LOCATING PROJECT MANAGEMENT WITHIN THE CURRENT CONTEXT

Timeframe:	Minimum of 20 hours
Learning outcomes:	• Review current project management research and identify current issues and trends. • Interrogate the link between strategic, programme and project management.
Recommended reading:	• Chapter 1: Vaidyanathan, G. 2013, *Project Management: Process, Technology and Practice: International Edition*, Pearson Education Limited. • Ebbesen, J.B. and Hope, A.J. 2013, 'Re-imagining the Iron Triangle: Embedding sustainability into project constraints', *PM World Journal*, 2 (3). • Jetu, F.T., Riedl, R. and Roithmayr, F. 2011, 'Cultural patterns influencing project team behavior in Sub-Saharan Africa: A case study in Ethiopia', *Project Management Journal*, 42 (5), 57–77. • Ward, J. and Daniel, E.M. 2012, 'The role of project management offices (PMOs) in IS project success and management satisfaction', *Journal of Enterprise Information Management*, 26 (3), 316–336.
Section overview:	In this opening section we define project management and locate it within the broader concepts of strategic goals, portfolio and programme management. Given the evolving nature of project management, we consider some of the current issues and trends, and explore the complex and systemic nature of the project environment.

Defining Project Management

The concept of projects has been around since the beginning of history, enabling leaders to initiate, plan and manage projects within the designated constraints of time, cost and quality. Projects exist in all sectors — government, private, not-for-profit and development and in some cases they involve multiple entities (e.g. consortiums on collaborative projects). These projects range from a single day to twenty years or more.

China's Three Gorges Dam:

Their largest engineering project since the Great Wall (and the world's largest hydroelectric dam) spans 2.4km, creates a reservoir big enough to bring cargo ships 2 414km inland and has turbines that generate nearly 10 percent of China's electricity supply. It was constructed using a team of 20 000 workers scheduled in round-the-clock shifts; 1.3 million people were relocated to make way for the dam, and 100 towns were levelled in the process. After the dam's completion in 2012 (taking approximately 16 years), China continues with its post-construction project work, which includes eco-management and helping people resettle. Some of the project's primary objectives include the reduction of China's carbon emissions and economic ascension. (Zhou, 2013)

Woolworths (South Africa) staff transport project:

As part of Woolworths' Enterprise Development Programme, they financed a project that would not only support entrepreneurial development in South Africa, but would create jobs and decrease the distance and time travelled by Woolworths' employees. Jabulani, a taxi driver in KwaZulu-Natal, was granted a loan of R3.3 million to purchase his fleet of vehicles and employ drivers. This was a pilot project for Woolworths, which they aim to replicate across the country. Jabulani's fleet regularly loops 15 collection points (14 stores and the distribution centre), collecting staff and dropping them off where they can connect with other forms of transport to get them home faster. (Woolworths, 2013)

Electric Vehicles Accelerated Development in the North East (England) — Consortium of several companies to develop the electronic car industry:

They were awarded £5.4 million by the Technology Strategy Board in 2009 for a four-year project. The objective was the scaling up of electric vehicles from trials to mass market and the integration of recharging with the energy supply grid. The project was completed in April 2013, providing valuable information that a single company could not justifiably have achieved on its own. (Technology Strategy Board, 2013)

Projects exist to bring about **a product, service and/or result** that did not exist before. Consider the following definitions.

A **project** is an endeavour undertaken to create a unique product, service or result. A project has a definite beginning and end that is reached when the project's objectives have been achieved (in some cases the project may end if the objectives will not or cannot be met or if the need for the project no longer exists).

(Adapted from PMBOK, 2013:3)

ISO 21500 defines a **project** as a "unique set of processes consisting of coordinated and controlled activities with start and finish dates, undertaken to achieve an objective".

(ISO in Bernitz, 2013)

"A **project** is a unique activity that adds value, expends resources, has beginning and end dates, and has constraints and requirements that include scope, cost, schedule performance, resources, and value."

(Vaidyanathan, 2013:2)

1.   Brainstorm projects that you have been involved with (or are familiar with) under the categories of:
    1.1 Product
    1.2 Service, and
    1.3 Result

2.   Select one of each and determine the following:
    2.1 Project's objectives, and
    2.2 Start and end dates

3.   Determine what distinguishes a project from day-to-day activities.

Projects are unique; they are temporary in nature (definitive beginning and ending dates), have specific objectives and are deemed successful when the project objectives are achieved. However, bear in mind that in some instances projects may be discontinued because the project is no longer viable (e.g. innovations in the industry render the product obsolete). Importantly, projects are planned to include **decision points**, at which time 'go/ no go' and other important decisions are made. We will look closely at these decision points in this study guide when we discuss the life cycle of a project.

A successful project is one that meets or exceeds the expectations of its **stakeholders** (e.g. funders, shareholders, management, client, community, employees, etc.) — those who care about or who have a vested interest in the project. As Watt (2013) states:

> "Key stakeholders can make or break the success of a project. Even if all the deliverables are met and the objectives are satisfied, if your key stakeholders aren't happy, nobody's happy."

Given the importance of stakeholder management, we will analyse stakeholder identification, assessment and engagement in detail when we discuss project planning.

Distinguishing between portfolios, programmes and projects

In project management, a **portfolio** refers to a collection of **programmes** and projects (including sub portfolios and sub programmes where appropriate). A portfolio is a set of projects and/ or programmes that are not necessarily related but are brought together for the sake of control, coordination and optimisation.

A **portfolio** is a collection of programmes and projects that are grouped together to facilitate effective and efficient management of the work required to meet the organisation's strategic objectives. The projects, or programmes of the portfolio, **may not necessarily be interdependent or directly related**.

(Adapted from Pinto, 2007:478–479)

A **programme** is a group of **related projects** managed in a coordinated way to obtain benefits and control not available from managing them individually.

(Adapted from Pinto, 2007:479)

Consider the hierarchy in the following diagram. Note that portfolios, programmes and projects derive their purpose from **overarching strategic objectives**, e.g. satisfying organisational needs and priorities. And note that projects within a programme are related as inferred by the definitions given above (horizontal connectors between projects under a programme).
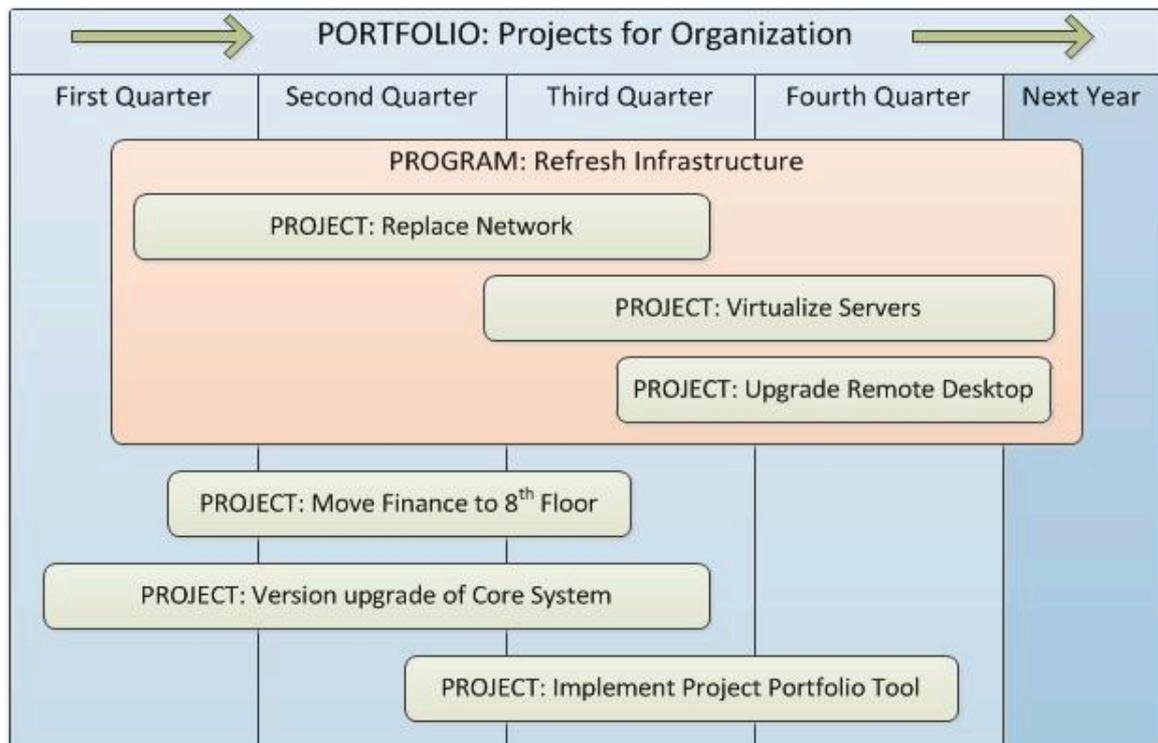
FIGURE 1: HIERARCHY — STRATEGIC OBJECTIVES, PORTFOLIOS, PROGRAMMES AND PROJECTS
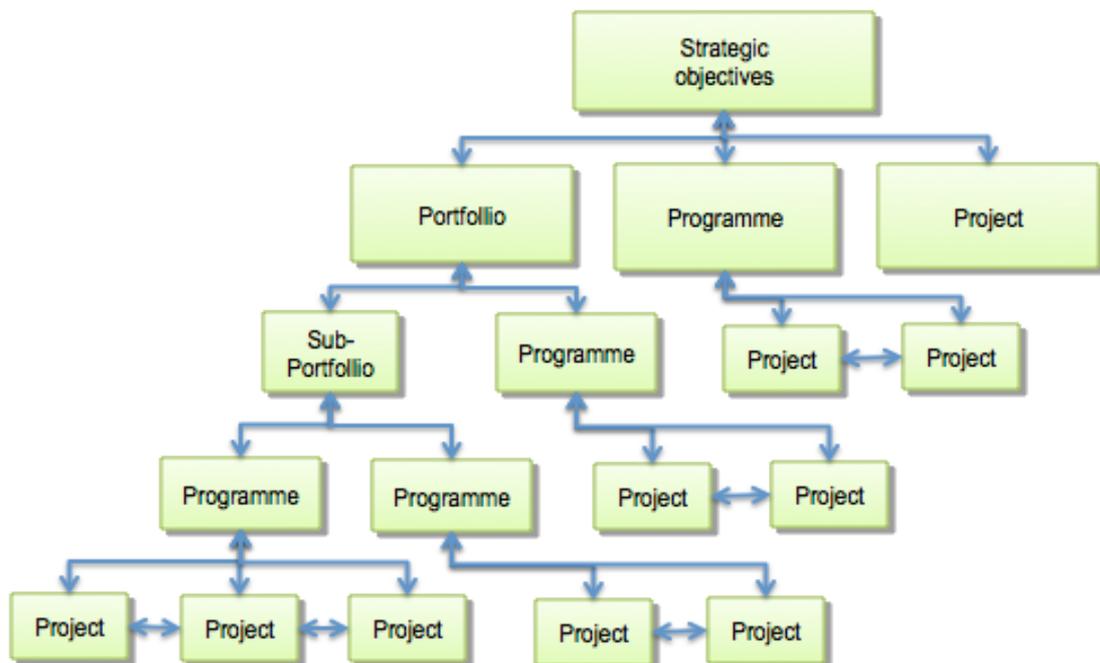
(Adapted from PMBOK, 2013:5)

Soltis (2013) provides a useful way of viewing the differences, as shown in the figure below.

FIGURE 2: A PORTFOLIO OF PROJECTS FOR AN ORGANISATION

(Soltis, 2013)

As you can see from Soltis' (2013) diagram, the portfolio of projects represents all the projects in the pipeline for the current year in the organisation, including the beginning of the next year. Three projects fall under one programme and there are three further projects running independent of each other. Using a timeline assists in understanding the potential need for competing resources (e.g. human and financial).

The project management office

For organisations running multiple projects, on an ongoing basis, a Project Management Office (PMO) is justified. As Soltis (2013) emphasises, "It is not enough to say you completed your project on time, and to schedule or budget if you can't prove those projects brought value to the company."

Consider how Soltis (2013) views the role of the Project Management Office (PMO), especially in terms of adding value:

- **Strategic role:** PMO works with senior leadership to select projects that best align with the strategic goals of the organisation and have sound business cases (e.g. provide the best returns on investment) especially when there are resource constraints. The technique to achieve this is:

- o **Portfolio optimisation:** "Allows you to find a set of projects that yields the maximum portfolio value when you have cost, resource, and other constraints" (Huhn, 2010). For example, imagine that you have 30 potential projects that would cost a total of $40 million and require 30 full-time employees but you only have a budget of $20 million and 22 full-time employees. Consider too that you must achieve a minimum return on investment of 15% and you must control the average portfolio risk — a possible solution to this challenge is 'portfolio optimisation' (Huhn, 2010).

- **Governance role:** Projects are monitored to ensure process and procedures are followed (e.g. using electronic portfolio dashboards and other tools such as Microsoft Project). Where projects fall short of their scheduled deliverables in terms of, for example, time and cost they are flagged and escalated up the chain of command.

- **Historical role:** This provides a learning platform for future projects (archive) and most importantly validates that what was delivered was according to the project charter (to be discussed further in this study guide). The archive (all the project documents created during the project) is an electronic and/ or paper-based repository. This is particularly important if the organisation is in a regulated industry. The types of questions that should be asked include:
  - o Did the project meet the objectives it set out to achieve?
  - o What lessons can be learned from the project?
  - o Did the project deliver the benefits that were defined in the business case — did it add value?