The Essence of Project Management

The 20% that creates 80% of the value

Patrick Jonsson

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PATRICK JONSSON

THE ESSENCE OF PROJECT MANAGEMENT

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The Essence of Project Management: The 20% that creates 80% of the value
1st edition

ISBN 978-87-403-1973-6

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INTRODUCTION

If you have you ever been involved in a failing project, you are not alone. It's an experience that many people share, as projects fail all the time. In fact, several colossal failures have been documented in ancient and modern history. For instance, the ancient Roman Empire collapsed, in part, due to its vast and rapid expansion which led to communication lines breaking down. More recently, the Sochi Olympics, which was supposed to cost $12 billion to host, ended up costing $51 billion dollars – a staggering four times the initial budget. There is also the case of the Danish Air Force's controversial purchase of a fighter jet that was only tested using simulators and had never actually been flown before it was bought.

I have been meaning to write on this topic for a long time. A couple of years ago, I had the responsibility to take over and improve upon a Portfolio Management Office across a complex holding company structure. This was on top of the demands of my full-time job of running and speeding up the performance of the Sourcing Department at the same organisation. It was both a daunting, yet exciting undertaking. To make matters more challenging, I was promised two full-time people to help me. However, when I accepted the new role, I was assigned only one assistant.

It turned out to be quite a challenging task. At the time, I was recently married and my wife and I went on week-long honeymoon to Egypt. I decided to spend a second week by myself in Egypt to read as many books on Portfolio Management Office (PMO) that I possibly could. Thanks to that decision, I returned to the office with a solid theoretical foundation and over the next couple of years I gained a lot of practical knowledge about PMO. What I have gained from this, alongside over ten years' experience in Project Management and a few Project Management Certificates, is the foundation of this book.

For some people, Project Management is a somewhat complicated theory. With this book, I wanted to provide a thorough overview of Project Management, mixed with some fun storytelling. I believe that I have a very important and valuable story to tell. Having been involved in projects both in Business and IT, I am all too aware from personal experience that things inevitably go wrong and projects fail. However, these failures can be valuable learning experiences for the success of future projects.

According to a Gartner study from 2010, 75% of projects either fail entirely or do not live up to expectations. This is a staggering number, but as we all know, when taking on projects, various unknowns and challenges can arise. Therefore, in order to reduce time, money loss and wastage we need to improve project delivery and adjust our expectations from the start.

This book focuses on how this can be achieved and is intended for those entering into the world of Project Management, those looking to set up a Portfolio Management Office, more experienced Project Managers and those who are simply interested in the subject. I intend to "cut through the muck" of endless Project Management books and I have carefully picked "Golden Nuggets" of information from what I've learned and present what I believe to be the Essence of Project Management. Using a funnel approach, I will introduce you to some over-arching concepts and important contexts, such as the connections with Business Strategy, Stage Gate Project Models and Portfolio Management Office, and then focus on the key Project Management tools.

I have found that the Pareto Rule, which states that 20% of the input provides 80% of the output, aptly applies to Project Management. For example, 20% of the customers or 20% of the suppliers in a company typically provide 80% of the value. Likewise, 20% of the students in a classroom will ask 80% of the questions. This rule applies both to Project Management failure and to the Project Management Tools that provide the most value when running projects.

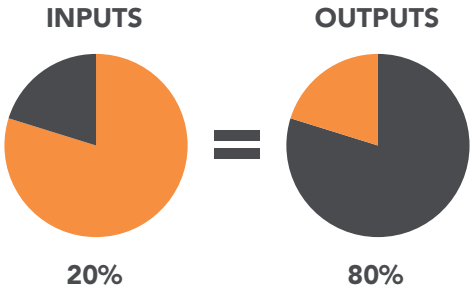

Figure 1 – The Pareto Rule states that 20% of the input provides 80% of the output.

In the next section I will discuss the reasons for failure and in "Project Management Toolbox" I will discuss the key project management tools.

1 THE REASONS FOR PROJECT MANAGEMENT FAILURE

Study after study has shown that the same reasons contribute to Project Management failure time and time again. They can be summarized in three over-arching reasons (the 20% that explain roughly 80% of why projects fail). They are:

1. Unclear objectives
2. Poor Project Management practices – with regards to Communication and Stakeholders
3. Inadequate project planning and a lack of resources

First – not having clear and sound objectives – is an incredibly daunting problem. In the worst case scenario, we may not even know what the project involves or what project success might look like. What is often the case is that stakeholders may have different ideas about the project aims and direction. The second and third reasons are easily avoided and can be alleviated using simple tools and practices. As we will see later, a lack of resources may be unavoidable but clearly communicating the project's priorities can successfully address these issues.

1.1 THE THREE VILLAINS

As previously mentioned, there are three root causes to the three main reasons for project failure. These root cause are known as the Three Villains in the "Global Story of Project Management Failure and Madness". They are:

1. The Silo Structure
   a. The rift between the IT and Business departments
   b. Inability to focus – too many projects running concurrently
2. Short term approach and shifting focus
3. Lack of Project Management knowledge

➢ The first Villain – The Silo Structure

This theory likens the project to running a silo, whereby the manager of a silo will usually use up 100% of the available resources to focus on their own projects. However, there can be many more complex and time consuming projects running across many different silos within an organisation. At an aggregated level, this translates to too many projects and too few resources – especially with regards to IT. Most silos (departments) will need to utilise the IT department. This often leads to a "whoever barks the loudest gets the resources" situation – and when department managers grow impatient, they start to bark louder.

When this happens, executives tend to give way and allocate resources to specific projects for a while, until somebody else starts to bark even louder. This approach can create a "stop and go" situation, and resources, particularly IT resources, constantly need to shift focus to meet the ever changing demands. As it turns out, this approach is highly inefficient yet it is extremely common in many organisations. It is the IT department who gets "bashed on the head" due to poor communication and vague objectives, and the IT department may get frustrated in return and end up delivering products that are not needed or are not up to standard.

Over time, these issues can cause the IT department to demand detailed agreements spelling out what is needed, perhaps even requiring documented proof of what has been agreed. However, the needs of the project can change significantly over time, inevitably causing frustration for all parties. While this is a gloomy depiction of what occurs in many medium-sized and large organisations, it is a realistic portrayal of what obtains with many projects. Figure 2 depicts too many active projects at the same time compared to an ideal scenario.

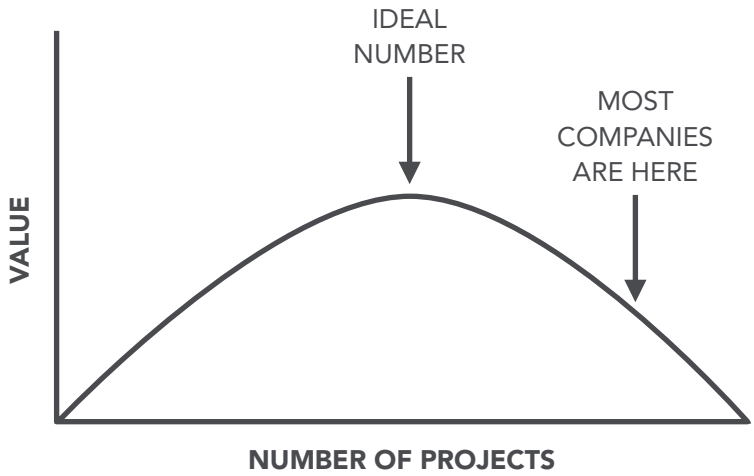

Figure 2 – the ideal number of projects versus too many active projects at the same time

➢ The second Villain – The Short Term Approach and Shifting Focus

Many companies are owned by shareholders whose key interests are quarterly profits and results. This can lead to organisations having a short term focus, and this in turn leads to the "stop and go" scenario.

Did you know that the average time a high level executive stays in their role is between two and three years? It's no surprise then that a high turnover of executives in a company will have an effect on project agendas and priorities.

➢ The third Villain – Lack of Project Management Knowledge and Skills

Training and experience can obviously alleviate this problem, yet some companies are reluctant to acknowledge that Project Management is a discipline in itself.

1.2 THE THREE HEROES

There are three heroes in this Story of Global Project Management Failure and Madness that, if implemented, can really blast the villains into oblivion, save the day and increase the success and delivery of projects. The heroes are:

1. The One-Pager and the Chronologically Prioritised Project List
2. The "Rift Graph" and conversations about it with the IT department
3. Pareto Project Management Training.

➢ The One-Pager and the Chronologically Prioritized List

The first hero is the classic "One-Pager" that describes:

- The objectives of the project
- What success looks like
- What are the main barriers and risks
- Who are the key stakeholders
- What are the main steps that need to be taken
- A rough idea of financials

I have personally witnessed executives examining project lists, with each of them coming away with differing views on what each project is about. Having at least a few sentences – preferably a page – describing the project leads to a more qualified and productive discussion and makes it easier to prioritise projects and ensure that everyone is on the same page (pardon the pun).

When you have prioritised the projects then you can apply the Pareto Principle and "cut the line" somewhere. Of course in busy organisations it is impossible to control everything, yet you can focus on the "tip of the iceberg", so to speak, to ensure faster and qualitative progress with the most important projects. My advice would be to ignore the bottom of the iceberg as it can take up your time and make you lose focus.

The Project List should contain between five and twenty projects (depending on the size of the organisation). You should prioritise the projects based on two parameters. The first is "Ease of Implementation" and the second is "Benefit".

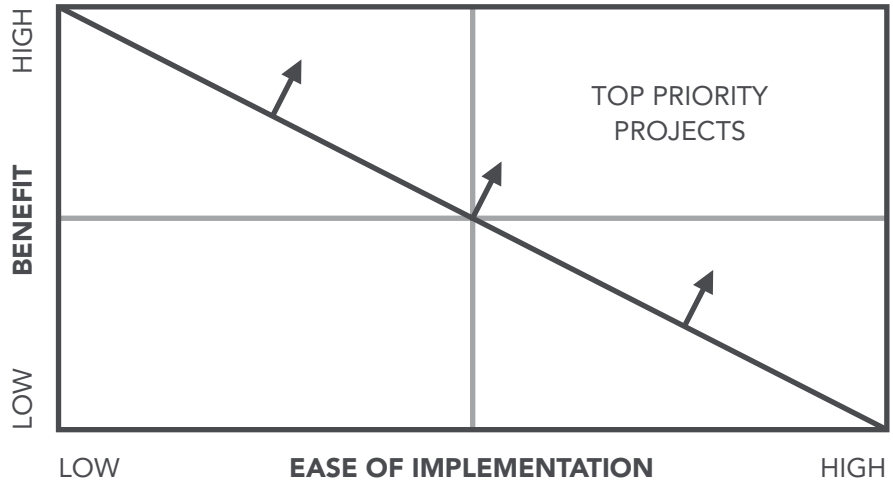

Figure 3 – Prioritisation process for each project.

One way to approach this is to have the Executives or the CEO agree on the prioritisation process. Once they have done this, they have also implicitly agreed to the prioritisation. Using the One-Pagers which summarise each project, ask the relevant executives to score the projects 0–10 using the two parameters (Benefit and Ease of Implementation). Add the scores and order the projects from highest to lowest, then publish the list and communicate it internally.

Next, inform Project Managers that if they have problems resourcing projects that are high on the prioritisation list, they need to raise these issues in the Executive forum. We will dig a little deeper into governance and the Interaction Model later on, which will shed more light on this process. The point of the internally public prioritized project list is that it brings clarity on where resources should be focused. Over time you can add a "Red, Amber, Green" column, a "stage" column and a short comment column to the list. Bring it up in the Executive forum and have it published on, for example, an intranet.

The One-Pager and the prioritized and published project list is a simple, yet extremely effective hero in conjunction with good governance. In order to do the prioritised list across silos, you need some sort of a Portfolio Management Office (PMO) structure, which we will touch on later.

- "The Rift Graph" and conversations about it with the IT Department

In the introduction, we touched upon the rift between the IT department and the Business. It may seem mundane but as Figure 4 below shows, a conversation about the project with the IT department is the second hero. I have applied this strategy with great success. In a typical scenario, the IT department wants to minimise project risk and they apply rigorous principles, tools and processes. On the other side, the Business just wants to get started with the project and not spend lots of time planning and therefore wants to apply relaxed principles, tools and processes to a project.

In this case, compromise is the only way forward to reduce the overall risk. What's required is a lot of dialogue between the IT department and the Business. The project team should consist of members from both areas facilitating daily communication and the building up of trust. Ideally, they should be co-located for the duration of the project. In most instances, an Agile Project Management approach in combination with a simple Project model is desirable.

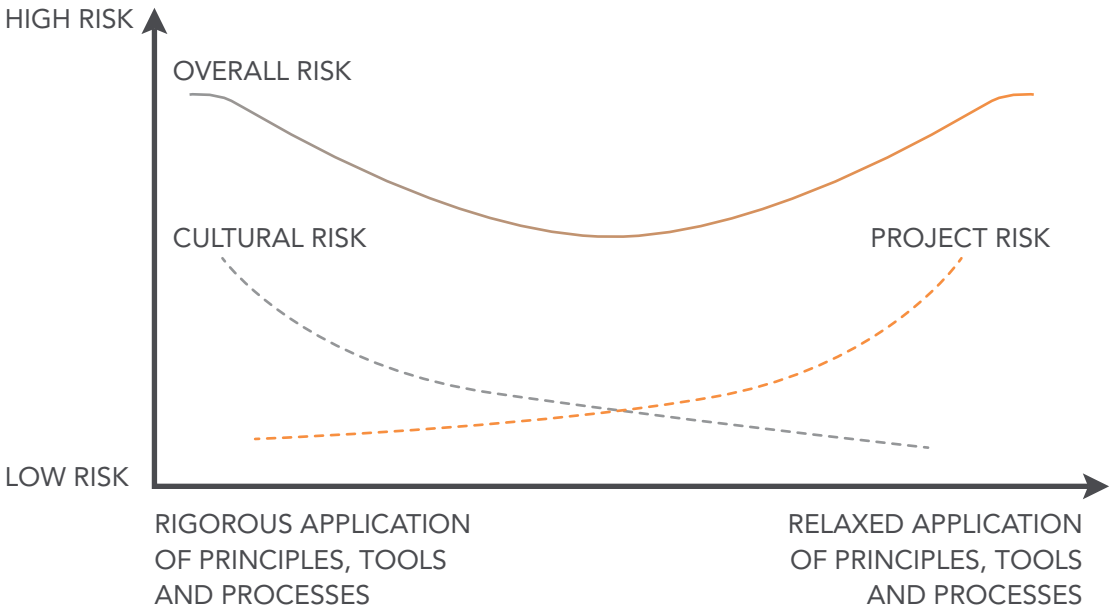

Figure 4 – The Rift Graph demonstrates the relationship between risk and the application of principles, tools and processes

➢ Pareto Project Management Training

The third hero, Pareto Project Management Training, is very close to my heart. As I've stated before, 20% of the tools and processes provide 80% of the value. Take a look at Figure 5. It shows what project management is in its essence. It is firstly about understanding the "As Is" situation by asking questions such as: "Where are we today?" and "What are the facts?" Secondly, we need to consider the "To Be" situation with questions such as "Where do we want to go and why?" and "What does success look like?" Thirdly, we need to find a route from the "As Is" situation to the "To Be" situation and identify barriers on the way – for example, any potential risks or any stakeholders who are against the project.

You then need to decide whether you need to crash through these barriers or go around them. The steps or milestones that are close to you in time are broken down into more detail. Throughout the project, you use The Project Management Compass and the Project Management Toolbox, both of which I describe in more detail later on.

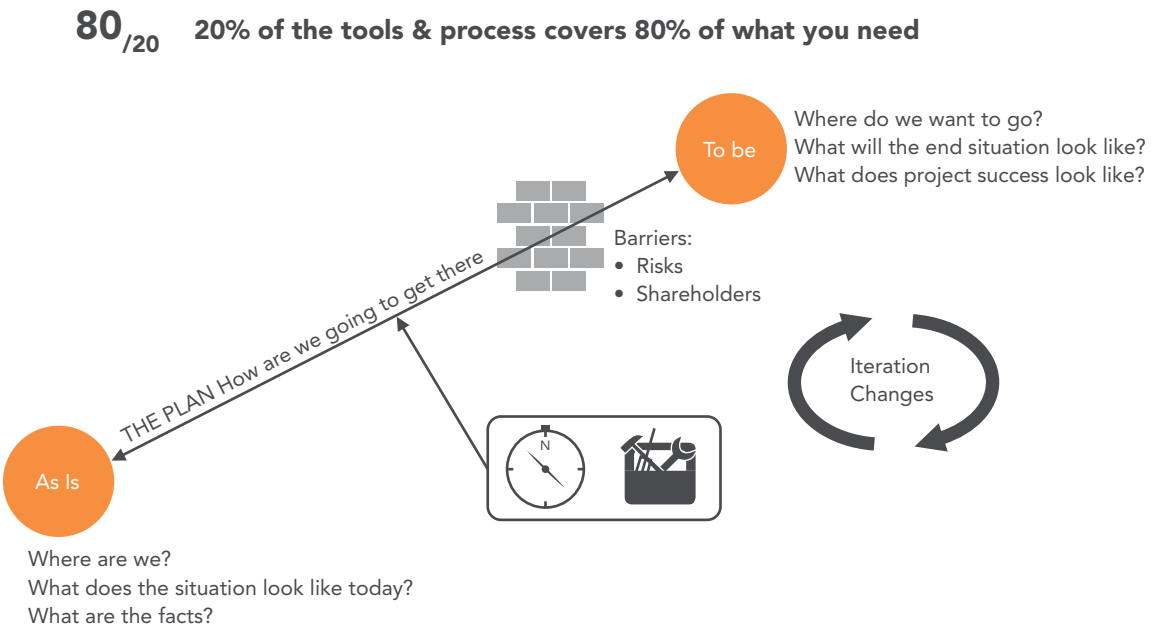

Figure 5 – Pareto Project Management Training is based on the view that 20% of the tools and processes provide 80% of the value.

2 THE PROJECT MANAGEMENT CONTEXT

As we dig into the context of Project Management, let us first ask ourselves a few key questions:

1. What is a project?
2. What is Project Management?
3. What constitutes a good project?

The definition of a project by the American Project Management Institute (PMI) is: "A temporary endeavour undertaken to create a unique product or service". It is often handled better outside the normal organisation, across several silos and, preferably, in several phases.

PMI's definition of Project Management is that it is "the application of knowledge, skills, tools and techniques to project activities in order to meet or exceed stakeholder needs and expectations from a project".

It is said that Project Management is, in its absolute essence, Risk Management. More specifically, it is identifying and evaluating risks, figuring out how to handle them, depicting risk scenarios and dealing with risks as they occur. Risks themselves can be evident and understood by us they may be quite the opposite as shown in Figure 6. How we handle risk depends on whereabouts in the two-by-two quadrant they reside.

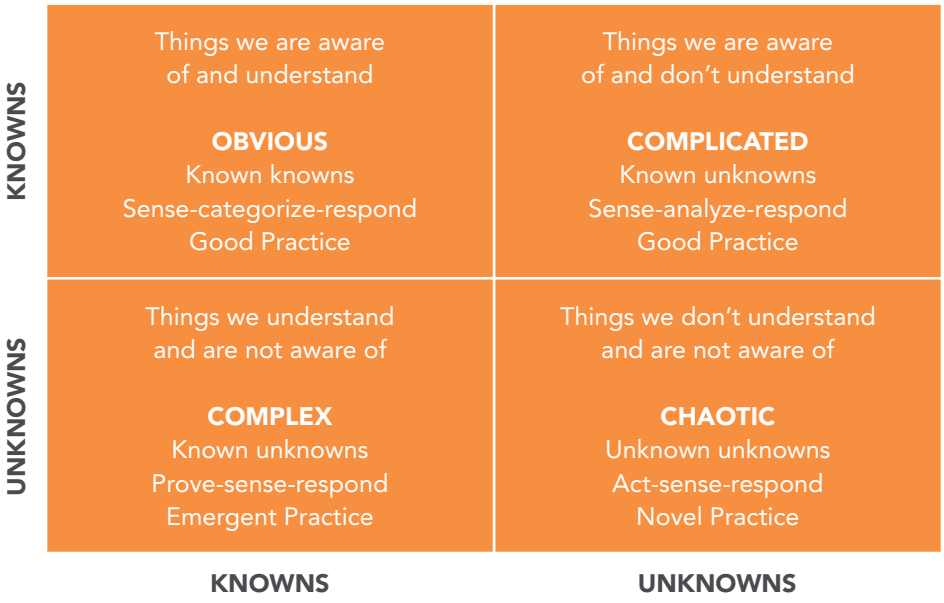

Figure 6 – Two by two quadrant for identifying and evaluating risks.

Other focus is on the "Project Triangle":

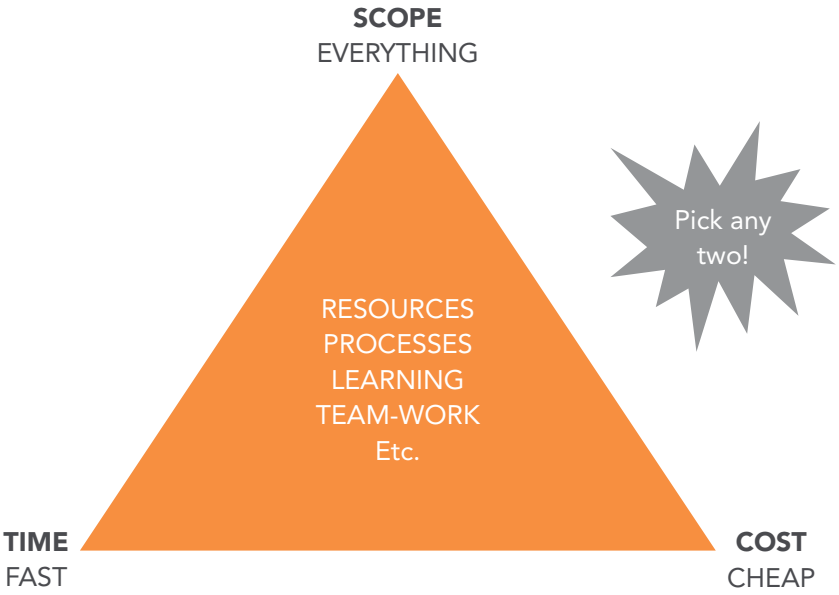

Figure 7 – The Project Triangle shows the link between Scope, Time and Cost.

The triangle shows that a project should have a certain scope, time-perspective and cost. Inside the triangle you can put quality and/or resources. The idea of it is that your scope is restricted when running a project quickly and cheaply. You can pick any two – there is almost a mathematical relationship between Scope, Time and Cost. If you increase Scope, then you need to increase one of the other two parameters. Likewise, if you decrease Cost, you need to either decrease Scope or increase the Time scale of the project. There is also the Extended Project Triangle which includes Risk and Benefit.

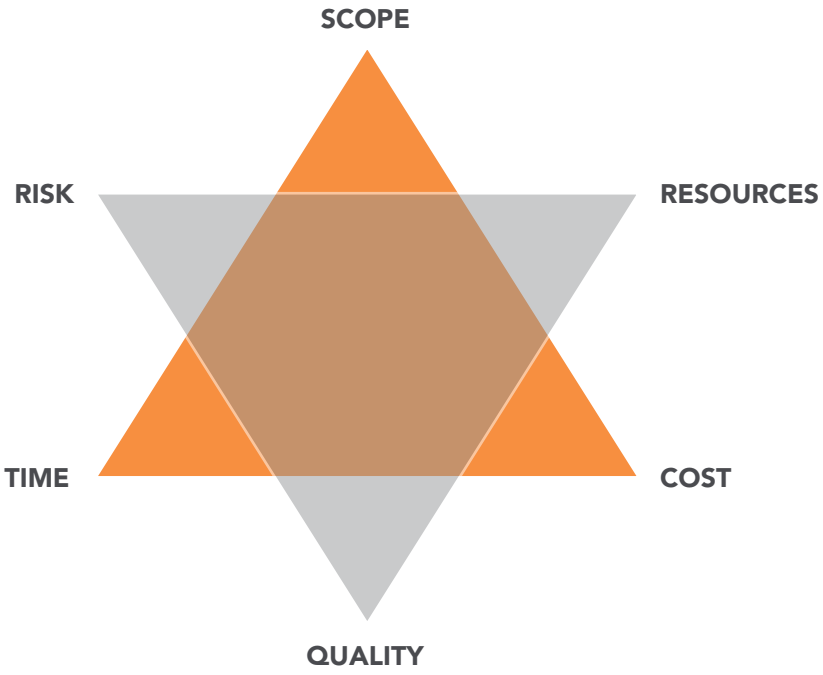

Figure 8 – The Extended Project Triangle demonstrates the added factors of Risk, Resources and Quality that can affect project outcome.

Furthermore, there is The Star (Figure 8) which depicts the Project Triangle but also another triple constraint in the form of Risk, Resources and Quality. The idea here is, for example, if you over work your resources then, naturally, you are increasing risk or the quality of output from the project. The main points of Figures 7 and 8 is that projects have constraints. Inside Figure 7 you can also see that it contains resources, processes, learning and team-work. This shows that constraints can be alleviated – through learning, increased productivity, efficiency and enhanced team work. A good Project Manager can lift constraints and enhance team-work and productivity.

A good Project Manager will have mastered four disciples:

1. Planning
2. Communication
3. Troubleshooting
4. Prediction – handling and foreseeing risks.

To shed some more light on this we can compare a Project Manager to a Project Coordinator:

Project Manager	Project Coordinator
Leadership role	Coordinates
Creates team spirit and motivates	Updates plans
Works proactively	Works reactively
Gets things done	
Negotiates progress "up and down"	
Has soft and hard skills	

Table 1 – Comparison of roles and responsibilities of Project Manager and Project Coordinator

Research has also shown that powerful Project Managers are focused on Outcomes. This focus is very helpful when it comes to easing conflict amongst the Project Team and the Stakeholders. By focusing on outcomes and reminding those involved about where the project is going and why the project outcomes are sought, the way to get there becomes less important and the importance of moving ahead becomes the focus.

2.1 VISION, STRATEGY, PROGRAMME, PORTFOLIO, PROJECT & TASKS

Projects are always run in a context and often in a corporate context. Figure 9 shows this context. At first, there is a general company Vision. From that Vision, a Mission Statement should be made. That statement should be elaborated upon within the company's Strategy, which will form the basis for what Programmes should start (many bundled and related projects that all have the same purpose and goal).

All projects can be prioritised and managed in one or many Project Portfolios. A Project Portfolio is a bunch of unrelated or related projects grouped together. In many cases a portfolio of project will be put together because they all pull on resources from the same resource pools. Typically projects in a portfolio are prioritised based on what business value they can give. Then, of course, you have the individual projects that are broken down into tasks. The higher up the pyramid you are, the broader the objectives. The further down you are the more specific they become. To the left of the pyramid, you can see a word indicating what the focus is at the respective level.

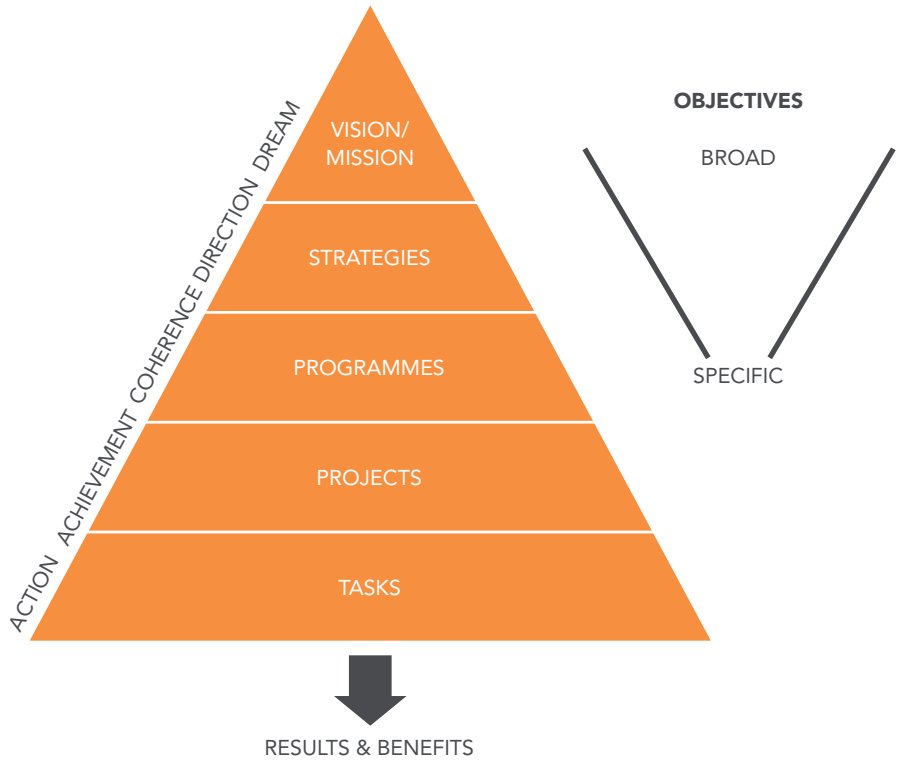

Figure 9 – An illustration of the Vision to Task Pyramid.

2.2 PROJECT FRAMEWORKS AND CERTIFICATIONS

There are a few project frameworks and certifications out there and it is good to know about their existence and have, at least, a general idea of them. The most prevalent ones in Europe are the Axelos Prince 2 Certifications and in the US and Canada they are the Project Management Institute's (PMI) certifications.

2.2.1 AXELOS PRINCE 2 CERTIFICATIONS

Figure 10 below shows the variables, principles, themes and processes in Prince 2 and Figure 11 shows the general stage-gate model in Prince 2. Under each process there are sub-points with inputs and outputs. As a Project Manager it is a good idea to have at least read up on Prince 2. It is an extensive and complete with an exhaustive and comprehensive framework that can and should be tailored to the Project Environment of each project. This point is often missed.

SIX (6) VARIABLES INVOLVED IN ANY PROJECT SIX (6) ASPECTS OF PROJECT PERFORMANCE TO BE MANAGED						
COSTS	TIMESCALES	SCOPE	QUALITY	RISKS	BENEFITS	
SEVEN (7) PRINCIPLES						
CONTINUED BUSINESS JUSTIFICATION	LEARN FROM EXPERIENCE	DEFINED ROLES & RESPONSIBILITIES	MANAGE BY STAGES	MANAGE BY EXCEPTION	FOCUS ON PRODUCTS	TAILOR TO SUIT THE PROJECT ENVIRONMENT
SEVEN (7) THEMES						
BUSINESS CASE	ORGANISATION	QUALITY	PLANS	RISK	CHANGE	PROGRESS
WHY?	WHO?	WHAT?	HOW? HOW MUCH? WHEN?	WHAT IF?	WHAT IS THE IMPACT?	WHERE ARE WE? WHERE ARE WE GOING ? SHOULD WE CARRY ON?
SEVEN (7) PROCESSES						
STARTING UP A PROJECT	DIRECTING A PROJECT	INTIATING A PROJECT	CONTROLLING A PROJECT	MANAGING PROJECT DELIVERY	MANAGING A STAGE BOUNDARY	CLOSING A PROJECT

Figure 10 – Overview of the Prince 2 Framework

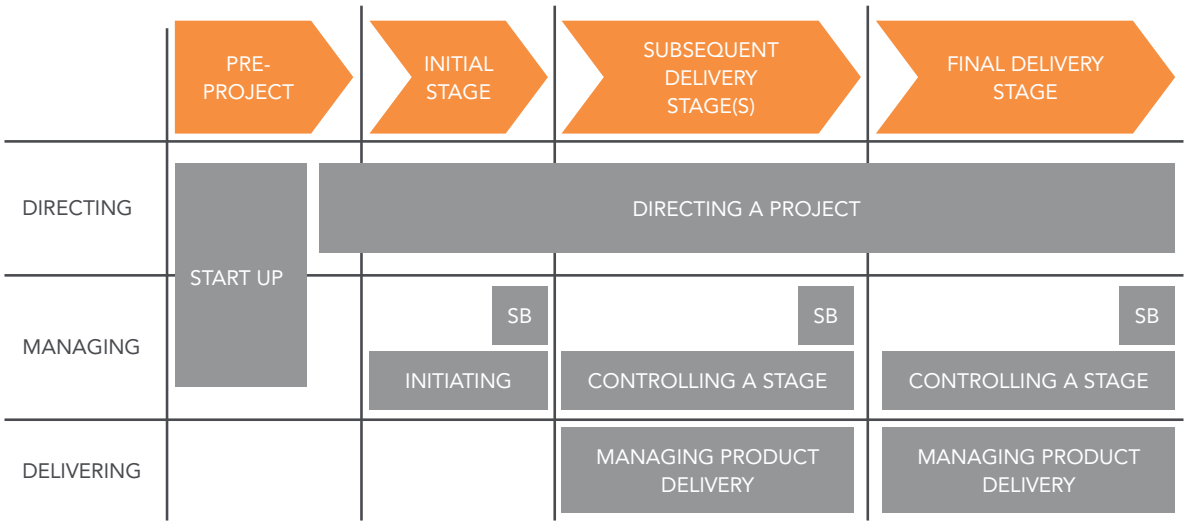

Figure 11 – Prince to Stage-Gate Model

The Prince 2 Principles are worth some elaboration and in my mind they are universal to Project Management in general. Below is my understanding of the principles of Prince 2:

1. Defined Roles and Responsibilities
   Prince 2 sees three perspectives as shown in Figure 12. The Business is usually represented by a Chairperson in a Steering Committee, who is ultimately responsible for the Project's Business Case. If the business case is starting to deteriorate, the Chairperson should make a decision to either end it or consult with the Project Manager to amend the business case. Then the Project Manager and the Steering Committee can change or adjust the project parameters. Senior suppliers represent the perspective of the company's suppliers and are responsible for the project resources. The User represents one or more Senior Users who are responsible for Acceptance Criteria. Their role is to ask the Project Manager how the project is progressing against the Acceptance Criteria they are responsible for.

   It is important to understand that it is not advisable to have an external supplier as a Chairperson of a Steering Committee since their interests may be focused more on project resources and other interests rather than the overall Business Case for the project.

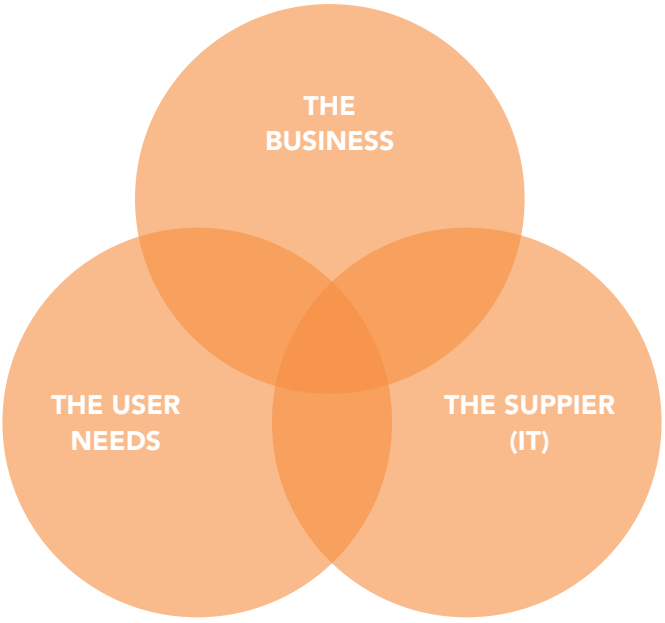

Figure 12 – The three perspectives of Prince 2

2. Continued Business Justification
   The point with this principle is that if the Business Case is no longer positive, then it should be adjusted or terminated. A project should be continuously justified from a financial or benefit perspective.

3. Start with the end
   If you don't know where you are going, chances of project success are slim. It is advisable to start with an End Product Description. Writing this can provide a great deal of insight. In its simplest form it is the answer to the question: "What does success look like?"

4. Learn from experience
   You will inevitably learn a great deal throughout a project. The idea of this principle is to continuously gather together things that have been learned so that these can inform future projects.

5. Manage by Stage and Exception
   The idea here is that you plan and break down each stage at the beginning of it. There is no point to go into great detail on actions that need to happen at later stages in the project. Focus on more recent stages and when things do not go according to plan, make sure it is highlighted and brought up with the Steering Committee – together with suggestions and corrective actions.

6. Adapt to the Project Environment
   This principle is often forgotten or misunderstood. Prince 2 is a very comprehensive framework and it needs to be adapted to the project environment at hand. You may use 20% of the framework as it may be that the project is simple and straightforward or the culture of the company where the project is being carried out is very risk prone and will just not play well with a comprehensive and rigorous approach.

2.2.2 FINAL NOTE ON PRINCE 2

I have two principles I would like to add to Prince 2 and the first is to Celebrate Success. This factor is often forgotten and yet to do so can be detrimental to team morale. Celebrating success can be done in very simple ways. Recognising and celebrating success should happen before the next challenge is met. The second principle is to foster a culture where ending projects is seen as a very positive thing. All too often projects roll on and on, because nobody is willing to "call a spade a spade" and admit that things are not working or are failing. Projects do fail, but make sure you "fail fast" instead of wasting time, money and resources on it. Celebrate "the kill" and move on to new endeavours and projects that have better prospects.

2.2.3 THE PMI FRAMEWORK

Figure 13 below shows the PMI Framework with Knowledge Groups, Process Groups and Activities in each Process Group. Figure 14 shows how the Process Groups interact with each other.

	PROCESS GROUPS				
	INITIATING	PLANNING	EXECUTING	MONITORING & CONTROLLING	CLOSING
4. Integration Management	4.1 Develop Project Charter	4.2 Develop Project Management Plan	4.3 Direct and Manage Project Execution	4.4 Monitor and Control Project work 4.5 Perform Integrated Change Control	4.6 Close Project or Phase
5. Scope Management		5.1 Collect Requirements 5.2 Define Scope 5.2 Create WBS		5.4 Verify Scope 5.5 Control Scope	
6. Time Management		6.1 Define Activities 6.2 Sequence Activities 6.3 Estimate Activity Resources 6.4 Estimate Activity Durations 6.5 Develop Schedule		6.6 Control Schedule	
7. Cost Management		7.1 Estimate Costs 7.2 Determine Budget		7.3 Control Costs	
8. Quality Management		8.1 Plan Quality	8.2 Perform Quality Assurance	8.3 Perform Quality Control	
9. Human Resource Management		9.1 Develop Human Resource Plan	9.2 Acquire Project Team 9.3 Develop Project Team 9.4 Manage Project Team		
10. Communication Management	10.1 Identify Stakeholders	10.2 Plan Communications	10.3 Distribute Information 10.4 Manage Stakeholder Expectations	10.5 Report Performance	
11. Risk Management		11.1 Plan Risk Management 11.2 Identify Risks 11.3 Perform Qualitative Risk Analysis 11.4 Perform Quantitative Risk Analysis 11.5 Plan Risk Responses		11.6 Monitor and Control Risks	
12. Procurement Management		12.1 Plan Procurements	12.2 Conduct Procurements	12.3 Administer Procurements	12.4 Close Procurements

Figure 13 – An illustration of the PMI Framework

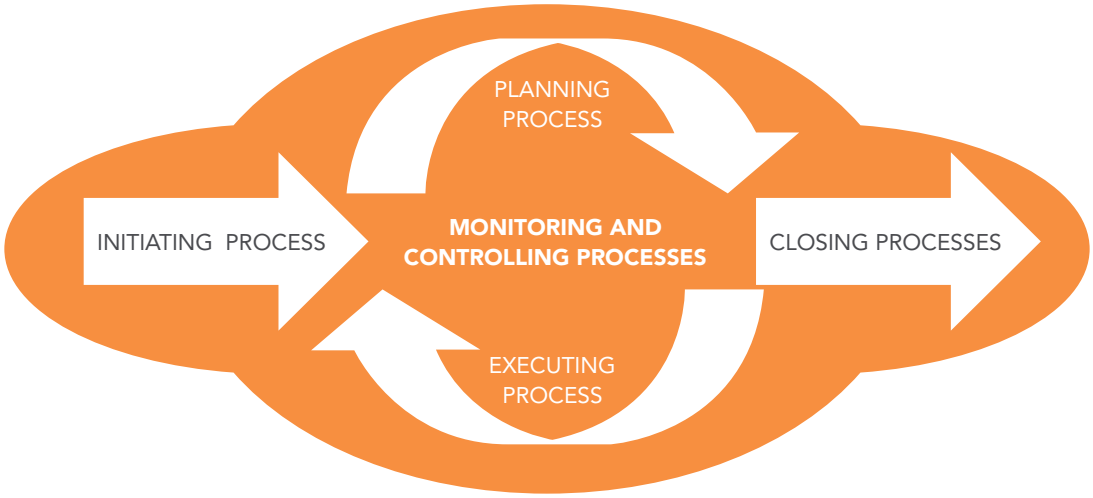

Figure 14 – An illustration of how Process Groups interact with each other.

2.2.4 THE BUILD RELEASE STAGE GATE MODEL

There is one more stage gate model that I refer to as the "Build Release Model" that we should look at. Both Prince 2 and PMI can be used as pure Waterfall models – where each stage or phase comes after the other. However they can also be adapted to run in a more Agile way. The "Build Release Stage Gate Model" (Figure 15) is a Waterfall Model where you start with a concept then figure out requirements. You then design, build, test and release. Each phase comes after the other.

An Agile approach means that you can do some of these things simultaneously. For example, as you build and test you might find new requirements that you go back and design solutions for. The "Build-Release Model" is very rigid yet is useful in some scenarios. However, in large businesses with silo set-ups, it can be a very slow, cumbersome and expensive way to run a project.

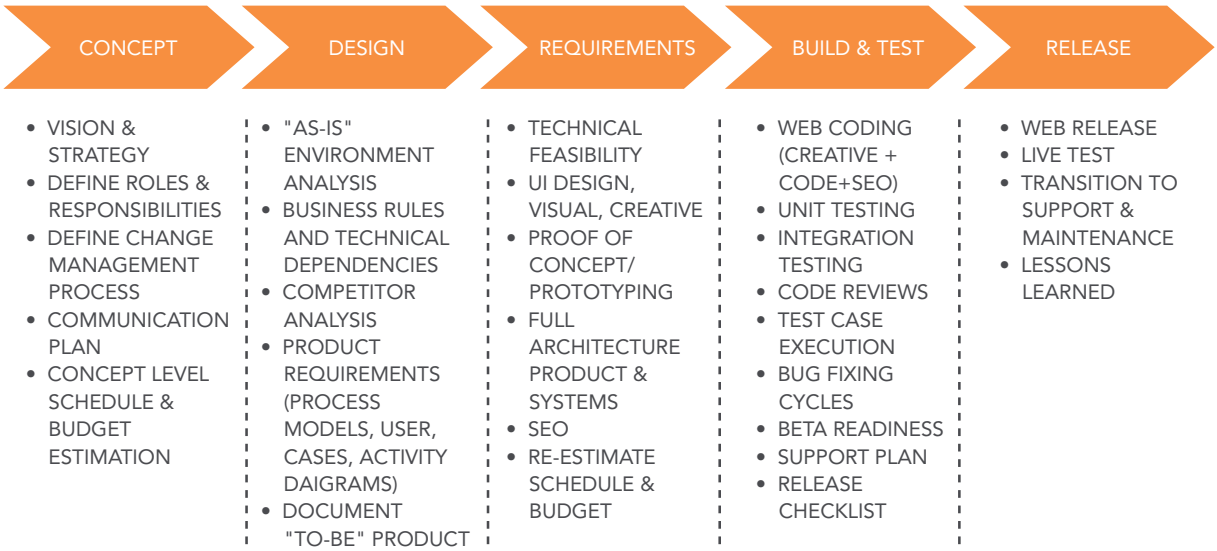

Figure 15 – A demonstration of the Build-Release Model

2.2.5 THE PARETO STAGE GATE MODEL

We have uncovered the reasons for Project Management failure and have elaborated upon the Three Villains and Three Heroes. In a way, one could argue that all of the frameworks and Project Management Certifications are both Villains and Heroes. What do I mean by this? I mean that they are often misunderstood. Project Managers and others often forget the fact that Prince 2 and PMI have exhaustive frameworks that should be adapted and tailored to the specific project environment, situation or culture.

Often this is merely mentioned as a footnote – and the Project Manager can hide behind bureaucracy and templates. On the other hand, they also be Heroes in cases where people have hastily begun a project without proper planning – only to be confronted with incredible complexities and obstacles. In such cases, starting the apply aspects of these frameworks will most certainly have significant benefits. The former, however, is much more prevalent than the latter.

As we introduce the Pareto Stage Gate Model, we argue again that 20% of the content of different frameworks will provide 80% of the value. The model is depicted in Figure 16 and is set up to meet the "sweet spot" between Cultural Risk and Project Risk in most organisations (see heading 1.3.2 and Figure 4 – the Rift). Simplicity and pragmatism are key words in this model and like all frameworks it will need to be adapted to the project at hand. It is a very general yet high level framework consisting of only Figure 16 and the text under this heading. It is designed to convey a message – and it might not be mutually exclusive or exhaustive.

The model has three general stages: "Start", "Run" and "Finish" and four gates. The first gate is a "one pager" where among other things you describe the "End Product" or "End Situation" – the "To Be" the project is supposed to achieve.

During the start phase you research and analyse the "As Is", the "To Be" and "the Barriers" (in the form of Stakeholders and Risks) and the main steps in order to get to the end situation. This is compiled in a "One Pager with Business Case", that can be approved by an Executive Board (see more under Governance in a later chapter on how this can be set up). Once that has been approved you enter the "Run Phase". This can have many sub-phases and be handled using an Agile approach. These sub-phases are broken down to a quite detailed level – with the future concerns kept quite flexible and open.

Throughout the "Run Phase" it is advisable to have monthly status reports with the Steering and Executive Committee – alongside regular Steering Committee meetings where decisions on changes to the project are made. The Status Report should be a one-pager and should contain the following:

- **Project Stages – (last month/this month)**
- **Realised Milestones – (last month, future milestones)**
- **Original Start and Finish dates and the Actual/Expected Date**
- **RAG Status**
- **Executive Summary**
- **Deviations/Issues/Changes**

Note that it only contains RAG (Red, Amber, Green) status. The idea here is that if either Scope, Cost or Time are red, then the overall status becomes red. Likewise if they are yellow, then the status is yellow. By doing this, the same status report can be used for Executive Management. If more detail is needed for the Steering Committee then it can be added on a separate page, taken up directly with the Chairperson or raised at a meeting with the Steering Committee. The colour red signifies that help is needed, whilst orange means that the project is at risk. Green signifies that everything is on track.

The next gate is a one-pager to hand over the end product of the project to Operations, together an action list of any residual tasks that Operations must complete. Needless to say this must be agreed upon and each item on the list should have responsibilities attached. Frequently, the handover to Operations does not go well and often get "tossed" a completed or semi-completed product (project outcome) and asked to manage it without training or documentation. Sometimes they catch it but often Project resources in the IT department end up spending a long time doing operative work on the end product before eventually handing it over to Operations.

In the depiction below, you can see that the third gate mentions Release-Service and Business Readiness. If any of those are not ready then the Project cannot pass this gate in to the "Finish Phase". The last phase is where the Project product is handed to Operations and training is conducted according to plan. Once the Project reaches the end of this phase it reaches the "Review Gate". Here the whole Project is reviewed, including the Business Case and the Project Team. The Project should always end with a celebration.

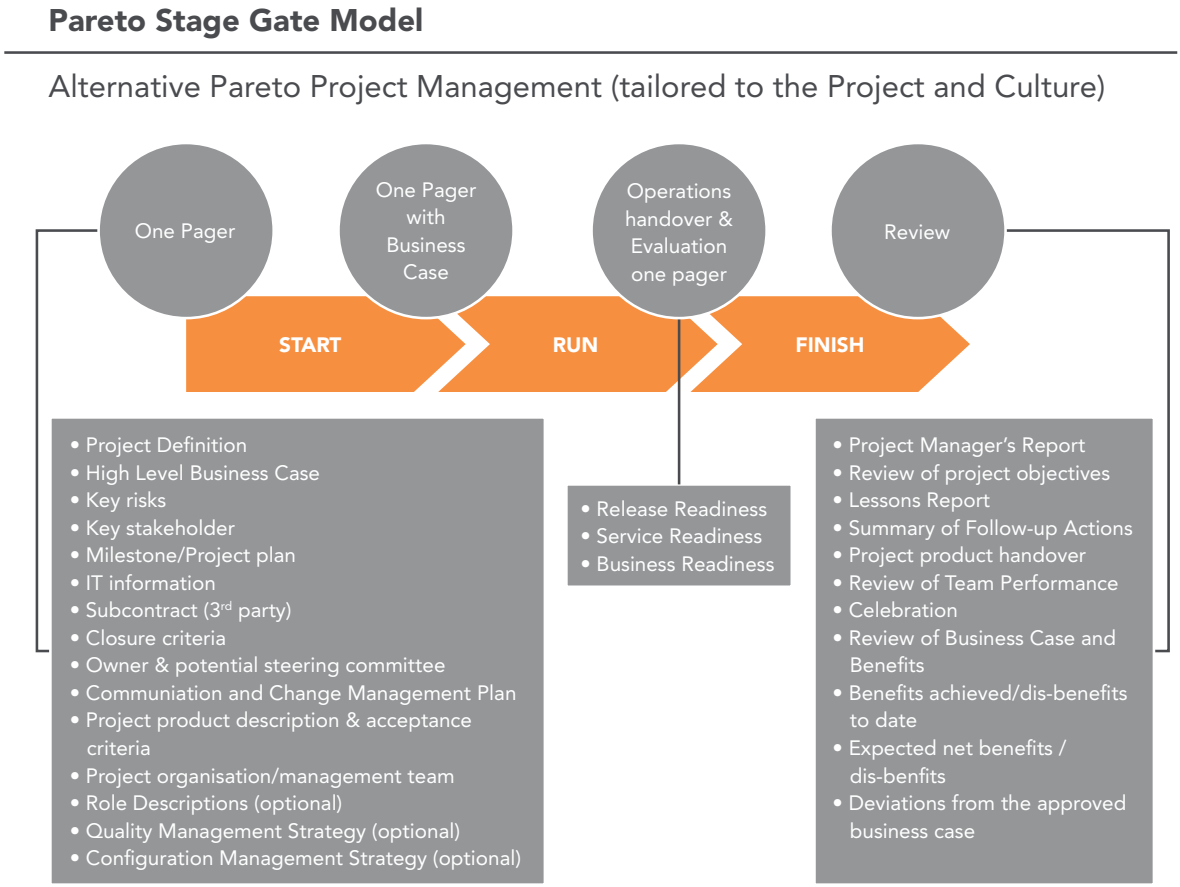

Figure 16 – The Pareto Stage Gate Model

2.2.6 KEY ASPECTS OF AGILE PROJECT MANAGEMENT

The Agile Manifesto (Figure 17) occurred as a response to the so-called Waterfall Model. In later years, the Agile Methodology has won massive support – and research has shown it to be significantly more effective than the Waterfall Model in the majority of cases. It is especially effective in software development.

Figure 17 – The principles of the Agile Manifesto

The principles behind the Agile Manifesto are the following:

1. The first priority is to satisfy the customer through early and continuous delivery of valuable software.
2. Welcome changing requirements – even late in development.
3. Business people and developers must work together daily throughout the project.
4. Build projects around motivated individuals and self-organising teams.
5. The most efficient communication method within a development team is face-to-face conversation.
6. At regular intervals, the team reflects upon how to become more effective, then tunes and adjusts behaviour.
7. Simplicity – the art of maximising the amount of work not done is essential.
8. The sponsors, developers and users should be able to maintain a constant pace indefinitely.
9. Continuous attention to technical excellence and good design enhances agility.

Some people might be puzzled by the seventh principle. It can be interpreted in the following way: maximising work items that are not done means that you can prioritise the most important work items and work on the ones that provide most value for the customer. It also means that you are focused on fewer things at a time which is shown to increase the speed of delivery.

Figure 18 shows that work items in the backlog which have an upcoming due date are broken down to smaller entities and prioritised. The next release has priorities assigned to more general work items – and they are mostly defined at a more general level. Releases with due dates that are further away have larger, undefined chunks of work attached to them and might only be prioritised at a very general level, if at all.

In the Agile Methodology, work items are prioritised based on Story Points. Story Points cannot be universally translated into time units. They are measures of effort in the form of time, complexity and uncertainty. Because each team will operate at different speeds, story points can't be compared across teams.

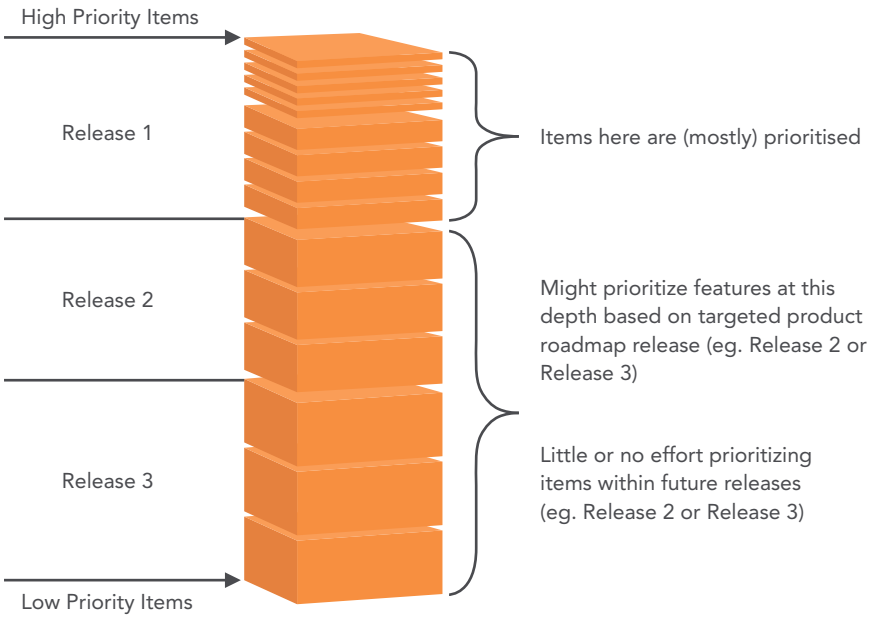

Figure 18 – An illustration of project backlog

Figure 19 shows definitions of Epic Stories, Stories, Versions and Sprints and figure 20 shows how a task, relates to a story, how a story relates to an Epic (story) and how an Epic relates to an Initiative/Project.

EPIC	STORY	VERSION	SPRINT
LARGE BODY OF WORK, CONTAINS STORIES	SMALLEST UNIT OF WORK, ALSO KNOWN AS A TASK	THE RELEASE OF SOFTWARE TO A CUSTOMER	ITERATION WHERE TEAM DOES THE WORK

Figure 19 – Epic Story, Story, Version and Sprint definitions

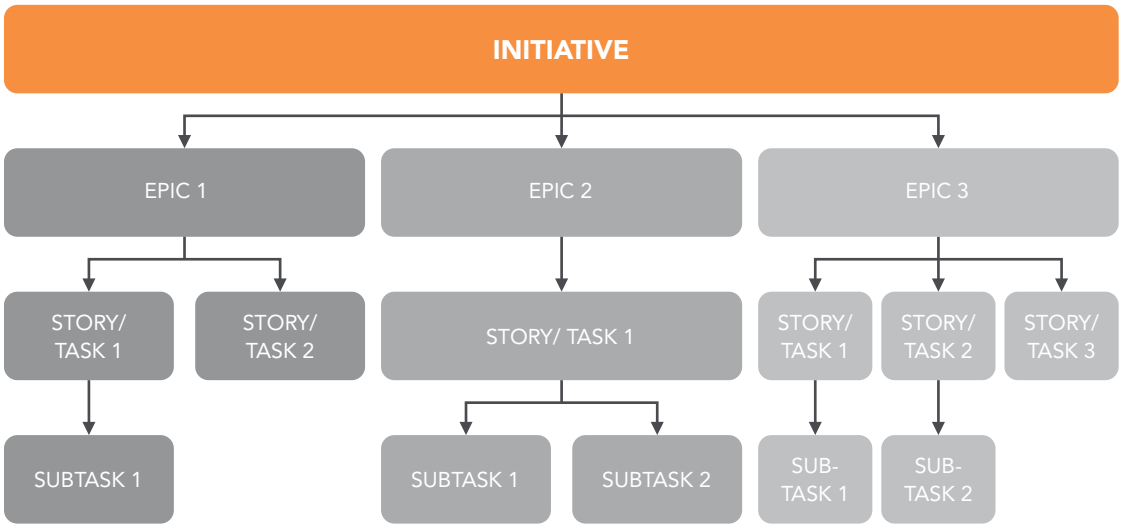

Figure 20 – How Initiative/ Project, Epic, Story, and Tasks are linked.

Finally, story points are typically evaluated and compared to each other based on the Fibonacci sequence. In this sequence each number is the sum of the previous two, so, for example, 1, 2, 3, 5, 8, 13, 21, 34 and so on. The point with this is that the higher up you go, the bigger the uncertainty – which is captured with the large gaps between the numbers.

2.2.7 GOVERNANCE AND THE PMO

Now let us divert out attention away from Agile and in to something perceived as a little less cumbersome. The word "Governance" can make some executives furious as it can sound like bureaucracy that can hamper execution and progress. In these cases, if you want to introduce a Portfolio Management Office and a Governance Structure in a company, you need to be smart.

One possible way to do this is to take a high performing individual who is involved in many projects across silos and show time estimates of the tasks that the person needs to work on. It should be made clear that this is work overload. Doing this should alert executives to the problem, giving them an "Aha!" moment. The person could be filmed for a minute explaining how they constantly need to shift focus to different tasks due to pressure from different projects. An estimate could be asked for regarding how much time is wasted due to not being able to focus on one project at a time.

To explain further, the "Name Game" and the "Logging Comparison" from the next heading could be explained. This should pave the way for executives to understand that some governance is necessary – just be careful with the word "Governance" itself! It is advisable to have some PMO structure and a Charter that describes it – and as with any project, you must communicate with different levels of detail to stakeholders.

- The Name Game and the Logging Comparison

  How much time does it take to write a name? Maybe around four seconds? How much time does it take to write five names? Four times five equals twenty, so twenty seconds? What factors influence how fast it is written? Maybe it will be how sharp the pencil is, or how talented the person is at writing or the complexity of the names involved will influence how long it takes.

  If a group of people are asked to come up with a solution to write out five names as quickly as possible, the temptation is there to write them out simultaneously. Likewise the same temptation is there when an organisation is faced with running a number of projects. However, an important factor can be overlooked when trying to write out five names (or run a number of projects) with the same resources.

  If you write out the names one at a time, then it will be very fast as you are doing it sequentially. However if you write the first letter of the first name, then first letter of the second name, and so on, it will take about 70 seconds before you finish all the names. This is the equivalent of running five projects simultaneously. This can be compared to around 20 seconds if done sequentially – see Figure 21.

  Also note the different starting times of each name (or project). So what takes up all the time? It is multitasking and the fact that you are shifting focus all the time. We see this problem in companies with silo structures that run too many projects at the same time. This "Name Game" can be run as a group exercise and many more inferences can be drawn from it. The complete instructions and different versions of the game can be found here: https://crisp.se/gratis-material-och-guider/multitasking-name-game

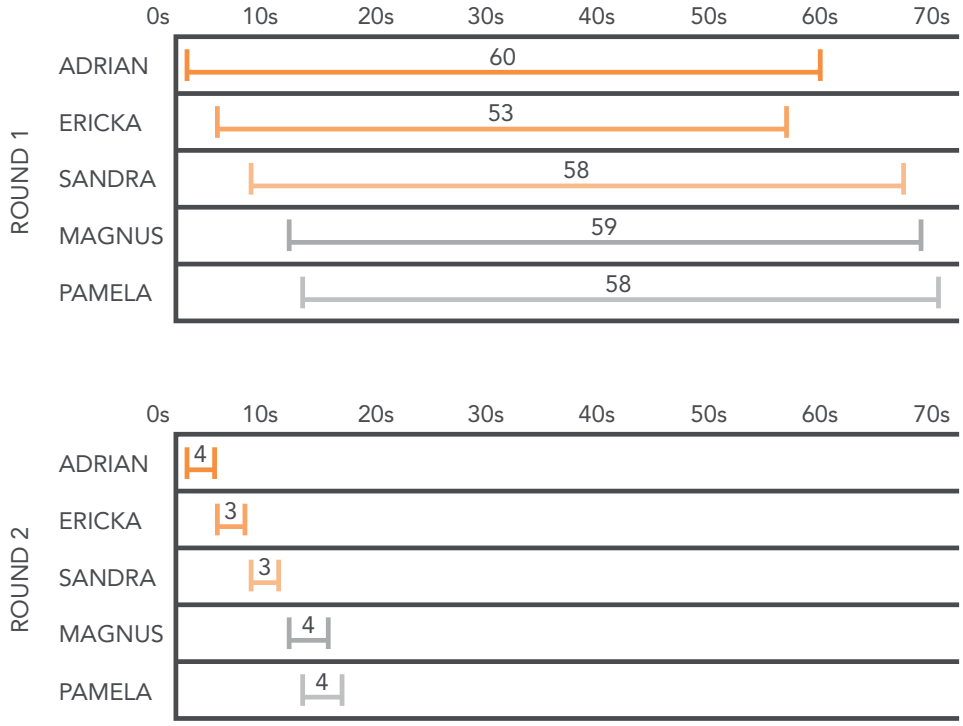

Figure 21 – The Name Game simulates what happens when five projects are run simultaneously.

Another good way to illustrate what happens when too many projects are occurring at the same time and using the same resources is what I refer to as the Logging Comparison. I used this example myself in front of some executives when I was in charge of setting up a PMO large scale company based in the Nordic region. It was particularly effective as I could connect it to my personal experience as I am from a logging region in Sweden.

Rajang is a river in Malaysia and, in 2010, the "Rajang River Logjam" occurred – which stretched for almost 250 kilometres. It was a complete ecological disaster and Ministers in Malaysia put the blame on each other – just like how executives can end up blaming each other for a project running badly. The river can be compared to the IT department in a company or limited resources and the logs to projects. You can have multiple projects with long lead times and incremental progress. The alternative (see Figure 22) is to have fewer well defined projects prioritised and sequenced. This can lead to a better "flow" and focus and gives "break-through" delivery in projects. The overall speed, on an aggregated level, is also improved.

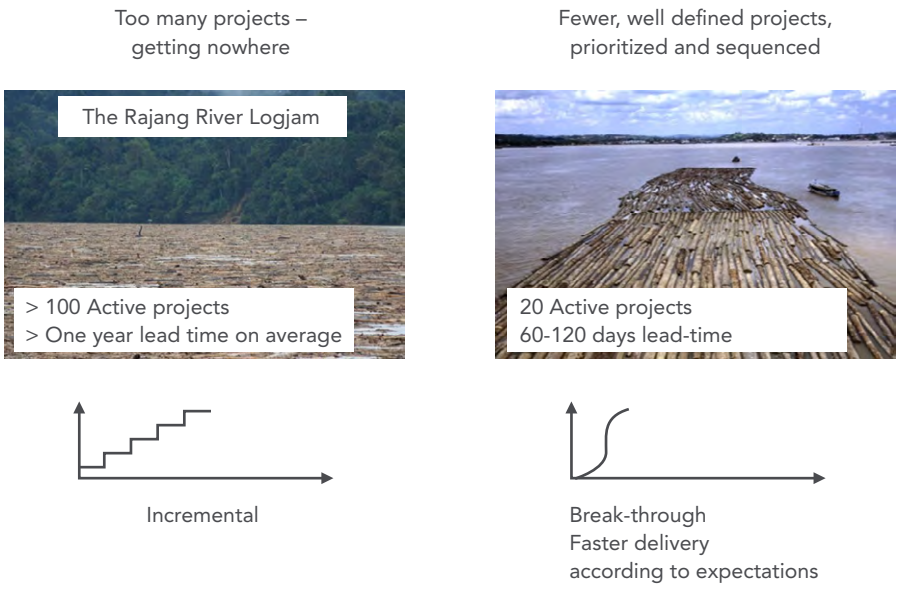

Figure 22 – The Logjam Comparison shows what can happen when too many projects are being run at the same time.

➢ Governance Structure, Interaction Model

Figure 23 shows a very simplistic way to present a Governance structure in a complicated multi-business unit holding structure where there are Central Group Functions. Even this can be too detailed for certain executives. Figure 24 shows a more simplistic depiction – where IT is integrated into the Group PMO function.

In my experience, organisations want IT to be an integrated part of the Group PMO – however they don't necessarily want the Chief Information Officer (CIO) or an IT person to head up the Group PMO function. This is because the business needs and culture adaption may suffer. Depending on the culture and specific situation, it can be wise to have IT kept separate – as show in Figure 23.

If you are faced with a more integrated organisation where the Business Units (BU's) are largely using the same systems and processes, then the risk of having the IT department owning the PMO set-up is less – indeed, in this scenario, IT ownership of the PMO is preferable. Figure 25 offers another, more detailed, depiction, going down to a Business Unit and Function level and can be used when these BU's and functions need to be communicated with.

I have seen PowerPoint presentations made by consultants with over fifty slides describing Governance Structures! In general, the more complicated the corporate structure, the more simple and easy the Governance Structure must be. It needs to be signed off by Executive Management in order to be ready for use – therefore it must be simple and easy to explain and to use.

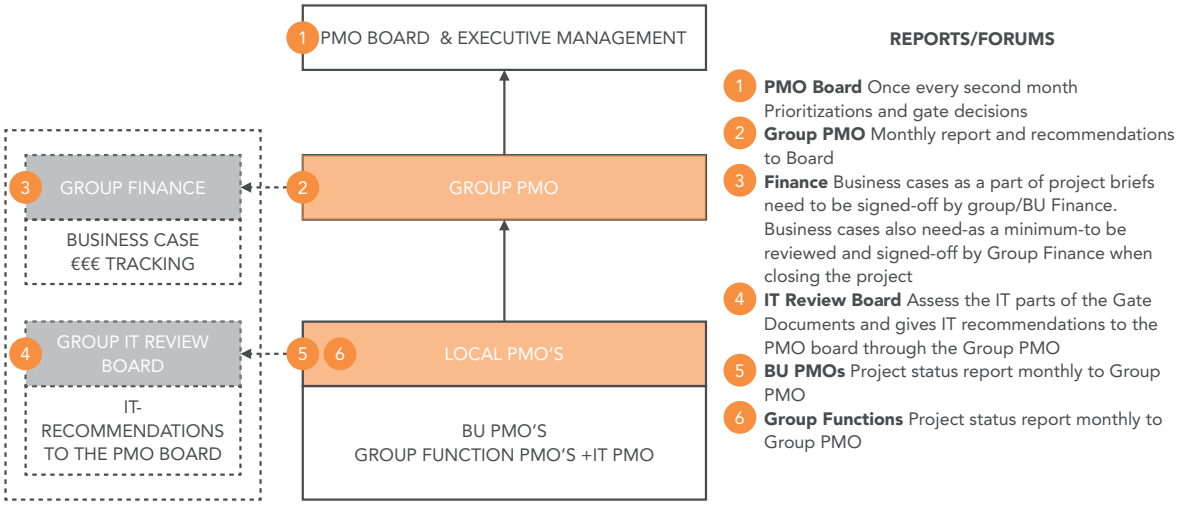

Figure 23 – Governance in a multi-business unite holding structure with Central Group Functions

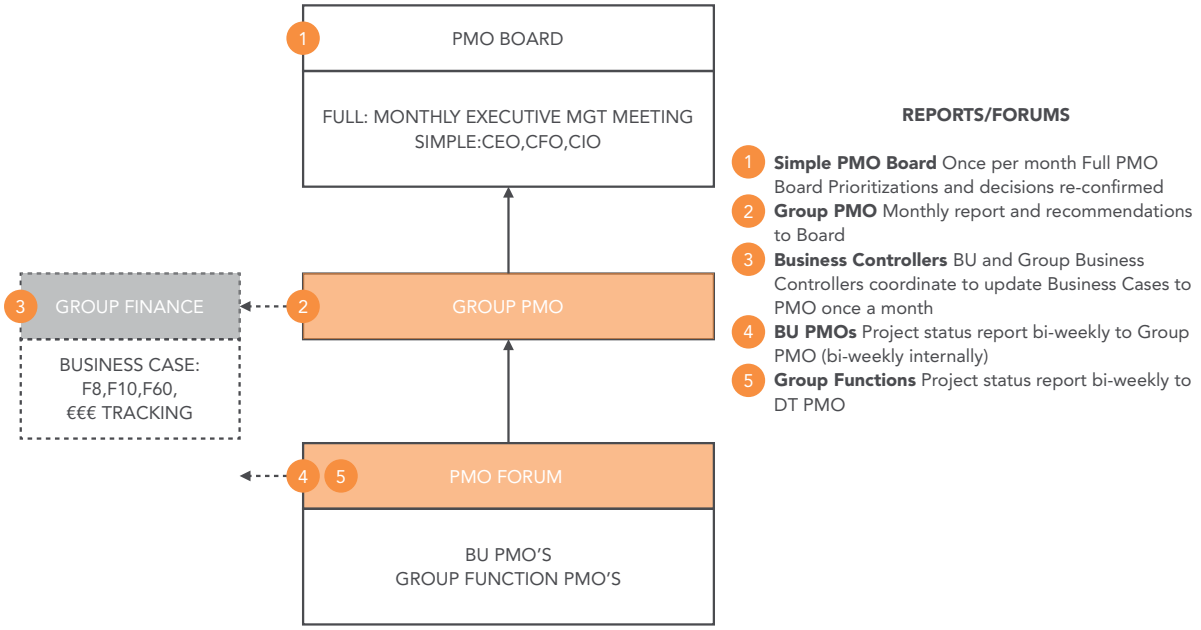

Figure 24 – Governance as per Figure 23, but with IT integrated to the Group PMO

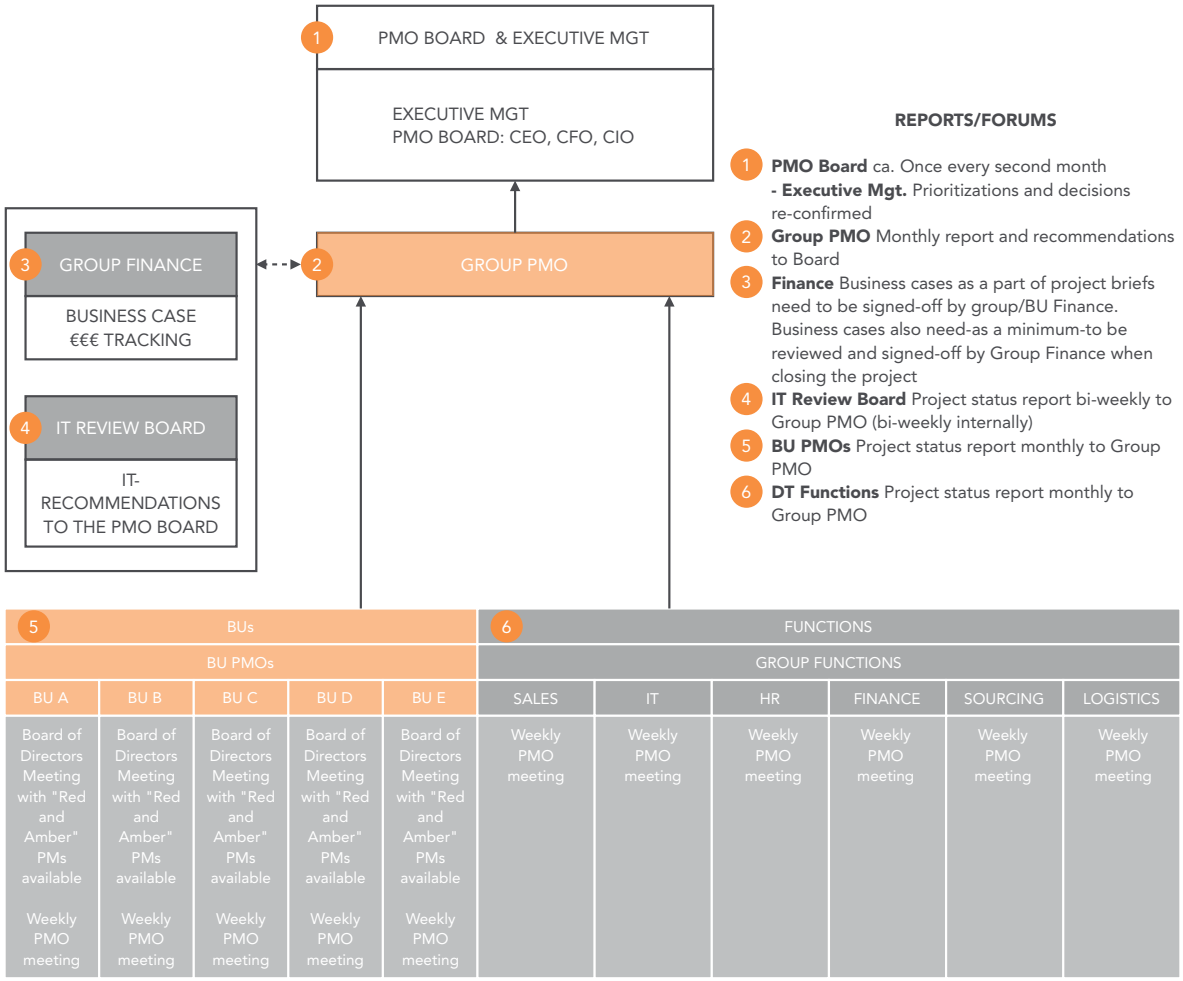

Figure 25 – Governance model down to Business Unit and Function

The illustrations above are depicting these models in more complicated organisational structures. If your structure is less complex, then you can simplify the Governance Structure accordingly.

In most cases when you are creating a PMO setup, there must be a Project Charter – this is expanded upon in the next section. It is advisable to set up an interaction model on one page as well. The point of the interaction model is to connect the Governance with the Project Model – or the way you run projects in an organisation. Figure 26 shows an example of an Interaction Model – start to look at some general features. For example, you can see that the model has Portfolio Management on the top half of the page – which handles the Gates in our Project Model.

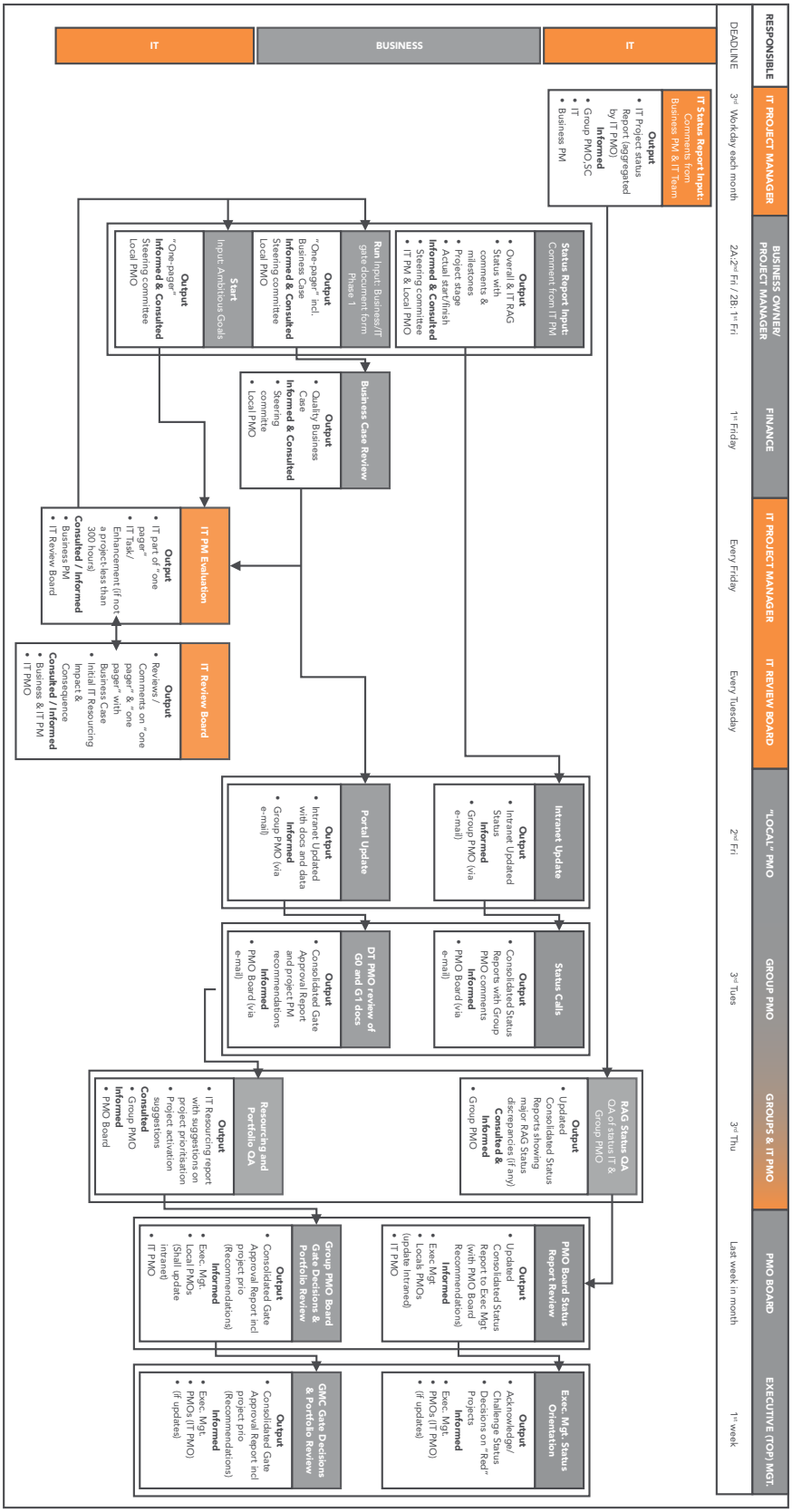

Figure 26 – An example of an Interaction Model

It also has Project Reporting on the bottom half of the page. In this particular model you can see that there is a bit a gap between the IT department and the business – which is illustrated in the model by dividing the Business and ITs responsibilities and actions (from the top left to the bottom left in the model).

Another good step would be to integrate the IT Review Board with the Group PMO – and good practice would be to keep it as one Project Manager – not an IT Project Manager and a Business Project Manager. From the top left to the top right you can see the different groups or entities affected by this model. Each box in the model contains the action in the heading and then information about who does what, who is informed and consulted and what the outcome of the process is. In box 2b you can see that it says "Start" and "Run" in the headings. These are the phases indicated in our "Pareto Project Model" and the outputs are gate documents in the form of a "one-pager" or "one-pager with a business case".

The point of the Interaction Model is to clarify how the PMO (which takes a holistic view) operates between the silos in an organisation and clarifies who does what. It should clarify Governance and how it connects to the Project Model used within the organisation.

➢ The PMO, the Steering Committee and the PMO Charter

Apart from ensuring that a PMO Charter with Governance and a Project Model are in place, a PMO has two important roles:

1. Project prioritisation suggestion – confirmed by Executive Management on a monthly basis
2. Support project delivery by assisting with Project Managers and with Start-Up workshops.

Steering Committee training is another way to support project delivery. All too often Project Steering Committees attend meetings, have a cup of coffee, chat, state opinions and then leave. Many executives dread these meetings – but it does not have to be this way! In order to function effectively, Steering Committees need to have a clearly stated purpose and their role needs to be absolutely evident.

The purpose of a Steering Committee is to:

- Set the tone for cooperation towards shared visions and goals – by rising above silo structures and to represent stakeholders that don't sit on the Steering Committee. This is achieved through an Acceptance Criteria that each Steering Committee member is accountable for and fights for.
- Give authority to the matrix organisation and make sure the Project Manager has the means and resources to get things done. The members of Steering Committees are usually high level executives or managers – and, as such, they have resources they must prioritise towards the project work.
- Ensure equality in decision-making and act as the ultimate decision maker in handling political, legal, organisational, technical, cost, management, cultural and personal issues.

Furthermore, the role of a Steering Committee is to:

- Ensure the development of a charter (one pager) that formalises the roles and responsibilities of the Steering Committee and its members together with Visions and Project Goals.

- Manage scope and cost decisions as well as arrange funding.
- Manage political issues as risk – and the key stakeholders that are important to project success.
- Ensure development of policies when necessary and resolve obstacles.

It can be worthwhile having an external professional trainer to train a Steering Committee. A good way to do this is to allow the trainer to sit in on a Steering Committee meeting and then continue after with three hours training. In many cases, it falls on the Project Manager's shoulders to train the Steering Committee and ensure that they understand and carry out their roles. Before you accept your role as Project Manager you can ensure that the Steering Committee is in place and all roles are understood. This is imperative as they can make or break a project. The role of the Project Manager is to provide the Steering Committee with accurate and timely information and to call on them when they need help.

The PMO Charter should be brief. The following headings can be considered:

- **Background (information on why the PMO is in place)**
- **Objectives**
  - PMO Value Proposition
  - PMO KPI's
- **PMO Focus (e.g. top 10 projects)**
- **The organisation's Project Model (include tools and templates)**
- **Key principles (e.g. the Prince 2 Principles)**
- **Roles and responsibilities (this is the Governance, but as stated earlier, it is good to avoid that word!)**
- **Interaction Model (as per previous section)**
- **Communications (e.g. the prioritised Project List including RAG Status is published on the Intranet)**

With KPI's it is important to start simple and with something that is easy to measure. Many companies are looking to run shorter and faster projects (which reduce overall risk). They make sure that they constantly focus on the most important projects in the PMO portfolio and have an idea of how many projects are within the time estimate and budget parameters (based on the business case from the 2nd gate in the Pareto Project Model). For this purpose the following KPI's can be introduced and reported on:

- **Average running days of a PMO project**
- **Number of active projects in the PMO portfolio**
- **Percentage of projects within time and budget based on the business case**

3 KEY PROJECT MANAGEMENT TOOLS

We have concentrated on the introduction and on the Project Management context. We are now at the bottom part of the funnel – where we dig in to and reveal the Key Project Management Tools. Firstly we will look at the Project Management Compass and then the Toolbox. We refer back to Figure 5 – used in Figure 27 below.

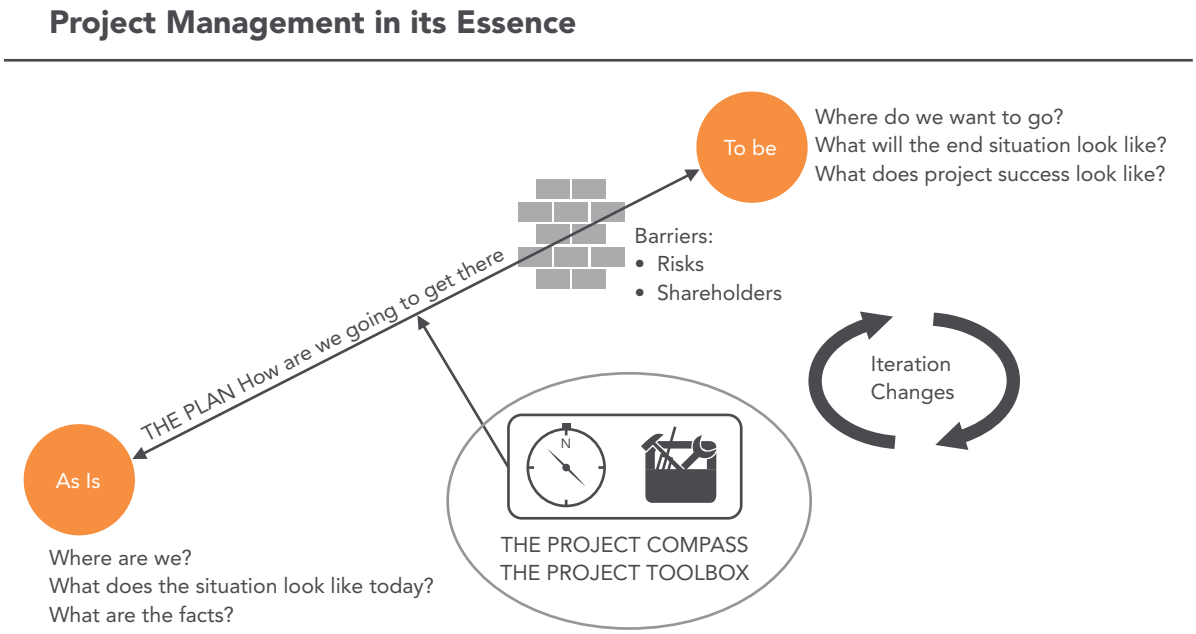

Figure 27 – Focusing in on the Project Compass and Toolbox

The Compass and the Toolbox can be divided in to two categories of tools: "Mechanics" and "Leadership". This is an important distinction to remember as many Project Managers focus on the Mechanical Tools and omit the Leadership aspects of Project Management. Both are equally important.

Figure 28 – Mechanics and Leadership

3.1 THE PROJECT MANAGEMENT COMPASS

As a Project Manager you will use the Project Management Compass on a daily or weekly basis. The Extended Project Management Compass (Prince 2 Overview) is also available. See Figure 29–30:

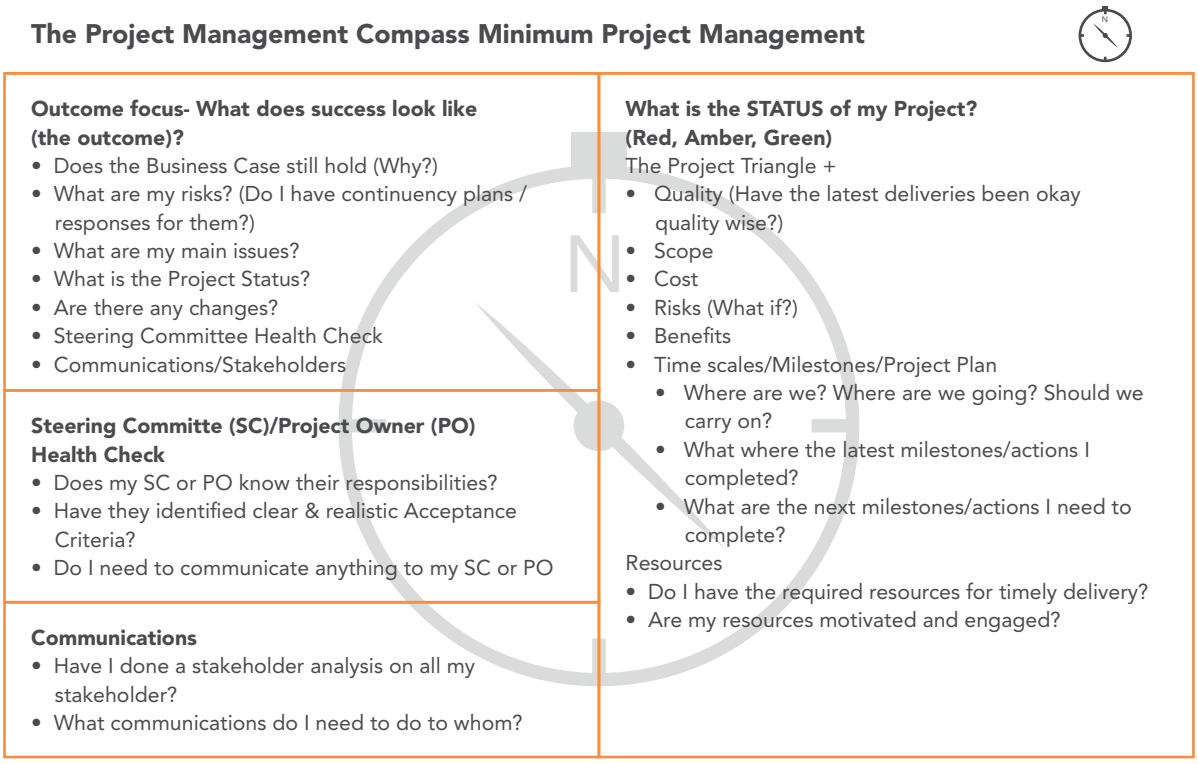

Figure 29 – Depiction of the Project Management Compass

The Project Management Compass Minimum Project Management

Six (6) variables involved in any project six (6) aspects of project performance to be managed						
Costs	Timescales	Scope	Quality	Risks	Benefits	
Seven (7) PRINCIPLES						
Continued Business Justification	Learn from Experience	Defined Roles & Responsibilities	Manage by Stages	Manage by Exception	Focus on Products	Tailor to suit the project environment
Seven (7) THEMES						
Business Case	Organisation	Quality	Plans	Risk	Change	Progress
Why?	Who?	What?	How? How Much? When?	What if?	What is the impact?	Where are we? Where are we going ? Should we carry on?
Seven (7) PROCESSES						
Starting up a Project	Directing a Project	Intiating a Project	Controlling a Project	Managing Project Delivery	Managing a Stage Boundary	Closing a Project

Figure 30 – The Extended Project Management Compass

3.2 THE PROJECT MANAGEMENT TOOLBOX – MECHANICS

The "Mechanical" part of the Project Management Toolbox contains the five plus one tools indicated in Figure 31. The "Plus One" is for when software from a third party is requested. The principles in this tool can also be applied when you buy a service – but it would need to be adapted. Project Managers believe that these tools cover about 80% of the needs in their profession. We will look at them one by one.

The Project Management Toolbox Key Tools

"MACHANICS"

1) Stakeholder Analysis
2) Risk Analysis & Risk Plan
3) Work Break Down Structure (or Product Break Down Structure)
4) Communications Plan & Project Plan
5) Issue/Activity Log
6) Request for Proposal
(if you are buying a system or service from a third party)

Figure 31 – The Project Management Toolbox – Mechanics

3.2.1 THE STAKEHOLDER ANALYSIS

Running projects involves change and human beings hate change, period. Hence, stakeholders need to be identified, communicated with and managed. Around 90% of a good Project Manager's time is spent on communications with stakeholders.

Firstly, you brainstorm (preferably in a group) and you identify internal and external stakeholders. It is a good idea to do this in two sessions to reduce the likelihood of missing important stakeholders. Secondly, the power, influence and attitude of each stakeholder should be identified. These two factors can be indicated as "Low", "Medium" or "High". Thirdly an indication of their perceived benefits and non-benefits from the project are needed as well as an analysis of what attitudes are needed for project success. See Figure 32 for an example of a Stakeholder Analysis. If practically possible, each stakeholder should be evaluated individually (especially the powerful ones).

The final document can contain a mix of groups of stakeholders and individuals. If you take a shortcut here and only evaluate stakeholders on a group level, you run a massive risk of missing out on some key and powerful stakeholders that could potentially kill your project. Trust me, I've tried it! There will be a few stakeholders that should be handled individually – either through phone calls or meetings. This can be the difference between project failure and project success. Figure 33 gives you an idea about how you should handle your Stakeholder Communication – depending on their power and influence. The Stakeholder Analysis becomes the input into the Communication Plan.

STAKEHOLDER ANALYSIS

PROJECT TITLE: DESIGN & BUILD NEW HOUSE

C=Current level of commitment
R=Required level of commitment

Stakeholders (Individual or Group)	Influence Level H,M,L	Interest Level H,M,L	Perceived Benefits	Perceived Dis- Benefits	Perceived Resistance H,M,L or Non	Perceived Support H,M,L or Non	ANTI Actively Against	NONE Passively Negative	ALLOW Neutral (let it happen)	HELP Help it happen	MAKE Actively (make it happen)
Neighbours	M	H	New house on waste ground	Reduced view of open land; Noisy builders; Won't like the house	H	L	C →		→ R		
Local Authority	H	H	New house on waste ground; income	Local objectors to deal with	M	M				C →	→ R
	M	M			L	M			C →		→ R
	L	L			M	M			C →		→ R

Figure 32 – The Stakeholder Analysis for the construction of a new house.

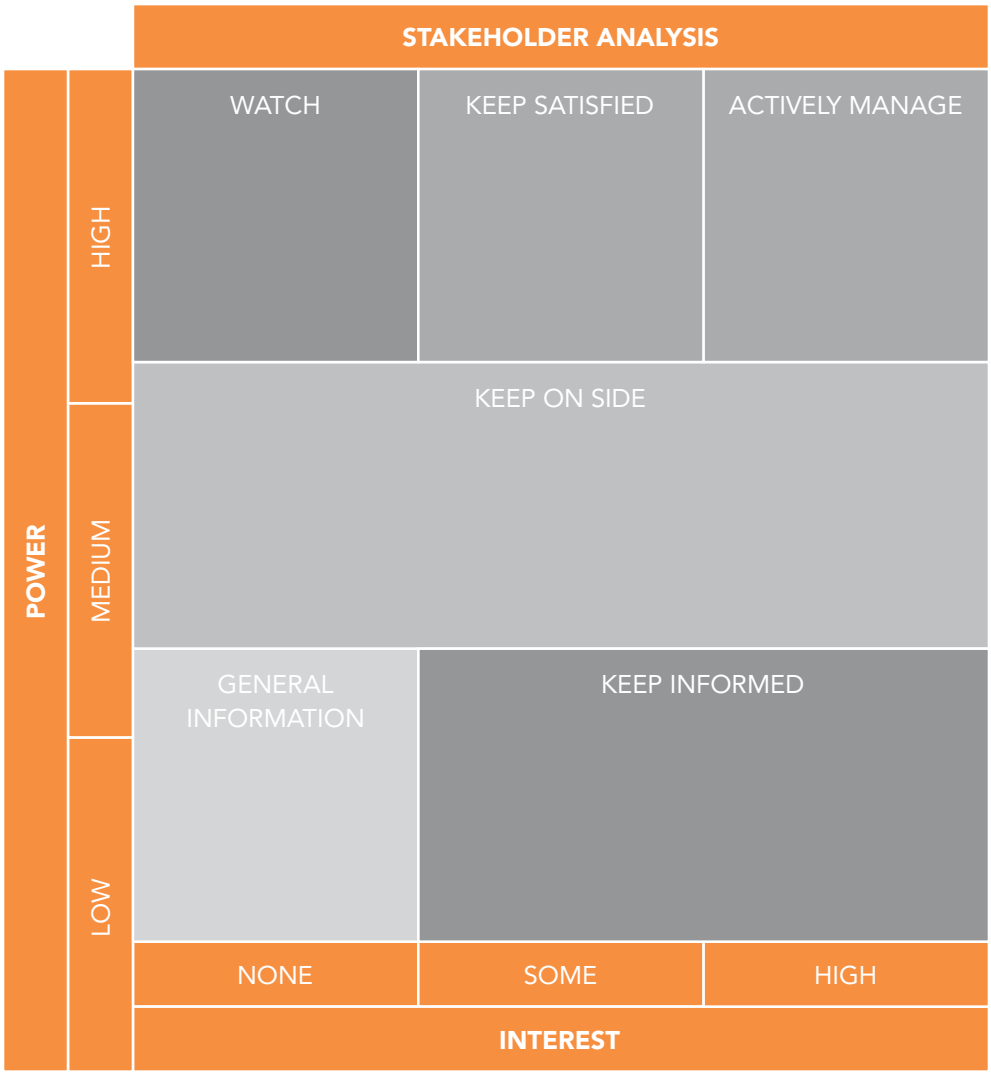

Figure 33 – How to handle your Stakeholder Communications

3.2.2 THE RISK ANALYSIS AND RISK PLAN

Step 1 in the Risk Analysis is to brainstorm and identify risks. They should then be mapped out based on perceived probability of occurrence and perceived consequence or impact if they do occur. You can use a scale of zero to ten. See Figure 33 for an example. This can be done with post-it notes with a group of people.

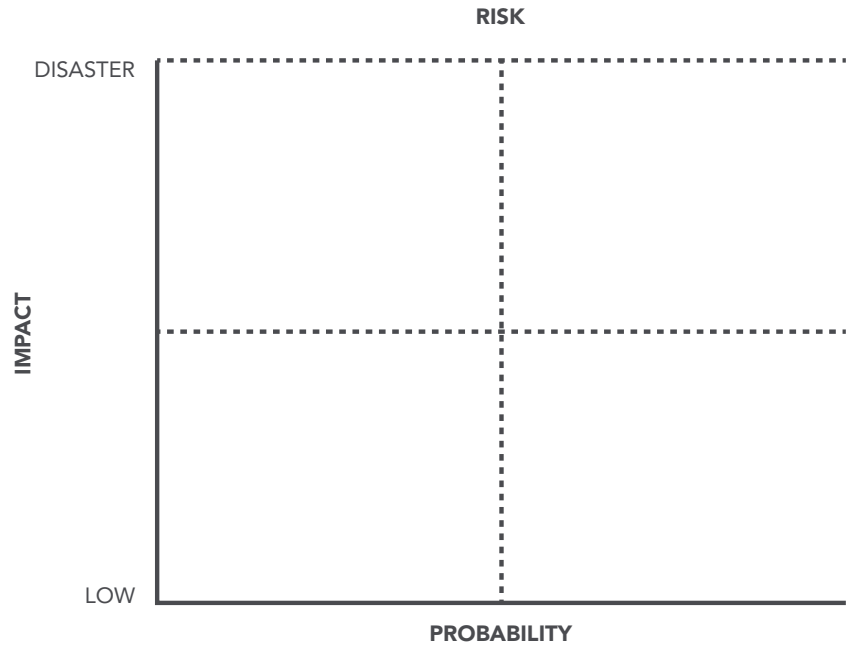

Figure 34 – The Risk Analysis Table

Step 2 is to sort through the material and input it into a Risk Register, for example, in Excel, where you can show:

1. **Description**
2. **Probability**
3. **Impact/Consequence**
4. **Risk Response**
   a. **Reduce**
   b. **Prevent**
   c. **Accept**
   d. **Enhance**
5. **Risk Action**

A risk can be positive or negative. It is a good idea to enhance a positive risk by taking action to increase its impact.

Step 3 would be to create a risk profile by plotting all the risks on to a graph – with a number attached to each risk – see figure 34. This can provide you with a good overview of how risky your project is on a general level and can be used in discussions with the Steering Committee or Chairperson of the Steering Committee. They may need to "own" certain risks or agree to various actions if different risks occur. It is always good to have some proactive agreement.

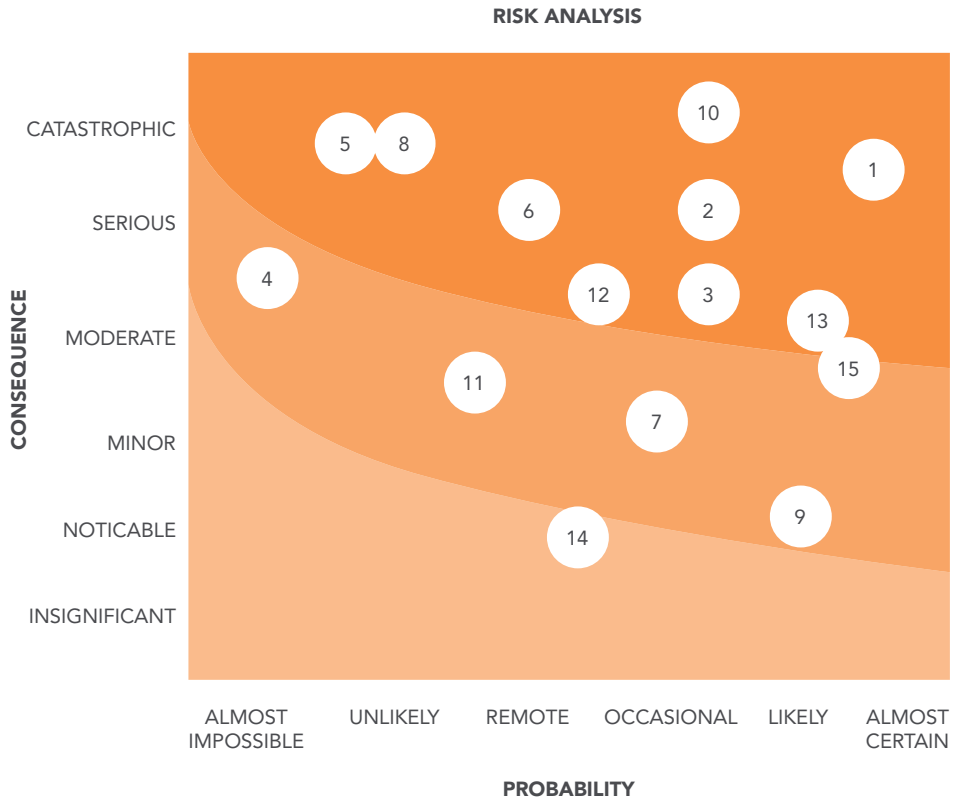

Figure 35 – Illustration of the Risk Analysis/Risk Profile

3.2.3 THE WORK BREAK-DOWN STRUCTURE OR PRODUCT BREAK DOWN STRUCTURE

The PMI framework handles the "work break-down" structure (WBS) and Prince 2 the Product Breakdown Structure (PBS). Prince 2 claims to focus on the outcomes in the form of Products, not the Activities. Personally I am not sure that there is a great deal of difference between the WBS and the PBS. The point of it all is to break the work or product down into small enough chunks so that timings to final products and work can be estimated.

The WBS or PBS is a vital step in making a Project Plan as it is essential to understand what work needs to be done. Figure 36 shows an example of WBS for writing, publishing and marketing a book. It can be good practice to correct the WBS or PBS to your Project Model – so that you can use the different stages.

In the Pareto Project Model you can break down the "Run" phase into smaller phases. You have both Project Management Deliverables (e.g. a gate document) and Specialist Deliverables (e.g. Locate Publisher in the WBS below). It is also a good idea to break down the work into chunks when you get closer in time to them – then revisit and break them down further the closer you get to them. For example, you could look at the WBS or PBS for the next phase as you begin to reach the end of the current phase of a project.

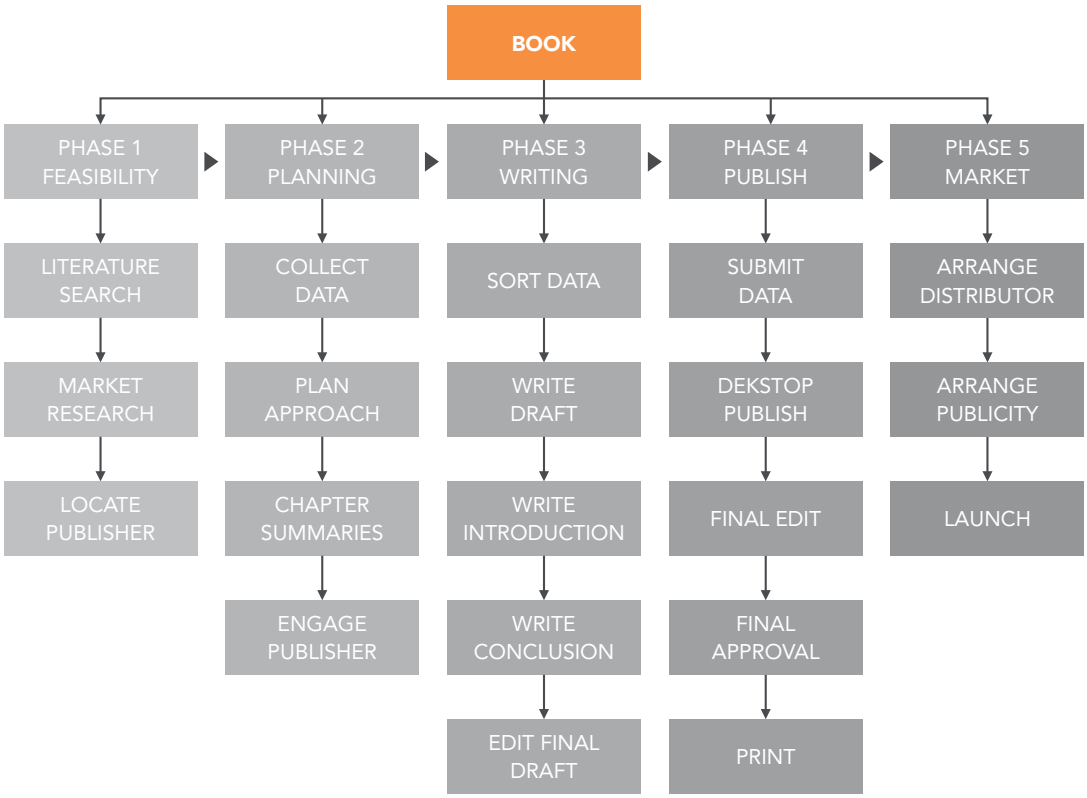

Figure 36 – WBS for writing a book

3.2.4 THE COMMUNICATIONS PLAN

The Stakeholder and Risk Analysis together with the WBS or PBS gives input in to the Communications Plan. This is about what, why, who, how and frequency as shown in Figure 37.

WHAT?	WHY?	WHO?	HOW?	FREQUENCY?

Figure 37 – Information that should be contained in the Communications Plan.

Figure 38 shows a Communications Plan on a higher level together with a Milestone Plan (key steps in the Project Plan). It shows how much time and effort can go in to communications and it can be good to use as an overview with a Steering Committee, for example.

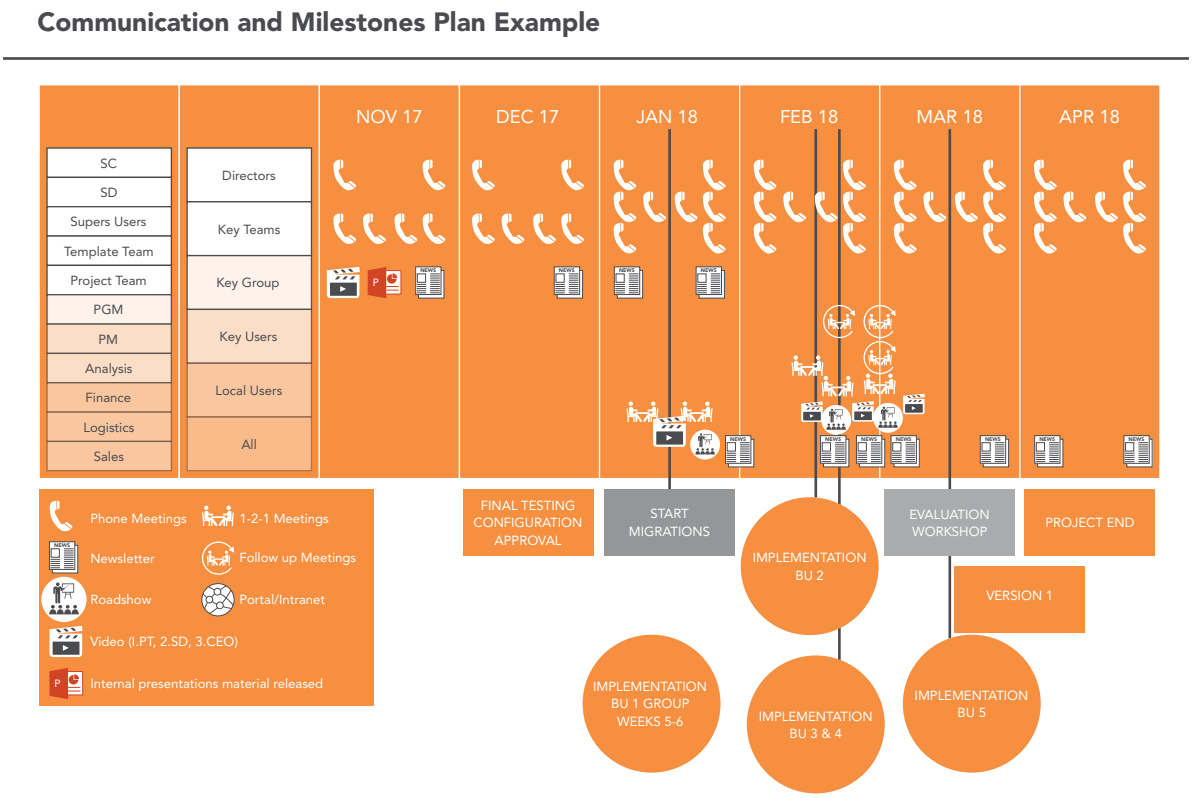

Figure 38 – Example of Communications and Milestone Plan

3.2.5 THE PROJECT PLAN

The Stakeholder and Risk Analysis, the WBS (or PBS) and the Communications Plan all input in to the Project Plan, as illustrated in Figure 39.

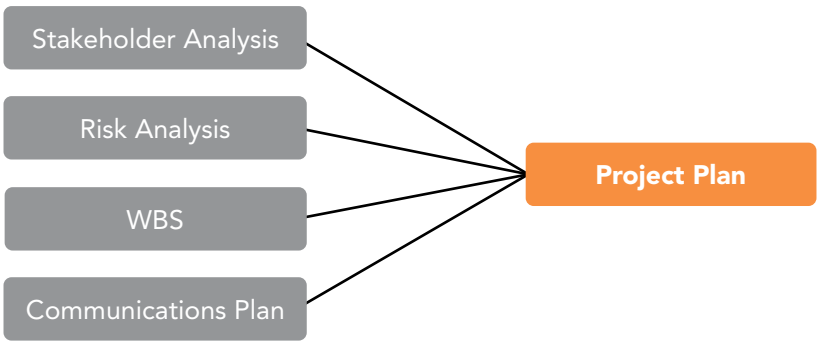

Figure 39 – The connection to the Project Plan

Figure 40 shows a classic Project Plan. It is good practice to have a column for status where it can indicate whether a task has been completed or is at risk. Indicating the priority of a task is also a good idea.

SAMPLE PROJECT PLAN SYSTEM SELECTION
PROJECT NAME:

Ref	Task		Priority	Status	Start	End	Days
1	**Requirements specification**				**01 May 17**	**17 May 17**	
1.1	User interviews	U,IT			01 May 17	11 May 17	9
1.2	Consolidate requirements	U,IT			10 May 17	12 May 17	3
1.3	1st draft of requirements	U			12 May 17	12 May 17	1
1.4	Review and amend requirements	U			15 May 17	16 May 17	2
1.5	Sign off requirements	M,PS			17 May 17	17 May 17	1
2	**RFI (Request for Information)**				**15 May 17**	**19 May 17**	
2.1	Identify possible software vendors	IT,U			15 May 17	16 May 17	
2.2	Prepare RFI	IT,U			16 May 17	18 May 17	
2.3	Contact vendors/Issue RFI	IT			19 May 17	19 May 17	
3	**Short list software vendors**				**25 May 17**	**01 Jun 17**	
3.1	Review & analyse RFI responses	IT,U			25 May 17	29 May 17	
3.2	Compare against requirements	IT,U			26 May 17	31 May 17	
3.3	Identify short list of 3 or 4 vendors	IT,U			01 Jun 17	01 Jun 17	
3.4	Inform vendors of status	IT			01 Jun 17	01 Jun 17	
4	**Systems demonstrations**				**22 May 17**	**08 Jun 17**	
4.1	Arrange with short listed vendors	IT			01 Jun 17	01 Jun 17	
4.2	Create demo scripts/questions	U,IT			22 May 17	24 May 17	
4.3	Attend demonstrations	U,IT			06 Jun 17	07 Jun 17	
4.4	Review findings	U,IT			08 Jun 17	08 Jun 17	
4.5	Reduce short list to 2 or 3 vendors	U,IT			08 Jun 17	08 Jun 17	
5	**Refine new system design thoughts**				**01 Jun 17**	**09 Jun 17**	
5.1	Additional design thoughts	U,IT			01 Jun 17	02 Jun 17	
5.2	Details from systems demonstrations	U,IT			06 Jun 17	08 Jun 17	
5.3	Revise system design	U,IT			09 Jun 17	09 Jun 17	

Figure 40 – A sample Project Plan

3.2.6 ISSUE AND ACTIVITY LOG

It is advisable to have an Issue/Activity Log that can be reviewed every so often as per Figure 41.

ISSUES LOG								
DAY/DATE								
ISSUE NO	ISSUE DESCRIPTION	RESPONSIBLE	REPORTED DATE	ACTION	ACTION DATE	DUE DATE	PRIORITY	STATUS

Figure 41 – The Issue/Activity Log

3.2.7 THE REQUEST FOR PROPOSAL

This tool is crucial if you are buying software or a service from a third party. It will need to be adjusted to the size and importance of what is being bought. In this instance, I am illustrating an extensive RFP process for a project where important and expensive software is being purchased for long term usage. Such software may also be integrated in to other systems in the future. Figure 42 depicts the process in general terms.

It is often preferable to use an eSourcing system where you can weigh sections, questions and answers and create disqualifiers. You can use Excel – but it can end up being much more cumbersome since you need to build the spreadsheets and be clear about what you will show the supplier. You will also need to add the scoring in to the sheets afterwards and perform a lot of manual manipulation or use Visual Basic for Applications Programming. On top of this, it is simple to create mandatory questions in an eSourcing system, whereas the same would require VBA in Excel.

An eSourcing system can also send out automatic reminders, consolidate a report with the click of a button and much more. The very last step is to choose the Supplier(s) for contract negotiations. It is often advisable to ask for pricing, at least for a general level during the RFP so that you have a baseline. Software companies usually have their own pricing models and it is difficult and sometimes costly to deviate from them. Negotiating with more than one supplier is useful – as you can often play them against each other. You can do an eAuction if you have three to five suppliers that are not too far apart pricing wise. This can, however, take a lot of extra effort and you may continue to compare suppliers as you are negotiating with two or three.

RFP Process Best Practice

- **Create RFP based on requirements with regards to...**
  - (IT) Provider
  - System
  - Implementation
  - Internal IT System Requirements
- **Create RFP with (IT disqualifiers weights & Scoring on...**
  - Sections
  - Questions
  - Answers
    - Out of the box
    - Configurable
    - Requires Coding
    - Future Release
- **Allow for comments**
- **Rank all suppliers on scoring – remove the worst performers**
- **Remove suppliers based on internal (IT) disqualifiers**
- **Check financials & remove suppliers that are losing money**
- **Check if there has been a lot of organisational changes in the companies (considering removing)**
- **Check references-remove**
- **Invite suppliers for 30–60 minutes demos based on script**
  - Have Project team scored them
  - All in one or two days for comparability
- **Do a 2 hour demo based on script with Executive Management/Key stakeholders-Score them**
- **Final wrap-up and residual questions (project team)**
- **Decide on Supplier(s) for Contract Negotiations**

Figure 42 – The RFP Process Best Practice

3.3 THE PROJECT MANAGEMENT TOOLBOX – LEADERSHIP

When exploring the key 20% of the Project Management Toolbox, we have three areas to uncover under Leadership Tools. The first is the Start-up Workshop, and for this the mechanics tools must be added to the agenda. The second tool is the Leadership Invitation – with context and ambitious goals and the final tool is coaching. See Figure 43.

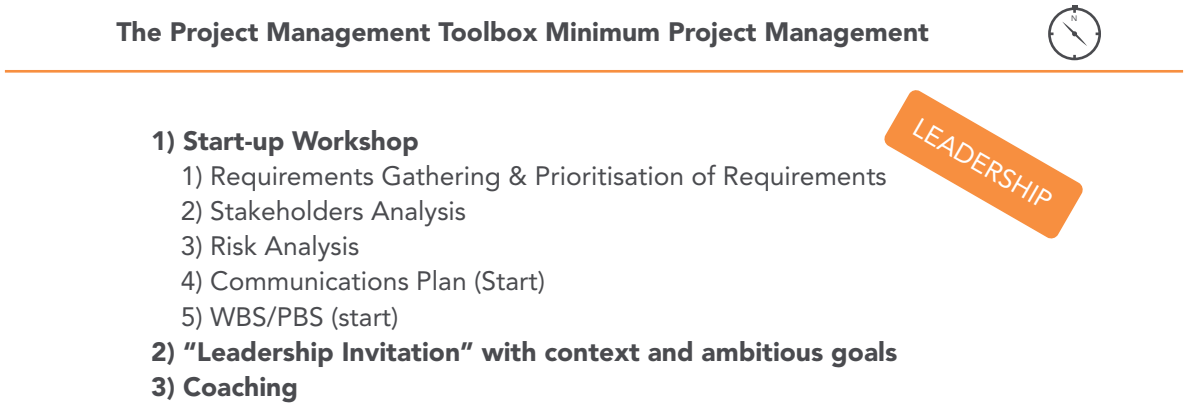

Figure 43 – The Project Management Toolbox – Leadership

3.3.1 THE START-UP WORKSHOP

The Start-Up Workshop is crucial for a project because, if done well, it creates huge energy and enthusiasm among the participation. Good preparation here is key. An external presenter who has completed the journey (or a similar one) that you are about to embark upon will add large amounts of credibility to the project. Participants can not only be the project team members but also the key stakeholders – to have an even larger impact on buying in to the project. Passing on a communication task as they each return to their Division or Business Unit will often increase credibility and "buy-in" even more.

It can be very powerful to have stakeholders in the start-up workshop – especially the ones that represent the end users. They can brainstorm on requirements and prioritise those. Dividing the participants into sub-groups where they can: brainstorm on Stakeholders, do a Risk Analysis, put ideas down for the Communications plan and start to create a Work Break-Down Structure. Doing this can provide essential and important input to the Project. It also allows the Stakeholders to realise the complexities in a project and get a "hands on" feeling about it.

Basic facilitation knowledge and skills are needed when you run a workshop – if these skills are not evident then hire an external person to help. The goals of a workshop must firstly be clear. Use a "Parking Lot" (park items onto paper on the wall) and make sure what must be focused on remains so without deviation.

Your role as a facilitator must be explained – namely that you take them through the day with information and exercises. Plan the different agenda points and exercises for the day with estimated timings, remembering to remain flexible when the workshop is in full flow. Remember that there are different types of agenda points, including: "Brainstorm", "Grouping/Categorisation of Ideas", "Discussion", "Prioritisation" and "Decision". Clearly explain which agenda point is being explored at the start of it to avoid any confusion.

3.3.2 LEADERSHIP INVITATION WITH CONTEXT AND AMBITIOUS GOALS

The Leadership Invitation should be used at the Start-Up Workshop but can be used in Project Team or Steering Committee meetings. It can also be used as a separate one to two hour off-site event before the workshop and with a larger crowd – to show this is a bit out of the ordinary. By doing this you can create expectations and focus. An appropriate approach would be to have the Leadership Invitation to a strategic division or programme at an off-site event. A recorded film of the event could be used for the project at hand.

The point of the Leadership Invitation is to provide a context behind why the project is important and to set some ambitious, yet motivating goals. You will want the team to be left with a deep desire to be part of a higher purpose within the project and to be outside of their comfort zone with regards to the goals and requirements. By setting some ambitious goals the team will be forced to start thinking outside the box and remain sharp.

The following questions will need to be asked to provide context and motivation to the team:

- **Why is (or should) this be important to you as an individual?**
- **Why is it important to the company?**
- **Why is it important to the team?**
- **What are the ambitious goals?**
- **What could success look like once the project is complete?**

Start your leadership invitation with something personal that connects you to the project and the higher goals. You have to genuinely show the team that this project is important to you in order to inspire them. Dinner and team-building the same day as the Leadership Invitation has taken place is a natural next step. It gives the team a chance to talk about the agenda context and goals and to inspire and get to know each other.

The Leadership Invitation can be the most difficult part of Project Management for some people. A lot of fear can surround public speaking – and this speech needs to be sharp and genuine to have a good effect. Remember to always delegate if you need to – upwards is advisable in this case.

3.3.3 COACHING

As we explore the difficult realm of coaching, we need to take a few key things into consideration. In my opinion, coaching is putting yourself in the shoes of the person you are coaching, seeing their point of view and asking questions to open their minds to new viewpoints and insights. Try not to provide answers to these questions yourself, as it weakens the effect of the coaching session.

The person being coached should leave the session having acquired some insights from your questioning and with added curiosity and motivation to solve a problem or investigate new paths. At a later stage you can provide some answers and more direction – but it is best to keep that separate from the actual coaching session. It is more motivating for individuals to have figured things out on their own.

I have found it very useful to think about two things in connection to coaching an individual. The first one is to find out where the person is in connection to their Comfort Zone. In Figure 44, you need the person to go between the Comfort Zone and the Courage Zone but not the Terror Zone. The second aspect to take on board is the notion that a person's perception, no matter how hard it is to understand, is their reality.

What do you see in Figure 45? The young girl or the old woman? If you cannot see both, keep looking. The point here is that you have to figure out why a person has a certain viewpoint. The person's perspective or viewpoint needs to be broken down through asking questions – and each idea will need to have an estimated "weight".

Figure 44 – The Comfort Zone

Figure 45 – Perception is Reality

Let's look at a concrete issue. Imagine that you are about to implement a new system in your company and that is your actual project. As you progress, you are hindered be a stakeholder who is against the project. As you attempt to understand why, you realise it is because they have had a bad experience with a new system implementation a few years ago and they dislike learning new systems.

How do you approach this? It is advantageous to think about the problem as a set of weights on a scale as in image 46. There are two things that you can do to change the perception of this person. Either you put some weights on the right hand of the scale or you remove weights from the left hand of the scale. You will, in reality, probably end up doing both.

Typically, the left hand will be quite heavy to begin with. Just by listening and understanding about their resistance to learning a new system and their negative past experiences can lighten that hand immediately. Then you could enquire in more detail about what made it a negative experience and explain how it could be a different outcome this time. Shifting focus to the right hand of the scale, you could question what is not working so well or annoying the Stakeholder. You could move forward by showing them a demo of the new system – and how that solves some of the problems with the old system.

Remember to continuously focus on the Stakeholder's perception. It could be that something you might see as relatively small, is extremely important to the Stakeholder in question. Showing them a project plan will also remove some uncertainty in the perception of the Stakeholder. Eventually the scale will tip over and they might become a huge supporter of the project.

Figure 46 – Scales as an analogy for stakeholder perception when new systems are being implemented.

As you deal with your project team there are two key aspects to think about as they work on the project. The first aspect is their competence and the second is their motivation. When a person is highly motivated and competent, work can be delegated to them. However, if they are the opposite, they will need clear direction or removing from the team. To help increase motivation or competence, coaching is essential. If a person is competent but needs help with motivation then you should be supportive. Figure 47 depicts this in the model called Situational Leadership.

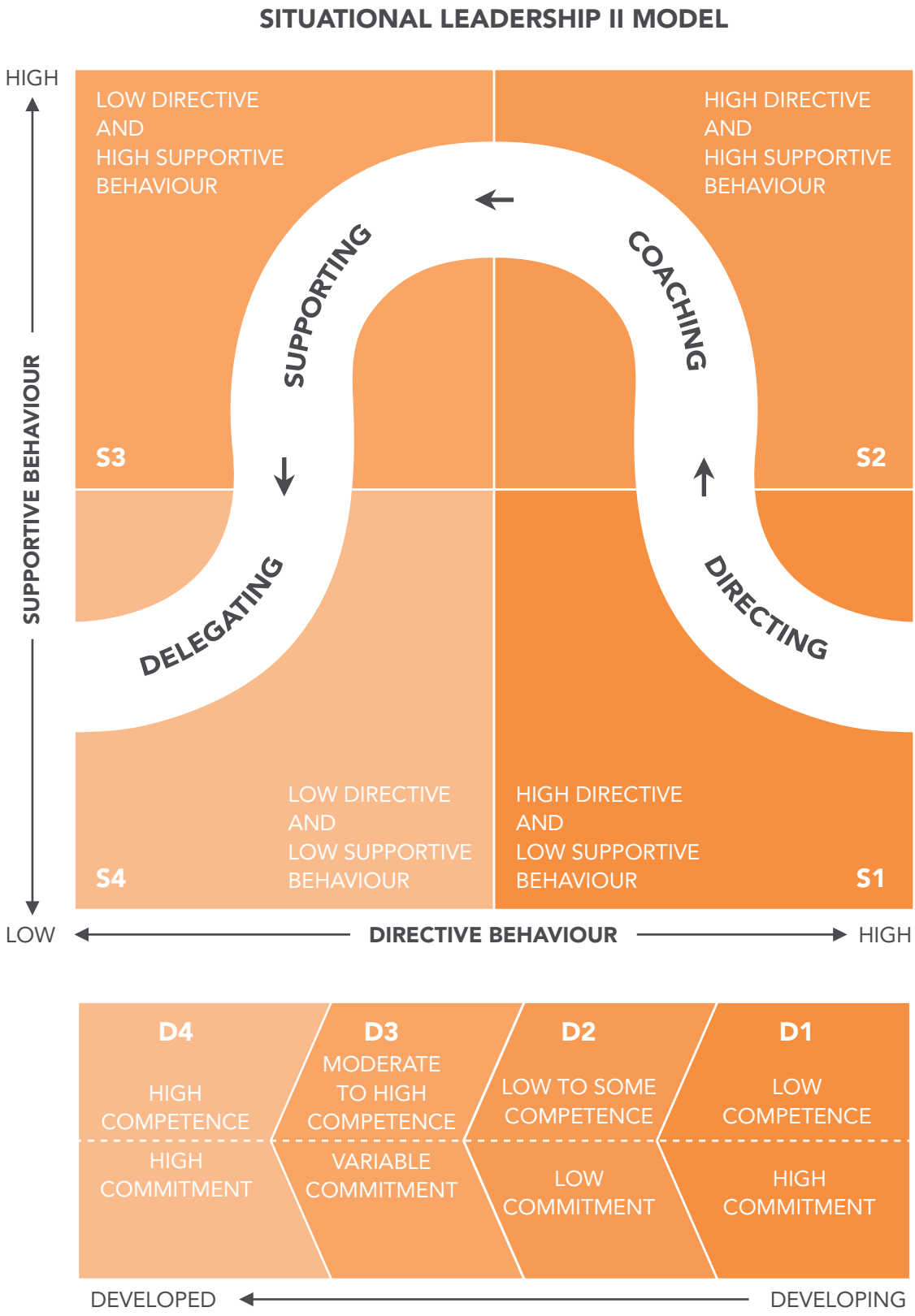

Figure 47 – Model of Situational Leadership

Here are some examples of coaching questions you could use:

- **What is this really about?**
- **What actions/decisions from you will complete the job?**
- **How could you think about this differently?**
- **What other perspectives are there in connection to this issue?**
- **What makes this important to you?**
- **How is it that this is something you will do?**
- **What motivates you?**
- **How will achieving this help you to achieve your goals?**

o Team Coaching

There are different tools and techniques available for team coaching. We will look at the "Disney Model" and the "Group Discussion".

The Disney Model

One great tool is the Disney Model. It can be used for almost anything – for example: accelerating ideas, project development, establishing goals or a vision, strategy development, creativity, meetings and so on.

Have you ever been involved in discussions where one person is being a big dreamer, one is being a realist and the last one very critical? It can be good discussion, yet it can be damaging.

The idea of the Disney Model is that everyone begins a project as big dreamers, dreaming about the impossible, thriving on each other's ideas and coming up with some crazy ones. The second step is to get everyone to look at a topic as realists and remove the most unrealistic and outrageous ideas. The third step is to look at the realistic plan or solution with a more critical eye to improve it even further. The brilliance of this process is that you get everybody on the same page which makes for a more robust end solution, and results in less friction along the way. Then, you can start again and go through the process in iterations.

Figure 48 illustrates the Disney Model Process and Figure 49 depicts how people are in differing states of mind at the start, but are put into the same mind-set by working through each step.

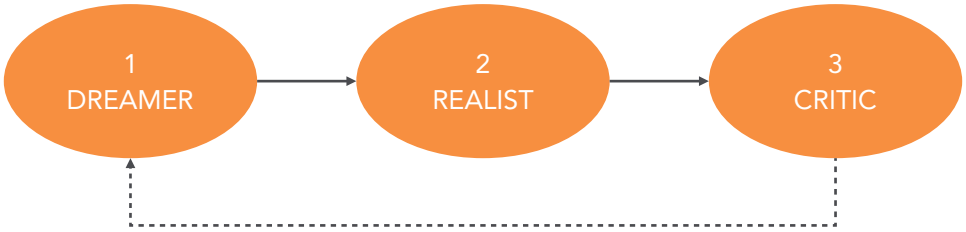

Figure 48 – The Disney Model Process

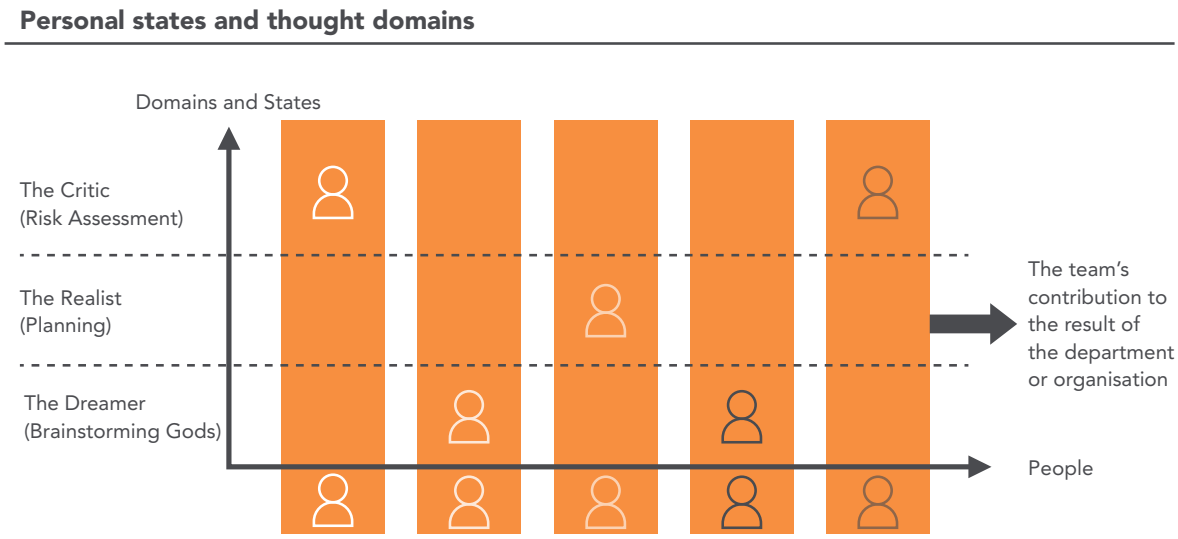

Figure 49 – Team members with differing thoughts about the project work through each to contribute to the desired results.

The Group Discussion

Group discussions are very common. Does it really deserve to be elevated to the status of a tool? Most definitely! A group discussion can be ineffective and aimless if it happens all the time. There are three simple actions you can take in conjunction with or individually to make them more effective. If you are leading the group you can take all three steps. If you are part of the group you can use the third action.

The actions are:

1. State the goal of the Group Discussion (and how it ties in to a larger goal)
   a. Write it down on a flipchart or piece of paper to make it explicit
   b. Make sure everybody has clearly understood the task at hand
2. Take a quick inventory of skills and personalities that can be helpful or counterproductive (relevant for a new team)
   a. Start with yourself
   b. Mention both negatives and positives
3. Summarise, summarise, summarise
   a. Throughout the discussion, stop and summarise in order to: bring everybody to the same page, open their minds or get the group back on track and focused on the end result.

These are simple yet extremely powerful actions.

4 CONCLUDING REMARKS

We have come full circle. The first draft was written in less than a week, however it is built upon vast research and more than ten years of Project Management experience. The aim has been to provide some context to Project Management and then to provide you with the Key Project Management Tools – that will provide 80% of the value in a project, if not more. The last 20% can be acquired by hiring an external Project Management expert with extensive experience.

As a Project Manager you can meet with them or have one to three hours a week of phone calls with them. They can also support you at special events like the Start-Up Workshop. This approach has proven to be good value for money with the projects I have been running over the years.

Some people might react and claim that Change Management is very important in a project. It most definitely is. If you use a Project Model like the Pareto Model together with an Agile approach, then it is pretty much covered. One key point to save you some work can be to ask people who have ideas for change to write them down in an e-mail to you. That way, if it is really important and worth your time then they will e-mail you. If it was just a good idea then you may not be e-mailed. Other than that, Change Management is common sense. Some changes need approval by the Steering Committee and some minor changes do not.

My hope is that this book has provided you with a good overview of the Project Management Context and the Key Tools. It is remarkable how the "Three Villains" mentioned in the beginning and the main reasons for Project Management failure have remained the same year after year.

To recap, the main reasons for Project Management failure are:

1. **Vague Objectives**
2. **Poor Project Management practices with regards to Stakeholders and Communications**
3. **Inadequate Project Planning and lack of resources**

Also the "Three Villains" or underlying causes:

1. **The silo structure that we see in most companies:**
   a. The rift between the IT department and the Business
   b. Inability to focus (too many projects running simultaneously)
2. **Short Term Approach and Shifting Focus**
3. **Lack of Project Management Knowledge**

This is really a "Global Story of Project Management, Failure and Madness". Hopefully, this book will help the fight against the madness. Project Management is complicated, but when you ask the question "What is it really about?" to researchers and Project Management professionals, you can find the answers in this book. Please join the movement and spread the word!