

Breaking Through the Project Fog: How Smart Organizations Create, Select and Manage Their Most Strategic Projects

for



Dr. James Norrie, B.Com, M.Ed, M.A.Sc., CHRP, PMP, DPM
Director, School of Information & Technology Management
Ted Rogers School of Management, Toronto, Ontario



e-Venture Consulting, Inc.

RYERSON UNIVERSITY

Representative Previous Clients

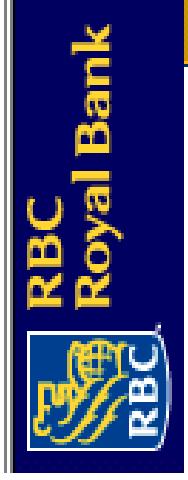
Skyservice



SONY



TrueContext



ORACLE

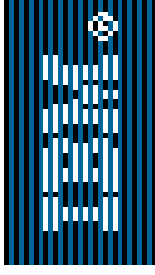


Canada Trust



CABLE & WIRELESS

HONDA



HelpCaster



Carlson Marketing Group
World Leader in Relationship Marketing



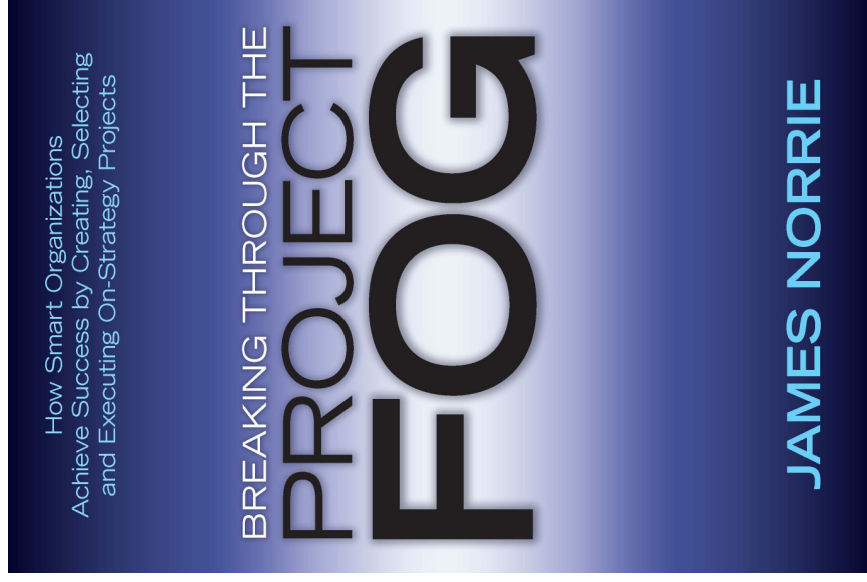
PDSB



The Conference Board of Canada
Insights You Can Count On

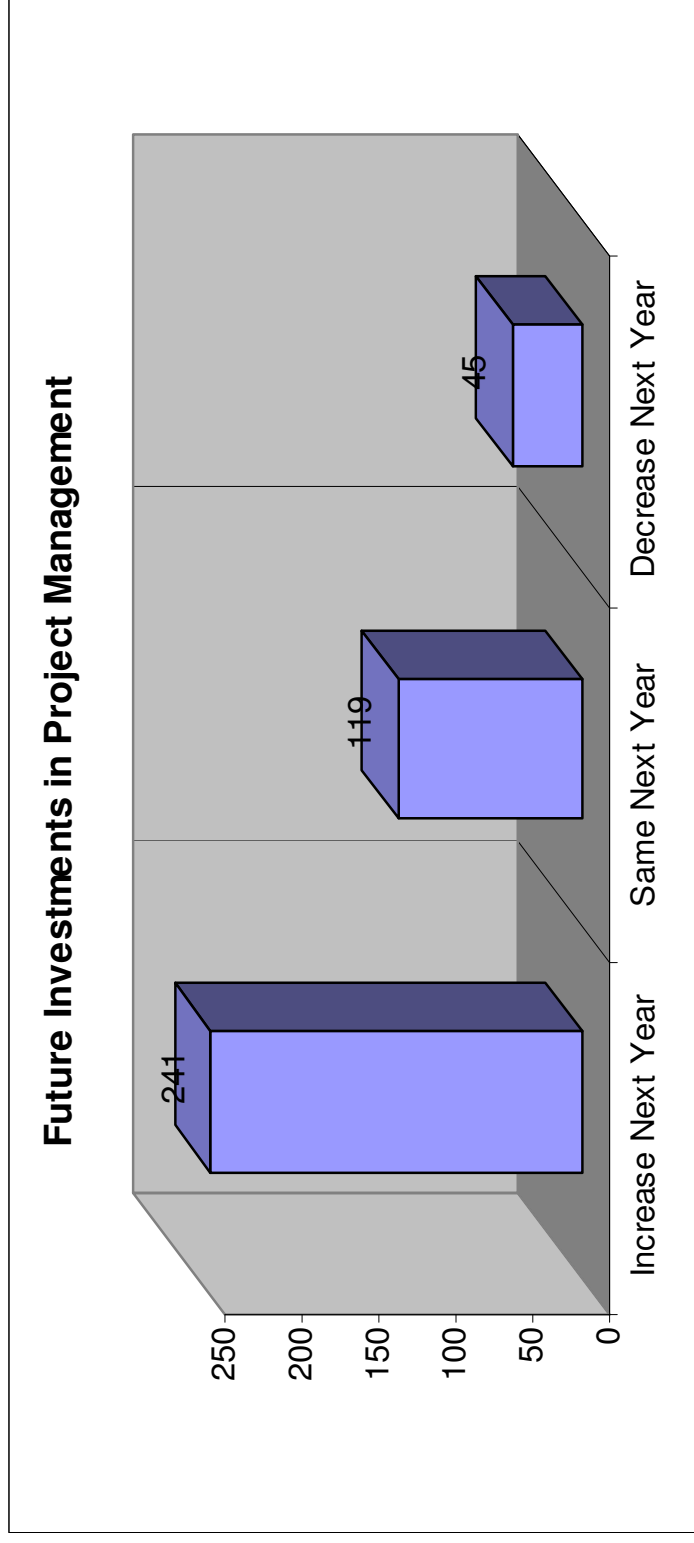


Research Driven Presentation



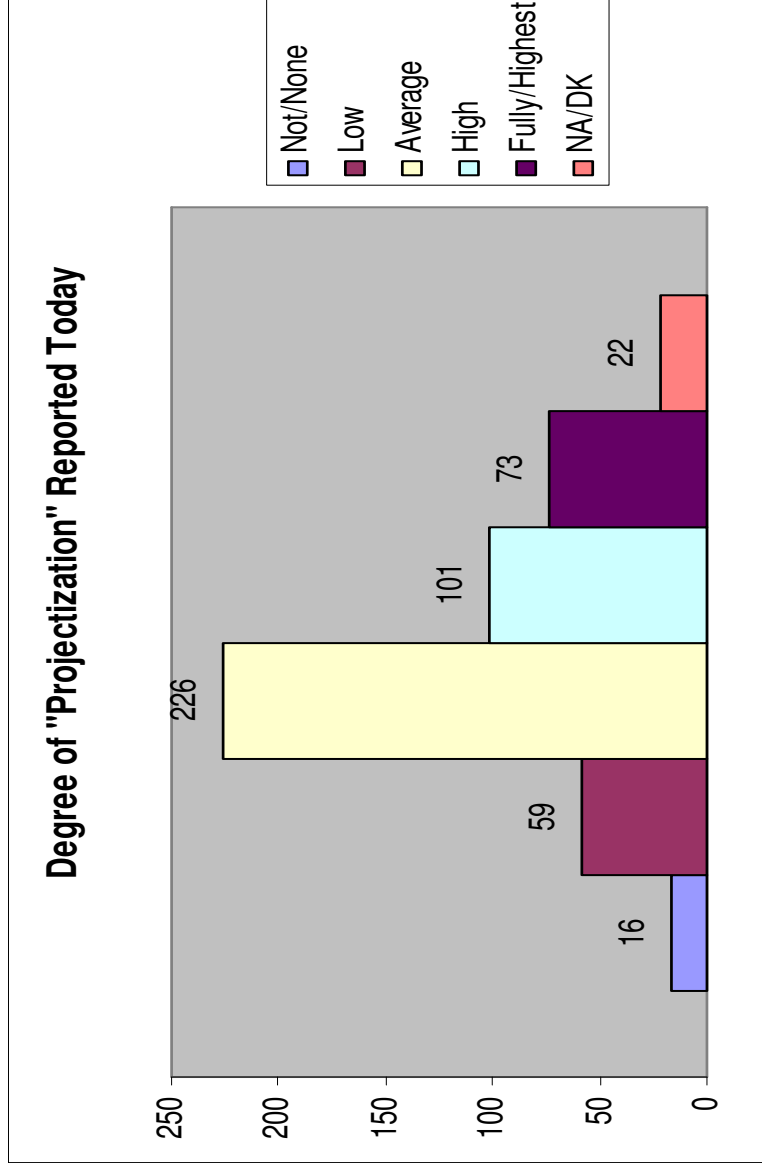
- To be published worldwide by Wiley (Jossey-Bass) in March, 2008
- Based on more than five years of research including numerous public and private sector case studies
- A worldwide online research study of C-Suite executives and Senior Project Managers
- Detailed qualitative interviews to follow-up on the survey results
- Only a portion of the findings can be included in today's session – but you now have a discount code to buy the book just for coming here tonight!

Trends in PM Investments:



Source: J. Norrie, *Project Fog*, 2008

And PM Usage is Increasing...

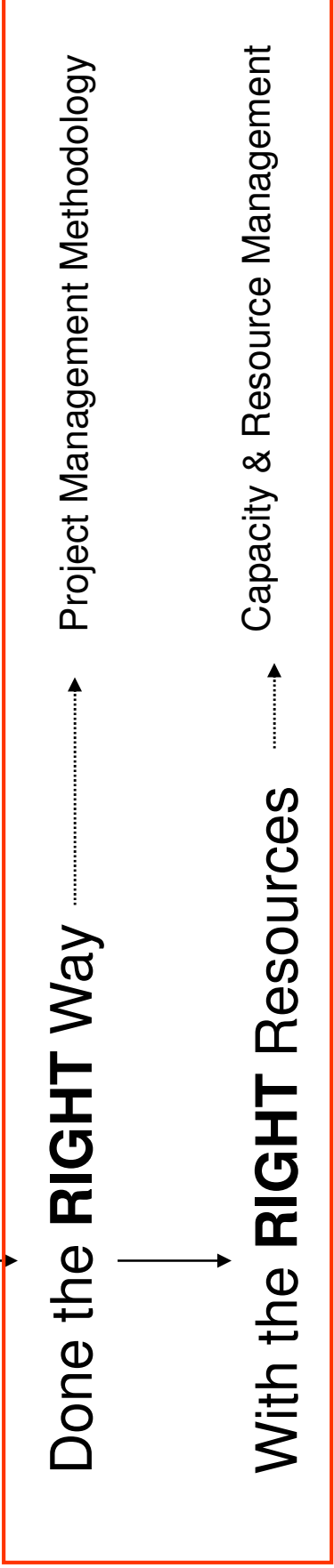
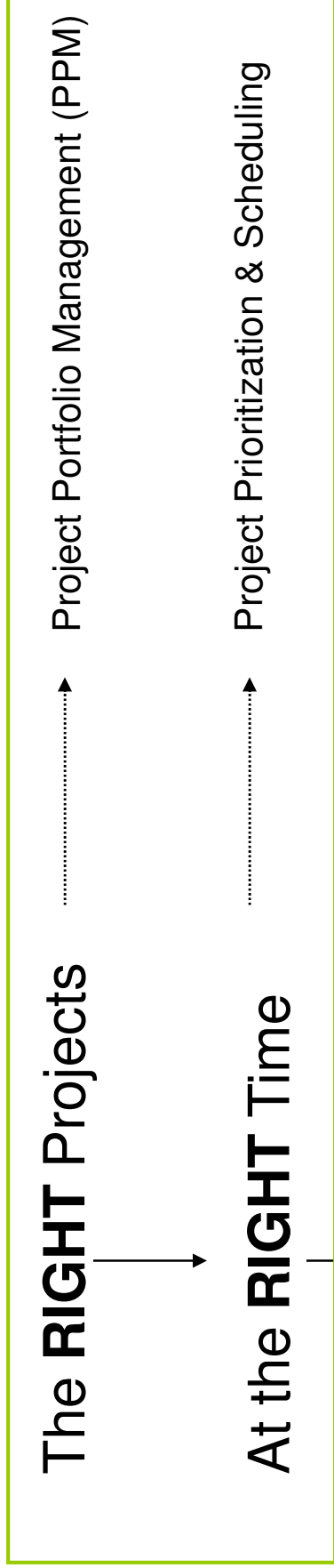


Source: J. Norrie, *Project Fog*, 2008

What Organizations Want...

Outcome

Method



Key Project Portfolio Management Objectives

- \$ Maximize Strategy Execution
- \$ Prioritize Resource Utilization
- \$ Minimize Total Time & Cost
- \$ Reduce Overall Risk

*The objective of this exercise then becomes NOT selecting a relatively higher performing financial effective project portfolio but selecting a **strategically effective** project portfolio that is also **financially efficient and risk reducing**.*

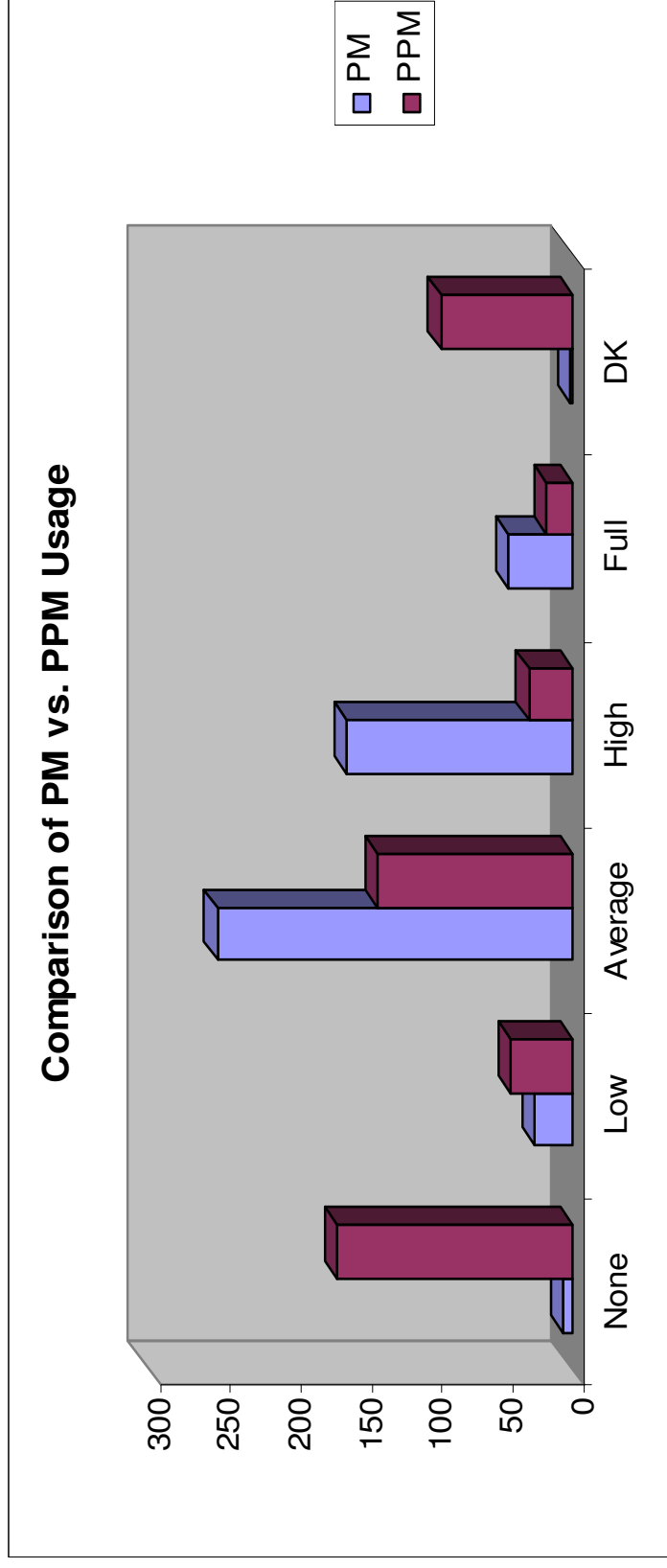
And the Answer Is...

Based on research from 443 of F-1000 firms in North America, most firms reported the following three factors (in this order) as the real basis for project selection:

1. Project-Based Financial Returns
2. Project Sponsor's Identity/Position
3. Competitor's Actions ("copycatting")

In this same research study, most firms reported that the process of project selection happened in a "scrum" (or similar) usually in conjunction with strategic planning.

A Methodology Disparity:

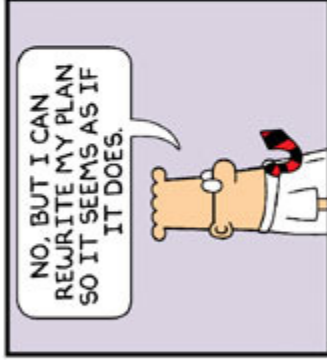
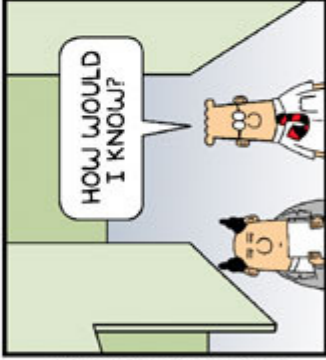
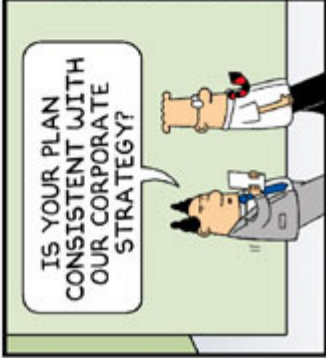


Source: J. Norrie, *Project Fog*, 2008



DILBERT®

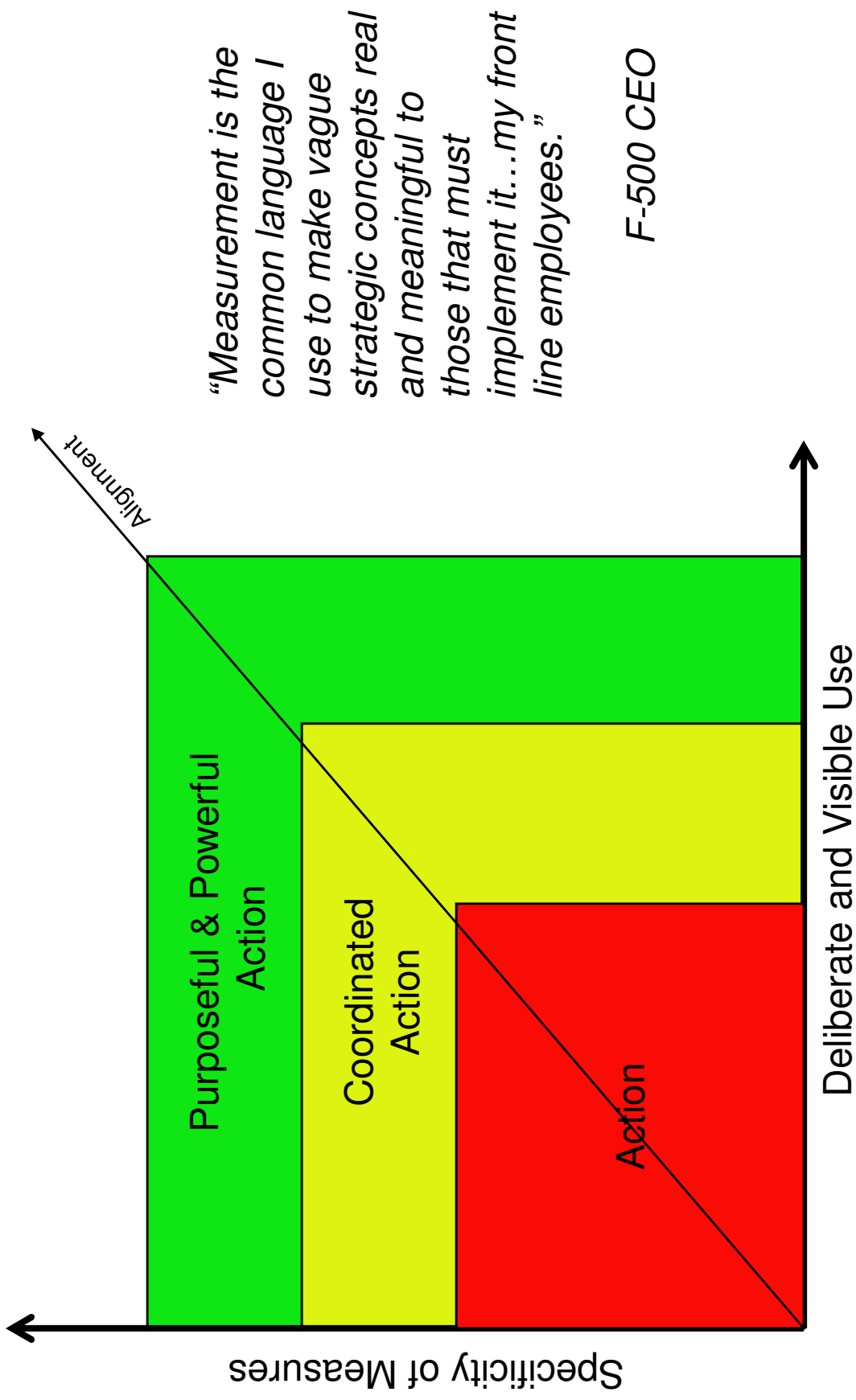
BY SCOTT ADAMS

© 2007 Scott Adams, Inc./Dist. by UFS, Inc.

www.dilbert.com

So, Strategic Measures Can Help!



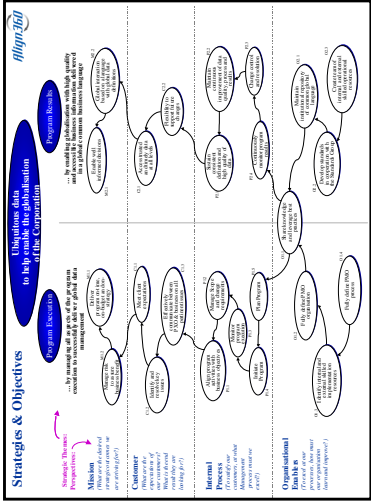
Mitigating Project Risk Through Balanced Strategic Measurement

The methodology and structure of the creating and using balanced strategic measures assures the organization and all its underlying projects and initiatives remain on strategy with an "early warning" system for high risk areas that may need management attention. The discipline of applying measurement to projects results also identifies projects that are non-strategic to re-direct resources to those that are. These are critical deliverables of good PPM processes.

Corporate Strategy

| | |
|---|---|
| Financial | Customer |
| <ul style="list-style-type: none"> ROI Change in ICG Annual Budget Change in Business Major Accounts % of Clients who initiate repeat business in 6 months | <ul style="list-style-type: none"> Change in ICG Annual Budget Change in Business Major Accounts % of Clients who initiate repeat business in 6 months |
| Internal Perspective | Innovational Learning |
| <ul style="list-style-type: none"> % Large Projects with Normal Contracts % of Projects with Repeat Business Request Broadly Served vs. Outsourced % of Projects Managed by ICG | <ul style="list-style-type: none"> % of Annual Profit vs Turnover % of Employees Retained Job Satisfaction % of ICG Managers |

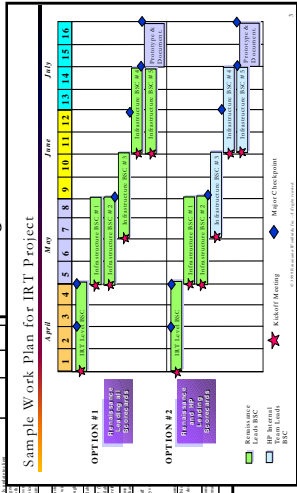
Portfolio Objectives



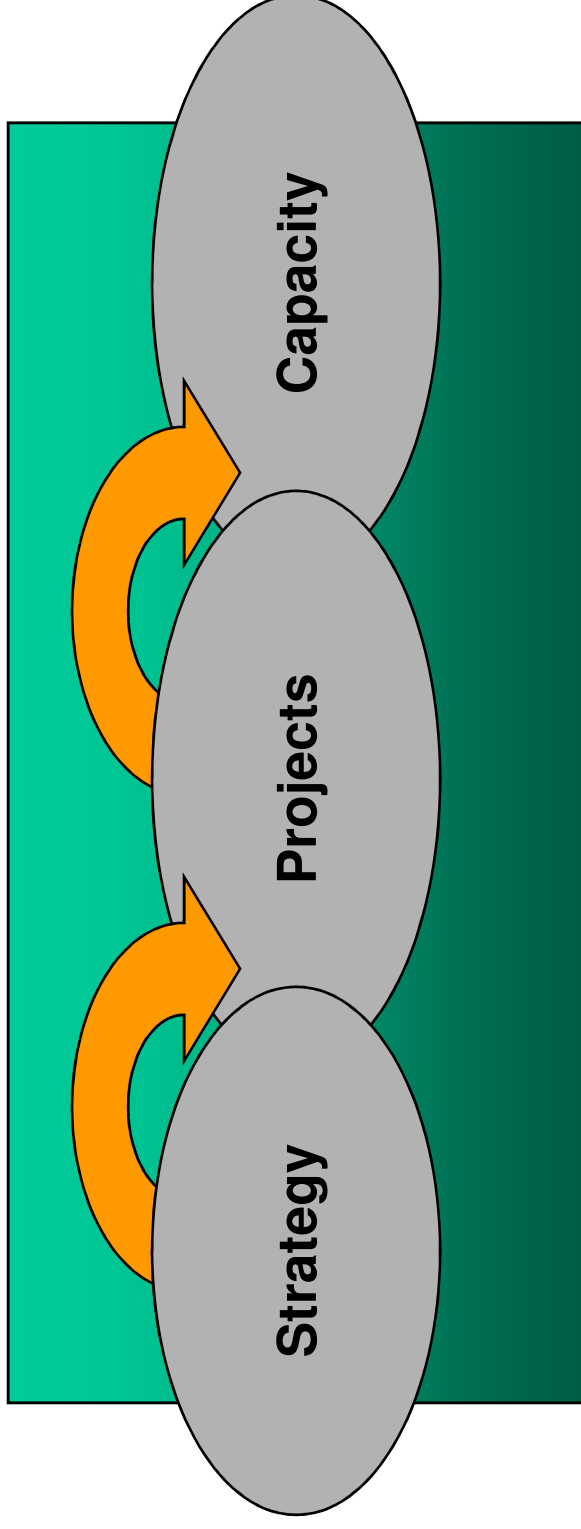
Project Performance Measures

| Strategic Measure | Target | Actual | Variance |
|-----------------------|--------|--------|----------|
| Revenue | 100% | 95% | -5% |
| Profit | 100% | 90% | -10% |
| Customer Satisfaction | 100% | 95% | -5% |
| Employee Satisfaction | 100% | 90% | -10% |
| Innovation | 100% | 95% | -5% |
| R&D Investment | 100% | 90% | -10% |

Project Plans

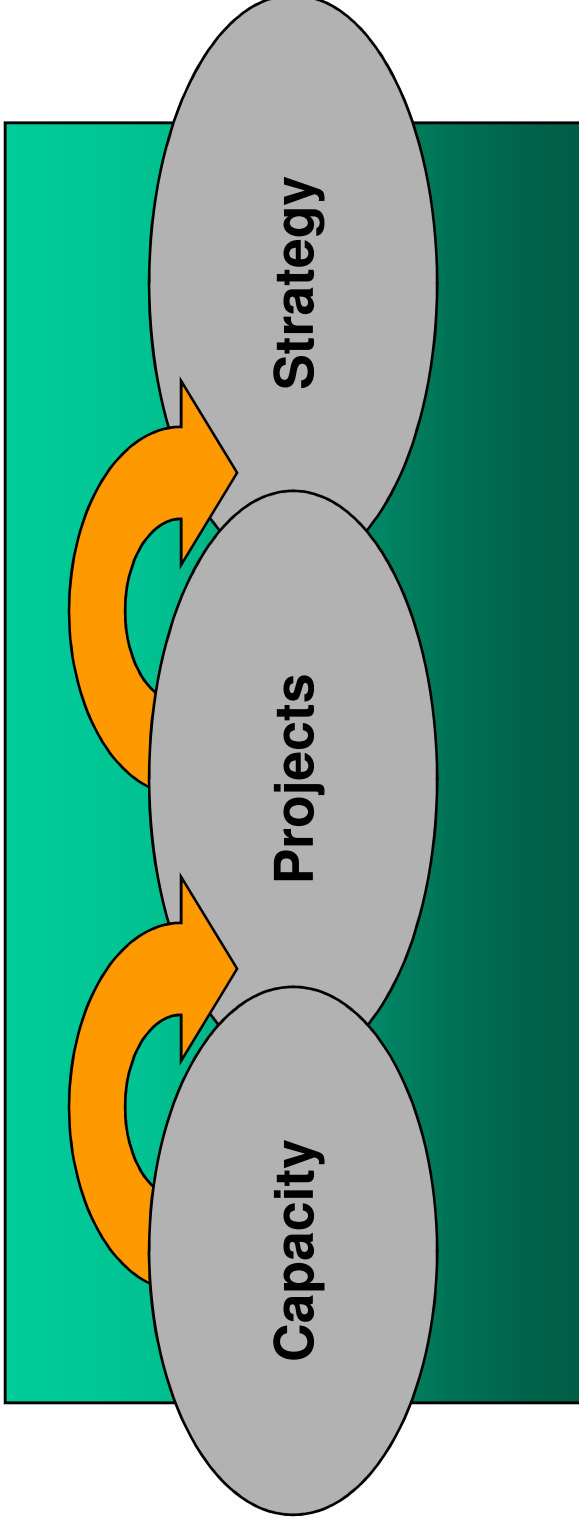


The Optimal Order of Operations



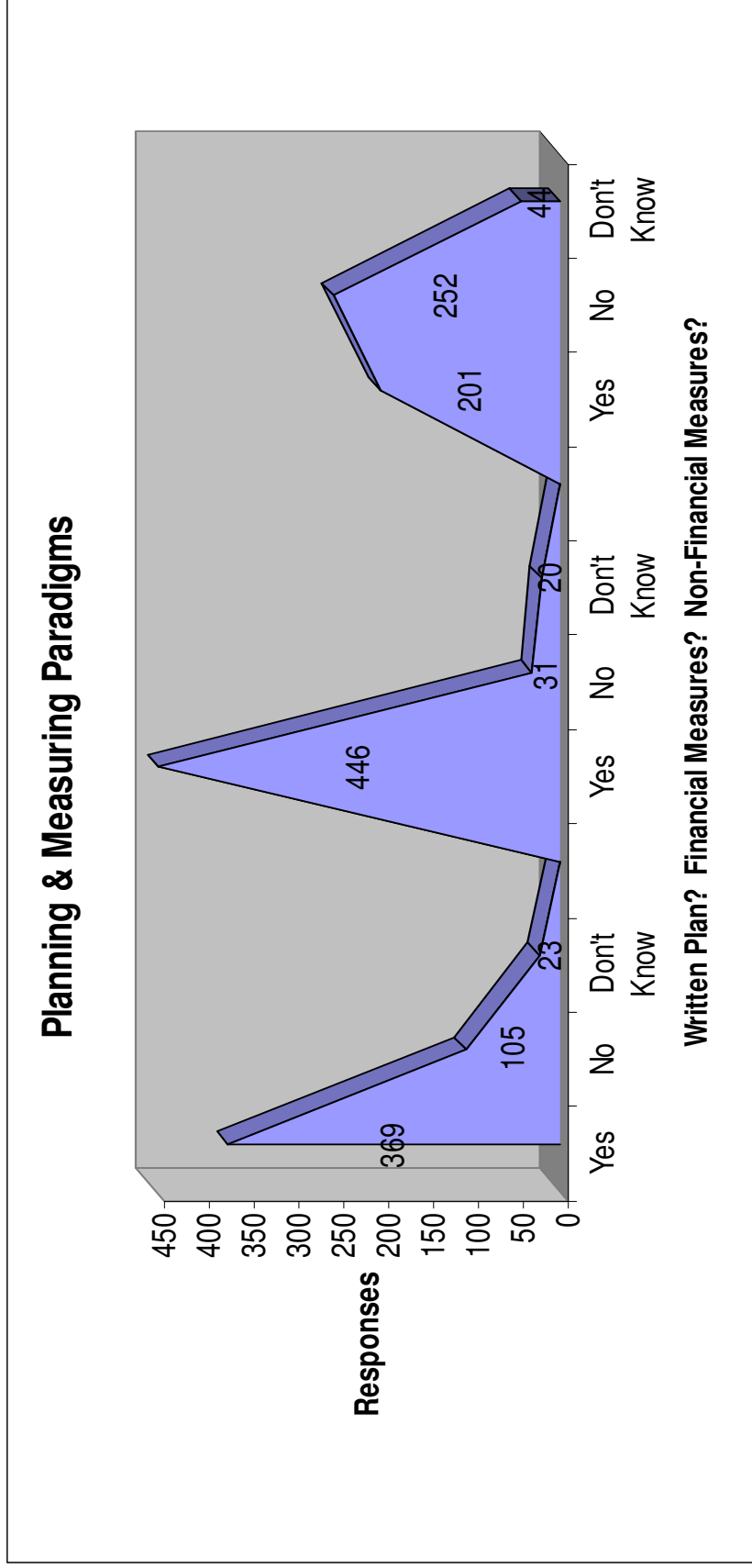
In this instance, the organization determines its strategy, project plans are developed and then capacity planning processes are used to determine resourcing options and alternatives that will accomplish the strategic agenda at optimal cost and efficiency. Capacity is seen as a potentially “limiting factor” in strategy execution but not as a pre-determined constraint (i.e. capacity is treated as a flexible input to strategy development).

The Reality Inside Most Organizations We Studied:



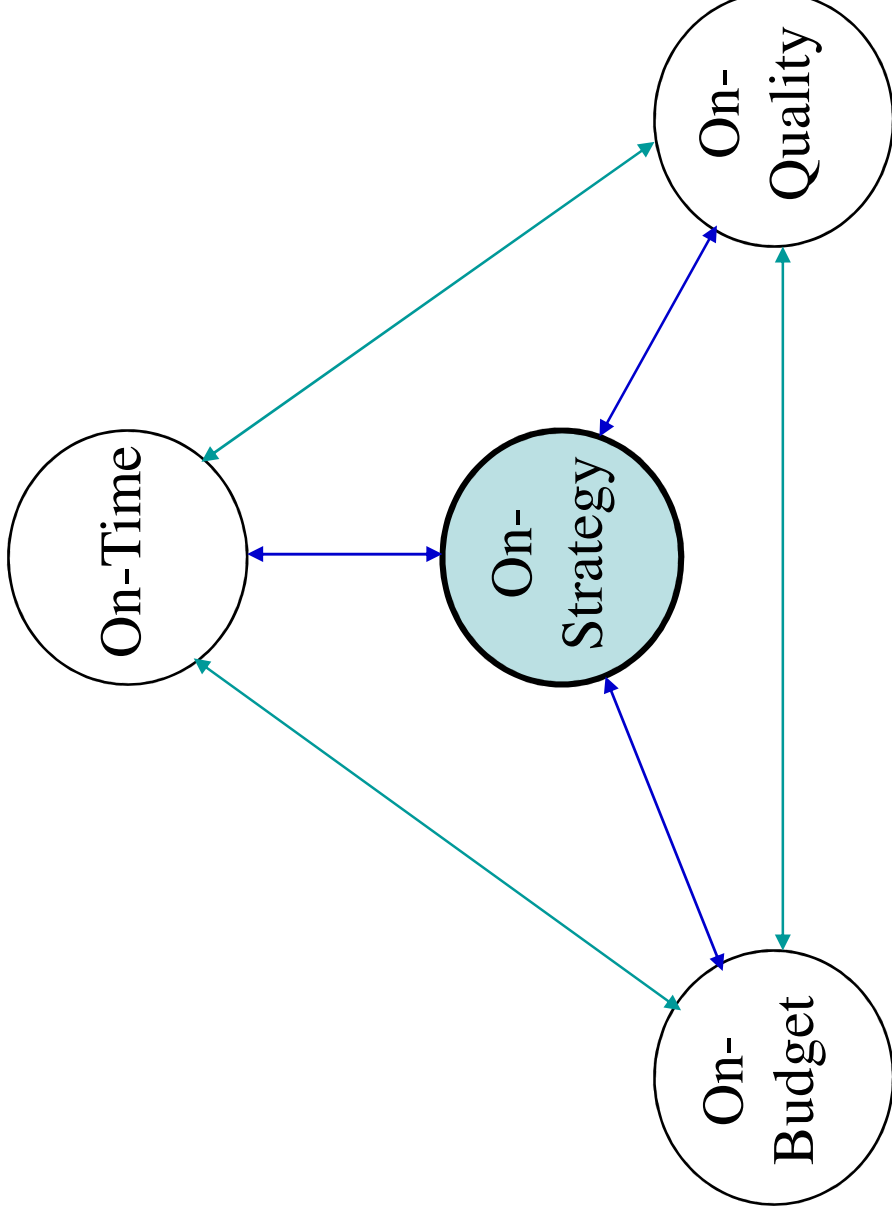
Unless you clearly plan otherwise, organization processes often let capacity determine strategy: project plans are approved only when capacity is available. This method treats capacity as “constraint” in strategy execution (i.e. capacity is treated as a fixed input to strategy development). I refer to this as “pseudo-strategy” ...

Research Shows Me How It Is Today...



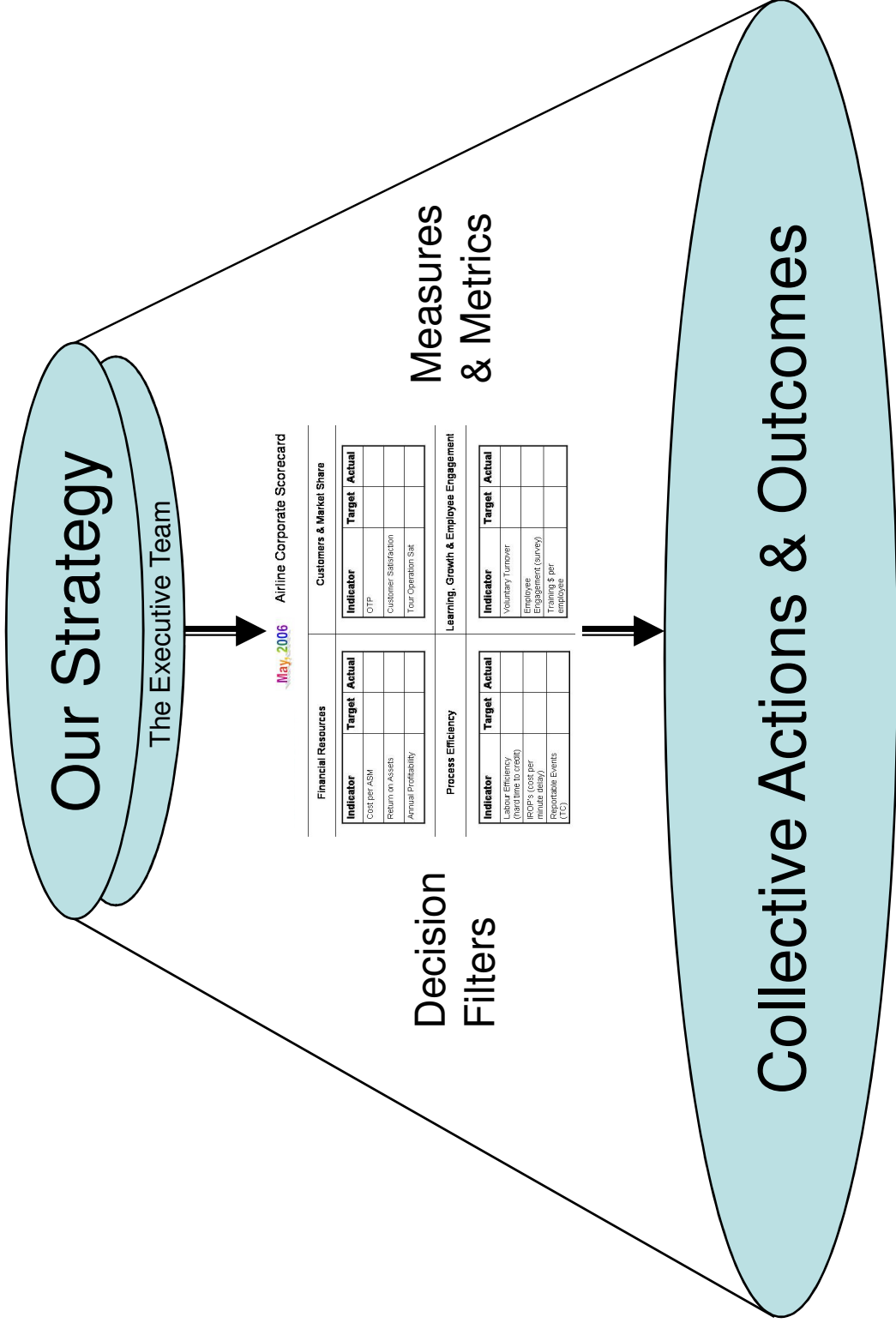
Source: J. Norrie, *Project Fog*, 2008

Adding a Fourth Dimension to the “Iron Triangle”:

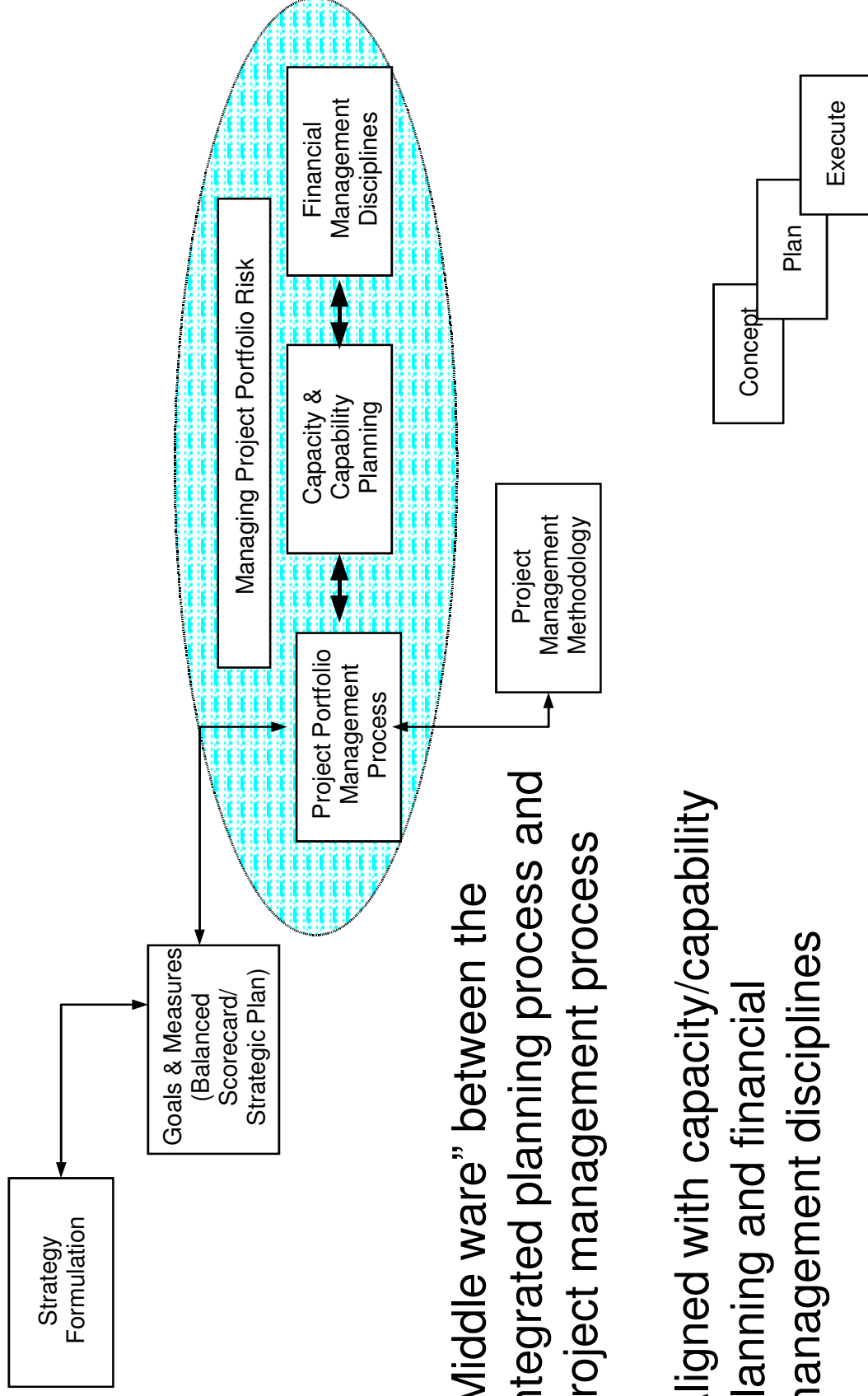


Good People + Good Process + Good Strategy
= Extraordinary Results

Making Your Strategy Visible & Measurable



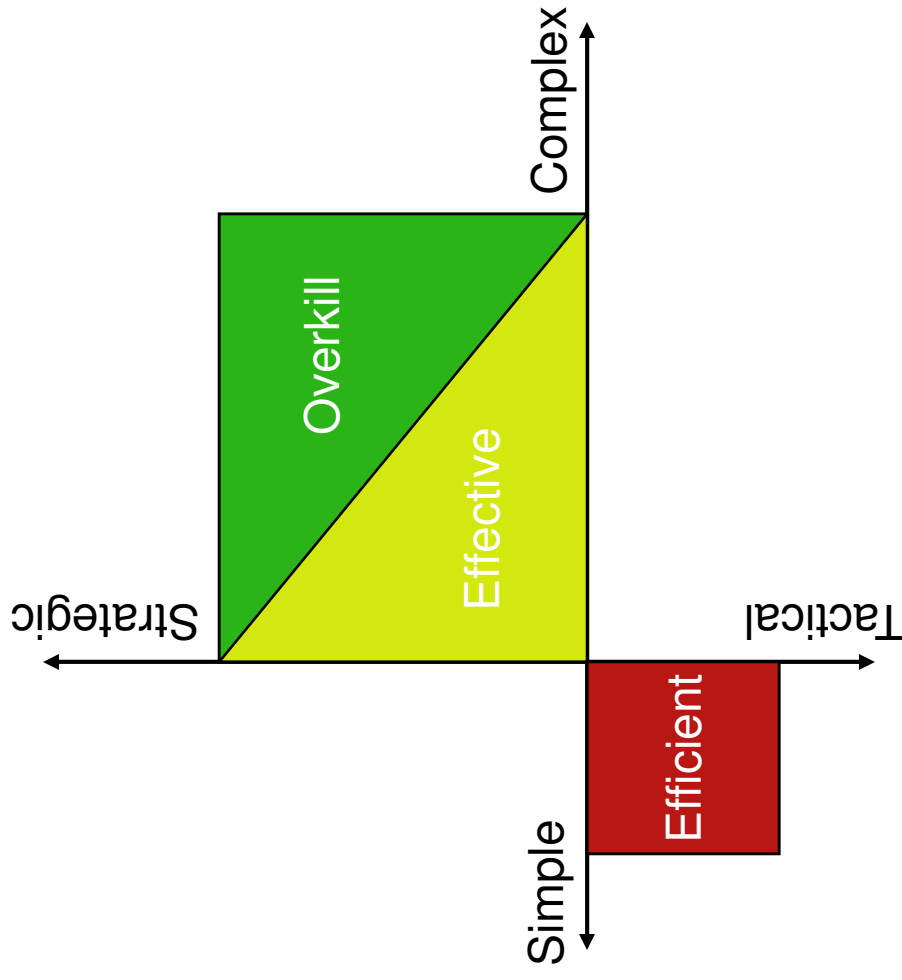
Where the PPM Process Fits



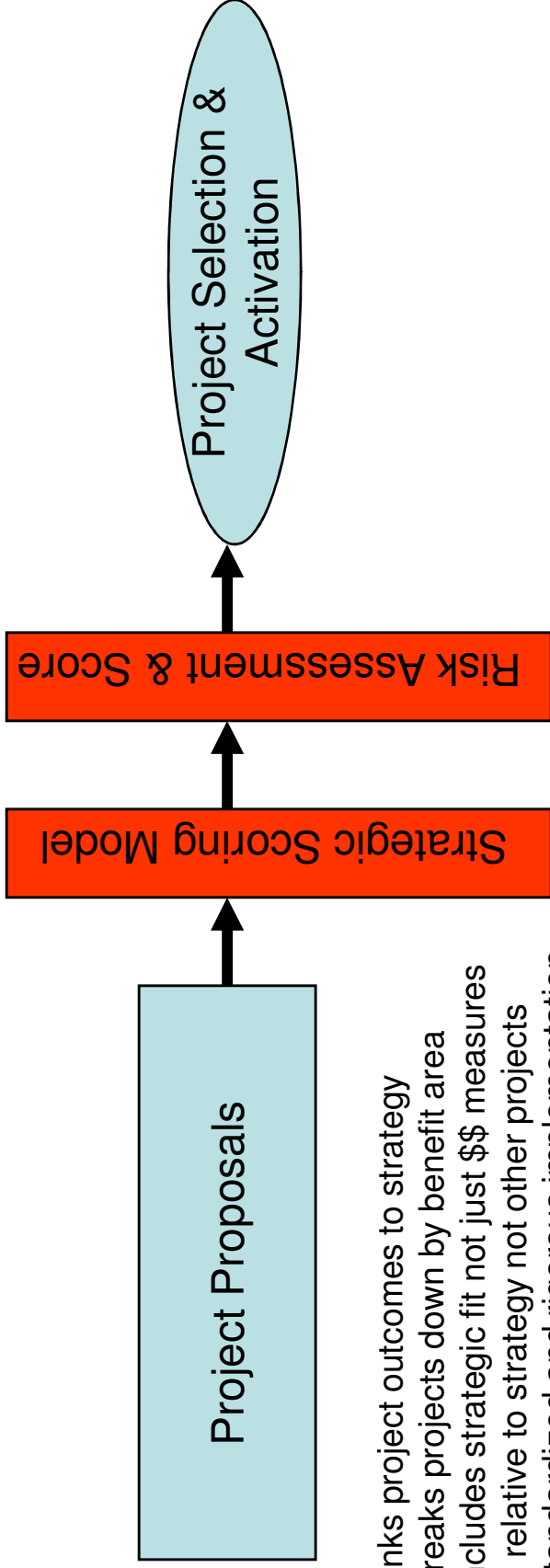
“Middle ware” between the integrated planning process and project management process

Aligned with capacity/capability planning and financial management disciplines

The Range of Current PPM Methodologies in Use...



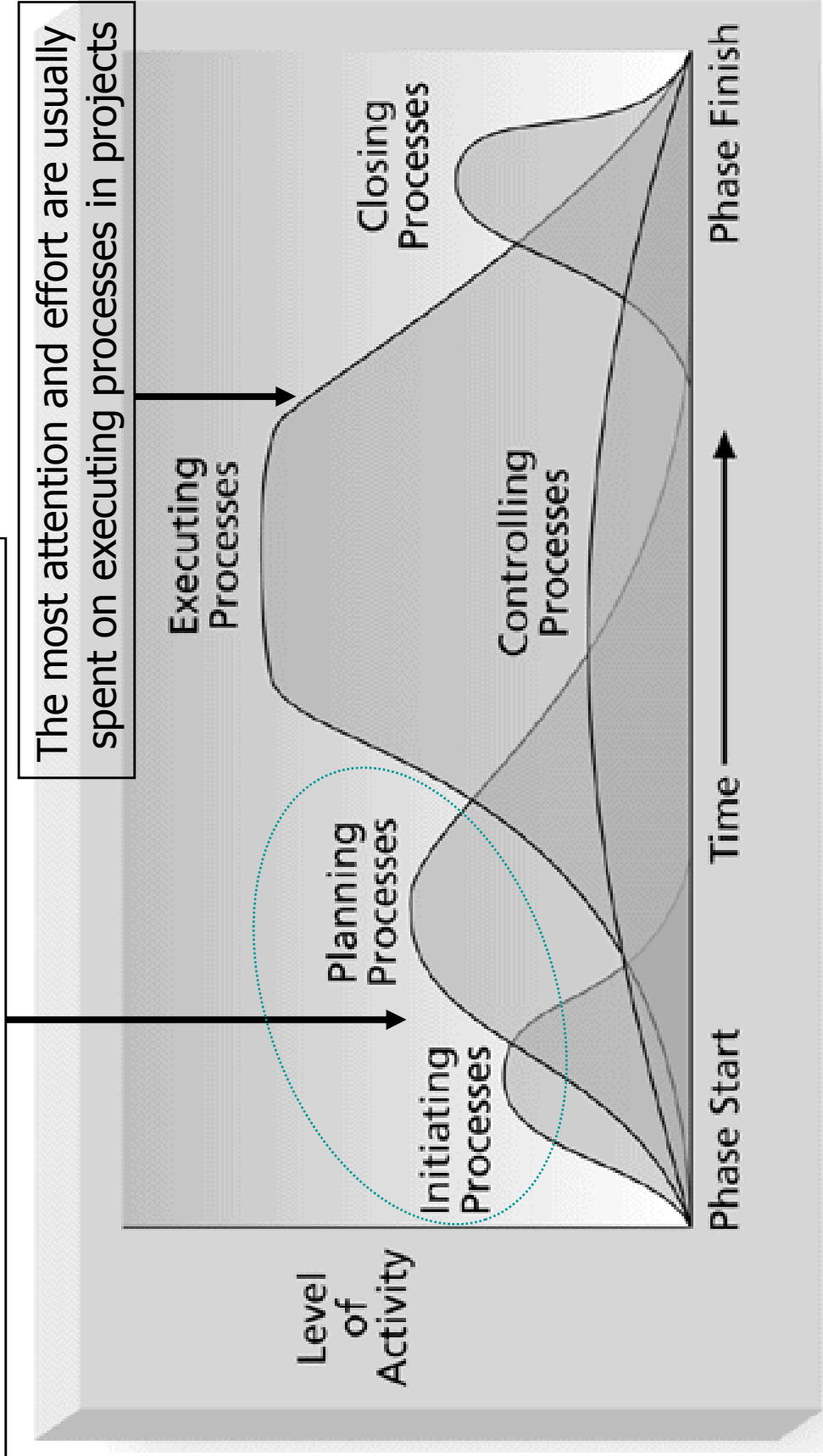
Which Makes Having Strategic Measures Essential



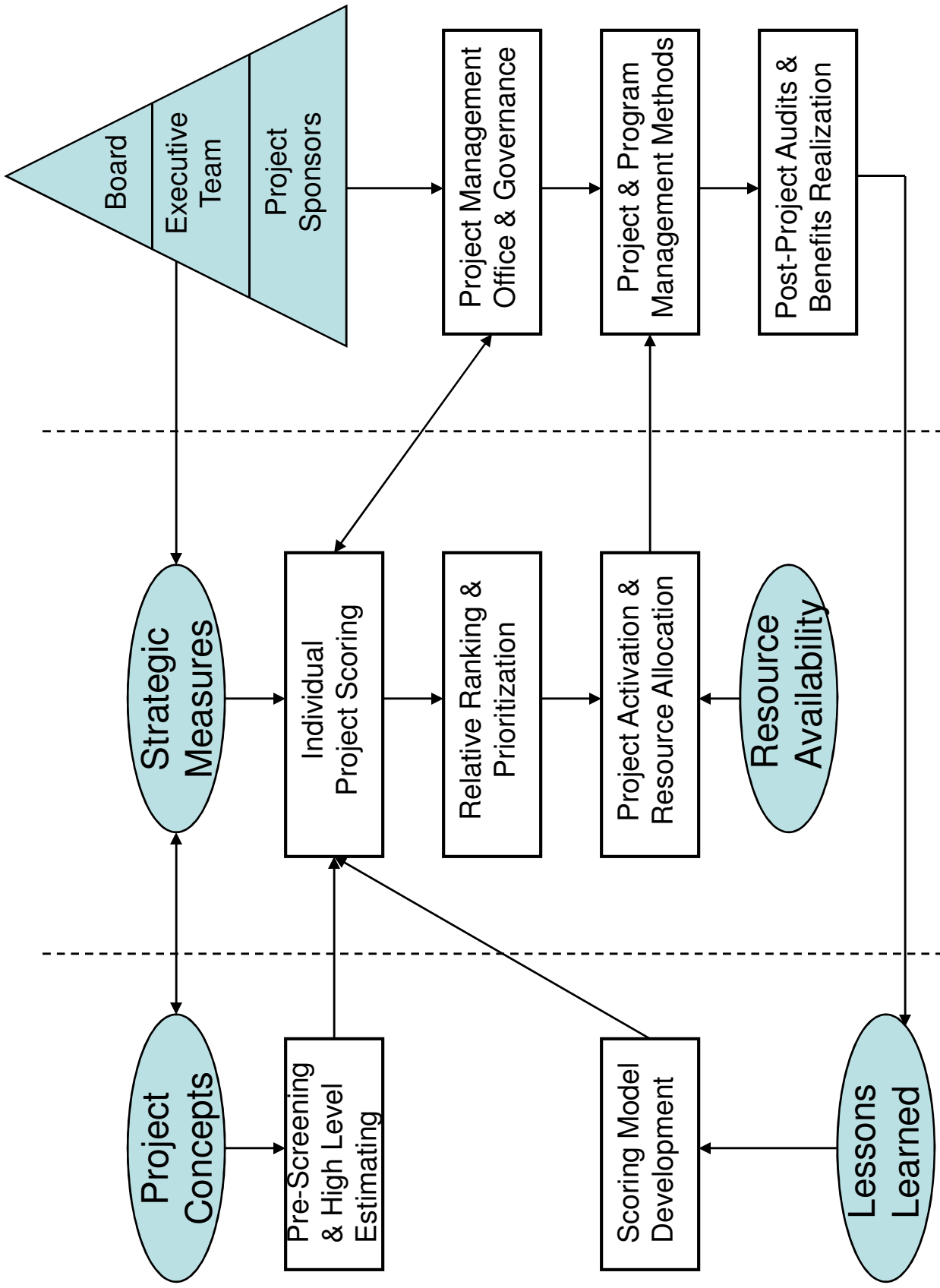
- Links project outcomes to strategy
- Breaks projects down by benefit area
- Includes strategic fit not just \$\$ measures
- Is relative to strategy not other projects
- Standardized and rigorous implementation
- Ideally – simply automated on Excel or similar

So PPM Requires More Up-Front Work...

But, the most benefit can actually occur if more specific attention is paid to the up-front processes.



Example of a Sound PPM Process Map



Case Study Summary Results:

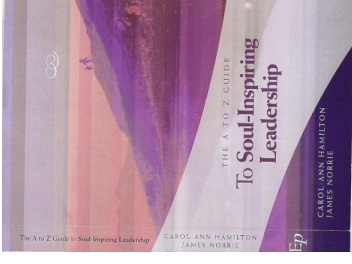
- Reduced number of active projects
- Reductions in capital/project spend
- Improved project selection methods related to improved strategic business cases
- Improved use of PPA's to track benefits and improve total project returns longer-term
- Accelerated project reviews and early kills of ineffective or lagging projects
- Improved PM and Executive job satisfaction

Wrapping Up...



Thank You!

Don't forget to pre-order your copy of **Project Fog** using the discount code on your coupon!



Questions?
Discussion?



ProjectFog
Coming March 2008

jlnorrie@ryerson.ca

Tel: 416-520-0752