

White Paper:

Project Management Tailoring™ (PMT) – The Outsourcer's Latest Weapon



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Despite significant advances in technology, training and business process engineering, large and small companies alike continue to struggle with successful delivery of IT projects. IT outsourcing firms are quick to jump on these opportunities, bringing with them project and portfolio management solutions of all degrees of complexity and cost. A new approach to optimizing the Software Development Life Cycle (SDLC), called Project Management Tailoring™ (PMT), should be considered for any IT outsourcing engagement where there exists a large and broad range of IT project complexity.

“Less than one in three IT projects are delivered on-time, on-budget and with required functionality.”

— Chaos Report 2008, The Standish Group

According to industry benchmark data, less than one in three IT projects are successful (defined as being on-time, on-budget and with required functionality). Project and Portfolio Management (PPM) solutions have emerged to combat this challenge. According to research firm Gartner Group, PPM was a \$1.2B category in 2009. Despite this proliferation of solutions, the success rate of IT projects has remained flat for eight years. Furthermore, a 2009 study by SearchCIO-Midmarket.com revealed that only 31% of PPM users reported deriving “strong value” from their solution. Clearly, something is wrong. The standard approach is not working.

The Problem that Won't Go Away

One aspect that often receives little attention until it is too late is the overall development and delivery process. Most companies start out with the honorable intention of creating and standardizing on a single development process. Unfortunately, this quest for uniformity and economies-of-scale quickly backfires. For example:

- Business analysts find they need to complete the same 20+ page requirements definition document, regardless of the size of the project
- Soon, engineering, quality, standards and other departments realize they too are buried with process-related documents, checklists and templates. Everything except the large projects slow to a sluggish pace.

- Departmental and line-of-business leaders become increasingly irate by the slow delivery process
- Managers and executives become frustrated by endless and often irrelevant status and checkpoint meetings

Virtually every IT outsourcer encounters problems such as these on projects of all size and complexity. However, most industry analysts will point to Project and Portfolio Management (PPM) offerings as a way of eliminating these problems. So why haven't the PPM solutions helped?

The Traditional PPM Approach

When faced with SDLC improvement and optimization projects, most IT outsourcing vendors turn to an array of traditional software and service-based solutions. Unfortunately, as illustrated below, these often miss the mark and simply add to the complexity of the SDLC process, generating more work for the project team and further increasing the risk of project failure.

Project Management Solutions. These solutions manage the execution and resourcing of project tasks using Microsoft Excel, Microsoft Project, Oracle Primavera or other tools. Unfortunately, they lack the intelligence to determine whether a task (or tasks) is actually necessary for a given project. Instead, this determination is left to the Project Manager. In most cases, the Project Manager fails to eliminate extraneous tasks such as process documentation for fear of cutting corners or missing a potentially valuable step. The end result is that project managers help track task process, but do little to optimize the tasks themselves.

Portfolio Management Solutions. IT outsourcers use this class of solutions to help assess and rationalize a large portfolio of IT projects. These solutions are not targeted at the project manager level but rather towards the VP/SVP of strategic planning or the Program Management Office (PMO). As such, portfolio management solutions tend to be quite complex, fairly expensive and do little to help a project team deliver on-time. In fact, they can actually increase the amount of project and process documentation required, thereby increasing the risk of project delay and failure.

Process Assessment Tools. Many IT outsourcers have developed tools to help assess SDLC and project risks and compliance. In some cases, these are based simply on the vendor's experience and in other cases they leverage some type of industry standard such as the Capability Maturity Model (CMM) from the Software Engineering Institute (SEI). However, these tools tend to be based on a "one-size-fits-all" approach and do little, if anything, to actually reduce the amount of work faced by a project team.

Project teams need a different approach, one where the amount of process rigor and scrutiny is based or "tailored" to a project based on its specific size, risk and complexity. This approach would enable project managers to minimize excess documentation and irrelevant task assignments.

"Developers should be designing and writing code, not filling out Word documents."

Making PMT a Reality

If you were hammering a railroad spike, you would use a sledgehammer and yet if you were hanging a picture hanger, you would use a tack hammer. PMT follows the same logic, to align process intensity with project complexity and risk.

In order to turn PMT from a concept into a cost-reducing practice, organizations must follow the 7-step process outlined here:

1. Assess Cultural Readiness of Organization

As with any new process, the IT outsourcer first needs to help their client understand its readiness to change. Critical questions that need to be answered include:

- Is this initiative supported by executive management?
- Does the client have the critical skills in-house such as PMI-certified project managers?
- How important is it for the client to achieve and demonstrate compliance with industry regulations and/or best practices?
- What is the cost of doing nothing? How much are project failures, project delays and project team inefficiencies costing the client?

Steps to Implement Project Management Tailoring:

- 1) Assess cultural readiness of organization
- 2) Asset Amnesty and Discovery Process
- 3) Process and Methodology Selection
- 4) Asset Mapping
- 5) Establish common language for governance, compliance and audit
- 6) Execution (*Pilot, Train and Deploy*)
- 7) Assessment

Many clients say they are ready for change, but are not prepared to re-define roles, processes and related documents to achieve better outcomes. Strong leadership and a clear answer to this question helps take PMT initiatives to the second step.

2. Asset Amnesty and Discovery

PMT requires an organization to have an understanding of its projects, their relative risk and complexity, and most importantly, a current and relevant library of processes, policies, templates and checklists, collectively referred to as "assets." Whether it is a long-standing project plan template or a quick-and-dirty (but effective) compliance checklist, they exist in every organization. To make PMT effective, the IT outsourcer needs to collaborate with the client to discover and evaluate all of these assets with the end-game being the creation of a comprehensive asset library. Creating this library is no easy feat and requires detailed knowledge of all corporate processes and critical regulations. You will also need assistance and buy-in from all key functional areas including project management, quality, standards and engineering. While duplication of assets is to be avoided, there can easily be "derivative assets."

For example, there can be a business plan template required for a major project and a shorter, more concise version for smaller, lower risk projects.

Often, many clients attempt to rush through this step because it involves the detailed and often tedious work of a cross-functional team. Many assets exist and some will need to be modified while others will need to be created from scratch. Since these assets and the consolidated asset library are the heart of making PMT effective, IT outsourcers must ensure clients put their best and brightest on this step.

The next step is to help the client establish a baseline regarding the effort required for both the most basic and

most complex IT projects. This baseline is called the Project Tailoring Index™ (PTI) and is calculated as follows:

$$PTI = \frac{\text{Sum of all assets required for most complex project}}{\text{Sum of all assets required for most basic project}}$$

The PTI is the ratio of large project intensity to small and should fall within the range of 4.0 to 7.0. However, if the project levels are currently indistinguishable, it is probably below 4.0 and possibly even below 2.0. Using the PTI is a good barometer of how well you are implementing PTI and how much room there is for process improvement.

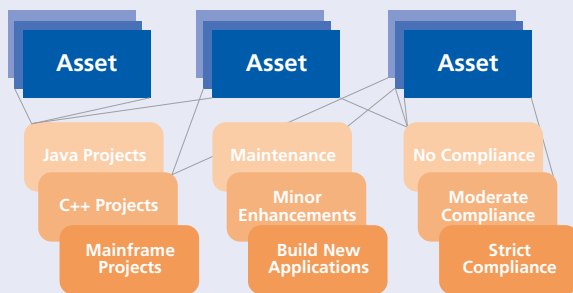
3. Process and Methodology Selection

In parallel with uncovering, classifying and creating the asset library is the selection of appropriate processes and methodologies. In layman's terms, this involves addressing basic questions including:

- Are we going to be following a specific methodology such as Information Technology Infrastructure Library (ITIL) or the Capability Maturity Model (CMM)?
- What specific testing and compliance methodologies are to be followed?
- What type of development approach are we going to use? Waterfall? Agile? Iterative? Custom?
- Will we need to comply with some type of specific corporate, industry and/or government regulations?

It is essential that the IT provider ensures that all departments come forth with their required methodology and other constraints such as specific regulations. Just like uncovering the full set of assets is critical to PMT success, so is the evaluation and selection of the relevant project management, development, testing and compliance methodologies.

Mapping Assets to Different Project Types



4. Asset Mapping

Once the assets have been assembled, the next step is to map them to various project types and methodologies. For example, which code review checklist will you use for a Java project compared to a .NET project? Which project planning template will you use for an Agile-based project versus a project using the Waterfall methodology? In the end, you will finish with a many-to-many relationship (see chart below left).

It is best to record these relationships in some type of database or flexible query/reporting solution to facilitate use by the different project teams. The emphasis on the asset-to-project mapping should be "asset re-use". After all, the more assets that need to be created for one-off usage, the more assets that need to be maintained long-term.

5. Common Language for Governance and Audit

Beyond assets, another critical element to PMT is audit and governance. CDI advises organizations to hold several brainstorming meetings with management, standards and quality teams to understand:

- What are the 6, 10, 15 or more questions to be used to determine project complexity? How will the different responses or criteria be weighted?
- How will audits/checkpoints be conducted?
- What are the key questions to be asked for a planning audit? Feasibility audit? Design audit?
- What are the criteria for passing a specific audit/checkpoint? 100%? 80%?
- How should the intensity of the audit (i.e., the number and types of questions asked) vary by project complexity?

Again, the first step is to obtain from the client the full "wish-list" of audit questions and criteria from each of the parties involved. The second step is, just like in asset mapping, to map the audit rigor to the different categories of projects.

6. Execution

Putting PMT into practice usually begins with piloting a relatively small, well-scoped application. The project complexity is assessed and the list of assets and governance/audit criteria are determined based on the complexity. Then the project team should have an accurate, tailored view of the project schedule and risk.

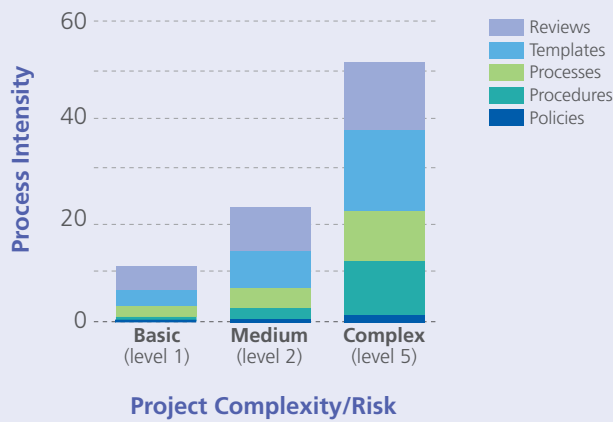
Over time, some organizations might consider

encapsulating these steps and related assets into an easy-to-use application that can ensure repeatable, consistent and efficient usage by all members of the various project teams.

“By evolving to better processes and managing by fact, re-work costs can be reduced by a factor of 3X.”

7. Assessment

After 6-12 months, the PTI calculations should be re-done. The PTI value should be considerably larger (ideally 5.0 or higher), indicating a much greater differentiation in rigor and effort between your simplest and most complex IT projects, as shown below:



Conclusion

According to the project management research firm The Standish Group, the success rate for IT projects has remained flat, at approximately 32%, for the past six years. It is clear that a new approach is required to improve on this figure in order to deliver greater IT productivity and cost savings.

PMT enables IT outsourcers to better assist their clients in aligning effort, compliance and audit rigor and costs with project risk and complexity. This approach can deliver significant cost savings to the client and provides the IT outsourcer with strong revenue and margin opportunities.

Based on the outcome of this analysis, the organization should:

- Identify new assets that need to be created
- Modify existing assets to better meet future needs
- Improve training of new hires as well as refresher training for all relevant departments
- Explore automation of the PMT process to reduce manual effort