PMs in the C-Suite: The Future of Project Leadership

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Abstract

"On time, on scope, on budget." This is the relentless mantra of the project manager—but is our hyper-focus on tactical success hurting our bottom line? When project managers are more concerned about meeting a deadline than adding value, the answer is yes. As projects grow increasingly complex, organizations are recognizing that it takes more than a project manager to drive organizational success—it takes a project leader. Project leaders understand the big-picture dynamics influencing the project agenda, and aren't afraid to recommend that projects be killed when they fall out of alignment with organizational strategy. And they're poised to make their appearance in C-Suites across the continent.

Introduction

Which is better: 1) a project that runs on time, on budget, and meets its scope objectives, or 2) a project that runs late, is over budget, but overachieves on cost savings that have a 'change for life' impact? Put another way, is it ever acceptable to sacrifice the original scope and schedule objectives to greater long-term value?

From a business perspective, the answer is straightforward. Projects are financial investments. In most cases, the expectation of larger revenue stream is worth short-term sacrifices in cost and schedule performance. But when this question was posted on a popular LinkedIn forum in 2014, it sparked enormous controversy within the PM community.

Over 400 people responded to the post. Gary Heerkens, a contributing editor at PM Network magazine, conducted an analysis of those responses—with troubling implications (Heerkens, 2014). After removing the outliers (those who didn't appear to understand the question the same way the larger group did) Heerkens discovered that only 25% responded in a strategy-minded manner, suggesting that—assuming positive future cash flow could be confirmed—it was better to realize a larger future benefits stream, even if short-term cost and schedule objectives were compromised. Heerkens noted that although the original post was asked from a strategic perspective, most respondents "failed to recognize it as such, unable to expand and elevate their perspective beyond the realm of the triple constraint."

The Evolution of the Triple Constraint

For most of us, the Triple Constraint is more than a concept tested on an exam; it has become central to the way we evaluate the success of our projects, the success of ourselves as project managers, and the performance of our peers. But it wasn't always this way.

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The Triple Constraint began as a simple observation about reality—the idea that a crucial trade-off exists between scope, cost, and schedule. Over time, this core observation evolved into the catchy "Pick Two" philosophy: "You can have it fast, good or cheap. Pick two." When John F. Kennedy promised to put a man on the moon within a decade, he was wise to acknowledge the staggering cost (NASA, 1962).

As the discipline matured, the Triple Constraint became a powerful tool for monitoring and controlling project progress. Unfortunately, in many companies, it became the sole method for evaluating the "success" of projects. Richer measures of achievement—customer satisfaction, quality, adoption rates, and long-term strategic alignment—took a backseat to the shorter-term concerns of cost and schedule performance. Like using a stock ticker to make crucial investment decisions, project managers and executives began to use CPI and SPI to quickly—but often inaccurately—assess the value of a project.

Today, the Triple Constraint is not only used to measure project success—it is also used to measure *project manager* success. Especially in organizations where project management is viewed as a strictly execution-oriented discipline, a project manager's ability to deliver on time, on scope, and on budget are tantamount to their professional reputation. When a project shifts out of alignment with organizational strategy (due to a changing competitive environment or other considerations), it is rare for a Project Manager to recommend delay or cancellation. In most companies, such a recommendation—no matter how prescient—is often interpreted as a lack of commitment or competence.

This state of affairs presents tremendous danger to the organizations we serve—after all, "an excellent strategy executed poorly is still better than a poor strategy executed well" (Goldsmith, 2012). Consider the case of RCA SelectaVision.

Case Study: RCA SelectaVision

In the 1960s, RCA began work on a product called the SelectaVision videodisc player—essentially a vinyl record that played video and promised improved picture quality over competing devices (Royer, 2003). The first prototype was developed in 1970—but by that time, VCR quality was improving and laser technology was on the horizon. Many experts already considered videodisc technology obsolete. Seven years later, as the product was about to launch, every one of RCA's competitors had abandoned videodisc research. Nonetheless, RCA plowed ahead, launching the product in 1981 amid the most expensive ad campaign undertaken by the company to date.

Consumer response was lacklustre. The technology was expensive (nearly $500 for the cheapest model), and none of the devices offered the ability to record—a feature that was now common in most VHS consoles. Yet RCA continued to develop new models and invest in production capacity. When the product was finally killed in 1984, it had cost the company an astounding $580 million and had tied up resources for 14 years (Hernandez, 2012).

This example illustrates one of the key pitfalls of a PM-approach that emphasizes execution over strategy. When a PM or project team is evaluated merely on its ability to execute, there is tremendous incentive to ignore any information that poses a threat to the existence of the project—even if that information is vitally important from a strategic perspective. This attitude was the primary contributing factor to the RCA failure, according to research by Isabelle Royer, of the University of Paris (Royer, 2003), who interviewed those involved in the project. She found that at RCA, there was a pervasive cultural belief that project cancellation (or even re-examination) was tantamount to failure. Rather than challenge that belief, the project team universally rallied around the product. It was only when time and public disapproval of the product caught up with them that they finally faced reality.

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Tactical Success vs. Strategic Value

The SelectaVision debacle illustrates a critical question facing project managers today: what is the relative importance of tactical objectives to strategic ones? Put another way, when is it appropriate to purposely miss scope, schedule or budget objectives in order to realize greater long-term value? Project managers are highly divided on this issue. Some believe that a project manager's most important responsibility is to ensure on-time, on-budget delivery. Others believe that those objectives should be subservient to larger strategic concerns. What accounts for this division? History provides a partial explanation.

Project management, when it formally emerged in the 1950s, was almost exclusively a technical, execution-oriented discipline. Utilized primarily by the aerospace and defense industries, the classical project management model (coined "Model A" by Dr. Hiroshi Tanaka) focused on applying planning and management techniques to infrastructure and security projects. Many of the technical principles of our discipline (critical path method, PERT, configuration management, etc.) were codified during this time period (Tanaka, 2011). New project management models emerged in the decades to follow, but Model A continues to thrive in highly technical disciplines.

In the late 1980s, a new model emerged ("Model B"—still in widely in use today) which attempted to merge the technical aspects of project management with "soft" PM processes such as scope, risk, communications, and human resources. Despite its broader focus, this model is still based on the premise that strategic business management and project management are distinct disciplines. In this model, project management is chiefly concerned with efficient delivery, while executive management is concerned with strategy.

The prevalence of Model A and Model B organizations explains the vast number of project managers who prize "on scope, on time, on budget" above all other concerns. These models reward project managers almost exclusively on these criteria. But while a clear line of demarcation between executive and project management is efficient, it is rarely effective. When project managers are not empowered to engage in strategic discussions, the risk of "winning the battle but losing the war" is many times greater—with potentially devastating consequences.

Fortunately, a new model is emerging. "Model C" project management—clearly reflected in the new PMI® Talent Triangle—is chiefly concerned with the pursuit of project value. It prizes and rewards innovation and clear alignment of projects to organizational strategy. As such, it is the model best-equipped to solve complex problems, achieve clear business results, and delight customers. Model C project management represents a departure from the discipline's traditional execution-orientation, requiring that project managers engage directly with strategy from concept to completion. Models A, B, and C are summarized in Exhibit 1.

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	Model A	Model B	Model C
Period	1950's	Late 1980's	2000
Features	- The original PM system - Largely a project delivery oriented framework with strategic decisions made upstream - Highly complex scope, resources/cost, and time management -	- Grown out of professional PM associations - Balanced technical and "soft" management skills - Easy PM process description to accelerate mass popularization - Underpins a variety of business management methods (BQR, TQM, IPD, and frontloading)	- Addresses business issues - Values pursuit of innovation and added value out of projects - Links organizational strategy with projects through PPP, program management, and PM - Values feedback and continuing utilization of program and project products
Industries	Defense, space development, social infrastructure, engineering and construction	Almost all branches of industry, especially IT, high-tech and telecommunications, and a variety of public agencies	All industry branches, government agencies, public organizations, internal organizations

Exhibit 1 – Model A, B, and C, adapted from The Changing Landscape of Project Management, p.12-14, by Hiroshi Tanaka, 2011, Internal Project Management Association.

Project Management: Poised for Disruption

The emergence of Model C project management is disruptive, challenging our fundamental assumptions about a project manager's role and value. Model C projects require a fundamentally different set of skills from those needed in execution-oriented models—chiefly: innovation, adaptability and a willingness to challenge "sacred cows." In fact, it would not be an exaggeration to say that the project managers of tomorrow will not be project managers at all. They will be project leaders.

Project Managers vs. Project Leaders

For most of its history, project management has been focused on mastery of tactical execution. As more organizations adopt Model C thinking, this focus must shift—but a project leader need not abandon her heritage completely. The skills needed to execute on time and on budget are still of tremendous value to the project leader. Therefore, the following characteristics below are not meant to establish a false dichotomy between a project manager and project leader. A project leader must simply augment tactical skills with the ability to think and act strategically. What follows is a brief description of key project leadership competencies, juxtaposed against "standard" project management considerations.

Outcomes Focused vs. Deliverables Focused

A project leader appropriately balances tactical and strategic considerations, walking the line between "analysis paralysis" (inability to drive a project forward) and "tunnel vision" (inability to see the big picture.) While project managers are principally concerned with the project deliverable—specifications, requirements, and baselines—a project leader is *also* concerned with the outcome. A project leader may, for example, recommend that deployment of a software package be delayed in order to accommodate a

stakeholder request for additional training—especially if it can be shown that the additional training will lead to higher user adoption rates.

Adds Value vs. Counts Value

A project leader is also concerned with adding value, rather than merely counting it. (Nayar, 2013, para. 3-4) "Counting value" is the act of reporting on activities which have already occurred, or managing work that has already been assigned to others ("micromanaging.") A project leader is more concerned with *adding* value by generating forecasts, removing obstacles, ensuring alignment, championing the team, and managing complex project interfaces.

Focuses on Effectiveness vs. Focuses on Efficiency

A project leader leverages the Triple Constraint, but is not constrained by it. Tactical measures of efficiency—resources, dollars, and time—are always considered in light of strategic measures of effectiveness—customer satisfaction, lifecycle costs, end user adoption rates, regulatory concerns, etc. This balance is depicted in Exhibit 2.

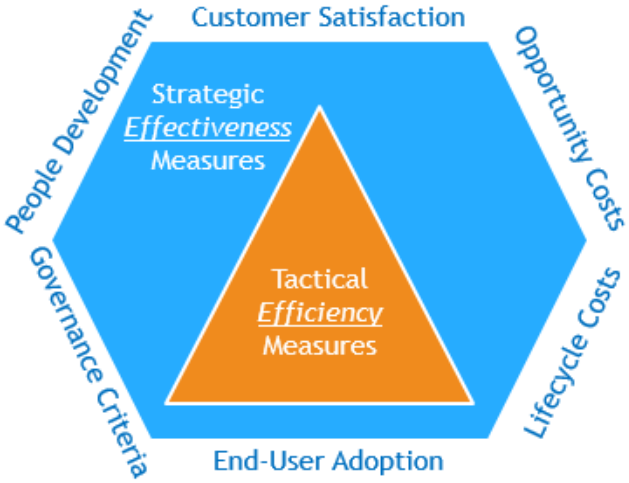

Exhibit 2 – Tactical vs. Strategic Success Measures

When tactical and strategic considerations are brought into balance, a project leader's concerns become holistic rather than myopic. "Will the team be ready to go live in 2014?" becomes "*Is the business ready for us to go live in 2014?"* "Will we come in under budget?" becomes "*Is this project still worth what we thought it would be worth?"* "Does this project meet the requirements?" is paired with this addition: "*will this deliverable help us solve the problem/achieve a result?"* After all, a boat can be built to specifications but fail to float.

Recruits Exit Champions vs. Recruits Project Champions

A project leader recruits project champions, but he or she also creates a safe space for critical thinking. One way to do this is to recruit "Exit Champions," or people whose explicit role is to challenge the team's prevailing assumptions. Isabelle Royer—the researcher who interviewed the RCA SelectaVision team—suggests from her research that companies benefit strategically when there is a good mix of "evangelists" and "exit champions." The goal of an exit champion is not to push the team to fail, but to make sure the team stays focused on the evidence—particularly when determining whether to proceed with a project at

planned stage gates. In the military, this technique is called "red teaming," and when performed constructively adds enormous value to a project.

PMs in the C-Suite?

As project management expands from a strictly execution-oriented discipline to a fully integrated arm of organizational strategy, it seems only reasonable that project managers will soon ascend to the ranks of executive leadership. Will we soon see the rise of a "CPO," or Chief Project Officer? It's likely, especially when one considers the trajectory of the most recent major addition to the C-Suite: the CIO.

In the early 1980s, the concept of a CIO—Chief Information Officer—did not exist. At the time, IT leaders were primarily responsible for management of electronic data processing. As the decade progressed, chief executives saw for the first time that technology could be a strategic advantage, increasingly inviting their IT leaders to sit at the table with other C-Suite executives.

Among the first to have the title CIO were Al Zipf of Bank of America and Max Hopper of American Airlines (IBM, 2011). Today, nearly every large corporation has a CIO or CTO—but they still have their troubles. They have struggled with noticeably short tenures, a lack of credibility within the executive team, and problematic relationships with their CEOs. These troubles are caused, in large part, by the perception that CIO's tend to get "bogged down" in tactical considerations, skirting issues of organizational strategy.

Project management faces a similar moment in history. Organizations are increasingly recognizing the importance of including project and program managers in strategic decisions—in fact, nearly 31% of American CEO's today have significant experience in project management (Dubourse et al., 2011). Meanwhile, professional organizations like PMI® are actively amending their frameworks and standards to incorporate business strategy as a central consideration. It seems that in many ways, the march to the C-Suite has already begun. The question is: *what will we do when we get there?* Will we come prepared to add value, or will a short-sighted focus on execution hold us back?

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