

TRILLIUM



Project Leadership
Investing in Experience
for Better Return on Investment

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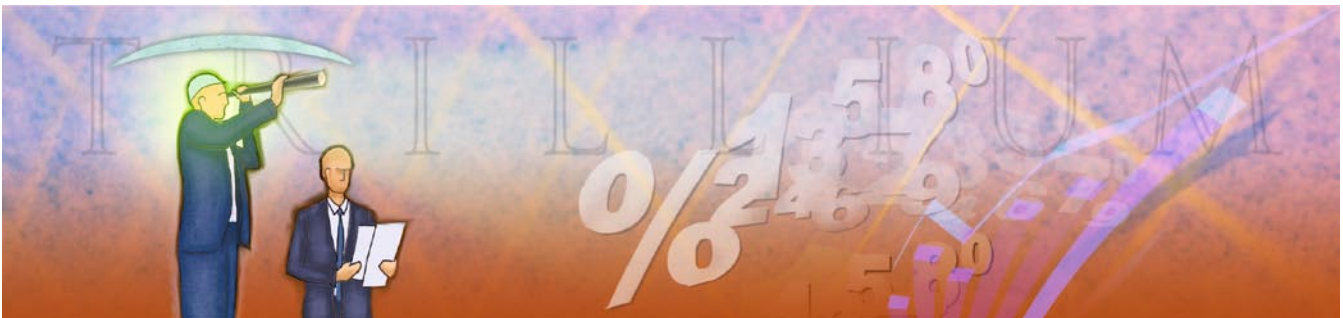
Introduction

What's in a name? "Project leader" and "project manager" are too often used as generic and interchangeable titles, but understanding the distinct roles of these two unique functions can make a big difference when it comes to getting the best results in terms of project quality, cost, risk, and return on investment.

Poor leadership and lack of project management best practices are among the leading causes of project failure. Yet many organizations remain cautious in expanding their budgets to engage experienced and more expensive project leadership resources. In reality, deciding who should be added to the team for a new product launch or business process improvement project should be based more on proven experience rather than cost. The extra expenditures for project rework and lost investments in failed projects are often the side effects of "hiring low" or bringing in less experienced and cheaper resources on critical initiatives.

What organizations may not realize is that an initial higher investment in an experienced project leader at the start of the project is usually far less than what they would spend on rework or lose on projects that linger on and never get completed. Paying a premium for a project leader who can get it right the first time is ultimately worth it.

This white paper will explore the advantages of a project leader/consultant model versus staff augmentation. It will define the project leader and project manager roles and discuss the differences and similarities between them. It will also explore the key project scenarios for which project leaders should be engaged and the risk factors that can be mitigated. The white paper will conclude with guidelines for selecting a best-in-class project leader and a real-world example of how project leadership delivers benefits.



Project outsourcing challenges

Most organizations simply do not have the extra resources or specific technical talent to effectively handle the multiple projects they deal with annually. However, it still makes the most sense to keep internal staff focused on business critical projects for daily operations, while engaging outside resources to handle new product launches, process improvement, mergers and acquisitions, and other initiatives that add value to the company both short- and long-term.

Of course, the challenges aren't new: tight budgets, tight deadlines, and severe penalties in terms of lost revenue and market share if the projects are delivered late, over budget, or with poor quality results, or not at all.

The nightmare project scenarios aren't new either. Standish Group Chaos Report findings over the past years have indicated that as high as 50 percent of projects fail, as these high profile examples show:

- The 2004 cancellation of a new ERP system at car rental giant Avis after investing nearly \$55 million
- The 2005 failure of the U.S. Justice Department FBI Virtual Case File after five years and an investment of \$104 million
- The 2006 failure of a \$229 million financial IT system for the U.S. Department of Homeland Security
- The 2008 failure of Heathrow Airport's Terminal 5 baggage claim system on the first day of operation—despite an investment of over \$344 million in IT systems

What is new is the evolution of project leadership as a viable and cost-effective solution for avoiding nightmare projects, despite a larger up-front investment versus the traditional lower cost of hiring project managers. Organizations are starting to see the value of experience and the correlation with successful, completed projects.

Why project leadership?

On the surface, the roles and responsibilities of project leaders and project managers are perceived to be very similar. However, project leaders are proven technology professionals who bring to the table many more years of experience on diverse projects. They also offer the flexibility to step into ongoing projects that need extra support and quickly get up to speed. One of the greatest advantages of having a professional project leader, in fact, is the leader's ability to shorten project duration and achieve desired results more quickly.

Project managers, on the other hand, excel at following processes and facilitating the activities of others on the team. They're still learning and building up expertise. Unless

they have strong, experienced leadership, their lack of experience can bring about project delays, quality problems, and other costly issues.

Some argue that leadership is inherent in the project manager role since they control project activities and have the responsibility to lead and motivate their teams. In the best case scenario, they go beyond task management to demonstrate their leadership abilities when critical decisions have to be made that affect the comprehensive scope of the project. However, the defining difference between project manager and project leader up for discussion here is the depth and breadth of technical and industry experience owned by project leaders.

Project leaders usually have a minimum of 10 years of experience working full-time as a project manager. They have the expertise and insight to go beyond the scope of a project manager to adjust the process to meet goals when needed, and avoid micro-managing others on the team. As a result, project leaders can usually deliver on business needs more quickly throughout the project with a focus on strategic positioning and specific process improvement.

Project leaders are also a good choice when looking to temporarily fill the shoes of an internal leader on the executive team when a position is left vacant due to reorganization or personal leave of absence, for example.

Most importantly, project leaders have proven expertise in risk mitigation. Based on past experience, they know what questions to ask up front in terms of creating contingency plans for unforeseen situations, such as losing a key resource on the team or unexpected customer changes in project requirements. Project leaders have the insight and experience to keep the project on target even if something happens that threatens to derail it. They can also help with prioritizing requirements and ensuring that the most critical requirements for key functionality are completed first, thus reducing the risk that they will be missed later in the development lifecycle.

Scenarios that demand project leadership

Drivers of luxury cars, for example, don't take their investments to the jack-of-all-trades mechanic down the street, even though he's close by and cheap. They take the extra measure to take it to the dealer for servicing—more expensive, but cheaper in the long run because the dealer has mechanics with dedicated experience who will fix it right the first time.

This analogy translates well to project leadership. Would you trust your new global product launch or multi-billion-dollar merger to jack-of-all-trades project managers?



When the stakes are highest, an investment in product leadership is most critical, especially in situations like these:

- A new first-to-market product or service with a critical fixed deadline
- A complex project with multiple vendor management issues
- Working with a fragmented team located in multiple remote locations
- A history of internal projects that have not met the desired results
- The need to turn around a struggling project
- Fast process or system changes due to a merger or acquisition
- Process improvement projects to add value

Virtually any industry can benefit—healthcare, telecommunications, financial services, transportation, data center management, SAAS delivery, and more—as well as businesses ranging from global subsidiaries to start-ups.

Success story: Successful acquisition

Trillium Solutions Group provided project leadership for a globally recognized professional services firm in the Midwest that was seeking to grow its business through acquisition. The client's post-acquisition integration with another professional services firm was stumbling. Plus, the management cultures of the two firms were clashing as key stakeholders of the acquired company did not agree with the client's core management philosophies. Serious operational issues were uncovered at the newly acquired firm, and several key internal business processes at the acquired firm were poorly defined, executed, and governed.

These issues, left unchecked for much longer, would have jeopardized the client's ability to meet annual strategic, financial, and operational goals. Trillium helped to dramatically accelerate the integration process through direct intervention. The project leadership team assumed key management positions in order to drive decision making, execute process integration plans, and implement cost cutting measures.

While much of what Trillium worked on was targeted toward fixing critical near-term issues, the company helped the client stay mindful of the long term, design sustainable processes, and avoid making similar errors in the future. The client was able to successfully integrate the acquired firm, realize planned benefits from the acquisition, accelerate and sustain value realization of \$1.5 million a month, create a more stable and aligned management team, and position itself for more successful future acquisitions.



Choosing best-in-class project leadership

When choosing a project leader, organizations must first ensure that one has the level of experience to match the project needs. An aggressive start-up, for example, may require a professional who can wear many hats. A complex project for a Fortune 100 company may need someone skilled in developing a strategy to deliver results in the least amount of time. Overall, the project leader should have already met similar challenges before, and therefore will be more likely to avoid the errors and delays that inexperienced project managers could make.

The best project leaders demonstrate these capabilities:

- Create a vision of a successfully completed project
- Challenge, motivate, and enable project teams to succeed
- Develop innovative approaches to mitigating risk
- Inspire trust for better team communication and collaboration
- Stay focused on top-line value-driven processes
- Ensure that project goals stay aligned with the organization's needs

Other factors to consider include:

- At least 10 years of experience as a project manager
- Integrity and proven results with similar clients
- Dedicated experience and technical knowledge in the specific industry
- The number and size of project teams managed previously
- The complexity and size of projects led previously

Most importantly, price should not be the primary factor in selection. Organizations should expect to pay more on average for project leadership than the customary fees for project managers. But that's still far less than the escalating cost of project rework or failure.

An August 2007 independent market research report by Dynamic Markets Limited surveyed 800 IT managers in eight countries. The report, "IT Projects: Experience Certainty," revealed that:

- 62 percent of organizations experienced IT projects that failed to meet their schedules
- 49 percent suffered budget overruns
- 47 percent had higher-than-expected maintenance costs, and
- 41 percent failed to deliver the expected business value and ROI.

In addition, it is estimated that more than one quarter of all IT projects fail. Even when completed, fixing problems generated by missed requirements and other errors can use up to 80 percent of project budgets.

Estimates by U.S. companies surveyed in 2007 indicated that \$75 billion a year is lost on rework costs and failed systems. Rework can account for up to 40 percent of the project cost, but project leadership can effectively lower that cost through sound project planning and by identifying and fixing defects or potential problems early on.

Conclusion

There is far more behind the name “project leader” than meets the eye and more than traditional task-based project managers can deliver in terms of leadership skills.

Project managers have their own strengths and many demonstrate leadership ability, but they do not have the level of leadership and experience needed to keep time-sensitive and budget-critical projects on track and bring them to conclusion. By bringing specific industry and technical knowledge to the table, project leaders add much more value and reduce risk of project failure even though they represent a larger up-front investment.

Looking beyond the spreadsheet and paying a premium for project leaders, however, have shown to offset the risk of costly rework, budget overruns, missed deadlines, and missed requirements. Organizations cannot afford to skimp on project leadership when tackling value-added projects in the competitive global market. The bottom line is that you get what you pay for. For successful IT projects, project leadership is a sound investment that pays off in terms of quality, faster time-to-market, and lower costs. Doing it right the first time makes all the difference in achieving a better return on investment. ■

Experience the difference on your next project by contacting Trillium Solutions Group to find out how our project leader can provide a business edge. For more information, visit www.trilliumsg.com or call 847-272-2202.