PROJECT HALF DOUBLE

TITLE:

Projects for a reality on the move

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Project Half Double is a collaboration between The Danish Industry Foundation, Implement Consulting Group, DTU and Aarhus University. Together, we work towards strengthening the competitiveness of the Danish industry by defining a new project management method

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Projects for a reality on the move

Every morning one million Danes wake up to a job where they are a part of a large or a small project. Maybe they are involved in building a new hospital or a metro or installing a new IT system. Perhaps their job is to transform a political reform into something that will affect the everyday lives of people. Perhaps they are in the process of inventing a whole new product. Perhaps their job is to optimize a service.

A project can be defined as a complex task with fixed start and end dates – one that requires cross-disciplinarity to succeed. Project workers often deal with something untested or they try to find new solutions to old challenges.

In the value chain, projects come before production and operations, which are about repeating the same thing in exactly the same way. As a consequence the value creation potential in project work is far bigger than in production. Projects are the path to innovation, and therefore it is paradoxical that operations and production have been the objects of most improvement.

The prevalent methods in project management build on ideas of rationality and predictability. One of the most popular project methods, PRINCE2, is actually an acronym for Projects IN Controlled Environments. Project leaders are trained and certified for “controlled environments”, but these hardly exist anymore. When Kasper Busse started Joe & The Juice, or when Janus Friis started Skype, they had no project leader diploma in hand. Had they been trained in project management in “controlled environments”, they would probably have run into trouble because their successes were a product of their ability to navigate in a chaotic reality.

It is not only when it comes to trendy juice bars or hi-tech that the success of a project rests on the ability to seize unforeseen possibilities and solve unexpected challenges. Experience tells us that projects in the construction sector, in the transport sector or the education sector do not always proceed as planned.

A large Danish company set up an analysis of product development projects that were concluded over a three-year period. The aim was to map the characteristics that the fastest and most successful launches had in common. The conclusion was paradoxical: the most successful projects were the only ones that hadn't followed the company's predefined execution model, the stage-gate model and its related decision processes, tools and templates. Success is not guaranteed if you follow an execution model by the book; on the contrary models may trip up success.

One of the reasons for the shortcomings of the present execution models is that they were created on a production paradigm where the aim is to "figure out everything" before launching the project. You have to understand the solution in advance – which makes it difficult to come up with new ideas particularly in the complex reality of today where markets and people are constantly on the move.

Another of the prevalent notions in "old-fashioned" project management is the project triangle, or Triple Constraint, which shows a reciprocal connection between time, quality and resources. The main idea is that if you reduce the available time for a project, you also reduce the supply quality. That is not how it works, because there are many examples of how the tightening of a deadline increases the motivation and dedication of a project team. The old execution models simply do not account for the fact that people are part of the equation.

In a world where the speed of communication is ever-increasing and where more and more people work across professional and national boundaries, we need methods that do not draw inspiration from an operational paradigm where things are constant and calculable. On the contrary we need human behaviour, cooperation and dreams to be entered into the equation. This is not the same as happy-go-lucky or lack of principle. Many elements from the traditional project paradigm can be recycled but must be complemented or modified in order to create value in the present environment.

This is why we have defined 10 principles – leading stars – which characterise the best projects we have come across. Projects which have managed to create success in a complex and dynamic reality.

Leading star no. 1 – Focus on customer value

Focus on project benefits not on the execution model

A project is a pitch into the future. You no longer want "business-as-usual", you want to create something new that will impact the surrounding environment. This is why

the project leader, the project team, the steering committee and everybody with a hand in the project must maintain focus on the value which the project is actually creating.

Therefore it is important to keep these questions in mind: Who is the project customer? Who is the end-user? What creates value for them? What can you and your project offer so the advantages that the users are experiencing are underpinned and the disadvantages minimized?

The most successful projects constantly follow up on both delivery and customer value. As far as customer value goes, this can be tested well in advance before the final solution is operationalised. This can be done by having the customer test prototypes so that the end product is based on genuine user feedback and not merely on internal assumptions as to what the user may require. Also, the time aspect should not be ignored – i.e. that some effects do not materialise until at some point after the project has been concluded. Follow-up on value in professional portfolio management is an indispensable aspect in sound profit realisation.

Some years back Grundfos had a notion of the perfect whirlpool pump. A development product was carried through and the product was launched. The result was a masterpiece in engineering. They were all proud of the new Grundfos Whirl Pool Pump. Everybody – except the customers who were disinclined to pay for all the technological refinements, so success did not come about. Shortly after, the product was withdrawn from the market.

Keep the customer in your sights so that the solution creates real value for the user. If this fails, then following this or that execution model to the letter will not help.

Leading star no. 2 – Put people before execution models

Human behaviour is not a mathematical statement that can be solved by means of intricate models

The prevailing execution models often see projects as linear systems aiming at respecting the rules and phases as strictly as possible to reach the desired results. But a project is a social entity that involves people with different professional expertise, experience and personalities, and who even may be located in different parts of the world.

The success of a project depends primarily on the people working on the project, not on the kind of execution model they use to guide the project. The ability to inspire

and motivate team members is a project leader's finest competence. If you have the choice between a certified project leader with all the tools and models in shipshape order and a person with developed relational competences, the relational competences should outweigh the formal ones. First and foremost a project leader must be capable of navigating the complex social game which is at stake in a project. This does not imply that execution models are no good. A sound project typically will have elements from both the traditional and the "new" approach. While the company or the organisation that the project is moving in must be able to accommodate this less linear approach, more unpredictability will often challenge the more traditional management systems.

A project leader, therefore, should possess the same skills as an army chaplain. In an army context, the chaplain is unique in that he is the only person without rank. The chaplain always has the same rank as the one he is speaking with. The ability to manage at all levels and being at eye level with the entire organisation is a characteristic of a competent project leader.

Leading star no. 3 - Colocation

The right people do not only work on the same project – they collaborate

Project work should be about collaboration in the fundamental sense of the word. A supply flow where one specialist solves his part of the task and sends on the project to the next one is not collaboration. On the contrary it is a throwback to the days of assembly lines.

Genuine collaboration requires that everybody knows what everybody else is doing. The most effective way is to be in the same room when working on the project. With a project room where the daily work is taking place, all project members are aware of what is going on and can step in and support each other. You needn't store plans and drafts on a computer, you can hang them on the wall for all to see so that everybody is informed when new options and solutions appear. In a global world with virtual project teams, this "war room" approach is not always possible. Being face to face in the same room for a launch meeting and then virtually as much as technology allows, is a fair compromise. The aim of meeting up is not the physical presence as such but the joint opinion-shaping.

At Coloplast a so-called sprint programme was initiated: ten projects were pooled, a small group was given a room and were asked to carry through the ten projects in half the usual throughput time. This could only be accomplished by the team members helping each other, stretching themselves and accepting tasks outside

their professional field. Apart from the fact that the project delivered in much shorter time than normal, job enthusiasm and employee satisfaction increased noticeably among the employees involved.

If you want to create a cooperative spirit, you must tear down the silos and distribute the pool of resources so that fewer people are directly involved in the project work but have more time to solve the task.

Leading star no. 4 – Leadership is hard-core trust

Hard-core trust is superior to toughness and trust separately

Future leaders of project organisations are tough but trust inspiring. They focus on the objective and less on telling people what to do to reach the objective. Actually the best leaders have an exceptional focus on creating fabulous and unique solutions which are delivered on time. They manage to do that because they on the one hand are tough when making demands on their project workers while at the same time fully trusting them to live up to the demands.

At Rambøll Oil & Gas, the project team itself formulates its project vision. Management plots the course, but it is the project leader who along with his team creates a holistic and coherent project vision by answering three questions: Why is this project necessary? Which customer effect do we want to achieve? And what do we need to create this effect? Having created this vision, the team pitches it to management who offers input to fine-tune the vision or to make it more ambitious.

The best leaders focus on making project workers acknowledge their vision and adopt it as their own. They do not dictate how the project workers should reach their visions but they incite them to openness, collaboration and enthusiasm thus creating the setting that supports the workers' potential. At the same time this kind of leader is driven by personal ambition that makes them work just as hard as their workers when aiming at an objective.

Leading star no. 5 – Lead inwards

If you want to create results as a leader, use your energy in the project

Successful projects require leadership. Therefore a project organisation has no use for leaders who focus too much on leading outwards or upwards. A project organisation must have leaders who have a burning passion for leading projects.

Henrik Stiesdal, Siemens Wind Power's former Director of Technology, used to spend one morning a week on development meetings. Here he met up with the project group and took part in sparring and discussions of new innovation processes. This enabled him to keep on top of the company's development work, but it also enabled him to contribute his vast innovation experience in the windmill industry. When choosing employees for projects, he has two personal criteria: they must be able to laugh at themselves and they should not be afraid to contradict him. These two criteria ensured that the development work always took place in a playful and constructive atmosphere.

A good leader of a project organisation is enthusiastic about his project portfolio and does not leave it to the project workers to deal with the content of projects. A good leader realises projects at a level where he or she is able to challenge them thus contributing to the execution of the company's strategy.

Leading star no. 6 – From steering committee to chaos committee

The project leader steers. The steering committee sets targets and outlines challenges

The word steering committee indicates that a group above the project can steer it. In the real world this is not so, because it is impossible to steer a project top-down. If a steering committee wants to create value for a project, it must be used for other things than making go/no go decisions. The project leader must include the steering committee in discussions on the true challenges of the project.

One way of ensuring this is by re-labelling them from steering committees into chaos committees and viewing them as a forum where the project can get sparring, wild ideas and external perspective.

Pixar Animation Studios that created Toy Story and a number of other blockbusters uses the concept of chaos committees much better than most. Along the way in their large development projects, they regularly present their sub-results to what they term a brain trust. The brain trust consists of experienced people from the movie and animation business, e.g. top managers, ingenious script writers or people with particular technical skills. At the development meetings the brain trust provides feedback but never dictates what ought to be changed. It is up to the movie development team to draw its own conclusions. This division of labour ensures perceptive views and input while maintaining the responsibility with the project leader.

A chaos committee should be an able-minded cross-section of people representing the social and political complexity that the project must deal with. By virtue of their position, steering committee members have another and a broader perspective than the project group which is why they can be used in the discussion of concept ideas, risk scenarios and challenges. Including members in these discussions furthermore has the impact that the chaos committee's sense of ownership rises dramatically.

Leading star no. 7 – Quick insight

Effective project execution amounts to a steep learning curve

In all projects we learn something new right up to the time where the project is concluded and the result launched. The awareness we reach along the way helps guide the project – often in a different direction than anticipated. This may imply delays and increase costs but it is also a necessary aspect of development work.

This is why we should focus on the learning curve always being mindful to keep it steep. Many projects end up being ineffective because the team members want to get their teeth into something they know already – just to get started. A classic example is that R&D gets going on the technical solutions although the marketing problems are far larger than the technical ones.

In modern project work we maintain focus on what we do not understand and on the elements that make the project rickety. There is no point in focusing on a technical detail if the entire business plan is shaky, and there is no point in creating a neat product if we do not understand which need it is supposed to fulfil for the customers.

In projects with a large degree of uncertainty it is practically impossible to set up a realistic time schedule. Here one needs to ensure flow and progress by working in strictly defined time loops so that follow-up on what the project has learned is systematised. Frequent follow-up and focus on learning create effectiveness.

Leading star no. 8 – Short and fat projects

Allocate fewer people with more time

Many organisations like to run more projects than their resources actually permit. Often this implies that each project is allocated fewer resources but in turn longer time. As a consequence projects are long (throughput time) and thin (resource allocation), which will affect the quality of the project. If you have to work on different projects in the course of a day, you risk losing energy and creativity in the switching

process. A project member performs value creating activities 80 percent of the time if she is participating in two projects. If this project worker is allocated to four projects, her value creating activities will drop to below 50 percent.

A couple of years back the Danish company Coloplast was in dire need of new products within a certain category. A group was asked to come up with minor improvements or simple new solutions which with 100 percent certainty could be fixed within a short time frame. The project was dubbed "Quick and Dirty" – the name signifying a lot. Management wanted to indicate that they did not expect any grand innovations – rather swift execution. A small group with sensible resources and a fixed target delivered far more and far quicker than by means of the traditional execution model.

Short and fat projects use fewer resources because the efforts are condensed into a shorter span of time. Latency times are reduced because all relevant project workers are actually working on the project at the same time. Also the project has more managerial focus just like payback and development times are minimized.

Leading star no. 9 – Work with visuals

Make it easy and intuitive to share insight

Visual communication is an important tool in modern project work where there is a need to share knowledge in a quick and intuitive way. Instead of spreadsheets and diagram communication, a large visible plan can be an important tool when you have to reach an agreement on goals and work processes. At the same time the visuals offer a far quicker overview of the project both for team members and for guests – and also it creates a common identity.

When Arla Foods develop new products, the project group joins in making a plan with post-its as milestones on a large board. When the project is underway, the team meets every week to tick off the completed tasks with a thick and legible marker. This seemingly trivial method is fast, uncomplicated and easy to grasp. At the same time it creates a sense of responsibility when you stand in front of your colleagues and tick off a task on the board.

It is possible to work visually both as regards processes and solutions. Many development projects use visuals in their project solutions – and many more could do so. Simple sketches and models of solution elements are much easier to show to customers or users than complex formula and analytical argumentation.

Leading star no. 10 – Kill complexity

Focus on the solution – not the organisation

The simplest solution is often the best one but many solutions end up being rather complex. Most people have a need to flaunt their professionalism. Often the simple solution is neglected because people worry about not seeming clever enough or professionally competent. Simple solutions require guts.

A Danish games producer was developing a new PlayStation game and needed an assessment of the market potential. That was difficult because there was no historical data on the product. Early on the company decided to set up an ad for the game posting it on the internet so that customers could order the game way before it was even developed. This strategy gave the company valuable information about the profit potential in a much easier way than by conducting market segmentation and market analyses.

Organisations tend to want to do many different things at the same time but only a limited of these are truly important. A new approach to project management should also be simple. We do not need any more intricate process diagrams that are stuck on a server and which require certification; what we do need are few simple work principles and visual tools, which in turn must be used consistently by all to create common behaviour in decisive areas.

The 10 leading stars in a reality on the move

From idea to action

Most expert project managers in Denmark recognize these ten leading stars, but knowing them and living by them is not quite the same – which goes for individuals and teams as well.

Most organisations could do a quick maturity assessment of the leading stars: Is this how we live our projects, roles and responsibilities? On a five-point scale, how many points does our organisation score?

If successful organisational change and improvement are the goals, obviously the managers in charge must be on par as regards their assessment of the present situation. Only when an accord has been reached, is it possible to launch organisational and systematic improvements.

But change can actually be initiated before that. The rules of conduct can be tested in a pilot project. This would be much more in line with today's dynamics and agility than setting out by building an execution model and launching it with pomp and circumstance.

And remember: Introducing a new project approach is yet another project! Good luck, Denmark.

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PROJECT HALF DOUBLE

In order to change the paradigm we have an extreme focus on three central paradigm shifts...

Impact

Reduce focus on deliverables and enhance focus on effect

Flow

Reduce focus on optimisation of resources and enhance focus on the project's progression

Leadership

Reduce formalism and enhance focus on active involvement of the project owner
&
Reduce focus on management of systems and enhance focus on leadership of people

...and in order to define the final method, we experiment with these paradigm shifts on selected projects.

PROJECT HALF DOUBLE

Projects in half the time with double impact

Together we will develop a new project paradigm to increase the competitiveness of the Danish industry

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Lantmännen Unibake
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