

# Growing your SME (Small/Medium Enterprise) with Project Management

**Ed Naughton details how the principles of project management can save time and money for businesses of any size.**

Project management (PM) has become an essential reality for business and government as they aim to encourage innovation, improve efficiency, solve problems and manage scarce resources. However, despite the common misconception that project management is solely for large organisations, it is a powerful business tool for businesses of any size. As any SME owner will tell you, effectiveness and efficiency is never about size – it is about working intelligently.

## **Where Are the Projects in Your Business?**

Practically every organisation is engaged in some kind of project activity. A project doesn't necessarily have a huge budget associated with it; a project is any activity in your business that has a distinct deliverable and a clear beginning and end. If you think it about it in this context, you'll probably realise that your organisation is awash with projects.

Now the questions are: Who knows how to manage them? If you're an entrepreneur, do you have the PM skills you need to build your business? If you're managing people, do any of them have PM skills that can save you time and money and bring more profit to the bottom line?

The good news about PM methods is that they are easy to learn and can be applied with simple web-based and office automation tools that are affordable for small businesses.

## **Project Management's Impact on the Bottom Line**

PM impacts the bottom line. In their CHAOS Report, the Standish Group conservatively estimates that 20 per cent of money spent on projects is wasted because companies don't have a consistent approach to PM. Further research shows that PM improvement initiatives improve project performance by up to 50 percent for the first project and can continue for each new project if the enterprise offers ongoing support with PM tools.

## **Standardising Your Approach**

PM is the science of getting things done. The problem in most businesses is that there is no set process to get work done effectively and efficiently. Small business owners often make the mistake of thinking that because they are small, they don't need to develop processes. This is simply not true. Even if you are an entrepreneur and a company of one person, you need to have a standard way of approaching projects. The largest PM challenge facing companies is implementing a consistent process. From lost time to inconsistency, not having a process means poor performance.

## What You Can Expect

As PM matures in your organisation, it can be transformational. Here are five results that you can expect from PM integration:

### 1. Speed as a Competitive Advantage

Today, people work on cross-functional teams to complete projects. Small businesses often partner with other companies as sub-contractors. When people from different companies know and understand a common PM process to get their work done, they can start to work together without having to design a way to do it.

### 2. Goal Accelerator

When there is a common, simple approach for PM and the correct tools are available to people, they are empowered to reach their goals, together and individually.

### 3. No More Re-inventing the Wheel

Industry-standard PM practices require a critical project closeout phase that collects lessons learned and gives your team powerful historical knowledge to apply to the next project. You don't have to re-invent the wheel each time.

### 4. Action and Completion

An easy-to-use PM methodology gives your business a framework that makes it achievable for people to move from vision to action with a comprehensive project plan that supports their objectives.

### 5. Insight You Can Immediately Apply

You capture best practices and know what is and isn't working for you, giving you a competitive advantage by turning information into insight that your team can immediately apply to the next project.

## The Value of Project Management

A research study at University of California, Berkley documented that, on average, companies that have low maturity in their project management processes miss schedule targets by 40 percent and cost estimates by as much as 20 percent. Who can afford to leave these potential cost savings untapped? It is crucial that the results of projects be predictable. Predictability in fact improves with increasing levels of project management maturity. Clearly this provides a compelling argument for organisations to assess their project management maturity and set goals to achieve the maturity levels where the return on investment (ROI) is at a maximum.

## Top Five Project Management Bottom-Line Boosters

### 1. Develop clear and quantifiable goals

If a goal is murky and indistinguishable, how does anyone know when and if it's done? Don't hide behind a curtain of vagueness. Be clear and make it measurable – "What gets measured, gets done!"

### 2. Track time and money

The common denominator language of management is money. All performance and progress metrics are ultimately translated into their monetary impact and implication. When you can show your superior and your team exactly where you are both in terms of time allocated and actual money spent, you're speaking their language.

### 3. Meet deadlines and milestones

If your team is missing every single deadline and project milestone, there's generally a reason why. Don't accept this as normal. Do you have too many false deadlines in your company culture, so that people no longer accept them as real? When you understand what impedes meeting deadlines, you can get answers that not only get your project back on track, but save your organisation time and money.

### 4. Unearth the hidden gems in your project agreement and documentation

Too many people mistake documentation as time-consuming and unnecessary work, rather than realising and harnessing its real value. When you close out a project, don't literally put it to bed. Instead, unearth all the potential nuggets inside it. Did you have enough resources allocated to this project? At what points did this project falter and why? What was behind the cost variance between our original budget and actual budget? If you don't capture the intelligence in your documentation, understand it and share it, you've missed a huge opportunity to make you and your team more productive, effective and efficient.

### 5. Create a consistent and standardised approach to project management

This may seem patently obvious, but many companies expect their people to learn project management by osmosis: "Let the new people shadow John for a few days because he's a great project manager." This is a good start, but you can't have an enterprise-wide impact from project management unless you have a consistent way of approaching project management. This is why certification has become important to many businesses. These organisations have started to see the value of having whole teams and whole departments – and even entire companies – working from the same body of knowledge.

## Building Your PM Capability

- Know the business drivers for your business and where it's most important to apply PM techniques first.
- Decide on a simple and proven approach to PM. If you choose something too complicated, no one will follow it.
- Have people at every level learn the skills needed to effectively use PM to improve their value to your business.
- Empower people with tools for successful PM:
- Develop simple templates to build the project plan in a consistent manner.
- Use a tool such as MS Project for simple and effective project scheduling.
- Use PM Scorecards to measure the effectiveness of your Project Managers throughout the project.