

“Because we're worth it!”

Ascertaining the value of engaging professional project management

For numerous 'academic' PM researchers the value, ROI or benefit of performing project management, is the 'holy grail' and many studies have been undertaken to quantify its value. It seems however that the focus has centred on how to justify Project Management in organisations, the setting up of PMO and the subsequent onerous processes and procedures that follow. Generally concluding that “we're worth it” is difficult to prove.

Tekes and Cavarec¹ highlight some important aspects of benefit realisation, that the standard approach of concentrating on the triple constraints (cost, quality, time) is not fully inclusive. They suggest the benefits should be expanded to include measures more relevant to business and expand the project management principals into the organisation such as PMI's OPM3[®].

Project management practitioners and academics also suffer alienating their clients and benefactors through rhetoric and dogma. Declaring that unless professionally certified and have implemented the Roll-Royce processes and procedures, there will be no guarantee of success.

Maybe the inability to find a credible mechanism to assert the value of an effective, pragmatic and sensible project management practitioner is that proposed by the thought experiment of Schrodinger, known as Schrodinger's Cat. Two systems collapse into a definite state when one of the systems is measured; for example for a single project you can only know the result of using or not using a project manager. It is an either or situation and no direct comparisons can be made. Or is it?

So if it is not possible to measure the value, other than for highly complicated theoretical models, is there an alternate approach which achieves the goal of allowing the client or business to become comfortable with the investment and outlay that engaging project management requires? Well yes we think so. This is where the respondents to Standish Group's Chaos Summaries² criteria for success might prove useful; it is about generating greater revenues. Looking at the problem from this perspective might yield some practical and useful insights, namely a credible yet simple means of highlighting the potential financial loss against the project management costs that could be incurred.

Research conducted by Kappleman³, identify a key reason for project failure is a weak project manager. PLC Partners propose starting with this assumption, that an experienced top level project manager ensures success and our experience suggests that the Standish Groups research is valid, then let's calculate the cost of failure without project management. The cost of failure can be measured against the cost of management and hey presto some means of gauging benefit of management.

Applying current and organisational specific data to the calculation, including the cost of capital and benefit costs, it is possible to establish the cost of each months delay in getting the project operational and obviously the cost of complete failure. The Standish Group provide the magic information, namely the likelihood of distress and average delays per project by scale and armed with this information we are able to quantify the value of project management per project.

PLC Partners have developed a tool to simplify this task using realistic data from our experience of managing projects and can provide a valid and realistic demonstration of the value professional project management adds to your business. So no in summary, it is not because 'we're worth it' but because 'it's worth it', contact us to explore further.

References:

¹G Tekes and Y Caveras, *Benefits Realisation in Execution Focussed Companies vs. Project Management Excellence: What Really Matters?*, PMI Global Congress Proceedings, 2013.

²Standish Group International, *CHAOS Manifesto 2013, Think Big Act Small*, 2013.

³Adapted from: Kappelman, L.A., McKeeman, R., Zhang, L., *Early Warning Signs of IT Project Failure: The Dominant Dozen*, Information Systems Management, Fall 2006