

PART I

Working in a Flat World

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The Rise of the Project Workforce

I think it's going to be one of the biggest middle-class jobs—collaborators. Collaborators are people who are good at working as part of global knowledge, manufacturing or supply chains.

—Thomas Friedman

The World Is Flat—Again

In his seminal work: *The World Is Flat* (New York: Farrar, Straus and Giroux, 2006) author and “presentist” Thomas Friedman describes a highly integrated world where business is done instantaneously with billions of people across the planet. As a result of the lowering of trade and political barriers and the technical advances of the digital revolution, a new flat world has emerged in which a call center in the Philippines answers support questions from a distributor in England for software that was designed in California, coded in India, and tested in Ireland.

For some of us on the leading edge of global commerce, these developments may not come as a big surprise. But Friedman convinces us that the new flat world is no longer the stuff of futurists or presentations at the World Economic Forum. Outsourcing and collaboration are facts of life, and much more the norm than the insulated small manufacturer based in the heartland of the United States.

As organizations and executives find themselves with two feet planted firmly in a fully interconnected, truly global economy, one truth is evident for all enterprises; and particularly for project- or service-driven businesses that rely heavily on project teams and information workers:

Our established ways of getting work done, of accounting for this work, of monitoring compliance, and of analyzing work in progress for intelligence that will help us

do future work faster, better, cheaper, and smarter are through. They are no longer enough.

In his seminal work *Only the Paranoid Survive* (New York: Random House, 1999) then Intel Corporation CEO Andy Grove coined what would become the de facto phrase for points in time such as *strategic inflection points*. Strategic inflection points mark full-scale changes in the way business is conducted. The ways we work, the ways we compete, and the ways we win require a new approach, a new outlook beyond simply making our existing systems bigger, better, faster. During strategic inflection points, businesses that “get it” and change, achieve unprecedented gains—those that do not, stumble and fade.

Driving our current strategic inflection point is the underlying social, economic, and world infrastructure transformation of what globalization guru, author, and Pulitzer Prize winning *New York Times* columnist Thomas Friedman calls a “flat world.” In a flat world, Friedman explained to *Wired* magazine, organizations compete on a “level, global, Web-enabled playing field that allows for multiple forms of collaboration without regard to geography or distance—or soon, even language.”

Friedman goes on to tell us that while Fortune 500 firms are willing participants in this global business revolution, they are not driving it. Rather they are being pulled along by groups of highly innovative, widely dispersed project teams. Most of the individuals that comprise these teams are working from basements and boiler rooms, not skyscrapers. In essence, the new flat world is being driven by a corresponding flat hierarchy of small, co-equal teams interconnected by a series of co-dependent projects. And these teams are working fast!

Futurist, trends, and innovation expert Jim Carroll concurs with Friedman and notes the increased pace at which change occurs in this new flat world. In his book, *What I Learned from Frogs in Texas* (Toronto, Canada: Oblio Press, 2004), he writes:

As globalization and technological advances converge, competition is changing overnight, and product lifecycles often last for just a few months. Permanence has been torn asunder. We are in a time that demands a new agility and flexibility: leaders must have the skill and insight to prepare for a future that is rushing at them faster than ever before.

While star journalists like Thomas Friedman and Jim Carroll are free to chronicle the emergence of the flat world, it is left to the rest of us to figure out how to better manage and work in it, without falling off the edge. That’s where this book comes in. It’s a practical guide to organizing and getting work done in an environment that Friedman further describes as:

More people than ever collaborating and competing in real time with more other people on more different kinds of work from more different corners of the planet and on a more equal footing than at any previous time in the history of the world. (p. 8)

Today's business systems are simply not designed to plan, schedule, manage, audit, and optimize work that gets done in a flat world. In fact, the origin of double-entry accounting actually dates back to the last time the world was flat: the days of Columbus. More modern versions of business automation tools such as enterprise resource planning (ERP), customer relationship management (CRM), and project management software want to impose a certain rigidity within business processes, and fail to address the dynamic interplay and constantly shifting relationship between projects and people, which occurs naturally in the flat world and characterizes today's business.

To help you navigate the flat world, this book is organized into three main sections:

Part I: Working in a Flat World is an executive's guide to the trends and implications of this new business world order.

Part II: Project Workforce Management describes how a new class of software and associated best practices can help businesses better manage and produce work in the flat world.

Part III: Implementation details how best to implement Project Workforce Management in your company.

Market Dynamics That Challenge Traditional Project Management

The following major market dynamics not only contribute to the flattening of the world, but also challenge the management capabilities of the processes and systems we use:

- *Globalization*: At the start of this shift, organizations moved simple tasks like assembly and manufacturing to developing countries where this work could be completed more economically. In globalization's current wave, organizations are outsourcing knowledge work as well. At first, only large multinational corporations outsourced operations. In the current wave, all organizations—even ones with just a few employees—are outsourcing and conducting business globally. The Internet, fast networks, and a globally connected workforce are the driving forces behind this trend.
- *Increased regulatory scrutiny*: As organizations have become more fragmented, they also have become subject to greater regulatory scrutiny. They must achieve and maintain compliance with regulations such as Sarbanes-Oxley, which directly impact project and workforce management and execution. To comply, companies need more thorough and expansive systems for assigning, tracking, and managing accountability for the work being done. These controls protect everyone—workers, customers, suppliers—effectively, all of the organization's stakeholders.

- *Flattened hierarchy:* In a flat world, top-down decision making is replaced by bottom-up empowerment. Widely distributed companies cannot use an authoritative command-and-control structure. Instead, market leaders will find ways to remove the red tape shackles from their project teams and empower them to get work done and make local decisions.
- *Fragmented enterprises:* Today's work is defined by atomized segments that are delivered by specialized workers both inside and outside the company. Organizations assign work to internal or outsourced teams based on costs, available talent, the nature of work, and customer expectations.

A Flat World Demands Collaboration and Cooperation

The net result of a flat world is an overriding need for collaboration and cooperation. The problem is that companies are not really all that adept at collaborating; too many enterprises struggle with thinking innovatively about how they work. They fail to create processes and systems that support cooperative collaboration.

In *What I Learned from Frogs in Texas*, Jim Carroll reports the results of a survey by Collaborative Strategies LLC. It revealed that 32 percent of the time in a typical working week is spent on helping others resolve questions. Of these questions, 54 percent have been answered before, yet the answers are not recorded in any type of accessible knowledge base so that they can be institutionalized. Instead, organizations continue to waste time answering the same questions—despite the fact that 81 percent of the workers surveyed believed it was important to share such knowledge.

Often, the desire to collaborate is not supported by processes and systems that make collaboration easy, or better yet, a natural part of the way work flows. Instead, entrenched roadblocks and business challenges such as those that follow get in the way:

- Employees and contractors are working very long hours to deliver projects, but management cannot report on the reasons why resources are so overloaded. As a result, management also lacks the insight to create innovative long-term solutions for balancing resource demand and availability.
- Businesses lack tangible measures of the value versus the effort of different internal departments.
- Manual data collection processes cause management to receive reports on billable utilization and capacity planning after month end—too late to make corrections on work in process or to take corrective action before initiating new projects.
- Information Technology (IT) or engineering is unable to produce a report that shows the cost breakdown of effort across different types of projects—

such as research and development or client and maintenance assignments—so that work allocations can be optimized to meet the organization's goals.

- Business reporting comes after the fact. Organizations do not have standardized processes and systems for capturing the details of work. They often use “pillars of disconnected data” that sometimes conflict. For example, they track time using spreadsheets, multiple information systems, or a variety of timesheet and expense reporting systems (one for payroll, another for project tracking, and yet another for billable work). The information in these systems does not always agree. Managers use manual entry (such as merging spreadsheets) to integrate the data for reporting and decision making—this consumes time and resources, often resulting in inaccuracies.
- Decentralized shared resource pools spread across business units, cities, countries, and time zones. They often lack systems to enable the real-time collaboration and data access that their work requires.
- Compliance costs are escalating as regulations become more stringent, while the way work gets done becomes more fluid. The lack of process automation results in high additional costs for internal and external compliance audits and any process reimprovement initiative.
- Various departments and geographically dispersed resource groups use completely different or disconnected systems to manage the same processes, thus hindering collaboration and knowledge sharing.

New Nature of Work

The new nature of work lies at the crossroads of a flat world and the heightened demand for collaborative organizations. Today, work is increasingly *differentiated*, meaning it is compartmentalized into units of subject matter expertise, delivered by collaborating specialized workers both inside and outside the company. While only a short while ago, just a small percentage of an enterprise's work was formed around collaborative projects and differentiated time, today, about more than half is, and the trend toward compartmentalization of work is expected to accelerate.

This shift in the way work gets done requires organizations to track differentiated time and expenses, to allocate costs (whether or not they are billable) to the right projects, and to examine as well as justify spending and labor costs across both internal and external business units.

The empowered collaborative workforce in today's flat world has a substantial impact on how we track and measure work:

- *Work is delivered or centered on an initiative or a project.* Since the mid-1990s, renowned author and speaker Tom Peters has been telling anyone

who would listen that business professionals should consider work and career as a succession of discrete projects to be strung together in consecutive stages of advancement and accomplishment. Modern companies embody this principle in reverse, as they quickly assemble teams of geographically dispersed, highly specialized professionals (referred to as the *Project Workforce*) to execute specific projects. These teams are formed for varying durations depending on the nature of each project and are dismantled just as quickly as initiatives are completed. Some have called this the “Hollywood Model” of work: bringing together the best resources to make a movie, then disbanding and forming other teams to make other movies.

- *It is no longer sufficient to analyze customers, projects, employees, and financial data as separate entities.* These elements are too interdependent to be tracked by different executives, each using their own tools and policies for monitoring and reporting. A new global system of record is required that combines the customer, the talent, and the project.

Traditional Systems Prevent Progress in a Flat World

Inadequate and disconnected describe most of the systems in use today. Traditional ERP systems fail to provide a single system of record that unifies customer, project, and workforce management. Whether they use an ERP system, most organizations (and all Global 2000 companies) have deployed multiple enterprise applications and heavy customizations, including but not limited to:

- *Customer relationship management (CRM) systems*, such as salesforce.com, Microsoft CRM, and Sugar CRM
- *Project scheduling and project collaboration software*, such as Microsoft Project, Primavera
- *Portfolio management solutions*, such as Primavera or Computer Associate’s Clarity (used by internal IT departments to prioritize projects, conduct what-if-analysis, and align projects with company objectives)
- *Portal development and document management software*, such as Microsoft’s SharePoint or Captaris’ Alchemy
- *Time and attendance tracking software*, whether ERP customizations or separate systems from companies, such as Kronos or Workbrain
- *Travel and entertainment expense tracking software*, whether ERP customizations or systems from companies such as Concur

- *Billable time tracking software*, whether ERP customizations or separate systems, such as Sage Carpe Diem
- *Business process management software*, such as Ultimus or Lombardi to automate business processes that are not addressed in other enterprise applications

Often, these applications have their own databases, rules, and policies. Sometimes they are completely disconnected from the company's ERP, accounting, or payroll systems. Disconnected systems result in dozens and, in large corporations, easily hundreds of spreadsheets to track work; to import and export data; and to report on customers, projects, and workers. To further complicate matters, some of these applications are used on-demand (like salesforce.com) while others remain on-premise systems.

In addition, spreadsheet-based tracking and reporting is used as a “cure-all-remaining-gaps” approach that creates a blizzard of assorted and often conflicting data. Disconnected or manually integrated systems, a mish-mash of unapproved data, and a wild e-mail exchange of spreadsheets leads to an environment that is ripe for revenue leakage, errors, fraud, and systemic control weakness.

Project Workforce Management: A New System for a Flat World

To operate effectively, businesses must combine:

- Human capital management,
- Project management,
- Business process management, and
- Cost/revenue accounting

into a synthesized solution called *Project Workforce Management*.

The underlying business process management workflow in this approach adapts to each process, project, business unit, and organization. It automates accounting for time and expenses of a project workforce—both within the company and without, to include its service providers. The software can be configured to work the way the company does, and fundamentally empower individuals and decentralized organizations.

Project Workforce Management enables companies to meet the cooperative collaboration challenges of a flat world. It establishes a new system of record that links the customer, the project, and the workforce (talent) to

identify interdependencies and to simplify priority setting, as well as talent sourcing, while balancing project profitability with customer satisfaction (Figure 1.1). Customer Relationship Management systems (where the “customer” is the system of record), Project Management systems (where the “project” is the system of record), and Human Capital Management systems (where the “employee” is the system of record), cannot alone accommodate these interdependencies.

The fundamental building blocks of Project Workforce Management are:

- Global system of record that combines the customer, the project, and the talent
- Hierarchical organization and work breakdown structures
- Workflow platform

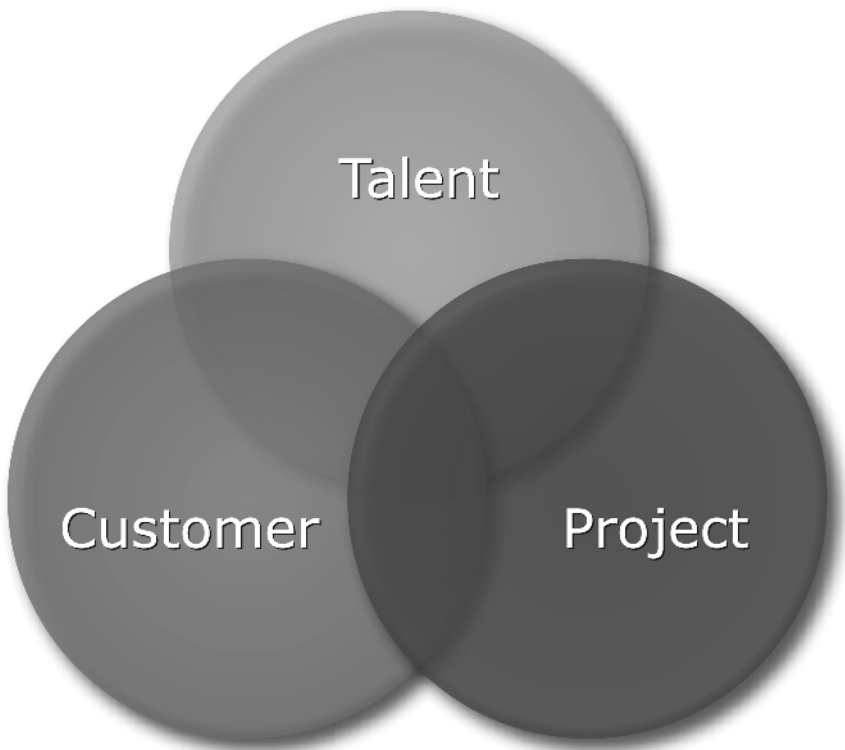


Figure 1.1 Project Workforce Management Links the Customer, the Project, and the Talent to Create a Global System of Record.

Project Workforce Management Identifies Interdependencies

The global “projectization” and fragmentation of work in the flat world has resulted in these business requirements, which a Project Workforce Management solution fulfills:

- Project Workforce Management helps design and oversee the process itself, providing real-time visibility into the financial implications of project and service delivery. It provides a set of workflow driven services that link into a single solution—a control hub—for total visibility and management. Examples include:
 - Cost accounting and billing for differentiated time and expenses
 - Productivity analysis
 - Budget-versus-actual comparisons
 - Resource utilization trends
 - Segmented reporting to fully understand the effectiveness and profitability of each separate project, resource group, and customer.
- Change is a constant. Project Workforce Management solutions make it easy for managers to change processes as they learn more about a project, resource group, or customer. Process workflows are depicted graphically and can be changed using simple modeling tools. Organizations also can standardize these changes locally or worldwide, if necessary.
- Work has been broken down into smaller pieces that sometimes overlap: business units, countries, outsourced teams, cost centers, and individual resources must collaborate, cooperate, and handle more than one project at a time. A Project Workforce Management solution mirrors this reality by breaking down work and organizational breakdown structures into microcomponents that can be tracked and summarized in any combination.
- A Project Workforce Management system provides an interactive environment for the real-time tracking and analyzing of project workforce data that complies with established policies and best practices, yet enables immediate decision making.

Workflow: Connects Projects and People to Business Processes

Every project workforce activity is driven by an underlying business process. The workflow platform allows managers to model project, workforce, and financial processes; and subsequently to embed them into the software (Figure 1.2).

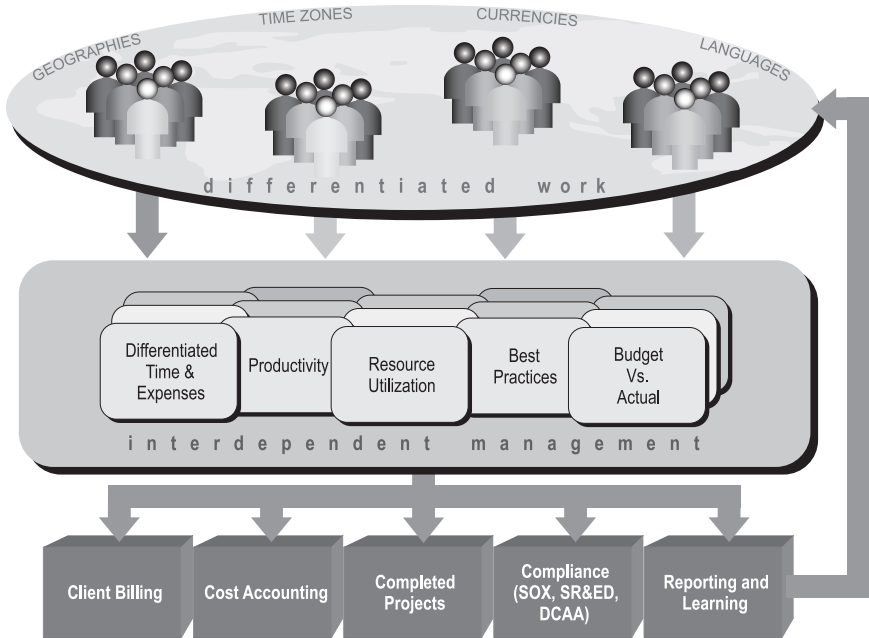


Figure 1.2 Software Is Designed to Plan, Manage, Track, and Report. Work Differentiated in an Interdependent and Holistic Way Helps Companies Remain Competitive and Meet the Significant Challenges of Today's Flat World Business Environment.

This platform graphically represents work processes so that they can be designed, configured, and changed by authorized business process owners without requiring programming resources. The workflow interface enables users to visually define, control, track, and audit approvals, routing, role-based assignments and notifications. All business processes use the same workflow concepts and management interface. By leveraging the same visual framework and concepts, users experience a consistent interface that is easy to learn and use to manage any work process.

Functions of a Project Workforce Management System

Project Workforce Management centrally manages project workforce related data, eliminating many of the spreadsheets used to track projects, time, and labor, expenses, interdepartmental chargebacks, and billable work (Figure 1.3). Project Workforce Management encompasses and integrates:

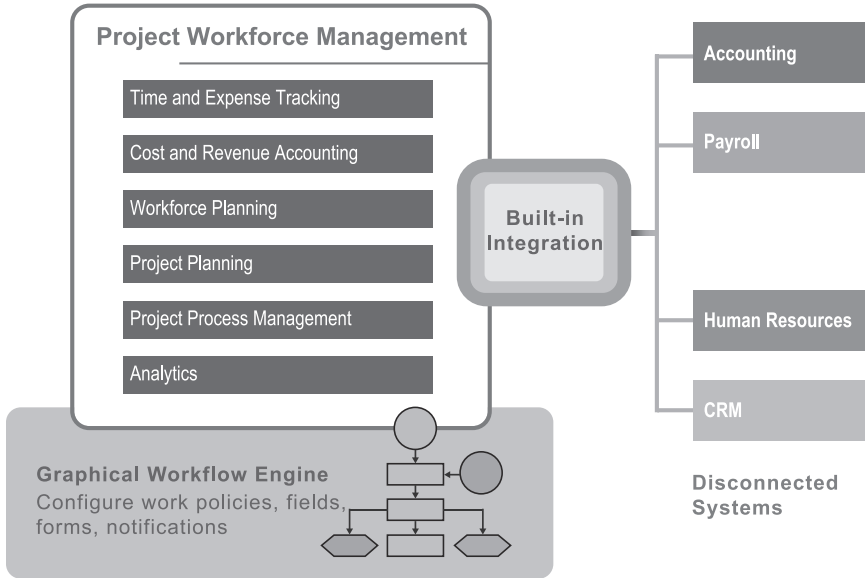


Figure 1.3 The Components of a Project Workforce Management System

- *Time and expense tracking:* Tracks all differentiated time and expenses, billable or not.
- *Cost and revenue accounting:* Attributes all revenue (and chargebacks), spending, and labor costs to specific projects, and establishes a formal chargeback system for shared service departments such as IT and engineering. Formalize and enforce a revenue accounting and recognition policy that is in compliance with regulations. Produce customer invoices, or chargeback to other business units, on a project basis for all billable work, spending, and labor costs, or based on predefined billing schedules.
- *Workforce planning:* Handle competency and capacity planning. Optimally schedule a distributed global workforce by locating the most optimal available resources to accomplish specific roles in a project.
- *Project planning:* Build a detailed project plan including the project's work breakdown structure and the project team. Assign resources to work on the tasks. Perform real-time earned value reporting and analysis.
- *Project process management:* Manage project processes, including project initiation, risk and issue reporting, and scope control using policy-based and enforced best practices.
- *Analytics:* Analyze consolidated, real-time and dynamic views of the company's projects, processes, and workforce, with a special emphasis on reporting the financial perspective.

Project Workforce Management modules tightly integrate with CRM, human resources, accounting, and payroll systems. The same reviewed and approved costs, expenses, and differentiated time that are utilized to update and report on project status can also be used to process payroll, reimburse expenses, invoice for any billable work and spending, and update the accounting system with summary or detailed cost-revenue transactions.

Project Workforce Management: A Common Launching Point for All Explorers of the Flat World

The flattening of the world has created a strategic inflection point that organizations must address in order to survive: the need to accomplish, account for, monitor, analyze, and improve work in this new era of the Project Workforce.

Project Workforces encompass different teams of specialized subject matter experts both inside and outside of an organization that collaborate and cooperate. These teams achieve work that is differentiated, or compartmentalized, based on customer requirements, talent availability, and project scope, as well as business rules and objectives.

Traditional business management systems, which often exist in disconnected silos that provide narrow departmental or functional views, do not provide project workforces or business managers with the collaborative capabilities and integrated data they need to excel in this new business reality.

To address this need, Project Workforce Management systems have emerged. These systems bring together talent, work, and finances into one process-managed system with the following benefits:

- A common vantage point for all decision makers
- Real-time views of projects, resource groups, actual progress, and issues
- More accurate decision making, since data is generated from approved, compliant, and automated processes

In short, decisions that impact financial, team, and project performance are made faster with better information and in collaboration with stakeholders. In a flat world, an empowered project workforce can make faster localized decisions while gaining a global perspective.

While guides such as the *Project Management Body of Knowledge* (PMBOK)¹ do a very good job of explaining the ideal project management concepts and techniques, they do not provide a roadmap to achieving differentiation or market advantage.

Purely methodology-based initiatives start with many good intentions and often end with compromises on quality, consistency, efficiency, or, worse yet,

ineffective project controls. Project Workforce Management builds on the excellent disciplines and methodologies described in PMBOK. However, unlike the purely software-based enterprise project management and workforce management or educational tools such as PMBOK, Project Workforce Management is both a set of disciplines and workflow—driven tools combined with an unambiguous phased deployment roadmap that will help you achieve operational excellence.

NOTE

1. For more information visit <http://www.pmi.org> or http://en.wikipedia.org/wiki/Project_Management_Body_of_Knowledge.

