Confused - Project or Program?

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The Umbrella - Programs

Many large work initiatives run as projects would be more successful managed as programs. Such misdiagnosed projects include dimensions of size, complexity and duration that challenge the project perspective and lead to a higher likelihood of failure. A different methodology is called for, one that recognizes the difference between a program and a project and adopts the right set of skills to the task.

Given the popularity of project management, many large work initiatives are run as projects, but would be more successful if managed as programs. Such misdiagnosed projects often include dimensions of not only size, but also complexity and duration that challenge the project perspective and can lead to a higher likelihood of failure. It is like a perfect storm — as size, duration and complexity increase, the chance of project failure also increases.

Projects, by definition, are *temporary* endeavors to produce a *unique* output. The classic nine knowledge areas and five processing groups are well suited for managing projects. However, at times this classic approach is inadequate to guide the overall work and coordination needed to successfully achieve the specified objective.

The project's definition of producing a 'unique' output (in the form of a product, service or result) sometimes represents only subset of the work required to realize the benefits and return on investment. Endeavors which include multiple "unique" outputs, particularly those that take a year or longer, or that require transformational change of culture and/or work process, demonstrate the limitations of the classic project management methodology to coordinate and successfully deliver the total set of requirements.

Programs require a different management approach than that used with projects. Program management is designed to address work efforts wherein the scope, duration, complexity and change exceed the boundaries of project management. Program management has a very specific set of principles, processes and best practices distinct from that of project management. Even the skills required to manage programs are quite different than those required to manage projects. Adopting program management would improve the success rate of many such 'projects.'

Project or Program?

What is a project? The Project Management Institute (PMI) defines a project as "*a temporary endeavor undertaken to create a unique product, service, or result*" [PMBOK® Guide — Fourth Edition]. A project's distinguishing characteristics include its short-term nature with a defined beginning and an end, to deliver a distinctive, one-of-a-kind output. These features shape the focus of the project management methodology.

What is a program? The Office of Government Commerce (OGC), a recognized authority in program management, defines a program as "*a temporary flexible organization structure created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to an organization's strategic objectives; a program is likely to have a life that spans several years.*" [Managing Successful Programs, Third Edition]

A program's distinguishing characteristics relative to a project's include the relative significance in *value* contributed to the business (*strategic value*) versus a project delivering a *capability*. Programs are often catalysts of *organizational and transformational change*. To make this change happen and stick, programs require more involvement from senior management, as well as program managers who possess superior communication skills. Program differentiation is a matter of relative focus – broader in scope and duration to deliver the transformational change required to produce strategically significant benefits to an organization.

Programs are typically comprised of multiple supporting projects to realize the overall benefits. Not all projects, however, are part of a program. Programs tend to have longevity, but require responsiveness. They focus on a *sustained return-on-investment of benefits* to the business, and usually *suspend declaring a target end-date* of the program at the onset of initiation.

Programs initiate, monitor and align supporting projects. A program's scope is greater than the sum of the scope of its individual projects. When project works spans a sizeable amount of time (e.g. over a year), represents complexity (in size, scale and risk), and/or its requirements lack stability, then this work may best be managed as a program. Program management best addresses major change and where the work will encounter diverse and numerous resources and many interdependencies to manage and conflicting priorities to resolve. The approach needed to successfully manage programs is different from that required for project management, and yet flexible enough to guide the different approach used to run its supporting projects.

The difference between, and interdependency of, projects and programs are highlighted by the following examples:
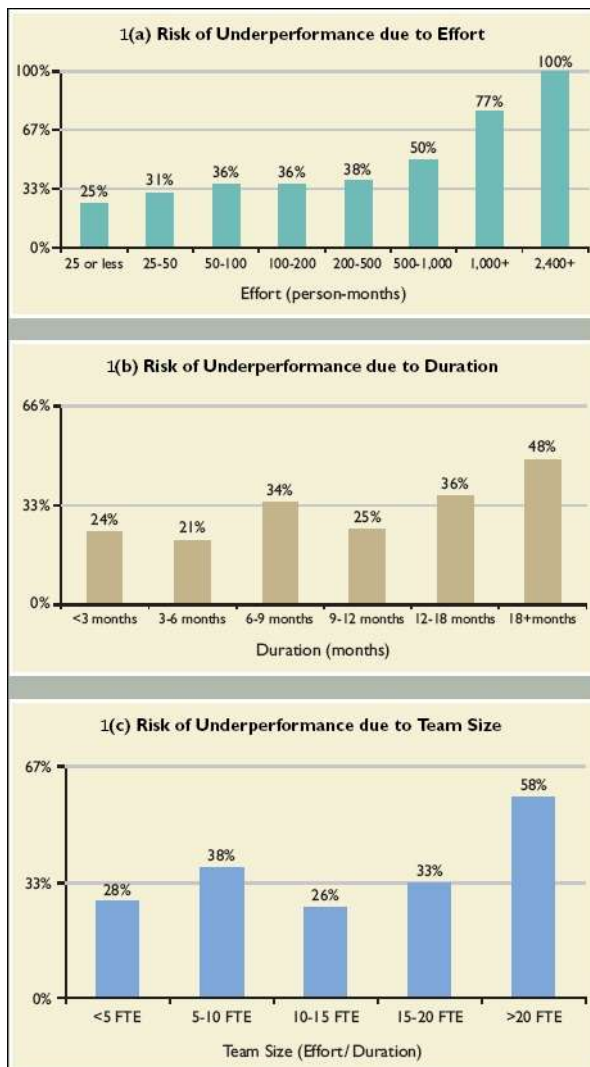
- A project might be to design and build a hybrid car; however, it is a program to create the new market segment and business model, inspire customer demand, manage the overall expectations and benefits realization overtime, and design leading transformational change in how we drive and think green.

- A project might be to design and build a staged senior living community; but it is a program to create a strategy and differentiation value statement, develop the business case (with pricing, revenue and cost targets, and perhaps secure financing), market to and recruit new residents, coordinate with the local municipalities and services, and manage the ongoing operations (from resident activities to staffing).

Use Size as a Guide

To understand the root cause behind the failures, let's examine some additional research for insights.

In an article entitled, "The impact of size and volatility on IT project performance" in Communications of the ACM; Volume 50 Issue 11; November 2007. The key finding was that *failure rates increase exponentially with the size of the project*, regardless of the experience of the project manager. Four dimensions defined project 'size' (and listed in order of impact importance):

1. Effort – calculated in person-months
2. Team size
3. Duration – measured as lapsed-time
4. Budget

This figure shows results of increased project risk with growing impact from Effort (notably beyond 1000 persons-months), Duration (greater than a year) and Team Size (over 20 Full-time Equivalents).

Usually a large project is actually a program, and best managed as a group of smaller projects. Coordination and integration of these smaller and related projects is critical to ensure alignment toward the overall objective. Managing this work via a programmatic-view is a classically successful approach to coordinating shared resources and other interdependencies, securing appropriate program management expertise, and ensuring realization of the overall benefit.
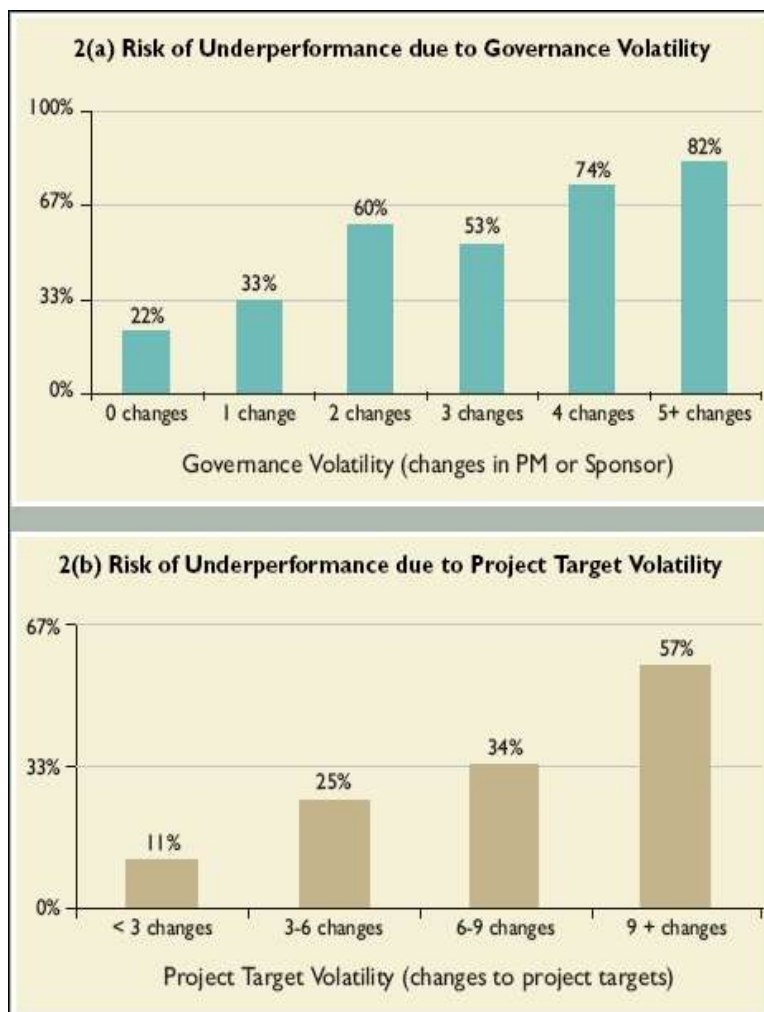
Notably, ERP (Enterprise-wide Resource Planning) projects are classic examples of work initiatives that would benefit from the insight of managing the work as a program versus a project. Enterprise-wide ERP projects are not only large in size, scale and scope, but also classically represent change to an organization. If caution is not taken, ERP projects turn into technology implementations without much regard for

culture, people and processes. The technology platform for an ERP project often is selected prematurely and the decision is adhered to out of principal or purely financial targets. Politics and the exuberance of ambitious employees, if not managed properly, could derail the initiative.

Often these initiatives are referred to as projects. However, its successful outcome is greatly increased if managed as a program. Program Management comprehends the importance of time required for first improving processes prior to automation and for transformational change to become ubiquitous throughout an organization.

However project size was not the only root cause, we have found that about 25% of projects fraught with significant risk because of *volatility* issues. In these projects, the culprit was two-fold:

1. *Governance volatility* (measured as changes in project manager or sponsor)
2. *Project target volatility* (measured by changes in schedule, budget and scope), as illustrated here.

These trends demonstrate a positive correlation between the increasing size and volatility on increasing project failure. The combination of these dynamic factors on project failure (i.e. effort, duration, team size, budget, governance volatility and project target volatility) all sum up to increased complexity. The (Robert) Glass Law states that for every 25% increase in problem complexity, there is a 100% increase in solution complexity. [Source: Facts and Fallacies of Software Engineering, by Robert Glass.] Hence, with such project complexity, the necessary method to manage such work successfully calls for a more resilient approach — a program versus project approach.

2(a) Risk of Underperformance due to Governance Volatility

Governance Volatility (changes in PM or Sponsor)	
0 changes	22%
1 change	33%
2 changes	60%
3 changes	53%
4 changes	74%
5+ changes	82%

2(b) Risk of Underperformance due to Project Target Volatility

Project Target Volatility (changes to project targets)	
< 3 changes	11%
3-6 changes	25%
6-9 changes	34%
9 + changes	57%

Program Management Best Practices

Fortunately, there is a Program Management approach, which has already been proven time and again by organizations around the globe. Managing Successful Programs (MSPÒ) is a structured framework that has been used in both the private sector and public sector as a way to better manage a group of interrelated projects and increase the likelihood of implementing transformational change.

MSP is a significant contribution to the literature on how best to manage programs. The framework is scalable to the complexity of the work being managed. This flexibility intends to avoid a bureaucratic structure and to provide more practical best practices. This adaptable roadmap integrates the core elements of corporate strategy, transformational change, governance and different roles. These MSP themes are supported by its 3-layered framework built on 1) principles of success, 2) governance, and 3) processes. The MSP framework consists of seven principles, nine governance themes, and six transformational flow processes. Specifically, they are:

Principles	Governance Themes	Transformational Flow
• Remaining aligned with Corporate Strategy	• Organization	• Identifying a Program
• Leading Change	• Vision	• Defining a Program
• Envisioning and Communicating a Better Future	• Leadership and Stakeholder Management	• Managing the Tranches *[similar to phase-gate reviews]*
• Focusing on the Benefits and Threats	• Benefits Realization Management	• Delivering the Capability
• Adding Value	• Blueprint Design and Delivery	• Realizing the Benefits
• Designing and Delivering Coherent Capability	• Planning and Control	• Closing the Program
	• Business Case	
	• Risk Management and Issue Resolution	
	• Quality Management	

MSP can be adjusted to address less complex work, wherein there is a low level of ambiguity. Applying MSP to any work initiative will strengthen the likelihood of success – particularly projects lasting a year or more, and those with substantial size, scale and scope.

MSP's ultimate impact, however, is with guiding programs that aim to deliver strategic transformational change, as that is one of the most complex, challenging and critical organizational undertakings. Cultural change endeavors must align three different orientations within an enterprise – 1) the organizational strategy, 2) the delivery mechanisms for change, and 3) the operational environment. MSP is highly suitable for business transformational change and initiatives with high levels of complexity, ambiguity and risk.

Summary

Managing programs using a project management technique is fraught with peril. A different methodology is called for, one that recognizes the difference between a program and a project and adopts the right set of skills to the task.

The Office of Government Commerce (OGC) [Official MSP® Website, by the Office of Governance Commerce (OGC): *http://www.msp-officialsite.com/*] developed an internationally recognized set of best practices, called *Managing Successful Programs* (MSP®). It is a methodology designed for organizations to best leverage program benefits and transformational change while dealing with a climate of constant and increasing change, including innovations in technology, work practices (such as outsourcing and partnerships), mergers, and increased demands from regulation. The OGC took its time to collect both positive and negative lessons learned to develop the MSP approach. This program and its book offer a wealth of information to prepare for and manage a program.

I recommend the MSP approach. It is scalable, such that it is useful to apply to simple, short-term as well as for the complex, long-lasting programs. Moreover, the MSP approach manages all different types of subordinate projects, regardless of the methodology deployed to run each project, or their requirements, scope and capabilities. MSP is flexible, yet robust. It is rich with proven guidelines for running any program.

About the Author

Management Professional with 35 years of experience managing over $4 billion in programs & projects for both the Commercial and Federal Government sectors and is a well-known project management (PM) author, consultant, and authority on the subjects of Construction Management (CM), Facility Management (FM), Business Process Management (BPM), Project Management Office (PMO) and Project Portfolio Management (PPM), Risk Management (RM), software development and technology integration.

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