



The Infinite Resource Pool: Don't Let an Opportunity Escape!

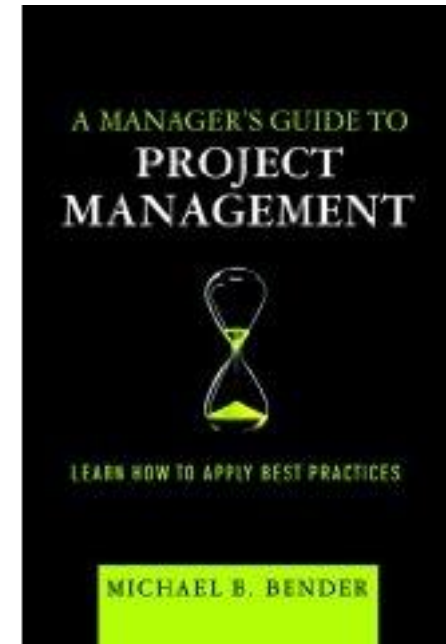
from: A Manager's Guide to Project Management

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The Value Strategist

Based on: A Manager's Guide to Project Management

- ◆ Basic project management
- ◆ Organizational Goals Breakdown Structure (OGBS)
- ◆ Portfolio Management
 - Prioritizing Projects
 - Portfolio Risk Management
 - Portfolio Resource Management





The Infinite Resource Pool

- ◆ The Trouble with Opportunities
- ◆ The Portfolio Designer
- ◆ Cost Justification
- ◆ Putting it all together
 - The Serendipitous Work Package
 - The Infinite Resource Pool
- ◆ Summary and Questions

Changing Habits



The Trouble with Opportunities

- ◆ It's all Henry Ford's fault!
 - The Henry Ford Paradigm
- ◆ Henry Ford invents the assembly line
- ◆ He creates a model for the efficient organization
- ◆ World War I and World War II
- ◆ How do we define efficiency?

Resource % Utilization

Projects back in Ford's Day

You can get a Ford Model-T
in any color you want... as
long as it's black!

Henry Ford





The Portfolio Designer

Portfolio Project Types

Project Type	Time	Cost	Quality/Scope
Strategic	Balanced by the Strategic Plan		
Creative			
Opportunistic			
Mandatory	Set by regulation	Minimize	Sufficient to meet regulations
Consequential	Minimize	Minimize	Sufficient to resolve the issue or problem

Portfolio Management – Roles and Responsibilities

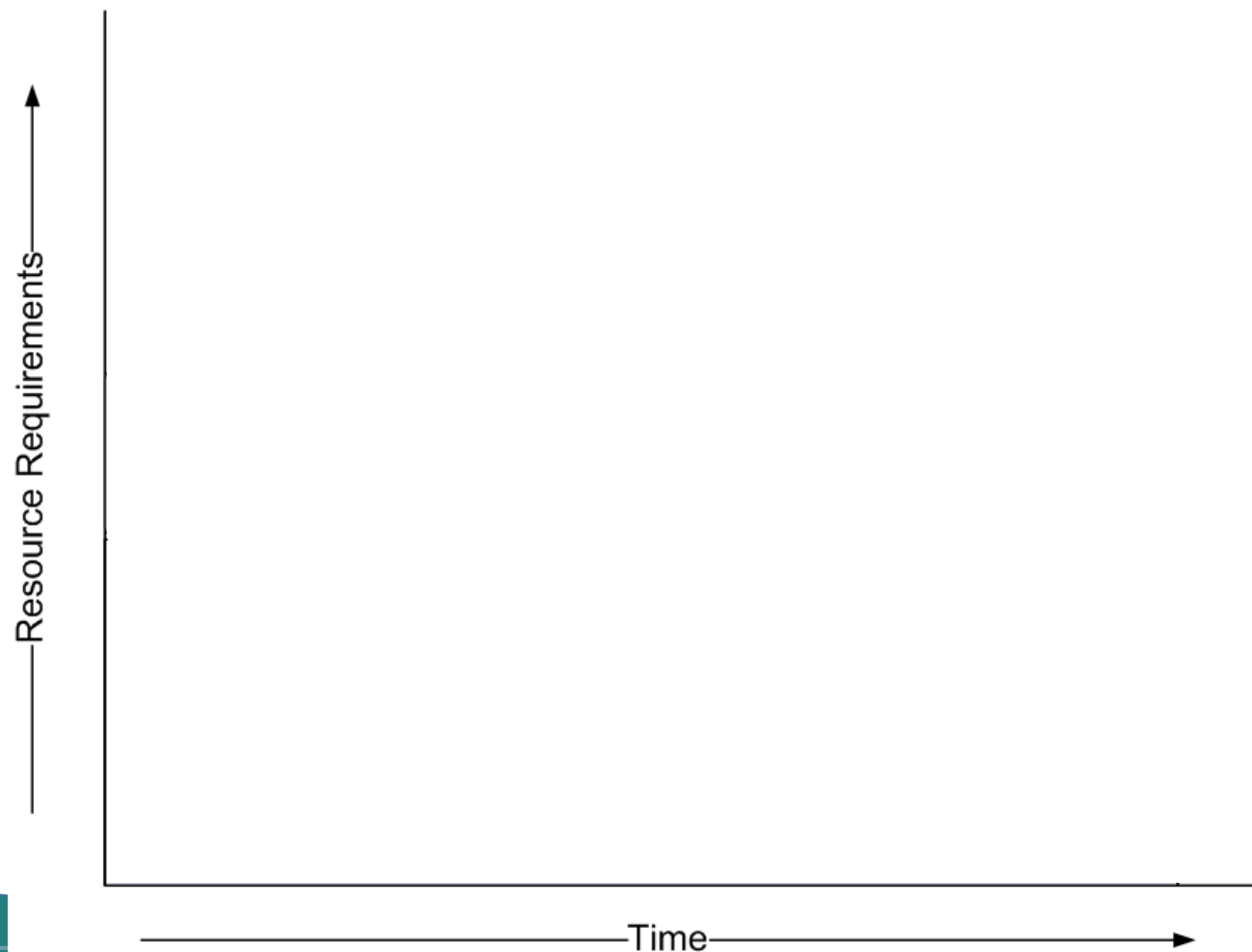
◆ The Portfolio Designer

- Allocates all strategic objectives across the organization's portfolio
- Balances resources across the portfolio

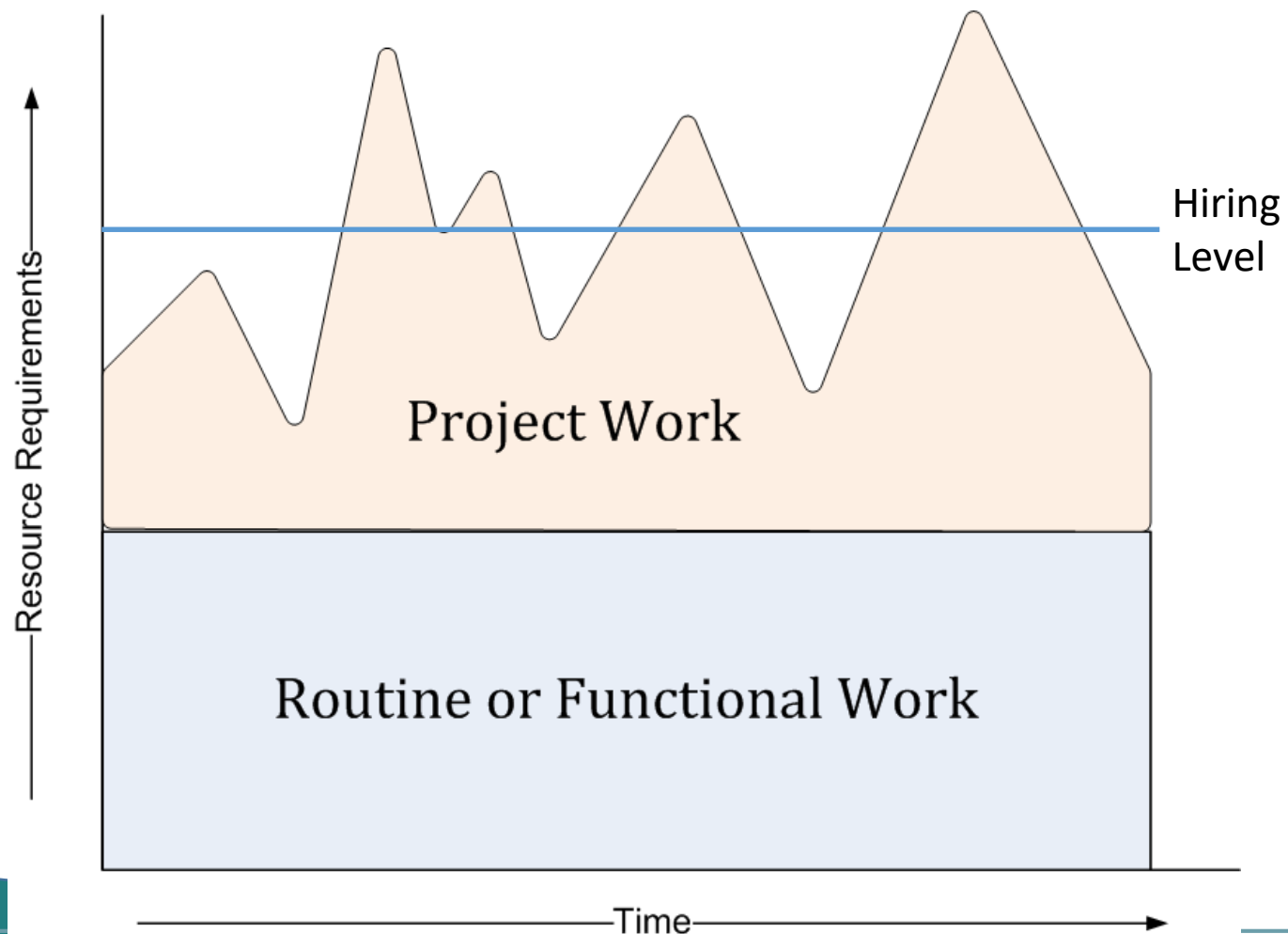
◆ The Portfolio Manager

- Adjusts the portfolio as the projects & programs unfold
- Redistributes organizational objectives and resources as opportunities arise

Department Workload



Department Workload





Outsourcing - Cost Justification

Justifying Projects

- ◆ Projects Implement Change
- ◆ Projects are Investments
 - Projects cost money
 - Projects add value to the organization
- ◆ Key Justification Metrics
 - Return on Investment (ROI)
 - Net Present Value (NPV)
 - Internal Rate of Return (IRR)

Outsourcing - Cost Framework

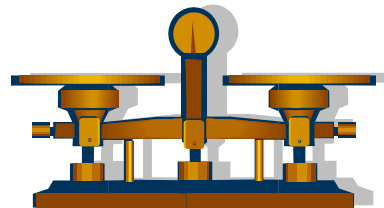
Cost analysis *MUST* include fully-burdened
internal resources

Cost Reducers

Expertise
Concentrated Effort
Overhead Structure

Cost Increaseers

Profit
Management
Risk



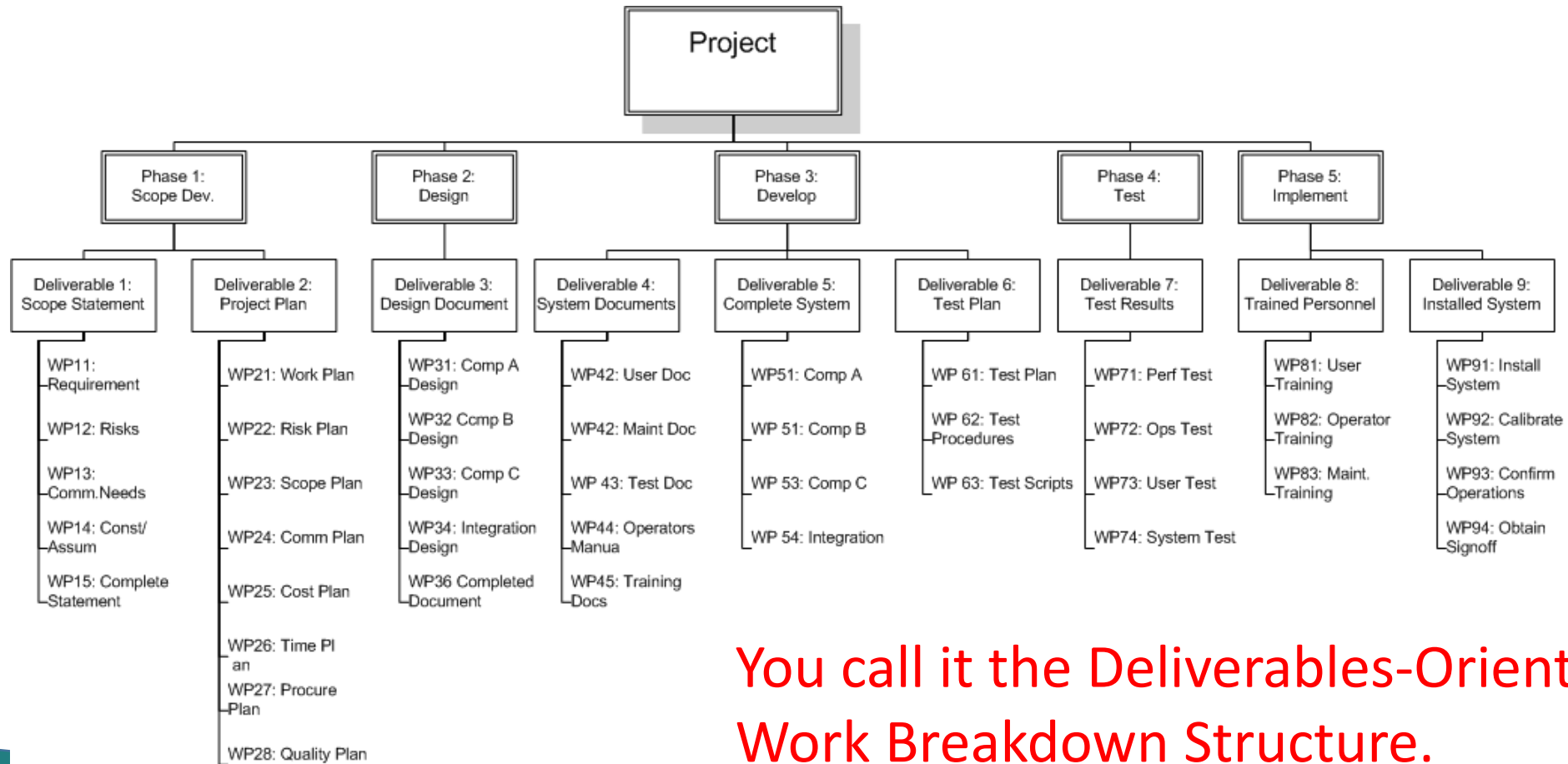


Let's put it all Together!



The Serendipitous Work Package

The Deliverables Breakdown Structure



You call it the Deliverables-Oriented Work Breakdown Structure.

The Work Package Concept

- ◆ The Original Work Package Concept
 - Clearly-defined acceptance criteria
- ◆ Definition of the Work Package
 - A fixed, clearly defined “deliverable”
 - Accurate cost and schedule estimates
 - Clear acceptance criteria (requirements)

When done right, the Serendipitous Work Package
can be outsourced for a fixed-price!

Putting it Together

◆ Establish Proper Staffing Levels

- Determine “operations” resource requirements
- Determine project resource requirements:
 - Strategic + Creative + Mandatory + Consequential

◆ Outsourcing Guidelines

- Outsource more common tasks
- Avoid work that contains strategic advantages or trade secrets
- Avoid high-risk WPs except where particular expertise is needed

◆ Resource Balancing – Handling Opportunities

- Over-allocation handled through simple, fixed-price outsourcing
- Under-allocation allows departments to perform their own internal projects



The Infinite Resource Pool

Infinite Resource Pool – Keys to Success

- ◆ Key 1: Everyone does their job!
- ◆ Key 2: Align & Prepare Outside Resources
- ◆ Key 3: Risk Management

Key 1: Everyone Does Their Job!

- ◆ Project managers do their job
 - Plan projects in advance
 - Clearly define work packages
 - Perform proper work package cost analysis
 - Identify WP's that can be easily outsourced
- ◆ Portfolio designers do their job
 - Ensure projects align with and achieve organizational objectives
 - Pipeline the Portfolio
 - Identify common skills
 - Establish partnerships with vendors
 - Work with PMs for outsourcing opportunities
- ◆ Portfolio managers do their job
 - Manage the portfolio

Key 2: Align & Prepare Outside Resources

- ◆ Determine the skills needed for your most common Work Packages
- ◆ Pre-approve vendors
- ◆ Know the needed lead time
- ◆ Have work orders in place – the work package dictionary
- ◆ Focus on non-proprietary work packages

Key 3: Risk Management

- ◆ Risk Planning – Risk Identification
 - Work with functional managers
 - Anticipate periods of resource constraints
- ◆ Risk Planning – Response Strategies
 - Have existing contracts in place
 - Prepare work orders – the serendipitous Work Package
- ◆ Risk Control
 - Work with functional managers
 - Engage outside resources as needed



Summary

- ◆ Core Concepts
 - Master your project management discipline
 - Master your portfolio management discipline
- ◆ Tools for the infinite resource pool
 - Project categories help balance the portfolio
 - Proper cost-budgeting cost justifies outsourcing
 - Well-defined work package can be easily outsourced
 - Wise partnering relationships allow you to outsource quickly

Thank You!

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