

Case Study: How To Implement Project Management At A (Very) Functional Organization?

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Agenda

- Introduction
- Company background
- Assessment study
 - Numbers and comments
- Do you really need project management?
- Recommendations
 - Guiding principles
 - Recommendations
 - Additional items
- Implementation
- Lessons learned



Introduction



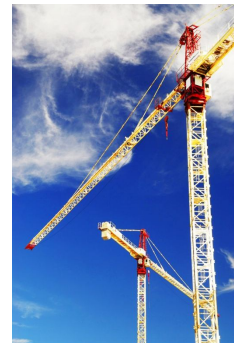
- I was contacted by a senior manager of a large company who proceeded to tell me:
 - *"Listen, we know that you have a project management course and we are interested in it ... But would you be able to come in and just assess what is it that we are doing wrong with projects and maybe customize your course according to the findings?"*
- Obviously I agreed to get together with him and we arranged for a meeting



Background



- Organization involved in very large construction projects with strong ties to federal, provincial and municipal governments
- Recently created through a merger several other smaller firms
- A significant growth in the number and size of their projects (the largest ones hovering at around \$1 billion)
- Company started experiencing problems in the areas of resource planning, resource allocation and project management ...



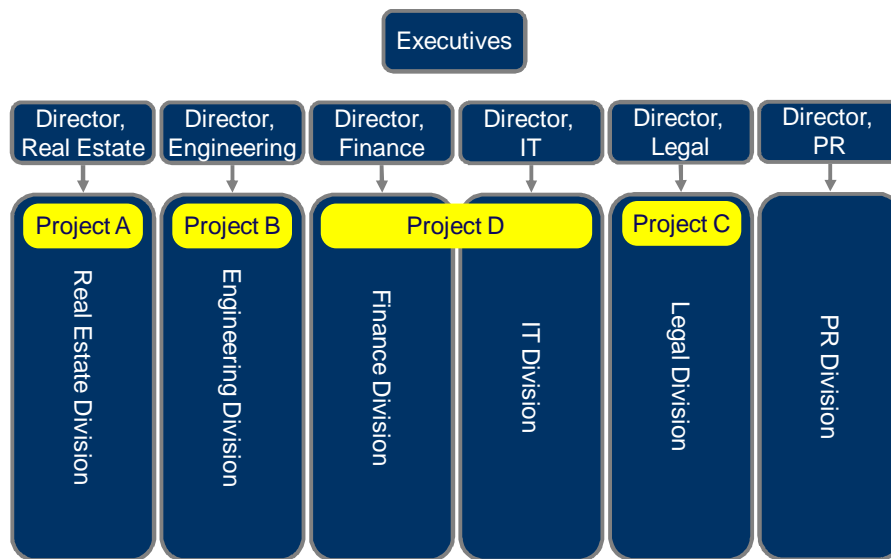
Background



- High-level problems:
 - Employees of the company were complaining that they were too busy to fulfill all of their project and functional duties
 - Senior management was concerned that a lot of projects were late and the quality of final product was subpar
 - Issues with proper planning of the projects, adequate project control and performance reporting
 - Many of the company's flagship megaprojects were over budget by almost 50%
 - Some of them were close to a year late
- Senior Executive:
 - *"There is something horribly wrong with our projects ... we are not entirely sure what it is and where to start since there seems to be too many problems"*

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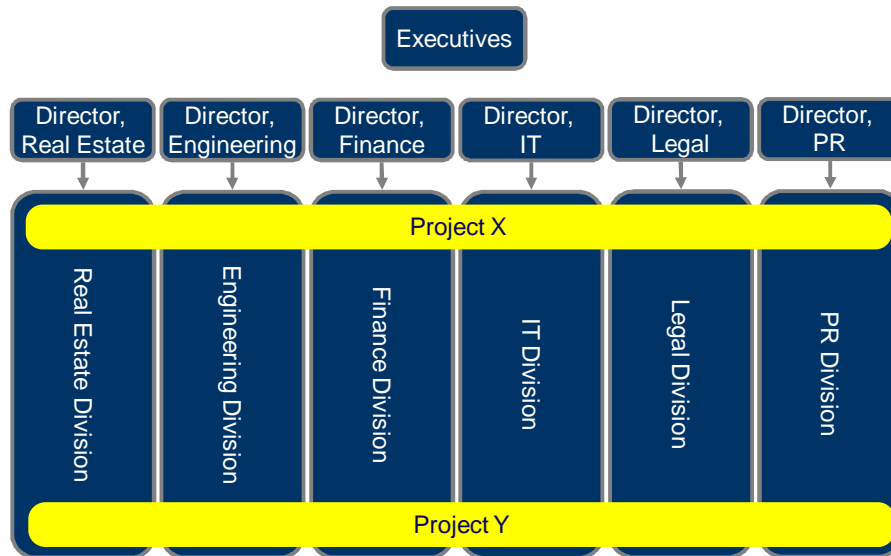
Functional Organization



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Functional Organization



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The Assessment Study

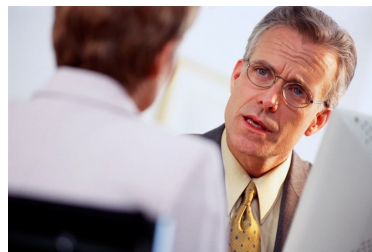


■ Methodology Used:

- Better chance of people accepting our solutions if you can map them directly to problems mentioned by the employees
- Interview a cross-section of organization's employees including C-level executives, department heads, project specialists (company did not have any designated project managers) and even some outsiders, including customers and suppliers
- In total: 13 department heads, 7 executives, 6 project leads and 4 external people - both customers and subcontractors - were interviewed

■ Key question:

- "Whether you are a project participant or a project victim, what are the key problems you have encountered on the company projects?"



The Assessment Study



Summary of Results	Percentage of Interviewees
Lack of communications between the departments	98%
Lack of uniformity in project management approach across the departments	92%
Lack of accountability for cost & time overruns and poor quality	83%
Lack of feasibility analysis in project selection	79%
Projects are not prioritized properly	74%
Underestimation is an issue at our company	69%
Projects are frequently over the budget or late (either underestimated or due to lack of skills)	66%

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Memorable Quotes



- Communications:
 - "One department makes a commitment, and another has to fulfill it"
 - "Department A does its part on the project and then throws it over the fence to the Department B"
 - "We do not recognize the interdependency of projects"
 - "I can't speak for other teams, but it never happens in my department"

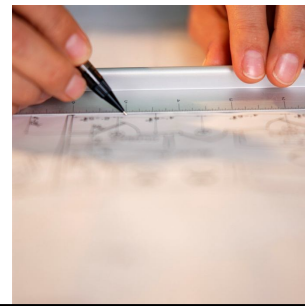


Memorable Quotes



■ Commonality of the Project Management Approach:

- *"Most of the templates are department-specific"*
- *"I had to use templates from the previous company"*
- *"There is a uniformity when have to get the money, but not when running projects"*
- *"Lack of understanding on what is the role of a project manager"*



Memorable Quotes



■ Project Accountability, Budgets and Timelines:

- *"Cost overruns are typically not viewed as too much of an issue" (Accountability)*
- *"If you don't have a plan, it is very difficult to be accountable" (Accountability)*
- *"How can you know whether you are on time or not if we don't document anything?" (Budgets and Timelines)*
- *"We have historical data, but unrealistic timelines are still imposed" (Estimation)*
- *"We artificially decrease/hide costs in order to get approval" (Estimation)*
- *"I can't speak for other teams, but it never happens in my department"*



Memorable Quotes



■ Project Feasibility and Justification:

- *"There is resistance to the fair assessment of project feasibility"*
- *"Unlikely to get 100K to conduct a feasibility study of a 100 mil project"*
- *"We are very quick to jump to solutions"*
- *"Sometimes an executive pet project will inexplicably go ahead"*
- *"Sometimes the projects are initiated by a simple 'Wouldn't it be cool if we could do this?'"*



Memorable Quotes



■ Personal Favourites:

- *"Our projects are so complicated, that no project manager can understand all of the complexities!"*
- *"Our administrative assistants are not very busy. We should put them through your two-day project management course and assign them to manage our (multi-million dollar) projects. This alone will address all of our problems!"*
- *"I don't understand why we are having problems with our projects. After all we have MS Project installed on almost every computer in this office!"*
- ***"Yes, we do have issues with our projects, but how do I know that project management is the right answer?"***



HR Policies in the British Army



- British army had a very strange management system in past centuries
- The ranks were not awarded for merit, valour or even educational level achieved
- They were available for sale from the War Office or from any other officer who was willing to sell his rank
- Officers who acquired their commissions were not paid a lot of money; most of their income was generated from the spoils of war
- And yet people willingly paid enormous amounts of money for these commissions.
- There is a recorded sale of the colonel's rank in 1840 for an astounding sum of £30,000

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HR Policies in the British Army



- Let me tell you the story of one Arthur Wellesley.
- In 1787 his family purchased him a commission of a junior officer but he, then 18 years of age did not feel like reporting to duty
- The family managed to solve this problem by a buying him a rank of colonel in charge of his own regiment in 1794 (He was 25)
- Initially Arthur suffered several losses at the hands of Napoleon troops in the “low countries”, but in Spain and later at Waterloo he managed to beat the French Emperor.
- For his military feats Arthur Wellesley was granted the title of the **Duke of Wellington** and peerage; in 1828 he was elected to be the **Prime Minister** of England.



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Question

- Why was this policy implemented and supported by the British Army?



Question

- This policy has never been implemented in the British Navy. Why?



Do We Need Project Management?



Project Characteristics	Organizational Structure				Projectized
	Functional	Matrix			
		Weak Matrix	Balanced Matrix	Strong Matrix	
Project Manager Authority	Little or None	Limited	Low to Moderate	Moderate to High	High to almost Total
Project Manager Role	Part time	Part time	Full time	Full time	Full time
Project Manager Titles	Project Coordinator, Project Leader	Project Coordinator, Project Leader	Project Manager, Project Officer	Project Manager, Program Manager	Project Manager, Program Manager

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Recommendations

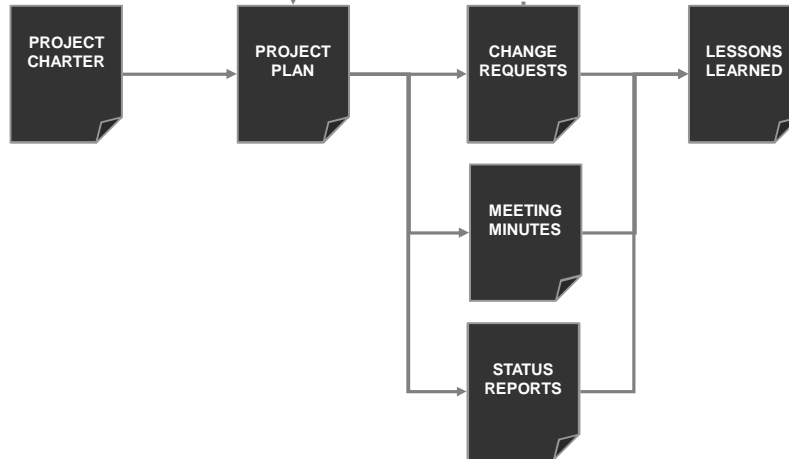


■ Guiding Principles:

- Main focus - larger, strategic interdepartmental projects
 - Going after the “big fish”
- Simplicity and user-friendliness of the processes
 - “Dropping” a full-scale PMBOK-type project management framework would have probably scared and turned-off most of the employees.
- All proposals generated by Thinktank Consulting had to be screened and analyzed by the “focus group” of company employees with previous project management experience.
 - This step was necessary to fine-tune best practices project management processes and documents to the company realities



PM Methodology & Templates



INITIATION

PLANNING

EXECUTION/CONTROL

CLOSING

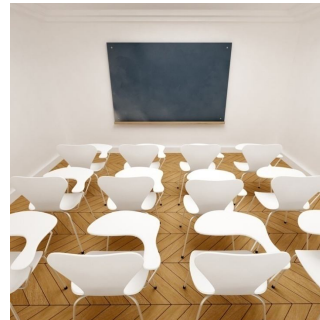
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PM Workshop



- “Successful Hands-On Management of Modern-Day Projects” course with:
 - Company-specific PM Methodology
 - Company-specific PM Documentation
- Offer to 100 employees of the company
- **NOTE:** we are not trying to create 100 project managers!
 - We are trying to introduce and spread the project management culture
 - Attempt to achieve general familiarity with the basic concepts of project management



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Strategic PM



- Introduce the role of a department-independent Project Manager-Strategic Projects to the company
- Should be independent of any “technical departments”:
 - Technical departments do not have the knowledge, resources and time sufficient to train project managers and support the development of the project management methodology throughout the organization
 - If the project manager belongs to any of the technical departments, the department head will be unlikely to release him/her to run the entire interdepartmental project since internal departmental tasks will be taking precedence over project activities
 - The technical expertise of the member of the technical department is better used on technical rather than project management tasks

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Pilot Project



- Start with one large interdepartmental project (preferably starting in early 2009) and assign an experienced project manager to run this endeavor.
- There are several advantages to this model:
 - It allows for a gradual learning about the role of project management in the organization
 - It allows to demonstrate the positive effect of project management by comparing the “before” and “after” metrics
 - It allows for people who are doubting the value of project management to be introduced to it gradually



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Tying To The Problems



- Project Management Methodology and Templates
 - Lack of communications
 - Lack of project management methodology
 - Lack of accountability
 - Lack of project feasibility/justification analysis
- Project Management Workshop
 - Lack of communications
 - Lack of proper estimation
 - Lack of project management methodology
 - Lack of project feasibility/justification



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Tying To The Problems



- Project Manager – Strategic Projects
 - Lack of interdepartmental communications
 - Lack of uniformity in project management approach
 - Lack of accountability
 - Lack of project feasibility/justification analysis
 - Problem of underestimation
 - Projects are frequently over the budget or late
- Project Feasibility, Project Selection and Prioritization
 - To be handled in the Portfolio Management stage



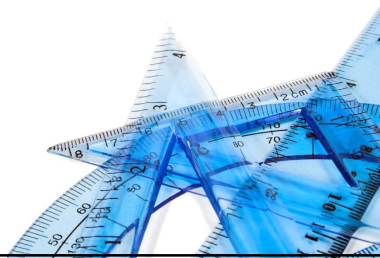
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Additional Items



- Metrics
 - Need to gather “before” and “after” metrics to assess progress
- Company-Wide Communications
 - Need to come up with a way to communicate progress to the entire company
- Develop a Definition of a Strategic Project
 - > \$1 million?
 - > \$5 million?
 - > \$50 million?

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Implementation



1. Project management methodology and documentation proposed was validated by the focus group and approved by the senior management.
2. All stakeholders have undergone a two-day project management seminar
3. Four pilot strategic projects were selected
4. Project managers hired
5. Project management department with the assistance of the IT department has created a “Project Management” section on company Intranet

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Conclusion – Lessons Learned



- Never try to impose “off-the-shelf” project management methodology onto a functional (traditional) organization:
 - Interview a cross-section of company employees and, if possible customers and suppliers to obtain the real project-related issues.
 - Use “best practices” project management methodology to tailor the solutions proposed to the concerns voices by the people working for the organization
- Debrief key stakeholders at the every milestone.
 - Presentation software like PowerPoint with charts, graphs and tables is your best friend!
- Introduce the role of a full-time project manager to the company.
 - Depending on the number of pilot projects the organization will probably require more than one.



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Conclusion – Lessons Learned



- Initially try to concentrate on the simplest forms of the methodology.
 - If processes and documents become too complicated people will find creative ways to ignore them!
- Always use “focus groups”
 - This will ensure that they are properly fine-tuned to company realities.
- Try to determine what constitutes a project and what doesn't for that particular organization.
 - Establish a threshold to distinguish between “project” and “business as usual”.



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Conclusion – Lessons Learned



- Run several one- or two-day company-wide project management seminars.
 - Your mission is not to create several dozen project managers “overnight” but rather to familiarize all of the potential project stakeholders with the key concepts of project management.
- If a significant resistance to change is encountered (very likely scenario) try to apply a phased approach.
 - For example, select a group of pilot projects to be run under the new methodology to be followed by all flagship projects, to be followed by all projects



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Conclusion – Lessons Learned

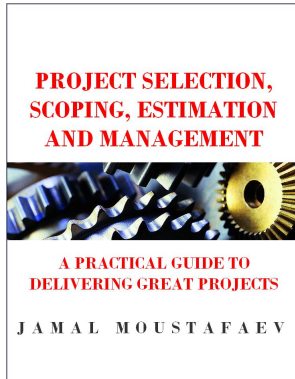


- Capturing the “before” and “after” project related data is essential.
 - Otherwise it would be very difficult to prove to the naysayers (and the executives) that the project performance and results have indeed improved.
- And finally, keep in mind that communications is the key
 - Intranet webpage dedicated to the new methodology and project-related news, seminars, debriefing lunch-and-learns, short updates during functional department head meetings – any combination of the above-mentioned tools should be used to carry the positive message to your organization.



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The Book



- If you liked this presentation, you may like my book scheduled to come out in April/May 2010
- Table of Contents (partial):
 - What Is Project Management And Do You Really Need It?
 - Things You Probably Didn't Know About Estimation
 - Are We Supposed To Negotiate On Projects?
 - How And Why Do We Write Project Charters?
 - Kick-Starting Your Projects – The Scope Definition Perspective
 - Who Needs Creativity In Projects And How To Cultivate It?
 - How To Select The Best Projects?
 - How To Implement It All?
- To be released by J.Ross Publishing



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Questions



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