REPLICON™

PROTECT YOUR IT PROJECT BUDGET

MANAGING PROJECT PROGRESS, COSTS & RESOURCES

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**KEEP PROJECTS ON TRACK, ON TARGET, AND ON TIME**

INTRODUCTION

Large IT projects are known for costing more than expected and taking longer than anticipated—two qualities that do not sit well with internal or external clients.

Professional service, technology, and consulting companies that work on large IT client projects know these engagements can take months or even years to complete. Keeping track of current and future work falls to project, IT, and client delivery managers and directors. Regardless of how projects are set up (fixed bid, time and materials), the livelihood of the firms depends on accurate estimates and timely delivery against commitments, which makes these jobs extremely important.

Part of the challenge lies in scoping projects correctly. Even when managers diligently utilize project plans to estimate budget and timelines, overlooked critical tasks invariably must be added while a project is in flight; these gaps are referred to as "white space risk." Coupled with "integration risk" (the threat of individual components not working together smoothly in the end), project managers have a tough road to success when working on long-term and large-scale IT projects.

These challenges exist across industries, particularly when it comes to software projects. Research from McKinsey and the University of Oxford found that large IT projects, on average, run 45% over budget, 7% over on time, and deliver 56% less value than expected.
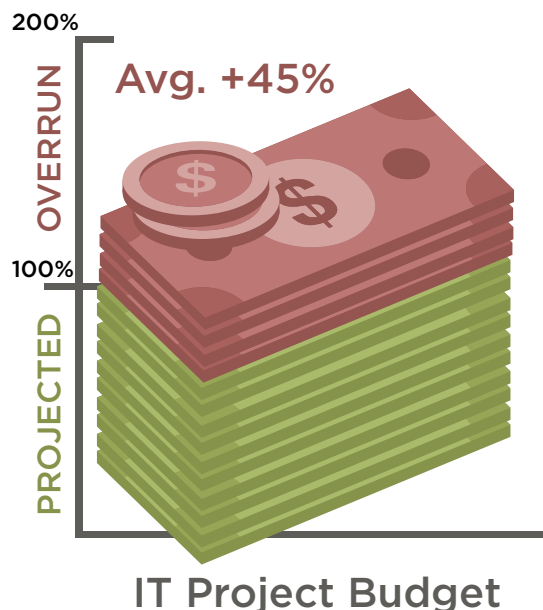
Client satisfaction can make your company a clear thought leader.

While the numbers are sobering, the pervasiveness points to an opportunity to grab the competitive advantage if your team can master the art of accurately scoping projects. The day you can walk into a prospective client's office and show metrics that illustrate a strong track record of hitting project timelines and budgets —coupled with high client satisfaction rates and glowing recommendations—your company will become the clear leader in your space.

This white paper explores the most common challenges faced by IT project managers and how to answer them so your projects stay on time and under budget. ▪

200%

OVERRUN

Avg. +45%

100%

PROJECTED

IT Project Budget

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OVEREXTENSION: THE "YES" SYNDROME

SECTION ONE

Overextending your resources leads to overworked employees, who often become disgruntled and demoralized.

A natural temptation exists to take on new work when your company relies on outside business and client work. Fluctuations in demand lead to this inclination to accept any work that comes your way.

The challenge arises when the day arrives where too many projects are put into production at the same time. Overextending your resources leads to overworked employees, who often become disgruntled and demoralized. The kicker is that the client usually ends up underwhelmed by the effort, especially if timelines slip and costs increase. Worst of all, dissatisfied clients tend to look elsewhere for their next project.

Another scenario is a client who asks for a large amount of small changes after a project has been scoped, which is commonly referred to as scope creep. While it may be tempting to do whatever it takes to make a client happy, incremental changes in aggregate can throw an entire project off-course and add costs and delays that ultimately make everyone unhappy.

If your company lacks a method to view all current and upcoming projects, this tendency to say "yes" is unlikely to correct itself. However, with real visibility into the overall project statuses and insights into individual projects, decisions can be made with full knowledge of the ramifications. ▪

While it may be tempting to do whatever it takes to make a client happy, incremental changes in aggregate can throw an entire project off-course.

RESOURCING: WHO, ME?

SECTION TWO

Most managers and directors find it challenging to resource with precision without an overview of your resources.

Clients expect to receive the highest level of service during a project, which includes assigning the best-suited resources to projects and individual tasks.

Most managers and directors find it challenging to resource with precision without an overview of your resources, their strengths, and accurate information on current and future availability. Additionally, if the right internal resources are lacking proper training, assigned to another project, or simply don't exist, a project may be destined to fail before it even starts.

Project managers must have the following information at their fingertips in order to properly scope new opportunities and keep track of current projects:

- Who is working on each project today and what the timelines are for completion;

- What percentage of an employee's time is spent on billable versus non-billable activities to understand utilization;

- What skill sets are prominent for each employee to better match resources to projects; and

- What upcoming project requirements exist in order to manage this work against requests for future work?

Without this knowledge, project managers are flying blind and may make commitments that backfire in the long run. ▪

Do you know: What upcoming project requirements exist in order to manage this work against requests for future work?

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COMMUNICATION: MAKE IT PERMANENT

SECTION THREE

A means for tracking communications will ensure that projects don't slip because things go forgotten or unsaid.

For small firms, communication may be as easy as turning to the person who sits behind you and having a quick chat that the entire office is privy to hearing. As companies grow, informal chatter means lost information and miscommunications.

Businesses require a means to keep their employees on the same page, especially when it comes to communicating project changes, tracking, and approvals. While touching base in regular weekly meetings or via email helps with regularity and is a

common practice, a means for tracking communications will ensure that projects don't slip because things go forgotten or unsaid.

Documentation is a project manager's best friend. All communications around project requirements, scope, planning, resourcing, deadlines, and budget should be captured from the start. Any changes or modifications should be tracked in a single location that is accessible to everyone involved in the project. ▪

Consider documentation a project manager's best friend and choose a system that includes one or multiple communication systems like:

▸ Web/video conferncing

▸ A cloud-based collaboration tool

▸ A project management system

▸ Internal office standards for documenting classic emails, phone calls, and face-to-face interations

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DEADLINES:
RESPECT YOUR WORKERS

SECTION FOUR

While you may want to finish projects earlier than expected and thrill clients, you also don't want employees pulling all-nighters.

In the quest to make clients happy, the temptation exists to over-promise and set optimistic deadlines to the detriment of your employees and their sanity. While you may want to finish projects earlier than expected and thrill clients, you also don't want employees pulling all-nighters.

While optimism is a great trait in project leaders, realism is equally important. Worker morale takes a serious hit every time an unrealistic amount of time is granted in which to complete a task. The good news you would like to deliver (faster completion time) will

be tarnished if you go over budget to finish a project before a deadline.

With visibility into the full scope of projects, you can set realistic time frames for completion. Historical data is a great way to enable more accurate forecasting of timelines, resource needs, and budgets for future projects with similar characteristics. By learning from past successes and looking for areas of improvement, you can utilize practices that are most effective, change behaviors that didn't work as well, and give your employees a chance to shine. ■

Tapping into historical project data can help you plan ahead to avoid overstressing your workforce.

INFLEXIBILITY: EMBRACE THE HICCUPS

SECTION FIVE

Being inflexible can actually result in the opposite outcome than what's intended by causing projects to go over budget by not being resourceful.

Sticking to a timeline and budget is an honorable trait in a project manager. After all, expectations were set with clients and with your team, and good leaders follow through on their commitments.

However, there is a time to dig in your heels and a time to adjust. Being inflexible can actually result in the opposite outcome than what's intended by causing projects to go over budget by not being resourceful.

Sometimes, admitting that hiccups happen and accepting them is the right course of action. Harvard Business Review discovered that the "negative effect of setbacks on engagement is two-to-three times the positive effects of progress." Because setbacks will always occur, managers need to embrace positive methods for handling these moments. By being open to changing direction or learning from mistakes and moving forward, managers can keep employees happy and productive.

Practicing agility is important, which is much easier to do when you understand the trade-offs. By looking at the overall project plan, you can understand dependencies, weigh options, and make information-based decisions to ensure that flexibility results in constructive adjustments and minimal budget impacts. ▪

> " Negative effect of setbacks on engagement is two-to-three times the positive effects of progress. "

TOO FLEXIBLE: BE A LITTLE RIGID

SECTION SIX

Finding the right balance of flexibility and structure takes effort.

Too much agility can throw projects over budget, not to mention sending the wrong message to employees and clients. The former may end up feeling like they are not being properly led or are working at the whims of the client; the latter may take advantage of too much give on your part. Finding the right balance takes effort.

When creating project plans and budgets, build a reasonable amount of flexibility into your project plans in order to deliver at or above expectations. As a general rule, leave a 20% cushion either around tasks or employee time (or both, if you want to be extra careful). For example, plan for only 80% of each resource's time in order to provide the extra hour or two needed each day when something unexpected happens (which it always does).

To best utilize this flexibility, it helps to have full visibility into the scope of tasks, resource time, and budget so you know when you've used up the wiggle room and when you have some time to spare.

And don't forget to share changes as soon as you know they are happening! Communication is a critical partner-in-crime of flexibility.

> Employees may end up feeling like they are not being properly led or are working at the whims of the client when there is too much focus change.

CONCLUSION

Project managers have a tough job: not only do they need to keep projects on budget and actively monitor tasks and teams, but they also need to ensure that clients are happy and informed about project status. With this perfect storm of responsibilities, real-time information about project statuses is needed in order to be agile when necessary and empowered to make decisions. Course correcting is as much a science as an art form, but having the knowledge readily available to make informed decisions is half the battle.

The key to staying on budget is active monitoring of projects and teams. Visibility also helps with adopting process improvements and making better decisions in the future. The end result is one that any project manager will appreciate: engaged employees, successful completion of projects, and happy clients. ▪

About Replicon

Replicon, the Time Intelligence™ company, has over 20 years of industry leadership and is pioneering a new approach to time management. Time Intelligence elevates time as a strategic asset within an organization, to improve operational productivity, performance, and profitability.

Replicon's Time Intelligence Platform offers solutions for global time and gross pay compliance, enterprise time management for ERP, professional services automation, and an SDK for continued development - expanding the company's award-winning portfolio of cloud-based products, including complete solution sets for client billing, project costing, and time and attendance.

Replicon supports thousands of customers across 70 countries, with over 400 employees around the globe including the United States, Canada, India, Australia, and the United Kingdom.

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