# Project prioritization

# INITIATIVE OVERLOAD

## Juggling multiple projects

**Initiative overload is common in nearly every organization. Today, companies always seem to be juggling a multitude of projects simultaneously. And while each of these projects surely had the best of intentions, as more projects are added the more likely they are to be dropped. For every new initiative launched, another one slows down or ceases altogether.**

Initiative overload is one of the top reasons why business strategies fail. It is not that they are conceived from bad ideas, but in many instances, they are not directly tied to the company's overall strategic intent. A survey conducted by the Project Management Institute found that only 56% of strategic initiatives meet their original goals and business intent, resulting in organizations losing $109 million for every $1 billion invested in projects and programs.

## Taking the lead

Initiatives tie up a company's most precious resources – people, time and money. Therefore, understanding the goals of each initiative and carefully tracking their progression becomes vitally important. Executives surveyed cite primary causes of failure as insufficient communications (59%) and lack of leadership (56%). CEOs must provide the right level of support during the prioritization of the organization's initiatives without micromanaging the implementation.

Unfortunately, the decision to pull the plug on an initiative can be a difficult one. It may require top executives to confess their mistakes while some might have a hard time letting go for personal reasons. With so much at stake, ending a project abruptly can also leave teams feeling discouraged when they realize their efforts were in vain.

However, it is important to look at the bigger picture. In many instances, a major ongoing initiative prevents the evaluation and launch of other important projects due to fear or a lack of resources to conduct them at the same time. In situations like these, it can be greatly beneficial to acquire the services of an external firm. The only problem is that many of them review initiative status and prioritize using scoring systems based on timing, benefits potential, percent completed against plan, etc. Although these methods are a good start, they may overlook the root cause of problems that prevent initiatives from achieving results on time and on target.

## The missing link

Despite prevailing optimism surrounding certain initiatives, the very definition of the initiative must be aligned with the corporate vision. In many of our past client engagements, we have witnessed significant variances on how the planning process is completed. We determined that 96% of the clients' initiatives included detailed plans with specific action items, steps, due dates and responsible owners. However, 60% of them did not have a specific realization plan in place while 34% of them did not account for future savings.

Even though the majority of the companies we work with have carefully crafted plans in place, many of them still fall short. One common oversight we typically see is the human factor. Our findings show that when employees at all different levels are surveyed, more than 50% do not believe their organization can change. It is our belief that most initiatives require behavioral changes at the team lead and employee levels; therefore, planning must consider steps toward a cultural transformation.

## Key opportunities for improvement

Based on certain trends from past client engagements, there are a few areas that could be improved to mitigate the initiative overload problem.

**Identification and definition** – During the identification process, make sure that the organization can properly resource and provide support. One of the most important aspects is to identify and understand project interdependencies. Many projects originate with a functional orientation, but we recommend ownership with an end-to-end process perspective that transcends the boundaries of each department.

**Evaluation and prioritization** – For many organizations, a formal project evaluation and prioritization process should be in place. It should not be a one-time event, but an ongoing review.

**Execution** – Look for rigorous project management discipline, reviewing resources and the amount of support allocated. It is not uncommon for projects with greater customer impact to be deferred for projects with greater executive sponsorship. The end-to-end perspective permits the identification of departments that are operating in silos.

## Our recommended approach

Bring in a trusted advisor to provide a fresh, external view – not linked to internal politics and without vested interest – to conduct an initiative review. Proudfoot's analysis checks people alignment, cost, speed, probability of delivery value and dependencies to deliver the highest returns. We typically increase the probability of success and overachieve benefits.

Rigorous project selection is vital to overall success. This is why we recommend prioritizing them according to levels of profit improvement, identifying only the ones with real potential and maximizing limited resources. At the same time, it is important to **eliminate obsolete projects** using a structured project-prioritization process. This ensures that only well-aligned projects are approved and projects that become obsolete are caught early and terminated.

**Milestones and metrics must also be defined and made crystal clear**. The entire team should be made aware of how performance will be measured. Moreover, it is critical to **establish and communicate ownership early in the process**. A crucial first step is to secure buy-in from senior management and then sell the idea to the team, making sure that everyone knows their roles and responsibilities. Accountability is key.

Lastly, organizations are advised to implement a systematic audit-close and evaluation process. Most companies fail to capitalize on this opportunity. With initiatives becoming so common in the workplace, important lessons must be learned in order to improve upon the implementation process for future initiatives.

## Important questions to consider when reviewing and prioritizing initiatives

- **Scope** – Was it done correctly? Were the root causes identified? Is it realistic?
- **Timing** – Can it be expedited? Should it be delayed?
- **Business case** – Has it been properly identified? What are the risks?
- **Resources** – Are they adequate enough to achieve the desired results? Are people ready, willing and able? Do stakeholders understand what's in it for them?
- **Sustainability** – Will the initiative have to be relaunched at some point?
- **Technical risk/solution risk** – For example, with a new technology, there could be elements not considered, what if it didn't work?
- **Cost of opportunity** – What if we are using the resources on the wrong initiative?

## Know your limits

Regardless of size, nature or complexity, every business has a finite capacity for initiatives. Why? There is only so much money available, there are only so many people to contribute and there are only so many hours to execute. By ignoring an organization's limitations and launching many projects with insufficient resources, the chance of success is greatly diminished.

Instead, companies should focus their efforts on a small number of critical projects that better align with overall business goals. An initiative's true ROI depends heavily on understanding its real costs and benefits. Project identification, definition, prioritization and selection must become a regular, rigorous and robust process in order to achieve a lasting return on an organization's investment of critical resources.

We live in a dynamic, fast-paced, global society. In just a few short months, the variables affecting today's economy might look drastically different (e.g. oil prices, exchange rates and inflation). Therefore, a systematic approach to redirect and revisit initiatives is needed to neutralize the effects of an otherwise volatile marketplace.

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**How far and how quickly are your current initiatives progressing?**
For more than 70 years, Alexander Proudfoot has worked side-by-side with client personnel and management at all levels to rapidly implement performance improvement programs aimed at revenue growth, expense reduction and asset productivity.

**Joni House** has more than 20 years of successful management experience across several different industries. As Executive Vice President, she is responsible for developing client relationships and working closely with C-suite executives to deliver sustainable results. Her areas of expertise include systems integration, change management and financial performance. Joni resides in Atlanta and enjoys kayaking and playing bluegrass fiddle.