

# Delivering Successful Programs

## 10 Essential Steps

An ESI International  
White Paper



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# Table of Contents

<b>Abstract</b> .....	<b>3</b>
<b>Introduction</b> .....	<b>4</b>
<b>Program Management and Strategic Change</b> .....	<b>4</b>
<b>Program Management Challenges</b> .....	<b>5</b>
<b>The Vital Imperatives: 10 Things that Must Be Done Right</b> .....	<b>6</b>
1. Generate a Solid Business Case .....	6
2. Establish the Right Program Organization .....	7
3. Build a Well-defined Program Architecture.....	8
4. Manage Stakeholder Expectations.....	9
5. Adopt Integrated Program Planning.....	10
6. Use Scenario-Based Execution Simulation .....	10
7. Practice Systematic Risk Management .....	11
8. Implement the Right Control Processes .....	12
9. Develop Achievable Benefits and Requirements .....	13
10. Facilitate Effective Change Management .....	14
<b>Delivering Program Success in Your Organization</b> .....	<b>15</b>
<b>References</b> .....	<b>16</b>
<b>The ESI Solution</b> .....	<b>16</b>



## Abstract

The rapid pace of innovation and the increasing level of management, stakeholder and customer expectations demand that organizations re-assess how they do business. Program management, which PMI® defines as “a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually,” is key to executing major strategic initiatives. Unfortunately, many organizations are ill-equipped to manage larger-scale programs. This paper describes 10 vital steps of program management that must be done right in order for organizations to successfully deliver the benefits of change initiatives. The steps, which may be performed by a program manager or by others within the organization, together address the three overarching responsibilities of the program manager: effective governance, stakeholder management and benefits management.



Eighty percent of 133 executives polled cited program management as an important factor in managing change (Hunsberger).

## Introduction

The ability of an organization to successfully execute major strategic initiatives is fundamentally tied to proficiency in mastering program management practices. Implementing business strategy through an integrated suite of projects typically presents considerable business, leadership, management and technical challenges that are profoundly demanding. Yet many organizations, while accustomed to the demands of managing individual projects, are ill-equipped to effectively handle the complexity of defining, organizing, planning and managing larger-scale programs.

This paper describes 10 vital elements of program management that must be done right in order to help organizations successfully deliver the benefits of change. A comprehensive array of critical enablers is described that together address the three overarching responsibilities of the program manager:

- 1) Effective governance
- 2) Stakeholder management
- 3) Benefits management

Because the program manager will be held accountable for these three responsibility areas, the 10 elements presented in this paper are critical for him or her to either take on personally, or ensure they are addressed by other stakeholders.

## Program Management and Strategic Change

The past decade has seen a considerable increase in the level of awareness, formal education, application and standardization of project management as a recognizable discipline for accomplishing relatively narrow organizational goals. Yet program management—in the form of a structured set of methods, tools and techniques—has only recently seen popularity gains. Much of this emergence of interest may be attributed to increasingly demanding business environments and communities.

Organizations can no longer rely on past beliefs, expertise and technology to succeed. The rapid pace of innovation and the rising level of management, stakeholder and consumer expectations demand that companies re-assess and reinvent every facet of their existence in order to survive, compete and flourish. Resolving the struggle between tradition and transformation requires a vehicle for managing change that can be trusted. This is the essence of program management, as demonstrated in a 2006 PricewaterhouseCoopers survey where 80 percent of 133 executives polled cited program management as an important factor in managing change (Hunsberger).

Evidence of the growing importance of program management as a discipline in its own right is reflected in the launch of a formal Program Management Professional (PgMP<sup>SM</sup>) certification by the Project Management Institute (PMI<sup>®</sup>), the world's largest association for setting professional standards in project management. According to the PMI<sup>®</sup>, program management is defined as:



*“A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually.” (PMI®)*

Yet, while this definition provides an accurate project perspective, it omits the central purpose of a program, which is to effect strategic change in an organization. The scale of such change is implicitly far wider than that of an individual project; programs often facilitate change not only within a specific division or department but across an entire organization.

While there is no clear boundary separating a project from a program, programs generally possess, among other variables, a higher degree of complexity, a larger number of deliverables and a more fluid timeline than projects. Projects, in contrast, have distinct start and end dates as a defining characteristic. What is clear, however, is that programs can and do fail for a multitude of reasons.

## Program Management Challenges

Active experience and extensive research confirms that the challenges of program management are both considerable and diverse. According to Gartner, “Sixty six percent of large program initiatives fail to achieve their stated business objectives. Further, they are delivered late or substantially over budget” ([www.gartner.com](http://www.gartner.com)). Meeting these challenges demands full and unrelenting attention, both to the big picture and to the detail. Most program failures are ultimately people-related, spanning a range of causes, including but not limited to:

- Underestimating program complexity
- Lack of firm leadership, commitment and sponsorship
- Poor cross-functional communication
- Lack of integrated planning
- No defined success metrics
- Poor requirements management
- Lack of broad change management
- Misaligned stakeholder expectations
- Inadequate program management skills
- Lack of resources

The goal of effective program management must be to define, organize, plan and execute in such a way that the causes of failure can be minimized. Simply put, this means risk management. Due to the variety and complexity of program challenges, many of the aforementioned failure sources are interrelated. Therefore, it is possible to properly address many of them by implementing a targeted group of mitigation practices.

*“Sixty six percent of large program initiatives fail to achieve their stated business objectives. Further, they are delivered late or substantially over budget.”*  
[www.gartner.com](http://www.gartner.com)



# The Vital Imperatives: 10 Things that Must Be Done Right

Overcoming causes of program failure requires a variety of skills and methods. From initial evaluation of the program within a portfolio management framework to the measurement of project outcomes and benefits, we have identified 10 essential steps that program managers must take to achieve success.

These steps illustrate the importance of:

- Establishing the right program organization structure and performing detailed integrated planning
- Conducting execution scenario analyses and thorough risk management
- Ensuring proper stakeholder communications, benefits tracking and change control

While some of these vital steps are performed by the program manager and some may be performed by others, it is the program manager's responsibility to make sure each step is performed properly.

## 1. Generate a Solid Business Case

The first phase in the life cycle of a program is the feasibility stage. For some programs, this may also be the last phase. But whether the program is terminated or continued, a firm basis for arriving at the critical go/no go decision is needed. This is provided by the business case.

An effective business case should comprise content that aligns with the organization's project portfolio management framework. In particular, it should reflect those strategic dimensions considered most important by the senior management team and clearly articulate to what extent the program would address and support these dimensions. This will, therefore, facilitate an objective evaluation of the candidate program against a range of well-defined scoring criteria.

Fundamentally, the business case must address the following questions:

- Why is the program important and what does it need to achieve?
- What is the current state and why does it need to change?
- What will the end state look like?

The answers to these questions will implicitly include a description of the anticipated outcomes and benefits. These will then need to be weighed against order of magnitude estimates on what it will take to execute the program, including the level of funding, extent of organizational change, degree of risk and overall timing. Acquiring the right level and quality of data to satisfy the decision makers will often entail an iterative process—multiple reviews and refinements of the business case may be required and, indeed, expected.



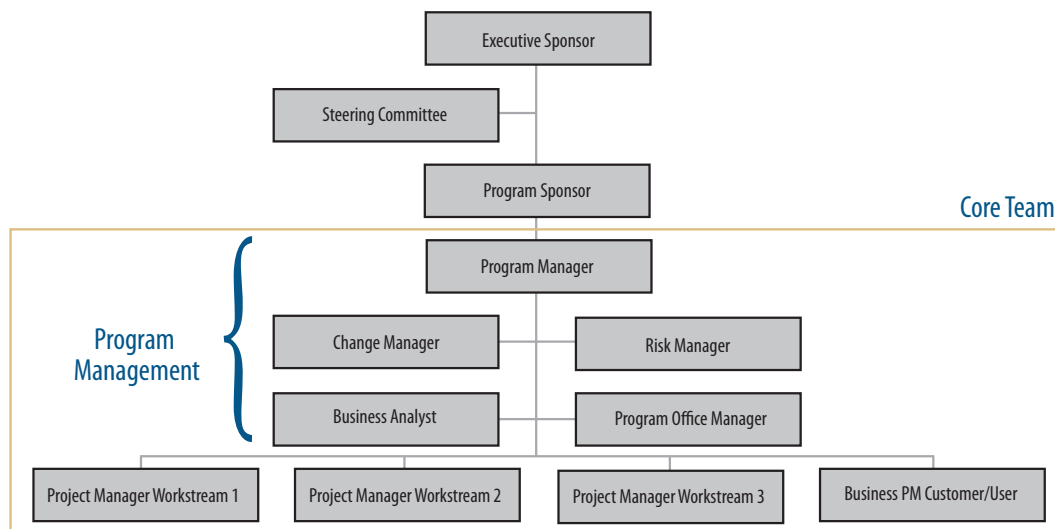
This business case development process is conducted during Strategic Enterprise Analysis (SEA). SEA provides the input necessary to come to the right decisions for the organization. SEA takes a close look at the organization's business architecture and what the impact to the business is at multiple levels. The decision packages that are generated during SEA allow for early phase-gate decision making, culminating in the final decision package known as the business case.

## 2. Establish the Right Program Organization

While programs will differ vastly in terms of team size, best practices identify a number of crucial roles that must exist at the program leadership and management level in order to ensure proper governance (see Figure 1):

- Program sponsorship
- Program manager
- Change manager
- Risk manager
- Business analyst
- Program office manager

Figure 1: Program Organization



The success of a program, like a project, will depend heavily on the quality of sponsorship it receives. The scope and scale of a program means that sponsorship typically resides not with one person but, rather, is distributed within a **governance board** or **steering committee** headed by an executive sponsor. This group provides authority on program funding, purpose and direction.

The **program manager** or director manages the program plan on a day-to-day basis and defines the overall management process. He or she is responsible for the overall coordination and integration of the program and, ultimately, for meeting the program objectives.



The **change manager** would usually have had significant input into the business case and will be tasked with preparing the business for change. An important element of this role will be to align stakeholders' understanding of program goals and manage customer expectations.

A **risk manager** should be appointed to define and implement the risk management process. This may typically include oversight of risk identification, analysis and response within each of the component projects, as well as active monitoring of the overall level of risk exposure.

The **business analyst** specializes in requirements elicitation, analysis and documentation. In programs, this role has added significance in coordinating requirements scope across projects, evaluating change requests and performing quality assurance to verify program deliverables.

Lastly, the **program office manager** sets standards for program and project management practices; provides administrative support in program planning, resourcing and communications; and consolidates project progress information in support of program performance analysis.

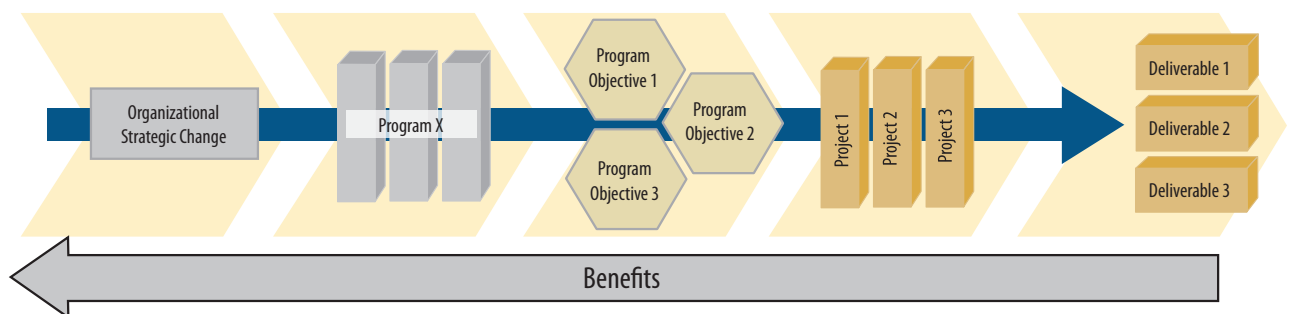
### 3. Build a Well-defined Program Architecture

The program architecture is the road map for getting from the as-is to the to-be state. It provides an outline of how the projects within the program will deliver the capabilities that result in the required benefits. The program architecture should clearly:

- Define the projects within the program
- Ensure projects deliver benefits
- Define high-level dependencies

A benefits map (see Figure 2) extends the architecture further by incorporating a depiction of how the ultimate strategic objectives for the program will be met and provides a means for identifying and defining the boundaries of each component project. The architecture, therefore, defines the linkages between goals and benefits, and provides some clarity on the emergent component projects, their deliverables and the major functions required to perform the work of the program.

Figure 2: Benefits Map



Many programs suffer from a lack of proper alignment at a high level, which inevitably leads to friction and contention across sub-project teams at some point. Establishing a top-down approach to defining the program architecture early on is the basis for ensuring effective alignment among stakeholders and the implementation team—and, ultimately, for influencing the division, integration and communication of all program work. The culmination of a well-defined program architecture is the establishment of summary tasks for each component project, which provides the crucial linkage to subsequent detailed planning.

## 4. Manage Stakeholder Expectations

Stakeholders represent individuals and organizations whose interests may be affected by the program outcomes, either positively or negatively. Stakeholders can both impact or be impacted by the execution of a program. Typical members of a program stakeholder group might include:

Internal	External
Program Director Program Sponsor Program Governance Board Program Office Customers	Government Regulatory Agencies Consumer Groups Environmental Groups Customers

These stakeholders play a critical role in the success of any project or program. They can influence programs, either helping or hindering depending on the benefits or threats they see. The program manager must understand the position stakeholders may take, the way they may exert their influence and their source of power. This is a key precursor to forging a deep understanding of needs and concerns, addressing any sources of apprehension regarding the program goals, and ensuring alignment of perspectives on program objectives.

Generally, stakeholders mostly want to know about the benefits achieved—and, ultimately, this is what the program is about. Many programs neglect to relay sufficient information on benefits realization. The program manager, therefore, needs to ensure there is early capture and communication of organizational benefits from the first completed projects onward.

Addressing stakeholder needs while remaining cognizant of the constraints of the program boundaries often requires dexterity and sensitivity. A fine balance must be sought between managing out-of-scope requirements and expectations and seeking support for the organizational change and its consequences. Effective program management demands:

- Strong negotiating skills
- An ability to manage cross-functional conflict
- A properly balanced approach to coping with multiple interests



## 5. Adopt Integrated Program Planning

The heavily composite nature of a program requires that a strongly integrated approach to planning be adopted in order to properly reflect deliverable, resource and external dependencies. For example, traditional project scheduling techniques alone will not suffice—the program schedule can only be considered correct when it properly integrates each component project through task-level interfaces. To achieve a detailed program definition and execution schedule, a number of vital intermediate steps are needed to ensure the plan is both reliable and scalable:

- Define and verify scope roll up from projects to program
- Identify and define all cross-project interfaces
- Develop the integrated master schedule

Integrated planning begins with a program charter—a more detailed artifact than the business case that provides high-level program scope, objectives and constraints, and outlines the projects, the people involved, the funds needed and the processes to be followed. It describes the transition from current to desired future state, along with the costs, benefits and risks in getting there.

The charter provides the foundation for scoping each of the component projects. Boundaries for each project must be defined as unambiguously as possible to avoid both gaps (omitted work) and overlaps (redundant activities). Contentions frequently occur at this stage of the program plan development and these must be resolved using a robust issue-management approach.

Work breakdown structures (WBS) must then be developed for each project to the lowest appropriate level of detail. Different approaches for organizing the WBS should be evaluated to place appropriate focus in progress monitoring and reporting. Preliminary project schedules should then be examined for cross-project interfaces. These interdependencies must then be fully defined, matched and linked to arrive at the detailed, integrated program master schedule.

## 6. Use Scenario-Based Execution Simulation

The complexity of most programs makes the use of scenario analysis techniques not only valuable but essential. The techniques are key to establishing greater insight into evaluating possible program outcomes and also maximizing credibility with sponsors and governance boards. Two primary methods are advocated:

- 1) Alternative execution strategy assessment
- 2) Probabilistic forecasting and analysis



**Alternative execution strategy assessment** involves re-shaping the detailed integrated master schedule to consider alternative execution approaches. Here, the WBS and schedules may be adjusted to assess a number of changes, such as:

- Alternative technical approaches
- Alternative sourcing approaches
- Alternative program funding scenarios and related program scoping variations

This helps assess how program timing, funding, risk and outcomes might be impacted by adopting different strategies, and offers a more definitive assessment than any prior feasibility study.

**Probabilistic forecasting and analysis** provides crucially important answers to two fundamental questions that a program manager and steering committee will have:

- 1) What is the most likely completion date?
- 2) How likely are we to finish by the target date?

Advanced schedule simulation techniques provide the answers to these questions with greater confidence than traditional critical path method scheduling, which only provides a single program schedule solution. Since a range of possible outcomes will always exist, these outcomes, and their likelihood of occurring, are what probabilistic scheduling will reveal. Further, simulations provide a wealth of valuable knowledge on the sensitivities of any milestone to schedule movements, far beyond the level of a standard critical path analysis.

## 7. Practice Systematic Risk Management

Effective program risk management should involve a coordinated, holistic approach. The program risk manager determines and enforces the preferred methods and steps for each project team and ensures that these are adopted continuously throughout the life of the program:

- Assessment of both program- and project-level risks
- Prioritization of all assessed risks
- Definition of response strategies
- Integration of all response strategies into the WBS
- Allocation of risk reserves

Risk identification and analysis should be applied at both the program and the project level. The core program team concerns itself with the “big picture” at the program level itself while the project teams focus on perceived risks at the level of their respective project WBS. Even though the program manager is focusing on the program level, he or she should not be afraid to cancel a project due to lack of good

According to Gartner research, projects with a value of at least \$200,000 are cancelled 10% of the time due to inadequate risk management, and at least 20% of all projects lacking proven risk mitigation techniques are cancelled. ([www.gartner.com](http://www.gartner.com))



Project management offices (PMOs) can be key to helping to aggregate project information in readiness for the program office. PMOs can also provide ongoing support that keeps projects on track.

risk management; in fact, good risk management should be considered a key criteria for ongoing assessment. Also, it is important that all risk identification and analysis be performed in groups to avoid individual bias.

Once a list of risks has emerged, it is typically best to prioritize the list so as to focus the development of response strategies on the most severe risks. Response strategies should then be incorporated into the integrated program master plan in such a way that they may be properly tracked. Care should be taken to evaluate the potentially cascading and ripple effects that any risk or response strategy might have on other projects within the program.

Finally, decisions may now be made about responding to risk by utilizing the risk reserves that should be included in the program budget. The amount of reserve will depend upon a range of factors, but chief among these are the level of estimating confidence and the expected value of the risks.

## 8. Implement the Right Control Processes

According to Gartner, in 2008, three out of four successful \$500,000 projects will be planned and tracked with project office support, while three out of four failed projects will not ([www.gartner.com](http://www.gartner.com)). And, tracking is of crucially greater importance in programs than most projects since the consequences of missing targets are more severe, the likelihood of significant problems is greater, and there are simply more things that might go wrong. Some typical areas of concern for program management include:

- Are project deliverables meeting requirements?
- Are teams adhering to project schedules?
- Are risks, issues and changes being properly identified and managed?
- Are estimates proving reliable?
- Is project cost and benefit tracking effective?
- Are resources and funding sufficient?
- Are scope, time, cost or benefit changes being managed effectively?

The program office should provide assistance to the projects in the updating of their plans and progress reporting to the program. Project reports should contain relevant highlight information in a standardized format to help aggregate the information at the program level. The impact of any risk, issue or change within a component project needs to be recognized as early as possible in order to manage it carefully and guard against any adverse impact across the program community. Rigorous and systematic scrutiny of the status of program interfaces must supplement traditional critical path analysis.



Each project must take responsibility for adhering to timely forecasts of delivery and working within the tolerances set by the program office. This is required especially for outputs supplied to other projects, which will be affected by any slippages against plans. Indeed, scrutiny of all program interfaces must be a vital element of the program manager's control strategy. Any likely exceeding of tolerances should be reported as early as possible to the program level.

## 9. Develop Achievable Benefits and Requirements

The attainability of program benefits is directly linked to the achievability of the stipulated requirements. For a program to have any chance of success, it is vital that both requirements and benefits be:

- Realistic
- Clearly articulated
- Understood by all stakeholders
- Accepted and signed off as viable
- Supported by a rigorous change management process

**Benefits management** is best led by a dedicated change manager who should ensure that clear pathways link outcomes to strategies, events and assumptions. The change manager should also establish agreed-upon benefits-tracking metrics. Without an agreed-upon measurement system in place, disagreements over the level of success of program accomplishments will endure to the detriment of the entire initiative. It is advisable to introduce a series of regular, formalized quality checks to validate whether program outputs are properly meeting needs and to hold regular stakeholder reviews and satisfaction surveys.

**Requirements management** is ideally led by an accomplished business analyst. This critical role must ensure that the front end of the program and any later projects are consistent with common practices and processes for requirements elicitation and documentation. In addition, the setting of program phase-gates will provide appropriate solution assessment and validation cycles where conformance to requirements can be gauged in depth.

Lastly, it is essential to include benefits and requirements impact assessments in the scope change management process in order to counter creeping commitments and maintain control.



## 10. Facilitate Effective Change Management

Aside from implementing rigorous change control procedures as described earlier, effective management of broader change is required since the program deliverables will typically impact multiple facets of an organization. Successful program managers recognize that the appointment of a change manager can be a prerequisite for facilitating widespread understanding and acceptance of the program goals, solutions and outcomes. A five-step approach is advocated that helps to shape, steer and realize change:

- 1) Identify need for change
- 2) Define compelling vision or “to-be” state
- 3) Choose a change strategy
- 4) Engage the support of stakeholders
- 5) Implement change strategy

The need for change is articulated in the business case but should be based on input from multiple key stakeholders and answer questions such as:

- What/where is the problem causing pain or potential crisis?
- What/where is the untapped opportunity for gain?

Answers to these questions provide the basis for an inspiring change vision. In choosing a change strategy, the change manager must secure organizational readiness for change by conducting environmental assessments to ensure developed solutions will not impose unsustainable cultural stress.

Engaging stakeholder support requires extensive communication. Facilitating unity of understanding in what will change, how the future will look for both the organization and for individuals, and how employees can contribute to that goal, are all important elements of transition communications. A detailed communication plan should comprise frequent briefings, updates for all appropriate functions and levels, and regular learning review milestones.

Ultimately, a program can never suffer from excessive support for change. Substantial effort must be devoted to building consensus from the top with meaningful understanding on the rationale for change, agreement and commitment to the nature and consequences of change, and monitoring and refining of the transition process.

# Delivering Program Success in Your Organization

More than ever, achieving success in implementing strategic programs of change demands attention and expertise across a multitude of program management domains. A combination of strong leadership, managerial, communication and technical skills is needed by program managers to execute the 10 vital steps toward program success.

Mastering these elements requires focus and commitment — on the part of the program manager and the organization. To achieve success, you must closely assess your current state by asking the following questions:

- Are you performing the 10 steps described in this paper on your programs?
- If not, what barriers or obstacles get in the way of executing these steps?
- Do your program managers know they are responsible for these steps?
- Is it clear who actually performs the steps and is responsible for their execution in your organization? The program manager needs to ultimately own the steps, but in some cases, he or she may not actually perform the step. So, make sure that if execution doesn't fall on the program manager, it's communicated to the person who does own it.
- Is their accountability? How will you make sure these steps occur? Or, do you have the steps instilled in your processes in a way that assures they will occur? And, what checks and balances do you have in place to determine when they are not happening?

Adoption of appropriate processes and tools provides the foundation for success. Structured training and results-oriented workshops can accelerate skills development, knowledge application and program execution for everyone involved in the program.

Only through action across all 10 elements described in this paper will a program be infused with the right enablers to ensure success in governance, benefits management and stakeholder management.

Some tips before you  
take the first step. . .

1. Assess the current state. Are you currently performing all 10 steps on your programs?
2. Identify any obstacles keeping you from executing the steps.
3. Communicate who is responsible for each activity.
4. Implement checks and balances to ensure the steps are actually being performed—and being performed correctly.

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## The ESI Solution

ESI International understands the challenges organizations face in managing complex, large-scale programs. We offer the training and support your organization needs to ensure program management success. Our Program Management Professional Development Program provides comprehensive, actionable training on each of the crucial steps described in this paper. Additionally, ESI offers a PgPM<sup>SM</sup> exam preparation course to help your program managers prepare for PMI's grueling PgPM<sup>SM</sup> certification exam.

ESI delivers continuous learning programs that help technical and specialized professionals manage their projects, contracts, requirements and vendor relationships. Our high-quality training and professional services include more than 100 cross-functional courses as well as assessments, coaching and mentoring services. Our extensive global infrastructure, proven operational excellence and results-oriented philosophy allow our corporate and government clients to develop their employees' skills, consistently implement strategic plans and increase the effectiveness of their internal systems and processes. With the support of our academic partner, The George Washington University, ESI has served more than 950,000 professionals and 1,000 clients worldwide since 1981.

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