



# The trouble with track records

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Why project managers with a high  
status can perform worse than their  
lower-ranking colleagues

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By  
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**P**roject management plays a critical role in almost every organisation. If a project fails to meet its targets or deadlines, or exceeds its budget, the effect can be devastating. So the project manager's performance is key.

Steering a project towards success requires the leader to ensure that team members do their work effectively. It also demands that the leader has a clear vision, clarity in reason, practical scheduling and the ability to attract a talented and efficient team.

There is stress associated with motivating the project team to make sure things get done. Fortunately, good leadership can be cultivated and modified in line with the organisation's culture to generate the best results.

### Playing the game

My colleagues and I studied the video games industry to find out how the status of a project leader could influence the quality of their project. The industry was a good subject since it requires demanding project management skills. We set out to discover whether having a high status as a project leader makes a project better, and whether this kind of leader can garner the necessary support.

American video game producer and designer George Broussard is an interesting example. He co-founded the video game publisher 3D Realms, and he also led the development of the highly successful video game, *Duke Nukem 3D*.

After the game was released, critics went wild with praise, and the title sold about 3.5 million copies, making 3D Realms extremely wealthy. In 1997, Broussard announced a sequel to the game, called *Duke Nukem Forever*. But after 12 years of development and spending an estimated budget of at least \$20 million, 3D Realms ended up having to sell the rights and intellectual property associated with the game to another development company.

So, here we have a very talented game developer, a highly successful company that had already proved itself in the past, and a title that everyone loved – critics and gamers alike. Yet mixing these ingredients resulted in the biggest failure in the industry. How could this happen? Everyone who has some experience of teaching might agree that asking a question in the right way can sometimes help in finding the answer.

Our research project set out to explain similar cases by asking not how could this happen, but posing that question from an altercentric perspective: how could everyone let this happen?



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### Failing to perform

Since project management was a pivotal issue in this saga, it led us to examine how a high-status project leader might influence the quality of projects. We were interested to discover whether high project leader status, which is considered very beneficial for project performance by both researchers and practitioners, leads to a higher variance in project performance, and therefore more failures.

You would have thought that a senior manager with an impressive track record and connections should consistently perform better than middle managers. To a point that is true, but we found that projects led by top managers were more likely to fail than those of managers further down the hierarchy. And it is important to bear in mind that even one failure can be fatal for any organisation.

Earlier studies revealed that projects led by people with high status are judged more kindly and less severely by their peers. We suspected their projects could go one of two ways: they might either fly sky-high because everyone enthusiastically jumps aboard or they might fail relatively more often, because people are less critical of these projects and turn a blind eye to their flaws.

What we actually found is that a combination of fear and unconditional support can lead to high-status managers delivering less successful projects than lower-ranking managers. This is because teams are less willing to critique the ideas and management approach of high-status managers.



## © MIDDLE LEADERS COME UP TRUMPS

The video games industry is inherently innovative – up-front investment is high and outcomes are uncertain. We polled 349 projects from a large online database that documents the development of video games since 1972, and for which a single project leader – or ‘producer’ in video game terms – could be identified.

The quality of the video game projects was gauged by combining the scores from critics with customer reviews, taking into account the size of the project’s budget and how innovative it was. We looked to determine if the project’s quality surpassed expectations, according to the available budget. We also looked to see if the game had succeeded

despite resistance from within the development firm, or within the market. We studied the status of the project leaders, comparing their importance in past projects. Our analysis revealed that project leaders with a higher status contribute to better-quality projects, but only up to a point. Projects delivered by leaders with very high organisational status are generally the same quality as projects run by low-status producers. It’s just that the variation in project quality is much bigger. The results revealed that leaders with a middle-ranking status typically deliver projects that attain the highest quality.

Our study demonstrated that having a high status can result

in irrational resistance being overcome and it can also speed up innovations. Also, new ideas have to be sold to top management, and support for them has to be drummed up throughout the whole organisation. It is the job of project managers to sell ideas and get people on board with them; here the research found that status could help them to turn ideas into implementation.

Nevertheless, high status may also lead others to support projects that will fail. Then, if this is not recognised, organisations can end up allowing a senior manager to frame their failures as successes, further compounding the manager’s high status to the detriment of the organisation.

As a result, they are permitted to proceed with their project, even if the approach may be flawed.

On the other hand, middle managers receive the critical feedback that allows them to produce better results than their high-status counterparts.

### Choose your project leader wisely

Companies should bear status in mind when deciding who should lead projects. Just as subordinates are careful not to beat the boss at golf, middle managers are less likely to call their superior’s judgement into question on projects they are leading. Yet one of the most important aspects of any project is that critical analysis is allowed to take place. If important projects are only entrusted to managers with high-status, critical analysis is less likely to happen and more projects are likely to fail. In addition, when managers are evaluating projects early on, they should make sure that they like the project itself, and not just the individual who is leading it.

Previous research had shown evidence of a positive relationship between status and performance. Where an individual has high status, he or she usually has a more central network position. A central network position, in turn, has been associated with stronger influence and higher product development performance. Thus, a project leader’s status, as indicated by his or her central network position, should have a positive influence on project performance. This is because having a higher status provides a project leader with access

to high-quality resources. Moreover, since high-status individuals are more powerful than others, there is less need for them to compromise with other members of the organisation, with the risk that the market fit of a new product or service could be adversely affected.

A very high status can also have negative consequences. It has been argued that gaining status is an end in itself. Hence, high status might lead to complacency (i.e. lack of motivation to perform even better). Furthermore, due to their network position, high-status project leaders are often sought out for help and advice, because they are very visible, and perceived to be extremely competent. This is likely to lead to distraction and information overload, which can negatively impact on performance. Therefore, we believe that very high status may decrease the performance of project leaders.

Since high-status individuals usually want to protect their position within the organisation, they might do what they can to overcome any organisational resistance. So status may not just suppress irrational resistance, it may also generate irrational support. We argue that high-status project leaders, due to their network position and image, are inclined to deliver projects that deviate from expected performance not only in a positive, but also in a negative, direction. ■

*Balazs Szatmari carried out a PhD study on how the status of a leader could influence the quality of a project, with Dirk Deichmann and Jan van den Ende at Rotterdam School of Management, Erasmus University*

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