There are three factors to consider when sharing bad news:

1. When to share it. Bad news doesn’t improve with age, so it is best to share it as early as possible; however, it is also important to have enough information to understand and accurately describe the problem and, if possible, discuss a solution when sharing the bad news. We lose credibility, trust, and confidence if we attempt to share bad news without fully understanding it or if we delay sharing the news thinking that things will improve on their own or that with more time we’ll develop a perfect solution.

2. With whom to share it. Different groups can be affected differently by the same bad news and need approaches that reflect the effect that the bad news will have on them and their ability to contribute to solving the problem.

3. How to share it. While bad news will almost always require some type of documentation, sharing bad news in person or over the phone provides an opportunity for immediate exchanges that can ease the difficulty of developing and implementing a solution.

The Right Way

As a simple example, let’s consider the development of documentation for a process safety management (PSM) project. An internal audit revealed shortcomings in the facility’s PSM program, the EH&S department manager accepted the audit findings, agreed to completion deadlines, and hired a consultant to assist with completion of the PSM project. Despite our best efforts at project planning and management, we will encounter problems. In most cases, we’ll deal with problems in the course of business. But occasionally, we’ll run up against a difficult situation when we are faced with the challenge of sharing bad news.
documentation. Deadlines were entered into a tracking system that is monitored by senior management for changes and completion. The consultant had been working diligently on the PSM documentation and reporting progress to the department manager; however, there had been problems in locating as-built drawings and obtaining operating documentation from key suppliers.

The department manager did not want to simply let the tracking system generate a notice for the missed deadline. Nor did he want to arbitrarily change the deadline because management views extending a previously agreed deadline as seriously as missing a deadline. Instead he took time to thoroughly understand the issues delaying the project and then divided the original task into subtasks. Subtasks that could be completed by the originally scheduled date were assigned the original date. Subtasks that required additional time were assigned extended deadlines based on a critical review of the information.

Although the originally planned deadline had been exceeded, the department manager reported the problem before the issue became critical, but only after having the information to present a practical solution. He was able to retain management’s confidence and trust by (1) being properly informed before delivering the bad news, (2) delivering the bad news before the issue became critical, and (3) offsetting the impact of the bad news with a solution.

The Wrong Way
For an alternate approach, consider the case of an engineering firm that took on a large project and ran into subcontractor performance issues that required significant rework and funding by the engineering firm to bring the project to a successful close. As a result of the extensive investment in the project, cash flow for the engineering firm slowed to a trickle, making it difficult for the firm to satisfy debt obligations and service other projects. Although firm management was working hard to solve the problem, payments to vendors stretched well beyond agreed terms, vendors registered payment problems with credit reporting agencies, credit became tighter, the firm laid off staff, and key employees, concerned about the future of the firm, left for other employers.

When we look deeper into this second example, we find that there was reluctance to share bad news at multiple levels. Of course, the problem began with the project team when it failed to report and address the problems with the subcontractor. But it continued with management’s failure to deliver the bad news to key stakeholders—namely, creditors and employees—because management was concerned that the bad news would put these important relationships at risk. Ironically, management’s reluctance to share the bad news with creditors and employees produced the outcome that management hoped to avoid.

It is likely that the engineering firm could have retained key creditors and employees by crafting messages tailored to the needs of each group. In the case of employees, management could have arranged web meetings or conference calls with different groups of employees, providing each group with information appropriate to its needs. Similarly, when it was clear that cash flow problems were going to persist, management could have developed an outreach program to help creditors and vendors understand the issues facing the company, share the plans in place to resolve the problems, and work for temporary relaxation of payment terms. In fact, in the case of vendors, firm management could have recruited employees to assist with sharing the message with vendors.

Heading Off Potential Problems
Bad news is difficult to share, but it never remains hidden for long. As project managers, we can head off many problems that can accompany bad news, and in some cases, may be able to improve project outcomes by accepting the responsibility to deliver bad news. By promptly working to understand the issues, developing practical solutions based on our understanding of the issues, sharing the bad news with affected parties as soon as we understand it, and sharing the information in a way that is appropriate to the relationship, we’ll build stronger relationships, turn projects around, and rest easier at night.