
PREFACE TO THE SECOND EDITION

Since this book first appeared in print in 1997, we continue our quest to improve project management. Bob went on to address project management business skills, together with Dennis Cohen, and coauthored *The Project Manager's MBA: How to Translate Project Decisions into Business Success* (2001). They also developed multimedia computer simulations: *Project Leadership* and *Business Skills for Project Managers* (see www.englundpmc.com for on-line links to these products). Paul Dinsmore (1998) joined Randy and Bob to extend *Creating an Environment for Successful Projects* into *Creating the Project Office: A Manager's Guide to Leading Organizational Change* (2003). We now come back to update current thinking about the impact of organizational environments on project success.

Much has changed in the world that we comment on, yet little has changed in terms of key principles for managers to address. This second edition validates many of our original findings, includes more arguments about why these approaches are important, and provides additional examples of how people implement the concepts.

We are pleased to be part of this movement. It has brought us many new friends. Colonel Gary LaGassey, Project Office program manager for the U.S. Air Force base in Aviano, Italy, became a devotee: "At the program level, a considerable part of our approach was derived from the writings and teachings of Robert J. Graham and Randall L. Englund. Their 1997 book, *Creating an Environment for*

Successful Projects: The Quest to Manage Project Management, became our Bible for program leadership during Program Management Office (PMO) startup and continues to be a fundamental part of our thinking as we work to attain recognition as a truly project-based organization.”

An information technology manager at a pharmaceutical company says, “I think you’ll find our [portfolio management] approach right in line with your philosophy. . . . The team has bought into the process and is willing to implement it. Our management here truly understands what it means to sponsor such an effort and is not afraid to convey their beliefs to the rest of the organization and champion the process.”

John D. Trudel (1998) notes that “the authors describe what others have achieved, and they tell how to get started. Yet, I find the book’s best content not in what or how, but in why. The book is rich with examples of why typical management behavior interferes with new product development. It clearly explains why upper managers are fearful, why corporate communications are so often poor, and, yes, how to fix such things. The goal is to give project managers the freedom, training, and support to run rather autonomous and effective new product development programs.”

A review on Amazon.com notes, “Amazing how a book written in 1997 seems like it was written for current times.” Some things do not change, and everything changes. So what is new?

A question often arose about how the pieces of the puzzle interact and what happens if some remain undone. We have added a section about creating an environment for successful organizations to Chapter One to answer this question. We also describe an assessment tool we developed, called the Project Environment Assessment Tool (PEAT).

We are thrilled about how the Revitalization Model in Chapter One helps many people. A project management professional (PMP) in information technology service delivery, Al Gardiner, shared the following experiences:

I attended the “Creating an Environment for Successful Projects” seminar at the PMI Symposium in Nashville (2001). One of the concepts I remember is the revitalization process. For years, I’ve been fighting an uphill battle to establish formal, disciplined Project Management in my organization. I ran into all of the typical barriers that I read about from lack of executive sponsorship to educational constraints. Every time I hit one, my team and I would work through it and come out the other side better and stronger.

The one challenge that I have not yet been able to overcome is that of a dysfunctional company. We have recently gone through what you referred to as

“Cultural Distortion.” [The company] is in bankruptcy and has a new leader poised to bring us out. While I am hopeful that we will emerge as a strong force in the market, I am prepared to deal with the alternative.

The point of this is to highlight in hindsight the lesson I learned. You cannot change an organization that is going through Cultural Distortion phase. The natural process of Revitalization must occur. You can influence individuals and the outcome of revitalization, but you must allow the organization to develop into its new form before real change can be realized.

This is not to say that you should stop all efforts. To the contrary, you should re-energize your efforts so as to positively influence the revitalization process. The more the company “knows” when it comes out the other side, the less chance that your efforts will disrupt it through “Steady State.”

The problem I had to deal with was the frustration of not realizing the organization’s cultural limitations. I was constantly complaining about how I was making no headway. In hindsight, I see that we made tremendous headway. We were able to get people to recognize the Project Management profession. We were able to demonstrate many of the benefits of a well-managed project. We encouraged people to embrace and pursue professional development (I sent you the outline of our Friday Learning and Sharing concept shortly after the seminar). My perspective and enthusiasm would have been much different had I recognized the state of the company (in terms of cultural change). I am now resolved to watch and learn from the company as it emerges from its disaster.

Patience seems to be a winning trait just as in most of life’s endeavors.

We note that more project selection teams are beginning to appear using the process described in Chapter Two. We added information about how upper management teams may sabotage this process. We also added a section in Chapter Three about the perils of multitasking.

PMP Alfonso Bucero, formerly a senior project manager for HP Consulting in Spain and now a director for the International Institute for Learning, shared what he learned about understanding the need for planning:

I really like the explanation of Chapter Three about the need for planning. I worked for HP in Spain during thirteen years as a project manager. During the first project I managed, I was seen as “*estranged* person” in the organization because I tried to involve all the team in project planning from the beginning. Complaints like “please do it and do not lose your time planning” were very common. The benefits of those practices helped me get respect as a professional

who organized tasks and activities before doing them. Understanding the need of planning became more tangible when we had more and more projects.

Why do rational people do irrational acts? We offer our perspective using a net present value approach to bring core teams into better alignment in Chapter Four.

Always in search of the holy grail (also known as organizational structure), we add a new model to Chapter Five that includes a chief project officer. We also note that no one structure is going to solve all problems.

The information system (Chapter Six) gets updated with more on-line capabilities, project manager competencies (Chapter Seven) get a boost, and the learning organization (Chapter Eight) gets energized by organic metaphors. Chapter Nine still shares the HP Project Management Initiative story, but with an increased shift toward the project office concept. The emphasis is on how following best project management practices, rather than a particular approach, is the important focus. Newer project-aware organizations can learn to accelerate their approach to projects based on these learnings.

Alfonso Bucero in Spain again offers these perspectives:

Developing a Project Management Information System: This chapter helped me a lot. It became one method for me to convince my upper managers about the need for answering questions regarding the project portfolio. In many organizations, upper managers make the decision to buy a software tool before analyzing the needs of project information. Finding the right information about a particular project and being able to answer questions regarding those projects are key for managing successful projects.

Project manager development: I like this approach very much to assist the selection process of project managers. I ran some “transition to PM” sessions and they were very productive. Many times people are promoted to project manager without explaining to them what is the meaning and the implications. The results of these sessions produced wonderful results for the company. Because people assume facts and thoughts without asking for more information, these sessions clarify expectations and are very valuable for individual contributors and also for management people.

Chapter Ten includes a few more ideas on assessment and implementation of a project-based organization. We also draw from architectural evolution to help readers visualize a pervasive project management culture. We added an Epilogue on leadership and the change process. Many new references also appear.

The following example, of upper managers working with a program management office, updates and previews the concepts presented in this book. A program office guided the HP and Compaq merger to exceed savings by greater than \$1 billion and one year ahead of schedule. Jim Arena, director of integration effectiveness, benchmarked more than twenty companies about how to do a tech merger on this scale. “Structure follows strategy” and “adopt and go” became guiding principles for a rigorous, shared program management discipline. They established core program teams covering the businesses, functions, horizontal processes, and regions. The whole company was represented in weekly “clean room” meetings; these high-level managers worked full time on the merger with no other line duties, from the announcement at the beginning through legal close. These upper management teams served as a guiding coalition to drive change, provide guidance, review decisions, and make tradeoffs.

The program office set a cadence to get people into a new operating mode. They had clear strategic goals and senior management support to focus on one solution to each issue, not optimized or merged but “perfect enough.” They suspended operating reality to cover major buckets of customers and business processes with rules, not exceptions. Instead of slipping into paralysis over the immense amount of work to accomplish, the right people quickly got expert proposals, decided courses for action, and moved on. They used techniques like decision accelerator meetings, which brought cross-functional leaders together to resolve a set of key issues in one day via planned facilitated discussions. They accelerated lessons learned at the highest levels by seeing whole pictures and applying structured rigorous processes—project portfolio management. They created clear product road maps. Fast start workshops served as an information system to share with every employee how the new company would operate and for managers to engage up front with their employees.

What lessons were learned? Jim Arena says, “Start it earlier. The program office was behind and spent two months racing to catch up.” He also says, “Reporting was used too extensively to force discipline and behavior changes. This appeared necessary at the time but created a bad taste in the mouth for many people. We learned to drop nuisance factors and focus more visibility on top-level choices.” The learnings from intense efforts on completing core integration steps can now be applied truly to exploit the strengths that the two companies brought to the merger.

The environment created by implementing a project-based approach can also be seen in HP Services’ commitment to project management. Ron Kempf, director of PM competency and certification for the HP Services worldwide engagement PMO, shared this statement: “HP Services considers strong project

management a key ingredient to providing successful solutions to our customers. Our project managers are seasoned professionals with broad and deep experience in solutions, as well as managing projects. Our rigorous business processes make sure you are satisfied. A program road map provides an overall architecture of the project lifecycle while senior HP Services management conduct regular progress reviews to ensure quality. Our world-class project management methodology combines industry best practices with HP's experience to help keep everything on track. Our knowledge management program enables project managers and technology consultants to put our experience around the globe to work for you."

These examples illustrate the possibilities, commitment, and thoroughness required to create an environment for greater project success.

Most heartening is to receive comments like this one: "Ten months ago I started a new company and I am practicing all the principles explained in your book in order to create the right environment for success." We hope this edition continues and expands those practices and friendships.

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Randall L. Englund
Burlingame, California
englundr@pacbell.net

Robert J. Graham
Mendocino, California
otto@mcn.org

PREFACE TO THE FIRST EDITION

This book is for managers concerned about getting better results from the projects under way in their organizations. New projects that generate new products or services are the principal means of future organizational growth. Projects are the means to implement organizational strategy and organizational change. Projects and project managers create new products, new procedures, new reward systems, new features for old products, and new businesses. The key feature of projects is that they represent something new.

Project management complements but is different from reengineering. Reengineering involves reexamining what the organization is currently doing and striving to do it better. Project management is about what the organization is going to do; it thus represents the future, not the present. Managers concerned about how their organization can develop or maintain steady growth should read this book.

Many organizations are finding it necessary to implement better project management practices. This realization often comes as a result of failed projects. New products that never make it to market or new software releases that do not meet customer needs represent money spent with no return. Today, organizational survival may be at stake when results from projects do not succeed technically, in the market, or within the organization. This book helps managers learn how to create an environment that can help avoid these failures.

When project failures create a focus on the need to change the way projects are managed, people soon learn that this change profoundly affects the entire

organization. Successful projects require participation from many parts of the organization; the development of successful project management practices cannot be accomplished in one or two departments alone. Skills in managing across organizations must be developed. The implementation of successful practices requires a coordinated effort involving all departments in an organization. The change must be systematic and systemwide.

Although project managers are most closely responsible for the success of projects, upper managers ultimately create an environment for project success. The way that the directors of divisions, departments, functions, and sections define, structure, and act toward projects has an important effect on the success or failure of those projects and, consequently, the success or failure of the organization. This book is designed to help upper managers create an environment in which projects can be more successful. In line with the vision of virtual corporations for the twenty-first century—edgeless, adapting in real time to customers' changing needs, interacting among multiple, often unrelated processes (Davidow and Malone, 1992)—we believe the true audience for this book is the burgeoning cadre of virtual managers who are or will be responsible for creating new results in cross-organizational environments.

Upper management roles and practices will necessarily change in the move to a project-based organization. It is important to implement changes that support successful project management practices. Upper managers also need to recognize how their behavior can hinder project success and to understand and change those management practices that do so. This book contains valuable insight into such practices and illustrates proven methods that help managers support project success.

Leading the charge for something new are customers, who want more for less. They are finding competitors who are learning how to satisfy their demands. This book shows what managers need to do to keep the new products coming from their organization rather than a competitor's.

Management changes rarely work unless the upper management of the organization is heavily involved. Nor are management changes typically successful unless the people affected by the change understand the reasons for the change and participate in its design. This book helps all managers understand the need for project management changes, whether or not they directly manage project managers.

Although there are many books on how to manage projects, this book fills the void on how to develop project management as an organizational practice. Other books create intense awareness about what to do; this book also describes how some organizations implement the concepts. A “first-level anecdote” is a story about what others have done that often motivates a reader to adopt the concept being described; we go further to provide “second-order anecdotes” that describe

how to get started and illustrate creative ways to adapt and apply potent practices. We share details of an organizational process of support for project management as practiced by leading companies.

This book illustrates proven practices by using Hewlett-Packard (HP) and other top companies as examples. Hewlett-Packard is well known for its excellence in project practices. Its high growth rate attests to its ability to manage new-product projects successfully. At the core of HP's successful project management was its Project Management Initiative program, which many other organizations now emulate. Many of the lessons we have learned about the quest to manage project management within HP, as well as a description of the initiative program, are contained in this book.

Outline of Topics

Chapter One examines the need for project management in business organizations and the development of new, project-based organizations. We examine the future postbureaucratic or organic organization, the type of organization where projects are most successful. We then outline the steps necessary to revitalize organizations and change them to project-based organizations.

Chapter Two examines one of the components of a successful environment: linking projects to organizational strategy. It begins by describing what happens to projects without a strategic emphasis. With a strategic emphasis, everyone on the project team understands how their actions affect the success of the project and, ultimately, the success of the organization. Discussion continues on how strategic emphasis eliminates the need for project budgets. Finally, we discuss the role of upper management in multiple project management.

The next two chapters examine upper-management practices that thwart the successful development of project management. Topics include setting the project deadline, allowing time for planning and creativity, the folly of adding people when a project is perceived to be late, the problems of changing project scope because of anxiety, the need for motivating project work, and the importance of developing a core team system. We embrace an organizational learning process that starts where people come from and takes them along paths other than those that would lead them astray.

Chapter Five addresses the problem of organizing the project management effort. We review the problems of running projects in a traditional functional or matrix organization. One solution offered is the internal market type of organization. The chapter closes with a discussion of the functions of upper management in defining and operating a project organization.

Chapter Six covers the importance of information in the successful project management environment. A novel approach is suggested of basing the information system on answering the questions of major project stakeholders. We discuss the problems of developing such an information system and its function in organizational learning.

Chapter Seven discusses project manager selection and development. The chapter begins by outlining the problems with the “accidental project manager,” currently favored in many organizations. We then review various studies of project manager selection criteria, a project manager selection process, and a process for transition to the project manager’s role.

Chapter Eight covers the basic principles of the learning organization. We stress the importance of learning from projects for developing skill at leading projects. We describe a project retrospective process as a formalized means to learn from projects and provide a project retrospective form for this process.

Finally, we give examples of how to implement the needed changes. Chapter Nine reviews the project management initiative process at HP. This process helped both upper managers and project managers create an environment for successful projects. The chapter covers the components of the initiative process and the functions of the initiative team. These include consulting, training, and information resources as well as the project management conference. Chapter Ten covers similar project management programs in other organizations and outlines what needs to be done to implement such a program in organizations where cultural differences exist that differ from those forming the basis for this book.

We, the authors, consider this book to be a work in progress, the final goal being the development of a set of best practices for creating an environment for successful projects. However, we also know that you, the readers, will probably be following some very good practices that are not mentioned in this book. Those of you who are wrestling with organizational change and implementing new practices are the ones who know best what works and what does not. If you would like to share your experiences for possible inclusion in future editions of this book or if you want to comment on anything included in this edition, feel free to contact us through the e-mail addresses provided.

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Bob Graham
Mendocino, California
otto@mcn.org

Randy Englund
Burlingame, California
englundr@pacbell.net