From Project to Product

Project Lifecycle Management for Superheroes

Todd Howard

WITHIN THE NEXT HOUR…

"…Ultimately Digital consultant and author Todd Howard, will show you how to become a **software project superhero*** by learning how to recognize and exploit synergies that exist between project and product management, helping your organization to consistently minimize risk while realizing the promised benefits."

* No Pressure !?!

PURPOSE / PROMISE

1. <u>Explore why IT projects fail to deliver</u> on what was promised, and often implement "solutions" that don't fully meet the original vision

2. Discuss evolving approaches to achieving maximum benefit from IT projects through the integration of <u>project and product management</u>

3. Provide practical approaches that will allow you to more <u>consistently achieve promised benefits</u> – ideally, to meet or exceed implementation and sustainment goals, objectives, success measures

AGENDA

- Introduction (5 mins)

- Foundational Concepts (5 mins)

- It's All About Success (10 mins)

- A Proposed Approach (10 mins)

- Putting It Into Practice (20 mins)

- Questions & Answers (10 mins)

FOUNDATIONAL CONCEPTS (5 mins)

- Project Management (PM) Refresher

- Project Management Terminology

- A Project Is A Promise

Project Management Refresher*

- Projects are undertaken to meet objectives – often to <u>achieve a lasting outcome</u>

- Projects create <u>unique</u> or one-time: products; services; improvements; results; outcomes; outputs

- Projects have a beginning and end – they are <u>temporary</u> endeavours / organizations

- The end can be reached when:

  - the Project's objectives have been achieved;

  - the Project is terminated because its objectives will not or cannot be met;

  - the need for the Project no longer exists –its objectives are now irrelevant

- Sustaining outcomes is the responsibility of operations management which deals with ongoing production of goods and provision of services

* Paraphrased from: <u>A Guide to the Project Management Body of Knowledge 5th Edition</u>, © 2013, Project Management Institute

Project Management Terminology

Project Management Process Groups (PMI) – the PM Lifecycle
Initiating
Planning
Executing
Monitoring & Controlling
Closing

Portfolio:

- projects and programs managed as a group
- **"choose right things at right time"**

Program:

- related projects managed as a group
- **"ensures the right things get done"**

Project:

- **"do things well"**

A Project Is A Promise

- Projects are undertaken to deliver benefits

- When a project is approved a <u>PROMISE</u> is made

- Therefore, projects should be managed to ensure they deliver the enablers necessary to achieve the promised benefits…

- …<u>AND</u> project outcomes should be sustained so as to deliver the promised benefits

- Are we doing a good job at this today?

IT'S ALL ABOUT SUCCESS (10 mins)

- Some **APPALLING** Statistics...

- I Have Questions...

- A Practitioner's Observations

- Root Causes of Low Success Rates

- So... What Does Success Look Like?

A Distinct Lack Of Success

- McKinsey-Oxford 2012 study of 5400 IT projects:
  - Large IT projects deliver <u>56% less benefits than promised</u>
  - Biggest cause? <u>Unclear objectives</u> / <u>lack of focus on business value</u>
  - 17% of IT projects so bad they threaten organization's existence
- PMI studies ≈ 2500 respondents (year… after year…):
  - Organizations whose projects always deliver 95% of benefits = 9%
  - Projects that were deemed failure = 15 to 16%
  - Projects that completed within original budget = 53 to 55%
  - Projects that completed on time = 49 to 51%
  - Project that experienced scope creep = 44 to 45%

A Distinct Lack Of Success

- For every US $1 billion spent on projects… $122 million is wasted[1]
- When we have a total failure it's because what we deliver isn't what the business wants – it's not fit for use
- Common headline material in the US and Canada:
  - Hundreds of millions being written off because success is no longer achievable; or,
  - Going over budget by hundreds of millions to get back on track to where things should have been in the first place
- And that's just what makes its way into the public light

[1] Source: PMI Pulse of the Profession In-Depth Report - The Strategic Impact of Projects - Identify benefits to drive business results & Delivering Value – Focus on benefits during project execution, © 2016, Project Management Institute

Some Questions (And A Deltoid Workout)

1. Please put up your hands if... your organization formally approves initiation of all projects

2. Hands stay up if... you use a formal document (e.g. a Business Case)

3. Hands stay up if... your Business Case sets out a list of the benefits the project promises to deliver

4. Hands stay up if... the benefits set out in your Business Case are explicitly linked to documented strategic goals, and where appropriate, a financial cost-benefit analysis is included

5. Hands stay up if... on a defined frequency in the years following project delivery, you faithfully measure the actual benefits that were realized and compare these to what was promised in the Business Case

6. Hands stay up if... you measure your actual costs of ownership during the out-years and compare these to what was promised in the Business Case

PM Refresher-Refresher*

- Projects are undertaken to meet objectives – often to <u>achieve a lasting outcome</u>

- Projects create <u>unique</u> or one-time: products; services; improvements; results; outcomes; outputs

- Proj... org...

- The

  - t...

  - the Project is terminated because its objectives will not or cannot be met;

  - the need for the Project no longer exists –its objectives are now irrelevant

THIS DIVIDE IS A FUNDAMENTAL CONTRIBUTOR TO WHY PRODUCTS DON'T LIVE UP TO THE PROMISES OF THE PROJECT

- Sustaining outcomes is the responsibility of operations management which deals with ongoing production of goods and provision of services

* Paraphrased from: <u>A Guide to the Project Management Body of Knowledge 5th Edition</u>, © 2013, Project Management Institute

A Practitioner's Observations

1. Most benefit comes from operating the deliverables of the project

2. <u>Project</u> Management is ascendant over <u>Product</u> Management

3. We don't give our project and product teams adequate insight into a shared vision of the long term business benefits to be achieved through the products of their projects

4. Insufficient clarity on who is responsible for owning and managing delivery of benefits

Root Causes Of Low Success Rates

1. Not using formal approach to benefits management
   - Only 50% of organizations frequently identify measurable promised benefits that will achieve strategic goals
   - 86% of those who do identify benefits during justification say they later found that the benefits had been over-promised
   - 83% of organizations lack maturity with the full lifecycle of benefits realization management (hasn't increased in last 4 years)

2. Emphasize "on time, on budget, in scope" <u>over</u> "on purpose"
   - Less than 50% of organizations have project managers ensure project benefits stay aligned with strategic goals

3. Fail to consciously and diligently prepare for sustainment of the <u>product</u> of the <u>project</u>

* Source: PMI Pulse of the Profession In-Depth Report - <u>The Strategic Impact of Projects - Identify benefits to drive business results</u> & <u>Delivering Value – Focus on benefits during project execution</u>, © 2016, Project Management Institute

# So… What Does Success Look Like?

1. Maturity in management of portfolios, programs, projects, and products[1]
   - Those with mature PPM practices only fail to meet goal and intent 11% of the time
   - Where PPM practices are immature fail to meet goal and intent 66% of the time and waste 13 times more money

2. Managing project benefits is understood and accepted as underpinning all aspects of strategic success – it is woven into your lifecycles
   - Benefits are treated as the primary shared interest between PM's and Execs

3. Organizations identifying promised benefits during project justification[2]…
   - 54% more met the goal and intent
   - 51% more were within their project budget and 50% more were delivered on time

4. Mature benefits management practices = 67% less **<u>wasted</u>** $ on projects = $112 thousand saved per $1 million spent[2]

[1]Source: <u>PMI Pulse of the Profession In-Depth Report - The High Cost of Low Performance</u>, © 2016

[2]Source: <u>PMI Pulse of the Profession In-Depth Report - The Strategic Impact of Projects - Identify benefits to drive business results</u>, © 2016

A PROPOSED APPROACH (10 mins)

- Project & Product Lifecycles
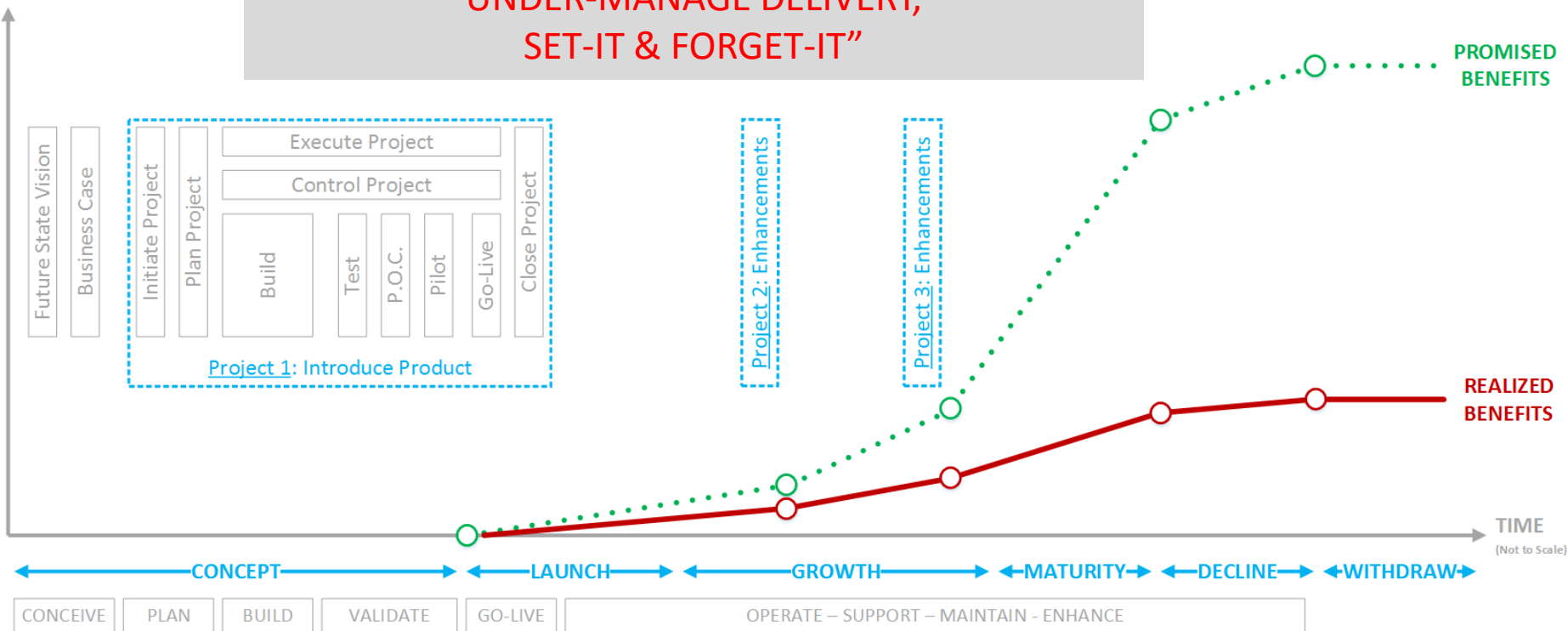
- An Integrated Benefits Management Lifecycle
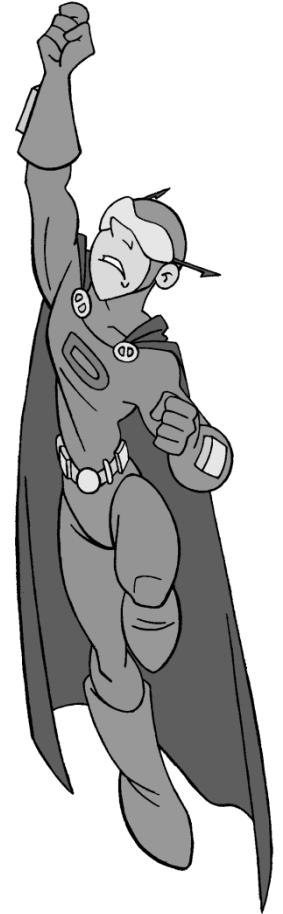
Project & Product Lifecycle Overlay
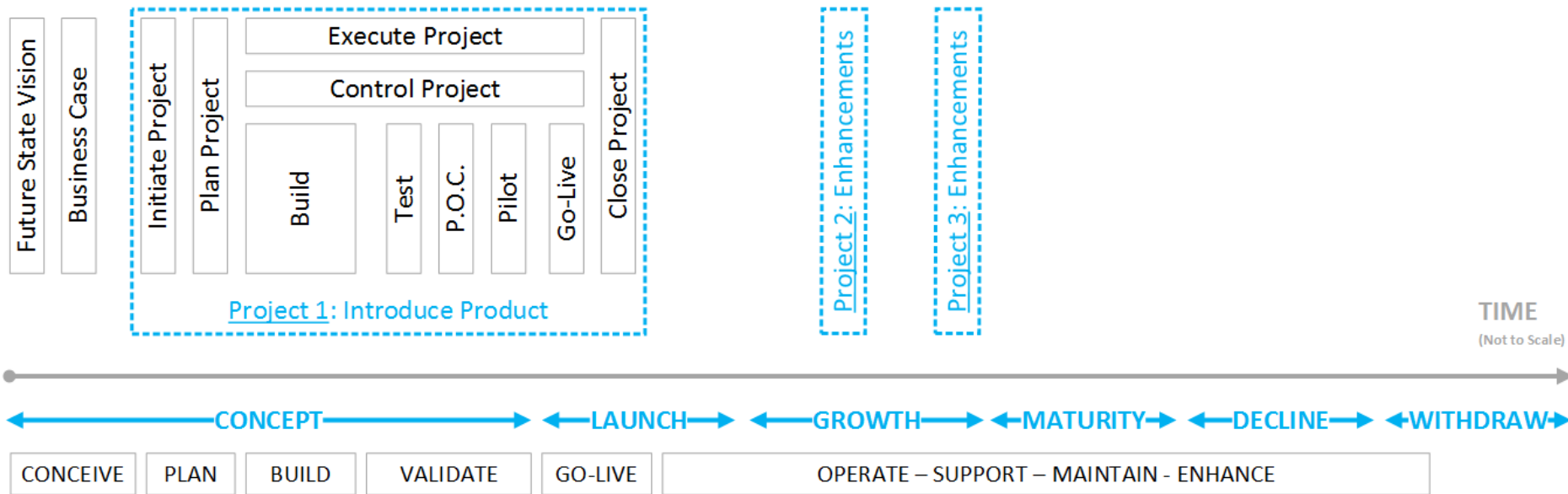
# Benefits: Promises vs. Reality

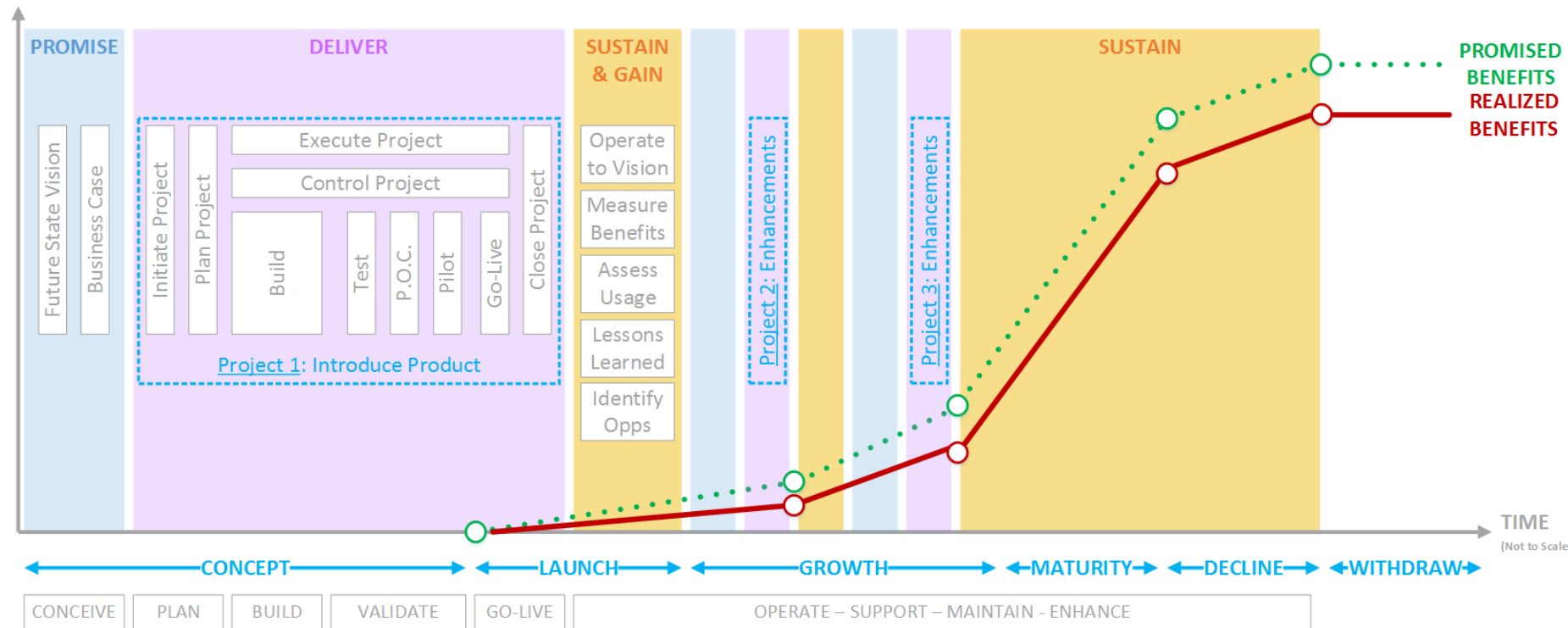# Integrated Benefits Management Lifecycle

Integrated Benefits Management	Key Activities
<u>Promise</u> Outcomes	• Identify candidate projects • Set out <u>WHY</u> they should be undertaken • Articulate a clear Future State Vision • Prioritize and approve our investments
<u>Deliver</u> Outcomes	• Manage <u>HOW</u> you deliver – "the project" – Initiating / Planning / Executing / Monitoring & Controlling / Closing • Manage <u>WHAT</u> you deliver – "the product"
<u>Sustain</u> Outcomes	• Operate <u>WHAT</u> the project delivered in a manner that will maximize ongoing realization of the promised benefits
Identify Opportunities for <u>Gain</u>	• Analyze and identify <u>WHAT</u> opportunities exist to make "gains"

Integrated Benefits Management
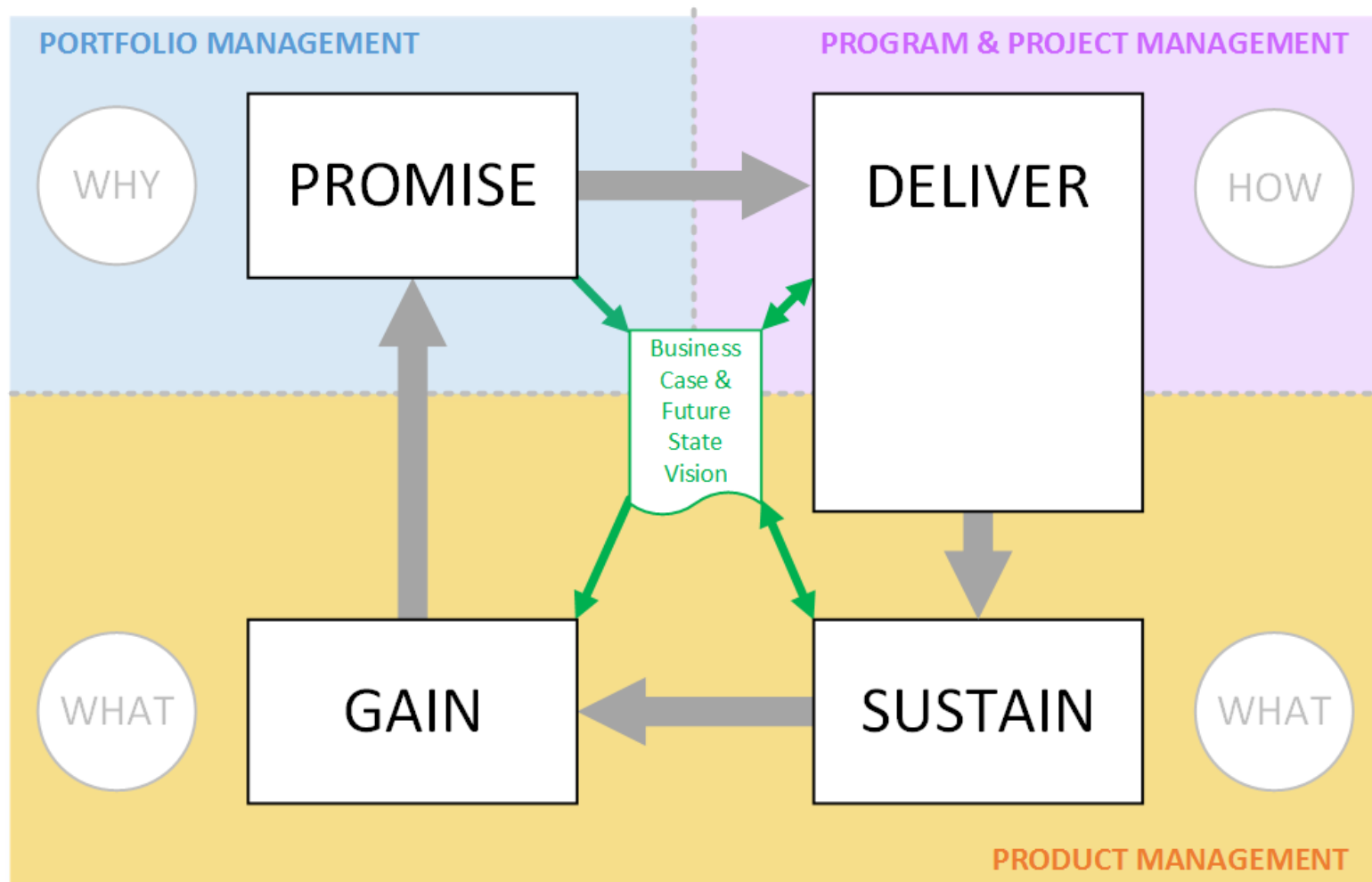
Benefits Management Lifecycle

NOTIONAL CUMULATIVE "BENEFITS" (Not to Scale)

PROMISE | DELIVER | SUSTAIN & GAIN | SUSTAIN

Future State Vision | Business Case

Initiate Project | Plan Project | Execute Project | Control Project | Build | Test | P.O.C. | Pilot | Go-Live | Close Project

Project 1: Introduce Product

Operate to Vision | Measure Benefits | Assess Usage | Lessons Learned | Identify Opps

Project 2: Enhancements

Project 3: Enhancements

PROMISED BENEFITS
REALIZED BENEFITS

TIME (Not to Scale)

←CONCEPT→ ←LAUNCH→ ←GROWTH→ ←MATURITY→ ←DECLINE→ ←WITHDRAW→

CONCEIVE | PLAN | BUILD | VALIDATE | GO-LIVE | OPERATE – SUPPORT – MAINTAIN - ENHANCE

PUTTING IT INTO PRACTICE (20 mins)

- Making Better PROMISES

- Ensuring Focused DELIVERY

- Maximizing SUSTAINED Benefits

- Identifying Opportunities For Further GAINS

- Making The Transition

- Summary

Putting It Into Practice - PROMISE

KEY ACTIVITIES:

Submit: Identify candidate projects by articulating a Future State Vision , and unambiguously identifying realistic promised benefits and delivery success measures in a Business Case

Assess Alignment: Ensure promised benefits are strongly aligned with organization's strategic plan

Cherry Pick: Approve and sequence projects to deliver maximum strategic value earliest

Manage Your Pipeline: Prioritize your projects. Be realistic in determining if now is the right time to approve a proposal (e.g. do you have skilled resources with sufficient availability & capability?)

Approve / Defer / Reject: Business Case must be formally approved based on standardized criteria prior to initiating a project. Can the project produce the benefit? Approved Business Case is baselined

PORTFOLIO MANAGEMENT

Strategy
External Environment
Internal Proposals
WHY

PROMISE

Business Case & Future State Vision
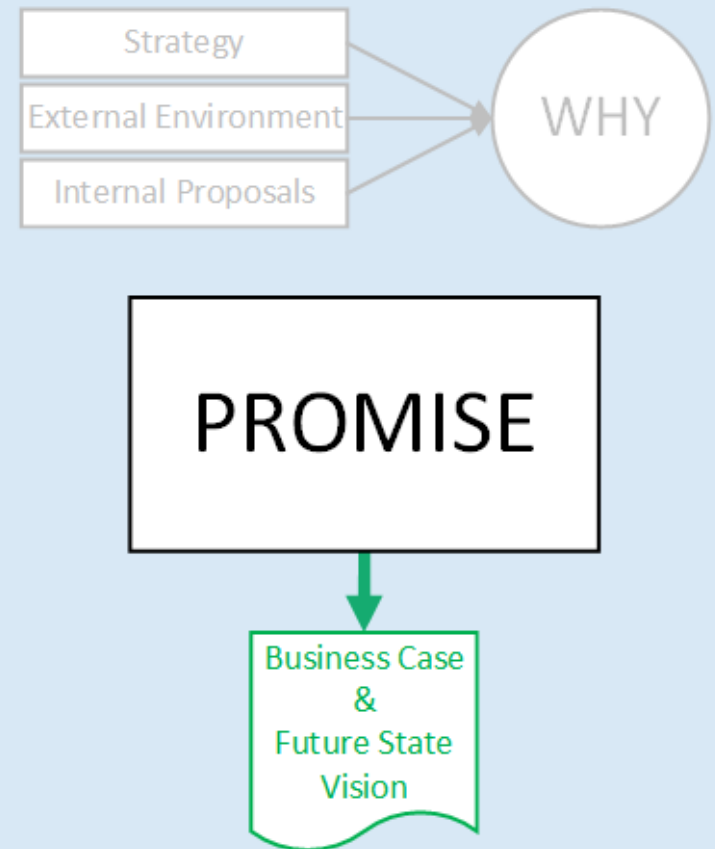
Putting It Into Practice - PROMISE

GOVERNANCE & TEAM:

Fund Business Case Creation: Believable Business Case for a sizable project, requires investment of time & effort to analyze / explore / refine

Cross-functional Team: Ensure broad collaborative participation in rigorous benefit identification – crucial to ensuring buy-in on realistic promises

Business Case Review: Are promises unambiguous and measurable? Are estimates rigorous? Etc.

Benefit Owner: Assign an owner to each promised benefit – they also sign off on Business Case

Key Roles:
- Executive Managers (Business & IT)
- Business Knowledge / Subject Matter Experts
- Business & Project Analysts
- Strategic Planner
- Key Internal & External Stakeholders

PORTFOLIO MANAGEMENT

Strategy

External Environment

Internal Proposals

WHY

PROMISE

Business Case
&
Future State
Vision
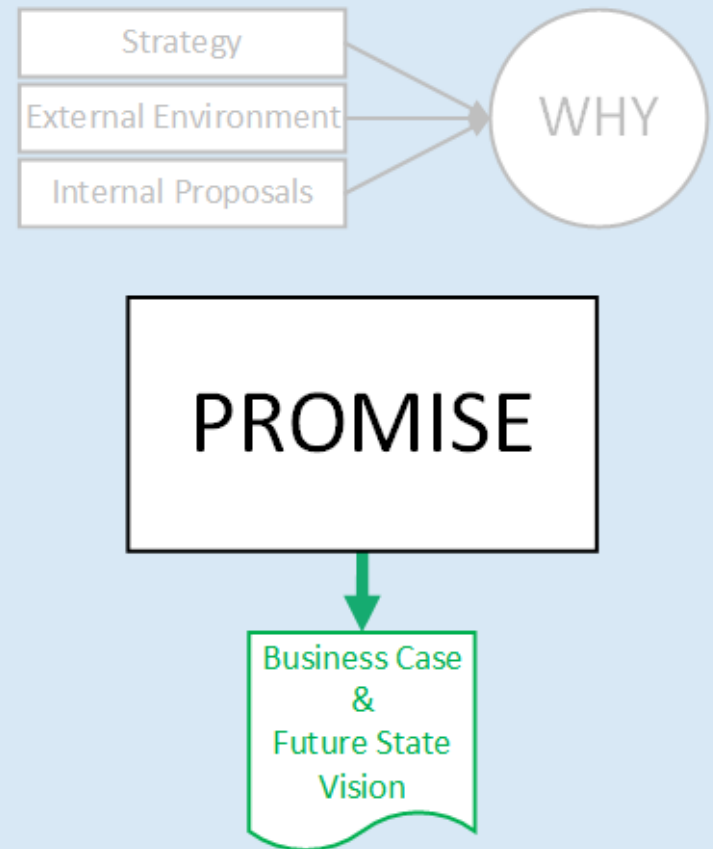
Putting It Into Practice - PROMISE

TOOLING & DOCUMENTS:

Single Source: One source of approved Goals / Objectives / Delivery Success Measures / Benefits for the project – easily accessible by stakeholders

Traceability: Provide a simple mechanism to relate project and product activities & deliverables to the PROMISE – this implies a benefits traceability matrix
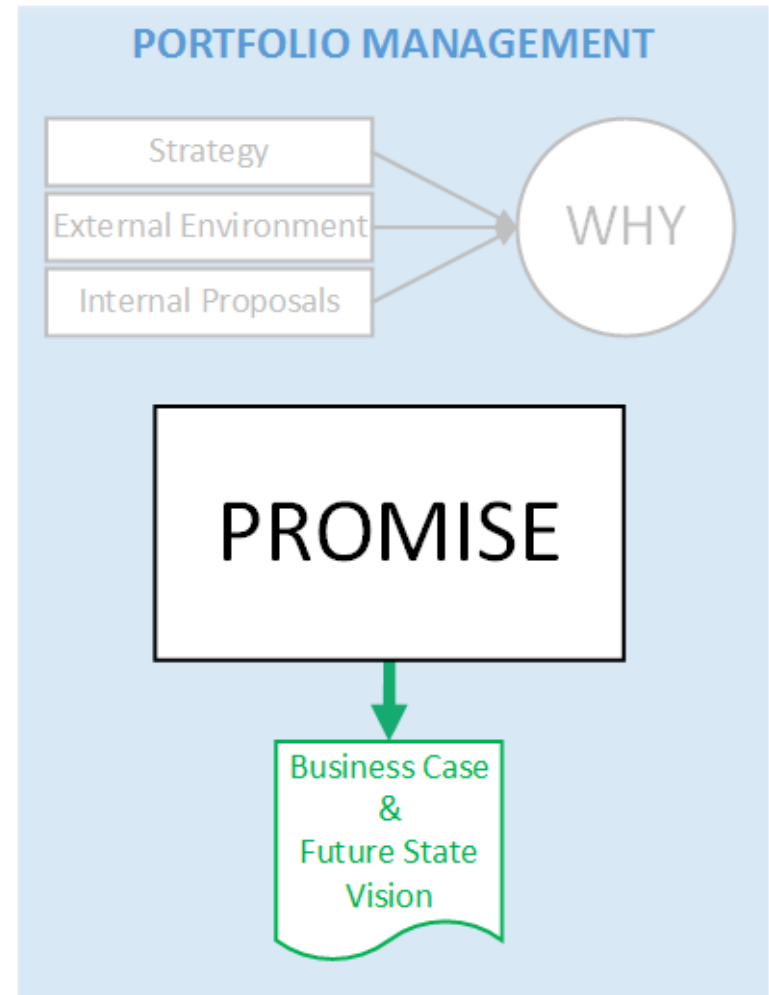
Acceptance Criteria: Document acceptance criteria that validate if the PROMISE is met

Cost Estimation: Use formal estimating methods – document at line-item-level details and assumptions (facilitates both validating assumptions during an approved project, and lessons learned to improve Business Case creation)

Portfolio Management Tools: Necessary to provide enterprise view of resource availability, project task dependencies (e.g. integrated schedule of key milestones – start and finish dates) and risk. May offer automation of project request, prioritization, and approval.

PORTFOLIO MANAGEMENT

Strategy

External Environment

Internal Proposals

WHY

PROMISE

Business Case & Future State Vision

Putting It Into Practice - DELIVER

KEY ACTIVITIES:

Pillars of Purpose: All team members must read, understand, and take to heart that they must deliver on the PROMISE
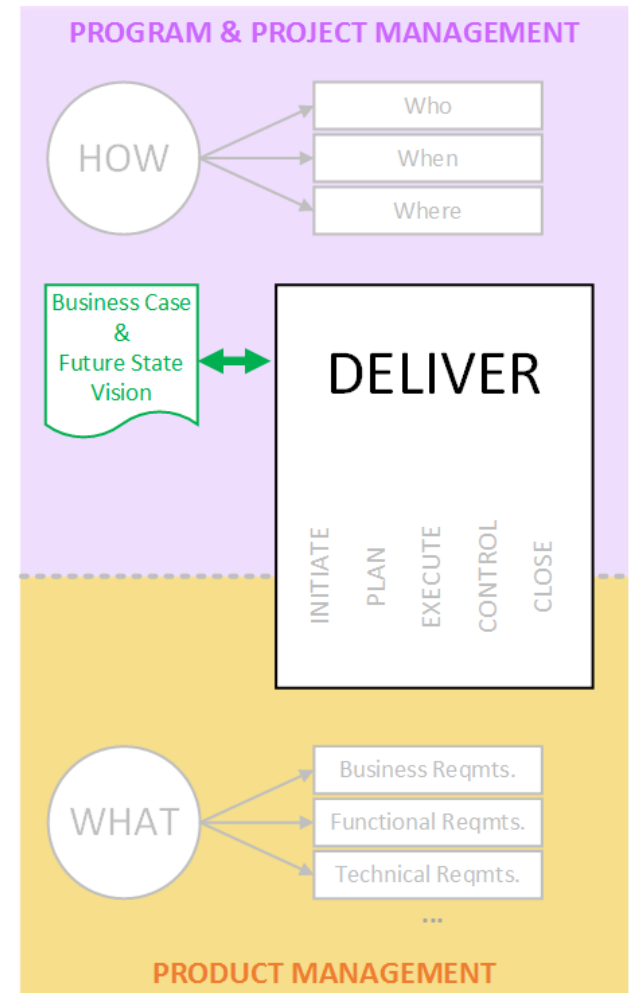
Checkpoint Reviews: A true focus on the PROMISE requires reviews at key milestones to ensure benefits are on track. Treat these reviews as early go-no-go gates. Examples:

- Fit/Gap Analysis
- Detailed Design & Prototype Walkthroughs
- Testing
- Training
- Proof-of-Concept & Pilot (key on innovative projects)

Update Business Case: Update approved baseline with any changes. As you learn more, refine estimates, validate assumptions, and then refine benefits that can realistically be delivered – LIVING DOCUMENT

PROGRAM & PROJECT MANAGEMENT

HOW
- Who
- When
- Where

Business Case & Future State Vision ↔ DELIVER

INITIATE | PLAN | EXECUTE | CONTROL | CLOSE

WHAT
- Business Reqmts.
- Functional Reqmts.
- Technical Reqmts.
...

PRODUCT MANAGEMENT

Putting It Into Practice - DELIVER

GOVERNANCE & TEAM:

Integrate Project & Product Lifecyles: PM practices and people govern HOW the project is delivered. Product management practices and people carefully integrated within each project govern WHAT the project delivers.
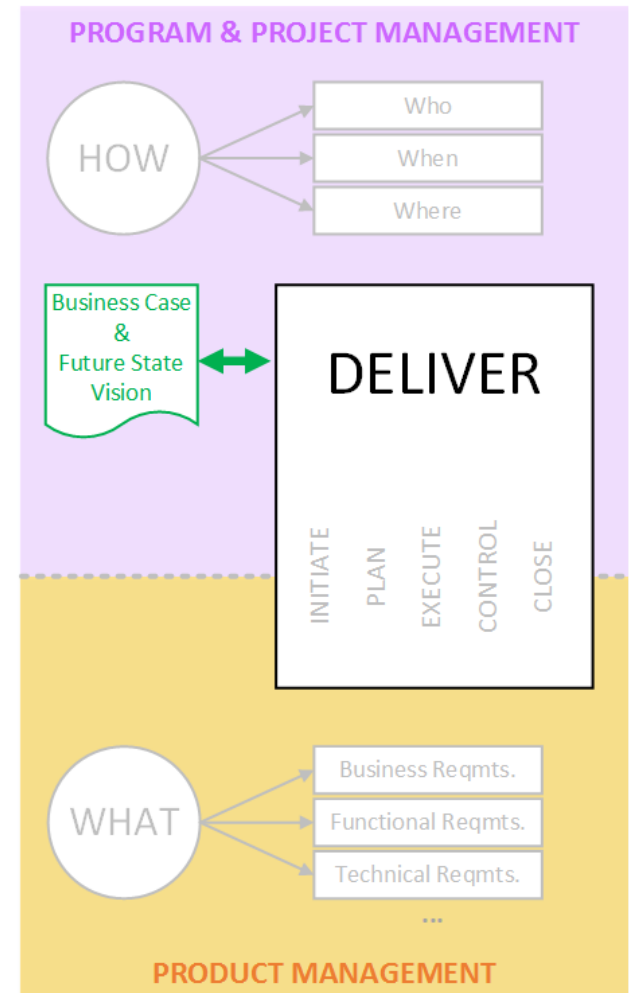
Measure / Monitor / Report: Add progress against benefits to status reports and standing agendas: Steering Committee; Project Status meetings; etc.

Manage Strategy Changes: Trace changes in strategy statements to in-flight projects to determine whether a project should be continued, changed, or terminated

Manage Project Changes: Determine how project changes affect ability to deliver on the PROMISE. If not on track, determine if, and how, you can get back on track.

PROGRAM & PROJECT MANAGEMENT

HOW → Who / When / Where

Business Case & Future State Vision ↔ DELIVER

INITIATE | PLAN | EXECUTE | CONTROL | CLOSE

WHAT → Business Reqmts. / Functional Reqmts. / Technical Reqmts. ...

PRODUCT MANAGEMENT

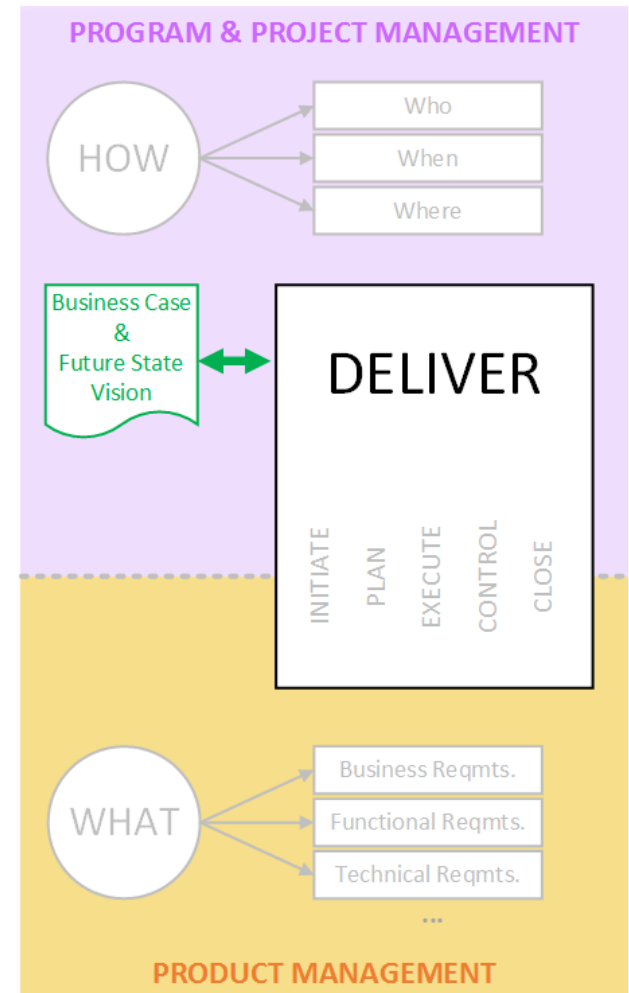# Putting It Into Practice - DELIVER

GOVERNANCE & TEAM:

Benefits Management Board: Monitor whether in-flight initiatives will achieve their PROMISE based on progress-to-date and on adapting to changes (e.g. changes in strategy / needs / external environment)

BMB either connects with other governance bodies, or takes on responsibilities from: Steering Committees; Change Control Board; Design Authority. Composed of Execs, Benefit Owners, project & product management staff

Key Roles:
- – Project / Program / Portfolio Managers
- – Business Analysts &Business Subject Matter Experts
- – Benefit Owners (e.g. Senior Mgmt / Executive Sponsor)
- – Key Internal & External Stakeholders
- – Information Technology Lead

PROGRAM & PROJECT MANAGEMENT

HOW
Who
When
Where

Business Case & Future State Vision

DELIVER

INITIATE PLAN EXECUTE CONTROL CLOSE

WHAT
Business Reqmts.
Functional Reqmts.
Technical Reqmts.
...

PRODUCT MANAGEMENT

Putting It Into Practice - DELIVER

TOOLING & DOCUMENTS:

Benefits Management Plan: Used to effectively and efficiently measure, monitor and report on progress towards benefits

Business Case Key Input To…: Project Charter; Benefits Management Plan; Project Scope Statement; Organizational Change Management Plan; etc.
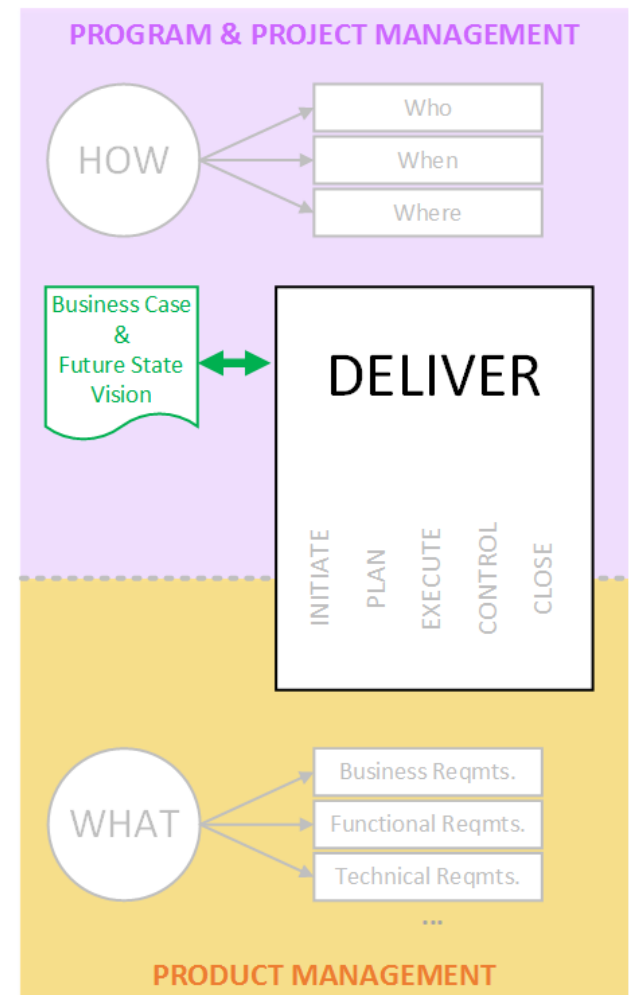
Project Health Report: Show all promised benefits for the project, and the relative progress towards, and risk to, delivering the outcomes / outputs to enable realizing those benefits

Requirements Management Tools: To support effective and efficient long term product management. In particular, to maintain accurate point-in-time detail of how the product functions

Project Management Tools: Basic table stakes tooling to support creating and maintaining: project schedule; risk log; issues log; change log

PROGRAM & PROJECT MANAGEMENT

HOW

Who
When
Where

Business Case & Future State Vision

DELIVER

INITIATE | PLAN | EXECUTE | CONTROL | CLOSE

WHAT

Business Reqmts.
Functional Reqmts.
Technical Reqmts.
...

PRODUCT MANAGEMENT

Putting It Into Practice - SUSTAIN

KEY ACTIVITIES:

Sustain To The Promise: Operate the project outcomes in a way that maximizes ongoing realization of promised benefits
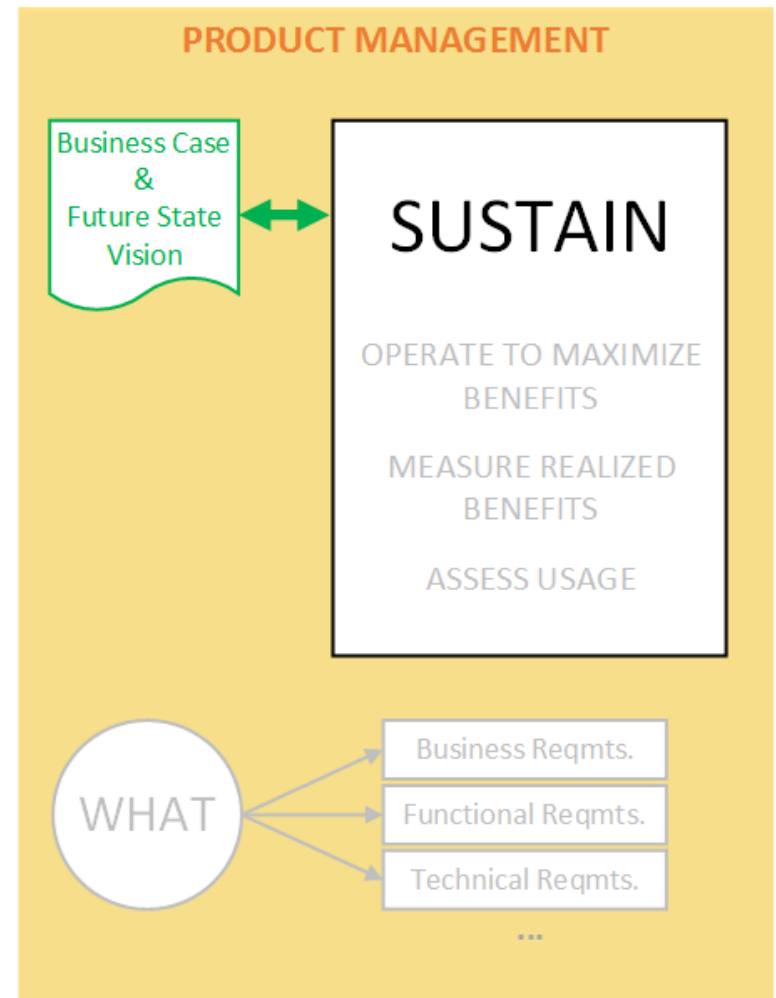
Measure Benefits: On a defined frequency throughout the life of product, measure realized benefits and actual costs.

Assess Usage: What is the adoption rate? How well have you met adoption targets? Who is using it? Are they using it as intended?

Maintain Product Documentation: Any time you enhance your products assess whether you need to update product documentation (key considerations – does it alter benefits? – does it alter how testing or training would be conducted)?

PRODUCT MANAGEMENT

Business Case & Future State Vision

SUSTAIN

OPERATE TO MAXIMIZE BENEFITS

MEASURE REALIZED BENEFITS

ASSESS USAGE

WHAT

Business Reqmts.

Functional Reqmts.

Technical Reqmts.

...

Putting It Into Practice - SUSTAIN

GOVERNANCE & TEAM:

<u>Sustainment Culture:</u> Business & IT Operations participated in the PROMISE and DELIVER stages – now they must embrace a culture of sustaining the outputs and the outcomes in a way that maximizes ongoing realization of promised benefits
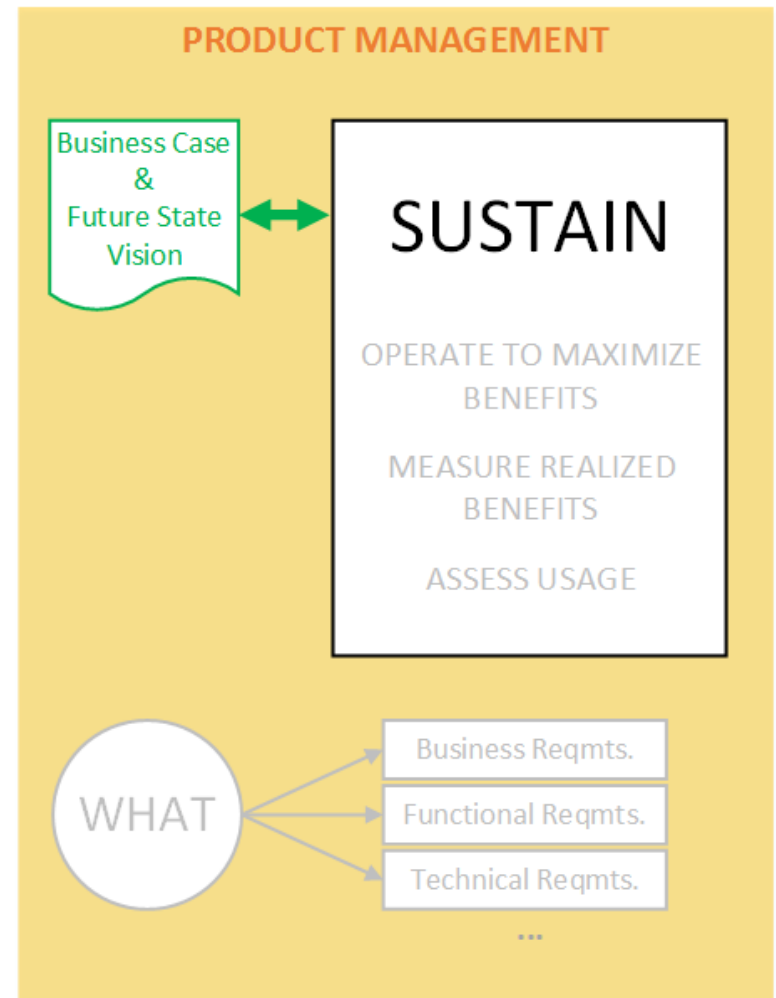
<u>Liaise With BMB:</u> Those who SUSTAIN must work with the Benefits Management Board to review the reported benefits and make decisions on how best to deliver on the PROMISE going forward

<u>Key Roles:</u>
- **Benefit Owners!!!**
- Business Operations Leads
- Business Systems Manager / IT Leads

PRODUCT MANAGEMENT

Business Case & Future State Vision

SUSTAIN

OPERATE TO MAXIMIZE BENEFITS

MEASURE REALIZED BENEFITS

ASSESS USAGE

WHAT

Business Reqmts.

Functional Reqmts.

Technical Reqmts.

...

Putting It Into Practice - SUSTAIN
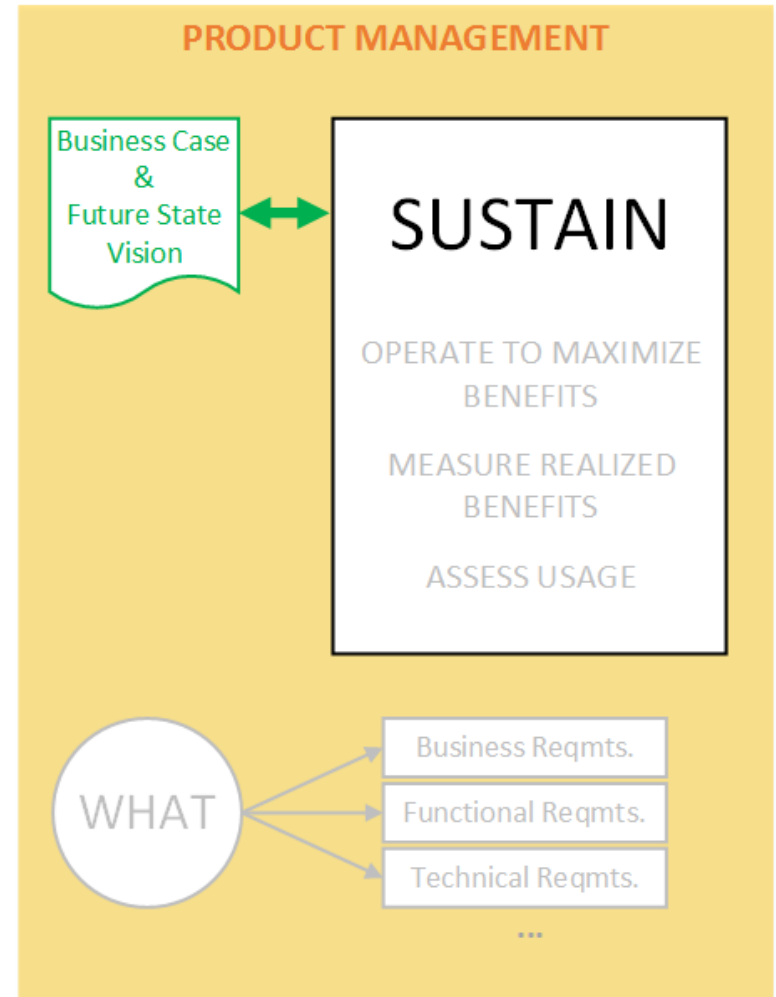
TOOLING & DOCUMENTS:

Benefits Realization Scorecard: Standardized documentation for reporting realized benefits. Report back to the BMB.

Cost Reporting: Standardized documentation for reporting on the degree to which estimated costs were accurate. Report back to the BMB.

Usage Reporting: Standardized reporting on adoption rates by segment (e.g. user group, business function, geographical region, channel, etc.)

PRODUCT MANAGEMENT

Business Case & Future State Vision

SUSTAIN

OPERATE TO MAXIMIZE BENEFITS

MEASURE REALIZED BENEFITS

ASSESS USAGE

WHAT

Business Reqmts.

Functional Reqmts.

Technical Reqmts.

...

Putting It Into Practice - GAIN

KEY ACTIVITIES:

<u>Lessons Learned:</u> Looking for opportunities to continuously improve benefits management processes. Determine causes for variance between promised and realized benefits:

- PROMISE: business case quality; estimation methodology; prioritization and approval procedures
- DELIVER: review phase / project closure reports re. governance effectiveness; change control; SDLC
- SUSTAIN: audit operations to see if we are missing opportunity to maximize realized benefits

<u>Identify Opportunities:</u> Assess current state (quantitative & qualitative) > revise Future State Vision > assess gaps > draft High-Level Requirements & Business Case. Informed by:

- How the product is being used (pluses and pain points)
- Deferred project scope
- Trends and external environment (opportunity & risk)
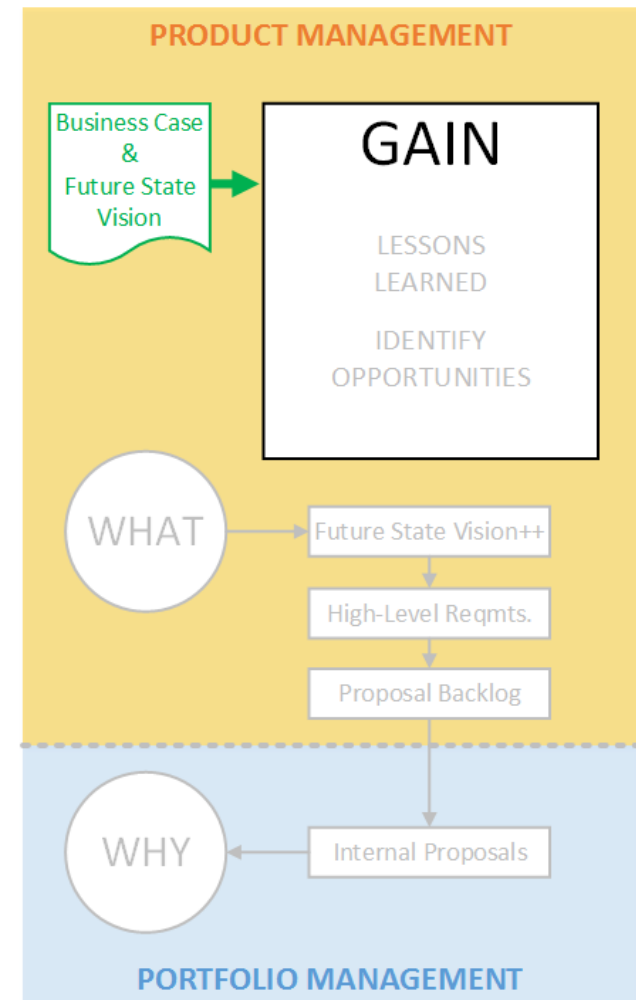
Putting It Into Practice - GAIN

GOVERNANCE & TEAM:

Staff & Fund Innovation: Put your money where your mouth is. Need to invest staff, time and money into exploring and shaping opportunities (e.g. feasibility study).
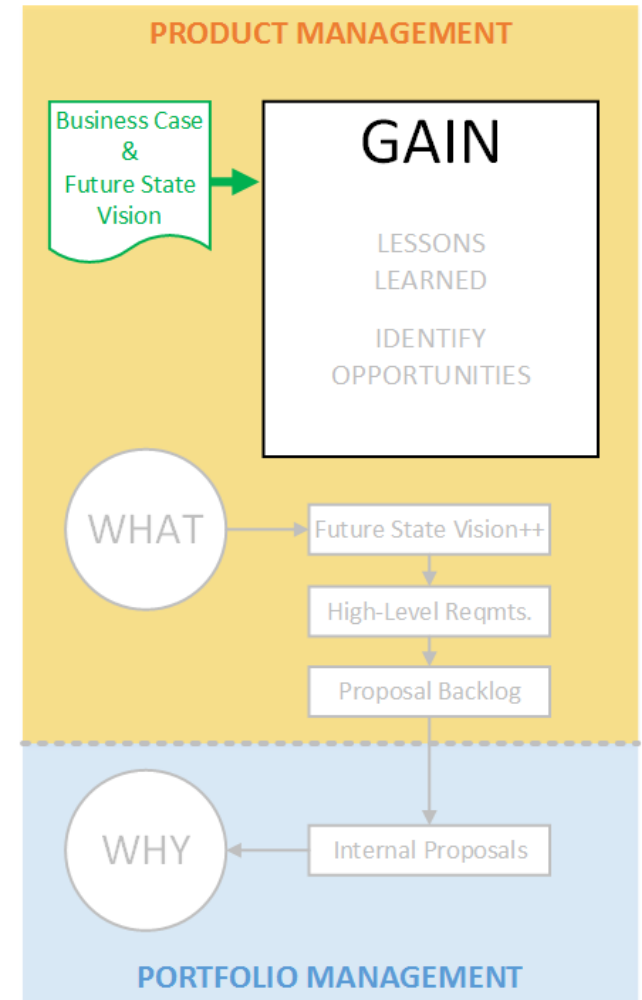
Innovation Forums: Provide your innovators with forums in which to solicit input and to promote innovative opportunities. May include:
- Benefits Management Board (e.g. report back)
- User Groups (e.g. solicit ideas and provide a sounding board)
- PPMO (e.g. process improvements)

Key Roles:
- Innovators & Experimenters
- Business Analysts
- Experts (human computer interaction specialists, industrial engineers for time & motion)

PRODUCT MANAGEMENT

Business Case & Future State Vision → GAIN

LESSONS LEARNED

IDENTIFY OPPORTUNITIES

WHAT → Future State Vision++

High-Level Reqmts.

Proposal Backlog

WHY ← Internal Proposals

PORTFOLIO MANAGEMENT

# Putting It Into Practice - GAIN

TOOLING & DOCUMENTS:

Future State Vision: Updated to reflect identified opportunities for gain that have met with agreement

High-Level Requirements: Use your requirements management tool to capture requirements to close gaps between current and future state

Draft Business Case: Populate your Proposal backlog with draft Business Cases. As the portfolio of projects adapts, you will decide whether to invest in fully fleshing out a Business Case
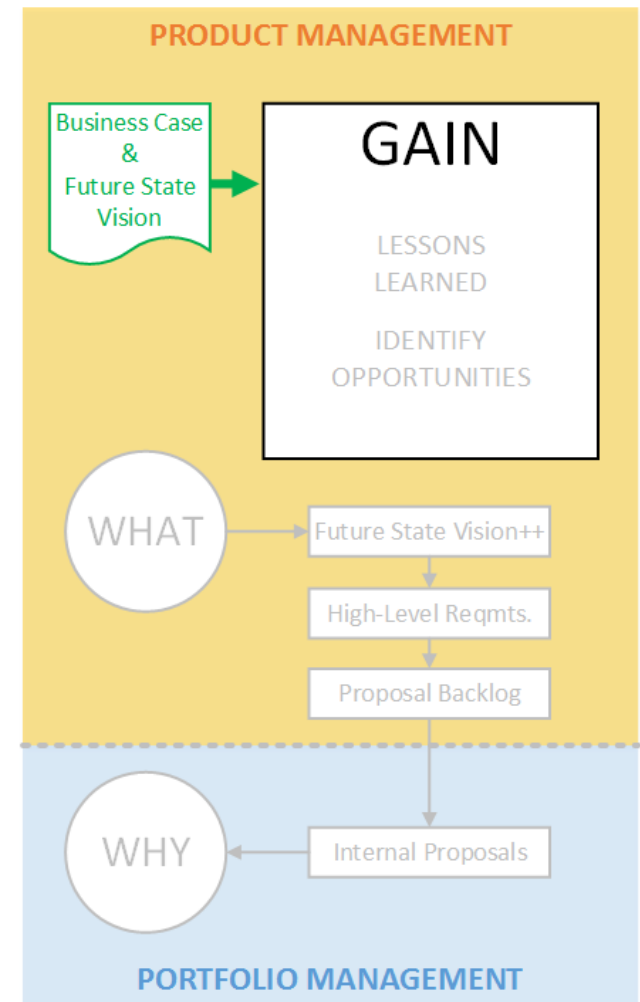
Making The Transition

Near-Term

Research / socialize benefits management

Find root causes of your success issues

Design new benefit management process and governance

Quick Wins!

Long-Term

Implement appropriate tools

Implement new benefit process & governance

Start hitting the benefits bulls-eye

Benefits Management Suggestions

Key Activities	Governance & Team	Tooling & Documents
Targeted to eliminate your root causes of failure and to mitigate risks Checkpoints to ensure: • The <u>PROMISE</u> is realistic, unambiguous & approved • <u>DELIVERY</u> of the <u>PROMISE</u> • Outcomes are <u>SUSTAINED</u> to maximize benefits • You continually learn and suggest further <u>GAINS</u> Integrate and streamline the new benefits processes	Should be cross-functional Integrate management of project, product, benefits and change control Staff key roles with skilled portfolio, program, project and product managers Regularly monitor, measure & report on key indicators to determine if on track to meet the PROMISE – be willing to correct/terminate	Look for opportunities to automate using appropriate tools (e.g. traceability) Simplify and standardize your document templates (e.g. they should be "enablers" not "disablers") Eliminate duplication of content across documents

Benefits Management Suggestions

Project Management	Product Management
Focuses on HOW you deliver: • Project Management Lifecycle	Focuses on WHAT you deliver: • Systems Development Lifecycle
Standardized documentation that: • Supports managing delivery risks • Effectively and efficiently supports client acceptance • Will be progressively elaborated as a project unfolds Examples: Business Case; Project Charter; Project Management Plan; Risks; Issues; Actions; Schedules; Status Reports; etc.	Standardized documentation that: • At any point-in-time details a current and accurate view of how the product functions • Is created during the project that first introduces the product • Is maintained per ongoing enhancements, as well as in parallel with new project delivery • Provides traceability to Business Case Examples: Business Requirements; Functional Requirements; Technical Requirements; System Design Specification; Test Artefacts; etc.

In Summary
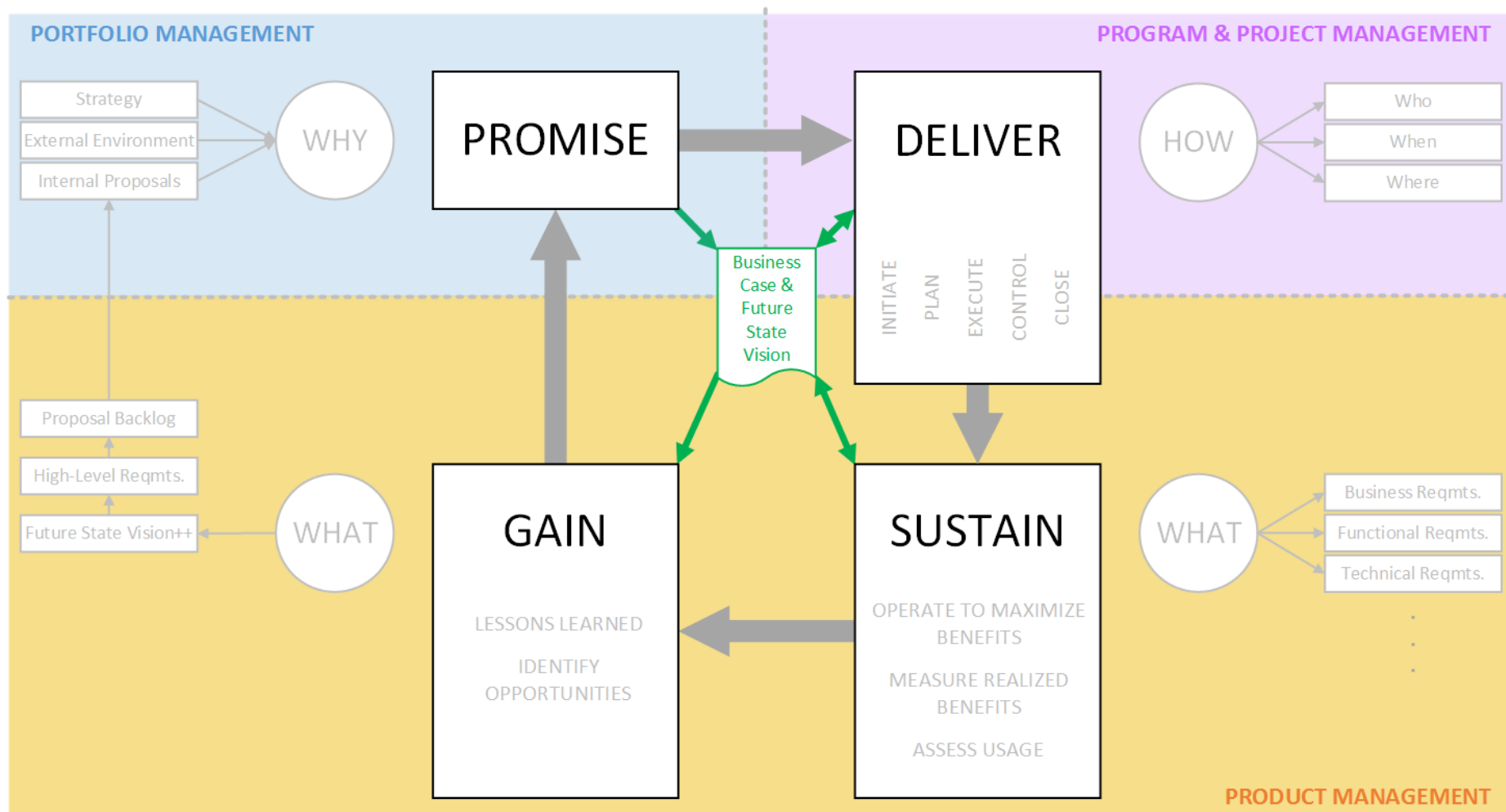
QUESTIONS & ANSWERS (10 mins)

- Any questions today?

- …questions tomorrow

  Todd Howard, P. Eng., PMP

  thoward@digitalhero.com

  +1 (416) 419 4722

- Also, keep your eyes open for my new book on Amazon!

LEAVING YOUR LEGACY

THE LEGACY SYSTEMS REPLACEMENT HANDBOOK

TODD B. HOWARD