

DTE Energy Powers Multiple Major Programs with Continuous Improvement of Project Management Processes



DTE Energy®

Industry: Utility

Services Provided: Project Management Maturity Discovery and Improvement, Mentoring/Coaching, PMO Implementation

Company: DTE Energy is a Detroit-based diversified energy company involved in the development and management of energy-related businesses and services nationwide.

Its operating units include an electric utility serving 2.1 million customers in Southeastern Michigan and a natural gas utility serving 1.2 million customers in Michigan. The DTE Energy portfolio includes non-utility energy businesses focused on power and industrial projects, natural gas pipelines, gathering and storage, and energy marketing and trading.

Challenge: Safety concerns were a major driver for the development of an organized, methodical approach to construction and maintenance projects in the area of power production including wind, water, solar, and nuclear. As early as 2005, leadership recognized the value of project management in addressing these concerns. In addition, there were construction and environmental remediation projects that faced strict market-driven or regulatory deadlines.

Solution: DTE Energy adopted PM Solutions' Project Management Maturity Model to determine the existing strengths and weaknesses of their project management processes. The discovery process, led by PM Solutions consultants, developed a baseline description of DTE's project management expertise, established criteria to measure improvements, and set expectations. DTE followed the roadmap developed from the original discovery process through numerous engagements that spanned approximately eight years. An early strategy advised by PM Solutions was the establishment of the Major Enterprise Projects (MEP) organization as a project management Center of Excellence. As project management became more ingrained in corporate culture, the growth in project management expertise resulted in numerous project and program successes (see Results sidebar on page 2).

PM Solutions was then asked to re-assess project management maturity at DTE and, after reviewing project management processes, standards, and procedures to measure progress and identify gaps, determined that DTE had achieved Level 3 Maturity on PM Solution's Project Management Maturity Model, with few exceptions, which DTE immediately acted to rectify.



VALUE DELIVERED

DTE's investments in project management capability brought multiple major initiatives, including high-profile environmental remediation and renewable energy generation construction projects, in on time and under budget, saving hundreds of millions of dollars and creating millions more in new revenue sources. These improvements culminated in a 2014 finalist position in the PMO of the Year Award.

"The PMO's standardized processes have improved our project outcomes dramatically. Major Enterprise Projects now consistently delivers DTE Energy projects on time, on budget, and within the required scope."

- Vic Allen, DTE Energy Director, Major Enterprise Projects - Project Management Office

about pm solutions

PM Solutions is a project management and consulting firm that helps PMO, project, and business leaders apply project and portfolio management practices that drive performance and operational efficiency. Comprehensive offerings include

PMO transformation, project portfolio management process improvement, program and project management resources, and corporate training and competency development delivered through the training division, PM College.

DTE management then set their sights on attaining Level 4 Maturity. This goal was aggressively promoted and tied to performance bonuses. Existing gaps were identified and addressed, and a detailed re-assessment four months later indicated the successful achievement of Level 4 Maturity.

In tandem, DTE's Distribution Operations department called upon PM Solutions to build out the PMO for that part of the organization, an effort which was accomplished in record time: only six months.

These efforts to improve project management capability were followed up by training and coaching an internal DTE assessment team to carry out future project management improvement initiatives, so that the knowledge transfer from PM Solutions consultants to DTE staff could be internalized. PM Solutions assisted DTE in creating an internal Foundational Capability Model (FCM), which is now being used to assess the satellite PMOs outside the MEP group.

"PM Solutions has assisted MEP in its aspiration to improve its project management capabilities using principles and processes of industry best practices to consistently plan, implement and manage projects for the enterprise."

- Ron May, DTE Energy Executive Vice President, Major Enterprise Projects

results

Thanks to the organizational commitment to project management improvement at DTE, The Major Enterprise Projects (MEP) organization has become the Project Management Office (PMO) for all large strategic electric and gas initiatives within DTE, with over 300 projects under their management, and a portfolio budget of \$1.2 billion. The MEP organization today boasts a team of more than 240 professionals, and in addition to being certified as Level 4+ in PM maturity - the first energy industry organization to achieve that level — MEP has been recognized as an American Productivity & Quality Center (APQC) Best Practice Partner in Project Management.

The current portfolio includes permitting for a nuclear facility, construction of a new substation, and the implementation of a new metering system involving 3.8 million meters among other high-profile projects. But perhaps the best indication of the contributions of project management to DTE's overall strategic success, in 2014 the MEP was selected as a finalist in PMI's prestigious PMO of the Year competition. Among the accomplishments attributed to improved project management performance in the award application were:

- Monroe Power Plant. MEP's project management helped the company save \$100 million on this \$1.7 billion emissions control project.

- Monroe Plant Fly Ash Basin Remediation. This remediation project was driven by a request from the Michigan Department of Environmental Quality following the failure of a similar basin at a Tennessee Valley Authority plant that caused the release of five million cubic yards of ash into nearby rivers. The PMO ensured adherence to scope, schedule and budget; the project was delivered \$1.3 million below budget, with no safety issues.

- Michigan Thumb Wind Park. Planning and scheduling of design and construction activities for this two-year project was managed by MEP. Attention to schedule detail and skillful use of contract and risk management yielded a remarkable outcome, bringing the job in two weeks ahead of schedule and with a project savings of \$2 million. DTE implemented 10,000 megawatts of wind energy before the regulatory deadline.

- MEP performed project management services for the City of Detroit Public Lighting Authority (PLA), which was created to improve public lighting. This entity has already turned on over 19,000 streetlights and won accolades from Detroit's mayor.

Read more on DTE's selection as a finalist for the PMO of the Year award in the 2014 eBook: pmsolutions.com/resources/pmo-of-the-year-ebook-2014.