

A man with grey hair and glasses, wearing a dark suit, white shirt, and a red and white striped tie, is walking down a spiral staircase. He is smiling and looking towards the camera. The staircase has a metal railing and a dark carpet. The background is a bright, overcast sky.

Sid Kemp, PMP,
President of
Quality Technology
& Instruction,
San Antonio,
Texas, USA

BY PETER FRETTEY * PHOTOS BY HA LAM

EMPOWERING

EXECUTIVE DECISIONS

WHILE EVER-CHANGING BUSINESS PRINCIPLES MAY PROMISE
BOOSTS IN EFFICIENCY AND PRODUCTIVITY, AN ORGANIZATION'S
PROJECT MANAGEMENT COMPETENCY TRULY CONTROLS ITS DESTINY.

PRODUCTIVITY AND EFFICIENCY

are at the top of every executive to-do list. The true value of project management is in the peace of mind it brings executives, knowing that risks are addressed, the team is working effectively and success rates are higher.

Instead of obsessing about the investment involved in a quality project management process, organizational leaders should think of the loss in productivity without one. "Because only 55 percent of projects are typically completed successfully, think of what

happens if we raise that by a mere 5 percent," says Sid Kemp, PMP, president of Quality Technology & Instruction, San Antonio, Texas, USA. "If a company has an annual project budget of \$100 million, that means that \$5 million more worth of projects now succeed that would normally succumb to failure or budget constraints."

Executives must realize that many projects fail because efficiently delivering a predefined scope is not effectively achieving benefits. "For the achievement of benefits, an organization needs effectiveness and strategic project management, which far extends the tools and techniques of tactical project management," says Thomas Walenta, senior project manager at Hackenheim, Germany-based IBM Global Services Germany. "It requires a level of support that is not routinely present at the executive level."

PMO Perspective

Fortunately, once executives realize the potential role project management plays in achieving overall efficiency and productivity goals, the opportunity exists to enhance the outcome even further. To help increase efficiency, executives need to balance the many initiatives transpiring throughout the organization. An empowered project management office (PMO)

EXECUTIVE SUMMARY

- When executives embrace the project management office (PMO) concept, they provide a newfound structure and efficiency that positively feeds the organization's bottom-line.
- Executive sponsorship demonstrates management's commitment to project success.
- A company's ability to succeed regardless of industry or environment weighs heavily on its ability to efficiently execute on plans.

takes a bird's eye view to effectively prioritize and manage initiatives across the enterprise.

Done right, PMOs provide the pertinent organizational structure and establish clear lines of communication at every level. "The PMO assists in tracking project scope, goals, deliverables and interdependencies, while monitoring the budget and resource requirements. The PMO also tracks closely the dependencies external to the project and all inherent risks to the project, allowing the project team to focus

on tasks at hand," says Mark McNally, senior project manager with Align Communications Inc., New York, N.Y., USA.

→ To enable a PMO to increase both efficiency and productivity, executives must provide standards, training and continuous improvement, while ensuring that each division of the company has qualified, capable project managers. "Executives must parallel a project's success with the organization's strategic goals and coordinate a standard system of reporting project status so that departmental managers know that they are both responsible and rewarded for project success," Mr. Kemp says. "Companies without PMOs are dinosaurs wondering what to do about the mammals. If these organizations fail to add project management as an organizationwide strategic asset soon, all their worries will be gone—and, so will they."

Yet, simply installing a PMO does not guarantee increased productivity and efficiency. Improvements are difficult to achieve when a PMO lacks executive strategic support, the authorization to define tactics and the ability to train all project team members in a common standard. "PMOs need departmental incentives that reward changed behavior and must include both positive and negative feedback so all project managers can improve processes and make them their own," said Mr. Kemp. "Even if the PMO is able to do all of

this, it must also link internal process changes to important external results such as increased customer satisfaction and profit for executives to see the true benefits."

Defined Sponsorship

To further boost productivity, executives also must become active executive sponsors for projects regardless of the scope or scale, says Venkatachalam Narayana Iyer, PMP, senior project

manager for the Trivandrum, Kerala, India-based division of US Technology Resources LLC. "This approach enables the different project teams to get the support they need on a timely basis and enhances the productivity of each project team," he says.

Efficiency improvements require complementing any tactical project management initiatives with strategic project management implementations, ensuring funding, providing management support and emphasizing organizational priorities with project managers. As active sponsors, executives lead the programs or projects, coach the project manager and promptly address escalations. "Often executives are not educated or experienced in taking the role of a sponsor, and therefore lacking sponsorship is one of the major root causes for troubled projects," Mr. Walenta says. "One sign that is happening is when sponsors only act as controllers and scrutinize the project manager."

→ An effective executive sponsor increases productivity by clearly defining goals, signing a written charter to give the project manager sufficient authority over needed resources and funding, attending the kickoff meeting and ensuring that everyone understands that the project's success is a priority. "Sponsors need to advocate the project among peers, defend the project's budget and resources, be available to resolve conflicts between this project and other organizational objectives as well as help solve other problems requiring executive authority," Mr. Kemp says.

Executives must realize that true executive sponsorship goes far beyond providing supportive lip service and providing resources whenever requested—it requires a level of involvement that does not tend to come naturally. "Executives are the only folks with the broad perspective to ensure that internal process changes connect to bottom-line improvements, and the only people with the power to ensure that short-term demands don't derail long-term improvement efforts," Mr. Kemp says.

The Speed of Change

When the stakes are high and a project's outcome can determine a company's future, executives must foster and develop an environment where effective, rapid change is possible. For instance, to ensure profitable success that contributes to the bottom line with each new product development, new market entrance or change in work style, executives must define key objectives and enlist the best team to solve the right problem. "We vastly increase the chances of success when we

MANAGEMENT MISSTEPS

CONSULTANT DEPENDENCY. Executives can boost short-term productivity by using outside resources, but there must be an integrated management team that includes the client's managers and the consulting team, says Michael McLaughlin with Deloitte Consulting. "The impact of this behavior is that the client's team doesn't necessarily build the project management skills needed to do the next project. So the client must, once again, look to the outside service providers to help."

OVER-EMPHASIZING HARD INDICATORS. "Hard indicators such as on-time or on-budget alone do not give a holistic view," says Sara Roberts, president of San Francisco, Calif., USA-based Roberts Golden Consulting. "They should be seen in conjunction with softer factors, such as how many scope changes the project had, surveying project team members for their view on the project as well as how satisfied internal and external customers were with the project's process and outcomes."

SHORT-TERM SCOPE. The tendency to live in the moment, such as adopting a quick fix only to switch to the newest fad, can be a detrimental executive decision, says Sid Kemp, PMP, Quality Technology & Instruction Inc. "Investment in improved processes requires a commitment to changing the corporate culture. People can and will grow and change, but only if the management expects that of them and rewards it."

RESOURCE OVERLOAD. Adding resources to a team under the guise of productivity doesn't necessarily increase productivity or enhance the project team. "In many instances, resources assigned to the project need to educate the resources added to the team, the skill sets of the [new resources] may not be the best fit for the team and thus can hinder the continuity of the project," says Mark McNally of Align Communications.

SUBJECT-EXPERT RELIANCE. Too many projects fail because executives allow subject matter experts within an organization to move into a project management role. "While some exceptions may exist, a subject matter expert rarely has the refined skills to project management," says Marc Hirshfield, PMP, Vitalize Consulting Solutions Inc. "Executives must support the use of project managers who understand the philosophies and intricacies of the practice to see the ultimate benefits."

thoroughly plan including effective management of risk, communications, human resources and other crucial success factors," Mr. Kemp says. "An unforeseen weakness in any of these areas can kill a project—and if a high-stakes project fails, careers and maybe the company go with it." Executives must have a solid understanding of who, externally or within the organization, can positively contribute and at what level to make sure high stakes projects run productively.

This planning and scheduling process routinely leads to efficiency. "You need to consider all aspects and involve the end user to make sure that everything is realistic before setting



FOR THE ACHIEVEMENT OF BENEFITS, AN ORGANIZATION NEEDS EFFECTIVENESS AND STRATEGIC PROJECT MANAGEMENT, WHICH FAR EXTENDS THE TOOLS AND TECHNIQUES OF TACTICAL PROJECT MANAGEMENT.

Thomas Walenta,
Senior Project Manager, IBM Global Services Germany,
Hackenheim, Germany

BECAUSE ONLY **55 PERCENT** OF PROJECTS ARE TYPICALLY COMPLETED SUCCESSFULLY, THINK OF WHAT HAPPENS IF WE RAISE THAT BY A MERE 5 PERCENT. —SID KEMP

a schedule,” says Marc Hirshfield, PMP, practice director of project management at Kennett Square, Pa., USA-based Vitalize Consulting Solutions Inc.

When project teams view executives as an adversary, productivity rarely results. While executives need to remain firm with expectations, they also need to understand the importance of serving in a support role, especially when project stakes are high.

→ Mr. Kemp adds that regardless of what executives do to increase efficiency, they need to realize that bringing in project management requires a commitment to accountability, responsibility and fact-based decision-making, instead of blame and finger-pointing. “Good project management increases organizational flexibility and its ability to respond rapidly to change,” he says. “Without good project management, a company wastes resources, failing to change rapidly enough to keep up with the competition. Project management, therefore, is an essential competitive asset.”

Prudent Allocation

One of the most common approaches executives take once they realize the value project management provides to the

bottom line is to dedicate additional resources. While this action results from the hope that additional resources will continue the upward performance trend, such success is not widespread and may actually cause an adverse reaction.

“If executives throw in more money, what tends to happen is that more money gets spent, and there’s no direction for improvement. If you throw in more people, you can end up with more people with no direction—known as a mob. Mobs are not intelligent, and they are not effective,” says Mr. Kemp. As a result, increasing resources by either adding to the budget or throwing more people into the fold should warrant serious upfront executive consideration. **PM**



Peter Fretty, a Whitehall, Mich., USA-based freelancer, has appeared in more than 40 trade and consumer magazines, including *Advanced Manufacturing*, *Continental In-Flight*, *Food Engineering* and *Industrial Engineer*.