Lecture 2: The System for Value Delivery

Creating Value through Projects

Definition of Value

- Value is the benefit or worth derived from a project
- Includes financial gains, quality improvements, reputation, and strategic alignment

Creating Value through Projects

Role of Projects in Value Creation

- Projects drive change, meet strategic objectives, and capitalize on opportunities
- Justified by the value they bring to the organization and stakeholders

Creating Value through Projects

Value Delivery Framework

- Aligns project activities with organizational needs

- Ensures resources, efforts, and metrics focus on delivering value at every stage

Governance Systems in Project Management

Definition of Governance

- Provides structure, guidance, and oversight for project alignment
- Ensures compliance with organizational goals and regulatory standards

Governance Systems in Project Management

Elements of a Governance System

- **Roles and Responsibilities**: Defines accountability and decision-making authority
- **Policies and Procedures**: Sets standards and consistency for execution
- **Oversight Mechanisms**: Includes monitoring, reporting, and auditing

Governance Systems in Project Management

Governance Models

- **Centralized**: Unified control, aligning projects with organizational objectives

- **Decentralized**: Project teams have autonomy, allowing flexibility

- **Hybrid**: Balances control with flexibility based on project needs

Governance Systems in Project Management

Stakeholder Engagement in Governance

- Involving stakeholders early ensures their needs are reflected
- Regular feedback loops maintain alignment and manage expectations

Functions and Processes for Delivering Value

Core Project Functions

- Essential activities for project management:
  - **Planning**: Defines scope, resources, and timelines
  - **Execution**: Carries out project activities
  - **Monitoring and Controlling**: Tracks progress and adjusts as needed

Functions and Processes for Delivering Value

Processes to Ensure Value Delivery: Quality Management

- Establish quality standards and monitor to meet expectations
- Quality control prevents issues that can reduce project value

Functions and Processes for Delivering Value

Processes to Ensure Value Delivery: Risk Management

- Identify and mitigate risks to minimize impact on project value

- Effective risk management ensures project remains valuable to stakeholders

Functions and Processes for Delivering Value

Processes to Ensure Value Delivery: Resource Management

- Allocate resources (personnel, budget, technology) effectively
- Align resources with priorities to avoid waste and optimize value creation

Functions and Processes for Delivering Value

Iterative and Incremental Value Delivery

- Use iterative approaches like Agile for incremental results
- Allows adaptation to changes and ensures ongoing alignment with stakeholder needs

Internal and External Project Environments

Understanding the Project Environment

- Projects operate within environments with internal and external factors
- Clear understanding helps design strategies that optimize performance

Internal and External Project Environments

Internal Environment: Organizational Culture

- Shared values, beliefs, and behaviors within an organization
- Alignment with culture increases project support and likelihood of success

Internal and External Project Environments

Internal Environment: Resources and Capabilities

- Access to technology, skilled personnel, and funding within the organization
- Influences project scope and complexity that can be realistically undertaken

Internal and External Project Environments

External Environment: Market and Industry Trends

- Trends in technology, customer preferences, and competition impact projects
- Understanding trends ensures projects stay relevant and competitive

Internal and External Project Environments

External Environment: Regulatory and Legal Considerations

- Compliance with laws and regulations minimizes legal risks
- Projects should consider legal requirements, especially in highly regulated industries

Internal and External Project Environments

External Environment: Stakeholder and Community Expectations

- External stakeholders influence project decisions and outcomes
- Engaging with stakeholders meets broader expectations and minimizes resistance

Summary

- **Creating Value**: Projects deliver value that aligns with strategic goals

- **Governance Systems**: Structure for oversight and alignment with objectives

- **Functions and Processes**: Core functions ensure value delivery

- **Project Environments**: Internal and external factors influence success

Questions & Discussion

- **Q&A Session**: Open floor for questions on value delivery and governance
- **Discussion Points**:
  - Experiences with project environments and governance structures
  - Challenges in aligning projects with organizational value