

# **PMI Engineering LIG Presentation: Project Managers – bring the value**

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# Presentation Abstract

The maximum potential value that project managers may bring to their respective organizations is often unrealized.

Project managers possessing strong business acumen, delivering value through leadership and execution, serving as change agents, driving ownership, and facilitating open communication will help themselves, their teams, and the organization they serve realize success.

This also requires that the organizations we serve as project professionals enable us to deliver in a productive manner.

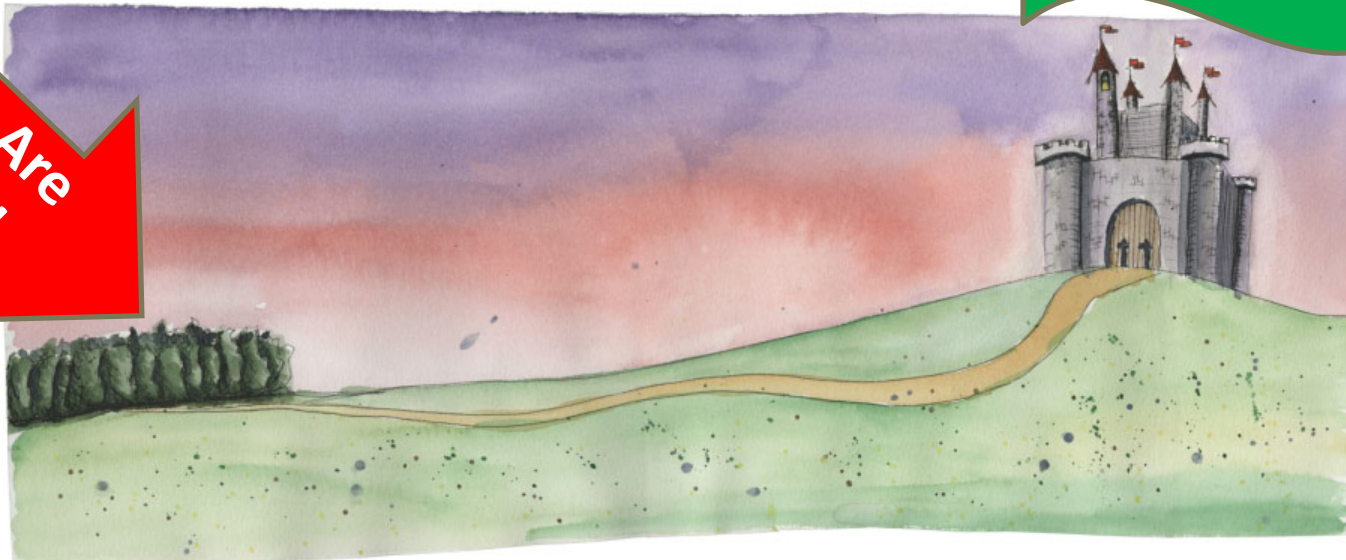
# Business Acumen

- What is the purpose of Project Management?
- What is the purpose of a Business?
- How do they align?
- What do you need to know? What tools are you using to facilitate success?

# Why Project Management?

Done!

You Are Here!



- Demonstrated historically as the best known practice for execution and delivery of interdisciplinary efforts.
- You are the Chief Executive of your business.

# Business Acumen Foundation

- “What is the point of business?”

<b>Income Statement</b>		
<b>Sample Corp. FY 2007, 2008</b>		
<b>Figures USD</b>	<b>2008</b>	<b>2007</b>
Sales (Revenue)	15,500,000	14,625,000
Less: Cost of Goods Sold (COGS)	(9,900,000)	(10,500,000)
Gross Income	5,600,000	4,125,000
Less: Selling, General, Administrative Costs (SG&A)	(3,300,000)	(2,350,000)
Operating Income Before Depreciation (EBITDA)	2,300,000	1,775,000
Less: Depreciation, Amortization, Depletion	(11,000)	(10,000)
Operating Income (EBIT)	2,289,000	1,765,000
Less: Interest Expense	(93,000)	(89,000)
Non-operating Income	2,196,000	1,676,000
Less: Non-operating Expenses	(42,000)	(40,000)
Pretax Accounting Income	2,154,000	1,636,000
Less: Income Taxes	(1,350,000)	(1,240,000)
Income Before Extraordinary Items	804,000	396,000
Less: Preferred Stock Dividends	(87,000)	(85,000)
Income Available for Common Stockholders	717,000	311,000
Less: Extraordinary Items	(18,000)	(15,000)
Less: Discontinued Operations	(400,000)	(100,000)
<b>Adjusted Net Income</b>	299,000	196,000
<b>Earnings Per Share</b> (200,000 shares of stock)	<b>\$1.50</b>	<b>\$0.98</b>

- ...the only legitimate answer can be to provide goods and/or services and make money as a result.

# Business Acumen Foundation

- Economic problem arises mainly due to two reasons:
  - (i) human wants are unlimited
  - (ii) means to satisfy human wants are scarce.
- Factors of Production
  - Land
  - Capital
  - Labor
  - Knowledge
  - Entrepreneurship

# Business Acumen Foundation

- Managerial Accounting
  - Understand activity based costing
  - Incorporate into project plan
  - Become a leader in portfolio budgeting process
- Leadership & Organizational Behavior
  - What motivates individuals and teams?
    - Intrinsic vs. Extrinsic drivers
  - Stages of team development
    - Forming, Storming, Norming, Performing...
    - Are you building high performance teams?

# Business Acumen Foundation

- Change Management – drives how to get from what you are today to what you want to be tomorrow
  - Step 1: Establishing a Sense of Urgency
  - Step 2: Create a Guiding Coalition
  - Step 3: Developing a Change Vision
  - Step 4: Communicating the Vision
  - Step 5: Eliminate obstacles
  - Step 6: Generating Short-term Wins
  - Step 7: Build on the Change
  - Step 8: Institutionalize Changes into the Culture
- Become recognized as a change agent



# Tools of Execution

- Business plan
  - How do you evaluate and decide what projects to develop?
  - Do you review the plan and update it regularly?
- Requirements – know what “done” looks like!
  - Marketing
  - Engineering
  - Verification/Validation
  - Operations
- Risk Management
- Schedule
  - Sensitivity analysis
  - Buffer development
- Team Communications

# Time Management

- Recording time – where is it going? Is it value-added?
- Managing time
  - Eliminate time wasters – ask “what would happen if this were not done at all?”
  - Delegate – ask “who could do this activity just as good or better?”
  - Don’t waste others time – ask “what do I do that wastes your time without contributing to your effectiveness?”
- Consolidating time
  - Recurring crisis
  - Too many points of contact – focus your work groups
  - Get the right information the first time (eliminate retracing and reworking)

# Contribution

- The Effective Executive asks: “what can I contribute that will significantly affect the performance and the results of the institution I serve?”
- Stress is on responsibility and accountability
- When thinking contribution think:
  - The quality of the work performed
  - The content of the deliverable
  - The level of professionalism presented in the deliverable
  - The standard to which it is judged
  - The impact the effort has on the organizations overall effectiveness ... and ultimately on its competitiveness

# First Things First

- Concentration is paramount
- Multi-tasking is a myth
  - Texting while driving
- People who try to get many things done in parallel often get nothing done and expend more energy doing so
- Priorities:
  - Choose future over past
  - Focus on opportunity over a problem
  - Set your own direction
  - Aim high – make a difference.
  - Safe is easy and non-differentiable

# Effective Decision Making

- Effective executives make effective decisions
- Focus on the few strategic vs. the many problematic (remember to delegate)
- Decision making a choice between alternatives – rarely between right and wrong:
  - Identify the strategic opportunity
  - What are the boundary conditions
  - What is the best possible decision – don't give in to compromise immediately
  - Turn the decision into an action plan and execute
  - Test the validity of the decision through feedback (part of plan)

# In closing

- Do not be a “clipboard project manager”
- Deliver value through strategic and tactical leadership
- Do establish relationships across the organization and actively help to build a culture of *awareness* – change will follow
- Be an effective executive – know where and how to contribute

# Recommended Reading

- Drucker, Peter F. ***The Effective Executive***. New York: Harper Business Essentials, 2002.
- Charan, Ram. ***What the CEO Wants You to Know: How Your Company Really Works***. New York: Crown Business, 2001.
- Collins, James C. ***Good to Great: Why Some Companies Make the Leap--and Others Don't***. New York, NY: Harper Business, 2001.

Q & A

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