Project Planning: a Building Block of Trust in Strategic Uncertainties

Vortrag von Kai Milkereit und Julia Dellnitz beim IPMA World Congress in Rom, November 2008

Abstract Project Management is on its transformation from a purely operational to a strategic function. Traditional methods, such as project planning, have to be redefined and reconsidered in a strategic context: Do PM methods only aim at getting the project done as efficiently as possible or can PM methods enable projects to become vital catalysts of organisational strategy? The paper illuminates the re-definition of project planning techniques as a contributor to major strategic project assets such as project spirit and team performance. It will be shown that the suggested approach to project planning is especially viable in projects that work into a high strategic uncertainty, such as mergers and acquisitions or new product developments and that trust building becomes a critical success factor. The authors thus introduce a theoretical perspective on trust in collaborative relationships and show how active trust management contributes to team performance and risk taking in a constructive and strategically beneficial way. They then suggest that participative and process-oriented project planning can be introduced as a very pragmatic method to support this process. The findings are underpinned with case studies from the authors’ own project management experience

Key Words Project planning, trust building, interorganisational collaboration, post-merger integration, dynamic capabilities

1. Introduction Globalisation, technological development, increasing mobility, and deregulation – today’s organisations seem to face a world of increasing external and internal change. In this world it becomes a major challenge to find and sustain competitive advantage in industries and markets that are no longer well-defined, but characterised by changing boundaries and conditions. Especially in high wage economies, this relates to an organisation’s ability to innovate new products, processes or services (Henry, 2002). Complexity even increases when interorganisational collaboration or the co-ordination of external and internal parties comes into play. As a consequence organisations are well advised to develop dynamic capabilities (Teece et al., 1997) that allow them to effectively reconfigure their resources and competences and to translate them timely into new products. It is only then that they will be able to overcome the so called ‘flexibility paradox’, i.e. the ability ‘to adapt while remaining stable enough to exploit any changes made’
Often enough projects are used to define and implement the required reconfiguration and to deliver the expected product, service or process to the organisation and the markets it serves. The focus of project management then is on delivering the projects outcomes with the given resources at a given point in time through the application of widely known and accepted tools and techniques, but also to enable co-operation across internal and external boundaries. Project management thus supports strategy implementation operationally and most of the applied practices deal with improving project performance.

This paper starts from the idea that project management can do more than bringing operational efficiency to strategic projects and explores how project planning can serve as a building block of trust in projects that work into strategic uncertainty. It will also be shown how project planning can be used to inform strategy. The findings will be illustrated with two case studies from the authors’ own experience.

2. Building trust in strategic uncertainties

When looking at success factors in strategic projects, the emphasis is often put on aspects of trust and communication between the project team members and project stakeholders. Henry (2002) has observed that the degree of trust and the level of communication have a major impact on the success of collaborative projects especially where the strategic rationale stems from the integration of new capabilities. Aspects of trust and communication also come into focus, when looking at the few things successful projects have in common: ‘Beyond strategic alignment [the most successful projects] enjoy total support from top management, rely as much as possible on existing solutions and external knowledge, and their teams are highly motivated and excited.’ (Shenhar, 2007).

In a more practical approach, Vangen and Huxham (2004) identify trust and communication as major prerequisites to the success of interorganisational collaboration and state that ‘a necessary condition for trust is thus that expectations can be formed on one hand and fulfilled on the other’. Their work provides insight into the paradoxical situation that people need to trust before they can co-operate, but that trust will only evolve through the positive experience of co-operation. They suggest initiating trust building as a cyclic process with small and modest objectives. When these objectives are reached, a basis for more trust is confirmed and thus new ground for more ambitious objectives is formed. With
every loop in the process, trust grows and so does the amount of risk the collaboration is ready to face and tackle constructively.

The following example explores how a project team put this idea into practice and used the project planning exercise as the starting point for the trust building cycle. Not only did it enable them to form sound expectations of their co-operation in the project but it also allowed them to track their shared effort to reinforce mutual trust for more critical situations. It seemed to be vital to this project’s success that the willingness to trust each other was established at the very beginning of the project and that it was centred on the project’s strategic rationale.

Case study 1: Post-merger integration It was an innovation merger and the objective for this small integration project seemed to be simple: include all R&D projects with timelines and resources from the acquired organisation into the project database of the acquirer. ‘A two days exercise from a technical point of view - why would they need a team of five and three months time to reach it?’, the project manager thought on her flight to the kick-off meeting. It seemed like a waste of time spending one day in a kick-off for a two-day exercise.

But reality turned out to be different. While both companies brought broad expertise in project management and mature project organisations to the merged company, their project culture, the way projects were planned and managed, the interpretation of common terms were very different from each other and so were the people and their attitudes. Identifying all projects, harmonising the timelines and resources in the plans, convincing all stakeholders about the benefits, coping with frequent changes in the initially simple objective, and finally solving all the related technical issues required a lot of discussion, of negotiation and of trading off ideas and approaches against each other.

It turned out that the project was a beneficial work experience in a time where individual and organisational uncertainty was high and stressful: it became one of the first success stories in the new organisation and on the project players’ personal track record as they delivered in time, budget and quality. Being asked for their success factors in the closure session, the team replied: ‘the fine structuring work was useful to focus’, ‘we established good communication across different locations’, ‘most of the people in the team and its environment were co-operative and had the goal in mind’, and ‘we managed to cope with changes in objectives quickly and flexibly’

They had brought together a broad experience and knowledge in project
management and planned their project in a joined team effort. During the planning session in the kick-off meeting, they didn’t focus on planning the activities in a strict time corset, but on understanding the logic or the operating mode of their project. They’ve met each other for the first time; they shared a common professional background in project management but joined from very different organisations. At this point in time they did not have any idea about the real scope of their task nor about the real scope and purpose of the new organisation. They choose to use the planning exercise – something very familiar to all of them – as a blueprint for getting to know each other and negotiating what needed to be clarified. In a sense they were testing the capabilities of their new organisation and they were exploring where the new strategy would take them. As a consequence they got a very clear picture of what was required (the outcome), of how to get there (the operating mode) and of how to adapt their plan and their individual stakes to all the changes that incurred during the project.

3. Informing strategy development

The above example has shown how a slight redefinition of the project planning exercise can leverage the social capital (Judgev, 2006) of the project team and emphasise the knowledge- and experience-based aspects of project management instead of its operational focus. The next example from a new product development project will take the idea further and shows how the project’s social capital can be used to inform the strategy development process.

Case study 2: New product development ‘They want me to fly the airplane while it’s being build. In fact, they’re not even sure, if it’s going to be an airplane or a high-speed train’, said the new project manager to a friend. After a major crisis the organisation was re-inventing itself and he was employed to combine the existing core competences with acquired capabilities in a new service and bring it to market in order to support the new growth strategy. Yet, it turned out to be an exciting time. During the project, the team pervaded the existing and the acquired competencies and developed a clear picture of the development project’s operating mode and its interplay with the overall strategy. From reflection of their own practice in the project, but also from tests in the client’s environment, they continuously improved their understanding of the new competence configuration and gained confidence in what they were developing. They actively synchronised the product development with the strategy development in regularly informing strategy makers about their findings and aligning the next project phases accordingly.

4. Re-framing the project plan

The findings from the two case studies provide a
new frame for planning project: the plan becomes more than a list of activities in time, it becomes the first image of the new resource configuration and the planning exercise challenges the project players in adopting new ways of thinking and combining existing solutions with external knowledge. Planning the project is then the first step of action in the project, i.e. creating the plan is the first, low risk activity and serves as the building block of trust for the project team, especially where the novelty inherent in the project might bring uncertainty or - in the worst case – fear about future developments. In that case the plan may even provide a comforting structure, where there might be no more other structure to rely upon.

The case studies have also shown that the idea is simple and easy to implement. In making project planning a joint team exercise and taking the time to develop a shared image of the logic of the project (depicted by the project plan) the team can establish a culture of open dialogue and communication and benefit from this throughout the project:

- Understand the project and its plan as the first instance of the intended organisational change.
- Use the project planning as a first exercise in leveraging your social capital.
- Bring together all the experts and create and atmosphere of trust and confidence.
- Understand the internal and external logic of the project.
- Involve stakeholders and anticipate their reactions to the plan.
- Develop the screenplay together so that you understand what works and bring it down in simple, activating words everyone in the organisation will understand.
- Rehearse the logic and make sure that anyone in your team can tell the project’s story at any time during days and nights.
- Re-tell the story during milestone and review meetings and monitor how it evolves in real life.
- Use reflections on the project team’s work and actual experiences from the implementation to inform strategy.

All that can be learned and experienced during the planning will help to prepare for all subsequent eventualities and it helps to initiate a sound trust building loop within the project team but also within the wider context: Once stakeholders see even small results, their confidence in the team’s strengths and performance will raise and they may also enlarge the team’s leeway.

5. Summary and conclusion In order to be successful organisations need to know where they want to go, they need to know how the markets they are
investing in are changing, they need to know their own resources and capabilities and how to reconfigure them to produce competitive advantage and they need to understand how to implement new strategies and the subsequent changes (Boojihawon and Segal Horn, 2005). Project management can be a central dynamic capability that enables the organisation to configure their resources and capabilities across internal and external boundaries and to catalyse the transformation of processes, of products or even new markets. In this respect speaking of project management as a planning and organising methodology is too short. It needs to be understood in its strategic relevance, i.e. in the possibility to leverage the social capital not only of the project, but of the overall organisation and provide the building block of trust and two-way communication for strategic endeavours in uncertain futures.

The project is the first instance of the intended configuration. It is the pioneer system that brings together the new resources and capabilities and that provides experience on how the internal and external environments react to this configuration. Using this knowledge can be a major anchor for understanding the dynamics that evolve when re-combining one’s assets and making them work in practice.

References

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