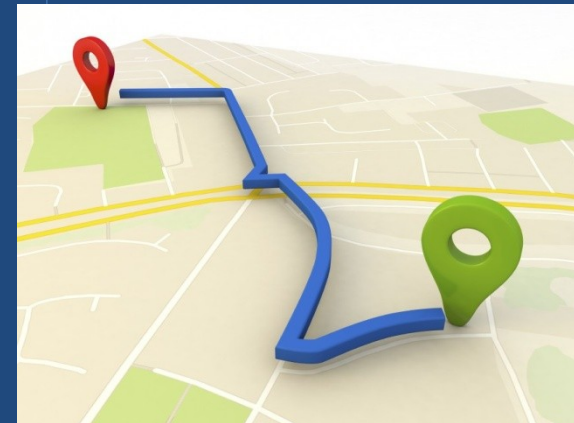


Section 2

Project Management Plan (PMP)

- This plan is a living document that is updated and **revised** throughout the project.
- This document is a strategic and formalized roadmap to accomplish the **project's objectives** by describing **how** the project is to be **executed**, monitored and controlled, which includes creating a project work breakdown **structure**, identifying and planning to mitigate **risk**, identifying manners in which to effectively **communicate with stakeholders** and other project team members, and developing a plan to manage changes.



Chapter 2

Initiation Phase

Initiation Phase

In the Initiation phase, the project is analysed, and first you have to decide whether to actually do the project.

The **main outputs** are:

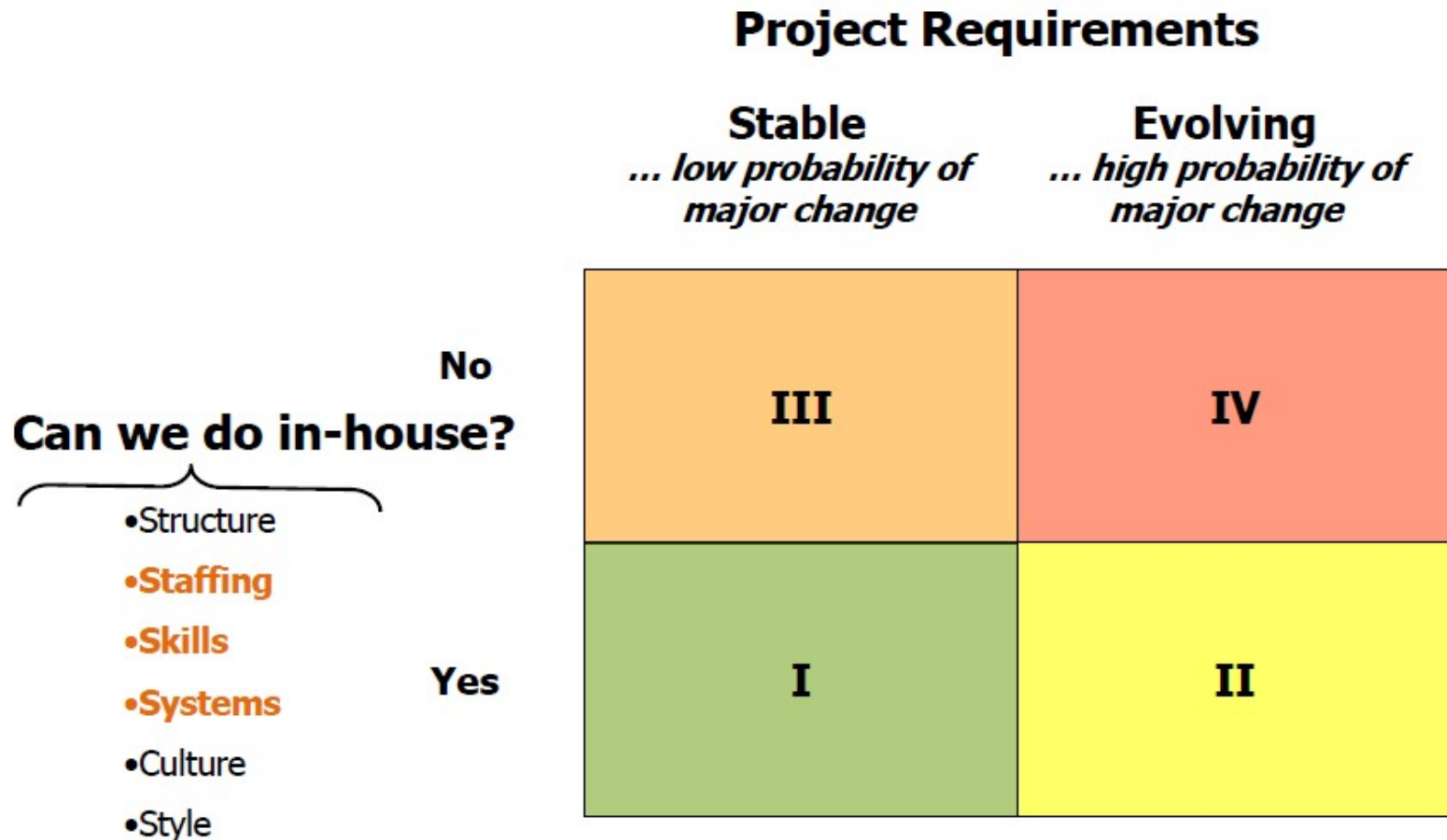
Project Mission – why?

Project Objectives – what do we want to achieve?

Project Deliverables – the steps we need to achieve our objectives

Project Stakeholders – who has an interest in our project or result?

Project Complexity



Project Requirements

STABLE – we can know the customer requirements and they remain more or less stable through the project.

EVOLVING – The project is to develop or create something totally new that we've never done before, so we have little idea of our requirements from the beginning, and they change and evolve as we go through the project.

Challenge to capability

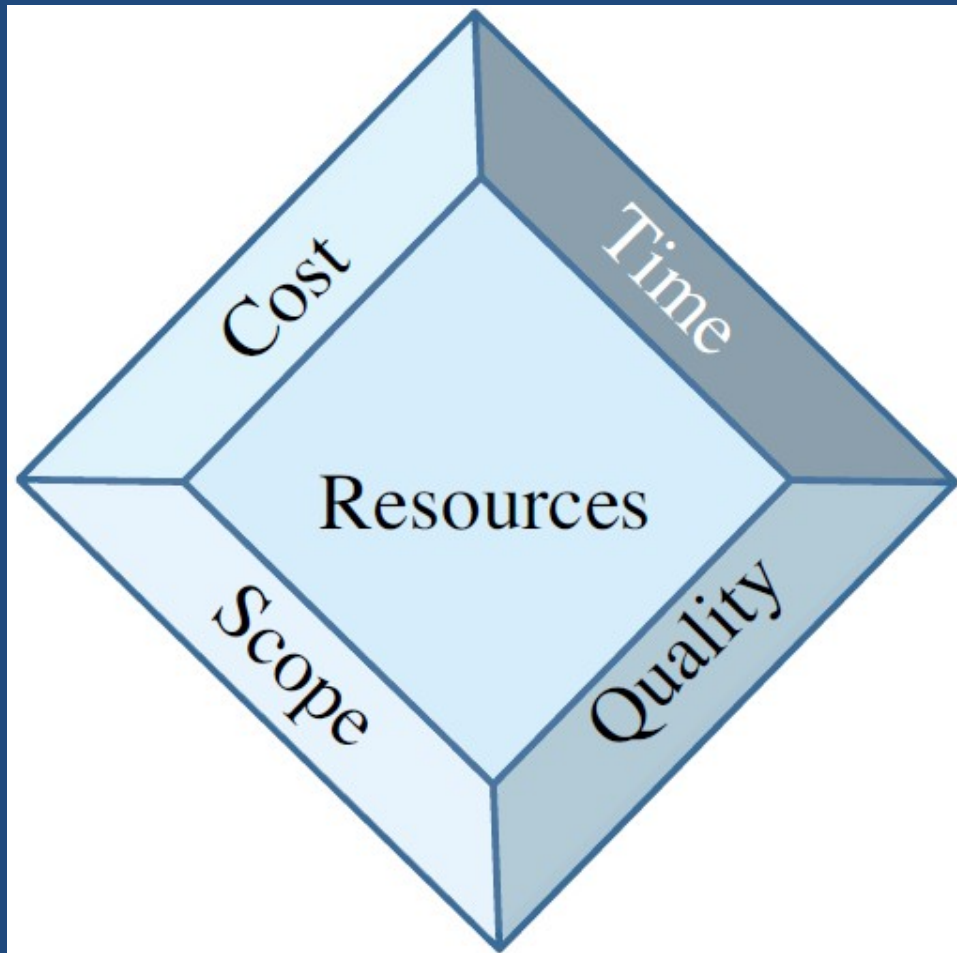
LOW – We have the skills, staff and systems IN-HOUSE to do the project.

HIGH – we do not have the skills, staff or systems in-house, and need to find them outside the company.

Project Scope

- The project scope is a document that defines the factors that define a project:
- determine what work is done within the boundaries of the project, and the work that is outside the project boundaries.

Project Constraints



Project Scope (Scope of Work)

- What?
- Why?

Description of the scope + Project deliverables

- When?

- Who?

Project constraints

- How much?

- Where?

Project assumptions

- How many?

Product acceptance criteria

- How do we know we achieved our goals?

- What is OUT OF SCOPE??

Project exclusions

Quality of the scope

- is measured by the ability of the **project manager** and project **stakeholders** to develop and maintain a common understanding of what products or services the project will **deliver**.

Scope Creep

- One of the most common trends on projects is the incremental expansion in the project scope. **any change in expectations that is not captured and documented creates the confusion.** This trend is labeled **scope creep**.

“Scope creep **threatens the success of a project”**

-
- require **additional resources** that were **not** in the **plan**.
- adjustments are made to the project **budget** and schedule to account for these changes.

SMART Evaluation

Once the Scope Statement has been defined, please apply the SMART evaluation to it.

Specific – Does it address a real business problem?

Measurable -Are we able to measure the problem, establish a baseline, and set targets for improvement?

Attainable – Is the goal achievable? Is the project completion date realistic?

Relevant – Does it relate to a business objective?

Time Bound – Have we set a date for completion?

Business Need

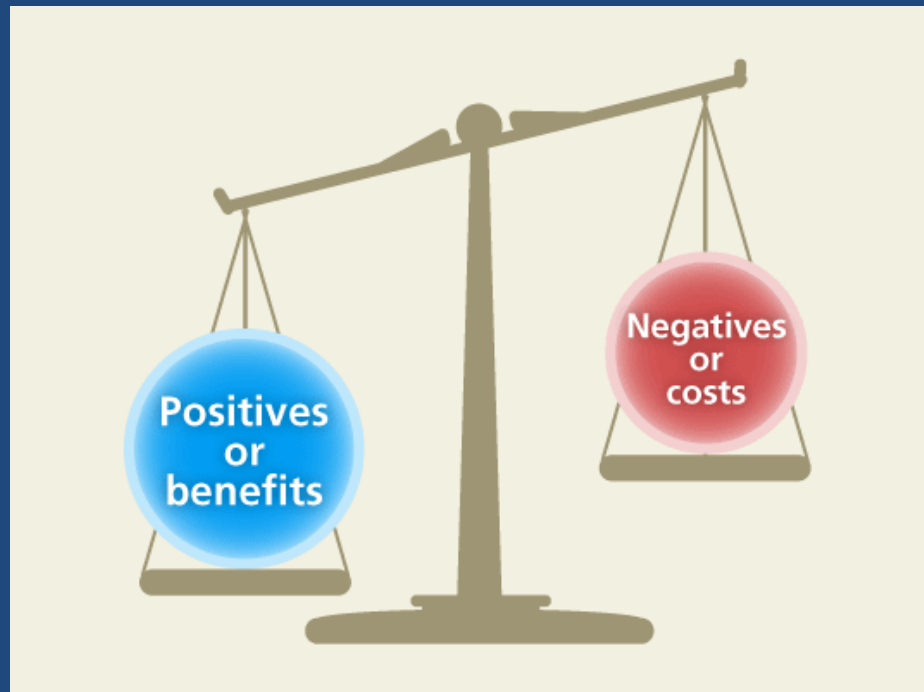
- The business need for the project relates to the needs of the organization itself. The need might be based on:
 - ✓ governmental regulation,
 - ✓ technological advances,
 - ✓ market demands.

Project Selection Method (Cost-benefit Analysis Method)

- it compares the cost to produce the product, service, or result of the project to the benefit that the organization will receive as a result of executing the project.

Sound project

- sound project is one where **the costs to implement or produce the product of the project are less than the financial benefits.**



Examining costs for a cost-benefit analysis

It includes:

- the ongoing **operational** support costs.
- the costs to **produce** the product or service.
- the costs to take the product to **market**.

Practical example

- Company for writing and marketing a database software product that will allow banks to dissect their customer base, determine which types of customers buy which types of products, and then market more effectively to those customers.

To calculate cost

- The costs to develop the software, such as programmer costs, hardware costs, and testing costs
- Marketing costs such as advertising, traveling costs to perform demos at potential customer sites, and so on
- Ongoing costs such as having a customer support staff available during business hours to assist customers with product questions and problems

Decision

Cost to produce this software

+

ongoing support costs

is total \$5 million.

Over a three-year period (the potential life of the software) projected revenues are \$12 million.

(This project should receive a go recommendation0.