

Building Your Business with Powerful Project Management

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Abstract – Project management is a powerful business tool. You can use Project Management (PM) throughout your organization to boost personal and collaborative productivity, and ultimately show triple digit return on investment. In this paper, we’ll explore the use of PM throughout the enterprise and show you how to build a standardized system that embeds PM best practices. You’ll use our return on investment model to illustrate the benefits to your bottom line, and we’ll show the success formula that Cheetah Learning used to achieve an average 500% per year revenue growth over the past four years. The power of project management isn’t a theory. We practice its real-world applicability every day. And so can you.

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1.0 PM: The Value Builder in Your Organization

PM is the science of getting things done. It's what every organization and individual needs to do to succeed. The problem in most companies is that there is no set process for PM. According to a February 2003 study by The Center for Business Practices¹ (CBP), the largest project management challenge facing companies is implementing a consistent process.

What happens when there is no common process for getting things done in an organization? From lost time to inconsistency, no process means poor performance.

Signs of Poor Performance

- **Lost Time.** People spend too much time creating and recreating the processes.
- **Duplication.** They duplicate efforts.
- **Lost Knowledge.** They do not benefit from the best practices that other people have discovered.
- **Inefficiency.** They are inefficient because they are using poor processes.
- **Inconsistency.** They achieve inconsistent results.

1.1 The 3 Ps: Project. Process. Performance.

A project is any activity in an organization that has a distinct deliverable and a clear beginning and ending. There's an interdependence between processes and projects because organizations are made up of processes (activities that are done repeatedly) and projects (events with a distinct beginning and end). When your projects follow a process, then you achieve greater performance.

As the quality movement showed in the 90's, the biggest improvements in operational productivity result in addressing process improvement and control of operational processes (both manufacturing and administrative.) According to the Standish Group's CHAOS Report² which reviewed over 40,000 projects in the last ten years, when there is not a consistent process for doing PM in a company, companies waste up to twenty percent of all project dollars spent. Beyond dollars, poor PM processes result in schedule delays, lost customers and can cost organizations a competitive advantage when they are late to market.

¹ A Business Case for Improved Project Practices by Jim Brosseau, Software Productivity Center Inc. Version 1.11 (www.spc.ca)

² The Standish Group Report, Standish Group International, West Yarmouth, MA
www.standishgroup.com.

The power of PM is a competitive tool for your organization that is easy to learn and can be applied with simple web-based and office automation tools. The performance benefits of a uniform, repeatable approach to PM are not just for the Global 2000. It's a realistic achievement for companies of all sizes.

1.2 Five Ways that Project Management Transforms Organizations

1. Develops Exponential Effectiveness: In most organizations, people work on cross-functional teams to complete projects. For example, a company working to automate their bookkeeping system will have a project team consisting of computer programmers, finance specialists, accounting specialists, and computer hardware specialists. When people from different departments know and understand a common PM process to get their work done, they can start to work together without having to design how they are going to do it. They can apply their skills to doing their work instead of figuring out how they will work. They also have fewer time delays and conflicts because there is a common understanding of how the work will progress, how their work together is interdependent, and how they will measure their success.

2. Empowers Individuals and Team Leaders with the Skills to Succeed: People inherently want to do the right thing and work effectively with others. When there is a common, simple approach for PM and the correct tools are available throughout the enterprise, people are empowered to effectively reach their goals, together and individually.

3. Creates Institutional Memory: How smart is your company? Industry standard PM practices require a critical project closeout phase that collects lessons learned and gives your organization powerful historical knowledge from across the enterprise. A company that can learn and grow, rather than continually repeat mistakes will move faster.

4. Realizes Return on Innovation: An easy-to-use PM methodology gives organizations a way to truly put innovation in motion and make implementation a reality. It's easy for a good idea to get derailed when people struggle to implement the details of the work required to bring the idea to fruition. We'll show you a framework that makes it achievable for people to move from vision to action with a comprehensive, project plan that supports their objectives.

5. Turns Information into Insight: When easy-to-use PM principles are applied throughout your organization, you have a competitive advantage by turning information into insight. You capture best practices and know what is and isn't working in your organization. You can also get new products to market faster and use the best information out there; information based on your customer's insights.

2.0 The Power Variables

There are three key variables that impact the success of an enterprise-wide approach to PM.

1. **Focus on departments who will receive the most benefits and make best use of the new capabilities.** They are your internal public relations team because they are living the power of the results.
2. **Create contagious commitment.** When you show success with early adopters, people will want to understand what you're doing with PM and be a part of the ongoing success.
3. **Give people tools.** A support system that is easy-to-use with tools that people will use, ensures success that has lasting impact.

2.1 Benefits from Improving Project Management Capability

Some parts of the organizations are better than others at doing PM. When you look at areas of your organization that seem to have a higher innate ability to do PM, you'll see these commonalities:

1. **The type of people who are attracted to the specific work required.** People attracted to more technical fields (such as engineering, IT, finance) are more inclined to prefer the management rigor required by PM. Creative people attracted to new product development and marketing typically prefer less process and work flow structure.
2. **The number of projects required in a specific part of the business.** People who are continually assigned to projects naturally create more streamlined and effective ways of working.
3. **The level of industry support for doing project management in those specific business areas.** People who have readily available examples of how other people in their industries are successful with project management are more inclined to use techniques that others found to be successful. The IT technical field in all disciplines has ample amounts of PM practitioners and material published. Specific industries -- such as the pharmaceutical, automotive and aerospace industries -- have more mature adoption of PM, while the advertising industry has very low adoption of PM.

The following table shows the typical capability of PM in an organization based on the type of work the people in the organization do. It also shows how much time each of these areas of the company are usually involved in project management and the value they would gain by adopting a standard framework for doing PM across the enterprise.

Department	Typical PM Capability (within an organization)	Amount of Time Spent on Projects Overall	Value of Adopting Consistent PM	Typical Position Titles
New Product Development	Moderate	High	High	Research
Marketing	Low	Moderate	High	Marketing
Sales	Low	Low	Low	Sales
Customer Service	Low	Low	Low	Service
Engineering	High	High	High	Engineering
Manufacturing/Production	High	Low	Moderate	Manufacturing
Distribution	Low	Low	Low	Shipping
Facilities	Low	High	High	Facilities
IT	High	High	High	CIO
HR	Low	Low	Low	HR
Finance	Moderate	Low	Low	CFO
Legal	Low	High	High	Corporate Counsel
Accounting	Moderate	Low	Low	Comptroller
Executive	Low	Low	Low	COO

2.2 Early Adopters

To motivate change, it's best to work with the key levers for change in the organization. Instead of rolling out a large change effort for the entire organization, focus on smaller, high profile improvement activities in the areas where there is a high value from using a standardized PM method. For example, marketing is an area of a company that will receive a high return on investment by adopting a standardized approach to project management. People attracted to the marketing field are generally adept at internally promoting their efforts. By getting the people who will spread the word about the effectiveness of the new techniques as early adopters, you increase the chance of your success throughout the organization. Additionally, marketing projects tend to be less complex and produce faster, high-profile results. People want to be part of a successful initiative. When you go after the early wins where there are big payoffs, the rest of the people in the business will jump on board much faster. Nothing sells like success.

2.3 Supporting Systems

Addressing the human elements of an enterprise-wide project management initiative is critical for a successful launch, but for long term sustainability there has to be a system that supports the staff's implementation of standardized PM Practices. In the course we teach on enterprise-wide PM, we use the BOT International web-based PM process platform to show how to share best practice PM processes throughout an organization. The support system needs to go beyond a website of shared best practices to include performance measurement because *what gets measured, gets done*. We also recommend a web-based PM performance measurement tool called PM Scorecards™ to measure a project manager's performance. Holding project managers accountable for their performance will create long-term sustainable changes in the way your operation manages projects.

3.0 Critical Success Factors for Using PM to Build Your Business

In addition to implementing a consistent approach to PM, there are four critical success factors that will help your operation gain significant improvements using an easy to apply PM approach. The table below looks at these four critical success factors and who is responsible for meeting them, as well as the training and tools needed for success.

Critical Success Factor	Accountable Parties	Training Available	Tools
Choose Projects Aligned with Strategic Objectives Select the right projects that will enable you to achieve your strategic objectives.	Senior Executives	PM for Senior Executives	PM Processes On Demand by BOT International or a similar tool
Focus on Magic Numbers: Three and Seven Keep projects under three months with project teams of no more than seven people.	Project Sponsors (from Senior Execs to Director Level)	Cheetah PM	PM Processes On Demand by BOT International or a similar tool
Embrace a PM Process Empower your project teams with an easy-to-use PM method such as Cheetah PM that enables them to produce consistent results, quickly.	All Project Team Participants	Cheetah PM	PM Processes On Demand by BOT International or a similar tool
Measure and Quantify Measure Project Performance and Project Manager Performance	Project Managers	Cheetah PM Certificate Program	MS Project PM Scorecards

4.0 How to Implement an Enterprise-wide Approach to PM

Once you understand why people in various elements of the organization will adopt a standard, enterprise approach to PM, what their critical success factors are, and how they can achieve them, then you're ready to implement an enterprise-wide approach to PM.

Here is one way to implement an enterprise-wide approach to PM in three steps:

Implementation Element	How
1. Select an enterprise-wide approach to PM – understand your organization, best practices within your organization and those available in your industry.	Do a guided study on the best way to do Enterprise-wide PM in your organization. You can hire a consulting organization or take an online class offered by Cheetah Learning where you work with your online coach to determine your approach to enterprise wide PM.

2. Teach the appropriate PM techniques to people at all levels of the operation.	There are a number of PM Training companies that offer a wide range of PM training courses. Cheetah Learning has an umbrella approach called <i>PM Career Express</i> . In this approach, your team can select from a wide array of courses suited to their responsibilities in the operation, their career aspirations, and their innate strengths.
3. Provide ongoing support and motivation to use the enterprise PM methods.	<p>Web-based support tools - BOT International PM <i>Process On Demand WebSystem®</i> - people can access the PM tools they that work in your operation for effective PM.</p> <p>PM Scorecard™ - measures a project manager's performance because what gets measured gets done.</p> <p>MS Project® and EPM®– easy to use project scheduling, resource management and project tracking tool.</p>

5.0 ROI: PM's Impact on the Bottom Line

Surveys, studies and statistics all point to one thing: PM impacts the bottom line, and return on investment is quantifiable. In their CHAOS Report, the Standish Group conservatively estimates that twenty percent of money spent on projects is wasted due to a company not having a consistent approach to PM. Research by the Center for Business Practices shows that PM improvement initiatives improve project performance by up to fifty percent for the first project and can continue for each new project if the enterprise offers ongoing support with project management tools. Based on this information, we can make a return on investment calculation for PM infrastructure investments made by an organization.

For this example, we'll use the following metrics:

1. Number of employees overall – 200
2. Number of employees involved in projects – 100 (not all are involved full time on project work)
3. Percent of gross revenue used for projects – 30%
4. Gross Revenue - \$40,000,000
5. Percent waste due to poor project management – 20%
6. People involved in projects get training in how to do Cheetah PM and how to reduce conflicts in project teams – 100%
7. People involved in projects who become qualified to lead projects through the Cheetah PM Certificate program – 20%
8. People involved in projects who become certified through the Project Management Institute as Project Management Professionals – 10%
9. People involved in projects who become Senior Project Executives who are qualified to direct the company's project portfolio – 2%
10. Number of Senior Executives in the company - 10
11. Senior Executives who need to understand their role in using project management to build the business – 100%
12. People involved in projects who need to have MS Project – 100%
13. Number of projects in the organization per year – 20

14. People involved in projects that need to support the organization in doing project management through a project management office – 2
15. Product pricing are relative estimates for the purpose of illustration and not firm quotes.
16. To calculate cost savings use the rule of thumb that after you implement an enterprise wide approach to PM to improve the success of projects, you will limit them to three months in duration. Based on CBR research, companies who undertake enterprise-wide project management initiatives experience up to a 50% improvement over the previous project's performance for the first project they do after the initiative is implemented. Subsequent projects continue improving over previous projects. For this analysis, we look at each quarter as an aggregate, since successful projects are three months in duration. The cost savings per quarter is calculated on the historical waste per quarter and it's assumed that the waste is evenly distributed throughout the year. To show improvement from project to project, for each new quarter, the improvement is 50% of the historical quarter's waste plus half the improvement from the previous quarter.

With this data, we can calculate the return on investment from the cost savings of using a simple PM approach. These are conservative estimates because we're not even calculating the operational value of PM's role in potentially getting products to market faster.

Total Cost of Projects							
Cost of Doing Projects		\$12,000,000					
Cost of Poor Project Management		\$2,400,000					
Cost of Enterprise Wide Project Management Implementation							
			Total	% total			
Enterprise Wide PM Web-Based Solution by BOT International			\$50,000	9.30%			
Training	Amount of people	Cost of training					
Cheetah PM	100	\$395	\$39,500	7.35%			
Conflict Resolution	100	\$895	\$89,500	16.65%			
PM Certificate	20	\$4,150	\$83,000	15.44%			
PMP	10	\$3,150	\$31,500	5.87%			
Senior Project Executive	2	\$3,850	\$7,700	1.43%			
Senior Exec PM	10	\$895	\$8,950	1.66%			
Ongoing Support							
MS Project and EPM	100	\$595	\$59,500	11.07%			
PM Scorecard	20	\$395	\$7,900	1.547%			
PMO Staff	2	\$80,000	\$160,000	29.76%			
			\$537,550				
ROI		Q1 Savings	Q2 Savings	Q3 Savings	Q4 Savings	Total Savings	ROI
50% improvement		\$300,000	\$450,000	\$525,000	\$562,500	\$1,837,500	3.42
25% improvement		\$150,000	\$187,500	\$196,875	\$199,219	\$733,594	1.36

Two ROI Scenarios: Triple Digit Performance

This shows two return on investment (ROI) scenarios. The first scenario shows the improvement percentage as measured by the Center for Business Practices for rolling out an enterprise-wide PM approach. For a 50% reduction in waste, the return on investment for rolling out enterprise-wide PM is over 342%. If you take a more conservative estimate on improvement, even at half the improvement, there is still a 136% improvement. The faster you can roll out your enterprise wide initiative, the faster you can reap these rewards.

For organizations with up to 100 people involved in projects, their enterprise-wide PM approach (including training and support systems implementation) can be completed in less than six months with Cheetah Learning's proven methods for using Project Management to build business. What other business investments can your company make that drive over a 342% ROI in less than a year?

6.0 Conclusion

Your Checklist for Power PM in Your Organization

PM is a secret weapon for your organization. It is the science of getting things done, a process that can create competitive advantage for your organization, and ultimately impact your bottom line with real Return on Investment. Here is your checklist to unlock the power of PM in your organization.

1. Know the business drivers and return on investment for adopting an enterprise-wide approach to PM. Make sure your investment in PM process improvements, training, and tools makes sense for your operation.
2. Use a simple and proven approach to align the efforts of project teams.
3. Have people at every level of the organization learn the skills needed to effectively use PM to improve their value to the organization. Have people get the right training for their unique needs.
4. Share Best Practice PM processes throughout enterprise with *BOT International's Custom Websystem* for PM Processes or a similar tool.
5. Get big wins early on by leading with parts of the organization that have the least skills in project management and the most to gain by using a simple project management approach.
6. Provide a simple and effective project scheduling and tracking tool such as *MS Project*.
7. Measure the effectiveness of your Project Managers throughout the project using a tool such as *PM Scorecards* – www.pmscorecard.com.