In the decade LGd has existed we have often been asked to provide case studies on the concepts we teach. While we consistently work to vigorously protect our clients' identities, we believe such examinations can be powerful learning tools. Therefore, we have obtained permission to release the following case study. As part of our agreement we have changed the names of the client organization and all non-LGd individuals. However, all other elements of the scenario are real and true facts to the best of our knowledge.

Industry: Oil & Gas

Term: 2003-2004

Client: The information technology organization for one of the five largest petroleum producing companies in the world. We will refer in this case study to the client as CT Oil & Gas.

Portfolio Size (Approx.): $1.4 Billion U.S.

Scope of Work: LGd was tasked with delivering a consistent IT project methodology, training all staff members and installing appropriate technology to support the practices.

Story: In the first quarter of 2003 the Chief Information Officer's (CIO) office for CT Oil & Gas released a request for proposal to assist the Information Technology (IT) organization in the development of a quantitative assessment of the organizations project and portfolio management practices. The RFP also offered the opportunity of additional work to develop and implement the tools and training forecast to be required as a result of the assessment. LGd won the initial contract and in March, 2003 began the 60-day project to assess how well CT executed their IT projects.

As part of the initial assessment LGd conducted more than 50 individual interviews and more than a dozen focus groups in addition to examining several dozen individual closed and current projects. At the end of this process LGd presented its findings to the senior leadership team for the IT organization, and were then asked to present its findings to CT's EXCOM or Executive Committee which was made up of the President & Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Marketing Officer (CMO), the Chief Information Officer (CIO), and the Senior Vice Presidents for Engineering and Research and Development.

The following highlight the key findings from the assessment:

1. The IT organization failed to track the return on investment (ROI) on project/portfolio management making impossible to place tangible value on any previous initiative.

2. The IT organization tracked project costs in only 17% of the projects, and there was a general perception that project costs rarely mattered as most project resources were salaried. Project costing was therefore seen as irrelevant.

3. The organization was in the middle of a significant transition from a mainframe-based infrastructure to a client-server and mid-range infrastructure. Much of the IT talent pool was most comfortable with the legacy systems.

4. The only development methodology in use within the organization was the Software Development Lifecycle (SDLC) because of its close alignment with the engineering organization within the company and because of its consistent use in the mainframe world.

5. Project managers were largely viewed as administrative, task masters with limited technical skills. The IT project managers believed they had no upward mobility, and most had become stagnant in their process and tools. Furthermore, project managers were largely failing to take the initiative in developing organizational solutions.

6. The IT organization had become increasingly frustrated with the business stakeholders in the organization because of the high degree of scope change. As a result of this frustration, IT project managers were using the scope change management process to prevent change requests.

7. Project key stakeholders were conditioned to circumvent the change management processes and go straight to the working resources causing significant conflict when project managers were blindsided with the changes while still trying to meet the desired schedule. A review of 43 projects found that only 16% of them could track the scope changes that had occurred.

8. Few organizational resources understood the CT strategic plan or their role in achieving it.

9. Only 30% of all projects had baselines established for tracking. This meant that it was impossible for the project managers to track results against commitments. The only tracking consistently possible was the tracking of actual delivery date versus the initial commitment. A review of 67 projects found that the average delivery was 79% greater than forecast.

10. Most resources in the CT IT organization were working on multiple projects, yet project managers were planning the projects assuming that no project impacted any other. Additionally, senior management had no visibility to resource utilization or capacity. All resource decisions were made based upon anecdotal information.

The LGd recommendation: Looking Glass Development centered on six changes:

1. Establish an IT PMO to become the focal point of project management practice and required changes.
2. Develop a project management framework that supports two development methodologies: Rapid Application Development (RAD) and a modified version of the Software Development Lifecycle (SDLC).
3. Establish a PMO Governance Committee that would be responsible for setting organizational priorities and defining the queue of IT projects.
4. Deploy an enterprise management software system capable of providing resource capacity and utilization information as well as near-real-time performance reporting.
5. Establish consistent performance metrics for all projects based upon Earned Value Management.
6. Provide basic project management to all resources in the organization.

After making the recommendation to the CT leadership team it took approximately three weeks for a consensus to be developed in favor of moving forward with the recommendation. Upon receiving the commitment from the leadership team LGd worked with the CIO to implement all of the recommendations. It took approximately 90 days to fully implement all of the recommendations and another 90 to have absolute confidence in the results.

Results:
Initially, the greatest resistance was seen in two areas:

1. Many functional managers resisted relinquishing power to the PMO. CT overcame this problem only because of the strong leadership of the CIO and the selection of a well respected senior leader within the organization to head the PMO.
2. Many within the IT organization had spent their entire career using a SDLC process. Shifting to even allow an additional methodology was met with resistance by some of the specific resources. This issue was address

through consistent communication and follow through by the leadership team.

From program inception through January, 2007 CT had achieve the following quantitative results:

1. 92% of all IT projects maintained accurate tracking of project costs (up from an initial 17%)
2. 97% of projects maintained tracking of scope changes
3. Schedule tracking showed average schedule delays down from an initial 79% to 11%, an improvement of 68%.
4. The CT IT organization was using the schedule improvement and cost awareness to perform 24% more projects at the same time reducing the annual IT budget by 18%.

According to the CT CIO, "Implementing professional project management within our organization has dramatically improved our ability support the core mission of the company. We now have much better visibility to the real results and are completing a lot more while spending less."