Abudi Consulting Group

The Executive Perspective on Project Management

The Role of the Leader in Project Management

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The Executive Perspective on Project Management

Project management is the practice of applying knowledge, skills, tools and techniques to work initiatives to achieve specific goals and meet defined success criteria. Any employee may be working on projects. Applying project management best practices to the initiatives to be accomplished within the organization enables for meeting both short-term and long-term strategic goals. The work of the organization is accomplished through the implementation of projects. Selecting the right projects, at the right time, enables for increased competition, meeting customer needs, increasing profitability and reducing expenses.

The leader's role in project management is to provide executive oversight, or sponsorship, of projects undertaken in the organization. Depending on the size of the organization, the executive may also be the sole individual responsible for selecting and prioritizing the key initiatives to be undertaken within the organization. In a smaller organization, the executive may also be working on specific project tasks.

This session will focus on

- The role of the executive in project management
- Balancing being informed on progress versus getting entrenched in the details
- Selecting, prioritizing, and launching projects aligned to organization goals
- Determining the scope of the project and effort involved
- Select the right resources to work on projects and ensuring accountability
- Setting expectations for success and monitoring progress along the way

The Executive's Role in Project Management

The executive's role is as the *project sponsor*.

> **Sponsor**: The person, or group of people, who provides resources and support for the project and is accountable for enabling project success. The sponsor promotes the project from initial conception through to project closure. This may be done, for example, through ensuring resources are committed to the project from throughout the organization and that the value of the project is promoted throughout the organization.

The project sponsor role is an active one and should be held by a senior leader in the organization. This is the individual responsible for identifying the business need, problem or opportunity that the project

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will address. Once this has been proven (the business case accepted,) this individual remains responsible for ensuring the continued viability of the initiative through use of go/no criteria. In a nutshell, go/no criteria enables for reviewing key areas of the project as it progresses and thereby stopping the project at some point before significant money is invested. Areas to be examined may include, but are not limited to:

Problem or opportunity statement	➢ Has the problem or opportunity been stated clearly? ➢ Is it clear who the requestor is? ➢ Have you clearly stated how the expected benefits will be achieved?
Project goal and objectives	➢ Have you clearly stated the desired end result of the project? ➢ Is the goal statement specific and measurable? ➢ Is the goal realistic and manageable? ➢ Are the objectives necessary, stated clearly, and measurable?
Risks and assumptions	➢ Have the major risks and assumptions been reviewed? ➢ Are the major risks and assumptions and any contingency plans realistic? ➢ Do the stated risks and assumptions allow stakeholders to assess benefits and costs associated with the project?

A strong project sponsor plays the role of mentor, catalyst, motivator, barrier remover and boundary manager. Being a project sponsor requires understanding and supporting the project, the ability to influence within the organization, and being able to make decisions for the good of the project.

Leaders may be selected to sponsor a project based on any number of factors, including:

- Interest in the project
- Project alignment to a goal they are tasked with achieving
- Expertise in the project area
- Ability to manage high risk initiatives
- Time to commit to leading the initiative
- Ability to engage and support project team members

Balance Being Informed vs. Getting Entrenched in Details

The challenge for many sponsors is balancing being informed about the project with getting involved in the details. Balance is dependent on many factors, such as:

- The size of the organization
- The number of resources available to implement projects
- The type of projects launched
- Expertise available in organization

The right balance is not the same for every executive. CEOs of larger organizations should be kept informed via weekly status reports; they are unlikely to be entrenched in the details of the project.

Smaller organizations, however, will mean that a CEO, with limited internal resources, will be more entrenched in the day-to-day activities of the project, including leading weekly project team meetings. There may be no need for anyone to deliver a weekly status report, as the executive of a smaller organization would already be involved in the day-to-day work of the project.

Project Governance

Project governance is a management approach taken to support and manage project selection and delivery. The role of project governance is to provide a decision making framework for projects undertaken in the organization that is logical, robust and repeatable to govern an organization's capital investments. Project governance structures include specific elements:

- A business case for the project that includes project objectives, alignment to the organization's long-term goals, resource needs and budget expectations as well as what is in scope and out of scope for the project.
- A process to ensure the project stays aligned to the original objectives approved.
- A method to ensure regular communication and engagement of stakeholders for the project.
- Appointment of a project manager to lead the day-to-day activities of the project and a project sponsor to oversee the project at a higher level.
- Clearly defined project roles and responsibilities as well as accountability.
- Progress reporting standards for the project.
- A process for the management and resolution of issues that arise during project execution.
- A process for documenting and communicating on risks identified during the project.
- A review of the final project deliverables to ensure alignment to the initial scope objectives as well as a process for capturing and disseminating lessons learned to enable for continuous improvement.

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For larger organization, a sub-group of the Executive team within the organization may be part of a Project Governance Council. This group should rotate on an annual or bi-annual basis.

For smaller organizations, a formal governance structure may not make sense; however, incorporating best practices, processes and procedures for how projects are accomplished will be key for project success. For example, in a smaller organization a business case might be developed for all projects to ensure alignment with strategy. This may be the extent of a "project governance" structure.

Selecting and Prioritizing Projects

Those organizations that are most successful are the ones that have high alignment of their projects to the organization's strategy. These same organizations select and prioritize projects based on a variety of criteria important to the organization and often determined as part of strategic planning sessions.

Project selection ensures that selected projects align with the business case (which indicates alignment to long-term strategic goals) and the corporate vision and values. A project selection process prevents employees of the organization from using resources and spending budget monies on projects that do not support the goals and vision of the organization. It eliminates launching projects that have not been well thought out and planned. A project selection process also ensures projects are aligned with stakeholders' needs and expectations.

Any project selection process within the organization should address the following:

- A ranking of value and benefits of the project
- An appraisal of risk in achieving those benefits
- An inventory of resource availability and allocation for the project
- An idea of optimum or acceptable size of the project pipeline to enable for effective utilization of project resources, project success and use of limited budget monies

Projects cannot be prioritized based on Return on Investment (ROI) alone. Additional factors that need to be considered in prioritizing projects include:

- Alignment with strategical, operational, and tactical plans
- Balance between maintenance ("keep lights on") projects and investment projects
- Allocation of R&D (innovation) expenditures and resources
- Allocation of marketing expenditures and resources
- Effective use of limited resources
- Availability of external resources
- Probability of delivering the project on time, within budget and as per the defined scope
- Non-financial benefits to the project

The prioritization process should use a balanced scorecard approach, with each of the factors listed and weighted to compare projects across all factors.

Value and benefits rankings may also be modified based on risk tolerance. For example, a million dollar return on a project that may only have a 10% chance of being successful is not as desirable as a $250,000 return on a project with a 90% chance of being successful.

Projects may be selected, in addition to being aligned with the organization's long-term strategy, if they will:

- Be consistent with the organization's values and culture
- Contribute (directly or indirectly) to a positive cash flow for the organization
- Effectively utilize the organization's resources – people, technology, etc.
- Provide for current contributions to the organization's health *and* assist in positioning the organization for future success
- Be of value and utilized by a majority of employees and/or clients

Selection Criteria

Project selection criteria is very specific to the organization. Examples of project selection criteria include:

- Alignment to the organization's long-term strategy, vision, mission and core values
- ROI of project; cost/benefits ratio (reward vs. risk)
- Cross-functional impact
- Enables for solving major business problems/issues
- Payback period for project
- Initial cash outlay
- Availability of internal resources/what else is going on in the organization
- Availability of external expertise/member resources
- Ability to generate future business/open new markets
- Ability to leverage core competencies in the organization and with vendors/partners/suppliers
- Impact to market share/time to market
- Attractiveness to market
- Competitive advantage

This is only a partial list of potential criteria.

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Potential red flags that impact project selection include, but are not limited to:

- Lack of strategic fit with the organization's strategy, vision, mission and core values
- Lack of comprehensive stakeholder support
- Unclear understanding and responsibility for project risks/Risks of project outweigh the project benefits
- Unclear ROI for the project
- Unclear or unrealistic time frames, budget and scope expectations
- Unclear or unattainable project requirements
- Unclear responsibility for project outcome

Let's look at an example. For industry specific solution projects, an organization may utilize the following criteria to evaluate a variety of new program projects:

- Time to market
- Potential ROI (expected return; likely payback period)
- Risk of the new opportunity (new technology reliance, resource capability, legal or regulatory implications)
- Solution lifecycle (durability) and future market potential (single opportunity or forerunner of future opportunities)
- Cost of project

Criterion Weighting Values

Each criteria must have a weight associated with it. This enables for comparing projects across the portfolio in an objective and fair manner. Exhibit 1 provides an example of a simplified scoring model (using the criteria example above.)

Criterion	Importance Weight[1]
➢ Time to market	3
➢ Potential ROI	3
➢ Risk of the new opportunity	1
➢ Solution lifecycle (durability) and future market potential	2
➢ Cost associated with project	2

3 = High; 2 = Medium; 1 = Low

Exhibit 1: Simplified Scoring Model

[1] This is only one example; some organizations use 1 – 5, 1- 7 or even 1 – 10. Weight factors may be determined through consensus among the executive team.

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Exhibit 2 provides an example of the criterion weighting to evaluate three projects.

In this example, we have listed three projects – A, B and C – and applied the criteria to each. Column X includes the weight we assigned to each criterion point from Exhibit 1. Column Y is the scoring of what we determined is important for each particular project under each criteria. In this case, looking at Project A, we are multiplying the score times the weight for each criterion point and then determining the final weighted score per criteria. Then, we add up the numbers in the X x Y column to get the total weight score for each individual project.

While in this example we used the same range for the SCORE (1, 2, 3) as the WEIGHT; in reality you can have different ranges for weights and scores. They do not need to be the same.

Project	**Criteria**	**(X) Importance Weight**	**(Y) Score**	**(X x Y) Weighted Score**
Project A	Time to market	3	2	6
	Potential ROI	3	3	9
	Risk	1	2	2
	Solution Lifecycle	2	3	6
	Cost	2	3	6
			TOTAL:	**29**
Project B	Time to market	3	1	3
	Potential ROI	3	2	6
	Risk	1	2	2
	Solution Lifecycle	2	3	6
	Cost	2	2	4
			TOTAL:	**21**

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Project	Criteria	(X) Importance Weight	(Y) Score	(X x Y) Weighted Score
Project C	Time to market	3	3	9
	Potential ROI	3	3	9
	Risk	1	2	2
	Solution Lifecycle	2	3	6
	Cost	2	2	4
			TOTAL:	**30**

Exhibit 2: Example of Use of Weighting for Project Selection

In Exhibit 2, based on the weighted scores, the organization would prioritize the projects as follows:

1. Project C
2. Project A
3. Project B

How about Smaller Organizations?

For smaller organizations, while you may not have formal criteria in place for selecting projects, you certainly use a variety of criteria in order to ensure that launching a new program or service makes sense for your organization and your members. For each new program or service launched, you might ask yourself the following questions:

- Is the project aligned to our strategy?
- What else is going on that will impact our ability to be successful with the launch of this new program or service?
- Will it add benefit to our portfolio of programs and services for our members?
- Is the new program or service of interest to our members? (Have they asked for it?)
- Is the initial cash outlay necessary available or will funding be needed?
- Does the new program or service leverage our organization's core competencies?

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Another option is to look at projects from the perspective of value to the organization and risk potential. Exhibit 3 is an example of a project selection process grid based on value/risk.

High Value **High Risk** **Postpone and shift right**	**High Value** **Low Risk** **Good to go**
Low Value **High Risk** **Rethink project**	**Low Value** **Low Risk** **Retarget and shift up**

Exhibit 3: Project Selection Grid

A common practice is to include all projects in review on a grid showing value and risk for an overview look. Preference in selecting projects is given to those projects that appear in the high value/low risk quartile.

Exhibit 4, on the following page, is just one example of how a project may get approved (selected) within an organization.

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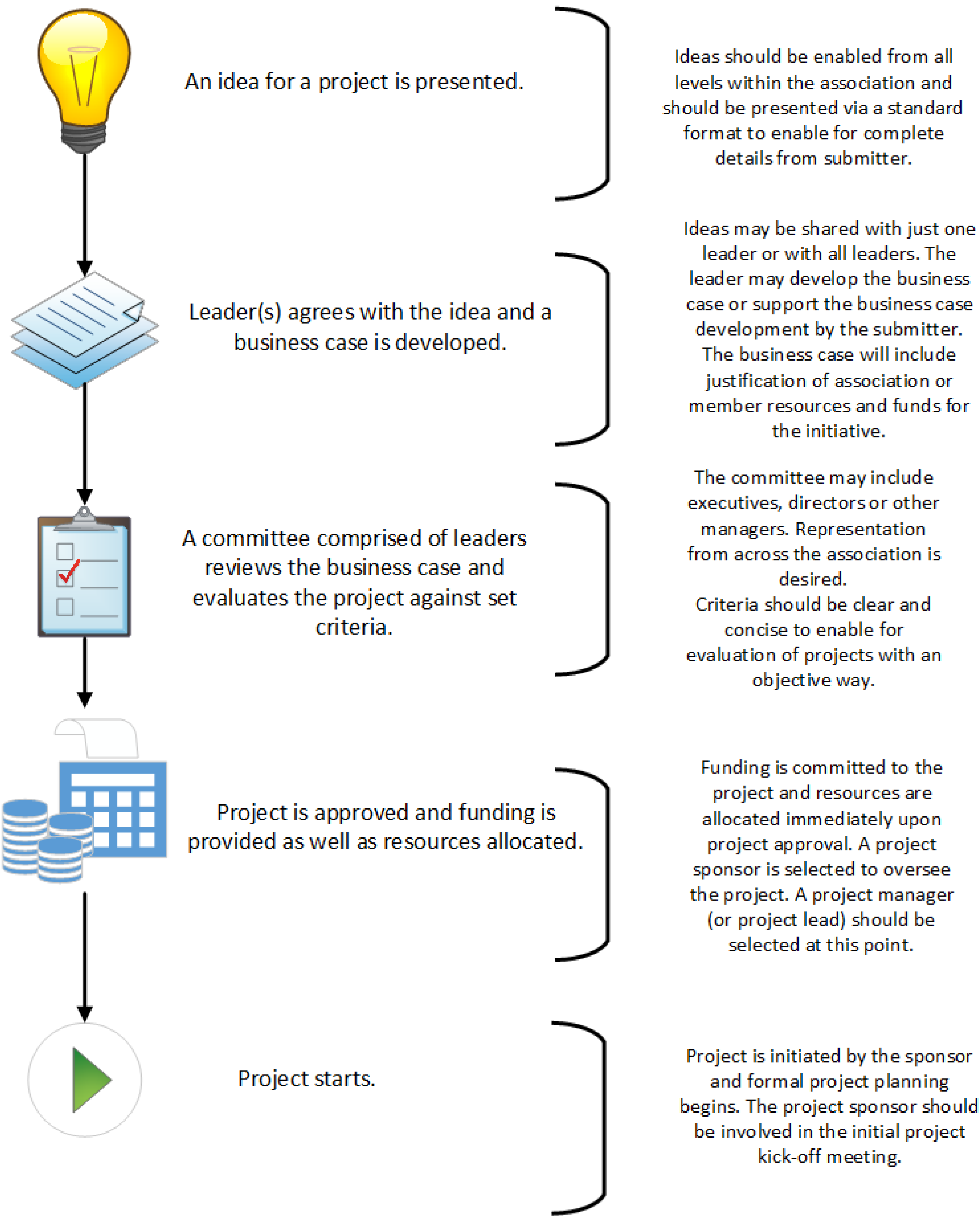

Exhibit 4: Getting a project approved

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Resource Planning

Resources are more than people, and can include equipment such as hardware, software, and tools. For equipment resources, consider if it needs to be purchased or leased. For people resources, consider what skills, experience, education, background, etc., is needed for individuals to be successful completing the tasks of the project. Are they employees, contractors, or members? You need to be strategic in assigning resources to ensure the project can be successfully completed in the time required and within the budget allocated. You don't want to randomly assign individuals with time available unless they have the skills and expertise necessary to be successful.

Resource planning is a process done at the start of a project to identify what resources are required to deliver the project's objectives. Follow these three steps to plan resources for your project:

1. Identify required resources for the project
   a. Equipment: lease or purchase?
   b. People: in-house employees, contractors, or members?
2. Determine when you need the resources. For example,
   a. For project planning?
   b. During a particular phase of the project?
   c. For testing?
   d. Throughout the project duration?
3. Secure the necessary resources and assign to specific project tasks
   a. By planning ahead of time, you know the resources are available when you need them

Two Key Meetings

There are two key meetings for any project that the sponsor should attend: *project kick-off meetings* and *lessons learned/wrap up meetings*.

Kick-off meetings (*first meeting of the project team*)	➢ Increased collaboration among team members ➢ Understanding project specifics and the "big picture" ➢ Determine and clearly define roles & responsibilities ➢ Ensure common processes around decision-making, resolving conflicts, communicating on the project, etc.
Lessons learned/ wrap up meetings (*last meeting of the project team*)	➢ Captures what went well and where improvements in managing projects can be made ➢ Overtime, enables for improvement in how projects are accomplished: less cost and shorter timeframes ➢ Enables for celebrating the work done on the project

Checking in on Status

In addition to these two key meetings at the start and wrap up of the project, set expectations with the project lead/team on status reporting up to the sponsor/leadership group. A status report is a report on the performance of the project to date. When requesting status on initiatives launched, look for the following information from the project team:

- Time period for the report (e.g., July 23 – July 27)
- Overall schedule status of the project
  - On schedule
  - Behind schedule
- Overall budget status of the project
  - Within budget
  - Over budget
- Overall scope status of the project
  - Within scope
  - Scope issues
- Any issues to be discussed/problems to be resolved

When You Need to Make a Decision

When a decision is necessary from you or another leader, request that the following be provided by the project team members so that the decision can be made:

- The key points of the problem
  - Back up data available
- Various options for what might be done to resolve the problem with pros and cons of each option, including impact on project scope, cost, timeline, resources, and quality.
  - Request also a "do nothing" option
- The team's preferred option[2] given the timeline, resources on the project, and available budget
- The cost of the preferred option in terms of effect on scope, time, resources, budget and project quality
  - Back up data on the other options in terms of effect on scope, time, resources, budget and project quality
- When a decision is required to ensure continued progress on the project

[2] If you would prefer that the team does *not* provide a preferred option, simply ask them for 3 – 4 possibilities from which to choose.

Keep Tabs on the Project

Look for these indicators that the project is heading in the wrong direction:

- Schedule beginning to slip - even a day or two should be monitored and evaluated
- Certain activities and tasks beginning to go over budget - even a few dollars over budget should be monitored and evaluated
- Your project team cannot resolve issues quickly
- Changes in the project that are not being well managed
- There is excessive rework due to poor quality or lack of attention to detail

By keeping your fingers on the pulse of the project, you'll see issues as they begin to bubble up before they become serious problems that affect the success of the project.

Lessons Learned for Continuous Improvement

Capturing lessons learned is a best practice method to understand what was successful on the project and where improvements might be made for work on future projects. By capturing and applying lessons learned to future projects, over time projects are done more effectively - with less cost and shorter timeframes.

Plan to spend at least an hour to an hour and a half at the end of the project collaborating with the project team to capture lessons learned. This may be as simple as asking:

- What worked well?
- What improvements are necessary?
- What else should be shared/discussed?

In a more detailed lessons learned workshop, you might probe deeper into what went well and where improvements are necessary by asking questions, such as:

- Was the project scope clearly defined?
- Were we able to measure success?
- Was time and resources accurately estimated?
- Were all necessary requirements gathered from all stakeholders?
- Were major components of the project successfully identified?
- Were team members utilized appropriately based on their skills, qualifications and past experience?
- Were project risks accurately identified and managed?
- Was the project and its deliverables prioritized well?
- Were changes managed successfully?
- Were communications effective and well planned?
- Were status and performance review meetings and team meetings successful and effective?
- Where can improvements be made?
- What was done particularly well?

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If you had problem areas on the project, delineate specific options for improvement that can be used on future projects. And by all means, don't forget to celebrate what went well with the project! Celebrate the successes! Even if a project had many problems, there is still reason to celebrate.

A Checklist for Smaller Organizations

For smaller organizations, this detailed list of questions for lessons learned can serve as an excellent checklist to think through the project *prior* to launch. For example, let's assume a smaller organization is launching a new educational program for their customers. To ensure the project of a new educational program will be successful, the executive of the organization will consider his/her responses to the following questions:

- Is the scope clearly defined?
- Will we be able to measure success? (What metrics will we use?)
- Are time and resources accurately estimated?
- Are all necessary requirements gathered for the program?
- Are major components of the project identified?
- Are the right human resources assigned to the right tasks?
- Do we know what the risks are? Do we have a plan in place to address risks?
- Do we know how we will handle any changes to the project?
- Do we have a plan in place to communicate on the project?
- Do we need to test the educational program with a pilot group?

This checklist enables for the executive to fully consider a variety of aspects of the project to ensure it is being launched at the right time to be successful and contribute to the organization's goals and bottom line.