

# How to Lean out your PM discipline and PMO



## Executive Round Table

3 QTR 2018



# Agenda



- |             |                               |
|-------------|-------------------------------|
| 11:00-11:10 | Introductions and overview    |
| 11:10-11:20 | The challenge                 |
| 11:20-11:50 | Facilitated discussion        |
| 11:50-11:55 | Closing comments & next steps |
| 11:55-12:00 | Call to action & wrap up      |

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# Background to the Challenge



**“How to Lean out your PM discipline and PMO to improve stakeholder satisfaction and reduce project cost:**

- **Are your stakeholders happy with the number of steps and administration that your PMO brings to the table, or are you as Lean as you can be?”**

# Background to the Challenge



Budgets Are Always Challenged

***What would you do with an additional 10% of budget for projects?***

“As of this research, 9.9 percent of every dollar invested is wasted”

*PMI 2018 Pulse Survey*



*surveyed 4,455 project management practitioners, 447 senior executives, and 800 PMO directors across industries*

McKinsey&Company

“On average, large IT projects run 45 percent over budget and 7 percent over time, while delivering 56 percent less value than predicted.”

*5,400 IT projects<sup>2</sup> by McKinsey and the University of Oxford.*





# Background to the Challenge



The future of value delivery is a spectrum of approaches—predictive, iterative, incremental, agile, hybrid, and whatever will come next to change how we work.

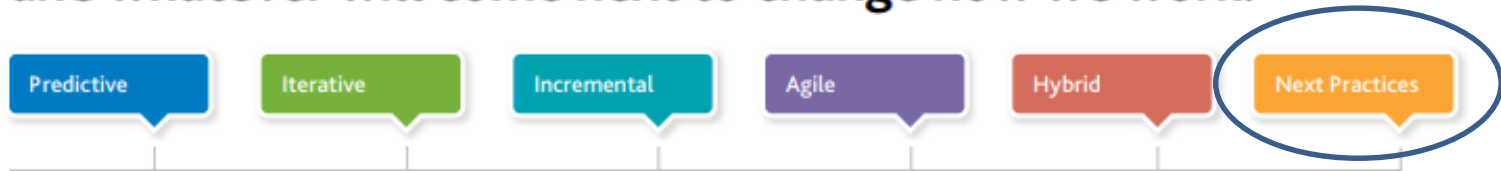
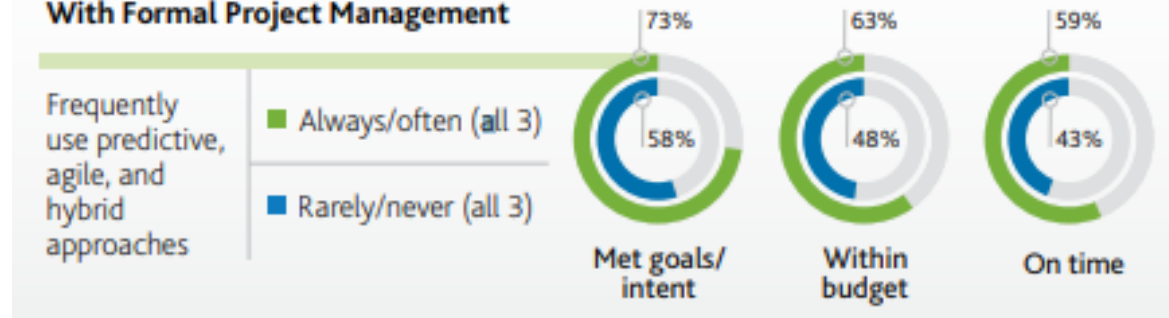
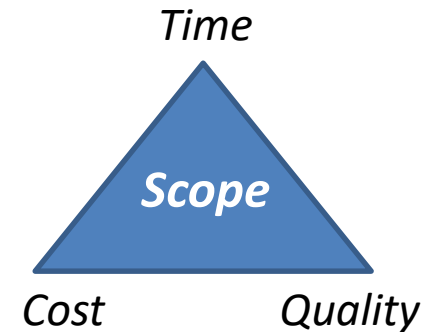


Figure 2: Project Success is Better With Formal Project Management



2018 PMI Pulse Survey



Success in meeting goals is correlated to the use of a mature value delivery approach. . . All often have waste.

**No methodology is immune to Waste in the process and tools**

*9.9% waste was reported across all disciplines*

Project Methodology May Not Matter



# Background to the Challenge



“... the PPM leader of tomorrow will be today’s pioneer by continuously improving, often even inventing, approaches to enterprise and IT portfolio planning and program delivery.”

**Gartner Program & Portfolio Management  
Summit 2019**



“PPM leaders must re-evaluate and reinvent their disciplines, metrics and tools — failure to adapt will be fatal.”

***Today's new methods are just improvements on yesterdays' practices***

# Background to the Challenge



We Have Seen The Waste Before



*(Project Management Survey 2017)*

“Organizations are constantly looking to simultaneously increase revenue while reducing costs”

“How often is a rigorous post-program analysis seen as strategically important?”

“This approach of learning from the past to contribute to the certainty and accuracy of the future requires a commitment to constantly feed the machine as part of a continuous learning cycle”

***Lessons Learned Focused on Waste Removal Pay Dividends***



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# Facilitated Question #1

## ***How are you Continuously Improving your PMO or Delivery Method?***

Is it formal?

Do you have practice leads with improvement targets?

9.9% of Project Spend is Waste:



<u>Project</u>		<u>Improvement Benefit</u>
<i>\$1 Million</i>	=	<i>\$100 Thousand</i>
<i>\$10 Million</i>	=	<i>\$1 Million</i>
<i>\$100 Million</i>	=	<i>\$10 Million</i>

## ***Do you track your improvement benefit?***



# Facilitated Question #2

## ***How have your Projects managed LEAN Waste?***

***Do you think they can find 9.9% more budget in their project?***

Are your Meetings LEAN?

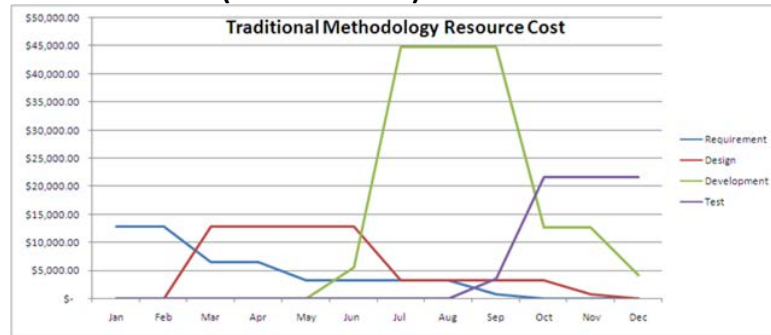
LEAN WASTE	
Transportation	Sending a message on email to many people getting many responses and not getting an answer until 5 rounds of email. Communication failure in between processes, multiple & complex sources
Inventory	Excessive information gathered for status reports, code awaiting production but not in production environment, test cases not utilized, tool and data redundancy
Motion	Searching for information or documentation, required manual intervention on reports, lack of direct access key personnel, no collocation
Waiting	Information pushed too early, information unavailable, no work being done, stop & go activities
Over Processing	Scope creep, overtime unplanned, excessive approvals, resources overloaded, excessive reviews, hand-offs, producing intermediate deliverables, too many iterations, unnecessary data conversions, excessive verification, tool redundancy
Over Production	Signoffs, too many details, unnecessary information, redundant activities, over-dissemination, pushing rather than pulling information
Defects	Rework, poor estimation, conversion errors, inaccurate information, inappropriate design verification, unclear acceptance criteria
Intellectual / Human Capital	Putting a senior resource on a simple project while putting a junior resource on a complex project



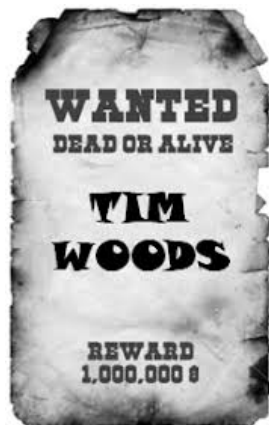
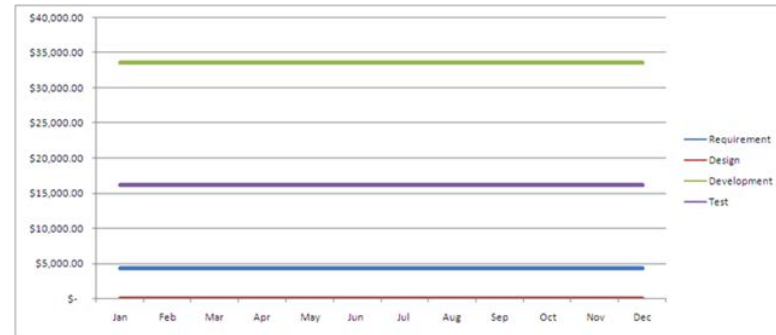
# Facilitated Question #3

From a view of % of budget that is “Waste” . . .  
 Where is the greatest opportunity for improvement?  
*In Delivery methods? And in PMO?*

Predictive (Waterfall)



Agile



TRANSPORT	INVENTORY	MOTION	WAITING
OVER PRODUCTION	OVER PROCESSING	DEFECTS	HUMAN POTENTIAL



# Facilitated Question #4

**Standardizing the PMO/PM approach can often appear to stakeholders as unnecessary work or bureaucracy**

What are some strategies you deploy to eliminate unnecessary work (Lean Waste)?

- *Tailoring?*
- *Co-Locating?*
- *Collaboration site?*
- *Automated Workflow?*
  
- *What else?*

Project scale	Characteristics	Applying PRINCE2
High ↑          ↓ Low	<ul style="list-style-type: none"><li>• Programme<ul style="list-style-type: none"><li>• Business transformation</li></ul></li></ul>	<ul style="list-style-type: none"><li>• MSP in programme, PRINCE2 in projects</li></ul>
	<ul style="list-style-type: none"><li>• Daunting project<ul style="list-style-type: none"><li>• High risk, cost, importance, visibility</li><li>• Multiple organizations</li><li>• International</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Multiple delivery stages</li><li>• Extended Project Board</li><li>• Separate TMs and Project Support</li><li>• Individual management products</li></ul>
	<ul style="list-style-type: none"><li>• Normal projects<ul style="list-style-type: none"><li>• Medium risk, cost, importance, visibility</li><li>• Multiple site</li></ul></li></ul>	<ul style="list-style-type: none"><li>• One or more delivery stages</li><li>• Standard Project Board</li><li>• Separate role TM &amp; Project Support optional</li><li>• Some management products combined</li></ul>
	<ul style="list-style-type: none"><li>• Simple project<ul style="list-style-type: none"><li>• Low risk, cost, importance, visibility</li><li>• Single organization</li><li>• Single site</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Single delivery stage</li><li>• Simple Project Board</li><li>• PM fulfils TM &amp; Project Support role</li><li>• Combined management products</li></ul>
	<ul style="list-style-type: none"><li>• Task<ul style="list-style-type: none"><li>• Simple person Project Board</li><li>• PM is also carrying out the work</li><li>• Costs within "business as usual" budget</li><li>• Straightforward business justification/ instruction</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Work Package delivery</li></ul>



# Facilitated Question #5

**Can you share any lessons about how you demonstrate to your stakeholders that you are addressing waste and not adding non-value activities?**



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# Conclusion #1



## COLLABORATION

*“PMO and CI teams can work together to increase value delivery efficiencies.”*

***A PMO should recognize the need to improve their disciplines and practices***

“PMOs and Value Delivery Methods are prime targets for Continuous Improvement or innovation teams”

- Programs have 10% waste in projects and PMO practices
- To remain flexible and adaptive to industry, PMO and PM practices need to continuously improve and innovate into the future
- All methods carry waste and have room for improvement





# Conclusion #2



## COLLABORATION

*“Listening and acting on stakeholders’ and team members’ feedback is essential.”*

***PMOs should turn feedback into continuous improvements***

“Feedback from projects and waste identification should be incorporated into the next project and PMO practices”

- We repeat too many wasteful practices from project to project.
- Training on LEAN Waste would help teams eliminate non-value-added activities.
- Feedback from team members and stakeholders exist.



# Conclusion #3



## COLLABORATION

*“Collaboration with community of practitioners will enable teams to innovate .”*

***PMOs will need to demonstrate continuous improvement results to corp. stakeholders***

There is no end or silver bullet. Budgets will always be pressured, corporations will always want more for less from PMOs and Agile trains.

- Innovation and improvement in methods will be essential moving forward
- PMO teams have opportunities to address waste today, innovations will be needed next
- PMOs should not latch on to one method or practice

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# Call to Action

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What three things can you do tomorrow?

1)

2)

3)