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Project Management as a Strategic Tool Impacting Business Performance, Profitability, and Competitiveness

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Project management expertise, methodically applied by professionals, is a powerful capability that can literally transform the way companies think, behave, plan, execute, and succeed. Three principles – process, discipline and leadership – can and do produce results for multiple business challenges.

More than ever, it takes savvy, intelligence and skill to win in the manufacturing marketplace. Inherent business cycles force over-capacity. Strong global competition and unrelenting pricing pressures are your reality. Without doubt, your company's profitability is determined by product innovation and value, asset utilization, production efficiency, and fulfillment optimization (low inventory and high customer service performance).

With staffing levels fluctuating, market indicators creating confusion rather than confidence and competition shaving margins to the bone, the manufacturing executive needs more than “traditional” stop-gap solutions. Doing business the same old way leads to the same stumbling blocks: Your teams lack collaborative synergy. They are behind schedule or over budget. Worse, as a manager, you can't put enough time into focusing on the big picture.

What do you need to help your employees do more with less . . . to squeeze more productivity and profits from your operations? A better way to help your people increase the value of their contributions, using the skills of a professional project manager.

Taking A Hard Look at Yourself

Most likely, the challenges you face are not based on your company's lack of technical or core skills, or an inability to create a vision. The problems often stem, instead, from how well the critical initiatives (projects) that enable the vision are executed.

The job of managing a project to a successful conclusion is, often times, simply added on to a technical professional's other responsibilities, or, is assigned on the basis of staff availability. "My scientists are spending far too much time trying to manage projects, and far too little time doing science," said a pharmaceutical executive of this too-familiar scenario. Consider the proficient musician drawn out of her role to conduct the orchestra: the vision remains . . . the skill is intact . . . but the "potential" harmony becomes noise.

Beyond fundamental project management proficiencies, professional project managers possess, by necessity, both technical and business management aptitudes. Putting a sole focus on managing a project (unencumbered by other responsibilities or internal politics), and, contributing tested protocols, tactical support, and a host of facilitation experience, means that these professionals deliver results at any level of an organization. Consider the professional project manager the Federal Express of initiatives.

Not Just An Engineering Function

The discipline inherent to managing a capital project – what most of us view as the traditional role of a project manager– was the early foundation of IPM's professional project management services. Several years and thousands of projects later, the lessons have been crafted into part methodology (process and discipline) and part character, behavior, and attitude (leadership). This proven approach is repeatable, regardless of the company's business or particular problem, as seen in the examples below.

Are You Nearsighted?

For better or worse, companies are in a constant battle to reinvent and streamline themselves to maximize performance and improve shareholder value – sometimes on a

quarter-by-quarter basis. Working with the guidance of a professional project manager, one company not only identified, but eliminated, 20 percent of its non-profitable SKUs, immediately increased its manufacturing efficiency and profit margin, and re-established sales focus to new, emerging markets. A separate operational efficiency program was then put in place to further reduce unit manufacturing costs.

Watching Your Assets

An objective analysis and re-casting of work processes can help you make more effective use of your assets, be they human resources or intellectual property.

After hiring a major consulting firm to create a new business model for reducing its time to market, a pharmaceutical manufacturer found it still lacked an actionable plan. Professional project managers were brought in to analyze the new model. It showed that individual work processes were difficult to understand and not well integrated, causing the team difficulty in sharing information and meeting deadlines. A simplified work process designed with input from the users was adopted that described each step of the drug development process in understandable terms. The user teams were coached through application, and kept motivated and involved through deliberate facilitation.

The company launched its new product in less than half its typical track record, giving it a significant first-to-market competitive advantage. As is often the case, the magic was in the execution!

A Shorter Pipeline

Lessening the time it takes to get “a winner” from the lab bench to the store shelf is the name of the game. Professional project managers are essential in orchestrating people and work processes to bring new product ideas to market faster, reliably, and more profitably.

For example, IPM recently worked with a pharmaceutical manufacturer to facilitate planning, coordination, and communication between the company’s technical team and its supply chain. Production interruptions were eliminated that could have cost this company as much as \$10-million *per day*.

Better Processes = Better Products

During no other time has it been more critical for companies to maximize efficiency, safety, quality, and profitability of materials management, manufacturing, and fulfillment operations. The continual scrutiny and improvement of processes by trained individuals who are expert at effecting change is essential and invaluable.

A household products manufacturer recognized the need to engage professional project managers to alleviate problems and delays being experienced during scale-up for a new product launch. The national launch had been aborted twice due to manufacturing issues. A full plan of attack included:

- Identifying and quantifying principle risk factors objectively;
- Identifying key resources capable of addressing these and other key success criteria;
- Redesigning the project team structure to effectively address challenges and communicate with stakeholder groups;
- Creating contingency plans; and.
- Applying intensely focused, ongoing facilitation of team activities.

Working on a condensed timetable, a flawless start-up of the new production line was achieved in less than seven months (from process design to national launch) – something the company said it could not have achieved alone.

Getting it Right The First Time

A traditional bastion of the project manager is implementing upgrades, modifications, and expansions to sites, buildings and/or utility systems. In this setting, the professional project manager provides thorough services that prioritize, justify, plan, schedule, and assess value and constructability issues, step-by-step, as any major capital project should be managed.

For a chemical manufacturer, the result of this objective expertise and disciplined approach was millions of dollars in value generated by:

- Reduced project timelines;
- Reduced construction costs;
- Improved cost-to-value ratios;
- Improved safety and quality experience; and,
- Improved design for use.

When Worlds Collide

While the Information Age has found its way to the large manufacturer, along with it has come a perplexing paradox. Despite the importance of technology in managing everything from inventory to customer service, IT budgets are trending downward.

Obviously, the appropriate technology package must be put in place in order to allow the manufacturer to make the most informed business decisions possible. This can happen only through an individualized analysis of information needs and flow.

Savings of between \$1.25 and \$2 million were recently realized by a company that retained a project manager to ensure an IT tool it was about to implement for its research and development team met user requirements. Before any investment was made, an analysis of the company's current data sharing methods was completed. The data collection and sharing process was re-designed, and a less costly Web-based IT system was recommended that better fit the new work process.

A New Era of Sophistication

Performance of individuals and teams on a daily basis is the essential precursor to realizing greater value, be it in improved products, increased productivity, more efficient manufacturing processes, or moving in a new strategic direction. When project management is cultivated as a core competency and practiced as a profession, and is given the opportunity to work at various points within an organization, its impact on performance, profitability, and competitiveness is far-reaching.

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