

POST GRADUATE DIPLOMA IN PROJECT PLANNING AND MANAGEMENT

**ASSIGNMENT: PROJECT DISASTER MANAGEMENT MODULE SIX**

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**Question One:**

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

**Four Main Types of Budgets/Budgeting Methods**

There are four common types of budgets that companies use: (1) incremental, (2) activity-based, (3) value proposition, and (4) zero-based. These four budgeting methods each have their own advantages and challenges, which will be discussed in more detail in this guide.

**1. Incremental budgeting**

Incremental budgeting takes last year’s actual figures and adds or subtracts a percentage to obtain the current year’s budget. It is the most common method of budgeting because it is simple and easy to understand. Incremental budgeting is appropriate to use if the primary cost drivers do not change from year to year. However, there are some problems with using the method:

* It is likely to perpetuate inefficiencies. For example, if a manager knows that there is an opportunity to grow his budget by 10% every year, he will simply take that opportunity to attain a bigger budget, while not putting effort into seeking ways to cut costs or economize.
* It is likely to result in budgetary slack. For example, a manager might overstate the size of the budget that the team actually needs so it appears that the team is always under budget.
* It is also likely to ignore external drivers of activity and performance. For example, there is very high inflation in certain input costs. Incremental budgeting ignores any external factors and simply assumes the cost will grow by, for example, 10% this year. (Fozzard A. 2001)

**2. Activity-based budgeting**

Activity-based budgeting is a top-down budgeting approach that determines the amount of inputs required to support the targets or outputs set by the company. For example, a company sets an output target of $100 million in revenues. The company will need to first determine the activities that need to be undertaken to meet the sales target, and then find out the costs of carrying out these activities. (Fozzard A. 2001)

**3. Value proposition budgeting**

* In value proposition budgeting, the budgeter considers the following questions:
* Why is this amount included in the budget?
* Does the item create value for customers, staff, or other stakeholders?
* Does the value of the item outweigh its cost? If not, then is there another reason why the cost is justified?

Value proposition budgeting is really a mindset about making sure that everything that is included in the budget delivers value for the business. Value proposition budgeting aims to avoid unnecessary expenditures – although it is not as precisely aimed at that goal as our final budgeting option, zero-based budgeting. (Fozzard A. 2001)

**4. Zero-based budgeting**

As one of the most commonly used budgeting methods, zero-based budgeting starts with the assumption that all department budgets are zero and must be rebuilt from scratch. Managers must be able to justify every single expense. No expenditures are automatically “okayed”. Zero-based budgeting is very tight, aiming to avoid any and all expenditures that are not considered absolutely essential to the company’s successful (profitable) operation. This kind of bottom-up budgeting can be a highly effective way to “shake things up”.

* **The zero-based approach** is good to use when there is an urgent need for cost containment, for example, in a situation where a company is going through a financial restructuring or a major economic or market downturn that requires it to reduce the budget dramatically.
* **Zero-based budgeting** is best suited for addressing discretionary costs rather than essential operating costs. However, it can be an extremely time-consuming approach, so many companies only use this approach occasionally. (Fozzard A. 2001)

**Levels of Involvement in Budgeting Process:**

We want buy-in and acceptance from the entire organization in the budgeting process, but we also want a well-defined budget and one that is not manipulated by people. There is always a trade-off between goal congruence and involvement. The three themes outlined below need to be taken into consideration with all types of budgets.

**Imposed budgeting**

Imposed budgeting is a top-down process where executives adhere to a goal that they set for the company. Managers follow the goals and impose budget targets for activities and costs. It can be effective if a company is in a turnaround situation where they need to meet some difficult goals, but there might be very little goal congruence.

**Negotiated budgeting**

Negotiated budgeting is a combination of both top-down and bottom-up budgeting methods. Executives may outline some of the targets they would like to hit, but at the same time, there is shared responsibility for budget preparation between managers and employees. This increased involvement in the budgeting process by lower-level employees may make it easier to adhere to budget targets, as the employees feel like they have a more personal interest in the success of the budget plan.

**Participative budgeting**

Participative budgeting is a roll-up approach where employees work from the bottom up to recommend targets to the executives. The executives may provide some input, but they more or less take the recommendations as given by department managers and other employees (within reason, of course). Operations are treated as autonomous subsidiaries and are given a lot of freedom to set up the budget. (Fozzard A. 2001)

**Question two:**

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

Multidisciplinary teams consist of staff from several different professional backgrounds who have different areas of expertise. These teams are able to respond to clients who require the help of more than one kind of professional. Multidisciplinary teams are often discussed in the same context as joint working, interagency work and partnership working.

Multidisciplinary teams have evolved at varying speeds in different parts over the past 30 years or so in response to imperatives of central government. Mental health was among the first professions to adopt teams of workers from different professions. The community mental health team (CMHT) is widely regarded as the model for multi-disciplinary working**. (**Drinkwater M. June 19, 2008)

**Key issues**

Social workers are increasingly working within multidisciplinary teams, such as youth offending, community mental health and community learning difficulty teams. In these settings social work may not be the predominant profession and practitioners may feel marginalized.

Some social workers have expressed concern that their professional identity could suffer in multidisciplinary teams where other professions take the lead.

**Legislation and policy**

A number of legislative and policy developments have contributed to the increased use of multidisciplinary teams.

The Single Assessment Process (SAP) was introduced in 2003 as a way of providing assessments for older adults with health or social care needs. It aimed to reduce the number of separate social work and nursing assessments for older people it indicated that older people services should be provided by multidisciplinary teams.

Child and adolescent mental health services (CAMHS) have also adopted multidisciplinary teams. Department of Health guidance includes Developing High Quality Multi-disciplinary CAMHS Teams.

As multidisciplinary working has increased in areas such as mental health, the sharp distinctions between professional roles has blurred. For instance, the Mental Health Act 2007 introduced the approved mental health professional (AMHP) which broadened the group of practitioners who can take on the functions previously performed by the approved social worker (ASW).

**Project Team Roles and Responsibilities:**

Successful projects are usually the result of careful planning and the talent and collaboration of a project’s team members. Projects can’t move forward without each of its key team members, but it’s not always clear who those members are, or what roles they play. Here, we’ll describe five roles – project manager, project team member, project sponsor, executive sponsor and business analyst – and describe their associated duties. (November 7, 2019) project management

**Project Manager**

The project manager 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.

**Project manager duties:**

* Develop a project plan
* Manage deliverables according to the plan
* Recruit project staff
* Lead and manage the project team
* Determine the methodology used on the project
* Establish a project schedule and determine each phase
* Assign tasks to project team members
* Provide regular updates to upper management

**Project Team Member**

Project team members are the individuals who actively work on one or more phases of the project. They may be in-house staff or external consultants, working on the project on a full-time or part-time basis. Team member roles can vary according to each project.

**Project team member duties may include:**

* Contributing to overall project objectives
* Completing individual deliverables
* Providing expertise
* Working with users to establish and meet business needs
* Documenting the process

**Project Sponsor**

The project sponsor is the driver and in-house champion of the project. They are typically members of senior management – those with a stake in the project’s outcome. Project sponsors work closely with the project manager. They legitimize the project’s objectives and participate in high-level project planning. In addition, they often help resolve conflicts and remove obstacles that occur throughout the project, and they sign off on approvals needed to advance each phase.

**Project sponsor duties:**

* Make key business decisions for the project
* Approve the project budget
* Ensure availability of resources
* Communicate the project’s goals throughout the organization

**Executive Sponsor**

The executive sponsor is ideally a high-ranking member of management. He or she is the visible champion of the project with the management team and is the ultimate decision-maker, with final approval on all phases, deliverables and scope changes.

* **Executive sponsor duties typically include:**
* Carry ultimate responsibility for the project
* Approve all changes to the project scope
* Provide additional funds for scopechanges
* Approve project deliverables

**Business Analyst**

The business analyst defines needs and recommends solutions to make an organization better. When part of a project team, they ensure that the project’s objectives solve existing problems or enhance performance, and add value to the organization. They can also help maximize the value of the project deliverables.

**Business analyst duties:**

* Assist in defining the project
* Gather requirements from business units or users
* Document technical and business requirements
* Verify that project deliverables meet the requirements
* Test solutions to validate objectives

**Question Three:**

**Why is risk tracking important?**

**Risk Tracking**

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,
* Monitoring risk mitigation plans,
* Reviewing regular status updates,
* 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.

**Tasks**

Risk tracking is the activity of systematically tracking and evaluating the performance of risk mitigation actions against established metrics throughout the acquisition process. It feeds information back into the other risk activities of identification, analysis, mitigation planning, and mitigation plan implementation.

The key to the tracking activity is to establish a management indicator system over the entire program. The PM uses this indicator system to evaluate the status of the program throughout the life cycle. It should be designed to provide early warning when the likelihood of occurrence or the severity of consequence exceeds pre-established thresholds/limits or is trending toward exceeding pre-set thresholds/limits so timely management actions to mitigate these problems can be taken.

The program office should re-examine risk assessments and risk mitigation approaches concurrently. As the system design matures, more information becomes available to assess the degree of risk inherent in the effort. If the risk changes significantly, the risk mitigation approaches should be adjusted accordingly. If the risks are found to be lower than previously assessed, then specific risk mitigation actions may be reduced or canceled and the funds reprogrammed for other uses. If they are higher, or new root causes are found, appropriate risk mitigation efforts should be implemented.

In addition to reassessing (identifying and analyzing) risks, the program office should look for new risk mitigation options. Alternative technologies may mature, new products may become available in the market place, or may be information found in unexpected places. All of these may be of use to the program office for risk mitigation. A periodic review of developments in the laboratory, and the market place is time well invested for any program.

**Question Four:**

**Discuss the risk mitigation plan**

**Risk Mitigation Planning**

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:

* Avoiding risk by eliminating the root cause and/or the consequence,
* Controlling the cause or consequence,
* Transferring the risk, and/or
* Assuming the level of risk and continuing on the current program plan.

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.

**Tasks**

For each root cause or risk, the type of mitigation must be determined and the details of the mitigation described.

Once alternatives have been analyzed, the selected mitigation option should be incorporated into program planning, either into existing program plans or documented separately as a risk mitigation plan (not to be confused with the risk management plan). The risk mitigation plan needs to be realistic, achievable, measurable, and documented and address the following topics:

* A descriptive title for the identified risk;
* The date of the plan;
* The point of contact responsible for controlling the identified root cause;
* A short description of the risk (including a summary of the performance, schedule, and resource impacts, likelihood of occurrence, consequence, whether the risk is within the control of the program);
* Why the risk exists (root causes leading to the risk);
* The options for mitigation (possible alternatives to alleviate the risk);
* Definition of events and activities intended to reduce the risk, success criteria for each plan event, and subsequent “risk level if successful” values;
* Risk status (discuss briefly);
* The fallback approach (describe the approach and expected decision date for considering implementation);
* A management recommendation (whether budget or time is to be allocated, and whether or not the risk mitigation is incorporated in the estimate at completion or in other program plans);
* Appropriate approval levels (IPT leader, higher-level Product Manager, Systems Engineer, PM); and
* Identified resource needs.

**Question Five:**

**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 similar to a configuration control board. It is an advisory board to the PM and provides a forum for all affected parties to discuss their concerns. RMBs can be structured in a variety of ways, but share the following characteristics:

* They should be formally chartered by the PM and have a defined area of responsibility and authority. Note that RMBs may be organized as program office only, program office with other Government offices (such as PEO Systems Engineer, User, Defense Contract Management Agency, test organizations, SMEs), 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 process flow for the RMB 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.

**Question Six:**

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

**The Manager’s Role Inside the Organization**

Organizations are hierarchies of titles. The organizational chart or the structure of the company and the relationships of the jobs and responsibilities, from the top down, may include CEO, vice president, director, then manager. Each of these people performs separate and critical functions, enabling the organization to function, meet its obligations and turn a profit.

The higher you climb in the organization’s ranks, the further away you move from the day-to-day operations and work of the firm’s employees. While the CEO and vice presidents focus more of their efforts on issues of strategy, investment, and overall coordination, managers are directly involved with the individuals serving customers, producing and selling the firm’s goods or services, and providing internal support to other groups.

Additionally, the manager acts as a bridge from senior management for translating higher-level strategies and goals into operating plans that drive the business. In that position, the manager is accountable to senior executives for performance and to front-line employees for guidance, motivation, and support. It is common for managers to feel as if they are pulled between the demands of top leaders and the needs of the individuals performing the work of the firm.

**The Work of the Manager**

Have you ever witnessed the "plate spinner" at the circus? This performer places a breakable dinner plate on a stick and starts it spinning. The entertainer repeats this task a dozen or more times, then runs around striving to keep all of 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:

* 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 email and update their task lists. There is never a dull moment, much less time for quiet contemplation, in the lives of most managers. (REH J. F. November 15, 2019)

**Question Seven:**

**Elaborate on the methods of project budgeting**

**BUDGETING BASICS**

**Definition of a budget**

A budget can be defined as a quantitative economic plan in respect of a period of time.

Functions of a budget6 Budgets can fulfil one or more of the following functions:

* Mapping. A budget can be used to detail the road to be travelled in fulfilment of an organizational objective. It details all the steps to be taken, and therefore can act as a check on the overall viability of the organization’s objectives.
* Controlling. The budget can ensure the achievement of objectives by placing a planning control framework over the steps to be taken.
* Coordinating. By spelling out the linkages between parts of the organizations’ plan, the budget can help to co-ordinate activities.
* Communicating. The budget is a means for management to explicitly inform staff and the wider public what the organization will be doing.
* Instructing. A budget is often just as much a form of executive order as an organizational plan since it lays out the requirements of the organization – it may therefore be regarded as a managerial instruction.
* Authorizing. As well as an instruction, the budget is an authorization to take action within the specified limits. In that respect, the budget performs a delegating function.
* Motivating. Budgets can act as a motivational tool to encourage managers to perform within targeted limits.
* Performance measurement. A budget may provide a benchmark against which actual performance can be measured
* Decision-making. A well-designed budget can be a useful tool in evaluating the consequences of proposed changes in actions, since it should be possible to track the effect of any change throughout the organization.

Different budgeting methodologies allow the budget to perform these roles in different ways and to differing extents. For example, the planning programming approach. Can be clearly seen as underpinning the decision-making function. Conversely, one of the criticisms of the incremental approach is that it does not allow for full consideration of proposed changes in action as it is a more backward-looking method; it could be argued that incremental budgeting does not support decision making very well.

**INCREMENTAL BUDGETING:**

**What is incremental budgeting?**

Public sector budgets in Northern Ireland and elsewhere **in** the UK typically rely on the incremental approach (although the Comprehensive Spending Review 2007 process did involve a series of departmental baseline reviews). The previous year’s budget for a department or division is carried forward for the next annual budget. It is adjusted for known factors such as new legislative requirements, additional resources, service developments, anticipated price and wage inflation and so on.

It is known as incremental budgeting because the process is mainly concerned with the incremental (or marginal) adjustments to the current budgeted allowance. In that respect it is rather similar to the NI block funding: any changes are up or down from the existing funding for particular activities**.**

According to the Chartered Institute for Public Finance and Accounting (CIPFA), a key characteristic of the approach is that budget preparation is a process of negotiation and compromise. “Incremental budgeting is therefore based on a fundamentally different view of decision making than more rational approaches.

This is because negotiated settlements between interested parties require a willingness to compromise. If consensus breaks down, compromise cannot be reached and the incremental process becomes invalid. According to CIPFA, use of this model, therefore, requires a relatively stable form of representative government.

**The process itself is straightforward. The key stages are:**

* Establishing the base: decide what is committed expenditure and then make adjustments to reflect unavoidable changes, for example:
* full-year effects of staff appointments;
* full-year effects of the capital programme;
* salary increments;
* non-recurring items which should be removed;
* external factors e.g. changes in legislation or government funding regimes;
* changes in price levels for labor, goods and services;
* Adding to the implications of the development budget to reflect proposed savings and growth;
* Aggregating and producing the new budget.

**ZERO-BASED BUDGETING**

What is zero-based budgeting? Zero-based budgeting – unlike the incremental approach – starts from the basis that no budget lines should be carried forward from one period to the next simply because they occurred previously. Instead, everything that is included in the budget must be considered and justified.

According to CIPFA, zero-based budgeting in its purest form “involves the preparation of operating budgets on the assumption that the organization is starting out afresh in the new planning period – it as is the life of the organization exists as a series of fixed-term contracts.”

The approach relies upon the involvement of all executive managers. It requires the organizations’ objectives to be clearly stated – as with any budget process – but also considers and assesses different ways of delivering those objectives before the budget is allocated. It is, therefore, less ‘how should we deliver this service with the money available’ and more ‘here’s what we have to achieve, different options for achieving it and the budget required for each of those options’.

The process requires specification of minimum levels of service provision, the current level, and an ‘incremental’ level – either between the minimum and the current or an improvement over the current level. Options for delivering at each level can then be evaluated and a justification put forward along with the request for resources.

Essentially, this is a process of providing business justification for each activity undertaken by an organization. According to CIPFA,” the analysis should also extend to considering the benefits of the activity, alternative courses of action, how to measure.

performance, and the consequences of not performing the activity.” Activities are then ranked in order of priority and this is where resources are focused

**Question Eight:**

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

**Top Five Reasons to Terminate a Project:**

Imagine the despair when the project you initiate with lot of hopes and hard work, fails miserably. However sad it is, many projects miss the mark completely and lead to waste of time as well as efforts. It also comes out as a major blow to the project manager and shakes the confidence of all the team members involved in the project. 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:

**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 a 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.

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