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Audits and Project Business Healing Days
by Oliver F. Lehmann
Series Article

Project Business Management[1]

Audits and Project Business Healing Days

Oliver F. Lehmann

"The less people know, the more they yell."
— Seth Godin

Summary

Cross-corporate project business opens new options by breaking through the protective walls of the organization and turning the assets of other organizations into project resources. This freedom comes with potential threats, particularly on cross-border communications. The article discussed some of these threats and proposes two solutions: Project management audits and Project business healing days.

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Limitations of Communications

Cross-corporate project business has become a success story in the last years. By putting their assets together and turning them into project resources, organizations can achieve goals faster and less costly than when they try to limit their projects to the internal environment enclosed inside the protective walls of an organization.

Communication in project business, however, is often difficult. Limitations of communications that can impact the communications among the parties/partners are similar to those in internal projects but get amplified by the cross-nature of project business[2]. I will discuss some aspects of these limitations and recommend two tools that have proven able to overcome them:

Project Management Audits and Project Business Healing Days.

Communication Channels

Cross-corporate project business has several aspects that make it significantly more complicated and demanding than internal projects. One of these aspects is the increase in communication channels between individuals and organizations. To understand the issues, we need to understand the (simple) mathematics of communication channels.

Communication channels describe how people interact and communicate with each other. A simple example is a party where the party guests toast each other. We simply count for this the number of pings heard as each guest clinks glasses with every other guest and the host.

The host alone cannot clink the glass alone. Our host could invite another person and have a party of two. When it comes to clinking, one ping is enough to know that host and guest were there.

If the host gets another guest, so the party now consists of 3 people, we must there three pings so that we can safely say everyone has clinked glasses with everyone else, if no two people have clinked their glasses twice. With 4 people we already need six pings, with 5 people 10 pings and so on. The number of pings increases faster than the number of people involved. Figure 1 shows the formula for communication channels and how their number indeed grows faster than the number of people involved:

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[2] I describe more differences between internal projects and customer projects in my books (Lehmann, 2016; Lehmann, 2018)

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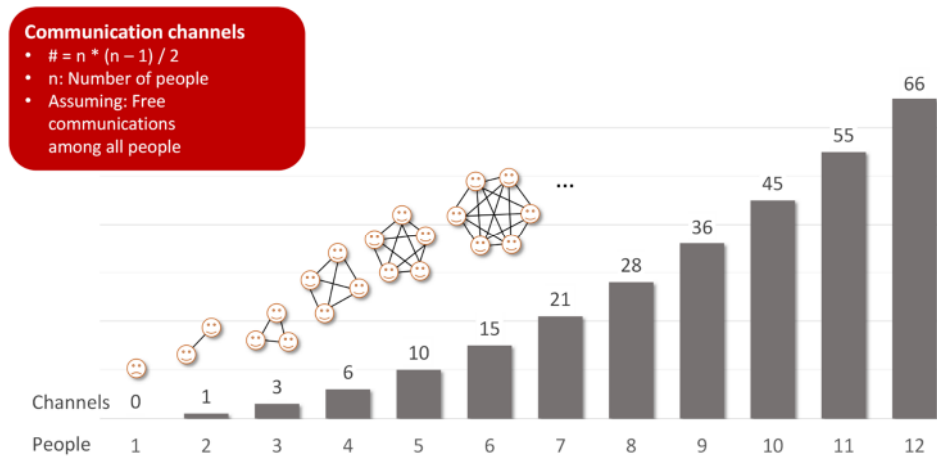by Oliver F. Lehmann
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Figure 1: Growth of communication channels with the number of individuals involved#

As a project manager, one may have the desire to manage communications in the project. One could for instance require to receive a note for every talk that took place and be on CC in each email. Without limitations of communications, as is assumed in the calculation formula, the number of notes and CC messages will grow dramatically and the project manager will no longer find the time to process them when the team is growing larger and the number of communication channels is growing even faster.

Is Delegating a Solution?

The number of communication channels can be limited by disallowing certain people to talk with others directly, at least when it comes to matters of the project and the business. One may call it delegation, but it is also a form of a speaking ban or a gag order. Figure 2 shows that the number of communication channels can be reduced to a minimum of n – 1.
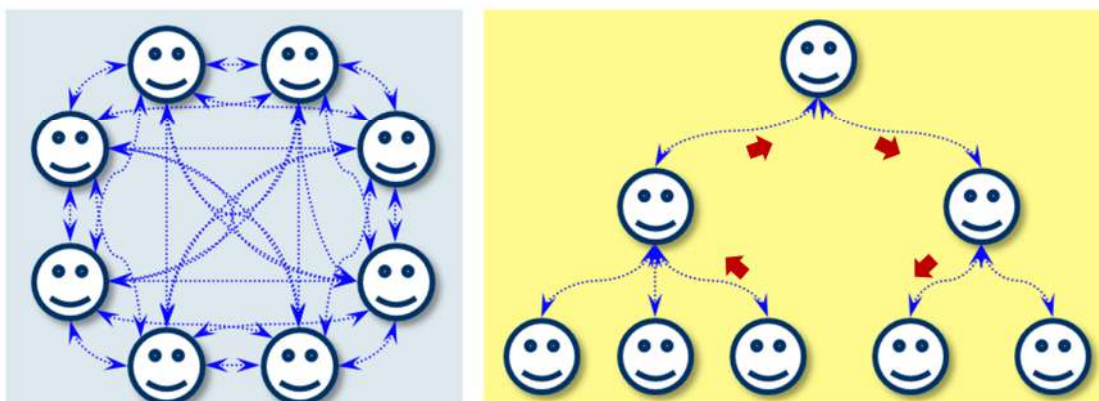
Figure 2: Gog orders in the team reduce the number of communication channels. The price is "broken telephone".

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The reduction in the number of communication channels may be dramatic and welcome, it brings however another problem, an effect known from children's birthday parties, often referred to as "broken telephone", "cordless telephone", or with one of the many other names known for the game: A person whispers something into a child's ear, the child then whispers into another child's ear, and so on. It is always a lot of fun at the end to compare the final message with the original one.

Broken telephone reduces the number of communication channels but increases the time it takes to do the communications over several stations (see the red arrows in Figure 2), enter message is often distorted. Other costs of the long communication paths are the use of resources in the middle that should be kept free for other tasks, and the possibility that people will avoid communications out of here to say something wrong to the wrong person and getting later reprimanded for the error.

So, delegation can only be a partial solution. In a real-life scenario, a project manager will have to find a balance between the two extremes of too many on one side and too long communication channels on the other, a solution that suits the specific needs of the project and the people involved.

Dunbar's Number

The Dunbar number is another limitation that restricts communications among individuals. It describes a cognitive constraint of the number of stable, direct contacts with people that the human brain can sustain and process. Robin Dunbar developed this number during his research into the brain sizes of primates and found that they correlate to their group sizes.[3] He explained it as "the number of people you would not feel embarrassed about joining uninvited for a drink if you happened to bump into them in a bar."[4]

It is 150.

Some individuals may have a higher Dunbar number, others a small one, but 150 seems to be the average.

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[3] To be more accurate: The correlation refers to the ratio of the neocortex size in relation to the volume of the rest of the brain

[4] (Dunbar, 1996, p. 108)

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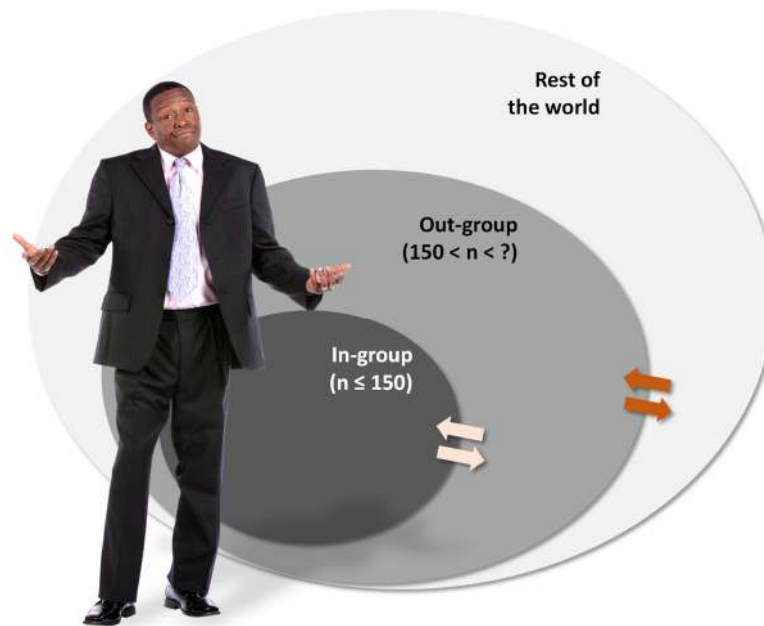by Oliver F. Lehmann
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Figure 3: How in-group, out-group, and the rest of the world relate.

This means we can develop a tight, personal, and trustful relationship only with a limited number of people. We may know many more people, of course, based on rules that we adhere to, formalisms, polite behavior, professional roles, contracts, contact databases, etc., but the number of people of whom we would say that the relationship is deeply personal and based on an understanding of mutual trust is limited.

Once the number of our trusted relationships, our very personal in-group, hits the Dunbar number, developing new relationships may require disconnecting with older ones. This does not necessarily mean that they are forgotten, they may still be among the wider connections of the out-group, but the relationship is n more as tight as it was before.

And then, there are the people we do not know at all. Among them those who we never met; at a human population of roughly 8 Billion, of course the vast majority. in this group are also people who we still must meet, another's we knew in the past and have forgotten meanwhile. Figure 3 shows the concentric order of these groups and how they are embedded in the world.

Communication Channels in Project Business Management

It is typical in project business that there is a constant turnover of people. We are dealing with people inside the own organization, which are probably those with whom the relationship is mostly stable, as they remain employed for a longer time. Then we have people on sides of the customer, direct contractors, contractors of our contractors, teaming partners, and other organizations and individuals involved in the project business. At times, some of these people may enter our in-group and we may have a tight relationship with them. Most of them however will be part of the outgroup and stay there until the time of cooperation and mutual dependency is over.

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In project management, we tend to refer to individuals, groups, organizations, and other clusters of people as "stakeholders". Derived from gold mining, the term "stakeholders" includes all those, who have a claim that we have to respect, either directly – the people we know and who know us – or indirectly, the people we have to take into account in our considerations and when we make decisions.

The number of communication channels exceeds very quickly the number of channels we can manage, and also the number limit imposed by the Dunbar number. To make things even more difficult, these people are located over various organizations, each of them demanding loyalty by their employees to their specific business interests. Each of these organizations may have its own corporate culture, a different understanding of what it means to perform projects as a business, a different approach to matters of integrity and honesty, and different forms of management styles and employee motivation.

Figure 4 shows an example, how such a cross-corporate team differs from a cross-functional team performing an internal project. Ensuring intensive communication that helps the project proceed towards its intended results and makes it manageable and agile in decision making is a difficult task.

In the next paragraphs, I will present some techniques that can help in difficult situations, when the cross-corporate project is on a trajectory towards conflicts and possibly crisis and should be used ideally before the issues at hand become troubles that jeopardize the entire project.
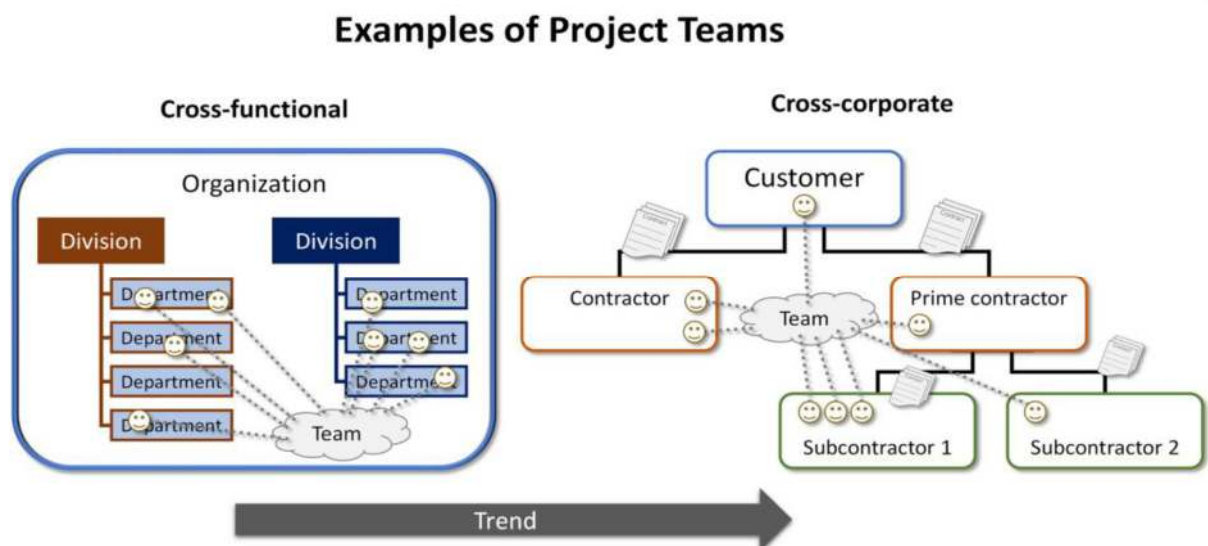

Figure 4: Cross-corporate projects bring together team members from different organizations.

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Techniques to Improve Cross-Corporate Communications

The following techniques have been applied in situations when the communications between the stakeholders became difficult due to disharmonious business interests, clashing of egos involved, incompatible company cultures, fossil conflicts from past projects, and other reasons that make it difficult for organizations to work and cooperate towards a joint goal.

Project Management Audits ("Health Checks")

It is a common practice for many project customer organizations to audit their contractors. These audits may be quality audits as described in the ISO 9000 series of standards.[5] Other common areas of auditing include IS audits (on information security), ECO audits (on environmental management), and many more. All these audits are document reviews, in which the auditee provides evidence that management proactively ensures meeting contractually agreed on requirements. These audits have the purpose of developing trust enter the contractor, who in turn has an opportunity to give evidence of competency and capabilities.

in project management audits or health checks, the auditor is sent by the customer to the contractor, who becomes the auditee. On much rarer occasions, the contracting party is the side that mandates the auditor, intending to identify areas for improvement on the side of the customer. As both the customer's and the contractor's business are hurt by organizational shortcomings on either side, changing the roles can make sense, but the decision to mandate this kind of audit is harder to make.

Project management audits are mandated by a party based on the understanding that problems on the other side of the contract can translate into damage for both parties. Audits may be addressed in the contract between the parties, which is the best solution, but not the most common one. More widespread is a scenario in which discussions between the parties arise, and the joint decision is made to ask an external auditor for help.

In most cases, the auditor is mandated and paid by the customer to audit the project management systems on the contractor's side for appropriateness and whether these systems are actually used or have turned into a kind of "shelfware". Typically, a standard is used such as the PMBOK Guide®[6], from which methods, tools, techniques, deliverables and artifacts, processes, and other elements are taken that are appropriate for the project and its specific context and intentions. The auditor should be a person who has a great amount of experience and observations from other organizations and recommends improvements.

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[5] (ISO, 2020)

[6] (PMI, 2017)

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A good audit is beneficial to the customer, who can expect more for the money invested into the contractor, but it is also beneficial for the contractor. The auditor is often in a situation to show the contractor where money is burnt and margins are getting diminished. It may well be that the weak spots identified by the auditor are not only damaging for the customer project that the audit refers to but are also present in other projects done for other customers.

Project Business Healing Days

Project business healing days are different from audits and the number of organizations that come together to identify areas of improvement. A typical setup of project business healing day includes a customer and between 2 and 10 contractors. The event is ideally performed in a meeting room, but a virtual setting may also lead to success. The topic of this one-day workshop is come on how all organizations can be turned from contract parties to project partners. The project business healing day is facilitated by an external person that takes a mediating role to help the parties address and overcome their conflicts.

In the first part of the workshop, the parties are given time to talk about their concerns, frustrations, obstacles, impediments they must overcome to do a good job, and other things that they find damaging and disrupting. This is the phase, when the "pressure" that has built up over weeks, possibly months is carefully taken from the system so that the attendees open themselves up to jointly finding new solutions.

Finding these solutions is then done in the second part of the workshop. Team techniques are used such as the Ishikawa diagram (Figure 5), Deployment flow charts, Six thinking hats, and more to identify the areas where better cooperation and coordination among the parties can help the project and also the parties involved.
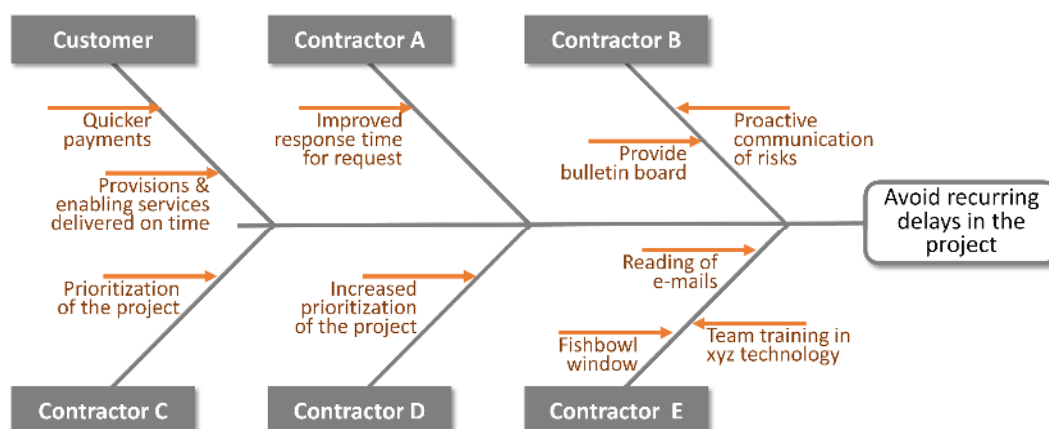

Figure 5: In a Project Business Healing Day, tools such as the Ishikawa diagram (= Cause & effect diagram) are used to show how the different parties can successfully act together for project success.

A critical aspect of the tools described here, Project Management audits and Project business healing days is the person that acts as an auditor or workshop facilitator. The person has to remain aware that in the conflicts among the parties involved, he or she remains on

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equidistance. The person is not simply an extended strong arm of the party paying the fees for auditing or facilitating, the person is an advocate of all parties involved and finally of the project that suffers from the partial or full communication breakdown.

Both kinds of events can backfire if handled poorly and increase the crisis. I capable hands, however, the investment in time and money pays back in form of a smoother project and savings in project costs and work.

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Oliver F. Lehmann, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the President of the Project Business Foundation, the home association for professionals and organizations involved in cross-corporate projects.

He studied Linguistics, Literature, and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree. Oliver has trained thousands of project managers in Europe, the USA, and Asia in methodological project management with a focus on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998, and served as the President of the PMI Southern Germany Chapter from 2013 to 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch", analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience, and observations. He resides in Munich, Bavaria, Germany, and can be contacted at oliver@oliverlehmann.com.

Oliver Lehmann is the author of the books:

- "Situational Project Management: The Dynamics of Success and Failure" (ISBN 9781498722612), published by Auerbach / Taylor & Francis in 2016

- "Project Business Management" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.

His previous articles and papers for PM World Journal can be found here:

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