



THE STRATEGIC PLANNING GROUP

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THE PROJECT MANAGEMENT PARADOX:

Why You Achieve More By Doing Less

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Managers at many companies we encounter indicate that their organizations are very good at starting projects, but not so good at finishing them. The reason usually cited is that the marching orders change when other priorities come along. Employees find this extremely frustrating and wasteful. It is very difficult to make positive gains when managing on a sea of shifting priorities. So how are projects being managed? And is there a better way?

The Symptoms of Spreading Resources Too Thin

It is a common trait among many managers to try to manage too many projects at one time. This problem of having too many projects arises because of lack of understanding of organizational capacity to do the work, a lack of organizational patience for results, and a lack of an effective conceptual framework to guide the allocation of resources across a portfolio of projects.

Usually projects are undertaken only after some sort of benefits have been defined and agreed to by those con-



trolling the resources. The problem is often that well-meaning managers want to achieve too much, and thereby put too much on their plates and the plates of their subordinates. As a result, projects aren't properly scoped and resourced. Optimism (and sometimes fear) clouds the reality of prior experience at effectively completing projects. Managers 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 is that timelines end up being stretched beyond project mile-

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stones, costs exceed budget allocations, resources run dry, interest wanes, the results expected 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 are capable of, the results are that "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 dedicated to doing a good job and are working hard. People everywhere are swamped with work. Few have time to rest to the point of not being able to make time 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 in exasperated tones 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 their ambitions. In either case, objectives and capabilities are not aligned, and it is almost certain that the organization's cultural vitality is deficient. (To see how to measure

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culture to improve organizational vitality – the ability to adapt quickly to changing competitive and market forces – go here <http://www.tspg-consulting.com/products/index.htm> and click on "OVI".)

Effort Versus Results Orientation

When managers spread their resources too thin in an attempt to manage the maximum number of projects possible (pursuing a quantity versus quality orientation), the result is that they become *effort-oriented*, and 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 otherwise be, 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 that is common in businesses today. The tactical and reactionary impetus for most projects means that they are unplanned and 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 of shifting short-term priorities driven by perceived crises,

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% of capacity and resources are being directed under the authority of corporate executives and managers, but the intended results never seem to materialize in the form of improved value creation and marketplace competitiveness. The huge effort put forward to benefit customers, employees and shareholders is wasted.

Because staff are working so hard, because morale is likely to be low, because people feel they are being jerked around by a less-than-competent management team, because staff turn-over is higher than it should be, because it is hard to fill positions with competent staff, 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 to deliver.

The way one manager recently described these symptoms at his company was that they 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 impedes the capability of staff and enables an entitlement mindset. At this company, and others like it, management actions support a culture in which effort is valued much more highly than results.

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According to Six Sigma expert Peter Pande, an overload of activity brings with it three major negative impacts as follows. “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 turns 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” (in Pande, *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, but also, in many 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 allows companies to get more done with fewer resources.

When managers focus their resources on achieving specific business outcomes and plan effectively, they can almost always achieve more with fewer resources,



thereby optimizing the return on investment and improving 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 priority items requires the establishment of more stringent criteria for prioritization. Those deemed to be of the highest priority are started and completed as soon as possible. As they near completion, the business environment is reassessed, and the criteria are applied to select the next group of projects of highest priority.

This approach of focusing resources on fewer projects but implementing them more quickly does two things. First, it helps to mitigate the common problem of projects being started and worked on by teams of people for a couple of months or longer, and then being abandoned prior to completion because new priorities emerge or the emergency of the month takes precedence. Second, by attempting to prudently expedite the completion of projects as quickly as possible, there is a greater likelihood that the solution being implemented

will still be aligned to 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.

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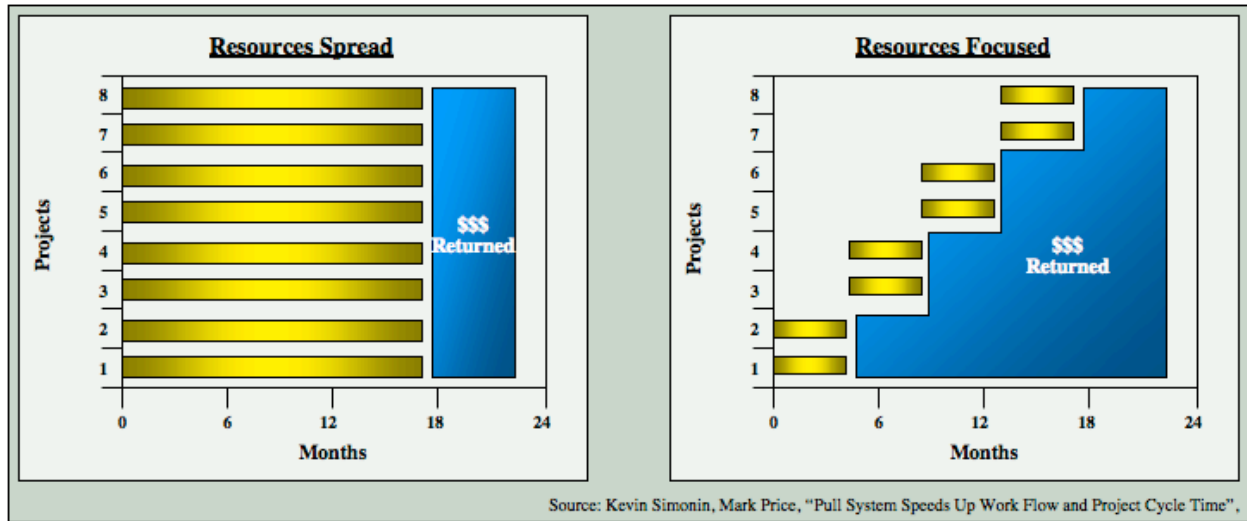
The way to enhance business results is to focus resources to achieve results as soon as possible, rather than spreading resources too thin in pursuit of the same outcomes at a later

date. We find that more 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 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

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Business executives can significantly improve their business results and uphold their governance and fiduciary responsibilities by thoughtfully prioritizing work and managing projects as strategic investments. A dysfunctional “cult of busyness” is prevalent in too many corporate cultures today, and is an unfortunate waste of both human potential and shareholder wealth.

excuse for not doing this is always the same: we’re too busy. And the result is always the same: the opportunity to improve is lost forever.

To manage 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 completely utilized (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 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 Successfully Managing Accountabilities

The notion of managing projects as an investment raises questions about accountability for the successful implementation of projects. Accountability always resides with those who control the resources to do the work. This means that from the CEO down,



there is a cascading of accountability throughout the chain of command for choosing the focus of work, 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 on its own. In the context of business, the work must be aimed at producing value for customers and shareholders 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 to achieve the project goals, but the general issues being addressed 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 in the purchase and installation of software based on an analysis that the company will save \$1 million per year in cost savings from improved efficiencies. For the team that installs the software, their responsibility may end when they have completed the installation and testing of the software. The manager who oversees the installation is likely responsible for ensuring that the soft-

ware works as intended so it can be used as intended. At most companies, it is at this point that a project is considered to be implemented, and accountability ends. 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. The accountability moves to progressively 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 *oversight of an investment* at more senior levels.

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There needs to be someone accountable for ensuring that the software is utilized effectively if the intended benefits of the software installation is to be attained. This may require that additional systems, tools, processes, operating procedures, and training, etc., are put in place. All of this work needs to be managed and coordinated at a higher level than each implementa-

tion component. 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 to achieve the intended results. It will take time to assess the return on investment. Ultimately, even for this relatively small investment in software, the CEO is accountable to the board



of directors to demonstrate that the investment of shareholder property was prudently managed.

For this reason, the installation of software to save \$1 million in expenses per year shouldn't be considered completed when the software is installed, nor when everybody has received training on how to use it, nor even when people are actually using it as was intended. It should be complete when the \$1 million in annual savings has been achieved, or a rationale has been provided as to why the

goal is unobtainable. If the latter, senior management should figure out why the results expected were not achieved and make the appropriate changes so that in the future resources are invested more prudently.

This is what accountability requires. Accountability doesn't require human infallibility. It is only by making mistakes that 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.

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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."

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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,



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 lean 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 and 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, but 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 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 at a time when they were undergoing serious operating stress due to expanding customer demand, 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* as if they were all of equal importance.

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The sooner each project 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.

We recommended to the client 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 those

projects 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 impact. 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 not to 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

To help the company do this, we recommended that they form a “New Initiatives Steering Committee” to manage any new major initiative to be undertaken. Given the burden of constraints that this company was trying to cope with at this point in time, the mandate of the committee would be to review

specific projects over a particular size and determine whether that project is worthy of the investment of resources required, given other strategic priorities, including day-to-day operations and serving customers. 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, or remain in the queue until resources became available. Examples of new initiative 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 they 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, but to create some priority and focus to 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.

Understand the project management paradox: you can achieve more by doing less, but doing less right is much more difficult.

Do The Right Work, Not The Most Work

If your department or division or company suffers from the symptoms of an *effort* rather than *results* oriented culture, or the inability to complete projects on time and/or on budget, or suffers from the constant pressure of perceived poor time management, then you 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 will the more common practice of overloading the pipeline with all the work you hope your team can complete before the end of the next quarter of budget year.



Take This Test

Assess Your Project Portfolio Management Capability

(From Peter S. Pande, *The Six Sigma Leader*, McGraw Hill, 2007, P.p. 37-38)

Rate your company (or yourself, if you're brave) on a 1-5 scale in the following situations. Scoring: Mark a 5 for every Agree Strongly; a 4 for every Agree; a 3 if you're mixed; a 2 for every Disagree; and a 1 for every Disagree Strongly. Then add up your score.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

1. At any one time we have more projects or initiatives going on around here than we can really handle well. _____
2. A good proportion of the projects under way don't seem to have any real, clear potential benefit. _____
3. The idea of stopping or "killing" a project mid-stream is not very popular, or easy. _____
4. The people working on projects focus mostly on getting their assigned tasks done rather than on the actual value of the effort to the business or customers. _____
5. There is little to no overall management or coordination of the various projects around the organization. _____

TOTAL SCORE: _____

20-25 Your organization seems to excel at flushing money down the drain. You may need to rein in your investments and start over.

15-19 This is a typical score for many organizations that are struggling to manage a large number of change initiatives

10-14 Your organization seems to be displaying some reasonably good practices in directing its portfolio. Some improvement is needed, but it's not bad.

5-9 Congratulations. Your organization practices excellent portfolio management; hopefully what you read here will strengthen your "conscious competence."

1-4 There's little this chapter can teach you.



About
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Barry has been a partner with The Strategic Planning Group (www.tspg-consulting.com) since 1994. He works with senior executives and their management teams to develop business strategies and strategic solutions for their unique business problems. He is an advocate of the need for a market focus to drive customer, employee, and shareholder value. Barry holds an M.B.A. from the Rotman School of Management, University of Toronto, and a M.A. in Philosophy and B.A. in Sociology from York University in Toronto. To read his always insightful essays on general business topics, go to <http://www.tspg-consulting.com/essays.htm>.

About
The Strategic Planning Group

The Strategic Planning Group (T.S.P.G.) is a full service consulting firm that can provide organizations with a wide range of advice, business tools and solutions. At T.S.P.G. our focus is on helping our clients solve their complex issues to realize their ultimate business potential, whether we are helping to set the overall strategy for the organization or assisting in a particular functional area. Our practical-results-oriented approach to solving business problems, combined with our personal commitment and dedication to providing great value for our clients, makes us the consultants of choice to blue-chip executives across North America.

We aspire to be more than just consultants. For us to be successful in helping you we need to understand how you operate and what challenges you are currently facing. We want to help you achieve your goals and your ultimate business potential. To accomplish this we must be trusted and objective advisors by contributing our knowledge, experience and thinking in ways that have a positive impact. We want to be *your* consultants of choice – as we are for other senior executives – for all of your strategic business needs.

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