

# The Problem with Project Management



After reading this chapter you will be able to

- Understand why so many projects are not successful
- Understand how knowledge, expertise, and process are the keys to change
- Understand the STO model and the problems it illustrates
- Be able to use this book as a tool in understanding project management

## A Story From the Frontlines

Frank Coleman, the Vice President of Operations at ABC Corp., approached his office. It was Monday, 6:00 A.M. Frank usually came in very early, because it was the only time he could get any work done without being interrupted. He knew before he rounded the corner into his office what he was going to see. Sure enough, stuck to his monitor, keyboard, chair, and desk were several dozen yellow notes. He placed his briefcase next to his desk and noticed the flashing light on his phone—a sure sign his voice mailbox was full again. Frank took the notes off his chair and cleared a path on his keyboard and monitor. He would look at all the notes later. Frank ran his hands through his hair and sank into his chair. He drew in a deep breath and let it out slowly as he logged into ABC's intranet. After the usual login messages flashed by, the e-mail

system displayed 150 unread messages, at least half of which began with the word URGENT. Frank groaned, leaned back in his chair, and closed his eyes.

For Frank, this was the normal start of any day—problems and more problems. For the first time this day, he wondered why people here couldn't solve more of their own problems. His priorities were clear; as a member of the leadership team, he wanted his people to get things done on the projects that were assigned to them, but nobody seemed to be able to do that. There were just too many projects!

He opened his briefcase and took out a pile of papers that he had been working on and found the Thompson file. He really needed to finish his review of the client proposal today. He wondered if Stevens had completed the resource estimates that he needed for this proposal. He really did not want to wade through e-mail right now to find them, so he continued working on another part of the proposal. Even as he did so, in the back of his mind he wondered where they would find the resources to do this project for the client. He would have to hire new people and increase his budget. How was he ever going to justify that? If only his people could be more productive.

As the thought struck him, Frank sat back in his chair and reflected. What else could he do to get his people to be more productive? They had already spent a small fortune buying and implementing that new enterprise-wide project management tool, and they had trained everybody on how to use it. Yet, he still could not get a simple progress report once a month, let alone once a week, that he could understand and share with the CEO and CFO.

A sharp, tense voice startled him. "Got a minute, Frank?" It was Bob Jenkins. "Sure, Bob. What's up?" he answered, knowing full well what Bob was going to say next. On Friday afternoon he had transferred two people from Bob's project team to another project after Paul Bruce

complained that his project was going to miss an important deadline if he did not get more resources.

“Frank, how can you expect me to get anything done if you keep taking all of my resources away? I’m down three resources since my project began, and we were understaffed to begin with. We are already on the verge of being late and this will push us over the edge! You know that Deakins is one of our biggest accounts. If we don’t deliver on time this time, we may lose this account. Just what am I supposed to tell them when we meet on Wednesday? Two fewer bodies around the table won’t go unnoticed.”

Frank took another deep breath as he considered what to say to Bob. He really wanted to tell him to figure out a way to get things done himself, but he knew that would only make Bob angrier. He understood that Bob needed the resources he had shuffled, but he did not have any extra resources to spare. Which project should he shortchange next? Perhaps the Jones project could spare some people. No, they had missed a deadline last month and could well miss one this month even if they kept all of their people. How about XYZ Company? No, he had talked to Gina about that a couple of weeks ago; they had no people to spare either. Wait a minute! There were three people tied up on the internal HR payroll project. If they moved back the schedule on that one, it would not impact any clients. He would get the extra resources from HR to placate Bob. He would just have to deal with Marge Betters, the Vice President of Human Resources. He would worry about that later.

“Frank! Did you hear what I just said?”

“I heard you, Bob. I was just trying to figure out what to do. I’m sorry that I had to move those people on Friday, but the Osterly project had a real emergency. I know they wound up working all weekend. I might be able to replace those resources. Are you sure you can’t just make do with the resources you have for the time being?”

“Make do? I told you, we were behind before you started taking away all of my people.”

“And why is that, Bob? I gave you all the resources that you said you needed when you started the project. What went wrong?”

“It wasn’t our fault. The people over at Deakins didn’t get their requirements to us until two weeks after the deadline. With cooperation like that, what am I supposed to do?”

“All right, Bob, I’m making no promises, but I will try to find additional people for your team.”

“Okay, Frank, but the sooner the better. Oh, by the way, you need to know that people are really getting upset these days. The people you moved to the Osterly project were frustrated at getting the call to work all weekend on a Friday. They’re not the only ones. We’ve got a lot of people who are unhappy; every time they turn around, they’re on a new project. They don’t have any idea what we’re expecting them to do. There’s a lot of grumbling going on.”

“Okay, see what you can do with the rewards program to make them feel better, but they are just going to have to get used to it for a while. The hiring freeze really ties my hands.”

Frank thought he could not be too tough on Bob; he worked hard and seemed to be at the office night and day. It was not like Bob was sloughing off or anything. He would call the head of the HR project with the bad news when he had a moment. Frank returned to the Thompson file and continued working. This time, he was lucky, and no one interrupted him for 30 minutes. Occasionally, as he was working, he heard the telephone ring, but he ignored it. For some reason, when it rang around 8:15 he glanced up to see who it was and picked up the receiver.

“Frank Coleman.”

“Frank, it’s about time you picked up the phone.” It was Amanda Stevens, VP of Manufacturing at Bigelow Company.

“Morning, Amanda, how are you?”

“Not very happy,” snapped Amanda. “Did you know that we have not received the prototype of the new widget that you are designing for us?”

Why didn’t he know that? If his people could not use the new project management tool to report their status, couldn’t they at least warn him when there was a problem?

“Amanda, I am pushing them to get it to you ASAP.” Well, at least he would, once he got off the telephone and could get down to Perry Smith’s department to find out what was going on. They had better have a good reason for missing the deadline.

“You know, Frank, we have been very good clients of yours for over ten years, but the way you handle things lately is unacceptable. We can occasionally handle delays, but the real problem is that we never hear from your people at all. We don’t know what is going on until it’s too late. Instead of an asset, you are becoming a liability and a huge risk for us. In the case of this widget, we already have our production and marketing plans in place, are setting up equipment, and bringing new people on. This delay could cost us serious money, and if it does, it will cost you money as well!”

Frank reassured Amanda. “If it comes down to that, we’ll make it right.” And if it came to that, Frank also knew that he would have an angry CEO and CFO to deal with.

“I’ll tell you what Amanda, I will take a walk down to the prototype group, see what’s up, and call you back.”

“You’ll call me back today? Is that a promise?”

“As soon as I know something, I will call you.”

“Okay, I expect to talk to you later,” and Amanda abruptly hung up.

Frank shot out of his chair and headed downstairs toward the prototype team. Halfway there, he looked at his watch and realized that he had a meeting with Jim Barnett, the CEO, in five minutes. “It will have

to wait until after my meeting,” Frank muttered. As he reversed direction, he almost ran into Maria Dellarme. Like everyone else he had encountered so far this day, Maria did not look happy.

Maria scowled at Frank. “Did you approve the new vendor contract that the Meridian plant project is using? This is going to cost us a ton of money. You know we have a hiring freeze on, and you can’t get around that by hiring vendors instead of employees. If you need resources, you’ll just have to wait until the freeze is over and I can approve the hiring of new employees for the project.”

“Actually, I did approve it,” he told Maria, his tone rising as well. “Without those resources, we can’t finish all this work that has to be done. The contract is signed; we’ll just have to deal with it. Look, Maria, I have a meeting to get to right now. When it’s over, I will give you a call.”

“Well, all right,” Maria said, “but it’s your budget that’s going to be busted!”

Frank had forgotten about the contract. He had meant to go and talk to Maria about it but had never gotten around to it. “Just what I need, another fire to put out today.” He was already ten minutes late.

Frank rounded the corner to the executive suite at a jog. Marge, the CEO’s administrator, just looked at him and gestured to Jim’s door. Jim hated when people were late for meetings.

Jim was on the phone with his back to the door when Frank walked in. Frank just stood there until Jim turned around and waved him to a seat. While he continued to talk on the phone, he pointedly looked at his watch. Frank took another deep breath and sat down, trying to keep a neutral expression on his face. Jim finished his conversation and put down the receiver.

“Frank, I wanted to speak to you about the Dawson project,” he started. Frank cringed inwardly. He had just put the Dawson project on hold. He knew that it was the CEO’s pet project to develop a new

product to test in the market, but there were just no resources to work on it.

“I understand that you put the project on hold. Why?”

“Well,” Frank started, attempting to gather his thoughts. “We just don’t have the resources to work on it right now. We have a number of other prototypes for existing clients that we need to finish, and we just don’t have the people to do it all.”

“Be that as it may, Frank, the research on this new product concept indicates that it would help boost our market share considerably.”

Frank could not disagree with that, and Jim’s ideas for new products were usually right on target. But how could he get all the work done?

“Jim, I know how important this project is, but I have people working 50 or 60 hours a week, and important projects are still falling behind. I just have to have more resources to keep up.”

“In our present economy, we can’t do any more hiring. I think that maybe this is a question of organizing your people better to get things done. Frank, when I brought you into the VP Operations job, I felt that you had what it takes to do the job. Don’t disappoint me now!”

Frank left Jim’s office deep in thought. Jim just did not understand. He wanted things done and could not see what was happening. If only he could get some information out of the new project-tracking tool to show him what is really happening. With that thought, he headed down to Perry Smith’s area to see what was happening on the Bigelow project.

Frank got back to his office around 5:30 P.M. His day had been a blur of meetings, consultations, and questions. He felt as if he had done nothing but solve everyone’s problems except his own. As he entered his office, he could see the telephone light still flashing. Frank groaned. Amanda Stevens! He quickly dialed Amanda’s number but only got her voice mail. He returned to his e-mail. The last e-mail in the list was from Amanda Stevens, and the title line was “About Your Promised Phone Call.”

Frank muttered an expletive and shouted, “That’s it!” to an empty office. “People around here have to start learning how to get things done.”

He left a voice mail for his assistant to contact the project management consultant he had spoken to several weeks before. Several days later, Frank had an appointment with Greg Hughes, the consultant he had recently met. Greg was white-haired and a bit grizzled, evidence that he had been around the block managing projects over the years. Frank was back from another one of his interminable meetings when he received a call on his cell phone from reception that Greg was there. Frank stopped by reception and escorted Greg to his office.

“Sorry I’m late, Greg,” Frank started. “I seem to be on a treadmill going backwards these days.”

“Apology accepted,” Greg answered. “I understand that things can get pretty busy.”

After a few minutes of small talk, Greg said, “Frank, tell me what you think the problem is here.”

“I really don’t think that our people know how to manage projects. It seems like everything that we are trying to get done is either late, costing us a bunch of money because of mistakes, or just sitting still in the water. My people understand what must be done, they know when things are due, yet they still can’t get things done. I spend all my time either getting on their backs to move things along or placating our clients. All I hear from my people is a bunch of excuses about why they can’t perform. I even hired more staff and that didn’t help. I really think that we need to train them all up on project management. What kind of course do you folks give?”

“Well, before we talk about training, could I ask a couple more questions?”

“Sure,” Frank replied.

“You’ve told me a little about your problem, but could you tell me more about *why* you feel that training is the solution?”

“It seems like nobody knows how to get anything done. For example,” Frank was thinking about the Deakins prototype, “we have to get a prototype out the door, and we know that the client is waiting on it. I go down to see them and they tell me, ‘We’ll be done in five days’. Five days later, it’s another five days and another after that. They never get finished until our clients are hopping mad.”

“Another example,” said Frank, thinking of the Jones project, “is getting things done properly. I get a lot of complaints from our clients that we can’t seem to get things done correctly, so we are forever making changes, long past when things ought to be done. It seems like every time we get it right, they change their minds about something or want us to do something more. Then they get on our backs because of their changes.” Frank thought without pleasure about his last conversation with Amanda Stevens.

“We don’t even seem to talk to each other,” Frank added. “We have two projects for a client that are very similar, but our estimates to get them done were so different that the client was all over us. They really thought we were trying to cheat them. It took a lot of fast dancing to save those contracts.”

Greg pondered what he had heard. “Could I ask you a couple more questions?” he asked. “I just want to be sure that I have a pretty good understanding of what you feel the problem is.”

“Okay,” said Frank, but he wondered, “How many questions does he need to ask in order to give us some training?”

“First of all, is this something new, or has it been going on for a while?”

“For as long as I can remember,” Frank replied. “I have been in this position for four years now, and it’s always been the same.”

“How have other people reacted to the situation?”

“The CEO thinks I need to organize my people better. I’m not sure that he understands what I’m up against. My people certainly know

there's a problem. I tell them all the time. But nothing ever changes," Frank added.

"Do you really want things to be different?" Greg asked.

"Absolutely! I don't know how much more of this I can take."

"Well, Frank, I don't feel that the answer to your problem is training, or at least training by itself," Greg started.

"Not training?" Frank interrupted him.

"At least, not training all by itself, and not just for the people managing projects," Greg continued.

"Well, if it's not training, what is it?" demanded Frank.

"Before we get to a possible solution, can I talk a bit more about the problem? This might take a few more minutes."

"As long as you're here already, I might as well listen."

"Great. Here is what I believe," Greg continued. "Albert Einstein once said 'You can't solve a problem with the same mind that created the problem.'<sup>1</sup> What he meant was when you have a problem, you must change your point of view or approach in order to find the solution. The same thinking that got you into the problem will not get you out. As I listen to you, I'm thinking of any number of occasions when I have met with a CEO, CIO, vice president of operations, or general manager, and I've heard your story, just with the details changed.

Here is the general story that I hear. If you could imagine the players speaking here, we might hear something like this:

- An executive like yourself says: 'We have a business to run here. I am telling people what I expect and what they need to get done, but it just does not happen.' And you are right!
- A manager person says: 'We are trying to get things done, but there is just too much happening, and we don't have the resources to cover it all!' And they are right, too.
- Finally, an employee chimes in: 'I have all this to do on my job, and now they pile all this other project stuff on top. I

don't have time to do all of this!' And guess what, they are also right!"

"This is all I hear, all day every day. How did you know?" Frank exclaimed.

"I have seen and heard this same scenario so many times." Greg continued. "But underneath it all, it is always the same problem. You see, there are three things necessary to change your situation here—knowledge, expertise, and process." (See Exhibit 1.1.)

"*Knowledge* is information about a business and about the problem(s) the business may be suffering. Frank, you've told me a couple of things about your business and your problems, but at this point I don't know enough about the whole situation and in particular the root cause of your problem. When I talk about knowledge, I'm talking about more in-depth knowledge of what your business does and why the problems are happening. That will take some work, talking to people and analyzing your present situation and processes.

"*Expertise* is a different kind of knowledge; really, it's about what you do in a technical way. For example, your company is a manufacturer, so expertise for your area would involve knowledge about manufacturing in general, as well as about several different more specific things. New product development would also be expertise, as well as knowledge about widget manufacturing, inventory, and other topics that directly affect you. The important question here is, 'Where is the gap?' Is part of your problem that you lack expertise in some area?

"*Process* is really about how you do things. Let's take your new product development process. When you are developing a new product, you are applying your expertise in widgets to develop your new product. You are also going through a new product development process, first developing the idea, then prototyping, then testing. The question here is, 'Is there a problem in how you develop new products?' If you have

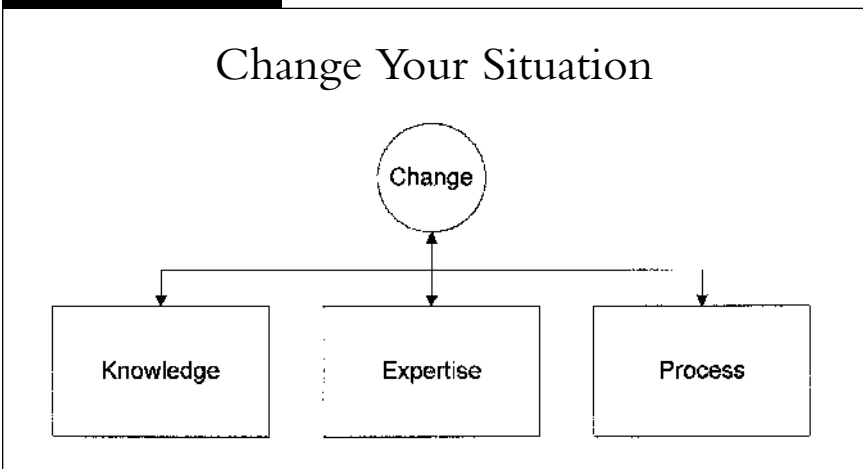
a product that is late in delivery, we would want to get to the root of the problem. Is it because of a problem in your business? For example, are there too many new products being developed for your resources to handle? Or is it because you lack some expertise in a new type of widget design? Or is it because your new product development process lacks the step to get a clear idea of what the client wants the new widget to do, and so you must constantly re-do?

“I mentioned above an executive, a manager, and an employee. Any solution has to address all three people, or rather, all three levels of the business, in order to be successful. You really have to ‘think strategically, plan tactically, and act operationally’ in order to succeed. We call this strategic project management.

“Before we could recommend a solution, we must really understand what the problem is in all three of these areas. If project management is part of the root cause, then we can address that. The answer may not be just project management training, but I feel that it is worth the effort to find out what is really happening.” Greg concluded.

“Well, I’m not really convinced yet, but I want to hear more.”

**EXHIBIT 1.1**



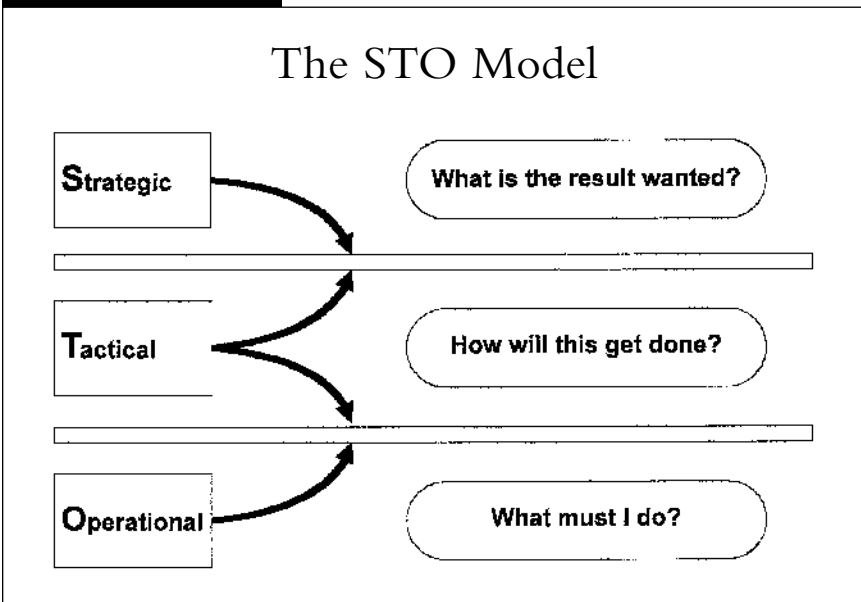
“Okay, let’s make an appointment to get into this in more detail and see how we can apply strategic project management to your situation.”

“Let’s do it!” Frank exclaimed.

## The Real Problem

You may be asking yourself right about now how the story of your company wound up in this book. Not to worry, this story is not about just one company. You may also be asking the question, “What is the real problem here?” Greg Hughes first described the problem when he spoke about an executive, a manager, and an employee. Is the problem that people just don’t know how to manage problems? No. That may be a part of the problem, but not the root of the problem. The real problem is found in the fundamental structure and manner of operations of many companies. In order to better illustrate the problem, let’s look at the STO model (see Exhibit 1.2).

**EXHIBIT 1.2**



## **The STO Model**

The STO model stands for “strategic, tactical, and operational” and shows the three levels of a company: the strategic/executive, the tactical/management, and the operational/employee. Each level contributes to a company in a different way. The STO model illustrates what each level’s concerns are, as well as the root cause of the problem.

The strategic person asks the question, “What result do we want?” He or she is concerned with how to improve productivity and profitability, increase company value and return on investment. The concerns at this level are not tactical. They are not about how things will be done; they are about what needs to be done to make the company successful. As the situation relates to project management, there is often little or no input between the strategic and the tactical, because the strategic considers project management to be a tactical problem. It is as if a brick wall is constructed between the two levels. In the STO model, the solid black lines represent the brick wall and the arrows are the communications that don’t get past the wall. So, from Frank Coleman’s point of view, we hear, “I have a business to run here. I am telling people what I expect to get done, but it just does not happen.”

The tactical person is asking, “How will we get this done?” He or she is generally concerned with how to achieve the priorities as envisioned by the executive, with the resources at hand. If all project decisions are made at the tactical level, then there is no oversight from a group that has a global vision of the company. In some companies, the brick wall may contain tiny holes here and there, so that a single manager can make a case for his or her projects. When this happens, the manager who was the last one to squeeze through the hole winds up with the highest project priority and the resources. That’s why we hear Bob Jenkins, the project manager, saying: “We are trying to make changes, but there is just too much happening, and we don’t have the resources to cover it all.”

The operational person is concerned with, “What must I do?” These people actually get the work of the project done. They are concerned about how they will get their regular job done and do all of the project work besides. In many companies, employees are often assigned to projects in addition to their regular work. Employees often wind up feeling overworked and stressed in this situation. In the story of ABC Corp., we can almost hear the employees chime in: “We have our jobs to do, and now they pile all this stuff on top. We don’t have time for all of this!”

The frustration described above is the result when lines of communication between the strategic (executive), the tactical (management), and the operational (employee) are not open.

### **The Purpose of This Book**

Frank Coleman, the main character in the short story, is not a real person—at least not a single real person. He is a compilation of many people with whom we have worked over the years. After a while, you begin to see a recurring pattern of problems in companies that are challenged about the way they do things. The companies and situations change, but the underlying problems are the same. The challenges they face around project management always come down to a question of knowledge, expertise, and process. The authors of this book have experienced many of these situations and want to pass on some of the wisdom gleaned from these situations.

Large and complex projects are very difficult, it goes without saying. At times, it may seem as if small, simple projects act like large and complex projects. No matter what the project, the underlying principles of project management remain the same. When applied properly, the knowledge, tools, and techniques of project management can help your company become more productive and better at “getting things done.”

The primary objective of this book is to show you what the basics of project management are so that you can begin making decisions and moving forward using project management in your company. When you finish this book, you will understand the fundamental principles, tools, and techniques of project management and how they can fit into the strategic thinking of your firm and help you achieve your business objectives. You will also see how strategic thinking can be linked to the tactical and operational levels, so that your projects will be aligned to your business objectives. When used properly, strategic project management can help your company become more efficient and profitable. This book will show you why that is so and how it can be done within your company.

## How To Use This Book

In the opening story, Frank Coleman considered using a consultant to begin solving his problems. We would like you to consider this book as your first project management consultant. Although each chapter is self-contained and can be read on its own, we encourage you to read the book through completely to get the most out of it. You can always go back and concentrate on one chapter or another in order to consider your particular challenges.

Before going on, let's define several terms that are used frequently:

- *Project tool.* A project tool is a template, checklist, or other instrument used to carry out a project activity. Examples of tools would be a project charter checklist, a template for status reporting, or a template for a work breakdown structure. The word *tool* does *not* refer to software programs such as Microsoft Project® or Primavera®.
- *Project technique.* A project technique is a process employed to complete a project activity. For example, “decomposition” is the technique for creating a work breakdown structure, and “bottom-up estimating” is a technique for estimating project costs.

Although project management is a strategic tool, it must also be practical. We will show you how to decide which project management tools and techniques are appropriate for your circumstances and give you ideas about how to customize the tools to your needs. We will provide you with examples and templates for tools and techniques that you may wish to employ. You will find some examples of these tools and techniques in the text, and all of them are listed on the Web site ([www.wiley.com/go/pm](http://www.wiley.com/go/pm)) that accompanies the book.

Each chapter of this book takes up a single subject area of project management and can be read on its own. There is a natural progression within the book; we cover project management in the same order that it normally functions. For example, we cover planning before we cover execution. We also discuss several other important subjects, such as



### TIPS & TECHNIQUES

## Project Tools versus Project Techniques

### **Project Tools**

---

A template, checklist, or other instrument that is used to carry out a project activity. Examples of tools would be a project charter checklist, a template for status reporting, or a template for a work breakdown structure. Project tools are not necessarily software programs.

### **Project Techniques**

---

A process employed to complete a project activity. For example, “decomposition” is the technique for creating a work breakdown structure, and “bottom-up estimating” is a technique for estimating project costs.

program management, the project management office, and project portfolio management, so that you understand what these other subjects are about and how project management relates to them.

There are brief case studies: examples about the actual challenges that other companies have faced. These stories are true, but the actual participants remain anonymous. Project success stories are also featured in the “In the Real World” examples to help you understand how different tools and techniques can be used effectively in different industries.

Another important element used throughout the book is called “Tips and Techniques.” These sections contain practical information that you and other members of your organization can use right away.

## **Summary**

Frank Coleman’s story highlights the problems that are facing many companies today: resources that are stretched thin trying to complete too many poorly defined projects in too little time. The results are many projects that are late, over budget, and not delivering what is intended.

We have seen that the keys to solving these problems are knowledge about the company and the problem, the expertise to solve the problems, and a process with which to create solutions. The process, of course, is project management. We have also learned that project tools are templates, checklists, and other documents, not necessarily software products, and that project techniques are the processes used to carry out a project.

We hope that you enjoy reading this book and that it helps you and your company on your way toward becoming more efficient and profitable—a company that really knows how to “get things done.”

## **Endnote**

1. Albert Einstein citation obtained from: <http://www.therightside.demon.co.uk/quotes/einstein/>