

Achieving Project Management Competence



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Background

Project management (PM) as a formalized discipline and a methodology has been around for decades. It is most obviously utilized in design and construction scenarios, but it is also finding utility in other, less “mechanical” circumstances. It also tends to have a better life in large, reasonably bureaucratic organizations than in small to mid-size companies and companies with a more “organic” culture. This means that, even after all this time, there are a lot of organizations that still have not taken advantage of the benefits of competent project management. Too often “project management” is assigned to an individual who does not see it as a career path and, therefore, treats it as a temporary distraction. The cynical view of this would be that the company is simply assigning someone to be the scapegoat if things go wrong. A more generous view would be that the company simply does not understand what project management is and what benefits it can deliver.

What is Project Management?

The organization must decide whether project management will be

- a) Valued as much as operational management and financial management
- b) A low-valued function performed by ad hoc players
- c) Something in between

In any case, the first step is to understand what project management is and what project managers do. Project management is a process of conceptualizing, developing, installing and implementing a new “thing” to produce a defined result – usually couched in the terms of business objectives. The new “thing” could be a manufacturing facility, a new IT system, a new corporate organizational structure, a new marketing campaign . . . whatever. A project manager’s role is to make all this happen, leading a cross-functional team through a defined methodology using well-defined tools to reach the objective on time, on budget and on target.

Changing Corporate Culture

Many companies, at best, think about PM only casually when each new project comes along. This thinking needs to change because it can have enormous impact on the bottom line. In many corporate cultures, this is no small task, since “everyone knows what they are supposed to do” and “we like having the freedom to use our own personal approaches.” Just because everyone know what they are supposed to do does not mean they do it – at least when it is needed. And the “freedom” desired, while making people happy, usually results in unpredictability and a very difficult governance challenge.

So, to adopt a more formal approach to PM, companies must tackle the major issues head-on, with the objective of having PM viewed as a core work process and skill set that deserve to be nurtured and maintained. This requires a formal commitment and, usually, a non-trivial investment. Overall, for those companies lacking a genuinely viable PM system, the idea that must be sold internally is that a formal, organized PM system adds concrete value by delivering projects that meet the initial expectations and deliver on the business case that justified the project in the first place. (i.e., PM is not merely an abstract concept for which only lip service is expected.)

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Essentially, two factors have mired PM in a rut at many companies. The first is that nobody recognizes the project manager role as being a worthy position. The second is that nobody has time to develop coherent PM process and tools. The consequences can be severe. The first problem requires some culture change and must be led by upper management. The second problem can be addressed by utilizing a “Run the Business / Change the Business” approach in which management attention and resource allocation is consciously and formally distributed between a) keeping the current operations on track and b) designing and implementing the systems that will be needed for the future.

Building Competence

To get started on assessing the organization’s project management competence, reference to a maturity model such as the following is useful. This model covers most of the key elements of a good project management methodology.

Element	Ad Hoc	Repeatable	Defined	Managed	Best in Class
Strong Project Manager	Random Assignment	More repeat assignments	Formal Role definition	Role becomes a job with skill-nurturing management	Project Managers are “top guns”
Work Process	No defined Processes	Individuals use their own processes	Formal processes defined	Processes stabilized and routinely utilized	Processes are effective, flexible and faithfully exercised
Multifunctional Project Team	No coordinated support system	Notion of project support becomes more formal	Project Teams are formally chartered by management	Need for multifunctional teams is understood and widely accepted	Multifunctional team members perform roles with precision
Quality Assurance System	Based on PM’s personal knowledge & skills	Multifunctional participation	Built into the project work process	Quality assurance demonstrates value	No quality defects
Change Control System	Little or none	PM perceives it to be important	Formal Change Management procedure adopted	Change Mgmt limits scope creep	No scope creep
Project Plan	Little or none	Basic action lists evolve	Standard outline developed with more detail	Formal, detailed plans are routinely prepared	Formal plans faithfully executed
Project Controls	Back of the envelope cost & schedule management	PM gains access to cost & schedule mgmt technology	Cost & Schedule tracking becomes routine	Cost & Schedule management becomes routine	No cost or schedule surprises

There is no particular “right” level of competence. For organizations with only a small number of relatively inconsequential projects, the institutional risk level is relatively low and a low level of competence is, perhaps, OK. For organizations with a lot more project risk, though, much

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higher levels of competence are demanded. The following table may help to bring this spectrum into perspective.

Model Level	Results	Comments
Ad hoc	No formal tracking. Wide range of cost, schedule & value outcomes. Very little predictability.	Not a very desirable state. Marginally acceptable for an organization that has only a few small projects with no institutional risk involved.
Repeatable	Anecdotal records but no structure data base. Somewhat improved outcomes. Predictability depends on staff assigned	May be appropriate for organizations with a relatively small number of projects with relatively low institutional risks
Defined	Formal tracking system deployed. Outcomes are at least clustered around targets. Predictability improved and now depends more on degree of compliance with defined systems	This is the threshold level for a dependable project management system
Managed	Outcomes much better. More reliably on time, on budget and on target. Predictability is uniform across the organization.	This is the level at which the cost/benefit ratio usually begins to escalate.
Perfect	Essentially all projects come within 5 % of initially set cost, schedule and performance objectives	In most cases the value to be obtained at this level is not worth the cost.

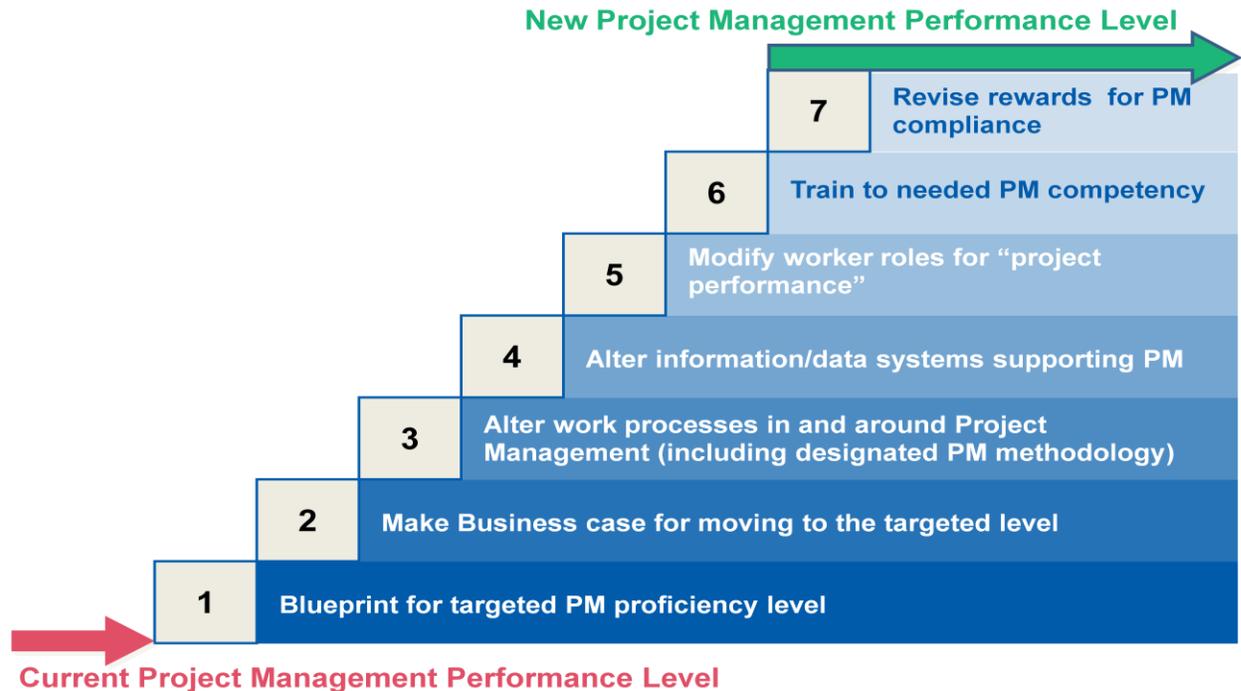
If PM is the proverbial problem child when companies attempt to take projects (of any magnitude) to successful outcomes, what is the solution? The first step is to figure out where the organization's competency level is currently. The second step is to decide what competency level is desired. Keep in mind that an attempt to improve by more than two competency levels in a single step is probably doomed to failure. It is more prudent to plan on a phased approach in which a one or two step improvement target is targeted in a first phase and then, after the results of that effort have stabilized, initiate a second phase for additional improvement.

In fact, the answer is fairly straightforward. The organization must focus on building PM competence, which can be achieved by doing the following:

1. Define PM competence in some detail. Articulate what is expected of the PM system needed by the organization.
2. Adopt or develop a solid PM methodology (work process) that incorporates best practices and critical success factors.
3. Establish a well thought-out plan for building PM competence. Among other things, this includes setting an initial competence target on a PM maturity scale, with a plan for how to move up that scale over time. The plan for each increment of improvement would progress through the seven steps in the following illustration:

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4. Monitor projects for PM performance as well as project quality.

In addition to these action steps, several rules of thumb may prove to be useful:

- Treat the effort as a project, with objectives, plans leadership, etc.
- Industry best practices, company best practices and PM professional standards must anchor the system that is adopted.
- PM methodology must be baked into the corporate culture so that it feels "natural and professional" rather than "bureaucratic and constraining." Encourage compliance with the PM system using both carrots (money, recognitions, etc.) and sticks (principally performance feedback)
- Contractors cannot be depended upon to do everything the way an owner would want it to be done. Even if all the "work" is being done by a contractor, the owner must have its own project team to provide cost, schedule & Q/A oversight, process discipline, change control, training and roll-out.
- Only well established commercially available PM software applications should be utilized.
- No "one-size-fits-all" solution works; the PM system must be scalable to accommodate projects of various sizes, complexity and context. (e.g., The same PM principles apply to both IT and construction projects, but the details and the jargon are very different.)
- No "single-vendor" approach works.

For those who do not know where they are going, any direction can look like the right one. But for organizations spending a lot of money on projects, finding the truly "right" path delivers truly significant rewards. At companies successfully managing projects with an established PM system, the ways to exhibit competence (and the reasons for doing so) have become second nature and are ingrained in the corporate culture. So for each project that comes along a

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disciplined process kicks in just as certainly as the sun rises in the east. Their projects are executed with admirable predictability because they are not continually reinventing the wheel only to learn that two thirds of their wheels end up square instead of round.

Key Roles

How does a company make sure that its projects will succeed? Well, of course, it does everything discussed above. In addition, though, two key functionalities must be nurtured:

- **Competent and empowered Project Managers:** They must be competent so that they know what needs to be done and how to get it done. And they must be empowered to act and make decisions (within well articulated boundaries) so that they can actually deploy the skills they bring to the job.
- **Effective Governance:** Usually this is in the form of Steering Committees / Gatekeepers. This function monitors PM process discipline, addresses issues and questions escalated by the project manager, and ensures that the business case justifying the project continues to be valid.

If the project manager is not empowered, it is most usually because either the project sponsor or his/her line manager has kept the power and is micromanaging the project, inevitably slowing things down and causing other problems. It is the sponsor's job to set the objectives and provide governance leadership. It is up to the project manager's boss to make sure that the right person was assigned the project manager role. It is the project manager's job to actually get the work done. Consider the following:

In one case a Canadian company dipped into their pool of mechanical engineers to make project manager assignments. The result was that their projects were being led by people who normally designed pipe, and although they had project experience, they did not have a project manager skill set. It is not surprising that the company had bad results. The solution was to take the total work load (mechanical design and project management) and divide it into two buckets – one for each skill set – with an organizational unit for each. This provided the leadership and focus necessary to nurture their project managers so that they acquired the competence to deserve empowerment.

In another case, a Gulf Coast chemical company hired a contractor firm to do most of the work. When the contractor had a problem or a question, they contacted the owner's project manager. The project manager was not empowered; he referred such issues to his boss who, most often, referred them to his boss. In effect, the director of technology was the real "project manager". And decisions took forever. In the absence of a quick response, the contractor experienced some dead time which increased his overhead for which he back charged the owner. Lost time; extra cost. The company's project managers, having grown accustomed to this cultural reality, had in essence been "trained" not to make decisions. The solution was to acknowledge the problem, commit to empowering project managers and, since the incumbents did not seem ready to use the empowerment wisely, to hire an experienced project manager (who was accustomed to making decision)s to provide a role model and to mentor and coach the incumbents.

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If the governance system fails, it is often because the gatekeepers do not really understand the PM system they are charged with governing and/or they treat the process gates like “another communications meeting” without recognizing that a gate review is a decision event. They must determine whether the project is truly ready to move on to the next stage – or even if the project should continue at all. Consider this classic case:

A processing company that went through the work of developing and deploying a formal PM system did a good job of defining the project manager role, etc. When real projects came along, however, the steering committees did not step up to the plate. They did not learn the new system well enough to be able to tell when projects were deviating from the new process, they signed off on forms that had not been completed properly, they approved scope changes that expanded the projects without adjusting the budget and schedule . . . and the projects continued to come in late and over budget. The solution was to mandate training for steering committee candidates and to have the CEO include steering committee performance in the performance objectives of his subordinates.

Call to Action

Beset by the trials and tribulations of real life, formal PM systems do not always produce champagne-toast results. But they are much more likely to succeed than the ad hoc, part time, seat of the pants approach. And although it may seem intimidating to embark on a PM improvement campaign, what needs to be done is really not that exotic (as the examples above indicate). The main thing is for management to decide that PM is important and to get the ball rolling. Most organizations can get there if pointed in the right direction – and if they need help, they can get it.

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About Endeavor

Endeavor Management, is an international management consulting firm that collaboratively works with their clients to achieve greater value from their transformational business initiatives. Endeavor serves as a catalyst by providing pragmatic methodologies and industry expertise in Transformational Strategies, Operational Excellence, Organizational Effectiveness, and Transformational Leadership.

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