Service-Oriented Project Management

"Strive not to be a success, but rather to be of value."
- Albert Einstein

A recent *Computerworld* survey showed that thirty-three percent of respondents rated project management as their *number one challenge*, even ahead of budget constraints and regulatory requirements. The September 2006 issue of *CIO Magazine* reported that sixty percent of IT leaders stated they will need to boost their staff's project management skills, above all other skills, within two to five years.

Why the sudden rush to get better at project management? Organizations are realizing that poor project execution is impeding their ability to achieve strategic goals. Projects are failing at a rate of seventy-five percent, and have been for more than five years, despite standards, certification, and project management training. It hasn't helped that projects are growing more complex, with offshore resources, multiple vendors, global initiatives, virtual teams, conflicting stakeholders, and the like.

But the primary reason most projects fail is because *the focus of the execution and the measurement of projects is too narrow and inwardly-directed*.

Typically, most organizations use three metrics to judge project success:

- On-time
- On-budget
- Meets requirements

There are several problems with this narrow view:

- It often has limited bearing on **real value to the client and the organization.**
- Simply meeting requirements **does not guarantee optimal performance.**
- **Doing the wrong thing on-time and on-budget serves nobody**, even if it does meet "requirements."
- It views *client satisfaction* and *total opportunity value* as lagging indicators to be measured afterwards, when **they are, in fact, leading indicators** if the project is to be *perceived* as a success and *be* a success.
- It directs the project manager's focus inward toward the project's requirements, schedule, and budget—**and away from the client**.

Another element contributing to an overly inward focus is the emphasis on tools, policies, and bureaucracy. Certifications, standards, and policies alone are not sufficient because seasoned veterans tend to ignore them and shell-shocked rookies either forget them as soon as they get caught in the thick of a political maelstrom (which most projects end up becoming), or they get so caught

up in the process that they forget to focus on the client—much like someone who just learned to dance, constantly glancing at their own feet.

In order to **redirect the focus on real client value**, we need a project management framework that:

- operationalizes a relentless focus on the client;
- redefines value and success in client terms;
- is adaptable to any size project; and
- instills a consulting mindset in project managers.

The Japanese have been practicing an outward focus for years. Honda calls this *Sangen Shugi*, the Japanese term for "three actuals"—actual place, actual parts, and actual client. Toyota has a motto, *Genchi Genbutsu*, which means "go and see for yourself to fully understand the situation." Tom Peters also encouraged this approach when discussing *MBWA* (*Management by Wandering Around*, first practiced at Hewlett-Packard in their early days and popularized in Peters' landmark book with Bob Waterman, *In Search of Excellence*).

Likewise, savvy marketers and innovative designers have realized the importance of not only conducting a "use case analysis" to understand the real need, but understanding the "whole product" —the collection of services, products, and networks that will provide the ultimate value to the client—today and beyond.

It's time organizations adopted these philosophies for their project management practices. And this is where ***Service-Oriented Project Management (SOPM)*** comes in.

SOPM: An Overview

What does it mean to be *service-oriented*? A *service-oriented* project management model adopts its philosophies from the professional services arena. For example, traditional project management begins with a set of clear requirements, at least in theory. Much like the professional services industry, SOPM begins with a set of *symptoms* or *ideas* from which the project leadership can **work with the client and other constituents to derive requirements**, which ultimately lead to design or service elements.

Suddenly, we begin to see project management more as a service to the client and their organization, much like a doctor first diagnosing and then prescribing treatment to a patient, with the assistance of specialists as needed.

This has major implications on the skills needed to manage and lead a project, just as it has implications on the selection of the project team. As a result, subjects that were previously only loosely (if at all) associated with project management, such as *business acumen*, *talent management* and *innovation*, come to the forefront. This also means that effective project management is no longer just the role of the project manager.

For instance, the formative stages can be led by a client-facing subject matter expert, who is close to the needs of the client—ideally with the early participation of the project manager (and other specialists if necessary). This client representative would ideally be skilled at diagnosis and able to identify the potential risks and opportunities. They could also serve as the project manager's right hand throughout the project. And, to further enable focus on the client, the project manager's left hand could be a project control specialist, who would handle project administration.

In general, project management must be a collaboration between a client-facing subject matter expert, the project manager, the sponsor, administrative support, and the project team.

Active Client Partnerships

Another way in which SOPM adopts a professional services mindset is by using the word *client*. Traditionally, a *customer* is someone who buys something, whereas a *client* receives services and advice. In addition, a professional will often partner with a client to devise the right solution, thereby establishing **an active partnership relationship rather than a passive "request and delivery" exchange**. Accordingly, to change the project management mindset appropriately to one of consulting, advising, and partnering, SOPM suggests referring to the recipients of our services as clients.

This leads to another point of contention, and that is, "Who is the client?" Is it the person who requests the project, the person who pays for it, the end-users, the extended stakeholders impacted by the project, senior management, shareholders, or all of the above?

While the *essence* of SOPM is to understand the perspectives of *all* of these stakeholders, ultimately there should be only one project manager and one client facilitator. However, this client facilitator (which may be the client-facing subject matter expert or it could be the project's sponsor) must be responsible for engaging and addressing the needs of the above-mentioned audiences—similar to a balanced scorecard approach. Collectively, the project manager and client facilitator help ensure alignment on the goals of the project.

Productivity and Excellence

At its core, SOPM is a productivity tool. There is a difference between efficiency and effectiveness. We can gain productivity by being *effective,* and SOPM helps us accomplish this by insuring that the *right questions* and *right priorities* are established up front, before the "execution" of the project begins. This also leads to a better definition of value. And with a more holistic view of value, SOPM can help organizations position themselves for **long-term organizational excellence**.

Practical Simplicity

A major complaint about traditional project management processes and methods are that they make theoretical sense, but much of it is not practical in most organizations. Therefore, for SOPM to be a
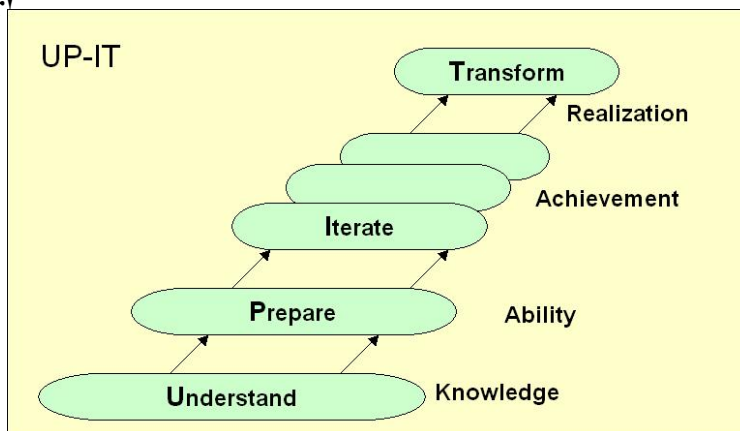
practical and usable enabler in everyday life, four components are required: a high level framework; a concise policy manual, a set of templates to serve as a toolbox; and a set of adaptable process flows. Most of all, it needs to be simple.

The SOPM Framework

The SOPM framework helps project managers gain a new perspective by which to manage projects. It uses the acronym **UP-IT** (pronounced "uppit"). Think of it as raising "up" the level of client attention, or raising up the success rates of IT projects. UP-IT stands for:

- **U**nderstand
- **P**repare
- **I**terate
- **T**ransform

Error!

At a high level, the *Understand* phase generates the baseline knowledge needed to be successful; the *Prepare* phase insures that the project team has the ability to execute effectively; the *Iterate* phase offers incremental benefits and safer delivery; and the *Transform* phase positions the client and the project team for long-term success.

The phases are outlined below. They contain some familiar activities and some new ideas. The key is that the activities are placed in a simple context that helps facilitate the project lifecycle. It is also important to note that it's possible that a project might require looping back through all four phases multiple times throughout the project. SOPM is not hierarchical.

Phase 1: Understand

The *Understand* phase includes partnering with the client to develop deep comprehension of the project and the definitions of success and failure.

This deep understanding requires going beyond the superficial level (e.g. *transmitting* a set of requirements) to developing shared knowledge (e.g. the underlying basis for the requirements and

what information was left out). Ultimately, it requires spending a certain amount of time in the real environment to observe and analyze all of the variables. Over time, as a project manager, with the assistance of the client-facing subject matter expert, gains experience on a variety of projects, some observations become second nature.

In traditional project management, much of this is assumed to have happened prior to the project manager being assigned. Often, it is done poorly if at all. Worse, some organizations assume the project manager should be doing this alone, and many project managers are ill-equipped. This includes understanding information about:

- The client (*i.e. who the client is, their role, their likes and dislikes, their communication preferences, etc.)*
- The organization (*the political situation, its hierarchy, culture, and goals*).
- The situation/problem/opportunity being addressed (*including what the client or end-users are currently experiencing—go and see for yourself*)
- Prioritized goals (*including stakeholder priorities and influence*)
- External factors (*the competitive market, economic considerations, etc.*)
- Strengths, Weaknesses, Opportunities, and Threats—SWOT (*yours, your potential team's, the client's, and the product's)*
- The players involved (*language, culture, who stands to lose or gain*)
- Available resources (*human and otherwise*)
- The subject matter (*business and technical*)
- Assumptions, Constraints, and Risks (*including competing priorities*)
- Past successes and failures (*internal, similar external projects*)
- The Total Cost of Ownership – TCO (q*ualitative and quantitiative*)
- The Total Value of Ownership – TVO (*qualitative and quantitative*)

Phase 2: Prepare

Preparations should begin in parallel with the *Understand* phase, for several reasons. First, preparation is "learning by doing," which, in turn, aids the *Understand* phase. We can rarely wait until we have a 100% understanding to begin developing preparations.

Second, in a competitive market where the fastest innovator wins, we must be acutely aware of time. Colonel John Boyd, a fighter pilot frequently referred to as the greatest military strategist of all time, coined the term OODA loops (OODA stands for Observe, Orient, Decide, Act). The premise is that the faster a person or team can complete the OODA cycle on an incremental and continuous basis, the better chance they have of confusing the opponent and coming out ahead. Organizations such as Toyota have taken this to heart and have made it an underlying principle of their company.

The same principle holds true with SOPM. The faster a project team can *effectively* make it through the four phases and avoid analysis-paralysis, the more benefit they can provide to the organization.

Determining the right balance is more of an art than a science, and depends on the industry and the nature of the project.

In essence, the *Prepare* phase uses shared knowledge to create an environment that leaves the project team in a better position to jump out of the starting gate with minimal confusion and distraction. This includes:

- Setting client expectations
- Setting stakeholder expectations and gaining buy-in and active support
- Selecting the right team (*based on complimentary strengths, knowledge, and skills*)
- Providing appropriately-scaled project management methods and tools
- Planning adequate training (*situational, subject matter, tools, protocols – as needed*)
- Defining the solution and strategy for solving the problem or need
- Preparing the project implementation approach and plan
- Documenting the business case and gaining approval to proceed
- Documenting and communicating the strategic alignment (*vision, mission, goals, strategy, objectives, accountability*)

Phase 3: Iterate

Using the axiom, "*Think **BOLD**, implement safely*," SOPM encourages focusing on bold differentiating benefits that can "wow" customers and boost a company's top line growth. Peter Drucker once said, "Only marketing and innovation produce revenue. All other business functions produce costs." David Newman echoed this in his landmark book, *Unconsulting*, when he pointed out that "the bottom line is meaningless if the top line is weak." But while a focus on bold moves is encouraged, it's equally important to implement safely. This is where the *Iterate* phase comes in.

The *Iterate* phase involves delivering results in phases, using pilots and prototypes where possible. This incremental approach results in:

- Earlier benefits
- Quick wins (*which conveniently translates to less resistance*)
- Maintaining client attention and participation
- Discovery-driven learning (*which may lead to new or changed requirements*)
- Fact-driven course corrections
- Less risk in case of early termination
- Maintaining momentum
- Better focus and scope control
- Paced spending (*especially if negotiated accordingly with vendors as needed*)

The frequency of iterations is vital. The more frequent the iterations, the greater the benefit of using such an approach. Again, this is an art more than a science. And once again, Colonel Boyd's OODA loop (Observe, Orient, Decide, Act) concept comes into play, as does W. Edwards Deming's quality

cycle of PDCA (Plan-Do-Check-Act).

Phase 4: Transform

The final phase of SOPM is *Transform*. Instead of the traditional approach of ending the project when the product has been delivered, SOPM requires transforming the client, the organization, and the project team before declaring an end to the project. While the first three phases address the symptoms and the cure, the Transform phase deals with *wellness*.

Think of the saying, "*Give someone a fish and they can eat today; teach them to fish and they can eat for a lifetime*." To apply this, first we must transform the client, the stakeholders, and ultimately the organization in three ways:

- Capabilities *(by insuring they have the tools, training, and knowledge to gain full benefit from the product or service)*
- Growth and learning *(by insuring they have a multiple paths to grow on their own, beyond the initial delivery)*
- An adequate support system (*by insuring they know where to go for support if needed so that they're not left on their own completely; perhaps, leveraging a buddy system or superuser network*)

In addition to transforming the client, stakeholders, and the organization, it's important not to forget the project team. We can transform the project team (which ultimately helps transform the organization) through the following devices:

- Lessons-learned *(by insuring the team helps identify and fully understands the lessons-learned from the project, so as to enable them to spread the lessons to future projects and project teams)*.
- Recognition (*by insuring that team members are recognized for their efforts, which not only serves to make them stronger, but encourages ambition in others as well*)
- Development plan (*by contributing to the team members' development plan, so as to insure that they build on their existing talents, making them even more valuable in the future*)

Redefining Success in Project Management

At its core, project management is simply *the art of leading others to achieve objectives succesfully*. While this is a simple definition, defining *successfully* is often elusive. With SOPM, we can define "successfully" as achieving the following results:

- the client is satisfied;
- the project delivered value; and
- nobody got hurt—physically or mentally

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We can define *value* in terms of the *Total Value of Ownership* (TVO), which includes *direct value* (i.e., directly reducing operating costs for the client) and *indirect value* generated by the client having a superior product or service (such as the opportunity for the client to increase prices, retain customers, or gain new ones).

This is not a new concept. Organizations such as Frito-Lay, CR England, and others have been using TVO to select their supply chain projects for quite some time. In 2002, Gartner created a "Total Value of *Opportunity*" methodology for IT investment planning, although they fell sadly short of a Total Value of *Ownership* model, despite numerous requests. Their response in a May 2006 article? The problem is too hard, too controversial, and too difficult to quantify.

One solution is to take a more holistic view of value as opposed to just measurable benefits and profit. First, this broader view of value includes more than just direct and indirect benefits to the client. It also includes value to the employees, which in turn leads to customer retention, which ultimately leads to profit.

This relationship, also known as the *virtuous circle*, is a proven model for long-term organizational excellence. In other words, aiming for holistic value is the means, while profit is an end. To illustrate this concept, consider the following definition of profit by Ken Blanchard in his recent book, *Leading at a Higher Level*:

> *"Profit is the applause you get for taking care of your customers and creating a motivating environment for your people."*

With this view in mind, we can see how qualitative information can be just as important as quantitative, and in fact quite adequate for some organizations and projects. Even Albert Einstein, the supreme authority in mathematics, once said, "Not everything that can be counted counts, and not everything that counts can be counted." When it comes to the Total Value of Ownership to an organization, this is certainly true.

Supporting this view is an article in the September 2006 issue of *PM Network*, the monthly magazine of the Project Management Institute, titled "Beyond Budget." The article headline states, "For a true read on project success, organizations must track both qualitative and quantitiative benefits." In the article, Carlyle Maranhao, a client principal with Hewlett-Packard, uses a bridge example. He states, "… if it was built on time, on budget, and met specs but wasn't beautiful to look at, it may not have enhanced the city it was in." Of course, the bridge must meet specs, but to ignore the potential *intangible benefits* can shortchange the project and the organization.

A recent article in the *Philadelphia Inquirer* on October 9th 2006 shows that even business schools are taking notice of these new trends. According to an MBA forum made up of 70 business school leaders from around the nation, the number of required quantitative courses has fallen, while the demand for courses in general business acumen and communication is going up. Forum attendees also suggested different admission selection for students, focusing on creativity and risk-taking as opposed to pure knowledge. It is apparent that we are entering the age of *creativity*, *differentiation*, *risk-taking*, and *humanity* in business. Indeed, the time has come to staff and manage projects accordingly.

Measuring Success

To support these new trends in business, SOPM measures success in a broader sense than traditional project management. Rather than simply looking at on-time, on-budget, and within-scope metrics (i.e., the *inward* view), SOPM adds qualitative measures regarding client satisfaction and value—throughout the project, not just at the end. Client feedback is monitored regularly and tracked on a progress chart. This offers a more holistic view of project success and adds a vital source of information for making course-corrections.

It is the same with business value. As a project generates value-producing deliverables, value (tangible and intangible) can be tracked accordingly. If an early deliverable produces more or less value than expected, course-corrections can be made. Currently, many organizations, if they track anything at all, merely track work completed against the project's budget—the false assumption being that the work completed represents value to the client.

SOPM Themes

With an understanding of the concept of SOPM and the framework or superstructure that supports it, some key themes become evident. At its core, SOPM:

- Facilitates an emphasis on pre and post project activities (as compared with traditional models)
- Adopts a *Professional Services* approach
- Encourages a more holistic view of value (TVO)
- Operationalizes an intense client focus
- Offers a framework (UP-IT) that is meant to work in the real world, adaptable to any project
- Redefines project success in client and organizational value terms

The Future of SOPM

As organizations awaken to the knowledge that a different approach is needed for project success, a framework such as SOPM is well positioned to fill that gap.

Imagine industry-vertical versions of SOPM, with templates and process flows specific to industries such as healthcare, pharmaceuticals, or aerospace. Imagine a client's delight when a project manager shows a genuine interest in their situation and well-being. Imagine project manager and team member confidence rising as they begin to adopt a consulting mindset and increase their self-worth.

The SOPM framework is a high level model meant to change existing mindsets. As such, it can sit on top of existing processes, and can be applied to large programs and small projects alike. By adopting these philosophies, we can begin to usher in a new era in project management.

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