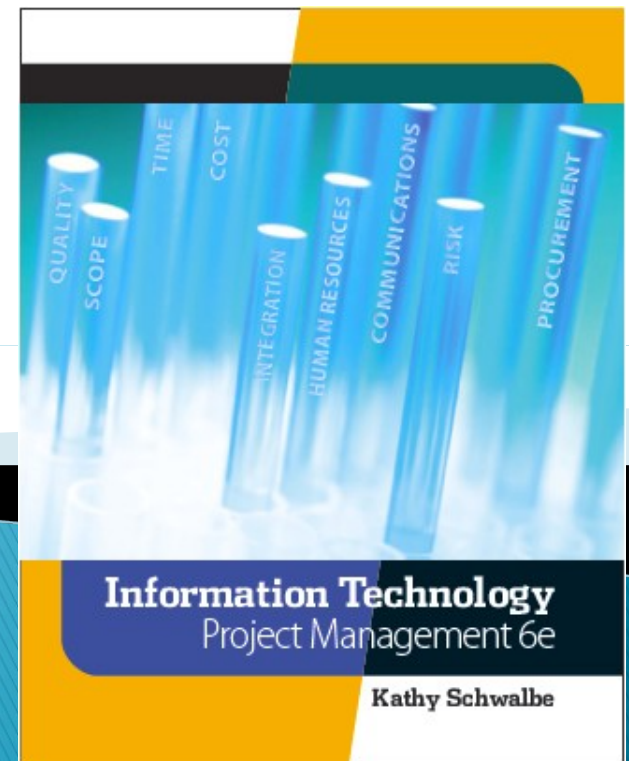


# Chapter 1: Introduction to Project Management

## Management 2: IT Project Management



# Learning Objectives

- ▶ Understand the growing need for better project management, especially for information technology projects
- ▶ Explain what a project is, provide examples of information technology projects, list various attributes of projects, and describe the triple constraint of projects
- ▶ Describe project management and discuss key elements of the project management framework, including project stakeholders, the project management knowledge areas, common tools and techniques, and project success

# Learning Objectives (continued)

- ▶ Discuss the relationship between project, program, and portfolio management and the contributions they each make to enterprise success
- ▶ Understand the role of the project manager by describing what project managers do, what skills they need, and what the career field is like for information technology project managers
- ▶ Describe the project management profession, including its history, the role of professional organizations like the Project Management Institute (PMI), the importance of certification and ethics, and the advancement of project management software

# Introduction (continued)

- ▶ Many organizations today have a new or renewed interest in project management
- ▶ Computer hardware, software, networks, and the use of interdisciplinary and global work teams have radically changed the work environment
- ▶ The world as a whole spends nearly \$10 trillion of its \$40.7 trillion gross product on projects of all kinds
- ▶ More than 16 million people regard project management as their profession

# Project Management Statistics

- ▶ Total global spending on technology goods, services, and staff was projected to reach \$2.4 trillion in 2008, an 8 percent increase from 2007
- ▶ In the U.S. the size of the IT workforce topped 4 million workers for the first time in 2008
- ▶ In 2007 the total compensation for the average senior project manager in U.S. dollars was \$104,776 per year in the United States, \$111,412 in Australia, and \$120,364 in the United Kingdom
- The number of people earning their Project Management Professional (PMP) certification continues to increase

# Motivation for Studying Information Technology (IT) Project Management

- ▶ IT Projects have a terrible track record, as described in the What Went Wrong?
- ▶ A 1995 Standish Group study (CHAOS) found that only 16.2% of IT projects were successful in meeting scope, time, and cost goals; over 31% of IT projects were canceled before completion
- ▶ A PricewaterhouseCoopers study found that overall, half of all projects fail and only 2.5% of corporations consistently meet their targets for scope, time, and cost goals for all types of project

# Advantages of Using Formal Project Management

- ▶ Better control of financial, physical, and human resources
- ▶ Improved customer relations
- ▶ Shorter development times
- ▶ Lower costs
- ▶ Higher quality and increased reliability
- ▶ Higher profit margins
- ▶ Improved productivity
- ▶ Better internal coordination
- ▶ Higher worker morale



# What Is a Project?

- ▶ A **project** is “a temporary endeavor undertaken to create a unique product, service, or result” (PMBOK® Guide, Fourth Edition, 2008, p. 5)
- ▶ Operations is work done to sustain the business
- ▶ Projects end when their objectives have been reached or the project has been terminated
- ▶ Projects can be large or small and take a short or long time to complete



# Examples of IT Projects

- ▶ A technician replaces ten laptops for a small department
- ▶ A small software development team adds a new feature to an internal software application for the finance department
- ▶ A college campus upgrades its technology infrastructure to provide wireless Internet access across the whole campus
- ▶ A cross-functional task force in a company decides what Voice-over-Internet-Protocol (VoIP) system to purchase and how it will be implemented

# Top Strategic Technologies for 2008 (Gartner)

- ▶ Green IT
- ▶ Unified communications
- ▶ Business process modeling
- ▶ Virtualization 2.0
- ▶ Social software

# Media Snapshot: Where IT Matters

- ▶ In 2006, Baseline Magazine published “Where I.T. Matters: How 10 Technologies Transformed 10 Industries” as a retort to Nicholas Carr’s ideas (author of “IT Doesn’t Matter”)
  - VoIP has transformed the telecommunications industry and broadband Internet access
  - Global Positioning Systems (GPS) has changed the farming industry
  - Digital supply chain has changed the entertainment industry’s distribution system

# Project Attributes

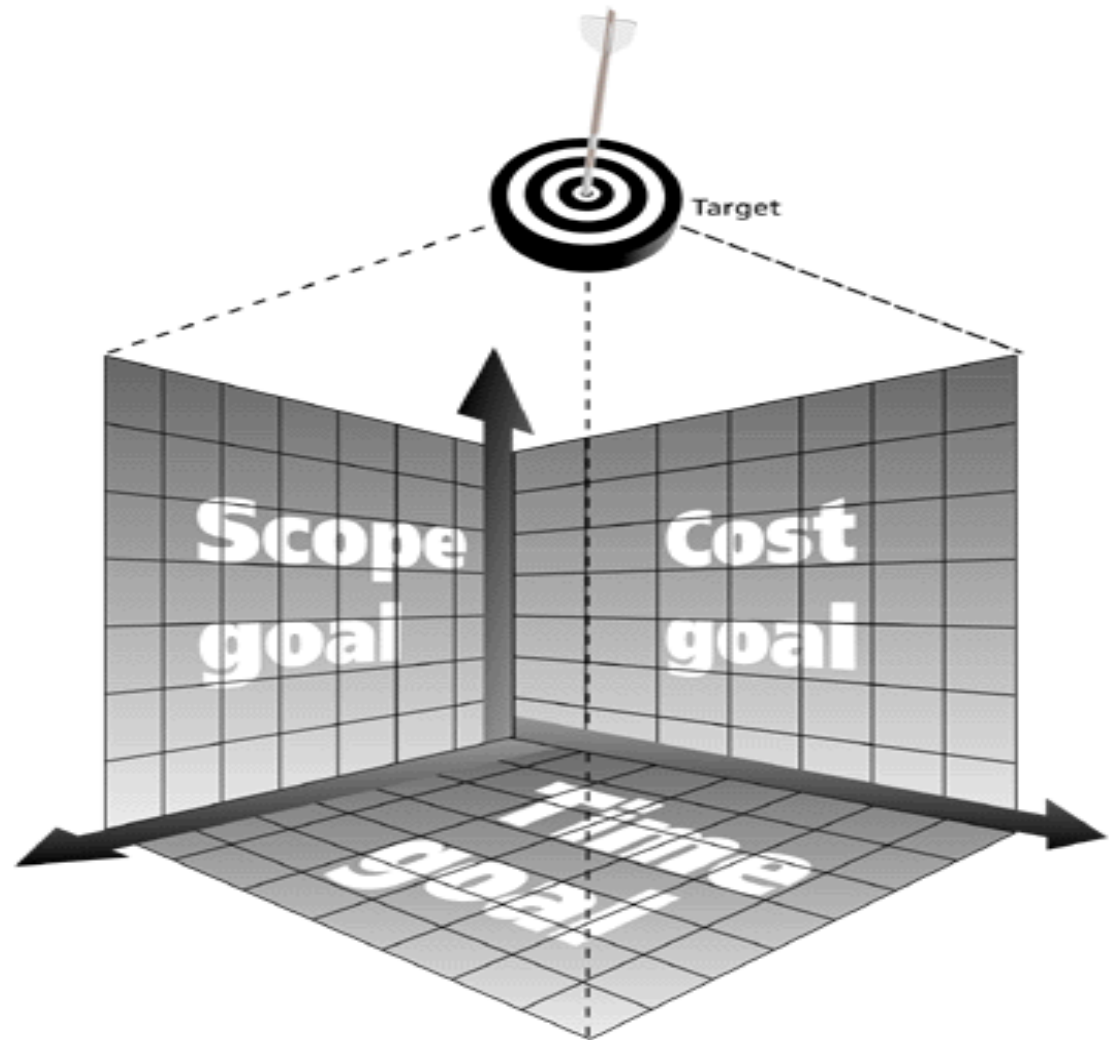
- ▶ A project:
  - Has a unique purpose
  - Is temporary
  - Is developed using progressive elaboration
  - Requires resources, often from various areas
  - Should have a primary customer or sponsor
    - The **project sponsor** usually provides the direction and funding for the project
  - Involves uncertainty

# Project and Program Managers

- ▶ **Project managers** work with project sponsors, the project team, and other people involved in a project to meet project goals
- ▶ **Program:** group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually (PMBOK® Guide, Fourth Edition, 2008, p. 9)
- ▶ Program managers oversee programs; often act as bosses for project managers

# Figure 1-1 The Triple Constraint of Project Management

Successful project management means meeting all three goals (scope, time, and cost) – and satisfying the project's sponsor!



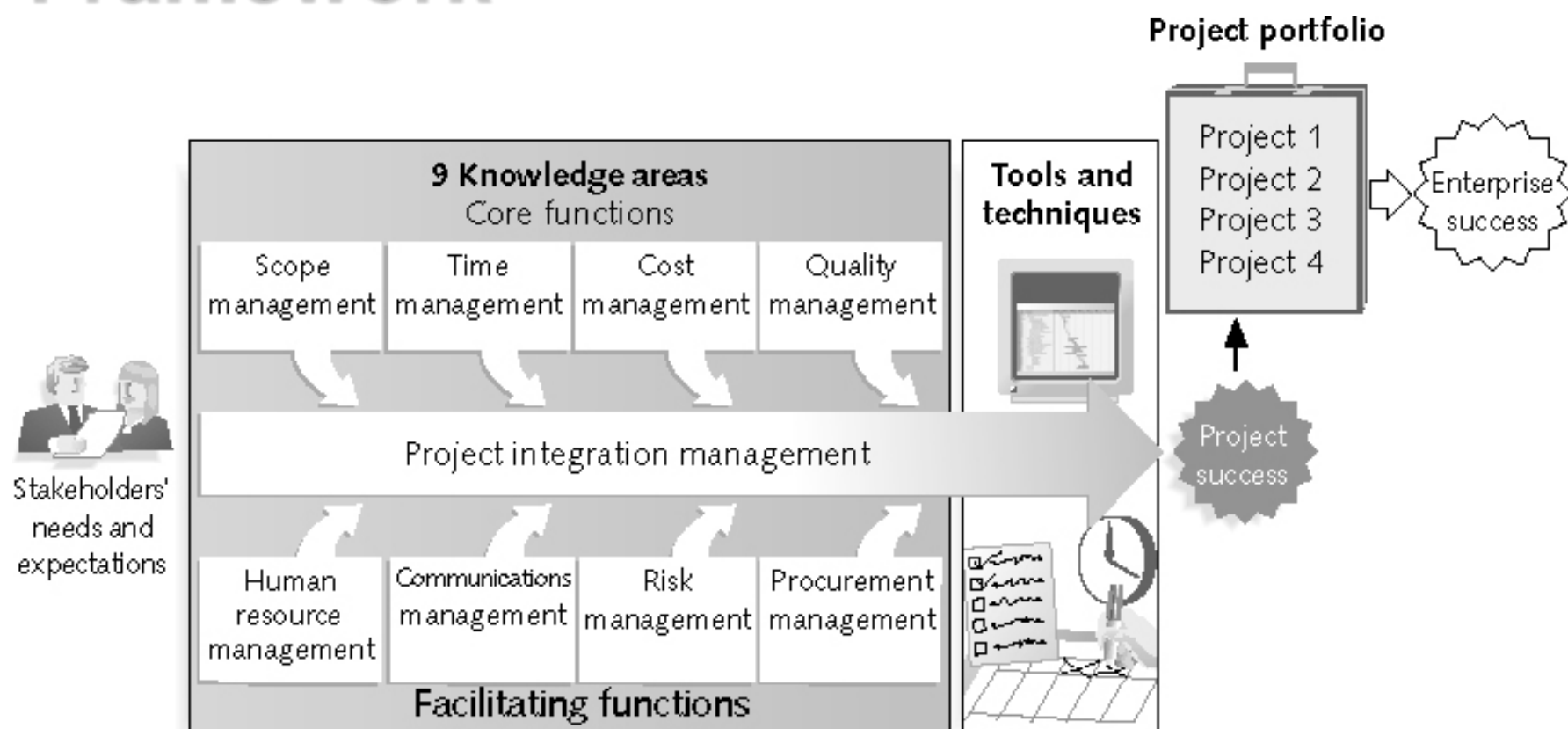


# What is Project Management?

- ▶ **Project management** is “the application of knowledge, skills, tools and techniques to project activities to meet project requirements”  
(PMBOK® Guide, Fourth Edition, 2008, p. 6)
- ▶ Project managers strive to meet the **triple constraint** by balancing project scope, time, and cost goals



# Figure 1-2 Project Management Framework



# Project Stakeholders

- ▶ **Stakeholders** are the people involved in or affected by project activities
- ▶ Stakeholders include:
  - The project sponsor
  - The project manager
  - The project team
  - Support staff
  - Customers
  - Users
  - Suppliers
  - Opponents to the project

# 9 Project Management Knowledge Areas

- ▶ **Knowledge areas** describe the key competencies that project managers must develop
  - 4 core knowledge areas lead to specific project objectives (scope, time, cost, and quality)
  - 4 facilitating knowledge areas are the means through which the project objectives are achieved (human resources, communication, risk, and procurement management)
  - 1 knowledge area (project integration management) affects and is affected by all of the other knowledge areas
  - All knowledge areas are important!

# Project Management Tools and Techniques

- ▶ **Project management tools and techniques** assist project managers and their teams in various aspects of project management
- ▶ Some specific ones include:
  - Project charter, scope statement, and WBS (scope)
  - Gantt charts, network diagrams, critical path analysis, critical chain scheduling (time)
  - Cost estimates and earned value management (cost)
  - See Table 1-1 for many more

# Super Tools

- ▶ **“Super tools”** are those tools that have high use and high potential for improving project success, such as:
  - Software for task scheduling
  - Scope statements
  - Requirements analysis
  - Lessons-learned reports
- ▶ Tools already extensively used that have been found to improve project importance include:
  - Progress reports
  - Kick-off meetings
  - Gantt charts
  - Change requests

# What Went Right? Improved Project Performance

The Standish Group's CHAOS studies show improvements in IT projects in the past decade:

- ▶ The number of successful IT projects has more than doubled, from 16 percent in 1994 to 35 percent in 2006
- ▶ The number of failed projects decreased from 31 percent in 1994 to 19 percent in 2006
- ▶ The United States spent more money on IT projects in 2006 than 1994 (\$346 billion and \$250 billion, respectively), but the amount of money wasted on challenged and failed projects was down to \$53 billion in 2006 compared to \$140 billion in 1994

# Why the Improvements?

"The reasons for the increase in successful projects vary. First, the average cost of a project has been more than cut in half. Better tools have been created to monitor and control progress and **better skilled project managers with better management processes** are being used. The fact that there are processes is significant in itself."\*

\*Standish Group, "CHAOS 2001: A Recipe for Success" (2001).



# Project Success

- ▶ There are several ways to define project success:
  - The project met scope, time, and cost goals
  - The project satisfied the customer/sponsor
  - The results of the project met its main objective, such as making or saving a certain amount of money, providing a good return on investment, or simply making the sponsors happy

# Table 1-2: What Helps Projects Succeed?\*

1. Executive support
2. User involvement
3. Experienced project manager
4. Clear business objectives
5. Minimized scope
6. Standard software infrastructure
7. Firm basic requirements
8. Formal methodology
9. Reliable estimates
10. Other criteria, such as small milestones, proper planning, competent staff, and ownership

\*The Standish Group, “Extreme CHAOS,” (2001).

# What the Winners Do...

- ▶ Recent research findings show that companies that excel in project delivery capability:
  - Use an integrated project management toolbox (use standard/advanced PM tools, lots of templates)
  - Grow project leaders, emphasizing business and soft skills
  - Develop a streamlined project delivery process
  - Measure project health using metrics, like customer satisfaction or return on investment

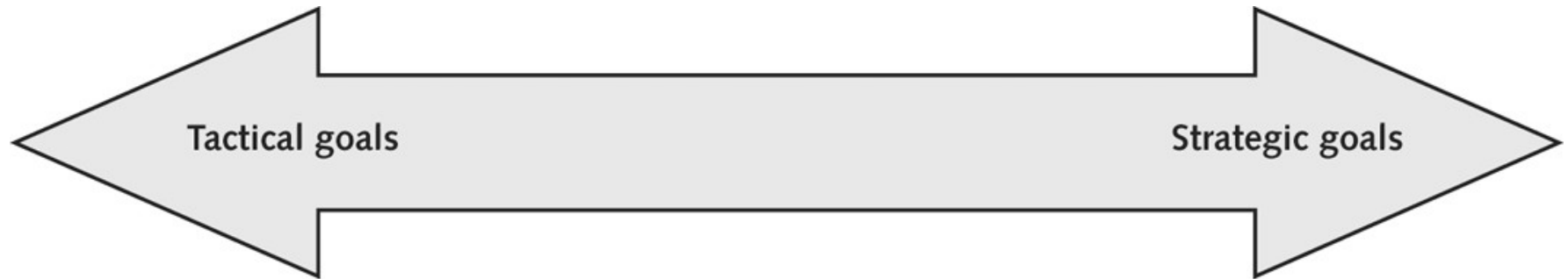
# Program and Project Portfolio Management

- ▶ A **program** is “a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually” (PMBOK® Guide, Fourth Edition, 2008, p. 9)
- ▶ A **program manager** provides leadership and direction for the project managers heading the projects within the program
- ▶ Examples of common programs in the IT field include infrastructure, applications development, and user support

# Project Portfolio Management

- ▶ As part of **project portfolio management**, organizations group and manage projects and programs as a portfolio of investments that contribute to the entire enterprise's success
- ▶ Portfolio managers help their organizations make wise investment decisions by helping to select and analyze projects from a strategic perspective

# Figure 1-3. *Project Management Compared to Project Portfolio Management*



## **Project management**

- Are we carrying out projects well?
- Are projects on time and on budget?
- Do project stakeholders know what they should be doing?

## **Project portfolio management**

- Are we working on the right projects?
- Are we investing in the right areas?
- Do we have the right resources to be competitive?

# Best Practice

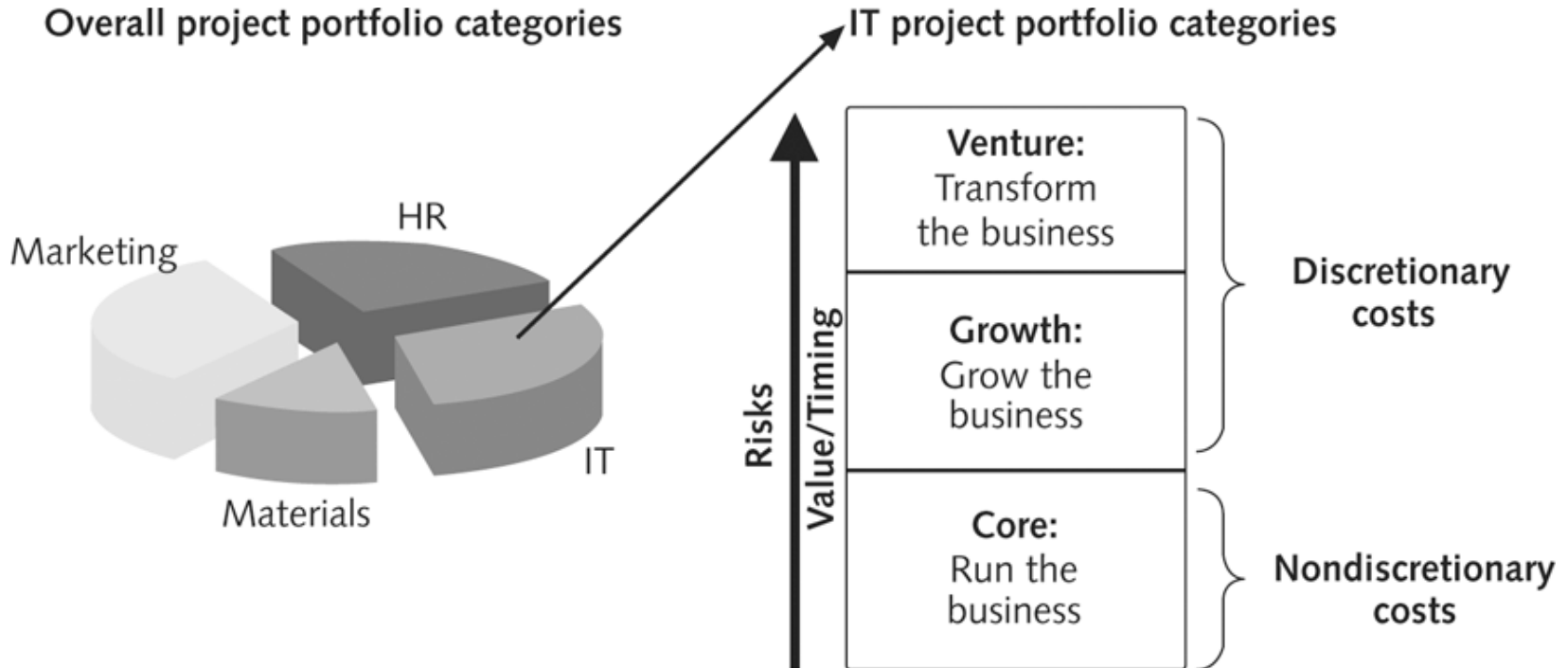
- ▶ A **best practice** is “an optimal way recognized by industry to achieve a stated goal or objective”\*
- ▶ Robert Butrick *suggests that organizations* need to follow basic principles of project management, including these two mentioned earlier in this chapter:
  - Make sure your projects are driven by your strategy; be able to demonstrate how each project you undertake fits your business strategy, and screen out unwanted projects as soon as possible
  - Engage your stakeholders; ignoring stakeholders often leads to project failure; be sure to engage stakeholders at all stages of a project, and encourage teamwork and commitment at all

times

\*Project Management Institute, *Organizational Project Management Maturity Model (OPM3) Knowledge Foundation* (2003), p. 13.



# Figure 1-4. Sample Project Portfolio Approach



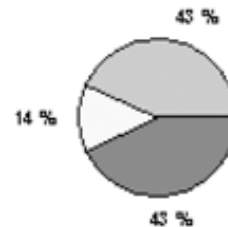
# Figure 1-5. Sample Project Portfolio Management Screen Showing Project Health

## PLANVIEW

### Project Health (Effort Based)



Schedule Variance	Project Count
On Target	4
In Trouble	3



Cost Variance	Project Count
On Target	3
At Risk	1
In Trouble	3

Work Id	Project	% Complete	Schedule Variance	Cost Variance	Budget Variance	Risk Pct
0000051	Upgrade Sales Staff Laptop PC's	100.0 %	✓ 0.0	▲ -74.0	▲ -74.0	✓ -
CAW-035	CRM Website	75.8 %	✓ 8.0	✓ 18.0	✓ 18.0	● 39.7 %
CW-2002	MyMystic.com Customer Website	97.0 %	● -120.0	● -343.0	● -263.0	✓ -
PARMS-0	PARMS Implementation	50.4 %	● -440.0	● -192.0	✓ -8.0	✓ 3.9 %
POS-2002	PlanView and SAP Financial Integration	98.6 %	✓ 0.0	● -221.0	● -221.0	✓ -
SSR-012	Strategic Systems Review	0.0 %	✓ 0.0	✓ 0.0	▲ -72.0	▲ 15.9 %
TAU-2002	Tax Accounting Update 2002	24.9 %	● -119.0	✓ -15.0	✓ 33.0	✓ 0

# Suggested Skills for Project Managers

- ▶ Project managers need a wide variety of skills
- ▶ They should:
  - Be comfortable with change
  - Understand the organizations they work in and with
  - Be able to lead teams to accomplish project goals

# The Role of the Project Manager

- ▶ Job descriptions vary, but most include responsibilities like planning, scheduling, coordinating, and working with people to achieve project goals
- ▶ Remember that 97% of successful projects were led by experienced project managers, who can often help influence success factors

# Suggested Skills for Project Managers

- ▶ The Project Management Body of Knowledge
- ▶ Application area knowledge, standards, and regulations
- ▶ Project environment knowledge
- ▶ General management knowledge and skills
- ▶ Soft skills or human relations skills

# Table 1-3. Ten Most Important Skills and Competencies for Project Managers

1. People skills
2. Leadership
3. Listening
4. Integrity, ethical behavior, consistent
5. Strong at building trust
6. Verbal communication
7. Strong at building teams
8. Conflict resolution, conflict management
9. Critical thinking, problem solving
10. Understands, balances priorities

# Different Skills Needed in Different Situations

- ▶ Large projects: leadership, relevant prior experience, planning, people skills, verbal communication, and team-building skills were most important
- ▶ High uncertainty projects: risk management, expectation management, leadership, people skills, and planning skills were most important
- ▶ Very novel projects: leadership, people skills, having vision and goals, self confidence, expectations management, and listening skills were most important



# Importance of Leadership Skills

- ▶ Effective project managers provide leadership by example
- ▶ A **leader** focuses on long-term goals and big-picture objectives while inspiring people to reach those goals
- ▶ A **manager** deals with the day-to-day details of meeting specific goals
- ▶ Project managers often take on the role of both leader and manager

# Careers for IT Project Managers

- ▶ In a 2006 survey by CIO.com, IT executives ranked the skills that would be the most in demand in the next two to five years
- ▶ Project/program management topped the list!

# Table 1-4. Top IT Skills (partial list)

<b>SKILL</b>	<b>PERCENTAGE OF RESPONDENTS</b>
▶ Project/program management	60%
▶ Business process management	55%
▶ Business analysis	53%
▶ Application development	52%
▶ Database management	49%
▶ Security	42%
▶ Enterprise architect	41%
▶ Strategist/internal consultant	40%

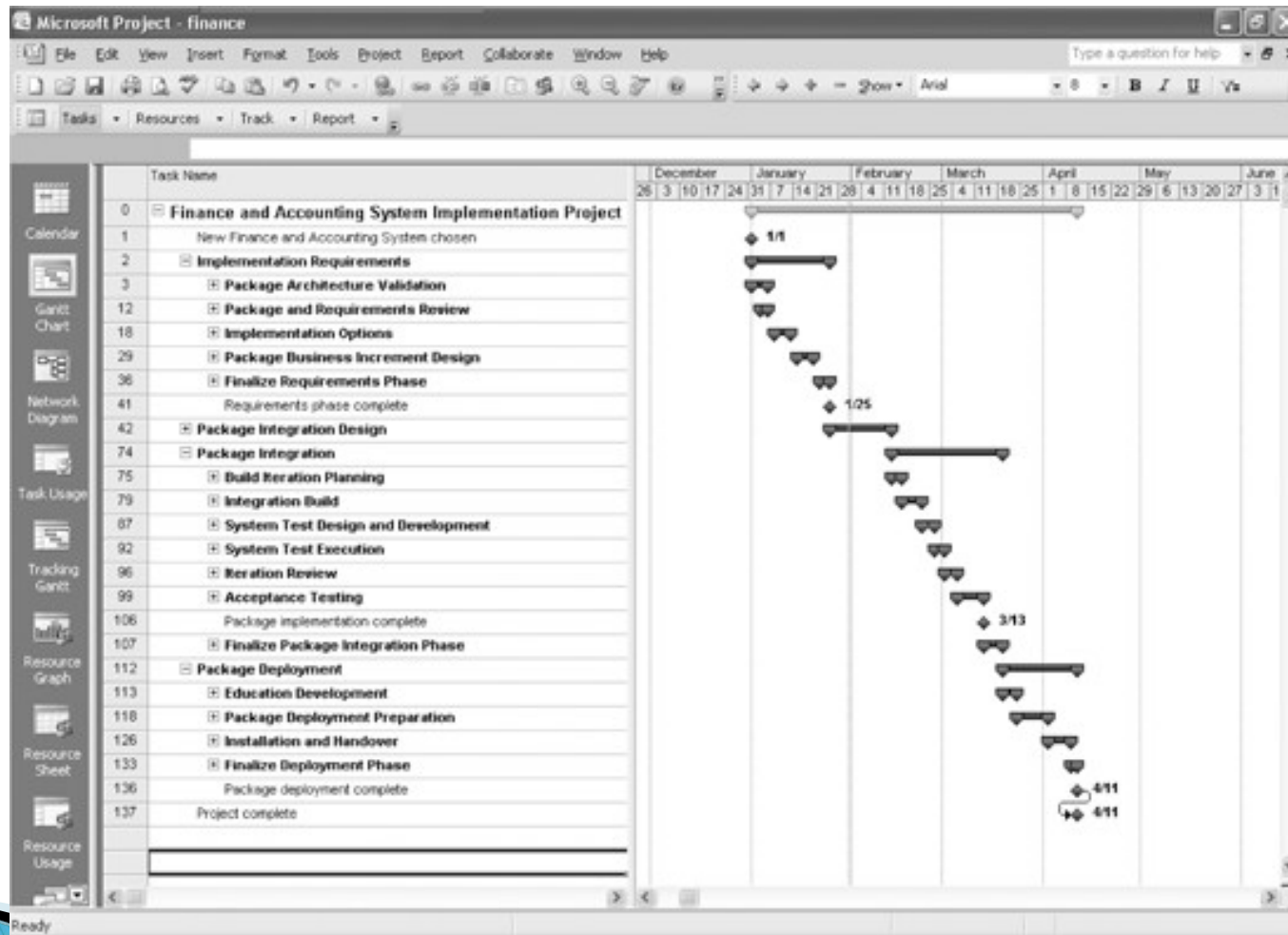
# The Project Management Profession

- ▶ The profession of project management is growing at a very rapid pace
- ▶ It is helpful to understand the history of the field, the role of professional societies like the Project Management Institute, and the growth in project management software

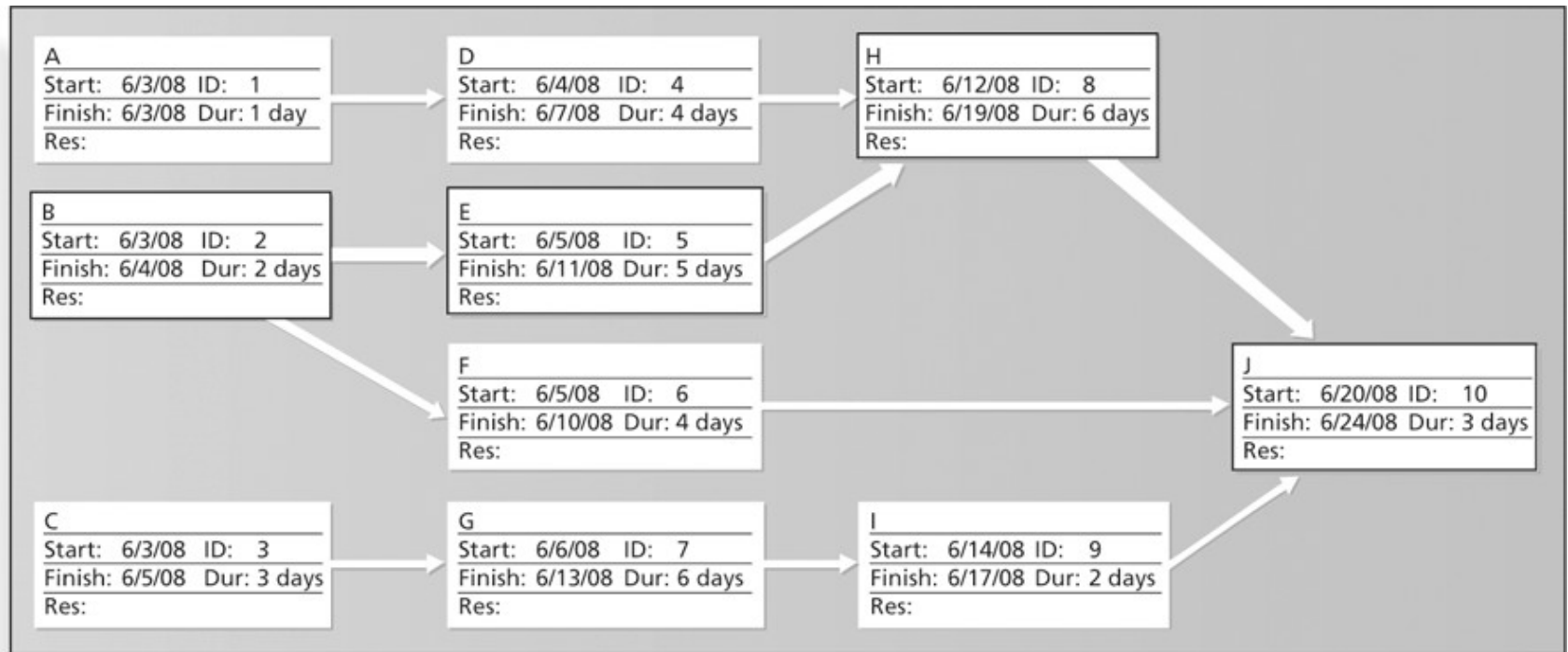
# History of Project Management

- ▶ Some people argue that building the Egyptian pyramids was a project, as was building the Great Wall of China
- ▶ Most people consider the ***Manhattan Project*** to be the first project to use “modern” project management
- ▶ This three-year, \$2 billion (in 1946 dollars) project had a separate project manager and a technical manager

# Figure 1-6. Sample Gantt Chart Created with Project 2007



# Figure 1-7. Sample Network Diagram in Microsoft Project





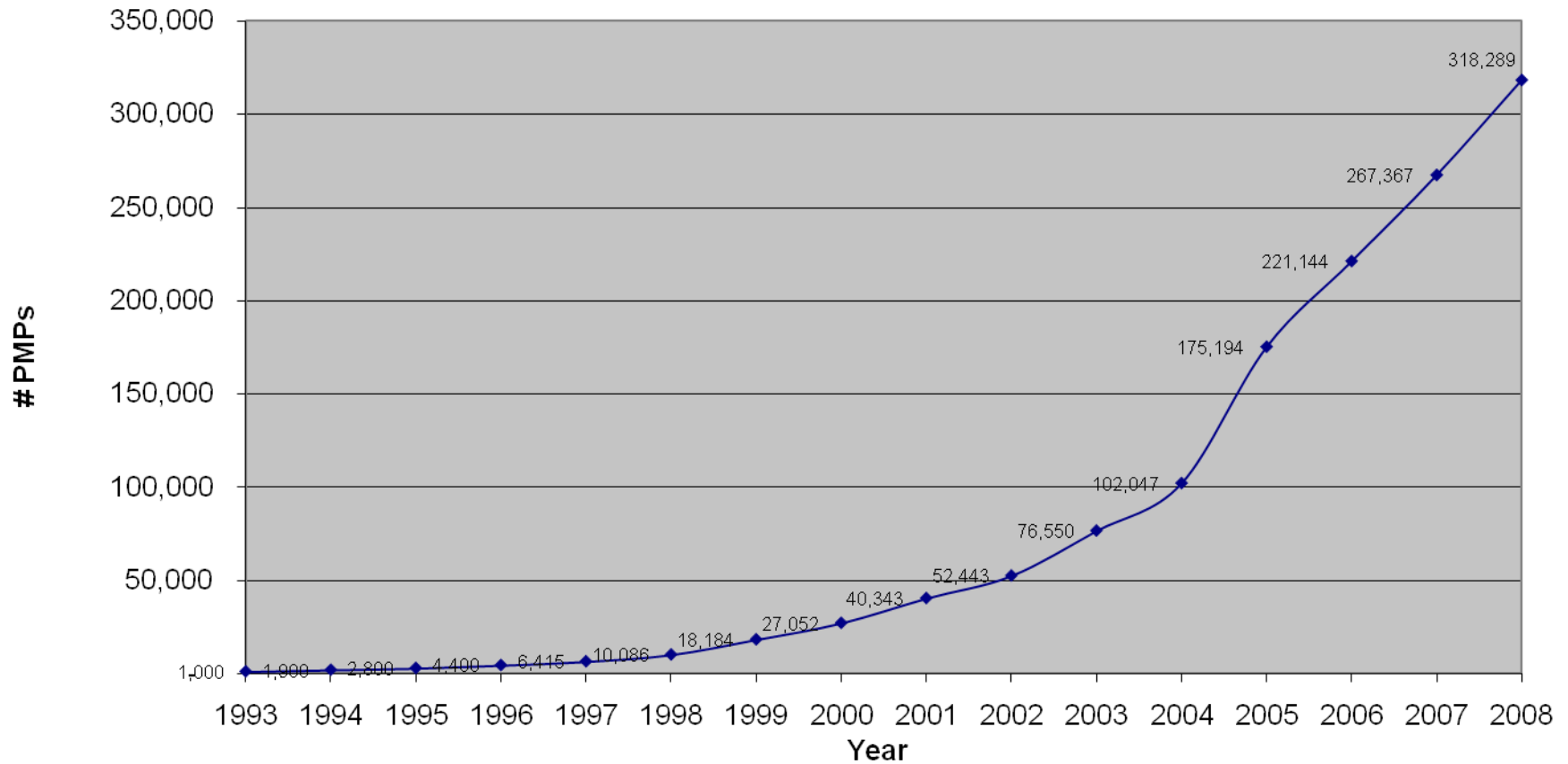
# The Project Management Institute

- ▶ The Project Management Institute (PMI) is an international professional society for project managers founded in 1969
- ▶ PMI has continued to attract and retain members, reporting 277,221 members worldwide by August 31, 2008
- ▶ There are specific interest groups in many areas, like engineering, financial services, health care, IT, etc.
- ▶ Project management research and certification programs continue to grow
- ▶ Students can join PMI at a reduced fee (see [www.pmi.org](http://www.pmi.org) for details)

# Project Management Certification

- ▶ PMI provides certification as a **Project Management Professional (PMP)**
- ▶ A PMP has documented sufficient project experience, agreed to follow a code of ethics, and passed the PMP exam
- ▶ The number of people earning PMP certification is increasing quickly
- ▶ PMI and other organizations offer additional certification programs (see Appendix B)

# Figure 1-8. Growth in PMP Certification, 1993-2008



# Ethics in Project Management

- ▶ **Ethics**, loosely defined, is a set of principles that guide our decision making based on personal values of what is “right” and “wrong”
- ▶ Project managers often face ethical dilemmas
- ▶ In order to earn PMP certification, applicants must agree to PMI’s Code of Ethics and Professional Conduct
- ▶ Several questions on the PMP exam are related to professional responsibility, including ethics

# Project Management Software

- ▶ There are hundreds of different products to assist in performing project management
- ▶ Three main categories of tools:
  - Low-end tools: handle single or smaller projects well, cost under \$200 per user
  - Midrange tools: handle multiple projects and users, cost \$200-600 per user, Project 2007 most popular
  - High-end tools: also called enterprise project management software, often licensed on a per-user basis, like VPMi Enterprise Online ([www.vcsonline.com](http://www.vcsonline.com)) – see front cover for trial version information
- ▶ See the Project Management Center Web site or Top Ten Reviews for links to many companies that provide project management software

# Chapter Summary

- ▶ A project is a temporary endeavor undertaken to create a unique product, service, or result
- ▶ Project management is the application of knowledge, skills, tools, and techniques to project activities to meet project requirements
- ▶ A program is a group of related projects managed in a coordinated way
- ▶ Project portfolio management involves organizing and managing projects and programs as a portfolio of investments
- ▶ Project managers play a key role in helping projects and organizations succeed
- ▶ The project management profession continues to grow and mature