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How to Avoid Being Seen as
'Project Management Overhead'

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We are currently facing a challenging economic climate which is forcing many companies to cut costs in order to survive. There are different ways of doing this, and unfortunately, a popular one is slashing employees, projects and even entire departments. Consequently, almost everyone in the business world is now looking for a way to justify their work to upper management and other stakeholders in order to be spared.

Many executives do not fully understand the value of the PMO in their organization, endangering the survival of the PMO when the time comes to cut back. In fact, Josh Nankivel of PMStudent.com recently polled project managers about how the economic climate is affecting them, and he found that 27% had experienced project cutbacks, 14% had experienced PM layoffs, 11% had experienced financial scrutiny of projects, and 10% had experienced project staff reductions.

The answer to this problem is threefold: PMO managers first need to focus resources on the right projects, then ensure that these projects are successfully executed, and finally, effectively communicate the value of these projects to upper management.

Step 1: Refining the Focus

The PMO's primary responsibility is to manage and execute projects that are central to the organizational goals and objectives. This requires an understanding of both the business strategy and the projects that fall beneath it. Beyond that, it is important to know which projects are short-term, mid-term or long-term. During a recession, many long-term projects are abandoned.

On the other hand, if you work solely on short-term projects, you will not be needed once they are completed. For this reason, it is best for PMOs to focus their efforts on a combination of short- and mid-term projects that align with company strategy.

Step 2: Executing Projects On Time and On Budget

Prioritizing projects is important; successfully completing them is imperative. No organization has any use for a PMO that does not achieve its goals and get things done. There are several key components to accomplishing this. First, project managers need visibility into resource allocation in order to avoid over- or under-booking project team members. This will also ensure that no projects are taken on that your resources cannot accommodate. In addition, team members need to track their time by task in order to provide actuals, helping project managers to understand true project costs and estimate future projects with accuracy.

When project managers can understand what resources are working on and measure actuals against forecasted timelines, they have a better handle on project problems, allowing them to address them faster and with more success.

Step 3: Communicating Results to Management

Once you have the positive project results, you need to ensure that top executives at your company are aware of them. Fortunately, some solutions for managing resources and projects also have dashboards and reports to make this information quite clear. This gives you an opportunity to tell the executives, "These are all the projects we are working on to help achieve our organizational objectives, and here is data that proves that we are executing them successfully." How can they possibly argue with accurate, up-to-date project data?

According to a statistic in the Project Times from "Shouldn't there be a Middle-Enterprise Project Management System?", 35 million project managers use Microsoft Excel as their primary project management tool, and 20 million use Microsoft Project.ⁱⁱ These tools can be useful in their own ways, but they certainly cannot provide the type of data that management needs to see from the PMO. Rather, a solution that incorporates both project plans and time tracked against each project (by task) must be implemented in order to help executives see what the PMO is striving for and how well they are measuring up against these goals.

In 2008, Ganttthead.com published an article entitled, "Is Your PMO a Profit Center?" which states, "Companies have long struggled with being able to measure the benefit of a PMO[...]." The writer goes on to give readers the following advice: "Consider financial measurement for your PMO [...] and you may just find that senior managers look at your PMO with a whole lot more respect."ⁱⁱⁱ Such respect, which would have been valuable in the past, is absolutely crucial now. Let's face it: You wouldn't be working on a project if some executive didn't think it would have a positive return on investment (ROI), so these are the numbers that executives want to see. If you can

prove that you are bringing in a significant return on investment and keeping project costs down, they will not perceive you as useless overhead that can be cut without consequence. PMOs who recognize this and use it to their advantage will have staying power, while others will not.

Prove It

Ultimately, the best way to avoid being viewed as 'project management overhead' is to deliver real value to the organization, which means executing projects successfully. It is not enough to create elaborate project plans. The goal of the PMO is to execute these projects and help move the business towards its objectives. Once you have a firm grasp on resource availability and have your team members tracking their actuals, you will be able to keep tabs on how the projects are going, as well as know who to talk to when there are bumps along the way. Executive visibility into all of this data is also essential.

PMOs today have a choice – they can either justify their existence by highlighting their achievements and illustrating their true value, or they can fall by the wayside when cuts are made. A project management solution that combines project tracking with financial reporting enables the PMO to speak the language of the executive and therefore succeed where others fail.

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Curt Finch is the CEO of Journyx (<http://pr.journyx.com>), a provider of Web-based software located in Austin, Texas, that tracks time and project accounting solutions to guide customers to per-person, per-project profitability. Journyx has thousands of customers worldwide and is the first and only company to establish Per Person/Per Project Profitability (P5), a proprietary process that enables customers to gather and analyze information to discover profit opportunities. In 1997, Curt created the world's first Internet-based timesheet application - the foundation for the current Journyx product offering. Curt is an avid speaker and author, and recently published the book "*All Your Money Won't Another Minute Buy: Valuing Time as a Business Resource*". Curt also authors a project management blog at www.project-management-blog.com.

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- i <http://svprojectmanagement.com/impact-of-the-economy-on-project-management>
 - ii http://www.projecttimes.com/index2.php?option=com_content&do_pdf=1&id=322
 - iii <http://www.gantthead.com/article.cfm?ID=240289>