IRIS Project Solutions Whitepaper
4½ Key Steps to Project Success

Project success. We all recognise it when we see it, but what constitutes a successful project and how can this success be replicated in the future?

Traditional project management for years has followed the 'iron triangle' or 'three pillars' of time, cost and quality. In an ideal world, projects would be delivered on time with all the milestones reached on schedule; they would come in on budget, without any nasty surprises for client or supplier, and they would delight the client with high quality deliverables.

How can you increase the likelihood of the projects you undertake achieving this happy state of affairs? From polling IRIS clients, we have identified the following 4½ key contributors to running a successful project (not in order of priority)...

You need to be able to:

1 Draw on all your experience in running similar projects to set realistic timescales, milestones and budgets

2 Allocate and manage your internal and external resources effectively

3 Keep an eagle eye on costs; bill in a timely manner; and be instantly 'on the case' for any late payments

4 Communicate clearly and regularly with clients and suppliers alike

...and the ½? If it can go wrong, it will. So always have a Plan B!

This whitepaper examines each of these contributing factors in turn. Where applicable, we highlight the experience of our clients in improving their processes and, hence, the timeliness, profitability and quality of their projects.
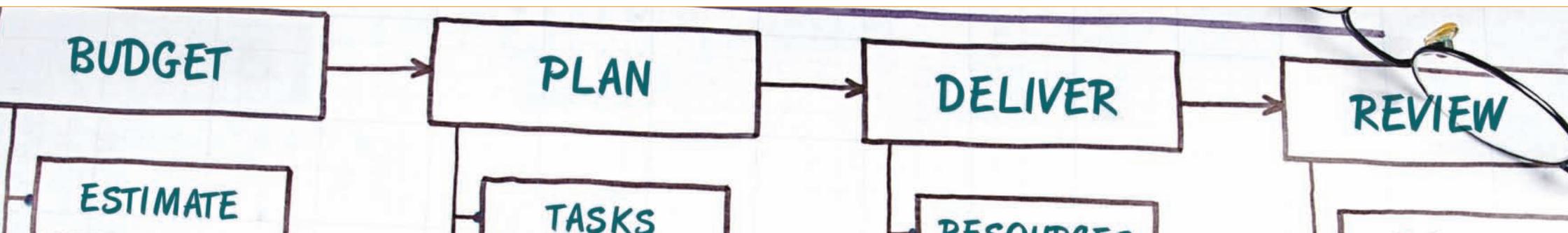
1. Draw on all your experience in running similar projects to set realistic timescales/milestones and budgets

Create a corporate memory

Anyone can run a project at a loss. The key to running a sustainable project-oriented business in an increasingly cost-driven market is to strike a balance between offering good value and not being 'a busy fool'.

Steadily accumulating information on your whole portfolio of projects across the business over time builds a single centralised store of information. Not only does this keep you in control of your current projects, it creates a corporate memory of valuable intelligence on previous projects, a mine of information on resourcing levels, potential pitfalls, profitability and so on.

Rather than this experience being lost if a member of staff moves on, it is captured for posterity. You'll also be able to analyse which lines of work are most/least profitable and use this information to plan your business strategy.

"We now have all our project data in one central repository – budgets, timesheets, forecasting data and even the resource scheduling required to deliver projects. This has significantly reduced previous issues with data integrity between our many systems. This, in turn, has improved the quality of our management information leading to better control over all our projects."

Northgate Information Solutions - specialist software, outsourcing and IT services

Increase efficiency by applying proven processes

Don't reinvent the wheel with each new project. Your project management system should be able to support your project managers and administrators in setting up a new project to maximise their time and ensure that projects comply consistently with your processes.

Through templates and default settings, the system should be able to help authorised users to create multiple projects from a central point of reference, break down projects into tasks, assign resources to those tasks, record contact details, and establish fees and budgets at project and task level.

You may feel that you already handle these activities perfectly well using manual processes such as spreadsheets. However, with spreadsheets it's extremely difficult to drill down to deeper levels of project data and compare and contrast between different projects.

'Vanity/sanity' - avoid the siren call of unprofitable projects

There may be good reasons to bid for projects which you know from the start will come in at a loss: a project may have particular prestige attached to it or it may extend your portfolio of work by taking your practice into a new market or territory.

However, before bidding for such work, you'll want to quantify the risks and have measures in place to contain any losses so that they don't overwhelm your business.

In these cases, it's even more important than usual to watch out for 'project creep', by setting clear expectations at the start, applying strong change control, and having a process for handling requests from the client for work that goes beyond the original project specification.

"There can be an inclination to take on jobs that are never going to be viable. We can see in 'black and white' whether a project will be profitable and we can decide accordingly."

Munday & Cramer - architectural & building surveyors

2. Allocate and manage your internal and external resources effectively

Minimise non-billable time

You need to be able to deploy your own and third-party resources with optimum impact and accurately forecast work to complete.

It's a dilemma: how do you ensure you have the people with the right skills available without a) over-committing them or b) having them spend non-billable time 'sitting on the bench'?

Careful scheduling and management of resources are central to the performance and profitability of your projects. By drawing on previous project data, you should be able to identify and plan the resources necessary to complete tasks, measure usage through timesheets and also forecast requirements to complete.

"We have a very clear picture of our revenue over the next six months and how the order book is looking longer term. This information feeds its way into a whole host of other areas of the business. Importantly, it enables us to pick up early warning signs of where there are changes in the pattern of revenue, right down to team level. This also allows us to plan and balance our resources effectively, which is especially important in the current climate."

Drivers Jonas LLP - commercial and residential property consultants

Tightly control resource utilisation throughout the project

Having the resource plans from all projects consolidated and visible will give you a true view of staff utilisation to identify those projects that have spare capacity and allow you to juggle resources.

For each project, you need to see which resources are booked, enabling you to better plan and prepare for future eventualities, and to see work that is planned but not yet allocated or that is still awaiting final confirmation.

Viewing your future commitments, you should be able to schedule appropriate resources based on skills, experience and capabilities and ensure that your targets for resource utilisation are achieved.

Regularly reviewing resource requirements against projects gives you more leeway for some fast foot-work. If a project panic arises, such as sickness, project cancellations or delays and so on, you can move more swiftly to reorganise and reallocate resources at short notice.

Factor in predictable unavailability

Don't forget to factor in the times when you know staff will be unavailable through holiday entitlement, statutory leave, study days or training.

If you take full account of the things you know about and can plan for, you reduce your exposure to events that come out of the blue.

3. Keep an eagle eye on costs; bill in a timely manner; and be instantly 'on the case' for any late payments

Eliminate revenue leakage

Organisations that employ a significant number of skilled and expensive professional staff must account for their time, whether to charge clients or to justify costs internally. Without accurate information on project status, billable hours and resource utilisation, the resulting loss of control leads to dissatisfied clients and reduced profit margins.

Setting a project budget for time and expenses and then sticking to it throughout the project lifecycle are fundamentals of a profitable business. The technology is available to help you to gain tighter control, without increasing your management overheads.

Maintaining detailed, accurate records of time and expenses against specific projects is vital to your profitability. If you fail to capture all associated costs, you'll either exceed the budget or fall short on covering your outgoings. Non-chargeable activities, such as training, holidays and sickness, need careful recording, too, to ensure you can answer the fundamental project management question: "Where has all the time gone?"

Make it as easy and efficient as possible for your staff to keep their timesheets and expenses submissions up to date, whether they are office based or working on a remote site. They should be able to submit timesheets and expenses using a web-based system.

Next, apply an automated approvals process that captures everything that affects your project profitability. This ensures that nothing is overlooked, while minimising the administration workload.

You should be able to analyse the data at any time to explore the time and costs associated with a project and compare budgets versus actual spend. This will quickly bring to light any discrepancies, such as missing timesheets or unusually high expense claims. You need also to view at an organisational level where non-chargeable time is being consumed by training or absence.

As an added benefit, tracking actual project time and expenses against initial forecasts feeds into the corporate memory, as discussed in section 1, and thus helps to improve the planning of future project work.

"Should our actual costs start to come adrift from the budget, managers can drill down to the underlying causes. If it's a case of 'mission creep', we can approach the client and renegotiate or, if it's down to us, immediate action can be taken to bring our costs back on track. We avoid nasty surprises further down the line. In addition, our accounts department knows which customer contact to chase on invoices, rather than having to bother the project team. This is much more efficient and helps our cash flow."

Ward Williams Associates - construction consultancy

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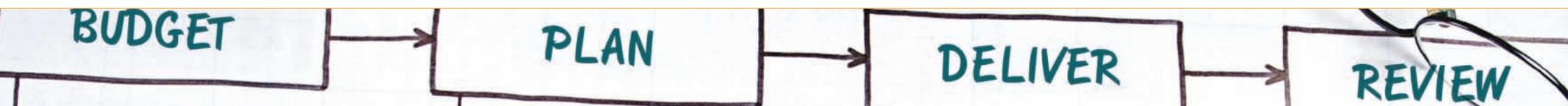
Be constantly alert to changing circumstances

You need to spot immediately where timescales are coming adrift or where work is being allowed to expand without re-negotiation with the customer. Comprehensive reporting analysis should enable project managers to monitor progress against the set budget, quickly and easily identify problems, such as variations in actual data against budgets, and take effective decisions to bring costs back on track. Alternatively, where the original milestones have demonstrably moved, the forecast can be adjusted accordingly.

Project specific resource cost and charge rates ensure that you have a clear, up-to-the-minute view of actual costs to date and forecast costs remaining against budgets and fees.

Integrated workflow management with ready-to-go resource and invoice plans reduce initial project set up time and ensure that financial forecasts are aligned with agreed budgets.

You should be able to set high-level project and task budgets to focus project managers on cost and profit targets. One IRIS client, Munday & Cramer, has adopted an 'open book' approach. Every member of staff can see whether the projects undertaken are ultimately profitable and whether the practice is making or losing money. It encourages the whole team to work as efficiently as possible.

Bill on time - collect on time

The saying "A sale isn't a sale until the money is in the bank" applies equally well to projects. Project profitability is not just about delivering on time. You need to be able to bill on time and collect the cash on time - and without wasting many hours in doing so.

With clear and flexible invoice scheduling, you will better manage your incoming cash flow and revenue recognition. You should be able to establish the billing rule(s) for each client and their projects (fixed cost/fee, cost plus charging, time and/or expenses and so on) and then invoice clients according to the specified rule. This means not a minute is wasted at the billing stage in adapting invoices for different clients.

In the same way, having readily available invoice templates lets you specify how invoices should be laid out and what they display or hide, such as the summary costs or a full breakdown. You save time by not continually re-entering and formatting data. You should be able to set up your system to prepare and send invoices according to your pre-defined rules: for example, a specific milestone, completion of a stage, on receipt of timesheets and so on.

In this way, your processes are consistently followed and your clients receive accurate, professional invoices. This minimises the chance of invoice queries being used as a tactic for delaying payment!

"The system shows us how we are performing and alerts us if we are spending more time than originally budgeted for. We can then look at the possible reasons why this might be: is it because the scope of the project has been extended or because we aren't working efficiently?"

GHA Livigunn - multi-disciplined engineering design consultancy

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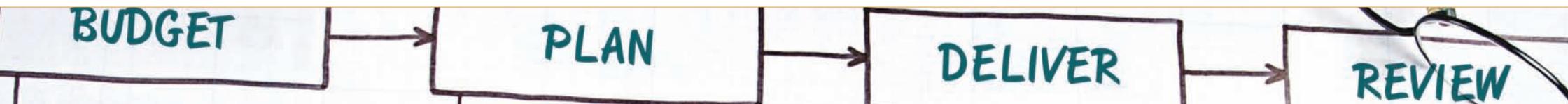
4. Communicate clearly and regularly with clients and suppliers alike

Build an up-to-date register of contact data

Successful projects involve the engagement of clients and suppliers for successful delivery. By drawing on readily available technology to automate communication, you can ensure that it is given the appropriate priority without diverting time and energy.

First, create an accessible centralised repository of accurate data on clients, contacts and suppliers. Time is saved as data needs to be entered just once: a change of address, a new contact name or a change in role can be shared and used by all your team. Data entered or changed anywhere else on your project management system should be able to flow through to the contact management function. This saves further time and increases accuracy by minimising duplicate data entry.

As well as recording all the parties associated with a project, you can carry out searches to view your business with a client or your reliance on a particular supplier.

Automate routine communications

You can save even more time by automating your communications. Reports and alerts can be set up to go to key client contacts. You could even give your sub-contractors restricted, internet-enabled access to certain parts of your system.

By automating routine reports and communications, you free time to focus on the exceptions and issues that require a more personalised approach.

"With customers getting a clear picture of all the work we're doing for them and the relative costs, we have a sound basis for mutual understanding. We can give customers exactly what they need, and put our resources where they're most effective."

Defence Estates - the MOD's built and rural estate management agency

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4½. Always have a Plan B!

IRIS clients placed a high value on always having a back-up plan. They brainstorm worst-case/what-if scenarios in advance and plan how they would respond to crises such as:

- A major supplier goes out of business - is there an alternative? How could you reduce your exposure and spread the risk in future?

- Key people are struck down with illness or leave the company - do you know exactly who else within the organisation is qualified to substitute? Do you have links with partners or agencies that can provide resources?

- A project is affected by an Act of God such as adverse weather or volcanic ash clouds - is your team equipped to keep things ticking over by working remotely?

If you combine close project monitoring with planning for the worst, you minimise your risks and are less at the mercy of external forces.

Your checklist for project success...

The following pointers summarise the advice from IRIS clients contained in this white paper on how to run a successful project:

- Create a corporate memory to help in accurately costing, planning and resourcing new projects.

- Use this data to analyse which lines of business are most/least profitable.

- Increase efficiency by consistently applying proven processes, for example in setting up new projects. Don't reinvent the wheel.

- Understand the true cost of vanity projects - is it worth bidding for them?

- Allocate and manage your internal and external resources effectively.

- Minimise non-billable time and tightly control resource utilisation throughout the project.

- Take predictable staff absence fully into account to minimise exposure.

- Eliminate revenue leakage by uncovering and capturing every minute that is spent on client work.

- Keep an eagle eye on costs and be constantly alert to any risk of actuals coming adrift from budget.

- Bill in a timely manner - set and apply pre-defined processes to reduce the administration burden.

- Make it difficult for clients to query the validity of your invoices and chase late payments immediately.

- Build up a unified store of shared contact data for clients and suppliers - this gives staff fast access to accurate information.

- Good communication is essential but don't let it consume too much time - automate wherever possible.

- Always have a Plan B! If it can go wrong it will.

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IRIS has a range of professional services automation (PSA) and project management solutions designed to improve the performance and profitability of people and projects in consulting and professional services organisations. Comprehensive and easy to use, they provide the essentials you need to manage your projects, resources, timesheets & expenses.

With IRIS Project Solutions, you'll be ideally positioned to maintain control of every aspect of your project-oriented business. Whether you run simple in-house projects with a handful of tasks or multi-layered, multi-disciplined projects including thousands of resources in disparate locations, IRIS Project Solutions will equip you with the tools you need to improve and simplify the way in which your projects are costed, planned, managed and billed.

"The business has billed 10% more in the last few months that was previously being missed via the manual system. Our debtor days have improved significantly as we are getting fewer queries on our invoices as IRIS PROJECTminder has eradicated almost all of the small errors that used to hold up payment. Also, invoices are going out on completion of a job. The end-of-the-month rush to invoice clients is now a thing of the past."

Design Distillery - marketing design agency

"Since implementing IRIS PROJECTminder, management have more control over staff workload, ensuring they work more efficiently. Timesheets are submitted on a weekly basis so we no longer have to chase for weeks. Members of staff have also become more aware of their current workload and what is included within our project fee, enabling us to capture additional fees before the tasks are carried out."

"I estimate that we now spend around 10% less time and effort on job costing alone. IRIS PROJECTminder has saved us approximately 40% of our time when compared to our previous billing process."

Designbrook - building services engineering design consultants

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Solutions

IRIS PROJECTminder

Online project management software for organisations with typically 10-300 users.

IRIS PROJECTminder offers a project management tool to a number of key professional service markets - architects, engineers, surveyors, management consultants, IT consultants and marketing agencies.

By providing solutions to specific vertical markets, it supports the different ways in which these businesses tender, programme, deliver and charge for their services.

IRIS PROJECTminder is delivered as Software as a Service (SaaS), meaning reduced IT overheads and expenditure and no capital costs. Over 10,000 users access IRIS PROJECTminder on a daily basis.

IRIS PROJECTminder aims to address the gap between project management and accounting, enabling users to manage their projects from initial enquiry to final invoice, in one system.

IRIS SharpOWL

Professional services automation for medium to large enterprises with 200+ employees.

IRIS SharpOWL is designed for organisations that employ a significant number of professional staff whose time must be accounted for, whether to charge clients or to justify costs internally.

IRIS SharpOWL is scalable up to thousands of users. It can also support multi-national organisations where different languages, currency rates, calendars, invoicing and accounting are required.

It enables users to collect information about client relationships, project performance, project profitability, resource skills and utilisation; to support strategic business decision making.

Users can schedule resources, record time and expenses, ensure accurate, timely billing and recovery, recognise revenue based on pre-defined rules, and measure the financial performance of both projects and people.

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About IRIS Project Solutions

Effective solutions for the management of people and projects

IRIS is the UK's largest private software house supplying business management and specialist solutions to over 60,000 customers, from start-ups to large organisations.

Our aim is to help our customers improve their business performance through efficiency gains, increase income through better use of data and provide better customer service.

In a world of faceless organisations, IRIS prides itself on its personal and tailored approach to customer service, evidenced by 95% annual customer retention, amongst the highest in our industry.

In February 2008, IRIS was named one of Britain's fastest-growing private companies in the Sunday Times Deloitte Buyout Track 100 league table. In September 2008, it was also named as one of Britain's fastest-growing technology companies in the Sunday Times Microsoft Tech Track 100.

IRIS project solutions improve and simplify the way in which projects are costed, planned, managed and billed; helping professional service organisations balance cost-efficiency with client satisfaction.

To find out more about IRIS project solutions call **02 9380 6220**
or visit **www.projectminder.com.au**

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