Are you ready for an EPM tool ?

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Overview

This whitepaper explores what an organisation needs to do to prepare for an Enterprise Project Management (EPM) tool. It also provides a framework for an organisational EPM tool readiness assessment.

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Introduction

This paper is focused on Enterprise Project Management (EPM) or Project, Portfolio Management (PPM) tools, which we will refer to collectively as EPM tools from here on. There are many of them on the market, and many more under development, offered for install on customer premises or increasingly as cloud based hosted Software as a Service (SaaS) solutions. This paper takes up where our previous Whitepaper "Sharepoint based Project and Portfolio Management tools" left off.

If we ask the question of many medium to large project based organisations, "Be honest, are you ready for an EPM tool ?", the answer is typically along the lines of "No, but we really need one".

Imagine for a moment you are looking to extend your house. A builder may ask you questions such as "how big do you want the door" or "where do you want the window". How difficult it would be for the builder if the answer was "I'm not sure, I'll get back to you on that".

We have found working with many clients that their problem is typically that they have difficulty articulating their needs, and often rely on advice and options to do so. They need to "see" it to understand it, not an unrealistic situation when you consider this is emerging technology which many people have not seen before.

For this reason alone, iterative development is a better approach than waterfall development for EPM tool configuration.

Unfortunately, clients often engage the builder before they have defined what it is they want. Continuing with the building analogy, they really need an architect before they engage a builder.

***Tip #1 – Define your needs <u>before</u> talking to the builder***

Building Capability

Implementing an EPM tool is a significant investment for an organisation that will involve business change. When asked to justify the need (the "why" question), it is important to be clear about your organisation's objectives.

Sometimes the "why" involves solving a problem (e.g. provide visibility), sometimes it involves improving governance, sometimes it involves improving delivery. Many times it is a combination of all three, with the overall objective to improve Project, Program and/or Portfolio (P3) capability.

Borrowing from OGC's P3M3 overarching model for Project, Program and Portfolio Management maturity, a Capability Maturity Model approach is used, where levels of maturity are assessed based on defined levels of process:

1. Awareness
2. Repeatable
3. Defined
4. Managed
5. Optimised
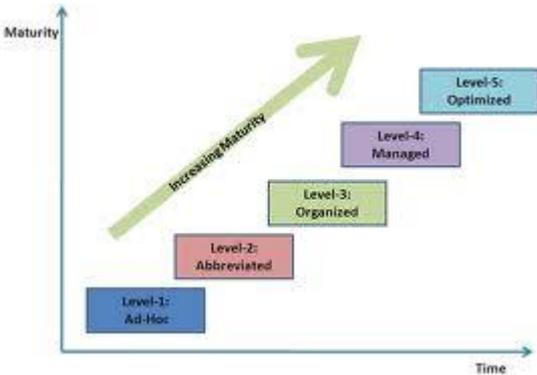
CCG understands capability, in any aspect of Project Management, involves not just process, but also people and tools. To get an improvement in capability, you need to address all three aspects. To address tools in isolation is at best limited in business benefit and at worst a recipe for failure.

A tool must be configured to reflect the organisation's business, in particular their polies and processes. While the rollout of an EPM tool will usually involve "tweaks" to the process, it is rare that it will change much. Financial investment, project accounting, reporting and governance models are case in point, they rarely change just because a tool is rolled out. Be aware though, it might expose gaps or missing processes.

Tip #2 – Define your policies and processes <u>before</u> configuring the tool

More often than not, the rollout of a tool provides the context in which to address capability shortcomings. A case in point is planning/scheduling skills. We often find the rollout of an EPM tool involves uplifting of an organisation's planning/scheduling capability, so targeted communications, training and support is provided as part of the project even though in theory it is beyond the project's scope.

Another capability uplift example is Project Governance. While it is extremely difficult to get senior managers to Governance training, it might be quite acceptable (politically and culturally) to address Governance as part of broader EPM tool rollout briefings and training.

Tip #3 – Consider addressing any Project, Program or Portfolio capability gaps as part of an EPM tool deployment
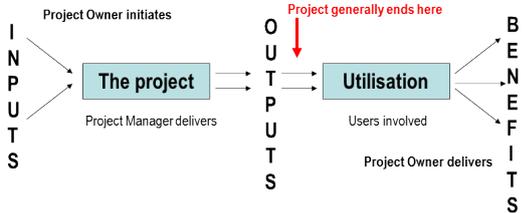
Stakeholders, Change and adoption

An EPM implementation project is a Business Change project with an IT component, it is not an IT project. Rolling out a tool, will no doubt involve servers, coding, integration and testing. More importantly it will involve users (people) and change. Managing this change will be a difficult aspect of the project, more so than the IT component.

Shown below are the typical Stakeholders for an EPM Tool. Change Management must consider the impact on each and Communication needs of each.

The organisation will want the benefits promised, from the investment in an EPM tool. Borrowing from John Smyrk's Input-

Transform-Outcome model shown below, benefits can only come after technology is actually used.

If people don't use the technology, then logically the benefits will be reduced or not achieved at all. The biggest mistake an organisation can make is to consider an EPM implementation project complete once the system is live. Post go live, communications, training, user support and data quality should be the focus prior to closure.

This fact was reinforced at one of our breakfast forums, where we invited representatives from four major EPM tool vendors to a discussion panel. Questions from the attendees (large project based organisations based in Melbourne) resulted in consensus across the vendors, that user adoption not functionality, remained the biggest challenge.

Tip #4 – Focus rollout projects on Change Management and User adoption, not technology

EPM Tool functional blocks

Using yet another analogy, the TV remote control, how many of us can honestly say we use all the buttons on it? If you are like me, once you actually find it down the back of the couch, you probably use less than a third of the buttons.

Back to the builder, EPM builders (the technical specialists like us who offer services configuring the tool) tend to build/configure EPM tools based on functional blocks. Many go through requirements gathering, asking specific questions about how to configure each block, for example "what would you like on this drop menu?" Some use an iterative prototyping approach, others offer "out of the box" solutions, an 80% fit solution, then customise it to suit. These approaches do simplify implementation and can be cost effective, but they both assume the client knows what they want.

At CCG, we start with a "Concept of Operations" workshop, getting EPM Stakeholders together to gain consensus on needs vs wants, a fast track way to define high level requirements. The functional blocks we focus on are outlined below, along with discussion about possible business impacts and change considerations. This list will change slightly depending on the tool, but will remain fundamentally similar.

<u>Definitive project list</u>
Strange as it seems, one of the greatest benefits of an EPM tool is the provision of one "single source of truth" listing of all agreed and proposed projects. Many organisations lack the visibility of their projects, others get bogged down in debate about "what is a project?" For some the ability to see and then kill off duplicate or marginal projects provides

huge benefits. Visibility alone can be a powerful benefit, particularly if aligned to funding.

Selection and prioritisation

Leveraging off the project list, EPM tools can provide the ability to standardise and streamline project initiation, selection and prioritisation processes by aligning to the organisation's methodology. Some promote automation of process as a major driver of efficiency, but be careful.

Tool vendors would make you believe that Workflow (automation of process) can replace human interaction. Try telling the Executive Management team that the EPM tool algorithms will replace their own sense of the business and project priority. Good luck with that one. Better to keep things simple and recognise group consensus in process (eg approval workflow request goes to PMO, who then reflects the Executive Management team's decisions).

Prioritisation, especially relative priority can get quite complex. Aligning projects to strategic drivers, coming up with weightings and mathematical scores but then taking into account project dependencies, compliance requirements and Executive Management opinion is difficult, very much a blend of people, tools and process.

KPIs and Reporting

EPM tools provide the technology to calculate objective KPIs as well as capture subjective KPIs in order to report overall project health/performance. While mathematically correct, the human side of this, and the culture/willingness to display "Red lights" will be tested. Organisations need to consider what happens when the tool and the Project Manager do not agree.

Together with the objective measures, Status reporting needs the insight of the Project Manager, for this reason many EPM tool deployments include commentary information. This will soon expose any cultural issues (say it like it is or be brutally honest ?).

Different projects often necessitate different delivery approaches, hence the evolution of Agile. While all can be modelled and reflected in the tool, it does get tricky when you try to standardise stage gates and reporting. Reporting the progress of an Agile project, alongside a Waterfall project in a summary view can be difficult.
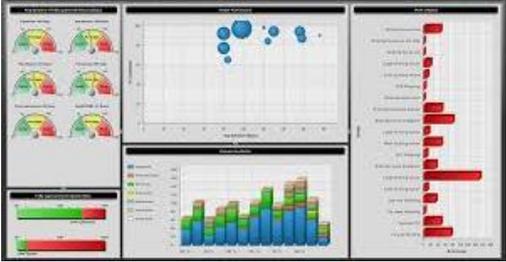
With advances in Business Intelligence, reporting is an evolving area from a functionality perspective. Reporting at a Program level, both the summary of underlying projects together with overall

Program performance is expected. Whole of Portfolio Risk and Financial reporting are also areas which vary enormously, but are expected outputs of EPM tools.

Project Management support

Implied in reporting, but often overlooked, is the need for an EPM tool to actually assist the Project Manager to plan, forecast and control a project. It must provide the basic functionality to plan/schedule, to estimate/control cost, to capture, control and report on Issues, Risks and Change Requests among other things. More importantly it needs to reduce the workload of the Project manager, removing duplication especially relating to reporting.

Project Managers expect the EPM tool to allow them to at least plan and control their project as well as they could do with stand-alone schedules and spreadsheets. At the other extreme, insisting on a standardised approach to Project Management may well "raise the bar", which will be challenging to some.

Resource Management

While the theory of Resource Management is fairly straight forward, the reality is that the "devil is in the detail".

Considerations include:

- The level of detail to which resources are assigned (e.g. especially if Timesheeting is used). We recommend you keep resources assigned at the intermediate level of detail.
- Users knowledge of the tool behaviour in terms data entry and the relationship between effort and duration
- The representation and management of generic vs named resources
- Who actually makes decisions on the assignment – the Project Manager or Line Manager?
- What decision making forums are in place to resolve resource conflict?
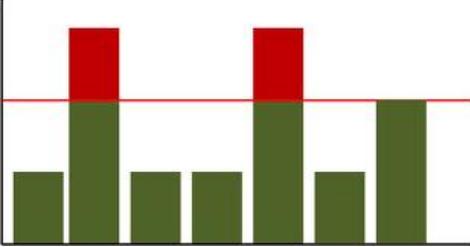- What output reports are needed?

Timesheeting

Timesheeting is probably the most interesting functional requirement there is, although it seems simple at a glance. While some organisations have no need for Timesheeting, for others it is the primary driver. Again the "devil is in the detail", specifically:

- Do you even need it, and if you do what do you need it for? Is it for some people or for everyone?
- If you do need it, what is the impact on user licencing numbers and hence operational costs?
- What is the impact on people (especially if they have never previously done timesheets)?
- Will real hours or hypothetical hours (e.g. 8hrs per day) be entered, and what is the impact of that on work/task tracking?
- Approval processes – is it the Project Manager or the Line Manager who approves?

- Output requirements – is there a data feed to the finance system for example?
- The administration and logistics – who chases up, who prepares, who checks?
- Data requirements – e.g. inclusion of Business as Usual (BAU) tasks

Finance system integration

Finance system integration takes the "most complex" award when implementing an EPM tool.

Estimate to Complete

Estimate at Complete (Calculated Forecast)
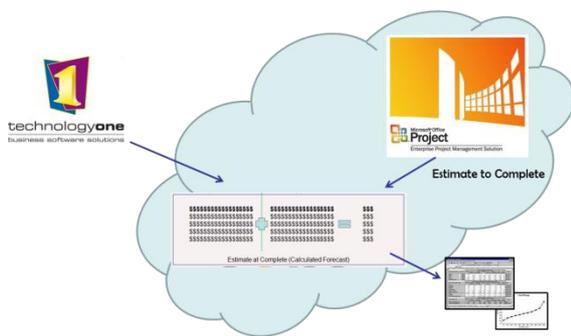
There are many options for implementation, but they tend to come down to five main categories (listed in order of least to most complex):

1. No financial data shown in the EPM tool
2. Representation only in EPM tool at a summary level of financial data, with the detail tracked and calculated elsewhere (e.g. in a spreadsheet)
3. Project level and/or work package level cumulative financial data, utilising EPM tool to calculate the ETC, with Actual costs entered separately in custom fields, typically at month end. Custom fields are then used to calculate EAC and budget variances
4. Project level and/or work package level incremental monthly financial data, utilising EPM tool to calculate the ETC, with Actual costs entered

separately, typically at month end. Customisations are then used to calculate monthly data, year to date and cumulative total
5. Options 3 or 4 above together with Earned Value measurement and analysis, which may be supplemented by a third party tool or spreadsheet

Considerations are very much related to organisational maturity with respect to financial control, including:

- Terminology (which must be agreed prior to config)
- Financial policies, processes and reporting cycles (e.g. accrual, month end cut off)
- Approach to Uncertainty, Risk and Contingency
- Budget change control
- Users knowledge of the tool behaviour in terms data entry and the relationship between effort and cost as well as task statusing and time phasing of costs
- Output/input requirements – file formats, reporting needs etc.
- Quality assurance and error checking

Other functional blocks

Without going into too much more detail, there are other major functional blocks that must be considered prior to engaging the builder. They vary from tool to tool but cover aspects such as:

- Security – both user security and structural security (who can see data and who can edit data)
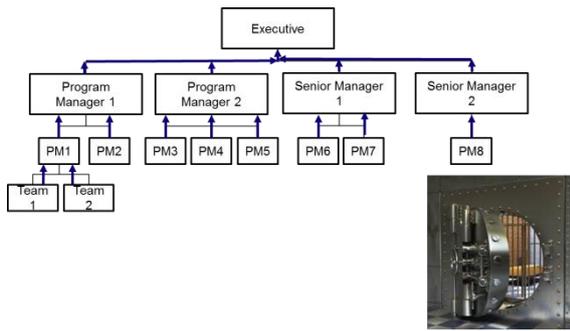
- Collaboration (web, discussions etc.)
- Document management and possibly approval automation
- Benefits tracking
- Lessons Learned
- Quantified risk assessment, e.g. probability based estimates at the project and/or portfolio level
- Inter-project dependencies
- Decision automation and record keeping
- Mobile device support

Tip #5 – Keep it simple, keep it simple, keep it simple !!!!!

CCG's recommended approach

For all the reasons outlined above, organisations and their EPM implementers must strive to keep things as simple as possible. Consider a phased approach to deployment of an EPM tool, configuring and rolling out key functional blocks first then evolving over a number of releases the additional functionality, at a pace consistent with the organisation's maturity growth.

Step 1 – Clarify your objectives and the outcomes you need / want.

Step 2 - Work through the key functional blocks to determine the priority of need for each EPM tool functional block (and their relationship to the objectives)

Step 3 – Evaluate and select the EPM tool, using the above as an input for decision making

Step 4 – Revisit the EPM tool functional block prioritisation, based on any compromises made in tool selection. Determine phased delivery approach

Step 5 – Formalise a project for the EPM tool rollout, secure funding and executive support

Step 6 – Engage an EPM tool implementer (if you do not have internal capability) limited to the first one or two phases

Step 7 – Focus on delivering the first phase ASAP

Tip #6 – Deliver in phases, ideally using an iterative prototyping approach

Conclusion

We started this whitepaper with a premise that many organisations are not ready for an EPM Tool when they purchase a tool and engage an implementer. Using the approach outlined in this document, organisations will not only save time and cost, they will end up with an EPM tool deployment that better fits their needs.

Then they will be ready.

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