*PM World **Journal***
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

The Elephant in the Executive Suite – Project Management [1]

By Darrel G. Hubbard, PE, President
D.G.Hubbard Enterprises, LLC

and

Dennis L. Bolles, PMP, President
DLB Associates, LLC

Abstract

Project management, when viewed as a management discipline from the perspectives of various executive levels, functions, and types found within different enterprises, can be described as many things by those executives. The field of Project Management is complex, multifaceted, and evolving. Included within this management discipline is a wide-range of related management disciplines and knowledge-area sub-disciplines, all of which affect diverse stakeholders. However, individually, or employed in small sets, these specific views of project management neither address nor solve the larger issues associated with successfully implementing and employing project management within the overall enterprise to create benefits and value and to address stakeholder needs. In addition, a significant portion of the project management literature and defined processes and methodologies for the many management disciplines and sub-disciplines does not address the broader business, organizational, sociological, cultural, and stakeholder contexts within which they are usually implemented and employed.

The authors propose a more holistic view, from both an enterprise and integrated viewpoint, of the key aspects of the project management discipline and related literature genre, which address the broader need for understanding by the wider range of executive stakeholders. This management construct allows the various facets of project management and its management knowledge-area sub-disciplines to be discussed, documented, and applied based upon the authors' associated 3-dimensional management model, which they call "Project Business Management."

This model allows the executive stakeholders to be characterized based upon their relative roles in governance, management, or operational functions within the enterprise. Their functioning can then be further understood with respect to their roles as stakeholder within the seventeen elements of this Project Business Management Model.

Introduction

The broad recognition of Project Management as a unique field of management and a specific discipline has grown and matured during the past 60 years. The successful application of project management during the past 20 years in information systems and technology and its further involvement in managing the projects producing the newest technology products and services, has not only cemented its place in the arena of business but also has pulled it into the field of commerce. This role recognition has also brought the need for an enterprise's management to

PM World *Journal*   *The Elephant in the Executive Suite – Project Management*
Vol. III, Issue III – March 2014   by Darrel G. Hubbard & Dennis L. Bolles
www.pmworldjournal.net   Featured Paper

appreciate and understand the various business aspects of project management. Project Management is now understood to be complex, profound, evolving, and multifaceted. The field of project management and the related genre of literature include the more highly visible and broad management disciplines of:

- Project Management – of projects of any type and size,
- Project-Program Management – of programs composed of projects and related sub-programs, and
- Project-Portfolio Management – of an assemblage of programs and projects at all organizational levels.

The project management field and its genre also include, but are not limited to, the following knowledge-areas and sub-disciplines (Exhibit 1) that are more narrowly business focused, and less well known to many senior executives:

Exhibit 1: Related Management Knowledge-Areas and Sub-Disciplines

Agile/Scrum Project Management	Objectives Management
Business Analysis Management	Organizational Project Management
Business Case Management	Outage Management
Capacity Management	Performance Management
Change Management	Process Management
Communications Management	Procurement Management
Configuration Management	Quality Management
Constraint Management	Release Management
Cost (Budget) Management	Requirements Analysis Management
Demand Management	Requirements Management
Enterprise Analysis Management	Resource Management
Expectation Management	Risk Management
Financial Management	Scope Management
Governance Management	Software Quality Management
Information Management	Stakeholder Engagement Management
Integration Management	Strategy Management
LEAN Management	Talent Management
Maintenance Management	Time (Schedule) Management

The selected development and application of items from this wide-range of related management areas within the field of project management can benefit all enterprises, and their specific use and application can directly affect and benefit all executive stakeholders.

The project management literature shows over half of the enterprises may have already created and implemented a Project/Program/Portfolio Management Organization (PMO). In addition: "Organizations are increasingly establishing PMOs with enterprise-wide responsibilities, … enterprise-wide PMOs are more focused on strategic aspects of project management, such as training, portfolio management, establishing metrics, and developing core project management maturity. These findings suggest that as more enterprise-wide PMOs are created, more projects will be aligned with the business goals of the organization and project management will be executed more strategically." These findings, stated in the 2013 PMI Pulse of the Profession™ report (PMI 2013e, p 11), are congruent with the same thesis given in the book *Power of Enterprise Wide Project Management* (Bolles & Hubbard 2007) and reflected in the PMO results given in the book *A Compendium of PMO Case Studies* (Bolles & Hubbard 2012).

The project management literature and especially the business management literature also contain various narrow views, which have often been promoted as *the key* to better project

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

management. Many are supported by some business academics and most are supported and fostered by large consulting organizations. Some significant examples include:

Exhibit 2: Promoted "Key" Solutions for Project Management

▪ Business Analysis Management	▪ Management by Tools and Technology
▪ Critical Chain Management	▪ Management by Walking Around
▪ Governance Management	▪ Six-Sigma Management
▪ LEAN Management	▪ Strategic Management
▪ Management by Objectives (MBO)	▪ Theory of Constraints (TOC) Management
▪ Management by Projects (MBP)	▪ Total Quality Management (TQM)

The above limited solutions (Exhibit 2) to implementing project management are all developed and formally documented with processes and methodologies, are usually put in place with the support of senior management, and provide some enhancement of project management within the enterprise. These solutions are targeted toward enhancing that specific value most focused upon by executive management – money/revenue/profits. However, the above examples neither address nor solve the larger issues associated with successfully implementing and employing project management throughout the enterprise by integrating and harmonizing *business* management and *project* management to create benefits and value for either the enterprise or stakeholders.

In addition, a significant portion of the literature and the defined processes and methodologies for the project management sub-disciplines (Exhibit 1) and for PMOs neither address the broader business, sociological, cultural, and organizational contexts within which they must be implemented and employed, nor the bigger issue of their relationship to executive stakeholders.

Therefore, much like the parable-story regarding a group of blind-wise-men who individually describe to the emperor their *perspective* of an elephant, when viewed from various management perspectives, Project Management can be perceived and described as many things, by different executives (Exhibit 3 below).

What is actually required of the enterprise's management is a broader and more holistic view of project management that takes into account the business, organizational, stakeholder, and political aspects inherent in most enterprises most of the time. The lines between many portions of operations management and project management are now, and will remain, blurred and entwined. Therefore, project management and operations management must be integrated and harmonized within the enterprise, if all projects and related work are to be planned and managed to provide the desired benefits and value to the executives, other stakeholders, and the enterprise.

This perspective of blending the practices of project management with the practices of operations management, within the business functions and context of an enterprise, is what the authors call Project Business Management (PBM) (Bolles & Hubbard 2007 and 2012; Hubbard & Bolles 2012). Project Business Management is implemented using a PBM Organization and when employed at the enterprise, or company-wide level, is called Enterprise Project Business Management or Enterprise-wide Project Business Management.

PM World **Journal**
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

Project Business Management (PBM)

PBM – The Verbal Construct

Project Business Management provides for the utilization of integrated general business management, portfolio management, program management, project management, and organizational project business management knowledge, skills, tools, and techniques in applying business, portfolio, program, project, and operational processes. The underlying objective is to meet or exceed stakeholder needs, and to derive benefits from, and capture value through, any project-related actions and activities used to accomplish the enterprise's business objectives and related strategies.
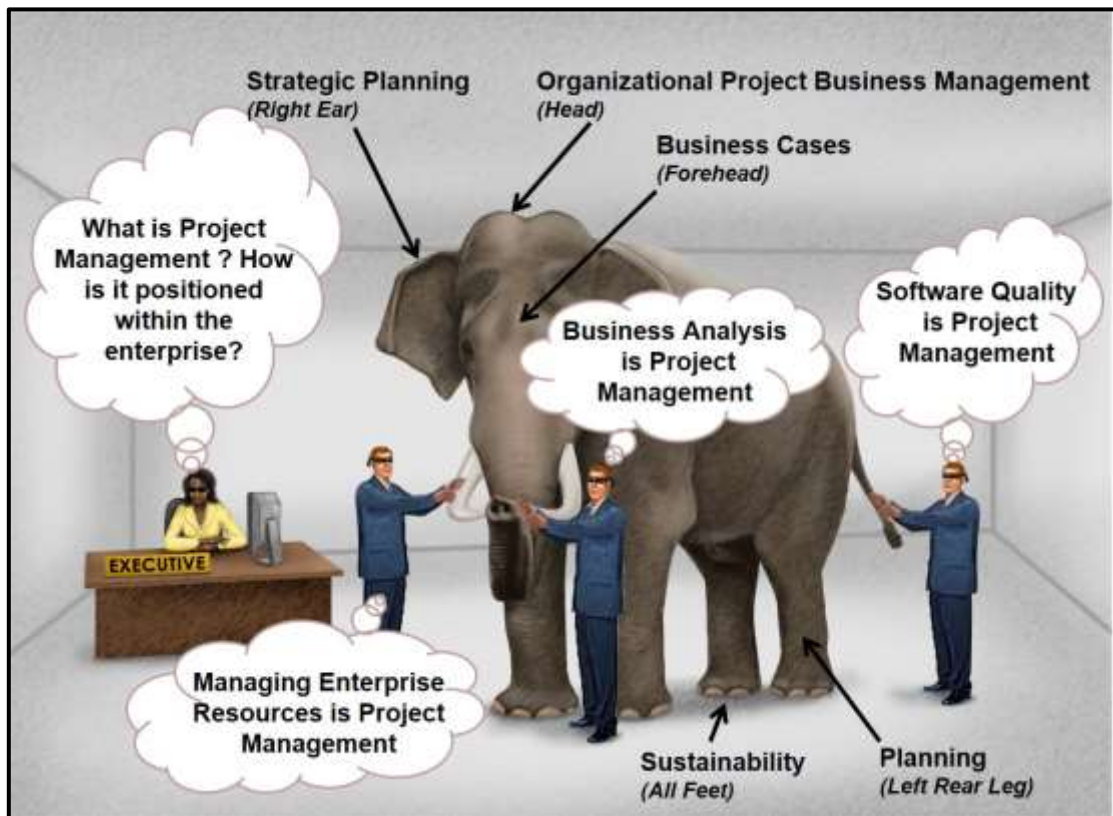
Exhibit 3: Project Management – The Elephant in the Executive Suite

The PBM construct, with respect to business focused views:

- Is a business approach to managing the project, program, and portfolio-related business of an enterprise.
- Is established at a senior corporate management level of the enterprise, as a project business management function, utilizing a Project Business Management Organization.
- Ensures executive management is involved with establishing the content of strategic initiatives and associated business objectives that are implemented through project-portfolios, project-programs, and projects.
- Ensures executive management can direct the distribution of the enterprise's limited funds and resources.

PM World *Journal*   *The Elephant in the Executive Suite – Project Management*
Vol. III, Issue III – March 2014   by Darrel G. Hubbard & Dennis L. Bolles
www.pmworldjournal.net   Featured Paper

- Supports the resolution of issues at the executive level, where direction, priorities, and resources are generally determined and the final decisions made.

- Assures limited funds and resources are effectively applied, enterprise-wide, during execution to only those projects that support business objectives and related strategic initiatives, thereby giving them, from the very start, the best opportunity to succeed.

- Ensures project, program, and portfolio management organizations (PMOs) can functionally exist and flourish.

- Supports all planning and execution methodologies such as 'Waterfall,' 'Agile', and 'Lean' and can also cover what operationally some may consider project-type work, such as special operations, planned maintenance, etc.

- Is customizable in its implementation for enterprise size and type and products and services, because no two enterprises are alike.

PBM – The Graphic Model

Knowledgeable executives understand that operations management and project management must coexist within the organizational structure, support the various business aspects of the enterprise, and meet the needs of the wide-range of stakeholders involved with the business. The PBM construct provides this holistic business view of the various aspects of project management, when coupled with the related business aspects of operations management.

This graphical PBM Model is a simplified three-dimensional visual representation (Exhibit 4) of the PBM construct's complex interfaces, interface aspects, and interactions between operations business management and project business management. The model is useful to practitioners in analyzing and understanding interfaces, in analyzing both process and stakeholder interactions, and in designing PBM Organizational operations.

Exhibit 4: Project Business Management Model

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

The top-face of the cube represents the Operations Business Management and the Project Business Management segments of the cube, which are two main business functions within an enterprise.

The right-face of the cube adds the second dimension, which is the authors' PBM Organization Model (Bolles 2002; Bolles & Hubbard 2007 and 2012; Hubbard & Bolles 2012), that employs the five common business elements: Governance, Methodology, Capability, Planning, and Execution.

The location of the PBM Organization (Office) on the top right face of the graphic shows it managing the business aspects of the Project Business Management portion of the cube. This PBM Organization ensures continued value added operations when management employs the sixth common business element, shown in the model – Sustainability.

The left-face of the cube adds the third dimension, which is a blended view of operations business management and project business management harmoniously operating within the enterprise with respect to projects. Organizational Project Business Management is employed to effect an integration of the operations management and project management processes and best practices. This symbiotic integration is necessary to consistently achieve strategic initiatives and meet business objectives that address stakeholder requirements and also to deliver the most desirable and effective business benefits and value to both the enterprise and the stakeholders. It shows the two business management functions jointly employing the five common management constructs associated with the continuum from identifying a strategic initiative through determining what projects may be required to meet the stated business objectives of the enterprise. This view also illustrates the mutual need of both business management functions to effectively distribute and mutually share the enterprise's resources.

Mr. Iain Fraser, PMP, PMI Fellow, and CEO of Project Plus Ltd, noted within his PMO Case Studies book endorsement (Bolles & Hubbard 2012) that "Business efficiency, and more important effectiveness, is driving more mature approaches to the execution and achievement of business plans and targeted objectives. However, leaders in many organisations struggle to find appropriate guidance that is mature enough to apply to increasing levels of complexity and challenges that the current global economy provides. The concept of the Project Business Management Organisation could well be the 'model for success' that has eluded those striving for matrix management success."

Stakeholders in the PBM Model

The perceived meaning of the term "stakeholder" is dependent upon the extent of an executive's business experience and professional education, what theories on stakeholders have been adopted by the enterprise, and what business area of stakeholder involvement is being considered. The most common meaning of stakeholder is the dictionary definition, dating from the 1700's, which is the holder of the stakes of a wager made by two or more persons betting against one another and where the holder generally must deliver the stakes to the winner.

A cursory review of the literature starting in the 1960's shows a beginning interest within business circles concerning those organizations and persons who have, or could have, power or influence, over or within, an enterprise. Those specific persons, groups, and organizations were considered to have a stake in the functioning, operations, or business of the enterprise. Thus

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

began the changing concept of what is a stakeholder. In the following decades, the term stakeholder has become more broadly used in business and society to mean any person or organization that has any legitimate interest in anything an entity does. In this generalized context, stakeholders include: 1) investors or directors or owners who are the traditional business stakeholders; 2) parties such as those who do the work or bear some risk; 3) parties to whom something may be given directly, such as payment for goods and services; and, 4) parties who may receive something indirectly, such as having more local employment being supported. The evolving concept of stakeholders has gained wide acceptance in business practice and academic theories relating to strategic management, decision-making, corporate governance, business purpose, corporate social responsibility, and more recently to project management.

Further refinement of the concepts of business stakeholders and stakeholder management, which are theories of organizational management and business ethics, are still ongoing in academia. The results of those discussions will further describe and produce recommended methods by which enterprise management can give value, in some form, to the interests of each of the corporate stakeholder groups discussed below.

Currently the definition of a stakeholder focused on projects as given in the Project Management Institute's standards (PMI 2013b, 2013c, 2013d, and 2013f) is: "An individual, group, or organization who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project, program, or portfolio." This definition is equivalent to that given in the International Standards Organization's, International Standard ISO 21500 *Guide on Project Management* (ISI 2012). The International Institute of Business Analysis's definition (IIBA 2009) is more focused on business and is stated as: "A group or person who has interests that may be affected by an initiative or has influence over it [initiative]."

By applying the various current stakeholder views within the business management and project management arenas, those individuals or groups that can have an effect upon, or be affected by, the actions of the enterprise as a whole can be designated a "corporate stakeholder." This smaller set of stakeholders can then be broken down into two broad categories:

➢ Secondary Corporate Stakeholders are those external stakeholders who, although they do not directly engage in economic activity with the enterprise, are affected by or can have an effect upon its actions. These include, but are not limited to, labor unions, governmental regulatory/taxing/legislative agencies, non-governmental organizations, trade associations, professional associations, business support groups, research groups or centers, advocacy groups, community activists groups, public media, media analysts, and the general public.

➢ Primary Corporate Stakeholders are those internal, and some external, stakeholders who directly engage in economic activity and transactions with the enterprise and which can be divided into two subcategories:

- "*Primary External Corporate Stakeholders*" subcategory includes owners, stockholders (investors), customers, contractors, suppliers, and creditors.

- "*Primary Internal Corporate Stakeholders*" subcategory includes: directors (the investors' representatives), executives, employees, and sometimes labor unions; and specifically includes, for project management, the PBM Organization Senior Executive, the Sponsors of projects, programs, and portfolios, the associated Project, Program, and Portfolio Managers, and the Business Analysts.

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

o The Project Management Institute, in its standards (PMI 2013b, 2013c, and 2013f), defines the "Sponsor" as: "A person or group who provides resources and support for the project, program, or portfolio, and is accountable for enabling success."

With respect to project management in general, and Project Business Management concepts specifically, our interests center on the *Primary Internal Corporate Stakeholders*. For PBM, in this paper, the authors further limit the range of the discussion to focus on directors, operations senior executives, the PBM Organization senior executive, functional executives, line managers, sponsors, project/program/portfolio managers, and business analysts. The Business Analyst (BA) is included because the BA has become a key stakeholder by showing their unique value to their enterprises through development of project requirements and business cases. In addition, the practice of business analysis is also gaining recognition and attention within the field of project management and with senior internal corporate stakeholders such as sponsors, decision-makers, and executives.

The chart, shown in Exhibit 5 below, provides a high-level view of the roles and responsibilities of those key stakeholders identified in the previous paragraph. The chart typology is based upon:

(1) First, the attributes of direct organizational power of the *primary internal corporate stakeholder's business role*. *Direct organizational power* is considered the extent to which a specific position has means to impose its will upon other organizational positions. A *Business Role* is seen as the actions and activities assigned to, required of, or expected from that position.

(2) Second, the business responsibilities for the associated *Business Role* with respect to the elements in the PBM Model. *Business Responsibilities* include the sphere of work or extent of activities the given position is expected to, and has authority to, deal with, and for which that position is answerable to another position.

As shown in the RASIC chart, (Exhibit 5), all of the *Primary Internal Corporate Stakeholders* play their part in the development, application, implementation, and operation of PBM and a PBM Organization. The visually simple, but yet intrinsically complex, tools such as a RASIC Chart can be used to provide the foundation for analyzing and establishing the roles and responsibilities of the internal stakeholders involved with Project Business Management. Those roles and responsibilities must be understood and owned by the senior executive management stakeholders to enable an effective and successful implementation of an enterprise's PMB Organization and the PBM Model.

Conversely, perceptions shared by the enterprise's line management, concerning any negative views that are personally held by senior executive stakeholders regarding project management's role within the enterprise, can directly affect the enterprises ability to fully implement and sustain a PBM Organization, because of the known organizational power held by those senior executives.

It needs to be noted that a third attribute, that is not shown in the RASIC chart below (although it could be within a more detailed chart), is *delegated power*, which is documented within the enterprise's policies and procedures. Delegated power is the power formally assigned by a senior executive, who holds that power, to a specific functional executive or line manager position where that power is necessary for them to effectively discharge their responsibilities.

PM World Journal
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

	BUSINESS ROLES							
❖ **RASIC LEGEND – Role Responsibilities**	**<<<<< POSITIONAL POWER <<<<<**							
R = *Responsible* – Ensure task is done; manager role may contribute to Task **A1** = *Authorize* – Permit task to be performed and Resources to be used **A2** = *Approve* – Sign off on task scope, initiation, & completion - or resources **A3** = *Analyze* – Develop & document requirements and business cases **S** = *Support* – Supply effort and resources; work the task **I** = *Inform* – Give others progress on task status and results **C** = *Consult* – Provide task input and recommend solutions	**Board of Directors**	**Operations Senior Executive**	**PBM Organization Senior Executive**	**Functional Executive**	**Line Manager**	**Sponsor**	**Project/Program/ Portfolio Manager**	**Business Analysts**
Project Business Management Organization (PBMO or PMO)								
PBM Organization – Develop {*Senior Executive is Manager*}	A1	A2	R/I	S/C	S/C	C	C	A3
PBM Organization – Implement {*Senior Executive is Manager*}	A1	A2	R/I	S/C	S/C	C	C	A3
PBM Governance – Develop	A1	C	A2/R	S	S/C	C	C	A3
PBM Governance – Implement	C	S	A2/R	S	S/C	C	C	A3
PBM Methodologies – Develop	C	A2	R/I	S	S/C	C	S/C	A3
PBM Methodologies – Implement	C	A2	R/I	S	S/C	C	S/C	A3
PBM Capabilities – Develop	C	A2	R/I	S	S/C	C	S/C	A3
PBM Capabilities – Implement	C	A2	R/I	S	S/C	C	S/C	A3
PBM Planning – Develop	C	A2	R/I	S	S/C	C	S/C	A3
PBM Planning – Implement	C	A2/R	R/I	S	S/C	C	S/C	A3
➢ PBM Strategic Planning – Develop	C	A2/R	S/C	R/I	S/C	C	S/C	A3
➢ PBM Strategic Planning – Implement	C	A2/R	S/C	R/I	S/C	C	S/C	A3
➢ PBM Tactical Planning – Develop	C	A2/R	S/C	R/I	S/C	C	S/C	A3
➢ PBM Tactical Planning – Implement	C	A2/R	S/C	R/I	S/C	C	S/C	A3
➢ PBM Based (Portfolio/Program/Project) Planning – Develop	C	C	A2/R/I	S/C	S/C	C	R/I	A3
➢ PBM Based (Portfolio/Program/Project) Planning – Implement	C	C	A2/R/I	S/C	S/C	C	R/I	A3
PBM Execution – Develop	C	C	A1/R	S/C	S/C	A2	R/I	A3
PBM Execution – Implement	C	C	R	S/C	S/C	A2	R/I	A3
PBM Sustainability – Develop	A2	R/I	R/I	S/C	S/C	C	S/C	A3
PBM Sustainability – Implement	A2	R/I	R/I	S/C	S/C	C	S/C	A3
Operations Management & Project Management Integration								
Organizational Project Business Management – Responsibilities of Role	A1	A2	R/I	S/C	S	C	C	A3
Strategic Planning – Responsibilities of Role	A1/A2	R/I	S/C	S	I/C	S/C	C	A3
Objectives Development – Responsibilities of Role	A2	R/I	S/C	S	I/C	S/C	C	A3
Portfolio Management – Responsibilities of Role {*Executive is Manager*}	C	A2	R/I	R/I	S/C	R	C	A3
Program Management – Responsibilities of Role	C	A2	A2/R	R/I	S/C	R	S/I/C	A3
Project Management – Responsibilities of Role	C	A2	A2/R	R/I	S/C	R	S/I/C	A3
Enterprise Resources – Responsibilities of Role	A1	A2	A2	A2	I/C	A2	R/I	A3
© 2013-2014 D.G.Hubbard Enterprises, LLC and DLB Associates, LLC								

Exhibit 5 – Key Primary Internal Corporate Stakeholder Roles and Responsibilities (RASIC) Chart

A fourth attribute, that it is not possible to quantify in a RASIC chart, is any *indirect organizational power* a position may have over other positions, by way of informal political relationships with positions of higher power. This can only be determined within an enterprise by means of confidential assessments across multiple business roles and positions. The use of *indirect organizational power* can allow a position to employ undue influence that is usually detrimental to the implementation of enterprise-level project management and often to establishing project management as a business function.

PM World Journal
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

However, generally speaking, within an enterprise a Project Business Management stakeholder's organizational power associated with Governance and Management is equated with the position's organizational authority, which usually aligns with the organizationally hierarchy.

Management and Governance

Two common terms associated with operating an enterprise employing projects and performing project related work are: Management and Governance. The *internal corporate stakeholders* are heavily involved in both the governance and management of the enterprise, and also in the governance and management of the projects, programs, and portfolios. However, there are differences between "corporate management" and "project management" and between "corporate governance" and "project governance" and the stakeholders involved.

The term management is fairly well understood to mean those stakeholders, taken as a group, who are in charge of operating the business, running its functions, or completing a project, program, or portfolio. Within business, to manage is to be in charge of, carry-on with, act upon, or dispose of something to which the stakeholder has been assigned, and to do that effectively while dealing with associated issues. In corporate management, each specific stakeholder is seen as managing that for which they have been given responsibility. Executives and line managers are responsible for managing within their organizational functions, while project managers are responsible for managing all tasks associated with their project, which may require the support of multiple functional managers. The corporate functional management has to satisfy a fairly narrow set of mostly internal stakeholders, while project management must work with and satisfy a broader range of stakeholders, including some external stakeholders.

The concept of governing within business can be seen as exercising authority over an enterprise or function, which means directing desired behavior and determining changes to be made. Therefore, the term governing can also be seen to mean being responsible for making and enforcing policies, processes, and procedures. The related concept of governance can be viewed as a group of persons assembled into a body whose purpose is to administer the enterprise or a portion of the enterprise. Governance is also the act of governing, which is exercising authority and is therefore associated with those decisions that define expectations, grant power, or verify performance.

Corporate governance consists of the set of defined policies, process, and internal functions that affect the way management directs, administers, or controls an enterprise. It includes the relationships among both external and internal stakeholders and the corporate goals. The primary group of stakeholders includes the investors, shareholders, board of directors, and senior executive management. Corporate governance provides the decision framework to govern all the enterprises ongoing operational business functions and activities.

Governance associated with projects, project-programs, and project-portfolios, which can be termed Project Governance, provides a defined, logical, structured, and repeatable framework within which project related decisions are made to govern the enterprise's business changes, which can be viewed as its projects and the associated capital investments. It includes the relationship among most internal stakeholders, some external stakeholders, and the project requirements and objectives. The primary internal stakeholders include the sponsor and the executives and line managers who either are affected by or support the project.

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

Within the PBM model there is a major governance element and a major management element: PBM Organization Governance and Organizational Project Business Management. Both of these elements support the enterprise through implementing some of its strategies and accomplishing some of its objectives by using projects, project-programs and project-portfolios. Through these governance and management elements, PBM aligns the business practices and methodologies of project management and operations management with the vision and mission of the enterprise to achieve the goals of its strategic initiatives and business objectives.

PBM Organization Governance

A goal in developing a PBM Organization governance structure is to incorporate an enterprise point of view and thereby increase the effectiveness and business value of the PBM Organization. The governance element of the PBM model defines how the Project Business Management Organization will deliver the project business management methodology to the enterprise. The organizational governance used in performing project business management is a blend of several governance methods especially those of executive, operational, portfolio, program, and project management. It is employed at different decision-making levels of the enterprise to support implementation of specific business management objectives and their related business strategies. It creates the organizational model for the PBM Organization and defines the relationship of the PBM Organization and its management to the enterprise's operational management.

This Governance element establishes the roles, responsibilities and authority of each PBM Organization position, institutes the rules of conduct, and defines management protocols. It sets policy, establishes the charter, and provides the organizational structure for the business management of projects programs and portfolios. PBM Governance involves adapting the PBM Organization concept, which also requires changing the enterprise's culture, and affects every level of the enterprise – from the boardroom to the office or plant floor.

The PBM Organization governance aligns resources to achieve the enterprise's Vision, Mission, Strategic Initiatives, and Business Objectives, which then enables translation of Vision, Mission, and Strategic initiatives into executable project-portfolios, project-programs, and projects. The PBM Organization and its governance need to be situated at the top level of the organization, in order to enable executive control and management - not just administration – of the enterprise project-portfolios, project-programs, and projects. The governance of the PBM Organization is positioned at the executive level, because organizational position is equated with:

- *Authority* that empowers decision making
- *Acceptance* that establishes a level of authority that ensures credibility
- *Adoption* that positions the organization as a business function
- *Autonomy* that secures self-direction
- *Power* that ensures organizational influence
- *Budget* that provides control of allocated assets
- *Organizational Reach* that gives a defined span of control

The PBM Organization concept is an organic evolution in project governance within the discipline of project management. It is a top-down governance structure that includes participation by a wide-range of stakeholders. The PBM Organization is an independent top executive-level business unit for project, project-program, and project-portfolio management

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

that is organizationally an equal player in governance politics and executive power. It has executive position and status, thereby ensuring the enterprise is doing the right things at the right time while maintaining enterprise-wide focus on achieving all approved non-operational business objectives and related strategic initiatives. The structure of the PBM Organization and its management framework essentially encompasses all elements of organizational project management.

Organizational Project Business Management (OPBM)

The project management discipline is advancing as a profession in the business arena as a result of:

(1) The greater business understanding of the roles and responsibilities of the Primary Internal Corporate Stakeholders, and

(2) The Project Management Institute's (PMI) thrust into what it considers a relatively new and evolving area of project management, which is Organizational Project Management (OPM). The PMI OPM Community of Practice (CoP) has viewed OPM as "… the area of business that provides a way for a business to determine what investments it will make in a portfolio representing 'projectized activities' that support the organization in achieving its strategic objectives (PMI 2013a)." A PMI OPM CoP working definition of OPM was: "Organizational Project Management is the systematic coordination of structures and practices to enable the realization of strategic initiatives in firms (PMI 2013a)." The current official PMI definition (PMI 2013f) is: "The application of knowledge, skills, tools, and techniques to organizational activities and portfolio, program, and project activities to achieve the aims of an organization through projects."

This is a maturing concept related to the discipline of project management within PMI and some businesses, and this is a business function the authors began developing in the late-1980s and refined in their Project Business Management model published in 2007 (Bolles & Hubbard 2007) and updated in 2012 (Bolles & Hubbard 2012). Project Business Management (PBM) employs as a key structural element, and what the authors view as, a more extensive concept of Organizational Project Management, than that which may be currently envisioned by PMI. PBM applies its more comprehensive Organizational Project Business Management (OPBM) processes and methodologies, which include those of Business Analysis (IIBA 2009), to harmonize and integrate the organizational and business aspects of projects, project-programs, and project-portfolios across the project management functions and operations management functions. OPBM produces an integrated project business management framework employable by a PBM Organization, which is focused on achieving the enterprise's strategic initiatives and business objectives, and generating benefits and value for the enterprise.

Primary internal corporate stakeholder involvement in Organizational Project Business Management within PBM is a key to more effective project management and can also support creating value propositions for all stakeholders. That is the proposition that each stakeholder needs to receive some form of value from the enterprise. Value can be generated by working cooperatively amongst stakeholders to maximize joint outcomes for all affected stakeholders. For example, a project that satisfies both employees' needs and stockholders' wants can intrinsically provide double value to the enterprise, because it simultaneously addresses two

PM World Journal   *The Elephant in the Executive Suite – Project Management*
Vol. III, Issue III – March 2014   by Darrel G. Hubbard & Dennis L. Bolles
www.pmworldjournal.net   Featured Paper

stakeholder groups. Conceptually the combined effects of such win-win strategies may even be multiplicative if more than two stakeholder groups are benefited.

Sand Boxes & Rice Bowls (Bolles & Hubbard 2012) – Internal Stakeholders' Power

The identification, selection, and completion of projects that produce new methods, processes, technologies, and products are the life-blood of today's enterprises. The world economic downturn and the massive expansion of technology have significantly increased the competition for each enterprise in the marketplace, which is forcing enterprises to be more innovative and produce more with less. The key stakeholders within the enterprise now realize that they cannot continue doing business as usual – they need to become more innovative, significantly change the way they do business, modify their cultures, and link project management activities to the business requirements of their *primary external corporate stakeholders* and the marketplace.

A PBM Model implementation, coupled with next generation PBM Organization, and driven by the key *project management primary internal corporate stakeholders,* has the means, methods, processes, and functions that can deliver the needed innovation and cultural changes. However, as the Project, Program, and Portfolio Management Organizations (PMOs) literature and the authors' experience and research show, project management methodologies and related PMOs, even successful ones placed at an executive level, continue to go out of existence as much today as they have in the past.

The reasons are as basic as two idiomatic influences that, when viewed from a business perspective, are as active today as they were in the past. The first idiom, *Not in My Sandbox,* is from western culture and it means that a person or group will not be allowed to operate within another's defined sphere of power, business influence, or organizational structure. The second idiom, *Not from My Rice Bowl,* is from eastern culture and it means that a person or group will not be allowed to take economic value (budget, funds, bonuses, etc.) from another's defined sphere of business influence or organizational structure or function.

The more recent idiomatic business organizational term of *Stove Pipe Organization* is often used to try to represent the combination of the prior two concepts. However, that term fails to convey the full meaning and extent of the organizational power and political influence that will be utilized by current senior executives, functional executives, and line managers to contain, dismantle, or eliminate any new function, such as an executive level PMO, that might intrude upon the Sand Boxes and Rice Bowls of their currently established functional organizations – their empires within the enterprise. Those individual internal stakeholders do not want the changes that can be wrought by unleashing the power of the *Elephant in the Executive Suite*.

It is therefore the business responsibility of the enterprise's board of directors and senior executive staff to establish project management within the enterprise and put in place a functional executive-level PMO. It is also singularly their responsibility to ensure that functional project management and such a PMO is not dismantled, disbanded, or eliminated by the business intrigue, corporate politics, and self-serving interests of existing functional executive stakeholders or line manager stakeholders within the enterprise.

This need is vocalized in the 2013 PMI Pulse of the Profession™ report (PMI 2013e, p 7) "It is crucial for organizations to align projects with broader business strategies and position project,

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

program, and portfolio management as key business drivers for organizational success, particularly in light of the [current] business pressures that will only continue to mount."

Conclusion

Stakeholders are not created equal. A Stakeholder's role and responsibilities vary with their functional position within the enterprise: Director on the Board, Senior Executive, Functional Executive, or Line Manager. Any view of a Stakeholder is further colored by some specific distinctions between the concepts of governing and managing, which also depends upon their position. The more "Stovepiped" the organizational structure is, the more each Stakeholder becomes organizationally myopic and self-centered. When a Stakeholder is also a Sponsor of a project, project-program, or project-portfolio, then that becomes the defining role for that Stakeholder.

Executives are talented individuals. An Executive can understand what Project Management is, what Project, Program, or Portfolio Management Organizations (PMO) do, and when combined, what can be achieved for the enterprise – provided that Executive acquires the necessary and sufficient information to gain that understanding. However, even though there is much discussion in enterprises about Project Management, as the complexity of the enterprise and its projects rise, precise statements on Project Management and PMOs lose meaning and context, and meaningful statements regarding Project Management and PMOs lose precision and scope to make project management understandable. In addition, executives must be fully involved in any strategy to implement project management within their enterprise.

The published report "Why good strategies fail – Lessons for the C-suite" sponsored by PMI and produced by The Economist had five key findings. One of which (The Economist 2013, p 3) is: "C-suite executives are often missing in action. Survey respondents say the number one reason for the success of strategic initiatives at their organisation is leadership buy-in and support. Nevertheless, only half of those surveyed say that strategy implementation as a whole receives appropriated C-suite attention. Moreover, 28% admit that individual projects to implement strategy do not typically obtain the necessary senior-level sponsorship. Such a lapse in leadership inevitably decreases the ability to implement strategy."

Ms. Michele Mills, PMP, FHIMS, and ITS Program Management Organization Director at the University of Utah Health Care, also succinctly made a similar point in her PMO case study book endorsement (Bolles & Hubbard 2012): "Experienced project offices and managers [executives] understand their organizations can no longer afford to approve, fund and implement projects in a bubble. Mistakes are more costly than ever before. A clear, concise and controlling strategy is a 'must have' for organizational success. It is imperative for leaders at all levels to understand how strong project management methodologies can positively impact the application of limited resources, business processes, and cross-organization collaboration."

Further, the 2013 PMI Pulse of the Profession™ report (PMI 2013e, p 4) states: "Only about half of the respondents (54%) say their organizations fully understand the value of project management. Although this year's [2013] Pulse [report] demonstrates the strategic imperative of mature project management, this competency often lacks representation at the highest [executive] levels, with only six percent of organizations having a project management-related role at the C-level."

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

Therefore, executives need to schedule the time to become conversant, on an executive level, with all the major elements and facets of Project Management. This holistic understanding by the executives of what Project Management is, and is not, will lead to the functional, organizational, and political changes necessary to implement a cost effective Project Management strategy. The executive team can then establish functioning PMOs that bring value and benefit to the enterprise. These changes include an effective definition of the role and responsibilities of the various stakeholders. This allows coordination across functional organizations for the benefit of the enterprise, versus functional Stovepipe control.

Various organizational structure and managerial changes have been espoused, by many management consultants and academics, to effect the efficient integration of Project Management into the day-to-day operations of various enterprises. Both Aesop and Machiavelli agreed that initiating such significant changes is challenging. In Aesop's fable, "The Mice in Council (Aesop 1997)" a group adopts a proposed plan to make a major change, whereupon a wise old mouse poses the question as to which mouse would be the one to put the bell on the cat, and Aesop concludes, "It is one thing to propose, another to execute." Machiavelli states in *The Prince - Chapter VI* (Machiavelli 2009)*,* "It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle than to initiate a new order of things."

Taking the above into consideration, the executive suite must lead in the implementation of project management on the wider enterprise basis, or in the implementation of a PMO. This means involvement by the enterprise stakeholders who occupy the C-suite, or those other executive stakeholders who can influence those more senior individuals. The authors' research has identified that this is achieved mainly through five distinct paradigms:

➢ Board Driven Initiative: An explicit forward-looking mandatory strategic goal, established by the Board of Directors of the enterprise, to implement project management on an enterprise level;

➢ CEO Led Initiative: A cultural, organizational, and business based change by the Chief Executive to implement project management and where subordinates either will support the initiative or be replaced;

➢ Senior Executive Action Plan: A modification in the way the business and organization will be operated, which is established by the executive team and focused on improving delivery, performance, revenue, and profit by using project management;

➢ Business Disruption Response: A range of actions taken by the executive team, which the enterprise is compelled to take, by employing project management to recover business and competitiveness that was lost due to a disruption in the enterprises business operations caused by competitors' actions; and

➢ Influencing-Up: The incorporation, by the executive team, of project management at the enterprise level, which capitalizes upon the demonstrated positive benefits generated by a risk-taking mid-level executive, who understood how to employ project management to improve business results and value.

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

A sixth paradigm is a blended way, where a politically astute and experienced program or project manager has a project management methodology or a PMO implementation sponsored by a strong senior executive. That executive then uses the success of the projects resulting from that implementation to drive project management implementation on a broader scale within the enterprise.

To provide Project Management a seat at the table in the Executive Suite, the changes within the enterprise must be both organizational and political, including the redistribution of assets. Hence, well developed plans for these changes need to be prepared, and then understood and accepted, first by the Directors and Senior Executives, and then by those executives with the power to make and enforce the changes within the enterprise. In doing so, those executives initiating the change also need to understand fully which, if any, stakeholder positions enjoy any *indirect power* that could undermine the initiative.

Unless controlled and directed changes are made in the functioning of the enterprise with regard to Stakeholder Engagement and Project Management, and how the direct and indirect organizational power of key stakeholders are utilized, the "Elephant in the Executive Suite" will continue to be a business issue for the company. However, if changes are made to integrate Project Management and PMOs into how business is conducted, that can result in more profits and future business opportunities for an enterprise making those changes. The business winners in tomorrow's marketplace will be those key internal executive stakeholders that can develop, organizationally integrate, and sustain project management and an executive level PMO to manage their enterprise's new projects and cross-functional operational projects.

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

References

Aesop (1997). *Aesop's Fables* (The Mice in Council). Grosset & Dunlap Illustrated Junior Library. New York, NY: Grosset & Dunlap, Inc.

Bolles, D. L. (2002). *Building Project Management Centers of Excellence*. New York, NY: AMACOM.

Bolles, D. L. & Hubbard, D. G. (2012). *A Compendium of PMO Case Studies: Reflecting Project Business Management Concepts*. Holland, MI: PBMconcepts.

Bolles, D. L. & Hubbard, D. G. (2007). *The Power of Enterprise-Wide Project Management*. New York, NY: AMACOM.

The Economist. (2013). Why good strategies fail – Lessons for the C-suite. New York, NY: *The Economist Intelligence Unit Limited, Report* July 2013 (p 3).

Hubbard, D. G. & Bolles, D. L. (2012). Executive PMO – Blending Project Management and Business Management. Paper; *Proceedings of PMI Global Congress 2012 North American, 20 - 23 October 2012* Vancouver, BC, Canada

International Institute of Business Analysis. (2009). *A Guide to the Business Analysis Body of Knowledge® (BABOK® Guide)* Version 2.0. Toronto, Ontario, Canada: Author.

International Standards Institute. (2012). *ISO 21500:2121(E) Guidance on project management* (1st ed.). Geneva, Switzerland: Author.

Machiavelli, N. (2009). *The Prince* (Chapter VI). Richmond Hill, Ontario, Canada. Prohyptikon Publishing Inc.

Project Management Institute. (2013a). Organizational Project Management Community of Practice; Retrieved June 2013 from website http://www.opm.vc.PMI.org. Newtown Square, PA: Author.

Project Management Institute. (2013b). *The Standard for Program Management* (3nd ed.). Newtown Square, PA: Author.

Project Management Institute. (2013c). *A Guide to the Project Management Body of Knowledge (PMBOK®Guide)* (5th ed.). Newtown Square, PA: Author.

Project Management Institute. (2013d). *The Standard for Portfolio Management* (3nd ed.). Newtown Square, PA: Author.

Project Management Institute (2013e). *Pulse of the Profession.* Newtown Square, PA: Project Management Institute, March 2013 (pp 4, 7, & 11).

Project Management Institute. (2013f). *Managing Change in Organizations: A Practice Guide* (1st ed.). Newtown Square, PA: Author (pp 120, 121).

---

1. *An earlier version of this paper was presented at the 7th Annual UT Dallas Project Management Symposium in Richardson, Texas, USA in August 2013. A second updated version of the paper was also presented at the 2013 Project Management Institute (PMI) North America Global Congress in New Orleans, Louisiana, USA in October 2013, at the 2013 PMI South American Tour in Montevideo, Uruguay, and in Santiago, Chile in November 2013. This further updated version is published here with the permission of the authors.*

*PM World **Journal***
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

About the Authors

Dennis L. Bolles, PMP

Michigan, USA

Dennis Bolles, PMP, President – DLB Associates, LLC, has over forty-five years of experience in multiple industries providing business and project management professional services. He assists organizations, as a Subject Management Expert (SME) consultant, to achieve their business strategic objectives with the analysis of their business process improvement needs and development of business and project management capabilities.

He has been a member of the Project Management Institute (PMI) since 1985, received his PMP$^{®}$ certification in 1986 (#81), and is a founding member of the PMI Western Michigan Chapter, serving on its Board of Directors and in several positions since its 1993 inception.

Bolles performs speaking engagements and assists Project/Program/Portfolio Organizations (PMOs) start-up teams begin the planning and implementation processes; conducts on-site organizational project management capability assessments; provides virtual and periodic on-site support for development of business and project management methodologies, policies, procedures, processes. systems, tools, and templates for organizational governance and corporate strategy; assists in the implementation of a project business management methodology that integrates strategic planning, business objective development, portfolio management, program management, and project management processes to achieve strategic objectives and maximize operational efficiency enterprise-wide through the development and management of Project Management Organizations.

Bolles served as a member of the PMI Virtual Community of Practice Advisory Group (VCAG) advising the Manager of Community Development on future program enhancements and initiatives that would increase the value of PMI's Communities of Practice and further develop their leadership to mature their communities. He was the PMI Standards Project Manager who led the project core team to a successful completion and on-time delivery of the Project Management Body of Knowledge (*PMBOK$^{®}$) Guide* Third Edition in 2004. He has served on and has contributed to multiple PMI Standards bodies over the past 20 years.

He is a published author of many project management articles, is a PMI Congress / Symposium /Chapter speaker, and author of *Building Project Management Centers of Excellence,* AMACOM, NY, 2002. He is the co-editor of *The PMOSIG Program Management Office Handbook*, JRoss, 2010. He is the co-author with Darrel G. Hubbard of *The Power of Enterprise-Wide Project Management: Introducing a Business Management Model Integrating and Harmonizing Operations Business Management and Project Management*, hardcover – AMACOM, NY, 2007, paperback-revised – PBMconcepts, MI, 2014, and of *A Compendium of PMO Case Studies: Reflecting Project Business Management Concepts*, PBMconcepts, MI, 2012.

He can be contacted at DBolles@dlballc.com and at *LinkedIn* at
http://www.linkedin.com/in/dlballc01. Visit the PBMconcepts website at www.PBMconcepts.com
for information about current and future book projects.

PM World *Journal*
Vol. III, Issue III – March 2014
www.pmworldjournal.net

The Elephant in the Executive Suite – Project Management
by Darrel G. Hubbard & Dennis L. Bolles
Featured Paper

Darrel G. Hubbard, P.E.

California, USA

Darrel G. Hubbard is President of D.G.Hubbard Enterprises, LLC providing executive consulting and assessment services. He has over 50 years of experience in consulting, line management, and technical positions. He served as a corporate executive officer; managed the due diligence processes for numerous mergers and acquisitions; managed information technology, proposal, accounting, and project control organizations; was a program manager on engineering projects; was a project manager on commercial projects; and a designated "key person" under government contracts.

He assists organizations, as a Subject Management Expert (SME) consultant, to achieve their enterprise's strategic business objectives. He provides analysis of their management structures, business processes, general business operations, and project management capabilities, while supplying specific recommendations on business, methodology, and process improvements. Mr. Hubbard also assists companies with the intricacies of the due diligence process in their merger and acquisition activities and focuses initially, as an outside third party, to give a voice to why not to acquire. He also supports companies in the managerial development and establishment of their Project/Program/Portfolio Organizations (PMOs).

Mr. Hubbard holds a bachelor's degree in mathematics and physics with a minor in chemistry from Minnesota State University at Moorhead. He is a registered Professional Engineer in Control Systems in California. Mr. Hubbard joined the Project Management Institute (PMI) in 1978 (#3662), is a charter member of the PMI San Diego Chapter, and was deputy project manager for the Project Management Body of Knowledge (*PMBOK®) Guide* Third Edition ANSI Standard by PMI. He was the Exhibitor Chairperson for the 1993 PMI National Seminar/Symposium, is a published author of many articles, a presenter at several PMI Congresses and other Symposiums, and guest speaker at PMI and IIBA Chapter meetings. Darrel is also a Life-Member of the International Society of Automation (ISA).

He is a contributing author to *The AMA Handbook of Project Management*, AMACOM, 1993 and *The ABCs of DPC: A Primer on Design-Procurement-Construction for the Project Manager,* PMI, 1997. He is the co-author with Dennis L. Bolles of *The Power of Enterprise-Wide Project Management: Introducing a Business Management Model Integrating and Harmonizing Operations Business Management and Project Management*, hardcover – AMACOM, NY, 2007, paperback-revised – PBMconcepts, MI, 2014, and of *A Compendium of PMO Case Studies: Reflecting Project Business Management Concepts*, PBMconcepts, MI, 2012.

He can be contacted at Darrel.Hubbard@dghellc.com and *LinkedIn* at http://www.linkedin.com/in/DarrelGHubbard. Visit the PBMconcepts website at www.PBMconcepts.com for information about current and future book projects.