Welcome to the PMI Houston Conference & Expo and Annual Job Fair 2015

• Please put your phone on silent mode

• Q&A will be taken at the close of this presentation

• There will be time at the end of this presentation for you to take a few moments to complete the session survey. We value your feedback which allows us to improve this annual event.
Project Management
Improving Performance with KPIs

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Shelia leads the PMO Consulting & Project Support Practice for Darby Consulting.

- 16 years of major capital project experience
- MBA from Rice University
- BBA from Baylor University
- Certified PMP
Project Organizations are Re-thinking Metrics and Performance
Measuring to Improve Performance
Common Language for KPIs
KEY RESULT INDICATORS (KRIs) measure the results of your projects

Example: % of projects delivered on-time, on-budget & within scope
Both financial and non-financial

Frequency is weekly, monthly and quarterly

Report progress to senior management (and the Board)

Not helpful to project teams as corrective actions are neither identified nor understood

Responsibility lies with senior management and CEO
KEY PERFORMANCE INDICATORS (KPIs)
measure the actions of project teams that lead to results

Example: % of design peer reviews completed; % of contract reviews scheduled
KEY PERFORMANCE INDICATORS (KPIs)

- Nonfinancial measures
- Frequency is daily, weekly and monthly
- Acted on by the Project Management, VP of PMO, and/or senior management
- Actionable by project teams as responsive actions have been identified and understood
- Responsibility can be tied to project teams or individuals
Why ~70% of Measurement Initiatives Fail

- Time and effort required
- Consequences of measurement
- Perceived lack of benefit of measurement
- Difficulties with data access and IT systems
- Continued top management commitment
- Too many measures
- Wrong measures
Performance Measurement Framework

Critical Success Factors

Critical success factors (CSFs) are derived from what leaders care most about their projects.

KPI Objectives

KPI objectives are derived from what leaders need to know about their projects.

KPI Metrics

KPI metrics are identified to determine whether CSFs are being met.

Action

Data visualization tools enable leaders to quickly take action.

Outcome

Problem areas are proactively managed; project performance is improved; better decisions are made.

PROJECT MANAGEMENT

CHANGE MANAGEMENT

DATA MANAGEMENT
Best Practice #3
Translate CSFs to Objectives

**FINANCIAL**
- Report ROI, NPV, IRR and payback period of each project
- Report net operating margins
- Utilization of assets

**PROCESS**
- Maintain timing of approval sign-offs
- Maintain scope change control processes
- Maintain timely production of management reports

**EXECUTION**
- Minimize schedule, budget, quality & scope variances
- Minimize safety and environmental incidents
- Reduce time to respond to project issues

**CUSTOMER**
- Keep promises made to customers, employees & stakeholders
- Protect company image and reputation
- Improve customer satisfaction ratings

**FINANCIAL**
Are project outcomes delivering on business expectations?

**PROCESS**
Are we continuously improving our work processes?

**CUSTOMER**
Are we meeting customer & stakeholder expectations?

**EXECUTION**
Are we delivering on cost, schedule, quality, reliability & safety?
**Best Practice #4**

**Translate objectives to metrics**

**FINANCIAL**

Are project outcomes delivering on business expectations?

- **To Complete Performance Index (TCPI)**
  - **Definition:** Measures the future required cost efficiency needed to achieve a target Estimate at Completion (EAC) or Budget At Completion (BAC).
  - **Purpose:** Provides a projection of the anticipated performance required to achieve either budget or schedule targets.

- **Measurement unit and classification of indicators based on what dimension of an activity or result they are measuring.**
- **Direction in which the results of the indicator need to move for a positive result.**
- **Type of indicator based on the emphasis of past activity or future performance.**
- **Suggested frequency of data gathering and reporting for the indicator.**
- **Subjective evaluation of the suitability for benchmarking based on indicator reporting standardization in the industry or past performance for the company.**
- **Suggested chart for display of the indicator result.**
Best Practice #9

Mockup to accelerate development

**PIPELINE CONSTRUCTION DASHBOARD**

- **Project health**: 26%
  - Cost: 72%
  - Schedule: 94%
  - Safety: 98%
  - Resources: 92%
  - Risks: 82%
  - Issues: 62%
  - Quality: 64%

- **Average pipe spread**: 752 meters/der day
- **Permit delays**: 42 by type
- **Welding cost**: $14m per inch mile

- **$ per inch mile**: $1.7m
  - Total average: $2.1M
- **% milestones complete**: 48%
  - Total average: 60
- **% resource utilization**: 67%
  - Total average
- **% projects behind schedule**: 52%
  - Total average
Change Management
KPI Management System
Shared Purpose
Start with conducting an assessment

► Provide an assessment to justify investment in measurement improvement initiatives.

► Gain alignment on opportunities to improve project performance measurement.

► Identify ‘quick wins’ to gain momentum, demonstrate early success and achieve buy-in from stakeholders.

► Develop a roadmap for achieving performance improvement maturity.
Getting started...

**STEP 1**
Measurement Assessment
- Input is a combination of primary data (interviews and discussions) and secondary data (existing performance documentation)
- Interactive Q&A session
- Full or partial project team participation
- Interviews (phone or in-person)

**STEP 2**
Recommendations Report
- Opportunities & benchmark analysis
- Solution recommendations
- Quick wins prioritization

**STEP 3**
Take Action
- Identify goals & objectives
- Develop scope of work
- Develop project timeline and deliverables
About Darby Consulting

North American Management Consulting Firm
Quick Facts:

- Headquarters in Houston, TX
- Serve clients throughout North America
- Specialize in PMO Consulting, Project Support and Change Readiness
- Provide people, processes and technology to efficiently support complex projects
- Consultants with minimum 10 year’s experience
Our roots are grounded in program, project and change management

1. PMO CONSULTING
   - PMO Setup
   - PMO Maturity
   - PMO Strategy & Business Alignment
   - Project Performance Audits & Advisory
   - Metrics & Reporting
   - ePMO Technology

2. PROJECT SUPPORT
   - Planning
   - Valuation & Economic Analysis
   - Cost Management
   - Schedule Management
   - Risk Management
   - Quality Management
   - Supplier Management
   - Stakeholder & Change Management

3. CHANGE READINESS
   - Impact & culture assessment
   - Change strategy & planning
   - Stakeholder communications
   - Organization design
   - Business process alignment
   - Skills assessment & training
   - Change measurement
   - Operational Readiness
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