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IVEY BUSINESS JOURNAL

**FEATURE ARTICLE** http://www.iveybusinessjournal.com/article.asp?intArticle_ID=747

March/April 2008

# THE PROJECT MANAGEMENT PARADOX: ACHIEVING MORE BY DOING LESS

by Barry L. Linetsky

Barry Linetsky is a Partner with The Strategic Planning Group, a Toronto-based consultancy.

***Many managers indicate that their organizations are very good at starting projects, but not so good at finishing them. According to this author, the reason most often cited is that marching orders change when other priorities are recognized. Employees find this extremely frustrating and wasteful, as it is difficult to make positive gains when managing on a sea of shifting priorities. The author suggests that there is a better way.***

## Spreading resources too thin

Many managers try to manage too many projects at one time. This problem arises because the organization lacks three things: a good understanding of its capacity to do the work, patience for the right results, and an effective conceptual framework to guide the allocation of resources across a portfolio of projects.

Projects are usually undertaken only after some sort of benefits have been defined and agreed to by those managing the resources. However, a problem arises when well-meaning managers want to achieve too much, thereby putting too much on their plates and those of their subordinates. As a result, projects aren't properly scoped and resourced. Management optimism (and sometimes fear) clouds the honest assessment that the ability to complete projects and achieve the intended results is poor. When planning projects, managers often fail to take into account the usual contingencies that stand as barriers to success when planning and assigning projects.

The result of putting ambition ahead of capability causes numerous problems: Timelines end up being stretched beyond project milestones; costs exceed budget allocations; resources run dry; interest wanes; expected results don't materialize; new demands arise for resources already allocated, and the whole effort becomes a drag on morale, effectiveness, and business profitability.

One process expert observes that when managers try to implement more than they can, "execution is poor; people lose interest; leaders get bored or impatient; new initiatives are launched on top of existing ones; resources are spread even thinner. A dismal cycle!" (Peter S. Pande, The Six Sigma Leader, McGraw Hill, 2007, P. 51).

The sad truth is that in most organizations that suffer from this problem, project staff are working hard and are dedicated to doing a good job. People everywhere are swamped with work. Few have time to rest to the point of not being able to take proper vacations. And they certainly don't have time to think about why everyone is working so hard yet achieving so little.

What we sometimes hear from managers at companies that suffer from these symptoms is that in addition to working on projects, "people still have their regular jobs to do!" This statement, of all statements, is a confession that an organization is under-resourced or lacks the key competencies necessary to achieve its goals. In either case, objectives and capabilities are not aligned, and it is almost certain that the organization’s cultural vitality is sagging. (To see how to improve organizational vitality – the ability to adapt quickly to changing competitive and market forces – go to http://www.tspg-consulting.com/products/index.htm and click on “OVI”.)

## An "effort" versus a "results" orientation

Managers who spread their resources too thin in an attempt to manage the maximum number of projects possible become effort-oriented, not results-oriented. Because resources are spread too thin, it takes a longer time to complete projects than if the same resources were concentrated on completing fewer projects more quickly. It also means that capital is tied up in projects longer than it might be otherwise, making the project more costly and delaying the return on investment (see illustration below).

But there is another problem with the Resources-Spread approach to project management described above. The reality that the impetus for most projects is tactical and reactionary means that they are unplanned and that there is immense pressure to complete them with insufficient resources. But before those projects are completed, those stretched resources are removed and allocated to the next "crisis of the month." As a result, new projects are started before the existing ‘in-play" projects are completed. The old project isn’t officially stopped. It just never gets completed.

And so, while few projects are successfully completed, everybody is working at 120 percent of capacity, and resources are being allocated under the authority of corporate executives and managers. However, the intended results, in the form of improved value creation and marketplace competitiveness, never seem to materialize. A huge effort to benefit customers, employees and shareholders is wasted.

Because staff are working so hard and morale is likely to be low, and because managers are sympathetic to the dedication and effort put forth by their overworked staff, a decision is made at performance appraisal time to rate everybody high for working hard rather than for achieving the results for which those resources were allocated.

The way one manager recently described these symptoms at his company was that it had a culture of “busyness” that “eats away at the time, pulling people in so many directions." Managing work this way, he said, “makes it difficult to see the forest from the trees.” The conclusion reached was that a general organizational culture of busyness impeded the capabilities of staff and enabled an entitlement mindset. At this company, and others like it, management's actions support a culture in which effort is valued much more highly than are results.

Cultures that are defined by busyness or effort tend to suffer from energy that is diffused rather than channeled to those fewer activities that managers believe will achieve the best results. According to Six Sigma expert Peter Pande, an overload of activity brings with it three major negative impacts: “1. A diffusion of resources. People’s time and focus are divided among an array of assignments, and progress slows. 2. Unclear priorities. The more balls you have in play, the harder it is for people to know which are the right ones to concentrate on. If priorities need to shift, it’s harder to adjust. 3. Management overload. Too many initiatives turn you from a leader shepherding your investments to a frazzled herder of cats. The typical result…is that they simply lose track of all the things that are going on.” (The Six Sigma Leader, P. 40).

It is apparent that in some very bureaucratic companies, management is content with rewarding effort and not achieving results. As well, in many other companies, management has an aversion to learning how to achieve better results, and seems to be content with the status quo.

## Prioritize and focus to improve results

Fortunately, there is another way to manage a portfolio of projects that allow companies to get more done with fewer resources.

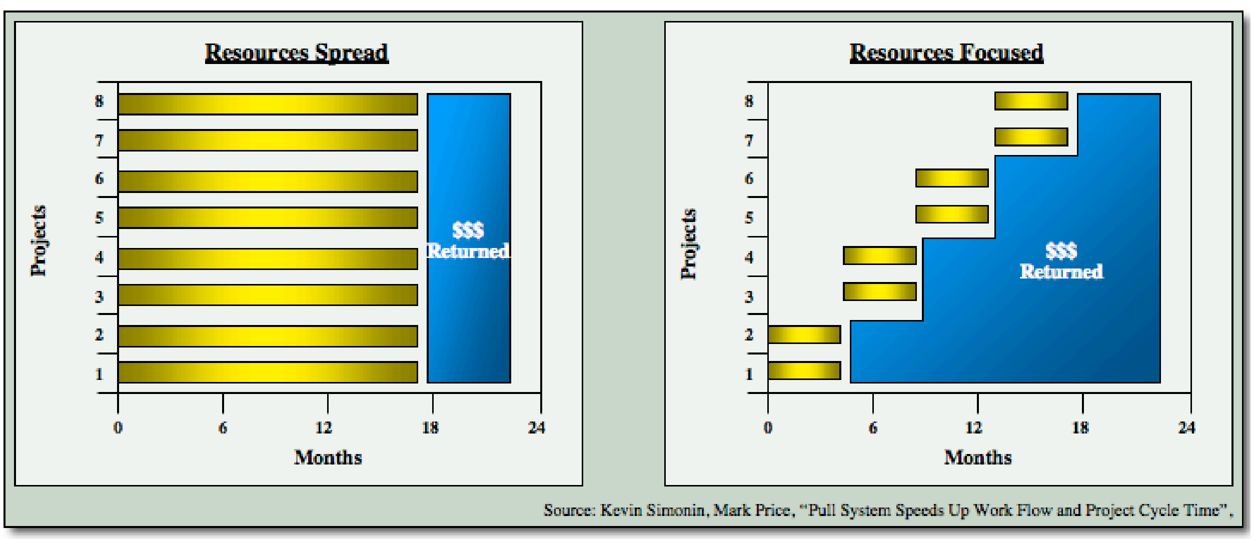
When managers plan effectively and focus their resources on achieving specific business outcomes, they can almost always achieve more with fewer resources. They thereby optimize the return on investment and improve their relative competitive standing.

The typical approach of identifying and approving all of the projects to be done over a discrete time period (usually related to quarterly or annual budgets) results in the commitment of a large pool of resources at one point in time. In effect, all approved “official” projects are treated as equal in terms of contribution to business results. The budget year begins, and work commences.

The alternative approach of focusing resources on only the highest priorities requires the establishment of more stringent criteria for prioritization. Those deemed to be the most important are started and completed as soon as possible. As they near completion, the business environment is reassessed, and the same criteria are applied to select the next group of projects of highest priority.

This approach accomplishes two things. First, it helps to mitigate the common problem of having projects started and worked on by teams of people for a couple of months or longer, only to see those projects abandoned before they are completed, because new priorities emerge or the emergency of the month takes precedence. Second, by attempting to expedite the completion of projects as quickly as possible, there is a greater likelihood that the solution being implemented will still be aligned with the problem that the project resources were allocated to address. Often, projects are implemented to address a specific problem, but implementation is so slow that by the time it’s finished either the problem no longer exists or the solution implemented is no longer appropriate.

The way to enhance business results is to focus resources to achieve results as soon as possible, rather than to spread resources too thin in pursuit of the same outcomes at a later date. We find that effective managers apply a more thoughtful and strategic approach to their roles. They prioritize their projects and focus their resources on completing a smaller number of high-impact projects with a higher sense of urgency over shorter timelines. Doing this takes more discipline, but as the accompanying illustration based on Six Sigma best practices indicates, it results in a much more effective use of resources and improved return on investment.




While this prescription may appear obvious, most business leaders in fact do not manage their projects for optimal return. They simply assign projects without thought to ensuring proper scoping, resourcing, timing, alignment to strategic business objectives, and follow-up. The task is considered complete when the last deliverable is complete. There is often no post-mortem to learn how to improve the effectiveness of project implementation or to assess the results of the project against the original business case. The excuse for doing this is always the same: We’re too busy. And the result is always the same: The opportunity to improve is lost forever.

Managing for optimal return requires that managers understand the amount of work that can be done with the resources they have (people, dollars, time). They must only accept or try to achieve the amount of work that can be completed with the resources they have or can acquire. As soon as the resources available are utilized fully (there are no 'slack resources'), the requirement for each resource to do more work necessarily extends the time to complete all of the work.

The only way to prevent the continual extension of deadlines is to cap the maximum amount of work in process, and to hold back assigning additional work until existing work is completed and fully utilized resources are freed up. Only when there is capacity for staff to take on new work should new work be added.

By managing work this way, more can be accomplished sooner than by trying to push as many projects as possible through the pipeline at one time. (For a more technical explanation, see "Pull System Speeds Up Work Flow and Project Cycle Time" by Kevin Simonin and Mark Price, http://finance.isixsigma.com/library/content/c040519a.asp.)

## Managing projects successfully requires managing accountability

Managing projects as an investment raises questions about accountability, which always resides with those who manage the resources needed to do the work. This means that from the CEO down, accountability for choosing the focus of work cascades through the organization, and for ensuring, to the best of each person's ability, that the proper structures, processes, people, and resources are in place to do the required work.

It is also important to recognize that the work being done has no intrinsic value. In the context of business, the work must be aimed at producing economic value through wealth creation, as measured by sales and profits.

In large organizations, this requires a division of accountability for managing projects. At lower levels in the organization, the people actively involved in the day-to-day implementation of projects are responsible for doing the best work they can with the resources they are given. If they can't do the work being asked of them, it is incumbent on them to notify their boss. As you move up the hierarchy, the focus has more to do with the juggling of the allocation of resources among many demands. However, the general issues being addresses in this paper don't change. What should change is the weight of responsibility for achieving the intended results.

For example, consider the decision to invest $1 million for the purchase and installation of software. This is based on an analysis that the company will save $1 million per year from improved efficiencies. The team that installs the software may see its responsibility end when it has completed installing and testing the software. The manager who oversees the installation is likely responsible for ensuring that the software works as intended so it can be used as intended. At most companies, this is the point where a project is considered to be implemented and where accountability ends. But in reality, accountabilities continue up the line.

A person or persons at a more senior level must be accountable for the wider requirements of seeing a project such as this through to completion. Accountability moves to more senior levels because wider spans of control are required to ensure that the investment is successful. The context of the work changes from the implementation of a project at the middle-management level, to the oversight of an investment at more senior levels.

Someone needs to be accountable for ensuring that the software is utilized effectively if the intended benefits of the software installation are to be attained. This may require that additional systems, tools, processes, operating procedures, and training are put in place. All of this work needs to be managed and coordinated at a higher level than was each component that was implemented. It is very likely that the work will require coordination across business functions, thus introducing accountabilities at more senior levels, to ensure the availability and coordination of resources.

Above this person, there should be a vice-president or senior vice president accountable to the CEO for ensuring that the resources of the organization were used effectively. Ultimately, even for this relatively small investment in software, the CEO is accountable to the board of directors for demonstrating that the investment of shareholder property was prudently managed.

For this reason, the installation shouldn't be considered completed once the software is installed, nor when everybody has received training on how to use it, nor even when people are using it as was intended. It should be considered complete only when the $1 million in savings have been achieved, or a rationale has been provided as to why the goal is unobtainable. If it is the latter, senior management should determine why the expected results were not achieved and make the appropriate changes so that, in the future, resources are invested more prudently.

This is what we mean by accountability. Accountability doesn't mean infallibility. In fact only by making mistakes do people learn how to improve. The key is to ensure that learning takes place, and that customers, employees and shareholders benefit from that learning in the future.

## Flexibility requires available resources

Before organizations made "lean" the mantra for management effectiveness and fired everybody who wasn't contributing beyond their abilities, the general rule of thumb was that organizational flexibility required ten to fifteen percent slack resources. Management eliminated the slack because it was assumed in the 1990s that by getting staff to do more, corporate payroll could be reduced and overall efficiency could be increased. This is a common management mistake.

According to project management expert James P. Lewis: "Carrying lean and mean too far is dumb, dumb, dumb. When you have no reserve capacity, you can't respond to surprises, glitches, or even opportunities. And because Murphy's Law guarantees that there will be some hitches in every project, you can also be sure that there will be delays caused by queuing, and the result will be a late project. Every organization should have some reserve capacity if it is going to respond to turbulence."

The way to implement projects and add more value to the company, says Lewis, is to prioritize projects and apply the proper resources. Writes Lewis: "What this says is that prioritizing projects is the only economically viable approach that a company can take. To have 'All the balls in the air' at once is to confuse activity with progress. When you ask a manager what must be done first, and she tells you 'It all has to be done,' she is overlooking the time value of money and its impact on the organization."

By failing to complete the most important projects as soon as reasonably possible, managers have to consider the opportunity cost involved, including the foregoing of the benefits of reduced costs, improved efficiencies, or increased sales, and the cost of capital associated with it. "That," writes Lewis, "is why it is so important to complete projects on time" (James P. Lewis, Project Planning Scheduling & Control (3rd Edition), McGraw Hill, 2001, P. 172-175).

## Good intentions can lead to troubling results

While effective project management is part of the Six Sigma teachings, business pressures and outmoded management philosophies among the senior ranks often make it difficult for enlightened middle-managers to achieve the results expected of them. Good project management practices, even among practicing lean Six Sigma companies, depend on disciplined, enlightened leadership. This was evident at one manufacturing company we worked with that prided itself on the number of Six Sigma black and green belt employees it was developing, though it lacked over-arching executive leadership.

A Six Sigma group was created to house all of the Six Sigma improvement initiatives and it operated under the leadership of a vice president, whose task it was to reduce operating expenses. There were almost one hundred projects in various stages of implementation. Two projects accounted for almost ten million dollars in annual savings, about two-thirds of the total projected cost savings. The rest had an average projected cost saving of about $45,000 each.

Given the burden that the implementation of these projects was placing on the resources of the company, it is likely that the net savings of the small projects combined was negative, i.e., the company would have been better off not trying to implement all of these projects at the same time.

We recommended what amounted to a resources-focused approach, described above, whereby the company would focus its resources on ensuring the rapid and proper completion of the two major projects so that it could start accruing the benefits of the investment in the project as soon as possible. At the same time, it should prioritize the remaining projects and begin the implementation of the next three or four that would deliver the greatest benefit as measured by customer, competitive and financial impacts. The sooner each project undertaken is completed, the sooner the company can benefit from the investment of resources. As the pipeline clears, new projects should be added based on expected results and emerging priorities.

One of the keys to project management success is to identify an optimum amount of project work that can be taken on with the resources available, and to not do more until some of that work-in-progress is completed. It is also important to have in place a process to measure the effectiveness of the projects, and implement adjustments where required over time to ensure that optimal benefits are achieved. Different measures of success are required at different levels of the organization.

## Create a new initiatives steering committee

We also recommended that the company form a New Initiatives Steering Committee to manage any new major initiative. Given the burden of constraints that this company was trying to cope with, the mandate of the committee would be to review projects of a particular size and determine whether that project is worthy of the investment of resources required. The Steering Committee would be chaired by an objective senior executive, such as the divisional CFO or COO, and would have appropriate cross-functional representation. At this point in time no one appeared to have jurisdiction over new projects. If it was a Six Sigma project, it was just added to the Six Sigma group’s list of active projects.

Based on a set of criteria, the Steering Committee would determine which projects cleared the hurdles for approval and which needed to be turned back. Evaluation criteria included linkages to corporate strategy implementation, customer satisfaction improvement, operating efficiencies, and cost reductions. All recommendations to the Steering Committee would require a mini business case outlining the idea and its benefits, risks, timelines, and resource requirements.

Not only would the Committee prioritize projects, but it would hold project managers accountable for results and ensure corporate learning through a post-mortem process. It was the responsibility of the committee members to ensure that new approved projects did not interfere with current business activity or production requirements to meet customer demand.

Our recommendation to the client to establish a steering committee and take a resource-focused approach was not meant to create a bureaucratic process. It was meant to rank priorities and focus on the allocation of resources to ensure an effective return on investment and to free up a large pool of resources that was being inappropriately utilized for marginal (or negative) benefits.

## Do the right work, not the most work

It is not uncommon to observe a department, division or company that suffers from the symptoms of an effort- rather than a results-oriented culture, or the inability to complete projects on time and/or on budget, or even the constant pressure of perceived poor time management. In this case, the organization or department may benefit from a deeper understanding of the paradox of effective project management: Filling the available pipeline with the right work will bring greater results than overloading the pipeline with all the work you hope your team can complete before the end of the next quarter of budget year.

Reprint: 9b08TB04

Barry L. Linetsky
The Strategic Planning Group
Toronto, ON,, Canada M5A 1N1
www.tspg-consulting.com
linetsky@tspg-consulting.com