Chapter 2

People on Projects: A New Look at Project Roles and Responsibilities

"People do projects." While this may seem like an obvious comment, it has taken decades for organizations to fully appreciate the importance of the human element in project management. In 1995, in the first volume of the award-winning book series entitled *The Human Aspects of Project Management,* Vijay Verma noted that "human resource management is a vital component of project management … [yet] most projects have been managed as technical systems instead of behavioral systems."[1] He then went on to differentiate between project human resource management and the usual administrative human resource management that takes place in an "ongoing, operational context." His description of the split between managing people on projects and HR describes the situation in a typical matrix organization.

The matrix organization, as discussed in Chapter 1, was the result of project management taking place across rigid functional departments. Much has changed in business since this organizational structure was first described in the early 1970s.[2] Project management's development from a technical specialty to a crucial business competency has moved so quickly that the realities of project planning and execution have far outstripped our thinking about the organizations that perform the projects.

Thus, although significant amounts of research have shown that the so-called "matrix" organization is at best inefficient in accomplishing projects,[3] most companies still try to carry out the major projects that provide competitive edge without organizing fully around the project model. Functional department heads grudgingly give up staff hours to some temporary endeavor for which they are not rewarded or responsible, and a harried project manager (who might have heard that job description for the first time yesterday) tries to cobble fractions of people into a team without any authority over them or power to reward them. In the margin of the org chart, something called "project management" dangles, with dotted lines vaguely attaching it here and there. In these circumstances, it would be a miracle if projects did not face immense obstacles, and in all fairness, neither the project manager nor the team can be held responsible for many of the potential obstacles to success — things such as poor definition of the business case for a project, lack of alignment with strategic corporate objectives, inadequate funding, or refusal to cooperate cross-functionally among the departments. These types of obstacles can only be cleared away at the executive level of the organization, by an executive commitment to wholesale organizational change.

One aspect of this change lies in the way the organization manages the people who carry out its projects. In the matrix organization, projects are something extra, something out of the ordinary that are cobbled together from "real" functional departments. The people who comprise project teams in this organizational structure may temporarily wear a title such as "project manager" but they "belong" elsewhere: in marketing, research, engineering, or accounting. Under this type of structure, it can be argued that it makes sense for corporate HR to keep track of everyone, overseeing performance, rewards, and development. Nevertheless, the relationship between projects and HR has always been problematic. Traditional reward and review structures have not been a good match for project team efforts, and the stresses on the project caused by conflicting pressures from functional and project managers take a toll on everyone. As a company becomes more project oriented, so that it is managing the organization as a portfolio of projects, the traditional administrative role of HR fits the "managing by projects" paradigm less and less well.

Why Is This So Important?

After a couple of decades of looking for the silver bullet in tools and techniques, researchers have recently confirmed that "people do projects." The selection of the right project manager was found as the single most important factor in project success,[4] even overshadowing the implementation of methodologies, systems, and structures to assist project management.[5] If nothing we do is more important than nurturing high-performing project managers, then the present disconnect between the administration of HR and the staffing of projects, in our view, may be a key factor in project failure.

One clue to the effects of this disconnect is found in job descriptions for project and program managers, planners, analysts, and administrators. During a six-month period in 2003, we studied hundreds of job descriptions gleaned from Internet job postings in project management. Our central finding was that most of the job descriptions in the project management field are woefully inadequate. Many of the job descriptions conflate responsibilities ranging from portfolio management to project administration into a kind of "monster" job that no normal human being could possibly pull off. Others title a job that is primarily administrative "project manager" — a kind of cosmetic title.

As has often been pointed out in project management literature, one of the biggest traps a company can fall into is to lack a common language and vocabulary for dealing with projects. The drive within project-oriented companies to adopt standard methodologies has done a great deal to resolve this problem, giving team members from project to project and across the enterprise a shared language about tasks, steps, and methods. However, still lacking is a "methodology" for titling and describing the roles and responsibilities related to projects.

Why is this a problem? To begin with, it makes hiring the right people nearly impossible. When recruitment is done by people who have only a nodding familiarity with project work, they often fail to establish the line between project organization, project direction, project management, project administration, and the technical skills needed. Thus, project management job descriptions can include everything from executive roles to quasi-secretarial tasks. Here is an example: an actual job description from an advertisement for a "Senior Project Manager":

> The Senior PM is responsible for managing an application development team that provides business solutions to the Operations Division. This is a 6-month, right-to-hire position. Applications include image, document and workflow management, call center CRM applications, fulfillment processing and Internet based service delivery applications.
>
> Candidate will be responsible for the following:
>
> Gather and analyze information (issues and requirements) and translate business requirements into structured functional specifications.

Analyze current applications and recommend changes to gain a competitive edge.

Identify business problems/opportunities and implement systems solutions.

Perform workflow analysis in functional areas, gathering information, understanding users' needs and translate them into business requirements.

Perform user acceptance testing and quality assurance, including executing, reviewing, and evaluating software development test plans.

In other words, they are looking for a business analyst, a software engineer, a team leader, a systems analyst, a testing coordinator — plus someone to make the coffee and take the blame when it all goes belly up — all wrapped up in the same human package (one who, incidentally, is only looking for temporary employment). It is not difficult to see how these kinds of role descriptions — which are far more common than realistic role descriptions, according to our survey — can set up both people and companies to fail.

At present, projects fail because organizations fail to support effective project managers. Project management researchers and practitioners have observed this seeming paradox, but few have examined what organizations can do to better support the challenging tasks that project managers and teams take on.[6–8] Most companies — despite the fact that nearly everything they do to create wealth falls under the descriptive heading of "projects" — have not learned much about how to hire, train, reward, manage, or mentor the people who keep the project wheels turning.

One of the barriers to better people management on projects is structural. Traditional HR was, and in many cases still is, characterized by lengthy, multistep administrative processes centered around compliance.[9] An organization *can* be designed around the flexibility and autonomy that characterizes that group of knowledge workers we call the project team. However, given the current structure of HR, it is difficult for this kind of change to originate there. With its historical roots within the accounting department — a relic of the era when people were merely "labor costs" — HR is often placed under a controller or CFO. Says Mitch Stem of Deloitte & Touche, when HR becomes an extension of accounting, HR programs and processes are implemented not so much for their strategic fit as for cost-effectiveness and ease of administration.[10] Bob Thomas of Accenture's Business Results Project says that HR professionals "have an enormous ability to generate data" but little idea of what to do with it.[11] The project office director of a major U.S. insurance company, interviewed for this book, characterized the inherent conflict between project management and HR in her organization this way: "In a matrix organization, the pool of project resources all report to an HR manager, and also report into the project managers. The rift here is between the project manager and the business managers who are over the HR issues, because project management isn't understood as well as it should be by those people. They don't understand the impact of moving resources around on schedules and delivery and so on. The project manager and HR manager have almost conflicting goals: one is just trying to get the job done, the other is trying to develop people." However, she pointed out, even a lofty goal like career development can backfire if the HR staff lacks an understanding of career progression in project management.[12] (See Chapter 6 for more information on career development.)

Project-friendly human resource strategies have the potential to transform the inner workings of companies: to streamline resource management, make project rewards rational, provide training that addresses real needs and issues, and gives people the job satisfaction that translates into low turnover and higher productivity. Leading business thinkers Michael Hammer and James Champy have stressed that, in a knowledge-based economy, companies should be organized around processes (such as project management) rather than functions.[13]

There are some signs that companies are taking steps in this direction. Already, 12.2 percent of companies are moving traditional HR functions to line managers and 62.8 percent are streamlining HR processes and procedures, incorporating more self-service features into the data collection side of their work, and implementing enterprise-level HRIS systems.[14,15] These technologies — time and attendance reporting, resource allocation and leveling, skills databases, decision-support tools — are already familiar to project managers and are included in many enterprise project management software packages. Meanwhile, advances in software in the areas of knowledge management, project management, collaboration, and workforce planning allow us to begin putting systems in place to collect, connect, and better manage the knowledge that individuals create on projects. But no technical solution on the planet can create the organizational climate that creates the "zest factors" leading to high performance described in our Introduction. Only organizational changes favoring the project paradigm can do that.[16]

Our vision of the Strategic Project Office is as a full partner in HR concerns: helping the organization to hire, train, measure, and reward people in ways that make the project portfolio more productive and profitable. In the chapters that follow, and in the appendices, we offer practical ideas on the management of project personnel. But to create change in organizational systems, we must "take it from the top" by first examining the executive role in the organizational change project of creating and sustaining a Strategic Project Office.

The Executive Role

One of the chief reasons for project failure, in all types of projects and across all industries, is actually built into most organization charts. We find it in the great divide between "the coal face" of project work and decision makers on the executive level. Study after study cites "lack of executive support (or involvement)" as a top reason that projects run into trouble.[17]

In the past, and in matrix organizations today, the project sponsor or project champion plays a critical role in the successful management of an individual project, smoothing out the inherent disconnects.

When initiating a major organizational change project — implementation of enterprise software, a project office, a knowledge management project, a merger, and the like — executive sponsorship is even more necessary. The level of authority required to drive this kind of change does not exist on the project team or even the departmental level. Only the company's executive staff has that authority and responsibility to architect and oversee the implementation of this magnitude of change. The executive leadership of the enterprise must commit the organization to this new direction and exhibit the resolve necessary to see these changes through to completion. Many sources in the literature on successful reengineering and implementation of new processes agree that executive commitment is the first and most crucial piece in any drive to improve or change organizations.

In a project management improvement initiative, the primary role of the executive staff is to provide the strong leadership, strategic vision, and program definitions necessary to implement the Strategic Project Office. A company can have a best-in-class project management process defined, but if the strategic vision that underpins that process is missing or ill-conceived, the process simply cannot make that company successful over the long term.

The executive staff must establish vision and direction for the project management initiative and allocate funding and resources to it. Such sponsorship from the members of the executive committee ensures a voice for programs and projects. Many organizations have strong support for project management at lower levels but very little acceptance or interest at the top. Such an organization is not managing effectively by projects, and is unlikely to derive the benefits that enterprise project management has to offer unless a cultural evolution takes place. It is not necessary for executives to become project managers, but it is necessary that they enthusiastically support, with words, actions, and funding, the aspirations of the project management community within their organizations.

Once the initiative is in place and the projects that fall under it are gearing up, the executive staff has minimal involvement in day-to-day project activities. However, although the executive team is not performing the day-to-day detailed work, it must be involved as an executive oversight team (or Steering Committee). Ideally, management must understand the strategic implications of the Strategic Project Office initiative and its impact on the company's bottom line in terms of more rapid new product development and the resulting increased return to shareholders.

Where Executives Fail

The dilemma that arises in most organizations is that the impetus toward improved project management begins at the middle management level. And because middle management tries to implement changes that are really beyond its scope of influence, the project management initiative usually receives inadequate funding. Middle management usually only receives enough support to cobble something together — *if* they do not get tied up with other things. Without executive management sponsoring/driving/overseeing this important organizational change project, a project management initiative does not deliver the promised value — not because the initiative itself was not a sound idea, but because the implementation is half-hearted. Without the backing of executive management, project office resources typically find themselves implementing the project office initiative as a part-time role, are periodically pulled from deployment efforts to manage current "hot" projects, and find themselves juggling multiple priorities — many times defocused to the point that the project office initiative loses its direction and momentum.

These are typical of the problems we see in companies that have tried and failed to implement better project management practice. Front-line or middle management might see the need for process improvement, but given their immediate pressures and responsibilities, it is almost impossible for them to rise above the tactical level to focus on the strategic level. Make no mistake: deploying and sustaining a corporate-level Project Office is a strategic program. So management has a critical role to play.

How To Succeed

What are the critical elements of successful management participation in a Strategic Project Office deployment? There are many, including the strategic decision making that supports the project, protecting the resources in the SPO so that they can focus on what they need to do; supporting the budget, supporting the plan, supporting the schedule, and providing conflict resolution when resistance to change arises within the departments most affected by the deployment. However, the keystone in the EPO deployment strategy is the Executive Sponsor. The Executive Sponsor paves the way for the EPO deployment by dealing with other executives as a peer when conflicts over resources arise. Without an Executive Sponsor as an initiative champion, the chances of successfully deploying a Strategic Project Office are very slim.

Identifying the Executive Sponsor

The project sponsor is the executive in charge of the area in which most of the business functions connected with the project reside. He or she initiates the project and is a member of the Oversight Committee. The sponsor makes business decisions at the various project phases, communicates the larger vision of the project throughout the organization, and, from the customer's (the executive leadership team, in this case) point of view, is ultimately responsible for the project's completion. Project sponsorship is most effective when accountability resides with one person, a person high enough in the organization that he or she has enterprisewide influence. There will of course be a project sponsor for every project undertaken by the company, but the sponsor chosen to spearhead the Project Office initiative will have a particularly important role in leading organizational and cultural change; thus, the sponsor of the Project Office initiative must be highly placed.

In our experience, in a mid-sized organization or within a business unit of a larger organization, the Executive Sponsor would typically be at the vice-president level. A simple rule of thumb for choosing a person with sufficient authority is simply this: does he or she have the authority to cancel the project management change initiative? Lack of an Executive Sponsor with sufficient authority is a major risk to the success of the initiative, and we recommend that work not proceed until one engages an effective project office sponsor. This step should take place early in the initiative to ensure that the project will move forward. Securing buy-in across the executive positions in an organization will significantly improve the probability of project office success, giving the project team the ability to resolve the kinds of issues, conflicts, and challenges that occur whenever one tries to deploy an organization-wide system of this magnitude.

Integration of multiple financial systems, coordination among the various organizations, compiling the resulting data, and generating appropriate tailored reporting only begins to reflect the complexity of the integration challenges surrounding the myriad of changes that an SPO deployment entails. Multiply this example by the issues raised by the additional issues faced by a developing Project Office — coordination of the project/program/organizational budgeting processes, procurement, inventory control, capital equipment funding and allocation, and suppliers — and we find there is a tremendous amount of coordination and systems integration required for a fully functioning Strategic Project Office. To expedite these integration issues, the Executive Sponsor must be a champion for the SPO, while serving as an effective organizational facilitator. Being seen as a proponent of this process change for the good of the organization as a whole allows the Sponsor to pave the way to work through some of the sticky issues of turf, information-sharing, and power.

It is tempting for executives to hand over these kinds of sticky issues to a project manager selected to lead the Project Office initiative. But the project manager, as a middle-management level manager, most likely will not have the influence, authority, or reputation to work through the toughest challenges of integration. Also, it is likely he or she will run into a political roadblock, or the department he or she is negotiating with has other issues that it views as more of a crisis and the SPO integration problem is put on the back burner until "later." If integration unveils some areas of duplication or inefficiencies between departments — as is likely to happen — the project manager as the bearer of bad news is likely to be subjected to that time-honored management technique of "shooting the messenger." The value of a higher-level executive sponsor is that he or she can help adjust priorities relevant to the priorities of the overall organization. He or she can cut through some of the political challenges that a mid-level Project Office "project manager" will have extreme difficulty in achieving.

The Bottom Line

Choose a sponsor for the SPO who can communicate the plan and keep the organization's priorities straight. He or she must be a strong advocate for the changes involved, extremely knowledgeable about the benefits of project management, and have the ear and confidence of the powers that be. The old saying goes, "You're never a prophet in your own land." If senior management does not fully understand and support the project management approach, it might be time to bring in an external consultant who has dealt with a number of companies in your market segment to explain and execute the advantages of project management and the results achieved by others who have successfully implemented a Project Office.[18,19]

More Management Participation: The Project Office Steering Committee

As the liaison between senior corporate management and the SPO project team, the Executive Sponsor should be the chair of the Project Office Steering Committee. This committee is normally composed of the director of the SPO; the Project Sponsor; the heads of key functional organizations (members of business units affected by the project or projects being dealt with at any one time); and a senior corporate official, such as the CEO or COO. It should consist of three to seven individuals in total. This committee is formed to change the corporate project culture and is active on a continuing basis to select, prioritize, and evaluate the entire corporate portfolio of projects. In addition, it acts specifically on very large projects having overall corporate impact, such as the SPO initiative. When major issues or problems with the project must be escalated, the Project Office Steering Committee provides a forum for issue/problem resolution. This committee initiates the project in a management oversight role, and also continues to hold end-of-phase reviews throughout the duration of the deployment project, monitoring progress against the objectives to determine whether or not the SPO is meeting the objectives that were established at initiation. The Project Office Steering Committee may also discover the need to include technical and internal client representatives — senior staff from other business units that might be affected by the SPO deployment. If there are external customers who are critically affected, one may want to include them on this committee as well. This group is, in effect, the board of directors for the SPO and other mega-projects.

As a "board of directors," the Project Office Steering Committee has input into the strategic direction and will play a part in the review of the SPO charter. In some cases, members of the committee will need to sign off on key elements of the deployment plan (such as the project charter) because the charter defines the scope of the proposed SPO and its specific roles and responsibilities with respect to functional departments and business units. While the SPO Project Office Director will write the initial draft of the charter for the Project Office Steering Committee meeting, he or she will ask committee members to sign the charter to verify that its provisions have been agreed to. If a conflict arises in the future, the members of the committee will revisit originally agreed-upon terms of scope, priorities, and strategy prior to initiating change. The Project Office Steering Committee will also continue to revisit the goals and objectives of the SPO, as well as the critical deliverables, and continue to work within the organization to achieve executive buy-in to all those areas.

The Project Office Steering Committee is also involved in the commitment of all the various resources that the SPO deployment will require, from budget and personnel, to space, equipment, and time.

In the early stages of an SPO deployment, the Project Office Steering Committee will be required to meet more frequently, perhaps as often as monthly. As the project begins to deploy, the committee will meet less often. As part of project planning, the Project Office Steering Committee may wish to identify key end-of-phase points when it will come together to review progress to date, determine whether the objectives of that phase have been achieved, whether the schedule has been maintained, whether proper cost controls have been put into place, etc. Another way executive management can make sure that Project Office Steering Committee representatives fully appreciate the importance of the project is to ensure that committee members devote sufficient time to committee proceedings; that they in fact attend meetings and provide meaningful input, and provide feedback to senior executives on progress and problems. It may be necessary to conduct a session of executive-level training in project management before the SPO deployment project is launched to ensure that the Project Office Steering Committee fully understands its role, responsibilities, commitments, and value.

Functional managers seldom have a sufficient grasp of the enterprise advantages of project management to fully appreciate "what all the fuss is about." The members of the Project Office Steering Committee must understand enough about the project management process and its value to be strong advocates; and they must also have a high-level understanding of the phases and processes of the discipline in order to provide leadership and guidance during project reviews.

Periodic progress reviews are a normal part of the "controlling" processes of project management. On the SPO deployment project, as on any other organizational project, executive participation will be necessary in these project reviews. These reviews will be scheduled into the implementation plan. One reason executive involvement is important in these reviews is that the Project Office Steering Committee must have the authority to both launch and cancel the project if necessary. Otherwise, the Committee will not have sufficient authority to make other critical decisions necessary for the successful outcome of the project. Project control is all about identifying problems, risks, or issues early in the deployment initiative, and then addressing them as a project moves through its life cycle of planning, deployment, and transition to ongoing operations.

Keep in mind, however, that the Project Office Steering Committee must be aware of the highlights of the program only: a very high-level roll-up of all the project activity. The SPO project manager should also provide the committee with an agenda and a menu of decisions that must be made during the Project Office Steering Committee meetings. Some of the typical issues this committee will be asked to address include major changes in the direction of the Strategic Project Office deployment project or other significant change control items, budgetary impacts, resource conflicts, need for involvement from other organizations, or lack of support from a critical "power center" in the organization. A simple word from the CEO or COO to a recalcitrant player is sometimes all that is needed to get the Project Office deployment back on track. All the issues the project team itself is not able to resolve should be elevated to the Project Office Steering Committee so that the committee can use its influence or decision-making ability to redirect, correct, provide funding or resources, reprioritize, or take other action. And, as always, it is necessary to document committee decisions and incorporate them into an updated plan or issues log.

Finally, one of the most important areas in which the Project Office Steering Committee plays a role is in the realm of culture change. As discussed in Chapter 1, managing by projects is an entirely new way of doing business in many organizations and anyone attempting to align projects and strategy will impact not only those individuals doing project management, but also functional teams and managers, and systems from HR to payroll to facilities to procurement to finance. Changes of this magnitude cannot take place without management support and advocacy, and this will be a primary role for the Project Office Steering Committee. It has been said that much of implementing project management is "missionary work," and the executives involved must be the primary "missionaries" of this new business doctrine. Table 2.1 shows a set of Steering Committee guidelines adapted from the practices of the Australian government.[20] Table 2.2 offers suggestions for basic project management training for Steering Committee executives.

The Expanding Role of the Stakeholder

Because key stakeholders form the backbone of a Steering Committee, it is worth noting that, recently, several authors and experts have suggested a broader view of and role for stakeholders.

What the Gurus Say

Project management is unique among business approaches in the attention it lavishes on stakeholders; and according to some business thinkers, this feature of the discipline makes it a kind of model for how business will be carried out in the future. Ann Svendsen details recent research showing that when companies treat their employees well, create jobs in the local economy, develop innovative products and services, take care of the environment, and contribute to the community, they are often more

TABLE 2.1 What the Steering Committee Does

A Steering Committee's role is to:

- Take on responsibility for the project's feasibility, business plan, and achievement of outcomes.
- Ensure the project's scope aligns with the agreed requirements of the Business Owners and key stakeholder groups.
- Provide those directly involved in the project with guidance on project business issues.
- Ensure effort and expenditure are appropriate to stakeholder expectations.
- Ensure that strategies to address potential threats to the project's success have been identified, costed, and approved, and that the threats are regularly reassessed.
- Address any issue that has major implications for the project.
- Keep the project scope under control as emergent issues force changes to be considered.
- Reconcile differences in opinion and approach, and resolve disputes arising from them.
- Report on project progress to those responsible at a high level.
- Depending on the nature of the project, take on responsibility for progressing any corporate or strategic issues associated with the project.

What role do individual members perform?

Individual Steering Committee members are not directly responsible for managing Project Office activities, but provide support and guidance for those who do. Thus, individually, Steering Committee members should:

- Understand the strategic implications and outcomes of initiatives being pursued through project outputs; appreciate the significance of the project for some or all major stakeholders and perhaps represent their interests.
- Be genuinely interested in the initiative and the outcomes being pursued in the project.
- Be an advocate for the project's outcomes by being committed to and actively involved in pursuing the project's outcomes.
- Have a broad understanding of project management issues and the approach being adopted.

In practice, this means they:

- Ensure the Project Office's outputs meet the requirements of the key stakeholders.
- Help balance conflicting priorities and resources.
- Provide guidance to the project team and users of the project's outputs.
- Consider ideas and issues raised.
- Foster positive communication outside the Committee regarding the progress and outcomes.

TABLE 2.1 (continued) What the Steering Committee Does

As members are selected based on their individual knowledge and skills that they bring to the Committee, there can be some confusion and conflict in the accountability of members. The first responsibility of members is the achievement of Project Office success and second to their business area. Similarly, members who have expertise in a particular area should avoid taking a narrow view of their responsibility.
What happens before each meeting?
At least five working days before each scheduled meeting, you should receive:
An agenda
Minutes of the last meeting, including an action list
A progress report on the status of the project since the last meeting prepared by the project manager
Other documents to consider at the meeting (if any)
What happens during each meeting?
The Executive Sponsor usually chairs the meetings. The chair will conduct the meeting according to the agenda, ensuring that all members are encouraged to provide input throughout the meeting and that any decisions or recommendations are adequately resolved and confirmed by the members. A basic agenda would include:
Confirmation of minutes from previous meeting
Reviewing the status of action items from previous meeting
Report on the status of key projects by the Strategic Project Office Director or CPO
Discussion on other documents to be considered (if any)
Confirmation of date, time, and venue for next meeting
Within a week of the meeting, a copy of the minutes of the meeting should be circulated to all members.

Source: Adapted from the Tasmanian Governmental Project Management Guidelines, accessed at http://www.projectmanagement.tas.gov.au/res_kits/pm_scresourcekit.htm.

profitable.[21] Attention to the relationships between and among all the people, both within and external to a business organization's activities, not only minimizes conflict today, but also builds a fund of goodwill that can mitigate the potential for future problems. In a crowded global marketplace, with scarce talent and hair-trigger litigation, such relationship-based thinking becomes less and less of a luxury.

Svendsen's insights are confirmed by Steven F. Walker and Jeffrey W. Marr. In their book, companies are urged to build commitment and loyalty by developing ethical core values and practices for dealing with their

TABLE 2.2 Project Office Steering Committee Training

Barriers to Executive Education	*How to Overcome the Barriers*
Executives are too busy to take time for training.	Deliver information in bite-size components (e.g., two hours maximum length for any one session).
Executives will never use project management; that is for their direct reports.	The goal is not to create experts, but to increase their awareness of the potential of project management: to enlighten them as to how it can help them achieve their personal and professional objectives. Do not focus on tools and techniques; instead, give them the information needed to interpret the various types of reports generated by project management professionals. Teach enough project management so that they can ask the right questions to get the right picture from the project data. They should understand the realities of managing projects, so as to avoid unrealistic expectations. They should be able to connect the improvement in the management of projects with the company's business strategy.
Executive education must be delivered differently than the traditional classroom approach.	Senior executives must be engaged in a dialogue of exchange rather than the classroom paradigm of "I teach, you learn." An executive session requires a much smaller audience, preferably 12 to 15 at most. Use an action-oriented format: analyze where the organization rates on the project management maturity scale, identify steps needed to move toward maturation, and assign action items to the members of the executive staff. This sends a message to all attendees that they are expected to be active participants in the process.

Source: Adapted from Jimmie West, Even executives sing the blues, *The Project Management Best Practices Report,* June 2000.

"immediate family" of employees and customers.[22] But they do not stop there: citing research on the positive business returns on ethical community relations, they explore stakeholder relationships with community leaders, the media, and government. Using a stakeholder relationship model as the basis for developing corporate strategy, they argue, has significant long-term benefits.

So, corporate strategists and thought leaders are using stakeholder relationship management ideas from project management as a model for reinventing business. This should be a sobering thought because, in project management, stakeholder relationships are an area that often receives scanty attention.

What the Statistics Say

The project failure statistics generated by the Standish Group's CHAOS Reports are dismal. By analyzing what failed projects have in common, the CHAOS Reports have, after nearly a decade of data gathering, been able to pinpoint key success factors and failure red flags for projects. What are some of those red flags? "Lack of user involvement," "unrealistic expectations," and "lack of executive support" are the top three, all of which result from poor attention to stakeholders early in the concept and planning processes. In fact, British engineer and author John McManus identifies stakeholder mismanagement as "the critical risk in project management." He goes on to say that stakeholder theory represents "a challenge to conventional economic analysis, an approach that does not adequately consider the distribution of costs and benefits among different stakeholders: the winners and losers." According to McManus, projects both public and private will continue to have high failure rates unless better ways are found to incorporate various interests in planning, and to anticipate and deal with stakeholder opposition and conflict. In fact, he notes, only "the adoption of a stakeholder approach to project management and management in general will contribute to the long-term survival and success of a project organization." When stakeholder relationships are mutually supportive, they encourage trust and stimulate collaborative efforts that engender "relational wealth" — those organizational assets arising from familiarity and teamwork. By contrast, conflict and suspicion set into motion formal bargaining, limit efforts and rewards to stipulated terms, and set up reactive, information-hoarding "need-to-know" dynamics in the area of knowledge sharing. All this wastes time and money. When assessing the importance of stakeholders to the success of a project — especially a strategic project, such as a project management change initiative — he suggests the use of "checklist" questions to structure thoughts and obtaining answers to which policy or strategy might be developed. For example, which problems, affecting which stakeholders, does the project seek to address or alleviate? For which stakeholders does the project place a priority on meeting their needs, interests, and expectations? Which stakeholder interests converge most closely with policy and project objectives?[23]

Other Executive Roles: Portfolio Management, the CPO, and the SPO Director

If the SPO is to play the central role in guiding project management in the organization, staffing is complex. The Project Office Director position within the organization should be equivalent to that of a high-level functional manager — even a vice president, in some cases. The SPO Director at this level is supported by large numbers of professional associates and administrative personnel. Typical project office sizes range from five to twenty; in very large organizations, there may be hundreds of project managers linked directly or indirectly to the project office.[24]

As companies or divisions take on multiple projects, the process for deciding which projects to execute, and when, and what resources to assign to each project, becomes critical to whether or not the company meets its business objectives. At this level of maturity, a portfolio manager becomes a key role in facilitating project prioritization, resource allocation, and project approval decision making. In larger organizations with many projects underway, the job responsibilities might be split between two different positions: (1) a "portfolio manager" who maintains the most strategic view of business objectives and how various projects fit within those objectives, and is most responsible for the overall prioritization criteria and process and making decisions (or recommendations to executive management); and (2) a "resource manager" who works most closely with functional managers and project managers to understand the resource needs of each project (skills, expertise, timing, and numbers from various functions) and coordinate resolution of resource conflicts.[25]

See Appendix A for possible divisions of responsibility and roles at this organizational level. Depending on the size of the company, executive roles will vary in number and complexity. Figure 2.1 shows a fully mature corporate-level Strategic Project Office's roles and fit within the enterprise. Keep in mind that these roles, as we explain in the introduction to Appendix A, can be easily scaled down to describe roles and responsibilities for a divisional SPO. Whether the SPO is corporate or divisional, however, choosing its director will be a critical success factor.

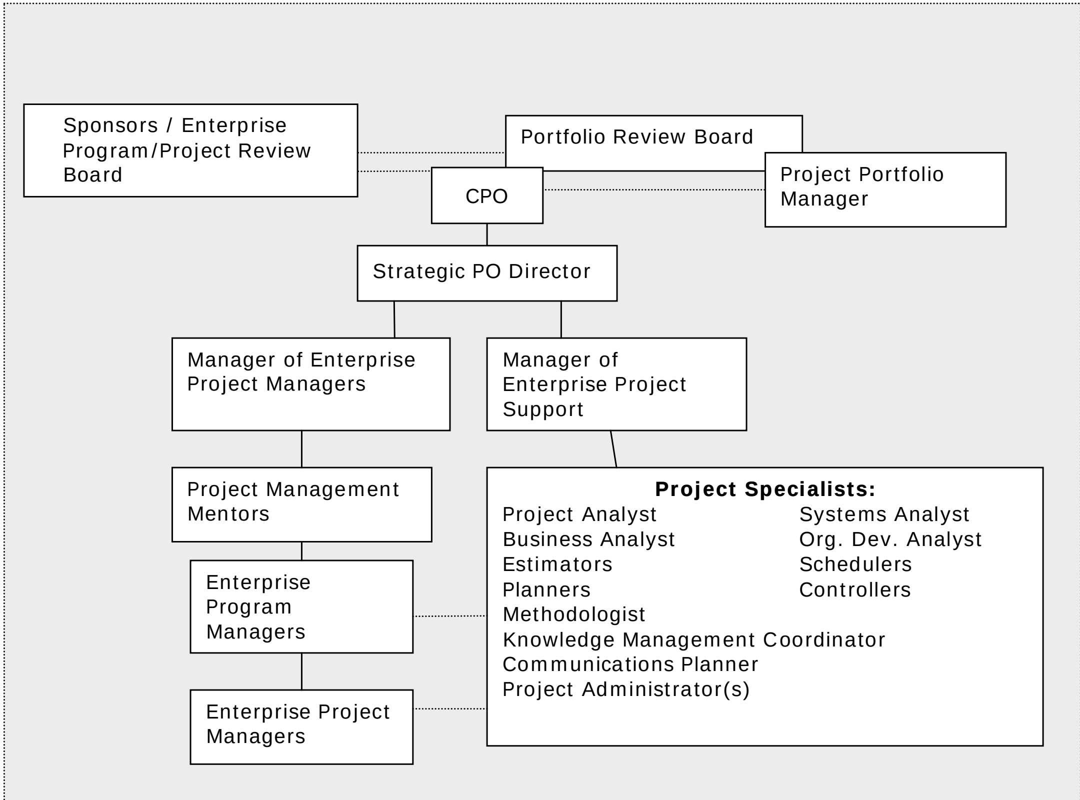

FIGURE 2.1 This organizational chart shows a large enterprise at full maturity, such as a Global 2000 firm, or federal or state government with a Strategic Project Office. Obviously, this structure must be tailored for many companies. For organizations that will never reach this level, the role descriptions must be combined and "scaled down" to fit the organizational circumstances.

The Strategic Project Office Director

If one's organization is prepared to make the SPO the central driving force behind the management of projects, one will want to consider establishing a director of project management who will sit at the director or vice-president level with other senior executives in the organization. This position, which we will call the SPO Director, provides project oversight in virtually all areas of the organization, managing corporate-level projects and overseeing corporate-wide resource distribution and allocation on all projects. Any project that crosses divisional boundaries, as well as some large projects performed within a department, would be under the auspices of this enterprise SPO Director.

But the SPO Director position is more complex than simply a glorified project manager. He or she will have to fill several critical roles. The SPO Director must ensure that the project management process runs well while also seeking to continuously improve it. As the expert on project management, the SPO Director also serves as an ad hoc consultant and advisor to project leaders and teams. The existence of an SPO Director guarantees a focus on the consistent use of the project management process throughout the organization.

Michael Hammer wrote of the "two flavors" of manager: (1) one a process manager who oversees a process end to end, with skills of performance management and work redesign, and (2) one an employee coach who supports and nurtures employees.[26] A good SPO Director must be both the overseer and "owner" of project management methodology and a leading mentor to up-and-coming project talent within the organization.

The SPO Director must possess enough stature and respect throughout the organization to champion projects from start to finish — and to recommend canceling projects whose objectives either cannot be met or are no longer valid. He or she must have the demonstrable backing of senior management, especially critical early in the transition to the SPO structure. However, instituting an SPO Director alone is not enough to bring the organization into a mode of "managing by projects." It is also necessary to alter the role of functional managers from resource owners to project resource suppliers — an equally significant change that organizations must make to fully realize the value of effective, cross-organizational project teams.

An SPO Director can wear many hats, depending on the size and scope of the SPO. Here are a few of the general areas of responsibility that he or she will take on:

- The SPO Director is a "relationship manager" working to smooth the interfaces with the business units and develop project requirements through consensus with customers. Serving as a liaison to executive and functional management, the SPO Director communicates the mission, vision, scope, and benefits of the SPO, and interfaces with all aspects of the business to increase a level of awareness of the services provided by the SPO and the benefits of using those services.[27]

- A Human Resources Manager develops the skills of the SPO staff and project managers throughout the organization, prioritizes the application of Project Office resources, and contributes to definition of training requirements on corporate project management training, and project management methods and processes. He or she might also act as a professional development coordinator — or oversee such a position — to ensure that job descriptions are created, maintained, and refined for the project management career path. Criteria are defined for interviewing, rating, and hiring for project management skills, as well as for identifying people in the organization who are currently acting as project managers and those who are interested in developing their skills in an effort to become project managers. Depending on the size of the Project Office, the SPO Director might also work with each individual to identify strengths and weaknesses in the project management discipline and assist them in identifying opportunities for developing the appropriate skills and knowledge, work with the internal training organization to identify project management training courses, and work with management to identity individuals or assignment opportunities to develop skills and experience.[28]
- A Program Manager, providing corporate project oversight, checkpoints, and controls, reviewing and analyzing the process of project management throughout the organization, defining and conducting project audits, and managing the Project Office budgets. The SPO Director must ensure organizational compliance with tax laws, governmental guidance such as the Sarbanes–Oxley Act, and accounting or financial standards. Regular and accurate reporting must be provided at all levels of the organization with information appropriate to the needs of the recipient.
- A Mentor and Evangelist for PM: as "owner" of the project office methodologies, the Director might also be in charge of the following areas, either by taking personal responsibility for these items or by employing a methodology expert to fulfill the functions: authoring, maintaining, and adapting the project management methods and processes; evaluating and selecting project management tools; developing knowledge management standards and processes for archiving and disseminating project documents, lessons learned, and other intellectual capital derived from project

activities; developing tools for measuring the level of usage and effectiveness of project management methods used by the organization; and soliciting and incorporating feedback from project managers for the continuous improvement of the methods and processes.

In short, the SPO Director is an integrator of processes, a manager of staff, a coordinator of project resources (including project managers), the coordinator of standards and methods as well as developer and maintainer of tools expertise, a mentor, training coordinator, and point of interface between projects, programs, and the executive staff. A tall order — and one that must be filled with the same care that companies take in placing a CIO, a CFO, or a CEO. We believe it is time to institutionalize a role called the "Chief Project Officer" (CPO) on a peer level with other executives in the organization; and in mid-sized companies, the CPO and the director of the corporate SPO might be one and the same.

The alternative — spreading out the project-management-related responsibilities among existing executives in the organization — is cumbersome. This arrangement has been tried before, under the title of "matrix organization" and, as we discussed in Chapter 1, the jury is in: it is too slow and bureaucratic a system to satisfy today's rigorous time-to-market needs.

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