



# Project Management as a Strategic Competency

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# Your Project Portfolio *is* Your Strategy

“The most important – indeed, the ***only*** – actions and activities that serve to execute strategy are the projects and programs that will bring the organization from its current state to its desired future state...

If the project portfolio becomes disengaged from strategy a lethal disconnect is created. Actions do not align with one another or with strategic visions and intentions, and the strategy has no hope of execution.”

***Executing Your Strategy***

Mark Morgan, Raymond E. Levitt, William A. Malek, 2007

# The Modern Organization

In the 20<sup>th</sup> century, organizations grew larger than ever  
They exploited new technologies and economies of scale

Repetitive, optimized operations

Standardized job descriptions

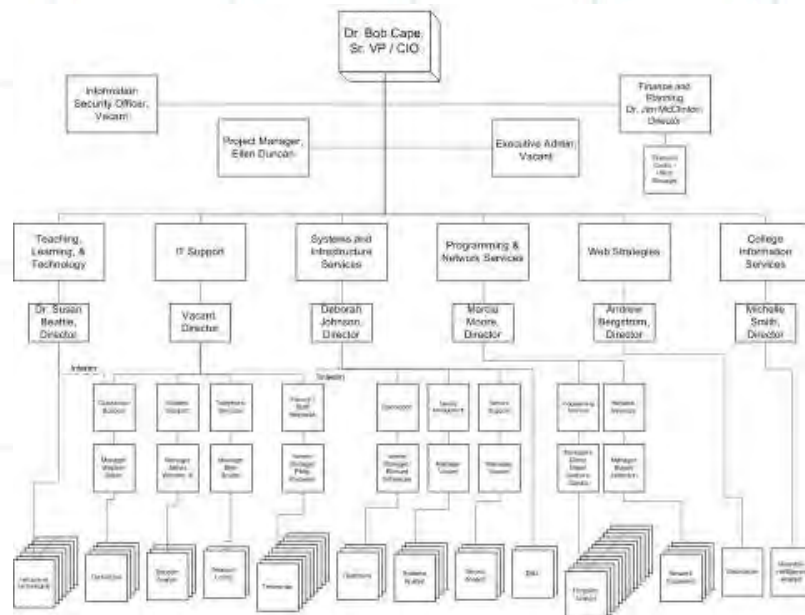
Functional organization



# The Modern Organization

Corporations led the way,  
building hierarchies of departments

- Production
- Marketing
- R&D
- Human resources
- etc.



In a pattern that could expand...

# The Modern Organization

Almost without limit — but there was a price.

- Decision authority was too far from execution
- Responsibility was diffused
- Communications were stretched thin
- “Silo” organizations found it hard to execute what was *new*.
  - Developing new products or technologies
  - Implementing new business processes
  - Seizing new market opportunities
  - Carrying out strategic change
- Just starting a project and assigning one of many managers to it rarely leads to effective project management
- ***Project management is a unique discipline of its own***

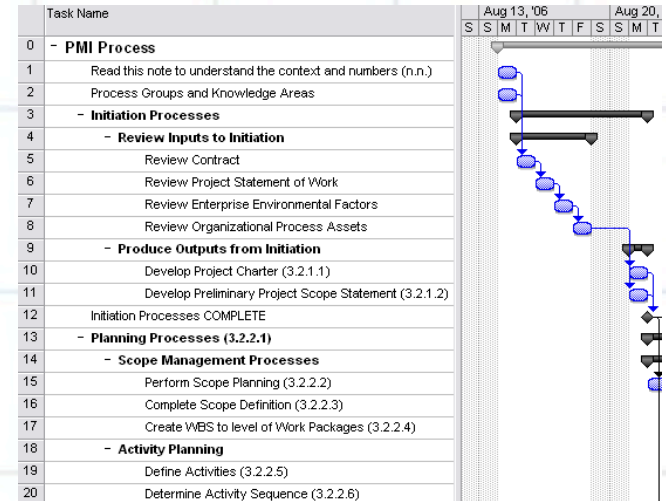
# Project Management: Roots



- Focused on **execution**
- Long established in “projectized” fields
  - Construction & heavy engineering
  - Chemical, oil, other process industries
  - Transport, pipelines, communications
- 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”

# Project Management: Growth

- **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



# The Challenge

Can a large organization bring its strategy and resources to bear...

To get **new** results with defined scope, cost and schedule...

From *ad hoc* groups without standardized tasks and job descriptions?

Can a large organization recapture the common purpose, performance, and accountability of a small team?

# Project Management

- Identify requirements
- Establish clear objectives
- Balance demands for scope, time, cost, quality
- Align with concerns and expectations of stakeholders
- ***Execute***

(Isn't that obvious?)

(Is it?)

# Strategic in the Global Economy

- More than **\$13 trillion per year** – 20% of gross global product – is spent on fixed capital projects
- Trillions more go into projects in IT, new product and service development, other knowledge work
- 20 million people worldwide work on project teams full-time or part-time

# Strategic in the Global Economy

## Increasing Demand Even in a Downturn

- The “war for talent”
  - Retirement of baby boom generation
  - Incoming workforce is smaller, more demanding
- Pressure for corporate social responsibility (CSR) and sustainability
  - Greater accountability and transparency

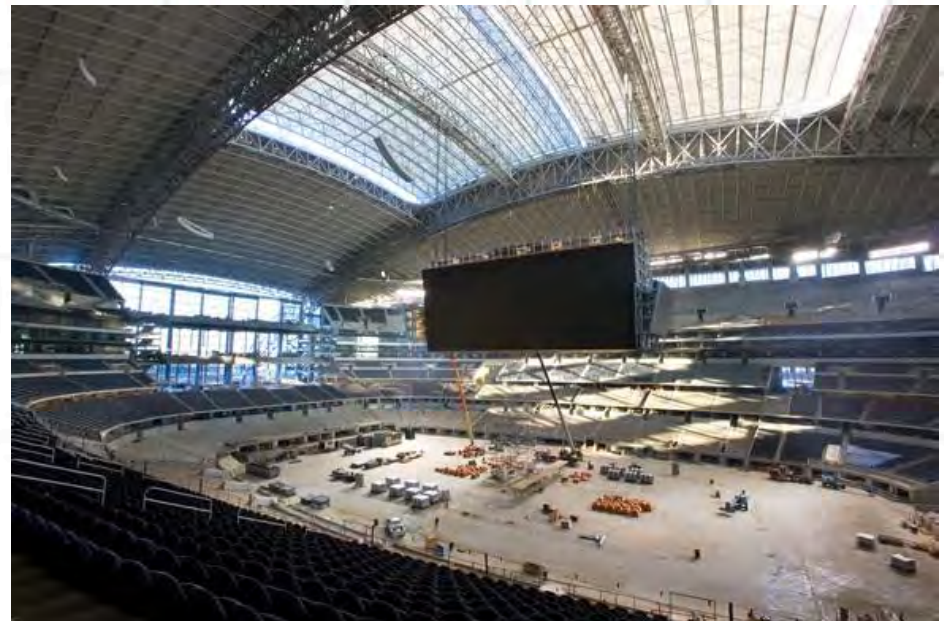
# Strategic for Organizations

- 600 executives worldwide surveyed by *Economist* Information Unit
- “What skill is most important in your staff?”
  - **Project execution**
- “What capability does your organization most need?”
  - **The ability to implement strategic change**
- Two ways of saying the same thing
  - **Strategic change is implemented through projects**



# Strategic for Execution

- Dallas Cowboys New Stadium
- 105,000 seats for NFL games
- >3 million sq. ft. of finished area
- World's largest freestanding roof and video display panels



# PMI Project of the Year 2010



# Strategic for Organizations



- 80% of higher-performing projects use a certified project manager
- 50% of project failure is traced to poor (or no) project management:
  - Bad estimates/deadlines
  - Scope changes
  - Poor resource planning
- Larger & more complex organizations extend project management to **program** and **portfolio** management

PriceWaterhouseCoopers survey, 2007

# Strategic for Tulsa's Growth



The Arco Building

# Strategic for Organizations

## High Performers

- 70% have mature project and portfolio management practices in place
- 50% use standardized project management practices throughout the organization
- 72% have a formal process for developing project manager competency
- 44% have over one-third of their project managers PMP® credentialed
- 88% use risk management techniques always or often
- 85% always track, or often track, project performance measures

**92% of projects meet their original goals and business intent**

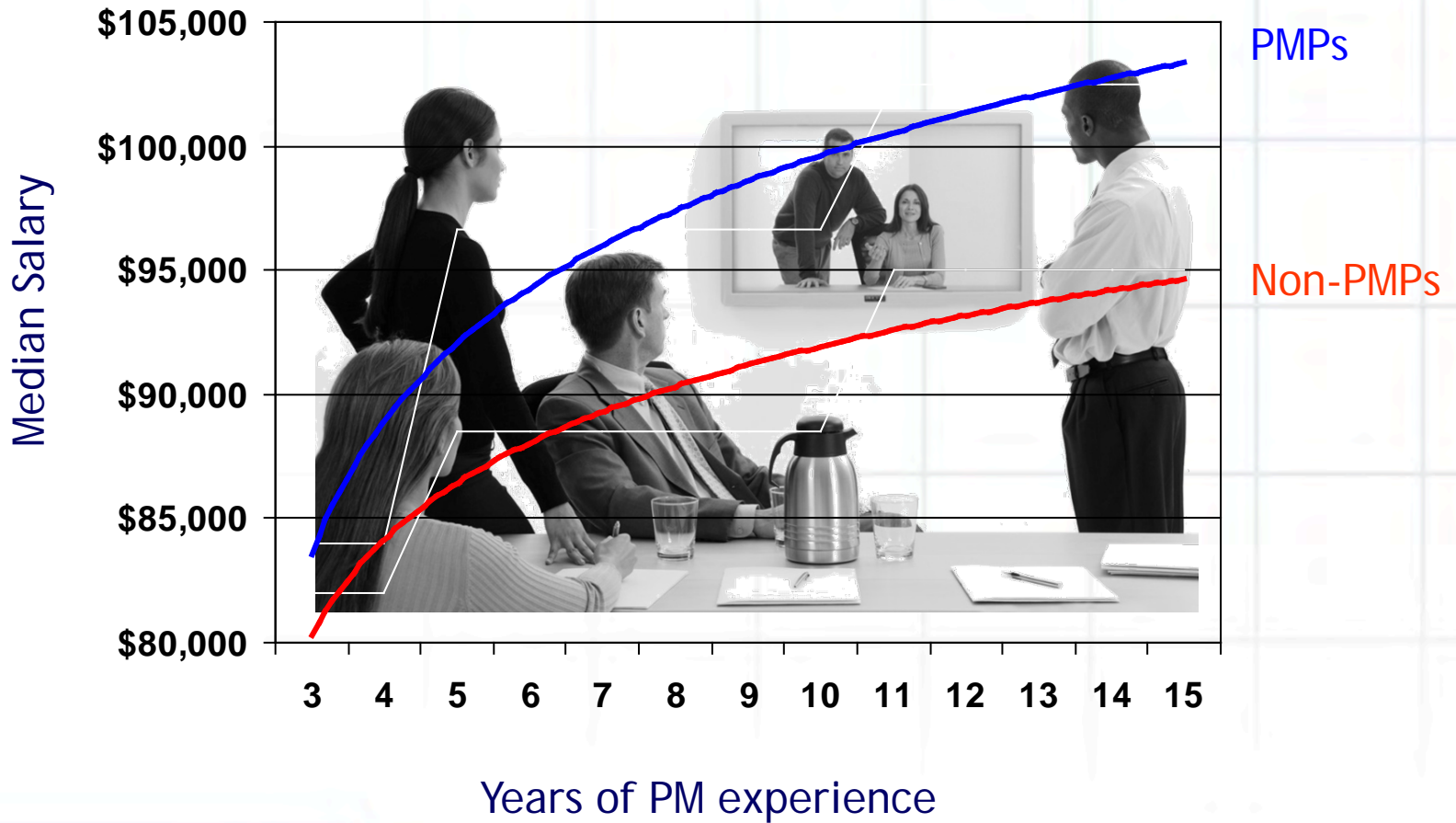
**Put an average of \$40,000 at risk for every \$1 million spent on projects**

# Strategic for Public Agencies

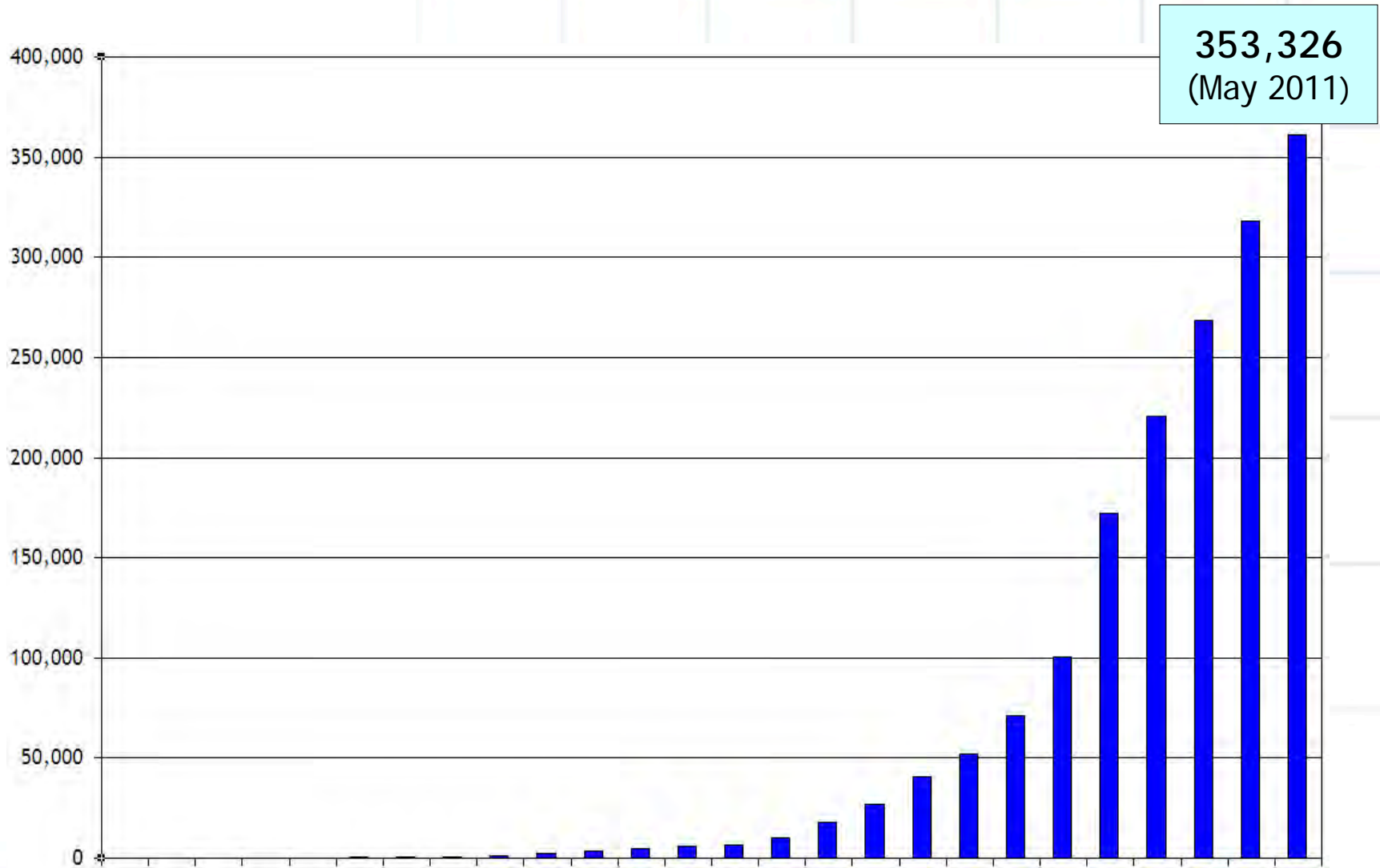


- Everyone involved in strategic planning
- Goals aligned
- Goals connected with both professional and project development

# Strategic for Careers, Too



# PMI Growth Since 1969



# The Project Management Institute

- Founded by working project managers to share experience and best practices
- Not for profit, volunteer-driven
- Advance the profession
  - Collaborative communities
  - Conducting and publishing academic research
- Develop and update standards

# Globally Recognized Standards



# PMI Family of Credentials

- Certified Associate in Project Management (CAPM®)
- Scheduling Professional (PMI-SP®)
- Risk Management Professional (PMI-RMP®)



- Project Management Professional (PMP®)
- Program Management Professional (PgMP®)
- Agile Certified Practitioner (PMI-ACP<sup>SM</sup>)

# Summary

- **Project management is a strategic competency for**
  - Results, performance, accountability
  - Execution of new efforts and strategic change
  - Multi-functional and multi-location teams
  - Transfer of new knowledge to operations
- **And one of the most challenging, rewarding careers in the world!**



# Thank You



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