

Value-Driven Relationships: An Approach to Project Alignment

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Executive Summary

Everyone wants projects to be successful, right? Absolutely! Two uncertainties, which can cause a project to go off track or cause inconsistent results from project to project, are:

1. What constitutes success for each party; and,
2. Which relationships need to be understood by all parties associated with projects.

The definitions of success and the understanding of project-related relationships can differ—from mildly to wildly. The cruxes of many disjointed expectations are ill-defined or misunderstood relationships among the following three primary project parties:

- The Business
- The Program Management Office (PMO)
- The Project Team

This paper explores the various factors of project success and proposes that consistent and well-understood relationships among all parties of a project help foster long-term commitment and mutual success.

The three types of relationships that impact the project's success are organizational, personal, and value-driven. The value-driven relationship and its link to the successful project should be defined and understood across the enterprise.

Who Should Read this White Paper?

The target audience for this paper is anyone with an interest in project success. Anyone intent on solving business problems or bringing strategic value to a business will be more successful after reading this paper. More specifically: the Chief Information Officer (CIO), Chief Technology Officer (CTO), CPO (Chief Project Officer), project sponsors, PMO members, and project teams.

Differentiating Relationships

Organizations and people affect the success and failure of projects. Relationships among the parties involved in a successful project deployment are many and varied.

An **organizational relationship** must be considered in any environment. These relationships are easy to determine—simply examine the company organizational chart for who works for whom and in what capacity. This forms a solid baseline of formal relationships and reporting structure; it is, however, difficult to determine expectations and motivation by virtue of the organizational chart alone.

Personal relationships are not as easy to diagram as organizational relationships because they are dynamic and often take time to fully develop. However, they *can* impact business and project success; so, they must be accounted for in any project organization.

Value-driven relationships represent the basis for mutual commitment, motivation, action, and consistent results within a mature project organization. Value-driven relationships are based on consistent inputs and outputs and predictable interactions among the three defined primary project parties: the business, the PMO, and the project team.

The term “value-driven” is used because those relationships are not based on organizational structure or personalities, but rather on the value produced and received by each party in a project.

“ The definitions of success and the understanding of project-related relationships can differ—from mildly to wildly. ”

Often after the project kickoff, some factors become more important than others, the team must therefore be flexible and adaptable. Although change may be inevitable, no change comes without cost. The business, for example, might direct the PMO to finish five weeks ahead of the current schedule, and then:

- The PMO uses standards, processes, people, and tools to foster and measure success.
- The project team uses budget, schedule, and scope to measure success.

- Often after the project kickoff, some factors become more important than others, the team must therefore be flexible and adaptable. Although change may be inevitable, no change comes without cost. The business, for example, might direct the PMO to finish five weeks ahead of the current schedule, and then:
 - The PMO meets with the project team to brainstorm ways to compress the schedule, which normally means increased funding and resources, or reducing the number of requirements (scope).
 - The PMO meets with the business to offer options, along with the associated requests for increased resources or change in scope.
 - The project team revises the project plan and schedule to reflect additional resources or reduced scope.

Setting the Stage—Definitions and Context

The three primary parties associated with project management are:

- The Business—this is the business leadership. This group determines strategy, goals, and resources across the business.
- The PMO—this is the group responsible for interaction, reporting, continuous improvement, and recommendations between the business and project team.
- The Project Team—this is where projects are executed, with the day-to-day responsibilities of managing the ever-present triple constraints: budget, schedule, and scope (sometimes known, and measured, in different terms by the business and PMO).

All project parties are either bound by, or incented by one or more of the triple constraints (budget, scope, and schedule) to attain or measure success. The business seeks strategic advantage by striving to be “better, faster, cheaper”; or, in other words, quality, timing or speed to market, and cost. The PMO measures status or viability through continual business alignment, attainment of milestone dates, and earned value management. The project team measures progress and status against budget (cost or funding), schedule (or timing), and scope (requirements or quality).

Project parties use one or more of three elements to measure and/or attain success from their particular vantage points:

- Business uses products, services, and intellectual capital to create, maintain, and expand business.

What Does Each Party Want?

Generally, each project party wants one or more things from the other project parties; each wants the means to be successful. For instance, an output from Party A should help to make Party B successful. Below are valuable inputs and outputs from the three project parties.

- The Business
 - From the PMO: Consistent, accurate reporting on and/or view of all active projects; use expertise and tools to help project teams.
 - From the Project Team: Successful projects (on time, within budget, meeting requirements).
- The PMO
 - From the Business: Clear project priorities (portfolio management); adequate resources.
 - From the Project Team: Accurate and timely status; identify and escalate issues and risks.
- The Project Team
 - From the PMO: Resources; coaching and mentoring; escalation path and resolution.

- From the Business: **WIIFM**, or **What's In It For Me?**

Finally, and equally important, are the outputs from the project team, and its elements of success (Figure 3).

Pieces of the Puzzle

The business view has priority—if a business ceases to function, there will be no projects to consider. The model-piece below (Figure 1) graphically portrays the elements of business success and the outputs from the business to the PMO and the project team.



Figure 1: Business Model-Piece

Although the PMO is sometimes viewed as only an intermediary, it also should have defined outputs to the business and project team; and it should use the elements of success at its disposal as appropriate. The PMO model-piece looks like this (Figure 2):

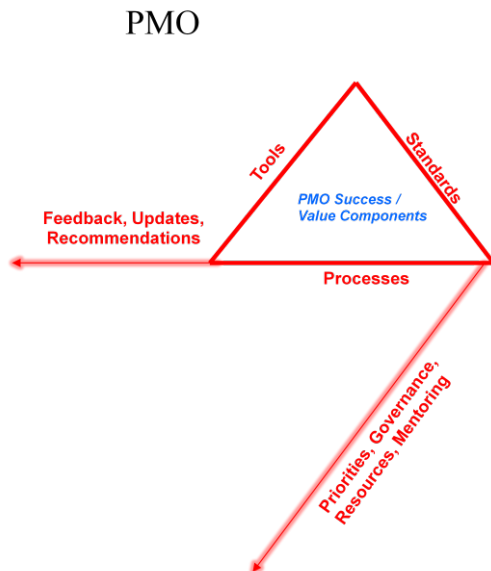


Figure 2: PMO Model-Piece

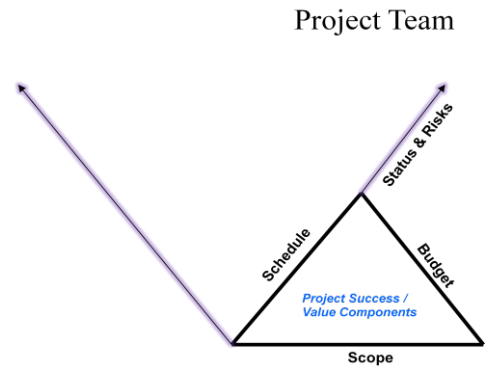


Figure 3: Project Team Model-Piece

The full model reveals much more about value-driven relationships, with each party consistently providing what it can to the others; and, consistently getting what it needs from the others (Figure 4). This consistency and visibility drive understanding, commitment, and motivation and greatly aid in positive outcomes for all parties.

Value-Driven Relationships

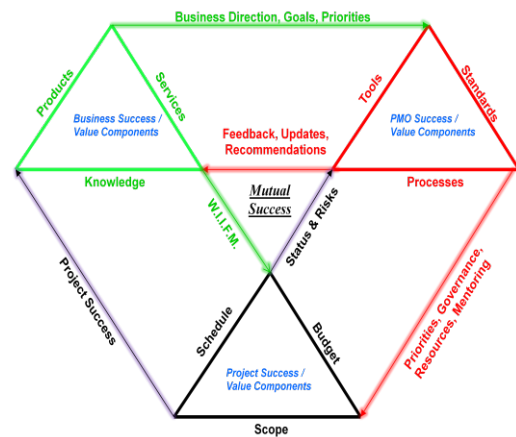


Figure 4: Value-Driven Relationship Model

At first glance, one might think the project parties are not mutually dependent—some may believe that the business can be successful without project teams. All companies undertake projects of some sort: process reengineering, construction, merger and acquisition, and so forth. It is naive to think a business can grow or be continually successful without its project partners, the PMO, and the project team.

Extreme Examples

The information technology (IT) world offers prime examples of two extremes of relationships: one in which expectations and relationships are either ill-defined or poorly communicated; and another, in which expectations and relationships are well-understood. Both are anecdotal and from the author's experience.

Example 1: The business needs a new ERP application, which will support the company's strategic vision. The business hands off the requirement for this application to the PMO, with little or no explanation of strategic value and no intention of reward for delivering ahead of schedule or under budget. The PMO doles out the project to a project team, which uses a waterfall methodology; so, the project team rarely meets with the business (or the project sponsor) to determine if requirements have changed. Basically, the project team manages/runs the project—meeting milestones, meeting aging requirements, producing reports, yet earning no praise or reward for their hard work. In the end, the business is not happy, because requirements have changed since the project's inception; the PMO is confused because they don't know what went wrong; and the project team is disillusioned because they worked hard and the business leadership is not happy.

Example 2: Can you say "agile?" (If you don't know what agile means or what it entails in the world of IT projects, do an Internet search to see how many results you get!) The business works continuously with both the PMO and project team to ensure the highest-return requirements are addressed and resolved first. Everyone knows what's going on and they know the impact of failure and the rewards of success; success is enhanced by establishing and documenting those value-driven relationships upfront.

Oftentimes, the value-driven relationships (or lack thereof) are not as easily identified as these two examples, so spotting the potential disconnects becomes even more difficult. Defining, documenting, and communicating value-driven relationships can help mature businesses and project organizations.

One More Tool in Your Toolkit

Thriving businesses possess a basic understanding of project management concepts and are able to execute their projects (with varying degrees of success). Continuous and astute life cycle management of the common triple constraints can lead to project success. A missing piece of the success puzzle is often an honest and visible relationship matrix, depicting and defining what each party expects, needs, and wants from a "successful project."

Some think the desired outcomes are obvious—"the goal(s) are in the project charter." Some believe that stating needs, such as "What's In It For Me" (or **WIIFM**) is too self-serving. But, if you don't clearly address everyone's expectations and needs, you run the risk of "business as usual," and of missing a valuable piece of the project success puzzle: the value-driven relationship.

About the Author

Phil McDowell has over 20 years of experience in the IT project and program management field. Currently, Phil is a Senior Program Manager for Cisco Systems in the Advanced Services organization. Phil has developed and delivered global projects and programs in Belgium, Canada, Germany, South Africa, the United Kingdom, and the United States. Phil has experience in the automotive, financial, federal government, manufacturing, and healthcare/medical device industries.