Keep Value in Mind: Investing in Project Management Value

MASTER OF SCIENCE IN MANAGEMENT OF PROJECTS AND PROGRAMS

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Abstract

Consider the following typical summary descriptions of projects:

- Full scope delivered, on-budget, 3 months late
- Full scope delivered, $200,000 over-budget, on-time
- Full scope delivered, $100,000 over-budget, 2 months late
- 80% scope delivered, on-budget, on-time
- Project cancelled after 1 month, $100,000 spent

These characteristics reflect the familiar time/cost/scope constraints, yet from this data, we cannot determine which project was most successful. Often we neglect to define and manage project completion criteria and project success factors. If we don’t know how to measure the success of a project after it has completed, how will we know how to direct the activities of the project during its execution?

Fundamentally, projects are successful if they result in tangible benefits: saving money, increasing revenue, improving customer service, reducing organizational risk, delivering business objectives. We need to manage the triple constraints, yes, but we can improve the chances for our project’s success if we manage projects as investments, keeping value in mind.

ABOUT THE AUTHOR

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Look familiar? These hypothetical excerpts from resumes I have seen through the years have the right “buzz words” – managed, delivered, on-time, within budget, responsible for, etc. Yet none reflect what the projects actually achieved for the organizations. Were the projects themselves successful?

Consider instead:

- Successfully delivered a $2 million project on-time and within budget, that ultimately enabled the company to save $5 million annually in operating costs
- Responsible for the project budget, schedule, and management of technical resources to deliver projects that achieved their business objectives of increasing the division’s revenue by 4% and improving customer service by an average of 5%
- Manage all aspects of several medium-sized projects with moderate complexity, performing project planning, tracking, oversight, and value assessment to ensure projects deliver their business objectives while being on schedule and within budget

What’s the difference? In a word, **value**.
We can’t control what we don’t plan.

If we don’t know where we’re going, a map won’t help.

We don’t embark on a project because someone had a good idea.

Perhaps you have heard of some of these phrases before. By incorporating negatives (can’t, don’t), they implicitly describe the positives:

We need a plan in order to control it.

We need to know where we are going in order for our plan to have meaning.

We need to understand and deliver the proposed value of our project.
A project that starts out with a comprehensive plan that becomes quickly out of date because it is not updated

- Nobody makes the time to update the plan to respond to the dynamic and ever-changing nature of projects. When reviewing the plan, we cannot answer, “Where are we?” but only “Where were we?” when the plan was last updated.

A project that on the surface was delivered “perfectly” – until someone realizes that it ultimately was a failed project

- It met its defined cost and schedule expectations, it delivered all requirements expected, including quality requirements. We spent all of our time delivering the project right, and we didn’t stop to determine if we were delivering the right project. We followed our plans and budgets perfectly, but effectively we were guided by our GPS that was set to the wrong coordinates.

A project that proposed to realize a 5% increase in our company’s profits, and once the project concluded and the team was scattered, nobody took the time to assess if this objective was ever achieved

- When projects are initiated they are generally justified; if we do X, we will achieve Y for the company. “Achieving Y” is somebody’s “good idea,” but it needs to be real. We need to measurably estimate a project’s value to the organization, continually review our project’s progress against this proposed value, and ultimately affirm that our project did indeed deliver this proposed value.
Value-Driven Scheduling and Control

Suppose we have identified the need for a project to accomplish what I’ll call Goal-X. Realizing this goal requires the ability to consistently address and balance multiple facets, stated rather simply through a series of What-Who-How-When-HowMuch questions:

- What specifically do we need to create in order to realize Goal-X? (scope)
- Who is available to contribute to Goal-X? (resources)
- Who are the beneficiaries of Goal-X? (customers; end-users)
- How much are we willing to spend to achieve Goal-X? (budget)
- When do we have to achieve Goal-X? (schedule)

Fundamentally, the first question that should be asked and answered, however, begins with Why:

- Why do we want to achieve Goal-X? (value; strategy; vision)

When planning and scheduling a project, we use a range of techniques in our toolbox:

- How to initiate a project and write a project charter
- How to elicit project scope and subsequently define a work breakdown structure (WBS) that aligns with this scope
- How to expand on the WBS into a schedule through the development of tasks, dependencies, and relationships
- How to determine and estimate resource requirements
- How to refine, analyze, and optimize our project schedule
- How to develop a project budget, and how to control a project budget during schedule execution
- How to monitor progress achieved against planned time and cost estimates
When exploring related techniques to achieve the above, we need to continually revisit the question of *Why*.

- **How to initiate a project**
  - Why do we want to initiate this project? What value will it bring to our organization?
  - What are the tangible and intangible benefits?

- **How to elicit project scope and subsequently define a work breakdown structure (WBS) that aligns with this scope**
  - Have we adequately defined our WBS so that it will deliver the proposed value?
  - How can we assess this?

- **How to expand on the WBS by creating a schedule through the development of tasks, dependencies, and estimates for task durations**
  - Does our schedule propose to deliver the project’s value when it needs it?

- **How to determine and estimate resource requirements**
  - Do we have sufficient available resources to deliver the project’s value?

- **How to refine, analyze, and optimize our project schedule**
  - If our tasks are late, what value are we losing? How can we improve project execution to deliver the most value?

- **How to develop a project budget, and how to control a project budget during project execution**
  - If we are going over-budget, how much value is being lost? How can we improve project execution to deliver the most value?

- **How to monitor progress achieved against planned time and cost estimates**
  - Once again, we should focus on meeting our time and cost goals, while concurrently ensuring that in doing so, we are delivering the project’s proposed value.
Advanced Scheduling and Control, RPJM-103, Week One: Summary and Looking Ahead

• Saving money
• Increasing revenue
• Improving customer service
• Reducing organizational risk
• Delivering business objectives

These define successful project management, and they are not possible without effective project scheduling and control.

In the next few sections this week, and through our discussions, we'll explore common definitions for projects and project management along with product and project scope.

Throughout the remainder of this course, Advanced Scheduling and Control (RPJM-103), we will focus on principles to manage a project as an investment, while keeping value in mind. We'll explore value-based metrics that, when properly applied, can significantly impact project and portfolio value and revenue. We'll see that this is possible only if we have mechanisms to quantify scope and to align scope to value. Most projects manage to time and cost, assuming scope relatively constant (or that changes can be managed consistently). Few projects manage the value of the scope – and without it, we can't effectively demonstrate why a project should be allowed to proceed!
Master of Science in Management of Projects and Programs

Managing projects and programs brings together the hard skills of planning, estimating and budgeting with the soft skills of negotiation, conflict management, influencing and effective communication. It requires an integrated understanding of business functions and challenges at various levels of corporate operation, and involves the interdisciplinary study of management, leadership and technology.

Brandeis University’s Master of Science in Management of Projects and Programs prepares students already working in project management for assignments of increasing complexity and responsibility. It also provides a significant advantage to those wishing to advance into the field of project management.

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