which need changing, are often the very habits, which have brought success to the organisation in the past. And these are particularly difficult to change. After all, all change feels risky, so imagine what it must be like to change something, which always produced good results in the past.

On the other hand, if corporate culture is a root cause of poor project performance, then the culture has to change. And project management has to learn how to bring this about. We have three thoughts to offer at this point. Firstly, change has to start at the top! Unless that is, you can engineer a revolution. But even then, the new leaders have the problem of changing the organisational behaviour.

Secondly, the skill of changing corporate culture depends upon understanding and mastering a series of processes. One such process, developed by Ralph Stayer and Jim Belasco (See diagram 3), includes four different kinds of activity in which the top management: -
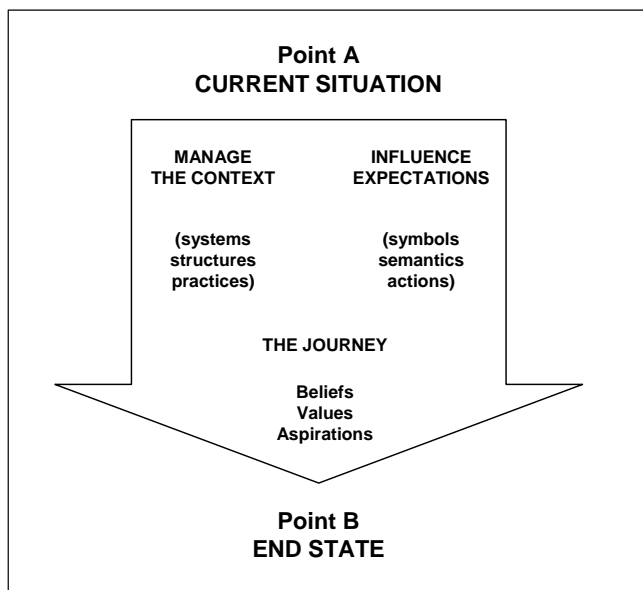
```
┌─────────────────────────────────────────────┐
│               Point A                         │
│          CURRENT SITUATION                    │
│   ┌─────────────────────────────┐            │
│   │  MANAGE          INFLUENCE   │            │
│   │  THE CONTEXT     EXPECTATIONS│            │
│   │                              │            │
│   │  (systems        (symbols    │            │
│   │  structures      semantics   │            │
│   │  practices)      actions)    │            │
│   │                              │            │
│   │        THE JOURNEY           │            │
│   │         Beliefs              │            │
│   │         Values               │            │
│   │         Aspirations          │            │
│   │                              │            │
│             Point B                           │
│            END STATE                          │
└─────────────────────────────────────────────┘
```

Diagram 3

- Specifies the *end state* of the organisation to which it is working

- Examines the current situation, and identifies the *critical success factors* which are necessary to achieve the end state

- Manages the *context* — i.e., the systems, business practices and structures, and

- Influences *expectations* by the words, which are used, the symbols that are chosen and top management's own actions.

Inherent in this process is an essential change in the role of management - from policeman to coach. And that brings me to the third insight. The good news is that this process uses the organisation and its problems to develop the people in it — to create a truly "learning organisation". The bad news is that everyone in the

organisation must ask themselves the question "How must I change?" Culture change doesn't happen to him or to her, it happens to me!

5.   Benefits and Conclusions

Apart from removing impediments to project performance, there are a number of benefits for any organisation, which successfully changes its culture. Companies, which we have seen, make the change find that: -

- Problems are owned by the right people in the organisation, so flatter hierarchies result, with fewer layers of management
- People own their own problems so the organisation enjoys greater commitment and greater individual productivity
- People who make commitments are in a position to back them up with action and with resources
- Fewer bureaucratic barriers are erected to block project teams, and
- Teamwork becomes self-evidently in people's best interests.