in LEARNING

Organizational Considerations

Organizational Element	Considerations
Capital versus operating costs	• Operating costs are for things needed to run your business daily or weekly. Examples are utility costs, wages, office supplies, and repairs. • Capital spending typically includes buildings, software, or other facilities, which are the things that will be used for an extensive period of time. • Rules vary from country to country, so be mindful of your local laws and policies deployed by your company.
When will team members be engaged and released from the project?	• This depends upon processes deployed in an organization. • Some organizations start projects with business analysis, determining the viability of a project idea, and deriving business changes. Others consider the initiation of a project after a project has been approved. • Some organizations declare the end of a project when all deliverables are completed and available to the organization to use. Others declare a project complete when all organizational objectives and business benefits are reached, which can take several months after deliverables are released to the organization.

How will the project's viability be measured?	• This varies from organization to organization. Options include:
	    – Net present value (NPV)
	    – Break-even point
	    – Risk reduction
	    – Maintaining competitive edge
	    – Net profit generated
	    – Cost savings or staff time savings
	    – Meeting government mandates (such as a service for community benefit or implementing a law)
	    – Security improvements – logical or physical

Sponsorship structure and decision-making	• Hierarchical organizations tend to have a single sponsor and centralized decision-making. • Consensus-based organizations tend to have a sponsorship committee direct project decision-making. • In either case, it is important to understand how decision-making will be made. This is particularly true for sponsorship committees. Will it be consensus or majority rules or will there be a central leader to decide after consultation? • It is important to know how short-term decision-making (such as approving an emergency funding change to a project) will be made.

How is your project funded?	• Funding can flow to a project in many ways:
	
	  – One-time funding for an entire project
	
	  – Annual funding for a longer project – typical in government
	
	  – Funding by milestone – funding allocations are made as certain milestones are reached
	
	  – Funding the production of certain deliverables or features – typical for agile projects

Who manages project team members?	• In most organizations, personnel management is provided by line managers, not the project manager. • Some organizations, especially in consulting, the project manager also serves as the personnel line manager for team members. • It is important to know what model will be used, as time and costs are involved in directly managing team members. More funding is typically required if the project manager directly manages team members.