



**Project Management Capability
Development**

Discussion Paper

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1. Project Management Capability Development

1.1. The Business Need

“Your best person will leave at the worst possible time.

Turnover is a fact of life. The longer a project goes on, the more likely a key person will leave. This could be a skilled developer or the Executive Sponsor. When this happens, it can have devastating results and put the project in peril.”

So begins The Chaos Manifesto’s treatment of the need for an enterprise view of organisational capability. While an ad hoc view of individual’s competence is often held in a Manager’s mind, how many organisations have an enterprise wide view of their project management capability?

Without having a quantified baseline of an organisation’s project management capability:

- Key positions are filled by who is available, not necessarily who is best for the role.
- Single point dependencies are not mitigated by a second or third person.
- Even worse, single point dependencies may not even be identified.
- Each project brings increasing risk to the organisation, as the ability of staff to effectively perform their functions is unknown – in effect, it becomes a gamble.

The Chaos Manifesto elaborates on these challenges below.

“Successful projects need smart, trained people. Competency is the quality of being adequately or well qualified to perform the tasks and assignments dictated by the project requirements. Competency is having the right level of skills necessary to perform the work to complete the project activities within the specified times and schedules. It is also the ability to demonstrate these qualifications to provide confidence in the other project participants.”

1.2. The Solution

Taking the risk out of project human resource selection and management is the Holy Grail of many organisations in 2010. With the volatility in the recruitment market over the last 18 months now behind us, there exists a need to:

- Have a quantified baseline of individual’s project management competence.
- Have a quantified baseline of an organisation’s project management capability.

From these baselines an organisation can:

- Conduct targeted upskilling to address high risk weaknesses in organisational capability.
- Profile staff and baseline their current Competency levels.
- Establish a performance management benchmark.
- Allow for informed decisions in regards to project allocation and resourcing levels.
- Identify education and other professional development needs.
- Develop plans to assist individuals in preparing for formal accreditation.
- Assess capabilities against an organisation’s project portfolio.
- Provide a framework for ongoing measurement of the currency of knowledge and competence, for compliance and audit purposes.

Delivering such powerful information into the hands of our customers is the purpose behind the PM-Partners group Online Project Management Capability Assessment.

While a Self Assessment of project management competence is a valuable tool in its own right, it requires validation. That's why the PM-Partners group Online Project Management Capability Assessment is comprised of three levels of Assessment:

- Project Resource (Self) Assessment.
- Line Manager Assessment.
- Customer/Sponsor Assessment.

From these Assessments the following two Reports are automatically generated.

- Self Assessment Report.
- 360⁰ Report.

Additionally, an experienced PM-Partners group Senior Consultant will generate a Corporate Report.

1.2.1. Self Assessment Report

This details the:

- Levels at which the Project Resource performs the projects tasks aligned with internationally accepted principles of Best Practice.
- Degrees of proficiency the Project Resource displays in executing these tasks at the selected levels.

For example:

- A Project Resource may manage cost at Program Manager level, but have a proficiency rating of only 40%.

The type of example above is in fact quite common. That is, an organisation may find that they have only three staff managing cost at Program Manager level, and none of those resources do so effectively. While obviously of immediate concern, this is in fact good news:

- The issue now has visibility, where it was previously hidden.
- Immediate action can now be taken to redress the situation.

This Report also includes detailed and prioritised Upskilling Recommendations. For example, an Upskilling Recommendation may be:

- Project Scope Management.
- In the Execution & Control Phase of the Project Life Cycle.
- This Upskilling Recommendation has an Upskilling Impact of 87% (ie. This requires immediate resolution).

1.2.2. 360⁰ Report

The Line Managers and Customer/Sponsors each complete an abridged version of the Assessment, which are then placed into a 360⁰ Report. From this Report an organisation can quickly ascertain the similarities and differences in perception of project management competence.

For example:

Knowledge Area	Respondent	Level of Operation	Degree of Proficiency
Scope	Project Resource	Project Manager	80%
	Line Manager	Team Member	50%
	Customer/Sponsor	Team Member	60%

In the example above, clearly the Line Manager and Customer/Sponsor do not share the Project Resource's optimistic view of him/herself. If replicated as a trend in the respondent group, this variance in perception will be hi-lited in the Corporate Report.

1.2.3. Corporate Report

The Corporate Report will identify statistically valid trends of strengths and improvement opportunities, as well as variances in perception.

For example:

Project Risk Management is seen as a	
Strength by	Weakness by
Project Resources	Management

This and other analysis techniques will be used to identify Key Observations throughout the Report, which will then be used to determine the Recommendations and Roadmap. Recommendations are typically represented in the following format.

Key Observations	Typical Impacts	Recommendation	Typical Benefits	Typical Action Items

1.3. The Benefits

The two key benefits of achieving an organisational view of project management capability are:

- Reduced costs.
- Reduced risk.

With the right resources selected for the right roles:

- Cost savings are generated through increased efficiencies.
- More projects are delivered on time.
- There exists greater stakeholder engagement and satisfaction.
- Stakeholder confidence in the organisation's ability to deliver on its projects is increased.

Project and Corporate risk is significantly produced by:

- The ability to maintain momentum in a project in the wake of key personnel's departure.
- Mitigate areas posing immediate operational risk through targeted upskilling.

- Ensure that key portfolios, programs and projects are assigned the most competent personnel.

1.4. Alignment with International Standards of Best Practice

The PM-Partners group Online Project Management Capability Assessment consists of statements that enable a participant to self assess competency against a genuinely unique database of statements reflecting Best Practice, as drawn from PM-Partners group’s experience in applying the following standards in real project environments. The result is a comprehensive suite of Statement Modules which apply across all industries and enterprise areas.

Source	Standard	Version
PM-Partners group	Knowledge Bank	1994-2010
International Organization for Standardization	Standard 21 500 A Guide to Project Management (2.1c2)	2010
Australian Institute of Project Management	Registered Project Manager Competency Standard	2008
Project Management Institute	Project Manager Competency Development Framework	2007
Defence Materiel Organisation	Competency Standard for Complex Project Managers	2006
Australian Qualifications Framework	BSB 51407 Diploma of Project Management	2004
Office of Government Commerce	Programme and Project Management Skills Framework	2004

1.5. The Chaos Report

Since the first Chaos Manifesto in 1994 [The Standish Group](#) has been the definitive source for global statistics of project success factors: Key enablers to project success, why they succeed and why they fail.

In late 2009 The Standish group released its latest Chaos Manifesto, which includes “the 100 Best Project Management Practices”. While PM-Partners group often leverages internationally accepted principles of Best Practice in enabling our clients, there is of course no “Best Practice For Everyone”. There exists Best Practice, and Best Practice For Your Organisation. As the cliché goes: Adopt, Adapt, Apply.

With these principles in mind the key principles of the Chaos Manifesto have been mapped to the PM-Partners group Online Project Management Capability Assessment. In Section 2 below you will find excerpts from the Chaos Manifesto on each of the Project Management Capability Development Knowledge Areas.

2. Project Management Capability Development Knowledge Areas

2.1. Project Scope Management

2.1.1. Definition

Project Scope Management entails the effective definition of a project to meet the Business Need, and the control of changes to the project in such a way as to keep the project's deliverables and outcomes in line with the Business Case.

2.1.2. Impact on Project Success

Having the right scope effectively defined is absolutely critical to the success of any project. There is little value in delivering on time and on budget, if the project produced the wrong outcomes. Every project exists to meet a need or to capitalise on an opportunity – effective scope definition and management is a key enabler to ensuring the project delivers its intended outcomes.

2.1.3. The Chaos Report on Project Scope Management

“Standish studies show only about 20% of the features and functions specified ever get used.

In the beginning of a project, the key to reducing both time and money is constraining scope to just those elements that are absolutely necessary. This is optimal. As you move forward you look at cost, risk, and gain of each requirement to optimize your scope.

The scope of a project must be contained.”

2.2. Project Cost Management

2.2.1. Definition

Project Cost Management entails the accurate (and progressively refined) estimations of all project costs, and the control of Actual Costs to align with Planned Costs.

2.2.2. Impact on Project Success

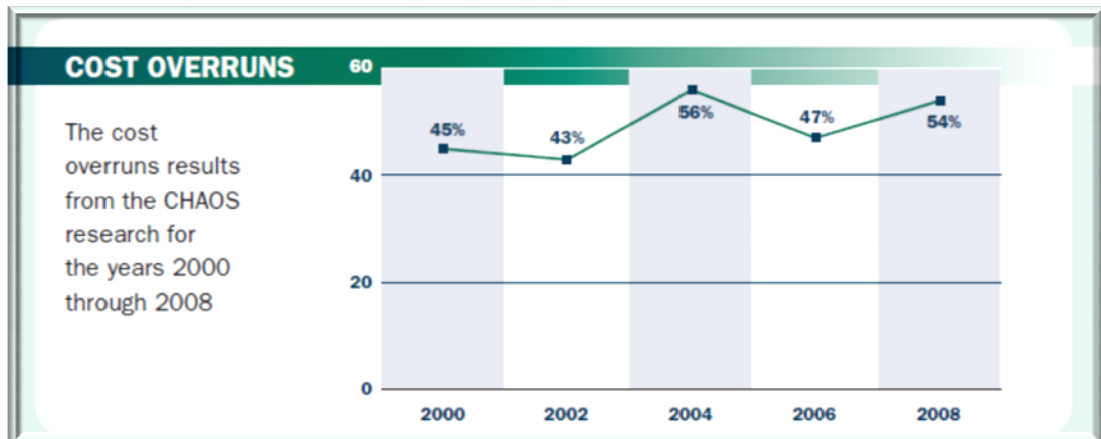
While delivery of a project on budget is obviously critical to every project, it is the processes and enablers that result in an on Project Budget which are often overlooked. That's why the PM-Partners group Online Project Management Competency Assessment Costs Module focuses on the tasks which lead to successful costing outcomes, and how best to manage stakeholder expectations of the budgeting process.

2.2.3. The Chaos Report on Project Cost Management

Project Managers have never had a greater array of cost management tools at their disposal, yet cost overruns continue to be a significant problems in projects across the globe. The key reason for this is the same as that for schedule overruns – software does not manage projects, people do.

Underpinning the chart below, the data indicates that projects over \$10 million only have a 2% chance of coming in on time and on budget, and represent a statistical zero in the success column.

Clearly, spreadsheets and software cannot contain costs. Project Resources skilled in the internationally accepted principles and practices of effective cost management are critical to any project keeping to its budget.



Source: *The Chaos Manifesto 2009*, page 10.

2.3. Project Risk Management

2.3.1. Definition

Project Risk Management is the proactive and continual identification, analysis, treatment and control of risk. This is not only critical to the success of each project, but also to the risk profile of the organisation.

2.3.2. Impact on Project Success

No project has ever gone completely to plan.

There are always challenges which may or may not impact project success, and in dealing with these challenges it is worth noting what Project Risk Management is not. Project Risk Management is *not*:

- Identifying and analysing risks, then doing nothing to prevent them. Prevention is always better than after the event damage control.
- Having a Risk Management method and/or templates. Ultimately people manage risks, and in many cases there are no guidelines on what to do in a certain situation. The ability to make decisions outside the safety of the normal is what separates those who just complete templates, from those who deliver successful projects.

2.3.3. The Chaos Report on Project Risk Management

“Risk is part of every project, but unnecessary risk should be avoided.

Inaction is the purest form of failure.”

As outlined above in the impact of risk management on project success, identifying risks is not enough. Knowing what to do about them, how to prioritise them and when to escalate are critical to the successful management of every project.

2.4. Project Schedule Management

2.4.1. Definition

Project Schedule Management entails the accurate identification, validation, tracking and control of all project activities. Like Project Cost Management, Project Schedule Management entails the proactive execution of numerous tasks to ensure the project runs to schedule (not just re-baselining every time the project runs late!).

2.4.2. Impact on Project Success

Sir Isaac Newton's First Law of Motion states that 'Nothing happens unless it is made to happen', and this is nowhere more accurate than in Project Management. No project will run itself to time, people must *make* the project run to time. The longer a project runs over time the greater the probability:

- That the Business Need may morph into something else.
- That the Business Opportunity will pass.
- That key resources will leave the projects.
- That the project's Benefits will be reduced.
- That key stakeholders will become disenchanted with the project and the Project Resources.

Conversely, a project with a well managed schedule has a far greater probability that it will:

- Deliver on time.
- Maintain stakeholder confidence.
- Deliver on the intended benefits.

2.4.3. The Chaos Report on Project Schedule Management

In comparing time overruns between 2006 to 2009, the Chaos manifesto notes an increase from 72% to 79%. That is: 79% of all projects ran over time.

Given the time sensitivity associated with many Business Cases, the subsequent dollars lost is phenomenal. Surely if 79% of all projects in one's own organisation ran over time, heads would roll. Yet in many cases this is the reality, with the guilty protected only by a lack of visibility of genuine project metrics.

2.5. Project Communications Management

2.5.1. Definition

Project Communications Management is Information Management. That is: Ensuring all project stakeholders have the information they require to deliver the outcomes required by the project. The stakeholder engagement aspects of Communications Management are addressed in Project Human Resources Management.

2.5.2. Impact on Project Success

Without the information required to successfully execute their tasks, project resources can only fail. The ability to conduct a comprehensive Communications Needs Analysis, then draft a tailored Communications Management Plan:

- Ensures consistency of messages.
- Ensures inclusion of all key stakeholders in the project.
- Ensures visibility of project progress to higher project authorities.
- Promotes transition of the project's final deliverable(s) into its operational environment.

2.5.3. The Chaos Report on Project Communications Management

Rather than isolate the lessons learned in regards to Project Communications Management in the Chaos Manifesto, it is elevated to the importance of a consistent theme woven throughout the entire report: "You have found several themes repeated throughout these pages: Communications and simplicity are keys to successful projects."

This underscores the importance of both:

- Efficient and effective Project Communications Management.
- The ability for competent Project Resources to use their professional judgement in the myriad of small decisions they make every day in a project.

Given that Project Resources must and will use their professional judgement regardless of their competence, it obviously makes sense to set them up for success by ensuring they are adequately equipped for their role.

2.6. Project Human Resources Management

2.6.1. Definition

Project Human Resource Management entails the organisation, management and leadership of the project team and key stakeholders. This Knowledge Area spans beyond just the project team to the proactive identification and engagement of project stakeholders.

2.6.2. Impact on Project Success

No method has ever delivered a project, it is of course people who deliver successful projects. The selection, management and leadership of the project team is absolutely critical to the efficient and effective execution of any project. Similarly, the ability to identify and engage a diverse range of stakeholders with varying expectations is often the difference between:

- A successful project.
- A successful project which is perceived by stakeholders as successful.

2.6.3. The Chaos Report on Project Human Resources Management

"The mantra of executing a project plan is communicate, communicate, and communicate. However, you need to have ears tied to brains to hear the message. The best plan will fail if you do not have skilled and competent workers in sufficient quantity to complete the tasks at hand.

Examine the matter of competency and what you need to consider in evaluating the competency of your staff and the team. Place workers with skills in jobs that will benefit the project.”

2.7. Project Quality Management

2.7.1. Definition

Quality Management is comprised of two quite distinct streams:

- The quality of the product/service/result which the project will produce. For example: An application which passed all testing, a Public Library which effectively serves the community, or a suite of re-engineered business processes which increase throughput with the same resources.
- The quality of the Project Management services delivered by the Project Resources. For example: The Steering Committee functions effectively, risk is managed and contained, the project is running on time and on budget.

2.7.2. Impact on Project Success

While quality of the physical product/service/result is often rightly at top of mind when determining stakeholder satisfaction, is the quality of the project management services delivered which enables product quality.

For example: A project which fails to engage its stakeholders, has no structured communications strategy, is behind schedule and over budget has almost zero probability of delivering a successful product.

Project Management is the key enabler of quality project outcomes.

2.7.3. The Chaos Report on Project Quality Management

In examining the importance of Project Quality Management on project success, the Chaos Manifesto targets the quality of the Project Management service delivered.

“It is crucial that the executive has a vested business interest and a commitment to a successful outcome. Most successful projects have quality executive sponsors with expert vision and prompt responsiveness. Challenged and failed projects typically lack quality executive support. In most cases, projects without quality executive support will perform poorly.”

This highlights the often overlooked necessity of upskilling the Project Sponsor. Does s/he know what a Project Sponsor is supposed to do? Does s/he know the project’s elevator pitch? Do they know how to champion the project to their fellow executives?

These are all crucial questions which a Project Manager must know how to answer for each project s/he manages. To ensure the Project Resources can manage and lead up, down and across the organisation is to significantly enhance the probability of project success.

2.8. Project Integration Management

2.8.1. Definition

Project Integration Management is comprised of three distinct streams:

- Integration of the project within the performing organisation. For example: The project is effectively integrated within the organisation's program and portfolio structure; the project is initially and remains aligned with the strategic goals of the organisation.
- Successful integration of all other Knowledge Areas. For example: The balance of scope, schedule and costs within budgetary constraints.
- Successful integration of the project with external environments. For example: External customers, vendors, regulatory bodies.

2.8.2. Impact on Project Success

To deliver on its intended benefits a project must maintain its strategic alignment with the organisation's strategic goals. Without this alignment progressively validated throughout the project, the project will deliver outcomes for which nobody asked.

Similarly, successful integration with the external environments ensures the project outcomes are fit for purpose.

Both these Integrations streams are enabled by the successful blending of all other Project Management Knowledge Areas.

2.8.3. The Chaos Report on Project Integration Management

"Clear Business Objectives" has been in the Top Ten Project Success Factors in every Chaos Manifesto since 1994. Without a Strategic Plan which provides sufficient guidance on when to approve, decline, defer or cancel a project, an organisation is a rudderless ship.

In implementing a Portfolio Management Architecture the Author has found on numerous occasions precisely this problem. The organisation may execute projects well, even execute programs well. But do these projects and programs bring measurable value to the organisation? Truth be told, nobody knows. This is due to the lack of clear and measurable business objectives which should be driving the organisation. The absence of such objectives is often uncovered when examining Project Integration Management on an enterprise level. This is actually good news, as now it has been hi-lited and can be addressed.

2.9. Project Procurement Management

2.9.1. Definition

Project procurement entails the effective:

- Identification of the goods and/or services required to deliver on the project objectives.
- Selection of appropriate supplier(s).
- Management and discharge of suppliers.

2.9.2. Impact on Project Success

In conducting Post Implementation Reviews on seriously challenged projects, PM-Partners group often ask Project Managers: “If you could change one thing about this project, what would it be?”. In many cases the response is “The vendor!”.

The ability to select the right vendor for the right project, and manage them in such a way as to produce the agreed deliverables with minimum variations is a genuine area of speciality in itself. While not every Project Resource needs a degree in commercial law, there are a small handful of principles and practices which greatly increase the chances of a mutually beneficial client/vendor relationship.

To identify the people who most require upskilling in this area is to address one of the most common and high value areas of operational risk.

2.9.3. The Chaos Report on Project Procurement Management

“Learn how to recognize trustworthy and untrustworthy vendors.

Try to find trustworthy vendors. A vendor is an organization that sells and provides hardware, software, and/or professional services. Trustworthy means worthy of being given the required responsibility to accomplish a task or project. Therefore, a ‘trustworthy vendor’ is an organization that you can trust to provide hardware, software, and/or professional services.”

3. Related Knowledge Areas

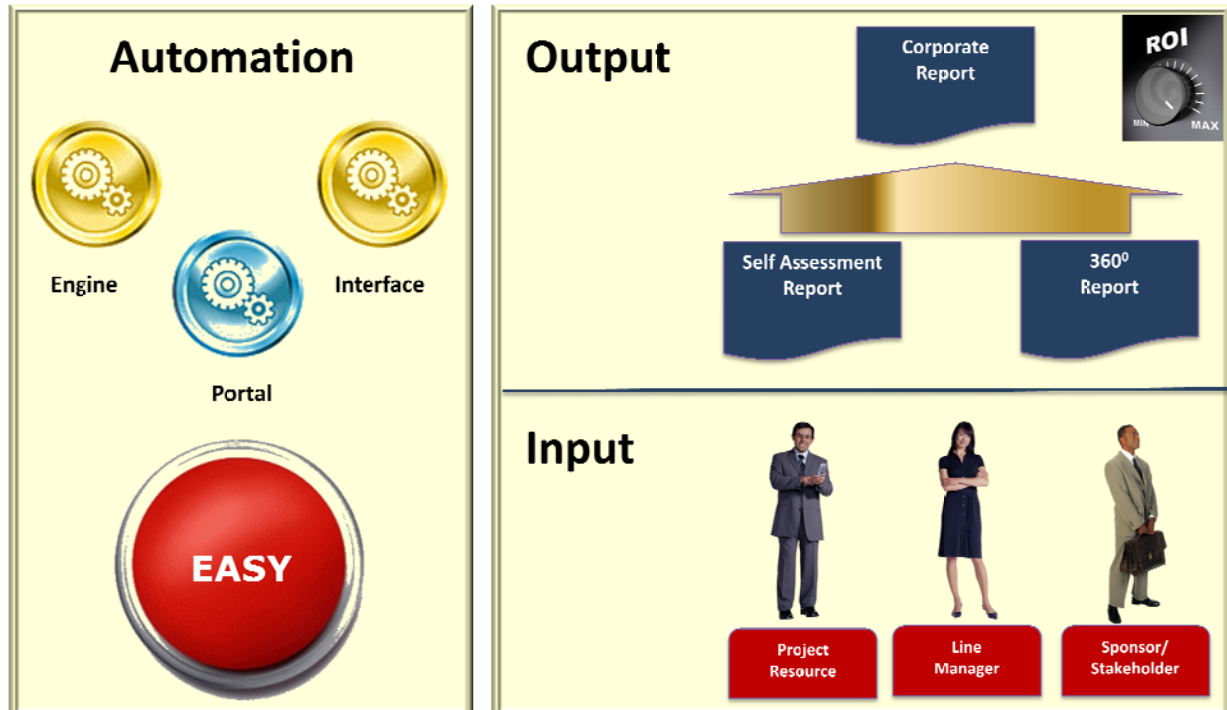
When going to the time and effort of achieving an organisational view of Project Management Capability, many clients ask for additional services to gain maximum value from the time invested.

That's why PM-Partners group have optional supplementary Modules which can be added to any Assessment.

Related Knowledge Area	Number of Statements
Business Skills & Attributes	10
Innovation & Leadership	15
Organisational Change Management	10
Organisational Profiles & Practices	10
Professionalism	5
Project Complexity & Adaptability	5

4. Conclusions and Business Benefits

The PM-Partners group Online Project Management Capability Assessment mechanics are best summarised per the diagram below.



With no organisational view of project management capability, an organisation:

- Is taking a significant gamble on every project it delivers.
- Fails to capitalise on the many opportunities for quick wins in organisational practices, policies and procedures.
- Fails to gain maximum value from its training budget, by not knowing which areas of upskilling will deliver the greatest investment.

The inherent benefits associated with an organisational view of Project Management Capability include:

- Cost savings through: Targeted upskilling, reduced rework and increased efficiencies.
- Reduced risk through: Areas posing the greatest operational risk are hi-lited for immediate rectification and the right resources are assigned to the right projects
- Structured Professional Development Pathways can be made on a informed basis, and used as a benchmark for future measurement.

The PM-Partners group Online Project Management Competency Assessment is genuinely unique in the Australian market. To discuss how PM-Partners group can best equip your organisation for project success contact PM-Partners group today.

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