

1 Project Management - The Basics

A project involves a group of inter-related activities that are planned and then executed in a certain sequence to create a unique product or service within a specific timeframe, in order to achieve outcomes/benefits.

This section of the *Tasmanian Government Project Management Guidelines* includes:

- What is a project?
- What are the essential characteristics?
- What is project management?
- Why project management?
- The life of a project - a generic high-level conceptual view of the life of a project that links the key project management documents to each stage
- Key elements in the project life - must be considered no matter what the size and complexity of the project
- Project sizing - why is it important to determine project size?

What is a Project?

A project involves a group of inter-related activities that are planned and then executed in a certain sequence to create a unique product or service within a specific timeframe, in order to achieve outcomes/benefits.

Projects are often critical components of an organisation's business strategy, or relate directly to policies and initiatives of the Government.

Projects vary in size or complexity. For example, they may:

- Involve changes to existing systems, policies, legislation and/or procedures
- Entail organisational change
- Involve a single person or many people
- Involve a single unit of one Agency/organisation, or may cross Agency/organisational boundaries
- Involve engagement and management of external resources
- Cost anywhere from \$10,000 to more than a \$1 million
- Require less than 100 hours, or take several years

What are the essential characteristics?

A significant project in the Tasmanian State Government is usually characterised as having:

- Definable, measurable project outcomes/benefits that relate to the Tasmanian Government and Agency corporate goals, including *Tasmania Together*
- Project outputs, required for the attainment of the project outcomes/benefits, produced by a Project Team(s)
- Project governance structure

- Risk management processes aligned with Agency risk management practices
- Well-defined Project Team(s)
- Criteria to measure project performance

The structure of a project will vary, depending on the benefits it is intended to provide. To achieve these benefits, a project may need to be structured into a number of sub-projects, or a program of projects may need to be established.

What is Project Management?

Project management is a formalised and structured method of managing change in a rigorous manner. It focuses on developing specifically defined outputs that are to be delivered by a certain time, to a defined quality and with a given level of resources so that planned outcomes/benefits are achieved. Effective project management is essential for the success of a project.

The application of any general project management methodology requires an appropriate consideration of the corporate and business culture that forms a particular project's environment.

Why Project Management?

In recent years there has been increased accountability requirements on public sector agencies, leading to a greater focus on effectiveness and efficiency in the way business is conducted. In a rapidly changing environment with diverse issues and projects, project management can support the achievement of project and organisational goals, as well as give greater assurance to stakeholders that resources are managed effectively. Gartner estimates that using a moderately rigorous project management methodology, as compared to a loose methodology, improves productivity by 20 to 30 percent.¹

Applying a formalised project management framework, or methodology, to projects can help with clarification of, and agreement to, goals, identifying resources needed, ensuring accountability for results and performance, and fostering a focus on final benefits to be achieved.

Research indicates that 85 - 90% of projects fail to deliver on time, on budget and to the quality of performance expected. The causes include:

- Lack of a valid business case justifying the project
- Objectives not properly defined and agreed
- Lack of communication and stakeholder management
- Outcomes/benefits not properly defined in measurable terms
- Lack of quality control
- Poor estimation of duration and cost
- Inadequate definition and acceptance of roles (governance)
- Insufficient planning and coordination of resources
- All of these causes could be addressed by the application of project management tools and techniques.

(Refer to the *Project Management Fact Sheet: Why Project Management?*)

• _____

¹ Roberts, JP & Furlonger, J (2000) Successful IS Project Management. Gartner [ID No. TU-09-2012]: p2

1.1 The Life of a Project

A high-level project management approach that fits most projects at a macro level is presented diagrammatically in *Figure 1*. It should be emphasised that this model represents an over-simplification of most projects, but is included to make sense of what can be a quite messy and **non-linear** process in reality.

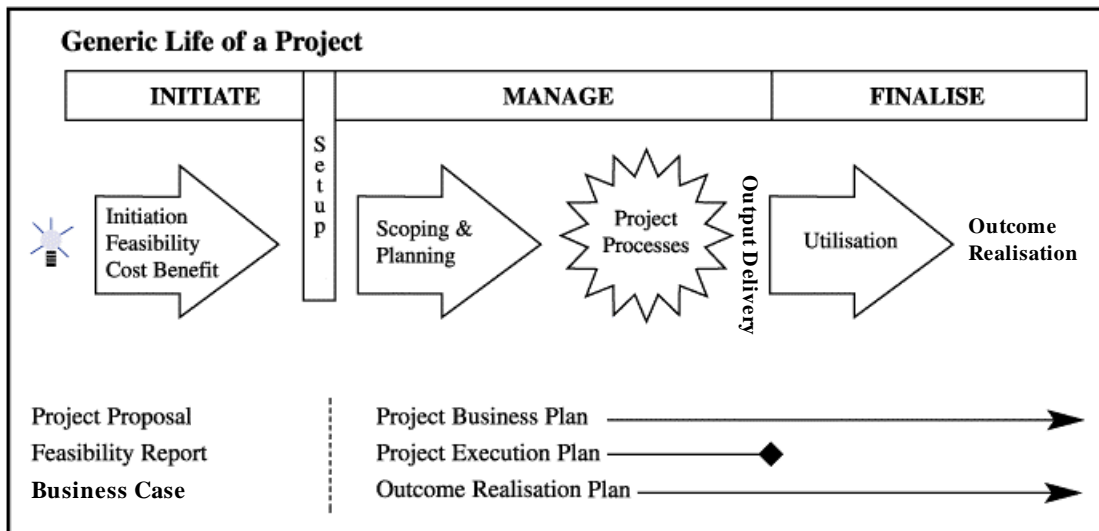


Figure 1: High-level conceptual view of the generic life of a project

INITIATE

Project initiatives may originate directly from Government policy, such as *Tasmania Together*, or from an Agency's corporate and Business Unit planning processes, that in turn are driven by Government policy. Other new initiatives may be identified outside these processes due to changes in Government policy or other external factors, or just a good idea!

Projects are usually justified in terms of corporate objectives and should be closely aligned to them. This alignment is explored through initial scoping and planning documents, such as the *Feasibility Report*, the *Project Proposal* or the *Business Case*.

In the case of large and/or complex projects and programs of projects, it should be noted that considerable time is spent in this INITIATION or *Business Case* development phase. This phase can be a separate project in its own right where large and/or complex issues are involved, particularly in the area of major business changes involving new or enhanced IT systems. Experience has taught us that in this situation, a *Project Brief* or *Project Business Plan* should be developed and endorsed by the Project Sponsor/Steering Committee, particularly as a great deal of resources and time can be committed at this early stage. Clear understandings of why the *Business Case* is being undertaken should be established in the INITIATION Phase.

(Refer to the *Good Practice Fact Sheet: Planning a Major Business Initiative*)

It is not unusual for this phase in the project life to be revisited after the approval of the *Business Case* in the light of more detailed planning activities, including business process mapping.

SET-UP

Once a project is approved and funded, there is an initial SET-UP period involving the appointment of the Project Manager and Team, planning and documentation activities (including the development of the initial *Project Business Plan*), and the organisation of the resources required to produce the outputs. This period must be allowed for in any initial planning. If the project is not approved obviously it will not continue to the other phases, but in the case of large and/or more complex projects the SET-UP can take a great deal of time.

MANAGE

Viewed as the most productive (and hectic) phase, it involves the production of the project outputs. Ongoing management of the stakeholders, risks, quality, resources, issues and work of the project is indicative of this period in the life of the project. The main management documents are the *Project Business Plan* and the *Project Execution Plan*. At the same time, the Business Unit(s) is preparing to make the changes necessary to utilise and manage the outputs, which is documented in the *Outcome/Benefits Realisation Plan*.

FINALISE

Closing a project involves the handover of the project outputs to the Project Business Owner(s) for utilisation by the Project Customers, in order to realise the project outcomes/benefits. The strategies to support the change management process, and appropriate methods of measuring and reporting the progress toward achieving these benefits, are documented in the *Outcome/Benefits Realisation Plan*. After the project's success has been evaluated, the Steering Committee formally closes the project and celebrations can commence.

This phase involves moving from the project (operational) activities to the ongoing business (transactional) activities.

Table 1 further describes the relationship of the documentation to each of the Project Life Phases. Project documentation is detailed in *Section 13: Documentation* and the *Project Management Fact Sheet: Project Documentation*.

PHASE	INITIATE		
	Document	Project Proposal	Feasibility Report
Purpose	Converts an idea or policy into the details of a potential project.	A report that is developed as a result of a feasibility study, to determine whether the initiative has sufficient merit to continue.	A one-off, start-up document used by senior management to assess the justification of a proposed project, or the development options for a project that has already received funding.
Owned by	Project Proposer or Sponsor	Project Proposer or Sponsor	Project Sponsor
Produced by	Responsible Officer	Responsible Officer	Project Officer
Accepted / endorsed by	<ul style="list-style-type: none"> • Cabinet • Senior Management • Line Manager 	<ul style="list-style-type: none"> • Cabinet • Senior Management • Line Manager 	<ul style="list-style-type: none"> • Cabinet • Senior Management • Line Manager

PHASE	MANAGE (once SET-UP is complete)		FINALISE
Document	Project Business Plan	Project Execution Plan	Outcome/Benefits Realisation Plan
Purpose	The high-level management document for the project. It is utilised by the Steering Committee to ensure the delivery of defined project outcomes.	The 'road map' used by the Project Team to deliver the agreed project outputs.	Describes how the project outputs will be utilised by the Business Unit(s), in order for the outcomes/benefits of the project to be realised.
Owned by	Project Sponsor/ Steering Committee	Project Manager	Project Sponsor/ Steering Committee
Maintained by	Project Manager	Project Manager	Business Owner(s)
Produced by	<ul style="list-style-type: none"> • Project Manager • Project Team 	<ul style="list-style-type: none"> • Project Manager • Project Team 	Business Owner(s)
Accepted / endorsed by	<ul style="list-style-type: none"> • Project Sponsor/ Steering Committee • Senior Management • Line Manager 	<ul style="list-style-type: none"> • Project Sponsor • Senior Management • Line Manager 	<ul style="list-style-type: none"> • Steering Committee • Senior Management • Line Manager

Table 1: Main Documents and Project Life Phases

Please Note: For any of these documents, the party that accepts/endorses it will be predicated by the size and complexity of the project.

1.2 Key Elements in the Project Life

Figure 2 details the Key Elements that the Project Manager needs to consider, no matter what the size or complexity of the project. The extent to which each of these elements is managed and documented depends, once again, on the size and complexity of the project.

Many of these Key Elements exist in an embryonic state in the INITIATION Phase, and are further developed if the project progresses through the other two phases. The Key Elements, or lack of application of, are often referred to in reports regarding reasons why projects fail.

11 Key Elements

- Planning and Scoping
- Governance
- Organisation Change Management / Outcome/Benefit Realisation
- Stakeholder Management
- Risk Management
- Issues Management
- Resource Management
- Quality Management
- Status Reporting
- Evaluation
- Closure

Diagram 2 shows that these Key Elements exist throughout the life of the project.



Figure 2: Key Elements in the Project Life

KEY ELEMENTS – A BRIEF EXPLANATION

PLANNING AND SCOPING

No matter how small the project, a clear definition and statement of the areas of impact and boundaries of the project should be established. The scope of the project includes the outcomes, customers, outputs, work and resources (both human and financial). For large and/or complex projects the scope should be detailed fully in the *Project Business Plan*. For smaller projects, a *Project Plan*, with a brief description of each of these elements and a timeframe for implementation, may be all that is required.

(Refer to *Section 2: Planning and Scoping* and *Section 13: Documentation*)

GOVERNANCE

It is important to establish the management structure for the project that identifies the specific players, their roles and responsibilities and the interaction between them for the life of the project. For small projects, it may be only the Project Manager and a Senior or Line Manager. For larger and/or more complex projects it will be necessary to establish a more formalised governance structure, as outlined in *Section 3: Governance*.

ORGANISATIONAL CHANGE MANAGEMENT/OUTCOME REALISATION

Organisational Change Management is the management of realigning an organisation to meet the changing demands of its business environment, including improving service delivery and capitalising on business opportunities, underpinned by business process improvement and technologies. Any project planning activities must consider the amount of organisational change required to deliver the project outputs and realise the project outcomes/benefits. Once a project delivers its outputs to the Business Owner(s), these outputs must be utilised by the Project Customers to enable the project's outcomes/benefits to be realised. This stage of the project is therefore referred to as outcome/benefits realisation.

For small projects, it may not be documented formally except in any implementation plans developed. For large and/or more complex projects, planning for this change is closely linked with *Stakeholder Management*, *Communication Strategy* and *Outcome/Benefits Realisation Planning*.

(Refer to *Section 4: Organisational Change Management*)

STAKEHOLDER MANAGEMENT

Stakeholder Management involves the identification of people or organisations that have an interest in the project processes, outputs or outcomes/benefits, and planning for how their involvement will be managed on an ongoing basis. It may be done very quickly for a small project, whereas a large and/or more complex project will require a formal stakeholder analysis, a *Stakeholder Management Plan* as part of the *Project Business Plan* and ongoing monitoring and review of progress. Stakeholder Management is closely related to *Communication Strategy and Planning*.

(Refer to *Section 5: Stakeholder Management*)

RISK MANAGEMENT

Risk Management describes the processes concerned with identifying, analysing and responding to project risk. It consists of risk identification, risk analysis, risk evaluation and risk treatment. The processes are iterative throughout the life of the project and should be built into the project management planning and activities.

For small projects, a brief scan and ongoing monitoring may be all that is required. For large and/or more complex projects, a formalised system for analysing, managing and reporting should be established, including the use of a *Risk Register*.

(Refer to *Section 6: Risk Management*)

ISSUES MANAGEMENT

Issues Management involves monitoring, reviewing and addressing issues or concerns as they arise through the life of a project. If issues are not addressed they may become a risk to the project. For small projects, a brief scan and ongoing monitoring may be all that is required. In large and/or more complex projects, it is advisable to maintain an *Issues Register* that should be reported on regularly to the Steering Committee.

(Refer to *Section 7: Issues Management*)

RESOURCE MANAGEMENT

Planning for managing the people, finances, and physical and information resources required to perform the project activities is vital, no matter what the project size or complexity. For small projects, this planning may not be documented, but for large and/or more complex projects, detailed documentation will enable better management

of the resources, as well as transparency for the Key Stakeholders. Formalised monitoring and reporting on progress against budget is an important element in reporting to the Steering Committee in large and/or more complex projects.

(Refer to *Section 8: Resource Management*)

QUALITY MANAGEMENT

The purpose of Quality Management in projects is to ensure that the project outputs are delivered fit-for-purpose. If outputs are not fit-for-purpose there is every likelihood that planned project outcomes/benefits will not be realised, or realised to a much lesser extent. It can be achieved by developing quality criteria for the outputs themselves and by ensuring that all project management processes are conducted in a quality manner.

Quality Management involves a process for the management of changes, problems, issues and incidents that emerge during the production of the outputs. These quality management procedures need to be planned for by the Project Manager just as thoroughly as the actual work of the project. For small projects, these procedures may not be formalised, but should be scanned for during the life of the project.

(Refer to *Section 9: Quality Management*)

STATUS REPORTING

Formalised regular reporting on the status of the project, with regard to project performance, milestones, budget, issues and risks is a major requirement for large and/or complex projects. Reporting is usually to the Business Owner(s), Project Sponsor and Steering Committee. The frequency of this reporting varies. With very small projects it may consist of fortnightly consideration of any issues that could affect progress and a regular meeting with the Senior Manager/Project Sponsor. For large and/or more complex projects, it forms an integral part of the quality management of the project.

(Refer to *Section 10: Status Reporting*)

EVALUATION

No matter what the size or complexity of the project, the measurement of project success against well-defined criteria is necessary. Established criteria will help to determine whether the project is under control, the level of adherence to documented plans, methodologies and standards, and achievement of outcomes/benefits. For small projects, evaluation might consist of ongoing monitoring through discussions with the Line Manager and affected staff, with a debriefing at the end. For large and/or more complex projects, formalised reviews are highly recommended, both during the project, at the end of major phases and post completion.

(Refer to *Section 11: Evaluation* and the *Project Management Templates: Project Review and Evaluation, Project Phase Review* and *Project Review and Closure*)

CLOSURE

Planning for the closure of a project is important. Essentially, successful project finalisation involves formal acceptance of project outputs by the Business Owner(s), an internal review of project outputs and outcomes/benefits against the *Project Business Plan*, disbanding the team and 'tying up loose ends'. In a large and/or complex project,

an external post-completion review/audit, before formal closure by the Steering Committee, often occurs. The extent to which procedures for closure are formalised depends on the nature and size of the project.

(Refer to *Section 12: Closure and the Project Management Fact Sheet: Closing a Project*)

Table 2 broadly summarises where each of the Key Elements sit within the Life of a Project.

Key Element	INITIATE	SET UP	MANAGE	FINALISE
Planning and Scoping	✓	✓	✓	
Governance	✓	✓	✓	✓
Organisational Change Management	✓	✓	✓	✓
Stakeholder Management	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓
Issues Management			✓	✓
Resource Management		✓	✓	✓
Quality Management			✓	✓
Status Reporting			✓	✓
Evaluation			✓	✓
Closure				✓

Table 2: Key Elements in the Life of a Project

1.3 Project Sizing

Why is it important to determine project size?

One of the major problems facing any project is the extent to which the Key Elements of the project management methodology should be addressed, and the level of detail in any of those elements. It is not appropriate for all projects to do all project management activities to the same level of detail and with the same level of discipline.

The Project Sponsor or Project Officer preparing the *Project Proposal* and/or the *Business Case* makes an initial determination of the project size. Once a project has been approved and funded, and a Project Manager appointed, the size of the project should be determined formally.

One of the first tasks for a Project Manager is to determine the size of the project. As the size of the project will determine the level of detail and discipline of project management activity to be applied, it is important that the project size is approved.

For a small project, the Project Sponsor should approve the level of application of the project management methodology. For a medium or large project, the proposed project sizing and level of application of the project management methodology should be approved by the Steering Committee.

The result of the process should be a clearly defined and accepted agreement as to how the project will be managed, including the level of detail and discipline that will be employed.

(Refer to the *Project Management Fact Sheet: Project Sizing*)