

One day at a time



PMP research suggests companies are using project management and PSA software to solve immediate problems rather than taking a long-term strategic view of their project management needs.

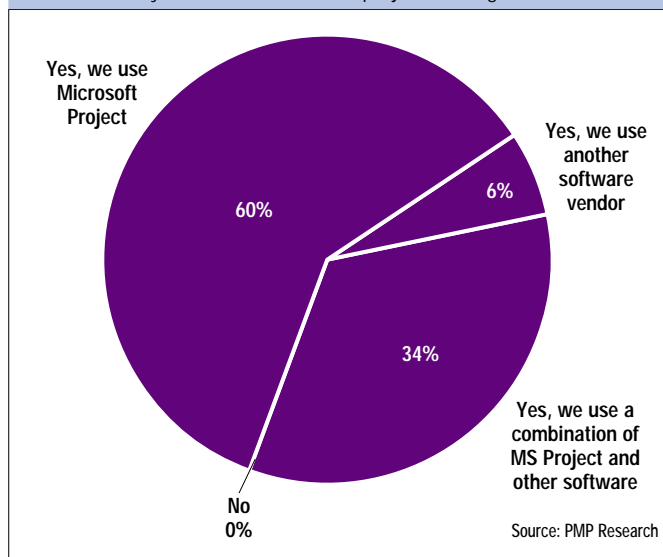
Despite years of experience, it remains as difficult as ever to bring projects in on time and within budget. Recent well-known casualties include the new Scottish Parliament, where building costs have quadrupled and work is still not complete. And while technology can provide some of the solutions, it often raises a new set of questions.

For some organisations, such as IT consultancies, architectural practices, lawyers or engineers, project management is a way of life. They need to get the right skills on the right task with the right results in order to maximise fee income.

For others, projects may be more about generating operational improvements rather than hard cash. Many companies, for example, now have internal IT departments charged with handling substantial software development projects designed to introduce business-critical systems within tight deadlines.

Either way, both need some means to track and control progress on enterprise projects. Increasingly, as this PMP research survey of enterprise project management and professional services automation (PSA) solutions underlines, organisations are looking to technology to help them do this.

FIGURE 1: Do you have software for project management/PSA?



Of the mix of companies we polled (see Survey Statistics box, below, none are attempting to run projects without some kind of computer software in place. For the majority (60%) this is Microsoft Project, although 34% combine this package with other options. Just 6% have opted for a different route altogether (see Figure 1).

The key reason for using project management tools is to improve project visibility, cited by 92%. Companies are also looking to improve their allocation of resources (86%) and reduce milestone delivery risks (82%).

All three aims are focused on immediate, rather than longer-term, goals. Indeed, companies are notably less enthusiastic about how project management software could help them create metrics for use on subsequent jobs (52%), save money (48%), allow them to re-use knowledge (38%) or identify business opportunities (12%).

It is hard to avoid the conclusion that many companies are deploying project management and PSA tools for firefighting – that is, to handle the basic day-to-day

demands of running projects without becoming overwhelmed – rather than for developing an holistic view of project progress and performance.

Most companies report that their current system allows them to track both resource allocation (88%) and resource utilisation (80%). Half (54%) can also automatically monitor the total costs for a particular project and time & expenses

SURVEY STATISTICS

Our survey sample were evenly split between companies classifying themselves as professional services providers (33%) – who concentrate on marketing their expertise to external customers – and those who are inhouse service providers (39%), responsible for internal developments. A further 18% describe their activities as a mix of the two.

A third of our sample (33%) are from the manufacturing industry, which has a tradition of handling complex projects. A quarter (26%) are active in the financial services sector, where many banks and insurance companies have large internal IT departments responsible for implementing ambitious new computer systems against tight deadlines.

Other industries represented include engineering (8%), IT (6%), chemical & pharmaceutical (4%), construction (2%) and legal (2%).

A quarter (25%) of those polled employ 100-500 project or service professionals, while 6% have 500-1,000 such employees and 16% more than 1,000 people with this kind of expertise.

Issues facing smaller operations are also reflected in our findings: 14% of our sample have between one and 10 project professionals on the payroll, while 6% employ 10-50 and 12% have 50-100 project specialists.

FIGURE 2: Ease of use of software

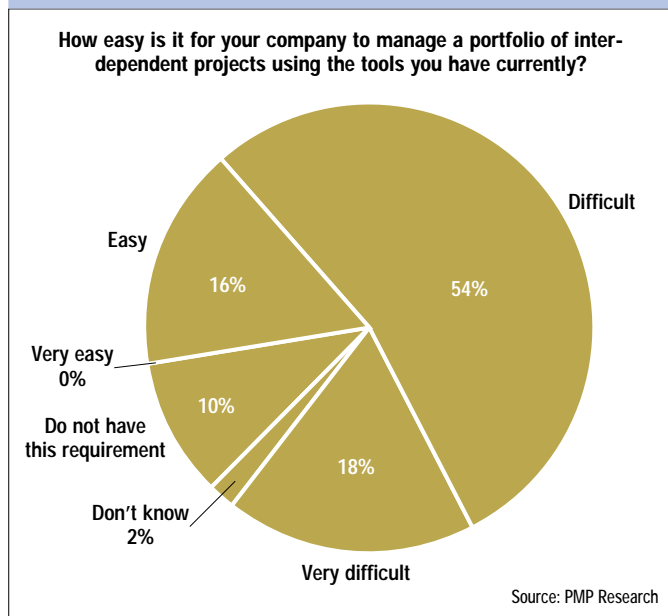
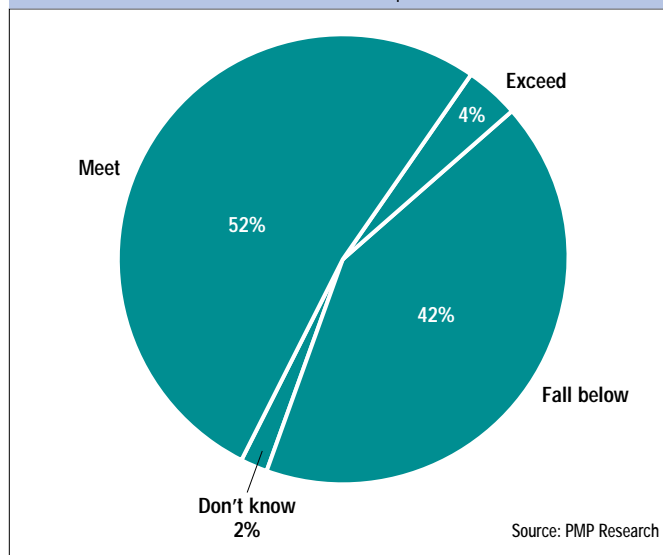


FIGURE 3: Do PM tools meet/exceed requirements?



outgoings (52%). So, at a minimum, most companies at least know who is on a particular job, how much work they are doing and how much money is involved.

But digging deeper into current functionality, it becomes clear that more sophisticated analysis is beyond the remit of most companies.

Only around a third (38%) can track roles and skills, an option which allows them to build up a picture of what kind of expertise is in demand or in short supply and plan training, recruitment and project allocation accordingly.

A smaller proportion can track either all payments on a particular project (28%) or handle chargebacks to other departments (22%), both of which allow companies to keep a closer eye on where the money is going.

Organisations continue to have problems managing a portfolio of inter-dependent projects using their current tools. Almost three-quarters of the sample describe this process as either 'difficult' or 'very difficult', while none label it as 'very easy' and just 16% feel it is 'easy' (see Figure 2). Significantly, only 10% of the sample claim not to have such a requirement.

It seems that many of those surveyed are indeed looking at each project in isolation, since 41% acknowledge that they do not have access to a consolidated view across all projects using their current project management tools.

For many, this must be a case of being unable to see the wood for the trees – and may partly explain why only 2% find it easy to allocate resources and skills to projects using current tools. In comparison, half find this process either 'difficult' (45%) or 'very difficult' (6%), perhaps because the overall picture is so obscure.

Some of these difficulties may be fuelling the present levels of dissatisfaction with project management tools. While half (52%) reckon their current software generally meets their requirements, only 4% believe it exceeds them – and 42% maintain their software fails to meet their needs (see Figure 3).

Failures

The reasons why project management packages fail to deliver – as do so many projects themselves – are complex. Our Expert Opinion article on page 5 takes a detailed look at both the technical and the cultural issues involved and makes the point that technology alone is no guarantee of success.

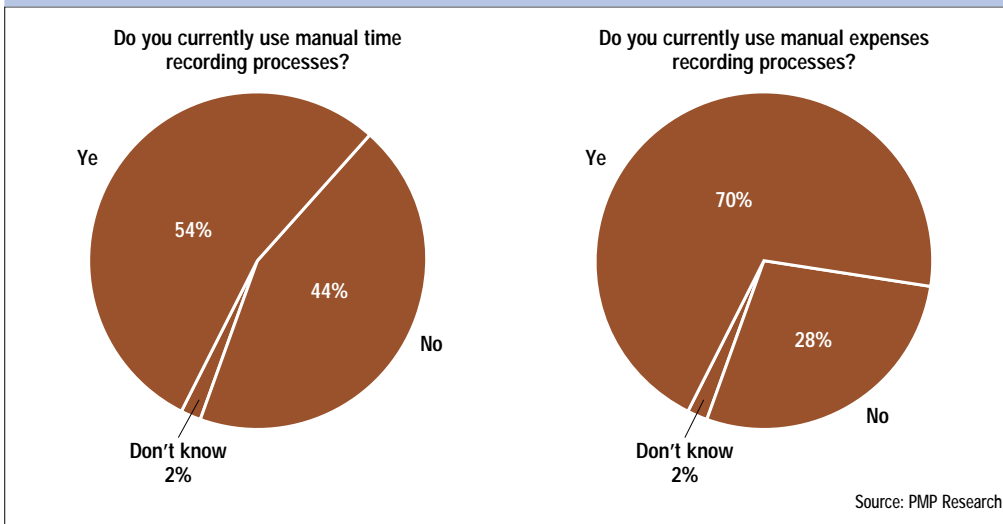
Indeed, three-quarters of our sample concede that introducing project management or PSA software will require either 'some' (42%) or 'substantial' (36%) business process re-engineering effort.

Good project management calls for a sound understanding of the business issues involved and for a structured approach. It is encouraging that two-thirds (68%) of our sample have adopted a formal methodology for this. This is most commonly a home-grown approach (44%), but also includes recognised methodologies such as PRINCE (24%) or those developed by external consultants (14%).

However, only about half (46%) say their organisation's existing methodology is fully supported by their current project management software.

Companies are also very likely to be using such applications in isolation from other enterprise systems.

FIGURE 4: Use of manual time and expenses processes



None of the companies in our sample report that their project management system is integrated with their HR systems, for instance, even though HR applications hold the sort of skills and experience profiles which are useful in determining how to resource projects. Only 16% say their project management system is integrated with some or all of their financial systems.

Providing direct links between project management applications such as HR and finance

offers an obvious route to cost savings and to reducing data duplication by working more efficiently.

But most companies have some way to go in this respect. Half (54%) still rely on manual time recording processes, while 70% have manual expenses recording, despite the fact that both are standard activities on projects (see Figure 4).

Only 42% have an automated approval process for time billings related to a particular project, while just a third (34%) adopt automated approval for expenses billing. Keeping track of this paper trail must add considerably to the overhead on some projects.

PSA

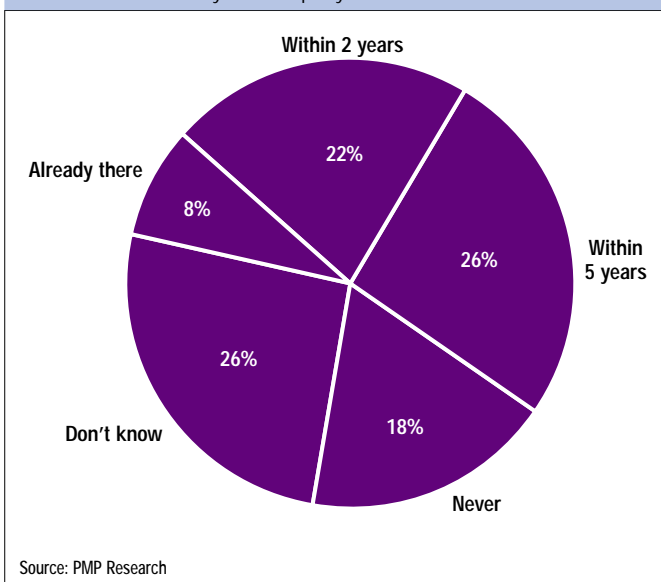
Of course, for professional services organisations (PSOs) and internal departments with a large workload, one option is to use PSA packages – which are specially designed for the project professional and include features such as the ability to monitor utilisation rates and to build metrics for use on subsequent projects.

For a quarter of those polled (24%), such software has no appeal at all, and the majority (52%) are lukewarm about the concept, with 8% unable to give any view at all. However, 16% believe an integrated PSA solution could make a big difference to the way in which their organisation operates.

It may be that the idea of PSA is taking time to catch on, since half (52%) claim that PSA is now more important to their organisation than it was two years ago.

Certainly, only a minority have gone down this route so far, with 8% having a PSA solution in place (see Figure 5). However, 22% plan to use PSA software within the next two years and 26% within the next five years. The proportion ruling it out completely is smaller (18%), with a quarter of our sample (26%) undecided about their plans in this area.

FIGURE 5: When will your company move to a PSA solution?



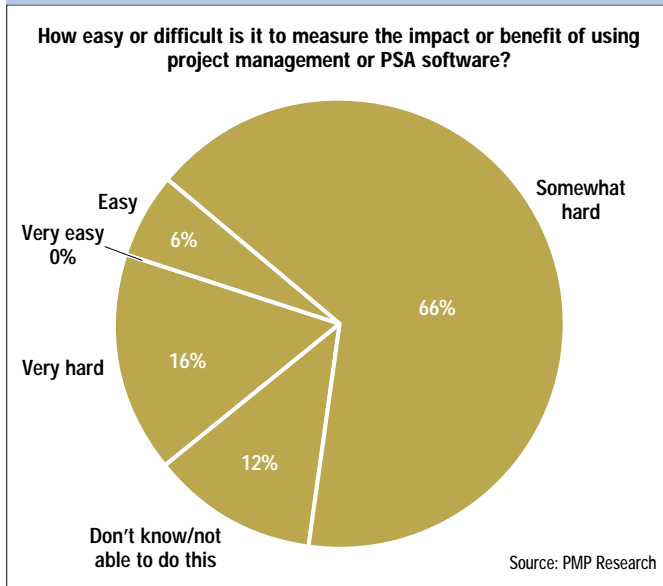
There are several reasons for adopting a PSA solution, according to our respondents. These include the ability to increase project effectiveness and efficiency (58%) and the chance to achieve better overall visibility of operations (56%). Improved pipeline planning and forecasting, better collaboration between employees and improved resource utilisation are all cited by 54% of the respondents.

Interestingly, only a third (34%) mention the opportunity to reduce billing cycle times, even though PSA case studies consistently show this is one of the areas of biggest benefit.

The downside of adopting PSA is the cost and/or difficulty of implementing the software, a point raised by over half (56%) of those polled. Companies are also concerned about the need to reorganise business processes (48%) as well as the need to re-train people (38%).

Organisations reveal themselves to be unconvinced about the virtues of using an external agency, such as an application services provider (ASP) to run a PSA solution.

FIGURE 6: Measuring benefits



While 28% say they would consider such an option, the majority (64%) are against it.

Business case

Against this background, it is not surprising that 49% of respondents say it is difficult to develop a business case for introducing either PSA or project management software.

More than three-quarters of the sample reckon it is either 'somewhat hard' (66%) or 'very hard' (16%) to measure the impact or benefit of using such applications (as shown in Figure 6).

This is despite the fact that many respondents agree on the three main criteria for assessing the success of any implementation: better management visibility of projects (88%), improved resource utilisation (84%) and cost savings (82%).

One individual also suggests that 'soft' benefits should be brought into the ROI equation. This respondent argues that using such software guarantees adherence to

recognised standards and notes "our customers expect compliance and want to know about the standards we have applied to our work".

However, this may be a minority view. We asked our sample whether recent publicity and legislation in the areas of corporate governance (such as Sarbanes-Oxley) has had any impact on their organisation's use of project management software: 54% say not.

Only 10% maintain such requirements have had a direct influence on their plans in this area, with 14% registering some impact but uncertain of what to do about it.

Overall, this year's survey shows that while organisations recognise project management and PSA solutions have much to offer, they are finding it hard to turn the theory into practice and so are still missing some of the biggest potential gains.

● If you are interested in this study, please contact Steve Markwell at PMP Research. Email: stevem@pmp.co.uk.