M2L20. Avoiding Escalation of Commitment

Slide #1

In this topic, we will discuss how to avoid escalation of commitment.

Executives can do many things to prevent becoming over committed to a course of action.

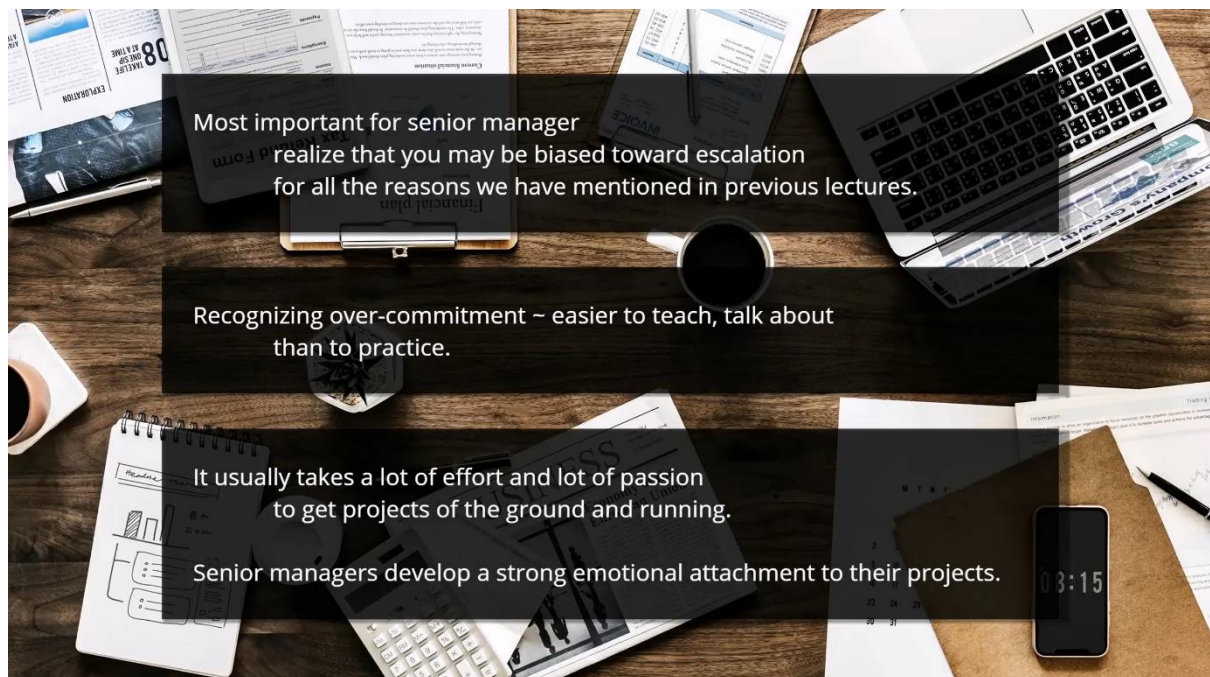Some of these solutions they can take care of on their own.

Others involve getting the organization to do things differently.

Slide #3

The most important thing for you, senior manager, is to realize that you may be biased toward escalation for all the reasons we have mentioned in previous lectures.

Recognizing over commitment, however, is easier to teach and talk about than to practice.

It usually takes a lot of effort and passion to get projects off the ground and running.

In a bureaucratic organization, it is not uncommon for senior managers to develop a strong emotional attachment to their projects.

Let us look first at some tactics that you can apply in the workplace.

The first thing we can do is periodically check whether we are over committed to the project already.

We can ask ourselves some questions.

For example, do I have trouble hearing other people's concerns about the project?

Do I sometimes evaluate other skills based on their support for the project?

Do I generally evaluate how various events and actions will affect the project before I think about how they will affect other areas of the organization or the company as a whole?

Do I link my career to the outcome of my project?

If our answer to any of those types of questions is yes, then we are likely over committed to the project already.

Tactic number two.

The second tactic we can do is to back off.

We can intentionally schedule regular times to step back and look at our projects from an outsider's perspective.

Whenever our projects pass some significant milestones, we can pause and get others involved to look at the project from new perspectives.

Some companies use a stage gate process to manage long term large projects.

Slide #6

One effective practice of the stage gate project management process is the separation of decision making from project management by an independent person.

Typically, a senior manager in the organization is appointed as a gatekeeper.

The gatekeeper is not involved in the operations of the project and is not part of the project team.

However, project managers periodically meet with the gatekeeper to keep them informed about the project's progress.

At the end of each stage, the gatekeeper makes go or no-go decisions with the aid of project managers.

The separation of project management and decision provides some level of independent perspective to the decision-making process.
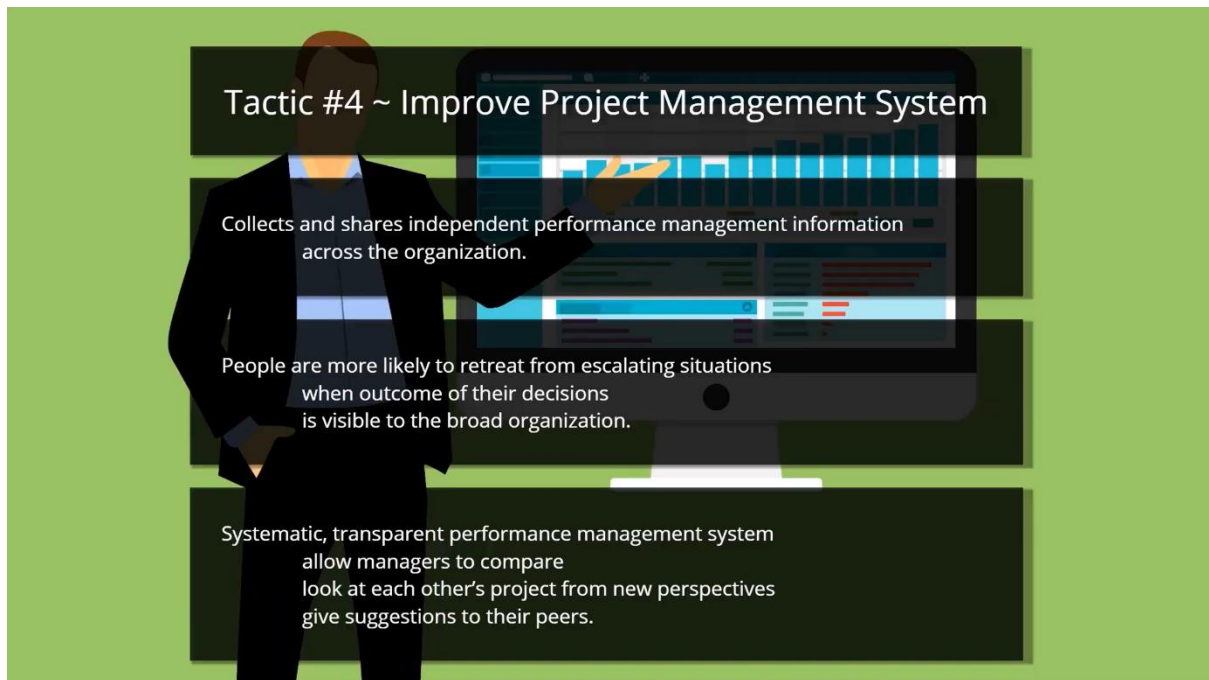
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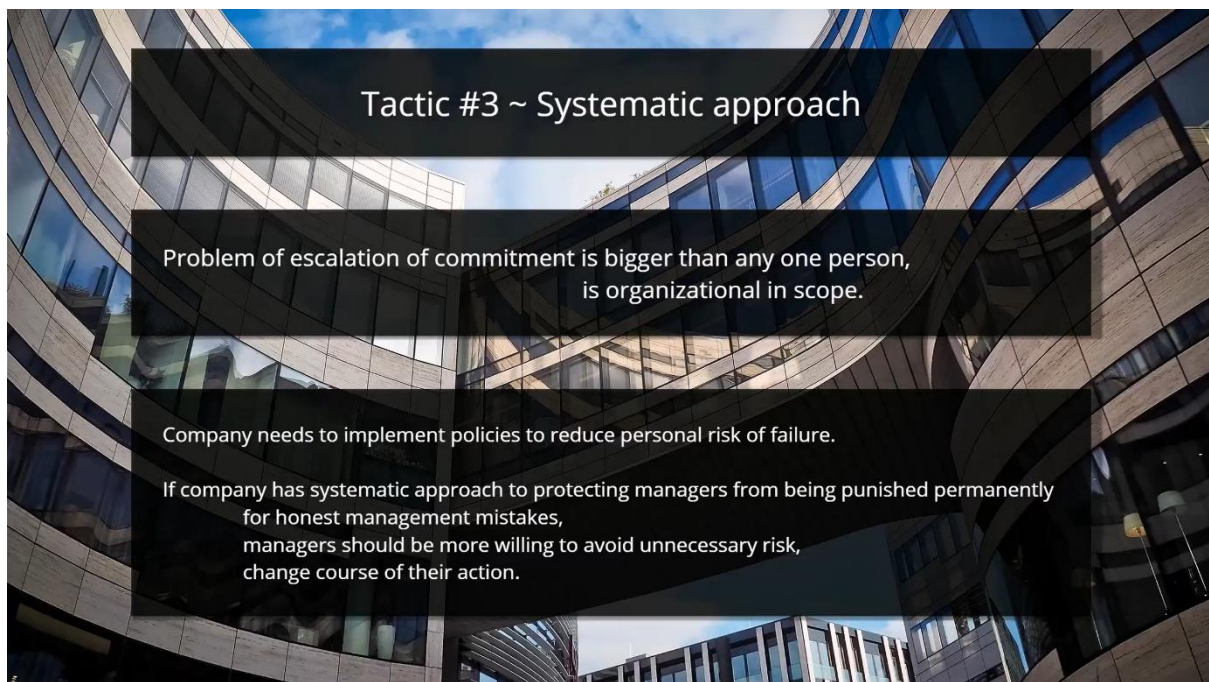
The problem of escalation of commitment is bigger than any one person, that is, it is organizational in scope.

At the organizational level, a company needs to implement some policies to reduce the personal risk of failure.

If a company has a systematic approach to protecting their managers from being punished permanently for their honest management mistakes, their managers should be more willing to avoid unnecessary risk and change the course of their actions.
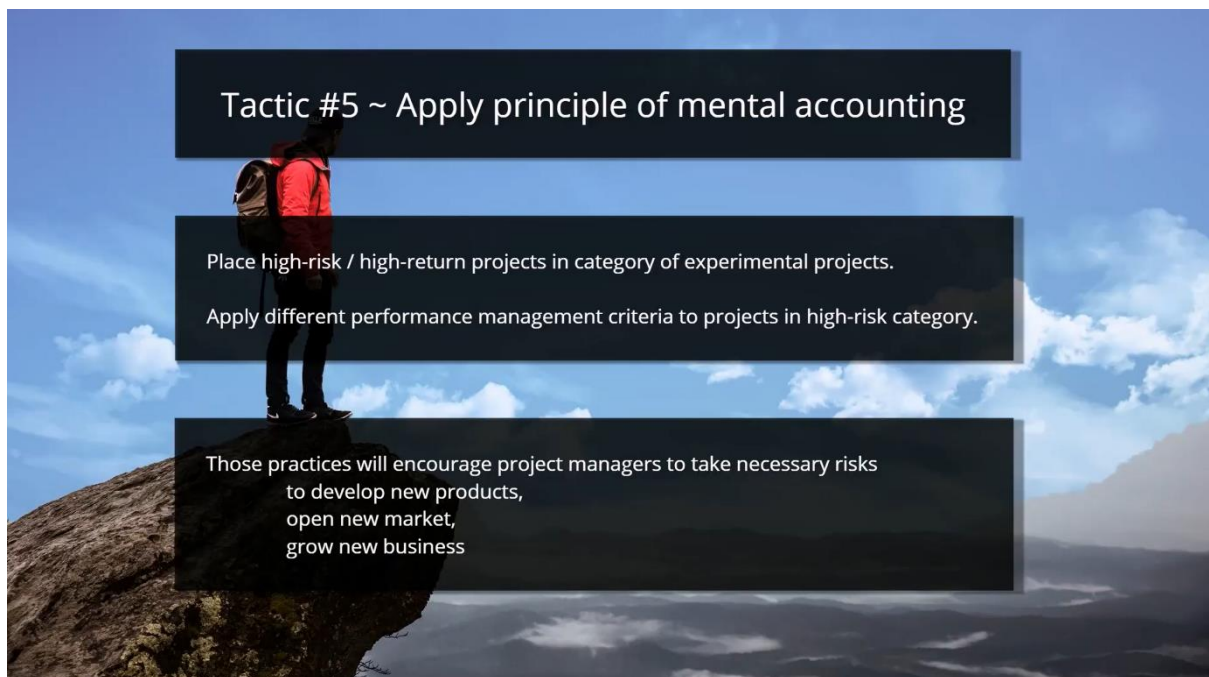
Tactic number four.

Another tactic our organization can use is to improve the project information management system, which collects and shares independent performance management information across the organization.

Many business cases have shown that people are more likely to retreat from escalating situations when the outcome of their decisions is visible to the broad organization.

The systematic transparent performance management system will allow managers in the organization to compare their projects with others, to look at each other's projects from new perspectives and give suggestions to their peers.

Tactic number five, the last, but not least tactic a company can use is to apply the principle of mental accounting to put some high risk, high return projects in the category of experimental projects.

Also, apply different performance management criteria to this project in the high risk category.

Those kind of practices will encourage their project managers to take necessary risks to develop an interactive new product, open new market, and grow new business.