DAY 1 class Notes

Now that we've set the stage, let's dive into the exciting world of PMP! Our first topic will be the Business Envt.

This lesson addresses the concepts and business areas that you should understand before starting a project, supporting learning related to the “Business Environment” domain in the ECO and the “Business Acumen” side of the PMI Talent Triangle.

We also cover foundational project management concepts in this lesson.

Central to this lesson is determining the purpose and expectation for the project, as well as the parameters and expectations of the project within the business.

The business documents which were used to approve the project will provide most of the initial information needed. If these are not available, you will need to quickly determine the purpose and expectation for the project. Having a sharp strategic business acumen and a good foundation in modern project practices will enable you to do this.

All projects are a temporary effort to create value through a unique product, service or result. All projects have a beginning and an end. They have a team, a budget, a schedule and a set of expectations the team needs to meet. Each project is unique and differs from routine operations which is ongoing activities of an organization—because projects reach a conclusion once the goal is achieved.

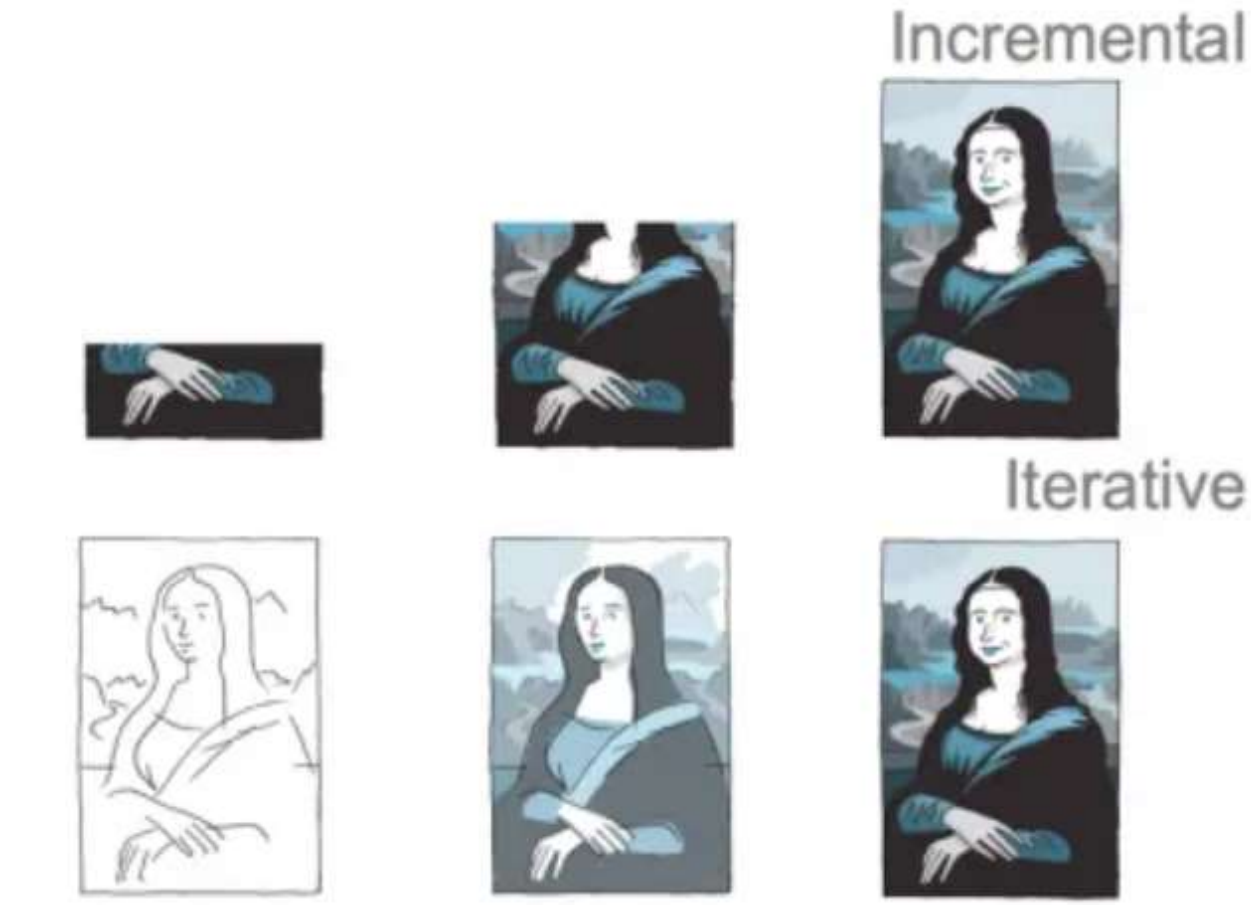
Now, how good are you in managing? This project depends on your organization's maturity. That means your experience in handling projects in the past.

Project management is the use of specific knowledge, skills, tools and techniques to deliver something of value to people. The development of software for an improved business process, the construction of a building, the relief effort after a natural disaster, the expansion of sales into a new geographic market—these are all examples of projects.

Throughout human history, project management has always been practiced informally, in the mid-20th century when a group of individuals from the aerospace, engineering, pharmaceutical, and telecommunications fields realized a changing world needed new tools. they met to begin to set down and standardize the tools for a new profession to address the scheduling and resource issues associated with increasingly complex projects. And in 1969, the Project Management Institute (PMI) was born.

Project management professionals are knowledgeable and competent in predictive, adaptive and hybrid development life cycles.

Iterative Life Cycle



The iterative life cycle involves repeating a series of cycles (iterations) where each iteration refines and enhances the product based on feedback and evaluations. Each iteration builds upon the previous one until the final product is achieved.

Incremental Life Cycle

The incremental approach consists of breaking down the entire development process into small and more manageable segments called increments. The incremental life cycle focuses on building a product in increments or small portions, with each increment adding functional components to the product. Each increment is a complete subset of the final product's features.

Developing a software iteratively

The iterative approach means that the final product is built through diverse iterations. An ideal example of this development method is design thinking. Therefore, the iterative model includes a series of activities, such as framing, idea brainstorming, and reflection, in a proper sequence.

Furthermore, the sequence is executed iteratively or repeatedly. This allows you to get closer to the correct, final, and desired product, which we often call a “prototype.” Once you are over with a prototype, you create the first Minimal Viable Product (MVP) to gain user feedback. The iterative model has a flexible scope and permits you to achieve customer value through iterations once the solution is delivered.

Developing a software incrementally

Concerning the incrementality definition, the approach excludes iterations. Since the final product is delivered in smaller parts, all activities, like designing, building, testing, and deployment, are carried out once. Incremental development has a fixed approach but is a great method of delivering products quickly.

Example:

E-commerce Website Development: In the first increment, a simple version of the website with basic functionalities like user registration and product listing is developed. The second increment adds the shopping cart feature. The third increment introduces payment gateway integration. Each increment is usable by itself and adds new capabilities to the product.

Agile Life Cycle

The Agile life cycle combines both iterative and incremental approaches. It emphasizes flexibility, customer collaboration, and rapid delivery of small, functional pieces of the product. Agile methodologies, such as Scrum or Kanban, are often used to manage these projects.

Example:

Mobile App Development: Consider a startup developing a new mobile app for fitness tracking. Using Agile, the team works in short sprints (typically 2-4 weeks). In the first sprint, they develop and release a basic version of the app that tracks steps and displays them in a simple interface. In subsequent sprints, they incrementally add features like calorie counting, workout logging, social sharing, and integration with wearable devices. Throughout the process, they gather user feedback and make iterative improvements, ensuring that the product continuously evolves to meet user needs.

Key Differences

Iterative: Focuses on refining and improving the product in repeated cycles.

Incremental: Focuses on adding functional components in small, complete increments.

Agile: Combines both approaches, emphasizing flexibility, customer collaboration, and rapid, incremental delivery.

Industry Example Combining All Three:

Large-Scale ERP System Development: A company developing an Enterprise Resource Planning (ERP) system might use an iterative approach to refine its core functionalities like inventory management and financial accounting. They might use an incremental approach to add modules like Human Resources and Customer Relationship Management (CRM) over time. By adopting Agile methodologies, they can deliver usable components quickly, gather customer feedback, and make continuous improvements throughout the project.

Supportive PMO:

This type of PMO provides support, templates, and best practices for projects. It helps project managers and teams by offering resources and guidance. It's like a toolbox that helps everyone work better.

Controlling PMO:

A Controlling PMO monitors and controls projects to make sure they're on track. It might set up rules and processes to ensure consistency across projects. It's like a traffic cop, making sure everyone follows the right rules.

Directive PMO:

This type of PMO takes a more hands-on approach by directly managing projects. It might assign project managers and resources, and oversee projects from start to finish. It's like a captain steering the ship.

A Center of Excellence (CoE) is like a special team or group within a company or organization that's really good at something. It's a place where experts work together to share their knowledge, solve problems, and make sure everyone in the organization does things really well.

Think of it as a group of superhero experts who have special powers in a particular area. They're the go-to people when others need help or advice related to that specific thing.

For example, let's say a big company wants to be really good at using technology to improve their customer service. They might create a Center of Excellence for Customer Service Technology. This team would have experts who know all about the latest technology tools, how to use them, and how to make customers happy.

Organizational Project Management (OPM) is a strategy execution framework that helps organizations align their projects, programs, portfolios, and operational activities with their strategic objectives and goals. It provides a structured approach to managing projects and related activities in a way that ensures they contribute to the achievement of the organization's overall strategy.

OPM ensures that all projects, programs, and portfolios are aligned with the organization's strategic goals and objectives..

Organizational project management is like a way of doing things in a big group to make sure projects are done really well. It's like a plan that helps everyone work together smoothly to finish projects on time and with good results.

In a big organization, there are many projects happening at once, like building a new building, making a new product, or improving how things work. Organizational project management helps keep track of all these projects, make sure they're going in the right direction, and use resources wisely.

project:

A project is like a single task or job that needs to be completed. It has a clear beginning and end, and it's usually focused on creating something specific. Think of a project as a small piece of work with a set goal.

Example: Imagine building a new house. The construction of that one house is a project. It has a start date when you lay the foundation, and it has an end date when the house is finished.

Program:

A program is like a collection of related projects that are managed and coordinated together. They usually have a common goal or purpose. Programs help ensure that all the projects work well together and contribute to a bigger objective.

Example: Let's say a real estate company is building houses in a new neighborhood. They might have different projects for constructing individual houses, setting up the infrastructure (like roads and utilities), and creating recreational spaces (like parks). All these projects together make up a program to develop the entire neighborhood.

Portfolio:

A portfolio is like a group of programs, projects, or even other portfolios that an organization manages to achieve its overall goals. It's a way to see the bigger picture of all the work being done and make sure it aligns with the organization's strategy.

Example: Think of a company that not only builds houses but also develops commercial buildings, offers property management services, and invests in real estate. All these activities, including the different programs and projects under them, form a portfolio of the company's real estate endeavors.

Integration of Project Management Disciplines:

Project Management: OPM integrates traditional project management practices, ensuring that individual projects are well-planned, executed, and controlled to meet their specific objectives.

Program Management: It also encompasses program management, which involves coordinating and managing multiple related projects to achieve broader strategic goals.

Portfolio Management: OPM extends to portfolio management, which involves selecting and prioritizing the right mix of projects and programs to support the organization's strategic direction.

An organizational structure determines how the various groups and individuals within the organization interrelate. It also affects how much authority the project manager has, as well as the availability of resources and how projects are performed.

Organizational structures refer to how an organization is designed and structured to manage its projects and the relationships between various project stakeholders. The choice of organizational structure can significantly impact how projects are executed, how resources are allocated, and how decisions are made. There are several common organizational structures used in project management, each with its own advantages and disadvantages:

Functional Organization Structure:

Description: In a functional organization, employees are grouped by their areas of expertise, such as marketing, engineering, finance, etc. Project managers typically have limited authority and act as coordinators.

Advantages:

- Specialized expertise in functional areas.
- Clear career paths for employees.
- Efficient resource allocation within departments.

Disadvantages:

- Slow decision-making and project execution.
- Limited project manager authority.
- Lack of project-focused communication.

Projectized Organization Structure:

Description: In a projectized organization, project managers have full authority and control over project resources. Teams are formed around projects, and there is a clear reporting structure.

Advantages:

- Fast decision-making and project execution.
- Clear project accountability.
- Project-specific communication channels.

Disadvantages:

- Limited resource sharing across projects.
- High project management overhead.
- Potential for duplication of resources.

Matrix Organization Structure:

Description: Matrix structures combine elements of both functional and projectized organizations. Employees have dual reporting relationships to both functional managers and project managers.

- Advantages:
- Efficient resource utilization across projects.
- Improved communication and collaboration.
- Flexibility to adapt to different project needs.

Disadvantages:

- Potential for power struggles between functional and project managers.
- Complex reporting relationships.
- Conflicting priorities for team members.
- Composite Organization Structure:
  :

Virtual organizations are networked structures where project teams are geographically dispersed and often temporary. Project managers and team members work remotely.

Advantages:

- Access to global talent.
- Reduced overhead costs.
- Flexibility and scalability.

Disadvantages:

- Communication challenges due to physical distance.

- Potential for cultural differences and time zone issues.
- Dependency on technology for collaboration.

The choice of organizational structure should align with the organization's strategic objectives, the nature of its projects, and its culture. It's also important to consider the strengths and weaknesses of each structure and whether a hybrid or customized approach may be the best fit. Effective project management within an organization often requires a balance between structure and flexibility to ensure successful project delivery.

The structural model used by an organization will have a huge impact on how project managers interact with team members and stakeholders. In many cases, a project manager will interact with people at various levels in an organization—for example, middle management, operations, strategic functions and senior management. Knowing which individuals in the organization are decision-makers or influencers and working well with them increases the probability of project success.

Project Management Principles

Because every project team operates in a unique way, alignment with principles of project management offers teams a chance to keep their practices aligned with good practices.

Using these principle statements, PMI can reflect effective management of projects across the full value delivery landscape: predictive to adaptive and everything in between.

- **Stewardship**: Project managers act with care, integrity, and in the best interests of the project and its stakeholders.
- **Team**: Creating a collaborative and positive team environment is crucial for project success.
- **Stakeholders**: Proactive engagement with all project stakeholders, understanding their needs and managing expectations, is essential.
- **Value**: Focus on delivering project outcomes that provide value to stakeholders.
- **Systems** Thinking: Consider the project as a system with interconnected parts and how they influence each other.
- **Leadership**: Provide clear direction, motivate the team, and inspire them to achieve project goals.
- **Tailoring**: Adapt project management practices to the specific needs and context of the project.
- **Quality**: Integrate quality management practices throughout the project lifecycle.
- Complexity: Acknowledge and manage the complexities inherent in projects.
- **Risk**: Proactively identify, assess, and respond to potential project risks.
- **Adaptability and Resiliency**: Be prepared to adapt to changing circumstances and bounce back from setbacks.
- **Change Management**: Develop a structured approach to manage changes to project scope, plans, or resources.
- By understanding and applying these principles, project managers can increase their chances of project success and deliver projects that meet stakeholder expectations.

The term ‘agile’ has taken over much of the conversation in project management Agile has influenced the evolution of project management in recent decades.

- It began with the ”agile mindset,” which emphasise flexibility, collaboration and Cont
  Improvement , which is informed by four values and 12 principles.
- More than 50 known forms of agile practice are used globally!

"To understand where Agile came from, let’s take a journey back to the 1990s. time when software development was done in a very strict, linear way— a kind of like building a house. This method which goes step by step by-step: you start with planning, then design, then coding, and finally testing. Waterfall worked well for some industries, like construction, mechanical where req were fixed But there was a big problem In software, requirements and technology are always changing. Developers would work for months or even years before customers saw the final product. By then, needs had often changed, and customers were left with software that was already out of date or didn’t solve their problems. This led to frustration, delays, and a lot of wasted effort.

Imagine you’re part of a team developing a mobile app, like a fitness tracker. At first, you might think you know what features users want, like tracking steps or monitoring heart rate. But what happens when you realize that users really care about tracking sleep, too? In traditional project management, adding new requirements might cause delays and frustration.

This is where Agile comes in. Agile is a way of working that breaks down the traditional process. Instead of spending months or years on a project, we work in smaller chunks, deliver pieces of the project faster, and get feedback as we go along. This keeps us flexible and adaptable."

Agile is all about flexibility, delivering in smaller parts, and continuously improving based on feedback

To fix this, in February 2001, and 17 developers gather in a cozy ski lodge on a mountain in Utah. They come from different companies and have different methods of working, but they’re united by one goal: to find a better way to develop software. They want an approach that is flexible, allows for changes, and, most importantly, focuses on what customers really want.

After days of discussion and brainstorming, these developers realize they all share a common philosophy. They don’t want to build software like an assembly line anymore. Instead, they want to work in a way that:

Emphasizes teamwork and direct communication, Welcomes change even if it happens

late in the project,

Delivers usable software regularly, so customers get value sooner, and
Prioritizes collaboration with customers over strictly following a plan.

From these shared ideas, they create the Agile Manifesto, which has four values and 12 guiding principles."

The Agile Manifesto has four core values, and each one is designed to create more flexible, responsive, and effective project management.

1. Individuals and Interactions Over Processes and Tools

Explanation: Agile values people and their collaboration over relying too heavily on rigid processes or complex tools. While tools and processes are helpful, it's the human element that truly drives success in Agile.

Example: Imagine a team developing a new virtual meeting platform. They have great tools like project management software and issue trackers, but they realize that regular face-to-face conversations (or video calls) are much more effective for brainstorming and troubleshooting. When a bug comes up, rather than waiting for a formal process, the team simply jumps on a quick call to resolve it immediately.

Takeaway: This value emphasizes that people and their collaboration drive progress. Agile teams use tools as support but prioritize direct interactions to solve problems quickly and creatively.

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2. Working Software Over Comprehensive Documentation

In Agile, delivering a functional product is more valuable than producing lengthy documentation. While documentation is still useful, the focus is on having a working product that users can start benefiting from sooner.

Example: Let's say a team is creating an app to track water intake. Instead of spending months detailing every feature and creating pages of specifications, they focus on building a simple, functional version of the app where users can log their daily water intake. They release this basic version quickly so users can start using it right away. As they receive user feedback, they add more features, like reminders and hydration goals, and keep improving the app.

Takeaway: Agile values delivering a functional product early so users can interact with it, allowing the team to improve it based on real feedback rather than perfecting endless documents.

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3. Customer Collaboration Over Contract Negotiation

Explanation: Agile values ongoing collaboration with customers instead of focusing solely on sticking to an initial contract. By keeping open communication, Agile teams can respond to customer needs and changes more effectively, ensuring the end product truly meets customer expectations.

Example: A team is hired to develop a custom e-commerce website. Initially, the contract outlines a standard website with product pages and a checkout. As they work together, the client requests some changes, like adding a loyalty points system and personalized recommendations. Instead of sticking rigidly to the contract and charging extra for every change, the team welcomes the collaboration, adjusting the website based on these ideas, which makes it more effective and satisfying for the client.

Takeaway: Agile promotes continuous collaboration with the customer, adapting to their evolving needs rather than being limited by initial contract terms.

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4. Responding to Change Over Following a Plan

Explanation: Agile values adaptability over following a strict, unchanging plan. Plans are useful, but Agile teams recognize that customer needs, market trends, and project requirements can change. Agile teams are ready to adjust their course to deliver the most value.

Example: A company is developing a fitness app with a plan focused on tracking steps and calorie counts. However, halfway through, they notice a surge in interest in mental wellness, so they decide to add some meditation features to the app. Rather than sticking rigidly to the original plan, the team adjusts to meet new market demand, making their app more relevant and appealing.

The Manifesto was expanded to include 12 principles.

Lets understand them.

1. Customer Satisfaction Through Early and Continuous Delivery of Valuable Software

2. Embrace Changing Requirements, Even Late in Development

3. Deliver Working Software Frequently

4. Collaboration Between Business Stakeholders and Developers Throughout the Project

5. Build Projects Around Motivated Individuals

6. Face-to-Face Conversation is the Most Effective Form of Communication

7. Working Software is the Primary Measure of Progress

8. Maintain a Sustainable Working Pace

9. Continuous Attention to Technical Excellence and Good Design

10. Simplicity – Maximizing the Amount of Work Not Done

11. Self-Organizing Teams Produce the Best Results

12. Regular Reflection and Adjustment for Continuous Improvement

By following these principles and embracing the core values, project teams can leverage the Agile approach to deliver software that meets customer needs, adapts to change, and fosters a more collaborative and productive development

Think of "doing agile" as **buying a sports car**. You have the sleek design and powerful engine (the tools and practices), but it doesn't guarantee you'll win the race.

"Being agile" is like **knowing how to drive the sports car expertly**. You understand its capabilities, can maneuver it skillfully, and adapt your driving to different road conditions (changing project demands).

Doing Agile:

Focuses on implementing the practices and tools of Agile methodologies. This includes things like:

- Using sprints (short development cycles)
- Holding daily stand-up meetings
- Utilizing Kanban boards for task visualization
- Working with user stories and backlog prioritization

Being Agile:

Goes beyond just the tools and embraces the core values and principles of Agile. This includes:

- **Individuals and interactions over processes and tools:** Prioritizing collaboration and communication within teams.
- **Working software over comprehensive documentation:** Focusing on delivering working features and gathering feedback early.
- **Customer collaboration over contract negotiation:** Working closely with customers to understand their needs and adapt accordingly.

- **Responding to change over following a plan:** Embracing flexibility and adapting to changing requirements as they arise.

AGILE PRINCIPLES

1: Satisfy the Customer

"Our highest priority is to satisfy the customer through early and continuous delivery of valuable software. Imagine you're building a house. Instead of waiting until everything is complete to show the customer, you invite them to review each room as it's finished. This way, you ensure they're happy with the progress and can make changes along the way."

2: Welcome Change

"Embrace change, even late in development. Agile processes harness change for the customer's competitive advantage. Picture this: You're designing a new app, and halfway through, the market trends shift. Instead of sticking rigidly to the original plan, Agile encourages you to adapt and incorporate those changes to stay ahead."

3: Deliver Frequently

"Deliver working software frequently, from a couple of weeks to a couple of months, with a preference for the shorter timescale.

4: Business and Developers Together

"Business people and developers must work together daily throughout the project. It's like running a relay race – the baton (or information) needs to be smoothly passed between runners (teams) to ensure a win. Collaboration is key!"

5: Motivated Individuals

"Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done. Imagine a talented artist. Give them the right tools and freedom, and they'll create a masterpiece. It's the same with your Agile team."

6: Face-to-Face Conversation

"The most efficient and effective method of conveying information to and within a development team is face-to-face conversation. Virtual or in-person, talking directly beats endless emails.

7: Working Software

"Working software is the primary measure of progress. Think of it like a chef's special – you judge the restaurant's progress by the dishes they serve, not by how organized their kitchen is. Delivery matters!"

8: Sustainable Pace

"Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely. Imagine running a

marathon. It’s about maintaining a steady, sustainable pace, not sprinting and burning out."

9: Technical Excellence

"Continuous attention to technical excellence and good design enhances agility. Like building a car, you want to ensure each part is high quality and fits perfectly, ensuring the whole vehicle runs smoothly."

10: Simplicity

"Simplicity – the art of maximizing the amount of work not done – is essential. Think of a sculptor chiseling away at a block of marble, removing everything that doesn’t look like their vision. Keep it simple."

11: Self-Organizing Teams

"The best architectures, requirements, and designs emerge from self-organizing teams. Imagine a jazz band. Each musician knows their role but has the freedom to improvise and create beautiful music together."

12: Reflect and Adjust

"At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly.

Agile is considered more on the "extreme" end of the adaptive spectrum because it embraces change readily and prioritizes flexibility over rigid plans. Here's an analogy: Think of adaptive project management as a spectrum. On one end, you have very traditional, plan-driven approaches with minimal room for change. On the other end, you have highly flexible approaches like Agile that readily embrace change.

Four characteristics make up this mindset:

- Adopt a flexible, change-friendly way of thinking and behaving
- Understand the purpose of these practices
- Select and implement appropriate practices based on context
- Internalize agile values, mindset and behavior

Doing Agile:

Focuses on implementing the practices and tools of Agile methodologies. This includes things like:

Using sprints (short development cycles)

Holding daily stand-up meetings

Utilizing Kanban boards for task visualization

Working with user stories and backlog prioritization

May be a superficial adoption of agile principles without a deeper understanding of the underlying philosophy.

Can lead to a checklist mentality, focusing on completing tasks rather than adapting to changing needs.

Being Agile:

Goes beyond just the tools and embraces the core values and principles of Agile. This includes:

Individuals and interactions over processes and tools: Prioritizing collaboration and communication within teams.

Working software over comprehensive documentation: Focusing on delivering working features and gathering feedback early.

Customer collaboration over contract negotiation: Working closely with customers to understand their needs and adapt accordingly.

Responding to change over following a plan: Embracing flexibility and adapting to changing requirements as they arise.

Think of "doing agile" as **buying a sports car**. You have the sleek design and powerful engine (the tools and practices), but it doesn't guarantee you'll win the race.

"Being agile" is like **knowing how to drive the sports car expertly**. You understand its capabilities, can operate it skillfully, and adapt your driving to different road conditions (changing project demands).

Benefits of Being Agile:

- Increased project success rates
- Improved adaptability to change
- Enhanced customer satisfaction
- More engaged and motivated teams
- Faster time to market

Tailoring - Hybrid approach

Because of the way projects and project management have evolved, it is important to emphasize that no two projects are the same – and therefore it is even more important to understand concepts and apply them when appropriate to individual project efforts.

We refer to this action as tailoring. It applies to tools, techniques, process, ways of doing things—any aspect of project management.

Tailoring occurs continuously throughout a project.

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Strategic Alignment

Professionals at all levels need to be able to cultivate effective decision-making skills and understand how their projects align with the big picture of broader organizational strategy and global trends.

And because today's projects demand a broad set of skills and capabilities, PMI will continue to focus on giving you the tools and insights you need to develop new skills and tackle your next project challenge.

PMI Talent Triangle

The PMI Talent Triangle, introduced by the Project Management Institute (PMI), is a framework that outlines the essential skill sets required for successful project management in today's dynamic environment. It has evolved over time to reflect the changing needs of the profession.

Current Structure (PMI Talent Triangle®):

The current version of the PMI Talent Triangle focuses on three core competency areas:

Business Acumen:

- Understanding of the strategic goals of the organization and how projects contribute to them.
- Financial literacy and ability to manage project budgets.
- Market awareness and knowledge of industry trends.
- Business analysis skills to assess project feasibility and impact.

Ways of Working:

- Proficiency in various project management methodologies (predictive, agile, hybrid).
- Ability to adapt project management approaches based on project needs and complexity.
- Understanding of project life cycles and phases.
- Skills in risk management, resource management, and communication.

Power Skills:

- Strong communication and interpersonal skills to collaborate effectively with stakeholders.

- Leadership skills to motivate and guide project teams.
- Negotiation and conflict resolution skills to address challenges productively.
- Problem-solving and critical thinking skills to make sound decisions.

Importance of the PMI Talent Triangle:

Provides a roadmap for professional development: Helps project professionals identify areas where they need to strengthen their skills to advance their careers.

Guides project team development: Provides a framework for building well-rounded project teams with a diverse skillset.

Improves project success rates: By focusing on these core competencies, project managers can increase their chances of delivering projects on time, within budget, and to scope.

Strategic Alignment

"First, let's talk about **Strategic Alignment**. Imagine your organization is like a ship. The strategic goals are the ship's destination, and your project is one of the many sails propelling the ship forward. Strategic alignment ensures that all these sails are working together towards the same destination."

Example:

"Let's consider a company that aims to become a leader in eco-friendly products. If your project is to develop a new product, aligning it with this strategic goal means focusing on sustainable materials and environmentally friendly processes. This alignment ensures your project supports the company's vision."

Business Management Skills

"Now, let's move on to **Business Management Skills**. These are the skills that help you manage projects effectively within the broader business context. Imagine you're the ship's first mate, responsible for navigating day-to-day operations while keeping the strategic goals in mind."

Example:

"Consider a project to develop a new product . Your business management skills come into play in budgeting for the product, managing the risks of compliances, communicating with stakeholders about the changes, and ensuring the project aligns with the company's strategic goal of digital transformation."

"In summary, **Strategic Alignment** ensures your project sails in the right direction, aligned with the organization's goals, while **Business Management Skills** equip you to navigate the complexities of project management effectively. Together, these elements

ensure that your project not only succeeds but also contributes to the overall success of the organization."

Included in strategic management are:
•**Vision:** Where the business wants to go (aspirational)

•**Mission:** Its pre-established objective or purpose

•**Objectives:** Defined areas of pursuance

•**Goals:** Milestones, resources

•**Strategies:** Resources used to accomplish organizational purpose

•**Programs/projects**

•**Operation procedures (SOPs)**

•**Organizational structures**

•By ensuring projects are aligned with the organization's strategy, project managers can increase their chances of delivering successful projects that contribute to the organization's overall goals.

•The vision, mission, objectives and goals are met by identifying specific strategies that can be implemented by the combined portfolio of programs and projects, as well as ongoing operations.
•In addition, operational procedures, otherwise known as OPAs, are established to carry out the strategic elements.
Organizational resources support and work toward establishing the most appropriate organizational structure to achieve those strategies

EXAMPLE - **An organisation EcoTech Innovations**

Vision: "To be the global leader in sustainable and innovative technology solutions."

Mission: "To develop and deliver cutting-edge, eco-friendly technologies that promote a sustainable future."

Objectives:

- "Increase market share in renewable energy solutions by 20% over the next 5 years."

- "Expand research and development efforts in green technologies."

Goals:

  - "Launch three new eco-friendly products within the next two years."
  - "Reduce production costs by 15% through process optimization by the end of the fiscal year."

Strategies: Invest in advanced research and development to innovate new products."

"Form strategic partnerships with other green technology firms to expand market reach."

Programs/Project :

  - "Project GreenFuture: Develop a new line of solar-powered home appliances."
  - "Program EcoEfficiency: Implement lean manufacturing techniques to reduce waste and increase efficiency."

Operation Procedures (SOPs):

"SOP for Product Development: Detailed steps for research, design, testing, and launch of new products."

"SOP for Customer Service: Guidelines for handling customer inquiries and support to ensure high satisfaction levels."

Organizational Structures:

  - "Hierarchical Structure: A clear chain of command from top management to frontline employees."
  - "Project-Based Teams: Cross-functional teams formed for specific projects to enhance collaboration and innovation."

Organizational Influences

Projects operate in environments that may influence them, favorably or unfavorably. Two major categories that may influence the way the project is performed and need to be considered as the project is started, are the areas we refer to as EEFs and OPAs. Let's discuss those next.
EEFs and OPAs are a standard part of every project, and you need to understand the part they play in the strategic alignment of the project.

Enterprise Environmental Factors (EEF)

Definition: EEFs are conditions not under the immediate control of the project team that influence, constrain, or direct the project.

Categories:

1. **Internal EEFs**:
    - Organizational culture, structure, and governance
    - Geographic distribution of facilities and resources
    - Infrastructure (IT, equipment, etc.)
    - Resource availability
    - Employee capability
2. **External EEFs**:
    - Marketplace conditions
    - Social and cultural influences
    - Legal restrictions
    - Commercial databases
    - Government or industry standards
    - Financial considerations (exchange rates, interest rates)

Example:

- *Internal*: The company's policy mandates using specific project management software, influencing how projects are managed.
- *External*: New government regulations require stricter data privacy controls, impacting project scope and cost.

Organizational Process Assets (OPA)

Definition: OPAs are the plans, processes, policies, procedures (4 P’s), and knowledge bases specific to and used by the performing organization.

Categories:

1. **Processes and Procedures**:
    - Policies and procedures for project execution
    - Guidelines and criteria for tailoring the organization's processes
    - Templates (project charters, project plans)
2. **Organizational Knowledge Repositories**:
    - Historical information and lessons learned
    - Project files from previous projects
    - Databases of process measurements

Example:

- *Processes and Procedures*: A company's standard operating procedures (SOPs) dictate the steps for project initiation, planning, and closure.
- *Knowledge Repositories*: A lessons learned database where past project experiences are documented and used to improve future projects.

Key takeaway

- **EEF**: Factors external to the project team, like market conditions or organizational culture, that affect the project.
- **OPA**: Internal assets like templates, standard procedures, and historical data that help the project team manage projects effectively.

•Tools and techniques used in EEF assessment include:.
•These are often used as categories when identifying project risks.
• Common prompts include:
•**PESTLE** (political, economic, social, technical, legal, environmental)
•**TECOP** (technical, environmental, commercial, operational, political)
•**VUCA** (volatility, uncertainty, complexity, ambiguity)

PESTEL Analysis

Organisation or Team:

P	*Political*
1	What trading policies impact us?
2	What regulations must we follow?
3	What will happen if another party gains power?
4	What future policies do we need to be aware of?

E	*Environmental*
1	How can we source, trade and test our products?
2	Is everything we do ethically sound?
3	What is our carbon footprint and is it worth reducing it?

S	Social
1	Who is our target market?
2	How are consumer opinions changing regarding our product or service?
3	Is our core demographic growing or slowing down?
4	How do we interact on Social Media?

T	Technological
1	What technology is critical for our day-to-day operations?
2	What new technology is available that could streamline our business?
3	Do we depend on 3rd parties for any tech support or solutions?
4	How are we using technology to stay ahead of the competition?
5	What can we learn from the data we collect?

E	Economic
1	What taxes impact our business?
2	Is the economy stable, unstable, or growing for your industry?

L	Legal
1	How are we impacted by changes to legislation and regulation?
2	How do we keep ourselves compliant?
3	Are we up to date with data protection laws in all countries we operate in?

Political, Economic, Social, Technological, Environmental, and Legal factors.

Example:

Imagine a project building a new wind farm.

Political: Government regulations on renewable energy incentives and permitting processes can impact project feasibility.

Economic: Fluctuations in the cost of materials like steel and wind turbine components can affect project budget.

Social: Public concerns about noise pollution or visual impact from the wind farm may require community engagement strategies.
Technological: Advancements in wind turbine technology could influence the efficiency and cost of the project.
Environmental: Environmental impact assessments and potential habitat disruptions for wildlife need to be considered.
Legal: Compliance with environmental regulations and zoning laws is crucial for project approval and construction.

TECOP framework to analyze the development of a new **electric vehicle (EV)**:
1. Technical (TE):
Considerations: Battery technology limitations (range, charging times), availability of charging infrastructure, expertise in electric motor design and integration with existing vehicle platforms.
2. Environmental (EN):
Considerations: Environmental impact of battery production and disposal, potential reduction in greenhouse gas emissions through reduced reliance on fossil fuels, compliance with regulations on battery recycling.
3. Commercial (CO):
Considerations: Production costs of EVs compared to traditional gasoline vehicles, government subsidies and incentives for EV purchases, consumer demand for EVs and willingness to pay a premium.
4. Operational (OP):
Considerations: Development of a robust charging infrastructure to support widespread EV adoption, training for service technicians to maintain EVs with different technology, after-sales support for battery maintenance and potential replacements.
5. Political (PO):
Considerations: Government regulations on emissions standards and incentives for electric vehicle production and adoption, potential political pressure to reduce dependence on foreign oil, public perception of EVs and their environmental benefits.
By analyzing these factors through the TECOP lens, the project team developing the EV can identify challenges and opportunities:
•
•
VUCA Analysis:
Focus: Understanding the overall project environment.
Considerations: Volatility, Uncertainty, Complexity, and Ambiguity.
Engineering Example:
Let's look at a project developing a new self-driving car.
Volatility: Rapid changes in regulations surrounding autonomous vehicles can create challenges for project timelines.
Uncertainty: Unforeseen technical hurdles or safety issues during development can arise.

Complexity: Developing self-driving cars involves integrating various technologies like sensors, software, and artificial intelligence.
Ambiguity: There may be unclear consumer acceptance of self-driving cars, requiring flexible marketing strategies.
•

Other ways to understand the external business environment better include:

•Comparative advantage analysis

•Feasibility studies

•SWOT analysis

•Assumption analysis

•Historical information analysis

•Risk alignment with organizational strategy

Internal business environmental factors are crucial for the success and sustainability of an organization. By understanding and managing these factors effectively, companies can improve their operations, drive growth, and maintain a competitive edge in the market

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Project Benefits and Value

in business, you want the project to bring the most benefit to the company. You need to make smart decisions about how to build and deliver the project so it helps the business as much as possible.

Project managers need to think strategically and ensure that project results provide the expected outcomes (benefits and values) to the organization.

These benefits and values should be understood at the beginning of the project, reassessed throughout the project effort and validated at the end of the project – even though in many cases the actual determination of the benefit will not be apparent until long after the project has been completed.

The goal of a project is to provide value to a business.

- Value and benefit to the business can be tangible, intangible or both.

- The initiating agreements are the business case, or, in some cases, a contract or statement of work (SOW).
- Benefits realization is based on business value.

Projects exist to deliver business value – whether that is monetary value, an improvement on a product or service or otherwise.

Critical thinking and analysis are often used to determine what is of value to the business. Think beyond the primary value benefits and really try to understand how else your project can provide value to the business. Ask questions of stakeholders, examine business artifacts and do some research!

Components of business value can include:

- **Shareholder value:** Shareholder value refers to the increase in the worth of a company's stock that benefits its shareholders. For publicly traded companies, this is crucial. Business growth, on the other hand, applies to both publicly traded and private companies and focuses on expanding the company's operations and increasing profits.
- Example: Let's say you own shares in a publicly traded tech company. If the company launches a successful new product, its stock price may increase, benefiting you as a shareholder. In a private bakery, business growth might mean opening new branches and increasing profits.

Customer value: Customer value means providing products or services that meet customer needs and preferences, resulting in satisfaction and loyalty.

Example: Imagine a smartphone company that designs a phone with longer battery life, better camera, and useful features. Customers will appreciate these improvements and are more likely to buy their products again.

- .
- **Employee knowledge:** an asset of the business, a frequently overlooked component of business value. Employee knowledge is the expertise and skills your workforce possesses, contributing to better quality and efficiency, Employee knowledge is the expertise and skills your workforce possesses, contributing to better quality and efficiency
- **Channel partner value:** the value derived from relationships with business partners.

This refers to the positive impact of your project on the relationships with your business partners or distribution channels.

Example: If you're a toy manufacturer collaborating with a popular retail chain, your new marketing strategy could lead to increased sales through their stores, benefiting both parties.

Remember, these components of business value are like puzzle pieces that, when combined effectively, contribute to the overall success and growth of a company, whether it's publicly traded or private.

Here is some more specific information about the types of value that projects can gain for a business

Financial Gain:

A software company develops a new app that becomes popular and generates significant revenue through in-app purchases and subscriptions.

New Customers:

A fashion retailer launches an online store, attracting customers who prefer shopping from the comfort of their homes, thereby expanding their customer base.

First to Market:

A tech startup introduces a groundbreaking gadget that no other company has released yet. Being the first to offer this innovative product gives them a competitive edge.

Regulation Compliance:

An energy company invests in updating its power plants to meet stricter environmental regulations. This not only avoids penalties but also improves their reputation as an environmentally responsible company.

Social

Providing after-school tutoring programs for students from underprivileged backgrounds.

NEED ASSESSMENT

- In order to determine how organizational resources should be allocated, an evaluation and assessment of needs must be conducted. This includes understanding the strategic goals and objectives of the organization, current issues and opportunities and the impact they have on the organization.
- This analysis determines whether the situations are required, desired or optional. These are presented initially as a situation statement.
- After a situation statement has been developed, recommendations are made as part of a proposal to address what should be done and identification of any constraints, assumptions, risks and dependencies which may apply.

- Success measures are identified, as well as a potential implementation approach.

This area of needs assessment is documented as a task often performed by a business analyst

Business Documents

- If a business is well organized, you will have access to clear business documents.
- They can help you determine whether the project is worth the investment that will be required.
- The business need and often a cost-benefit analysis are included, especially when one project request is to be compared against another for authorization.
- Many of the business documents are developed prior to the start of the project by a business analyst or key stakeholder.
- In these documents, business goals and objectives are identified and provide valuable information as to how the project's objectives will contribute to achieving the organization's goals.
- You need to review them periodically to ensure that the project is still in alignment with the organizational goals and objectives.

The business case is a document that justifies the need for the project and outlines the financial and non-financial benefits it will deliver. The business case has been written and prepared by the requesting organization or customer and may also include a number of project selection techniques to help sell or justify the selection and authorization of this project. The importance of meeting a specific schedule, or cost constraints, as well as any quality specifications may also be stated in the business case.

After the business case is accepted and transformed into the project charter, then the project manager and project sponsor are responsible for delivering based on the contents approved and investment decision.

The BMP outlines the strategies for realizing the benefits identified in the business case. , benefit management plan is a roadmap that outlines how a project will bring value to the company. It's like a guide that shows what benefits the project is supposed to achieve, how they will be measured, and how the company will make sure those benefits are realized.

- A **benefits management plan** can also identify the tangible and intangible benefits and how the project objectives and goals will be strategically aligned with the business strategies to accomplish the benefits.
- This is a key deliverable for programs, especially since programs are intended to deliver benefits.

- The time frame for realizing benefits may be both short term and long term, and that may be stated in this document.
- The **benefits owner,** or the person accountable, along with what metrics will be used to measure the benefits, may be included.
- Any assumptions, constraints and risks associated with realization of benefits may be provided.
- This plan is thoroughly explained as a domain in PMI's *The Standard for Program Management*.
- Ensuring that benefits are delivered as the result of the project effort is a key responsibility of the program manager in large projects or programs.
- business case explains why a project is a good idea, and a benefit management plan is like a detailed guide to making sure the project delivers the expected benefits,

A business case is a document that justifies a project, while a benefits management plan outlines how to realize the project's benefits:

- **Business case**

  A business case is a document that defines the problem, solution, and expected

  benefits of a project. It also analyzes the project's costs, risks, and opportunities. A business case is usually created early in the project's life cycle to obtain funding and support.

- **Benefits management plan**

  A benefits management plan outlines how to manage and realize the benefits of a project. It includes a plan for tracking and measuring the benefits, as well as the responsibilities of the project team and stakeholders.

Benefit measurement methods

The methods included here range from a very simple calculation to those requiring more in-depth financial analysis techniques. These techniques are more appropriate to a project that takes multiple years to deliver and/or return benefits.

There are two main types of benefit measurement methods — business-based and financial-based.

The business-based measurements include the payback period and opportunity cost.

Payback Period: How long it takes to recover the initial investment.

Opportunity Cost: The potential benefit sacrificed by choosing one option over another.

The financial-based measurements include:

- Cost/benefit analysis and ratio
- Time value of money calculations (including present value (PV), future value (FV) or net present value (NPV).

  Internal Rate of Return (IRR):

Financial based methods

Let's talk about present value and future value. Okay.

Present Value (PV)

Present Value (PV) is the current value of a future sum of money or cash flow, discounted at a specific rate. It helps you determine how much a future amount of money is worth today.

Example: If you expect to receive $1,000 one year from now, and the discount rate is 5%, the present value is calculated as:

$$PV = \frac{FV}{(1+r)^n}$$

Where:

- FVFV = Future Value ($1,000)
- r = Discount Rate (5% or 0.05)
- n = Number of Periods (1 year)

$$PV = \frac{1000}{(1+0.05)^1} = \frac{1000}{1.05} \approx 952.38$$

So, $1,000 received one year from now is worth about $952.38 today.

2. Future Value (FV)

Definition: Future Value (FV) is the value of a current sum of money at a future date, given a specific interest rate. It shows how much an investment made today will grow over time.

If you invest $1,000 today at an interest rate of 5% for one year, the future value is calculated as:

$$FV = PV \times (1 + r)^n$$

Where:

- PV = Present Value ($1,000)
- r = Interest Rate (5% or 0.05)
- n = Number of Periods (1 year)

$$FV = 1000 \times (1 + 0.05)^1 = 1000 \times 1.05 = 1050$$

So, $1,000 invested today will be worth $1,050 in one year.

3. Net Present Value (NPV)

Definition: Net Present Value (NPV) is the difference between the present value of cash inflows and outflows over a period of time. It helps determine whether an investment is worthwhile. NPV is like looking at the value of money over time. It's like deciding whether you want $10 today or $10 a year from now. In projects, NPV helps see if the future benefits are worth more than the costs today

Example: Consider an investment that costs $1,000 today and is expected to generate $1,200 in one year, with a discount rate of 5%. The NPV is calculated as:

$$NPV = PV_{\text{inflows}} - PV_{\text{outflows}}$$

$$NPV = \frac{1200}{(1 + 0.05)^1} - 1000 = \frac{1200}{1.05} - 1000 \approx 1142.86 - 1000 = 142.86$$

Since the NPV is positive ($142.86), the investment is considered worthwhile.

4. Internal Rate of Return (IRR)

Definition: Internal Rate of Return (IRR) is the discount rate that makes the NPV of an investment zero. It represents the annualized rate of return on an investment.

Example: For the same investment as above (costing $1,000 today and generating $1,200 in one year), we find the IRR by solving the following equation:

$$0 = \frac{1200}{(1 + IRR)^1} - 1000$$

$$\frac{1200}{1000} = 1 + IRR$$

$$1.2 = 1 + IRR$$

$$IRR = 0.2 \text{ or } 20\%$$

So, the IRR for this investment is 20%.

Summary

- **Present Value (PV):** The current value of a future sum of money.
- **Future Value (FV):** The value of a current sum of money in the future.
- **Net Present Value (NPV):** The difference between the present value of cash inflows and outflows.
- **Internal Rate of Return (IRR):** The discount rate that makes the NPV of an investment zero.

How OKRs Help Deliver Business Value

•Strategic planning using an agile approach can be accomplished by starting with the objectives of the organization and then deciding the desired key results that can be achieved by programs or projects.
•With our strategies in place, we must come up with a way to turn them into initiatives whose value be compared with each other.
•OKRs (Objectives and Key Results) is a goal-setting framework used by individuals, teams, and organizations to define measurable goals and track their outcomes. It helps clarify investment ideas and the metrics used to measure success.

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Organizational Culture and Change Manage

- Projects create and deliver change, and change is often the catalyst for the authorization of a project. That is why PMI has applied the “changemaker” moniker to project professionals.
- Arguably, change is the single biggest factor in business decisions.
- Envisioning your project as part of the organization in which it “lives” means being part of any change initiative that the organization takes.
    - This will mean adapting your project as well as realigning it with the changing business objectives.
    - PMI calls this the systems approach to project management.
- It includes an understanding of change management.
- However, this is NOT the same as change control management.
- In addition, it is important to understand how organizations typically work, then consider a few different project management setups, and finally how project managers and PMOs roll out and support change initiatives in organizations.
- Change is inevitable and accelerating. Organizations that manage it effectively will pull ahead of their competition. Change initiatives are time consuming and costly, but by approaching change management with a disciplined approach, organizations can survive and thrive.
- Organizational culture is one of the key factors in project success or failure.
- To be competitive companies must live and manage the constant change.
- There are permanent changes within a company: implementation of new strategies, organizations, systems, culture, and processes

Understanding the organization’s culture and the impact of a change on both the organization as well as the project requirements is critical for successful implementation of the project.

Assess Organizational Culture:

This is like getting to know the team's personality. You check how people work and think in the company. It's important to understand this before making changes.

Evaluate Impact of Organizational Change on the Project:

when you make changes in the company, you need to see how they might affect your project and decide what to do.

Recommend Changes to the Project:

Think of this like adjusting your game strategy. If your team is losing, you might change who plays where. Similarly, if changes in the company affect your project, you might need to suggest changes in your project plan to keep things on track.

Monitor the Business Environment for Project Impacts:

Imagine you're playing a game, and you keep an eye on the weather in case it affects your game. In the same way, you need to keep watching what's happening outside the company, like new laws or trends, to see if they might change your project's plans.

Just like you need to understand your team's style, adapt to changes in the game, adjust your strategy, and keep an eye on the surroundings, managing organizational change is about being aware, flexible, and making smart decisions for your project's success.

Every company has its own way of doing things and a special vibe that makes it different. It's like each team in a game has its own unique strategy and way of playing. This way of doing things affects how projects are done in that company.

- **Internal Brand:**
- Think of this like a team's special logo or uniform that makes them recognizable. In a company, it's made up of things like how people act, the rules they follow, and the way they work together.
- **Impact on Shared Values and Rules:**
- Just like your team has its own set of rules and ways of working, companies have their own too. These rules come from what the company believes in and what it wants to achieve.
- **Hierarchy and Leadership:**
- Imagine a team captain leading the team. In a company, there are leaders who make decisions and guide everyone. This can be different in each company, just like teams have different ways of choosing leaders.
- **Work Ethic and Conduct:**
- In a game, each team has its own way of playing – some play tough, some play fair. Similarly, companies have rules about how people should work and behave, like the number of hours to work and how to do the job.
- **Impact on Projects:**
- All these things about how a company works and thinks affect how projects are done. If you're the project manager, you need to know and understand all of this, because it can affect if your project succeeds or not.
- **Change and Resistance:**
- Imagine if your team suddenly had to play a new way. Some players might not like it and resist the change. In a company, if you want to change how things are done, people might resist too. They're used to their way of working.

- So, just like each team has its own way of playing, each company has its own unique culture and style. As a project manager, it's important to understand this and work with it to make sure your projects succeed.

Organizational Culture and Risk:
One thing closely connected to how a company works, which project managers need to know about, is how much risk the company and its people are okay with. This is important for planning how to handle risks in a project.

- **Different Views on Risk:** People in different parts of the world see risks in various ways. Just like how some players in a game are more careful and some take more risks, different countries and regions have their own ideas about risks.
- **Diversity in Organizational Culture:** Companies are like big teams with many kinds of players – people, ideas, skills, and more. It's important to consider this diversity when making changes.
- **Different Risk Approaches in Different Sectors:** Imagine different game teams playing differently – some are daring and some are careful. Similarly, industries or types of work have their own ways of dealing with risks. For example, some like to take big risks in trying new things, while others want to avoid risks during actual work.
- **Leadership and Risk:** Think of leaders in a game – some captains are bold, and some are careful. In a company, the leader's style affects how the whole company handles risks. If the leader is cautious, the company might be too.
- **Global Projects and Cultural Understanding:** In projects that involve people from different countries, it's super important to know about their cultures. It's like playing a game in a new place – you need to adjust how you play, work with the team, and do activities to fit that place and culture.

Understanding all these things about the company's culture and how people see risks is a big part of being a successful project manager, especially when working on projects with people from around the world.

Prosci's ADKAR® framework is widely known as a model that creates a powerful internal language for individual change and gives leaders a framework for helping people in their organization embrace and adopt changes.

1. Awareness (A):
This is the first step, where individuals become aware that a change is coming.
Example: A company announces they are transitioning from email to a new collaboration platform.
2. Desire (D):
Here, individuals need to understand the benefits of the change and develop a desire to participate in it.

Example: The company explains how the new platform will improve communication, streamline workflows, and boost productivity. Employees see the potential to make their jobs easier.

3. Knowledge (K):

Individuals need the knowledge and skills to implement the change effectively.

Example: The company provides training on how to use the new platform, covering features, functionalities, and best practices.

4. Ability (A):

This stage focuses on ensuring individuals have the resources and support to actually make the change.

Example: The company provides technical support during the transition, offers troubleshooting resources, and allows employees time to practice using the new platform.

5. Reinforcement (R):

The final stage involves reinforcing the new behavior and ensuring it sticks. This includes recognizing and rewarding individuals who have successfully adopted the change.

Example: The company acknowledges employees who are actively using the new platform, showcases success stories, and offers ongoing support to address any lingering challenges.

Given all of this background in change management, you need to have an action plan for implementing your project and managing the change it will bring.

Successfully designed and delivered projects can fail in execution without proper change management.

Given all of this background in change management, you need to have an action plan for implementing your project and managing the change it will bring.

Successfully designed and delivered projects can fail in execution without proper change management.

1. Attitudinal Survey:

Purpose: Gauge employee sentiment towards the upcoming change.

2. Information Campaign:

Purpose: Clearly communicate the change, its rationale, and its benefits to employees.

Roll-Out Plan:

Purpose: Outline the implementation process for the change in a clear and actionable way.

By understanding employee attitudes, effectively communicating the change, and implementing a well-defined roll-out plan, you can increase the chances of a smooth and successful transition.

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Project Governance

Project Governance refers to the framework, functions, and processes that guide project management activities to ensure that projects are completed successfully, align with organizational goals, and deliver value.

Key Elements of Project Governance

1. Governance Framework:
    - Establishes the structure for project decision-making.
    - Defines roles, responsibilities, and accountability for project stakeholders.
    - Ensures alignment with organizational strategies and objectives.
2. Governance Functions:
    - Decision-Making: Clear authority and decision-making processes for project issues.
    - Oversight: Monitoring and control mechanisms to track project performance.
    - Support: Providing resources and support to project teams.
3. Governance Processes:
    - Initiation: Approving project start, defining scope, and setting objectives.
    - Planning: Establishing project plans, schedules, and budgets.
    - Execution: Implementing project plans and managing resources.
    - Monitoring & Controlling: Tracking progress, managing risks, and ensuring quality.
    - Closing: Formal completion of project activities and assessment of project outcomes.

Components of Effective Project Governance

1. Steering Committees:
    - A group of senior stakeholders who provide strategic direction and oversight.
    - They review project progress, approve major changes, and ensure alignment with business goals.
2. Project Management Office (PMO):
    - A centralized function that supports project management by providing guidelines, best practices, and resources.
    - PMOs help standardize project processes and improve project success rates.
3. Governance Documentation:
    - Essential documents include project charters, governance plans, risk management plans, and status reports.

- These documents provide a reference for project expectations, progress, and accountability.

Example

Imagine a construction company launching a new office building project:

1. Governance Framework:
   - The project sponsor (a senior executive) and the steering committee provide overall direction.
   - The project manager is responsible for day-to-day execution and reporting to the steering committee.
2. Governance Functions:
   - Decision-Making: The steering committee makes key decisions on budget adjustments and scope changes.
   - Oversight: Monthly progress reports and review meetings ensure the project stays on track.
   - Support: The PMO provides templates, tools, and training to the project team.
3. Governance Processes:
   - Initiation: The project charter is approved, outlining the project's objectives and scope.
   - Planning: Detailed project plans, schedules, and budgets are developed.
   - Execution: Construction activities commence, managed by the project manager.
   - Monitoring & Controlling: Regular site inspections, risk assessments, and quality checks are performed.
   - Closing: The project is formally completed, and a final report assesses whether the project met its objectives and provides lessons learned.

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Project Compliances

Compliance requirements must be understood and prioritized as the most important to deliver for a project. Noncompliance is one of the highest-level risks in a project.
During a project, compliance requirements may change. The onus is on the project team to be aware and proactive about compliance.
This is part of your stewardship of a project — that is the responsibility you undertake to care for the health of the project you lead; Stewardship is one of the project management principles named and discussed earlier

Key Areas of Project Compliance

1. Legal Compliance:
    - Ensuring the project meets all legal requirements, including labor laws, environmental regulations, data protection laws, and industry-specific legislation.
    - Example: For a construction project, complying with safety regulations and building codes.
2. Regulatory Compliance:
    - Adhering to standards and regulations set by industry bodies or government agencies.
    - Example: A healthcare project must comply with health and safety regulations and medical standards.
3. Contractual Compliance:
    - Fulfilling the terms and conditions outlined in contracts with clients, suppliers, and partners.
    - Example: Delivering project milestones as per the client contract, including timelines and quality standards.
4. Financial Compliance:
    - Ensuring that the project's financial activities follow accounting standards, tax laws, and budget constraints.
    - Example: Adhering to financial reporting requirements and staying within budget.
5. Quality Compliance:
    - Meeting quality standards set by the organization or external bodies.
    - Example: Following ISO 9001 standards for quality management in manufacturing projects.
6. Environmental Compliance:
    - Ensuring that the project's activities have minimal negative impact on the environment and comply with environmental regulations.
    - Example: Adhering to regulations on waste disposal and emissions for an industrial project.
7. Health and Safety Compliance:
    - Ensuring the safety and health of all individuals involved in the project by following safety regulations and standards.
    - Example: Implementing proper safety measures on a construction site to protect workers.
8. Organizational Compliance:
    - Adhering to internal policies, procedures, and codes of conduct set by the organization.
    - Example: Following the company's internal data security policies during a software development project.

Steps to Ensure Project Compliance

1. Identify Requirements:
    - Understand and document all relevant compliance requirements at the start of the project.
    - Example: Researching applicable laws, regulations, and standards.
2. Develop Compliance Plan:
    - Create a plan outlining how the project will meet compliance requirements.
    - Example: A checklist of compliance tasks and assigning responsibilities.
3. Implement Compliance Measures:
    - Integrate compliance activities into the project plan and execute them accordingly.
    - Example: Conducting regular audits and inspections.
4. Monitor and Control:
    - Continuously monitor compliance throughout the project and make adjustments as necessary.
    - Example: Regularly reviewing compliance status during project meetings.
5. Document and Report:
    - Maintain accurate records of compliance activities and report compliance status to stakeholders.
    - Example: Compliance reports and documentation for audits.

Example

Scenario: Imagine you are managing an IT project for a financial institution.

1. Legal Compliance: Ensure data protection laws (e.g., GDPR) are followed.
2. Regulatory Compliance: Adhere to financial regulations like Basel III.
3. Contractual Compliance: Meet all client contract terms regarding delivery timelines and data security.
4. Financial Compliance: Ensure project expenses align with budget and financial reporting standards.
5. Quality Compliance: Implement quality assurance processes to meet industry standards.
6. Environmental Compliance: Minimize the environmental footprint of IT infrastructure.
7. Health and Safety Compliance: Maintain a safe working environment for the project team.
8. Organizational Compliance: Follow internal policies on software development and data handling.