

How to: Make a Company Project-friendly



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Summary: The process an organization used for projects affects the project success rate as much as the project manager's skill.

1. Even Strong PMs can crash & burn
2. Out of control tower
3. Implement a process

In tough times, organizations do many projects to improve efficiency, increase sales and cut costs. But too many of these project finish late, cost more and produce less benefit than planned despite having capable project managers. At least half those failures are the result of weak company project processes. It has been my experience working with over 300 organizations that improvement in those processes can improve project success rates from 30% to more than 70%. Let's look at the components of that foundation for project success.

The Out-of-Control Project Process

Like a small rural airport, companies with few projects have success without exercising any control over the flights that take off, their destination or the provision of crews and fuel. But as the number of projects increases in a company, the failure rate always increases alarmingly because volume makes several problem worse.

First, there are always "Dumb projects" whose very pointlessness is the butt of water cooler humor. But when resources are desperately needed by valuable projects, the laughter stops. Organizations need to control the initiation of these pointless and valueless new projects before they consume resources. There is no need for a big bureaucracy, just some rules about specifying the business benefit of each new project in measurable terms. And, the sponsoring executive takes responsibility for delivering that result.

When we implement that simple process, we always see a lot of projects get cancelled. What has to happen is that poorly conceived projects never make it past the organization's initiation process because their business value is lower than other projects. Every newly accepted project is squeezed into the priority structure. A new high business value project that we give a high priority will take resources from other projects, as it should.

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Second, every project manager wants the best possible people for the team. As project volume grows, we see first line supervisors devoting too much of their time to projects that want their expertise. We also see project managers competing for resources and non-management people making the decision about which project gets worked on first. What the company needs is a simple process for allocating resources based on the project's business value used during initiation. We allocate the available hours to projects in priority order and the project with the smallest business value waits.

Third, there are always "pig projects" that go on forever, delivering little value, but gorging themselves on scarce resources and adding a new mission every few months to justify their continuation. Again we have resources consumed for too little benefit. Companies need a mechanism to send the pigs to the slaughter house and free up the resources for projects with more strategic value. The resource allocation should be reviewed regularly and the pig projects terminated when their priority drops.

As organizations implement this project process the temptation is to control only the big projects. However, it is customary to find that "puppy projects" those little projects that no one notices, consume 40-50% of an organization's resources for project work. Those puppies are off the radar but we can't improve project performance without controlling them.

IMPLEMENTATION

The first step in the process is to define projects, their major deliverables and individual team member assignments by the business value they will produce. Those metrics or acceptance criteria provide a better foundation for estimating the work, which is the basis of resource allocation.

The second challenge is political. The managers at all levels have to buy into the control over project initiation. All organizations control capital expenditures and don't allow managers to spend big amounts without prior approval. Project initiation is no different as the aggregate amount spent on projects is always significant.

The third challenge is conflict. Not every project can be priority #1 and the process requires conflict management until people realize the benefits of managing projects based on their business value.

Take a look at our [Enterprise Project Management](#) section for guidance on the organizational processes and information on our consulting services.