

Lean Times Call for Project Management

Four strategies to weather the down economy—and surge ahead when it recovers

CRISIS BRINGS OPPORTUNITY. The challenge for companies now is to manage wisely through the current economic downturn, all the while preparing to take advantage of the forthcoming economic uptick. Doing more with less, turning around failing initiatives, and streamlining organizations calls for the discipline of project management. Here are four proven areas where wise investment now can pay off as economic pressures ease.

Eliminate wasted effort

Implementing a “just enough, just in time” project management methodology allows the organization to streamline its processes. Having a single “language” and standard process brings order to the chaos, adding tactical efficiency. An effective project management methodology relies on proven and repeatable processes and techniques, increasing the odds of project success.

Potential Paybacks

- Improve cost and schedule performance—up to 50% according to research by the Center for Business Practices¹—through improved project management processes.
- Boost project profitability—up to 30% according to research by Smith and Reinertsen²—by meeting cost, schedule, and quality goals.
- Enhance ability to collect data paving the way for initiatives to improve performance, develop personnel, and execute strategy.

Validate performance improvement

Many companies have not established organizational performance baselines that allow them to understand which of their processes are working well, and which are not. In lean times, such a lack of clarity cannot be tolerated. Reality-based performance measurement creates greater transparency and accountability, and puts performance measures in place to justify investments or red-flag the course corrections needed before issues become catastrophes.

Potential Paybacks

- Eliminate poorly-designed processes that encourage the wrong behaviors, causing wasted time, money and resources.
- Provide critical information for management and policy decisions enabling more effective strategy execution.
- Identify areas where surgical-strike improvement initiatives will boost efficiency.

Develop competent talent

The knee-jerk response to a bad economy—laying off personnel—can backfire on organizations who lose valuable tacit knowledge and key skills. Here’s a better strategy: identify your top project talent, and best potential talent now, make the capable into superstars with targeted training, and be ready to sprint when the recovery begins. The

cost of replacing an employee can be as much as 250% of the current employee’s compensation, and bringing new talent up to speed can waste weeks or months.³ The smart company will evaluate and develop their people today and hit the ground running while their competitors are trying to gear back up.

Potential Paybacks

- Improve productivity—by as much as 28% according to research by The Conference Board⁴—through enhanced employee engagement.
- Create more efficient and effective job behaviors; put project resources skilled at leading and delivering mission-critical projects in place.
- Save costs by avoiding turnover and bad hires.

Execute strategy as a portfolio of projects

The data is in: Organizations that align projects with strategy perform better.⁵ Even the first step in implementing project portfolio management (PPM)—inventorying all the projects under way in the organization—produces immediate benefits by surfacing projects, tools, and resources that are doing essentially the same work in different silos. The creation of a Project Management Office (PMO) to be the nexus of PPM, competence development, and governance make strategic execution faster and more accurate.⁶

Potential Paybacks

- Save costs—up to 20% of total project spend according to research by Gartner⁷—by eliminating redundant, low-value, and poorly performing projects.
- Dedicate wasted resources on efforts that really matter; initiate new projects without an increase in headcount or overall budget.
- Better manage and mitigate risks through increased transparency and accountability.

In brief, the value of bringing project management discipline to the organization can’t be overestimated. Best of all, these practices can be implemented in phases to get the ball rolling and show successes quickly. Each initiative undertaken spurs momentum to continue incremental process improvements which can, collectively, transform your business.

To learn more, contact PM Solutions for a complimentary project management needs evaluation at 800-983-0388 or pmexperts@pmsolutions.com.

¹Pennypacker, J.S. (2002), *Justifying the Value of Project Management*, Center for Business Practices.
²Smith, P.G., & Reinertsen, D.G. (1998), *Developing Products in Half the Time*, John Wiley & Sons.
³Crawford, J.K., & Cabanis-Brewin, J. (2006), *Optimizing Human Capital with a Strategic Project Office*, Center for Business Practices.
⁴Gilbotts, J. (2006), *Employee Engagement, A Review of Current Research and Its Implications*, The Conference Board.
⁵Center for Business Practices (2006), *Strategy & Projects: A Benchmark of Current Best Practices*.
⁶Center for Business Practices (2003), *Project Portfolio Management: A Benchmark of Current Best Practices*.
⁷Light, M., Rosser, B., & Hayward, S. (4 January 2005), *Realizing the Benefits of Project and Portfolio Management*, Gartner.