The Seven Secrets of a Successful Project Office

By Thomas R. Block, PMP

In the March 1998, PM Network article, "The Project Office Phenomenon," the author discussed the purpose and functions of a project office and how to sell the concept to senior management. This article takes the reader to the next step.

Introduction

Now that you have a project office, what are you going to do with it? The project office's long-term vision is to transfer project management knowledge throughout the organization so that it becomes part of the culture. Once the project office is established, senior management often wants immediate results although it has taken years of neglect and denial to arrive at this dire situation. Reality demands that the project office be highly responsive to the organization's needs; however, a quick fix approach doesn't last long, and soon the organization is back in the same mess. Although the project office is the stabilizing force in project management, it must get quick results while still maintaining a long-term vision. The seven secrets to getting quick results and still maintaining a long-term vision are:

1. Rein in the runaway projects
2. Assist project start-ups and establish an estimating and risk process
3. Review and manage the project portfolio
4. Conduct project reviews and audits
5. Organize and manage the resource pool
6. Identify and develop project managers
7. Establish and enforce a project management process

The philosophy embraced by the project office throughout the implementation of these seven project management initiatives is based on the axioms that;

- Simplicity is strength
- Standardization provides flexibility
- Consistency equals success

These are not oxymora. It is true that it is easier to sell a simple idea than one that is complex. Process standardization provides the project manager more time to focus on the important issues, and consistently practicing good project management will bring project success and ultimately organization success. All of the seven secrets have to be installed in order to attain the long-term vision.

Although they are all related, they don't have to be started simultaneously. Let's begin with the one that can gain immediate results and gain a favorable reputation for the project office.

Rein in the Runaway Projects

To get immediate results, the first action that should be taken by the project office is reining in runaway projects. Most organizations have runaway projects. Some will admit it while others are still in denial. Getting a runaway project back on track can enhance the reputation of the project office. If the organization is in denial,

look for warning signs of runaway projects. Some common warning signs are listed in Exhibit 1.

Warning Signs

•Inadequate project planning
•Faulty task management
•Poor reporting and communications
•Infrequent status meetings
•Insufficient documentation
•Abrupt scheduling changes
•Project disorganization
•Muddled business objectives
•Extreme project complexity
•Escalating costs
•Too many project team meetings

*Exhibit 1: The early warning signs of runaway projects*

Once the project office has determined the runaway projects, the next step is to provide help. If there is more than one runaway project, the project office should focus on the one with the highest priority. Normally a project that supports a critical business objective commands most of senior management's attention. Not all project managers' welcome help. Simply because a project is in trouble doesn't mean that the project manager wants help. Many project managers believe that the problems are temporary and will soon be resolved. Their independent, arrogant attitude is often a major contributor to the project's pending failure. While this is a concern to the project office, many of the runaway projects are beyond recovery and the project must be thoroughly restructured and re-planned. The project office must also be aware of the atmosphere and situation on a runaway project. For example, many of these conditions may be present;

- Poor communications within the project,
- Low morale,
- Top performers have left or are leaving,

- Deliverables are late,
- Scope is uncontrolled,
- Costs are escalating,
- the project plan has been abandoned,
- project members are in continuous meetings, and
- The customer has lost confidence and consequently asks for more and more detail.

Given the green light to proceed, the project office can help a runaway project in a number of ways. First, the project office can conduct an assessment and provide the results to the project manager for implementation. Although appealing and less threatening, this solution seldom works because the project team is already overtaxed. Secondly, the project office can provide consultants or mentors to work with the project team to develop a recovery plan and assist in the implementation of the plan. The recovery plan must be scheduled along with the other project tasks. Unfortunately, these further delay the expected delivery date and cause more consternation with stakeholders. Although these solutions may be successful, often the project may have to be stopped at some point to regroup, possibly restructure and re-plan.

Assist Project Start-ups and Establish an Estimating and Risk Process
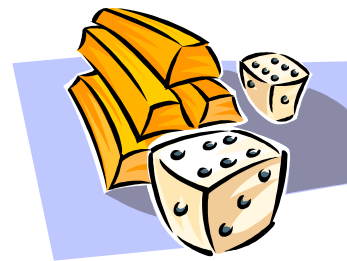
Many organizations are incapable of completing projects within the triple

constraints, and runaway projects are the norm rather than the exception. "An ounce of prevention is worth a pound of cure," therefore, the project office must focus on the projects that are starting to avoid future failures and the need for recovery. Projects don't fail overnight. They normally fail a day at a time. Often the project's off course drift is so slight that it is difficult to recognize. The project office doesn't want to continue to chase symptoms so it must get to the root cause of project failures. It is safe to say that if the project begins correctly it has a better chance of success. Therefore, the project office has to start assisting new project start-ups immediately to gain a reputation of valued service.

Initially, the project office must install a simple project management process for all new projects, including estimating and risk management. The project office encourages the project managers to use the minimum essential tools and techniques to control the project and provide early warning of pending problems. Tools to control the project and maintain vigilance are developed during the planning stages of a project and reviewed at each subsequent status meeting. Nothing developed in the project planning stage should be ignored or discarded during project execution. The key to success is an emphasis on simplicity and the minimum essential tools to control the project.

One of the major causes of project failure is poor and inconsistent estimating. The use of the work breakdown structure (WBS) with bottom up estimating is a simple means of applying consistent estimating to a project. Along with an estimating process, the project office must install a simple risk process that compares the probability of an occurrence against the consequence of that occurrence. The use of the RAID acronym is a simple reminder to get project managers to start identifying Risk, Assumptions, Issues, and Definitions. The mere thinking of project risk at start-up is helpful. Additionally, the project office should take the lead and investigate software packages that fulfill the organization's estimating and risk needs.

Review and Manage the Project Portfolio

The project office plays a major role in a project portfolio process. As the focal point of multiple project management, it makes sense to involve the project office from the inception of a project to completion. The project office should either develop a complete project portfolio process or ensure that they are included in the present process. There are two parts to the portfolio management process: project selection and portfolio review. The first challenge in developing a project portfolio process is finding out how many projects exist and how they are initiated. Assessing how project selection is presently accomplished and complementing the process with best practices, such as project prioritization, is a prudent way to start. The project office should also recommend establishing a project selection and review committee composed of senior members from business operations and the IT organization. The area of project selection and review can be very political so the project office has

to approach this challenge with caution.

Most organizations emphasize project selection but very few have a consistent review process. The project office should provide administrative support and the project office leader should chair quarterly portfolio review meetings. For these meetings, project data is gathered and summarized for each project manager who then presents the data to the review committee. The purpose is to verify status against plan and determine if the project should continue. The mix of the entire project portfolio should provide the organization with the greatest return on investment (ROI). If this is not the case, the review committee is in a position to terminate or delay a project and seek other opportunities Reducing the number of active projects in the portfolio by delaying or terminating them can have a positive affect on other projects and enhance the organization's reputation. For example, in USA Today (October 1, 1998), Eric Schmidt, the CEO of Novell, said that he trimmed the number of projects that Novell's engineers were working on from more than a hundred to several dozen. As a result, Novell's core product, NetWare 5, was out the door to rave reviews 10 days ahead of schedule.[i]

Conduct Project Review and Audits

Project reviews and audits are different from project portfolio reviews. The project office is the proponent of project reviews and audits as ways to improve project performance. They are also used to provide early warning of potential disasters. The tendency to be locked into an escalating course of action that seems doomed to failure is often easier to recognize in people other than the project manager[ii]. Project reviews should begin during the planning stage and continue throughout the project. During the planning stage, a review team composed of experts that are not directly involved in the project can provide valuable insight and guidance. Project reviews and audits are conducted more frequently during the vulnerable early stages of the project. They should be included in the project plan since they will take time away from the project. These reviews are not witch-hunts but are directed at helping the project manager. As the project matures, the reviews can be changed from monthly to quarterly. Lessons learned from these reviews and audits should be shared among other project managers and used to update the project management process, the training curriculum and the mentoring program. Additionally, the project office should post the lessons learned on their web-based home page. Experience indicates that very few organizations use lessons learned properly, resulting in continuous mistakes or reinventing the wheel.

"WHAT WE LEARN FROM LESSONS LEARNED IS THAT WE DON'T LEARN FROM LESSONS LEARNED"

Organize and Manage the Resource Pool

The biggest dilemma facing most organizations today is the lack of skilled personnel to get the job completed according to plan. This is especially true in IT organizations. This situation is further exacerbated by the lack of skilled project managers and the increase in the number of projects. The Y2K problem has caused backlogs of projects that include IT support in their solution. The business units in many organizations have lost patience and confidence in their IT organization. They want results not reasons why their projects can't be accomplished. Most project managers claim that the lack of sufficient timely resources with the requisite skills is the major cause of project failure.

However, on most projects the major expenses are personnel costs, which may contribute to the staffing difficulty. A study published in Information Week indicated that 75 % of an IT project's budget is personnel. Although personnel costs may not be as high in projects like building and airplane construction, it is nonetheless significant and worthy of better control. Matrix management has been offered as a cure for scarce personnel resources but it has significant drawbacks. Matrix management is difficult to apply in a multiple project environment without centralized control of personnel resources. Compounding this problem is the recent Cutter Group findings that 40% of the IT organizations were working on projects not relevant to the business goals. In summary, many organizations have a shortage of personnel resources while a great number of the resources that they have are working on projects that will not provide value to the organization. These facts indicate a need for better control. In a multiple project environment, the problem is more severe. Competition for scarce personnel resources can become very keen. There will be examples of resource hoarding by some project managers while other project managers are scurrying to find the right skills or simply doing without. The project office can be of great assistance to the organization by taking a central view and control of the personnel resources that are available for project work.Getting control of all the resources that may be available for project work is a challenging task in some organizations. Corporate politics can often blur the real issue and many turf battles can erupt. The project office must have accurate and convincing facts to persuade senior management that a centrally controlled project resource pool is a prudent decision.

Resource Control

- Inventory available personnel resources
- Determine who presently manages the personnel
- Determine how the personnel resources are managed
- Develop a simple personnel resource management process
- Disseminate the process to all users
- Acquire the requisite resource management software
- Load the database
- Allocate resources to projects according to priority
- Provide resource utilization reports

Exhibit 2:
The steps taken by the project office to install a centrally controlled resource database.

Exhibit 2 shows the steps taken by the project office once the decision is reached to proceed with a centrally controlled personnel database. Selecting and approving new projects without an analysis of available personnel resources is foolhardy.
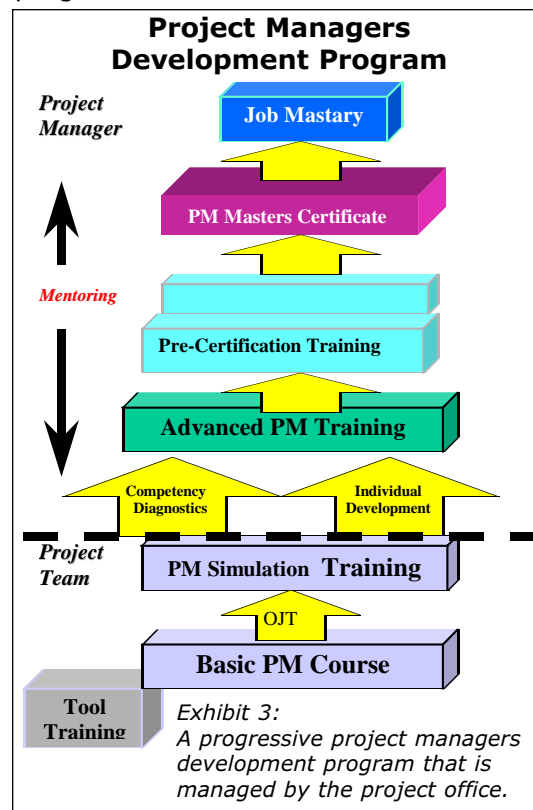
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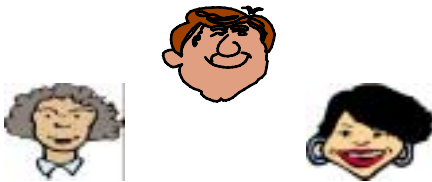
To maintain a consistent project management approach, the project office must be concerned with the development of existing and future project managers. Recall that to be successful the project office must get short-term results and maintain a long-term vision. The project office is initially concerned with project manager identification, then with their development. The identification and development of project managers is a long-term vision that has to get under-way early. Identifying the project managers and being concerned with their development can be another politically explosive issue in some organizations where the majority of the project managers belong to the business units. It can also become a turf issue with personnel and training departments.

Today in many organizations, there is a greater awareness that accidental project managers are too costly to the company's financial stability. There is a gap between their training programs and workplace reality. To fill that gap more companies are turning to mentoring. Mentors are used to help project managers achieve the steep project management learning curve in a shorter time. The project office is ideally suited to provide mentors.

Mentoring fulfills the individual's development need and reinforces the training program. How much mentor-

ing is needed depends on each individual. There are informal and formal mentoring sessions. The informal mentoring session is a one on one discussion with the project manager. A formal mentoring session would be similar to a class to discuss a certain subject that seemed to be a problem on everyone's project. Therefore, the mentor reinforces the training and project management process. The mentor should evaluate these project managers periodically. The project office provides progress reports to management. The project office must be watchful that the mentor is not perceived as a spy because of the progress reporting. A mentor is supposed to help. Is the mentoring that is taking place effective? Periodically, the project office should ask the project managers to report on the effectiveness of the mentoring and on areas for improvement.

The project office plays a greater role in project manager development in small organizations that don't have large personnel and training departments. Exhibit 3 is an example of a progressive training and development program.

Project Managers Development Program

Project Manager

Job Mastary

PM Masters Certificate

Mentoring

Pre-Certification Training

Advanced PM Training

Competency Diagnostics — Individual Development

Project Team

PM Simulation **Training**

OJT

Basic PM Course

Tool Training

Exhibit 3: A progressive project managers development program that is managed by the project office.

Additionally, the project office fulfills an important role by offering project management training to employees in the organization. The project office carries out this role in several different ways. For example, it can work closely with the training department to develop courses that would be offered through the training department. Alternatively, the project office can conduct the courses or identify and select outside vendors that would develop and deliver the course material.[iii]

Finally, the project must pro-actively communicate that being a project manager is the road to success within the organization. It is not something that people shy away from but it is something that they must do to move up the corporate ladder. Most companies don't recognize that their project managers are the keys to their success. They don't pay project managers appropriately. They don't give them the necessary rewards and they don't understand many the difficulties a project manager has to go through. Fortune magazine has identified project management as a career path of choice. Tom Peters, in his book Liberation Management, suggests that project management is a key to organizational survival and success into the next millennium. Clearly, project management offers a significant approach to operating effectively in today's chaotic times. Project offices help organizations to assure that as they struggle to survive and thrive in the turbulence, they can get it right![iv]

Establish and Enforce a Project Management Environment

An effective process overseen by the project office anchors the organization's project management environment. The process includes project selecting, initiating, planning, executing, and closing. This process is the basis for the training curriculum and the mentoring program. It is paramount for organizational improvement. This simple but effective process includes essential elements to control the project and get early warning of pending problems. The project manager doesn't need a 400-page process guide. Most project management tools and techniques are simple, so making them too complex will cause non-acceptance. These are simple tools for complex people. Creating a project management process is the first step. Enforcing the process is more difficult. It requires senior management support to create a project management environment. Requiring all project managers to coordinate their projects with the project office and to report according to the process goes a long way toward enforcement.

The project office has to continually emphasize that repetition of the simple process will eventually get better project results. The project office also has to insure that all project teams have the requisite software and hardware to implement the process. This is essential if the project office is to be responsible for supporting multiple projects. The project office has to initiate a pro-active communication plan. Establishing a project office web page containing project office information is not sufficient. The communication plan has to emphasize the value of a consistent process and lessons learned. The project office has to establish a broadcast network to all project managers informing them of new lessons learned, templates and tools.

The project office must insist on the use of the process with a sharp eye on

process improvement. It is not a process for process sake but a process that focuses on deliverables and results. For example, a Gartner group study indicates that as project management rigor increases the probability of project disaster drops. The study is referring to a project management process.

Summary

Many organizations continue to struggle trying to organize a project office and to implement the necessary improvements to achieve successful project management. This article presents a plan for success. Most of the concepts presented in this article are not new. What is new is the sequencing of the interrelated Seven Secrets. The project office now has a pro-active plan, both short and long-term, for helping the organization fulfill its strategic business goals while simultaneously improving the project management. Implementing these seven secrets in a logical way will provide a "WIN-WIN" situation for the business units, the IT organization and the project office.

References

i Schmidt, Eric, USA Today, October 1, 1998.
ii Flowers, Stephen, Software Failure: Management Failure-Amazing stories and cautionary tales, West Sussex, England, 1996.
iii Block, T. R. and Frame, J. D. Project Office: A Key to Managing Projects Effectively, Menlo Park, CA: Crisp Publications, 1998, pp 37.
iv Ibid. pp x.

Thomas R. Block, PMP is president of Block & Associates and is a consultant for IIL and a professor at the University of Management & Technology (UMT). Previously, he was Vice President for professional services at PM Solutions, and Project Office manager at EDS and Perot Systems. He is an Executive Scholar at the University of Management & Technology (UMT) in Arlington, VA, and co-author of The Project Office: A Key to Managing Projects Effectively, 1998, Crisp Publications.