ALTERNATIVE PROJECT EVALUATION METRICS

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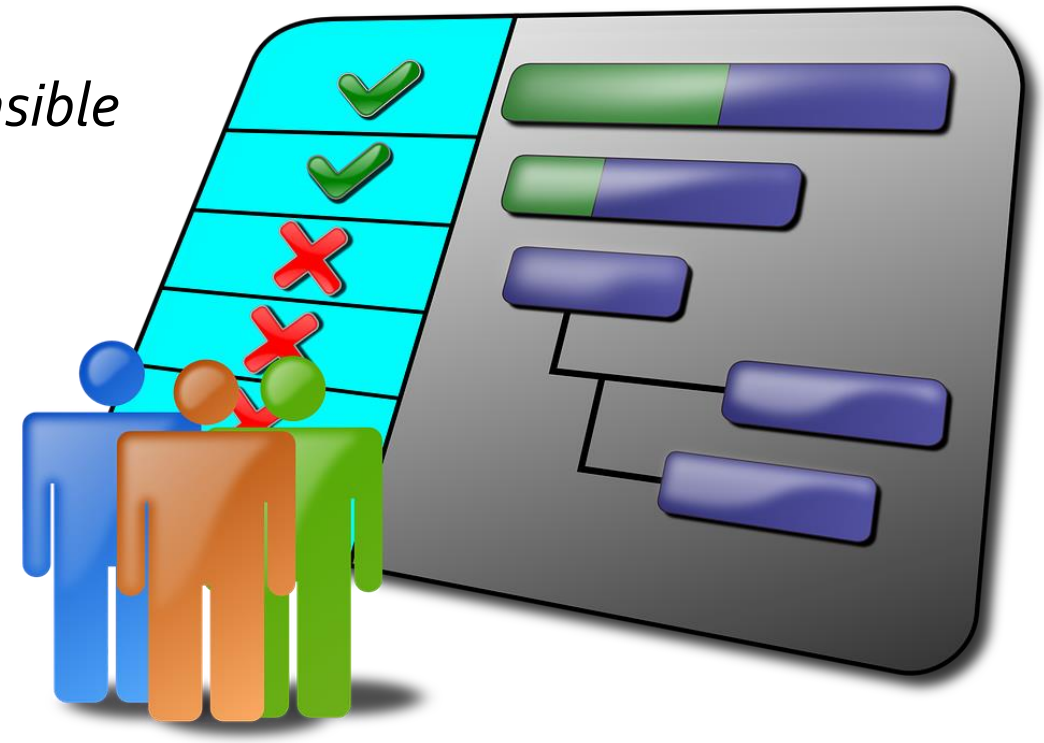
Learning Outcomes

- Recognize the differences between the operational and strategic perspectives of project management
- Associate project evaluation metrics with team behaviors
- Improve the definition of project success
- Realize project success evaluates the performance of all project stakeholders

Role of the Project Manager

- **Definition:**
  "…the person assigned by the performing organization to lead the team that is responsible for achieving the project objectives."
  PMI, 2017
- Lead project team
- Responsible for project objectives



…responsible for achieving the project objectives

Project Objectives = Success

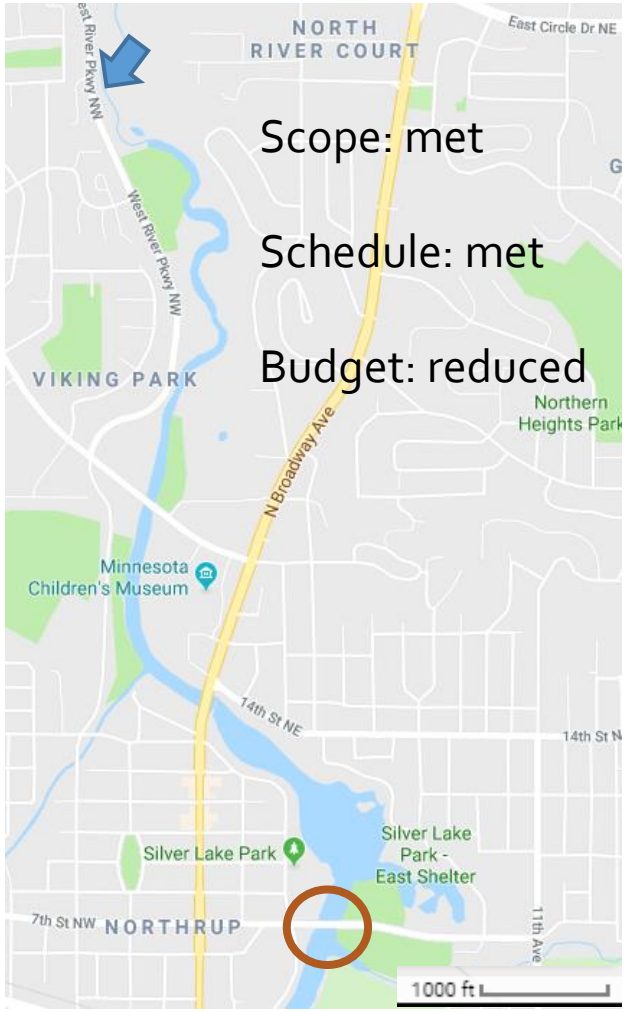
Traditional Project Evaluation

- **Project Objectives:**
  - Deliver project entire scope
  - Achieve desired quality specifications
  - Adhered to financial, people, services, and material constraints
  - Complete work within the specified time
  - Comply with all dependencies and milestone dates

- **Measures**
  - Scope: Amount of scope delivered (within specifications?)
  - Budget: Percent of budget consumed (focus of financials only?)
  - Schedule: Days or weeks from target date

Issues with Traditional Project Evaluation

- **Operational Success:**
  - Minimal expectations of the project team
- **Ignores the project goals**
  - Example:
    - Replace 7th Street bridge



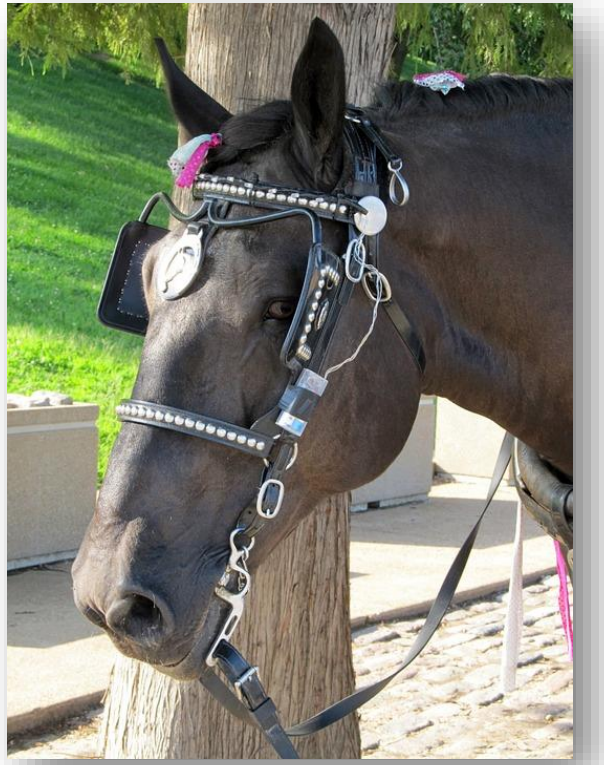
Scope: met

Schedule: met

Budget: reduced

Behavioral Implications

- **Emphasis on scope, schedule and budget**
- **Results: Operational Blinders**
  - Lower quality deliverables
  - Build now fix it later
  - Reduced effort for change management
  - Ignoring value enhancements
  - Loss of future positioning opportunities
  - Lack of strategic alignment
  - Greater stress on team
  - Increased employee turnover
  - Missed organizational and team learning



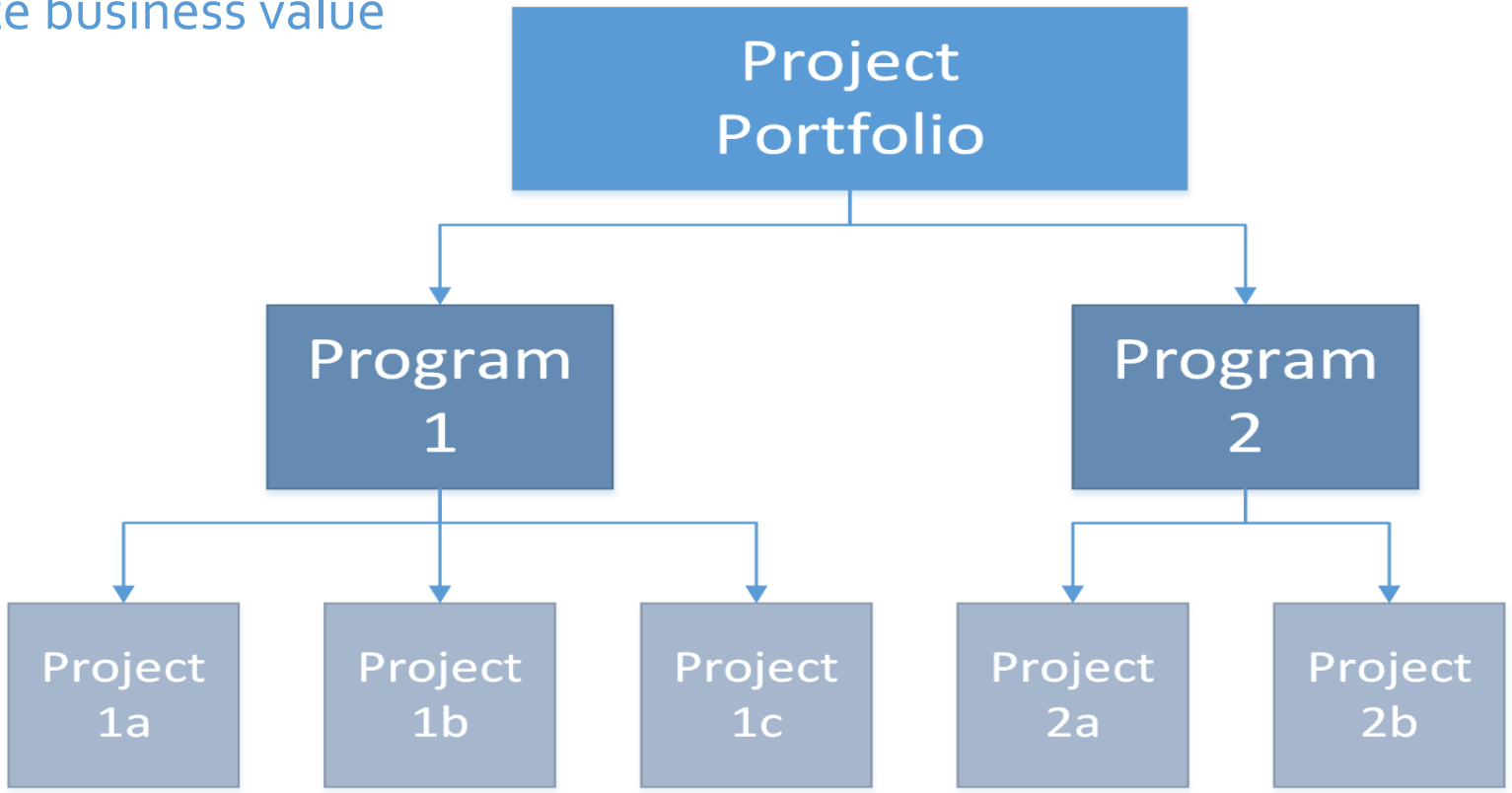
Purpose of Projects

- **Strategic View**
  - Change to fulfill a need
  - Advance the organization
  - Position for future success
- **Types of projects:**
  - Increased revenue or services
  - Decreased expenses
  - Directive

Projects = Change

Project Portfolio Perspective

- Projects belong to a larger effort and must contribute to portfolio goals in order to create business value



Need an Alternative Metrics

- **Blinders of Operational Project Metrics**
  - Measure minimum expectations
  - Do not align with project organizational goals
  - Lack change management accountability
  - Ignore organizational learning
  - Emphasize immediate needs rather than future preparation

Expanded Success Metrics

- Enhanced Project Metrics

Kloppenborg, Tesch, & Manolis, 2014; Malach-Pines, Dvir, & Sadeh, 2009; Pinto 2004; Shenhar &Dvir, 2007; Shenhar & Levy, 1997

Roles in Project Success

- All are Responsible for Project Success

Success Measure – Project Efficiency

- **Project Efficiency Measures**
  - Ability of project team to execute within established project constraints
  - Operational efficiency
  - Minimum expectation
- **Examples**
  - Scope: Amount of scope delivered (within quality specifications?)
  - Budget: Percent of budget consumed (focus of financials only)
  - Schedule: Days or weeks from target date

Success Measure – Customer Impact

- **Customer Impact Measures**
  - Level of stakeholder satisfaction of the project deliverables
  - Extent the project deliverables addressed the customer's functional and technical needs
- **Examples**
  - Stakeholder satisfaction survey
  - Stakeholder engagement and management
  - Evaluation of adoption
  - Organizational change management
  - Requested versus delivered scope
  - Project scope management

Success Measure – Team Impact

- **Team Impact Measures**
  - Benefits and detriments to the team as a result of executing the project
- **Examples:**
  - Team satisfaction survey
  - Employee retention
  - New or improved technical skills
  - Skills inventory → increased organizational capabilities
  - New project skills (improved project performance)

Success Measure – Organizational Success

- **Organizational Success Measures**
  - New benefits realized as a result of the completed project
- **Examples:**
  - % or amount increase in revenue/services
    - New or enhanced products/services
    - Increased capacity
  - % or amount decrease in expenses
    - Process improvements
    - Information to support better decision making
  - Compliance with directive
    - Full or partial compliance with directive
  - Organizational learning or capabilities (indirect benefit)

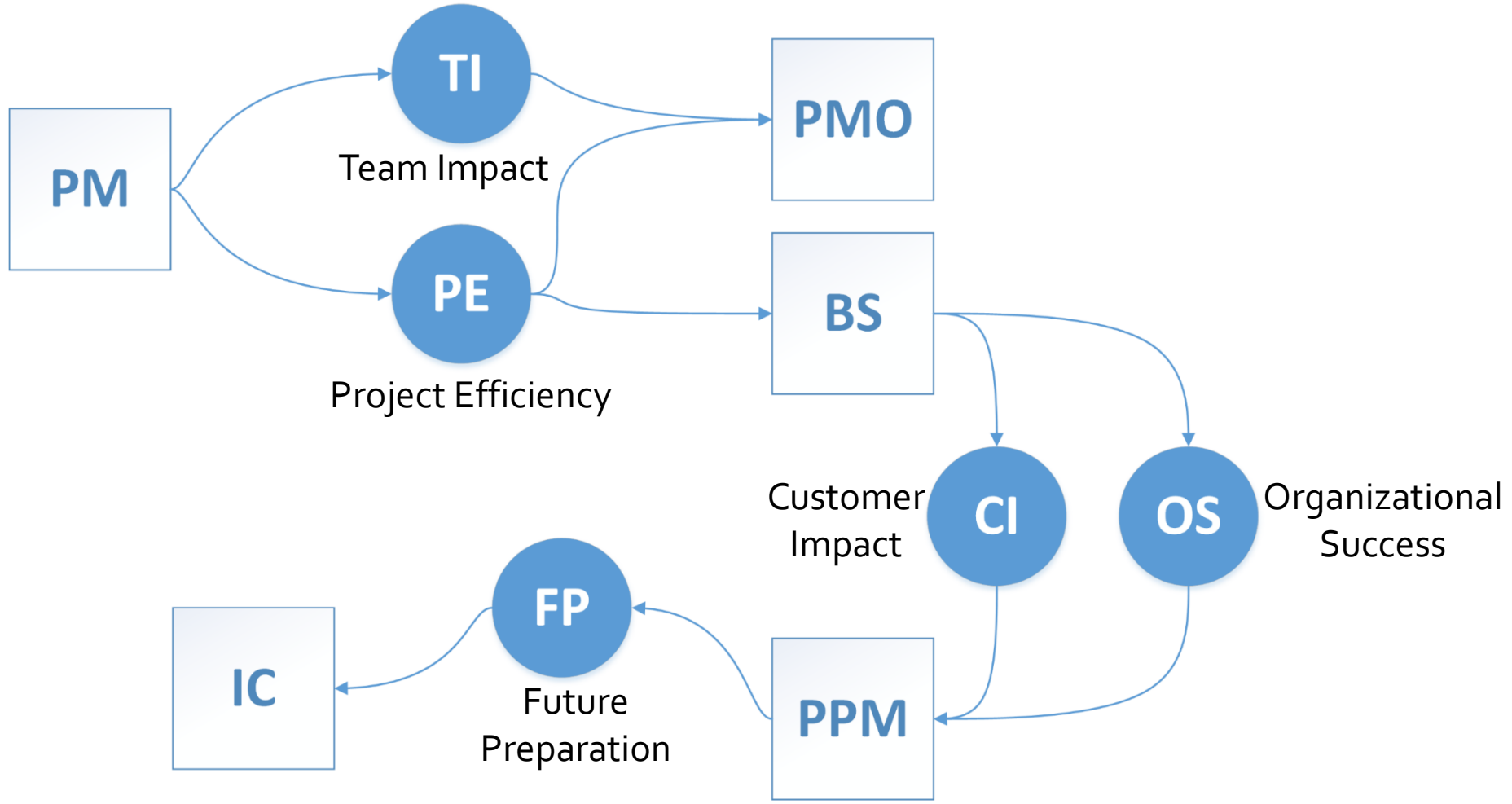
Success Measure – Future Preparation

- **Future Preparation Measures**
  - New future opportunities generated as a result of the completed project
- **Examples:**
  - Establish infrastructure for future products or services
  - Create new markets
  - Form new partnerships

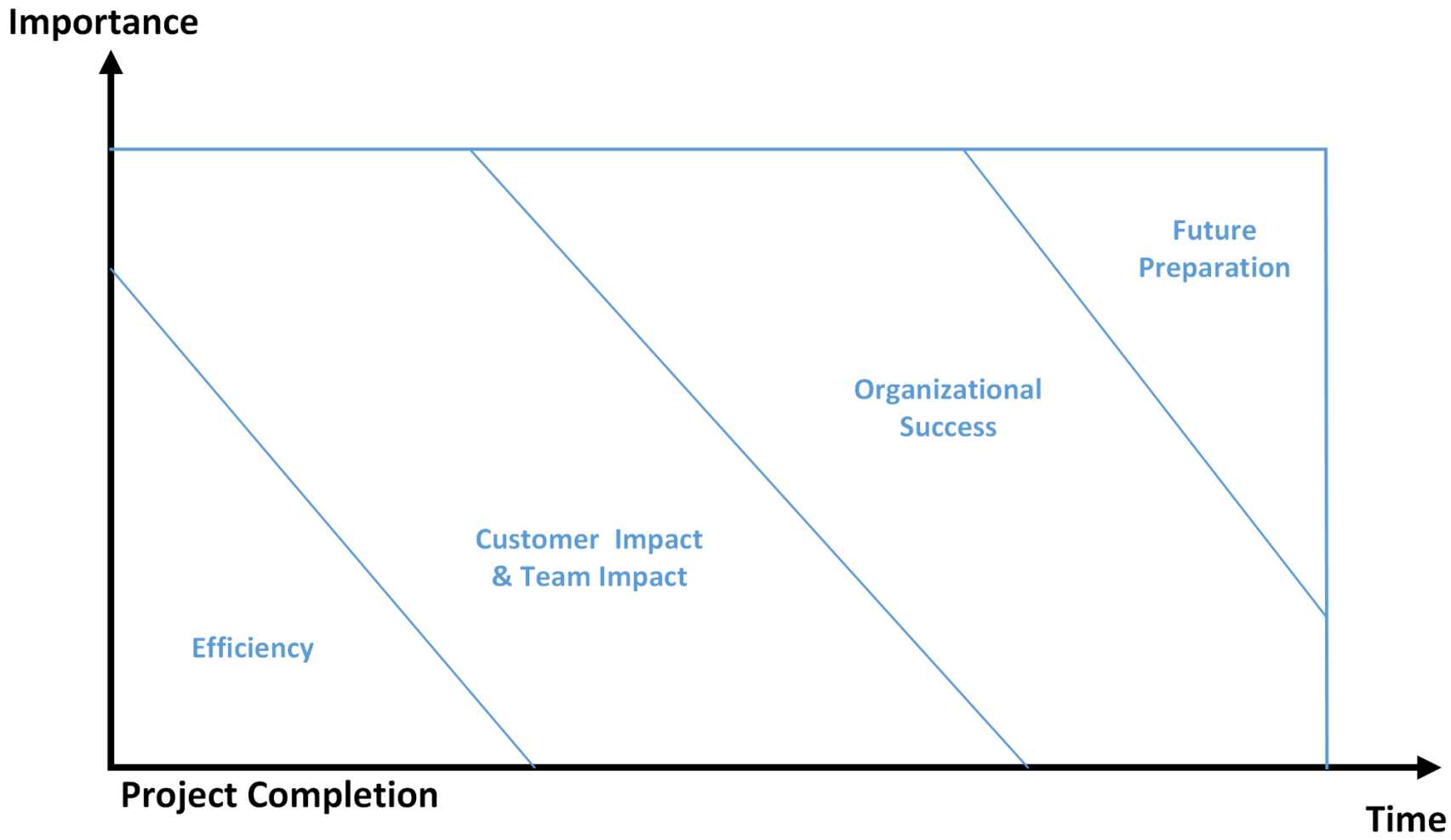
Project Success Stakeholders

- **PM: Project Manager**
  - Initiating, planning, executing, monitoring & controlling, closing project
- **PMO: Project Management Office**
  - Supporting, developing, and governing project management practices
- **BS: Business Sponsor**
  - Leader, budget owner, and recipient of project deliverables
- **PPM: Project Portfolio Manager**
  - Optimizing portfolio and coordinator between BS and IC
- **IC: Investment Council**
  - Executive group determining organizational strategy and the supporting mix of projects and programs in the portfolio (steering committee)

Roles in Project Evaluation

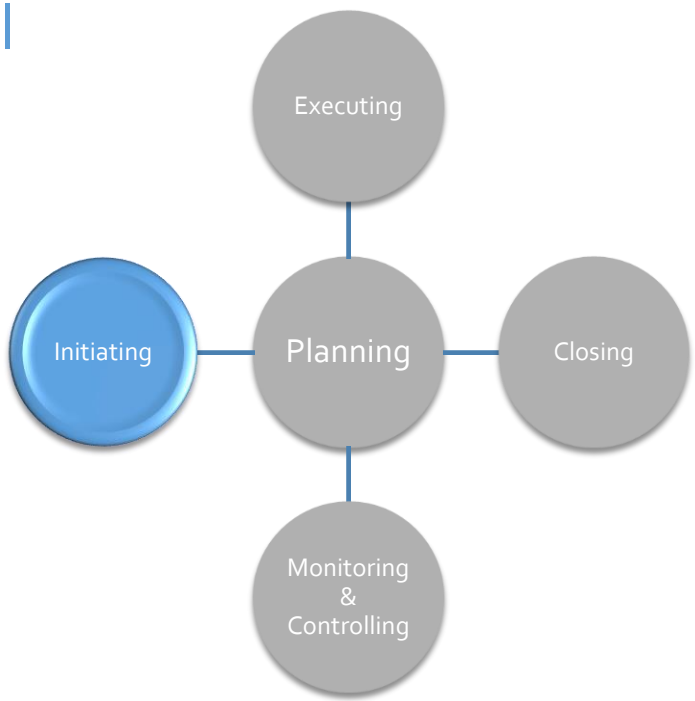


Timing of Project Evaluations



Integration - Initiation

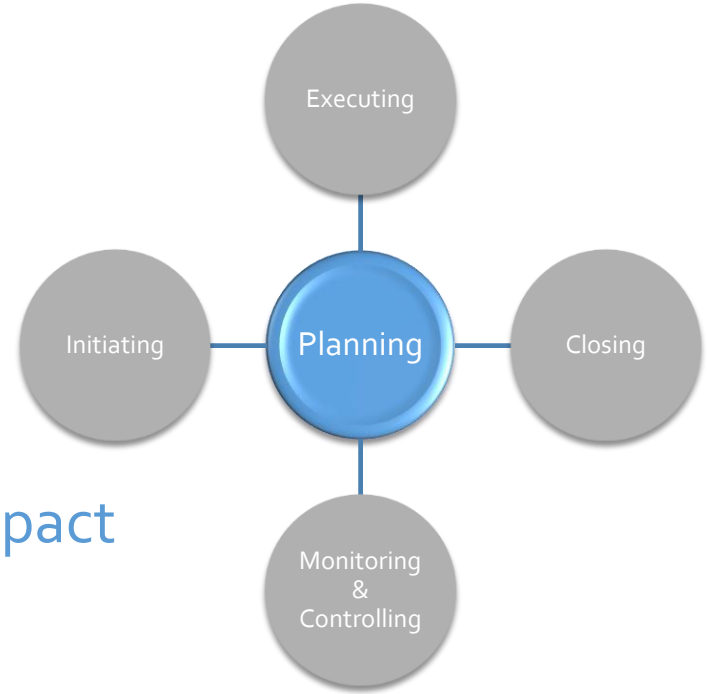
- **Project Charter**
  - Project goals established and documented
  - Objectives communicated to project team and all project stakeholders
- **Goals Established**
  - Project Efficiency (project constraints)
  - Customer Impact
  - Organizational Success
  - Future Preparation
  - Team Impact



Integration - Planning

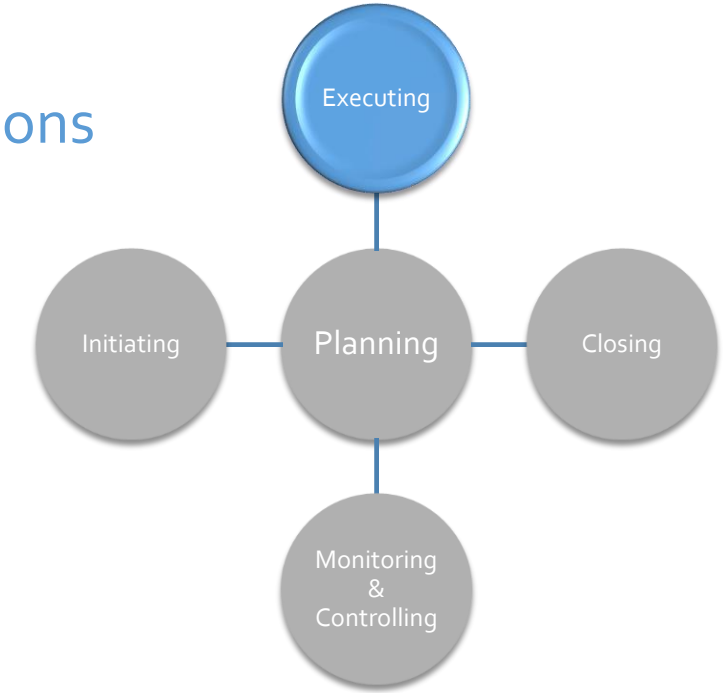
- **Plans carefully crafted to optimize project success measures**
  - Customer Impact
  - Organizational Success
  - Future Potential

- **Plans developed to operate within project constraints**
  - Successful project efficiency → positive team impact



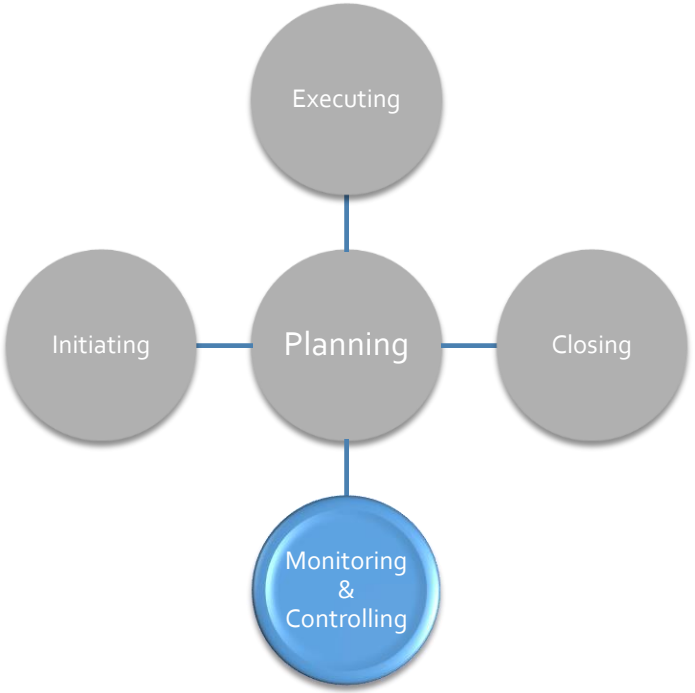
Integration - Executing

- Assess project deliverables against success measures as they are produced
- **Quality Management**
  - Quality of Deliverables
  - Rework due to both quality and success evaluations
- **Project Change Management**
  - Evaluate change orders against all project success measures
  - Revise plans and targets as a result of approved change orders
- **Communications Management**
  - Communicate performance against all project success measures



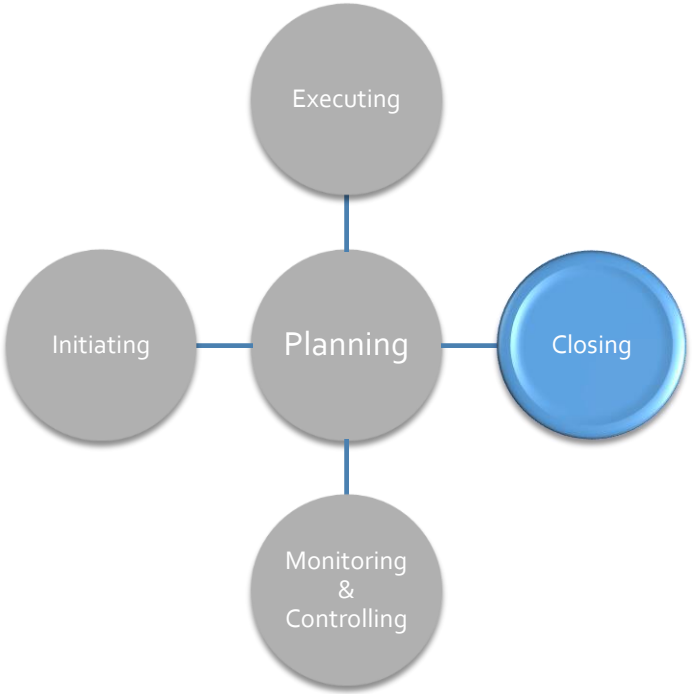
Integration – Monitoring & Controlling

- Routinely measure and evaluate current and anticipated project performance against ALL success measures
- Introduce adjustments to optimize project success measures
  - Risk Management (risk and opportunities)
  - Incremental changes
  - Propose change orders



Integration - Closing

- Evaluation of Project Efficiency
- Assessment of Team Impact
  - Capture new and enhanced capabilities
- Initial determination of Customer Impact
  - Plan for future measures and reporting to ensure long-term adoption and satisfaction
- Plans to measure and monitor Organization Success and quantitatively associate with project deliverables
- Process in place to correlate realized future success with the Future Preparation efforts of the project



Behavioral Implications of Alternative Metrics

- Continued effort in operational efficiency
- Better awareness of the true project objectives
- Improved change management
- Expanded risk management for opportunities
- Enhanced impact of project deliverables
- Increased individual and organizational learning
- Higher employee satisfaction
- Greater strategic alignment to better position organization for future


QUESTIONS
ANSWERS

Key References

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Thank You

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