



Managing Web Analytics Projects [Hällgren & Johansson]

Applying project management
principles to Web Analytics

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INTRODUCTION

Technically, Web Analytics is easy to implement. In most cases, a JavaScript tag is added to the root directory of a website and each page is tagged with a tiny transparent pixel to collect the data. Fundamentally, that's all there is to it. Organizationally, however, it is very challenging to implement web analytics in a way that generates a return on investment.

Web Analytics is defined by the Web Analytics Association as "*the measurement, collection, analysis and reporting of Internet data for the purposes of understanding and optimizing Web usage*". But before any collection, analysis or reporting can be done to optimize a website, a web analytics tool needs to be successfully implemented in an organization.

Web analytics thought leader Eric Peterson claimed in a recent paper that "Web Analytics isn't easy", arguing that web analytics must be treated as a business process for it to successfully create value for an organization. We completely agree that Web Analytics isn't easy, especially if there is no data-driven organizational culture in place. From our experience, we would like to add the assertion that too many implementations take place without a professional project management in place. This, in turn, is hindering web analytics from becoming a value-adding business process within a data-driven organization.

The question therefore is, how should a web analytics implementation be managed to ensure that the bottom line is improved by web analytics?

Today many organizations, although they have experience in running and managing cross-functional projects, do not necessarily make use of that knowledge when it comes to Web Analytics. There are several reasons why this may be the case:

- Initial investment in web analytics is considered too small to justify the effort
- The lingering perception that web analytics is a tracking tool that costs money rather than an analysis tool that creates value
- A comparatively simple technical implementation
- Not a core support function of the organization

Each of these reasons is misguided. The initial investment may be comparatively small but the cost of lost opportunities can be tremendous. Furthermore, the man-hours an organization invests in implementing and using web analytics easily justifies a project management approach.

This white paper is written in three parts. 1) After presenting basic project management methodology, we present the top five critical success factors that are the cornerstone of successful IT project management, and 2) then we analyze how these success factors apply to web analytics. 3) We conclude by providing actionable recommendations for organizations wanting to successfully create a process driven web analytics culture.

Given the nature of IT-projects, issues such as end user involvement, organizational support and process transition are essential to the project manager

PROJECT MANAGEMENT

Let's first take a look at project management.

Projects by definition have a defined start and end date. This temporariness is the characteristic that makes projects an efficient tool for any kind of technical implementation. Projects are commonly described as going through four phases: Initiation, Planning, Execution and Termination.

The **initiation** involves starting up the project, defining the requirements and setting up a project team. **Planning** involves how to best arrange the tasks within the project in order to meet the requirements. **Execution** is the implementation of the plan while controlling project delivery, scope, costs, quality and risk. Finally, **termination** includes evaluating the project and handing over the deliverables to the client or end user.

IT-projects are different than other kinds of projects since they are typically cross-functional in nature. The cross-functionality is a consequence of IT-projects being a support function for an organization's operations. IT-projects allow the organization to make changes to its operations or decision methodology. That is, the results of the projects are used to make changes to the way the organization is designed or to the working processes within it. As a result, given the nature of IT-projects, issues such as end user involvement, organizational support and process transition are essential to the project manager.

IT projects typically fail due to either not meeting the demands of the "iron triangle" – time, cost and scope or by not transferring the results of the project to the operational part of the organization. In any type of project, the top priorities for a project manager are above all to meet the requirements of the project; the scope, which commonly is specified in a contract, the cost – the amount of resources that are estimated to be required for the transition from start to end and the time – when the project has to be finished. In an IT project, the additional requirement is to make sure the project makes a smooth transition into the organization.

Expectations need to match what is technologically and organizationally possible.

SUCCESS FACTORS IN IT-PROJECTS

In 1995 the Standish group issued a study that remains highly relevant and influential even today. Known as the “Chaos report”, the report collected data from thousands of IT-professionals around the world to gain insights into the failure rate of their projects. The real value in the Chaos report *is not* the depressing realization that most IT projects fail. Rather, the report highlights what top managers determined to be the major success factors of these types of projects. These factors are as true today as they were at initial publication as largely substantiated by Karlsen et al (2006).

The top five success factors are:

1. Involve the users of the product

The main users of the product or service need to be identified and integrated in the project as tightly as possible. By involving these users the project will automatically take their interests into account. The users also provide insights from their day-to-day jobs that keep the project closely aligned with reality and focused on end-user needs and requirements.

2. Obtain executive management support

IT-projects typically cut across organizational boundaries. To bridge these boundaries the support of executives are essential to ensure clear lines of communication and smooth cooperation. Enjoying the support of executives usually means that the executives not only sign off on the project but also that they are continuously and thoroughly involved in the progress and challenges of the project.

3. Demand a clear statement of requirements

Generally, projects in any business are started too quickly, gathering momentum as the idea spreads through the organization. No one takes the time to sit down, analyze the situation thoroughly and to clearly define the requirements before the project is underway.

4. Develop and stick to the project plan

Having a plan keeps the project team on target and on schedule. Every project needs a plan that specifies the tasks and milestones that are to be achieved. Since projects frequently need to be changed or adapted to new requirements, the project plan is a valuable tool for controlling both desired and undesired change. Without the plan, coordinating thousands of tasks, hundreds of resources and tens of milestones with a goal that is sometimes months or even years away becomes a daunting task.

5. Develop and maintain realistic expectations

The reality is, IT-projects will never be able to solve every organizational problem. Therefore expectations need to match what is technologically and organizationally possible.

The cross-functional nature of web analytics demands a high level of *end-user involvement* throughout the project.

APPLYING SUCCESS FACTORS TO WEB ANALYTICS

Let's take a look how the success factors apply to web analytics.

1. Involve the users of the product

Although web analytics is relatively simple to implement, a solid technical background is still required to ensure a correct and customized implementation. The reality in many organizations today is that the process to select, purchase and implement a web analytics solution is still being largely driven by IT.

At the same time, web analytics is increasingly being seen as a tool to create value for an organization by, for example, increasing a website's conversion rates, increasing brand equity, or reducing an organization's support costs. The cross-functional nature of web analytics therefore demands a high level of end-user involvement throughout the project.

Why should you apply this factor?

- Users can give their input about their requirements throughout the process.
- It reduces frustration in having to go back and add features such as additional modules or filters later.
- It decreases costs (i.e. external consultants for project revisions, training costs) in the long run.
- The learning curve is greatly reduced for those working with the web analytics tool.
- Project members have a higher sense of ownership of the web analytics tool due to high personal involvement.
- This, in turn, prevents the project and the tool from losing credibility if hurdles arise.
- Project members get to know the strengths and weaknesses, limitations and additional modules or features of the web analytics tool.

Many organizations implementing web analytics for the first time are tempted to want to report on everything all at once.

2. Obtain the support of executive management

Web analytics is increasingly (and rightfully) being considered to be a strategic investment. Due to the cross-functional nature of web analytics, executive support is essential in convincing departments to work with one another. At the same time, web analytics is still a new concept to many organizations, and so executives must sell the benefits throughout their companies. Otherwise, introducing web analytics will be met with resistance.

Why should you apply this factor?

- Only executives have the authority necessary to communicate and internally sell a project of this nature.
- Executives govern the resources required for a cross-functional project and business process.
- Executives help the transition from project to process by instituting changes in the power structure (i.e. transferring leadership from IT to Marketing or Business Intelligence team or wherever web analytics resides).

3. Demand a clear statement of requirements

The sheer amount of data available through web analytics can quickly become overwhelming. Many organizations implementing web analytics for the first time are tempted to want to report on everything all at once. As a result, the analytical focus shifts from the big picture to minor details, which are often not actionable. Without establishing clear requirements, it is very easy to lose sight of the big picture and on measurements that are capable of driving action.

Why should you apply this factor?

- The focus is placed on the big picture and on creating value.
- The implementation is simplified by prioritizing on the most essential features.
- The learning curve is reduced.

Expectations of web analytics are often poorly managed throughout the implementation process.

4. Develop and stick to the project plan

From our experience, too many companies implement a web analytics solution without having a clear project plan in place. The resources are called upon on an ad hoc basis resulting in uncoordinated actions between the actors and unclear specifications about what one is supposed to expect from the process.

Why should you apply this factor?

- A project plan ensures the required resources are allocated.
- It provides a framework for assigning tasks and communicating meetings and milestones.
- Helps the team manage all resources, including external consultants, web analytics vendor, web agency and the internal cross-functional project team.
- The path to the goal is clearly laid out.
- Unexpected events or project plan deviations that arise can be better dealt with.
- A project plans prevents scope creep (uncontrolled changes to the project).

5. Develop and maintain realistic expectations

Expectations of web analytics are often poorly managed throughout the implementation process. Expectations are set early on during the vendor selection process, when vendors sell their solutions with arguments that the product is extremely easy to use, easy to implement, and any desired analysis can be accommodated. In reality though, implementations always need to be adapted to the individual needs of each website and the inherent limitations of all web analytics tools mean there will always be trade offs to accept. This causes frustration during and after implementation when web analysts cannot get the reports they need, or the reports they were promised. It is therefore essential that expectations be managed realistically by the project manager and by the executives championing web analytics.

Why should you apply this factor?

- Realistic expectations can be more easily managed.
- Easier to deal with the inevitable limitations of web analytics tools.
- Minimized risk of disappointment due to faulty expectations.

If Web Analytics is not managed properly as a strategic part of a data-driven organization, it will fail to create value.

RECOMMENDATIONS

We believe that the success factors outlined above will help set the foundation for web analytics as a business process. By focusing on a few simple activities outlined in this white paper, an organization implementing web analytics will set the stage for a data driven web analytics business process. The activities include simple things as:

- ▶ Apply fundamental project management techniques, such as having a project plan with planned resources, a roadmap and milestones for the project.
- ▶ Clearly define the business and website goals before the implementation.
- ▶ Frame these goals in terms of Key Performance Indicators in order to measure the success later.
- ▶ Remember that the project is a vehicle to create a long-lasting business process. The project has no value in itself except for wasting resources, if there is no process following it.
- ▶ Involve the end-users early on to make them feel ownership, commitment, and empowerment to use web analytics to its fullest potential.
- ▶ Create a cross-functional team, with all the functions and people who will later be involved in web analytics – web analysts, web designer, webmaster, sysadmin, and so on.
- ▶ Set up a reference group with different departments and stakeholders. The reference group creates commitment and understanding for the needs of various actors.
- ▶ Set up a steering committee involving executives who can prioritize between the needs of various stakeholders.
- ▶ Communicate all phases of the project from as high up in the organization as possible
- ▶ Consider using two project managers, ideally from IT and Marketing.
- ▶ Think of the management of the project as a relay. Use different project managers for different phases of the undertaking. I.e. marketing and IT should together specify the requirements, then let IT manage the implementation and when implementation comes to an end, let marketing take the lead.
- ▶ Make better use of expensive consultants and web agencies by tightly integrating them into the project plan.

**Web Analytics is like
any other cross-
functional project.**

**Treat it professionally
and its value to the
organization will be
tremendous.**

CONCLUSION

This paper set out to investigate how organizations ensure that the bottom line is improved by Web Analytics. The simple answer to this question is, treat it as a project first and keep in mind that this project will need to make a smooth transition to a business process for it to successfully create value in any organization.

Web Analytics has a tremendous ability to add value to an organization. But if it is not managed properly as a strategic part of a data-driven organization, it will fail. It is time to take Web Analytics seriously and it begins with a professional and committed approach to project management!

ABOUT DATA DRIVING

Data Driving provides Internet Marketing and Web Analytics consulting. The company is based in southwestern Germany and offers its consulting services worldwide.

Data Driving is managed by Nicolas Johansson, an experienced web marketer with an international background in web analytics and strategic marketing.

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