



It stands to reason that a **HIGH-PERFORMING** organization would choose **STRATEGIC INITIATIVES** that effect the greatest competitive advantages and ensure that resources and activities are **ALIGNED** to these priorities.

An organization that can accomplish this creates **SYNERGY** that will allow it to do more, better, faster, and cheaper.

Unleashing the Strategic Power of Project Management

By **C. Richard Panico, President**
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The practice of project management is getting far more attention and press than it did almost 15 years ago when I left Johnson and Johnson to start up Integrated Project Management Company, Inc. (IPM). However, I question how many business people truly understand the practice and its strategic potential and consider it a profession.

Does your organization view project management as a skill that can be taught to and applied by anyone? I argue that project management involves much more than knowing how to develop a work breakdown structure, manipulate planning and scheduling software, determine resource requirements, and manage a network of tasks. These skills and tools are important; however, even in the hands of a proficient practitioner, they are not enough to ensure

the success of projects requiring strong collaboration and interdisciplinary support. The fact is, most “business critical” projects require this level of cooperation.

When choosing an individual to lead a group, manage a department, or in some other way guide the efforts of others, most organizations realize that several attributes are essential. Usually, people chosen have more than a strong knowledge of and expertise in a functional area. They typically have the ability to visualize the possibilities, strategize approaches, and, most importantly, inspire others to join the journey; these people possess what we consider leadership attributes.

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Why is it then, that when appointing project managers, companies often overlook the attributes and characteristics that are sought in other leadership roles? I wish I had the answer. IPM's experience indicates that fewer than two percent of those in functional, professional roles are capable of forming and leading high performing teams. Those within corporations recognized as having this potential are also the ones who should be and typically are promoted to senior management. If management needs consume the leaders, who manages the projects? With too few qualified candidates available, companies are prone to compromise. However, in some cases the reason for assigning the "wrong" person is a misunderstanding and underestimation of the project manager's role. It is highly likely that within the next decade professional project management will be much better defined and understood and will receive the credit it deserves as a profession requiring extraordinary leadership skills.

From the 1940's through the 1980's, project management was generally considered a practice employed by engineering, construction, and military personnel. With the information age, rapidly evolving technology, and increased global competition, it became painfully obvious that change management and continuous improvement initiatives (often accompanied by major paradigm shifts) needed extraordinary organization, coordination, collaboration, communication, and execution discipline. A spotlight was cast upon project management procedures and professionals as the solution to managing these often huge, complex, multifaceted projects. Unfortunately, in many cases, these projects suffered tremendous inefficiencies because of poor processes, the lack of execution discipline,

and lack of leadership. Analyses of these failed or "damaged" projects indicate that often the project management assignments were doled out based upon the technical knowledge of the candidates.

The good and bad experiences of the last decade have gone a long way to highlighting the importance of project management and project management professionals. It no longer suffices for organizations to get things done "eventually" or pay a greater price than what "it should have cost." To compete in today's global economy, companies have to target the right initiatives, involve the right people, and execute precisely...no wasted steps, time, or money. Just as conductors are essential to creating symphonic harmony, project managers are essential to creating harmony in activity. To this point, insightful, progressive companies have discovered a greater return from their assets, intellectual property, and human resources through the

Are you confident that departmental priorities support strategic plan initiatives?

application of the project management approach to any and all initiatives, *especially those of greatest strategic importance.*

Strategic Planning; Product Development

An organization's major initiatives are typically identified as part of its strategic plan; this serves as the foundation for communicating direction and establishing business priorities. It stands to reason that a high performing organization would choose strategic initiatives that effect the greatest competitive advantages and ensure that resources and activities are aligned to these priorities; an organization that can accomplish this creates a synergy that will allow it to do more, better, faster, and cheaper.

Think of a strategic plan as the program and the various initiatives as projects. Project managers and others with an understanding of program management know how critical it is to create an integrated activity network (among the projects) if the program is to progress expeditiously toward its destination and realize its value proposition (deliverables). Does your organization use a program management approach to develop

and execute its strategic and annual plans? Are you confident that departmental priorities support the strategic plan initiatives? Are resources that could be collaborating to move the company to a greater competitive position working instead on non-converging (or worse yet diverging) objectives? Integral to program and project management is resource planning. Integral to the execution of a strategic plan is resource planning. How many organizations do it? Companies are realizing that one of their best investments and competitive advantages/opportunities lies with their human capital, yet few deliberately and consistently plan and prioritize individuals' workloads. Is this a candidate for applying project management methodology? You bet!

Reluctance to change has been formed through either poor execution experiences or failure to elicit desired results.

Let's consider a strategic application for project management: business process optimization. Few would argue that business processes should be the target of continual scrutiny and improvement. However, many resist change. Could it be that change experiences have left much to be desired because of poor execution? Using the simplest of arguments, why would anyone resist changes if these were consistently well organized, communicated, and thoroughly executed and they delivered positive results! Take your own survey and I believe you'll soon learn that peoples' reluctance to change has been formed through either poor execution experiences or failure to elicit desired results.

Other great applications for professional project management are product development and lifecycle management initiatives. Talk about a need for an integrated plan, collaboration, and minimizing missteps. This gets even more complex and challenging as you consider highly regulated products (pharmaceuticals and foods). Consider the number of organizations within a company that needs to understand and deliver to their individual and collective responsibilities to get a new drug to market. The number of inputs and outputs is mind-boggling! Many organizations have paid large consulting fees to have these processes re-

engineered only to realize minimal benefits. Why? The process, not unlike a good project plan, is rendered sterile without the disciplined application and strong facilitation that comes with program management leadership. There are too many good, documented processes sitting on shelves waiting for the only ingredient that can render them effective – human intervention.

Leadership

This provides a great entree to two of the three elements I consider essential to effective project management: discipline and leadership (the other is process). At IPM, we have chosen to describe our profession "the optimal integration of process, discipline, and leadership." As noted earlier, organizations often opt for technical expertise when choosing project managers, offering too little consideration to the critical human elements. How many recognize that few projects fail for lack of technical expertise?

Companies who believe that technical and scientific projects (drug development, telecommunication, IT/IS) can be managed only by someone who has an extensive knowledge and expertise of the technology or science need to question the depth of their company's core technical competency. If the project leader's technical expertise is critical to the project's success, then I contend that this person should be on the project team as a support resource and not the leader. The conductor cannot effectively lead the orchestra and at the same time play an

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instrument. Of course, relatively small projects are reasonable exceptions; a three-piece band does not need a conductor. The larger and more complex the undertaking, the greater the need for strong leadership skills and the less the need for technical proficiency. What is needed in most organizations for large projects to be successful is the framework and facilitation

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that catalyzes the core competencies to deliver exceptional results. There are numerous current examples of companies that have extraordinary capabilities yet have not been able to deliver profitable results. In several cases, these companies have greater capabilities than do competitors that have surpassed them. Unrealized potential has little value.

If what is needed is so painfully obvious, then what's holding us back?

Would you accept as a possible answer: the threat of leadership? Grant me the premise that, historically, those considered the technical experts are the first to be called upon to manage projects. I now offer the probability that these people were also considered the leaders within their environments. It is also probable these individuals were considered leaders whether or not they possessed the interpersonal, inspirational, visionary, and many other traits that generally describe leaders.

I am not mistaking or underestimating the importance of technical knowledge, for there is no greater advantage than having technical aptitude as well as strong leadership skills (this is, in fact, IPM's hiring model). Unfortunately, there are plenty of organizations who have placed too much emphasis on the technical and too little emphasis on the leadership requirements. Organizations lacking strong leaders are

Few projects fail for lack of technical expertise.

debilitated regardless of their technical prowess. These organizations tend to be less than welcoming to "leaders in their midst." Short of changing the top-level managers, there is little hope of orchestrating the paradigm shift that will cultivate leadership potential within these cultures. Organizations with strong, confident leaders (technical or otherwise) welcome other leaders and create a forceful momentum! If you have had the opportunity to view a strong project leader/manager in action, you probably witnessed the metamorphosis of a subculture that shed many hindrances negatively affecting performance within the environment. Leaders just do not accept excuses...even cultural ones!

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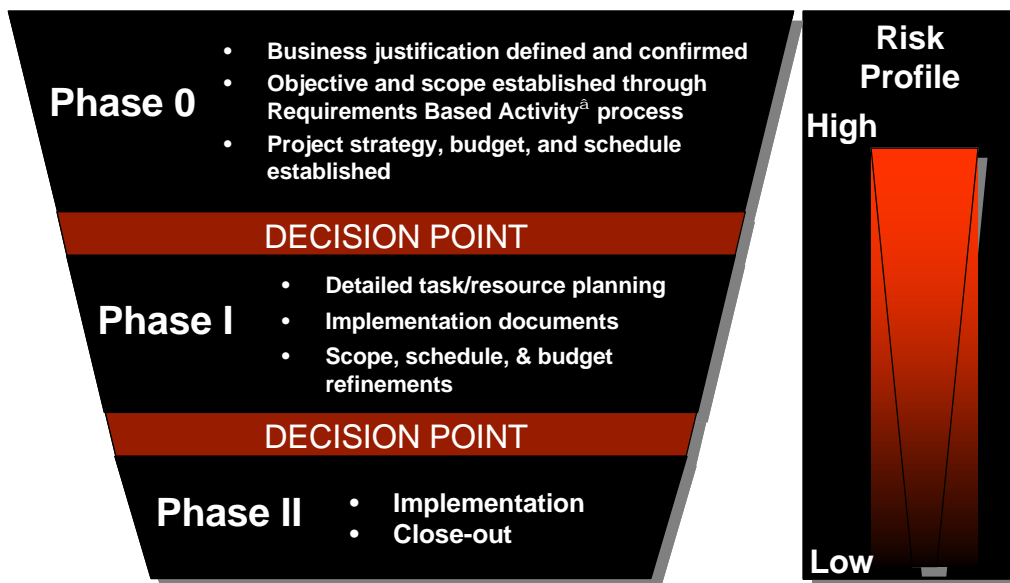
High-Value Initiatives

Earlier, I mentioned that the best project management tools and practices won't help if you do not start with the right projects. You can manage the wrong project with great precision and I doubt whether you will get any accolades or enjoy great satisfaction. So how can project management help to identify those initiatives that deliver the highest value to the company? We already addressed the similarities between a strategic plan and program management and how the latter can be used to align resources and prioritize activities. For IPM, justification for a project is assured through our phased approach, specifically Phase 0.

During Phase 0, the business justification and alignment are established and/or confirmed. Too often, projects are initiated based upon untested assumptions and loosely knit business cases. Phase 0 is described by IPM as the most critical portion of any project. Any error in establishing the project scope, justification, or strategy only grows in magnitude as the project progresses, impacting time and costs. Despite its criticality, Phase 0 is the most often compromised. Organizations with a strong penchant for action and much less for proper planning often find themselves in an iterative process, continually redirecting project activities, wasting time, effort, and money, all in the name of action. It is not unusual for these organizations to be lacking critical performance measures and baselines that would drive improvement.

The deliverables from Phase 0 offer decision makers an opportunity to clearly understand and reconsider the project's value to the business, prior to moving into the detailed planning, Phase I. The deliverables of Phase I include refinement of the scope, schedule, and budget. At the conclusion of Phase I, all resources (people and dollars) are staged, ready for deployment.

IPM's Phased Approach



Though most important to success, establishing the business justification for a new initiative (in Phase 0 of IPM's Integrated Project Management Method) is most often compromised.

Phase II is the execution phase. Assuming Phase 0 and Phase I were done properly, Phase II should be the most fun. How many can honestly say this has been their experience?

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As with any other business activity, the case must be made that project management creates real, measurable value. The value creation analysis needs to go well beyond the conventional (within scope, on time, and within budget) because these often are not readily translated to bottom line business impacts. Projects are justified and undertaken based upon criteria other than scope, schedule, and budget. They are important factors; however, the rationale for the investment typically lies outside of scope, schedule, and budget. How is it then that project performance measures rarely include business value creation measures?

Value to the Business

Project managers are business managers (or at least they should be) because there is no other reason for projects

other than to support the business function. It is surprising how many organizations forget this simple fact. Functional support groups such as engineering, research, and information services must guard against the tendency to view themselves as the business. In this scenario, projects may be generated more out of a desire to do specific work rather than what is most valuable to the business. This is another case where well-developed strategic, annual, and departmental quarterly plans can ensure alignment of support group priorities. The point is, if organizations hope to improve their project management competencies, performance must be measured through metrics that assess real, accrued value to the business. Every project proposal should be accompanied by a value proposition.

In establishing your value proposition and describing value creation, identify both quantitative and qualitative measures. One of the greatest contributions a project can make to the business is its impact on culture and, specifically, how activities are managed. Well-run projects are a joy and learning experience for participants. To emphasize this, I have excerpted the following from a recent business case developed in conjunction with one of IPM's pharmaceutical clients. The business case was used as part of a presentation to executive management by the client's own management representative.

“The value of IPM’s role has been the completion of projects on time, within budget, and with excellence and unprecedented levels of teamwork and collaboration. More specifically, this value is realized in the following ways:

- *Project objectives are clearly articulated and strategies are well thought out and documented.*
- *Team members from various functional areas and technical disciplines understand their roles and responsibilities on the team and are aligned to the overall project objective and strategy.*
- *Robust and aggressive Project Plans and Schedules are in place and utilized to manage activities and proactively identify risks, thereby avoiding costly delays and enhancing management’s confidence in the team’s ability to deliver on commitments.*
- *Functional managers can make informed decisions regarding resource assignments and project funding needs.*
- *Team members are able to reach consensus on how to resolve key project issues.*
- *Technical resources from a variety of disciplines collaborate instead of work in functional silos and have the time to focus on solving a project’s technical challenges while leveraging IPM’s project management expertise.*
- *Project information and issues are documented and communicated to team members and key stakeholders in a timely manner that facilitates decision-making.*
- *Team meetings are coordinated and facilitated efficiently, properly planned via agendas and documented via published meeting minutes.*
- *Information and lessons learned are shared across projects so effective approaches can be rapidly reapplied with maximum benefit throughout the organization.*

The above elements that enable our project’s success are the result of the disciplined application of the project management leadership IPM provides. Without IPM’s involvement, projects consistently suffer from delays, budget overruns, and frustrated team members, all of which have a direct cost impact to our company. Stated another way, IPM offers us a competitive advantage because of the unique skills it applies to reach company goals.

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In addition to the generalized value IPM adds as noted above, IPM’s value can be categorized in more concrete terms --the four basic metrics traditionally associated with project management: scope, schedule, budget, and quality; and, in other strategic success measures:

- *94% critical milestone achievement on or ahead of schedule (Time to Market, Schedule Conformance)*
- *9.0 months of unanticipated schedule compression (Time to Market, Time to Profitability)*
- *100% project management budget compliance for completed projects (Cost Variance, Time to Profitability)*
- *46 innovative project management tools or contributions tailored to specific project needs (Time to Market)*
- *18 client testimonials highlighting the value of IPM*
- *\$738,000 in cost avoidance (Cost Variance, Time to Profitability)*
- *\$306,000 in cost savings (Cost Variance, Time to Profitability)”*

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How you choose to measure performance and value contribution is up to you. However, it may benefit your approach to assume you are an external, professional project management firm that must convey to the client that there is great value in using you and your approach. A major disadvantage of many internal project management groups is that they do not have competitive market influence to drive continuous improvement. The outside service

provider performs and continually improves or goes out of business. Great value can be realized by adopting the perspective of an outside service provider.

In the end, what is most important is that your organization develop the capabilities, either internally, externally, or through a combination of both, that allow you to execute projects efficiently and consistently. This is no longer a competitive advantage: it is a competitive requirement.

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