Unit 8: ORGANIZATIONAL INFLUENCES AND PROJECT LIFE CYCLE

AGENDA

- Organizational Influences on Project Management,
- Project Stakeholders and Governance,
- Project Team,
- Project Life Cycle.

Introduction

- Projects and project management take place in an environment that is broader than that of the project itself.
- Understanding this broader context helps ensure that work is carried out in alignment with the organization's goals and managed in accordance with the organization's established practices.
- We need to understand, how organizational influences affect the methods used for staffing, managing, and executing the project.

Organizational Influences on Project Management

- An organization's culture, style, and structure influence how its projects are performed.
- The organization's level of project management maturity and its project management systems can also influence the project.
- When a project involves external entities like a joint venture or partnering agreement, the project will be influenced by more than one organization.
- **Organizational Cultures and Styles**
- Organizations are systematic arrangements of entities (persons and/or departments) aimed at accomplishing a purpose, which may involve undertaking projects.
- An organization's culture and style affect how it conducts projects.

Organizational Influences on Project Management

- **Organizational Cultures and Styles**
- An organization's culture and style are group phenomena, also called cultural norms, affect how it conducts projects.
- The norms include established approaches to initiating and planning projects, the means considered acceptable for getting the work done, and recognized authorities who make or influence decisions.
- Organizational culture is shaped by the common experiences of members of the organization. Common experiences may include:
  - Shared visions, mission, values, beliefs, and expectations;
  - Regulations, policies, methods, and procedures;
  - Motivation and reward systems;
  - Risk tolerance;
  - View of leadership, hierarchy, and authority relationships;
  - Code of conduct, work ethic, and work hours; and
  - Operating environments.

Organizational Influences on Project Management

- **Organizational Cultures and Styles**
- A project manager should understand the different organizational styles and cultures that may affect a project as they may have a strong influence on the project's ability to meet its objectives.
- The project manager needs to know which individuals in the organization are the decision makers or influencers and work with them to increase the probability of project success.
- In light of globalization, understanding the impact of cultural influences is critical in projects involving diverse organizations and locations around the world.

Organizational Influences on Project Management

- **Organizational Communications**
- Organizational communications capabilities influences how projects are conducted.
- As a consequence, project managers in distant locations are able to effectively communicate with all relevant stakeholders within the organizational structure to facilitate decision making.
- Stakeholders and project team members can also use electronic communications (including e-mail, texting, instant messaging, social media, video and web conferencing, and other forms of electronic media) to communicate with the project manager formally or informally.

Organizational Influences on Project Management

- **Organizational Structures**
- Organizational structure is an enterprise environmental factor, which can affect the availability of resources and influence how projects are conducted.
- Organizational structures range from functional to projectized, with a variety of matrix structures in between.
- Table next shows key project-related characteristics of the major types of organizational structures.

Organizational Influences on Project Management

Organizational Structures

Organization Structure / Project Characteristics	Functional	Matrix			Projectized
		Weak Matrix	Balanced Matrix	Strong Matrix	
Project Manager's Authority	Little or None	Low	Low to Moderate	Moderate to High	High to Almost Total
Resource Availability	Little or None	Low	Low to Moderate	Moderate to High	High to Almost Total
Who manages the project budget	Functional Manager	Functional Manager	Mixed	Project Manager	Project Manager
Project Manager's Role	Part-time	Part-time	Full-time	Full-time	Full-time
Project Management Administrative Staff	Part-time	Part-time	Part-time	Full-time	Full-time

Influence of Organizational Structures on Projects

Organizational Influences on Project Management

- **Organizational Process Assets**
- Organizational process assets are the **plans, processes, policies, procedures, and knowledge bases** specific to and used by the performing organization.
- They include any artifact, practice, or knowledge from any or all of the organizations involved in the project that can be used to perform or govern the project.
- The organization's knowledge bases may include lessons learned and historical information.

Organizational Influences on Project Management

- **Organizational Process Assets**
- Organizational process assets may include completed schedules, risk data, and earned value data.
- Organizational process assets are inputs to most planning processes.
- Throughout the project, the project team members may update and add to the organizational process assets as necessary.
- Organizational process assets may be grouped into two categories: (1) processes and procedures, and (2) corporate knowledge base.
- **Processes and procedures** may include *Initiating and Planning, Executing, Monitoring and Controlling, Closing*
- **Corporate knowledge base** includes *knowledge of Configuration management knowledge, Configuration management knowledge, Historical information and lessons, Issue and defect management databases, Process measurement databases*

Organizational Influences on Project Management

- **Enterprise Environmental Factors**
- Enterprise environmental factors refer to conditions, not under the control of the project team, that influence, constrain, or direct the project.
- These factors may enhance or constrain project management options, and may have a positive or negative influence on the outcome.
- Enterprise environmental factors vary widely in type or nature and may include:
  - Organizational culture, structure, and governance
  - Geographic distribution of facilities and resources;
  - Government or industry standards (e.g., regulatory agency regulations, codes of conduct, product standards, quality standards, and workmanship standards);

Organizational Influences on Project Management

- **Enterprise Environmental Factors**
  - Infrastructure (e.g., existing facilities and capital equipment);
  - Existing human resources (e.g., skills, disciplines, and knowledge, such as design, development, legal, contracting, and purchasing);
  - Personnel administration (e.g., staffing and retention guidelines, employee performance reviews and training records, reward and overtime policy, and time tracking);
  - Company work authorization systems;
  - Marketplace conditions;
  - Stakeholder risk tolerances;
  - Political climate;
  - Organization's established communications channels;
  - Commercial databases (e.g., standardized cost estimating data, industry risk study information, and risk databases); and
  - Project management information system

Project Stakeholders and Governance

- A stakeholder is **an individual, group, or organization** who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project.
- Stakeholders may be actively involved in the project or have interests that may be positively or negatively affected by the performance or completion of the project.
- Different stakeholders may have competing expectations that might create conflicts within the project.

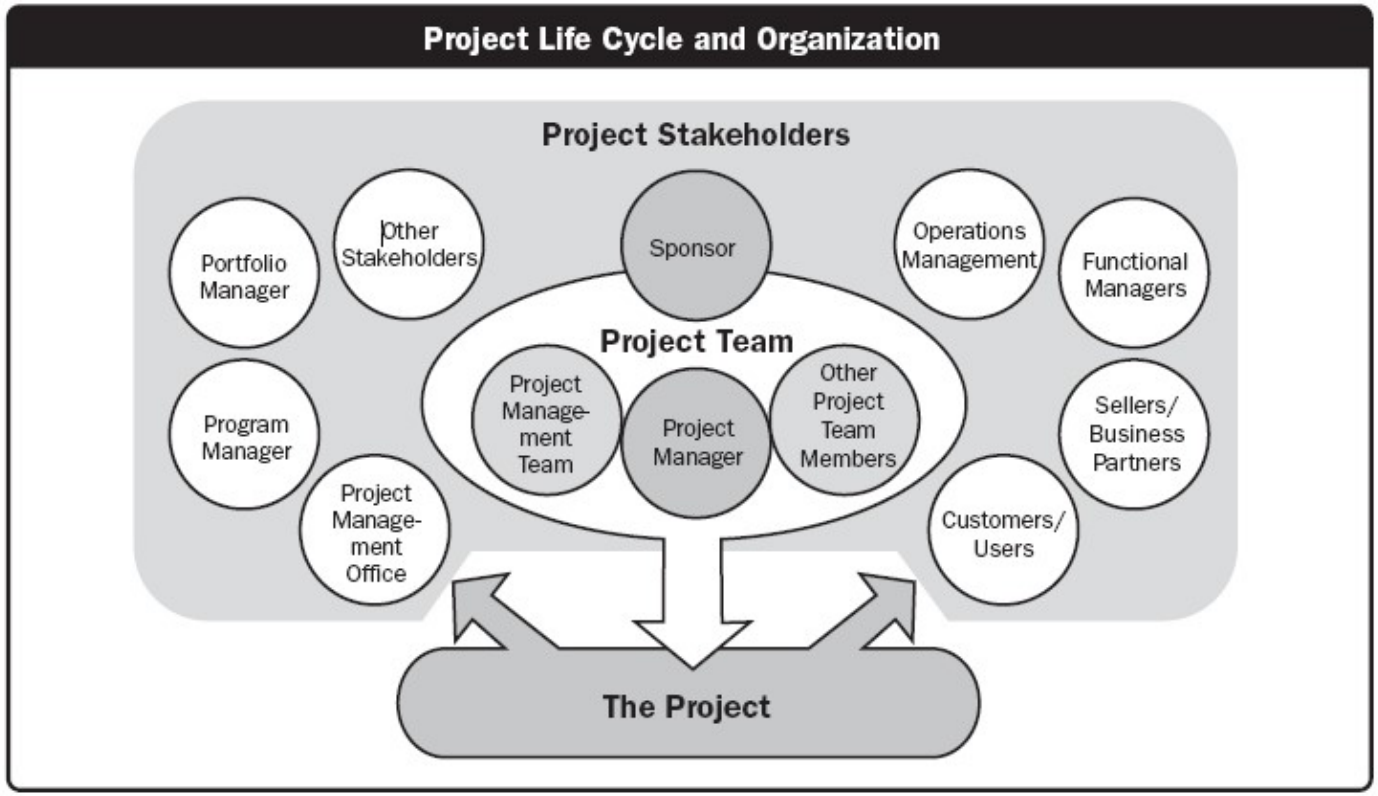
Project Stakeholders and Governance

- Project governance—the alignment of the project with stakeholders' needs or objectives—is critical to the successful management of stakeholder engagement and the achievement of organizational objectives.
- It enables organizations to consistently manage projects and maximize the value of project outcomes and align the projects with business strategy.
- **Project Stakeholders**
- Stakeholders include all members of the project team as well as all interested entities that are internal or external to the organization.
- The project team identifies internal and external, positive and negative, and performing and advising stakeholders in order to determine the project requirements and the expectations of all parties involved.

Project Stakeholders and Governance

Project Stakeholders

The Relationship Between Stakeholders and the Project



- The project manager should manage the influences of various stakeholders in relation to the project requirements to ensure a successful outcome.
- Figure above illustrates the relationship between the project, the project team, and various stakeholders.

Project Stakeholders and Governance

- The stakeholders have varying levels of responsibility and authority over the course of the project's life cycle.
- Identifying stakeholders, understanding their relative degree of influence on a project, and balancing their demands, needs, and expectations are critical to the success of the project.
- Failure to do so can lead to delays, cost increases, unexpected issues, and other negative consequences including project cancellation.

Project Stakeholders and Governance

- **Perspective Interests**
- Just as stakeholders can positively or adversely impact a project's objectives, a project can be perceived by the stakeholders as having positive or negative results.
- In the case of stakeholders with positive expectations for the project, their interests are best served by making the project successful.
- In contrast, the interests of negatively affected stakeholders, such as nearby homeowners or small business owners who may lose property, be forced to relocate, or accept unwanted changes in the local environment, are served by impeding the project's progress.
- Overlooking negative stakeholder interests can result in an increased likelihood of failures, delays, or other negative consequences to the project.

Project Stakeholders and Governance

- **Perspective Interests**
- Project manager's responsibility is to balance different or conflicting objectives and interests of stake holders to ensure that the project team interacts with them in a professional and cooperative manner.
- **Examples of project stakeholders**
- **Sponsor:** is the person or group who provides resources and support for the project and is accountable for enabling success.
- The sponsor may be external or internal to the project manager's organization, and promotes the project from initial conception through project closure.
- For issues that are beyond the control of the project manager, the sponsor serves as an escalation path.

Project Stakeholders and Governance

- **Customers and users**. Customers are the persons or organizations who will approve and manage the project's product, service, or result.
- Users are the persons or organizations who will use the project's product, service, or result.
- Customers and users may be internal or external to the performing organization and may also exist in multiple layers.
- **Business partners.** Business partners are external organizations that have a special relationship with the enterprise, sometimes attained through a certification process.
- Business partners provide specialized expertise or fill a specified role such as installation, customization, training, or support.

Project Stakeholders and Governance

- **Sellers.** Sellers, also called vendors, suppliers, or contractors, are external companies that enter into a contractual agreement to provide components or services necessary for the project.
- **Organizational groups**. Organizational groups are internal stakeholders who are affected by the activities of the project team.
- Examples of various business elements of an organization that may be affected by the project include marketing and sales, human resources, legal, finance, operations, manufacturing, and customer service.
- These groups support the business environment where projects are executed, and are therefore affected by the activities of the project.

Project Stakeholders and Governance

- **Functional managers:** people with probably a management role within an administrative or functional area of the business, such as human resources, finance, accounting, or procurement.
- They are assigned their own permanent staff to carry out the ongoing work, with a clear directive to manage all tasks within their functional area of responsibility.
- The functional manager may provide subject matter expertise or their function may provide services to the project.
- **Other stakeholders**: such as procurement entities, financial institutions, government regulators, subject matter experts, consultants, and others, may have a financial interest in the project, contribute inputs to the project, or have an interest in the outcome of the project.

Project Governance

- An oversight function supporting and controlling the project for successful delivery.
- A critical element of any project, especially on complex and risky projects even though provides a comprehensive, consistent method of controlling the project.
- It is aligned with the organization's governance model encompassing the project life cycle and provides the project manager and team with structure, processes, decision-making models and tools for managing the project.
- Ensures success by defining, documenting and communicating reliable and repeatable project practices.
- Determines the effectiveness of the project manager.

Project Governance

- For project governance, the PMO may also play some decisive role.
- Project governance involves stakeholders as well as documented policies, procedures, and standards; responsibilities; and authorities. Examples of the elements of a project governance framework include:
  - Project success and deliverable acceptance criteria;
  - Process to identify, escalate, and resolve issues arise during the project;
  - Relationship among the project team, organizational groups, and external stakeholders;
  - Project organization chart that identifies project roles;
  - Processes and procedures for the communication of information;
  - Project decision-making processes;
  - Guidelines for aligning project governance and organizational strategy;
  - Project life cycle approach;
  - Process for stage gate or phase reviews;
  - Process for review and approval for changes to budget, scope, quality, and schedule which are beyond the authority of the project manager; and
  - Process to align internal stakeholders with project process requirements.

Project Governance

- **Project Success**
- The success of the project should be measured in terms of completing the project within the constraints of scope, time, cost, quality, resources, and risk.
- To ensure realization of benefits for the undertaken project, a test period (such as soft launch in services) can be part of the total project time before handing it over to the permanent operations.
- Project success should be referred to the last baselines approved by the authorized stakeholders.
- The project manager is responsible and accountable for setting realistic and achievable boundaries for the project and to accomplish the project within the approved baselines.

Project Team

- The project team includes the project manager and the group of individuals who act together to achieve the objectives set.
- The project team also includes project management staff, and other team members who carry out the work but are not necessarily involved in project management.
- The team also has individuals from different groups with specific subject matter knowledge or with a specific skill set to carry out the work of the project.
- The structure and characteristics of a project team can vary widely, but one constant is the project manager’s role as the leader of the team, regardless of what authority the project manager may have over its members.

Project Team

- Project teams include roles such as:
- Project management staff.
- Project staff and supporting experts
- User/Customer representatives
- Sellers
- Business partners

Project Team

- **Composition of Project Teams**
- The composition of project teams varies based on factors such as organizational culture, scope, and location.
- The relationship between the project manager and the team varies depending on the authority of the project manager.
- Example of teams
- ***Dedicated team*.** All or a majority of the project team members are assigned to work full-time on the project.
- The project team may be co-located or virtual and usually reports directly to the project manager.
- This is the simplest structure for a project manager, as the lines of authority are clear and team members can focus on the project's objectives.

Project Team

- ***Part-Time.*** Project manager and team members are working on the project while remaining in their existing organizations and continuing to carry out their normal functions.
- The functional managers maintain control over the team members and the resources allocated to the project, and the project manager is likely to continue performing other management duties.
- Part-time team members may also be assigned to more than one project at a time.
- Some organizations use both dedicated and part-time project teams.
- Other members who have limited involvement at various stages of a project can be thought of as part-time project team members.
- Project team composition may also vary based on organizational structure as well as the geographic location of its members.

Project Life Cycle

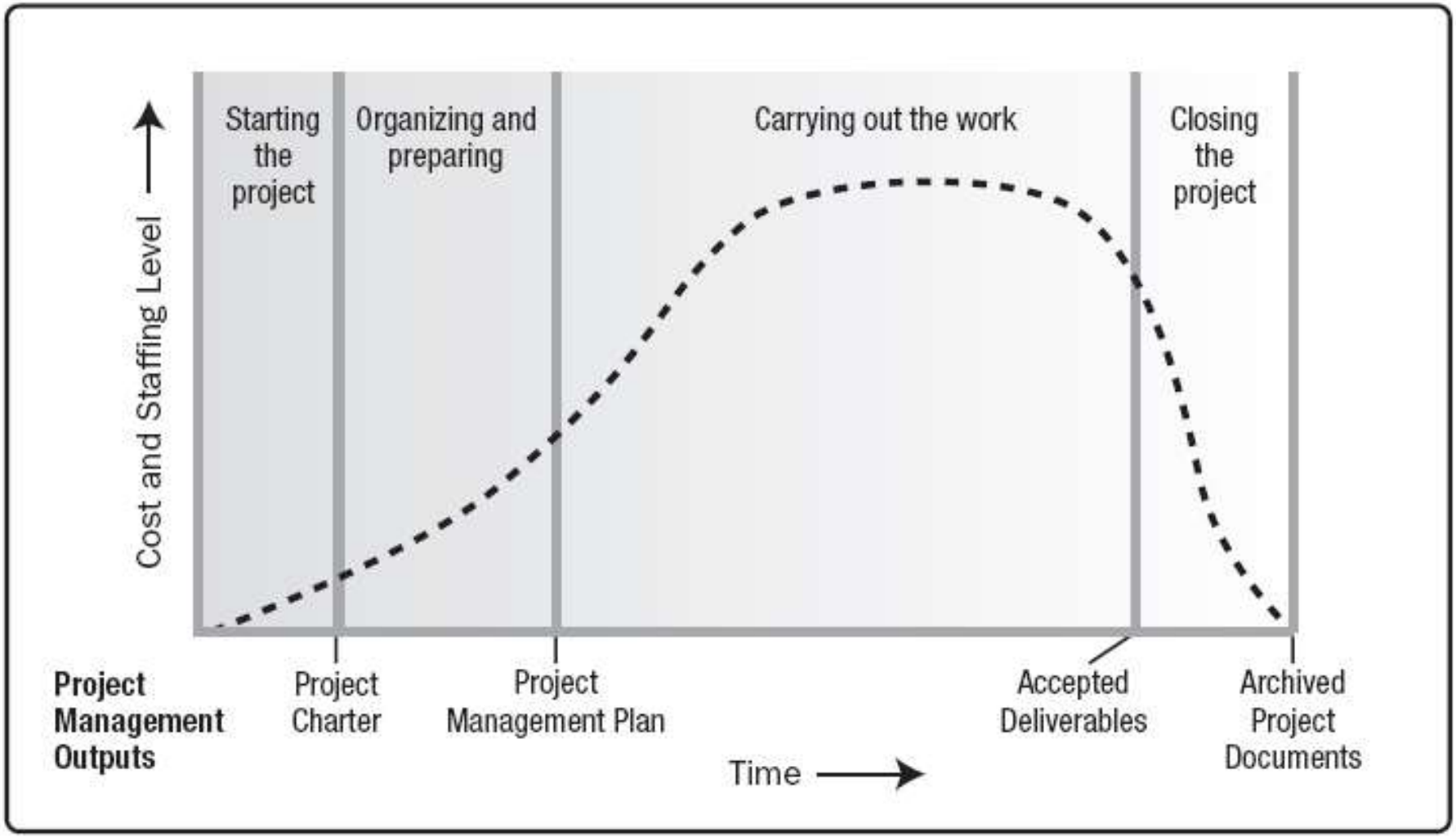
- A project life cycle is the series of sequential phases that a project passes through from its initiation to its closure.
- The phases names and numbers are determined by the management and control needs of the organization or organizations involved in the project, the nature of the project itself, and its area of application.
- The phases can be broken down by functional or partial objectives, intermediate results or deliverables, specific milestones within the overall scope of work, or financial availability and time limit.
- The life cycle provides the basic framework for managing the project, regardless of the specific work involved.

Project Life Cycle

- **Characteristics of the Project Life Cycle**
- Projects vary in size and complexity. All projects can be mapped to the following generic life cycle structure:
  - Starting the project,
  - Organizing and preparing,
  - Carrying out the project work, and
  - Closing the project.
- Generic life cycle structure is referred to when communicating with upper management or other entities less familiar with the details of the project.
- Different from project management process groups and independent from the life cycle of the product produced by or modified by the project.

Project Life Cycle

- **Typical Cost and Staffing Levels Across a Generic Project Life Cycle Structure**

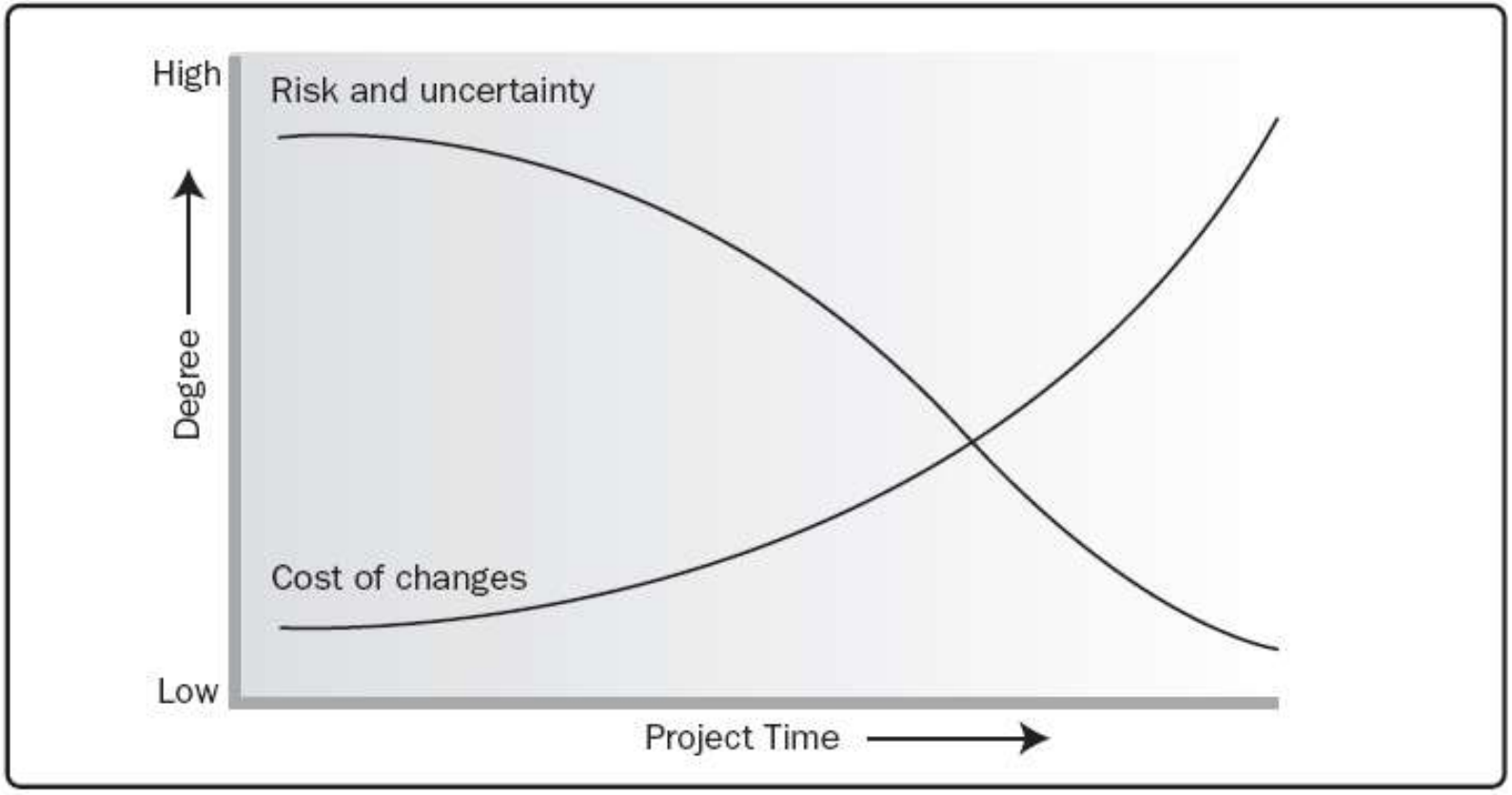


Project Life Cycle

- The generic life cycle structure generally displays the following characteristics:
- Cost and staffing levels are low at the start, peak as the work is carried out, and drop rapidly as the project draws to a close.
- A project may require significant expenditures to secure needed resources early in its life cycle, for instance, or be fully staffed from a point very early in its life cycle.
- Risk and uncertainty are greatest at the start of the project and decrease over the life of the project as decisions are reached and as deliverables are accepted.
- The ability to influence the final characteristics of the project's product, without significantly impacting cost, is highest at the start of the project and decreases as the project progresses towards completion.

Project Life Cycle

- The cost of making changes and correcting errors typically increases substantially as the project approaches completion as shown in the figure below:



Impact of Variable Based on Project Time

Project Life Cycle

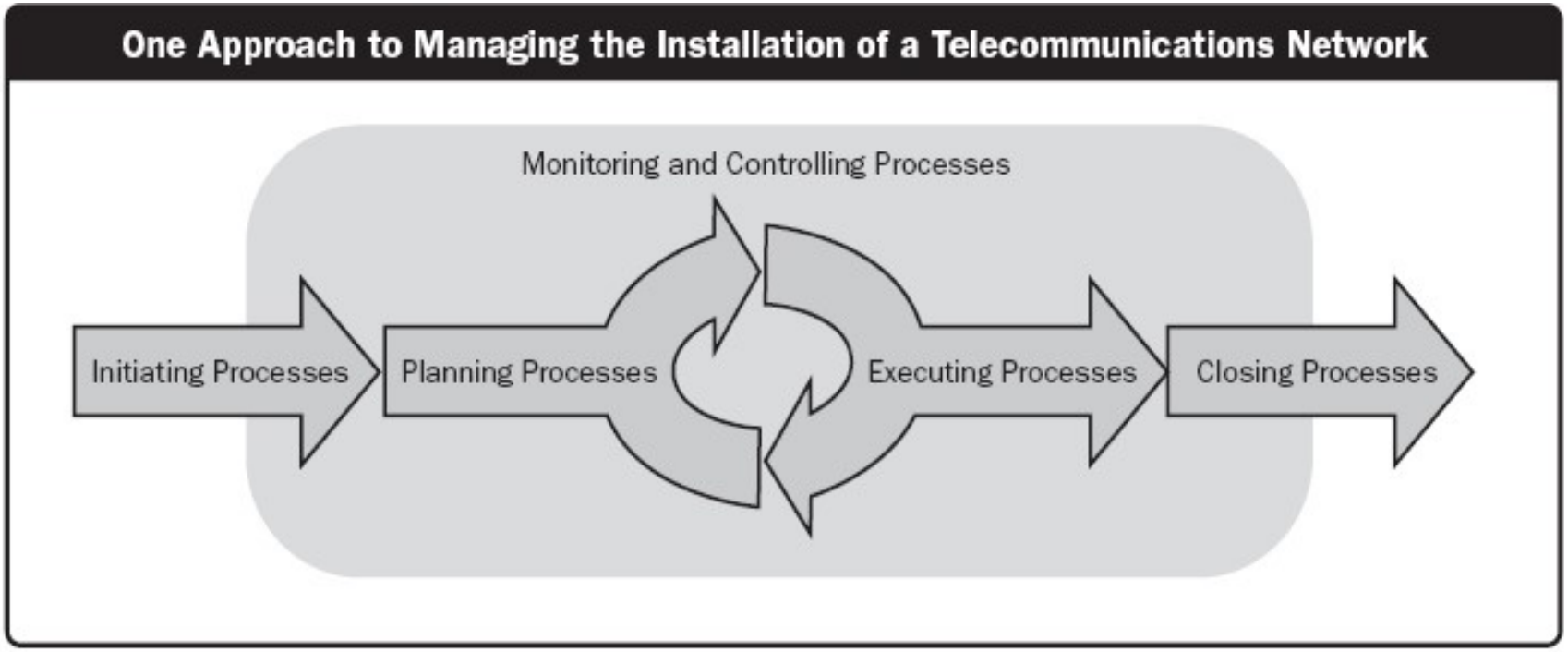
- **Project Phases**
- A project phase is a collection of logically related project activities that culminates in the completion of one or more deliverables.
- Project phases are used when the nature of the work to be performed is unique to a portion of the project, and are typically linked to the development of a specific major deliverable.
- Different phases typically have a different duration or effort. The high-level nature of project phases makes them an element of the project life cycle.
- The number of phases, the need for phases, and the degree of control applied depend on the size, complexity, and potential impact of the project.

Project Life Cycle

- **Project Phases**
- Regardless of the number of phases comprising a project, all phases have similar characteristics:
  - The work has a distinct focus that differs from any other phase. This often involves different organizations, locations, and skill sets.
  - Achieving the primary deliverable or objective of the phase requires controls or processes unique to the phase or its activities.
  - The closure of a phase ends with some form of transfer or hand-off of the work product produced as the phase deliverable.
  - End point is also referred to as a stage gate, milestone, phase review, phase gate or kill point.
  - Phase end represents a natural point to reassess the activities underway and to change or terminate the project if necessary.

Project Life Cycle

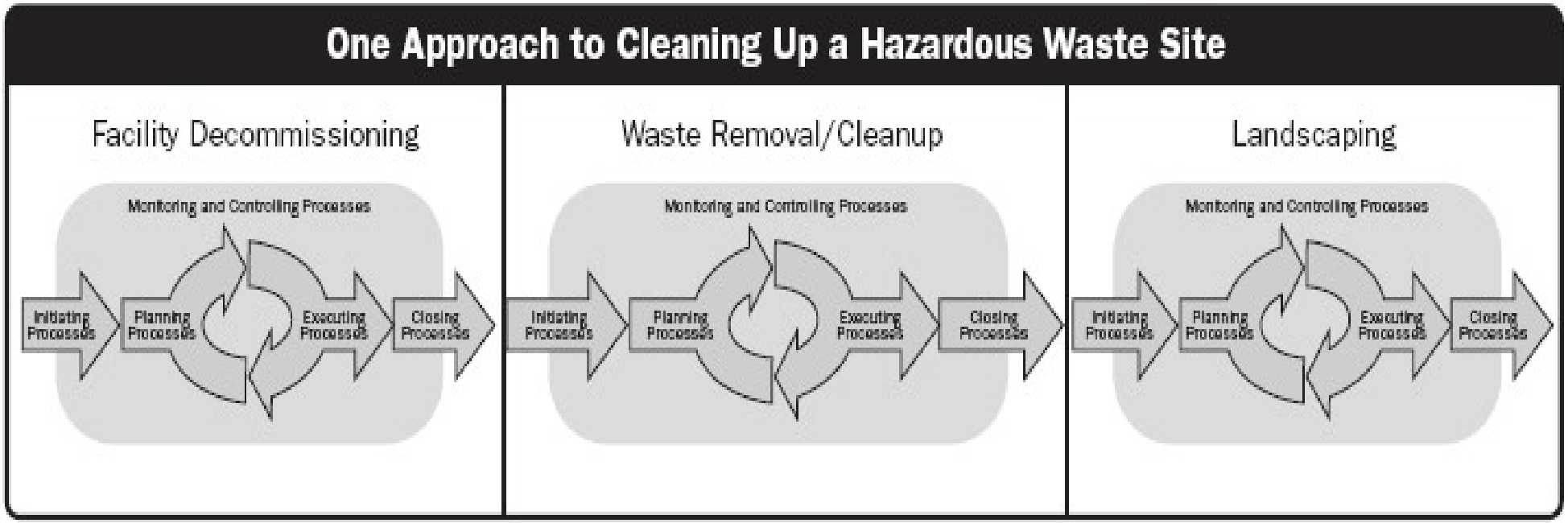
- **Project Phases**
- There is no single ideal structure that will apply to all projects as some projects will have only one phase, some will have two and so on.
- Some organizations have established policies that standardize all projects, while others allow the project team to choose and tailor the most appropriate approach for their individual project.



Example of a Single-Phase Project

Project Life Cycle

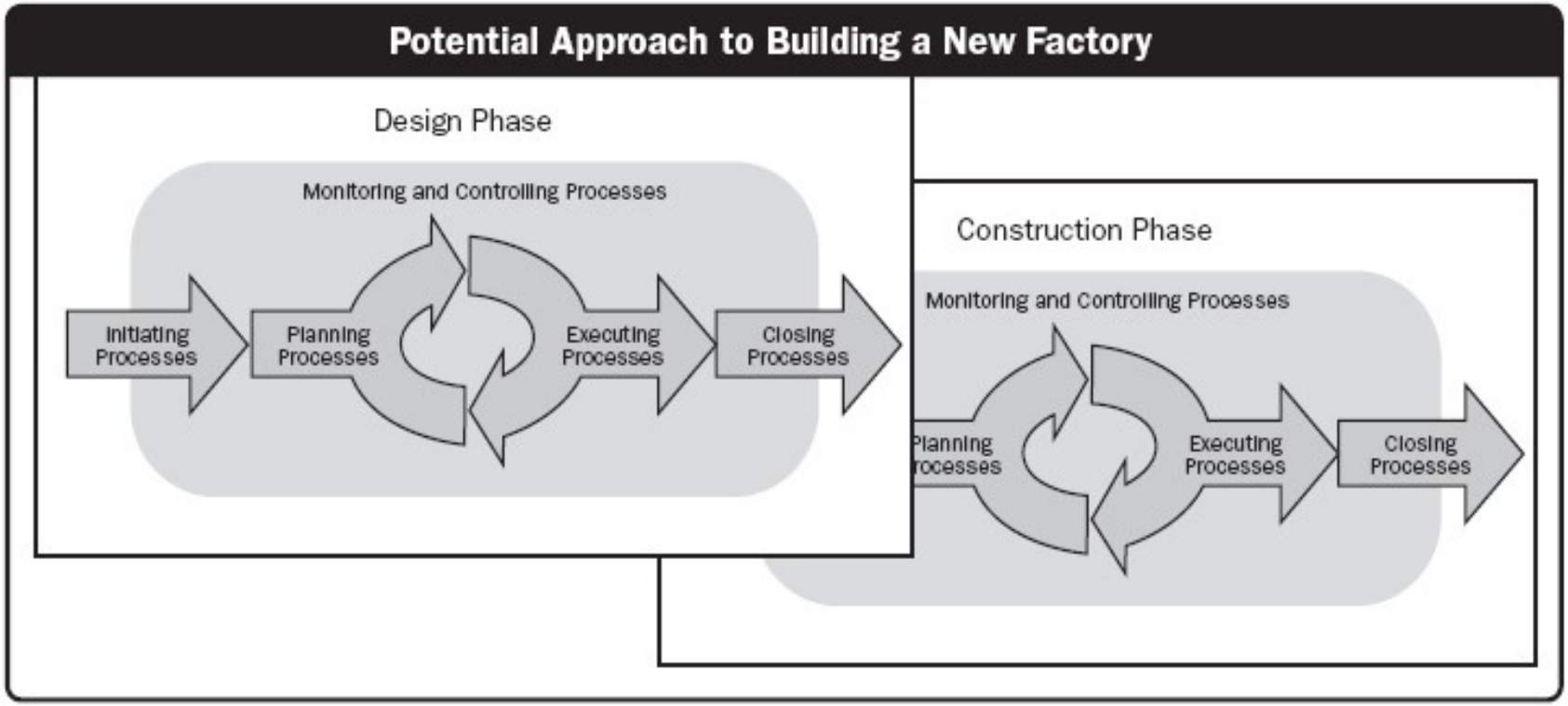
- **Phase-to-Phase Relationships**
- When projects have more than one phase, generally sequential, projects might benefit from overlapping or concurrent phases.
- There are two basic types of phase-to-phase relationships:
- Sequential relationship. A phase starts only when the previous phase is complete as shown in the figure below.
- The step-by-step nature of this approach reduces uncertainty, but may eliminate options for reducing the overall schedule.



Example of a Three-Phase Project

Project Life Cycle

- Overlapping relationship. In an overlapping relationship, a phase starts prior to completion of the previous one, see Figure below.
- This is an example of the schedule compression technique called fast tracking but it may require additional resources to allow work to be done in parallel.
- It may increase risk, and can result in rework if a subsequent phase progresses before accurate information is available from the previous phase.



Example of a Project with Overlapping Phases

Project Life Cycle

- Level of control required, effectiveness, and degree of uncertainty determine the relationship to be applied between phases.
- Based on those considerations, both relationships could occur between different phases of a single project.
- **Predictive Life Cycles**
- The **project scope, time and cost** required to deliver the scope, are determined as early in the project life cycle as practically possible.
- The work performed in each phase is different in nature in the preceding and subsequent phases, therefore, the skills required of the project team may vary from phase to phase.
- Predictive life cycles are preferred when the product to be delivered is well understood or where a product is required to be delivered in full to have value to stakeholder groups.

Project Life Cycle

- **Iterative and Incremental Life Cycles**
- Project phases/iterations intentionally repeat one or more project activities as the project team's understanding of the product increases.
- Iterations develop the product through a series of repeated cycles, while increments successively add to the functionality of the product.
- These life cycles develop the product both iteratively and incrementally.
- Generally preferred when an organization needs to manage changing objectives and scope, to reduce the complexity of a project, **or**
- When the partial delivery of a product is beneficial and provides value for one or more stakeholder groups without impact to the final deliverable or set of deliverables.

Project Life Cycle

- **Adaptive Life Cycles**
- Also known as change-driven or agile methods, are intended to respond to high levels of change and ongoing stakeholder involvement.
- Adaptive methods are also iterative and incremental, and are fixed in time and cost.
- Adaptive projects generally perform several processes in each iteration, although early iterations may concentrate more on planning activities.
- Preferred when dealing with a rapidly changing environment, when requirements and scope are difficult to define in advance, and when it is possible to define small incremental improvements that will deliver value to stakeholders.