



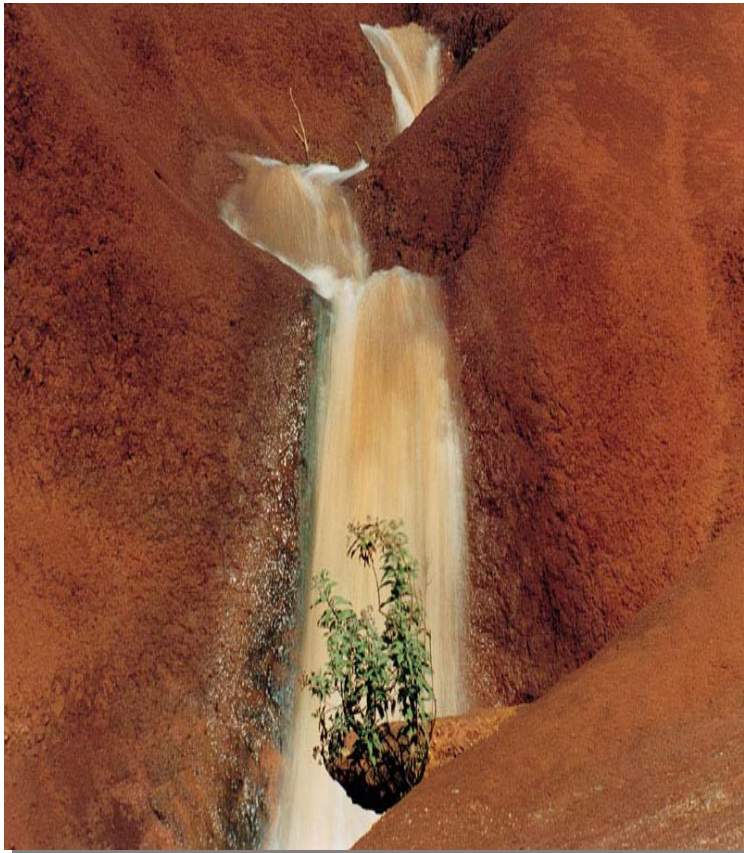
PMI Benelux Chapter

10 Steps to set-up a Project Management Methodology using PMI Standards

12/06/03

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Contents



➤ Objectives

- Presentation of **”10 steps to set up a project management methodology using PMI standards”**
- Share experience and **lessons learned** through theoretical and practical examples

➤ Agenda

- Introduction
- 10 Steps
- Lessons learnt

➤ Schedule

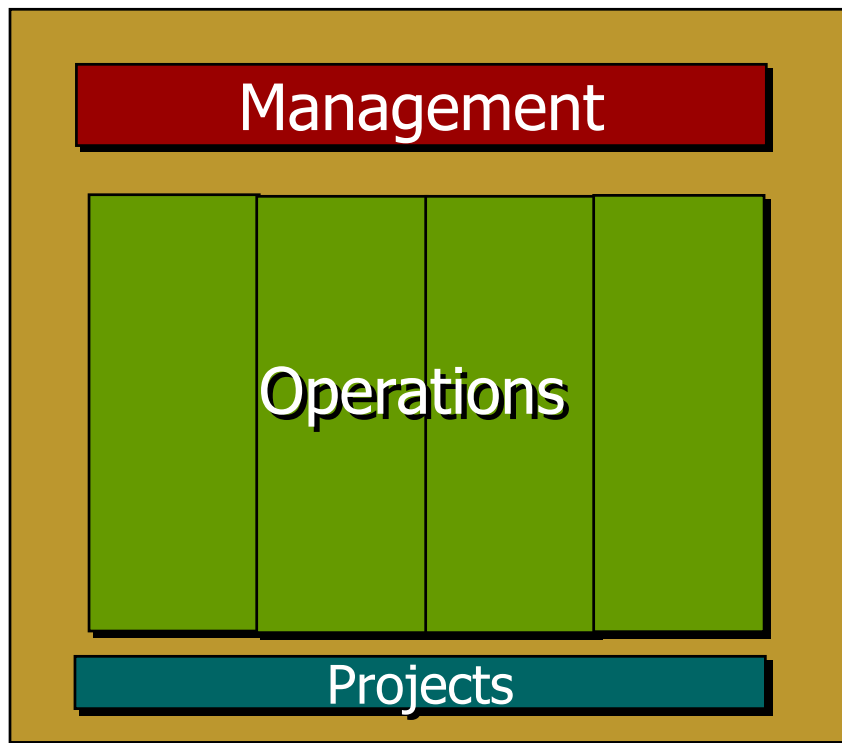
- 45’ min. presentation
- 5’ min. questions and answer

Introduction

- **Time-to-market** and the ability to **deliver projects on time, within scope and budget** is becoming critical for companies to survive in the current market conditions.
- In the past years, project management has **moved from being a commodity to a core competency** that companies “must have”.
- This evolution has triggered the switch of more and more companies to project management and the use of **projects to achieve corporate goals**.

Introduction

80s-90s

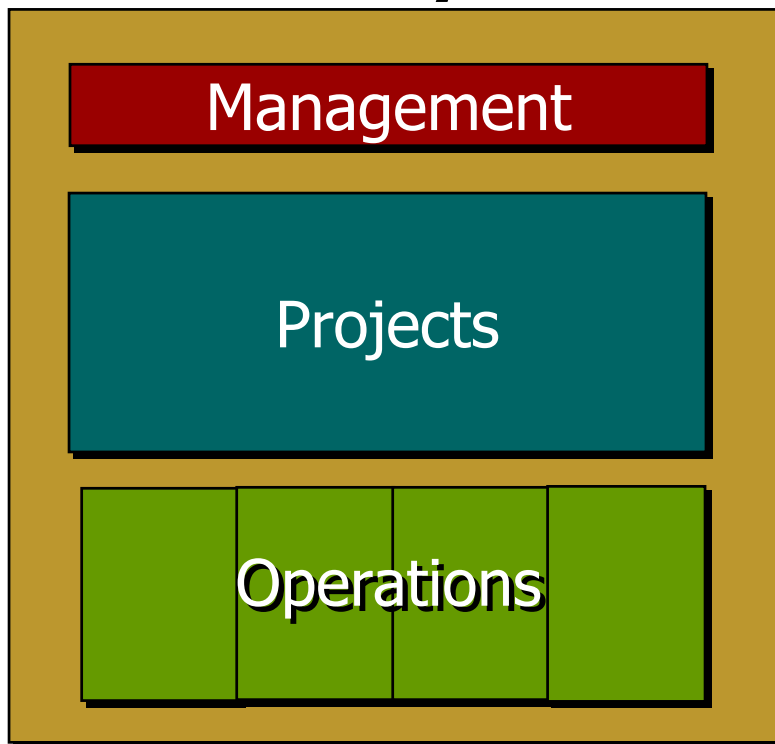


Organizational Evolution

- **Managing operations**
 - Departmental or Functional
 - Process driven
- **Focus on improving operations**
 - BRP
 - ERP
- **Almost no project managers**
 - Many times outsourced to consulting companies
- **Performance assessed via**
 - Accounting(P&L, BS, Cash Flows)
 - Market share
 - ...

Introduction

Today



Organizational Evolution

- **Managing operations**
 - Focus on core competencies
 - Non core activities are outsourced
 - Project driven
- **Focus on changing the business**
 - Outsourcing
- **Increase number of project managers**
 - Companies create its own project management department
- **Performance assessed via**
 - Time to market
 - Return on investment

Introduction

So, why do we need a project management methodology?

- To increase **competencies** in project management
- To increase **transparency** on projects
- To improve **communication** - use of common language
- To improve **monitoring** and **controlling** of the projects
- To improve the management of **changes** in projects
- To reduce the **time-to-market** by increasing performance
- To measure the **return** on our investments
- ...

10 steps to set-up

A Project Management Methodology using PMI Standards

- *Step 1:* Assess whether your company needs a **project management methodology**
- *Step 2:* Assess company project management **maturity level**
- *Step 3:* Assess **organizational structure** readiness
- *Step 4:* Perform PMI **GAP analysis**
- *Step 5:* Define **Project Life Cycle**
- *Step 6:* **Customize** company-wide methodology
- *Step 7:* Execute **pilots** to test methodology
- *Step 8:* **Implement** methodology
- *Step 9:* **Change** Management
- *Step 10:* Measure **benefits**

Step 1

Assess whether your company needs a project management methodology

- Are we a **project-based** or **operations based** organization?
- How many **projects** do we run per year?
- How many **resources** do we employ on projects?... compared to operations?
- How much **money** do we invest in projects each year?
- What's our **time-to-market** compared with the competition?
- Do we **know** exactly where all our projects are today?

CASE STUDY - Step 1



Assess whether your company needs a project management methodology

➤ Company that **had** the following:

- Concerns with project budget, schedule, status and overall success
- Recently implemented solutions that did not realize expected benefits
- Significant change or systems initiatives
- A portfolio of projects that individually were not risky, but collectively became high risk

➤ Company that **lacked** the following:

- Mature project procedures and processes
- Appropriate project management competences
- A successful track record of completing projects
- A focus on benefits delivery



Step 2

Assess company project management maturity level

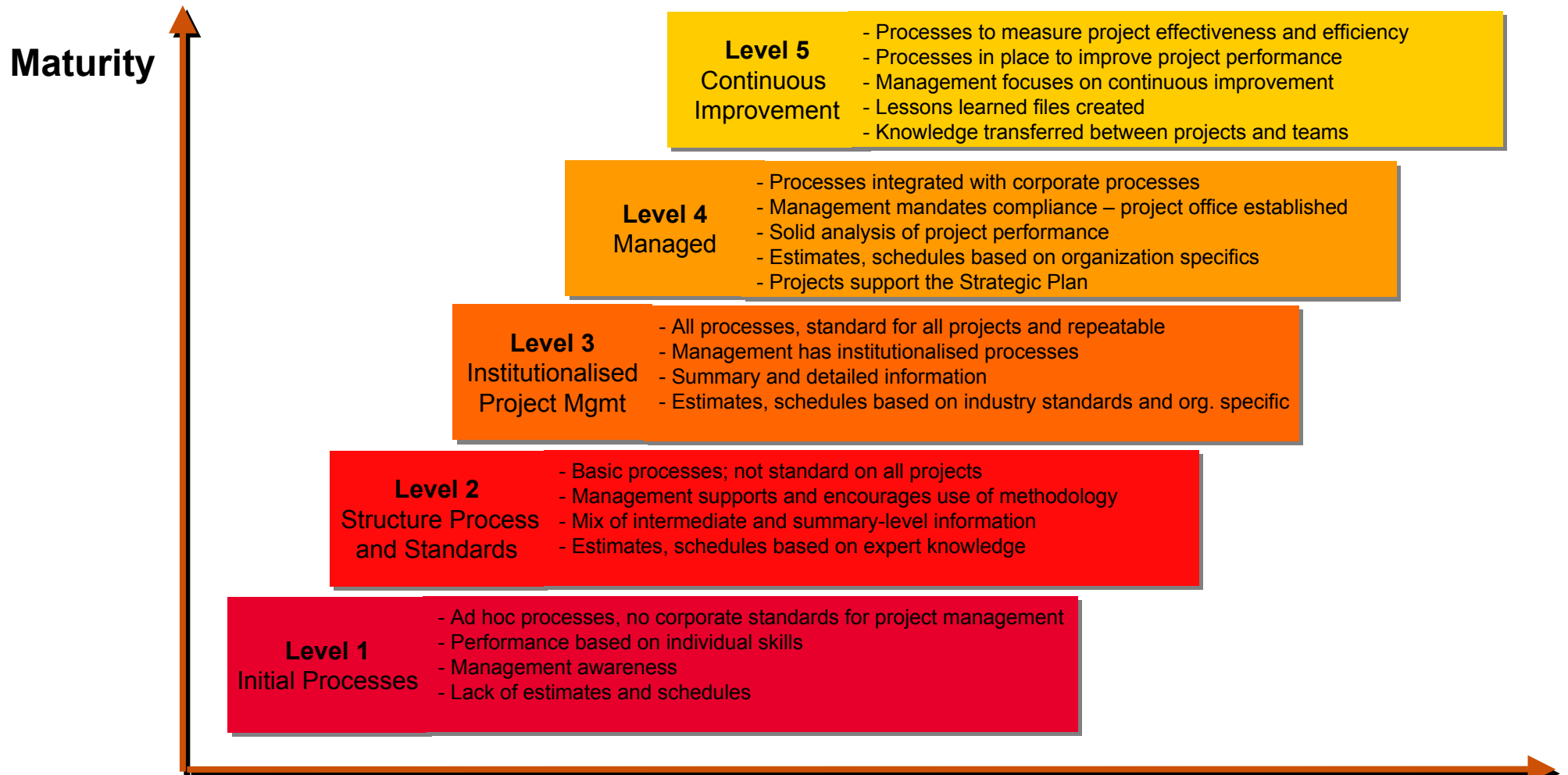
➤ Project Management Maturity Model

- A project management maturity model allows you to look at your **strengths and weaknesses** in terms of **consistent project management methods** and repeatable delivery of project goals
- In a maturity assessment, a company uses a model to **review how well processes are performed, controlled and managed**
- At the lower end of a model, maturity is about **consistent and repeatable processes**. As you move forward, you want to **link strategies with projects**
- There is **no best position** – it's the level that best services the strategy of the organization
- Maturity means **continuous improvement** and is an ongoing process

Step 2

Assess company project management maturity level

Project Management Maturity Model*

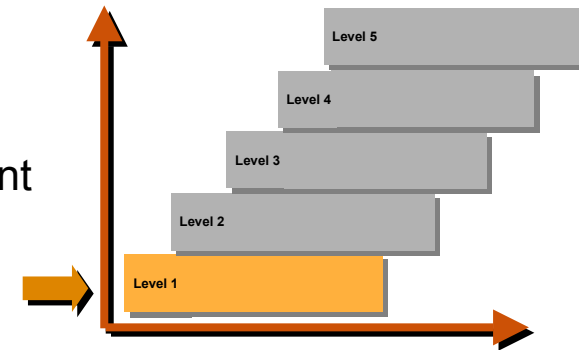


CASE STUDY - Step 2

Assess company project management maturity level



- Assessment done via interviews and review of project documentation
- Starting Situation – **Level 1**
 - Company had procedures but were not applied consistently throughout the company
 - Lack of management awareness of project management activities
 - Lack of standard tools, techniques and templates



- The initial assessment is validated during the PMI GAP Analysis (Step 4)

Step 3

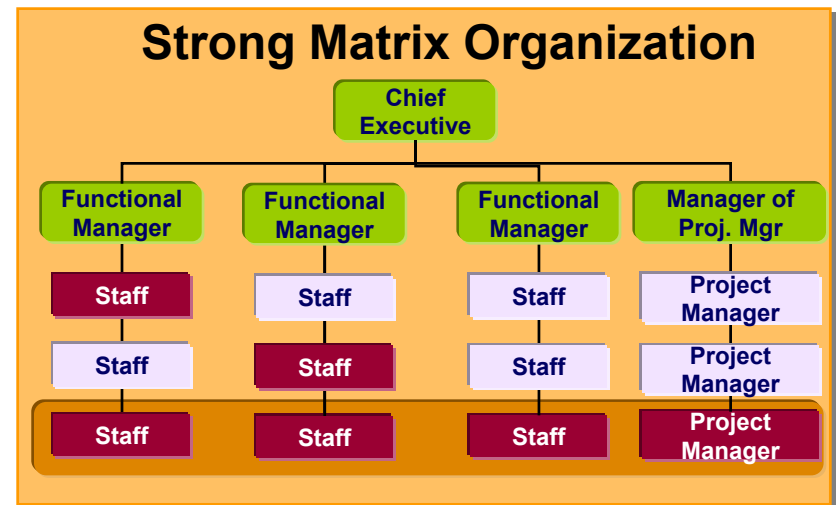
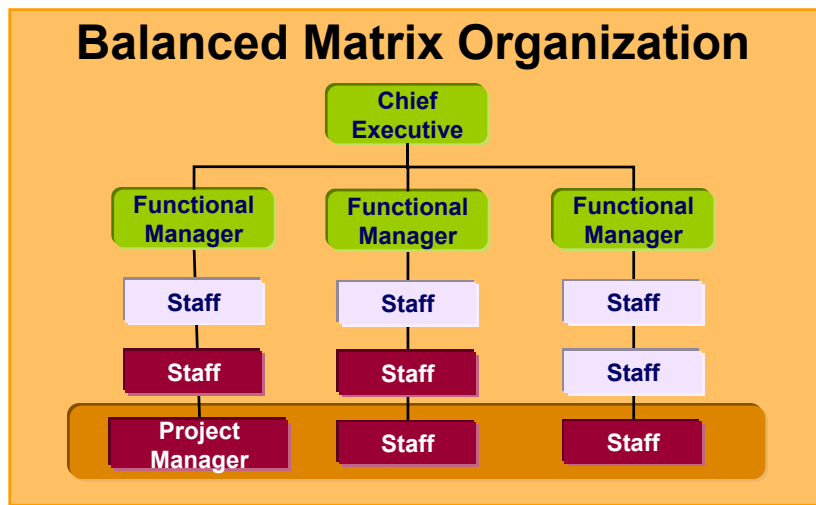
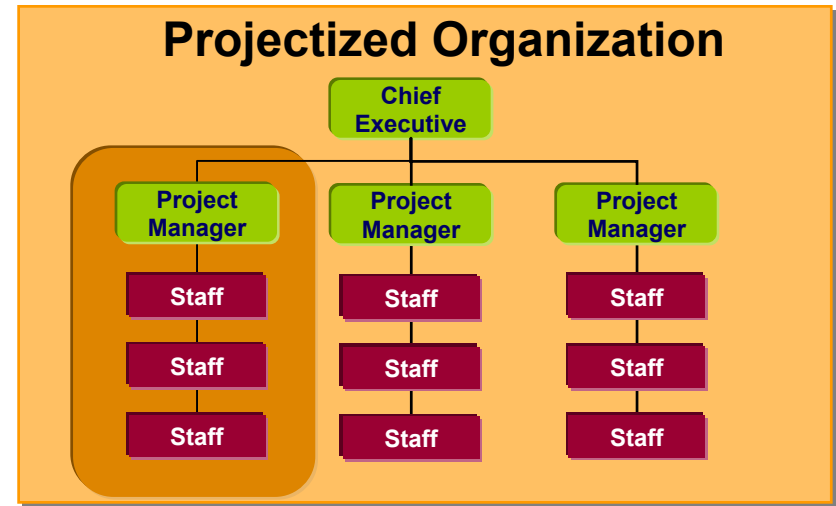
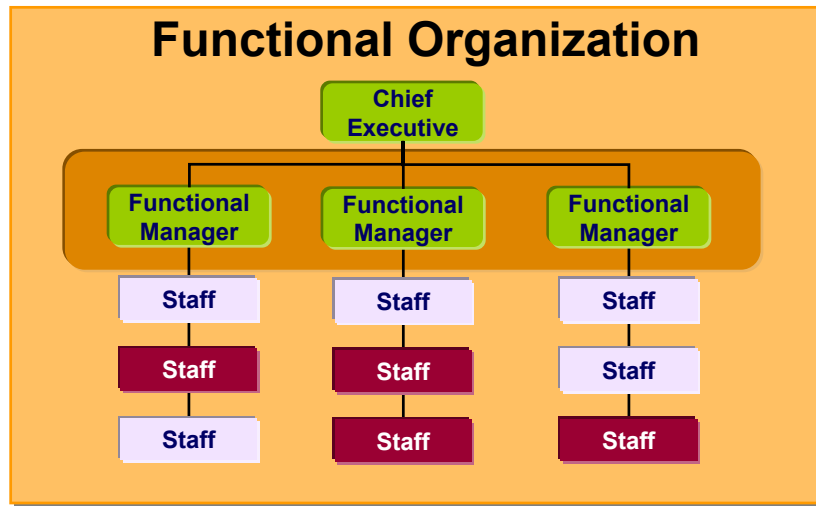
Assess organizational structure readiness

➤ Organizational structure influences

- Projects are typically **part of an organization** larger than the project, such as corporations, government agencies, international bodies, professional organizations, etc.
- The project will be **influenced by the organization** that set it up, therefore project manager's should be aware of how the organization's system will affect their projects
- The two extremes are **project-based** organizations, whose operations consist primarily of projects, and **non-project-based** organizations, which often lack management systems to support project needs efficiently

Step 3

Assess organizational structure readiness



Step 3

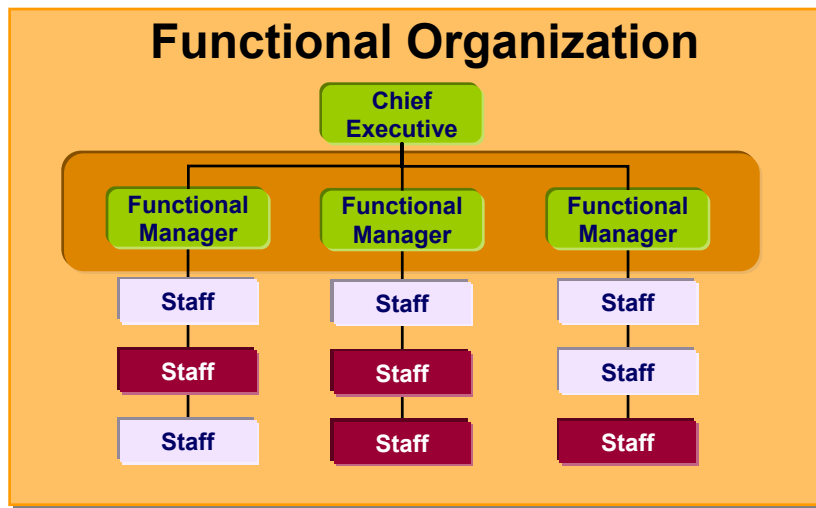
Assess organizational structure readiness

Organizational Structure Influences on Projects

Project Characteristics	Organizational Structure	Functional	Matrix			Projectized
			Weak Matrix	Balanced Matrix	Strong Matrix	
Project Manager's Authority	Little or None	Limited	Low to Moderate	Moderate to High	High to Almost Total	
Percent of Performing Organization's Personnel Assigned Full Time to Project Work	Virtually None	0 – 25 %	15-60 %	50– 95%	85–100%	
Project Manager's Role	Part-time	Part-time	Full-time	Full-time	Full-time	
Common Titles for Project Manager's Role	Project Coordinator / Project Leader	Project Coordinator / Project Leader	Project Manager / Project Officer	Project Manager / Project Officer	Project Manager / Project Officer	
Project Management Administrative Staff	Part-time	Part-time	Part-time	Full-time	Full-time	

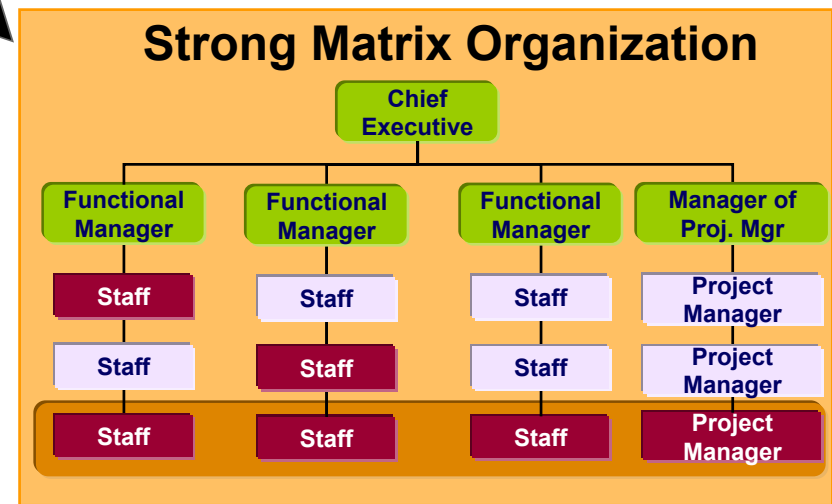
CASE STUDY - Step 3

Assess organizational structure readiness



- Starting situation of the company
- Budgets allocated at functional level
- Resources owned by functional manager

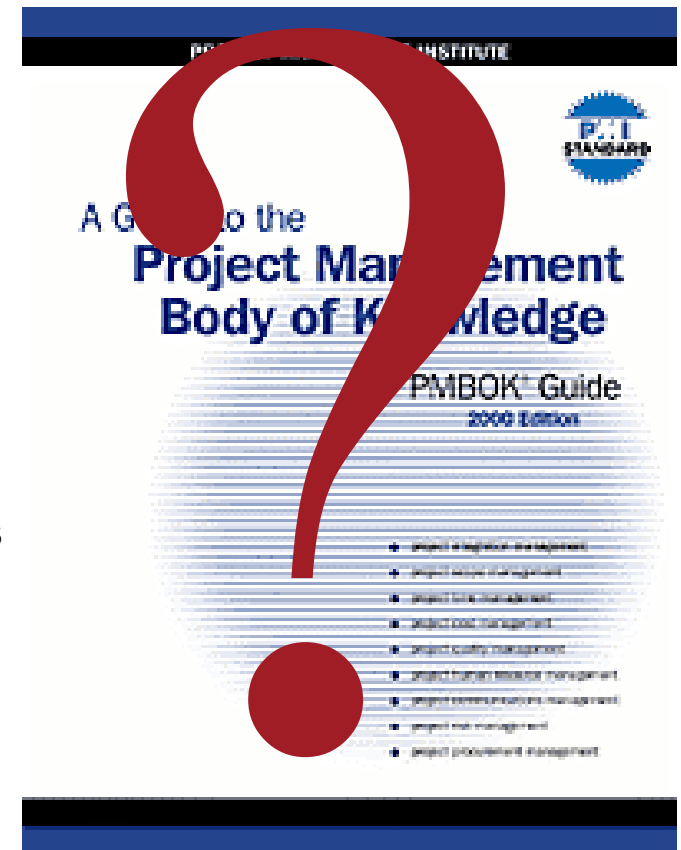
- Specialized group of project managers
- Budget and resources still owned by functional manager
- Project manager can influence decision of functional manager



Step 4

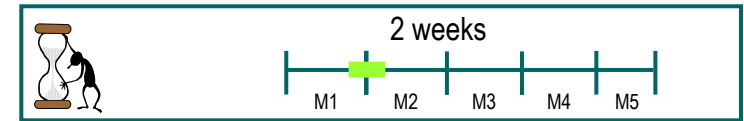
Perform PMI GAP analysis

- Assess your current project management capabilities compared to the various PMI PMBOK project management processes
- How to perform a PMI gap analysis?
 - **Interviews & workshops** with key people at all levels
 - Project managers, Line managers, Project Sponsor, PSO
 - **Mapping** of current company project management practices to the PMBOK® Project Management Processes
 - Inputs, tools and techniques, and outputs
 - **RAG indication**
 - **Red**: no evidence
 - **Amber**: some evidence, e.g. process defined by one department
 - **Green**: compliance with PMI, e.g. company-wide process defined

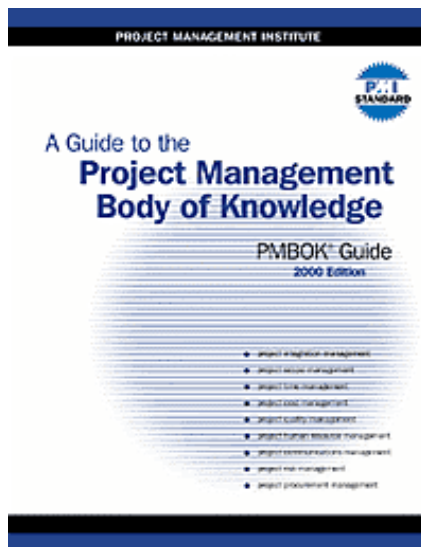


CASE STUDY - Step 4

Perform PMI GAP analysis



➤ Bottom-up approach



**Questionnaire
per PMI PMBOK
project
management
process**



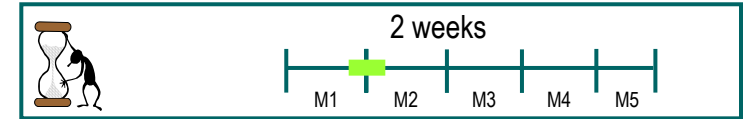
Workshops



Interviews

CASE STUDY - Step 4

Perform PMI GAP analysis



➤ Bottom-up approach

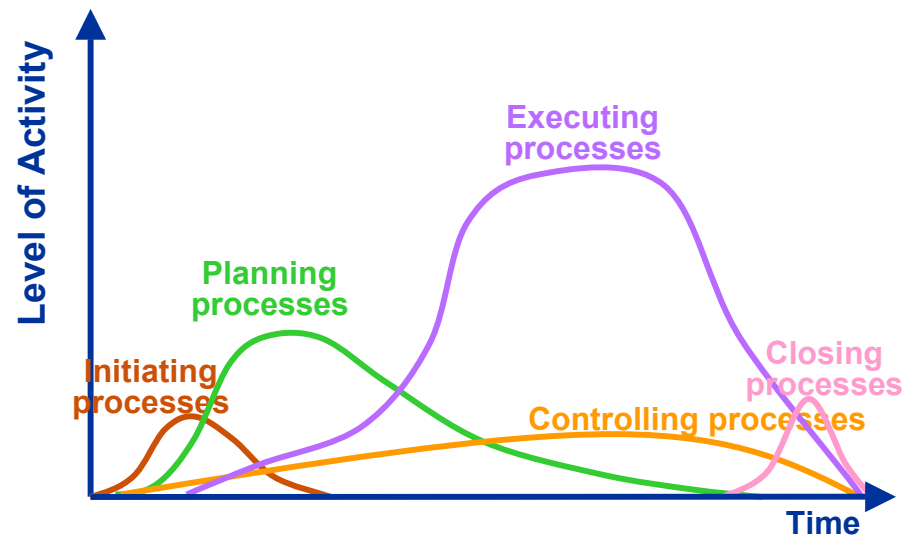
Executive summary

PMBOK®		Current	Process Groups	Initiating	Planning	Executing	Controlling	Closing
Knowledge Area			Initiating	Planning	Executing	Controlling	Closing	
Process PMBOK® page 42 Inputs Historical information Organizational policies Organizational policies Constraints Constraints Constraints Assumptions Tools & Tech Project planning methodology Project planning methodology Stakeholder skills and knowledge Stakeholder skills and knowledge	Project Plan Development: the process of integrating and creating a consistent, coherent document INTEGRATION MANAGEMENT	Parts of previous Project departmental level. Business Support Generation	4. Project Integration Management					
	5. Project Scope Management							
	6. Project Time Management							
	7. Project Cost Management							
	8. Project Quality Management							
	9. Project Human Resource Management							
	10. Project Communications Management							
	11. Risk Project Management							
	12. Project Procurement Management							

Step 5

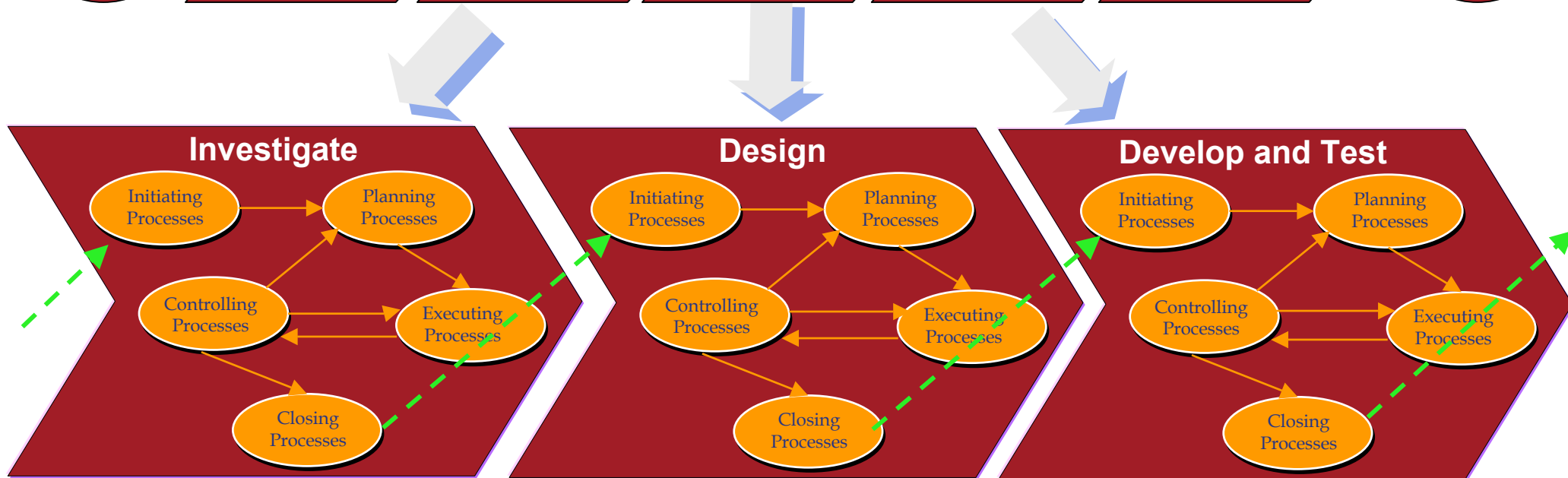
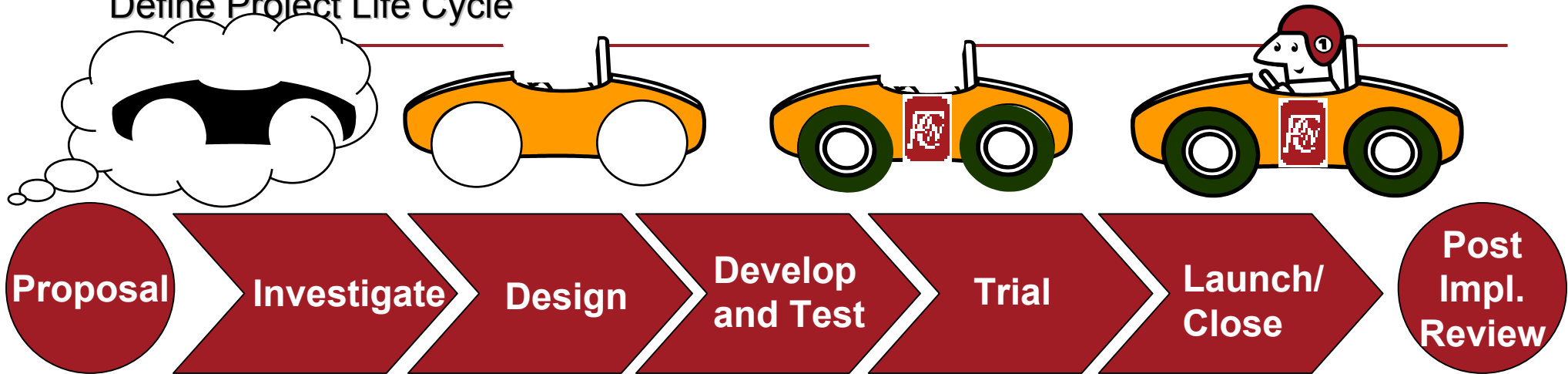
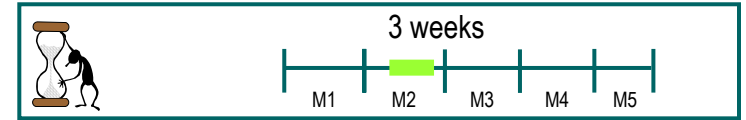
Define Project Life Cycle

- The PLC serves to **define the beginning and the end of a project**. It also defines what deliverables should be done in each phase and who should be involved
- Start with the PMI model and customize it according to the company needs
- Note that the phases of your project life cycle are defined by the service or product you deliver (and not by your project management processes, because project management processes are iterative)



CASE STUDY - Step 5

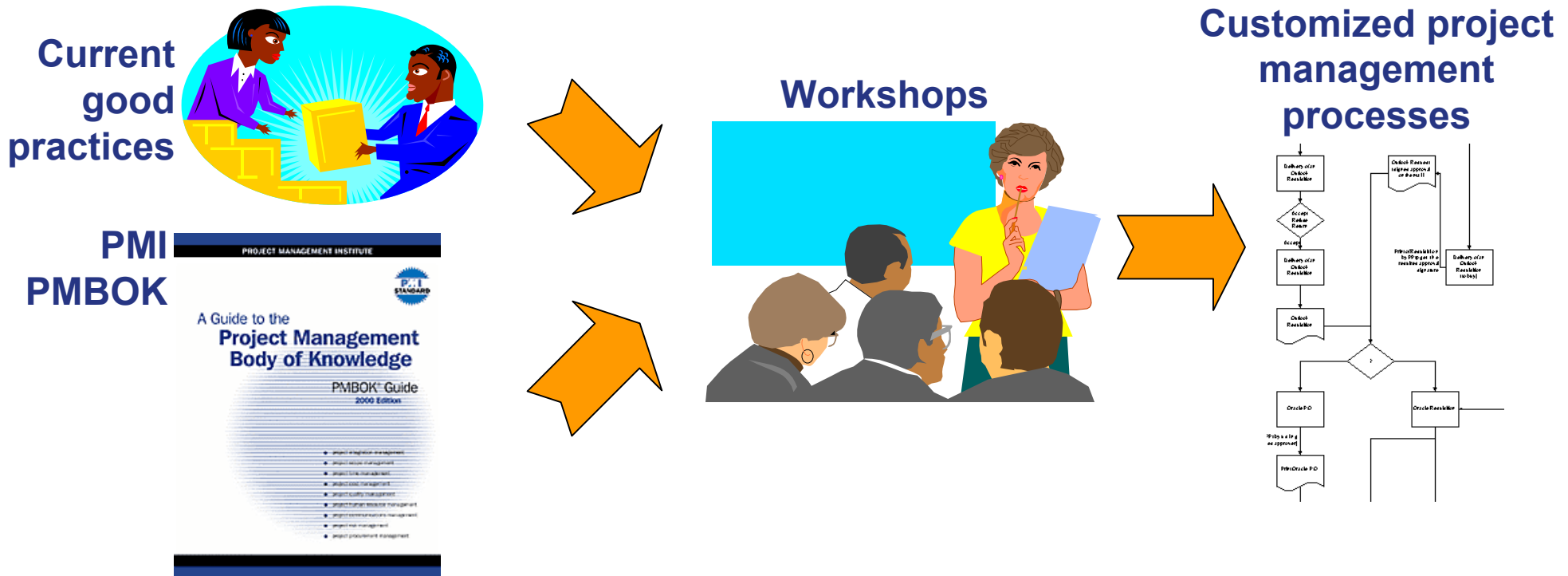
Define Project Life Cycle



Step 6

Customize company-wide methodology

- Use the PMI PMBOK processes as a framework
- Re-use company's current good practices (cf. Gap Analysis)
- Align with PMI PMBOK inputs / tools and techniques / outputs



CASE STUDY - Step 6

Customize company-wide methodology



PMBOK process description

- 4.1 Project Plan Development**
- .1 Inputs**
 - .1 Other planning outputs
 - .2 Historical information
 - .3 Organizational policies
 - .4 Constraints
 - .5 Assumptions
 - .2 Tools and Techniques**
 - .1 Project planning methodology
 - .2 Stakeholder skills and knowledge
 - .3 Project management information system (PMIS)
 - .4 Earned value management (EVM)
 - .3 Outputs**
 - .1 Project plan
 - .2 Supporting detail

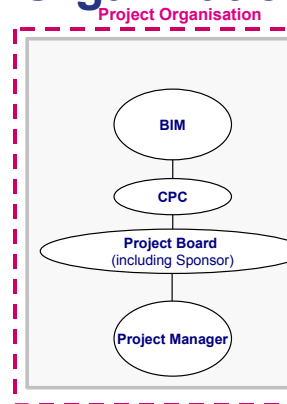


Tools

Templates

Milestone	System	Report	Planned Date	Company	Project	Project Mng.
				PricewaterhouseCoopers	Operational Electronics Program	Chart Issue Date: 25/12/2001
						Approved by:
						Approval d
						Report date: 25/11/2001
						Ok:
						Organisation described:

Organization



Summary of Roles and responsibilities Line Managers* – Resource related roles

Roles

- Estimate resource requirements
- Provide transparent access to resource actuals versus estimates
- Allocate resources to projects
- Ensure allocated resources are available for the time and dates committed to with project manager or until the task is completed
- Define for their line resources the weight of their project evaluations with justification
- Provide complete information regarding resource issues to project managers to help PMs with planning

Responsibilities

- Developing estimates that are as close to actuals as possible
- Providing to the PM with transparent access to project resource usage
- Allocating the most appropriate resource for projects based on project and line priorities, skill sets and availability
- Fix performance issues of his/her direct reports for a technical or business task, when this task is on the critical path or when, if not properly executed, it could affect the performance of the project
- Informing project managers of any upcoming resource problems

Roles and Responsibilities

Step 7

Execute Pilots to test methodology

➤ **Purpose of the pilots**

- To test the PM methodology
- To identify gaps and to improve the PM methodology
- To obtain buy-in from the ‘early adopters’ for the roll-out

➤ **Critical Success Factors**

- Full commitment from project manager and team members
- Buy-in of line managers
- Enough level of support provided by the ‘Pilot Coaching Team’
- Efficient process to gather and implement change requests

➤ **How to select pilots**

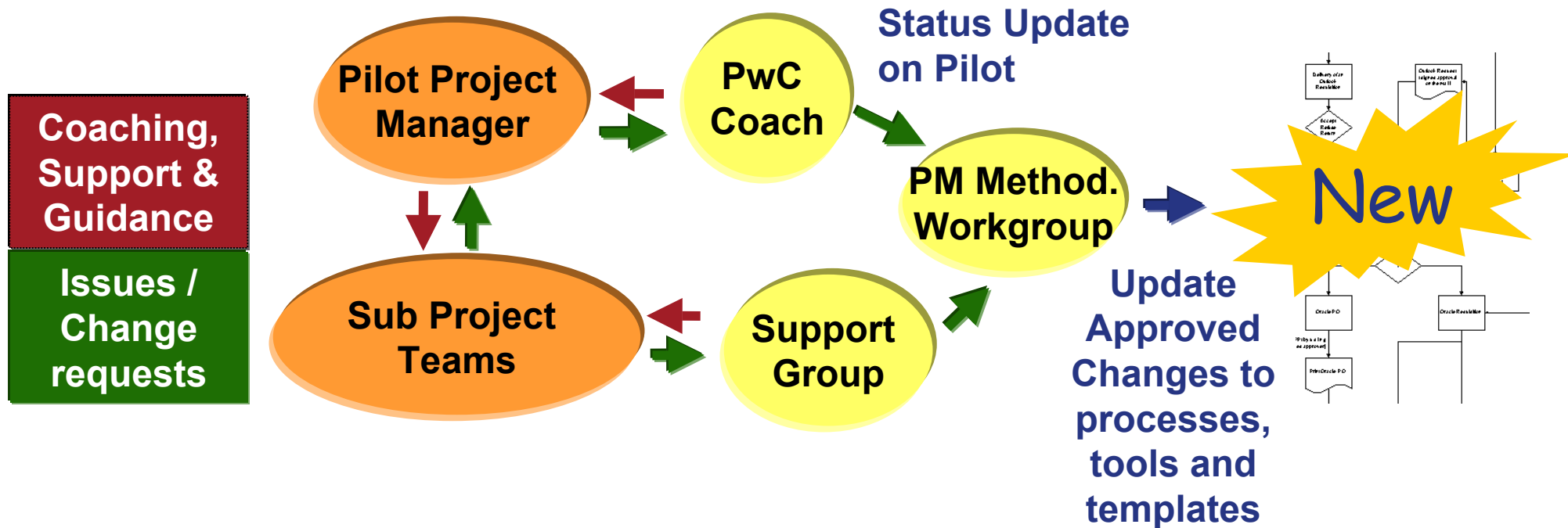
- Ability to test the full methodology
- Projects of different sizes
- Different degrees of complexity (don’t choose just the easy projects)
- Strong management skills of the Project Manager (focus on methodology, not soft skills)
- Technically straightforward (focus on project management, not product content)

CASE STUDY - Step 7

Execute Pilots to test methodology



- Pilot Project Manager was coached by PwC
- Pilot Project Team was supported by 2 members of the PM Methodology workgroup (“support group”)



Step 8

Implement

- User-friendliness
- Availability companywide
- Information applicable on the job
- Easy to communicate updates

PMBOK

4.1 Project Plan Development

.1 Inputs

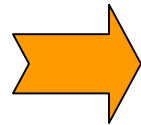
- .1 Other planning outputs
- .2 Historical information
- .3 Organizational policies
- .4 Constraints
- .5 Assumptions

.2 Tools and Techniques

- .1 Project planning methodology
- .2 Stakeholder skills and knowledge
- .3 Project management information system (PMIS)
- .4 Earned value management (EVM)

.3 Outputs

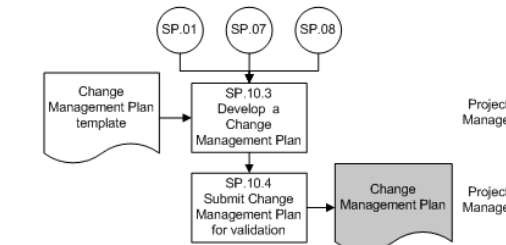
- .1 Project plan
- .2 Supporting detail



Company's Intranet

PROJECT PLAN DEVELOPMENT

Input	Tools	Output
MS Project® plan and other planning outputs	Project Folder on the J:\ drive	Documents in the Project Folder
	Change Management Plan template	Change Management Plan
	= Template = Example = How to use	



[Back to top](#)

Save all documentation in the Project Folder on the J:\ you created in the [Project Initiation](#) process.

Cf. Project Folder and Document Management Guidelines for more information to manage your electronic Project Folder.

STEP	WHO
SP.10.2	Develop the Change Management Plan
	Project manager

WHAT

The Change Management Plan describes how variances in scope, schedule and cost will be managed. In this process you will describe how project change requests will be managed and documented, as well as how changes will be integrated into the project.

The Change Management Plan is applicable for scope changes and variances in costs and schedule and will thus be developed only once.

HOW

→ Download and fill in the [Change Management Plan template](#).

How to fill in the Change Management template:

Note: A great part of the template is already filled-in with standard good practices and criteria. However, the project manager may opt to implement other criteria to handle project change requests.

General information

Step 9

Change Management

➤ Cultural Change

- The implementation of a project management methodology requires a change in the culture of the organization

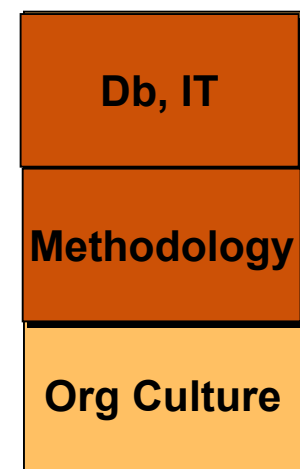
➤ Competence Building

- The methodology is just a **tool** and just one part of the whole picture
- To implement a PMM successfully, you need to look at other areas, both at the **individual level** and at the **organisational level**

Individuals

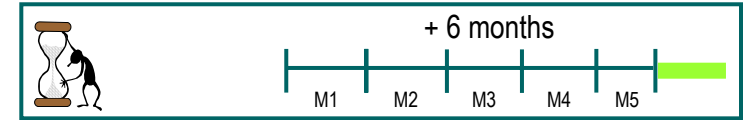


Organisation



CASE STUDY - Step 9

Change Management



- Staff was **supported** during the transition and implementation
 - Training
 - Coaching
 - Manuals
 - Help desk
- A list of activities that staff needs to **perform differently** as from day one was developed in order to achieve the benefits
- **Incentives** were adapted (i.e. goals linked to project management achievements)
- **Performance** was measured regularly
- Discipline was strengthened to ensure **compliance** with new methodology

Step 10

Measure Benefits

Through 2002, less than 25% of application projects will deliver hard, monetary benefits that exceed the cost of the implementation.

Source: Gartner Group

- Projects are becoming more and more **complex**, increasing the **difficulty** to achieve the expected benefits, i.e. increased revenues or reduced costs
- Very often, **benefits are not measured** at all
 - Companies write a business case, execute the project, produce the deliverables, track the budget, but fail to measure the benefits achieved (if any) and its comparison against business case
- Therefore, project measurement has extended beyond the traditional on-time, on-budget, on-specification metrics. Today, a project manager needs to **manage the delivery of project business benefits**
- Equally important is an early identification of possible **benefit erosion** to take preventive measures

CASE STUDY - Step 10

Measure Benefits

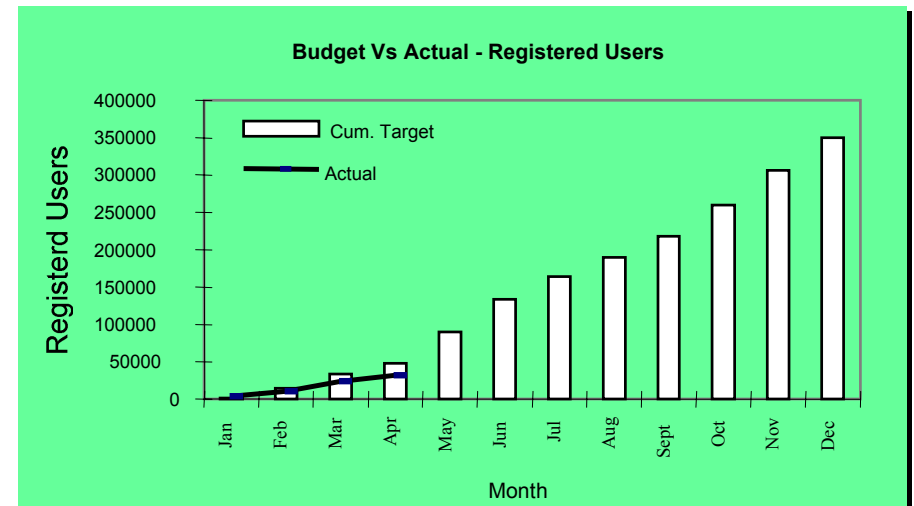


➤ Method of measuring benefits

- Built upon an **iterative approach** where the achievement of sustainable benefits is **planned** and put into action in a repeatable process.

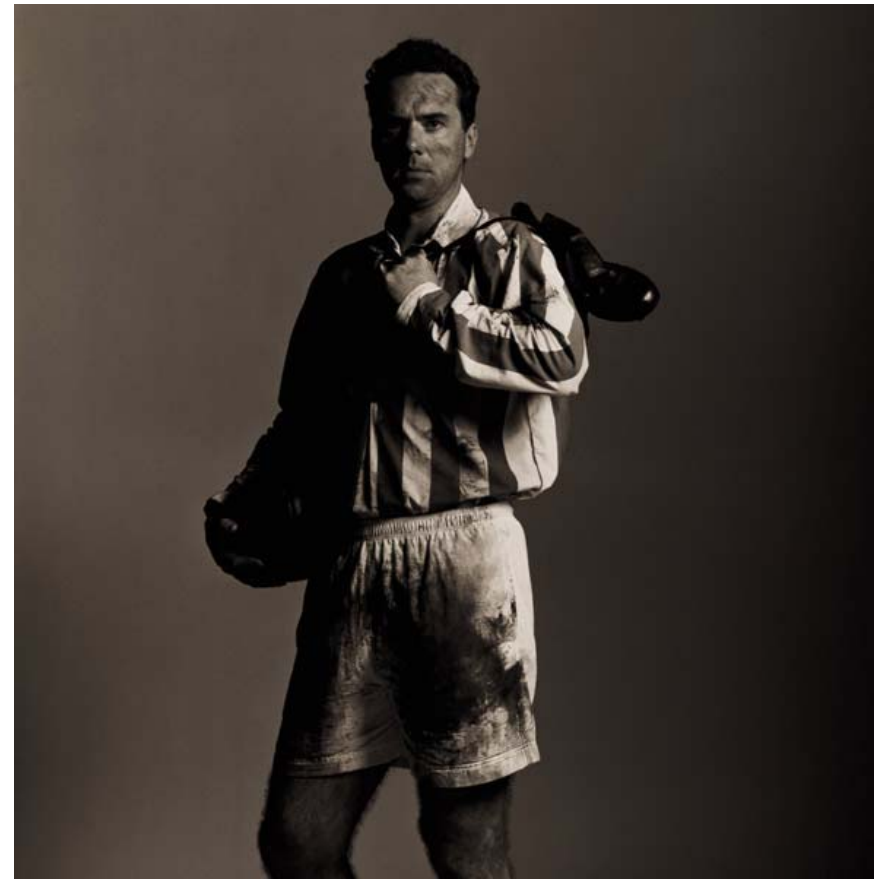
➤ Dashboard example

- Net registered users is not on target
- Need to incentivise registration



Lessons learnt

- Key is to have top management support
- Useful to have aggressive deadlines
 - 3 months for prototype
- A project management methodology is a tool; there are other factors that influence the outcome, i.e. mentality change of people
- Respect Maturity model, start with basic processes



Thank you for your attention !



Any Questions ???

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