PROJECT MANAGEMENT BEST PRACTICES

Achieving Global Excellence

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To
my wife, JO ELLYN,
who showed me that excellence
can be achieved in
marriage, family, and life,
as well as at work

Preface

For almost 35 years, project management was viewed as a process that might be nice to have, but not one that was necessary for the survival of the firm. Companies reluctantly invested in some training courses simply to provide their personnel with basic knowledge on planning and scheduling. Project management was viewed as a threat to established lines of authority and, in many companies only partial project management was used. This half-hearted implementation occurred simply to placate lower- and middle-level personnel.

During this 35-year period, we did everything possible to prevent excellence in project management from occurring. We provided only lip service to empowerment, teamwork, and trust. We hoarded information because the control of information was viewed as power. We placed personal and functional interests ahead of the best interest of the company in the hierarchy of priorities. And we maintained the faulty belief that time was a luxury rather than a constraint.

By the mid-1990s, this mentality began to subside, largely due to two recessions. Companies were under severe competitive pressure to create quality products in a shorter period of time. The importance of developing a long-term trusting relationship with the customers had come to the forefront. Businesses were being forced by the stakeholders to change for the better. The survival of the firm was now at stake.

Today, businesses have changed for the better. Trust between the customer and contractor is at an all-time high. New products are being developed at a faster rate than ever before. Project management has become a competitive weapon during competitive bidding. Some companies are receiving sole-source contracts because of the faith that the customer has in the contractor's ability to deliver a continuous stream of successful projects using a project management methodology. All of these factors have allowed a multitude of companies to achieve some degree of excellence in project management. Business decisions are now being emphasized ahead of personal decisions.

Words that were commonplace six years ago have taken on new meanings today. Change is no longer being viewed as being entirely bad. Today, change implies continuous improvement. Conflicts are no longer seen as detrimental. Conflicts managed well can be beneficial. Project management is no longer viewed as a system entirely internal to the organization. It is now a competitive weapon that brings higher levels of quality and increased value added opportunities to the customer.

Companies that were considered excellent in management in the past may no longer be regarded as excellent today, especially with regard to project management. Consider the book entitled *In Search of Excellence,* written by Tom Peters and Robert Waterman in 1982. How many of those companies identified in their book are still considered as excellent today? How many of those companies have won the prestigious Malcolm Baldrige Award? How many of those companies that have won the award are excellent in project management?

The differentiation between the first 30 years of project management and the last ten years is in the implementation of project management. For more than three decades, we emphasized the quantitative and behavioral tools of project management. Basic knowledge and primary skills were emphasized. However, within the past six years, emphasis has been on implementation. What was now strategically important was how to put 30 years of basic project management theory into practice. Today it is the implementation of project management that constitutes advanced project management. Subjects such as earned value analysis, situational leadership, and cost and change control are part of basic project management courses today whereas 15 years ago they were considered as advanced topics in project management. So, what constitutes applied project management today? Topics related to project management implementation are advanced project management concepts.

This book covers the advanced project management topics necessary for implementation of and excellence in project management. The book contains numerous quotes from people in the field who have benchmarked best practices in project management and are currently implementing these processes within their own firms. The quotes are invaluable because they show the thought process of these leaders and the direction in which their firms are heading. These companies have obtained some degree of excellence in project management, and what is truly remarkable is the fact that this happened in less than five or six years. Best practices in implementation will be the future of project management well into the twenty-first century. Companies have created best practices libraries for project management. Many of the libraries are used during competitive bidding for differentiation from other competitors. Best practices in project management are now viewed as intellectual property.

Seminars and correspondence courses on project management principles and best practices in project management are available using this text and my text, *Project Management: A Systems Approach to Planning, Scheduling, and Controlling.* Seminars on advanced project management are also available using this text. Information on these courses, E-learning courses, and on in-house and public seminars can be obtained by contacting the author at

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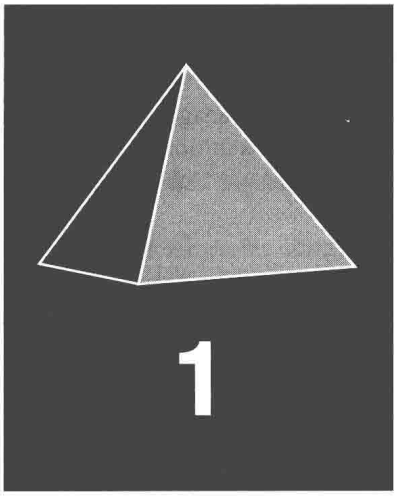
Contents



1 Understanding Best Practices

1.0 INTRODUCTION

Project management has evolved from a set of processes that were once considered "nice" to have to a structured methodology that is considered mandatory for the survival of the firm. Companies are now realizing that their entire business, including most of the routine activities, can be regarded as a series of projects. Simply stated, we are managing our business by projects.

As the relative importance of project management permeates each facet of the business, knowledge is captured on best practices in project management. Some companies view this knowledge as intellectual property to be closely guarded in the vaults of the company. Others share this knowledge in hope of discovering other best practices. Companies are now performing strategic planning for project management.

One of the benefits of performing strategic planning for project management is that it usually identifies the need for capturing and retaining best practices. Unfortunately this is easier said than done. One of the reasons for this difficulty, as will be seen later in the chapter, is that companies today are not in agreement on the definition of a best practice, nor do they understand that best practices lead to continuous improvement, which in turn leads to the capturing of more best practices.

1.1 PROJECT MANAGEMENT BEST PRACTICES: 1945–1960

During the 1940s, line managers functioned as project managers and used the concept of over-the-fence management to manage projects. Each line manager, wearing the hat of a project manager, would perform the work necessitated by his or her line organization and, when completed, would throw the "ball" over the fence in hopes that someone

would catch it. Once the ball was thrown over the fence, the line managers would wash their hands of any responsibility for the project because the ball was no longer in their yard. If a project failed, blame was placed on whichever line manager had the ball at that time.

The problem with over-the-fence management was that the customer had no single contact point for questions. The filtering of information wasted precious time for both the customer and the contractor. Customers who wanted first-hand information had to seek out the manager in possession of the ball. For small projects, this was easy. But as projects grew in size and complexity, this became more difficult.

During this time period, very few best practices were identified. If there were best practices, then they would stay within a given functional area never to be shared with the remainder of the company. Suboptimal project management decision-making was the norm.

Following Word War II, the United States entered into the Cold War. To win a Cold War, one must compete in the arms race and rapidly build weapons of mass destruction. The victor in a Cold War is the one who can retaliate with such force as to obliterate the enemy. Development of weapons of mass destruction was comprised of very large projects involving potentially thousands of contractors.

The arms race made it clear that the traditional use of over-the-fence management would not be acceptable to the Department of Defense (DoD) for projects such as the B52 bomber, the Minuteman Intercontinental Ballistic Missile, and the Polaris submarine. The government wanted a single point of contact, namely, a project manager who had total accountability through all project phases. In addition, the government wanted the project manager to possess a command of technology rather than just an understanding of technology, which mandated that the project manager be an engineer preferably with an advanced degree in some branch of technology. The use of project management was then mandated for some of the smaller weapon systems such as jet fighters and tanks. The National Aeronautics and Space Administration (NASA) mandated the use of project management for all activities related to the space program.

Projects in the aerospace and defense industries were having cost overruns in excess of 200–300 percent. Blame was erroneously placed upon improper implementation of project management when, in fact, the real problem was the inability to forecast technology, resulting in numerous scope changes occurring. Forecasting technology is extremely difficult for projects that could last 10–20 years.

By the late 1950s and early 1960s, the aerospace and defense industries were using project management on virtually all projects, and they were pressuring their suppliers to use it as well. Project management was growing, but at a relatively slow rate except for aerospace and defense.

Because of the vast number of contractors and subcontractors, the government needed standardization, especially in the planning process and the reporting of information. The government established a life-cycle planning and control model and a cost-monitoring system and created a group of project management auditors to make sure that the government's money was being spent as planned. These practices were to be used on all government programs above a certain dollar value. Private industry viewed these practices as an overmanagement cost and saw no practical value in project management.