

PROJECT MANAGEMENT FOR SMEs

Better Business Builder

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Introduction

This Better Business Builder is a unique attempt to reduce the waste and damage caused by incomplete and unsuccessful business projects undertaken by Australian SMEs. This tool aims to translate the proven advanced techniques used to manage large complex business projects into a short, practical and effective method for SMEs. The key audience for this workbook is SME business owners, SME senior managers, SME internal project managers and business advisors.

What is an SME Business Project?

Most SME projects fail because they were simply not recognised as projects and therefore no attempt was made to manage them as such. An SME business project can be defined as *a co-operative activity designed to produce pre-defined business benefits, that requires multiple tasks to be performed by multiple people over an extended period of time with a definite end date.*

Why are Business Projects different from Construction Projects?

A business project differs from a construction or equipment project because it primarily involves people & information rather than things. As a rule, business projects are more risky and difficult to manage because:

- The outcomes are more difficult to define and measure
- Progress cannot be assessed visually (Compared to construction progress which can be seen)
- Partially completed projects have very little value (if any)
- They require people to change behaviours and learn new skills
- Productivity and competence of team members is difficult to assess (particularly in an IT situation)
- The outcomes are often more dependent on the clients' actions rather than the vendor/supplier
- Failed projects can cost a business a lot more than the project expenses (lost revenue etc.)
- Business projects can affect customer service negatively
- Often business projects have a "point of no return" (particularly with IT system implementations)
- The scope of business projects is difficult to define and can easily creep or change

Examples of SME Business Projects

The following are SME Business Projects that I come across regularly. Most often they have had resources invested in them and are yet to be completed or return any benefits.

- Website Development or Upgrade
- Position Descriptions for all Staff
- Business Rebranding
- Strategic Plan
- New Product Launch
- Operating Procedure Development
- Quality Assurance Certification
- Marketing Strategy / Plan Development
- Document Management System Implementation
- LEAN Manufacturing
- ERP Selection
- ERP Implementation
- Price Rise
- New Quoting System / Software
- Marketing Campaigns (Various)
- Customer Loyalty Program
- Organisational Structure Development and Rollout
- Move to New Premises
- Purchase of another Business/Fees
- Business Dashboard Development / Management Reporting System
- Market Research & Benchmarking

Why SME Business Projects Fail

Project failure is defined as any of the following:

1. Project remains incomplete and inactive after resources have been invested
2. Project requires considerably more time and/or resources than was expected or budgeted for
3. Project fails to deliver the anticipated outcomes on which project commencement was justified

My top 10 reasons for SME Business Project Failure are:

1. Project not considered a project and therefore not managed as such (no project manager)
2. Too many projects “on the go” at once (diluted resources, no prioritization, confused staff)
3. Business owner failure to effectively sponsor/lead/initiate the project (Development and approval of a business case)
4. Inadequate resources (time and money) assigned to the project (often the limiting factor is the business owner’s time to provide input and make decisions)
5. No-one held accountable for delivering the desired project outcomes/benefits
6. Vendor manages the project and therefore priority is project completion to specification rather than business benefit delivery
7. No pre-agreed definition of project success (unclear and changing scope)
8. Misaligned quality expectations (vendor and client have different ideas of when near enough is good enough)
9. Lack of internal staff involvement, education, training and expertise (Putting a learner driver behind the wheel of a Formula 1 race car is always going to be a very expensive mistake, yet SMEs make similar mistakes every day and then blame the car manufacturer because their car didn’t perform as promised.)
10. Failure to keep all stakeholders engaged, aligned and informed (business owners, advisers, staff, customers, suppliers, vendors)

What needs to be managed?

Every project will have the following attributes whether the project manager is aware of them or not. How effectively each of these attributes is understood, documented and managed will determine the likelihood of project success. These make up the “Context” of the project.

The “Content” attributes of a project are technical documentation and plans and these will differ depending on the nature of the project. For example the documentation and phases for a “software” project will differ significantly from those of a “policy development” project.

The focus of this workshop is in how to better manage the “context” of projects because this is the primary responsibility of the Project Manager. For every project someone must define and manage the relevant:

- Stakeholders
- Related Projects
- Risks
- Returns
- Costs
- Schedules
- Priorities
- Estimates
- Resources
- Assumptions
- Policies
- Scope
- Objectives
- Strategy
- Quality

The 7 Steps to Effective SME Business Project Management

So, how can SME business owners or managers hope to run successful projects given their limited time and inability to financially justify hiring external project managers? The following method is my proposed solution to this problem.

Step 1. Catalogue & Prioritise Projects

Maintain a catalogue of current and planned projects within your organisation. Ensure the list is prioritised and that emphasis is on completing current projects before new projects are commenced.

Step 2. Assign Project Sponsor

Assign every project an internal project sponsor who has sufficient motivation, authority and influence to ensure the project “gets what it needs” to be successful and deliver on the anticipated business benefits. This person will ultimately be held accountable for the outcomes of the project. In SMEs this will usually be the business owner or executive/department manager who wants the project benefits the most.

Step 3. Conduct Rapid Project Planning (RPP) Session

Kick-off any project with a Rapid Project Planning (RPP) session attended by the business owner/s, project sponsor and managers of any affected areas. Agree on the value, objectives, level of risk, quality requirements, maximum budget and available internal resources. For larger projects it is recommended that a professional project manager is engaged to facilitate this planning session. The extent of on-going project management assistance will depend largely on the value and degree of business risk associated with the project.

Step 4. Prepare an SME Project Brief Agreement

Using the outcomes of the RPP have the nominated project sponsor prepare an “SME Project Brief Agreement” for the project. (email mark@bboconsulting.com.au for MS Word template). This is the agreement between the project manager and the business stakeholders (primarily the business owner & sponsor) governing the nature and management of the project.

Step 5. Prepare Milestone Based Plan

Set up the project using a gantt chart that contains the key milestones, dependencies and a list of tasks needed to complete each milestone. Set a timeframe for each milestone rather than estimating time for every task. Tasks will be refined and finalised for upcoming milestones during weekly meetings.

Step 6. Meet to Replan Weekly

Conduct weekly team meetings chaired by the project manager to review the update the project plan, raise issues and agree on tasks to be completed over the coming week. Re-negotiate and update the SME Project Brief Agreement whenever requirements change. Ensure the business owner and/or sponsor has understood and approved any impact these changes will have on the project timeframes and costs.

Step 7. Communicate Project Updates to Staff Weekly

Issue a weekly staff newsletter that contains the status of all the projects the business is currently undertaking so all staff remain informed and project managers continue to communicate with all internal stakeholders. This also ensures that the management team remain focussed on completing the current projects before launching new projects.

Step 1. Catalogue and Prioritize Current and Future Projects

At any point in time an SME has a certain available capacity to undertake business improvement projects. This capacity is influenced by available capital & cashflow, staff enthusiasm for change, business owner “head space”, internal staff time, stakeholder enthusiasm, project management expertise and daily operational demands.

The key concept is that **in-process projects are a drain while completed projects are a gain.**

Ideally all resources should be focussed on completing projects sequentially so that the return on this investment happens as soon as possible. To illustrate this point compare two business each seeking to complete 12 identical projects that require 1 month of work each over a 12 month period. Each project delivers the same monthly benefit once completed.

Business 1 completes the 12 projects in parallel and therefore all 12 projects commence at the start of the year and finish at the end of the year. This business has to wait until the coming year to receive any benefit from its 12 months worth of investment in project work.

Business 2 completes the 12 projects in sequence and therefore the first project is finished at the end of January and starts delivering benefits in February. By the end of the year the first project has delivered 11 months of benefits, the second project has delivered 10 months of benefits etc. etc. By the end of the year business 2 has received a total of $11+10+9+8+7+6+5+4+3+2+1 = 66$ months of benefits in return for the same 12 months worth of investment in project work.

While this is an extreme example it illustrates what a massive difference can be made through managing your overall project portfolio such that all available project resources are focussed on completing a relatively small number of business projects at any one time.

On the following page list the SME business projects that you have currently underway and those that are likely to proceed in the near future.

Now put all the low priority projects on hold and decide on a completion sequence for high and medium priority projects. Focus all your attention and resources on completing each project in sequence.

Step 2. Assign Project Sponsors

Projects are like fruit trees that start off as little seedlings and if cared for properly will grow to maturity and bear fruit for the farmer. Without the farmers attention to ensure the tree receives sufficient fertilizer, water and protection it is unlikely to survive. The same applies for SME business projects. Unless someone in a senior position cares enough about the project to ensure it is given sufficient priority, gets the resources it needs and has any roadblocks removed, the project will be replaced by other projects that DO have someone caring for them. The farmer in this case is the Project Sponsor.

A good project sponsor has a big baseball bat (Authority & Influence), a bag of money (Access to Funds) and is determined to receive the benefits the project is promising. In an SME the project sponsor is most likely to be the business owner or an executive manager. If not the General Manager, the project sponsor must have sufficient influence to gain access to the necessary input and support from other areas of the business outside of their direct reports.

In your catalogue of projects list the current project sponsors for each. If a project does not have a project sponsor then find one quickly or cancel the project. There is absolutely no point in investing money in projects that are not important to enough to warrant a business owner or senior manager taking on responsibility for being the Project Sponsor.

Prioritized Project Catalogue with Sponsors

	Current Projects	Priority (H/M/L)	Completion Sequence	Project Sponsor
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				

	Future Projects	Priority (H/M/L)	Completion Sequence	Project Sponsor
1				
2				
3				
4				
5				
6				

Step 3. Conduct Rapid Project Planning (RPP) Session

SMEs cannot afford long laborious project planning methods but essential project planning must still take place. The solution is a Rapid Project Planning (RPP) Session.

The project sponsor takes responsibility for organising a meeting with everyone whose expertise, efforts and influence is going to be required to successfully complete the project and deliver the desired project outcomes. These people are referred to the project stakeholders and will include likely project team members and the project manager (if identified).

The RPP Session is chaired by the business owner or an independent facilitator. The RPP session may need to be broken into two sessions for larger projects.

The Agenda for the RPP Session is as follows:

1. Project Concept

Project Sponsor outlines opportunity or issue the project aims to address, the value/importance of this to the business and why this project should be completed as a priority.

2. Project Value/Benefits

Stakeholders discuss the benefits of the project and business owner decides on an estimate of the potential value of the project to the business and how it would be measured.

3. Business & Project Risks

Stakeholders brainstorm the possible business and project risks and the business owner decides on the level of risk associated with the project. (Use tools on pages 11 & 12.)

4. Project Maximum Budget

Given the project value, risks and funds availability, the business owner and sponsor decide whether the project should proceed and what would be the maximum investment the business would be prepared to make available for such a project.

5. Define Project Success

List the project objectives and agree on the relative importance of the range of project variables that will influence the project strategy and on-going project management decisions. (Tool page 13)

6. Project Quality Requirements

Business owner and project sponsor agree on the quality requirements for the project. These will have a very significant bearing on the project approach, deliverables, cost and timeframes. (Tool page 14)

7. Project Management Requirements

The stakeholders discuss the project management expertise and time required for the project and the business owner and sponsor decide whether an internal project manager will be used or whether a part time external project manager will be engaged.

8. Additional Information Requirements

During the course of the RPP session there will be decisions based on assumptions that should be verified. The most likely area requiring additional information will be related to the quantification of the cost savings and/or revenue increases anticipated as a result of the project.

9. Internal Staff Availability for Project

The stakeholders decide which internal staff would be made available to work on the project team and for what period of time. This is key input for resourcing planning and budgeting.

Step 4. Prepare an SME Project Brief Agreement

Using the output of the Rapid Project Planning Session the project manager and/or project sponsor then work together to prepare an SME Project Brief Agreement. The SME Project Brief is a light version of a typical Project Business Case. The SME Project Brief Agreement needs to be understood and signed-off by all the critical project stakeholders. This two way agreement between the business and the project team needs to be accurately maintained throughout the project to ensure all parties have reasonable and common expectations. This is the greatest protection any project manager has from unbudgeted scope creep. (email mark@bboconsulting.com.au for a word template containing the headings and tool tables)

The Project Brief needs to include the key decisions from the RPP Session under the following headings

1. Project Concept
2. Project Justification
3. Objectives and Success Criteria
4. Quality Requirements
5. Risk of Project to Business
6. Project Risk Assessment

The remainder of the SME Project Brief Agreement needs to answer the following questions:

- How do we plan to approach the project?
- What will be in-scope and out-of-scope?
- What funding needs to be available and when?
- Who will be doing the work?
- How long do we expect it to take and what are the key milestones?
- What do we need from each stakeholder to make the project a success?
- Who will be responsible for delivering the project outputs?
- Who will be responsible for delivering the various project outcomes/benefits?
- Which external vendors/consultants will be used for the project?
- What policies, procedures and/or constraints are relevant to the project?
- How are we going to manage and/or mitigate the major risks to the project?

Depending on the size of the project, suggested headings for the remainder of the SME Project Brief Agreement are:

7. Project Scope
8. Stakeholders & Responsibilities
9. Internal Team / Resources
10. External Vendors / Consultants
11. Implementation Approach
12. Project Budget
13. Project Milestones / Timeframes

Project Risk to Business Assessment Tool

SME's are typically less resilient than larger organisations and therefore individual projects can pose a significant risk to the organisation as a whole. The following are key areas where a project has the potential to negatively impact the business. The SME business owner must fully understand and accept these risks prior to agreeing to proceed with the project.

Risks to Business		Risk		
		Low	Medium	High
1	FINANCIAL SECURITY <i>Potential for project to significantly impact the financial security of the business?</i>			
	BUSINESS CONTINUITY <i>Potential for project to interrupt daily essential business operations?</i>			
2	REPUTATION (BRAND) <i>Potential for project to negatively impact the business' public image and/or brand reputation?</i>			
3	SAFETY <i>Degree to which the project could impact the safety of project team members, staff and the public?</i>			
4	MORALE <i>Potential for the project to affect staff morale, productivity and retention?</i>			
5	CUSTOMER SERVICE <i>Potential for the project to negatively impact delivery lead times and/or customer service?</i>			
6	CAPITAL EQUIPMENT / PREMESIS <i>Potential for the project to devalue the business' capital equipment and other infrastructure?</i>			
7	SECURITY <i>Potential for the project to jeopardize the business' physical, data or intellectual property security?</i>			
8	LEGAL <i>Potential for the project to expose the business to litigation?</i>			
	OVERALL PROJECT RISK TO BUSINESS			

Project Risk Assessment Tool

Use this assessment to determine the level of risk associated with the project and the appropriate level of project management investment. The less of each of these attributes the project has the higher the risk rating.

	Risks to Business	Risk		
		Low	Medium	High
1	BUSINESS OWNER SUPPORT <i>The business owner sees this as a priority project and is demonstrating this in their allocation of attention, funds and resources.</i>			
2	CAPABLE PROJECT SPONSOR <i>Single owner or senior manager with adequate authority, motivation and influence has willingly taken responsibility for achieving the project benefits & outcomes</i>			
3	BUSINESS PROJECT EXPERIENCE <i>The business has successfully undertaken similar business improvement projects in the past and some of the same people are involved in this project</i>			
4	FEW USERS <i>The number of end users is a small proportion of all the staff in the business and they all based in the same location</i>			
5	SINGLE LOCATION <i>The project team and end users are all located in the same premises. There is no travel or remote support required.</i>			
6	LIMITED CHANGES <i>Impacted end users face very little change to the way they currently perform their roles. Very limited training required.</i>			
7	ADEQUATE BUDGET <i>The project has been allocated sufficient funds to achieve the objectives using the most appropriate tools, technology and external expertise.</i>			
8	CURRENT AGREEMENT ON SCOPE & OBJECTIVES <i>There is no ambiguity surrounding the scope and objectives of the project and any changes are immediately negotiated and documented.</i>			
9	LOW COMPLEXITY OF TECHNOLOGY <i>There is no new technology being introduced as part of the project and/or the technology being used is not complex and easily understood.</i>			
10	NO CONCURRENT BUSINESS PROJECTS <i>The business is not running any other concurrent projects and therefore 100% of the project resources and management focus is on the successful completion of this project.</i>			
11	PROVEN VENDORS/CONSULTANTS <i>Any external vendors/consultants involved in the project have a long standing successful relationship with the business.</i>			
12	EXPERIENCED PROJECT MANAGER <i>The project is being run by a project manager with the necessary project management expertise and has administrative support.</i>			
	OVERALL PROJECT RISK			

Success Criteria & Objectives Tool

Prioritised Success Criteria

It is critical that the stakeholders and the project team agree on the relative importance of the seven key factors that are used to judge project success. The project manager is then able to make the many trade-off decisions such that they are consistent with these priorities.

Have each critical stakeholder, particularly the business owner and project sponsor, complete the following exercise and then agree on the final relative priority for each success criteria. Allocate 21 points between each of the seven criteria starting from the left hand side and shading one box per point. If all criteria were equally important then every row would be shaded from 1 to 3.

	Project Success Criteria	Priority Points (Total 21)				
		1	2	3	4	5
1	Have satisfied users/clients					
2	Meet the project objectives / requirements					
3	Meet the agreed budget – resources, capital, equipment					
4	Deliver the product/project on time					
5	Add value for the organisation					
6	Meet quality requirements					
7	Have a sense of professional satisfaction for project team members					

*Advanced Project Management Techniques: the thomsett company

Project Objectives

Project objectives need to be specific, measurable and time based.

	Project Objectives	Measureable Target and Due Date	Manager Responsible
1			
2			
3			
4			
5			

Quality Requirements Tool

Identify which of the following quality attributes are required in the final project solution/outputs and give each a priority rating. For a given set of project objectives, differing quality requirements will have a significant bearing on the scope, cost and timeframe for the project.

	Quality Attributes	Priority Rating					
		N/A	1	2	3	4	5
1	COMPLETENESS <i>Must the solution have all the desired functionality, features and capability?</i>						
	CORRECTNESS <i>Must data and/or information be totally clean, trusted and accurate at time of go-live/launch?</i>						
2	USABILITY <i>Must the solution be easy to understand, learn and use from the user's perspective?</i>						
3	DOCUMENTATION <i>Must the solution be well documented for the purposes of training, maintenance, audit and/or future development?</i>						
4	TRAINING <i>Must the project develop and deliver professional training materials and courses to assist in the rollout of the solution to current and future users?</i>						
5	PERFORMANCE <i>Must the solution provide rapid response times in terms of screen refresh rates or speed of calculations?</i>						
6	MAINTAINABILITY <i>Must the product/service be easy to maintain, update and / or correct?</i>						
7	AUDITABILITY / SECURITY <i>Must the product be secure from unauthorized access and / or be auditable?</i>						
8	EFFICIENCY <i>Must the solution be very time efficient to use? Must the solution have minimum on-going running costs?</i>						
9	ACCESSIBILITY <i>Must the solution be accessible remotely and/or at all times?</i>						
10	APPEARANCE <i>Must the project outputs appear highly professional to users, customers, suppliers and/or the general public?</i>						

Presenter Profile



Mark Jocumsen

Better Business Outcomes - Managing Director/ Business Improvement Consultant

Mark is Managing Director of Better Business Outcomes, a Toowoomba based business improvement consultancy. Prior to returning to his home town of Toowoomba, Mark spent over 10 years working as a consultant and project manager on large corporate business improvement projects. He has personally project managed two multi-million dollar ERP implementations and many smaller business systems projects. His training and experience gained while employed by Accenture, PriceWaterhouseCoopers and Smorgon Steel has given him a wealth of knowledge rarely accessible to regional SME's. Having subsequently spent 6 years working on smaller business improvement projects for SME's, Mark is in the unique position to be able to translate "big business best practice" into "SME practical practice".

Mark holds a Degree in Manufacturing Engineering and is qualified in Advanced Project Management Techniques.

Project Management for SME's

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