

Advances in Project Management Series¹

Homing in on project performance: The long road towards continuous improvement

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Performance measurement does not feature in the professional bodies of knowledge and appears to garner very limited attention in the myriad of textbooks and guides that describe and define the discipline of project management and the profession of project delivery.

While words such as performance metrics, performance parameters, success measures, performance baselines and the status of deliverables appear in the both the APM and PMI bodies of knowledge, albeit primarily, under the monitoring and control of on-going project activities, project performance management is not considered in an organised or integrated fashion in either.

Performance measurement is tasked with evaluating the value delivered by organisational activities, the impact on stakeholders, and the effectiveness of organisational performance. Organisations manage the performance of results, activities, individuals, systems, products, processes, projects, teams, units, sections, departments and indeed, the entire organisation.

Given the concern with the performance of projects, and the much-maligned poor track record of successful delivery, it is surprising that the interest in continuous improvement has not brought performance management into a sharper focus.

Measurement is ubiquitous

Our lives increasingly appear to be monitored and measured as data on every transaction, activity and interaction is recorded and stored. Every aspect of our being and every facet we engage with seem to be measured.

Universities record results, grades and credits. Political systems measure polls, attitudes, preferences, opinions and intentions. Credit cards monitor our spending

¹The PMWJ *Advances in Project Management* series includes articles by authors of program and project management books published by Gower in the UK and by Routledge publishers worldwide. Each month an introduction to the current article is provided by series editor **Prof Darren Dalcher**, who is also the editor of the Gower/Routledge *Advances in Project Management* series of books on new and emerging concepts in PM. To see [project management books published by Gower and other Routledge publishers](#), [click here](#). Prof Dalcher's article is an introduction to the invited paper this month in the PMWJ.

habits, while shops observe spending trends and buying patterns. Financial systems feature currencies, investments, trends, budgets and accounts. We live by calendars and clocks that measure the passing of time, listen to weather forecasts that advise us about temperature, humidity and wind speed and direction and take readings of our own temperature, pulse and blood pressure. Travel is paced by distances, locations and directions; allowing us to monitor fuel consumption and rates of progress. When we escape to the realm of sport, we find that performance is tightly controlled and measures of goals, touchdowns, rushes, wins, assists, passes, interceptions and even possession rates are religiously recorded and monitored to facilitate improvement and determine efficiency.

We live in an era that is characterised by the proliferation of measured data. As a society we generate in excess of 2.5 exabytes of data daily (exabytes is a new term utilised to represent a quintillion bytes of data, that is 18 zeros worth). In real terms, the unprecedented flow of new data translates into 10 million Blu-ray discs stacked to the height of four Eiffel Towers, every single day; or to 250,000 libraries of congress filled with new data daily.

Yet with so much data, we still strive for meaningful information that will discriminate significant facts that can guide our judgements. Indeed, improved performance requires not the deluge of data, but the injection of meaningful insights.

Making measuring part of managing

The last column in this journal featured the work of Fredrick Taylor and the impact it has had on management for over a decade. One of the attributed contributions of Taylor's ideas was the development of the process reengineering community through the work of Michael Hammer and James Champy.

Michael Hammer, a US engineer and management author, is particularly acknowledged for driving and guiding the reengineering revolution and developing the management theory of business process reengineering. Time magazine recognised his contribution and named him as one of America's 25 most influential individuals, in its first such listing in 1996. In 2002 Forbes listed his book *Reengineering the Corporation: Manifesto for Business Revolution* among 'the three most important books of the previous 20 years'. The book has sold over 2.5 million copies, establishing business process reengineering (BPR) as a respected management discipline. Yet, today we return to one of his other books: *The agenda: What every business must do to dominate the decade*, in order to refocus our interest in measuring performance.

The Agenda asserts that business conditions in the new millennia are likely to become challenging. Tough times will present as the new normal, where money is tight, competition is more intense, and customers become even more demanding than ever. In order to compete in such a world, business must perform better than ever.

Hammer recognises that the act of measurement is a key issue and an important management tool. Measures provide managers with valuable current information about

performance, which can be used as a basis for effective and informed decision-making that will in turn enable further improvement in performance.

However, he notes that organisations have not been able to harness the power of measurement (p. 101):

'In the real world, however, a company's measurement systems typically deliver a blizzard of nearly meaningless data that quantifies practically everything in sight, no matter how unimportant; that is devoid of any particular rhyme or reason; that is so voluminous to be unusable; that is delivered so late to be virtually useless; and that then languishes in printouts and briefing books, without being put to any significant purpose... In short, measurement is a mess.'

A key reason for the mismatch, according to Hammer is that measurement systems tend to feature financial reporting mechanisms and data (p. 103):

'Financial measures—profitability, return on investment, discounted cash flows, or any other of the technically complex measures used by financial engineers — tell you little if anything of what you need to know about your business'

Managing using such figures, he contends, is the equivalent of driving whilst only looking in the rear-view mirror or managing a sports team using last season's win-loss record to determine key decisions. (p. 103-4)

The second criticism of such systems is their fragmented and piecemeal developmental record, as they often reflect arbitrary attempts to address accidental shortcomings observed over time. Measures added by departmental heads are often ill considered and added without due consideration for the essential elements of what needs to be measured. Such additions often reflect a mismatched belief that measuring segments of employee performance and individual units can offer meaningful insights to the state of the overall organisation.

Hammer reasons that managers lose trust in their measurement systems and eschew their readings, favouring intuition. Alternatively, they obtain limited results that are not reflective of overall performance and cultivate partial performance metrics observing and commenting on accidental readings. The solution, according to Hammer, is to recognise that *'measurement is in fact an essential part of managing, not of accounting'* (p. 109).

Hammer's passionate writing reflects a bias for action, and a pining for a measurement system that uses measurement information to actually improve enterprise performance, instead of simply recording stored readings.

The difficulty is in reconciling the measures of individual performance (as pursued by Taylor), whilst recognising that enterprise outcomes, the only true measure of global performance, can be pursued only obliquely through informed continuous improvement. Measurement systems therefore need to connect the two rather

disjointed areas of individual operating performance and enterprise achievement through multi-level models that make sense of productivity, performance and success.

Measuring project performance

Hammer's perspective points to the need for a more strategic framework for making sense of business needs and expectations and clarifying the specific enterprise context.

This month's contribution by Dr. Alexia Nalewaik seems to rise to the challenge introduced by Hammer, but attempts to make sense of the needs of a wider sector by focusing on the general performance of projects. As temporary endeavours, projects pose unique challenges in terms of measurement, performance improvement and organisational learning. The article draws on a recent book *Project performance review: Capturing the value of audit, oversight, and compliance for project success* by Alexia Nalewaik and Anthony Mills published by Routledge.

While there are currently multiple resources emphasising metrics, key performance indicators and dashboards that can be utilised in evaluating project performance, there is a dearth of systematic or methodological approaches for conducting performance reviews. Typical measures on offer tend to emphasise traditional performance criteria focused around time, cost and performance parameters. Moreover, formal audits often focus on accounting measures, expenditure figures or compliance issues, neglecting the actual performance and impact aspects of projects. In many ways, often mirroring the concerns raised by Hammer, current approaches to project audits and reviews are simply not fit for purpose.

Nalewaik rises to the challenge by offering a complete methodology for conducting meaningful project performance reviews, which also comply with audit standards. Her work emphasises a flexible approach addressing what needs to be done on projects which encompasses performance gaps and stakeholder expectations. The framework offers a dual focus; progressing horizontally alongside the life cycle of the project, whilst employing a vertical perspective, which embraces stakeholders and organisational expectations.

The work conveys recognition of the importance of governance and organisational learning and improvement in the management of projects. Importantly, it also encourages a scrutiny of inputs (resources), project results (outputs) and resulting impacts. The approach is both responsive and dynamic, thereby accommodating and emphasising the uniqueness of both the project and the organisation.

Making measurement meaningful

Nalewaik's contribution to the discipline is significant. The proposed framework is modular and adaptable allowing the review scope to be fine-tuned to address the specific needs of the project and the organisation. It also makes it possible to direct the audit resources to the specific areas that would benefit the most from the investment in attention, scrutiny and detailed review. It is particularly encouraging to see such

flexibility in a discipline that can so often become characterised by normative and prescriptive adherence to methods, steps, recipes and the occasional dogma.

Nalewaik recognises that static (review) models offer limited value in a project world, steeped in uncertainty and change. Her thinking reflects Hammer's chief concerns regarding the obsession with accounting measures and gazing backwards instead of looking forwards. Moreover, by providing a flexible and configurable approach to reviewing progress, she enables requisite tailoring, prioritisation and focus according to the context and prevailing needs within the organisation and the project. This has a triple impact of facilitating learning, correcting identified issues, and enabling performance improvement.

Andy Grove, CEO of Intel, observed that *'there is at least one point in the history of any company when you have to change dramatically to rise to the next level of performance. Miss that moment - and you start to decline.'*

Selecting proper measures and applying flexible review and audit frameworks can play a key part in identifying performance levels, current progress and future impact. By devising informed measures that address wider enterprise targets and achievements, alongside the meaningful measurements of individual efforts, projects and portfolios, we can seek to invoke the improvement, growth and development needed to sustain the project and the wider organisation. We can also try to ensure we do not miss the point in history that requires informed change. Such practice can therefore become instrumental in identifying bumps, pitfalls and opportunities for adjustments and in securing an improved culture and appetite needed to sustain such progress.

US management writer and guru Tom Peters observed that *'excellent firms don't believe in excellence – only in constant improvement and constant change'*.

Michael Porter reflected that the 'continuity of strategic direction and continuous improvement in how you do things' are consistent and mutually reinforcing. Ultimately, the role of performance measures and reviews is in actively and dynamically informing, guiding and directing that crucial journey to thrive, adapt and sustain excellence.

References

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Professor Dalcher has written over 150 papers and book chapters on project management and software engineering. He is Editor-in-Chief of *Software Process Improvement and Practice*, an international journal focusing on capability, maturity, growth and improvement. He is the editor of the book series, *Advances in Project Management*, published by Gower Publishing of a new companion series *Fundamentals of Project Management*. Heavily involved in a variety of research projects and subjects, Professor Dalcher has built a reputation as leader and innovator in the areas of practice-based education and reflection in project management. He works with many major industrial and commercial organisations and government bodies in the UK and beyond.

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