project **management**
the managerial process
fifth edition

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CHAPTER ONE

Modern Project Management

McGraw-Hill/Irwin

What is a Project?

- Project Defined
  - A complex, nonroutine, one-time effort limited by time, budget, resources, and performance specifications designed to meet customer needs.
- Major Characteristics of a Project
  - Has an established objective.
  - Has a defined life span with a beginning and an end.
  - Requires across-the-organizational participation.
  - Involves doing something never been done before.
  - Has specific time, cost, and performance requirements.

1–2

Programs versus Projects

- Program Defined
  - A series of coordinated, related, multiple projects that continue over an extended time and are intended to achieve a goal.
  - A higher level group of projects targeted at a common goal.
  - Example:
    - Project: completion of a required course in project management.
    - Program: completion of all courses required for a business major.

1–3

Comparison of Routine Work with Projects

Routine, Repetitive Work	Projects
Taking class notes	Writing a term paper
Daily entering sales receipts into the accounting ledger	Setting up a sales kiosk for a professional accounting meeting
Responding to a supply-chain request	Developing a supply-chain information system
Practicing scales on the piano	Writing a new piano piece
Routine manufacture of an Apple iPod	Designing an iPod that is approximately 2 X 4 inches, interfaces with PC, and stores 10,000 songs
Attaching tags on a manufactured product	Wire-tag projects for GE and Wal-Mart

TABLE 1.1

1–4

Project Life Cycle

Defining
1. Goals
2. Specifications
3. Tasks
4. Responsibilities

Planning
1. Schedules
2. Budgets
3. Resources
4. Risks
5. Staffing

Executing
1. Status reports
2. Changes
3. Quality
4. Forecasts

Closure
1. Train customer
2. Transfer documents
3. Release resources
4. Evaluation
5. Lessons learned

FIGURE 1.1

1–5
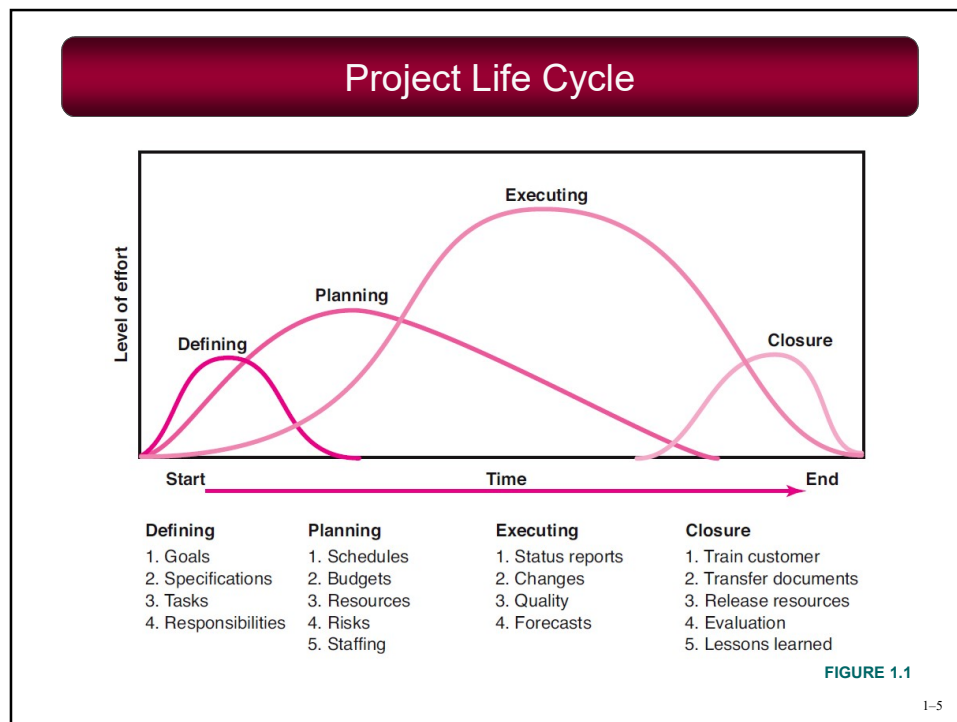
The Challenge of Project Management

• The Project Manager

–Manages temporary, non-repetitive activities and frequently acts independently of the formal organization.

• Marshals resources for the project.

• Is linked directly to the customer interface.

• Provides direction, coordination, and integration to the project team.

• Is responsible for performance and success of the project.

–Must induce the right people at the right time to address the right issues and make the right decisions.

1–6

The Importance of Project Management

- Factors leading to the increased use of project management:
  - Compression of the product life cycle
  - Knowledge explosion
  - Triple bottom line (planet, people, profit)
  - Corporate downsizing
  - Increased customer focus
  - Small projects represent big problems

1–7

Benefits of an Integrative Approach to Project Management

- Integration (or centralization) of project management provides senior management with:
  - An overview of all project management activities
  - A big picture of how organizational resources are used
  - A risk assessment of their portfolio of projects
  - A rough metric of the firm's improvement in managing projects relative to others in the industry
  - Linkages of senior management with actual project execution management

1–8

Integrated Project Management Systems

- Problems resulting from the use of piecemeal project management systems:

  – Do not tie together the overall strategies of the firm.

  – Fail to prioritize selection of projects by their importance of their contribution to the firm.

  – Are not integrated throughout the project life cycle.

  – Do not match project planning and controls with organizational culture to make appropriate adjustments in support of project endeavors.

1–9

Integrated Management of Projects

Organization Culture Environment

Strategic Alignment

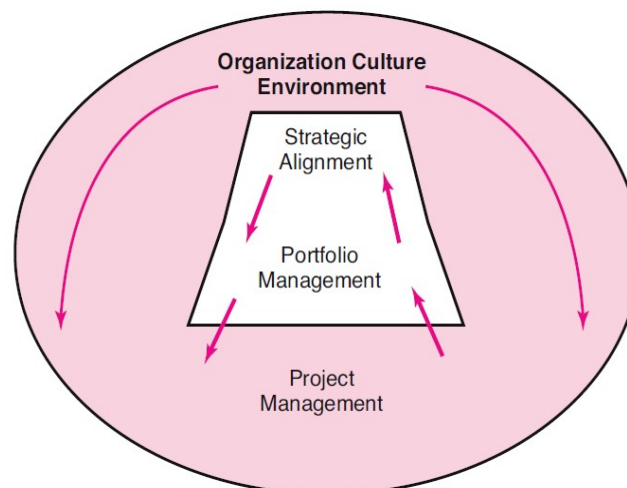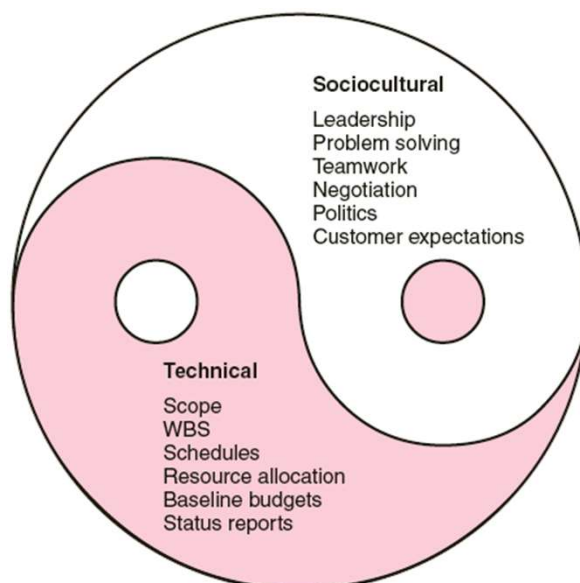Portfolio Management

Project Management

FIGURE 1.2

1–10

Major Functions of Portfolio Management

- Oversee project selection.

- Monitor aggregate resource levels and skills.

- Encourage use of best practices.

- Balance projects in the portfolio in order to represent a risk level appropriate to the organization.

- Improve communication among all stakeholders.

- Create a total organization perspective that goes beyond silo thinking.

- Improve overall management of projects over time.

1–11

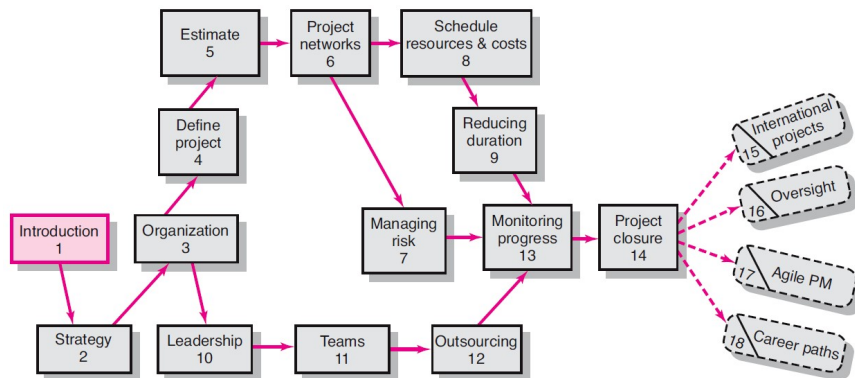The Technical and Sociocultural Dimensions of the Project Management Process

Sociocultural
Leadership
Problem solving
Teamwork
Negotiation
Politics
Customer expectations

Technical
Scope
WBS
Schedules
Resource allocation
Baseline budgets
Status reports

FIGURE 1.3

1–12

An Overview of Project Management 5e.

Estimate 5 → Project networks 6 → Schedule resources & costs 8

Define project 4

Introduction 1 → Organization 3

Managing risk 7 → Monitoring progress 13 → Project closure 14

Reducing duration 9

Strategy 2 → Leadership 10 → Teams 11 → Outsourcing 12

15 International projects
16 Oversight
17 Agile PM
18 Career paths

1–13

Key Terms

ISO 9000

Program

Project

Project life cycle

Project Management Professional (PMP)

Sociotechnical perspective

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