

Understanding Programs & Projects

Oh, there's a difference!

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Programs + Projects



Agenda

- Introduction
- Value -v- Budget
- Complexity -v- Complicated
- Projects -v- Programs: Risk & Change
- Conclusions

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Introduction

- This paper is a brief summary of some 4 years of thought
- Links to earlier papers are included
- We will first define Projects & Programs
- Then look at some key differences in focus needed for their successful management

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Introduction

- The sole purpose for undertaking a Program or a Project is to create (or preserve) value
- Portfolio Management focuses on selecting the best mix of programs and projects for the organisation to undertake to maximize value within it's available budgets and resources

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Introduction

- Projects are: ***A temporary endeavour undertaken to create a unique product, service or result***
- A temporary team works to create a defined output
- Projects start when 'authorised' and finish when the output is complete

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Introduction

- Programs are: ***A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually***
- Programs tend to focus on 'outcomes'
- May include operational elements

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Introduction

- Projects and Programs are both 'temporary'
- Programs use the outputs from their projects to craft the outcome the program was initiated to deliver
- The outcome is typically a beneficial change: a 'new' system, process or product line

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Introduction

- Benefits Realisation (value realisation)
 - Business managers create and manage the organisation
 - Only business managers can change the way the organisation works
 - Therefore only business managers can fully realise the benefits from using the output of a project or outcome from a program!

Ref: Jed Simms - www.valuedeliverymanagement.com

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Introduction

- But the Program Manager has some temporary authority in the business management sphere (a foot in both camps)
- Therefore the program manager can start to realise value for the organisation

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Value -v- Budgets

- Value is built in stages:
- Projects create **outputs**
eg a new tool
- Programs combine several **outputs** to create a desirable **outcome**
eg the tool, plus a staff training program, plus a marketing campaign, may allow the business to offer a new service to its clients

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Value -v- Budgets

- Business managers (line managers) must use the **outcome** to realise the intended **benefit**
eg, by actively selling the new service to attract new clients
- Only when the **benefits** are realised, is **value** created
eg, when the new customers actually pay for the service generating profits

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Value -v- Budgets

- Value can have many dimensions and is always realised in the business
 - Profits
 - Reputation
 - Efficiency
 - Capability
- Defining the 'values that matter' is the role of the strategic planning

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Value -v- Budgets

- If portfolio and program management have been executed properly **all** of the outputs from a project are required to contribute to the value proposition
- Reducing project scope to achieve a preset budget will either
 - Compromise the achievability of the value
 - Or indicate ineffective management or unethical decision making that allowed unnecessary scope to be incorporated in the first place

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Value -v- Budgets

- Focus on Value creation not costs
- **If increased costs destroy the value proposition cancel the whole project**

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Complexity -v- Complicated

- The three different dimensions of projects and programs
 - Complexity Theory (people)
 - How complicated the work is
 - How big the project/program is

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Complexity -v- Complicated

- Complexity Theory (people)
- All projects and programs are complex, some are big and complicated as well
- Complexity describes the relationships within and around the project/program team and the need to manage the relationships and respond to stimuli

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Complexity -v- Complicated

- The degree of complexity is primarily influenced by the environment the team is operating in (the organisational politics)
- It may also be influenced by the size of the project/program
- And/or how complicated the work is

See: A Simple View of 'Complexity' in Project Management –
www.mosaicprojects.com.au/Resources_Papers_070.html

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Complexity -v- Complicated

- Size matters
- Massive projects/ programs tend to be:
 - More complicated (have more interfaces)
 - More complex (have more stakeholders)
- But some multi million dollar projects can be very simple, eg removing overburden from an open cut mine

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Complexity -v- Complicated

- The degree of complication inherent in the work is intrinsic
- **However, non of these factors differentiate projects from programs!**

Despite the contrary view held by some parties

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Projects -v- Programs

- Projects succeed best when:
 - The output they are initiated to deliver is clearly understood / defined
 - The probability of change is minimised
 - The availability of funding and resources is reasonably assured
 - There is one 'goal' to be delivered in a relatively short timeframe

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Projects -v- Programs

- When the work involves:
 - Achieving a desired outcome involving several different outputs
 - The balancing of several goals to optimise value
 - Adapting to changing circumstances over a relatively longer timeframe
- You are looking at a Program!

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Management Skills

- The core skills of an effective program manager:
 - Designing projects that can succeed
 - Initiating projects in the optimum sequence
 - Managing the interfaces between projects
 - Adapting the program to optimise value over its life
 - Liaising with key stakeholders & managing Project Managers

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Management Skills

- The core skills of an effective project manager:
 - Delivering the project
 - On time
 - On budget
 - To specification
 - Liaising with key stakeholders
 - The Program Manager

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Management Skills

- Managing a Program is not the same as managing a 'big project'
- Managing a 'big project' is usually more difficult than managing a small project
 - More complicated
 - More complexity (staff and stakeholders)
 - More threats and opportunities

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Management Skills

- But the Project Manager is focused on
 - Managing workers, suppliers and contractors
 - To deliver the project scope
 - To the satisfaction of the project's client and key stakeholders
- PjM processes are described in the *PMBOK Guide®*

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Management Skills

- The Program Manager's role is different
- Described in the *Standard for Program Management*
- Focuses on Managing Project Managers
- Managing the gaps and interfaces between projects

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Management Skills

- Liaising with the organisations senior management team to optimise the program's alignment with strategy
 - Adapting the program to deliver maximum value as the business strategy evolves
 - Adjusting the overall rate of progress to optimise use of capital

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Qualifications

- Project level (focused on 'processes')
 - PMP from PMI
 - PRINCE2 from OGC
 - Competency focused from AIPM, & IPMA
- Program Level (focused on integration with 'the business')
 - MSP from OGC
 - PgMP from PMI

For more on PMI Certifications see – www.mosaicprojects.com.au/Training-PMI.html#PMI_Info

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Qualifications

- Project level
 - 20 years old
 - Well understood and accepted
 - Assumes a progression from 'team member' to 'Senior PM'
- Program level
 - 3 to 4 years old (really new)
 - Do not require an Project level qualification

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Qualifications

- MSP a certification and a process
 - Developed by OGC, UK
- PgMP a qualification
 - Extensive experience (CV reviewed)
 - Exam based on Standard for Program Management + other resources
 - 360° review from 14 people

For more on PgMP see – www.mosaicprojects.com.au/Training-PgM.html

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The Key Differences

- Projects need certainty
 - Defined output
 - Understandable risk profile
 - Clearly defined 'client'
 - Unnecessary changes minimised
 - Management support for the 'work'
 - Project Management focuses on efficient delivery

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The Key Differences

- Programs need a clear objective
 - An agreed outcome
(ie a change to create a benefit)
 - Focus on the value of the outcome
 - Seek beneficial change to enhance value
 - Balance threats and opportunities
 - Expect ambiguity and uncertainty around long term objectives (the world changes)

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

The Key Differences

- Programs should adapt medium and long term future plans to optimise outcomes
- But maintain stability around their current set of projects
- Program management is a balancing act!

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Selecting the Right Option

- Select Project Management if the required Output is clearly defined
 - Most 'contract' works – the Contract defines the output (eg construction contracts)
 - Most 'one off' internal jobs
 - Most jobs done for a single external client

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Selecting the Right Option

- Select Program Management if the 'outcome' will require optimising
 - Most 'organisational change' initiatives
 - Most major procurement activities (eg installing a new computer system)
 - Most R&D 'journeys'
 - Where the 'output' of several projects require coordination and integration

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Key Expectations

- The Projects client should expect the project to be relatively stable
 - Operate within time, cost and scope constraints
 - Defined and understood risk profile
 - Predictable expenditure rates
 - Few major surprises

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Key Expectations

- The Program client should expect the program to be continually adapting
 - Focused on maximising benefits to realise value
 - Adapting to threats and exploiting opportunities
 - Adjusting expenditures and budgets to support strategic changes

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Conclusions

- Both Projects and Programs may be
 - Big or small,
 - Complicated or simple
 - High risk or low risk
- Complexity (dealing with people) is always a factor

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Conclusions

- The differences are:
- Stability
 - Projects need stability
 - Programs adapt and change as needed
- Budgets
 - Projects operate to a fixed budget
 - Programs adapt budgets to optimise value

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Conclusions

- Risk
 - Projects seek to minimise uncertainty
 - Programs adapt and change as threats and opportunities unfold
- Change
 - Projects seek to minimise change
 - Programs exploit changing circumstances to maximise value

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Source: www.mosaicprojects.com.au/Resources_Papers_078.html

Conclusions

- There is a difference!
- Hopefully senior management in organisations will become more aware of the differences between Projects and Programs and use both wisely
- **The best way to fail is to try to treat a program of work as a project!**

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Questions Please



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The **Papers & Resources** section of the Mosaic site has:

- All of the papers referenced in this presentation
- Over 50 other free PM papers

The **Planning & Scheduling** section of the site has information on a wide range of scheduling topics

Download this paper from http://www.mosaicprojects.com.au/Resources_Papers_078.html

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