

PM WORLD TODAY – CASE STUDY – SEPTEMBER 2008

Lean Project Management at NNIT

By Alan Harpham

The assignment

In 2007 one of the Danish IT company NNIT's key objectives was to improve customer satisfaction. Employing more than 1,200 people and with a turnover in 2007 of DKK 1.1 billion, NNIT is an international service provider offering IT Consulting. The organization develops, implements and outsources IT services. To help achieve their objective they utilized the services of consulting firm IPTeams.

Under the direction of lead consultant Damian Arguimbau, NNIT was able to substantially reduce lead times on project delivery by 14% from an average of 165 days to 127 days. So effective was the work led by Damian that the Danish Management Council has awarded IP teams the IT Consultancy of The Year Award.

Damian said "Large IT Suppliers often find it difficult to prepare a requirement to resolve their customer's business needs in advance, and to be precise enough to carry their proposals through an entire development project. We were able to suggest a new way of working which improved the contact between client and vendor from the very start of the project."

This new way of working was the adoption of 'Lean' processes.

"Lean is a method of optimizing repeatable processes," Damian explained. "We were able to use lean methods to optimize some of NNIT's project management procedures and this made a big difference to their outputs. NNIT was using lean in its production and logistics processes, but never before on project management."

IP teams set out to help NNIT

- increase client satisfaction
- improve the contact between client and vendor from the very start of a project
- improve the toolset to handle any conflicts between client and vendor
- increase profitability of individual projects

Normally the Lean-methodology includes the entire end-to-end process optimizing all sub processes but Damian chose to concentrate the implementation of Lean Project Management processes in specific parts of the overall project process.

“The purpose of this was to create a focus on establishing the most efficient development process, supporting the objectives of the implementation,” he said.

The way forward

Initially Damian called for a number of workshops in the e|Solutions department of NNIT to analyze the projects it was working on.

During the workshop two types of challenges were identified:

1. Client Expectations

NNIT’s client requirements and expectations were rarely precisely documented – if documented at all. Their clients often developed new requirements during the project – or rescope requirements that were not accurate from the start.

It was very difficult for their clients to understand and express precisely the kind of information an IT firm like NNIT needs to deliver a solution meeting the client’s expectations.

2. NNIT’s internal challenges

Often uncertainties in scope turned up during the projects, and given that the internal processes varied from project to project, a common way of dealing with scope creep was not present. Furthermore, internal and external progress reporting was not aligned.

“Most difficulties in executing a project originated from the initial phases and understanding the client’s requirements,” Damian said.

Damian identified the following areas of improvement:

- A higher degree of “right first time” would reduce the overall lead time.
- Clarification of requirements should be an ongoing process throughout the project.
- The client’s approval of the vendor’s description of requirements was time consuming.
- An efficient start up, especially on bigger projects, could shorten a project by two months.

“Through Lean it was possible to optimize the processes,” Damian said. “This is because Lean is focused on creating client value – all the unnecessary processes have been cut out.”

Two simple lessons were learned during the Lean Implementation:

- A technical approach to projects does not increase client value or ensure a common understanding of expectations
- An early and ongoing involvement of the client provides the best common understanding of expectations and therefore the best solution.

“The point is that you normally expect a vendor to be trained to transform business requirements to technical solutions. But what has to happen first is that the vendor needs to understand the client’s requirements quickly – and the client needs to feel comfortable with the vendor’s understanding of the requirements,” Damian said.

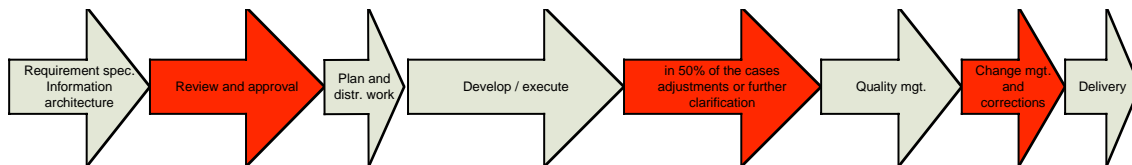
He explained that the vendor should express his overall understanding of the business needs in the requirement specification, and not the functional requirements at first.

“This way, the involvement of the client is ensured by the approval of the vendor’s understanding of the business requirements, and by the split up in deliverables after the product break down. The product break down ensures you can define a number of early deliverables for the client, because these are well described.”

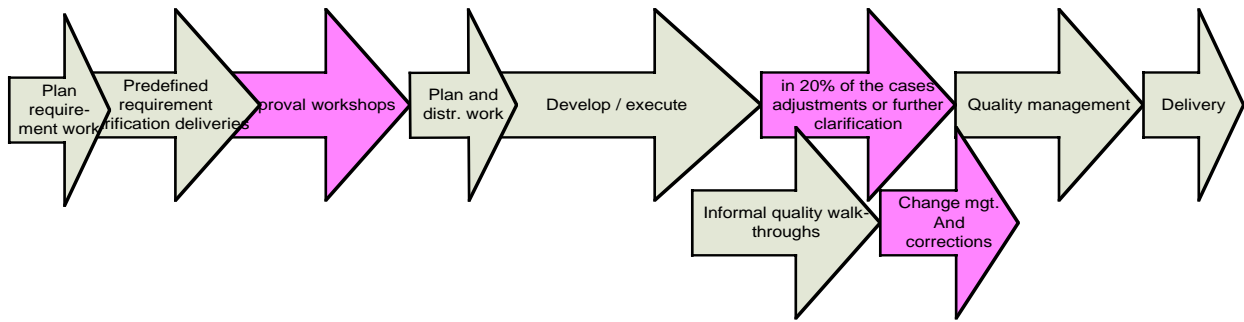
The deliverables then form the starting point for dialogue with the client – very much like the project processes in the iterative project methods.

“In the current case we optimized the client’s involvement, using Lean methods to analyze where client involvement is most valuable, so the involvement only takes place where and when it contributes significantly to the solution,” he said.

In a diagram the previously used process would look like this:



After the implementation the process looks like this:



Using Lean and the iterative methods, errors that inevitably happen during a software development project can be identified much earlier. This reduces the end-to-end process time significantly.

The effect of the project

The management team in eSolutions very soon noted a significant increase in client satisfaction, due to the much quicker lead time that was both perceived and documented. The lead time decreased from an average of 168 days per project to 127 days.

“In projects where they managed to establish good understanding of client requirements and expectations, the lead time did not decrease noticeably using the lean processes, but the man hours which were previously used for waiting for client feedback, are now used for productive work creating better value and quality. Previously, twenty per cent of all requirements were re-programmed, and after the implementation of the lean process only ten per cent were re-programmed,” Damian said.

In all project lead time decreased by fourteen per cent and the administrative overhead was reduced by twenty per cent. Client satisfaction increased from 4.0 to 4.3 on a scale from 1-5, 5 being the highest score.

According to NNIT, Damian demonstrated a great ability and willingness to involve NNITs employees in the process by providing information on the models and tools and engaged them in the daily implementation.

"Damian Arguimbau is unusually willing and able to disseminate his knowledge to our employees," said Claus Toxværd Østergaard Vice President from NNIT.

NNITs existing Project Handbook has been updated in accordance with IPTeams improvement.

Damian Arguimbau has written a book on lean project management based on his experience with NNIT. Entitled 'Lean projektledelse', the book will be published on September 1st. It will cost DKK 299 and will be available at Danish book stores and online. It will be available in Danish only.

About the Author:



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Author



Alan Harpham describes himself as being on his 4th career, as what Charles Handy calls 'a portfolio manager'. Alan is an independent management consultant; focused on business start-ups, programme management, project management and executive coaching – individuals and teams. Alan is the Chairman of the APM Group, a global Accreditation, Registration and Examination Certification Body for key elements of Best Practice in programme and project management (see www.apmgroup.co.uk). Key elements of Best Practice include the UK Government's PRINCE2TM, Managing Successful Programmes and Management of Risk (PPM). APM Group started life as the trading arm of the Association for project management in the UK, but became wholly independent in 2000. He is also a non-executive director with Subject Matters, a consultancy specializing in organizing business-to-business events, conferences and exhibitions (see www.subjectmatters.co.uk). He is also helping his son with the start-up a new e-commerce business in the sport and leisure sector – The Sports and Leisure Community Limited (see www.majorsporty.com). He was a founding director of P⁵ – the Power of Projects, a consultancy specialising in the application of project and programme management in owner/client organisations (see www.p5.co.uk). Prior to this he was Group Marketing Director for The Nichols Group and before that Managing Director of Nichols Associates – a leading UK consultancy specialising in PPM. Before that he was an early director of Cranfield University's School of Management's MSc in project management (one of the very first such programmes in the world 1982-86.) He started his career as a civil engineer with John Laing and held various roles there including section engineer through to International M & E Contracts Manager. He is on the Jury of the IPMA's International Project Management Award. He has a big interest in spirituality at work and is a member of www.spiritatwork.org, on the selection committee of the International Spirit at Work Awards, a trustee of MODEM, (see www.modem.uk.com), a former steward of www.spiritinbusiness.org, and a member of CABE. He is also a member of the Worshipful Company of Management Consultants. His other interests include hill walking and watching rugby union.

