



# I n t e r n a t i o n a l P r o j e c t s

Some Lessons on Avoiding Failure and Maximizing Success

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**P**erformance improvement for companies and governmental agencies involved in “international projects” is a major challenge of the new century. Business joint ventures, subsidiaries of multinational corporations, aid projects, and similar international projects have been multiplying in recent decades and have had spotty records of success—understandably, in view of their inherent difficulty. This article will summarize lessons from the authors’ experience and research in improving the success of international projects and identify 10 causes of international project failure and the corresponding steps to success.

Two broad areas of performance improvement are highlighted. First is the upgrading and broadening of competencies for personnel undertaking international assignments. The second area focuses on organizational capacities for project articulation and management, particularly in the areas of partner selection; headquarters commitment and support; clear, realistic, and phased goal or performance target setting and achievement; consulting and building consensus to integrate local concerns and management practices; and assessment and management of the project environment. This article could be seen as a checklist of essential to-dos for top managers who wish to ready their organizations for undertaking a successful international project. This includes cross-cultural training, knowledge of newer areas like stakeholder analysis and community relations, and making use of training programs to encourage consultation and consensus building among project participants and stakeholders.

What we are calling “international projects” constitutes a major trend in the globalized environment of business, government, and voluntary sector organizations today. The most common examples are business international joint ventures, the foreign subsidiaries of multinational corporations, the development and humanitarian projects of governments, international organizations, nongovernmental organizations in the developing world, and intergovernmental cooperative programs (such as the international space program, police, and antiterrorism task forces, and even ongoing peacekeeping operations).

International projects, which could also be thought of as “intercultural” projects, share no small number of difficulties precisely because they are workplaces where local people and expatriates from different cultures must interact, produce together, and innovate together. One estimate of the success of these projects put it at about 50% (Harrigan, 1988). Another estimate focusing on joint ventures in China placed success rates at only 6%, although the authors believe it was probably improving as experience was gained (Hu & Chen, 1996). In a similar vein, studies have reported that as many as 50% of the foreign assignments of international business personnel are considered failures (Naumann, 1993).



There are three general challenges common to most international projects. First, the coexistence of national cultures in

Despite these endemic difficulties, there has been an exponential expansion of international projects by companies and government agencies in recent decades. Reliable worldwide numbers are not available, but in 1998 in China alone there were 140,000 active foreign-Chinese joint ventures (Luo, 1998). This testifies to the potential for rewards from these international activities, as well as to the fact that ways can be found to overcome the difficulties posed by culture and distance, ways that do not require a major organizational overhaul or the recruitment of global supermanagers. The skills required for international success are not that uncommon and can be relatively easily acquired or upgraded. Your organization probably already has most of the right people. The key, however, is knowing what to look for; these abilities cannot be assumed to be the same ones required for domestic success. There are also some low-investment organizational solutions that have proven invaluable for many companies. These two imperatives—*readying the people* and *readying the organization*—are given further elaboration at the end of this article.



The authors and the intercultural training institute with which we work have observed problems in international projects and their attempted solutions for more than three decades. Recently we have undertaken studies in two areas: (1) the lessons learned from organizations dealing with international projects (summarized here) and (2) a definition of the essential skills and knowledge required of expatriate and local-born employees and leaders in international projects (see the sidebar *Eight Keys to Being an Interculturally Effective Worker*, as well as Kealey, Protheroe, MacDonald, & Vulpe, 2003). Our work with companies such as Citigroup and Petro-Canada and with government and voluntary agencies such as NASA, the Canadian Aid Agency, and the International Red Cross leads us to believe that our conclusions about the causes of project failure and about the personal skills and knowledge that workers require to make projects succeed may apply very widely to all kinds of organizations.

We have identified 10 specific causes of failure, which may be organizational, environmental, or individual and interpersonal in nature. Organizational issues refer to how well the project is defined, governed, scheduled, supplied, and managed. Environmental issues concern how congenial the economic, social, and political conditions surrounding the project are to the project in the first place and how and to what extent these can be managed. The individual factor relates to the adaptation, intercultural, and management skills of the individuals, both expatriate and locally raised, who work in the project. All are important. Even superbly qualified individuals may not be able to salvage a poorly

designed and governed project; otherwise sound projects may founder on poor market conditions, political instability, or lack of buy-in by stakeholders; and even well-managed and environmentally congenial projects can fail because of interpersonal and intercultural conflicts and lack of communication.

Here is our list of the 10 principal causes of failure or sub-performance in international projects. (They are placed in order of the typical sequence of events, not necessarily in order of our view of their importance.)

1. *Unrealistic expectations of the partner organization.*

In entering into international projects, organizations may possess three general kinds of motivation. The first could be called “largely benevolent,” where the organization is seeking the welfare and building up of a partner organization. This is characteristic mainly of development projects, where technology transfer is the goal, and of many multinational companies, which are building the capacities of their subsidiaries. The second motivation could be called “mutually cooperative,” with a view toward achieving a mutual performance enhancement with their partner organization. Quite often, joint venturing firms are seeking to enter new markets, learn new competencies, share or exchange facilities and functions to cut costs, jointly exploit a resource to share risk, or find a merger or acquisition partner—but it is consistent with the interests of the other partner and there is the possibility of a win-win outcome. The third, and a far from uncommon motivation, is the pursuit of entirely selfish and opportunistic goals, such as taking advantage of cheap labor without building any sustained presence in the host country, spending development funds without building local capacity, or, frankly, stealing technology from one’s ostensible joint venture partner.

It can be said that when organizations with essentially opportunistic motives try to pose as if they are undertaking cooperative endeavors, it is unlikely that they will achieve either the selfish benefits or the cooperation. This is because distrust will almost certainly emerge and spiral out of control, with destruction of the project being the almost-inevitable result. It is best to be clear about one’s goals; to communicate these to potential partner organizations; and, if the goals are frankly opportunistic, then to negotiate a set of project goals that do not go beyond the exchange of certain benefits. The latter is particularly true of joint ventures between competitors, where each wants to learn competencies from the other without revealing too much of its own technology.

The other causes of failure concern organizations that do possess broadly cooperative motivations, but are not doing the right things to ensure success. The sidebar *Ten Keys to*

*Becoming an Internationally Effective Organization* provides a summary of to-dos that are the action implications



on average than United States–United Kingdom partnerships, a paradoxical finding partially explained by the greater commitment possessed by executives in U.S.–Japan joint ventures who fully expected a greater challenge (Park & Ungson, 1997). Some concrete indicators of commitment included strong two-way communications between headquarters and the field and the provision of material support necessary for success.

Successful companies have also learned the lesson that international employees require special attention and support. For example, one major oil company has a system in place to help families find accommodation and educational facilities and learn the local language and has an office for ongoing troubleshooting at headquarters and on-site.



View your training interventions as an important strategic step and build personal relationships at all levels, all of which builds trust and thereby makes all subsequent problems easier to solve. Given that the causes of project failure are more than personal and interpersonal in nature, any training program should address areas that help solve the organizational and environmental causes of project failure. For example, it would be useful to provide courses or workshops on such areas as environmental analysis, stakeholder analysis, community relations, team building, and so forth.

Bring stakeholders and partner firm employees into the training program to help build trust early on. Evaluate employees' "soft" skills first. Some Japanese companies evaluate their expatriates only on their social skills, knowledge of the local language and the sociopolitical scene, and networking accomplishments in their first year, wisely reasoning that this lays the groundwork for more solid achievement in production and profitability goals later.

Help your key employees in the field by providing intercultural and country advice through cultural mediators, who are usually bilingual and knowledgeable locals.

Communicate, communicate, communicate. Some organizations have set up newsletters and virtual information centers specifically developed to provide ongoing information and support to expatriates and their families.

Invest in travel by headquarters managers to overseas locales. A variation of management by walking around and management by flying around can give these managers keen insights into international operations and the needs of workers in international projects.

Inculcate certain attitudes of modesty and an orientation of continuous learning on the part of expatriates. No one should ever assume that what works at home will work abroad. Such attitudes promote the flexibility and willingness to learn and adapt that contribute to success in a new environment.

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Appoint a senior-level project champion who will ensure funding, obtain the CEO's attention, facilitate headquarters-to-field communication, and troubleshoot on myriad issues.

Begin with realistic and fairly easily achieved project goals and schedules, in particular by finishing one phase before moving on to the next, which helps to build momentum for success and keeps failures from accumulating.

Laurence, P., & Vlachoutsicos, C. (1993, January-February).