

Creating Organizational Value with Project Management Excellence

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Agenda 议程

- Changes in Organizations & New Technology
- Project Management
- Creating Organizational Value
- Case Study
- Q&A



Agenda 议程

- Changes in Organizations & New Technology

- Speed of Change & Competition Today
- Value of Change (Strategy)

- Project Management

- Creating Organizational Value

- Study Case

- Q&A



Competition Today



Companies are facing many challenges to stay ahead of the pack in today's competitive and chaotic global economy.

Organizational changes and technology improvements are part of the organizational strategy to stay competitive.



Companies are turning to project management to consistently manage these changes to support strategy and deliver business results.



Speed of Change Today

- The world is changing
- Companies are changing
- Processes are changing
- Technology is changing
- People are changing
- ...



Changes are constant and fast!!





And a Lot of Changes Ahead..





Type of Changes

...Fast Growths - Globalizations - Cultural Differences - Competition -
New Technology - Communication - Social Media - Transformations - Labor
Market - Financial Risks - Strategy - Merger & Acquisitions - Reporting...

Value of Changes





Value Definition & Strategy

Value definition



Understanding of the components that combine together to create value and support strategy





Agenda 议程

● Changes in Organizations & New Technology

● Project Management

- Why Project Management and More
- Definitions
- Project Selection
- Formal Control of Changes

● Creating Organizational Value

● Study Case

● Q&A



Why Project Management and More

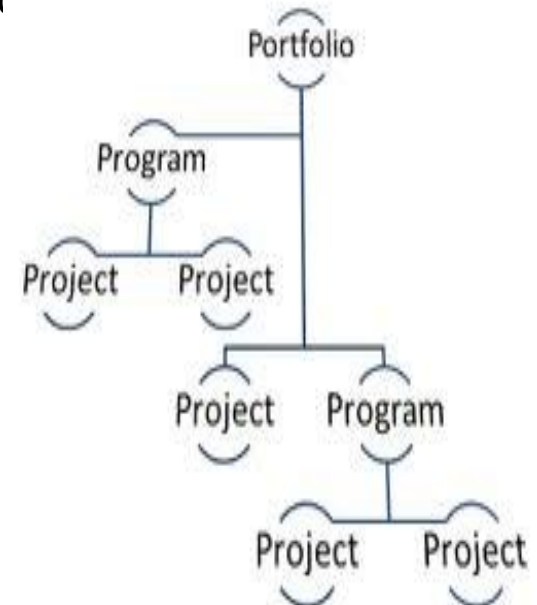
- More companies are clearly seeing the **payoff** from investing time, money and resources to build organizational project management expertise (planning, reviews, tracking outcomes).
- It helps to create a **strategic value chain** by delivering projects on time and within budget.
- Project management needs to be coupled with portfolio and program management and other disciplines to **create organizational value**.





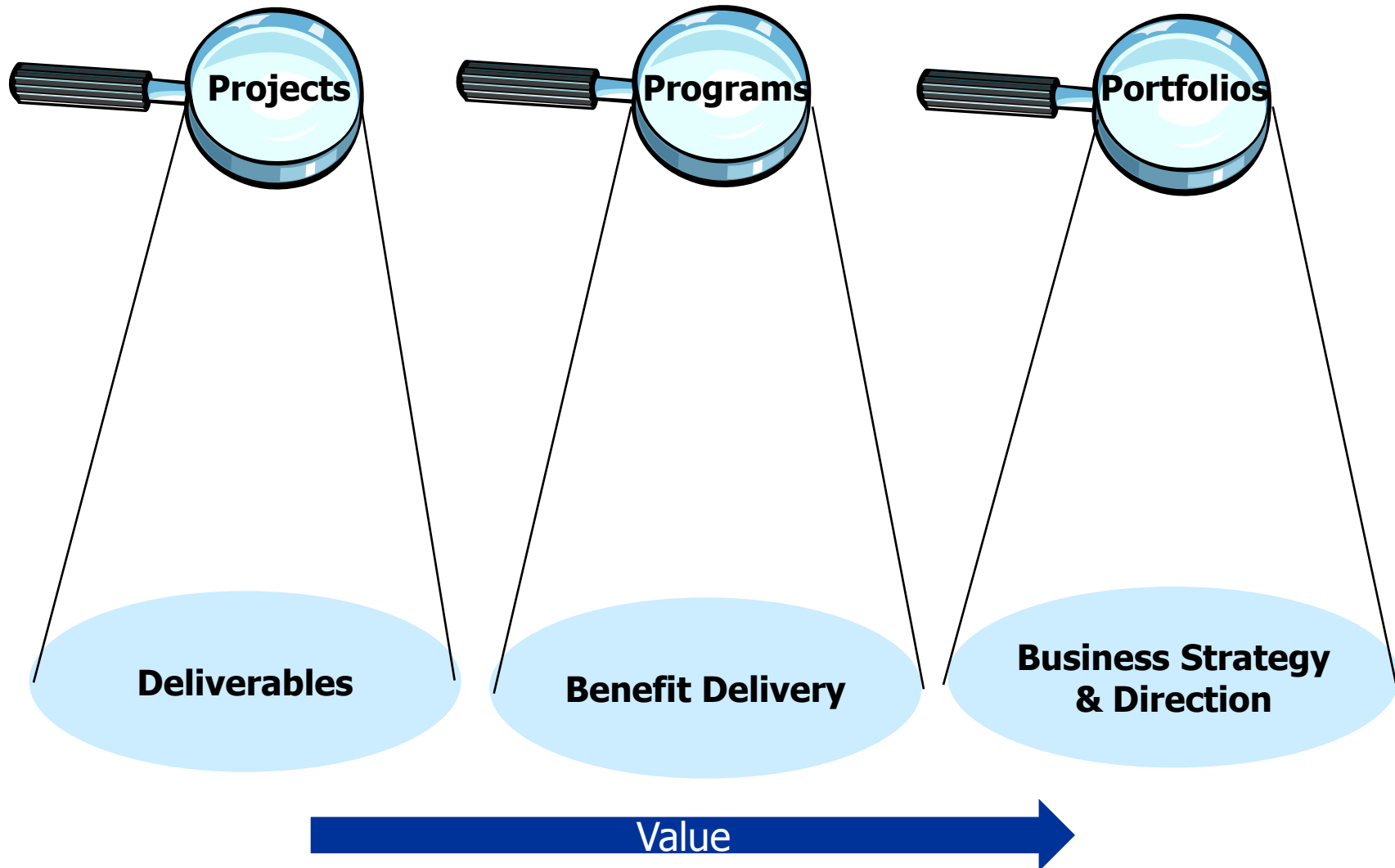
Definitions

- **Project** —“A temporary endeavor undertaken to create a unique product, service or result.”
- **Program** —“A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs may include elements of related work outside of the scope of the individual projects in the program.”
- **Portfolio** —“A collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives.”



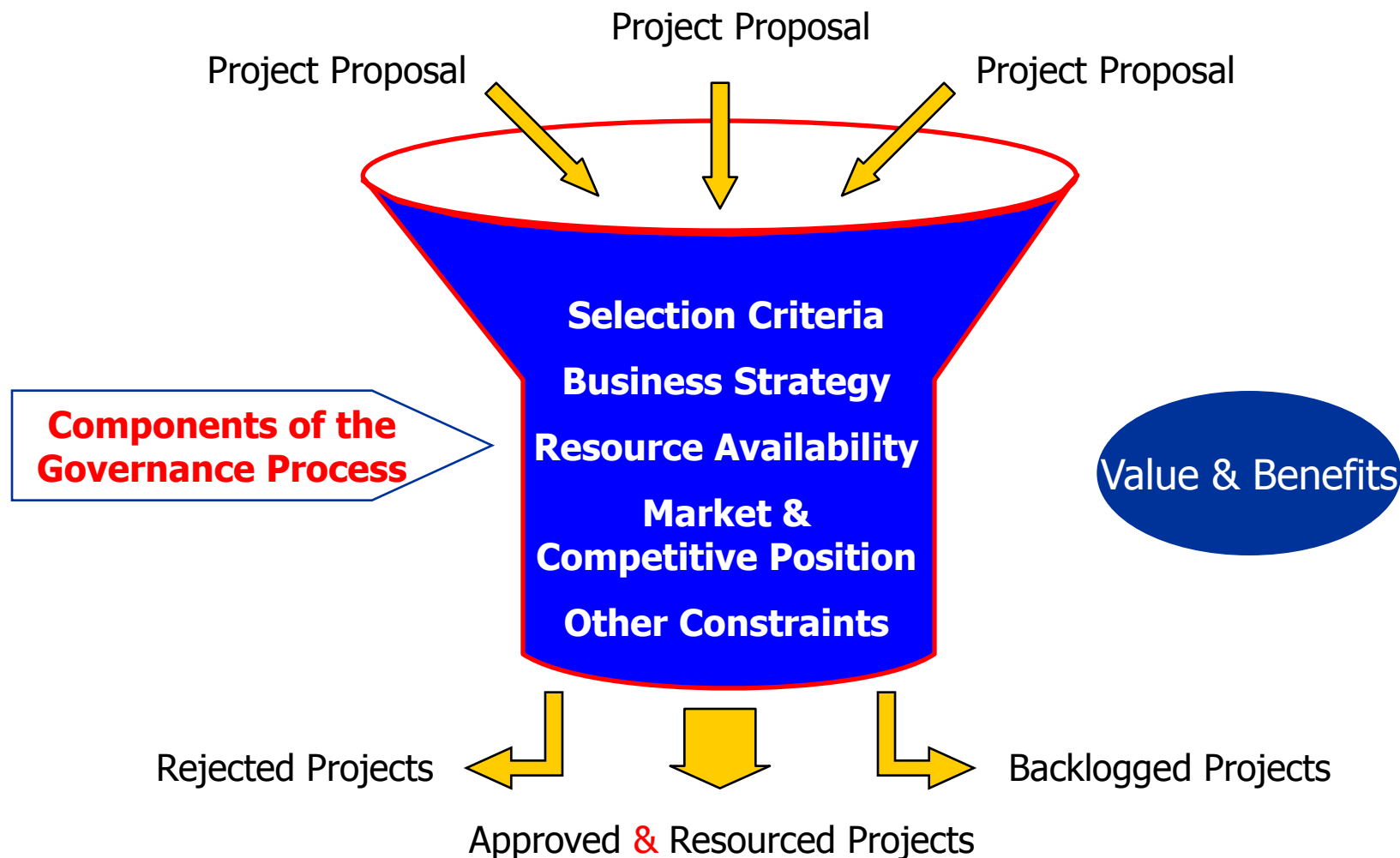


The Focus





Project Selection - Governance





Programs and Projects to Manage Changes

- Programs and projects to **deliver changes and new technologies.**
- **High business values and investments** of programs and projects.
- **Programs and projects today are:**
 - ❑ More complex
 - ❑ More virtual and cross-cultural
 - ❑ More focused on risk management and benefits/value
 - ❑ ...



Need for formal processes and real value in organizations.



Agenda 议程

- Changes in Organizations & New Technology

- Project Management

- Creating Organizational Value

- Value Definition
- Project Management Excellence
- Project Delivery
- Project Management Office (PMO)
- Enterprise Project Management
- Measurements of Benefits & Value
- Conclusion

- Study Case

- Q&A



Value is Subjective

- Project management value is **subjective**, with different people applying different criteria to assess whether they are getting good value:

- ☐ Fair price or return
- ☐ Monetary or material worth
- ☐ Worth in usefulness or importance
- ☐ Customer satisfaction
- ☐ Discipline & processes (consistency)
- ☐ Organizational capability
- ☐ Stakeholder engagement
- ☐ More professionalism
- ☐ Greater transparency
- ☐ Quality
- ☐





Value to Whom

Value to **whom**?

- ☐ Customer(s)
- ☐ Senior management
- ☐ Stakeholders
- ☐ Organization (capability)
- ☐ Project team
- ☐ Employees
- ☐





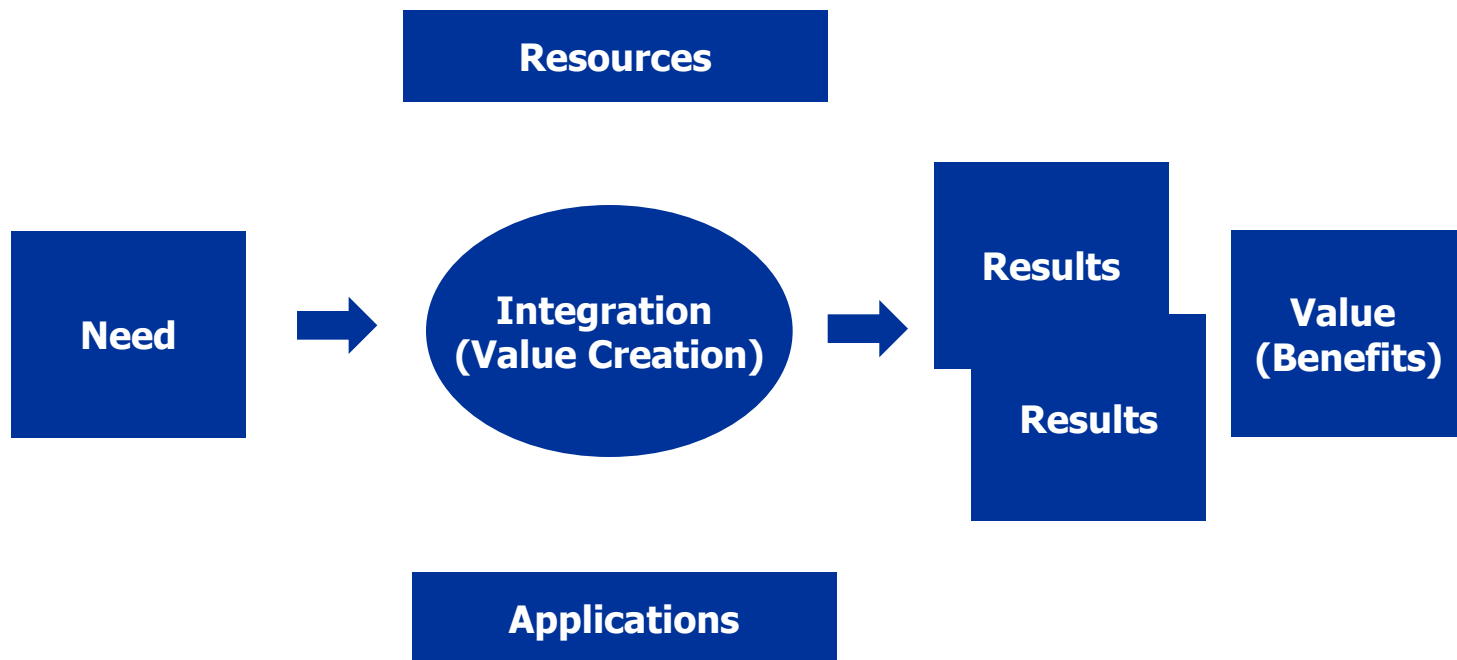
Benefit & Value Definition

- **BENEFIT** is an outcome of change perceived as positive by a customer or stakeholder.
- Benefits could be financial and non-financial.
- **VALUE** = Satisfaction of needs (benefits) / Use of resources (cost)
- Align with organizational objectives and culture.
- **Value & benefit tracking**
 - Project results - drivers
 - Program results - benefits
 - Organizational objectives & goals (value)



Value of Transformation

- Project management creates value by a process of **transformation of resources** from one state to an integrated state:





Manage Perception & Expectation...





Project Management Excellence

- Value starts with **excellent project management**:
 - Clear project structure & scope
 - Right project manager's authority and role
 - Right project management maturity level in organization
 - Good planning & control, but also flexibility to deal with changes in environment
 - Deliver right benefits and values for customer & stakeholders
 - Team work
 - Understand priority & urgency
 - Understand organizational culture
 - ...





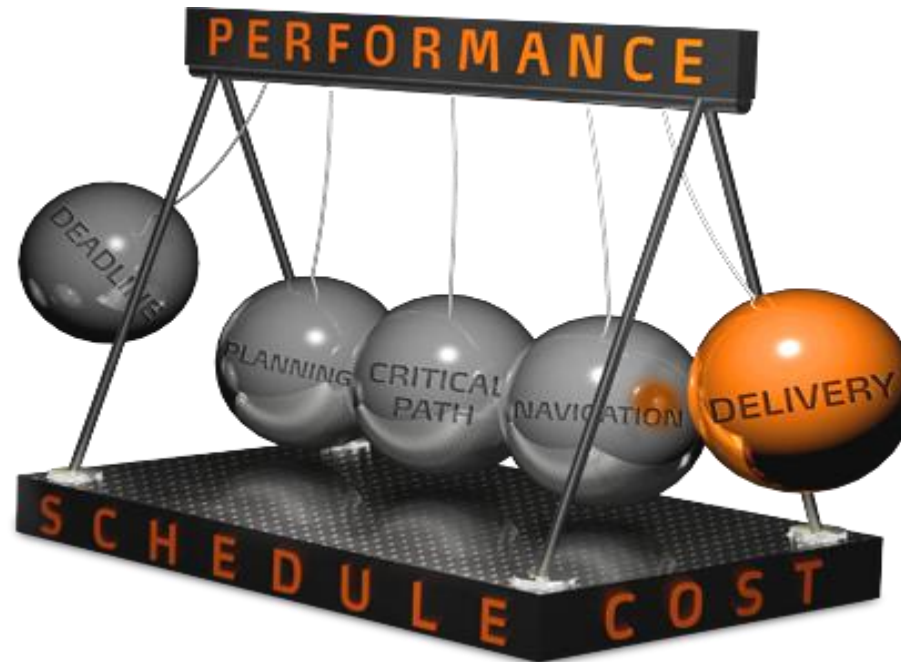
Project Management Excellence

- But also project management excellence in the **organization**.





Project Performance & Delivery



- Good **project performance** and the right **project delivery** are needed to generate value.



Project Delivery & Metrics

- Value starts with a good **understanding** of project delivery:

- ☐ Results
- ☐ Deliverables
- ☐ Output/outcomes
- ☐ Enablers
- ☐ Changes

...to deliver business benefits and value



- Value starts with tracking **metrics** of project delivery:

- ☐ Start with business case
- ☐ Manage what's measured
- ☐ Metrics ownership -> benefits & value





Stakeholder Management

- Value starts with good **stakeholders management**:
 - Various stakeholders
 - Engage stakeholders in project delivery
 - Ownership (buy-in) of project results -> benefits & value





Value of Project Management Office (PMO)

- **Project management office (PMO)** is an organizational entity that could bring greater accountability in projects and encouraging more use of processes.
- Add value by bringing more discipline (consistency, repeatability).
- Help with business integration across functional groups.



- PMO value depends on position in organization, power level and authorities.



....Project Management as Capability

- Project management creates an **organization capability**, necessary, but not sufficient by itself to produce the end value (for organization)...

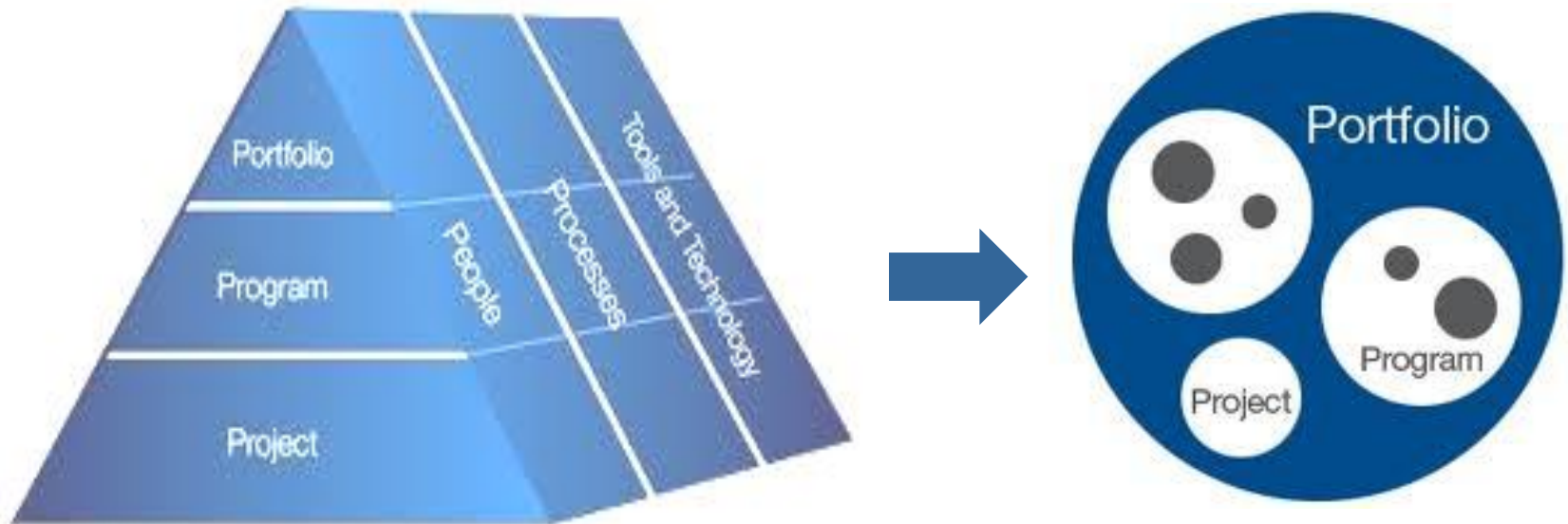


- Generating **organizational value** is depending on:
 - Understanding of value
 - Project management excellence
 - Project delivery measurements
 - Benefits ownerships
 - And building value up in the organization via **enterprise project management...**



Portfolio, Program and Project management

- Creating value requires **project management on enterprise level** – with the right structure (portfolio, program, project), governance, project maturity level, decision-culture and authorities.





Enterprise Project Management

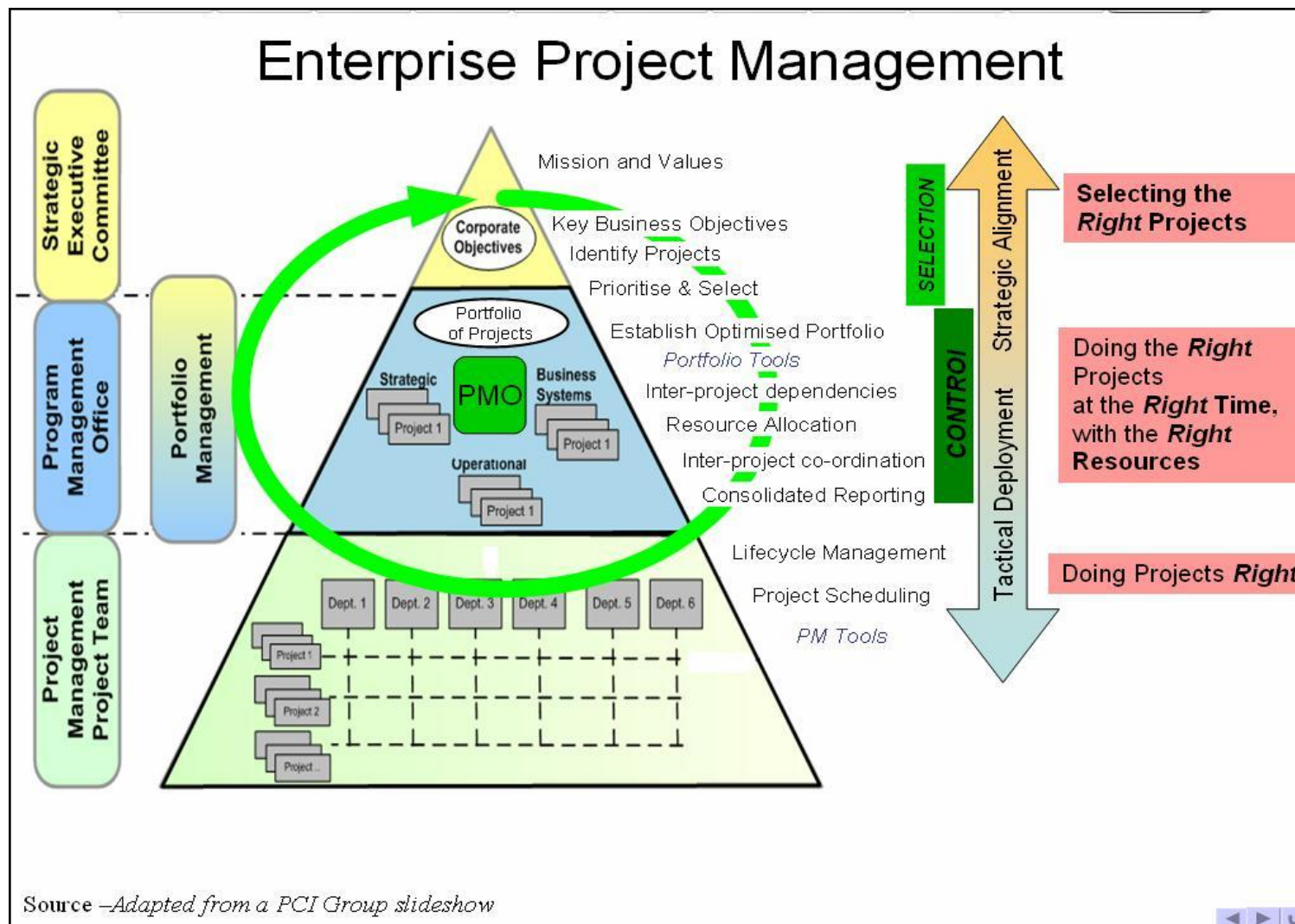
- Project management starts at **portfolio level**, where strategic vision drives initial investments and where value measures are defined (ROI).



- Programs and projects **deliver results**.
- **Aligning** project and program results with strategy is important and helps stakeholders to understand the dependencies of benefits.



Enterprise Project Management





Measurement of Benefits & Value

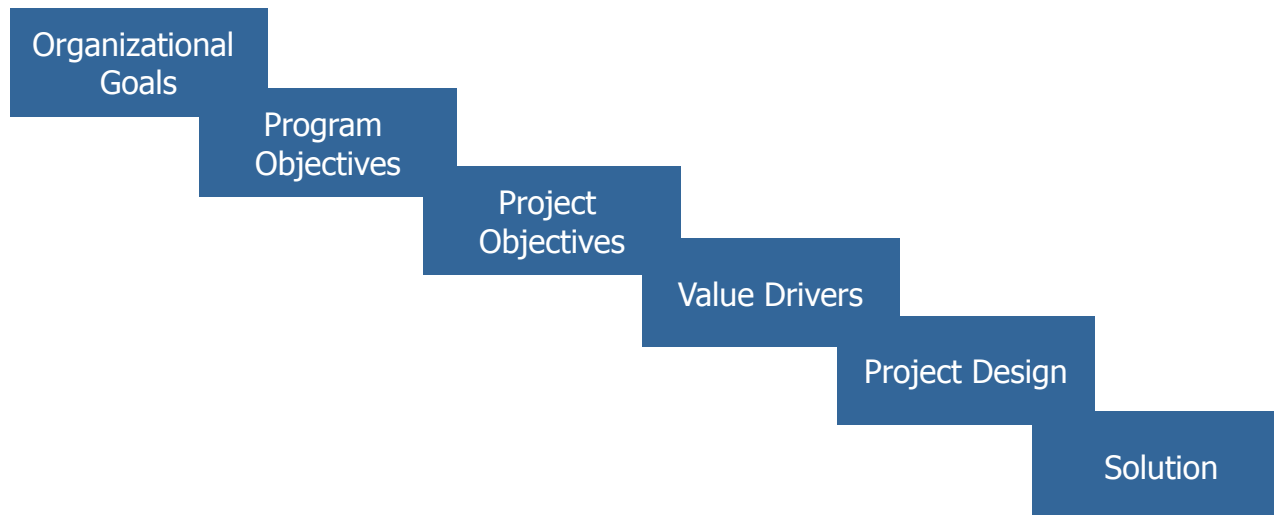
- Various methods to **generate and measure value and benefits** in the organization.





Management of Value (MoV)

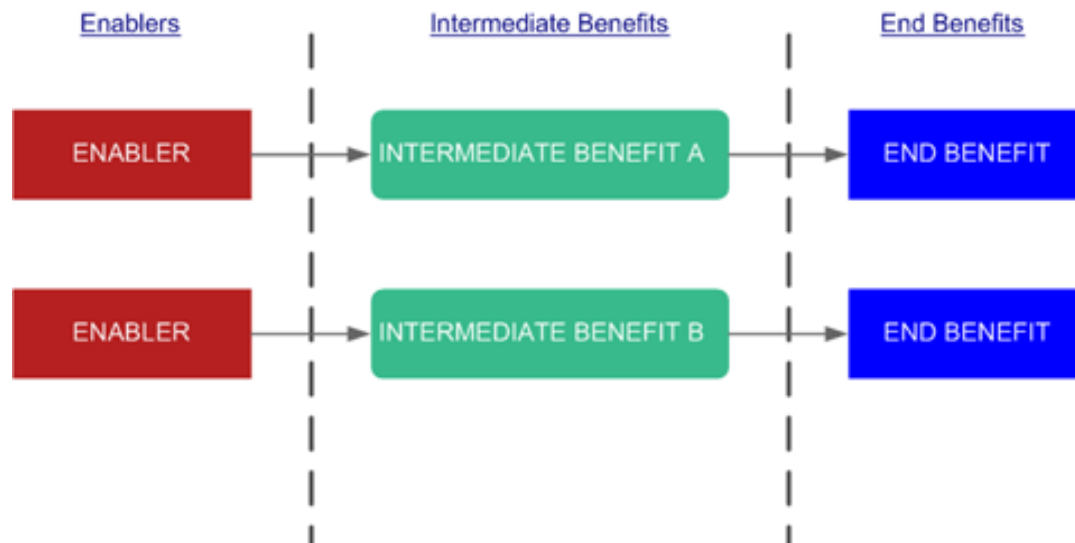
- Maximizing value in line with program/project objectives
- Business cases driven
- Focus on values & functions
- Clear roles and build (“value”) culture
- Stakeholder engagement
- Value cascade





Benefits Realization Management

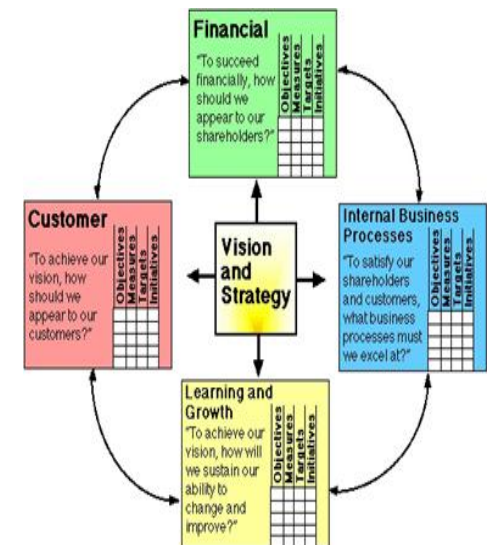
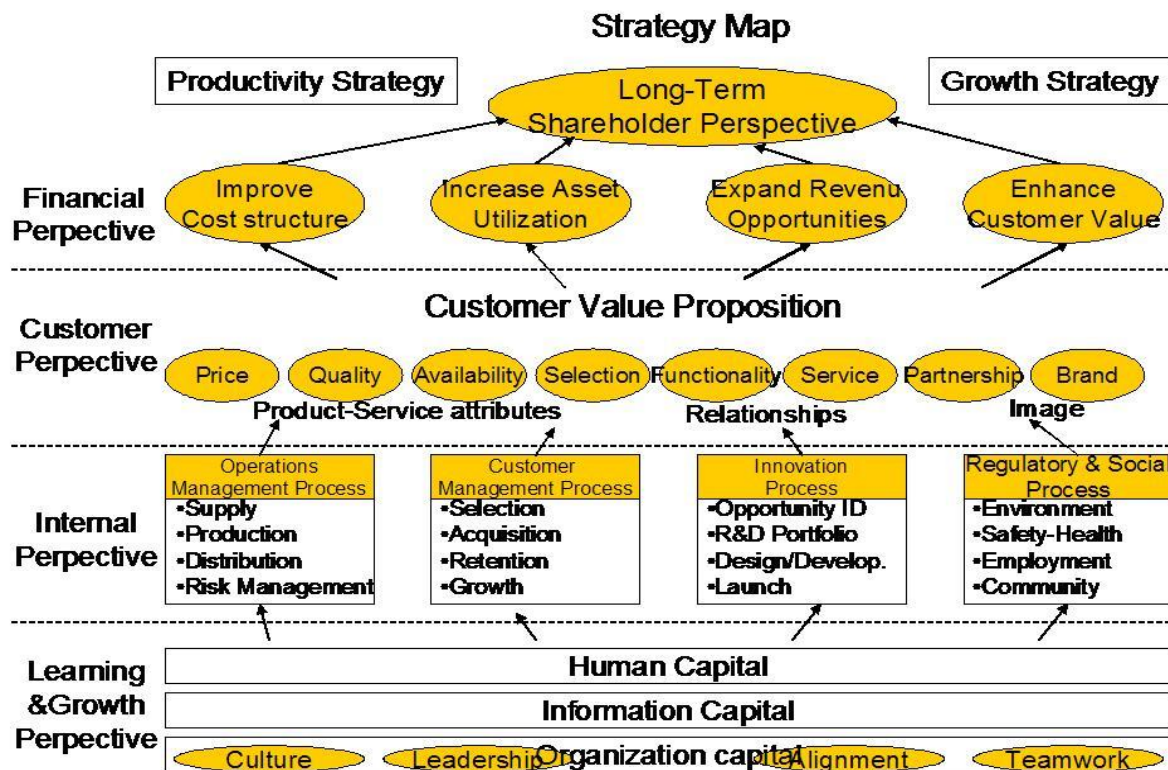
- Maximizing the achieved or actual return on investment
- Earliest possible stage
- Business case (justification)
- Stakeholder engagement
- Measuring & reporting
- Benefits dependencies (enablers, benefits, objective)





Balanced Scorecard (Norton & Kaplan)

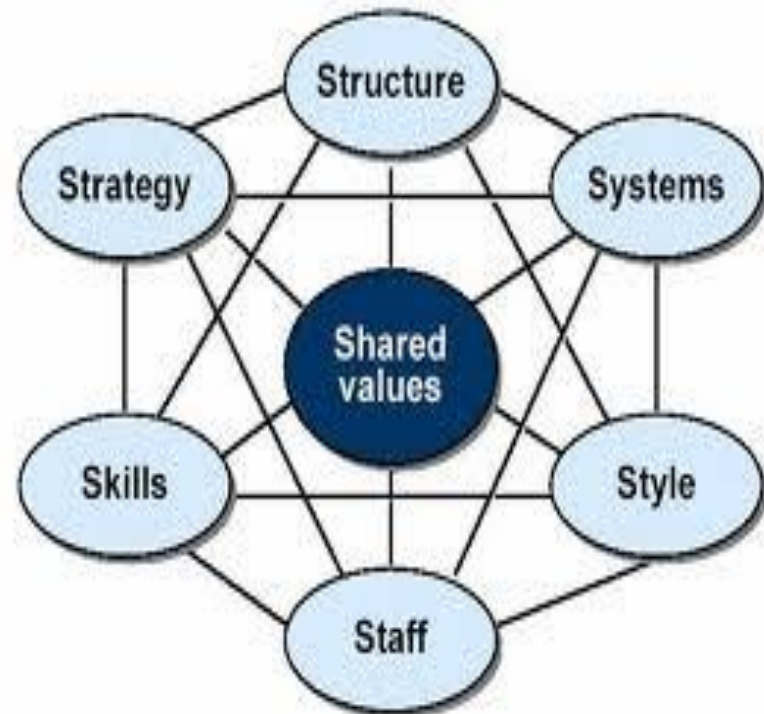
- Performance management framework
- Roadmap & strategy maps
- Aligning strategy and program/project results





McKinsey – 7S

- Management model
- For an organization to perform well, these seven elements need to be aligned and mutually reinforcing.
- The model can be used to help identify what needs to be realigned to improve performance, or to maintain alignment (and performance) during other types of change.





Organizational Performance

- How could project management improve organizational performance?
 - ❑ How important are projects for an organization?
 - ❑ What is the organizational culture for project management?
 - ❑ Individual, team, department, organization performance





Conclusion

- Projects are becoming an **integral part of daily business**.
- Project management **embedded in the organization** will create a collaborative environment.



- Executive team should support the **right culture for project management** in an organization (enterprise project management).
- And the more involved the **executive team** is, the better the results and value for the company.





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- Study Case
 - Study Case 1
 - Study Case 2
- Q&A



Case 1 - Project Mngt Center of Excellence

- Organization implemented **Center of Excellence (CoE)** for project management in 12 months (started in 2010).
- Scope:
 - Project delivery to external customers
 - Internal projects
 - Building and improving project management practice
- Reporting:
 - Head of Center reporting to VP Operations
- Staff:
 - 10 full-time project managers
 - 5 part-time project managers (also reporting to functional manager)





Case 1 - Services

- Center of Excellence delivers various **services** in the organization:

Project Management

- Processes, standards, guidelines
- Training, mentoring, coaching
- Tools, infrastructure
- Quality assurance
- Newsletter, reporting

Business Case Management

- Prepare business case with business unit/stakeholder
- Support business case preparation
- Benefits & cost analysis, ROI
- Support feasibility study

Project Delivery

- Project planning & controlling
- Project review & audit
- Program & multi-project mngt
- Resource mngt
- Project closing

Value & Benefits Management

- Roadmap (program/project)
- Project metrics (results/outcomes/enablers)
- Strategic reporting
- Stakeholder management
- Benefits mapping & ownership
- Value chain



Case 1 – Advantages & Challenges



Advantages

- ☐ Senior management buy-in
- ☐ More stakeholder engagement
- ☐ Roadmap & business case driven programs & projects
- ☐ Value & benefits management - ownership
- ☐ Project management – standardized processes
- ☐ Better project acceptance in organization



Challenges

- ☐ CoE needs to develop new ideas and sell to the organization
- ☐ Project managers need to have business knowledge
- ☐ Some stakeholders do not want to share power in projects
- ☐ Blame game if benefits cannot be achieved – accountability



Case 2 – Value & Benefits Management

- Business change program to restructure operations by implementing a integrated business solution (2009).
- Mandated by senior management
 - ❑ Use benefits realization & value management
 - ❑ “Sowing seeds to change the culture”
 - ❑ Stakeholder engagement
 - ❑ Program manager reported to senior management

So are
You
Ready
for
Change?





Case 2 – Value & Benefits Mapping

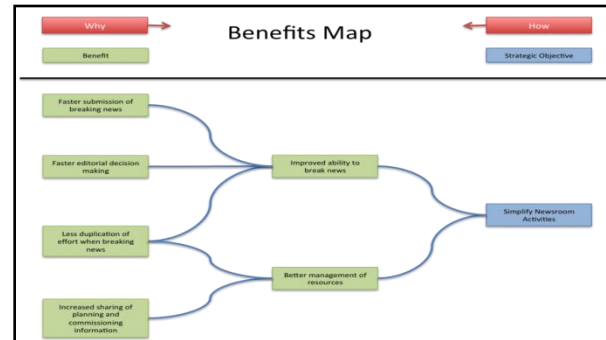


Blueprint



Program Change
Action Plan

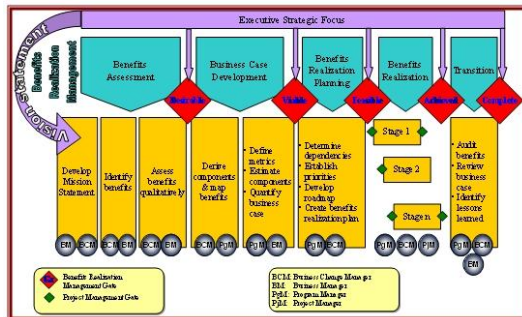
Business Case



Enablers/Changes
(112)

Benefits
(152)

Objectives/Value
(18)





Case 2 – Conclusion



Conclusion

- ❑ Business change program finished in 2 years
- ❑ Process & benefits owners continued to implement changes in teams/departments
- ❑ Good prepared program start was key to get roles and expectation clear
- ❑ Stakeholder were satisfied with the structure of the benefits and values in the program
- ❑ The benefits framework model will be used for new programs and projects

- ❑ It was a challenge to let people accept the ownership of benefits and value realization (accountability).





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Q&A



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