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2 - Strategic Project Planning

In this chapter, we'll work through the process of strategic project planning, seeking to "frame" our project within boundaries of measured business outcomes in the user's operations. We'll work with the user to establish and gain approval of the strategic framework of the project that includes:

- An objective measure of project success (MOS)
- A high-level achievement network (HLA) which lays out in measurable terms our path to the MOS™ and quantifies the boundaries of the project's scope including both user and IT achievements
- Assessment of risks, mitigation strategy and strategic assumptions
- The project charter including authority structures and accountability relationships
- Change control processes and rules

Having this framework in place before we start work substantially increases the probability of the project being a success in the user's eyes as well as providing solid scope control. However, strategic planning is a difficult process, which is why it is skipped on so many projects.

> When projects are defined solely as the delivery of new functionality by IT, we are unlikely to have a satisfied user at the end or produce value for the business

WHY WE SKIP STRATEGIC PROJECT PLANNING

Most IT projects start with the assembly of a grocery list of requirements which grows each week during the project because there is no strategic plan to restrain the expansion of the project or target its success. We have little ability to define what's in and what's out of the project. Oh, we see long narratives supposedly defining scope and objectives but they rarely contain objectively measurable definitions of success and the measured steps we'll take to reach that end business result. So why do people skip strategic planning? Because it requires:

- Access to executive level decision-makers,
- Us to learn the user's business,

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- Us to speak the user's language
- Negotiating performance commitments up front
- Coping with a certain amount of conflict that occurs whenever we make tough decisions
- Conceiving a cross-functional effort that spans functional "silos" and nudges the hierarchy just a bit.

No wonder people skip this strategic planning; it's so much easier just to start work.

Let's explore several of these challenges in more detail.

First, the language of strategic planning is not technical; it is measured performance improvement in the user's business and operating functions. We talk their language, not ours, with a focus on measured business achievements. We talk about the "accuracy of invoices" and the "time it takes to process a transaction" not the GUI, database or network capacities required. It is difficult to keep the planning discussions at a business achievement level so we can reach agreement on the measured business benefits that will be our target. Many who will be in these discussions will want to get into the delicious technical details or talk about "Here's what the screen should look like" not what we have to achieve in the business. The PM and IT project team members can be their own worst enemy in this regard. We are more comfortable talking about areas of our expertise than the users' business. But we need to engage executive decision-makers in this process. We quickly lose them if we let the planning sink into the "activity trap" of technical features and functions.

Second, few PMs enjoy conflict and strategic planning triggers it. Rather than burying disagreements, a strategic planning process that focuses on hard-edged and measurable business results brings them to the surface. We're not creating conflict. Rather, we want to resolve as much of the existing conflict over business results and "what's in the project" as early as possible. No IT project can meet all of the user group's expectations about the features, functionalities, reports and screen displays. The question is when in the process do we face this issue and start to control the scope. We can defer the existing conflict or smooze it over in the interest of "getting off to a good start," and then face it towards the end when changes are most expensive. Or, we begin scope control early, which is much better than waiting until the duration and budget start to slip.

So those are some of the challenges we face in strategic project planning. As a rule of thumb, every hour spent on this process saves 10 hours during the life of the project. The two-step process we'll use, strategic planning to frame our tactical planning, substantially increases the probability of delivering the business results the user wants within the time frame and budget to which we will commit. With an approved strategic plan, we begin the project with:

- The ability to focus our efforts on objectively measurable business results

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- Executive agreement on the measured path we will take to reach those end results
- Commitment from the users to the achievements they must deliver as part of the effort
- Executive understanding of the risks inherent in the project and the cost of mitigating those risks
- Clear authority and accountability relationships across functional lines
- Executive agreement on the processes and procedures for making the inevitable changes.

Before we work through the process of overcoming the challenges of strategic planning to gain its benefits, there is a technique that we'll use in strategic planning and throughout the project.

TRADE-OFFS AND SCOPE CONTROL

The strategic planning process lays the groundwork for managing with quantified trade-offs. The trade-offs we will work with come from the "four corners" of the project that we will develop in this first phase. The 4-Corners are:

- Measure of success (MOS)
- Budget
- Duration
- Risk (probability of success).

Our intent is to build a project plan where each of these four corners is quantified and we can discuss quantified trade-offs between them. We establish the idea of trade-offs between these four corners early in the project and then we will use it during:

- Detailed planning
- The final project approval presentation and
- Every week of the project as we track actual results and deal with changes and problems.

Executives are accustomed to evaluating projects with only one measurable dimension, duration, or at most two, budget & duration. We'll give them four and much better decision-making about trade-offs

Rather than try to "fight" with the users and executives about changes to the plan or changes to the requirements, we will present trade-off data. If the executive wishes to shorten the duration of the project, we will calculate the impact on one or

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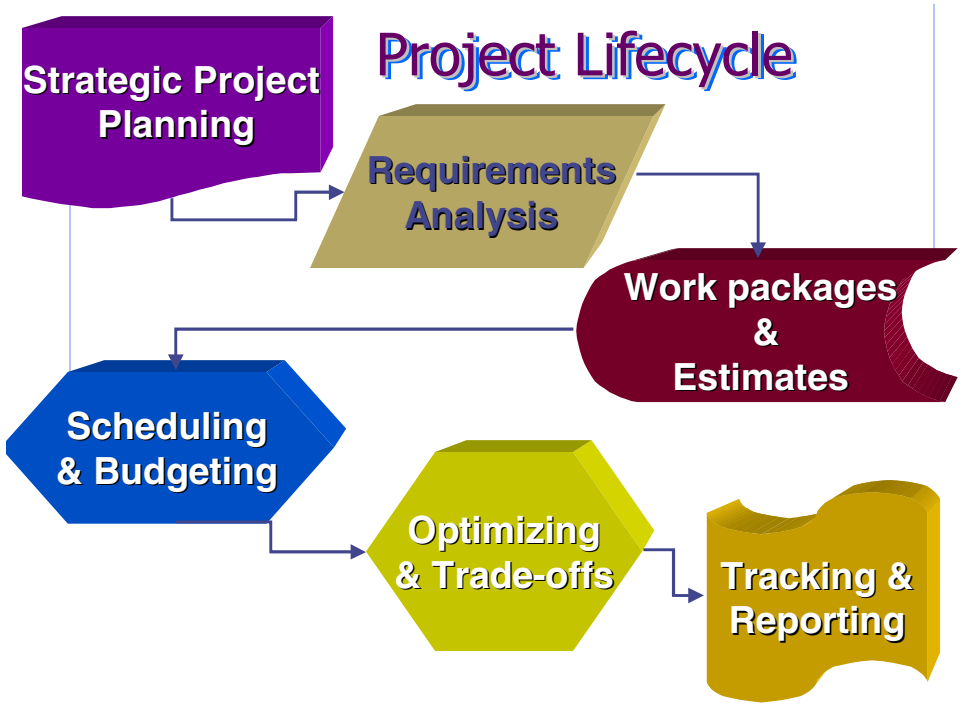
more of the other "corners" of the project. We can certainly shorten the duration but the trade-off may increase the cost, reduce what we achieve for the business or lower the probability of success. This trade-off mentality is the key to maintaining a high probability of a successful project by giving us an effective and data based approach to change control. It also allows executives to exercise strategic control over what they are "buying" from the project and that can earn us many benefits.

Figure 1



THE ERP PROJECT

Let's dive into the case study we will use through the remainder of the book. It concerns an organization's implementation of enterprise resource planning (ERP). To develop all the components of the strategic plan, we'll see our project manager fight through the principal difficulties in completing a strategic plan and pick up new techniques along the way.

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OUR PROJECT AT RIDGEWAY, INC.

Pat Milbarge crossed the black asphalt parking lot with its web of yellow lines, walking toward the throng of employees at the security entrance. Ridgeway, Inc.'s 14-story, gray glass building loomed above. It was the company's headquarters and only location. Pat smiled and nodded at friends and acquaintances also walking into the building.

Pat lifted a company ID card from the chain that almost everyone wore around their necks, flashed it to the guard and headed to the IT department's cubicles. On the way Pat saw the company's Chief Information Officer (CIO) deep in conversation with the Executive Vice President (EVP).

As Pat approach the duo, the CIO raised a hand in greeting and Pat overheard the EVP say, "I know you don't like the idea of us bringing in outside vendors but this ERP system is different. We both know you simply don't have the resources available for this kind of monumental effort."

Pat saw the CIO nod agreement and the EVP went on with a clenched fist, "With our fantastic growth and all the new products we're making and buying from others our supply chain is just too complicated for our old legacy systems. Our competitors have gone the ERP route and it's not going to be long before our service, responsiveness, timeliness and quality lag badly and market share drops. Heck, our people have trouble talking to each other and moving data from department to department! If we continue to grow like we are you can imagine what a mess the customer service experience is going to be. We also need to get on the Web and develop the company's e-commerce. What the ERP vendor has proposed will do all this for us. I know the Board's going to approve the expenditure and in the long run you'll save a lot of work and aggravation because you won't have to maintain all these old "stovepipe" systems that have been around for years."

Pat slowed down to try and overhear the CIO's response, but it was lost in the buzz of conversation in the busy hallway. There had been a lot of grapevine chatter about the ERP system and even a few snippy comments from users about how the outside vendor was going to fix the mess IT had made of their systems "talking" to each other. Not many in IT were happy about an outside vendor coming in but the last few major projects on the development side of the house had not gone well. Pat plopped down into the cubicle chair and started what promised to be another 70-hour week.

A few hours later the CIO flopped down into the chair in Pat's cubicle. "Well, the Board turned down the ERP system," the CIO said. "They said the company simply couldn't afford the big price tag. It was a close one though. All that supply chain management stuff and the "faster to market" talk really hit a responsive chord. The Board also liked the talk of improving interdepartmental information flows and the possibility of cutting

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labor costs while improving customer service. That high-powered sales executive from the ERP vendor was one silver-tongued devil. She started talking about using the Web to both improve internal communications and to give us world-class customer service. The Board was in heaven. But the price tag was just too much. So guess into whose lap they've dumped the project?"

A sinking feeling tied Pat's stomach into knots. Without speaking, Pat fixed the CIO with a level glare, knowing what was coming. Undaunted but with a big smile, the CIO continued, "That's right you're going to be the project manager on our 'partial' ERP project."

Pat said, "To get any of those ERP benefits the EVP was talking about, we're going to have to re-engineer the operating processes in just about every department in this company. You and I both know how hard it is to change things around here. That alone has killed us on five or six projects in the last year."

"I know," the CIO admitted. "And I also know this project is going to be a monster, particularly because they want us to start immediately. In fact, you have a meeting this afternoon with the steering committee that was formed for the ERP project. They want us to be finished in 9 months."

"You didn't agree to the completion date, did you? And what about the business case and getting funding approval?"

"I didn't commit to the date or to the $500,000 they approved for the 'partial' ERP system."

"But you said we'd try," Pat snapped, "and where did the $500,000 come from?"

The CIO gave a weak grin and said, "We're not committed to any hard date or budget but the Board got so excited about the ERP benefits that they let the EVP bypass the business case process to get started immediately on the 'partial' ERP system."

Pat said, "What does 'partial' ERP mean?" You keep saying that."

"The Board turned down the vendor's whole proposal and asked if there was a cheaper, partial solution. It turned out that the less expensive options weren't much less expensive. After the salesperson left, the EVP jumped on the bandwagon and asked the Board to fast-track a 'partial' ERP system where we spend just $500,000 but get most of the benefits of the ERP. I guess the Board must have felt sorry about turning down the big project because they approved this partial ERP without any business case."

Pat sneered, "Well, we're sure set up for success."

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