Better Performance through Better Project Management

ACEC Indiana – Engineering Leadership Program
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Presented by: Brad Wilson, PSMJ Resources
## Traits of the Best Project Manager You Know?

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
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Traits of the Best PMs
as Defined by a Major Client

1. Follows through
   - On his/her commitments
   - On others’ commitments

2. Good listener

3. Proactive

4. On top of every aspect of the job

5. Leads by example

6. Good communicator

7. Backs decisions of team members

8. Organized

9. Handles multiple priorities well

10. Technically proficient

11. Holds people accountable

12. Delegates well
# The Most Successful PMs

<table>
<thead>
<tr>
<th>Strong Project Manager</th>
<th>Project Administrator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manages the proposal effort</td>
<td>Little involvement in marketing</td>
</tr>
<tr>
<td>Prepares the fee budget</td>
<td>Gets fee budgets from others</td>
</tr>
<tr>
<td>Participates in fee negotiation</td>
<td>Accepts whatever is negotiated</td>
</tr>
<tr>
<td>Participates in team selection</td>
<td>Relies on dept. heads for staffing</td>
</tr>
<tr>
<td>Gets non-performers removed</td>
<td>Blames dept. heads for poor performers</td>
</tr>
<tr>
<td>Controls technical direction</td>
<td>Delegates tech. matters to dept. heads</td>
</tr>
<tr>
<td>Controls budget &amp; schedule</td>
<td>Monitors budget &amp; schedule</td>
</tr>
<tr>
<td>Maintains rapport with client</td>
<td>Reports status to client</td>
</tr>
<tr>
<td>Directs fee collection efforts</td>
<td>Lets accounting handle collections</td>
</tr>
<tr>
<td>Accountable for success or failure</td>
<td>Keeps records of who is responsible</td>
</tr>
</tbody>
</table>
# How Principals Work with Strong PMs

<table>
<thead>
<tr>
<th>Issue</th>
<th>Project Manager</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee Proposals</td>
<td>Prepares</td>
<td>Approves</td>
</tr>
<tr>
<td>Fee Negotiation</td>
<td>Participates</td>
<td>Directs</td>
</tr>
<tr>
<td>Team Selection</td>
<td>Requests</td>
<td>Assigns</td>
</tr>
<tr>
<td>Removing Non-Performers</td>
<td>Recommends</td>
<td>Approves</td>
</tr>
<tr>
<td>Technical Decisions</td>
<td>Controls</td>
<td>Recommends</td>
</tr>
<tr>
<td>Client Relations</td>
<td>Maintains</td>
<td>Oversees</td>
</tr>
<tr>
<td>Future Work</td>
<td>Secures</td>
<td>Approves</td>
</tr>
<tr>
<td>Accountability</td>
<td>Maintains</td>
<td>Rewards</td>
</tr>
</tbody>
</table>
Roles of the Project Manager

**Traditional Roles**
1. Planning
2. Organizing
3. Directing
4. Controlling
5. Technical

**Marketing Roles**
1. Expand the Scope of Work
2. Get the Client Back
3. Actively Secure Referrals
4. Close the Deal
5. Sell All Your Firm’s Services
6. Passive Marketing/Client Touches
7. IFBP

**Financial Roles**
8. Earn the Profit
9. Bill the Client
10. Secure Payment
Project Manager Sins

4. Letting the job get into trouble

3. Not knowing it’s in trouble

2. Knowing it’s in trouble and not asking for help

1. Hiding the fact that it’s in trouble
Levels of PM Organizational Maturity

1. Principals perform (and manage) all projects
2. Principals manage all projects; non-principals do the work
3. Non-principals manage small projects and/or tasks on large projects
4. Principals designate PMs (often called “Associates”) who perform some PM duties
5. Principals turn over all PM duties to PMs
6. Principals develop a team approach with PMs
7. PMs become a principal-level position
PSMJ’s Top 20 Excuses for Project Failure

1. The project team was full of incompetents.
2. I didn’t have enough time.
3. The client kept making changes.
4. The budget was unrealistic.
5. I couldn’t get enough help.
6. Working for that client is impossible!
7. I couldn’t get the information I needed from accounting.
8. The schedule was unrealistic.
9. Everyone kept charging to the job.
10. _____ was taken off the job at the worst possible time.
11. I wasn’t given enough authority.
12. The designers wouldn’t stop designing.
13. The contractor didn’t understand the job.
14. This job was unique.
15. The building department is full of idiots.
16. Principals kept charging to the job.
17. The subs would not cooperate.
18. The word processing people kept getting pulled off my job.
19. _______ quit and left me holding the bag.
20. The CADD operators didn’t know what they were doing.
Leadership vs. Management: What is the Difference?

**Leadership is Transformational**
...creating new possibilities

**Management is Transactional**
...day to day activities
Leaders vs. Managers

1. The Leader
   - Does the right things
   - Creates a better system
   - Motivates people
   - Focuses on achieving the vision
   - Looks for long-term effectiveness

1. The Manager
   - Does things right
   - Improves the system
   - Directs peoples’ activities
   - Focuses on the job at hand
   - Looks for short-term achievements
Attributes of a Leader

1. Vision
2. Focus
3. Ethical
4. Flexibility

1. Optimism
2. Energy
3. Courage
4. Team builder
Mistaken Leadership Attributes

1. Loyalty
1. Hard worker
2. Popular with clients
3. Good designer
Ten Commandments of Leadership

1. Treat everyone with respect
2. Set an example for others to follow
3. Be an active coach
4. Insist on excellence and accountability
5. Maintain high standards of integrity

1. Build group pride
2. Show confidence in your people
3. Maintain a sense of urgency
4. Be available and visible
5. Continually develop your own skills
Leadership Development
Action Plan

1. Walk the Talk – visibly demonstrate the Ten Commandments of Leadership
2. Mentor, mentor, mentor – senior management needs personal responsibility to develop new leaders
3. Accountability – make the Ten Commandments of Leadership part of your performance appraisals
4. Culture – reward leadership first
Personality Traits

Assertive

- 0
- 5
- 10

Responsive

- 0
- 5
- 10
Personality Traits

Responsive

Assertive
## Personality Traits

### Driver (Control Taker)
- Pushy
- Severe
- Tough Minded
- Dominating
- Harsh
- Determined
- Requiring
- Thorough
- Decisive
- Efficient

### Expressive (Emotional)
- Manipulative
- Excitable
- Undisciplined
- Reacting
- Promotional
- Personable
- Stimulating
- Enthusiastic
- Dramatic
- Gregarious

### Analytic (Data Collector)
- Critical
- Indecisive
- Stuffy
- Exacting
- Moralistic
- Industrious
- Persistent
- Serious
- Vigilant
- Orderly

### Amiable (Friendly)
- Conforming
- Retiring
- Pliable
- Dependent
- Awkward
- Supportive
- Respectful
- Willing
- Dependable
- Agreeable
Maslow’s Hierarchy

Physiological

Basic Needs

Security

Assurance of Basic Needs

Social

Membership Inclusion

Self-Esteem

Competence Achievement

Autonomy

Self Actualization

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### Job vs. Career Personnel

#### Motivational Factors
1. Challenge
2. Responsibility
3. Professional Advancement
4. Personal Development

#### Hygiene Factors
1. Money
2. Fringe Benefits
3. Office Space
4. Titles
Improving Employee Quality

Number of Employees vs. Quality of Employees

- Yellow
- Red, Green, Blue

Average Employee Quality
Where Have All the People Gone?

Bachelors Degrees Since 1986
(Source: Engineering Workforce Commission)

Percent Change Since 1986

Overall
Engineering
Working the Pipelines

LEADS → PROJECTS

RESUMES → EMPLOYEES
Who Do You Want to Hire?

1. Team Players

2. Technical and Business Savvy

3. Oral and Written Communications Skill

4. Experience vs “The Right Stuff”
Pruning the Bushes

1. Let everyone know your HR management philosophy.

2. View temporary slowdowns as opportunities.

3. Once you have decided to amputate your hand, don’t do it one finger at a time.

4. Treat departing employees with respect.
Costs & Benefits of Employee Turnover

**Costs -- $10,000 - $20,000 per exempt employee**

1. Training cost for replacement
2. Lost productivity (learning curve)
3. Lost capability
4. Impact on client relations
5. Disruption during transition to new employee
6. Impact on employee morale

**Benefits -- Non-quantifiable, but significant**

1. Elimination of marginal performers
2. Reduces “salary creep”
3. Increases advancement opportunities for younger staff
4. Infusion of new talents, approaches, ideas
Employee Turnover Rate vs. Profitability

Profitability

Employee Turnover Rate
Project Management Flow Diagram

Define Project Scope and Services

Setup Project Schedule

Setup Project Budget

Identify Project Team

Agreement For Services

- Scope
- Scope Changes
- Responsibilities
- Schedule
- Terms of Payment

Prepare Quality Plan

Monitor Scope

Monitor Schedule

Monitor Budget

Communication

- Regular Meetings with Action Minutes
- Circulate Correspondence
- Telephone Conversation Records
- Talk to Team Regular Frequency
- Talk to Client with Regular Frequency

Action & Control

- Scope Change Reports
- Progress Reports
- Schedule Revisions
- Staffing Changes
- Change Adverse Trends
- Monitor Quality Plan
- Documentation to Files

Project Completion Analysis

- Follow up with Client to Ensure Satisfaction
- Review Project Team Member Performance
- Complete Actual Schedule to Planned Schedule Analysis
- Complete Actual Budget to Planned Budget Analysis
Planning the Project

1. When Should You Begin to Plan?

2. The Objectives of Planning

3. Goals vs. Tasks vs. Priorities

4. Elements of a Project Management Plan (PMP)

5. Crisis Prevention/Risk Management
Elements of a Project Mgmt Plan

1. Goals & Objectives
2. Scope
3. Schedule
4. Financial Plan
5. Team Organization, Resources, Responsibilities
6. Quality Control Process
7. Change Management Process
8. Communication Plan
9. Contingency/Risk Management Plan
The Assistant Project Manager

1. Official or Unofficial?
2. Performs specific PM tasks
3. Pinch hits during PM’s absence
4. Allows PM to handle more jobs
5. Accelerates development of new PMs
   - Build a relationship with a targeted client contact
   - Suggest a value added idea at a client meeting
   - Attend client meetings to observe dynamics
   - Prepare project close-out and lessons-learned

Client
  └── PIC
     │
     └── Project Manager
         └── Assistant PM
             ├── Arch
             ├── Civil
             └── Mech
                 └── Elec

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Why Are We So Bad at Teamwork?

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐
Why Teams Fail

1. No Clear Vision
2. Poor Team Behavior
3. Focus on Personalities
4. Lack of Feedback

1. Lack of Team Purpose
2. Personal Agendas
3. Unwilling to Participate
4. Value Conflicts
# Characteristics of Effective Teams

1. Collective AND Individual Accountability

2. “Atmosphere” is relaxed

3. Lots of discussion

4. Objective well understood

5. Members listen to each other

1. Most decisions by consensus

2. Constructive disagreements

3. Criticism is comfortable

4. Clear assignments made & accepted

5. Leadership shifts from time to time
The “Static” View of Delegation

- Your time to do the task
- Your time to delegate it
- Delegatee's time to do it
Delegation Aerobics

- Your time to delegate the task
- Delegatee's time to do the task
- Time spent doing it yourself

Number of Iterations

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Delegation Aerobics

Number of Iterations

- Your time to delegate the task
- Delegatee's time to do the task
- Time spent doing it yourself
Ten Steps to Better Delegation

1. Select the right person
2. Provide all the available information
3. Ask what additional information is needed
4. Clearly define the product you expect
5. Agree on the proper approach
6. Agree on a completion date
7. Agree on a level of effort
8. Establish control mechanisms (MBWA & MBAQ)
9. Expect the product to be 30% different; 10% wrong
10. Give credit; take blame
When vendors, consultants, and contractors asked the President of Intel Corporation how they can get more work from the giant chip manufacturer, he told them:

“Go out and learn how to make chips. Then come back and help us do it better.”
WHY DO CUSTOMERS DEFECT?

- Indifference by Supplier: 68%
- Service Dissatisfaction: 14%
- Price: 9%
- New Business Relationship: 5%
- Other: 4%

Total: 100%
Battling “Indifference”

1. Managing your Client
2. Superior Client Service
3. Keeping Relationships Fresh
4. Proactive Communication
Passive Marketing/ Touching Clients

1. Forward an article about a client’s business
2. Forward info on new legislation affecting them
3. Send a book about strategies in their business
4. All phone calls equal one touch

1. Send clippings on other projects or industry trends
2. Send a handy tool or checklist that makes their job easier
3. Thank you notes
4. Lunches & Breakfasts
5. Company Newsletters
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<th>Annual Revenue Generation</th>
<th>Marketing Budget Consumption</th>
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<tr>
<td>Repeat clients = ______%</td>
<td>Repeat clients = ______%</td>
</tr>
<tr>
<td>New clients = ______%</td>
<td>New clients = ______%</td>
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**Critical Success Factors in Managing Your Client**

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<tr>
<th>Leadership</th>
<th>Management</th>
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<tr>
<td>1. Know your client</td>
<td>1. Maintain focus</td>
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<tr>
<td>2. Understand your client’s business</td>
<td>2. Be responsive</td>
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<tr>
<td>3. Be an equal partner</td>
<td>3. Meet commitments</td>
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<tr>
<td>4. Foster trust</td>
<td>4. Communicate effectively</td>
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<tr>
<td>5. Demonstrate credibility</td>
<td>5. Be prepared</td>
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<tr>
<td>6. Anticipate – Don’t React</td>
<td>6. Be persistent when you need input</td>
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No Surprises!!!!!!
How Well Do You Know Your Client?

1. Who does your client report to?
2. Why are they organized the way they are?
3. What are their strategic drivers?
4. Where do the decision makers sit?
5. What do they value and expect in their relationship with you?
6. What do they read?
7. What is their career path?
8. What are their outside interests?
9. What hassles can you remove from their life?
How Satisfied Are Your Clients?

1. Solicit feedback (1 page surveys)

2. Send clients a piece of paper marked “How Can We Do Better?” (Include the pen and postage paid envelope)

3. Ask clients to keep a sheet entitled “Things Consultants Do That Bug Me”

4. Collect, Summarize, Share, Do It Again!!!!!

Keeping Clients Happy = Keeping Clients
The 5 *Be’s* to Superior Client Service

1. **Be Accessible:** easy to be contacted

2. **Be Responsive:** adapt to client needs

3. **Be a Closer:** do what you say you will do

4. **Be Quick to Correct:** bad news doesn’t get better with age

5. **Be Passionate:** it’s contagious
Presenting Bad News - Spin Control

1. Get bad news out as early as possible
2. Make sure clients hear it from you first
3. Take responsibility immediately
4. Present alternatives
5. “Your first loss is your last loss”
Seven Steps to Managing a Crisis

1. Don’t react immediately - THINK
2. Define the problem (not just the symptoms)
3. Identify all the alternatives
4. Don’t assess blame
5. Select the alternative(s) you believe will work
6. Take positive, authoritative action
7. When the dust settles, assess the results
Managing Change

1. Define the change management process as part of the PMP
2. Always embrace client change with great enthusiasm
3. **DO NOT** avoid the discussion on impacts to scope, schedule or budget
4. Present the consequences of the change
   - Let the client decide on implementation
5. Define Freeze-Milestones and Client-Decision Matrix
Going to the Client for More Money

1. Plan early.
2. Establish the change order procedure up front.
3. Get immediate concurrence from the client of changes.
4. Keep good documentation.
5. Limit small changes (aka, scope creep).
6. Never agree to do extra work without authorization.
7. When in doubt, ask for the money!
Building a Strong Project Management Structure

1. Diagnose the problems (PM audit)
2. Install a foundation based on earned value tracking
3. Train your PMs
4. Conduct regular project reviews
What is “Net Revenue Deficit”?

- Uncollectible A/R
- Unbillable WIP
- Over budget
- Negotiations
- Proposal cut

Direct Labor Multiplier

Target

Net Revenue Deficit

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What Causes “Net Revenue Deficits”?

NRD = \( \sum (\text{Project Write-downs} - \text{Project Write-ups}) \)

Annual Net Revenue

1. Fee reductions
2. Jobs in budget trouble
3. Jobs with potential quality/liability problems
4. Charges to jobs w/o contracts
5. Delays in getting charges keyed into accounting
6. Delays in getting charges billed
7. Late payment
8. Jobs with unusually high risks
How Can You Generate a Net Revenue Surplus?

<table>
<thead>
<tr>
<th>D.L. Multiplier</th>
<th>Target Multiplier Viewed as a Ceiling</th>
<th>Target Multiplier Viewed as a Floor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proposal Cut</td>
<td>Achieved Multiplier</td>
</tr>
<tr>
<td></td>
<td>Over Budget</td>
<td>Incentive Fees</td>
</tr>
<tr>
<td></td>
<td>A/R Write-off</td>
<td>L.S. Jobs Under Budget</td>
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</tbody>
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- Proposal Cut
- Over Budget
- A/R Write-off
- Achieved Multiplier
- Target Multiplier
- Negotiation Cut
- Incentive Fees
- L.S. Jobs Under Budget
Method #1: Upward Budgeting

Proposed Fee = Contingency + Expenses (ODCs)

Profit + Total Cost = Overhead Rate \times Direct Labor = Hourly Rate \times Staff Hours

WBS (Task Outline) \longrightarrow Initial Goal
Method #2: Downward Budgeting

- Achievable Fee
  - Contingency
  - Expenses (ODCs)

Total Cost

Profit

Direct Labor

Overhead Rate

Hourly Rate

Staff Hours

WBS (Task Outline)

Initial Scope

Billing Rates

\[
\text{Hourly Rate} = \frac{\text{Direct Labor}}{\text{Overhead Rate}}
\]

\[
\text{Total Cost} = \frac{\text{Profit} - \text{Expenses (ODCs)} - \text{Contingency} - \text{Achievable Fee}}{\text{WBS (Task Outline)}}
\]

\[
\text{Staff Hours} = \frac{\text{Total Cost}}{\text{Hourly Rate}}
\]
A Little Quiz

<table>
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<tr>
<th>Your Project</th>
<th>Present Status</th>
<th>What’s the % Complete?</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000 Budget 10-Month Schedule</td>
<td>$40,000 Spent 6 Months Spent</td>
<td>□ 30% □ 40% □ 50% □ 60% □ 70%</td>
</tr>
</tbody>
</table>
How Does This Project Look?

Fee = $200,000
Forecast Cost = $173,790
Planned Profit = $26,210

Planned Expenditures
Actual Expenditures
What Happened on the Way to the Bank?

Fee = $200,000
Final Cost = $214,873
Project Loss = $14,873

Planned Expenditures
Actual Expenditures
You Can Avoid This Problem By Using the EAC Method

1. Take out separate accounting codes for each task/activity
2. To assess status, generate a forecast to complete (FTC) for each task/activity
3. Get actual expenditures from Accounting for each task/activity
4. Add Steps 2 and 3 to determine the Estimate at Completion (EAC)
Problems With the EAC Method

1. You need lots of job cost account numbers
2. Team members don’t charge their time to correct account numbers
3. PM ends up being a “timesheet cop”
4. Team has to estimate forecast to complete each month
PSMJ’s Simplified 4-Step EVA Method

1. Prepare an expenditure forecast
   - Convert expenditure forecast to a progress forecast
   - Change the baseline only if the contract is amended

2. Estimate progress for each task

3. Compute overall progress

4. Actual expenditures from accounting

Project Status
- Schedule (Step 3 vs. Step 1)
- Budget (Step 3 vs. Step 4)
## Cost/ Schedule Breakdown

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Budget</th>
<th>Start</th>
<th>Finish</th>
</tr>
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<tbody>
<tr>
<td>A. Develop Background</td>
<td>30,390</td>
<td>1/1/2000</td>
<td>1/6/2000</td>
</tr>
<tr>
<td>B. Conduct Case Study</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Evaluate Costs for Case Studies</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G. Project Reporting</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Topical Reports</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Background Data</td>
<td>24,440</td>
<td>7/1/2000</td>
<td>8/30/2000</td>
</tr>
<tr>
<td>b. Case Study Site Visits</td>
<td>24,440</td>
<td>10/1/2000</td>
<td>11/30/2000</td>
</tr>
</tbody>
</table>
Projected Expenditures and Planned Progress

Fee = $200,000
Forecast Cost = $173,790
Planned Profit = $26,210

Projected Expenditures
Planned Progress
# Earned Value Calculation

**Current Date = July 1**

<table>
<thead>
<tr>
<th>Task Description</th>
<th>Task Budget</th>
<th>Percent Complete</th>
<th>Earned Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Develop Background Data</td>
<td>$13,140</td>
<td>65%</td>
<td>$8,541</td>
</tr>
<tr>
<td>B. Conduct Case Studies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Select Case Study Sites</td>
<td>2,920</td>
<td>100%</td>
<td>2,920</td>
</tr>
<tr>
<td>2. Prepare Briefing Documents</td>
<td>2,960</td>
<td>100%</td>
<td>2,960</td>
</tr>
<tr>
<td>3. Develop Data Management Plan</td>
<td>7,650</td>
<td>100%</td>
<td>7,650</td>
</tr>
<tr>
<td>4. Visit Case Study Sites</td>
<td>19,700</td>
<td>20%</td>
<td>3,940</td>
</tr>
<tr>
<td>5. Analyze Waste Samples</td>
<td>17,500</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>C. Evaluate Costs for Case Studies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Develop Cost Models</td>
<td>8,060</td>
<td>10%</td>
<td>806</td>
</tr>
<tr>
<td>2. Perform Preliminary Designs</td>
<td>10,860</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>3. Estimate Costs</td>
<td>8,820</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>D. Evaluate Potential for Treatment</td>
<td>4,420</td>
<td>30%</td>
<td>1,326</td>
</tr>
<tr>
<td>E. Assess Cost Impacts</td>
<td>5,260</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>F. Evaluate Cost Impact Models</td>
<td>6,240</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>G. Project Reporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Topical Reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Background Data</td>
<td>8,940</td>
<td>10%</td>
<td>894</td>
</tr>
<tr>
<td>b. Case Study Site Visits</td>
<td>8,940</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>c. Waste Sampling</td>
<td>8,940</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>2. Draft Report</td>
<td>18,100</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>3. Final Report</td>
<td>7,940</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>H. Project Management</td>
<td>13,400</td>
<td>25%</td>
<td>3,350</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$173,790</strong></td>
<td></td>
<td><strong>$32,387</strong></td>
</tr>
</tbody>
</table>
What is the Project Schedule Status?

Fee = $200,000
Forecast Cost = $173,790
Planned Profit = $26,210

Projected Expenditures
Earned Value

1-Jan 1-Feb 1-Mar 1-Apr 1-May 1-Jun 1-Jul 1-Aug 1-Sep 1-Oct 1-Nov 1-Dec 1-Jan
## Are Your PMs Drowning in Data?

<table>
<thead>
<tr>
<th>One Firm’s Accounting Reports to PMs</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Division Time Analysis</td>
</tr>
<tr>
<td>- Percent Chargeable</td>
</tr>
<tr>
<td>- Detail Verification</td>
</tr>
<tr>
<td>- Invalid Transaction Report</td>
</tr>
<tr>
<td>- Division Aging Report</td>
</tr>
<tr>
<td>- Active Projects with Completion Dates within 30 Days</td>
</tr>
<tr>
<td>- Unauthorized Expenditure Detail Report</td>
</tr>
<tr>
<td>- Active Projects w/Unauthorized Items</td>
</tr>
<tr>
<td>- Authorization Listing</td>
</tr>
<tr>
<td>- Items Made Non-Billable during Period X</td>
</tr>
<tr>
<td>- Revenue Write-offs during Period X</td>
</tr>
<tr>
<td>- Unbilled Receivable/ Undistributed Revenue – Audit</td>
</tr>
<tr>
<td>- Unbilled Receivable/ Undistributed Cost Aging</td>
</tr>
<tr>
<td>- Manager’s Project Status</td>
</tr>
<tr>
<td>- Operating Statement</td>
</tr>
<tr>
<td>- Budget &amp; Expense Report</td>
</tr>
<tr>
<td>- Budget &amp; Expense Exception</td>
</tr>
<tr>
<td>- Near-Term Financial Action</td>
</tr>
</tbody>
</table>
The 5 Numbers PMs Really Need

1. Labor Detail
2. Direct Cost Detail

Weekly

Other Numbers
• WIP
• A/R
• Billing

Accounting Tells Us Project-To-Date Costs
$44,000 as of June 30

Inception-to-Date

3. Labor Costs
4. Direct Costs
5. Subcontractor Costs

PMs Really Need

Weekly

Accounting Tells Us Project-To-Date Costs
$44,000 as of June 30

Inception-to-Date
It’s Not Too Late to Recover the Original Financial Forecast

Fee = $200,000
Forecast Cost = $173,790
Planned Profit = $26,210

- Planned Expenditures
- Actual Expenditures
- Earned Value

PSMJ Resources, Inc.
With Practice, You’ll Learn to Read the Clues

How Can Earned Value Go Down?

- Planned Value (Blue)
- Actual Costs (Red)
- Earned Value (Green)

![Graph showing the decrease in earned value with time.](image-url)
What Does a Principal Need to Know?

1. Is the job set up properly in the accounting system?
2. Has a PM Plan been prepared and distributed to the team?
3. Are there pending change orders that need to be formalized?
4. Has the job been billed recently?
5. Are payments current?
6. Is the job running over or under budget? If not, what corrective actions are being taken?
7. Is the project on schedule? If not, what corrective actions are being taken?
8. Are the firm’s QA requirements being followed?
9. Is the client happy?
Common Pitfalls in Implementing Project Reviews

1. Allowing PMs to select which projects are to be reviewed
2. Scheduling reviews “when time is available”
3. Doing the reviews for the benefit of corporate managers
4. Making reviews optional at the business unit level
5. Beating up PMs who present unfavorable project status
6. Not dealing with PMs who “don’t get it”
And How to Avoid Them

1. Require every PM to present one project per month
2. Don’t try to review every project every month
3. Dedicate 1 to 2 days every month for Project Reviews
4. Put dates for Project Reviews on your Fiscal Calendar, within 2 weeks after the close of an accounting period
5. Publish list of projects, subject to review that month, 1 to 2 days before the reviews
6. Follow up on PMs’ action items from the prior reviews
7. Tweak the process as you gain experience
8. Don’t forget, it is not an inquisition, it is a coaching opportunity
9. Accept that 20% of your PMs won’t “get it” – and deal with them appropriately
One Firm’s Project Review Process

1. All PMs will submit Earned Value reports to their Office Managers each month.
   - PlanTrax® for fees > $100,000
   - PlanTrax® Lite for fees < $100,000 (or PlanTrax® if PM prefers)

2. Each Office Manager in conjunction with the Regional Manager will select a day each month to conduct project reviews. Time allocated will be 30 to 60 minutes per PM, at the discretion of the Office Manager. Office Managers will have a schedule in place on or before November 1.

3. Office Managers will advise Regional Managers, PICs, COO and CFO which projects are scheduled for reviews each period. Regional Managers, PICs, COO and CFO will attend at their discretion (either in person or via web).

4. Each PM must present at least one project each month. If the Office Manager is also the PM, the Assistant PM will present the project.

5. Project reviews will include both PowerPoint and Excel templates (plus other clarifying management information that the PM may want to include).

6. The COO will monitor the implementation of this process.
How Many Projects Can I Manage?

Assume PM = 10% of total project hours

A. Time spent managing projects = _____ %

B. Total hours you work per year = _____ hrs/yr
   Average hours/week = _______ x 52 wks/yr = _______
   Holiday, vacation, sick = ___________ (nominally 280)

C. PM hours available = A x B = _____ hrs/yr

D. Project hours managed/year = C / 0.1 = _____ hrs/yr

E. Your firm’s average billing rate = $_____ /hour

F. Net fees you can manage = D x E = $_____ /yr

G. Net fees you actually manage = $_____ /yr

H. PM overload = G – F = $_____ /yr

Note: This calculation assumes all work is done by in-house staff. For subcontracted work, multiply by 5.
# How Do I Find Time To Do All This?

<table>
<thead>
<tr>
<th>Urgent</th>
<th>Important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
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</tr>
</tbody>
</table>
Time Management Matrix

I: Manage
II: Focus
III: Deception
IV: Waste

Urgent
Not Urgent

Important
Not Important

Source: Covey Leadership Center, Inc
Are You High Performance?

High Performance Organizations
Typical Organizations

<table>
<thead>
<tr>
<th>Urgent</th>
<th>Not Urgent</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Important</td>
<td>Not Important</td>
</tr>
<tr>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>20-25%</td>
<td>65-80%</td>
</tr>
<tr>
<td>25-30%</td>
<td>15%</td>
</tr>
<tr>
<td>III</td>
<td>IV</td>
</tr>
<tr>
<td>15%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>50-60%</td>
<td>2-3%</td>
</tr>
</tbody>
</table>

Source: Covey Leadership Center, Inc
If You Want to Learn More...

**PSMJ Resources**

1. Financial Statistics Survey
2. Fees & Pricing Survey
3. Project Management Bootcamp
4. Principals Bootcamp
5. CEO Forums on O/T and M&A
6. PSMJ Monthly Newsletter

**Other Resources**

1. “Managing the Professional Services Firm” by David Maister
2. “Good to Great” by Jim Collins
3. “Staying Small Successfully” by Frank Stasiowski
And In Conclusion…

Please fill out the evaluation form:

Call on us if we can help you

Brad Wilson
Phone: (857) 255-3204
bwilson@psmj.com

David Burstein
Phone: (770) 723-9651
dburstein@psmj.com

Sue LeComte
Phone: (857) 255-3205
slecomte@psmj.com

We hope to see you again soon!!!