

## ***Advances in Project Management Series<sup>1</sup>***

# **New Developments in Program Management**

**By Michel Thiry, PhD**

Since the first edition of my book Program Management was published 5 years ago, program management has evolved both as a distinct discipline and as an organisational capability. As a discipline it has reached a point where, today, the main program management standards and writers agree that it is meant to deal with complex and turbulent situations and to deliver benefits, not products. It is also becoming more of an organisational capability and practice focuses more and more on its integration within the business, from strategy formulation to sustainability of benefits.

All these developments could be encapsulated in the maturing of the program culture. In this paper, I will examine five aspects of this cultural evolution:

1. The rise of agility and its effect on program management
2. The alignment of the main program management standards
3. The integration of program management in the organisation
4. The distinction between projects and programs
5. The management of change as a key aspect of program management

### **Agility and program management**

Complex and turbulent situations require a cyclic and flexible approach that today is labelled “Agile”. The concepts on which agile is based have existed for a long time, but the popularity of agile management has helped managers understand and accept the culture shifts necessary to manage programs. I will aim to explain how agile methods and program management share the same cultural paradigms.

Program management has evolved from the complexity created by a number of interrelated projects and the number of stakeholders involved; from the need to span from strategy to operations and from the ambiguity involved in constantly emergent decision-making. Agile methods were developed to deal with projects that could not be dealt with using traditional project management methodology. Projects that are complex, involving many unknowns in terms of design, and the effect that results have on expected benefits cannot be managed using traditional project management methods.

In 2001 a group of thinkers of what was then called “lightweight methods” issued the “Agile Manifesto to tackle complex, fast-moving IT programming projects. This

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<sup>1</sup>The *Advances in Project Management series* includes articles by authors of program and project management books published by Gower in the UK. Information about the Gower series can be found at <http://www.gowerpublishing.com/advancesinprojectmanagement>. See the author's profile at the end of this article.

Manifesto states four basic ideas:

- Responding to change over following a plan
- Working software (measurable results) over comprehensive documentation
- Individuals and interactions over processes and tools
- Customer collaboration over contract negotiation

These principles are shared by program management.

- Agile Management and Program Management are based on the concept of a series of mutually reinforcing decisions that form a coherent whole aimed at achieving expected benefits.
- Both program and agile management evolve in an iterative way and are constantly realigned, based on measured results, to ensure they deliver stakeholder value.
- Both put the emphasis on simple governance systems that require minimal bureaucracy and rely on regular decision meetings where all key stakeholders are present.
- Both put a great focus stakeholder engagement and team empowerment rather than formal top-down relationships.

In today's context, there is a need to manage ambiguity and high uncertainty. Whereas the ambiguity of programs and the inability to precisely predict results was a major hurdle in its acceptance by top management, this has started to change with the rising popularity of agile principles and culture. It has convinced many managers that you can be both adaptive and predictive in a relatively organised way.

### **Alignment of PgM Standards**

Since program management started detaching itself from project management in the mid-nineties, different authors and professional associations have debated as to what program management really is. For many years, the three most widely recognized program(me) management "standards": The "MSP-Managing Successful Programmes" in the UK, "The Standard for Program Management" published by the Project Management Institute (PMI) and "P2M- Project & Program Management for Enterprise Innovation" promoted by the Project Management Association of Japan (PMAJ) were taking widely different views of what program management was.

The latest edition of each of these standards (MSP, 2011; PMI, 2013, P2M, 2015) covers a slightly different area of the whole range of endeavours covered by program management, but agree on the main principles that underlie it.

The PMAJ sees program management as an extension of the strategy where: "After the program mission is gained from the business strategy as a concept, a program is created to carry out the program strategy" (PMAJ, 2015, p.32). For P2M, programs are an intrinsic part of organizations that have to deal with a globally competitive environment and need to deliver year to year in pursuit of innovation. They divide programs into two main categories:

- Creative or transformation-type programs that is ambiguous and destined to create something entirely new and/or dramatically transform the current state and
- Operation-type programs that have agreed objectives and create values such as increased profit, new knowledge, etc.

The authors of MSP claim that the standard can deal with all these types of programs but is better suited for business transformation (OGC, 2011). It may be used in a “scaled down” form for technical or low unpredictability projects/programs and may become “less appropriate” for high unpredictability societal programs (OGC, 2011). This insight is particularly valuable because it recognizes that there is a range of programs and that each of them needs to be managed in slightly different ways.

Finally, the PMI has taken a drastically different approach for the development of its third edition. Following criticism that claimed the second edition did not truly represent program management practice, but was more an extension of project management practice. They used a group of expert practitioners to develop and review the third edition of the PMI Standard.

This third edition defines programs as: “a means of executing corporate strategies and achieving business or organizational goals and objectives.” (PMI, 2013, p.4). To support this view, the Standard defines five interrelated performance domains: Strategy Alignment, Benefits Management; Stakeholder Engagement; Governance and Life Cycle Management. Its Life Cycle is now truly representative of program management, in particular in the concept of adaptive change, which promotes the idea that a program’s strategy and plan can and will change in order to deliver its intended benefits.

In summary, MSP provides methodologies aimed at delivering business benefits, covering issues like governance, leadership and stakeholder engagement, benefits realization, transformational change and capability improvement. The PMI provides a strong framework for the management of programs in a real-life context and emphasises the relationship between program management and change management. P2M focuses on integration and relationships, thus representing the Japanese “ba” culture where enterprises are communities aimed at creating value through innovation. As such, it fosters creativity and close teamwork.

It is really the first time since the mid-nineties that all the standards agree that programs are more complex than projects, require a cyclic life cycle and are a means to execute the organization’s strategic objectives. This is really a breakthrough in the acceptance of program management as a discipline distinct from project management.

### **Integration in the business**

For the first time in more than 20 years, program management is generally seen as fitting in the larger context of the organization, and particularly the sustainment of operational benefits. In this context it is important to appreciate how it interacts with the other components of a project organization as well as how they relate to each other to form an effective organizational system that delivers the organization’s strategy.

In a project-based environment, the corporate strategy defines the high level vision and mission of the organization and identifies corporate goals; the integration of business activities with the corporate strategy is supported by portfolio management. The business strategy defines the business benefits and the adjustments required to achieve the corporate goals; delivery of the business strategy is ensured by program management. At functional level the strategy clarifies capability requirements and describes tangible deliverables; it is supported by project management. Finally, at the operations and/or sales level the strategy consolidates the offer by surveying and assessing product or service implementation and integration issues; this is operations management.

An organization that has not integrated the program approach will reveal a focus on single discrete projects and a multi-project management approach that focuses on resource allocation and data gathering where project managers would be expected to play a predominantly product-delivery role and “program managers” a coordination and monitoring role. They focus on resource allocation and basic project data gathering, reinforcing the focus of project management on product delivery.

An organization that has mature program integration processes will display strong interrelationships between projects and both its business and corporate strategies; in such an organization, managers are expected to view program management as an integrative process to deliver value to the business. This level of maturity displays integrated, mutually reinforcing business processes that form a coherent end-to-end process from the expression of a business strategy to value realization. This approach is considered a strategic decision management process, which includes the decision-making, the decision-execution and the realization of the objectives.

In the last 10 years, program management has steadily moved from discrete activity to integrated organisational capability as expressed by the more mature view.

### **How to distinguish projects from programs?**

Although the community generally agrees to definitions of program and project, there is still an issue as to how to practically distinguish programs from projects. Over the years, I have used a number of qualitative approaches to answer that question and, based on testing and experience with a number of organizations, I have come to develop a more formal method to distinguish programs from projects.

The method is based on the now generally agreed distinction scales of predictability of outcomes and convergence of objectives. To this two dimensional view, I have added three additional factors that typically distinguish programs from projects: Organizational span, level of change required and expected results.

For each of those five factors, I have developed a scale of three attributes. They can be explained as:

A. Convergence of objectives which measures the degree of ambiguity of the initiative:

1. *Agreed*: Alignment of stakeholders: typically, few stakeholders and predictable interactions
  2. *Negotiated*: Likelihood or alignment: multiple internal stakeholders but generally predictable interactions
  3. *Emergent*: Challenged objectives: multiple internal and external stakeholders and unpredictable interactions
- B. Predictability of outcomes which measures the degree of uncertainty of the initiative:
1. *Likely*: Data/knowledge available enables to establish direct cause-effect relationship
  2. *Unlikely*: Data/knowledge not readily available, only indirect cause-effect relationship
  3. *Unknowable*: Unavailability of data does not enable establishment of cause-effect relationship
- C. Focus is the level at which the initiative is aimed. A wider focus increases the number of stakeholders and interdependencies between components, two factors that help distinguish a program from a project.
1. *Operational*: Typically focused on production within a business unit and does not require resources outside the technical area.
  2. *Strategic*: Typically affects multiple business units and requires change in work processes. Requires resources coming from more than one sector.
  3. *Contextual*: Spans the whole organisation involving multiple business units. Typically related to competitiveness and of strategic importance to the business.
- D. Outcomes of programs generally affect broader areas of the business in more depth than projects:
1. *Technical*: Technical or operational deliverables
  2. *Structural*: Involves restructuring and new operational state resulting from the application of products or services
  3. *Cultural*: Operationalisation of new capabilities will affect the way people work together and require behavioural changes.
- E. Level of change is a crucial factor that distinguish programs from projects as a higher level of change management is required so that program outcomes actually deliver value for the business.
1. *Handover*: Simple handover of product to user or client. Some training may be required.
  2. *Transfer*: Requires operational transfer activities such as piloting or testing of systems.
  3. *Transition*: Full transition process over a period of weeks or months until benefits are achieved.

Typically, each undertaking is scored from 1 to 3 on each of these 5 factors and the resulting score gives a good indication if you should consider your venture a project (5-9) or a program (10-15). Complex projects and agile projects will always sit on the boundary between traditional projects and programs and will draw their approach and processes from both project and program management.

As organisations start understanding and agreeing on a clear distinction between projects and programs, both will be better managed and deliver results appropriate to their objectives.

### **Managing change as a key aspect of program management**

Change can be expected or unexpected, the purpose of change management activities in the program process is to reduce the amount and impact of unexpected change.

Increasingly, project and program management are associated with change. But, whereas projects are linked to a linear sequence of prescribed stages; programs are ever more associated with a goal-based change management process, which involves a recurrent sequence of goal-setting stages to adapt means to reach the end state.

As such, the management of change is progressively becoming a joint responsibility of the program manager and the business integrator (Business Change Manager – BCM) so that the ultimate objectives always remain at the forefront of the process.

As a consequence, the pace of the program is directly related to a good understanding of the program within the greater context of the impact the change has on the organisation and its people. Program cycles are defined according to the stakeholders' and the organisation's readiness for change and the urgency of the change. The higher the readiness for change, the bigger the scope of each cycle can be, the longer the cycles and the shorter the periods of integration are. If the readiness is low, cycles should be shorter with longer periods of integration and a smaller scope for each cycle. This approach should also be balanced with the urgency of the change to ensure maximum success.

### **Conclusions**

Over the last 20 years, program management has slowly taken its place as an essential organisational capability, especially when executing strategies or implementing organisational change. In the last 5 years, pieces have started falling in place to generate widespread consensus over what a program is and what its purpose is.

Program management has also matured by acknowledging the necessary input of other disciplines like agile management and change management and, finally, as programs become more integrated into the business, executive management is starting to see program management as an essential practice to deliver value.

In the future, from an organisational point of view, this acceptance has to grow so that managers would not even think of executing a strategy without program management; from a conceptual point of view, program management researchers and experts must develop new processes and methods to tackle high ambiguity and uncertainty initiatives, which are increasingly becoming the norm and are still largely unmanageable.

## References

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**Michel Thiry** is Founder and Managing Partner of Valense Ltd. He has an extensive worldwide experience and has worked in many cultural environments. He specialises in strategic applications of project, program and value at organizational level and has supported the development and implementation of a number of strategic programs for major corporations in numerous fields.

He is a regular Keynote Speaker for major International events, both at the Academic and Practice levels. In 2013, the PMI<sup>®</sup> published the new edition of his book “A Framework for Value Management Practice”. In 2015, Gower published the Second Edition of his best-seller “Program Management”. He has also written a number of academic and practitioner papers as well as book chapters in prominent PM books including known standards.

In 2006 he was awarded the *PMI Fellow* and in 2014 he was awarded the *PMI Eric Jenett Project Management Excellence Award* for outstanding contributions to the practice of the profession for his work on program management.