**AFRICA CENTER FOR PROJECT MANAGEMENT**

**DEPARTMENT OF PROJECT PLANNING AND MANAGEMENT**

**THE PARTIAL FULFILMENT OF ASSIGNMENT IN PROJECT PLANNING AND MANAGEMENT MODULE “6” SUBMITTED TO**

**INSTRUCTOR: MR. KAREGWA MUCHIRI**

**BY**

**MALISH BENJAMIN AMBAWA**

**ADMISSION NUMBER:**

**Acpm pgd/084/2018**

**DATE: 2nd May 2019.**

QUESTIONS OF MODULE SIX

1.Discuss are the methods available in budgeting for the project

Developing budgets is a necessary element for operational and financial success within a company. A budget analyzes a company’s expected costs and resources. The process to develop, review and approve budgets is usually time-consuming. Some budgeting methods require more time or documentation than others. Knowing the characteristics of the various types of budgeting methods can help you choose the right method for your company, so that you develop effective budgets in an efficient manner. The methods are discussed below (Berkun, 2005).

Zero-Based Budgeting, the zero-based method to formulating a budget starts with a baseline of zero instead of the baseline for the previous year’s budget. Many government agencies and nonprofit organizations use the zero-based method to construct budgets. In zero-based budgeting, managers must justify every expense. The documentation process of zero-based budgeting is extensive because every function within an organization is analyzed and assigned a cost. The advantage of using zero-based budgeting is that it may lower costs because no consideration is given to the previous year’s budget or activities. If something is not needed, it is not added to the budget.

Top-Down Budgeting, the top-down budgeting method starts from the top levels within the organization and works its way down. Upper-level management sets the budgeting guidelines and gives lower-level management directions on how to make budget calculations. This method gives lower-level management little input. Upper-level management must possess the experience necessary to come up with the organization’s budgets. An advantage of using the top-down method is that the process is structured and promotes a certain organizational culture. Companies that emphasize hierarchy in their firms perform well using the top-down method. A disadvantage is that lower-level employees may feel as if management fails to value their input and simply dictates to them.

Bottom-Up Budgeting, the bottom-up method incorporates the input of lower-level management in the process of constructing the budget. The guidelines and processes for the budget are still developed by upper-level management, but lower-level management employees determine the budgets for their individual departments. After they construct the budgets, they send the budgets to upper-level management for review and approval. If upper-level management finds problems with the budget, the upper-level managers usually send the budget back for revision until a final budget is reached. The advantage of using this method is that it boosts employee morale because employees deal hands-on with an important element of the organization. The disadvantage is that this method of budgeting is usually time-consuming because of the back-and-forth process.

Activity-Based Budgeting, using this budgeting method, the costs within the budget are assigned to the activities of the firm. The activity-based budgeting method is in direct contrast to traditional budgeting methods, such as top-down and bottom-up budgeting. Activity-based budgeting uses the volume of a activity instead of historical expenses. Companies use activity-based budgeting to control costs. The advantage of using activity-based budgeting is that it can increase productivity and improve business practices. The disadvantage of activity-based budgeting is that some employees may feel negatively about managers analyzing their productivity.

**The Cash-Only Budget Method**, the idea behind this type of budgeting method is that you use cash for purchases instead of using a credit card. An advantage of this method is that spending stops when cash runs out. Many people think that it is more difficult to pay for items with cash than swiping a credit card.  For those people who have difficult time limiting their purchases, buying everything with cash can help.

**Balanced Money Formula Technique**, this type of budgeting works on the simple concept of expenditure and savings. An example of this method is to budget to spend 50% of your earnings on needs, 30% on wants and desires and the remaining 20% goes to savings. There are many other balanced money formulas similar to this. Select the levels of spending that work best for your unique financial situation.

**Priority-Based Budgeting Method**, just as the name suggests, in priority-based budgeting, you make a list of items that you require from the most important to the least important. You can either start making the budget from scratch or use a previous one as a base. Priority-based budgeting is a good option as it helps you determine which items are most essential to your needs. If you approach your spending limit, do not purchase the items that are least in priority.

The “No Budget” Budget, this is essentially how it sounds. The only thing you have to pay attention to is your bank account balance. There isn’t even a need to track your expenses. Believe it or not, this actually works for some people. Some of this overlaps with the 60% solution in that you would automate your savings and make sure there is enough in your checking account for all of your bills. You can spend as you see fit on everything else. Ideally, you would also want to automate paying all of your bills as well as make them as regular as possible, i.e. the same amount every month. This way you can simply add up all of your bills, make sure that money is in the right account, and then not have to worry about it from there.

Values-based Budget, the Values-based Budget is another budget that may be better for a little bit higher level of income. This method relies on quite a bit of soul-searching and self-discovery because the “values” in the name are your values. The first time I read about this method was on young adult money. The hook of this method—which still involves tracking your spending—is to spend money based on your values rather than worrying about how much you are spending in specific categories. For this method, you’ll want to write down what you’re allowing yourself to spend your money on based off of what you value. So if you value travel, write that down. If you value discovering delicious coffee or new cuisine, write that down. Whatever isn’t on your list, you wouldn’t really spend money on. For example, if having the latest electronic gadget is on your list and not travel, you would spend your money appropriately getting the next Apple Watch (or equivalent) rather than saving up for a trip to Europe.

Lastly, the 60% Solution. Similar to the Balanced Money Formula, this method uses percentages to manage your finances rather than specific dollar amounts. This method was first proposed by then editor-in-chief of MSN Money, Richard Jenkins. He claims that budgeting in and of itself is very tiresome with the amount of work involved so he recommends the 60% solution. How It Works, 60% of your income is used for what Richard calls “committed expenses.” These include your mortgage, food, basic clothing, car payments, insurance, etc. Where this differs from the “needs” category of the Balanced Money Formula is that literally all your bills are included in this category, including such wants as cable TV or your expensive cell phone plan. These are bills that have to be paid each month. The remaining 40% of your income is divided into four categories with 10% allocated to each category. They are: Retirement– This is your standard 401K, Roth IRA, etc. It’s always best to get these subtracted from your paycheck if you can. Long-Term Savings– This is your emergency fund and standard stock purchases Short-Term Savings– This category is in a separate account that can be easily accessed to transfer funds to your checking account. The money in this category is used for things such as vacations, irregular expenses, and other bigger expenses. The idea is to be able to use all this money over the course of a year. Fun Money– The last 10% is where the “wants” come in. This is where things like dining out come in. These expenses are things that you can easily manage and don’t *have*to be paid. Let’s face it, you don’t have to go out to eat so it goes here. In his article, Richard says that, since only 70% of his expenses are seen by him the 60% of committed expense and 10% fun money he doesn’t really miss the other 30%. Most of this is because he automatically deposits the savings money where it needs to go. The “No Budget” Budget, this is essentially how it sounds. The only thing you have to pay attention to is your bank account balance. There isn’t even a need to track your expenses. Believe it or not, this works for some people. Some of this overlaps with the 60% solution in that you would automate your savings and make sure there is enough in your checking account for all of your bills. You can spend as you see fit on everything else. Ideally, you would also want to automate paying all of your bills as well as make them as regular as possible, i.e. the same amount every month. This way you can simply add up all your bills, make sure that money is in the right account, and then not have to worry about it from there.

2.What are the roles of the multi-disciplinary teams in planning and budgeting for a project?

* Engaging collaboratively with clients
* Understanding and responding to the client’s clinical needs, which may fluctuate rapidly

Secondary consultation (Ferraro, 2012).

* Case management is a clinical service which draws on the case manager’s professional skills in engaging with a client and responding to his or her clinical needs.
* The case manager is responsible for coordinating the system of care delivered to a client including psychopharmacology
* Ensure that clients who have urgent needs or require immediate treatment or action, are attended to immediately
* Ensure a client receives a comprehensive assessment through coordination of psychiatric and needs for service assessment, and where necessary, more specialized needs assessment
* Develop a plan, based on assessment of the client which contains clearly specified goals, strategies and responsibilities for action and ensure implementation
* Monitor and review the plan
* Provide direct clinical services where appropriate including individual, group and or family therapy
* Monitor periods of inpatient care and appropriate discharge arrangements
* Liaise with, and provide feedback to professionals and others, including careers, who are involved with the client.
* Ensure that referrals to Protective Services and the police are made as appropriate
* Ensure appropriate follow up after the referral of a client elsewhere
* Ensure case closure where appropriate

3.Why is risk tracking important?

The intent of risk tracking is to ensure successful risk mitigation. It answers the question “How are things going?” by:

Communicating risks to all affected stakeholders, is important that stake holders like citizens, government are aware of the expected risk and get mitigation measures as soon as possible (Garrett, 2011).

Monitoring risk mitigation plans, monitoring is essential that all stages of event is recorded and of course mitigation measures are planned in advance.

Reviewing regular status updates, is important regular review gives prior information for possible mitigation.

Displaying risk management dynamics by tracking risk status within the Risk Reporting Matrix and

Alerting management as to when risk mitigation plans should be implemented or adjusted.

Risk tracking activities are integral to good program management. At a top level, periodic program management reviews and technical reviews provide much of the information used to identify any performance, schedule, readiness, and cost barriers to meeting program objectives and milestones.

Risk tracking documents may include: program metrics, technical reports, earned value reports, watch lists, schedule performance reports, technical review minutes/reports, and critical risk processes reports.

An event's likelihood and consequences may change as the acquisition process proceeds and updated information becomes available. Therefore, throughout the program, a program office should reevaluate known risks on a periodic basis and examine the program for new root causes. Successful risk management programs include timely, specific reporting procedures tied to effective communication among the program team.

Risk management is a vital part of project management. Every project carries some element of risk. Being able to deal effectively with these risks (whether they be negative or positive) can be what makes or breaks a project in the end. The result of all risk management should be the ability to track a risk from beginning to end. Whether a project uses a formal risk process with automated tools or just a shared Excel file on a common drive, the risks must be tracked very carefully by the project management team which includes the below importance in risk tracking.

The creation of the risk is the first step and oftentimes, the step in which a risk can be easily lost. Risks may come up in meetings or in emails or even in hallway conversations. The project manager needs to make sure that everyone on the project knows what a risk is and what to do when they identify a potential risk. There should be one person or team that is responsible for creating the risk and starting the tracking process once a risk has been identified by someone in the project team. While they may not see the risk as something that needs to be tracked, it should be up to the project manager and the steering committee (or other decision-making body) to determine if the risk needs to be tracked and followed through the risk lifecycle.

Evaluation, once a risk is created, then the project manager or designated team needs to evaluate it. Usually, this involves determining the likelihood or the probability of the risk occurring and then determining the impact of the risk on the project. There may be other evaluations called for in the Project Charter or formal risk management document. This step is important in that it helps the decision makers determine what needs to be done about the risk. Research and homework must be done by the designated person so that the evaluation will be truly useful and not just a rough estimate.

Mitigation, once the creation and evaluation of the risk is done, it is time to execute the mitigation plan for the risk. Note that mitigation steps can be done for positive or negative risks. The mitigation includes any steps that the project team has decided to take in order to prevent the risk or minimize the impact of the risk. It may be that the team decided to do nothing, or it may be that there is a whole separate plan to deal with the risk with its own scope and resources beyond the original project. All of this depends upon the evaluation and the decisions made by the risk committee or stakeholders. The risk and all the mitigation steps must be monitored carefully through this entire process (Kerzner, 2013).

Dispensation, the last step in tracking the risk is to record the dispensation of the risk. Was the risk accepted or was there a mitigation plan and if there was a mitigation plan, was it successful? Along with the actions that were taken about the risk, the dispensation should include the lessons learned by the project team about the risk. That way, the next time this risk is identified or observed by the project team, they will not have to start from scratch and go through these steps.

4.Discuss the risk mitigation plan

Risk mitigation planning is the process of developing options and action and action to enhance opportunities and reduce threats to project objectives. The intent of risk mitigation planning is to answer the question “What is the program approach for addressing this potential unfavorable consequence?” One or more of these mitigation options may apply (Schmidt, 2009):

* Avoiding risk by eliminating the root cause and/or the consequence,
* Controlling the cause or consequence,
* Transferring the risk.

To begin with, risk mitigation planning is the activity that identifies, evaluates, and selects options to set risk at acceptable levels given program constraints and objectives. Risk mitigation planning is intended to enable program success. It includes the specifics of what should be done, when it should be accomplished, who is responsible, and the funding required to implement the risk mitigation plan. The most appropriate program approach is selected from the mitigation options listed above and documented in a risk mitigation plan.

The level of detail depends on the program life-cycle phase and the nature of the need to be addressed. However, there must be enough detail to allow a general estimate of the effort required and technological capabilities needed based on system complexity.

Mitigation plan content includes Determine the appropriate risk manager. The risk manager is responsible for identifying and implementing the risk mitigation plan. He or she must have the knowledge, authority, and resources to implement the plan. Risk mitigation activities will not be effective without an engaged risk manager. It may be necessary to engage higher levels in the customer organization to ensure the need for the risk manager is addressed. This can be difficult and usually involves engaging more senior levels of the MITRE team as well.

Develop a high-level mitigation strategy. This is an overall approach to reduce the risk impact severity and/or probability of occurrence. It could affect several risks and include, for example, increasing staffing or reducing scope.

Identify actions and steps needed to implement the mitigation strategy. Ask these key questions:

5.Discuss in detail the importance of risk management boards

A risk management tool used on many programs is the Risk Management Board (RMB). This board is chartered as the senior program group that evaluates all program risks and their root causes, unfavorable event indications, and planned risk mitigations. In concept, it acts like a configuration control board. It is an advisory board to the Project management and provides a forum for all affected parties to discuss their concerns. Risk management board can be structured in a variety of ways, but share the following characteristics below (Shaw, 2011):

They should be formally chartered by the Project management and have a defined area of responsibility and authority. Note that Risk Management boards may be organized as program office only, program office with other Government offices or as combined government-contractor-subcontractor. The structure should be adapted to each program office’s needs.

Working relationships between the board and the program office staff functional support team should be defined.

The frequency of the RMB meetings should be often enough to provide a thorough and timely understanding of the risk status, but not too frequent to interfere with the execution of the program plan. Frequency may depend on the phase of the program; e.g., a development program may require monthly RMBs, while a production or support program may hold quarterly RMBs.

Interfaces with other program office management elements (such as the various working groups and the configuration control board) should be formally defined.

On programs with many significant root causes, the RMB provides an effective vehicle to ensure each root cause is properly and completely addressed during the program life cycle. It is important to remember that successful risk tracking is dependent on the emphasis it receives during the planning process. Further, successful program execution requires the continual tracking of the effectiveness of the risk mitigation plans.

The program management team can assign the risk management responsibility to individual IPTs or to a separate risk management team. In addition, the program office should establish the working structure for risk identification and risk analysis and appoint experienced Government and industry personnel as well as outside help from SMEs, as appropriate.

6.Explain the roles and responsibilities as well as selection of a project manager

Have you ever witnessed the "plate spinner" at the circus? This is the individual who places a breakable dinner plate on a stick and starts it spinning. The entertainer repeats this task a dozen or more times, and then runs around and striving to keep all the plates spinning without letting any crash to the floor. On many occasions, the role of manager feels a great deal like this "plate spinner." The manager’s functions are many and varied, including (Stephen Barker and Rob Cola, 2009):

* Hiring and staffing.
* Training new employees.
* Coaching and developing existing employees
* Dealing with performance problems and terminations.
* Supporting problem resolution and decision making
* Conducting timely performance evaluations.
* Translating corporate goals into functional and individual goals.
* Monitoring performance and initiating action to strengthen results.
* Monitoring and controlling expenses and budgets.
* Tracking and reporting scorecard results to senior management.
* Planning and goal-setting for future periods.

The daily work of the manager is filled with one-on-one or group interactions focused on operations. Many managers use early mornings or later evenings to complete their reports, catch-up on e-mail and update their task lists. There is never a dull moment much less time for quiet contemplation in the lives of most managers.

On the other hand, Project manager-competences and selection introduction. To find good project manager is one of the most important and demanding task. It is because of complexity of this job position. Project managers are involved in the project from when the contract document is picked up to when all works has been completed and all changes or conflict has been resolved.

Competences An analysis showed that three criteria are important to decision to select a project manager, Personal Competencies: analytical thinking, self- confidence, adaptability, system thinking, communication skills; Behavioral Competencies: program leadership, organizational influence, high-performing team leadership, partnering, accountability; Knowledge and Skill/Technical: project management knowledge, instrumental Skills/Tools.

The question of “Who is going to manage the project?” is an aspect of success and failure in business. However, being an excellent project manager is not a matter of technical expertise but of being a good organizer and communicator. Thus, assessment of social skill should be the most important part in selection of project managers.

Social Dimension-Description Analytical skills, Structures clearly the discussion while being in the role of the moderator; presents and explains the topic to be discussed and worked on; focuses the discussion on the essentials of the topic to be discussed and the decision to be made; delegates the solution of minor problems to a smaller group or a member of the team. Decisiveness and leadership, is willing to make decisions; is goal oriented in discussions; organizes meetings and project reviews on time ; controls and supervises the progress of the project and the quality of the results; sets observable standards of quality; Communication skills • Chooses appropriate means of communication according to purpose: phone, face-to- face, or meeting; supports effective and efficient discussions in the team by moderating the discussion appropriately and visualizing items to be discussed, important facts and results. Can connect with people.

Conflict resolution skills, is willing to articulate not only ideas readily agreed upon but also takes a stance for uncommon points of view; keeps conflicts of interest within the team; provides a framework for conflict resolution within the team only if there is a realistic chance for success. Otherwise he delegates solution of conflicts to managers at higher levels, but not without making realistic suggestions concerning possible alternatives of further action. He does not deny problems and includes all persons involved and necessary to solve the conflict.

Economical resource management, controls the budget; is sensitive to the economical aspect of decisions or additional features that the client wants to be added to the product profile already agreed upon Skilled in persuasion and motivation. Can create a group sense of purpose. The team members identify with the goal contract and accept the requirements. Appreciates effort and achievements. Is able to create a sense of togetherness even in the face of problems or crises.

Selection model’s methods Since we have social skills to assess, our selection model & methods must have: high structured design, application, and assessment procedure, they must be specifically adapted. Each test measures a range of indicators within these social factors. Must be objective as much as possible with different selectors, different situations, longer period of time than usual interview process.

7.Elaborate on the methods of project budgeting

Creating an accurate project budget is the most important aspect of placing a bid for a project or finalizing the planning of a project. However, many project budgets fall short of expectations due to a failure to identify all the potential costs within a project budget (Ferraro, 2012).

On the surface, the budgets seem like it only revolves around the labor and material costs. The methods are discussed below:

Define the Direct Labor Cost, depending on the scope of a project, you may have dozens or hundreds of labor costs to consider. Will the project require workers with special training, and what is the average cost of hiring the needed workers? These questions need to be fully vetted before creating a direct labor cost. Some positions may require minimal training, yet other more advanced positions, such as welders, may require years of knowledge and experience.

Estimate the Material Costs of the Project, after determining how many workers will be needed for the project, estimate the total material cost of the project. This step provides a balance against the labor costs. If your material costs are minimal, you may have to hire additional workers to complete the project ahead of time. If your materials are extensive, you may need to see if labor or other costs may be reduced to meet the project’s demands.

Assess Potential Travel Costs of the Project, if your project is located across geographic or political boundaries, consider how travel costs will affect your project. Will you be traveling to meet with upper level management on a regular basis, or will computer conferencing be a better, cost-effective solution can be attained.

Estimate the Cost of the Project Office, the project office cost includes the salaries of your project team members, your time, and what additional materials may be needed. You must separate the cost of the project office from the cost of purchasing project management software. This allows you to focus on other costs in your project management office without worrying about other issue of concerns.

Define What Equipment Costs May Exist in the Project Budget, larger project may incur additional equipment costs, especially in the oil and gas industries. Use your labor and material estimates to define the equipment for the project as well as how many pieces will be needed.

The cost of administration incurred, for extensive projects, especially projects as part of a program, consider the potential costs of administrative input in the project. This may include an administrative assistant or an administrative staff away from the project management team.

Define the Cost of Software, If Necessary, the company requires a specialized project management tool, the cost of adding your staff to the list, such as licensing fees, needs to be included in the project budget. Furthermore, you may ask the company to use an alternative tool of your choose, or you may be asked to select the type of project management tool. Either way, the cost of tool selected needs to be addressed.

By following these methods, a manager can reduce the chances of creating an inaccurate project budget. Furthermore, assessing each of these areas will help upper-level management determine if your project may need changes to the budget to meet your needs.

8.List down the reasons for project termination. Explain each of them with an appropriate example.

However, often team members can sense signs, which communicate that something is not right, that the project may not transform into what was envisioned. Sometimes the signs are clear and at times they are hidden. However, no matter which project you are working on, there are few alerts which shout out loud that it is in the best interest of the team and the company to terminate the project. Here are the red flags you should watch out for (Heldman, 2018):

Expensive or does not meet company’s goal, make an estimate of the total cost of the project in the planning stage itself. A few thousand dollars here and there are manageable, but when you see the figure going way over your approximate value, it is better to put an end to the project right in the initiation stage. Also, if the project does not go well with the strategic plan of the company, it should not be given the green signal.

Your competitors are doing a better job, as a project manager, you may be motivated to prove your mettle and take your company ahead in the market but think logically and determine if it is possible. Many times, you may be motivated at the start of the project but once you begin with it and have to face grave challenges one after another, the positive drive may fizzle out and you may be left with a project that is going nowhere. Even if you realize it midway on the project, do not hesitate to pull the plug.

Project gets out of control, when operations get way beyond control or when damages cannot be repaired anymore, you know it is time to terminate the project.

Important or priority project comes up, businesses take up several projects simultaneously. However, there are some projects which need more time, energy and resources. If a certain project is stopping you from allocating the required resources in a bigger, important project, it is better to let go of the smaller project.

Failure in testing process, it is sad to see a project fail during testing. However, if the team members gave it all that they could, and the project still could not succeed, putting an end to the project is a sensible choice rather than spending twice the energy and resources on it again.

# References

Berkun, S. (2005). *The Art of Project Manangement.* Washington: O'Reilly Media.

Ferraro, J. (2012). *Project management for non- Project Managers.* New York: Ammerican Management Association,1601 Broadway, New york, NY10019.

Garrett, D. (2011). *Project Pain Reliever.* Fort Lauderdale: J. Ross publishing.

Harned, B. (2017). *Project Management for Humans.* Brooklyin- New York: Louis Rosenfeld.

Heldman, K. (2018). *Project Management Jump Start.* Canada: John Wiley & sons Inc.

Kerzner, H. (2013). *Project Management: A systems Approach to planning, scheduling, and controlling.* New Jersey: John Wiley & sons Inc, Hoboken, New Jersey.

Schmidt, T. (2009). *Strategic Project Management Made Simple.* New Jersey: John Wiley & sons, Inc, Hoboken, New Jersey.

Shaw, E. (2011, Febrary 27). *Project Smart*. Retrieved from W.W.W: https://www.projectsmart.co.uk/forums/viewtopic.php?t=730

Stephen Barker and Rob Cola. (2009). *Brilliant Project management.* London: Saffron House, 6-10 Kirby street, London EC1N 8TS.