

# Benchmarking project management

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## Benchmarking is an important and effective way of checking your company's project performance

Many projects are defined and implemented by internal staff, often business managers who, in addition to their normal day jobs, become project managers despite having little experience or formal training for the role, or any benchmark against which to compare themselves. They are working in environments that often do not readily support the management by projects approach and with stakeholders (eg. Sponsors) who do not clearly understand their own project roles and responsibilities.

Whether the above scenario applies to your company, or whether you have a more professionally based project organisation, senior management need to know just how good their companies are at delivering projects and even more importantly, at realising the resultant benefits. In particular they want to know whether, where and how, they can improve, especially in comparison with their competitors. They may well have opinions about his, but few hard facts.

Despite this desire to increase the certainty of benefits delivery and greater efficiencies in project costs and timescales, little attention has, so far, been paid to measuring the efficiency of an organisation's project management capability. Admittedly, it is one of the difficult things to quantify and yet companies have to know if they are doing things in the best possible way and, equally, do their competitors do it better.

### Performance enhancement

Central to resolving this should be the enhancement of project performance by focusing on baselining project and programme per-

formance and then introducing measurable improvements from organisational, process, people and systems perspectives.

The diagram shows an appropriate model that can be applied in such an initiative. Its objective is to help an organisation achieve 'best-in-class' project management. Bluntly put, it could mean moving from a figure of 70% average efficiency to one much nearer 100% with all that entails in terms of shorter delivery timescales and reduced cost, enhanced benefits delivery and a much sharper competitive edge as a result.

Its integral flexibility enables organisations to examine particular aspects of their project management functions or take an overall position to assess performance.

The initial phase concentrates on establishing a series of baseline measures, which monitor the current situation in each of the four categories. This benchmarking phase is critical as, without it,

organisations cannot determine where they are, where they want to be and, therefore, how they make the necessary changes. The problem is of course determining what these measures should be.

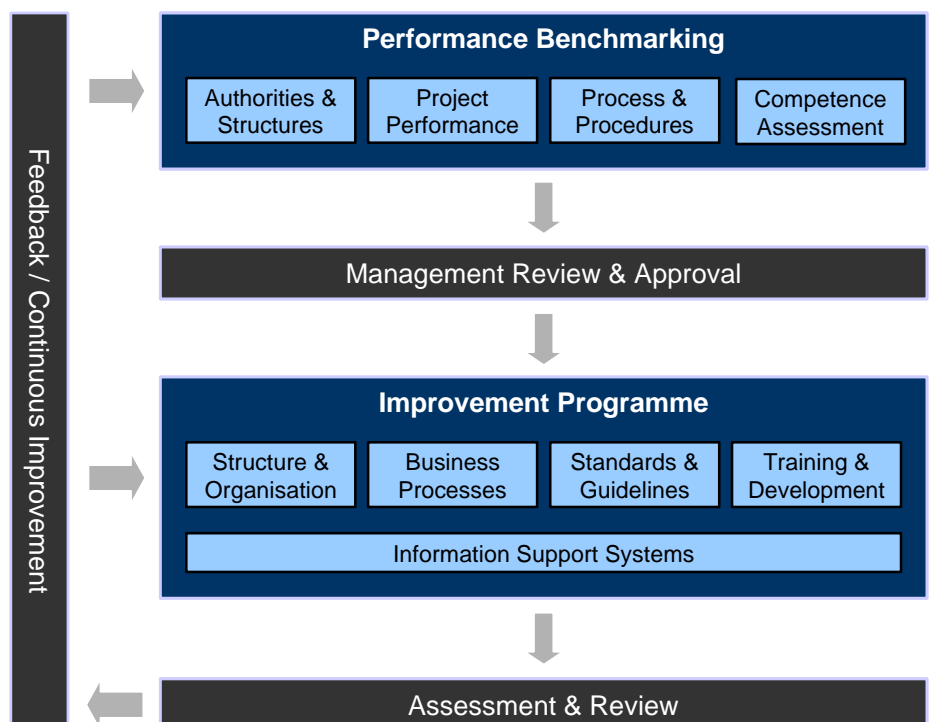
The model provides an approach through four categories i.e.,

- Authorities and structures
- Business performance
- Project procedures
- Competence assessment

The first category covers the organisation in place for the management and delivery of projects. A key function here is to determine where the project management capability lies in an organisation i.e., is it the responsibility of:

- A central project delivery group
- The business areas
- A mixture of the two

In many cases we have seen a central project delivery group responsible for setting the stan-



dards and guidelines as well as delivering projects, but not sufficiently close enough to the business to understand the real issues that affect the day-to-day business. The danger here of course is that the process becomes the issue of prime importance and not the project outcome and resultant benefits. It is essential however that those individuals managing the projects do adhere to a consistent approach if the organisation is to benefit from the investment in a consistent approach and the advantages it can bring.

Conversely, to allow the business areas their head may well mean the project is delivered, but in an anarchic manner and in a form that could mean it does not meet all of its objectives. It is achieving the correct balance that is important so that project personnel are 'doing the right things' and not just 'doing things right'!

The relationship between all those involved in a project, whether as part of project boards, steering groups, or the project/programme office is also crucial. Sponsors, teams, and the end-business users have to be identified, the decision-makers within them appointed, and the roles and responsibilities of each participant clearly defined and understood.

You may well ask how it is possible to benchmark such criteria. Like many measurements, baselining project management should be a mixture of quantitative evaluation and qualitative assessment. For example a benchmarking study may show that the decision-making chain is too long and complicated, or involves too many people: common causes of delay to project initiation and launch. Quantifying the improvement needed here should be relatively simple, but applying the same hard measure to say 'leadership skill' or 'team attitude' is not so easy! At least identifying the relative levels of inadequacy gives you a starting point for improvement.

## **Business performance**

Business performance determines how well the project is meeting its delivery targets such as timings, costs etc. At this point it is essential to look at the quality of the original scope definition, estimates and plans. Are the plans of a generic nature, or even just a copy from a previous similar project? Is it just a list of tasks? Are the dependencies in place and are they meaningful? A common problem that occurs with internal projects is the lack of definition of resource costs.

How often have you heard the statement 'we don't have to account for our time, we're paid for anyway'? How can you control the performance of the project if you don't have all the information?

In one client assignment undertaken by SECOR, business cases were re-visited many times and the associated project definition documents were re-written on every occasion. The cause was the absence of a consistent approach and a general lack of experience in preparing business cases for projects. Easy to fix if you understand where the problem lies.

Too often in situations like this, the outcome is a delay in project start up, with this and other documentation going through unnecessary cycles of revisions and re-submission. Such extended approval cycles will ensure the project - and its benefits - are delivered late, if at all. Early approval is, therefore, vital.

Typical elements to be assessed at this stage are:

- Project definition
- Business case
- Project scope
- Project plan
- Status checks eg, frequency and accuracy
- Handover and closure process
- Post project benefits review

Continuous assessment of these elements can monitor the process of improvement and this in its self

can be measured against the accepted benchmark. As an example, given the nature of projects and project plans in particular, updating progress can be less than a regular occurrence. Excluding your own internal 'best example', if the industry average is for 55% of plans to be updated and your organisation's figure is only 30% then this is a benchmark failure, something to aim for!

## **Proceeding well**

Although earlier in the article I criticise an over-reliance on the bureaucracy of project procedures. I am far from dismissing them as irrelevant. They are laid down for good reasons and, properly devised and applied, they provide the framework from which project participants can work. Indeed our experience has shown that in projects where processes and procedures are ignored, often because those responsible are under pressure to deliver, corners are cut, anarchy reigns and the project fails.

However, checks must be made to see whether they are having a negative effect, becoming a barrier when they should be interpreted and implemented in a flexible manner. Again a benchmark study will reveal such a situation and highlight the need for enhancing them.

## **Competence**

As I mentioned at the beginning, business users rather than project managers are now expected to manage projects. This begs the question whether they have the right skills and experience to undertake this task. Bear in mind that the APM defines 40 competency components, supported by a body of knowledge for the competent project manager. It also defines different levels of knowledge and understanding and, as it is externally ratified and independent, it can act as a firm basis for measuring the competence of the project managers and team mem-

bers. One could easily argue that it is not wholly appropriate for their business but it does offer a benchmark.

Similarly with the emphasis very much on realising business benefits as a result of the projects delivered functionality, we should ask whether the dedicated project people have the requisite business skills to understand the details of what they are supposed to be delivering.

### Information gathering

The information-gathering phase uses a combination of tried and tested techniques viz:

- Questionnaires
- Interviews
- Data review & analysis

Together they can support extensive internal and external audits. Internally, it is very likely that project management performance across the organisation is variable i.e. some parts do it well; others not so well. It is a good start to ensure the whole organisation is performing at least to the best internal level possible. By taking a view on how different parts of the organisation manage projects and their outcomes, it is possible to identify that part which is superior and, more important, the reasons for their superiority. However, this may not necessarily approach the level of the industry as a whole.

It is, therefore desirable to obtain external benchmarks to arrive at an industry-wide set of standards for comparison purposes especially with an organisation's peer group competitors. In both internal and external studies the aim is to produce both a quantitative evaluation and a qualitative assessment.

Through this comparisons can be made against both internal and external experience to determine the scale of any shortfall and to identify where improvements can be made.

Both internal and external audits can be undertaken through he

normal research techniques of benchmark questionnaire strengthened by a number of personal interviews. Within this scoring methods can be used for the creation of comparison criteria and measures. I know I am biased, but owing to the sensitivity of such research it is probably best left to an outside consultancy to undertake this research on a confidential basis.

The objective is to look at the different project management models used internally and externally together with their respective delivery results such as time, cost, quality and benefits realisation. If those at the top level are achieving a 50% success rate while you are only reaching 30% then, all things being equal, their model should be the one to at least match.

It is very likely that some, if not all, of the team will need some 'up'skilling and training, but there is a tendency within business to believe that this is the 'be-all-and-end-all' of improving project management. Benchmarking should, however, apply across the total activity and each weakness rectified through an improvement programme phase in the overall performance enhancement model that addresses a project's structure and organisation, business processes, standards & guidelines and training / development.

Through such a programme all the benchmarked factors such as roles and responsibilities, project performance, procedures and templates and competence enhancement are covered. This will enable organisations to enjoy the increased certainty of benefit delivery and greater control of project costs and timescales. They can also create further advantages by encouraging a common approach leading to cross-learning opportunities, a common project culture, and greater efficiencies.

In our recent experience, project improvement will result primarily from enhancements to the front-

end activities within the lifecycle such as the business case development, requirements definition, and reduced approvals cycles and reworking, rather than through the technical delivery stages.

Whatever the outcome, the end result will be a major boost to project delivery and the realisation of the promised benefits and, most important, vital, beneficial financial and operational contributions to your business.

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