



White Paper

Project status reporting can cost you over \$200,000 per year!

Want to find out what you are really paying?

This white paper covers:

- How we calculated this astronomical figure
- How to calculate your own reporting costs (in both time and money)
- Steps to take to cut your reporting costs in half
- And much more

Can I have a one page report for all my projects?

One day you realise that a significant number of the company's assets are tied up delivering projects.

It doesn't matter what they are, most of your staff are working on one or more of them. Time, money and effort are going into your projects and you need to get a better handle on what's happening.

We need a Project Office!

So you decide its time to set up a Project Office and start talking to your best project managers and some trusted consultants on what is the best way forward. The chorus of opinion is "Process First!"

Without proper process you will never be able to improve project management capability in your organization.

Process first
Project Office
implementation
defers realizing
value.

So away you go, hire an internal Project Office Manager, consultant or both to set up one of these beasts. In they come with an existing bag of tricks including some handy document templates and spreadsheets that will get your new processes up and running efficiently and effectively.

Or will these handy little tools really end up costing your organization a fortune?

In our experience process-first implementations of the Project Office actually creates more administrative overhead than value. Here's why.

More often than not...

If your company has about 20 projects with about 50 staff working on them, then they probably have started to implement a Project Office.

The staff breakdown might look something like this:

- 42 People working on a couple of projects each
- 6 Project Managers running about 3 projects each
- 2 Project Office staff involved in reporting and implementing Project Office processes
- 4 Executives who attend the steering committee meetings

Project teams are on a weekly reporting cycle. The steering committee meets once a month.

Now let's take a look at how the project team are currently reporting to the steering committee.

People who work on projects

42 hours a week are spent by your team providing the inputs for project reporting

Each team member discusses the status of their tasks with their project managers weekly. In addition, they fill in a time sheet and estimate the completion of their tasks. The task status information they record will go into some sort of template or spreadsheet. This will take 20-30 minutes per project. Remember they usually work on a couple of projects, so about an hour a week per person is spent reporting.

Project Managers

Project Managers will spend 1 day a week doing their project reports

They have to capture the status, time estimates to complete and issues from each of their team members, work out the schedule impact and reschedule the remaining work. Next they write up their report for the Project Office. Typically this includes: what was accomplished this period, what is planned for the next period, how much was spent, resource requirements, issues risks and change requests.

They can spend 2 or 3 hours each week reporting on a project, which amounts to a day a week reporting for all of their projects.

Project Office

So how does the Project Office get all of this information together?

The Project Office can spend up to 2 days a week to compile status reports

Remember those trusty document and spreadsheet templates that everyone uses? They use the same ones.

What the Project Office didn't mention when they started was that the documents and spreadsheets work fine for a single project. For multiple projects the rollups and summaries are all done manually.

Reporting on a portfolio of 20 projects will take 1 person between 2 and 5 days a week to complete. This does not leave much time for value adding activities such as analysis of schedule variances, comparative analysis of project risks and project managers and identifying training and process improvement opportunities.

Senior Management

“So wouldn’t it be great if we could get a one page report that gives me status on all my projects?” asks the senior manager, but is this what they actually need?

All a senior manager actually needs is:

Senior
Management
needs clear
concise
exception
based reporting

1. Order out of chaos
2. To see the exceptions
3. Understand the problem and alternative courses of action
4. Make an informed decision and quickly move on to the next issue

She doesn’t actually need a one page report showing all the projects, let alone a dashboard. She needs to know about the exceptions because they are the ones she needs to make decisions on.

After all the principle of management by exception is that you manage the exceptions.

Typically the first reports the Project Office generates includes every project. Since senior management hasn’t ever had this type of information before they are confounded by the detail and there is no consensus on what they should do with the reports. Time, effort and energy are expended going through the reports separating the wheat from the chaff and figuring out what to do with the wheat they’ve found.

The net result is management is now aware of how much of the company’s assets are being used to do projects but is not better informed on where the problems are. A couple of hours a month of senior management time are consumed for no significant business gain.

**How reliable
are your
spread
sheets?**

KPMG and PWC believe that 90% of spreadsheets contain errors. The European Spreadsheet Risks Interest Group has a list of news stories about spreadsheet errors. They can be found at <http://www.eusprig.org/stories.htm>

Template and spreadsheet reports can cost up to \$250,000 a year while consuming 4748 hours of staff time a year.

Time and money well spent?

Lets summarize the time and cost that went into producing this week's blizzard of data.

Role	Number of Full Time Employees (FTE)	Hours each spends reporting	Total Man hours
Project Office Staff	1	16	16
Project Managers	6	6	36
Team Members	42	1	42
Total Time this week			94

Guess what - we just used 94 hours of work (4888 hours a year) this week getting our project reports out, that's the **equivalent of 2.7 full time employees**.

Now if your team spends 94 hours a week on project reporting is that a problem? If your projects are resource constrained, then yes 94 hours a week spent on reporting is a problem.

Assume the cost of an hour is \$50, then you're spending **\$4,700** to do the weekly reports.

\$4,700 per week translates into **\$20,210** per month and **\$242,520** per year to generate the reports for senior management. That doesn't factor in time spent by senior management going through the reports to get information they need.

For those of you on monthly reporting cycles you're only spending **1128 hours** or (equivalent to .6 full time employees) and **\$56,400** a year for your reports.

If you are reporting monthly are you sure management is getting information soon enough to spot a problem and fix it before the project goes significantly off course?

Does this seem like time and money well spent to you?

You can use our reporting costs calculator to work out your own reporting costs at www.bijingo.com/downloads

Calculate your own cost of reporting

Bijingo has created a reporting cost calculator, it is available for download at www.bijingo.com/downloads You can use it to get a handle on monthly reporting costs. All you need to do is enter in:

1. The number of project team members
2. Their hourly rate
3. The time they spend reporting each reporting cycle
4. Repeat for project managers, Project Office staff and steering committee members

The calculator will then tell you:

1. Time spent generating reports each reporting cycle
2. Cost to generate these reports
3. Annual reporting costs
4. What you could save by halving your reporting effort
5. Savings by implementing b-smart to do your reporting

We're confident that if your company is in a situation similar to the one we just described then we can halve your reporting costs. We've seen it happen for most of our customers. With some customers we've seen as much as a 90% reduction in reporting effort. Linfox has had an 80% reduction in their reporting effort. Download the case study from our web site and see what they had to say.

Reporting Cost Analysis

We will help you work out your reporting costs, analyse your current reporting system and make recommendations on how to further improve your current situation.

To request a free reporting costs analysis please email bijingo at info@bijingo.com or phone us on +61 3 9428 6400.

About bijingo Pty Ltd

Bijingo Pty Ltd develops and provides b-smart, comprehensive software as a service project management solution.

About This White Paper

This white paper is based on customer experience.