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Project Management Guidelines

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Department of Premier and Cabinet

Tasmania
Explore the possibilities

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Preface

The *Tasmanian Government Project Management Guidelines* provide a structured approach to managing projects within the Tasmanian State Service. They provide an overview of the essential components of project management methodology and identify eleven Key Elements that should be applied throughout the project lifecycle.

While these Guidelines are relevant to all projects regardless of their size and complexity, how extensively they are applied will require a level of judgement. The Guidelines provide a starting point to establish the project context, gain formal agreement to proceed and for considering the project management methodology that is relevant to the project.

The Guidelines are intended to provide guidance. They build on the collective knowledge and experience of project managers working within the Tasmanian State Service. They describe ongoing research into better practice, insights gathered through formal review and contributions from current and former staff of the Office of eGovernment, Department of Premier and Cabinet (DPAC), members of the former Inter Agency Steering Committee, the Project Management Advisory Committee and feedback from numerous project teams, project sponsors and project steering committees across all agencies. The Guidelines also include invaluable advice and contributions from John Smyrk from Sigma Management Science Pty Ltd. These contributions have allowed the Guidelines and the Tasmanian Government approach to project management to continuously develop and improve.

The Guidelines also reflect key learnings from major projects including whole-of-government, whole-of-agency and cross-agency projects that involve significant business change. These key learnings include the management of large programs of projects and a move towards adopting Project Portfolio Management practices within several agencies.

The continuing evolution of these Guidelines is evidence of the Tasmanian Government's longstanding commitment to the application of better practice with regard to project management.

How to use these Guidelines

The Guidelines are presented in two sections:

Section 1 provides an overview of projects. It describes the characteristics of a project, why projects need to be managed and outlines the project management lifecycle. It also describes the range of project management documentation that is available and how and when it should be used. Section 1 also provides a brief introduction to the eleven Key Elements of project management.

Section 2 describes the eleven Key Elements of project management in detail with practical information on how they should be applied throughout the project lifecycle. Each Key Element is discussed separately, with a description of how it should be considered and applied, regardless of the size or complexity of a project

The eleven Key Elements presented in these Guidelines reflect the areas covered by *A Guide to the Project Management Body of Knowledge* (*PMBOK Guide*[1]), but they also include elements arising from ongoing collaboration with practising project managers within the Tasmanian State Service. As such, they form the basis of the Tasmanian Government Project Management Framework (TGPMF) which is available at www.egovernment.tas.gov.au.

Development history

Version 1.0 of the *Tasmanian Government Project Management Guidelines* was published in September 1996.

In version 7.0, all sections were revised in the light of ongoing feedback and consultation with practising Project Managers, including:

- The capturing of learnings from several major whole-of-government and cross-Agency projects
- A major update to the content on outcome realisation planning, including inclusion of outcome realisation planning in the Project Initiation Phase
- Editorial, layout, style and consistency review of the document.

These enhancements reflect the continuing project management maturity within the Tasmanian Government.

[1] Project Management Institute, *A Guide to the Project Management Body of Knowledge (PMBOK® Guide) – Fourth Edition*, 2008, www.pmi.org

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Section 1
Project management – the basics

This section includes:

1. What is a project?
2. What are the essential characteristics of a project?
3. What is project management and why do we need it?
4. The life of a project – project phases
5. Key Elements – a brief explanation
6. Key Elements in the project lifecycle
7. Determining project size
8. Project management documentation
9. Tips from project managers

Terms used in this section can be found in Appendix 1 Project Management Glossary

1. What is a project?

A project is a group of interrelated activities that are planned and then executed in a certain sequence to create a unique product or service to defined quality criteria within a specific timeframe, in order to achieve planned and agreed outcomes.

Projects are often critical components of an organisation's business strategy, or relate directly to policies and initiatives of the Government.

Projects vary in size and complexity. For example, they may:

- involve changes to existing systems, policies, legislation and/or procedures;
- entail organisational change;
- involve a single person or many people;
- involve a single unit of one agency/organisation or may cross agency/organisational boundaries;
- require the engagement and management of external resources;
- cost anywhere from $10,000 to more than a $1 million; and/or
- require less than 100 hours, or take several years.

2. What are the essential characteristics of a project?

In the Tasmanian State Service, a significant project is usually characterised as having:

- definable, measurable Project Outcomes that relate to the Tasmanian Government and agency corporate goals;
- Project Outputs, required for the attainment of the Project Outcomes, produced by a Project Team(s);
- a project governance structure;
- risk management processes aligned with agency risk management practices;
- well-defined Project Team(s); and
- criteria to measure project performance including Project Output quality.

The structure of a project will vary depending on the benefits it is intended to provide. It may even be necessary to restructure a project into a number of sub-projects or establish a program of projects to achieve these benefits.

3. What is project management and why do we need it?

Project management is a structured way of managing change. It focuses on developing specifically defined Project Outputs that are to be delivered by a certain time, to a defined quality and with a given level of resources so that planned Project Outcomes are achieved. Effective project management is essential for the success of a project.

In applying any general project management methodology, it is important to consider the corporate and business culture that forms a particular project's environment.

Increased accountability requirements in the public sector have led to a greater focus on effectiveness and efficiency in how business is conducted. In a rapidly changing environment with diverse issues and initiatives, effective project management can support the achievement of project and organisational goals and provide greater assurance to stakeholders that resources are managed effectively. Gartner estimates that using a moderately rigorous project management methodology, as compared to a loose methodology, improves productivity by 20 to 30 per cent.[2]

Applying a formalised project management framework, or methodology, to projects can assist in gaining formal agreement to the Project Objectives, clarifying the scope, identifying the resources required, ensuring accountability for results and performance, and fostering a focus on the final Project Outcomes to be achieved.

There are many reasons why projects fail, and all organisations have examples of projects that can be considered failures. Recent international research appears to reiterate the lessons gathered in the last twenty years. The most commonly cited reasons for project failure, in no particular order, are:

- poor or no relationship to the organisation's strategic priorities;
- lack of feasibility including poor estimation of duration and cost;
- poorly articulated Project Objective(s) and Project Outcomes with unachievable and/or unverifiable targets;
- inadequate governance;
- poor management of change;
- poor stakeholder engagement and insufficient expectation management;
- poor management processes and inadequately trained and/or inexperienced project managers;
- inadequate risk management; and/or
- no independent project management quality assurance.

All of these causes could be addressed by the application of project management tools and techniques. See *Section 2, Element 10, 10.5 – Learning from project failure* for a more detailed explanation of the reasons for project failure.

[2] Roberts, JP & Furlonger, J (2000) Successful IS Project Management. Gartner [ID No. TU-09-2012]: p2

4. The life of a project – project phases

A high-level project management approach that fits most projects at a macro level is outlined in Figure 1. It should be emphasised that this model represents an over-simplification of most projects, but it is included to make sense of what, in reality, can be a complex and non-linear process.

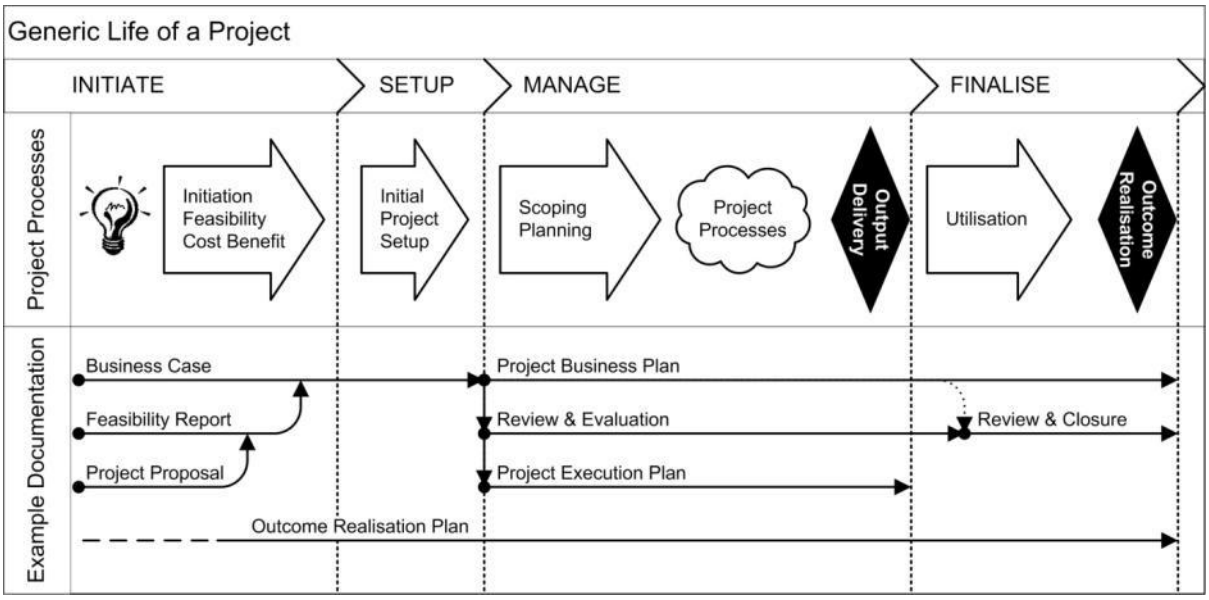

Figure 1 – High-level conceptual view of the generic life of a project

INITIATE phase

Project initiatives may originate directly from government policy or from an agency's corporate and business unit planning processes that in turn are driven by government policy. Other new initiatives may be identified outside these processes due to changes in government policy or other external factors, or simply a good idea.

The INITIATE phase is essential to capture the early understandings of the project rationale, the business driver(s), an initial statement of the Project Objective(s), the high-level or notional Project Outputs required and the potential Business Owner(s). The non-technical or business reason for undertaking the work of the project must be clearly articulated, understood and accepted by senior management.

Projects are usually justified in terms of corporate objectives and should be closely aligned to them. This alignment is explored through initial scoping and start-up planning documents such as the *Feasibility Study Report*, the *Project Proposal* or the *Project Business Case*., which should:

- explore the underlying business drivers;
- describe the relationship of the proposed project to the organisation's strategic agenda;
- define the relative priority assigned to the project;
- analyse the capability and capacity of the organisation to absorb change; and
- identify 'critical success factors' related to time, budget and/or quality criteria.

In the case of large and/or complex projects and programs of projects, considerable time needs to be spent in the INITIATE phase, usually to develop a *Project Business Case* in order to seek management approval for the proposed project to proceed. For large and/or complex projects, this phase can sometimes be a separate project in its own right, particularly in the area of major business changes involving new or enhanced IT systems. In this situation, a *Project Brief* or *Project Business Plan* should be developed and endorsed by the Project Sponsor and/or Project Steering Committee, particularly as a great deal of resources and time can be committed at this early stage. Clear and agreed understanding of why the project is being undertaken should be established in this phase.

The INITIATE phase is often revisited and reviewed following the approval of the *Project Business Case* to test the initial assumptions about the proposed project scope and to facilitate and inform more detailed planning activities, including business process mapping.

SET-UP phase

Once a project is approved and funded, an initial SET-UP period is required that involves the appointment of the Project Manager and Project Team, planning and documenting activities (including developing the initial *Project Business Plan*) and organising the resources required to produce the Project Outputs. This SET-UP phase is important when planning any project, although the duration of this phase may be considerable for larger, more complex projects.

MANAGE phase

Viewed as the most productive (and hectic) period, the MANAGE phase involves the production of the Project Outputs. This phase includes the ongoing management of the stakeholders, risks, quality, resources, issues and work of the project. The main management documents in this phase are the *Project Business Plan* and the *Project Execution Plan*. At the same time, the Business Owner(s) is preparing to make the organisational changes necessary for the business unit(s) to effectively utilise and manage the Project Outputs; this is documented in the *Outcome Realisation Plan* (for larger and/or more complex projects).

FINALISE phase

Closing a project involves the handover of the Project Outputs to the Business Owner(s) for utilisation by the project customers, in order to realise the Project Outcomes. The strategies to support the change management process, and appropriate methods for measuring and reporting the progress toward achieving these benefits, are documented in the *Outcome Realisation Plan*. After the project's success has been evaluated, the Project Steering Committee formally closes the project and celebrations can commence.

This phase involves moving from the project activities to the ongoing 'new' business (transactional) activities.

5. Key Elements – a brief explanation

There are eleven Key Elements that the Project Manager needs to consider, no matter what the size or complexity of the project. These are illustrated in Figure 2. The extent to which each of these elements is managed and documented depends on the size and complexity of the project.

The eleven Key Elements are:

1. Planning and scoping
2. Governance
3. Outcome Realisation (including organisation change management)
4. Stakeholder engagement
5. Risk management
6. Issues management
7. Resource management
8. Quality management
9. Status reporting
10. Project review and evaluation
11. Project closure

Element 1: Planning and scoping

No matter how small a project, a clear definition and statement of its areas of impact and boundaries of the project should be established. The scope of the project includes the Project Outcomes, customers, Project Outputs, work and resources (both human and financial). For large and/or complex projects the scope should be detailed fully in the *Project Business Plan*. For smaller projects, a brief *Project Business Plan* with a brief description of each of these elements and a timeframe for implementation may be all that is required.

Refer to *Section 2, Element 1 – Planning and scoping* for more information about this.

Element 2: Governance

It is important to establish a management structure for the project that identifies the specific players, their roles, responsibilities, accountabilities and the interaction between them for the life of the project. Ultimate responsibility and accountability for the project must be clearly defined and accepted at an appropriate level within the organisation. For small projects, it may be only the Project Manager and a senior or line manager. For larger and/or more complex projects it will be necessary to establish a more formalised governance structure.

More information is provided in *Section 2, Element 2 – Governance*.

Element 3: Outcome Realisation (including organisational change management)

In the context of a project, planning for the achievement or 'realisation' of the Project Outcomes relates to planning for organisational change. Organisational change management is about managing the re-alignment of an organisation to meet the changing demands of its business environment. This includes improving service delivery and capitalising on business opportunities underpinned by business process improvement and technologies.

Any project planning activities must consider the amount of organisational change required to deliver the Project Outputs and realise the Project Outcomes. Once a project delivers its outputs to the Business Owner(s), these outputs must be utilised by the project customers (eg a business unit) to enable the Project Outcomes to be realised. This stage of the project is therefore referred to as Outcome Realisation.

For small projects, it may not be documented formally except in any implementation plans developed for the project. For large and/or more complex projects, planning for this change is closely linked with *Element 4 – Stakeholder engagement*.

More information is provided in *Section 2, Element 3 – Outcome Realisation (including organisational change management)*.

Element 4: Stakeholder engagement

Stakeholder engagement involves identifying people or organisations that have an interest in the project processes, outputs or outcomes. Planning for how their involvement will be managed on an ongoing basis may be done very quickly for a small project, whereas a large and/or more complex project will require a formal stakeholder analysis and a *Stakeholder Engagement Plan* – either as part of the *Project Business Plan* or maintained separately – which will require ongoing monitoring and progress reviews. Stakeholder engagement includes communication planning.

More information is provided in *Section 2, Element 4 – Stakeholder engagement*.

Element 5: Risk management

Risk management describes the processes to identify, analyse and respond to project risk. It covers risk identification, risk analysis, risk evaluation and risk treatment. The processes are iterative throughout the life of the project and should be built into the project management planning and activities.

Small projects may only need a brief scan and ongoing monitoring. Large and/or more complex projects should have a formalised system to analyse, manage and report, including a *Project Risk Register*.

More information is provided in *Section 2, Element 5 – Risk management*.

Element 6: Issues management

Issues management involves monitoring, reviewing and addressing issues or concerns as they arise through the life of a project. If issues are not addressed they may become risks to the project. Small projects may only need a brief scan and ongoing monitoring. For large and/or more complex projects, it is advisable to maintain a *Project Issues Register* that should be regularly reported to the Project Steering Committee.

More information is provided in *Section 2, Element 6 – Issues management*.

Element 7: Resource management

Planning to manage the people, finances, and physical and information resources required to perform the project activities is vital, no matter what the project size or complexity. Documenting this may not be necessary for small projects, but for large and/or more complex projects detailed documentation will enable better management of the resources, as well as transparency for the key stakeholders. Formalised monitoring and reporting on progress against budget is an important element in reporting to the Project Steering Committee in large and/or more complex projects.

More information is provided in *Section 2, Element 7 – Resource management*.

Element 8: Quality management

The purpose of quality management within projects is to ensure that the project management processes are conducted in a quality manner (quality assurance) and that outputs are delivered fit-for-purpose according to agreed quality criteria (quality control). If a project is not managed to incorporate quality management, it is probable that Project Outputs may not be fit-for-purpose and, subsequently, planned Project Outcomes will not be realised or will be realised to a much lesser extent.

Quality management in a project reduces the risk of project failure. It includes a process for managing changes, problems, issues and incidents that emerge during the management of the project and the production of the outputs. These quality management procedures need to be planned for by the Project Manager just as thoroughly as the actual work of the project. These procedures may not be formalised for small projects, but should be scanned for during the life of the project. For large and/or more complex projects, a *Quality Management Plan* can be included in the *Project Business Plan* or as a stand-alone document.

More information is provided in *Section 2, Element 8 – Quality management*.

Element 9: Status reporting

Formalised regular reporting on the status of the project – project performance, milestones, budget, issues and risks – is a major requirement for large and/or complex projects. Reporting is usually to the Project Sponsor and/or Project Steering Committee which includes the Business Owner(s) or their representatives. The frequency of this reporting varies. With very small projects it may be a fortnightly meeting with the senior manager who has taken the role of Project Sponsor about any issues that could affect progress. For large and/or more complex projects, status reporting is an integral part of the quality management of the project and provides a mechanism to regularly validate the project's links to achievement of the organisational strategic agenda.

More information is provided in *Section 2, Element 9 – Status reporting*

Element 10: Project review and evaluation

No matter what the size or complexity of the project, it is necessary to measure project success against well-defined criteria. Reviewing progress against established criteria will help to determine whether the project is under control, the level of adherence to documented plans, methodologies and standards, and achievement of outcomes. For small projects, review might consist of ongoing monitoring through discussions with the line manager and affected staff, with an evaluation debriefing at the end. For large and/or more complex projects, formalised reviews are highly recommended during the project, at the end of major phases and at key decision points, with a post-completion evaluation regarded as essential to capture the learnings for future projects.

More information is provided in *Section 2, Element 10 – Project review and evaluation*.

Element 11: Project closure

Planning for the closure of a project is important. Essentially, successful project finalisation involves formal acceptance of Project Outputs by the Business Owner(s), an internal review of Project Outputs and achievement of agreed Project Outcomes against the *Project Business Plan*, disbanding the Project Team and 'tying up loose ends'. In a large and/or complex project, an external post-completion evaluation/audit often occurs before formal closure by the Project Steering Committee. The extent to which procedures for closure are formalised depends on the nature and size of the project.

More information is provided in *Section 2, Element 11 – Project closure*.

6. Key Elements in the project life

Figure 2 shows the Key Elements throughout the life of the project.

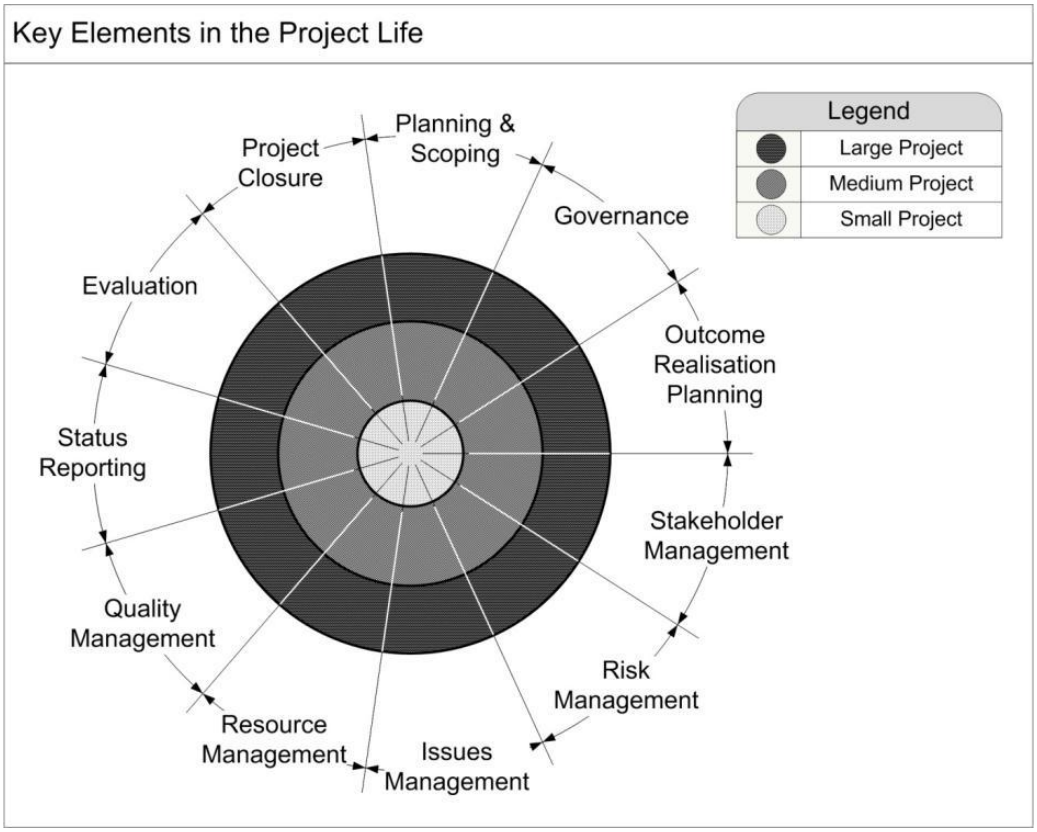

Figure 2 – Key Elements in the project life

Table 1 broadly summarises where each of the Key Elements relate to the project life.

Key Element	INITIATE	SET UP	MANAGE	FINALISE
1. Planning and scoping	✓	✓	✓	
2. Governance	✓	✓	✓	✓
3. Outcome Realisation	✓	✓	✓	✓
4. Stakeholder engagement	✓	✓	✓	✓
5. Risk management	✓	✓	✓	✓
6. Issues management			✓	✓
7. Resource management		✓	✓	✓
8. Quality management			✓	✓
9. Status reporting			✓	✓
10. Project review and evaluation			✓	✓
11. Project closure				✓

Table 1 – How Key Elements relate to the project life

Many of these Key Elements exist in an embryonic state in the INITIATE phase, and are further developed if the project progresses through the other phases. One of the most common reasons for project failure is that insufficient consideration is given to the Key Elements in project definition and monitoring.

7. Determining project size

One of the major problems facing any project is the extent to which the Key Elements of the project management methodology should be addressed, and the level of detail in any of those elements. It is not appropriate for all projects to do all project management activities to the same level of detail and with the same level of discipline.

The Project Sponsor or Project Officer preparing the *Project Proposal* and/or the *Project Business Case* should make an initial determination of the project size. Once a project has been approved, funded and a Project Manager appointed, the size of the project should be formally determined and confirmed. This should be one of the first tasks for the Project Manager, as the size of the project will determine the level of detail and discipline of project management activity to be applied.

For a small project, the Project Sponsor should approve the level of application of the project management methodology. For a medium or large/complex project, the proposed project sizing and level of application of the project management methodology should be approved by the Project Steering Committee.

The result of the process should be clearly defined and accepted agreement as to how the project will be managed, including the level of detail and discipline that will be employed, recorded.

8. Project management documentation

Project management documentation refers to the suite of documents that can be used to assist in managing a project. These documents provide a record of decisions and a means of documenting assumptions and agreement (including responsibilities and accountabilities) on which these decisions are based.

Project management documentation is usually generated by the Project Manager and Project Team, and approved by the Project Sponsor and/or Project Steering Committee. Developing the required documents should not be seen as superfluous to the project, as they can assist the Project Team to focus on the tasks required to achieve the Project Outcomes. It is important to remember that it is the project processes that are the focus – documentation is not an end in itself.

Project management document templates are available to cover the eleven Key Elements of project management outlined in these Guidelines. In smaller projects it is not necessary to produce multiple documents as the various elements can be effectively covered in the *Project Business Plan.*

Project management document templates are available from www.egovernement.tas.gov.au.

Levels of documentation

The documents referred to in these Guidelines can be classified into three types:

- corporate level documents that the Project Sponsor and/or Project Steering Committee own and are responsible for. These are the high-level documents that are used to scope the project and the approach to managing risk, quality, stakeholder engagement, resources and outcome realisation. These documents can also include those that seek initial endorsement of, or funding for, the project;
- business level documents that the manager(s) of the business unit(s) (the Business Owner(s)) are responsible for and that support the organisation to transition to the post-project environment. These documents enable the testing, training and use of the Project Outputs in order to achieve agreed Target Outcomes and longer term business benefits;
- project level documents that the Project Manager and Project Team are responsible for. These includes the documents used to produce the Project Outputs, manage the risks and maintain stakeholder engagement.

Although small projects don't need the full set of project documentation defined in these Guidelines, they do require a certain level of documentation to reflect what has been agreed. The Project Manager should consider which documents are required, based on decisions regarding the project size and complexity, and look at using scaled-down or combined documents for small projects. The quantity of text can be minimised using dot points instead of paragraphs without loss of essential information.

Description of documents

A number of document templates are available to assist in managing each phase of a project. These templates, all of which are scalable, are available at www.egovernment.tas.gov.au. If specific sections of the templates are considered irrelevant, some brief text should be included to explain their exclusion as any omissions will reduce the effectiveness of the document as a whole.

Appendix 6 Project Management Documentation includes more detail on project documentation.

9. Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- Canvas all stakeholders for input during document development.
- Ensure independent review of all project documents: an external perspective can bring 'new eyes' to the information and reveal internal assumptions.
- Don't swamp stakeholders with too much documentation at any one time.
- Documents are only one mechanism by which to communicate with stakeholders.
- Obtain agreement from the Project Sponsor and/or Project Steering Committee as to what documentation is required by them.
- Assign responsibility for development, acceptance and maintenance of documents.
- Don't assume the Project Manager has responsibility for maintaining all documentation.
- Documents can provide a useful knowledgebase for future projects.
- State the purpose/intention of each document – ask yourself what would happen if you did not have this document.
- The minimum required documents for a project are a Project Business Plan and a Project Execution Plan (or Project Work Plan or Work Breakdown Structure).
- Confirm reliable baseline data early for monitoring and reporting on progress in achieving the agreed Target Outcomes (ie before the organisational change begins).
- Formally document decisions and actions from meetings (eg Project Steering Committee, reference group, Project Team meetings).
- Clearly define and gain executive agreement to the proposed project governance structure.
- Ensure the process for issues management is defined and agreed.
- Establish a consistent structure and approach for status reporting.
- Minimum reporting to the Project Sponsor and/or Steering Committee includes milestones; risks; issues; and budget.
- Ensure that there are resources and time scheduled in the *Project Business Plan* to develop, review and maintain documents.

Section 2
The 11 Key Elements of project management

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Element 1 Planning and scoping

This includes:

1.1 What is planning and scoping?

1.2 Planning and scoping a project

1.3 Documenting project scope

1.4 Planning and managing project activities

1.5 Tips from project managers

Terms used in this Guide can be found in Appendix 1 Project Management Glossary

1.1 What is planning and scoping?

In the context of projects, planning provides a framework for the strategic process required to manage a project. In the Tasmanian Government, planning follows a recommended methodology, and planning activities are recorded in project planning documents. An effective planning process ensures clear understanding of the business objectives to be achieved and the business changes required to achieve those objectives.

Scoping establishes the boundaries of a project and should occur regardless of the size of the project. The scope of the project will specify what can be delivered within the timeframe and resource constraints imposed on the project.

1.2 Planning and scoping a project

Planning and scoping a project is not a static, one-off process. While initial planning and scoping occurs in the pre-project or INITIATE phase, planning is a process that occurs throughout the life of a project; the scope of the project will be re-examined many times over the project's life. In theory, the more complex a project, the more time should be spent at the INITIATE phase undertaking initial planning and scoping activities. These could include a detailed feasibility study, a cost-benefit analysis and/or a business case (sometimes a project in itself). However, in reality many projects are initiated on the basis of a brief proposal, a public announcement or a short email from senior management. As a result, the INITIATE phase can be overlooked due to time constraints and a desire to 'get on with the project'; effective project managers will resist this pressure.

Initial planning and scoping activities should draw on any endorsed documents such as a *Project Proposal, Project Business Case*, ministerial announcement or email from management. Integration of endorsed source documents into the *Project Brief* and/or *Project Business Plan* will provide a basis for further discussion, review, clarification and confirmation of the project scope with key stakeholders.

Achieving clarity in the early stages of the project is crucial for later project success. If the project is unfeasibly defined and scoped, and not properly linked with the agency's organisational goals and objectives, it will be difficult to obtain agreement among stakeholders and the project is unlikely to be completed successfully.

As the project progresses and further clarity emerges, the *Project Business Plan* will develop iteratively (see Figure 3 below). All aspects described in the *Project Business Plan* must be re-examined many times over the life of the project, particularly when a great deal of change is involved. This iterative development should involve the Project Team and the Project Sponsor and/or Project Steering Committee. More information is provided in *Section 1, Part 8 – Project management documentation*.

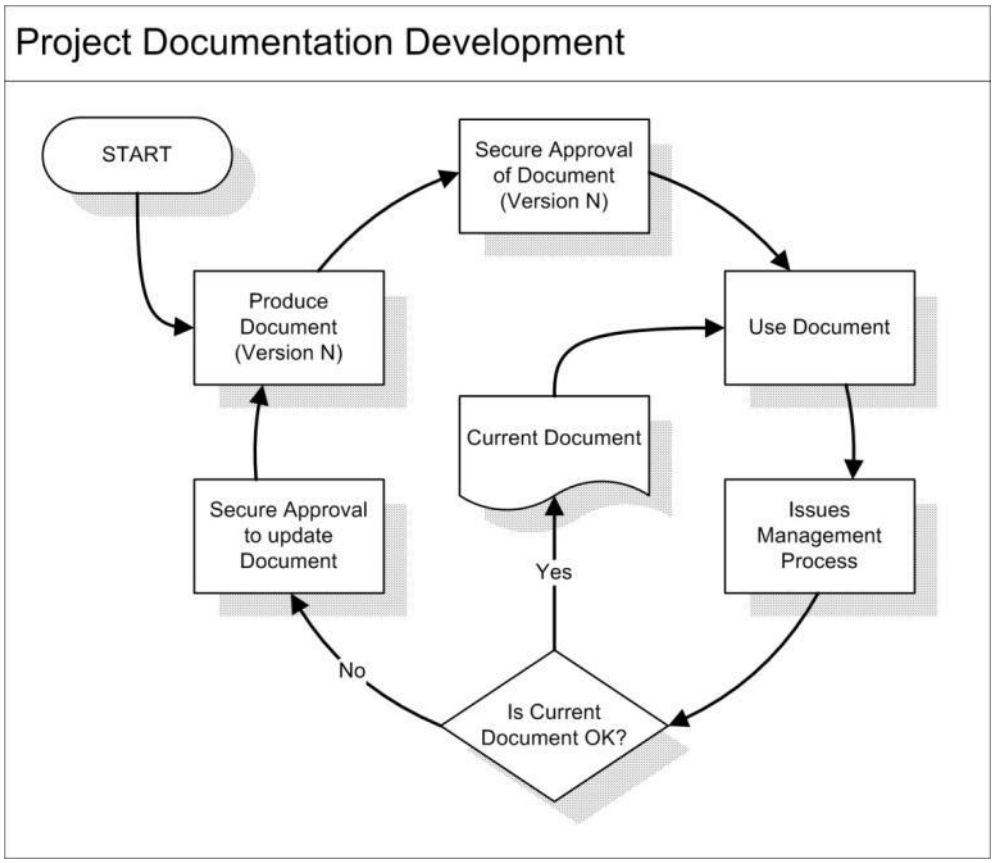

Figure 3 – Project documentation development

1.2.1 Defining project scope using the ITO Model

When initially planning a project, it is imperative to define the project in terms of the desired benefits (Project Outcomes) and the products or services that are required to achieve them (Project Outputs). It helps to directly link the Project Outputs (eg a computer system, procedures, policies), the Project Objective(s) and Project Outcomes to the longer term business benefits the business area wants to realise, while taking into account the overarching organisational goals and objectives of the agency.

John Smyrk's Input-Transform-Outcome (ITO) Model is an effective tool for undertaking the initial project scoping.[3] The ITO Model diagram in Figure 4 – below illustrates the way the work/components in a project are **undertaken** – from **left to right**.

[3] John Smyrk, Sigma Management Science http://sigmafield.com.au/sigma/

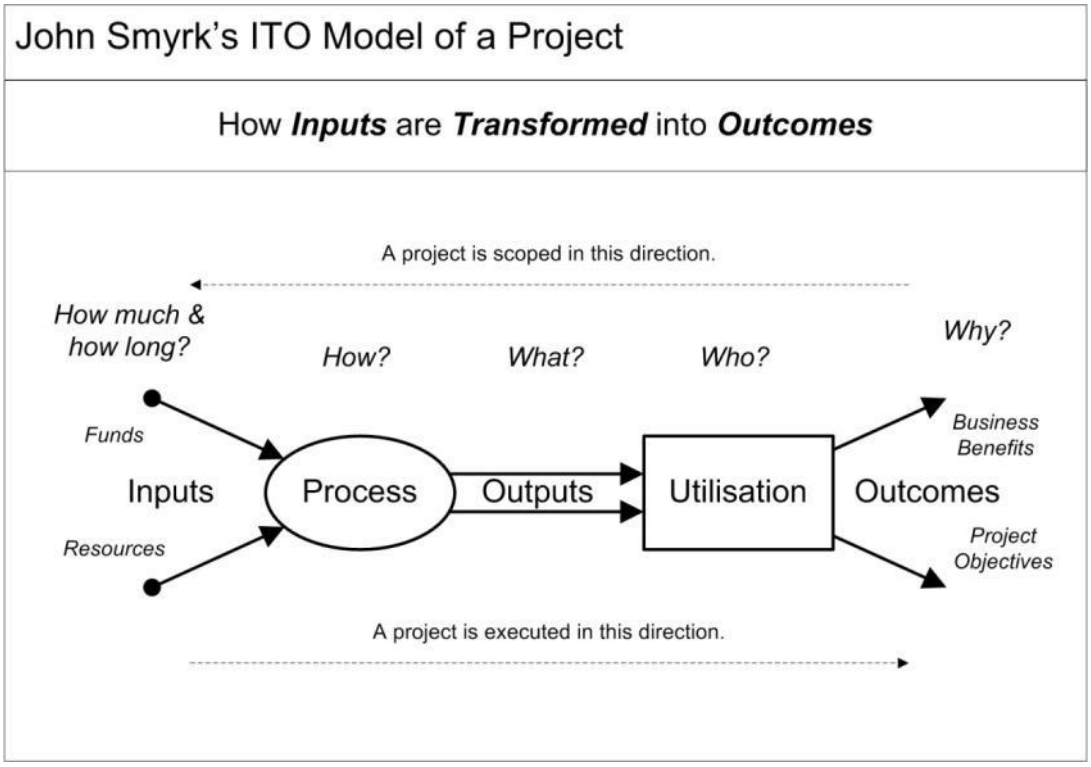

Figure 4 – John Smyrk's Input-Transform-Outcome (ITO) Model diagram

When initially scoping a project, however, each component of the ITO Model is considered in reverse (from right to left). In simple terms, this means that the planning process takes place in the following sequence:

1. The Objectives, Outcomes, Target Outcomes, longer term business benefits and other long-term changes that are sought from undertaking a project are defined (Outcomes).
2. Project customers who will use the Outputs to generate the Outcomes are defined (Utilisation).
3. Products and services that the customers need to use in order to generate the Outcomes are defined (Outputs).
4. Work that is required to produce the Outputs is defined (Process).
5. Resources (both human and financial) that are required to undertake the work to produce the Outputs are defined (Inputs).

The five areas listed above form the scope of the project. The project scope will be determined by defining each of these areas. Project scope is defined as a clear statement of the areas of impact and boundaries of the project.

Project scope is directly influenced by the constraints of time, cost and output quality. Scope change can be achieved, but altering one aspect will influence the others to some degree and the consequences must be fully considered. *Table 2 – Consequences of scope change* demonstrates this. The project's Objective(s) and Outcome(s) should be revised to reflect changes in scope.

Scope change	Consequence
Increased funding	Improve output quality and/or number or Reduce timeframe
Reduced funding	Compromise output quality and/or number (therefore timeframe can be reduced) or Increase timeframe at no additional cost (and maintain output quality and number)
Timeframe increased	Possibly reduce budget or Improve output quality and/or number at no additional cost
Timeframe reduced	More funding required (to engage more resources) or Increase resources (personnel) at reduced cost per unit (if funding level is maintained) and/or Compromise output number and/or quality
Additional or new outputs required	More funding required and/or More time required
Output quality increased	More funding required and/or More time required
Output quality reduced	Less funding required and/or Less time required

Table 2 – Consequences of scope change

Scope should not be compromised to a level that either:

- Outcomes become infeasible: the agreed project scope is incapable of ensuring Outputs are utilised in manner intended to achieve the Outcomes; or
- Output becomes infeasible: the elements of the project scope are mutually inconsistent – ie if the Project Outputs cannot be produced within the specified timeframe and agreed costs.[4]

It is essential to gain documented agreement to any change in project scope from the Project Sponsor and/or Project Steering Committee.

[4] John Smyrk, Sigma Management Science http://sigmafield.com.au/sigma/

Using the ITO Model to define and scope a project can provide greater confidence that the work undertaken will ensure the Outcomes are realised and business benefits are achieved as illustrated in Figure 5 below.

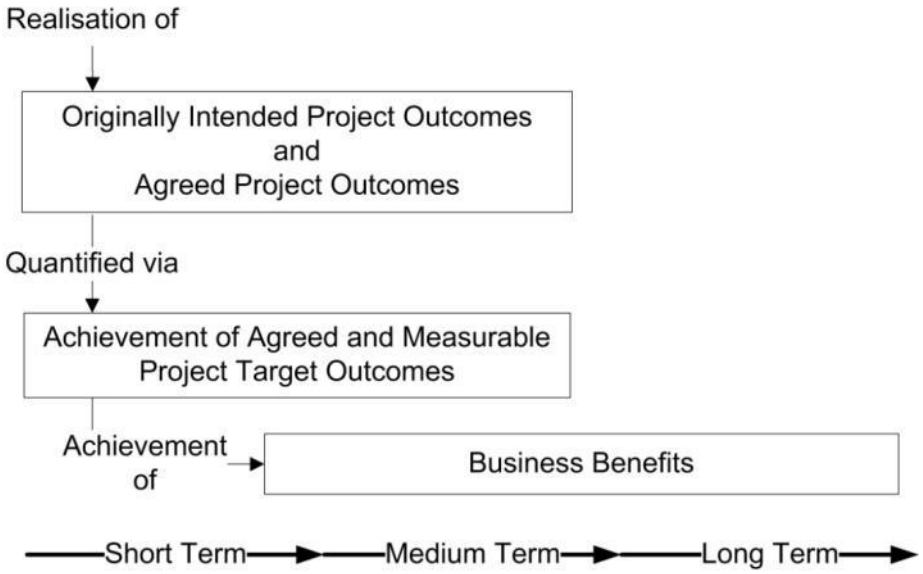

Figure 5 – Achieving business benefits through the ITO approach

In the ITO Model, Outputs are controllable by the Project Manager, while achievement of Outcomes is usually not (although they can and should be influenced).

In these Guidelines, the Outcomes and Outputs described in the ITO Model are referred to as Project Outcomes and Project Outputs to avoid confusion with the outcomes and outputs identified in agency/organisational budgets (although there should be a direct relationship).

1.2.2 Planned and unplanned changes to scope

No matter how well a project is planned, there are likely to be unforeseen circumstances or issues that simply cannot be determined up-front. Change can be divided into two major categories – planned and unplanned:

- Planned changes to scope:

  Changes that are planned and implemented as anticipated

- Unplanned changes to scope:

  Emergent change – a proactive response to unforeseen circumstances (for example additional or conflicting requirements may become apparent and need responding to; alternatively, circumstances may change)

  Unanticipated change – where changes are unplanned and unforeseen (for example, technology may be utilised in a manner that was not originally intended).

Unplanned change is likely to occur regardless of the level of competency and preparation of the Project Manager. Governments may change or be restructured; new technologies develop and old technologies become redundant; people's opinions or viewpoints change. Projects that include substantial changes that require negotiation or substantial learning (either organisationally or individually) usually involve a great deal of emergent or unanticipated change. The Project Outcomes of learning or negotiation can be anticipated, but not wholly planned, as they tend to emerge over time.

Project Managers seeking endorsement or approval from their Project Sponsor and/or Project Steering Committee for a change of scope and/or delivery time for Project Outputs should scan all political statements made by the Government in relation to the project. This scan will demonstrate to the Project Sponsor and/or Project Steering Committee that its decision to change the project scope (for example, by changing Project Output quality requirements and extending the delivery timeframe) will in no way conflict with, or cause embarrassment to, the Government.

Under these Guidelines, **'scope creep' or unmanaged change** is defined as any modification to the scope of a project that has not been authorised or approved by the appropriate individual or group.

Unplanned change does not have to be unmanaged. The project's *Quality Management Plan* should include processes for gaining agreement as to how emergent and unanticipated issues can be addressed. Signs that there is a need to carefully consider the management of emergent or unanticipated issues include:

- difficulties in determining project requirements in depth;
- affected project participants see it as a major issue (indicating a need for major negotiation and/or learning);
- a high degree of technical or other types of innovation; and/or
- a rapidly changing or vague project context.

In practice, dealing with such issues within the scope of a project involves:

- anticipating and planning for possible changes through risk analysis and developing contingency plans (elevated or new risks may determine if the change is acceptable);
- keeping track of emerging or unanticipated issues through issues management procedures;
- bringing issues which could have a major impact on the nature or substance of the project to the Project Sponsor and/or Project Steering Committee so they can re-evaluate the project or make adjustments; and
- using an iterative process of change within the scope of a single project, with approval for the changes carefully documented in iterative versions of the *Project Business Plan*.

Rapid Application Development (RAD) is an example of this approach for information systems/software development projects. RAD is highly recommended by some international consulting groups for projects involving innovation or organisational changes, such as data warehousing. In practice, it involves recognising and planning for desired outcomes on a large-scale, strategic level without committing to a particular set of implementation tactics (including the number, nature or scope of projects down the track).[5] Design and construction projects are also an example of this approach.

1.3 Documenting project scope

Project scope is initially documented at a high level in the *Project Proposal* or *Project Business Case*. Once the project has been approved, the project scope should be defined in more detail in the *Project Business Plan*. Previously endorsed documents such as the *Project Proposal, Project Business Case,* public announcement or relevant emails from management should be acknowledged in the *Project Business Plan*. This process is called integration. This information, along with any gaps, provides a basis for further discussion, review, clarification and confirmation of the project scope with key stakeholders.

Small projects normally require less detail, but the complexity of the project scope should determine the desired level of rigour.

The *Project Business Plan* is essentially the contract between the Project Manager and the Project Sponsor and/or Project Steering Committee for the delivery of the agreed Project Outputs within the defined parameters of time, budget and quality. Once the *Project Business Plan* is agreed to and formally accepted by the Project Sponsor and/or Project Steering Committee, it constitutes formal and documented agreement to the scope of the project.

This formal agreement assists in avoiding project 'scope creep', reducing the risk of stakeholders attempting to add extras, such as outputs or outcomes, during the course of the project without allowing for any subsequent adjustment to the timeframe, budget or output quality. It is important that any agreed changes to scope go through the appropriate approval procedures and are documented. This is outlined further in *Element 2, 2.3.1 – Approving changes to project scope*.

A range of project management templates are available at www.egovernment.tas.gov.au, all of which are scalable. These are explained further in *Section 1, Part 8 – Project management documentation*.

The following elements are typically covered in project planning documents to clarify the scope:

1.3.1 Project Objective

A Project Objective is a statement of the overarching rationale for why the project is being conducted. This should be directly related to the corporate objectives and the business driver(s) for the project. It must be meaningful in the context of the business unit's strategic agenda and focus on what the project is going to achieve, rather than what is produced. A project can have one or more objectives, which do not need to be measurable.

[5] Thomsett, Rob (2000) Radical Project Management. Upper Saddle River, NJ: Prentice Hall

A useful way to frame the objective is to answer the question, 'Why are you undertaking the project?' The result is a one sentence statement, or series of statements, starting with the word 'To …'

1.3.2 Project Outcomes

Project Outcomes are the benefits or disbenefits that will be realised from the utilisation of the outputs delivered by the project (the Project Outputs). Specified Project Outcomes should be plausibly connected to utilisation of the Project Outputs and if possible defined in measurable terms, quantitatively or qualitatively (eg improved, reduced, increased, maintained).

The Project Outcomes must be specified in partnership with the Business Owner(s) to ensure the measures make sense in the context of the business driver(s) for the project and the business unit's strategic agenda.

Disbenefits arise from undesirable outcomes that may flow automatically from the project and impact adversely on particular stakeholders (eg reduced profits for a business unit because the cost of or demand for some services is reduced). Disbenefits must be taken into account when valuing the project from the perspective of those stakeholders who will be impacted by the disbenefits.

1.3.3 Target Outcomes

A small number of Project Outcomes should be selected for further specification as the agreed Target Outcomes for the project. Target Outcomes comprise performance information against which the project's success will be assessed within the agreed project timeframe, including the following:

- Target Outcome – the measurable benefits that are sought from undertaking a project
- Performance Indicator – a description of the type of change that will indicate performance towards the achievement of the Target Outcomes
- Measure – the actual mechanism for gauging the level of performance
- Baseline – the current level of the Performance Indicator (ie before the utilisation of the Project's Outputs has begun)
- Target level – the targeted level of performance
- Target date – the date by when the target levels are to be achieved
- Accountability – who is accountable for the achievement of the Target Outcomes and reports on the progress towards these targets?

It is useful to specify each Target Outcome's metrics using the SMART goals:

- Specific (to the project)
- Measurable
- Achievable
- Realistic
- Timeframed

Identifying the project's Target Outcomes requires clear agreement by the Project Sponsor and/or Project Steering Committee and Business Owner(s), as these are the measures that will be used to gauge the success of the project. As the project progresses, the Project Outcomes and Target Outcomes will need to be re-examined and re-assessed many times to confirm that they accurately measure the benefits the project intends to deliver; these should be meaningful in the context of the business unit's own performance metrics. Any changes to the context of the performance metrics may require a review and update of the Project Outcomes and Target Outcomes.

It is critical that the Target Outcomes are agreed and documented in an *Outcome Realisation Plan* so the changes brought about by the project can be managed, to confirm arrangements for ongoing measurement of achievement against the agreed Target Outcomes once the project is formally closed, and to ensure longer term measurement of achievement against the identified business benefits.

As some projects move towards closure, additional outcomes may become apparent that were not identified during the project's scoping. 'Trawling' for benefits is not advisable and it is important to carefully analyse perceived causal links between output utilisation and outcome realisation before such unanticipated outcomes can be claimed by the project. The Customer/Utilisation Map at Figure 7can help determine if there is a feasible causal relationship.

The Project Horizons Model (see Figure 6 below) is a visual representation of the relationship between a project's objectives and outcomes, the longer-term business benefits it aims to achieve and the organisational strategic agenda. This model visually depicts when (from the point of project initiation) the Target Outcomes, Project Outcomes and longer term business benefits/disbenefits begin to flow.

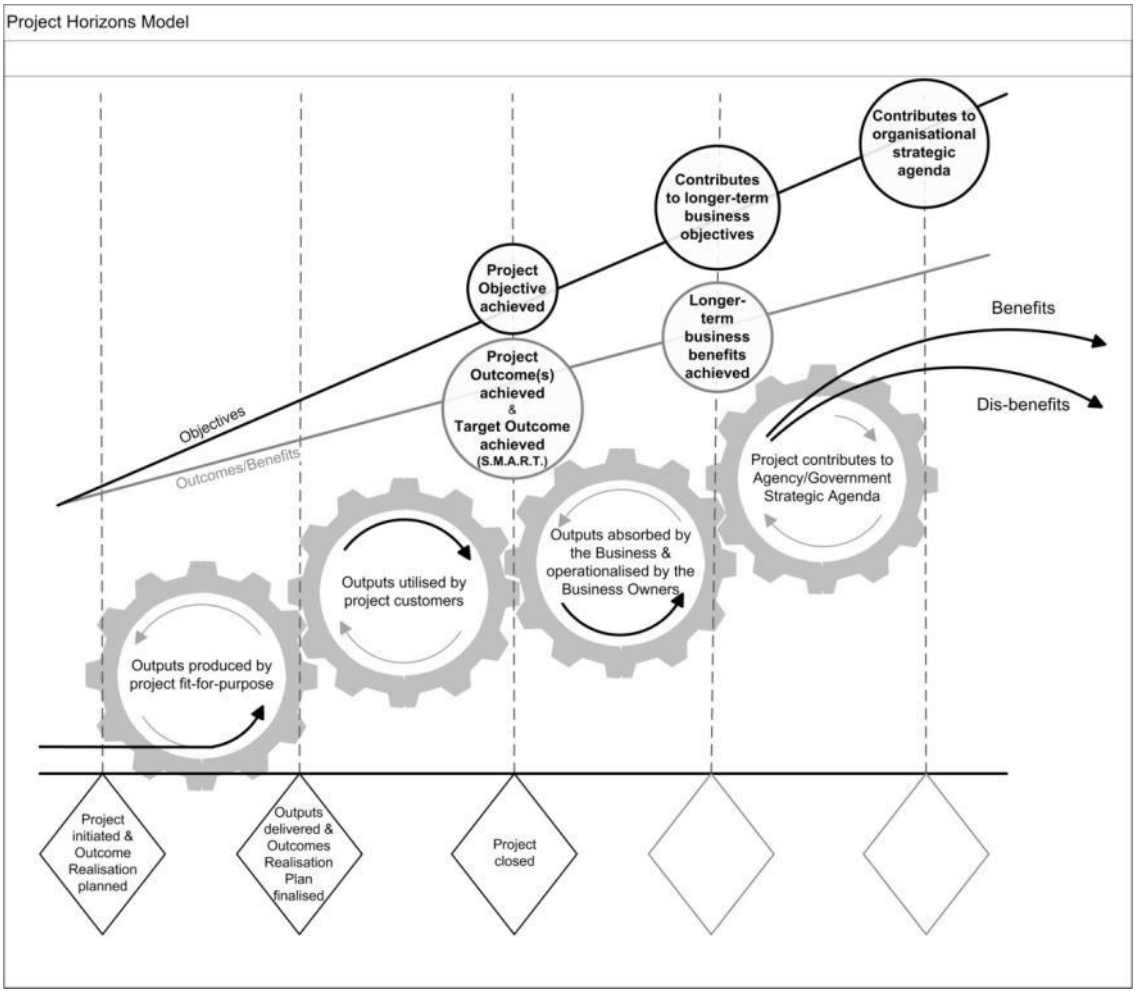

Figure 6 – The Project Horizons Model

1.3.4 Stakeholders

When planning and scoping a project, it is important to correctly identify the groups/organisations that will be required to implement and utilise the Project Outputs to enable the Project Outcomes to be realised. At the initial stages of planning, it is important to record the stakeholders in the relevant section of the *Project Business Plan*.

John Smyrk of Sigma Management Science[6] suggests the use of a Customer/Utilisation Map (see Figure 7) to assist in identifying the relationship between the agreed Target Outcomes, proposed Project Outputs and the customers/stakeholders. This applies a 'logic mapping' approach to analysing the assumed causal relationship between the use of a particular Project Output by specific customers/stakeholders and the intended Project Outcome (ie when Project Output 1 is utilised by stakeholder/customer X, will it result in outcome A/B?). It should highlight whether:

- any of the proposed Project Outputs do not contribute to achieving any of the Project Outcomes (this is sometimes described as the 'benefits flow'); and/or
- the correct customers/stakeholders have been identified to utilise any of the identified Project Outputs in order to contribute to achievement of the Project Outcomes.

[6] John Smyrk, Sigma Management Science http://sigmafield.com.au/sigma/

Number #			A	B
	Names of	**OUTCOMES**	Name of Outcome A goes here	Name of Outcome B goes here
	OUTPUTS			
1	Name of Output 1 goes here		Name(s) of customer(s) who will utilise Output 1 to generate Outcome A	Name(s) of customer(s) who will utilise Output 1 to generate Outcome B
2	Name of Output 2 goes here		Name(s) of customer(s) who will utilise Output 2 to generate Outcome A	Name(s) of customer(s) who will utilise Output 2 to generate Outcome B

Figure 7 – John Smyrk's example Customer/Utilisation Map

There is not usually a direct one-on-one relationship between the Project Outputs and the Project Outcomes, but the sum of the Project Outputs – through their utilisation by the customers/stakeholders as anticipated – should link directly to the realisation of the Project Outcomes through the achievement of the Target Outcomes.

Refer to *Section 2, Element 4 – Stakeholder engagement* for more information.

1.3.5 Project Outputs

Project Outputs are the new or revised products or services delivered by the project to the Business Owner(s) to manage on behalf of the project customers. They are usually expressed at a high level, and can be broken down into various components or deliverables. In determining the Project Outputs, fitness-for-purpose or quality criteria should also be specified. Fitness-for-purpose is defined as the features by which the quality of an output is determined. In other words, which criteria will be used to test whether the Project Outputs meet the needs of the project customers, and will in turn enable the Target Outcomes to be achieved and Project Outcomes to be realised?

Regardless of the size and/or complexity of the project, the Business Owner(s) for each of the high-level Project Outputs must be identified and confirmed as early as possible.

During the course of the project, procedural or work outputs will also be developed, such as a *Project Business Case*, *Project Business Plan*, *Project Risk Register*, *Project Communication Strategy and Action Plan*, *and* status reports. These 'above-the-line' project documents assist in and support the day-to-day work of managing the project, and they should be maintained by the Project Manager as part of the project's Quality Management Framework. Depending on the size and/or complexity of the project, it may be useful to list these separately in the *Project Business Plan* in order to reflect the level of activity and resources required to undertake the project.

Project Outputs may be produced and Project Outcomes achieved at earlier stages in the project, rather than just in the closing stages. The arrows in the ITO Model (in Figure 3) represent causality, rather than a defined chronological sequence. Table 3 on page 33 uses the Department of Justice Monetary Penalties Project to illustrate these concepts.

	Definition	Example
Project Objective	A statement of the overarching rationale for why the project is being conducted	The purpose of the Monetary Penalties Project, Department of Justice is: to implement an effective and efficient process for the collection of monetary penalties while upholding the principles and values of social justice.
Project Outcomes	The benefits or disbenefits that will be realised from the utilisation of the outputs delivered by the project. Project Outcomes should be plausibly connected to utilisation of the Project Outputs and if possible defined in measurable terms, quantitatively or qualitatively (eg improved, reduced, increased, maintained).	Outcome 1: Strengthen integrity of the criminal justice process through better management of the monetary penalty process.[7]
Target Outcomes	The measurable benefits that are sought from undertaking a project	Target Outcome 1.2: More efficient and earlier collection of monetary penalties through changed processes
Performance indicator	A description of the type of change that will indicate performance towards the achievement of the Target Outcomes	Reduction in the mean/average time to pay a monetary penalty (includes infringement notices and court fines)
Measure	The actual mechanism for gauging the level of performance	Reduction in the average time to pay a monetary penalty compared with current average time to pay
Baseline	The current level of the performance indicator (ie before the utilisation of the Project Outputs has begun)	The average time to pay a monetary penalty before the Project Outputs are utilised (as at 30 April 2008)
Target level	The targeted level of performance	Within a twelve month period there is to be a 30% reduction in average time taken to pay
Target date	The date by when the target levels are to be achieved	30 April 2009
Accountability	Who is accountable for the achievement of the Target Outcomes and reports on the progress towards the target?	• Department of Justice • Department of Police and Emergency Management
Project Outputs	The new/ revised products or services delivered by the project to the Business Owner(s) to manage on behalf of the project customers	• New business processes for managing and processing monetary penalties • The required legislative framework for the enforcement of monetary penalties • Software systems to support the tracking of monetary penalties • The Monetary Penalties Enforcement Service

Table 3 – Example Project Brief: Department of Justice Monetary Penalties Project

[7] The Department of Justice Monetary Penalties Project had five agreed Project Outcomes, each with several Target Outcomes.

1.4 Planning and managing project activities

John Smyrk refers to a two-layered management model for a project. One is the **Control Layer**, or 'above-the-line', the other is the **Work Layer**, or 'below-the-line'. It is a useful distinction for the Project Manager as it provides the distinction between the management of the project (the methodology) and the management of the work of the project (production of the Project Outputs). John Smyrk argues that the Project Manager should be spending at least 15% of their time on 'above-the-line' activities if the project is to be managed in a quality manner and achieve its stated outcomes.

1.4.1 Small to medium-sized projects

Project Business Plan templates specifically for small and medium-sized projects are available from www.egovernment.tas.gov.au. These templates are typically used as the management documents for small to medium-sized projects, supported by day-to-day project plans such as Gantt charts, timeframes and task lists. Whatever planning tool is selected, it should enable the identification of major milestones with tracking and progress reporting against them.

1.4.2 Large and/or complex projects

Large and/or complex can benefit from approaches and methodologies that help to break the project into more manageable parts and by applying tools that help with above-the-line management.

Once a project has been properly scoped, it becomes easier to identify the major activities required to produce each of the Project Outputs. Large projects can be broken down further into **phases**. A phase is a major section of work in a project that delivers Project Outputs, but not Project Outcomes. Large and complex projects that may take several years to complete should be scoped in **stages**, with each stage producing Project Outputs for utilisation. Some Project Outcomes may also be realised by the end of each stage.

Planning for each subsequent phase or stage can be undertaken towards the end of the preceding one as clarity emerges. Activities, tasks, timeframes and milestones can be identified in detail for each phase/stage and linked to the delivery of the Project Outputs for that phase or stage. Milestones are significant scheduled events that act as progress markers in the life of a project. The breaking down of work into related tasks is called the **Work Breakdown Structure,** sometimes described as an **Activity Decomposition Chart**.

The high-level results of this initial planning, called the **Project Development Schedule**, will be documented in the *Project Business Plan* under the Project Development section. This gives an indication of the major project phases, milestones and target dates.

More detailed planning of major project phases, activities, milestones, tasks and the resources allocated to each task can either be documented in the *Project Execution Plan*, or through the use of scheduling tools such as Microsoft Project® or other similar tools. These tools enable the Project Manager to track progress towards the delivery of each Project Output against identified milestones.

The relevant project planning documentation details each Project Output in turn with its associated activities, tasks, milestones and timeframes. The documents also identify the interdependencies of the work required to achieve each of the major milestones.

When planning the baseline project schedule, quality management procedures should to be applied in order to verify output quality. This is especially important where specific groups within the governance structure are to be consulted for endorsement (for example a project reference or advisory group) and acceptance (ie the Project Sponsor and/or Project Steering Committee). This can be a lengthy process and requires careful coordination of meetings if a hierarchical sequence of approvals is required. This introduces the risk of schedule slippage if one of the dependent meetings is cancelled.

The Critical Path Method (CPM) is often used to estimate timeframes. The critical path is the chain of activities that links the start to the finish of the project. Any delays will require the timeframe to be extended by the same amount of time. Project Managers who need to shorten the duration of their project focus on the critical path tasks. They add resources and change predecessor relationships to shorten their critical path tasks. Alternatively, Project Managers may change the critical path where feasible (and consequently the critical path tasks) in order to deliver the project on time.

Rolling Wave Planning is another planning and budgeting method that can be employed in large and/or complex projects. This approach to planning involves delaying in-depth analysis of future tasks until that level of detail is needed for the project planning activity. The Rolling Wave Gantt Chart shows near tasks in detail, distant tasks at a high level only and lists those tasks to be left for later discussion.

1.5 Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- Scoping activities precede any other project management activities.
- For scoping to occur adequately, there needs to be a full analysis of stakeholders and all stakeholders must be adequately involved.
- With projects that are initiated by edict, active stakeholder involvement is still necessary (though there is a need to facilitate an appreciation of constraints).
- Express the scope in ways and language that people understand and appreciate.
- Make sure the important stakeholders sign off on the scope of the project.
- Be aware of related projects, developments and standards early.
- Carefully define what is in and outside the scope.
- Beware of 'scope creep'.
- Change initiatives do not necessarily have to be translated into single projects. They may be achieved through a series of interlinked projects.
- Ensure that project activities align with the scope. Be aware that some people may have differing agendas that have not been formally defined in the scope.
- Continually monitor the scope and project actions in relation to it. There may be a need to redefine the scope or bring the project back on track.
- It is often easier to start building a *Project Business Plan* using a small template and build up more detail as clarity emerges. Use dot points to capture the essential information rather than lengthy paragraphs.
- When writing the *Project Business Plan* – do the executive summary last
- If specific sections of the templates are considered to be irrelevant for a particular project, include some text to explain why as any 'information gaps' reduce the value of the document as a whole.
- Revisit the Project Outcomes and Target Outcomes many times during a project as things progress. Confirm that they accurately measure the benefits the project intends to deliver and are still meaningful in the context of the business unit's own performance metrics.

Element 2 Governance

This includes:

2.1 What is project governance?

2.2 Ensuring effective project governance

2.3 The roles and functions of a Project Steering Committee

2.4 Project Steering Committee meetings

2.5 Project management governance models

2.6 Governance of interlinked projects (program management)

2.7 Project Portfolio Management

2.8 Post-project governance

2.9 Tips from project managers.

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

2.1 What is project governance?

Project governance refers to the process by which the project is directed, controlled and held to account.[8] The aim of project governance is to plan and manage the project throughout its life in order to achieve success.

2.2 Ensuring effective project governance

While there is enormous flexibility in developing a governance structure for a project and the roles within it, there are some general principles that should be applied when planning and managing a project:

- It is vital to establish a management structure for the project that identifies the specific players, their responsibilities, accountabilities and the interaction between them for the life of the project. Ultimate responsibility and accountability for the project must be clearly defined, accepted and exercised within the project governance structure by individuals who have the authority, and whose operational roles place them at an appropriately high decision-making level within the organisation.[9] The governance structure – including roles, responsibilities, accountabilities and authority – must be clearly defined, agreed to and signed off by the Project Sponsor and/or Project Steering Committee as detailed in the *Project Business Plan*.

[8] Based on definition of Corporate Governance in Australian National Audit Office, *Corporate governance in Commonwealth Authorities and Companies Discussion Paper*, 1999

[9] Mahoney, J (20 May 2009) Mismatch of Responsibility, Accountability, and Authority Highlights Governance Hot Spots,

- If a Project Steering Committee is required it should include and represent the Business Owner(s) and key stakeholders as appropriate.
- The Project Sponsor and/or Project Steering Committee must consider how (or if) the Project Objectives, Project Outcomes, Target Outcomes and longer term business benefits align with the organisational strategic agenda and direction.
- Status reporting to the Project Sponsor and/or Project Steering Committee should be against the milestones outlined in the *Project Business Plan* and the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*) and should include identified risks and issues for the project.
- The Project Sponsor and/or Project Steering Committee must be committed to providing effective governance until the project's Target Outcomes have been wholly achieved or achieved to a significant extent (this is explained further in *Element 3 – Outcome Realisation (including organisational change management).*
- If necessary, the membership of the Project Steering Committee should change according to the phase or stage of the project to ensure the best expertise and experience are made available.[10]

Project governance structures within and across agencies/organisations are management structures developed specifically for the project and not necessarily a reflection of operational line management structures. Project Team members should have clear, separate responsibilities and accountabilities within the project governance structure that differ from their operational responsibilities and accountabilities Blurring operational and project roles and reporting hierarchies has the potential to:

- negatively influence the project scope by causing confusion about objectives and what is to be done and delivered to whom;
- create stress among the Project Team;
- compromise the project governance structure by confusing reporting responsibilities and authority for project related decisions; and/or
- compromise the successful realisation of the Project Outcomes and business benefits in the longer term.

The project governance structure should be made clear, including how it will operate within the general management structures of the agency/organisation. Even though the structure may be the same or similar, with the same players, the distinction between the project activities (managed through the project governance structure) and normal ongoing business activities should be conveyed clearly. This distinction assists with defining the accountability and reporting arrangements that form the basis of any sound governance model.

Projects funded by the Australian Government usually have a funding agreement that includes processes for decision making, reporting and accountabilities. The Project Sponsor and/or Project Steering Committee should be advised of the terms of any funding agreement as there may be important implications for the project governance processes.

Gartner Inc

[10] Roberts, J., Bittinger, S. (18/09/2006) How to get more value from your Project Steering Committee, Gartner Inc.

2.2.1 Characteristics of an effective Project Sponsor

Ultimate responsibility and accountability for a project's success must be defined clearly and accepted at an appropriately high level within the agency/organisation. The appropriate level is the managerial level that has discretionary control over the bulk of the resources that will be expended in the project's execution. For a large and/or complex project or a program of projects, the responsible and accountable role will generally be held by a member of the senior executive. For small projects, a line manager may fill this role. For the purposes of these Guidelines, this role is called the Project Sponsor.

The Project Sponsor provides the essential link between the sponsoring agency that is seeking to obtain beneficial change through the project and the temporary structure (ie the project) that has been established to create the product or service that is to deliver the desired benefits.[11] It is important to note that this is not a figurehead role and that essential characteristics of this role include:

- Responsible and accountable

  Understands and accepts that the project's success is their responsibility, and truly 'owns' the project from idea to implementation and through to the realisation of the business benefits; they believe the business benefits will be achieved,[12] even if realisation of the benefits will be longer term.

- Visible champion

  Willing to support and defend the project publicly within the larger agency/organisation in the face of opposition from senior colleagues, especially when project funding requires protection or where a high level of organisational change is required.[13]

- Publicly committed

  Consistently supports the Project Manager and the Project Team, including publicly acknowledging effort, rewarding good work and not backing away or distancing themselves from the project when things go wrong or tough decisions are required.

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11 Cooke-Davies, T. J., (2005) The Executive Sponsor – The Hinge upon which Organisational Project Management Maturity Turns?, p.2
Retrieved from: http://www.humansystems.net/papers/Executive_Sponsor.pdf

12 Crawford, L. et al (2008) Governance and Support in the Sponsoring of Projects and Programs, Project Management Journal, 39 (1), pp.43-55
Retrieved from: http://www.uj.ac.za/Portals/11/docs/Governance%20and%20Support.paper.pdf

13 Helm, J., Remington, K. (September 2005) Effective Project Sponsorship: An evaluation of the role of the executive sponsor in complex infrastructure projects by Senior Project Managers, Project Management Journal, 36 (3), pp.51-61

- Strategic and visionary

  Provides business expertise to ensure that the proposed project or program aligns with the corporate strategy and complies with relevant regulations and corporate policy, that the business case is solid from a business perspective, and that the organisation's interests are being served, not someone else's political agenda.[14] Is not afraid to question the project's alignment with the organisational strategic agenda or recommend re-scoping or termination if there is little or no alignment.

- Effective leader

  Respected by stakeholders and seen as credible in the role of Project Sponsor. Has effective communication skills, holds an appropriate level of seniority within the organisation and is willing to use their power and influence (ie political 'savvy' and the right 'connections') to promote the project, often in spite of the agency/organisation's political and cultural realities. Demonstrates courage and a willingness to champion the project within the organisation even in the face of opposition from senior colleagues and resistance to the required organisational change.[15]

- Relationship builder

  Cultivates a good relationship with the Project Manager, characterised by trust, respect and open communication.[16] Can manage up and down and understands the relevant stakeholder groups.

- Balances role requirements

  Balances the requirements of two independent but complementary perspectives, namely the Project Sponsor role and the operational management role, and determine what each particular situation requires.[17]

- Resolves issues

  Has the necessary authority and will to make the required decisions, for example stopping the project if required, or removing an ineffective or obstructive Project Steering Committee member.

- Focused but flexible

  Is clear on the Project Objective and able to provide guidance on priorities, but is flexible on the approach and willing to challenge the Project Team.

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14 Crawford, L. et al (2008) Governance and Support in the Sponsoring of Projects and Programs, Project Management Journal, 39 (1), pp.43-55
Retrieved from: http://www.uj.ac.za/Portals/11/docs/Governance%20and%20Support.paper.pdf

15 Helm, J., Remington, K. (September 2005) Effective Project Sponsorship: An evaluation of the role of the executive sponsor in complex infrastructure projects by Senior Project Managers, Project Management Journal, 36 (3), pp.51-61

16 ibid

17 Crawford, L. et al (2008) Governance and Support in the Sponsoring of Projects and Programs, Project Management Journal, 39 (1), pp.43-55
Retrieved from: http://www.uj.ac.za/Portals/11/docs/Governance%20and%20Support.paper.pdf

- Available

  Assists the Project Manager and Project Team when needed.[18]

Having an appropriate person with the necessary enthusiasm and belief in the project as the Project Sponsor is critical for project success. Ideally a Project Sponsor is self-appointed and has a particular interest in the Project Outcomes.

Many sponsors are appointed to projects without any real analysis of whether the project 'fits' within their area of responsibility. While many usually see their nomination as logical, they are reluctant to accept the role as the project is just one of the 'million things' they are accountable for.[19] The responsibilities and accountabilities of the Project Sponsor should not be delegated because less senior executives usually do not have the status within the agency/organisation to provide the necessary approvals and support or exert the required influence to 'make things happen'.

At the opposite end of the spectrum is a sponsor who becomes too closely involved in the management of a project. While it may be tempting, the Project Sponsor's role is to govern, not manage the work, which means they bear the accountability, but do not have hands-on control[20].

The Project Sponsor oversees the business management and project management issues that arise outside the formal business of the Project Steering Committee. These issues can include the mundane (such as ensuring Project Steering Committee minutes accurately reflect decisions) and the extraordinary (such as representing the project for media interviews).

Usually the Project Sponsor makes an initial determination of the scope of the project and arranges for a *Project Proposal* or *Project Business Case* to be developed. This process may or may not involve the person who is ultimately appointed as the Project Manager.

If a Project Sponsor changes during the course of a project it can cause a loss of focus and may threaten the success of the project. The newly appointed Project Sponsor may not have the same sense of ownership or vision for the project. To minimise potential difficulties in changeover, the previous Project Sponsor and the Project Manager should brief the new Project Sponsor about the strategic context and scope that is defined in key planning documents.[21]

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18 Helm, J., Remington, K. (September 2005) Effective Project Sponsorship: An evaluation of the role of the executive sponsor in complex infrastructure projects by Senior Project Managers, Project Management Journal, 36 (3), pp.51-61

19 Simms, J (2008) What should you expect from your Project Sponsor? Ownership, CIO, http://www.cio.com.au/article/261913/what_should_expect_from_your_project_sponsor_ownership (last accessed 3 February 2010)

20 Value Delivery Management, Project Governance: If Business Project Governance is so easy, how come so many projects fail to deliver to expectations?
Retrieved from: www.valuedeliverymanagement.com/categories/Project-Governance/ (01/06/2009)

21 21 Crawford, L and C Brett, 'Exploring the Role of the Project Sponsor' , UTS Sydney - http://www.projects.uts.edu.au/resources/pdfs/PMINZ2001CrawfordBrett.pdf (last accessed 3 February 2010)

2.2.2 Characteristics of an effective Project Steering Committee

Not all projects require a Project Steering Committee – it will depend on the complexity and nature of the project. Usually the Corporate Client (the high-level champion of the project, who has ultimate authority and who promotes the benefits of the project to the community) and/or Project Sponsor will determine if a Project Steering Committee is required and if so, how large it needs to be. The optimum size of a Project Steering Committee is five to seven people. A Project Steering Committee should be guided by terms of reference that are developed to define the function and role of the Committee.

For Project Steering Committees to work effectively, the right people must be involved and their respective roles and accountabilities must be clearly defined. It is highly recommended that a Project Steering Committee includes the following representatives:

- Business Owner(s) – representing each major business unit that will have responsibility for managing any of the Project Outputs on an ongoing basis

  Confirming who will represent the Business Owner(s) early on will ensure they can participate in the initial clarification of the business problem, refinement of the project scope and development of the Project Outcomes, Target Outcomes and the longer term business benefits that are meaningful in the context of the business unit's strategic agenda.

- Key stakeholders – representing groups that may be positively affected by the project, eg project customer representative.

  Due to the potential conflict of interest, those opposed to the project are disqualified from Project Steering Committee membership and instead should be engaged through reference groups.[22]

- Members – specifically selected for their individual knowledge, skills and specialist area of expertise. These members should remain on the Project Steering Committee even if their role within the agency/organisation changes.
- A member from outside the agency/organisation – to provide a 'reality check' and represent broader government interests.

The Project Manager is not considered a member of the Project Steering Committee and has no decision-making powers.

The Project Steering Committee is expected to 'own' the project rationale and justification that is captured in the *Project Business Case* and expanded in the *Project Business Plan.* Project Steering Committee members should be advocates for the project while representing their particular stakeholder interests.[23] They are accountable to the Corporate Client and/or Project Sponsor for providing the project with effective management and guidance in order to attain the Project Outcomes, and must have the appropriate authority to make the necessary decisions.

Management activities that should be undertaken by the Project Steering Committee include:

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22 Smyrk, J., Sigma Management Science, Primers in Project Management: an integrated glossary of project management terms & definitions, p.32
Retrieved from: http://projectoutcomes.smscience.com/PO%20glossary%202a.pdf

23 Gartner research: 'How to get more value from your Project Steering Committee', J Roberts & S Bittinger, 18 September 2006

- approving the initial Project Proposal or Project Business Case;
- approving the Project Business Plan;
- monitoring progress (not just activity);
- scrutinising the project budget;
- being accountable for risk management activities; and
- assessing, approving or rejecting changes to the scope (as documented in the *Project Business Plan*) as the project progresses.

The Project Sponsor and individual Project Steering Committee members are not directly responsible for managing project activities, but provide support and guidance for those who do manage them. Essential characteristics for Project Steering Committee members include:

- Committed

  Genuinely interested in the project's success, demonstrated by commitment to, and active involvement in, pursuing the Project Outcomes and longer term business benefits.

- Responsible and accountable

  Understands that 'the Project Steering Committee operates above-the-line (see 1.4) and is not involved in producing Project Outputs.' [24]

- An advocate for stakeholder interests

  Understands that the interests and requirements of the stakeholder groups they represent and any corresponding accountabilities, responsibilities, authority and decision-making boundaries. [25]

- Strategic and visionary

  Understands the organisational and strategic context and is willing to question how (or if) the Project Objectives, Project Outcomes and longer term business benefits align with the organisational strategic agenda and direction. Willing to re-scope or terminate the project if there is little or no alignment. Can keep the project scope under control as emergent issues force changes to be considered.

- Willing to adhere to best practice

  Ensures adherence of project activities to professional standards of best practice within the organisation and in a wider context. Applies open and transparent processes, scrutinises the project budget and ensures risk management processes are appropriate.

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24 Smyrk, J., Sigma Management Science, Primers in Project Management: an integrated glossary of project management terms & definitions, p.32
Retrieved from: http://projectoutcomes.smscience.com/PO%20glossary%202a.pdf

25 Australian Government Department of Finance and Administration, (2007) *Gateway Review Process: Lessons Learned*
Retrieved from: http://www.finance.gov.au/gateway/index.html

- Problem solver

  Willing to assist the Project Team by resolving issues, mitigating risks, advocating on behalf of the project and taking necessary action to ensure the project's success.[26] Solution-focused and willing to address problems as they arise.

- Respectful

  Observes professional meeting protocol, resolves project conflicts professionally by reconciling differences in opinion and approach, and provides a safe environment so the Project Manager can speak freely.

A Project Steering Committee should expect high-quality information from the Project Manager and be able to question this information. This could include:

- questioning how (or if) the Project Objectives, Project Outcomes and longer term business benefits align with the organisational strategic agenda and direction; and
- making the hard decisions to re-scope or terminate the project if there is little or no alignment with the organisational strategic agenda.

Relying on a competent and experienced Project Manager does not absolve a Project Steering Committee from its responsibilities and is not a reason to disengage. It may mean that some Project Steering Committee members need to 'learn to ask the right questions' until they 'get the right answers'[27], or seek independent verification of information provided.

In the *Gateway Review Process Lessons Learned* summary the Australian Government Department of Finance and Administration identified that 'the structure, roles, responsibilities, authority and decision-making boundaries and reporting obligations/needs must be clearly documented.' [28] This information should be captured in the Project Steering Committee Terms of Reference.

The effectiveness of a Project Steering Committee can be determined through a self-assessment process, or via feedback from a quality assurance review provided by a third party.

See *2.4* below for further information about Project Steering Committees.

2.2.3 Characteristics of an effective Business Owner

The role of Business Owner is complex and, whether there is one or more Business Owner, their involvement in the project should be continuous:

- from the early conceptual stages and refinement of the project scope and success measures;
- to reviewing and/or testing the completed products (Project Outputs); and
- post-project closure after they have assumed ongoing ownership of the Project Outputs and the benefits are apparent.

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[26] Adapted from www.project-sponsor.com

[27] Norden-Powers, C 'The James Hardie Experience: Another example of failing to ask the right questions?' 2007 http://www.spandah.net/html/s02_article/article_view.asp?id=321&nav_cat_id=165&nav_top_id=69

[28] Australian Government Department of Finance and Administration, (2007) *Gateway Review Process: Lessons Learned* Retrieved from: http://www.finance.gov.au/gateway/index.html

A Business Owner's involvement may be through representation on the Project Steering Committee, reference group(s)and/or working group(s) where appropriate and working in partnership with the Project Manager.

Essential characteristics of a Business Owner include:

- Strategic

  Has long-term vision of the eventual impact of the project on the operational environment of the business unit(s) they represent. This requires their early participation in the initial clarification of the business problem and the identification of the project success measures (ie Target Outcomes) and the desired longer-term business benefits.

- Committed

  Ensures the project scope includes all of the outputs necessary for the realisation of the project's Target Outcomes and the agreed longer-term business benefits. The Business Owner(s) may be required to contribute resources to the project in order to ensure that all required Project Outputs are developed 'fit-for-purpose' in the context of the everyday operational environment.

- Responsible

  Coordinates and implements the required organisational change management within the business environment and ensures the Project Outputs are well integrated into the operational environment after delivery.

  This includes reporting progress of the organisational change to the Project Sponsor and/or Project Steering Committee.

- Accountable

  Manages and maintains the Project Outputs once the project closes, including all ongoing costs and management of any required changes.

The Business Owner is responsible for implementing and coordinating the necessary organisational change management in the business environment; this will facilitate the necessary output utilisation for Outcome Realisation to occur. The Business Owner is also responsible for reporting this organisational change to the Project Sponsor and/or Project Steering Committee. How the organisational change will occur is usually documented in the *Outcome Realisation Plan*, which is effectively the contract between the Business Owner(s) and the Project Sponsor and/or Project Steering Committee to implement the required change management within the business environment. The Project Manager may assist in the development of the *Outcome Realisation Plan*, but it is 'owned' by the Business Owner.

In reality, the Business Owner(s) may not be in a position to execute the *Outcome Realisation Plan* directly, nor manage its execution. While project planning usually includes costs of implementation, relevant Business Owners may be required to contribute additional resources to ensure these tasks are undertaken appropriately (eg coordinating any required working groups, contracting consultants). Depending on the complexity of the change management required, implementation could be regarded as a project in its own right.

It is essential that the Business Owner participates in identifying the project's success measures early in the project planning process. After formal project closure the Business Owner is accountable to the Project Sponsor or their delegate (eg an existing management group nominated by the Project Steering Committee before the project was closed) for monitoring and reporting on progress towards achievement of the project's Target Outcomes, as well as the realisation of the longer term business benefits. They must be satisfied that these measures and metrics are meaningful in the context of the business unit's performance metrics and strategic agenda. The Business Owner is responsible for ensuring the revised measures and reporting requirements are reflected in updated agency or divisional corporate or annual business plans. The operational performance metrics may require further review and updating, once utilisation of the Project Outputs has been incorporated into the day-to-day operations of the business unit.

After the project has been formally closed, the Business Owner is also responsible for ongoing ownership and maintenance of the Project Outputs. This responsibility includes all maintenance costs, as well as ongoing review of problem reporting and management of any required changes ('final tweaking'), and must be considered by the Business Owner early in the project given the obvious implications for forward budget planning and staffing.

In some contexts, output ownership may be split between:

- the Substantive Business Owner – responsible for high-level output maintenance by providing expertise and authoritative content or processes to ensure specific Project Outputs reflect relevant policy and practice; and
- the Operational Business Owner – responsible for the day-to-day management issues and ongoing output maintenance and processes to support stakeholder engagement.

In such situations both the Substantive and Operational Business Owners are accountable for the successful realisation of the longer term business benefits and accountability and reporting lines may need clarifying. Determining who is responsible for meeting the ongoing maintenance costs may require additional negotiation.

2.2.4 Characteristics of an effective Project Manager

The Project Manager is usually the person whom the project will ultimately revolve around, so it is critical to select an appropriate Project Manager. The Project Manager must be adequately resourced and be delegated the appropriate level of authority. They may or may not have been involved in developing the initial project scope and *Project Proposal* or *Project Business Case*.

Essential characteristics of a Project Manager include:

- Responsible

  Understands they are responsible for the delivery of the defined Project Outputs as articulated in the approved *Project Business Plan*, within the agreed parameters of time, cost and quality.

- Relationship builder

  Engages openly, professionally and frankly with the Project Sponsor, Business Owner(s)and/or Project Steering Committee to clarify the Project Objective(s), Project Outcomes, Target Outcomes, Project Outputs and key stakeholders within agreed time, cost and quality parameters. Communicates the project and manages expectations of all stakeholders.

- Scope manager

  Is confident to propose changes to scope as the project progresses and additional clarity emerges. Willing to assess changes to scope proposed by the Project Sponsor and/or Steering Committee members and recommend for or against these changes based on any potential impact on time, cost and output quality.

- Skilled

  Has high-level project management skills.

- An information source

  Provides appropriate information about progress towards achieving agreed Project Objectives and Project Outcomes (not just activity) in reports that are concise and combine clear business language with a careful balance of technical and business information.

- Credible

  Has knowledge of the business area, understands how the Project Outputs will be created and how the Target Outcomes will be realised from the utilisation of those outputs.

- Team builder

  Cultivates an effective Project Team and maintains performance and morale.

For large and/or complex projects or a program of projects, project management knowledge and experience are at least as important as knowledge of the business area(s) in which the project is being run. However, Project Managers should have, or seek to obtain, knowledge of the business area in order to be able to communicate effectively with Project Team members, stakeholders and project customers to ensure that business issues and concerns are addressed.

In some instances it may be necessary to delegate specific responsibilities to particular roles, eg a dedicated Risk Manager or Contract Manager. However, the Project Manager remains accountable for these aspects of the project's management and is required to report relevant issues to the Project Sponsor and/or Project Steering Committee.

A Project Manager can expect the Project Steering Committee to make necessary decisions and provide appropriate guidance as required. For these decisions to occur, the Project Steering Committee requires appropriate information detailing progress towards achieving the agreed Project Objectives and Project Outcomes (not just 'activity'). Reports and information should be concise and combine clear business language with a careful balance of technical and business information, depending on the Project Steering Committee's areas of expertise and knowledge. Knowing that a Project Steering Committee is ineffective does not absolve the Project Manager from their responsibilities and they must still report properly even if difficult decisions are required.

2.2.5 Characteristics of an effective Project Team

The Project Team is led by the Project Manager, working for the successful delivery of the Project Outputs as outlined in the *Project Business Plan* and elaborated in the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*) or other implementation plans. Tasks undertaken by Project Team members include project coordination, administration, stakeholder liaison, communication activities, output development and quality assurance.

Within a Project Team there may be a number of project officers, senior project officers and, depending on the size and complexity of the project, one or more team leaders. The Project Team members may change as the project moves through its various phases. Assessing and selecting people who have the requisite skills for each phase of a project is critical to its overall success. The skills should be explicitly identified as a part of the project planning process.

It is not unusual for a Project Team to be appointed on the basis of availability rather than the specific skills required to undertake the project. Ideally, the Project Team should include at least one person with an intimate knowledge of the business area, and preferably more. It may also be an advantage if one or more Project Team members are novices or inexperienced in the business area, so that fundamental issues are not overlooked or simply taken for granted. Many issues can be uncovered through the process of explaining a project to participants with little background in the area.

It can be a challenge to find the right combination of people with project management, technical and business area skills, let alone people who are able to function effectively as a team for any length of time. Cultivating an effective Project Team is an art in itself, and requires the ongoing attention primarily of the Project Manager, and secondly the Project Sponsor.[29]

Issues to consider include:

- balancing the project's skill requirements against the skill set of staff who are appointed to the project. This can provide significant development opportunities if staff are open to acquiring new skills;
- providing appropriate staff training and development early. This will ensure the project's initial skill requirements are met and can serve to integrate the Project Team;
- providing an environment of continuous improvement for the Project Team. This means budgeting for training and development over the life of the project as skill requirements change and individual skills develop and their capabilities increase;
- maintaining staff performance and morale, including providing supportive feedback on performance. This can be challenging if the project is experiencing problems, delays or negative feedback from stakeholders;
- creating the desired cultural environment within the Project Team's physical environment. This takes time, effort and involvement; and
- integrating contractors and consultants within the team, which may require a different approach.

As projects vary, the roles required, and the tasks and responsibilities within those roles will vary. An analysis of most project roles and related accountabilities, responsibilities and tasks is provided at Appendix 2 Governance Roles, which can be used as a handout to ensure all involved are aware of their responsibilities.

[29] Learnings from the Tasmanian Government Motor Registry Replacement Project.

2.3 The roles and functions of a Project Steering Committee

The primary function of a Project Steering Committee is to take responsibility for the business issues associated with a project, including having ultimate responsibility for ensuring appropriate risk management processes are applied. Members of a Project Steering Committee ensure these issues are being adequately addressed and the project remains under control. In practice, these responsibilities involve seven main functions:

1. approving changes to the project scope and its supporting documentation;
2. monitoring and reviewing project progress against agreed parameters as defined in the Project Business Plan;
3. assisting the project when required;
4. resolving project conflicts, issues and risks;
5. formally accepting Project Outputs;
6. confirming Outcome Realisation; and
7. ensuring the criteria for formal project closure have been satisfied.

For a large or complex project, an effective Project Steering Committee is crucial for the project's success. *Appendix 3 Steering Not Rowing: A Charter for Project Steering Committees and Their Members* emphasises the important role that Project Steering Committee members play in a project, both individually and collectively. It is intended as a guide for Project Steering Committee members to ensure they are aware of their responsibilities.

2.3.1 Approving changes to project scope

The Project Steering Committee is responsible for approving the project scope as defined in major project documentation, such as the *Project Business Plan*, in relation to:

- clarification of Project Objective(s), Project Outcomes, Target Outcomes and business benefits;
- budget and human resources (cost);
- Project Outputs and related 'fitness-for-purpose' (quality) criteria;,
- schedule (time);
- risk minimisation strategies; and/or
- project management and quality assurance methodologies.

Changing or emerging issues may require the project scope to be adapted to ensure that the original or modified Project Outcomes and/or business benefits can be achieved. The Project Steering Committee is responsible for approving or rejecting these changes and for ensuring that additional resources are provided for incorporating these changes if required. To do so, the Project Steering Committee requires sufficient information to understand the implications of the requested change and the extent to which the original project parameters are affected and require adjustment.

Any major changes to the project scope should be considered on the basis of the following information prepared by the Project Manager in support of a proposed change:

- nature and reason for the variation;
- effect of the change on the agreed Project Objective(s), Project Outcomes, business benefits, Project Outputs (ie type, quantity and quality), budget and schedule;
- revised *Project Business Plan*, if appropriate; and
- suggested actions for the Project Steering Committee to consider.

2.3.2 Monitoring and reviewing the project

The Project Steering Committee reviews the status of the project at least at the end of each phase and determines whether the Project Team should progress to the next phase.

This can be done by a formal *Project Phase Review Report* or a simple summary of issues and learnings gathered from the previous phase.

The review focuses on major project documentation and any variations in the key components such as Project Outcomes, business benefits, critical milestones, risk, costs and output quality.

2.3.3 Assisting the project when required

The Project Steering Committee assists the Business Owner(s) and Project Manager to complete the project by ensuring the project is adequately resourced and has the backing of people with an appropriate level of authority.

Project Steering Committee members should be active advocates for the Project Outcomes, the related business benefits and help facilitate broad support across the organisation.

If Project Steering Committee members represent the interests of some or all stakeholder groups, they should ensure that the interests of these stakeholders are considered. They may also help illustrate to stakeholders how the project serves these interests.

At times, outside of Project Steering Committee meetings, the Project Team may also seek the particular knowledge or experience of individual Project Steering Committee members.

2.3.4 Resolving project conflicts

Project conflicts can arise from conflicts in resource allocation, output quality and the level of commitment of Project Stakeholders and related projects.

The Project Manager is generally the first reference point for resolving problems and can resolve most internal project problems.

Problems arising that are outside the control of the Project Manager are referred to the Project Sponsor or Business Owner(s) for resolution, but there may be occasions when the Project Steering Committee is asked to assist in resolving such disputes.

2.3.5 Formally accepting Project Outputs

Following review and/or acceptance by the Business Owner(s), the Project Steering Committee is responsible for formally reviewing and accepting Project Outputs. The Project Steering Committee must be confident that the Project Outputs satisfy 'fitness-for-purpose' requirements and that the intended stakeholders are competent to utilise the outputs as intended. It is recommended that the handover of Project Outputs to the Business Owner(s) is documented formally, either in the *Outcome Realisation Plan* or in a separate document specifically intended to confirm output handover (*Handover Plan*). Either plan should be formally endorsed by the Project Steering Committee. Once the Project Outputs have been accepted by the Project Steering Committee, any changes must be formally approved formally.

To achieve this, Project Steering Committee members must have a broad understanding of project management concepts and the specific approach adopted by the Project Team.

2.3.6 Confirming Outcome Realisation

Responsibility and accountability for realising the Project Outcomes rests jointly with the Project Manager and the Business Owner(s) in that successful Outcome Realisation requires:

- delivery of specified Project Outputs that are fit-for-purpose according to criteria defined in partnership with the Business Owner(s);
- acceptance of the Project Outputs by the Business Owners(s), including any ongoing maintenance requirements;
- necessary organisational change management in the business environment to facilitate appropriate output utilisation; and
- measurement to confirm the agreed project Target Outcomes have been wholly achieved, or achieved to a significant extent that is considered sufficient to close the project formally.

After formal project closure, the Business Owner(s) is usually accountable to the Project Sponsor or their delegate(s), who may be a senior manager in the agency/organisation, for reporting on the realisation of the agreed longer term business benefits. This reporting will usually require the business unit's relevant performance measures to be revised based on the agreed project Target Outcomes and longer term business benefits, and updating of agency or divisional corporate or annual business plans. Reporting lines and requirements may also need to be updated post-project.

The Project Steering Committee must formally confirm each of these steps through:

- acceptance of formal documentation (eg the *Outcome Realisation Plan*, *Handover Plan*);
- confirmation from the relevant reference/advisory group or a report from the Business Owner(s); and/or
- appropriate detail in the Project Steering Committee meeting minutes.

2.3.7 Confirming Project Closure

In order to close the project formally and disband, the Project Steering Committee must be satisfied that the following criteria have been met:

- Business Owner(s) have accepted Project Outputs and related maintenance requirements.
- Responsibility for delivery of any outstanding Project Outputs is clarified and accepted (may be detailed in separate *Handover Plan*, but requires restating in the *Project Closure Report*).
- The Project Steering Committee is satisfied and has confirmed that the Target Outcomes have been wholly achieved, or achieved to a significant extent.
- Outstanding issues have been resolved or allocated for resolution.
- Outstanding project risks have been resolved or allocated for resolution.
- Project Team disbandment has been confirmed.
- Outstanding budget issues have been resolved or allocated for resolution.
- Project assets have been redeployed or issue(s) allocated for resolution.
- Post-project responsibilities have been defined and allocated.
- Post-project review or evaluation has been completed and assessed or allocated for completion and recipient of report confirmed.

Projects can be closed once they are completed successfully, or if it is clear the proposed benefits of the project are unlikely to be attained or are unlikely to be relevant in the current organisational context.

2.4 Project Steering Committee meetings

A Project Steering Committee meets regularly throughout the course of a project to keep track of issues and project progress. The Project Manager should attend these meetings to be a source of information for Project Steering Committee members and to be kept informed of Project Steering Committee decisions. Ideally, the Project Sponsor should chair the Project Steering Committee meetings. A Project Steering Committee meeting may cover the following agenda:

- introductory items, such as:
  - apologies
  - minutes from last meeting
  - matters arising from minutes;
- *Project Business Plan* issues – amendments, revisions or arising related issues;
- project management issues, including progress reports and reports from consultants;
- important issues at the time of the meeting, such as a budget committee submission, proposed tendering arrangements, sign-off of functional requirements, related projects;
- review of actions arising from previous Project Steering Committee meetings – it may be useful to keep a formal list of these actions, in order to track them effectively;
- plans for the next meeting.

The Project Steering Committee has responsibility for the project until the project's Target Outcomes are wholly achieved, or achieved to a significant extent that is sufficient for the Project Steering Committee to close the project formally. The longer term business benefits are not usually secured until after the Project Manager and Project Team have completed their involvement and the project has been formally closed.

2.5 Project management governance models

Project management governance models will vary depending on the size and complexity of a project. The model can be modified to allow for diverse corporate cultures and project constraints. For example, for some projects it may be appropriate to collapse or combine some of the requirements into a single function, person or document.

2.5.1 Small projects

For smaller projects a complex structure is unnecessarily unwieldy and duplicative. For a small project within a single business unit (usually managed as part of a number of small projects),\ the governance structure may only involve the Project Sponsor/line manager (who is also the Business Owner) and the Project Manager, as shown in Figure 8 – below.

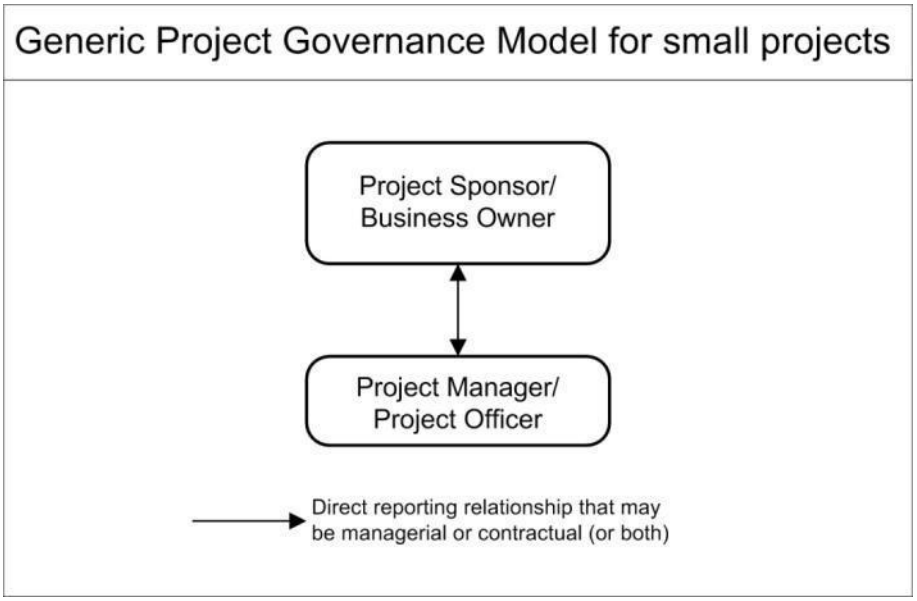

Figure 8 – An example project governance model for a small project

Although the Project Sponsor may also be the line manager, their project responsibilities and accountabilities should relate to the project management, not to line management, ie they should wear a different 'hat' depending on the decision-making that is required.

2.5.2 Small to medium-sized projects

For a small to medium-sized project, with stakeholders primarily within a single business unit, an appropriate governance structure might be:

- Project Sponsor – divisional director responsible for business unit
- Business Owner – manager of business unit
- Project Manager and Project Team – nominated staff from business unit
- Independent Quality Reviewer – employee from a related business unit

2.5.3 Large projects

For larger, more complex projects the governance model will be more intricate and include responsibility and accountability requirements and a range of stakeholders. In the case of a program of projects, a cascading model is sometimes used to show the complex governance arrangements. Figure 9 below presents a generic project governance model as an example. It includes most entities and indicates some of the ways they would be most likely to interact.

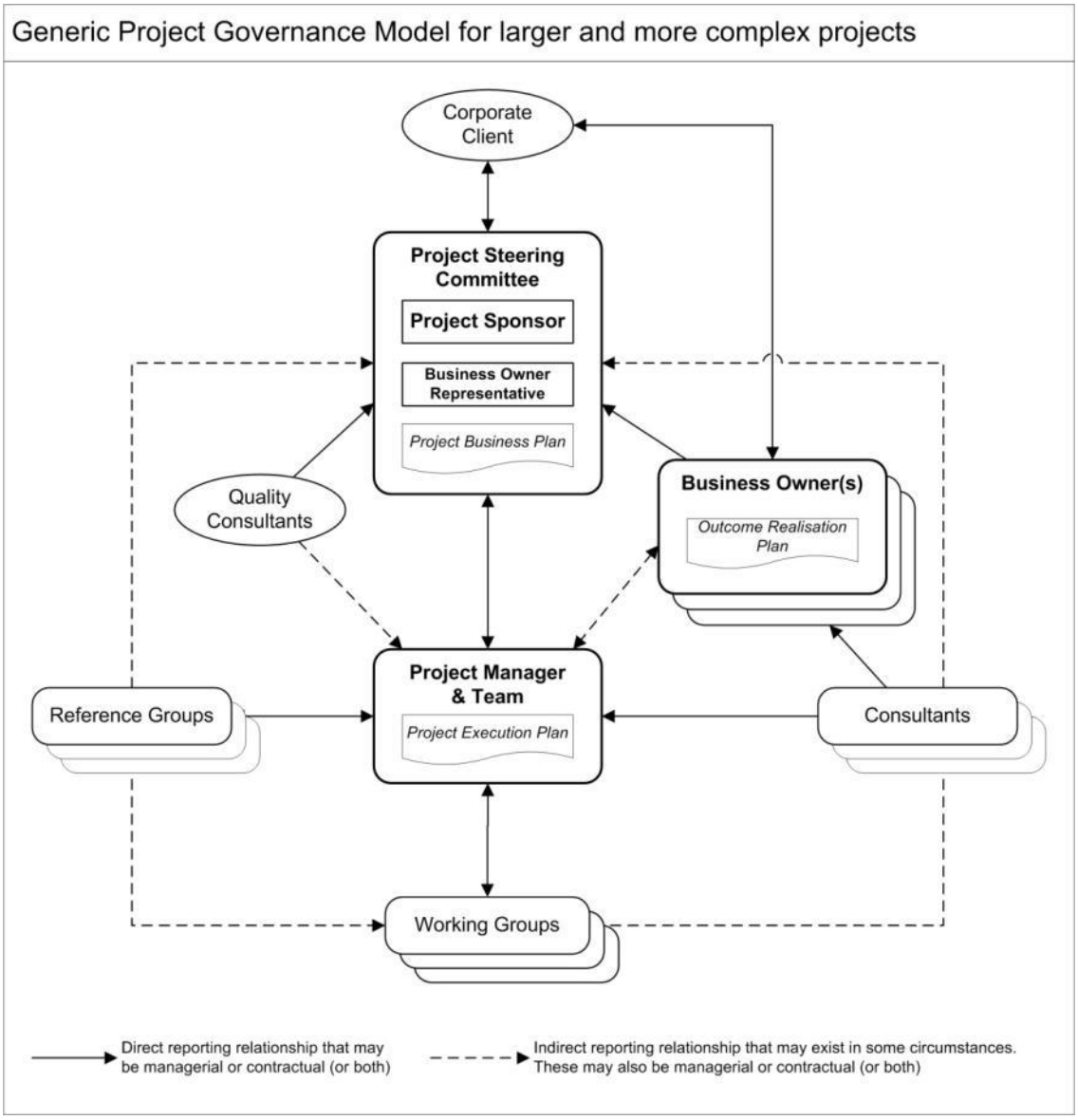

Figure 9 – A generic project governance model for larger, more complex projects

As projects evolve, their governance models may change. For example, Project Team members, working groups and/or reference groups may move in and out of the immediate governance sphere of the project as the nature of the project tasks change.

2.6 Governance of interlinked projects (program management)

Program management is the term used to describe a group of related projects that are managed in a coordinated way, usually with an activity that is ongoing, and has an overall *Program/Project Business Plan*. To maximise the use of available resources, effective program management requires projects to be selected based on their alignment with the program strategic agenda. In this context, projects are often critical interdependent components of an organisation's business strategy or relate directly to policies and initiatives of government. Managing projects in a coordinated way, as a program, enables additional benefits to be delivered to the organisation that would not be possible if the projects were managed independently.

A single governance structure may be used for multiple related projects or a program of projects. A core Program Sponsor and Project Steering Committee responsible for overall outcomes is recommended. The governance structure may largely be stable for all of these projects (for example, the same Project Sponsor, Project Steering Committee members, single reference group, the same Quality Review Consultant across all sub-projects) or be quite different for each sub-project. In these cases, the set-up will be largely dependent on stakeholder diversity among sub-projects, project size, and the differences or similarities in the nature of the sub-projects.

When drawing a project governance model, it is tempting to try to include project relationships as well (for example, sub-project breakdown). While it is useful to document these relationships diagrammatically, they should be recorded in a separate diagram, or using a cascading model.

The main requirement is to ensure that the governance models for programs of projects, and the projects within them, are clearly defined in the high-level *Project/Program Business Plan,* including clear delineation of the roles, responsibilities, accountabilities and reporting requirements.

2.6.1 Understanding project/program integration

When there are programs of related projects, or large and/or complex projects divided into integrated sub-projects, it is important to define:

- the type and nature of the relationship between the projects. Questions that could be posed include :
  - Is a related project dependent on this project?
  - Is this project dependent on another project?
  - Are this project and another interdependent (ie dependent on each other)?
- the nature of the dependency (ie may include a shared relationship with data, functionality, staff, technology/infrastructure, funding, policy and/or legislation)
- the interdependency management processes to be applied In other words, how will representatives of related projects be involved in project planning, and how will critically related activities be monitored and managed?

According to AS ISO 10006-2003 Quality Management Systems Guidelines for Quality Management in Projects, interdependency management processes may include:

- project initiation and project planning – evaluating customer and other stakeholder requirements, preparing a *Project Business Plan* and initiating other processes;
- interaction management – managing the interaction during the project;
- project change management and control – anticipating change and managing it across all project processes; and/or
- closure – closing processes and obtaining feedback.

The management of related and/or dependent projects can be demonstrated in the *Program/Project Business Plan* by including appropriate cross-referencing to relevant sections such as assumptions and constraints, stakeholder management, quality management and risk management.

2.6.2 Understanding interlinked projects

A series of interlinked projects is less risky than one larger one, for several reasons:

- Dividing the change initiatives into smaller areas of action reduces complexity.
- It is easier to produce identifiable outputs and outcomes from small projects, which can be used to feed into later projects, ie even if the full objectives of the change initiative are not met, identifiable achievements are met.
- It can be easier to respond to changing or unanticipated circumstances, as individual projects have a much shorter life and new or emerging issues can be pursued through the planning stages of future projects.
- It allows for substantial learning, which is integral to many change initiatives, but is not always well supported.

One possible risk of this approach is that those people involved with a series of projects may lose sight of the broader objectives of the change, or simply not achieve them. Sometimes major change initiatives are translated into single projects; however, structuring as one large project has a very poor record of success. Large, ongoing projects commonly do not achieve their intended objectives.[30] Project Managers should be aware that this approach is likely to involve substantial problems, and projects are extremely unlikely to be delivered on time and within budget.

Carefully coordinating a series of projects – either by linking them through an overarching project or program, or carefully coordinating them with strategic planning processes – can mitigate this risk. Related projects may be coordinated by organising them as sub-projects in a larger project. This linking is suitable when the objectives and tasks involved with each sub-project are relatively well understood, but it is less suitable with projects involving substantial innovation, negotiation or complex issues that are not clearly understood.

Alternatively, the projects may be viewed as products of a continued strategic planning process, which is recognised as an emergent process. This approach is more suitable for projects involving innovation, negotiation and complexity that cannot be adequately anticipated up-front. The strategic planning process should include key stakeholders involved with the project, and be a carefully managed, ongoing activity that reviews past progress as well as future directions. If strategic planning is viewed as a one-off or periodic exercise for senior managers, or focuses only on longer term time horizons, there can be little relationship between strategic planning and project management processes.

The latter approach, focusing on the close relationship between strategic planning processes and projects, can result in a more effective implementation of planned change initiatives. However, strategic planning processes are outside the scope of project management. If these processes are non-existent, or not effectively in place, those project participants involved in planning the change initiatives might find it easier to obtain commitment (ie funding and resources) if they can define set deliverables, timeframes and activities. In this case, carefully coordinating a series of projects or sub-projects would be more appropriate for managing emergent or unanticipated issues. As with many project management decisions an adequate appreciation of the project context is crucial.

[30] Orr, Ken (2004) *Pushing the envelope: managing very large projects*. Arlington, MA: Cutter Consortium, 2004

2.7 Project Portfolio Management

Project Portfolio Management is the management of prioritised projects or programs of projects within an agency, business unit, across government or organisation. It is a dynamic process requiring reprioritisation, as necessary, to meet changing business requirements and/or emerging opportunities. Project Portfolio Management usually refers to the management of a portfolio of projects with a large investment in IT. The focus is on effective planning processes to achieve value from alignment with business investment strategies. While the discipline of project management remains focused on delivering individual projects successfully, Project Portfolio Management focuses on delivering programs of projects successfully.

In the government context, the strategic agenda of a department is usually represented in the portfolio of corporate, business and operational activities. Strategic initiatives are often clustered into portfolios of programs and projects for implementation. An individual portfolio area, for example, may include various 'major' projects, ongoing operational programs and programs of projects. The program level could include several programs, each comprised of a number of major projects (small and large). At the project level, large and complex projects are often 'chunked up' into sub-projects to achieve the broader project objectives.

At each level in the hierarchy, achievement of the respective Project Objectives and Project Outcomes individually and/or collectively contributes to the achievement of the higher order agenda(s) and ultimately to the realisation of the departmental strategic vision and/or mission. This structure is presented visually in Figure 10 – below.

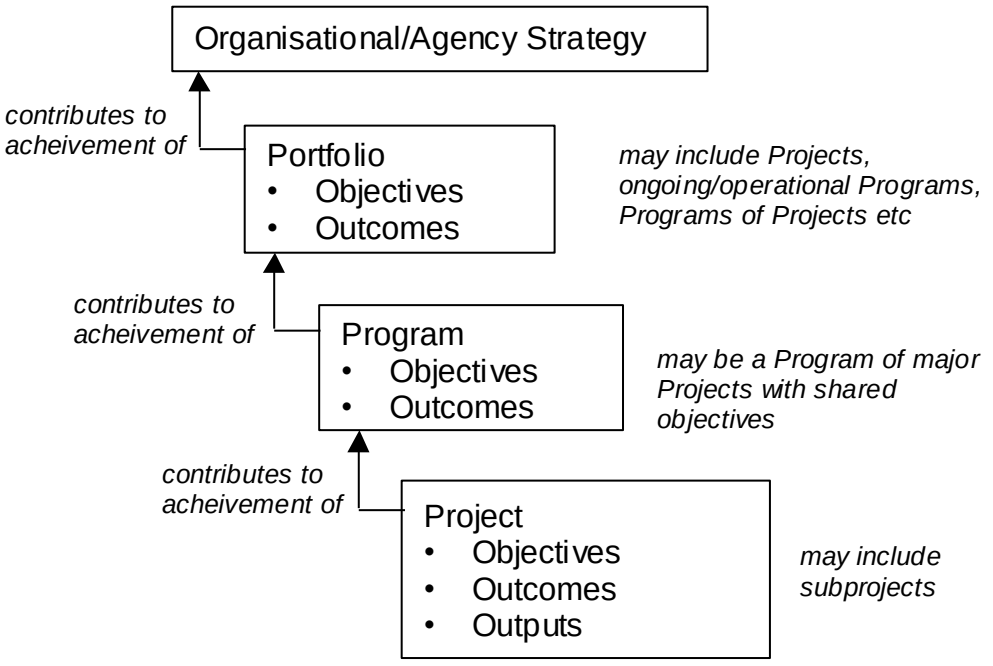

Figure 10 – Relationship between departmental strategic agenda and portfolio, Program and Project Objectives and Outcomes

Gantthead.com[31] suggests that best practice in this area involves the agency/organisation establishing mechanisms to manage both the approval/prioritisation of projects and the coordination of project delivery. The agency/organisation adopts a formal process for tracking project processes from inception to completion or cancellation. Several Tasmanian Government agencies are moving towards this model, particularly with regard to projects with a major ICT component. Project Portfolio Management tools are available to support this process; however, the governance processes that the agency/organisation employs to manage its projects must be examined, and potentially reengineered, before any tools are investigated. The key to effective Project Portfolio Management is governance and the maturity of an organisation as demonstrated by its ability to close down poorly performing or redundant projects.

2.8 Post-project governance

Post-project governance arrangements should be detailed in the *Outcome Realisation Plan* for the project. While this will include identifying the Business Owners and roles and responsibilities, it will also reflect the operational management structures of the business unit or agency/organisation to which the project is delivering its outputs.

Post-project governance arrangements will be more complex if the project delivers to more than one agency and/or is a whole-of-government project. It may be determined that a governing body will need to be established to reflect this complexity if an existing body is not appropriate. This governing body will not be the Project Steering Committee, but should be a governing body that reflects the new post-project environment with new terms of reference. It may be appropriate for some former Project Steering Committee members to become members of this new governing body, but their roles and responsibilities will be different to those reflected within the project's governance structure.

In textbook examples, the realisation of Project Outcomes occurs shortly after the Project Outputs have been handed over to the Business Owner, meaning the Project Sponsor and/or Project Steering Committee can formally close the project. This situation rarely occurs in reality.

In some cases, once Project Outputs have been delivered to, and accepted by the Business Owner(s), early measurement can confirm whether the agreed Target Outcomes are 'on track' to being wholly or substantially achieved within a reasonable period of time (eg six months). In this instance the role of the Project Sponsor and/or Project Steering Committee is extended six to nine months until the data confirms achievement of the Target Outcomes and the project is formally closed.

In many cases, however, realisation of Project Outcomes will be incremental and not wholly achieved for months or even years (delayed Outcome Realisation). This notionally extends the Project Sponsor and/or Project Steering Committee's responsibility for the project long after the Project Outputs have been handed over. In practical terms, this extension is not realistic or sensible, and a two stage approach to project closure should be adopted:

- Closure Stage 1 – when the Project Team disbands after the Project Outputs have been delivered to, and accepted by, the Business Owners, and
- Closure Stage 2 – when the Target Outcomes have been achieved.

[31] Benchmarking and Best Practices primer
www.gantthead.com/Gantthead/content/whitePapers/Benchmarking_and_Best_Practices_Primer.doc(Accessed April 2008)

In the first stage of closure, the Project Team is disbanded, which means the role of the Project Manager is fulfilled. The Business Owner(s) is now accountable to the Project Sponsor(s) or their delegates, who may be an existing senior management committee in the agency, for reporting progress towards achievement of the project's Target Outcomes.

It is advisable to revise the business unit's relevant performance measures at this time as these were used to provide baseline information for quantification of the project's Target Outcomes. Given the business improvement delivered by the project, these measures will need to be revised to ensure the longer term business benefits are confirmed and tracked on an ongoing basis. Agency or divisional corporate or annual business plans will also require updating, reporting lines may require clarification and forward budget planning may need to be reassessed to accommodate any ongoing maintenance costs and staffing issues

This situation requires an **alternative governance model** where the Project Sponsor nominates appropriate persons – such as an existing senior or executive management committee – to take responsibility for receiving Outcome Realisation progress reports from the Business Owner(s) until output maintenance is operationalised and reporting is subsumed into the standard business or corporate reporting procedures for the unit/agency. In this case, the designated Business Owner(s) must formally accept responsibility for the ongoing monitoring and reporting of progress against the realisation of the Project Outcomes to the delegated person/committee (see Figure 11 below).

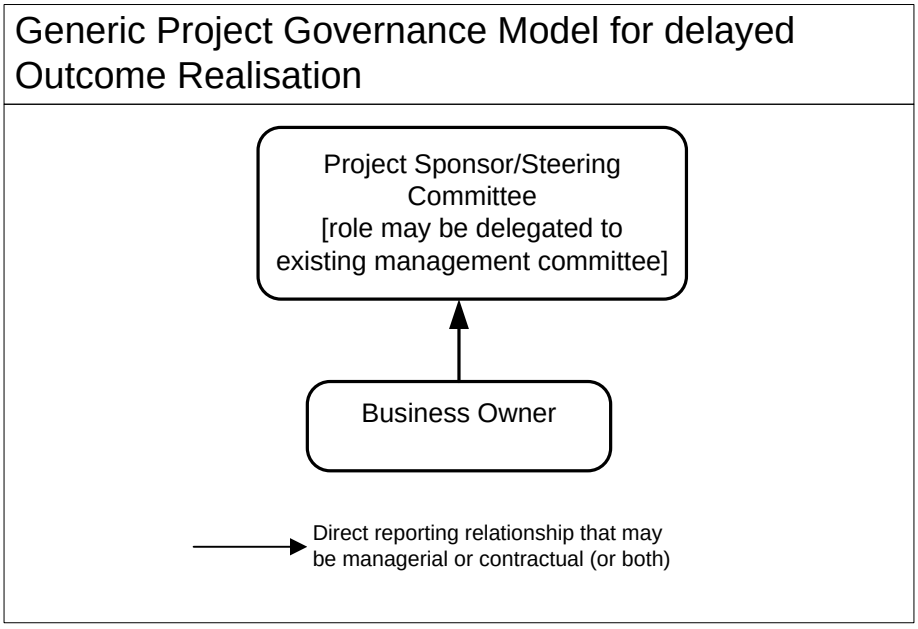

Figure 11 – Generic project governance model for delayed Outcome Realisation

2.9 Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- A high-level Project Sponsor may initially imply that the project has high priority within the agency/organisation, but it may be difficult to engage them as they are very busy. The result may be that the project will not receive adequate support and advocacy in the long term.
- Don't always rely on the same pool of people for Project Steering Committee membership – many equally skilled and capable staff would thrive given the opportunity.
- Different governance structures may be required for the project at different points.
- Involve the Business Owner(s) early in the project planning. Gaining their early commitment to the project will assist in defining and refining target measures that are meaningful in the operational environment. It will also go a long way to ensuring they understand what level of organisational change is required to ensure appropriate output utilisation and that it is their responsibility to achieve such change.
- An effective Project Team will 'work hard' and 'play hard', including the Project Manager.
- What each role is called is not as important as the who, what, when, why and how of the decisions.

Element 3 Outcome Realisation (including organisational change management)

This includes:

3.1 What is Outcome Realisation?

3.2 Planning for Outcome Realisation

3.3 Organisational change management

3.4 Outcome Realisation planning documents

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

3.1 What is Outcome Realisation?

Once a project delivers its outputs to the Business Owner(s), these outputs must be utilised by the project customers in the intended way to enable the Project Outcomes to be realised. This stage of the project is referred to as 'Outcome Realisation' and specific planning and management is required for this to occur successfully.

In the context of a project, planning for the achievement or realisation of the Project Outcomes also relates to planning for organisational change. Projects are all about change and almost always involve people and relationships. Information in this section is closely related to stakeholder engagement planning, which is detailed in *Element 4 – Stakeholder engagement*.

While organisational change management is a substantial discipline in its own right, it is closely linked to the discipline of project management. In order for a project's Target Outcomes to be achieved, Project Outcomes to be realised and longer term business benefits secured, organisational change is often required.

3.2 Planning for Outcome Realisation

John Smyrk, Sigma Management Science Pty Ltd[32] refers to three factors that determine outcomes. These factors are:

- the quality (fitness-for-purpose) of the Project Outputs,
- the predisposition of the project customers, and
- the external influences.

This means planning within the project for Outcome Realisation should consider:

- output quality management – how the project can exert control to ensure Project Outputs are fit-for-purpose and meet the defined business needs;

[32] John Smyrk, Sigma Management Science http://sigmafield.com.au/sigma/

- management of change during the project – how the project can influence the predisposition of the project customers (eg to encourage stakeholder output utilisation); and
- risk management planning – how the project can implement mitigation actions to minimise the negative effects of any external influences.

As described in *Element 10 – Project review and evaluation*, some time after the Project Outputs have been delivered the project will be evaluated to assess the extent to which Target Outcomes were achieved. Planning for Outcome Realisation should commence early in the project and the related documentation should ensure that:

- the links between the Project Objectives, Project Outcomes, Target Outcomes, Project Outputs and stakeholders are confirmed;
- the final phases of the project are managed in a satisfactory manner including output handover and acceptance by the Business Owners;
- the success of the Project Outputs are assessed and corrective action performed if required;
- the level of organisational change required for successful transition (ie to ensure appropriate utilisation of the Project Outputs in order to realise the Project Outcomes) is correctly planned and implemented;
- the Business Owner(s) commit to managing and maintaining the outputs in a quality manner;
- the long term output maintenance processes, responsibilities and costs are understood and accepted by the Business Owners; and
- the project's Target Outcomes are wholly achieved or achieved to a significant extent, prior to the Project Sponsor and/or Project Steering Committee formally closing the project.

Depending on the scale and complexity of the project, this information may be captured in an *Outcome Realisation Plan, Benefits Realisation Plan* or presented separately in a combination of some or all of the following documents:

- Handover Plan
- Output Management Plan
- Organisational Change Management (or Transition) Plan
- Training Plan

The development of these documents is explored more in *Section 1, Part 8 – Project management documentation*.

Business Owner(s) for each of the high-level Project Outputs must be identified as part of the INITIATE phase of a project and included within the project governance structures. This information should be confirmed in the *Project Business Plan* and endorsed by the Project Sponsor and/or Project Steering Committee as soon as practicable. The Business Owner(s) are responsible for ongoing management of the Project Outputs once delivered, the realisation of the outcomes from the use of these Project Outputs and subsequent flow of longer term benefits to the organisation. Their ongoing responsibilities are detailed in the *Outcome Realisation Plan.*

It is important that the project provides the Business Owner(s) with information relating to any ongoing cost implications associated with output maintenance (including service requirements, warranties, licence renewals, annual contract fees or service level agreements) so forward budget planning estimates can be adjusted. When planning for Outcome Realisation begins, there may need to be some negotiations to clarify which costs will be covered by the project and which are the responsibility of the business or agency into which the project is delivering its outputs.

3.2.1 Measuring Outcome Realisation

Measuring Outcome Realisation involves using agreed indicators (ie Project Outcomes and Target Outcomes) to confirm the achievement of the Project Objective. Project Outcomes are the benefits or disbenefits that will be realised from the utilisation of the Project Outputs delivered by the project. They should be plausibly connected to utilisation of the Project Outputs and where possible defined in measurable terms (eg improved, reduced, increased, maintained). The Project Objective should be conceptually represented by the Project Outcomes and quantified by the measures proposed in the Target Outcomes; if the Target Outcomes are achieved then the Project Outcomes have been realised and the Project Objective(s) have been met.

Each Project Outcome should have one specific Target Outcome as its quantifiable measure that can be used as evidence that the Project Objective has been achieved. Larger projects will have more but it is not recommended to target more than about five for measurement. Target Outcomes are usually developed during the initial scoping of the project, but can be specified during Outcome Realisation planning activities. The Project Outcomes and Target Outcomes will require review during the project to ensure they remain relevant to the business area's strategic agenda. The measures must not be significantly subject to events beyond the control of the project and the data must be available in the short and long term.

This information is captured in the approved *Project Business Plan* along with relevant performance indicators, measures to be used, baseline data, target levels, target dates and accountabilities. Specification using SMART goals (specific, measurable, achievable, realistic and timeframed) is recommended. This is demonstrated in Table 4 below.

Target Outcome	Performance Indicator	Measure	Baseline	Target Level	Target Date	Accountability
The measurable benefits that are sought from undertaking a project (ie what we want to achieve)	A description of the type of change that will indicate performance towards the achievement of the Target Outcomes	The actual mechanism for measuring the level of the performance indicator	The current level of the performance indicator as at [date]	The targeted level of performance (ie how success is defined	The date by when the target levels are to be achieved	Who is accountable for the achievement of the targeted outcomes and reports on the progress towards the target?

Table 4 – Sample Outcome Realisation data for the *Project Business Plan*

The project should not be formally closed unless there is sufficient evidence for the Project Sponsor and/or Project Steering Committee to agree that the Target Outcomes have been achieved, or progress is evident. For many projects, evidence that the Target Outcomes have been achieved is available before formal project closure and an assessment of Outcome Realisation is possible.

For many larger projects, where the realisation of outcomes is an iterative process that occurs over time, a two-stage approach to closure is recommended. Where formal closure is deferred until evidence of Outcome Realisation is available, it is strongly recommended that the Project Sponsor and/or Project Steering Committee reconvene at an agreed appropriate time after the first stage of project closure to sign-off on evidence indicating progress towards Outcome Realisation and securing of the business benefits. This recommendation assumes that the high-level Business Owner is represented on the Project Steering Committee.

3.2.2 Defining Roles and Responsibilities for Outcome Realisation

Business Owners

At least one Business Owner must be identified for every project no matter what the size of the project. In smaller projects this will often be the same person as the Project Sponsor.

Depending on the nature of the Project Outputs, a collaborative model of ownership may be required that separates responsibility for the infrastructure component of the output (ie the 'Operational' Business Owner) from responsibility for the policy component of the output (ie the 'Substantive' Business Owner of specific expertise and/or authoritative content or processes). The two levels of ownership are interdependent as both are required to ensure the operation of the Project Output reflects relevant policy and practice and its longer term management is sustainable.

The Business Owner(s) has ultimate accountability for ensuring that the *Outcome Realisation Plan* is developed and implemented. Often, in reality, the initial draft will be prepared by the Project Manager in consultation with the Business Owner and Project Sponsor. The Business Owner also monitors the progress and effectiveness of the plan, as they will ultimately reap the rewards of a successful project once the Project Outcomes are realised.

The Business Owner is responsible for reporting progress against Outcome Realisation after formal project closure. Formal project closure occurs when the Project Sponsor and/or Project Steering Committee can be satisfied that the Target Outcomes have been achieved. The Business Owner is also responsible for budgeting for both the organisational changes required to ensure the outputs are appropriately utilised and the ongoing maintenance once the Project Outputs are delivered.

At times Project Sponsors and/or Project Steering Committees might request ongoing status reporting during the project implementation phase, not only from the Project Manager but also the Business Owner in relation to progress against outcome realisation.

Project Sponsor and/or Project Steering Committee

The Project Sponsor and/or Project Steering Committee is responsible for ensuring an *Outcome Realisation Plan* is developed and for subsequently endorsing it. They are also responsible for ensuring an effective *Project Business Plan* – that will form the benchmark for the development of the *Outcome Realisation Plan* – is in place throughout the life of the project. Without a fully developed *Project Business Plan* which clearly specifies the Project Objective(s), Project Outcomes, Target Outcomes and measures, it becomes very difficult to develop a meaningful *Outcome Realisation Plan*. In the absence of an endorsed robust *Project Business Plan*, the development of a detailed *Outcome Realisation Plan* for endorsement can be seen as a remedial measure.

Project Manager

The Project Manager is responsible for:

- ensuring the project scope adequately details the planned Project Outcomes, Target Outcomes and performance measures;
- ensuring the customers who will use the outputs are identified and that it is clear how the Project Outputs will be used to generate the Project Outcomes;
- ensuring there are fitness-for-purpose criteria for the planned Project Outputs in relation to achievement of the Target Outcomes;
- continual monitoring of the project to identify any changes to the scope that will affect the final Project Outputs delivered and to quantify any likely impact on the proposed Project Outcomes, Target Outcomes and Project Objective; and
- ensuring that the Business Owner(s) has assistance to develop the initial *Outcome Realisation Plan.*

While the Project Manager's responsibilities are completed after the Project Outputs are delivered and accepted, it is advisable to make sure that planning for how the Project Outputs are managed (and who will be responsible for coordinating the transition and operationalisation process) is carried out much earlier than when output delivery occurs.

Project Team members

The other Project Team members can assist with the development of the *Outcome Realisation Plan*, particularly if they are the people who will be involved in the management of the Project Outputs once the project closes.

Project Stakeholders

Project Stakeholders must have input into the *Outcome Realisation Plan,* especially if they are members of the business unit/agency that will be affected by the changes.

3.3 Organisational change management

Organisational change management is about managing the realignment of an agency/organisation to meet the changing demands of its business environment as the Project Outcomes are realised. It is a continuous process – a program, not a single event – and includes managing changes to the organisational culture including people, business processes, physical environment, job design/responsibilities, staff skills and knowledge, as well as policies and procedures.

3.3.1 Clarification of terms

It is easy to confuse organisational change management with the term 'change management'. Management of organisational change is sometimes referred to as change management, a term that can cause confusion in project management circles because it has other possible interpretations, for example:

- In projects, it can refer to the formal method of managing requests for change that may affect the scope of the project.
- In projects with an IT systems component, 'change management' refers to specialised procedures for managing technical change.

- In re-engineering projects, 'change management' can imply replacement of the current managers.

3.3.2 Planning for organisational change

Successful organisational change is essential for Outcome Realisation; change of some kind must occur in order for Project Outcomes to be realised by the agency/organisation. In this context, planning to achieve Project Outcomes relates to planning for organisational change to prepare the business areas for the new operational environment that will exist when the Project Team has handed over the Project Outputs, the team has been disbanded and/or the project is closed.

While changes are often monitored during project implementation, in the past not enough attention has been paid to managing organisational change once the project is closed. For changes to be effective and the full benefits achieved on an ongoing basis, it is important to plan for and manage organisational change – both before, during and after the project.

Very few projects are carried out in isolation in an agency, organisation or business unit. Overall strategic direction for the management of change within the agency/organisation may have been established already and articulated in relevant corporate/strategic plans or similar documents. These documents should be consulted to align the Project Objective with the organisational strategic agenda. For Tasmanian Government projects the relationship to government strategies must also be considered.

Organisational change management associated with the project should be considered in the light of the overall approach to organisational change within the agency/organisation and the extent to which the project is involved in bringing about change. It is the responsibility of the Business Owner(s) to make sure these linkages are made. Additional resources with specific knowledge and skills may be required to ensure this phase of the project is successful (eg communication officer, training and development officer).

The main elements of organisational change that the project will need to plan for are:

- transition planning,
- communication planning, and
- training planning.

These elements are supported by key activities, such as:

- identifying change agents from within the organisation to support the change,
- building and maintaining effective project sponsorship,
- acknowledging and managing resistance,
- using collaborative approaches,
- executing a staged implementation, and
- monitoring and evaluating.

3.3.3 Transition planning

When projects involve business process changes, there should be a plan to move from existing business processes to adopting new business processes. This is known as 'transition planning'.

Transition planning involves planning for the new, post-project environment in consultation with the Business Owner(s). It can be achieved by seeking the answers to the following questions:

- What is the current situation?
- How will the project change it?
- How will the business unit/agency move from the current situation to the new situation (transition arrangements)?
- What are the costs and resource requirements of the transitional arrangements (if any)?

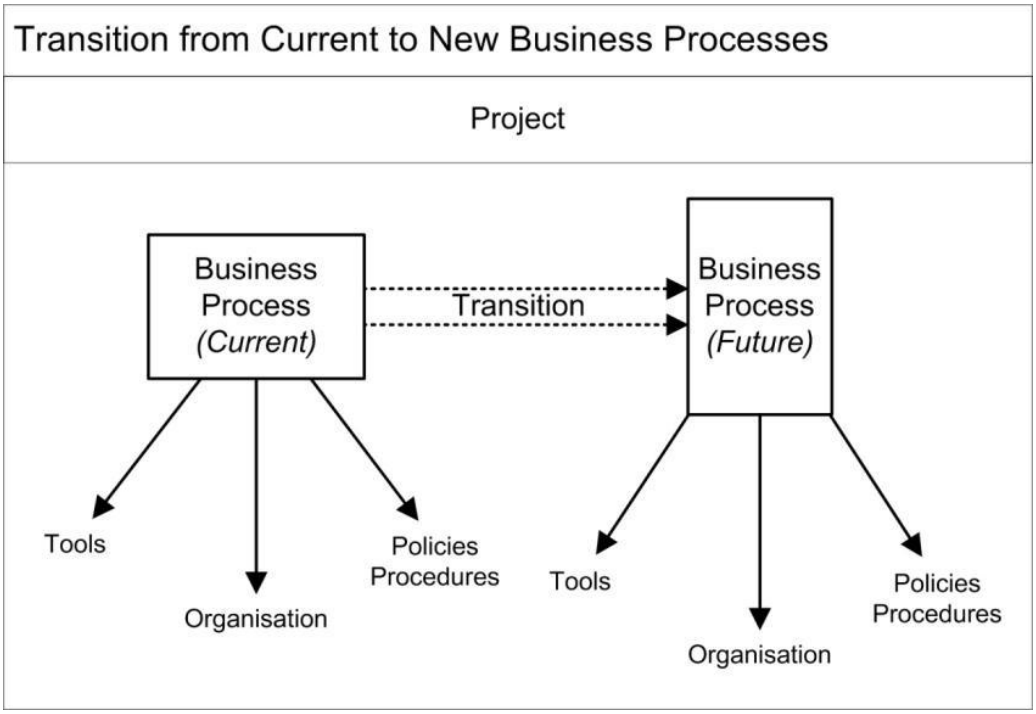

Figure 12 – Transition from current to new business processes

To assist in identifying the effect that projects will have on people and business processes, it is necessary to examine these processes (pre-project) within the agency/organisation, in relation to the areas outlined in Figure 12 above. This activity often reveals useful information that can be quantified in the project's Target Outcomes (eg baseline data and/or performance indicators). Planning describes how the transition to the new business process will occur.

Transition is achieved by comparing the current business process with a basic understanding of what will change in the new business process. For example, does the project deliver a new tool (eg an IT application) or a restructured organisation or modified policies/procedures? An option is for the project to get involved in the planning processes of the agency/organisations that will be impacted by the project. This should ensure that execution of the project, utilisation of the Project Outputs and realisation of outcomes from the project is incorporated in the receiving agency/organisation's forward plans.

Transition planning should consider the following:

- organisational culture, including most importantly, people;
- physical environment;
- organisational structure;
- job design/responsibilities;
- required skills and knowledge;
- policies and procedures, which need revising or developing; and
- workflow/processes.

The current situation should be described, the new situation predicted and transition activities related to each of the above areas identified. The most important aspect of transition planning is planning for the effect on people and how they will be positively engaged with the change. This planning can be captured in the *Outcome Realisation Plan* or documented separately as an *Organisational Change Management* (or *Transition*) *Plan*. Transition is the most complex aspect of organisational change as it impacts upon changing how people do their jobs.

The extent of the changes will become clearer as the project progresses. Project INITIATE activities aimed at implementing significant business changes – particularly in the case of large and/or complex projects or programs of projects – increasingly involve the use of business analysis and business process mapping techniques and tools to capture the existing business processes before determining what has to change. Processes and rules should be linked to stated government policy or legislation to ensure they have a sound basis.

3.3.4 Communication planning

During the process of organisational change, people may experience high levels of confusion and uncertainty as they move through a transition stage before the change is fully implemented. To minimise this confusion and uncertainty, the most important aspect in successfully managing any organisational change is communication.

For projects, good communication requires thorough planning, ongoing monitoring, regular fine-tuning and evaluation. The first challenges are to determine who to communicate with and what the messages are to be. A thorough stakeholder engagement analysis should identify and classify the Project Stakeholders, analyse their influence on the project, and define the approach to managing their influence and impact (positive and negative), including winning their support where possible. Once the stakeholders are identified, it is possible to define the target audiences, key messages, communication mechanisms and tools, responsibilities and how feedback will be provided by the stakeholders and dealt with by the project.

The depth and breadth of the information required will vary depending on the size and complexity of the project. For smaller projects the approach to stakeholder engagement and project communications would be detailed in the *Project Business Plan*. For larger projects the approach could be detailed in a combination of some or all the following documents:

- Stakeholder Engagement Plan
- Project Communication Strategy and Action Plan
- *Marketing Plan* (to promote or market specific Project Outputs)

Communication is explored more in *Element 4 – Stakeholder engagement.*

Change management strategies that overlap with project communication strategies include:

- identifying change agents as leaders for the change (ie project champions), and
- identifying people who may be unwilling to accept or support the changes (ie project opponents) and undertaking analysis to understand their motivations.

For projects involving change that impacts the community, widely promoted support from community leaders or influential members will lend the project authority and build wider support. The value of a consistent and clear message delivered 'from the top' on a regular basis should not be underestimated. This is especially the case for larger, more complex or cross-government projects.

In managing organisational change, it is as important to communicate internally as it is externally.

Regardless of whether a project is 'public facing' or 'government facing' (or both), it is absolutely crucial that all Project Stakeholders sense the project has the open support of senior management. Research cites high-level executive leadership and championship for the change before, during and after the project as the key factor in determining success.

A project's key messages should correlate with and reinforce the agency and whole-of-government messages. Consistency with national program messages may also be relevant.

The *Project Communication Strategy and Action Plan* developed for the project can form the basis for the ongoing communications used by the agency/organisation after project closure. While a *Project Communication Strategy and Action Plan* for larger projects should be developed separately, the decision to utilise it for ongoing communications should be documented in the *Outcome Realisation Plan*.

In larger projects, one of the roles of the Project Manager is to plan the *Project Communication Strategy and Action Plan*, as well as a *Marketing Strategy* intended to promote specific Project Outputs, within the context of the overall agency communication strategy. These documents should be developed in collaboration with the agency communications manager.

The Tasmanian Government has developed a *Whole-of-Government Communications Policy and Tool Kit*, which can be found www.communications.tas.gov.au. This provides detailed information, templates and tools in this area.

3.3.5 Training planning

To ensure that planned changes affecting business processes are successful, a *Training Strategy* should be developed. This should identify:

- which groups or individuals require training;
- what the training requirements are;
- how, where and when the training will be delivered; and
- who will deliver the training.

While a conscious decision may have been made for the project budget to cover the initial training activities, the Business Owner(s) should plan to include the ongoing training requirements for new staff within their annual operational budgets and as part of the organisational change management activities. The Business Owner(s) also may be prepared to fund training that falls outside of the scope of the project but is related to the change initiative.

A Training Plan template is available as an appendix to the *Outcome Realisation Plan* template and guide available at www.egovernment.tas.gov.au.

3.4 Outcome Realisation planning documents

An *Outcome Realisation Plan* captures the results of planning for the organisational change that arises from a project. This plan should become the management document for the Business Owner(s) of the project, in the same way that the *Project Business Plan* is the management document for the Project Sponsor and/or Project Steering Committee. In larger projects relevant sections of the *Outcome Realisation Plan* may be incorporated into the agency/organisation's ongoing corporate or operational business plan after project closure.

The work involved in initial planning and ongoing review is often seriously underestimated or allocated insufficient time due to political or organisational pressures. Sufficient resources must be allocated to ensure appropriate and effective Outcome Realisation planning linked with organisational change management in terms of budget, staffing, time and skills. This should be considered in the INITIATE phase as well as at frequent intervals throughout the life of the project and maintained for a period after project closure (especially where the realisation of Target Outcomes will occur over time).

The *Outcome Realisation Plan* is developed iteratively as the project progresses to provide the link between the Project Outputs delivered by the Project Team and the realisation of the Project Outcomes. The document captures:

- planning for monitoring Outcome Realisation, and
- agreed plans for managing organisational change brought about by project implementation.

The *Outcome Realisation Plan* should be formally signed off by the Project Sponsor and Business Owner(s), and should be updated on a regular basis to reflect any changes agreed to either during the project or after project implementation. The document should include plans for the budget and expected expenditure for the implementation phase of the project and where additional resources are required. Detailed negotiation between the Project Sponsor and Business Owner(s) may be required to reach agreement.

An *Outcome Realisation Plan* is not necessary for many smaller projects. Instead, an agreed implementation and management plan can be included in the *Project Business Plan* or the *Project Review and Closure Report.* Procedures should be in place for the ongoing management of the Project Outputs and there should be confirmation that the agreed Project Outcomes have been realised before the project closes.

When a project involves new business systems and procedures, it is important to identify the maintenance requirements for the Project Outputs (for example, the service requirements of equipment, applications, infrastructure or buildings, the administration and support for a system) and confirm them with the responsible Business Owner(s). Issues that need to be resolved include determining who will be responsible for maintenance and upgrades (which may require the development and negotiation of specific maintenance contracts or service level agreements), the processes that will need to be put in place to ensure that maintenance occurs on a regular basis and appropriate records management procedures. Depending on the nature of the Project Outputs, this detail can be captured in the *Outcome Realisation Plan* or separately in a *Handover Plan* and an *Output Management Plan*.

The Business Owner(s) should ensure that the impact of the project on ongoing services and budget requirements is identified so that any maintenance costs, licence renewals or annual contract fees are included in their annual operational budgets.

Element 4 Stakeholder engagement

This includes:

4.1 What is stakeholder engagement?

4.2 Classifying stakeholders

4.3 Stakeholder analysis

4.4 Communication strategies

4.5 Managing stakeholder expectations

4.6 The role of the Project Sponsor and champions in engaging stakeholders

4.7 Maintaining stakeholder commitment

4.8 Communicating with project opponents

4.9 The difference between communication and marketing

4.10 Tips from project managers

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

4.1 What is stakeholder engagement?

Project Stakeholders are those who have a 'stake' (investment, involvement, concern, interest) in the success of the project. They are individuals or organisations who have interests that are positively or negatively impacted by the project, or who can positively or negatively impact the interests of the project processes, outputs or outcomes.

Project success depends in part on:

- maintaining the commitment and confidence of those providing resources;
- gaining the agreement of those who will utilise the Project Outputs; and/or
- responding appropriately to the people and groups who are impacted by (or who can impact the interests of) the project.

The potential stakeholder community surrounding a project can be difficult to identify because:

- they may be large, diffuse and amorphous; and/or
- the interests of stakeholders are usually varied.

Stakeholder engagement is the process of identifying key stakeholders, analysing their influence on the project, and managing their influence and impact – including winning their support where possible. Stakeholders can be defined as key or non-key for the purpose of planning engagement strategies:

- **Key stakeholders** are those individuals or groups whose interest in the project must be recognised if the project is to be successful – in particular those stakeholders who will be positively or negatively affected during the project or on successful completion of the project.
- **Non-key stakeholders** are those individuals or groups identified as having a stake in the project but who don't necessarily influence its outcome.

To keep everyone engaged for the duration of the project, it is important to develop an understanding of the values and issues that stakeholders have and address them.

Figure 13 below summarises the stakeholder engagement process.

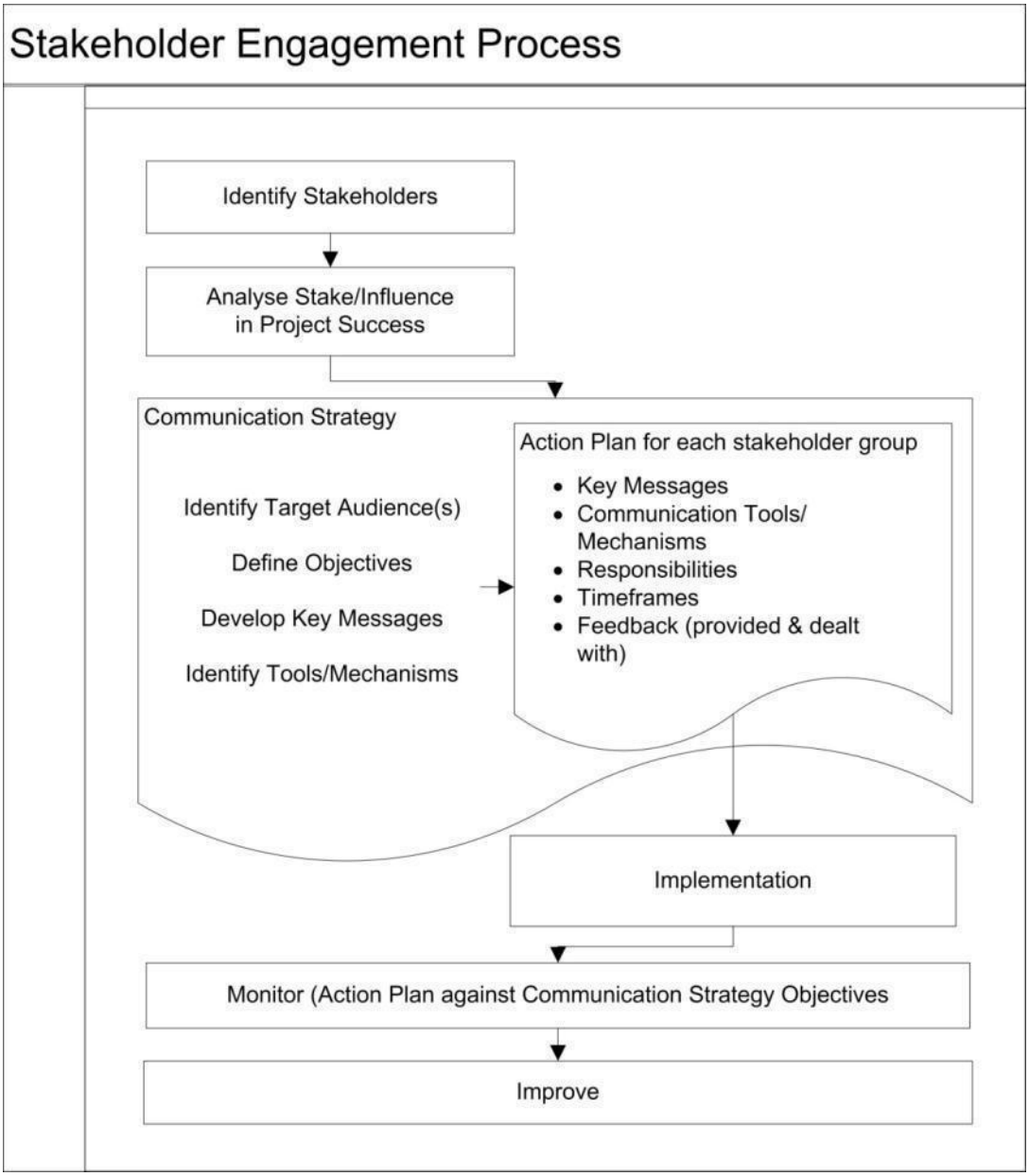

Figure 13 – Stakeholder engagement process

4.2 Classifying stakeholders

Classifying key stakeholders into groups according to their interest in or influence on a project is a useful tool and allows engagement strategies for like groups to be developed and implemented.

There are generic stakeholder classes within government projects that are a useful starting point for analysis. This is a useful way to broaden the thinking from the immediately obvious stakeholders and gain a wider picture of the project's impact.

Table 5 below provides a list of classifications that may be adopted by a project to categorise groups of Project Stakeholders. In this classification method the specific roles within the project governance structure are not included as stakeholders because they have been deliberately engaged to fulfil a requirement (eg Project Manager, Project Team, consultants, contractors) and would likely have no particular interest in the project if not appointed to that role.[33]

The classification list is not definitive, nor will every project utilise every classification. It may be necessary to break some groups down into sub-categories, for example breaking the outcome-impacted group into **beneficiaries** (those stakeholders that receive a benefit) and **impactees** (those stakeholders that may experience some form of penalty, be harmed by the project or bear a cost – this is sometimes referred to as a 'disbenefit').

[33] Adapted from John Smyrk, Sigma Management Science http://sigmafield.com.au/sigma/

Group Classification	Group Description (why is it important to engage them and maintain their commitment?)	Stakeholders
Review	What groups/organisations need to review (or audit) the project and its outputs or outcomes?	Quality Review Consultant (to review project and quality management processes) Business Owner (to review output quality) Auditor/budget committee (to review financial management processes) Project funder (to review output quality, timeframes etc – eg Commonwealth agency)
Related projects	What projects and change activities will impact on the project? How? What projects and change activities will the project impact? How?	These can be internal or external to the organisation, eg other government projects, national projects. Identify Project Sponsors and Business Owner(s) of each
Outcome Impacted	What individuals/ groups/ organisations/ related projects will be impacted (positively or negatively) by the achievement of the Project Outcomes?	Beneficiaries are those persons to whom target benefits are expected to flow, eg project benefits for the general public include reduced waiting times or improved service delivery. Impactees are those who may experience some form of penalty, be harmed or bear a cost (disbenefit) because of the project, eg a new highway may redirect traffic so local businesses lose custom and residents experience increased traffic noise levels.
Output utilisation	What groups/organisations will be required to implement and utilise the Project Outputs to enable the realisation of the Project Outcomes?	Business Owner(s), project customer[34]
Outcome accountable	Who is responsible for the project's success? Who supports the delivery of Project Outputs and is accountable for realisation of the Project Outcomes?	Corporate Client, Project Sponsor, Project Steering Committee

Table 5 – An example of how to identify and classify stakeholders

[34] A Project Customer is defined as 'the person or entities that will utilise the project outputs to generate the outcomes.' For government projects with outputs that are both 'public facing' and 'government facing', there may be two distinct types of project customers (ie agencies and the public) and their requirements will be different. Ongoing responsibility for output management rests with the Business Owner.

While it is a useful tool to initially classify stakeholders into generic groups for the purposes of identification, the individuals or groups within each category should then be identified specifically and targeted in the Stakeholder Analysis process. *Element 1 – Planning and scoping* (particularly John Smyrk's [35] Customer/Utilisation Map at Figure 7) and the *Project Business Plan Template and Guide for Large Projects* provide further support in this area by ensuring the correct customers/stakeholders have been identified to utilise any of the identified Project Outputs in order to contribute to achievement of the Project Outcomes.

4.3 Stakeholder Analysis

Those entities that have an interest in a project must be identified and the nature of their interests analysed. Stakeholder analysis has a variety of purposes, including:

- facilitation of organisational change – the process of stakeholder analysis helps with identifying what the project requires from each group and what actions should be undertaken to achieve the change required;
- management of risk – threats are often uncovered (directly or indirectly) by analysing and examining Project Stakeholders. Particular stakeholders may hold different perceptions of risk in relation to output utilisation, realisation of Project Outcomes and achievement of longer term business benefits. They should be involved in the risk identification, analysis and management process on an ongoing basis, where appropriate. See *Element 5 – Risk management* for more information;
- management of issues - analysis of and input from stakeholders is one of the most fruitful sources to identify project issues ; and
- project promotion and marketing – knowledge of stakeholders helps focus marketing and promotional activities in support of the project.

Three forms of stakeholder analysis should be carried out during a project:

1. a session to elaborate the initial stakeholder classification performed during project initiation (see Table 5);
2. regularly scheduled updates of the stakeholder analysis to confirm it accurately reflects the project's stakeholders; and
3. ad hoc updates carried out whenever events suggest that there has been a change to/in the stakeholder environment.

Analysis is best carried out by the Project Team in consultation with potential stakeholders or representatives of potential stakeholder groups. It includes:

1. identifying/reviewing all stakeholders. Beware of stakeholder creep where the list of stakeholders seems to be endless or groups are defined too broadly (eg 'the community');
2. analysing/reviewing the nature of the stakeholding for each (are they likely to be for or against the project or are they neutral? Can they influence the success of the project in a positive or negative way? What is their current level of knowledge about the project? What would we like this to be? Should they hear from us first?[36]
3. categorising/confirming as key and non-key, and prioritising based on judgements about the relative importance of the stakeholder;

[35] John Smyrk, Sigma Management Science http://sigmafield.com.au/sigma/

[36] Professor J Rodney Turner, 'People in Project Management', Australian Institute of Project Management presentation July 2009 (unpublished)

4. performing/reviewing buy-in analysis for key stakeholders, ie what is required to engage them in the project and gain their commitment (eg reference group membership); and
5. revisiting the analysis as the project progresses to:

   – review how/if each stakeholder group's relationship and attitude to the project has changed and evolved; and
   – identify new stakeholders and their relationship to the project.

All communication tasks should be added to the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*), add relevant information to other key planning documents (eg *Project Risk Register*) and allocate task responsibility. Any costs should be added to the project budget – the Project Sponsor and/or Project Steering Committee may need to approve significant additional costs.

It is important to determine how issues raised by project opponents will be addressed – their concerns must be addressed quickly in order to prevent misunderstandings about the project spreading misinformation. This is explored further in *Element 4, 4.8 – Communicating with project opponents*.

Table 6 below is an example of a stakeholder analysis:

ID	Stake-holder	Key or Non Key	Nature of stakeholding	Key issues for project	Engagement and commitment process	Planned action detailed in?	Who?
			a) What potential impact does the stakeholder have on the project? b) What potential impact does the project have on the stakeholder?		How will we engage this stakeholder and gain their commitment?	• Communication Plan • Project Risk Register • Project Issues Register • Change Mgt Plan • Work plans • Budget • Resources • Action List	
1.0 **(For Example)** Building a community hall	Unhappy neighbour	Key	a) Lobby Council against building, can rally discontent in local residents b) Disturbs their quality of life (eg noise levels and reduced on street parking when community hall is in use)	Project can be disrupted or delayed	• Set-up Neighbourhood Consultative Committee • One-on-one • Involve champion in consultation • Protect site	• WBS • Action List • Communication Plan • Project Risk Register	• Project Manager • Marketing Consultant • Contractor

Table 6 – Example stakeholder analysis[37]

[37] Smyrk, John (2004) *Primer example - Managing Projects for Outcomes*, Course material

4.4 Communication strategies

Once the stakeholder classification and analysis have been completed, a *Project Communication Strategy* can be developed. Effective communication is commonly understood as message given, message received and understood as it was intended, feedback delivered and accepted. Without effective communication, key stakeholders could miss out on vital information and may not understand why change is needed, and the project loses an opportunity to provide information and respond to any questions or issues. As a consequence, misinformation may fuel misunderstandings.

The depth and breadth of a *Project Communication Strategy* will depend on the scale and complexity of the project. For small projects the 'strategy' for communicating with stakeholders (eg staff) may only involve an initial announcement by management about the Project Objective and anticipated progress, regular emails to staff as the project progresses (including encouraging feedback via email), and a follow up announcement by management once the transition to operational mode is successfully completed.

In large and/or complex projects, all communication should take place in the context of an overall *Project Communication Strategy and Action Plan* that reflects the complexity of the project. Development of the *Project Communication Strategy and Action Plan* should involve the agency communications manager or a communication and marketing professional, depending on the nature of the key stakeholders identified and the focus of the project or program of projects.

The Tasmanian Government has developed a whole-of-government *Communications Policy and Tool Kit*, which can be found at www.communications.tas.gov.au, along with detailed information, templates and tools.

It is imperative that any *Project Communication Strategy* that is developed defines:

Situation analysis

Provide a brief background to the project and any history that needs to be considered. Restate the agreed Project Objective(s)s to provide context for the communication strategy objectives.

Communication strategy objectives

Why is communication required? While the communication objectives must be relevant and appropriate to the project, specific Project Outcomes and/or Target Outcomes may be directly relevant here (eg when they relate to increasing awareness, educating, informing or consulting, which can only be achieved via communication with stakeholders). The complexity of the objectives will vary according to the scale and complexity of the project. Each communication strategy objective should be clear and include realistic measures that enable accurate and valuable evaluation of the effectiveness of the overall strategy.

Target audiences

Communication activities can consume project resources and time, so it is important to decide which stakeholders to focus on. Think about the target audience(s) within each stakeholder group, when they are to be targeted (immediately, in the short term or later), and why they will be targeted. Determine the purpose of the communication and each stakeholder group's communication needs – this will influence the formality/informality of the messages. For example:

- mandatory reporting to project decision makers (eg *Project Status Reports*, Project Steering Committee and reference group meetings);
- to provide information (eg forums, project information on website);
- for marketing purposes (eg newsletter, one-on-one meetings, presentations on outcomes/benefits); or
- requests for feedback (eg surveys, forums).

The *Project Risk Register* should be reviewed and updated following this analysis (eg are there likely critics? Should particular people/groups be consulted before communication activities begin?)

Research requirements

The need for research will vary with the complexity, cost and nature of the project. Determine what type of research is required – for example background reading, desktop research to find out what previous projects have done, or input from the Project Sponsor and/or Business Owner(s). More complex projects may require formal market research and external expertise.

Key messages

Crafting a project's key messages depends on what the message is intended to achieve (such as educating, informing or consulting) and each stakeholder or stakeholder group's perspective of the project. All stakeholders have a different perspective of the project and their information needs and expectations are different, so key messages need to be tailored appropriately. This means viewing the project from their perspective (not the project's or Project Manager's perspective) in order to craft messages that articulate, in language they will understand, the specific benefits of the changes and if/how the project will affect them directly (what is 'in it' for them, how does the project fit with their personal agenda(s), and are there any 'negatives'?)

Keller and Aiken[38] note that research confirms there are at least five sources of meaning for humans at work:

1. impact on society (eg making a better society, building the community, wisely expending resources),
2. the customer (eg improving service delivery, better quality product),
3. the company/shareholder (eg beating the competition, industry leadership),
4. the working team (eg sense of belonging, working effectively together), and
5. 'me' personally (my development, empowerment to act, remuneration/bonus).

For each target audience, consider which of these sources of meaning may be relevant, then identify three or four key points they need to understand and act on. There may need to be five differently tailored messages on the one issue to increase the chances of appealing to different stakeholders/groups. A single key message may be relevant to more than one stakeholder/group and may address more than one 'for' and/or 'against' issue.

Whether the project is internal to government or involves external stakeholders, direct communication with stakeholders can build awareness about:

[38] Keller, Scott and Carolyn Aiken (May 2008) *The Inconvenient Truth About Change Management*, McKinsey and Company http://www.mckinsey.com/clientservice/organizationleadership/The_Inconvenient_Truth_About_Change_Management.pdf

- why the project is needed,
- the risks or costs (to the unit/division/agency or community) if no change is made, and
- how this project's objective(s) align with and advance the overall strategic direction of the agency/government.

Consider how the project's key messages correlate with the agency and whole-of-government messages: are they consistent and compatible? Consistency with national program messages may also be relevant.

Communicating complex issues simply and quickly can be a challenge. While the key messages must be project-specific, take care with the language that is used and avoid jargon, particularly when communicating with non-specialists or the community. Any information should be accurate, complete, timely, relevant and understood by the audience.

Involving key stakeholders (eg the Project Sponsor, project champions, identified supporters) in developing and refining the key messages as the project progresses increases their commitment to the project and improves the quality of the messages.[39]

Communication tools and actions

What will be done to get key messages across? Depending on the needs, size and complexity of the project the approach adopted may be formal, informal, detailed or broad. For a large, complex project a major marketing campaign may be required, but for a small project a presentation to staff that will be affected by the change is sufficient.

Which tools would be most appropriate to get key messages across? Cost must also be considered. Individuals and groups exposed to the same method of communication will respond differently. Determine which tools will best suit each target audience (this may not necessarily be what is easiest for the project or what is preferred by the Project Manager). Is two-way communication required?

Gartner has identified that simple mechanisms for project communications, preferably face-to-face, are essential for project success.[40] In the government context, practising project managers identified three effective means of communication: email, internet/intranet and face-to-face meetings. However, not every agency/organisation has the same communication mechanisms, the same 'corporate culture' or even universal staff access to email and/or the internet, which needs to be taken into account.

Types of communication to be considered can be categorised as **verbal**, **electronic, written** or **visual** based on the purpose of the tool. Mode (formal or informal), timeliness (slow, moderate or fast) and reach (limited, moderate or broad) of each type must also be considered. Table 7 below provides some examples of the types of communication.

[39] Keller, Scott and Carolyn Aiken (May 2008) *The Inconvenient Truth About Change Management*, McKinsey and Company http://www.mckinsey.com/clientservice/organizationleadership/The_Inconvenient_Truth_About_Change_Management.pdf

[40] Mack, R & Furlonger, J (1998) 'IT Projects Don't Have to Fail'. *Gartner [ID No. DF-05-3821]:* p2

Verbal	Electronic	Written	Visual
• Presentations/briefing sessions (one-to-one, one-to-many) • Telephone (one-to-one)/Teleconferences (one-to-many) • Forums • Networking facilitation • Staff meetings • Seminars/workshops • Community meetings • Launches • Specific events • Social gatherings • Visitation programs • Radio/television	• Personal email to identified stakeholders (one to one, one to many) • Broadcast email (one to many) • Internet/intranet including online forums, fact sheets, newsletter, Sharepoint – web sharing of ongoing project planning with internal and/or external stakeholders • SMS messaging • Weblog • Facebook, MySpace, YouTube • Twitter • RSS Feed • CD-ROM/DVDs • Fax stream, faxback	• Mailouts of important documentation (letter, memorandum, factsheet, FAQs) • Newsletter • Advertising – newspaper, magazine, web • Pamphlets and brochures (consider shelf life issues) • Information in agency newsletters etc • Media release • Ministerial • Request for Tender (RFT) • Contract • Project planning documentation	• Display – workplace, conference • Transport advertising • 'Roadshow' • 'Parody' presentation – play, puppet show • 3D presentation

Table 7 – Types of communication

Websites are now considered mainstream tools for providing information 24 hours a day, and for facilitating interactive, two-way communication and feedback both within government and with external audiences. For projects, some factors to consider in relation to websites include:

- Will project success require information that has to be updated quickly?
- Are the communication systems that are currently in place sufficiently robust if large volumes of information are to be made available and/or accessed by a large audience simultaneously? Could the website crash if too many people try to access it or download the same document all at the same time?
- New communication technologies may emerge during the life of the project – what impact would this have on planned communication activities?
- Are proposed communication technologies compatible with project staff skills and experience or is training required?

Regardless of the project, any information made available on a government website must comply with the Tasmanian Government Website Standards (available at www.egovernment.tas.gov.au), which include specific minimum requirements based on applicable legislation and Government policy. Agencies must ensure access to, and usability by, the widest possible target community appropriate to the service or resource. Depending on the project, special groups may have specific needs, such as the aged, Indigenous, hearing or sight impaired and those with dyslexia.

Message source

Who is the most appropriate source of the message that needs to be delivered? Sometimes it will be the Project Sponsor or Project Manager, or just 'the Project', but there are other key stakeholders who may be more appropriate conduits.

In government it is absolutely crucial that all Project Stakeholders sense the project has the support of their immediate senior management, specifically an individual's immediate up-line manager. A consistent and clear message delivered 'top down' on a regular basis will lend the project authority and should not be underestimated. This is especially the case for larger, more complex or cross-government projects.

For projects involving the broader community, local government, business and/or industry, the presentation of key messages by community/business leaders or influential members can enhance the project's credibility and be an important way to build wider support among stakeholders.

Responsibilities

Who will be responsible for implementing each action? Is it necessary for specific personnel to have key roles in relation to communications (eg who is the 'face' of the project? Who is the primary contact for handling queries from the public, media and/or private organisations?) All communication tasks and responsibilities should be added to the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*) or the task list within a *Project Business Plan.*

Priorities

What is the timeframe for each communication action and when does each have to be completed by? Is there a required sequence; is any action contingent on others happening beforehand? Are there any significant communication milestones [41] (eg newsletter releases, public launches) that should be included in the initial project development schedule defined in the *Project Business Plan* and the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*). Progress is reported through *Project Status Reports* to the Project Sponsor and/or Project Steering Committee.

Feedback

What mechanisms will be established to ensure two-way communication? Who will be responsible for responding to feedback? What are acceptable timeframes for providing a response? How will issues raised this way be dealt with? How will the project show that stakeholders are being listened to? How will the project deal with unexpected stakeholder demands or information requests? Who will answer the tough questions?

Budget requirements

What are the costs associated with each action, how much is required and appropriate? The Project Sponsor and/or Project Steering Committee may need to approve significant additional costs.

Developing the Project Communication Strategy and Action Plan

Aligning a stakeholder/group with a key message, the appropriate communication tool, message source, timeframe, feedback mechanism, potential costs and responsible officer forms the beginning of a *Project Communication Action Plan*. This is usually included as an appendix to the *Project Communication Strategy* and is maintained separately as a stand-alone document as it will evolve as the project progresses. See www.communications.tas.gov.au for detailed information and templates.

[41] Milestones reported in the Status Reports should include any relevant high-level milestones listed in the agreed *Project Business Plan* as well as major milestones and achievements from the Project Work Plan (or Project Execution Plan) including Communication Strategy milestones.

Monitoring and evaluating the communications strategy

Evaluating the communications strategy should be planned from the INITIATE phase, not left until the end, and must be properly budgeted for. Evaluating the effectiveness of the project communications strategy should be undertaken in a two-stage approach:

1. On a regular basis as the project progresses to confirm:

   – the initial stakeholder analysis is still appropriate and identify if any new stakeholders have emerged; and
   – the key messages are effective and can be further refined as necessary.

   Regular monitoring will provide some insight as to whether and to what extent the communications outcomes are being achieved. If not, the evaluation should indicate why not, so the approach can be further refined.

2. As part of project closure activities to assess:

   – whether the project stakeholder analysis was accurate;
   – the extent to which the communications outcomes were achieved, and if not, why not;
   – to ensure expenditure of project funds can be justified; and
   – to document any lessons learned and suggestions for improvements for future projects.

Clear, realistic and measurable objectives for the communications strategy (not just the project) will facilitate accurate and valuable evaluation of its effectiveness. The measures of effectiveness will be different depending on the scale/complexity of the project, for example:

- a market research company to do pre and post-research to determine what has been achieved;
- putting website addresses and phone numbers on advertisements or promotional material then measuring requests for information, where they came from and establishing a database of inquiries for later tracking; and
- measuring patterns of visits to Internet sites, including who is visiting the site and when.

4.5 Managing stakeholder expectations

For projects to deliver reasonable results they must start with reasonable expectations.[42] Early engagement with all stakeholders is essential to reveal their various expectations and assumptions, to manage their level of input and temper expectations about their level of influence. This is important for all projects but especially when the project is large, highly visible, political and/or business critical.

[42] Mullaly, M 2008 *Government Projects: Are They Really so Different?*, www.gantthead.com – last accessed 3 February 2010

Successful stakeholder expectation management includes:

- ensuring the project scope is agreed

  This means ensuring that the Project Sponsor and/or Project Steering Committee's agreement to the *Project Business Plan* is formalised. The *Project Business Plan* defines the project's strategic context, the Project Objective(s), Project Outcomes, Project Outputs, assumptions, constraints, governance, budget, timeline and the approach to be taken with respect to risk, quality, stakeholders, resources, Outcome Realisation, evaluation and so on.

  Clear agreement is also required from the Business Owner(s) in relation to the Project Outputs and the fitness-for-purpose criteria. This can be documented in the *Project Business Plan* or separately in output description statements or functional requirements.

- managing changes to the project scope carefully

  Any changes to the project scope should be formally managed through the iterative development of the *Project Business Plan*. Ensure clear approval for all changes is obtained from the Project Sponsor and/or Project Steering Committee.

  See *Element 1– Planning and scoping* for more discussion of managing project scope.

- regularly reminding stakeholders what is in it for them.
- communicating proactively

  Provide advance communication so stakeholders know what is going on and any changes to previous understandings and agreements. Make sure key stakeholders hear any major news (good or bad) from the project before they find out from some other source.

When it comes to managing stakeholder expectations, many experienced project managers 'under promise and over deliver'. When expectations are managed well, all stakeholders feel positive about the project, even if there are changes and challenges. When stakeholder expectations are not managed well, some stakeholders will see the project as unsuccessful regardless of any achievements and may become its most vocal critics.[43]

4.6 The role of the Project Sponsor and champions in engaging stakeholders

The Project Sponsor has ultimate responsibility and accountability for the project's success. Gartner says the involvement of the Project Sponsor, through informed and continuing interest, is a key factor in project success.[44] The public role of the Project Sponsor as a visible champion and effective leader means they should demonstrate courage and a willingness to support and defend the project publicly within the larger agency/organisation and in the face of opposition from senior colleagues, especially where project funding requires protection or a high level of organisational change is planned.[45]

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[43] Adapted from Tom Mochal, www.tenstep.com

[44] Mack, R & Furlonger, J (1998) 'IT Projects Don't Have to Fail'. *Gartner [ID No. DF-05-3821]:* p2

[45] Helm, J., Remington, K. (September 2005) *Effective Project Sponsorship: An evaluation of the role of the executive sponsor in complex infrastructure projects by Senior Project Managers*, Project Management Journal, 36 (3), pp.51-61

The Project Sponsor should use their power and influence to promote the project to all stakeholders and build a strong coalition of support among key stakeholders (eg senior management, key business leaders and leading Project Stakeholder representatives). This is especially true if the project is contentious.

Regardless of whether a project is 'public facing' or 'government facing' (or both), it is absolutely crucial that all Project Stakeholders sense the project has the open support of senior management. For projects that impact the community, it is essential that project support from community leaders or influential members is widely promoted.

While there should only be one Project Sponsor, there is no limit to the number of project champions or advocates who can use their influence for the benefit of the project.[46] When a project has support across the organisation or within a community, the recruitment of a **'coalition of champions'** (ie project supporters who can motivate others either by role/status or personality, or both) to openly promote and defend the project can be an important way to lend the project authority and build wider support among stakeholders. Consideration should be given to engaging project champions via roles within the project governance structure (eg membership of a reference group).

The role of the Project Sponsor and other key roles in a project's governance structure – including responsibilities, accountabilities and essential characteristics for effectiveness – are explored in more detail in *Element 2 – Governance*.

4.7 Maintaining stakeholder commitment

Maintaining stakeholder commitment requires ongoing effort throughout the life of the project. This includes regularly reviewing the stakeholder analysis to confirm the assessment is still appropriate and identifying if any new stakeholders have emerged, in order to refine the key messages.

Regular communication is required to maintain stakeholder commitment. This includes:

- maintaining the project's profile by broadly promoting what the project will do and deliver at every opportunity;
- promoting the progress made by the project (not just activity);
- reinforcing and reiterating the project's benefits to specific stakeholders;
- promoting the mechanism for stakeholders to provide feedback and responding constructively to issues they raise;
- challenging the views of the opponents by providing information that invalidates or addresses any threats the project poses from their perspective[47] – distribute this to all stakeholders;
- actively involving all who can affect, and/or be affected by, the project in the definition and planning stages;
- making others aware of the project even if their cooperation and involvement is not required until later;

[46] Crawford, L and C Brett, 'Exploring the Role of the Project Sponsor' , UTS Sydney - http://www.projects.uts.edu.au/resources/pdfs/PMINZ2001CrawfordBrett.pdf (last accessed 3 February 2010)

[47] Adapted from Professor J Rodney Turner, 'People in Project Management', Australian Institute of Project Management presentation July 2009 (unpublished)

- establishing good personal relationships with key stakeholders – the Project Manager's expertise alone does not inspire trust and credibility; and/or
- using the recommendations of external consultants, or established formal methodologies, to legitimise the project's approach.

Individual activities should be documented in the *Project Communication Strategy and Action Plan.*

4.8 Communicating with project opponents

Communicating with stakeholders who resist or oppose a project can be difficult and challenging. They may be unwilling to engage with the project and can effectively undermine the project by spreading misinformation that can influence the views of other stakeholders. While they are disqualified from Project Steering Committee membership due to the potential conflict of interest, they should be engaged via membership of reference groups.[48] It is important to try to understand their perspective (ie what they perceive the project's potential negative impacts to be) and identify any benefits/opportunities the project may deliver for/to them. Promoting information that challenges, invalidates or addresses any threats the project poses from their perspective can remove the source of their opposition.[49]

Analysing the motivations for resistance for highly influential opponents in a table format can be useful: fill out the 'benefits' and 'threats' columns first then tailor specific messages for each opponent. A single key message may address more than one 'for' and/or 'against' issue.

<table>
<tr><th colspan="3">Name of Key Stakeholder/Group</th></tr>
<tr><th>Project benefits ('what's in it for them')</th><th>Key messages</th><th>Potential Threats
('what's against it for them')</th></tr>
<tr><td>Contextualise and identify the direct personal benefits (eg self-interest)</td><td rowspan="3">This will help you by …
Even though it might mean more work for your group in …, in the long term it will reduce the following tasks so that the overall impact on your group will be positive [describe how].
By supporting this project, it means that you will gain …</td><td>The project will make it more difficult for this group to …
The project will add more work to my already heavy work schedule.</td></tr>
<tr><td>Opportunity to piggy-back on our work to make your work easier</td><td>Not their core business</td></tr>
<tr><td>Participating in the project (opportunity to 'have a say' in shaping the end results)</td><td>They perceive control being taken away</td></tr>
</table>

Table 8 – Development of key messages for project opponents

See *Tips from project managers* at the end of this section for some insights from practising Tasmanian Government project managers when dealing with project opponents.

[48] Smyrk, J., Sigma Management Science, Primers in Project Management: an integrated glossary of project management terms & definitions, p.32
Retrieved from: http://projectoutcomes.smscience.com/PO%20glossary%202a.pdf

[49] Adapted from Professor J Rodney Turner, 'People in Project Management', Australian Institute of Project Management presentation July 2009 (unpublished)

4.9 The difference between communication and marketing

A distinction can be made between communication and marketing strategies in that:

- The *Communication Strategy* is aimed at ensuring ongoing commitment and support by all key stakeholders for all aspects of the project.
- The *Marketing Strategy* is aimed at ensuring the outputs from the project are fully utilised by the appropriate groups.

While both have an element of 'selling', marketing is focused on 'selling' the outputs of the project to project customers. Communication strategies are focused on 'selling' the project to the key stakeholders. Depending on the nature of the project and its customers, the *Communication Strategy* and the *Marketing Strategy* may be combined.

4.10 Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- Analyse the nature of each person and group's stakeholding and their potential to influence the success of the project – classify as key and non-key.
- Define the target audience(s), key messages, communication mechanisms/tools, responsibilities and how feedback will be provided and dealt with.
- Ensure the project budget includes an allocation for communication activities if required.
- Regularly review the stakeholder analysis to ensure it remains accurate.
- Monitor and evaluate the effectiveness of all communication activities to inform the improvement processes.
- Communicate proactively and closely manage stakeholder expectations.
- Directly involve the Project Sponsor as a communication channel.
- Identify and utilise a coalition of project champions across the organisation/community.
- Manage project opponents separately.

In relation to dealing with project opponents:

- Consider if project opponents have a valid point of view.
- Preface the messages with the wider context of the organisational benefits the project is aiming to achieve.
- Take an education/ partnership approach by giving a 'big picture' view of why change is needed. This gives people a broader context to understand why the project is needed.
- For projects implementing changes to business processes, it's important to work with those who may be against the new processes. Understanding and identifying what they currently do is essential to demonstrate what will change for them and to help them to understand the new processes.
- Plan how issues raised by project opponents will be addressed – concerns must be addressed quickly to prevent misunderstandings about the project spreading as misinformation.
- Involve the Project Sponsor and project champions in planning to respond to resistance to change in their areas (eg brainstorm likely forms of resistance or opposition).
- Always deliver messages to resistors face-to-face.
- Utilise the influence of a project supporter higher up the operational hierarchy (ie above the project opponent) to reinforce the message from someone in authority and override the opponent's influence.
- Try to keep people involved even when there is no conflict so that they can learn more about the project and so their perspectives are understood as things progress.
- For some individual opponents it may be wise not to formalise a planned approach.
- Recognise that some stakeholders may never be won over and the best that can be done is to manage their influence and impact.

Element 5 Risk management

This includes:

5.1 What is risk management?

5.2 Risk management through the life or a project

5.3 The main elements of risk management

5.4 Roles and responsibilities

5.5 Risk management documentation

5.6 Tips from project managers

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

5.1 What is risk management?

Risk refers to any factor (or threat) that may adversely affect the success of a project in terms of realising the agreed Project Outcomes, delivery of Project Outputs, achievement of timeframes or meeting budgetary constraints. These factors/threats include risks to the project's business environment that may prevent the Project Outcomes from being fully realised.

There are always risks associated with a project. Successful project managers try to resolve risks before they occur, through a systematic risk management process. Risk management describes the processes to identify, analyse and respond to project risk. It includes risk identification, risk analysis, risk evaluation, allocation of responsibility and risk treatment. The purpose of risk management is to ensure levels of risk and uncertainty are identified and then managed in a structured way, so any potential threat to the delivery of outputs (level of resourcing, time, cost and quality) and the realisation of Project Outcomes by the Business Owner(s) is appropriately managed to ensure the project is completed successfully.

Issues management and risk management are closely linked, as some issues, if not managed, may become risks. Issues may reveal specific triggers that relate to major risks before they occur (eg if Project Steering Committee meetings keep being rescheduled, this could indicate that the members are disengaged. The impact of this on the project is serious, as decisions will be delayed and progress will stall). This linkage is the reason why it is recommended that major issues also are identified and managed. This is covered in more detail in *Element 6 – Issues management.*

5.2 Risk management through the life of a project

Risk management processes are iterative throughout the life of the project and should be built into the project management planning and activities. Structured, proactive risk management allows risks to be anticipated and the effects minimised rather than taking a reactive approach to events as or after they occur, which can be costly. The Australian Auditor-General has commented that 'effective risk management, as a cornerstone of good corporate governance, results in better service delivery, more efficient use of resources, and better project management, as well as helping to minimise waste, fraud and poor value-for-money decision-making.[50]

Risk management is initially conducted during the INITIATE phase when assessing the project's viability and is initially documented in the *Project Proposal* or *Project Business Case* (depending on the size of the project). The processes by which risks will be managed during the project should then be documented in the project *Risk Management Plan*, which can be included in the *Project Business Plan,* or developed as a separate document, depending on the size and/or complexity of the project.

The Project Sponsor and/or Project Steering Committee has ultimate responsibility for oversight of the *Risk Management Plan*, including ensuring mitigation strategies are implemented, and that mitigation actions are identified and allocated for all high-grade risks.

Risks should be reviewed regularly throughout the life of the project to ensure that changing circumstances are tracked and managed. For example, specific risks to the organisation may exist during output delivery, transition or once operational mode has been established. Risk management should also be used in Outcome Realisation and change management planning.

All projects require a degree of risk management, but the extent to which this is documented will depend on the complexity, size and scope, including Project Outcomes, customers, Project Outputs, work, resources and the level of risk the project faces. Large and/or complex projects involving significant investment and/or major business benefits require formal and detailed risk management activities on an ongoing basis.

5.3 The main elements of risk management

The main elements of the Tasmanian Government risk management process have been adapted from the *Australian Standard for Risk Management* AS/NZS ISO 31000:2009 (replacing AS/NZS 4360:2004).[51] They are shown in Figure 14 below:

[50] 'Risk and Risk Management in the Public Sector', Public Sector Governance and Risk Forum, Australian Institute of Company Directors, in conjunction with the Institute of Internal Auditors Australia, 1 September 2005. http://www.anao.gov.au/

[51] The Australian Standard for Risk Management (AS/NZS ISO 31000:2009) 'provides principles and generic guidelines on risk management. [It] can be used by any public, private or community enterprise, association, group or individual … and can be applied … to a wide range of activities, including strategies and decisions, operations, processes, functions, projects, products, services and assets.' (Section 1 Scope and application) The Australian Standard is based on the assumption that a risk management framework should be applied across the organisation. The approach to risk management described in the *Tasmanian Government Project Management Guidelines* complies with AS/NZS ISO 31000:2009 despite some minor differences in terminology, the specific assignment of responsibility for risk mitigation within the project's governance structure and a more detailed definition of the "forms of damage" that a project can suffer.

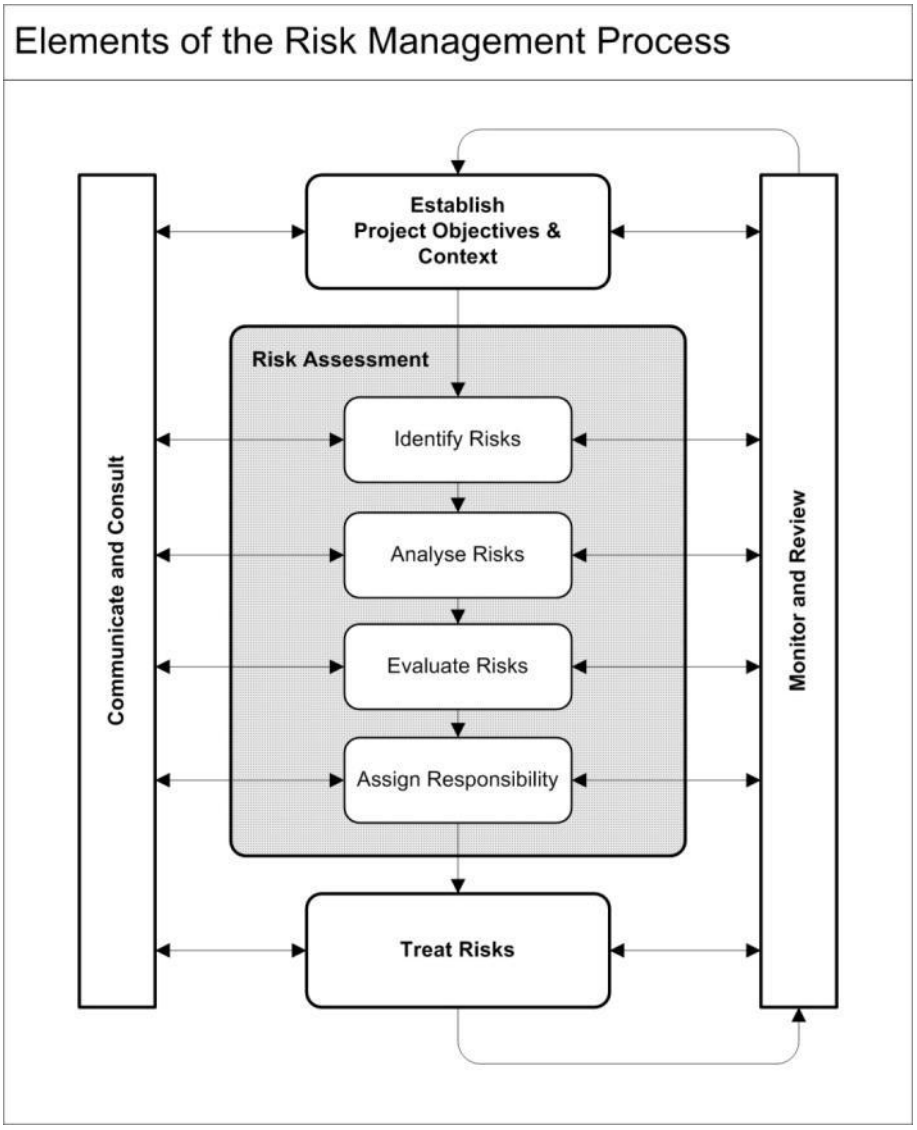

Figure 14 – Elements of the risk management process

5.3.1 Communicate and consult

Stakeholders can have a significant impact on decisions made, and can affect output utilisation, realisation of Project Outcomes and achievement of longer term business benefits. It is important that their perceptions of risk be identified and documented. Communication and consultation with all key stakeholders should be ongoing and not just part of the initial risk identification and analysis process. This should be tied in with the overall communication strategy for the project and should not be undertaken as a separate activity.

Before developing the *Risk Management Plan* for large and/or complex projects, the Project Steering Committee and other key stakeholders should meet to undertake an initial risk identification and analysis. This is a powerful process for confirming the Project Objective(s) and identifying different perspectives on the potential risks facing the project, it may also reveal different assumptions and understandings about the project.[52]

Generally only Extreme, A and B-grade risks (see *Table 13 – Risk matrix for grading risks for large/complex projects* on page 97) are reported to the Project Steering Committee on a regular basis through the Project Status Report. As the status of risks changes throughout the life of the project, these changes must be reported to the Project Sponsor and the Project Steering Committee. Depending on the nature of the change, this may be done as part of the Project Status Report or may require a stand-alone document for the Project Steering Committee to endorse. This should provide a more detailed analysis of the nature of the change in risk status (eg escalation from A-grade to Extreme) as well as the information usually provided on the *Project Risk Register* (eg potential impact, date of review, proposed mitigation, responsibility, potential cost of mitigation, timeframe for mitigation, and an evaluation of impact on the *Project Execution Plan*, *Project Work Plan* or *Work Breakdown Structure*).

5.3.2 Establish the context

The risk management process is done in the context of the business environment in which the project is being implemented. This context includes political, organisational and strategic sources of risk. The project scope, including Project Outcomes, customers, Project Outputs, work and resources, also forms part of the context and can help highlight potential sources of risk.

Identifying the context for the risk management processes must include identifying risks to the business environment where the project operates, particularly in the case of large and/or complex projects. Processes for escalating business risks to senior management should occur as part of the overall agency or whole-of-government risk management activities, including information and physical security risk management.

*The Tasmanian Government Information Security Framework - Risk Managemen*t *Guidelines* (available at www.egovernment.tas.gov.au) recommend adopting a consistent risk management framework for all risk management activities within an agency/organisation. There should be a single approach to determining and grading likelihood, seriousness/impact and risk levels for all risk assessments conducted by the agency/organisation.

5.3.3 Identify risks

Before risks can be properly managed, they must be identified. A very broad identification, analysis and evaluation of project risks should form part of the *Project Proposal* and/or *Project Business Case*. Once the project has received approval to proceed, risk identification initially involves key stakeholders including Project Steering Committee members. One way to undertake the identification process is to hold brainstorming sessions to identify and clarify the main risks that could prevent the project achieving the agreed Project Outcomes.

It is important to clearly define the scope of the project at this stage so that the identification of risks can remain focused on what potentially threatens:

- the delivery of Project Outputs (level of resourcing, time, cost and quality) and/or

[52] Thomsett, R 'Risk in Projects – the Total Tool Set', 2004 www.thomsettinternational.com

- the realisation of Project Outcomes.[53]

In this context, the level and nature of risks to a project may inform or influence the available options for developing and delivering Project Outputs.

Categorising risks is a useful way to ensure all relevant risks are identified. Risks can be categorised by cause or type (eg corporate risks, business risks, project risks and system risks), which can be broken down into other categories, such as economic, environmental, financial, human, information and physical security, natural hazards, occupational health and safety and public liability. Another way is to categorise by risks external to the project and those that are internal.

Another way of categorising risk is to take each of the key elements of project management, outlined in the introduction to these Guidelines, and identify which risks may impinge on the application of each key element. (See the *Project Management Risk Identification Tool* at www.egovernemnt.tas.gov.au for some useful prompts in identifying project risks that may relate to each key element).

A project 'pre-mortem' analysis[54] can also be useful. Conducted on the hypothetical basis that the project has already failed, stakeholders and team members apply 'prospective hindsight' by identifying all possible reasons for project failure. This can be a powerful way to reveal assumptions and identify constraints, as well as identify real risks facing the project early on.

There are usually risks to the business in undertaking the project, in that if the project fails the organisation is exposed. These should be documented in the *Project Risk Register* and may require high-level action (eg by the Sponsor and/or Business Owner) for effective mitigation.

Once the context of the risk has been identified, further questioning is required to identify the source, threat or 'trigger' for the risk, and the subsequent impact or consequence. The wording or articulation of each risk should follow a simple two-step approach:

1. Consider what might be a 'trigger' event or threat; then
2. Identify the risk by focusing on the impact – use a 'newspaper headline' style statement – short, sharp and snappy. Describe the nature of the risk and the impact on the project if the risk is not mitigated or managed.

The examples in Table 9 and Table 10 below show how interrogating the likelihood and seriousness of each risk allows much of the subjectivity can be removed. This helps to determine what pre-emptive or contingency action may be required to treat each risk. This level of rational justification is especially important if additional funding is required for the proposed mitigation.

[53] Risks to the realization of business benefits may be transferred to the Business Owner/s upon output handover.

[54] 'Performing a Project Premortem', Gary Klein, Harvard Business Review Online (http://harvardbusinessonline.hbsp.harvard.edu)

Component	Checklist question	Examples
Determining Likelihood		
Source (root cause)	What is the source of the risk?	Weather
Event and nature	What is the affecting nature of the source that might occur?	Unfavourable weather … for x days
Cause	Why is the risk likely to occur?	Weather is unpredictable
Frequency	How often could the event occur?	Using weather patterns – may be in four-day cycles, less frequent if other conditions
Determining Seriousness/Consequences		
Consequence	What is the effect of the risk being realised on the project's results?	Project activity cannot be conducted if unfavourable weather continues
Factors	When is the event likely to occur? What factors contribute to how often the event could occur?	Weather patterns – climate change effects, or less frequent if other conditions
Location	Where could the risk occur?	External building site
Effect	What of the project's work may be affected?	Construction delayed
Treatment Options		
Control	What are the organisation's existing control measures? What are the reasons why these measures may be ineffective? What new measures may need to be implemented for the project?	Prepare indoor activities Indoor activities may not be feasible Look for alternatives to relocate event eg marquee

Table 9 – Example 1: 'Bad weather' becomes 'Inability to undertake project work due to bad weather'

Component	Checklist question	Examples
Determining Likelihood		
Source (root cause)	What is the source of the risk?	Project funding redirected
Event and Nature	What is the affecting nature of the source that might occur?	Budget cuts
Cause	Why is the risk likely to occur?	Reassessment of strategic priorities
Frequency	How often could the event occur?	Indeterminate – depends on organisation and economic environment
Determining Seriousness/Consequences		
Consequence	What is the effect of the risk being realised on the project's results?	Expenditure to date wasted, Project Outcomes not realised, manager/agency and government embarrassed
Factors	When is the event likely to occur?	Forward planning for budget cycle, strategic planning reassessment of priorities
	What factors contribute to how often the event could occur?	Budget competition, competing priorities
Location	Where could the risk occur?	NA
Effect	What of the project's work may be affected?	Project is abandoned
Treatment Options		
Control	What are the organisation's existing control measures?	Pre-emptive – Avoidance: confirm the budget allocation at regular intervals at the appropriate decision-making level Mitigation: re-scope the project against revised parameters (ie reduced budget, reduced output quality, extended timeframes); or apply for additional funding
	What are the reasons why these measures may be ineffective?	No extra funding available, reduced output quality makes outputs unfit-for-purpose, immovable milestones No extra funding available
	What new measures may need to be implemented for the project?	Consideration may be needed to terminate the project until additional funding is available.

Table 10 – Example 2: 'Insufficient funding' becomes 'Insufficient funding to complete the project due to funding being redirected'

5.3.4 Analyse risks

Once all risks have been identified, a filtering process should be used to determine if and how the identified risks will be managed. For example, some risks:

- are best left, as the likelihood and seriousness would be so low that mitigation strategies are not required;
- need monitoring, but no proactive mitigation strategies are required at this stage;
- are avoided by changing aspects of the scope of the work of the project – this should be documented for approval by the Project Sponsor and/or Project Steering Committee and include an analysis of the potential impact on the Project Outcomes;
- have to be escalated for the attention of senior management within the agency as a risk to the overall agency or whole-of-government business; and/or
- need planned mitigation strategies that may need to be integrated into the project schedule and work plan.

The results of this exercise should be documented in a *Project Risk Register* for the project.

Risks can be analysed according to a subjective assessment of the likelihood they will be realised and the level of seriousness/impact they will have if they do occur.

Likelihood is a qualitative measure of probability to express the strength of our belief that the threat will emerge (generally ranked as Low (L), Medium (M) or High (H)).

Seriousness is a qualitative measure of negative impact to convey the overall loss of value from a project if the threat emerges, based on the extent of the damage (generally ranked as Low (L), Medium (M), High (H) or Extreme (E)).

Risks are classified and ranked according to whether there is a low, medium or high likelihood they will occur, and according to whether their level of seriousness/impact will be low, medium or high if they happen. Assessing the likelihood and seriousness of risks to a project provides a good indication of the project risk exposure.

From this classification, a priority ranking for evaluation and action can be developed, separating the acceptable risks from the unacceptable ones. This approach is just a suggested starting point.

Examples of possible risks might include inadequate funding to complete the project (one effect of which is a lack of resources), an influenza epidemic (the effect of which is that crucial Project Team members become sick) or that key stakeholders are not interested in the project (the effect of which is they do not provide important input into the project or take responsibility for it). Table 11 below illustrates, at a simple level, how this analysis can be done using these examples.

Risk	Likelihood		Seriousness			
	Low	Med	High	Low	Med	High
Inadequate funding to complete project Impact: lack of resources		X		X		
Influenza epidemic Impact: crucial Project Team members become sick and progress stalls			X			X
Lack of stakeholder commitment Impact: Input delayed, progress stalls			X			X

Table 11 – Example of risk analysis

In practice, it is often difficult to analyse the likelihood/seriousness of risks quantifiably and that is why a qualitative word scale often is used.

Risks can be then graded to provide a score using the matrix at Table 12. It is important to note the relative difference in likelihood/seriousness that make up each risk grading: a C-grade risk that is comprised of 'high' seriousness and 'low' likelihood requires a very different management response to a C-grade risk that is comprised of 'low' seriousness and 'high' likelihood.

		Seriousness		
		Low (Insignificant adverse impact, note only)	**Medium** (Reasonable adverse impact, needs monitoring)	**High** (Will have significant adverse impact)
Likelihood	Low (Unlikely to occur during project)	N	D	C
	Medium (May occur at some stage in project)	D	C	B
	High (Probably will occur during project)	C	B	A

Table 12 – Risk matrix for grading risks

For example, a risk that has been classified as low likelihood/low seriousness equates to an N grading for overall risk exposure. A risk that is high likelihood/medium seriousness equates to a B grading for the risk exposure.

In the case of the example at Table 11, the risk of inadequate funding to complete project is graded as D (medium likelihood/ low seriousness); the risk of influenza epidemic is graded as A (high likelihood/ high seriousness). Lack of stakeholder engagement is also graded as A.

For large and/or complex projects, the matrix should be expanded to ensure an Extreme grading as illustrated in Table 13. This grading is automatically assigned to any risks defined as extremely high seriousness; that is, any risk which, if realised, will cause the project to fail or result in a major adverse impact on business operations. An example of an Extreme-grade risk to the project might be unexpected legislative changes, a major financial impact or serious political consequences.

		Seriousness			
		Low	Medium	High	Extreme
Likelihood	Low	N	D	C	Extreme
	Medium	D	C	B	Extreme
	High	C	B	A	Extreme

Table 13 – Risk matrix for grading risks for large/complex projects

The resulting grades of risk help the Project Steering Committee and Project Team to focus on treating the most important risks and to mitigate them before the project progresses into the MANAGE phase. Risks may re-emerge after treatment, which is why risk management is an iterative process throughout the life of the project.

There are more sophisticated tools available to assist with risk analysis and many include extensive numeric scales and algorithms. These tools could be considered for very large and/or complex projects, although the approach above is a good place to start and is easily explained to non-specialists. Levels in the risk matrix, for example, can be expanded to four or five depending on the nature and size of the project.

5.3.5 Evaluate risks

Once risks have been analysed and graded in terms of likelihood and seriousness, they have to be evaluated according to agreed criteria to determine what an acceptable or unacceptable risk is. This will allow the Project Team to prioritise those risks that should be addressed by treatment or mitigation plans.

The impact or consequences of the risk being realised should be described in as much detail as possible in order to fully understand how the project's success could potentially be affected.[55] This will directly influence what actions may need to be applied to minimise damage (or maximise a potential gain) and allow the Project Team to monitor and understand the factors that can reduce project success.

John Smyrk, Sigma Management Science, notes that a project's 'equation of worth' should involve only three variables – benefits, disbenefits and costs – each of which can show damage in either of two ways – magnitude or timing. When this potential for 'damage' (or risk) is unmanaged, six types of consequences or forms of damage can result:

1. Benefits are delayed (because project timeframes are extended)
2. Benefits are reduced
3. Disbenefits[56] are increased
4. Disbenefits are advanced
5. Costs are advanced
6. Costs are increased

In most cases, reduction in output quality (fitness-for-purpose) is usually a consequence of a particular risk being realised, and will therefore be a cause of damage that results in one or more of the consequences identified (ie reduced or delayed benefits, increased or advanced costs).

Even the occurrence of a single risk can cause multiple ripples or have a compounding effect throughout the project, and this is difficult to predict and evaluate.

Once an evaluation of risks has been undertaken, decisions can be made. For example, it may be decided that a risk is acceptable in terms of extended timeframes because the project is not tied strictly to set deadlines, but is not acceptable if it reduces the planned benefits or affects Project Output quality. If, however, a project has fixed deadlines then it may be decided that the level of risk is acceptable in terms of reducing the quality of the Project Outputs, with a view to enhancing quality after the initial deadline has been achieved. Similarly, one risk could have short-term negative consequences for one stakeholder (eg reduced profits) but represent a long-term opportunity for another (eg cost reductions).

Once priorities are agreed, mitigation strategies must be developed and implemented for all unacceptable risks. Depending on the stage of the project, the impact or consequences will have different levels of severity and must be regularly reviewed.

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[55] Hartley, Ch 4 Managing Risk – from concept to outcome p62.

[56] 'Dis-benefits' arise from undesirable outcomes that impact adversely on particular stakeholders (eg reduced profits for a business unit).

5.3.6 Assign responsibility

In order to ensure risks are appropriately monitored, managed and treated, ownership must be allocated appropriately. For lower level risks, responsibility is usually allocated to the Project Manager and/or Project Team, but at various stages in the project it may be appropriate to allocate responsibility for mitigating high-level specific risks to the Project Sponsor and/or particular members of the Project Steering Committee (eg Business Owners) depending on their operational role and influence within the organisations. This can apply to:

- major or extreme risks at any point in the project's life;
- risks with a political element or involving key stakeholders;
- risks relating to organisational change management and transition to the new operational environment (usually the responsibility of the Project Manager and Business Owner);
- risks relating to successful realisation of the project's outcomes (the responsibility of the Sponsor and Project Manager); and/or
- risks relating to successful realisation of the project's longer term business benefits (the responsibility of the Project Sponsor and Business Owner).

Table 14 below recommends the type of actions that should be used in relation to each grade of risk and identifies who has responsibility and accountability for the recommended mitigation actions.

Grade	Risk Mitigation Actions	Who
A & Extreme	Mitigation actions to reduce the likelihood and seriousness to be identified, costed and prioritised for implementation **before** the project commences or **immediately** as they arise during project execution.	Project Steering Committee and/or Project Sponsor
B	Mitigation actions to reduce the likelihood and seriousness to be identified costed and prioritised. Appropriate actions implemented during project execution,	Project Steering Committee and/or Project Manager
C	Mitigation actions to reduce the likelihood and seriousness to be identified and costed for possible action if funds permit.	Project Manager
D & N	To be noted; no action is needed unless grading increases over time.	Project Manager

Table 14 – Recommended actions for grades of risk

The management process by which specific risks are allocated and formally accepted by relevant individuals will depend on the stage of the project. It may be appropriate to clarify accountability by:

- submitting an Issues Paper detailing relevant risks and nominating responsibility for Project Steering Committee endorsement;
- noting the responsible individual on the *Project Risk Register* for endorsement by the Project Steering Committee; and/or
- formally documenting risks relating to output handover in the *Outcome Realisation Plan* for endorsement by the Project Steering Committee.

Involving key players allows closer scrutiny of risks and provides increased accountability. For large/complex projects that are undertaken over many months or years, periodic review of the risk accountabilities is recommended given that the influence and roles of stakeholders may change as organisations are restructured over time.

5.3.7 Treat risks

Risk mitigation actions or treatment reduce the chance that a risk will be realised and/or reduce the seriousness of a risk that is realised. The costs of these actions should be identified as part of the risk evaluation activities.

Risk mitigation or treatment actions should be cost efficient but effective in that they help reduce the risk exposure of the project. Beware that many treatment plans are labour intensive, not cost-effective and will never get done. A cost-benefit analysis of proposed mitigation[57] may be required to calculate financial cost and time/effort required. Conscious decisions need to be made regarding the wearing of certain risks as opposed to the costs of mitigation. Where possible, estimating the costs (ie people, dollars, time lost etc) of inaction or ineffective mitigation (whether preventative or contingency) can provide the Project Steering Committee with a better appreciation of the value of appropriate mitigation actions which can sometimes be considered expensive and time-consuming. For serious risks, an extremely effective risk mitigation strategy can be justified more easily in terms of its cost.

Any costs for risk mitigation may require a reassessment of the agreed project budget. This can sometimes lead to risks being misrepresented or downplayed because revealing the possible additional cost of containing or managing the potential impact may mean the project does not go ahead.

There are two classes of action for risk mitigation activities:

1. Pre-emptives that lower the likelihood (in other words, what can be done now to reduce the likelihood of the risk) These include:

   - Avoidance – re-scope the project to remove the potential risk (eg if the schedule is problematic, extending the timeframe can avoid this source of risk; if the scope is overly ambitious, reducing the scope or clarifying requirements can eliminate potential risks).
   - Transfer – transfer the risk to a third party more capable of dealing with the problem or opportunity (eg a specialist contractor, purchasing insurance, contracts to transfer liability). This does not eliminate the potential risk, but simply transfers responsibility for its management and can involve payment of a premium to the party accepting this responsibility.
   - Acceptance – accept the risk without planning any prepared response to counter the risk.

57 Investment Lifecycle Guidelines #2 Project Risk Management Guideline, Victorian Department of Treasury and Finance http://www.lifecycleguidance.dtf.vic.gov.au/subsection.php?section_ID=1&subsection_ID=3

– **Preventative** - plan actions intended to reduce the possibility a risk will occur. For example, if a risk were identified that the project's major clients will not have the technical expertise to adequately utilise the technology the project is implementing, an appropriate preventative action would be to provide technical training. Preventative actions for A and B-grade risks should be implemented before the project progresses very far into the MANAGE phase, and should therefore appear in the *Project Work Plan (Project Execution Plan, Work Breakdown Structure).*

Note that risk treatment itself can introduce new risks, including the risk that the treatment measures prove ineffective.

2. Contingencies to lower the seriousness (in other words, what can be done after the risk has occurred). These include:

– **Mitigation** - plan actions to reduce the seriousness. In other words, 'What should be done if?' For example, a possible contingency action in response to the identified risk of 'lack of technical expertise' might be that ongoing technical support and advice is provided to the client agency/organisation once the technology is implemented.
– **Recovery** actions are those subsequent actions that allow a project to move on after a risk has occurred. They include management of residual risks. Hopefully, the seriousness of a risk's impact on the project will have been reduced due to the planned contingencies being implemented. These recovery actions should be built into the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*), ie what should be done and when. A good example is disaster recovery planning in the case of a new IT system or, in the case of the previous example, the client organisation hired people with technical expertise as the ongoing IT support did not provide a final solution.

5.3.8 Monitor and review

Risk management is not a one-off activity. Risks should be monitored throughout the project, as likelihood or impact ratings may change or new sources of risk and previously treated risks may emerge (or re-emerge). Issues Management (see Element 6 of these Guidelines) may reveal triggers that should also be closely monitored to ensure action can be taken before a risk is realised. Risks can evolve during the life of a project and, depending on the project phase or stage, the impact and consequences can vary and therefore require different mitigation action.

As a guide, the Project Manager should assess risks and the effectiveness of the mitigation strategies approximately every two weeks. Over a long, significant project there should also be regular formal monthly reviews that should be included in the *Project Execution Plan* (or *Project Work Plan* or Work *Breakdown Structure*) and project schedule; the whole process is iterative throughout the life of the project. The Project Manager should report on risk status regularly at agreed intervals, and these reports should be sought by the Project Sponsor and/or Project Steering Committee. Reporting should include an assessment of the impact of any mitigation actions implemented to treat risk, as the Project Steering Committee require confirmation that the actions are effective in treating the risk.

At some point, particular risks that have been successfully mitigated may no longer be relevant or may have evolved sufficiently to require 'closure' of the original risk or identification of a new risk. Major reviews of the *Project Risk Register* can provide an opportunity to reassess risks and assign a lower grade or retire the risk altogether. This does not mean that the 'closed' risk is deleted, as the *Project Risk Register* and other planning documentation for the life of the project provide an important source of learning for future projects. Good management of the *Project Risk Register* includes using version control to maintain a record of how the risks have evolved and been managed. By documenting identified risks, assessment and mitigation methods, the project contributes to the organisation's knowledge base to guide future projects.

5.4 Roles and responsibilities

The Project Sponsor and Project Steering Committee have ultimate responsibility for ensuring appropriate risk management processes are applied. There should be processes for escalating business risks to senior management as part of the overall agency or whole-of-government risk management processes, including information and physical security risk management plans. Project risk management activities should also be conducted using agency risk management processes where they exist.

The **Project Sponsor** has ultimate accountability for risk management. They ensure there are adequate resources for managing the project's risks and that there is adequate active participation in the risk management process by a wide cross-section of stakeholders. They also ensure that any corporate or agency/organisation risks identified during the project are escalated for the attention of those responsible for managing them. They also monitor the progress and effectiveness of the *Risk Management Plan* and may be directly responsible for mitigating specific major or extreme risks at particular stages in the project, as appropriate.

The **Project Steering Committee** oversees the *Risk Management Plan* and its periodic review. It is accountable for ensuring an effective *Risk Management Plan* is in place throughout the life of the project, and that appropriate mitigation strategies are being implemented for all high-level risks. This includes responsibility for mitigating specific major or extreme risks at particular stages in the project, as appropriate.

The **Project Manager** is responsible for monitoring and managing all aspects of the risk management process under the direction of the Project Sponsor and/or Project Steering Committee, including:

- developing the Project Risk Register and Risk Management Plan,
- continual monitoring of the project to identify any new or changed risks,
- implementing the planned mitigation strategies,
- continual monitoring of the effectiveness of the *Risk Management Plan,* and
- regular reporting on the status of risks to the Project Sponsor and the Project Steering Committee.

Good risk reporting relies on clear descriptions of all risks, their impact or consequences on the project, and potential costs for mitigation and inaction. This will ensure senior management are aware of the potential impact a risk may have on the project's success and are prepared to agree to actions to minimise any negative consequences.

In large projects, the Project Manager may choose to assign risk management activities to a separate Risk Manager, but the Project Manager should still retain responsibility. Large projects are a risk in themselves, so the need for the Project Manager to reassign this integral aspect of project management may indicate that the project should be re-scoped or divided into several sub-projects, overseen by an overall Project Manager or Project Director.

It is important to remember that the person directly responsible for risk management does not generally conduct all risk management assessments themselves, but facilitates the analysis by involving relevant people, particularly key stakeholders, and by providing appropriate mechanisms for discussion and documentation.

Other Project Team members can assist with the identification, analysis and evaluation of risks, and can assist in the development of the *Risk Management Plan*. They can also be responsible for risk mitigation actions.

Project Stakeholders, Project Steering Committee, Reference Groups, external consultants, and importantly, the Business Owner(s) should have input into the *Risk Management Plan,* especially assessing potential risks and risk mitigation actions. They may also be allocated responsibility for some risk mitigation actions.

It is important to remember risk management cannot be the responsibility of one person entirely, and that it should involve a range of people associated with the project.

5.5 Risk management documentation

5.5.1 Risk Management Plan

A *Risk Management Plan* should be included as a section in the *Project Business Plan* or, depending on the size of the project, as a separate document, and should cover, at a minimum, the following:

- the process for identifying, analysing, evaluating and treating risks, both initially and throughout the life of the project, including estimated costings;
- the process for transferring approved risk costings into the project budget;
- the process for transferring risk mitigation activities into the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*);
- how often the *Project Risk Register* will be reviewed, the process for review and who will be involved;
- how risk status will be reported and to whom;
- who will be responsible for which aspects of risk management;
- an appendix showing a snapshot of the major risks, current gradings, planned mitigation strategies and costings and who will be responsible for implementing any mitigation strategies (the snapshot may be a copy of the *Project Risk Register*); and
- how recovery actions will be managed.

5.5.2 Project Risk Register

A *Risk Register* is a useful tool for outlining all the risks identified before and during the project, for keeping a record of their grading in terms of likelihood and seriousness and a record of the proposed mitigation strategies, costings and responsibilities. The *Project Risk Register* forms the basis for the *Risk Management Plan*. In small projects, the *Project Risk Register* is the *Risk Management Plan*. In large and/or more complex projects, a more detailed *Risk Management Plan* should be developed for approval by the Project Steering Committee.

As the project progresses, the *Project Risk Register* may evolve as a stand-alone document during the life of the project. Ensuring this is version-controlled allows the Project Manager to maintain a record of how the risks have developed and managed.

The Project Risk Register should cover:

- a unique identifier for each risk;
- a description of each risk and how it would affect the project (identification of consequences);
- an assessment of the likelihood it will occur (low, medium, high) and the possible seriousness if it does occur (low, medium, high, extreme);
- a grading of each risk according to a risk assessment table (see Table 12 – Risk matrix for grading risks and Table 13 – Risk matrix for grading risks for large/complex projects);
- recording of any change in the risk grading (ie increase or decrease) and date of last review;
- a description of the mitigation strategies selected/developed, which can include preventative (to reduce the likelihood) and contingency actions (to reduce the seriousness);
- who is allocated responsibility for undertaking the mitigation strategies;
- in large and/or more complex projects, costs for each mitigation strategy;
- timeframe for implementation of the mitigation actions; and
- whether the mitigation actions have been included in the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*).

5.6 Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- Risk management planning and activity should be comparable to the size and/or complexity of the project – the higher the level of risk the project faces, the more detailed the project management documentation.
- In general, the greater the level of risk and change in a project, the more frequently the Project Steering Committee should meet.[58]
- Risk will inform the options you choose for developing and delivering Project Outputs.
- Every activity you do in a project that is not developing a Project Output is treating a risk.
- Do not underestimate the resource requirements to undertake risk management activity – all components should be included in the *Project Work Plan/Project Execution Plan/Work Breakdown Structure* planning and documentation.
- Any known risk that is either ignored or not fully evaluated during a project will increase the overall risk of project failure.
- Risk assessment provides increased comfort that all bases are being covered which ultimately leads to a more confident approach by the Project Team in undertaking its duties. It also encourages the team to take on a greater degree of ownership of the project when they are provided with the opportunity to contribute in this way.
- The higher the level of organisational change required to realise the Project Outcomes, the higher the level of risk. The absence of an effective Project Sponsor with the will and the authority to drive through the necessary changes will increase the risk.[59]
- Detailed project planning is hard to do beyond six months – trying to plan in detail too far ahead increases the potential that risks will be realised. Large and/or complex projects should be 'chunked up' into manageable phases or stages.
- Clarify the Project Objectives, Project Outcomes and Project Outputs early and gain formal endorsement from the Project Sponsor and/or Project Steering Committee (this means making sure the meeting minutes record that the Project Steering Committee endorsed the *Project Business Plan* and that a hard copy is signed by the Project Sponsor).
- Manage scope creep diligently and make sure the Project Sponsor and/or Project Steering Committee understand the impact of the proposed changes on time, cost, quality and scope dimensions.
- Maintaining focus and momentum in large, long-term projects is a high-level risk.
- Poorly defined Project Objectives, Project Outcomes, Project Output requirements and unmanaged scope creep all increase the level of risk.Appointing a project team based on staff availability rather than required skills will increase the risk profile of the project. As Thomsett says, where inexperienced staff or those with inappropriate skills are appointed to a project, the budget must allow for appropriate investment in training and team-building.[60]

[58] Gartner research: 'How to get more value from your Project Steering Committee', J Roberts & S Bittinger, 18 September 2006

[59] Case Studies – how Boards and Senior Management Have Governed ICT Projects to Succeed (or Fail), Standards Australia (HB280-2006)

[60] Thomsett.

Element 6 Issues management

This includes:

6.1 What is issues management?

6.2 Monitoring issues

6.3 Issues management flowchart

6.4 Project Issues Register structure

6.5 Tips from project managers

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

6.1 What is issues management?

An **issue** is a concern that may impede the progress of the project if it is not resolved. Issues management involves monitoring, reviewing and addressing issues or concerns as they arise through the life of a project. Projects of any size have to deal with issues. Issues can be raised by anyone involved with the project, including the Business Owner(s), Project Steering Committee members, reference or working group members, the Project Manager, Project Team members and other key stakeholders.

Issues management is an essential skill for Project Managers. If issues are not addressed, they may become a risk to the project. Issues must be resolved quickly and effectively and, in some cases, may require the involvement of the Project Sponsor and/or Project Steering Committee.

6.2 Monitoring issues

For small projects, a brief scan and ongoing monitoring may be all that is required to monitor issues, with identified issues documented in a spreadsheet or table. In large and/or more complex projects, it is advisable to maintain a *Project Issues Register*. This should reflect the issue, current status and resolution. Depending on the nature of the issue, appropriate information should be reported regularly to the Project Steering Committee as part of the *Project Status Report*. (Refer to *Element 9 – Status reporting*).

The *Project Issues Register* should be included in ongoing project management activities. The Project Manager and Project Team need a process for capturing issues as they arise, updating and reviewing them so that they can be managed and resolved as the project moves forward. Once an issue is resolved, the appropriate activities should be added to the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*) or list of activities and tasks to ensure responsibility for resolving the issue is allocated (eg Project Manager or a Project Team member) and any costs are included in the project budget if appropriate.

For medium-to-large or complex projects, separate *Project Issues Registers* might be established for each of the major Project Outputs as they are being developed. Depending on the seriousness of an issue, it may be appropriate to allocate responsibility for its resolution to the Project Sponsor or particular members of the Project Steering Committee (eg Business Owner) depending on their operational role and influence within the organisation.

Having a process to identify issues may reveal specific triggers that help to identify major risks before they occur. For example, continual re-scheduling of Project Steering Committee meetings may indicate that members are disengaged. This can seriously impact upon the project, as decisions will be delayed and progress will stall. If an issue cannot be resolved, it could become a risk and if identified as such should be added to the *Project Risk Register*.

Small projects can also benefit from a *Project Issues Register,* as it is low maintenance and provides high value in terms of keeping the project on track and effectively managing the issues, preferably before they become risks.

6.3 Issues management flowchart

The following diagram in Figure 15 – Issues management flowchart represents an ideal process of managing issues throughout the life of a project.

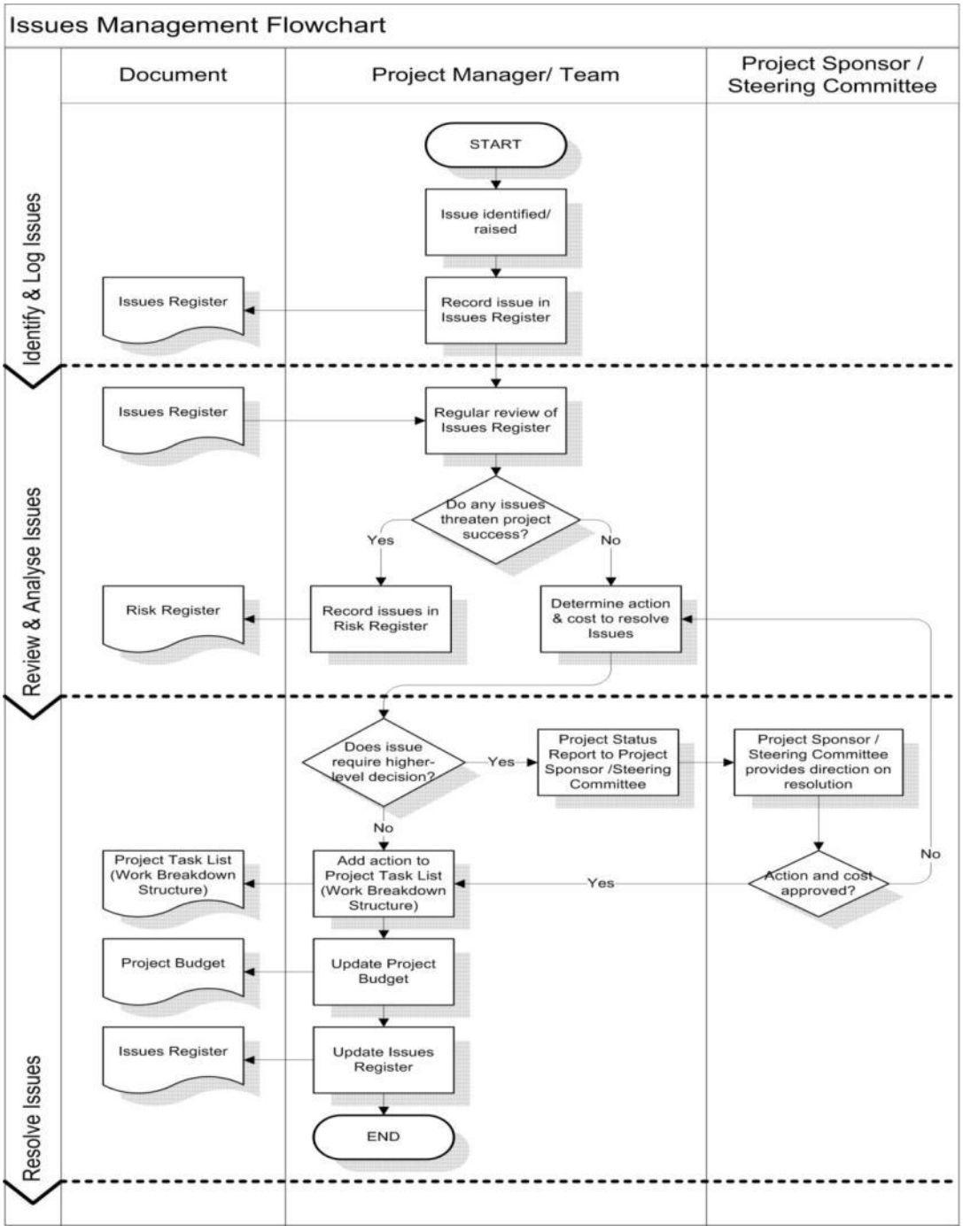

Figure 15 – Issues management flowchart

6.4 Project Issues Register Structure

A *Project Issues Register* is basically a form, often a table, for systematically recording issues. It usually contains the following for each issue:

- a unique number
- a description
- who raised the issue
- date reported
- priority rating

- the person or group responsible for resolving the issue
- action and progress notes, including how it is to be resolved (eg included as an action in the *Project Execution Plan / Project Work Plan / Work Breakdown Structure* and budget).
- status, usually open or closed
- date resolved.

An example is shown in Table 15 below.

Issue Number	Description	Raised By	Date	Priority	Responsible Officer	Actions & Progress Notes	Status	Date Resolved
1.1	Lack of agency representation on Project Working Group	Working Group	1/09/08	High	Jane	Letter of invitation from Project Sponsor (ie Director) to agencies which are not represented	Open	
2.1	Lack of registrants for next forum	Project Manager	1/11/08	High	Senior Project Officer	Send out reminder via email to the project management community of practice.	Open	
1.3	How to show links between PM documents	Project Team member	10/09/08	Medium	Senior Project Officer	Matrix to be developed and published	Closed	30/11/08

Table 15 – Example of a *Project Issues Register*

Project Team meeting agendas should include a review of current issues for each meeting. Current issues should be reported to the Project Sponsor and/or Project Steering Committee in the *Project Status Report*. In the case of a small project, this may be in the form of a verbal discussion between the Project Manager and Project Sponsor/senior manager.

If it is unclear whether an item belongs on the *Project Issues Register*, or is something that needs to be dealt with but will not impede the project, it can be recorded in an action list kept by the Project Team until resolved.

6.5 Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- The key is to document issues and to bring them to the attention of relevant stakeholders and the Project Team.
- Be sure to thoroughly analyse the issue to identify the root cause (not just the obvious symptoms).
- When a group of issues arises, their relationship to each other needs to be examined in order to identify and resolve the root cause.
- Assign the responsibility of follow-up to the right people and review the status of issues at regular Project Team meetings (or more often when necessary).
- Involve the Business Owner. Be sure that they are always aware of issues and risks as they arise and make the Business Owner an active player in issue resolution and risk mitigation.
- Where possible, try to gain a quick resolution so that the project can move forward.
- When the issue cannot be resolved by the Project Team – or if decisions are required with proposed changes to the project scope, budget, output quality or time – actively consult with the Project Sponsor and/or Project Steering Committee.
- An unresolved issue may become a risk and should be added to the *Project Risk Register* where applicable.
- Include issues as regular items on all status reports to the Project Sponsor and/or Project Steering Committee.
- Anyone involved with the project can identify issues. Encourage people to identify solutions as well.
- In many cases items that are classified as issues are really action items. Action items are areas that must be followed up on at some time, but generally are not a concern that may impede the progress of the project if not resolved. Maintain a separate list of action items that arise as part of Project Team, Project Steering Committee, reference and working group meetings. The important thing is to record them somewhere and ensure the appropriate action is taken to resolve them.

Element 7 Resource management

This includes:

7.1 What is resource management?

7.2 Managing human resources (including contract management and managing consultants and contractors)

7.3 Managing financial resources (including probity)

7.4 Managing physical resources

7.5 Managing information resources

7.6 Tips from Project Managers

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

7.1 What is resource management?

In projects, resource management relates to the financial, human, physical and information resources that are required to deliver a project, regardless of project size or complexity. Planning how to manage these resources is vital. The planning might not be documented for small projects, but for large and/or more complex projects detailed documentation will ensure resources are better managed and provide transparency for key stakeholders.

7.2 Managing human resources

During the SET-UP phase of a project, there should be a detailed analysis to determine who will be on the Project Team. This analysis should include a study of the mix of skills required and the number of staff needed for the life of the project. The costs for these staff should include any training requirements and be reflected in the project budget. This is especially important, as in government it is not unusual for a Project Team to be appointed on the basis of availability rather than the specific skills required to execute the project scope.

It is important to adequately estimate recruitment timeframes and the associated budget in the *Project Business Plan*. It is also important during the SET-UP phase to allocate sufficient time to establishing realistic project start and finish dates. It is also advisable to establish the project's critical path in order to predict realistic project end dates to allow for leave periods before project closure.

The Project Team may include personnel from another agency or organisation in the form of a notional contribution or to facilitate the spirit of co-operation between organisations. Any such resourcing requirements should be known and documented in the *Project Business Plan*.

When employing people from another agency, it is important to manage recreation leave requirements so that the project does not end up having to pay out considerable amounts of leave when staff exit the project, which can have considerable impact on a project's budget. Project managers should consider recreational leave balances on recruitment so that these can be reconciled with recreational leave balances at the end of an employee's work period on the project.

It should be remembered that staff are entitled to, and should expect to take, their normal annual leave entitlements and this should be managed as part of the project planning. While the nature of project work can mean it is difficult to manage recreation leave issues during the project, some large and/or complex projects have previously addressed this issue by agreeing to close down project activities for a period (eg over the early January or around Easter periods). However, it is acknowledged this shutdown time is not always practical or feasible.

Taking regular recreation leave is an important part of maintaining the health and wellbeing of employees and is an important consideration in providing a safe working environment for projects. The accrual of large amounts of leave by Project Team members also has occupational health and safety implications (eg key person dependencies, increased rates of illness and stress). People are a Project Manager's most valuable resource and they must ensure the OHS requirements of the Project Team are addressed within the *Project Business Plan*. This information may include the fact that weekend work is required in some instances, which will have leave accumulation and OHS issues that must be addressed.

Excess leave also has to be managed so the agency meets its obligations under the *State Service Act 2000,* the *State Service Regulations*, the *Long Service Leave (State Employees) Act 1994* and any relevant Ministerial Directions and government policies regarding excess leave credits (both long service leave and recreational leave).[61]

If Project Team members are carrying large amounts of leave, it is advisable to report these leave entitlements to each Project Steering Committee meeting as part of the Project Manager's *Project Status Report*, so that this issue can be monitored and addressed.

It is important to plan how and when project personnel will be engaged and the type of employment conditions. Additional information on the recruitment of personnel can be obtained through an agency's human resources branch, or equivalent, and through the Office of the State Service Commissioner at www.ossc.tas.gov.au.

Consideration should also be given to the development requirements for the Project Team through formal training or team building activities. An agency's human resources branch should be able to assist in determining the method to use for conducting performance review and development sessions and handling staff issues that may arise.

Any approved changes to the initially approved Project Team should be documented, and any issues that arise as a result of the skills mix or Project Team structure can be recorded for reference during the project evaluation.

61 Department of Premier and Cabinet Recreation Leave and Long Service Leave Management Strategy and Policy (undated) available on http://intranet.dpac.tas.gov.au/human_resources/remunerations_and_entitlements/leave_entitlements

As identified in *Element 11 – Project closure*, there should be plans for releasing resources before the project is finalised, and Project Teams should gradually be wound down. The movement of project staff from the project to other roles, including the timing of their move and the capture of their project knowledge, should be planned.

7.3 Managing financial resources

During the SET-UP stage of a project, a detailed project budget should be developed that reflects the resources required to complete the activities and tasks of the project. The budget should include the costs required for:

- all project staff salaries and on-costs including any training costs required to ensure the team can meet the project's initial and ongoing skills requirements;
- Project Team accommodation costs;
- physical resources (refer to *Element 7, 7.5 – Managing physical resources*);
- services or consultancies necessary to undertake the project; and/or
- project management costs, ie any costs associated with risk mitigation strategies and quality assurance.

The project budget also may include an estimate of the financial contribution (real or notional eg staff or equipment) made by another agency to provide an accurate cumulative total cost for the project. At this stage the funding arrangements (source) for the project should be known and documented in the *Project Business Plan*.

It is important to plan purchases during the project. This can be achieved by developing a procurement plan that can be detailed within the *Project Business Plan* or *Project Execution Plan* or be included as an appendix to either of these documents. A procurement plan enables you to:

- provide a framework against which the Project Manager can monitor progress and achievement of Target Outcomes, and evaluate these to facilitate corrective action;
- record the procurement methods, the proposed contractual arrangement and the related performance measures;
- record the accountabilities and responsibilities of key project roles (such as Project Sponsor, Project Manager, Procurement Manager and Technical Adviser) in relation to the procurement activities. The accountabilities and responsibilities should reflect those detailed in the Governance section of the *Project Business Plan*;
- establish a realistic timescale and sequence for the procurement activity. This activity is particularly important if an open tender process is to be followed, as the tender process has the potential to be time consuming; and
- identify important issues arising through the procurement cycle, and document how they are to be dealt with and by whom.

Information on financial management within individual agencies can be obtained from agency finance branches. For additional information on purchasing on behalf of the Tasmanian Government, go to www.purchasing.tas.gov.au. This website provides an excellent range of resources that will assist in purchasing both goods and services for projects.

Once individual costs has been estimated and linked to project activities or milestones, an overall project budget can be developed. This linking enables monitoring and reporting on a regular basis of actual expenditure against the planned expenditure. Depending on the size and complexity of the project, information on actual project expenditure can be maintained by the Project Team (for small projects), or by using the agency/organisation's financial management information system, where cost coding can be used to uniquely identify project expenditure (for large and/or more complex projects).

There are a number of tools that can assist with reporting actual project expenditure against planned expenditure on a regular basis.

Any changes to the initial project budget that are approved by the Project Sponsor and/or Project Steering Committee should be documented, and any issues that arise as a result of the budget or the funding arrangements can be recorded for later reference during an evaluation of the project.

As identified in *Element 11 – Project* closure, at the end of the project it may be necessary to consider what should happen to any excess funds or how any deficit will be funded.

Probity

Probity is essentially about ethical issues relating to procurement. In practise, it entails not only doing the right thing, but also having sufficient evidence that the right processes were applied that will stand up to scrutiny and formal audit. Some general principles include:

- Ensure best value to the public in monetary terms.
- Ensure fairness and impartiality (determine evaluation criteria in advance).
- Deal with conflicts of interest that could influence realisation of the project's outcomes.
- Ensure accountability (maintain detailed records and support material).

It is essential that probity considerations be built into project planning, as they cannot be adequately resolved once problems occur. Information security provisions cannot adequately address conflicts of interest. A Probity Adviser aims to ensure processes are consistent with government procurement policies and guidelines, and must be independent. Appointment of a Probity Adviser is recommended when a purchase is of high value or is likely to be contentious.

There are a range of approaches that can be taken on probity issues. A useful resource on this topic is *Probity Guidelines for Procurement (Version 5.0, December 2008)* at www.purchasing.tas.gov.au.

7.4 Contract management

The main purpose of contract management is to ensure that both parties meet their obligations and agencies obtain value for money through satisfactory performance under the contract.

The head of agency or deputy secretary (or equivalent) must approve any decision to engage a consultant prior to the agency undertaking the appropriate procurement process. *Treasurer's Instruction 1113* (22 December 2006) details the protocol that agencies must use for the engagement and use of contractors (including consultants). For more information see www.treasury.tas.gov.au.

A formal *Contract Management Plan* is not required for all contracts, but is strongly recommended where the contract involves large budgets, includes complex technical requirements, or when the Contract Manager is responsible for managing a large number of contracts simultaneously. More information about *Contract Management Plans* along with a template can be found at www.purchasing.tas.gov.au.

The *Contract Management Plan* is a living document. Its development should commence during the procurement planning stage, and it should be reviewed and updated throughout the procurement process and the life of the contract.

At the procurement planning stage, consideration needs to be given to:

- who will manage the contract;
- how the contractor's performance will be monitored and what penalties will be applied for unsatisfactory performance;
- when remuneration will occur and what agency procedures apply (including approvals required and how long processes may take);
- the risks associated with the contract, and how they will be managed during the course of the contract;
- reporting requirements for the contractor;
- ownership of the intellectual property once the contract is fulfilled;
- capturing the required tasks in the *Project Execution Plan/Project Work Plan/Work Breakdown Structure* and allocation of responsibility for task completion; and/or
- reviewing the project budget to ensure there is sufficient funding to undertake the required procurement management actions that have been allocated.

Further information, including templates and guides related to managing contracts can be found at www.purchasing.tas.gov.au.

Tips from practising project managers in relation to managing consultants and contractors can be found at the end of this section.

7.5 Managing physical resources

During the SET-UP phase of a project, a detailed analysis should be undertaken to identify the physical resources required to complete the project's activities and tasks. This analysis may include accommodation, which may require modifications and/or fit-out to accommodate the team, vehicles, computers and infrastructure, phones and any other equipment or assets. The costs for these resources should be reflected in the project budget.

As identified in *Element 11 – Project closure,* there should be plans for disposal of any assets that were acquired for the project and formal confirmation of who will manage them on completion of the project.

7.6 Managing information resources

During the SET-UP phase of a project, a detailed analysis is required to identify and document internal and external sources of information. Records management arrangements for the project must take into consideration the needs of the project and agencies/organisations providing information to the project. For example:

- the document control procedures,

- information storage,
- backup of hard copy and soft (electronic) copy records and documents, and
- the level of documentation to be maintained.

If there are costs associated with obtaining and storing any information, they should be reflected in the project budget.

In addition, appropriate security and confidentiality is important. Additional guidelines on privacy and security can be obtained from individual agencies and through the Office of eGovernment, Department of Premier and Cabinet at www.egovernment.tas.gov.au.

As identified in *Element 11 – Project closure*, at the end of the project the handling, disposal and retention periods of information supplied to the project should be considered. Records management processes should be in place from the beginning of the project using the agency's records management system.

The *Archives Act 1983* at www.thelaw.tas.gov.au provides additional information. A number of guides to the legislative and legal framework are available at www.archives.tas.gov.au/guides.

Any issues that arise as a result of the information management arrangements can be recorded during an evaluation of the project, for later reference.

7.7 Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- Establish realistic project start and finish dates that include sufficient timeframes, as recruitment requires time and detailed planning.
- The composition of the Project Team may change as the project moves through its various phases, which means budgeting for training at different times.
- Allow a realistic timeframe for an open tender process as this can be time consuming.
- When the project includes a high value or contentious purchase, appoint a Probity Adviser early.
- Information security provisions cannot adequately address conflicts of interest. Appoint a Probity Adviser.
- Make yourself aware of government policy resources in relation to procurement such as departmental proformas, Treasurer's Instructions and so on.
- Make your *Request for Proposal* document as detailed as possible and include contract conditions. It will shorten the negotiation time later.
- Remember: If it is not in the contract it is not in the deal! Bring in specialised negotiation expertise as and when required.
- Contract penalty provisions often are not enforceable but if they are required think about why they are being included – it may be a sign that something is not 'right'.
- Cultivating a good relationship with the consultant/contractor is time well spent but remember that personnel change. Ensure any additional agreements or amendments to the contract and 'understandings' are appropriately documented.
- Encourage consultants to work with project staff to enable the transfer of knowledge to the business unit.

In relation to managing consultants and contractors:

- Be rigorous when selecting consultants and/or contractors (use previous performance as a guide).
- The relationship between the contracting organisation (the 'outsourcer') and contractor (the 'vendor') is important – work at maintaining it so that issues can be resolved easily without referring to the contract.
- In order to maintain a good relationship at the 'working' level, consider escalating problematic issues to the Project Sponsor and/or Project Steering Committee or a Business Owner (who is an executive line manager) earlier, rather than later. Hopefully, then, the resolution of such problems will not impact too severely on your personal working relations with the consultant/contractor.
- Make your *Request for Proposal* document as detailed as possible and include contract conditions. It will shorten the negotiation time later.
- Bring in specialised negotiation expertise as and when required.

- When dealing with an organisation that you have not worked with before, gain an awareness of the organisation's culture in order to work effectively with them

Element 8 Quality management

This includes:

8.1 What is quality management?

8.2 Planning to achieve quality results (including quality assurance and quality control)

8.3 Developing a Quality Management Plan

8.4 Quality improvement

8.5 Tips from project managers

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

8.1 What is quality management?

In the context of project management, quality management is the application of principles and processes aimed at establishing a quality framework for the management of the project and for the development and delivery of the Project Outputs. The purpose of quality management in projects is to ensure that the project is managed within a quality framework (quality assurance) and that Project Outputs are delivered fit-for-purpose (quality control).

8.2 Planning to achieve quality results

Incorporating quality management into project planning reduces the risk of project failure by providing a process to manage changes, problems, issues and incidents that emerge during the project. It also provides a process to ensure the Project Outputs are produced fit-for-purpose.

Fitness-for-purpose relates to the features by which the quality of an output is determined. In other words, what criteria will be used to test whether the Project Outputs meet the needs of the project's Business Owner(s) and customers, and will in turn enable Project Outcomes to be realised.

Fitness-for-purpose is achieved by ensuring:

- that all project management processes are conducted in a quality manner (quality assurance); and
- by developing quality criteria for the Project Outputs themselves (quality control).

When determining the appropriate level of quality, it is important to look at this in the context of project risk (eg if a lower level of quality is applied to the project, will this lead to new risks or will it change the likelihood and/or impact of current risks?) It is also important to look at this in consultation with key stakeholders (eg project customers, Project Sponsor, Business Owner). Any decision to alter quality standards should also take into account the impact on other project constraints, such as time and cost.

Effective quality management increases the likelihood that a project is delivered within agreed time and cost constraints. It decreases the risk of Project Outputs not being fit-for-purpose by ensuring key stakeholder agreement to the quality criteria to be applied.

Quality management can also provide opportunities for continuous improvement of Project Outputs as they are being produced. A formal quality management framework ensures that the project is managed in a quality manner according to an agreed methodology or standard and that Project Outputs are fit-for-purpose. This could be documented in the *Project Business Plan* or in a separate *Quality Management Plan.*

8.2.1 Quality assurance for quality project management processes

Quality assurance means ensuring all project management process are conducted in a quality manner. The Project Sponsor and/or Project Steering Committee and Business Owner(s) are responsible for determining the level of quality assurance that is needed. Projects should adopt an agreed project management methodology or structures and processes.

In the case of Tasmanian Government projects, this methodology implies applying 'the 11 Key Elements of project management' as detailed in these Guidelines. The rigour and extent to which these Key Elements are applied and documented will depend on the size and level of complexity of the project. A range of project management documentation templates is available at www.egovernment.tas.gov.au, all of which are scalable. If specific sections of the templates are considered irrelevant, some brief text should be included to provide the logic to their exclusion as any omissions will reduce the effectiveness of the document as a whole.

Project Managers and Project Teams must clearly understand the requisite quality requirements when preparing or reviewing project estimates, including estimates of time, cost, resources and work requirements. All projects must include adequate provision for quality assurance activities in the project's *Project Execution Plan/Project Work Plan/Work Breakdown Structure* to meet these requirements. The results of the planning process may be captured in the *Quality Management Plan*, which can be a separate document or form part of other documents, such as the *Project Business Plan* (small projects) or the *Project Execution Plan* (large and/or more complex projects).

Large and/or complex projects require external quality assurance to provide the Project Sponsor and/or Project Steering Committee and the Business Owners with objective feedback as to the 'health' of the project. Available mechanisms to ensure quality project management processes include:

external Quality Advisory Consultants to assist the Project Manager with selection and application of appropriate project and quality management methodology and processes during the project. See

- Appendix 4 A Charter for Project Management Quality Advisory Consultants for a detailed description of the Quality Advisory Consultant role; and
- external Quality Review Consultants to undertake formal quality reviews of the project's processes at pre-determined points to provide independent retrospective evaluation of the suitability of the approved project management processes. Appendix 5 A Charter for Project Management Quality Review Consultants provides a detailed description of the Quality Review Consultant role.

Project review and evaluation templates are available from www.egovernment.tas.gov.au to assist the Project Manager and Project Team to conduct internal quality assurance activities.

Another form of quality assurance that can be used is similar to a Gateway™ Review Process©[62], which is used by the Federal and various state governments. This review process has a series of panel reviews by peers at identified 'gates' or phases in the life of the project. These review points provide assurance to the Project Sponsor/Business Owner that the project can proceed to the next stage or there may be a need to implement some changes before proceeding. This type of review is particularly useful for projects with a large procurement component.

8.2.2 Quality control for quality Project Outputs

Quality control is achieved by defining the quality criteria for Project Outputs; that is the characteristics that make them fit-for-purpose. It is about determining if the Project Output can do what it was intended to do and whether it meets identified business needs, expectations and requirements of the Business Owner(s) and other key stakeholders. It requires consensus with the Business Owner(s) and other key stakeholders about how the business requirements will be delivered through the development and utilisation of the Project Outputs. The results of this activity are captured in a *Quality Management Plan* (see 8.3).

While there is a cost associated with quality control, it is generally more expensive to rectify a defect or fault in a Project Output at the end of the process than if the problem had been identified during the planning and development process.

Quality control of Project Output processes is also an effective preventative strategy to manage the risk profile of a project. A reduction in Project Output quality (fitness-for-purpose) is usually a consequence of a particular risk being realised (eg inadequate funding to complete the project caused by cost increases due to poor quality materials).

Hartley[63] defines four principles of output quality in relation to projects:

- fitness-for-purpose
- conformance with the relevant standards or specifications;
- stakeholder involvement in defining the project's quality requirements; and
- processes to minimise waste, variation, redundancies and excess in relation to resources, schedule, administration and management.

[62] Further information is available at: www.gatewayreview.dtf.vic.gov.au

[63] Hartley, Chapter 7 Building in Quality – Aligning Objectives, Processes and Improvements

IT services and technology are now largely delivered by external suppliers, so each agency needs to be an informed client. A range of specific skills is required to keep up-to-date with technology, be able to define the business need, be realistic about what systems are likely to deliver, understand commercial drivers, to understand the jargon and how to scrutinise bids, and actively manage relationships with suppliers.[64]

Clarifying the fitness-for-purpose quality criteria requires early input from the Business Owner(s) and other key stakeholders in order to define their needs, expectations and requirements. Sometimes these criteria may be expressed as 'critical success factors'. Key stakeholders can be involved in clarifying Project Output fitness-for-purpose quality criteria on behalf of the stakeholders they represent through their participation in:

- project advisory groups (usually experts to provide specific advice or technical expertise to the project); or
- project reference groups (forums to achieve consensus among groups of stakeholders); or
- working groups explicitly tasked to produce well-defined outputs within a specific timeframe.

To ensure ownership of quality, the Business Owner(s) should approve the final Project Output quality criteria. Project advisory and/or reference groups can verify Project Output quality as the outputs are produced, but the Business Owner(s) should sign-off that the Project Outputs are 'fit-for-purpose' before Project Output delivery and acceptance is formally completed.

Confirming that the required level of Project Output quality has been achieved requires assessment. There are a number of mechanisms available to projects to assess and assure Project Output quality, for example:

- the use of quality consultants to undertake formal quality reviews of the Project Output development processes;
- the engagement of external consultants to provide specialist expertise/advice in relation to specific outputs; or
- the use of advisory groups (ie forums of experts) to provide advice or technical expertise in relation to Project Output development.

There are many well-established Project Output quality control methodologies or procedures such as those required for software application development and construction. These should be considered when deciding the best approach for each project.

Any amendment to the agreed parameters of Project Output quality has the potential to impact and/or be influenced by the constraints of time and cost and vice versa (ie greater output quality will require increased funding for deploying more resources and/or taking more time in Project Output development; less time means some aspects of output quality may have to be compromised if more resources are not available and/or more time cannot be taken). If time is a major constraint (eg a political announcement is required by a specific date) it may be possible to develop Project Outputs to a certain level of agreed quality and then refine their quality later.

[64] Adapted from Parliamentary Office of Science and Technology Report on UK Government IT Projects, 2003 (http://www.parliament.uk/documents/post/pr200.pdf)

In government, IT services and technology are now largely delivered by external suppliers, so agencies need to ensure they have the specific skills required to keep up-to-date with technology, define the business need, be realistic about what systems are likely to deliver, understand commercial drivers, understand the jargon and how to scrutinise bids and to actively manage relationships with suppliers.[65]

8.3 Developing a Quality Management Plan

For large and/or complex projects, a separate *Quality Management Plan* should be developed. In the case of smaller, less complex projects, quality management planning can be documented within the *Project Business Plan* or as an appendix. The *Quality Management Plan* should clearly articulate the quality strategy and processes for both quality assurance (project management quality) and quality control (output quality).

The *Quality Management Plan* should include the following components, which are described in more detail below:

- quality philosophy,
- quality strategy,
- relevant methodologies and standards to be applied to the management of the project processes (quality assurance),
- relevant methodologies and standards to be applied to the development of the Project Outputs (quality control),
- integration of projects within a program or sub-projects within a project,
- Project Quality Review arrangements (quality assurance),
- monitoring and reporting procedures,
- change, problem, risk and issues management,
- output review and acceptance procedures,
- documentation and record keeping,
- responsibilities of key stakeholders, including the Business Owner(s) with regard to the *Quality Management Plan*.

8.3.1 Quality philosophy

The quality philosophy should reflect the overall intentions and approach to quality throughout the project. Where there is an existing agency-level approach to quality, the quality philosophy for the project should reflect and build on the agency/organisation's philosophy. For example, the approach may include reference to partnerships between key stakeholders in the project and how they will contribute to project quality.

8.3.2 Quality strategy

For large and/or complex projects, a quality strategy should be developed from which the *Quality Management Plan* is derived. This strategy can be included in the *Project Business Plan*.

The quality strategy should include:

[65] Adapted from Parliamentary Office of Science and Technology Report on UK Government IT Projects, 2003 (http://www.parliament.uk/documents/post/pr200.pdf)

- quality issues faced in applying the project management processes/methodology,
- quality issues faced in developing the Project Outputs,
- critical Project Outputs – Project Outputs that need to be delivered fit-for-purpose, and the criteria that determine their suitability,
- processes – activities in the *Project Work Plan* (*Work Breakdown Structure* – or for large and/or complex projects in the *Project Execution Plan*) that must be undertaken correctly,
- relevant standards that should be applied, and
- how these standards will be satisfied.

8.3.3 Methodologies and standards

Relevant methodologies, standards and guidelines should be listed in the *Quality Management Plan*, with individual sections identified as appropriate, which may include:

- Tasmanian Government Project Management Framework (quality assurance) available at www.egovernment.tas.gov.au.
- Standards such as AS/NZ 4360:2004 Risk Management (for quality assurance) and AS ISO 10006 – 2003 Quality Management Systems – Guidelines for quality management in projects
- Department of Treasury and Finance policies and guidelines, available at www.purchasing.tas.gov.au,
- records management, web publishing, information security, privacy and other whole-of-government information technology policies and guidelines (quality control) available at www.egovernment.tas.gov.au, and/or
- output development methodology, such as IT software application development or construction industry methodologies (quality control).

8.3.4 Project/program integration

Managing quality is important when there are programs of related projects, or large and/or complex projects divided into integrated sub-projects. For these projects, it is important to define:

- the type and nature of the relationship between the projects.

  That is, is a related project dependent on this project? Is this project dependent on another project? Are this project and a related project dependent on each other (ie interdependent)?

  The nature of a dependency can include a shared relationship with data, functionality, staff, technology/infrastructure, funding, policy and/or legislation.

- the interdependency management processes to be applied.

  That is, how will representatives of related projects be involved in the project planning? How will critically related activities be monitored and managed?

According to AS ISO 10006-2003 Quality Management Systems Guidelines for Quality Management in Projects,[66] interdependency management processes may include:

- project initiation and project planning – evaluating project customer and other key stakeholder requirements, preparing a Project Business Plan and initiating other processes;
- interaction management – managing the interaction during the project;
- project change management and control – anticipating change and managing it across all project processes,
- closure - closing processes and obtaining feedback.

The *Project Business Plan* can demonstrate the links to related and/or dependent projects by including appropriate cross-referencing to relevant sections, including assumptions and constraints, stakeholder management, quality management and risk management.

8.3.5 Monitoring and reporting

Formalised regular reporting on the status of the project is an integral part of the quality management of projects. Building regular project status reporting into the project quality management processes assists with implementing regular reviews of project progress. The development of every *Project Status Report* is an opportunity to assess how much progress the project is making to achieve the agreed Project Outcomes, Target Outcomes and Project Objective(s) and to identify any obstacles or problems that may require action.

This topic is covered in *Element 11 – Project closure*.

8.3.6 Managing project change

This section relates to changes to the project, not organisational change management, which is addressed in *Element 3 – Outcome Realisation (including organisational change management)*.

Managing project change in a quality management context relates to the process of obtaining Project Sponsor and/or Project Steering Committee sign-off of changes to:

- project scope, where the term 'scope' covers:
  - Project Objective(s)
  - Target Outcomes and business benefits
  - Project Outputs (including the quality criteria to determine and confirm their fitness-for-purpose)
  - Project Stakeholders
  - schedule (the timeframe for the work to be done)
  - budget and human resources
  - risk minimisation strategies
  - methodologies and standards adopted for the project

[66] AS ISO 10006-2003 Quality Management Systems Guidelines for Quality Management in Projects – accessed via www.saiglobal.com

Further information about this is provided in *Element 1 – Planning and scoping* and *Element 2, 2.3 – The roles and functions of a Project Steering Committee.*

8.3.7 Problem management

In projects, a problem generally refers to any Project Output that is, or could be perceived as, defective. Problems that arise during the project need to be managed in order for the Project Output to be delivered fit-for-purpose.

Depending on the size and/or complexity of the project, the approach to problem management can be addressed in the *Project Execution Plan* or separately in *Acceptance Testing Plans, Quality Management Plans* or similar documents. It can also be addressed under issues management and by maintaining a *Project Issues Register*.

Regardless of where problem management is documented, it should describe the process for recording, monitoring, updating, and closing problems. As a result of a problem being identified, it may be necessary to request for change to be made. Project documentation should refer to the process for project change control.

8.3.8 Risk management

Risk management is covered in *Element 5 – Risk* management.

8.3.9 Issue management

Issues management is covered in *Element 6 – Issues* management.

8.3.10 Output review and acceptance procedures

A *Quality Management Plan* should describe the approach to:

- how progressive output quality reviews or appraisals will be conducted throughout the project. These reviews need to be undertaken progressively, as quality control must be built in at the beginning of a project. These reviews should be identified and included in the project schedule, and may include the use of a Probity Auditor or other external consultants with the relevant technical knowledge or expertise to provide advice or perform a review of Project Outputs or their components;
- how the Business Owner(s) should conduct a final output quality review and formal acceptance of the Project Outputs before they are endorsed by the Project Steering Committee; and
- project phase reviews, which provide an opportunity to evaluate the success of a project phase and capture the lessons learned. This review should involve a range of key stakeholders. Phase reviews should be identified and included in the project schedule.

8.3.11 Documentation and record keeping

Documentation and record keeping is covered in *Section 1, Part 8 – Project management documentation.*

8.3.12 Responsibilities of key stakeholders

The successful implementation of the *Quality Management Plan* is dependent on a commitment to both quality project management processes and Project Output quality by the Project Sponsor and/or Steering Committee, Business Owner(s), Project Manager, Project Team Leader and Project Team members. Key stakeholders and their responsibilities and accountabilities need to be identified in the *Quality Management Plan*.

8.4 Quality improvement

When quality management is effective, there will usually be areas identified for improvement in order for the project to meet the agreed level of quality. These identified improvements (changes) are undertaken through managing project change processes outlined in 8.3.6.

By incorporating regular reviews of project management processes and Project Output development processes, quality improvement can be undertaken throughout the life of the project. Those projects employing quality consultants for advice on both project management quality and Project Output quality must ensure that both the project governance processes and the *Quality Management Plan* provide a process to action accepted recommendations.

Quality improvement in project management can be assisted further through end-of-project and post-project reviews that help to capture lessons learned. This has proven more successful when the agency/organisation has a quality philosophy that incorporates quality improvement as outlined in *Element 10 – Project review and evaluation*.

8.5 Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- It isn't as easy as you first thought it would be – everyone has a different understanding of 'quality'.
- Remember that it is ultimately the project customer who says what is 'fit' for their purpose; if they don't or won't use it, why do the project in the first place?
- Regulation, standards and legislation may affect what is fit-for-purpose – consultation is imperative if this isn't in accordance with the customers' wishes and wants.
- Quality is about methodology and processes, as well as Project Output quality – don't just say you will do it in the documentation – make sure that you do it.
- Checklists work.
- An impartial review is a good thing – it assists you as the Project Manager in keeping the project work on track.
- Use a change control methodology for ALL changes and you will be able to track what is happening throughout the project.
- It is about doing it right – first time, every time.
- Managing quality is about both project management processes and the project's deliverables.

Element 9 Status reporting

This includes:

9.1 What is status reporting?

9.2 Purpose of the Project Status Report

9.3 Developing a Project Status Report

9.4 Traffic light reporting: indicators of project 'health'

9.5 Frequency of reporting

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

9.1 What is status reporting?

Project status reporting is regular, formalised reporting on the progress of the project against the Project Business Plan. It may be both verbal and written. Usually it is reported by the Project Manager to the Project Sponsor and/or Project Steering Committee, depending on the size, complexity and management or governance structure of the project. Status reporting can also be to individuals or committees that are contributing to the work of the project, such as reference or working groups or quality consultants.

9.2 Purpose of the Project Status Report

Formalised regular reporting on the status of the project is an integral part of the quality management of the project. The Project Sponsor and/or Project Steering Committee need to be properly informed about the status of the project in order to make appropriate decisions. The Project Manager should establish this reporting as part of the management activities for the project.

Developing a *Project Status Report* provides an opportunity to assess how much progress the project is making to achieve the agreed Project Outcomes, Target Outcomes and Project Objective(s) and to identify any obstacles or problems that may require action. This constitutes a subjective review of the project's progress against the agreed scope.

Another purpose of the *Project Status Report* is to provide an ongoing history of the project, which is useful for tracking progress, evaluation and review. *Project Status Reports* are used during any formal project review, both during and after completion of the project.

Depending on the size and complexity of the project, the substance of the *Project Status Report* is based on:

- regular review of project progress against specific components of the approved *Project Business Plan* at Project Team meetings;
- sub-project status reports to the Project Manager in the case of large projects;
- regular review of project progress against the relevant high-level milestones in the approved *Project Business Plan* as well as major milestones and achievements from the *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure);*

- regular meetings with the Project Sponsor;
- regular review of the effectiveness of mitigation actions as outlined in the *Risk Management Plan,* and their effect on the gradings for likelihood and seriousness for project risks;
- regular review of the *Project Issues Register*; and
- regular review of progress against budget and expenditure (actual versus planned).

A *Project Status Report* should highlight any problems that are occurring or have the potential to occur.

9.3 Developing a Project Status Report

The Project Sponsor and/or Project Steering Committee should agree to the proposed structure of the *Project Status Report* and frequency of reporting to them. The following areas are suggested as the minimum information the report should include:

- status of the project

  This should include description; milestones for the last reporting period; milestones for the next reporting period and impact of achievement/non-achievement of milestones for the remaining period of the project;

- budget report

  Reporting on planned expenditure, actual expenditure deficit/surplus and revenue against planned Project Output delivery, if appropriate;

- risk management report

  Specifying any changes to the major risks identified since the previous report, and modification to the strategies put in place to manage them; any new risks that have arisen since the last report (these should also be identified in the updated *Project Risk Register.*) Depending on who is responsible for specific risk mitigation actions, this section may require input from the Project Sponsor, Business Owner(s) or other Project Steering Committee members. Input may be written (gathered before the meeting) or verbal (at the meeting) – the most critical thing is that comments should be recorded in the meeting minutes;

- issues report

  This should include areas of concern, specific problems and any action/decision that needs to be taken by the Project Sponsor and/or Project Steering Committee as identified in the *Project Issues Register*;

- Outcome Realisation report

  Planning for Outcome Realisation should be undertaken during a project no matter how big or small. Not all projects need to develop an *Outcome Realisation Plan*, however, all need to monitor achievement towards the Target Outcomes and plan with the Business Owner(s) for the level of organisational change required to enable Outcome Realisation to occur. Where Outcome Realisation is incremental, the Business Owner(s) is accountable to the Project Sponsor or their delegate(s) for reporting progress towards achievement of the project's Target Outcomes even after the project has closed;

- any general information; and
- recommendations.

It is important to keep the report focused and to report on/against milestones, not percentage of work completed or general 'activity' (which does not necessarily equate to progress or achievement). A milestone can be defined as a progress marker that identifies when significant points in a project have been reached. Milestones are anchored within the timeframe for the project and reflect the critical path towards the final delivery of the Project Outputs. If milestone slippage is occurring it could be a danger sign that the project will not be completed within the specified timeframe.

9.4 Traffic light reporting: indicators of project 'health'

Where a project has specific constraints, risks or challenges that may threaten the success of the whole project, the Project Sponsor and/or Project Steering Committee may want to agree on specific parameters and tolerance levels for project performance. Such parameters or 'project health indicators' usually relate to:

- budget – planned versus actual expenditure;
- schedule and milestones – planned versus actual achievement;
- number of changes to the project scope made, approved and implemented, and corresponding impacts on schedule, budget and Project Output quality;
- resource management, particularly human resources – eg overtime, recreation leave owing, sick leave, attrition;
- risk status and effectiveness of mitigation actions; and/or
- specific criteria relating to Project Output development, for example in a project with a significant information technology component the parameters may relate to the number of critical, serious and non-critical defects outstanding and resolved on a weekly basis.

Reporting against agreed parameters or indicators can take the form of 'traffic lights' where specific information is collated and assessed against the agreed parameters. The resulting status or 'health' of the project (or specific project component) is shown visually with an indicative traffic light colour:

Colour	Parameters/indicators (example only)	Action required (example only)
Green	No significant issues. The project is progressing as planned. All agreed criteria met.	Status update only. No issues, risks or tolerance exceptions for advice or approval.
Yellow	There are one or more issues that threaten this stage of the project. The Project Manager considers they are recoverable and will not threaten the agreed project tolerances. All agreed criteria met but one.	For advice only – no governance involvement anticipated at this stage.
Orange	There are one or more issues that threaten this stage of the project. The Project Manager considers that the Project Sponsor and/or Project Steering Committee should be aware of them as they may affect meeting the set project tolerances in future. All agreed criteria met but two.	Issues will be briefly outlined along with planned treatment.
Red	There are one or more significant issues that threaten the success of this stage of the project. The issues have the potential to affect meeting the set stage tolerances. No agreed criteria met.	Issues will be briefly outlined in the *Project Status Report.* A brief attachment to the *Report* will provide a treatment recommendation and rationale

Table 16 – 'Traffic' light reporting

As reports from the Project Manager will inevitably be from a subjective perspective, 'traffic light' status reporting can result in a simplistic interpretation of the information. Accurate and unbiased status information is essential for a Project Sponsor and/or Project Steering Committee to make the necessary decisions to guide the project. The role of the Project Sponsor and/or Project Steering Committee includes asking appropriate questions until they are satisfied with the information, not just accepting a report on face value. Where information is technically complex, the Project Sponsor and/or Project Steering Committee may need to use expert knowledge external to the project to assist in assessment of progress information.

9.5 Frequency of reporting

The frequency of status reporting will vary, depending on the size of the project and the requirements of the Project Sponsor and/or Project Steering Committee.

Very small projects may only require fortnightly consideration by the Project Manager and/or a meeting with the Project Sponsor to discuss any issues that could affect progress.

For large and/or more complex projects the *Project Status Report* forms an integral part of the project, as information for the reports is drawn from the project management processes in place for the project.

In either case, meetings should be scheduled regularly to discuss project status, either verbally or based on the written *Project Status Report*. The meetings should be often enough that progress could be reported against a number of milestones since the last meeting.

Ideally, the timing for the meetings should be linked to key milestone dates (including the end of a phase), and not to a pattern (for example, the last Friday in the month). In reality, this is not always possible and depends on the nature of the project. Prior notification of meeting dates/times should be provided to members via an agreed meeting schedule.

In the case of projects with a Project Steering Committee, it is important that the Project Manager attends Project Steering Committee meetings and speaks for the *Project Status Report*. Usually, the Project Manager does not have voting rights on the Project Steering Committee, but should be there to answer queries and concerns and to take appropriate action.

Element 10 Project review and evaluation

This includes:

10.1 What is project review and evaluation?

10.2 Project review: assessing project performance

10.3 Project evaluation: assessing project success

10.4 The role of the Project Sponsor and/or Project Steering Committee in achieving project success

10.5 Learning from project failure

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

10.1 What is project review and evaluation?

Project review and evaluation are the key ways of measuring the performance and success of a project. Regardless of the size or complexity of a project, it is critical to:

- regularly review a project's progress at defined intervals throughout the project against well-defined and agreed criteria; and
- assess the success of the project at closure against well-defined and agreed criteria.

Reviewing and evaluating a project is important because:

- What gets measured gets done (ie agreement to metrics implies accountability).
- If you don't measure results, you can't tell success from failure.
- If you can't see success, you can't reward it.
- If you can't reward success, you're probably rewarding failure.
- If you can't see success, you can't learn from it.
- If you can't recognise failure, you can't correct it.
- If you can demonstrate results, you can win public support.[67]

It is also important to review and evaluate projects to justify the return on investment, ensure the effective use of funding and effectively manage the use of resources. Effective governance and project management requires regular scrutiny of progress to ensure that projects are delivering what they are intended to achieve and what the business requires.

10.2 Project review: assessing project performance

Project review involves assessing a project's performance against previously agreed criteria by using baseline metrics to measure progress throughout the project. Assessing project performance can be done in a number of ways, for example:

[67] Adapted from Orr, Ken (2004) *Pushing the envelope: managing very large projects*. Arlington, MA: Cutter Consortium, 2004

- periodic review through regular *Project Status Reports* written by the Project Manager. These reports provide the Project Sponsor and/or Project Steering Committee with regular subjective information about the progress (not just 'activity') of the Project Manager and Project Team compared to planned performance, risk and issues management and Outcome Realisation planning. Some projects use colour-coded 'traffic light' reporting to indicate project 'health' in relation to agreed parameters. For more information refer to *Element 9 – Status reporting*;
- at key decision points or at the end of a phase or stage, through an independent review of project performance by suitably qualified personnel external to the Project Team (eg Quality Review Consultant, representative of the organisation's Project Management Office or other qualified consultant). The purpose of the review is to assist the Project Sponsor and/or Project Steering Committee to determine if the project should proceed to the next phase (eg Gateway-style reviews – see 10.2.4 below). It is critical that the review is performed by someone outside the project to maintain transparency and probity, to remove perceptions of bias and ensure appropriate rigour; or
- an external one-off review by independent and suitably qualified personnel to determine if the project should continue. This type of review is normally commissioned by the Project Sponsor and/or Project Steering Committee if there is concern about whether the project should be re-scoped or terminated.

10.2.1 Establishing baseline metrics

In order to assess a project's performance at a particular point, specific metrics and parameters are required as baseline information. These metrics allow an assessment of how successfully the project is being executed, and to what degree the project is achieving (or preparing for the achievement of) the level of planned change.

The agreed baseline metrics or parameters should be documented in the approved *Project Business Plan*. Assessing the degree to which these baseline metrics or parameters are being attained will indicate the level of 'control' being applied to the project at any point in time. Where changes to initial metrics are agreed, some or all project metrics may need to be 're-baselined' or re-set to reflect the parameters under these changed conditions (eg time, cost, quality and scope) and the new metrics documented appropriately (eg in updated *Project Business Plan* and reflected as the baseline information in the next *Project Status Report*).

Progress reviews conducted against initial baselines may provide incorrect or misleading information, but may be useful in evaluating the project INITIATE estimates where there is a large discrepancy between the original and the final project metrics.

Figure 16 provides an example of what baseline information could be considered for a project, along with an indication of what the Project Team should focus on in assessing these.

Agreed metrics/baseline information	Focus of assessment
Target Outcomes and planned performance measures, including baseline information/data (ie pre-project measurements taken during the project initiation phase)	Level of achievement of Target Outcomes (tracking progress towards outcome realisation achievement) and other agreed metrics
Re-baselined performance measures (updated to reflect agreed changes)	Updated ('new') baseline information for agreed metrics
High-level milestones based on the planned schedule of work. These should be included in the *Project Execution Plan (Project Work Plan)* to avoid slippage	Achievement of project milestones against planned dates
Project budget and planned expenditure	Actual project costs against those budgeted
Project resource management plan including procurement processes and contract management metrics (ie performance measures)	Resources being allocated as planned Comparison of applied procurement processes with those planned Comparison of actual contract management performance with planned metrics
Project Outputs and their defined fitness-for-purpose characteristics (level of quality)	Quality of the Project Outputs produced against planned fitness-for-purpose criteria
Quality management methodology to be used during the project (eg project management methodology, Project Output development methodology etc)	Actual application of quality management methodology compared to the planned approach (eg for project management processes, Project Output development etc)

Figure 16 – Sample metrics/baseline information

Stakeholder satisfaction may also be a relevant metric to assess as the project progresses.

A *Project Status Report* to the Project Sponsor and/or Project Steering Committee must always include reporting against the agreed performance measures for the project, to enable them to effectively monitor the project's management and progress. A *Project Business Plan, Project Execution Plan* and/or *Outcome Realisation Plan* that is regularly updated, and shows satisfactory achievement of results against these plans, can demonstrate that a project is being effectively managed. If and when changes to initial metrics are agreed, the 're-baselined' project metrics must be reported in the next *Project Status Report* for agreement by the Project Sponsor and/or Project Steering Committee.

Despite the best of intentions, it is inevitable there will be changes needed during the life of a project. Sometimes there will be valid reasons for changes. On other occasions, it may be appropriate to defer a change until after the completion of the project. There are also changes that originate from outside the agency/organisation that will affect the project.

In urgent or emergency situations, it may be necessary to implement project changes before undergoing the necessary approval processes and updating the project documentation. Until the changes have been approved and reflected in the project documentation, the project is, by definition, 'out of control'.

10.2.2 Indicators of project 'health'

Where a project has specific constraints, risks or challenges that may threaten the success of the whole project, the Project Sponsor and/or Project Steering Committee may want to agree on specific parameters and tolerance levels for project performance. In this case, reporting can take the form of 'traffic lights' where specific information is collated and assessed against the agreed parameters. The resulting status or 'health' of the project (or specific project component) is shown visually with an indicative traffic light colour.

As reports from the Project Manager are inevitably subjective, 'traffic light' status reporting can result in a simplistic interpretation of the information. Accurate and unbiased status information is essential for a Project Sponsor and/or Project Steering Committee to make the necessary decisions to guide the project. The role of the Project Sponsor and/or Project Steering Committee includes asking appropriate questions until they are satisfied with the information, not just accepting a report on face value. Where information is technically complex, the Project Sponsor and/or Project Steering Committee may need to use expert knowledge external to the project to assist them to assess progress.

See *Element 9, 9.4 – Traffic light reporting:* indicators *of project 'health'* for more information.

10.2.3 Independent review

Conducting an independent review of the project is a proactive way to assess the progress of any project (large or small) at key decision points, in order to maximise its success.

The main benefits[68] of such a review derive from having an independent perspective to challenge:

- the accepted assumptions and agreed approach;
- the validity of the Project Objective(s) in representing the business need, its relationship to the corporate strategic agenda, and its alignment within a program stream;
- the validity of the Target Outcomes as quantified measures indicating the achievement of the Project Objective(s);
- the appropriateness of the Project Outputs, the assumptions underlying utilisation by specific customers/stakeholders and the assumed causal relationship with the intended Project Outcome(s);
- the validity of the agreed quality criteria (fitness-for-purpose) for the Project Outputs and how these have been determined;
- the accuracy of estimated costs;
- the legitimacy of procurement and contract management processes;
- the identification and management (proposed and actual) of the project risks and issues;
- whether the identified processes and methodologies (eg project management, Project Output development) are appropriate;
- the dependencies of individual projects; and
- that the stakeholder identification is valid and that their requirements are understood.

Where specific and major concerns exist, the Project Manager and Project Team are likely to be too involved with the project to give unbiased advice. An independent review is essential to provide an impartial assessment of whether the project should be re-scoped or terminated.

[68] Learnings gathered from the provision of the Tasmanian Government Project Quality Advisory and Review Service, Office of eGovernment, Department of Premier and Cabinet.

The role of a Project Management Quality Review Consultant (see Appendix 5 A Charter for Project Management Quality Review Consultants) is to assess the project at key points and provide independent retrospective evaluation of the how effective the management processes are in delivering the intended outcomes for the project. The review identifies and reports successful project and quality management processes, and those activities where improvements are possible for future projects or phases.

While there are usually cost implications for any review, the cost should be considered minimal in comparison to a potential project failure, particularly for larger and more complex projects.

10.2.4 The Gateway™ Review Process

The Gateway™ Review Process[69] was developed by the United Kingdom's Office of Government Commerce (OGC) in 2000. The OGC Gateway ™ Review Process examines high or medium risk programs and projects at key decision points. It looks ahead to provide assurance that the project can progress successfully to the next stage.

OGC Gateway ™ Reviews are applicable to a wide range of programs and projects including:

- policy development and implementation,
- organisational change and other change initiatives,
- acquisition programs and projects,
- property/construction developments,
- IT-enabled business change, and
- large-scale procurements.

The aim of the GRP is to help government departments and agencies ensure that their investment is well spent, meets business and government strategic objectives and achieves value-for-money outcomes.

The Gateway™ approach has been applied by several Australian jurisdictions including Victoria, New South Wales, Western Australia, South Australia, Queensland and parts of the Australian Government. In the Australian context, Gateway™ reviews are applied to high or medium risk projects or programs that procure services, construction or property, or IT-enabled business change projects or any procurement using contracts.

Gateway™ reviews implement a structured process where a team of experienced people, independent of the project, carry out best practice reviews at key decision points (or 'Gates') in a program or project's life. There are six Gates:

[69] United Kingdom's Office of Government Commerce – www.og.gov.uk

Gateway	Review Focus	Intent
Gate 1	Strategic assessment	Confirm establishment of business need
Gate 2	Business case	Confirm validity of business case
Gate 3	Readiness for market	Confirm validity of procurement strategy (or equivalent internal process)
Gate 4	Project tendering	Confirm competitive procurement process undertaken
Gate 5	Readiness for service	Confirm contract execution and Project Output(s) ready for implementation
Gate 6	Benefits evaluation	Confirm benefits achieved

Table 17 – The six Gates

Rather than a 'stop or go' assessment, each review provides independent and targeted feedback on the project's progress to date by identifying issues to be addressed if the project is to move successfully to the next stage. The review uses a peer review approach with a review team comprised of experienced project managers and those with relevant subject expertise. Each project review is conducted by small teams over a short timeframe (usually four to six days) and focuses on the 'current status' of the project and the work that is completed at that time.

10.3 Project evaluation: assessing project success

Evaluating a project after it has been formally closed is an opportunity to assess how the project performed, whether success was achieved, how the changing expectations were managed and what lessons were learned. Post-project evaluation should be seen as an opportunity to acknowledge what went right with the project and identify what could have been done better without attributing blame to individuals.

It should be viewed as an opportunity to contribute to the continuous improvement of the quality of project planning and implementation within the organisation. Realistic information on the team's performance, the stakeholders' contribution, the accuracy of estimates and the responsiveness of the project to changes can all be assessed with a view to preparing recommendations for other projects to prevent similar mistakes from occurring.[70]

Experience has shown that this stage is usually done badly or not at all, typically because of perceptions that an evaluation constitutes a witch hunt, or there is a 'lack of interest' by key players in the project governance structure (ie the Project Sponsor and/ or Project Steering Committee) due to relinquished accountability.

[70] Adapted from Hartley, S (2003) *Project Management: A Competency-Based Approach*. Chapter 11 Closing out the Project – handover, achievement and celebration and Tom L Barnett (2009) 'Improving Your Project (After the Fact)' sourced from ganthead.com (18 June 2009)

10.3.1 Success criteria

Before a project can be evaluated, specific agreed criteria are required as a basis for assessing success. These criteria include determining whether key performance milestones are being (or have been) met, how well the project is being (or was) managed, whether the specified Project Outputs have been delivered to the required quality and to what extent the Project Outcomes have been secured or realised.

A project can be considered successful if:

- Project Objective(s) have been realised,
- Target Outcomes have been achieved,
- Project Outputs are delivered on time and to the agreed quality,
- costs are within those budgeted,
- risks were managed appropriately,
- processes and methodologies were implemented appropriately (eg project management, Project Output development),
- stakeholders requirements have been met, and
- lessons have been learned (documented) for next time.

The criteria for judging a project's success should be clearly documented in the *Project Business Plan* and should define the circumstances and timing of any post-project evaluation.

10.3.2 Baseline metrics for post-project evaluation

Just as specific metrics and parameters are required as baseline information to assess a project's performance at a particular point in time, the same metrics provide the baseline information for the criteria that will be used to evaluate a project once it has finished. They allow an evaluation of how successfully the project has been executed, and to what degree the project has achieved the level of planned change.

The agreed baseline metrics or parameters should be documented in the *Project Business Plan* and should include those specified in *10.2.1 – Establishing baseline metrics*.

A key measure of the success of a project is the degree to which the Target Outcomes are realised. The planned Target Outcomes should be documented and stated in measurable terms so that their realisation can be evaluated effectively at a later date. For example, if a project is justified in terms of improved efficiency, the precise areas in which these efficiencies will be obtained should be documented as agreed Target Outcomes. For instance, a project may improve the efficiency of a process by cutting the amount of time taken to finish particular tasks or by avoiding certain tasks. If a project is justified in terms of cost-savings, precise areas where these savings will be achieved should be documented early on, so their realisation can be evaluated at a later date. Quantifiable measures include avoided cost, increased revenue and greater or improved efficiency.

10.3.3 Types of post-project evaluation

Depending on the needs or requirements of the Project Sponsor and/or Project Steering Committee and the size and complexity of the project, some or all the following criteria should be assessed:

- performance against agreed Project Objective(s), Target Outcomes and Project Outputs;

- performance against planned budget and schedule;
- quality or fitness-for-purpose of the Project Outputs;
- effectiveness of the methodologies applied (eg project management, risk management, Project Output development);
- lessons learned by key stakeholders (including the Project Team); and
- any other criteria, such as critical success factors, as determined and agreed to by the Project Sponsor, Project Steering Committee or other funding or governing body.

These evaluation methods can be grouped into five categories as seen in Figure 17 – Post-project evaluation methods. The Project Sponsor and/or Project Steering Committee may choose to focus on either all categories or only selected categories.

1. Project performance evaluation	This type of evaluation can include assessing the performance of the project against the baseline measures for: • achievement of Project Objective(s), • realisation of Target Outcomes, • number of Project Outputs delivered and accepted, • budget - actual expenditure versus project budget, and • schedule - actual achievement of milestones versus planned. The only qualitative measure in this evaluation should be the achievement of the Project Objective(s). Other criteria determined by the Project Sponsor, Project Steering Committee or other funding or governing body could be included in this type of review.
2. Project Output quality evaluation	During the project, or at the end of the project, an evaluation of the quality or fitness-for-purpose of the Project Outputs is needed to assess stakeholder satisfaction with these outputs. The fitness-for-purpose criteria developed before the start of the project should be used as a baseline when conducting this type of review. Despite the Project Team applying a well-accepted methodology in developing the Project Outputs and ensuring these are technically correct, it is important to assess if the stakeholders are satisfied with the Project Outputs. As such, this type of evaluation is often done better from an objective point of view and conducted by someone external to the organisation. The results can be fed into a future continuous improvement project.
3. Outcome Realisation evaluation	Some time after the Project Outputs have been delivered an evaluation of the project is needed to assess if the desired outcomes were attained. The Target Outcome metrics developed before the start of the project should be used as a baseline when conducting this type of evaluation. The Target Outcomes should be quantitative. Other qualitative outcomes can also be evaluated. The timing of this evaluation will depend on the target dates for achievement of the Target Outcomes. The *Outcome Realisation Plan* should include a plan for conducting this evaluation.
4. Project Management methodology evaluation	Prior to the Project Team and Project Steering Committee disbanding, an evaluation of the project to assess the effectiveness and appropriateness of the project management methodology applied is useful. This type of evaluation captures valuable learnings for future projects. It is an evaluation of the processes adopted for the project and not an assessment of individual performance. When listing project management problems as part of the evaluation, it is essential to distinguish between defects because project management processes were carried out improperly and defects because the project management process itself was flawed.
5. Project Output Development methodology evaluation	Prior to the Project Team and Project Steering Committee being disbanded, an evaluation of the project to assess the effectiveness and appropriateness of the development methodology used to develop the Project Outputs is useful. This type of evaluation captures valuable learnings for similar projects conducted in the future. Again, it is a review of the processes adopted for the project and not a review of individual performance.

Figure 17 – Post-project evaluation methods

10.3.4 Gathering lessons learned

Often projects that have radically gone wrong are audited, but useful lessons can be gained from reviewing any project. An evaluation conducted at the end of a project is a useful way of identifying issues and concerns that may be relevant to other projects. Sharing these lessons allows the organisation to maintain a culture of continuous improvement.

Steps in gathering lessons learned include:

- conducting a team brainstorm session soon after the project ends before people move on to new responsibilities;
- using an independent facilitator, preferably with no prior connection to the project;
- focusing on tactics, decisions or processes that were successful or problematic, and why;
- exploring any unintended consequences,
- exploring what would be done differently if the project could be done all over again;
- accepting feedback/input after the session from those who would prefer to remain anonymous;
- accepting feedback from stakeholders openly and honestly (this is not about blame – criticism of specific individuals is counterproductive);
- documenting the lessons learned in a positive way that promotes their use (ie developing recommendations) and informs better practice; and
- assigning responsibility for implementing the recommendations.

10.4 The role of the Project Sponsor and Project Steering Committee in achieving project success

Ultimately the success of a project is the responsibility of the Project Sponsor and Project Steering Committee members. Only they can redefine the scope, or decide to close the project if it becomes clear the Project Objectives are unattainable. Project Managers and Project Team members may be too involved with a project's activities to provide clear advice on project progress so the Project Sponsor and Project Steering Committee members must keep a close eye on the how the project is going in meeting the agreed success criteria. They should also recognise that they have an important role in defining success measures, and these measures should be assessed throughout the course of the project, not just at the end.

10.5 Learning from project failure[71]

There are many reasons why projects fail, and every organisation has examples of projects that can be considered failures. There is extensive information available about the reasons for project failure from international research experts (such as Gartner) and evaluations conducted by auditors general around Australia. In the Tasmanian Government context, information has been gathered through the Tasmanian Government Project Quality Advisory and Review Service and workshops conducted with the (former) Inter-Agency Steering Committee.

Many project failures could have been avoided through appropriate use of project management tools and techniques.

The most commonly cited reasons for project failure, in no particular order, are:

- poor or no relationship to the organisation's strategic priorities;
- lack of feasibility, including poor business case, poor estimates, decisions based on price rather than long term value for money, unrealistic timelines;
- poorly articulated Project Objective(s) and Project Outcomes with unachievable and/or unverifiable targets;
- poor or inadequate project scoping, poor scope management, including poorly defined and/or documented scope, inadequate documentation of business requirements, no periodic review of business needs to revalidate the project scope, over-ambitious planning (eg development and implementation not broken down into manageable steps), poor tracking of scope changes (eg poor or absent document approval processes), inadequate understanding of the impact of changes to the scope, unwillingness to review and adjust initial estimates to account for normal cost increases over the longer term, lack of sufficient system and/or process testing prior to go-live, little or no system usability testing and validation of new processes in the business environment;
- inadequate governance, including poor ownership (eg disengaged Project Sponsor) and passive leadership from senior management, lack of stability in project governance, overweighting the Project Steering Committee, lack of clarity in roles, no acceptance of responsibility and accountability, no transparency in decision making, irregular and/or informal status meetings, poor engagement in the decision-making processes (eg poor attendance and/or participation by the Project Sponsor and/or Project Steering Committee in status meetings, unwilling to make decisions or be accountable);
- inadequate recordkeeping, including gaps in critical documentation, undated and/or unsigned records, lack of author details or cross-references to source documentation;
- poor contract management, including lack of specific expertise (eg contract management, fixed price versus time and materials), breaches of process (eg conflicts of interest, breaches of financial delegations);

[71] Adapted from Skillern, M (2010) 'Is IT as bad as it seems?' (unpublished) Australian Institute of Project Management national conference; www.ganthead.com; NSW Auditor General's Report Performance Audit Government Licensing Project, Department of Services, Technology and Administration, October 2009 (http://www.audit.nsw.gov.au/); Queensland Auditor General's Report to Parliament No 7 for 2010: Information systems governance and control, including the Queensland Health Implementation of Continuity Project , June 2010 (www.qao.qld.gov.au); Parliamentary Office of Science and Technology Report on UK Government IT Projects, 2003 (http://www.parliament.uk/documents/post/pr200.pdf); United Kingdom's Office of Government Commerce – www.ogc.gov.uk; Victorian Ombudsman's Report into the Tendering and contracting of IT services within Victoria Police, November 2009 (http://www.ombudsman.vic.gov.au)

- poor management of change, including lack of management/stakeholder buy-in to the change, poor or no planned approach to managing the internal business change required for successful implementation (eg critical business readiness activities not implemented), poorly defined interdependencies (ie roles, responsibilities and ownership of Project Outputs);
- poor stakeholder engagement, including failure to set and manage expectations, poor and/or infrequent communication (eg mixed messages, messages do not reflect the project stage, messages not tailored for stakeholder groups), no process to resolve stakeholder issues;
- poor expectation management, including public expectation and expectation within the delivering government agency following the initial ministerial announcement. As a consequence, many projects continue to completion significantly over time and over budget, often delivering Project Outputs of limited value;
- inadequate risk management, including poor risk identification, failure to monitor or reassess risks, failure to identify emerging risks and apply mitigation, no contingency funding, and responsibility for risk mitigation not allocated and/or not accepted, business continuity plans not able to be quickly implemented;
- no independent project management quality assurance; and
- inadequately trained and/or inexperienced Project Managers.

In government, the lack of agility of the public sector to change can have serious implications for long-term projects, and there appear to be specific lessons that can be identified in relation to the extended timeframe.[72] These include:

- unwillingness to review earlier decisions (particularly with respect to technology) so the final Project Output(s) include features that have been superseded by the time the project is approaching implementation;
- the flow-on impacts due to reduced or incorrect functionality, leading to inability to deliver required services as expected;
- the need for government projects to achieve decisions via consensus and according to due process and specific protocols (especially where a Minister or Cabinet are involved), delaying progress significantly and creating tensions with suppliers/vendors; and
- the lack of vision, meaning the project excludes outcomes that could not have been contemplated at the beginning.[73]

[72] Adapted from Skillem, M (2010) 'Is IT as bad as it seems?' (unpublished) Australian Institute of Project Management national conference

[73] NSW Auditor General's Report: Performance Audit – government Licensing Project, Department of Services, Technology and Administration, October 2009

Element 11 Project closure

This includes:

11.1 What is project closure?

11.2 Formal project closure

11.3 Project closure steps

11.4 A two-stage approach to project closure

11.5 The difference between evaluation and closure

11.6 Closing an incomplete project

11.7 Closing an unsuccessful project

11.8 Tips from project managers

Terms used in this Guide can be found in the Appendix 1 Project Management Glossary.

11.1 What is project closure?

Project closure is the formal ending or termination of a project. Projects can be closed at any point during the project's life. Projects can be closed because they are completed successfully, or because it is clear the proposed benefits of the project are unlikely to be attained or are unlikely to be relevant in the current organisational context. Projects can also be closed because they become unfeasible.

The steps involved in closing a project should be planned and documented at the beginning of the project, although the process may vary from project to project.

11.2 Formal project closure

As defined at the beginning of these Guidelines, a project is a group of interrelated activities that are planned and then executed in a certain sequence to create a unique product or service, within a specific timeframe, in order for Project Outcomes to be realised. By definition, all projects have an end date by which time all of the interrelated activities are completed.

Projects that are not formally closed often drift on. Usually this is a sign there has been a loss of control of the project, and symptoms such as continually changing scope, a continued demand for resources and an indeterminate final delivery date eventuate. It can result in lack of ownership by the Business Owner(s), a failure to embed the Project Outputs into the normal business operations of the organisation, continued use of resources and changed and/or enhanced Project Outputs. In addition, project documentation is often not finalised and filed according to relevant records and information management guidelines.

The Project Sponsor and/or Project Steering Committee is responsible for formally closing a project. The Project Sponsor, in consultation with the Project Manager, can propose the timing for closing the project.

It is important to ensure that all project activities are satisfactorily completed. As the end of the project approaches, it may help to produce ongoing checklists of outstanding work. Other means to ensure outstanding work is not forgotten include controlling work at a greater level of detail, holding more frequent Project Team meetings and/or creating a special taskforce for completing outstanding work.

The *Project Business Plan* or *Outcome Realisation Plan* will provide the basis for the Project Sponsor and/or Project Steering Committee to determine if all the work of the project is finished and when the project can be closed.

A two-stage approach to closure is explored in 11.4 below.

11.3 Project closure steps

The final stages of a project can be most rewarding. It is at this stage that people can finally see the realisation of plans and objectives. At the same time though, the tying up loose ends can be tedious and people can be more motivated to work on new projects.

It is important that a project is satisfactorily closed using the following general approach:

Acceptance of Project Outputs by the Business Owner(s)

Be it a technical system, a building or a set of policies, the Project Outputs should be successfully transferred to the project's Business Owner(s). How this transfer will occur should be planned well in advance and recorded in the initial project planning documentation. It is important to ensure the Business Owner(s) will accept the handover date when they are given formal responsibility for the Project Outputs.

If some Project Outputs have not been delivered, the *Project Closure Report* must document the Project Sponsor and/or Project Steering Committee's decision in relation to whether the remaining Project Outputs will be produced at all, or if another body or project will take over their development.

Disbanding the Project Team and 'tying up loose ends'

It is important to ensure that all project activities are satisfactorily completed or responsibility for any outstanding activities has been re-assigned. You may need to consider:

- project staff

  What steps are being taken to manage the movement of project staff from the project to other roles, including the timing of their move and the capture of their project knowledge. There should be plans for releasing resources before the project is finalised, and Project Teams should be gradually wound down. This should be done compassionately, as people often have put a great deal of effort into the project and it will impact how they feel about this project and the next if they feel they are treated unfairly at the project closure stage.

- issues management

  Identify any outstanding issues, and who will continue to progress the issues until they are resolved.

- risk management

  Identify any risks that will transfer to an operational area, and who will be responsible for monitoring them.

- financial management

  Outline the final financial position, what will happen to any excess funds or how any deficit will be funded and what ongoing maintenance cost will be handed over to the new Business Owner(s).

- asset management

  Describe any assets that were required by the project, and who will manage them on completion of the project.

- records management

  Identify what arrangements have been put in place for the storage, security and backup of hard copy and electronic copy records and project documents.

- post-project responsibilities

  List any matters that are outstanding, what actions are required to address them and who is responsible. It should include such things as Project Outcomes yet to be achieved, Project Outputs not yet delivered, maintenance of the Project Outputs and other operational matters such as meeting future training requirements that are outstanding or have not been formally agreed prior to this stage.

- post-project evaluation

  A post-project evaluation is a useful way of identifying issues and concerns that may be relevant to other projects. Often projects that have gone radically wrong are audited, but many useful lessons can be gained from evaluating any project. Ideally, an independent body conducts this type of evaluation and the cost for the evaluation should be included in the project budget.

  Post-project evaluation often documents the closure activities listed above.

- formal closure by Project Sponsor and/or Project Steering Committee and disbanding the Project Steering Committee

  The Project Steering Committee should continue until such time as they are satisfied that all of the project closure activities have been addressed and Target Outcomes secured to their collective satisfaction (or sufficient evidence exists to indicate the Target Outcomes will be achieved within an acceptable timeframe), and formally agree that the project is closed.

- project completion celebration

Whether a formal product launch or an informal gathering for those involved in the project, a project completion celebration is a good way to mark the end of what may have been a significant period for those project participants involved.

11.4 A two-stage approach to closure

A project is not complete when the Project Outputs have been delivered, but only when the Project Outcomes have been realised. For example, the development of a technical system may have been justified in terms of the greater efficiency that would result through the utilisation of the new technology. In this case, the project is not completed fully when the technology is implemented in the organisation, but only when these efficiency goals have been attained. These realised Project Outcomes should be measurable and documented.

When the realisation of the Project Outcomes is spread over a period of time, eg a year or more, project closure can be affected. One approach to solving this is to have /two closure points:

- Closure Stage 1 – when the Project Team disbands after the Project Outputs have been delivered to, and accepted by, the Business Owner(s); and
- Closure Stage 2 – when the Target Outcomes have been achieved.

11.4.1 Closure Stage 1:

The Project Sponsor and/or Project Steering Committee will need to be satisfied that the following matters have been satisfactorily addressed:

- A final Project Manager's *Project Status Report* or *Project Closure Report* has been endorsed by the Project Steering Committee.
- All of the Project Outputs have been produced, as per the *Project Business Plan.*
- Project Outputs have been handed over and accepted by the Business Owner(s). This requires a *Handover Plan*, a written statement of acceptance by the Project Steering Committee or Project Sponsor, or may form part of a formal handover and acceptance process adopted by the project and documented in the *Outcome Realisation Plan.*
- The Project Sponsor and the Business Owner(s) have approved the *Outcome Realisation Plan.*
- If not wholly achieved, progress towards achievement of the Target Outcomes has been assessed as sufficient at this point in the project life.
- Arrangements for how the Business Owner(s) will measure and formally report progress against the longer term Target Outcomes (eg through existing agency or divisional processes, such as the annual reporting cycle or corporate reporting processes) have been documented in the approved *Outcome Realisation Plan.*
- The lessons learned have been captured from the Project Manager, the Project Team members and any other key stakeholders.
- A post-project evaluation against the criteria detailed in the Project Business Plan, has been completed and accepted. (Refer to *Element 10 – Project review and evaluation* for more information.
- The Project Team has been disbanded.
- Physical resources and assets – such as office equipment, computers and software licences – have been disposed of or re-assigned appropriately.
- Financial resources have been fully accounted for, all costs have been paid and any surplus distributed appropriately.

- Documentation, including electronic and hard copies, has been filed in accordance with the records management plan outlined in the *Project Business Plan* and agency records management guidelines.

It is at this stage in the project that the project completion celebrations usually take place.

For a project where the Target Outcomes will take some time before they are realised, the Project Steering Committee may choose not to wait for the post-project evaluation to be undertaken. In this case, the Committee will need to determine who will accept the report on their behalf before closing the project. Depending on the project, some alternatives to consider might include:

- the relevant head of agency or deputy secretary,
- inter-agency steering committee,
- agency's executive management group or corporate management group, or
- relevant divisional/branch manager.

Figure 18 illustrates the process for project Closure Stage 1.

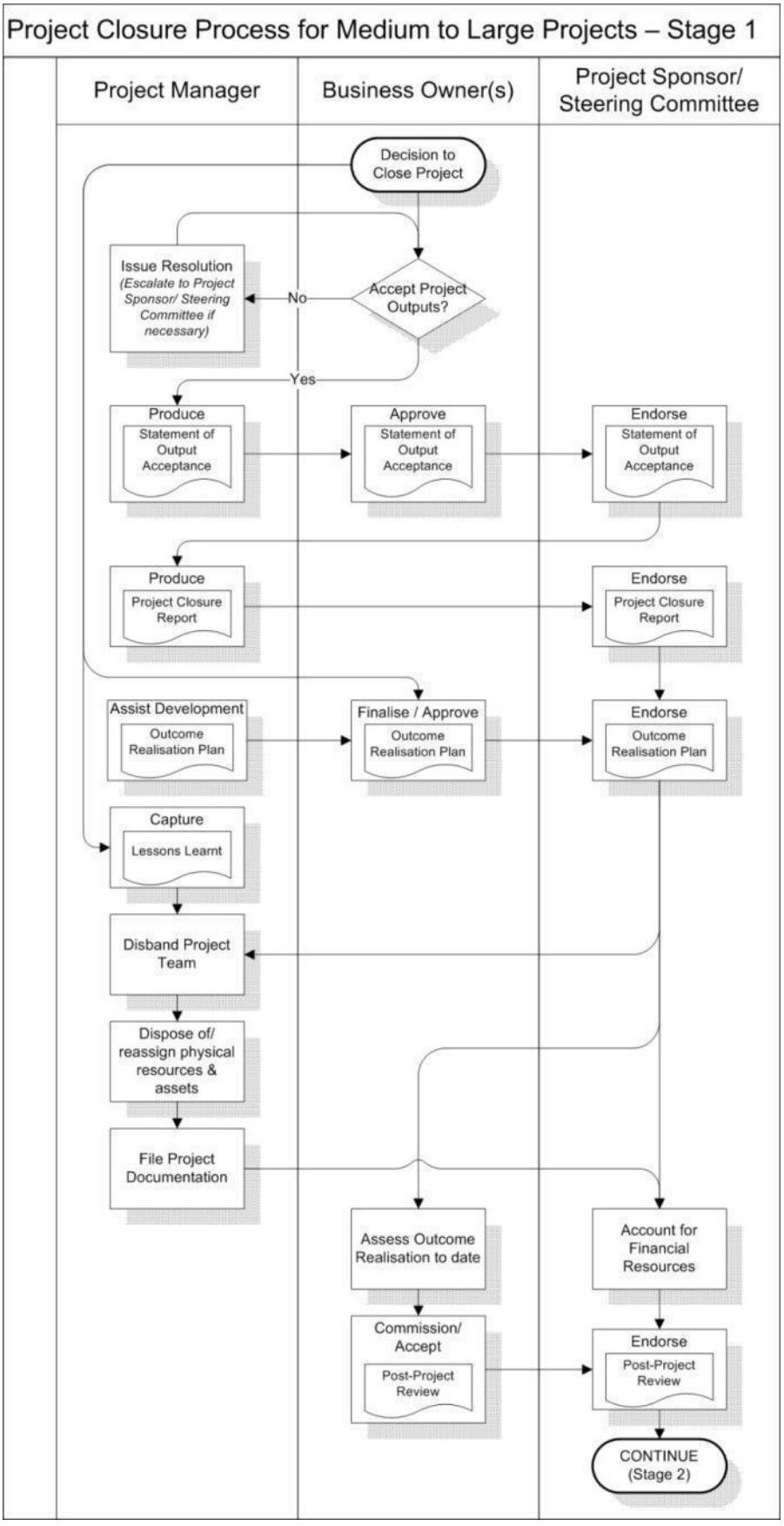

Figure 18 – Project Closure Stage 1

11.4.2 Closure Stage 2

In the case of large and/or complex projects, the Project Sponsor and/or Steering Committee will need to be satisfied that, in addition to the points above having been satisfactorily addressed, the following have also been addressed:

- The target dates for realisation of the longer term Project Outcomes have been reached, and an assessment of their achievement has been made.
- A post-project evaluation against the criteria detailed in the *Project Business Plan* has been completed and accepted. The *Project Business Plan* should detail the type of evaluation, when it should take place, who is responsible for arranging and managing the evaluation, who will undertake the evaluation and who is responsible for accepting the report. This evaluation may have already been completed at the end of the previous closure stage.
- The 'lessons learned' have been captured from the Project Steering Committee, the Business Owner(s) and any other key stakeholders not covered in the previous closure stage.
- A final report by the Business Owner(s) on progress against the *Outcome Realisation Plan* has been endorsed.

In some cases, the points listed for Closure Stage 2 are satisfactorily addressed at the same time as Closure Stage 1, or accountabilities in Closure Stage 2 are formally delegated to senior executive groups, in which case the project will have one closure point.

Figure 19 illustrates Closure Stage 2.

At both stages of closure, the decisions should be recorded and added to the formal records for the project. For example, the Project Sponsor and/or Project Steering Committee decisions should be minuted.

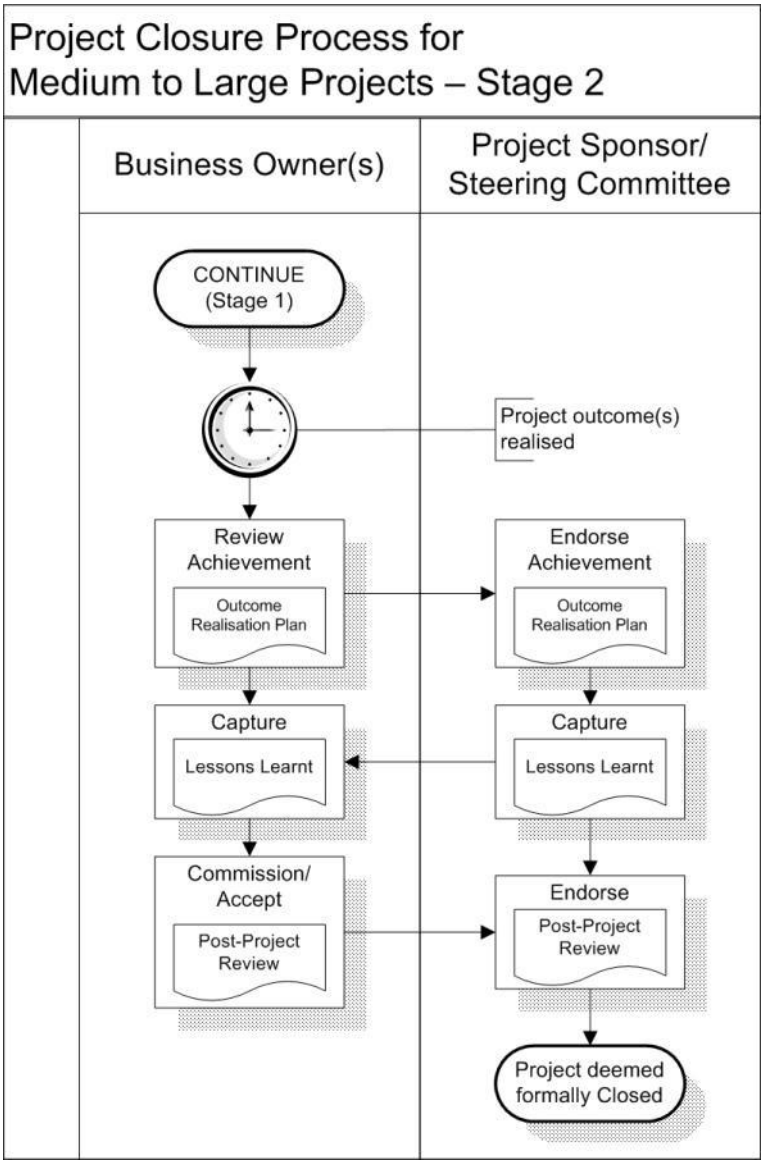

Figure 19 – Project Closure Stage 2

11.5 The difference between evaluation and closure

There are a number of different processes referred to in this section relating to formally closing a project. There are basically two different events:

- evaluating a project or a project phase or stage

  The *Project Business Plan* for the project should detail the type of evaluation, when it should take place, nominate who is responsible for arranging and managing the evaluation, who will undertake the evaluation and who is responsible for accepting the results of the evaluation. There may be more than one evaluation, each one examining different aspects of the project.

  Refer to *Element 10 – Project review and evaluation* for more information.

- completing the closure activities

  This relates to tying up the loose ends to ensure that when the Project Team disbands, the new or modified processes, services and/or Project Outputs will be maintained and used in a transactional way.

There are a number of templates available to assist with conducting project evaluation, conducting a review of a phase or stage of a project and closing both small and large projects. The guides to these templates explain why, who and when to review and evaluate a project, and which template may be most suitable. Refer to *Section 1, Part 8 – Project management documentation*.

11.6 Closing an incomplete project

An incomplete project is a project that is partially finished but stalled. Signs that a project may need to be closed before being completed include:

- the project no longer aligns with the organisational strategic agenda,
- the business need for the project has disappeared or is greatly reduced,
- the agreed Project Objective is no longer relevant,
- there is no ownership of the project by key stakeholders, and/or
- key Project Team members leave the project.

Project Objectives and Target Outcomes should regularly be reassessed against the organisational strategic agenda and the original business need should be periodically validated by the Business Owner(s).

It can be a problem to close (or stop) a project that will probably not achieve its objectives or is no longer aligned with the organisational strategic agenda, especially if considerable resources have already been expended on it. The Project Sponsor and/or Project Steering Committee is ultimately responsible for closing down a project. The Project Manager may not be able to indicate if their project is in need of closure. Not only could it be viewed as a loss of face and personal failure, but also the Project Manager may simply be too involved to provide adequate advice.

Essentially, the steps a Project Sponsor and/or Project Steering Committee should take for closing an incomplete project include:

- facilitating an independent review of project status – that is, obtain another opinion from someone without any stake in the project to inform the decision as to the future of the project;
- discussing the ramifications for closing the project with those who will be affected by the decision (specifically the Business Owner(s) and any key stakeholder groups) – ensure that any decision to close the project will not be untenable for any major players, especially executive management;
- formally discussing the closure of the project in a Project Steering Committee meeting – any decision to close or continue with the project should be justified formally, and the reasons for it documented;
- facilitating activities involved with wrapping up project activities and reallocating resources – in some cases it may be useful to replace the Project Manager and/or other members of the Project Team with new people who can close down the project as quickly as possible;

- ensuring that responsibility for completion is allocated to an appropriate business area and accepted by the relevant line manager(s) when the Project Sponsor, Project Steering Committee and/or Business Owner(s) determine there is unfinished project work that should still be completed; and/or
- facilitating an evaluation of the project after closure so that lessons can be learned for future situations. For small projects this may take the form of a frank discussion between the Project Sponsor and Project Manager; for larger/more complex projects a formal external project evaluation may be required.

Not all incomplete projects are unsuccessful. An incomplete project may have delivered valuable Project Outputs into the business and already achieved positive organisational change. This should be acknowledged in the *Project Closure Report* and/or project evaluation documentation.

For the Project Manager and Project Team, the decision to close an incomplete project can be disheartening and demoralising. A clear statement from the Project Sponsor specifically to the Project Team outlining the reasons for project closure is required as early as possible. It is important that individual and/or team debriefing sessions for all those people involved with the project are undertaken and project resources are appropriately redeployed.

The reasons for closing any project can be complex and varied but team members of an incomplete project will be resentful if the project is widely labelled a failure because of misinformation about the reasons for closure or the absence of any authoritative statement. Once the Project Sponsor and/or Project Steering Committee has made the decision to close an incomplete project, careful communication with all stakeholders is required to explain why the project is being closed. Ideally this should take the form of a clear statement from the Project Sponsor outlining the reasons for project closure.

11.7 Closing an unsuccessful project

Closing (or stopping) an unsuccessful project can be difficult and contentious, especially if considerable resources have already been expended.

The reasons for project failure can be complex and varied. In many cases the project is left to drift on when clear and decisive action is needed. The Project Sponsor and/or Project Steering Committee is ultimately responsible for closing down a project. Signs of an unsuccessful project that may need to be closed before being completed include:

- the business need for the project is greatly changed or has disappeared, resulting in poor governance (lack of ownership and accountability);
- lack of scope clarity or a continually changing scope, resulting in Project Outputs that are constantly being changed/enhanced;
- Project Outputs that are not embedded into the normal business operations of the organisation because the Business Owner(s) will not accept them;
- constant demand for resources, resulting in an increasing budget;
- an indeterminate delivery date and thereby no point of project closure;
- infeasible deadlines or the activities involved with the project do not match with the agreed and stated objectives of the project, therefore the Project Team is consistently unable to meet major project milestones;
- major project risks are realised and are unmanageable, exposing the project and the organisation;
- key Project Team members leave the project, resulting in loss of corporate knowledge and continuity; and

- project documentation is not finalised and filed according to relevant records and information management guidelines, meaning the project can be technically defined as 'out of control'. See *Section10 – Review and Evaluation* for more information on how to determine if a project is in control.

It is important to remember that often the Project Manager will not be able to indicate if their project is in need of closure. Not only could it be viewed as a severe loss of face and personal failure, but also they may simply be too involved to provide adequate advice.

Essentially, the steps a Project Sponsor and/or Project Steering Committee should take for closing an incomplete project include:

- if there are serious problems with the project, informally discussing the pros and cons of closing it with members of the Project Steering Committee;
- facilitating an independent review of project status – that is, obtain another opinion from someone without any stake in the project to inform the decision as to the future of the project;
- discussing the ramifications for closing the project with those who will be affected by the decision (specifically the Business Owner(s) and any key stakeholder groups) – ensuring that any decision to close the project will not be untenable for any major players, especially executive management;
- formally discussing the closure of the project in a Project Steering Committee meeting - any decision to close or continue with the project should be justified formally, and the reasons for it documented;
- facilitating activities involved with wrapping up project activities and reallocating resources;
- ensuring that responsibility for completion is allocated to an appropriate business area and accepted by the relevant line manager when there is unfinished project work that the Project Sponsor and/or Project Steering Committee and/or Business Owner(s) determines should still be completed; and
- facilitating an evaluation of the project after closure so that lessons can be learned for future situations. For small projects this may take the form of a frank discussion between the Project Sponsor and Project Manager; for larger/more complex projects a formal external project evaluation may be required.

To understand why a project was unsuccessful, any evaluation must be a realistic and objective analysis of what went wrong and why, not a 'blame game' that seeks to identify a scapegoat. The intention is not to expose personal fault, weaknesses or failings, but to identify pitfalls and learn from them, thereby reducing the risk that the same things happen in future projects.

For the Project Manager and Project Team, the decision to close an unsuccessful project can be very distressing and highly demoralising. A clear statement from the Project Sponsor specifically to the Project Team outlining the reasons for project closure is required as early as possible. It is important that appropriate support mechanisms are put in place for all those people involved with the project during the closure period (and possibly longer). The agency human resources branch should be able to assist in coordinating these requirements and managing the appropriate redeployment of project staff. In difficult project closure circumstances personal counselling and individual/team debriefing sessions (preferably with an external facilitator) may be required.

The reasons for closing any project can be complex and varied, but team members of an unsuccessful project will be highly resentful if the project is widely known as a 'disaster' because of misinformation about the reasons for closure or the absence of any authoritative statement. Once the Project Sponsor and/or Project Steering Committee has made the decision to close an unsuccessful project, careful communication with all stakeholders is required to explain why the project is being closed. Ideally this should take the form of a clear statement from the Project Sponsor outlining the reasons for project closure.

11.8 Tips from project managers:

Practising Tasmanian State Service project managers and others have made the following observations:

- It is important to ensure the project budget allocates sufficient funding to project closure and review/evaluation activities, especially if an external review is required. When a two-stage closure process is utilised, this becomes even more important.
- This element of the Project Management Guidelines provides the Project Manager, Project Team and Project Stakeholders with an opportunity to undertake their own personal 'closure' of the project.
- A review or evaluation of any project should always be viewed positively as it is an opportunity to reflect upon the learnings of what went well and what could have been done differently to inform future projects. The recommendations arising from a post-project evaluation feed into the important process of continuous improvement.
- It is always easy for others to suggest that 'in hindsight' different decisions or actions would have produced better results. But who knows – would it have? Unless this information is used in a positive way to inform future projects and processes then it becomes an excuse for a 'blame game'.

Appendix 1 Project Management Glossary

Advisory Group	A forum of stakeholders, usually experts to provide specific advice or technical expertise to the project. Does not do the work of output production, but may advise the Project Manager on output quality ('fitness-for-purpose') on behalf of the stakeholders they represent. There may be more than one Advisory Group for large projects.
Acceptance Testing	Formal testing conducted to determine whether or not a system satisfies its pre-defined acceptance criteria, and to enable the customer to determine whether or not to accept the system.
Accepted	The recorded decision or formal sign-off by the customer that an output or sub-output has satisfied the documented requirements and may be delivered to the customer or used in the next part of the process.
Activity Decomposition Chart	Refer to Work Breakdown Structure
APT Methodology	An approach to the development of software applications owned by APT Systems. It is one of the methodologies, used by some agencies in the Tasmanian Government, with an emphasis on quality management processes.
Assumptions	Assumptions are factors that, for planning purposes, will be considered to be true, real or certain. Assumptions generally involve a degree of risk and also should be reflected in the Risk Management Plan. Refer to Risk Management Plan
Authorised	The recorded decision that a deliverable or output has been cleared for use or action after having satisfied the quality standards for the project.
Baseline Metrics	A set of indicators to set as measures against which to judge and report progress or performance.
Benefits	Refer to *Outcomes*
Business Case	A one-off, start-up document used by corporate management to assess the justification of a proposed project, or to assess the development options for a project that has already received funding. If approved, it confirms corporate management support and/or funding for a recommended course of action.
Business Customer(s)	There may be other Government Agencies or Business Units who will utilise the project outputs, but who do not have management responsibility for their ongoing maintenance or for the realisation of outcomes/benefits. These Agencies/Units are known as the Business Customers. Sometimes the Project Observer or the Project Business Owner(s) represents the interests of the Business Customer(s).

Business Owner(s)	The Business Owner(s) is responsible for managing the project outputs for utilisation by the Project Customers. This includes implementing and coordinating the required level of organisational change management in the business environment in order to facilitate appropriate output utilisation. There may be one or more Business Owners, at a number of managerial levels, depending on the size of the project. The Business Owner(s) must be satisfied that the project includes all of the outputs necessary for outcome/benefits realisation. Each output must be specified and delivered fit-for-purpose. Usually the Business Owner(s) is accountable to the Project Sponsor or their delegate(s) (who may be Senior Management in the Agency) for reporting progress on organisational change, monitoring the realisation of project Target Outcomes and realising the longer term business benefits. One or more Business Owners are usually Steering Committee members. After formal project closure the Business owner is also responsible for ongoing ownership and maintenance of project outputs. The Business Owner(s) **must be identified** for all projects, no matter what the size or complexity, even if they are the same entity as the Project Sponsor, or indeed the Project Manager.
Constraints	Factors that will limit the project management team's options. For example, a predefined budget, deadlines, technology choices, scope or legislative processes.
Consultant	An organisation or individual contracted to provide high-level specialist or professional advice to assist decision-making by Agency management. Consultants will be expected to exercise their own skills and judgement independently of the Agency.
Contract	An agreement for provision of goods and/or services, between two or more parties, intended to create a legal obligation between them and to be legally enforceable.
Contractor	An organisation or individual contracted to provide a specified service to an Agency. A contractor will usually work under the supervision of an Agency Manager to provide services that are not readily available in the Tasmanian State Service.
Corporate Client	The high-level champion of the project who has ultimate authority. They promote the benefits of the project to the community.
Corporate Goals	The goals or objectives identified by an Agency/organisation to support the core business of that Agency/organisation.
Cost Benefit Analysis	The economic and social justification for a proposed project.
Critical Path	The chain of activities that link the start to the finish of the project, and for which any delay will cause the project to be delayed by the same amount of time.
Customer(s)	See Project Customer(s)
Deliverable	A tangible, verifiable work output, such as a Feasibility Study, a detailed design, a working prototype, any report, manual, specification, programming or other output, developed as part of a project. Usually a component of a high-level output descriptor.
Development Plan	Description of how the project activities will proceed to create the output(s).
Disbenefit	Disbenefits arise from undesirable outcomes that may flow automatically from the project and impact adversely on particular stakeholders. Disbenefits must be taken into account when valuing the project from the perspective of those stakeholders who are adversely impacted (impactees).

Document Control

All documents, whether electronic or hard copy, need to be uniquely identifiable. In most cases, it is also necessary to track the changes that occur to the document and record its distribution throughout the document's development and subsequent revision(s).

Document control includes:

1. The use of version numbers on documents (version control)
2. Maintaining a history of the development of versions (build status)
3. The use of numbered copies of documents (controlled documents)
4. Maintaining a list of recipients for distributed copies (distribution list)

Environment Baseline

Provides details of the project's environment (eg office equipment, software, hardware, communications etc) so as to define a baseline that is then managed accordingly.

Feasibility Report

A report that is developed as a result of a Feasibility Study, and is presented to senior management to determine whether a project has sufficient merit to continue into more detailed phases.

Refer to Feasibility Study

Feasibility Study

A study to assess the viability of a potential project. It includes a cost/benefit analysis and results in the development of a Feasibility Report.

Refer to Feasibility Report

Fitness-for-purpose

The features by which the quality of an output is determined. In other words, what criteria will be used to test whether the outputs meet the needs of the project's Business Owner(s) and Customers, and will in turn enable outcomes to be realised.

Gantt Chart

Horizontal bar charts that can graphically depict the time relationship of tasks, activities and resources in a project. Named after Henry Gantt, an industrial engineer who introduced them in the early 1900's?

Goals

Refer to Objectives

Governance

The management structure created for the life of a project.

Refer to Governance Model and Governance Structure

Governance Model

A generic model that indicates the people most likely to be incorporated in a project governance structure. It is also an indication of some of the ways in which the people would be most likely to interact.

Governance Structure

This diagram indicates the specific people that will provide the management for a particular project and the interaction between the players (also known as a Responsibility Chart). The governance structure defined for the project does not necessarily reflect the organisational management hierarchy.

Implementation Plan

Describes how the outputs will be delivered to the Business Owner(s), including any special requirements such as stage implementation or 'roll out', training and delivery requirements.

Input(s)

There are two types of inputs:

- Information - which is not used up through use
- Resources - which are used up, ie funds and labour

ISO Standards	The International Standards Organisation (ISO) has developed a set of international standards that can be used in any type of business, and are accepted around the world as proof that a business can provide assured quality.
Issue	A concern raised by any stakeholder that needs to be addressed, either immediately or during the project. As issues are reviewed during the project, they may become a threat to the project and a mitigation strategy prepared. They are usually documented in an Issues Register. Refer to Risk Analysis and Issues Register
Issues Register	A list of all issues, details of how these issues are being managed and their current status.
ITO Model	John Smyrk, Sigma Management Science Pty Ltd developed the Input-Transform-Outcome (ITO) Model. It is an effective tool that helps to link directly the actual outputs of a project and project activities with the intended project outcomes, organisational goals and directions of the Agency/organisation.
Key Elements	These are essential aspects of managing projects that must be considered no matter what the project size or complexity. They are identified and explained in the *Tasmanian Government Project Management Guidelines: Section 1.2*.
Key Stakeholder(s)	An individual or group whose interest in the project must be recognised if the project is to be successful. In particular, those who may be positively or negatively affected during the project or on successful completion the project. Refer to Stakeholder(s) and Non-Key Stakeholder(s)
Large Project	Refer to Project Size
Maintenance Plan	A detailed plan to support the ongoing maintenance of an output once it has been implemented, including the management of a future changes (both enhancements and fixes).
Medium Project	Refer to Project Size
Milestone	A significant scheduled event that acts as a progress marker in the life of a project. A milestone is either passed or it is not, the achievement or non-achievement of which is monitored and reported.
Non-Key Stakeholder(s)	Stakeholders who have been identified as having a stake in the project but who don't necessarily have an influence on its outcome. Refer to Stakeholder(s) and Key Stakeholder(s)
Objectives	The goals that define the strategic direction of an Agency/organisation, and are delivered through the work of projects. These objectives may be found in a Corporate Business Plan, Strategic Plan, Budget Papers. Refer to Project Objective.
Organisational change management	The management of realigning an Agency/organisation to meet the changing demands of its business environment, including improving service delivery and capitalising on business opportunities, underpinned by business process improvement and technologies. It includes the management of changes to the organisational culture including people, business processes, physical environment, job design/responsibilities, staff skills/knowledge and policies/procedures.

Outcome/Benefits Realisation Plan	Describes how the project outputs will be managed by the Business Owner(s), and utilised by the Project Customers in order for the Target Outcomes and longer term business benefits of the project to be realised. Also includes strategies to support the change management process and appropriate methods of measuring and reporting the progress toward achieving these Target Outcomes and longer term business benefits.
Outcome(s)	The benefits or disbenefits that will be realised from the utilisation of the outputs delivered by a project. Not to be confused with Agency Budget Outcomes. Refer to Target Outcome(s)
Output(s)	The services or products delivered to the Business Owner(s) by the project. Not to be confused with Agency Budget Outputs.
Output Management Plan	A detailed plan for the management of the changes (both enhancements and fixes) to an output while it is being produced.
Performance Measures	Criteria for measuring a project's success, whether the project is under control and the level of adherence to documented plans, methodologies and standards.
Phase	A section or 'chunk' of work in a project for which there are no measurable outcomes at the end, although some outputs may be produced. Large and/or complex projects often scope the work in phases to enable each phase to be planned in more detail on completion of the previous phase. Also provides periodic points for review or Project Phase Reviews.
Post Implementation Review	A review of a completed project. It may be a review of one or more aspects of the project. For example, whether the outcomes (benefits) were realised, the fitness-for-purpose of the outputs produced or the project and quality management processes selected and applied. Refer to Project Outcomes Review and Project Output Review
Probity	The consideration of ethical issues relating to procurement. Some general principles include: ensuring best value to the public in monetary terms, ensuring fairness and impartiality, dealing with conflicts of interest that could influence outcomes and ensuring accountability.
Program	A group of related projects that are managed in a coordinated way, usually with an activity that is ongoing, and has an overall Program/Project Business Plan. Refer to *Project*
Project	A project brings about change and involves a group of inter-related activities that are planned and then executed in a certain sequence, to create a unique product or service (output) within a specific timeframe so that outcomes are achieved. Projects are often critical components of an organisation's business strategy or relate directly to policies and initiatives of the Government. Refer to Project Classification and Project Size
Project Customer(s)	The person or entities that will utilise the project outputs to generate the outcomes. For example, the Tasmanian public who transact business with *Service* Tasmania. See also Business Owner and Business Customer
Project Management Quality Advisory Consultant	This role provides an informal ongoing review, both of documentation and application of management processes, in addition to providing independent advice to assist the Project Manager and Team.

Project Brief	The Project Brief is a specific purpose document outlining what is to occur in the INITIATION Phase of a project. A Project Brief is particularly useful where an output, which will result in a decision to proceed or not with the proposed project, is to be delivered from this initial phase. It also may be used instead of a small *Project Business Plan* for small projects.
Project Business Plan	The high-level management document for the project. It is owned, maintained and utilised by the Steering Committee to ensure the delivery of project outputs and the realisation of defined project outcomes.
Project Execution Plan	The 'road map' used by the Project Team that displays the sequence of project tasks, activities and related responsibilities required for delivery of the agreed project outputs mapped against the agreed schedule. It allows any interdependencies to be managed by the Project Manager. Depending on the level of complexity, it is sometimes described as a Project Work Plan, Work Breakdown Structure or Activity Decomposition Chart.
Project Management Quality Review Consultant	This role involves undertaking independent reviews and reporting to the Project Manager and Steering Committee on whether the management processes involved in the project are appropriate and effective.
Project Management	Project Management is a formalised and structured method of managing change in a rigorous manner. It focuses on achieving specifically defined outputs that are to be achieved by a certain time, to a defined quality and with a given level of resources so that planned outcomes are achieved.
Project Management Framework	The formalised structure, processes and tools employed by an organisation or enterprise to the management of all projects.
Project Management Methodology	A pre-defined set of tasks that are designed to provide a guide or a checklist for developing and implementing projects.
Project Manager	The Project Manager is contracted by the Steering Committee to deliver the defined project outputs as articulated in the approved *Project Business Plan* within the agreed parameters of time, cost and quality.
Project Metrics	Measures used to indicate progress or achievement of a project.
Project Objective	A statement of the overarching rationale for why the project is being conducted, and should be directly related to the Corporate Objectives and the business driver(s) for the project. It focuses on what the project is going to achieve, rather than what is produced.
Project Observer	In a large, complex or politically driven project, possibly involving whole-of-government or more than one Agency, the Project Observer can be present at Steering Committee meetings or Project Team meetings to act as an information channel to the Agency they are representing. They usually have no voting rights.
Project Outcomes Review	A review of a project, involving as many project participants as possible, to assess if the desired outcomes/benefits were attained. Refer to Project Output Review and Post Implementation Review
Project Output Review	A review of a project, involving as many project participants as possible, to evaluate the fitness-for-purpose of the outputs, the amount of deviation that occurred from the original specifications requested by the customer and the final result, and how any changes to these specifications were managed and approved. Refer to Project Outcomes Review and Post Implementation Review
Project Phase	Refer to *Phase*
Project Plan	Refer to Project Schedule

Project Portfolio Management

The management of prioritised projects within the organisation, Business Unit, Agency or across government. It is a dynamic process requiring re-prioritisation, as necessary, to meet changing business requirements or emerging opportunities.

Project Proposal

The initial document that converts an idea or policy into the details of a potential project, including the outcomes/benefits, outputs, major risks, costs, stakeholders and an estimate of the resourcing and time required.

Project Schedule

A detailed plan of major project phases, milestones, activities, tasks and the resources allocated to each task. The most common representation of the project schedule is in a Gantt Chart.

Refer to Gantt Chart

Project Size

Projects vary in size or complexity, for example they may:

- Involve changes to existing systems, policies, legislation and/or procedures
- Entail organisational change
- Involve a single person or many people
- Involve a single unit of one organisation or may cross organisational boundaries
- Involve engagement and management of external resources
- May cost anywhere from $10,000 to more than $1 million
- May require less than 100 hours or take several years
- The Tasmanian Government Project Management Framework does not have a formal process for determining and grading the size of projects, but tools are provided on the website. The actual project sizing is left up to the judgement of the Project Sponsor.

Project Sponsor

The Project Sponsor has ultimate accountability and responsibility for the project and is a member of the Steering Committee, usually the Chair. The role must be accepted at the managerial level that has discretionary control over the bulk of the resources to be expended in the project's execution. The Sponsor oversees the business management and project management issues that arise outside the formal business of the Steering Committee. The Sponsor also lends support by advocacy at a senior level and ensures that the necessary resources (both financial and human) are available to the project. The Corporate Client and Project Sponsor may be the same person for some projects.

Refer to Corporate Client

Project Stage

Refer to *Stage*

Project Status Report

A regular report on the status of the project, with regard to project performance, milestones, budget, issues, risks and areas of concern, to the appropriate people.

Project Team

The Project Team is led by the Project Manager working for the successful delivery of the project outputs.

Project Work Plan

The 'road map' used by the Project Team that displays the sequence of project tasks, activities and related responsibilities required for delivery of the agreed project outputs mapped against the agreed schedule. It allows any interdependencies to be managed by the Project Manager. Depending on the level of complexity, it is sometimes described as a Project Execution Plan, Work Breakdown Structure or Activity Decomposition Chart.

Purchasing Plan	Provides a detailed plan of the process for acquiring the proposed goods and services to support the delivery of the project's outputs.
Quality Assurance	The application of planned, systematic activities, within a documented management framework, that provides confidence that the outputs from a process meet the Business Owner's requirements.
Quality Control	The process of monitoring the adherence to documented quality assurance procedures.
Quality Management	Quality management is the policy and associated procedures, methods and standards required for the control of projects. The purpose of quality management is to increase certainty by reducing the risk of project failure. It also provides the opportunity for continuous improvement.
Quality Management System	Defined policies and procedures that provide a formal framework describing the way an organisation conducts its core business. The performance of each quality management procedure generates objective evidence by which to measure the performance of the Agency/organisation and its management.
Quality Plan	Summarises the quality management approach and how it will support the delivery of the project outputs.
Rapid Application Development (RAD)	The use of highly structured project planning sessions that entail the use of intensive team-based analysis, design and development sessions. Assists in shortening the IT system development process.
Reference Group	A committee that provides forums to achieve consensus among groups of stakeholders. Does not do the work of output production, but may ratify/endorse output quality on behalf of the stakeholders they represent. There may be more than one Reference Group for large projects.
Resources	The people, finances, physical and information resources required to perform the project activities.
Responsibility Chart	Refer to Governance Model and Governance Structure
Risk Analysis	Undertaking a process to assess identified threats to the success of the project, which results in working papers of the current assessment for each threat (both likelihood and seriousness), a risk grading and strategies for mitigating the risks. The results of this analysis are usually captured in the Risk Register.
	Refer to Risk Register
Risk Management	Describes the processes concerned with identifying, analysing and responding to project risk. It consists of risk identification, risk analysis, risk evaluation and risk treatment. The processes are iterative throughout the life of the project.
Risk Management Plan	Summarises the proposed risk management approach for the project.
Risk	Any factor (or threat) that may adversely affect the successful completion of the project. They are usually documented in a Risk Register.
	Refer to Risk Register
Risk Register	A document that records the results of a risk analysis process. It includes the identified threats to the success of the project, the current assessment for each threat (both likelihood and seriousness), a risk grading and strategies for mitigating the risks.
Rolling Wave Planning	This approach to planning involves delaying spending time on detailed analysis of future tasks until that level of detail is needed for the project planning activity. It can also be used for budgeting purposes.

Scope	A clear statement of the areas of impact and boundaries of the project. The scope of a project includes the Target Outcomes, longer term business benefits, other long term changes, customers, outputs, work and resources (both financial and human).
Scope creep	Any modification to the scope of a project that has not been authorised or approved by the appropriate individual or group. Refer to *Scope*
Slippage	The extent to which the project is falling behind time in relation to the Project Development Schedule.
Small Project	Refer to Project Size
Stage	A major segment of a project for which there are outputs and outcomes at the end. For example, the staged introduction of the Government Directory Service into each Agency.
Stakeholder Engagement Plan	Identifies and summarises stakeholder involvement, including identification of stakeholders for related projects.
Stakeholder	An individual or organisation whose interests are positively or negatively impacted by, or who can positively or negatively impact the interests of, the project processes, outputs or outcomes Refer to Key Stakeholder(s) and Non-Key Stakeholder(s)
Steering Committee Charter	A charter developed for use by Steering Committees for Tasmanian Government projects. The Charter describes the basic role and functions of a Steering Committee, both as a collective group and as individual members. Refer to Steering Committee
Steering Committee	A Project Steering Committee is the key body within the governance structure that is responsible for the business issues associated with the project. It is essential to ensuring the delivery of the project outputs and the achievement of project outcomes and target outcomes. Its responsibilities include approving the budgetary strategy, defining and realising benefits, monitoring risks, quality and timelines, making policy and resourcing decisions, and assessing requests for changes to the scope of the project. Refer to Appendix 3 Steering Not Rowing: A Charter for Project Steering Committees and Their Members.
Strategic Information Systems Plan	The development of this plan is the first phase of the IT System Development Life Cycle, as defined in the APT Methodology. It examines future and business process requirements and identifies the infrastructure and applications required. It results in a list of potential business initiative projects that are costed, prioritised and put forward for endorsement by the Agency/organisation. Refer to APT Methodology
Target Outcome(s)	The measurable benefits that are sought from undertaking a project. Target Outcomes are achieved from the utilisation of the outputs delivered by a project. Stated, identified targets and measures are developed for gauging progress towards their achievement. Refer to Outcome(s)
Test Plan	A detailed plan that addresses all aspects related to the test of an output or sub-output. It should include test scenarios, the test schedule and define any necessary support tools.

Test Specification	Describes the test criteria and the methods to be used in a specific test to assure the performance and design specifications have been satisfied. The test specification identifies the capabilities or program functions to be tested and identifies the test environment. It may include test data to support identified test scenarios.
Testing	The process of exercising or evaluating an output, such as an IT system or system component, by manual or automated means, to confirm that it satisfies specified requirements or to identify differences between expected and actual results.
Threat	Refer to *Risk*
Version Control	A control or identification system for documents, outputs and sub-outputs, enabling stakeholders to identify readily each different release.
Work Breakdown Structure (WBS)	The 'road map' used by the Project Team that displays the sequence of project tasks, activities and related responsibilities required for delivery of the agreed project outputs mapped against the agreed schedule. It allows any interdependencies to be managed by the Project Manager. Depending on the level of complexity, it is sometimes described as a Project Execution Plan, Project Work Plan or Activity Decomposition Chart.
Working Parties/Groups	Specialist committees dedicated to the production of defined output(s) in accordance with project plan requirements.

Appendix 2 Governance Roles

The following list of project roles gives an indication of the type of accountabilities, responsibilities and tasks generally allocated to those people involved in a project.

As projects vary, including in size and complexity, the roles required, and even the tasks and responsibilities within those roles, will vary.

The information below provides a starting point, which should be discussed with the appropriate groups or persons nominated to fill positions in a project's governance structure, with the agreed breakdown of accountabilities and responsibilities documented for large and/or complex projects. The most crucial issue is to have clearly assigned roles and transparency of the project governance structure.

However, all projects **must** have, as a minimum, the roles of **Project Sponsor**, **Business Owner(s)** and **Project Manager** within the governance structure (though not necessarily different persons). That is:

- A person responsible and accountable for the project and securing of its Target Outcomes (Project Sponsor)
- A person(s) who will manage the project Outputs after project closure, and is accountable for realisation of the benefits to the business (Business Owner(s))
- A person who will manage the project and deliver the Outputs (Project Manager)

Project Role	**Accountabilities, responsibilities and tasks**
Corporate Client	• Has ultimate authority in large, complex or politically driven projects. • Is the champion of the project, promotes the benefits of the project to the community and may be viewed as the 'public face' of the project. For example, the Corporate Client may be the Premier, Minister of the State or Head of Agency. • May also be the Project Funder. In a small, less complex project, there would be no Corporate Client, but the Project Sponsor would act as the champion of the project, and fulfil the role of the Project Champion.

Project Role	Accountabilities, responsibilities and tasks
Project Sponsor	• Ultimately accountable and responsible for the project, and is sometimes referred to as the Project Owner. • Responsible for attainment of the agreed Project Target Outcomes. The Target Outcomes should be secured before the project is closed formally. • Member of the Steering Committee, and is usually the Committee Chair. For projects where there is no Steering Committee, the Sponsor assumes responsibility for approving the project scope and all subsequent decision-making. • Oversight of the business management and project management issues that arise outside the formal business of the Steering Committee. • Provides support by advocacy at senior levels, and ensures that the necessary resources (both financial and human) are available to the project. • May also be the Business Owner for the project and can also be the Funder, but it varies within government, depending on the budgetary arrangements and decisions about whom will be managing the Outputs after the project closes. In the case of large whole-of-government projects, the project funds may be managed by one Agency on behalf of the government, but there may be several Business Owners. The Corporate Client and Project Sponsor may be the same person for some projects. The Project Sponsor **must be identified** for all projects, no matter what the size or complexity. Accountable to: Corporate Client (where applicable)

Project Role	Accountabilities, responsibilities and tasks
Steering Committee	• Responsible and accountable for policy and resourcing decisions essential to delivery of project Outputs and the attainment of project's Target Outcomes. • Accountable to the Corporate Client and/or Sponsor for providing the Project Manager and Team with effective management and guidance in the development of the project Outputs and implementation of required organisational change, in order to attain the project's Outcomes. • Responsible for ensuring appropriate management of the project components outlined in the endorsed *Project Business Plan*, which usually includes approving the initial *Project Proposal* or *Business Case* and then the *Project Business Plan*. • Responsible for assessing, approving or rejecting changes to the scope as documented in the *Project Business Plan* as the project progresses. • Responsible for monitoring progress (not just activity) and scrutinising the project's budget. • Ultimately accountable for ensuring appropriate risk management processes are applied, which may include responsibility for undertaking specific risk management activities. • Must also consider how (or if) the project's objective(s), Outcomes, Target Outcomes and longer-term business benefits align with the organisational strategic agenda and direction, and making the hard decisions to re-scope or terminate the project if there is little or no alignment. • Should develop an agreed Terms of Reference for how the Steering Committee will operate. The composition of the Steering Committee may change as the project moves through its various phases or stages, to ensure the best expertise and experience are available when required. Not all projects require a Steering Committee. The need for a Steering Committee is dependent on the complexity and nature of the project and is determined by the Corporate Client and/or Project Sponsor. Accountable to: Corporate Client (where applicable) or Project Sponsor (Refer to Appendix 3 Steering Not Rowing: A Charter for Project Steering Committees and Their Members.)

Project Role	Accountabilities, responsibilities and tasks
Business Owner(s)	• Responsible for managing the project Outputs for utilisation by the Project Customers. • Responsible for ongoing maintenance (including costs) of the project Outputs after the project closes. • Accountable to the Project Sponsor and/or Corporate Client (or their delegate(s)) following formal project closure for the achievement of and reporting against the project's Target Outcomes and realisation of the longer term business benefits. • Must be satisfied that the project's Outcomes (including Target Outcomes) and longer term business benefits are meaningful in the context of the Business Unit's operational environment and forward strategic agenda. • Contracted by the Project Sponsor and/or Steering Committee to implement the change management described in the *Outcome Realisation Plan,* and thereby achieve the project's Outcomes, Target Outcomes and realise the business benefits. • May be required to contribute resources to the project to ensure the change management described in the *Outcome Realisation Plan* is implemented effectively. • 'Owns' the *Project Outcome Realisation Plan,* although the Project Manager may assist in its development. • Must be satisfied that the project scope includes all of the Outputs necessary for the realisation of the project's Target Outcomes and agreed business benefits. • May be required to contribute resources to the project to ensure that the Outputs are developed satisfactorily and 'fit for purpose'. • Responsible after project closure for ensuring the project's Target Outcomes and agreed longer term business benefits are used to revise the Business Unit's relevant performance measures. Agency or Divisional Corporate or Annual Business Plans should be updated appropriately. Reporting lines and requirements may also need to be updated post-project. • Responsible after project closure for ongoing ownership and maintenance of the project Outputs, which may require revised budget forecasts to accommodate maintenance costs and staffing implications.
	There may be one or more Business Owners at a number of managerial levels depending on the size of the project. One or more Business Owners are usually Steering Committee members. The Business Owner(s) **must be identified** for all projects, no matter what the size or complexity, even if they are the same entity as the Project Sponsor or indeed the Project Manager. Accountable to: Corporate Client and/or Project Sponsor
Project Customers	• The person or entities that will utilise the project Outputs to undertake their own activity, and therefore unconsciously generate the project Outcomes and business benefits as a by-product of this utilisation. For example, the Tasmanian public, who transacts business with *Service* Tasmania, would have been classed as Project Customers when the entity was set up. Project Customers are sometimes described as Beneficiaries.

Project Role	Accountabilities, responsibilities and tasks
Project Observer	• May be a role in a large, complex or politically driven project, possibly involving whole-of-government or more than one Agency where potential learnings through observation of project processes are possible. • Usually present at Steering Committee meetings or Project Team meetings to act as an information channel to the Agency/organisation they are representing. • The Observer's Agency may not necessarily be represented on the Steering Committee if they are not Business Owners. • Cannot participate in decision-making while attending meetings. • May raise issues for discussion on the understanding that those issues may or may not be addressed or resolved as part of the meetings. The issues may be considered outside of the formal meeting structure. • Accountable to the Agency they are representing. If issues arise that may have implications for the Agency/organisation, they have a responsibility to report these issues back to their Agency/organisation. The Agency/organisation may then wish to raise these issues formally with the Project Sponsor. *Please note: The Project Sponsor and/or Steering Committee Chair should agree to the role of the Project Observer before that role is implemented.*
Quality Consultants	• Work independently of the Project Team. • Often contracted from outside the Agency/organisation. • May be contracted to undertake formal Quality Review of the project as a whole in terms of structure, processes and progress toward Outputs. • May be contracted to undertake formal Quality Review of the quality of products or services (Outputs) being produced within a project in a technical field (eg law, IT, construction). (Refer to Appendix 4 A Charter for Project Management Quality Advisory Consultants and Appendix 5 A Charter for Project Management Quality Review Consultants.) Accountable to: Project Sponsor and/or Steering Committee
Project Director	• Usually created to manage a large, complex or politically sensitive project or program of projects in partnership with one or several Project Manager(s). • Responsible for the implementation of the *Project/Program Business Plan* following its approval by the Steering Committee. • Directs and monitors project/program activity through quality management, detailed plans and schedules, and reports progress to the Steering Committee. • Provides expert and authoritative advice to various Ministers, Heads of Agency and senior representatives of the public and private sectors and key community stakeholders on a wide range of sensitive issues associated with the project/program. • Provides highest-level leadership by articulating the project/program vision, and negotiating and defining objectives and developing and nurturing highest-level relationships with stakeholders and end users, to facilitate the effective delivery of a major government initiative. Accountable to: Project Sponsor and/or Steering Committee

Project Role	Accountabilities, responsibilities and tasks
Project Manager	• Contracted by the Project Sponsor and/or Steering Committee to deliver the defined project Outputs as articulated in the approved *Project Business Plan*. • Works in partnership with and reports to the Project Director to implement the *Project Business Plan.* • Responsible for engaging the Project Sponsor, Business Owner(s) and/or Steering Committee in order to clarify the project Objectives, Outcomes, Target Outcomes, required Outputs and stakeholders within agreed time, cost and quality parameters. • Develops and maintains the *Project Business Plan, Project Work/Execution and Implementation Plan(s)* and related schedules. • Responsible for organising the project into one or more sub-projects, managing the day-to-day aspects of the project, resolving planning and implementation issues, and monitoring progress and budget. • Reports to the Project Sponsor and/or Steering Committee at regular intervals. • Manages (client/provider/stakeholder) expectations through formal specification and agreement of the project objective(s), Outcomes, Target Outcomes, Outputs, quality requirements, resources required, budget, schedule, project structure, roles and responsibilities. • Requires demonstrated high-level project management skills. A Project Manager cannot lead effectively unless they have credibility. For most projects, it means the Project Manager must have knowledge of how the Outputs will be created, and how the Target Outcomes will be realised from the utilisation of those Outputs as described in the *Outcome Realisation Plan.* The Project Manager **must be identified** for all projects, no matter what the size or complexity. Accountable to: Project Director (where applicable), Project Sponsor and/or Steering Committee
Project Team	• Led by the Project Manager or Project Team Leader. • Responsible for completing tasks and activities required for delivery of the project Outputs, as outlined in the *Project Business Plan* and elaborated in the *Project Execution* and/or *Implementation Plan(s)*. • Usually includes representatives from the Business Unit(s) impacted by the project. • Must include the requisite skills for each phase of a project to ensure success. The skills should be explicitly identified as a part of the project planning process. The composition of the Team may change as the project moves through its various phases. Accountable to: Project Manager and/or Project Team Leader.
Project Team Leader	• Usually appointed in large and/or complex projects to work under the direction of the Project Manager. • May be a representative of a Business Unit impacted by the project. • Responsible for completing the required tasks and activities as defined in the *Project Execution* and/or *Implementation Plan(s)* for delivering the project Output(s). Accountable to: Project Manager

Project Role	Accountabilities, responsibilities and tasks
Project Officer	• Responsible for completing tasks and activities required for delivering project Outputs, as determined by the Project Manager or Project Team Leader. • Most common responsibilities are related to project coordination (eg administration, including development and/or maintenance of project documentation, assisting with status reporting and follow-up), stakeholder liaison (eg secretarial support to the project reference group or project communications) and general administrative support activities (eg scheduling and meeting preparations). • May also be directly involved in the development and quality assurance of specific Outputs. Accountable to: Project Manager or Project Team Leader
Reference Groups	• Provide forums to achieve consensus among groups of stakeholders. • Do not do the work of Output production, but may ratify/endorse Output quality on behalf of the stakeholders they represent. • The group may already exist, have an indefinite life span or may continue for the life of the project. • May be a general reference group delegated by the Steering Committee to monitor or modify the *Project Business Plan* for approval by the Steering Committee. • May consist of collection of people with like skills to address a particular set of issues. • May report to the Steering Committee or Project Manager, depending on who has appointed them and what they are requested to achieve. • Members provide an excellent channel to assist the project communicate information to and from their stakeholder group(s) who may be impacted by, or impact on, the project. Accountable to: Project Sponsor and/or Steering Committee via the Project Manager or Project Director (where applicable)

Project Role	Accountabilities, responsibilities and tasks
Advisory Groups	• Forums of stakeholders, usually experts to provide specific advice or technical expertise to the project. • Do not do the work of Output production, but may advise the Project Manager on Output quality ('fitness-for-purpose') on behalf of the stakeholders they represent. • Members provide an excellent channel to assist the project communicate information to and from their stakeholder group(s) who may be impacted by, or impact on, the project. • Able to advise the project of any emerging issues from a stakeholder perspective. • Members may also be willing to play an ongoing role in Output maintenance after the project has closed, to ensure the Outputs remain relevant and retain their practical utility. • May report to the Steering Committee or Project Manager, depending on who has appointed them and what they are requested to achieve. • The group may already exist, have an indefinite life span or may continue for the life of the project. An information technology advisory group is an example. Accountable to: Project Sponsor and/or Steering Committee via the Project Manager or Project Director (where applicable)
Working Groups	• Small specialist work groups, each dedicated to producing a well-defined Output within a specific timeframe, appointed by the Project Manager. • Report directly to the Project Manager. May also report to the Reference/Advisory Group on Output development progress. • Membership may be drawn from Reference or Advisory Groups, or the Business Unit(s) where Output implementation will occur. • May have no life beyond the delivery of that Output. • Probably involve one or more members of a Project Team to support activity. • Members provide an excellent channel to assist the project communicate information to and from their stakeholder group(s) who may be impacted by, or impact on, the project. • Members may also be willing to play an ongoing role in Output maintenance after the project has closed, to ensure the Outputs remain relevant and retain their practical utility. Accountable to: Project Manager or Project Director (where applicable)

Project Role	Accountabilities, responsibilities and tasks
Consultants	Are employed from outside the organisation to provide independent, high-level specialist expertise or professional advice unavailable from internal resources, to assist project decision-making. Typically Project Consultants may include: • Information technology specialists who define and manage the technological aspects of the project • Representatives employed by stakeholders to ensure their interests are represented and managed • Legal advisers who assist in the development and review of the contractual documentation • Auditors who ensure compliance with internal and external audit requirements May report directly to the Chair of the Steering Committee (or perhaps the Chair of a general Reference Group). *Please note: The Head of Agency or Deputy Secretary (or equivalent) must approve any decision to engage a consultant prior to the Agency undertaking the appropriate procurement process. Refer Treasurer's Instruction 1113 (22 Dec 2006) – details the protocol that agencies must use for the engagement and use of contractors (including consultants). For more information, refer to www.treasury.tas.gov.au.* Accountable to: Project Sponsor and/or Steering Committee via the Project Manager or Project Director (where applicable)
Contractors	Are employed, external to the business area, to provide a specified service in relation to the development of project Outputs. Examples include developing guides and/or manuals, business application software, develop and deliver marketing programs, prepare and deliver training to staff in the business area. May be engaged to undertake work as part of the Project Team. *Please note: The Head of Agency or Deputy Secretary (or equivalent) must approve any decision to engage a consultant prior to the Agency undertaking the appropriate procurement process. Refer Treasurer's Instruction 1113 (22 Dec 2006) – details the protocol that agencies must use for the engagement and use of contractors (including consultants). For more information, refer to www.treasury.tas.gov.au.* Accountable to: Project Manager or Project Director (where applicable)

Appendix 3 Steering Not Rowing: A Charter for Project Steering Committees and Their Members

The purpose of a Steering Committee is to take responsibility for the business issues associated with a project. A Steering Committee's role is crucial to a project's success. It is responsible for approving budgetary strategy, defining and realising the target outcomes, and monitoring risks, quality and timeliness. Those people directly responsible for running a project and managing its stakeholders rely on Steering Committee members for guidance and support in their endeavours.

The role of a Steering Committee

Without an effective Steering Committee, a project is unlikely to succeed. Collectively, a Steering Committee's role is to:

- Take on responsibility for the project's feasibility, business plan and realisation of target outcomes
- Ensure the project's scope aligns with the requirements of the stakeholder groups
- Provide those people directly involved in the project with guidance on project business issues
- Ensure effort and expenditure are appropriate to stakeholder expectations
- Address any issue or risk that has major implications for the project
- Keep the project scope under control as emergent issues force changes to be considered
- Reconcile differences in opinion and approach, and resolve disputes arising from them
- Report on project progress to those people responsible at a high level, such as Cabinet
- Take on responsibility for any whole-of-government issues associated with the project

The *Project Business Plan* is essentially the contract between the Project Manager and the Project Sponsor and/or Steering Committee for the delivery of the agreed outputs within the defined parameters of time, budget (cost) and quality criteria (ie the project scope). Once the Project Sponsor and/or Steering Committee agrees and accepts the *Project Business Plan*, the Steering Committee, as a whole, must own the document.

The role of individual Steering Committee members

At a minimum, the Steering Committee includes representatives of the Corporate Client(s), the Project Sponsor(s), the Business Owner(s), and key stakeholders as appropriate with the Project Manager attending meetings but not a member. Individual Steering Committee members are not directly responsible for managing project activities, but provide support and guidance for those people who do manage them.

Thus, individually, Steering Committee members must:

- Understand the strategic implications and outcomes of initiatives being pursued and be willing to question how (or if) the project's objective(s) align with the organisation's strategic agenda
- Appreciate the significance of the project for some or all major stakeholders and represent their interests
- Be genuinely interested in the initiative and the target outcomes being pursued in the project
- Be an advocate for the project's target outcomes
- Have a broad understanding of project management issues and the approach being adopted
- Be committed to, and actively involved in, pursuing the project's target outcomes

In practice, it means they:

- Ensure the requirements of stakeholders are met by the project's outputs
- Help balance conflicting priorities and resources
- Provide guidance to the Project Manager and Team and users of the project's outputs without being involved in output development
- Are willing to resolve issues, mitigate risks, advocate on behalf of the project and take the necessary action to ensure its success
- Review the progress of the project
- Check adherence of project activities to standards of best practice, both within the organisation and in a wider context

The generic governance models described in *Section 3.3* of the *Tasmanian Government Project Management Guidelines* illustrate the place of the Steering Committee in the structure of a project.

Appendix 4 A Charter for Project Management Quality Advisory Consultants

The purpose of the Quality Advisory Consultant is to assist the Project Manager with selection and application of appropriate project and quality management methodology and processes. In addition, the Quality Advisory Consultant provides a contact for discussion of project and quality management issues independent from the Project Team. The Quality Advisory Consultant strives to facilitate project success by assisting the Project Manager to deliver appropriate outputs and the Project Sponsor and/or Steering Committee in achieving the intended outcomes.

Role

The role of the Quality Advisory Consultant is to:

- Advise the Project Manager on whether the approved project management methodology (eg the Tasmanian Government Project Management Framework) has been applied in a way that is suitable for the project
- Observe the application of the project's management processes and make suggestions to the Project Manager regarding potential for improvement
- Provide guidance and support to the Project Team on the principles of project and quality management
- Offer independent opinion regarding project and quality management issues
- Raise issues and provide advice to the Steering Committee for consideration

In practice, this is achieved by:

- Regular discussions with the Project Manager
- Attending management meetings (eg Steering Committee, Project Team)
- Monitoring the application and effectiveness of documented management processes

Scope

The Quality Advisory Consultant assists with definition and application of management processes, but does not consider the technical suitability of the products delivered through the application of those processes. Advice is focused on current and future activities. The Consultant focuses on processes that influence directly the degree of success in achieving intended outcomes, such as project planning and scoping, governance, risk and issue management, stakeholder engagement, outcome realisation planning, quality management and scope change control. Since these types of activities are common to all projects, the interaction with the Consultant also should be of long-term benefit to the Project Manager.

The aim is to assist the Project Manager in applying the approved project management methodology in a way that is suitable for the project's technical activities. These activities are project-specific and result in the substantive deliverables from the project.

Reporting

The Quality Advisory Consultant is appointed by the Project Sponsor and is not a member of the Project Team. They operate from an *independent* perspective, and advise the Project Sponsor and/or Steering Committee and Project Manager.

The Quality Advisory Consultant acts in the best interests of the project in dealings with both the Project Manager and the Steering Committee. This approach provides a resolution path for issues that the Project Team may be reluctant to elevate for the attention of the Project Sponsor or the Steering Committee.

Responsibilities

The Quality Advisory Consultant is responsible for the provision of appropriate advice, in respect to management processes, to improve the likelihood the project outcomes being realised. They may also report significant risks to the project that become apparent through undertaking the role.

Services and Deliverables

In practice, the Quality Advisory Consultant may:

- Consider project management documents, in order to identify opportunities for improvement in management processes
- Attend and offer verbal advice during Project Team and Project Sponsor's regular meetings
- Attend and offer opinion at Steering Committee meetings
- Provide written confirmation to the Project Sponsor and/or Steering Committee in respect to verbal advice offered

Appendix 5 A Charter for Project Management Quality Review Consultants

The purpose of the Quality Review Consultant is to ensure that the project management activities were appropriate for the project, through identification and reporting of successful project and quality management processes, and those activities where improvements are possible for future projects or phases. It is not intended to be a quantitative exercise that provides approval of the management processes used for a project. The main concern of the Quality Review Consultant is to provide independent retrospective evaluation of the suitability of the management processes employed to deliver the intended outcomes for the project.

Role

The role of a Quality Review Consultant is to:

- Review the project management framework for a project using the approved methodology (eg the Tasmanian Government Project Management Framework)
- Review the application of the project's management processes
- Report findings regarding the above to the Sponsor and/or Steering Committee and provide recommendations to improve the project's management processes

In practice, this is achieved by:

- Reviewing project documentation and records
- Discussing the selection, application and effectiveness of management processes with the Project Team and stakeholders

Scope

The Quality Review Consultant concentrates on the processes and outputs from the management activity for a project from a historical perspective. The benefit comes from application of the recommendations to future projects or to subsequent phases of the current project. The Consultant focuses on evaluating the success or otherwise the project management activities such as project planning and scoping, governance, risk and issue management, stakeholder engagement, outcome realisation planning, quality management and scope change control.

The aim is to ensure that the approved project management framework was suitable for the project's technical activities and to provide recommendations for future improvements.

Reporting

The Quality Review Consultant is appointed by the Project Sponsor and is not a member of the Project Team. They review the project from an *independent* perspective and report to the Project Sponsor and/or Steering Committee.

The Quality Review Consultant is able to raise any issue for the attention of the Project Sponsor and/or Steering Committee that they feel is important. This function provides a resolution path for issues that the Project Team may be reluctant to elevate.

Responsibilities

It is the Quality Review Consultant's responsibility to raise any issue within the scope of the review that may threaten the project in any way. They may also suggest improvements in project management activities, as appropriate, for future application.

Services and Deliverables

In practice, the Quality Review Consultant may:

- Review project management documents and provide written feedback to the Project Sponsor and/or Steering Committee
- Provide written recommendations in relation to historical project management issues
- Discuss findings at Steering Committee meetings

Appendix 6 Project Management Documentation

Description of documents

A number of document templates are available to assist in managing each phase of a project. These templates, all of which are scalable, are available at www.egovernment.tas.gov.au. If specific sections of the templates are considered irrelevant, some brief text should be included to explain their exclusion as any omissions will reduce the effectiveness of the document as a whole.

The following table outlines the documentation that is required at the INITIATE, MANAGE and FINALISE phases.

PHASE	Key documents	Other documents	Proformas
INITIATE	Project Proposal Feasibility Study Report Project Business Case	Business Needs Analysis Project Brief	
MANAGE	Project Business Plan Project Execution Plan Project Review and Evaluation Report Project Phase Review Report	Risk Management Plan Stakeholder Engagement Plan Organisational Change Management (or Transition) Plan Implementation Plan Project Communication Strategy and Action Plan Marketing Strategy Training Strategy	Project Status Report Project Risk Register Project Issues Register
FINALISE	Outcome Realisation Plan Project Closure Report Project Review and Closure Report	Handover Plan Project Output Management Plan	

INITIATE phase documents

Project Proposal

Owned by: *Project proposer or Project Sponsor*
Produced by: *Responsible officer*
Accepted/endorsed by: *Cabinet, senior management, line manager*

The *Project Proposal* is usually the first document produced, and it outlines the proposed change. Its purpose is to introduce the project and provide sufficient information for a decision to be made as to whether it should proceed to the next step, eg developing a *Project Business Case* or *Project Business Plan* (depending on the scale and complexity of the proposed project).

The source of a project 'idea' may be an agreed policy, a ministerial announcement or an email from management. The *Project Proposal* converts the idea or policy into a proposal for a potential project, and expands the initial concepts to:

- provide broad details of the proposed project's objectives, the business and policy context, potential benefits (including preliminary measurable Target Outcomes), Project Outputs, scope of work, budget, milestones, major risks, governance structure, stakeholders, related projects, assumptions, constraints and an estimate of the resourcing and time required;
- define the guidelines/standards to be applied throughout the initiative; and
- gain authorisation to proceed to the next step of the initiative.

As a minimum, the *Project Proposal* should contain basic details of the project's aims, context and the resources required for the next step to be implemented.

Project Business Case

Owned by: *Project Sponsor*
Produced by: *Project Manager / Project Officer*
Accepted/endorsed by: *Cabinet, senior management, line manager*

The *Project Business Case* is a one-off, start-up document containing basic project details of what the objectives are, as well as exploring options and listing the required resources.

It is used by senior management to assess:

- the justification of a proposed project in order to confirm approval, or
- the development options for a project that has already received funding.

Depending on the complexity and scale of the project, the *Project Business Case* may include a request for the required level of resourcing or approval to commit the use of specific resources. Where the project is large and/or complex, the development of the *Project Business Case* may be undertaken as a project in its own right over many months.

If approved, the *Project Business Case* confirms senior management support and/or funding for a recommended course of action. For major project initiatives, it may also be used to support a submission to Cabinet and/or its budget subcommittee.

The project begins once the *Project Business Case* and associated funding have been approved.

Feasibility Study Report (Feasibility Report)

Owned by: *Project Sponsor*
Maintained by: *N/A*
Produced by: *Project Officer*
Accepted/endorsed by: *Project Steering Committee/ Project Sponsor*

The assessment of feasibility during the INITIATE phase of a project is optional, but is recommended for larger or more complex projects. The purpose of a feasibility study is to assess the viability of a potential project and to determine whether the project has sufficient merit to continue into more detailed phases. The findings are documented in a *Feasibility Study Report* (or *Feasibility Report*)

A Project Officer undertakes the feasibility assessment and prepares the *Feasibility Study Report*, which is owned by the Project Sponsor and approved by the Project Steering Committee.

Where a Project Steering Committee has not yet been formed, the document may be considered by the Project Sponsor and an existing senior management committee.

In most instances, the results of the feasibility study are used to support and/or recommend the development of the *Project Business Case*.

Business Needs Analysis

Owned by: *Project Sponsor*
Maintained by: *N/A*
Produced by: *Project Officer*
Accepted/endorsed by: *Project Steering Committee*

A *Business Needs Analysis* identifies the business processes that will be influenced by, or have influence on, the Project Outputs produced by the project and matches them against the organisational business needs.

It is a mapping of the business processes, accompanied by a description, either as part of the initial analysis prior to the approval of the project or during the project.

It is prepared by a suitably skilled Project Officer or consultant, owned by the Project Sponsor and approved by the Project Steering Committee.

Project Brief

Owned by: *Project Sponsor*
Maintained by: *N/A*
Produced by: *Project Manager*
Accepted/endorsed by: *Project Steering Committee*

A *Project Brief* outlines what is to occur in the INITIATE phase of a project. When a project will form part of a larger project (eg a project to develop a *Project Business Case)* or where a Project Output is to be delivered from this initial phase, the *Project Brief's* purpose is to document how the project or its activities are going to be managed.

The Project Manager prepares a *Project Brief* once the project has been approved by the Project Sponsor and/or Project Steering Committee.

The *Project Brief* is owned by the Project Sponsor and may be used instead of a *Project Business Plan* for small projects.

MANAGE phase documents

Project Business Plan

Owned by: *Project Sponsor / Project Steering Committee*
Maintained by: *Project Manager*
Produced by: *Project Manager / Project Team*
Accepted/endorsed by: *Project Steering Committee, senior management, line manager*

The *Project Business Plan* is the high-level management document for the project. It identifies the Project Objective(s), Project Outcomes, Target Outcomes and Project Outputs; provides an overview of all the project components; and describes the roles, responsibilities and accountabilities of each of the parties. It is owned, maintained and utilised by the Project Sponsor and/or Project Steering Committee.

Once approval is given for the project to proceed, endorsed source documents such as the *Project Proposal* and/or *Project Business Case* can be used as the basis for the *Project Business Plan*. The *Project Business Plan* enables the Project Sponsor and/or Project Steering Committee to monitor the project effectively from start to finish and provides a basis for further discussion, review, clarification and confirmation of the project scope with key stakeholders.

It is critical to achieve clarity in the early stages of the project for later project success. If the project is unfeasibly defined and scoped, and not properly linked with the organisational goals and strategic objectives of the agency, agreement amongst stakeholders is difficult and the project is unlikely to be completed successfully.

Developing the *Project Business Plan* is not a static, once-off process. As the project progresses and further clarity emerges, the *Project Business Plan* continues by iteration. For any project, the content of the *Project Business Plan* must be re-examined many times, particularly where a great deal of organisational change is involved. This iterative development should involve the Project Team and the Project Sponsor and/or Project Steering Committee.

For large and complex projects, the *Project Business Plan* will need periodic formal review – even redevelopment – in order to document the changed conditions as the project proceeds from milestone to milestone. In this context, modification of the Project Outcomes and Target Outcomes may be required. Any changes to the project scope require formal agreement by the Project Sponsor and/or Project Steering Committee.

Project Execution Plan (or Project Work Plan or Work Breakdown Structure)

Owned by:	*Project Manager*
Maintained by:	*Project Manager*
Produced by:	*Project Manager / Project Team*
Accepted/endorsed by:	*Project Sponsor, senior management, line manager*

The *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*) refers to the document that is the 'road map' used by the Project Team to deliver the agreed Project Outputs. It outlines the responsibilities of the Project Team and Project Stakeholders.

These documents display the sequence of required project tasks and activities against the agreed schedule and reveal any interdependencies and responsibilities. They expand the *Project Business Plan* by specifying operational management procedures and control plans, including:

- detailed project plans,
- resource schedules,
- quality procedures,
- Project Output purchasing and development plans,
- a risk management plan, and
- project budgets.

A *Project Execution Plan* (or *Project Work Plan* or *Work Breakdown Structure*) will need regular review and updating by the Project Manager to reflect any agreed changes to the *Project Business Plan*.

Project Review and Evaluation Report

Owned by: *Project Sponsor*
Maintained by: *N/A*
Produced by: *External party*
Accepted/endorsed by: *Project Sponsor/ Project Steering Committee*

A *Project Review and Evaluation Report* is best suited to large and/or complex projects. Depending on the size and complexity of the project, it can take two forms:

- A *Project Review and Evaluation Report* can be prepared at any stage of a project to provide the Project Sponsor and/or Project Steering Committee with an assessment of project progress, including any shortcomings in the project's activities. This enables timely action to address any deficiencies discovered through the review process. When required, the report may validate the decision to 'stop' the project and capture the lessons learned.
- For large and complex projects it is recommended that regular assessments are undertaken to reconfirm the project's link to the organisational strategic agenda. These should be undertaken by an independent person (ie not the Project Manager or Project Team member) at key decision points during the project as well as at the end of all major phases or stages; see *Element 10 – Project review and evaluation.*

A *Project Review and Evaluation Report* should be prepared at the completion of any project, once the Project Outputs have been accepted and handed over to the Business Owner(s) and the Target Outcomes can be measured. Its main purpose is to analyse how successful (or unsuccessful) the project was in delivering the Project Outputs and achieving the Target Outcomes, as well as including lessons learned, time taken and budget spent.

The criteria for measuring project success are established in the *Project Business Plan* and help to determine whether the project is or was 'under control', depending on the degree to which the Target Outcomes have been achieved, the delivery of Project Outputs against the agreed schedule, and the level of adherence to documented plans, budget, methodologies and standards.

Project Phase Review Report

Owned by: *Project Sponsor*
Maintained by: *N/A*
Produced by: *External party/ Project Manager*
Accepted/endorsed by: *Project Sponsor/ Project Steering Committee*

A Phase is a section of work in a project at the end of which there are no measurable Project Outcomes, although some Project Outputs may be produced. For large and/or complex projects that take a phased approach, a *Project Phase Review Report* is appropriate:

- at the end of a phase to assess how successful the phase was in meeting its targets, including delivery of the assigned Project Outputs, before seeking approval to proceed to the next phase. The Project Manager or Project Team member could undertake the review, as long as they remained objective
- at any time during a phase to assess the progress of the project when the Project Sponsor and/or Project Steering Committee are seeking to make an informal judgement on the need to 'stop' a project. This type of phase review should be undertaken by an independent person (ie not the Project Manager or a Project Team member).

Risk Management Plan

Owned by: *Project Sponsor/ Project Steering Committee*
Maintained by: *Project Manager*
Produced by: *Project Manager*
Accepted/endorsed by: *Project Sponsor / Project Steering Committee*

A *Risk Management Plan* describes how risks are to be managed. At a minimum, the *Risk Management Plan* should detail:

- the process which will be used to identify, analyse, evaluate and treat risks both initially and throughout the life of the project, including estimated costs (where practical);
- the process for transferring the cost of approved risk mitigation activities into the project budget;
- the process for transferring risk mitigation strategies into the *Project Execution Plan (*or *Project Work Plan* or *Work Breakdown Structure*);
- how often the *Project Risk Register* will be reviewed, the process for review, and who will be involved;
- who will be responsible for which aspects of risk management;
- how risk status will be reported and to whom; and
- the initial snapshot of the major risks, current gradings, planned mitigation strategies and costs, as well as who will be responsible for implementing them and reporting on risk mitigation progress. This information is usually included in the *Project Risk Register* as an appendix to the *Risk Management Plan*.

A *Risk Management Plan* provides the basis for reporting risk status to the Project Sponsor and/or Project Steering Committee. The Project Manager prepares and maintains it once the project has been approved and resources allocated. It is developed, reviewed and updated in an iterative manner as the project progresses and as clarity in relation to potential risks emerges.

The Project Sponsor and Project Steering Committee have ultimate responsibility for ensuring appropriate risk management processes are applied and must approve the initial *Risk Management Plan* and subsequent revisions. It is owned by the Project Sponsor.

For large projects, the *Risk Management Plan* may be a separate document. For small to medium-sized projects, the *Risk Management Plan* can be included as a section in, and the *Project Risk Register* included as an appendix to, the *Project Business Plan*.

Stakeholder Engagement Plan

Owned by: *Project Sponsor*
Maintained by: *Project Manager*
Produced by: *Project Manager/ Project Team*
Accepted/endorsed by: *Project Sponsor/ Project Steering Committee*

A *Stakeholder Engagement Plan* identifies and classifies the Project Stakeholders, analyses their influence on the project, and defines the approach to managing their influence and impact (positive and negative) including – where possible – winning their support. It relates to the *Project Communication Strategy and Action Plan*, which defines the target audience(s), key messages, communication mechanisms/tools, responsibilities and how feedback will be provided by the stakeholders and dealt with by the project.

The Project Manager, with input and assistance from the Project Team, prepares the *Stakeholder Engagement Plan* once the *Project Business Plan* has been approved by the Project Sponsor and/or Project Steering Committee. It is owned by the Project Sponsor and approved by the Project Steering Committee.

Depending on the size and complexity of the project, the depth and breadth of this information will vary. For small to medium-sized projects, the approach to stakeholder engagement can be included as a section in the *Project Business Plan*. For large projects, it may be a separate document or combined with a *Project Communication Strategy and Action Plan*, and possibly supported by a separate *Marketing Strategy* to promote or 'market' specific Project Outputs.

Regular review of the *Stakeholder Engagement Plan* is essential to ensure that stakeholder analysis remains accurate and to adjust the approach based on ongoing evaluation of the effectiveness of all communication activities.

Organisational Change Management (or Transition) Plan

Owned by:	*Project Sponsor*
Maintained by:	*Project Manager/ Project Officer*
Produced by:	*Project Manager/ Project Team/ Business Owner(s)*
Accepted/endorsed by:	*Project Steering Committee*

An *Organisational Change Management* (or *Transition*) *Plan* documents how to manage the required level of change within the organisation(s) to ensure the Project Outputs are successfully utilised and the desired Target Outcomes are achieved. It identifies:

- the changes required within the business areas (prior to receiving the Project Outputs) for successful Project Output utilisation;
- when these changes are to be implemented;
- how the organisation's transition from the current situation to maintenance/operational mode will be managed appropriately; and
- who is responsible and accountable for managing the required transition and implementation.

The Project Manager, with input and assistance from the Project Team and Business Owner(s), prepares the *Organisational Change Management* (or *Transition*) *Plan* once the *Project Business Plan* has been approved. It is owned by the Project Sponsor and approved by the Project Steering Committee. In some circumstances it can be documented as part of the *Outcome Realisation Plan*.

Implementation Plan

Owned by:	*Project Sponsor*
Maintained by:	*Project Manager*
Produced by:	*Project Manager*
Accepted/endorsed by:	*Project Steering Committee*

An *Implementation Plan* documents how implementation of the Project Outputs will be managed. It details how successful Project Output utilisation will occur: the what, how, when, and who.

The Project Manager, with input and assistance from the Project Team, prepares this plan once the *Project Business Plan* has been approved. It is owned by the Project Sponsor and approved by the Project Steering Committee. Depending on the size/complexity of the project it may be included as part of the *Outcome Realisation Plan* or stand alone.

Project Communication Strategy

Owned by: *Project Sponsor*
Maintained by: *Project Manager*
Produced by: *Project Manager*
Accepted/endorsed by: *Project Steering Committee*

The purpose of the *Project Communication Strategy* is to define the proposed strategy to ensure all project stakeholders are engaged and to maximise support for the project.

The *Project Communication Strategy* defines the project's communications objectives and details the proposed strategy for communication between the project and the stakeholders. This builds on the identification and classification of stakeholders described in the *Stakeholder Engagement Plan* by identifying what communication strategies will be undertaken for specific target audience(s), the communication mechanisms/tools to be used and defining the project's key messages, responsibilities and how feedback will be provided by the stakeholders and dealt with by the project.

The *Project Communication Strategy* should also define the approach for monitoring and evaluating the effectiveness of the proposed strategy:

- as the project progresses (and how the *Project Communication Strategy* will be refined based on this information), and
- as part of project closure activities.

Depending on the size and complexity of the project, the depth and breadth of this information will vary. For small to medium-sized projects the approach to project communications could be included as a section in the *Project Business Plan*. For larger projects it may be a separate document or combined with a *Stakeholder Engagement Plan*, and possibly supported by a separate *Marketing Strategy* to promote or 'market' specific Project Outputs.

The *Project Communication Action Plan* is usually included as an appendix to the *Project Communication Strategy*. It is maintained separately as a stand-alone document as it will evolve as the project progresses.

The Project Manager, with input and assistance from the Project Team, prepares the *Project Communication Strategy* once the *Project Business Plan* has been approved. It is owned by the Project Sponsor and approved by the Project Steering Committee.

Project Communication Action Plan

Owned by: *Project Sponsor*
Maintained by: *Project Manager*
Produced by: *Project Manager*
Accepted/endorsed by: *Project Steering Committee*

The purpose of the *Project Communication Action Plan* is to document the project communication actions and activities with respect to specific stakeholders and/or stakeholder groups.

It details alignment of specific stakeholders and/or stakeholder groups with key messages, the appropriate communication tools, message sources, timeframes, feedback mechanisms, potential costs and the responsible officer(s).

The Project Manager, with input and assistance from the Project Team, prepares the *Project Communication Action Plan* once the *Project Business Plan* has been approved. It is owned by the Project Sponsor and approved by the Project Steering Committee.

Regardless of the size and complexity of the project, the *Project Communication Action Plan* should be maintained separately as a stand-alone document to enable tracking of communication activities and ensure these activities evolve to reflect the project's progress. It can be included as an appendix to the *Project Business Plan* or *Project Communication Strategy*.

Marketing Strategy

Owned by:	*Project Sponsor*
Maintained by:	*Project Manager*
Produced by:	*Project Manager*
Accepted/endorsed by:	*Project Steering Committee*

The purpose of a *Marketing Strategy* is to ensure the Project Outputs are fully utilised by the appropriate stakeholder group(s). The focus of the document is on marketing the Project Outputs to the relevant project customers. It contains details of the specific groups that are required to utilise the Project Outputs and how they will be influenced to utilise the Project Outputs in the intended manner.

The Project Manager, with input and assistance from the Project Team, prepares the *Marketing Strategy* once the *Project Business Plan* has been approved and the *Stakeholder Engagement Plan* has been developed. It is owned by the Project Sponsor and approved by the Project Steering Committee.

Depending on the nature of the project, the type of Project Outputs being delivered and the project customers, the *Marketing Strategy* can form part of the *Stakeholder Engagement Plan* and/or be combined with the *Project Communication Strategy*.

Training Strategy

Owned by:	*Project Sponsor*
Maintained by:	*Business Owner*
Produced by:	*Project Manager*
Accepted/endorsed by:	*Project Steering Committee*

A *Training Strategy* details the training to be undertaken by the business users of the Project Outputs to enable them to acquire the requisite skills to utilise the Project Outputs. The *Training Strategy* contains details on the training requirements for the various user groups and how and when that training is to be conducted.

The Project Manager, with input and assistance from the Project Team, prepares the *Training Strategy* once the *Project Business Plan* has been approved. It is owned by the Project Sponsor and approved by the Project Steering Committee. In some circumstances it can form part of the *Outcome Realisation Plan.*

Project Status Report

Owned by:	*Project Steering Committee*
Maintained by:	*Project Manager*
Produced by:	*Project Manager*
Accepted/endorsed by:	*Project Steering Committee*

The purpose of the *Project Status Report* is to formally report to appropriate people on actual progress against planned progress. *Project Status Reports* should:

- be concise,
- report progress to date,
- list the next steps to be completed, and

- identify issues of concern.

Project Status Reports should report against the performance measurements for the project, identifying both successes and failures, and should contain details on progress against milestones, the current status of risks, issues, and budget and should also include recommendations.

The audience for a *Project Status Report* is usually the Project Sponsor and/or Project Steering Committee but this can depend on the governance structure and size of the project. *Project Status Reports* should also be made available to members of the Project Team, reference and/or working groups contributing to the work of the project and other interested parties, as appropriate.

The Project Manager prepares the *Project Status Reports* prior to Project Steering Committee meetings.

Project Risk Register

Owned by:	*Project Steering Committee*
Maintained by:	*Project Manager*
Produced by:	*Project Manager*
Accepted/endorsed by:	*Project Steering Committee*

The *Project Risk Register* is a listing of all risks and their status, including how the risks are being managed. Its purpose is to document and track the management of the risks associated with the project.

The Project Manager prepares the *Project Risk Register* with input and assistance from the Project Team. It should be updated fortnightly, or at least monthly, to reflect any changes in the risk status. This document should be maintained separately to the *Project Business Plan* and the *Risk Management Plan.* It may be included as an appendix to the regular *Project Status Reports*.

Project Issues Register

Owned by:	*Project Steering Committee*
Maintained by:	*Project Manager*
Produced by:	*Project Manager*
Accepted/endorsed by:	*Project Steering Committee*

The *Project Issues Register* is a listing of all issues associated with the project, including details of how these issues are being managed and their current status. Its purpose is to document and monitor the issues associated with the project.

The Project Manager, with input and assistance from the Project Team, prepares the *Project Issues Register* as an internal working document. As issues escalate and become emergent project risks they are usually brought to the attention of the Project Sponsor and/or Project Steering Committee (via the *Project Status Reports*) for consideration and action. At this point, consideration should be given to adding them to the *Project Risk Register.*

FINALISE phase documents

Outcome Realisation Plan

Owned by:	*Project Sponsor / Project Steering Committee*
Maintained by:	*Business Owner(s)*
Produced by:	*Business Owner(s)* *(Project Manager / Project Team may assist in initial drafting)*
Accepted/endorsed by:	*Project Steering Committee, senior management, line manager*

The *Outcome Realisation Plan* is used to support the organisational change management process required for effective utilisation of the agreed Project Outputs by the business units. It assists in ensuring the achievement of the agreed Target Outcomes described in the *Project Business Plan*.

The Outcome Realisation Plan describes how:

- the final stages of the project will be managed in a satisfactory manner;
- the transition from the current situation to maintenance/operational mode will be managed appropriately (ie the changes that need to be made within the business areas prior to receiving the Project Outputs);
- the utilisation of the Project Outputs are linked to the achievement of the Target Outcomes;
- the success of the Project Outputs will be assessed and what corrective action will be taken if required;
- the ongoing ownership and management of the Project Outputs and any maintenance requirements have been confirmed;
- the Target Outcomes have been determined including the baseline metrics; and
- the Business Owner(s) will monitor, verify and report on progress toward the achievement of the project's Target Outcomes (either wholly, or achieved to a significant extent) to the Project Sponsor and/or Project Steering Committee or its nominee prior to formal project closure.

The Business Owner(s) is responsible for creating and updating the *Outcome Realisation Plan,* however the Project Manager may develop the first release with their cooperation. Endorsed documents (for example a *Project Proposal, Project Business Case, Project Business Plan* or relevant emails) can be used to populate the *Outcome Realisation Plan*. This information, along with any gaps, then provides a basis for further discussion. As the clarity of the requirements for Outcome Realisation emerges, the document can be developed iteratively involving input from the Business Owner(s) as well as the Project Team, the Project Sponsor and the Project Steering Committee.

Once the document has been refined, it is essential to obtain:

- clear agreement by the Business Owner(s) as to the accountabilities and responsibilities described in the document; and
- formal approval of the *Outcome Realisation Plan* by the Project Sponsor or Project Steering Committee as to the suitability of the activities.

As the project evolves and changes in the scope are approved, the *Outcome Realisation Plan* will need to be updated and reissued. The Project Sponsor and/or Project Steering Committee must approve the updated documents.

In order for the business unit(s) to prepare for the delivery of the Project Outputs, planning should commence early in the project life to ensure the required changes can be implemented in a timely fashion as the project progresses. Depending on the size and complexity of the project, there may be one or more *Outcome Realisation Plans,* for example when various Business Owners are accountable for different Project Outcomes.

Project Closure Report

Owned by:	*Project Sponsor/ Project Steering Committee*
Maintained by:	*N/A*
Produced by:	*Project Manager/ Business Owner*
Accepted/endorsed by:	*Project Sponsor/ Project Steering Committee*

A *Project Closure Report* represents the formal 'ending' or termination of a project. It is best suited to large and/or complex projects and may follow on from a *Project Phase Review Report* or a *Project Review and Evaluation Report*.

The purpose of a *Project Closure Report* is to assist a Project Sponsor and/or Project Steering Committee to 'tie up loose ends' and formally close the project by:

- confirming that Project Outputs have been delivered by the project and accepted by the Business Owner(s). This may be supported by statements from the relevant Business Owner(s) confirming that the Project Outputs have been formally accepted and implemented, and that any required training has been completed, where appropriate;
- confirming that all required project documentation has been completed;
- documenting any outstanding issues, risks and operational matters with recommendations on how they should be resolved and by whom; and
- reporting the level of Target Outcome realisation achieved so far.

Effectively, it is the Project Manager's final *Project Status Report* and is usually completed in time for the final Project Steering Committee meeting.

The Business Owner(s) is responsible for reporting progress towards the achievement of the Target Outcomes. Where the project's Target Outcomes have only been partially achieved and the decision has been made to formally close the project, the *Project Closure Report* should

- report the level of Outcome Realisation achieved at the point of formal project closure;
- confirm how the Business Owner(s) will monitor and measure until the Target Outcomes are achieved;
- nominate who the Business Owner(s) will report the results of Outcome Realisation to once the Project Steering Committee is disbanded (eg to the Project Sponsor or a nominee); and
- confirm the timeframe for the Business Owner(s) to report progress on the realisation of Target Outcomes (eg six months after formal project closure), as determined by the Project Sponsor and/or Project Steering Committee.

A *Project Closure Report* is also used in circumstances where it has been decided to close the project for some other reason (eg where the findings of a project review recommend the project is terminated or changed priorities within the agency, division or business unit mean that the project's link to the organisation's strategic agenda is no longer valid). In this context, no details on Outcome Realisation are usually included.

Project Review and Closure Report

Owned by: *Project Sponsor/ Project Steering Committee*
Maintained by: *Project Manager/ Business Owner*
Produced by: *Project Manager/Business Owner*
Accepted/endorsed by: *Project Sponsor/ Project Steering Committee*

The *Project Review and Closure Report* is ideal for small projects Its purpose is to assist a Project Sponsor and/or Project Steering Committee to review the project's success, 'tie up loose ends' and formally close the project by:

- reviewing the Project Outputs and confirming that they have been delivered and accepted (supported by statements from the relevant Business Owner(s) confirming that they have formally accepted and implemented the Project Outputs and that any required training has been completed, where appropriate);
- assessing the success of the project as established in the *Project Business Plan*;
- confirming that all required project documentation has been completed;
- documenting any outstanding issues, risks and operational matters with recommendations on how they should be resolved and by whom;
- detailing activities undertaken to close the project;
- documenting lessons learned to inform future projects; and
- reporting the level of Target Outcome realisation achieved so far.

The document enables those who initially approved the resources to analyse how well the project achieved its objectives by assessing the economics and impact of the project and comparing these against what was originally planned.

Effectively, it is the Project Manager's final *Project Status Report* and is usually completed in time for the final Project Steering Committee meeting.

The Business Owner(s) is responsible for reporting progress towards the achievement of the Target Outcomes. Where the project's Target Outcomes have only been partially achieved and the decision has been made to formally close the project, the *Project Review and Closure Report* should:

- report the level of Outcome Realisation achieved at the point of formal project closure;
- confirm how the Business Owner(s) will monitor and measure until the Target Outcomes are achieved;
- nominate who the Business Owner(s) will report the results of Outcome Realisation to once the Project Steering Committee is disbanded (eg to the Project Sponsor or a nominee); and
- confirm the timeframe for the Business Owner(s) to report progress on the realisation of Target Outcomes (eg six months after formal project closure), as determined by the Project Sponsor and/or Project Steering Committee.

A *Project Review and Closure Report* can also be used for a large and/or complex project if a detailed review is not being undertaken separately.

Handover Plan

Owned by: *Project Sponsor*
Maintained by: *Business Owner*
Produced by: *Project Manager*
Accepted/endorsed by: *Project Steering Committee*

A *Handover Plan* details the requirements for transfer of the Project Outputs to the responsible Business Owner(s). Its purpose is to ensure that all Project Outputs are successfully handed over to the relevant Business Owner(s). It details the Project Outputs, when they will be handed over, the requirements for the Project Outputs to be utilised and clarifies the ongoing responsibilities for ownership and management of the Project Outputs including any maintenance requirements.

The Project Manager, with input and assistance from the Project Team, prepares the *Handover Plan* once the *Project Business Plan* has been approved. It is owned by the Project Sponsor and approved by the Project Steering Committee. In some circumstances it can form part of the *Outcome Realisation Plan* or the *Project Output Management Plan.*

Project Output Management Plan

Owned by: *Project Sponsor*
Maintained by: *Business Owner*
Produced by: *Project Manager/ Business Owner*
Accepted/endorsed by: *Project Steering Committee*

The *Project Output Management Plan* identifies the ongoing responsibilities and maintenance requirements for all Project Outputs to be confirmed with the responsible Business Owner(s). Depending on the nature of the Project Outputs, maintenance requirements can include the service requirements of equipment, applications, infrastructure or buildings, the system administrator and support manuals for a system.

The *Project Output Management Plan* details who will be responsible for maintenance and upgrades (which may require the development and negotiation of specific maintenance contracts or service level agreements), the processes that will need to be put in place to ensure that maintenance occurs on a regular basis and appropriate records management procedures.

The Project Manager, with input and assistance from the Project Team, prepares it once the *Project Business Plan* has been approved. It is owned by the Project Sponsor and approved by the Project Steering Committee. Depending on the nature of the Project Outputs, it can form part of the *Outcome Realisation Plan* or the *Handover Plan*.

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