



## White Paper 2012-02

### Why Striving for a One-Size-Fits-All Project Management Model in Your Organization is Fundamentally Wrong

*Contrary to what most quality processes and project management books would suggest, you can't afford to have a one-size-fits-all project management model in your organization, if you tackle at the same time simple and complex projects. In this sequel to the white paper 2012-01 "Why You Can't just Scale Up from Small, Simple to Large, Complex projects", we examine the impact of this statement on the project management organization.*

#### What can be common, and what should not be

In an organization there are some basic building blocks that can be common to all types of projects. They are mainly basic infrastructure. You don't necessarily need them in a fully developed stage for executing small, simple projects; but if they are available for larger, more complex projects, you might as well use them for smaller projects, without much drawback. Examples are: document control systems; procurement and commitment control systems; timesheet systems, etc.

There are also many other building blocks for which using the full-blown version that is needed to execute complex projects can be devastatingly expensive and onerous if you execute small, simple projects. Examples are: engineering processes; cost control tools and processes, etc.

Also, resource management and organization should be drastically different for simple and complex projects:

- integrated project teams with a vast majority of full-time contributors is highly recommended for large, complex projects;
- smaller projects will generally be better executed with a small core team and a large number of part-time contributors that just do their piece of work and then leave the project. This optimizes resources utilization and ensures the necessary reactivity of the organization.

On the same page, the financial authority of the project manager needs to be very different. It is acceptable to run simple projects with a very limited authority of the project manager and a strong functional authority. This is not so much the case for complex projects, where the project leader should have substantial authority to take the decisions that are needed for the sake of the project, beyond the limited interests of such or such function or discipline.

#### What can we do when one organization deals with both kinds of projects?

Most organizations strive to have "one consistent way of doing things". It is simpler from the Quality Assurance perspective, as well as for the systems and infrastructure. It is also nice for the corporate brochure and provides a

lot of comfort to senior executives and investors who get the positive feeling that everything is under control.

Project Value Delivery's experience is that having a single way of doing things does not work when the organization tackles both simple and complex projects. We have observed organizations that:

- Execute complex projects with the organization, tools and processes developed for simple projects. As many upcoming organizations have experienced, this is a sure recipe for failure: without the necessary infrastructure, organizational models and systems, the complex projects soon spiral out of control;
- Execute simple projects using the organization, tools and processes developed for complex projects. As a result, they become much less competitive and reactive for small, simple projects and lost considerable market share in those markets where simple projects dominate.

As a plaster, organizations that realize this difficulty then develop 'full-blown' and 'lite' versions of their processes to address the needs of different types of projects. This endeavour, which is in effect a compromise solution, is generally not very successful for the reason that because they still try to guarantee an overall consistency at the organization level, the final result does not necessarily address well the actual needs of both simple and complex projects.

Project Value Delivery believes that the right solution is to overcome the assumption that the organization as a whole needs to have a "consistent way of working". While some elements need to be consistent, like financial reporting systems, it needs to be recognized that simple and complex projects operate along widely different business models. As such, they warrant different ways of doing things, require different types of people, and could even justify different legal entities below a single trademark.

## How to build an organization that can deal both with simple and complex projects

Following on this idea, what would the effective organization look like? There would be two different business units, with responsibility for separate P&L, one for simple project and one for complex projects. If the type of project depends on the region, then it is even easier to have different businesses in different places. Alternatively, in many instances, organizations that run multiple simple projects take on a single complex project. In that case, this large, complex project should be a separate business unit in itself, where the project director benefits of a large authority, directly reporting to the highest level of the organization – and not to the usual reporting line for project managers of simple projects.

Project managers or key core team members that have been successful running simple projects would not be considered fit for running complex project without a substantial additional training and development. One way to do this is to give them responsibility for the management of programs of several simple projects with shared resources, added to a significant awareness of the particular challenges of large, complex projects. The latter can be acquired, for example, through a position of package manager or core team member under the mentoring of a project director experienced with complex projects.

Tools, processes and systems should be left to the choice of each business unit. Some basic tools need to be mandatory and shared; for some others tools, systems developed for complex project can be adopted by simple projects. But the 'simple projects' business unit should be in a position to decide not to use certain tools and invest in its own tools that fit better their requirement.

### Sharing rare expensive assets between simple and complex projects

The organization might still have some rare and expensive major assets that are shared between simple and complex projects business units. As utilization of these assets is a major issue for the entire organization, appropriate coordination between the two business units is needed. The drivers of asset utilization are quite different depending on the type of projects. In complex projects, where convergence points are the most important for avoiding excessive losses, the availability of the asset at the convergence point where it is needed is key, even if that means that the asset may need to have some downtime / buffer before to be certain to achieve it. On the contrary, in simple projects that follow each other, fixed dates for the mobilization of the asset should

be avoided as much as possible to benefit as much as possible from the compensating effect of campaigns that work better than expected versus campaigns that are less efficient than planned.

Thus, the schedule for the asset should consider phases of work for simple projects, followed by a buffer (that can be used for maintenance for example) before mobilization for a complex projects. On the contrary, a buffer is not needed after complex projects when mobilizing for simple projects, as the start date is kept as flexible as possible.

### Overcoming the sunk cost mindset

Many organizations hesitate to launch themselves into the setup of a new, specific organization and systems development when it comes to taking on the execution of a complex project. Yet, due to the size of those complex projects in the field of energy, oil & gas, nuclear, mining etc, the actual development and implementation of adapted systems and processes is an investment that can be easily recouped within a single project – being usually far less than 1% of the revenue. It ends up being far less expensive and risky of investing in these systems, processes and skills upfront than relying on the proven processes for simple projects and failing because they are not adapted.

On the other hand, it is not because the organization has invested a significant amount of money for processes and systems needed to execute a complex project that any ulterior project, and in particular simple projects, should be expected to use them. They are sunk cost. Some of them can be reused, but why burden the organization with excessively complex tools for executing simple projects, which degrade significantly the competitiveness of the organization?

### Conclusion: have a take, and organize yourself according to the different business models

It is a constant recommendation in entrepreneurial circles that part of the organization operating under different business models should be at least separate business units, if not legal entities. Bidding and executing simple and complex projects are two very different business models, with very different drivers. Why should you continue to seek a unified organization, processes and systems?

Take a stand, and consider them as two different endeavours. And be successful in both.



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