**AFRICA CENTRE FOR PROJECT MANAGEMENT**

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**NAMES OF THE STUDENT: OKELLO DOMINIC OLIHA**

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**MODULE FIVE ASSIGNMENT WORK**

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

In my understanding, a Project Budget is the total amount of monetary resources that are allocated for particular goals and objectives of the project for a specific period of time. The purpose of project budget management is to estimate and control project costs within the approved budget and to achieve the stated goals of the project.

Developing budgets is a necessary element for operational and financial success within a company or an organisation. A budget analyzes a company’s or organisation’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 one to choose the right method for your company, so that one may develop effective budgets in an efficient manner. Here below are some of the budgeting methods used for projects in some companies;

**Zero-Based Budgeting**

The zero-based method is to formulating a budget that 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 particular 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.

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

Multidisciplinary teams contain two or more professions to provide integrated and coordinate services. Building a cohesive team may enable projects to generate planning and budgeting in faster manners. A person working independently has certain strengths and weakness, and likely will not have all the answers. Teamwork fosters camaraderie and sharing. On an effective team, the members contribute their best work, support others, and enable high-quality, timely, and cost-effective project completion.

The below are some of the roles of the multi-disciplinary teams in planning and budgeting for a project;

**Setting clear Goals**

The multidisciplinary team, always fostering on teamwork that enables them to plan and to budget to achieve project’s goals. This ensures commitment from the team members that needs them to establish a clear purpose during planning and budgeting for a project. Project objectives must be meaningful to each group member. The teams always are allowed to discuss and set specific and measurable goals in the time of planning and budgeting for a project, in that, everyone needs to participate fully. Each team member, regardless of his background, must be free to express his opinions during planning and budgeting for a project. The multi-disciplinary team always has disagreement which is permitted as long as it does not derail the group.

**Making decision**

Innovative solutions typically require multi-disciplinary teams to define, design and develop comprehensive solutions, although varied backgrounds may cause culture clashes that have to be resolved. Effective teamwork enables the group to make decisions, solve problems and communicate successfully during the planning and budgeting for a project. Involving each team member in the decision-making process during planning and budgeting for a project, typically results in better decisions. This results in job satisfaction, commitment and increased deliverables and productivity.

**Role and Responsibilities**

Large multidisciplinary teams usually contain many team members with varying skills. Effective project managers as the lead of the multi-disciplinary team avert result in chaos, conflict and confusion within the team by generating a responsibility matrix at the planning and budgeting stage for a project. This spreadsheet lists the tasks in the left columns and the team members' names in cells across the first row. For each task and for each person, indicates the person is responsible, accountable, consulted or informed. It's important to establish this level of detail to set expectations for how the team will operate.

**Deliverables and Productivity**

The Improved productivity results of the project when multidisciplinary teams function efficiently. It is important that team members commit themselves to listen carefully, respect the opinions of others, and value other team members' skills and strengths. Multidisciplinary teams usually generate a wide range of ideas during planning and budgeting for a project. To manage productivity, the project manager needs to establish clear procedures for assimilating new team members, and for transferring knowledge from one profession to another. The manager should always make an effort to create a collaborative atmosphere. Team members need to remember to withhold initial criticism, welcome unusual ideas, and consider how to combine and improve ideas. Removing personal bias and entertaining new ideas can solve problems.

**3. Why is risk tracking important?**

Risk tracking is an activity of systematically tracking and evaluating the performance of risk mitigation actions against established metrics throughout the acquisition process and develops further risk mitigation options or executes risk mitigation plans, as appropriate. The purpose of risk tracking is to ensure successful [risk mitigation](http://acqnotes.com/acqNote/risk-mitigation) and should be done as part of [technical reviews](http://acqnotes.com/acqNote/major-reviews-overview), risk review board meetings, or periodic program reviews. It feeds information back into the other risk management activities of [identification](http://acqnotes.com/acqNote/risk-identification), [analysis](http://acqnotes.com/acqNote/risk-analysis), [mitigation planning](http://acqnotes.com/acqNote/risk-mitigation-plan), and [mitigation plan implementation](http://acqnotes.com/acqNote/risk-mitigation-plan-implementation).

Risk tracking is sometimes called risk monitoring. It is the process which tracks and evaluates the levels of risk in an organisation. As well as monitoring the risk itself, the discipline tracks and evaluates the effectiveness of risk management strategies. The findings which are produced by risk monitoring processes can be used to help to create new strategies and update older strategies which may have proved to be ineffective.

Risk monitoring is important because it helps to highlight whether strategies are effective or not. Risk monitoring can impact upon the management of organisational risk because it can lead to the identification of new risks. Strategies may also need to be changed or updated depending on the findings of risk monitoring strategies.

The tracking activity helps to establish a management indicator system over the entire program. The program people use this indicator system to evaluate the status of the program throughout the life cycle. It helps to design to provide early warning when the project of occurrence or the severity of consequence exceeds pre-established thresholds/limits so timely management actions is to be mitigated and these problems can be taken.

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 may be negative or positive, that can 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 the 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.

These tracking of the risks have some of the steps below which are very important in project management.

**Creation**

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 minimise 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.

**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 actions to enhance opportunities and reduce threats to project objectives. Risk mitigation implementation is the process of executing risk mitigation actions. Risk mitigation progress monitoring includes tracking identified risks, identifying new risks, and evaluating risk process effectiveness throughout the project.

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.

There are a few steps when creating a risk mitigation plan, that are fairly standard for most organizations in South Sudan and other Countries in the world. Recognizing recurring risks, prioritizing risk mitigation and monitoring the established plan are vital aspects to maintaining a thorough risk mitigation strategy.

The ultimate purpose of risk identification and analysis is to prepare for risk mitigation. Risk management planning needs to be an ongoing effort that cannot stop after a qualitative risk assessment, or a Monte Carlo simulation, or the setting of contingency levels. Risk management includes front-end planning of how major risks will be mitigated and managed once identified. Therefore, risk mitigation strategies and specific action plans should be incorporated in the project execution plan, or risk analyses are just so much wallpaper. Risk mitigation plans should;

* Characterize the root causes of risks that have been identified and quantified in earlier phases of the risk management process.
* Evaluate risk interactions and common causes.
* Identify alternative mitigation strategies, methods, and tools for each major risk.
* Assess and prioritize mitigation alternatives.
* Select and commit the resources required for specific risk mitigation alternatives.
* Communicate planning results to all project participants for implementation.

Although risk mitigation plans may be developed in detail and executed by contractors, the owner’s program and project management should develop standards for a consistent risk mitigation planning process. Owners should have independent, unbiased outside experts’ review the project’s risk mitigation plans before final approval. This should be done prior to completing the project design or allocating funds for construction. Risk mitigation planning should continue beyond the end of the project by capturing data and lessons learned that can benefit future projects.

The risk mitigation step involves the development of mitigation plans designed to manage, eliminate, or reduce risk to an acceptable level. Once implemented that plan is continually monitored to assess its efficacy with the intent of revising the course-of-action if needed.

The risk reduction plan includes evolving options and actions to enhance opportunities and reduce threats to project objectives. Reducing risks is the process of executing risk mitigation actions. Risk mitigation progress monitoring includes tracking identified risks, identifying new risks, and evaluating risk process effectiveness throughout the project. Risk mitigation handling options are explained as below;

(a) Assume and accept acknowledge the existence of a particular risk and make a deliberate decision to take it without engaging in extraordinary labors to control it. However, approval of a project or program leaders is a priori in such cases;

(b) Avoid adjust project necessities or constraints to eliminate or reduce the risk. This adjustment could be to accommodate a change in capital, technical requirements, or timetable;

(c) Control compliance with planned actions to minimize the effect or probability of the risk occurrence; (d) transfer making others responsible for causing or handling risks;

(e) Watch and monitor an event for a change that may yield an effect on nature and the impact of the risk.

Best management practices require that the known and perceived risks need to be analyzed on merit based on the gradation and probability of the anticipated adverse results. After that, all such risks examined gets preserved according to their priority levels in accordance with the risk mitigation plan followed by the development and integration of the corresponding risk reduction strategies and get referenced in the previously qualified risk management plan.

A risk mitigation plan shall serve as the checklist of the anticipated risks, explaining by the degree of probability, like high, medium, or low. Some project managers, however, deem it more appropriate to categorize the risks as most likely, likely, or unlikely. The project manager must take complete authority of reducing the probability of occurrence of risks while executing a project.

Some risks, once identified, can readily be eliminated or reduced. However, most risks are much more difficult to mitigate, particularly high-impact, low-probability risks. Therefore, risk mitigation and management need to be long-term efforts by project directors throughout the project.

**5. Discuss in detail the importance of risk management boards**

As stated in the G20/OECD principles, “An area of increasing importance for boards and which is closely related to corporate strategy is oversight of the company’s risk management. Such risk management oversight will involve oversight of the accountabilities and responsibilities for managing risks, specifying the types and degree of risk that a company is willing to accept in pursuit of its goals, and how it will manage the risks it creates through its operations and relationships.” *G20/OECD Principles of Corporate Governance* (2015)

The board is ultimately responsible for the organisation's risk management strategy. While some of the work can be delegated, the buck stops with the board. The board of a not-for-profit organisation is responsible for the organisation's risk management strategy. Indeed, this is among the board's most important responsibilities. This does not mean that it is the board's job to go round and nail down the loose steps itself. But in such a case it would need to be satisfied that there was a safety policy, a procedure for identifying that it was a problem, responsible staff who were conscious of the need to fix it and within a certain timeframe, and that there were resources available for maintenance.

It is the board's role to ensure there is a current risk management strategy that includes a written version of:

* The procedures the organisation has gone through to review its risk profile;
* The policies it has put in place to avert the risks that have been identified; and
* The measures it has taken to cope with the consequences if the projected disasters come to pass.

If these things have not yet been formalised, then the board will need to proceed at once to do so. The board can either ask the staff if the organisation has any to prepare a draft or assign a small number of its own members to work on the matter. This process needs to be inclusive but should be led by a committed risk management board.

The development of a risk management strategy involves the exercise of good judgment and reasonable foresight to identify those risks that are both serious and likely, and developing strategies to deal with them. When the responsible party staff or delegated board members have pulled together a risk management document that they think is feasible and achievable, and then they must take it back to the board.

The board will need to be satisfied that; the procedure for identifying risks is adequate, the policies are a reasonable balance between cost and risk, and the organisation will be adequately protected if the worst happens. The board is not a rubber stamp, and may certainly make changes and cast out suggestions, but neither is it the bit of the organisation that is going to have to carry the final policy into operation, and it should be cautious about overriding the strongly expressed views of the staff concerned.

If there are important elements where agreement cannot be reached then this may raise questions about whether there is a need to consider more basic changes to the organisation's staffing or structure. In any case, if the board wishes to have meaningful input into the detail of the policy it may be advisable to set up an ad hoc sub-committee to review the policies and the procedures with the aid of staff.

The next stage of the board's responsibility is to ensure that these good policies and procedures are in fact carried out. This is essentially part of the general responsibility of the board to monitor the organisation's management. The board needs to be satisfied that:

* the strategy clearly identifies who is responsible for the implementation of each element of the plan;
* that there is a clear timetable for the achievement of each such element of the plan; and
* That the resources necessary for implementation of the plan have been itemised and authorised.

As with all of the organisation's policies, the board will also need to be satisfied that the operations of the risk management policy are being monitored and modified as required. The board, if risk management has been delegated, may consider appointing a "risk manager" to liaise with the board. This may be done directly or through a sub-committee or nominated board member. Some organisations have assigned the role of risk manager directly to one of the members of the board but this runs a severe risk of confusing governance with management and is generally not advisable although in smaller organisations may not be avoidable.

The risk management board always reviews the risk management plan in order to ensure that nothing is missed, that changing circumstances are being taken into account, and that people know that the organisation is committed to risk reduction; it is advisable to review the risk management plan regularly, every year or even every six months.

If the situation is volatile then the board will need to revisit the area even more frequently, and the reporting will need to be considerably more regular and more detailed, covering a description of any new risks, an account of the effectiveness of the existing risk management strategy, and the prevalence of incidents like; thefts, accidents, complaints, and so on during the reporting period.

Vigilance is necessary in between reviews, as well. Staff and volunteers should be continually identifying, reporting and solving any risks on an ongoing basis. Whenever it appears that the organisation's situation has changed significantly it will be necessary to rewrite the policy, and when this is done the new policy will once again need the approval of the board.

The risk management board is liable, if the organisation is incorporated, the board will generally be covered against any attempt to fix personal liability upon its members, providing the board has taken all necessary steps to ensure that the organisation can meet its responsibilities to the public.

If, however, the board has clearly neglected its duty to oversee the operations of the organisation, for example, it has taken no action whatever about an important issue then the members of the board may be taken to have failed in their duty, and they become potentially liable. That is, become liable not for what they did but for what they did not do but should have done. There were questions to be asked, and they should have asked them. There were policies that should have been on the files, and they should have asked to see them. There were people at risk, and they should have protected them.

The primary responsibility of a not-for-profit board is to guide the organisation in accomplishing its mission. In fulfilling this obligation, the board has a legal duty to use the organisation's assets prudently. The assets of a not-for-profit vary, but generally fall within one of the following categories:

* **People:** board members, volunteers, employees, clients, donors, and the public;
* **Property**: buildings, facilities, equipment, materials, copyrights, and trademarks;
* **Income:** sales, grants, and contributions; and
* **Goodwill:** reputation, stature in the community, and the ability to raise funds and appeal to prospective volunteers.

These are all things that the board must take into account when considering the organisation's risk management strategy. The risk management board can contribute significantly to managing risk by paying close attention to hot spots, the areas most likely to result in claims. By adopting practices that minimise the likelihood of such claims, the board places an organisation on the right footing.

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

“A project manager is like a doctor who leads the trauma team and decides the course of action for a patient - both at the same time. Without the right kind of authority to efficiently handle all the project management issues, development teams can easily get into trouble.” - Scott Berkun, the author of “Making Things Happen”

The project manager must have a combination of skills including an ability to ask penetrating questions, detect unstated assumptions and resolve conflicts, as well as more general management skills.

Let’s see the scenario of Microsoft; in the late 1980s, Microsoft was launching an ambitious project and had run into a problem: there were way too many players involved. There were teams from marketing, engineering, and the business end, and no one knew how to coordinate all of them.

So, Microsoft came up with what was then an ingenious solution. They picked one person to take charge who would be given significant authority to organize and coordinate their new project. Once Microsoft appointed a dedicated leader, everything went smoothly and the teams were much happier with their work dynamics. The end result of this new strategy was Excel. Eventually, Microsoft made this new a role a staple for all their projects. Thus, the project manager was born.

In the NGOs’ context, project managers are hired after several interviews. This is done because to evaluate or test the quality, competence to deliver, professional background and many others. Project Managers are selected after going through several interviews that determine him or her fit for the position and ready to deliver when given the job.

No matter how large or demanding projects are, you need someone who will reliably and consistently maintain efficiency and productivity. Not only has research shown that 89% of high performing organizations include a project manager, but also that the profession is consistently one of those most in demand. Project management is indispensable to successful businesses, and business owners need leaders with the right vision, the right skills, and the right know-how to face the biggest challenges and ensure projects are completed successfully and according to schedule.

Good project managers are people with an excellent programming and entrepreneurial mindset. This allows them to think about a project beyond the basic skill set needed to manage it, it is the project manager’s job to direct teams and team members to the finish line. At the end of the day, the project’s success or failure rests solely on the project manager’s shoulders, and he or she is the one responsible for the end result.

Project managers keep knowledge and information flowing seamlessly. They need both technical know-how and first-hand knowledge of the tasks they assign to others to keep the project moving forward. But technical know-how does more than enable project managers to communicate ideas effectively to all those involved. Good project managers use their technical understanding towin team members’ respect. Since project managers influence more decisions than anyone else in the company, their primary task is to use what they know to not just win employees’ respect, but keep it throughout the project and into the future.

The [project manager](https://www.villanovau.com/resources/project-management/project-manager-jobs/) plays a primary role in the project, and is responsible for its successful completion. The manager’s job is to ensure that the project proceeds within the specified time frame and under the established budget, while achieving its objectives. Project managers make sure that projects are given sufficient resources, while managing relationships with contributors and stakeholders.

The below are some of the roles and responsibilities of a project Manager;

**Activity and resource planning**

Planning is instrumental for meeting project deadlines, and many projects fail due to poor planning. First and foremost, good project managers define the project’s scope and determine available resources. Good project managers know how to realistically set time estimates and evaluate the team or teams’ capabilities.Project Managers then create a clear and concise plan to both execute the project and monitor its progress. Projects are naturally unpredictable, so good project managers know how to make adjustments along the way as needed before the project reaches its final stages.

**Organizing and motivating a project team**

Good project managers do not get their teams bogged down with elaborate spreadsheets, long checklists, and whiteboards. Instead, they put their teams in front and center. They develop clear, straightforward plans that stimulate their teams to reach their full potential. They cut down on bureaucracy and steer their teams down a clear path to the final goal.

**Controlling time management**

Clients usually judge a project’s success or failure on whether it has been delivered on time. Therefore, meeting deadlines is non-negotiable. Good project managers know how to set realistic deadlines, and how to communicate them consistently to their teams. They know how to effectively do; define activity, Sequence activity, estimate the duration of activity, develop a schedule, and maintain a schedule.

**Cost estimating and developing the budget**

Good project managers know how to keep a project within its set budget. Even if a project meets a client’s expectations and is delivered on time, it will still be a failure if it goes wildly over-budget. Good project managers frequently review the budget and plan ahead to avoid massive budget overruns.

**Ensuring beneficiaries’ satisfaction**

In the end, a project is successful if the beneficiaries are finally happy. One of the key responsibilities of every project manager is to minimize uncertainty, avoid any unwanted surprises and involve their clients in the project as much as is reasonably possible. Good project managers know how to maintain effective communication and keep the company’s clients up-to-date.

**Analyzing and managing project risk**

The bigger the project is, the more likely there are to be hurdles and pitfalls that were not part of the initial plan. Hiccups are inevitable, but good project managers know how meticulously and almost intuitively, identify and evaluate potential risks before the project begins. They know how to then avoid risks or at least minimize their impact.

**Establish Regular Meetings**

Scheduling regular meetings are difficult for some of the project managers and it does not work well for every project. But a good for successful projects, probably need [one team meeting per week](https://www.proofhub.com/articles/best-ideas-for-team-meeting). Or some project managers prefer to have daily standup meetings for a unique project methodology. [The objective of the meeting should be met by](https://www.proofhub.com/articles/10-proven-strategies-inspire-teams-act-meetings)communicating the rules of the project clearly to the entire team. The project managers should be ready from the beginning to prepare for meeting the objectives. They can set meeting calendar and try to stick to it until there is an emergency to cancel the plan out.

**Monitoring progress**

During the initial stages, project managers and their teams have a clear vision and high hopes of producing the desired result. However, the path to the finish line is never without some bumps along the way. When things do not go according to a plan, a project manager needs to monitor and analyze both expenditures and team performance and to always efficiently take corrective measures.

**Managing reports and necessary documentation**

Experienced project managers know how essential final reports and proper documentation are. Good project managers can present comprehensive reports documenting that all project requirements were fulfilled, as well as the projects’ history, including what was done, who was involved, and what could be done better in the future.

**7. Elaborate on the methods of project budgeting**

Budgeting is forecasting what resources the project will require, what quantities of each will be needed, when they will be needed, and how much they will cost most businesses employ experienced estimators who can forecast resource usage very well Budgeting a project is more difficult than budgeting more routine activities.

The project's budget is a function of the project's tasks or activities, the duration of those tasks and activities, their sequence, and the resources required. In general, resources used on a project will have a cost, and the cost of using a particular task or activity must be included in the overall project budget.

There are four basic methods to estimate a budget: analogous, top down, bottom-up and parametric estimating.

**Analogous**, this estimate technique uses the actual costs of a previous, similar project for the basis for estimating the costs of the current project. This method is generally less costly than others, takes less time but is less accurate. Analogous estimates are most reliable when a previous project is similar in the objectives and activities to the current one. Additionally the people preparing the estimates must have the required expertise to determine if certain activities will be more or less expensive on the new project.

**Top-down estimate,** it is a budget estimate when the total project budget is known and the project needs to know the costs of each individual activity, in this scenario the project determines the number of activities or outputs the project can produce with a given budget. A fixed budget is the broken down using the WBS to determine the number or quantity of activities that can be achieved with the budget. The project may decide to reduce or increase certain activities or reduce the number of WBS levels to fit the budget limitations. Top down uses actual budgets from activities in similar past projects.

**Bottom Up estimate** requires estimating the individual activities and the cost of each input and is adding them up to get the project total. A detailed WBS is needed to determine all the activities in the project and determine all required resources such as personnel, equipment and materials. Staff responsible for an activity or with expertise in a specific area develops the estimates of the lowest level of the WBS and all estimates are added to create estimates for each higher level of the WBS and finally for the entire project. In this technique the estimate starts with a fixed number of activities and the estimate calculates the total budget.

**Parametric** **estimates,** this uses standardized parameters that define the costs of an activity or task for a specific rate or output. For example the costs of training one person are a rate that can include people, material and equipment costs that once it is multiplied for the required number of people that need to be trained, gives the total budget for the activity. For this example the parameter may include the type of location, length of the training. Parametric model is quite popular in construction projects, costs can be estimated based on square meters of construction to arrive at the total cost for a building. The accuracy of this method depends on the data available and whether or not the model can be scalable to different conditions.

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

**Project Termination** ("project close-out" and "project finalization") is a situation when a given project is supposed to be closed or finalized because there is no more need or sense for further continuation. Project termination is managed under a respective procedure that requires the management team to examine current state of the project work, review progress of goals and objectives, evaluate the project against success criteria, and check status of deliverables.

Projects are means by which organizational strategy is implemented, and may often have social, economic, and environmental impacts that far outlast the projects themselves (Project Management Institute 2000, 4–5). Yet projects by definition are time bound, and must terminate. Indeed, the substantive objective of a project is to “attain the objective” and close the project (Project Management Insittute 2000, 5). It is certainly important to finish well. Nobody remembers an effective startup, but everyone remembers an ineffective project termination; the consequences are long lasting (Turner 1999, 329).

Certain projects are required to finish before target termination to remain competitive and to get faster returns on the investment (Dey 2000). On the other hand, many projects are aborted midstream, for both volitional and involuntary reasons. As for volitional motives, the business need for the project may no longer exist, and continuing the project will only produce a “white elephant” with little congruence or fit with organizational strategy. Legal problems and environmental concerns may arise, necessitating the dissolution of the project to avoid severe penalties that may exceed any benefit from the project. On the obverse, involuntary failure of the project may occur due to insufficient financial support, poor leadership, weak front-end planning, and excessive negative impacts of project stakeholders.

It is also possible to terminate a project that has not attained all its objectives. Such projects have inflexible deadlines, such as widely advertised conference dates. Whether the preparations and fine details of such a project is complete or not, the project itself has to terminate on the due date. This seems to be common where the deliverable is a service. Yet, not all projects are terminated in the conventional sense.

Furthermore, Project Failure and Success are two basic reasons for terminating projects. In order to determine which of the reason is relevant to a project, first the team needs to understand criteria for success and failure and then evaluate the project against those criteria. Here are some tips on this success and failure:

* **Success:** a project reaches success when its goals and objectives are accomplished on time and under budget, deliverables are produced as expected by stakeholders, and the final product is accepted by and handed over to the beneficiaries or customers (end-users).
* **Failure:** a project is regarded as failed when its requirements are not met; the customer refuses accepting the product; there are some technical issues that cannot be resolved by using existing tools and technologies; there is an unanticipated loss or lack of human, funding and other valuable resources; the project effort becomes counter-productive because initial goals and objectives are unmet.

According to a detailed [study](http://businessjournal.gallup.com/content/152429/cost-bad-project-management.aspx) conducted by PricewaterhouseCoopers, that involved more than 10,000 projects from 200 companies in 30 countries, only 2.5% of the companies successfully completed 100% of their projects. Another [study](https://www.projectsmart.co.uk/white-papers/chaos-report.pdf) conducted by Standish Group indicated that only one-third of projects completed inside the deadline and budget. Project managers who are serious about minimizing the project failure must be aware of [common causes of project failure](https://blog.taskque.com/6-reasons-why-projects-fail/). These are as below;

**Lack of a Scope Document**

Almost 75% of IT executives think that their project is doomed from the beginning. Do you know why? The main reason is regularly changing project scope and requirements. How can you expect your team members to perform well when they are not clear about the project’s scope?

In the absence of a proper scope document, you can never assign tasks, let alone monitor the performance of your team because you’re not sure about the scope of the project in the first place.

Making a detailed scope document that highlights all the stakeholders’ requirements is imperative for a successful project delivery as it enables your team members to understand what they have to do and sets a clear direction and objective for them to achieve.

**Inconsistent Communication**

A [survey](http://www.it-cortex.com/Stat_Failure_Cause.htm) conducted by Spike Cavell shows that 57% of projects failed due to poor communication. This makes it one of the major causes of project failure. To save your project from failure, you need to establish a clear communication channel. Additionally, you should use a project management system which enables smooth communication within your project team.

Effective communication within any organization is important to keep all your team members on the same page, avoid confusions and keep them motivated. By communicating with your team, you can develop an environment of trust, proactively kill conflicts, which would bring the best out of your employees and eventually lead to a successful delivery of the project.

**Poor Planning**

Lack of planning or poor planning can easily lead your project to failure. Spike Cavell’s survey also revealed that 40% of projects fail due to poor planning and lack of resources. Spend time for making a solid plan for your project and it will help you in executing each phase of project smoothly. Brain Tracy sums it up brilliantly, “Every minute you spend in planning saves 10 minutes in execution; this gives you a 100% return on energy!”

**Unrealistic Expectations**

KPMG Canada conducted a [study](http://www.it-cortex.com/Stat_Failure_Cause.htm#The%20KPMG%20Canada%20Survey%20(1997)) and the results showed that 60% of the failed projects have a deadline of less than a year. Setting an unrealistic deadline and expectations dragged all these projects down the drain. Consider all the factors and constraints involved that might adversely affect your project and then set a deadline.

Instead of having unrealistic expectations, keep a buffer that gives you the liberty of completing the project without rushing through it. Having a buffer not only reduces the workload of your team member but also let them focus on each task in a better way.

**Incompetent Project Manager and Team**

Selecting the right project manager and forming a competent team is critical for your project success. Unfortunately, 70% project managers in small and medium-sized businesses have no certification and lack formal training, which is why most projects they manage, fail to achieve their objectives. According to PricewaterhouseCoopers Insights and trends [report](http://www.pwc.com/mx/es/industrias/proyectos-capital/archivo/2013-08-insight-trends.pdf), certified project managers supervise 80% of successful projects.

You can easily overcome this issue by hiring experienced and certified project managers. Although, the trend of hiring certified project managers is gaining popularity but there is still a long way to go before the number of certified project managers exceeds the number of non-certified ones.

**Lack of Cohesion Between project Team Members**

Things can easily go from good to bad very quickly if there is no cohesion between your team members. Consider a scenario in which all team members are moving in different directions. Could you expect a positive result to come out of this situation?

There could be many reasons for a lack of cohesion from personality differences to conflicting interests. All of them contribute towards taking you one step closer to project failure that is where team collaboration software like [TaskQue](https://taskque.com/" \t "_blank) can help you. It is the prime responsibility of project managers to unite the team members to achieve a common goal.

**Poor Monitoring and Risk Management**

Just assigning roles to all your team members is not enough, you have to constantly monitor the progress and hold your team members accountable to what they are doing. Once they are responsible for their actions, they will perform better and deliver better results.

Most project managers will tell you that risk management is an important part of project management yet, you will find many projects in which little or no emphasis is put on risk management. As a result, these projects fail to achieve their targets and go well beyond the specified deadline or budget.

**Conclusion**

In business concept, most senior executives believe that successful projects are critical for their business success and help them gain a competitive advantage over their competitors. Keep an eye on aforementioned factors and try to overcome them to reduce the risk of project failure. This will help project managers to complete more projects on time and within the allocated budget.

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