

# IT Management

Projects, programs and business change

David McKean




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IT Management: Projects, programs and business change

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# About the author and IT Leaders

David McKean is a former CIO, having worked for several multi-national companies around the world, including AT&T ventures in Asia, UPC Nederland in Holland and Cable & Wireless in the UK. He is now the managing director of IT Leaders Ltd, a leading provider of IT management training. He has worked alongside some of the top IT leaders in the business and shared experiences with countless IT managers and CIO's from around the world.

IT Leaders runs public and in-house courses, as well as providing distance learning and blended programmes. Public courses are run regularly in the UK and internationally, and are accredited by the Institute of Leadership and Management. Delegates include IT managers from all companies world-wide of every size and industry. Our clients include Accenture, Allen & Overy, Alstom, Amey, Barclays, Boeing, BT, Capita, Debenhams, DHL, HP, HSBC, John Laing, Philips, Rothschild, Royal Bank of Canada and Siemens.

The IT Leaders programme looks at 8 key IT leadership skills, including organizational politics for IT managers, leading IT teams, business and IT strategy, technology innovation, crisis leadership, business change leadership, senior level influencing and corporate leadership. The IT business management programme topics include IT to business alignment, business relationship management, communications skills for IT managers, operational excellence and managing IT teams. The IT commercial management programme is run jointly with Mayer Brown, a leading provider of legal services in IT sourcing market. Topics include IT sourcing frameworks, creating a sourcing strategy, key contractual considerations for IT managers, service level agreements, negotiation strategy, negotiation skills, vendor assessment and finance for IT managers. The blended and distance learning programmes are available world-wide and are based on the 10 management skills model developed by IT Leaders. Courses are live and interactive, using on-line seminars, e-learning and assignments backed by a comprehensive course guide and mentoring from the course leader.

IT Leaders also runs a vibrant network of IT Managers, available to former delegates and all other IT managers for a small annual subscription. The network group is vendor independent and meets three times a year. There is also a LinkedIn IT Leaders network which is open to IT managers from all disciplines. The best way to join is to connect to the author David McKean and request an invitation to the network.

I would like to express my particular thanks to the expertise of key contributors - Iain Begg for guidelines for successful project delivery ([www.imb-consulting.co.uk](http://www.imb-consulting.co.uk)), Keith Baxter of DeRisk on risk management ([kbaxter@de-risk.com](mailto:kbaxter@de-risk.com)) and VersionOne for their summary of agile methods ([www.versionone.com](http://www.versionone.com)). I would also like to thank Mark, Wes, John, Peter and Stephen for their case stories.

This book is based on the experiences of our delegates and additional interviews with CIO's of several leading organizations. If you have any comments or IT management guidance that you would like to be considered for future editions, please feel free to email me at [david.mckean@itleaders.co.uk](mailto:david.mckean@itleaders.co.uk)

You can also purchase David McKean's printed book [IT Management: Managing People 1](#) on Amazon.

# 1 An introduction to IT projects, programmes & change

This book is the third of four in our IT management series. It covers the management of IT projects, programmes and business change leadership. Other books in the series cover IT management skills for managing people (book 1), IT strategy & innovation (book 2) and IT business, operational and commercial excellence (book 4). The outline of the books in the series is shown in table 1 below.

Book 1 - Managing people  Managing yourself Managing IT teams Business relationship management Working with senior execs	Book 2 - IT strategy and technology innovation  Business strategy IT strategy Technology innovation Communicating and governance of IT strategy
Book 3 - Managing IT projects & leading change  Project & programme management Project portfolio management Guidelines for project & programme excellence Risk management The role of IT managers in leading business change	Book 4 - Business management & operational performance  IT to business alignment A model for IT governance Models for operational excellence Crisis management & leadership Technology sourcing & negotiation Finance for IT managers

Table 1

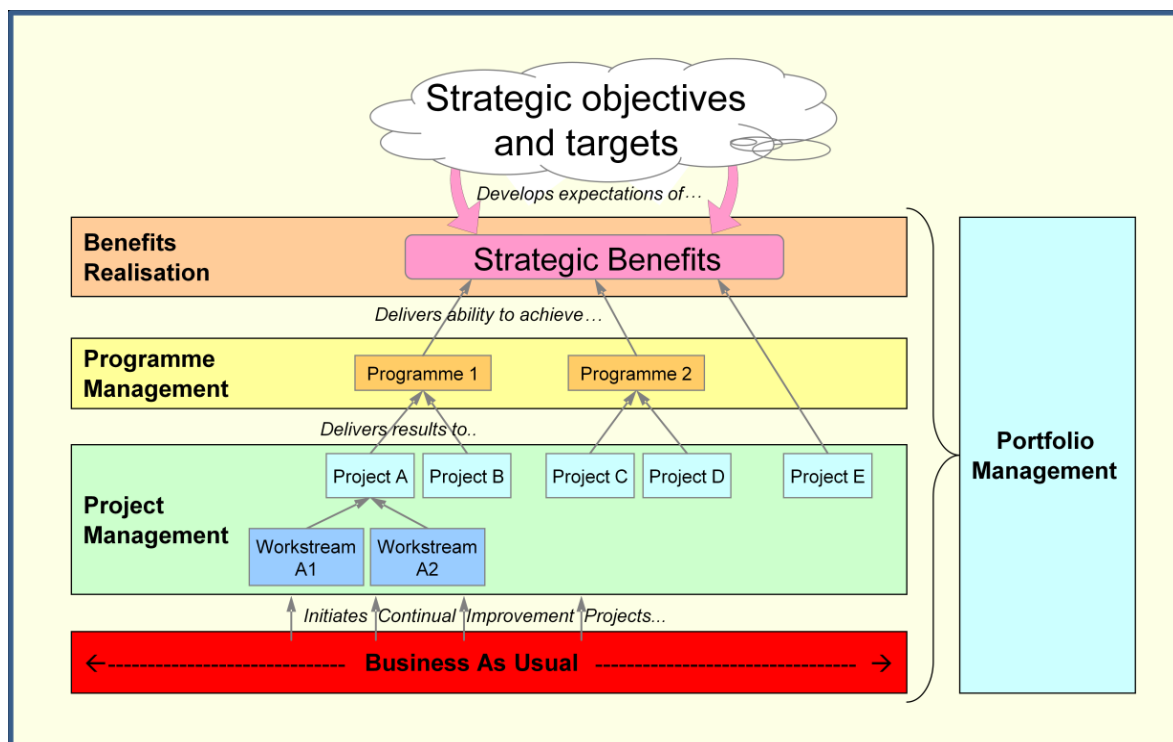
In putting together this series of books, I asked IT managers what they want to know to do their job better? This book presents guidelines and best practice from our own experience, feedback from course delegates and clients, guidelines from our on-line IT managers network and interviews with CIO's and other senior technology leaders.

To be clear from the outset, let us define what is meant by projects, programmes, portfolio management and change leadership and which areas we are planning to cover:

**Project management** - A project tends to be linear and temporary, addressing the implementation of one new component and therefore. Because this book is aimed at more senior managers, it offers guidelines for those managers who might be looking after a team of project managers. We also look at project portfolio management, the art of managing progress on a series of projects run by several project managers

**Programme management** - In contrast, programme management tends to be the implementation of a larger change, usually requiring the co-ordination of several related sub-projects to deliver a final result. Senior managers may well be running one programme and overseeing the delivery of smaller sub-projects into an integrated whole. We look at some of the important techniques for managing these larger scale programmes.

The following diagram shows the relation between projects, programmes, portfolio management and business as usual (BAU).



**Business change leadership** - This is the art of ensuring that a large project or programme is fully accepted and adopted by the organization. It is concerned with the people side of implementing a (usually major) business programme. It recognizes that such business programmes may substantially change the way that individual employees do their work and that this can cause significant anxiety and resistance.

This book is intended to act as a guide for managers who are involved in any or all of the above activities. Since most IT managers have experience in running projects, this books presents insights experience and guidelines to make your projects, programmes and change initiatives more successful. Nonetheless, if this is a new area for you, chapter 7 gives some background on two of the best known project frameworks.

## 2 Project success guidelines 1 – Get off to a good start

Our first set of guidelines focus on the selection of projects themselves and setting a strong foundation for successful project delivery.

### 2.1 Choose good projects (be careful what you ask for)

Most business cases that go before the project review committee seem to be really great ideas at the time, only to lose their shine after only a few weeks. And yet, most of the reasons that projects go off the rails are entirely predictable at the beginning of the project.

All the more reason to make sure that the project approval decisions are correct. If you are fortunate to be part of the project review process, you should be asking some very tough questions at the outset - and not in a few weeks time when things aren't going so well. In summary, you should be asking questions in four key areas (see section 3.8 on project portfolio management for more detail), in particular:

1. Strategic priorities - if you think that your organization is going to review or change its strategic priorities and that this in turn will materially affect the need for this project, the best advice is to put it on hold
2. The business case - experience tells us that this is the area where most projects are wrongly assessed. Make sure you are really clear on the benefits, remembering that some benefits (e.g. direct cost savings) are more easily attainable and more valuable than others (e.g. revenue projections)
3. The ease of project delivery - the resources for the project should be properly sized, taking into account the experience of the project team and allowing for a project contingency (either an allowance in delaying the delivery date, or budget over-run). Additional care should be taken at project approval time, if adding such a contingency severely reduces the value of the project. This might be the case for a product launch that must be done in time for a critical date such as a major bank holiday. In addition, the project must meet the needs of the customers, and be supported by the business employees, users and stakeholders alike
4. Endurability - ask questions around how long the project will deliver value. In particular, ask if there are new technologies on the horizon that could deliver more value for a fraction of the cost

## 2.2 Choose the right time to start

IT's role in a business project or programme is to deliver functionality for business users. And hence the business users must be ready for it. Whilst IT managers should be on the lookout for warning signs - key sponsors not turning up to project meetings or users not attending training sessions, for example. Speak to key users and sponsors to understand their attitude to the change. They should be seeing the change as highly positive, an opportunity rather than a burden or a threat. If there are any concerns in this regard, raise it at the Project Board and consider postponing the project until the time is right.

### **Dieter's story**

#### **Background**

I was working for a telecommunications operator in Germany. It had been known to some time that this operating unit was having problems. It frequently appeared on the national news amid stories of poor network quality and very low customer satisfaction. A new management team was brought in to turn things round.

#### **What happened**

The management team was led by a very charismatic figure, an ex-special services officer. Every Wednesday afternoon, the management team of eight senior managers met to discuss progress. The meetings were tough, but the chief executive led things forward through a mix of determination and a raw sense of humour.

One afternoon, however, the mood was very different. It transpired that a gunman had gone into one of our sales outlets and put his gun to the head of one of the employees. At first we assumed that this was a crazed drug addict. A sales outlet seemed an odd place to choose, though, as we didn't have much cash on the premises. It turned out that this person was in fact one of our customers. He had become so incensed with the level of service we provided that he had been trying for six months to end his contract.

The company was so incompetent that it was unable to carry out this simple task, continuing to send bills and threatening letters for a service that the customer hadn't asked for and didn't want. So frustrated and angry had he become, that the only way he could think of to get the undivided attention of our organisation was to hold us up at gunpoint.

#### **Lessons learnt**

I remember being very shocked at the time, but it did give us a very real sense of what we were doing to our customers. And in turn, it did galvanize us to achieve an extraordinary turn around in the following 18 months. Sometimes it takes an outside event to really make you see things as they really are.

## 2.3 Choose a good team

Few project managers themselves get to choose the people who are going to work with them. Fortunately, it can be solved by good IT management. If you are in charge of a number of project managers, an important part of your job is to make sure that the team on each and every project has a balance of skills and experience.

Book One in this IT Management series outlines the 9 key roles that a successful team should have, following the research of by Dr Meredith Belbin.<sup>1</sup> Belbin assessments can look at the overall structure of project teams, identifying their strengths and weaknesses.

Be on the look-out for “part-timers,” those people that have other responsibilities besides the project itself. For multi-functional projects, such as a company-wide ERP or business intelligence system, the project will need representation from a number of different departments. It is vital then, that the key project members are committed to the project - and that probably means working full time on it. Part timers can be disruptive, turning up as spectators to meetings and too easily able to feign ignorance about issues they should have been responsible for. On the other hand, not unreasonably, “full timers” might feel vulnerable at the end of a project, particularly if it is a long one. Organizations need to make sure that successful project members are not rewarded by losing their jobs.

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- 1 More information on the Belbin roles and project team assessments can be found on their website, [www.belbin.com](http://www.belbin.com)



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### **Mark's story**

#### **Background**

At a 6000 staff global enterprise based in London, a strategic business decision was made to relocate 50% of IT and business services roles to a new office in Ireland. The ultimate goal was to reduce the costs of the support services. Many of the IT roles to be relocated were highly experienced operational staff who were typically working in a highly customised environment. Key to the successful transition of support services was a knowledge transfer to new staff prior to redundancies taking place. The business cost savings were based on a handover of just 3 months.

#### **What happened?**

Once the business decision was public, it was determined, that the depth of knowledge for transfer would require a significant number of staff needed to be dedicated to this knowledge transfer. This meant that all current teams were down on headcount and hence services were impacted.

Non-essential work was moved down the priority list (to free up staff for training and knowledge transfer) – to do this, governance and resource management was introduced through the transition period to minimise the impact to services. Most new work requests were pushed back, creating a backlog of existing maintenance, all of which would still require resourcing at a later date.

It turned out that 3 months was not sufficient. A number of redundancies had to be deferred to extend the transition period. This was the result of the incumbent knowledge not simply being of a technical nature, but also based on many years of experience of the systems.

#### **Lessons**

- Always fully understand upfront the resource requirements to implement such business change.
- Understand the impact on services and costs that such requirements will have.
- Don't underestimate the importance of staff experience. It is not simply a case of recruitment and training.
- Involve trusted IT staff with the deep knowledge to contribute to these calculations.
- Consider the longer term impact of additional pressures on staff, and the implications of low morale.
- Ensure the resulting risks to services are signed off by the business.
- Communications to the end users are essential, so that their expectations are managed.

## **2.4 Be clear on what is being delivered**

Projects need to be performed and delivered under certain constraints. Often, when a project is first conceived, it is required “betterfastercheaper!” Of course, not every project can be delivered immediately for no cost and meet all the quality criteria. These factors are mutually exclusive. The general view is that you can have two of the three, i.e.:

1. Quickly and to a good standard, but it will be expensive
2. Quickly and cheap, but it will not be very good quality
3. High quality and cheap, but it will take a long time

This can be shown in the triangle below. A stakeholder will need to choose where on the triangle the project should fit.

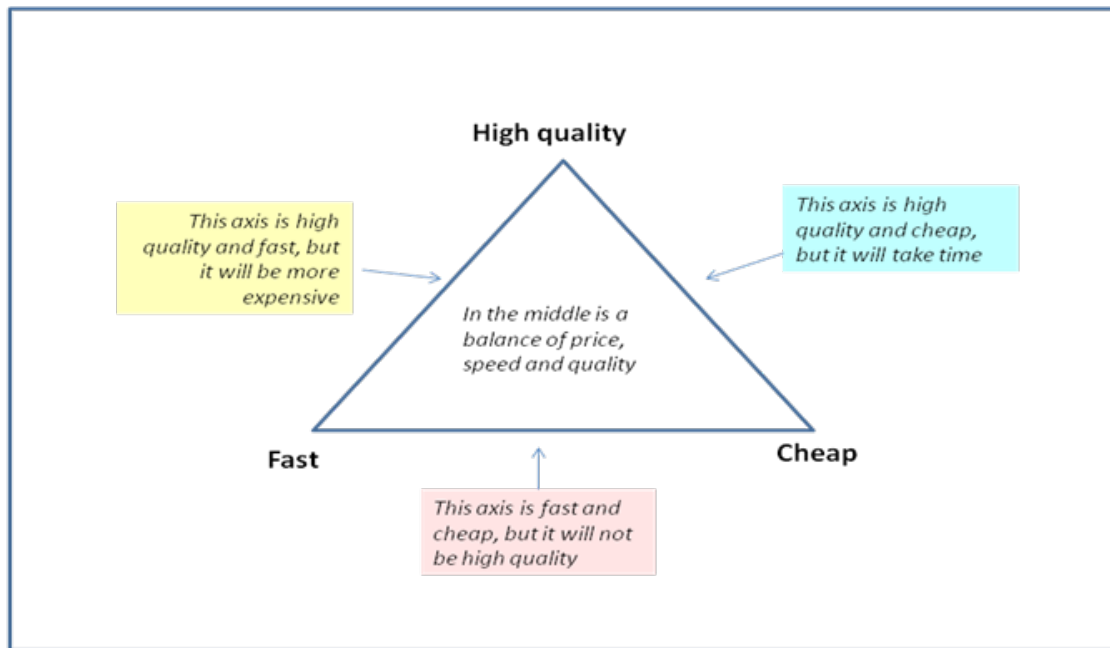


Figure 1

The time constraint refers to the amount of time available to complete a project. The cost constraint refers to the budgeted amount available for the project. The scope constraint refers to what must be done to produce the project's end result. These three constraints are often competing constraints: increased scope typically means increased time and increased cost, a tight time constraint could mean increased costs and reduced scope, and a tight budget could mean increased time and reduced scope.

The discipline of project management is about providing the tools and techniques that enable the project team (not just the project manager) to organize their work to meet these constraints.

## 2.5 Create a high level architecture

Once the business case is approved, the information systems department needs to get down to its work. Before the project gets too far down the track, there should be a proper technical design. IT project members need to get together and agree what is required and in particular which systems and process changes are needed. From the requirements, the team should be able to put together a high level architecture that describes what the future technical configuration should look like. The aim of this is three-fold.

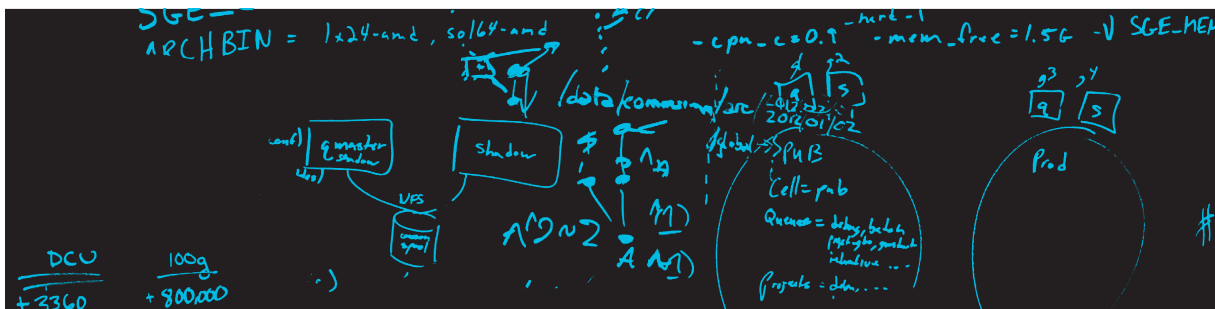
- First of all, staying at the high level provides a useful mechanism for the architects to identify the best technical solution. Assuming that everyone stays at the high level (and this is a big assumption), it allows the group to think of alternative high level solutions. The benefit here, is that solutioning at the high level, before moving to the detail, means that the detail only needs to be done once

- Secondly, drawing up a high level architecture provides the project team with a view as to how much work is required
- Finally, it acts as a description of the project “vision.” Although vision is normally associated with the business improvement that a project will deliver, a high level technical picture can also help the project team to visualize the end point.

#### Michel's story

A utilities company was looking to migrate its customer order platform to incorporate additional new services. The technical architects had a very difficult job to do and the block diagrams were very complex. For each block at the high level, there was a detailed technical specification. Before all the technical specs were finished, the team enhanced the overview block diagram, making it understandable by the rest of the team. This meant that all architects had to agree on this diagram.


This overview schematic shaped the architecture from a strategic point right at the outset. In turn, this meant that the detail only had to be done once. The diagram was ‘coloured in’ as one of the architects put it, and was suitable to be communicated to the business stakeholders and users. This turned out to be more important than was first imagined. First of all, it was important to the project team that they could understand what the technologists were trying to produce. Secondly, it helped them to understand that this was not a simple task and required their full attention.



The top section of the advertisement features a chalkboard background with various hand-drawn technical diagrams and calculations. On the left, there are calculations for DCU and 100g. In the center, there are diagrams showing data flow and components like 'gunster', 'Shadow', and 'VPS'. On the right, there are more calculations and diagrams, including one labeled 'Prod'.

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# 3 Project success guidelines 2 - Managing project progress

This book is concerned with managing projects at the higher level, so we focus on techniques for programme managers and project portfolio managers.

## 3.1 Develop strong project management skills

If you are running a project team, the importance of having standards and methods around managing the different projects will be no surprise to you. It only takes a few days of trying to consolidate reports in different formats to realize the value of good, consistent reports that can be aggregated to give an overall view. This applies equally whether you are a programme manager bringing together the sub-projects together into an integrated picture, or a project portfolio manager required to manage diverse projects.

Chapter 7 gives some guidelines of two leading project methodologies - PRINCE 2 and PMI's project processes. The thoughts in this chapter assume you have a good project methodology in place and are constantly striving to get the most out of it.

Firstly, project managers must be trained in the project method used by your organization. When we poll senior managers, the vast majority are using some project methodology in their organizations. Interestingly, almost all of these organizations have adapted a standard framework to suit. If you have modified PRINCE2 for example, and you recruit a qualified PRINCE2 project manager, you may still need to give them a grounding in your particular methods, the report formats, frequency, how you manage risks and so on.

Secondly, recognize that fully qualified project managers are no guarantee of successful project delivery. Project management is analogous to driving a car. Just because you have a driving license, does not make you a good driver. It takes experience as well. Below, figure 2 shows our model of the key management skills for managing projects. These skills are represented in different forms in the different project methodologies and many of the key disciplines of project management require advanced people management and analytical skills. As the leader of a project team, you will have a permanent responsibility for identifying problems and developing the skills of your team.

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