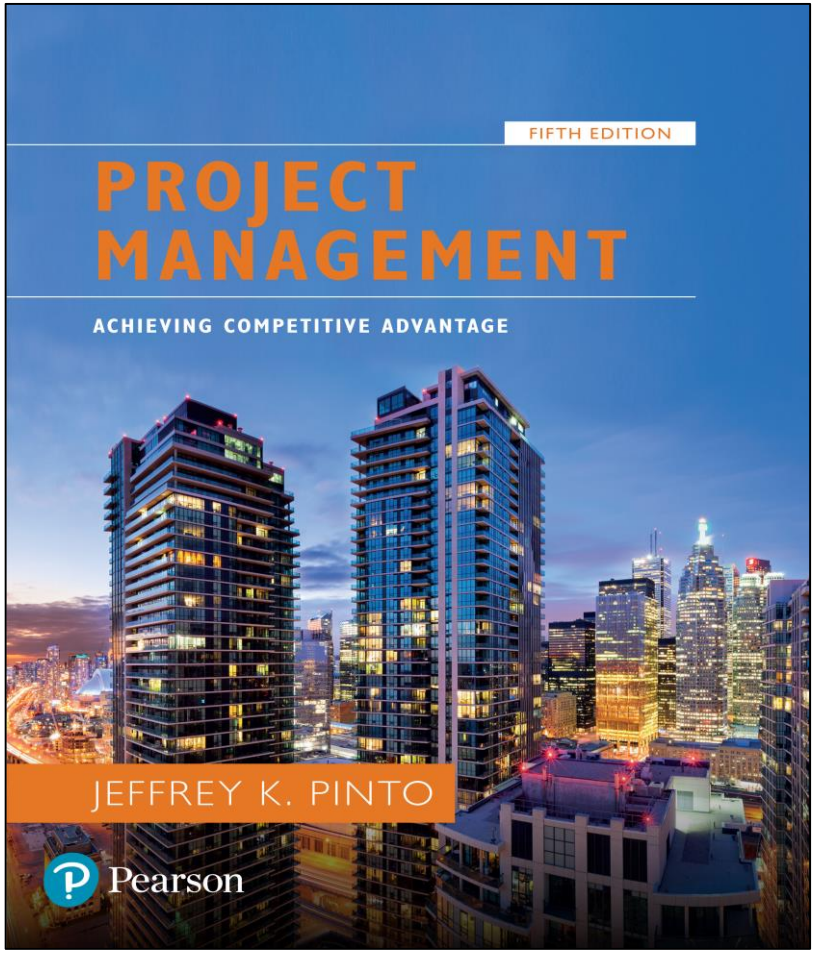
Project Management: Achieving Competitive Advantage

Fifth Edition



Chapter 1

Introduction: Why Project Management?

Learning Objectives (1 of 2)

1.1 Understand why project management is becoming such a powerful and popular practice in business.

1.2 Recognize the basic properties of projects, including their definition.

1.3 Understand why effective project management is such a challenge.

1.4 Understand and explain the project life cycle, its stages, and the activities that typically occur at each stage in the project.

Learning Objectives (2 of 2)

1.5 Understand the concept of project "success," including various definitions of success, as well as the alternative models of success.

1.6 Understand the purpose of project management maturity models and the process of benchmarking in organizations.

1.7 Recognize how mastery of the discipline of project management enhances critical employability skills for university graduates.

PMBoK Core Concepts

Project Management Body of Knowledge (PMBoK) covered in this chapter includes:

1. Definition of a Project (PMBoK 1.2)
2. Definition of Project Management (PMBoK 1.3)
3. Relationship to Other Management Disciplines (PMBoK 1.4)
4. Project Phases and the Project Life Cycle (PMBoK 2.1)

What Is a Project?

- Projects are **complex, one-time** processes.
- Projects are **limited** by budget, schedule, and resources.
- Projects are developed to resolve a **clear goal** or **set of goals**.
- Projects are **customer-focused**.

A project is a **temporary endeavor** undertaken to create a unique product, service, or result.

PMBoK 5th edition

General Project Characteristics (1 of 2)

- Projects are **ad hoc** endeavors with a clear life cycle.
- Projects are **building blocks** in the design and execution of organizational strategies.
- Projects are responsible for the newest and most **improved products**, **services**, and **organizational processes**.
- Projects provide a philosophy and strategy for the **management of change**.
- Project management entails **crossing functional** and organizational boundaries.

General Project Characteristics (2 of 2)

- Traditional **management functions** of planning, organizing, motivation, directing, and controlling apply to project management.
- Principal outcomes of a project are the satisfaction of **customer requirements** within the constraints of technical, cost, and schedule objectives.
- Projects are terminated upon successful completion of **performance objectives**.

Process and Project Management

Table 1.1 Differences Between Process and Project Management

Process	Project
Repeat process or product	New process or product
Several objectives	One objective
Ongoing	One-shot-limited life
People are homogenous	More heterogeneous
Well-established systems	Integrated system efforts
Greater certainty	Greater uncertainty
Part of line organization	Outside of line organization
Established practices	Violates established practice
Supports status quo	Upsets status quo

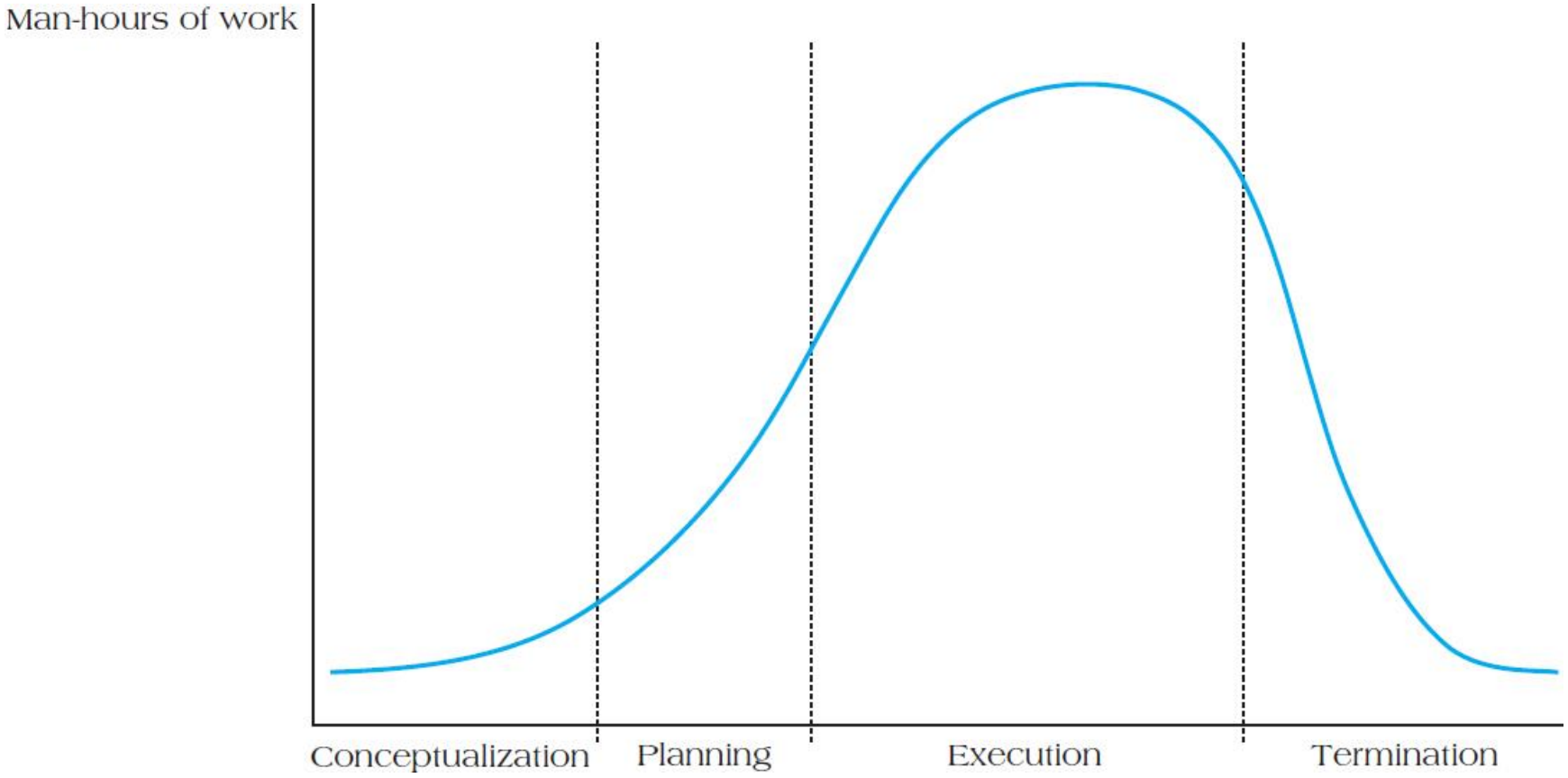
Project Success Rates

- Software and hardware projects **fail at a 65%** rate.
- **Over half** of all IT projects become **runaways**.
- **Only 30%** of technology-based projects and programs are a success.
- Ten major government contracts have **over $16 billion in cost overruns** and are a combined **38 years behind schedule**.
- **One out of six** IT projects has an average cost overrun of **200%** and a schedule overrun of **70%**.
- More than **one-third** of the **$110 billion** in costs spent on the post-war reconstruction projects in Afghanistan, total **$110 billion** was lost due to fraud, waste, and abuse.

Why Are Projects Important?

1. Shortened product life cycles
2. Narrow product launch windows
3. Increasingly complex and technical products
4. Emergence of global markets
5. An economic period marked by low inflation

Figure 1.4 Project Life Cycle Stages



Project Life Cycles

A **project life cycle** refers to the stages in a project's development and are divided into four distinct phases:

- **Conceptualization**—development of the initial goal and technical specifications of the project. Key **stakeholders** are identified and signed on at this phase.
- **Planning**—all detailed specifications, schedules, schematics, and plans are developed.
- **Execution**—the actual "work" of the project is performed.
- **Termination**—project is transferred to the customer, resources reassigned, project is closed out.

Change During Project Life Cycle

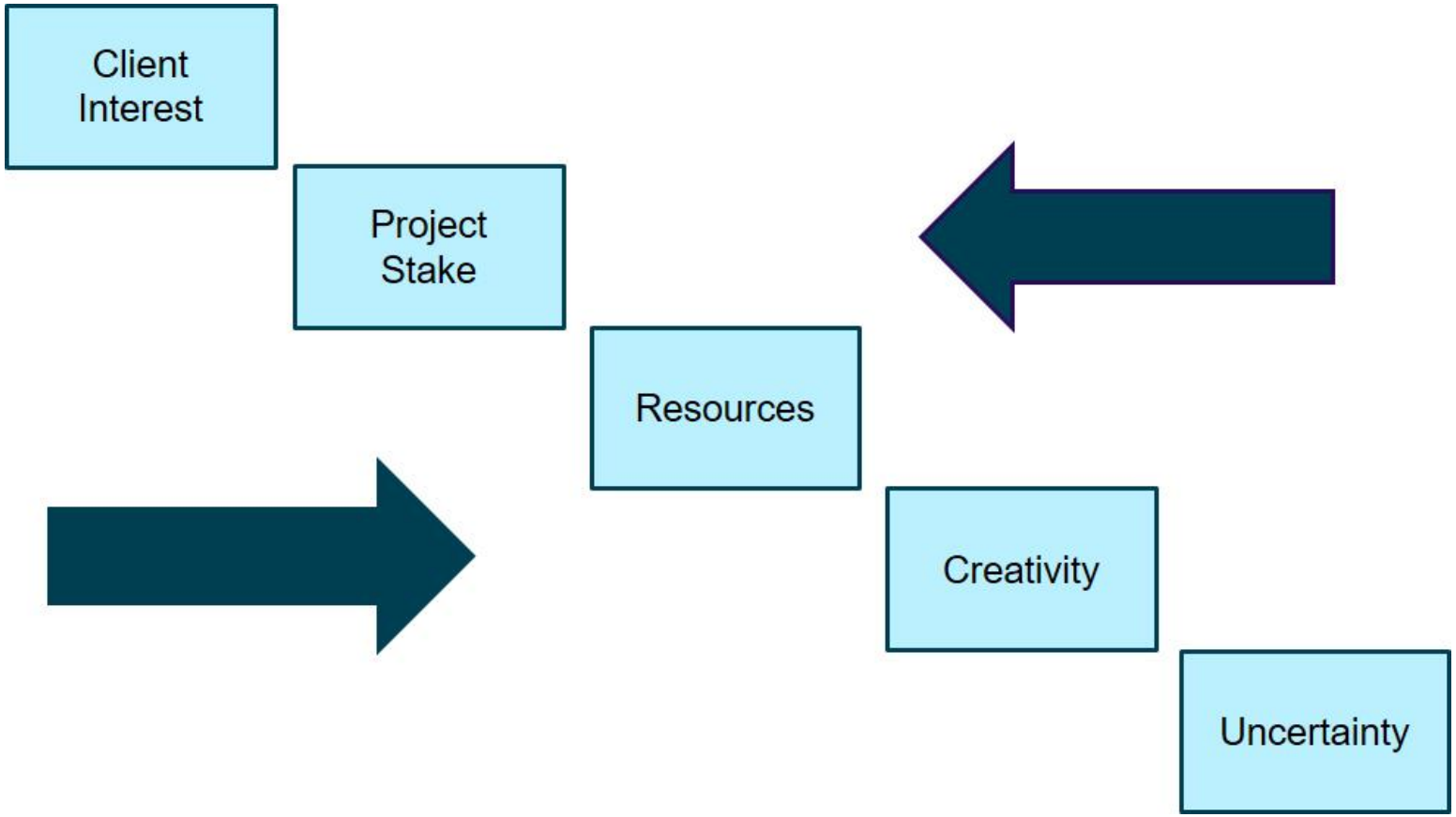
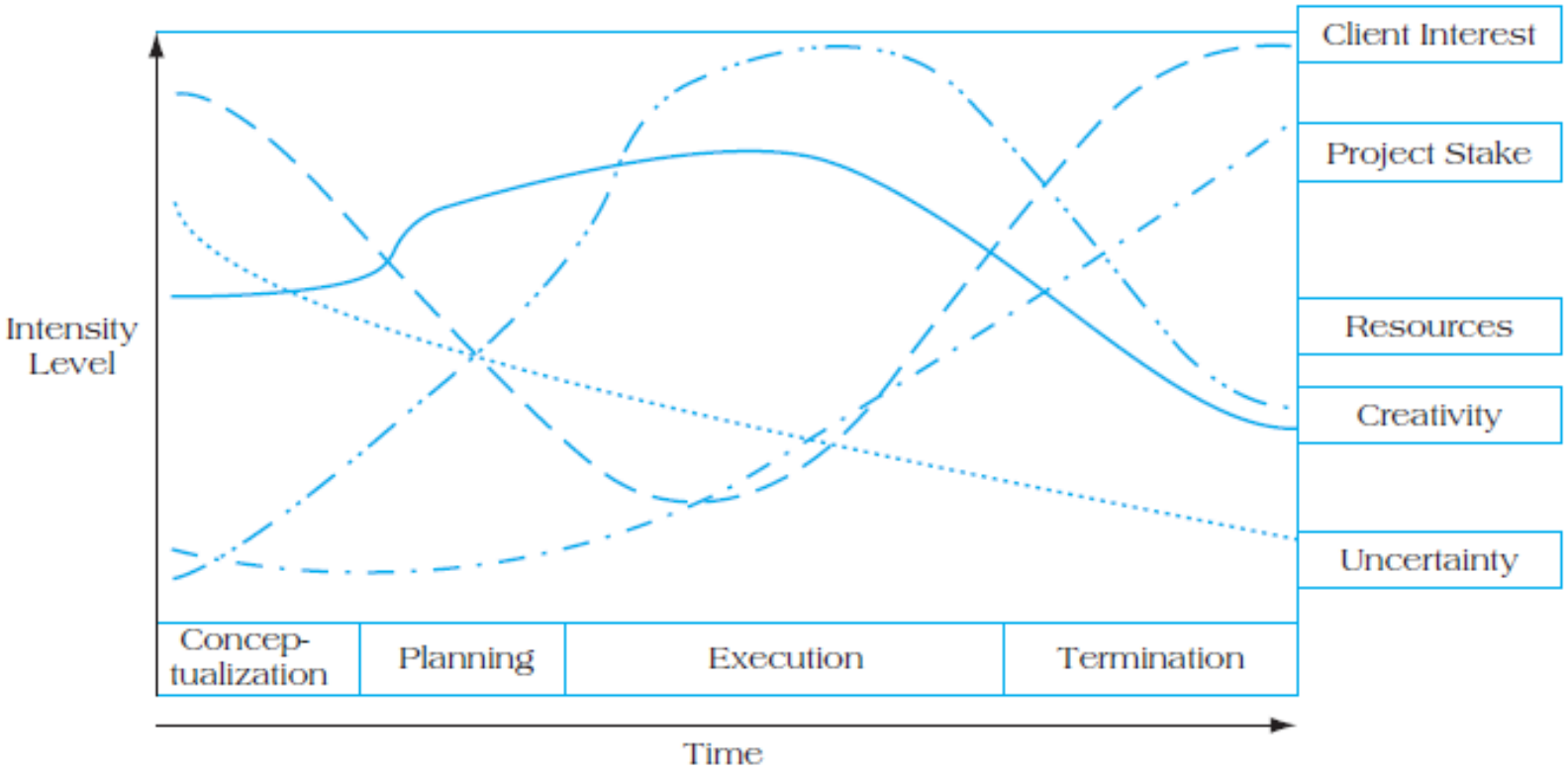


Figure 1.5 Project Life Cycles and Their Effects



Quadruple Constraint of Project Success

Figure 1.7 The New Quadruple Constraint

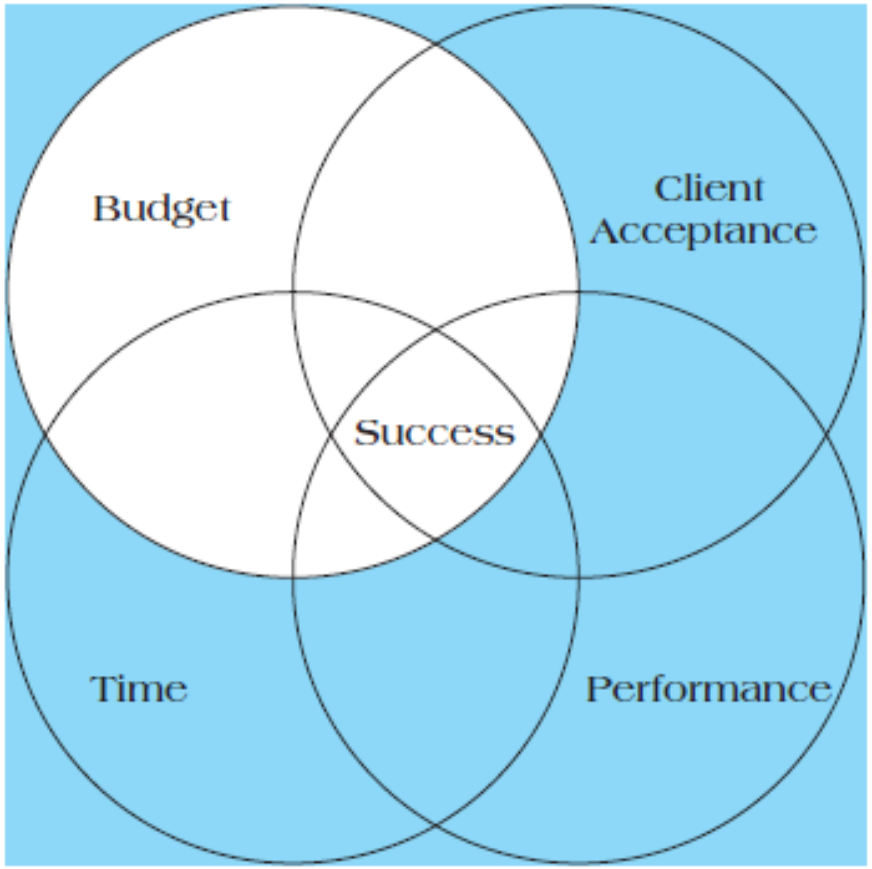


Figure 1.8 Four Dimensions of Project Success Importance

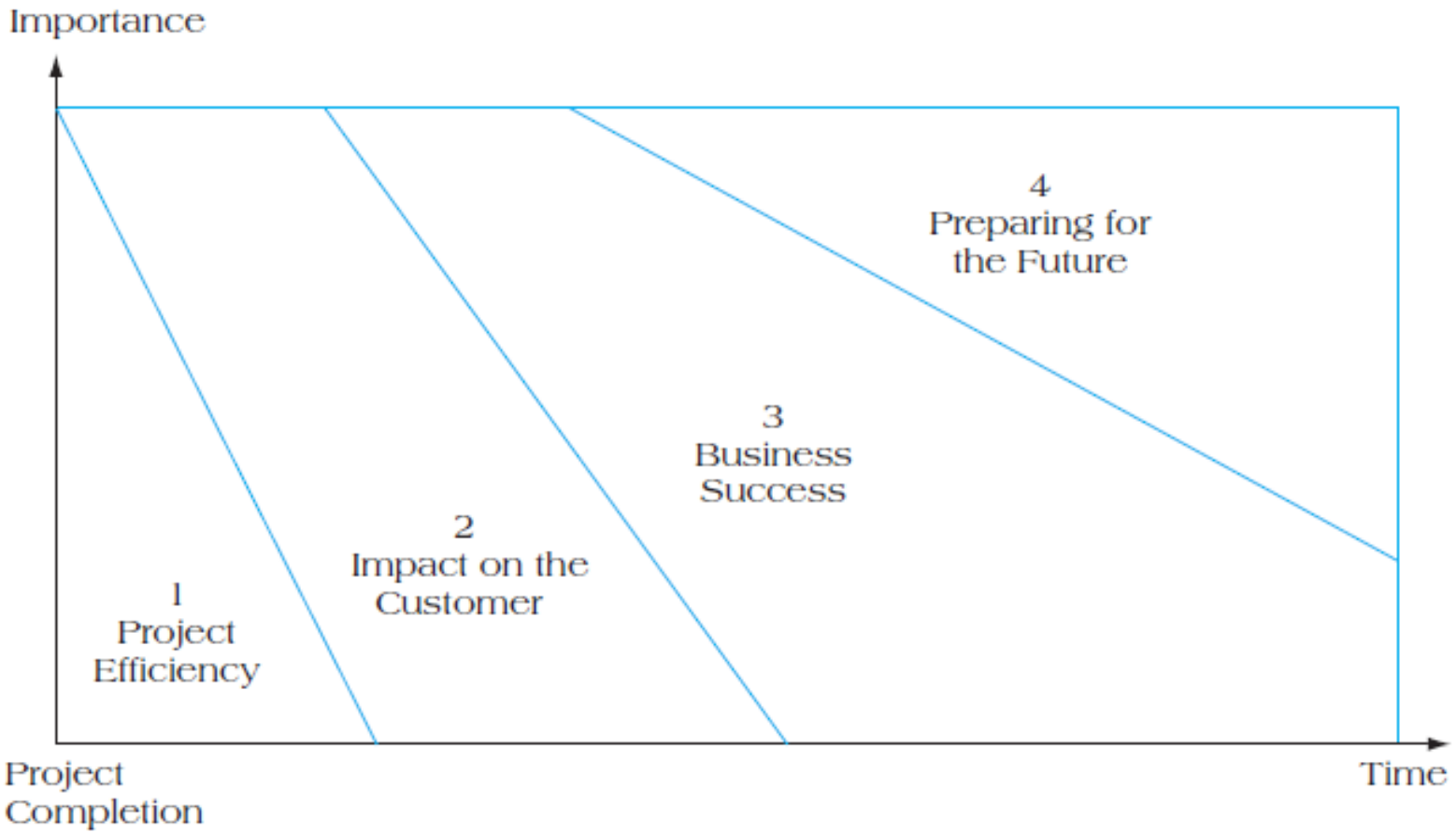


Table 1.2 Understanding Success Criteria

Iron Triangle	Information System	Benefits (Organization)	Benefits (Stakeholders)
Cost	Maintainability	Improved efficiency	Satisfied users
Quality	Reliability	Improved effectiveness	Social and environmental impact
Time	Validity	Increased profits	Personal development
	Information quality	Strategic goals	Professional learning, contractors' profits
	Use	Organization learning	Capital suppliers, content
		Reduced waste	Project team, economic impact to surrounding community

Six Criteria for IT Project Success

- System Quality
- Information Quality
- Use
- User Satisfaction
- Individual Impact
- Organizational Impact

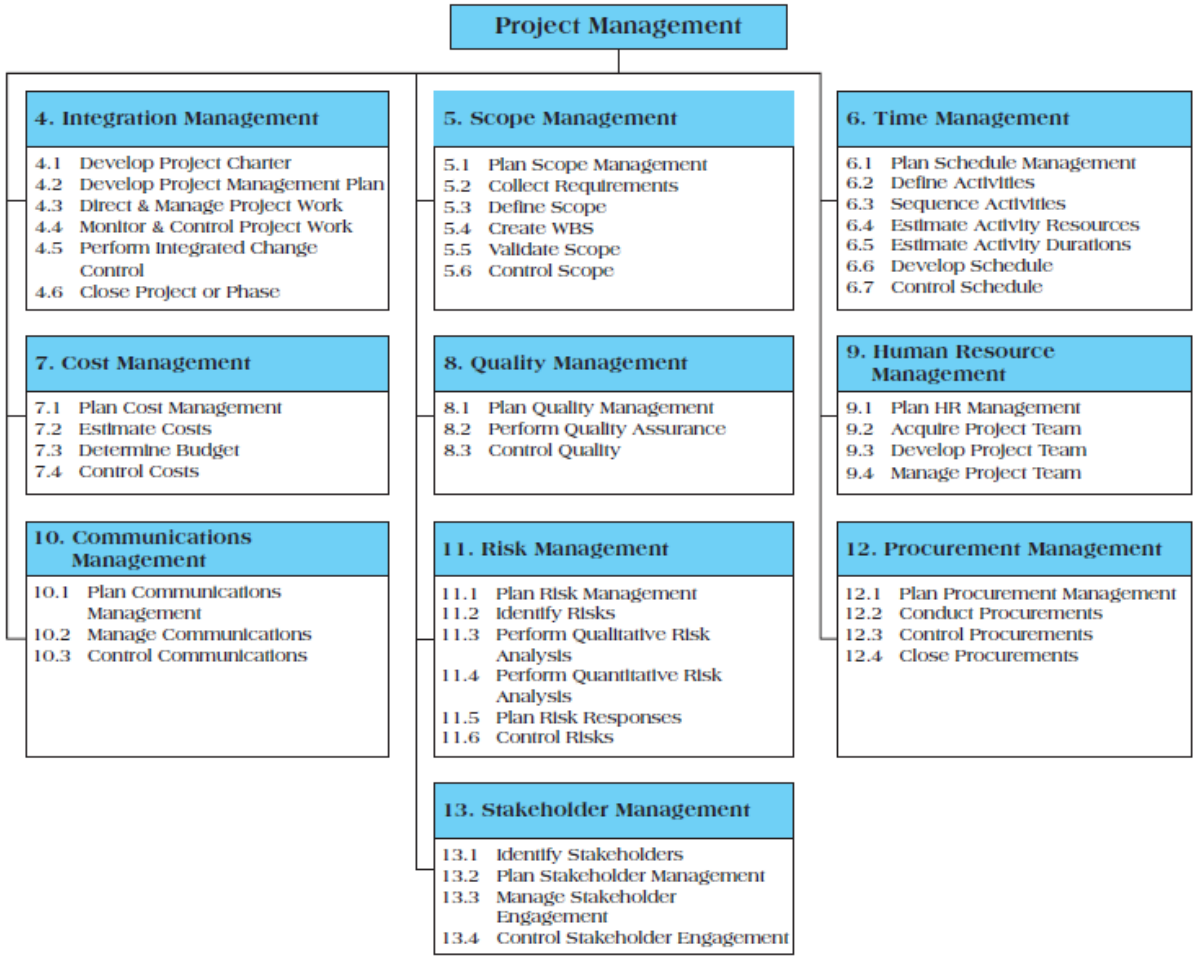
Project Management Employability Skills

1. Communication
2. Critical Thinking
3. Collaboration
4. Knowledge Application and Analysis
5. Business Ethics and Social Responsibility
6. Information Technology Application and Computing Skills
7. Data Literacy

Project Manager Responsibilities

1. Selecting a team
2. Developing project objectives and a plan for execution
3. Performing risk management activities
4. Cost estimating and budgeting
5. Scheduling
6. Managing resources

Figure 1.13 Overview of the Project Management Institute's PMBoK Knowledge Areas



Summary (1 of 2)

1. Understand why project management is becoming such a powerful and popular practice in business.
2. Recognize the basic properties of projects, including their definition.
3. Understand why effective project management is such a challenge.
4. Understand and explain the project life cycle, its stages, and the activities that typically occur at each stage in the project.

Summary (2 of 2)

5. Understand the concept of project “success,” including various definitions of success, as well as the alternative models of success.
6. Understand the purpose of project management maturity models and the process of benchmarking in organizations.
7. Recognize how mastery of the discipline of project management enhances critical employability skills for university graduates.

THANK YOU