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85 Percent of High-Stakes Business Initiatives Fail When Executives Avoid Discussing Five Crucial Issues

New Research Reveals Often-Ignored Human Elements Crucial to Execution

CHICAGO – October 10, 2006 – A new study released today found that the quality of conversations around five common business problems is responsible for an astonishing 85 percent failure rate among a variety of high-stakes business initiatives, from major product releases and organizational restructurings to ongoing IT projects.

The study, named *Silence Fails: The Five Crucial Conversations for Flawless Execution*, was conducted by VitalSmarts and The Concours Group and surveyed more than 1,000 executives and project management professionals across 40 companies in a wide variety of industries.

“The research showed that these five problems were far more common than anyone realized, and once identified, much harder to solve than most senior managers anticipate,” said Joseph Grenny, president of VitalSmarts, a co-sponsor of the study. “More importantly, the way in which everyone from senior leaders to project participants discusses even one of these issues predicts with amazing accuracy whether or not the project is doomed. This kind of litmus test can save companies literally billions of dollars in the cost of major delays, cost overruns or cancellations. It can also save top executives their jobs.”

The *Silence Fails* study points to five undiscussable issues that are the most prevalent and most costly barriers to project success, including: 1) *fact-free planning* – a project is set up to fail with deadlines or resource limits that are set with no consideration for reality, a flaw almost no one discusses effectively; 2) *absent without leave (AWOL) sponsors* – the sponsor doesn’t provide leadership, political clout, time or energy to see a project through to completion, and those depending on him or her don’t effectively address the sponsor’s failures; 3) *skirting* – people work around the priority-setting process and are not held accountable for doing so; 4) *project chicken* – team leaders and members don’t admit when there are problems with a project but wait for someone else to speak up first; and 5) *team failures* – team members perpetuate dysfunction when they are unwilling or unable to support the project, and team leaders are reluctant to discuss their failures with them candidly.

Among the study's other key findings:

- 90 percent of business leaders routinely experienced one or more of the five common issues, but fewer than 14 percent are able to get their concerns heard and understood.
- Business leaders who successfully address one or more of the five issues are 50 to 70 percent more likely to fully achieve project objectives.
- The presence of these five problems is *not* a project-death sentence. The only thing that dooms a project is participants' failure to candidly and effectively hold the crucial conversations required to resolve the problems.

Andy Shimberg, president of advisory services at The Concours Group, says the study differentiates itself from previous studies conducted on project failure.

"The *Silence Fails* study looks underneath the formal systems that are most often deployed to keep projects on track, and instead focuses on the framework of informal, interpersonal issues that can bring many projects to their knees," says Shimberg. "Most senior leaders don't realize the full impact of not addressing these often overlooked human elements until it's too late, and even then they usually look to system or process improvements," he said. "The research results clearly show these elements cannot be ignored."

Today Grenny and Shimberg led a panel of experts in a discussion around the implications of their study before an audience of business professionals at the University of Chicago's Gleacher Center. More than 700 business leaders participated in the room and via live Webcast.

Panelists included Robert Scott, vice president of innovation and architecture, Procter & Gamble and Mark Werwath, adjunct professor at the University of Chicago. The event was moderated by Ernie Nielson, managing director of Enterprise Project Management at Brigham Young University.

"At Procter & Gamble, we understand that addressing these human factors – and doing it the right way – is crucial to the success of our cross-functional initiatives," says Scott. "This work by VitalSmarts and The Concours Group effectively calls out one of the root causes of project failure. All senior leaders who are executing on any project, large or small, would be wise to take note."

In the panel discussion, Grenny provided recommendations for executives who want to eliminate the cultures of silence or avoidance within their organizations that contribute to the failure of high-stakes business initiatives.

"Although this study shares important findings that can *explain* failure, the most important implication of the research is the potential that leaders have to *prevent* failure of high-stakes business initiatives," says Grenny. "Senior leaders need to realize that they can save dollars and careers by creating a culture where the five issues are discussed quickly and well."

About the Silence Fails Study

Beginning in late 2005, VitalSmarts and The Concours Group partnered to dive below the formal systems to identify what was missing in project execution. The Silence Fails study collected data from more than 1,000 executives and project management professionals across 40 companies and a wide variety of industries including pharmaceuticals, a fast food conglomerate, an international construction company, airlines, financial services, government agencies, and consumer products. While most of the 40 were Fortune 500 multinational organizations, about ten percent were smaller, regional firms. Some

organizations had sophisticated project governance, management processes, and policies, while others had far less developed approaches. The analysis encompassed more than 2,200 projects ranging from \$10,000 IT projects to billion dollar organizational restructuring efforts. www.silencefails.com

About VitalSmarts

An innovator in corporate training and organizational performance, VitalSmarts helps teams and organizations achieve the results they care about most. With award-winning training products based on more than 25 years of ongoing research, VitalSmarts has helped more than 300 of the Fortune 500 realize significant results using a proven method for driving rapid, sustainable and measurable change in behaviors. VitalSmarts has been ranked twice by *Inc.* magazine as one of the fastest growing companies in America and has trained more than 500,000 people worldwide.

VitalSmarts currently offers Crucial Conversations® and Crucial Confrontations™ Training – powerful tools that build teams, enrich relationships and improve end results. VitalSmarts has two *New York Times* bestselling books of the same titles, *Crucial Conversations* and *Crucial Confrontations*. VitalSmarts also offers keynote speaking, on-site consulting, and executive team development. www.vitalsmarts.com

About The Concours Group

The Concours Group is a new breed of professional services firm, supporting senior executives through the blend of leading-edge intellectual capital and pragmatic business applications. The firm works with more than 300 of the Global 1,000 firms, helping leaders turn human and technological potential into business value. The Concours Institute is the research and education arm of The Concours Group. Concours research discovers and develops future best practices in business, technology and human capital; its education articulates them and motivates their adoption; and its innovative senior-person Advisory Services enables clients to implement them quickly and achieve business results. <http://www.concoursgroup.com>

A research summary and additional information is available at www.silencefails.com.

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