

## Strategic Project Reach



**By Dick Billows, PMP, GCA**

**The real disaster projects, those projects that organizations restart every three years, fail because organizations aim at the wrong business value target.**

"Reach" defines how far the project reaches out in defining its business value. Some projects do not reach beyond the boundaries of the sub-unit from which the team members are drawn. Other projects reach out and measure their success in the customer's eyes.

If the reach of a project is wrong for the business situation that the organization faces, the odds of top management being satisfied with the project and its manager are poor. This is, however, no simple issue. The thinking is as complex as are the factors we need to consider. Let's investigate the typical process organizations use for conceiving projects and then explore the "reach" techniques.

### Conceiving Projects

Most organizations have a new Holy Grail every three years or so. More schizophrenic organizations have a new Holy Grail every six months. The Holy Grail might be improving customer service, reducing costs or headcount, gaining market share or launching a particular new product. Now, savvy project managers and sponsors know that linking their new project to the current Holy Grail is the easy path to project approval and lavish funding. So organizations see a lot of project proposals that talk about how they will achieve, contribute to, facilitate or provide functionality for the current Holy Grail.

The organization usually winds up approving dozens of these Holy Grail projects. Executives hope that somehow this mess of uncoordinated projects will deliver the Holy Grail. If the Grail is to improve customer service, projects for new customer service systems, training, better new hires, new compensation systems and customer-oriented re-structuring spawn in every department. Each project justifies itself by singing about the Holy Grail of customer service. But their success measures are to install the new system, conduct the training, make better new hires and so. No one actually conceives a project whose object is to measurably improve customer service.

It's easy for these projects to gain weight and become pig projects,



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aimlessly wandering the organizational landscape stuffing their snouts with new tasks and costs that seem to be related to the Holy Grail. It's no wonder that top management soon tires of funding these pigs and sends them to the slaughter house because customer service has not improved.

## Handling the Real Issue

None of the PMs or sponsors in the above example justified their project by saying, "Today 31% of our customers rate our service as outstanding. When our project is done, 75% of the customers will rate our service as outstanding." This measure of project success has a big reach. It spans departmental boundaries and reaches out to define its success in the customer's eyes. Projects with a big reach are tough to manage. They touch on many people's turf. They require that a PM meld the efforts of the geeks from IT with the flakes from sales and the grunts from operations. And, worst of all, projects with a substantial reach may even require that we talk to customers to find out what they want.

The other challenges of reaching out when we define a project's objectives are controllability and the amount of organizational change we have to manage. If we pick a measure of project success that is too big, we buy into a host of external variables that may not be within the project manager's control. Second, big reach projects usually entail significant degrees of organizational change which is a high risk element. Thus we have to balance three ideas: 1) reaching out far enough to achieve a strategically significant result, 2) avoid taking into our project an unacceptable level of uncontrollable factors or 3) avoid so much organizational change that we have no chance of success.

It's much easier to talk in vague terms about delighting the customer, providing required functionality, enhancing the employee skills inventory and stream-lining delivery systems. Everyone agrees that this herd of mushily defined projects has achieved nothing of strategic value, but since usually nothing measurable was promised, we cannot identify success or failure. Often organizations do not even bother to measure anything except how the actual duration and budget compared to the plan.

When organizations and their executives finally tire of funding dozens or hundreds of projects that never deliver, they begin to seek projects and project managers whose efforts reach into and affect the outside world. But the question is, how do we stimulate them? How do we weed out the weak and identify the sleek, highly focused project?

We must insist that project managers and sponsors engage in the conceptual thinking required to plan projects from the end result they will achieve. This is a great deal more difficult than planning the activities we will include in the project. Only then can we properly marshal the cross-functional resources we require to actually have our project change performance in the outside world. Only with a measured result as the focus of our project, can we subdivide this measure of success into clear assignments for which we can hold members of the project team accountable for delivering.

## The Strategic Situation

Sure you know project management, but try your hand at the case below and decide which project is the right one to do. You are Pat, an IT executive, who must balance targeting a worthwhile corporate objective with having a project whose objective you can control and attain. There is no one correct answer so submit your analysis and conclusions to PMtalk@usa.net and we'll publish the best ones to the membership. Your editors will be the sole judges, and the winner will receive the four books in our project management library as a prize.

"Thanks for getting here so fast, Pat," the EVP said. "Did you see this morning's paper?"

"Yes, I left our IT executive staff meeting as soon as I got your message. That article was not good. The consumer affairs reporter really ripped us. You didn't even have to read the article, the headlines and block quotes were enough:

On hold for 38 minutes.

Referred to three different people none of whom could solve my problem.

Finally, someone said they understood my problem and they'd do some research and get back to me. That was three weeks ago and I still haven't heard."

The EVP frowned, glancing down at the mahogany desk and then looked up, "It's the systems. Our customer service reps just don't have the tools to do the job. The latest customer survey was awful. Let's give thanks that no one leaked that to the reporter."

Pat said, "I haven't seen it."

The EVP opened the desk drawer and pulled out a thick, black-bound notebook. It's all here and it's not good. The EVP flipped to the first page and ran a finger down the list and read.

47% of all customers rate our service as poor or unacceptable

Only 4% think our service is excellent

68% found a billing error in the past 6 months

81% say they are kept on hold too long

34% say our people are abrupt, rude or discourteous on the phone

In the focus groups, the customers said they like our competitor's service because they never wait more than 30 seconds and can talk to one person about orders, billing problems, scheduling service and anything else. We, however, send them to a different person for each problem or need.

The EVP looked up from the report and said, "Those oh-so-arrogant consultants who did this work finished up by telling me that bad customer service is the primary cause of our market share dropping from 61% to 53% over the past year. Although they did add that new products and cost-cutting by the competition were also important factors. Why do we hire those clowns?"

"What does Dana say?" Pat asked, referring to the VP responsible for the Customer Service Department.

A voice from the doorway said, "Dana was found with slashed wrists in the Customer Service building, but the phones kept ringing and none of the phone reps noticed."

The EVP said, "At least you haven't lost your sense of humor, Dana."

"Yeah, the article this morning was real funny. Are my staffing, training and systems requests going to get some attention now? Will you get those Reengineering people out of Customer Service? It is idiocy to think we can make more staff cuts and, as importantly, my first and second level managers have to have time to manage their units."

Dana turned to face Pat, "We need that new customer service project now. I know they gave you higher priorities, but we will never solve this problem if it takes us six months to teach a new rep to learn the systems. It's difficult to find people bright enough to learn it and when we do, 35% of them leave within a year. It's a tough job and all the overtime leads to more absenteeism and turnover. It's a real death spiral."

The EVP nodded in agreement, "We should have paid more attention to your issues, but new products and cost-cutting have been the Holy Grail. And they still are. Funding all this is going to be tough and we have to make some progress quickly. You may have noticed in the article that I told the reporter we were working hard to improve service. I might have mentioned a six month time frame."

There was a long pause and then Dana said, "You promised much better service before the end of the year. That's just six months."

"Did you want me to say to her, "We're doing nothing; we like having angry customers?"

Pat asked, "So do you want me to design a new system or do another fix on the old?"

Dana smiled and lifted a thick stack of paper onto the EVP's desk. "I don't care what's in the black box. Here's what we want, Pat, screen displays, report layouts and processing capabilities. It's the one-stop shopping system we've been requesting for years. Give us those capabilities and we'll do the job. It'll cut the learning curve, make training my people much easier and let the reps answer questions faster without redirecting calls. It'll cut waiting times and let my people give customers the right answer without having to go dig in the files."

Pat reached for the stack of documents and flipped through them as the EVP asked Dana, "Will the system changes alone do it?"

"No, we need better training programs, a better call system and more staff. I need to get back to at least the staff level I had before reengineering and maybe even 10% above that."

"Ouch," the EVP said. "I have to keep costs pretty close to the current level or I'll be reengineered. Won't the new system make your people more productive so you can improve service without additional staff?"

"Some, but I still need the headcount to improve quality and timeliness."

Pat felt the eyes of Dana and the EVP and looked up from the stack of report layouts and screen displays. "So exactly what are we going to do?"

## Try it

Analyze the business situation from the perspective of Pat, the IT executive. Conceive one or more measures of project success and justify your choice of project objective.