

Project Manager - A Strategic Resource?

NSW ACS SIG – 16 March 2005

John P. Flynn

PROJECT MANAGERS NETWORK

www.pmnetwork.com.au

www.projectalchemistry.com.au



Overview

- Following the creation of a formal standard in PM (the PMBOK), increasing numbers of business graduates are replacing technical personnel studying PM
- This new trend can be observed in Australian universities, extension courses in PM and in the membership of the professional bodies
- How can we bridge the gap in expectations between business and IT?
- How can IT ensure it is perceived as a strategic resource to the business?

Issues

- IT has a reputation for failure and unreliability that goes back to the late 1970s.
- IT Project Management persists in focussing on technical skills and tasks, not strategic ones, such as the business case.
- A new crop of financial and other managers are being trained in PM and see it as a valuable skill to supplement their managerial role.
- In a changing world, how does the IT PM rise in the food chain, so their skills are perceived as a strategic resource to the business?

My Perspective...

- Studied in FIRST undergrad Computer Science program in Australia and ACS member since that time (some gaps!)
- Professional services manager and consultant PM for most of the past 30 years, including Asia Pacific, Australia and USA
- Package developer, software implementation and IT market research background, but also company start-ups, M & A and business cases
- But now project manager trainer and mentor/trouble shooter of PMs and project teams

1. A sorry history: project failures

“Somewhere today a project is failing.”

- Tom DeMarco & Timothy Lister
Chapter 1, “Peopleware”
(originally published 1987, 2nd ed 1999)

Bridges usually don't collapse...



So why do business and technology projects fail?

What are the statistics?

- In 1997, an estimated 2 million people were working on 300,000 software projects just in the USA.
- Between 1/3 to 2/3 exceeded their schedule and budget targets before delivery.

IT Project Outcomes

Year	1994 %	1996 %	1998 %	2000 %
Failed (cancelled)	31	40	28	23
Challenged (more time, cost or less features than planned)	53	33	46	49
Succeed	16	27	26	28

Reasons for Project Failure Summary

- § Scope incorrect or changes
- § Inadequate communication
- § Stakeholder disagreement
- § Unrealistic expectations about time/cost
- § Critical dependencies not managed
- § Senior management involvement

What are the implications?

- Rather unfairly, management tends to view IT failure as the norm.
- They sheet home the communications breakdown solely to IT, ignoring their responsibilities in requirements gathering and signoff.
- They ignore serious problems in business projects, eg, AMP/GIO, CBA and Colonial, etc.

What are the statistics? - 2

- In Jan 2003, US consultants McKinsey announced that 30 – 40% of mergers and takeovers in the 1990's were totally unsuccessful
- In February, the Australian Financial Review attributed many similar failures in Australia to bad or to too little planning
- Some of these failures are implementation related, but many are just badly run projects

What are the statistics? - 3

Two major projects in Australia were recently (2004) cancelled due to poor business planning and stakeholder management:

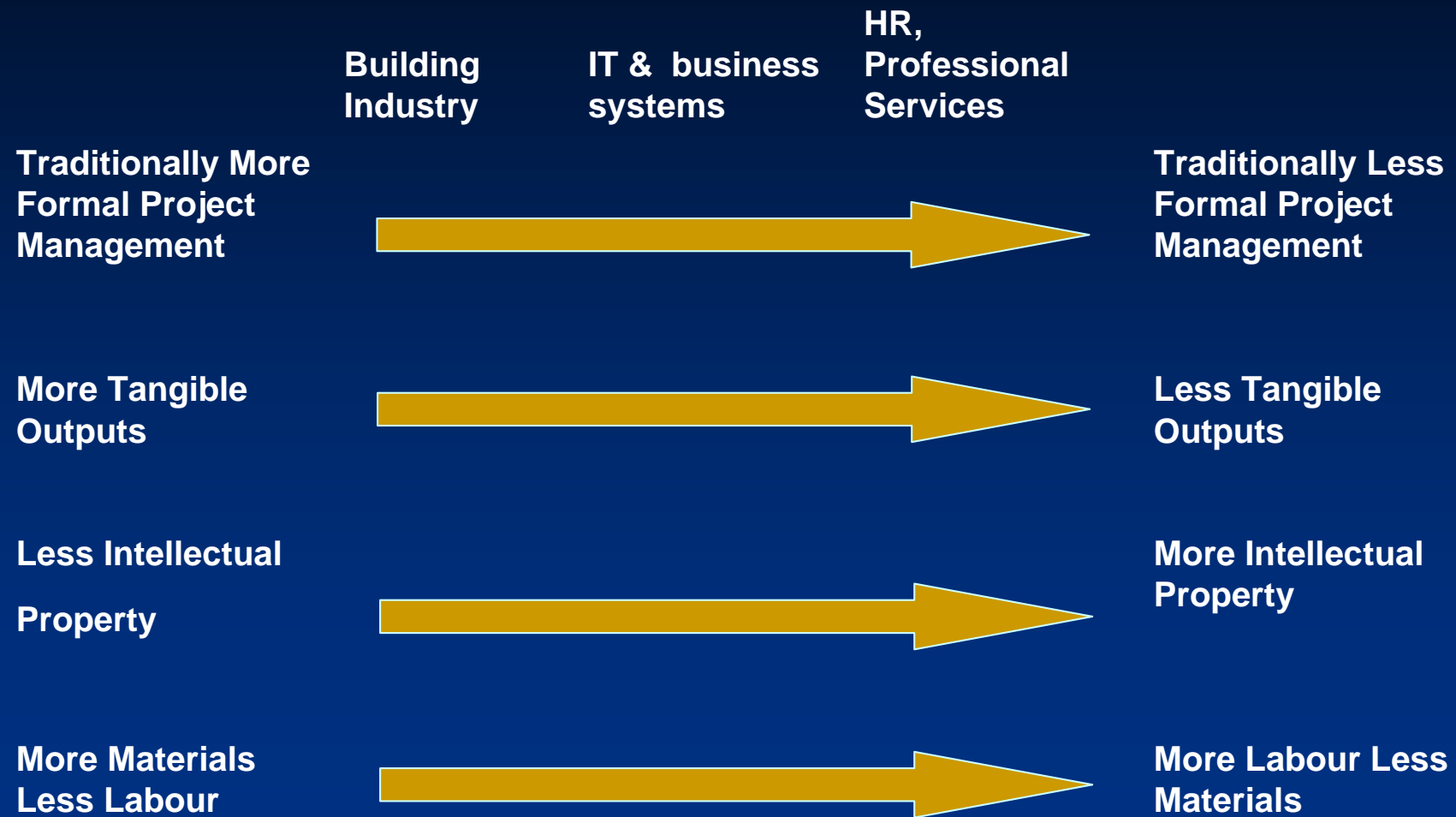
- Nextgen, a \$Aust 1 billion fibre optic cable project across the country. (In two phases – 2 years construction, 3 marketing). Financing issues.
- Australian Magnesium's Stanwell processing plant – capital cost estimates increased from \$Aust 987 million to \$1.624 billion within a year. Excessive development of technical facilities.

2. Macro Trends in PM

Management trends 1990-2005

- § **Emergence of PM model in general management:**
 - Tom Peters – “Liberation Management”
 - Turner – “Handbook of Project-based Management”
- § **Statistics of IT Project failure and the mistrust of technical personnel**
- § **Greater awareness of major reasons for project failure**
- § **Downsizing / projectising middle management**

Trends in PM



Greater awareness of PM as a Career and Discipline

- § PM BOK
- § ANSI recognition
- § Increasing membership of professional bodies
- § Certification process via professional bodies
- § Organisation support for project management development
- § Training courses
- § Books on project management

3. Trends in PM Education

My data is not exhaustive...

- **University of Sydney**
 - PM Outreach – Grad Certificate, Diploma and Masters programs in Civil Engineering
 - Centre for Continuing Education – twice monthly workshops for new, professionals and senior PMs
- **University of Technology Sydney (UTS)**
 - Grad Certificate, Diploma and Masters programs in School of Building and Architecture

University of Sydney

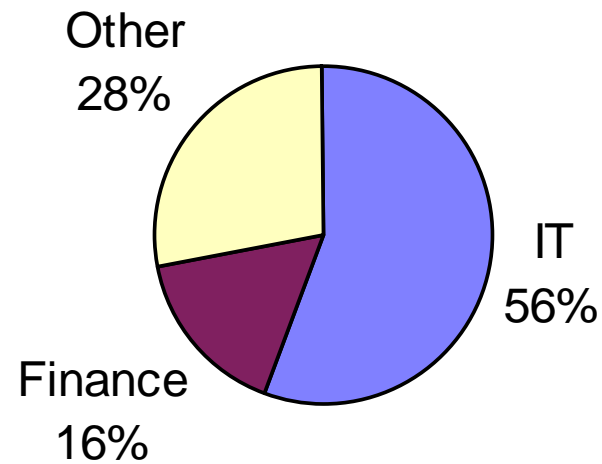
- **PM Outreach - Degrees**
 - Detailed statistics not available, but Prof Stevens confirms only minority from traditional engineering
 - Many from ITC and outsourcing
 - Some defence and “Others” (often retraining between gigs)
- **CCE – PMBOK-based courses**
 - Less than 10% in construction (but proportion remains more in technical courses like MS Project)
 - Remainder are 50/50 ITC and business admin (including government)

University of Technology Sydney (UTS)

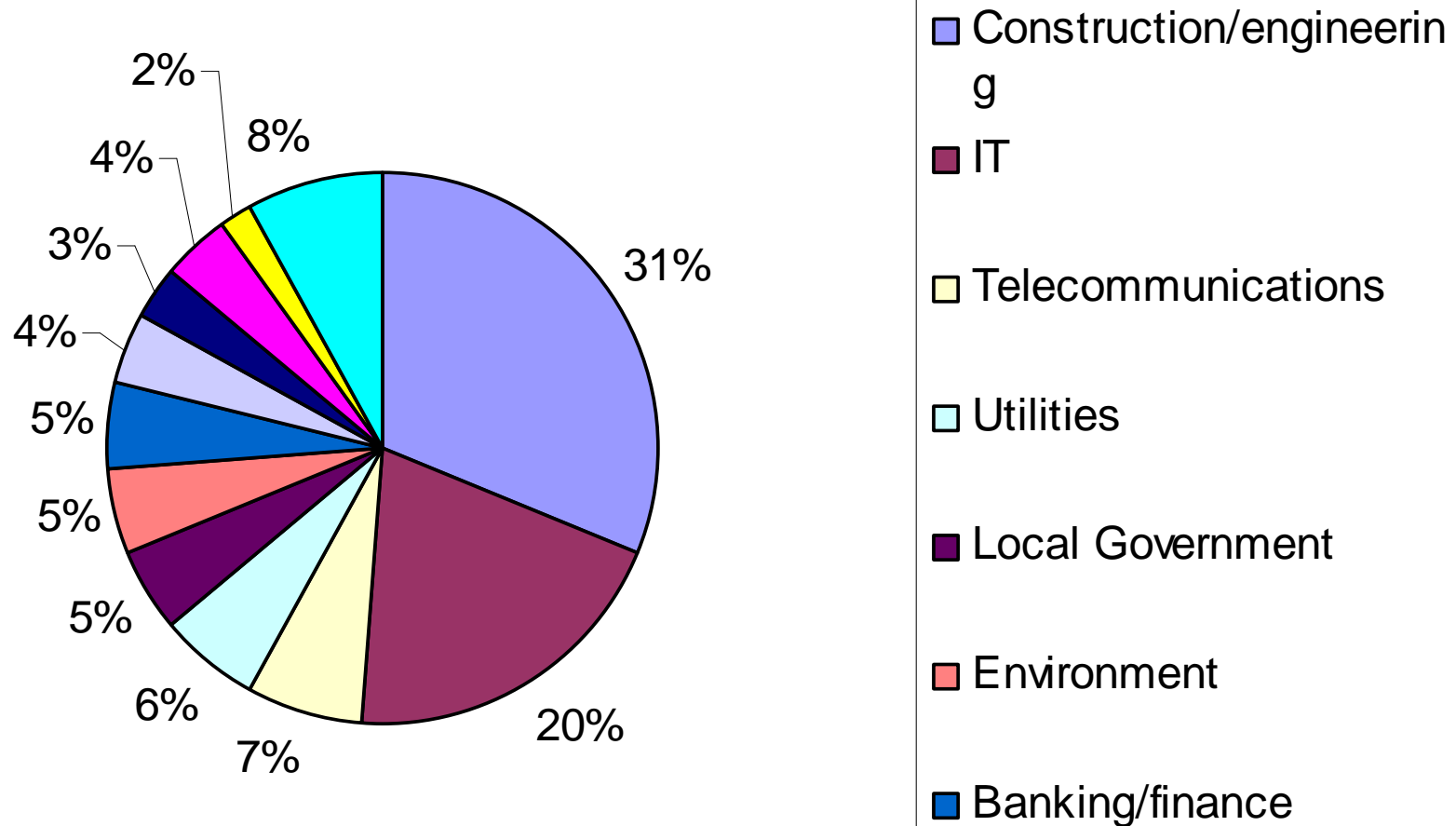
- Building and Architecture
 - Grad Certificate, Diploma and Masters program
 - Approximately 50% non-construction
- External consulting – PM assessment
 - Westpac Bank, State Rail (government) and other corporations

PMI Sydney – August 2003

Sydney PMI



AIPM Membership - 2003



4. Implications to IT Industry

Traditional client/PM roles

- Traditionally, the IT department provides PM (now overtaken by outsourcer) and sets KPIs.
- IT PMs manage teams of similarly skilled and trained personnel, with minimal participation of users (usually steering committees, requirements signoff, prototype reviews and UAT).
- Major PM role is to provide technical experience to tasks rather than managing contracts or people
- Meets with suppliers and team, but less with executives and business “owners”

Contemporary client/PM roles

- Independent PMs emerged in 1990's working for business client (construction did this in '80s)
- Despite glitches with post GST downturn, more opportunities emerging here, although job ads still stress technical experience rather than management skills and experience
- Some companies now divorce responsibility for the business objectives from the technical PM role and quarantine IT from the stakeholders.

5. Planning for success – the role of modern PM

Why do projects succeed?

- Projects do not succeed because of the latest technology...
- They succeed because they are carefully planned and deliberately managed.
- They succeed because they apply PM best practice principles and standards
- They help inculcate an awareness of accountability within both the technical and business teams.

How do YOU succeed?

- Understand who are the stakeholders and win their support
- Control everyone's expectations
- Understand the scope (objectives) and stick to them
- Document ALL requirements and obtain everyone's agreement
- Encourage smaller projects or use prototyping methods

Success factors (cont)

- Build the best team possible
- Develop a viable plan and keep it up to date
- Have a realistic schedule
- Keep everyone informed
- Keep a sense of urgency

Above all...

- Train your project managers!
- Train your executives!
- Use international standards
 - PMBOK, PRINCE2
 - Ensure your organisation respects the management procedures used in the standards

PM – a Strategic Resource?

Q & A