

# EXPERT SERIES

The “Expert Series” is a collection of articles, papers and writings by PM Solutions’ associates and other industry experts that provides insight into the practice and value of project management.

## **Optimizing Human Capital with a Strategic Project Office: How to Select, Train, Measure and Reward People for Organization Success**

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### **Abstract**

As two realities of the modern marketplace converge—projects as the engines of growth, and people as the engine of projects—we find our traditional methods of dealing with human resource issues becoming dated. The strategic importance of human capital has grown exponentially as the workforce has changed from “strong backs and capable hands” to “flexible and creative minds.” This presentation expands on one aspect of the Strategic Project Office (SPO): its potential to transform an enterprise by making the most of people. We’ll summarize current thinking and offer a model of how implementing project-friendly human resource management practices under the auspices of an SPO can help your organization execute business strategies more effectively.

### **Introduction**

Most project problems aren’t technical problems—they are “people problems.” That’s not because project managers and teams are comprised of difficult personalities, it’s because they are often subjected to management policies that are counterproductive. Project managers and teams are *knowledge workers*—and project management is flourishing in the knowledge economy. Yet our systems and methods of managing people in organizations were designed for the Industrial Age. The poor fit between human resources (HR) practices and project realities is well known: for years, organizations have struggled with project manager selection, team rewards, and performance measurement that is geared to projects instead of to bureaucratic cycles.

What’s the answer? A study of the literature on managing knowledge workers, carried out by the Center for Business Practices in 2003, yielded many solutions for the “human issues” of managing projects. In this paper, we will explore best practices for the selection, retention, development, and performance measurement of project managers and team members. And we will discuss how these project-friendly human resource management processes can best be implemented under the auspices of an enterprise-level, or Strategic, Project Office. We’ll also share the results of our research into job design for project managers and other project staff, to help you take the first steps towards project management competency-based management of your project talent.

### **The Value of Human Capital in Project Management**

“Human capital’ isn’t a project management term,” we were told by several project management experts when we discussed the proposed title of our forthcoming book (Crawford and Cabanis-Brewin, 2005). They urged us to change the title to make sure it caught the interest of project management practitioners. But after much discussion, we decided to go with it. Our view: if human capital isn’t of interest to project management experts, it ought to be. You only have to look at research on project failures to know that human motivation, intelligence, attention and attitude are key factors in project success—or failure.

#### People Problems:

- » The majority of problems on projects are caused by human issues, not technical issues. (Randolph, Posner 2002).
- » “All project failures are political” (Johnson, 1997).

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- » Companies find it hard to attract and retain excellent project talent, and the ability to do so will differentiate winning companies in the future. (McKinsey & Co., 1998)
- » Three out of four executives say that the people who work for them do not have the right skills to execute effectively (Benchley, 2001).

As these statements make clear, there is broad recognition, both on the project level and on the executive level, that better human resource management—or “talent management,” to use a term more congruent with the management of knowledge workers—makes the difference between success and failure. Yet even though 74 percent of senior execs say that people-related issues are more important to a company’s success than ever, 57 percent said their companies never or rarely measure the impact of HR investments on employee satisfaction (Accenture, 2003).<sup>i</sup> Thus, in many companies, knowledge workers—the majority of them also project team members—continue to be managed and rewarded as though they were units of labor on an assembly line. Companies continue to try to measure the value of knowledge work as though it were the same as widget manufacture. They use industrial-era models to measure corporate performance. They devise strategy in a top-down fashion. They focus on tweaking operations and “automating the cowpath” while ignoring the breakthrough projects and new competencies that are central to their future success. And when these antiquated policies fail, companies still act as though labor were nothing but a cost center, and try to downsize their way to greatness.

These policies fail because *human capital* is the key to the knowledge-intensive work carried out in projects. In fact, knowledge and other intangible assets now represent 80% of companies’ market values (Kaplan and Norton, 2001). For those companies that succeed in creating an environment friendly to knowledge sharing and transfer, where people feel they can reach their potential, there’s now have quantifiable proof of a sizable return. Research has shown that even a modest improvement can have a significant bottom-line impact (Accenture, 2003; Fitz-Enz, 2000; Watson Wyatt, 2004).<sup>ii, iii</sup> HR research firm Watson Wyatt’s “Human Capital Index” (HCI) has established a solid link between a company’s human capital practices and corporate profitability. Project-oriented organizations have the advantage, since the management of projects is founded on some of the high-value practices noted in the HCI, such as a culture that encourages teamwork.<sup>iv</sup> The practices with the strongest links to financial success include easy access to technologies for communicating, employee input into how work gets done, and a “collegial, flexible workplace.” Other research has identified project-friendly HR practices within the research and development field (see Table 1).

**Table 1. HR Practices That Build Long-term Relationships with Knowledge Workers**

*Notice that a “management-by-projects” theme runs through these tips:*

Design work arrangements to provide sustained opportunities for interesting work; for example, through job rotation
Provide training and development to build new competencies or to broaden business knowledge or managerial skills
Employ HR practices that reflect concern for individual employees such as employee participation, community building, and lifestyle accommodations.
In recruiting posture, focus influencing the “joining behavior” of knowledge professionals, who prefer collegial, team-based workplaces
Pay close attention to the management of important relationships, throughout the organization and beyond.

*Source: Ritu Agarwal, Crafting an HR strategy to meet the need for IT workers, Communications of the ACM, July, 2001.*

Why does managing by projects help to relieve many of the persistent people and performance problems that business faces today? One expert has identified the “zest factors” that evoke the kind of high performance we often experience during a crisis. These factors include:

- » A clear challenge with a specific goal
- » Urgency that requires immediate action and stirs commitment
- » A sense of teamwork and cooperative action that crosses boundaries
- » The pressure of necessity and a flexibility in work arrangements that creates innovation and new leaders (Neiman, 2002).

These “zest factors” are part and parcel of projects, but they are often absent in day-to-day work life (operations). Organizing work into short-term initiatives (projects) with goals, deadlines and achievable visions, keeps the “zest factor” current. Because projects are performed by teams, it also facilitates knowledge creation and transfer. When project managers and teams work within an organizational system that supports the project paradigm, the resulting work environment is one that energizes people, achieves goals, and promotes flexible responses to organizational challenges and opportunities.

This kind of organizational climate doesn’t happen by accident. “At the heart of organizational project management capability is the company’s ability to empower and support project managers,” says Oxford University’s Christopher Sauer. “Individuals [when] human resource policies and the organization’s values encourage them to feel they have a personal stake in helping the organization perform better in the long term.”<sup>v</sup> (Sauer, et al, 2001). Sauer, in his study of successful project-based organizations, points out that organizational capability is built from the ground up: by making it possible for the people who do projects to do their best. Therefore, in order to optimize the benefits of project management, organizations need to completely change their approach to hiring, managing, and developing project personnel to a competency-based management model. They need to aggressively develop the knowledge, skills, and competencies of their project management staff, and focus on both developing the individual and on linking organizational roles to individual skills. This isn’t a small change. Once a company begins viewing role description, recruitment, rewards, and professional development through the lens of competence, many time-honored structures and patterns existing in our human resource management will change. Behaviors in the workplace are the building blocks of competence, but they are also an expression of organizational culture. It’s no exaggeration to say that designing organizational human resource processes around competence on projects is a paradigm shift.

### **A Solution That Works: Competency-Based Management by Projects**

Implementing competency-based management for project personnel, under the auspices of an enterprise-level project office, moves an organization toward improved project management capability in three important ways:

1. Through a competency assessment program, it identifies what “best project managers” actually do, as well as the gap between the current competency levels and desired levels. This allows the organization to focus training and development where it’s most needed.
2. Matching project manager and team competencies with the types of projects they are prepared to handle will result in more effective project execution, and thus better organizational performance.
3. The detailed and rational job descriptions developed in the process of defining competencies and best work practices revolutionizes recruitment, development, and performance management, giving knowledge workers an equitable process for career development while making sure that projects have all the right skills on board.

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In a competency-based environment, you determine the result you need and work backwards from that goal to pinpoint the skills and behaviors that individual players must possess to arrive at it. As roles become more abstract—one of the hallmarks of knowledge work—the difficulty of defining the competencies necessary becomes complex. Skill at typing is easy to quantify; skill in strategic thinking, innovation, or teambuilding much harder. Competence in the work setting is the result of an interplay between several factors:

**Knowledge**, which can be assessed by testing. For project managers, the “body of knowledge” contains more than simply specific knowledge about how to plan and control projects. There’s also knowledge in their chosen discipline (engineering, marketing, information systems, etc.); knowledge of other disciplines that come into play in the industry in which they work, such as regulatory law or technology advancements; and knowledge of the business side (finance, personnel, strategic planning).

**Potential** to perform the role is evaluated through a series of questions that test the ability to think and solve problems in specific situations. Factors to consider include the abilities to handle stress, be flexible, negotiate, deal with corporate politics, and manage personal time; organization skills; and conflict management.

**Skills** are learned behaviors with practical application that require practice to perfect. For a project manager, such skills may fall include their area of subject matter expertise (engineering, marketing, information systems); project management skills related to planning and controlling; and/or human skills (influencing, negotiating, communicating, facilitating, mentoring, coaching). The technical skills become less and less important as the project manager’s responsibility for the managerial skills grows: this is one reason why excellent technologists have often failed as project managers.

**Personal characteristics.** On the intangible, but extremely important, side of the ledger, are things like energy and drive, enthusiasm, professional integrity, morale, determination, and commitment. In recent years, a number of project management writers have focused on these traits as being perhaps the most important for project managers, outweighing technical knowledge and skills.

Potential, skills and personal characteristics are best gauged through the use of a multi-rater tool (sometimes called a 360-degree tool), which allows the acquisition of feedback on the project managers’ behaviors in the workplace from a variety of sources—typically peers, subordinates, supervisors, and/or clients, but always someone who has first-hand knowledge. This type of assessment should focus on the desired behaviors that effective project managers exhibit in the execution of their jobs. A multi-rater assessment provides holistic view of the individual’s project management behaviors and serves as a gauge for determining which behaviors are present or absent, how well the behaviors are displayed, and which behaviors demonstrate areas for potential growth.

Together, the knowledge, potential, and behavior assessment profiles determine the individual’s:

- » Suitability for the project manager job, or if he or she should be redirected toward another career path.
- » Potential to become a superior project manager.
- » Skill area strengths and weaknesses.
- » Need for training and what types of training programs will be most effective.

Because of the impact of excellent project managers on project outcomes, the more qualified the staff is to manage projects, the better the organization will be able to execute, manage, and complete projects. This leads to fewer project failures, increased organizational efficiency, faster project and product delivery times, reduced costs, and higher profitability.

It's worth noting that competency-model experts Lucia and Lepsinger list three things that support organizational success:

- » Competent leadership
- » Competent employees
- » A corporate culture that fosters and optimizes competence (Lucia and Lepsinger, 1999).<sup>vi</sup>

Often in our discussion of competence, we focus narrowly on the personal traits and abilities of individuals. But this is only one level of the three that must be analyzed when seeking to build organizational project management capability: How capable are individuals? How well do the teams they work in function? And how supportive is the organization? Capable individuals still cannot work miracles within dysfunctional teams and organizations. That's why culture change, not merely individual competence assessments, are required.

To develop the organization's project management capability, it is desirable to *institutionalize* the development of individual capabilities. Sauer recommends the project office, as "a focal point in the organization," where an environment conducive to the development and practice of project management capabilities can flourish (Sauer et al, 2001).<sup>vii</sup>

## Staffing the Strategic Project Office

Staffing an enterprise-level project management office –what we call the "Strategic Project Office (SPO)--can be full of challenges. From the one person PMO to the fully mature Strategic Project Office, significant roles and responsibilities are being consistently used by best practice project organizations. Key executive roles and PMO leadership roles are also critical to building an effective project culture.

### Project Manager Selection

Executives spend an average of 16 minutes determining whether a candidate is a good match for a position. As much care should be given to the appointment of a project manager for a mission critical project as is given during the hiring process for a key position in corporate leadership, according to Boston University's project management program leaders.<sup>viii</sup> Yet most organizations have no process for choosing project managers, and little idea what skills and personality traits are needed by project managers to help them succeed. Poor project manager competency accounts for 60% of project failures, according to IT research firm Gartner, Inc. Lost profits due to late, over budget, and failed projects have encouraged more business decision makers to look at project manager competency assessment programs. These in-depth evaluations help CLOs and other executives make better, more informative decisions about the project.

### Project Manager/Team Member Selection

- » Use structured interviews
  - Working from competency-based list of standard questions.
- » Use an employee referral program
  - Meta Group study: 71% of managers said internal referrals were the best source for IT hires
- » Have the technical managers or project managers involved in the selection process

### Developing People

- » Professional development linked to performance measurement
  - View weak areas as opportunities to train
- » Linking competency and training
  - Don't train for skills that are not part of the competency requirements of the present job or future jobs in the same "family"

- » Mentoring and coaching
  - Job rotation
  - Use “stretch” assignments to develop new skills

One of the main reasons for troubled or unsuccessful projects is the lack of qualified, committed project management professionals. In many organizations, employees have very little incentive to assume the position of project manager, largely due to a disconnect surrounding what the role entails. Organizations have historically recognized the technical capabilities of individuals and assumed these skills could be translated into project management expertise. Because of this, professionals who have worked for years to earn the title of senior engineer, technical specialist, or technical consultant are unwilling to exchange their current jobs for the role of project manager. The role is added to their regular job description, instead of being viewed as a legitimate function to be valued by the organization, and that requires a special set of skills. Therefore, many organizations still haven’t connected the value of the project manager to the success of the organization.

A second, related reason is that poor role definition—for all the roles in a project, but especially for the project manager—places even qualified personnel into situations where they are doomed to failure by requiring them to do too much and be expert in everything:

Clearly it’s time for organizations to become more systematic in the way they deal with the human resource challenges posed by the project environment. As a result of our research and experience within Project Management Solutions, Inc., we’ve developed a framework for the division of labor on projects that we think works both for the people and for the project outcomes. Let’s start by examining the historical role of the project manager.

### What Does a Project Manager Do?

The project manager’s challenge has always been to combine two distinct areas of competence:

- » **The art of project management**—Effective communications, trust, values, integrity, honesty, so ciability, leadership, staff development, flexibility, decision making, perspective, sound business judgment, negotiations, customer relations, problem solving, managing change, managing expectations, training, mentoring, consulting; and
- » **The science of project management**—Plans, WBS, Gantt charts, standards, CPM/precedence diagrams, controls variance analysis, metrics, methods, earned value, s-curves, risk management, status reporting, resource estimating and leveling.

Because of the nature of the enterprises that were early adopters of project management (military, utility, construction industries), the profession “grew up” in an environment with a strong cost accounting view and developed a focus on project planning and controls—an emphasis on the science. This is the kind of project management that we think of as being “traditional” or “classic” project management. However, the reality is that it probably simply represents an early evolutionary stage in the life of the discipline. More recently, project management is being used in nearly all industries, and across all functions within those industries. The role of project manager is now very demanding and requires an ever-expanding arsenal of skills, especially “soft” or interpersonal skills.

“New project management” is characterized by a more holistic view of the project that goes beyond planning and controls to encompass business issues, procurement strategy, human resource issues, organizational strategic portfolios, and marketing. The new project management places its focus on leadership and communication rather than a narrow set of technical tools, and advocates the use of project management office in order to change corporate culture in a more project-oriented direction.

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As a result, the role of the project manager has expanded in both directions: becoming both more business- and leadership-oriented on one hand, while growing in technical complexity on the other. The result has been that the title “project manager” today often falls to an individual who is not only poorly prepared for the role, but carries a “kitchen-sink” job description that ranges from strategic and business responsibilities to paper-work to writing code: the “monster job” we discussed earlier. However, there’s hope. The now-widespread use of the project management office means that companies are now developing specialized project roles and career paths, defining specific competencies for these roles, and providing “a fork in the road” that allows individuals who are gifted strongly either on the art side of the ledger—as program and project managers and mentors—to flourish, while allowing those whose skill lies in the science of project management to specialize in roles that provide efficiency in planning and controlling projects. While, on the surface, an enterprise project office may seem to add more bureaucracy, in fact it can simplify project management by making it possible to break out, cluster, and create specialties from the many project management tasks that have up until now often been lumped together into one near-heroic role.

The present challenge is in defining these two separate paths. Because the project leader has been found to be one of the most (if not the single most) critical factors to project success, much published research exists on the roles and skills of project managers. Current industry research has found that a deficient project management workforce is one of the leading culprits of failed projects, which can cost companies millions of dollars annually. In fact, Gartner, Inc. reports that poor project manager competency accounts for 60% of project failures.

And by creating career paths for both technical project managers and leadership-oriented project managers so that senior management can fully appreciate the breadth of the roles necessary to the effective management of projects. Technical project managers tend to focus more on process while business project managers are more concerned with business results. Ideally, a balance between the two is required, determined by the project type, organization culture and systems.<sup>ix</sup> Confusion of roles and responsibilities would be averted if these two very different roles were not both referred to as “project managers,” and this is an important step in developing project-friendly human resource policies.

According to research conducted by PM College in conjunction with Caliper, 70% of the competencies of a project manager overlap with the competencies of a typical mid-level functional manager in Global 2000 organizations. These competencies can be summarized as:

**Leadership**, usually characterized by a sense of ownership and sense of mission, a long-term perspective, assertiveness, a managerial orientation. While management focuses on systems and structures, short range goals, and supervision of *when* and *how* work gets done, leadership focuses on people and relationships, takes a long-range view, and seeks to communicate *why* the work is worth doing. Leaders focus on developing people, creatively challenging the system, and inspiring others to act.

**Problem solving skills** include proactive information gathering/strategic inquiry (this goes hand in hand with the “bias for action”: project managers actively seek out information that might impact the project instead of waiting for it to surface; and apply that information in creative ways); systematic/systemic thinking—project managers must be able to both focus on the details of a problem and see it in the context of the larger organizational or business issues.

**Personal mastery.** Best practice project managers are able to consider their actions in a variety of situations and critically evaluate their performance. This introspective ability enables the great project managers

to adjust for mistakes, adapt for differences in team personalities, and remold their approaches to maximize team output.

**Influencing ability.** The ability to influence others' decisions and opinions through reason and persuasion; the strategic and political awareness and the relationship development skills that are the basis for influence; the ability to get things done in an organizational context.

**Efficiency, Technological savvy, Project Skills, and Personal attributes.** Including

**Honesty.** Project managers are role models for the entire project team. They must conduct themselves honestly and ethically in order to instill a sense of confidence, pride, loyalty, and trust throughout their project team.

**Ambition.** Ongoing behavioral studies establish that ambition is an important factor in business goal achievement. achievement orientation, as defined in the ground-breaking work on motivation by David McClelland, comprises a focus on excellence, results orientation, innovation and initiative, and a bias toward action, and is very desirable in project managers.

**Intelligence**, overall, enables better job performance and occupational success. Nonetheless, while project managers need to be intelligent they don't have to be genius. The project manager should possess strong analytical skills, good judgment, and strategic thinking capabilities. These qualities are more important to project management achievement than natural intelligence.

**Emerging competencies.** Having said all that, the definition of the "good project manager" is a moving target. As economic and cultural factors change, the project manager role alters in response. And, the elements of the role have different importance to different people in the organization. To an employer, a "good" project manager is one who brings the project in on time and doesn't waste any money. To a project team member, it might be more important that the daily environment of the project isn't one that careens from crisis to crisis, accompanied by raised voices and slammed doors.

And, as project managers expand into new industries, additional areas of competency will emerge. the project manager's role is evolving away from technical, tool-based project management (especially in knowledge-based organizations such as R&D), and towards a broader "art" of leadership. But, that doesn't mean the science can be left behind. Equally as important are the competencies that many companies are successfully sorting into a new "starring role": the Project Planner.

### **The Emergence of the Project Planner Role**

The development of the project planner position has been an evolutionary process. Initially, many organizations created a position called "coordinator." The coordinator was responsible for handling administrative tasks, gathering status information, entering data into a timekeeping and scheduling system, and helping to produce status charts.

Over time, additional responsibilities – such as tracking issue and risk logs, analyzing schedules, and facilitating planning sessions – were added to the coordinator role. More recently, their responsibilities increased to include handling resource constraints and allocations, schedule and critical-path analysis, and financial reporting of earned value, and other documenting sufficient to comply with the Sarbanes-Oxley Act.

Today, the role of project coordinator has evolved into that of project planner. The new project planner sup-

ports the project manager by taking over critical, detail-oriented, time-intensive tasks, such as the ones discussed above. As a result, the project manager is free to focus on more strategic project goals and objectives.

Earlier in this chapter, we discussed the core tasks of the leader. It's worthwhile noting that the core tasks of the manager have been identified as:

- » Planning the work
- » Organizing the work
- » Implementing the plan
- » Controlling results.

These tasks align with the role of planner. Together, the project manager and planner/controller resolve the leader/manager dilemma by supplying both aspects of these roles in collaboration.

### **Job Responsibilities of the Project Planner**

The project planner is a key member of the project team and works directly with the project manager to help define the project's vision, goals, and objectives; analyze progress reported against the work schedules; and recommend and take action to improve progress. For a visual representation of how the two work in tandem, please see Table 2.

In order to achieve required consistent documentation and reporting, many organizations are positioning the project manager and project planner as part of a centralized Project Support organization, usually referred to as the Project Management Office (PMO) or the Strategic Project Office. Typically, the PMO reports to a high-level business executive who is responsible for driving the business in his or her domain, whether they are the CIO, VP of Operations, or head of New Product Development. It is their desire to implement consistent processes across all their projects.

Specifically, the project planner is responsible for:

1. Advise the Team on Proper Processes.
2. Facilitate/Oversee Project Planning Sessions.
3. Develop the Project Schedule
4. Control Progress to Ensure Success.
5. Track and Analyze Costs.
6. Manage Issue, Risk and Change Control.

### **What Makes a Good Project Planner?**

In order to efficiently handle the responsibilities outlined above, the successful project controller/planner must possess technical expertise in project management software, and related spreadsheet and/or database (financial, resource) tools; as well as business process expertise in cost budgeting and estimating, risk analysis, critical path diagramming and analysis, resource forecasting, and change control. In contrast to the project manager candidate, the ideal project planner has the following personal and professional characteristics:

- » Logical thinker and problem solver
- » Organized and detail-focused
- » Numbers-oriented
- » The ability to interpret complicated and interconnected data
- » Communication skills especially as they apply to project information
- » PM Software expertise
- » Application software expertise (accounting, procurement, etc.).

Just as in project managers of varying experience and skill, you'll find a hierarchy in the project planning and controls arena. A serious project controls person will have a breadth of experience that encompasses many of what we have termed "specialty areas," like change (configuration) control, risk management (from the perspective of quantifying risks with the tools), issues management, action item tracking, multi-project reporting, executive reporting, scheduling integration, organizational resource management, multi-project resource analysis, forecasting, and leveling, multi-project what-if analysis, management of the organizational (enterprise) resource library, schedule estimating, cost estimating, etc. And, just as with project managers, the organization will benefit from establishing a career path from the specialist team member level to a sophisticated divisional project controls position.

### **Other roles and their areas of competence**

Human behavior is also a consideration in assigning staff to project support teams. Team members should not be assigned to a project solely on the basis of technical knowledge. It has to be recognized that some people simply can't work effectively in a team environment.

The team member position is where the actual day-to-day work of the project planning, estimating, status-ing, and analysis is done. This is where the organization accounts for plans and actual charges against time and dollars as the programmers write code, the installers install equipment, subcontractors provide their deliverables, and so on. Within this level, more definitive project management roles—depending on the organization—can include: Project Controllers, Project Analysts, Schedulers, Planners, Business Analysts, Knowledge Management Coordinator: sometimes formerly known as the "librarian," Estimators, Systems Analysts, Communications Planners, Project Administrators, and Methodologists.

Emerging roles include

- » Resource Manager: In organizations with significant project activity, the responsibility for resource management may become a full-time job. One major insurance company titles this role "The Project Manager Role Steward." Individual project managers, rather than having to "beg, borrow, and steal" resources wherever they can find them, turn to the resource manager for assistance. The RM prioritizes resource requests, manages the "fit" of resource skills to project requirements, manage and balance scarce technical resources, forecast and aid in planning for acquisition of resource shortfalls, and secure assignment of key resources to projects according to the project's relative rank on the organization's prioritized project list.
- » Organizational Development Analysts: Another project human-resource management role that has been identified in some organizations, the ODA "floats" among projects identifying the human issues that often derail projects before they become a problem and working to resolve them. ODAs are a liaison between projects and the HR department. Is corporate HR a partner or the enemy? The relationship between IT organizations and the HR function has not always been harmonious—IT often views HR as slow, unresponsive, and out of touch with the realities of the IT labor market, while HR perceives IT as the group of people who upset the organization's compensation schedules. Establishing a boundary-spanning role such as the ODA can help to alleviate some tensions with corporate HR, while making sure the project personnel's needs were addressed.<sup>x</sup>

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**Table 2 . Duties of the Project Manager and The Project Planner by Knowledge Area**

PMBOK® Guide Knowledge Areas	Project Manager Duties	Project Planner Duties
Scope Management	<ul style="list-style-type: none"> <li>-Work with project owners to ensure all scope (features/functionality) is explicitly defined and documented</li> <li>-Accountable for maintaining integrity of scope, or authorizing scope changes</li> </ul>	<ul style="list-style-type: none"> <li>-Document scope baseline</li> <li>-Track scope changes</li> <li>-Gather data and analyze impact of change</li> <li>-Make recommendation(s) to PM</li> </ul>
Quality Management	<ul style="list-style-type: none"> <li>-Charged with making sure project fulfills business needs.</li> <li>-Overall responsibility for the quality of any products delivered by the project</li> <li>-Accountable for overall health of the project</li> </ul>	<ul style="list-style-type: none"> <li>-Collect project documentation for Quality reviews</li> <li>-Prepare project status reporting on a set-interval basis – i.e. project dashboard giving high level view of project health</li> <li>-Document project requirements</li> </ul>
Time Management	<ul style="list-style-type: none"> <li>-Obtain approval on schedule and any revisions.</li> <li>-Proactively improve timeline through parallel tasking or finding smarter ways to carry out work</li> </ul>	<ul style="list-style-type: none"> <li>-Develop and maintain schedule</li> <li>-Collect status updates for tasks</li> <li>-Analyze variations, slipping tasks, impact of task changes, critical path, overall ability of project to deliver on time</li> <li>-Perform Earned Value Analysis</li> <li>-Perform Burn Rate Projections</li> <li>-Recommend improvements</li> </ul>
Cost Management	<ul style="list-style-type: none"> <li>-Work with Owner/Sponsor to obtain initial budget</li> <li>-Proactively obtain further funding if needed</li> <li>-Charged with ultimately delivering project within set budget</li> </ul>	<ul style="list-style-type: none"> <li>-Track all expenditures</li> <li>-Analyze spending trends and project final costs; report any deviation from baseline</li> <li>-Recommend method to keep project under budget</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>-Canvas team to identify all issues and risks; liaise with other business partners or PMs who have completed similar projects</li> <li>-Develop mitigation ideas and work to have strategies in place should they be needed</li> </ul>	<ul style="list-style-type: none"> <li>-Facilitate team session to identify risks</li> <li>-Document/track issues, risks</li> <li>-Oversee risk analysis &amp; impact</li> <li>-Provide PM with status report of open issues, risks, mitigation</li> <li>-Escalate, as necessary, extraordinary risk impacts and /or issues</li> </ul>
Procurement Management	<ul style="list-style-type: none"> <li>-Ultimately responsible for procurement of all products, resources, and materials necessary to successfully complete project</li> <li>-Maintain open communication with suppliers/procurement to ensure quality products/services from suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>-Build sub-schedule to determine procurement dates</li> <li>-Collect updates from suppliers and analyze impacts to project schedule</li> </ul>

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Communications Management	<ul style="list-style-type: none"> <li>-Communicate with entire organization, from the project team to the C-level;</li> <li>-Negotiate conflict resolution when needed, between team members or business partners</li> <li>-Honestly represent project status to project sponsor and other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>-Communicate with team to coordinate execution of tasks and provide status of project activities and milestones</li> <li>-Facilitate planning sessions including development of Project Charter, Project Plan, WBS, Network Diagram, and Schedule.</li> <li>-Facilitate Risk Sessions</li> <li>-Facilitate Lessons Learned sessions</li> </ul>
Integration Management	Charged with making sure that project plan and processes are followed throughout project; negotiating with sponsor or key stakeholders should modifications to the plan become necessary	Work with project team to develop project plan, including facilitating processes for handling risks, issues, scope, quality, and general project communication
Human Resource Management	<ul style="list-style-type: none"> <li>-Resolve conflict within project team</li> <li>-Boost morale and reward project victories - i.e. hitting milestone dates</li> <li>-Negotiate with project sponsor to obtain scarce resources or materials</li> <li>-Garnering team buy in and support of the project</li> </ul>	<ul style="list-style-type: none"> <li>-As part of schedule development, determine that project has all needed resources</li> <li>-Ensure resource allocations are current i.e. that resource has adequate project hours to cover tasks and has availability to work on project</li> <li>-Educate project team on status reporting techniques and manage the process.</li> </ul>

## People + Projects = Strategic Execution

“PROJECT SPONSORS AND MANAGERS NEED ‘ISLANDS OF STABILITY’ to guide teams and to ensure the integration of project deliverables into the organization,” say researchers in the *Management Services Journal*. “Without this stability, project results will not align with organization strategy and stakeholder expectations. Project participants and stakeholders will have difficulty comprehending the project’s contribution to the organization’s vision, resulting in unproductive activity and high levels of demotivation and frustration.” If this description sounds all-too-familiar, don’t despair. The elements of stability—a sustainable corporate strategy, a project management culture, capable and adequate human capital to deliver results, and a clear link between project activities and strategy—are achievable. However, they won’t be achievable by a fragmented organization in which projects are one problem, strategy another, and human resources something separate.

## Projects Make Strategy Happen

Project slippage and failure rates are falling, at least in those application areas that attract research interest, such as software development and pharmaceutical R&D. Cost and time overruns are down. Large companies have made the most dramatic improvement. In 1994 the chance of a Fortune 500 company’s project coming in on time and on budget was 9 percent; its average cost, \$2.3 million. In 1998, that same project’s chances of success had risen to 24 percent, while the average project cost fell to \$1.2 million.

Three factors explain these encouraging results: 1) a trend toward smaller, less complex projects; 2) better

project management; and 3) greater use of “standard infrastructures”—such as those instituted through a project management office. Large companies show up as more successful in the Standish Group study for one simple reason, in our view: large companies lead the pack in the establishment of enterprise-level project management offices. And only under the auspices of this organizational home for project management can the persistent management problems that plague projects can be ameliorated:

- » Lack of clear project sponsorship. When project management gains a seat at the executive level, via the implementation of an enterprise-level project management office, the chasm between projects and executives closes.
- » Poor project management/managers. Most of the reasons technology projects fail are management-related rather than technical. Technical ability is a poor indicator of project management ability, yet many enterprises have no processes in place to ensure that project managers are appropriately trained and evaluated. Does the average corporate HR department possess the knowledge to appropriately hire, train, supervise and evaluate project management specialists? No; but a Strategic Project Office (SPO) does.

### People Perform Projects

Competent and experienced project managers are not accidental: they are grown in an environment that trains, mentors, and rewards them based on performance in projects—a topic that most HR departments know very little about. Benefits of having a good project manager include reduced project expense, higher morale, and quicker time to market. They must be able to define requirements, estimate resources and schedule their delivery, budget and manage costs, motivate teams, resolve conflicts, negotiate external resources, manage contracts, assess and reduce risks, and adhere to a standard methodology and quality processes. Obviously, there is a growing body of knowledge about who makes the best project manager, how to develop their skills, and what kinds of rewards motivate them. That body of knowledge has an organizational home in the SPO.

The SPO scores again when you consider the strategic importance of managing the project portfolio—including allocating resources across the enterprise. Most companies cannot answer the following questions: How many project managers and project team members do you have? What is each one doing, right now? When will he/she be finished with it? What are his/her areas of particular expertise? Without a system for knowing what each person in the pool of potential project personnel is capable of, and when they will be available, you cannot really be said to manage a portfolio. After all, *people do projects*, and without them, all you have is a plan. Often, “Project manager” may not be among the role descriptions codified by HR. When it comes to identifying existing and prospective project managers, an organizational entity devoted to project management does it best.

The Gartner Group has identified several key HR related roles for a project office, all of which are most effectively carried out on the enterprise level, and all of which include important implications for “people management,” not only within the project office, but across the enterprise:

- » As developer, documenter and repository of a standard methodology (a consistent set of tools and processes for projects), the SPO provides a common language and set of practices. boosts productivity and individual capability and takes a great deal of the frustration out of project work. Research by [PM Solutions' Research](#) revealed that over 68 percent of companies who implemented basic methodology experienced increased productivity; and 37 percent reported improvement in employee satisfaction.
- » As a center for the collection of data about project human resources, and tools for evaluating and scheduling them, based on experience from previous projects, the SPO can validate business assump-

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tions about projects as to people, costs, and time; it is also a source of information on cross-functional project resource conflicts or synergies.

» As a project management consulting center, the SPO acts as a consultant and mentor to the entire organization, staffing projects with project managers or deploying them as consultants or mentors. As a center for the development of expertise, the SPO makes possible a systematic, integrated professional development path and ties training to real project needs as well as rewarding project teams in ways that reflect and reinforce success on projects. This is quite different from the reward and training systems presently in place in most organizations, which tend to focus on functional areas and ignore project work in evaluation, training, and rewards.

» As a “competency center” for project management, the SPO provides a knowledge management locus not only for project management knowledge but for knowledge about the content of the organization’s projects. With a “library” of business cases, plans, budgets, schedules, reports, lessons learned, and histories, as well as a formal and informal network of people who have worked on a variety of projects, the SPO is a knowledge management center that maximizes and creates new intellectual capital. Knowledge is best created and transferred in a social network or community, and the SPO provides just that. Through mentoring both within the SPO among project managers, and across the enterprise to people in all specialty areas, knowledge transfer about how to get things done on deadline and within budget is facilitated.

The project-centered enterprise, in which people are treated as though project performance really mattered to organizational performance, isn’t a theory—it’s the logical outcome of the application of project management to business problems. In the industries where the practice of project management has long been accepted as the way to get work done, such enterprises already exist. A 2001 study by Oxford University’s Chris Sauer, published in the *Project Management Journal*, focused on the ways that project-centered companies build the organizational capability (and of course, concurrently, individual capability) to perform projects and manage by projects. What did these companies have in common?

- » A flat organizational structure
- » Project-centered role design.
- » HR management policies that are project-friendly.
- » A focal point in the organization ... a corporate project office.

A PROJECT OFFICE IS GOOD NEWS for project managers and team members, as it focuses attention on the training, rewards, and career path of the project professional. But it’s also good news for the bottom line, since it translates the improved capabilities of individuals into better project management ... better portfolio management ... and strategies that are executed, not just dreamed about.

## References

This material is excerpted from: J. Kent Crawford and Jeannette Cabanis-Brewin, *Optimizing Human Capital with a Strategic Project Office: Select, Train, Measure and Reward People for Organizational Success*, by, Auerbach/CRC Press, Sept. 2005.

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<sup>ii</sup>Accenture study, *ibid*.

<sup>iii</sup>Jac Fitz-Enz, *The ROI of Human Capital*, AMACOM, 2000; Watson Wyatt, *The Human Capital Index*, [www.watsonwyatt.com](http://www.watsonwyatt.com).

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<sup>v</sup>Christopher Sauer, LI Liu, Kim Johnston, Where project managers are kings, *Project Management Journal*, December, 2001.

<sup>vi</sup>Anntoinette D. Lucia, Richard Lepsinger, The Art and Science of Competency Models: Pinpointing Critical Success Factors in Organizations, 1999, Pfeiffer

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<sup>viii</sup>Freeman and Gould, The Art of Project Management: A Competency Model For Project Managers, White paper, accessed at [www.BUTrain.com](http://www.BUTrain.com).

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<sup>x</sup>Ritu Agarwal, Thomas W Ferratt, Enduring practices for managing IT professionals, *Communications of the ACM* September 1, 2002.