

# Project Portfolio Management: Global Implementation

## Case Study

### Introduction

A global organization with integrated manufacturing and project operations was experiencing three to five points of margin degradation on projects due to cost overruns. The business unit operated from over 50 worldwide locations with an average of 4,000 active projects ranging in size from \$50,000 to over \$200 million. In addition to the cost overruns, project performance was highly variable making financial forecasting extremely difficult.

One region had successfully implemented standards for project management and controls with positive results. The leadership team decided to expand the model globally with the objectives of stopping the losses and driving productivity improvement.

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### Key Issues

The following issues framed the effort and set the priorities for development and implementation.

- The global business had developed in a decentralized manner resulting in a broad spectrum of business models, structures, and systems.
- The business model had shifted from manufacturing-centric to project-centric with mixed results. Most countries were incurring significant losses on projects and the causes were fundamental in nature.
- The business discipline of project controls was not globally recognized, and resistance to change was significant.
- The globalization push and shift to the project-centric model had a significant impact on manufacturing and supply chain operations to the point that they were combined with project operations. This placed additional requirements on project planning and controls, to provide integrated manufacturing demand signals to the factories.
- Business practices and cultures varied significantly from country to country and the standard model had to be localized to ensure success.

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## **Role**

The role of our consultant was to provide the following:

- Define and implement the business processes, procedures, and standards necessary for the effective planning, management, and control of projects in each country.
  - Develop and deploy the systems and tools to reinforce the processes and enable the organization to plan and control projects as well as optimize the global supply chain for manufacturing.
  - Create the job classifications, job descriptions, career path, organization structure, compensation model, and training curriculum for project controls in each country.
  - Adopt approaches, tools, and methods to diverse local cultures and systems to ensure successful global implementation.
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## **Deliverables**

An integrated approach with strong linkage between the processes, systems, and organizations was employed to increase the likelihood of success. The initial focus was developing standard work processes, data structures, templates, and terminology.

These definitions framed a model for the global configuration and implementation of the WinEst Estimating, Oracle Project Accounting, and Primavera Enterprise systems. These enterprise level systems were used to both capture and reinforce the global model, while allowing the localization needed to ensure use.

The global model was further localized through the creation of project controls organizations that were integrated into project operations at each location. Extensive training and support systems were developed and deployed to ensure the acceptance and success of the organization.

## **Results**

A global project controls organization was created with over 120 employees in over 30 countries throughout the Americas, Europe, the Middle East, and Asia-Pacific. The organization was locally embraced in most cases by both the project managers and local management team.

Project performance improved with both reduced variability and increased delivered margin. The new organization and systems enabled standard global project execution, project controls, risk management, and review processes that resulted in \$32 million improvement in delivered project gross margin performance over a four year period.