

# **Summary of 14OCT19**

# Chapter 4 : Resources Management

- **Motivation** : Several motivational theories are recognized in Project Management :
  - **Abraham Maslow** - *five-stage Hierarchy of Needs* (Physiological / Safety / Belonging / Self-esteem / Self-actualization) → the lower level needs to be satisfied to go to the next level
  - **Douglas McGregor —Theory X and Theory Y**
    - Theory X : Employees are lazy /have to be micro-managed
    - Theory y : Employees are self motivated / Enthusiatic, creative” – Taking initiatives - managed by “delegative style”
  - Ouchi – **Theory Z** : increasing employee loyalty to the company by providing a job for life with a strong focus on the well-being of the employee, both on and off the job. According to Ouchi, Theory Z management tends to promote stable employment, high productivity, and high employee morale and satisfaction.
- **Frederick Herzberg**—The two-factor theory with **Hygiene factors / Motivators or satisfiers**
  - **Hygiene factors** : salary, status, security, relationship with peers or supervisors, work conditions, company policies... They are required for employee satisfaction but these factors do not motivate employees
  - **Motivators or satisfiers** : These are linked to employee motivation and arise from intrinsic, or dependent, conditions of the job itself. Factors for satisfaction include responsibility, job satisfaction, recognition, achievement, opportunities for growth, and advancement.

# Chapter 4 : Resources Management

## ▪ Conflict management : Thomas-Kilmann Conflict Mode Instrument

Style	Description	Effect
<b>Avoid / Withdraw</b> <i>Stratégie d'évitement / de contournement du problème</i>	Retreating from an actual or potential conflict situation	Postponing the issue to be better prepared or to be resolved by others. → Does not solve the problem
<b>Accommodate / Smooth</b> <i>Stratégie de renoncement (céder devant le conflit)</i>	Emphasizing areas of agreement rather than the areas of difference, conceding one's position to the needs of others to maintain harmony and relationship	Provide only short term solution
<b>Compromise / Reconcile (Bargaining)</b>	Searching for solutions that bring some degree of satisfaction to all parties.	Provide conflict resolution but conflict can be partially resolved
<b>Force / Direct (Dictating)</b>	Pushing one's viewpoint at the expenses of others. Offering only Win/loss solutions usually enforced through a power situation to resolve an emergency	Hard feelings may come back in other ways
<b>Collaborate / Problem Solve</b> <i>Stratégie de coopération</i>	Incorporating multiple viewpoints and insights from differing perspectives, required a cooperative attitude and open dialogue that typically leads to consensus and commitment	Provide not only long term solution but also ultimate resolution

# Chapter 5 : Cost Management

- Estimate Costs involves developing an estimate of the costs of the resources (ALL resources, not only human) required to complete project activities

It builds a Cost baseline → ie original plan with an approved + / - approved changes

In Baseline, approved at the end of the Planning phase, we have also **the Contingency reserves** (budget allocated for **identified risks** / part of the budget to address the “**knowns/unknowns**” but not the management reserves (unknown risks / part of the budget to address the “unknowns/unknowns”))

- There are **two main approaches** you can take when creating a budget:
  - **Top-down approach**: deciding how much the project will cost and dividing the amount between the work packages.
  - **Bottom-up approach**: estimating the total cost of the project by costing the lowest-level work packages and rolling up.

→ Both approaches have their advantages and disadvantages and as a project manager, you will be faced with both at some time in your career.

# Chapter 5 : Cost Management

- In addition to the top-down and bottom-up budgeting approaches, there are a number of other techniques that project managers use to create their budgets.
  - **Analogous Estimating**
  - **Expert Judgment:** linked to Analogous Estimating.
  - **Supplier Bid Analysis**
  - **Parametric Estimating**
  - **Three-Point Estimating:**
    - **Most Likely (cM)** : the cost of the activity, based on a realistic effort assessment for the required work and any predicted expenses
    - **Optimistic (cO)** : The activity cost based on analysis of the best scenario for the activity
    - **Pessimistic (cP)** : The activity cost based on analysis of the worst-case scenario of the activity

Two commonly used formulas are :

- ♦ **Triangular Distribution** :  $cE = (cO + cM + cP) / 3$
- ♦ **Beta Distribution** (from a traditional PERT analysis) :  $cE = (cO + 4cM + cP) / 6$

# Chapter 5 : Cost Management

- Different sources of costs :

- Human resources  
→ associated Man/days or Man/months or FTE (Full time equivalent)
- Consultant fees
- Raw materials
- Software licences
- Travel
- Trainings
- ...



**DIRECT COSTS**

- Telephone charges
- Office space (rent)
- Office equipment
- General administration
- Company insurance

**INDIRECT COSTS**

# Chapter 5 : Cost Management

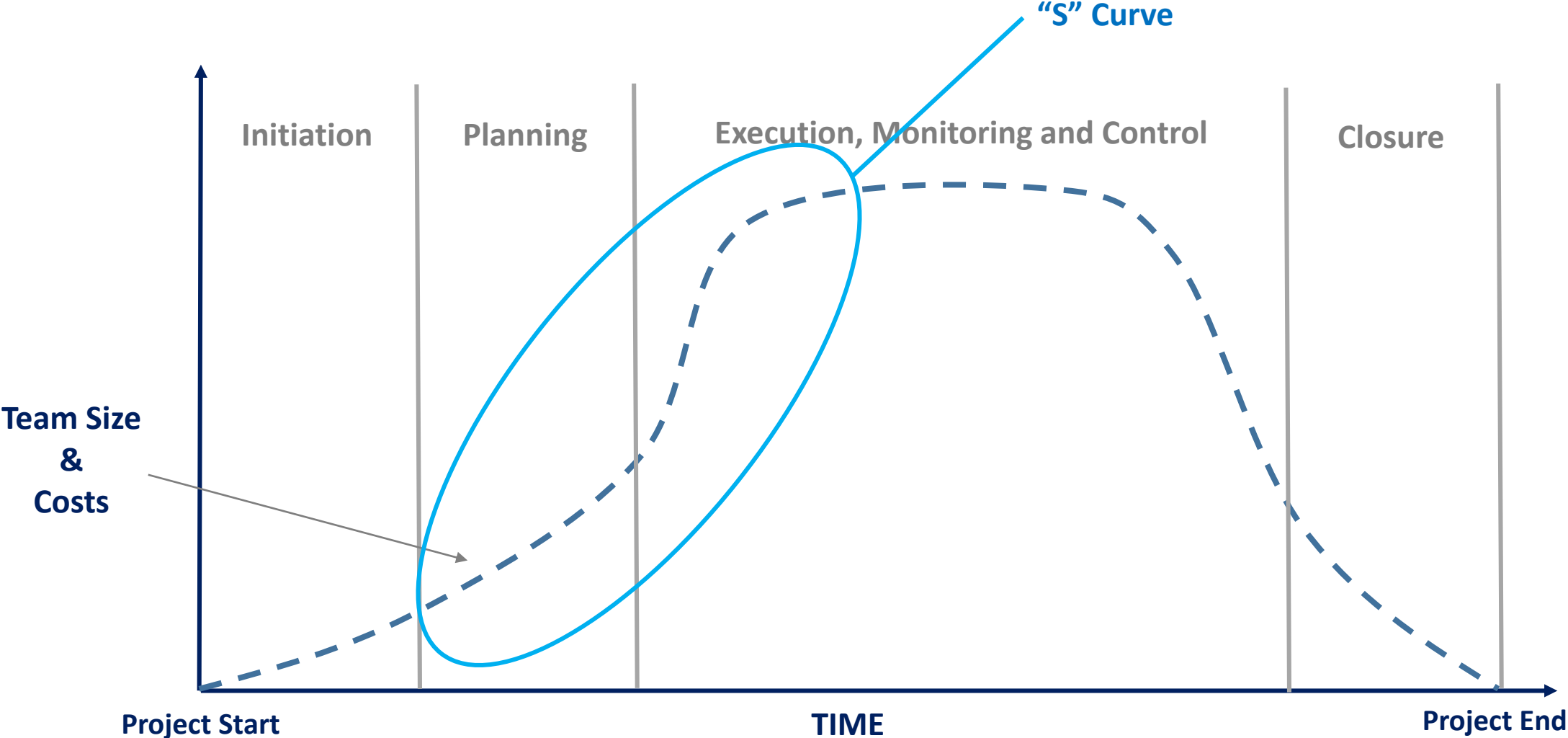
- **Cost baseline = total cost estimated of the project**

- ➔ Any change in the baseline is managed through a formal change procedure

- ➔ Basis of comparison versus actuals.

Project cost performance will be monitored and controlled in the **Execution Phase** against the cost baseline.

# Chapter 5 : Cost Management





# EXAM PREPARATION

1 . The lowest level of Maslow's hierarchy of needs is:

a - Safety

b- Physiological needs

c- Belonging

d- Self-esteem

2 - Some managers believe that people do not work willingly and must be watched and managed continuously. They are of type:

a - Theory X

b- Theory Y

c- Theory Z

d- Theory V

3 - For Herzberg, which are the factors that, if missing or inadequate, can cause serious dissatisfaction ?

a - Hygiene factors

b- Satisfiers factors

c- Both Hygiene and Satisfiers factors

d- None of the above (Rien de ce qui précède) as Herzberg didn't do this theory

4 - What conflict resolution technique is a project manager using when he says, "I cannot deal with this issue now!" (Quelle technique de résolution des conflits utilise un chef de projet quand il dit: «Je ne peux pas traiter de cette question maintenant!»)

a - Accommodate / Smooth

b- Avoid / Withdraw

c- Compromise / Reconcile (Bargaining)

d- Collaborate / Problem Solve

5 - During which life cycle phase is the detailed budget created:

- a – Initiating
- b – Before the project management life cycle
- c – Planning
- d – Execution

6 - The method of estimating cost by deciding how much the project will cost and dividing the amount between the work packages is

- a - Top-Down Approach
- b- Bottom-Up Approach
- c- Three-point estimating
- d- Analogous estimating

7 - Contingency reserves are used to handle which type of risk?

- a - Known unknowns
- b- Unknown unknowns
- c- Business risks
- d- Pure risks

8 - Which of the following is example of indirect costs?

- a -Software licences costs required for the project
- b- Salaries of full-time project team
- c- General administration costs
- d- Trainings costs required for the project