

# Chapter 2:

# The Project Management and Information Technology Context

Information Technology Project Management, Seventh Edition



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PROJECT MANAGEMENT | 7e

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Note: See the text itself for full citations.

# Learning Objectives

- ▶ Describe the systems view of project management and how it applies to information technology (IT) projects
- ▶ Understand organizations, including the four frames, organizational structures, and organizational culture
- ▶ Explain why stakeholder management and top management commitment are critical for a project's success

# Learning Objectives

- ▶ Understand the concept of a project phase and the project life cycle, and distinguish between project development and product development
- ▶ Discuss the unique attributes and diverse nature of IT projects
- ▶ Describe recent trends affecting IT project management, including globalization, outsourcing, virtual teams, and agile project management

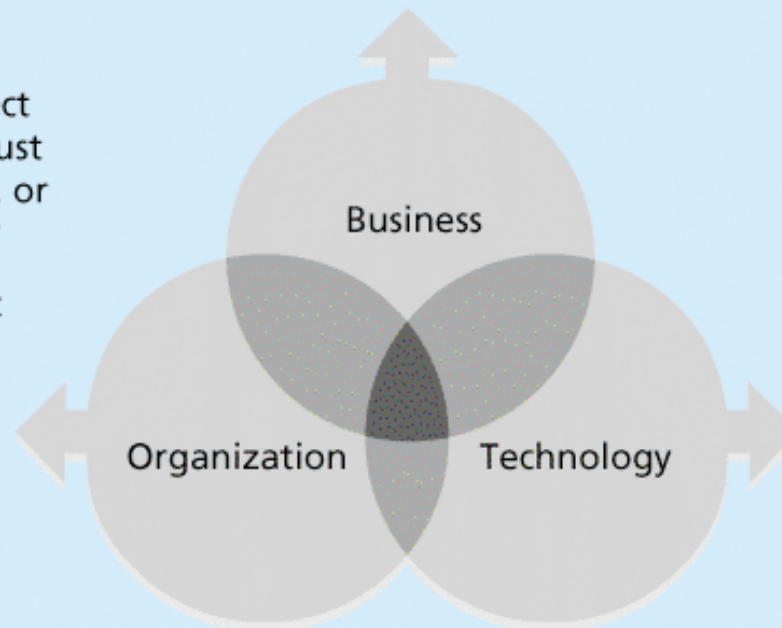
# Projects Cannot Be Run In Isolation

- ▶ Projects must operate in a broad organizational environment
- ▶ Project managers need to use **systems thinking**:
  - taking a holistic view of carrying out projects within the context of the organization
- ▶ Senior managers must make sure projects continue to support current business needs

# A Systems View of Project Management

- ▶ A **systems approach** emerged in the 1950s to describe a more analytical approach to management and problem solving
- ▶ Three parts include:
  - **Systems philosophy**: an overall model for thinking about things as systems
  - **Systems analysis**: problem-solving approach
  - **Systems management**: address business, technological, and organizational issues before making changes to systems

- What will the tablet project cost the college?
- What will it cost students?
- What will support costs be?
- What will the impact be on enrollments?



- Will the tablet project affect all students, just traditional students, or only certain majors?
- How will the project affect students who already have tablets or laptops?
- Who will develop special applications or books for the tablets?
- Who will train students, faculty, and staff?

- Should the tablets be based on Apple, Microsoft, Android, or another system?
- What applications will be required?
- What will the hardware specifications be?
- How will the tablets affect various networks and speed?
- Will more power cords be required in the classroom?



# Figure 2-2. Perspectives on Organizations

<b>Structural frame:</b> Roles and responsibilities, coordination, and control. Organizational charts help describe this frame.	<b>Human resources frame:</b> Providing harmony between needs of the organization and needs of people.
<b>Political frame:</b> Coalitions composed of varied individuals and interest groups. Conflict and power are key issues.	<b>Symbolic frame:</b> Symbols and meanings related to events. Culture, language, traditions, and image are all parts of this frame.

# What Went Wrong?

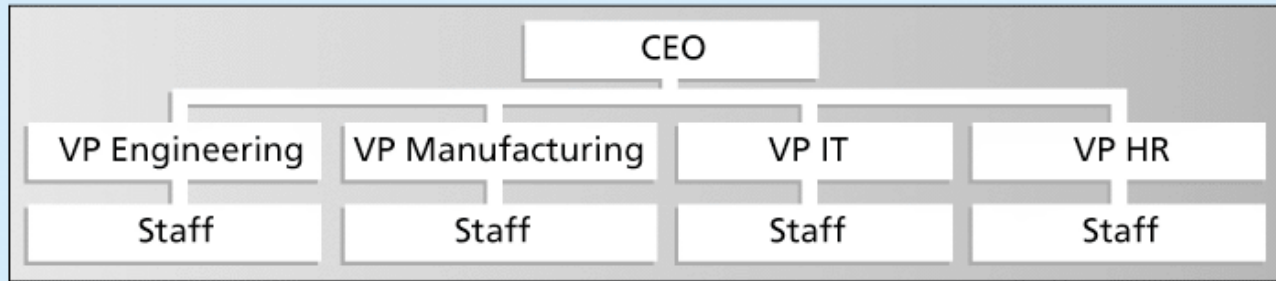
- In a paper titled “A Study in Project Failure,” two researchers examined the success and failure of 214 IT projects over an eight-year period in several European countries.
- The researchers found that only one in eight (12.5 percent) were considered successful in terms of meeting scope, time, and cost goals.
- The authors said that the culture within many organizations is often to blame
- Among other things, people often do not discuss important leadership, stakeholder, and risk management issues



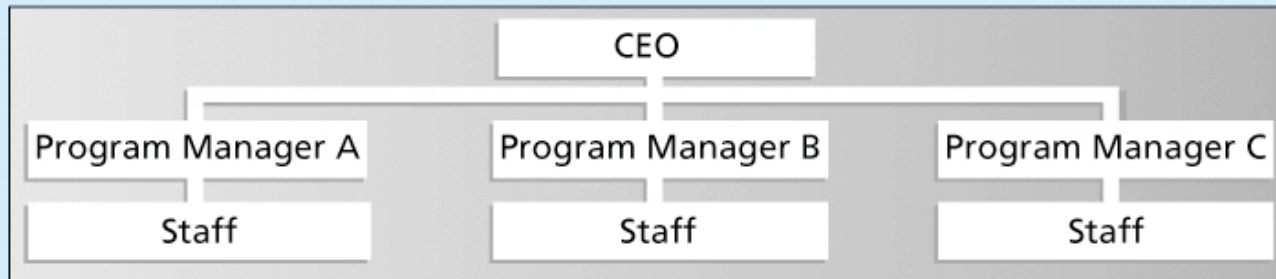
# Organizational Structures

- ▶ 3 basic organization structures
  - **Functional:** functional managers report to the CEO
  - **Project:** program managers report to the CEO
  - **Matrix:** middle ground between functional and project structures; personnel often report to two or more bosses; structure can be weak, balanced, or strong matrix

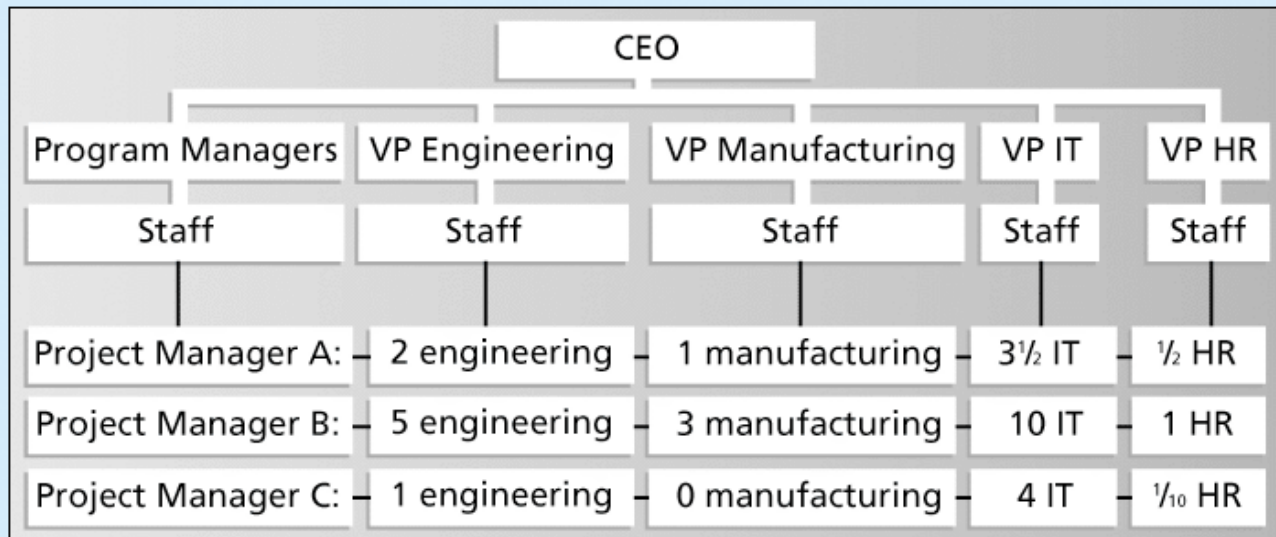
## Functional



## Project



## Matrix



# Table 2-1. Organizational Structure Influences on Projects

Project Characteristics	Organizational Structure Type				
	Functional	Weak Matrix	Balanced Matrix	Strong Matrix	Project
Project manager's authority	Little or none	Limited	Low to moderate	Moderate to high	High to almost total
Percent of organization's personnel assigned full-time to project work	Virtually none	0–25%	15–60%	50–95%	85–100%
Who controls 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
Common title for project manager's role	Project coordinator/ project leader	Project coordinator/ project leader	Project manager/ project officer	Project manager/ program manager	Project manager/ program manager
Project management administrative staff	Part-time	Part-time	Part-time	Full-time	Full-time

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# Organizational Culture

- ▶ **Organizational culture** is a set of shared assumptions, values, and behaviors that characterize the functioning of an organization
- ▶ Many experts believe the underlying causes of many companies' problems are not the structure or staff, but the culture

# Ten Characteristics of Organizational Culture

- ▶ Member identity\*
- ▶ Group emphasis\*
- ▶ People focus
- ▶ Unit integration\*
- ▶ Control
- ▶ Risk tolerance\*
- ▶ Reward criteria\*
- ▶ Conflict tolerance\*
- ▶ Means-ends orientation
- ▶ Open-systems focus\*

\*Project work is most successful in an organizational culture where these items are strong/high and other items are balanced.

# Stakeholder Management

- ▶ Project managers must take time to identify, understand, and manage relationships with all project stakeholders
- ▶ Using the four frames of organizations can help meet stakeholder needs and expectations
- ▶ Senior executives/top management are very important stakeholders
- ▶ See Chapter 13, Project Stakeholder Management, for more information



# Media Snapshot

- ▶ The media have often reported on mismanaged IT projects. A classic example and popular case study is the baggage handling system at Denver International Airport (DIA).
- ▶ The system was supposed to reduce flight delays, shorten waiting times at luggage carousels, and save money, but instead it caused huge problems.
- ▶ One important reason for this famous project disaster was the failure to recognize the project's complexity.

# The Importance of Top Management Commitment

- ▶ People in top management positions are key stakeholders in projects
- ▶ A very important factor in helping project managers successfully lead projects is the level of commitment and support they receive from top management
- ▶ Without top management commitment, many projects will fail.
- ▶ Some projects have a senior manager called a **champion** who acts as a key proponent for a project.

# How Top Management Can Help Project Managers

- ▶ Providing adequate resources
- ▶ Approving unique project needs in a timely manner
- ▶ Getting cooperation from other parts of the organization
- ▶ Mentoring and coaching on leadership issues

# Best Practice

- ▶ **IT governance** addresses the authority and control for key IT activities in organizations, including IT infrastructure, IT use, and project management
- ▶ A lack of IT governance can be dangerous, as evidenced by three well-publicized IT project failures in Australia (Sydney Water's customer relationship management system, the Royal Melbourne Institute of Technology's academic management system, and One.Tel's billing system)

# Need for Organizational Commitment to Information Technology (IT)

- ▶ If the organization has a negative attitude toward IT, it will be difficult for an IT project to succeed
- ▶ Having a Chief Information Officer (CIO) at a high level in the organization helps IT projects
- ▶ Assigning non-IT people to IT projects also encourage more commitment

# Need for Organizational Standards

- ▶ Standards and guidelines help project managers be more effective
- ▶ Senior management can encourage
  - the use of standard forms and software for project management
  - the development and use of guidelines for writing project plans or providing status information
  - the creation of a project management office or center of excellence



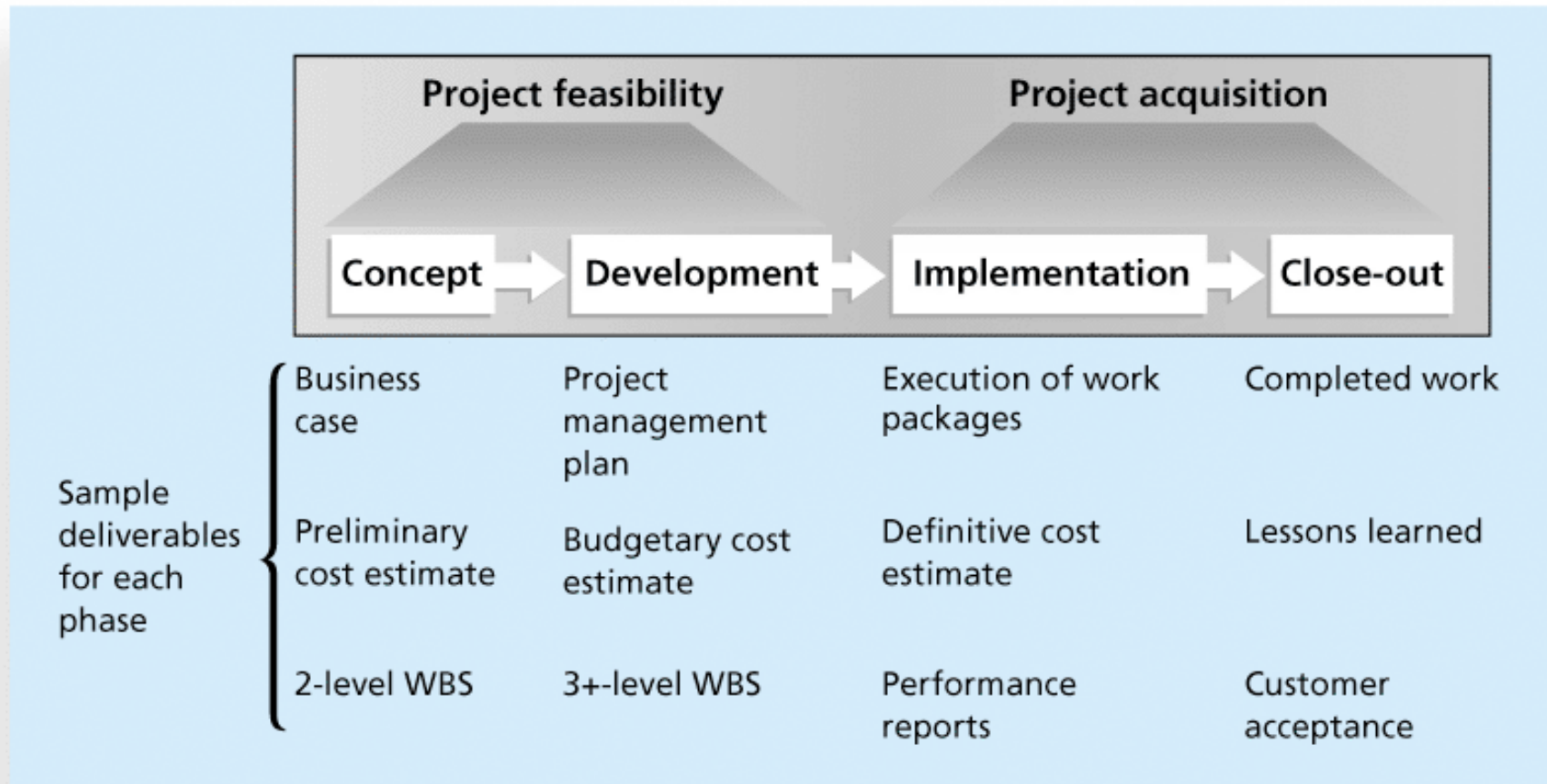
# Project Phases and the Project Life Cycle

- ▶ A **project life cycle** is a collection of project phases that defines
  - what work will be performed in each phase
  - what deliverables will be produced and when
  - who is involved in each phase, and
  - how management will control and approve work produced in each phase
- ▶ A **deliverable** is a product or service produced or provided as part of a project

# More on Project Phases

- ▶ In early phases of a project life cycle
  - resource needs are usually lowest
  - the level of uncertainty (risk) is highest
  - project stakeholders have the greatest opportunity to influence the project
- ▶ In middle phases of a project life cycle
  - the certainty of completing a project improves
  - more resources are needed
- ▶ The final phase of a project life cycle focuses on
  - ensuring that project requirements were met
  - the sponsor approves completion of the project

# Figure 2-4. Phases of the Traditional Project Life Cycle



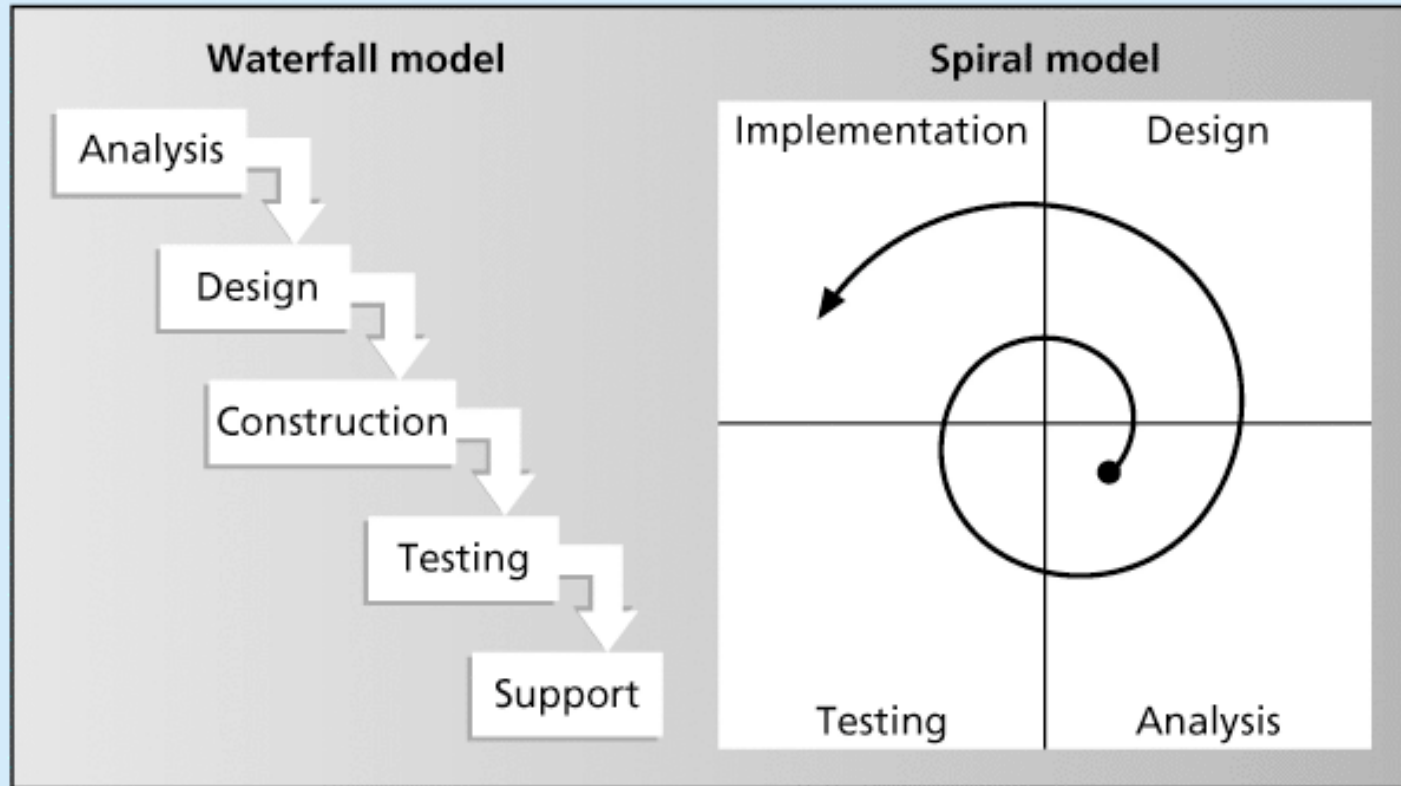
# Product Life Cycles

- ▶ Products also have life cycles
- ▶ The **Systems Development Life Cycle (SDLC)** is a framework for describing the phases involved in developing and maintaining information systems
- ▶ Systems development projects can follow
  - **Predictive life cycle:** the scope of the project can be clearly articulated and the schedule and cost can be predicted
  - **Adaptive Software Development (ASD) life cycle:** requirements cannot be clearly expressed, projects are mission driven and component based, using time-based cycles to meet target dates

# Predictive Life Cycle Models

- ▶ Waterfall model: has well-defined, linear stages of systems development and support
- ▶ Spiral model: shows that software is developed using an iterative or spiral approach rather than a linear approach
- ▶ Incremental build model: provides for progressive development of operational software
- ▶ Prototyping model: used for developing prototypes to clarify user requirements
- ▶ Rapid Application Development (RAD) model: used to produce systems quickly without sacrificing quality

# Figure 2-5. Waterfall and Spiral Life Cycle Models





# Agile Software Development

- ▶ Agile software development has become popular to describe new approaches that focus on close collaboration between programming teams and business experts
- ▶ See the last section of this chapter and Chapter 3 for more information on agile

# The Importance of Project Phases and Management Reviews

- ▶ A project should successfully pass through each of the project phases in order to continue on to the next
- ▶ Management reviews, also called **phase exits** or **kill points**, should occur after each phase to evaluate the project's progress, likely success, and continued compatibility with organizational goals

# What Went Right?

"The real improvement that I saw was in our ability to—in the words of Thomas Edison—know when to stop beating a dead horse....Edison's key to success was that he failed fairly often; but as he said, he could recognize a dead horse before it started to smell...In information technology we ride dead horses—failing projects—a long time before we give up. But what we are seeing now is that we are able to get off them; able to reduce cost overrun and time overrun. That's where the major impact came on the success rate."\*

Many organizations, like Huntington Bancshares, Inc., use an **executive steering committee** to help keep projects on track.

\*Cabanis, Jeannette, "'A Major Impact': The Standish Group's Jim Johnson On Project Management and IT Project Success," PM Network, PMI, Sep.1998, p. 7

# The Context of IT Projects

- ▶ IT projects can be very diverse in terms of size, complexity, products produced, application area, and resource requirements
- ▶ IT project team members often have diverse backgrounds and skill sets
- ▶ IT projects use diverse technologies that change rapidly. Even within one technology area, people must be highly specialized

# Recent Trends Affecting IT Project Management

- ▶ Globalization
- ▶ Outsourcing: **Outsourcing** is when an organization acquires goods and/or sources from an outside source. **Offshoring** is sometimes used to describe outsourcing from another country
- ▶ Virtual teams: A **virtual team** is a group of individuals who work across time and space using communication technologies
- ▶ Agile project management

# Important Issues and Suggestions Related to Globalization

## ► Issues

- Communications
- Trust
- Common work practices
- Tools

## ► Suggestions

- Employ greater project discipline
- Think global but act local
- Keep project momentum going
- Use newer tools and technology



# Outsourcing

- ▶ Organizations remain competitive by using outsourcing to their advantage, such as finding ways to reduce costs
- ▶ Their next challenge is to make strategic IT investments with outsourcing by improving their enterprise architecture to ensure that IT infrastructure and business processes are integrated and standardized (See Suggested Readings)
- ▶ Project managers should become more familiar with negotiating contracts and other outsourcing issues

# Global Issues

- ▶ Outsourcing also has disadvantages. For example, Apple benefits from manufacturing products in China, but it had big problems there after its iPhone 4S launch in January 2012 caused fighting between migrant workers who were hired by scalpers to stand in line to buy the phones.
- ▶ When Apple said it would not open its store in Beijing, riots resulted and people attacked security guards. The Beijing Apple Store has had problems before. In May 2011, four people were injured when a crowd waiting to buy the iPad 2 turned ugly.

# Virtual Teams Advantages

- ▶ Increasing competitiveness and responsiveness by having a team of workers available 24/7
- ▶ Lowering costs because many virtual workers do not require office space or support beyond their home offices.
- ▶ Providing more expertise and flexibility by having team members from across the globe working any time of day or night
- ▶ Increasing the work/life balance for team members by eliminating fixed office hours and the need to travel to work.

# Virtual Team Disadvantages

- ▶ Isolating team members
- ▶ Increasing the potential for communications problems
- ▶ Reducing the ability for team members to network and transfer information informally
- ▶ Increasing the dependence on technology to accomplish work
- ▶ See text for a list of factors that help virtual teams succeed, including team processes, trust/relationships, leadership style, and team member selection

# Agile Project Management

- ▶ Agile means being able to move quickly and easily, but some people feel that project management, as they have seen it used, does not allow people to work quickly or easily.
- ▶ Early software development projects often used a waterfall approach, as defined earlier in this chapter. As technology and businesses became more complex, the approach was often difficult to use because requirements were unknown or continuously changing.
- ▶ Agile today means using a method based on iterative and incremental development, in which requirements and solutions evolve through collaboration.

# Agile Makes Sense for Some Projects, But Not All

- ▶ Many seasoned experts in project management warn people not to fall for the hype associated with Agile.
- ▶ For example, J. Leroy Ward, Executive Vice President at ESI International, said that “Agile will be seen for what it is ... and isn’t....Project management organizations embracing Agile software and product development approaches will continue to grow while being faced with the challenge of demonstrating ROI through Agile adoption.”\*

\*J. Leroy Ward, “The Top Ten Project Management Trends for 2011,” [projecttimes.com](http://projecttimes.com) (January 24, 2011).

# Manifesto for Agile Software Development

- ▶ In February 2001, a group of 17 people that called itself the Agile Alliance developed and agreed on the Manifesto for Agile Software Development, as follows:
- ▶ “We are uncovering better ways of developing software by doing it and helping others do it. Through this work we have come to value:
- ▶ Individuals and interactions over processes and tools
- ▶ Working software over comprehensive documentation
- ▶ Customer collaboration over contract negotiation
- ▶ Responding to change over following a plan”\*

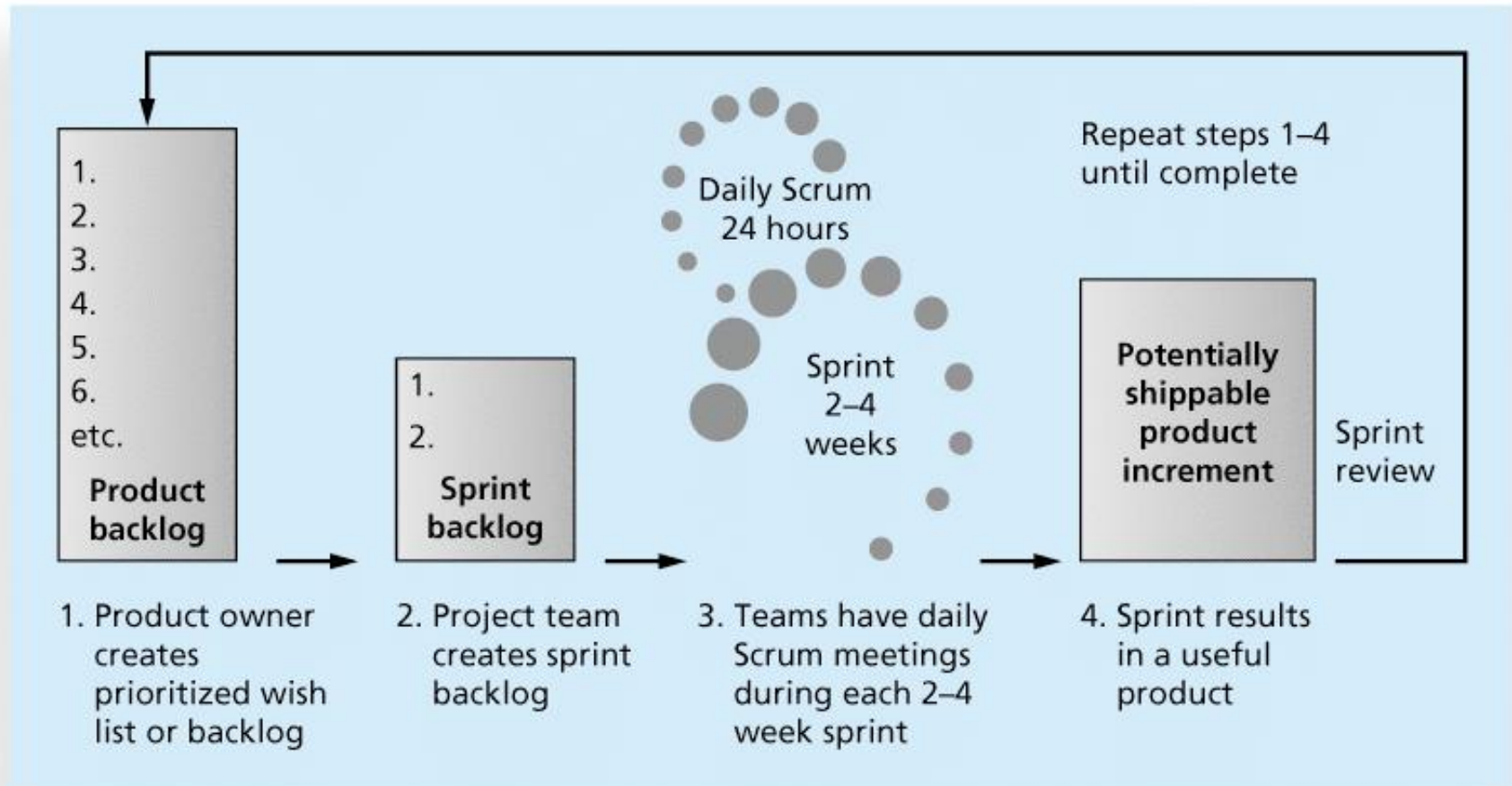
\*Agile Manifesto, [www.agilemanifesto.org](http://www.agilemanifesto.org).



# Scrum

- ▶ According to the Scrum Alliance, Scrum is the leading agile development method for completing projects with a complex, innovative scope of work.
- ▶ The term was coined in 1986 in a Harvard Business Review study that compared high-performing, cross-functional teams to the scrum formation used by rugby teams.

# Figure 2-6. Scrum Framework



# Agile, the PMBOK® Guide, and a New Certification

- ▶ The PMBOK® Guide describes best practices for *what* should be done to manage projects.
- ▶ Agile is a methodology that describes *how* to manage projects.
- ▶ The Project Management Institute (PMI) recognized the increased interest in Agile, and introduced a new certification in 2011 called Agile Certified Practitioner (ACP).
- ▶ Seasoned project managers understand that they have always had the option of customizing how they run projects, but that project management is not easy, even when using Agile.

# Chapter Summary

- ▶ Project managers need to take a systems approach when working on projects
- ▶ Organizations have four different frames: structural, human resources, political, and symbolic
- ▶ The structure and culture of an organization have strong implications for project managers
- ▶ Projects should successfully pass through each phase of the project life cycle
- ▶ Project managers need to consider several factors due to the unique context of information technology projects
- ▶ Recent trends affecting IT project management include globalization, outsourcing, virtual teams, and Agile