

# A CLOSER LOOK: CHURCHILL

DOWNSTREET CASES

## THE 134-YEAR-OLD CHURCHILL DOWNS

racetrack is world-famous for its annual Kentucky Derby, a thoroughbred horse race dubbed “the most exciting two minutes in sports.”

Throughout its storied history, the track and its four other racing facilities have handled projects in the same grand old tradition. Deals were sealed with a handshake and a promise—without much oversight or benchmarking of project results.

As a result, project success was far from a sure bet.

To improve its odds, Churchill Downs Inc. brought in Chuck Millhollan, PMP, PgMP, in 2007 to serve as director of a new project management office (PMO) for the IT department.

“Before the PMO, most projects were managed through Excel spreadsheets,” says Ray Pait, senior program manager at Churchill Downs. “The downside was that each project was a specialized effort. There was no leverage of information or learning across the organization.”

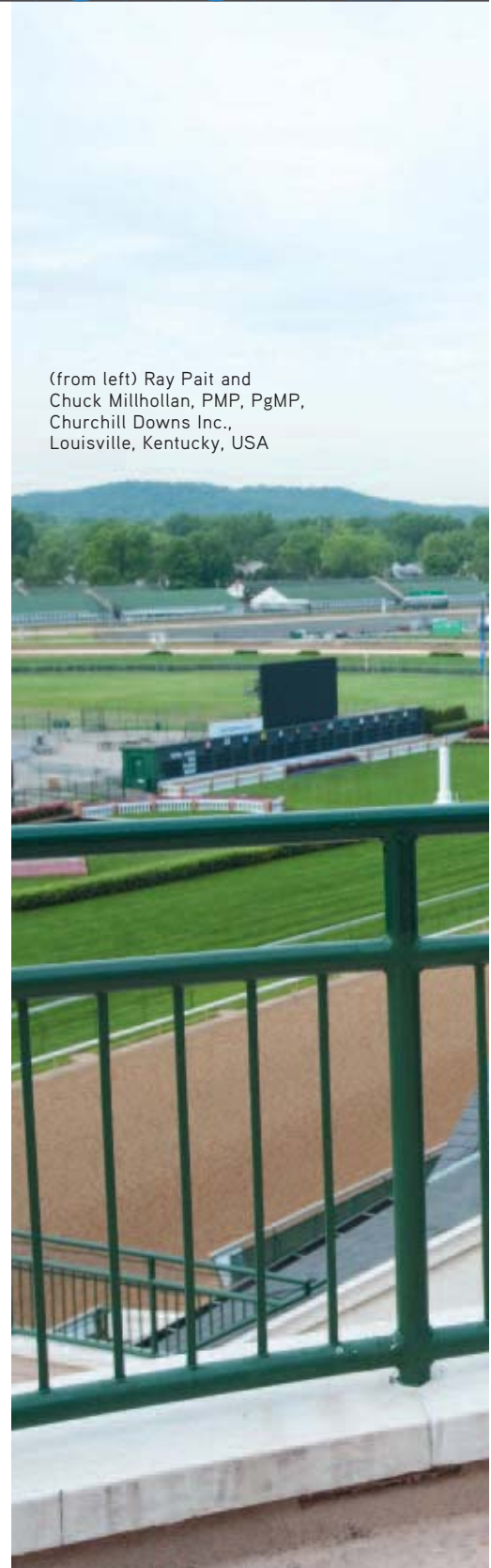
## AND THEY'RE OFF

Mr. Millhollan's goal was to develop a lean but comprehensive process for managing the approval, prioritization, oversight and measurement of results for major IT department projects.

It seemed simple enough, but Mr. Millhollan knew he couldn't just rush in.

“Churchill Downs is a smaller organization with a unique culture, and I wanted to be sure not to overwhelm people with added processes and administration,” he says. “So I approached it by implementing the minimal amount of process necessary. I knew that later on we'd look for opportunities to enhance it.”

To ease project managers into the new format, Mr. Millhollan and Mr. Pait devised the Project Race Track, a life cycle diagram superimposed onto a racetrack image with accompanying metaphors to explain the entire project process.



(from left) Ray Pait and Chuck Millhollan, PMP, PgMP, Churchill Downs Inc., Louisville, Kentucky, USA

This project spot in the wi

DOWNNS INC., LOUISVILLE, KENTUCKY, USA



PHOTOS BY O'NEIL ARNOLD

**management office** is out to prove it deserves a  
nner's circle.

# “A race is similar to a project in that it has clearly defined and finish lines. It was a model that our people could embrace.”

“A race is similar to a project in that it has clearly defined start points, milestones and finish lines,” says Mr. Millhollan. “It was a model that our people could embrace.”

In the Race Track, the paddock houses the project business case, where the current and future states are defined; the start gate is the stakeholder approval process; the first turn is the development of the work breakdown structure; and the winner’s circle is where results and benefits of finished projects are measured.

“The racetrack image worked very well,” says Mr. Pait. “The team here understood what we were trying to do, and instead of feeling like we were being heavy-handed, they worked with us to identify ways that we could improve project processes.”

## ROUNDING THE FIRST CORNER

Early success with critical IT projects won the PMO attention from across the enterprise, and

business leaders quickly began asking for the PMO’s help on projects outside the tech realm. By July 2008, the department was restructured to become an enterprise PMO.

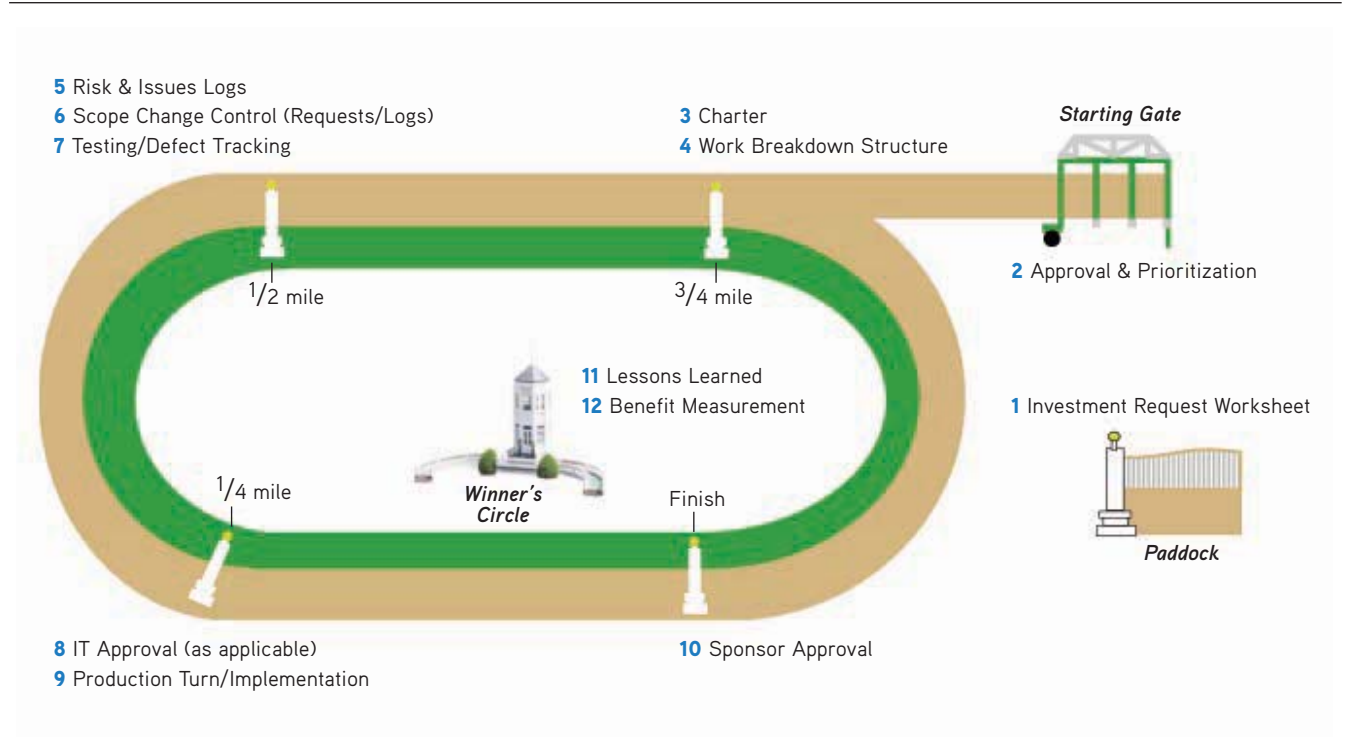
Today, projects at all Churchill Downs facilities must follow the structure established by Mr. Millhollan’s team. The assigned project manager works with the stakeholders to develop a business case and get it approved by the executive team before moving forward. And no project is considered complete until the business results that were defined during the approval process are measured.

That wasn’t an easy sell.

“When we first started the PMO, the concept of project documentation or measuring results was foreign,” Mr. Millhollan says. “Getting the company to embrace it was part of the enculturation process.”

The first hurdle involved communicating the value that additional processes and

## PROJECT RACE TRACK





## A DAY AT THE RACES

Along with its legendary Louisville racetrack, Churchill Downs Inc. also owns:

- › Arlington Park, Arlington Heights, Illinois, USA
- › Calder Race Course, Miami, Florida, USA
- › Fair Grounds Race Course & Slots, New Orleans, Louisiana, USA
- › Kentucky Downs, Franklin, Kentucky, USA



results measurement would bring to the project teams.

"We had to explain that we weren't doing this to create repercussions for people or to add administrative work," Mr. Millhollan says. "We were doing it so we could help the enterprise meet and manage project expectations."

And if a project's scope changed, Mr. Millhollan wanted everyone to understand that the PMO was there to help the project team evaluate the impact those shifts would have on the budget, timeline and results.

"Our goal is not to prevent change, it's to help manage change so teams can decide if they are making the right choice," he says.

Once Mr. Millhollan's associates got a few initiatives under their belts using the new approach, they realized that spelling out business benefits at the beginning of the project allowed them to better quantify end results. They could see how the project worked not only in terms of their own budget or timeline goals, but also in terms

of actual cash and hours saved for the enterprise.

### AND THE WINNER IS?

The results measurement process has two benefits. It helps project teams prove their worth and allows senior management to quantify the benefits each project brings to the organization.

"Benefits realization is not something we were great at in the past," admits Mr. Pait. "But now, being able to identify what we've saved or the cost and value of a project is something the financial folks can really appreciate, and it helps them understand what we've accomplished."

The IT team, for example, launched a project to implement a VoIP (voice over



Internet protocol) system to support Churchill Downs' two Kentucky locations. In the end, the team could demonstrate that the project translated to lower operational, maintenance and equipment costs, while also improving productivity and capability due to reduced system downtime.

Not all projects can deliver such easily measured results, so you should define what you're trying to achieve before you begin, Mr. Millhollan says.

"Whether it's a tactical benefit or one that is less tangible, to measure the benefit of a project, you have to define where it's going up front," he says.

#### THE FINISH LINE

Along with acknowledging individual project results, the PMO helps Churchill Downs more accurately assess and prioritize future projects.

"We use the lessons learned on every project for future decision-making," says Mr. Pait. "It helps us recognize that we may not want to do certain kinds of projects in the

future and identify the ones that will have the most value."

It also helps keep project teams focused and prevents resources from getting diverted to other tasks.

"I've heard many comments from stakeholders that, if the PMO weren't involved, projects wouldn't get done," says Mr. Pait.

Despite all the glowing reviews, the PMO isn't complacent about its own status. Mr. Millhollan applies the same criteria for benefits realization to his own department that he does to all the projects it oversees.

"We are acutely aware of our status, and we are constantly evolving and scanning our environment to see where the PMO can offer better support," he says. "We would not be good stewards if we weren't always considering risks."

That process includes biweekly reporting to update the executive team on the status of ongoing projects as well as annual meetings to evaluate the PMO's strengths, weaknesses, opportunities and threats. Last year, for example, the team identified a need for formal training

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in the financial aspects of project management.

“Finance and project processes are intertwined, and in this economy, we want to have that skill set in our project development team,” Mr. Millhollan says.

Armed with financial savvy, the PMO team can drive home its message of

accountability and business results, cementing its value—and its future—at Churchill Downs.

“The key value of our PMO is that we focus on completion and we built our method to manage projects through benefit realization,” he says. “That’s how a PMO ensures long-term viability.” PM