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From Project Management to Program Management

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In the early-90, Digital Equipment Corporation (DEC) introduced the position of Business Program Manager in their Professional Services Division. Corporate Senior Management explained that traditional project managers focused on the physical delivery of services and solutions without concern of profitability. In order to shift the focus of Project Managers from deliverable to project profit, business units were re-structured into industry groups known as Line of Business (LOB), and Senior Project Managers were re-titled as Business Program Managers ensuring project assignment contribute to overall profits in their assigned LOB of the Division.

In October, 2007, PMI introduced the Program Management Professional (PgMP) credential and defined a Program as *"a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually"*.

In the UK, Office of Government Commerce (OGC) that developed PRINCE2 (Project in Controlled Environment: version 2) methodology explained in their Managing Successful Program manual that "Programs are different from projects in that it is their outcome that matter, not their outputs. Outputs are specified deliverables from projects that are delivered within time, cost and quality constraints. Outcomes are the effect of change and form the vision for the program."¹

The above explanations clearly identified the differences between programs and projects. Program is the by-product of a strategic planning process that aims to deliver the visions of a future goal (strategic outcomes) while projects are the various tactics in achieving such strategic objective. The roots of Program Management are project management technique and methodology. However, Program Management focuses on delivering benefits and new capability instead of deliverable.

A Project or A Program

In my early career years back in the early 70s, I was responsible for developing application systems that addressed operational efficiencies through computerization. Application such

¹ Managing Successful Programmes, 7th Edition, published in 2003 by TSO (The Stationery Office, OGC, MOF

as Inventory Control System and Month-end Billing System delivered solutions that help operational management to manage warehouse and invoicing more effectively. These were traditional IT projects that focused on solution based deliverable.

Let's shift our focus for a moment to its original mandate, and look at these 2 traditional IT projects in a different perspective. The Inventory Control System resulted in reducing overall Stock Items 30% by effectively managing the Goods-in and Goods-out areas, and interface with Manufacturing planning as well as Sales Order Processing system that expedite goods shipment of Customer Orders, and reduced shipment lead-time from 7 days to 3 days, then it add value to the organization by improving cash flow (reducing stock levels) and expedite account receivable (send out invoice for collection 4 days earlier). In the same token, the Month-end Billing system can reduce the month-end close-off cycle (in batch processing term during those days) and sent out Customer Invoice in 3 days instead of 2 weeks, it add value to the organization by improving account collection processes. Both projects had benefits statements, measuring matrix and consisted of many related sub-projects that delivered benefits and new capabilities to the organization, and therefore can be categorized as Programs under PMI's definition.

In late 80s, I was assigned to China responsible for the delivery of an Aviation project that involved 3 international airports and over 300 ticketing offices across China. The Project included more than 30 related sub-projects supported by engineers and specialists spread across 10+ locations worldwide. It was a multi-million dollar project and the mandate was to deliver the project as per contract terms. It was a large project with many related sub-projects, yet it lacked clearly defined outcomes. So by definition it was not a Program but a project.

The above examples highlighted the facts that the differences between Projects and Programs have nothing to do with the size or revenue of the engagement, but the management focus of the Project or Program Manager when managing the assignment. Program must add value or capability that achieves pre-defined organization's strategic goals or outcomes, and management of Projects within a Program must manage deliverable's value and its contribution to overall program benefits.

The Program Management Themes

Program Management focuses on Benefits Management, Program Governance and Stakeholders Management. These three management themes formed the framework for program management in PMI's program management standard. All related projects within the program are managed in line with project management practice.

The outset of a Program is to identify benefits and develop measuring matrix of the Program outcomes. Back in the mid-90, one of the supermarket chains in the state of Victoria, Australia with business outlets across the country initiated a program to expand their sales through internet and telephone ordering services to disabled and retired elderly by delivering their purchase to their resident. This program expected to increase sales revenue by 10 million dollars per week through organization and business re-modeling that included the creation of mass marketing operation, remote-sales order management, membership management, door-to-door deliveries operations. It also modified and expanded the processes and procedures for store-management, inventory management, account receivables management, and customer services.

Projects within this program included a number of IT development and customization projects, business processes development and re-engineering, as well as HR recruitment and training projects.

In order to manage the successful outcome of the program, it is of vital important to plan and monitor the benefits contribution of project deliverable. Organizational changes require Stakeholders management along the program life cycle. Communicate with top-management, stakeholders and create awareness for end-users through proper program Governance.

Program change management

While project manage change of scope, program manages change of strategic outcomes. In other word, program manager manages change of benefit contribution by project deliverable that may affect the final program outcomes. It is vital that measuring matrix is in place when projects commence.

Organization change management

Project Management emphasis the management of virtual team assigned to deliver the project deliverable. Project team is a temporary organization that ceases to exist when project is closed. However, program may change part of the overall organizational structure that will last well beyond the close out of the program. New departments may have to be created in order to support the new strategic goal. Human resources may have to be recruited with specific skill; existing resources may be re-assigned and re-trained for their new position and job responsibilities. As a result, the success or failure of a program will have major impact to the organization as a whole.

Issues and conflicts resolution

Any changes will create issues and conflicts between stakeholders. Program managers much anticipate their need to mitigate issues and conflicts for a smooth transition and the eventual roll out of the program. Project management issues and conflicts resolution normally limited its impact within the scope of the project and the final deliverable.

Communication

Apart from the basic knowledge of communication management identified in PMBoK, program managers must be able to use its influence, pervasiveness, and negotiation skills as well as creating awareness programs to minimize the negative impact of program roll out. Soft communication skills become a must for program management.

Business Process Engineering

Program managers must process the necessary knowledge of business model development, operation procedures and processes development, work simplification or Business Process Engineering.

Program Governance

It is important that standard project management methodology or framework is in place when a program spread over many geographical locations and teams of various cultural members. The Program Manager needs standardized reporting and communication formats in order to govern the program and manage related projects.

The Final Word

A project can become a program if the project manager can identify project contribution of benefits to organization's business objectives and have measuring matrix in place to quantify eventual outcomes, one should manage the assignment as Program and focus on the program management themes. Otherwise you are managing just a project.

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