



Module: Business Processes

Unit: Introduction to Project Management

Lesson: Introduction to Project Management

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# Introduction to Project Management

## Introduction and Background

In many ways project management is related to some of the issues we have been discussing when talking earlier about processes and a process based approach to management. It imposes upon organisations a structured approach to work activity (although one that can and must be adjusted to changing circumstances). Consequently project management has become one of the most sought after professional competencies. Organisations are increasingly viewing project management as a key to efficiently managing work endeavours right the way from conception to completion. To be successful the project-based way of working has to be embraced by all levels of the organisation.....by executives, managers, team members, and, of course, by project managers.

Thus organisations are adopting project management practices, not just in order to successfully manage individual projects, but also to transform their overall ways of working. The adoption of formal project management practices has proven itself as yielding tangible business benefits in the form of delivery to budget, to time, to specification and to improved customer-satisfaction.

Many organisations are also transforming themselves from hierarchical, vertical structures to cross-functional, project team based structures. As you can probably see, such an approach has similar benefits to the process focus we considered in previous lessons. The empowerment and profile of project managers becomes quite high in such organisations. In a project-based workplace, project managers require the right skills, knowledge and experience to successfully integrate project management knowledge and practices into day-to-day activities, and consistently deliver to specification, budget and schedule.

## my learning space activity .....

1. Describe the most challenging project you have been involved in (either a project you have managed or one that you have been a project member of). Describe its characteristics in terms of:

Purpose

Duration

Resources: people (internal to the organisation), customers, hardware, software, machinery, etc.

Budget (if known)

2. In what ways was the project challenging?

3. With hindsight, what might you have done differently on the project?

## Project Management Concepts and Context

Concepts and terminology are important to establish at the outset. These are some of the questions we shall address.

What distinguishes a project from any other work endeavour?

What is meant by the term *project management*?

What is the project *cycle*?

## Project, Operational and Strategic Management

The Project Insight website offers the following distinction between projects and day-to-day operations.

*'In any organization, only two aspects of work exist - on-going operations and projects. Projects are defined as unique, temporary endeavours with a specific beginning and end. Operations constitute an organization's on-going, repetitive activities, such as accounting or production.'*

<http://www.projectinsight.net/project-management-basics/projects-and-operations.aspx> (last accessed 13th April 2013)

Further, we can distinguish between operational and strategic management as follows (based upon an original post by Hajara Saleeth at the website tutebox:

<http://www.tutebox.com/2881/business/management/strategic-management-vs-operations-management> (last accessed 13<sup>th</sup> April 2013 )

That strategic management is the process of understanding the business environment and the strategic capability of an organisation, identifying a desired state of performance and implementing strategies to achieve it. Operations management involves executing the strategy on the day-to-day basis to achieve the desired performance.

The difference between strategic management and operations management can be described as follows:

- Strategic management is an organisational wide activity whereby operations management tends to focus on a particular function like sales and finance or on a particular process.
- Strategic management has a long term focus. Operations management is short term focused and handles day-to-day operations of an entity.
- Strategic management involves non-routinised tasks that can be quite ambiguous or difficult to define clearly. Operations management involves the activities of a business organisation that are typically routinised and predictable. It involves little ambiguity.
- Strategic management is a complex process. Operations management is a relatively simple process.
- Survival of an organisation is directly linked to the strategic management process as it deals with the critical success factors of an organisation. These are the factors that have a direct link to the survival of the organisation. Operation management is not as directly related to the survival of the organisation rather it indirectly influences survival through cumulative performance on a day to day basis.

think about it .....

What do you understand by the term project management?

# feedback

Project management is a structured approach to planning controlling and running a project.

Project management involves:

- Communication
- Co-ordination
- Integration
- Planning
- Budgeting
- Control

Project management is not a new discipline. It has existed since early times in one sense but really came to be a formal discipline in the 1960s-1970s, with the launch of the US space programme and in US defence establishments. It became clear that a formal and structured method was necessary to run critical projects to meet requirements, budget and schedule. Since that time, all sorts of organisations (private, public and voluntary sector) have adopted formal project management methods. Today there is more focus on project management than ever before, and many businesses view project management as critical for improved business performance, quality, customer satisfaction and profitability.

Project management is also described as:

*'the application of knowledge, skills and tools to project activities in order to meet or exceed stakeholder needs'.*

- A Guide to the Project Management Body of Knowledge - PMBOK (2004)

Project management involves managing communication, co-ordination, integration, execution, planning, budgeting and control. We shall look at this in more detail in this unit.

## The Characteristics of Projects

### think about it .....

What exactly is a project? How do you think it differs from other work endeavours?

# feedback

A project is essentially unique in specification, finite in duration, resource consuming and constrained by a budget.

So how does it differ from other work activities?

Other work activities (e.g. operational activities) differ from projects in that they are on-going and are generally repetitive (follow a pre-defined process e.g. monthly reporting, annual preparation of financial accounts etc). Whereas a project is distinctive - its output, either a good or service (or a tangible dominant or intangible dominant offering to use the language of unit one), is unique in some way. A project can also be defined as a temporary endeavour with a definite start and end-date.

Other definitions of a project exist as follows -

'A project is a unique venture with a beginning and end, conducted by people to meet established goals within parameters of cost, schedule and quality. (Buchanan and Boddy 1992)

'....organised work towards a pre-defined goal or objective that requires resources and effort, a unique (and therefore risky) venture having a budget and schedule'. (Field and Keller 2007)

One other point to highlight is the distinctive nature of project resourcing. Project teams are assembled and then disbanded when they have achieved their objectives. It is important for project managers and their team members to understand the transitional nature of teams. Project teams rarely outlive the duration of the project. This is in contrast to other work activities e.g. accounts preparation, procurement, where there is continuity of staff. Project managers and teams should be accustomed to this way of working but it obviously presents certain challenges to companies who wish to adopt project management methodologies on a widespread basis.

## my learning space activity.....

Consider the following scenario...

Your friends at the squash club have been thinking about a social event. A really good restaurant has opened in town, and your friends at the club think it is an excellent idea to go there for dinner (with partners - if they can make it) next Friday evening. One or two need transport. Everyone agrees that the cost per head should be kept at or below £25. They want you to organise the evening!

1. Do the above satisfy the definition of a project?
2. What will be involved in organising it?

# feedback

This social event is definitely a project. It is unique, it is a finite endeavour, it has a defined goal and has a budget and schedule

The activities to be carried out are something like:

- Check numbers for dinner
- Set suitable time
- Book restaurant
- Select set menu (cost < £20)
- Arrange transport

This activity highlights the fact that you are carrying out projects such as this all of the time in your day-to-day life.

## The Focus on Project Management Today

Business trends in today's global environment have increased the focus on project management. Organisations are transforming themselves into project-based businesses to gain competitive advantage.

## think about it .....

Why do you think there is an increasing focus on project management and the adoption of project management practices?

Working along project-lines is now seen as providing a competitive edge for many reasons:

### Focus on profitability

Project management enhances the ability to deliver work outputs to quality, schedule and lower cost and higher profitability. Thus, project management can directly affect an organisation's bottom line. It can also enhance customer satisfaction and many customers are willing to pay more for delivery to specification, cost and schedule.

### Cost reductions

Related to the above point, costs are reduced by the adoption of standard processes. When an organisation invests money in training and developing its people to embrace standard project management practices, there is clarity on the - how to? what to? when to? - of carrying out work activities

### Cross-functional integration

Cross-functional integration is enhanced/promoted. As we have seen already, an organisation's very survival can be dependent on its ability to co-ordinate and integrate its functional parts so that it acts as a single entity working towards common goals. Project teams promote cross-functional collaboration and overall workflow integration is enhanced.

## Changing work trends

Requirements for repetitive work are falling. The focus is increasingly on more specific tasks providing customised products to the customer/client and this is increasingly in the context of a disappearing layer of middle management. Thus emphasis is placed on bringing together the right resources for the task at hand; a project management approach can assist in this.

## Creativity and innovation

Leaner, flatter and appropriately resourced organisational structures can be more creative and better able to respond flexibly to new market opportunities. Project teams can make important contributions to this

## Collaboration

Today, co-ordination and integration go beyond the organisation - they can encompass customers, suppliers, distributors and partners who may be located anywhere globally. In this context, rigorous project management based procedures can be a necessity.

## What is Project Management?

The association of Project Managers (APM) states that project management focuses on controlling the introduction of desired change. This involves:

1. Understanding the needs of stakeholders.
2. Planning what needs to be done, when, by whom, and to what standards.
3. Building and motivating the team.
4. Coordinating the work of different people.
5. Monitoring work being done.
6. Managing any changes to the plan.
7. Delivering successful results.
8. The above has been taken from:
9. <http://www.apm.org.uk/WhatIsPM>

The Project Management Institute describe project management as "the application of knowledge, skills and techniques to execute projects effectively and efficiently. It's a strategic competency for organizations, enabling them to tie project results to business goals and thus, better compete in their markets.

It has always been practiced informally, but began to emerge as a distinct profession in the mid-20th century." PMI's *A Guide to the Project Management Body of Knowledge (PMBOK Guide)* identifies its recurring elements, saying that its *processes* fall into five groups:

1. Initiating

- 1.
2. Planning
3. Executing
4. Monitoring and Controlling
5. Closing

The above 5 groups commonly comprise a standard version of the project cycle, which we will examine in more detail shortly.

The PMI also state that project management knowledge draws on nine areas:

- Integration
- Scope
- Time
- Cost
- Quality
- Procurement
- Human resources
- Communications
- Risk management

As the PMI states, all management is concerned with these, of course. But project management, it says, brings a unique focus shaped by the goals, resources and schedule of each project. The value of that focus is proved by the rapid, worldwide growth of project management:

1. as a recognized and strategic organizational competence
2. as a subject for training and education
3. as a career path

The above has been taken from <http://www.pmi.org/About-Us/About-Us-What-is-Project-Management.aspx> (last accessed 12<sup>th</sup> April 2013)

The video available at - <http://www.youtube.com/watch?v=7c8xP1gRIWs> - provides a useful introduction to a range of project management terms and concepts , which you will continue to encounter in future lessons in this module.

Further information about the nature of project management is given by the article below by Duncan Haughey, - Project Management Methodology Explained, accessible from the website:

PROJECTSMART.co.uk at <http://www.projectsmart.co.uk/project-management-methodology-explained.html>.

We have downloaded it below in a slightly adapted form.



## Project Management Methodology Explained

Project management in the modern sense began in the early 1950s, driven by businesses that realised the benefits of organising work around projects, and the critical need to communicate and co-ordinate work across departments and professions.

Project management is no small task. It has a definite beginning and end, and is not a continuous process. Project management uses various tools to measure progress and track project tasks. Projects need ad-hoc resources, as opposed to businesses that have dedicated full-time positions.

Project management methodologies typically consist of four to five stages and a control system. Regardless of the methodology or terminology used, project management uses the same basic stages. Stages typically comprise:

1. Initiation
2. Planning and Design
3. Execution
4. Monitoring and Controlling
5. Closing

Below we briefly introduce these five typical stages.

### Initiation

All projects start with an idea for a product, service, or other desirable outcome. The initiation stage determines the nature and scope of the project. If this stage is not performed well, it is unlikely the project will be successful in meeting the businesses needs. The first project document is the project charter, which includes:

1. Business case
2. Scope and deliverables
3. Objectives
4. Resources needed
5. Broad timeline
6. Broad cost estimate
7. High level risks and issues

The charter answers the basic question, *"What are we trying to do?"*

### Planning and Design

After initiation, the project is planned to an appropriate level of detail. The main purpose is to plan time, cost and resources adequately to estimate the work needed and to enable the management of risk effectively during the later project execution stage. This is all recorded in the project

management plan. As with the initiation stage, a failure to plan adequately lessens the project's chances of success.

Project planning includes:

1. Developing the scope statement
2. Developing the schedule (e.g. Gantt chart)
3. Developing the budget
4. Selecting the team
5. Creating a work breakdown structure
6. Identifying deliverables
7. Risk planning
8. Communication planning

## **Execution**

Execution consists of the processes used to complete the work that has been defined in the project management plan, in order to accomplish the project's objectives. The execution stage involves coordinating people and resources, as well as integrating and performing the activities required to deliver the project. The deliverables are produced as outputs from the processes performed as defined in the project management plan.

## **Monitoring and Controlling**

To a large extent the monitoring and controlling stage runs concurrently with the execution stage. It involves managing and tracking the project, so that potential problems can be identified quickly and corrective action taken. To do this the project management plan is used as a basis. Monitoring and controlling includes:

1. Measuring the on-going project activities
2. Monitoring the project variables (*cost, effort, scope*) against the project management plan and the project baseline (*where should we be?*)
3. Identifying corrective actions to address issues (*how can we get back on track?*)
4. Managing changes using a change control process (*see later for more detail on change control/management*)

The monitoring and controlling and execution stages end once the project has achieved its goals and objectives that were detailed in the project contract. A project may be stopped before completion for various reasons, including changes in the business, lack of resources or higher priorities.

## **Closing**

Closing a project means finishing all activities, splitting up the project team and signing off the

project with the customer.

At this point it is important to know how well the project has performed. This leads to a project closure report. It communicates how well the project has performed against its original business case, quality measures, cost, duration targets etc.

Rather than leave valuable project experiences locked in people's heads, it is a good idea to complete and publish a lessons learned report. This is used to pass on valuable learning that can be applied to future projects.

## **Project Cycles**

In his article above, Haughey divides project management activities into different stages (or what the original article calls process groups). This way of dividing up project activities is an example of the project cycle. Like all models the project cycle is a simplification of reality, but it is still an effective and quite realistic way of categorising the different activities of project management. As we have seen Haughey divides these up into:

1. Initiation
2. Planning and Design
3. Execution
4. Monitoring and Controlling
5. Closing

In fact many different approaches to the project cycle exist, though most are very similar to each other. Field and Keller (2007) refer to a basic life cycle model produced by Weiss and Wysocki (1999), which consists of the following five stages:

- define
- plan
- organise
- execute
- close

In the book, which is the recommended text for this module, Lewis (2007) adopts a slightly different structure for his project cycle, consisting of

- define the problem
- develop solution options
- plan the project
- execute the plan
- monitor and control progress

- close project

Many international organisations and agencies base their support and intervention activity on some form of project cycle. Below we reproduce a brief article about the World Food and Agriculture Organisation's approach to project management, accessed from:

[http://www.fao.org/Participati on/english\\_web\\_new/content\\_en/ project\\_cycle.html](http://www.fao.org/Participati on/english_web_new/content_en/ project_cycle.html)

## **Project Cycle Management**

A project is a scheme to organize the use of a given quantity of resources in a specific way to achieve particular results, all within a definite time. It has a precise beginning and a precise end. The execution of a project requires multidisciplinary effort, mobilizing different skills and resources to achieve predetermined development objectives, which will result, directly or indirectly, in new or added value or social, economic or financial benefits.

Within this general definition many different examples of projects can be described, each with a different type of organization. However, they all have the same fundamental parts or phases, from the time each project is first conceptualized until it is terminated. These parts fit together and relate to each other in what is called the project cycle. The cycle represents a continuous process in which each stage provides the foundation for the next.

Many international assistance institutions distinguish between five stages in the cycle of existence of a project, namely, identification, preparation, appraisal and agreement, implementation, and monitoring and evaluation.

Stages of the project cycle:

At project identification the project idea is translated into a preliminary description of the project. Terms of reference for the project reconnaissance team are established, analyses of existing situations are performed, a broad evaluation of the future "with" and "without" the project is made, and the extent and limits of the project are proposed. Different approaches to the project are identified, and a judgment made regarding which option should be taken forward to project preparation.

At project preparation the project is designed. Objectives, pre-requisites, inputs, outputs, organization, participants, clearances are all defined, costs and earnings are calculated, a financial plan is prepared, expected results are analysed, the socio-economic and environmental impacts are estimated, and the provisional and final project documents are prepared.

At project appraisal and agreement appraisal documents are prepared from the project documents and a succession of appraisal meetings, clearances, and financing negotiations take place. This brings the project to the point of meeting the required start-up agreement conditions, sometimes after revision and adaptation of project schedule, cost, objectives, and financing.

In project implementation the project management and lines of command are established, and various implementation procedures established. In the course of implementation project progress is monitored, revisions and adaptations are made for unexpected events, and finally the project is brought to completion.

At project evaluation, which takes place at a suitable time after the project has been implemented, project objectives, project implementation, and project benefits are appraised. This evaluation may result in the project being extended or in the identification of a new project, and may lead to a revision of the method(s) by which similar projects will be formulated in the future.

This is a slightly specialist approach reflecting the particular activities typically involved in international aid projects and similar.

A good overview of a typical, simple project cycle is give in the video accessible at:

a<http://www.youtube.com/watch?v=sLgdRO5IS9U>

You should now access the MPMM website at <http://www.mpmm.com/project-management-methodology.php> for a further discussion of a variant of the project cycle.

Finally you should conclude your reading for this unit by reading chapter 1 of the module textbook, Lewis (2007).