

The Value of Project Management for Organizations

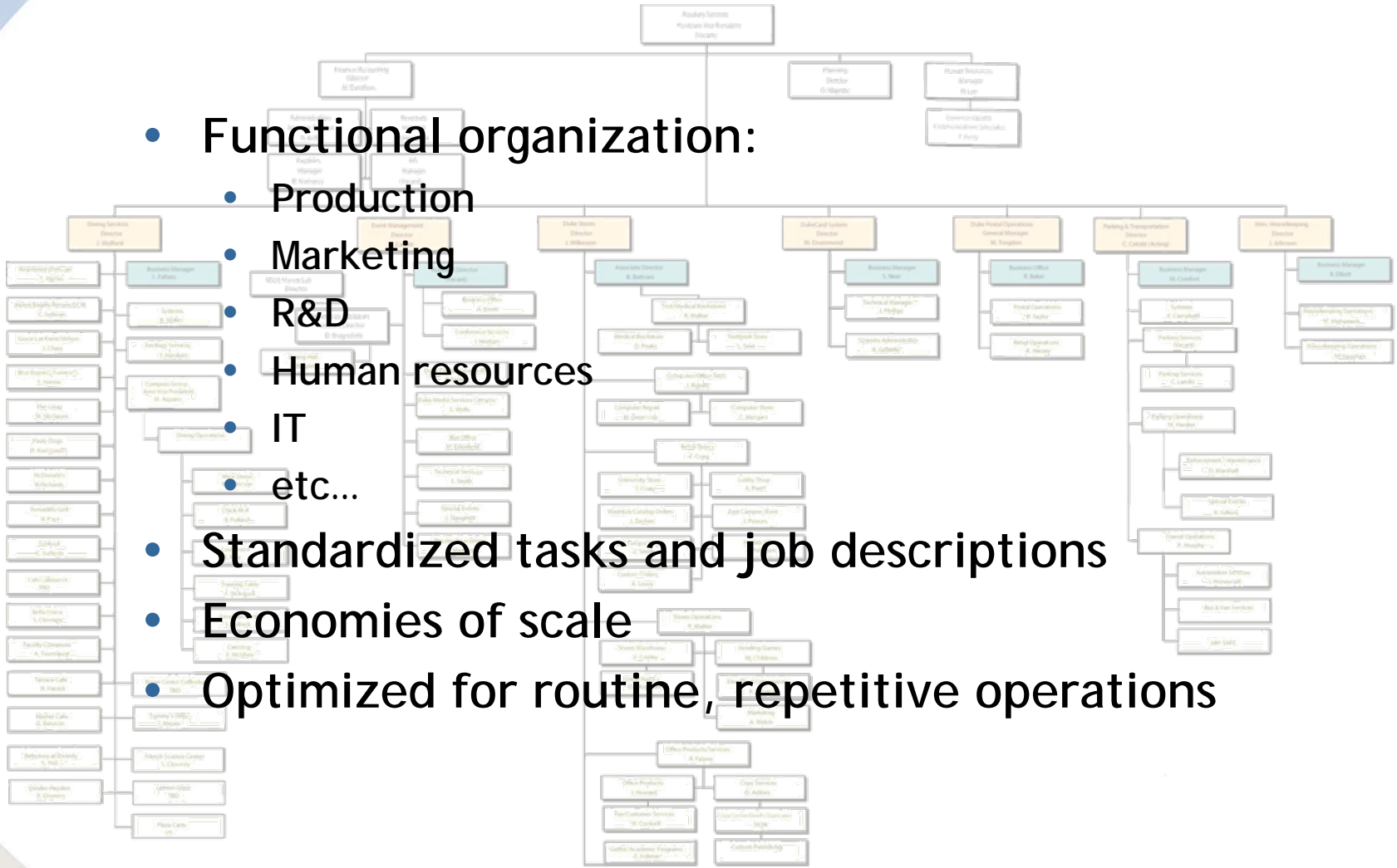
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Advisor/ 2002 President
PMI Houston Chapter, Inc.
May 20, 2010

“We have managers. Sometimes they run projects. What’s so special about ‘project management?’ ”



- **Functional organization:**
 - Production
 - Marketing
 - R&D
 - Human resources
 - IT
 - etc...
- **Standardized tasks and job descriptions**
- **Economies of scale**
- **Optimized for routine, repetitive operations**



A project is a temporary endeavor undertaken to create a unique product, service, or result

- Temporary
 - Defined goal, schedule, cost
 - *Not* routine operations (although result may become so)
- Unique
 - Requires learning and adaptation
 - Often assembles a team that hasn't worked together before
- Progressive elaboration
 - Develops in steps, continues by increments
 - Scope is refined as specifications evolve

Projects are how organizations manage *change*.

- What holds them together?

Business partner

Consultants

- What makes them work?

- Who knows how to manage them?



- Long established in “projectized” fields
 - Construction, heavy engineering, oil & chemicals, transport
 - Public infrastructure
 - Research, consultants, entertainment/IP
- Teams formed and dissolved for projects
 - Need for shared framework for cost estimation and scheduling
- As cost and complexity increased, formal methods evolved
 - Too much for anyone to “keep in his head” or “learn on the job”

- New techniques from:
 - Operations research
 - Cold War defense projects
 - 1960s space race
- Information technology both *served* project management...
 - Software for critical path & network analysis, PERT, etc.
- And *drove* project management
 - As IT transformed business, it became a major field for project management itself




Task Name	Aug 13, '06	Aug 20,
	S S M T W T F S S M T	S S M T
0 - PMI Process		
1 Read this note to understand the context and numbers (n.n.)		
2 Process Groups and Knowledge Areas		
3 - Initiation Processes		
4 - Review Inputs to Initiation		
5 Review Contract		
6 Review Project Statement of Work		
7 Review Enterprise Environmental Factors		
8 Review Organizational Process Assets		
9 - Produce Outputs from Initiation		
10 Develop Project Charter (3.2.1.1)		
11 Develop Preliminary Project Scope Statement (3.2.1.2)		
12 Initiation Processes COMPLETE		
13 - Planning Processes (3.2.2.1)		
14 - Scope Management Processes		
15 Perform Scope Planning (3.2.2.2)		
16 Complete Scope Definition (3.2.2.3)		
17 Create WBS to level of Work Packages (3.2.2.4)		
18 - Activity Planning		
19 Define Activities (3.2.2.5)		
20 Determine Activity Sequence (3.2.2.6)		

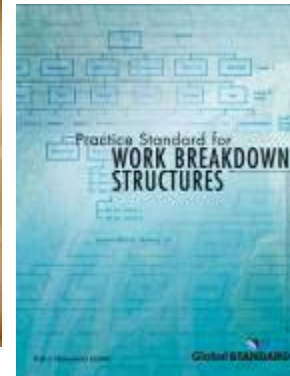
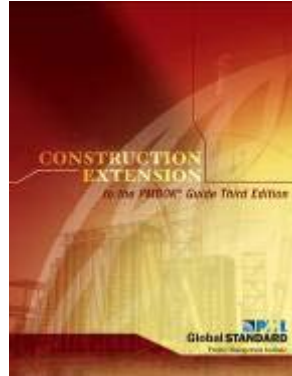




- Common needs and principles
 - Across industries
 - Across organizations
 - Across types of projects
- PMI founded 1969 by working project managers

- Global Not-for-Profit Professional Association
 - 450,000 members and credential holders in 171 countries
- Global Standards
 - 11 standards provide a common framework and language for projects across industries and regions
- Credentials
 - 5 specialized credentials based on both knowledge and work experience
- Research
- Accreditation of academic programs, registration of other training providers (REPs)

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- 20% of gross global product -- \$12 *trillion per year* - spent on fixed capital projects worldwide
 - Trillions more in projects for IT, new product and service development, entertainment/IP, NGOs
 - Project, program, and portfolio management



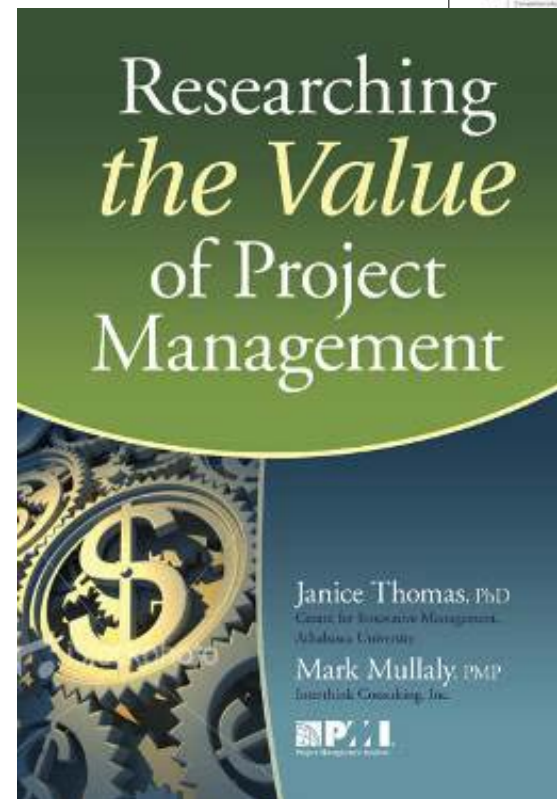


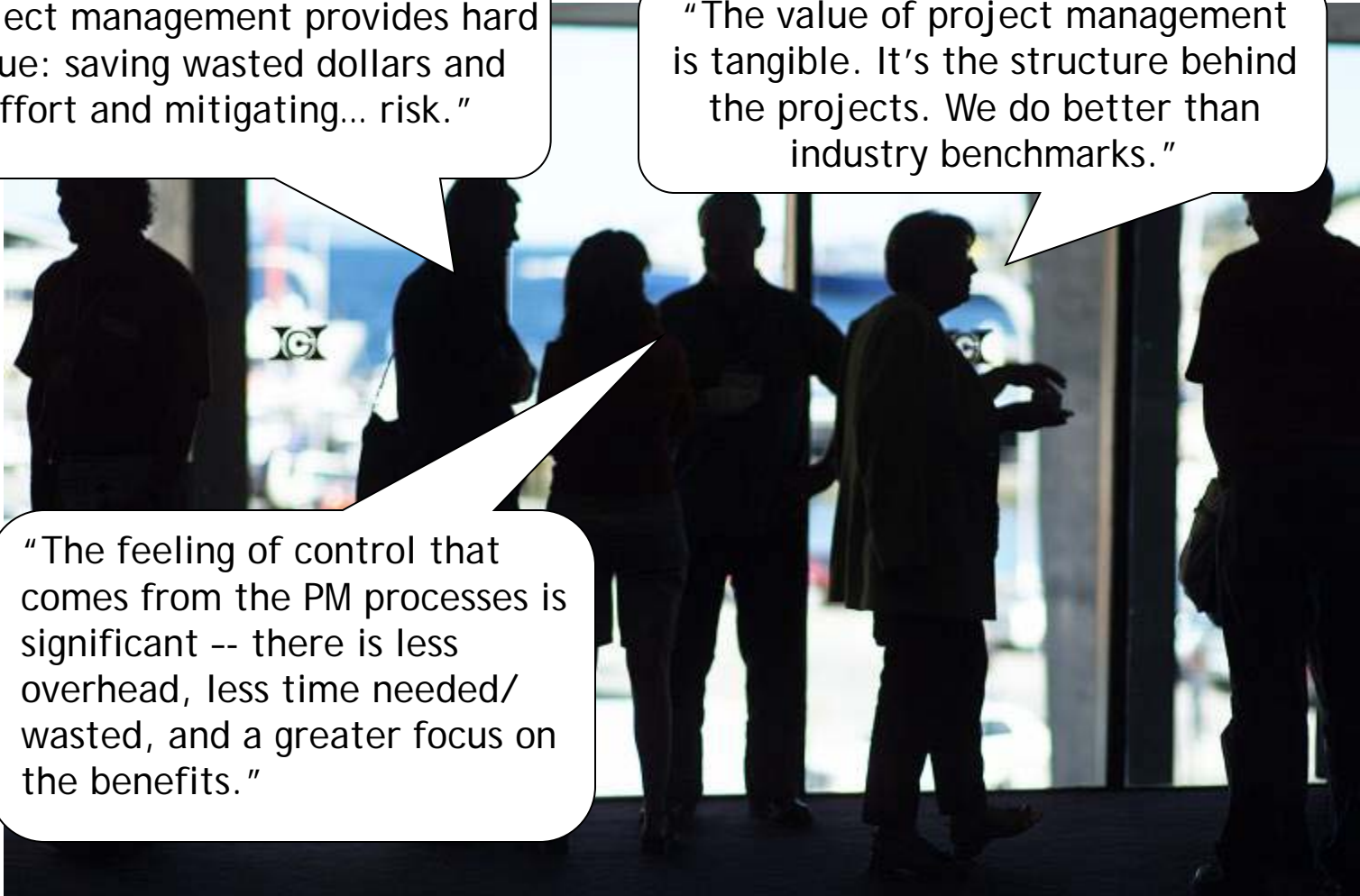
- Certified Associate in Project Management (CAPM®)
- Scheduling Professional (PMI-SP®)
- Risk Management Professional (PMI-RMPSM)
- Project Management Professional (PMP®)
- Program Management Professional (PgMP®)





- 3-year, \$2.5M study completed in 2008
 - 65 organizations, 418 projects, 447 interviews
 - Identified project management factors linked to
 - Business *results* (stakeholder satisfaction, ROI)
 - Organizational *learning* (performance)
 - *Communication* (breaking down “silos,” strategic alignment)





“Project management provides hard value: saving wasted dollars and effort and mitigating... risk.”

“The value of project management is tangible. It’s the structure behind the projects. We do better than industry benchmarks.”

“The feeling of control that comes from the PM processes is significant -- there is less overhead, less time needed/wasted, and a greater focus on the benefits.”

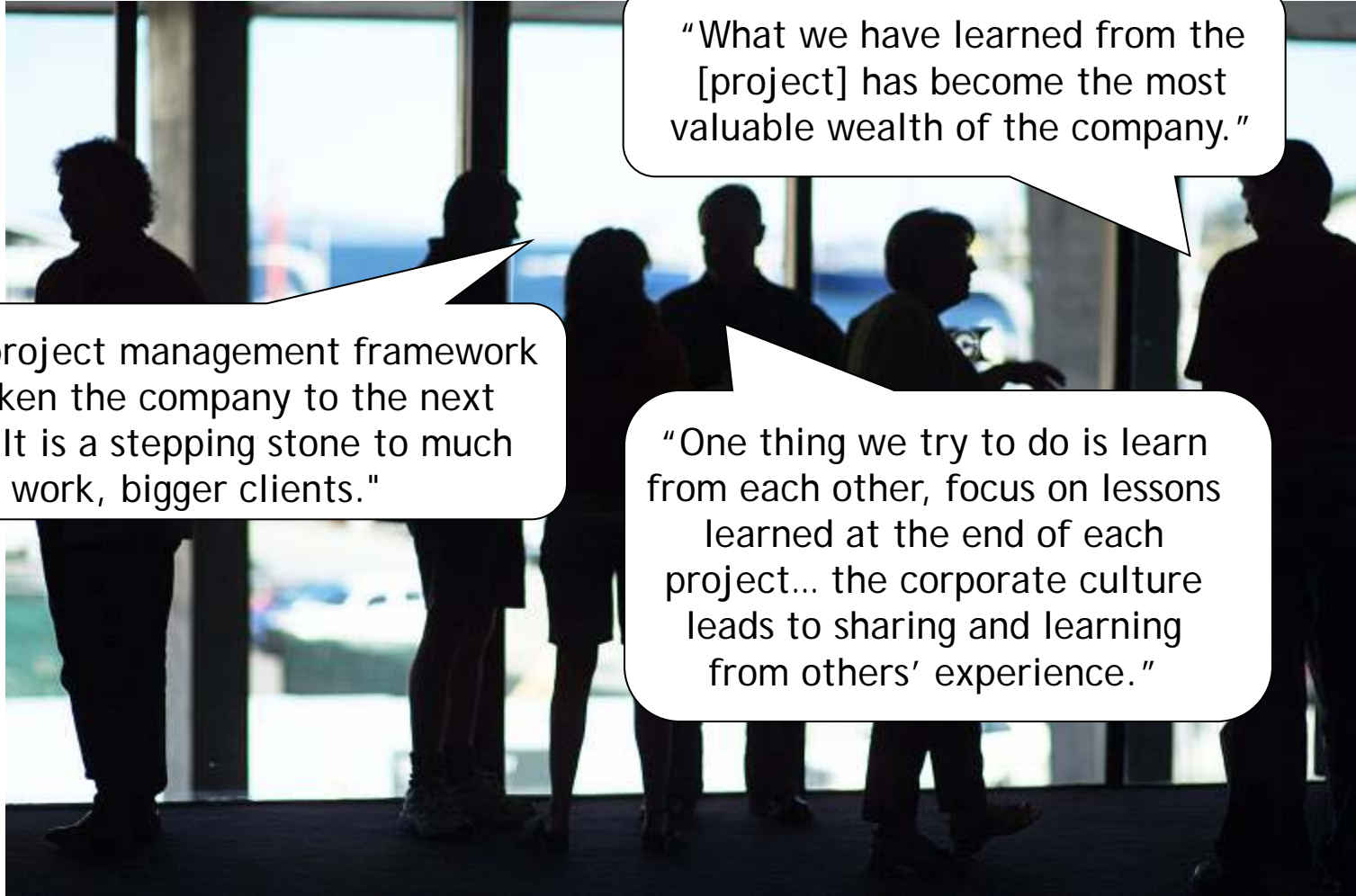
All quotations from interviews in *Researching the Value of Project Management*

Results: Fluor Corporation



- Cleanup of nuclear plant site in Ohio, USA
- 12 years ahead of schedule
- \$7.8 billion below initial estimates
- Used PM standards and methodology






"The project management framework has taken the company to the next level. It is a stepping stone to much bigger work, bigger clients."

"What we have learned from the [project] has become the most valuable wealth of the company."

"One thing we try to do is learn from each other, focus on lessons learned at the end of each project... the corporate culture leads to sharing and learning from others' experience."

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- Chinese manufacturer serves 35 of the world's top 50 telecom/networking operators
 - Sales grew from \$2.6B in 2002 to \$15B in 2007
 - 83,000 employees
 - 48% of employees involved in R&D
 - More than 20,000 projects every year



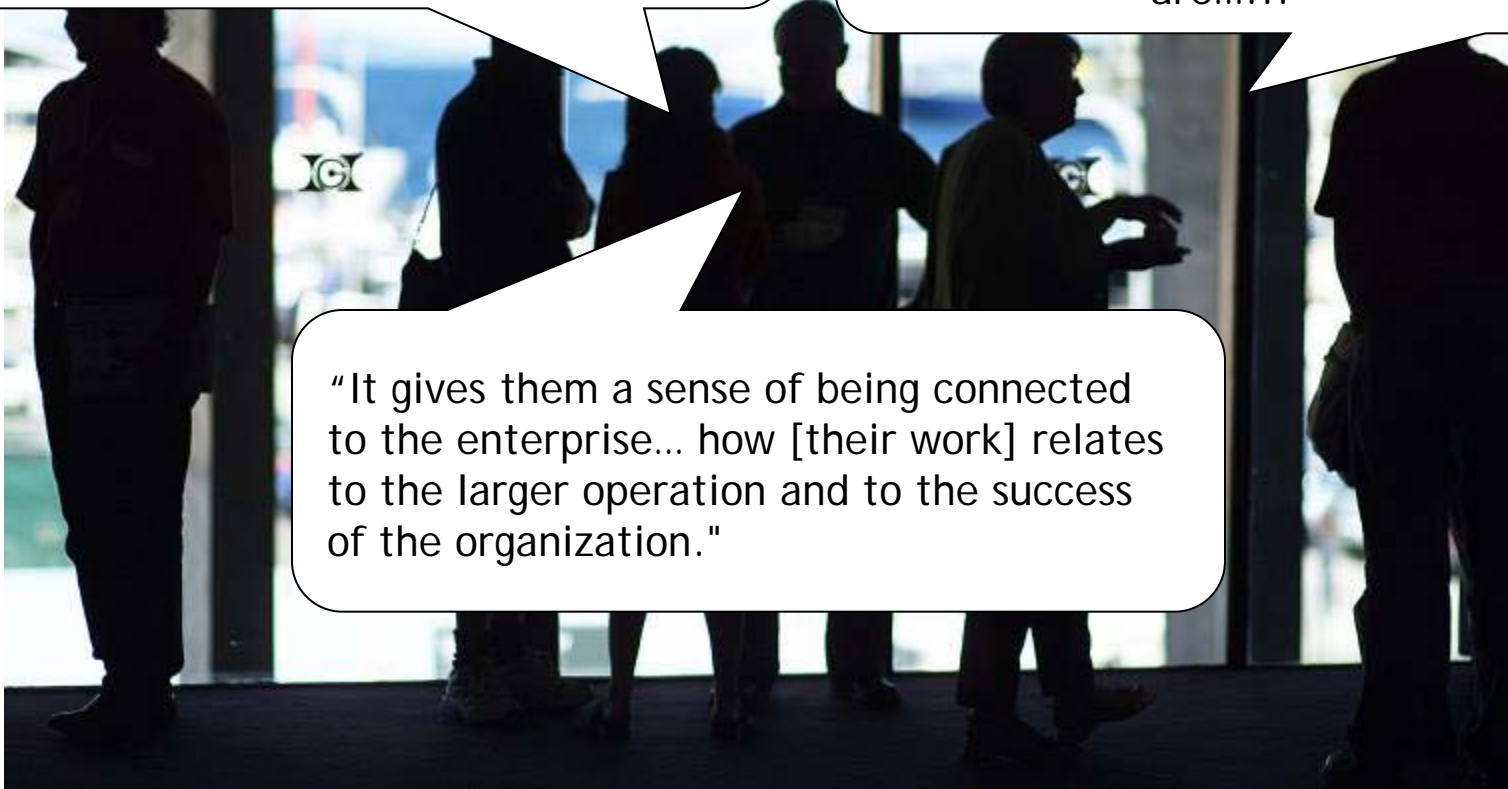
“Project management training and development is essential for frontline managers growing toward business leaders at Huawei.”

Zhengfei Ren
CEO, Huawei Technologies, April 2007

"Project management contributes to team building and co-ordination. It greatly improved work efficiency and customer satisfaction."

"Implementing formal project management has allowed the company to put people where their passions are....."

"It gives them a sense of being connected to the enterprise... how [their work] relates to the larger operation and to the success of the organization."



Urban revitalization in Montreal

- Reunite neighborhoods divided by expressway
- Overhaul infrastructure
- Create attractive pedestrian and cultural amenities
- Intensive communication with stakeholders



Results + Learning + Communication =

- Real business value
- Real organizational value
- Real strategic value

Worldwide, organizations will embrace, value and utilize project management, and attribute their success to it.



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