

Effective Program Management Practices

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Abstract

Enterprises embarking on the journey of transforming business face dilemma about balanced risk, effects of change and benefits of innovation. Effective management of large business transformation programs is necessary to minimize the negative impacts of the change. Business would need to focus on planning, performance and controls, governance models, risks and mitigations, change management and organization readiness, stakeholder management and contractual management. This paper highlights various best practices along with the pitfalls to avoid for these focus areas.

This white paper is a collation of experience gathered from large Business transformation initiative for one of the largest utility companies in United States. Additional experiences were collated based on strategic consulting assignment in Australia for a company going through merger and acquisition. These practices are generally applicable to multiple programs and needs to be further tailored to specific requirements.

Intended Audience

Intended audience of the paper is Senior Executives, Business partners, Program Managers, Project/Track Leads working with Program organization groups, PMO and steering committee. Need of effective Program management practices is of high importance in initiatives of following characteristics:

- Global implementations involving diversified cultural communities
- Business transformation programs
- Large-scale Enterprise architecture upgrades
- System Integration initiatives involving multiple vendors/partners
- High risk and reward initiatives

This paper is useful for any resources working on above initiatives.

1. The Program Management Challenge

Program management needs holistic view of business strategy and its relation to various tracks. Synergy of various teams and their inter-dependencies needs to be managed. Communication plays a very critical role in determining success of the program.

Program Management is often interpreted as large Project Management. Project Managers are hired for large programs and tendency is to manage like any other project. Program management needs special skills beyond the science of project management. Roles of Program manager and project manager need to be distinguished. Need of viewing overall program goals is needed while managing the programs.

2. Program Management Process

Program management involves focus areas as listed below:

- Planning
- Risk Management
- Stakeholder Management
- Performance Management
- Organization change management
- Communication Management and Governance

For purposes of this paper, each of the above focus areas would be covered in next sections. There are other areas like knowledge management, contractor

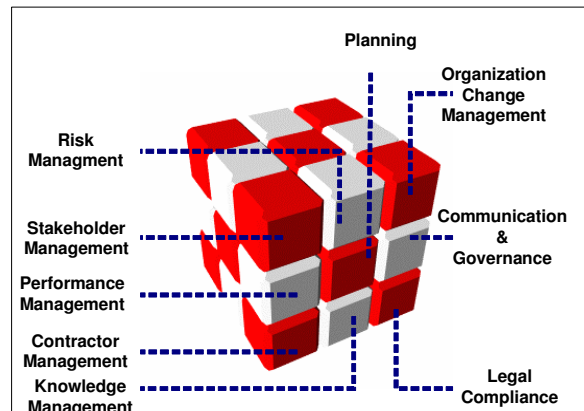


Figure 1 : Program Management Processes management, project management which also contribute to the process.

3. Planning

Planning involves converting strategic objective to Program goals. Scope of the program needs to be clearly identified and should synchronize with strategic objective. Program goals needs to be decomposed into multiple manageable tracks for effective management and focus. Plan needs to be revisited and updated on periodic basis. Adherence to

plan ensures predictability in outcomes.

Best Practices:

For effective Planning, some of the best practices include:

- Create program charter to help provide direction, scope and program objectives.
- Constraints, resources, skills needed, dependencies, assumptions, risks, methodology, implementation plan, control metrics needs to be documented and communicated.
- Organization policies and procedures need to be reviewed to ensure that any practices being implemented are not in conflict with norms of the organization.

Pitfalls to Avoid:

Program manager should be aware about following pitfalls to avoid:

- It is assumed that Program management plan is tool for program leads. Each of the sections in the plan has potential impact to various stakeholders and hence needs to be communicated to larger audience.
- Plan is not baselined or signed off allowing for constant changes. Managing scope changes is critical for success of the program.
- It is assumed that Program plan is static and is needed only for documentation purposes. Lessons learnt from various life cycles are effective input for periodically revising the plan.

4. Risk Management

Deviations from desired output need to be managed by strong risk management activities. All risks needs to be identified, analyzed and mitigated to increase the probability of success for the program. Addressing risks helps in preventing surprises.

		Severity				
		Minor	Serious	Severe	Major	Catastrophic
Probability	Almost Certain					
	Likely					
	Possible					
	Unlikely					
	Rare					

Legend	Extreme		Escalate to Steering committee
	High		Immediate action plan needed
	Significant		Mitigation action needed
	Moderate		Manage carefully
	Low		Manage routinely

Figure 2 : Risk Scoring Framework

Best Practices:

For effective Risk management, some of the best practices include:

- Enable Risk scoring framework to effectively measure the exposure of risks with respect to probability, impact and costs of mitigation. Risk scoring also helps to escalate high risks to steering committee for further action. Refer Figure 2.
- Factor the risks (and rewards) in estimation models while working on programs.
- Identify risk triggers to take proactive action.

Pitfalls to Avoid:

Program manager should be aware about following pitfalls to avoid:

- Program manager should take input from all stakeholders along with review of historical risk logs. There is tendency to cloud the real risks by unilaterally managing risks based on own experience.
- Prepare Risk management plan at start of the program. Risk management needs periodic monitoring as there are high chances that impact and probability of risks change over different tracks and life cycles in the program.
- Confusions between Risks, Issues, Assumptions and dependencies needs to be differentiated.

5. Stakeholder Management

Large programs usually have many stakeholders who can potentially impact the program in positive or negative way. Stakeholder needs and expectations need to be managed to ensure a successful program. Support from various stakeholders can be guaranteed only if they are involved in right decision making process, communication processes and various planning meetings.

Best Practices:

For effective Stakeholder management, some of the best practices include:

- Create stakeholder management plan by identifying stakeholders’ importance and influence on the program.
- Understand the conflict of interests between key stakeholders and plan for mitigating any risks.

- Run program by networking and developing relationships with stakeholders. Transactional mode of communication would not help in understanding inherent needs.

Pitfalls to Avoid:

Program manager should be aware about following pitfalls to avoid:

- There is tendency to manage only stakeholders from client sponsors or key stakeholders. Internal team members are also important stakeholders.
- There is tendency to view stakeholders as individuals or groups. It is important to understand inter-dependencies to manage any conflicts. Also, stakeholders influence each other to create group thinking.
- Level of influence from various stakeholders is assumed to be constant. Influence is a complex factor of softer aspects and authority of each of the stakeholders.

6. Performance Management

Success of Program depends on its close alignment with meeting the business objectives. Alignment can be ensured by program governance models and effectively measuring the performance of the program in relation to its needed objectives. Variances needs to be managed by effectively implementing the strategies to reduce the negative deviations.

Best Practices:

For effective Performance management, some of the best practices include:

- Identify Critical success factors for the program. Metrics needs to be defined around these to periodically measure the progress.
- Convert program strategy to manageable and defined goals or milestones. Identify Analytical metrics and tools to measure the same.
- Use Quantitative techniques like pareto charts, causal analysis using fish bone diagrams etc to prioritize the causes of the variances and implement corrective action.

Pitfalls to Avoid:

Program manager should be aware about following pitfalls to avoid:

- Status reports/ reviews are assumed to be performance measurement milestones. Status reports seldom measure all identified metrics and focuses only on schedule, cost and effort deviations.
- Program manager need to define tolerance limits as variances are imperative in the programs. Too narrow or wide limits may cause ineffective strategies.
- Personal success is directly mapped to program success resulting in tendency to cover up the bad news. Magical wands are not available always to resolve variances at last minute.

7. Organization Change Management

Large initiatives usually result in organization wide change and can be successful only if organization readiness for the change is confirmed. Emotions of various stakeholders have to be managed as transitions are taken up. Change agents have to be enabled and oriented to align all stakeholders towards the program vision.

Best Practices:

For effective Organization change management, some of the best practices include:

- Keeping all the impacted users informed about the changes always helps towards greater acceptability about the change. Avoid unpleasant surprises for the stakeholders impacted by the change.
- Take help from senior executives in the company and address the need of the change to the organization. Ensure strong commitment by key stakeholders driving the program.
- Develop sustainable plan for the change.

Pitfalls to Avoid:

Program manager should be aware about following pitfalls to avoid:

- Avoid tendency to assume the organization change needs to be taken up during later phases of the program. Instead, it should be considered from ideation phase and is an ongoing process.
- Avoid perception that Change is difficult to measure. Monitoring of effectiveness of the strategies is needed.
- Assuming that stakeholders will follow each other towards the change can be risky. As people are moved out of comfort zones into non-comfort zones, there is resistance to

change. Some stakeholders adapt to change while others need to be closely transitioned towards the new change.

initiative has special characteristics and these practices have to be tailored to the needs of the initiatives to maximize the returns.

8. Communication Management and Governance

Communication plays a critical role to effectively manage interfaces between stakeholders, processes and organizations. Governance structures help in enabling the communication and faster decision making. It also ensures that any decision taken is in the interest of larger program objective.

Best Practices:

For effective Communication management and Governance, some of the best practices include:

- Governance structure like PMO, Steering committee, review boards helps in decision making and controlling the scope of the program. It is important that scope is within the boundary of program charter to avoid any impacts to the program.
- Issue resolution and escalation channels needs to be established for removing any hurdles encountered by any track.
- RASCI (R – Responsible, A – Accountable, S – Supporting, C – Consulted, I – Informed) mapping helps to prepare communication strategy.

Pitfalls to Avoid:

Program manager should be aware about following pitfalls to avoid:

- Authority is not enabled in some governance structures. To effectively perform the role, governance members also needs to have authority.
- There is tendency to cancel or postpone communication meetings in times of crisis or bandwidth issues. Communication meetings are mandatory and not optional for programs.
- Feedback is taken only at end of the assignment. Feedback and learning from lessons is integral part of program process.

9. CONCLUSION

Large business initiatives needs effective Program management practices for enhancing the predictability of outcomes. Program management helps in keeping the focus towards the objective and can be managed by various processes. Each of the process areas is covered and best practices along with pitfalls to avoid were identified. Each

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