

Chapter 3

The Change Equation

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ABSTRACT

In this article, the author investigates the nature of complexity and its role in project failure. Also, the paper proposes a model to assess complexity. It draws some conclusions about the implications for change management interventions. The author finds that projects fail when the complexity exceeds the capability of the organisation to cope. The overall aim of the article is to offer an approach to reducing this number of failed change projects.

INTRODUCTION

In November my book ‘The Change Equation’ was published (Duschinsky, 2009). Its contention is that projects fail when the complexity of the project exceeds the capability of the organisation to cope with the changes needed and that it should be possible to predict the success or failure of a project by understanding the complexity of that project in the context of the capability of their organisation.

By ‘capability’ I mean both the social/culture and technical/process management capability – the two domains of Bostrom and Heinen’s (1977)

work system model. In fact I argue in the book that it is only by achieving a balance between these two aspects of an organisation’s capability that projects can succeed. Successful organizational performance depends on good interaction between the social and technical systems. Paying attention to either system on its own will create problems and barriers to success.

In the course of researching and developing the book, I became very interested in project complexity and its role in keeping the proportion of successful projects at a scandalously low level of around 30%, year in, year out. (In fact it’s getting worse... but more of that in a minute.) When Dr. Elayne Coakes asked me to give a workshop to the Westminster Business School faculty on

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'Issues of Complexity in Project Management and its implications for Change Management', I jumped at the chance. This article is an account of the arguments and conclusions I presented at that workshop.

DEFINITION OF TERMS

First let's define what we mean by project success - and failure.

"A successful project is one which achieves its outcome(s) on time, within budget and to the required level of quality, realising the benefits identified in the Business Case." (Dept of Finance and Personnel, 2009)

"Failure is usually defined by the host organisation in terms of projects that are late or over budget, an inability to fully realize the expected benefits or gain the acceptance and enthusiastic support of users and management" (Cannon, 1994)

The definitive source for our understanding of the rate of project failure is the Standish Group's annual survey. The latest survey (Figure 1) found that only 32% of projects succeeded. 44% were 'Challenged' and 24% failed outright.

In fact the definition used by the Standish Group is quite generous. Successful projects include those that come in more or less to time and budget and deliver most of the planned benefits. 'Challenged' projects have overrun their planned timescales and budgets (some by a substantial degree) but have delivered at least some of the expected benefits. So a failed project is one that simply has not delivered. This includes those that have been abandoned before they get to completion.

So if 32% of the projects were classed as successful in the 2009 survey, that means only 32% came in *more or less* to time and budget and delivered *most* of the planned benefits. If I was a surgeon, solicitor or construction engineer with this performance history, you wouldn't be giving me your business, so why do we put up with it

Figure 1. Standish Group report 2009 (as cited in Wieberneit, 2009)



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