|  |
| --- |
| **Course Name: Diploma in Project**  **Management**  Institution: AIMPS / Nairobi  Module: Four  Name: Angelo Achire Okok  Logolomoi  Admission number: AIPMS/188/2018 |

**Module 4**

1. Explain briefly the types of project organization
2. What are the phases available in project portfolio process
3. Explain the term risk management
4. How are projects cushioned from risk?
5. Why is it important to plan for risk in execution of any project?
6. What can be a source of conflicts in a team and how can the same be solved?
7. Give some ideas citing relevant examples for successful and better project teams.

**Answers**

1. Organizational structures can be characterized as spanning a spectrum from functional to projectized, with a variety of matrix structures. These main types of project organizations are briefly explained below:

The pure or projectized organizational structure develops as a division within a division. It becomes a self-contained units with its own technical staff, its own administration, tied to the parent organizations by the tenuous strands of periodic progress reports and oversight. The major advantage of this organizational flow is that one individual, the program manager, maintains complete line authority over the entire project.

The major drawback of pure project form is the cost of maintaining the organization. There is no chance for sharing an individual with another project in order to reduce costs. Personnel are usually attached to these projects long after they are needed because once an employee is given up, the manager might not be able to get him back.

Functional organization. This type of organization consists of specialist or functional departments each with their own departmental manager responsible to one or more directors. Such an organization is ideal for routine operations where there is little variation of the end product. Functional organizations are usually found where items are mass produced, whether they are motor car or sausages. Each department is expert at its function and the interrelationship between them is well established.

The matrix organizational form is where a pure project is superimposed on a functionally organized project to avoid the problem associated with each type. Under this structure, the power and authority used by the project manager come directly from the general manger. The project manager has total responsibility and accountability for project success. The functional departments, on the other hand, have functional responsibility to maintain technical excellence on the project. Each functional unit is headed by a department manager whose prime responsibility is to ensure that a unified technical base is maintained and that all the available information can be exchanged for each project.

There are many advantages to matrix structure. Because functional units exist primarily to support project, people can be shared and cost can be minimized. Knowledge can be shared for all projects. The matrix can provide a rapid respond to changes, conflicts and other project needs.

However, matrix structure is not free from limitations. There is multidimensional information flow as the project manager has to report to customers or corporate or other personnel in addition to his superior and the functional line managers.

Mixed organizational systems. Functional, matrix and pure project exists side by side in some organizations. Matrix or functional projects may be organized, become very successful and expand into pure project. It will not stop there, with the pure project growing into growing into an operating division of the parent firm, perhaps become a subsidiary or stand-alone, venture firm. There are many such cases for instance, Texas Instruments and the Speak and Spell toy developed by one of its employees.

1. **The project portfolio process attempts to link the organization’s projects directly to the goals and strategy of the organization. This occurs not only in the project’s initiation and planning phases but also throughout the life of the projects as they are managed and eventually brought to completion. The phases available in project portfolio process of an organization include:**

Conceptual/initiation phase is the beginning of the project. In this phase, the preliminary evaluation of the project idea is explored and elaborated. Most important in this phase is a preliminary analysis of risk and the resulting impact on the time, cost, and performance requirement, all combined with the potential impact on company resources. The initiation phase examines the feasibility for the project. Besides, decisions are made concerning who is to carry out the project, which party will be involved and whether the project has an adequate support from stakeholders.

Planning phase is a refinement of the elements in the conceptual phase and requires a firm identification of the resources required and the establishment of realistic time, cost, and performance parameters. This phase also includes the initial preparation of documentation necessary to support the system. For a project based on competitive bidding, the conceptual phase would include the decision of whether to bid, and the planning phase would include the development of the total bid package, that is, time, schedule, cost and performance.

Executing phase involves carrying out the project plan by performing the activities included therein the plan and evaluating the overall project performance on a regular basis to ensure conformity with relevant quality standards. In this phase, the skills and competences of individual or group are developed to enhance project performance.

Controllinginvolves taking preventive action in anticipation of possible problems.Project performance must be monitored and measured regularly to identify variances from the plan. Variances are fed into the control phase in the various knowledge area. Once a significant variance that jeopardize the project objectives is observed, adjustments to the plan are made by repeating the appropriate the planning phase. For instance, a missed activity finish date may require adjustment to the current staffing plan, reliance on overtime, or trade-offs between budget and schedule objectives.

Closing includes the reallocation of resources. Consider a company that sells products to consumers. As one product begins to deteriorate and death phase of its life cycle, that is, divestment phase of a system, a new product or projects must be established to reallocate resources from the declined product. Thus, such a company requires a continuous stream of projects to survive. The closure phase evaluates the efforts of the total system and serves as an input to the conceptual phase for the new projects and systems.

1. Risk management is the systematic process of identifying and assessing the risks which can have potential impact to the project objectives and the exercise of creating risk management plan, preparing team to effectively manage those risks to minimize their impact on the project. It includes maximizing the probability and consequences of positive events and minimizing the probability and consequences of adverse events to project objectives. There are no risk-free projects because there is an infinite number of events that can have a negative effect on the project. Risk management is not about eliminating risk but it involves identifying, assessing, and managing risk.

The project risk is a futuristic uncertainty that may occur during the life of a project and can affect project deliverables. Risk can be recorded through cause-effect analysis. The cause of risk can be hypothesis, limitation, requirement, and many others and the effect could be slippage of timeline, cost overrun/save, performance degradation/ improvement of the project for instance, new regulatory compliance may be enforced on power projects, economic uncertainty may lead to higher cost of labor (Risk Management Institute, Inc., 2008).

1. **Projects can be cushioned from risks in a number of ways as described below:**

Risk avoidance involves a change in the concept including design, requirements, specifications and/or practices that reduce risk to acceptable level. Although the project team can never eliminate all risk events, some specific risks may be avoided. Some risk events that arise early in the project can be dealt with by clarifying requirements, obtaining information, improving communication, or acquiring expertise. Other examples of avoidance include, reducing the scope to avoid high-risk activities, adding resources or time, adopting a familiar approach instead of an innovative one, or avoiding an unfamiliar subcontractor.

Transference. Risk transfer involves shifting the consequence of a risk to a third party. Transferring liability for risk is most effective in dealing with financial risk exposure. Risk transfer nearly always involves payment of a risk premium to the party taking on the risk. It includes the use of insurance, performance bonds, warranties, and guarantees. Contract may be used to transfer liability for specified risks to another party. Use of a fixed-price contract may transfer risk to the seller if the project’s design is stable. Although a cost-reimbursable contract leaves more of the risk with the customer or sponsor, it may help reduce cost if there are mid-project changes.

Acceptance. This technique indicates that the project team has decided not to change the project plan to deal with risk or is unable to identify any other suitable response strategy. Active acceptance may include developing a contingency plan to execute, should a risk occur. Passive acceptance requires no action, leaving the project team to deal with the risk as they occur.

A contingency plan is applied to identify risks that arise during the project. Developing a contingency plan in advance can greatly reduce the cost of an action should the risk occur. Risk triggers, such as missing intermediate milestones, should be defined and tracked. A fallback plan is developed if the risk has a high impact, or if the selected strategy may not be fully effective. This might include allocation of a contingency amount, development of alternative options, or changing the project scope.

Mitigation. Risk control seeks to reduce the probability and/or consequences of an adverse risk event to an acceptable threshold. Taking early action to reduce the probability of a risk’s occurring or its impact on the project is more effective than trying to repair the consequences after it has occurred. Some of the common risk control actions includes:

* Alternative design: Create a backup design option that should use a lower risk approach.
* Demonstration events: These are points in the program, normally tests that determine if the risks being successfully reduced.
* Design of experiments: This engineering tool identifies critical design factors that are sensitive, therefore potentially medium or higher risk, to achieve a particular user requirements.

1. **Important of planning risk**

It is important to plan for risk that follows in execution of any project to ensure that the level, type, and visibility of risk management are commensurate with both the risk and importance of the organization.

1. Conflict is defined as“the process which begins when one party perceives thatthe other has frustrated, or is about to frustrate, some concern of his” (Thomas 1976, p.891). There are a number of sources of conflicts within a project team.

Goal conflict. This occurs when an individual or group pursues goals different from others. Day-to-day work on projects is usually carried out by many different units of the organization, that is, units that often differ in their objectives and technical judgement. The result is that these units have different expectations about the project, its costs and rewards, its relative importance, and its timing. If the objectives of the project are not communicated accurately to all project personnel and all mangers, then it is entirely possible that upper level managers, project managers and functional managers may have different interpretation of the ultimate objective which in turn creates conflict.

Overlap of roles and responsibilities. In the project management, conflicts are inevitable. For instance, conflicts can easily develop out of a situation where members of a group have a misunderstanding of each other’s roles and responsibilities.

Struggles for power among functional groups. Uncertainty about who has the authority to make decisions on resource allocation, on administrative procedures, on communication, on technological choices and on all the other matters affecting the project produces conflict between the project manager and the other parties. Conflicts occur as each functional group struggles for power. Ideas may remain functionally oriented with very little regard for ongoing projects and the decision-making process will be slow and tedious.

**Resolving conflict in an organization**

In project environment, conflicts are inevitable, however, there are many ways to resolve conflict. Conflict resolution is the ultimate purpose of law. Thus, organizations establish elaborate and complex set of rules and regulations to settle disputes between the organization itself and the individuals and groups with whom it interact. Also, contracts between a firm and its suppliers, its trade unions, and its customers are written to govern the settlement of potential conflicts.

Also, the technical objectives of the project must be specified to a degree that will allow the detailed planning of the buildup stage to be accomplished. It is important that the project’s objectives be clearly tied to the overall mission, goals, and strategy of the organization. In view of this, some organizations have resorted to management by objectives, a systems approach aligning project goals with organizational goals, project goals with the goals of other sub-units of the organization, and project goals with individual goals. Management by objectives thus, can be regarded as:

* Systems approach to planning and obtaining project results for an organization
* Strategy of meeting individual needs as well as the needs of a project
* Method of clarifying what each individual and organizational unit’s contribution to the project should be.

The favored technique of resolving conflict is negotiation.

1. **Some ideas citing relevant examples for successful and better project team**s.

* Selecting the right key project team
* Appropriate team structure, yet flexible and flat.
* Innovative and adaptable team. By unlocking the creativity, knowledge and talent of all employees, teams can lead to innovation. And because they are small and nimbler, teams can also more easily adapt to changes in the external environment. For instance, both Xerox Corporation and Hewlett-Packard have found that by intertwining design, engineering, and manufacturing functions in the development of new products, they are able to speed up the process of taking a new product from concept to production.
* Strong and goal oriented team members. In particular, neither project teams nor project managers can succeed if the focus is on activity rather than results.
* Ongoing commitment and support from the senior management whose capabilities match the complexity of the project to the team members through coaching and training.

0

References

Bob. N., and Economy. P., (2005), *The Management Bible*, John Wiley and Sons, Inc.

Kerzner. H., (2009), Project Management: A systematic Approach to Planning, Scheduling and Control, 10th Edition, John Wiley and Sons, Inc.

Mantel. J., Meredith. J., Shafer M. S., and Sutton M. M., (2011), Project Management in Practice, 4th Edition, John Wiley and Sons, Inc.