

EXPERT SERIES

The "Expert Series" is a collection of articles, papers and writings by PM Solutions' associates and other industry experts that provides insight into the practice and value of project management.

Four Top Project Management Priorities of Fortune 500 Companies

by Debbie Bigelow, PMP

WHAT WOULD YOU SUPPOSE THE FOUR MAJOR PROJECT MANAGEMENT PRIORITIES ARE AT YOUR COMPANY? If your company is similar to many companies in the Fortune 500, the answer to this question can be found in the results of the Top 500 Project Management Benchmarking Forum, sponsored by the Executive Initiative Institute and the Center for Business Practices (CBP). I recently attended one of these Forums and was impressed with not only with the results — but with the frankness and openness of the discussion that led to the results.

The Top 500 Project Management Benchmarking Forum initially was formed in 1995 when I was Executive Director of PMI and Frank Toney was the PMI's volunteer Research Chair. PMI sponsored this group in 1995 and 96 to benchmark best practices among large, functional organizations. This Forum of project management executives from large, for-profit and governmental organizations has been assembling every year since 1995. Participation has been open to any company that wishes to contribute information and share results on an equal basis with other participants.

As a participant of the latest Forum, I was impressed to see the willingness to share experiences and the outcomes of the varying experiences. The Forum provided for a structured exchange of ideas and featured direct benchmarking among peers in identifying and agreeing upon project management best practices that could be applied immediately to benefit their organizations.

Findings of the March 2002 Forum

The results of the this particular Benchmarking Forum revealed the four biggest project management priorities among these Fortune 500 companies, which I thought would be beneficial to share with you as a reflection of current "trending" within the profession:

Project Office - Nearly 50 percent of the benchmarking participants reported having a project office in place within their organizations. (A project office is the central department in an organization that leads the planning, management, and execution of all projects). The consensus was that project office deployments are on an upward surge as corporate decision-makers continue to recognize the significant value and Return on Investment (ROI) that formal project management brings to their organization.

Portfolio Management - Benchmarking participants also ranked portfolio management as a major project management concentration for their companies. Project portfolio management focuses on project selection and prioritization, based on each project's estimated bottom-line value. Handling large, multi-functional projects as an integrated portfolio of independent projects was agreed upon to be the best approach for increasing revenues, reducing organizational risk, and achieving a company's strategic goals. According to Forum attendees, the portfolio management tasks should be handled by the project office. Typically, a cross-functional solutions team of middle managers, primarily, serves as the project selection and prioritization decision-makers.

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Risk Management - Risk management was identified as one of the biggest project management challenges for companies. Most project managers have difficulty assessing the accurate risk level and costs of a project before its completion. A project that is under budget results in unused resources that could have been re-allocated to other projects. A project that goes over budget ultimately results in spent resources and lost profits. According to the August 2000 *Executive Briefing*, a supplement to the *Project Management Best Practices Report* published by the CBP, nearly half of the projects implemented are over budget by 100 to 400 percent. The research further concludes that 86 percent of projects are late in achieving deliverables. Strategies for overcoming this include: assigning a risk manager to the project; conducting risk assessment workshops; and using measurement tools to formally manage project risk, such as probability/impact sales and Monte Carlo simulations.

Financial Return - Project office success relies heavily on support and involvement from corporate management. Senior level guidance minimizes cultural problems and encourages acceptance of the new project management methodology. The most convincing way to get senior management's support of the project office is to demonstrate its financial return.

The critical question to ask is: Are projects more successful and profitable when a project office is in place? According to most of the benchmarking forum participants, the answer is yes. Professional project management has enabled their companies to execute more projects on time and within budget when compared with other corporate projects. Strong management support improves the company's ability to obtain resources for project initiatives, align project goals with corporate strategy, and for global organizations, adopt uniform standards, methodologies, templates, and tools with ease.

If you think your organization's priorities align with what the Forum revealed, let me know. If they did not align, then I would be most interested in finding out some of the priorities that may not have as yet been disclosed.

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