

# Best Practices White Paper



Insights to help move  
the performance needle

**Assess Needs**

**Grow Revenue**

**Satisfy Customers**

**Create Leaders**

**Manage People**

**Optimize Projects**

**Measure Results**



The Exact Expertise to  
Ignite and Sustain Performance™

## Phase Gate Development for Project Management

In 2003, America celebrated the beginning of one of our country's greatest projects, the exploration of the American West by the Corps of Discovery, better known as the Lewis and Clark Expedition.

This great journey shares many characteristics with 21st century IT projects: it had a clearly defined beginning and end, required a team of dedicated professionals, confronted previously unimagined obstacles, and finished a year behind schedule! It's true. The original schedule called for the explorers to begin traveling up the Missouri River in the spring of 1804, reach the Pacific Ocean and return to St. Louis before winter 1805. Instead, they completed their journey September 23, 1806, and were instantly hailed as national heroes.

When your project finishes 10 months late, chances are there aren't any parades. Worse yet, there is often a sense of frustration and failure. Yet many IT projects face the same dynamic confronted by the Corps of Discovery: they are given a fixed deadline while the actual scope of the project is barely understood.

This is the fourth article in a series profiling project management techniques that apply to the IT environment. If you've read the previous articles you may already be building detailed action plans, managing risks and developing a more cohesive project team. Those techniques focused on the day-to-day responsibilities of managing a project. This article will take a new perspective, examining an overall strategy for managing the risks of exploring new territory—a strategy called phase gate development.

Lewis and Clark have been described as having "undaunted courage" because of the physical dangers they braved and their willingness to journey into the unknown. They had little choice but to forge ahead with the best information and technology available. Many IT projects must begin the same way: accepting a challenge with the best information at hand and the need to move forward.

I must be clear that not all IT projects can be characterized this way. IT projects come in many forms, ranging from mostly hardware-oriented to mostly software-oriented. Within that range some projects begin clearly scoped ("extend our network to the third floor of the office building because we are adding staff") while others are barely scoped ("improve battlefield communication"). Which kind is the source of runaway schedules and budgets? No surprise – it is those that are barely scoped. The answer to improving control over these projects is a phased commitment strategy, more commonly known as phase gate development.

**A phase gate development strategy is based on common sense: Don't make a commitment you don't have enough information to support.** Instead, make a series of decisions to move forward and at each decision point make it legitimate to re-scope or cancel the project.

GET MORE  
SOLUTION  
DETAILS

HAVE AN  
LSA EXPERT  
CONTACT ME

GO TO  
LSA GLOBAL  
WEBSITE



**The Root of the Problem**

We can understand the problem better by looking at data developed by Barry Boehm. Figure 1 is a table that shows the range of accuracy for estimates at each phase of a software development life cycle. Note that the first estimate can be off by as much as 400 percent! Furthermore, the data are for well-run projects. The problem is that this first estimate was prepared when the project was barely scoped. These projects started with a general idea of what was to be accomplished, and eventually that functionality was delivered; but along the way the understanding of how it would be accomplished was evolved.

**That is the nature of IT projects.** We begin with a problem to solve and eventually use technology to solve it, but the discovery and creativity required along the way make estimating difficult. Other fields have similar problems.

For instance, in the pharmaceutical industry it is commonly accepted that out of 1000 compounds identified (the chemical foundation for a potential product), only one gets to market as a drug.

Phase	Effort and Size		Schedule	
	Optimistic	Pessimistic	Optimistic	Pessimistic
Initial concept	0.25	4.0	0.60	1.60
Approved concept	0.50	2.0	0.80	1.25
Req. specifications	0.67	1.5	0.85	1.15
Product specs.	0.80	1.25	0.90	1.10
Detailed specs.	0.90	1.10	0.95	1.05

Figure 1. This table shows the range of variation from the actual cost and schedule performance for estimates made at different points in the development process. Estimates at each stage of development were recorded and compared to actual performance. For example, Boehm found a project's actual effort and size to range from 4 times the estimate prepared at Initial Concept (pessimistic) to .25 times the Initial Concept estimate (optimistic).

**Establish multiple decision points**

A phase gate development model accepts the reality documented by Boehm and confronts the real risk of over-budget or behind-schedule projects: they are potentially business failures. Every project is designed to have a return on investment or ROI. Given the uncertainty demonstrated by Boehm, it makes sense that once a project is initiated we revisit the business case periodically to validate the ROI.

GET MORE SOLUTION DETAILS

HAVE AN LSA EXPERT CONTACT ME

GO TO LSA GLOBAL WEBSITE



The Exact Expertise to  
Ignite and Sustain Performance™

## We help make companies more competitive through people.

Founded in 1995 on the principle that training "by itself" will not drive tangible change or business results, we work with a select group of clients to get the most out of their people. Every training and consulting solution we provide increases revenue, decreases costs, or raises productivity.

### Who we work with

Our clients are typically mid-market business leaders who believe that investing in people is vital to their success. The majority come from the high-tech, life-sciences, and service industries and often lack the internal resources or expertise to get the job done. They want more than what traditional training and consulting approaches can deliver.

### What we do

We get results. Our one-stop-shop offerings range from creating a high performance culture, to outsourcing the training function, to designing and delivering targeted learning solutions. We excel in seven key practice areas: assessment, sales, loyalty, leadership, management, project management, and measurement.

### How we do it

We partner with our clients in a way that makes sense for their unique situation. First we identify the key metrics they want to improve. Then we assemble a dedicated team of experts who have successfully solved similar problems with similar clients. Our expertise and flexibility allow us to move the performance needle faster and farther than anyone else in our industry.

### Our Guarantee

We are fiercely devoted to the success of our clients and guarantee results.



The Exact Expertise to  
Ignite and Sustain Performance™

## Our clients tells us that we are different.

Our clients tell us that we save them both time and money. Our clients tell us that they appreciate access to certified best-in-class experts who help them to move the needle.

### Our sales clients

confirm that they have grown sales by 40%, increased units sold by 42%, increased average pricing by 12%, and closed over 50% of their pipeline.

### Our customer loyalty clients

confirm that their customer revenue per household increased by 18%, repeat calls decreased by 48.4%, single contact resolution increased by 6.1% and their overall customer satisfaction increased by 10%.

### Our leadership and management clients

decrease their costs by up to 50%, increase speed-to-productivity by 60%, accelerate promotions by 20%, decrease unwanted attrition by up to 40%, and report an additional \$13m to their bottom-line.

### Our project management clients

inform us that, by regularly completing projects that meet or exceed expectations, they have become an anomaly in the world where most projects disappoint or fail.

Request an LSA Expert  
**Contact Me** >

LSA Client wins 2010.. Learning LEADERS

Bersin & Associates  
Leadership Development Program  
Excellence Award

Learn More >

Health Check

Get FREE Best Practice Diagnostic >

Voice of the Customer

See What Our Clients Say >



The Exact Expertise to Ignite and Sustain Performance™

## Representative Clients

We are fiercely devoted to the success of our clients and proud that over 85% of our business comes from repeat business with satisfied clients.



97.5% client satisfaction

98.2% recommend LSA

98% solution satisfaction

129% knowledge gain

800+ Assessment and Measurement Projects

45+ Client Case Studies

100+ Client Testimonials

Top 10% Certified Experts