

START-UPS SHOULDN'T BE AFRAID  
OF PROJECT MANAGEMENT.  
IT JUST MIGHT BE THEIR TICKET  
INTO THE BIG LEAGUES.

# ▶ HEAD START

BY SARAH FISTER GALE » PHOTO BY MARTIN BEDDALL



Alexandra Kelly, Powerchex Ltd.,  
London, England

It may very well turn out to be the next Google. But it doesn't seem like that in the early days. For now, it's just another start-up trying to make a name for itself in the big, cold corporate world. Forget the fancy conference rooms—company meetings take place at the local coffee shop. The hours are usually long and the headcount low, which means everyone's wearing multiple hats. In no-frills settings like these, formal project management may seem like overkill. But, as small businesses ramp up, they can quickly lose focus and control over outcomes if they don't put structured strategies and methods in place.

"Very few start-up companies think about project management," says Scott Berkun, author of *Making Things Happen: Mastering Project Management*

project delivery dates become more rigid—driving the need for formal project management methods.

But new business owners may still resist, Mr. Berkun warns. "People who leave the corporate world to start their own businesses often think of project management as being overly bureaucratic," he says. "Most entrepreneurs are trying to get away from that and they are reluctant to put that structure in place in their own companies."

It's not until business owners recognize the need to predict outcomes and establish more certainty over output that formal project management becomes attractive.

"Business owners start to see problems cropping up that structure and accountability would remedy," he says. These usually center on communication issues that arise when headcount expands, such as who's responsible for important tasks or what happens when a deadline is missed.

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[O'Reilly Media Inc., 2008] and a consultant based in Seattle, Washington, USA. Owners of new companies are usually focused on more urgent and tangible issues—getting funding or landing the first client—than they are on implementing a project structure. "In the early days, these companies do project management by proximity," he explains. "The team is all in one room and if you need something done, you just yell."

True project management usually emerges after the company experiences its first spurt of growth or success, he says. That's when clients get involved, the number of employees increases and

The key, says Mr. Berkun, is to not let employees become accustomed to the lack of formality. If companies wait too long, team members may resent—and rebel against—the implementation of a project management structure. "You have to approach project management as a tool for solving a manager's problems, not as an executive view of how the company should be run," he says.

#### LET'S TALK

One of the first things a new company should do to integrate project management into the business is schedule frequent meetings with team members,

says Verne Harnish, CEO of Gazelles Inc., an executive leadership-training organization in Ashburn, Virginia, USA. He advocates a daily 15-minute session to:

- Address the goals for that day
- Review metrics for costs, timelines and ongoing activities
- Discuss "stuck points" where the project is stalled.

"When you do a daily huddle, you correct problems as they arise and clear the junk out of your weekly reviews," he says, noting that when teams meet only once a week, small problems can compound. "By discussing the project every day, you see the patterns and trends much faster and you can address issues before they impact the project."

In 2005, Michael Simmons co-founded New York, New York, USA-based Extreme Entrepreneurship Education Corp., which provides media and educational tools for college students and young entrepreneurs. And ever since the company was launched, Mr. Simmons meets with his six employees in a web conference every morning for 15 minutes. Team members share their three most important tasks for the day and give each other feedback on their plans or progress.

"It's a community management of priorities," says Mr. Simmons. "In a virtual company, you don't see what people are doing every day. The daily meeting ensures we don't waste days pursuing tasks that are not a priority for the company."

Mr. Simmons says the meetings have helped the company increase accountability—and quadruple its revenue since its first seminar in fall 2006. "The meetings were an instrumental part of it," he says. "They helped us make sure nothing fell through the cracks."

Along with the daily meetings, Mr. Harnish urges start-ups to set aside blocks of time to accomplish major tasks, such as revising strategic plans or setting long-term project goals.

"Some issues can't be addressed in haphazard hallway meetings or a string

## BABY STEPS

As a company grows, so does its need for structure and accountability—but that can be a tough sell to entrepreneurial-minded team members. Starting slow and showing off successes can help ease the angst.

- 1 **Talk about project management in terms of eliminating problems.** Look at how communication barriers, assignment confusion or missed deadlines have affected the team, says Scott Berkun, Scott Berkun Consulting. "Find out what people are struggling with and introduce project management strategies that will ease those problems," he says. "When you approach project management from that perspective, people are much more interested in having it happen."
- 2 **Find project managers from within the team.** Hiring an outside expert can create morale problems and an "us against them" mentality, warns Alexandra Kelly, Powerchex Ltd. It's better to identify a team member with the core talent required and help him or her develop the required skills.
- 3 **Pilot new methods.** Find a process and roll it out to a key employee group for a few weeks. Use that trial period to iron out the kinks and measure its impact, then take those results and the methodology to the rest of the company, says Mr. Berkun. "When you have evidence of success you can prove its value and make the pilot group advocates for change," he says. "And if it fails, it only impacts a small group."
- 4 **Meet daily.** A 15-minute phone call or standing lunch date gives teams an opportunity to set goals for the day and address problems before they fester, says Verne Harnish, Gazelles. "Use it as a time to touch base and to set an agenda for the next 24 hours."
- 5 **Start with clear, uncomplicated goals.** In the beginning, it's enough to establish deadlines and quality expectations that are measurable and widely understood, Ms. Kelly says.
- 6 **Celebrate a job well done.** When deadlines are met and projects are successfully completed, reward the team and talk up their good work, says Ms. Kelly. "In a small company you are all in it together and it's important to acknowledge how far you've come."

of e-mails," he explains. "It can be painful and time-consuming, but it's better to collectively get decisions made in one three-hour time block than to let it linger for weeks."

#### UNDER CONTROL

Alexandra Kelly started Powerchex Ltd. in 2005 with one employee and a desk. A mere three years later, the London, England-based company has 36 employees and a spot at number eight on the Crimson Business Startups 100, a list of the United Kingdom's best new businesses in 2008.

Even in the heady days of an upstart, it comes down to control over people

## THE SPINOFF CHALLENGE

Start-ups usually conjure up the image of an overly caffeinated entrepreneur following some brilliant scheme. But new companies often sprout from large organizations. And in those cases, project management may be even more important.

Spinoffs must foster the entrepreneurial atmosphere of a small business while adhering to their parent company's structure, strategies and deliverables, says Hugo Luna, director and partner of KLS International, a global business consultancy in Guadalajara, Mexico.

Often there's little time for trial and error for satellites. "When they come in, they are already involved with other business counterparts and may have deadlines the day they open up," Mr. Luna explains.

So they better be ready to start work on projects immediately, with supply-chain relationships and project management methods in place. "You can't go to a client on your first project and say you had a problem with a government contract and you won't be able to deliver on time," he says. "You have to know what you are getting into and you have to have a back-up plan in place in case problems arise."

Additional challenges may arise when start-ups are new to a particular region, such as Latin America, where many U.S. and European companies open branches. "Start-up companies need to think about the legal framework, tax system, immigration issues, labor unions and cultural issues in these countries that will impact their projects," he says.

Navigating an unfamiliar country's business culture is tricky and loaded with hidden obstacles that can cost project leaders time, money and relationships, he warns. One common mistake new businesses in Mexico make, for example, is not realizing they need to contract with labor unions before they can hire workers. Also, companies can import materials that will be used in export products without paying duties on them, but the organization must be able to prove those materials were exported within 18 months of receipt.

"That means not only using the materials imported in that time-frame, but also having a documented tracking system in place to prove they were exported," Mr. Luna says. "Otherwise companies can be fined up to three times the value of the materials."

and processes. And that's where project management can help.

"Everything we do is scheduled very strictly because it's the best way to achieve our goals," Ms. Kelly says. "In a small company, it's easy to get distracted if you don't demand quality and control every step of the way."

Ms. Kelly launched Powerchex to offer employers at financial institutions better and faster background checks and increased risk-management strategies. She attributes much of her company's success

to its organizational structure, which designates specific tasks to each team member, rather than have them all work on everything.

"By breaking up the process into tasks, it was easy to ramp up new employees to keep everyone focused," Ms. Kelly says. "It would have been much harder to train each new employee on the entire business."

It also allows the team to treat each task as its own project, with deadlines and quality goals to meet the needs of clients.

"Team members know what they are expected to do and how long it should take them to do it, which makes it easy to measure results," she says. "If you can't measure results, you can't promise deliverables."

The Powerchex management team also monitors employees to review their progress. "There are different points in each project that we stop to look at the quality before we move to the next step," Ms. Kelly says. "We don't just do it at the end, because by then it's too late to see the mistakes."

In addition, Ms. Kelly meets with clients at the end of a project to get feedback about their experience. She uses the information to improve future project plans and assess new hires. "Based on what the client tells us, we know what we've done well and what we can do to improve on the next project."

Ms. Kelly is also quick to point out that project management at an upstart doesn't stop in-house. Like most small businesses, she outsources requirements such as IT and telecommunications. Yet she works just as closely to oversee project management with those businesses as she does with her own team. In fact, she invited her IT provider to use vacant space in the Powerchex office to save costs and tighten the relationship with her team. "Small businesses need to find ways to deliver world-class service for a low cost," she says.

That's one good way to take on the establishment. *PM*