

think

Our world may be finite,

but business potential is not. It stands to reason: If more of your projects are delivered successfully, you'll have the capital to expand into growth markets, invest in ground-breaking technology and impress the world.

However, if your company hasn't properly aligned project management processes with business goals or concentrated on developing standard best practices, you may not be poised to take advantage of growth opportunities that come your way.

Four executives discuss how their project management competencies have enabled their organizations' growth and prepared them for the next challenge.

Effective leaders capitalize on project management principles to grow their enterprises.

big





Mikhail Zavileysky

Mikhail Zavileysky is chief operating officer of DataArt's St. Petersburg, Russia, office. In 2004, DataArt, a well-established offshore software outsourcing company, doubled its revenue and size. Headquartered in New York City, DataArt runs a state-of-the-art Development Center in St. Petersburg, Russia, and has offices in San Francisco, Calif., USA, Jacksonville, Fla., USA, Chapel Hill, N.C., USA, and London, U.K.

DataArt started investing in project management the day it was founded more than eight years ago. Naturally, predictability and control were the initial drivers. Systematic project management, in turn, was seen as essential to improve predictability. Other benefits, such as process optimization and measurable ROI, were realized later.

In 1997, its first year of operation, DataArt developed the first version of a Web-based project management system. At first, it was a tool to help project teams keep track of task status, effort spent, schedules, work products, etc. All project information was available to clients over the Internet. As

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only average performance. But what if average is not good enough? We make the process people-dependent. We empower our specialists with the project management expertise and tools available, but give them the freedom to make decisions based on their experience and, sometimes, intuition. That's the path toward much higher individual and group productivity.

A great challenge for DataArt is to maintain a healthy combination of flexibility and project management rigor. Many of our clients have some project processes in place and would not want to change them. Others just don't have organizational capacity to support project processes adequately. In such situations, we have to custom-tailor the process without compromising the core principles.

Our growth would be impossible without well-established project management practices, especially considering inherent risks. One of our recent projects was

simple as it was, it proved invaluable in building trust with clients, who had a totally new level of visibility into projects implemented far away. In the first years of operations, the system helped a great deal to maintain the quality of service to existing clients and served as a marketing tool—this was something very few software companies had at the time.

Now, most of our projects are highly dynamic. Not only do requirements change, but staffing levels can change on two-weeks notice. Projects get cancelled, and incomplete work products often are reused in new ones. Undoubtedly, without a certain level of project management rigor, this level of change would be impossible to support.

Compared with most software firms, DataArt adapted a different approach to project management. The most popular term in the industry is "people-independent process"—a machine that prescribes a specific course of action for every role in most typical situations. Supposedly, that allows for maximum reliability and predictability.

However, few people talk about productivity in this regard. When specific people are no more than easily replaceable pieces of a well-tuned mechanism, the mechanism can expect

implemented by a team consisting of a team leader, a project coordinator and two engineers. One of the engineers was a DataArt veteran, while the second was only recently hired and joined the project a month into the schedule. It turned out that the second engineer had previously worked with the team leader in a more senior position.

To support his status, he started to influence technical and planning decisions, which practically destroyed the project. This was revealed during a monthly project audit meeting. As a result, the "destroyer" left the company, the project plan was revised dramatically, the reserve resources

Nobuo Seki, president and CEO of Chiyoda Corp., Yokohama, Japan, is leading the company's revitalization efforts. Chiyoda's five-year restructuring plan will increase the transparency of internal management, improve communication between project managers and senior management and allow management to become more selective in project choices.

Chiyoda operates globally as an engineering, procurement and construction contractor, executing multibillion-dollar projects. Because it has used project management methods since it was founded in 1948, Chiyoda's history parallels the history of the project management profession.

In the early 1960s, Chiyoda engineered and constructed domestic and overseas oil refineries, thanks to a strong reputation for project management. That expertise provided us the opportunity to learn more about the world through front-line project management.

Until the 1970s, project management mainly was based on Quality-Cost-Time principles. Later, as computers took off, Chiyoda developed a project control system internally. It already used modern concepts, such as work breakdown structure, earned value and risk management. The company's sophistication has grown through the integration of methods and a code system, the improvement of procedures/manuals and the training of project managers.

Chiyoda's project management method enabled us to expand our business into other fields such as industrial equipment, and allowed us to complete many big projects successfully while winning clients' satisfaction and trust.

For example, in the construction of the liquefied natural gas plant in Qatar, completed in 1998, the project team overcame many unexpected events, such as big exchange fluctuations, political upheaval in Qatar, floods and strikes. Yet, in the end, it was awarded the 1999 International Project of the Year by PMI.

were introduced. The project was back on track in another month and a half. Had there been no proper project tracking controls, the project would have failed.

Mistakes are expensive, and the knowledge of project management principles helps teams avoid them. While a small project can be completed in a simple "waterfall" model, larger tasks require different iterative models. Such changes not only have to be implemented at a vendor company, they have to be sold to the client. Everyone knows, in theory, that effectiveness drops as the scale grows, but only a few people like to accept that in practice.

In the engineering business, it is necessary to have technical and business knowledge, capability and experiences in a broad-based, profound context.

Chiyoda uses project management to achieve that purpose. Our objective is to be recognized as the number-one company in terms of reliability. For this reason, we consider project management's most important return on investment our ability to gain our clients' confidence by executing high-quality, solid projects.

To build long-term relationships, we must continuously improve, innovating our technology and business. Project management skills are required to make that possible.

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Nobuo Seki



PHOTO OF MIKHAIL ZAVILEYSKY BY IVAN YAKOVLEV AND SERGEY MIKHALCHIK

Carol Hodges

Carol Hodges, CEO and president of PVA Inc. since 1997, plays an active role in the company's day-to-day operations. Under her leadership, PVA has realized a 700 percent growth. Prior to joining PVA, Carol held various positions on major government programs for the Federal Aviation Administration and U.S. Navy. McLeansville, N.C., USA-based PVA is a consulting company with software integration capabilities, a professional services company for staff augmentation, and a source for hardware and software products.

We are starting our 10th year at PVA and have invested in project management skills from the start. I, along with our core staff, previously worked for AT&T, a large telecommunications company that serviced the federal government.

Project management was a core competency there, and we took a disciplined approach to our deliverables, schedules, costs and forecasts. Most of the large contracts had earned value requirements, and we learned the value of project management practices first-hand.

Today, at PVA we use Web-based tools that incorporate project management principles to communicate with our customers. Each project has its own project space with schedules, deliverables, status reports, etc. Customers are given logins to see our activities and progress. This allows us to stay focused and deliver

our products on schedule and within budget.

Project management has helped us to grow internally by allowing us to allocate our resources to projects and better understand where our talent shortcomings are. Having a rigorous, defined practice allows us to more easily introduce new employees to our culture, and we're always looking for ways to improve our internal processes. We recently responded to a request for proposal using project management principles in our proposal process.

Because we have utilized project management principles from the beginning, it is difficult to estimate how they helped us overcome our growing pains. However, we have grown from a \$1 million to a \$12 million company, and I'm sure we could not have done that and achieved the level of customer satisfaction that we have enjoyed without our investment in project management. I am confident that we have a firm handle on schedule, cost and profit with every effort, and as we grow, delivering the same level of service and quality products will be our biggest challenge.

We will continue to educate new employees in project management to ensure that everyone is customer-focused and understands their contributions and impact on projects overall. This is a key benefit for us, especially as we add employees who are unfamiliar with best practices.



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Rod MacDonald is acting assistant commissioner, Office of Information and Technology, U.S. Customs and Border Protection (CBP), Washington, D.C., USA. He manages all CBP technology components, including software development, infrastructure services, tactical communications, the laboratory system, and research and development functions. Mr. MacDonald also manages the CBP Modernization Program, a comprehensive 15-year initiative to modernize and integrate CBP IT infrastructure and all automated systems that support core business processes.

Rod MacDonald

Over the 20 years I've been in the IT area of Customs, we've always recognized that project management should be a core competency, but we haven't necessarily had a strong, structured project approach. Ten years ago, we realized the need to standardize. We required people to follow a system development life cycle policy, and

as a follow-on, we got involved with a capability maturity model improvement effort. We recognize that integration of

automated systems is a central part of our strategy—we get advanced information from the international trade and travel communities so we can perform our screening in advance of arrival.

Two years ago, with the creation of the U.S. Department of Homeland Security, most of the U.S. Customs Service merged with all Immigration inspectors and Agriculture border inspectors creating U.S. Customs and Border Protection. We grew from 20,000 employees to 43,000. We also took in the entire Border Patrol, so we had a major transition effort to make sure all employees would be supported in the system. There were a number of IT development projects, and if we did not have a structured project management

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approach with skilled project managers, we would have had a very hard time dealing with that.

Project management helps meet our twin goals of identifying or dealing with potential problems or threats and facilitating legitimate trade and international travel. We need high-volume, high-performance applications as part of our IT infrastructure and we need project management to help us deliver those requirements.

For example, US-VISIT was a major Department of Homeland Security initiative. All foreign visitors had to be biometrically tested to verify their identities. We had a short turnaround: It was initiated 31 May 2003 with a due date of 5 January 2004. In that time, we built the automated system and deployed it to 115 airports and 14 seaports processing 95 percent of foreign visitors.

The project was on time and on budget. The fact that it worked so well is a testament to the fact that we had the right project management capabilities in place. This year, we followed up by moving that capability to the 50 largest land borders.

We've had IT projects for a long time, and we've progressively added structure and discipline. Next, we're looking to make sure we're aligned across project and program management processes. We need to ensure we have trained, skilled, certified project managers as a requirement of the Office of Management and Budget's (OMB's) annual review of our budget. Two years ago, we embarked on an ambitious training program for project managers, a nine-class commitment. We sent our top people to train in *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*—75 have completed the training and another 25 are in progress—and a number have followed through and obtained Project Management Profession (PMP®) credentials.