Project Management 1-2

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Overview of Project & Prog Management.

- WHAT : Project & different Types
- WHY: Important for Organizations' success
- WHAT : Project vs. Program
- MEASURE of Project SUCCESS
- WHY: Project Fail?
- WHY : Framework (like PMBOK) required for Success

Why a Firm exists?

CONTEXT OF STRATEGIC MANAGEMENT

and

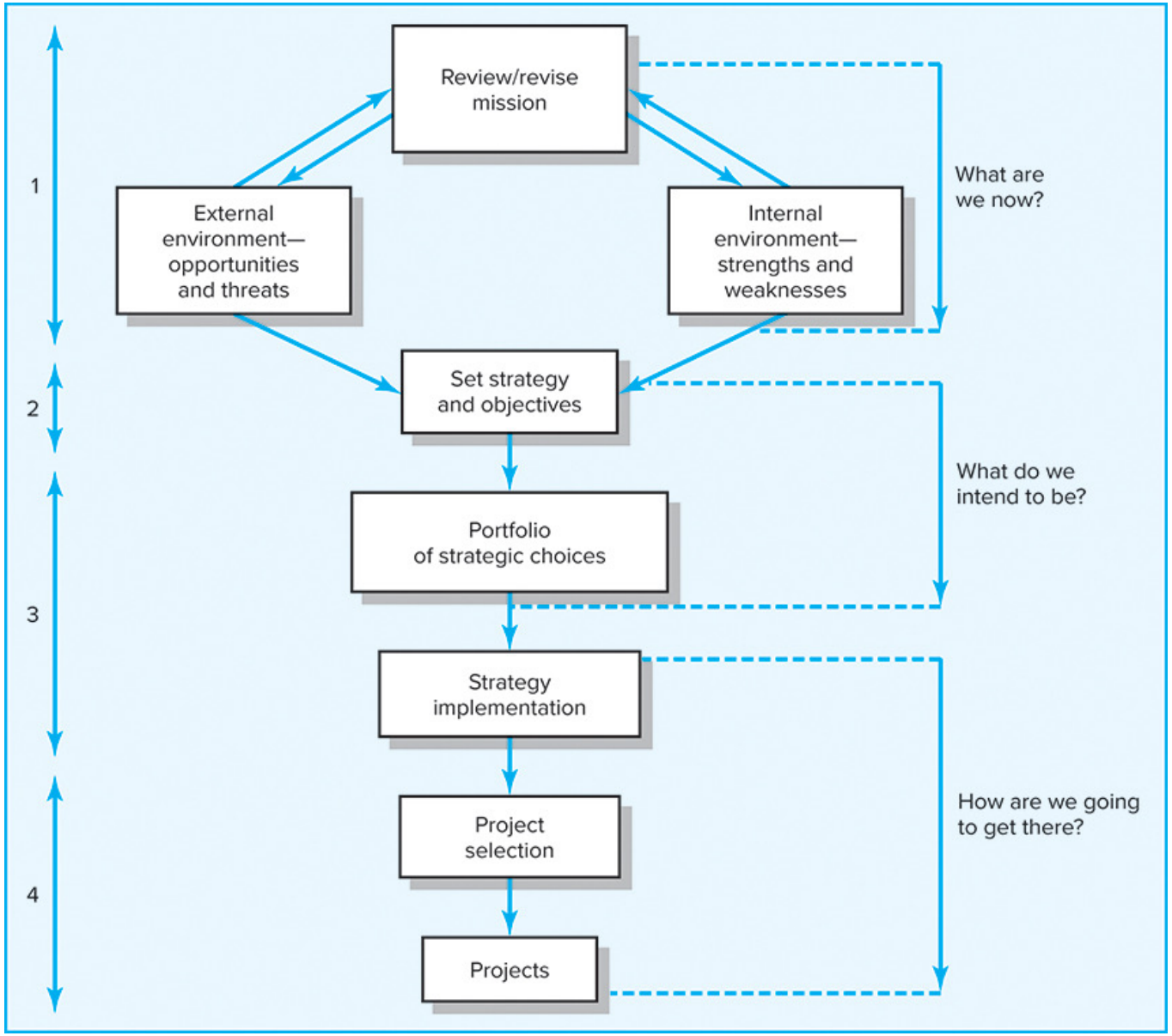
THE ROLE OF PROJECTS IN ACHIEVING FIRM'S VISION & MISSION

Why a Firm exists?

- To create VALUE

  - Value for Customers
  - Value for Employees
  - Value for Supplier

Strategic Management Process



A strategy is forged in the context of a firm's **vision**, **mission**, and **values**.

Vision

Defines a desired future state of a firm articulating in bold terms what the company would like to achieve.

Mission

Describes what a company does or strives to do; it is a statement of purpose.

Values

State how people within a firm should conduct themselves, how they should do business, and what kinds of things they should care about.

Strategic Management Defined

- Is the process of assessing "what we are" and deciding and implementing "what we intend to be" and "how we are going to get there."
- Is a continuous, iterative process aimed at developing an integrated and coordinated long-term plan of action.
- Requires strong links among mission, goals, objectives, strategy, and implementation.

Vocabulary of strategy

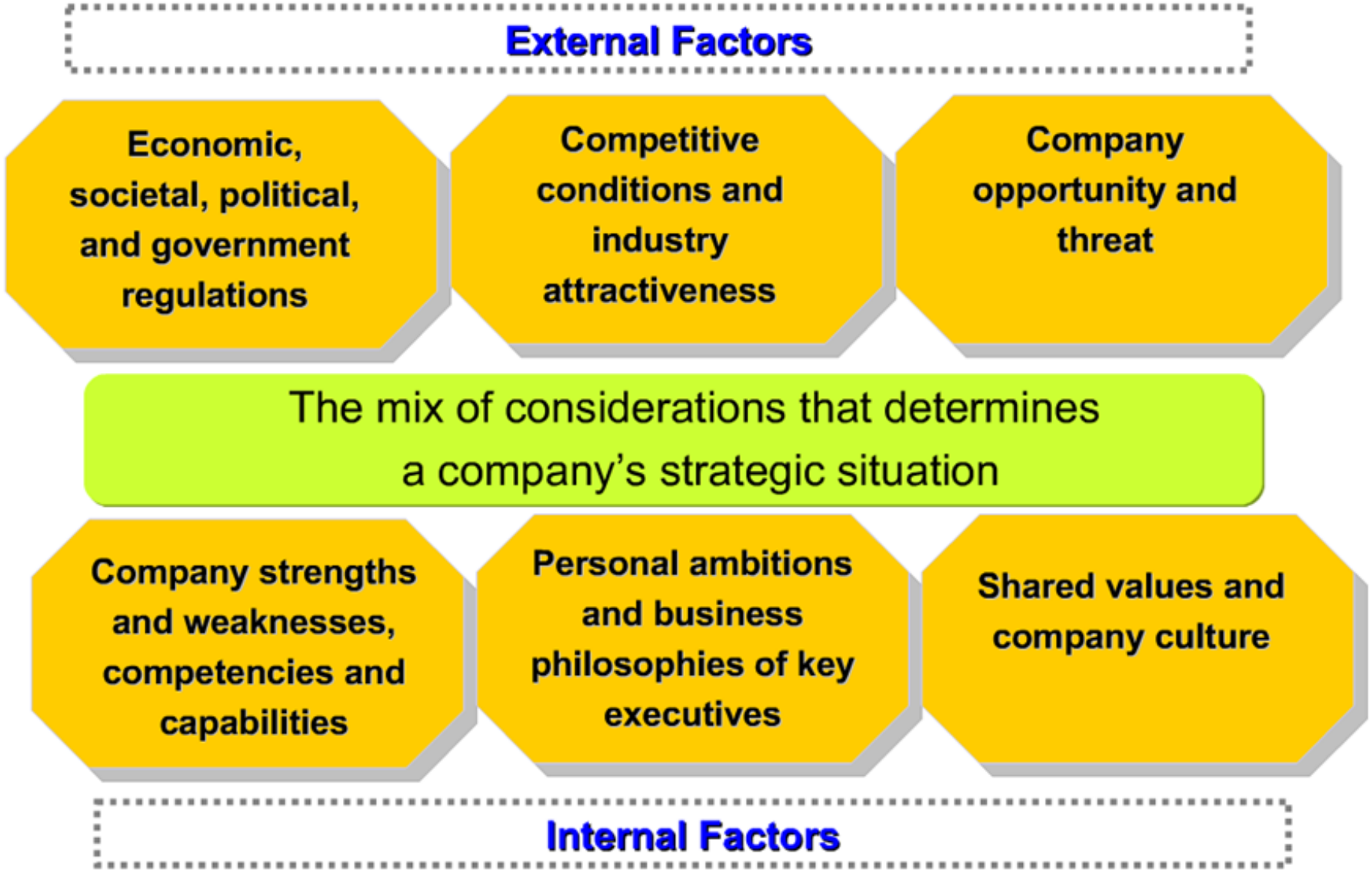
Vision	Desired future state: Aspiration of the organization	To Run the London Marathon
Mission	Describes what a company does or strives to do; it is a statement of purpose.	Be healthy & fit
Goal	General Statement of aim/purpose	Lose Weight & strengthen muscles
Objective	Quantification/Precise statement of the goal	Lose 5 Kgs by Oct 31st
Strategic Capability	Resources, activities & processes (Unique, provide competitive advantage)	Personal Trainer, Have a Pvt Gym
Strategies	Long term direction	Exercise regularly, compete in marathons locally, stick to appropriate diet
Business Model	How product/service & information flow between participating parties	Join a running club
Control	Assess effectiveness of strategies & actions, modify strategies as necessary	Monitor weight, distance & time

Two Major Dimensions of Orgnaizational Strategy:

1. Responds to changes in the **external environment** and allocates the firm's scare resources to improve its competitive position.

2. **Internal responses** to new action programs aimed at enhancing the competitive position of the firm.

Factors shaping choice of strategy



Tests of best strategy

G.E. CEO (Jack Welch) on performance test

Characteristics of Objectives

S	**Specific**	Be specific in targeting an objective
M	**Measurable**	Establish a measurable indicator(s) of progress
A	**Assignable**	Make the objective assignable to one person for completion
R	**Realistic**	State what can realistically be done with available resources
T	**Time related**	State when the objective can be achieved, that is, duration

Two main reasons project managers need to understand their organization's mission and strategy:

1. So they can make appropriate decisions and adjustments.
   - How a project manager would respond to a suggestion to modify the design of a product or to delays may vary depending upon strategic concerns.

2. So they can be effective project advocates. They have to be able to:
   - demonstrate to senior management how their project contributes to the firm's mission in order to garner their continued support.
   - explain to stakeholders why certain project objectives and priorities are critical in order to secure buy-in on contentious trade-off decisions.
   - explain why the project is important to motivate and empower the project team.

Case Study

Hector Gaming Company

- Case Facts?

- Hector Gaming Company (HGC) is an educational gaming company specializing in young children's educational games

- 25% ROI in just four years of inception.
- The growth rate for the last two years has been approximately 80 percent each year.

- Sally Peters, has been written up in Young Entrepreneurs as “the young entrepreneur to watch.”

- She has been able to develop an organizational culture in which all stakeholders are committed to innovation, continuous improvement, and organization learning.

Major Problems at HCG

Lack of focus

Lack of long term goals & objectives to support strategy

Resource conflicts, Organisational politics, Poor scheduling

Organisation politics

1. Frequency of conflicts
2. Project mangers advocating self interest
3. Top management losing control

Resource conflicts

1. Resource allocation
2. Efforts to poach HGC's talent pool
3. Projects skipping deadlines and budgets

Implementation Gap

some top HGC talent have been working on an international business game for college students.

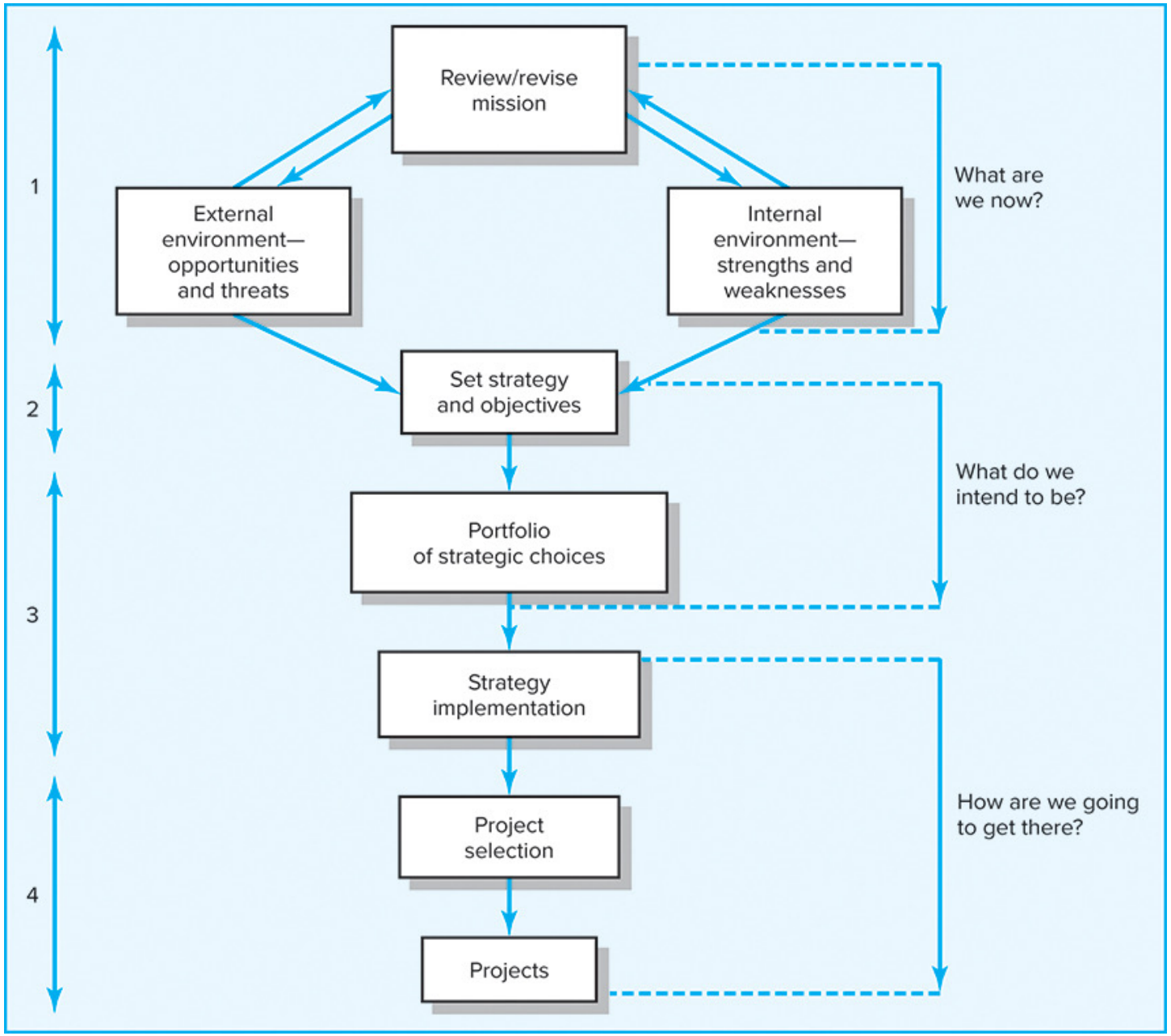
Major cause of the problem

Company growing too fast

Misalignment
Mission→ Strategy → Goals → Objectives→ Projects

Attention to internal matters

Detailed Action Plan



Detailed Action Plan

1. Mission of company is to be a niche in “children’s educational games”
2. Kill projects outside this mission such as the current project on international business game for college students
3. Setting strategy and objectives which are **S.M.A.R.T**–such as setting up **target numbers** for growth %, Revenue % increase, Profitability, ROI (Financial) and non-financial such as brand growth, loyalty development etc.
4. Implement strategy through a rightful selection of projects
5. Allocate resources to priority projects
6. Track and monitor the progress of projects by setting up
7. controls
8. Implementing **corporate structure to HCG** and holding each employee accountable to their roles and responsibilities
9. More **involvement from Peters** to oversee the projects

ACHIEVING MISSION & VISION THROUGH OPERATIONS MANAGEMENT

WHAT IS OPERATION

- *Opus* (latin) = Work

- Perform your prescribed duty, for action is better than inaction. A man cannot even maintain his physical body without work. (Bhagawat Gita 3:8)

- The term “operations” refers to the application of resources (capital, materials, technology, and human skills and knowledge) to the production of goods and services.

WHAT IS OPERATIONS MANAGEMENT

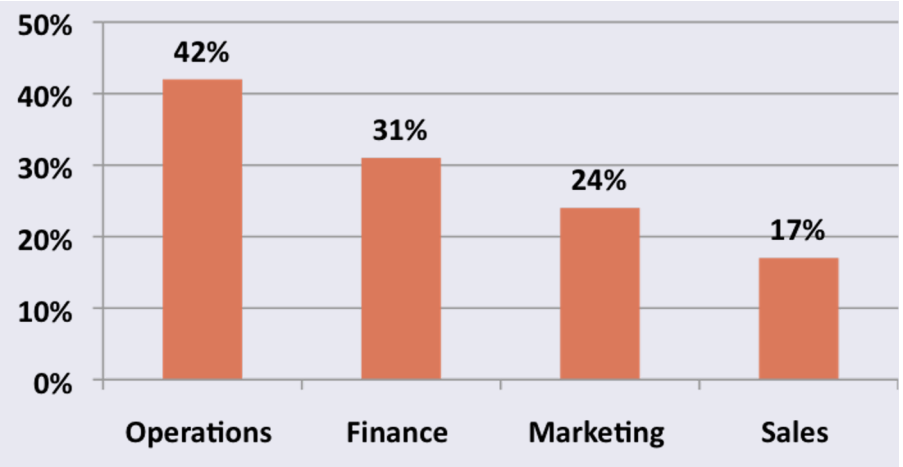
Operations Management (OM) is defined as the design, operation, and improvement of the systems that create and deliver the firm's primary products and services.

Operations Management Modules

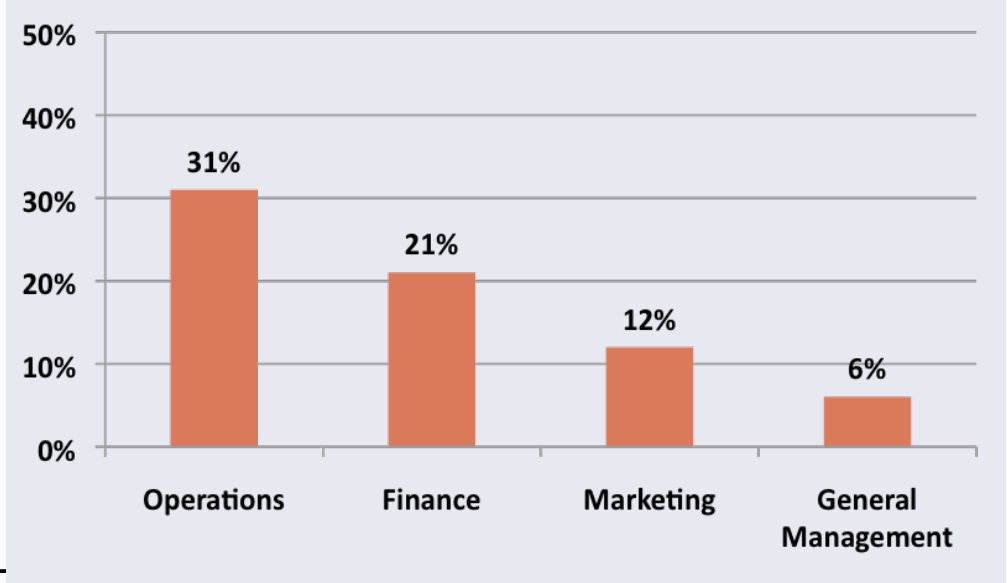
Module I	Overview of Operations Management and Operations Strategy
Module II	Process and Capacity Management
Module III	Quality Management
Module IV	Product Development
Module V	Project Management
Module VI	Supply Chain Management

"Route to the top" of CEOs of S&P 500 companies

- 42% had Operations experience at some point in their career



- 31% were in Operations immediately before becoming CEO



Overview of Projects

GLOBAL ECONOMY INVOLVES...

AGRARIAN ECO.	Crops, Live Stock (Seeds), Animal Specialties, Forestry, Fishing, Hunting, Trapping,
	Mining: Metals, Gold/ Silver Ores, Coal/ Lignite,
	Crude Petroleum, Natural Gas, etc
	Coffee Beans
INDUSTRIAL ECO.	**Manufacturing:** Food Processing, Daily Products, Brewing, Clothes, Paper, Plastic, Furniture
	Chemicals, Pharma, FMCG, Steel, Cement,
	Automobile, White Goods, Machine Tools, Electronic Items,
	Aircrafts, Trains, Ships, Jwellery
	Construction: Residential, Commercial, Water / Sewer Pipelines, Transmission lines etc
	(Instant) Coffee Powder
SERVICE ECO	Transportation (Air, surface, water)
	Communications: Telephone, Mobile, VC etc
	Utilities (Power & Water); Inverters, Bottled water, Gas at door,
	Wholesale Trades : of various items / Retail Sale / Direct sales etc
	Financial & Insurance Services etc
	Hospitality Services, Tourism etc
	Professional Services (legal, Healthcare, Medical, Architecture, Educational, Social etc
	IT Services (Software Development + Maintenance)
	Restaurant/ Fast Food centers Coffee
	Café Coffee Day

North American Industry Classification System

Engg., Mgt., Mixed, Social, Govt, Global

SMALL , MEDIUM, LARGE

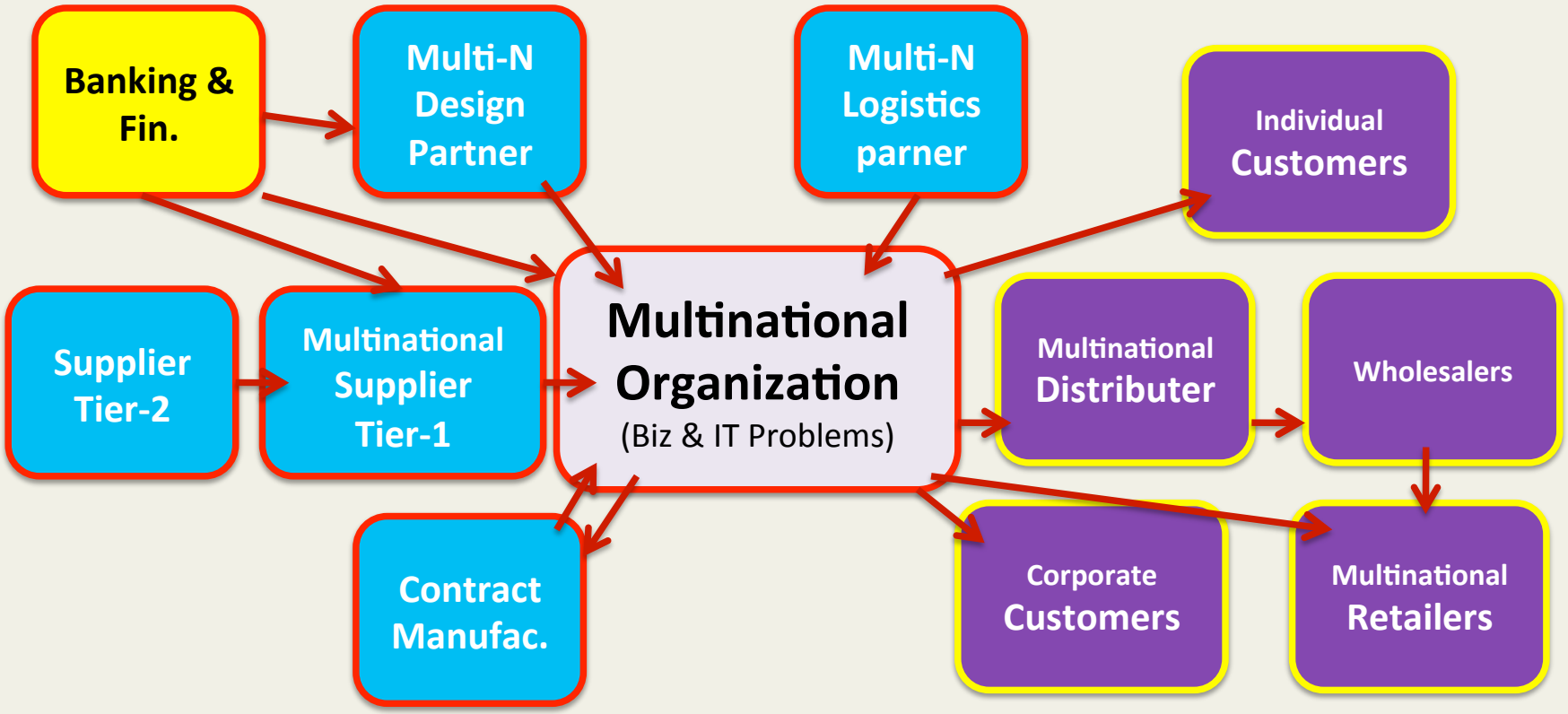
SHORT-TERM, LONG-TERM

INTERNAL, EXTERNAL

DIFFERENT TYPES OF PROJECTS

Business Complexities-'VALUE' Chain

(current & future)



Complexities of CHANGE & its 'RATE':

- Dynamic relationship with Suppliers & other Business Partners
- Dynamic relationship with Distributers/ Retailers
- Dynamic change of 'Competition & Collaboration'

Current Drivers of Project Management

- **Factors leading to the increased use of project management:**
  - Compression of the product life cycle
  - Knowledge explosion
  - Triple bottom line (planet, people, profit)
  - Increased customer focus
  - Small projects represent big problems

PROJECTS you have WORKED/ Familiar with :

- LIST DOWN 3 PROJECTS OF PAST, WHERE YOU WERE A PART or ARE FAMILIAR WITH
- CLASSIFY THOSE into some MEANINGFUL WAY
- IDENTIFY WHY THE PROJECT WAS IMP?
- EXPLAIN in 2 MIN (Random call)

INDIVIDUAL ACTIVITY: 5:00 MINUTES

Examples of Projects Given to Recent College Graduates

- **Business information:** install new data security system
- **Physical education:** develop a new fitness program for senior citizens
- **Marketing:** execute a sales program for a new home air purifier
- **Industrial engineering:** create a value chain report for every aspect of a key product from design to customer delivery
- **Management:** implement a new store layout design
- **Sport communication:** create a promotion plan for a women's basketball project
- **Systems engineers:** develop data mining software of medical papers and studies related to drug efficacy
- **Accounting:** work on an audit of a major client
- **Public health:** design a medical marijuana educational program
- **English:** create a web-based user manual for a new electronics product

“SAMPLE” TYPE of IT / DIGITAL PROJECTS :

IT SERVICES : PACKAGES/ PRODUCTS
IT SERVICES : CUSTOMIZED APPLICATIONS
IT PRODUCT DEVELOPMENT
IT CONSULTANCY/ OTHERS

WHAT IS A PROJECT ?

PROJECT

A project is a **Temporary** endeavor undertaken to create a **Unique** product, service, or result

Temporary
- definite start & end
- Small or Large

Unique
- at least 1 attribute
- Some deliverables can be repetitive

BBC NEWS

Aditya-L1: India set to launch its first mission to Sun

3 hours ago

Examples of Project

- The ICC World Cup
- Producing a movie
- Software development
- Product development
- ERP implementation

Project Management Concepts

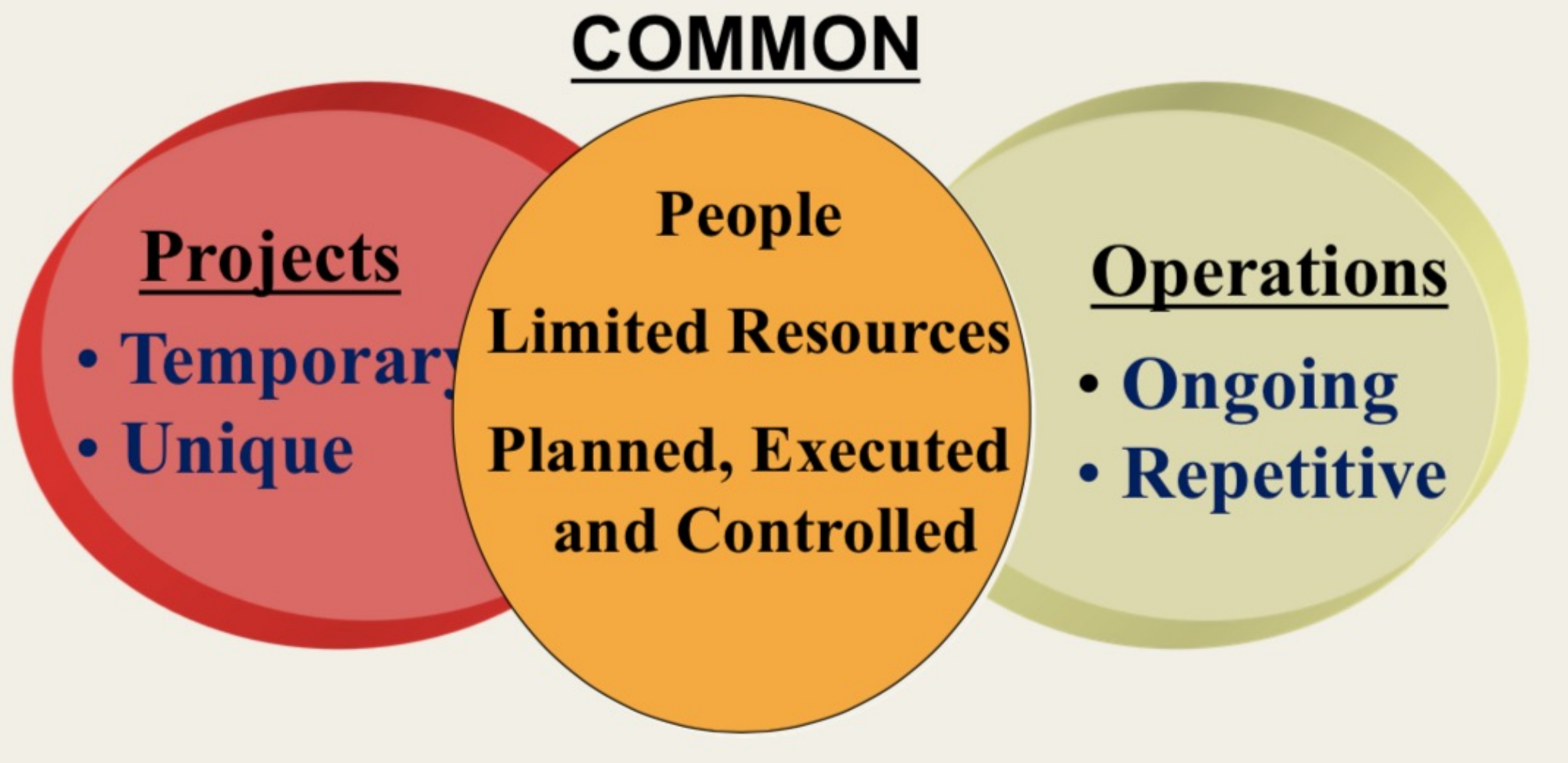
Sequences tasks

Achieves an objective

Consumes resources

Results in something new

PROJECTS VS. OPERATIONS



Comparison of Operations (Routine Work) with Projects

Operations/ Routine, Repetitive Work

- Daily entering sales receipts into the accounting ledger
- Responding to a supply-chain request
- Practicing scales on the piano
- Routine manufacture of an Apple iPod

Projects

- Setting up a sales kiosk for a professional accounting meeting
- Developing a supply-chain information system
- Writing a new piano piece
- Designing an iPad that is approximately 5X 6 inches, interfaces and functions like a PC, and is able to make calls

Major Characteristics of a Project

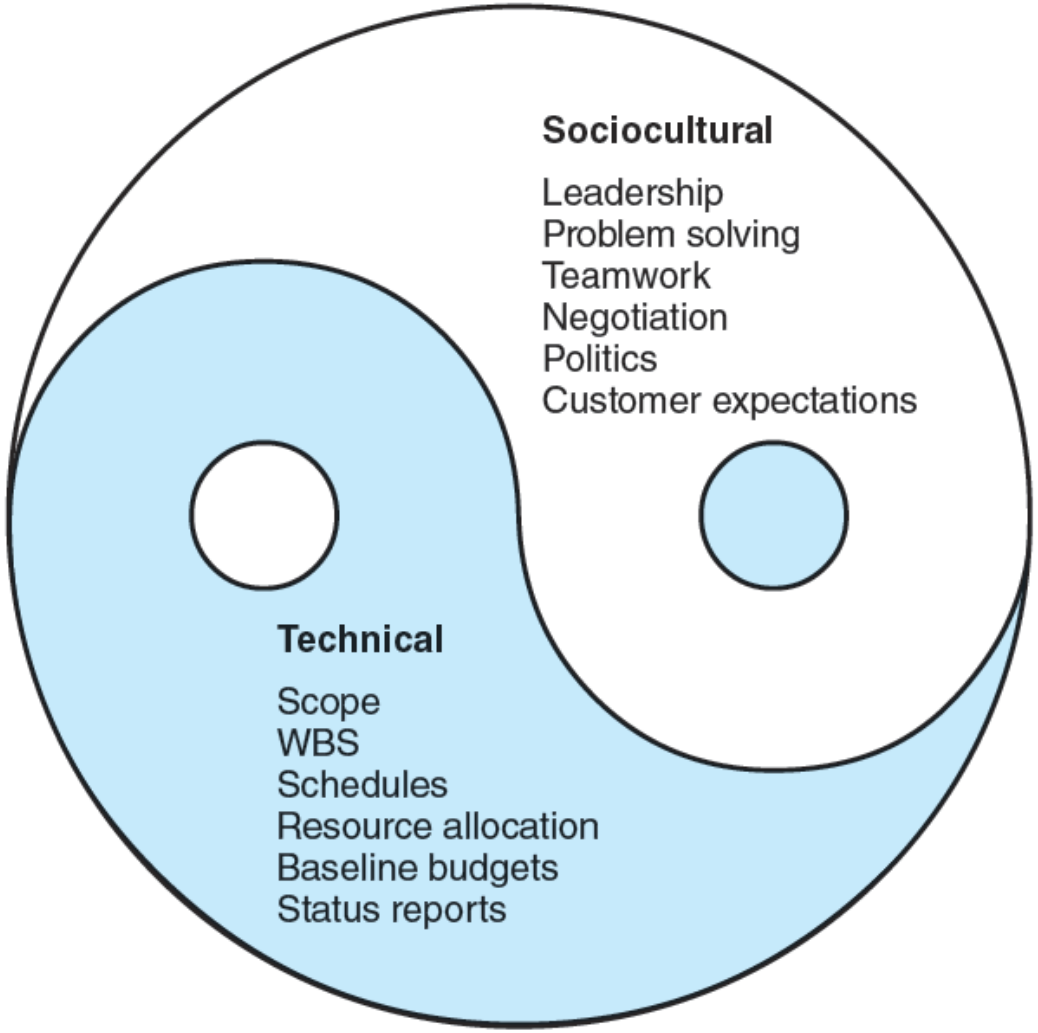
- Has an established objective
- Has a defined life span with a beginning and an end
- Involves several departments and professionals
- Involves doing something never been done before
- Has specific time, cost, and performance requirements

PROJECT & PROJECT MANAGEMENT: PMBOK

- A Project is a TEMPORARY endeavor undertaken to create UNIQUE product, service or results

- Project Management is the application of knowledge, skills, tools and techniques to project activities in order to meet Project requirements.

Project Management - A Socio-Technical Approach



Project Management Today: A Socio-Technical Approach

- **The Technical Dimension (The "Science")**
  - Consists of the formal, disciplined, purely logical parts of the process.
  - Includes planning, scheduling, and controlling projects.
- **The Sociocultural Dimension (The "Art")**
  - Involves the contradictory and paradoxical world of implementation.
  - Centers on creating a temporary social system within a larger organizational environment that combines the talents of a divergent set of professionals working to complete the project.

The Project Manager

- Manages temporary, non-repetitive activities and frequently acts independently of the formal organization.
- Marshals resources for the project.
- Is the direct link to the customer.
- Works with a diverse troupe of characters.
- Provides direction, coordination, and integration to the project team.
- Is responsible for performance and success of the project.
- Must induce the right people at the right time to address the right issues and make the right decisions.

"WHY" PROJECTS important for SUCCESS

"WHY" PROJECTS :

Type	PROJECT	
1	Client's Business Benefits	
	(growth of Topline, Bottomline, Market Share, New market, New Product , Branding, better Customer/ End-Users experience…)	
2	Service Providers Business Benefits	
	growth of Topline, Bottomline, Market Share, New market, New Product , Branding, better Employees experience…)	
3	Legal/ Statutory Requirements	
4	Technology leverage for new products/ Services	

PROGRAM & PROGRAM MANAGEMENT: PMBOK

- **Program Defined**
  - A group of related projects designed to accomplish a common goal over an extended period of time
- **Program Management Defined**
  - A process of managing a group of ongoing, interdependent, related projects in a coordinated way to achieve strategic objectives

Examples:

- Project: completion of a required eMDP session in project management
- Program: completion of all eMDP sessions required for a certification program

DIFFERENCE BETWEEN PROJECT & PROGRAM

ATTRIBUTE	Project Mgmt.	Program Mgmt.
No. of Projects	One	many
Deliverable Complexity	Low	High
Delivery Size	Small & medium	Very Large
No. of people involved	Few	High
Resource Sharing	Very Low	High
Degree of dependency	Low	High
Focus on Corporate Obj.	Low	High
Team's focus	Project	Organization's Business Value
Co-location of People	One or few places	Globally Distributed
Requirement of Knowledge of External World (Technology/ Competitors)	Low	High

What is a successful project?

Define SUCCESS for IT Projects

Define SUCCESS for IT Projects

PROJECT TEAM (Employees)

- DELIVERABLE WITH-IN TIME/ BUDGET/ SCOPE/QUALITY variance
- NEW KNOWLEDGE
- APPRECIATION/ REWARD

BIZ PARTNERS:

LONG-TERM TRUSTED RELATIONSHIP
FURTHER BUSINESS

What exactly is the project failure?

What is a failed project?

- Traditional Definition: a cost or timescale overrun in excess of 100%.

- What exactly is the project failure:

- Three aspects:

1) the implementation process itself (time, budget & scope);
2) the perceived value of the project; &
3) client satisfaction with the delivered project

Source: Pinto, J. K., & Mantel, S. J. (1990). The causes of project failure. IEEE transactions on engineering management, 37(4), 269-276.

Project failure

- More than 68% of IT projects fail (Source: TechRepublic)
- 75% of IT executives believe their projects are “doomed from the start” (Source: Geneca)
- 50% of all Project Management Offices (PMOs) close within just three years (Source: KeyedIN)

CHAOS report by Standish Group on Project Failure

Resolution Type 1, or project success: *The project is completed on-time and on-budget, with all features and functions as initially specified.*

Resolution Type 2, or project challenged: *The project is completed and operational but over-budget, over the time estimate, and offers fewer features and functions than originally specified.*

Resolution Type 3, or project impaired: *The project is canceled at some point during the development cycle.*

Source: https://www.standishgroup.com/sample_research_files/CHAOSReport2015-Final.pdf

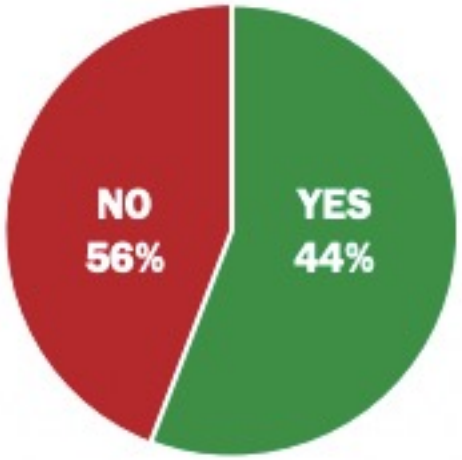
Why do projects fail or do not meet customer expectations?

(Exercise: 1 Min)

- Standish Group Research of 70,000 completed IT projects.
- CHAOS Summary of 2015 research report

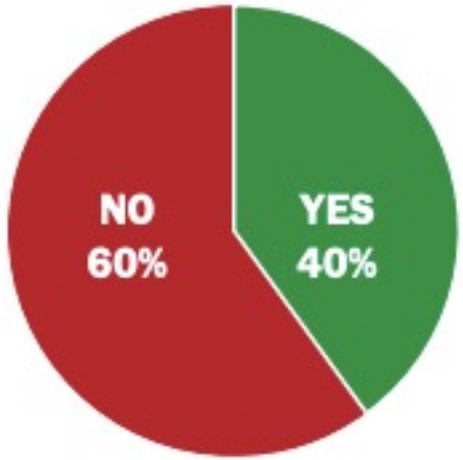
	2011	2012	2013	2014	2015
SUCCESSFUL	39%	37%	41%	36%	36%
CHALLENGED	39%	46%	40%	47%	45%
FAILED	22%	17%	19%	17%	19%

ONBUDGET



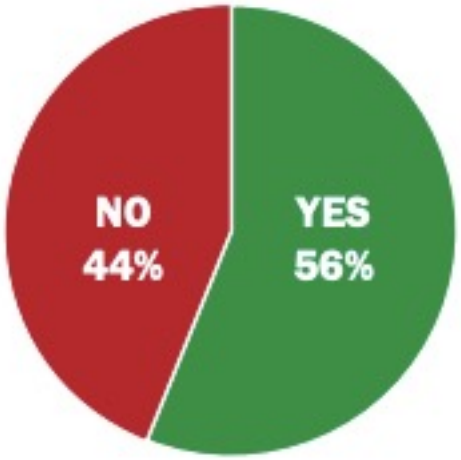
The percentage of projects that were OnBudget from FY2011–2015 within the new CHAOS database.

ONTIME



The percentage of projects that were OnTime from FY2011–2015 within the new CHAOS database.

ONTARGET

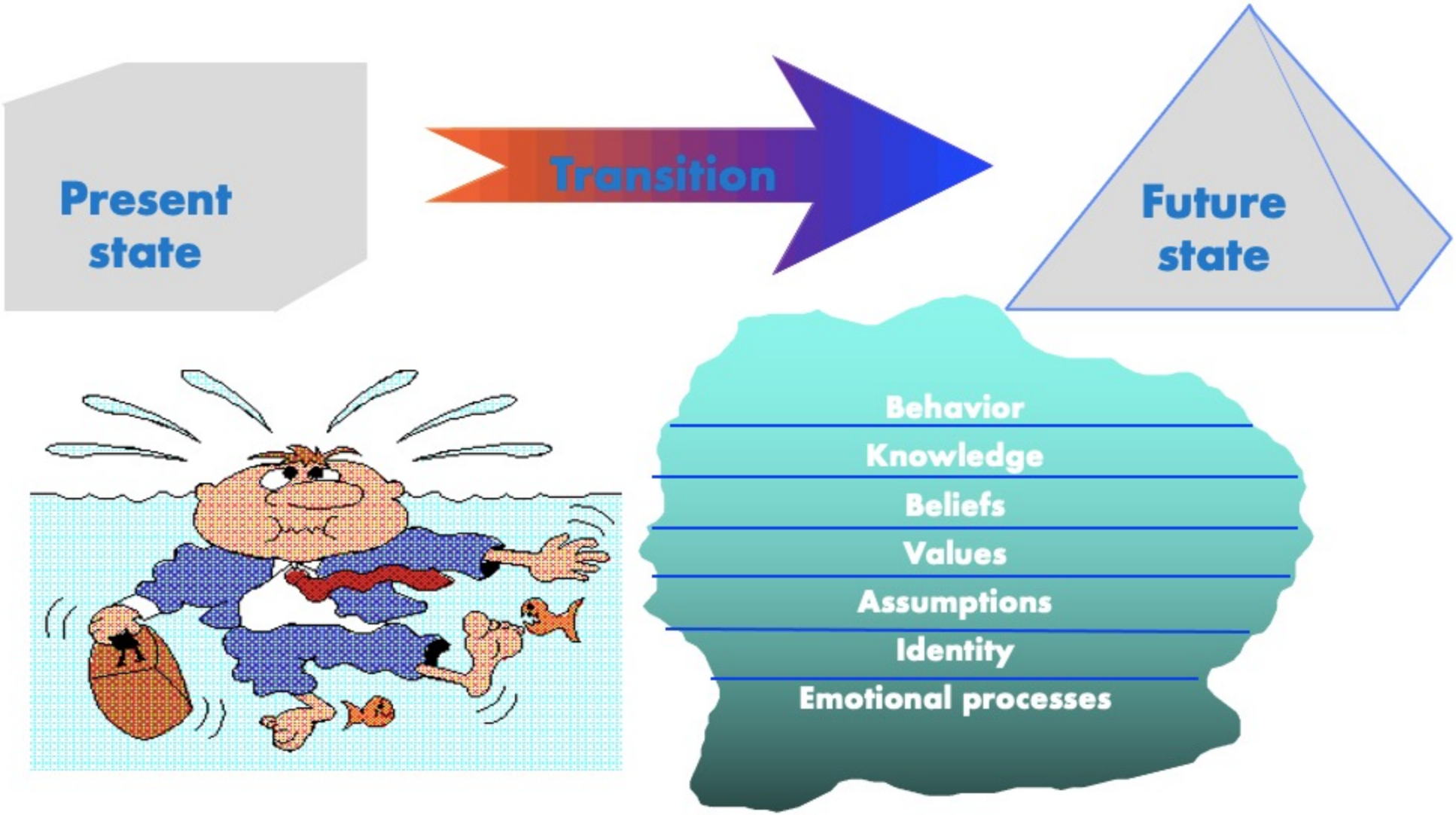


The percentage of projects that were OnTarget from FY2011–2015 within the new CHAOS database.

Project Impaired Factors	% of Responses
1. Incomplete Requirements	13.1%
2. Lack of User Involvement	12.4%
3. Lack of Resources	10.6%
4. Unrealistic Expectations	9.9%
5. Lack of Executive Support	9.3%
6. Changing Requirements & Specifications	8.7%
7. Lack of Planning	8.1%
8. Didn't Need It Any Longer	7.5%
9. Lack of IT Management	6.2%
10. Technology Illiteracy	4.3%
Other	9.9%

Source: Standish Group Report, 2014

ALL PROJECT ENGAGEMENTS INVOLVE CHANGE ISSUES



Why do projects succeed?

Project Success Factors	% of Responses
1. User Involvement	15.9%
2. Executive Management Support	13.9%
3. Clear Statement of Requirements	13.0%
4. Proper Planning	9.6%
5. Realistic Expectations	8.2%
6. Smaller Project Milestones	7.7%
7. Competent Staff	7.2%
8. Ownership	5.3%
9. Clear Vision & Objectives	2.9%
10. Hard-Working, Focused Staff	2.4%
Other	13.9%

Source: Standish Group Report, 2014

WHY PROJECTS FAIL

- Lack of Users Involvement
  - TIME (Availability); TIMINGS
- Rapport / Relationship with Users (Group)
  - COMMUNICATIONS ;
  - EFFECTIVE TEAM WORK;
  - EXPECTATIONS MGT
    (over promising & under Delivering)
- Loss of FOCUS on the BIG PICTURE (Business Objectives)

WHY PROJECTS FAIL

- (Poor) Speed of Decision making

A Simple suggestion:

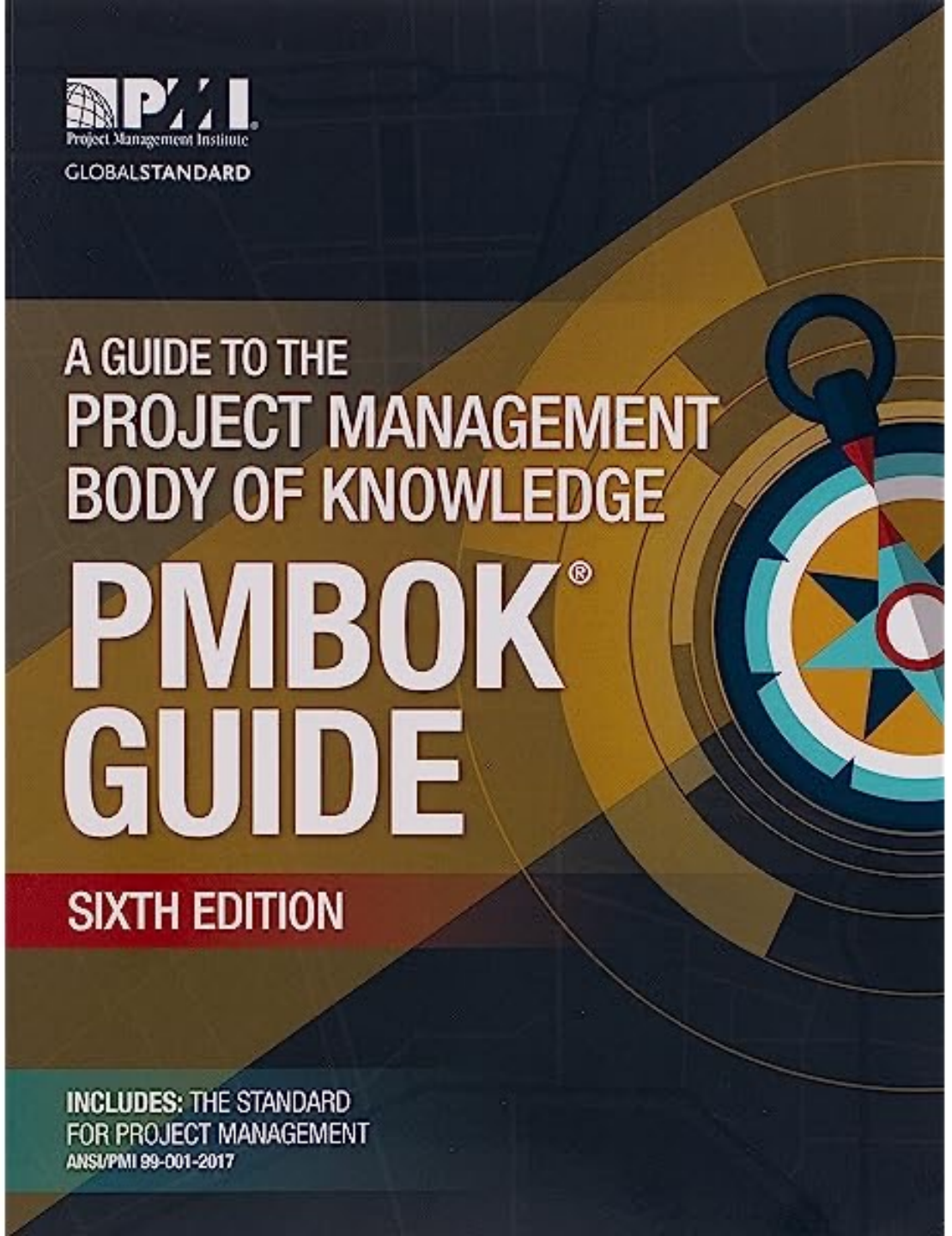
including Decision maker reduces:

- ✓ meeting time by 20%;
- ✓ increases decision quality;
- ✓ decreases decision reversal……

WHY PROJECTS FAIL

- ❑ **Emotional Maturity**
  - ✓ Perceive; assess; direct & manage emotions & actions of stakeholders
  - ✓ [over-ambition; arrogance; ignorance; abstination; fraudulence]

- ❑ **Scope Optimization**
  - ✓ Doing TOO MUCH what is NOT reqd (non-value)
  - ✓ Doing too less for what is reqd. (value-adding)
  - ✓ 50% features wasted…..many required missed…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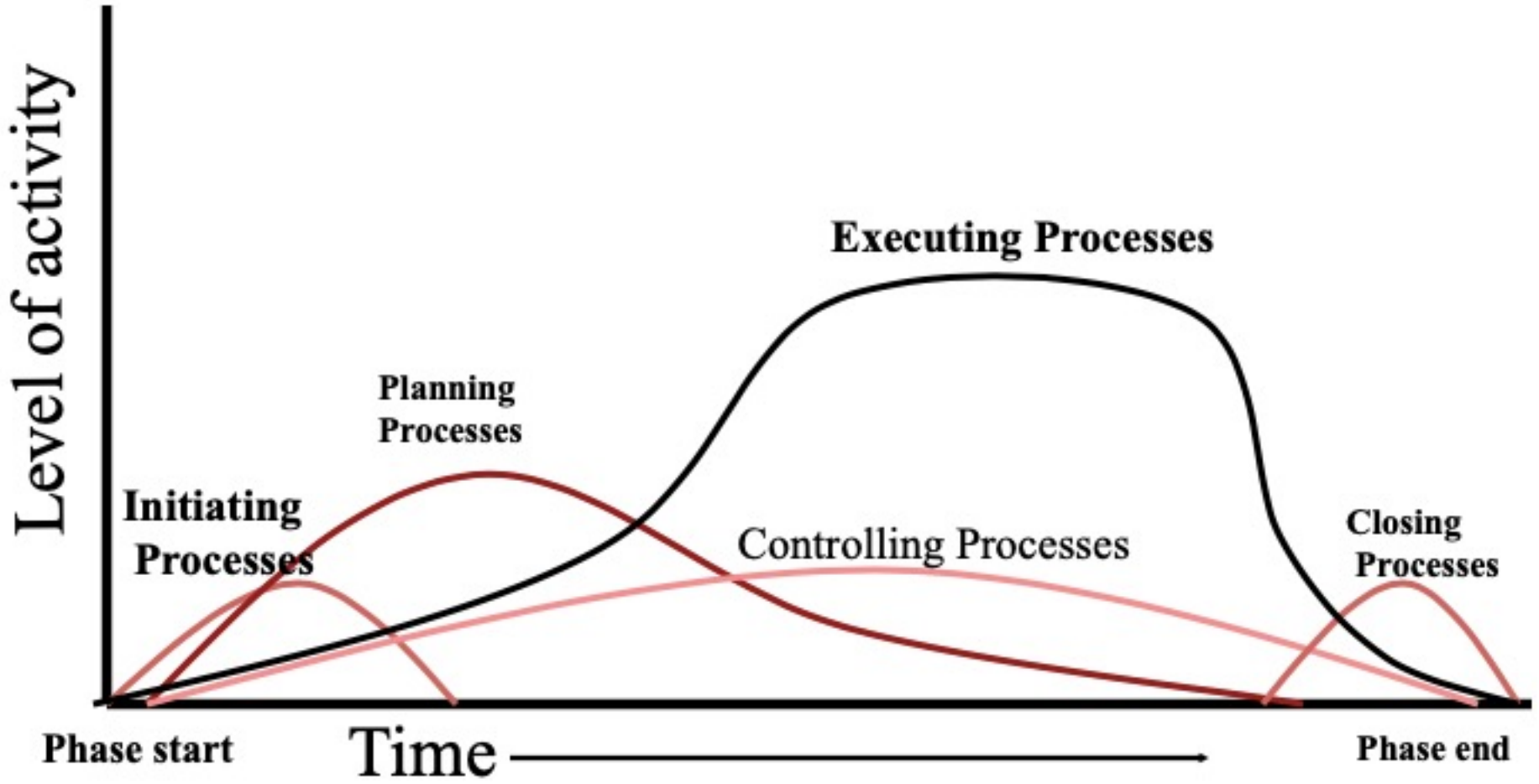
GLOBALSTANDARD
A GUIDE TO THE
PROJECT MANAGEMENT
BODY OF KNOWLEDGE
PMBOK®
GUIDE
SIXTH EDITION
INCLUDES: THE STANDARD
FOR PROJECT MANAGEMENT
ANSI/PMI 99-001-2017

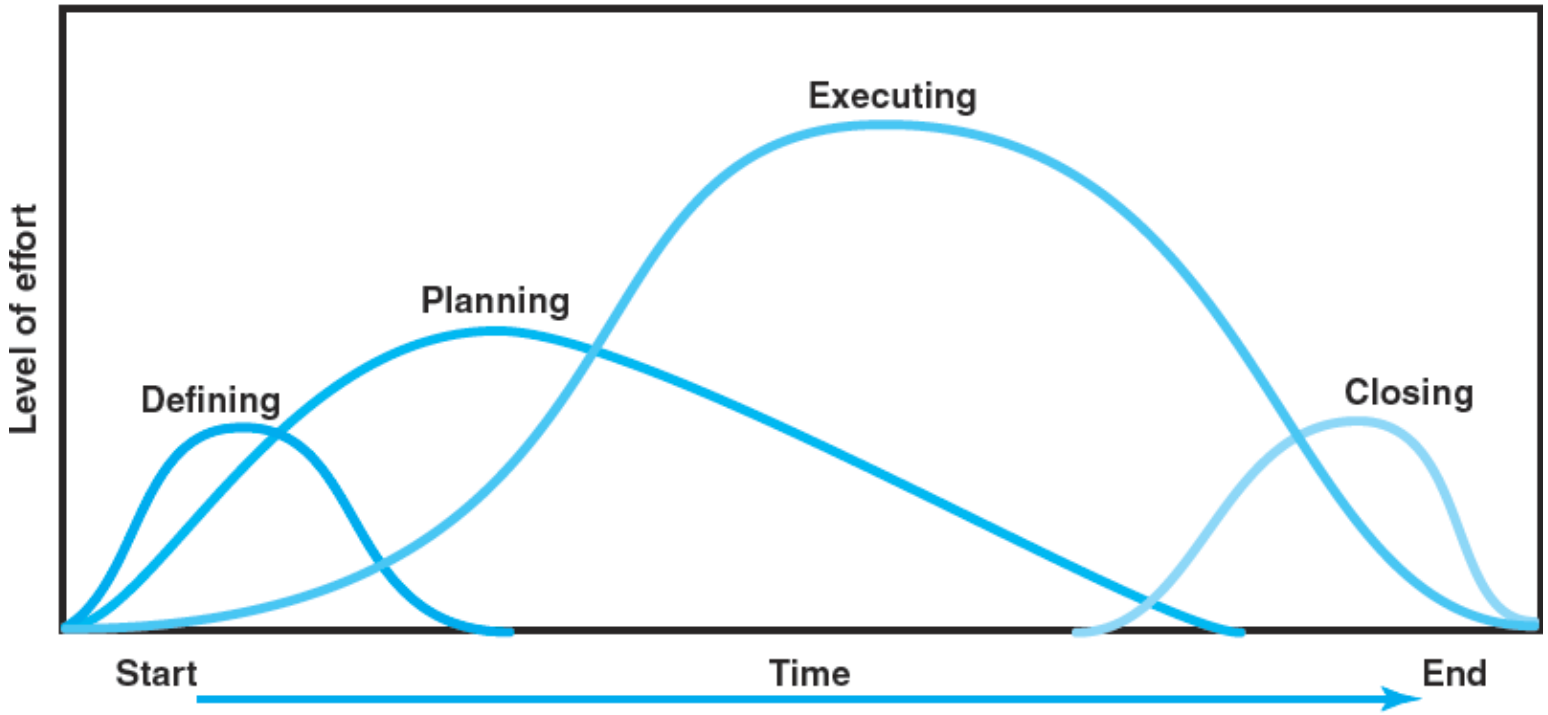
PMBOK: BASIC FRAMEWORK

- 5 PROJ. MGT. PROCESS GROUPS
- 10 KNOWLEDGE AREAS
- 47 BEST PRACTICES
- Inputs, Tools and Techniques , Outputs for EACH Best Practice

Because Proj Mgt is both Art & Science


Level of activity
Executing Processes
Planning
Processes
Initiating
Processes
Controlling Processes
Closing
Processes
Phase start
Time
Phase end

Project Life Cycle



Defining	Planning	Executing	Closing
1. Goals	1. Schedules	1. Status reports	1. Train customer
2. Specifications	2. Budgets	2. Changes	2. Transfer documents
3. Tasks	3. Resources	3. Quality	3. Release resources
4. Responsibilities	4. Risks	4. Forecasts	4. Evaluation
	5. Staffing		5. Lessons learned

5 PM PROCESS GROUPS

IPECC:

- Initiating Process Group : commitment to execute
- Planning Process Group : prepare approach to action
- Executing Process Group : co-ordinate resources & execute plans
- Monitoring & Controlling Process Group : monitor 'actual' vs. 'planned' & take corrective actions for variance
- Closing: formal acceptance & orderly end

10 KNOWLEDGE AREAS

- Project Integration Management
- Project Scope Management
- Project Time Management
- Project Cost Management
- Project Quality Management
- Project Human Resource Management
- Project Communications Management
- Project Risk Management
- Project Procurement Management
- Project Shareholders Expectations Management
- Professional Responsibility (Code of Conduct)

Areas	INITIATION	PLANNING	EXECUTING	MONITORING & CONTROLLING	CLOSING
INTEGRATION	Dev Charter	Dev PM Plan	Direct & Manage Proj Work	Monitor & Control Proj Work Perform Integrated Change Control	Close Project or Phase
SCOPE		Plan Scope Mgt Collect Requirements Define Scope Create WBS		Validate Scope Control Scope	
TIME		Plan Schedule Mgt Define Activities Sequence Activities Estimate Activities Resources Estimate Activities Duration Dev. Schedule		Control Schedule	
COST		Plan Cost Mgt Estimate Costs Determine Budgets		Control Costs	
QUALITY		Plan Quality Mgt	Perform Quality Assurance	Control Quality	
HR		Plan HR Mgt	Acquire Proj Team Develop Project Team Manage Project Team		
COMMUNI-CATION		Plan Communication Mgt	Manage Communications	Control Communications	
RISK		Plan Risk Mgt Identify Risks Perform Qualitative Risks Analysis Perform Quatitative Risks Analysis Plan Risk Response		Control Risks	
PROCUREMENT		Plan Procurement Mgt	Conduct Procurement	Control Procurement	Close Procurement
STAKEHOLDER	Identify Stakeholders	Plan Stakeholders Mgt	Manage Stakeholders Engagement	Control Stakeholders Engagement	

Defining Project Life Cycle Processes

Project Life Cycle Processes				
Initiating	Planning	Executing	Controlling	Closing
– authorizing the project or phase	– prepare approach to action	– coordinating resources to carry out the plan	– monitor 'actual' vs. 'planned' & take corrective actions for variance	– formalizing acceptance of the project or phase and bringing it to an orderly end

Project Process Deliverables

Project Life Cycle Processes				
Initiating	Planning	Executing	Controlling	Closing
•Project Charter	Project Plan •Scope •WBS	•Project Plan	Change Control •Scope •Schedule	•Sign Off •Lessons Learned