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FAILURE TO LAUNCH:

*How Financial Executives
Avoid Failure and
Plan for Success*

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INTRODUCTION

Projects in the finance suite represent an opportunity to expand and grow the entire organization, but can come at a significant cost. Beyond outlays of cash and time, each project undertaken represents another that an organization must forgo.

As the cadence of disruption has hastened, the cost of failed projects has increased. In the past, these were mainly sunk costs of time and capital. Now, the costs of failed projects have ballooned to include lagging behind competitors and missing market opportunities. Getting it right has never been more important.

In this report, the Financial Education & Research Foundation (FERF) has collaborated with Kaplan to explore how to make projects more successful within finance. This report, consisting of interviews with thought leaders and an associated survey of 276 members of Financial Executives International (FEI), provides context related to the biggest challenges senior-level financial executives have faced with their most recent projects, the biggest constraints to successfully completing any project, and the skills needed to successfully lead teams and drive greater levels of value realization from projects.

KEY FINDINGS

Everybody Hurts. *A survey of financial executives found that 86.7 percent of the most recent projects undertaken by FEI members failed to meet its timeline or original scope. What's more, nearly 30 percent of projects failed to meet both timeline and the original scope.*

For a Few Dollars More: *Lack of resources allocated to the finance suite represented the biggest constraint in project management.*

Out of Time: *Team members, team leads and sponsors/stakeholders named the availability of team members as the biggest challenge of their most recent project.*

PART I

THE GAME HAS CHANGED

Welcome to the project economy. Where employees once toiled on an assembly line producing widgets, they now undertake project after project in support of an organization’s strategic, operational, or compliance needs. While the job description for project leaders has remained the same over the years, i.e. “to prioritize the allocation of an organization’s limited resources to generate the greatest value in a way that aligns with your strategy,” according to Bonnie Zhang, Manager at Johnson & Johnson, the role of the project leader has evolved as projects have become increasingly complex.

Project leaders must learn to shift their focus from easily quantifiable measures to more opaque ones involving quantitative and qualitative aspects. After all, counting widgets produced is far simpler than prioritizing projects, allocating resources, leading teams, and monitoring results.

DO TEAM LEADS MAKE THE GRADE?

Team leaders (46) graded themselves generously, assigning a score of 4.17/5 (B); whereas sponsor/stakeholders (68) graded the team leads at a 3.99/5 or a C+. Team Members (31) were the harshest, grading the team lead’s leadership skills as 3.77/5 (C).



MAKING THE GRADE

While team leaders were confident in their leadership skills, grading themselves as a B, sponsors/ stakeholders rated their team leads as a C+, and team members were harsher still with a C grade. The disparity between relatively high grades and the comparatively low project success rate displays a tendency to rate professionals on a broader time horizon than one particular project.

The ability to lead a project successfully is a skill that will increase in value moving forward. In the meantime, failing to successfully lead projects can act as an impediment to future career advancement. The intrinsic nature of project leadership is what makes it so compelling and so difficult to master. Leading a project from the ideation stage to development and, finally, execution requires leaders to carefully ensure that each measure of the project is properly balanced.

WHAT MAKES A GOOD LEADER

Gerald Rattigan

Director of Financial Reporting & Technical Accounting Keynote Speaker

“I think it’s always the expertise, role and responsibility definitions, and clarity of roles. In any organization, in any team, the planning of who is doing what, how, and when. Or, if there’s a need for a joint effort requiring different people or sources of information involved in the process. This is where it’s critical for the project manager to have a full grasp of each person’s ability and then being able to rely on each individual to know when to turn to others for help. They need to know when to step in, but not micromanage. Still, there are critical deadlines requiring leaders to step in and hold people more accountable or speed up the process to reach the ultimate goal. Being flexible as a manager and as a leader increases the probability of a successful outcome.”

SCOPE

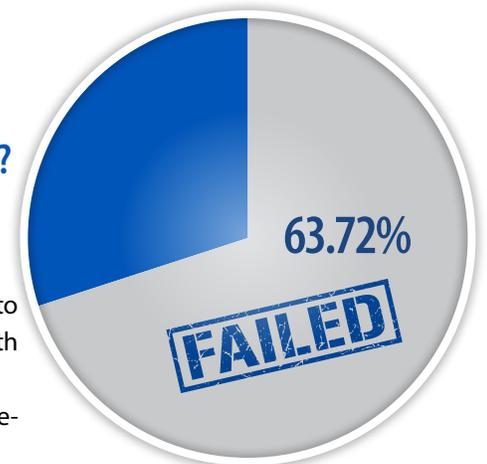
QUESTION: WAS THE PROJECT WITHIN SCOPE?

Failure to properly scope a project can doom a team to failure.

As resources are constrained, stakeholders feel pressure to push for their deliverable to be included in a project; Keith Goodwin, VP, Finance and Q2C Transformation at IBM comments that this leads to an “everything-including-the-kitchen-sink mindset,” when scoping out projects. Thus, what not to include in a project’s scope is often just as important as deciding what merits inclusion.

Beyond considering what to include in a project, David Fabricant, Deputy Controller at American Express, comments on the due diligence financial executives need to perform in the scoping phase, saying, “So many projects fail, and so many people don’t take the time to really lead a project. They don’t do enough research, they don’t have enough horsepower to get the job done. Going in, leaders need to have a good structure on how the project should be led, how to motivate people, how to follow up, how to make sure things are getting done, and how to resolve conflicts. These are the things that people need to know in order to lead a successful project – almost like a blueprint of best practices.” Considering these aspects of a project serves as a project pre-mortem, as financial executives can plan for success by avoiding failure.

In order to successfully take projects from scope to fruition, leaders need to guide teams in overcoming their most suffocating constraints and daunting challenges. Brian Ruttencutter, President and CEO, BBR Consulting and former CFO, comments on the difficulties arising after a project is scoped, saying “you do the best you can in knowing what the scope of the project is, but it’s always different than what you envision. And it’s always different because you can’t always anticipate all the demands, all the issues, all the things that can go wrong or sideways.”



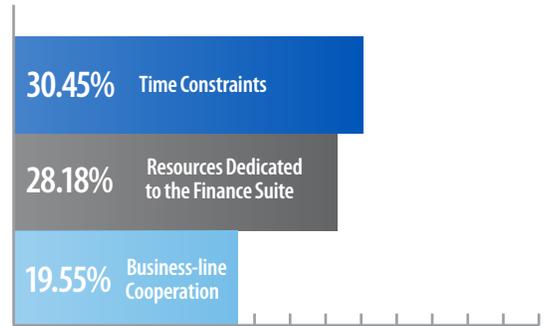
63.72% of FEI members said their projects failed to meet initial scope

Based on 225 respondents

PART II

CONSTRAINTS

QUESTION: AS A FINANCIAL EXECUTIVE, WHAT IS THE BIGGEST CONSTRAINT TO COMPLETING ANY PROJECT?



Answer options included compliance, business-line cooperation, resources dedicated to the finance suite, internal expertise, time constraints and other.

220 respondents

“Demonstrating project leadership requires making the successful determination that teams have adequate resources to achieve the strategic goal,” says Rief Kanan, Director of The Business Institute at SUNY New Paltz. Making the determination of the optimal amount of resources to allocate to a project is critical. After all, allocating too many resources leads to cost overruns, which dooms projects. Thus, the wisdom to know how much is sufficient and the ability to inspire team members to stretch resources is critical for team leaders who want to create value.

“I had a full-time job, and my team did before this project came up. This project demanded about three quarters to a hundred percent of my time. So, I was working double time during the whole process. My team had to put in an immense amount of time. The executive team had to be actively involved, especially our CEO. Some other officers had to put in a fair amount of time, and it was disruptive to their everyday assignments. There were many times when I had to do a lot of negotiating with my own team, and we had to put some things off that we would normally do quicker when we had to get information or certain things done related to the project. Letting everybody know what the scope is ahead of time, what the demands are going to be, that it’s going to take extra time, it’s going to be worth their effort, that they still have to get their regular work time, and that not everyone will have a smile on their face all the time.” - Brian Ruttencutter

Time Constraints

In the project economy, professionals are often staffed on numerous, simultaneous projects. 58.5 percent of FEI members who worked as team members on their most recent project indicated that time was their biggest constraint. Leaders have a long way to go in understanding each team member’s various responsibilities and bandwidth. Fabricant comments on this need, saying, “you don’t want to have someone overloaded where they’re spending all their time on project A and project B is getting left behind, but you can’t really push them to project B if project A is still a high priority. It’s making sure everything’s in balance.”

Ruttencutter emphasizes the importance of communication and listening to team members, noting, “it’s very important to have open channels of communication with your team and listen to the heartbeat. Listen to the words, listen to the heartbeat. Some people will tell you right

away that they're sinking; others won't tell you until they're about to drown. You really have to be sensitive to that and assess what's going on and make sure that they're not overcommitting or hurting themselves and under delivering." He further adds that listening enabled him to understand "where they were in the process, what the difficulties were, the additional resources needed to accomplish different steps in the project, how they were feeling, and if they need a little extra encouragement or help."

“*Listen to the words, listen to the heartbeat. Some people will tell you right away that they're sinking, others won't tell you until they're just about ready to drown.*”

Resources Dedicated to the finance suite

While team members perceived time as their biggest constraint, FEI members working as team leaders (33.7%) and sponsors/stakeholders (27.0%) named resources dedicated to the finance suite as their biggest hurdle in completing projects.

Helping a team overcome their constraints is the team lead's most critical task. Successful leaders help their teams turn constraints into opportunities to exercise creative problem-solving skills. After all, Kanan notes that the dearth of resources is "often more imagined than it is real. Nobody is ever happy with the resource allocation to a project. They can always use one more skilled participant, they can always use one more available dollar. People are always concerned about budget, personnel, and time constraints."

In moving from a waterfall to an agile approach to project management, Goodwin says his team has been able to shift toward a project-minimization mindset in the form of a minimum viable product. Goodwin notes, "this provides the smallest scope and delivers the most value for the smallest investment. This enables us to build positive momentum, to create positive change, and to drive value quickly."

MVP FROM KENNETH GOODWIN AT IBM

"The concept there is you want the scope that delivers the most value for the smallest investment, and you keep repeating that process. You do the first iteration, you learn from that and adjust when looking at the next set of priorities.

How do I deliver the most value with the smallest investment on top of that base? It's still a challenge. In a large enterprise, there are many different opinions on what constitutes a minimum viable product. So that's an ongoing challenge, even with our agile approach. In the old world, the business and the stakeholders wanted to get as much as humanly possible into the first release because they'd been taught that there may not be a second release, or the budgets may be cut after initial deployment. If you don't get it in the first release, you may go a year or two with a suboptimal solution. So, there was a lot of pressure to mark the projects up and to get those additional deployments.

In the new world, we want to create positive momentum, create positive change, and drive value quickly. We'll refine, learn, and adjust as we go. It's still a challenge, and we still get pressure to undertake these mega projects. In areas where they've seen the benefits of the minimum viable product, it's getting much easier."

Business-line co-op

Different functions have different objectives, which can conflict with new projects. When considering the fact that different business lines are similarly constrained with regard to time and resources, Zhang states that leaders must use influence to overcome these challenges, saying, “as a team, you come up with objectives, and sometimes you have competing priorities. This is where you have to influence and work with people to get the job done.” Zhang notes that leaders also need to learn to exercise influence when the team isn’t directly reporting to them. Effective leaders will coach and upskill their team members in order to help increase cooperation with the organization’s various business lines.

In order to build and skillfully exercise influence, Goodwin notes that leaders need to understand the projects various stakeholders (i.e., customers, business partners, other departments) and their needs. He adds that a leader must then “build rapport, respect, and trust across the business’ various dimensions and align people with divergent priorities and personalities to work together toward a common goal.” Unfortunately, Rattigan says that reminding a project’s various stakeholders that everyone is on the same team is often an overlooked component in communication, especially when it is a high-stakes issue. If you’re viewed as an enemy, or even as the other side, it creates massive obstacles that could have been prevented.

Rattigan further explains that generating buy-in from other stakeholders “can lead to greater learning and brainstorming, which leads to new alternatives and workable solutions that, perhaps, neither party thought possible prior to negotiation or prior to the deliverables being achieved.”

From a discussion between FEI Daily Managing Editor Olivia Berkman and project management expert Antonio Nieto-Rodriguez regarding how financial executives can bring project management expertise to their skillset.

“We are very excited when a project starts, but if that project struggles... and all projects go up and down that’s always the case. But, if it goes forever, if it takes nine, ten months, twelve months, people start dragging, getting bored, they don’t participate, they don’t deliver. So how can you ensure that you develop a high performing team that is committed until the end? For me, part of high performing team, the culture, making it exciting and rewarding for the people to stay committed throughout the project.”



Project Management For Financial Executives

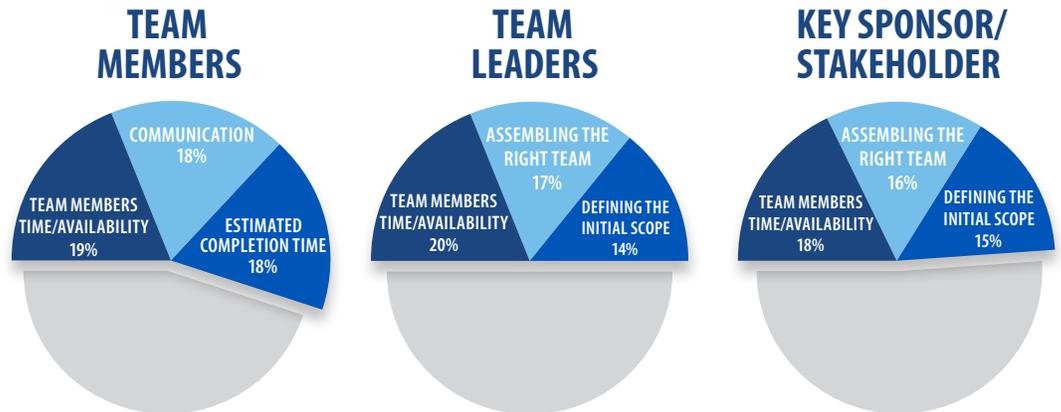
[CLICK HERE TO LISTEN TO THE FULL DISCUSSION](#)



CHALLENGES

QUESTION:

WHAT WERE THE BIGGEST CHALLENGES ASSOCIATED WITH THE PROJECT?



Respondents were permitted to select up to three out of the following: Defining the initial scope, Scope change, Estimated completion time, Assembling the right team, Team members time/availability, Communication, Leadership, & Project team culture

Based on 46 respondents for Team Members, 84 for Team Leaders, & 96 for Key Sponsor/Stakeholder

While each group named team members' time/availability as the top challenge in the most recent project they worked on, the second and third top challenges show how role impacts perceived challenges. Team member's second and third top challenges are more day-to-day issues (i.e., communication and the estimated completion time). In contrast, team leaders and sponsor/stakeholder show their concern relating to issues which arise before a project is initiated. (i.e., getting the right team in place and correctly defining the initial scope).

Time/Availability

Managing time provides team leaders with the opportunity to coach team members in prioritization. Kanan comments that team leaders can do this through clearly communicating objectives. Team leaders can further drive engagement through encouraging entrepreneurial spirit through explaining prioritization and time management through the lens of working in the business versus working on the business. Working in the business relates to team member's everyday jobs, while working on the business relates to those extra projects that enable employees to create added value. As working in the business is what people are "paid to do," it can be difficult to communicate the need to place these priorities lower than opportunities to work on the business. In helping employees see the value of working on the business, Kanan notes leaders must communicate "a clear set of objectives used to recognize that time needs to be allocated to working on the business." He further explains, "there has to be an expectation from leadership that time is devoted to planning, prioritizing, executing, engaging with feedback groups, correcting course, and communicating."

CONCLUSION

Auditing Success

A project which has been completed on time and according to scope is still only partially successful. Zhang expounds, “when a project is pitched, people talk about all of the benefits. They do a net present value calculation; however, tracking the actual benefits from a project is difficult.” When planning for future projects, financial executives must consider how to track a project’s benefits. After all, financials are from the enterprise level, not the project, Zhang notes. Better accountability for each project provides for greater insights on the current project and a deeper pool of knowledge from which to draw for future ones. Additionally, determining how to best track project performance subsequent to completion is an additional opportunity for financial executives to contribute value to projects and exercise project leadership. This perspective empowers leaders with the insights to best consider how project involvement will contribute to technical and behavioral skill growth for team members.

Lessons Learned

The complex, organic nature of projects means that failure is always a possibility, especially if we fail to course correct while there is still time. Rattigan notes that sometimes projects “require us to admit failure or to admit that the original plan is not achievable and that’s where plan B or even plan C is required.” Situations change, a leader’s job is to know when to change course or when to let go of sunk costs. Rattigan further notes that leaders must have “the capacity to admit defeat, to acknowledge that their plan may not have worked, or that the circumstances changed. Having that foresight, that knowledge, that self-awareness, is what sets successful individuals reaching career milestones on a regular basis apart from those that continuously pound their head against the wall when their projects fail.”

Similarly, Fabricant reminds that, “it’s important to remember that not every project is successful, and we learn more from our mistakes and our failures than we learn from our successes.” In order to maximize and retain the lessons learned from failed or even successful projects, team leaders should invest time in discussing the project with team members and various stakeholders and sponsors. The insights from these conversations can provide leaders with the information of what worked and what didn’t. Leaders can then meet with team members to help them become better as they are tasked to work on future projects. Fabricant concludes, “People cannot be scared of trying because there’s a high risk of failure. They have to realize that failure may occur and, if it does, to learn from it to be able to do it better and more successfully in the future.”

DAVID GILMAN ON WHAT IT MEANS TO

FIRST ATTEMPT IN LEARNING

“Whenever someone is new to a task, responsibility, or project – there is always a chance that they won’t be overly successful. Do project leaders look at these projects as a “first attempt in learning?”

Blame culture can afflict many departments/ organizations. In many cases, failing can be more indicative of the impact of external factors than a team’s capabilities and work ethic.

One word, one sentence can make a big difference for team morale, which can extend to the entire organization. Making project setbacks a “first attempt in learning” can foster a coaching environment, which enables team members to further develop their skills and become better professionals and leaders.”



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