

PM IS IN CHARGE

Project management software is moving to the heart of more and more companies, but that's not to say it delivers what they want. Cliff Mills reports on our latest research.

Organisations of all sizes and in every industry have begun to view their work as project-driven. As a result, a project management approach to business problems and opportunities is becoming the rule rather than the exception.

Projects have become the tools for implementing organisational strategy – and effective project management starts with selecting and prioritising projects that support the organisational vision, mission and strategy.

To achieve this, companies need an integrated project organisation, planning and control framework which helps them to ensure the timely and cost-effective production of all their end products; to maintain acceptable standards of quality; and ultimately to achieve the strategic benefit which drove the project investment in the first place.

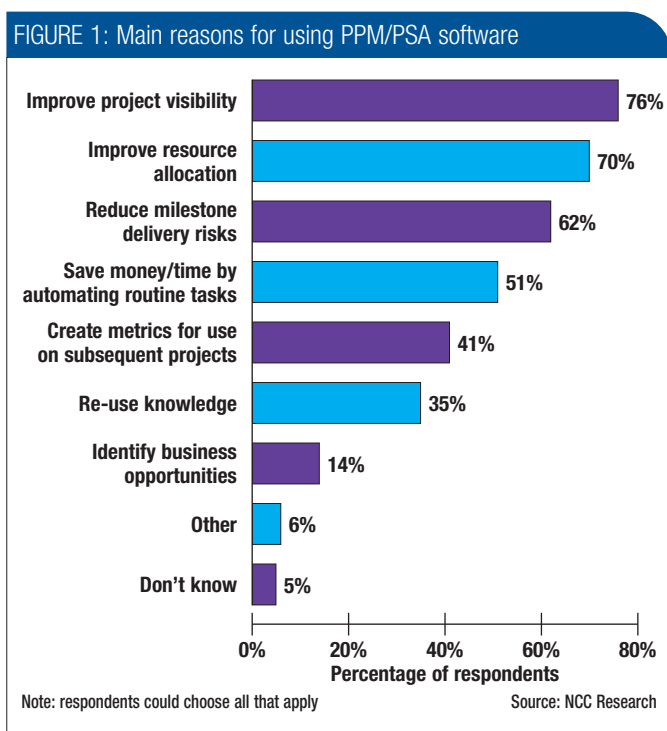
Experience shows that a project requires the collaboration of many stakeholders – including those who commission and finance it, those who will use the end product and those who build it. It takes a whole organisation to make a project a success, as discussed in our accompanying *Expert Opinion* article.

Yet often it is the project manager who bears the brunt alone. They manage the details of the project on a day-to-day basis and are seen as responsible for its success or failure.

This is a challenge that requires organisations to understand the broader contextual environment of each project, and balance the conflicting demands between available resources and expectations, the differing stakeholder priorities, the identified needs, and the project's scope, quality and quantity.

Organisations must also ensure that they have sufficiently well-trained personnel; and that they support them with effective project management tools to maximise the chances of success.

Just calling someone a project manager doesn't mean they have the qualifications, skills and experience required to perform the role effectively.



Software drivers

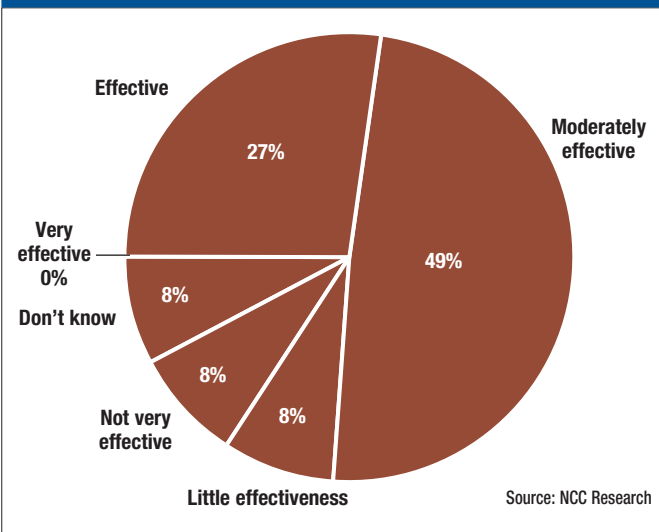
There are many and varied reasons why organisations use project management software. According to this year's Evaluation Centre survey, the biggest priority is to improve the visibility and awareness of projects across the organisation – mentioned by 76% of our respondents (see Figure 1).

Next up is the need to manage and allocate resources more effectively across projects (70%), which in many ways goes hand-in-hand with meeting project deadlines by reducing milestone delivery risks, identified by 62%.

Saving money and time by automating routine tasks, which is a key building block of project management, is mentioned by 51% of respondents.

Ideally, project management tools should provide a range of metrics that can be used to improve the performance of future projects; this is seen as an important element by 41% of respondents, whereas the ability to re-use knowledge is mentioned only by 35%.

FIGURE 2: Effectiveness of PM tools at meeting requirements



And being able to identify new business opportunities as a result of using the software is cited by just 14% of the respondents.

Organisations also use a wide spectrum of project management software, and have mixed views on how successful their products are.

Perhaps surprisingly, no single company thinks its project management tools are 'very effective', while just over a quarter (27%) rate them as 'effective' (see Figure 2). Nearly half (49%) view them as 'moderately effective' while 16% see them as providing 'little effectiveness' or as 'not very effective'.

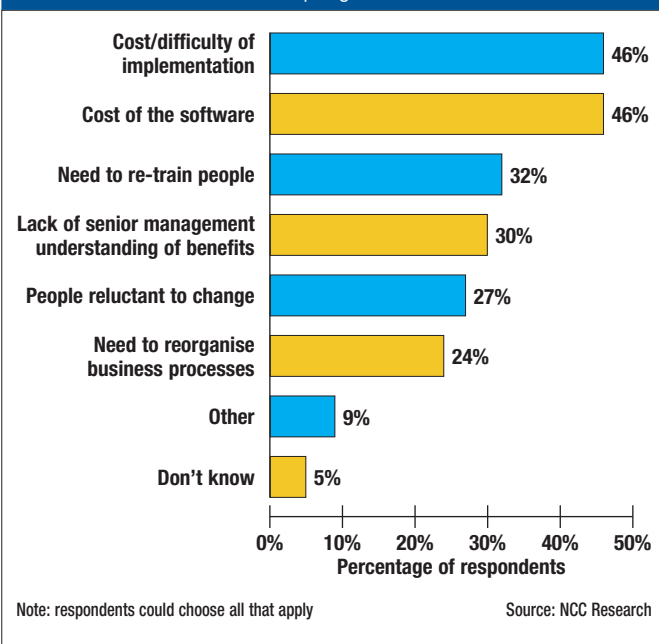
Clearly this is not a ringing endorsement of many of the products being used and would suggest that many companies have either chosen the wrong product or that many products have been sold above their capabilities.

Given that so many organisations are dissatisfied with their PM software, then you might assume that a large number would be looking to enhance their capability. Yet only 12% explicitly say they intend to purchase new tools while 24% are undecided about future purchases. In contrast 61% have no plans to adopt more appropriate software.

There are a number of issues preventing companies upgrading or replacing their PM software. As Figure 3 shows, the two biggest are justifying the cost (46%) and the difficulty of implementing a new solution (46%).

The latter reason can be linked to the difficulty of re-training staff, mentioned by 32% of respondents, and employees' reluctance to change from their existing software environment (27%). The fact that senior management do not appreciate the benefits of a more complete solution is cited by 30% of respondents.

FIGURE 3: Main barriers to adopting PPM/PSA solutions



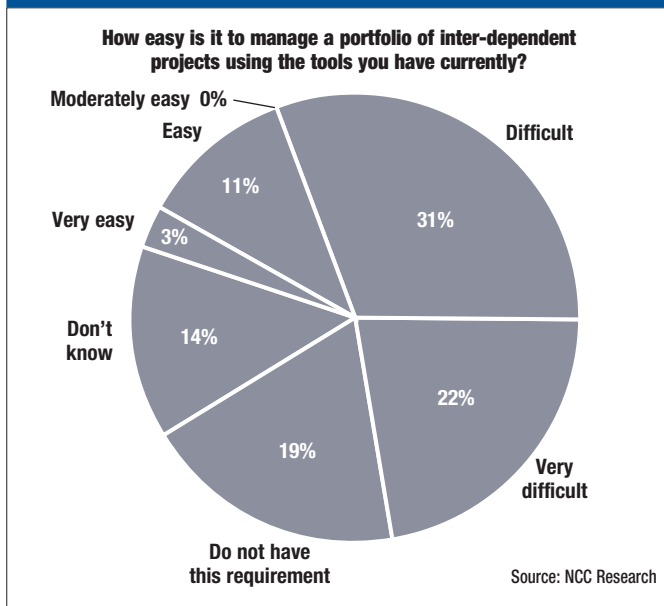
Taking all these points together, it is not surprising that 32% of organisations feel it is 'not easy' to develop a business case for buying new project management software. However, 46% do not perceive this as a problem.

Another issue is that it can be difficult to measure the impact or benefits of adopting new project management tools. Nearly half the respondents view this as either 'very hard' (11%) or 'somewhat hard' (38%). Only 5% see it being 'very easy' and 16% as 'easy'.

Introducing new project management or PSA software may also require substantial changes within the organisation. Nearly half the sample (48%) say that some business process re-engineering will be a prerequisite to using the software and 11% that a substantial amount will be needed. This compares to 30% who see no requirement for any changes.

When it comes to purchasing new project management software, companies are now much more likely to look for a web-based solution (43%) than a standalone package (19%) – although some solutions can provide both options.

FIGURE 4: Usefulness of PPM tools



Respondents see the main benefits of a web solution as allowing access from any location (68%) and providing one central database for all project information and documentation (59%).

Other perceived benefits are that staff are now more familiar with a browser-based interface (38%), implementation is faster (38%), users can be trained more rapidly (24%), and that it improves communication between project workers (24%).

One reason for the dissatisfaction with some project management tools could be that only 64% of respondents feel their current software allows them to track resource allocation and 53% resource utilisation.

Likewise, information on the roles and skills of personnel is available in just 39% of companies and the total cost of a project in only 39%. Time & expenses allocation is only visible to 36% and project documentation can be tracked by

just 31%. Payments to suppliers can only be seen by 17% of users and chargebacks to other departments by only 6%.

Organisations will often have several projects running simultaneously, and getting a consolidated view of all their requirements is desirable if resources are to be used in the most effective way.

But for many companies, this is not possible using their current project management software: 46% say they cannot achieve this, compared to 24% who can. Allowing for the fact that 14% of companies do not have this requirement, many must be struggling with the effective allocation of resources across projects.

In addition, many organisations will have a number of inter-dependent projects, and they need a consolidated view of activity across all of them to assess the impact that any changes will have on the overall picture. Yet as Figure 4 shows, most organisations find this 'very difficult' (22%) or 'difficult' (31%) to achieve. Only 11% say it is 'easy' and 3% find it 'very easy'.

Allocating the correct resources and skills to projects should be relatively straightforward, yet the majority of companies (54%) find this difficult and 5% very difficult. This compares to 19% who find it easy and 3% very easy.

Project management software should be able to provide metrics on past project performance, which will allow more informed decisions to be made in the future and in turn improve project success rates. Yet only 19% of respondents are able to extract and analyse productivity metrics from their current system, while 50% are unable to do this.

SURVEY STATISTICS

This year's survey into the use of PPM and PSA software encompasses a wide range of organisations. The companies vary in size, with 8% having in excess of a £5 billion turnover, 8% in the £1 billion to £5 billion bracket and 13% in the £250 million to £1 billion range.

In the mid-market, 14% have a turnover of between £100 million and £250 million and 19% £50 million to £100 million. At the smaller end, 24% have a turnover between £10 million and £50 million and 3% £5 million to £10 million.

The largest group of respondents are from business services companies (16%), with other significant sectors being banking & finance (14%), manufacturing (14%), professional services (14%), and local government (11%). Not-for-profit organisations account for 11% of the sample.

In general, the degree of integration between project management and other core systems is poor. Integration with financials is the most prevalent (14%); this can allow cost and payment information to be passed between the two systems, leading to improved cost control and more rapid client billing.

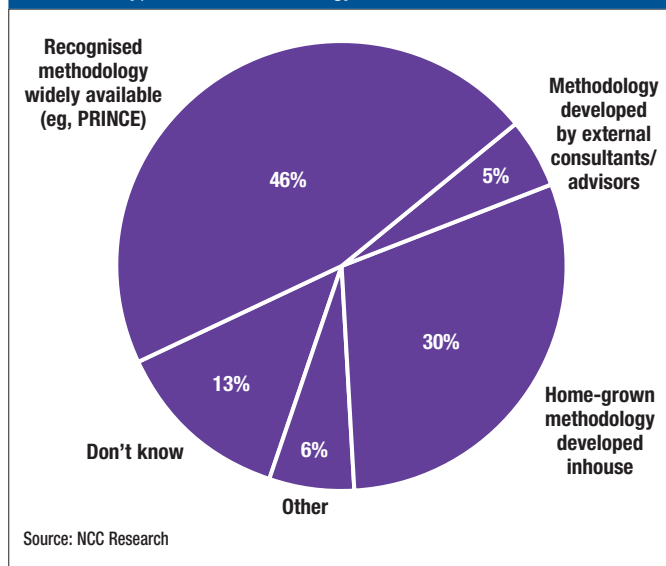
However, only 8% have integrated their project management and human resource (HR) software, despite the fact that the HR system may contain a wealth of information on employees' key skills and past experience that could be invaluable in planning any project. Integration with sales (6%), CRM (6%) and procurement (3%) systems is at an even lower level.

You might assume that most of the basic procedures for collecting project management information have been automated and streamlined as far as possible. However, 43% of companies still use manual processes for time recording and 60% for collecting expense information.

Yet both these activities are vital for maintaining an accurate view of the costs and time allocated to projects, and for speeding up the billing process. Delays in this area can have serious cashflow implications.

As both of these are essentially routine tasks, they would appear to be ripe for computerisation.

FIGURE 5: Type of PM methodology used



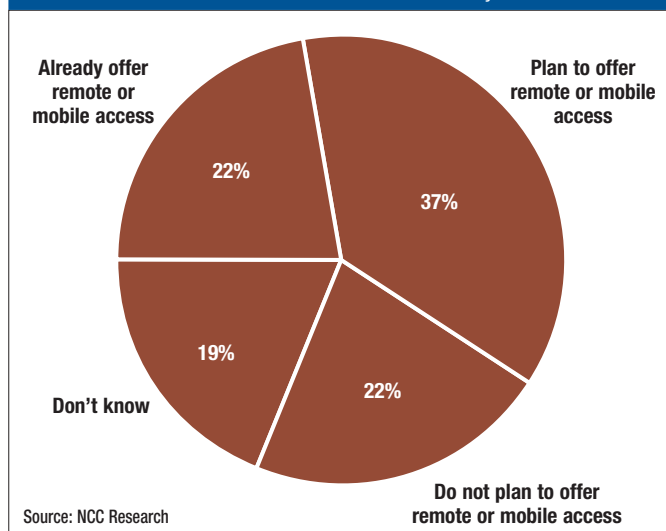
Similarly, only 30% have an automated approval process for billing time and 22% for billing expenses on projects.

The majority of organisations (81%) have adopted a formal approach to project management which encompasses some recognised process or methodology (see Figure 5). But they are split between those who use a standard project management approach such as PRINCE (46%), those who have developed their own home-grown methodology (30%) and the 5% who have used consultants to develop it.

However, only 38% say their existing methodology is fully supported by their current implementation of project management or PSA software, whereas 40% say there are limitations in its support.

Employee mobility is a fact of life now and in particular project staff can be highly mobile; so it is desirable that they have up-to-date project information when away from the office. This also allows staff to rapidly update their time & expenses data so project costs are kept current.

FIGURE 6: Remote/mobile access to PM or PSA systems



But mobile access is currently provided by just 22% of the organisations with another 37% planning to do so; 22% have no immediate plans to provide this capability (see Figure 6).

Only a few companies, 15%, have completed a pre and post-implementation benchmarking exercise for their project management software. This means most companies can't accurately quantify the overall benefits that the software provides. Yet doing so could help justify future PM software purchases or upgrades.

In summary, projects are becoming core tools for implementing business strategy in many organisations; and every project should contribute to the company's strategic plan.

Yet, while some firms are satisfied with their project management software and the facilities it provides, others are struggling with a toolset that does not have all the capabilities they need to effectively manage projects.

This lack of the correct management tools must seriously impact the success of projects, preventing companies from meeting their objectives and having a long-term detrimental impact on the business.

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