

Keeping On Top of Project Management

By BNET Editorial

published on BNET.com 10/08/2007

A project can be an awkward beast to manage. Because the purpose of a project is to bring about change, the context is often unsettled and uncertain. As a result, unexpected issues tend to crop up—changes occur and mistakes are made. An effective project manager must accept that the unexpected will never be eliminated, and be prepared for surprises.

To keep on top of project issues and to lessen their impact, it is important to understand some basic disciplines and incorporate them into your management style.

What You Need to Know

I am concerned that I spend *too* much time planning. Is this possible?

If a project never progresses from planning to implementation, then of course this is a problem. However, as a general rule, it is nearly impossible to spend too much time planning in the initial stages of a project. At least thirty to fifty per cent of a project lifetime should be devoted to getting the planning right. In this way, it is less likely that something will take you by surprise.

Does an unexpected development always require action?

Do not be afraid to reject a change request if you think the change is unwarranted and could threaten the successful completion of the project—this is a responsibility of the project manager.

For example, suppose that the project team is moving to new office space. At a late stage, management suggests that the new offices be repainted in the colors of the corporate logo, instead of the current white. There is no commercial reason for the request, and the potential impact is to exceed budget and delay the move. As project manager, assess the request and then reject it.

What to Do

Plan Comprehensively

Projects do not just happen, they must be planned. The surest way to cause a project to fail is to start executing without a proper plan in place—this is like attempting to navigate a strange city without a map.

The planning effort should involve the whole project team, not just the project manager; this approach leverages each contributor's useful experience, perspective, and expertise. It also fosters increased buy-in and loyalty from the team members, because they have contributed to the project from its inception.

A good project plan should provide:

- a project “map” which each team member can follow, clearly denoting project milestones;
- a realistic timeline;
- schedule slippage threats;
- a detailed list of the required resources;
- justification for the estimated costs;
- warning of risks and potential problems.

Understand and Assess Risk

To a project manager, a risk is something that *might* occur in the future that could threaten the project's success. The sooner a potential risk is identified, the sooner a course of action can be determined to minimize or eliminate it. A risk is assessed by considering:

- the probability of something occurring;
- the impact it would have;
- the action necessary to avoid it.

All projects incur risk. The presence of risk factors alone is not reason to cancel a project. Rather, by identifying and anticipating potential risks, as well as considering possible response to them, the chances of success are greatly improved.

Perform a Risk Analysis

As part of the project planning process, perform a risk analysis to anticipate future problems and potential response. The first stage of a risk analysis is to identify the *types* of risks you may face. Consider involving all members of the project team in a risk assessment workshop, first identifying the categories of potential risks, then using that list as an agenda for brainstorming and discussion. Be as thorough as possible when brainstorming—it can be very easy to overlook potential threats.

Know the Types of Risk

There are various types, or categories, of risk which may threaten or be brought about by a project:

Reputational (i.e. your brand)

This occurs when a company's image is tarnished by an unpopular action. Ask yourself:

- Will it harm customer or shareholder perception of the company if this project is carried out?
- Does the project fit with products/services you already provide?

Operational

This arises if the project requires processes that the business can't support, or if it is poorly designed through lack of expertise. Ask yourself:

- Will any processes incur increased volumes of work or business? If so, can the company support these volumes?
- Have new systems required by the project been designed for and communicated to the right areas?
- Will any area or department of the company require reorganization?

Personnel

This occurs if a project requires changes to working conditions or additional staff. Ask yourself:

- Will employees accept changes to working conditions?
- Can extra staff requirements be easily met? Is there sufficient budget?
- How would the departure of a key person affect the project?

Premises and Continuity

This arises if a project could disrupt the existing premises, people, or systems, potentially threatening the company's business. Ask yourself:

- Can the project be carried out in the company's existing premises/locations?
- If the project disrupts a key system or process, could this cause the company to cease business (temporarily or permanently)?

Technical

This occurs when advances in technology, technical failure, etc. could threaten the project. Ask yourself:

- Does the required technology fit with existing systems?
- Does the project rely on any unproven technology?
- Are any new systems sufficiently flexible/scalable?

Economic

These risk areas include business failure, stock market performance, unemployment, etc. Ask yourself:

- Could unexpected changes in economic indicators adversely affect the project?
- Who would be affected and how?

Political

These risks include changes in tax laws, public opinion, government policy, foreign influence, etc. Ask yourself:

- Could political changes significantly affect the success of your project (e.g. if foreign trade policy changed after an election)?
- What is the likelihood of these types of changes?

“Acts of God”

This risk category encompasses natural, external events such as floods, storms, disease epidemics, etc. Ask yourself:

- Would the project be adversely affected by a natural disaster (e.g. if it involves building work)?
- If so, would changing the timing of the project make a difference (e.g. summer rather than winter)?

Risk assessment should also consider the impact of *not* doing the project. For example, in the 1990s, the consequences of not making IT systems Y2K compliant could have been disastrous for a company.

Evaluate Risks

Once possible risks are identified, the *probability* or likelihood of each risk actually occurring should be assessed as:

- High (very likely)
- Medium (possible)
- Low (unlikely)

Assess the *impact* in a similar way:

- High (significant threat to the entire company)
- Medium (will threaten business)
- Low (minor impact only)

Always assess the identified risks in a consistent manner. This allows easier prioritization and helps to determine which risks should be acted upon first. If any of the identified risks are rated as high probability AND high impact, proceed with extreme caution, and consider whether to continue with the project.

Manage Risks Effectively

Once the risks are assessed, consider ways of managing them. Keep cost/benefit ratios in mind—in most cases, there is no point in spending more to eliminate a risk than the cost of the adverse event if it occurs.

There are various ways in which risk can be managed. For example:

- *Use existing assets.* Existing resources are employed to counter risk. This may involve improvements to existing methods and systems, changes in responsibilities, improvements to accountability and internal controls, etc.
- *Make contingency plans.* The risk is accepted, and a plan is developed to minimize the effect, if it were to occur. A good contingency plan allows for immediate action.
- *Invest in new resources.* The risk analysis should provide the basis for justifying any investment in additional resources to counter the risk.

New risks always appear as a project progresses, and thus it is *essential* to complete a review of the risks at each stage of the project life cycle. It is good practice to track risks in a list or “risk log” as follows:

Date	Description of risk	Probability (H/M/L) and Impact (H/M/L)	Party responsible for resolution	Action taken to resolve	Date for next review/ resolution
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Keep in mind that sometimes it may be better to accept a risk than to use excessive resources to eliminate it.

Implement Change Management

Another factor that can affect or even derail a project is change—whether in the form of an alteration requested by someone with influence (for example, an important customer), or that due to unforeseen circumstances.

Any change that affects one of the three parameters—time, cost, or quality—is likely to have an impact on the other two factors. For example:

- a quality issue is likely to require increased cost and/or time to correct;
- resolving a time delay will either incur cost or compromise quality.

Thus, it is very important to implement an effective change management program. Look closely at any proposed change before committing to it. A proposed change should be defined, assessed, and if it is deemed important enough to implement, approved by the appropriate parties. This process can help to minimize the effect of changes on the rest of the project.

Any request or actions taken should be recorded in a “change log” similar to the “risk log” described in the previous section.

There are four stages to change management:

Proposal

This process provides the ability for anyone within the team (including stakeholders or customers) to propose a change to a project. The proposal should include a description of and reason for the change. It should be formally documented using a standard “change request” form.

Impact Assessment

The project manager logs the change request and considers the overall impact on the project. Before deciding whether or not the change should be implemented, the following should be assessed:

- estimated cost;
- quantifiable cost savings and/or benefits;
- impact on timeline;
- additional resource requirements;

- impact on other projects and activities;
- additional risk and issues.

Decision

If the requested change is a major one, it should be reviewed by an approved authority (such as the project sponsor). The information generated in steps 1 and 2 should be provided for consideration. A decision is then made and communicated.

Implementation

If the change request is accepted, it is scheduled and implemented. The change log should be updated accordingly.

What to Avoid

You Focus Too Much on What Could Go Wrong

Avoid focusing too much on things that can go wrong with a project. It is counterproductive to worry *too much*. A fear of failure prevents success! Create sufficient contingency plans and alternative approaches for items or plans that have high risk, and then relax.

You Ignore Control Processes

Do not fall victim to the notion that a particular project does not require formal risk and change management processes. Skimping on these control processes is asking for trouble. Putting them in place from the start will eliminate the biggest potential source of stress.

Where to Learn More

Web Sites:

4pm: www.4pm.com/articles

Mind Tools: www.mindtools.com

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