

Maximizing Success Using Project Leadership Teams

Dean Baker, PMP®, Principal, Fulcrum Edge, Inc.

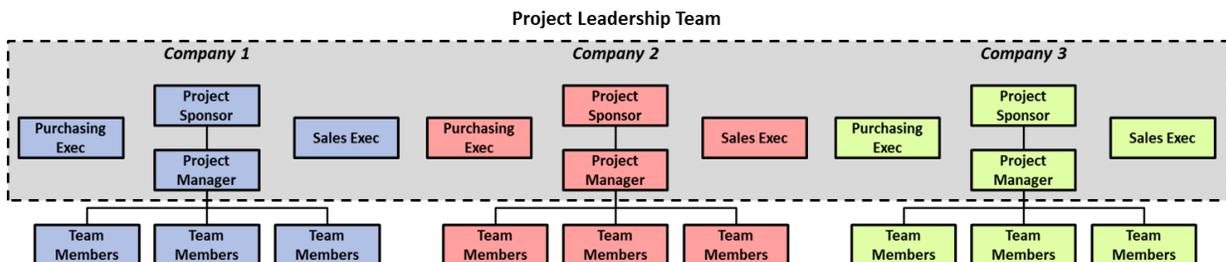
Changing Your Project Management Perspective

Conventional thinking views a project from a single company’s perspective. A project manager is assigned to lead the process and resources are either assigned directly or via a matrix management arrangement to the project manager. In most cases, the project is internal and executed within the company’s project management process. On projects that represent a significant external cost investment, usually involving changes to systems, facilities, or equipment, the project perspective must be expanded to include companies contributing major content to the project. These contributing companies could include an engineering design house, equipment manufacturer, architect, general contractor, software designer, and their key suppliers. For purposes of this whitepaper the project is assumed to be a turnkey system provided by a single original equipment manufacturer (OEM) and its suppliers. When the project content is sufficiently large each party will have assigned their own manager and project team. By looking at this from a broader viewpoint, it is easy to see that each of the project teams is simply a subset of the overall project. In order to integrate the various project teams to optimize their overall effectiveness and maximize project success for all participants a Project Leadership Team is needed.

Project Leadership Team Structure

The Project Management Institute defines a *project sponsor* as the person within the company that has ownership of the project with the ability to assign resources, set priorities, and make major decisions on the project. Frequently the *project manager* reports to the project sponsor. These project sponsors are usually key executives, divisional managers, board members, or presidents within their respective companies. The Project Leadership Team is made up of the project sponsors, project managers, and representatives from sales or purchasing (Figure 1).

Figure 1: Project Leadership Team Structure



The project sponsors are essential participants since the Leadership Team must deal with inter- and intra-company issues that are often beyond the authority of the project managers. The project sponsors, by virtue of their senior management experience, have broad business experience and company knowledge needed to achieve win-win solutions to complex problems that the individual project teams cannot resolve. The project managers provide the technical

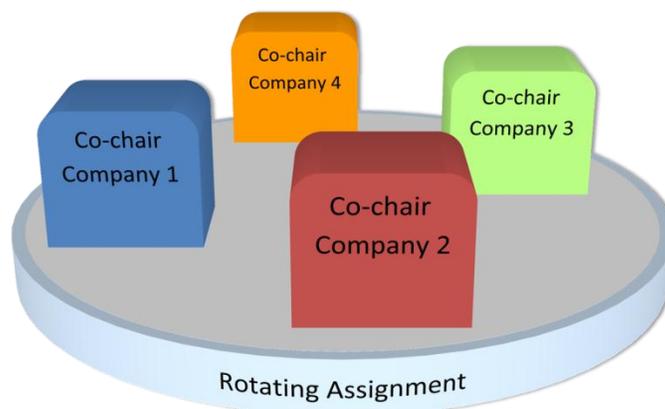
expertise and detailed project knowledge required by the Leadership Team. The sales or purchasing representatives are the front door to intercompany relationships, provide valuable assistance in interpreting contract language, and are generally required in most companies to seal any agreements. Perhaps most importantly, the purchasing and sales representatives provide a higher level of objectivity than that of the project managers or sponsors since they are not as intimately involved in the project details. This is extremely valuable when trying to resolve significant highly emotional inter-company project issues.

Creating a Leadership Team

The customer frequently carries out initiation of the Leadership Team because they have the greatest influence with all parties in the project. However, other key parties such as the OEM, architect, general contractor, or engineering house can also initiate the process provided they have the full support of the customer. Unlike internal company project teams where assignments are made within the company's organizational structure, participation on the project Leadership Team is purely voluntary, particularly for the project sponsors. Since this represents a role that is out of the ordinary for the typical project sponsor, the initiator must identify and meet personally with each sponsor to sell the Leadership Team process and secure their voluntary commitment to participate.

Once agreement of voluntary participation has been received from all participants, the team formation process can begin. Since the team is made up of sponsors that are peers, it is best to structure the initial team building with co-chairs and rotate the assignment in subsequent meetings (Figure 2). The customer sponsor is one of the co-chairs and the other co-chair is the initiating company's sponsor or, if the customer is initiating the team, the customer selects a co-chair at their discretion. The co-chairs agree on which suppliers are critical and should be invited into the Leadership Team. The initiating company has responsibility for all planning related to the Leadership Team formation event, while the co-chair provides the facility and acts as host for the event. The event requires a face-to-face meeting of all participants and generally takes two days. Deliverables from the team formation event include the following: contact list, team norms, organizational charts, team situational matrix chart, mission statement, goals, and brainstorming list.

Figure 2: Rotating Co-Chairs for Team Leadership



Leadership Team Benefits

The benefits of the project Leadership Team are many. It facilitates the coordination and integration of the individual company project teams. Without the project Leadership Team, the project sponsors would only meet in confrontational situations when problems arise in the project. The trust and respect built into the Leadership Team, along with ongoing project monitoring, often allows project sponsors to resolve issues early with a simple phone call. The existence of the Leadership Team also raises the importance of the project within all participating companies by virtue of their organizations seeing the personal involvement of their project sponsors in the project. It provides a critical mechanism for expediting or resolving issues that are delayed or cannot be solved in normal project development. Regular Leadership Team meetings provide a series of events in the project timeline common to all participating companies that drives a sense of urgency in meeting deadlines, resolving problems, and making decisions. In these meetings the project sponsors are informed of project progress not only from their own company's perspective, but also from the other participants' viewpoints. The Leadership Team provides a chance to surface opportunities to improve project performance and results.

Participants often identify opportunities to leverage other projects in their respective companies to aid the success of the Leadership Team's project by virtue of their broad range of involvement in these other projects. The participants are able to demonstrate the value and capabilities of their respective companies through their creative contributions and performance on the project that can lead to future business opportunities. The relationships developed through this process carryover to benefit other activities the companies are jointly involved with as well, even after the Leadership Team project has been completed and closed out.

We have all heard the adage that in a really successful team the results are greater than the sum of the individual contributors. This is true of project Leadership Teams as well. Project success can far exceed the individual company's success. In one case, as the customer we purchased seven machines that were projected to meet all of the division's needs for the next ten years. This project was so successful it set a world productivity benchmark over 25% higher than previously achieved. This created more capacity than expected and caused us to process every part possible into these systems. Within two years, we used up that surplus capacity and purchased four more systems from the same OEM and suppliers.

In another case, four systems were purchased from a long time established OEM that was the technology leader for that type system. In the middle of installing the first two systems, the OEM declared bankruptcy and closed its doors. The contract was breached. Normally the project would have been shut down, everyone would have lost significantly, the customer would not have had access to the technology, and starting over would have seriously delayed the customer's access to that capacity. In addition, one or more of the suppliers were so heavily committed with material to the bankrupt OEM that they would have had to declare bankruptcy as well. The project Leadership Team, even with the loss of the critical OEM member, successfully completed the two installations meeting the customer's budget and performance goals with minimal slippage in timing. In addition another OEM accepted the original contract

for the final two systems, the project Leadership Team was reformulated with the new OEM and the other original suppliers, and the final two systems were delivered without incident to the customer's revised timeline. The relationships and success experienced by the customer and the new OEM on previous project Leadership Teams was one of the factors in awarding the bankrupt OEM's contract to the second OEM.

Rewards and Success!

As a project sponsor, regardless of which company you represent, you will find your participation on the team to be very rewarding. It will give you a perspective of your project like none other and will open up possibilities you had never thought of before. As a project manager, the Leadership Team allows you to surface and resolve issues which were previously outside your control. The Leadership Team concept elevates the stature of your project within your company, as well as the other participants, making you more effective and providing a disciplined review process that helps control project quality, timing, and cost. For sales or purchasing representatives, the Leadership Team is a huge advantage in building critical customer-supplier relationships. It provides a depth of knowledge about the capabilities of the participants as well as the needs and wants of the customer. It allows the sales or purchasing manager to monitor the overall execution of the contract to ensure all terms are met.

The Project Leadership Team is not the cure all for all your project problems, but when combined with a solid project management process like the one spelled out by the Project Management Institute, it will significantly increase both the frequency and magnitude of success in your projects. The project Leadership Team concept has no down side, so if you are a manager that believes in the power of teams and disciplined project management, it is an opportunity with great rewards!

Dean Baker has an extensive background in project management and team building, and is highly skilled at organizing multi-company, multi-divisional, and multi-departmental projects to improve a company's productivity and speed of implementation. He is a Principal in Fulcrum Edge, Inc. a business advisory firm serving leaders in business. Dean has a Bachelor of Science degree in Electrical Engineering from General Motors Institute (Kettering University) and a Master's degree in Electric Engineering from the University of Michigan, and is a certified Project Management Professional®. He is also the author of *Multi-Company Project Management: Maximizing Business Results through Strategic Collaboration*.