

# Projects in a Weak Economy

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## ***An Historical Overview of the Economy***

Here in December 2008, the news is gloomy with broad statements of a failed economy in the United States that is rippling around the world. Stocks are losing value at a significant rate and many saving plans have lost nearly 40 percent of their value. Some companies are filing for bankruptcy while major automobile companies request a 25 billion dollar bailout – whether the request is for a loan, grant, or investment by the American taxpayer in failed management structures is not clear. Predictions are that the economy will get worse before it gets better.

There is no obvious single solution to the complex interrelated workings that trigger other activities to give a lack of confidence in the market place. Suggestions, such as starting infrastructure projects to infuse money into the economy, could be a solution to part of the problem. Infrastructure projects were used in Germany in the early 1930s to stimulate the economy while getting people working again. This is not a bad idea because it builds on the nation's roads and government buildings that resulted in something of value for the people.

Some infrastructure projects, such as the Pennsylvania Turnpike – a very successful project, were initiated in the United States in the late 1930s to promote jobs and organizational change. Efficient projects are one means of moving from a sluggish economic situation to a healthier one. New projects, however, must be the most efficient means of delivering products or services. Competent project management is the key to that efficiency.

## ***Projects and Project Management's Role in Recovering from a Weak Economy***

A weak economy dictates that greater efficiencies be realized in projects through better project management. Organizations must identify and reduce waste to improve productivity with the resultant delivery of products and services at a lesser cost than normal. One means of achieving this immediately and with long-term benefits is to reduce waste in project management.

Whereas few people recognize the waste in projects, the primary focus is on achieving delivery of a product on time and within budget. Any resultant waste is considered “the cost of doing business” or the consumption of resources necessary to get the job done. After-action reports or lessons learned may identify some better practices, but often the application of the resources is typically not mentioned.

There are several areas that have been identified for improvement that would improve efficiency while not affecting the effectiveness of project procedures. Some of these are listed below.

- Project Plan – the guide to effective and efficient implementation of the project's purpose.
- Project Staff or Team – the human resources assigned to plan, implement, and closeout a project in accordance with the purpose of the project.
- Project Leadership – the appointed authority for managing the project from start to finish. The authority may be designated project leader, Project Manager, or other descriptive title.
- Project Communication – the transfer or interchange of information for a specific purpose whether it is one-on-one or one-on-many.

Currently, too many project plans focus on cost, schedule, and quality/performance without regard to fundamental issues of project purpose with relevant facts and assumptions. Planning is weak in that the people performing the function have little or no training in the basics of planning and the scope of planning. The question is how much planning is needed before one can start the project?

Are some items reusable from other plans such as the periodic review procedures and the communication section? What facts are relevant and what has to be supplemented with assumptions? These are some of the questions that need to be answered to build the foundation for planning.

Human resources, or project staff, are assembled and called a team. In some cases, the staff does not know how to function as a team and each team member brings his or her agenda that, while they may not conflict with the overall project goals, the agendas probably are not supportive either. Individuals are trained to perform one or more functions on the project, but typically receive no training on how to work together as a team. The “soft” skills, or human behavioral skills, are most often assumed to be adequate, but poorly developed behavioral skills can have a greater negative impact on projects than the “technical” aspects of project management.

Communication, perhaps the most crucial skill of any Project Manager, is often not considered as most essential in the selection of the project leadership. Team leaders must communicate orally and in writing in an appropriate manner that achieves the desired results without giving offense or de-motivating the individual or team.

The object of effective communications is to convey the correct amount of information to others that permits them to accomplish one or more tasks. A leader’s reputation enhances communication when he or she has the confidence of others. A reputation for honesty and truthfulness contribute to effective communications because they build trust.

These cases where projects can improve are representative of a host of areas that be improved, but are perhaps the first areas to address because of the criticality for project success. Looking outside the individual projects also provides opportunities for improvements that can deliver better project products more easily. The parent organization may not be designed to support projects through policies and procedures. The following illustrate some challenges.

- The priority system (urgency of need) is often confusing and all or most projects are labeled “Priority One.” Senior management expects these projects to be delivered first. Project leaders expect, as head of a priority one project, to receive significant consideration when requesting staff to perform the work. In a matrix organization the staff works on projects as time is available.

When a staff member likes the project’s type of work, he or she will find ways of allocating his or her time to that project. Thus, it is the project staff that determines which project is finished first with the resultant product delivery. It is an organizational flaw to have most of the projects assigned as priority one and let the staff member determine what will be delivered first.

- Middle managers are often charged with the responsibility to oversee the progress of projects. These managers are the bridge to keeping the projects aligned with the organization’s business goals. If the business’s goals change, as they will during economic recessions, it is the responsibility of the middle managers to assure the projects continue to pursue a viable outcome – or to recommend the project be changed or terminated.

Middle managers, however, are not trained to track the alignment of the projects to the organization’s business goals. It is often assumed that middle managers need the same competences as Project Managers – and oversee the progress like a project team member. Middle managers need to bridge alignment of the business goals with the project progress, which requires a different set of information.

- As organizations realign to meet situations driven by economic downturns, there is a tendency to cut back on such items as training for project staff while expecting more productivity from projects. Sometime it is perceived that projects can operate in a standalone mode where in actuality actions need to be taken to give more support to projects. The support activities for projects are often reduced and Project Managers are given greater workloads through increased monitoring of status.

The result: Project Managers must do more with less while under the demanding circumstances. Senior managers frequently do not recognize that projects are an extension of the parent organization and require unique support because of the nature of projects. This may require redefinition of the roles and responsibilities of senior and middle managers to ensure continuity of projects.

Change is inevitable whether the economy is expanding or contracting. Recognizing, identifying and resolving areas of waste that negatively impact organizations can lead to improved project success – and success for the organization as projects are used as building blocks to stability and growth. Taking actions early on to fine tune the organization and project operations gives the best chance of successfully achieving new goals.

When decisions are delayed until external forces, such as a downturn in the economy, drive situations that dictate quick results deprives an organization of the latitude to perform the change in a structured and deliberate manner.

### ***In Conclusion***

Projects will not in themselves resolve economic problems that are adversely affecting the organizations, but they can improve to provide greater productivity and better product delivery.

Changing projects and the support elements of an organization can be advantageous when situations dictate that the organization retract from previously ambitious goals for growth.

Eliminating unnecessary waste of time, money, resources, and methods can have a beneficial effect on an organization's wellbeing and survivability during difficult economic times.

### ***About the Author***

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Lew Ireland is an Executive Project Management Consultant based in Tennessee and serving both US and international clients. He has worked with clients to establish their project management systems to ensure they are supportive of the organizations' respective goals. He is experienced in all phases of project management that include planning, scheduling, project office implementation, project maturity modeling, and project assessment.

Lew has authored or co-authored project management books and articles for professional journals. He is a continual contributor to the *American Society for the Advancement of Project Management*, regularly writing short articles for our website.

Lew has a history of serving for nearly 25 years in volunteer positions to advance project management. He is past President and Chair of the Project Management Institute and has served in various positions within the Institute. He has been recognized by the Institute for his contributions by the Distinguished Contribution Award, Person of the Year, and elected a Fellow of the Institute.

He serves as President of the *American Society for the Advancement of Project Management (asapm)*, a not-for-profit professional society dedicated to more effective project management practices.