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Week 2

Why do project managers need to understand strategy?

1. To make appropriate decisions and adjustments when responding to changes
2. To be effective project advocates, this includes
 - a. being able to explain to stakeholders why certain project objectives and priorities are critical
 - b. being able to motivate and empower the project team

Strategic management is the process of assessing the current state, and deciding and making implementations to reach the future state.

2 major dimensions of strategic management:

- Responding to changes in the external environment
- Allocating the firm's scarce resources to improve its competitive position

4 activities of the strategic management process:

1. Review and define the organisational mission
 - Mission identifies "what we want to become" or the raison d'être and the scope of the product/service, and the purpose of the organisation to stakeholders
 - Mission sets the parameters for developing objectives and focus
2. Analyse & formulate strategies - answers the question what needs to be done to reach mission
 - First step is realistic evaluation of the past and current position of the enterprise
 - Second step is SWOT analysis - assessment of the internal strengths and weaknesses, and external environment (i.e. opportunities and threats) of the enterprise
 - Last step is to identify critical issues and strategic alternatives, so cascading objectives or projects are assigned to lower divisions/individuals
3. Set objectives to achieve strategies
 - Objectives translate the organisation's strategy into specific, concrete, measurable terms
 - SMART goals (specific, measurable, achievable, relevant, time-bound)
 - Goals can cover markets, products, innovation, productivity, quality, finance, profitability, employees and/or consumers
4. Implement strategies through projects
 - Implementation answers question of how strategies are realised
 - Key areas to pay attention for implementation:
 - 1st: task completion requires resources
 - 2nd: implementation requires organisation to complement and support strategy & projects
 - 3rd: planning and control systems must be in place
 - 4th: motivating project contributors will be a major factor for achieving project success
 - 5th: areas receiving more attention in recent years are portfolio management and prioritising projects

Project priority system (Problems of a weak priority system are linked to strategy)

1. Implementation gap
 - a. Individual functional managers who become responsible for implementation may not fully understand the strategies formulated by top management. (e.g. conflict occurring among functional managers, lack of trust, inadequate resources, confusion of the project priority)
2. Organisation politics - strong politics can influence funding and priority, so project selection would not be based so much on facts and sound reasoning
 - a. Sacred cow is a project that a powerful, high-ranking official is advocating.

- b. Project sponsor is typically a high-ranking manager who endorse and lend political support for completion of project
 - c. E.g. ALTO computer project at Xerox failed after its success in 1970s due to internal fighting and absence of strong project sponsor
3. Resource conflicts and multitasking
- a. Multi-project environment creates the problems of project interdependency and need to share resources
 - b. Resource sharing leads to multitasking → inefficiency, delays, costs

Structure

Organising projects within the functional organisation (when one functional area dominates the project)

- Different segments of the project are delegated to the respective functional units
- Coordination is maintained through normal management channels

Advantages:

1. No change - no radical alteration in the design and operation of the parent organisation
2. Flexibility - maximum flexibility in the use of staff, as appropriate specialists in different functional units can temporarily be assigned to work on project and then return to their normal work
3. In-depth expertise from functional unit
4. Easy post-project transition - career paths are maintained for specialists, so they can focus on their professional growth and advancement in their functional field

Disadvantages:

1. Lack of focus - project responsibilities can get pushed aside to meet primary obligations
2. Poor integration across functional units - there are times when functional specialists tend to be concerned only with their segment of the project and not what is best for the entire project
3. Slow - slow response time as decisions have to be circulated through the normal management channels and due to lack of horizontal communication among functional groups
4. Lack of ownership - lack of motivation can make people see the project as an additional burden not directly linked to their professional development

Organising projects as dedicated teams

- Teams operate as units separate from the rest of the parent organisation
- Specialists work full time on the project (recruited from both within & outside the parent company)

Strengths:

1. Simple - functional specialists remain intact with the project team operating independently
2. Fast - participants tend to devote full attention to the project and response time is also quicker
3. Cohesive - participants share common goals toward the project → higher motivation & cohesiveness
4. Cross functional integration - specialists from different areas work closely together

Weaknesses:

1. Expensive - resources are assigned on a full-time basis
2. Internal strife - dedicated teams may become an entity in their own right and conflict emerges between the team and the remainder of the organisation. The divisiveness can undermine integration of project team members back into their functional units once the project is completed
3. Difficult post-project transition - dilemma of what to do with full-time personnel after project is completed, especially when no other project work is available. They may also find it difficult to transition back to their original functional departments because of prolonged absence.