

Some even create project scope statements and other documents in spreadsheets.

The Issues

Implementing PPM on spreadsheets generally requires creating multiple spreadsheets. One reason for this is that the information needed for decision-making changes as the project progresses through the life-cycle. For example, while the project is still in the pipeline, it is important to understand project alignment characteristics, value, the requested due date, and the estimated start date. However, after the project is initiated, of greater concern are the project's health, progress, and the likely finish date. Another reason for multiple spreadsheets is that certain functions in the decision process do not lend themselves to a project list format. For example, if a scoring model is used for value assessment, this is typically done in a different spreadsheet from the project lists.

Another example is a resource availability table. This information typically needs to be viewed both by resource and by project.

True project portfolio management requires a governance model, controls, and an integrated workflow. Having a defined process with decision points and requirements for movement from one stage to the next allows an organization to remain in control, be consistent and make improvements. Spreadsheets were never designed to be able to implement a workflow, though there is no question that a PPM workflow could be designed and created by a spreadsheet guru. However, this is rarely done for a PPM implementation with spreadsheets, and even if it could be, is this really worth the effort and time to maintain by manually making changes as the project unfolds?

The Hidden Costs

Just like an iceberg where you only see the tip, but there's a huge mass hiding under the water—there are many costs of using spreadsheets that are unseen.

In the end, all the positive characteristics of spreadsheets are outweighed by hidden costs and risks. Creating and maintaining multiple spreadsheets can lead to productivity sapping version confusion, which can hinder collaboration and information sharing. But the biggest costs are related to the fact that spreadsheets were not designed for certain PPM functions. Spreadsheets hidden costs also include:

Implementing PPM

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1. Wasted Time

Spreadsheet users waste hours of time trying to consolidate information from multiple spreadsheets and transferring selected information from one spreadsheet to another. Individual users also waste time trying to perfect their own view by resizing columns and rows, justifying text and many other beautification activities that don't really add value.

With multiple spreadsheets and duplications of data, much time is wasted in looking for and correcting inaccuracies in the data. Or worse, these inaccuracies are never found or get corrected and create a risk to the organization.

Differing skill levels from the users of these spreadsheets can cause wasted time for the spreadsheet builder who may need to repetitively explain the intricacies of their work so others can use it. Of necessity, creators must constantly modify their work as the project evolves, creating a constant need to explain the changes.

2. Inefficiencies

Spreadsheet inefficiencies occur in multiple areas. The typical method of communicating information from spreadsheets is to email them to others. In some cases, this is completed instantaneously. Most of the time, there is elapsed time between when the spreadsheet was emailed and when it was opened. This leads to delays in work and project decisions when the necessary information is not available when needed.

Emailing of spreadsheets also causes a potential for multiple versions of the same spreadsheet being updated independently, thus causing more inefficiencies due to duplications of effort. When users only want to see a subset of the information in the main spreadsheets, special reporting causes another inefficiency. This generates more data views and even more versions of the spreadsheet.

Often massive PPM spreadsheets are created over time with no thought to the value of the additional data or the compounding problems in using the new spreadsheet, causing data overload. More data does not always lead to better decisions. Often it leads to paralysis or "minertia" – the focus on minutia that leads to negative inertia. Along the same lines, spreadsheets have so many neat features, we often over-analyze the information, creating new filters and generating pivot tables of data to our hearts content. This is almost always an inefficient use of time.

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3. Security Risks

There is no doubt that the use and proliferation of spreadsheets can lead to higher risks for data security. Since spreadsheets are portable, it is very difficult to control who has access to them both internally and externally. It is very easy to send a spreadsheet accidentally or intentionally to a destination outside of an organization's control. Having copies of the spreadsheets and data in multiple hands compounds the potential risk. To a lesser extent, there is also a potential risk of making a bad decision as a result of the data inaccuracies that often occur.

Productivity Beyond Spreadsheets

Spreadsheets are a valuable tool and a great place to start at the beginning of a PPM initiative. They are a great personal productivity tool because of their availability, ease-of-use, and flexibility. And they will always play a part in PPM for certain types of reporting and analysis. However, they are not cost-free and become a very expensive tool when PMs use them for a departmental PPM solution.

It does not take much of a productivity gain to justify the cost of some of the more affordable PPM solutions on the market. If your employees waste as little as one hour per day with PPM spreadsheets, the costs can be substantial. For example, let's say you have three employees involved in PPM. They work an average of 200 days per year, and your hourly rate is \$50. This adds up to \$30,000 per year of wasted expense. You could easily get a 10X return on your investment by using an affordable PPM solution for this amount of savings.

The proliferation of spreadsheets for PPM is an indication that users have unfulfilled needs. Despite this, there may be resistance to the abandonment of the more familiar spreadsheet for a PPM solution. Spreadsheets are quick and easy. Although it is difficult for any PPM solution to completely meet this standard, it is critical that the solution be uncomplicated and easy-to-learn.

It is also helpful for a solution to provide familiar spreadsheet-like views and not try to add unneeded complexity and over-automate the process. Organizations have implemented a sophisticated PPM tool only to see their users fall back to the more familiar spreadsheets.

If you want your PPM solution to actually be used by your organization, keep it uncomplicated and used as an aid for decision-making that will increase the value delivered by your department to the organization.



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