

The Project Office Facilitating Parallel Project Management

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Abstract

In an innovative company there is a large number of product ideas and market demand for new products and an endless opportunity to improve current products and production procedures. This easily results in an overwhelming project list and the difficult task of balancing the project portfolio against the available resources and ensuring that the projects worked on are according to the corporate strategy.

The Project Office uses strategic procedures to prioritize and select a project portfolio by optimizing the portfolio relative to parameters and constraints that reflect the corporate objectives. Thus the most attractive group of projects can be worked on in parallel. The Project Office ensures that the proper projects are staffed, observing the key project measures and gives a high level view of the progress and project status. This is especially important for a company with globally distributed research and development departments but seeking to have a corporate alignment and control over development activities.

Introduction

There is usually no shortage of ideas for new projects in an energetic and innovative company. New product ideas, functional concepts and technical solutions are born every day. The market sees new potential for product development and improvements and there is a constant emphasise on streamlining production processes as well as developing new production platforms to sustain the product development. Added together this creates a huge project list. As the available resources are usually limited, the need to prioritize and select the most appropriate project portfolio is formed. The fundamental goal of the project selection is to create a portfolio that maintains the corporate objectives and gives the best economical combination.

Global Development Activities

As companies grow to the extent that development resources and activities extend over dispersed geographic locations the need to keep an overview of projects, project feasibility and the available resources is accentuated. In order to manage resources between projects or claim resources of one location into a project that resides in another location a tool of management and control is needed.

Project Office

A Project Selection Model

It is difficult to compare projects objectively. One project may be considered of great strategic importance. Another project may be considered necessary to complement a particular product line. Another project may be considered to have the potentially highest financial impact for the company. The pitfall of selecting projects according to one seemingly important reason can be painful when after completion it turns out that this reason is not reason enough to sell the product.

To use a project selection model to weigh and rank projects according to a set of parameters is helpful to objectively select an optimized portfolio of projects. The selection model is designed to optimize the selection of projects.

Optimization

The selection model is designed to optimize the selection of projects according to a set of strategically selected parameters, given selection constraints such as minimum number of projects of a certain type, budgetary constraints etc. Each parameter weight is determined in an objective manner by Analytical Hierarchy Process (AHP analysis). The selection constraints are essentially the tool to represent the corporate strategies.

An optimization process renders a set of selected projects according to rank and constraints. As with any type of tool the management can choose to override the selection recommended by the tool, but that will be done deliberately with the information from the model at hand.

Project Dashboard

To manage the development activities it is essential to have a clear overview of the status of each project. Another task of a Project Office is to provide an overview of ongoing projects, the status of each project and to flag projects if they are overdue or over budget. This summary overview may be referred to as a Project Dashboard. As well as red-flagging the project list, both for development projects and smaller product change projects, the Project Dashboard shows the number of projects on-going for each product line and the stage of each project. This gives valuable insight for employees working on development projects and more importantly for management who needs to know the project portfolio and see that the portfolio is in line with their strategy.

Resource Allocation and Project Staffing

With a growing number of projects and a more challenging task of maintaining a clear project overview it is even harder to keep track of project resources such as human resources. In a global company the potential resources for a particular project may be in different

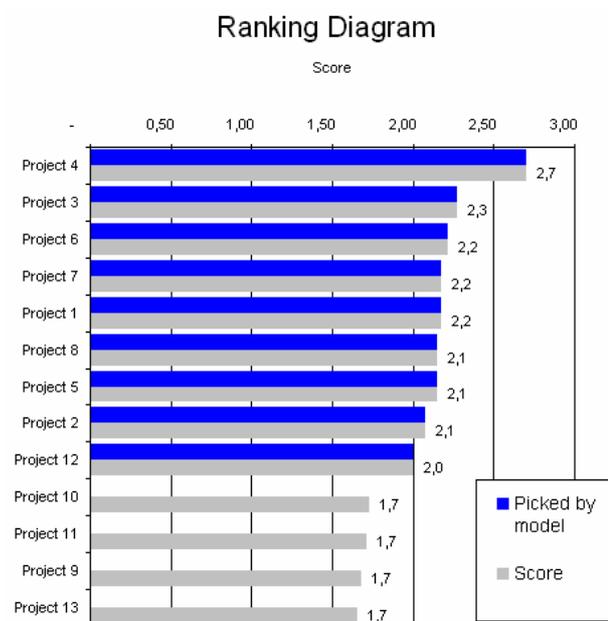


Figure 1. Project rank diagram

geographical locations. In order to utilize the company's resources to the fullest it is important to have a common human resource database and an associated skill matrix. The resource manager will have an overview of the talent at hand and can relocate projects between locations or include resources in more than one location into a corporate wide project team. The Project Office together with the resource manager meet regularly to review the project list and the work load on the resources. Overloaded project team members are off-loaded by moving staff between projects but within the lines of the project prioritization. These sessions give a valuable view of resource availability in the future for the projects that are next in line or to increase the capacity for other projects.

Conclusion

By using strategic procedures to prioritize and select an optimized project portfolio the Project Office's goal is to align the development activities to the corporate objectives. This ensures that an achievable and attractive group of projects are selected and worked on in parallel. The Project Office ensures that the proper projects are staffed; gives an overview of the key project measures and provides a high level view of the progress and project status. This has proven especially helpful for a company with globally distributed research and development departments. It ensures optimal corporate alignment and management of development activities.