WRONG TOOLS FOR THE JOB?

Many project management problems could be caused by companies failing to equip themselves with the right software. Cliff Mills analyses our new research.

Project management is the art – or science – of organising resources in such a way that they deliver all the work required to finish a project within its defined scope, time and cost.

Almost any activity that involves carrying out non-repetitive tasks can be a project. But there is a big difference between carrying out a very simple project involving one or two people, and one that involves a complex mix of people, organisations and tasks. Project management is now a well-accepted discipline. Many organisations would not consider launching a new programme without appointing a qualified and experienced project manager.

Likewise, the standards and methodologies involved are well-known and many projects are completed successfully within the design criteria. Yet the statistics show that many projects are still not managed successfully and end up failing or (sometimes disastrously) over-running their original time and cost estimates.

Managing projects cannot be separated from managing the whole business – yet project management is too often considered a discipline that applies only to those called project managers. It is delegated to people who struggle against impossible odds to deliver a successful outcome.

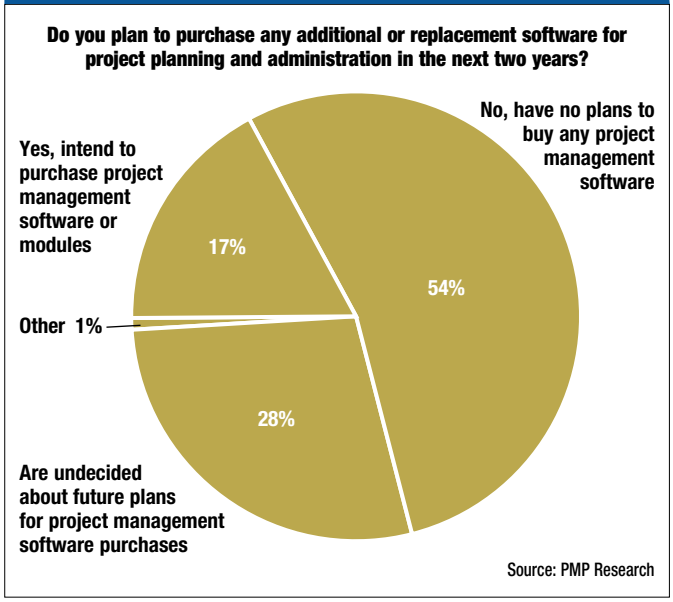
Against this background, organisations of all sizes have begun to view their work as project-driven and, as such, need to ensure that they have sufficiently well-trained staff and the correct project portfolio management (PPM) tools to ensure successful project outcomes.

As this year's survey shows, the main reason for using project management software is to improve the visibility and awareness of all projects throughout the organisation – cited by 76% of the respondents.

Improving the allocation of resources, mentioned by 69%, is also a crucial area. It is increasingly important that resources are allocated as efficiently as possible and that any bottlenecks or resource constraints are identified as early as possible, so that proactive action can be taken.

The range of project management tools being used by organisations is very mixed – as is the perception of their overall effectiveness. Only 6% feel PM tools are 'very effective' and 32% say they are 'effective' in meeting all their requirements.

FIGURE 1: Buying intentions



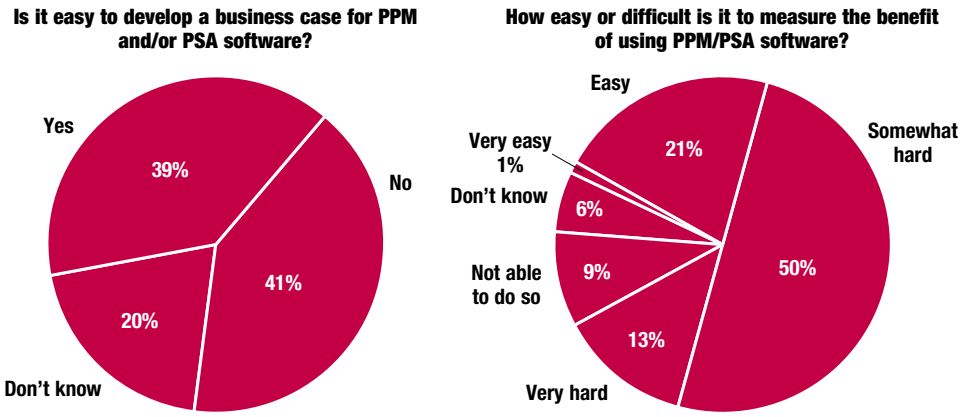
This leaves over half the companies who regard project management software as 'moderately effective' (32%), providing 'little effectiveness' (22%) or 'not very effective' (7%). Clearly, this does not represent a ringing endorsement for the products being used.

Buying plans

Given that project management software is not meeting all the requirements of many companies, it might be assumed that a significant number would be looking to enhance or replace the software.

However, only 17% of respondents are likely to buy additional or replacement software for project planning and administration in the next two years (see Figure 1) . This compares to 54% who have no plans in this direction and 28% who are undecided about their future plans.

FIGURE 2: Issues around PPM/PSA software



There are a number of issues when it comes to purchasing new project management software. One is the perceived difficulty of developing a business case for the new solution. This is mentioned by 41% of the sample (see Figure 2), although 39% do not view this as a problem.

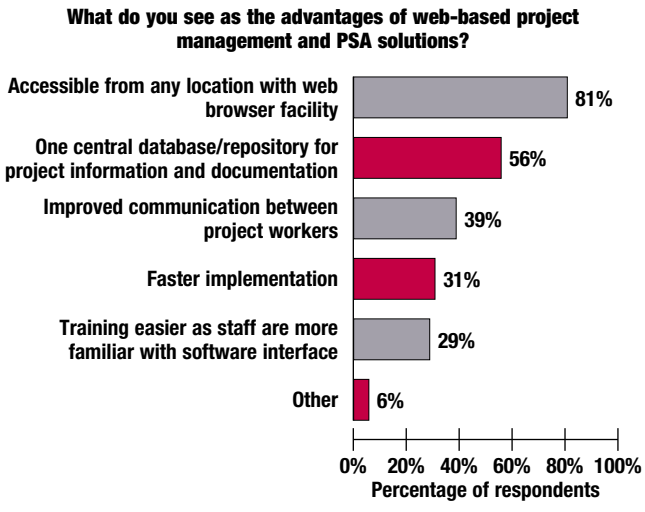
Perhaps the real issue in adopting new project management software is that many organisations find it difficult to measure the impact or benefit of such tools. Half the respondents say this is 'somewhat hard' to do and 13% that it is 'very hard' (see Figure 2). In contrast, 21% say it is 'easy' to measure and 1% 'very easy'.

Companies identify a number of obstacles in introducing new project management or professional services automation (PSA) software – the biggest being inertia, with 44% saying people are reluctant to change from using their existing tools.

The need to re-train staff is seen as another major deterrent by 40% of respondents. The cost of the software is also cited by 40%, and the difficulty of implementing a new system is highlighted by 39%.

There are obviously a number of limitations with the current PPM software being used by companies, which might explain some of the high levels of dissatisfaction. Only 68% of respondents say their tools allow them to track resource allocation and 60% to track resource utilisation, which would seem to be a major issue with the tools being used.

FIGURE 3: Web-based solutions



Note: respondents could choose more than one option

Source: PMP Research

Similarly, the total cost of a project is only visible to 54% of organisations and all time and expenses allocations to 53%. Project documentation can be tracked by 43% of users and roles and skills information is only available to 43%. Payments to suppliers can be tracked by just 24% of organisations and chargebacks to other departments by 13%.

One choice facing organisations is whether to buy more traditional standalone project management software or adopt a web-based solution. The largest number (43%) favour web-based packages, compared to the 33% who are more likely to opt for a standalone solution.

As Figure 3 shows, the main perceived advantage of a web-based solution, mentioned by 81%, is that it is accessible from any location using a web browser. This allows data to be entered from remote sites, thus ensuring more timely information is available.

Another recognised benefit is having a central database for project information and documentation that can be shared and accessed by all staff (56%). This ensures that up-to-date and accurate information is always to hand, not just for project managers but for other interested parties such as the finance department.

Given that information is more freely available, 39% of respondents say this has improved the communication between people on projects. Similarly, 31% see web-based software as much faster to implement; and, as staff are now more familiar with web interfaces, 29% say training project team members is easier.

It is vital to provide a consolidated view across all projects if resources are to be used most effectively and any shortfall or problems identified at an early stage.

For most organisations this is not possible, with 52% saying they cannot achieve this compared to 27% who can. Allowing for the fact that only 7% of companies do not have this requirement, many organisations must be struggling with the effective allocation of resources across projects.

In addition, many organisations will have a number of inter-related projects running simultaneously, and will need to view the consolidated activity across all of them and the impact that any changes will make on the overall picture.

However, the majority of organisations find this 'difficult' (56%) or 'very difficult' (11%) to do. Only 18% say this is 'easy' to do with 1% finding it 'very easy'.

Considering that managing resources across projects should be a key element of project management (see Figure 4), it is surprising that only 4% of organisations find this 'very easy' to achieve and 31% 'easy' – compared to 42% who find it 'difficult' and 11% 'very difficult'.

Being able to effectively analyse the use of both employee and resource information from past projects enables companies to take more effective and intelligent decisions when planning future projects. Yet as Figure 4 shows, only 35% of respondents can extract and analyse productivity metrics from within their current system, while 53% are unable to do this.

Given that project management systems contain much information that should be fed into other operational systems, they should not be seen as standalone. Similarly, PPM systems can make use of information from other core applications such as HR and financial systems.

But generally the level of integration of PPM systems is low, with the highest level being with financial systems (28%). This integration should allow project costs to be transferred more rapidly so that accurate billing of the client can be quickly achieved. It should also allow financial information to be passed back to the PPM system so that all costs are kept up-to-date in the project management system.

FIGURE 4: Current project management capabilities

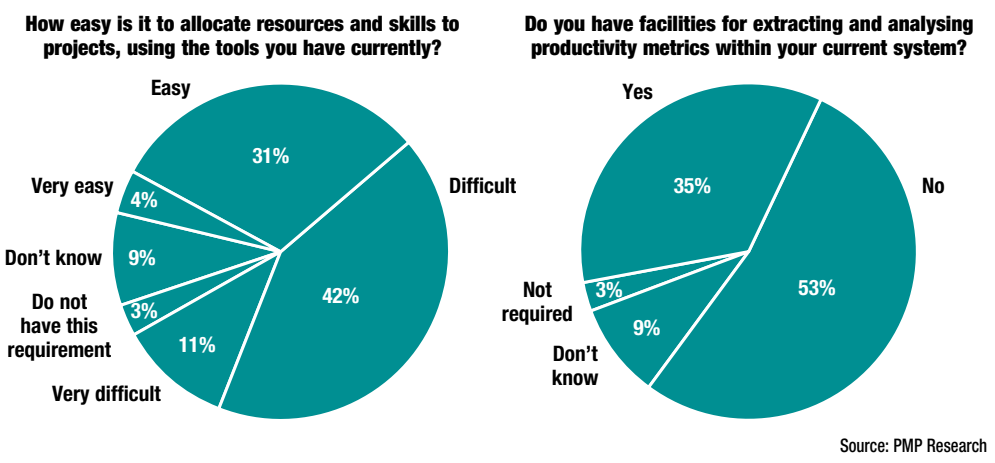
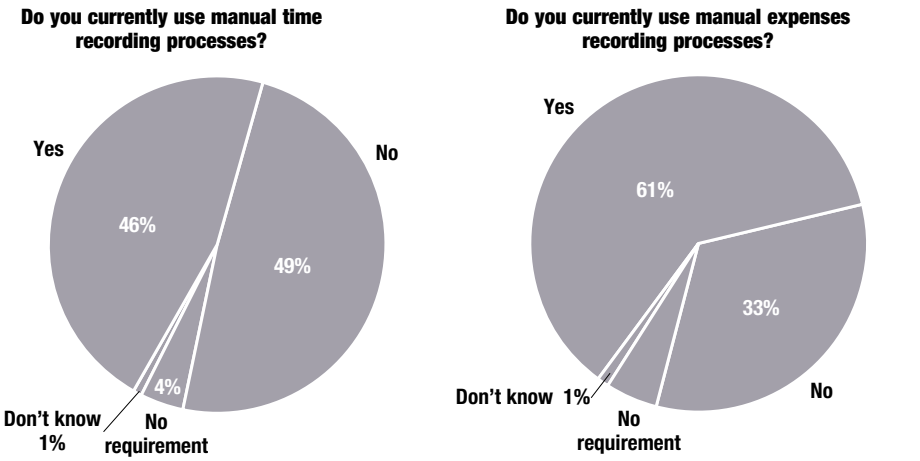


FIGURE 5: Use of manual systems



Only 9% of respondents have integrated their PPM and HR software, despite the fact that the HR systems contain a wealth of information on employees' key skills and past experience. Integration with sales and procurement systems stands at 10% and 15% respectively.

It is important that information is collected quickly and accurately for input into the PPM system. Yet 46% still use manual processes for time recording and 61% for expense information (see Figure 5), even though both these activities are vital in maintaining an accurate view of the costs and time allocated to projects and in expediting the billing process.

Similarly, only 31% have an automated approval process for time and expense billings on projects.

The majority of organisations (63%) use a recognised project management methodology such as PRINCE, while 29% use a methodology developed inhouse and a further 6% one developed by external consultants.

However, only 44% of organisations say their methodology is fully supported by their PPM solution. This could well account for much of the dissatisfaction organisations feel with their PPM software.

Project staff can be highly mobile and it is beneficial if they have remote access to the project management system when they are on the move. This enables them to access up-to-date information and also input their time and expenses data without delay so that project costs are kept current.

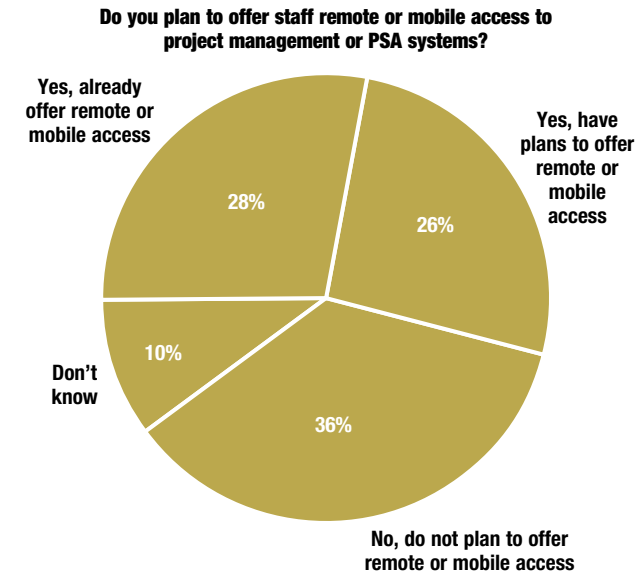
Mobile access is currently provided by 28% of the respondent organisations (see Figure 6, next page) with another 26% planning to provide this facility, while 36% have no immediate plans to do so.

SURVEY STATISTICS

This year's survey into the use of PPM and PSA software covers a wide range of organisations. Among them, 7% have in excess of £5 billion turnover, 13% are in the £1 billion to £5 billion bracket and 16% in the £250 million to £1 billion range. In the mid-market, 10% have between £100 million and £250 million turnover and 17% between £50 million and £100 million. At the smaller end, 21% have a turnover of between £10 million and £50 million and 13% £5 million to £10 million. Not-for-profit organisations account for 3% of the sample.

The largest group of respondents are from professional services companies (32%), with other significant sectors being IT & telecoms (16%), banking & finance (10%), business services (8%) and publishing & media (6%).

FIGURE 6: Remote and mobile access



Source: PMP Research

Finally, just 19% of the companies have completed a pre and post-implementation benchmarking exercise for their project management software. This means they cannot accurately quantify the overall benefits that the software has provided. Doing so would help to justify future purchases or upgrades for project management software.

In summary, while some companies are happy with their PPM software and the facilities it provides, others appear to be struggling with a toolset that does not give them all the capabilities they need to effectively manage projects.

This failure to have the correct management tools must seriously impact on the success of projects and prevent these organisations meeting their objectives on time and within budget.

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