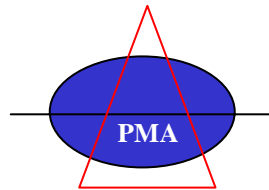


PROJECT MANAGEMENT ASSOCIATES, INC

in association with

The North Alabama PMI Chapter



PRESENTS

HOW MUCH IS IT WORTH?

Bill Scott

October 24, 2003

HOW MUCH IS IT WORTH?

SEMINAR OBJECTIVES

- **Define** Project/ Project Management.
- **Understand** Problem Projects.
- **Understand** the Importance of Structure and Authority.
- **Determine** the Value of Project Management.
- **Summarize.**

HOW MUCH IS IT WORTH?

SEMINAR OBJECTIVE NO. 1

Define Project / Project Management

HOW MUCH IS IT WORTH?

WHAT IS A PROJECT?

A project consists of a number of non-routine, non-recurring activities that are performed in a logical sequence within a specified time period for a specific budget to produce a given result.

HOW MUCH IS IT WORTH?

PROJECTS

Using the definition we just discussed, which of the following are considered projects?

- Installation of a sewer pipe under a river?**
- Manufacturing mine roof bolts?**
- Development of a new drug?**
- Assembly line production?**

HOW MUCH IS IT WORTH?

KEY PROJECT MANAGEMENT CONCEPTS

- **Single focal point accountability for the process.**
- **Single focal point accountability for every task (action) in the process.**
- **If you can't **measure** it, you can't **manage** it.**
- **If it can be **done**, it can be **planned**.**
- **Plan the work, work the plan, PLANNING IS WORK!**
- **We must become tolerant of failure and indignant toward mediocrity.**

HOW MUCH IS IT WORTH?

BENEFITS

- **We understand our customer and his needs better.**
- **Cycle time is reduced.**
- **Launch cost and errors are minimized.**
- **Warranty and failure cost are reduced.**
- **We enjoy improved quality, schedule and financial performance.**
- **Customer satisfaction increases.**
- **We remain in business and we get to keep our jobs.**



HOW MUCH IS IT WORTH?

SEMINAR OBJECTIVE NO. 2

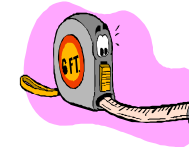
Understand Problem Projects

HOW MUCH IS IT WORTH?

PROBLEM PROJECTS

- 85% of all projects **fail** in some aspect:

- Design.
- Execution.
- Operation.



- Horror stories:

- **Cost** millions more than planned.
- Weren't operational until years after they were needed.
- Didn't satisfy the original needs.



- How many unqualified successes:

- Went smoothly from start to finish?
- Came in on time?
- Came in on budget?
- Worked as expected?



HOW MUCH IS IT WORTH?

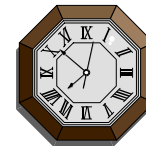
PROJECTS in TROUBLE

TOP TWO REASONS

- Projects do **NOT** fail at the **end**, but rather are set up for failure at the **beginning because of a:**



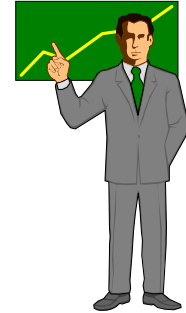
- Lack of attention/planning focus.
- Lack of urgency in taking action.



- In other words the project's most important problems are not managed effectively, nor with the sense of urgency they require.

HOW MUCH IS IT WORTH?

WHAT MUST WE DO!



- **Be customer focused and process driven.**
- **Each project must have a specific performance objective and a single focal point of accountability.**
- **Eliminate work that fails to add value.**
- **PM and project team members must be empowered with authority, given tools and information to achieve the performance objective.**

HOW MUCH IS IT WORTH?

SEMINAR OBJECTIVE NO. 3

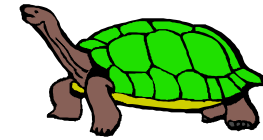
Understand the Importance of Structure

HOW MUCH IS IT WORTH?

STRUCTURE

THE TRADITIONAL STRUCTURE

- Not process focused.
- Creates silos.
- Slow in response to needs.
- Inflexible, unable to deal effectively with change.



THE MATRIX STRUCTURE

- Process/Customer focused.
- Promotes Teamwork.
- Rapid response to customer or organizational request.
- Flexible.



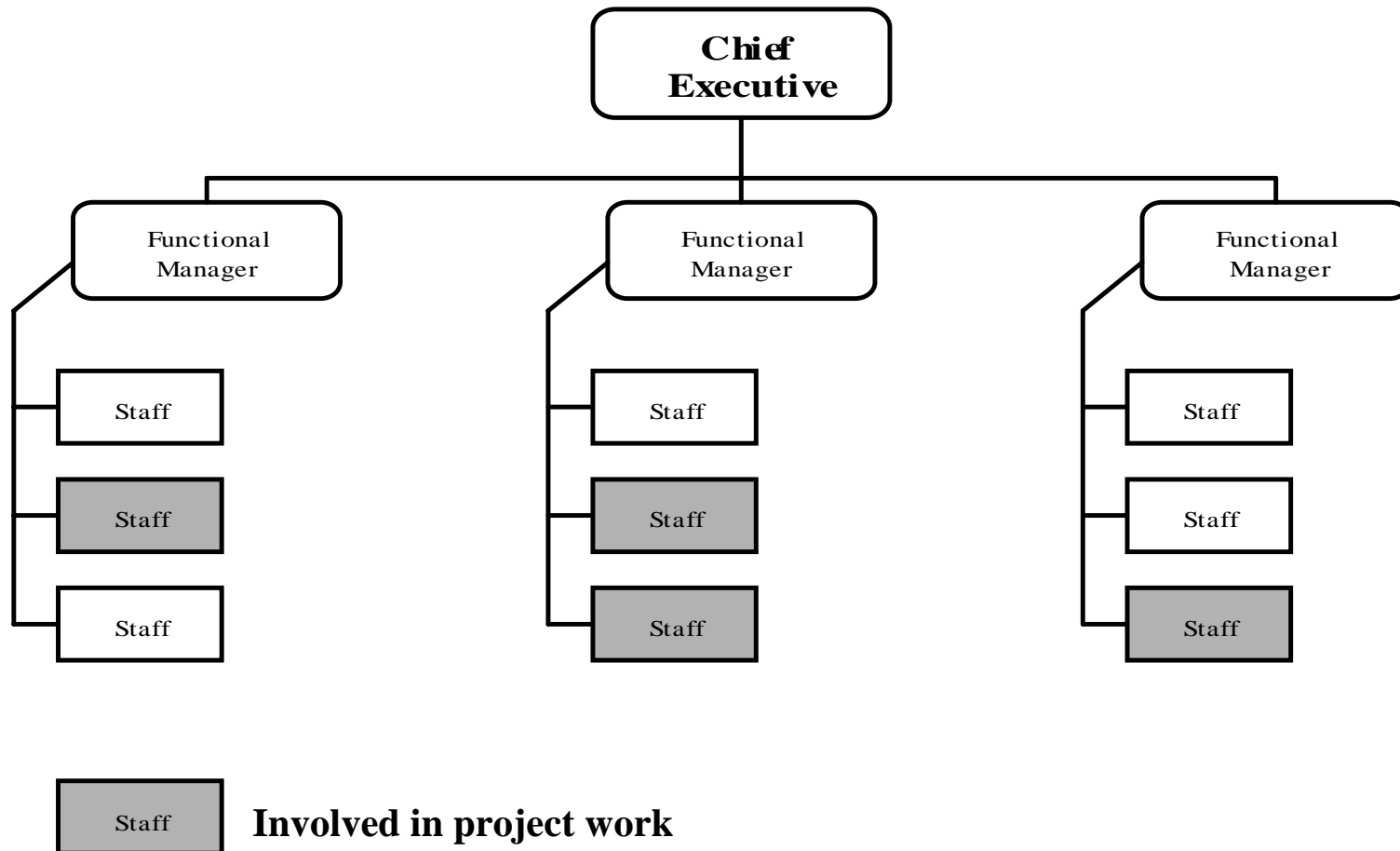
HOW MUCH IS IT WORTH?

ORGANIZATIONAL CHARACTERISTICS

		ORGANIZATION TYPE			
Project Characteristics	Functional	Matrix			Projectized
		Weak Matrix	Balanced Matrix	Strong Matrix	
Project Manager's Authority Level	Little or None	Limited	Low to Moderate	Moderate to High	High to Almost Total
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 Leader	Project Manager/ Program Manager	Project Manager/ Program Manager
Project Management Administrative Staff	Virtually none	Part-time	Part-time	Full-time	Full-time

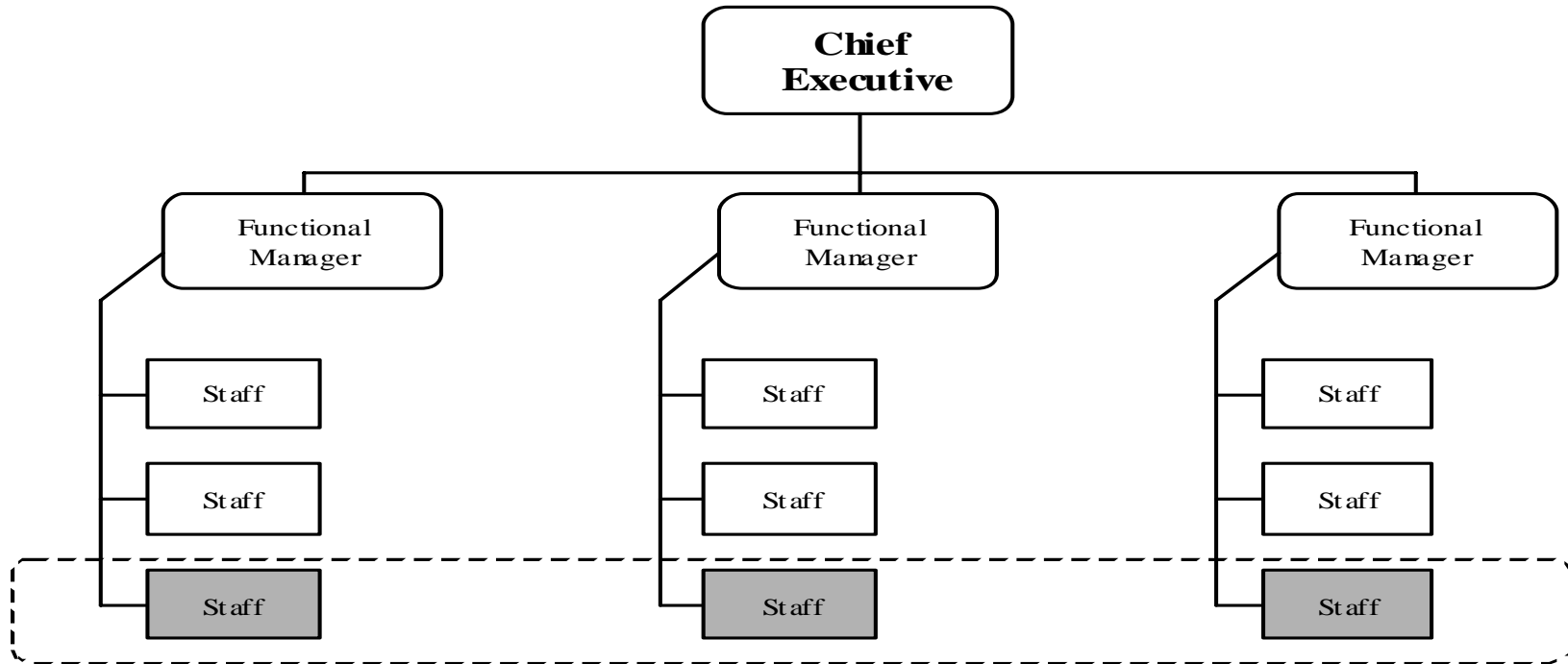
HOW MUCH IS IT WORTH?

FUNCTIONAL ORGANIZATION



HOW MUCH IS IT WORTH?

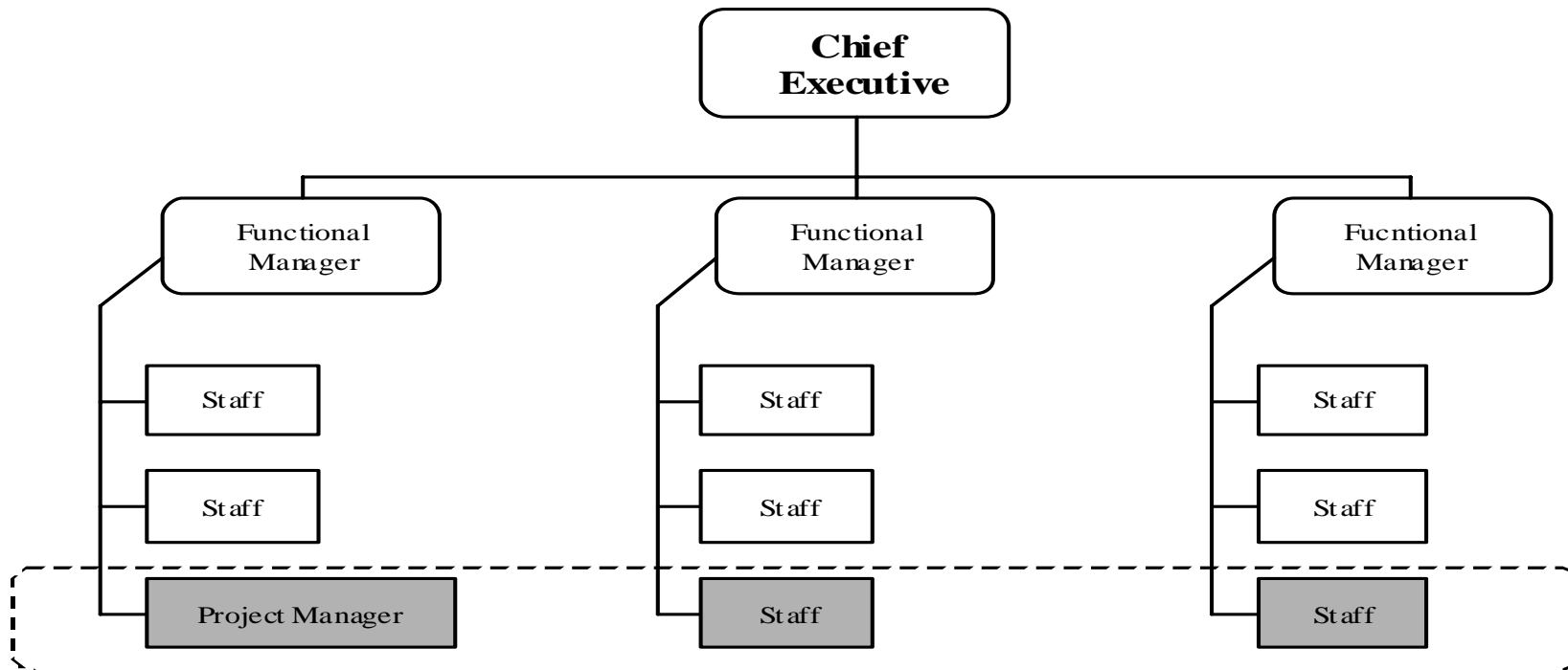
WEAK MATRIX



 **Involved in project work**

HOW MUCH IS IT WORTH?

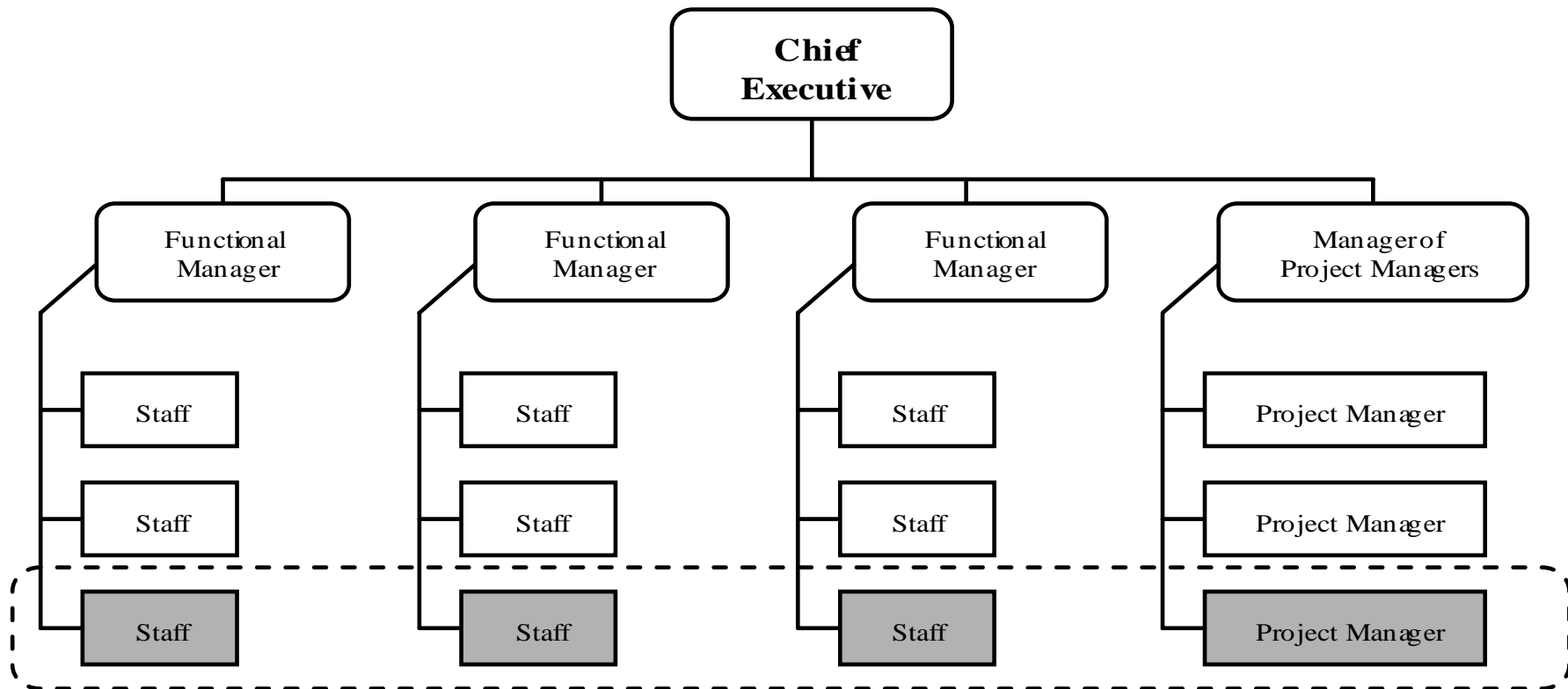
BALANCED MATRIX



 **Involvement in project work**

HOW MUCH IS IT WORTH?

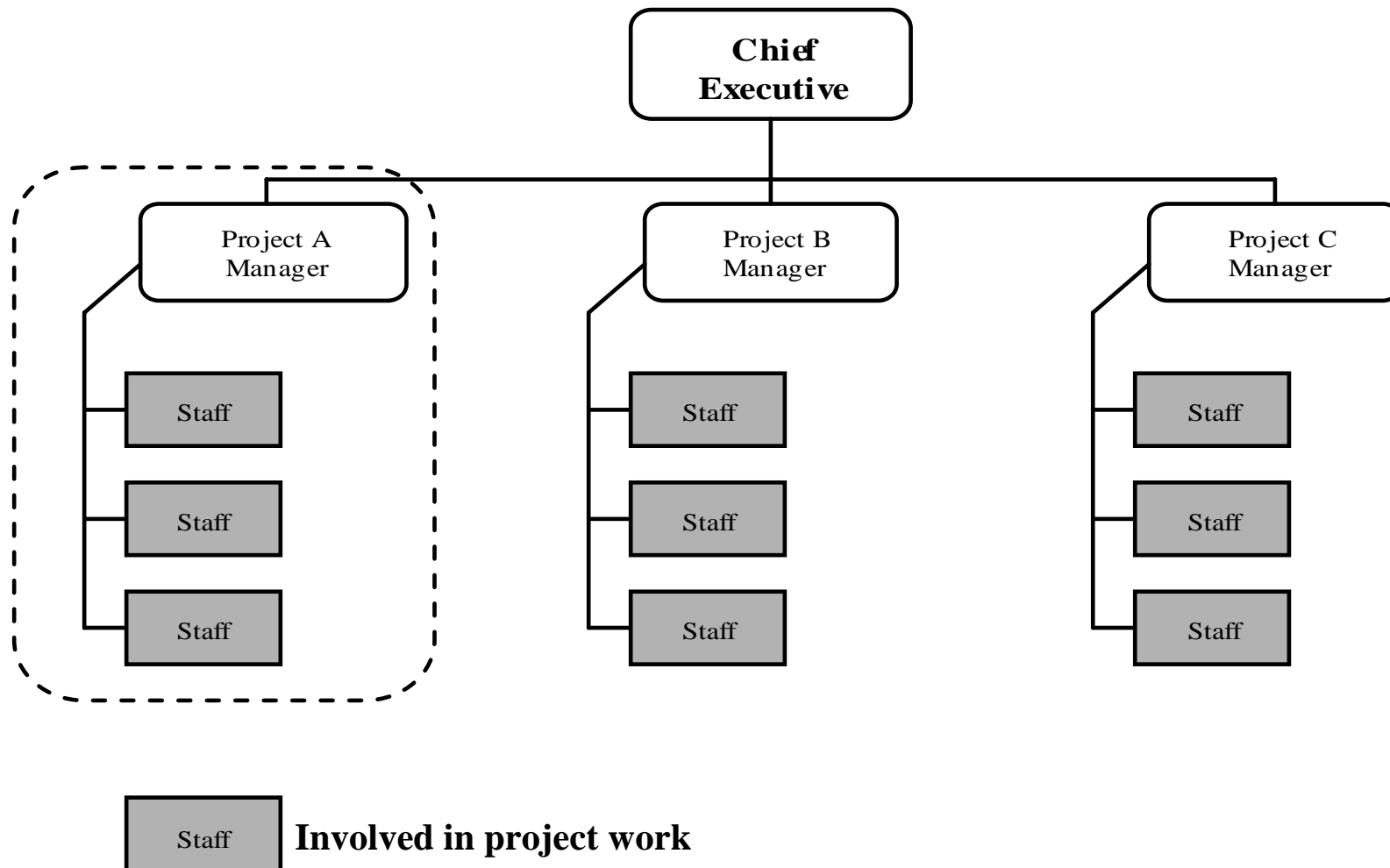
STRONG MATRIX ORGANIZATION



 **Involved in project work**

HOW MUCH IS IT WORTH?

PROJECT ONLY BUSINESS



HOW MUCH IS IT WORTH?

SEMINAR OBJECTIVE NO. 4

The Value of Project Management

HOW MUCH IS IT WORTH?

VALUE OF PROJECT MANAGEMENT

The Question?

- What is it worth to **double** the chance of your next project's success?
- For major projects, project management offers **significant** benefits.

HOW MUCH IS IT WORTH?

VALUE OF PROJECT MANAGEMENT

- **A study of more than 1,400 projects by Larson & Gobelli of Oregon State University:**
 - **154 projects executed by functional organizations.**
 - **247 projects executed by project only organizations.**
 - **Nearly 1,100 projects executed by various matrix organizational structures.**

- **Success defined as:**
 - **Worked as expected.**
 - **On time.**
 - **On budget.**

HOW MUCH IS IT WORTH?

VALUE OF PROJECT MANAGEMENT

Results of Study by OSU:

<u>Structure</u>	<u>Success Rate</u>
Functional	34.0%
Weak Matrix	34.4%
Balanced Matrix	55.9%
Strong Matrix	70.7%
Project Structure	71.4%

**Project Structure and Project Manager
Authority Really Do Matter!**

HOW MUCH IS IT WORTH?

PROJECT SUCCESS TIPS

- **Clearly define the roles/responsibilities of the project leader and each of the team members.**
- **Have someone in charge of building the project right and someone else in charge of building the right thing.**
- **Make it easy for team members to communicate problems. Meet the requirements for the project. Do it well and do it on time!**

HOW MUCH IS IT WORTH?

FIVE KEYS to IMPROVING

PROJECT RESULTS

- **Adopt the Proper Structure!**
- **Give Sufficient Authority!**
- **Select a Good Project Manager!**
- **Plan on Planning!**
- **Instill a Sense of Urgency!**

HOW MUCH IS IT WORTH?

SEMINAR OBJECTIVE NO. 5

Summary

HOW MUCH IS IT WORTH?

SUMMARY

- We covered what projects are and what Project Management is.



- We covered problem projects and their causes.
- We covered the importance of structure and authority.
- We established the value of Project Management.

HOW MUCH IS IT WORTH?

PROJECT SUCCESS TIPS

for the PM

- **Reward good performance.**
- **Behave as if you have the authority to match your responsibility. After all when was the last time a project manager was reprimanded for exceeding their authority?**
- **Forget consensus and democracy. Be a benevolent dictator. You get further with a kind word and a sword, than a kind word alone. Don't be too soft!**

HOW MUCH IS IT WORTH?

REMEMBER

- **Customers are not only right--they are the final judge of our performance.**
- **We are accountable for our own behavior and the resulting performance.**
- **There IS enough time to do it right the first time!**
- **Resources will be made available if the need is valid.**
- **You must empower or be empowered.**



HOW MUCH IS IT WORTH?

QUESTIONS/COMMENTS?

HOW MUCH IS IT WORTH?

I Hope You Enjoyed and Learned Something from

“How Much is it Worth”

LET’S GO to the NEXT CLASS!!!

I have enjoyed working with you!

