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# Reasons for Success and Failure of Projects

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Global Projects: Reasons for Success and Failure of Projects

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GRAD 699-PMGT

Thesis

### Abstract

This paper discusses information from at least ten peer-reviewed project management related articles on project success and failure. The articles provide information on the challenges faced in global projects. This paper will address the link between infrastructure, culture and project outcome.

Regardless of the chosen methodology, there are many possible reasons for project failure, partial success and total success, the articles have discussed different factors which could be a reason or a partial reason for the outcome of a project.

Agile methodology is becoming increasingly popular and utilized on large and complex projects. Large projects that lack clarity in some respects can adopt this methodology as it accommodates the changing nature of the project objectives.

(Symonds, 2012) addressed the importance of effective financial management to keep costs within budget on a large or complex project. The articles also draw attention to the fact that different types of projects could have varying critical success factors, and these would need to be identified for each specific project. The author of each article has a different focus in his or her research on why projects may succeed or fail. (Walid, 1996) explains that there are critical success factors which must be identified and achieved by the project team to attain project success. (Glass, 1999) however, focused on the human contribution to project success or failure. His research addressed the impact that the project manager has on the performance of the project team.

This paper evaluates the assertions made by previous researchers on the subject to establish the relationship between infrastructure, culture and project outcome.

*Keywords:* Complex projects, critical success factors, project success, project failure, outcome of any project, project team, project manager.

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Preface

This paper covers factors that lead to success or failure of global projects. The question rests on the dormant factor of culture and how that affects the different phases of a project; from planning to completion.

Global projects have continued to benefit from these improvements but still face cultural related challenges that sometimes lead to project failure.

I would like to thank Dr. Thomas Shieves for coordinating an excellent Project Management program which has helped broaden my scope in understanding how to run successful projects.

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### Introduction

This research paper highlights the challenges faced by project teams, internal and external stakeholders on complex global projects. The business environment is constantly evolving, and it has become a challenge to meet the ever-changing needs of the customer. As competition continues to increase, customers and consumers expect more from suppliers. This is sometimes reflected in the pressure that Project Managers face when trying to deliver the best possible value to their clients.

On a positive note, global projects have been made easier to manage with the advancement of communication and technology. This means that despite the unchanging factors such as time difference or language barrier, these challenges have been managed with the use of advanced technology. Project Management has therefore, seen much improvement in recent years.

While there is continuous improvement in managing projects, there are some challenges for which solutions are yet to be found. Global projects are usually of a complex nature and for this reason, a similar project could be successful in one part of the world country and be unsuccessful in another.

This research paper will be discussing possible reasons how differences in culture contribute to successes and failures on similar projects. The paper will also discuss the leadership style of Project Managers as this could be a contributing factor to the outcome of any project.

While the outcome of a project is important, the input of resources such as the level of expertise, funding and time are just as important. Furthermore, the required resources could be determined by the geographical location of the project as well as the existing culture, government rules and regulations.

### **Problem Statement and Justification**

Global projects are on the rise and have been in the past few decades. As the world has increasingly become a global market, consumers are no longer restricted to accepting services provided by companies within proximity. With the use of the internet, individuals now have more options when choosing service providers or the best products to suit their needs.

Culture is reflected in government infrastructure. The culture of a people, is seen in their way of life and how business is conducted.

Consumer choice is one of the factors that drive complex and global projects. As the demands continue to grow, project management has evolved, and methodologies are continually being refined to improve efficiency in meeting customer demands.

Each project is unique. Despite project planning, executing and monitoring, significant differences in project types could give rise to unexpected challenges. The Agile methodology by design, aims to eliminate some of the challenges faced when using the traditional waterfall methodology. First, a strong leadership is required regardless of the methodology used. For global projects, this could mean understanding the people and the culture of the project location as effective leadership may require challenging a long-standing work culture. Furthermore, all members of the project team would need to be highly effective in contributing their knowledge and skills to ensure the success of a project.

(Symonds, 2012) suggests that one of the challenges faced by the project team is the length of time dedicated to long-term projects. Complex projects, if not broken down into phases, can become daunting to the project team because the completion phase yields a sense of achievement and motivation.

Complex projects, also known as high profile projects are likely to be completed without fulfilling all the client's expectations. Some of the reasons for this could be; constantly changing scope, poor

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risk analysis, inadequate tracking of project progress or differences in supplier and customers' expectations mainly attributable to cultural differences. These challenges are occurring in different industries. In some cases, the disappointing results are only realized at the end of the project. An example of this is the London 2012 Olympics project. (Symonds, 2012) reveals that a budget of over 9 billion pounds was exceeded as early as the first quarter of 2010. The Olympics was to take place in the summer of 2012 exceeding the budget at such an early stage of the project was a reason for project failure. With Agile methodology, while scope creep is expected on complex projects, it is necessary to take into the consideration the financial waste that may be associated with changing the requirements of a project when already in progress.

The problem of exceeding the budget by such a significant amount negatively affected the government budget, tax payers, public and private companies. A similar project, if not being sponsored through government funding could have been terminated and all expenses counted as a loss resulting in project failure.

While these issues may exist in any type of projects, the Agile methodology could reduce the chances of project failure due to an insufficient budget. This can be made possible by ensuring timely communication amongst stakeholders and reviewing the costs spent at the end of each sprint.

Some possible cause of this problem is an underestimation of unpredictable circumstances, lack of experience in planning and executing a project of such magnitude and poor management of funds.

The project management culture, embraces the Agile methodology which is an interesting concept that that allows the Project team, the client and all stakeholders to be actively involved during a project. One major difference of the Agile methodology from a traditional waterfall project is that the requirements are frequently reviewed and modified to meet the customer's needs. This is of



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utmost importance because from a customers' perspective, a project is successful if their needs are met.

Ensuring that all customer requirements are met is not solely the responsibility of the project manager. The client, as stakeholder has the responsibility of ensuring that requirements are clearly communicated in a timely manner. Clients sometimes lack the experience in embarking on a complex project. Therefore, the requirements may remain unclear to the project team and all stakeholders involved. For this reason, changes in requirements are expected but should be managed and be kept reasonable to avoid losing the focus of achieving the set goals of the project. Businesses seek to maximize profits and one of the ways to achieve this is by reducing waste of resources. If the above-mentioned problems remain unresolved, waste of financial resources will continue to occur.

In addition, waste of human resources and time will also occur, and it may be difficult to place a monetary value on these resources. Complex projects are likely to require the skills of highly qualified individuals. Where the focus is lost in a complex project, the morale of the project team is likely to be negatively affected and this could result in low output and poor performance of the project team. Regardless of these issues, such highly skilled individuals will continue to get paid at their contracted rate regardless of the project's unlikely completion.

This research also considers possible factors responsible for project successes; identifying these factors could bring about a solution to reducing the number of failed projects within various industries.

Consideration is also given to the fact that the same key success factors could lead to a positive outcome in one geographical location and have no effect in another.

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Furthermore, human resources are just as important as any other project resource required to successfully complete a project. However, human resources need to be managed differently as individuals could dedicate their skills to any project team of their choice or determine the level of their performance while working as part of a project team.

This paper aims to emphasize the need for all stakeholders on a project to be consistent in applying knowledge, processes and techniques that have proven to be successful.

The problem statement is that global projects continue to fail at an alarming rate with few successes causing their organization to waste resources such as time and money (Symonds, 2012).

The rate of success versus failure in the global project space has led to varying stakeholder definition of project success. The “iron triangle” has been identified as a tool for gaining a standard perspective on the outcome of a project. (McLeon, Doolin, and MacDonell (2012)

## Literature Review

It is often said that the world has become a global market. One of the reasons why this statement sounds accurate is because of the increasing collaboration of markets across the world. The advancement in technology has played a huge role in making it possible for global projects to be carried while being managed by individuals who live and work in different time zones.

While work culture has evolved to accommodate the changing demands of the markets, culture has not evolved just as fast.

One possible reason for failure of global projects is the issue of culture. As global projects often involve people from different parts of the world, project managers need to take into consideration the significant impact the culture of a people has on their lifestyle, values and work culture. Projects, by their very nature have a level of risk attached to them. To bring the risk to a minimal level, risk assessments are carried out and identified risks are classified so that they can be mitigated, avoided or eliminated.

Hillson, D. (2013). In the literature, “The A-B-C of risk culture”, Hillson explains the fact that the existence of is evident at different levels of an organization. In addition, there could be more than one culture within an organization.

The project team within an organization could have a different culture from the organization which it stems from. Project teams are known for having a risk culture as every new project has a level of risk attached to it. The reason for this is that such projects have not been done before and the expected outcome is only a well informed and calculated guess.

Therefore, the dominant culture in project management is one which embraces change. It is important to bear this in mind when carrying out a global project in a part of the world where the people are risk averse.

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As explained in the literature, attitude, behavior and culture are linked and the reflected in a person's actions. The attitude is driven by perception and this influences behavior, decisions, and communications. In turn, the attitude and behavior are seen in the culture of a people.

Global projects require the project team members to adapt to working with people from different walks of life and various backgrounds. It is important that this factor is taken into consideration when building the project team as it would help manage expectations.

According to Cohn (2011), "The best projects for agile are those with aggressive deadlines, a high degree of complexity and uniqueness" (p. 1).

The focus of the project team should therefore not be on the methodology but on the actual project, its unique nature, specific requirements and the best approach to achieving customer requirements.

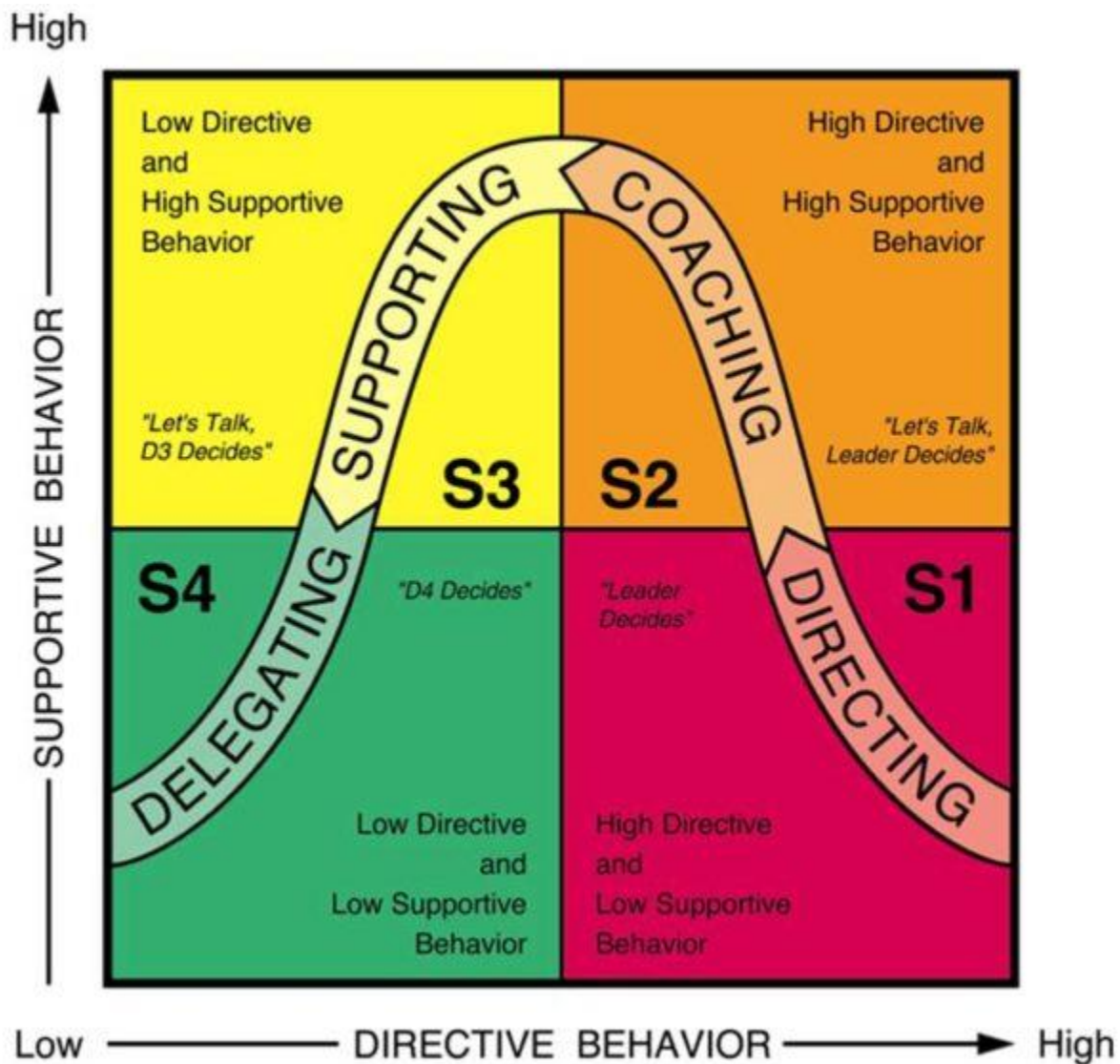
## **Global Team Leadership**

Successful project management requires more than just technical skills. Technical knowledge on a subject matter is invaluable as this can help the project manager identify knowledge gaps in with the project team members and guide them accordingly. However, excellent technical skills would not be sufficient. The project manager needs to apply a balanced combination of technical knowledge, leadership skills and emotional intelligence. Organizations are starting to place a higher value on leadership as compared to managerial skills. A global project manager would be in a position where leadership skills are required to bring out the best in the project team members while managing the workload. This would require good people's skills to place a demand on the team members' talents and abilities while keeping them motivated. Rabarison K., Ingram R., Holsinger J. (2013). In the literature, "Application of Situational Leadership to the National

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Voluntary Public Health Accreditation Process”, discuss the importance of having strong and effective leadership for leading a public health agency as shown in the diagram below.

### Situational Leadership Diagram



Rabarison et al. explain the fact that the concept of adjusting the style of leadership to suit the circumstances to get the best productivity from the individuals on the team. Global project leaders

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would need to apply these same skills in understanding the culture of the people and how their understanding of leadership.

Furthermore, situational leadership guides the leader to adapt to the needs of the team and that of the project. It is not uncommon to have a team with people with varying levels of knowledge and expertise. Some would therefore find it easier to work more independently than others. In relation to global projects, cultures that display a high-power distance could have highly skilled team members who may be hesitant to work on their own initiative for fear of offending the project team leader. Such issues need to be addressed from the onset, for global projects to run smoothly and successfully, it is better to address issues of uncertainty rather than assume that all project team members think alike in simple or complex matters. The framework below is an example of the varying leadership styles that could be implemented by different global project leaders. Most leadership styles are displayed according to the leaders' personality.

In comparison to the situational leadership framework, the framework below shows what to expect from each type of leader. However, for global projects, one way of overcoming the leadership challenges that might arise as a result of cultural differences is for the project leader to understand the people on his or her team and implement the best leadership style for the situation at hand.

This means that the global project team leader should be flexible enough to use different leadership styles for the same individual as the need arises and in like manner, implement different leadership style on the project team if there is a need to do so.

## The Five Leadership Styles

Innovator	Developer	Activator	Maximizer	Stabilizer
<i>Design</i>	<i>Design and Build</i>	<i>Build</i>	<i>Build and Maintain</i>	<i>Maintain</i>
Bringing new ideas and original solutions to the marketplace. Thinking outside the box to solve problems.	Taking action on original solutions and learning along the way. Motto: Ready, Fire, Aim.	Moving forward to achieve challenging goals. Overcoming obstacles and getting things done.	Embracing the good of the past while making new changes. Working together with all different kinds of people	Keeping things running smoothly and efficiently. Creating systems that meet the highest standards of accountability.
<i>Creativity</i>	<i>Flexibility</i>	<i>Tenacity</i>	<i>Diplomacy</i>	<i>Consistency</i>

Framework taken from: <http://billzipponbusiness.com/wp-content/uploads/2013/07/Leadership-Style-Strengths.jpg>

Team leaders are faced with more than one type of challenge as they must deal with the technical as well as the human relations aspects of their project. Adapting the style of leadership from one global operating space to another. Management styles are tied in different cultures. The people therefore are informed by the values, which is derived partly from their culture and this in turn, is displayed in their work ethics. The team leader therefore, needs to understand the culture of the people and combine technical and leadership skills to understand the makeup of the team and how to work well individuals on the team as well as the team.

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An example of this is seen with ITSI-Biosciences, where the CEO works at the headquarters as well as in other locations where there is an ongoing project. This can prove to be challenging as it may take a while to adjust the mindset and leadership style from one global space to the other.

One of the factors that have led to success on global projects with ITSI-Biosciences is the effective communication. The constant exchange of messages has enabled project team members to get a better understanding of how their other team members work even though the team is carrying out work in different time zones and across different parts of the world.

### **Communication**

Global projects are more likely to have a more diverse project team. This also means that miscommunication, misunderstanding and conflicts are more likely to occur in such a team. The project manager therefore needs to, where possible, use all available forms of communication to ensure that every team member is carried along in the communication process. The best form of communication for the team needs to be established and utilized.

Global projects that are carried out across first and third world nations could face the challenge of delay in delivering timely messages. Some third world countries struggle with poor to no internet connection, power outages and delayed communication transmission. This in itself could have a significant impact on projects that are time sensitive.

One common factor in global projects is the level of expertise of the project team members. The common interest of the individuals involved brings them together but that is not sufficient to achieve the project goals and objectives.

Global projects should therefore clearly define a leadership structure for managing the work and the people involved.



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Lundy & Morin, (2013) discussed in the article, Project Leadership Influences Resistance to Change, that all stakeholders look to the project leader/manager to bring the important factors together throughout the course of the project. These factors include but are not limited to communication, time, cost, and the team.

Lundy & Morin (2013), explain that the leadership skills of the project manager is essential to project success. While this may be true in most cases, the makeup of the project team could also have an impact on any project. Similarly, to putting teams together in a work setting, project team leaders should consider the nature of the work to be done

Based on the information in the literature, the problem of project failure has not been solved for more than one reason; Complex projects could be overwhelming to the project team if not broken down into achievable sub-categories. These types of projects could lose definition of purpose and the set goals would become unclear to the project team.

As suggested by Walid (1996), “Only a few studies in the project management literature concentrate on the critical factors that affect project successes or failure” (p. 141-151). Agile methodology helps in ensuring that management communicates the critical success factors and provides support by constantly bringing these factors into focus. If these factors are not clear from the start of a project, it becomes difficult to assess performance during the project.

In agreement with the above-mentioned authors, where goals are not clearly defined, the focus becomes unclear to the project stakeholders. This in turn, leads to confusion, unnecessary conflict and waste of available resources.

Davidoff's (2005) study found the following:

In contrast with the primary goals of science, which are to discover and disseminate new knowledge, the primary goal of improvement is to change performance. Unfortunately,

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scholarly accounts of the methods, experiences, and results of most medical quality improvement work are not published, either in print or electronic form. (p. 2)

It can be argued that science has a goal of changing performance. As new reasons for project failure and success are being discovered, individuals may need to adopt a new approach for success and in so doing, avoid methods that have not led to successful completion of projects. However, continuous improvement, which can be monitored by key performance indicators or critical success factors will be more widely accepted and adopted for subsequent project if written records of achieved improvements are published. While this paper discusses possible reasons for project failure and success, the aim is to provide relevant information that will result in more successful projects which adopt the Agile methodology. The idea of publishing records and sharing knowledge gained could prove to be invaluable to project managers since any effort to change individual or team performance could mean addressing the “the way things are done” in a work environment.

Another challenge faced by stakeholders when implementing the Agile methodology is that the project team may be used to their existing work culture. As mentioned above, agile methodology is best suited for types which have never been done before and are required to be completed within a tight deadline. Thus, the project team may be required to deviate from the “usual way” of completing tasks so that they can explore new methods. This is related to the problem of human resource management which is mentioned in this paper.

Furthermore, project managers need to be aware of the challenges that they may face at different levels. Technical skills and expertise are invaluable for getting the job done. Technical skills and expertise may be sufficient if all tasks on a project are required to be completed by robots. This is

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hardly ever the case. The human factor is just as important as the technical ability of any individual or project team.

To achieve better results, the input on a project would need to change and this may be less challenging to achieve if the project team members' way of thinking can be positively influenced.

Project Success and failure can be viewed differently by the Project team and the client. One of the challenges that project teams face is dealing with the changing requirements of the client. In agreement with Paula Savolanien et al, one of the success criteria that the supplier should be concerned about is customer satisfaction and this can be defined by short and long-term business benefits.

While this could be a reasonable expectation from the client, it is important that both client and supplier have the same understanding of what factors define the project as being successful.

Although this article considers software development project success and failure from the supplier's perspective, the principles that result in project success are not limited to any one type of project.

In an article by Munns and Bjeirmi, the importance of project management techniques is emphasized in relation to planning and control of time, cost and quality. In agreement with Munns and Bjeirmi, time and cost are limited resources which should be managed efficiently. It is important that the project team understands the value placed on the time allocated for the completion of the project. The article goes on to distinguish between the project and project management. Again, in agreement with this point, the project, which should have clearly stated goals, should drive the project management. The goals of the project should help establish a focus for the project team. In addition, the project should determine the level of planning and resource gathering required to make the project successful.

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The literature however, fails to address the distinction between project management and leadership styles. It remains a question whether the leadership and management style of a project manager has a direct impact on his/her project team.

Organizations are different and may require varying methodologies for similar projects.

Therefore, the chosen methodology for a project should be based on the most likely possibility of adding the most value to the customer. (PMBOK guide, 2013).

If this approach is followed, it is unlikely that a project would fail.

McLeod, Doolin, and MacDonell (2012) discussed in the article, A Perspective-Based Understanding of Project Success, that emphasis is placed on the fact that project stakeholders have varying perceptions of project success. The customer expectation of the outcome or deliverable may be different from what has been communicated to the Business Analyst on the Project team. To address this issue, the Agile methodology dedicates the task of obtaining customer requirements to the Business Analyst.

McLeod et al., 2012 explain that several attempts have been made to define suitable criteria for measuring project success. As mentioned above, key success factors could be helpful, but it is worth mentioning that some of these factors could be subjective and difficult to measure. This applies mostly to the qualitative factors such as level of customer satisfaction for a deliverable. It is also worth mentioning that key success factors would vary significantly for each project and, so it would be challenging to determine a set of key success factors that should be aimed for on all projects.

While it is possible that different stakeholder perspectives influence the perceived outcome(s), it is expedient that a fair measuring standard is used, and realistic expectations are upheld by all

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key stakeholders. For this reason, key performance indicators may need to be agreed upon and established by project stakeholders before the start of the project.

McLeod et al., 2012 also refer to the “iron triangle” which refer to time, cost, and quality (Atkinson, 1999; Cooke-Davies, 2002; de Wit, 1988; Ika, 2009; Jugdev & Muller, 2005; Jugdev et al., 2001). Time can be quantified and there measured in the same terms by the customer and the project team as well as any other stakeholders involved on the project. Likewise, cost can be quantified and so all stakeholders are likely to have the same understanding of the measure of cost. On the contrary, quality is subjective, and the stakeholders could have different expectations on the quality of deliverables. Quality being a difficult to measure, highlights the fact that a project may be perceived as a failure simply because the customer is not satisfied with a deliverable even when the deliverable meets the customer’s specific requirements.

**Example of Objective and Subjective Key Performance Indicators:**

<b>Key Performance Indicators</b>	<b>Objective</b>	<b>Subjective</b>
Budget – Operating below monthly budget	Yes	
Cost of materials – Above or below budgeted amount	Yes	
Quality of materials purchased – Satisfactory/Unsatisfactory		Yes
First set of deliverables – On schedule	Yes	
Quality of deliverables – in relation to customer requirement being met		Yes
Skills and Expertise of the project – appropriate for the level of work required		Yes
Quality of deliverables – in relation to customer complaints		Yes

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In the article, “The Dimensions of Industrial New Product Success and Failure”, R. G. Cooper expresses concern that not enough has been done to understand what makes a successful new product. In addition to Cooper’s point, the end-product/deliverable could be a contributing factor of a project’s success or failure. In other words, project stakeholders may perceive the project as successful until the product/deliverable starts to prove to be of less value than expected. In cases like this where there is little or no return on investment, the reason for project failure could be due to the client’s poor research.

The literature goes on to emphasize the importance of investigating success versus failure in developing new products so that prescriptive guidelines can be established.

The literature clearly establishes the need to identify the potential causes for project failure and this ties in with the assertion that there are so many reasons why a project could be perceived as a failure. The reasons could be anything from; insufficient detail with the initial client requirement to the chosen project management methodology.

Albert, Chan, Scott, Ada, & Chan (2004). In the literature, “Factors Affecting the Success of a Construction Project”, draw readers’ attention to the fact that researchers have not been successful in coming to an agreement on the variables that make a product successful. A product could be perfect for one customer if their needs are met and the same product could be unappealing to another customer. As customers have varying tastes and different needs, so do our project customers who demand for projects to be carried out to meet their specific business needs for the benefits of their customers and in turn, the financial needs of the business.

Another point to consider is the changing needs of customers and how quickly products become obsolete. This is particularly true for the Information Technology Industry. The advancement of

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technology has resulted in many benefits such as speed of delivery and more accuracy for deliverables however, a disadvantage for complex and long projects is that the deliverables could become obsolete while the project is still in progress. This would be considered a failed project as, depending on the phase of the project, there could be significant financial losses.

A key point emphasized in this article is that Critical Success Factors such as procedures and project management actions are part of five major variables that could contribute to a successful project.

As mentioned above, Key Performance Indicators could help all project stakeholders aim for the same project outcome. These indicators are particularly beneficial for the project team to monitor their progress. An additional benefit is that it serves as a form of motivation to the project team when the team realizes that targets are being met. The Agile methodology is designed to complete tasks in sprints which are two week-long. At the end of each sprint, the project team will be motivated to start a new sprint with enthusiasm if the team members know that they were successful in meeting their set target. Alternatively, failure to complete tasks at the end of each sprint should challenge the project team members to increase their velocity so that they would be more productive and avoid waste of resources such as time and cost.

Belout and Gauvreau explain in the article, “Factors Influencing Project Success: the impact of human resource management”, point out that the “personal factor” was marginal for project success. The literature attempts to evaluate this conclusion which was drawn in an empirical study conducted by Pinto and Prescott (*Journal of Management* 14 (1988). (p.5)

In agreement with Belout and Gauvreau’s argument, the personal factor may be a contributing factor but is not sufficient to determine the success or failure of a project. Like any other limited



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resource, human resources need to be well managed to obtain the best value for money. Therefore, if highly skilled and self-motivated individuals are part of a project team that is poorly managed, the poor management of the project team could be reflected in the outcome of the project.

The literature also addresses an important fact about the possible difference between the traditional Human Resource Management and Human Resource Management in Project Management. While the concepts may be the same, further consideration and assessments may be necessary for different types of projects.

Projects are planned to achieve identified goals. Therefore, they are carried out to achieve organizational goals. One challenge, and a possible reason for project failure is organizational governance. While the project team may have a clear picture as to how the project goals can be achieved, restrictions in the form of organization governance may pose some restraints on the project team. (PMBOK guide, 2013)

The aim of project teams is to add value to customers by meeting their needs. A balance of effective management of resources, flexibility on the part of all stakeholders and clear customer requirements is needed for a successful project.

The inter-personal skills of the project-manager cannot be ignored as the project manager is faced with tasks which involve negotiating with stakeholders, motivating and managing conflict of project team members and constantly communicating with stakeholders.

Global projects require may require the use of global teams. There are certain factors that contribute to the success of a global team. One of them is communication as mentioned earlier.

Cross cultural collaboration is necessary for the success of the team.

In one of the case studies; ITSI-Biosciences, the work requires scientists from the United States of America to collaborate with Scientists in Lagos, Nigeria. This means that there has to an

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established set of rules on work expectations and work culture. As mentioned earlier, work culture is driven by the culture of a people. With more than one culture coming together, there is a possibility that there will be conflict at work between and among individuals.

### **Global Communication and Trust**

Communication can be challenging even in a small setting such as between two people. With Global communication for projects, it may be necessary to adopt all available forms of communication.

Global Projects could involve a small or large audience. The important factor is that the message being communicated is clearly understood. It may be necessary to use all possible forms of communication when managing global projects. One of the reasons for this is that the information could be sensitive therefore, the delivery would need to be controlled. A lack of control in transferring sensitive information could lead to resistance from the receivers. This could be the case if the message was misunderstood. For this reason, the medium of communication is just as important as the message being conveyed. For example, ITSI-Biosciences, recently had a change in structure. The change resulted in an additional level of management. In this situation, communication of any change in employee duties had to be communicated by the Senior Management to avoid undue resistance and conflict.

Frequency of communication in global projects is of utmost importance as the project team members could be situated in different parts of the world. When a message is communicated, it is important to obtain feedback as the feedback obtained would indicate if the intended message was clearly understood.

Large companies such as Glaxo Smith Kline have established communication channels

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In addition, they take advantage of technology and use social media by creating a Facebook or a twitter account as a medium to control the message that is transferred to current and potential customers.

Appendix 1 is an extract that shows an established communication policy for GlaxoSmithKline.

The communication policy clearly communicates how information should be transferred in different situations. This is easily overlooked in small companies such as ITSI-Biosciences and sometimes sensitive information can be transferred through multiple channels if there is no defined communication channel. If this were the case with a large corporation, the company could easily be exposed to litigation for mishandling sensitive or confidential information. For this reason, global projects need to be managed in such a way that there is an established communication policy.

Secondly, it is important that the team members understand the importance of having a communication policy and adhere to it.

ITSI-Biosciences, a small company conducts weekly management meetings on Monday mornings. This provides the platform for employees to discuss ongoing projects as well as any other relevant matter. Having face-face meetings have proven to be beneficial as issues are dealt with immediately and pending questions are answered. However, employees who are located in different parts of the world call in to participate in the weekly meetings and some of the challenges that the team experiences include interruption of radio frequency. As simple as it may seem, this can prove to be an unpleasant experience especially when urgent matters are being discussed. The conversation may need to be continued outside of the scheduled meeting hours and this consumes more time and delays delivery of results to customers.

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Communication therefore, can prove to be determining factor of the outcome of a project. It needs to be well managed at each phase of the project and information needs to be transferred through the right medium.

While a small company such as ITSI-Biosciences may have fewer challenges with communication, research for this thesis has revealed that similar communication strategy needs to be applied for both small and large companies to achieve effective communication which contributes to successful completion of projects.

As shown above, GSK has a written-out communication policy which its employees can refer to. While this serves as a guide, it can also be used a reference and a basis for disciplinary action. This would make the work of the project manager somewhat easier when communicating the importance of adhering to the communication policy. Unfortunately, individuals are likely to respond better when they do not want to deal with the unpleasant consequences.

### Methodology

The methodology for this thesis is a case study. Research has been carried out on the three companies listed below:

- GlaxoSmithKline, also doing business as GSK
- Johnson and Johnson
- Integrated Technologies and Services International, also doing business as ITSI-Biosciences LLC

These companies were chosen based on their practical experience of successes and failures in their global projects. Their brands are known worldwide and in spite of some failed projects, the companies continue to maintain a significant market share. This shows that they must be doing something right.

A comparison of my findings on these three companies will be used to draw up a conclusion as well as suggest a recommendation for the future.

As part of the methodology mentioned above, comparison has been made amongst the three companies to understand their source of funding, their core function, the markets that they serve and how they manage global projects.

Furthermore, factors that have contributed to their successes on global projects have also been assessed. This will be discussed further in the “findings” section of this paper.

Some factors that have contributed to the failure of global projects for these companies have also been identified. Both positive and negative factors will be discussed in further detail in the “findings” section.

In addition, practical experience gained while working with ITSI-Biosciences has been factored in to assess factors for outcome on global projects.

## Global Projects

Further literature review on critical success factors and the project management culture will be carried out to ascertain if there is a close comparison in the global project outcomes achieved by the three companies.

### **Findings**

GSK is a British pharmaceutical company which has its headquarters in Brentford, London. It was established in 2000 due to a merger between Glaxo Wellcome and SmithKline Beecham. GSK operates on a global platform and in 2015, was the world's sixth largest pharmaceutical company. The current CEO is Emma Walmsley and the at the end of 2016, the company had 99,300 employees.

Johnson and Johnson is an American Pharmaceutical company which was founded in 1886. The company is also involved in manufacturing of medical devices and consumer packaged goods. Johnson and Johnson is known as the world's largest biotech company. It is currently led by Alex Gorsky who has been the CEO since April 2012. At the end of 2017, the company had 134,000 employees.

While all three companies have manufacturing as part of their core function, the products vary. ITSI-Biosciences, although in the Biotech industry, specializes in research. Part of the company's strengths is that it makes its own products for proteomics. These products are also demanded by customers from within and outside the country for research carried out in their laboratories. Johnson and Johnson manufactures products that are recognized and used worldwide. Similarly, GSK is a long-established company and its products are used worldwide. The results and findings below discuss success and failure factors.

## Global Projects

### **Critical Success Factors**

These success factors apply to all three companies researched on for this thesis. Customer satisfaction – This is key as GSK, Johnson and Johnson and ITSI-Biosciences all have manufacturing as part of their core function. For their global projects to continue to succeed, changing customer needs must be met.

Another critical success factor which Johnson and Johnson implements is empowerment of its people. By operating a decentralized structure, the company has been able to meet its employees' different needs and interests. ITSI-Biosciences does not have a problem doing the same but some large corporations struggle with adjusting the company culture to suit the global projects at hand. This also means the ability to rely on available resources in a geographical location especially if such resource is needed urgently. Being able to have a pool of local resources not only reduces costs but improves effective communication and flexibility with global projects.

GSK like the other two companies mentioned above must compete to retain their customers.

Customer satisfaction also ranks top of their list as a critical success factor.

ITSI-Biosciences has identified some of its critical success factors as; customer retention, customer satisfaction, research and development and innovation.

Global projects may have varying critical success factors as each project has a unique set of goals to accomplish. Therefore, there is a need to ascertain how critical success factors are.

Projects would not be carried out if there were no needs to be met. It is therefore fair to say that customer satisfaction is a critical success factor that can be applied to any project, and this includes global projects. Critical success factors, if closely linked with the project goals and strategy are more likely to be relevant to the project. During the planning stage of the project, the initial factors which were identified may need to be reassessed to ensure project success.

**Critical Success Factors**

<b>Company</b>	<b>GlaxoSmithKline</b>	<b>Johnson and Johnson</b>	<b>ITSI-Biosciences</b>
Customer Satisfaction	X	X	X
Customer Retention			X
Triple Bottom Line	X	X	X
Innovation			X
Profitability	X	X	X
Retention of Operating License	X	X	X
Maintaining Quality Standards	X	X	X
Maintaining Ethical Standards			X
Increasing Market Share			X
Retaining Key Staff			X
Communication	X	X	X



### **Project Risk Management**

This is an area that is dealt with in the planning stage of the project. Project management operates a risk culture. Part of this is because projects are inherently risky. Planning and risk assessments are done based on past knowledge, but the future is unpredictable.

ITSI-Biosciences is currently working on a two-year global project. Extensive planning was done to see that project can be completed within budget and within the estimated completion time. Despite all the planning and controlling, there have been changes that has led to a shift in the project completion timeline. This has led to ongoing planning with every new change. For example, new project team members have joined since the project began, new companies have won contracts to carry out different aspects of the project and the budget has been adjusted to meet changing needs. With each new change, further planning has been done to manage and control the scope, time and available funds.

Global projects carried out by any of these three companies are by their very nature, high risk projects, but the cost implication of a failed project varies widely the three above mentioned companies because the monetary value of their projects vary widely.

One common factor however, which these three companies try to avoid is non-profitability and a negative reputation. Johnson and Johnson have recently had to deal with payment of fines and penalties. The companies survived the setback and are still in operation. Smaller companies could have been out of business if charged with crimes of similar nature. (Appendices 2 and 3).

Global projects therefore, need to have continuous risk assessment which can be reviewed on a regular basis to ensure that any new changes have been taken into consideration.

### **Project Integration Management**

Language barrier is still a challenge in some parts of the world. One positive factor that could contribute to global project success is the use of all communication mediums available. This means sending the same message more than once to ensure that all receivers get and understand the intended message. An example with ITSI-Biosciences is that during the weekly management meetings, all team members give feedback on their work. Occasionally, there are connectivity issues or interference which makes it difficult to understand what team members in a different location are trying to communicate. This problem is dealt with by ensuring that meeting minutes are sent out to the team shortly after each meeting. This gives the opportunity to clear up any misunderstandings and miscommunication. Appendix 4 shows GSK's efforts on integration.

An even bigger problem that hinders team cohesiveness is ethnocentrism. It is not uncommon for global project leaders to stem from developed parts of the world as such project leaders would most likely, have had the privilege and opportunity to receive a high level of training as well as the required practical experience. Unfortunately, highly trained professionals are not always privileged to have been exposed to other cultures. In a case where such an individual becomes a global project leader, it is important that such a person is not ethnocentric. This is a problem that occurs even without the guilty party being aware of their actions. This factor can lead to poor integration management and disrupt team cohesiveness. One way to overcome this challenge is by creating an awareness in the beauty of diversity. This can be achieved through organizing team building events where global project teams can meet either virtually or physically in a relaxed atmosphere. If project team members can appreciate each other's differences, it is likely that they will also appreciate each other's strengths and contribution to the team.

### **Project Scope Management**

Global projects are mostly complex thus, the client requirement for each phase becomes clearer as the work progresses. This is mostly common with Agile projects. As such, global projects are expected to have a changing scope as it may be impossible to understand the details of the customer requirement before the commences. If not well managed, this could be a factor that leads to project failure. A small change in scope can most likely, be managed to fit into the project plan, time and budget. However, a continuous change in scope could redefine the entire project, the goals and deliverables. It may be necessary to have a planning committee that would define the acceptable level of change to remain within the project scope for achieving set goals and objectives. Alternatively, complex projects can be broken into phases or smaller projects which would be more manageable than one big complex project with a n ever changing scope.

To accomplish this, the project manager would need to get the support of the senior executives on the project to control the changing demands of a client. This may require regular reporting on project progress. The presented reports can be compared to the expected outcome and the variances analyzed to manage any deviation from the initial project plan.

Another way to manage this negative factor of an ever-changing scope is to establish a process for change request. This means that the change request would need to be reviewed and approved by senior executives on the project.

It would also be helpful to communicate the financial impact of change of scope, in terms of overall budget and project completion time. This would help clients carefully consider the need for change and hopefully spend more time in the planning phase of the project to define and communicate their requirements and desired project outcome.

### **Project Time Management**

Global projects usually operate over different time zones. This can be a challenge for the project team. It is important to take into consideration the time zone of each team member when setting deadlines and organizing meetings. At ITSI-Biosciences, team meetings are set to accommodate team members' office hours so that no individual has to work through unsocial hours in their time zone.

Another factor which should be taken into consideration for global projects is that the different part of the world would observe specific holidays which could be unique to just that part of the world. This could affect the work progress for a team member and as a result cause delays for the rest of the team. Important deadlines which rely on team members' work being completed should therefore be set with any such difference in work pattern in mind and a plan established on how to accommodate those differences.

Closely linked to project time management is the project budget. Regarding human resources, some project team members could be paid per hour while others could be paid per day or agreed in their contract. Regardless of the frequency of payment made to project team members, poor time management could lead to extended periods of time being spent on the project, in some cases, this could be due to changes in customer requirements. Workers would need to be paid for their time. This can quickly result in escalating costs which could negatively impact the profitability of the project. To overcome this, budget slack should be applied to allow for unplanned expenses and extra time for project completion needs to be factored into the estimated completion date and potential delays need to be anticipated and addressed immediately they arise.

### **Project Quality Management**

Quality management is a possible factor for global project failure. GSK and Johnson and Johnson manufacture and retail on a large scale. Failure in quality management could result in a significant loss of income for the company.

Global projects require a good level of monitoring in quality standards. This is easier in countries where the government closely monitors the operating standards in the different industries. Sadly, not all countries put this into practice. Quality management can therefore be compromised in some countries and this could lead to project failure.

Depending on the industry in which a company operates, licenses may be required. In such a case, these licenses may need to be renewed. Adherence to these requirements can contribute in the success of global projects. As with ITSI-Biosciences, it may be necessary to collaborate with local companies in a geographical location to ensure that the government requirement for operations is met.

Failure of global projects could also be due to poor ethical standards by the project team. Continuous emphasis on the ethical standards is being made as companies are mostly focused on profitability without considering the detrimental consequences of their actions. While maintain good ethical standards is not a requirement, it is best practice and the general public has become more aware of the dangers posed to the public by some companies. This does not largely apply to ITSI-Biosciences but does apply to GSK and Johnson and Johnson. These large corporation produce on a large scale and have to deal with issues such as getting rid of waste that could be harmful to the public. Failure to handle this in a responsible manner could lead to further litigation which could in fines or operating license being revoked.

### **Project Human Resource Management**

One of the subtle factors that still pose a threat to the success of global projects is the fact that some cultures, today are male dominant. A project manager who happens to be female may have to deal with a high level of resistance if the project team is mostly made up of men. This challenge is closely linked with the challenges resulting from cultural differences. As mentioned earlier, people's values are shaped by their culture. Issues such as this need to be addressed with open communication to avoid conflicts in the project team.

One of the ways to overcome this challenge is to consider having a gender balanced team. While it may seem like a minor factor, failure to pay attention to this could expose the team to unnecessary conflicts.

It is also important that during the team selection process, skills that should be sought after should include culture awareness and adaptability. Relational skills are also very important for roles on global project teams. If the project manager has a high level of emotional intelligence, this would be more beneficial for the team than just technical skills. This is particularly important as it may a frequent requirement to adapt leadership style accordingly if the project manager has to travel from one location to another.

Human resources can structure the team to have a balance of personalities. The selection process can ensure that the people are placed in the right positions for their personality and unique set of skills, this would help individuals fit in well with the team and perform at the best of their ability.

Another important factor is that dealing with a team of highly intelligent and skilled individuals can be challenging for any team leader. This is not unusual for global project teams as they are usually made of smart people. Therefore, the risk is that people are likely to leave if they become disgruntled and this could happen at any time during the project.

### Conclusion

In conclusion, the literature review, research and case study for this thesis have revealed many positive factors that lead to successful completion of global projects. Likewise, various factors that lead to global project failure have been identified. The absence of just one positive factor could lead to failure as the outcome of a global project and this could be dependent on any of the issues already discussed in this thesis. Effective communication, which cannot be over emphasized is one of the factors that could contribute to a successful project, but this could have an even more significant impact within a virtual project team as effective communication at every phase of a project can avert misunderstandings and expose possible factors that could lead to failure if not addressed in a timely manner.

This research has also shown that there is increased collaboration and synergy in different industries in relation to global projects. Project team members are not always required to be physically present at the project site, yet project teams can work collaboratively through communication tools. An ongoing challenge is the varying standards, such as ethical and quality standards from one geographical location to another as seen in the case of Johnson and Johnson bribery case which was settled with \$70 million in fines. (Appendix 2). For reasons such as this, and for managing the expectation gap of customers, in comparison to actual project outcome, there is a need for standardization of rules and regulations for carrying out global projects.

Finally, there is ongoing research on questions that remain unanswered. It is still unclear the level of impact a project manager's leadership style has on a project team. Also, the critical success factors identified for a specific project and how critical those factors are would vary from one geographical location to another. Thirdly, it remains unclear whether success measurement factors are indeed universal.

### Recommendation

For future studies, non-technical factors could be focused on to shed more light on the level of impact that they have in a global project outcome. Cultural difference is one of these factors and has been discussed in this paper.

It would be recommended that project managers leading a global team should gain some understanding into the values and attitude of the people that they would work with. Whether or not this is discussed or understood, it continues to have an impact on the project team and this is sometimes seen in lack of team cohesiveness.

Also, a recommendation would be to gain an understanding of the varying work ethics of global team members. As mentioned earlier, people's values are informed by their culture and this is displayed in their work ethics and the way in which they conduct business.

In addition, a people's culture informs them on their understanding of leadership and how they respond to leadership. The most suitable leadership style of leadership on each global project may need to be reviewed and adjusted frequently.

Most important is the client's understanding of success as it relates to the project at hand. It is recommended that this is established in the beginning, at the planning phase of the project. However, this would need to be reviewed at different phases of the project as any changes in scope would need to be taken into consideration when defining success.

Finally, documentation of all identified reasons for failure, on past projects is recommended as eventually, such records could be of great help for planning new global projects and avoiding pitfalls. No reason for failure should be deemed insignificant as it could be significant by reason nature, cumulative number of times of occurrence or by substance.



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<b>GSK Policy</b>	<b>Title: External Communications to Investors and Media; External Speaking Engagements and Publications</b>	
<b>Official Short Title: External Communications Policy</b>		
<b>Key Points</b>		
➤ Communications with external audiences must be managed via appointed company spokespeople		
➤ Employees must seek any necessary permissions and comply with all legal and regulatory requirements associated with external communications to minimize the risk to GSK's reputation		
➤ Employees are not permitted to make any public postings of confidential or proprietary information related to any aspect of GSK's business on the Internet.		
<b>Why do we have this policy?</b> To minimize the risk to GSK's reputation that can be caused through improper and unauthorized external communications.		
<b>What does this policy say?</b>		<b>Who in GSK has general obligations under this policy?</b>
The Basics	1. Purpose 2. Scope	<b>All GSK Staff</b> <input checked="" type="checkbox"/>
Specific Requirements	3. Responsibilities 4. Policy 5. Communication of Issues	<b>What functions in GSK have specific obligations under this policy?</b>
		Audit, Compliance, & Quality <input type="checkbox"/> Communications <input checked="" type="checkbox"/> Govt. & External Affairs <input checked="" type="checkbox"/> Finance <input type="checkbox"/> Global Procurement <input type="checkbox"/> HR <input type="checkbox"/> IT <input type="checkbox"/> Legal <input type="checkbox"/> Manufacturing & Supply <input type="checkbox"/> Marketing, Sales & Support <input checked="" type="checkbox"/> Medical <input type="checkbox"/> Research/ Development <input type="checkbox"/> Supervisors & Management <input checked="" type="checkbox"/> Senior Management <input type="checkbox"/> Other <input type="checkbox"/>
Glossary and Administration	Glossary Administration Waivers Related Documents	<b>Contacts:</b> <b>Corporate Ethics &amp; Compliance</b> <b>1-866-GSK Ethics</b>



## The Basics

### 1. Purpose

The reputation of GSK amongst its key audiences is vital to the organisation's business success. In an age where information about a company flows instantaneously and globally it is critical that our communications with external audiences are managed in a co-ordinated way via appointed spokespeople (either communications/IR specialists or GSK executives) and our messages are not only consistent but aligned with the policies and needs of the company. Our key audiences are closely inter-linked, with the media acting as a conduit to all of them. In the interests of the reputation of the company and shareholder confidence, it is important that the information we issue externally is accurate, consistent and timely.

### 2. Scope

This policy applies to all GSK employees worldwide.

## The Specifics

### 3. Responsibilities

Senior management of GSK, GSK functions, and GSK Business Units are ultimately responsible for ensuring compliance with this policy. All employees involved in any external communications are responsible for complying with this policy. Violations of this policy could be considered gross misconduct and are subject to disciplinary actions that may include dismissal from the company.

### 4. POLICY

As an over-riding principle, no employees in the organization should communicate externally about GSK's prospects, performance and policies, or disclose Unpublished Price Sensitive Information, without appropriate authority (See also [Code for Dealing in Securities](#) POL-GSK-008 and [Company Assets and Proprietary Information](#) POL-GSK-100). Specifically, they should not make sales or profits forecasts, nor predict product and regulatory approvals or launch dates or communicate information which is not already in the public domain (unless they have prior approval from Corporate Communications or Investor Relations.) As a further overriding principle, all disclosure in reports and documents that GSK publicly releases and/or files or submits to appropriate authorities must be full, fair, accurate, timely and understandable.



#### **4.1. Investor Relations**

##### **4.1.1. Communication with the Investment Community - Spokespersons**

The Investor Relations function is responsible for GSK's dissemination of information to financial analysts and institutions. Other than the Chairman, CEO and Chief Financial Officer, and Investor Relations management, no other GSK personnel may speak to the investment community for GSK without prior approval by the Chief Financial Officer or Vice President, Investor Relations.

##### **4.1.2. Presentations to the Investment Community**

All invitations to present to the investment community should be directed to the Vice President, Investor Relations, to be considered in the context of the overall Investor Relations programme. Once agreed, all presentations will be managed and attended by Investor Relations personnel.

#### **4.2. Communication with the Media**

It is the company's policy to manage its relations with the media in an open and pragmatic way. The company will be responsive to the legitimate interests of the media. It will also be proactive in disseminating information about the company, its policies and products when it is judged to be in the best interests of the business by corporate, functional or local management.

##### **4.2.1. Media Calls**

All requests from the media should be recorded accurately and passed on immediately to Corporate Communications or personnel with communications responsibility in each country/business/function. This includes formal requests for interviews as well as enquiries, and includes all media – TV/Radio, newspapers, magazines, local/national and trade media and internet sites. Communications personnel or those with responsibility for communications will either respond on GSK's behalf, or assist in identifying the appropriate person from GSK to handle the response.

It is recognised that from time-to-time certain countries/businesses/sites do not have designated communications personnel. In these cases it is the responsibility of local management to designate personnel to assume this role.





#### **4.2.2 Spokespersons – Communications Staff**

Communication with the media is undertaken both by Corporate Communications staff (primarily the UK/US Corporate Media Teams) (see Section 5.1 for definition of “Corporate Communications”) as well as communications staff in countries /businesses / functions throughout the GSK organisation. In general corporate issues - i.e. those affecting, or with the potential to affect, the reputation of GSK as a whole or to affect the share price - should be managed/handled by the UK/US Corporate Media Teams. Local issues, or local manifestations of corporate issues, should be managed by the personnel with communications/media relations responsibility in each country / business / function.

#### **4.2.3 Spokespersons – Corporate Executive Team**

It is often appropriate and in the company’s interest to provide spokespeople from the executive management of GSK. This should be undertaken under the direction of communications staff, who will provide the necessary preparation and materials, as well as attend the subsequent interviews.

#### **4.2.4 Spokespersons – Designated Employees**

The UK/US Corporate Media teams or communications staff in countries / businesses / functions may designate individuals other than those with communications responsibilities to serve as company spokespersons on an *ad hoc* basis. No employee should talk with the media without the approval and advice of communications staff, who will provide the necessary preparation and materials as well as attend the subsequent interviews. Designated spokespersons may only speak on behalf of the company on issues directly related to their specific area of expertise, and may not address reporter inquiries related to other topics or issues, as even the release of accurate information, provided at the wrong time, could put the company at a competitive disadvantage or pose problems under security laws.

#### **4.2.5 Personal Representation in the Media**

It is recognized that from time-to-time, employees may be approached by the media on topics related to their personal interests or non-work related activities. Employees may participate in such interviews. However, in order to avoid any confusion about whether an employee is speaking on their own behalf or on behalf of GSK, employees may not reference GSK or their role with the company, unless they have obtained prior approval to do so from Corporate or country / business / function communicators.



### **4.3. Country / Business / Function Responsibilities**

Businesses, functions and countries must maintain contact with Corporate Communications or designated country / business / function communications personnel on matters likely to be important to GSK and likely to come to public notice, including:

- Introduction, withdrawal, acquisition or sale of products or the acquisition or sale of businesses;
- Major personnel changes, operating procedures, organization, products or policy involving or affecting GSK;
- Public statements, publications or coverage relating to government actions or investigations affecting GSK; and
- Litigation issues.

When communications issues or projects cross country or business / function lines, communicators must contact the appropriate colleague in that country or business / function for review and approval of proposed communications plans and messages, prior to media outreach.

### **4.4. External Speaking Engagements and Publications**

External speaking engagements are discouraged unless there is a clear benefit to GSK, and employees should obtain permission from their manager before accepting an external speaking engagement.

#### **4.4.1 GSK Ambassador / Value of Medicines Presentations**

In appropriate context and with permission from their manager, employees may use approved materials that appear on the company's GSK Ambassador or Value of Medicines Intranet sites in external speaking engagements. Employees should check with their manager about how the information can be adapted for particular businesses or functions. If local facts are added to approved GSK Ambassador materials, legal and/or regulatory approval may be required. It is possible that press could attend these Ambassador or Value of Medicines presentations. In those cases, employees should report any contact with the media to their appropriate Corporate or country / business / function communicator, and respond at the event only to inquiries directly related to the facts relayed in the presentation.

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#### **4.4.2 Guidelines for External Presentations**

In addition, to protect GSK proprietary information and ensure that external communications conform to GSK standards of accuracy, content, and style:

- All invitations for external speaking engagements that involve the company's corporate position, policies or products with the potential to impact the corporate reputation should be referred to the head of the individual's business unit, Corporate Communications, or designated country / business / function communications contacts. Excluded from this requirement are routine invitations/submissions such as manuscripts for medical journals or presentations to specialist meetings.
- Proposed disclosures and announcements about significant new GSK business ventures, including joint ventures with other companies, should be referred to the Corporate Communications Vice President or the appropriate Communications Vice President in that business / function who is a member of the GSK Corporate Communications Executive Team.

#### **4.5. Third Party Announcements, Endorsements and Use of the GlaxoSmithKline Logo**

From time-to-time, organizations or businesses external to GSK may seek to issue a news release that promotes a business relationship or identifies a partnership with GSK. Such announcements by third parties require advance approval from Corporate Communications or the Communications staff in the country / business/ function. Department heads are required to present the business rationale for the issuance of news releases by third parties that refer to an existing or proposed relationship with GSK. Corporate Communications or the Communications staff in the country / business / function will then work with the third party to determine appropriateness of the announcement and a plan for the external distribution of the information.

In general, GSK does not allow the use of its name, logo or statements by its employees in the printed or electronic documents of suppliers, consultants, business partners or other third parties without the written permission of the company's Corporate Communications department, the Communications staff in the country / business/ function or an appropriate authority within a business unit. All requests from third parties to use the company logo should be referred to Corporate Internal Communications, which will provide guidance on the correct use of the logo.



From time-to-time, organizations or businesses external to GSK may seek information from the company in the form of surveys or other data-gathering exercises. Third parties also request permission to enter GSK projects or materials in external competitions, or cite those projects in marketing materials. Participation in such activities is expressly prohibited without the direct approval of Corporate Communications, the Communications staff in the Country / Business / function, or the appropriate department head. This is to avoid wasting staff time or providing information that can be used for the profit or benefit of 3<sup>rd</sup> parties, and to the possible detriment of GSK.

#### **4.6 Internet Communications**

Employees are forbidden from making any public posting of confidential or proprietary information related to any aspect of GSK's business on the Internet. Employees should not reveal information about the company and its activities in any internet-based forum including (but not restricted to) chat rooms, bulletin boards, blogs, wikis, etc. Business-related internet-based tools may be operated by GSK but their use and content must be approved in accordance with the normal code of practice applicable in that market, plus the standard controls required by the [Global Procedures for Use of Digital Channels \(SOP-GSK-502\)](#) where third parties are allowed to post to the social media tool.

### **5. Communication of Issues**

- 5.1.** Please contact the VP, Corporate Identity and Communications if you have any issues or questions on the policy.





## Glossary & Administration

### Glossary

**Corporate Communications:** refers to the central communications function led by the SVP, Corporate Communications and Community Partnerships. The UK/US Corporate Media Teams are part of this organization.

**Country / Business / Functional Communications:** refers to those individuals who are given specific responsibility within GSK for external communications, but are employed outside the Corporate function.

**Unpublished Price Sensitive Information:** refers to hard facts about GSK or its business or other companies with which GSK is doing business or negotiating that are not generally known to the public but would be likely, if known generally, to affect the share price of GSK or those other companies. It does not matter how an individual came to possess such information – whether in his or her job or from a colleague or friend. Such information may include (but is not limited to):

- Financial forecasts and financial results before their announcement;
- Dividend information, including changes in dividend policy;
- Trading prospects, including information on its markets;
- Acquisitions and disposals;
- Major restructuring programmes;
- Capital structure changes, including redemption of securities;
- Changes to the Board of Directors or other major managerial positions;
- Significant product news, including discoveries, regulatory approvals and licensing deals; and
- Significant potential litigation.



<b>Administration</b>	
<b>Approval:</b>	Corporate Executive Team (CET)
<b>Owner:</b>	SVP, Corporate Communications and Community Partnerships
<b>Author:</b>	VP, Corporate Identity and Communications
<b>Approval Date:</b>	08 January 2008
<b>Effective Date</b>	4-NOV-2010
<b>History:</b>	<p>4-NOV-2010: POL-GSK-301 v06: administrative updates: related documents links, section 4.6 link change, and cover page format update</p> <p>08 Jan 2008: Version 05: revised section 4.6</p> <p>05 Jan 2005: Version 04</p> <p>21 May 2003: Version 03</p> <p>21 May 2003: Version 02</p> <p>11 Oct 2001: POL-GSK-301 V01 New GSK policy; supersedes 07 Oct 2002: Version 2GW 6.1 and SBCC-73</p>

### **Waivers**

Any requirement of this Corporate Policy may be waived conditionally on a case-by-case basis in exceptional circumstances with written approval from the Corporate Compliance Officer or the CET. All requests for exceptions/exemptions should be directed to Corporate Ethics & Compliance (CEC).

Once approved, these exceptions will be recorded by CEC and posted on the Corporate Ethics & Compliance web community for visibility. The approved exception author/sponsor is required to notify all relevant GSK employees, contractors and third parties of the granted exception

### **Related Documents**

[GSK Code & Standards of Conduct](#)  
[Global Procedures for Use of Digital Channels \(SOP-GSK-502\)](#)  
[Code for Dealing in Securities Policy \(POL-GSK-008\)](#)  
[Protection of GSK Information Policy \(POL-GSK-100\)](#)  
[Protection of GSK Information Procedure \(SOP-GSK-100\)](#)

The screenshot shows the top of the U.S. Department of Justice website. The header includes the Department of Justice seal, the text "THE UNITED STATES DEPARTMENT OF JUSTICE", a search bar, and social media icons. A navigation menu contains links for HOME, ABOUT, AGENCIES, RESOURCES, NEWS, CAREERS, and CONTACT. Below the header, a breadcrumb trail reads "Home » Office of Public Affairs » News". A "SHARE" button is visible on the right. The main content area features a "JUSTICE NEWS" banner, followed by the text "Department of Justice Office of Public Affairs". The article is dated "Friday, April 8, 2011" and is marked "FOR IMMEDIATE RELEASE". The headline is "Johnson & Johnson Agrees to Pay \$21.4 Million Criminal Penalty to Resolve Foreign Corrupt Practices Act and Oil for Food Investigations". A sub-headline reads "Company to Pay Total Penalties of \$70 Million in Resolutions with Justice Department and U.S. Securities and Exchange Commission (SEC)". The article text begins with "WASHINGTON – Johnson & Johnson (J&J) has agreed to pay a \$21.4 million criminal penalty as part of a deferred prosecution agreement with the Department of Justice to resolve improper payments by J&J subsidiaries to government officials in Greece, Poland and Romania in violation of the Foreign Corrupt Practices Act (FCPA), the Justice Department's Criminal Division announced today. The agreement also resolves kickbacks paid to the former government of Iraq under the United Nations Oil for Food Program." A paragraph follows: "J&J is headquartered in New Brunswick, N.J., and is listed on the New York Stock Exchange. The company manufactures and sells medical devices, pharmaceuticals and consumer health care products." Another paragraph states: "Today, Johnson & Johnson has admitted that its subsidiaries, employees and agents paid bribes to publicly-employed health care providers in Greece, Poland and Romania, and that kickbacks were paid on behalf of Johnson & Johnson subsidiary companies to the former government of Iraq under the United Nations Oil for Food program," said Principal Deputy Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division. "Johnson & Johnson, however, has also cooperated extensively with the government and, as a result, has played an important role in identifying improper practices in the life sciences industry. As today's agreement reflects, we are committed to holding corporations accountable for bribing foreign officials while, at the same time, giving meaningful credit to companies that self-report and cooperate with our investigations." A final paragraph notes: "According to the agreement, J&J has acknowledged responsibility for the actions of its subsidiaries, employees and agents who made various improper payments to publicly-employed health care providers in Greece, Poland and Romania in order to induce the purchase of medical devices and pharmaceuticals manufactured by J&J subsidiaries. J&J also acknowledged that kickbacks were paid on behalf of J&J subsidiary companies to the former government of Iraq under the United Nations Oil for Food Program in order to secure contracts to provide humanitarian supplies. A criminal information, filed in U.S." On the right side of the page, there is a "DEPARTMENT OF JUSTICE ACTION CENTER" box with a list of links: Report a Crime, Get a Job, Locate a Prison, Inmate, or Sex Offender, Apply for a Grant, Submit a Complaint, Report Waste, Fraud, Abuse or Misconduct to the Inspector General, Find Sales of Seized Property, Find Help and Information for Crime Victims, Register, Apply for Permits, or Request Records, Identify Our Most Wanted Fugitives, Find a Form, Report and Identify Missing Persons, and Contact Us. At the bottom right, there is a logo for "OFFICES OF THE UNITED STATES ATTORNEYS".

## Global Projects

District Court in the District of Columbia in connection with the deferred prosecution agreement, charges J&J subsidiary DePuy Inc. with conspiracy and violations of the FCPA in connection with the payments to public physicians in Greece.

The agreement recognizes J&J's timely voluntary disclosure, and thorough and wide-reaching self-investigation of the underlying conduct; the extraordinary cooperation provided by the company to the department, the SEC and multiple foreign enforcement authorities, including significant assistance in the industry-wide investigation; and the extensive remedial efforts and compliance improvements undertaken by the company. In addition, J&J received a reduction in its criminal fine as a result of its cooperation in the ongoing investigation of other companies and individuals, as outlined in the U.S. Sentencing Guidelines. J&J's fine was also reduced in light of its anticipated resolution in the United Kingdom. Due to J&J's pre-existing compliance and ethics programs, extensive remediation, and improvement of its compliance systems and internal controls, as well as the enhanced compliance undertakings included in the agreement, J&J was not required to retain a corporate monitor, but it must report to the department on implementation of its remediation and enhanced compliance efforts every six months for the duration of the agreement.

In a related matter, J&J reached a settlement today with the SEC under which it agreed to pay more than \$48.6 million in disgorgement of profits, including pre-judgment interest.

This case is being prosecuted by Trial Attorney Kathleen M Hamann of the Criminal Division's Fraud Section with assistance from the FBI's Washington Field Office's dedicated FCPA squad. The Criminal Division's Office of International Affairs provided assistance in this matter.

The Justice Department acknowledges and expresses its appreciation for the significant assistance provided by the authorities of the 8<sup>th</sup> Ordinary Interrogation Department of the Athens Court of First Instance and the Athens Economic Crime Squad in Greece; the 5<sup>th</sup> Investigation Department of the Regional Prosecutor's Office in Radom, Poland; the Fraud Squad of the West Yorkshire Police Department in the United Kingdom; and the SEC's Division of Enforcement, as well as the coordination and cooperation with the authorities of the United Kingdom's Serious Fraud Office.

**Component(s):**  
Criminal Division

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## Global Projects

### Appendix 3

With nearly 100,000 employees in more than 150 countries, U.K.-based GlaxoSmithKline pulls in at number 194 on Forbes' list of the 2,000 largest companies in the world. Forbes ranks the company's \$37.6 billion in 2016 sales as number 222 in the world, and it ranked number 74 in market value with \$99.8 billion.

And on Jan. 1, 2017, GlaxoSmithKline's consumer business head Emma Walmsley took the helm of the company, becoming the first woman to be chief executive of a major pharmaceutical corporation.



*GlaxoSmithKline headquarters in Brentford, London*

The robust rankings are in spite of a rough few years for GSK, which was rocked by criminal prosecutions on two continents and allegations of unethical and unsafe business practices.

## GSK Settles Federal Cases

GlaxoSmithKline touts its work in lesser developed areas of the world; it developed a malaria vaccine and was the first to test a vaccine for Ebola.

According to the GSK annual report, in 2016, the company “topped the Access to Medicine Index for the fifth consecutive time... The Access to Medicine Index is funded by the Bill & Melinda Gates Foundation and the UK and Dutch governments. It measures the top 20 pharmaceutical companies’ efforts to improve access to healthcare in developing countries. We led our peers in three of the 2016 index’s seven categories: research and development; pricing, manufacturing and distribution; and product donations.”

GSK also claims it “led the industry in code of business conduct, climate strategy, environmental reporting and health outcome contributions, and had strong performance in corporate governance, marketing practices, risk and crisis management, tax and corporate citizenship” in the Dow Jones Sustainability Index.

Many of these high standards came after the company learned some tough lessons in acting responsibly.

### GSK Agrees to Pay \$3 Billion Fine

In July 2012, the company pleaded guilty to federal criminal offenses and reached a civil settlement with the federal government in the United States. [GSK agreed to pay a \\$3 billion fine](#) for a variety of misdeeds, including introducing misbranded antidepressant drugs, Paxil and Wellbutrin, into interstate commerce and for failing to report safety data to the U.S. Food and Drug Administration regarding the diabetes drug Avandia. The plea represented the largest health-care fraud settlement in U.S. history and also resolved allegations of pricing fraud.

The company admitted that for five years, ending in 2003, it [illegally promoted Paxil](#) to treat depression in patients under the age of 18, even though the FDA never approved the drug for pediatric use.

The company participated in the publication of a misleading medical journal article that misrepresented that a clinical trial of Paxil showed it was effective treating depression in young patients.

The company also hid the data from two other studies that likewise failed to show Paxil was effective in pediatric patients. In addition, the company sponsored dinner, lunch and spa programs to promote the use of Paxil in children, and paid a speaker to talk to an audience of doctors whose meals and spa treatments were provided free by GlaxoSmithKline.

In 2004, the FDA required a black box warning that antidepressants may increase the risk of suicide in patients under 18.

### Wellbutrin, Avandia Controversies

GSK also admitted it illegally promoted Wellbutrin for weight loss, sexual dysfunction, substance addictions and attention deficit hyperactivity disorder, when it was approved only for major depressive disorder. The company paid millions of dollars for representatives to speak at and attend meetings, sometimes at lavish resorts, where the off-label uses were promoted. It paid television personality Dr. Drew Pinsky \$275,000 to talk for two months about antidepressants and sex, touting Wellbutrin as being better for the sex drive than other drugs.

And between 2001 and 2007, it failed to tell the FDA about post-marketing studies and data relating to the cardiovascular safety of Avandia. Since 2007, Avandia has had to carry a black box warning relating to an increased risk of congestive heart failure and heart attacks. Ultimately, the FDA said patients who were not already using Avandia should not start taking the drug.

A related civil settlement with the U.S. Justice Department also resolved allegations of improper

#### FACT

From 2001 to 2007, GSK failed to inform the FDA of post-marketing studies and data as it related to Avandia's cardiovascular safety.

relating to an increased risk of congestive heart failure and heart attacks. Ultimately, the FDA said patients who were not already using Avandia should not start taking the drug.

A related civil settlement with the U.S. Justice Department also resolved allegations of improper marketing of Advair and anti-nausea drug Zofran.

failed to inform the FDA of post-marketing studies and data as it related to Avandia's cardiovascular safety.

As part of the plea agreement, GSK entered into a five-year corporate integrity agreement with the federal government in which it committed to changing its business practices. The company implemented a new compensation program that removed sales goals in determining compensation for employees and created corporate financial penalties for executives who engage in misconduct.

Then-CEO Andrew Witty also issued an apology. "On behalf of GSK, I want to express our regret and reiterate that we have learned from the mistakes that were made," he said.

### 'Did We Make Mistakes? Yes'

Two years after the U.S. prosecution concluded, GSK was convicted in China of bribery and made to pay almost \$500 million.

This all came on the heels of the 2010 settlement of a whistleblower lawsuit in which GSK payed \$750 million to resolve allegations it sold contaminated products, including Paxil and Avandia, made at its since-closed plant in Puerto Rico.

In September 2016, Witty talked to Forbes about his tenure at GSK and how he'd managed to weather a multitude of problems, many of them left by his predecessor.

s everything right? No. Did we make mistakes? Yes. Did things go wrong? Yes. But it hasn't put us off trying to improve. And I hope whoever takes over will



# GSK Change Framework

