Program Management Series

Transitioning to Program Management
(Article 4 of 4)

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This is the fourth and final installment in this article series that has focused on numerous aspects of organizational transition involved with introducing and maturing an organization’s program management discipline. Throughout the series we have detailed the story of a major U.S. contractor in the midst of a program management transition. This transition was led by Dave Mitchell, a senior V.P. for the company, and his PMO director, Nico Coachman.

Mitchell used the program management continuum to diagnose his organization’s program management performance relative to senior leader expectations (see Article 1). This diagnosis created an “Ah-Ha Moment” for him and his peers and created the impetus for change. The value of the continuum armed Mitchell and others with the realization that while making the decision to become more program-oriented was a straightforward decision, making the transition from one level of program maturity to another was going to be much more difficult and therefore the role of Coachman as the transition agent was necessary for success (see Article 2). Mitchell and Coachman were successful with the transition in part because they focused on delivering business value (see Article 3). Beyond that focus, however, what else enabled their success? Answering that question is the primary topic of this fourth article in the series. This article outlines the key success factors that must be managed to increase the probability of successfully when transitioning to a program-oriented organization.

Overcoming Program Management Transition Challenges

Organizational transformation is a challenging endeavor. Transitioning to a program-oriented organization is no different. The program management continuum introduced in article 1 is a tool that demonstrates the variations in the use of program management within companies today. At the center of the continuum is an important point – the point of transition. This is a philosophical decision point where the senior leaders of an organization make a purposeful decision to transition their organization from being primarily project-oriented to being program-oriented.

As noted in this article series, Mitchell and Coachman were able to yield significant improvement in their firm’s ability to achieve benefits realization. To realize such
improvement required an awareness, willingness, and commitment to change the organization’s culture, overcome internal politics, and establish a new mindset regarding roles, responsibilities, and functions. Their experience illustrates the fact that crossing the transition point to become a program-oriented organization can affect all levels of management and employees. It changes the rules of engagement, decision-making hierarchies, teams and team structures, and requires competencies different than those prevalent in traditional project-oriented organizations. Their success was enabled by several key factors:

- First and foremost, there was a compelling reason to change,
- Senior management was the driver of the transformation and they had a clear vision of the end state,
- They took both an evolutionary and revolutionary transition approach,
- The change transition process was planned and methodically implemented,
- Behavioral change on the part of individuals affected was modeled, monitored, managed, and incentivized.

**Understanding the Reason for Change**

There are a number of key factors that typically drive a senior leadership team to decide that program management is needed within their business. The most common factors we have witnessed in working with organizations are as follows:

**Improve alignment between business strategy and execution output.** As an organization begins to grow its business, maintaining alignment between work output and strategic intent often becomes a challenge. Simply stated, the link between execution output and strategic goals begins to weaken and in some firms, may eventually break. For many organizations, program management provides value by serving as the organizational glue that can prevent the misalignment between execution and strategy by creating a critical linkage between strategic goals, program objectives, and project deliverables.

**Manage increased levels of complexity.** The pervasive rise in complexity due to customer demands for more integrated, larger scale, and connected solutions has emerged as a primary challenge to the way we have historically operated within our businesses and organizations. For decades, people working to create and deliver complex solutions have used a systems and program-based approach to simplify the levels of complexity they encounter.

**Achieve business scalability.** As an organization grows, its ability to effectively scale its business processes and consistently deliver positive return on investment can be constrained by a business manager's ability to personally scale. The addition of the program management discipline and skilled program managers removes this constraint as program managers become accountable for delivering the business results for each of their programs.

**Improve integration of cross-business functions.** Companies continue to be plagued by ineffective collaboration between their business units and divisions caused by parochial behaviors within traditionally silo’d functions. The inclusion of program management in a firm’s business model can provide value to those
organizations by helping them to execute business strategies through the collective efforts of their business functions working to achieve a common vision.

**Manage distributed collaboration.** The ability to digitize, disaggregate, distribute, produce, and reassemble knowledge work across the globe has created a business model where highly-distributed team collaboration is required. Many companies have come to the realization that they need to adopt the new business model not only to compete, but in many cases to survive. For many, program management provides a management model that specializes in the distribution and reintegration of work.

Once the leaders of an organization understand the important factors involved in the transition decision, they can essentially consider whether or not to transition to a program-oriented organization.

**Driving Change from the Top**

Firms that have been most successful in transitioning to program management have had strong sponsorship from the senior management team of the organization. Implementation of the model works best when it is managed from a top-down approach, rather than a bottom-up approach. When senior management buys into the approach and drives the implementation, the rest of the organization begins to fall in line. It is difficult to derive the necessary and significant changes in an organization when it is attempted through middle management, as barriers – such as resistance to change - within the functional organizations quite often become too difficult to overcome.

Success most often occurs when the senior sponsor is an influential change agent with a compelling story for change. This means someone with sufficient power, influence, and respect in the organization; someone who can ensure that the organizational structure, behavior, and culture move in a new direction. The change agent must have a clear vision of what the change is and why it is important for the success of the organization.

**Transition is Both Evolutionary and Revolutionary**

To obtain the broad-based benefits from applying program management to the business model of the firm, several fundamental changes are required. As noted earlier, achieving a successful transition to requires an awareness, willingness, and commitment to change the organization’s culture, overcome internal politics, and establish a new mindset regarding roles, responsibilities, and functions. To achieve such change requires time, which is the reason we use the word “transition” throughout this article series. Transition is meant to imply changes are being realized over time – evolutionary. On average, we have consistently witnessed the transition taking three to four years. This is from transition decision to fully functional program management operations.

The successful transition to a program-oriented organization requires the senior management team of the firm to consciously decide that they will make the fundamental structural and cultural changes necessary to move the organization to program management and lead the implementation of changes. This decision is revolutionary as are some of the fundamental changes that are required such as
changes to roles and responsibilities, changes to decision-making empowerment, changes to the organizational structure, and changes to the incentive systems. Therefore, success in introducing program management is both *evolutionary* and *revolutionary*.

**Taking Time to Plan the Transition**

Our experience is that while there are many change transformation models one can employ, most attempts to plan, lead, and sustain organizational change fall short of meeting their original goals and intent. Change transformation success in reality has little to do with the change model implemented, and much to do about changing behavior and overcoming political resistance. While these models can be used to provide a framework for what needs to be done during an organizational transition, they fall short on advice on how to do it. Based on our experience working with organizations involved in program management transition, we have been able to extract a common and repeatable process used by these organizations. Some of the more critical steps in the process are presented in Table 1.

| Table 1: Best-practices for program management transition |
|-----------------------------------|-------------------------------------------------|
| **Transition Step**              | **Required Action**                              |
| Point of transition decision     | Senior leaders realize a systemic problem is plaguing them (misalignment between execution and strategy, growing complexity, business scalability challenge) and make the decision to embark on a program management transition |
| Assign a transition owner        | A senior leader is appointed as transition sponsor and assigned responsibility for assessing the need for transition and to lead the transition effort |
| Establish a broad knowledge base | Recognizing program management needs to be part of the business model and company mindset, best practice organizations invest in program management fundamentals training for their personnel to establish a knowledge base (beginning with the senior management team) |
| Modify roles and responsibilities| Each organization is unique with varying roles, responsibilities, policies, procedures, and practices, not to mention culture. Transitioning to program management will require adjustment of *many* of the roles and responsibilities previously established for job functions |
| Create a center of excellence    | Many organizations believe it is critical to create a center of excellence which is important for gaining a foothold in the midst of change and establishing a means to sustain the change. The center of excellence is responsible for adopting and establishing a set of critical program management processes, tools, and metrics. One method for accomplishing this is through the use of a program management office |
| Execute pilot programs           | Program management is often implemented in waves A |
roadmap for the program management transition should be established that clarifies which projects should be stopped, which will continue uninterrupted, which will be intercepted, and how new programs will be established. The piloting of the conversion of projects to programs is critical to establishing and adopting the new processes and standards. It is important to learn what works and what meets resistance before fully committing the organization to a broad-based transition.

Institute organizational structure changes
(revolutionary)

Most organizations find a need to make adjustments to the organizational structure during the transition process. This is driven by the need to elevate the program managers and program office to a level consistent with other functions to establish authority and decision empowerment.

Reinforce the correct behavior
(evolutionary)

As the transition continues past the piloting stages, rewards and incentives are modified to engrain desired behavior change as part of the new way of doing business.

Set expectations for continuous improvement
(evolutionary)

The center of excellence established to provide early transition direction is re-chartered to develop a roadmap for continuous improvement and to drive the implementation. Additionally, continued oversight and engagement from senior leaders is necessary to ensure the full transition is achieved.

**Changing Behaviors to Change Culture**

The program culture should be designed to express a set of clearly articulated, performance-oriented values and on-the-job behaviors that are consistent with program management culture and organizational culture. Typical values and behaviors include the following:

**Willingness to lead:** Program managers need to take a leadership role to ensure that the viewpoints of all functions and disciplines involved with a program are considered and that work is focused collectively toward achievement of the program vision. Willingness to lead also means being capable of quickly rewarding the team when it is doing well and also possessing the toughness required to manage through problems and conflicts.

**Take ownership:** Program managers need to display total ownership for the management and outcome of the program and the business results intended. They need to be ready to take total responsibility for their actions and the actions of their team. Additionally, program managers should champion the program within and outside the organization.

**Empower the team:** Senior leaders should formally and broadly communicate to the organization their empowerment of the program managers for their new responsibilities and decision making authority within the organization. Program managers must then be willing to share the empowerment granted to them with the project managers on the program. Likewise, project managers must share their
empowerment with their respective team members. Full team empowerment is a powerful tool for quick and effective decision-making, where people closest to the issue are able to evaluate the situation and decide proper course of action.

**Exhibit balance and fairness:** Program managers need to exhibit balance and fairness between cross-discipline representatives on the program team. This means being able to set aside any historical bias toward or against a particular disciple that they may have had in the past. Exhibiting fairness also means setting the expectation that all others on the program team behave in the same manner. Failure to do so can foster unhealthy team dysfunction.

**Be persistent:** Program management is hard work. During the life of a program, the number and wide variety of problems and barriers that are encountered are enormous. The job is not for the faint of heart. It can take a tremendous amount of drive and persistence to achieve program success.

There is a lot that can be learned from Dave Mitchell and Nico Coachman. They had their share of challenges, but in the end they were very successful in leading a major transition within their company which left it with a strong and valuable program management function.

To summarize how to succeed with such a transition, we will end this series with a quote from David Churchill, former VP and General Manager at Agilent Technologies. The following describes what he believes to be the critical factors in successfully transitioning an organization to program management:

> "Organizations that succeed in transitioning to program management will do the following: Treat program management as a critical talent and skill set and establish it as a functional discipline like engineering and marketing; elevate the program management function in stature and place it at the senior level in order to provide program managers the necessary level of influence across and organization; and empower program managers as leaders within the organization with sufficient authority to implement and achieve the intended business objectives."
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