

ESSENTIALS **of Strategic Project** **Management**

Kevin R. Callahan
Lynne M. Brooks



John Wiley & Sons, Inc.

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To Larry Jarres for his words of wisdom, strategic outlook, and his faith in our business skills and abilities.

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Preface

Companies are always trying to find better ways to get things done. Over the last few years, there has been a movement to improve project management at many companies. They will spend a great deal of time, expense, and effort identifying project managers, developing programs, and delivering training. The problem is that after all of this effort nothing changes and the executives of these companies wonder why.

Implementing project management at a company is difficult for many reasons. Change itself is difficult. Project management is much more than a series of tools and techniques for individual project managers to master. However, the most important reason that implementing project management is difficult is that *companies do not understand the strategic nature of project management!* If project management and its related areas of expertise—portfolio management and project office—are not seen by executives and managers as *strategic tools* that are directly related to their companies' bottom lines, then they will not be able to implement project management successfully.

This book is primarily intended for executives who need to learn the basics of project management to enable them to make decisions about implementing or improving project management at their company. It is also useful to any individual who needs a basic introduction to project management. In this book, readers will learn

- What project management, project portfolio management, and a project office are and how they are affected by an organization's structure

Preface

- How project management tools and techniques can be best used at their company
- How to use a proven model to break down the barriers to strategic project management within their company

Chapter 1 and 2 will introduce readers to the problems that face many firms and how project management can help them solve those problems. Chapters 3 through 5 cover the basics of the five phases of project management: initiation, planning, execution, control, and closing. In particular, these chapters address the problems that different types of organizations will face in implementing each of the project management phases. Chapters 6 and 7 introduce project management maturity and the project office, respectively. Chapter 8 discusses project portfolio management and also explains how to put it all together.

The book is filled with practical tips as well as comprehensive explanations of critical path calculation and earned value management that will help the reader to understand what they are and why they are important. Also available is a Web site (www.wiley.com/go/pm) containing practical project tools that may be downloaded and used by the readers.



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About the Web Site

This book includes a companion Web site available at *www.wiley.com/go/pm*. The Web site contains forms and templates you can use as tools for better project management. The files in the Web site are as follows:

- Communications Planning Template
- Project Decision Worksheet
- Project Prioritization Analysis
- Project Status Report
- Project Summary Report
- Scope Change Control Form
- Strategic Project Charter Template
- Strategic Project Charter Checklist
- Task-Definition Form

For more information and tool updates, visit *www.thepmci.com*.

The Problem with Project Management



After reading this chapter you will be able to

- Understand why so many projects are not successful
- Understand how knowledge, expertise, and process are the keys to change
- Understand the STO model and the problems it illustrates
- Be able to use this book as a tool in understanding project management

A Story From the Frontlines

Frank Coleman, the Vice President of Operations at ABC Corp., approached his office. It was Monday, 6:00 A.M. Frank usually came in very early, because it was the only time he could get any work done without being interrupted. He knew before he rounded the corner into his office what he was going to see. Sure enough, stuck to his monitor, keyboard, chair, and desk were several dozen yellow notes. He placed his briefcase next to his desk and noticed the flashing light on his phone—a sure sign his voice mailbox was full again. Frank took the notes off his chair and cleared a path on his keyboard and monitor. He would look at all the notes later. Frank ran his hands through his hair and sank into his chair. He drew in a deep breath and let it out slowly as he logged into ABC's intranet. After the usual login messages flashed by, the e-mail

system displayed 150 unread messages, at least half of which began with the word URGENT. Frank groaned, leaned back in his chair, and closed his eyes.

For Frank, this was the normal start of any day—problems and more problems. For the first time this day, he wondered why people here couldn't solve more of their own problems. His priorities were clear; as a member of the leadership team, he wanted his people to get things done on the projects that were assigned to them, but nobody seemed to be able to do that. There were just too many projects!

He opened his briefcase and took out a pile of papers that he had been working on and found the Thompson file. He really needed to finish his review of the client proposal today. He wondered if Stevens had completed the resource estimates that he needed for this proposal. He really did not want to wade through e-mail right now to find them, so he continued working on another part of the proposal. Even as he did so, in the back of his mind he wondered where they would find the resources to do this project for the client. He would have to hire new people and increase his budget. How was he ever going to justify that? If only his people could be more productive.

As the thought struck him, Frank sat back in his chair and reflected. What else could he do to get his people to be more productive? They had already spent a small fortune buying and implementing that new enterprise-wide project management tool, and they had trained everybody on how to use it. Yet, he still could not get a simple progress report once a month, let alone once a week, that he could understand and share with the CEO and CFO.

A sharp, tense voice startled him. "Got a minute, Frank?" It was Bob Jenkins. "Sure, Bob. What's up?" he answered, knowing full well what Bob was going to say next. On Friday afternoon he had transferred two people from Bob's project team to another project after Paul Bruce

complained that his project was going to miss an important deadline if he did not get more resources.

“Frank, how can you expect me to get anything done if you keep taking all of my resources away? I’m down three resources since my project began, and we were understaffed to begin with. We are already on the verge of being late and this will push us over the edge! You know that Deakins is one of our biggest accounts. If we don’t deliver on time this time, we may lose this account. Just what am I supposed to tell them when we meet on Wednesday? Two fewer bodies around the table won’t go unnoticed.”

Frank took another deep breath as he considered what to say to Bob. He really wanted to tell him to figure out a way to get things done himself, but he knew that would only make Bob angrier. He understood that Bob needed the resources he had shuffled, but he did not have any extra resources to spare. Which project should he shortchange next? Perhaps the Jones project could spare some people. No, they had missed a deadline last month and could well miss one this month even if they kept all of their people. How about XYZ Company? No, he had talked to Gina about that a couple of weeks ago; they had no people to spare either. Wait a minute! There were three people tied up on the internal HR payroll project. If they moved back the schedule on that one, it would not impact any clients. He would get the extra resources from HR to placate Bob. He would just have to deal with Marge Betters, the Vice President of Human Resources. He would worry about that later.

“Frank! Did you hear what I just said?”

“I heard you, Bob. I was just trying to figure out what to do. I’m sorry that I had to move those people on Friday, but the Osterly project had a real emergency. I know they wound up working all weekend. I might be able to replace those resources. Are you sure you can’t just make do with the resources you have for the time being?”

“Make do? I told you, we were behind before you started taking away all of my people.”

“And why is that, Bob? I gave you all the resources that you said you needed when you started the project. What went wrong?”

“It wasn’t our fault. The people over at Deakins didn’t get their requirements to us until two weeks after the deadline. With cooperation like that, what am I supposed to do?”

“All right, Bob, I’m making no promises, but I will try to find additional people for your team.”

“Okay, Frank, but the sooner the better. Oh, by the way, you need to know that people are really getting upset these days. The people you moved to the Osterly project were frustrated at getting the call to work all weekend on a Friday. They’re not the only ones. We’ve got a lot of people who are unhappy; every time they turn around, they’re on a new project. They don’t have any idea what we’re expecting them to do. There’s a lot of grumbling going on.”

“Okay, see what you can do with the rewards program to make them feel better, but they are just going to have to get used to it for a while. The hiring freeze really ties my hands.”

Frank thought he could not be too tough on Bob; he worked hard and seemed to be at the office night and day. It was not like Bob was sloughing off or anything. He would call the head of the HR project with the bad news when he had a moment. Frank returned to the Thompson file and continued working. This time, he was lucky, and no one interrupted him for 30 minutes. Occasionally, as he was working, he heard the telephone ring, but he ignored it. For some reason, when it rang around 8:15 he glanced up to see who it was and picked up the receiver.

“Frank Coleman.”

“Frank, it’s about time you picked up the phone.” It was Amanda Stevens, VP of Manufacturing at Bigelow Company.

“Morning, Amanda, how are you?”

“Not very happy,” snapped Amanda. “Did you know that we have not received the prototype of the new widget that you are designing for us?”

Why didn’t he know that? If his people could not use the new project management tool to report their status, couldn’t they at least warn him when there was a problem?

“Amanda, I am pushing them to get it to you ASAP.” Well, at least he would, once he got off the telephone and could get down to Perry Smith’s department to find out what was going on. They had better have a good reason for missing the deadline.

“You know, Frank, we have been very good clients of yours for over ten years, but the way you handle things lately is unacceptable. We can occasionally handle delays, but the real problem is that we never hear from your people at all. We don’t know what is going on until it’s too late. Instead of an asset, you are becoming a liability and a huge risk for us. In the case of this widget, we already have our production and marketing plans in place, are setting up equipment, and bringing new people on. This delay could cost us serious money, and if it does, it will cost you money as well!”

Frank reassured Amanda. “If it comes down to that, we’ll make it right.” And if it came to that, Frank also knew that he would have an angry CEO and CFO to deal with.

“I’ll tell you what Amanda, I will take a walk down to the prototype group, see what’s up, and call you back.”

“You’ll call me back today? Is that a promise?”

“As soon as I know something, I will call you.”

“Okay, I expect to talk to you later,” and Amanda abruptly hung up.

Frank shot out of his chair and headed downstairs toward the prototype team. Halfway there, he looked at his watch and realized that he had a meeting with Jim Barnett, the CEO, in five minutes. “It will have

to wait until after my meeting,” Frank muttered. As he reversed direction, he almost ran into Maria Dellarme. Like everyone else he had encountered so far this day, Maria did not look happy.

Maria scowled at Frank. “Did you approve the new vendor contract that the Meridian plant project is using? This is going to cost us a ton of money. You know we have a hiring freeze on, and you can’t get around that by hiring vendors instead of employees. If you need resources, you’ll just have to wait until the freeze is over and I can approve the hiring of new employees for the project.”

“Actually, I did approve it,” he told Maria, his tone rising as well. “Without those resources, we can’t finish all this work that has to be done. The contract is signed; we’ll just have to deal with it. Look, Maria, I have a meeting to get to right now. When it’s over, I will give you a call.”

“Well, all right,” Maria said, “but it’s your budget that’s going to be busted!”

Frank had forgotten about the contract. He had meant to go and talk to Maria about it but had never gotten around to it. “Just what I need, another fire to put out today.” He was already ten minutes late.

Frank rounded the corner to the executive suite at a jog. Marge, the CEO’s administrator, just looked at him and gestured to Jim’s door. Jim hated when people were late for meetings.

Jim was on the phone with his back to the door when Frank walked in. Frank just stood there until Jim turned around and waved him to a seat. While he continued to talk on the phone, he pointedly looked at his watch. Frank took another deep breath and sat down, trying to keep a neutral expression on his face. Jim finished his conversation and put down the receiver.

“Frank, I wanted to speak to you about the Dawson project,” he started. Frank cringed inwardly. He had just put the Dawson project on hold. He knew that it was the CEO’s pet project to develop a new

product to test in the market, but there were just no resources to work on it.

“I understand that you put the project on hold. Why?”

“Well,” Frank started, attempting to gather his thoughts. “We just don’t have the resources to work on it right now. We have a number of other prototypes for existing clients that we need to finish, and we just don’t have the people to do it all.”

“Be that as it may, Frank, the research on this new product concept indicates that it would help boost our market share considerably.”

Frank could not disagree with that, and Jim’s ideas for new products were usually right on target. But how could he get all the work done?

“Jim, I know how important this project is, but I have people working 50 or 60 hours a week, and important projects are still falling behind. I just have to have more resources to keep up.”

“In our present economy, we can’t do any more hiring. I think that maybe this is a question of organizing your people better to get things done. Frank, when I brought you into the VP Operations job, I felt that you had what it takes to do the job. Don’t disappoint me now!”

Frank left Jim’s office deep in thought. Jim just did not understand. He wanted things done and could not see what was happening. If only he could get some information out of the new project-tracking tool to show him what is really happening. With that thought, he headed down to Perry Smith’s area to see what was happening on the Bigelow project.

Frank got back to his office around 5:30 P.M. His day had been a blur of meetings, consultations, and questions. He felt as if he had done nothing but solve everyone’s problems except his own. As he entered his office, he could see the telephone light still flashing. Frank groaned. Amanda Stevens! He quickly dialed Amanda’s number but only got her voice mail. He returned to his e-mail. The last e-mail in the list was from Amanda Stevens, and the title line was “About Your Promised Phone Call.”

Frank muttered an expletive and shouted, “That’s it!” to an empty office. “People around here have to start learning how to get things done.”

He left a voice mail for his assistant to contact the project management consultant he had spoken to several weeks before. Several days later, Frank had an appointment with Greg Hughes, the consultant he had recently met. Greg was white-haired and a bit grizzled, evidence that he had been around the block managing projects over the years. Frank was back from another one of his interminable meetings when he received a call on his cell phone from reception that Greg was there. Frank stopped by reception and escorted Greg to his office.

“Sorry I’m late, Greg,” Frank started. “I seem to be on a treadmill going backwards these days.”

“Apology accepted,” Greg answered. “I understand that things can get pretty busy.”

After a few minutes of small talk, Greg said, “Frank, tell me what you think the problem is here.”

“I really don’t think that our people know how to manage projects. It seems like everything that we are trying to get done is either late, costing us a bunch of money because of mistakes, or just sitting still in the water. My people understand what must be done, they know when things are due, yet they still can’t get things done. I spend all my time either getting on their backs to move things along or placating our clients. All I hear from my people is a bunch of excuses about why they can’t perform. I even hired more staff and that didn’t help. I really think that we need to train them all up on project management. What kind of course do you folks give?”

“Well, before we talk about training, could I ask a couple more questions?”

“Sure,” Frank replied.

“You’ve told me a little about your problem, but could you tell me more about *why* you feel that training is the solution?”