

Project/Program Diagnostics

Introduction and Briefing

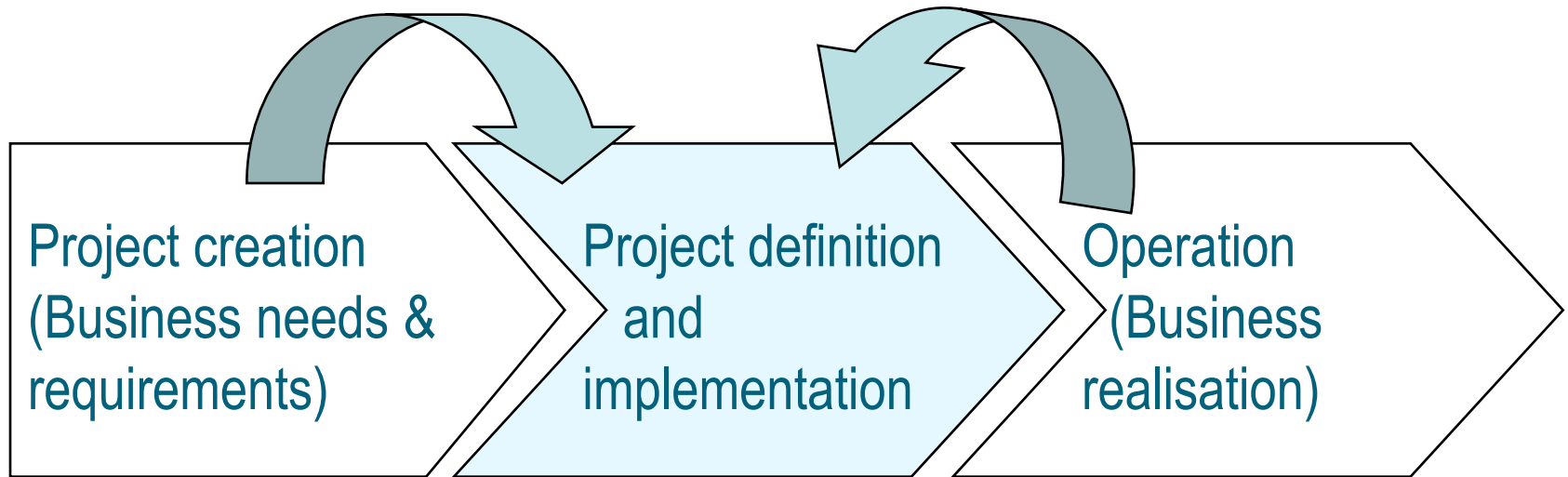
McKenna, Wilczynski & VanderSchee (2006) (survey results posted online by Booz.Allen & Hamilton)

- Widespread dissatisfaction with project performance amongst the top 20 companies – including super majors, independents, and EPC firms, as well as some heavy industrial companies from the US, Europe, and Asia
- The companies surveyed had a combined capital spending of more than US\$100 billion
- More than 40% of the projects had experienced significant schedule and cost overruns due to inadequacies in performance and risk management, initial project planning and problems with human resources

Why projects fail?

- Projects are non-linear dynamic systems & change with time
- Expertise for its definition and planning is distributed among many players
- The rule of 1:10:100 is violated
- Project definition is often poor
- Nearly all PM literature and Standards focus on execution
- Up to 85% of project value is determined during the definition phase
- Strategic management of projects is vital
- Most challenges in project management relate to softer variables, such as relationships, politics, governance, financing, competitor move and so on!

Project and Business Relationship



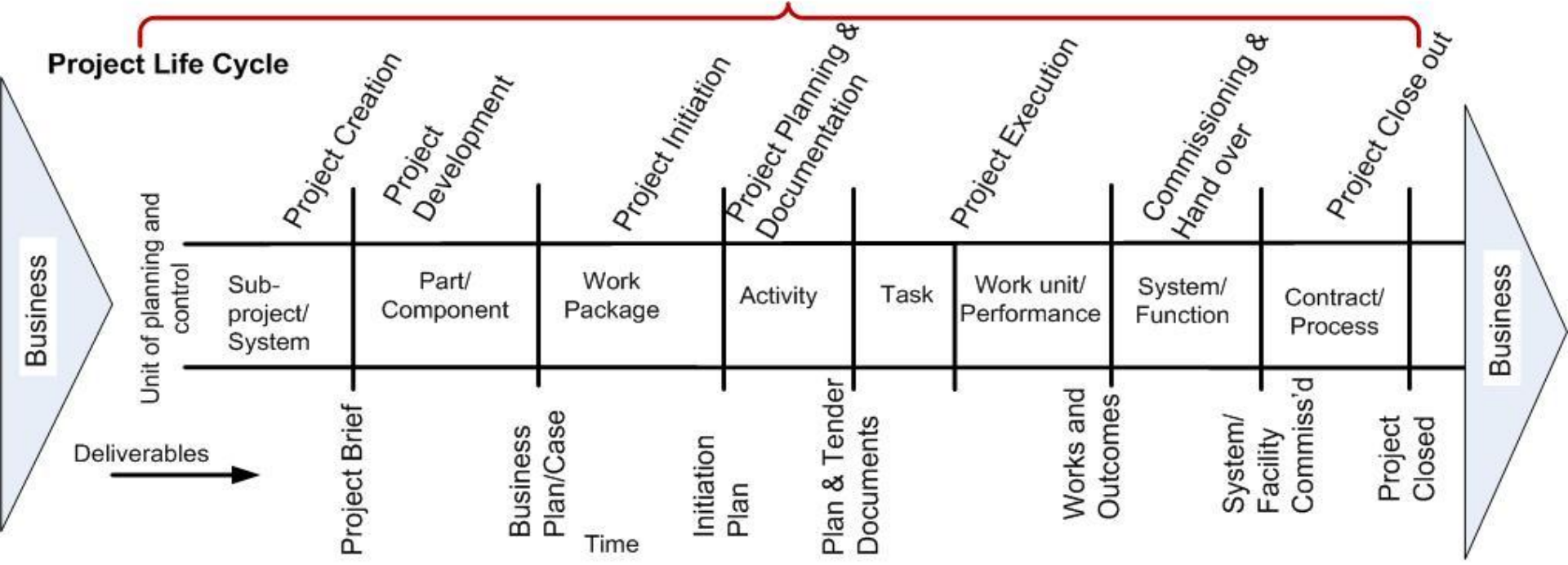
- Focus is on both project definition & implementation
- Projects must deliver their business case (satisfy business goals)
- While it must factor in operational requirements
- **Strategic Project/Program Management vital**

AGSBM Project and Program Management

Perspectives on Project/Program Management

- Emphasis is on project value improvement & risk reduction
- And strategic management of projects
- Focus on 18 core functions divided into 67 variables that need to be managed in real time over an integrated life cycle
- Project manager's role is integration and alignment

Project Monitoring & Control

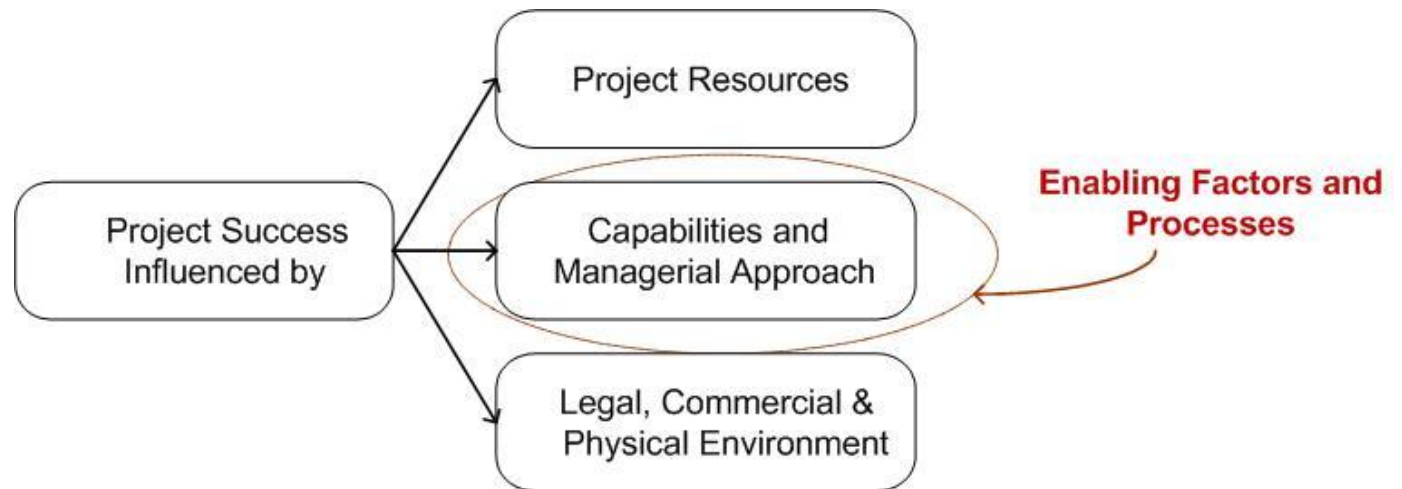


Targets & Priorities	Strategies	Project Definition Report	Project Plan & Documentation	Project Execution	Project Outcomes
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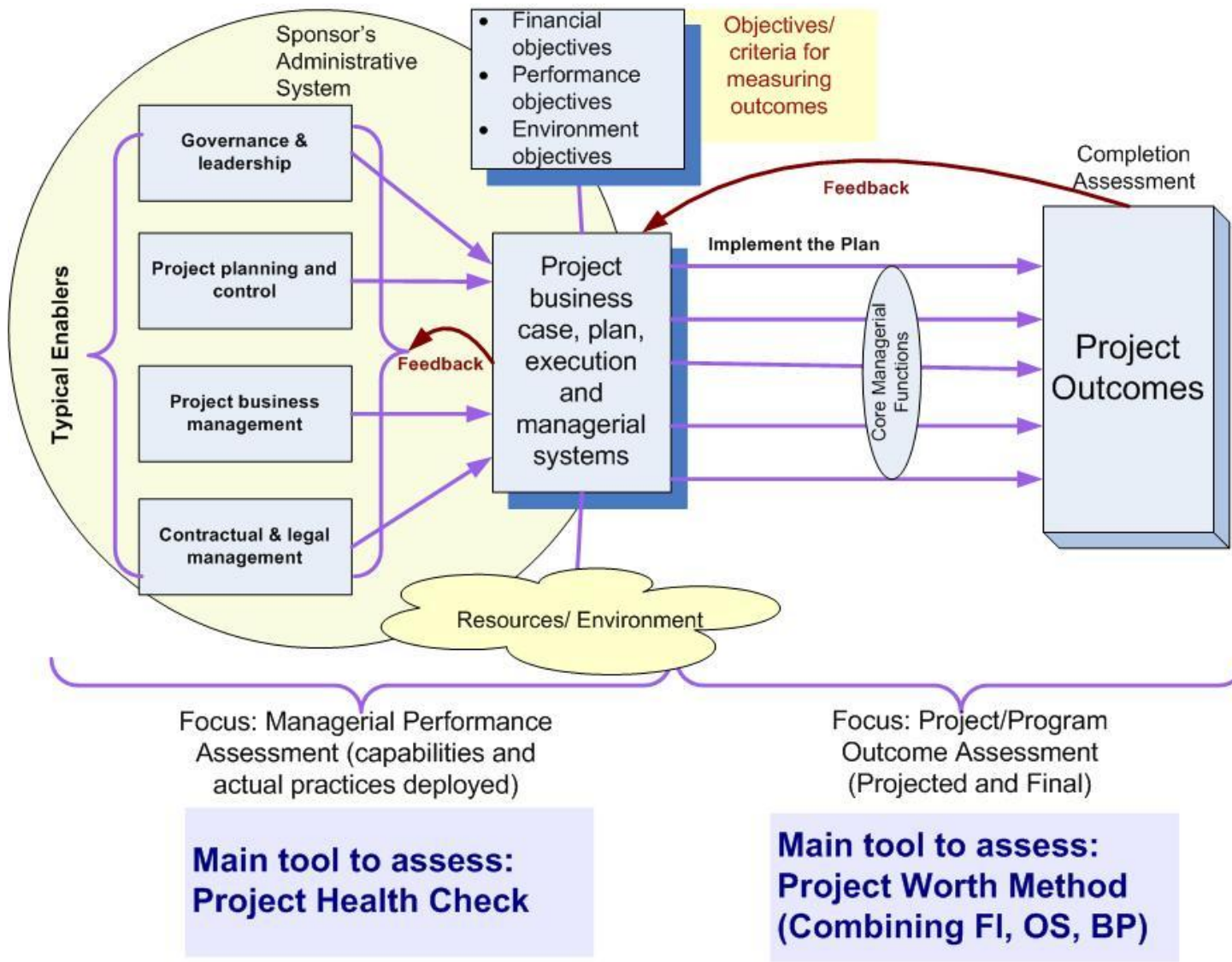
Project Integration Management

- | | | | | | |
|---|--|--|--|--|---|
| <ul style="list-style-type: none"> • Project objectives (financial, environment & performance) • Life cycle targets for major deliverables • Policies & organisational factors | <ul style="list-style-type: none"> • Formulation of business case • Strategies for achieving project objectives • Major risks, challenges and constraints | <ul style="list-style-type: none"> • Strategies for delivering business case • Project implementation risks and strategies to manage risks • Optimum project implementation | <ul style="list-style-type: none"> • Project plan & documentation • Major issues and dependencies • Important risks, challenges and constraints | <ul style="list-style-type: none"> • Actual progress to-date • Estimate to completion • Assessment vs. objectives • Dependencies and risks | <ul style="list-style-type: none"> • Acceptance of systems/outcomes • Project performance analysis • Project close out • Lessons learnt |
|---|--|--|--|--|---|

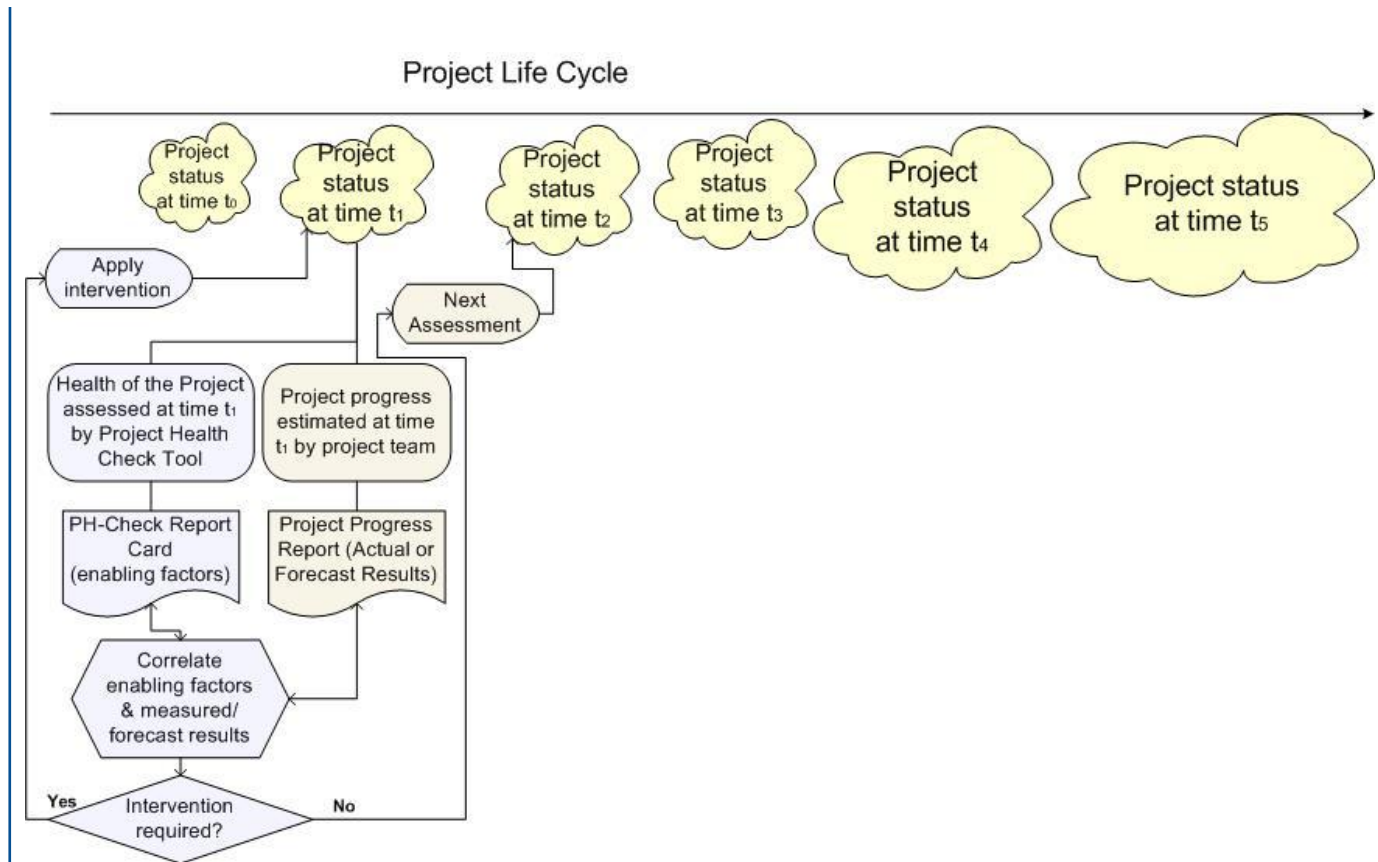
Focus on Enabling Factors and Results



Process in Management of Projects



Management of Projects as Complex Adaptive Systems



Typical Core Functions in Large Projects and Programs

Business & Strategic Management

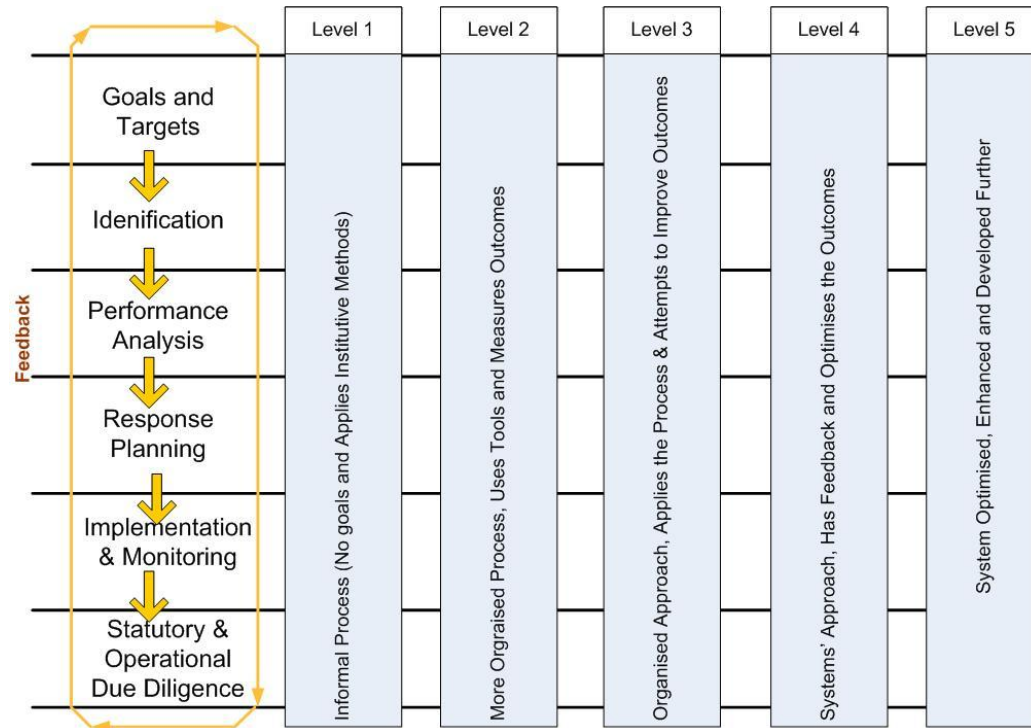
- Customers & Markets
- Stakeholders
- Technology
- Facility Design and Operational Requirements
- Supply Chain System
- Learning & Innovation
- Finance
- Project Delivery Strategy
- Risks and Due Diligence

Implementation Management

- Governance & Leadership
- Engineering, Detailed Design & Specifications
- **Procurement***, Transportation & Warehousing
- **Planning and Control***
- Team Performance
- Information & **Communications Management***
- **Quality Management***
- Offsite Management
- **Risk Management**

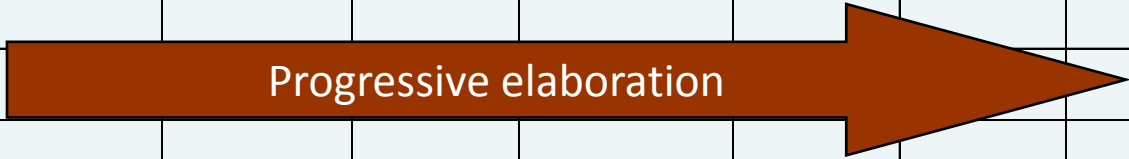
* Functions covered in PMBOK®

Managerial Excellence Levels



AGSBM assesses managerial excellence at 5 levels as shown above. The metrics embodied in AGBSM's diagnostic tools provide a basis for assessing the performance of the project management in a given core function

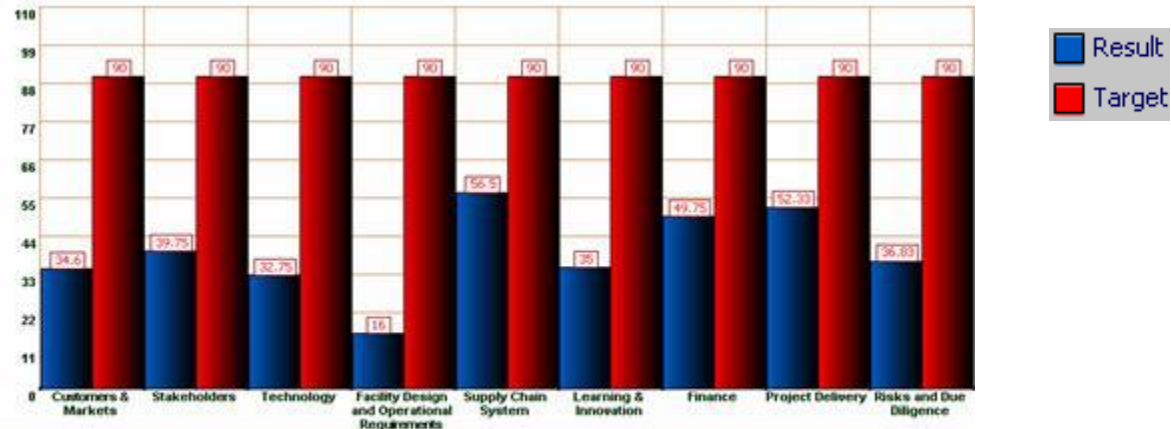
AGSBM 's Project/Program Management Framework

Core Function (Enabling Processes) ▼	No. of Variables/ Processes	Project Creation	Project Development	Project Initiation	Project Planning & Documentation	Project Execution	Project Monitoring & Control	Commissioning and Hand over	Project Close out
Customers & Markets	5								
Stakeholders	4								
Technology	4								
Facility design & Operational Requirements	4								
Supply Chain System	2								
Learning & Innovation	4								
Finance	4								
Project Delivery	3								
Risks & Due diligence	6								
Governance & Leadership	5								
Engineering & Specifications	3								
Procurement, Transportation & Warehousing	3								
Planning & Control	6								
Team Performance	3								
Information and Communication Management	3								
Quality Management	4	Quality Goals	QM Strategy	QM Master Plan	Construction & Manufacturing QM Plan	Implement QM Scope	Quality Control/ Assurance	Operational Manual Quality	Lessons Learnt
Off site Management	2								
Risk Management	2								

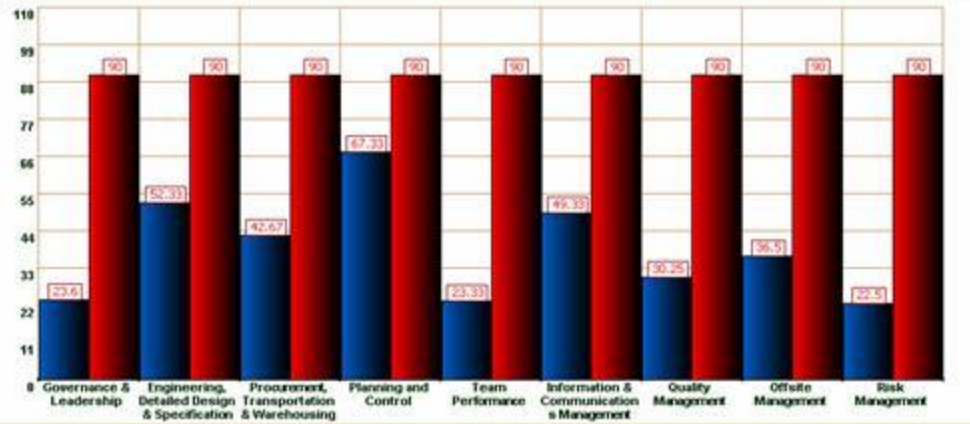
Managing core functions to preset targets

AGSBM's Project Health Check (Sample Report)

Project Strategic & Business Management Assessment



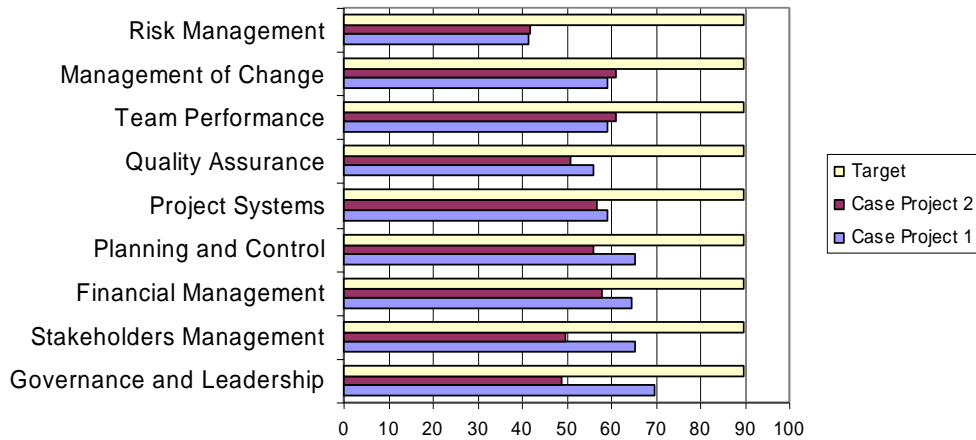
Project Implementation Management Assessment



Sample of Project Diagnostics Conducted

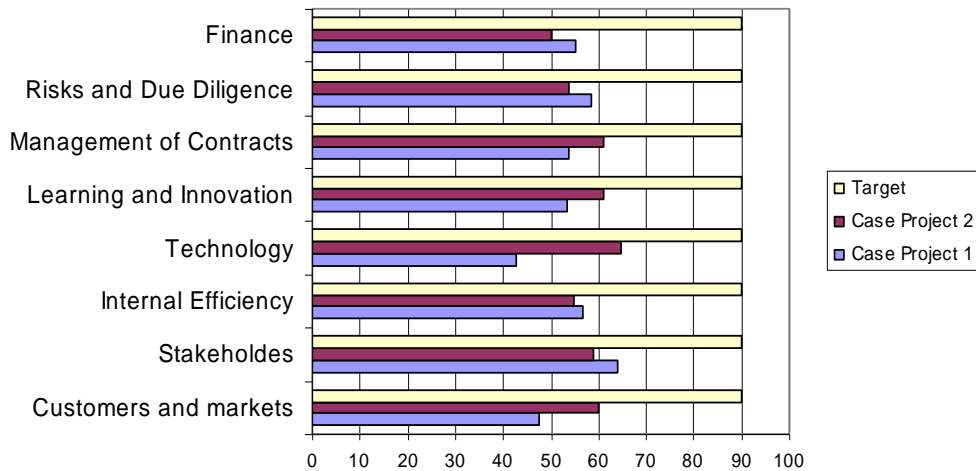
- ▶ Petrochemical projects in the Middle East
- ▶ Major project in Australia

Performance Comparison (Project Implementation Assessment)



- ✓ Similar performance
- ✓ Performance below level 3 or 60%
- ✓ Not adequate for large complex projects
- ✓ See findings

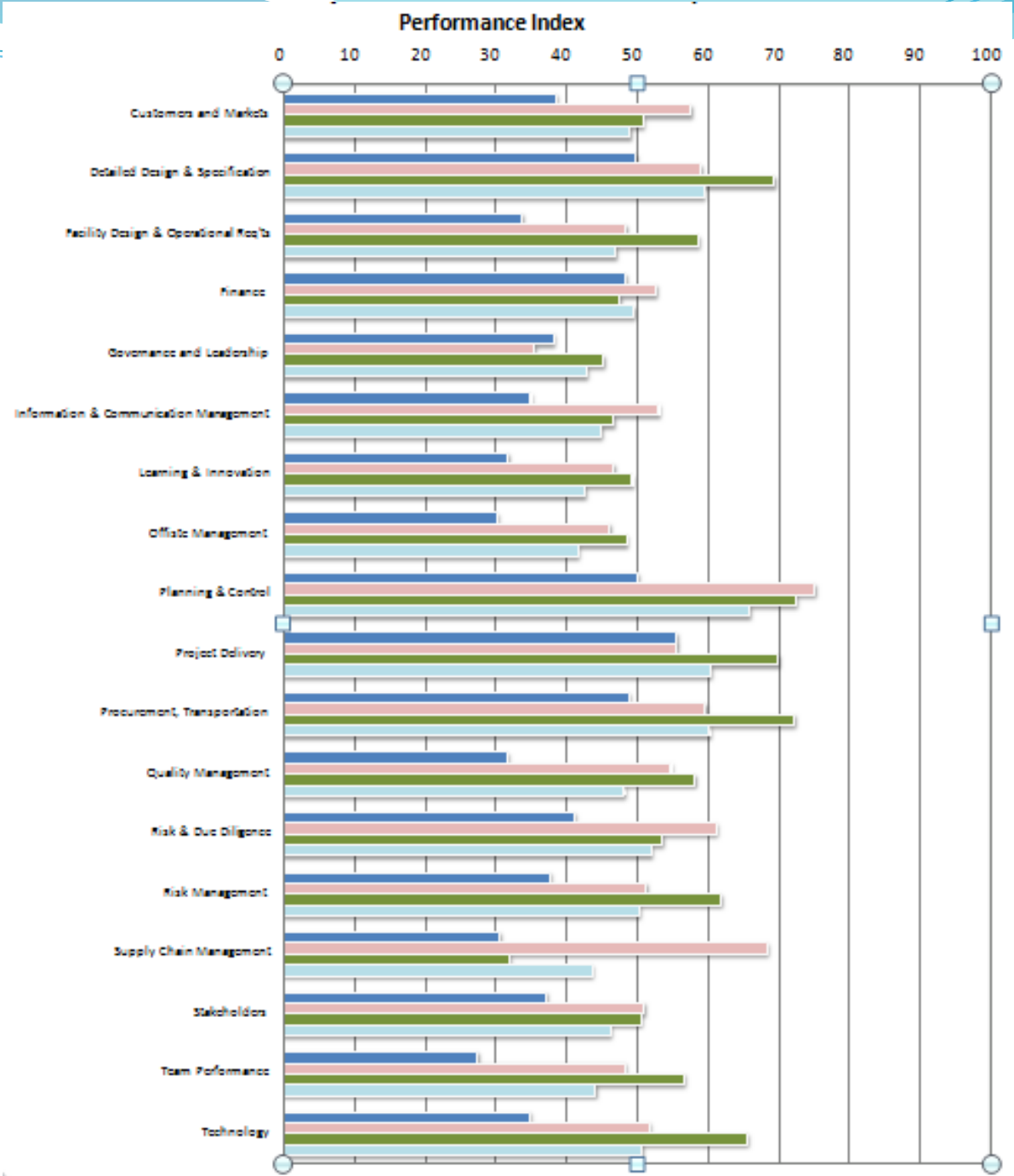
Performance Comparison (Business and Strategic Assessment)



Australian Case Project

- A major redevelopment program, annual budget \$110 million rising to around \$330 million
- Managing contractor contract
- Project manager as principal's representative
- Progress is on track (in search of early warning signals!)
- AGSBM was asked for a comprehensive 360 degree study
- And to provide strategic advice and directions for improvement

- Average performance index = 50
- Standard deviation = 11 points
- Traditional areas of PM show highest performance
- As a whole it is not managed holistically well



Summary

- Complexity management pivotal to success
- Management means getting an overall picture and timely intervention
- Focus on project definition
- Focus on the enabling processes and factors
- Needs tools to capture a broad picture & see shortcomings early
- And direct the respective players to respond
- **This is a true Project/Program Risk Management**