

Successful project delivery in complex organisations

By John Sung- Principal

blueVisions
certainty. innovation. excellence.

The perfect week...



Then.....

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Reality....



Introduction

How to successfully deliver projects in a complex organisation?

RELIES ON:

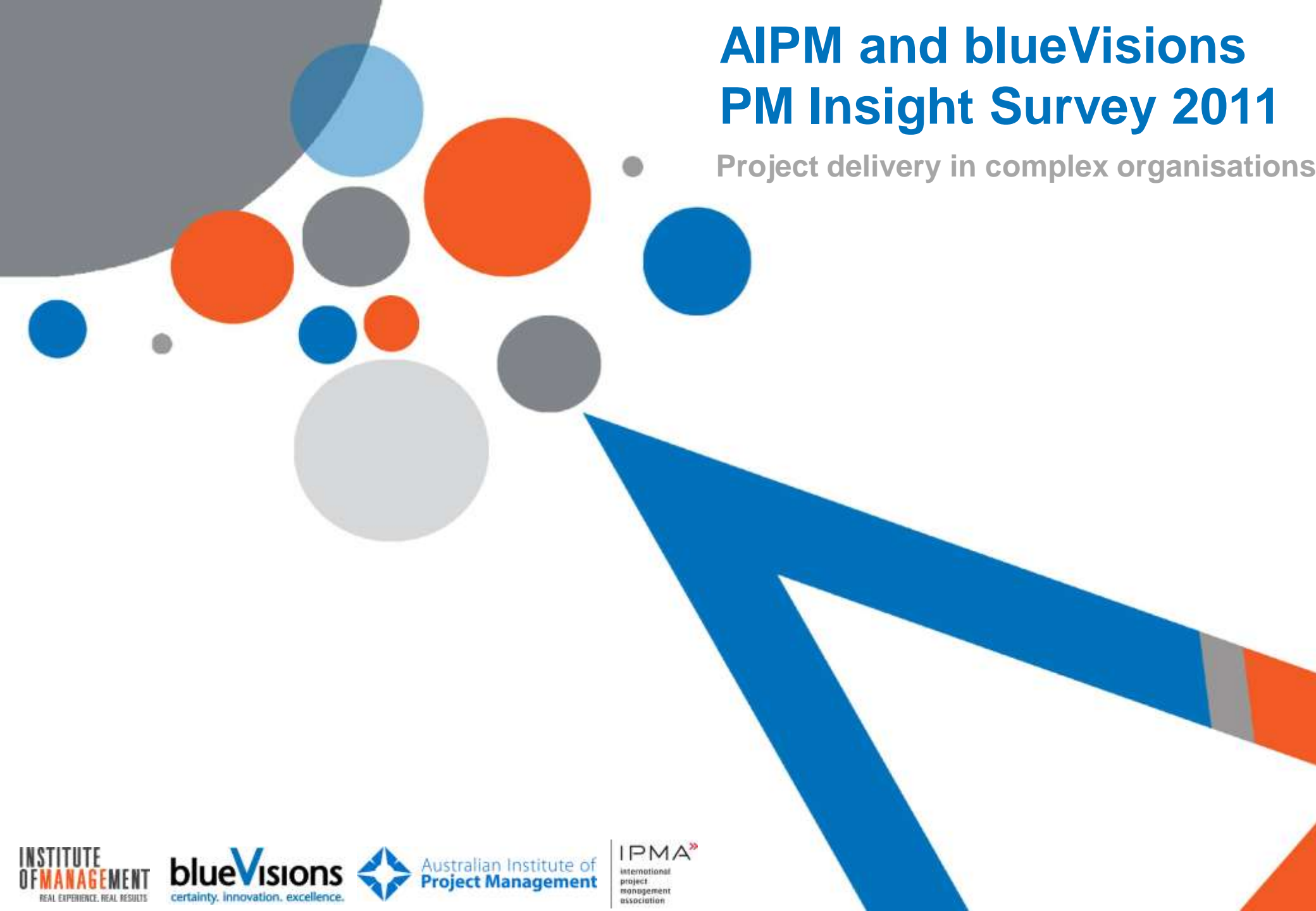
- **Convergence of the project team and the 'organisation'**
- **Successful project initiation and planning**

Presentation Outline

- 1. AIPM and blueVisions Insight survey**
- 2. Methods for integrating projects delivery into the complex organisation**

AIPM and blueVisions PM Insight Survey 2011

Project delivery in complex organisations



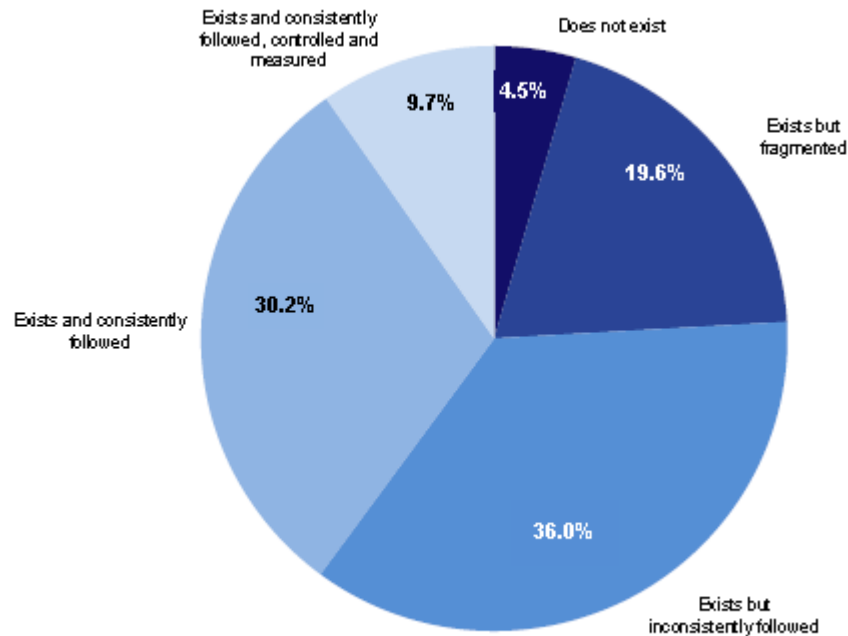
Is project management seen as a value creator in project delivery?

Survey statistics

- 960 responses (54% senior PM, 30% program/portfolio managers, 6% project sponsor, 10% Project team member)
- Strategy – the link between strategy and delivery in PM context
- Governance – roles and benefits of the PMO in corporate structure
- Benefits – Is project management delivering value?
- Skills – appetite for training and skills development
- Performance – high performance teams



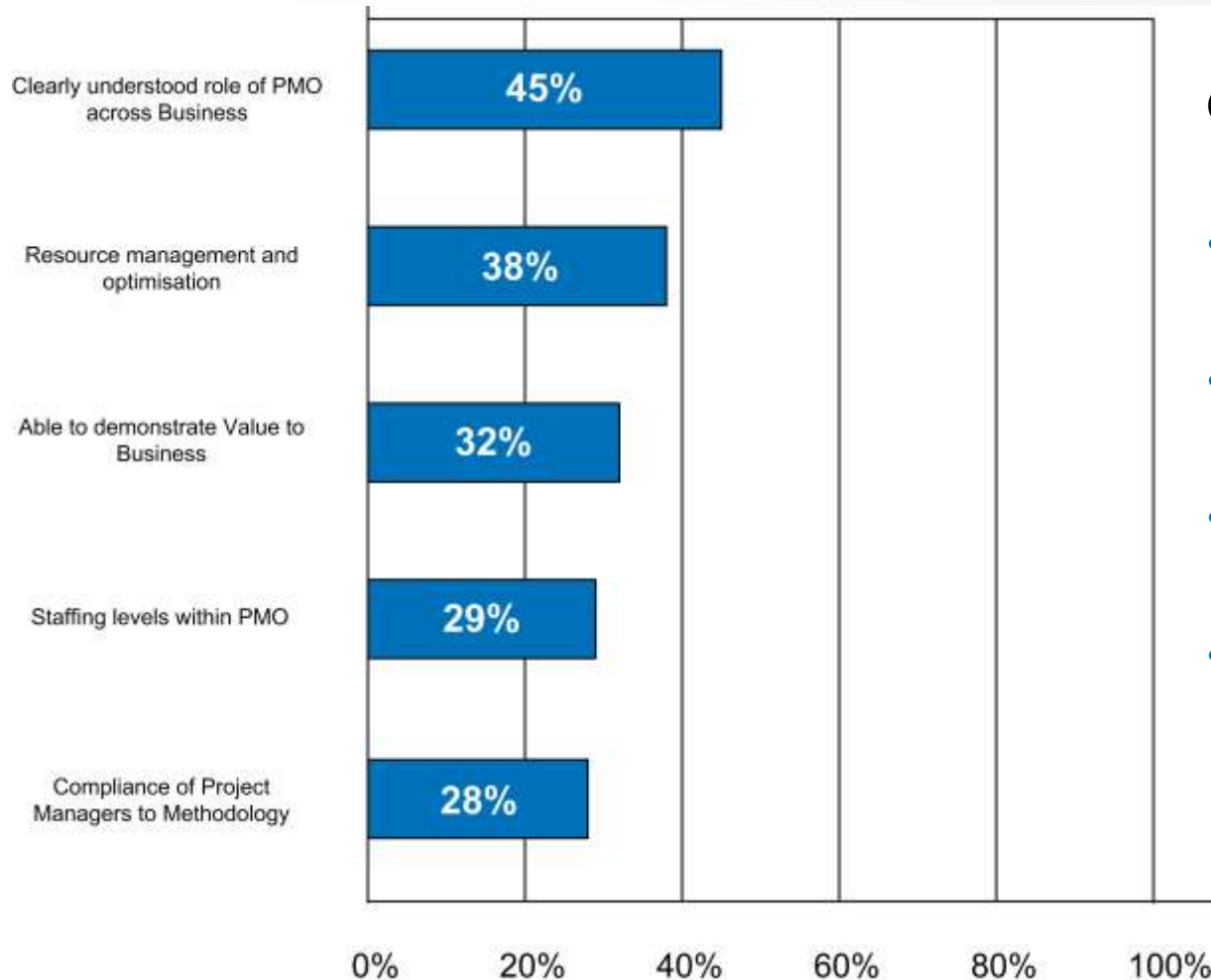
Strategy and Project Management



Question: Describe how you are aligning projects with strategic goals of the business

- 30% - exists and consistently followed
- 56% - inconsistent and fragmented
- 10% exists, followed, controlled and measured.
- **Bringing the project management process into the business requires significant effort**

Governance and the PMO



Question: What are the top challenges for your PMO?

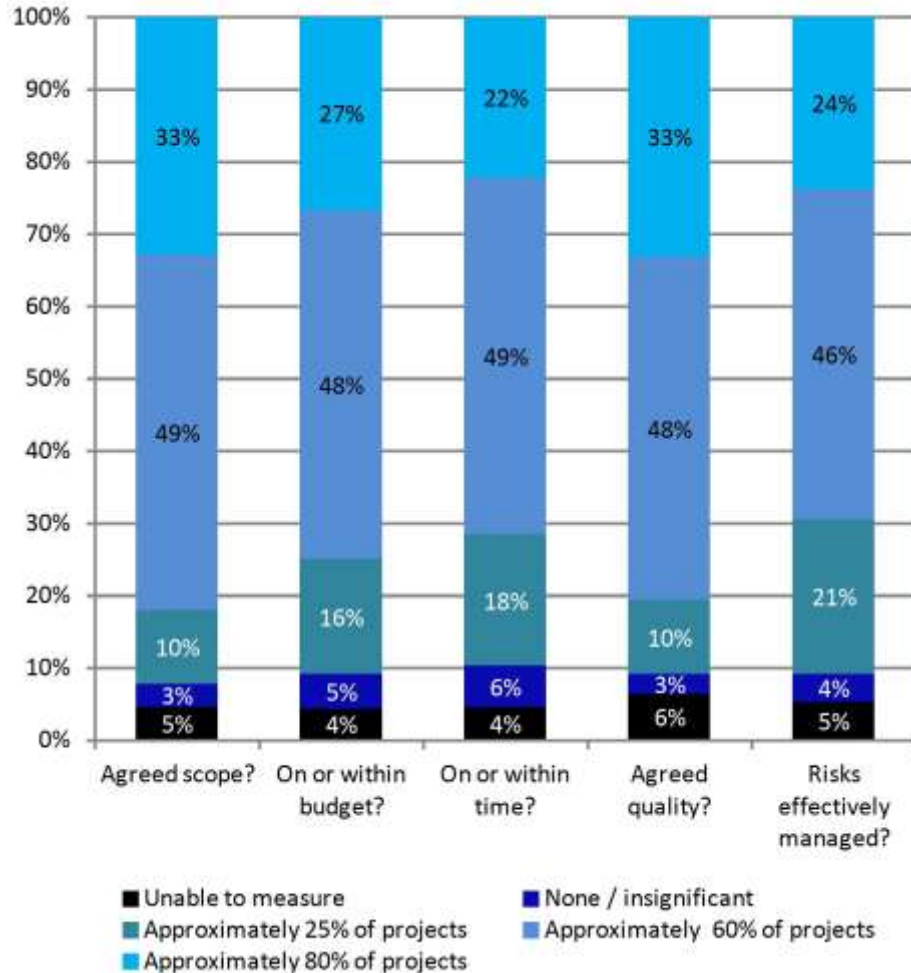
- Role of the PMO across the business – biggest challenge
- There is a disconnect between the organisation and the PMO
- Benefits are not being communicated to the business
- Managing resources – preplanning need.

Benefits - Value Placed on Project Management

Question: To what extent has project management delivered value in your organisation?

Criteria	Unable to measure	None	Minimal value	Reasonable value	Significant value
Reduced cost	34%	6%	15%	38%	7%
Improved business efficiency	14%	2%	17%	54%	13%
Improved organisational competitiveness	28%	14%	23%	26%	9%
Reduced business risk from failed projects	11%	6%	15%	50%	18%
Strengthened team work	7%	4%	19%	60%	10%
Strengthen communication	7%	5%	15%	58%	15%
Contributed to staff retention and satisfaction	20%	12%	34%	30%	4%

Benefits – Project Management Performance



Question: Rate how likely projects delivered in your organisation will meet...

- 33% of the respondents advised that the majority of projects deliver the intended outcomes.
- There is a significant gap in project performance and delivery, with the majority of respondents advising 60% of their projects are meeting intended outcomes.

How do we improve this?

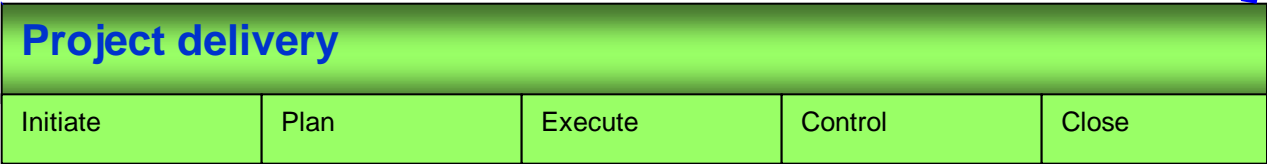
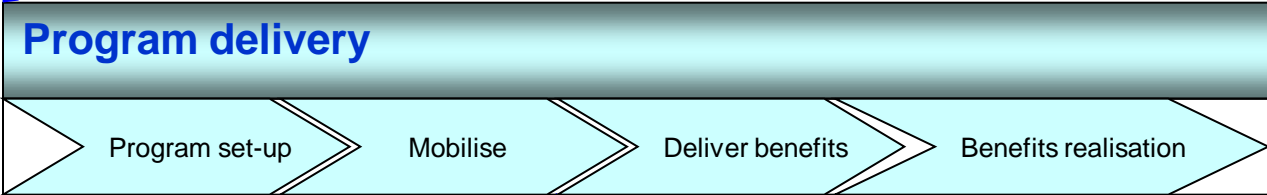
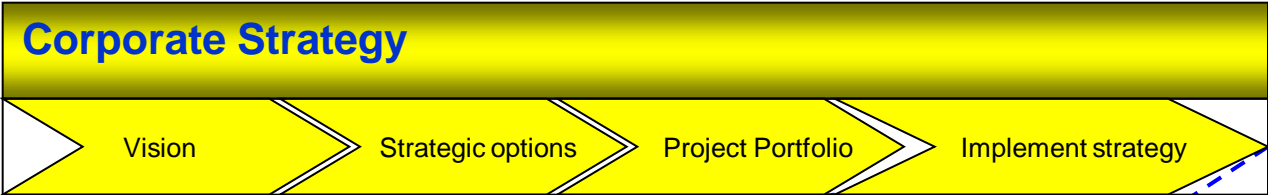
The main messages / issues for me arising out of the survey are:

- Strategy – Organisations need to embrace project management as a core business function with executive level support. Without it, projects will only partly deliver its strategic benefits.
- Governance – The PMO function needs to be aligned to the corporation's goals and not sit as an enabler. A convergence needs to occur.
- Benefits – there is a need for improved planning and pre-planning as 33% of projects are delivering the intended outcomes. This is a very high failure rate.
- Survey results available at: www.bluevisions.com.au

Innovative Approach

- Pre planning – creating an environment for success
- Governance – bringing the PMO / project into the tent
- Planning – prioritise and plan or else
- Managing budgets – a matter of perspective
- Managing programmes

Organisational Snapshot



Preplanning / Implementation Strategy

THE START

- Historic data (spend categories, programs, post handover surveys)
- Forward capital works program – linked to business strategy

DRIVERS

1. The correct structure for the delivery of the capital program
2. What skill sets are required to resource the structure
3. Efficiency through bundling / packaging
4. What investment is the required by the organisation

EXAMPLES / OUTCOMES

- Ministry for Health NSW
- University of Sydney



Governance

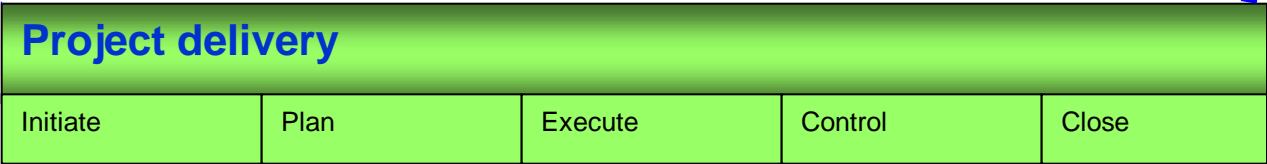
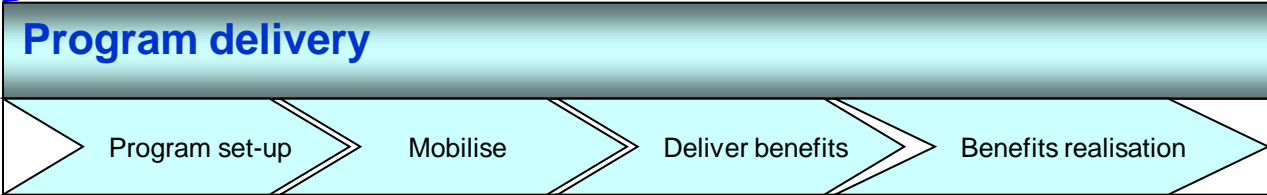
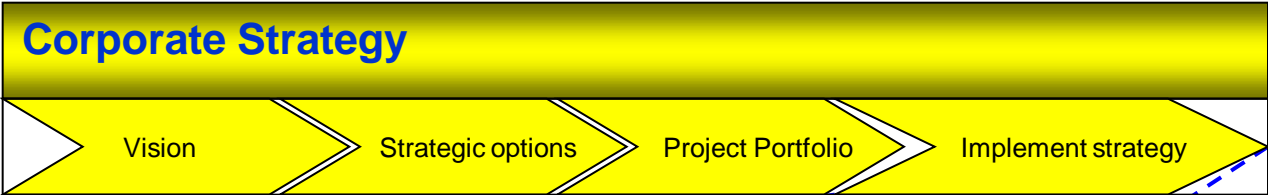


Governance

Corporate ownership of the project through executive sponsorship Governance levels

Governance level	Features / Role
Steering Committee	<ul style="list-style-type: none">•Executive sponsor chairs the meeting•PM/PD reports to this group (budget, programme, risks) seeks approval of business case, major engagements, major variations (predetermined limit).•Other executive representation
Project Control Group	
Design Control Group	
Construction Control Group	
User Group	

Organisational snapshot



Planning / Program set up

Capital Priorities

- Available funds
- Emergency requirements
- Political imperatives
- Loudest voice

Often

- Lack of clarity
- Internal disagreement across the organisations
- False expectations

Results in

- Constrained Planning
- No plan of capital projects

Planning / Program set up

Capital prioritisation examples

- Priority 1 – (Must Do) due to compliance and Occupational Health and Safety requirements
- Priority 2 – (Must Do) due to the organisations essential business need or accreditation requirement.
- Priority 3 – (Highly Desirable) due to the significant benefits to organisation.
- Priority 4 – (Desirable) due to benefits and future proofing the organisation
- Priority 5 – (On Hold) able to be deferred due to financial constraints

Managing Budgets



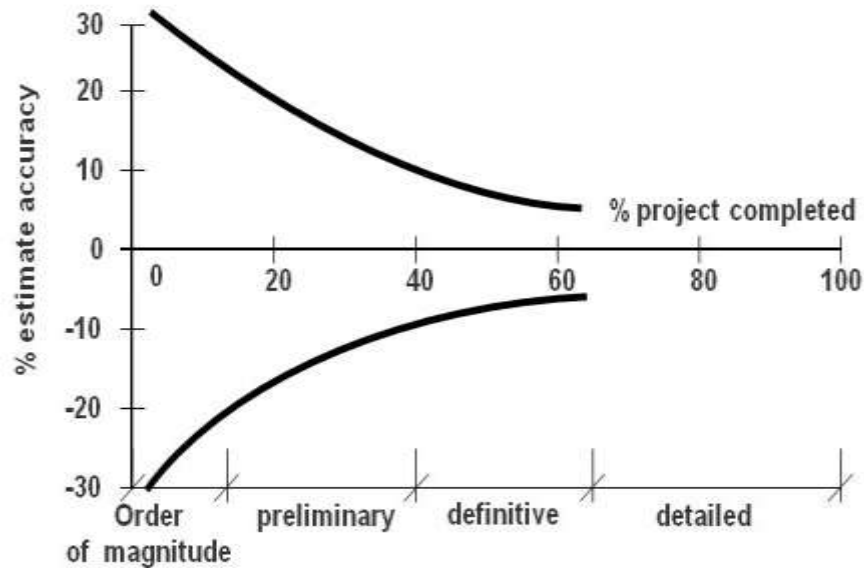
Managing Budgets

Budgets Setting – Right the first time

- Historic costs – need to be appropriately escalated
- Square meter rates or Unit rates – need to be supplemented with project specific costs
- Budgets need to be based on a delivery programme
- Budgets need to be linked with scope (warning)
- Contingency – needs to be listed (treasury guidelines) Indicative order of cost 30% to pre tender estimate 5% - based on risk

The first budget is always the set budget

Managing Budgets



- Order of Magnitude, $\pm 30\%$, establish viability
- Preliminary Estimate, $\pm 20\%$, basic info. available
- Definitive Estimate, $\pm 10\%$, during detailed design
- Detailed Estimate, $\pm 5\%$, full documentation/scoping

Managing Budgets

Cashflow reporting

- The need for accuracy
- Based on delivery programme

Aim to spend above the cashflow

Managing Programmes



Managing Programs

Understanding the organisation

- Historic data
- The Stakeholders - which ones are necessary (link back to governance)
- Overall strategic view of the programme and the need to link interdependencies
- Managing the contingency /float within the programme
- Benefits (certainty of delivery, certainty of cashflow, strategic benefits to delivery)

Conclusion

- The survey – Reveals a disconnect between complex organisations and the project delivery team.

“33% of the respondents advised that the majority of projects deliver the intended outcomes!”

- Pre planning – creating an environment for success
- Governance – bringing the PMO / project into the tent
- Planning – prioritise and plan or else
- Managing budgets – a matter of perspective
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The successful delivery of projects and real value is delivered when the project team and the ‘organisation’ converges and works together on projects