

# ACHIEVING PROJECT MANAGEMENT EXCELLENCE

*By*  
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**Most of the material in this presentation has been taken from two sources; Advanced Project Management: Best Practices on Implementation, 2<sup>nd</sup> Edition, 2004, and Project Management Best Practices: Achieving Global Excellence, 3<sup>rd</sup> Edition, 2006, both by Harold Kerzner, John Wiley & Sons Publishers.**

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# Today's View of Project Management

- **Today we are managing our business by projects.**
- **Project management has evolved into a business process rather than a project management process.**
- **The project management enterprise methodology contains business processes.**
- **Capturing best practices is a necessity.**



# Benefits of Project Management (1 of 6)

## Past View

**Project management will require more people and add to the overhead costs.**

**Profitability may decrease.**

## Present View

**Project management allows us to perform more work in less time and with less people.**

**Profitability will increase.**



# Benefits of Project Management (2 of 6)

## Past View

**Project management will increase the amount of scope changes.**

**Project management creates organizational instability and increases conflicts.**

## Present View

**Project management will provide better control of scope changes.**

**Project management makes the organization more efficient and effective.**



# Benefits of Project Management (3 of 6)

## Past View

**Project management is really “eye wash” for the customer’s benefit.**

**Project management will create problems.**

## Present View

**Project management will allow us to work closer with our customers.**

**Project management provides a means for problem solving.**



# Benefits of Project Management (4 of 6)

## Past View

**Only large projects need project management.**

**Project management will increase quality problems.**

## Present View

**All projects will benefit from project management.**

**Project management improves quality.**



# Benefits of Project Management (5 of 6)

## Past View

**Project management will create power and authority problems.**

**Project management focuses on suboptimization by looking at only the project.**

## Present View

**Project management will reduce the majority of the power struggles.**

**Project management allows people to make good company decisions.**





# Benefits of Project Management (6 of 6)

## Past View

**The cost of project management may make us noncompetitive.**

**Project management delivers products to a customer.**

## Present View

**Project management will increase our business and our competitiveness.**

**Project management delivers solutions to a customer.**



# Supporting Processes for Best Practices

- **As project management evolved, there appeared supporting processes aligning themselves with project management.**
- **Each of these supporting processes have allowed us to capture additional best practices related to both project management and the supporting processes.**



# Processes Supporting Project Management

| 1960-1985 | 1985                     | 1990                   | 1991-1992                           | 1993           | 1994               |
|-----------|--------------------------|------------------------|-------------------------------------|----------------|--------------------|
| No Allies | Total Quality Management | Concurrent Engineering | Empowerment and Self-directed Teams | Re-engineering | Life Cycle Costing |

**Increasing Support**



# Processes Supporting Project Management

| 1995                 | 1996            | 1997-1998                | 1999             | 2000                 |
|----------------------|-----------------|--------------------------|------------------|----------------------|
| Scope Change Control | Risk Management | Project Offices and COEs | Co-Located Teams | Multi-National Teams |

**Increasing Support**



# Processes Supporting Project Management

| 2001            | 2002                                      | 2003                    | 2004                     | 2005                   | 2006                  |
|-----------------|---|-------------------------|--------------------------|------------------------|-----------------------|
| Maturity Models | Strategic Planning for Project Management | Intranet Status Reports | Capacity Planning Models | Six Sigma Project Mgt. | Virtual Project Teams |

**Increasing Support**



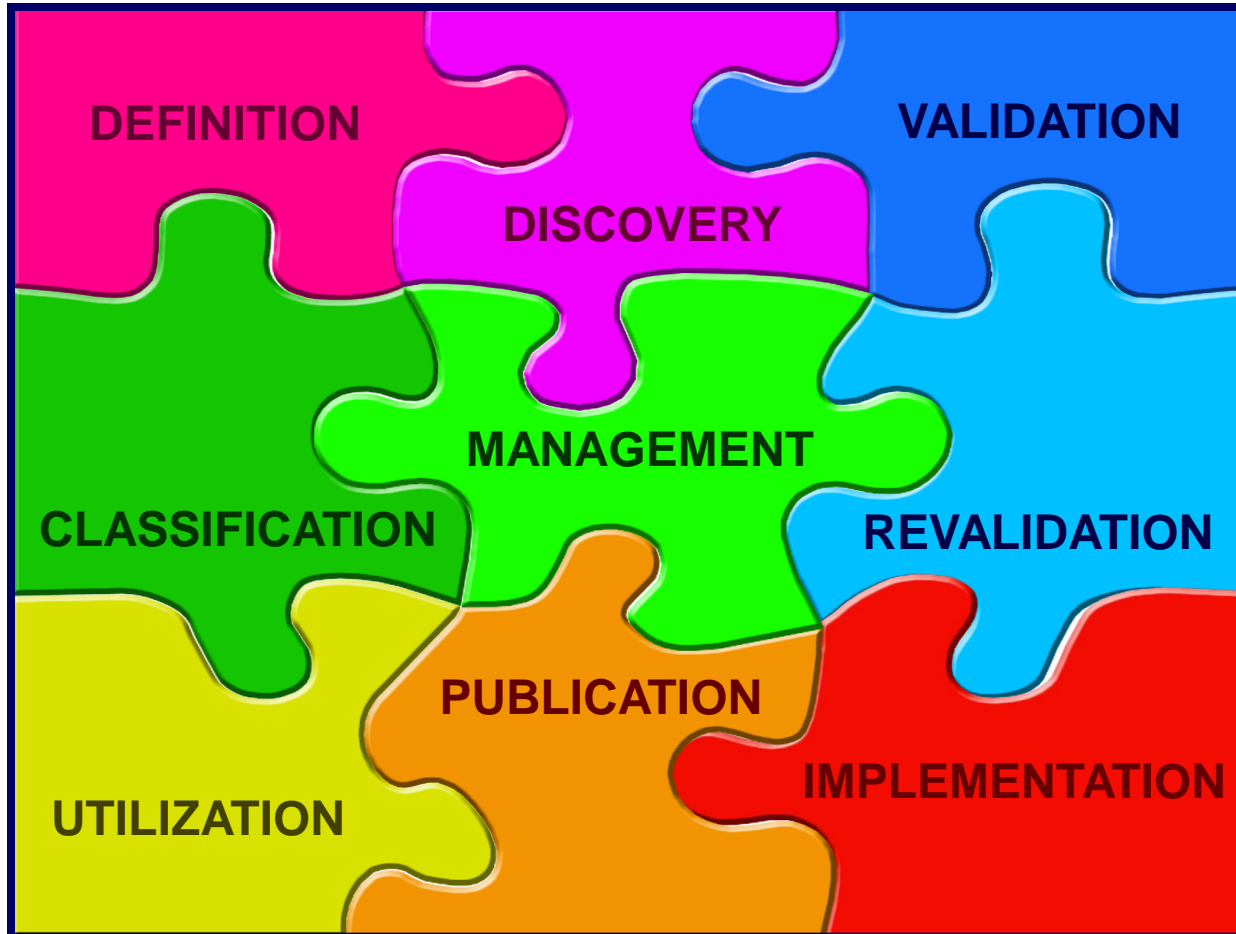
# Processes Supporting Project Management

| 2007                      | 2008  | 2009   | 2010 | 2011 | 2012 |
|---------------------------|---|--|------|------|------|
| Enter.<br>Project<br>Mgt. | Knowledge<br>Libraries<br>for Project<br>Management | Internal<br>Certification<br>as well as<br>by PMI® | ???  | ???  | ???  |

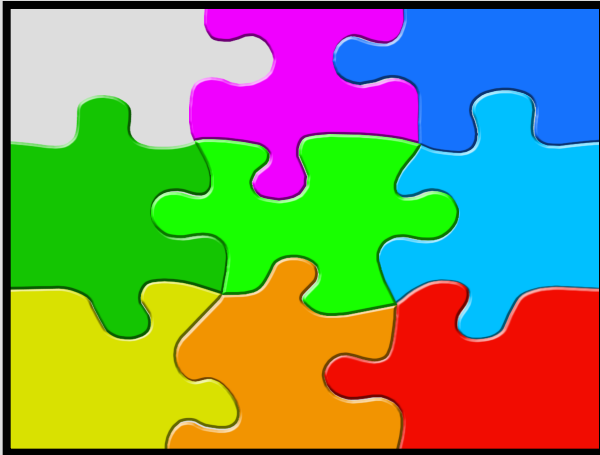
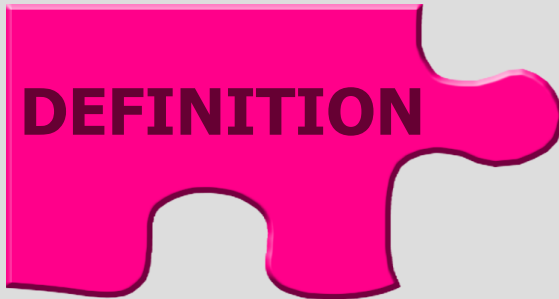
**Increasing Support**



# Best Practices Questions



# Question #1

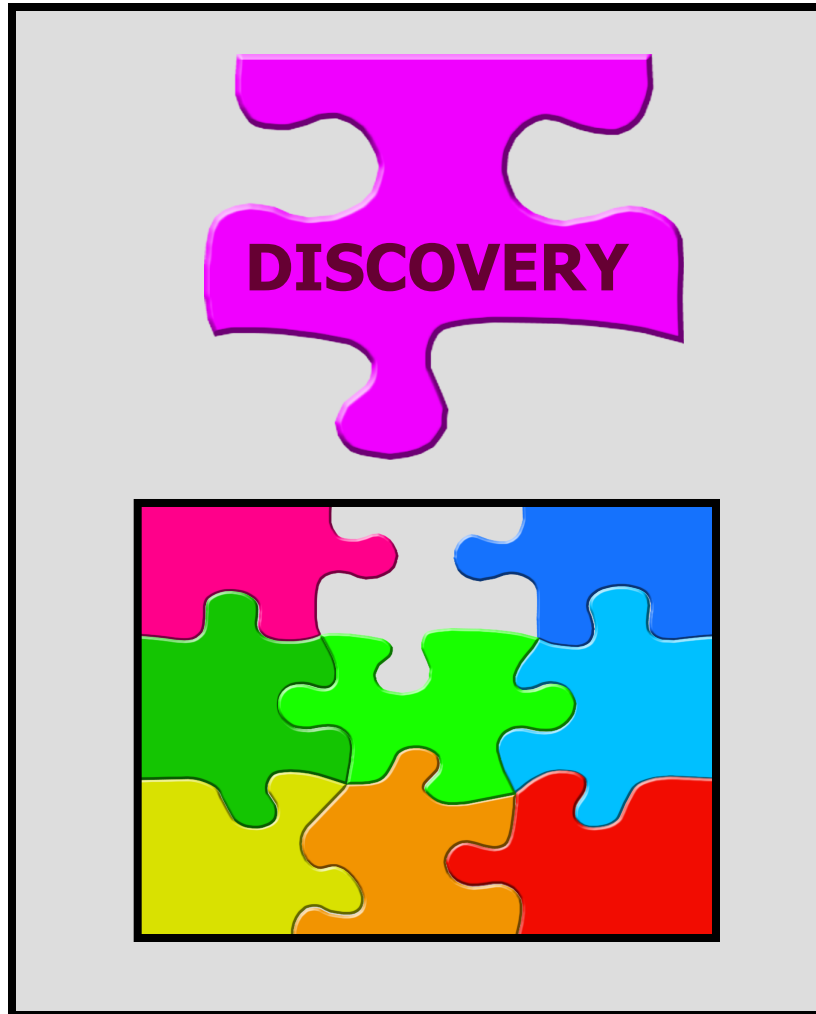


**What is the  
definition of a  
best practice in  
project  
management?**

**(Past view vs.  
present view)**

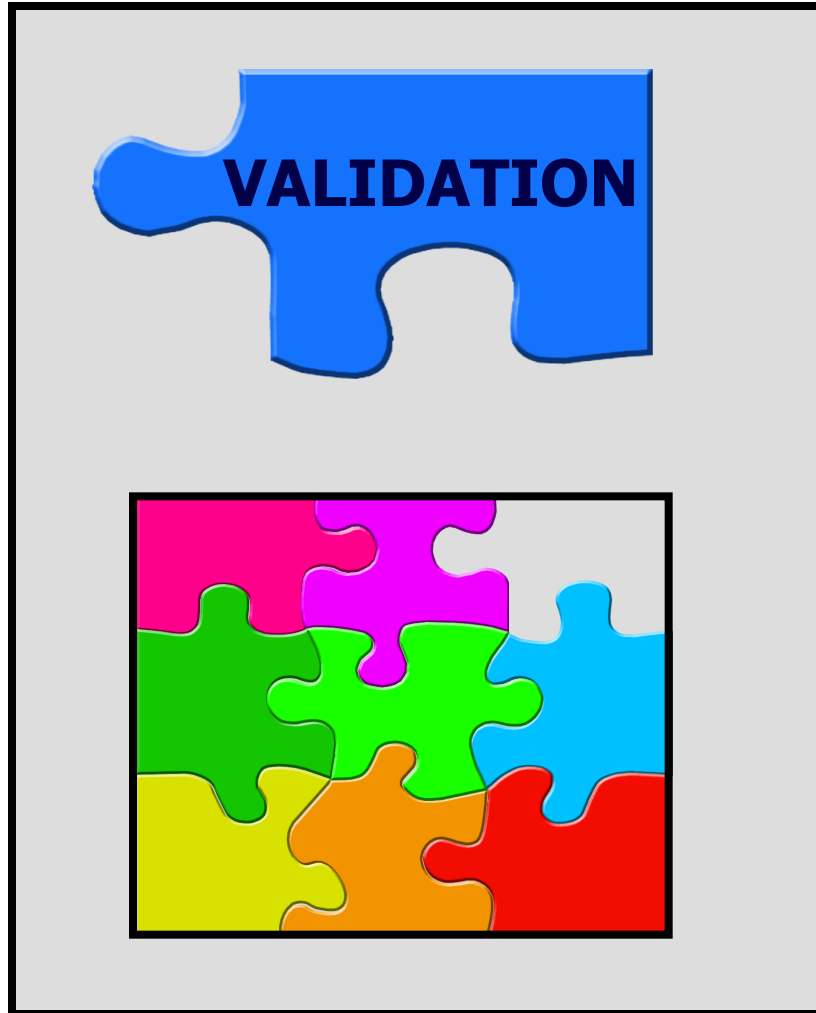


# Question #2



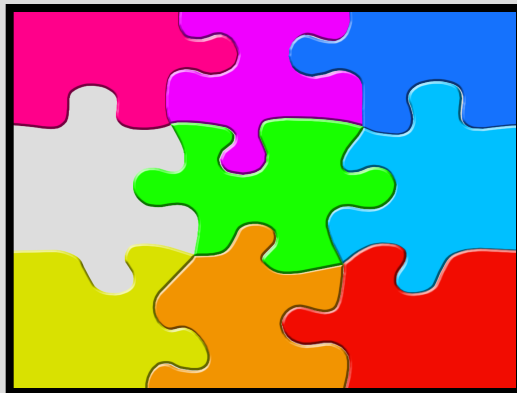
**How do we discover best practices? Where should we look first? Who is responsible for the discovery?**

# Question #3



**How do we  
validate that  
something  
actually is a best  
practice? Who  
should perform  
the validation?**

# Question #4



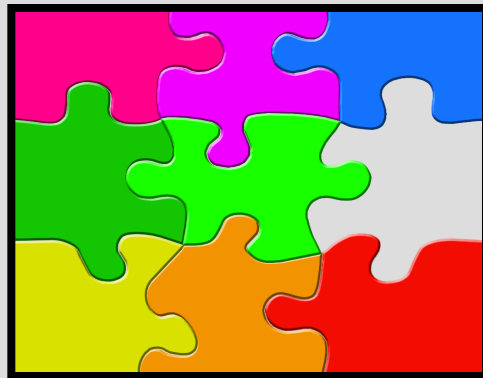
**Are there levels or categories of best practices? If so, who is ultimately responsible for determining the levels?**

# Question #5



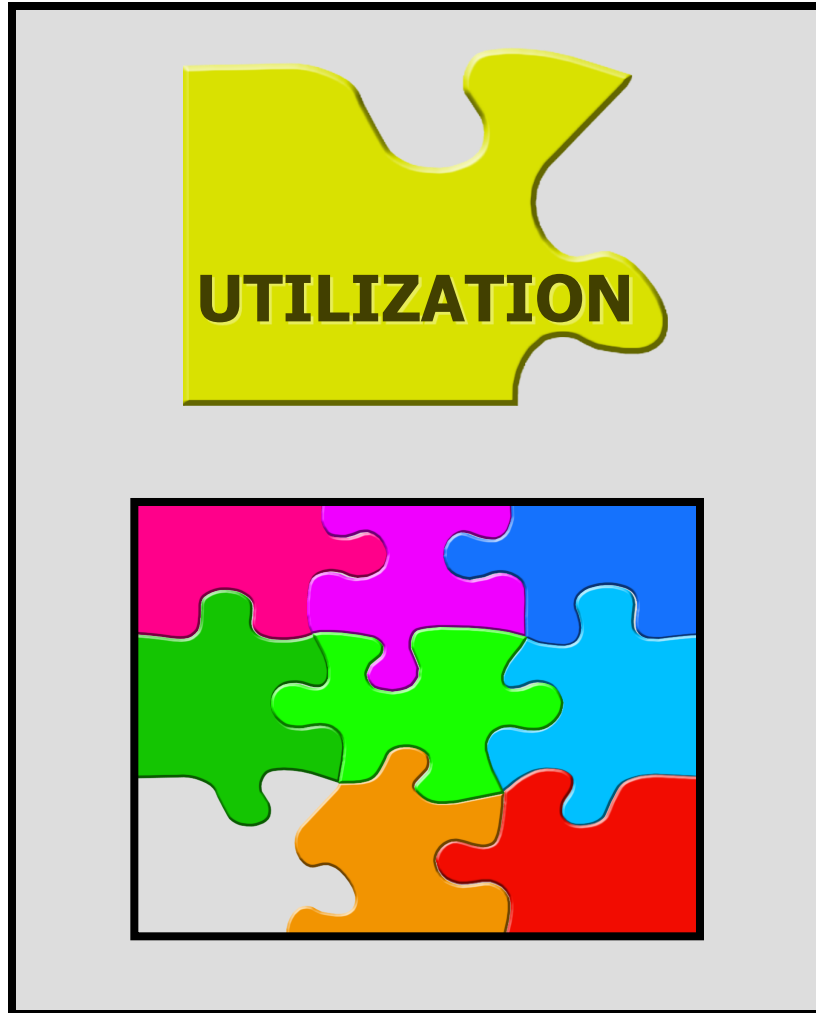
**Who has the responsibility for the ultimate management / administration of the best practice once it is identified?**

# Question #6



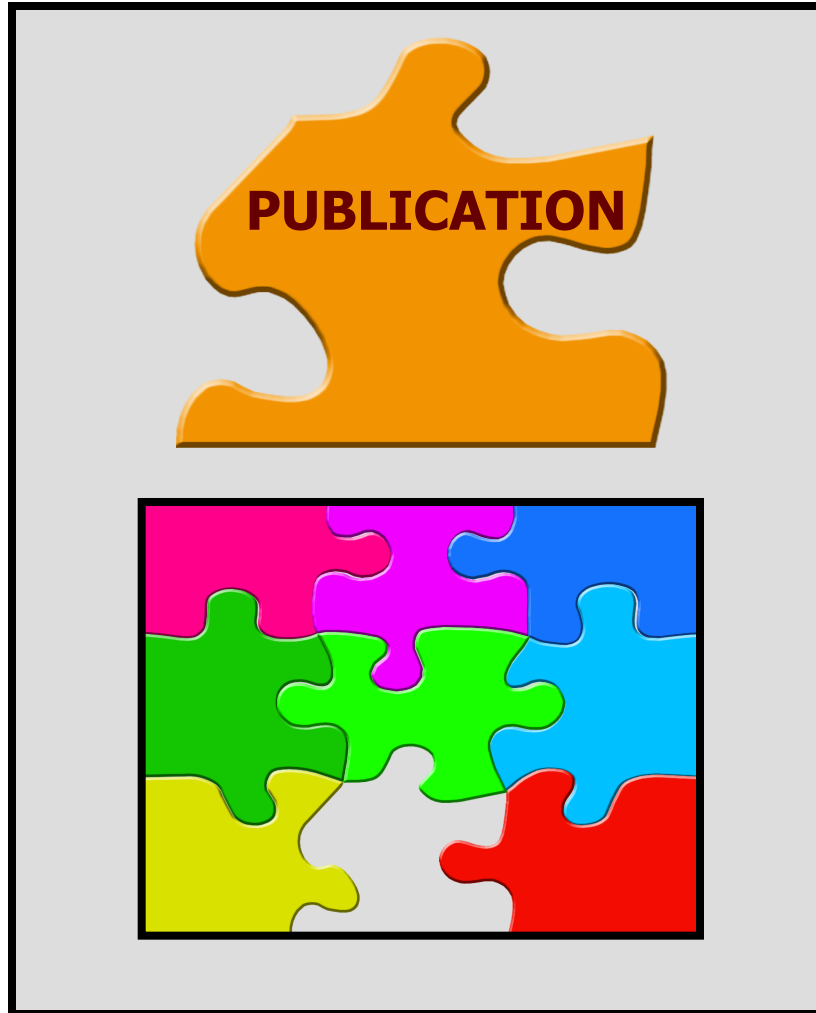
**Who has the responsibility for revalidation of current best practices? How is this accomplished and how often?**

# Question #7



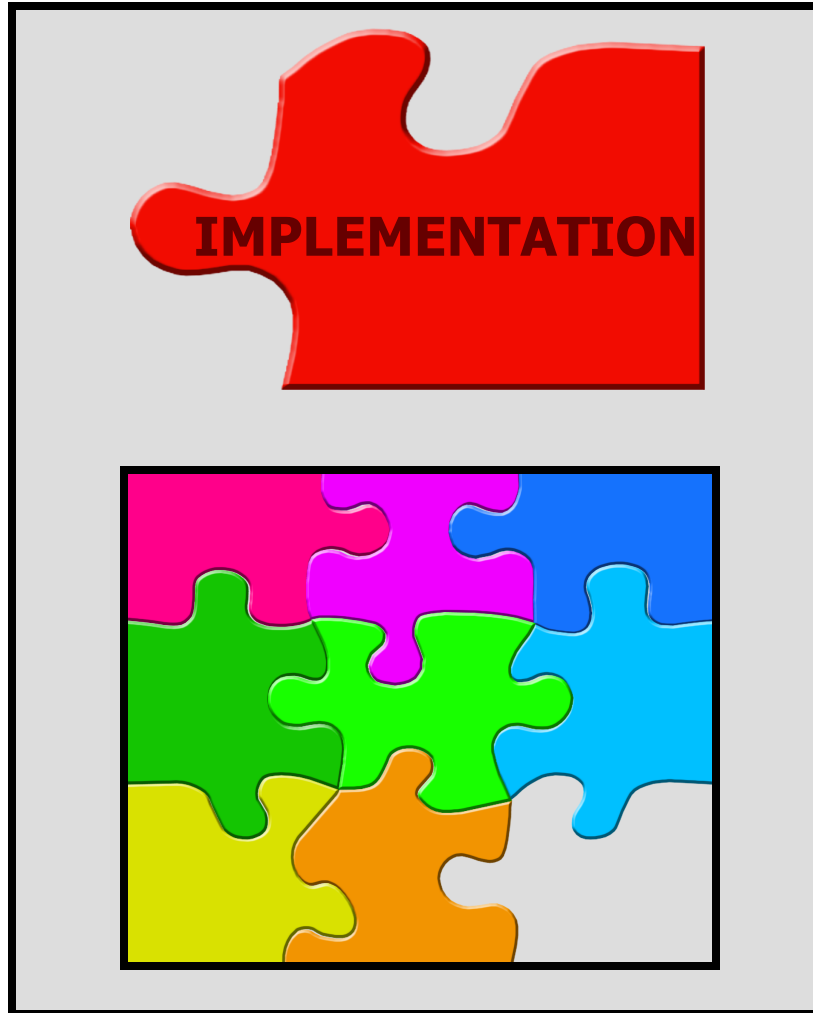
**How are best practices commonly used by companies once they are validated and / or revalidated?**

# Question #8



**What techniques are available by which best practices can be effectively communicated to the employees within a company?**

# Question #9



**How do we get employees to use a best practice?  
How do we validate that it is used properly?**





# Evaluation of a Best Practice (1 of 2)

| Best Practice Characteristics      | Yes | No |
|------------------------------------|-----|----|
| Measurable Metric                  |     |    |
| Measurable Efficiency              |     |    |
| Measurable Effectiveness           |     |    |
| Adds Value to the Company          |     |    |
| Adds Value to Our Customers        |     |    |
| Transferability to Other Projects  |     |    |
| Has Potential for Longevity        |     |    |
| Applicability to Multiple Users    |     |    |
| Differentiates Us from Competitors |     |    |



# Evaluation of a Best Practice (2 of 2)

| Best Practice Identification | Training Required | Governance Required | Proprietary Knowledge |
|------------------------------|-------------------|---------------------|-----------------------|
| 1.                           |                   |                     |                       |
| 2.                           |                   |                     |                       |
| 3.                           |                   |                     |                       |
| 4.                           |                   |                     |                       |
| 5.                           |                   |                     |                       |
| 6.                           |                   |                     |                       |
| 7.                           |                   |                     |                       |
| 8.                           |                   |                     |                       |



# Levels of Best Practices

- **Three levels of best practice maturity have been defined with minimum requirements for an “associate best practice”, “best practice”, and “mastery best practice”.**

**(EDS)**



# Levels of Best Practices

**Note: Each level contains a percentage of the ideal characteristics or drivers.**





# Project Management and Sales (1 of 2)

 **When asked about his vision for Ericsson into the 21st century, Robert Shepherd believes that there will be:**

**"... a stronger tie to sales where the project manager supports the sales phase to ensure successful proposal generation and project implementation to meet the customer's contractual requirements, which leads to customer satisfaction."**



# Project Management and Sales (2 of 2)

## According to Jim Triompo, Group Senior Vice President at ABB:

**“Project management is being introduced into areas that traditionally haven’t used project managers. Project management in a sales organization has proven to be critical and should be made a central part of the sales process.”**



# Best Practices and the Sales Force

- 🌐 **How do we get salespeople to discuss best practices with the clients? (both internal and external clients)**
- 🌐 **The salespeople must know the best practice and what value / benefit can be achieved with it.**
- 🌐 **The salespeople must make the best practice easy for the customer to understand.**



# Need for a Best Practices Library

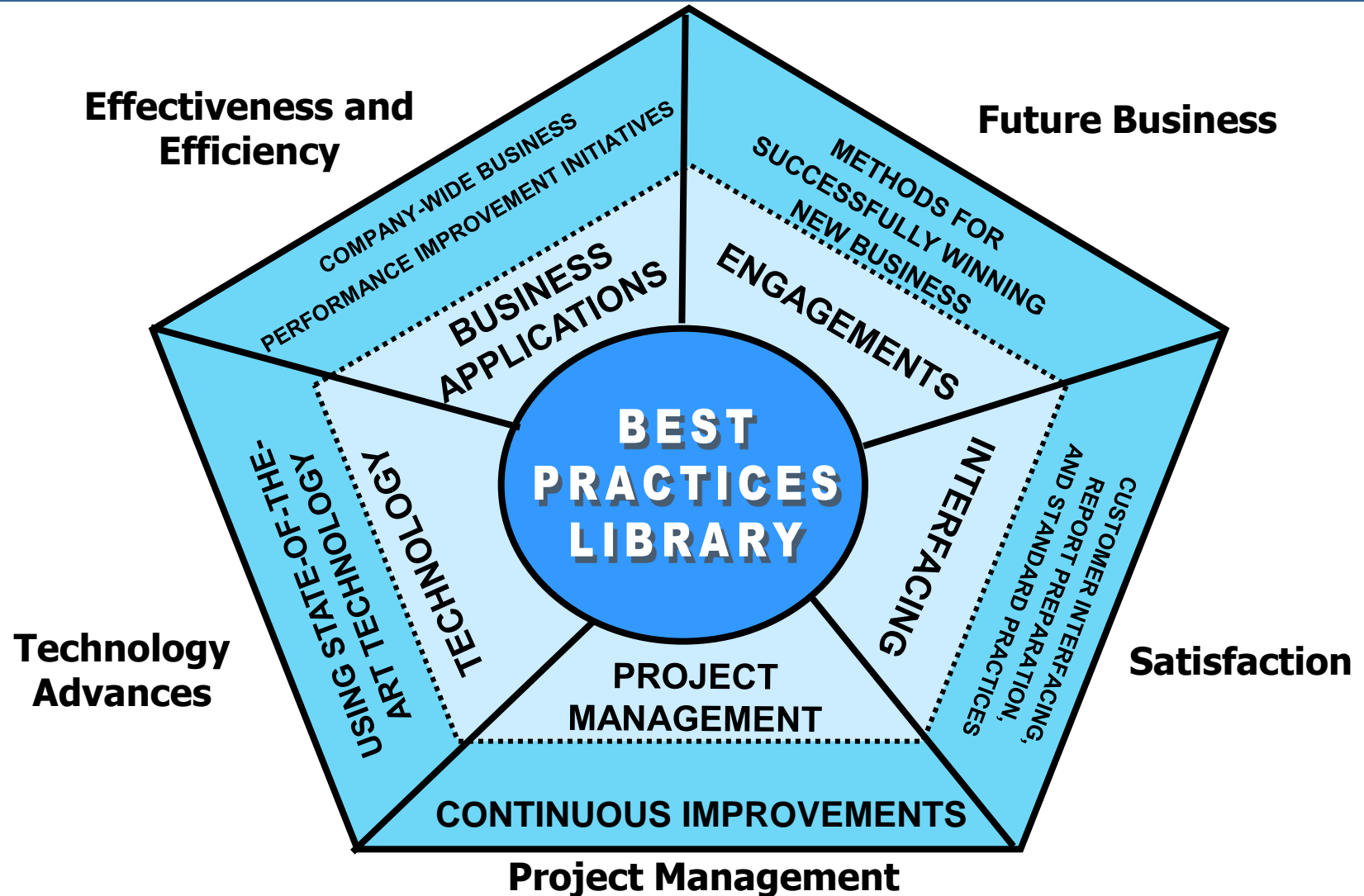
 **“Every new project should directly build on the learning from any similar project undertaken anywhere else in the world.”**

**Bill Gates in Business @ the Speed of Thought**





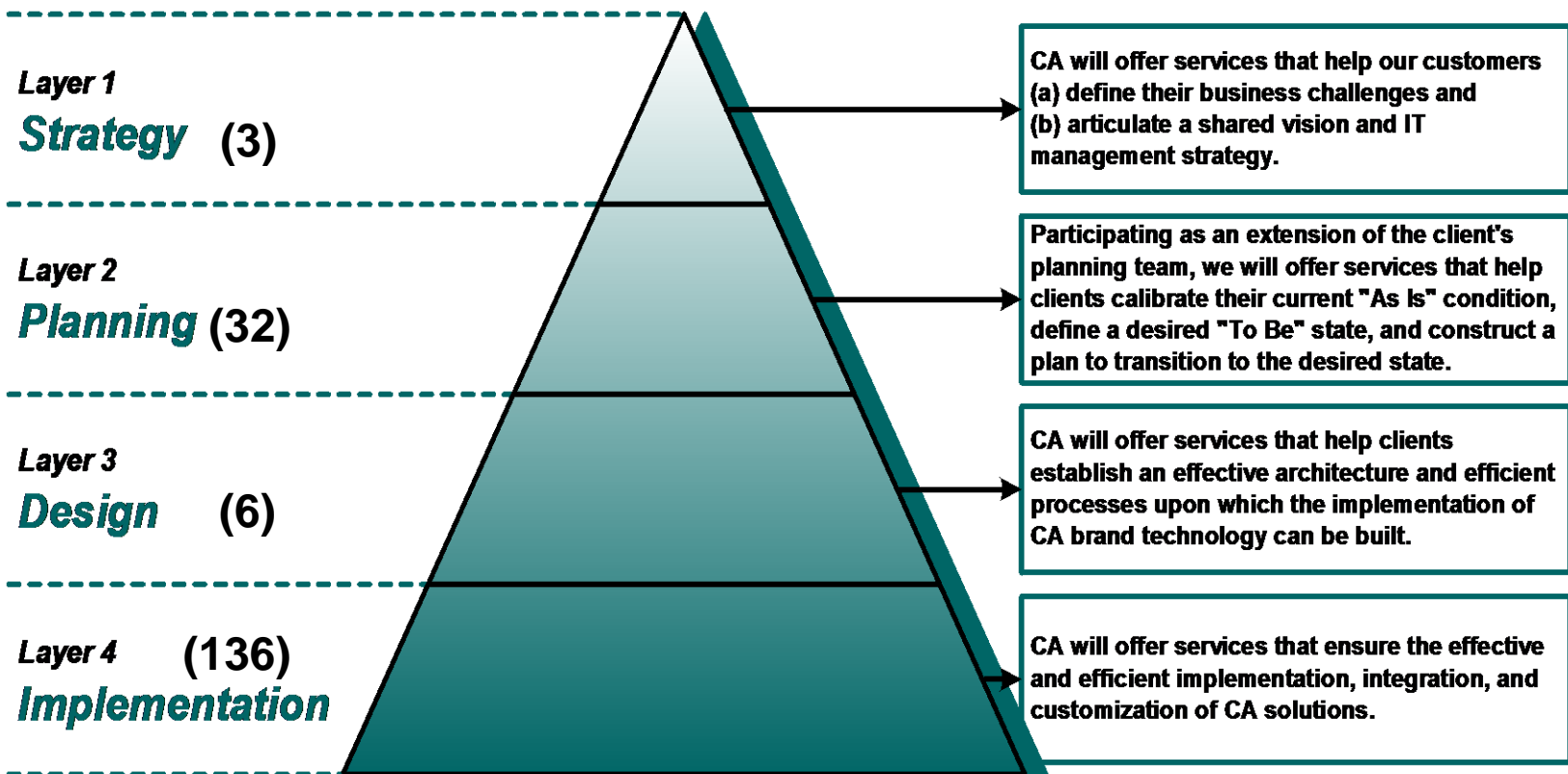
# Best Practices Library





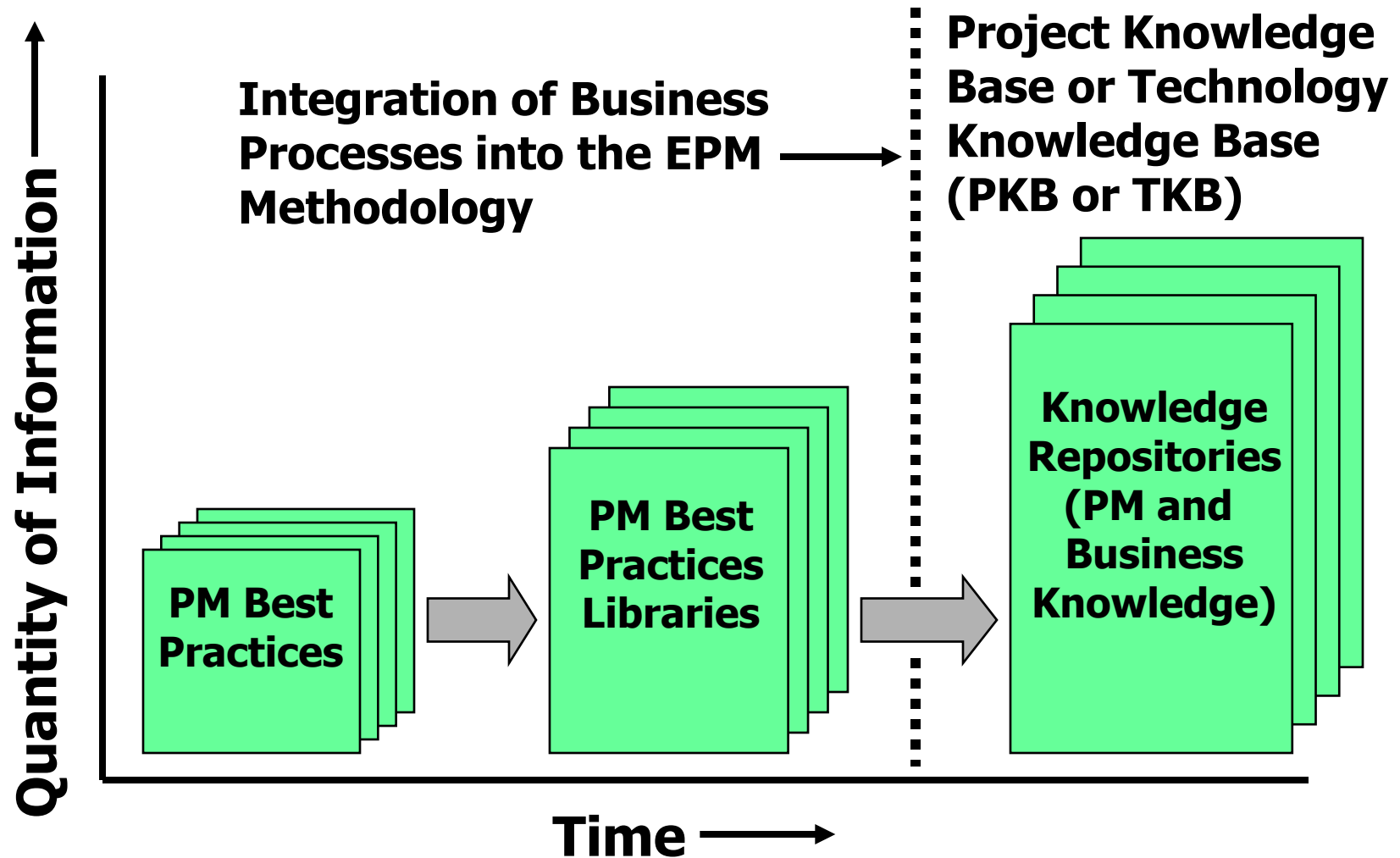
# Computer Associates (Before 2005 Update)

## Brand ServicesPortfolios



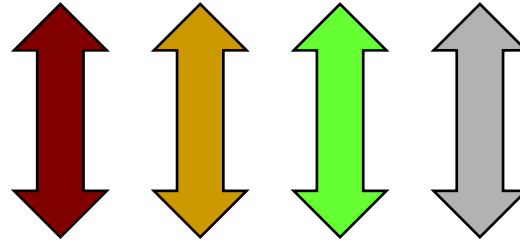


# Growth of Knowledge Management



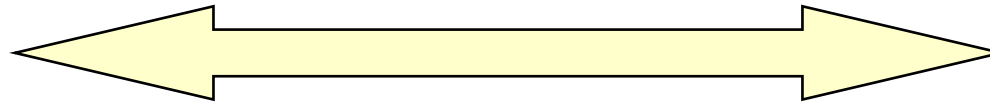


# Growth of Enterprise Project Management



**Functional Project Management (Products)**

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**Enterprise Project Management (Solutions)**

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**Suppliers**

**Customers**



**Extended Enterprise Project Mgt. (Partnerships)**



# Engagement Project Management

- 🌐 **Engagement project management describes the steps that must be accomplished to successfully leverage your project management skills (including best practices) to attract new customers and receive follow-on work from existing customers.**



# Engagement Project Management



## What are you selling?

- ☐ **Solutions generated by your EPM system**
- ☐ **Sharing of best practices and lessons learned including Six Sigma expertise**
- ☐ **Continuous flow of information from the EPM system to the customer (perhaps EPM to EPM systems)**
- ☐ **In exchange for this, you want the customer to treat you as a long-term partner, not just a contractor**

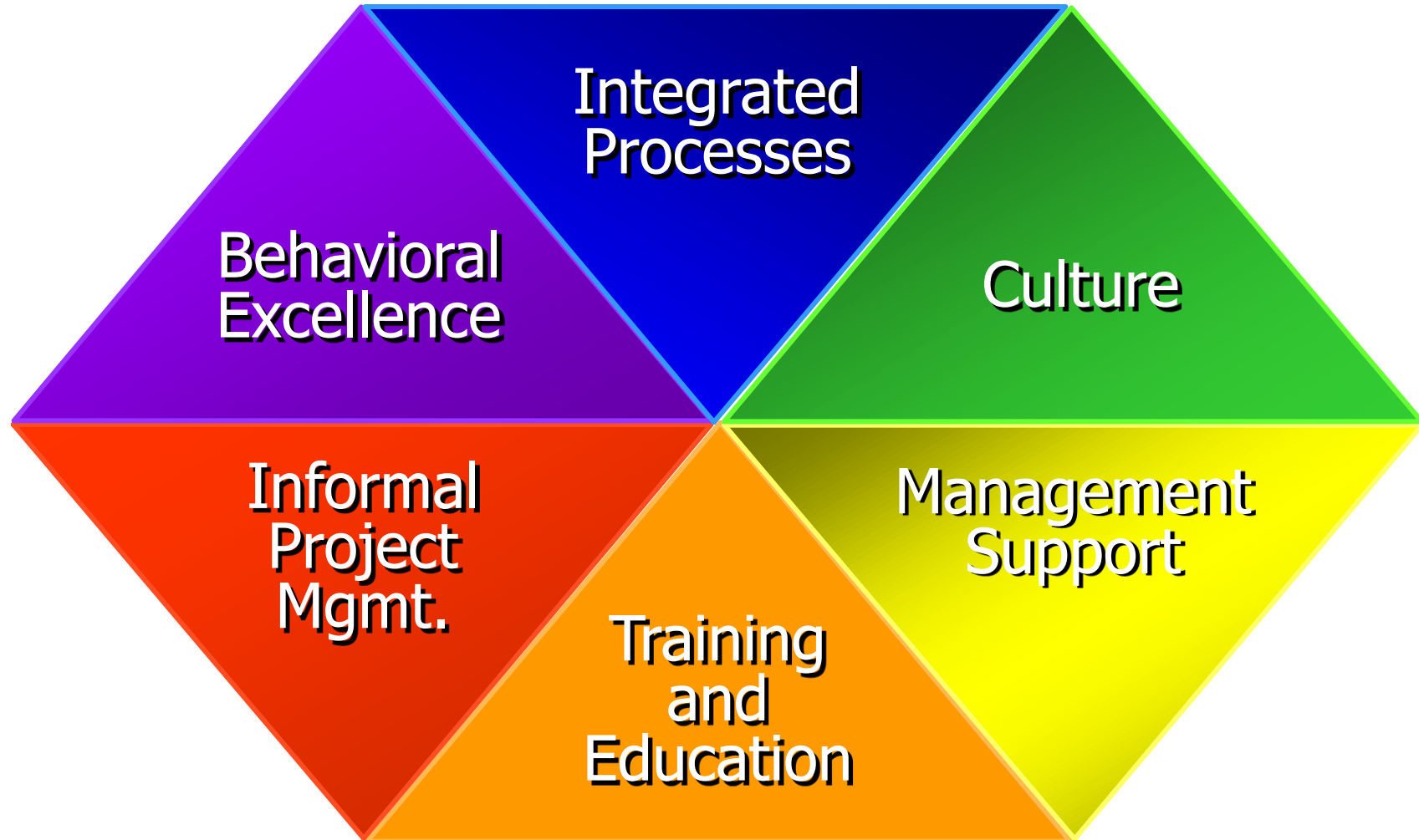


# Engagement Project Management

| <b>Factors</b>          | <b>Conventional Selling</b> | <b>Engagement Selling</b>      |
|-------------------------|-----------------------------|--------------------------------|
| <b>Project Focus</b>    | <b>Project Completion</b>   | <b>Long-Term Relationships</b> |
| <b>Approach</b>         | <b>Single Sale</b>          | <b>Follow-On Work</b>          |
| <b>Customer Contact</b> | <b>When Required</b>        | <b>Continuous / Structured</b> |
| <b>Selling Emphasis</b> | <b>Product Features</b>     | <b>Customer Value</b>          |
| <b>Deliverables</b>     | <b>Products / Services</b>  | <b>Solutions</b>               |
| <b>Time Horizon</b>     | <b>Short-Term</b>           | <b>Long-Term</b>               |
| <b>Customer Service</b> | <b>Low Importance</b>       | <b>High Importance</b>         |
| <b>Quality Concern</b>  | <b>Product Quality</b>      | <b>Solution Quality</b>        |



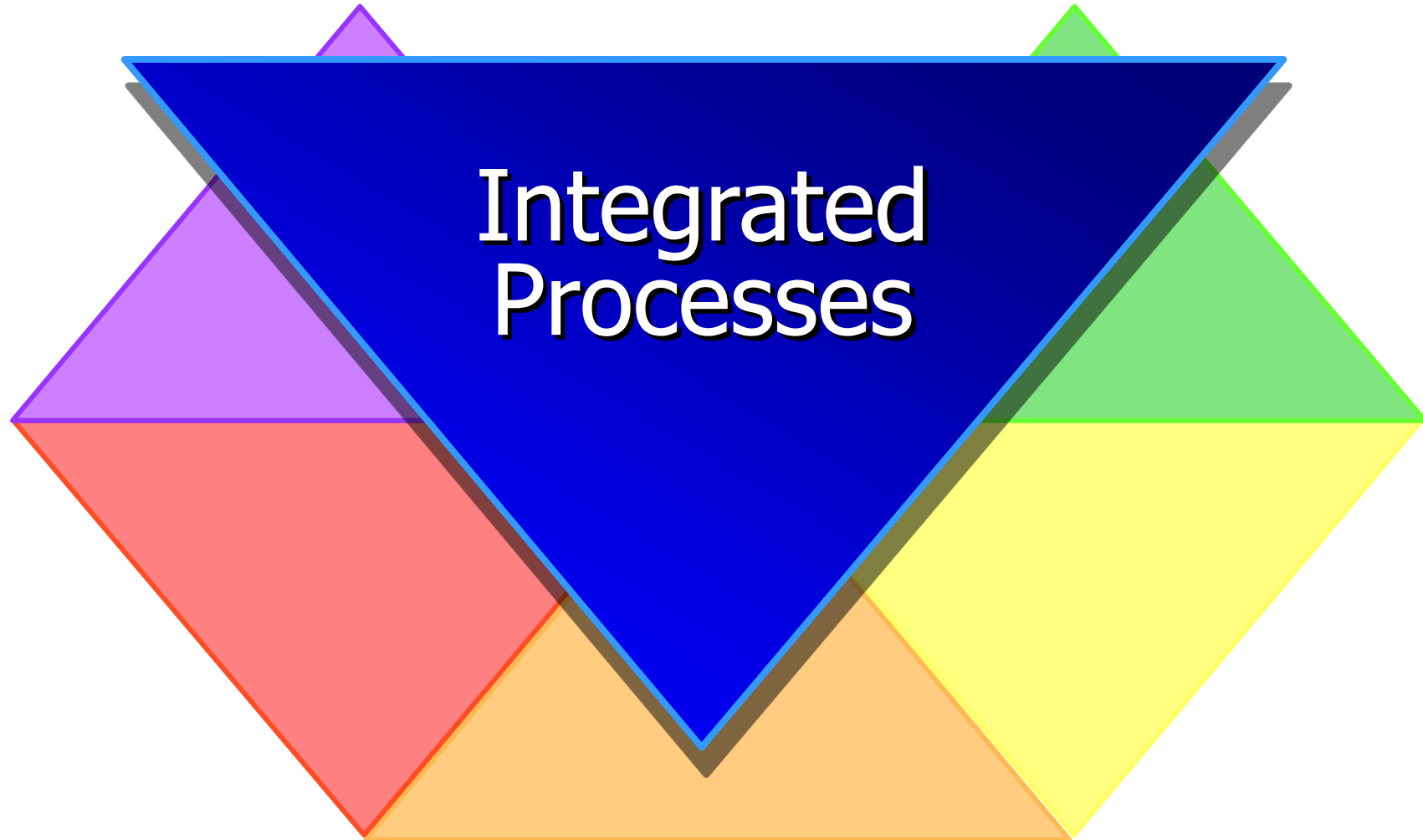
# The Hexagon of Excellence





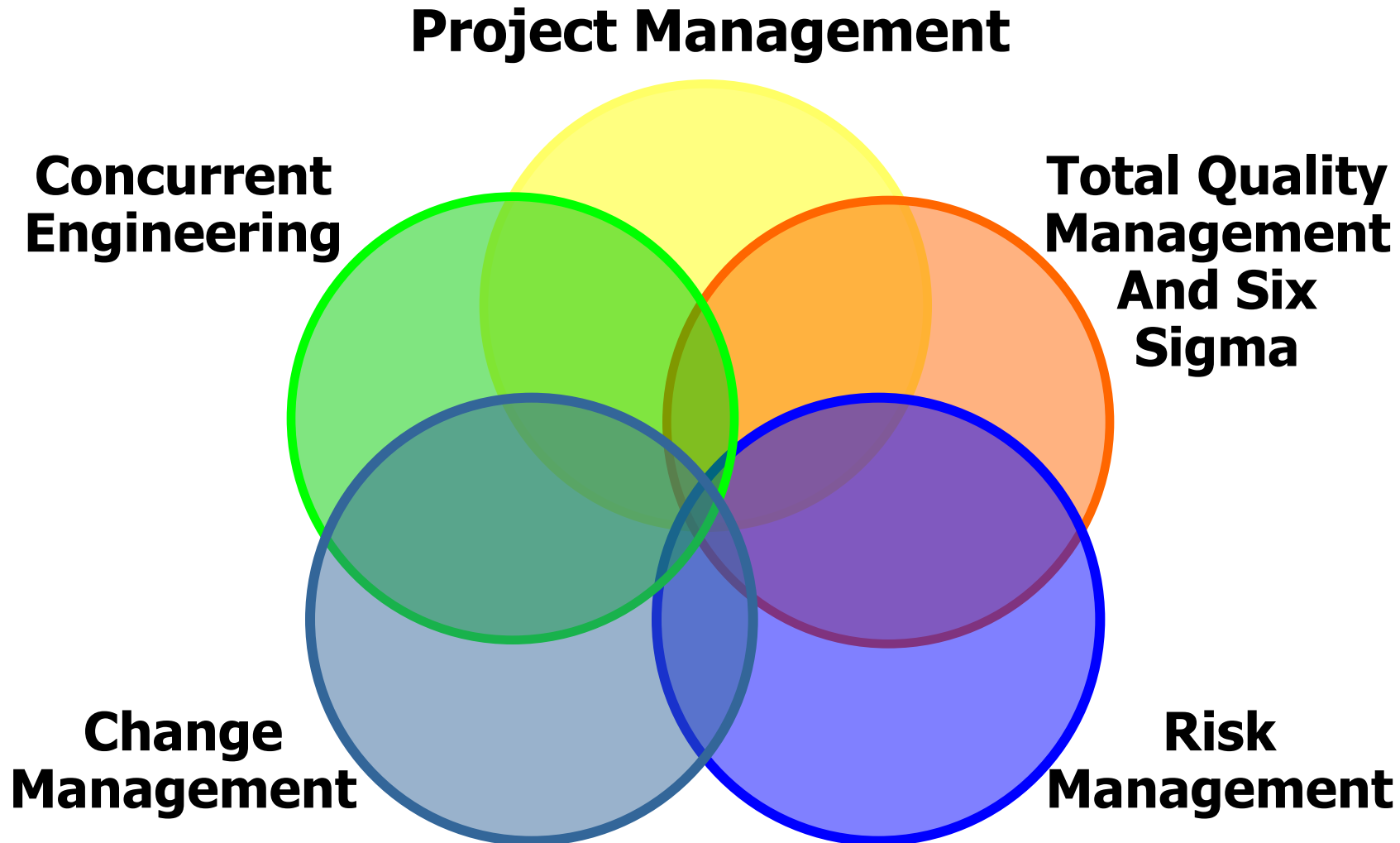


# The Hexagon of Excellence





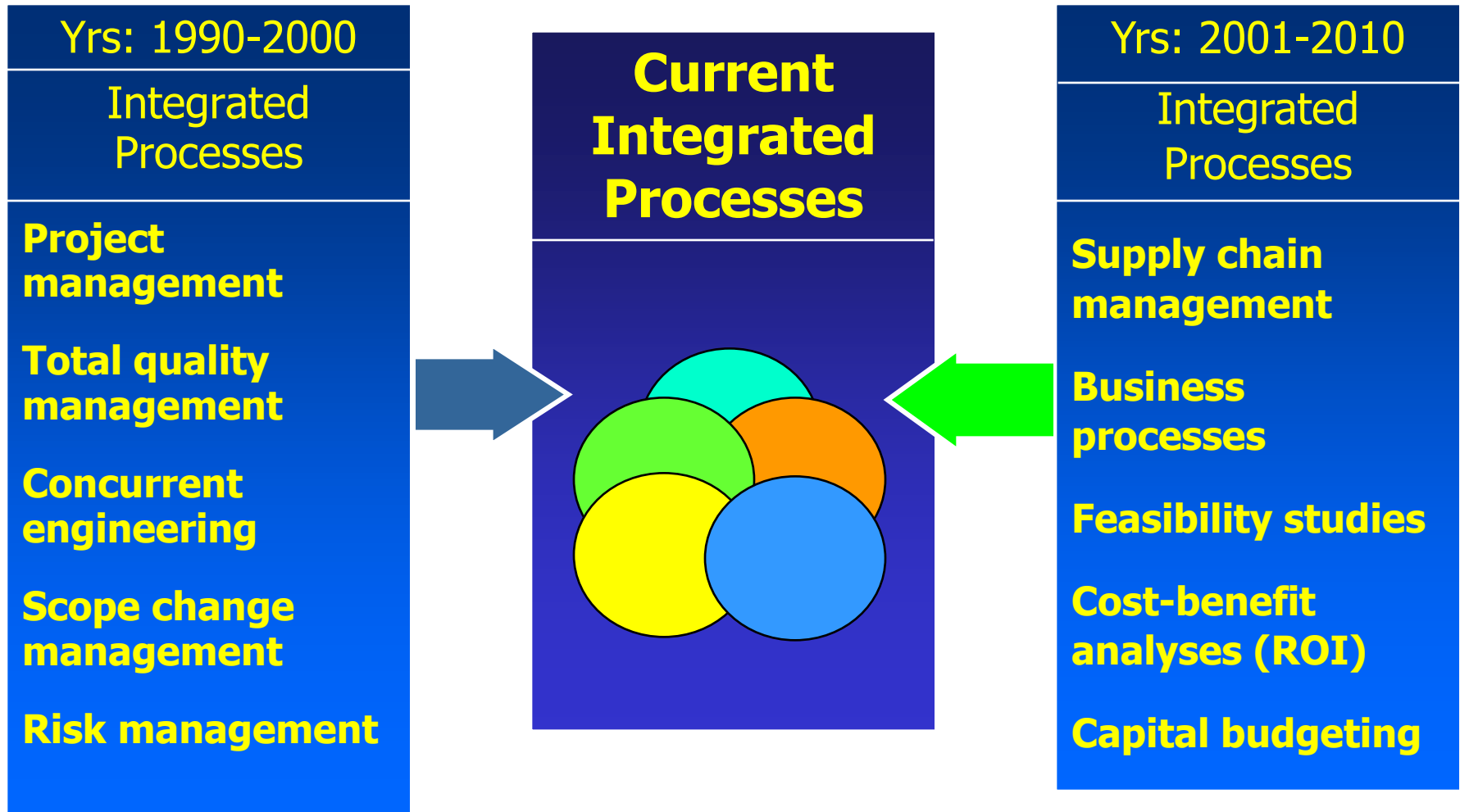
# Integrated Processes for the 21st Century





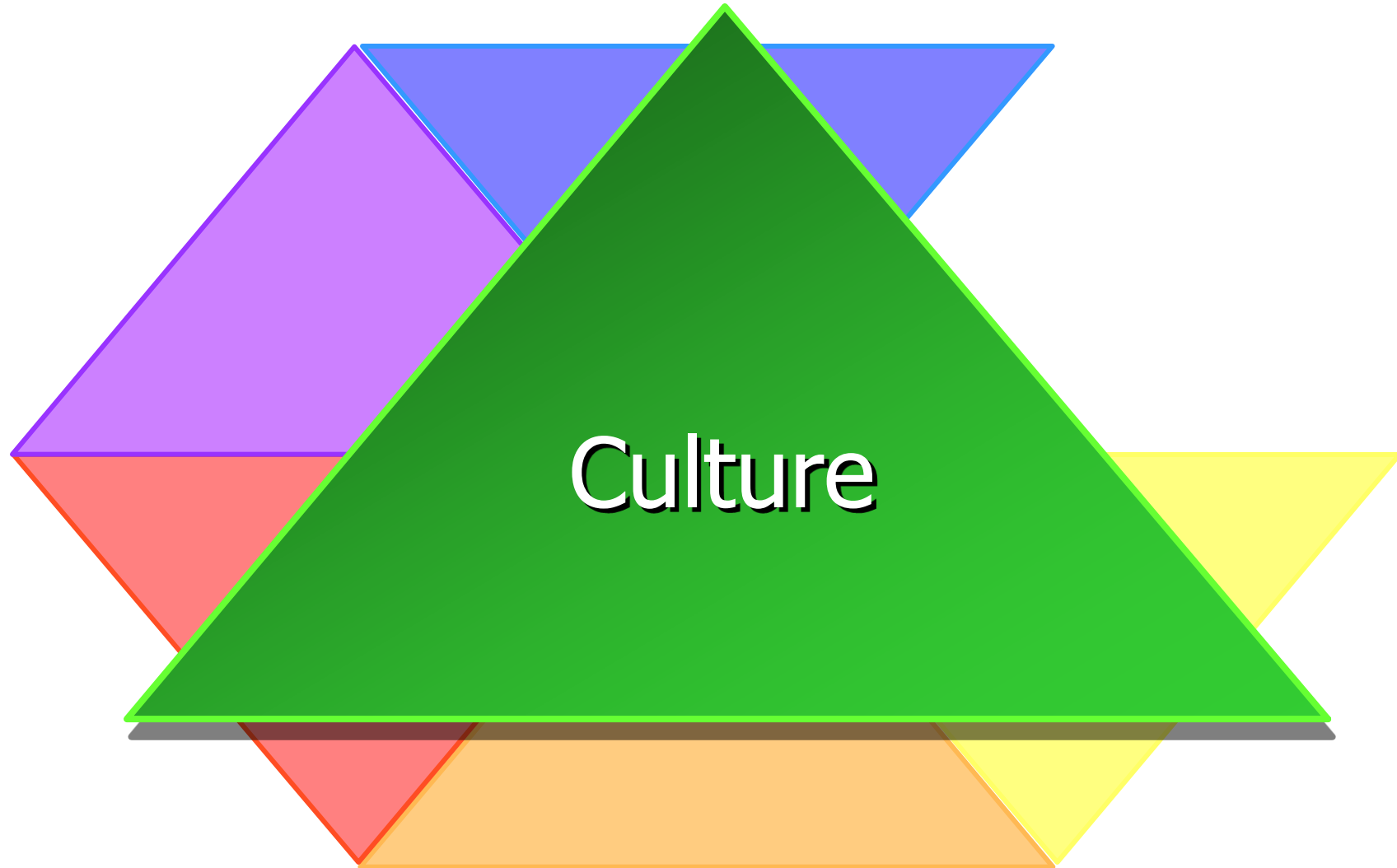
# Integrated Processes (Past, Present, and Future)

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# The Hexagon of Excellence





# The Hexagon of Excellence

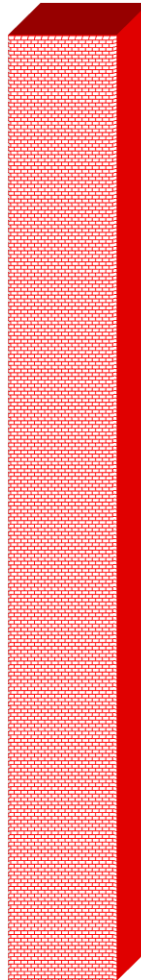




# The Executive Interface

## IMMATURITY

- 🌐 Executive is actively involved in projects
- 🌐 Executive acts as the project champion
- 🌐 Executive questions the project manager's decisions
- 🌐 Priority shifting occurs frequently
- 🌐 Executive views project management as a necessary evil
- 🌐 Very little project management support



## MATURITY

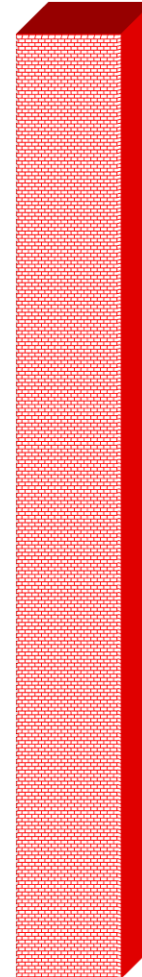
- 🌐 Executive involvement is passive
- 🌐 Executive acts as the project sponsor
- 🌐 Executive trusts the project manager's decisions
- 🌐 Priority shifting is avoided (if possible!!)
- 🌐 Executives view project management as beneficial (for the company)
- 🌐 Visible, ongoing support



# The Project-Line Interface

## IMMATURITY

- Project manager is vested with power/authority over the line managers
- Project manager negotiates for best people
- Project manager works directly with functional employees
- Project manager has no input into employee performance evaluations
- Project manager-centered leadership



## MATURITY

- Project and line managers share authority and power
- Project manager negotiates for deliverables
- Project manager works through line managers
- Project manager makes recommendations to the line managers
- Team-centered leadership



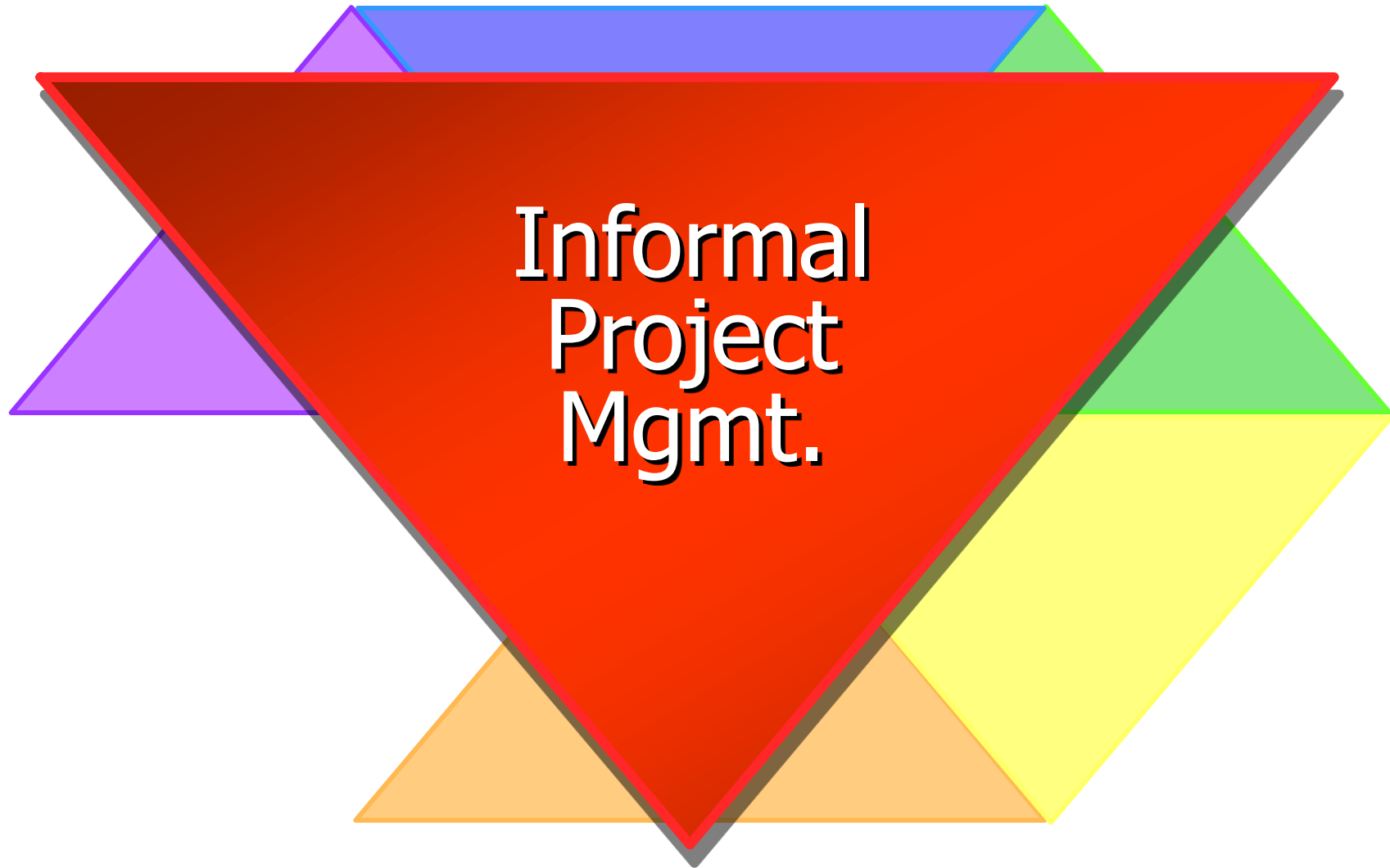
# The Hexagon of Excellence







# The Hexagon of Excellence



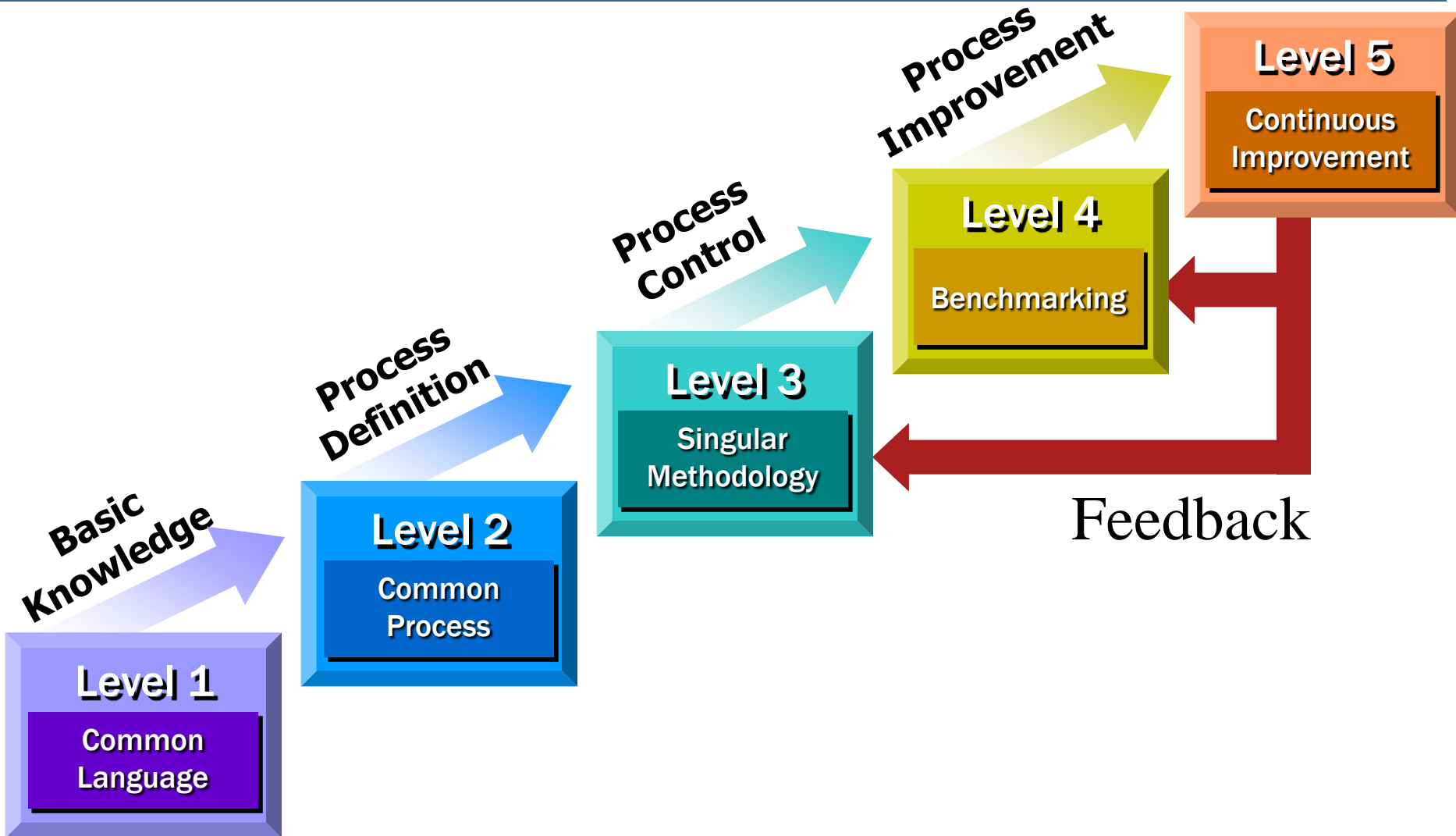


# The Hexagon of Excellence





# The Five Levels of Maturity



# **The Project Office (PO) or the Project Management Office (PMO)**



# Governance Issues

- **Poor alignment between project objectives and broader business goals**
- **Poor business case development resulting in the go-ahead of projects that provide limited or no value**
- **Badly specified project outcomes measured in real business terms**

**(QA)**



# The Project Office (COE) (1 of 6)

## Benefits

**A strategic planning focal point for the project management process**

**An organization dedicated to continuous improvement and cost reduction**

## Benefits

**An organization dedicated to benchmarking for project management**

**Organizational mentorship for inexperienced project managers**



# The Project Office (COE) (2 of 6)

## Benefits

**Centralized lessons learned files on completed projects**

**A “hot line” for problems without involvement senior management**

## Benefits

**An organization for sharing ideas and experiences**

**An organization for creating project management standards**



# The Project Office (COE) (3 of 6)

## Benefits

**Assist Human Resources  
in the creation of a  
project management  
career path ladder or  
competency model**

**Centralized project  
planning and scheduling**

## Benefits

**Assist Human Resources  
in the creation of a  
project management  
curriculum and course  
content**

**Centralized cost control  
and reporting**





# The Project Office (COE) (4 of 6)

## Benefits

**Development of  
project management  
templates**

**Assessing risks**

## Benefits

**Identification of best  
practices, internal and  
external**

**Planning for disaster  
recovery**



# The Project Office (COE) (5 of 6)

## Benefits

**Globalization and training on EPM**

**Establishing metrics**

## Benefits

**Customer relations management**

**Multilingual tools especially for networked PMOs**



# The Project Office (COE) (6 of 6)

## Benefits

**Development of a corporate capacity planning model**

**Stakeholder management**

## Benefits

**Maintain project management information systems**

**The guardian of project management intellectual property**



# The Project Office (COE)

- **Companies are now struggling with the organizational reporting location for the Project Office/COE.**



# Types of Project Offices

- **Functional Project Office: Resource Management**
- **Corporate Project Office: Strategic and Operational Issues**
- **Customer Focus Project Office: Customer Management**



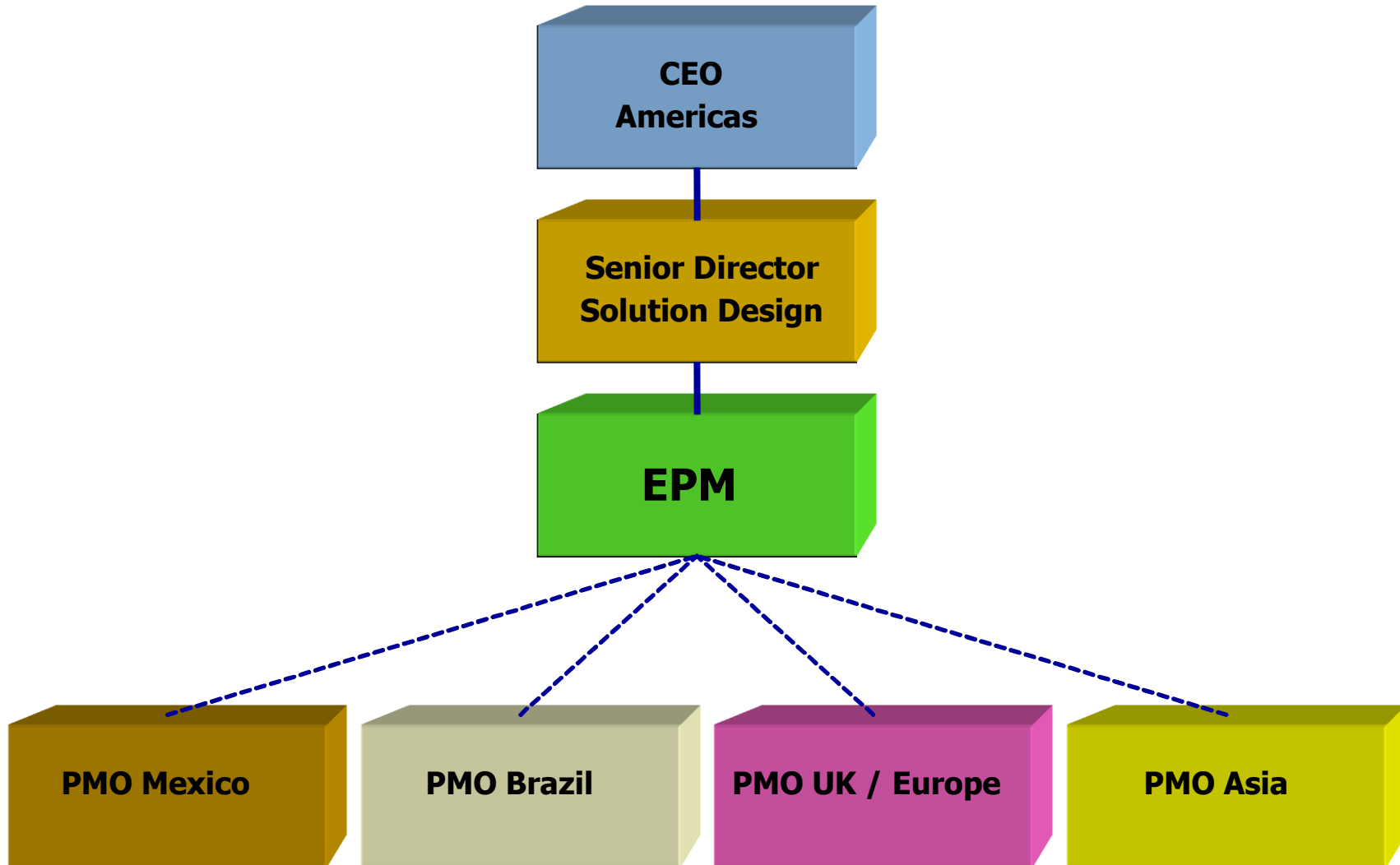
# Project Office Growth

 **According to Jim Triompo, Group Senior Vice President at ABB:**

**“The project office does not deliver projects. The projects managed by the project management office are limited to process/ tools development, implementation, and training. The project management office is sometimes requested to perform reviews, participate in division-level risk reviews, and operational reviews in various countries.”**



# Exel's Networking PMOs





# Role of the PMO in Portfolio Management

## Planning Recommendations

- ☐ Are we working on the right projects?
- ☐ Are we working on enough of the right projects?

## Evaluation Recommendations

- ☐ Are we doing the right projects right?
- ☐ Are there projects that should be terminated so that the resources can be applied elsewhere?





## Evaluate projects

Ideas are generated throughout the entire organization...



Business Case

...then evaluated using a standard business case...

- Opportunity options
- Resource requirements
- Refined project costs
- Refined savings
- Benefits (financial, strategic, payback)
- Project metrics
- Benefits realization
- Risks
- Exit strategies
- Refined people, process, technology impacts
- Schedule / milestones
- Complexity
- Standard technology?

Filter

NON-VALUE ADDED  
BUSINESS CASES

...non-value added opportunities & projects are eliminated...



# Cost Savings Due to Software

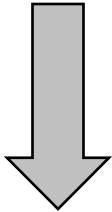
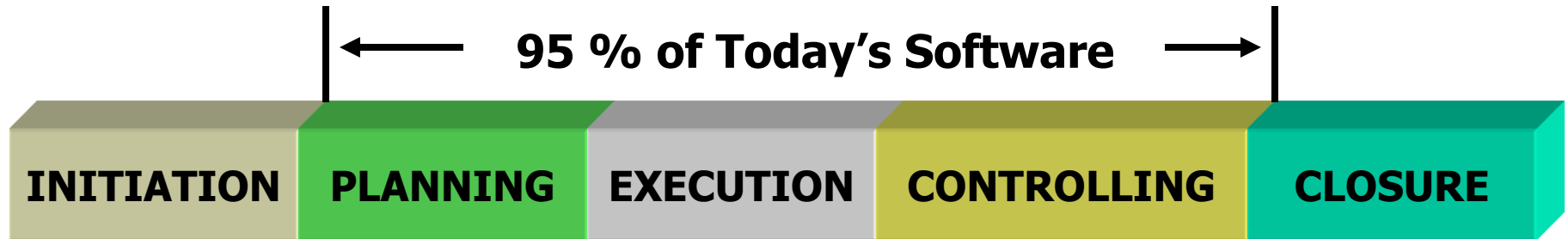
- **Typical cost per meeting = \$550**
- **As a result of the new software, meetings eliminated per week = 4**
- **Total annual savings = (\$550/meeting) x (4 meetings/week) x ( 52 weeks/year) = \$114,400 per year.**



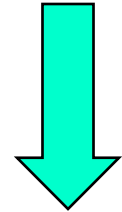
# Cost Savings Due to Software

- **Current average number of meetings required per project schedule approval = 10**
- **Expected average number after organization begins using software = 5**
- **Average number of attendees/meeting = 10**
- **Average duration of a meeting = 1.25 hours**
- **Fully burdened labor rate = \$70/hour**
- **Total annual savings = (204 projects) x (5 meetings/project) x (10 people) x (1.25 hours/meeting) x (\$70/hr.) = \$892,500**

# Project Management Software



## Areas of Deficiency



- **Portfolio management**
- **Benefit-cost analyses**
- **Feasibility studies**
- **Criteria definition**
- **Assumptions defined**
- **Evaluation criteria**
- **Risk management**
- **Behavioral software**

- **Portfolio Management**
- **Lessons learned**
- **Best practices library**
- **Failure analyses**