NIRMA UNIVERSITY
INSTITUTE OF TECHNOLOGY
NAAC ACCREDITED 'A+' GRADE

Project Management

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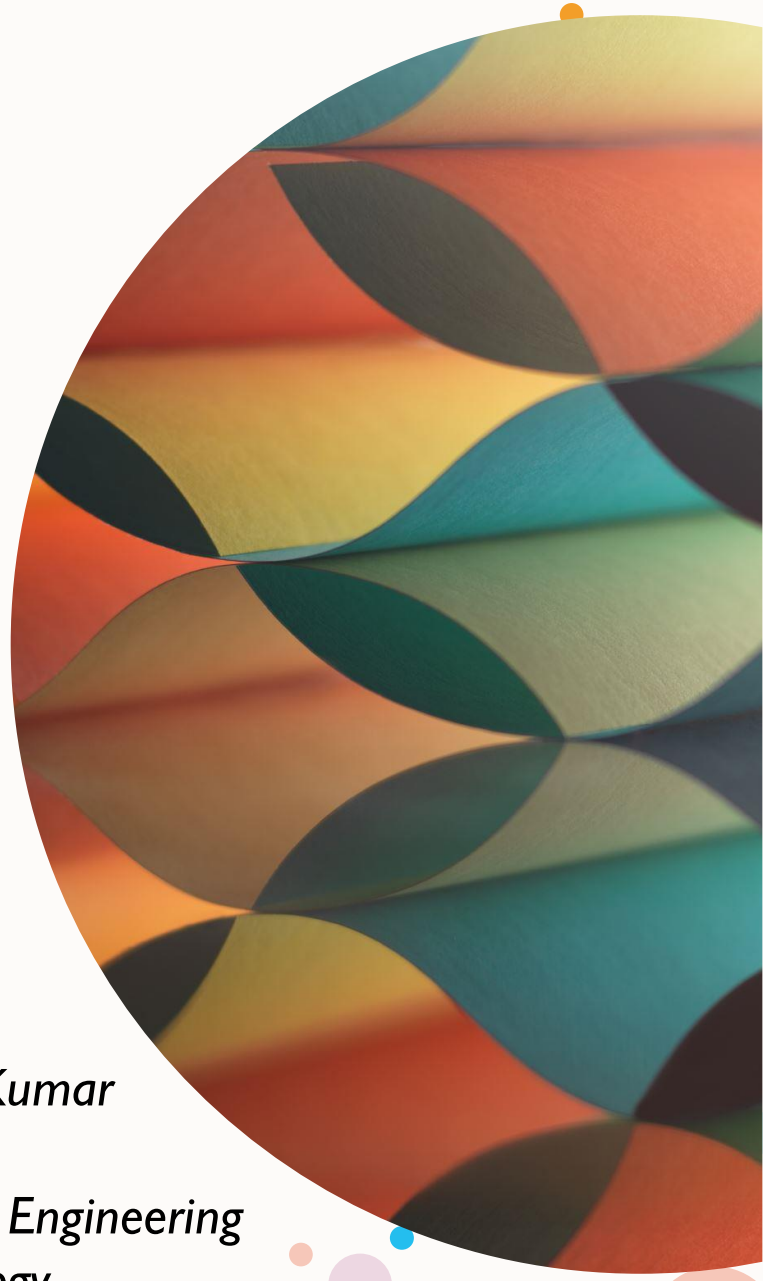

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Negotiation in projects

- A potentially beneficial process of interaction by which two or more parties seek to improve their options through joint actions and decisions.
- It is communication back and forth for the purpose of making a joint decision.
- A way of finding a mutually acceptable solution to a shared problem.
- Outcome: a wise decision, efficiently, and amicably agreed upon.

Preparation

- Background knowledge
- Personalities involved
- Establish BATNA (Best Alternative to Negotiated Agreement)
- Set goals
  - Know what you want!
  - Know the deal- breakers?
- Formulate specific questions
- Trouble shoot disagreements: bargain & seek alternative solutions, introduce trade offs

Working together

- Establish how to work together
- Acknowledge shared ground
- Put both parties on same side of the problem
- Use ‘we’
- Identify mutual gain
- Create value for both ‘sides’

Things that don’t work

- Sweeping generalisations
- Emotive language
- Speaking on behalf of others with no authority
- Seeing situation as a win-lose
- Fearing rejection
- Distractions/ interruptions
- Lack of clarity
- Aggressiveness

It was a mistake for Eric to wear a t-shirt to his job interview, and it was a bigger mistake to wear that particular t-shirt.

Project Approval

- The approval of a new project by a superior body.
- Organizations have a ***Project Board*** that approves projects resulting in a project portfolio.
- Board chooses projects that support organization's mission, values, goals, and strategies.

Process in Project Approval

- Create a Project Board
- Define Selection Criteria
- Engage Project Teams
- Project teams submit a Project Charter
- Give Initial Approvals Contingent on Subsequent Reviews

➢Create a Project Board

For approval of projects.

Project teams submit their projects to the board.

Make brief presentations to the board and respond to questions.

➢Define Selection Criteria

Defining and communicating the criteria saves time

Criteria might include: 1) strategic importance, 2) regulatory compliance, 3) financial viability, and 4) business and technical flexibility to accommodate future changes

➢Engage Project teams

Senior individual in organizations should ensure the project teams are actively engaged

Project teams do engage appropriate stakeholders early in the project initiation process to obtain their input

➢Project Teams Submit a Project Charter

Brief document defining the business case, project problem definition, goals, deliverables, constraints, assumptions, stakeholders, team members, and top risks

➢Give Initial Approvals Contingent on Subsequent Reviews

Project Board approves a project contingent on subsequent reviews after the product and project scope have been vividly defined.

Project Feasibility

- Examines a project’s pertinent aspects, including economic, technical, legal, and scheduling issues to determine the possibility of the project's successful completion.
- Prior to commencing the project and investing funds, time, and efforts into it, managers conduct a feasibility study of the project.
- Different Types of Project Feasibility Studies

a) Technical
b) Economic
c) Legal
d) Operational
e) Scheduling

Technical Feasibility

- Assists businesses in determining whether technical resources are capable of executing planned concepts.
- To assess the technical viability factors like the system's hardware, software, and other possible technical needs are taken into account.

Economic Feasibility

- Determines the project's viability, cost, and benefits before investing financial resources.
- An unbiased project evaluation, enhancing project credibility by supporting decision-makers in identifying the proposed project's favorable economic benefits.

Legal Feasibility

- This evaluation determines if any planned project elements violate any laws, including zoning rules and data protection requirements.

Operational Feasibility

- Entails researching to evaluate whether and to what extent the project can meet the organization's needs.

Scheduling Feasibility

- Forecasts the amount of time for project execution.

Helps in identifying potential project constraints, such as:

a) Internal project constraints: technological, financial, and resource constraints.

b) Internal corporate constraints: Import/export, financial, and marketing.

c) External constraints: Logistics, environment, laws and regulations.

Project cost estimation

- Basis for determining and controlling the project budget.
- Estimated for the first time at the start/before a project start.
- It is repeated on an ongoing basis to account for more detailed information or changes in the project timeline.

Types of Cost Estimates

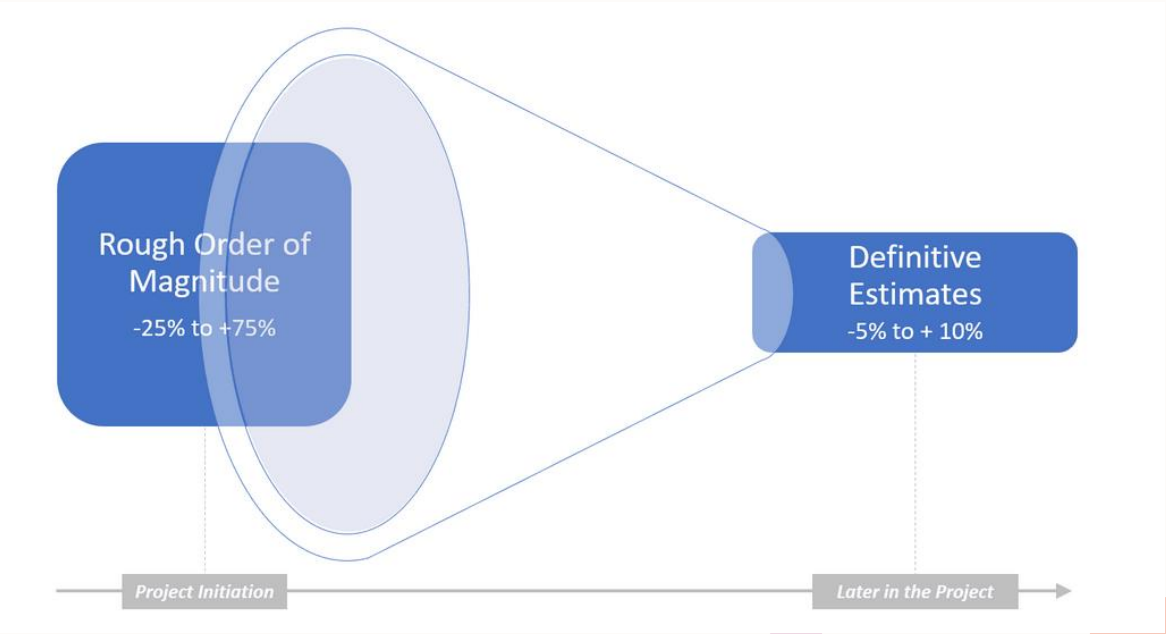
➢ ***Rough Order of Magnitude***

Rather inaccurate with a broad range of possible outcomes.

Typically used in project initiation phases

➢ ***Definitive Estimate***

Determined in the course of the project when more information and resources for accurate estimates are available.



Tools and Techniques for Estimating Project Cost

- Expert judgment
- Analogous estimating
- Parametric estimating
- Bottom-up estimating
- Three-point estimating

Expert judgment

- Requires a certain level of familiarity with the subject of a project and its environment.
- Accuracy depends greatly on the number and experience of the experts involved, the clarity of the planned activities and steps as well as the type of the project.

Analogous estimating

- The use of observed cost figures and related values in previous projects
- Type and nature of these reference activities must be comparable with the current project.
- Categorized as a gross value estimating approach.
- This technique uses historical data in the form of values and parameters to determine the expected resource requirements of a current project.
- Adopted historic values can be adjusted for differences in scope or complexity.
- Also called top-down estimating.

Parametric estimating

- A statistical approach to determine the expected resource requirements.
- Input data can be obtained from previous projects or external data sources such as industry benchmarks or publicly available statistics.
- More accurate than analogous estimating.

Bottom-up estimating

- Involves estimating the cost at a granular level of work units.
- Estimates for all components of a project are then aggregated in order to determine the overall project cost estimate.
- This approach often comes with significantly higher accuracy.

Three-point estimating

- Usually leverages on bottom-up estimate and expert estimates.
- The concept requires three different points of estimates: the optimistic (best case), pessimistic (worst case) and the most likely cost estimate.
- Based on these 3 points, a weighted average cost estimate is determined that overweighs the most likely point.