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Using Program Management to Achieve
Global Product and Service Development Success

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Introduction

Visionary leaders of today have recognized that competitive advantages can be gained over their rivals with an effective globalization strategy. Globalization is now an essential business strategy for companies engaged in developing products and services. Those organizational leaders who are not currently engaged in global expansion of their businesses have come to realize that the competitive distance between themselves and the market leaders within their industries is vast and expanding. This expansion will continue unless they enter the globalization race.

However, it should also be recognized that the competitive advantage established by the globalization leaders was not established overnight. In reality, these globalization leaders have spent many years, and have learned many hard lessons, establishing their global business models. In contrast, newcomers to the globalization game are in many cases being forced into the global arena in order to compete with and survive against the globalization leaders.

According to a recent BusinessWeek research study, only 18 percent of the companies that are pursuing a globalization strategy perceive their global product and service development programs to be ‘very successful’¹. This means that the large majority, 82 percent, of companies believe their globalization efforts have failed to produce intended business results. Often these failures are a result of a misalignment between globalization strategy and effective execution in a global environment.

To recognize success in the globalization race, changes in strategy have to be accompanied by changes in execution. Within an organization, focus must shift from the development and initiation of globalization strategies to operational success in developing products and services in a global model. This is where many senior leaders and their organizations fail. They fail to redesign and realign their execution processes, tools, structures, and skills for operation in a highly distributed and global environment.

This paper provides insight into three key areas which successful globalization leaders have identified as important for overcoming global product and service development challenges. One of the key areas, effective program and project management practices is further analyzed as a means to increase global product and service development success.

Overcoming Global Execution Problems

Most companies understand what global product and service development is and why it is important, but few understand how to operate consistently in a global model to achieve sustainable improvement in business results. Competitive advantage for companies that want to compete globally lies in their ability to successfully deploy and manage flexible networks of distributed resources. The challenge then becomes one of creating a *unified* product or service development process where the development resources work collaboratively within a single, common framework while distributed across organizational, geographical, and potentially company boundaries.

According to BusinessWeek Research Services, there is a clear differentiation between areas where globalization leaders have focused, and areas where globalization followers tend to focus in order to overcome global execution challenges and improve their product and service development outcomes.

The globalization leaders identified three critical success factors resulting in effective execution in a global development model:

1. Effective program and project management practices
2. Standard development processes
3. Standard product or service development tools

By contrast, globalization followers (which the study identified as those companies either determined or struggling to overcome global execution challenges) tend to focus on the following:

1. Clear and documented roles and responsibilities
2. Accurate and valid performance metrics
3. Effective program and project management practices

It is interesting that establishing effective program and project management practices is identified by both the globalization leaders and globalization followers as a key practice for overcoming global execution challenges, but that the priority of importance of program and project management is different between the two groups of companies. One explanation for this may be that the successful globalization leaders understand that if one establishes effective program and project management practices, standardization of process and tools becomes an output, or a result, of those practices. Further, it is from these standard processes that clear roles, responsibilities, and metrics are best accomplished.

Why Program Management?

Companies that are inherently hierarchically and functionally-based have a much larger challenge in establishing the effective collaboration across the multiple disciplines required for

developing a new product or service. This is true for companies that develop their products or services in a localized environment as they work to cut across functional silos. This challenge is exacerbated when these companies attempt to manage across not only functional silos of a company, but also across multiple companies and geographic boundaries in a global development model.

What is needed is a product or service development model that is more conducive to driving horizontal collaboration across functional silos, company partnerships, and geographic borders. In a global execution model, effective horizontal collaboration is the fundamental element of success of global programs and projects and, in turn, their organizations. This fact is recognized by Thomas Friedman in his breakthrough book titled “The World is Flat,” in which he states:

“The best companies are the best **collaborators**. In the flat world, more and more business will be done through collaborations with and between companies for a very simple reason: The next layers of value creation are becoming so complex that no single firm, or department [within a firm], is going to be able to master them alone².”

The program management development model provides an effective framework for driving the horizontal collaboration that is necessary in global execution. It is a horizontal management model in which the work of the program manager cuts across the project teams within a program, and drives the cross-project connection and collaboration required, as illustrated in Figure 1.

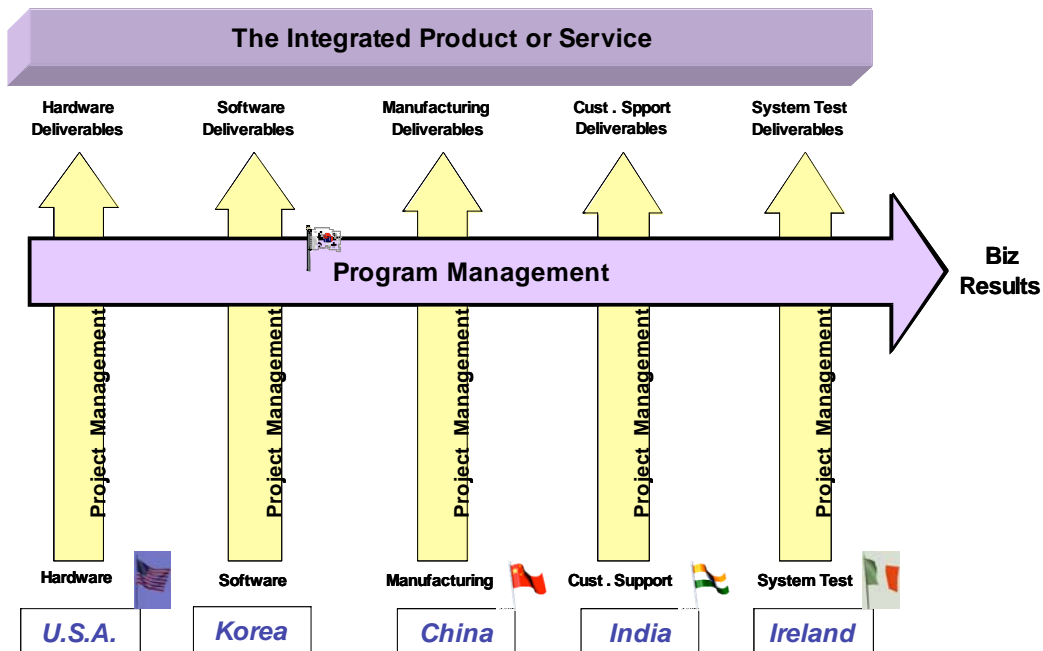


Figure 1: The Program Management Development Model

When implemented properly program management not only cuts across the various project teams that make up a program, it cuts across the functional organizations within which the project teams normally reside. This focuses the functional organizations involved in product or service development on a common goal – the successful development, delivery and support of the integrated product or service, and ultimately of the business results anticipated. With this horizontal framework established, distribution of work across company and geographical boundaries becomes an extension of the program management model.

The work of the program manager cuts *across* the functional project teams, therefore managing the horizontal dimension of the program. In order to create an integrated product or service solution, the program manager is responsible for three primary things: 1) ensuring the deliverables from the project teams forms an integrated solution; 2) ensuring the highly complex network of project interdependencies is synchronized and coordinated throughout the program life cycle; and 3) ensuring the program business case remains viable³. In conducting this work, the program manager becomes the *master integrator* responsible for the entire product or service development effort.

Establishing Standard Processes

Once the program management model is established and becomes effective in managing a firm's global product or service development efforts, the opportunity exists to establish the other key focus areas for improving global product and service development results – establishing standard development processes and tools.

The standardization process begins with establishment of a common product or service development methodology at the program level, then standardizing the same methodology across all projects and project teams within the program. The particular methodology is not the critical item in the standardization process, as long as the methodology chosen drives the most effective use of development resources.

Within a common methodology, standard program and project management processes can then be established. This may include standard processes for schedule management, risk management, budget and financial management, change management, and so on.

Figure 2 demonstrates the array of processes that can be applied at the program level and standardized across all projects within the program.

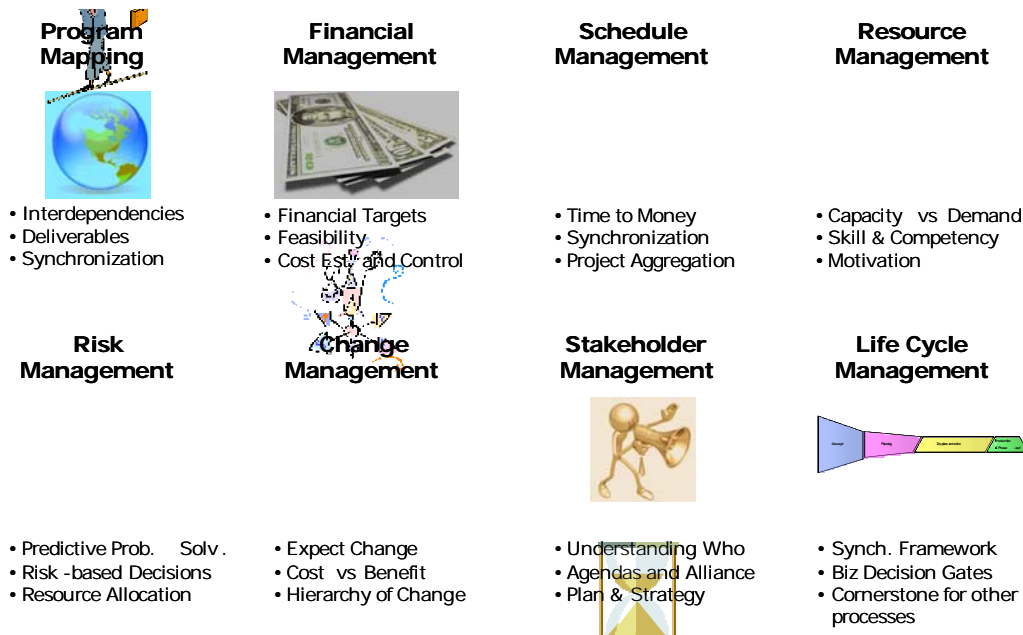


Figure 2: Standard Program and Project Management Processes

The role of the program manager is to drive the standard and consistent use and application of the processes across all projects within the program. With development resources highly distributed in a global development environment, standard program and project management processes within a common development methodology establishes synchronization of work efforts across the distributed team.

Establishing Standard Tools

Once an organization becomes more proficient and consistent in achieving its business objectives through effective use of program management processes, tools should be employed to help the program teams work more efficiently (better, faster, cheaper). It should be remembered, however, that tools follow the establishment of good program management methodologies and processes, and are support mechanisms for becoming more *efficient* in performing program management practices - but, they are not a panacea⁴. These tools should be used to drive efficiency and consistency across the distributed team as they work within the processes established. Too often, tools are implemented prior to establishing a common methodology and development processes which results in increased inefficiency and user frustration.

As with standardization of development processes, development and collaboration tools must be established at the program level by the program manager, then standardized across the projects within the program. It is the role of the program manager to establish the suite of tools to be used on a program, and the role of the project managers to ensure the tools are used consistently and efficiently by the respective project teams.

Summary

Documented evidence of global product and service development challenges abound, with the large majority of global companies failing to produce intended business results of their globalization strategies. Overcoming globalization challenges is what has separated the companies that are recognized as globalization leaders from the remainder of the pack. Creation of this competitive separation by the globalization leaders has been accomplished over time through the redesign of operational methods, processes, tools, structures and skills to bring alignment between global execution and globalization strategy. The three areas of focus identified as being key contributors to this alignment are the establishment of effective program and project management practices, standardization of development processes, and standardization of development tools.

For more information about managing global programs and projects, including program management training courses offered through the Program Management Academy, visit our website at www.programmanagement-academy.com.

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