

Project Initiation - Kicking Off on the Right Foot

John Zachar, FAPM

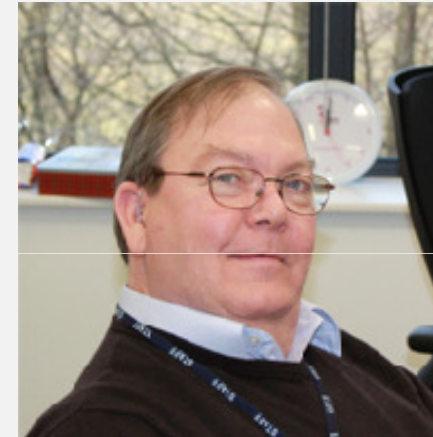
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Disclaimer

This is me!



I'm speaking using my personal knowledge and experience, built up over a number of years (far too many to mention) and expressing my own opinion, not necessarily that of the APM.

That said, I do have some influence on the official APM position on many things; so this is about 85% me and 15% APM

➔ **Initiation**

➔ **Desirability**

➔ **Do ability**



**Business
Case**

Assertion

Most projects go 'pear shaped' at initiation!

**We just don't realise it
until months later!**

Months later!

- ⇒ "over-complex and out of touch with current working practices."
- ⇒ ..."horrible interface"
- ⇒ "They don't spend enough time at the start of a project explaining where they are both coming from."



- ⇒ The most complex ATC system in Europe
- ⇒ Users not adequately consulted – complex interfaces not tested
- ⇒ NATS blames "human error", saying an employee entered data to the system incorrectly
- ⇒ "the majority of text used on the radar screens" was "on the limits of acceptability" (**readability**).

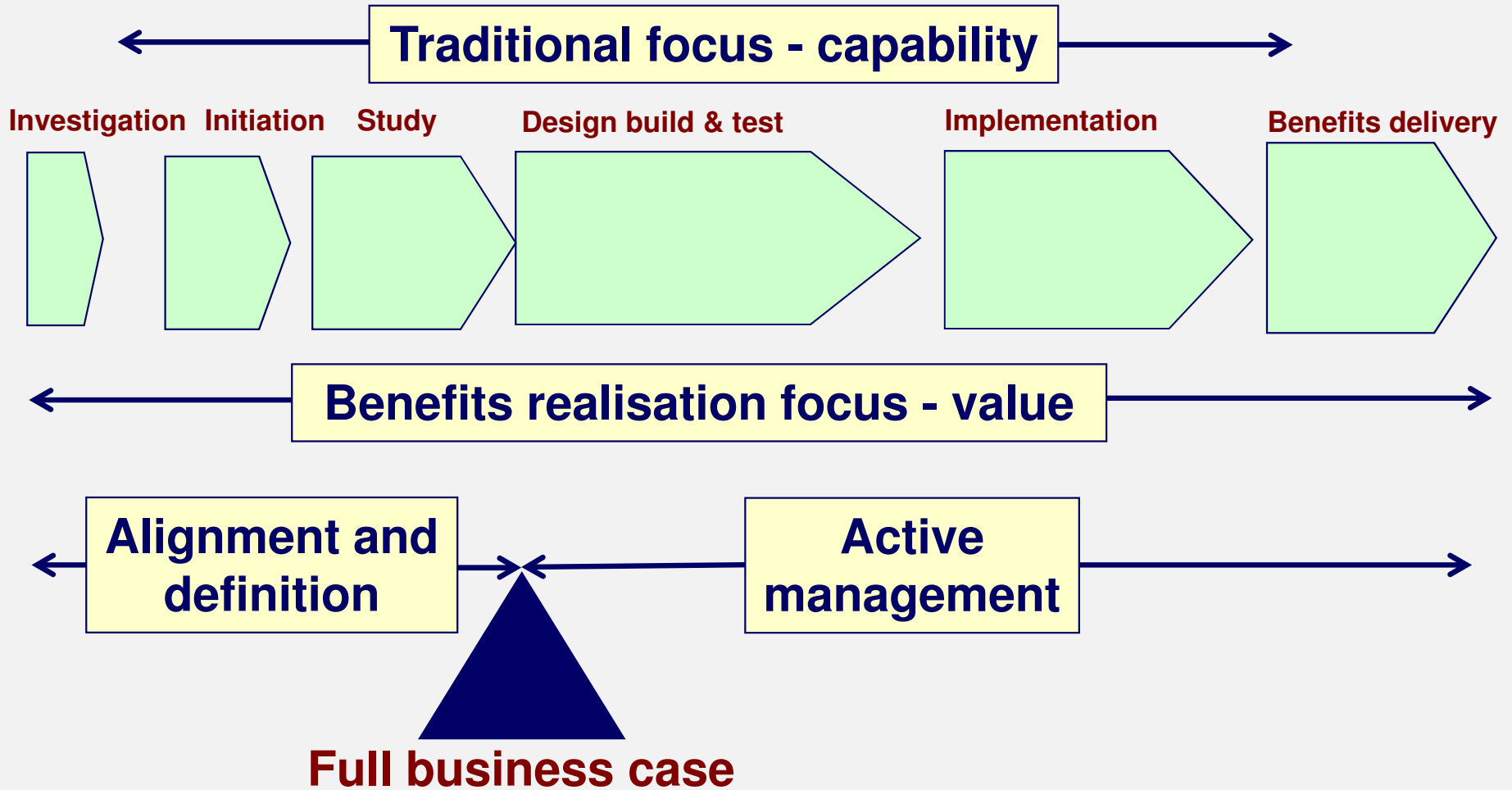
- ⇒ The debacle might well have been avoided had the department fully understood both the complexity of the project and the pace of technological progress...



- ⇒ "Xxxxxxx" could not be linked to the ministry's other computer systems
- ⇒ The MoD gave up on the £40m project and bought a replacement system, using off-the-shelf hardware and costing little more than £4m.

Context

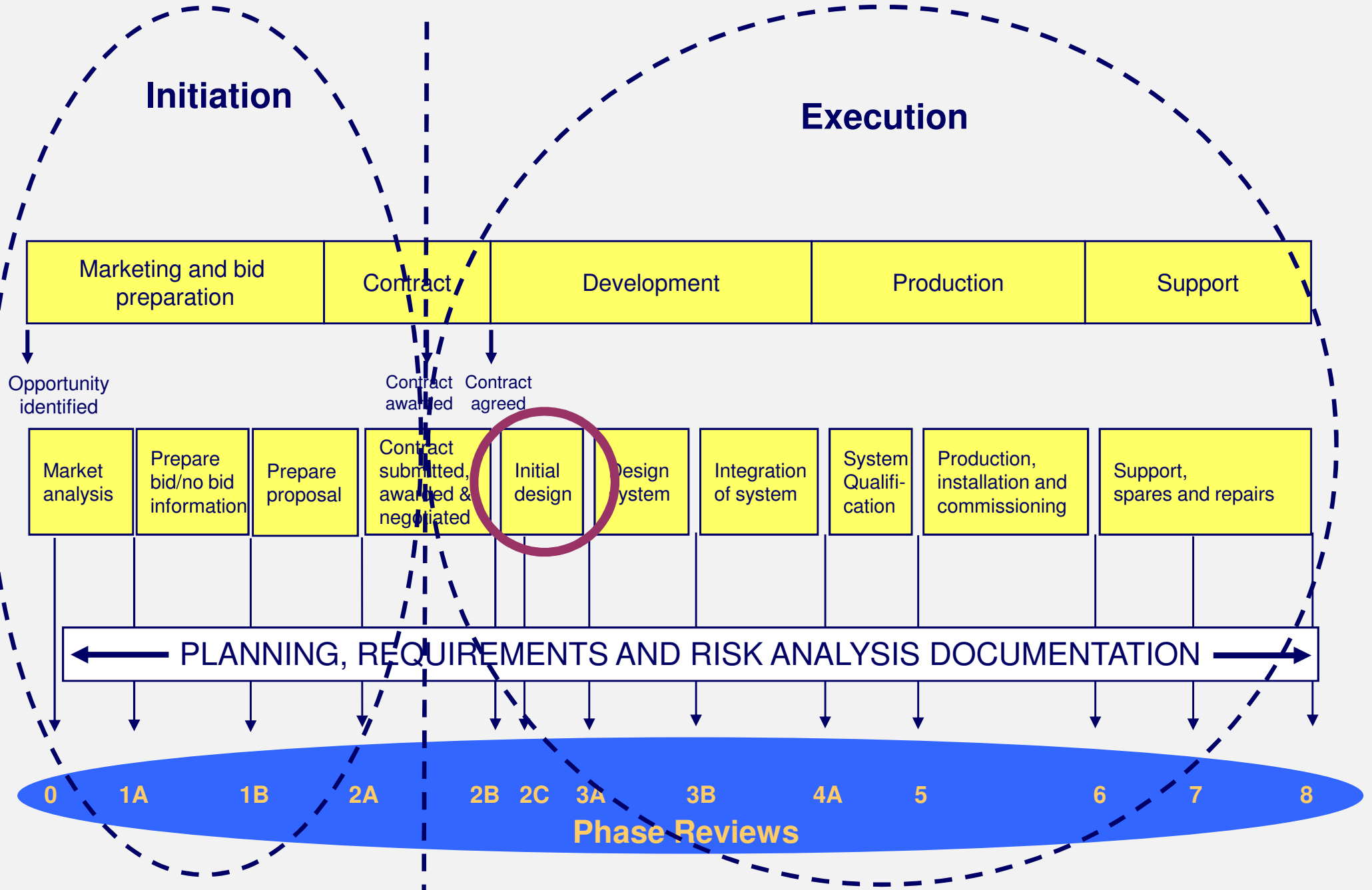
A classic engineering (pj) lifecycle
Famous company A



Context

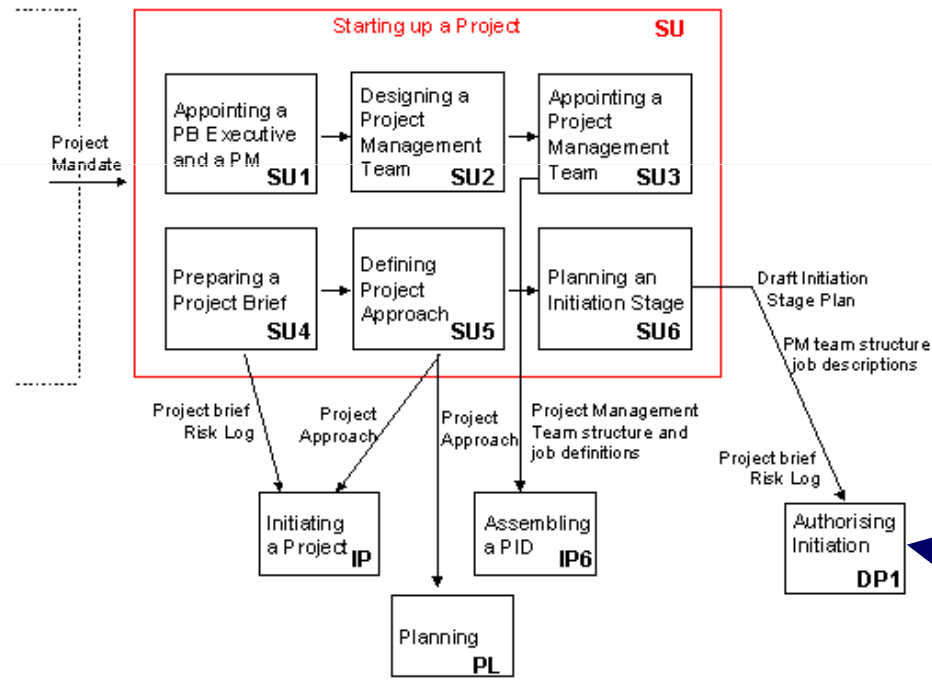
A classic contract (pj) lifecycle

Famous company B



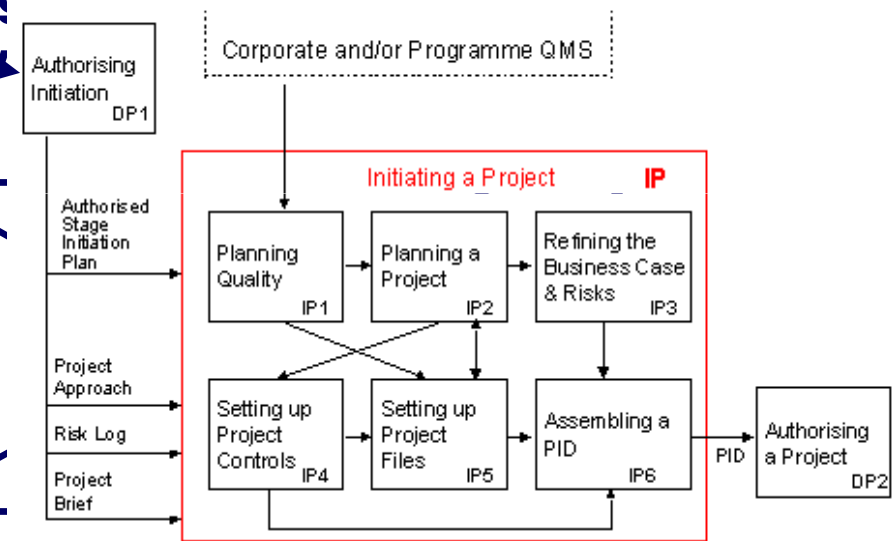
PRINCE 2

Figure 13-1: Process SU - Starting up a Project



Initiating a Project

Figure 14-1: Initiating a Project



Setting up project

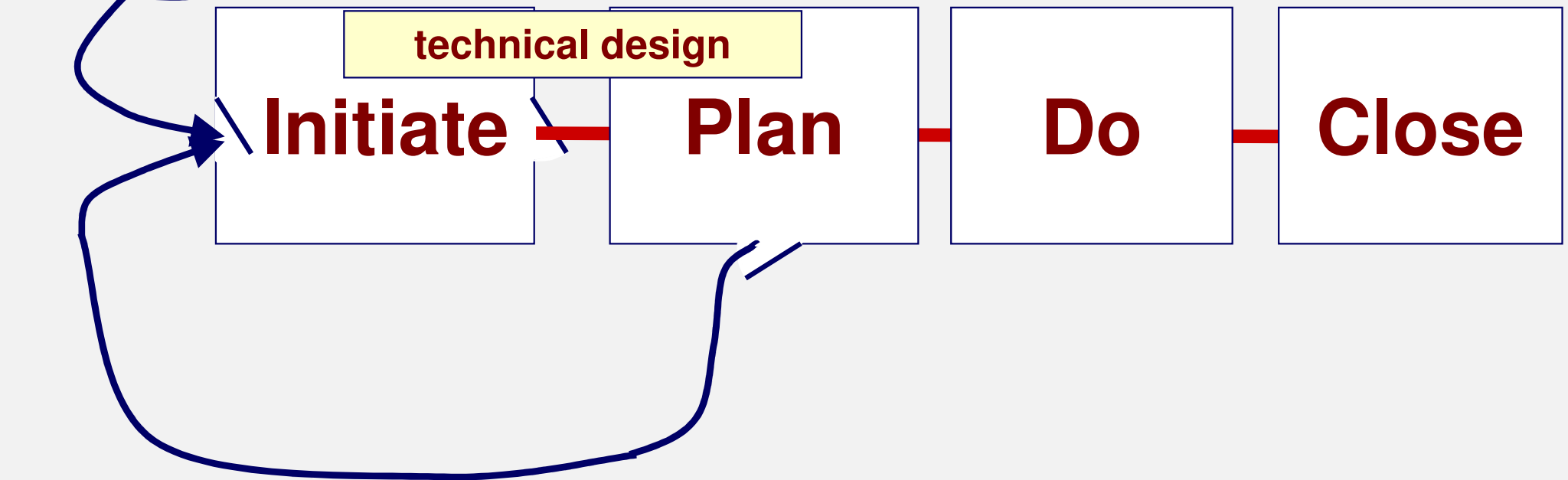
Setting up project

Asse

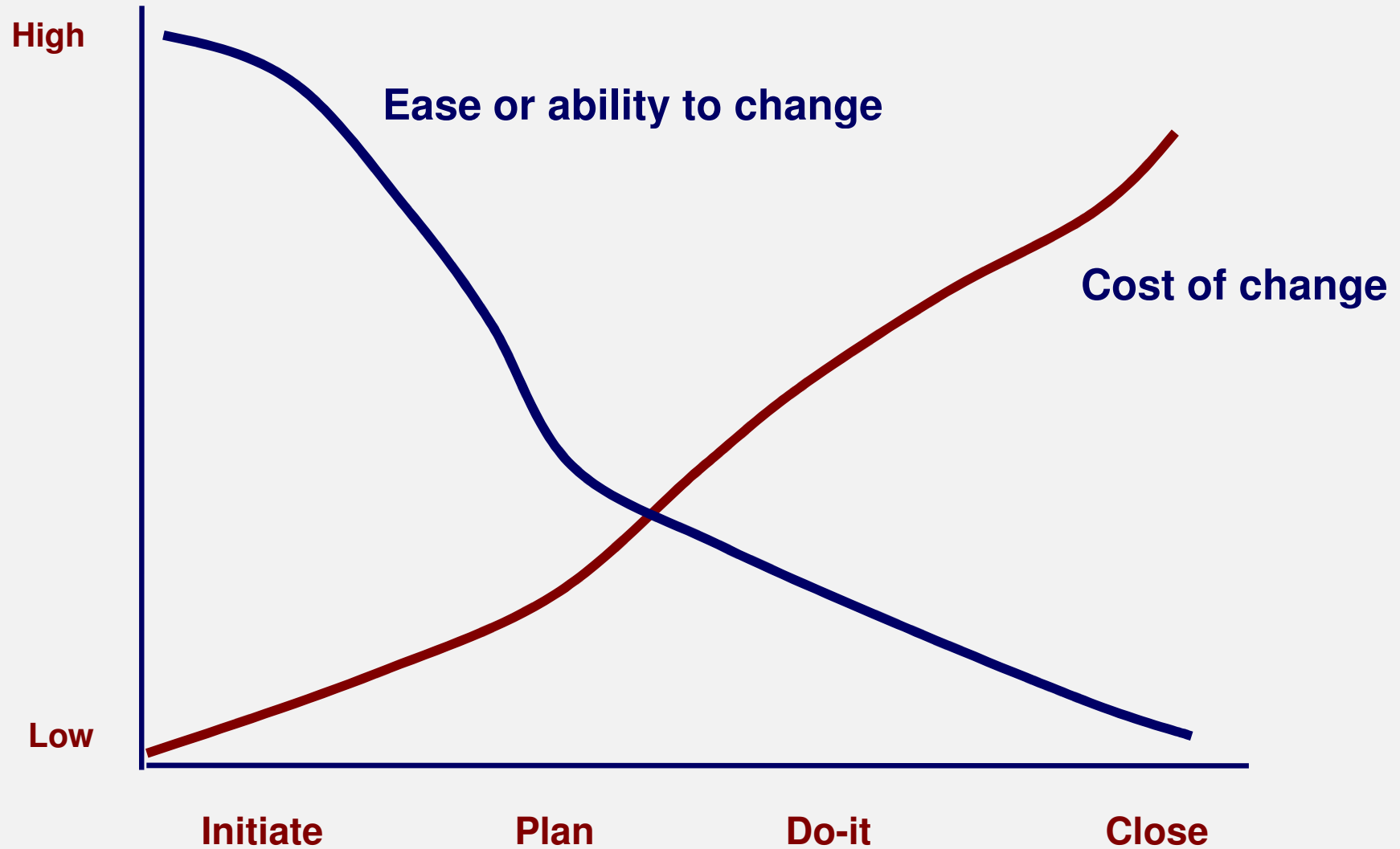
Today's focus



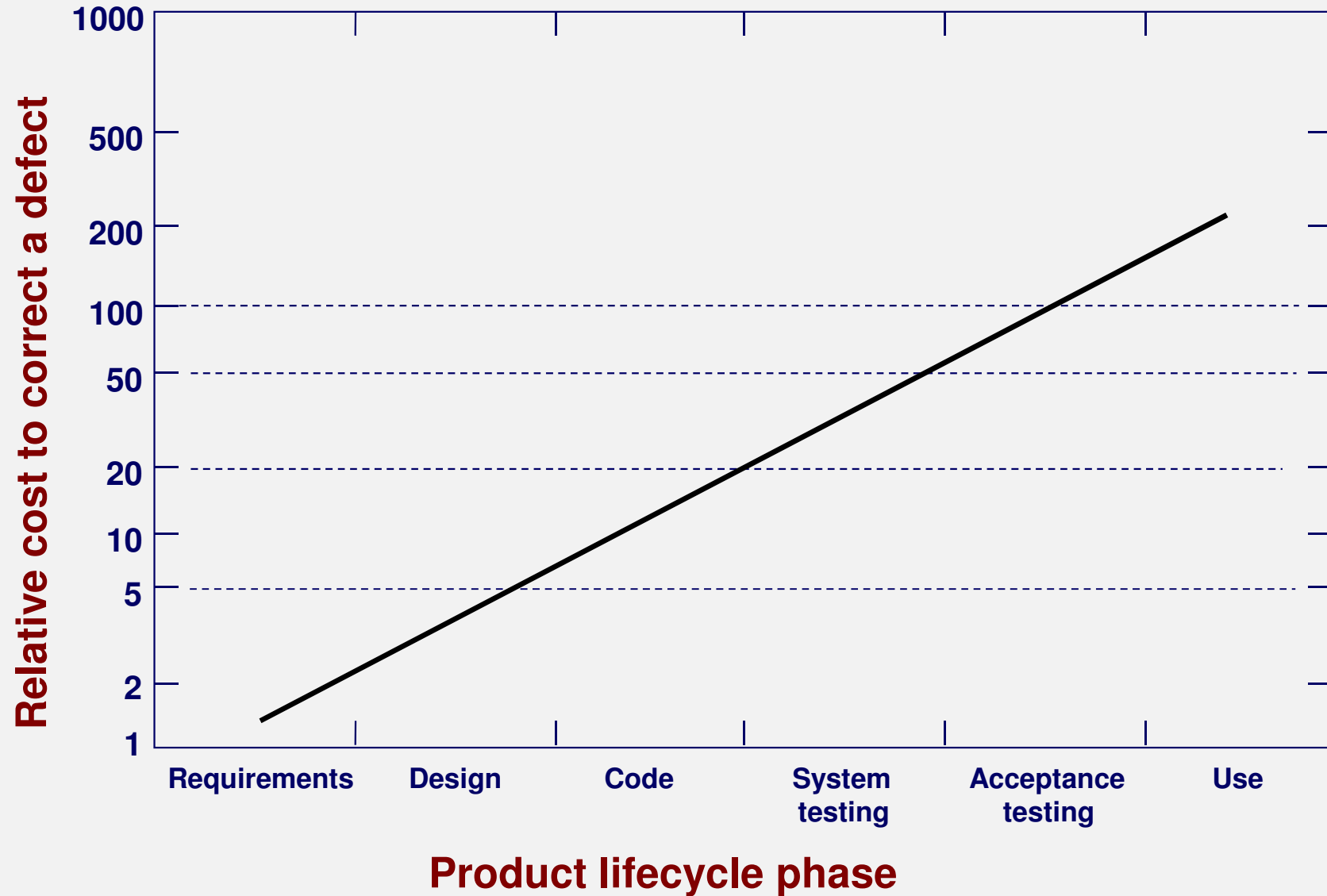
Project lifecycle



Case for action



Relative cost to put things right

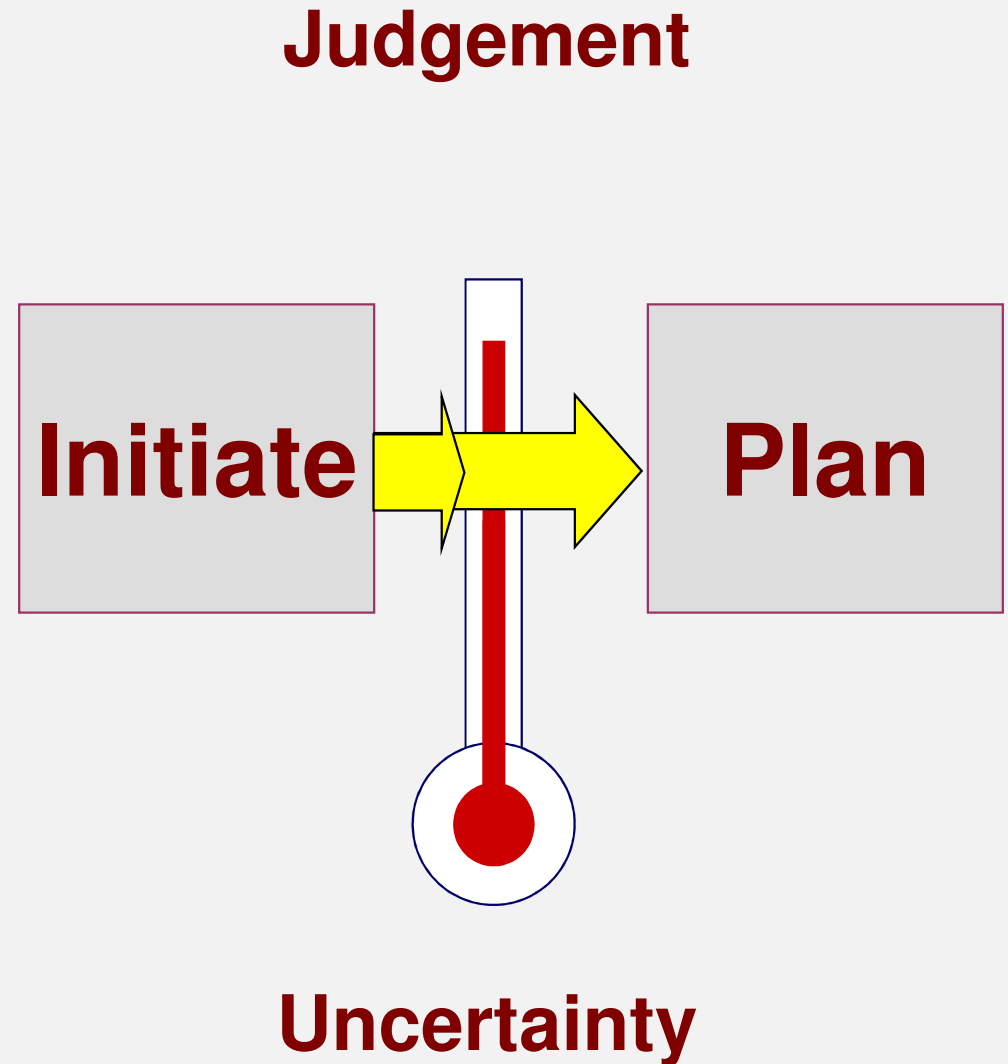


Imagine settling into your seat in an airplane and hearing the pilot say:

“Uhmhhh,hi Ahhhh, we’re going to be trying to take off, I guess, in a little while. We’ll be going to - - - - - where is it again? - - - oh, yeah, Paris I think - if everything goes okay, we’ll try to land there “

Is this how you manage your projects; not only unsure of destination, but lacking the knowledge of how to get there?

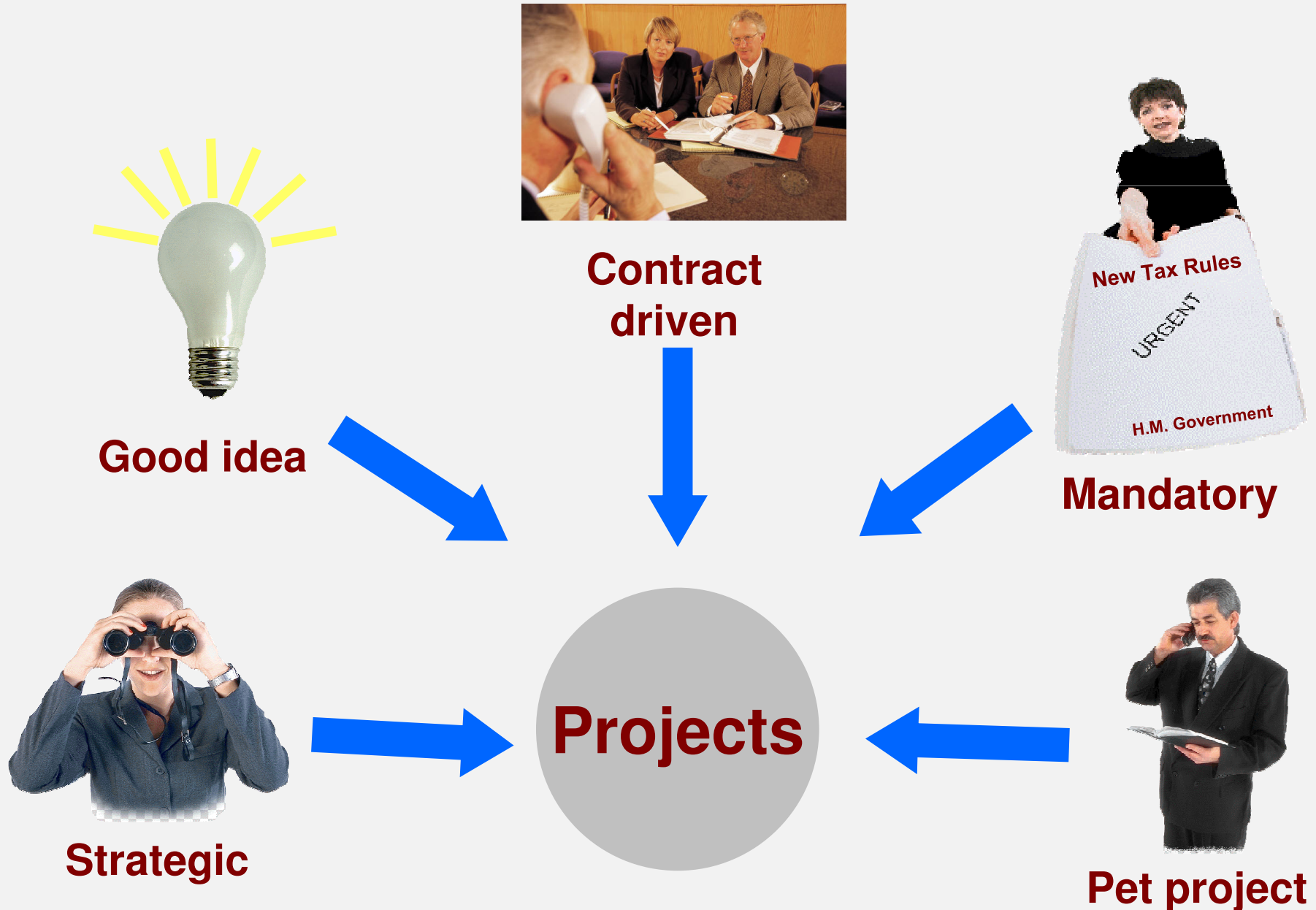
So when have you got it right?



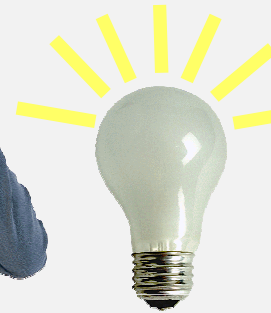
PIW Products

- ⇒ **Project Objective (including CSFs)**
- ⇒ **Business Case**
- ⇒ **Stakeholders**
- ⇒ **Sponsor (customer)**
- ⇒ **Roles and responsibilities**
- ⇒ **Assumptions**
- ⇒ **Constraints**
- ⇒ **Risks**
- ⇒ **Major or high level products**
- ⇒ **Product acceptance criteria**
- ⇒ **Project cost estimate**
- ⇒ **Benefits attributable to each product**

Where do projects come from?



Focus on desirability



Strategic

Good idea

Contract

Mandatory

Pet project

Business case



Terms of reference



Stakeholder commitment



Organisational appetite for change

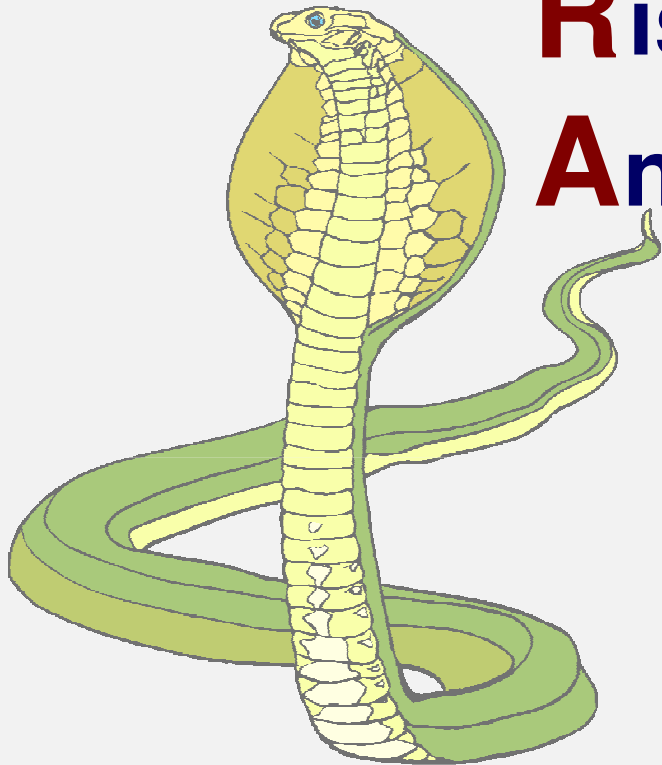


The business case

- ➔ **Business Need/Problem**
- ➔ **Solution (as described in Proposed Solution)**
- ➔ **Consistency / Fit with Organisation's Mission**
- ➔ **Anticipated Benefits (both qualitative and quantitative)**
- ➔ **Original Cost Estimate (from Proposed Solution)**
- ➔ **Cost/Benefit Analysis**

The business case

Cost
Benefits
Risk
Analysis



Cost

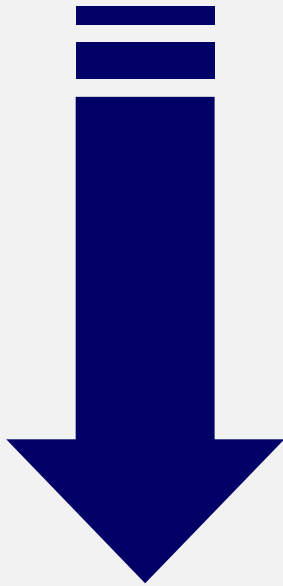
CBA

Benefit

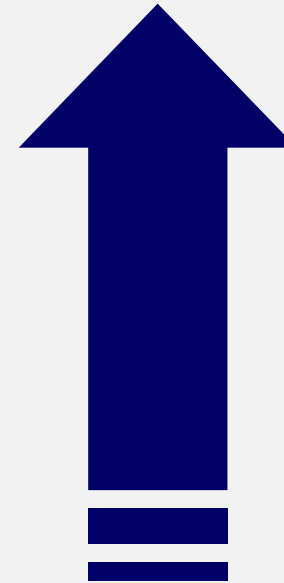
Costs

Estimates

Top / down



Bottom / up



Why should we be interested?

- ⇒ **Strategic fit of project**
- ⇒ **Maximisation of portfolio value**
- ⇒ **Validity of business case**
- ⇒ **Resource (people) optimisation**
- ⇒ **Portfolio risk diversification / management**
- ⇒ **Demonstration of our proactiveness**

MoSCoW

Why should we be interested?

Mast

Should

Could

Would

Have

(or Wait or Wish to)

MoSCoW

What is a benefit?

Main Entry: 1 ben·e·fit

Pronunciation: 'be-n&-"fit

Function: noun

Etymology: Middle English, from Anglo-French benfet, from Latin bene factum, from neuter of bene factus, past participle of bene facere

1 : archaic : an act of kindness : BENEFACTION

2 a : something that promotes well-being : ADVANTAGE

b : useful aid : HELP

3 a : financial help in time of sickness, old age, or unemployment

b : a payment or service provided for under an annuity, pension plan, or insurance policy

4 : an entertainment or social event to raise funds for a person or cause

Merriam-Webster On-Line

<http://www.m-w.com/cgi-bin/dictionary>

What is a benefit?

PMI BoK – 3rd Edition – no definition

Prince 2 (2009) – the measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders

APM BoK – 5th Edition – “The quantifiable and measurable improvement resulting from completion of project deliverables that is perceived as positive by a stakeholder. It will normally have a tangible value, expressed in monetary terms, that will justify the investment.”

APM Body of Knowledge, APM 5th Ed., Electronic Ver., 2006

What is a benefit?

“Benefits – Quantified increases in revenue, decreases in costs, reductions in working capital and / or increase in performance which occur directly as a result of a project.”

Project Workout, Roberet Buttrick 4th Ed., Prentice Hall, 2010

“Benefit: something that can be couched in measurable terms — a tangible benefit (e.g., 'a cost saving', 'more sales of existing product X', 'sales of new product Y') — or a non-tangible benefit (e.g., 'customer satisfaction'). Most projects are put in place to deliver products that will lead to benefits.”

e:PMguide, CITI Limited, 2006

Non-tangible / intangible

Sources of benefit

Tangible

- ➔ Additional revenue / income
- ➔ New revenue / income
- ➔ Cost Avoidance

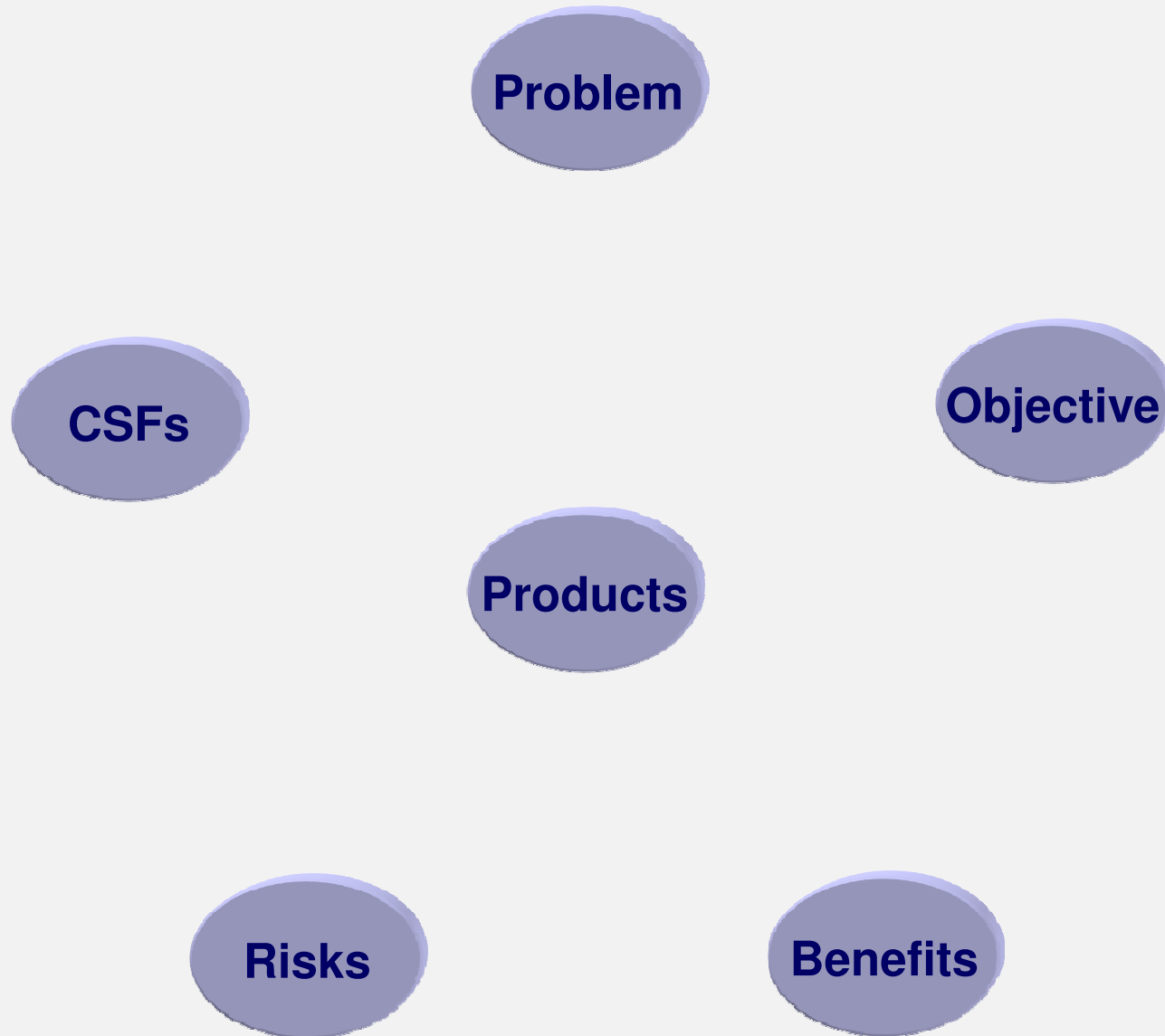


Something
of value to
someone

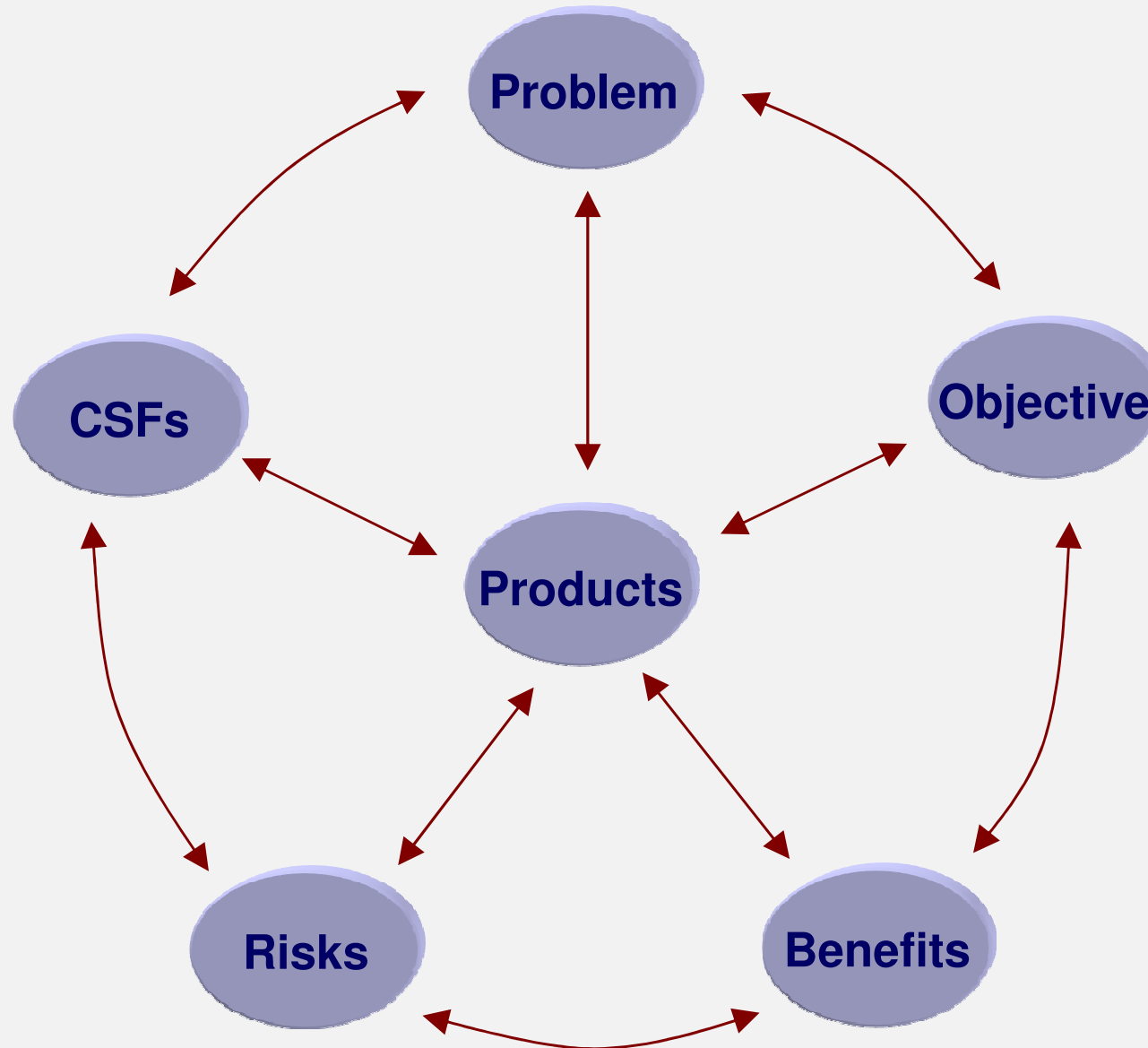
Intangible

- ➔ Strategic match
 - ➔ Competitive advantage
 - ➔ Competitive response
 - ➔ Management information
- (Information Economics, M Parker, 1988)

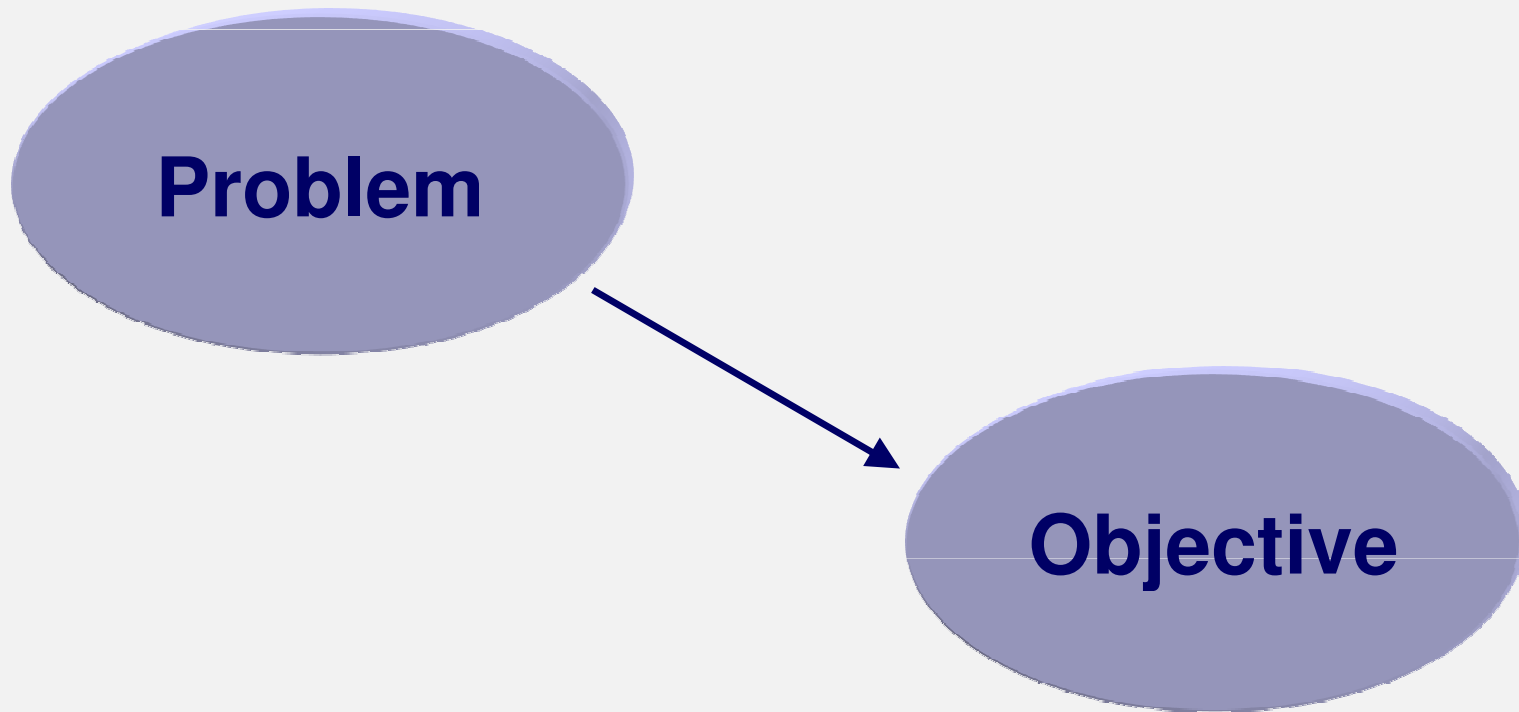
How do you recognise a good ToR?



How do you recognise a good ToR?



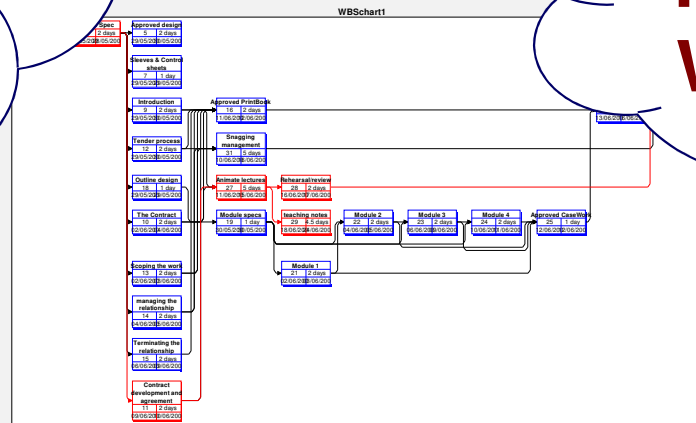
Doing the right thing



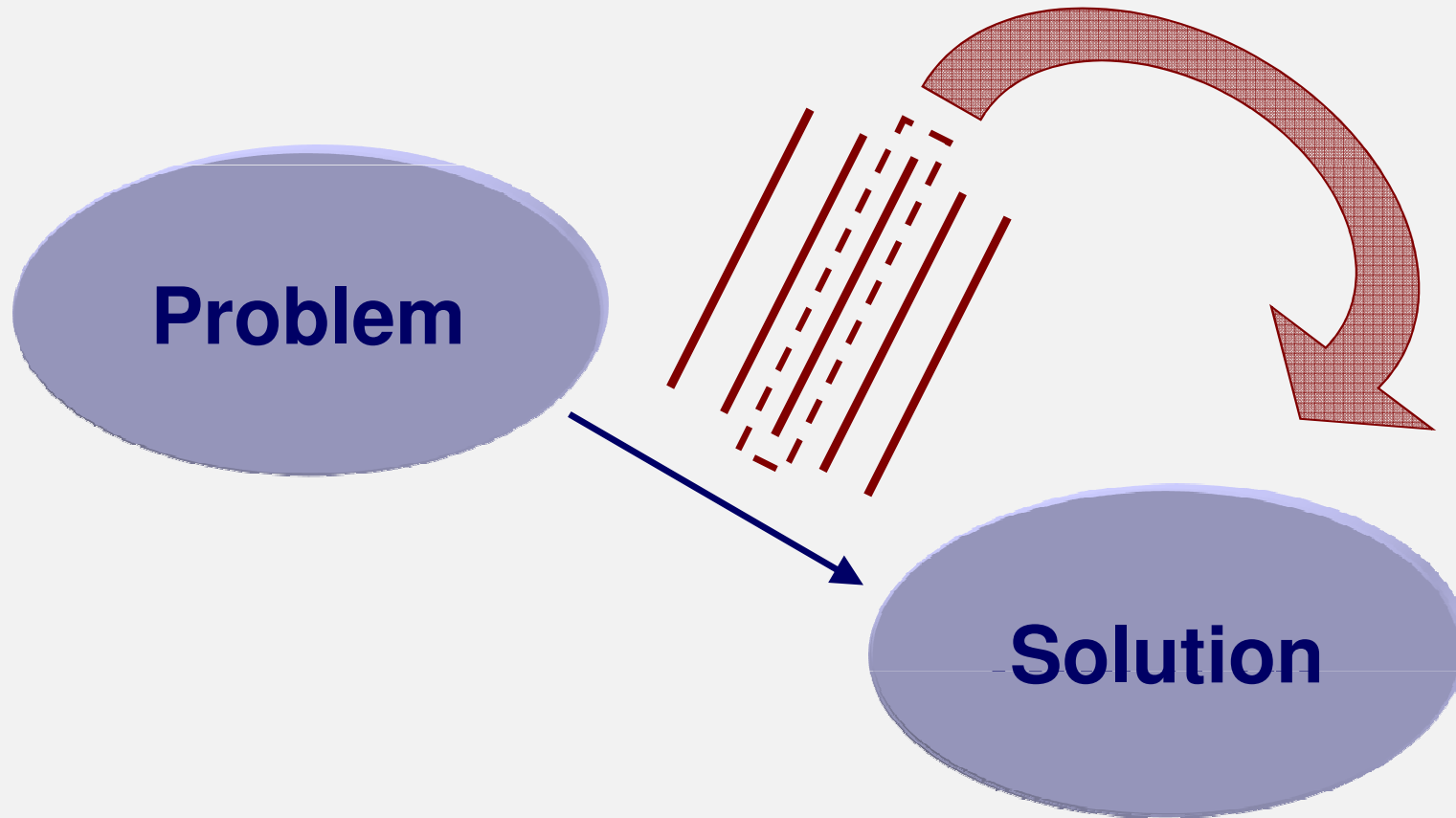
Optioneering

**Outsource?
In-house?
Contractors?
Compromise
?**

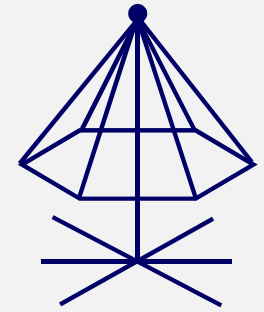
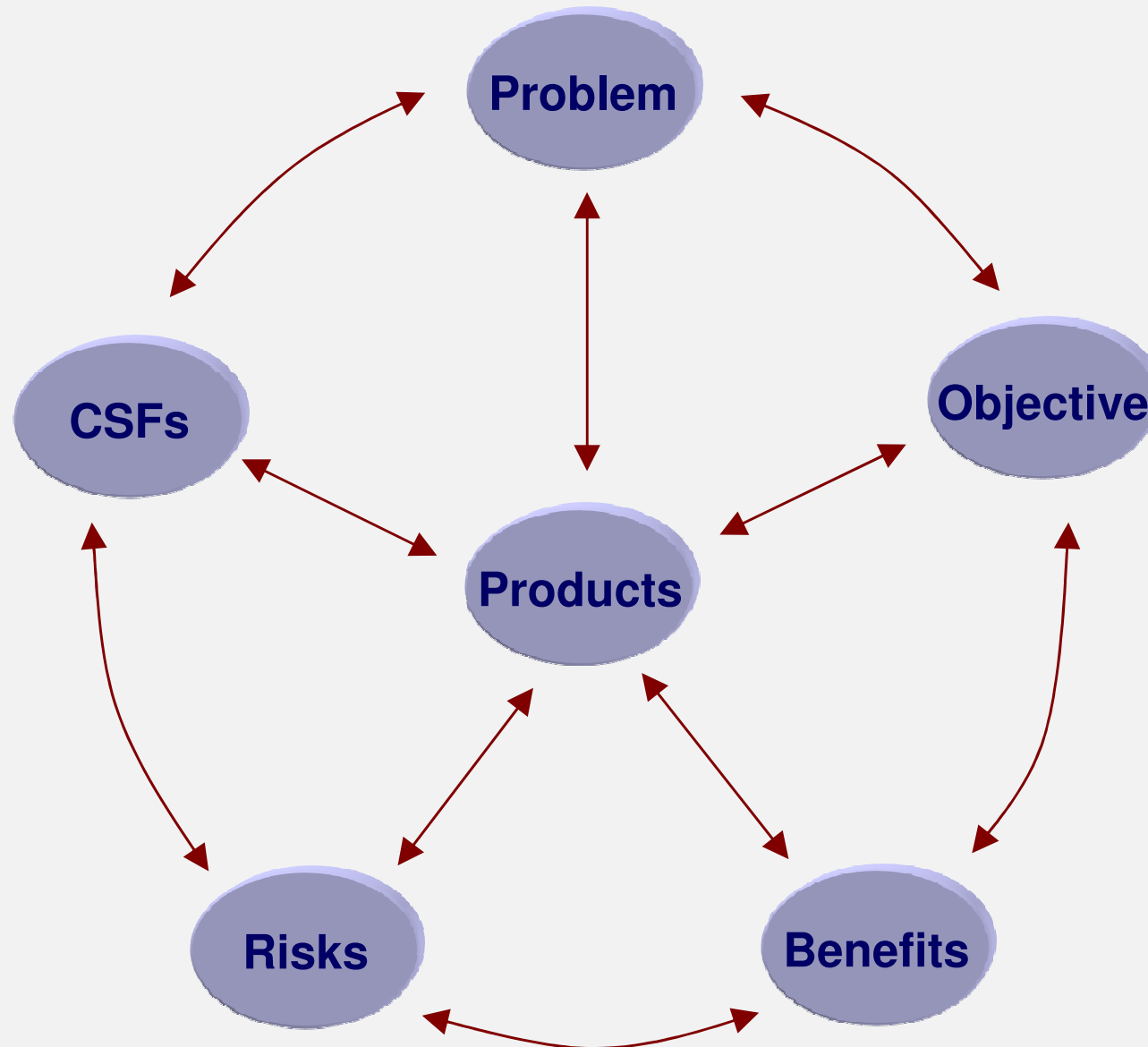
**Off the shelf?
Bespoke?
Mix and match?
Which method?**



Optioneering

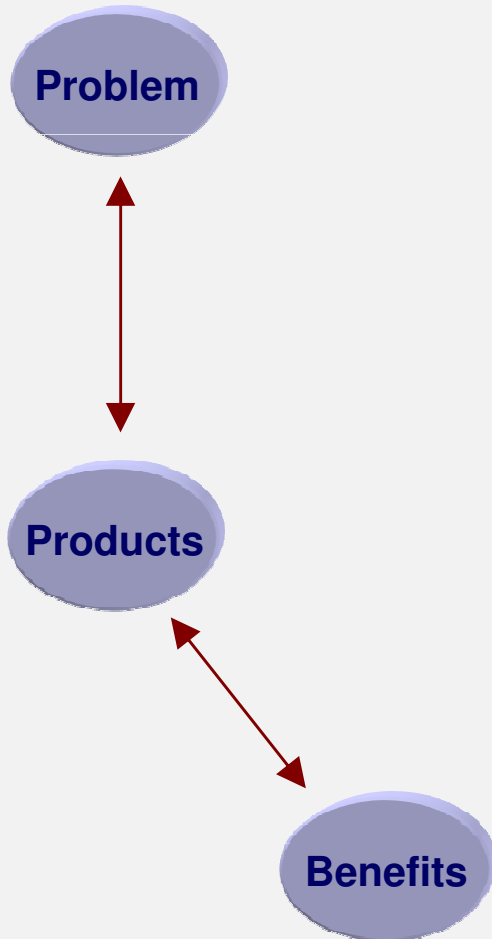


Tension is the ToR?



Will it deliver the benefits?

Value management



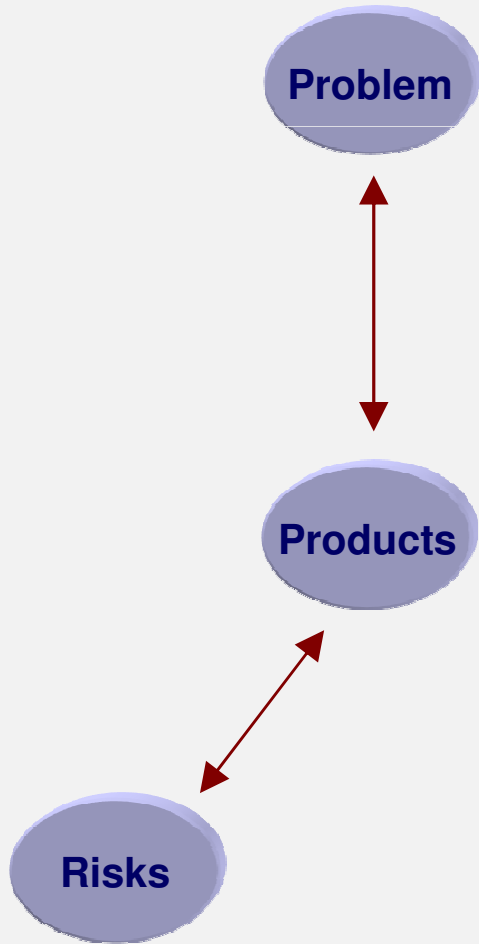
Project view

$$\text{Best Value} = \frac{\text{Functionality}}{\text{Cost}}$$

Business view

$$\text{Best Value} = \frac{\text{Benefit}}{\text{Price}}$$

Risks



*But now, what about:
Risks?*

Risk and complexity

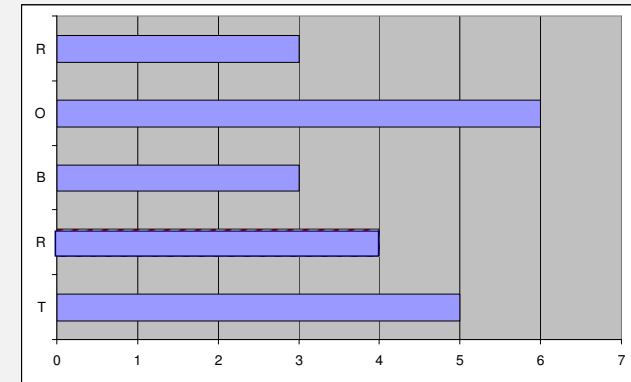
Resources

Organisational complexity

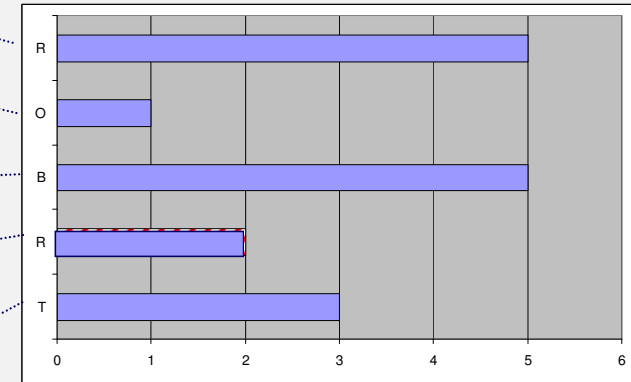
Technical complexity

Requirements

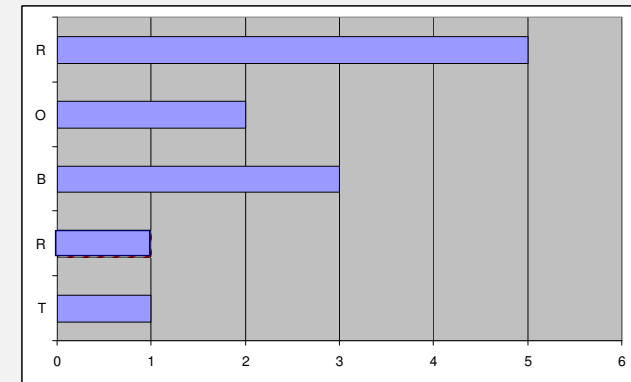
Business implications



Jan



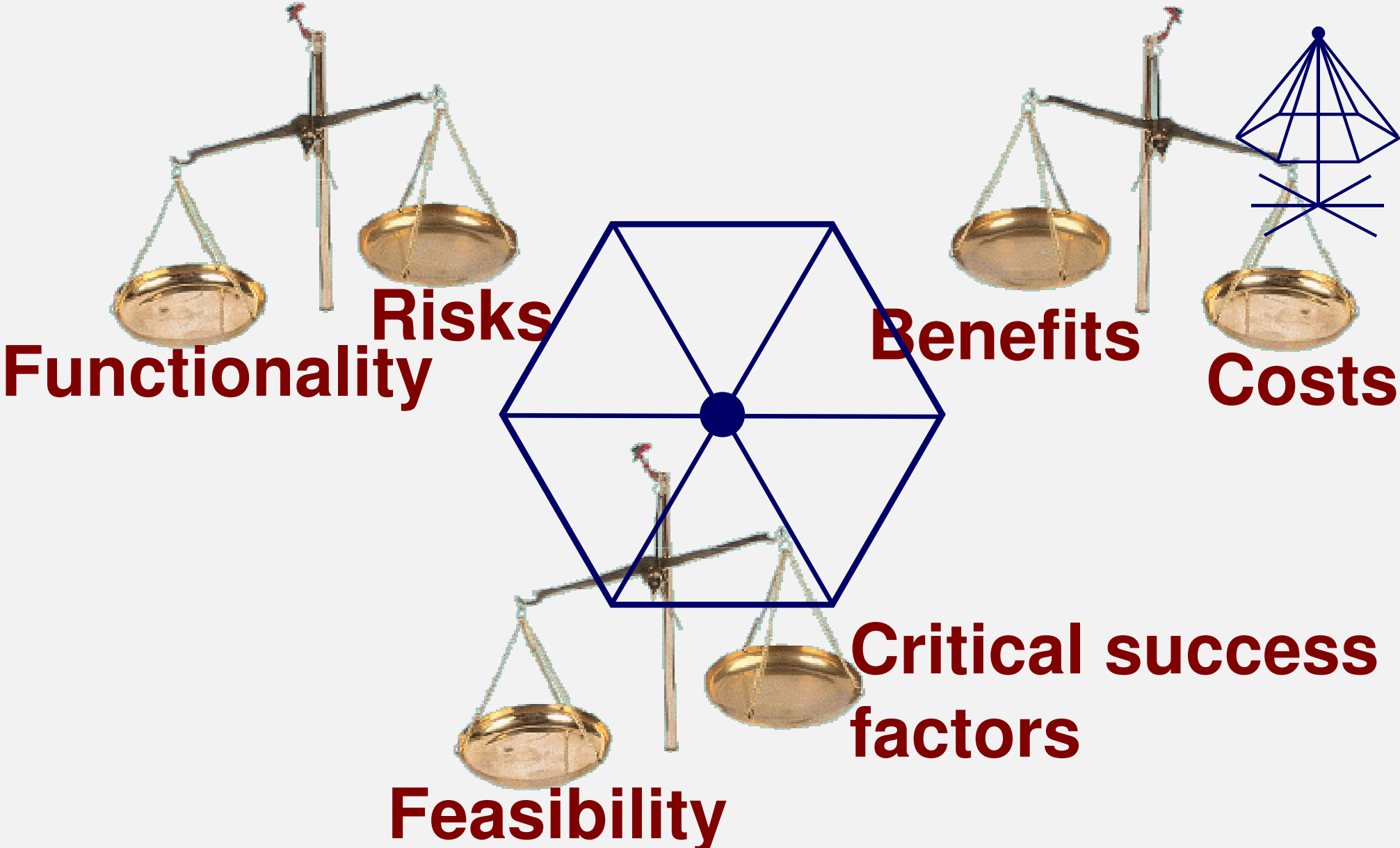
Feb



Mar

Risk profile

So - is it do-able?



➔ **Initiation**

➔ **Desirability**

➔ **Do ability**



**Business
Case**

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Questions and Answers

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