



## Dar Al Riyadh Insight #6

### Foundations for Success –

### Weaknesses in Strategic Business Objectives

*Dar Al Riyadh Insights reflect the knowledge and experience of our Board, executives and staff in leading and providing PMC, design and construction management services. Dar Al Riyadh believes in the importance of broadly sharing knowledge with our clients and staff to improve project outcomes for the benefit of the Kingdom of Saudi Arabia.*

Large complex projects require strong foundations if they are to be successful. Arguably, these are the same foundations any project would require but experience suggests otherwise. When we look at recurrent weaknesses in foundations for success of large complex projects we see several recurring themes. These include:

- Weaknesses in Strategic Business Objectives (SBOs)
- Incomplete overall project scope
- Inadequate owner readiness
- Optimism bias in estimates
- Poorly founded risk assessment and modeling
- Unconsidered risk classes – Black Swans; “White Space” risk; Black Elephants
- Assumption migration
- Inadequate understanding of complexity
- Constraint coupling
- Inadequate decision frameworks
- Inadequate valuation of time
- Lack of startup granularity
- Incomplete Basis of Design

In this next series of Insights we will look at each of these in turn. In this initial Insight of this series we will look at Weaknesses in Strategic Business Objectives (SBOs), a theme we will come back through time and time again in Dar Al Riyadh’s Insights.

#### **Weaknesses in Strategic Business Objectives (SBOs)**

Governance in large programs is separate and distinct from management thinking. In reviewing “failing” programs, governance shortcomings were the number one reason large programs failed. Typically, this breakdown in governance manifested as a failure to clearly articulate the owner’s strategic business objectives (SBO); obtain agreement on them; and continuously communicate them.



Uncertainty begins at the earliest stages of addressing business needs within the owner's organization. The owner's inability to clearly articulate his strategic business objectives (SBO), namely what he wants to achieve (outcomes), creates uncertainty in the very foundations of a project. Even if defined, these SBOs must be agreed to by key stakeholders (internal and external) and continuously communicated since project team members change over time

Well-founded projects (clearly defined, agreed to and with well and continuously communicated SBOs) are still prone to underperformance due to a number of other foundational factors which are overlooked or rationalized away. Some of these foundational factors impact the project from the outset while others emerge over time.

These other foundational factors are discussed later in this series of Insights..