# MODULE 2
# Initiating Projects

- How to get a project started
- Selecting project strategically
- Project selection models (Numeric /Scoring Models and Non-numeric models)
- Project portfolio process
- Project sponsor and creating charter
- Project proposal
- Effective project team, Stages of team development & growth (forming, storming, norming &performing), team dynamics

# Stages in Project Management


Well begun is half done.
– Aristotle
Quotes.Casa

# How to get a project started

- The accomplishment of important tasks and goals in organizations today is being achieved through the use of projects. The phrases we hear “management by projects” and “project management maturity,” reflect this increasing trend in our society.

- Project initiation begins with the judicious selection of the organization’s projects to align them with the organization’s overall strategy.

- Evaluate and select projects that contribute to the organization’s strategy.

SELECT

&

# Project selection criteria

When a firm chooses a project selection model, the following criteria are most important.

1. **Realism:** The model should reflect the reality of the firm's decision situation, especially the multiple objectives of both the firm and its managers, bearing in mind that without a common measurement system, direct comparison of different projects is impossible. The model should also take into account the realities of the firm's limitations on facilities, capital, personnel, and so forth, and include factors that reflect project technical and market risks: performance, cost, time, customer rejection, and implementation.

2. **Capability:** The model should be sophisticated enough to deal with the relevant factors: multiple time periods, situations both internal and external to the project (e.g., strikes, interest rate changes), and so on.

**3. Flexibility:** The model should give valid results within the range of conditions that the firm might experience. It should be easy to modify in response to changes in the firm's environment; for example, tax law changes, new technological advancements that alter risk levels, and, above all, organizational goal changes.

**4. Ease of use:** The model should be reasonably convenient, not take a long time to execute, and be easy to use and understand. It should not require special interpretation, data that are difficult to acquire, excessive personnel, or unavailable equipment.

**5. Cost:** Data-gathering and modeling costs should be low relative to the cost of the project and less than the potential benefits of the project. All costs should be considered, including the costs of data management and of running the model. We would add the following sixth criterion.

**6. Easy computerization:** It should be easy and convenient to gather and store the information in a computer database, and to manipulate data in the model through use of a widely available, standard computer package such as Excel.

## The project initiation phase generally describes a project.

- ❑ Opportunities or reasons for the project
- ❑ Project objectives
- ❑ Assembling a team
- ❑ Defining business case (defining project in detail)
- ❑ Project scope, time and cost

## Determination of the objective of a project

A number of factors should be taken into account when determining the objective, for example:

- Market needs (for example, production of digital content).
- Institutional needs (educational institution develops a new teaching tool for reducing teaching costs).
- Customers needs (an ICT company offers to an airport to set up a WiFi network for in a waiting room).

- Technological opportunities (producing videogames after introduction of high performance personal computers).
- Social need (public Internet access points in remote areas).
- Legislation (web based support system on handling property rights for content developers).
- A clear objective is necessary not only for decision-makers but for getting support by the project partners and for forming project team.

# The objective and its formulation

It is recommended to apply the SMART principle. According this, the objective and its formulation should be:

- **Simple.** Everybody who has basic knowledge of the area should understand what exactly the project is aiming to complete.
- **Measurable.** It should be possible to measure to what extent the project goal has been achieved.
- **Agreed.** The outcome should meet the customers/end users needs, should solve some problems. Agreement bases on information exchange with the customers and as a side effect, increases devotion of the project team.

- **Realistic.** The objective should correspond to the resources available. One should not plan outcomes or activities that require much more knowledge than the project team actually has; this can cause an unexpected need to perform additional research or education. When nevertheless some tasks that should be performed where there is a lack of competence, then it is recommended to consider the possibility to acquire necessary goods and services from outside the performing organization.

- **Timed.** Is a planned duration sufficient for achieving the project goal? What possible compensation mechanisms are available, in case unexpected delays will occur.

# Selecting project strategically

## Project Management in Practice

*Implementing Strategy through Projects at Blue Cross/Blue Shield*

Since strategic plans are usually developed at the executive level, implementation by middle level managers is often a problem due to poor understanding of the organization's capabilities and top management's expectations. However, bottom-up development of departmental goals and future plans invariably lacks the vision of the overall market and competitive environment. At Blue Cross/Blue Shield (BC/BS) of Louisiana, this problem was avoided by closely tying project management tools to the organizational strategy. The resulting system provided a set of checks and balances for both BC/BS executives and project managers.

Overseeing the system is a newly created Corporate Project Administration Group (CPAG) that helps senior management translate their strategic goals and objectives into project management performance, budget, and schedule targets. These may include new product development, upgrading information systems, or implementing facility automation systems. CPAG also works with the project teams to develop their plans, monitoring activities and reports so they dovetail with the strategic intentions.

The primary benefits of the system have been that it allows:

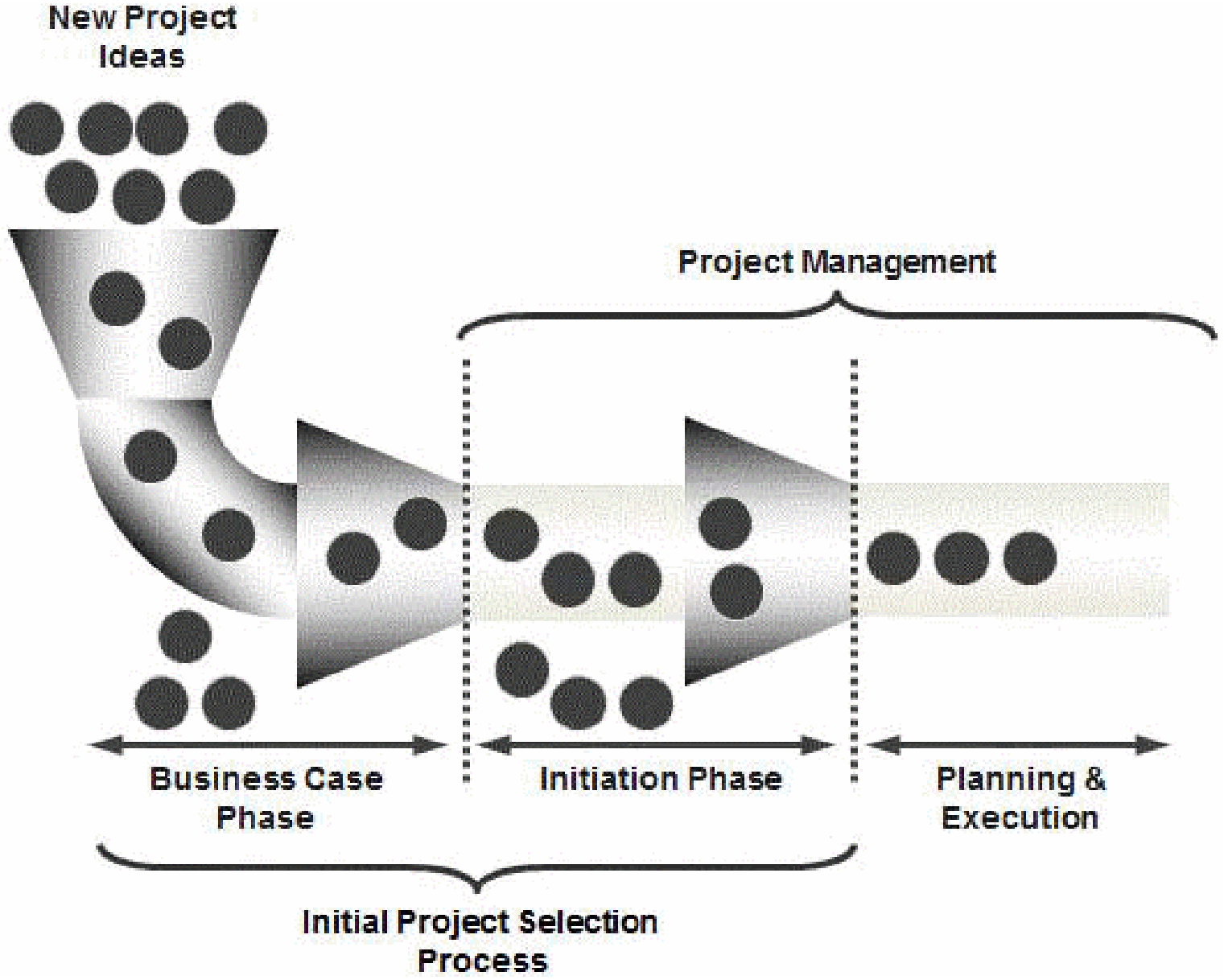
- senior management to select any corporate initiative and determine its status;
- PMs to report progress in a relevant, systematic, timely manner;
- all officers, directors, and managers to view the corporate initiatives in terms of the overall strategic plan; and
- senior management to plan, track, and adjust strategy through use of financial project data captured by the system.

*Source*: P. Diab, "Strategic Planning + Project Management = Competitive Advantage," *PM Network*, July 1998, pp. 25–28.

# Project Selection And Criteria Of Choice

- Project selection is the process of evaluating proposed projects or groups of projects, and then choosing to implement some set of them so that the objectives of the parent organization will be achieved.

- Project selection is only one of many decisions associated with project management. To deal with all of these problems, we use models. We need such models because they abstract the relevant issues about a problem from the mass of detail in which the problem is embedded.


New Project Ideas
Project Management
Business Case Phase
Initiation Phase
Planning & Execution
Initial Project Selection Process

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# Non- Numeric Models

There are two basic types of project selection models, **numeric and nonnumeric**. Both are widely used. Many organizations use both at the same time, or they use models that are combinations of the two.

Non- Numeric Models for Project Selection:

1. **The Sacred Cow**
2. **The Operating Necessity**
3. **The Competitive Necessity**
4. **The Product Line Extension**
5. **Comparative Benefit Model**

1. **The Sacred Cow:** In this case the project is suggested by a senior and powerful official in the organization.

This is a situation where the project is selected by an individual who is powerful in the organization (boss). This boss thinks management must look into the initiation of this project as it will be of immense benefits to the organization in his own eyes. Such project, when selected becomes “sacred”.

Everyone is working hard to ensure that the project succeeds because it originates from the boss. Even if the project is not doing well, no one dares say something because of fear of the boss, until the boss, personally realizes that the project is a failure and terminates it.

2. **The Operating Necessity:** If the project is required in order to keep the system operating.

This model is used to select projects that are of need to the very existence of the organization. For instance, when the location of the organization is seriously threatened by natural disaster, it becomes unavoidable on management to initiate a project for the relocation of the organization.

In some other cases, the very product that enables the organization to have competitive advantage over its rivals becomes threatened and something must be done by management to either change the product or upgrade it in order to maintain its market leadership. In essence, this project is selected to remedy the operations of the organization and therefore requires management support.

3. **The Competitive Necessity**: Project is taken up to maintain competitive position in the market.

In this model, projects are selected primarily to enhance the competitive position of the organization. The project is selected either to gain competitive advantage or to maintain the competitive edge the organization has over its rivals in the market.

It is worth noting, that the operating necessity takes preeminence over the competitive necessity but both models usually bypass the rigorous numeric analysis used for projects considered not too important for the existence of the organization.

4. **The Product Line Extension:** In this case, a project to develop and distribute new products would be judged on the degree to which it fits the firm's existing product line, fills a gap, strengthens a weak link, or extends the line in a new, desirable direction.

This model is used in cases where management sees the need to differentiate its products in order to strengthen a weak link or extends the product line in a new way.

This is usually devoid of numeric calculations and in most cases, management makes such decision on the premise that the project will cause significant impact on the performance of the organization.

5. **Comparative Benefit Model:** For this situation, assume that an organization has many projects to consider, perhaps several dozen. Senior management would like to select a subset of the projects that would most benefit the firm.

Used mostly in cases where the organization has several projects to choose from and it must select projects that of immense benefits to the organization. This selection process is made simple when the projects are easy to compare.

For projects that are incomparable, it becomes challenging to make such selection decision. The organization has no prescribed method of selecting projects, but rather depends on management to choose the most appropriate projects that will benefit the organization.

This model is widely adopted for making decisions on all categories of projects.

# Numeric Models

- **Profit/Profitability Models**
    1. Payback Period
    2. Discounted Cash Flow
    3. Internal Rate of Return
    4. Profitability Index
- **Scoring Models**
    1. Unweighted 0–1 Factor Model
    2. Unweighted Factor Scoring Model

# Profit/Profitability Models

1. **Payback Period:** Everyone investing in a business wants a situation where he/she will be able to recover his investment within a period of time.

However, the payback period establishes how an investor or an organization can regain its initial investment in a business or project within a stipulated time frame. It is the time required to regain one's invested money in a project. The shorter the time required to recover the invested money in the project, the better the project.

A project with longer payback period is not considered favorable.

Payback period = investment cost/ cash inflow.

Remember, the longer the payback period, the riskier the project.

# Problem 1

Two new Internet site projects are proposed to a young start-up company. Project A will cost $250,000 to implement and is expected to have annual net cash flows of $75,000. Project B will cost $150,000 to implement and should generate annual net cash flows of $52,000. The company is very concerned about their cash flow. Using the payback period, which project is better, from a cash flow standpoint?

## Solution:

For Project A:
Initial investment = $250,000
Annual net cash flow = $75,000
Payback period = Initial investment / Annual net cash flow
= $250,000 / $75,000
= 3.33 years

For Project B:
Initial investment = $150,000
Annual net cash flow = $52,000
Payback period = Initial investment / Annual net cash flow
= $150,000 / $52,000
= 2.88 years

**2. Discounted Cash Flow/ Net present value (NPV):** This technique considers the cost of the project and its returns in evaluating project viability over a period of time.

It is the difference between the present value of incoming cash and the present value of cash outflows.

NPV is a financial technique used to evaluate the profitability of an expected project and it is simply value minus cost.

A positive cash flow implies a favorable project that is, a project worth undertaking by an organization and a negative cash flow points to a project that is unfavorable.

Management usually accepts the project if the sum of the net present values of all estimated cash flows over the life of the project is positive. NPV unlike the payback period strongly considers value for money in any investment.

***NPV = Total present value of cash Inflows – Present value of initial investment***

# Problem 2 (a)

A four-year financial project has net cash flows of $20,000; $25,000; $30,000; and $50,000 in the next four years. It will cost $75,000 to implement the project. If the required rate of return is 0.2, conduct a discounted cash flow calculation to determine the NPV.

**Solution:**

Cost of Project = $75,000

Cash flow year 1 = $20,000

Cash flow year 2 = $25,000

Cash flow year 3 = $30,000

Cash flow year 4 = $50,000

Required return = 0.20

***NPV = Total present value of cash Inflows – Present value of initial investment***

NPV = [$20,000/1.20 + $25,000/1.20^2 + $30,000/1.20^3 + $50,000/1.20^4] -$75,000

**NPV = $ 501.54**

# Problem 2 (b)

What would happen to the NPV of the above project if the inflation rate was expected to be 4 percent in each of the next four years?

**Solution:**

Inflation rate = 4% Annual Rate = (Required return - Inflation rate) / (1 + Inflation rate)

- Annual Rate = (0.20 - 0.04) / 1.04 = 0.1538

***NPV = Total present value of cash Inflows – Present value of initial investment***

- NPV = [($20,000/1.1538) + ($25,000/1.1538^2) + ($30,000/1.1538^3) + ($50,000/1.1538^4)] - $75,000

**NPV= $8,857.45**

- Project should be accepted as NPV is positive

**3. Internal rate of return (IRR):** This financial technique is used to estimate the viability of a project. IRR is the rate of return that compares the present value of a project's expected gains with the present value of its costs.

The IRR does not include external factors affecting the project but rather quantifies the rate of return over time for an investment.

It is used by an organization to compare one project to another or to determine whether a particular project is viable.

It is worth noting, that the higher the IRR, the higher the net cash flowing to the investor.

A larger project with a lower IRR is more preferred by an organization to a smaller project with higher IRR, because the larger project will be able to generate higher cash flows.

***IRR = ((Current value – Original value) / Original value) * 100***

**4. Profitability index/ Benefit cost ratio:** It is estimated using the net present value of expected cash flows divided by the initial cash invested in the project.

The project is deemed acceptable when it has a ratio greater than 1.

A profitability index less than 1, shows that the present value of the project is less than the initial investment capital; and that is not favorable for the project.

On the other hand, a profitability index greater than 1, is favorable for a project and such project can be accepted by management.

***Profitability index = PV of future cash flow / Initial Investment***

# Scoring Models

## 1. Unweighted 0–1 Factor Model

The management lists the factors that are considered in rating a project. Management consists of a team of raters who help selection of the project.

The people involved in the team must be familiar with the organizational goals. In this model, the list of factors is provided to the team of raters and the project is selected on the basis of the score given to it.

Management selects the project with the highest factor score.

The advantage of using this technique is that it gives equal weightage to all the raters and produces an explicit final result.

The disadvantage of unweighted 0-1 factor model is that the raters are forced to choose either ‘qualified’ or ‘not qualified’ for a particular factor.

## 2. Unweighted Factor Scoring Model

The unweighted factor scoring model overcomes this limitation by constructing a simple linear measure of scale from 1-5.

In this model, the raters can select any of the values on a scale of 1 to 5 in which 5 is very good, 4 is good, 3 is fair, 2 is poor and 1 is very poor.

The management can also include a factor, the expected future profit from a particular project in the next 3 years.

# Project Portfolio

- A portfolio is defined as projects, programs, subsidiary portfolios, and operations managed as a group to achieve strategic objectives.
- Portfolio management is defined as the centralized management of one or more portfolios to achieve strategic objectives. The programs or projects of the portfolio may not necessarily be interdependent or directly related.
- Attempts to link project to goals and strategy of organisation
- Occurs throughout lifecycle of project

Cont….

# Project Portfolio

- A project may be managed in three separate scenarios: as a stand-alone project (outside of a portfolio or program), within a program, or within a portfolio.
- Project managers interact with portfolio and program managers when a project is within a program or portfolio.
- For example, multiple projects may be needed to accomplish a set of goals and objectives for an organization. In those situations, projects may be grouped together into a program.
- A program is defined as a group of related projects, subsidiary programs, and program activities managed in a coordinated manner to obtain benefits not available from managing them individually

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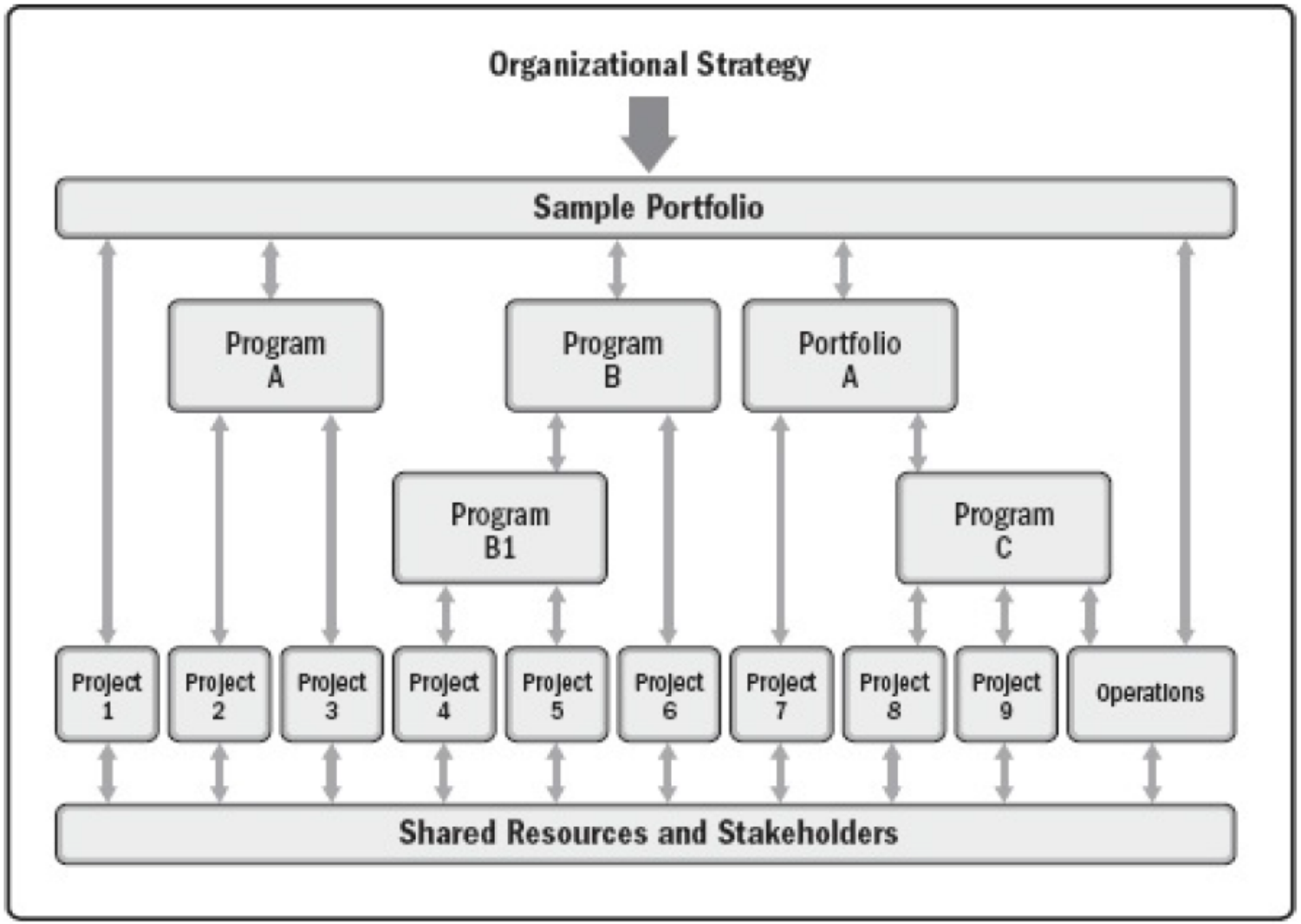


Figure 1-3. Portfolio, Programs, Projects, and Operations

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| Organizational Project Management | | | |
|---|---|---|---|
| | **Projects** | **Programs** | **Portfolios** |
| Scope | Projects have defined objectives. Scope is progressively elaborated throughout the project life cycle. | Programs have a larger scope and provide more significant benefits. | Portfolios have an organizational scope that changes with the strategic objectives of the organization. |
| Change | Project managers expect change and implement processes to keep change managed and controlled. | Program managers expect change from both inside and outside the program and are prepared to manage it. | Portfolio managers continuously monitor changes in the broader internal and external environment. |
| Planning | Project managers progressively elaborate high-level information into detailed plans throughout the project life cycle. | Program managers develop the overall program plan and create high-level plans to guide detailed planning at the component level. | Portfolio managers create and maintain necessary processes and communication relative to the aggregate portfolio. |
| Management | Project managers manage the project team to meet the project objectives. | Program managers manage the program staff and the project managers; they provide vision and overall leadership. | Portfolio managers may manage or coordinate portfolio management staff, or program and project staff that may have reporting responsibilities into the aggregate portfolio. |
| Success | Success is measured by product and project quality, timeliness, budget compliance, and degree of customer satisfaction. | Success is measured by the degree to which the program satisfies the needs and benefits for which it was undertaken. | Success is measured in terms of the aggregate investment performance and benefit realization of the portfolio. |
| Monitoring | Project managers monitor and control the work of producing the products, services, or results that the project was undertaken to produce. | Program managers monitor the progress of program components to ensure the overall goals, schedules, budget, and benefits of the program will be met. | Portfolio managers monitor strategic changes and aggregate resource allocation, performance results, and risk of the portfolio. |

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# PROJECT PORTFOLIO PROCESS (PPP)

It is the project selection process described by detailing an eight-step process that holds promise for improving an organization's project management maturity and at the same time ties the projects more closely to the organization's goals.

- Step 1: Establish a Project Council
- Step 2: Identify Project Categories & Criteria
- Step 3: Collect Project Data
- Step 4: Assess Resource Availability
- Step 5: Reduce Project and Criteria Set
- Step 6: Prioritize Projects within Categories
- Step 7: Select the projects to be funded and held in reserve
- Step 8: Implement the Process

Cont….

# 1. Establish a Project Council

- To establish and articulate strategic direction of projects
- Also responsible for allocating funds, resources and skills
- Council
  - Senior Managers
  - the project managers of major projects;
  - the head of the Project Management Office, if one exists;
  - particularly relevant general managers;
  - those who can identify key opportunities and risks facing the organization; and
  - anyone who can derail the progress of the PPP later on in the process.

# 2. Identify Project Categories & Criteria

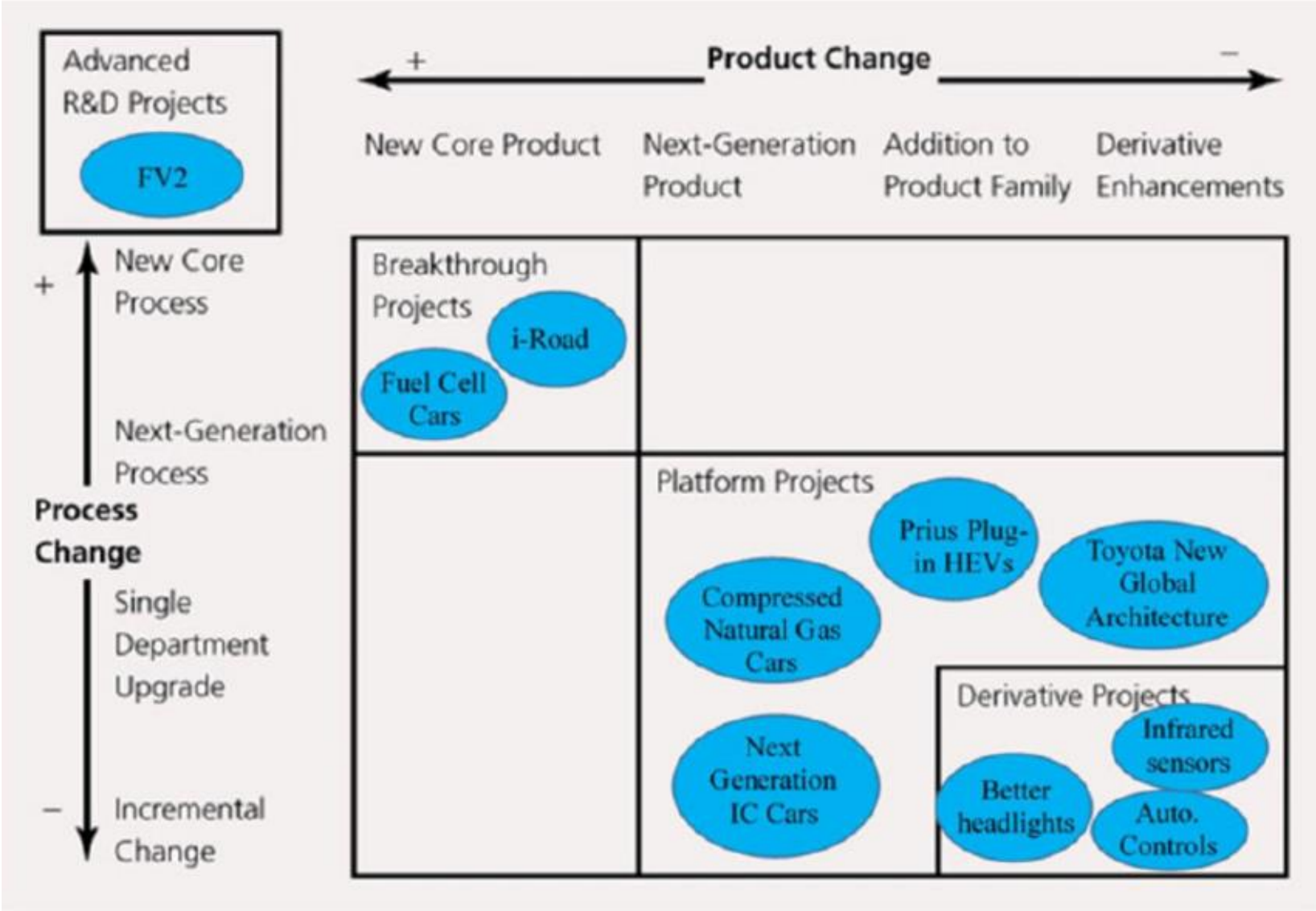
- Various projects categories are identified
  - So that it will be spread appropriately to meet various goals of the organisation
  - Discriminate between good and better projects
  - Criteria's are weighted to reflect their relative importance
- First step is to list goals of each existing and proposed project

# Aggregate Project Plan

An **aggregate project plan** (**APP**) is the process of creating development goals and objectives and thereby improving productivity as well as development capabilities.

- Categories proposed by Weelwright and Clark
  1. **Derivative Projects:** can vary from additions or augmentations to existing products or simple price reductions over time. Example: special edition car paints.
  2. **Platform Projects:** major changes from existing products/services or the way the product/service is made or delivered. Example- new car model
  3. **Breakthrough Projects:** the highest risk and the highest reward category. Example- Hybrid Cars
  4. **R&D Projects:** high-risk endeavors with the possibility of high returns. Example- 3D television

# Aggregate Project Plan



## Aggregate project plan can be used to:

- Views the mix of projects within each category
- Analyse and adjust mix of projects within each category
- Assess the resource demands
- Identify and adjust the gaps in categories, sizes and timing of projects
- To identify workforce requirement

# 3. Collect Project Data

- For existing and proposed project collect data appropriate to the category criteria
  - Timing, date, duration, expected benefits and resource needed
- Use project plan, schedule of project activities, past experience, expert opinion to get good estimate of the data
- Identify any projects that can be deferred to a later time period, those that must precede or follow other projects, those that support other projects or should be done in conjunction with them, those that can be outsourced, and other such special aspects of the projects.
- Use criteria score limits to screen out the weaker projects
  - Escalating costs
  - Changed organisational goals
  - Changed regulations or law

# 4. Assess Resource Availability

- Assess the availability of both internal and external resources by type, department and timing.
- Council will be trying to balance aggregate project resource needs over future periods with resource availabilities

# 5. Reduce the Project and Criteria Set

- Whether the project support organisational goals
- Whether required competence exits in the organisation
- Profitability
- Risk
- Resources
- If the projects has slipped from its objectives
- If the project dominated by another existing or proposed project

# 6. Prioritise the Projects within Categories

- Apply score and criterion weights to rank projects
- Reconsider the projects in terms of their benefits first and their resource costs second.
- Council summarizes return from the project to the organization by category.

# 7. Select the Projects to be funded and held reserve

- Determine the mix of projects across various categories
- Leave 20-25 % of the organisations resources for new opportunities, crisis in existing project, errors in estimate etc.
- Rank the projects in categories.
- Commit fewer projects but allocate sufficient fund for project selection.

# 8. Implement the Process

- First step is to make the results of PPP widely known.
- Document the reasons for project cancellation, non selection etc.
- Commitment of top management by supporting the process and the results.
- Process must be repeated on a regular basis, the process should be flexible and improved continuously.

# Role of Project Sponsor

During the life of any project, business circumstances may change considerably, making it impossible for the Project Manager to carry out his/her job. Examples are such things as changes of policy, adverse business conditions, etc. In such cases the Project Sponsor is responsible for recognising and reacting to any such circumstances.

The Project Sponsor acts as the representative of the organisation, and plays a vital leadership role through:

- providing 'championship' for the project, selling and marketing the project throughout the organisation
- providing business expertise and guidance to the Project Manager
- acting as the link between the project, the business community and perhaps most importantly, management decision making groups
- acting as an arbitrator and making decisions that may be beyond the authority of the Project Manager
- acting as chairperson of the Steering Committee.

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# Project Sponsors Responsibilities

- ensuring that the business need is valid and correctly prioritized
- ensuring that the project is properly launched
- ensuring that the project remains a viable business proposition
- ensuring changes to the project are properly managed
- ensuring risks are managed
- establishing the project organization, roles and reporting structure
- ensuring the project is under control
- approving key project deliverables
- initiating project reviews and supporting the process of review
- resolving issues (typically competition for resources and priority clashes) that are beyond the control of the Project Manager
- resolving conflict and removing obstacles to progress
- overall quality of the project, both the methods used to develop it and the end product.

# Project proposal

- The set of documents submitted for evaluation is called the *project proposal*
- Several issues are faced by firms preparing proposals, particularly firms in the aerospace, construction, defense, and consulting industries. These are:
  1. Which projects should be bid on?
  2. How should the proposal-preparation process be organized and staffed?
  3. How much should be spent on preparing proposals for bids?
  4. How should the bid prices be set? What is the bidding strategy? Is it ethical?
- Generally, these decisions are made on the basis of their overall expected values, perhaps as reflected in a scoring model.
- In-house proposals
- Proposals submitted to outside clients or agencies. Eg: Department of Defence. Request for Proposal (RFP) or Request for Quotation (RFQ)—more specifically, in the Technical Proposal Requirements (TPR) that is part of the RFP or RFQ.

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All proposals should begin with a short summary statement (an “Executive Summary”) covering the fundamental nature of the proposal in *minimally technical language*, as well as the general benefits that are expected.

All proposals should be accompanied by a “cover letter.” . The cover letter is a key marketing document and is worthy of careful attention.

In addition to the Executive Summary and the cover letter, every proposal should deal with four distinct issues:

(1) the nature of the technical problem and how it is to be approached;
(2) the plan for implementing the project once it has been accepted;
(3) the plan for logistic support and administration of the project; and
(4) a description of the group proposing to do the work, plus its past experience in similar work.

# Creating a project charter

- Project Charter refers to a statement of objectives in a project. This statement also sets out detailed project goals, roles and responsibilities, identifies the main stakeholders, and the level of authority of a project manager.

- **The Role of Project Charter**
  - It documents the reasons for undertaking the project.
  - Outlines the objectives and the constraints faced by the project.
  - Provides solutions to the problem in hand.
  - Identifies the main stakeholders of the project.

# PROJECT CHARTER

| Project Title | Project and Portfolio Management Tool | | | Project Manager | Sameer Patel |
|---|---|---|---|---|---|
| Project Start Date | May 21, 2017 | Project End Date | August 31, 2017 | Project Sponsor | Randy Hadden |

## Business Need

All Information Technology projects that require agreement on the Memorandum of Understanding between the Customer and the Service Provider are approved through email. This project was initiated to reduce the manual approvals and create a system to obtain and track the approvals to reduce any discrepancies and loss of data.

## Project Scope

Create an in-house PPM to include all Global IT projects.

## Deliverables

1. Generate consolidated project status report
2. Extract Global Headcount details for all projects

## Risks and Issues

1. Data discrepancy due to large amount of projects
2. Involvement of multiple teams

## Assumptions/Dependencies

1. All Global IT projects to be added to the tool
2. Managers to provide regular updates for the projects

## Financials

Budget to complete this project is $3000

## Milestones Schedule

| Milestone | Target Completion Date | Actual Date |
|---|---|---|
| Upload all Global IT Projects to the tool | May 20, 2017 | |
| Complete UAT testing for the tool | July 30,2017 | |

| Project Team | | Approval/Review Committee | |
|---|---|---|---|
| **Project Manager** | Randy Hadden | **Sponsor** | Randy Hadden |
| **Project Manager** | Sameer Patel | **Business Division Head** | Aniket Bhonsle |
| **Team Members** | Vice President, Senior Manager, Analyst | **Business Unit Head** | Sunil Rajan |
| | | **Finance Manager** | Ketan Shah |

# Benefits of Project Charter

Following are the prominent benefits of Project Charter for a project:

- It improves and paves way for good customer relationships.
- Project Charter also works as a tool that improves project management processes.
- Regional and headquarter communications can also be improved to a greater extent.
- By having a project charter, project sponsorship can also be gained.
- Project Charter recognizes senior management roles.
- Allows progression, which is aimed at attaining industry best practices.

# Elements in Project Charter

Since project charter is a project planning tool, which is aimed at resolving an issue or an opportunity, the below elements are essential for a good charter project.

For an effective charter project, it needs to address these key elements:

- Identity of the project.
- Time: the start date and the deadline for the project.
- People involved in the project.
- Outlined objectives and set targets.
- The reason for a project charter to be carried out, often referred to as 'business case'.

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- Detailed description of a problem or an opportunity.
- The return expected from the project.
- Results that could be expected in terms of performance.
- The expected date that the objectives is to be achieved.
- Clearly defined roles and responsibilities of the participants involved.
- Requirement of resources that will be needed for the objectives to be achieved.
- Barriers and the risks involved with the project.
- Informed and effective communication plan.

# Effective Project Team

- Project managers require the skills to identify, build, maintain, motivate, lead, and inspire project teams to achieve high team performance and to meet the project's objectives.
- Teamwork is a critical factor for project success, and developing effective project teams is one of the primary responsibilities of the project manager.
- Project managers should create an environment that facilitates teamwork and continually motivates the team by providing challenges and opportunities, providing timely feedback and support as needed, and recognizing and rewarding good performance.

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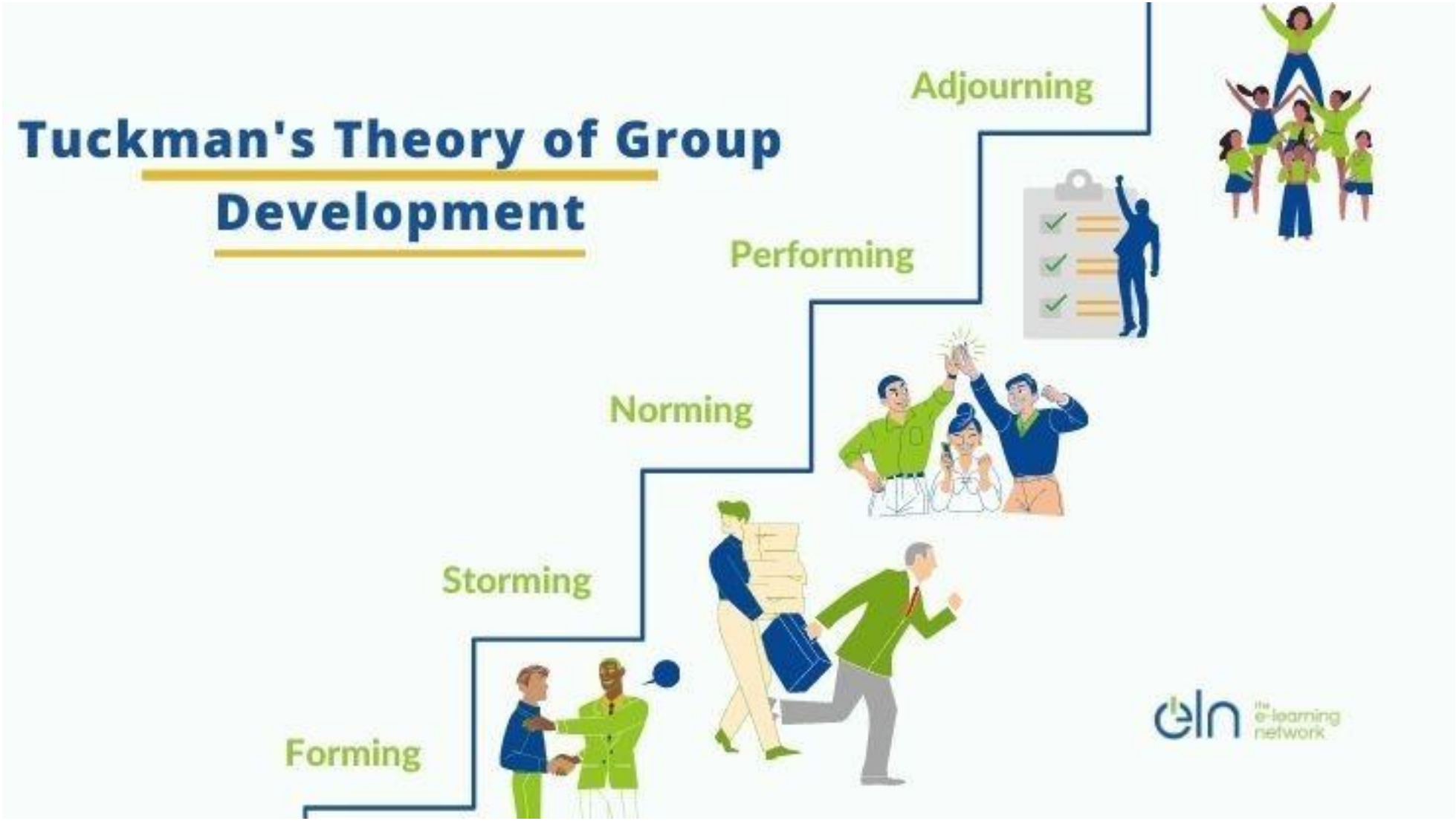
**High team performance can be achieved by employing these behaviors:**

1. Using open and effective communication,
2. Creating team-building opportunities,
3. Developing trust among team members,
4. Managing conflicts in a constructive manner,
5. Encouraging collaborative problem solving, and
6. Encouraging collaborative decision making.

# Stages of team development



## Forming

Team acquaints and establishes ground rules. Formalities are preserved and members are treated as strangers.

## Storming

Members start to communicate their feelings but still view themselves as individuals rather than part of the team. They resist control by group leaders and show hostility.

## Norming

People feel part of the team and realize that they can achieve work if they accept other viewpoints.

## Performing

The team works in an open and trusting atmosphere where flexibility is the key and hierarchy is of little importance.

## Adjourning

The team conducts an assessment of the year and implements a plan for transitioning roles and recognizing members' contributions.

# Stages of team development

- **Forming.** This phase is where the team members meet and learn about the project and their formal roles and responsibilities. Team members tend to be independent and not as open in this phase.
- **Storming.** During this phase, the team begins to address the project work, technical decisions, and the project management approach. If team members are not collaborative or open to differing ideas and perspectives, the environment can become counterproductive.
- **Norming.** In this phase, team members begin to work together and adjust their work habits and behaviors to support the team. The team members learn to trust each other.
- **Performing.** Teams that reach the performing stage function as a well-organized unit. They are interdependent and work through issues smoothly and effectively.
- **Adjourning.** In this phase, the team completes the work and moves on from the project. This typically occurs when staff is released from the project as deliverables are completed or as part of the Close Project or Phase process.

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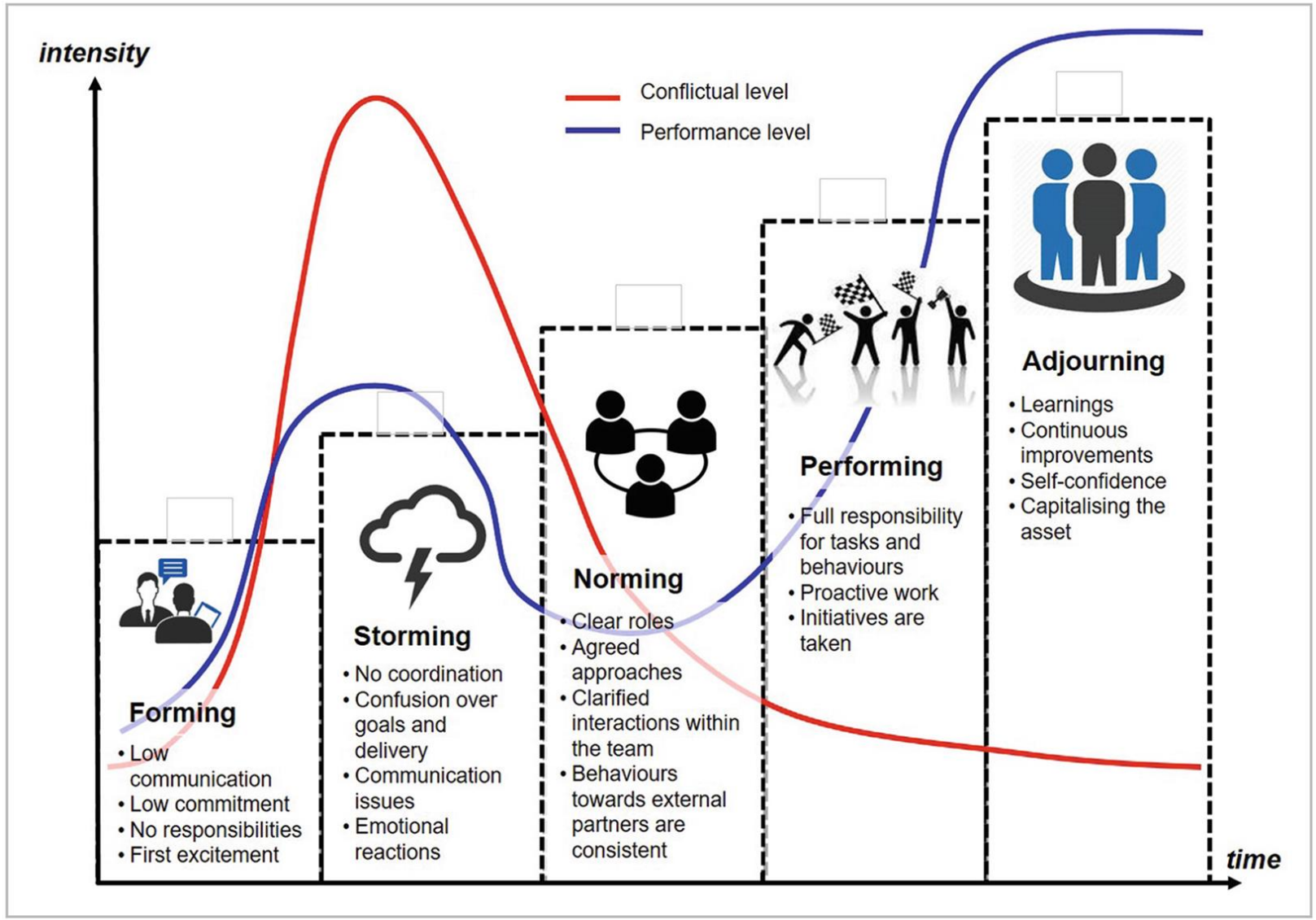
# Level of Conflict & Performance during team development



# Team Dynamics

- Team dynamics are the unconscious, psychological forces that influence the direction of a team's behaviour and performance.
- Team dynamics are created by the nature of the team's work, the personalities within the team, their working relationships with other people, and the environment in which the team works.
- Team dynamics can be good - for example, when they improve overall team performance and/or get the best out of individual team members.
- They can also be bad - for example, when they cause unproductive conflict, demotivation, and prevent the team from achieving its goals.

# The Importance of Team Dynamics in PM

**Communication**- Communication is vital for a successful project. The project leader must give directions and advice clearly to ensure the team understands its task, and the team must feel comfortable relaying problems and inquiries to each other and the manager.

**Motivation**- Motivated workers are excited to contribute. Unmotivated workers, at best, do just enough to avoid criticism. Use incentives to motivate your team to work together well.

**Innovation**- Innovation can be an emergent group phenomenon, meaning it arises from the communication dynamics of the entire team, not just from the rare brilliant individual.

**Efficiency**- Effective team dynamics allow each participant to serve in her best capacity. The various skills of the team members complement one another, leading to speedy, efficient work.

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**Better Results-** Establishing an effective team involves defining a clear purpose, goals, dependencies and accountability

**More Commitment-** When a team member feels valued by the project manager and other team members, her morale and confidence go up. She tends to feel more commitment to the project and is likely to contribute more discussions, task completion and other project activities.

**Less Conflict-** Team members who disrespect each other tend to focus on their differences, not their commonalities. Varying cultural backgrounds and experiences may lead team members to make judgments and jump to erroneous conclusions

**More Trust-** Establishing trust takes time. Team members may resist exposing their weaknesses and hide deficiencies. An effective project manager works to assess the team's strengths and limitations.

# Strategies for Improving Team Dynamics:

- Know Your Team
- Tackle Problems Quickly
- Define Roles and Responsibilities
- Break Down Barriers
- Focus on Communication
- Pay Attention