

# 1 Project Management

## 1.1 Introduction

It was just a few decades ago, in the 1950s, that modern project management was first seen as an individual subject within the area of economic sciences. Centuries back, so-called “projects” were finished successfully, e.g. the building of the aqueducts in Roman times or the construction of the Great Wall in China, but these projects were managed more on an ad-hoc basis mostly using informal techniques and tools.

Project management nowadays is regarded as a very high priority as all companies or organisations, whether small or large, are at one time or another involved in implementing new undertakings, innovations and changes etc. – projects! These projects may be individually diverse, however over time, some tools, management techniques and problem-solving approaches have proven themselves to be more rewarding than others in bringing projects to a successful end.

The development of project management has always been in parallel to the development of general trends in worldwide economics. The 1990s were all about globalisation; the 2000s are about velocity and close to the edge of a new decade in which the world maybe has to face an economic recession. Nowadays, almost more than ever, everybody asks for “projects” to return the world economy to its former speed. This also underlines the importance of continuous learning and development of project management capabilities in organisations to allow corporate teams in a fast changing world to work collaboratively in defining plans and managing complex projects by synchronising team-oriented tasks, schedules, and resource allocations.

However, gaining and sharing project information is not the only key to success. Today’s information technologies allow project managers to practise and work with their teams in a real-time environment. As a consequence of this potential, project team members are able to concurrently view, act and react to the same updated information immediately.

Additionally to external challenges, project teams are forced on a macro level to deliver satisfying results for internal or external customers and stay within the restrictions of budget, time and resources (quality and quantity). In parallel to these deliverables, executives are also asking the project management on a micro level to ensure the use of modern management tools, such as (1) customising the project organisation to fit the operational style of the project teams and respective team members, (2) informing the executive management about the project’s progress on a real-time basis, (3) ensuring that critical task deadlines are met and (4) ensuring that project team members know about and monitor project risk and share accurate, meaningful and timely project documents.

As a result, the thrilling and demanding position of a project manager not only requires a particular set of skills – how to communicate, to control and to motivate people, but also the specific knowledge about tools and techniques required to run a project successfully.

## 1.2 Project Management and Process Management

Looking at process management and project management, on one side these terms go hand-in-hand with delivering successful (project and routine) work, yet on the other side, hardly any terms more often result in confusion and misunderstandings.

According to Johansson [Johansson et al. (1993)], a process can be defined as the constitution of links between activities and the transformation that takes place within the process. This can include the upstream part of the value chain as a possible recipient of the process output. Therefore, every process has the following characteristics:

- Definability: It must have clearly defined boundaries, input and output.
- Order: It must consist of activities that are ordered according to their position in time and space.
- Customer: There must be a recipient of the process' outcome, i.e. a customer.
- Value-adding: The transformation taking place within the process must add value to the recipient, either upstream or downstream.
- Embeddedness: A process can not exist in and of itself; it must be embedded in an organizational structure.
- Cross-functionality: A process regularly can, but not necessarily must, span several functions.

Frequently, a process owner, i.e. a person being responsible for the performance and continuous improvement of the process, is also considered as a prerequisite. The fundamental nature of a project on the other hand is that it is a temporary endeavour undertaken to create a unique product, service, or result. Projects are distinguished from operations (and therefore also from processes) and from programs.

A project will deliver business and/or technical objectives, is made up of defined processes & tasks, will run for a set period of time, has a budget and resources. Project Management deals with tracking this process' execution, from a schedule and cost perspective. It includes functions for developing the optimal project schedule, producing a financial model of the project, scheduling and tracking of effort against plan, managing costs against budget, and reporting of status, to name but a few. The uniqueness of the deliverable, whether it is a product, service, or result, requires a special approach in that there may not be a pre-existing blueprint for the project's execution and there may not be a need to repeat the project once it is completed. Uniqueness does not mean that there are not similarities to other projects, but that the scope for a particular project has deliverables that must be produced within constraints, through risks, with specific resources, at a specific place, and within a certain period; therefore, the process to produce the deliverable as well as the deliverable itself is unique.

To be temporary signifies that there is a discrete and definable commencement and conclusion; the management of a project requires tailored activities to support this characteristic and, as such, a key indicator of project success is how it performs against its schedule – that is, does it start and end on time?

Therefore, every project has the following characteristics:

- Consists of temporary activities that have predetermined start and end dates.
- Uses restricted resources.
- It has a single goal or a set of goals.
- All events are to be realized to develop a single and new output.
- Usually has a budget.
- Usually a project manager is responsible for co-ordinating all activities.

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Projects are usually chartered and authorized external to the project organisation by an enterprise, a government agency, a company, a program organisation, or a portfolio organisation, as a result of one or more of the following features:

- A **market demand** (e.g., a consumer product company authorising a project to develop a new fruit drink for kids with less sugar in response to an increased health awareness)
- A **business need** (e.g., a publisher authorising a project to write a new book to increase its revenues)
- A **customer request** (e.g., an amusement park authorizing a company to develop a new roller coaster)
- A **technological advance** (e.g., an electronics firm authorising a new project to develop a faster, cheaper, and smaller netbook)
- A **legal requirement** (e.g., U.S. federal government authorises a project to establish laws for controlling the home loan system)
- A **social need** (e.g., a non-governmental organisation authorising a project to raise the awareness of donating blood)

These features can also be called problems, opportunities, or business requirements. The central theme of all these features is that management must make a decision about how to respond and what projects to authorize and charter.

This book will provide a framework demonstrating how a project can be initiated, planned, executed and closed within a regular project life cycle, which also forms the conceptual framework of this book and is shown in Figure 1-1.

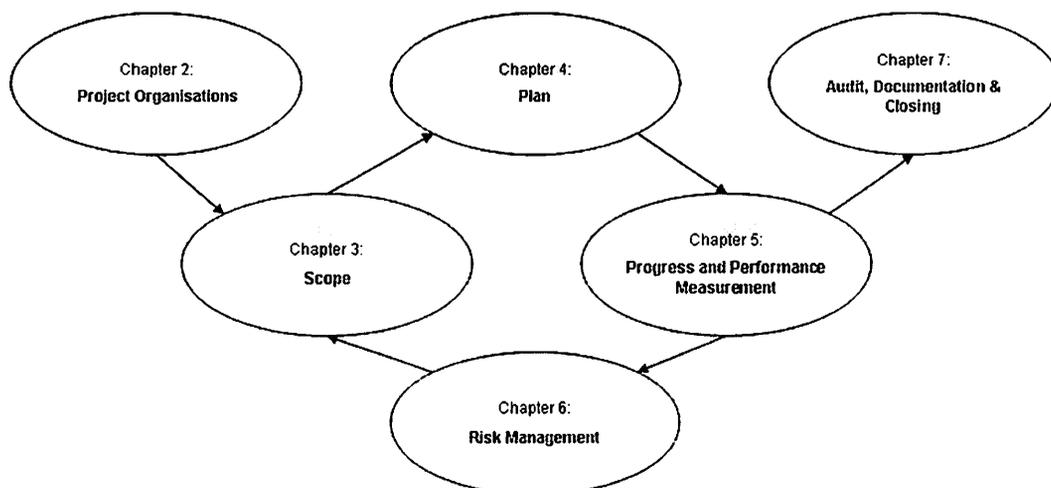


Figure 1-1: Conceptual Framework