

Project Management: Finding The Value

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In the late 1990s, I had a pretty good job. Ten years into my tenure with a large, Boston-area health plan, I had advanced to a solid IT management position. Having basically started my career with the company, I had held a number of different roles and been thoroughly exposed to both the business and the technology. I knew the data, had worked with most of the IT applications, and had become immersed in business processes throughout the organization. More importantly, I knew how to “navigate” and had established a reputation as an effective functional leader.

I greatly enjoyed managing dedicated teams of developers and analysts. My role was rewarding not because I relished being “the boss”, but because I enjoyed the challenge of mentoring and building strong teams. Because I WAS the boss, however, I was able to set clear direction without much ambiguity around roles or priorities. The biggest challenge I faced was the need to manage projects and staff simultaneously, but although that was demanding, I enjoyed that aspect, too. If there was a flaw in my management style (I’m sure there was more than one!), it was that I relied too heavily on personal relationships, forged over many years in what had always been a small, tight-knit organization.

As is so often the case, however, when things are going well – they were also changing. The company was making the transition from small health plan to major regional health insurance player and predictably, as it expanded, its middle management layer was expanding as well. Many of the new opportunities being created were for project managers and, as changes took hold, it began to seem as though no business or technical problem could be solved without “bringing in a project manager”. I was asked to work with a project management consulting firm on what was called an IT project management audit, which meant that, for months, I had a consultant constantly at my side. The consulting firm saw the opportunity to make sweeping recommendations - and IT management proved to be very receptive to them. The new direction

soon became apparent: project management skills were in demand and the “old style” functional management model was being de-emphasized.

In 1998, with my career path a little murkier and the dot-com boom beckoning, I left the company to pursue a new opportunity. All the messages I’d been hearing about project management must’ve gotten through, because this new opportunity was a PM consulting role. Over the next several years, as a consultant, I would manage projects large and small, working with organizations of all types, across the country. Along the way, I would learn lessons and gain insights that continue to inform and influence my current healthcare IT consulting practice. I would see the “discipline” of project management applied in less than disciplined ways - costing some organizations dearly in administrative overhead and inefficiency, and others in rework, poor quality, and outright project failure. These experiences would lead me to start thinking about how project management is applied – and how well it really works – in various project situations and to think about how it can be better applied. I wish I could say that I’ve figured it all out, but it’s a work in progress.

The Case For Project Management

I should preface this discussion by noting that the benefits of project management to organizations have been exhaustively documented. Increasing competition, globalization, technological advances, time to market pressures, and other factors have pushed organizations to become more nimble. This evolution – combined with the increasingly project-based nature of work – has led to the rise of project management as a critical competency for both business and IT.

On a personal level, while much of my experience has been focused in strategy, process optimization, and other subject-matter areas, I’ve managed plenty of projects - and project management is a key service offering for my consulting practice. I’m a certified Project Management Professional (PMP) and have been teaching IT project management to graduate business students for years. So, it follows that my purpose here is not to issue an indictment of the field; rather, it is to advance the idea that organizations of all types could benefit much more from project management by both understanding it better and applying it more effectively.

There is room for improvement in organizations of all types, all sizes, and all industries. Start-up companies and large enterprises have widely divergent views of – and needs for – project management. My goal here is to share my experiences, hopefully set the stage for additional thought, and at least start to propose some solutions.

The Large Organization: When Is Too Much Enough?

Parkinson's Law was first articulated by Cyril Northcote Parkinson in 1955. There are numerous interpretations of this famous "law", but one common generalization states that *"the demand upon a resource tends to expand to match the supply of the resource."* In essence, Parkinson's Law describes how large organizations tend to behave and, more specifically, how bureaucracies are spawned, sustained, and expanded.

I've seen this brought to life, in a project management context, in many big organizations. It's true that the sheer number and scope of projects with which these organizations need to contend combine to make formal project management a business necessity. Extensive project portfolios need to be aligned with strategic priorities, project resources need to be allocated, and standards and training programs need to be established. But, when organizations expand their project management functions, or when the PM function is centralized under the authority of a Project Management Office (PMO), the inexorable march of bureaucracy often begins.

This impacts project management effectiveness in several ways. In my experience, one of the ways in which project managers establish credibility is by combining subject-matter expertise with PM skills. When project management within organizations takes on a life of its own, there's a tendency for project managers to become detached from the business or technical functions they're ostensibly responsible for managing. In these situations, as PMs assume roles that are more administrative than managerial in nature, there is often an accompanying erosion of their influence and perceived value.

PMOs can add tremendous value within large organizations, especially with respect to strategic alignment, project portfolio management, standards, and training. As they assume expanded roles, however, PMOs often impose insatiable demands for information and adherence to increasingly rigid standards and methodologies. I've seen many cases in which functional or project teams, frustrated by increased administrative overhead, find creative ways to circumvent established project management standards, processes, or methodologies. In other cases, functional departments bypass PMOs or IT organizations and use outsourcing as a vehicle to meet their project management needs. I started my consulting practice with one of these types of engagements!

The expanded project management "footprint" within many large organizations is often accompanied by an increased emphasis on project management certifications – most notably, the Project Management Professional (PMP) credential. It's clear that an entire industry – spurred by the concerted efforts of the Project Management Institute (PMI) - has arisen around the demand for training to prepare for (and retain) project management credentials. Although there's little doubt that these credentials demonstrate the attainment of significant skills and experience (I can

attest to the fact that I worked hard for my PMP certification!), the question for many organizations is whether they're a "bulletproof" predictor of competence – and should, therefore, be considered required qualifications for project managers.

The Contractor: Is Project Management A Commodity?

The recent shift to a new paradigm of work, based on the flexibility and 'nimbleness' offered by a contingent workforce of contractors and consultants (coupled with the rise of outsourcing and "offshoring"), has been well-documented. As the demand for project management resources has increased, it's not surprising that large organizations have met the demand by tapping into this trend.



In many respects, project management is a perfect fit for this model. Projects, by definition, always have a defined end (although some veteran PMs might dispute whether that's always the case!) and, in theory at least, a project team can be rapidly assembled, the project (or product) can be developed and delivered, and the project team quickly dissolved. A pharmaceutical company that is developing a specific drug or a software company creating a new product release might benefit from assembling a project team, executing the project, and then minimizing risk and overhead by disbanding the team.

Several years ago, as a project management contractor, I worked on a major IT implementation for a large Blue Cross Blue Shield plan. I was immediately struck by the extent to which this organization relied on contract PMs to manage virtually all of the projects in its portfolio. PMs worked in row after row of cubicles, each adorned with nameplates featuring the logos of a myriad of contract agencies. Turnover was high, with many contractors defecting to take permanent positions or more lucrative contract roles. Above this sea of contingent PMs, the organization's full-time associates navigated the swirl of politics and shifting priorities; in most cases, in the spirit of self-preservation, they stayed well above the fray.

To further complicate matters, software vendors who were nominally assigned to work "for" contract PMs on specific projects often circumvented these PMs, recognizing that true authority (most notably, the power to approve invoices!) resided with the company's management-level

associates. A strong, centralized project management office often made resource allocation decisions that clashed with the priorities of functional managers.

It could be said that this organization's approach enabled it to retain the ability to deliver its IT projects, while minimizing the risks associated with a high full-time project management headcount. This delivery model seemed, however, to exact a steep price. High turnover created a 'revolving door' effect, impacting project continuity and driving up the hidden costs associated with the need to repeatedly "onboard" new PMs. With the dilution of the management aspects of their roles, PMs become what might more aptly be described as "process managers".

I was so struck by this fluid, seemingly unstable organizational dynamic that I found myself asking the PMO Director how the organization coped with it. "It's not an issue for us, because we have strong project management processes," she said. "We really don't need established project managers". Although this could've been the response of a senior manager in any one of hundreds of companies, for me, the director's comment raised questions with regard to the very nature of project management. Is project management really a "process" - with PMs essentially functioning as interchangeable parts - or is it a legitimate management function? If a *management* function is commoditized or reduced to a series of prescribed steps, can it be effective?

Regardless of the answer, it's clear that just as an industry has grown up around the demand for project management certifications, another one is thriving on the demand for PM contractors. Anyone who has been a project management contractor has likely dealt with dozens of contract agencies, each recruiting for projects that require PMs with the ability to "run status meetings", "maintain issues logs", "write meeting minutes, "escalate risks", "manage change", or "influence project team members". Increasingly, a PMP certification is either "required" or a "big plus".

The Small Company: Ready For Prime-Time?

A few years ago, I accepted a position with a small health IT consulting firm. As the Director of Program Management, my mission was to be the creation of an internal program/engagement management capability that would both help this fifty-employee company "grow up" (as the CEO put it) and help drive the company's marketing strategy. I was told that my predecessor in the role had been forced out, because "he didn't cut it". I relished the chance to build this function from the ground up and, within my first few weeks in the new role, was ready to present my initial proposals to the combined sales and management team. The idea was to create a service delivery capability that was lean, client focused, and more reliant on a robust, scalable methodology than on dedicated project management resources. I was confident that what I had developed was viable and, most importantly, the CEO seemed to be on board.

When I stood in a small, crowded conference room and started the presentation, however, it didn't take long to recognize that there would be some challenges. As I talked, the CEO stood in

the doorway with a pained expression on his face and the management team, clustered around the conference table, appeared dazed at best. The rest of the presentation, for both speaker and audience, was a test of endurance.

What had happened? From past experience, I knew that small companies, out of necessity, need to focus on top-line revenue. The mantra for most IT startups is usually some variation of “sell, build, and deliver” – and, too often, delivery becomes the orphan. The ideas I was introducing to this small company – ideas that they had initially seemed so eager to embrace - were focused on delivery and, in the minds of its senior leaders, this translated into a dirty word: overhead. The CEO wanted to talk about revenue, the team was geared up to talk about sales - and I wasn’t talking about either of those things.

The irony is that many small companies have much to gain, in terms of top-line revenue, sales, and profitability, from a well-defined project management/service delivery methodology. While many small companies pride themselves (and rightly so) on the individual heroics that enable them to overcome obstacles, deliver projects, and establish a client base, heroics are often synonymous with rework and wasted effort. A strong methodology, with supporting templates and processes, can enable consistent, efficient, and predictable service delivery, with improved quality and increased efficiency. Organizations that treat strong project management and service delivery methodologies as “window dressing” – to be relentlessly pitched to clients, but never truly invested in – are often missing opportunities to both improve their bottom lines and improve client satisfaction, in addition to being able to mention that “robust, proprietary methodology” in their sales brochures.

What’s The Answer?

This article is intended to advance the idea that while project management is a critical discipline for business and IT, its effectiveness and value are significantly impacted by how – and to what extent – it is applied. There are no easy, “one size fits all” solutions. But if organizations are willing to realistically assess their project management needs, capabilities, and readiness, they can enhance the value of PM and significantly improve the efficiency and effectiveness with which they deliver products and services. Here are some key questions to consider:

Are certifications really critical? Some organizations, especially those that are planning and executing extremely large, complex projects, may need project managers with demonstrated skills that span all of the process and knowledge areas that are contained within the project management discipline - with the most well-known example being the Project Management Body of Knowledge (PMBOK). In these cases, an emphasis on certifications such as the PMP probably makes sense.

In my experience, however, I've encountered exceptional PMs who have not held any certifications, and weak PMs whose names have been followed by a stream of acronyms (providing ample evidence of many hours memorizing material and taking certification exams). Some of the best project managers I've known have combined strong management skills and relevant subject-matter knowledge with a balanced, rational perspective on where project management can add value. With this in mind, organizations that invest heavily in PM training or that restrict hiring to only those PMs who are certified need to be sure that they're realizing real returns on these training investments, or that they're not overlooking talented, able candidates.

If your organization does emphasize certifications, does it empower certified PMs to fully apply their skills? For example, the PMBOK prescribes a specific set of steps for project scheduling, including effort/duration estimates at an activity level. In many, if not most real-world situations, however, project end-dates are determined not by meticulous adherence to activity scheduling processes; instead, they're driven by client deadlines, management mandates, political pressure, and other factors - none of which are conducive to the creation of realistic milestones and project delivery targets. While very common, this "right-to-left" scheduling methodology is not covered anywhere in the PMBOK and, as a result, would not be likely to be championed by a certified PMP!

Is your project management function organized and empowered for success?

Organizations that clearly define their project management objectives – and truly empower their project management/service delivery function to attain those objectives – invariably achieve the best results. This article has raised a central question: whether project management is a commodity function that can be adapted to rigid processes, or whether it's truly a management function.

While influencing and negotiation skills are considered critical for PMs operating in matrix environments, my experience has always been that project teams respond best when PMs have some degree of legitimate authority, and when the organization's project priorities are clearly communicated. I can recall one situation in which PMs who needed coding support from a central pool of system developers tended to hover around the 'bullpen' in which these developers sat, doing what could best be described as a combination of cajoling and begging for developers' time. Although this might've been described as influencing behavior, it struck me that there had to be a better way. The line between "nimble" and "chaotic" can become blurred very easily.

Organizations should ask themselves how much is lost, in terms of efficiency and effectiveness, when too much of the project management function is outsourced, or when too much project management power/authority is vested within PMOs.

Are your PM services appropriately scaled to add value? In many large companies, project management costs associated with IT initiatives are not an issue for internal business customers. In many cases, organizational project management leadership emanates from (or is spawned from within) the IT organization - and project management is regarded as “an IT thing”.

For companies that deliver IT products or services to external customers, however, the story is different. External customers are likely to want specific services itemized on proposals – and they’re even more likely to question the need for project management. When an effort is made to define and document how specific project management services are intended to improve delivery or reduce risk, these kinds of questions or issues can be addressed up front.

In my consulting practice, we employ a “scalability matrix” that defines the specific project management services (by phase) that are required for a given engagement, based on metrics such as estimated person-hours, contract size, duration, and other factors. We can then quantify and convey the precise value that will be added by each of these services.

Along these lines, it’s also important to note that although you may be enamored with your service delivery methodology, your customers are not likely to match your level of enthusiasm. Customers may be interested in your methodology only to the extent that you can demonstrate how you’ve applied it for other customers and articulate how it will benefit them.

Is your organization mature enough? Although it’s not likely that large organizations need to question whether they’re ready for formalized project management, it’s a valid question for small companies. There are many ways in which smaller organizations can improve their project management/service delivery strategies, without the need to go ‘all in’ with dedicated practices and full-time PMs.

The development and effective adoption of a structured delivery methodology doesn’t require a commitment of dedicated resources, and small organizations can support their methodologies by creating standardized templates for project plans and other delivery-related documents (document management applications, such as SharePoint, are readily available, easy to use, and can certainly help here). There’s usually no need to ‘reinvent the wheel’ in areas such as the development of proposals or Statements of Work, and process steps required to ensure clean handoffs from sales to delivery can be implemented.

The small health IT company I described earlier in the article wasn’t ready to implement a true project management/professional services delivery function. The firm’s success was

built on a foundation of individual heroics and this most likely continues to be the case. The “takeaway” is that small companies need to lay a stable foundation – culturally, organizationally, and technically – in order to maximize their chances for successful adoption of legitimate professional services delivery capabilities.

The Bottom Line

In order to compete and survive, today’s organizations need service delivery models that are nimble – with emphases on minimizing risk and maximizing cost-effectiveness. Organizations should, however, also look at the *effectiveness* with which they are managing projects and delivering services. They must decide what management means for them. For some, the question might be whether they’re ready for more structure and process; for others, it might be whether an over-emphasis on process and structure is eroding their profitability or damaging their organizational culture.

The rise of agile project management methodologies represents one way in which many organizations are attempting to address some of the issues described in this article. These approaches promote efficiency and align project management with the rapid software design and development methods that are a reality in today’s companies. Other organizations, especially those which must contend with very large projects, resort to the implementation of cumbersome project management information system (PMIS) infrastructures in an effort to automate planning, issue tracking, and other project management functions. I could write a separate article on that topic!

The bottom line is that project management is here to stay as a critical business discipline. The key to its value, however, is a clear understanding as to how it can be most effectively and efficiently applied within specific business, technical, and/or organizational situations.