Entering a new era of global business

How project management enables digital transformation

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PMI Project Management Institute

Executive insights

Digital transformation is a strategic priority for forward-thinking organisations of every kind. Executives and subject matter experts recently shared their thoughts on the intersection of project management and the digital world

Clare Mortimer, executive partner – GBS cognitive and analytics, IBM:

"Clients are getting to grips with what their information estate looks like. It's no longer just the information that you hold but the information that's available through publicly exposed data or what can be acquired from third parties. Organisations are figuring out how to use this larger data set to interact with users, customers and citizens in a different way. And because there is not only more data available but it can be accessed in a more consistent way, it facilitates better risk-based decision-making."

Tony Meggs, chief executive, Infrastructure and Projects Authority:

"One of our most important pieces of work has been the creation of the Seven Lenses of Transformation. These are: Vision – do you have a clear and aligned vision of the desired outcome? Design – how will the organisation be configured? Collaboration – are you collaborating with all affected stakeholders? Planning – do you have plans set out in realistic delivery phases? Accountability – is it clear who is accountable? People – are you supporting people to change the way they work? Leadership – have you got the right leadership skills in place?"

Kati Arndt, associate partner, cognitive process automation practice leader, IBM:

"Digital transformation – specifically a move to automation – is an opportunity to question what needs to be done and what is the best way to get it done. It starts with looking at the process from a customer's perspective to identify the key pain points of a process and then re-imagine it."

For more information, please visit: www.pmi.org.uk

Maria Hedwall, senior director, innovative medicine operations project management, AstraZeneca:

"We believe that science and project management need to go hand-in-hand because drug development is so costly and the stakes are so high. By building project management excellence and robust product management capabilities, we are now in a much better position to deal with complex projects, focusing on getting the 5Rs right: the target, the patient, the tissue, the safety and the commercial potential." *(Ref Morgan et al., 2018 Nature Reviews Drug Discovery)*

Stephen Broadhurst, Watson AI and Conversational Design, IBM:

"A challenge for the public sector is to think outside of narrow definitions of specific jobs and tasks and think about the overall goal of the experience the organisation as a whole is trying to deliver. There is a threat to jobs but we need to shift away from ones that we already knew weren't pleasant for the customer or the employee, automate what we can, and figure out how to reinvest both employees' and customers' time to deliver that 'wow' experience."

Penny James, vice-president, innovative medicine operations project management, AstraZeneca:

"Regardless of how much AI progresses, there has to be a level of human intervention, especially when you consider the complexity of the decision-making throughout the development and life of a drug project. Project management will benefit because as data visualisation and analysis become faster, smarter, and easier to do, project managers will be able to focus on that value-add that comes with the human element."

Successful digital transformation depends on sound project management, writes Mark A. Langley, president and CEO at Project Management Institute

Planning for the future, now

Strategies are implemented through sound and effective project, programme, and portfolio management. Yet research from Project Management Institute's *Pulse of the Profession®* global survey (2018) shows that, on average, organisations waste £99m for every £1bn invested in projects. Results are slightly worse in the United Kingdom, where organisations waste an average of £108m for every £1bn invested in projects.

The need to improve project success takes on greater urgency as organisations in both the public and private sectors, facing disruption from changing market demands and accelerated technological advances, are increasingly reliant on robust, customer-centric digital strategies. For many, such a strategy hinges on digital transformation, which occurs when an organisation adopts a technology-centered business mindset and develops an ecosystem that connects customer experience to all other business operations, including supply chain, product portfolio, partners, prospects, employees, and others.

According to a 2017 report from Forrester, *The Digital Business Imperative*, some 89 per cent of executives believed that digital would disrupt their business in the next year. For organisations to remain competitive, it said: "you must re-engineer how your business creates value for your customers in the digital age." Jim Boland, leader of IBM's Project Management Global Centre of Excellence, adds: "We're finding the forefront of digital transformation is the voice of the customer – the end customer."

Digital transformations present unique challenges. Boland observes: "One challenge is how we get our clients to put themselves in the shoes of their end customer?" Organisations, particularly large, global ones, such as banks and other financial services companies, as well as those in the public sector, often have legacy technology, ingrained ways of operating, and external partners that add to their complexity.

Adding to the challenge of digital

transformation is that organisations must be able to continue delivering the value and experiences customers demand and expect while making ongoing changes in real time, in customer-facing environments and activities.

Boland notes the paradox between the need for digitisation in traditional, heavily regulated industries, such as banking, insurance and pharmaceuticals. "There is a real challenge in bringing new solutions to the marketplace and to your customers while balancing those needs with the usual regulatory requirements that many industries have to operate within."

This is one of the reasons that PMI, the leading association delivering value for more than 3m project, programme and portfolio management professionals around the world, welcomes the European Parliament's position on the next Multiannual Financial Framework (MFF) post-2020, agreed to back in March. In particular, PMI applauds that MFF underlines the need to support the digital transformation of the European economy and the need to invest in digital skills.

Increasingly, artificial intelligence (AI) technologies – which include machine learning, speech recognition, natural language processing, and robotics – are a critical aspect of digital transformations. Karolin Nakonz, public sector leader, cognitive process transformation consulting practice at IBM, confirms: "We did a study last year of public sector clients at the C-Suite level and every one had [these technologies] on the road map, from both an awareness and commitment perspective."

These technologies clearly hold enormous potential for business and society, across each industry and sector – from healthcare to

transportation to national security. And they offer the twin promise of being able to improve both the customer experience as well as project managers' ability to perform their jobs, which ultimately means greater likelihood of success for the execution of these initiatives. For example, among the 143 projects that comprise the current Government Major Project Portfolio is the HM Courts Reform, which will modernise the way people interface with the courts service.

From the consumer's or citizen's perspective, these technologies offer the promise of a level of consistency and accuracy in seeking and getting information. Take chatbots, for instance. Nakonz says: "We're finding that customer satisfaction improves with well designed and implemented chatbots. Compared

to live call agents, they are available 24/7 and often handle queries more accurately and consistently. Studies show that it's realistic to aim to deflect between 40 and 80 per cent of common customer service inquiries to chatbots. This then frees up time for live call agents to focus on more complex cases."

Technology will clearly continue to automate many of the more routine – sometimes tedious – aspects of the project manager's job: scheduling, gathering requirements and identifying resources. This could represent a seismic shift in how project managers spend their time. Research conducted by the *Harvard Business Review* has found that as much as 54 per cent of a project manager's time is dominated by administrative concerns like scheduling.

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What AI can't do are tasks that require a higher level of emotional intelligence or strategic thinking: leading teams, giving insights, and managing stakeholder expectations. These activities still require human input and context. The European Commission eloquently noted this in its stated goal to put "the power of AI at the service of human progress".

Successful implementation of these types of projects is particularly important because of the opportunity for cost savings and the pressure to accommodate changing customer demands. Any digital transformation agenda needs to consider the channels customers want to use. "There is a massive shift in how people want to engage with organisations," says IBM's Nakonz. "Customers, especially millennials, are increasingly turning away from calling for support and opting for messaging and other self-service channels. We estimate that by 2020, 85 per cent of all customer interactions will be handled without a human agent."

While government agencies and organisations don't face the competitive pressure, she says that citizens will come to expect the same quality of experience when dealing with government.

By their nature, digital transformations never truly end, which is why excellence in project, programme and portfolio processes is critical to their success. Organisations are embracing continuous change, based on the capacity to sense and respond instantly to customer and employee behaviours. They are evolving their practices to meet the digital challenges faced by all industries and regions. And, they will continue to rely on project success as a competitive advantage to drive their organisations forward.

Technology offers consistency and accuracy

Understanding the role of the executive sponsor

Engaged executive sponsors are the top driver of project success, according to Cindy W. Anderson , vice-president, brand management at Project Management Institute

Organisations looking to increase their rate of success with strategic initiatives such as digital transformation must understand the critical role of the executive sponsor – a senior individual who acts as a champion and provides support before, during, and after the implementation of the project or programme. Research from Project Management Institute consistently points to use of actively, appropriately engaged executive sponsors as the most important factor contributing to success with strategic initiatives.

Effective executive sponsors have thorough knowledge of a project or programme and how it connects to strategy. And owing to their position and experience, they have the necessary skills and authority to clear roadblocks, the confidence to make quick and effective decisions, and the influence to champion the project with senior management.

"We know that great project leaders deliver great projects," says Tony Meggs, chief executive of Infrastructure and Projects Authority (IPA). "Part of being a great project leader is being an actively engaged sponsor as it helps ensure stakeholders are aligned and the vision is communicated effectively. In government we recognise this and support our sponsors through our world-class Major Projects Leadership Academy (MPLA), developed in partnership with Oxford Saïd Business School."

So critical is this role that it is mandated for US government projects through the Program Management Improvement and Accountability Act (PMIAA), which was signed into law in late 2016. The stakes of having poorly engaged executive sponsors are high. PMI research in collaboration with the Boston Consulting Group shows that one in three unsuccessful projects fail to meet goals due to poorly engaged executive sponsors. Forward-thinking organisations are ensuring that isn't the case.

"The sponsors are a huge part of driving not just the initial project charter, but also team engagement throughout the life of the project," says Jeff Zircher, manager for global programme management at Caterpillar. "We are really trying to close our gaps with sponsor engagement – and we plan to invest in sponsor training to help close those gaps."

The global biopharmaceutical company AstraZeneca (AZ) has focused on trying to ensure that executive sponsors spend as much time as possible on decision-making, and clear governance, and as little time as possible focusing on administrative tasks. According to Penny James, AZ's vice-president, innovative medicine operations project management : "Where we have had a real impact on increasing the effectiveness of sponsors is improving the flow and visibility of project and portfolio information – enabling increased clarity of decision-making, and governance while reducing the burden of time for routine line management tasks through better system interfaces and app-based technologies."

Digital transformations have become top priority among organisations looking to better serve their clients, customers, and constituencies. Choosing, preparing, and empowering executive sponsors will be key in ensuring that the benefits of these critical strategic initiatives are fully realised.

Reality means responding to change

Agile organisations embrace change by moving quickly and effectively to anticipate and take advantage of change, says Brian Weiss, **vice-president, practitioner career development at Project Management Institute**

Organisations with high agility are more responsive to market demands and report more projects meeting original goals and business intent than those with low agility. As organisations prioritise digital transformation, there is a growing recognition of the need for a mature value delivery landscape – one that encompasses the full range of project management approaches, including agile, to deliver the best project and programme outcomes. Research has found that by maturing the value delivery landscape, organisations can minimise their risks, control their costs, and increase value.

Such maturity is a strategic competency that requires organisations to embrace agile while demonstrating agility. Agile is a mindset based on a set of key values and principles designed to enable collaborative work and deliver continuous value through a "people first" orientation. Agility is the capability to quickly sense and adapt to changes to deliver results in a productive, cost-effective manner.

According to Project Management Institute research, all project management approaches – hybrid, predictive, agile – have been proven to lead to successful outcomes. Karolin Nakonz, public sector leader, cognitive process transformation consulting practice at IBM, suggests that agile is often misunderstood.

"It has been sometimes used as a way to develop code without discipline or documentation," she says. What agile does offer is "a high degree of flexibility to respond to changing requirements and iterate quickly."

As Tony Meggs, chief executive of the IPA, recently said to a PMI audience: "The increasing digitisation of everything is leading to changes in project management techniques – particularly the use of agile methods of delivery." He credits increased use of agile as having been "very successful in moving us away from a previous era of mega IT disasters".

The considerations that led to the widespread use of agile within the information technology industry now have broader implications. Virtually every organisation, regardless of industry, sector, or purpose, relies on the technologies and the use of data and information that made agile so critical.
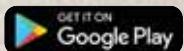
Biopharmaceutical company AstraZeneca (AZ), for example, found agile critical in its shift from being focused on developing blockbusters to focusing more on precise medicines for the right patient group. According to Maria Hedwall, AZ's senior director, innovative medicine operations project management, it means being more responsive to new opportunities on both the project and portfolio levels. "More concretely, it is about understanding the potential options and making the right agile decisions at the right time based on the right scientific data. The impact of this new way of working has clearly shown an advantage, which is now reflected in our early portfolio being more successful than ever before."

The future of value delivery will be a spectrum of approaches – predictive, iterative, incremental, agile, hybrid, and what will come next.

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