

# HOW DANGEROUS LIES KILL PROJECTS

OPTIMISM AND OVERCONFIDENCE ARE JUST SOME OF THE COGNITIVE BIASES THAT MAKE PROJECT MANAGERS BLIND

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Project managers tend to be an optimistic bunch and it's such bullishness that is killing our projects before we even start, says benefits realisation management guru, Stephen Jenner.

"We know that 70 per cent of projects come in late and under deliver, but we think our project will be different," says Jenner, an author and educator at Queensland University of Technology.

Jenner blames cognitive biases—irrational, unsupported and illogical thinking—for many problems that beset projects. Basing our decisions on a false premise, or failing to recognise failings in our own interpretations, is at the core of many costly mistakes, he says.

One of these cognitive biases is the belief that somehow the rules don't apply to us, that we're special or different. "We recognise the world isn't as good as it should be, but we think that doesn't apply to us," says Jenner.

Jenner, whose background is in managing big-scale IT projects for the British government, now travels the world speaking on benefits management. He says over-optimism is a death sentence for projects.

"We overestimate benefits [at the start of a project] and underestimate costs, and then we anchor on that number. We [later] adjust but not by enough," he says. "If you want to work out the cost of any IT project, work out the cost in detail and then multiply that figure by three."

There is also a more insidious factor at work, according to Jenner, who says we knowingly lie to ourselves to get projects over the line. "Business cases suffer from strategic misrepresentation," he says. "When I talk to consulting firms, they say,



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"We agree with you but we're employed to justify the project. Our job is to find just enough benefits to justify the costs."

Jenner says consultancies lament that customers shop around to get the advice they want. "If the project costs \$50 million we have to identify benefits of \$60 million and the game begins."

Benefits management is an attempt to address these self-serving and logical fallacies and be more accountable to reality, according to Jenner. Too much time is spent on process and box-ticking when all that's important is to realise the benefits.

"We've got to get away from people sitting in front of the computer screen and filling in templates," says Jenner.

The problem often comes back to people who kick off projects that they don't have to deliver. These tend to be inspirational, influential leaders with a 'halo effect' (another cognitive bias), but they may also overstate the business case that leads to the project's ultimate demise.

"What we too often see is over-optimism in the planning and then pessimism in the delivery," he says. "We want to turn that around."

Powerful, senior officers also tend to disappear when the going gets tough. "They get involved in the beginning to get the funding, but you want them at the end to realise the benefits. That's when we want the inspirational leader involved—in the delivery. Not just when we're justifying the program."

Jenner is especially scathing of claimed staff benefits. "Staff time is never, ever a benefit. If you think it is

you're wrong. It's not the staff time [that matters], it's what you do with the time."

He says that too often, especially in the public sector, staff time-saving is misrepresented. The benefits come from higher quality, better service or whatever the worker is now free to do—saving time is not a benefit in itself.

"The way you set up public jobs is by improving service, and yet it hasn't been explained how the service will be improved. I see this scenario 95 per cent of the time. The benefits are invented and that's why it tends to be around staff time-saving: claim five minutes [per staff member] and then claim it over 30 years to get a bigger number.

"It makes no sense. Why would you claim staff time if you didn't know what you were using it for?"



Illustration: Tanya Cooper

## IS FAULTY THINKING MURDERING YOUR PROJECTS?

Psychologists Daniel Kahneman and Amos Tversky pioneered an economic field that exposes the dangerous, little white lies we tell ourselves. How many cognitive biases do you suffer from?

**Confirmation bias:** Seeking evidence that validates what you already think.

**Self-serving bias:** Claiming more responsibility for successes than failures, evaluating information in a way beneficial to personal interests.

**Choice-supportive bias:** Feeling good about choices you have already made.

**Overconfidence effect:** The tendency to overestimate one's own abilities.

**Endowment effect:** Demanding much more to give up an object than you would be willing to pay for it.

**Halo effect:** Associating one positive attribute about someone to everything they do.

**Galatea effect:** Underperforming because you believe you should.

**Planning fallacy:** It always takes longer than you expect.

**Illusion of control:** Overconfidence in your ability to control events.

**Bandwagon effect:** Believing something because others do (going along with the group even if you disagree).

**Optimism/pessimism bias:** Believing the world is better/worse than it is.

**Anchoring/information bias:**

Focusing on a point (often the first one we encounter) even if it is irrelevant or gathering data even if it has no impact.

**Status quo/recency bias:** Preferring things to stay the same or preferring new information over old.

**Seersucker illusion:** Putting too much faith in experts ("for every seer, there's a sucker").

**Outcome bias:** Believing the result justified the action.

**Bias blind spots:** Failing to recognise we all suffer from cognitive biases.