



THOUGHT AND SERVICE LEADERSHIP

Successful Program Management

A Presentation to the AIPM NSW Chapter

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The need for business change

Program management is a tool for business change

- Programs support the desired business change – driven by business strategy and policy
- Programs deliver the changes and the benefits
- Projects create the new products and services

The need for business change

The stimulus package

The Federal Government has unveiled a massive \$42 billion nation building and employment plan aimed at retaining 90,000 jobs over the next two years and insulating Australia against the worst of the global economic recession

The Daily Telegraph
February 03, 2009

Risks associated with business change

Common risks that we observe

- Change plan is misaligned with strategy or alignment not focused adequately
- No proper mechanism to measure benefits of the business change
- Lack of prioritisation of budgets and resources
- Lack of transparency of how the change initiative initiates programs and projects
- Lack of timely and relevant information to support decisions
- The loudest / strongest have bigger wins

Risks associated with business change

Common risks that we observe

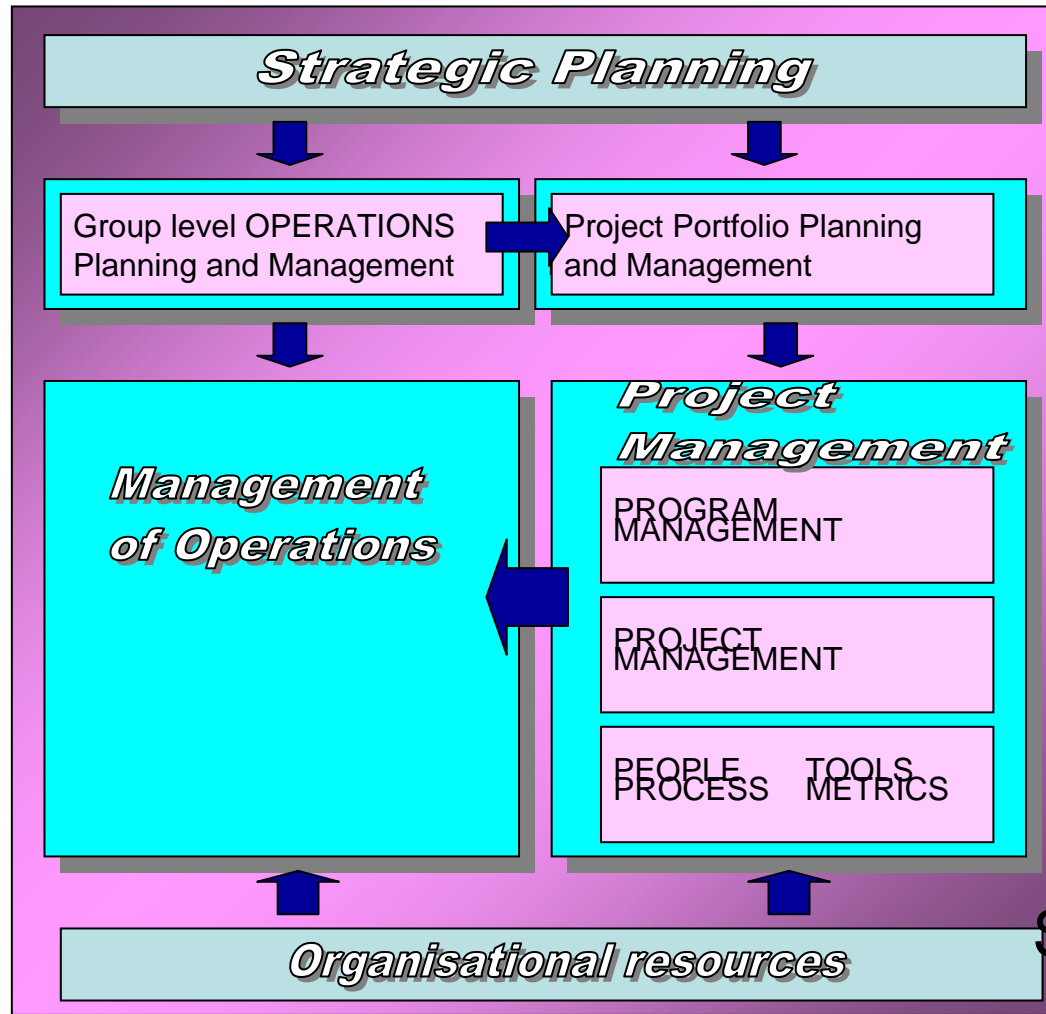
- Lack of governance or inappropriate structures
- Duplication occurs in the organisation
- Interrelationships between programs and projects not well understood
- Processes to manage change are not clear or are confused with project management processes
- Lack of appropriate management tools

What is program management?

Program management supports business change

- Focused on achieving business benefits and alignment with strategic objectives
- Often ongoing, or long-term
- Subject to both uncertainty and ambiguity
- May contain elements of work outside the scope of the discrete projects within the program
- Establishes a learning-based value loop

Programs in corporate structure



Source: PMI

Differs from project & portfolios

Standard Definitions

Project Management – Output driven (time, cost and quality)

The application of knowledge, skills, tools, and techniques to project activities to meet **the project requirements**.

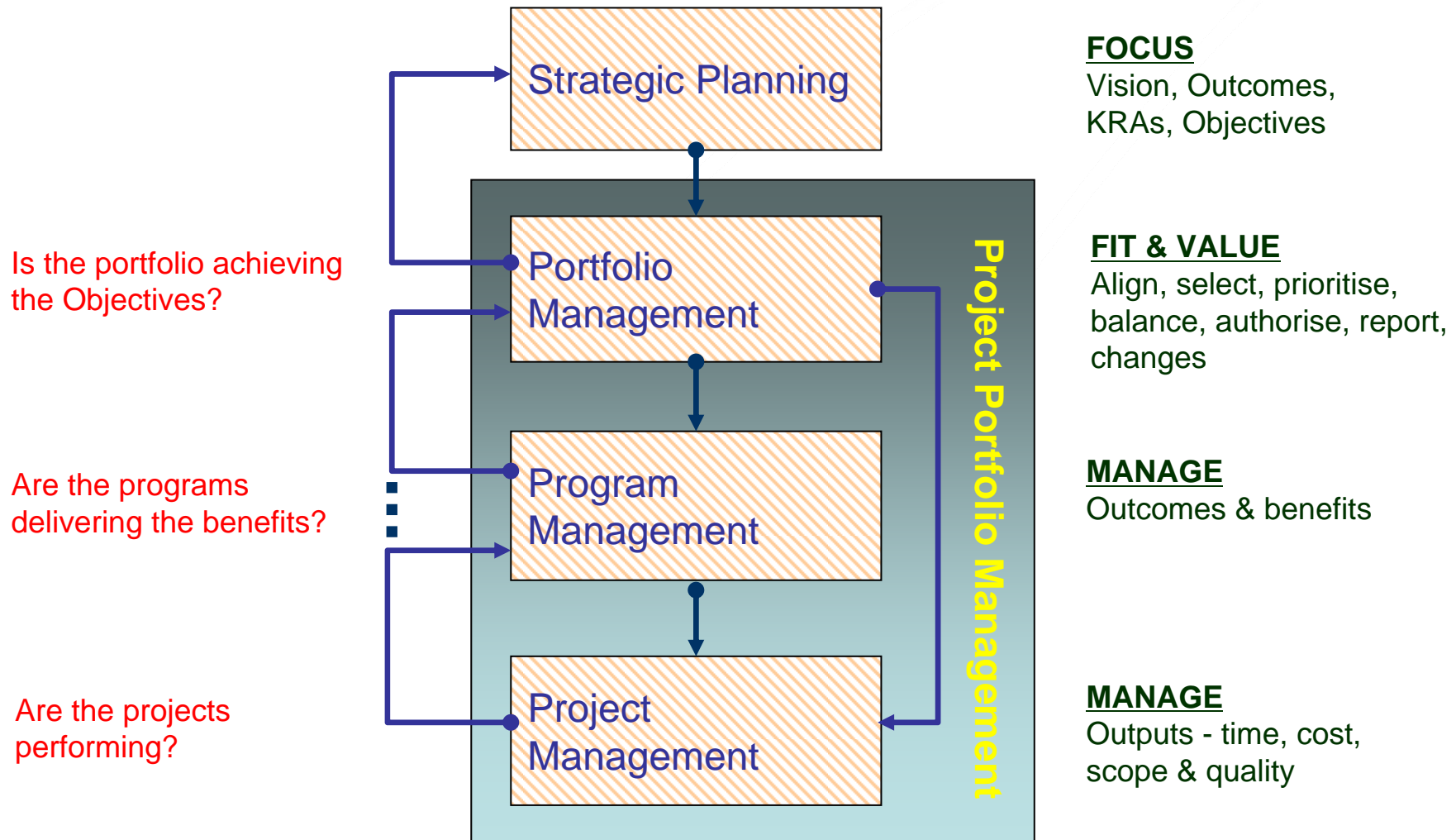
Program Management – Benefits driven (outcome focused)

The centralized coordinated management of a program to achieve **the program's strategic objectives and benefits**.

Portfolio Management – Strategy focused

The centralized management of one or more portfolios, which includes identifying, prioritizing, authorizing, managing, and controlling projects, programs, and other related work, **to achieve specific strategic business objectives**.

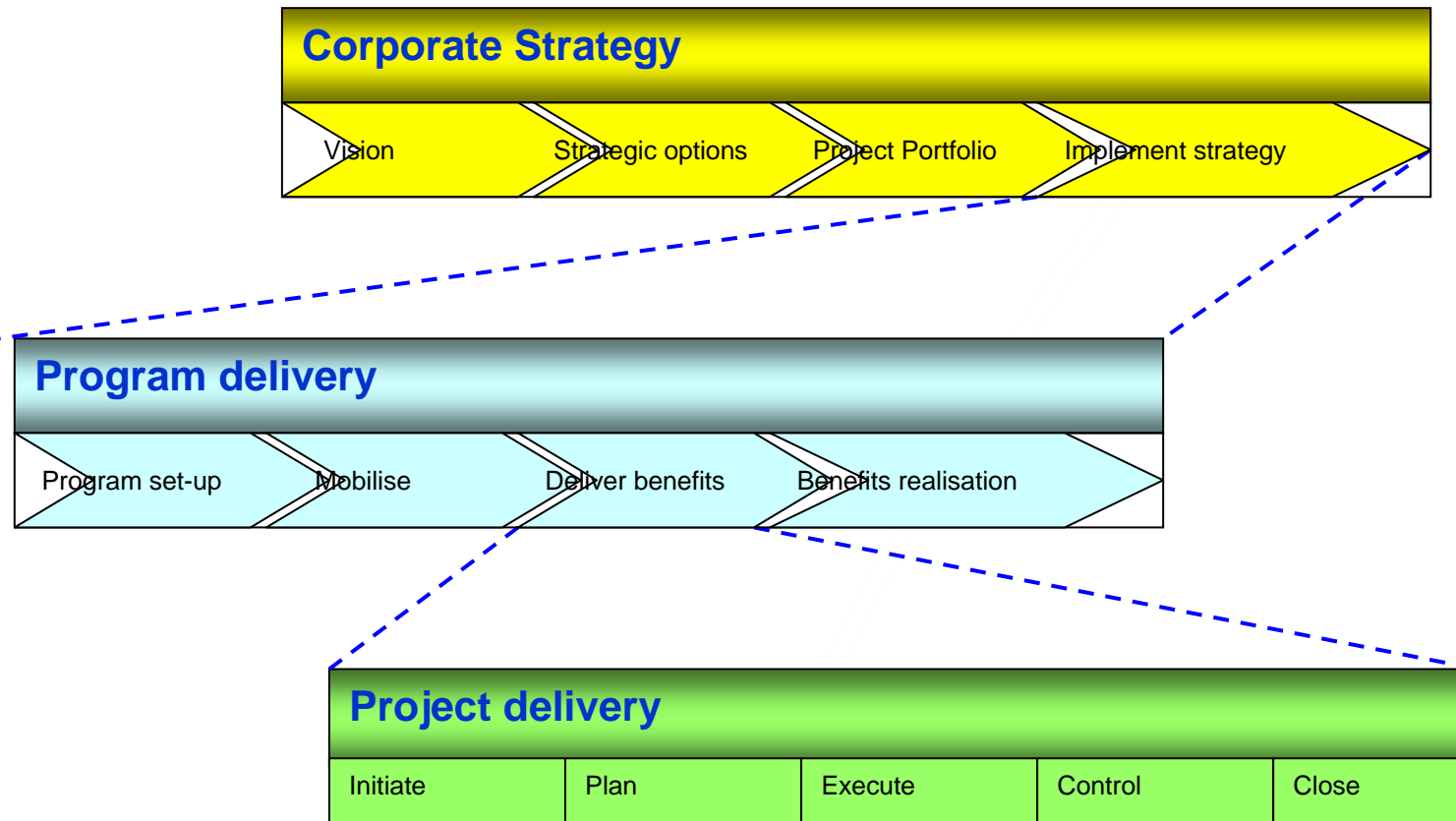
Outcomes & benefits focused



Characteristics of the 3PMs

Project	Programme	Portfolio
Product & physicals focus	Benefit focus	Strategy focus
Singular endeavour	Group of like projects	Group of programs and projects aligned to strategy
Fixed term	Ongoing	Ongoing
Within a functional group	Normally crosses organisational boundaries	Across the whole organisation
Hierarchical	Collaborative (inter-dependent)	Collaborative

Life cycles



Typical program challenges

- Lack of understanding of program management and program manager roles
- Lack of authority to drive governance and accountability
- No process to “kill” non performing projects and programs
- Separation of the tools, processes and training – creating inconsistency
- Duplications of effort in program management capability
- Metrics inconsistent with process
- No clear link back to benefits

Successful program management

- Increase efficiency and reduce business risks
- Cut across hierarchical and functional silos to achieve collaboration
- Manage emergent threats, opportunities, complexity, risks, issues, interdependencies and conflicting priorities associated with business changes
- Focus functional groups on a common goal – successful development of an integrated product or service and ultimately the anticipated business results

Examples of success

- **KPMG (2005) project management survey**
 - successful companies were more focused on strategic alignment and monitoring of the achievement of business benefits and the establishment of PMOs
- **Hutchinson Telecoms**
 - First to market in Australia with its 3G offer. Program management was implemented from start (6 people in the business) to launch (approx 800 people).
- **Government agencies**
 - Health, Roads and Transport, Railcorp, Housing, Public Works and Services and Centrelink use program management to deliver service transformation

Private sector competitive advantage

The competitive advantage of program management goes right to the company's bottom line, improving its P & L.

“Program Management makes better, faster and cheaper a reality.”

Varian Semi-

Conductors

Program management trends 2010

- Increased reliance on metrics and measurable performance to demonstrate business value
- Demand to understand impact of change on the organisation
- A test bed for the development of business strategy
- More emphasis on governance
- Greater recognition of the need to communicate with and manage stakeholders

Reported Success / Failure

- 2009 Business Week
 - only 18% of the companies with a globalisation strategy perceived their global product and service development programs to be ‘very successful’.
 - 82% of companies believed their efforts failed to produce intended business results
 - Often these failures are a result of a misalignment between globalization strategy and effective execution in a global environment

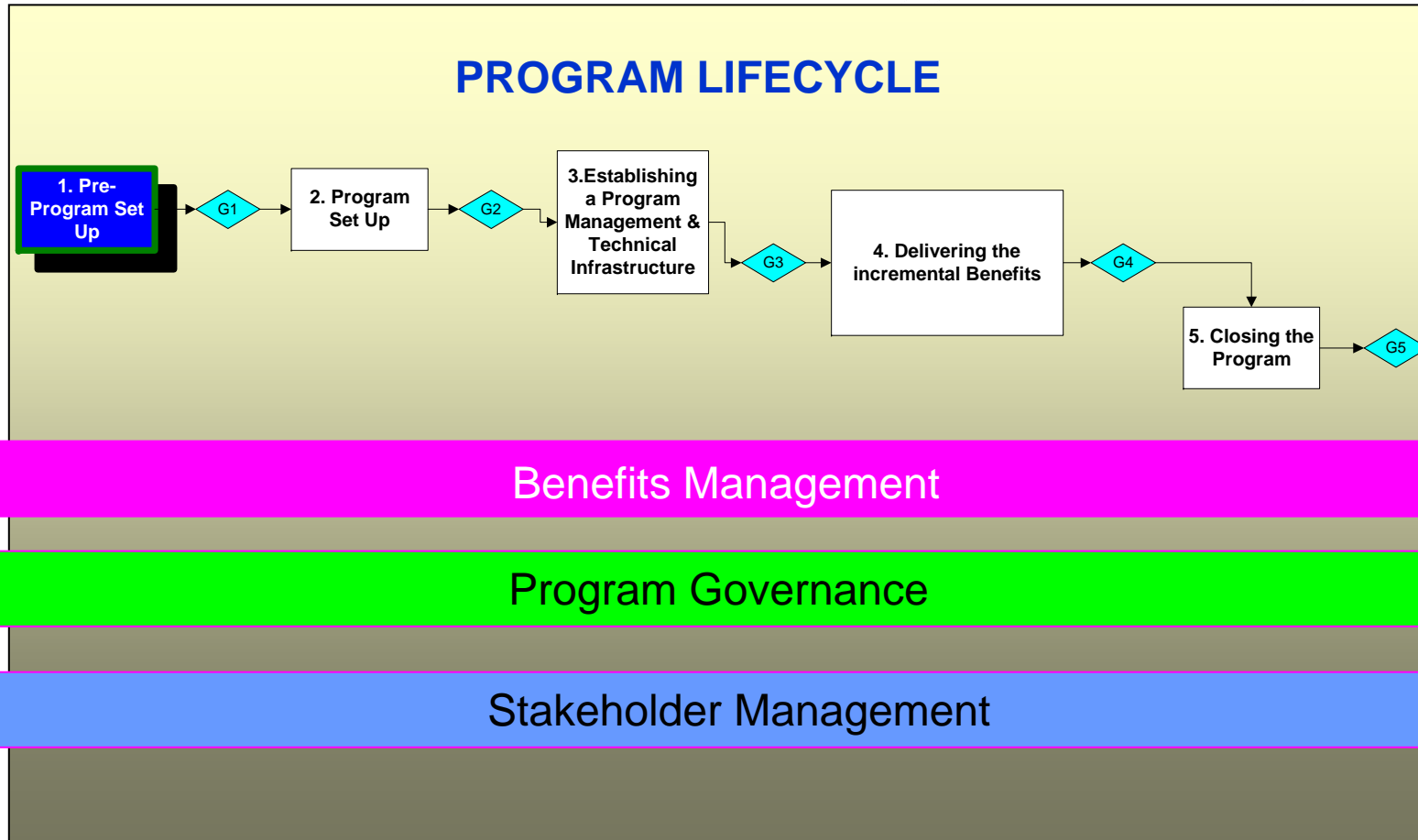
Critical success factors as perceived

- Global leaders identify 3 critical success factors to achieve global business strategy –
 - Effective program and project management practices
 - Standard development processes
 - Standard product or service development tools

Risk management

- Business change involves risk
- Risk should be managed across the whole business
- Establish clear program objectives
- Establish a review cycle (and maximise opportunities for value creation)
- Implement a proactive approach to handling risks and uncertainties particularly during formation phase

Program life cycle



How is value created?

- Involve all levels of management to identify sustainable long term value rather than knee jerk short term benefits
- Value drivers linked to business benefits.
- Drive efficiency and consistency
- Mature or improve program management methodology, tools, techniques and metrics
- Demonstrate that the benefits of a program is greater than independently delivered projects
- Deliver and improve business capability
- Demonstrate a learning culture through regular measurable improvements
- Focus on benefits and not products
- Keep expectations realistic .
- Manage stakeholders, communication and facilitation
- Link risk management to value creation

Private vs. government sectors

Private Sector Program Management	Public Sector Program Management
Strategic business development	Policy driven
Increase in market share	Response to perceived/actual service/social needs
Remain competitive	Pressure on funding, IPART, etc...
Profit focus	Rarely focused on profits
Global	Local
Efficiencies	Availability of funding and annual cash flow cycles

Private vs. government sectors

Private Sector

Public Sector

Program Management Office:

- Set standards for achievement of business benefits

- Often set standards but rarely manage implementation

- Deliver the product to market

- Influenced by political imperatives

- Teach the organisation

- Can operate as a permanent functional business unit
- Protracted approvals processes

Private vs. government sectors

Private Sector	Public Sector
<ul style="list-style-type: none">- Have sunset clauses	<ul style="list-style-type: none">- Tend to be permanent department(s)- Multiple PMOs
<ul style="list-style-type: none">- Less documentation	<ul style="list-style-type: none">- Significant documentation requirements to satisfy policy/legislation
<ul style="list-style-type: none">- Organisation focused policies, procedures and governance	<ul style="list-style-type: none">- Subject to political influences
<ul style="list-style-type: none">- Reporting requirements increasing	<ul style="list-style-type: none">- Significant compliance reporting requirements

Industry best practice

Program management framework

- To provide sufficient detail of understanding and the role of program management among:
 - Client
 - Program team
 - External stakeholders
- To effectively contribute to the successful delivery of the business strategy

Industry best practice

Program management framework

- Program Strategy – business, technology and market strategy
- Program organisation – program management structure must support highly integrated and interdependent nature of projects within a program
- Program processes – governance, schedule, financial, risk, stakeholder, communication, resource management plans and controls
- Program metrics – focused on business aspects of the program

Industry best practice

Mature program management process

- Established program lifecycle and processes
- The program is governed using gate reviews
- Dedicated program managers with expertise in stakeholder management
- Assesses strategic alignment at phase gate reviews
- Independent phase gate reviewers

Industry best practice

Program management systems

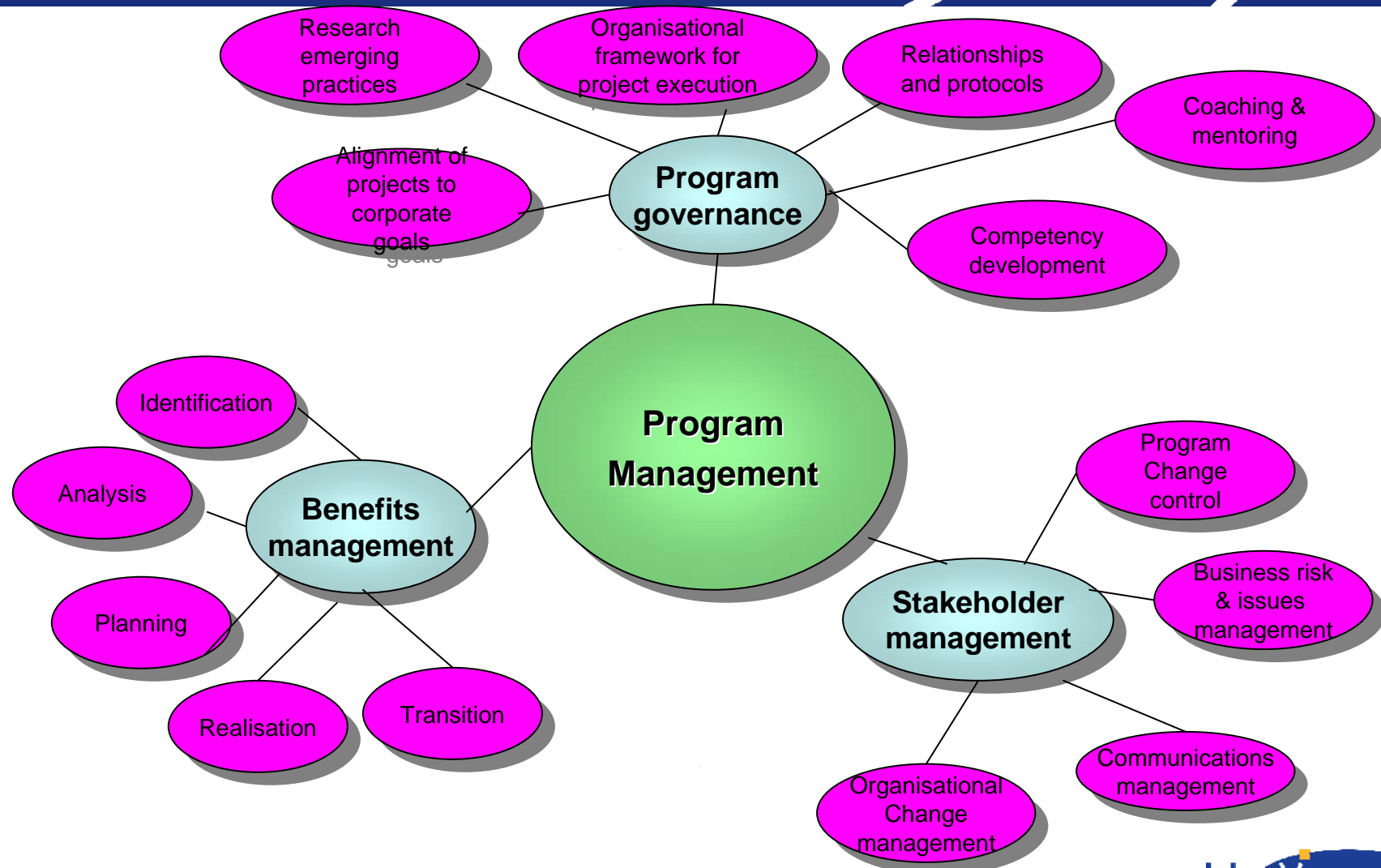
- Universal and can be applied to every program
- Self-validating and have been proven in practice
- Empowering giving practitioners added ability to influence and shape business change towards success
- Maintain links with corporate strategy
- Inbuilt flexibility to manage emerging threats & opportunities to business change
- Focused on future and associated benefits

Industry best practice

Program management office

- **Support / reporting model:** Provides training, facilitation, reporting, administration and develop / maintain practice standards.
- **Enterprise PMO model:** provides the framework for the delivery of corporate strategy through management of portfolio, program and projects
- **Delivery model:** Actually responsible for the delivery
- **Project Control model:** Reviews, audits and control
- **Resource model:** Provide resources to other functional business areas

Program management domain



Pre setup

- Program business case assesses the feasibility of investing in a program and obtains the means to align execution to business strategy
- Program alignment matrix identifies an organisation's business objectives and indicates the degree of alignment of a program with each organisational business objective
- Program road map can provide a means to balance the market needs with availability of development capacity over a predetermined time period
- Program complexity assessments help determine skill set and experience required by program manager & team

Program setup

- Early development of the program **Vision Statement** as a description of the program outcomes
- Expansion of vision statement into a blueprint to provide a basis for modeling benefits and designing the required projects and selection of optimum set of solutions and routes
- Look for quick wins with small incremental changes
- Use of a series of tranches to implement new business capability has proven more successful than a single major change

Program planning

- Prepares for the future
- Is an extension of strategic management
- Program definition binds all the functions together to execute the business strategy effectively
- Develops the program scope, integrate cross project implementation plans into the master program plan
- Obtains management approval to proceed
- Planning techniques can vary in accordance with individual program situations

Program communication

- Must be willing to lead and consider all viewpoints with focus on achievement of program vision and objectives
- Facilitate quick and effective decision making
- Build stakeholder and program team members' trust
- Exhibit fairness to set expectation that all others will behave in the same way
- Communicate effectively in all directions and tailor information to suit audience

Learning from experience

- Program is a learning experience as it has inbuilt controls to reflect on and improves its own performance during a program life
- At the end of each program tranche, the program management team seek new ways and opportunities to improve the business outcomes from the program
- Updating the program business case means that it is optimised, fine-turned, taking advantage of both data in emerging trends and a growing understanding of the possibilities generated by the program

Change control

- Initial assessment is critical. Filtering poorly justified or non-aligned changes prevents wasted effort with limited program resources
- Programs require a fast track process for time-sensitive decisions and defining change control protocols to drive desired behaviours

Maturity in program management



L5 - Programme leadership

L4 - Programme Mgt support environment

L3 - Programme controlled

L2 - Programme planned

L1 - Independent uncoordinated projects



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Questions ?

Successful Program Management

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