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Exploring Level 1 of the PPM Maturity Model

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Maturity Level 1 is a reactive and ad hoc attempt by organizations to achieve results through segmenting work into projects. Some of the hallmarks of Level 1 are that results are most often highly dependent on the individual capabilities of the project team members. Because events often move too fast to depend on process, the organization has to rely on the "heroes" and the multitasking experts who are already in the organization.

Key Findings

- One of the hallmarks of this level is a mad scramble to get things done, often with too few resources and very little time. Good people, though, generally rise to the challenge, and successes do happen.
- No formal project-reporting or resource management tools are available, but myriad uncoordinated spreadsheets fill the void. Microsoft Excel is the most common program and portfolio management (PPM) tool used at this level.
- Spending decisions are controlled at the organizational unit level rather than by project or program.

Recommendations

- Hire results-focused and independent heroes who are comfortable running a project in the midst of chaos. There generally isn't time to invest in formal processes at this stage to make them aware of current situations and future plans.
- Establish general principles at this stage, such as meeting deadlines, preserving quality or saving money, along with the rationale behind the principles, rather than specific rules. Principles can influence a "what's important" mind-set without being overly burdensome.
- Encourage project managers to form networks within the company. At Level 1, the help offered by stakeholders is often based primarily on personal relationships.

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Introduction

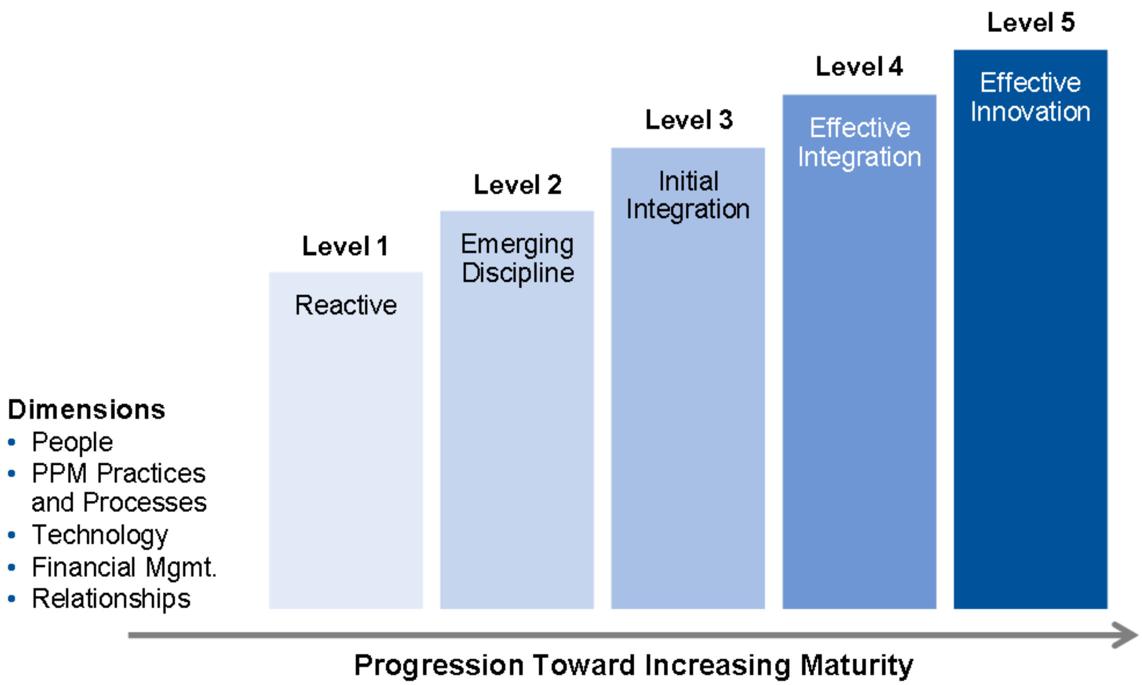
There is growing interest in evolving an effective approach to creating value through a portfolio of investments delivered by projects and programs.

To do this, every organization needs to:

- Objectively assess the maturity of current PPM practices.
- Determine the maturity level required to meet its future needs.
- Tailor a strategy for progress that centers first on the areas that most need improvement in the organization. This is especially appropriate for organizations attempting to mature from the initial stages of Level 1 where no one-size-fits-all rule can apply. Organizations have both unique business capabilities and unique weaknesses, and these factors should help drive the initial development plans.

Gartner's PPM Maturity Model has five levels, moving from the least mature Level 1 (Reactive) to the rarely achieved Level 5 (Effective Innovation) — see Figure 1. This research concentrates on Level 1 and details the characteristics of this "reactive" stage to help PPM leaders determine how and when it is appropriate to move up to the next level of maturity. We should comment that we rarely see organizations stay at Level 1 indefinitely. The cost in terms of human effort to produce results is generally so high that it proves unsustainable. On the other hand, when an organization is growing rapidly and in the midst of some significant change, there rarely is time to invest in anything besides survival. This concept of being buffeted by external forces and needing to react rather than being merely complacent and/or unenlightened (a concept some other maturity models seem to hint at) is why we have chosen to designate this level as reactive.

Figure 1. Five Progressive Levels of the PPM Maturity Model



Source: Gartner (October 2010)

Overview of Level 1

As we said before, no organization consciously chooses to be at a Level 1 maturity. Earlier Gartner research showed that organizations are capable of existing at what effectively is a Level 0 maturity, in which things just naturally get done because they need to get done. While there clearly would be a level of unconscious incompetence associated with this process (and a decided lack of learning), in general, the hallmark is that, as a technique, it proves to be just barely good enough. And then something changes. Typically, some external event, such as rapid growth, change in market conditions or a merger/acquisition, causes an organization to lumber out of its previous state (which is generally one of unconscious competence) like a bear awakening from hibernation (see Note 1).

At this initial stage, the organization is more reactive than proactive when dealing with projects. The concept of using projects as a management tool up to this point either has been nonexistent or just beginning to emerge, solely because someone on staff brought the knowledge into the organization. Personal relationships form the foundations of informal "adhocracies." Consequently, processes and projects tend to revolve around specific individuals who are generally viewed as heroes or superachievers (see Note 2).

Internal processes are centered on getting the work done. So if something has been designated a priority, staff will generally be assigned, and everything else will be on something akin to a "first in, first out" (FIFO) except when it isn't. Larger projects, when they are absolutely necessary, are contracted out to vendors. Projects may have budgetary "swags," but quite often, the project work is simply funded out of the IT or other departmental budget. Technology tools for projects are generally limited to spreadsheets and, occasionally, a project-scheduling tool used by an individual project manager.

Five Core Dimensions

Characteristics that define each level are manifested in five dimensions, each of which is unique to a role or a process. The five core dimensions are:

1. **People.** People are the most critical part of any project- or program-centric endeavor. The interdependency among people in terms of their availability, their skills, their contribution to the work and their career aspirations is of critical importance. At higher levels of maturity, the leadership ability of the individuals involved in supporting PPM activities becomes critical.
2. **PPM practices and processes.** PPM processes comprise activities such as portfolio management, and program and classic project management (for example, risk and resource management). One of the most common practices is the establishment of a PMO — be it a project management office, program office or portfolio management office.
3. **Technology.** The requirements for technology evolve as the various PPM processes change as they move through the levels of maturity. Additionally, PPM processes, including financial management processes, often require a unique set of tools to adequately fulfill their business functions. Everything from collaboration tools to project accounting systems will generally be required at some point on the journey upward toward high levels of maturity.
4. **Financial management.** Financial systems might be adequate when projects are paid for as part of a lump sum in the budget (a common Level 1 practice), but they become completely inadequate when forced to support a more detailed look at multiple projects and programs. Effective financial management requires chargeback or allocation approaches, as well as new mechanisms for tracking value.
5. **Relationships.** Organizations must identify the touchpoints necessary to maintain the processes outlined above. This includes identifying who needs to be informed, who needs to be consulted and whose help is mandatory to ensure that the desired processes work effectively.

Table 1 describes the five dimensions of Level 1 PPM maturity.

Table 1. At a Glance: Characteristics of Level 1

	Level 1 — Reactive
People	• Priority projects get appropriate staffing — everything else gets staffing when "first available." • Nascent PPM leader role — there is still primarily an individual-manager focus. • A few people begin to work toward stopping the pain and getting organized.
PPM Practices and Processes	• All internal processes are centered on the management of critical projects. • The approach to process is centered on necessity and observation of processes brought in by outside vendors working on large projects and programs.
Technology	• Project-scheduling tools and milestone reporting are adopted on a project-by-project basis. • There are no formal management tools.

	Level 1 — Reactive
Financial Management	• Projects have budgetary estimates. Actual costs can be estimated. • There are some benefit statements.
Relationships	• Previous informal relationships begin to break down, and it becomes necessary to formalize roles, including that of a "stakeholder."

Source: Gartner (October 2010)

People at Level 1

At Level 1, it's all about people. If something gets done, it's because somebody puts focused effort toward achieving the objective. Process, compliance, repeatability, tools and even, in some cases, money all take a back seat to the fact that something needs to be in place by a certain day generally to support something the organization believes is both important and strategic.

In IT organizations today, the concept of a project as a defined unit of work is fairly universal, even at Level 1. Additionally, while project demand and activity might be intense at Level 1, the general perception is that formal management of projects would only slow things down and add unnecessary overhead.

Project managers often come into their roles as need arises or have received training in other organizations. They quickly find that their success or failure is directly attributable to their own ability to get the job done with little or no organizational support. Contrary to advice found in other maturity models (see Note 3), successful project managers at Level 1 really are "heroes," who willingly lead efforts to get the job done, often in the face of "organizational neglect."

PPM Practices and Processes at Level 1

Any processes existing at Level 1 are those that have been brought into the organization and are generally limited to the "reach" of the individual advocating the approach. This works for a while until the organization reaches a growth curve where, depending on individualized processes, it fails to scale. As the volume of project work picks up and the number of people involved increases, fewer heroes or natural project managers are available, and the lack of a support structure becomes apparent. Although the use of project management techniques and approaches is still a decision left to individual managers, as the number of individuals who feel they are being denied the tools to do their jobs increases, the longer the organization remains at Level 1.

Strategies to handle risk are limited to contingency plans for what to do if the risk happens. There is no understanding of early mitigation or elimination. In addition, all projects are generally treated as being equal, and the closest most organizations come to a portfolio is a list of projects.

Technology at Level 1

Project-scheduling tools and milestone reporting are adopted on a project-by-project basis. Management begins to acknowledge that more-complex projects might need more-formal tools, but no organizationwide decisions are made. No formal project-reporting or resource management tools are available, but myriad uncoordinated spreadsheets may exist to fill the void. The most common PPM tools used at this level are Excel, the occasional copy of Microsoft Project and occasionally other open-source schedulers.

Financial Management at Level 1

Projects, early in Level 1, are generally paid for out of "departmental" budgets. A split between capital expenditure (capex) and operating expenditure (opex — see Note 4) is made for accounting purposes, but this is done "behind the scenes" and doesn't influence how project work is regarded.

Spending decisions are controlled at the organizational level rather than by project or program. Specific project value is almost never documented, and projects usually get approval based on the "squeaky-wheel doctrine," and not based on contribution to company strategy or the bottom line.

Relationships at Level 1

The concept of one company has generally broken down (or never existed), and organizations begin functioning on a highly siloed basis. Project teams are generally composed of resources borrowed from any and all corners of the corporation. While all organizations tend to suffer from competing priorities and loyalties at this maturity level — it is often worse between IT and "the business."

Contract resources (consultants) continue to manage large and complex projects and programs, because they bring with them the requisite higher level of maturity required to run programs.

Communication between the project team and the stakeholders is largely impersonal or via business analysts. No formalized communication plan is included in the project. Communication mainly takes place in the form of spreadsheets and documents and through secondhand information channels, such as the CFO.

Previous informal relationships begin to break down, and it becomes necessary to formalize roles, including that of a "stakeholder."

Improvement Opportunities and Considerations at Level 1

- Hire "heroes." These natural project managers are individuals who are comfortable running a project in the midst of chaos. They tend to be results-focused and independent, and most are inclined to follow their own set of internalized rules, which is appropriate, because there are few to no formal processes at this stage.
- Establish principles (high-level guidance) rather than rules (specific instructions) during this stage. Meeting deadlines, preserving quality or even saving money are all general principles that will influence how an organization thinks about what's important on a project. We generally recommend picking only one overarching principle at this level to avoid confusing people. Which one of the three suggested above would depend on the company's culture.
- Encourage project managers to form networks within the company. At Level 1, when everyone has too much work to do, the amount of help offered by stakeholders toward projects is generally based on personal relationships first.
- Change the reward system to help shift the momentum of the organization to accepting slightly more structure (a requirement at Level 2).
- Encourage individuals to share their personal techniques for getting projects completed reliably. Even if these aren't codified into best practices until sometime later at Level 2,

the sharing of tacit knowledge is ultimately the single most important factor in building a project-capable enterprise (the goal at Level 4).

Table 2 describes the five core dimensions of PPM maturity at Level 2 (Emerging Discipline).

Table 2. Moving Up — PPM Maturity Model Level 2 at a Glance

	Level 2 — Emerging Discipline
People	• **Project:** The project manager role is formalized. Project staffing/resource capacity issues begin to be addressed, with formalization around other roles and skills to increase utilization and productivity. The most common PPM leader role that emerges is the purveyor of methodology and standards, followed by a resource manager, as both roles are critical to support effective resource capacity issues. • **Program:** Little distinction, if any, exists between a project manager and a program manager. • **Portfolio:** No true portfolio management roles exist.
PPM Practices and Processes	• **Project:** Initial PMOs are established. Initial project processes are instituted. Understanding of project-level risk management is becoming more common. An approach to demand management and prioritization is instituted. • **Program:** Little, if any, program-specific processes or practices exist. • **Portfolio:** While something resembling portfolio management may be used during funding cycles, no true portfolio management processes or practices are in place.
Technology	• **Project:** Automation at the project level occurs, largely with desktop solutions. Project collaboration and team work spaces are occasionally supported. • **Program:** While existing technology may support programs, process immaturity usually renders this superfluous. • **Portfolio:** While dashboards (where available) may aggregate data, no formal technology support for portfolio management exists (that is, no technology-spanning projects, programs and portfolios are in place).
Financial Management	• **Project:** Estimates for costs and benefits are made for each project. Project cost and labor hours are generally captured. • **Program:** No financial management specific to program management exists. • **Portfolio:** There is no true portfolio management capabilities showing aggregate risk and return against objectives.
Relationships	• **Project:** Relationships within projects strengthen as a focus on the project as the operating entity emerges. Cross-functional governance committees begin to emerge. • **Program:** No formal program management relationships are officially sanctioned at Level 2. • **Portfolio:** No formal relationships exist to support portfolio management.

Source: Gartner (October 2010)

RECOMMENDED READING

"Q&A: PMO Services Should Be Based on Organizational Size and Maturity"

"Defining Terms: Program and Portfolio Management"

"Cool Vendors in PPM Method, 2010"

"Q&A: How Much Project Management Methodology Is too Much?"

Note 1
Unconscious Incompetence

This is the first stage of a "four stages of learning" model by psychologist Abraham Maslow. Much of what has been written about this model talks about a level above conscious competence, but for Level 1, we believe it's more important to discuss the concept of unconscious adequacy simply because the competencies that the organization hired match the needs of its environment. Unfortunately, the exposure is when something changes, and the organization is thrown into the level of unconscious incompetence and rarely knows what hit it.

Note 2
Heroes

The reference to "heroes" is a common term of art in the Capability Maturity Model Integration (CMMI) community. It has always seemed like a demeaning concept for people who work very hard in the face of lack of support from an immature organization.

Note 3
Other Maturity Models

- Software Engineering Institute offers CMMI.
- Over 30 maturity models accompany each of the generic processes identified in the Control Objectives for Information and Related Technology (CobiT) framework from the IT Governance Institute.
- The consulting community as well as software tool suppliers have maturity models.

Note 4
Capex and Opex

Capex is a capital expenditure, and opex is a normal period-based operating expenditure. Under the Statement of Position 98 in the U.S., for example, project work as opposed to maintenance and enhancement work can and should be capitalized. While good accounting requires rather strict accounting for these numbers, in practice, most Level 1 companies have a process of setting a budget and then backing into the actual split, based on a rough approximation of how the money was actually spent.

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