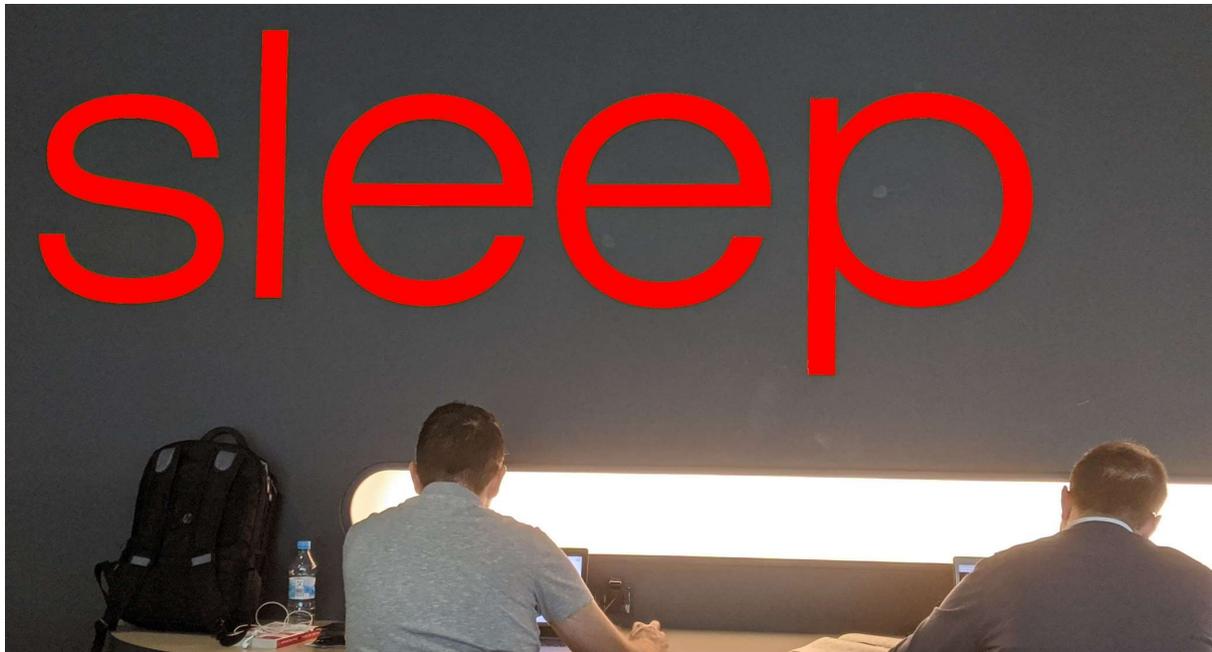


***Project Business Management*¹**

Sleepless in Project Management

Oliver F. Lehmann

"If a composer suffers from loss of sleep and his sleeplessness induces him to turn out masterpieces, what a profitable loss it is!"
Antoine de Saint-Exupéry



Summary

Listening to project managers can bring many new insights. Here are results of surveys done over a time of seven years, that show how the profession has changed and what keeps project managers sleepless at night.

Surveys Revisited – What Happened Meanwhile?

An interesting question in project management is, what gives project managers sleepless nights. They have to meet different challenges in different projects. Some projects have static

¹Editor's note: This series of articles is by Oliver Lehmann, author of the book "[Project Business Management](#)" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018. See full author profile at the end of this article.

requirements from the onset, in others, they are ever changing, and in a third group, no one can tell the project manager, what these requirements are. Project managers have to find that out.

Another major difference are customer projects versus internal projects. The first are mostly profit centers, the latter cost centers.

How common are these different project types?

One of the greatest inventions of the age of the Internet is the availability to survey groups of people with simple and affordable means. This allows us to gain new knowledge about professions such as project management and adjust offerings for services to them, such as training or writing and publishing articles like this one.

It can be an even more interesting exercise, when the surveys are repeated so that older results get confirmed, or not, and the dynamics of the profession become visible. In this article, I report of such a survey I did between June and November 2019. This article is the first to publish the results that repeat older surveys.

Another opportunity that comes with these surveys is the ability to listen, instead of telling practitioners, what their practice is. While practices are changing, many basic principles are universal. Active listening over surveys are a great way to gather knowledge from that.

I made a decision in spring 2019 to do another survey repeating older ones. Here are the results.

Situational Project Management: Static vs. Dynamic Requirements

In 2012, the Social Business Network LinkedIn had temporarily a limited survey function, which allowed making very simple surveys with a question and up to five answers. I used it to find out what experiences the respondents had made regarding stakeholder requirements: Where they rather static or dynamic?²

Participants were invited from LinkedIn groups focusing on project management, and the small numbers of respondents answering that they do not have much experience or do not know confirmed, that the respondents were qualified to answer.

Apart from these groups to capture respondents who could not answer, there were three options for respondents:

1. "They remain mostly the same."

This option described projects, where requirements were static. The projects would

² (Lehmann, 2016)

benefit from a long-term predictive approach, often referred to as “Waterfall”³.

The option was chosen by 7.1% of the respondents.

2. “They get frequently changed.”

This option described projects, where requirements were defined at the beginning but would undergo change during the course of the project in a dynamic style. The projects would benefit from a mid-term planning approach, often referred to as “Rolling wave”.

The option was chosen by 57.9% of the respondents. This was the largest group of respondents.

3. “Identifying them is part of my project.”

This option described projects, where “the way is made by walking” and requirements were unclear at the beginning. The projects would benefit from a short-term planning approach, often referred to as “Agile methods”.

The option was chosen by 31.4% of the respondents.

The results of the survey are shown in Figure 1 as blue bars.

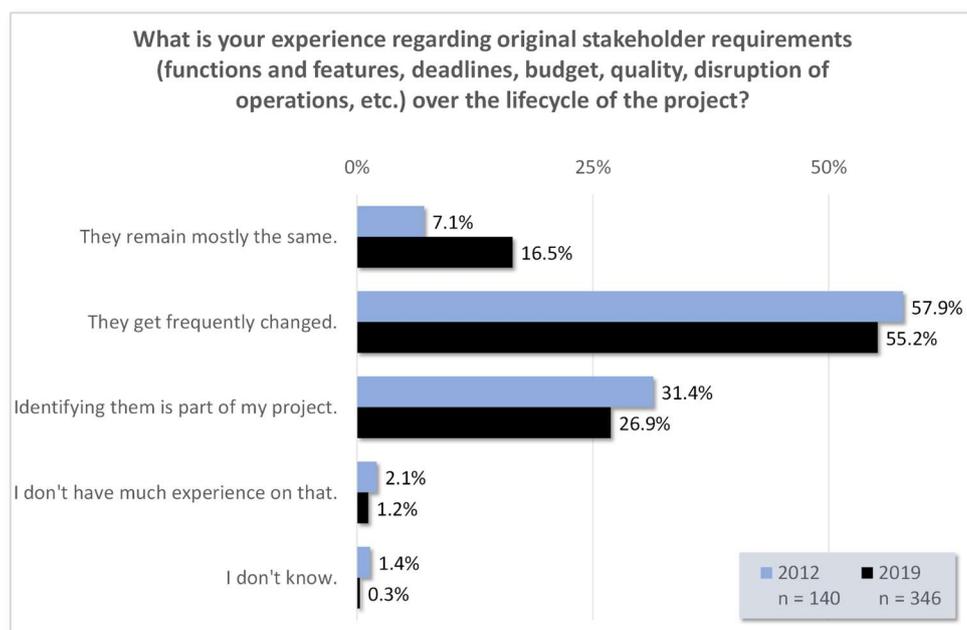


Figure 1: Survey data on static v. dynamic requirements per 2012 and 2019 compared.

³ Compare: “A Guide to the Project Management Body of Knowledge” (PMI, 2017, p. 19)

Agile methods have been a hype in project management during the last decade. However, the survey results said that they are appropriate for about 1/3 of all projects, which leaves about 2/3 calling for other approaches.

I repeated the survey in 2019, and the basic distribution was confirmed, which made mid-term planning approaches the ones that are most often appropriate. Surprising was however that static requirements were this time named more than twice as often as occurring. Could this mean that we will see a renaissance of predictive methods in the future again?

Project Business Management: Internal Projects v. Customer(-Facing) Projects

Another survey repeated asked respondents, whether they did internal projects or projects for paying customers. I had asked this question twice in the past in September 2015 (245 responses) and in May 2018 (325 responses)⁴.

The survey confirmed, as shown in Figure 2 that project managers answered more frequently that they are in customer projects than in internal projects.

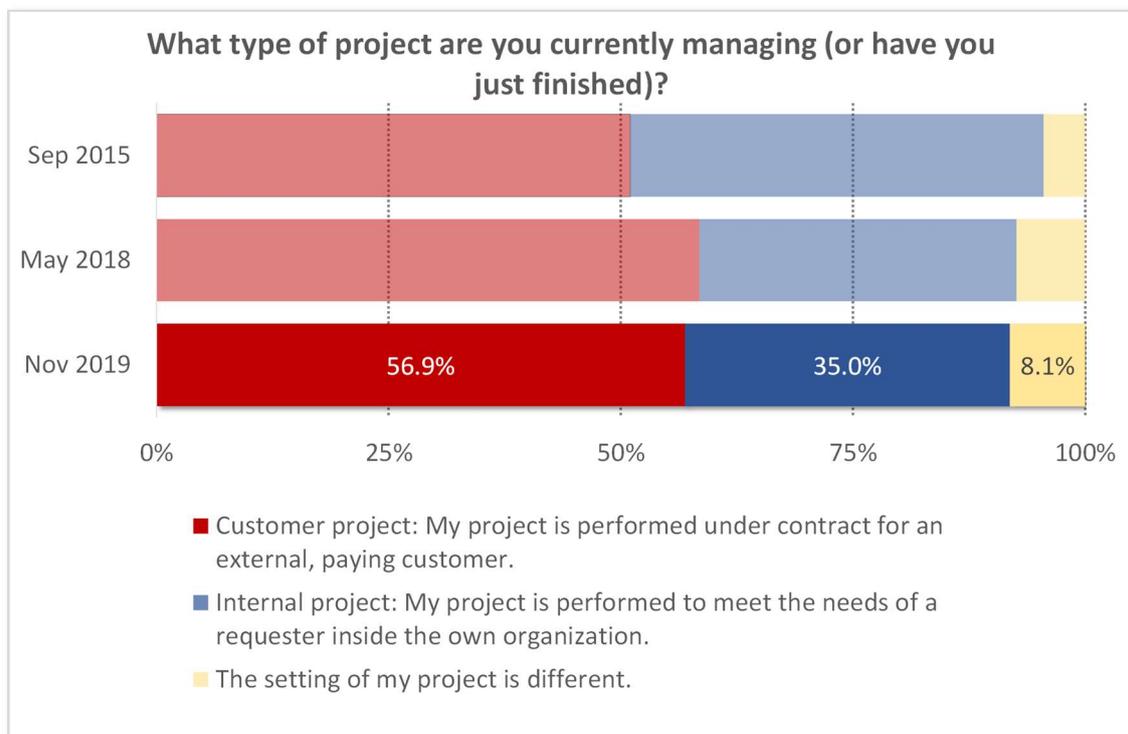


Figure 2: Survey data from 2015 to 2019, comparing the percentage of internal projects versus customer projects.

⁴ (Lehmann, 2018)

This majority, over 62% more, is mostly disregarded by project management education, literature, research, associations, etc. They manage projects as profit centers, not cost centers, and many requirements on the project managers are different to those in internal projects.

What the Practitioners Said

The respondents in the 2019 survey had the opportunity to leave comments in a free-text field, some of which I am quoting below, with an answer that I would give to them:

You should have added another question - IF you are working under contract, then what TYPE of contract are you working under? You cannot have a viable FIRM FIXED PRICE or UNIT IN PLACE contract unless you can substantially nail down at least 80% (construction) of the scope in the contract documents. IF you have LESS than 80% scope definition then you cannot use a firm-fixed-price contract.

I agree with the respondent fully that the contract type plays a crucial part in understanding the business aspect of a customer project.

This may be a great topic for future research: How is congruence created between the static/dynamic project requirements and the contract type, and what is to be expected when this congruence is not created?

Forget the challenges associated with novel technology or multi-party supply networks, requirements gathering and management is invariably the most problematic - and crucial - part of the project in my experience.

I believe, all challenges addressed above are crucial and can turn a project into failure.

I manage mostly new item introductions from Marketing idea to on shelf for consumers. Priorities can change due to launch date changes, development obstacles and new ideas that come to fruition.

These are some of the factors that make it hard to keep requirements static. In essence, all parties involved go through a learning process, and the changing requirements reflect this.

My current project is a divestiture project and we had very limited time to plan. Unfortunately planning and execution overlap to some extent.

The overlapping of planning and executing seems to me not the exception but the rule. It is definitely another factor that contributes to the dynamic nature of requirements.

It is very interesting subject. The original stakeholder requirements are often much more than expressed. The stakeholder wants both 'Good to have' and 'Actually Required.' sometimes a one line requirements become a major projects!

That's another aspect of the learning process mentioned above: Learning what one actually wants, and what not.

Interesting questions. Sometimes, I have to identify requirements. But they are ever-changing in all my projects.

Change in projects is more likely than unlikely, as Figure 1 is showing.

I feel that "They get frequently changed" and "Identifying them is part of my project" are not mutually exclusive. I wanted to tick both.

They are indeed not fully exclusive. Thank you for choosing the one that is more relevant for you.

Moving targets are normal. They are a way to improve the project's profitability. They can also smash it.

Changing requirements in a customer project are indeed a possible opportunity to improve the business for the contractor, but may also damage the business.

Reality shows that the requirements seem to change, but they just get more clear over time. Reason for perceived change: underestimation in the first place.

I share this experience: Underestimation at the onset of the project is another cause for changing requirements, when reality creeps in.

In this VUCA world, stakeholders requirements change very quickly, so requirements shall be identified and formalized from the very beginning.

In order to make a change visible as a change that may require re-discussing price/budget, deadlines, etc.—yes.

Gathering requirements is into my opinion one of the most important, but also difficult tasks in a project. When working in a contract mode (client is paying, which is the case for the supplier on this project), the contract type is determining for the need and urgency of defining. If a firm fixed price contract, collecting requirements should be done before contract signature, including the definition of assumptions taken.

While I generally agree, it is often not possible. The true requirements in a customer projects may only be known after the contract has been signed.

We don't really tackle budgeting per se but I only work with customer projects and I am responsible about them from A-Z.

This is a common scenario in a customer project: The project manager has both project management and business management responsibility.

Project starts with relatively high level requirements that are refine as we go, challenge start when new features or wishes are added as we understand better the potentialities. This is also what stakeholders sometimes understand by agile project management.

Agreed: We need to be more accurate with language to avoid misunderstandings.

Clients have a rough idea of what they want but count on us to define their needs in explicit terms.

If you have sound business acumen, you can make the best from this situation.

Depending on the project, the stakeholders may have an idea on their requirements; however, I often find that I aid them in identifying what they truly need.

This sounds like another opportunity to make good profit for the contractor with business acumen, but also like a major threat if business acumen is missing.

The problem with changing scope requirements is that customer at the beginning doesn't really know what they want and they change it along the way but don't want to pay for those changes.

That's the moment, when we need to turn contract parties into project partners, following a joint "Mission Success First" approach. A learning task for all parties involved (and some will never learn that).

If this does not work: Consider leaving the poor business to your competitor, so that they are busy solving the troubles with the customer, and focusing on the satisfying and profitable business that they do not have the manpower to win.

It's an interesting topic as it is often stakeholders not knowing what they really want. In my experience, when I come across such stakeholders, I want to do a pilot and show a prototype that we can further work on.

A great approach. I hope, the customer is prepared to pay for it.

What is often bypassed in different surveys is the customer/client mandatory requirement related to the Project Management Methodology or PM Standard or other well known project management method requested (in the tender documents) to be followed by the performing organization. Along +34 years of managing different complexity projects, I have been faced to many issues managing customer projects requested to follow the PRINCE2 PMM or the PMI PMBOK Guide recommendations, with the appropriate certifications, while the customer project manager was totally aside of the project management basic principles not speaking about a similar PM certification. This led to many issues during project meetings or progressive scheduling and planning, intermediate products quality checking, frequent change requests without change management processes (especially impact and risk analyses) documentation content approval etc. May be a separate survey on this subject could bring other relevant statistics. I may help you in assembling the questions.

This very long comment (thank you for taking the time to write it) points to another aspect of changing requirements in customer projects: What methodical/methodological approach is being used? I discussed this aspect in my book “Project Business Management”, and how it can cause headaches to all parties involved.

There are similar problems, for example when customers and contractors use different software programs for planning and tracking. Definitely worth more research.

This is one of the most important and critical phases in project management.

True. Requirements gathering can be mission critical, particularly for a project under contract, which in a worst case scenario may end at court.

The change in "original stakeholder requirements" meant here is driven by the improved knowledge gained by the stakeholders through the developed findings along the lifecycle of the project.

Yes. The typical learning process for all stakeholders involved. This is true for internal projects as well as customer projects.

In my organization, deliverables and their priority keeps changing dynamically. Sometimes, a requirement discussed and frozen is relooked at and completely modified.

Yes. The same learning process again.

Requirement Management is one of the most underestimated disciplines in project management: it's quality has an direct impact on customer satisfaction and project success.

Agreed.

We need to educate management.

True.

I have just recently changed from the role of the internal IT project manager to another company as a project manager in customer projects. I found the challenge appealing of dealing with the higher complexity of having to bring money home.

It is indeed challenging, and the stakes are high for all parties involved.

Stakeholders can usually identify what they want, but not what the don't want. I always prepare a list of items out/in of scope according to the requirements they outlined. There are always changes!

Very good approach.

Unclear scope or expectations could be behind the majority of the disruptions compared to the usual client or design changes expected, generally speaking.

Yes. Lack of clarity can lead projects into disaster.

Coming from IT projects, I need to say that software project is most suited using agile due to instability of requirements (customers don't know what they want until they see it)

I found that this statement is often true for development projects. Implementation projects, or—even worse—consolidation projects in contrast seem mostly incompatible with agile methods. These projects have to ensure predictability and order, the weak spot of agile methods.

Very important to understand first industry and business because users will not tell you everything.

Often, they can't. They have not been educated for that.

Hopefully this "micro survey" produces some original research results as opposed to the recycling of "project business management" which has been around as a concept for at least a decade and presented in PMI Congress and books already. Let's try to advance the profession not simply make money by reframing existing concepts.

Sorry to politely disagree. *Project Business Management* is widely ignored by PMI, the Project Management Institute. That's why I put a focus on it. Its project managers need a professional home as much as internal project managers have it already.

I hope the data is clear and provides you a reference for how you plan to use it.

The data are indeed interesting and telling. They show that the project management profession needs to consider much more the reality of project business and may have to re-identify older methods that allow to be predictive in projects.

Conclusion

It was interesting not only to gather data, but also to listen to comments and opinions. In essence, what keeps project management sleepless at night.

Not all of the comments could be used here, but a common tenor was that the uncertainties and volatility of project requirements and the stakes of customer projects can jeopardize project outcomes as much as business success.

It is interesting to see how alert project managers are on the two topics of dynamic requirements and project business. This alertness, while disrupting people's sleep, may be one of the ingredients that leads projects to final success.

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About the Author



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Oliver F. Lehmann, MSc., PMP, is a project management author, consultant, speaker and teacher. He studied Linguistics, Literature and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree. Oliver has trained thousands of project managers in Europe, USA and Asia in methodological project management with a focus on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998, and serves currently as the President of the PMI Southern Germany Chapter. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch", analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience and observations. He resides in Munich, Bavaria, Germany and can be contacted at oliver@oliverlehmann.com.

Oliver Lehmann is the author of the books:

- "[Situational Project Management: The Dynamics of Success and Failure](#)" (ISBN 9781498722612), published by Auerbach / Taylor & Francis in 2016
- "[Project Business Management](#)" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.