

<http://www.gowerpublishing.com/isbn/9780566088827>

# *Program Management*

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## INTRODUCTION

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### **PURPOSE OF THIS BOOK**

According to a number of recent surveys, strategic thinking has been at the top of the leadership agenda for executives, but implementing a strategy to realise value is not as obvious as it seems and optimizing the use of resources to achieve this is even less evident. Programs, by definition constitute the missing link between the executive level strategy and the projects and operations that will enable it to deliver value. Program management concerns the harmonised management of a number of projects and other actions that will produce a competitive advantage. The purpose of this book is to make executives, managers, students or academics understand the issues that arise in the practice of Program Management and be able to, not only practice it, but also implement it sustainably in their organizations.

Sound program management practice can help link strategic decisions with business benefits and create value in organizations. But, strategic managers often lack the expertise, skills and/or means to make their strategies concrete to deliver the expected benefits. Project managers lack the proficiency and/or capability to understand or question strategic language and are often not aware of expected benefits. Operational managers understand the benefits they need, but often find it difficult to express them in strategic terms or understand the implications of their implementation..

After more than 35 years of working for organizations of all sizes and more than 15 years of management consultancy practice in a wide range of industries, I have come to realise that many organizations still don't understand how to integrate their business practices. This is especially true of the end-to-end process necessary to implement strategic decisions, realise benefits and, ultimately, create value. The program management methodology described in this book will provide executives with the means to achieve their objectives and increase the organization's competitive edge, sponsors with a clear method for defining outcomes and benefits and mastering their delivery and finally users with an assurance that their needs will be fulfilled, as much as is possible within the stated parameters.

This book is meant to represent a wide view of program management practice and not be tied to any particular standard. Although I favour techniques that I am familiar with, some of which I developed over years of practice, I will aim to refer to a range of applicable techniques and methods at each stage of the process.

## **EXECUTIVE SUMMARY**

I have provided this executive summary for readers that are not practitioners or students and that will want to focus their available time on the sections that matter most to them. Each section outlines one part or chapter of the book and highlights sections that are of particular interest for specific group of readers.

## **PART ONE: THE PROGRAM CONTEXT**

Part One aims to set the scene for program management and how it fits within the greater organizational and business context. Chapter 1 explains the emergence of program management and compares views from different professional bodies. Chapter 2 compares and sets programs within the greater organizational context, in particular other similar strategy delivery methods. Finally, Chapter 3 outlines what constitutes program maturity for an organization and how to set up a program culture.

## **CHAPTER 1: BACKGROUND AND DEFINITIONS**

Program Management has emerged as a distinct discipline in the late 20th Century. It progressively developed as project management was applied to more and more complex projects, to the management of strategic objectives or the management of multiple interrelated endeavours to produce strategic benefits. It is now generally agreed that programs are a significant undertaking consisting of multiple actions spanning multiple business areas and that they are generally complex. Program management deals in both high ambiguity and uncertainty and requires a high degree of organizational maturity. There are currently three main program management guides, or standards, published by distinct professional bodies in America, Europe and Asia. In the UK and Japanese guides, Program Management is associated with Change Management, In North American practice it is mostly associated with the management large complex projects with the role of change agent quite well established in the management area.

This chapter will interest both managers and practitioners since it defines what a program is in relation to other similar methods and explains why program management is ideally suited to realise strategic decisions.

## CHAPTER 2: ORGANIZATIONAL CONTEXT

There are boundaries, overlaps and differences between programs, projects, portfolio and strategy. In order to be competitive, a Project-Based Organization – one that conducts the majority of its activities as projects and/or privileges project over functional approaches – will use programs to link a number of business processes and understand how to create synergy between its different components. Traditional organizational structures are well adapted to stable well-defined environments; they are hierarchical and the portfolio is typically divided into sub-portfolios, programs and projects. Recent organizational models are more adapted to today's turbulent and fast-moving environment. These organizational models are similar to a supply or value chain and the program methodology is at the centre of the strategic decision management process. In this type of organization, Program Management could be labelled as:

*The governance and harmonized management of a number of projects and other actions to achieve stated business benefits and create value for the stakeholders.*

This chapter will particularly interest *executives, strategists and program sponsors* as program management is used more and more to manage organizational change. As such, the program becomes a vehicle for interaction between stakeholders to generate creative ideas and innovative products that increase the organization's competitiveness.

## CHAPTER 3: MATURITY AND CULTURE

Traditionally most organizations undertake projects as part of their work. Mostly these projects are treated as separate entities, independent from each other. They are often generated within a business unit and managed with that unit's resources. Larger projects undertaken either for external clients or for strategic purposes are usually managed on an ad hoc basis by a dedicated team. Programs can either be "vision-led", driven by the strategy, or "emergent", a convenient grouping of existing projects. More mature organizations will favour vision-led programs as they are more integrated and favour agility because of their strong vision; they are more likely to realise business benefits. The second section of the chapter will clarify why simply transferring project management tools and techniques to the program level does not work and describe a program maturity framework. Finally, developing a program culture involves a shared understanding of a number of objectives and a wide stakeholder approach. Experienced managers understand that changing culture takes time and requires a lot of sensemaking before it is made acceptable and accepted.

This chapter will interest executives and managers who want to implement program management in their organization, specifically the practical advice to support culture shift.

## **PART TWO: THE PROGRAM COMPONENTS**

Part Two examines the various components that make program management what it is. Chapter 4 covers four key program components: decision management, program governance, stakeholder management and benefits management. Chapter 5 outlines the responsibilities of the different actors of the program in each of these areas and details the role of the program manager along the life cycle of a program.

### **CHAPTER 4: KEY PROGRAM COMPONENTS**

Four “components” can be identified as essential to the practice of program management, they are: decision management, governance, stakeholder management and benefits management. These four components are intimately linked to each other: stakeholders’ needs drive benefits, key stakeholders make decisions based on expected benefits; governance provides the structures necessary to achieve them. The main program guides and standards already recognise governance, stakeholder and benefits management as key program components. Decision management is a new area of development that requires both a learning cycle, actual decision making process, a performance cycle and the decision realization process. Managers will understand that decision-making is not just about tools, but about making the right choices, based on objectives that have been agreed and can be measured. This chapter also outlines some new ideas for each of these components. Whereas most organizations focus on the control aspect of governance, it will consider the broader view of *leading*: defining the vision; *structuring*: providing the structures and resources necessary to achieve the vision; and *conforming*: making sure the vision and value are achieved. The stakeholders’ management section goes beyond roles and responsibilities of the different program stakeholders to include the steps necessary to manage and engage stakeholders. Finally, the benefits management section is a detailed discussion on the development of a sound benefits management system, from the definition of meaningful expected benefits to their actual measurable realization.

This whole chapter should be of interest for *executives* and *sponsors*.

## CHAPTER 5: PROGRAM ACTORS

This chapter compares different terms used to define different program roles; in particular, it compares the PMI Standard<sup>®1</sup> with the MSP Standard<sup>™2</sup>. Understanding these roles is an essential element of good program management because both boundaries and relationships between the responsibilities of the different program actors should be clearly identified to enable a smooth transition process between the strategy, the program and operations. Roles and responsibilities of different actors, regarding specific elements of the program, are compared in both traditional and integrated organizational structures. The responsibility of the different actors for governance, benefits realization and stakeholder management in different settings is also discussed. This first part of the chapter can be a particularly interesting section for *managers* and *Program Board* members and those who work in multicultural and multinational environments since it compares program roles and responsibilities in different standards and organizational cultures.

The second part of the chapter examines specific competencies required from the program manager at each stage of the life cycle, which can be useful for *human resource managers* and line managers who want to hire and/or develop competent program managers. Both *managers* and *practitioners* will find their role described in detail, both in terms of the responsibility to lead and manage the key components and their role in each stage of the program's life cycle.

## PART THREE: THE PROGRAM LIFE CYCLE

Part Three describes the process necessary to realise business strategies from the development of the vision to the realization of value and the transfer and utilization of the program knowledge. Chapter 6 outlines the program life cycle, and Chapters 7–11 detail each program stage: Formulation, Organization, Deployment, Appraisal and Dissolution. These last five chapters detail the actual process and methods required to lead and manage programs. The process described concerns mostly Vision-Led programs. Emergent programs will typically go through similar processes, but some of these may be applied retroactively or in a different order than the one described in Chapters 6–11.

## CHAPTER 6: PROGRAM LIFE CYCLE OUTLINE

Most books and guides on program management have suggested that a program management is just an extension of project management, larger and more complex.

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1 PMI is a Registered Trade Mark of the project management Institute.

2 MSP is a Trade Mark of the Office of Government Commerce, UK.

In this perspective they have simply duplicated the project life cycle into programs. In Parts one and two, we have seen that program management is different from project management. It is complex, subjected to high ambiguity and uncertainty, cyclic in nature and has an important learning aspect. This chapter presents a comparative view of the program life cycles from different guides and standards and proposes a more strategic-oriented model. It explains how the project and program life cycle differ and why the program life cycle needs to be related to strategic management.

This chapter will be particularly useful to *program sponsors*, *Program Board* members and *practitioners*, especially if they work in a multinational environment, because it compares existing standards. It also provides new ideas to build upon in different contexts.

## CHAPTER 7: FORMULATION

The formulation process enables the program team, its sponsors and other key stakeholders to achieve agreement on the benefits that the program must realise and how they will be assessed. The formulation stage of the program is typically a learning cycle consisting of a strategic level decision making process during which all the key stakeholders are able to agree the objectives of the program and set its critical success factors, as well as the measures that will ensure its success. Strategic objectives are typically the starting point of vision-led programs. If the program is emerging, existing projects are the starting point of the program and the first step is to define what underlying strategic objective(s) drives the effort. The roles of the *Program Board* and *Program Team* in the development of the program and the preparation of the preliminary business case are a key aspect of the formulation stage. This stage is a cyclic process that is revisited regularly, following development of the organization stage and assessment of the tangible results achieved by the program.

*Executives* will be particularly interested in the transition from strategy to program and the development of a strategic decision into program objectives, including the structuring of the business case for the program. *Program sponsors* and *Program Board* members will also find that this whole chapter is of interest to ensure their objectives are understood and met.

## CHAPTER 8: ORGANIZATION

Once the program purpose and objectives have been agreed, the program team develops the strategy and plan for the realization of the program's benefits. Many organizations fund the program organization as a separate cycle, which includes

the program assessment and full definition. This process leads to the release of a detailed program business case which includes the program roadmap, budget and resources requirements. At the end of this stage, the program is re-evaluated and full funding is agreed for deployment.

During the organization stage, the core program team defines the projects that will be part of the program's first, or next, cycle. It is also at this stage that the team aligns the program structures with the organizational governance approach; develops the means to engage all the key stakeholders and finalises a realization plan for the program. This realization plan is an integrated effort and combines a range of activities: projects, transition and interdependencies, as well as defined milestones: key deliverables and benefits. All these elements are combined in the program roadmap and the detailed business case.

This chapter is central to the role of *Program sponsors* and *Program Board* members because it is the basis for governance and appraisal of the program.

## CHAPTER 9: DEPLOYMENT

The deployment stage involves the transition of the business from the current state to an improved state, including transfer activities and integration of new capabilities. The main objective is to realise the benefits by initiating, planning and executing projects, carrying out interfacing and transition actions, and committing resources to them. The deployment stage also comprises the monitoring and control of project results and project level change management. The whole process is driven by the pacing defined in the Benefits Realization Plan. This chapter is divided in three segments: *Manage Value Chain*, which includes the activities required to manage the program organizational resources and systems. *Manage Change Actions*, which consists of the activities required to oversee and direct the delivery of projects and other supporting actions. *Integrate New Capabilities*, which consists of the activities required to prepare the organization for change and implement the new capabilities that will deliver the benefits to the organization.

Chapter 9 is especially valuable for *program practitioners* who lead transition and interfacing activities during deployment and *project managers* who are expected to manage individual projects. The last section of that chapter describes the integration of the new capabilities into the organization, which is mostly significant for *business change managers* and *operational managers*.

## CHAPTER 10: APPRAISAL

The deployment and appraisal stages are run in parallel. As soon as the first project results, operational capabilities and business benefits are delivered, the program team can start to appraise benefits realization on a regular basis and determine if changes need to be undertaken. Appraisal results are used to market the program benefits and therefore, demonstrating quick wins is important. During the appraisal process, any changes to the critical success factors are identified and examined to understand how they might modify the expected benefits of the program. Based on this evaluation, the program team and board evaluate the need for changes and authorise changes that add value. Although appraisal is continuous, the periods of stability, which mark the end of each cycle, are the ideal time to reassess the program as a whole. This is the period when the program board reviews the program's purpose and benefits and decides to continue or stop. The data produced through the appraisal process is used to support effective knowledge management.

All the *key stakeholders*, particularly those that are interested in realizing and measuring benefits, will find this chapter useful for its focus on organizational and operational level assessment, change management and knowledge management.

## CHAPTER 11: DISSOLUTION

The decision to enter program dissolution is based on the fact that the investment in the program resources and structure cannot be justified anymore and that the rationale for its existence is no longer defensible. This can be for positive reasons: all the objectives have been achieved; or negative reasons: the team will not be able to achieve them. When, following appraisal, this is established, the team enters the dissolution stage. Formulation, organization, deployment and appraisal are intimately linked and based on an iterative process where the program is progressively developed while continually verifying benefits and value realization. Dissolution is decided on the basis of significant and measurable data defined at the formulation and organization stages. This chapter covers the dissolution of the program, discusses the reasoning behind it and the steps to be taken to realise full value. It also explains how knowledge can be transferred and utilised by the organization.

The first part, which concerns the basis on which the decision to stop the program is taken, should attract the interest of *executives* and *program sponsors*, who are often the key decision makers in this process. The latter part of this chapter, which concerns the mechanics of dissolution, is destined mostly to *program practitioners* and the members of the *program management office* who will implement the dissolution process.

## CONCLUSION

Whether you are an executive, a sponsor, a program or project manager this book will help you understand what your role in a program is and how program management can help your organization achieve its objectives.

Program management is the link between the business strategy and the value it will generate when implemented. It is the process through which *executives* will be able to express their needs and make sure they are fulfilled. *Sponsors* will be able to define the improvements they are expecting and clearly link them to the strategy to ensure they are realised and aligned with the business objectives. *Program managers* will understand how to support both executives and sponsors in a tangible way and how to deliver measurable results to the business. *Project managers* will understand how their role is essential to the program's success and finally, *operational* and *technical actors* will be able to make sure the expected improvements are well integrated and produce the expected results.