

The Project Management Processes



PROJECT MANAGEMENT FOR
DEVELOPMENT ORGANIZATIONS

PROJECT MANAGEMENT FOR DEVELOPMENT ORGANIZATIONS

A methodology to manage development projects for international humanitarian assistance and relief organizations

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PROJECT MANAGEMENT PROCESSES

Project management is a process of leading a team of capable people in planning and implementing a series of related activities that need to be accomplished on a specific date with a limited budget. Because of its nature, coordinating all these activities requires a process approach.

Because many times development project take on unexplored territory, assumptions about the project must be listed, evaluated, its risks assessed and contingency plans developed. It also requires a close monitoring of the budget, scope and schedule to deliver the project objectives under the expected quality. Each one of these elements needs to be managed in a systematic manner with the development of plans to identify the roles and resources needed.

There is also the complexity of development projects that require a different approach and a new way at managing the limited resources and the increasing demands from all stakeholders. To manage this complexity the project needs to be de-constructed into manageable, interrelated parts; or processes, by separating the project into different management process the project manager has a better chance to control the outcomes of the project and manage the challenges that can never be fully predicted during its design.

Managing a project requires that organizations take in consideration a system approach to manage the different elements of a project. A systems approach includes a holistic view of a project environment, and an understanding that the project is made of a series of interacting components working to meet an objective in order to obtain the desired benefits.

A systems approach requires the identification of the processes that make up the entire project management framework. This framework helps understand the basic structure required to properly manage a project, by identifying the most important elements that need close supervision and careful analysis.

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There are nine management processes on a development project. These are designed to help manage the different elements of a project, different projects may have different needs from each process; for example, a project that has identified that cost is a critical success factor will spend more time and effort in developing a cost management plan. These processes are the key knowledge areas or a project manager must master.

One of the most critical roles of the project manager is the integration of these nine processes to ensure they all are properly coordinated. In many cases it could result in making trade-offs among the different competing expectations from stakeholders. These nine processes are all integrative, that is, they need to be managed in a combining and coordinating manner to bring these diverse elements into a whole. The nine management processes occur during the entire project life cycle and each one of them requires a cyclical approach that consists of planning, doing, checking and learning to ensure process quality.

The effort and detail required for each process depends entirely on the size, complexity and risk of the project. Large, highly complex projects will require specialized resources to manage each process making the role of the project manager as the coordination of these processes. Smaller less complex projects may not even need all nine processes, the project manager after making an analysis of the project risks and constraints will decide which processes require more effort than others

The nine project management processes are:

1. Scope Management
2. Schedule Management
3. Budget Management
4. Quality Management
5. Team Management
6. Stakeholder Management
7. Information Management
8. Risk management
9. Contract Management

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In this book we have divided these processes into two groups:

- Enabling processes
- Facilitating processes

The project management processes interrelated with the project management phases during the entire project management cycle. The graphic below shows the relationship between the project phases and the project management processes:

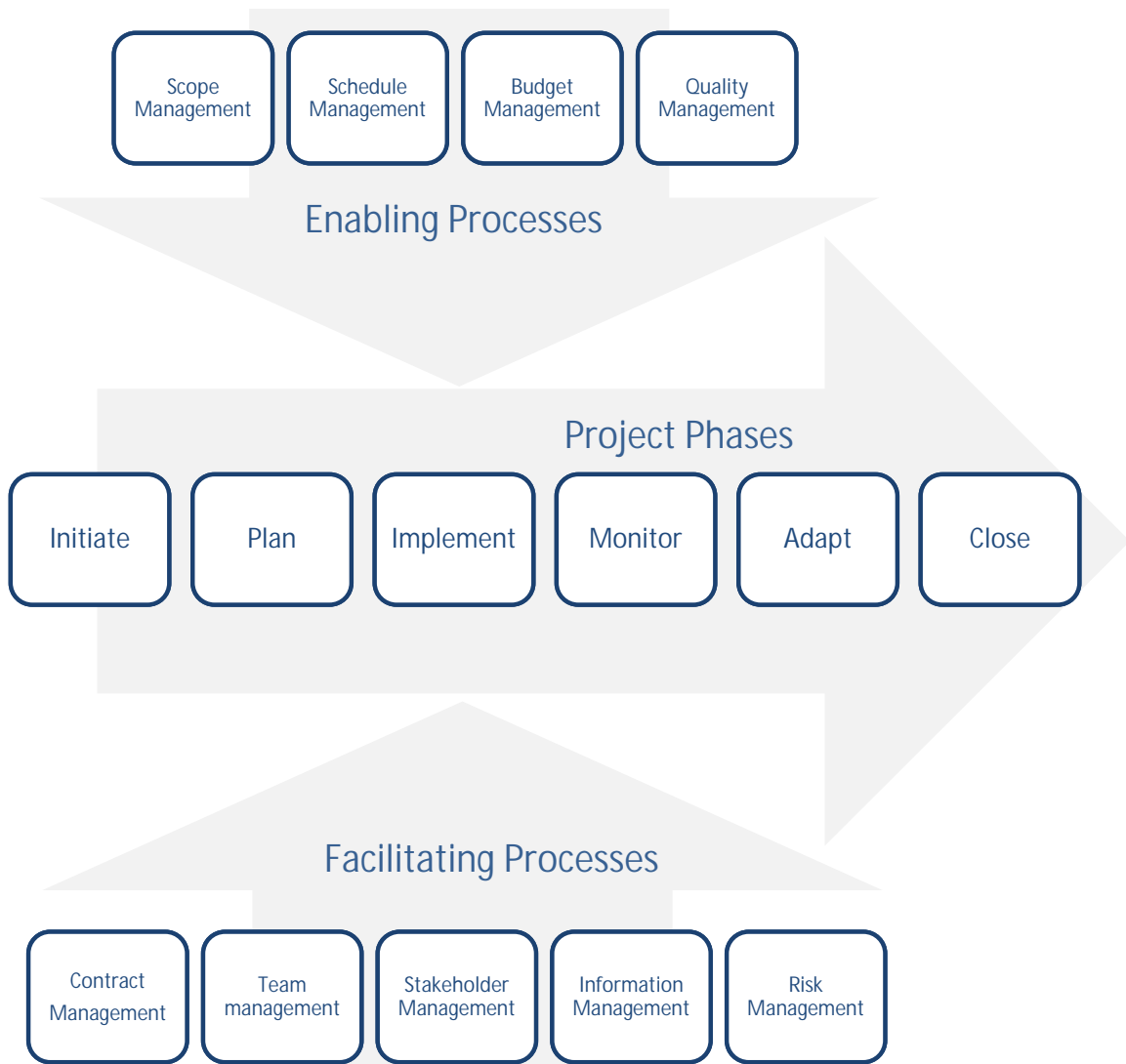


Figure 4.1 Project Management Processes and Phases

Depending on the scope, large, complex projects will require a more rigorous application of project management processes than small, non-complex projects. The Project Manager assesses the project

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characteristics to determine how to customize the processes for a specific project and determine which project management processes will be required. The effort to customize the project is reflected in the Project Management Plan.

Project Management Processes are overlapping activities that occur at varying levels of intensity throughout each phase of the project. A process is defined as a set of activities that must be performed to achieve a goal, in this case the project goal.

Enabling Processes

Enabling processes include scope, schedule, budget and quality. They are enabling because they lead to specific objectives of the project and are the basis to define a project success; on time, under budget, as requested by the donor and by the quality needed by the beneficiaries.

Scope Management

Includes the processes involved in defining and controlling what is or is not included in the project; required to complete the project successfully. Scope is the way to describe the boundaries of the project. It defines what the project will deliver and what it will not deliver. This process ensures that the project has identified the goals and objectives and those have been documented and that each objective has a well defined set of indicators to monitor their progress.

During this process a scope management plan is created to help manage any changes to the projects. This is a critical process and one that will help project managers deal with scope creep, which is when a project includes additional work after a project has started without considering the impact on the resources or schedule of the project. Request for additional work may come from many of the stakeholders the problem arises when the project manager decides to the additional work without a corresponding increase in the time or budget, this is one of the leading causes for project failures. To manage scope creep the project needs to establish a scope change control plan that will facilitate how, when and why any changes to the scope are made. The steps include an assessment, impact to the budget and/or schedule the corresponding authorization, incorporation of changes to the

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project plans and implementation of the approved change of scope. It is a good practice for the project to define what is not included in the project, by defining what is out of scope the project stakeholders can have a better understanding of the project boundaries.

During the scope management process the project manager develops a Work Breakdown Structure (WBS) which is a management technique of breaking the project down into a hierarchy of work tasks which represent the work to be done. This schedule then is used as an input to define the time and budget of the project.

Schedule Management

This process includes the actions required to ensure the timely completion of the project. Schedule management is the development of a project schedule that contains all project activities, the project schedule is a communication tool that informs project stakeholders the status of the project and gives project team members information, in the form of graphs and charts, as to when each activity must begin and end.

The first step in schedule management is estimating the time each one of the activities identified in the WBS would take to be completed, the relationships among the activities and the sequence they should start. A network diagram is a tool used to graphically display the activity sequence and dependencies. The project schedule is also used to assign project staff with their tasks. Monitoring the schedule is an ongoing task, as each activity is performed the project manager must review the progress made against the schedule baseline and determine what schedule variance have occurred, the schedule management plan should include instructions on how to proceed when schedule variances occur.

Another element of schedule management is the procedure to control schedule changes and define who can authorize changes to the schedule. It is not uncommon that at the moment of planning the project some oversight occurred that did not plan for situations when the beneficiaries are involved in other events, such as festivities or social events; this can also include unpredictable events such as the weather or political events that can disrupt any project schedule.

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Schedule reporting includes techniques to compare the project baseline with the actual dates and uses variance analysis to determine project progress, if the project is behind schedule then the project must determine the best options to bring the project back to schedule using methods such as making trade-offs to compress the schedule or fast tracking which involves doing more activities in parallel.

Budget Management

Budget management processes are required to ensure the project is completed within the approved budget. This is the area that receives a lot of scrutiny during and after the project is completed. The project's ability to manage the financial resources obtained by the organization will be a measure of the organizations probity, not only in compliance with donor's requirements but also a measure of its efficiency. Risks in this area have the highest impact to the project, the organization and to the beneficiaries; inadequate budget management can lead to misappropriations of funds, improper assignment of expenses and losses that the organization may have to cover using its limited funds.

Budget management process include the activities to develop a budget to meet the requirements of the proposal (in case of a donor funded project) and a budget to meet the monitoring and accounting needs of the organization. A leading cause for project failure is poor estimating of the project budget; it is not unusual that during the proposal process the organization in its rush to meet the deadlines tried to short cut the budget creation process. This can lead to estimates that during the project implementation do not reflect the actual needs of the project.

One of the tools used during this process is using the activity based budget, which is a closer approximation to the project real needs. It uses the Work Breakdown Structure (WBS) to estimate the value of each task or activity and then adds up the values until a total budget is achieved. With this technique the project can determine the cost of each objective and the total cost of the project.

The main steps of budget management include; the definition of all resource requirements the project will use, from consultants, material,

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and equipment; development of a cost estimate of all the resources including human resources, and the development of a budget baseline that will be used to track and report budget expenditures.

Outputs from this process include; a project budget, a budget management plan that defines the levels of authority for charging items to the budget, and a budget control plan that defies revision to the budget, budget updates and a budget monitoring plan. An important technique in budget management is the use of Earned Value Analysis (EVA) which is basically a tracking metric which measures the actual amount of work the project has accomplished, regardless of the effort expended or the time elapsed.

Quality Management

Quality management is the process to ensure that the project will satisfy the needs of the beneficiaries. Quality is defined as a commitment to deliver the project outputs and meet the expectations of the beneficiaries, which means that quality is ultimately defined by the beneficiary.

Quality is not about delivering the most expensive materials or services; is ensuring the project outputs are relevant to the needs of the beneficiaries, that they are delivered in a timely manner and are adequate to the conditions in which they have to be used. It is not necessarily doing additional work if it does not add value or benefit to the beneficiaries, it's about delivering on the commitment the project made at its initiation, and it's doing what the project said it was going to do.

During the quality management process the project manager develops a quality management plan which identifies the quality standards that are relevant to the project, some of these standards may be initially set by the organization, the donor or are part of the technical competence area the project is focusing, such as health or education.

The second process in quality management includes quality assurance, which implies the execution of the quality plan; this process includes

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quality audits performed by the project team during every project deliverable and reevaluating the quality standards and any assumptions made in the quality plan. Quality assurance focuses on prevention measures during the project implementation phase and checks to see that project staff, consultants or project partners are following the quality standards. In certain conditions meeting quality standards could mean meeting legal and regulatory standards set by the local government or the donor agency.

The third process in quality management is quality control; this is where the project measures the results of the deliverables or outputs and check to see if they meet the quality standards. The final process is quality improvements is making changes to the quality plan and identifying ways to improve quality an eliminate causes of unsatisfactory quality discovered during quality control.

Quality management outputs include a quality management plan, quality audit reports, and quality improvement records. A such quality is also maintaining the four project constraints in balance, implementing the project by delivering all that the projects was designed to deliver in the time allotted and under the approved budget.

Facilitating Processes

The facilitating process areas are team, stakeholder, information, risk, and contract management, they are facilitating areas because they assist and make possible for the project to achieve its objectives.

Team Management

During the definition of the project activities a list is created that identifies the skills needed by the project. These range from highly technical to administrative and support functions. The project team is after all the team responsible for the project and the project needs to be clear in acquiring the skills it needs.

Team management includes the processes required to make the most effective use of the people involved in the project. The first step is

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identifying the roles, responsibilities and reporting relationships. The second step is getting the people that will be assigned to the project. These can come from within the organization or hired through the Human Resource function of the organizational. This is where the project manager needs to be heavily involved and participate in all interviews with possible candidates; the success of the project will depend on the quality and commitment of the team.

Once the team has been assigned to the team the next step is to develop the team, most projects do not have the luxury of time to fully develop a team, but the creation of a plan, that defines the development strategies and goals, can help the project manager as the project gets implemented and the team starts to produce. Team development includes hard and soft skills, hard skills like technical training to learn new methodologies or practices, and soft skills such as time management, communications, facilitating and negotiating skills.

Organizations also include an induction process to new hires where the mission, norms and culture of the organization are described and guidelines and other internal processes are fully explained that will help new staff navigate through the organizations policies and procedures. Part of team management also includes team evaluation; this should not be done once a year or at the end of the project but on a continuous basis to provide feedback and opportunities for staff to know about their performance and identify ways to improve it.

Stakeholder Management

Stakeholder management is one of the areas that receives the least amount of thought and planning in development projects, this is due to the limited understanding and agreement on who are the stakeholders and their role in the project.

Stakeholders are all the people who have an interest in the project and they are the most critical element for the success of the project. They include donors, beneficiaries, local government, partner organizations and anyone who will be impacted by the project. Each project has a different list of stakeholders, a range that can include the local press, local organizations, institutions and even watchdog organizations.

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Managing stakeholders is not an easy task; the project's objective is to improve the way the relationships between the project and the stakeholders are managed, this is achieved by taking a proactive approach that builds trust.

Stakeholder management includes the processes of stakeholder analysis, planning, and communication. Stakeholder Analysis is the technique used to identify who are the project stakeholders, the next step is to identify their level of interest and influence in the project, and identify their fears and concerns about the project. The final step is to develop a good understanding of the most important stakeholders and develop a communications strategy and a stakeholder map that will help manage the relationships.

Stakeholder management also helps manage expectations, each stakeholder has a different idea or expectation of what the project is; this is common at the start of the project when limited information about the project has been distributed. When beneficiaries are not involved in the planning or consulted on their needs and expectations they can easily turn their back to the project and without beneficiaries the project doesn't have a reason to continue.

Failing to identify stakeholders can lead to difficult situations, especially when the project has to deal with a key stakeholder who has the power to disrupt the project. By identifying early in the project the needs, concerns and issues of the stakeholders, the project has developed an advantage that can use to its favor. Insufficient involvement and infrequent communication with stakeholders is a leading cause of project failure.

A project should never try to take stakeholders for granted, or assume they will all support the project unconditionally; good stakeholder management helps manage the politics that can often come with development projects. It helps win support for the projects and eliminates a major source of project stress. The success or failure of the project is ultimately judged by stakeholders, not project managers.

Information Management

Includes the processes required to ensure timely and appropriate generation, collection, dissemination, storage, and ultimate disposition of project information. 80% of a project managers' time is spent communicating via reports, email, telephone, meetings and presentations. The first step of the plan is to define the information's needs of the stakeholders, determine when they need it, how the information will be distributed and how to evaluate the relevance and effectiveness of the information.

The information management plan contains a list or description of all the information that needs to be communicated by the project; it identifies who will be responsible for collecting, editing and distributing the information. Donors have specific information needs from the project and provide formats that describe the content and timing of the information required. Distributing information goes beyond the act of sending information and includes steps to ensure the information was received and understood by the intended recipients, this is important specially when developing donor reports or reports to comply to local laws or regulations.

Information management also includes an analysis or evaluation of the effectiveness and relevance of the information distributed, this step is useful when information is used as a tool to build stakeholder support and build relationships with beneficiaries, communities and other key stakeholders. A key component of the information management is the development of a communications plan. The communication plan is influenced by the type and needs of the project stakeholders, one message or one type of report cannot be used to inform all stakeholders, each has a different interest on the project, a different need for information and all require information in different formats and mediums, even the frequency of communications can be different.

Having a successful communications plan depends to a large extend to the ability of the project to listen, communication is not just about sending information, but learning to listen first and then define what information is missing. The goal of communication is the acceptance of

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the project's message by the receiving audience. If the receiver understands the meaning of the message which asks for action, but fails to act, the goal of communications is not achieved. But if the receiver responds to the message by taking the appropriate action, the goal of the communication has been achieved.

Risk Management

Risk Management includes the processes concerned with identifying, analyzing, and responding to project risk. Risk in projects is defined as something that may happen and if it does, will have an adverse impact on the project. There are four stages to risk management planning, they are: risk identification, risk analysis and quantification, risk response, risk monitoring and control.

Risk identification deals with finding all possible risks that may impact the project, it involves identifying potential risks and documenting their characteristics. The project team members identify the potential risks using their own knowledge of the project, its environment, similar projects done in the past. Risk identification results in a deliverable, the project risk list.

The next step is the quantitative and qualitative analysis of the project risks. Qualitative risk analysis assesses the importance of the identified risks and develops prioritized lists of these risks for further analysis or direct mitigation. The team assesses each identified risk for its probability of occurring and its impact on project objectives. Part of risk management includes the revision of risk analysis during the project's lifecycle.

- Quantitative risk analysis is a way of numerically estimating the probability that a project will meet its cost and time objectives.
- Quantitative analysis is based on a simultaneous evaluation of the impact of all identified and quantified risks.

Risk response planning focuses on the high risk items evaluated in the qualitative/quantitative risk analysis. It identifies and assigns staff to take responsibility for each risk event. The project manager and the

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team identify which strategy is best for each risk, and then design specific actions to implement that strategy.

Risk monitoring and control keeps track of the identified risks, residual risks, and new risks. It also ensures the execution of risk response plans, and evaluates their effectiveness. Risk monitoring and control continues for the life of the project. The list of project risks changes as the project matures, new risks develop, or anticipated risks disappear. Risks management is the management of events that may or may not occur, and planning for their possible range of impacts to the project. Because of this probabilistic and speculative nature of risk management, many project managers feel it's not necessary and prefer to deal with only when the risk occurs.

Contract Management

Contract Management includes the processes required to acquire goods and services needed by the project from third parties, for most projects the procurement process is usually managed by a support or administrative function of the organizations. The role of the project is to supply, as detailed as possible, all the procurement requirements including all the technical specifications, quantity and the date when they will be needed; this is created in a project procurement plan.

Contract management consists of four steps; develop the resource plan, implement the plan, review and update the plan. The resource plan identifies the what, when and how many of the goods and services needed within the budgeted limits. It also identifies potential sources and the strategies that the project will use to procure; this is done in conjunction with the organizations' procurement function

Implementing the plan is the process of developing the procurement documents such as the Request for Proposal (RFPs), developing the selection criteria and contract terms; it also involves the process to solicit the goods and services, obtaining quotations, bids, proposals or offers. Selecting the vendor or source involves choosing from the potential suppliers, verifying their qualifications and capacity and negotiating and awarding the contract.

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Most of the time spent in contract management consist of following the due diligence process required to ensure the project obtains the goods and services under the required specifications. This is a process of systematically evaluating vendor information, to identify risks and issues relating to the proposed transaction and then select the offers that meet the requirements of the solicitation.

Monitoring the plan involves managing the relationship with the supplier, monitoring contract performance, ensuring payments are made on time and goods and services are delivered under specifications. When all contract obligations have been achieved (or when they have not) the project will close the contract which includes the completion and settlement of the contract, resolution of open issues, final verification, formal acceptance and, if required by the donor, a contract audit.

Contract management will not only identify all the goods and services the project needs and acquiring them, but also identify the organizations procedures, donor restrictions and host country government regulations that apply to them. This process involves deciding how to procure, when to procure, what to procure and how much to procure. This process has as an objective to ensure the projects gets what it needs without creating risk to the project and the organizations. Risks can come in the form of improper or inadequate controls to manage the contract relationships between the vendor and the organization. There are also risks related to the inappropriate use of donor funds to purchase the goods and services that do not meet the donor requirements; the purpose is to ensure the goods and services meet the needs of the project and ultimately the needs of the beneficiaries.

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This Point of view provides a summary of themes, that in PM4DEV's experience, have proved critical in the successful implementation of project management methodologies.

It draws on the expertise of Project management professionals and provides a guide to deliver a methodology that increases the chances of project success.

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PM4DEV is committed to provide resources and develop knowledge and expertise to support development organizations in their efforts to achieve these ambitious goals.



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