

FIXING PROJECT MANAGEMENT:
A MUST-HAVE

Consistent Standards are Key to Multi-Vendor Operating Models

Michelle Mack, Principal Consultant



INTRODUCTION

Today's complex multi-source operating models are characterized by numerous suppliers that provide infrastructure, applications and business services. At any given time, multiple concurrent projects are in flight and in the pipeline. These projects can range from updates to infrastructure components, systems interfaces or application functionality, to business initiatives around new product roll-outs and marketing campaigns. Project managers are typically drawn from a mix of suppliers, service providers and contractors (with a corresponding mix of management processes) to augment client staff and oversee development.

In such environments, Project Management (PM) standards and discipline are often inadequate, inconsistent or non-existent. The result is a significant negative impact on operational performance as measured by cost efficiency, productivity and service quality. Moreover, PM challenges manifest themselves at both a micro level, in terms of individual projects, as well as a macro level, in terms of multiple interrelated projects in the context of a broader operational strategy.

Top-performing organizations increasingly recognize that effective program and project management is essential to today's complex operational environments. This ISG white paper examines common issues around project management, and discusses steps that organizations can take to design and implement an effective Program/Project Management Office (PMO) to address these issues and ensure consistent oversight of critical operational projects.



ORGANIZATIONAL ISSUES

A combination of factors accounts for the lack of effective PMO structures or project management processes in multi-sourced environments. One is the inherent complexity of organizations with multiple third-party suppliers. Moreover, while most organizations generally recognize the benefits of project management, budgets are limited and priorities are endless, so PM improvement is often pushed toward the end of the queue of initiatives by more pressing issues.

Gaining organizational buy-in for project management also presents a challenge. Imposing a standard set of processes, tools and reporting requirements across a wide range of clients, stakeholders and suppliers requires overcoming the formidable obstacle of, "But we've always done it this way." More specifically, process discipline and standardization can be perceived as threatening to "heroes" within provider organizations who are valued for their skills and responsiveness. Business users, meanwhile, bristle at the need to follow processes rather than relying on informal networks and personal relationships. (For more on this topic, download the ISG white paper, "[Heroes vs. Process Discipline](#)"). Moreover, many organizations have had negative experiences with project management discipline initiatives. In these cases, strict, inflexible standards are imposed and are perceived as structure for structure's sake rather than a means to operational improvement.

Acknowledging mistakes can be essential to overcoming bad impressions. When rolling out a new PMO initiative, one ISG client acknowledged that past project management processes were too casual and ineffectively applied, and had failed to meet the organization's needs. To gain stakeholder support, the client emphasized that this time change was to be taken seriously.

PM CHALLENGES

To a large extent, PM problems result not from a lack of processes, but rather from a multitude of standards. Project managers from a variety of companies and backgrounds apply a variety of different processes and tracking and reporting tools. The result is confusion and inconsistent results among and between suppliers and business stakeholders. With every supplier using a unique process to report on specific project deliverables, the result is an inability to track the project in its entirety, or to subsequently gauge the benefits delivered.

For example, ISG worked with an organization where two key suppliers on a project could not agree on a common standard for reporting milestones and deliverables. The client was forced to add resources for the sole purpose of consolidating reports into a common format. Implementing consistent standards from the beginning would have provided the same benefit at little incremental expense.

FIXING PROJECT MANAGEMENT: A MUST-HAVE



Without standardization and cross-training, covering for absent project managers becomes a nightmare. Knowledge management suffers without library functions for shared project artifact repositories and standards for document routing and version control. Inconsistency and multiple standards also limit the ability to acquire “line of sight” into portfolios and track and manage the inter-dependencies of different projects within a portfolio and how they impact overall performance.

Another fundamental problem is a lack of basic metrics to gauge efficiency, productivity and quality, as well as a dearth of clearly defined standards and processes for project methodologies, deliverables or staff performance. Common templates or schedules around projects and change control management are rarely established or followed. Charters, plans for quality management and communication, project stakeholder analyses and knowledge transfer reports are similarly sparse.

Similar problems characterize reporting of project workloads, resources, risks, issues or status. Projects lack common controls, tracking mechanisms or dashboards, or integrated escalation processes.

While the management of individual projects is often characterized by dysfunction, organizations also struggle to gain visibility into project portfolios. Rather than taking a big picture view that considers the interdependencies of multiple projects and manages the overall program of services, organizations typically treat projects in isolation as discrete, stand-alone efforts. As a result, resource utilization and planning capabilities are diminished, as ebbs and flows in demand can't be anticipated.

PROGRAM VS. PROJECT?

The term “Program Management” and “Project Management” can be interpreted in different ways, and are often used interchangeably. Strictly speaking, the terms can be defined as follows:

Program Management involves taking the “big picture,” macro view that assesses the overall portfolio of projects within an enterprise, and requires managing multiple interrelated projects in the context of a broader operational strategy.

CHARACTERISTICS OF AN EFFECTIVE PMO

Micro View

For individual projects, the PMO establishes consistent processes to define the project charter, requirements, business and technical teams, and metrics and standards around quality management, communications and meetings. Consistency across these activities is essential to prevent confusion among both suppliers and the business.

A Benefit Realization Report ensures that each project is assessed based on its requirements and business benefit as established in the project charter, enabling the goal of continually assessing performance and alignment to business strategies such as reducing a marketing campaign's lead time or speeding up a product development cycle. Control and change management processes include a service request process integrated with contract governance, allowing for seamless hand-off of service requests within the business workflow. Contract governance ensures that all supplier project activities are integrated and appropriately scoped and priced in the context of the overall supplier contract.

FIXING PROJECT MANAGEMENT: A MUST-HAVE



Effective program management requires prioritization and coordination; namely, ensuring that adequate and appropriate resources are committed to the most important projects, which are executed with an understanding of their inter-relationships in the overall portfolio. Another key is utilization planning, and anticipating resources that will be required as major new projects come through the pipeline.

Project Management is the micro-level view of individual projects, and aims to ensure that each project aligns to business requirements and is delivered efficiently, as measured by KPIs around cost efficiency, productivity and quality. Consistency, documentation and process discipline are key success factors to effective project management. "Project Management" can also be used as a generic term to encompass both individual project performance as well as the broader endeavor of managing the enterprise portfolio of projects.

Macro View

The Program Management component of the PMO manages specific business initiatives that entail multiple related projects, including supplier-led projects, to coordinate and integrate activities in order to ensure business objectives are met.

Specific functions of the PMO include creating dashboard views for tracking and reporting multiple projects across multiple stakeholders, with defined milestone highlights. Stakeholder and client priority rules are established and applied to each project, as are metrics around project complexity, effort, risk and interdependency.

These aggregated views of workload, resources, risks, issues and status enable tracking and reporting on the performance of the overall portfolio.

Management

A PMO can be managed by a client or service provider team, or by an independent third party. The latter approach is typically optimal, as an objective and unbiased perspective on often conflicting agendas and priorities is an essential component of an effective PMO. As such, a PMO managed by a third party is generally more likely to provide transparency and insight and to fairly represent the interests of multiple suppliers.

Benefits

An effective PMO removes the onus of project management from the client's functional organization. Rather than managing individual projects and overall portfolios, the functional organization determines which projects are "in scope" for the PMO to manage and defines business priorities. The PMO then matches the core competency and experience of a project manager with the business needs of the projects to ensure that the project and business deliverables receive the proper level of expertise and understanding.

KEYS TO SUCCESS

Effective Project Management requires a delicate balance between paying attention to the big picture, and at the same time focusing on detail at a granular level. Specifically, organizations need to balance business demand and priorities against available resources across the entire portfolio, while ensuring that individual projects are efficiently managed.

Communication between the functional organization and the PMO is essential to addressing this challenge. At a high level, the PMO must track resource requirements for ongoing and future projects to ensure that critical initiatives are properly staffed and that resources are not being absorbed by low-priority projects.



Buy-in from executive leadership is another critical success factor. As with any organizational change, resistance – whether in the form of “not invented here” or simple inertia – can be difficult to overcome without leadership and support from the top. Executive support can take different forms depending on the organization, but one of the most effective means is participation in Program Management reviews and decisions, especially early on, where executive involvement signals commitment to the PMO and the processes inherent to it.

Important and Urgent

Implementing effective PMO initiatives has traditionally been a struggle. However, businesses are recognizing that, in today's complex multi-vendor environments, the issues related to ineffective project management are not only *important*, but also increasingly *urgent*, as they have a significant impact on operational performance and, ultimately, achieving business priorities.

ISG has observed that effective management teams are responding to the challenge and taking steps to implement effective PMO initiatives that provide oversight to project portfolios and at the same time instill rigor and discipline to individual projects.

ABOUT THE AUTHOR

FIXING PROJECT MANAGEMENT: A MUST-HAVE

Consistent Standards are Key to Multi-Vendor Operating Models

Published June 20, 2013



MICHELLE MACK

Principal Consultant

For more than 20 years, Michelle has built an award-winning career in sales and marketing and project management. She has established the largest Project Management Office (PMO) client to date at ISG and leads a diverse team of professionals to handle integrated high-profile initiatives. Her clients benefit from her hands-on experience in customer relations management (CRM), database operations, product development, launch and training support and multi-channel consumer communications.



ABOUT ISG

Information Services Group (ISG) (NASDAQ: III) is a leading global technology research and advisory firm. A trusted business partner to more than 700 clients, including 75 of the top 100 enterprises in the world, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry’s most comprehensive marketplace data. For additional information, visit www.isg-one.com.

Let’s connect NOW...

