

Overcoming the planning fallacy

It is human nature to underestimate the amount of time and effort it takes to complete a task—from anything as simple as walking the dog to something as complex as completing a project. People generally want to remain hopeful about a positive outcome, and this is a great quality to have as a person. But as a project manager, this kind of optimism can also be a deficiency, especially during the planning phase of a project. Let's examine a theory known as the **planning fallacy** to better understand how to set yourself up for success in the planning phase.

The planning fallacy and optimism bias

The idea of the planning fallacy was first introduced in a 1977 paper written by Daniel Kahneman and Amos Tversky, two foundational figures in the field of behavioral economics. The planning fallacy describes our tendency to underestimate the amount of time it will take to complete a task, as well as the costs and risks associated with that task, due to **optimism bias**. Optimism bias is when a person believes that they are less likely to experience a negative event. For example, when you are planning to walk your dog in between meetings, you might think that you can do it faster than you actually can. Optimism bias is what tells you that you are going to be able to walk your dog without being late for your next meeting. If you don't consider things that might affect the time it will take you to walk your dog—the weather, the chance of them running into another dog and wanting to play, or the fact that they frequently get distracted while sniffing around—you might be late for your next meeting, or you might miss it altogether!

The planning fallacy can happen to anyone, regardless of whether or not they have experience completing similar tasks. Whether this is your first time walking your dog or your hundredth, you still have to consider the different factors that can affect how long it will take you to complete the walk. This same principle applies in project management. You may be brand new to this kind of project or you may have managed tons of similar projects before; either way, you still need to be careful not to underestimate the time it will take to complete each task on this particular project. As a project manager, you should aim to balance being aware of the planning fallacy with keeping an optimistic attitude about the project, even as things change. Be optimistically realistic: Push for the best outcomes while planning for the proper time it may take to accomplish each task.

Avoiding the planning fallacy: A case study

Think about the planning fallacy in relation to yourself as a project manager. If you have planned massive efforts in your project plan with an optimism bias, this planning fallacy could have a major impact on your project execution. You could set your team up for failure

by not giving them enough time to complete their tasks, causing work to have to be redone or missing opportunities to execute the project more efficiently.

Let's examine how this happens. David is a project manager responsible for a home construction project. Let's check out his Work Breakdown Structure (WBS):

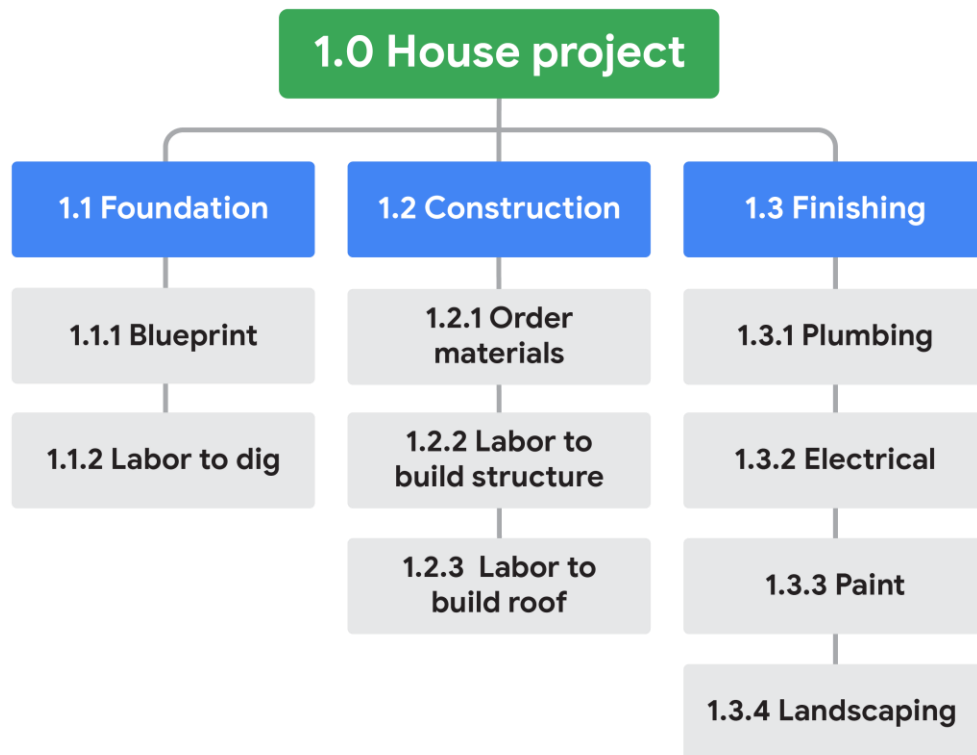


Image of a WBS diagram with tasks and milestones for building a house. Project title 1.0 House project. Milestone 1.1 Foundation, 1.2 Construction, and 1.2 Finishing. There are tasks underneath each milestone: 1.1.1 Blueprint, 1.1.2 Labor to dig, 1.2.1 Order materials, 1.2.2 Labor to build structure, 1.2.3 Labor to build roof. 1.3.1 Plumbing, 1.3.2 Electrical, 1.3.3 Pain, 1.3.4 Landscaping

Working through his plan, David knows that certain things need to happen for the house to be completed. He has to order materials, the materials have to be delivered, the contractor has to actually build the house, and there needs to be time for completing finishing touches and adjustments. The time estimations for those major tasks might break down like this:

Task	Estimated Duration
Foundation	2 weeks
Construction	4 weeks
Adjustments	4 weeks

After creating a WBS and a time estimation chart, David estimates that the construction project will take a total of ten weeks. This sounds perfect because it meets his delivery requirement. If David is unaware of the planning fallacy, he may think his plan is solid and that his team is on their way to building the house within the target timeline!

Fortunately, David is mindful of the planning fallacy. He examines the time estimates more carefully. He considers risks like weather delays or crew members calling out sick, which could set the project's completion date back. He meets with his team members and other stakeholders to help him uncover other possible risks that could affect the project timeline. After carefully gathering information, he adjusts the time estimates, adding **task buffers** to some of the project tasks to account for the potential risks.

Key takeaways

Being on the lookout for “what-ifs” is a key project management skill. Considering situations that could affect whether or not the project is completed on time can help you overcome the planning fallacy. Also, you will always have a project team in your corner, so make sure you use them as resources to help uncover possible risks. Remember to be “optimistically realistic” and push for the best outcome while still planning for the proper time to accomplish each task.