**Chapter 4 - Key Terms**

**Project’s Infrastructure –** Itidentifies the project’s governance structure and all of the project resources.

**Organizational Governance –** Itprovide a set of values, methods, and processes to:

* Set organizational strategy and objectives
* Provide resources (people, processes, tools, and technology) to achieve the organizational strategy and objectives
* Monitor and control activities to ensure that the organizational resources are used efficiently and effectively

**Project Governance -** Project governance provides a framework to ensure that a project aligns with a chosen business strategy while ensuring that the time, money, and resources provide real value to the organization.

**Project Management Office (PMO) -** It is a group or department within the organization that oversees all of the project management standards, methods, and policies based on, for example, either PMBOK® or PRINCE2®.

**Functional Organization -** This particular structure is based on individuals and subunits (i.e., groups of individuals) performing similar functions and have similar areas of expertise.

**Project-Based Organization -** Sometimes referred to as the pure project organization, this organizational structure supports projects as the dominant form of business. Typically, a project organization will support multiple projects at one time and integrate project management tools and techniques throughout the organization. Each project is treated as a separate and relatively independent unit within the organization.

**Matrix Organization -** It is a combination of the vertical functional structure and the horizontal project structure. As a result, the matrix organization provides many of the opportunities and challenges associated with the functional and project organizations. The main feature of the matrix organization is the ability to integrate areas and resources throughout an organization.

**Outsourcing** - It is the subcontracting of services and components of the project’s scope to another firm.

**Offshoring –** Itis the outsourcing of jobs overseas allowing an organization to take advantage of labor arbitrage (i.e., cheap labor) by procuring a product or service from a supplier that operates in another country.

**Full Insourcing** – When project resources are acquired internally and the project team is responsible for all project processes and delivery of the project.

**Full Outsourcing –** When project resources and processes are the responsibility of external sources.

**Selective Outsourcing -** Specific project resources are acquired internally and the project team is responsible for many of project processes. The remaining resources and project processes are outsourced externally.

**Contract -** A contract is a document signed by the buyer and seller that defines the terms and conditions of the buyer–seller relationship. It serves as a legally binding agreement that obligates the seller to provide specific products, services, or even results, while obligating the buyer to provide specific monetary or other consideration.

**Fixed-Price or Lump-Sum Contract -** A total or fixed price is negotiated or set as the final price for a specific product or service.

**Cost-Plus-Fee or Cost-Plus Percentage -** The seller is paid for the costs incurred in performing the work as well as a fee based on an agreed-upon percentage of the costs.

**Cost-Plus-Fixed-Fee Contract -** In this case, the seller is reimbursed for the total direct and indirect costs of performing the work, but receives a fixed amount.

**Cost-Plus-Incentive-Fee Contract -** Under this type of contract, the seller is reimbursed for the costs incurred in doing the work and receives a predetermined fee plus an incentive bonus for meeting certain objectives.

**Project Environment -** The project environment includes not only the physical space where the team will work, but also the project culture.

**Project Charter -** The project charter serves as an agreement and as a communication tool for all of the project stakeholders.