Most enterprises get only a small fraction of the potential value from their project teams. Just ask any staff member about their experiences on project teams—change initiatives, reengineering teams, or organizational redesign task forces. Chances are they will admit that few, if any, of their project teams were asked to produce a *real* result.

### Avoiding Missed Opportunities

Project teams in organizations typically operate in two modes:

1. **Recommending and Planning Mode:** These are typically senior level teams, supported by staff, pulled together from various parts of the organization to develop mission statements, rethink organizational structure, redesign processes, or come up with ideas or plans for tackling challenges and opportunities in the marketplace.

2. **Executing Mode:** These teams are handed off a task and asked to implement it: for example, carry out a training program; put in place a new system; implement a new incentives program. They tend to be dominated by members of one organizational unit, with some representation from other areas.

Project teams and their sponsors rarely acknowledge the risk that their project’s outcomes will not translate into the intended benefits to the organization. How can you keep a project on track for real results?
Often there is a natural sequence: project teams are commissioned to develop recommendations and plans. These are reviewed and debated by senior management. And then they are translated into project charters for several execution-oriented teams.

There is another mode of deployment for project teams that is too rarely leveraged in organizations: teams that are challenged to achieve real results. Few organizations strike the right balance between these different types of teams. The consequence is billions of dollars in wasted efforts and missed opportunities.

Not long ago, a project team at a national telecommunications company provided a striking glimpse into the dynamics of this phenomenon. The story begins with a fairly ordinary challenge and response. Eight of the best and brightest account managers, product managers, and analysts were brought together as a team and asked to analyze benefits accruing to clients who used the company’s key products. Armed with this information, the idea was that the account managers would be able to credibly “pitch” benefits rather than product functionality, leading to higher closing rates and stronger client relationships.

As part of the process, the project team was asked to finalize and commit to a goal. Predictably, the preliminary goal suggested by the team sponsor focused on the timing and quality of the analysis. But one of the team members spurred the group to delve deeper. If what senior management was really after was improved sales closing rates, why shouldn’t the team set a goal that directly related to actual improvement in closing sales?

Following a discussion that took the better part of a day, the team listed a series of possible project goals on a flip chart. Starting at the top of the list with their initial charge, each subsequent goal took this initial charge one step further towards the ultimate goal of improved sales performance.

The dialogue that ensued was illuminating to all, and even more so to the senior managers who joined the team later to review the goal the team established.
The moment of truth came when one of the team members went up to the flip chart and drew a line separating the list of possible goals in half, as follows:

<table>
<thead>
<tr>
<th>Goals “above-the-line”</th>
<th>Goals “below-the-line”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop thorough benefits analysis on major products by March 1</td>
<td>Present to one key account by March 1, and generate interest in follow-up conversation on expanding account</td>
</tr>
<tr>
<td>Prepare presentation that can be used by account managers, by March 1</td>
<td>By March 1, advance one account one step in the sales cycle, by pitching well-documented benefits</td>
</tr>
<tr>
<td>Get one account managers to do a dry-run presentation to senior management by March 1, and get good ratings</td>
<td>By March 1, close one deal based in part on pitching well-documented benefits of existing products and possible extensions</td>
</tr>
</tbody>
</table>

As can readily be seen, the goals “above-the-line” were legitimate and worthwhile, but fell short of committing to real benefits to the organization. They held the promise of a potential benefit, but they did not go quite all the way.

Goals “below-the-line” represented a commitment to deliver on improved sales performance. After some discussion about the relative merits of the different types of goals, it began to dawn on the team and their sponsors from senior management that what they confronted was a choice about allocating risk.

**Allocating Risk**

The goals “above-the-line” place the risk of the project investment on senior management and the organization as a whole. The project team is in control of the deliverables, and can feel fairly confident about achieving its goal. But the larger organization will bear the risk of seeing that the investment of the team’s time and energy gets translated into real results—improving sales performance.

The further “below-the-line” the goal was, the more risk was being shifted to the project team. In these “below-the-line” goals, the team’s success is correlated with benefits to the organization. And even though some of the variables affecting the success of their project might be unknowable at the outset, and possibly out of their control, adopting one of these goals would mean the team was willing to commit to figuring out a way to identify and influence these variables.

**Beyond Traditional Risks**

Project teams and their sponsors typically focus on execution risk—the risk that planned activities will not be completed on time and on budget. But they rarely acknowledge or discuss the risk that the project outcomes will not translate into the intended benefits to the organization.

The approach is generally as follows: Executives carve out the overall challenge (improving closing rates in the case of the telecommunications company example) into separate streams of work—such as documenting benefits of products, conducting consultative sales training, and putting in place a sales incentive program. Then they deploy project teams to tackle each stream. This is, after all, what managers are supposed to do—break a problem down into its smaller pieces and deploy the right people to tackle each piece.
There is a fundamental flaw in this approach. It is premised on two potentially fatal assumptions:

- That the variables influencing the result are knowable in advance, and thus they can be predicted by senior managers, consultants, or even staff teams operating in a recommendation/planning mode. In reality, some of the necessary work streams will only become apparent through action and experimentation. This is known as the **White Space Risk**.

- That the streams of work will mesh together in an effective way at the end of the effort to produce the intended results. This is known as the **Integration Risk**.

This approach leaves senior managers holding these two risks which can erode the connection between the hard work of the project teams and the intended results. These “results risks” are inherent in any complex undertaking aimed at producing tangible change and real results, as opposed to undertakings where the aim is to produce a report, a recommendation, or a plan.

What about project teams operating in the “recommending and planning” mode, and where no “action on the ground” is expected? Too often, what gets left out of these efforts is any consideration for the readiness and capacity of the organization to implement the recommendations and plans that emerge. Consequently, the project team may feel they delivered what was expected of them, regardless of whether any implementation takes place—let alone whether the implementation effort translates into the promised results.

This adds yet another layer of unaccounted for and undiscussed “results risk” that is borne unwittingly by senior managers. Here’s how this played out at a global financial services organization with dozens of semi-autonomous business units matrixed into a regional management structure.

The senior team commissioned a project team to develop a vision for how to consolidate key processes in various business units around a few platforms in order to gain efficiencies and economies of scale that can come from standardizing ways of doing business. As part of an intensive six-month effort, the project team reached out to all the business units for input into the thinking and for syndication of the recommendations. When queried about the readiness and capacity of the organization to implement this emerging vision, the project team shrugged their shoulders and said: “Our job is to bring forward the best thinking on how these processes should be consolidated. It is up to senior managers to drive the execution of our recommendations.”

Senior managers may view this as part of their job. But approaching these challenges with an “above-the-line” project strategy places all the risks—unnecessarily and inappropriately—with senior managers.

**Reducing Results Risks: Rapid-Results Initiatives**

The telecommunications company example suggests that the organization would have been better off if the senior team had commissioned the project team to tackle one of the “below-the-line” goals versus an “above-the-line” goal. In fact, in this particular example, the team convinced their sponsors to push their goal “below-the-line”. They decided to set the following goal:

> “By March 1, advance one account one step in the sales cycle (get invited to do present a proposal, by pitching well-documented benefits.)”
Their effort was quite successful. In large part, this was due to the fact that for the concerned account manager as well as the team, this was no longer an academic exercise, but a real opportunity to create value. In addition to taking accountability for integrating the analysis, training, and client interface work streams, the team smoked out many issues that needed to be dealt with to ensure that the effort is successful.

For example, the account manager had to figure out a strategy for enticing the client to collaborate at the front end of the process so the team could gather the data they needed to pitch the value proposition of their product extensions. They needed to design the intervention process so clients would see some value right away, versus viewing the data collection effort as a net drain on their staff time. And there were confidentiality issues that needed to be dealt with. The solutions to all of these issues, most of which were not on the radar screen at the outset of the effort, were integrated into the plans for scaling up this effort.

Contrast this with the alternative scenario: if the team had proceeded with its original mandate, they would have produced their analytic piece demonstrating the potential value-add to clients. Then the senior team might have opted for a piloting strategy to see how this would play out in a real client situation. At that point, a few account managers would be selected, handed this pre-packaged analytic framework, subjected to training, provided with support, and asked to demonstrate better results. All the issues that our “below-the-line” team had smoked out and designed into the solution set would now be lurking in dark corners, threatening to undermine the piloting effort at every turn. And when these issues did arise, participating account managers would likely shake their heads and write the effort off as another example of senior managers “telling us what to do when they have no clue about what we have to deal with on a day-to-day basis”.

Why is the below-the-line project strategy more effective at reducing integration and white space risks?

First, because these risks can best be managed by front-line groups who have the local knowledge about the issues, the culture, and all the intangibles in the “white space” where the granularity gets blurred when examined from high up in the organizational hierarchy.

Second, because overcoming some of these risks requires an act of faith. The account manager on the communication company’s “below-the-line” team had to take a risk with his client: he needed to convince them that participating in this effort would be value-adding for them, without an assurance that this indeed will be the case. He was putting his credibility with his clients on the line. He was much more likely to do this because he was part of figuring out the answer, owning it, and taking credit, organizationally, for its success. The power of “below-the-line” teams is that it is clear who is accountable for results—or the failure to achieve these—and therefore who gets credit for success.

By contrast, why would the account manager take this leap of faith when he’s implementing (or piloting) an initiative developed by others? The idea for this came from senior management. They commissioned teams to figure out the solutions. And now he was being asked to implement a part of this solution with his client, to see if it will yield results. Who will bask in the glory of improved revenues for the organization if this pilot is successful? Will it be the account manager who put his or her client relationship on the line to prove the concept? Probably not. The account manager may get a little splash of recognition, but most of the credit will accrue to the senior managers who are driving the overall initiative.
One of the tools management teams can deploy to reduce white space and integration risks is the strategic deployment of rapid-results initiatives. These are inherently “below-the-line” projects. And they have these additional attributes:

- They have to be completed in a 100-day cycle—from goal setting to results delivery and value capture. This accelerated time frame is designed to spur teams to innovate and experiment. It also ensures that white space and integration risks are identified early on in the project investment cycle.
- The aim is to achieve the intended results, on a small scale by a local team within 100 days. The choice of where to focus these teams is guided by the need to uncover white space and integration risks.
- Front-line rapid-results teams are empowered to set their own goals, within the general area of focus, and to discover and implement their own mix of solutions.

Why So Few Project Teams Operate “Below-the-Line”
Given these benefits, one might wonder why all project teams do not all operate “below-the-line”. Some explanations:

- It is not fair to hold them accountable for a result that is not entirely within the scope of influence. I do not want to set them up for failure.
- There is not enough information to establish what goal we can set in this area. Once they do the analytic work, we’ll decide how to proceed and which result to go after.
- There are other factors to consider before we begin to take action. This is very political. We will review the team recommendations and decide how best to proceed.

No doubt there are situations where there are compelling reasons for executives to commission “above-the-line” teams. What is troubling though is the predominance of these types of teams in an organization’s project portfolio. One of the deeper reasons for the prevalence of this phenomenon is precisely what makes “below-the-line” project teams effective: the natural—and perfectly appropriate—tendency to give credit and recognition to those who are accountable for delivering pioneering results. Sharing credit and recognition for creating organization-wide impact is part of what makes “below-the-line” teams effective. Many executives are reluctant—perhaps subconsciously—to do this. And consequently, they inadvertently sub-optimize risk allocation in projects.

What’s at Stake?
The organizational cost of this misallocation of risk is tremendous:

- Proliferation of project teams that have marginal impact on the bottom line, and the opportunity cost of staff time as well as out-of-pocket consultant fees.
- Missed opportunities in actually achieving the intended outcomes.
- Missed opportunities for management and leadership development.

Learning to delegate the results risk is part of the shift from managing problems and tasks to managing challenges and people. It is a transition that strong leaders intuitively master, and that some managers never quite make. Conversely, managing the results risk in a project environment is a developmental challenge that can be a transformational experience for high-potential staff: by taking risks that align their success with organizational value, their self-confidence increases, and their connection with the organization is strengthened.
Operating “Below-the-Line”—How It Feels

Executives might ask themselves how they felt when they have been asked to work on “above-the-line” projects. How much drudgery is involved in having to organize the implementation of pre-determined tasks, with little need to engage your passion for discovery and for figuring out things with your team? How demoralizing it is when a superior “half delegates” an assignment, so you don’t have real accountability and can’t quite claim bragging rights when results are delivered. How little ownership you feel when somebody else has figured out the solution, and your part is just to implement. What a minor stake in the outcome you have when all that’s wanted is a PowerPoint presentation outlining recommendations and plans that you may or may not be involved in implementing.

By contrast, working “below-the-line” brings out the ingenuity, commitment, and determination virtually all organizations today need from their employees. While simply analyzing, documenting, and recommending things can make participants feel like cogs in a machine, setting results-oriented goals that lead to real, tangible, measurable benefits to the whole organization make people feel like they own the place. All of a sudden, the stakes are high, and people respond with energy and passion.

It’s the difference between being given a deadline to produce a report and having a fire sweep through the building. When project teams work “below-the-line”, there’s a strong sense that what each individual does in the moment really matters.

The Leadership Challenge: Helping Managers Make the Shift

Leaders who are accustomed to assuming the results risks may have to be very intentional about handing over some of the risk to project teams. As they begin to see what the senior management at the telecommunications company saw—beginning with a team that was highly engaged and energized by the process of hammering out a goal with teeth in it—the benefits will become quite evident. Here are steps leaders can take to gradually allocate project risk in a way that produces organizational learning, develops individuals and future leadership, and enhances the probability of project success:

• Make delegating higher-order risks a part of the orientation, mentorship, and coaching programs for new managers. Most new managers do not have a clear picture of how their value contribution to the organization needs to change with their new roles.

• Periodically review the portfolio of projects and initiatives with the management team. And use these reviews to probe into the risk allocation model underlying the way particular projects are commissioned. These reviews can be leveraged as learning moments for reinforcing the message about commissioning more teams “below-the-line,” and also for adjusting the mix of teams in the portfolio.

• Raise the bar on the contributions expected from managers. Delegating higher-order risks requires managers to act more like venture capitalists than entrepreneurs: their primary role is to match people with opportunities, and decide on the timing and the “investment levels” for each opportunity. Focusing on this strategic role crowds out the urge to manage the higher-order risks of individual projects.

• Make leading “below-the-line” teams one of the pre-requisites for high potential staff to advance to more senior management positions.
About the Author
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