

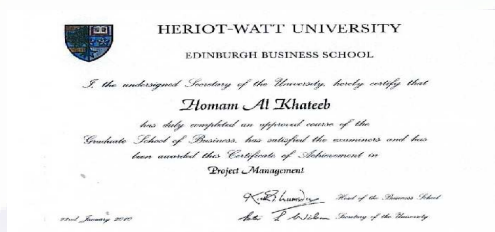
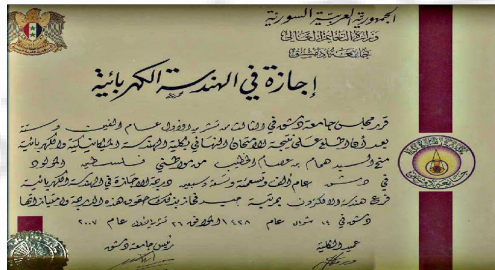
The Need for Metrics: Measuring the ongoing Value of a project



Prepared By: Homam Alkhateeb, BSc, PMP, RMP.

Homam Alkhateeb.

- Project management consultant , Lifelong for business coaching.
- General Manager, Pyramid Engineering Syria, management consulting services.
- President of BPMP chapter in Syria.
- Member in the Project management institute, PMI, USA.
- Member in the association of business process management , ABPMP , USA.
- Member in the association of change management professional.

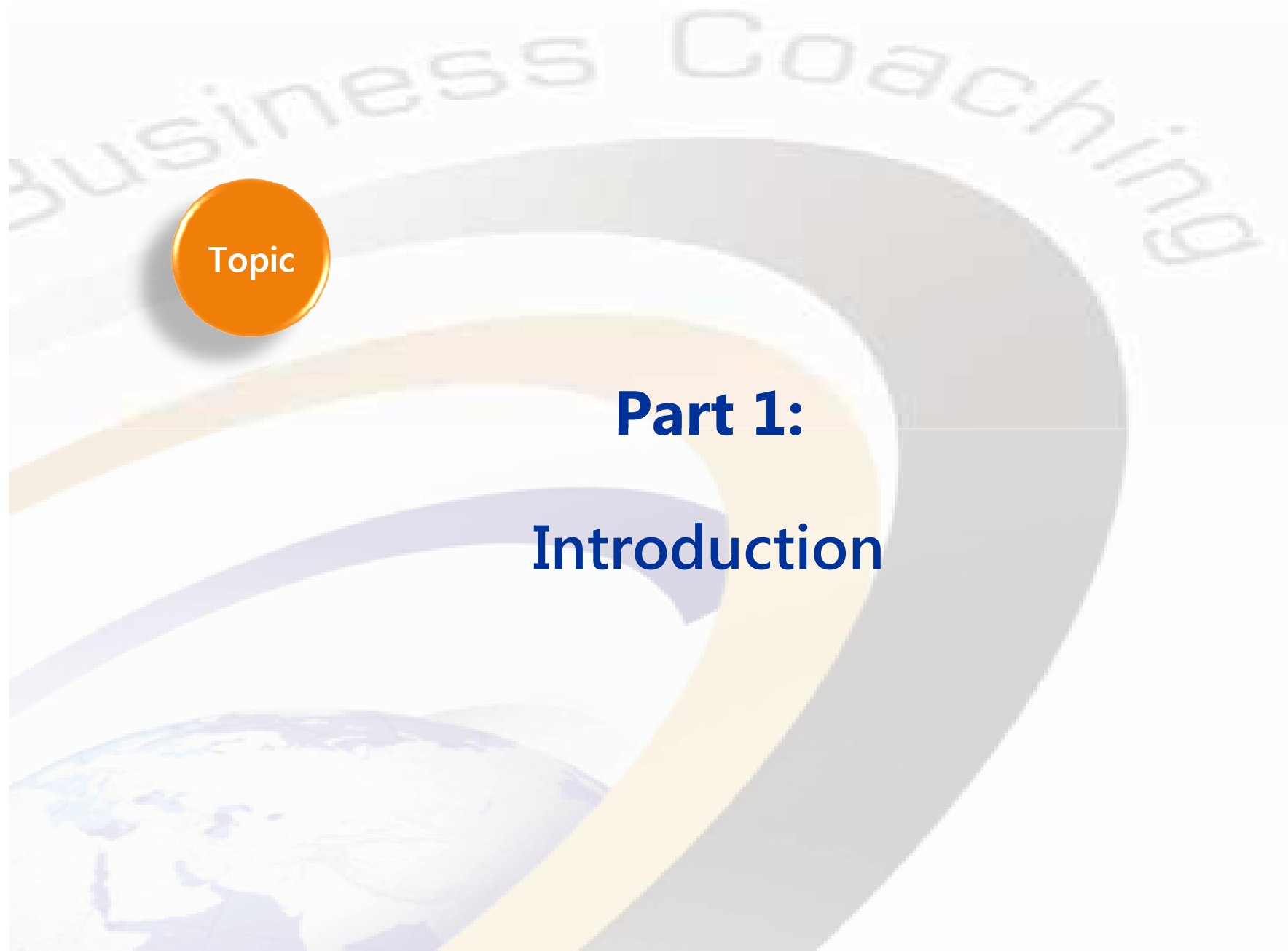


- B.Sc In Electrical Engineering , Damascus university.
- Project management professional, PMP.
- Risk management professional, RMP
- Certificate of Achievement in PM, Edinburgh Business school.
- Certificate of Achievement in SRM, Edinburgh Business school.

The background features a stylized graphic with the words "Business Coaching" in a light, sans-serif font, arched across the top. Below the text are several overlapping, curved bands in shades of grey, orange, and purple. At the bottom left, a portion of a globe is visible, showing continents and oceans in a light blue and white color scheme.

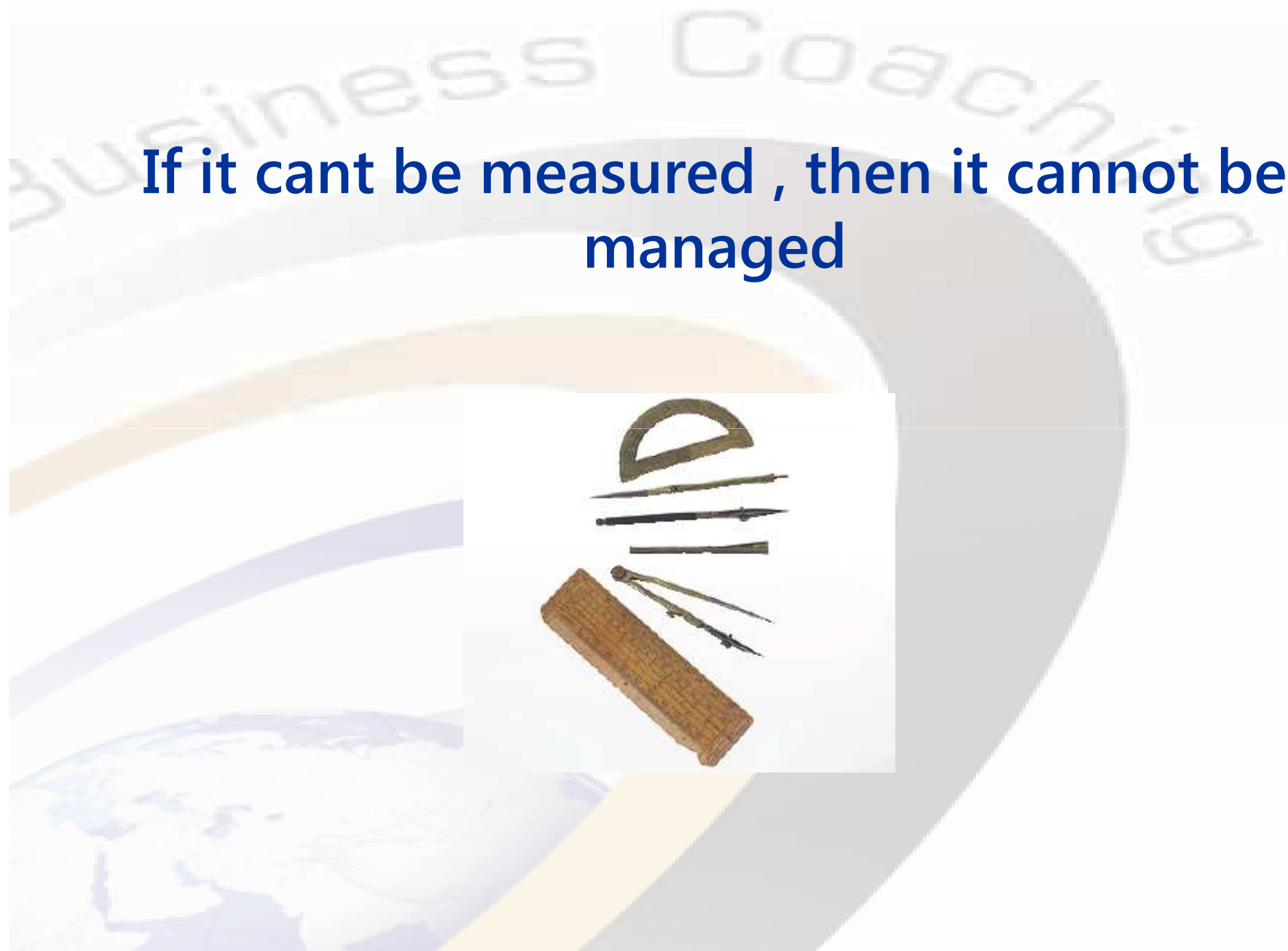
Outlines:

1. Introduction:
2. Metrics and KPIs.
3. How companies are using Value metrics.



Topic

Part 1:
Introduction



If it cant be measured , then it cannot be managed



The background of the slide features a faint, light blue globe at the bottom left. Overlaid on the globe and extending across the top and right are several thick, curved, overlapping bands in shades of grey, white, and light blue. The words "Business Coaching" are written in a large, light grey, sans-serif font, curving along the top of the slide.

A View of Loyalty

- Why should customers purchase from you rather than from the competition? **Answer: Value**
- Loyal customers appear to be more value-sensitive than price-sensitive.
- Value breeds loyalty.

The Importance of Value

Value-Based

TQM
and
Quality
Conformance

Customer
Relations
Management
(CRM)

*Types of
Metrics*

Importance of Value

Customers'
Perception of
Quality and
Value

Customer
Value
Management
Programs

Traditional

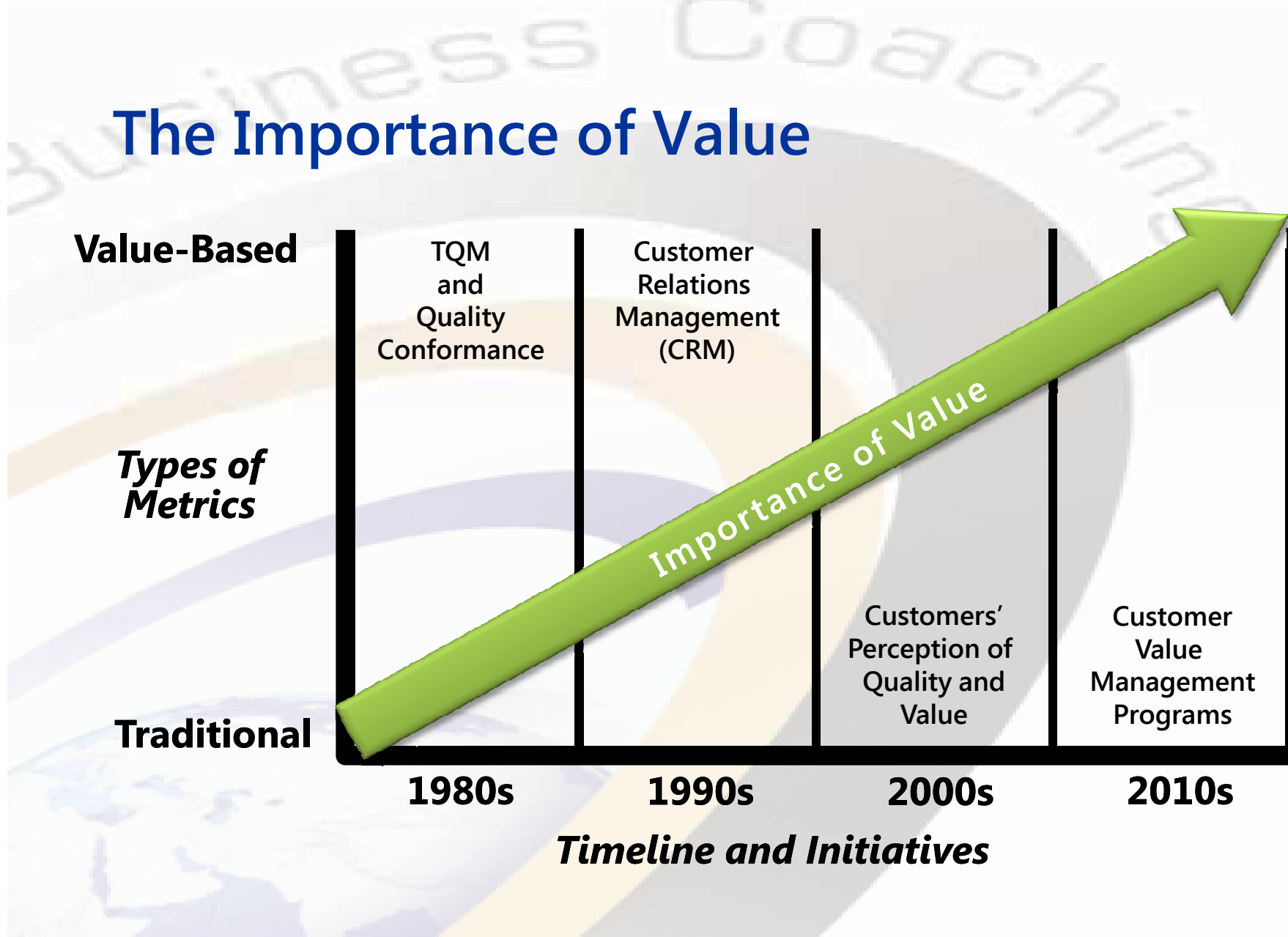
1980s

1990s

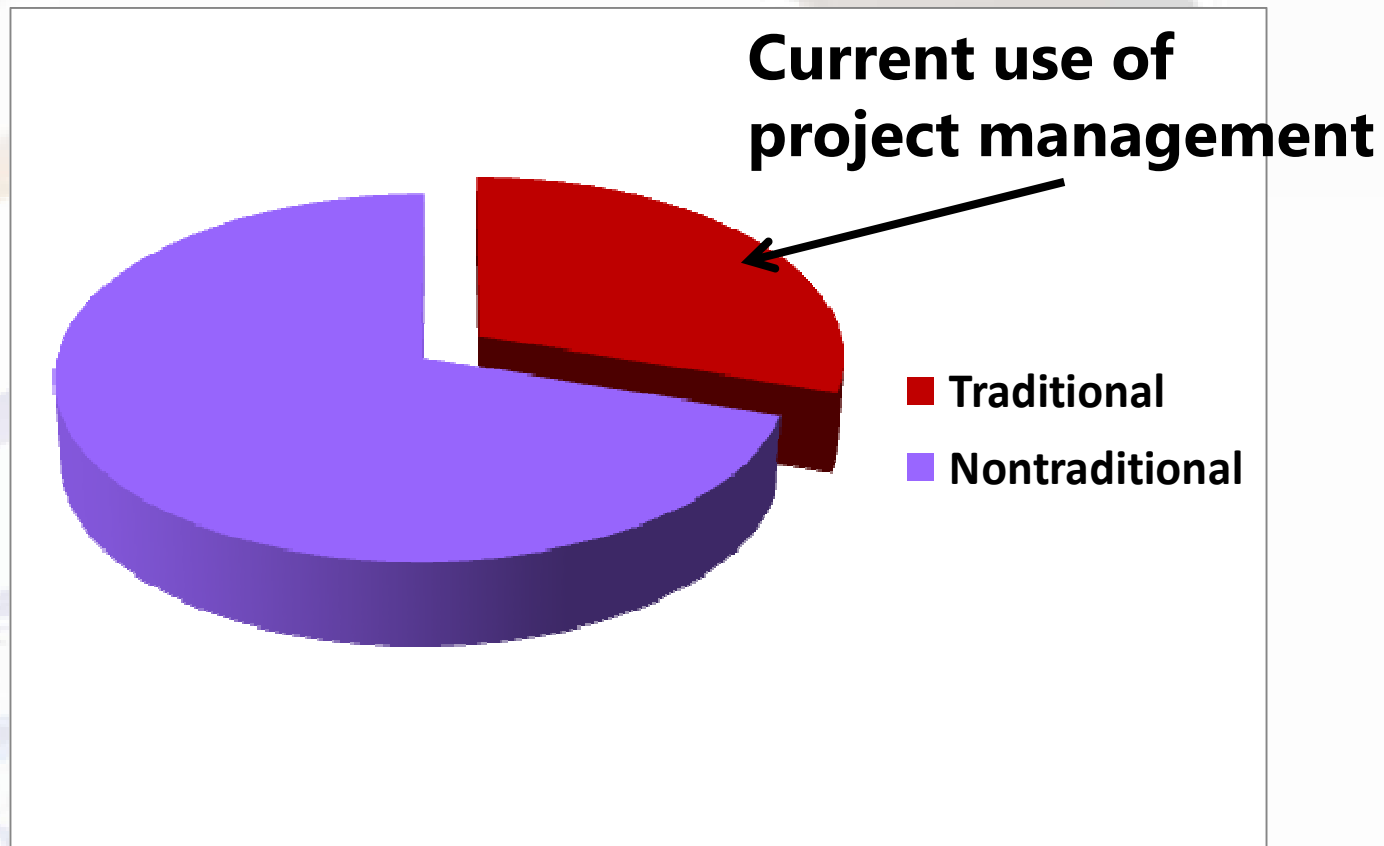
2000s

2010s

Timeline and Initiatives



Percent of Projects Using Project Management



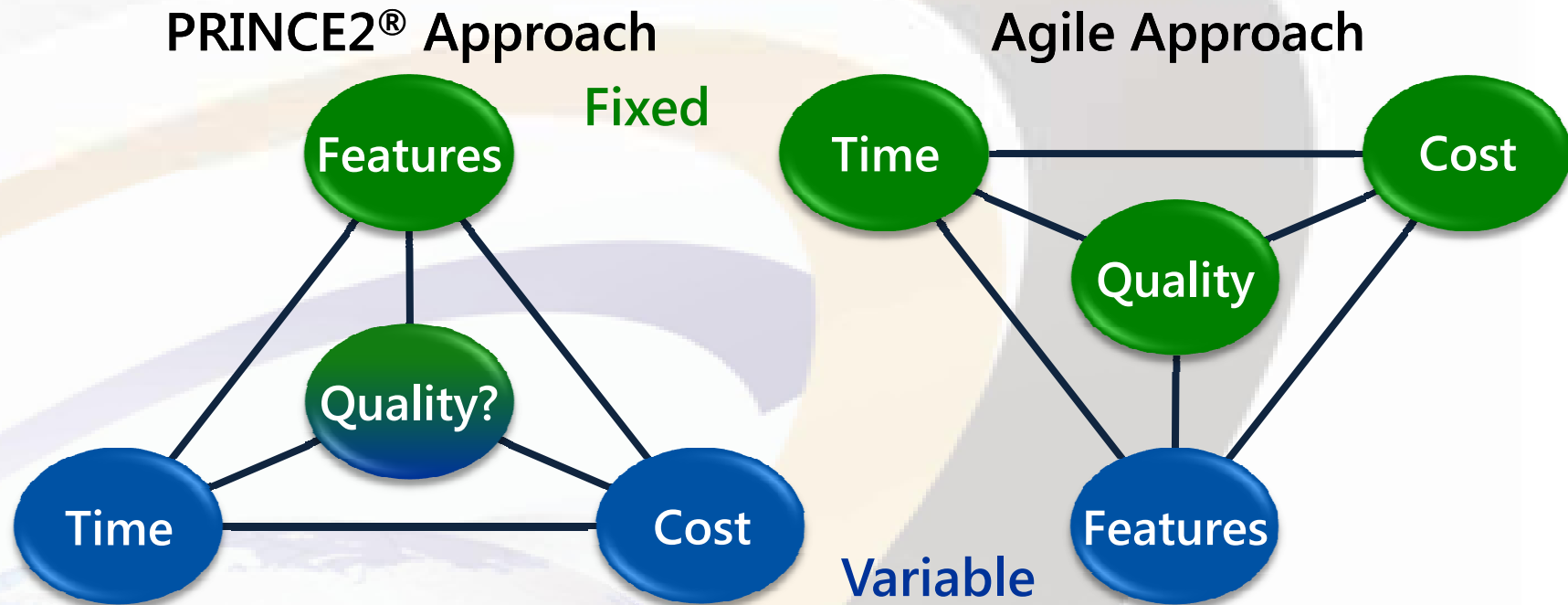
The “Traditional” Project

- Time duration of 6-18 months
- The assumptions are not expected to change over the duration of the project
- Technology is known and will not change over the duration of the project
- People that start on the project will remain through to completion (the team and the sponsor)
- The statement of work is reasonably well-defined
- The target is stationary
- Few stakeholders

The “Nontraditional” (Complex) Project

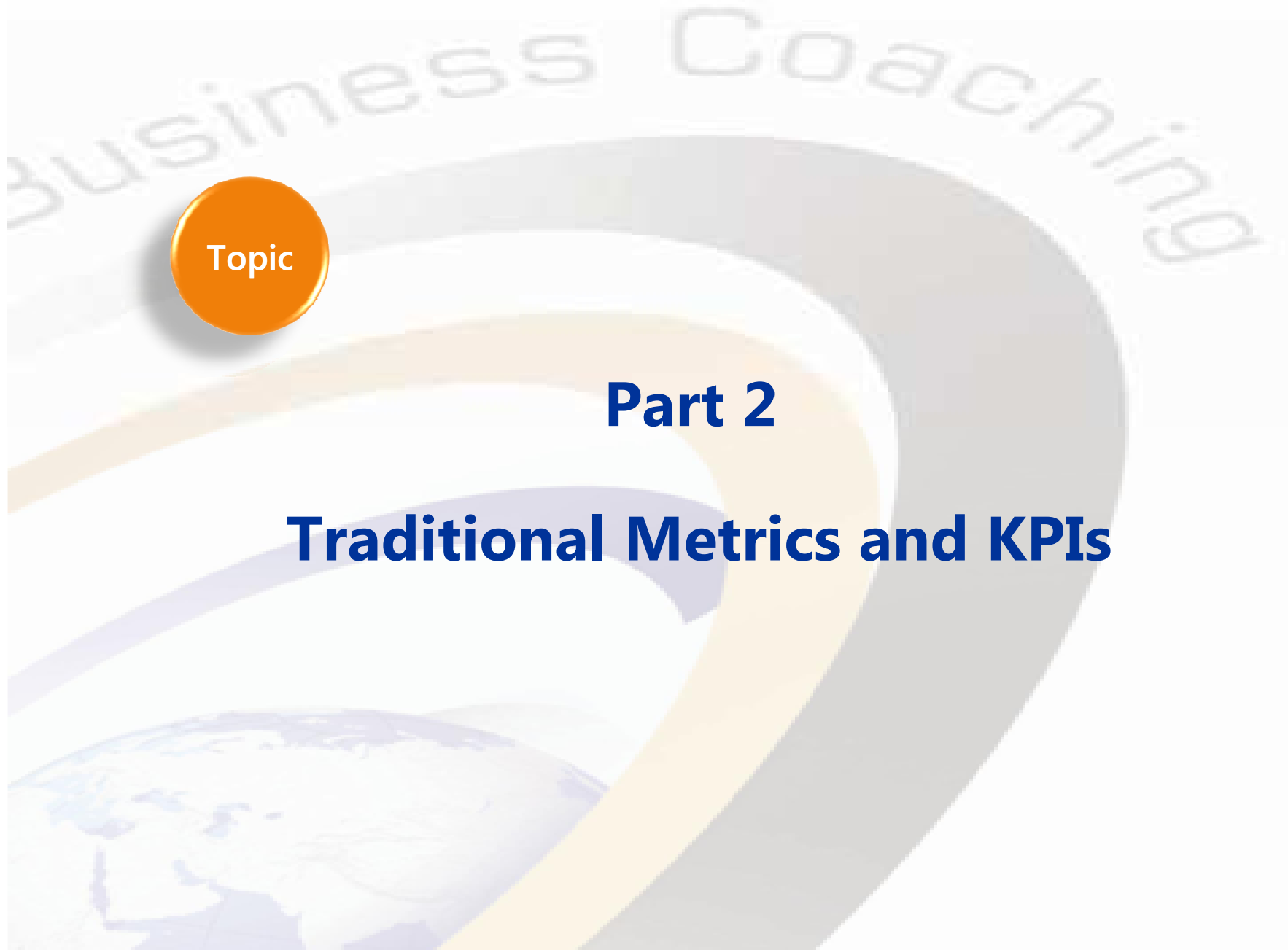
- Time duration can be over several years
- The assumptions can and will change over the duration of the project
- Technology will change over the duration of the project
- People that approved the project (and are part of the governance) may not be there at completion
- The statement of work is ill-defined and subject to numerous changes
- The target may be moving
- Multiple stakeholders

Project management approaches



Types of Metrics

| Types of Metric | Audience |
|----------------------------|--|
| Traditional Metrics | Primarily the project manager and the team, but may include the internal sponsor(s) as well |
| Key Performance Indicators | Some internal usage but mainly used for status reporting for the client and the stakeholders for informed decision-making |
| Value-Based Metrics | Can be useful for everyone but primarily for the client and the client's customers as part of Customer Value Management (CVM) activities |



Topic

Part 2

Traditional Metrics and KPIs

A simple definition of a Metric

- Something that is measured.

Characteristics of a Metric

- Has a need or a purpose.
- Provides useful info.
- Focuses toward a target.
- Can be measured with reasonable accuracy.
- Reflects the true status of the project.
- Supports proactive management.
- Assists in assessing the likelihood of success or failure.
- Is accepted by the stakeholders as a tool for informed decision making.

Key Performance Indicator , KPI

- Key : a major contributor to success or failure.
- Performance : measurable , quantifiable , adjustable and controllable elements.
- Indicator: reasonable representation of present and future performance.

Key Performance Indicator , KPI

- Other factors may include:
 - Predictive : able to predict the future of the trend.
 - Measurable : can be expressed quantitatively.
 - Actionable : triggers changes.
 - Relevant: directly related to the success or failure of the project.
 - Few in number: only what is necessary.
 - Reporting minimizes the chance of human error.

The Core Metrics:

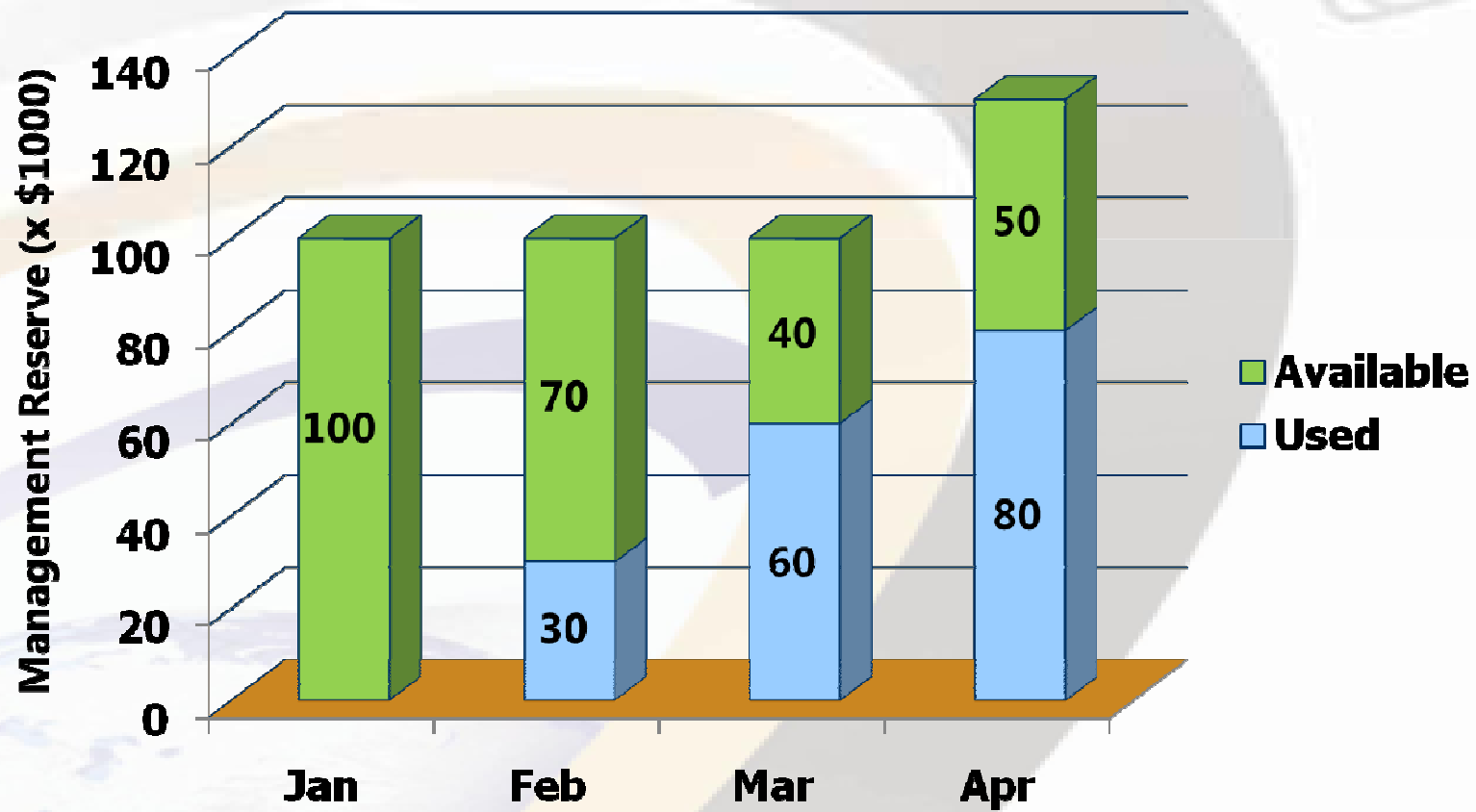
| MEASURE | INDICATOR |
|--------------|--|
| Time | Schedule Performance Index |
| Cost | Cost Performance Index |
| Resources | Quality and number of actual vs. planned staff |
| Scope | Number of change requests |
| Quality | Number of defects against user acceptance criteria |
| Action items | Number of action items still open |



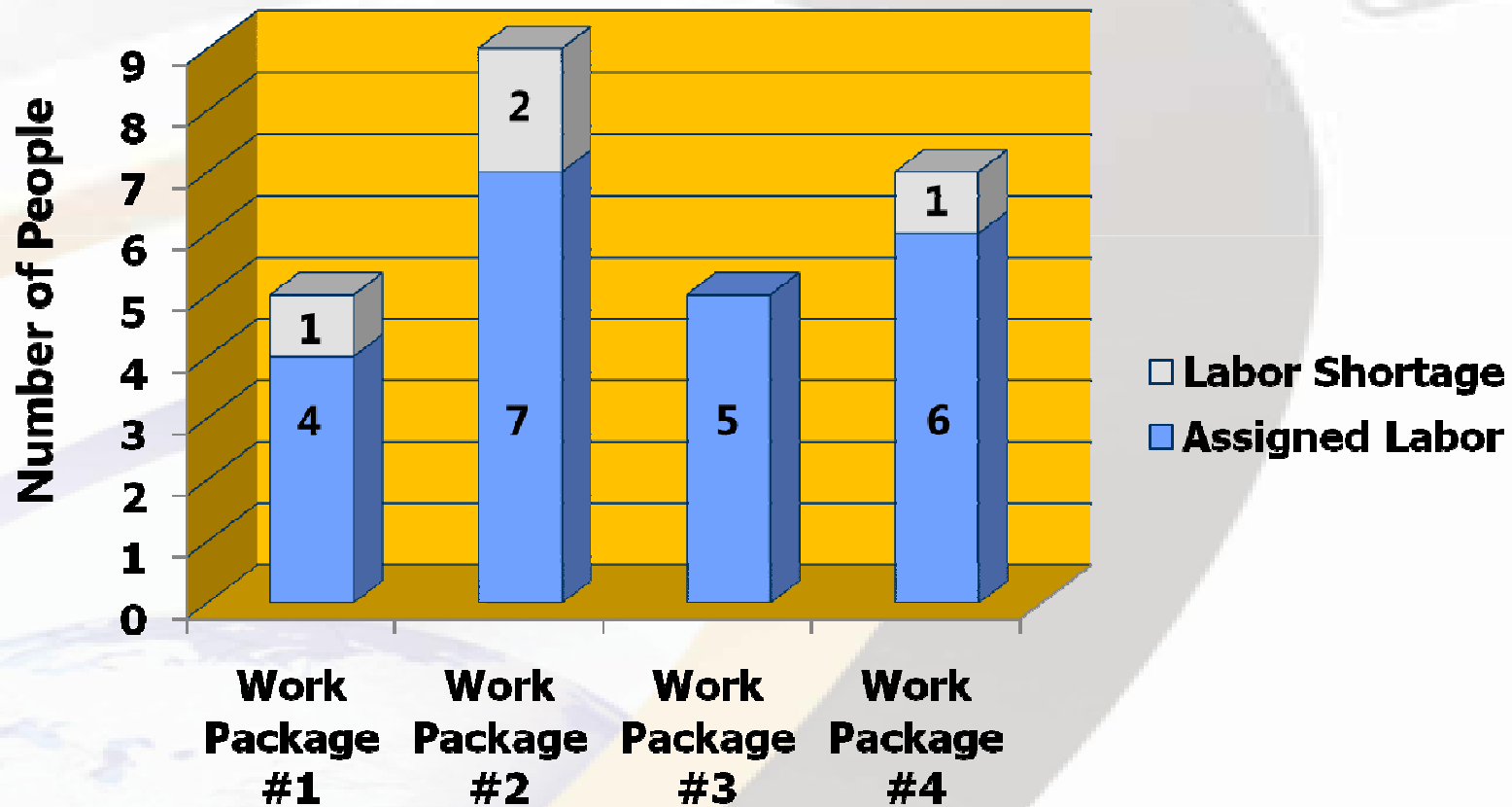
Problems with using just the Core Metrics:

- The core metrics are usually interdependent but must be considered together to get an accurate picture of status
- Core metrics are similar to visiting a doctor's office. Doctors always take the same core metrics: height, weight, temperature and blood pressure. But from these core metrics alone, they usually cannot diagnose the problem or prescribe a corrective

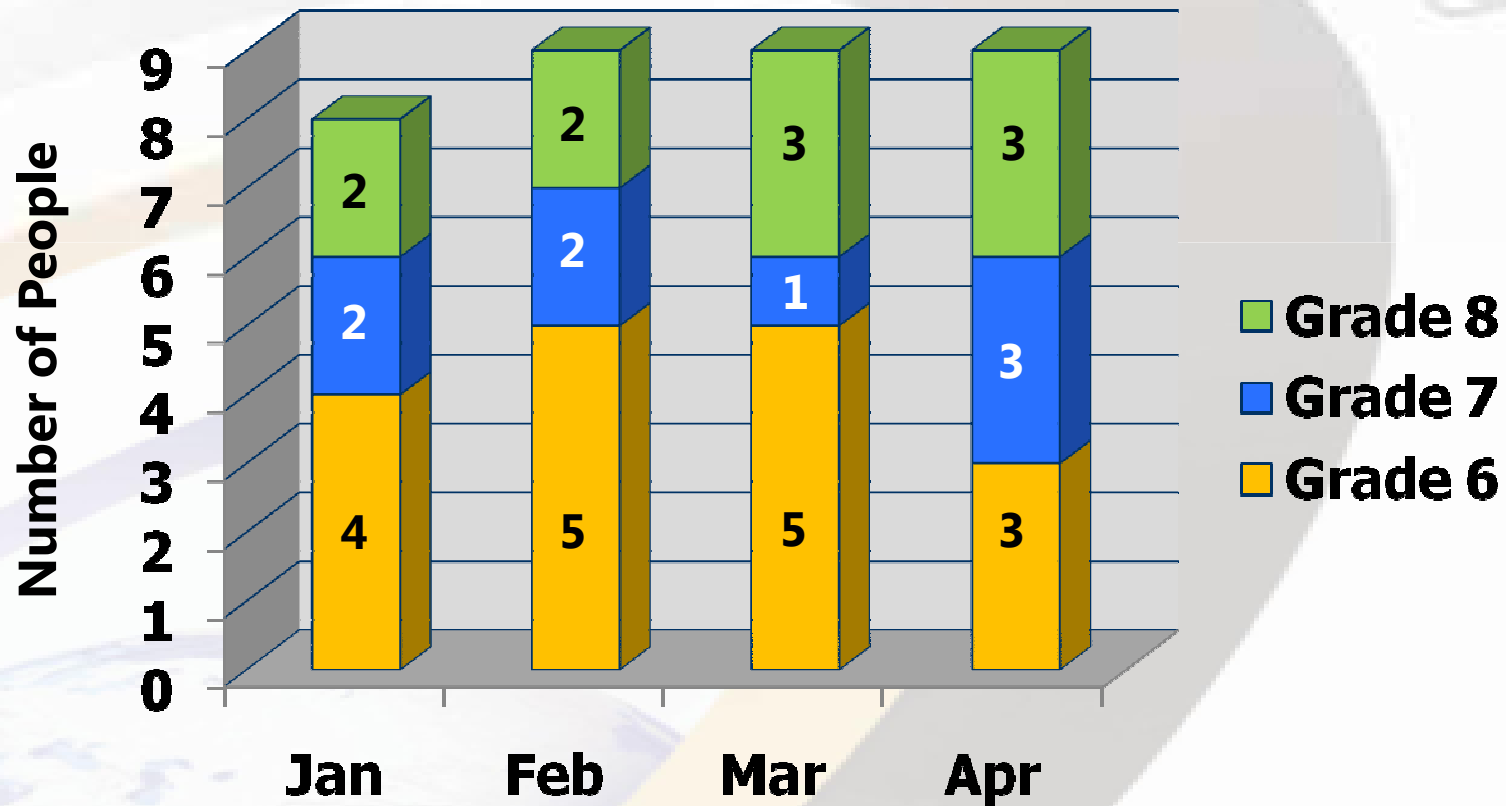
Metrics: management reserve



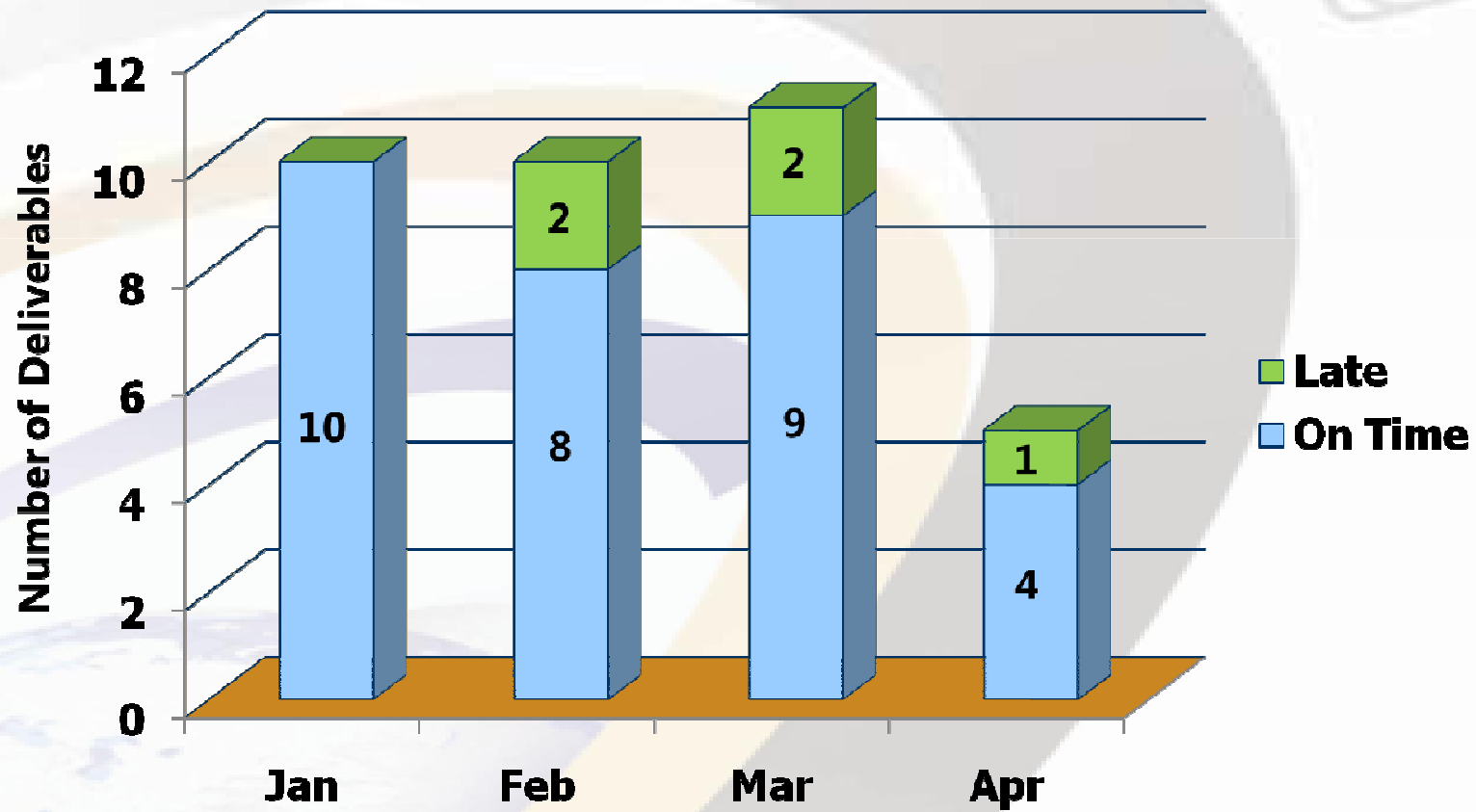
Metrics: assigned Vs planned resources



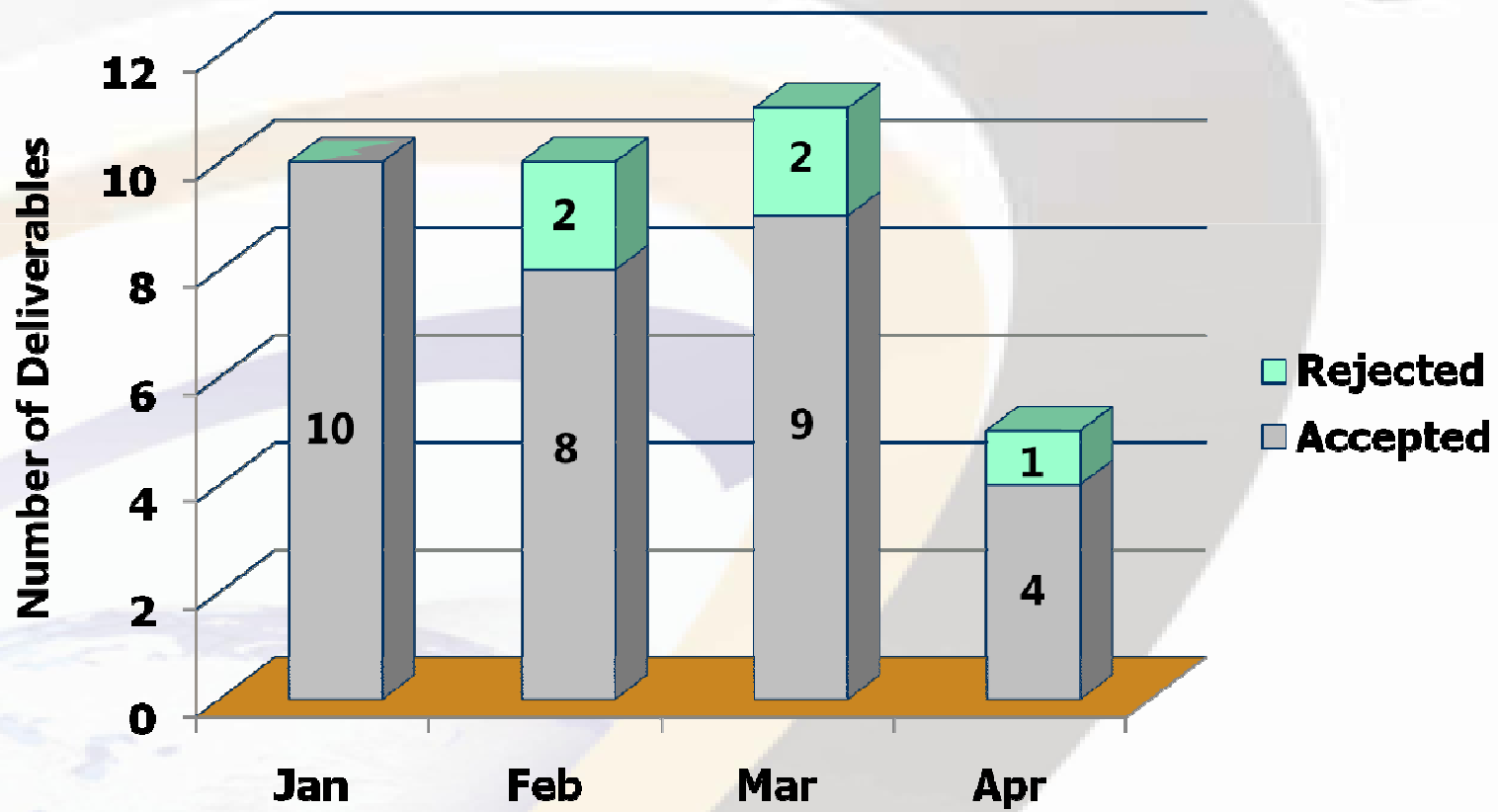
Metric: Quality of Assigned Labor



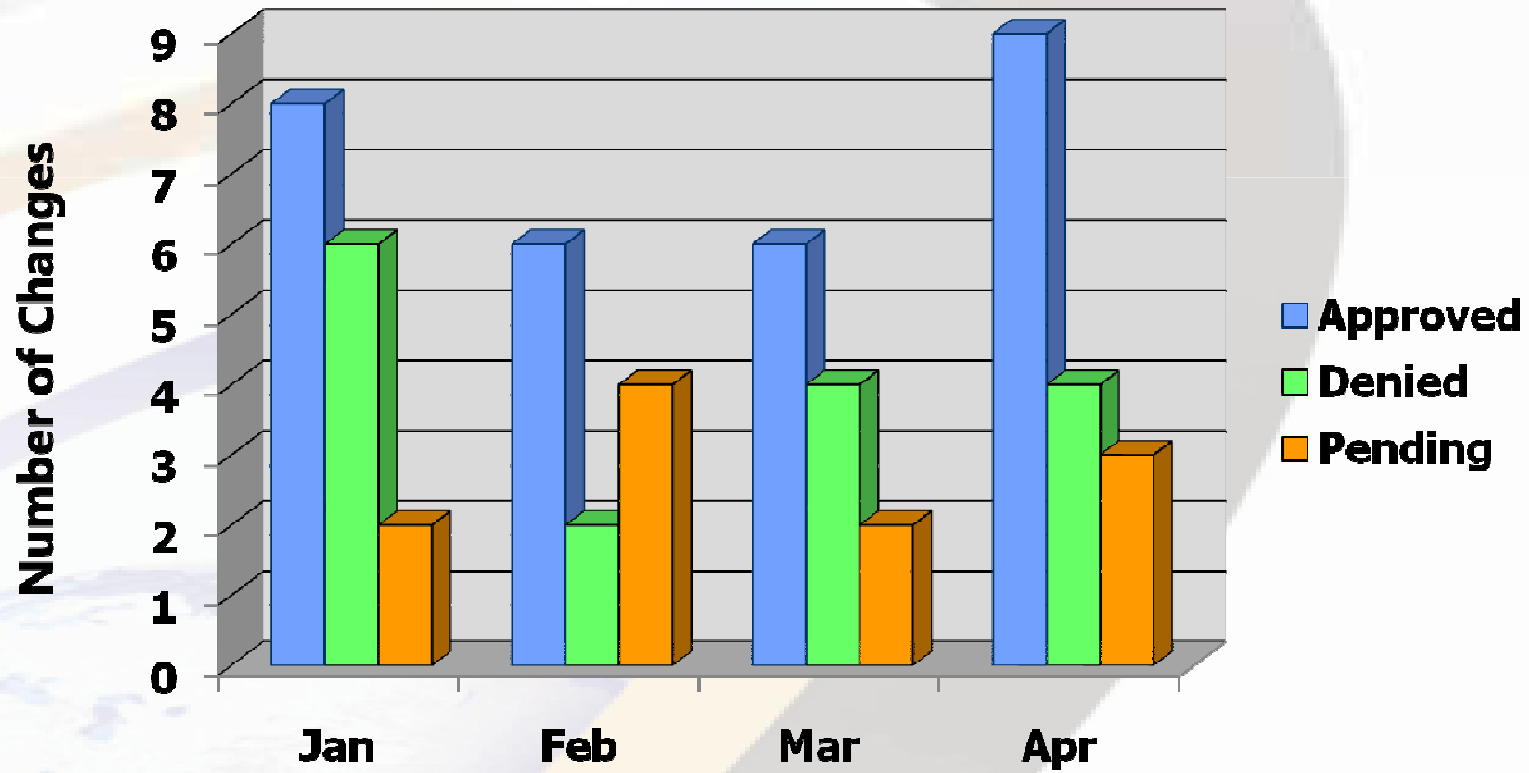
Metrics: Deliverables on Time or Late



Metrics: Deliverables Accepted or Rejected



Metrics: Scope Changes approved, Denied and pending:





Topic

Part 3:

**How Companies are using
Value-Based metrics**

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Value Metrics:

- By combining KPIs and metrics into a single value metric may give better results than discussing them separately.

Value Metrics:

Performance Characteristics

Target + 20%

**Very Favorably
Exceeding Target**

Superior

Target + 10%

**Exceeding
Target**

Good

Target - 10%

**Performance
Target**

Normal

Target - 20%

**Unfavorable
Expectation**

Caution

**Risk of Project
Failure**

Urgent Attention

Value Metrics:

| | <u>Performance Characteristics</u> | <u>Value Points</u> |
|--|------------------------------------|---------------------|
| Very Favorably Exceeding Target | Superior | 4 |
| Exceeding Target | Good | 3 |
| Performance Target | Normal | 2 |
| Unfavorable Expectation | Caution | 1 |
| Risk of Project Failure | Urgent Attention | 0 |

Value Metric Measurement:

| Value Component | Weighting Factor | Value Measurement | Value Contribution |
|-----------------|------------------|-------------------|--------------------|
| Quality | 10% | 3 | 0.3 |
| Cost | 20% | 2 | 0.4 |
| Safety | 20% | 4 | 0.8 |
| Features | 30% | 2 | 0.6 |
| Schedule | 20% | 3 | 0.6 |

Total = 2.7

Value Metric Measurement:

| Value Component | Weighting Factor | Value Measurement | Value Contribution |
|-----------------|------------------|-------------------|--------------------|
| Quality | 10% | 3 | 0.3 |
| Cost | 20% | 2 | 0.4 |
| Safety | 20% | 4 | 0.8 |
| Features | 30% | 1 | 0.3 |
| Schedule | 20% | 3 | 0.6 |

Total = 2.4

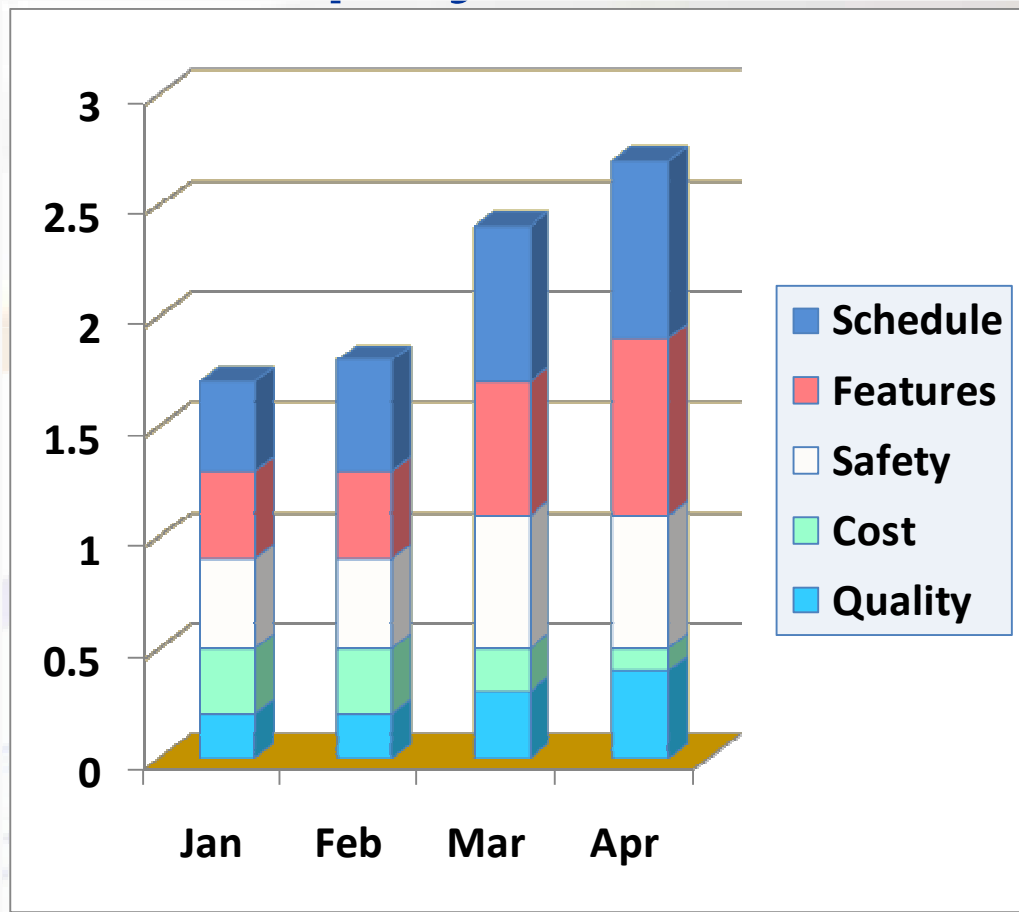
Value Metric Measurement:

| Value Component | Weighting Factor | Value Measurement | Value Contribution |
|-----------------|------------------|-------------------|--------------------|
| Quality | 10% | 3 | 0.3 |
| Cost | 20% | 1 | 0.2 |
| Safety | 20% | 4 | 0.8 |
| Features | 30% | 4 | 1.2 |
| Schedule | 20% | 1 | 0.2 |

Total = 2.7

Metrics: project Value Attributes

Size of The Value Metric



April Measurements

| Value Attribute | Rating |
|-----------------|--------|
| Schedule | 4 |
| Features | 3 |
| Safety | 3 |
| Cost | 2 |
| Quality | 4 |

Rating Legend

- 4 = Superior
- 3 = Good
- 2 = Normal
- 1 = Caution
- 0 = Attention

Example: Aerospace and Defense

- Schedule: 25%
- Cost: 25%
- Technical factor: 30%
- Quality factor: 10%
- Risk factor: 10%

IT Consulting (External Clients)

- Customer Satisfaction/Conditions of Satisfaction: 30%
- Manage Expectations/Communication: 20%
- Usability/Performance: 20%
- Quality: 20%
- Cost: 10%

Telecommunications

- Financial: 35%
- Quality/Customer Satisfaction: 35%
- Process Adherence: 15%
- Teamwork: 15%

New Product Development

- Features/Functions: 35%
- Time to market: 25%
- Quality: 25%
- Cost: 15%

Business Coaching

Thank You