

Using Spreadsheets for Project Management: Understanding the Hidden Costs

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WHITE PAPER

The computerized spreadsheet was invented 30 years ago, and it just hasn't kept up with the demands of today's business user. In the Anywhere Enterprise, where work groups are seldom in the same location, the need for up-to-the minute status updates and better communication all beg for a more technologically advanced solution.

Josh Halbrook, director of enterprise research, The Yankee Group

EXECUTIVE SUMMARY

To move fast and keep costs low, many business people turn to spreadsheets and email to manage collaborative projects. This approach carries a variety of hidden costs and risks that collectively make it unsuitable. The best alternative is a Web-based, customizable, project-management solution that streamlines project management and collaboration without forsaking simplicity and cost effectiveness. It gives team members access to the real-time information they need, in the format they need it – whenever and wherever they need it. That means faster response, increased accuracy, and better decision making.

SOLVING FOR SPEED, SIMPLICITY AND COST-EFFECTIVENESS

Project Management is not just for project managers anymore. Nearly every business person regardless of their role – be it engineer, salesperson, consultant, marketer, or business owner – has acquired a second responsibility: project manager. They might not have a project manager title or certification – but to get their job done they have to manage and collaborate on projects. In their desire to move quickly and keep costs low, many of these business people turn to the ubiquitous spreadsheet for help. There are numerous valid reasons for selecting a spreadsheet to manage team projects. Spreadsheets are:

Available

Nearly everyone has a spreadsheet program already installed on his computer and has a basic understanding of how to use it.

Familiar

Virtually every business person has used a spreadsheet during his career. And if not, it's easy to learn how to add and manipulate information very quickly. The fact that most people needn't learn anything new is a very attractive proposition.

Inexpensive

Since most computers already have a spreadsheet application installed, there's usually no incremental cost to using it – and creating a new spreadsheet for your project can be very quick.

Immediate

A spreadsheet can be setup quickly by a project manager – and changed just as fast. You can even create your own reports. You can do all this without IT support – that means you can move faster.

Add in the ability to e-mail spreadsheets to every member of the project team regardless of their location – including partners, vendors, contractors and customers – and the spreadsheet looks like an easy win for everyone. It's no surprise, then, that spreadsheets are the project tracking and reporting tool of choice for many organizations – both large and small. They are a quick and inexpensive way to track, update and consolidate information on group projects – or at least they seem that way.

SPREADSHEETS: THE VERY EXPENSIVE “FREE” SOLUTION

Spreadsheets lack:

- Multi-user access
- Automated data consolidation
- Workflow support
- Accessibility
- Scalability
- Data integrity
- Audit trail
- Document management
- Security
- Access permission levels

Although the spreadsheet looks like the most sensible option – inexpensive, ubiquitous, well-known – it carries a variety of hidden costs and risks that collectively make it unsuitable for managing collaborative projects. Using a spreadsheet to track, update, and consolidate project information means spending valuable time on project administration – sending, receiving, and finding e-mails; cutting, pasting, consolidating, and reporting information; and reformatting, saving, and e-mailing spreadsheets – only to do it all over again on Monday. In short, it means doing the dreaded spreadsheet shuffle: spending time managing your spreadsheets and e-mail instead of executing high-value project work. What’s more, shuffling spreadsheets translates into a lack of real-time information for decision-making, schedule slippage, and overlooked details. More specifically, when it comes to managing projects, spreadsheets present a particular series of drawbacks.

Not Built for Multi-User Access

The spreadsheet was designed to be a single-user *personal*-productivity tool. Using a spreadsheet for team projects means the manager must e-mail copies of the file to team members for updates, communication, and reporting. At the very least, she must post a spreadsheet file on a shared drive (and keep a separate back-up in case the original is accidentally overwritten). However the spreadsheet still can only be accessed by one person at a time, resulting in time consuming – and often frustrating – check-in and check-out requirements. A manager can even create a shared workbook on a network for multi-user editing. However she must then manually resolve any conflicting changes.

Manual Data Consolidation

When those spreadsheet copies come back with updates, managers must perform a time-consuming, error-prone, manual data consolidation process to consolidate changes into the master spreadsheet. The more people updating project information, the more burdensome that consolidation is. For managers who want to focus on delivering positive results, this time wasted on low-value administrative tasks can be particularly frustrating. Managing the spreadsheet becomes the central focus instead of managing the work being done.

No Support for Workflow

Team projects involve a complex series of interrelated activities – a workflow. The project manager must let various team members know when it’s their turn to do their part to move the project along. That notification usually involves the project manager checking a spreadsheet and sending an e-mail. That’s because spreadsheets weren’t designed to enable workflow. A spreadsheet doesn’t have time or activity-based alarms or triggers. It’s a single, static file. The result: the project manager ends up “e-babysitting” team members with a near-continuous string of “helpful” reminder messages about status updates, deadlines, and changes.

The [Excel] system worked well for the first couple of years of business, but it soon became very difficult – too time-consuming and laborious.

Daniel Pries, founder and principal, ProPoint Graphics

Limited Access

Since the spreadsheet is a desktop application, the information is largely inaccessible to employees who are working remotely – for example at a customer site. A file posted to a shared network drive can be accessed through a sometimes-slow and cumbersome virtual private network (VPN). However, many small and medium-sized companies don't have VPN infrastructures. In addition, unless a manager has taken the extra time to create a shared workbook on a network for multi-user editing, the file can only be accessed by one person at a time. Posting to a shared drive also doesn't provide access to extended team members – like external vendors, partners, or customers.

Not Scalable

Some project spreadsheets can be as large as 30-100MB – a size that won't transfer across standard e-mail systems. To reduce file size the project information must be managed with multiple spreadsheets. The more information being managed, the more complex the process becomes. In addition, large spreadsheets that somehow make it through e-mail can take a long time to download – especially if the team member is working remotely. What's more, many IT departments make it a standard practice to strip out macros from spreadsheet attachments when they are e-mailed.

Data Integrity

The open nature of the spreadsheet means it's too easy to “break.” One inadvertent, undetected keystroke can trigger a chain reaction of data errors that are difficult or impossible to detect. Also, different team members may decide to modify the spreadsheet to their preferences creating a personalized version that looks “just” the way they want. The result: multiple spreadsheets with the same information and an increased opportunity for inaccuracies. For example, creating hidden formula errors and incompatibilities during subsequent consolidations. According to one expert, as many as 94 percent of all spreadsheets contain errors.¹ Multiple versions of the same spreadsheet multiply the chances that the data is not in synch across the team and can lead to errors in decision making, missed deadlines, or details falling through the cracks.

No Audit Trail

Spreadsheets provide no historical auditing functionality to track changes – including deleted data – on an ongoing basis. When a user makes a change to a spreadsheet, it's not recorded or timestamped. No one knows who changed which cells or when. Who changed the delivery dates? Who assigned task responsibilities? That complete lack of auditability is unacceptable in a time of greater regulatory scrutiny and corporate governance.

No Document Management

Spreadsheets are good for storing data – not images, word documents, PDF files, etc. When using a spreadsheet you cannot attach associated project documents to keep all the information in one place.

¹ Pankow, Raymond R. “What We Know About Spreadsheet Errors.” *The Journal of End User Computing* – Vol. 10, No 2. Spring 1998. pp. 15-21 – Revised May 2008.

[Using QuickBase] I estimate that well over 50 hours of work per month are saved in our staff meetings, plus an additional savings of four hours per month in walking around 'sneakernet' time.

*Ed Metz, vice president and director of technical services
Robert Berning Productions, Inc.*

Lack of Security

Information in a spreadsheet is very portable and not very securable other than at a basic level. E-mailing files and/or saving them on laptops and USB drives present security risks. In a spreadsheet, you can hide, lock, and password-protect a workbook or worksheet elements. But, those measures aren't intended to help secure or protect any confidential information that you keep in a workbook. They only help obscure data or formulas that might confuse other users and prevent them from viewing or changing that data.

No Permissioning

Spreadsheets also lack access permission levels. A single spreadsheet doesn't control who sees what information. Showing different information to different users requires creating multiple versions of the spreadsheet. And, a spreadsheet cannot control who changes which cells. There are only two levels of access permission – you either have the password to make changes or you don't.

Viewed in the aggregate, it's readily apparent that spreadsheets are not an effective choice for project collaboration and management. They are not "free" by any stretch. There are ongoing overhead costs from time spent on low-value administrative tasks like chasing down status updates, building and sending reports to team members and management, correcting data inaccuracies, manually consolidating data, manually notifying team members (through e-mails, phone calls, face-to-face meetings, etc.) of project changes, reminding them of due dates, and alerting them to new tasks. The soft costs – more difficult to measure, but perhaps more costly – include security and compliance risks; lower quality results due to missed deadlines and details; and the risk of bad decisions due to data inaccuracy.

Average Time Spent Per Week on Project Administration

PROJECT RELATED TASK	AVERAGE HOURS/WEEK
Manually notifying (emails, phone calls, face-to-face meetings, etc.) team members of project changes, reminding them of due dates, alerting them to new tasks.	6.00
Consolidating data from multiple spreadsheets.	4.75
Searching for the most current project information.	4.16
Chasing down status updates.	3.83
Waiting to update a shared project spreadsheet.	3.67

*2009 survey results from 702 people who use spreadsheets and email to manage projects and collaborate with 10 or more people.

PUT A STOP TO THE SPREADSHEET SHUFFLE

Spreadsheets offer a quick, adaptable, and inexpensive way to start managing team projects. But what seems like a safe, simple and cost-effective choice overlooks alternative options that streamline project management without forsaking simplicity and cost-effectiveness. The best alternative is a Web-based, customizable, project-management solution. It gives team members access to the real-time information they need, in the format they need it – whenever and wherever they need it. That means faster response, increased accuracy, and better decision making.

Web-based project management software provides business professionals with the same benefits they seek with spreadsheets – availability, flexibility, ease of use, quick setup, low or zero start-up cost, and ease of maintenance without IT – all with the benefits of a Web-based, multi-user solution that is collaborative and secure. In fact, Web-based project management software offers benefits that are beyond the reach of simple spreadsheets:

Improved Productivity

Put an end to the time wasted collecting, consolidating, correcting, and reporting on information – say goodbye to the “spreadsheet shuffle.” By streamlining data gathering, tracking, and communication, Web-based project management software reduces administrative work. Project managers can focus on actually managing the project – not chasing down status updates and consolidating spreadsheets.

Better Decision-Making

With Web-based project management software, all team members have “anytime-anywhere” access to the same up-to-date information in one place – allowing faster response, fewer errors, and better decisions.

Higher Quality Results

Each team member can update his own project information in real-time via the Web – so managers get real-time project information and avoid waiting for updates via e-mail and consolidating data. That means, at any point, project managers can see the most up-to-date status of their projects. They can spot potential deadline slippage or resource constraints. And they can identify opportunities to improve performance. Immediate access to information, automated reports, and e-mail alerts and reminders keep the team on track.

Reduced Security Threats

USB drives, e-mail attachments, and laptops are vulnerable to data loss, theft, and other security risks. An online project management application means your team doesn't have to store or send information. Instead, it's all on a single, central Web server. If you use a hosted or software-as-a-service (SaaS) application, your data resides in a secure, managed data center.

Permissions

Online project management software includes role-based permissions that let you assign different levels of access to different team members. You control who can see or change information – all in a single application. This eliminates the need to create slightly different versions of the same spreadsheet to restrict viewing or editing of certain cells.

Features of online project management software include:

- “Whenever, wherever” access to information
- Centralized real-time project information
- Secure access
- Role-based permissions
- Point-and-click customization
- Personalized application home page/dashboard
- Interactive reports
- Automated reports, e-mail alerts, and reminders
- Streamlined data gathering, tracking, and communication

WEB-BASED PROJECT MANAGEMENT: SAME BENEFITS AS SPREADSHEETS – MINUS THE HIDDEN COSTS AND RISKS

Web-based project management software provides managers and their teams with the same benefits they seek from spreadsheets:

Rapid Deployment

Web-based solutions mean there’s no need for IT assistance or outside consulting – saving time and money. The only software team members need is one they already have and know how to use – a standard Web browser. That makes it quick and easy to work with extended team members from outside your company – contractors, vendors, partners, and customers. In addition, if the application is customizable, it’s easy to get started quickly and modify the application over time. You don’t have to invest time making your application perfect from the start; it can evolve as your process evolves.

Flexible

With a customizable online project management solution, you can adjust the application to match your existing process, you can control what information is gathered and tracked; how it’s displayed; who sees what; what gets communicated when and to whom; and what analyses and calculations are performed on the data. You specify all of this without coding. Anyone who is an advanced spreadsheet user or familiar with databases can quickly modify a customizable project management application. This flexibility lets you work the way that’s best for you and your team – instead of conforming to processes dictated by the software. And it’s easy to modify the application as your business evolves. But the key word here is “customizable” – not all SaaS project management solutions allow this flexibility.

Easy to Use

Using a customized project management application is as easy as using a spreadsheet because you can customize the application to match your existing processes and your unique terminology. You are automating a process that your team is already familiar with. And when a process is easier – and still familiar – team members are far more willing to participate. Customizable online project management software accommodates the way you and your team work, not vice versa, making adoption much easier.

Low Start-Up Cost

Hosted project management solutions require no additional hardware or software so there are no upfront investments or capital expenditures. Instead, you pay a small monthly fee – often as low as just a few dollars. The monthly fee structure varies – usually it is per-user or per-project. With the per-user model, you only pay for the number of users you need when you need them. As you add and remove users, your monthly subscription fee adjusts accordingly. Conversely, desktop software requires license fees that become sunk costs. The ability to add or remove users quickly and easily as your needs change allows you to start small and grow application use over time and is especially helpful for quickly adding users in a new location.

Maintenance Free

Since there's no need to install or run software on your own computer, Web-based project management removes the burden of software maintenance, ongoing operation, and support. Most online project management solutions are SaaS solutions hosted by a third-party vendor on a secure server. They can be implemented without adding any burden on IT or requiring additional IT infrastructure – and the software vendor incorporates upgrades automatically.

Customizable Web-based project management software gives each team member the information they need – whenever and where ever they need it – accurately, completely, and in-context. The result is faster response and reduced errors. In addition, it saves time and reduces administrative work by streamlining data gathering, tracking and communication. That means project managers and teams can spend more time on high-value work and get more done.

For more information on customizable, Web-based project management, visit <http://quickbase.intuit.com/solutions/project-management-software/>

ABOUT INTUIT QUICKBASE PROJECT MANAGEMENT

QuickBase Project Management software is from Intuit, the maker of TurboTax, QuickBooks, Quicken, and other tools known for ease-of-use. QuickBase saves time and reduces administrative work by streamlining data gathering, tracking and communication; gives your team the information they need – when and where they need it – and increases accuracy with centralized, real-time project information. QuickBase helps improve productivity and efficiency because it can be tailored by the user to match the exact workflow and unique needs of their team – something complex point solutions or generic spreadsheets simply can't match.

QuickBase Project Management features include import from Excel, automated reports, e-mail notifications, role-based permission, personalized dashboards, and milestone, budget and actual tracking.

For more information, visit <http://quickbase.intuit.com/solutions/project-management-software/>

TEST DRIVE QUICKBASE PROJECT MANAGEMENT FREE FOR 30 DAYS

Ready to see what a customizable, online project management application can do for your team? [Sign up](#) for a free 30-day trial of Intuit QuickBase Online Project Management Software.

During your trial you can use all the features of QuickBase and share your application with nine other people. You'll also receive complimentary application coaching from the QuickBase Concierge Team. Their goal is to help you get the most out of your trial and quickly evaluate whether QuickBase is right for your needs. In addition, you'll have full access to QuickBase live support – the same support used by QuickBase customers. You'll also have access to Online Help, video tutorials, daily webinars, and the QuickBase Knowledgebase if you prefer to get started on your own.

[Click here](#) to start your free 30-day trial of QuickBase.