

Project Management Is the New Critical Leadership Skill

INTRODUCTION

What are your dreams?

What do you want to accomplish? How will your team, business, school, or nonprofit agency change the way the world works, plays, or survives?

- Are you an aid worker improving the quality and reliability of the water supply to a remote village?
- Will your team pioneer bio-fuel-powered engines, ushering in a new era of energy sources to transform our petroleum-based civilization?
- Does your company deliver ever-changing ways to enjoy music, movies, news, and other media?
- Are you a government employee safeguarding our environment or food supply?

Are you part of the project-based workforce that creates advertising campaigns, repairs freeways, remodels homes, writes books, opens health clinics, implements accounting software, connects the world with cellular communication networks—constantly transforming our global civilization in tiny increments?

We all agree the world is getting smaller and changing faster. How did this happen? More important, how can organizations manage the innovation and transformation required to compete—or merely survive—when the only constant is change? The answer is *project management*.

Whether your organization is committed to being a change leader

like Boeing, Apple Computer, Intel, or Amazon.com, or you simply need to evolve to keep your operations efficient, project management encompasses the methods for choosing projects, establishing goals, creating action plans, and leading diverse stakeholders to achieve results.



PROJECT MANAGEMENT IS THE ESSENTIAL SKILL SET FOR TWENTY-FIRST CENTURY LEADERS

Project management is not new. The pyramids and aqueducts of antiquity certainly required the coordination and planning skills of a project manager. While supervising the building of St. Peter's Basilica in Rome, Michelangelo experienced all the torments of a modern-day project manager: incomplete specifications, insufficient labor, unsure funding, and a powerful customer. But only in the twentieth century did the title and the discipline emerge.

Much of modern project management was defined in the 1950s, on the major cold war defense programs. As a result, the discipline grew up within the aerospace and defense industries, but in the 1990s, project management broke out of its traditional boundaries. It is now a recognized and valued skill set in organizations across the spectrum, from health care to manufacturing, software to natural resources.

Before we can explore the growing necessity for project management, we must first understand projects. Projects are all the work we do *one time*. Whether it's designing an aircraft, building a bakery display case, or creating a business logo, every project produces an outcome and every project has a beginning and an end. Fundamental to understanding the importance of projects is realizing that each one produces something unique. Designing and tooling up to build a new sports car is a project (actually a lot of projects), but manufacturing thousands of sports cars is not. Manufacturing and other repetitive processes are defined as *ongoing operations*.

Project management is a discipline—a set of methods, theories and techniques that have evolved to manage the complexities of work that is unique and temporary. Even as the discipline continues to evolve, it can claim a proven track record. Millions of projects around the globe routinely rely on the concepts found in this and other project management books. The Project Management Institute (PMI), headquartered in the United States, the International Project Management Association (IPMA), serving Europe, Asia, and Africa, and other standards organizations have formalized this discipline over the past 40 years. Project management techniques cover a range of topics:

- Communicating with team members and stakeholders from project conception through completion

- Estimating the effort, cost, and time it will take to deliver a project, and evaluating whether the benefits of the project will justify the forecasted costs
- Rapidly building cohesive project teams that are highly productive even though team members have not worked together before
- Coordinating the actions of a diverse workforce, assembled specifically for a project, to achieve the goal for the least possible expense and in a reasonable time frame
- Accounting for progress and productivity to provide accurate forecasts of project completion dates and budget amounts
- Managing the varying staffing needs that result from constantly running multiple projects concurrently, all of which share a common pool of personnel

Project management practices continue to evolve, playing a leapfrog game with the needs of the project-driven workplace. Solid project management practices enable firms to take on more complex projects, which in turn demands more complex project management techniques. In the past few years, the practices and technology have moved beyond the effective management of individual projects to confront the challenges associated with departments that consistently have many projects under way, requiring project teams to spread their efforts across three, five, and even ten projects within a month.

The pervasive ubiquity of projects has led to substantial growth in the number of people who call themselves project managers, and “project manager” is now a common role in nearly every kind of organization. The related phenomenon is the rise of the *certified* project manager. PMI and IPMA both offer professional certification programs to formally recognize skills, knowledge, or both. PMI’s Project Management Professional (PMP) credential is now held by nearly 250,000 working professionals worldwide. Paralleling this growth is the number of colleges and universities offering certificates and degrees in project management. These numbers reinforce the choice of thousands of professionals over the past decade: Project management provides a long-term career path. Project managers with the ability to rigorously apply the project management discipline to get things done are in high demand and short supply.

The new legions of project managers are studying, applying, and advancing the discipline of project management. But it has been proven that project managers alone can’t carry the burden of creating mature organizations whose project management capability produces a strategic advantage. In fact, as the pace of change continues to increase, leaders at every level must be able to speak the language of project management.

- *Executives* select projects. They also stand behind projects as champions or sponsors, overseeing project progress and providing advice to the project manager and team. Every major project or program has an executive who is ultimately accountable for its success. Executives are also accountable for the project portfolio, the collection of all active projects that have been selected as the best way to achieve the organization's goals.
- *Functional managers* sponsor, lead, or oversee projects within their departments. They certainly make decisions about project priorities as they assign their staff to project teams.
- *Team members* who understand project management make the entire project run smoother. They make the project manager more effective because they make better estimates, identify risks, and participate in planning and problem solving.

For example, the entire 22-person leadership team of a nonprofit health clinic committed to learning and practicing project management because they knew that every one of them played a role in making projects successful.



PROJECT MANAGEMENT AS A STRATEGIC STRENGTH

It has not been enough for individual project managers, executives, and team members to learn and practice project management. Truly increasing the capability of the organization to deliver projects successfully requires the use of consistent processes and tools among projects. The organizational entity responsible for project management capability has become known as the Project Management Office (PMO). (Chapter 14 describes the many forms that PMOs take and their associated responsibilities.) PMOs are now commonly found throughout all levels of organizations. The investment in the PMO can be compared to the investment in the office of a CFO or controller—somebody must be responsible for building and maintaining the accounting infrastructure. Likewise, the PMO is responsible for the project management infrastructure.

The investment in staffing PMOs is one example of the degree to which firms consider project management a strategic strength. Could project management be a strategic strength for your organization?

- Is a significant portion (20 percent or more) of your budget related to delivering projects? Twenty percent is a pretty big proportion of your budget. How would it transform your organization to be able to receive 20 to 40 percent more products or services for that same amount of money because you are more efficient at delivering

projects? This applies to nonprofit organizations as much as government or for-profit businesses.

- Is the ability to deliver new products to the marketplace part of your competitive situation? What if you could consistently deliver a new product faster or cheaper than your competitor? What if you can't?
- Do you work for a service-based firm that bids on projects (engineering, roofing, information services, etc.)? If so, you stand to either improve your ability to win new work or perform the work at a higher profit.
- Are you in a growth industry? Growth is fueled by projects. Those who deliver projects faster and more cost-effectively will leave the others behind.
- Are your projects large and complex? New product development for pharmaceutical companies and defense contractors is extremely expensive, and on top of that, the products are so complex that without strong project management the product development efforts fail. Large information systems projects too often fail because of poor project management. Spending millions (or hundreds of millions) of dollars on a project, only to have it produce nothing, could fatally cripple a business and dramatically reduce the effectiveness of a government agency.

As change becomes a larger component of every organization, the ability to purposefully and powerfully direct change through solid project management is more important than ever. Best-selling authors Ram Charan and Larry Bossidy make the connection between strategy and success by emphasizing the “discipline of getting things done.” “If your business has to survive difficult times, if it has to make an important shift in response to change—and these days just about every business does—it’s far, far more likely to succeed if it’s executing well.”¹

Given the importance of thriving in a project-driven world, we need not ask who needs to understand project management, but rather, “Who does not?” Project management skills transcend corporate and industry boundaries, enabling us to do the same. The people who lead projects—who turn visions of what might be into tangible products and services—stand out.



THE ART AND SCIENCE OF PROJECT LEADERSHIP

Project management has been called both an art and a science. In these pages, you will see how mastering the science of project management provides a foundation for the art of leadership. The necessary

skills are common to both. There is no question that the best project managers are also outstanding leaders. They have vision, they motivate, they bring people together, and, most of all, they accomplish great things.

As an author, speaker, and consultant on project management, it has been my privilege to meet many of these great project managers over the years. They exist in all organizations, and they are known by management as the ones to turn to for a tough project. More important, these are the people others want to work for. I seek out these acknowledged leaders because they live and thrive in the project environment every day—the true proving ground. Amid their varied experiences is a constant theme, the basis for their success: They rigorously apply the project management discipline. For all their intangible leadership qualities, the roots of their strength are the proven techniques described in this book. That's important for all of us, because it means that success at leading projects is not reserved for the lucky few born with the skills; rather, it is a discipline that can be taught and learned. That has been my job for well over a decade, to teach new project managers tangible tools: systematic processes that can be learned in class on Tuesday and applied on the job on Wednesday.

From these great project managers and my work with thousands of professionals who've attended my classes, I've learned that certain characteristics are consistently found on successful projects in every industry. Boiled down, they consist of these five project success factors:

1. *Agreement among the project team, customers, and management on the goals of the project.* The importance of having clear goals seems so obvious that it's almost embarrassing to bring it up. Yet thousands of projects, at this very moment, do not have clear goals, and the results of this fuzziness can be devastating. In this book, you will find at least half a dozen techniques that clarify goals, and you will discover how to make these techniques work together. This means you'll employ at least six different methods to make sure that all the stakeholders want the same thing. You'll find that this process of arriving at clear goals together can be invigorating and powerful.
2. *A plan that shows an overall path and clear responsibilities and that can be used to measure progress during the project.* Since every project is unique, the only way to understand and execute it efficiently is with a plan. Not only does a good plan show *who* is responsible for what and when, but it also demonstrates *what* is possible. It contains the details for estimating the people, money, equipment, and materials necessary to get the job done. And because the plan is the basis for measuring progress, it can also act as an early warning system for tasks that are late or over budget.

In Chapters 5 through 8, you'll find a systematic planning model that integrates the traditional planning techniques. This model presents a logical, step-by-step approach to creating and executing a detailed plan.

3. *Constant, effective communication among everyone involved in the project.* People—not plans or software—complete projects. A successful project is a result of people agreeing on goals and then meeting them. From concept through implementation, success depends on the ability to come to agreement, coordinate action, recognize and solve problems, and react to changes. All of these things require that people communicate well. Every technique in this book is a communication technique, designed to improve the formal and informal ways we communicate critical project information.
4. *A controlled scope.* Success is in the eye of the beholder. This is why, from the very start, the successful project manager will ensure that everyone involved understands exactly what can be accomplished within a given time frame and budget. This is called *managing stakeholder expectations*, and it is an important, ongoing task throughout the project, especially if changes are introduced. Stakeholders must not only agree to the original scope of the project, but also understand any changes in scope. This book contains a systematic method for establishing realistic goals for cost, schedule, and quality, as well as techniques for keeping the goals consistent throughout the project.
5. *Management support.* Project managers rarely have enough formal authority to make all the decisions it takes to complete a project. They rely on people in traditional management roles to supply people and equipment, make policy decisions, and remove organizational obstacles. Even the most enthusiastic, creative, motivational project leaders will stumble if they do not enlist the people with authority to act on their behalf. The good news is that many of the techniques in this book can be used to “manage upward,” that is, to guide the people with power toward timely decisions that keep the project moving.

Far from being mysterious, these five essential factors can be achieved through the diligent, persistent use of the science of project management. That is not to say that success comes without art—on the contrary, art is immensely important. Art encompasses political and interpersonal skills, making creative decisions when complete information is lacking, knowing intuitively when to delegate work, and more. But learning the basic science is requisite to practicing this art. Stirring up the team with a fiery speech will be a waste of energy if the project lacks goals and a basic plan.

The art of leadership embodies skills that are gained through experience, sensitivity, and a thorough knowledge of the basic science of management. Learning the basics of project management can be your first step on the road to becoming a skilled and inspiring leader. While developing all these skills may take time, the basic science can be learned fairly quickly; able students can read and practice the lessons in this book on their very next project.



THE PRACTICAL FOUNDATION FOR SUCCESSFUL PROJECTS: HOW THIS BOOK WILL HELP YOU

This book is written for people who need to understand the time-tested techniques of project management and how those methods are being put to use in the twenty-first century. It is for people who need a complete foundation in the discipline, whether they are recent graduates, experienced executives, midlevel managers, or team members wanting to be team leaders. This book is primarily about *how*: how to get agreement on goals and how to reach them, how to enlist team members and project sponsors, how to negotiate schedules and budgets, and how to reduce risk and increase the odds of success. In addition to practical advice applying proven techniques, this book has several additional features that make it easier to apply this advice:

- Downloadable forms of common project management deliverables
- Tips for using Microsoft Project, the most popular project management software application
- Practice questions and advice for passing the Project Management Institute's Project Management Professional exam

DOWNLOADABLE FORMS FOR PUTTING THE DISCIPLINE TO WORK

The distance from concept to application can be shortened for all of us by using standard forms and templates. This book contains more than 20 checklists, forms, and templates for managing your own projects. We've titled these forms the *Fast Foundation in Project Management*, because together they form a basic project management methodology. Download these forms from www.versatilecompany.com/FFMBAinPM. Look for them at the end of Chapters 3, 4, 5, 7, 8, and 11. Since these forms were included in the second edition of this book, many firms have adopted them, adjusted them to fit their own projects, and adopted them as their own standards.

MICROSOFT PROJECT BEST PRACTICE TIPS

There are many effective project management software tools in the market, but by far the most common is Microsoft Project. Project is designed to apply the project management techniques described in this book. This book has two resources to help you gain the most from Project: Chapter 19 contains recommended practices for getting the most value from Project with the least effort when planning and managing projects. In addition, purchasers of this book are entitled to download some tutorials for the basic use of Project from *www.versatilecompany.com/FFMBAinPM*.

PMP EXAM PREPARATION GUIDELINES AND TEST QUESTIONS

Many project managers benefit from earning PMI's Project Management Professional certification. One requirement for earning this certification is passing a lengthy exam. As an aid in exam preparation, sample exam questions are provided at the end of Chapters 2 through 12. The questions are intended to provide a hint of what the exam is like. Don't be surprised if some of these questions have answers that aren't in this book; the exam covers a broad range of content. These exam questions, along with Chapter 19, which contains general advice on preparing for the exam, have been contributed by Tony Johnson, author of a leading PMP exam preparation course series.



PROJECT MANAGEMENT RELIES ON OTHER DISCIPLINES

Practicing the discipline of project management is important and will improve the results of individual projects. Improving the overall effectiveness of a project-driven organization relies on many other disciplines as well. Part 5 of this book establishes connections to other disciplines and shows how they also contribute to productivity when an organization is regularly managing a portfolio of projects.

Chapter 14, "Enterprise Project Management," describes how project portfolio management and program management magnify good project management practices. This chapter also provides a model that illustrates the processes, technology, people, and organizational structures necessary to integrate project, program, and portfolio management.

Chapter 15, "Project Portfolio Management," recognizes that every organization that has a budget for projects also has more potentially good projects than it can afford. Consequently, a portfolio management process enables an organization to consistently review potential projects and select those that will bring the greatest benefit.

Chapter 16, “Requirements Engineering,” examines a major project success factor: the discipline of discovering what will benefit the customer most and gaining agreement on that vision of the product. Failure to correctly identify requirements will surely doom a project in any industry.

Chapter 17, “Applying Lean Principles to Projects,” explores the potential benefits of transferring Lean manufacturing concepts to the project environment, thereby decreasing the cost, increasing the speed, and improving the value of the project.



END POINT

Organizational goals imply organizational change. Restructuring an organization, creating a new cellular telephone, and expanding operations into a new country all have one thing in common: These efforts are temporary and unique; they are projects.

Projects are defined as work that happens one time only and has both a clear beginning and end. This kind of work may be contrasted with the ongoing operations of an organization that involve repetitive work—such as manufacturing or retail—with no defined end.

As the pace of change increases, project management has become an essential organizational competency and a skill necessary for every organizational leader. Project managers, in particular, must understand and practice the proven discipline of project management.

The purpose of this book is to help you gain these skills. Learn them and you will have every chance of steering a project from its planning stages through to its successful conclusion. For, while employing art and creativity are also important, the tools put forth in this book—the science of project management—provide the foundation for the success of any project.

Stellar Performer: OrthoSpot **Entrepreneurs Leverage Project Management**

March 2000 was the beginning of the end for many Internet companies as the so-called dot-com bubble burst on Wall Street. Amid this gloomy backdrop, four entrepreneurs put their ideas on the line and started OrthoSpot, offering an Internet-based inventory management solution to orthopedic surgeons. By 2004 they had survived the launch years, with hundreds of orthopedic practices across 44 states relying on OrthoSpot's distribution network to supply over 60,000 products.

CEO Bill Schafer attributes the company's survival and continued growth to using fundamental project management techniques from the start. "We didn't have any idea how to start a business—how to get funding or bring our product to market." So the prelaunch months were spent in planning, building a detailed picture of the work ahead of them.

They started with a fundamental question: "What do we have to do to make money?" They built an answer from the top down. "We needed a product, business infrastructure, and sales and marketing distribution structure. Our first three major tasks became: Get a business model, raise money and set up an office." Shari Cohen, vice president of customer relations, had offered her home's basement as the original offices. "The wall's were covered with sticky notes and string, showing all the tasks and what had to be done before what."

Venture capital became difficult to find in 2000, limiting the number of employees OrthoSpot could bring on board. Schafer relied on the detailed plan to accomplish a lot with a small team. "The early-stage mentality of overcoming obstacles by intensity can lead you astray if you don't have focus and keep your eye on the objective and allocate resources appropriately."

Schafer also relied on the plan when making strategic decisions. He found that the new thinking OrthoSpot was bringing to orthopedic practices attracted other opportunities. "When you're changing the way business is done and you're making headway, a lot of opportunities present themselves—for example, do this for cardiologists. But we don't have enough people and hours to do it all, so a focus on the plan keeps energy directed. The payoff is that the team stayed incredibly energized. When they are focused they can do incredible things."

The early focus on executing against a plan has seeped into every operation at the firm. New product development efforts and system implementations for customers are driven from detailed work-breakdown structures. "It's in our DNA—project planning and accountability," says Schafer. As a result, he believes OrthoSpot is positioned to be incredibly competitive. "We compete and win against companies that have a hundred times our capital."

Orthopedic practices across the United States rely on OrthoSpot to bring efficiency and lower costs, enabling them to offer better value to their patients. OrthoSpot relies on fundamental project planning and execution to serve its growing customer base and enable the OrthoSpot founders to enjoy the fruits of their vision and hard work.

Source: Interview with Bill Schafer, June 26, 2004.