



Programs and the Future of Project Management

Simon Dekker
President and CEO, Dekker, Ltd.

PROGRAM MANAGEMENT PUBLIC AND PRIVATE AGENCIES

- Program Management: Revised Definition
- The Organizational Fit for Program Management
- Intersection of Project, Process and Program Management
- Challenges in Industry and Academia

Portfolios, Programs and Projects

- Portfolio (Davis & Hieneke, 2005, pp. 1-36)
 - Strategic business unit organized around its own assets
 - Profit or funding center
 - Tends to have financial statements
 - Assets
 - Liabilities
 - Equity
 - Aligned to strategies and associated objectives
- Programs
 - Oriented on a specific set of strategic business unit goals and measurable, non-financial and financial objectives

Portfolios, Programs and Projects

	Business Environment						
Strategies	Revenue	Market	Capacity	Reduce Cost	Admin	Regulatory	Other
	Business Unit						
Assets	Labor	Facilities	Equipment	Materials	Supplies	Vendor	Capital
	Portfolios						
	1	Programs					
Execution	2	a	Projects & Processes				
	3	b					
	4	c					
	5	d					

- Portfolios (typically) have self-contained assets assigned
- Programs support portfolios and strategies
- Projects are how programs accomplish objectives within portfolios

Portfolios, Programs and Projects

- Programs (Continued)
 - Accomplishes objectives through capital and production projects
 - Projects produce:
 - Product
 - Service
 - Capability
 - Turnover project outcomes to operations or continues on to manage production
 - Production and distribution becomes process driven
- Projects
 - One-time effort that results in a unique outcome

Portfolios, Programs and Projects

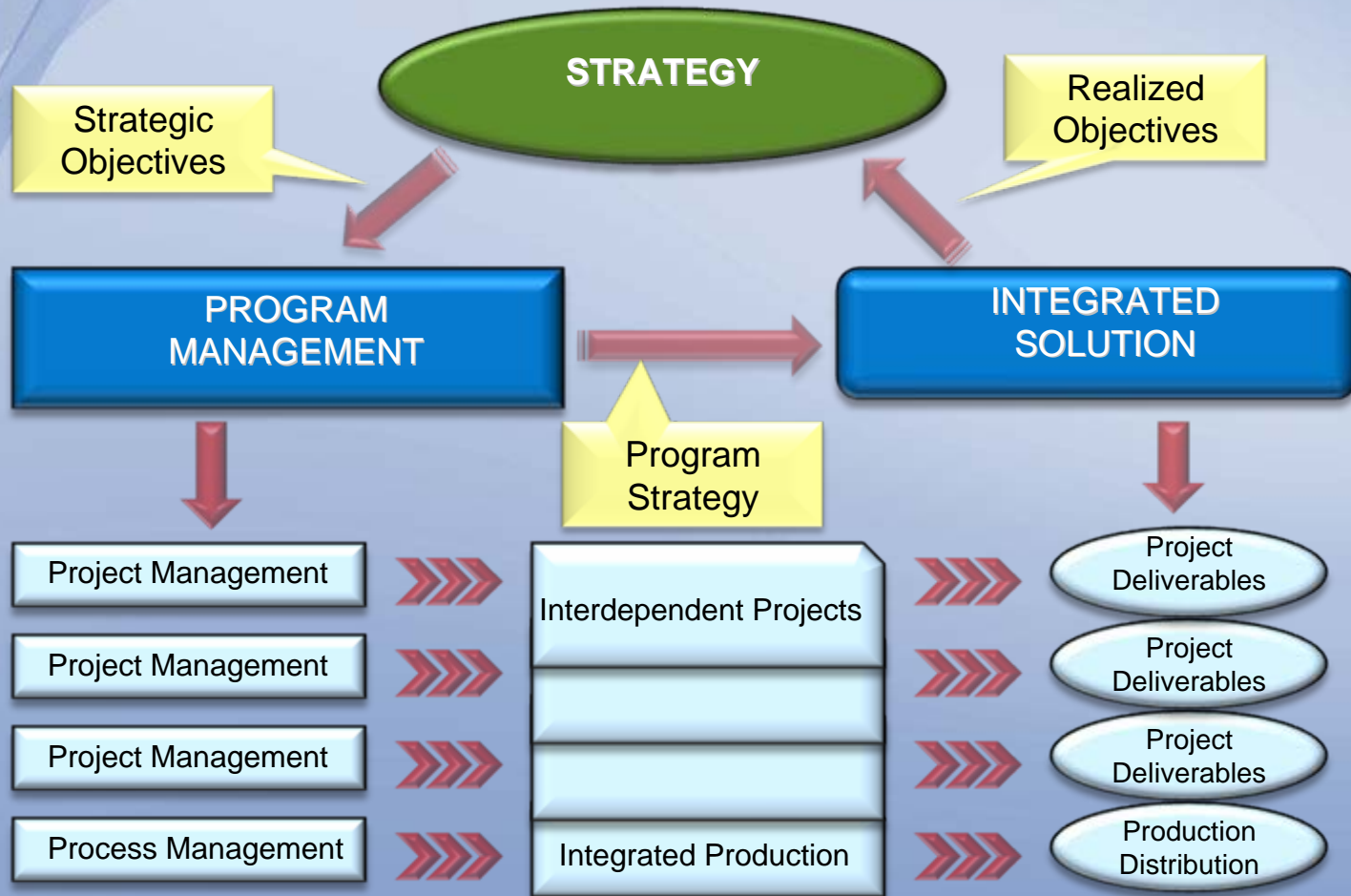
- **Projects (Continued)**
 - Managed by a program
 - Composed of unique:
 - Scope
 - Schedule
 - Cost
 - Financial Prospectus
 - Production Project – One funded by an outside source (Customer)
 - Capital Project – One funded internally by the host business unit

- **Used at the introduction of a product or service lifecycle**

(National University, 2008)

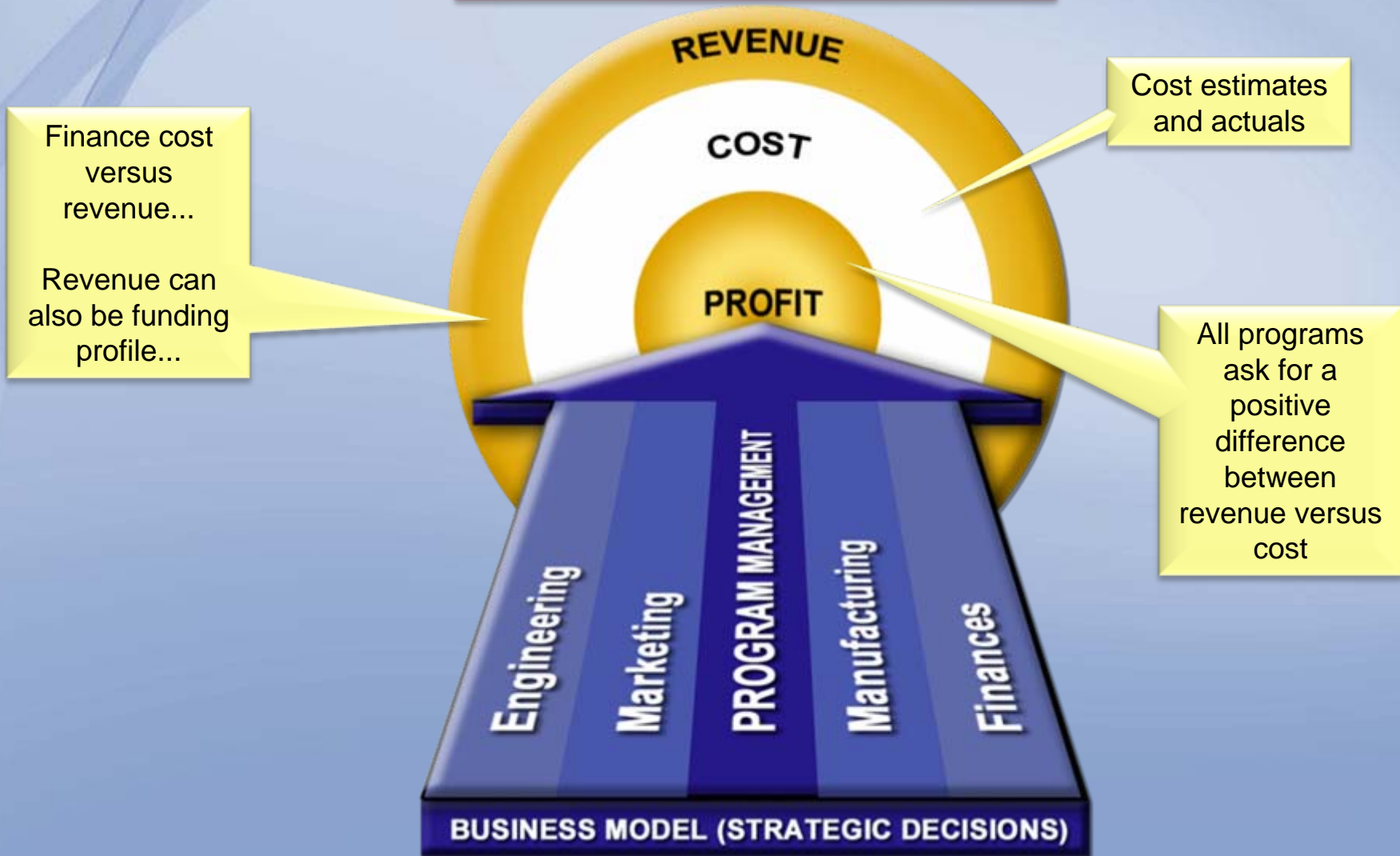
(Hieneke & Davis, 2005, pp. 1-36)

Strategic Program Management

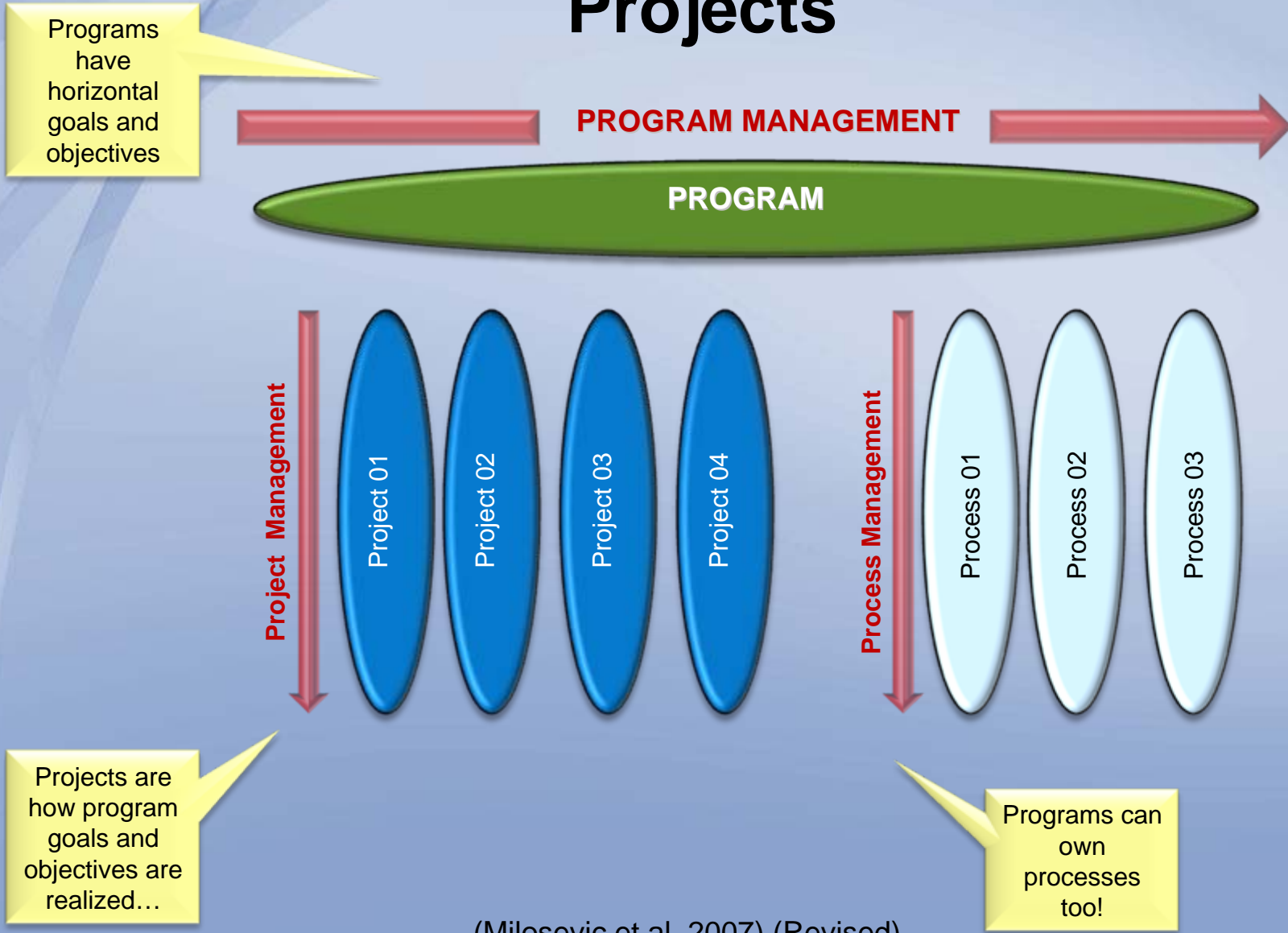


Business 101: Chase The Revenue

Customer or Sponsoring Organization



Program Objectives Achieved Through Projects



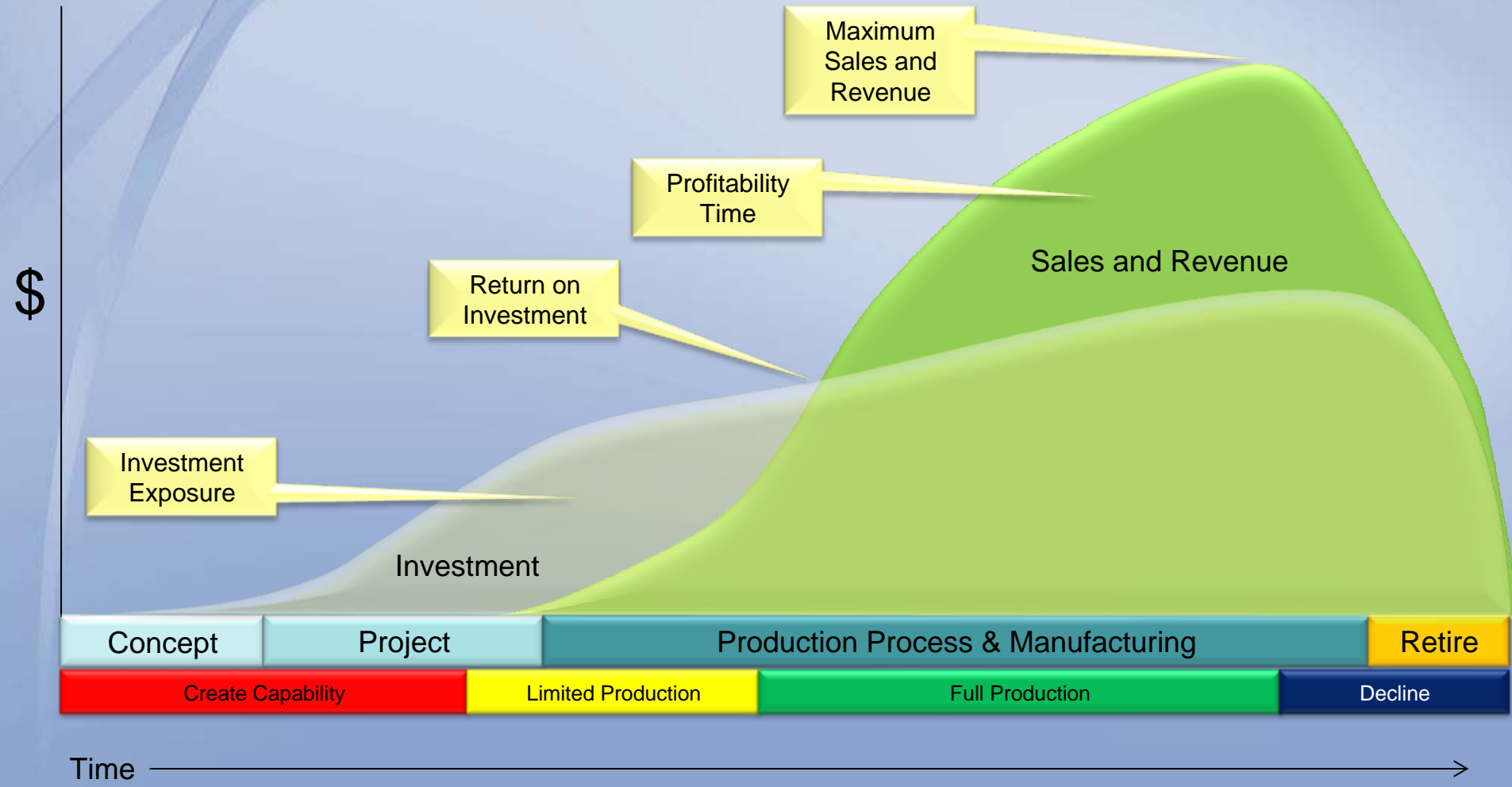
(Milosevic et al, 2007) (Revised)

Strategy to Tactics



(Milosevic et al, 2007) (Revised)

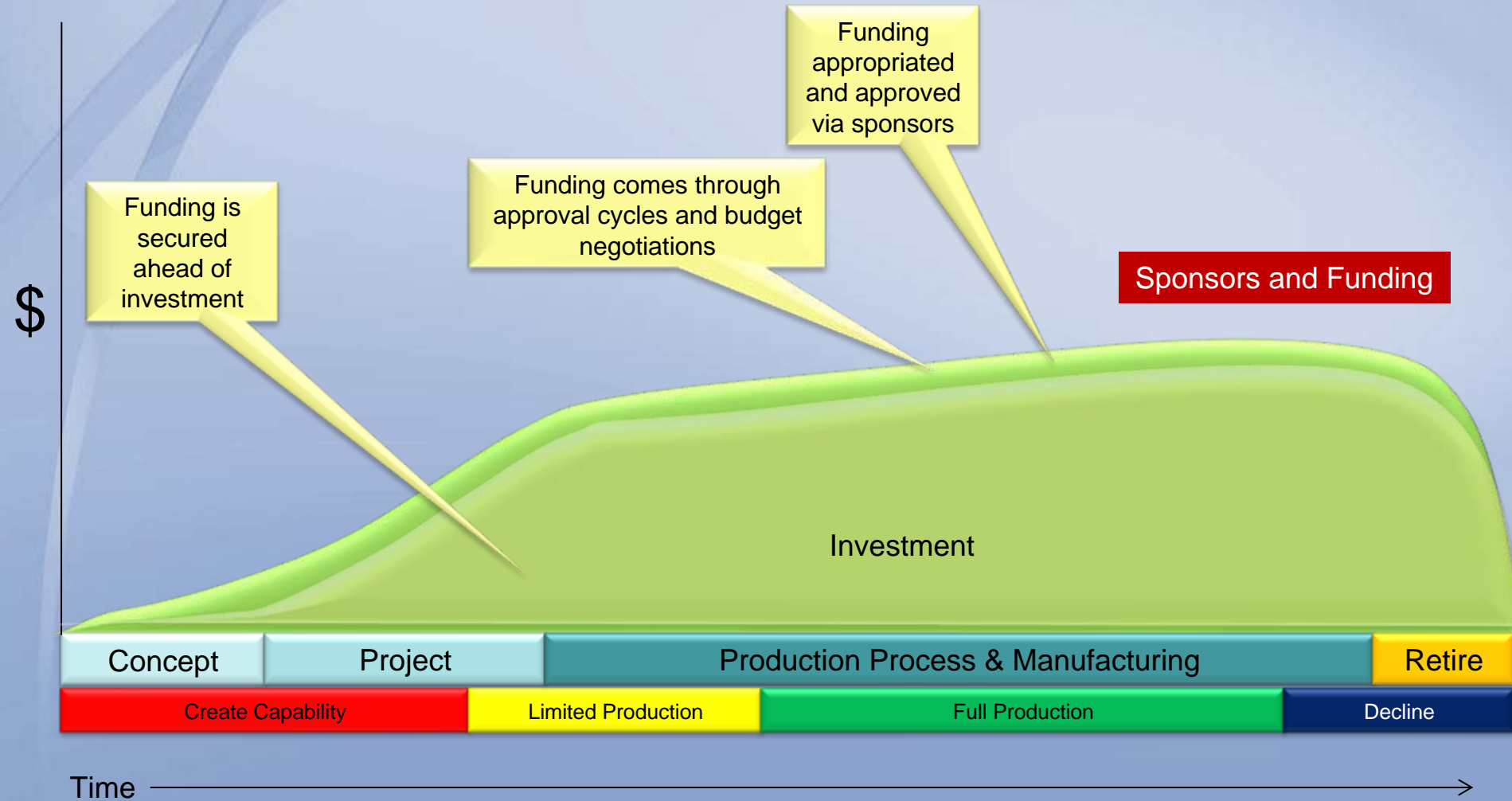
Commercial Programs: Projects and Processes



(Hieneke & Davis, 2005)

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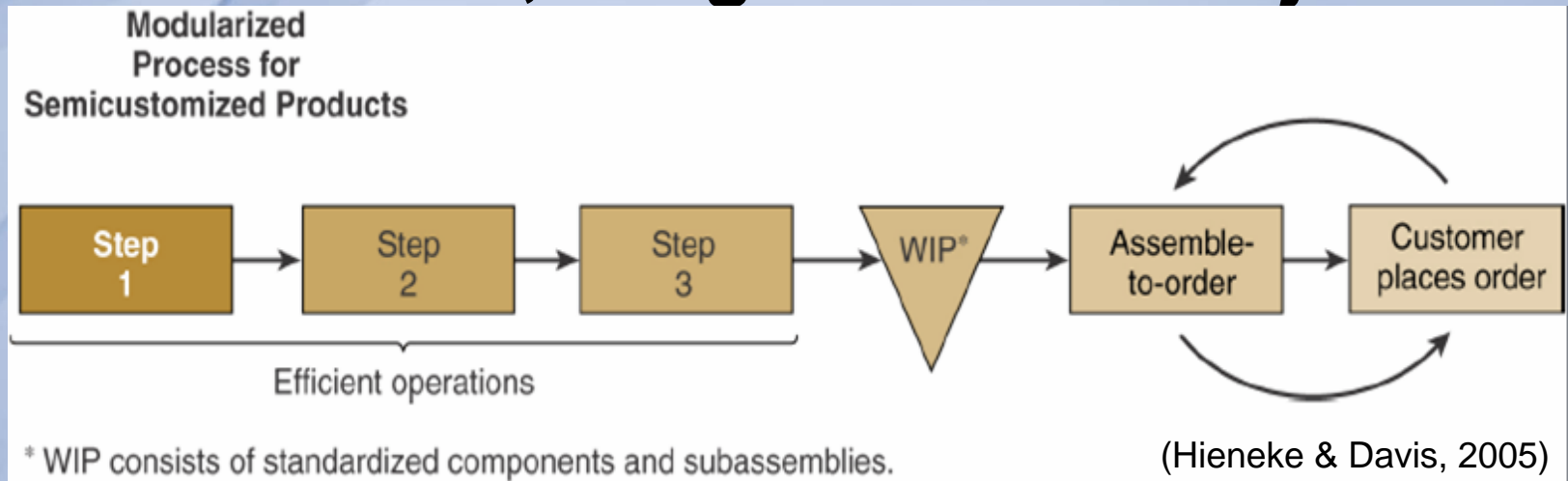
Public Programs: Projects and Processes



(Hieneke & Davis, 2005) (Revised)

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Portfolios, Programs and Projects



■ Process Management

- Highly repetitive
- Very short time durations
 - No more than weeks
 - Down to seconds
- Used to mass produce and distribute
 - Products
 - Services
 - Capabilities

Project Versus Process

Process

- Extremely short term durations
 - Repair services
 - Manufacturing process
- Durations: Weeks, Days, Minutes, Seconds
- Executed over and over again - repetitive
- Produces a product or a service by routinely
- Expected outcomes known and highly measureable

Project

- Long term efforts
- Discrete objectives
- Used to derive a process
 - Product
 - Service
 - Used early in product/service life cycle
- Lasts for months or years (3-5 years common)
- Done one time...

Program Management

Program	Project	Scope	Schedule	Cost	Finance	Risk		M-Support	Revenue	Market	Capacity	Reduce Cost	Admin	Regulatory
						Internal	External							
PRG1									↑	↑				
	P1								↑	↑	↑			
	P2								↑	↑		↑	↑	
	P3								↑	↑				
	Pn								↑	↑	↑	↑	↑	
PRG2										↑	↑			
	P1										↗	↓		
	P2								↗	↑	↑	↑		
	P3													
	Pn										↓	↓		
PRG3												↑	↑	
	P1											↑	↑	
	P2											↑	↑	
	P3											↑	↑	↑
	Pn													
PRG4													↑	↑
	P1												↑	↑
	P2												↑	↑
	P3												↑	↑
	Pn												↑	↑

- Align programs and their projects to strategies
- Measure project performance in terms of scope, schedule, cost, financial performance, and risk

PROGRAM TYPES

- Emerging Strategy of the Whole Product Concept
- Finite or Road-Mapped Programs
- Parallel Programs
- Spiral Programs
- Programs and Sub-Programs

Whole Product Concept

- Programs are oriented to the whole product concept

- Products
- Services
- Capabilities



- Concept incorporates everything from sponsor/customer backwards

- Concept
- Design
- Production
- Distribution
- Administration



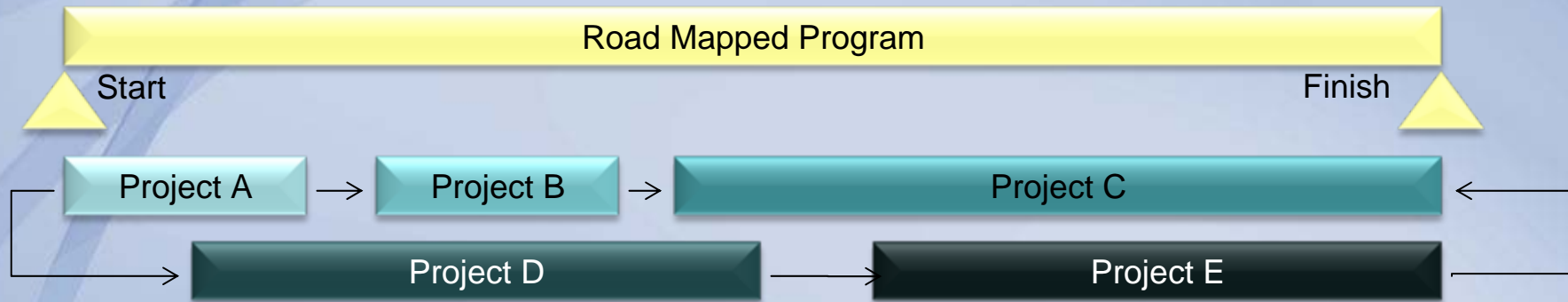
(Milosevic et al, 2007)

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Stakeholders In Whole Product Concept

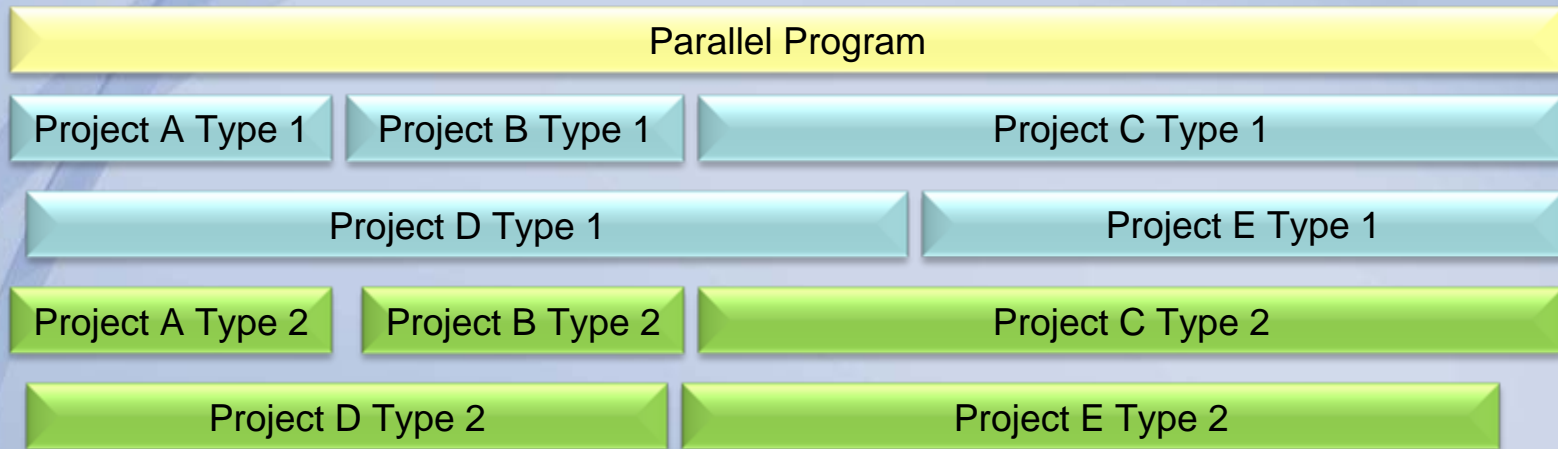


Integral Projects (Program Roadmap)



- Program has a discrete start and finish
- Program has interrelated projects that program objectives
- One project deliverables are required by preceding project deliverables
- Program transfers objectives to operations
- Example: Office building complex where every building is a project

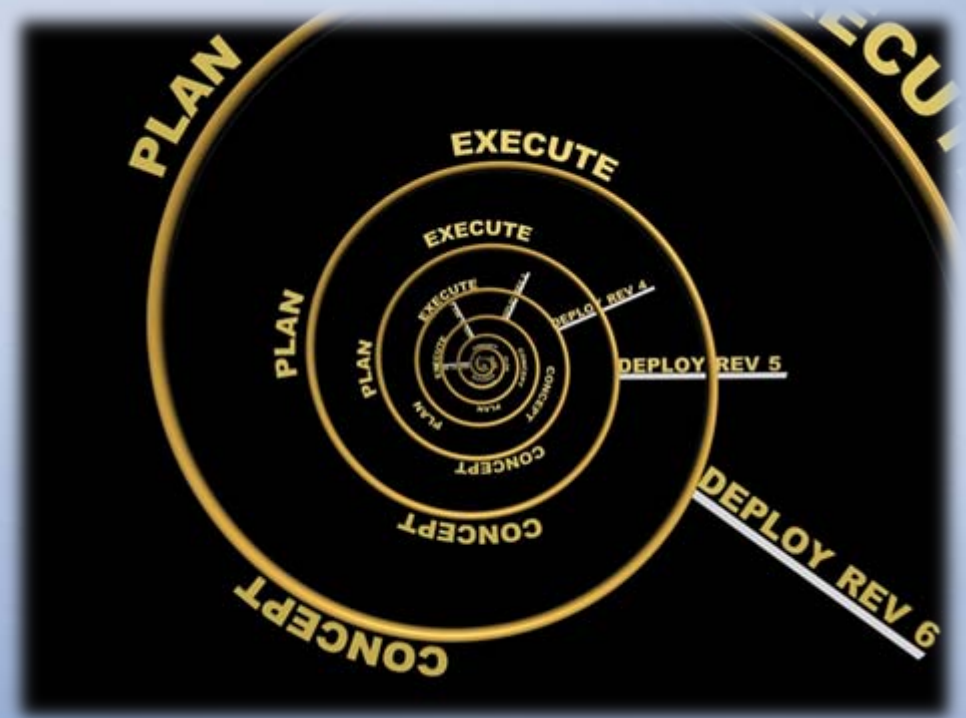
Parallel Project Oriented Programs



- Program focuses on types of project based on core competencies
- Program goes on for as long as projects are active
- Projects are not Interdependent and are typically oriented on individual customers/sponsors
- Program transfers project deliverables to customers or sponsors
- Example: Custom software development or services

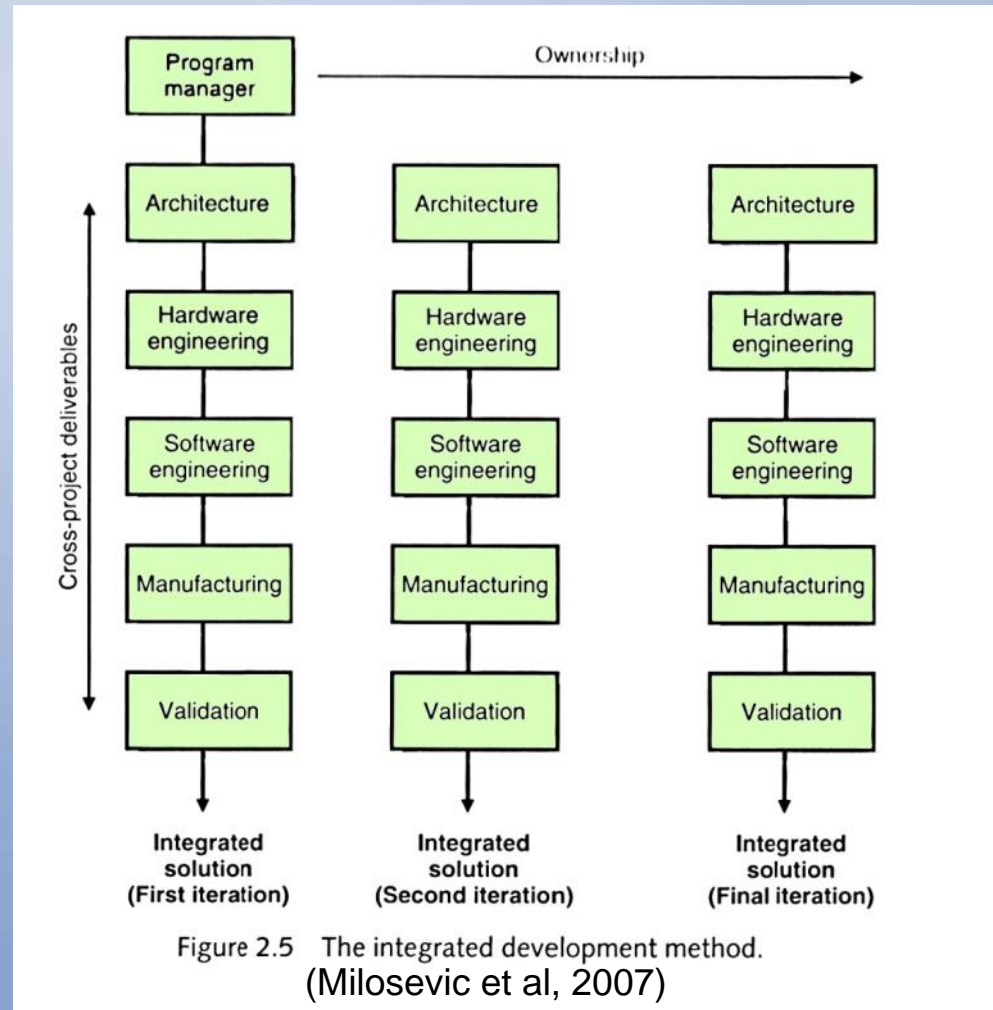
Spiral Development Projects (Continued)

- Stages of project review
- Cyclic for each project revision
- Each release is a project
- Projects go through similar steps
- Used to enhance a product
- Examples: Automobile
 - Automobile models by year
 - Software enhancements
 - Continuous product improvements...



Cyclic Approach or Spiral

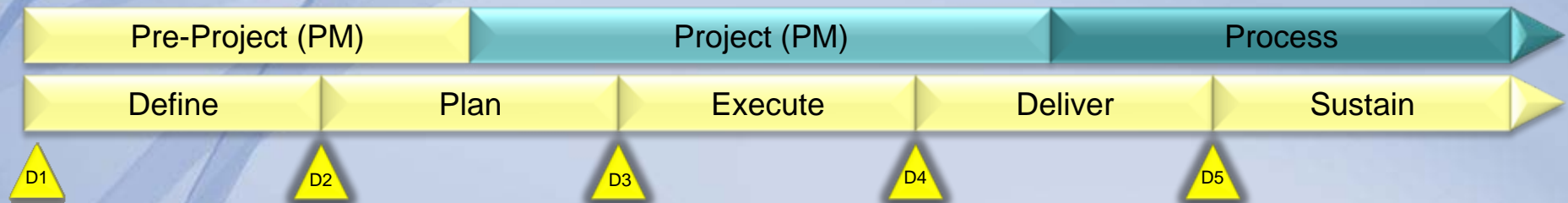
- Integrated development method
- Each “iteration” builds off the previous one
- Examples
 - Software Releases
 - Automobiles
- Could go on infinitely



PROGRAM MILESTONES

- Gateway Decisions
- Critical Decisions
- Go Forward Decisions
- Management & Sponsor Approval

Program Milestones

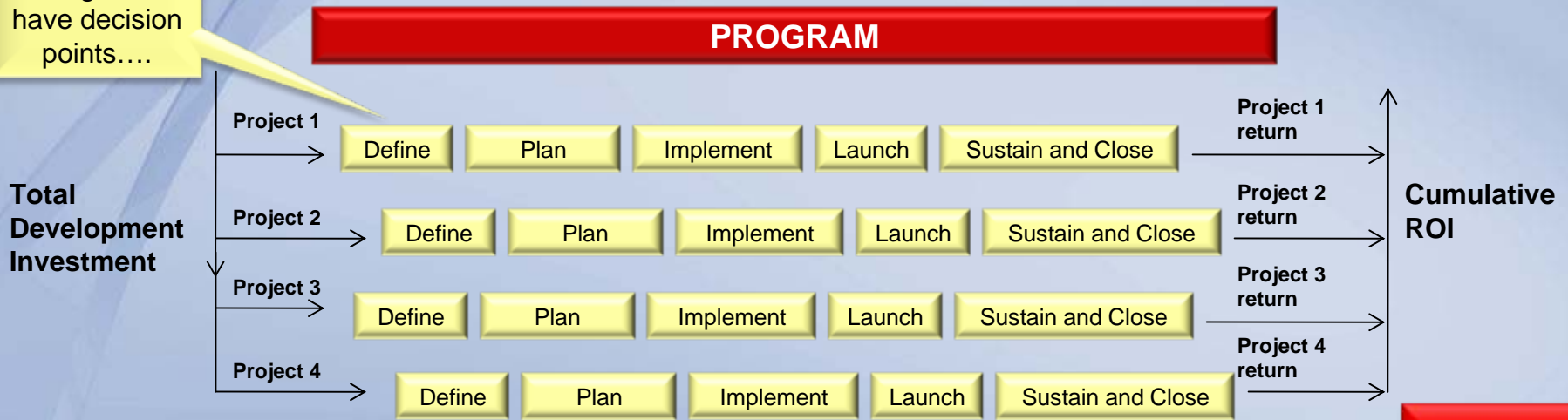


- Many names for program milestones
- Program Milestones
 - Management decision points for every project to continue or cancel project
 - Covers Project:

● Definition	Strategic Planning
● Planning	Project Planning
● Execution	Project Management
● Initial Delivery of New Asset	(PM ->Initial Process)
● Sustain New Asset and Operations	(Process)
 - Each step requires management approval to next phase and represents a funding profile

Program Milestones/Decisions

Programs have decision points....

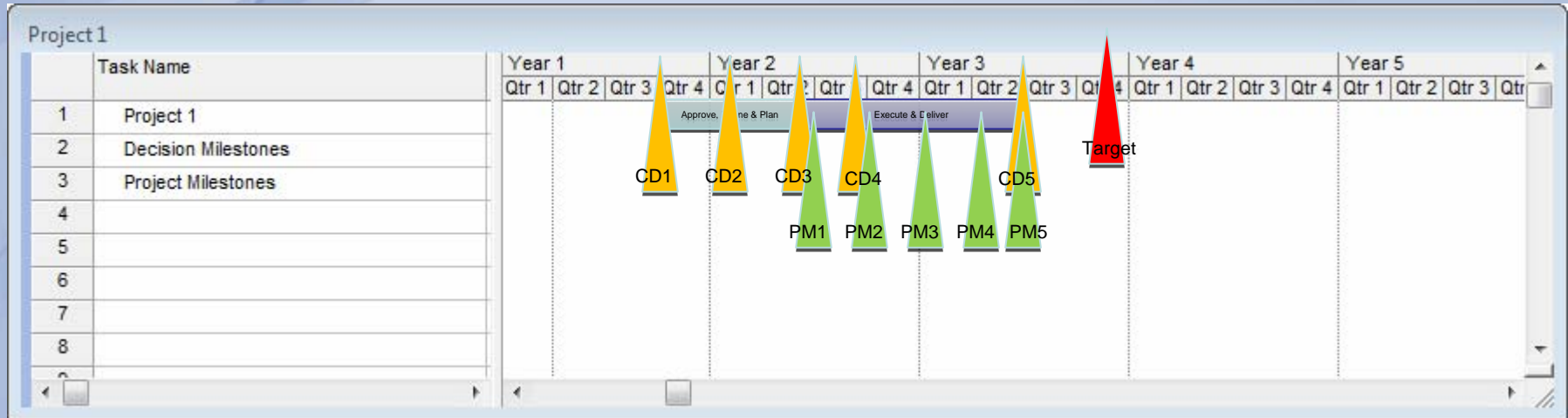


(Milosevic et al, 2007) Revised

- Note investment and expected ROI or other non-financial advantages
- Note program steps – Each project goes through program steps as programs last a very long time
- Do not confuse project milestones with Program Milestones

Decision points are also called Critical Decisions, Program Milestones for Projects, and Gateway Decisions

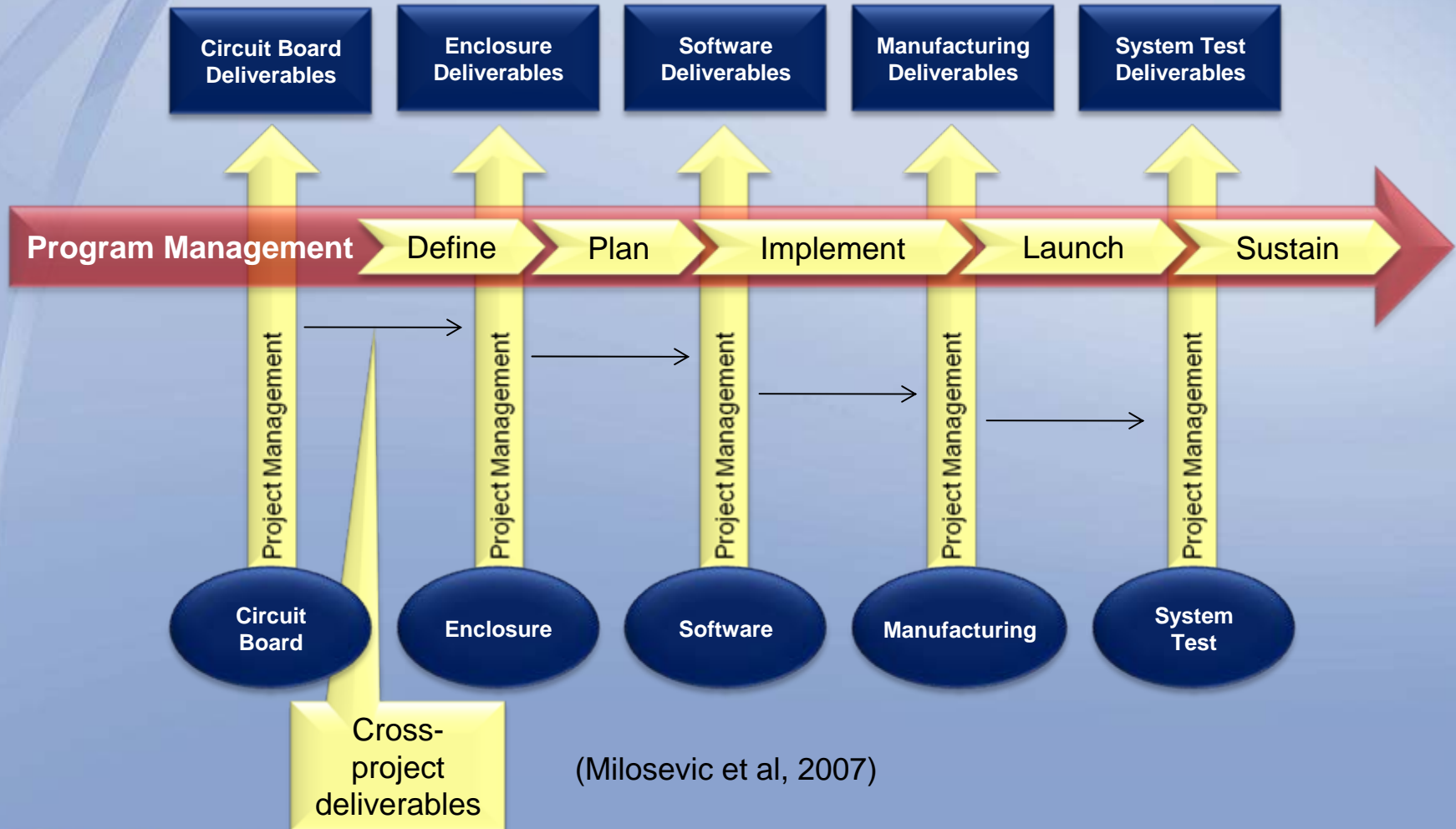
PM Versus PrgM Milestones



- Project has...
 - Preliminary/Proposal phase
 - Execution phase
 - Baseline dates for start and finish
 - Projected dates for start and finish
 - Critical decision points or gateways – management milestones
 - Project Milestones – project manager and customer milestones
- Project will also have target dates
 - Drop dead date imposed by management or program
 - Closer project end date encroaches on target date, the more risk
- Drill down into detailed schedule if problems occur

Program Dimensions

THE WHOLE PRODUCT

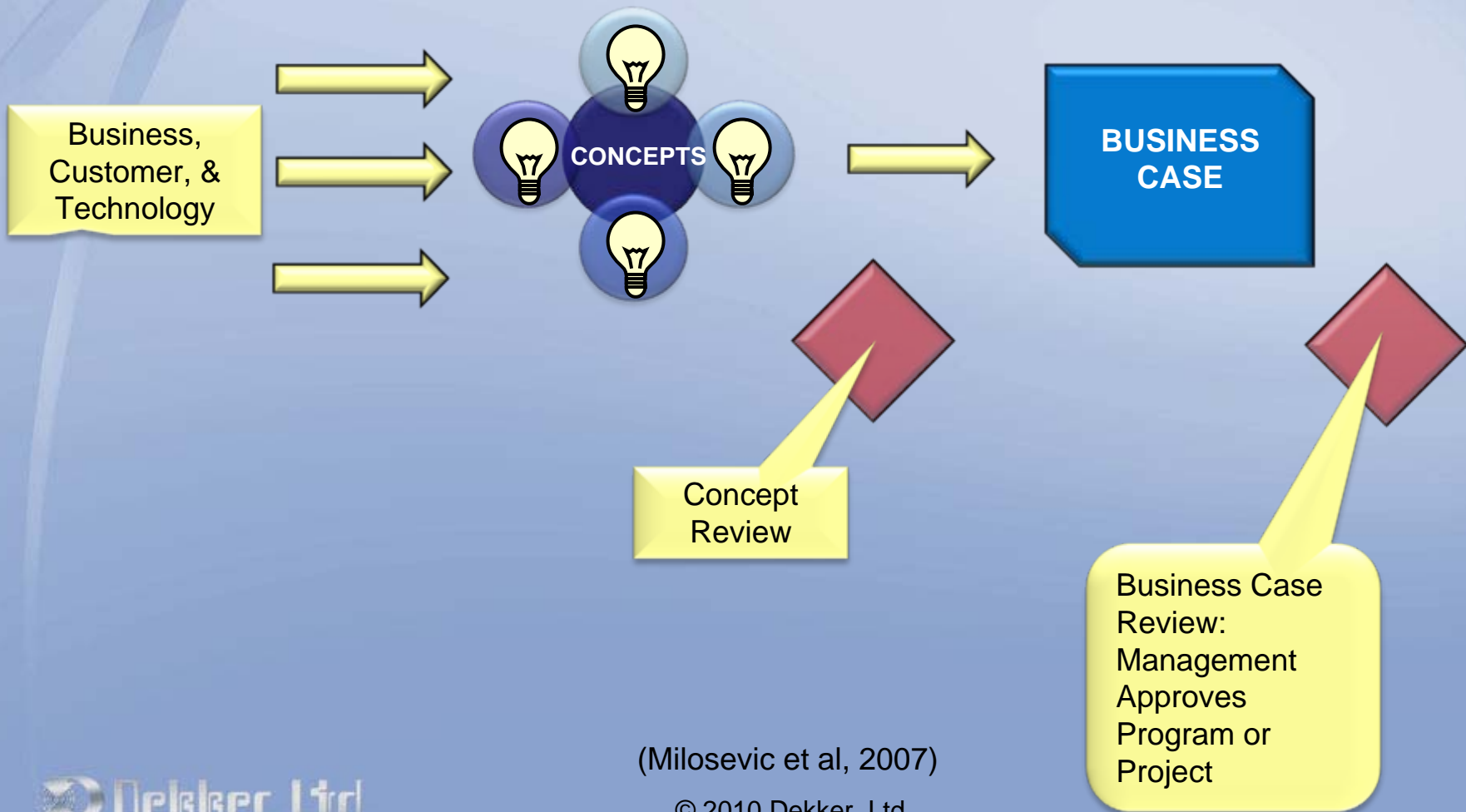


(Milosevic et al, 2007)

Management Decision Gateways

- Project proposal kicks off a definition stage
- Definition stage contemplates worthiness of a new project proposal
- Proposal reviewed and presented to management – If approved project moves to next stage
- Planning Stage: Starts with scope and leads to project schedule, resource, and cost plan; project funding approved by management
- Implementation: Project execution
- Launch: Limited deployment
- Sustain: Project provides product or service to operations
- These steps and approval cycles are program milestones

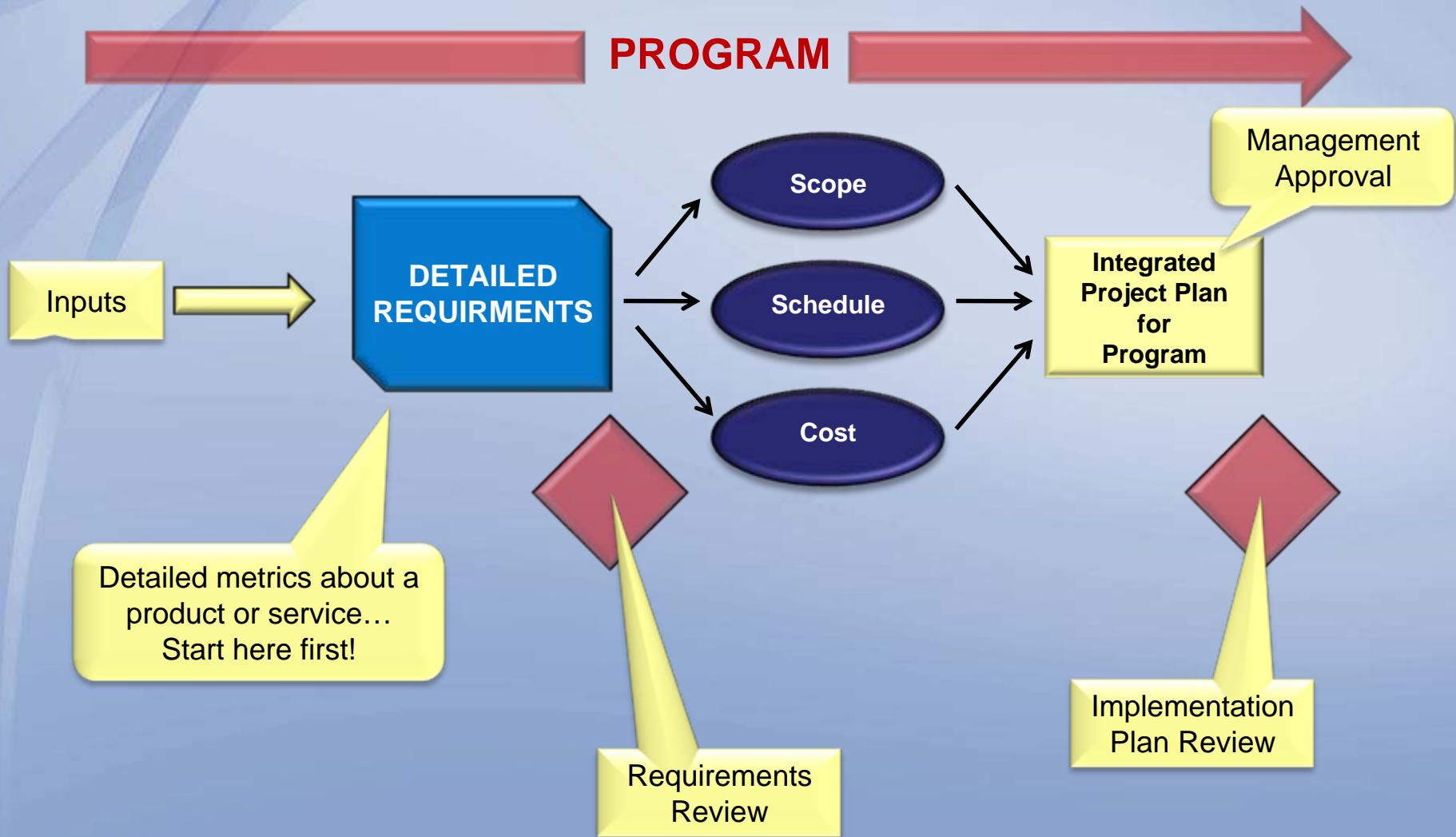
Defining a Project



(Milosevic et al, 2007)

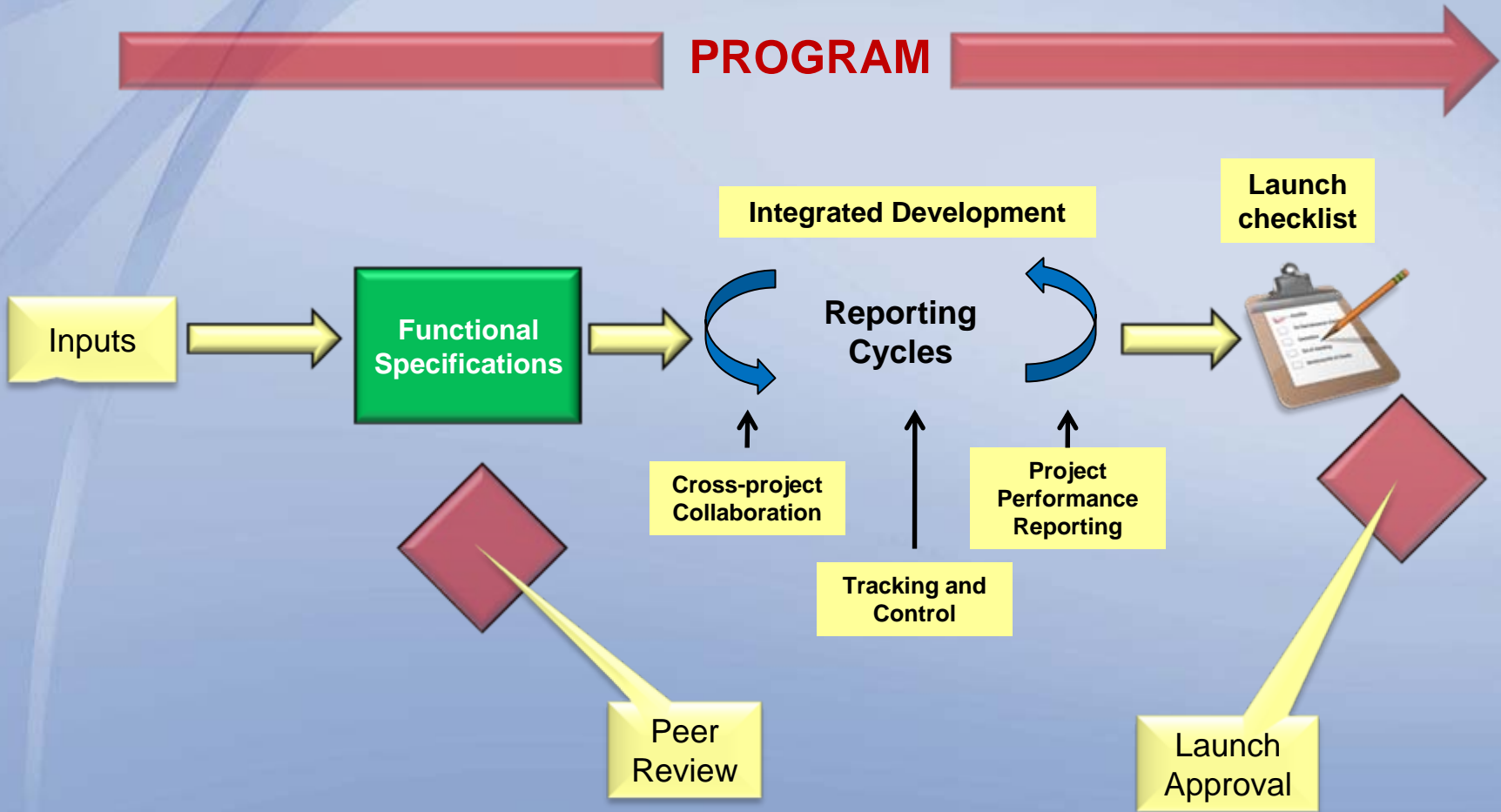
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Planning Phase



(Milosevic et al, 2007)

Project Execution Within Program



(Milosevic et al, 2007)

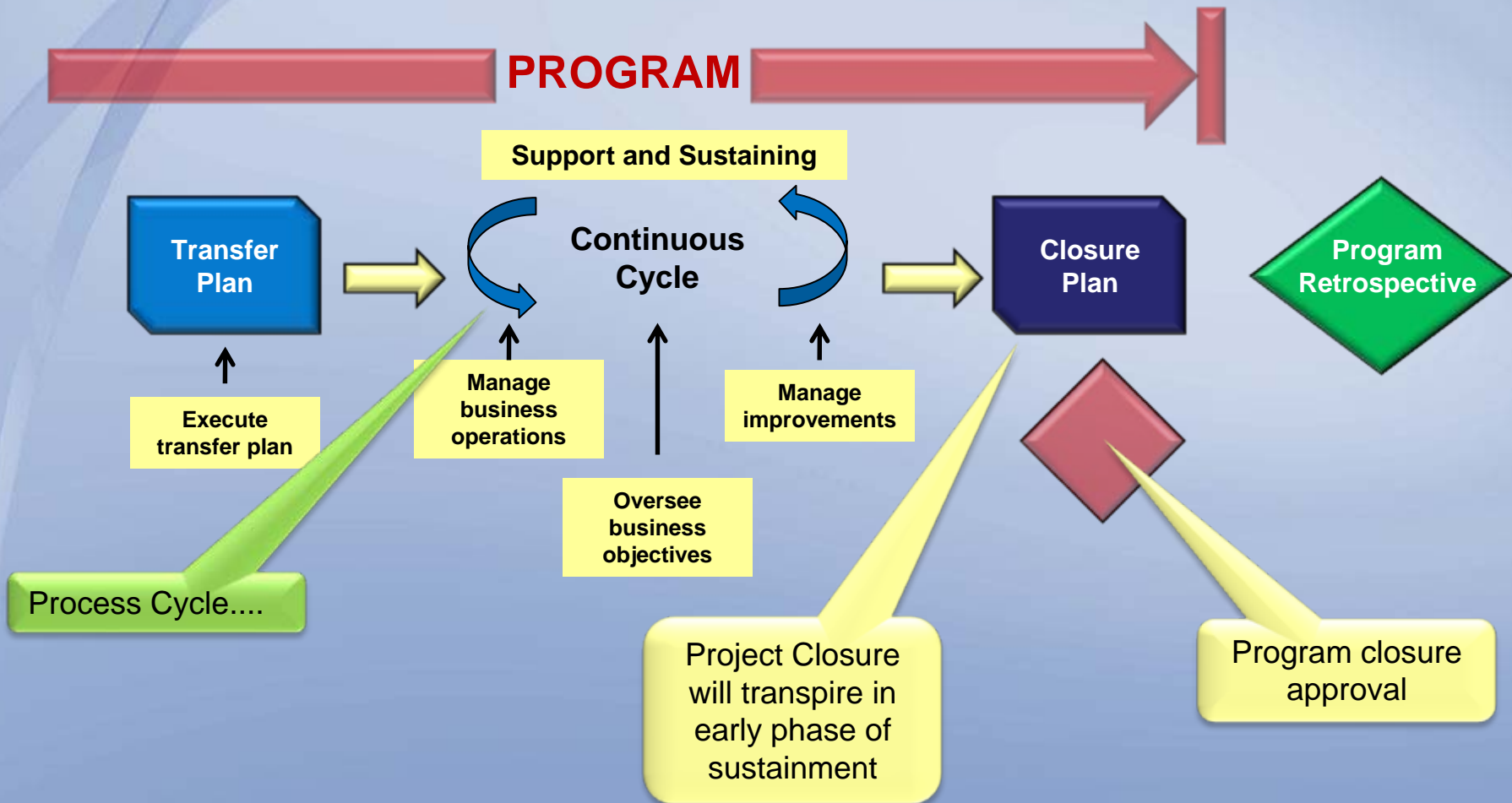
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Program/Project Launch



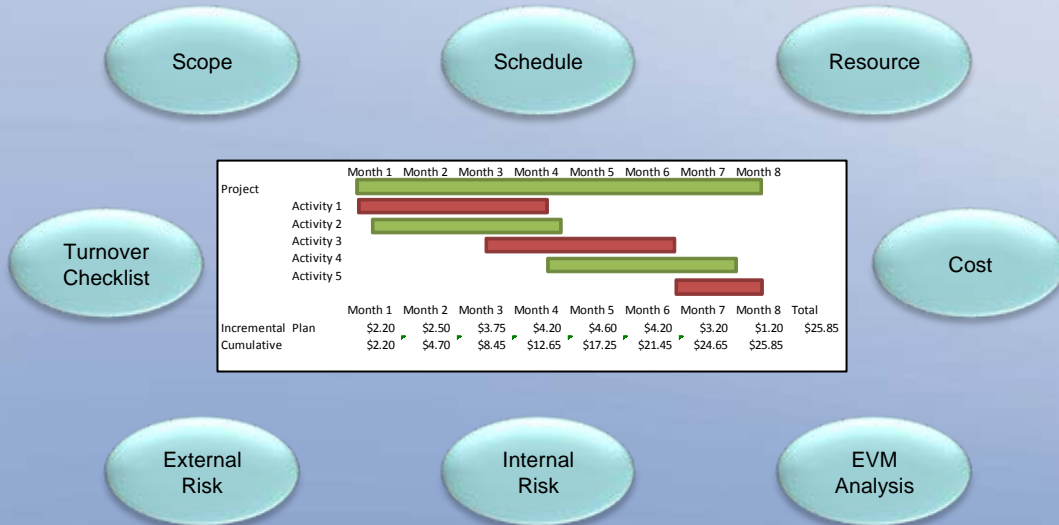
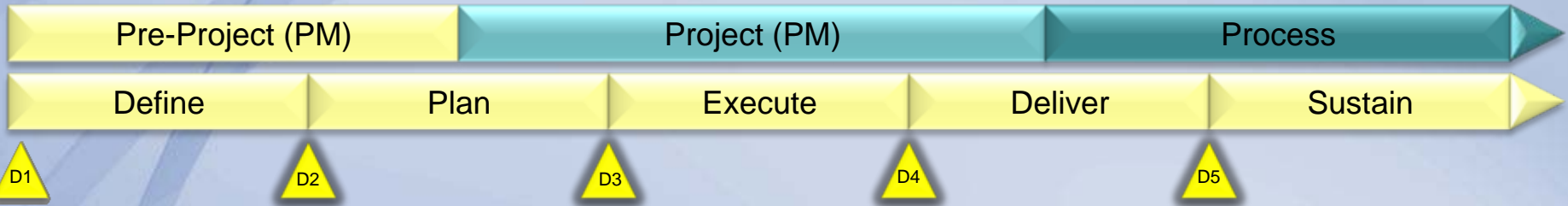
(Milosevic et al, 2007)

Program/Project Sustainment



(Milosevic et al, 2007)

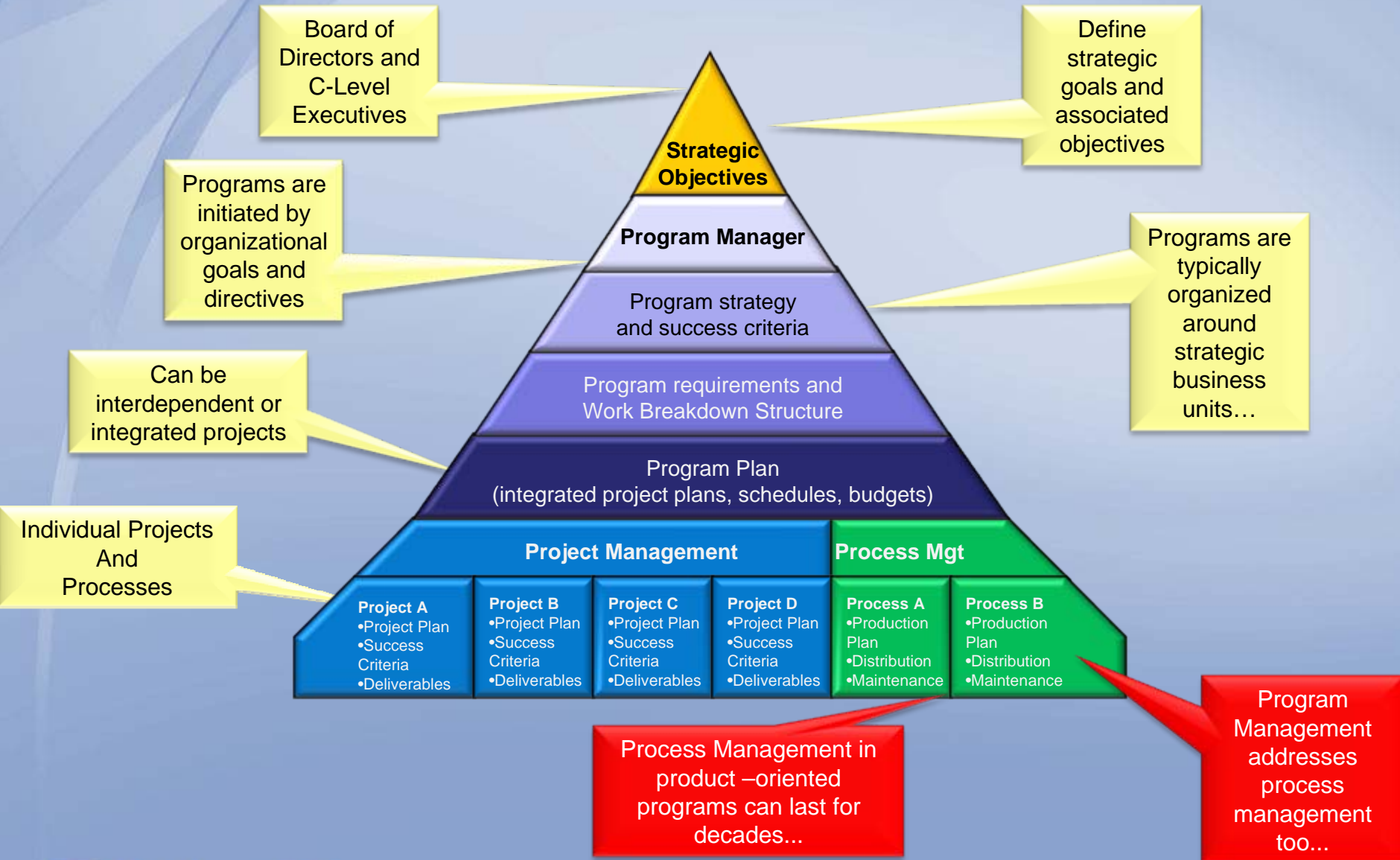
Program Milestones



Additional Program Costs

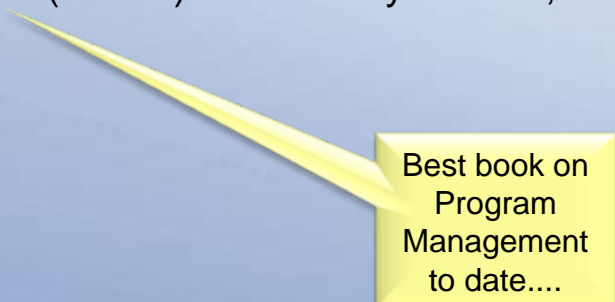
Project & Activities		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Project										
Activity 1										
Activity 2										
Activity 3										
Activity 4										
Activity 5										
Description		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Total
Incremental	Plan	\$2.20	\$2.50	\$3.75	\$4.20	\$4.60	\$4.20	\$3.20	\$1.20	\$25.85
Cumulative		\$2.20	\$4.70	\$8.45	\$12.65	\$17.25	\$21.45	\$24.65	\$25.85	
MR										\$2.07
Program Costs		\$0.51	\$0.58	\$0.86	\$0.97	\$1.06	\$0.97	\$0.74	\$0.28	\$5.95
Contingences										\$3.82
Total Project Cost (In Millions)										\$37.68

Strategy to Tactics



References

- Mark M. Davis & Janelle Heineke (2005). Operations Management: Integrating Manufacturing and Services (5th Ed.). Mc-Graw-Hill Irwin: Boston, MA. ISBN: 978-0-07-294824-0
- Jack R. Meridith & Samuel J. Mantel, Jr. (2006). Project Management: A Managerial Approach (6th Ed.). John Wiley & Sons, Inc.: Hoboken, NJ. ISBN: 978-0471-715375
- Dragan Z. Milosevic, Russ J. Martinelli & James M. Waddell. (2007). Program Management for Improved Business (1st Ed.). John Wiley & Sons, Inc.: Hoboken, NJ. ISBN: 978-0-471-78354-1



Best book on
Program
Management
to date....

Q&A