A Conversation with Dr. Harold Kerzner

An interview

This is Guerilla Project Management with Samad Aidane. We bring you engaging and thought-provoking conversations with today's leading project management experts and emerging influences.

Samad: Welcome to Guerilla Project Management. Today, I have the pleasure to chat with Dr. Harold Kerzner, Senior Executive Director with the International Institute for Learning, about the topics of his presentations at the upcoming Pink Elephant 15th Annual International IT Management Conference & Exhibition in Las Vegas on February 20-23, 2011.

Dr. Kerzner will be speaking about four topics: What Executives Need To Know About Project Management, Project Management Office: Conceptualization To Execution, Dr. Kerzner's 16 Points To Project Management Maturity, and Recovering Troubled Projects.

Dr. Kerzner is a globally recognized expert on project management and strategic planning, and the author of the best-selling books about project management.

He is the author of the best-selling textbooks: Project Management: A Systems Approach to Planning, Scheduling and Controlling, now in its tenth edition, In Search of Excellence in Project Management, Applied Project Management and Strategic Planning for Project Management Using a Project Management Maturity Model, and his most recent book, Project Management Best Practices: Achieving Global Excellence, is now in its second edition. Coming soon in May 2011, his latest book is: Project Management Metrics, Key Performance Indicators and Dashboards.

The PMI Educational Foundation will administer the prestigious Kerzner Award for 2011. The Kerzner Award is sponsored by International Institute for Learning to recognize a project manager globally who most emulates the professional dedication and excellence of Dr. Harold Kerzner.

Here we go.

Dr. Kerzner, welcome.

Dr. Kerzner: Thank you. I'm glad to be able to participate.

S: Dr., can you give us an overview of the International Institute for Learning and your role as a Senior Executive Director?

K: The president and CEO is E. Laverne Johnson. Laverne started off the company about 20 years ago and I was working with her and helping her with the start up of the company. I was the first trainer. We had experience in working with other training organizations in the past and we made the decision that we would focus exclusively on project management and project management related topics. That's all we do, just project management and project management related topics. We're one of the world's

largest suppliers today of project management education. My role at the International Institute for Learning is a very easy one. All I have to do is to predict the future of project management. It sounds easy, but it's really, very, very different because we have to predict what the future of project management will be. We have to design the training programs, the workbooks, and the materials in order to prepare the next generation project manager. I publish a lot of books and it takes me about nine months to a year to write a new book. When I give it to the publisher, it takes them probably eight months to get it into print. So, when you get a book that says it's "new" and you see it on the bookshelf, it's really almost two years old. So, the fastest way of getting material into the marketplace is through seminars and webinars. That's what we do, and we have offices all over the world.

S: You will be presenting on 4 topics at Pink Elephant's 15th Annual International IT Management Conference & Exhibition in Las Vegas on February 20-23, 2011. The first topic you will cover deals with What Executives Need To Know About Project Management. You say that one key reason why projects fail is the lack of, or not the right level of, involvement from executives. What will executives learn in this session?

K: Well, it's my experience that executives really have a reasonably good idea about project management, but getting their support is different. It all emanates from one core problem, and that core problem is authority. A lot of executives are somewhat apprehensive about project management. They are afraid they're going to have to delegate a great deal of authority to the project manager, and the project manager will then be making decisions that should be made at the executive level of management. We recognized this problem years ago. What we did was to properly design the role of the executive as a sponsor for the project. Once the executive has that role of a sponsor clearly in their mind, they realize that the project manager really isn't a threat to their power and authority base within the company. What we have to do today is to clearly define what that role should be for the executive so they understand it.

For example, one of the problems we have with executives is that they sometimes do not maintain an open door policy. They have to understand that if they act as a sponsor they must be a sponsor for everybody on that project team, not necessarily just the project manager. If executives want to find out the true status of a project, they have to practice what I call WTHM – "Walk The Halls Management." You don't find out true status by sitting in your office and having a project manager give you a piece of paper and saying, "This is what the cost is, this is what the schedule is, and this is the status." People that work on a project team want to see the executive occasionally walking around on their project, talking to them, saying "How are you doing," and so on.

Another thing the executive must learn is that not all projects will be successful. I have a saying: "Any executive that always makes the right decision isn't making enough decisions." A second saying is "Any company where all of their projects are being completed successfully probably isn't taking on any risk or undertaking enough projects." Projects are going to fail. Bad news will occur in projects. Executives must understand that bad news will appear and they shouldn't overreact to bad news. They should find ways of circumventing it and protecting the project manager. Executives today also have to make sure project managers understand the environment in which the project takes place. I'm talking about the business

environment, and the political environment. Most project managers understand technology, but they might not be that astute on what PMI calls the enterprise environmental factors – the factors surrounding the project. These are some of the activities and roles we are asking executives to truly understand today.

S: The other topic you will cover addresses Project Management Office (PMO): Conceptualization To Execution. You say that the introduction of a PMO is a significant organizational change that needs to be carefully planned and aligned with the company's culture. What are some of the common mistakes that you help organizations avoid when setting up their Project Management Offices?

K: This is a real scary thing for executives to do. It's taken us almost five decades to come to the realization that restructuring a company is not necessary in order for project management to work. We can get project management to work in any organizational structure as long as we have teamwork, communication, cooperation and trust. But, as more and more project management comes into the company, we then need what we call a guardian to the project management knowledge that's collected. The best practice is somebody to take the initiatives on continuous improvements. So, we normally create what we call a PMO – the project management office. The problem is that whichever executive gets control of that PMO theoretically becomes more powerful than all the other executives in the company because the knowledge they accumulate will control the project management. So there's a lot of fear among executives as to who will control that PMO. That's why a lot of companies have created multiple PMOs.

When you create a PMO you should do it slowly. There are certain activities in a PMO that executives don't view as a threat and some that do. Activities that are low risk and really not threatening to executives are when the PMO becomes a mentor for younger project managers, or when they develop project management training standards. That doesn't threaten an executive. But, when you ask the executive to get involved, or the PMO to get involved in capacity planning, benchmarking, the development of business cases, the portfolio selection of projects – this becomes threatening to a lot of executives. They feel this is their job and should not allow a PMO to do it. What normally happens is that it takes time for the executive to realize that they are still making these executive decisions and the PMO is simply gathering the facts and providing the information to the executive.

The other real fear about a PMO is that PMOs are normally overhead, and we normally put good people into a PMO. Then, because of downsizing and wanting to control costs, you normally look at overhead first to cut. A PMO is normally considered to be overhead. One thing we're recommending PMOs to do is that as soon as they are formed to establish metrics. That shows that the PMO contributes to the profitability to the company in things such as fewer projects getting in trouble, higher levels of customer satisfaction, continuous improvements, more business, and improved methodology for project management. Executives understand project management, but a lot of executives today might not be that knowledgeable in what a PMO is.

S: You will also present Dr. Kerzner's 16 Points To Project Management Maturity. Can you share with our audience some of the 16 points you will cover?

K: The first point I want to bring across is that companies should institute an all-employee training program with periodic updates based upon documented lessons learned. If you dissect that sentence, it first talks about capturing lessons learned and capturing best practices. The way companies mature in project management is through continuous improvements, capturing lessons learned and best practices as a necessity. The people that capture these must understand project management. Therefore, we have to get everybody in the organization to truly understand project management. Years ago, the only people trained were project managers. Yet, they have to interface with the entire organization. If you're interfacing with the entire organization, and the people that are assigned to your project team simply do not understand project management, and you're the only one that understands, you and the project will struggle. We believe today that everyone should be trained in project management. Maybe not the same level of training, but they should at least have a cursory understanding of project management.

Another one of the points is to adopt the project management methodology and to use it. Project management is not seat-of-the-pants management. It requires some degree of structure. Companies today are creating one or more project management methodology in order to assist people that are managing projects. Another point that I make is to minimize scope changes by committing to realistic objectives. All too often the objectives that we select on projects are what we call blue sky objectives. They're all over the place and they might be unreachable. The way to minimize scope changes is to establish realistic objectives and to do proper upfront planning. The establishment of the methodology focuses on effective upfront planning.

Let me give you just one more: recognize that cost and the schedule are inseparable. What that means is that you cannot determine the status of a project just by looking at a budget. You cannot determine the status of a project just by looking at a schedule. You have to integrate cost and schedule together to come up with a true picture. Years ago I was work for an automotive company. They had a separate group of people that looked only at the schedule and reported back on the schedule. Another group reported only on cost. These two groups never talked to one another. Sometimes it was very hard to find out the real status of a project which was unfortunate. We're going to discuss some of these, which I call core 16 points to project management maturity.

S: Finally, you will talk about Recovering Troubled Projects and provide guidance on how to establish recovery actions and plans for "At Risk" Projects. Based on your extensive research and experience, what are some of the common root causes for troubled projects?

K: That's a very interesting question. I looked at reports that had been written over the last fifteen years as to why IT projects fail. I prepared a list of some fifty or sixty mistakes. This is what bothers me more than anything else. Every year, some of these reports are updated and you still see the same mistakes appearing year after year after year. I did a root cause analysis on those mistakes and what I discovered is that none of the mistakes that these surveys cover are the mistakes that the company has not been using the right metrics. I've just written a book which is in the hands of the publisher. It will be released probably in the May timeframe of 2011. The title of the book is Project Management Metrics, Key Performance Indicators and Dashboards. Years ago, the only metrics that we looked at to determine why projects were failing, or how they were progressing was time and cost. We finally have come to the

realization that you cannot truly determine the real status of a project just by looking at time and cost. There are other metrics that must be looked at. Now we're establishing metrics for all of those causes of failure. I can take all of those fifty to sixty causes of failure and for most I could have established a metric that we could have tracked to indicate that a project was getting in trouble.

The earlier you detect that a project is getting in trouble, the earlier it is to remedy the situation. For example, one of the metrics you could look at is the number of unstaffed hours. If you see at the beginning of a project that there are a lot of unstaffed hours, you can be pretty sure that the schedule is going to be impacted. Another metric you could look at is the quality of resources assigned versus the planned resources that should have been assigned. If you had planned for grade 8s and the only people assigned are grade 6s, you might be saving a few dollars, but it doesn't look like the skill level that was estimated is being provided by the functional managers. So, why what until a project is two-thirds over to discover you're in trouble when some of these early upfront metrics can remedy the situation? What we're looking at today is that these root causes of failure can be, in many cases, corrected or eliminated. All of these IT surveys, like the Chaos Report from The Standish Group, all say the same thing. They all say that 30% of IT projects are completed successfully. In 1995, in the first version of that report, it said something like 28% of IT projects were completed successfully. Now, fifteen years later, that number is only 32%. We seem to understand the causes to these failures, but we're not developing metrics to track them so we can take early corrective action. I'll talk in that part of the program about steps we can do in order to remedy that problem.

S: Dr. Kerzner, what type of projects are you working on these days and what is next for you?

K: As I mentioned previously, my role in project management is to plan for the future. What skills will project managers need in the future? So, the projects I'm working on are education programs in order to enhance project management capabilities. I believe that project managers in the future will have to understand how to work on more complex projects. Projects are not becoming smaller and easier to manage, they're becoming more complex because we now have more faith in the ability of project managers to manage those. But, with these complex projects comes additional skills. We are now working with multiple stakeholders. We need training programs in stakeholder management. We need training programs in how to identify problems early through root cause analysis. We need training programs in how to deal with multiple cultures.

One of the biggest challenges is designing good training programs on how to manage virtual teams. IBM, Microsoft, and Hewlett Packard also - these companies have told me that every project they work on involves a virtual project team with people from all over the world assigned to this one project. You have to learn how to work with people you can't even see. You just talk to them over the phone. We have to learn how to deal with politics on some of these complex projects. We have to learn how to determine the value of a project. One of the projects I'm working on now is how to measure value. Once customers get a project, once they fund the project, they're not interested so much in the budget and schedule as they are with the value they are going to get out of that project when it's over. So, what I'm working on right now is developing metrics to determine how we can measure the value of a project as it progresses.

S: Dr. K, how can our listeners find out more about you and contact you?

K: You can always get to me through the International Institute for Learning. You can email me at harold.kerzner@iil.com. If you wish, you can go through Andrea Johnson at IIL. She controls my schedule. You can get directly to me or through her at andrea.johnson@ill.com if you have any questions on this. Usually we respond back within 24 hours to any questions that people ask.

S: Dr. Kerzner, I want to thank you so much for speaking with us today on Guerilla Project Management. I really enjoyed our conversation and getting the opportunity to meet you. I hope you can come back to talk to us when your new book, Project Management Metrics, Key Performance Indicators and Dashboards, is released.

K: I would certainly like that. Thank you very much

You've been listening to Guerilla Project Management. You can hear more Guerilla Project Management podcasts on iTunes and read more at www.guerillaprojectmanagement.com.