

CASE STUDY:

# THE VALUE OF A COMMON PROJECT CULTURE AND KEY ASPECTS ON HOW TO ACHIEVE IT

A transformation project case study – Project Culture Improvement in a mid-sized ICT company in Europe.

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## ABSTRACT

This Case study exposes the audience to the benefits of a common project culture across the whole organization and the challenges of implementing changes in order to improve the project culture.

Questions and topics covered:

- What were the Business drivers for change?
- What is a good project culture and how can you measure the maturity level, do a gap analysis and finally also prove the improvements? A model with 6 key signs will be shown.
- Which were the key challenges and how were they addressed?
- What improvements were implemented and how did they impact the project culture and the company's business result? – The corner stones for a well-functioning project culture.
  - Top management understanding, interest and support
  - Project Portfolio Management
  - A well-functioning and recognized PMO
  - A matrix organization with clear roles
  - Customized project management model and tool
  - Training, Mentoring and Coaching

## BACKGROUND

Many companies are struggling to get the full benefit out of their projects. One common reason is that the company has not fully succeeded in implementing a common project culture across the whole organization. This paper will explore the benefits of a common project culture across the whole organization and the challenges of implementing changes in order to improve the project culture.

This case is about a successful transformation project executed with a European innovative ICT company with 130 employees, during 2009 and 2010, seeking to improve its business result by becoming more efficient in managing projects. The company is mainly active in the Railway sector delivering state-of-the-art products and systems for signaling and security systems. The company has three categories of projects: R&D projects, Internal improvement/transformation projects and Customer projects. Although all 3 categories were covered by this transformation project the main focus was on the customer projects.

The case is a success story, based on experience from more than 10 similar improvement initiatives in large and medium-sized companies, active in a wide variety of sectors such as Telecom, Banking/finance, Pharmaceutical, Defense and IT/Consulting. The overall conclusion is however that the problems and the solutions, when it comes to project management improvement, are very much the same, independently of the sector, so good practices can definitely be reused, basically anywhere.

## WHAT WERE THE BUSINESS DRIVERS FOR CHANGE?

The company had been very successful over the last 10 years developing new advanced and attractive products which had been successfully delivered to customers in several countries, especially related to new high-speed train lines and subway extensions. But margins were getting more and more stretched, in general due to shrinking business volumes in the market, and thus more harsh competition. The origin of this situation was mainly due to the financial turmoil in the world, and thus less public money was being invested in infrastructure. And since the company was heavily dependent on good project management (more than 80% of its activities are managed as projects), it decided it needed to give this area a push to try to become more efficient and improve the margins.

There was also a general lack of confidence in the project managers and the project performance, resulting in situations where top management got too involved in the daily business and in the detailed activities in the projects. Most project managers did not actually have the right competence, experience and in some cases the talent, so they did not do a great job and even where they did, they did not manage to make it visible to top management, thus not creating the needed confidence.

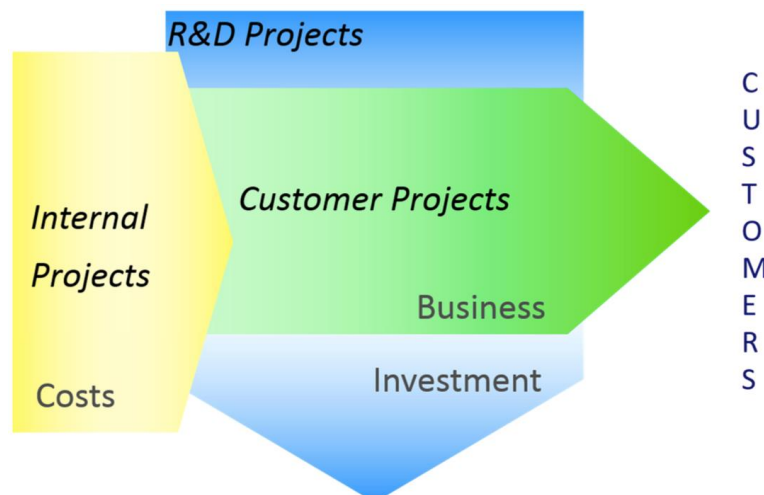
Therefore, the company decided to contract a project management maturity analysis to start with. The goal was to evaluate the situation, identify improvements and ensure that all key stakeholders got a common view on the current situation, the vision and the main actions to take to get there.

The vision was “A good and efficient Project Culture in the company”, and with the following goals to be fulfilled within one year:

- Become more efficient – More productive!
- Better financial results from the projects
- Introduce a good project Portfolio Management
- Good and visible project planning and control
- Clear roles and responsibilities
- Improve Project Performance (Time, Cost, Quality and Margins)
- A Project Management methodology adapted, implemented and in use – and being considered useful by all implicated roles. – A common way of working!
- Be more rigid among everyone when it came to the use of processes, routines, reports etc.
- Improve the human skills aspect
  - Communication in general, personnel trained and motivated, leadership, teamwork, care for the individual employee, empathy etc.
- Free off time:
  - Better use of the individual time on activities that really add value (for all people on all levels)
  - Use people where they best help the company
- Improve competence development – in general.

All these goals are to be applied on all categories of projects but the main focus was set on the customer projects. There are three categories of projects, and that is important to take into account when it comes to definition of Project Models, Methodologies and Tools.

- Internal – Transformation Projects
- R&D – Product and Service Development Projects
- Customer Projects.



Other more detailed goals that turned up during the project were:

- Templates have been fully tested and if needed updated
- The aim for a strong matrix organization
- A Project Manager Career has been developed, and in use
- There is a training itinerary
- Agreed training courses performed
- Process adherence audits have been performed
- Improvements have been measured and demonstrated.

It is important to note that Top Management, starting with the CEO, were all the time very committed to the improvement initiative throughout the duration. The CEO was actually directly and actively acting as the Sponsor for the improvement project.

## THE MAIN BENEFITS WITH THE IMPROVEMENTS

### **A Common Project Culture**

- A common model/methodology facilitates cross-functional, cross-company and multicultural cooperation
- Following a process guarantees that the correct things are done from the start and rework is minimized
- An adequate model for make/buy decisions
- Cooperation between customer and vendor is more efficient if there is a common way of working
- The model and way of working can be used in all types of projects.

### **Better Performance by the Individual Projects**

- Projects fulfilling their goals ensures savings and increments sales/income
- Projects correctly managed motivate people and they perform better
- An efficient Project Management model facilitates the evaluation of vendors and their possibilities to deliver as promised.

### **Good Project Portfolio Management**

- Good Project Portfolio Management increases and improves visibility
- A correct choice of projects and their contents optimizes the use of resources
- Improves the overall efficiency
- Creates more and better business

### **A well-working Project Management Office (PMO)**

- Gives support and drives" the whole improvement initiative
- Promotes a common Project Culture

- Ensures a good Project Portfolio Management and that better business decisions are made, thus resulting in more business with better margins
- Increases the possibilities of good performance by the Individual Projects
- Ensures correct competence development
- Ensures continuous improvement
- Ensures better project control.

## WHAT IS A GOOD PROJECT CULTURE?

At Greenlight Project Management we have developed a simple and high-level way of measuring the project culture. This model is very often enough when you just want to make a high level and very initial assessment. It also serves as a high level auto-assessment, and provides you with a gap analysis.

The model consists of 6 signs and they are:

- Results – Time, Cost, Quality and Margins
- Business Oriented Decisions
- Employee Motivation
- Clear Responsibilities
- Highly Competent Organization
- Applying Common Models and Tools



In the table below the signs are described in more detail.

<b>Results (Time, Quality, Cost, Margin)</b>	Projects are finished on Time, within the Cost budget and the result has the expected Quality. And scope and delivery dates can be changed during the project with low impact. Product increments can be delivered during the project. The desired margins are met and even improved in the customer projects.
<b>Business Oriented Decisions</b>	Top management has full control over the project portfolio, and project decisions (Go / No go, Tollgate, Scope, etc) are made in a consistent and coherent manner, and in line with the company strategy. Agile methods are used where applicable.  Continuous improvement is naturally included in the scope of the projects as improvements in the way of working.
<b>Employee Motivation</b>	Employees are fully involved in and committed to the projects, which allow personal competence development. People are treated with respect and people are motivated to do the very best they can.  Motivated people perform more and better!

<b>Clear Responsibilities</b>	Roles in the organization are well defined, and responsibilities and authorities are clear. (The roles are typically Project Manager, Project Member, Teams, SCRUM Master, Product Owner, Sponsor, Project Portfolio Owner, Resource Owner and Receiver.
<b>Highly Competent Organization</b>	People have the right competence and experience to be able to carry out their job, thanks to continuous training activities and continuous improvement in general. There is a so-called "Learning organization". Key people (Sponsors, Project Managers, ...) show Business Acumen!
<b>Applying common models &amp; tools</b>	A model and tools are applied in the projects and the portfolio, meaning that a common way of working, terminology, project life cycle, documentation, use of tools etc. are used. The way of working is also improved continuously.

The 6 signs can be evaluated, for example on these 5 levels (level 5 being the best):

- 1) Hero – Ad-hoc
- 2) Planned (individual projects)
- 3) Managed at Project Level
- 4) Managed at Project Portfolio level
- 5) Continuous Improvements – Learning

## WHICH WERE THE KEY CHALLENGES AND HOW WERE THEY ADDRESSED?

Changes are initially nearly always considered a threat to any organization, so they must be introduced carefully and in a structured way. Thus, perhaps the most important success factor in this case was that the whole improvement initiative was managed as a Project, with two Project Managers, a Sponsor and an active Steering Group.

The project was managed using its own deliverables, such as:

- The project methodology with real Scope Management, Stakeholder management and a transformation project model
- Agile principles and contracts (each month was a sprint)
- Good project management
- The PMO
- A Steering group
- The Decision model
- The human skills
- Clearly defined deliverables

By doing it like this we were able not only to guarantee the results but also to use the project as a pilot and showcase for other projects. This way of thinking and organizing the work is also supported by PMI®, the Project Management Institute. They have for example recently published a new book called *“Managing Change in Organizations: A Practice Guide”* and a few white papers on the subject.

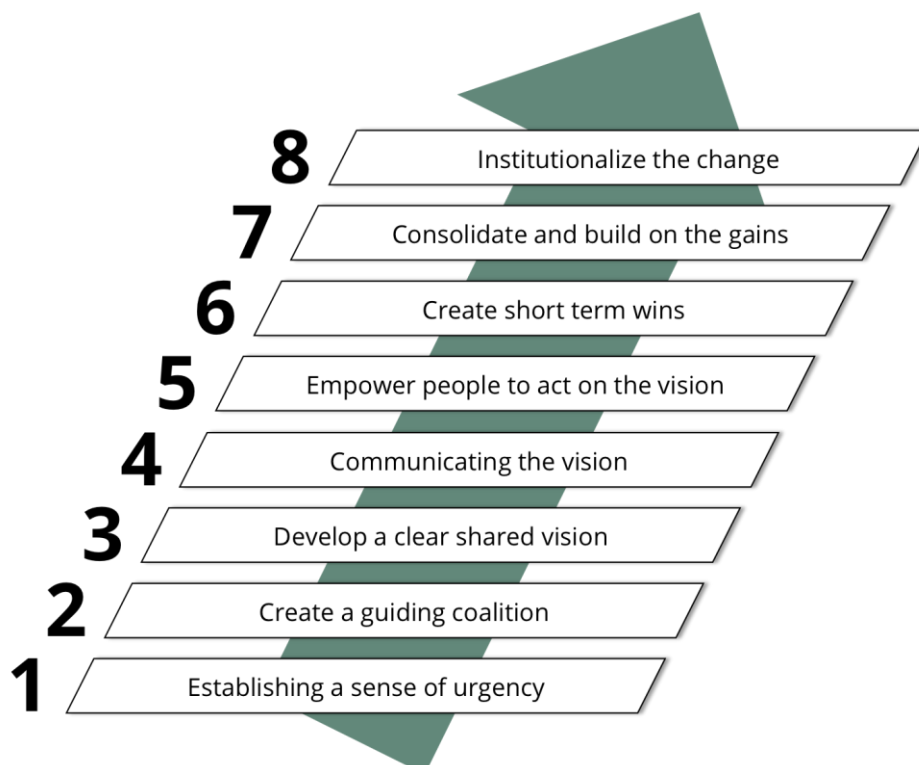
*PMI® says:*

*The primary reasons why organizations are failing—and losing money—are insufficient communications and lack of leadership. However, organizations that are highly effective at change management, Change Enablers, incorporate certain practices that they deem important to the success of strategic initiatives:*

- *Having well-defined milestones and metrics*
- *Having senior management committed to change*
- *Establishing and communicating concrete ownership and accountability*
- *Using standardized project management practices*
- *Having engaged executive sponsors*

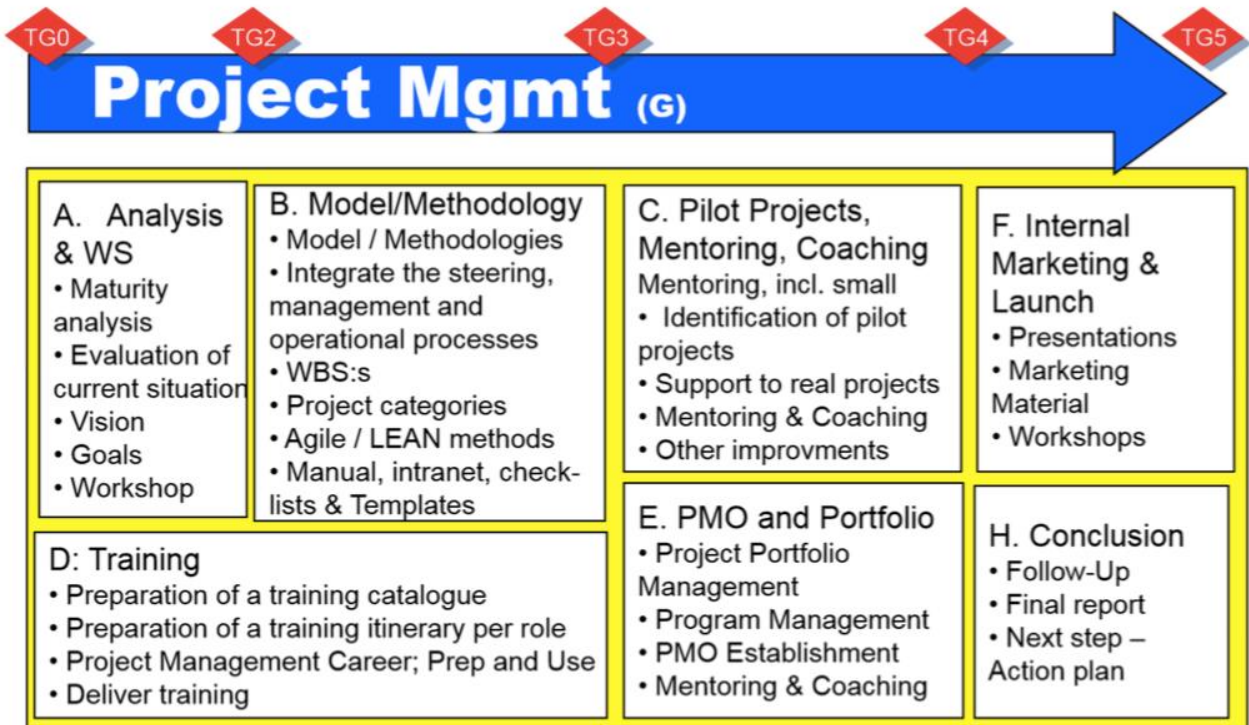
*It comes as no surprise that these practices are not frequently used within organizations that are not very good at change management.*

This transformation project also considered fundamental change aspects as for example the 8 steps described by John P Kotter in his book *“Leading Change”*. Those 8 steps are illustrated in the image below.





The WBS (Work Breakdown Structure) and the Project Life Cycle for the 15-month project based on GPMM (Greenlight Project Management Model) looked like this:



Key Success Factors to be successful with a Transformation project of this type:

- Start with a good analysis and workshop, to define a Vision, the Goals and an Action plan, with a common view.
- Manage the transformation as a project based on normal project management principles and the 8 Steps Change Model
- Focus in implementation - Use well proven models and best practices
- "Quick wins!"
- "Simple is beautiful"
- Ensure good Stakeholder engagement
- Prioritize attention to human aspects – Change Behaviors!
- Have Perseverance

## WHAT IMPROVEMENTS WERE IMPLEMENTED AND HOW DID THEY IMPACT THE PROJECT CULTURE AND THE COMPANY'S BUSINESS RESULT?

The project was managed as a total solution with the following Deliverables – among others:

- The cornerstones for a well-functioning project culture.
- A PMO was established
- A Customized Project Management Model was prepared and implemented
- Project Management was improved
- Project Portfolio Management was introduced
- A number of MS Office Project management based tools were introduced
- 10 training courses were delivered
- A Project Manager career was developed and introduced
- Better Project Managers

The success of the project was measured using the 6 project culture maturity signs on a 1-5 performance scale (5 is best), one before, and another one 1,5 years later:

SIGN	BEFORE	AFTER
Results (Time, Quality, Cost, Margin)	2	4
Business Oriented Decisions	1	5
Employee Motivation	4	5
Clear Responsibilities	2	5
Highly Competent Organization	2	4
Applying common models & tools	1	5

*Descriptions of the scale: See page 7.*

Other proof of the success of this project:

- The company is now more efficient / productive
- The margins in customer projects have improved by several percentage points
- There is now a well-functioning Project Portfolio Management in place
- The project planning and control has good visibility, quality and performance
- The roles and responsibilities are very clear
- The Project Performance (Time, Cost and Quality) has improved
- A Project Management methodology has been adapted, implemented and is being used – and considered useful by all implicated roles. – There is now a common way of working!

- Everyone involved is more rigorous in the use of processes, routines, reports etc.
- The human skills aspect has been improved, considering:
  - Communication in general, personnel trained and motivated, leadership, teamwork, care for the individual employee, empathy etc.
- Time has been freed off:
  - Better use of the individual time on activities that really add value (for all people on all levels)
  - Use people where they best help the company
  - Top management does not interfere in the projects on a daily basis and they do not always even need to be present in the steering groups.
- Competence development is a normal activity, and even PMP® certified Project Managers are now to be found in the organization.

## FINAL CONCLUSIONS – SUMMARY

The vision and goals for the project were met! The Project Culture did improve drastically, from an overall average of 2 to 4,7 on a 1-5 scale model. Key success factors to consider for a Project Culture transformation/improvement project:

- There is a need for a PMO – as The Driver and Receiver
- A Customized Project Management Model is needed – as The Base
- A Business driven Decision Model helps a lot – to Clarify Roles and ensure Business Focus
- Good Project Steering Groups – to Clarify Roles and Secure Project Performance
- Top Management Support is needed – to ensure priority and transformation project results.