

# Change the Culture, Save the Organization:

The Principal Financial Group revitalized its culture by adopting a project management approach.

## Business Results:

- Adopted a structured approach to project management using Primavera
- Better equipped to prioritize projects based on business needs
- Improved sharing of resources among business units
- Reduced redundant efforts among all business units



Anthropologists often study the change that occurs when new tools are introduced to a culture. These social scientists also are prone to examine how cultures, particularly successful ones, hang on to established structures.

Although the study of anthropology is more closely associated with primitive cultures, the discipline sheds light on the modern American corporation as well. Case in point: The cultural evolution at The Principal Financial Group, Des Moines, Iowa.

Cultural change became necessary a few years ago when executives at The Principal decided to transform the company from a mutual insurance holding company, controlled by its policyholders, to a public company. (The company went public in October 2001.)

"We were working toward becoming a public company, and we knew that we would have to change our culture," says Scott Cahill, director, Business Improvement Services. "We would have to make decisions much more quickly. We would have to manage resources more tightly. And, we would need to have the data required to make those decisions."

But despite the fact that their new business model would require a dramatic change in company culture, The Principal didn't want to lose its successful business unit structure.

## Balancing Change

Balancing change with tradition proved to be an essential part of the company's forward-looking strategy, says Jed Fisk, vice president of Corporate Services. The company has always

allowed each business unit to be run as a separate enterprise, a company within a company, if you will. This “federated” approach enables The Principal to better serve its nearly 15 million customers and numerous distinct marketplaces.

But The Principal needed to transition from its ad hoc approach to a more structured project management environment that included standard methodology, resource evaluation, project planning, collaboration, and project review and analysis.

Toward that end, the company embraced a project management approach to information technology and other projects. Leaders from the individual project offices came together to form a Project Office Working Group, making it possible for them to share best practices and methodologies. But even though there was increased project coordination, The Principal continued to allow its individual business units to operate autonomously, a key tenet of the company’s long-standing success.

“We needed a software tool that would allow us to take a federated approach to our project management, and at the same time, allow us to coordinate our efforts to better serve our customers,” says Fisk. “We were searching for a software tool that could support one project, or a couple of projects, and also enterprise-wide projects.”

## Defining the Needs

Several of the business units already had mature project management offices in place. So to make sure the company purchased the best software tool for its requirements corporatewide, each business unit developed a list of the attributes needed from a project management software system. After compiling the requirements, The Principal issued a request for information to see which vendors had offerings that could potentially match its needs.

Requests for proposals then were sent to the vendors that appeared to have compatible products. After receiving the proposals, the top three vendors were invited to demonstrate their products for one day each. All of the project offices in the company had the opportunity to kick the tires on each system and to score each one based on a matrix of business requirements.

The Principal’s search ended with Primavera enterprise-wide project management software.

## Migration Optional

In keeping with The Principal’s culture of independently operated business units, use of the software was not mandated. Individual business units, most of which had been using other project management and spreadsheet software, were allowed to migrate to the new software at their own pace.

Fisk explains that initially, some of the business units resisted making the move to Primavera. However, as time went on, more and more employees at The Principal became enamored with the Primavera offering. “As people became more familiar with it, they discovered that it is a good thing,” Fisk says. “It was just a matter of exposure.”

Now, all business units are using the tool to various degrees. And, Primavera is always used in enterprise-wide projects

## Realizing Results

Even though the software brought change – something that is typically met with resistance – the company’s project managers now are singing its praises.

“With our federation of project offices, Primavera allows our businesses the autonomy to run the way they see fit. But it also provides a coordinating function,” Cahill says. “We are no longer just working in silos. Instead, we are setting priorities and really working on things that will bring the entire organization forward.”

The company is now experiencing enterprise-wide results, for example:

- *Reduced redundancy.* Even though the federated business units work on projects autonomously, the Primavera software still acts to coordinate work. In essence, the software will notify business units if they are duplicating each other’s work.
- *Shared resources.* Primavera provides a new level of synergy among the units. As a result, business units are now likely to share needed human resources, if possible.
- *Portfolio management.* Instead of supporting an array of ad hoc projects, the company now has a clearer picture of all of its projects across the entire enterprise, and is able to make better decisions regarding prioritizing those projects. The individual business units are also reaping benefits, for example:

- *Increased success rates.* Vice President and CIO of the Life and Disability division, Bill Workman, says that the use of Primavera has enabled his division to increase project success rates, bringing them well above the industry average.

- *Improved data retrieval.* Patti Kliegl, project management officer in Retirement and Investor Services, says that the biggest benefit to using Primavera is the ease of data retrieval. “We can run a report on anything related to a project and all of the data on resources and costs is right there. Before, we would have to go to multiple sources to get that information.”

- *Better time management.* Lori Calhoun, director of financial reporting for the Global Financial Resources division, says that her group is successfully using Primavera’s timesheets technology, a desktop time recording and resource allocation tool, to get a better handle on how staff members spend their time. “We are finding out how people spend their time and how it connects to projects,” she says. “This is helping us understand the relationships between tasks and what you can do concurrently and sequentially.”

- *More strategic planning.* Kim Bolte, project management director in the Life and Health Program Office, says it helps on an advanced level to prioritize and justify projects. “The software helps our organization look at projects from a return on investment view,” Bolte says. “We have to move toward projects that make sense from a business standpoint by determining if they will push us forward and generate the revenue we need.”

“Primavera allows us to access the necessary statistics to make better portfolio management decisions within our unit as well as across the enterprise.”

Although the software has already resulted in significant cultural evolution at The Principal, more change is anticipated in the months and years to come.

“The Primavera solution is just such a robust tool. We are not even tapping a quarter of the power of it,” Cahill says. “We will continue to roll it out – and, I’m sure, continue to see many changes and improvements.”

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