Project Initiation - Kicking Off on the Right Foot

John Zachar, FAPM
Product Development Manager
Association for Project Management

Ibis House, Regent Park
Summerleys Road
Princes Risborough, Bucks., HP27 9LE
Ph 0845 458 1944   Fax 0845 458 8807
e-mail: john.zachar@apm.org.uk
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...
- “Xxxxxxxx” 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.
A classic engineering (pj) lifecycle

Famous company A

Traditional focus - capability

Initiation → Implementation
Study → Design build & test

Benefits realisation focus - value

Benefits delivery

Alignment and definition → Active management

Full business case
A classic contract (pj) lifecycle
Famous company B

Initiation

Marketing and bid preparation
Prepare bid/no bid information
Prepare proposal
Contract submitted, awarded & negotiated
Initial design
Design system
Integration of system
System Qualification
Production, installation and commissioning
Support, spares and repairs

Execution

Contract
Development
Production
Support

Opportunity identified
Contract agreed
Contract awarded

Phase Reviews

PLANNING, REQUIREMENTS AND RISK ANALYSIS DOCUMENTATION

0 1A 1B 2A 2B 2C 3A 3B 4A 5 6 7 8
Today’s focus

Initial thoughts

Project lifecycle

Initiate → Plan → Do → Close

technical design
Case for action

Ease or ability to change

Cost of change

Initiate                  Plan                  Do-it                      Close

High                      Low
Relative cost to put things right

Product lifecycle phase

- Requirements
- Design
- Code
- System testing
- Acceptance testing
- Use

Relative cost to correct a defect
- Requirements: 1
- Design: 5
- Code: 20
- System testing: 50
- Acceptance testing: 100
- Use: 500
Imagine settling into your seat in an airplane and hearing the pilot say:

“Uhmmmm, . . . . . . 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?

- Commitment to change
- Constraints validated and agreed
- Terms of reference clear
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?

- Good idea
- Contract driven
- Mandatory
- Strategic
- Pet project
Focus on desirability

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<th>Feature</th>
<th>Strategic</th>
<th>Good idea</th>
<th>Contract</th>
<th>Mandatory</th>
<th>Pet project</th>
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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

a template from Ganttthead.com
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?

MoSCoW

Must

Would

Should

Could

Have

(or Wait or Wish to)

Most

Would

Should

Could
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 : BENEFACIATION
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.”


“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
Sources of benefit

**Tangible**
- Additional revenue / income
- New revenue / income
- Cost Avoidance

**Intangible**
- Strategic match
- Competitive advantage
- Competitive response
- Management information
  (Information Economics, M Parker, 1988)
How do you recognise a good ToR?

- Problem
- Objective
- Products
- CSFs
- Risks
- Benefits
How do you recognise a good ToR?
Doing the right thing

Problem

Objective
Optioneering

Outsource?  In-house?  Contractors?  Compromise?

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

Problem

Solution
Tension is the ToR?
Will it deliver the benefits?

Value management

Project view

Best Value = \frac{Functionality}{Cost}

Business view

Best Value = \frac{Benefit}{Price}
But now, what about: Risks?
Risk and complexity

- Resources
- Organisational complexity
- Technical complexity
- Requirements
- Business implications

Risk profile
So - is it do-able?

- Costs
- Functionality
- Benefits
- Risks
- Feasibility
- Critical success factors
Initiation

Desirability

Do ability

} Business Case
Questions and Answers

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