The Future of Project Management

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For more than fifty years, project management has been in use but perhaps not on a world-wide basis. What differentiated companies in the early years was whether or not they used project management, not how well they used it. Today, almost every company uses project management and the differentiation is whether they are simply good at project management or whether they truly excel at project management. The difference between using project management and being good at project management is relatively small and most companies can become good at project management in a relatively short time period especially if they have executive-level support. But the difference between being good and excelling at project management is quite large.

Companies such as IBM, Microsoft, Siemens, Hewlett-Packard and Deloitte, just to name a few, have come to the realization that they must excel at project management. IBM has more than 300,000 employees with more that 70 percent outside of the United States. This includes some 20,000 project managers. Hewlett-Packard (HP) has more than 8000 project managers and 3500 PMPs. HP desires 8000 project managers and 8000 PMPs.

Executives Change their View of the Importance of Project Management

The companies mentioned previously are performing strategic planning for project management and are focusing heavily on the future. Several of the things that these companies are doing will be discussed in this paper, beginning with senior management's vision of the future. Years ago, senior management provide lip service to project management. Today, senior management maintains a different view of project management as seen in the table below:

EXECUTIVE VIEW OF PROJECT MANAGEMENT

Old View	New View
Project management is a career path	Project management is a strategic or core competency
We need our people certified as a PMP®	We need people certified in project management and in business processes (certification boards)
Our PMs need traditional organizational behavior training	We need specialized organizational behavior training

Project management is no longer regarded as a part-time occupation or even a career path position. It is now viewed as a strategic competency needed for the survival of the firm. Superior project management capability

can make the difference between winning and losing a contract. To illustrate how important project is to customers, consider the following four requirements that now appear in requests for proposals (RFPs):

- Show us the number of PMPs in your company and identify which PMP will manage this contract if you are the winner through competitive bidding

- Show us that you have an enterprise project management methodology that has a history of providing repeated successes

- Show us the maturity level of project management in your company and identify which project management maturity model you used to perform the assessment

- Show us that you have a best practices library for project management and your willingness to share this knowledge with us as well as the best practices you discover on our project

For more than twenty years, becoming a PMP was seen as the light at the end of the tunnel. Today, that has changed. Becoming a PMP is the light at the entryway to the tunnel. The light at the end of the tunnel may require multiple certifications. As an example, after becoming a PMP, a project manager may desire to become certified in:

- Program Management
- Business Analysts Skills or Business Management
- Business Processes
- Managing Complex Projects
- Six Sigma
- Risk Management

Some companies have Certification Boards which meet frequently and discuss what certification programs would be of value for their project managers. Certification programs which require specific knowledge of company processes or company intellectual property may be internally developed and taught by the company's own employees.

Executives have come to the realization that there is a return on investment on project management education. As such, executives are now investing heavily in customized project management training especially in the behavioral courses. As an example, one executive commented that he felt that presentation skills training was the highest priority for his project managers. If a project manager makes a highly polished presentation before the client, the client believes that the project is being managed the same way. If the client makes a poor presentation, then the client might believe the project is managed the same way. Other training programs that executives feel would be beneficial for the future include:

- Managing complex projects
- Establishing key performance indicators (KPI) and dashboards
- How to perform feasibility studies and cost-benefit analyses
- How to validate and revalidate project assumptions
- How to establish project governance
- How to manage multiple stakeholders
- How to design and implement "fluid" or adaptive enterprise project management methodologies
- How to develop coping skills and stress management skills

Engagement Project Management

With project management viewed as a strategic competency, it is natural for these companies to be strong believers in "engagement project management" or "engagement selling." Years ago, the sales force would sell a product or services to a client, and then move on the find another client. Today, the emphasis is on staying with the client and looking for additional work from the same clients.

In a marital context, an engagement can be viewed as the beginning of a life-long partnership. The same holds true with engagement project management. Companies like IBM and Hewlett-Packard no longer view themselves as selling products or services. Instead, they view themselves as business solution providers for their clients, and you cannot remain in business as a business solution provider without having superior project management capability.

As part of engagement project management, you must convince the client that you have the project management capability to provide solutions to their business needs on a repetitive basis. In exchange for this, you want the client to treat you as a strategic partner rather than as just another contractor.

Decades ago, the sales force (and marketing) had very little knowledge about project management. The role of the sales force was to win contracts, regardless of the concessions that had to be made. The project manager then "inherited" a project with an underfunded budget and an impossible schedule. Today, sales and marketing must understand project management and be able to sell it to the client as part of engagement selling. The sales force must sell the company's project management methodology and the accompanying best practices. Sales

and marketing are now part of project management.

Engagement project management benefits both the buyer and the seller as seen in the table below.

BEFORE AND AFTER ENGAGEMENT PROJECT MANAGEMENT

Before Engagement Project Management	Before Engagement Project Management
Continuous competitive bidding	Sole-source or single-source contracting (fewer suppliers to deal with)
Focus on near-term value of the deliverable	Focus on lifetime value of the deliverable
Contractor provides minimal support for client with their customers	Support client with their customer value analyses (CVA) and customer value measurements (CVM)
Utilize one inflexible, linear EPM system	Access to contractor's many nonlinear systems

The benefits of engagement project management are clear:

- Both the buyer and the seller save on significant procurement costs by dealing with single-source or sole-source contracts without having to go through a formalized bidding process.

- Because of the potential long-term strategic partnership relationship, the seller is interested in the lifetime value of the business solution rather than just the value at the end of the project.

- You can provide life-long support to your client as they try to develop value-driven relationships with their clients.

- The buyer will get access to many of the project management tools used by the seller. The corollary is also true.

Managing Nontraditional Projects

For more than three decades, we have become experts in how to manage traditional projects. These traditional projects can be for internal as well as external clients. With these projects, the statement of work is reasonably well-defined, the budget and schedule are realistic, reasonable estimating techniques were used, and the final target of the project is stationary. We use a project management methodology that has been developed and undergone continuous improvements after use on several projects. This traditional methodology focuses on linear thinking; we follow the well-defined life cycle phases and we have forms, templates, checklists and guidelines for each phase.

Now that we have become good at these traditional projects, we are focusing our attention to the nontraditional or complex projects. The table below shows some of the differences between managing traditional and nontraditional projects:

TRADITIONAL VERSUS NONTRADITIONAL PROJECTS

Managing Traditional Projects	Managing Nontraditional Projects
Single person sponsorship	Governance by committee
Possibly a single stakeholder	Multiple stakeholders
Project decision-making	Both project and business decision-making
Inflexible project management methodology	Flexible or "fluid" project management methodology
Periodic reporting	Real time reporting
Success is defined by the triple constraint	Success is defined by the triple constraint and value
KPI are derived from EVM	Unique value-driven KPI

Companies like IBM, Hewlett-Packard, Microsoft and Siemens are investing heavily to become solution providers and assist clients on a world-wide basis in managing nontraditional, complex projects. Some of the distinguishing characteristics of complex projects, just to name a few, include:

- Working with a large number of stakeholders and partners, all at different levels of project management maturity, and many of whom may not even understand the technology of the project

- Dealing with multiple virtual teams located across the world, and

where decisions on the project may be made in favor of politics, culture or religious beliefs

- Long term projects that begin with an ill-defined scope, undergo numerous scope changes, and where the end point is a moving rather than stationary target

- Working with partners and stakeholders may have limited project management tools and antiquated processes that are incompatible with the project manager's tool kit.

New Developments in Project Management

For companies to be successful at managing complex projects on a repetitive basis and function as a solution provider, the project management methodology and accompanying tools must be fluid or adaptive. This means that you may need to develop a different project management methodology to interface with each stakeholder given the fact that each stakeholder may have different requirements and expectations, and the fact that most complex projects have long time spans. The figure below illustrates some of the new developments in project management:

NEW DEVELOPMENTS IN PROJECT MANAGEMENT

The five items in the figure fit together when done properly.

- New Success Criteria: At the initiation of the project, the project manager will meet with the

client and the stakeholders to come to a stakeholder agreement on what constitutes success on this project. Initially, many of the stakeholders can have their own definition of success, but the project manager must forge an agreement.

- Key Performance Indicators: Once the success criteria are agreed upon, the project manager and the project manager will work with the stakeholders to define the key performance indicators that each stakeholder wishes to track. It is possible that each stakeholder will have different KPI requirements.

- Dashboard Design: Once the KPI are identified, the project manager, along with the appropriate project team members, will design a dashboard for each stakeholder. Some of the KPI in the dashboards will be updated periodically whereas others may be updated on a real time basis.

- Measurement: To update the dashboards and the KPI requires measurement. This is the hardest part because not all of the team members or strategic partners may have the capability to track all of the KPI.

- Governance: Once the measurements are made, any decisions necessary must be made or supervised by the governance board. The governance board can include key stakeholders as well as stakeholders that are just observers.

Conclusions

The future of project management may very well rest in the hands of the solution providers. These providers will custom-design project management methodologies for each client and possibly for each stakeholder. They must be able to develop project management skills that go well beyond the current PMBOK® Guide and demonstrate a willingness to make business decisions as well as project decisions. The future of project management looks quite good, but it will be a challenge.

Other Kerzner White Papers:

- ■ *Project Health Checks*

- ■ *Recovery Project Management: Techniques and Tactics For Reversing Failing Projects*

- ■ *Twenty Common Mistakes Made By New or Inexperienced Project Managers*