

Unit II - Organizing Human Resources and Contracting

Delegation

It is when you assign responsibility to another person to carry out a specific task and is one of the most important management skills.

Reasons for Delegation.

- To help internally / externally
- To reduce the burden of the manager
- Time constraints
- If it is a routine work
- When the other person can do the work in a better quality.

Skills required for Project manager.

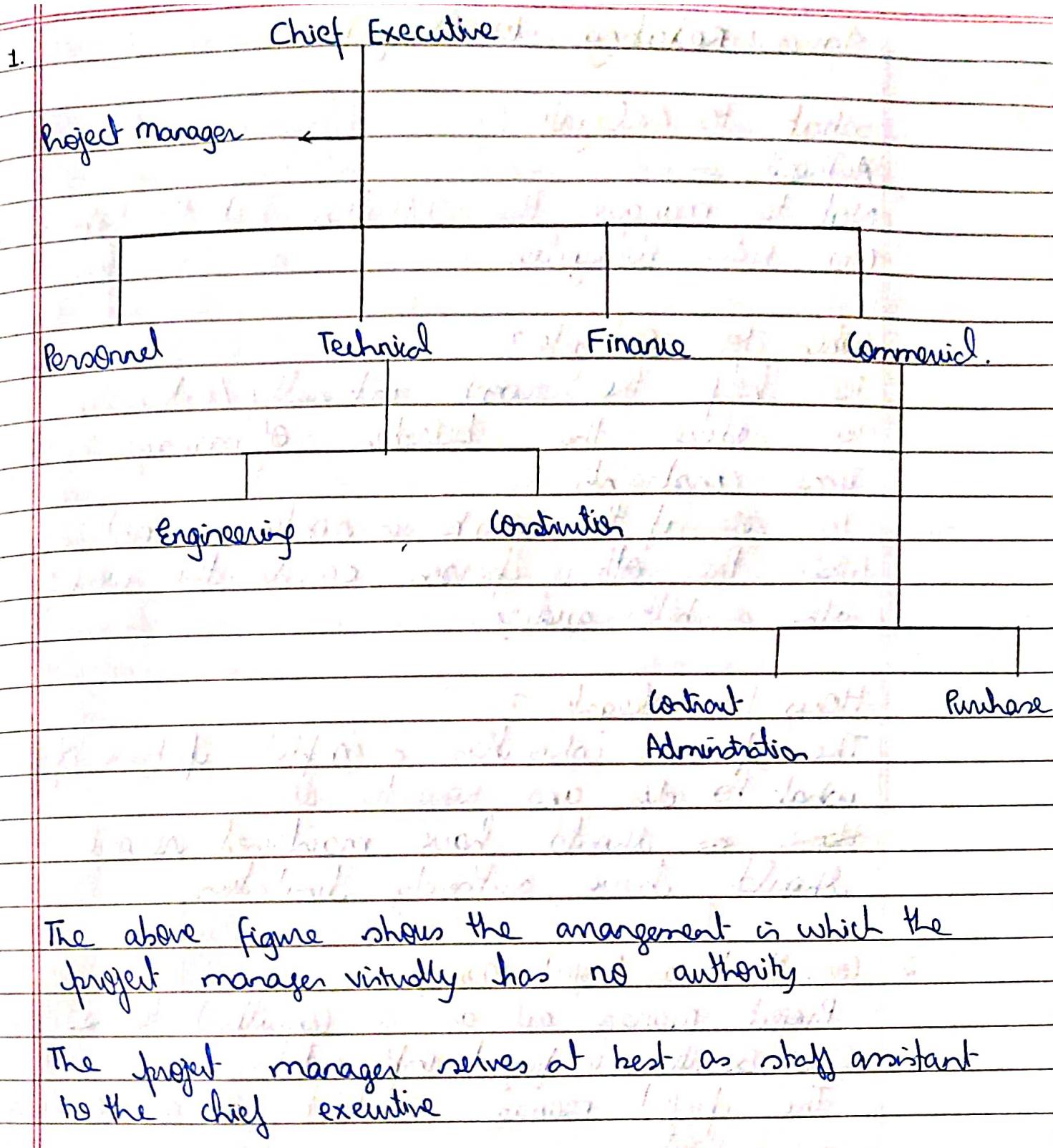
- * Team Building skills
- * Leadership skills
- * Conflict Resolution skills
- * Technical Expertise.
- * Planning skill
- * Organizational skill
- * Entrepreneurship skill
- * Administration skills
- * Management support skill
- * Resource allocation skill.

Project Management Authority

- Project Scope
- Project Tasks
- Project Execution
- Project Organisation
- Project Purchase
- Project Technical Performance
- Project Schedules and Budgets
- Project Personnel, Personnel
- Project Environment
- Project Performance Review
- Fund and other resources
- Public or share holders
- Management and of systems and the procedures
- Contractors, contractors and consultants.

Project Organization

- An organization chart is the simplest and the quickest way to demonstrate the project manager's authority.
- Details such as where a project manager is positioned, to whom he reports those who report to him, will tell how much about a project manager's authority though not in clear terms.



The above figure shows the arrangement in which the project manager virtually has no authority.

~~It is a better way to have it work~~

The project manager serves at best as a staff assistant to the chief executive

Project manager does not make any decision of the project

This type of organization only works for small organizations

after
Reason of
Delegation

Issues Relating to Delegation

what to delegate?

Authority

Not to manage the situation but the type of work done
No sub-delegation.

When to delegate?

To help the work internally / externally.
To reduce the burden of manager

Time constraints

To see if the work is routine or not
When the other person can do the work
with a better quality.

How to delegate?

The person who has a complete picture of the work,
what to do, and how to do
have m should have maintained record
Should have authority limitation.

2 Consultant as Project Manager

Project manager acts as a consultant to the
Chief Executive in project implementation.

The project manager would be an outsider without
any authority.

Project manager influences the decision of chief executive
and those functional executives

The project manager's task would be to collect
information and communicate to the chief executive and
may add some recommendations

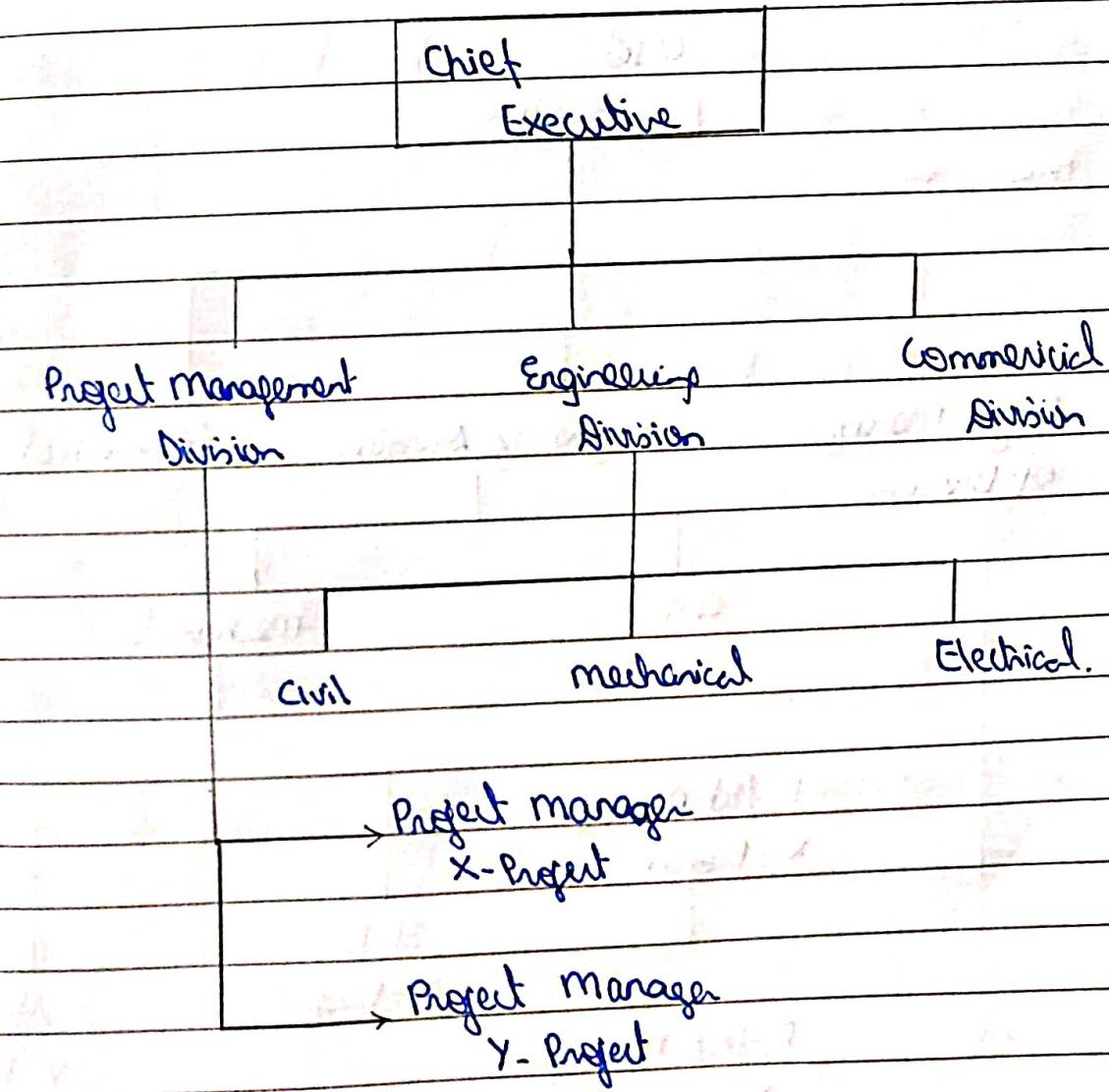
3. Project Manager as a specialized staff function

Project management is one of the functional department to advise the other functional department. Project manager will be a specialist in project management tools and techniques.

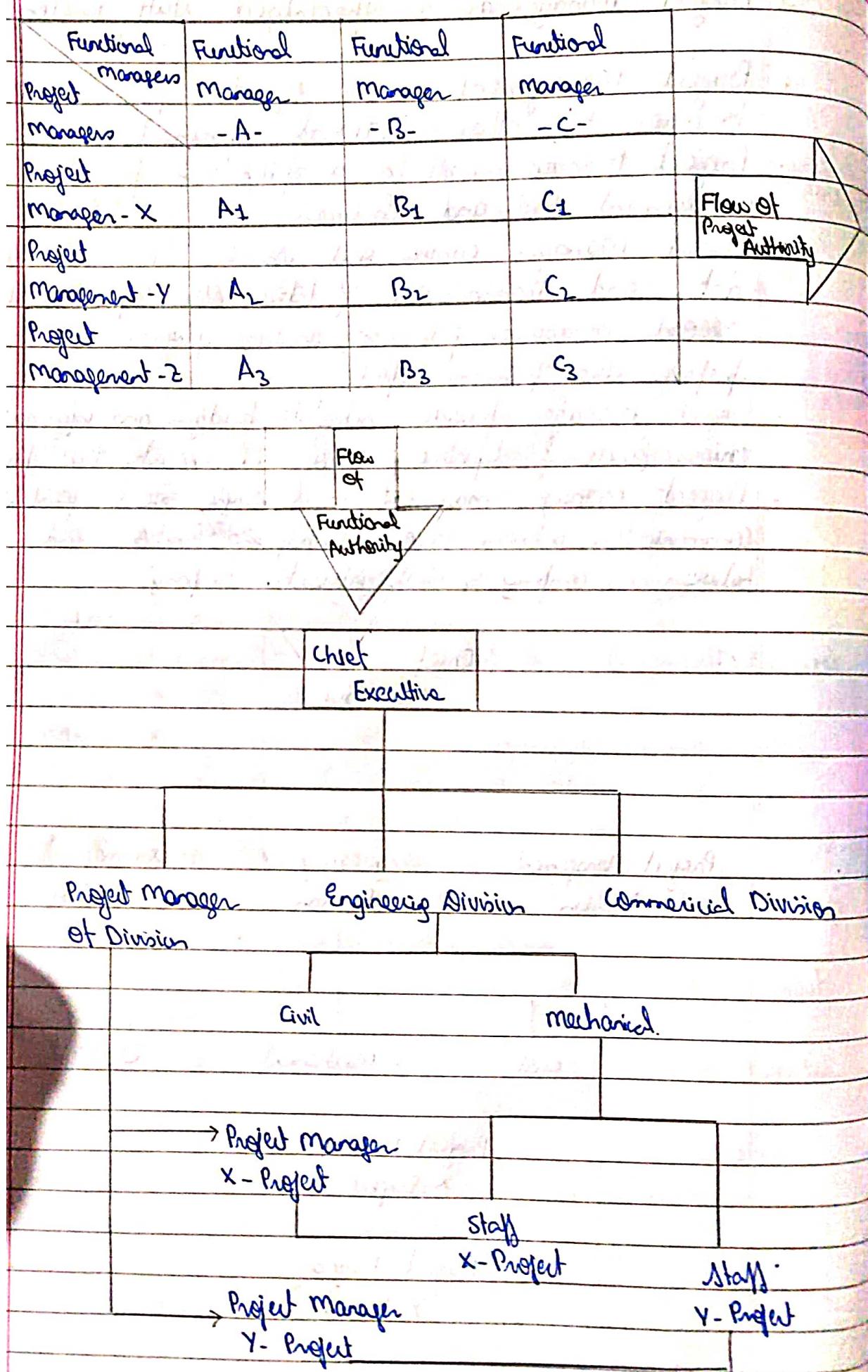
Project manager carries out services like collection of data and transmission of data, follow ups, maintain records, measures progress, analyze progress and prepare the progress report.

Project manager provides schedules, budgets and information to various functional departments who will execute the project.

Project manager may act as a single focal point regarding communication between various participating functions and between his company & other interacting company.



Matrix Organization



In Matrix organisation, the sharing of authority between a project manager and functional manager is formulated.

A matrix is a concept borrowed from the algebra where an individual will abide by the decisions made by two superiors one belonging to the project and other to the specialized function.

One will be his direct line boss and other his project boss.

Both are responsible for the successful completion of the project.

Mutually supportive relation should exist between the parties in a matrix set up for the successful execution of a project.

No one needs to be flaunt positional authority to get work done.

Ideally one would like to see both the parties as understanding, mutually supportive and not trying to overtake each other.

If the matrix ever operated at that levels, the arrangement can be called as "balanced matrix".

If the project influence is more in decision making for the project then the arrangement is considered as "strong matrix".

If the functional departments are often influencing the decision making more is called "weak matrix".

Task Force Organization.

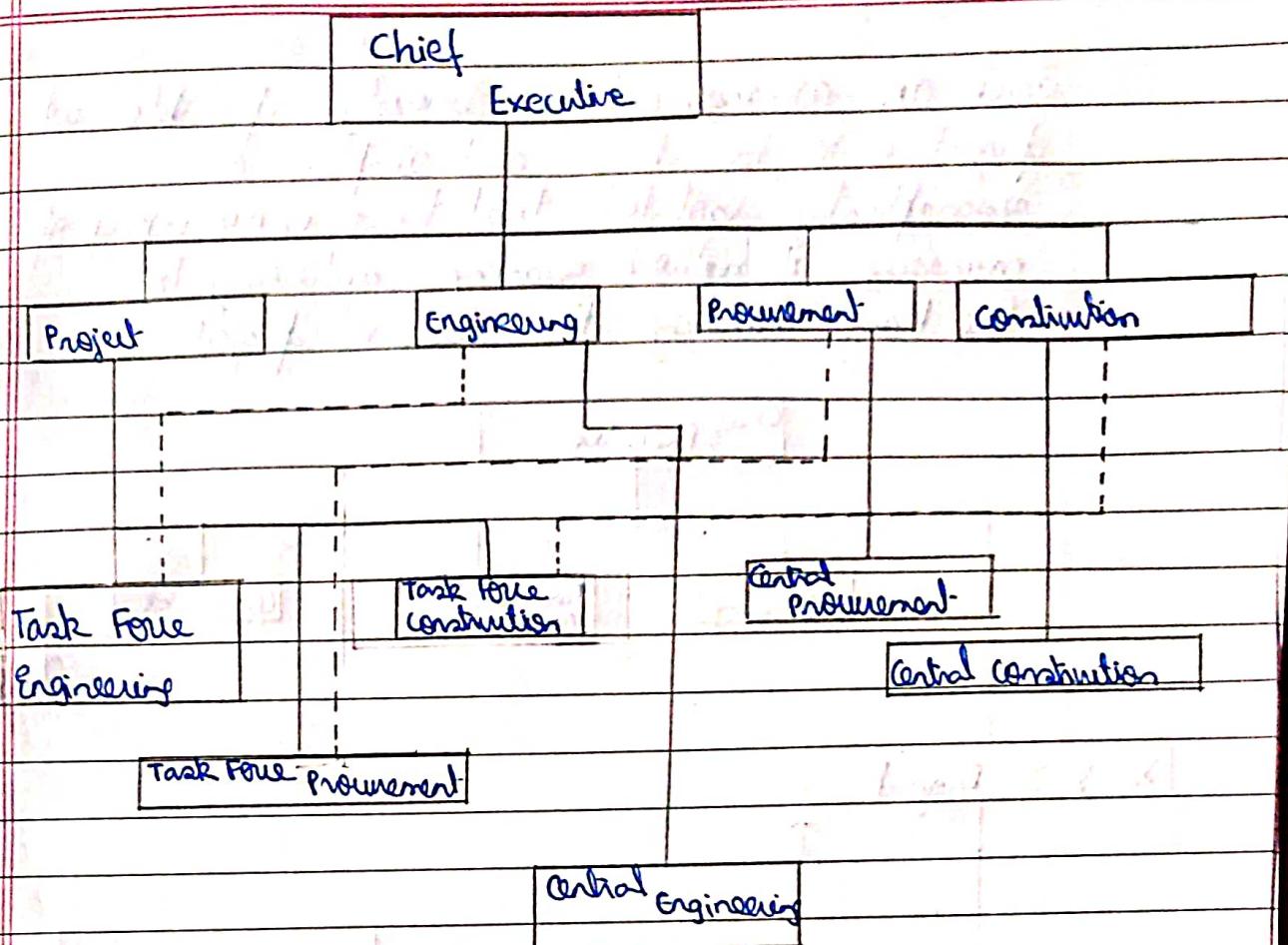
A task force is created by drawing personnel from various functional departments and putting them under project manager.

The project manager makes all the decisions within the policies and procedures laid down for the project manager.

The staff who are assigned will receive all the directions from the project manager, they will have to follow the same organization policies and procedures.

If there is any violation, the task force will notify both functional head and project manager.

There is no intervention from various functional departments, no dual decision making and no reporting relationship for the work force.



Totally Projectized Organization

It is an arrangement in which the project manager has total authority even regarding functional policies and procedures.

There are no constraints with respect to any kind of functions, functional specialists will carry out their work based on project demands and instructions of the Project Manager.

Many people compare this arrangement to a mini company, a totally autonomous organization in which the project manager is the chief executive.

Functional manager would act on behalf of the project manager and would have authority delegated to them by project manager for taking decisions in their area of expertise.

Such an arrangement is obviously possible when the project is to be large and complex or geographically isolated that there is no way of managing it without granting autonomy to the team handling the required project.

Chief Executive			

Engineering	Financial Accounts	Commercial	Personnel Administration

x	y	z	Project

Engineering	Commercial	Finance Accounts	Personnel Administration

Contracts

All projects cannot be executed with in house resources and the project manager has to requisition extra- organizational structures resources for the execution of project.

When a project manager has to get things done with the resources over which he/she doesn't have direct authority becomes necessary to acquire the required authority in some.

Considerations such as arrangement can be termed as without and the authority no acquired as contractual authority

abstain - restrain oneself
from doing or
enjoying something

classmate

Date _____

Page _____

Business Contracts

A contracts such as an arrangement agreement between 2 or more parties in writing to do or not to do certain things.

Business contracts are those agreements which are enforced by law.

A consideration is made in return for a specific promise contained in the offer of provision.

In order to enter into a contract there must be an offer or proposal of one party signifying the willingness of one party to do or abstain from doing something at the desire of the other party.

The desire of the other party is expressed in the enquiring offer known as Notice Inviting Tender (NIT) and the offer to carry out the services at certain terms is known as the tender.

Sequence of events resulting in a business contracts

Enquiry : Issue of NIT to related parties or to the newspapers by the project authority and sale of tender document.

Offer : Submission of the tender document by bidder.

Acceptance : Communication from the recipient of the offer to the bidder indicating intent to enter into an agreement and acceptance of the bidder.

Argument : Offer and considerations as accepted given the legal form and content duly signed by the authorities of both parties.

Contract : The contract consists of an agreement on stamped paper.

A detailed letter intent with agreed variations and original tender documents.

SP = of Contracting.

Responsibility

Reimbursement Reimbursement

Risk.

Issues of the Responsibility

what to parcel out to the contractors
and what to retain

How to define the work parcels so that
contractors know their scope precisely and there is
no overlapping undefined, unallocated or ambiguous
work area.

what are the relevant performance parameters
for fulfilment of which contractors must
assume responsibility.

Sometimes the owner may not like to define
everything clearly in order to keep some flexibility
with him to play with the scope of work.

The contractor may also not be interested in a clear
definition so that he can later make extra claims
and earn disproportionately high reimbursement for
any additional work, but in the interest of both
parties ambiguities to be minimum.

Reimbursement

classmate

classmate

classmate

This is more important for the contractor than the owner, while the owner may refer to the responsibility to describe contract arrangement.

Types of Reimbursement

- 1 Lump sum contract
- 2 Cost plus contract
- 3 Convertible contract
- 4 Item Rate contract
- 5 Hybrid contract.

Risk

Both the owners and the contractors are much concerned about their risks.

In fact, a contract is considered to be an instrument for transfer of risk from the owner to the contractor. The contractor needs protection from risk in one or many forms.

There are two types of risks

1 Owner Risk

- will the contractor be able to carryout the work as per the specifications?
- Can the work be completed within quoted cost?
- will the plant perform at the required level?
- will the contractor stay on the job till it's completion?
- will the contractor adhere to the time schedule?

2 Contractor's Risk

- Will the contractor terminate his work before completing the work?
- Will the owners make payments promptly?
- Will there be any hold-ups and any imposed idleness?

- will the owner carry certain obligations regarding work?
- will the contractor get reimbursed for extended work duration?
- will there be any price escalation and will he get compensated for the same.
- Will there be smooth cash flows?
- Can he make profits?

Tender & selection of contractor.

Definition of Tender

It is an offer to carryout certain work or supply raw materials or services in accordance with a clearly detailed description & conditions

Procedure of Tendering

Prequalification of Contractor

Preparation of Tender Documents

Issue of floatation drawing

Receipt of the tender

Guidelines for evaluation of the tenders

Selection of a contractor.

Pre-Qualification of Tenderers- Contractors

Contractor had similar experience with his performance.

The past business and present financial commitments

He has the necessary infrastructure, adequate technical manpower, equipment & present commitments.

His credibility in terms of his associates and association with other agencies.

Preparation of tender documents

Letter of invitation to the tender

Instructions to the tender

General conditions of contract

Technical specifications

Special conditions of contract

Scope Drawing

Bill of the quantities

General information about site.

Form of the tender.

Receipt of the Tenders

The tenders may make a request to visit the site for further information.

For supplementary queries pre-bid conference may be arranged for better information.

Bids may be opened in front of the tenders present, the names of the tender would be announced & recorded.

Evaluation of the Tenders

The tenders are evaluated from technical, commercial, contractual and managerial angles.

Normally separate meetings are held with each of the contractor to obtain clarification and also to bring all the offers in line with the tender requirement.

The lowest bidder who is technically and managerially acceptable is awarded contract.

Agreement

An agreement is now to be signed on a stamped paper form of agreement is probably the most standardized document.

Accompanying documents normally are

Original tender papers comprising the conditions of the tender contract, specifications, dates and other information.

Schedules of rates & prices

List of deviations from original tender stipulation

Form of guarantee

Finally a guarantee from sureties in the standard form may be asked from the contractor as an assurance insurance against uncertainties in dealing with contractor.