

Project Management is towards a More Business-Savvy Perspective

Interview with Gary Heerkens ^{1,2}

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President, Management Solutions Group
New York, USA



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Introduction to the interviewee

Gary R. Heerkens, PMP, CPM, MPM, CPC, CIPM, MMC, CBM, CIPA, PEng, MBA, IAPPM Fellow, AAPM Fellow, is a licensed Professional Engineer in New York State and holds an MBA from the Rochester Institute of Technology. He is now president of Management Solutions Group, which provides innovative project management educational programs and enterprise-wide project management services. Prior to founding Management Solutions Group, he spent over 20 years managing projects for Eastman Kodak.

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Gary R. Heerkens is a long-standing provider for Project Management Institute's (PMI) SeminarsWorld program, and was project management training provider for the Purchasing Management Association of Canada. He is a frequent speaker and training provider at international PM conferences and PMI chapters. He's been invited to speak at 16 PMI Global Congresses, as was an "encore presenter" at the 2007 and 2008 Global Congresses. In 2015, he was invited to be the speaker representing the United States at the IPMA World Congress. He was one of just six people who were selected by PMI to develop a self-study PMBOK-based educational program.

Gary R. Heerkens was a contributing editor of *PM Network* magazine from 2009-2015, writing a quarterly column on "The Business of Projects". He has contributed articles to many popular project management newsletters and published many papers on a variety of project management topics. He authored the *Project Management* book in McGraw-Hill's Briefcase Books Series; the second edition was published in 2013 and remains a leading seller today. His popular book *The Business-Savvy Project Manager* was published in 2007.

He's a member of several professional societies—PMI, IPMA (International Project Management Association), IAPPM (International Association of Program and Project Management), AAPM (American Academy of Project Management), and APBM (Association for Professionals in Business Management)—from which he holds several certifications, and has been honored as a Fellow of IAPPM and AAPM. In 2012, Solutions Network of Canada named him one of the 25 best project managers in North America. He served three terms as president of the PMI Rochester (NY) Chapter, from 1998 to 2001, and from 2005-2006.

Interview

Part I Core Business Functions of Projects

Q1. Why did you think of writing the book *The Business-Savvy Project Manager*?

Gary R. Heerkens (Heerkens): During my career as a project manager at Eastman Kodak Company, I was exposed to and participated in the financial aspects of the projects, such as project profitability. When I left to start my own training and consulting firm around 20 years ago, I was surprised to discover how isolated I had been at Kodak. Most project managers I encountered knew little or nothing about the financial and business aspects of the projects they managed. I saw that as a problem for individual project managers as well as for the image of the project management profession.

Q2. Project management has a business function. Would you please explain it?

Heerkens: There are actually two core business functions that projects fulfill. First, to satisfy the strategic and operational goals that organizational managers have laid out. Within this context, it is equally important to recognize that most projects are financial

investments, and should therefore generate a positive cash flow. These two business functions are very simple, yet together they are quite profound.

And sadly, these functions are missing within the project landscape of many firms. I used to wonder why, and I have developed a theory. Although it seems to make perfect sense to treat projects as discrete investment opportunities, that's not what many of today's senior managers grew up with. Instead, they were accustomed to the grind of brainstorming project ideas, listing them out, then fighting amongst themselves to get their favorites on the list. This annual ritual was practiced year after year and after a while, it just seemed natural to think of the whole project thing as an operational function, not a business function. So, proper, business-based project analysis took quite a while to begin spreading.

Q3. Your book *The Business-Savvy Project Manager* was published in 2007. As you know, the world has been changing since 2007. If there's a chance to publish sequent editions, what improvements or changes do you want to make?

Heerkens: Actually, I don't believe that my book is as far out of touch as you might think, given the 2007 publishing date. That's because there was only a handful of us who were very strongly promoting the need (and value) for business-savvy project managers. Sometimes, we may be dismissed or ignored; sometimes we may be admonished for holding that view. But the times have finally caught up, and now the concept of a business-savvy project manager is rapidly gaining momentum. And I couldn't be happier. I knew this day would come.

As far as improvements or changes are concerned, I'd make a lot of small changes and at least a couple of larger changes. For example, I'd move the calculation engine from an HP financial calculator to the use of an Excel-type spreadsheet application, and would demonstrate various techniques. And I'd describe the connection between the Agile world and the project business-savvy world.

Part II Top Qualities of Business-savvy Project Managers

Q4. What are the top qualities of a business-savvy project manager?

Heerkens: Oh, there are actually quite a few top qualities. Here are some:

A business-savvy project manager makes a point of understanding how their projects satisfy organizational strategy and how they generate project cash flows, as described above. These kinds of insights can and should have a significant impact on the decision-making framework of that project manager.

In addition, they should seek to understand exactly how other functional areas within their company perform their roles; this enables the project manager to fully leverage the abilities of everyone who is on their cross-functional core team.

A business-savvy project manager has a keen understanding of what their senior

management wants and needs from the projects they sponsor. The best PMs learn to anticipate what their management wants and needs.

Part III Definition of Project Success in a Business-savvy World

Q5. As the landscape of project management is changing, how do you define “project success”?

Heerkens: There are several “dimensions” to project success. The shifting of the project management landscape toward a more business-savvy perspective is all about ensuring that we focus on the right things. Here are examples:

Until now, almost the sole focus of everyone has been on delivering the project “on time” and “under budget”. In and of itself, that’s OK. The problem is that everyone has anticipated that if they meet cost and schedule targets, everything else would fall into place. Sadly, countless poor decisions have been made to satisfy cost and schedule targets. To define project success in a business-savvy world, we need to focus on what’s really important: maximizing the strategic impact and the financial return on the money invested in the project.

Until now, PMs have been directed to meet a prescribed set of technical and/or functional specifications and requirements, but in many cases, without even being told what the client’s true need is. They are told to EXECUTE a prescribed set of marching orders, not to RESOLVE a problem. Similar to my previous point, a project manager who is not equipped with an understanding of their customer’s true need has little or no chance of making the best possible project decisions.

Part IV Benefits of Portfolio Management

Q6. In your opinion, what are the benefits of portfolio management for us to move in the direction of business?

Heerkens: A well-designed and properly executed project portfolio management system provides several positive business benefits. Here are a few:

- 1) Ensuring a direct linkage between corporate strategy and the identification of projects;
- 2) Clearly articulating the business value of each project;
- 3) Defining the relative attractiveness (priority) of each project;
- 4) Facilitating a balanced approach to project investments.

Q7. In your book, you mentioned portfolio management is a three-phase process. To be brief, what are the three phases respectively?

Heerkens: Yes, there are three very broad phases that help to create a series of linkages to span the gap between strategic goals and individual project selection.

Phase 1: Identify the “right” business initiatives. This phase begins with the establishment of a strategic framework, which is typically within the domain of the firm’s executives. The next step is to use that strategic framework to establish a set of long-range goals. Finally, begin chipping away at those long-range goals by identifying a list of “targeted business initiatives”, which are project proposals that should be stated in terms of a problem, a need, or an opportunity.

Phase 2: Categorize, evaluate, prioritize, and select “project solutions”. The best solutions to address each of the targeted business initiatives collectively becomes the initial project list. This overall list should then be subdivided into the portfolio categories. Projects are placed in the appropriate portfolio category, and then the projects are prioritized within each portfolio category. The worthiest projects are approved.

Phase 3: Launch and coordinate projects. The greatest value of the portfolio management approach comes when a firm recognizes that many projects are vying for finite resources. Accordingly, this phase begins with a project launch plan that strives to do as much resource smoothing as possible. The remainder is managed in real time.

Q8. You’ve said the biggest barrier to identifying the right business initiative is knowing when to stop. Why and how? Would you please elaborate on it?

Heerkens: As I mentioned a bit earlier, I believe it’s vital that the initial project list should be presented in terms of problems to be solved, not specific things to do. This allows for a thorough analysis of each problem statement and for the uncovering of the various ways a solution may be achieved. It also helps avoid a situation of “Solution-jumping”. Solution-jumping occurs when the project listers and/or portfolio developers see a problem statement and cannot escape the urge to say; “Hey, I know how to solve that!” And so with little or no formal investigation, this becomes the project. This is what I mean by “knowing when to stop”.

Part V PM’s Early Involvement in Business Case

Q9. Generally speaking, project managers are not involved in the business case analysis of a project. Some experts suggest that project managers should get involved as early as possible. What’s your view?

Heerkens: This is one of my pet peeves! Throughout my initial career at Kodak, and my subsequent career as a project management consultant, I observed that project managers are rarely involved in the true “front end” of a project. In my view, this is among the biggest opportunities for a win-win between companies and their project management personnel.

The logic is simple: the more a project manager knows about the origins and innerworkings of their project, the better-equipped they will be to make high-quality decisions.

And the business case preparation can be a useful place in the overall project life cycle

to jump in. The business case, if properly prepared, can serve as a single repository for all project information. And assigning the role of preparing a project business case to the project manager enables a vast growth of knowledge and insight which will serve the project manager well throughout their projects.

Q10. In your eyes, what does a perfect business case look like? In other words, what are the qualities of a perfect business case?

Heerkens: Irrespective of what template design you use, the following qualities should be clearly visible in a well-written business case:

- **Thorough.** It incorporates all relevant information.
- **Unbiased.** Its tone should be that of an impartial fact-finding mission.
- **Quantitatively-focused.** It should include the best available concrete info, not emotional arguments or speculation
- **Logical.** Cause-and-effect relationships should be fully explained; arguments should build on one another.
- **Clear and understandable.** The business case avoids excessively complex charts and graphs, undefined acronyms, and a lack of rationales.
- **Conclusive.** The business case finishes with clearly stated, explicit and logical conclusions.
- **Compelling.** The business case should incite decision-makers to take the right action.

To read the original interview and to learn more about PMR magazine, visit <http://www.pmreview.com.cn/english/>



About the Interviewer



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Yu Yanjuan (English name: Spring), Bachelor's Degree, graduated from the English Department of Beijing International Studies University (BISU) in China. She is now an English-language journalist and editor working for *Project Management Review* (PMR) Magazine and website. She has interviewed over sixty top experts in the field of project management. Before joining PMR, she once worked as a journalist and editor for other media platforms in China. She has also worked part-time as an English teacher in training centers in Beijing. Beginning in January 2020, Spring also serves as an international correspondent for the *PM World Journal*.

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