

## EXECUTION MANAGEMENT

‘Execution is the link between a good strategy and a successful company’

### A good plan is still just a plan. How to lubricate the execution machine?

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#### The Improvement Potential

It's without any argument that projects are difficult to execute successfully. 'All that can go wrong will go wrong', as Murphy states. Technology fails, approvals are held up, vendors are late, resources are not available when needed, no matter how well you plan, you will always get surprises in execution.

In other words uncertainties are intrinsic to projects by nature. Therefore the total time taken for task completion is usually much more than the net needed work time.



It takes longer to complete a task than the time needed to work on the task.

Analyzing the causes for these delays leads us to a very promising conclusion: Most of the delays can be avoided or reduced since most of the delays are fueled or even induced by management policies and rules. When we are willing to remove these policies and rules we can unleash potential for faster delivery in the future.



Avoidable delay is the potential for improvement.

#### Policies that delay Projects

We would like to review three examples of devastating rules which unnecessarily prolong task - and project lead times.

#### 1. Resource efficiency

In most labour intensive project based companies resource efficiency is used to ensure a lower cost project. We would like to prove in this section that resource efficiency does not lead cheaper projects and does prolong project lead times.

Usually resource efficiency is measured as a ratio between hours worked on projects and hours not worked on projects. We find 80-90% resource efficiency targets to be the norm. It's commonly accepted that the way people are measured influences the way they behave. Therefore striving for high resource efficiency means that people will ensure to be actively involved in projects. They have various ways to do so:

1. Quote long lead times for work assignments
2. Create re-work (doing the same thing more than once)
3. Start more work than one can handle
4. Start up tasks and projects that have not been prepared adequately
5. Focus on new work to come rather than completing the work in process

With this list of 'five' people will be busy and have nothing to worry about until ....

Until the company decides to reduce the lead time of their projects and do a better job for their clients. It is obvious that the behavior above will lead to enormous multi tasking of resources and long, delayed projects.

Since most companies hire external resources based on hours spend, not only will projects delay and get longer they will get more expensive as well.

## 2. Start projects ASAP

There is two main reasons that increase the pressure for companies to start their projects ASAP. One is when clients are unhappy with your companies' on time performance their pressure to start projects as soon as possible increases. The other reason is when project leaders need to compete for scarce resources. They will start to claim resources further and further ahead and can do so by starting their projects as soon as possible. The logical effect of these two reasons is that resources are spread more thin and more importantly even, management is spread to thin over too many projects active in parallel. Multi Tasking increases and projects slow down.

## 3. Measuring each step of the way ...

In search of Operational Excellence we see managers trying to optimize and manage every process step using LEAN or Six Sigma techniques.

The translation to projects is to manage the projects progress by keeping people accountable for finishing each task on schedule. The unavoidable effect will be that resources that are held accountable need to incorporate safety time inside their task estimates to have at least a chance of completing on time. The logical effect is that project lead times will again increase.

Any company that takes lead time reduction seriously should refrain from any of the above behavior and remove corresponding policies. Often we are asked by clients 'that's interesting removing these policies, but how do we manage afterwards, what do we put in place?'

## New Execution Rules

First of all one should not underestimate the effect of just removing the policies that we discussed above. The explicit removal of the resource efficiency measures for example will free up capacity within a matter of weeks which will benefit your highest priority projects. Suddenly people hide no longer and will report to resource management asking where they can help.

Starting new projects as late as possible will have a similar effect. However this measure starts to pay out much later in time and only when the number of open projects has been reduced over time. We therefore recommend companies that have good project plans already, as their first implementation activity, to actively freeze 25% of the projects that are active and unfreeze one only when an active project is completed.

To actively sustain a Critical Chain implementation we do institutionalize three new execution rules.

## 1. Start projects in a controlled manner and As Late As Possible.

The simplest way to implement this rule is to only allow a new project to start when an active project has finished, taking committed due dates into account. When a project is released too late for meeting the due date it's much better to tell the client now. It is recommended not to violate the release mechanism in order to try and match an already committed due date. The effect will be that work load will go up resources are spread and multi tasking will increase again.

## 2. Provide clear execution priorities to the floor daily.

Since people will be assigned to many tasks in more projects it is important for them to understand systematically on what task to focus their attention. Lack of clarity here will derail peoples attention to whoever seems to have the biggest need for help. For most environments a software system to manage the project execution and provide daily task priorities is necessary.

## 3. Focus on time efficiency, not resource efficiency.

Two elements can be distinguished:

### i. Finish a started task as fast as possible.

Task managers will ensure single tasking by resources working on the projects. Once they start to work on a task they need to finish it as fast as possible not compromising content. It's the job of the Task Manager to empty peoples desk if necessary. In this manner the list of active tasks is managed daily.

### ii. Review future tasks, prepare and design execution in the shortest manner possible.

The second list the Task Manager is responsible for is the future work list. It's his job to think and prepare task execution in detail to ensure swift execution.

To get the most out of the rules above it is crucial to actively involve senior management in execution. They must bulldozer project obstacles out of the way. Many times we see senior managers delegating the execution priority to the lower level managers which is fine. They should not forget however to actively assist in the projects execution whenever obstacles cannot be overcome and delay the projects progress. We recommend senior managers to take one project upon themselves and manage it to the end to experience again the obstacles that task and project managers face.

Applying the three execution rules is very effective and will bring along a new execution culture. People enjoy it and start to demonstrate new behavior that is much better aligned with client needs.

