# Course Code - SPM 104
# Understanding Canadian Business

# Review from Last Class

- Welcome to Canada

- Learned How economic conditions affect business

- Adam Smith and the creation of wealth

- Understanding of free market capitalism and the trend toward mixed economies

- Key Economic Indicators – Gross Domestic Product (GDP), Unemployment Rate, Consumer Price Index (CPI)

# True or False

- Effective marketing strategies focus on the product and ignore the sociocultural differences in the global environment

# True or False

- Canadian firms must follow Canadian laws in conducting business globally.

# True or False

- Profitable opportunities in the global markets are diminishing for small and medium-sized enterprises (SMEs) / businesses.

# Multiple Choice

Which country is Canada's largest trading partner?

- ▶ A. China
- ▶ B. The United States
- ▶ C. Japan
- ▶ D. Russia

# Strategic Project Management and the Canadian Business Industry

➢ Project Management skills are becoming some of the most sought after in modern business. In an ever-changing commercial environment projects are integral to continued growth.

# Strategic Project Management and the Canadian Business Industry

- "Strategic thinking focuses on finding and developing unique opportunities to create value by enabling a provocative and creative dialogue among people who can affect a company's direction. Strategic thinking is a way of understanding the fundamental drivers of a business and rigorously challenging conventional thinking about them, in conversation with others" (CFAR, 2001, ¶1).

# Strategic Project Management and the Canadian Business Industry

- Strategic thinking is a process used to broaden an individual's perspective to achieve innovation, competitive edge or more successful outcomes.

- Project managers are positioned within an organization to promote strategic thinking from all levels rather than the traditional top-down model most often employed in strategic planning.

# Strategic Project Management and the Canadian Business Industry

- As the saying goes, "Hope is not a strategy!" To achieve results in today's rapidly changing marketplace, project managers must dig out of the day-to-day minutia and break free from the conventional ways of how "we've always done it" to spend more time strategically thinking and leading project teams into the future.

# History of Project Management

▶ Until the 1900s, projects were generally managed by architects and engineers. A lot has changed since then. From visualization tools to agile methods, project management as we know it today was mostly shaped in the last century.

▶ The field of project management continues to evolve. With ongoing standardization of processes, refinement of concepts, and development of software and applications, project management is becoming more of a science than art

# Examples

- Olympic Games
- Taj Mahal
- Hoover Dam
- Pyramids of Giza
- Polio Vaccine
- Portable devices to use global positioning system (GPS)

The outcomes of these projects were the result of leaders and managers applying project management practices, principles, techniques, and tools to the work.

# Project Management Contributions

- 60% of senior executives said building a strong project management discipline is a top-three priority for their companies
  - *Source – McKinsey & Co. January 2010*

# Project Management Contributions

▶ The business environment is growing more complex and needs to include considerations other than just cost and profit.

▶ In addition, organizations tend to take on more than just one project, since they have more labor, larger capital, more diverse skills, a variety of products and services, and some even work in more than just one industry.

▶ For these reasons, strategic alignment of projects and their evaluation and selection process become more complicated and require more updated analytical and managerial skills and models than before.

# Strategic Planning

▶ Before we begin discussing what the scope of a project is and why it's important, let's discuss how an organization may identify potential projects.

# The Business Environment

▶ Six Elements include:

1. The legal environment
2. The economic environment
3. The technological environment
4. The competitive environment
5. The social environment
6. The global environment

## The Business Environment

- The business environment consists of the surrounding factors that either help or hinder the development of businesses.

Legal & Regulatory Environment

Economic Environment

Technological Environment

Social Environment

Competitive Environment

Business Growth & Job Creation

# The Business Environment

## Legal & Regulatory

- Regulations – Government can lessen the risk through passing of laws (Acts)

- Contract Laws – enable business owners to write contracts that are enforceable in court

- Elimination of corruption – laws in place to support ethical business

## Economic

- Looks at income, expenditures and resources that affect the business.

- Reviews indicators such as consumer spending, employment levels and productivity

- Movement of the Country's currency – Canada generates a great deal of business from exports

What is the value of the Can. Dollar compared to other currencies today?

# The Business Environment

## Technological

- Emergence of information technology (IT) had a lasting impact (computers, cell phones, internet, etc.)

- Productivity – the amount of output given the amount of input (e.g. hours worked)

- E-commerce – buying and selling goods and services over the internet

- Efficiency – production of goods/services with least amount of resources

- Companies look to IT advancements to become more efficient, effective and productive

- RISK – Identity theft – a lot of personal information being shared on cloud

# The Business Environment

## Competitive

▶ Companies must consider factors that drive competition (power of buyers, existing rivalries)

▶ Demands is for high-quality products, outstanding service at competitive prices (value)

▶ Competing by restructuring and empowerment – giving front-line workers responsibility, authority and freedom to quickly respond to customer.

## Social

▶ Demography – statistical study of human population due to its size, density and other factors – rapidly changing (more retired workers creating new markets)

▶ Aging population – expected that seniors will become more numerous than children in this decade

▶ Canada has a strong multicultural population with ethnic and racial diversity

What are the challenges of working with someone much older or younger than you?

# How Competition Changed Business

| TRADITIONAL BUSINESS | MODERN BUSINESS |
|---|---|
| Customer Satisfaction | Delighting the Customer |
| Customer orientation | Customer & Stakeholder Orientation |
| Profit orientation | Profit & Social Orientation |
| Reactive Ethics | Proactive Ethics |
| Product Orientation | Quality & Service Orientation |
| Managerial Focus | Customer Focus |

**Companies are competing by exceeding customer expectations**

# The Business Environment

## Global Environment

- Growth of Global Competition and increase in free trading among nations.

- Improvements to transportation and communication as well as better technology (machinery, tools, education) enable each worker to be more productive.

- New jobs will be created in both manufacturing and service industries.

- Climate Change driving the need for sustainability and different ways of doing business.

# The Business Environment

- Why is the Business Environment important to Organizations?
- What other social trends are evident?


Wouldn't it be nice to see into the future of your business?
HISTORICAL
CURRENT

# The Business Environment

- Why is manufacturing still a vital industry for Canada?
  - While the services producing sector employs almost 78% if the working population, the manufacturing industry employes approx. 9.6% of the workers.
  - Every $1 of manufacturing generates $3.15 in total economic activity.

# Potential PM Careers

World Economic Forum, June 2018 identify new and upcoming careers as:

- ❑ App Developer
- ❑ Social Media Manager
- ❑ Uber Driver
- ❑ Driverless car engineer
- ❑ Cloud computing specialist
- ❑ Big Data Analyst
- ❑ YouTube Content Creator
- ❑ Drone Operator
- ❑ Sustainability Manager

# Strategic Alignment
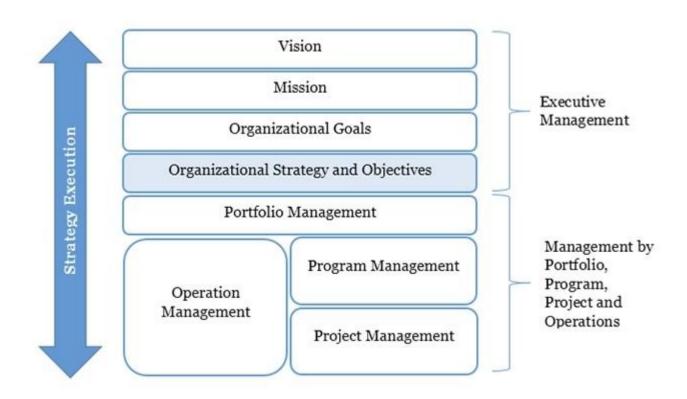
▶ A business strategy must encompass carefully coordinated choices about the business model with the highest potential to create value, the competitive position that captures as much of that value as possible, and the implementation processes that adapt constantly to the changing environment while building the capabilities needed to realize value over the long term.

# Strategic Alignment

- Identify opportunities by taking stock of what's happening in the outside world—developments in technology, demographics, culture, geopolitics, disease, and so on that are the current "hot topics." These changes and trends open possibilities for firms to exploit. The Covid-19 pandemic, for example, has sped the growth of many opportunities in areas from telemedicine and online education to home delivery services.

# Strategic Alignment

- Strategic alignment is the prudent arrangement of the various internal and external elements of an organization—from its business strategy to its organizational structure—to best support the achievement of its long-term goals and purpose.

- Every project has its purpose. While some may aim to deliver a service or product, others may aim to attain intangible benefits, say positive customer relationships or company goodwill. These strategic goals drive your everyday business efforts and transition your ideas into desired outcomes.

# Business Strategy

# Business Strategy

▶ To understand a project's link to the organization's strategy, you need to understand certain terms and terminologies:

- ▶ **Vision**: Every organization has a vision, which describes its future state. Vision provides long-term direction to the organization.

- ▶ **Mission or Mission** Statement: Vision is accompanied with a mission statement, which describes the purpose. The mission statement explains why the organization exists and tells where it intends to go.

- ▶ **Goal**: An organization establishes goals that will move towards its vision. Goals define what an organization will achieve over a multi-year period.

- ▶ **Strategy**: This is an approach that you take to achieve a goal. Goals tell what an organization wants to achieve, whereas strategies tell how they will be achieved. Goals of strategic nature are called strategic goals.

- ▶ **Objective**: Objectives are measurable steps to achieve a strategy. These are quantifiable. Objectives serving the strategy are called strategic objectives.

# Business Strategy

▶ A business strategy is a defined plan of action outlining the direction a business wants to take and defining how the plan will cascade through a business by the allocation of resources.

▶ Ex. Tesla

  ▶ Tesla aims **"to create the most compelling car company of the 21st century by driving the world's transition to electric vehicles."**

  ▶ Elon Musk invested in Supply Chain for batteries to mass produce at the same time as making 'high-end' car as he planned future growth.

# Business Strategy

- A well-crafted strategic plan provides a clear basis for specific projects that are carried out to meet stated goals and to keep project work on track. The strategic plan is also an effective tool to communicate with and engage stakeholders, senior management, and external organizations, the long-term purpose of project work.

# Strategic Alignment

- Let's take a scenario. Suppose a project manager, X, distributes tasks to the team members and asks them to submit these tasks within the set timeline.

- Then, there is another project manager, Y, who distributes tasks to team members and also briefs them about the purpose. Y explains the reasons behind why the said tasks are important and how achieving these tasks will get them closer to achieving their overall company goals.

- *Whose Team do you think will be more geared towards completing the project as desired?*

# Project Management Contributions

▶ Projects drive change – aimed at moving an organization from one state to another

▶ Projects enable business value creation – the benefit that the results of a specific project provides to its stakeholders. Can be tangible or intangible

   ▶ Tangible – Monetary assets, fixtures, tools, etc.

   ▶ Intangible – Brand recognition, goodwill, strategic alignment, public benefit.

# Project Management Contributions
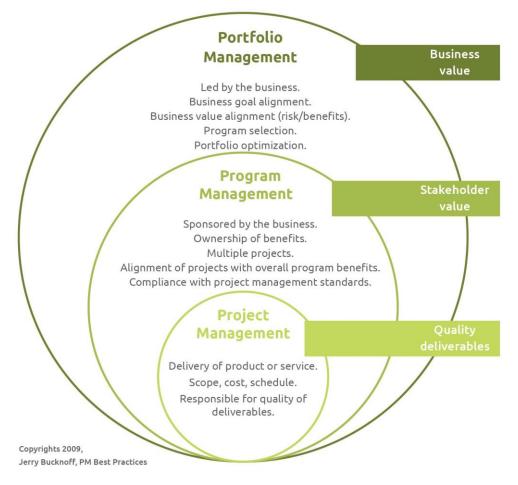
Discussion –

Examples where Project Management contributes to overall business success

# Project, Program and Portfolio Management
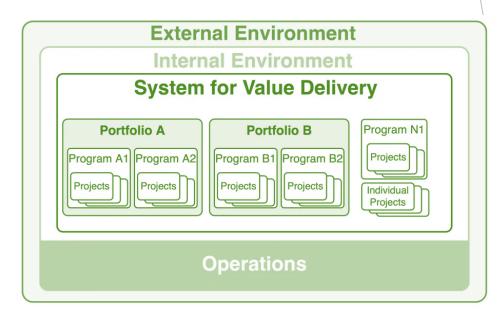
- A Project may be managed as a stand-alone project, within a program, or within a portfolio.

- A Program is defined by a group of related projects and activities that are managed in a coordinated manner to obtain benefits that would not be achievable individually

- A Portfolio is defined as projects, programs and operations as a group to achieve strategic objectives.

  - Note: Program management and portfolio management differ from project management in their life cycles, activities, objectives and focus however share similar coordination efforts.

# Project, Program and Portfolio Management



**Portfolio Management**

Led by the business.
Business goal alignment.
Business value alignment (risk/benefits).
Program selection.
Portfolio optimization.

**Program Management**

Sponsored by the business.
Ownership of benefits.
Multiple projects.
Alignment of projects with overall program benefits.
Compliance with project management standards.

**Project Management**

Delivery of product or service.
Scope, cost, schedule.
Responsible for quality of deliverables.

Business value

Stakeholder value

Quality deliverables

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# Project, Program and Portfolio Management

▶ Value Delivery – Working together, these components comprise a system for delivering value that is aligned with the organizational strategy.

▶ A system for value delivery is part of an organization's internal environment that is subject to policies, procedures, methodologies, frameworks, governance structures, etc.



**Components of a Sample Value Delivery System**
Redrawn from Figure 2-2 of A Guide to the Project Management Body of Knowledge, Seventh Edition, PMI (2021)

# Project, Program and Portfolio Management
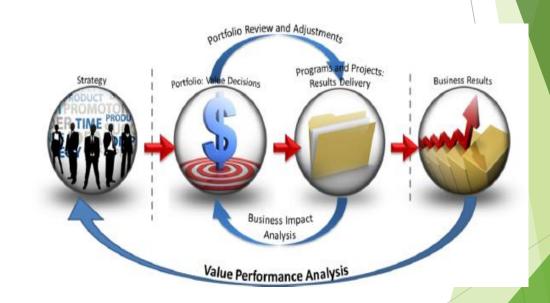
# Organizational Project Management (OPM) Strategies

- Portfolio Management aligns portfolios with organizational strategies by selecting the right programs or projects, prioritizing the work, and providing the needed resources.

- Program Management harmonize its program components and controls interdependencies in order to realize specific benefits.

- Project Management enables the achievement of organizational goals and objectives

# Organizational Project Management (OPM) Strategies

▶ The purpose of OMP is the ensure the organization undertakes the right projects and allocates critical resources appropriately.

▶ It also helps organizations ensure that all levels in the organizations understand strategic vision, the initiatives that support the vision, the objectives and the deliverables.

# Project Management

- **Project Definition** – A *temporary* endeavor to create a *unique* product, service or result.

- Projects are undertaken at all levels of an organization. Can involve a single individual or a group.

# Project Initiation

- From the outset, the ideas behind the project and the feasibility of delivering the anticipated aims need to be critically reviewed. This should include the identification of an owner - essentially the (internal) customer and the manager - who is going to be responsible for delivery.

# Project Initiation

A project proposal should be written. The project owner (or 'sponsor') evaluates this proposal and if they approve launching the project, they are also responsible for allocating the required resources. Any proposal needs to address:

1. **Why the project is required**. The key question here is what will be 'better' or 'different' as a result of this work being undertaken.

2. **The feasibility of the project**. This should include a consideration of the resources needed (along with a comparison against the resources likely to be available!), the delivery method to be used

3. Who the **partners and stakeholders** will be.

4. **Project scope** i.e. what is 'in' and 'out'. It is important to get clear agreement from the outset on what the project will actually deliver!

# Project Charter

- Best marketing tool.
- Created at the very start of the project, when the selling of the project's goals and ideas needs to begin.
- Documents the relationships between the project and the organizational strategy.

# Project Charter

- The PMBOK® Guide, defines a project charter as "a document issued by the project initiator or sponsor that formally authorizes the existence of a project, and provides the project manager with the authority to apply organizational resources to project activities." (PMI, 2004, 368)

- The key word in this definition is **"authority."** It authorizes both the project and the project manager.

# Project Charter

The PMBOK® Guide lists some specific information that the charter should provide, either directly or by reference, including, but not limited to:

- Requirements
- Business needs
- Summary schedule
- Assumptions and constraints
- Business case, including return on investment

**A document can still be a charter, even if it omits one of more of the information items on the list.**

# Project Charter

- A charter is ideal for critically examining whether a project truly supports organizational strategy. The project is new, so investment is low. If the project is not truly aligned with organizational strategy, the charter is the best chance to stop that project before resources are wasted.

**If project managers consistently stopped misaligned projects before they started, there would be far fewer failed projects.**

# Project Charter
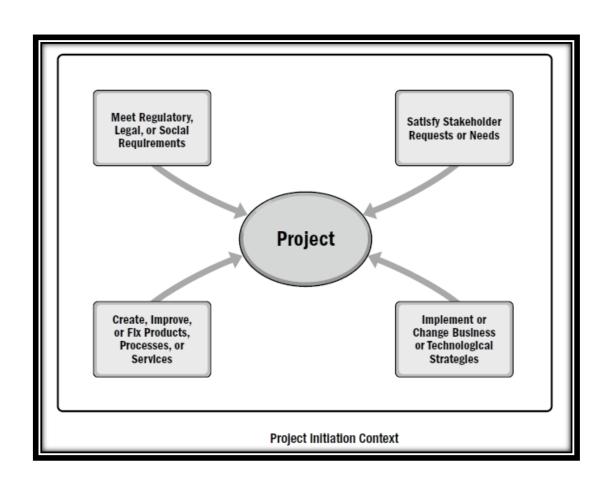
- Sometimes, other types of formal documents or instruments may serve the same purpose as a charter (e.g., memoranda of agreement or inter-agency agreements). It is a best practice to prepare a project charter for major projects in which there are multiple departments or organizations participating in project work or providing funding for project support.

- Some organizations may create a project charter from a standardized template, while other organizations may take a more free-form and adaptable approach.

# Role of the Project Manager

- A person assigned by the organization to lead the team that is responsible for achieving project objectives.

- Project Managers fulfil several roles within their 'sphere of influence'

# Project Initiation Context



Project Initiation Context

# Project Initiation Context

▶ Factors that Lead to the Creation of a Project

    ▶ New Technology

    ▶ Competitive Forces

    ▶ Political Changes

    ▶ Stakeholder Demands

    ▶ Economic Changes

    ▶ Business Process Improvements

    ▶ Environmental Considerations

    ▶ Strategic Opportunity or Business Need
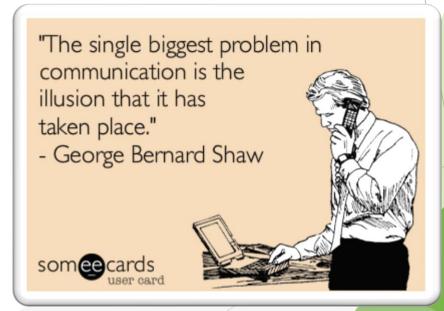
# Project Stakeholders

- **Stakeholders** can be anyone or any organization that has an interest or involvement in the project. The term "stakeholder" is normally used in a general sense to identify people or organizations that will have some role in a project (e.g., review or approval of project deliverables) or which are more broadly impacted by the project work or results (e.g., employees or management personnel inside the organization carrying out the project).

# Role of the Project Manager

▶ Leads the Project Team to meet objectives and stakeholder's expectations.

▶ Balances the competing constraints on the project with resources available.

▶ Communication Role is important – provides the direction and vision to the Sponsor, Team Members, and Stakeholders.



"The single biggest problem in communication is the illusion that it has taken place."
- George Bernard Shaw

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# Communication in Project Management

▶ Nothing is more important to the success of a project than effective communication. More effective communication = Better project management is obviously known to everyone in project management, but we do face difficulties in implementing it due to various factors like the nature of the project, structure of the organization etc.

▶ About 90% of the time in a project is spent on communication by the project manager.



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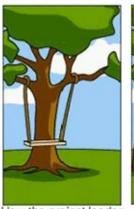
# Project Management

# Project Management
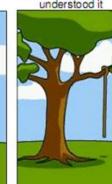
# Tree & Swing Explained

1. When a customer describes what s/he wants, it tends to be true that s/he always overstates it.

2. The product owner gathers the customer's requirement and summaries it.

3. Engineers follow PO's summary and make it work. Well, to some extent...

4. Then programmers will write it. However, when you test it, it is not workable.

5. Finally, we have a product, so the sales can start their job by exaggerating its features.

6. When you want to check the document, it is always nowhere to be found.

7. What the operations build is simply a rope. Gosh, I don't know what to say.

8. Customers are billed for extraordinary experiences.

9. The way Helpdesk solves problems is just simple and "radical".

10. Voila! It turns out what the customer truly wants is just a simple tire swing.



How the customer explained it | How the project leader understood it | How the engineer designed it | How the programmer wrote it | How the sales executive described it
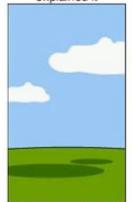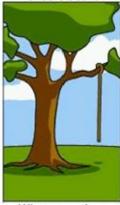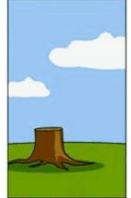
How the project was documented | What operations installed | How the customer was billed | How the helpdesk supported it | What the customer really needed

# Strategic & Business Management Skills

▶ Ability to see the high-level overview of the organization and effectively negotiate and implement decisions and actions that support strategic alignment and innovation.

▶ Project Managers should be knowledgeable about the business and be able to:

  ▶ Explain to others the business aspects of the project.

  ▶ Work with the Project Sponsor, Team, and subject matter experts to develop an appropriate project delivery strategy.

  ▶ Implement the strategy in a way that maximizes the business value of the project.

# Strategic & Business Management Skills

▶ In order to make best decision, project managers seek out and consider the expertise of operational managers who run the business.

▶ At minimum, the Project Managers should be knowledgeable about the business and be able to explain the following:

  ▶ Strategy;

  ▶ Mission;

  ▶ Goals & Objectives;

  ▶ Products and Services;

  ▶ Operations (location, type, technology);

  ▶ The market condition; and

  ▶ Competition

# Discussion

- Why do you think senior management place such a high priority toward instituting project management disciplines within their organizations

# Discussion

▶ Why do you think senior management place such a high priority toward instituting project management disciplines within their organizations

✓ Strategic alignment with organizational goals

✓ Consistent and speedy decisions

✓ Improvement in customer satisfaction

✓ Realistic estimation and planning

✓ Effective resource allocation

✓ Higher productivity and improved resource utilization

✓ Increase in employee motivation and morale

✓ Improved quality of end product

✓ Saves time for implementation

✓ Reduces overall cost

✓ Facilitates proactive risk management

# In Class Activity

- Review Sample Project Charter from Blackboard

# Assignment # 1

▶ Choose a project - it works best to find a project that has a clear set of deliverables and an organization who benefits from them.

▶ Prepare a Project Charter as a way to summarize the project scope, timing, resources, management, business case, and confirm commitments

▶ You can create your own or use the template provided on blackboard. You can include other information in the Charter but, remember to keep it concise, high-level, and to avoid technical detail.

▶ **DUE DATE: SEPT 27, 2023**

# Next Class

- Project Management Life Cycles
- Role of the Project Manager