



Overcoming the Misery of Mega-Project Delivery

The “people aspect” of projects is more important than ever before.

On 20 April 2010 an explosion took place in the Gulf of Mexico that forever altered the lives of many. The Deepwater Horizon drilling rig catastrophe was a night of unprecedented horror with 11 crew members killed and 17 seriously injured. It is considered the worst ecological disaster the U.S. has ever experienced. Images of the flotilla of boats battling to contain the raging inferno beamed across the world. And the whole incident cost the then-CEO, Tony Hayward, his job.

Accidents of this scale are not new in the extractives industry. The disasters of Texas City, Exxon Valdez, Piper Alpha and a host of others still linger in our memories.

The human dimension of projects

While the magnitude of these disasters grab media attention, what is not so regularly reported is the sheer scale of (more modest) project failures experienced by corporations every day. Moreover, the triple whammy of over-budget, poor quality and late delivery spans the entire spectrum of industries. This is despite considerable investment having taken place in developing project governance & management, benchmarking, scenario planning, work flow visualisation, risk identification and performance reviews.

In their **conclusion**, the Deepwater Horizon Study Group highlighted organisational attitude and decision making as key contributing factors to the disaster:

“...these failures (to contain, control, mitigate, plan, and clean-up) appear to be deeply rooted in a multi-decade history of organizational malfunction and shortsightedness”

Traditional project management approaches seem to come up short when dealing with the complex human dynamics that are at play on large, complex undertakings. In many cases the topic of “project behaviours” is only addressed at a superficial level.

From our experience, the link between people and projects is robust. Simply put:

- When the project leadership is not aligned, the project is misaligned.
- When the planning lacks clarity, the delivery becomes chaotic.
- When the delivery team lacks ambition, the project lacks performance.
- When the project proponents lack trust, the project becomes contractual.
- When people are afraid to speak up, the project becomes risky.

This dynamic totally changes when those driving the project commit to altering the prevalent mindset and correlated behaviours. From our experience of mega-projects, it's in these moments that the entire project shifts gears and drives new levels of performance.

Implications for energy & other industries

In today's low-price environment, gone are the days when high barrel margins could comfortably absorb delivery inefficiencies. With industry-wide cost reduction and downsizing, the world of the project director can be summed up as "deliver more with less".

The big question is, "How does the delivery team do this?" Reduction of resources does not necessarily translate into higher efficiency or improved performance.

Increasing investment reliability

Based on our experience advising, consulting, analysing and troubleshooting distressed projects, the following performance considerations need to be effectively addressed to provide investors with greater reassurance:

1. To what degree do the project stakeholders and project delivery team understand and show alignment on project objectives and key expectations of each other?
2. Is your procurement process "pulling for" low quality, cost cutting and contractual gaming behaviours?
3. Does your planning process drive the project or is it used as a reporting tool?
4. How confident are you that the project organisation is demonstrating the leadership required to drive and orchestrate complex dynamics and interfaces?
5. How will your project gain intelligence as it progresses and avoid repeating the same mistakes?
6. What will you do to create a culture of accountability, responsibility and ownership?

Adding to this list, another simple but useful question is, "Is your team lit up around successfully delivering the results?"

Projects don't fail. People do.

While many project managers would readily agree with the importance of these questions, in practice, there are often inadequately addressed, resulting in (sometimes catastrophic) ripple effects.

In the case of Deepwater Horizon, two pivotal behaviours were at the genesis of the outcome. The

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first was a combination of arrogance and overconfidence which resulted in the failure to effectively address the escalating pressure building up the pipe from the sea floor. The second was driving the drilling team to accelerate schedule at the expense of safety.

Addressing these two behavioural attributes of the project culture may well have averted the disaster. In the end, the project failure was really a people failure.

Many organisations use projects as vehicles for embedding strategic initiatives and effecting change. If the project is compared to a Gaussian (normal) distribution of activities, behaviours and attitude, then with large, complex endeavours, it is imperative that project leaders have a radar for sensing and flagging up potentially important warning signals emanating from the "tails" of the project landscape.

Fine-tuning the radar

Sometimes these signals can be weak. In complex set-ups involving hundreds of organisations and thousands of activities, they very often get overlooked. Indeed, it is very easy for an overwhelmed, stressed-out executive to disregard their importance and focus on the "big ticket" items. It is in these moments that risks develop and grow, out of sight and out of mind.

As an executive, a question repeatedly worth discussing with your peers is, "In what ways could the intent of the project be undermined and how could we prevent those events and situations from arising?"

Vip Vyas is the CEO of Distinctive Performance. He is a thought partner and advisor to boards and executive teams. He can be contacted at vip.vyas@distinctive-performance.com.

Diego Nannicini is an Associate Consultant at Distinctive Performance. He has an MBA from INSEAD ('14).

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