Project Management vs Program Management

Project ≠ Program

Project Management vs Program Management

We already know the definition of **PROJECT**:

'A temporary organization created for the purpose of delivering one or more business products according to a specified business case.'

PRINCE2

On the other hand, the definition of **PROGRAM** is:

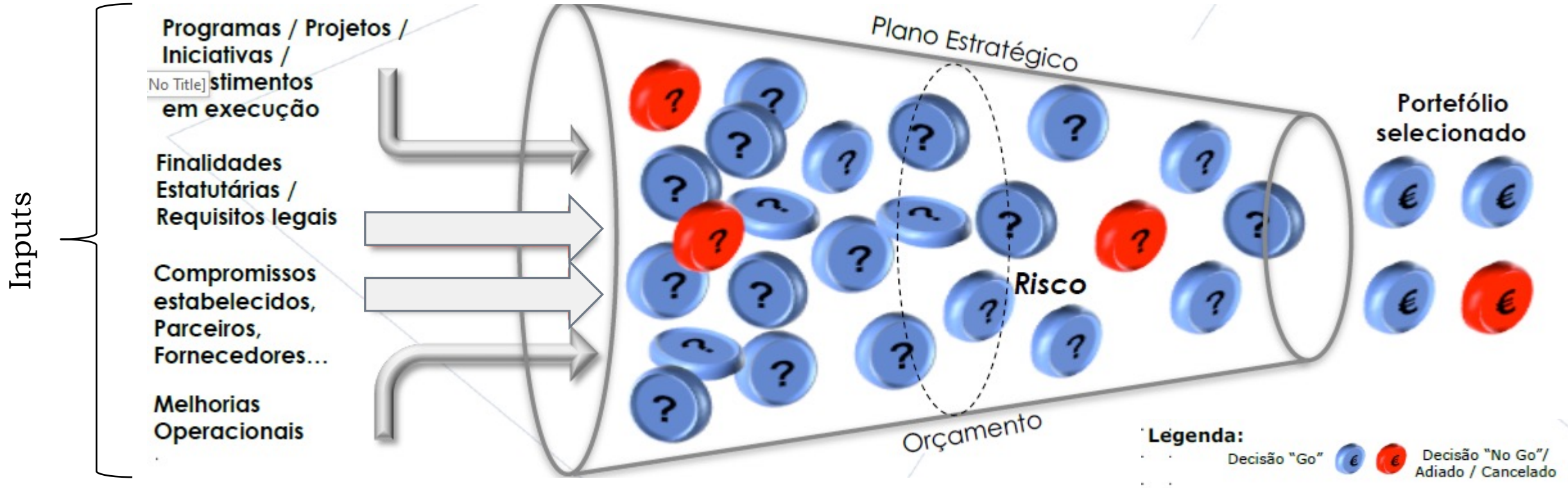
'A group of related projects managed in a coordinated way to obtain benefits and control that would not be available by managing them individually.'

The Standard for Program Management—Second edition (PMI, 2008b, p. 312)

Project Management vs Program Management

In summary, a program is a set of projects carefully selected by the Program Manager, whose deliverables together compose a benefit or change agent in the organization, aligning with its strategic objectives.

This is stating that the Program Manager is a decision-maker positioned at the strategic level.



Project Management vs Program Management

The criteria for including or excluding a project in the Program must be clear and transparent to the entire organization. There should be a Qualification A3. For example:

Strategic Objective
- Economic Perspective: between 8 and 10 points
- Customer Perspective: between 5 and 7 points
- Process Perspective: between 3 and 4 points
- Learning Perspective: between 8 and 10 points

Stakeholder Relationship
- Contract with clients: 10 points
- Potential for new business: between 8 and 9 points
- Reputation damage/improvements: between 1 and 8 points

ROI – Return Of Investment
- Cost Only: 0 points
- Low NPV = 0: between 1 to 5 points
- Medium: 0 < IRR <= 10%: 6 to 8 points
- High: IRR > 10%: 9 to 10 points

Selection Criteria for Projects for the INNOVA 2022 Program							
#		Strategic Objective	Stakeholder Relationship	ROI	Final score	Ranking #	Go/NoGO
	Peso	30%	20%	50%			
Project Abaco		7	6	6	6,3	**2**	
Project Saturno		4	7	4	4,6	**3**	
Project Socrates		4	7	8	6,6	**1**	
Projeto Mercurio		8	3	2	4	**4**	

Project Management vs Program Management

The integrated management of a project portfolio within a program allows for the following benefits:

1. **Risk Reduction:** Reduces the risk of the organization investing in projects that are misaligned with the strategic objectives represented by the program.

2. **Cost Reduction**:
   - Optimized Resource Utilization: Sharing resources like human resources, equipment, infrastructure, etc., among projects, leading to cost efficiency.
   - Streamlined Procurement Processes: Optimizes procurement processes by increasing negotiation volumes for items such as software licenses, equipment, consulting, training, outsourcing of developers, and other technical profiles.

3. **Improved Resource Conflict Management**: Enables better management of resource conflicts between projects. The Program Manager has a perception of priorities at a given moment and has the empowerment to decide resource reallocation.

Project Management vs Program Management

Summary of Differences Between Projects and Programs:

	Project	Program
Focus	Project Contents	Organizational Context
Scopte	Well-defined	Comprehensive and adjustable
Timeline	Short term	Long-term
Components	Tasks	Projects
Funtional Unit	Unitary (one project)	Multiple (various projects)
Type of tasks	Technical	Strategic definition
Deadlines	Inflexible	Flexible
Type of management	Mid-level	Top-level
Definition of sucess	Product quality, on schedule, within budget, compliance, customer satisfaction, etc.	Long-term benefits, ROI, new capabilities. For example, new business units, markets, diversification of service portfolio.

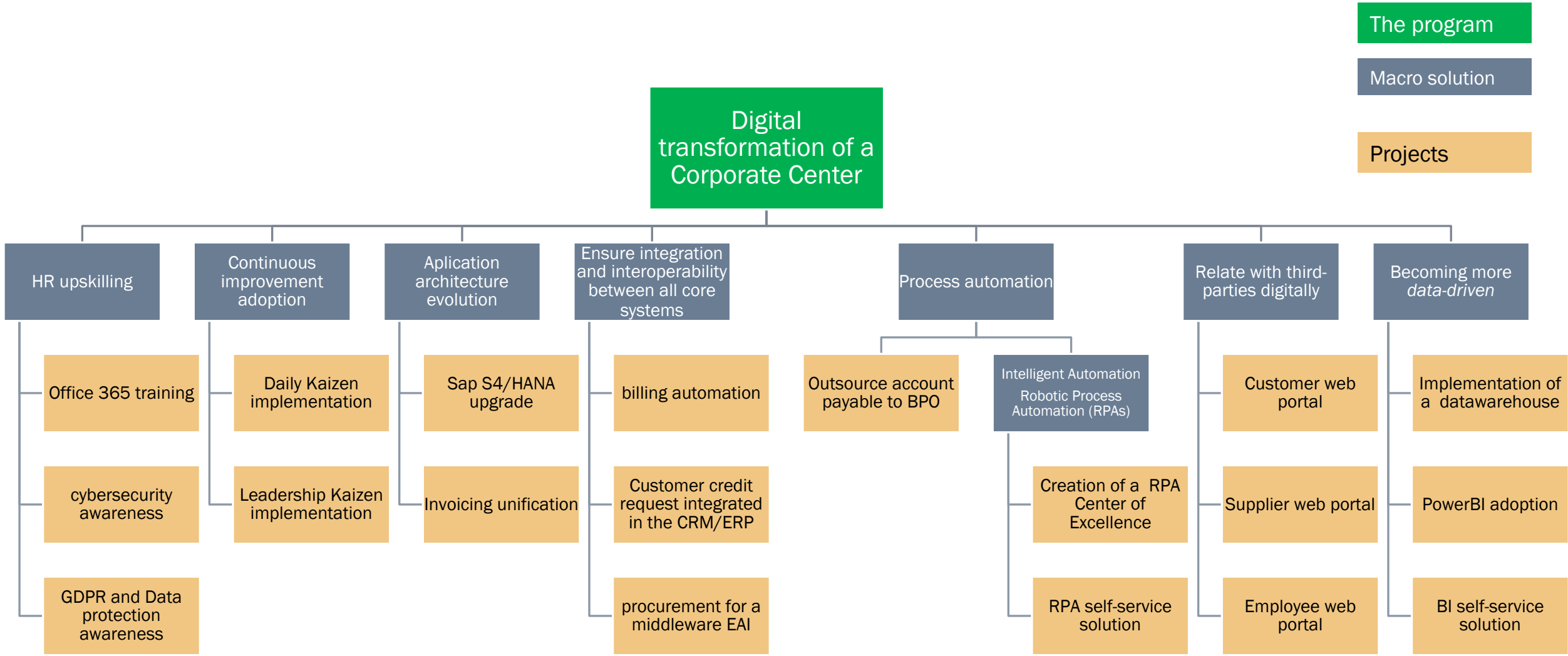
Project Management vs Program Management

Summary of Differences Between Project Manager and Program Manager::

	Project Manager	Program Manager
Goal	Monitor and control project tasks and activities	Monitor and control project s
Focus	Project team members: technical profiles, functional roles, key-users, etc.	Manage relationships with and between project managers, conflict resolution, and resource reallocation
Who they manage	The project team	Other managers:: *el jefe de Jefes*
Level of planning	Creates a detailed project plan for resources, costs, timelines, and deliverables	Creates high-level plans used by project managers to evolve and detail them

Real-life example of a program with the strategic objective of improving the operational efficiency of a Corporate Center within a business group through **Digital Transformation**

Example of a Digital Transformation Program



The procurement process

Procurement: "It is the process of finding and agreeing to terms to acquire goods, services, or works from an external source, usually through a tendering process.

Tender, translated to Portuguese, means 'concurso,' with the English term being more commonly used when referring to procurement.

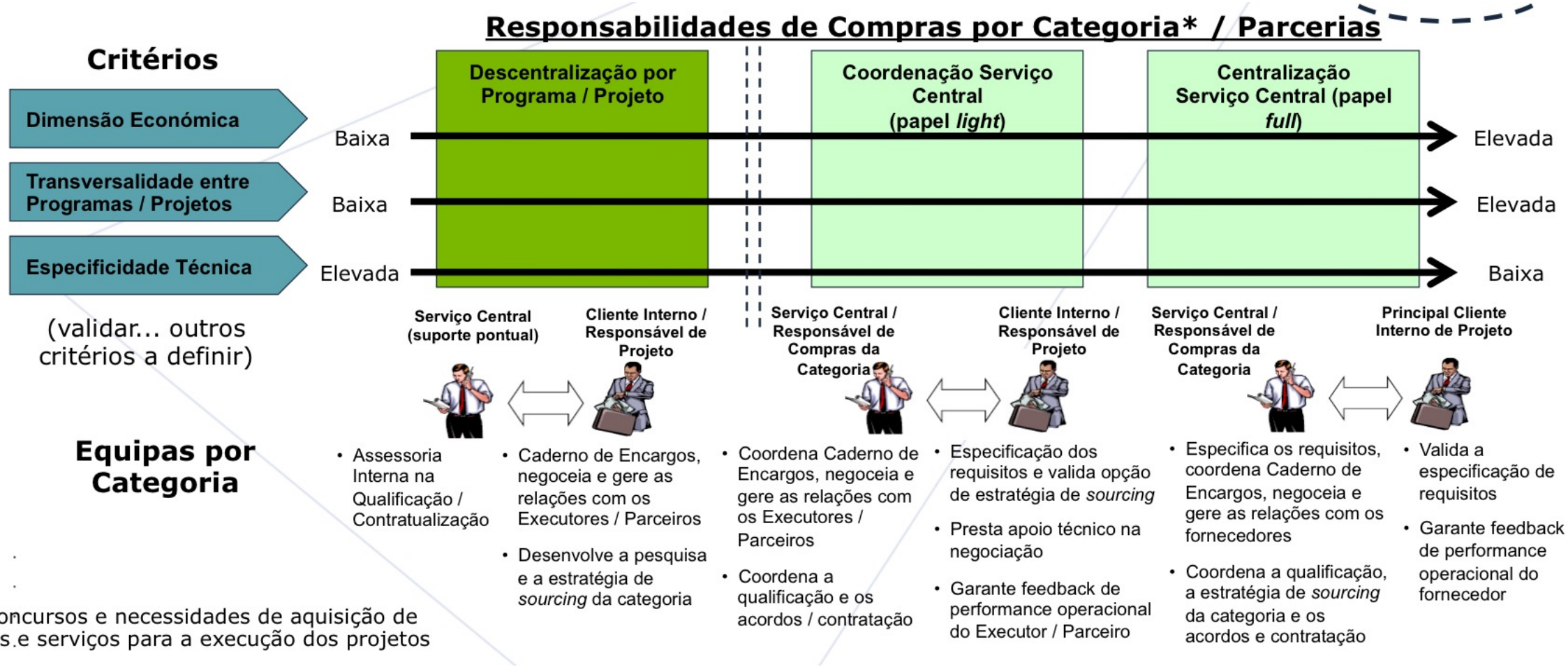
Management of partner relationships

Some important notes:

1. It is common for a Project Manager to participate in procurement processes, either in the role of a buyer or a seller:
   a) In pre-sales activities
   b) The preparation of a commercial proposal can be seen as a project
   c) In the procurement process of means and resources for a project
2. As companies grow in size, they tend to have Procurement Departments. Advantages:
   a) Specialized human resources in the negotiation process
   b) Obtaining better deals through negotiation of larger quantities, through centralized requests
   c) Ability to screen suppliers. Very relevant in some compliance areas: certifications, compliance with ESG (Environmental, Social, and Governance) criteria, etc.
3. In IT solution procurement processes, due to the need for highly specialized knowledge, the IT department is often called upon to lead the process.

Management of partner relationships

The positioning of a procurement department can vary based on the project attributes.



Management of partner relationships

Types of contracting:

Types of contractin	Who takes the risk	Description
Time & Materials (T&M)	Buyer	"n hourly/daily rate is agreed upon, and the usage of these resources is charged. Typically used in consulting and/or development services, especially when there is no clear specification of requirements or a high degree of uncertainty in the estimation process.
Owner Design (OD)	Buyer	The buyer takes on the role of the 'prime contractor,' being responsible for the design, architecture, planning, and execution of the system implementation. This model is used in outsourcing technical profiles, such as developers, and is known as 'bodyshopping.'
Lump Sum Turn Key (LSTK)	Supplier	Typically known as a fixed price or turnkey. A price and a deadline are agreed upon between the parties, and that is the amount paid, regardless of any deviations in estimates. Usually, the supplier can only charge for extra work if they can demonstrate that it was not part of the initial requirements.
Sucess Fee	Shared, but puts more pressure on the supplier	Payment is agreed upon based on a value indexed to the project's benefits, if any. This is widely used in operational efficiency improvement projects, where the supplier receives a percentage of the savings achieved, increased sales, etc. It is also used in system licensing models, where a percentage of sales is charged, for example, subscriptions for e-commerce platforms.

Management of partner relationships

Who takes the risk?

Comprador assume o risco

Nível de Risco

Fornecedor assume o risco

T&M

"Open Book"

- **Pagamento contra utilização! ex: Consultoria de Apoio a uma Etapa de implementação – XX Euros / dia / consultor sénior**

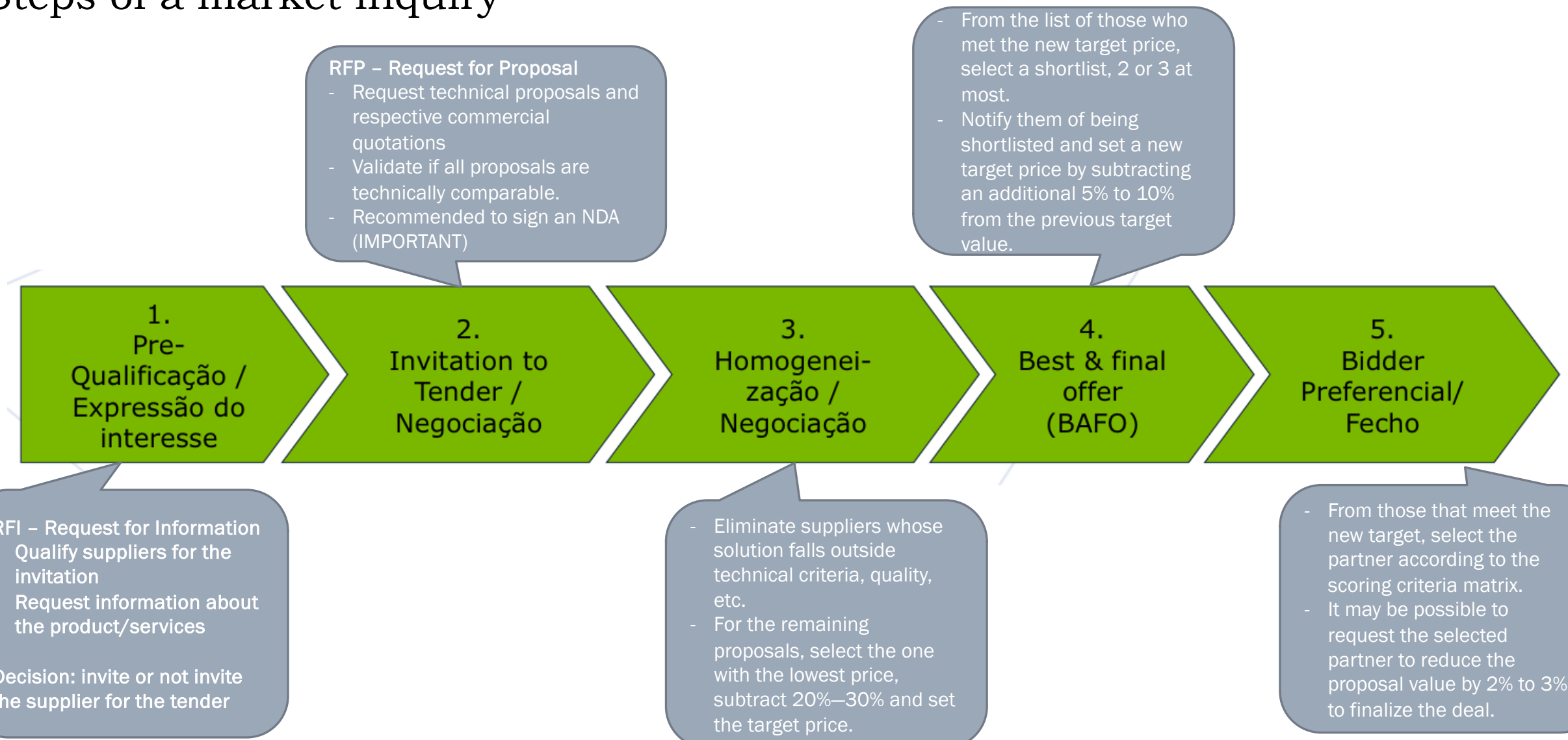
LSTK

"Chave na Mão"

- **Proteger os contratos com garantias, seguir princípios *back to back* (não pagando "up front" contudo deixar folga mínima)**
- ***Sucess fees* (função de KPIs)**

Management of partner relationships

Steps of a market inquiry



Management of partner relationships

Elements of a Request for Proposal (RFP)

"Tomo 1". Programa	"Tomo 2". Caderno de Encargos/ Especificações Técnicas	"Tomo 3". Minuta de Contrato / Condições Jurídicas
• Regras de funcionamento do processo de consulta e que regulam a relação de todas as partes durante a negociação	• Background da Empresa / projeto e objetivos • Especifica as características dos Produtos / Serviços • Cronograma do projeto • Critérios de avaliação	• Termos e condições que irão reger o fornecimento ou a prestação de serviços objecto da consulta, após adjudicação

Very important is the issue of evaluation criteria, especially in high scrutiny environments. For example, public contracting!

For example, post-sales support SLAs should be included, along with presented KPIs (Key Performance Indicators), and plans for follow-up CAPA meetings
(**C**orrective **A**ctions Preventive **A**ctions)

Management of partner relationships

In the final phase, **before** awarding the contract,

A report should be prepared to be presented to the decision-making Steering Committee, describing the entire process:

- Invited suppliers
- The timeline of the entire process
- A clear and transparent description of the evaluation criteria
- The selection matrix used for the final choice

And finally, the proposal of the selected partner!

Example

Terms of Reference & Final Report

Global Communications Contract Tender