



# UNIT-9

## Project Management

### Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Explain what project management is?
- ✓ Understand what a project life cycle is?
- ✓ Discuss various stages of a project in a project life cycle

## Unit 9

### What is Project Management?

A project uses the same skills that are used in everyday life, routine work – planning, working with others, managing different resources, reporting and so on.

It is not desirable to define a project depending on its size because this can vary largely. Some projects take a month or two to complete while others may be completed in years.

**Project management** is officially defined by the Project Management Institute as:

“the application of knowledge, skills, tools and techniques to project activities to meet project requirements.”

Projects can involve various types of activity. Investigating a particular problem, researching a new product or service or implementing the results of a previously completed project are some examples of the activity and aim of a project. These activities can be carried out completely by an organisation’s own staff, or external consultants can be called for assistance. Even more than one company can be working together in a group. On the other hand, conventional routine work is one of the known and recurring tasks. And it does not have a clearly defined end point or deliverables. It is best to be carried out in an environment which is stable – mostly within a single function. Calling work ‘a project’ means that it has a unique outcome, which can be calculated in terms of time, cost and quality. For example, calling the building and launching London’s Millennium Dome a project will be true, and so will be sending a man to the moon. So projects can be different in their relative sizes, but they have a common feature that they are all a series of activities, that are plotted and **co-ordinated** in a way that clients or sponsors can eventually decide that whether or not value for their investment has been received.

**A project** is different from routine work because it is a one-time effort aimed to change things in a specific way. So it can be said that creating a new web site would be a project; whereas its maintenance and small updates would not.

Managing a project can include;

- Pointing out the requirements,
- Fulfilling various needs, concerns and expectations of the stakeholders while project is being planned and carried out;
- Balancing the completing project constraints include (but not limited to);



**Time** and **budget** are known terms—for example, a project should take six weeks and have a budget of £20,000. **Scope** refers to an agreed list of deliverables or features. The scale of the required solution is identified here. For example, creating a new web site for the company may be possible to do in six weeks, but if accounting software is to be rewritten then this isn't. **Quality** is exactly what it says on the tin, but a project's quality includes not only the quality of the finished product, but also the approach. Some industries require particular quality management approaches to be used—for instance, particular international standards have to be met by factories producing automotive parts.

A particular project influences the limitations on which project manager needs to focus. These factors have such a relation to each other that if any one factor changes, at least one other factor is likely to be affected. For example, shortening the schedule often results in increased budget, so that additional resources can be added to complete the same amount of work in less time. If budget cannot be increased, the scope or quality may be reduced.

An even greater challenge is that project stakeholders may have different ideas as to which factors are the most important. Challenging the requirements of the project may create additional risks. The project team must have the capability to understand the situation and balance the demands so that a successful project can be delivered.



Fig 5.2

These four features (time, budget, scope, and quality) are known collectively as the **balance quadrant**. The balance quadrant shows the interrelationship between the four aspects and tells how a changing one feature will disturb the quadrant. For instance, if the project's scope is increased, it will have an impact on the time, cost, and quality of the project. In reality, making any project decision will have an effect on these four aspects.

Project management is therefore a set of skills and tools which assist in getting the project right in every way.

## Project Life Cycle

### Initiation

Project *Initiation* is the formal recognition that a project should begin and that resources should be committed to the project. The Initiation phase is the first phase in the project. A business problem (or opportunity) and a business case are defined, providing various options.

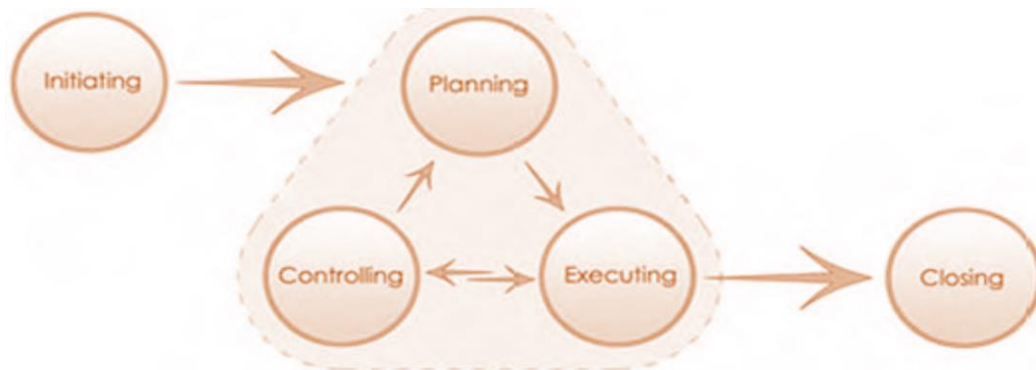


Fig: 8.1

The project's chances of success are dramatically increased by proper planning. Since Initiation is the foundation of Planning, the importance of Initiation is self-evident.

The project Initiation process has several inputs: strategic plan, product description, historical information, and project selection criteria. Each of these inputs is processed using tools and techniques to produce the final outputs, one of which is the project charter. Now, let us examine each of these inputs in a little more detail.

### Strategic Plan

Taking into consideration the company's strategic plan during the Initiation process is part of the responsibility of a project manager. The strategic plan may state that one of the company goals is to build ten new stores by the end of the fiscal year. If the project your company is considering undertaking is to install a new human resources software system, it would make sense to list the requirements for your project with the ten new stores in mind.

## Product Description

As might be deduced, the product description describes the product. The product description should be documented and should clearly outline the characteristics of the product or service. This description should also include the business need that is driving the reason for the project.

Product descriptions contain fewer details in the early phases of a project and more details as the project progresses. Typically, the buyer of the product or service will provide the product description to the vendor or contractor, when a project is performed under contract. The product description serves as a statement of work when the project is contracted to a vendor.

A statement of work describes the product or service in sufficient detail for the vendor to be able to accurately price the contract and satisfactorily fulfil the requirements of the project.

## Historical Information

Historical information can be very useful to project managers and stakeholders. Historical information about previous projects of a similar nature may prove very useful for determining whether a new project should be accepted and initiated, during the evaluation of new projects. Historical information will help you to determine project goals, estimate activities, and carry out the project-planning processes. Historical information on an active project gathered and documented during the project might be examined to assist in determining whether the project should proceed to the next phase.

## Project Selection Criteria

Project selection involves making assessments about which projects to accept or reject based on criteria such as financial data, sales potential in the marketplace, etc.

## Determining the Project Goals

Goals and Objectives are the purpose of undertaking the project, and they describe the final result of the project. “Provide faster turnaround times on loan application services” or “Increase warehouse space to house the new product line for distribution” are both examples of goals. In other words, the purpose of the project is to do something or accomplish something—a goal.

Goals describe that *what* one is trying to accomplish, do, or produce. Objectives and Goals should be stated in tangible terms. It would be better to say that the goal is to build four new warehouses if your goal is to increase warehouse space. Describing the number of new warehouses to be built is specific and tangible. For that reason, we will know that the project has been completed when this goal is met. The goal of offering faster loan approvals might be better achieved by the company providing loan applications over the Internet to speed up the application process.

Goals and objectives can be combined and simply called *goals*. The important point is to understand what the end purpose of the project is and know how to identify when it has been accomplished.

You have probably seen the following acronym regarding goal-setting a dozen times, but it is worth repeating. Goals should follow the SMART rule:

**S—Specific:** Goals should be specific and written in clear, concise, comprehensible terms.

**M—Measurable:** Goals should be measurable.

**A—Accurate:** Goals should be accurate and should describe precisely what is required.

**R—Realistic and tangible:** Goals that are impossible to accomplish are unrealistic and unattainable. Goals must be centred in reality. We are unlikely to be sending rocket ships full of chocolate candies to sell to tourists visiting the moon anytime soon.

**T—Time bound:** Goals should have a timeframe with an end date assigned to them.

## Project Deliverables

Deliverables are measurable results, measurable outcomes, or specific items that must be produced for the project or project phase to be considered complete. Like goals, Deliverables must be specific and verifiable.

A project phase may have multiple deliverables. If you are assembling a new product with many parts, each of the parts might be considered an independent deliverable.

The bottom line is this: Regardless of how well you apply your project skills, if the wrong deliverables are produced or the project is managed to the wrong goals, you will have an unsuccessful project on your hands.

## Identifying the Key Stakeholders

Stakeholders can be internal or external to the organization. Stakeholders might include the project sponsor, the project manager, project team members, the customer (who may also be the project sponsor), suppliers, management personnel, contractors, etc. One way of uncovering stakeholders whom you may not have considered at the start of the project is to ask known stakeholders whether they are aware of anyone else who may be impacted by the project. It is worth asking team members whether they are aware of any stakeholders who have not been identified. Other stakeholders may also emerge once you start uncovering some of the goals and deliverables of the project.

Omitting an important stakeholder, or one whose business processes were not considered during the project Initiation and Planning, could spell disaster for your project.

## The Project Overview Document

The project overview document serves the purpose of capturing the intended outcome of the project and its deliverables. It is a high-level look at the project goals and deliverables. It will describe the business objectives the project should meet. It will also provide a brief background of the project and describe the business opportunity on which the company is attempting to capitalize. The overview lays the groundwork for future consensus on deliverables and project expectations.

Some organizations will require a feasibility study at this point in the project. *Feasibility studies* are undertaken for several reasons including to determine whether the project is viable and to assess the probability of the project succeeding. The feasibility study might also look at the technical issues related to the project and determine whether the technology proposed is feasible, reliable, and easily assimilated into the organization's existing technology structure. Feasibility studies can also examine the viability of the product of the project. For example, the study might ask, "Will the new lemon-flavored soda be a hit? Or, is it marketable?"

The group of people conducting the feasibility study should not be the same ones who will work on the project.

## Identifying the Project Constraints

The triple constraints are budget, time, and quality. All project managers have to deal with these constraints in all projects.

## Identifying the Project Assumptions

It is essential to understand and document the assumptions you and your stakeholders are making about the project. It is also important to identify as many of the assumptions as possible in advance. Projects can fail, sometimes after much progress has been made, simply because an important assumption was forgotten or the assumption was incorrect.

## Managing Constraints

Constraints can be used to help drive the goals of the project. If it is difficult to discern which constraint is the primary one, ask the project sponsor the following question: "Ms. Sponsor, if you were allowed only one of these two alternatives, which would you choose? The project is delivered on the date you have stated, or the quality is manufactured to the exact specifications you have given." Should Ms. Sponsor prefer the quality response, you will know that your primary constraint is quality. If crisis point is

reached during the project Planning process, the timeframe may have to be compromised because the quality is paramount.

## Defining Project Selection Criteria

Most organizations have a formal, or at least semi-formal, process to select and prioritize projects. Large, complex projects may be subject to further review via a feasibility study before a decision can be made to accept the project.

Criteria for judging project selection may include financial measurements. For example, the selection criteria might dictate that projects must increase profits by a certain percentage in order to be considered. Equally, project selection criteria might include the stipulation that an increase in the public awareness of the company or product or an increase in market share will be enjoyed as a result of this project. There are no rules for project selection as the components of selection criteria are for the company, project review committee, or steering committee to determine.

The primary goal of the Initiation process is to produce the project charter.

## Project Charter

The *project charter* is the official, written acknowledgment and recognition that a project exists. The Initiation phase is completed with the publication of the project charter. It is usually the first official document of the project once acceptance of the project has been granted. It is issued by senior management and gives the project manager authority to assign organizational resources to the work of the project.

If your charter is competent, you will avoid many issues early on, since good project charters that are well documented will address many of the questions your stakeholders are likely to have initially.

## Resource or Project Costs

The project itself will have resource expenses directly related to it. These are costs that are specific to the project; they are not the day-to-day operational expenses but, rather, the resource costs including items such as long-distance phone bills, travel expense related to the project, equipment purchases, hardware purchases, specialized talent hired for certain portions of the project, vendor fees, etc. Resource expenses can be quite high, depending on the kind of project you are working on.

## Human Resource Costs

Personnel costs or human resources may be one of your biggest expenses depending on the kind of project you are working on. Any projects that require highly specialized skills or knowledge, or are labour-intensive, will probably have high personnel costs.

## Administrative Costs

Administrative costs are the day-to-day costs that keep the organization running but are not directly related to the project. These include office equipment, heating and lighting, support personnel, local phone charges, leases (unless office space or building space was leased specifically to house project members, in which case this expense would be a resource expense charged against the project), etc.

## Assembling the Project Charter

The project charter should include an overview of the project, the project deliverables, its goals and objectives, resource and cost estimates, the business case or need for the project, and a feasibility study, if one was performed. The charter should describe the preliminary roles and responsibilities of the project manager, project sponsor, project staff, and executive management. Creating the project charter is a matter of incorporating all the information we have gathered so far, as outlined above.

## Project Sponsor

The project sponsor is usually an executive in the organization who has the power and authority to make decisions and settle disputes or conflicts regarding the project. Project sponsors play a similar role in that they rally support from the executive management team and the stakeholders for the project. The sponsor brings the project into the limelight, so to speak, and is authorized to stipulate the project outcomes.

Sponsors are actively involved in the Initiation and Planning phases of the project and tend to have less involvement during the Execution and Controlling phases. It is up to the project manager to keep the project sponsor informed of all project progress, project activities, and any conflicts or issues that arise. The sponsor has the authority to resolve conflict and set priorities when such matters cannot be dealt with in any other way.

## Project Charter Sign-Off

Until you have received the sign-off from the project sponsor, senior management, and the key stakeholders, the project charter is not complete. Sign-off indicates that the document has been read by those signing it and that they agree with its contents and fully approve of the project. It also involves the major actors from the beginning and is intended to secure their continued participation in the project as it advances. This is important because the charter states the project goals and deliverables, and the resources, time, and costs needed to meet those goals.

With the signing of the project charter the initiation phase is completed.

## Planning

By this stage of the project, the benefits and costs of the project have been clearly documented, the project team has been appointed, the objectives and scope have been defined, and a formal project office environment has been established. It is now time to undertake detailed planning to ensure that the activities performed in the execution phase of the project are properly sequenced, resourced, controlled and executed.

## Developing Project Plan

The first step is to document the Project Plan. A 'Work Breakdown Structure' (WBS) is identified. The WBS includes a hierarchical set of phases, activities and tasks to be undertaken on the project. An assessment of the effort required to undertake the activities and tasks is made after the WBS has been agreed. The activities and tasks are sequenced, resources are allocated and a detailed project schedule is formed. To assess the progress of the project, this project schedule will become the primary tool for the Project Manager.

## Developing Resource Plan

It is necessary to allocate the resources required to undertake each of the activities and tasks within the Project Plan immediately after this plan is formed. Although general groups of resources may have already been allocated to the Project Plan, a detailed resource assessment is required to identify the following:

- Types of resources (labour, equipment and materials)
- Roles, responsibilities and skill sets of all human resources
- Total quantities of each resource type
- Items and quantities of material resources
- Items, purposes and specifications of all equipment resources.

A schedule is assembled for each type of resource in order that the Project Manager might assess the resource allocation at each stage of the project.

All projects require resources, from the smallest to the largest. Resources in this case do not mean just people; they include all the physical resources required to complete the project. This includes people, supplies, materials, equipment, software, hardware - and the list goes on depending on the project you are working on.

Developing a resource management plan encompasses several processes including Resource Planning, Organizational Planning, Staff Acquisition, Solicitation Planning, and Procurement Planning. Resource Planning is the process of determining what physical resources are needed, and in what quantity, to perform project activities.

## Developing an Organizational Plan

The Organizational Planning process focuses on the human resources aspect of project planning. Its purpose is to document the roles and responsibilities of groups or individuals for various project elements and then document the reporting relationships for each. Communications Planning goes hand in hand with Organizational Planning as the organizational structure will affect the way communications are carried out among project participants and the project interfaces.

Organizational Planning has three inputs: staffing requirements, project interfaces, and constraints.

## Project Interfaces

*Organizational interfaces* deal with the types of reporting relationships that exist within an organization's structure, be it functional, matrix, or projectized. The reporting relationships in the organization may be formal or informal. When outlining the project plan, the project manager should take these into consideration.

The same is true for *technical interfaces*, which deal with the reporting relationships that exist within the technical areas of an organization. You should consider the technical interfaces both within the project itself and between the project process groups during hand-off.

All projects fall into the interpersonal interfaces and organizational interfaces categories. *Interpersonal interfaces* deal with the relationships that exist among project team members and among other project participants. Whether technical interfaces affect the project depends on the project itself.

## Staffing Management Plan

This plan documents how and when human resources are introduced to the project and later released. The level and amount of detail you may wish to add to this plan is for you to decide. Note that many staffing management plans make use of a *resource histogram*. This is usually drawn in chart form with 'project time' along the horizontal axis and 'hours needed' along the vertical axis. The example histogram below shows the hours needed for an asphalt crew on a construction project.

## Constraints

These typically involve time, costs, or quality.

## Developing Financial Plan

A Financial Plan is prepared to identify the quantity of money required for each stage in the project. It is similar to the Resource Plan. The total cost of labour, equipment and materials is quantified and an expense schedule is defined which provides the Project Manager with an understanding of the forecast spending vs. the actual spending throughout the project. As the project's success will depend on whether

or not it is delivered within the 'time, cost and quality' estimates for the project, preparing a detailed Financial Plan is extremely important.

## Developing Quality Plan

Meeting the quality expectations of the customer is critical to the success of the project. A Quality Plan is documented to ensure that the quality expectations are clearly defined and can reasonably be achieved.

### The Quality Plan:

This defines 'quality' in terms of this project. It lists clear and unambiguous quality targets for each deliverable. Each quality target provides a set of criteria and standards that must be achieved to meet the expectations of the customer.

- It identifies the techniques used to control the actual level of quality of each deliverable as it is built (i.e. a Quality Control Plan).
- It outlines a plan of activities that will assure the customer that the quality targets will be met (i.e. a Quality Assurance Plan)

Finally, it is important to review the quality not only of the deliverables produced by the project but also of the management processes that produce them. A summary of each of the management processes undertaken during the execution phase is identified, including Time, Quality, Change, Cost, Risk, Procurement, Acceptance, Issue, and Communications Management.

Many techniques are used by Quality Planning to determine the areas of quality improvement that can be implemented, controlled, and measured throughout the rest of the project. The quality management plan describes how the project management team will enact the quality policy. It also documents the responsibilities of the project team in implementing quality, the resources needed to carry out the quality plan, and all the processes and procedures the project team and organization use to satisfy quality requirements.

The project manager writes the quality management plan in cooperation with the project staff. You will assign quality actions to the activities listed on the WBS. Isn't that WBS a handy thing? The quality plan should then document the quality actions associated with the WBS activities. Later in the Quality Control process, measurements will be taken to determine whether the quality to date is on course to meet the quality standards outlined in the quality management plan.

## Developing Communications Plan

Prior to the Execution phase, it is also necessary to identify how each of the stakeholders will be kept informed of the progress of the project. The Communications Plan identifies the types of information to

be distributed, the frequency of distribution, the methods of distributing information to stakeholders, and the responsibilities of each person in the project team for distributing information regularly to stakeholders.

## Risk Planning

Every one of us takes risks on a daily basis. Just getting out of bed in the morning is a risk. You may trip over the dog and break a leg or stub your toe in the dark on the way to the light switch. These things don't usually happen, but the possibility exists. The same is true for your project. Risk exists in all projects, and chances of a particular risk occurring depend on the nature of the risk.

Like much of the information gathered during other Planning processes, risks will also change as the project progresses and they should be monitored throughout the project. As you get close to a risk event, that is the time to reassess your original assumptions about the risk and your plans to deal with it and make any adjustments as required.

One consideration to take into account when assessing risk is risk tolerance. Organizations and stakeholders, as well as individuals, all have different tolerances to risk. Stakeholder risk tolerance is one of the inputs in the Risk Management Planning process. It is important for the project manager to understand the organization's and the stakeholders' tolerance to risk before evaluating and ranking risk. One organization may believe that the risk of a potential 17 per cent cost overrun is high, while another may consider it low.

## Developing Procurement Plan

Identifying the elements of the Project that will be acquired from external suppliers is the final planning activity of the Planning phase. The Procurement Plan provides a detailed description of the Products (i.e. goods and services) to be procured from suppliers, the schedule for procurement, and the justification for procuring each product externally, as opposed to from within the business. It also references the process for the selection of a preferred supplier ("Tender Process") and the process for the actual order and delivery of the procured products ("Procurement Process").

Procurement Planning is a process of identifying what goods or services you will purchase from outside the organization. Part of this process involves determining whether you should purchase the goods or services, and if so, how much and when.

## Contract Suppliers

It is usual to appoint suppliers after the Project Plans have been documented but prior to the Execution phase of the project, although external suppliers may be appointed at any stage of the project. Only at this point will the Project Manager have a clear idea of the role of the supplier and the expectations for his/her delivery.

A formal Tender Process is invoked to identify a short list of interested suppliers and select a preferred supplier to meet the procurement needs of the project. The Tender Process involves creating a Statement of Work, a Request for Information and a Request for a Proposal to obtain sufficient information from each potential supplier in order to select a preferred supplier. A Supplier Contract is agreed for the delivery of the requisite product once a preferred supplier has been chosen.

### Execution

The Execution phase is the phase within which the deliverables are physically constructed and presented to the customer for acceptance. It is typically the longest phase of the project (in terms of duration). The Project Manager monitors and controls the activities, resources and expenditure required to build each deliverable throughout the execution phase. All this is done to ensure that the customer's requirements are met. A number of management processes are also undertaken to ensure that the project proceeds as planned.

### Building Deliverables

This phase requires the physical construction of each deliverable for acceptance by the customer. Depending on the type of project, the actual activities undertaken to construct each deliverable will vary, (e.g. engineering, building development, computer infrastructure or business process **re-engineering** projects).

Deliverables may be constructed in an 'iterative' fashion (where iterations of each deliverable are constructed until the deliverable meets the requirements of the customer) or a 'waterfall' fashion (where each activity is undertaken in sequence until the deliverable is finished). Regardless of the method used to construct each deliverable, careful monitoring and control processes should be employed to ensure that the quality of the final deliverable meets the acceptance criteria set by the customer.

### Monitoring and Control

Whilst the Project Team is physically producing each deliverable, the Project Manager implements a series of management processes to monitor and control the activities being undertaken. An overview of each management process is given below:

### Cost Management

Cost Management is the process by which costs (or expenses) incurred on the project are formally identified, approved and paid. Expense Forms are approved by the Project Manager and recorded within an Expense Register for audit purposes. Expense Forms are completed for each set of related project expenses such as equipment, labour, and materials costs.

## Time Management

Time Management is the process in which time spent by staff undertaking project tasks is recorded against the project. As time is a scarce resource on projects, it is important to record the time spent by each member of the team on a Timesheet to enable the Project Manager to control the level of resources allocated to a particular activity. A Timesheet Register provides a summary of the time spent on the project to date and enables the Project Plan to be kept fully up to date.

## Risk Management

Risk Management is the process by which risks to the project (e.g. to the scope, deliverables, timescales or resources) are formally identified, quantified and managed during the project. A project risk may be identified at any stage of the project by completing a Risk Form and recording the relevant risk details in the Risk Register.

## Quality Management

Quality Management is the process by which the quality of the deliverables is assured and controlled for the project, using Quality Assurance and Quality Control techniques. Quality is defined as "the level of conformance of the final deliverable to the customer's requirements". Quality reviews are frequently undertaken and the results recorded within a Quality Register.

## Communications Management

Communications Management is the process by which formal communications messages are identified, created, reviewed and communicated within a project. The most common method of communicating the status of the project is via a Project Status Report. Each communication item released to the project stakeholders is captured in a Communications Register.

## Procurement Management

Procurement Management is the process by which a product is sourced from an external supplier. To request the delivery of the product from a supplier, a Purchase Order must be approved by the Project Manager and sent to the supplier for confirmation. The status of the purchase is then tracked using a Procurement Register until the product has been delivered and accepted by the project team.

## Performing Phase Review

At the end of the Execution Phase, a Phase Review is performed. This is essentially a checkpoint to ensure that the project has achieved its stated objectives as planned.

## Closure

A successful project will have met its objectives and be ready for formal closure after the completion of all project deliverables and acceptance by the customer. Project Closure is the last phase in the project. To ensure that the business benefits delivered by the project are fully realized by the customer, Project Closure must be conducted formally.

## Performing Project Closure

Project Closure involves undertaking a series of activities to complete the project, including the following:

- Identifying any outstanding items (activities, risks or issues)
- Listing the activities required to hand over documentation, cancel supplier contracts and release project resources to the business
- Communicating closure to all stakeholders and interested parties
- Producing a handover plan to transfer the deliverables to the customer environment.

A Project Closure Report is submitted to the Customer and/or Project Sponsor for approval.

The Project Manager is then responsible for undertaking each of the activities identified within the Project Closure Report on time and according to budget.

The project is closed only when all activities identified in the Project Closure Report have been completed.

## Review Project Completion

Success is determined by how well a project performed against the defined objectives and conformed to the management processes outlined in the planning phase. The final activity undertaken on any project is a review of its overall success by an independent resource. To determine performance, a number of questions are posed. For example:

- Was it delivered within the budget outlined in the Financial Plan?
- Did it result in the benefits defined in the Business Case?
- Did the deliverables meet the criteria defined in the Quality Plan?
- Was it delivered within the schedule outlined in the Project Plan?
- Did it achieve the objectives outlined in the Terms of Reference?
- Did it operate within the scope of the Terms of Reference?

To determine conformance, a review is undertaken of the level of conformity of the project activities to the management processes outlined in the Quality Plan. The above results, lessons learnt and key achievements are documented within a Post Implementation Review report and presented to the Project Sponsor for approval.

### Further Reading:

- ✓ *Jason Westland, (2006), The Project Management Life Cycle*
- ✓ *Arun Kanda, (2011), Project Management: a Life Cycle Approach*
- ✓ *Janet A. Means, Tammy Adams, (2005), Facilitating the Project Lifecycle*