MGMT 4135
Project Management

Chapter-16 | Project Oversight

Chapter-16 Project Oversight

Project Oversight: defined as a set of principles and processes to guide and improve the management of projects.

- Ensures projects meet the needs of the organization through the use of standards, procedures, accountability, efficient allocation of resources, and continuous improvement.
- Supports the role of the project manager

Major oversight activities

At the Organization Level

- Project selection

- Portfolio management

- Continuous improvement on management of projects

- Assessing and elevating the maturity level of the organization's project management system

- Use of balanced scorecard to review project progress

Major oversight activities

At the Project Level

- Review project objectives
- Project manager decides on issues to be raised
- Track and assist project bottlenecks
- Review status reports sent by the project manager
- Audit and review project lessons learned
- Authorize major deviation from the original project scope
- Cancel the project

Purpose for Project Oversight

What is means for the Project Manager

- Over sight is interested in supporting and helping the PM where ever needed – an improvement from the past

- Oversight determines the environment in which the PM will implement his/her project – can have a positive or negative effect.

- Methods used to hold the PM responsible and accountable will influence how performance is measured

- The PM will report into the oversight group at predetermined phases of the project.

How oversight influences management of projects

Portfolio Project Management

- Portfolio project management moves project effort from tactical to strategic, oversees project selection, project processes, and use of resources

- Supports multiple projects in such a way as to obtain maximum benefit from all instead of managing them individually

- **Definition:** Portfolio project management is the centralized management of projects to ensure that the allocation of resources to project is directed toward projects that contribute the greatest value to the organization.

How oversight influences management of projects

Project Management Office (PMO)

- Project-driven organizational have setup project offices. These are usually setup after the organization sets up project portfolio management. The PMO is used to support and manage the oversight of activities.

- **Definition:** The project office (PO) or the project management office (PMO) is the unit responsible for continued support of consistent project selection criteria, standards, processes; the training of and assistance to project manager, and continued improvement and use of best practices.

How oversight influences management of projects

Project Management Office (PMO)

- The PMO usually includes oversight to the project portfolio management.

- Both project portfolios and project offices present an integrated function for planning and control.

- The PMO also supports the integration of processes for managing projects within the social and cultural norms of the organization.

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How oversight influences management of projects

Benefits of the Project Management Office (PMO)

- Serves as a bridge between senior management and project managers

- Support integration of all project management processes from project selection through project closure with lessons learned

- Through training, the PMO support the organizational growth to higher levels of project management maturity

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How oversight influences management of projects

Phase Gate Methodology

- In-depth review of projects at specific phases in the project life cycle. Assessment as to whether to continue the project or kill it is done during gate phase reviews.

- Gate phase reviews is designed to support the project manager with decisions and issues as well as resource needs.

- Normally performed by the PO or PMO.

- Gate phase reviews begin at the start of the project and will be performed several times throughout the project life cycle.

How oversight influences management of projects

Phase Gate Methodology

- **Definition:** The **phase gate review** is a structured process to review, evaluate, and document outcomes in each project phase and to provide management with information to in order to guide resource deployment toward strategic goals.

- Criteria for setting phase gates are selected <u>before</u> the start of the project. Normally, however, the organization will standardize on the same gate phases for all projects no matter their size or complexity.

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How oversight influences management of projects

Phase Gate Methodology

- **Definition:** The **phase gate review** is a structured process to review, evaluate, and document outcomes in each project phase and to provide management with information to in order to guide resource deployment toward strategic goals.

- Simply put, phase gate reviews are project health checks.

- Criteria for setting phase gates are selected <u>before</u> the start of the project. Normally, however, the organization will standardize on the same gate phases for all projects no matter their size or complexity.

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How oversight influences management of projects

Typical Phase Gates Overview

- **Gate 1: Proposal Decision**

  This phase is typically done at the senior and executive levels of the organization. It is here where the management determines if the project will help achieve strategic goals or solve a business problem or issue.

- **Gate 2: Screening and Selection Decision**

  This phase entails project selection through the use of weighted scoring models that include risk, cost, resource needs, urgency, financial analysis, benefits, and anything else that should be considered during the project selection process. Typical output of this phase is the Project Charter (if project is selected).

How oversight influences management of projects

Typical Phase Gates Overview

- **Gate 3: Implementation Plan Decision**

  In this phase, the stakeholders are identified, the requirements are gathered, the scope statement is defined, milestone dates are determined, initial risks are identified, the communication plan is established, and performance metrics are put in place that will track the project.

- **Gate 4: Progress Evaluation Decision**

  This phase evaluates performance data to determine how the project is tracking in terms of schedule, cost, quality, and risk management.

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How oversight influences management of projects

Typical Phase Gates Overview

- **Gate 5: Closure**

  In this phase, an assessment is performed in order to determine if the project met all of its objectives. This is also the time when people resources are released from the project. Closure also verifies customer satisfaction and will typically have major stakeholders perform a project closure survey.

- **Gate 6: Lessons Learned**

  This is the <u>most important piece of historical information</u> that will be put in the project archives. This document assists future similar projects and also reveals how risks and issues occurred and were dealt with. Future projects greatly benefit from Lessons Learned.

How oversight influences management of projects

Typical Phase Gates Overview

- ***See "Phase Gate Side Benefits" pg. 574***

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Project Management in the Long Run

Organization Project Management Maturity

- A project maturity model strives towards the goal to continuously improve the management of projects.

- Project-driven mature companies are more successful in managing projects than those lacking project maturity programs.

- Maturity is becoming a competitive edge

- Harold Kerzner states, "*Given the fact that many executives today view their company as a stream of projects, project management permeates the entire organization, mandating that maturity is necessary. So only those companies that want to stay in business and remain competitive should pursue maturity. The alternative is rather unpleasant.*"

Project Management in the Long Run

Organization Project Management Maturity

- Maturity models enable organizations to assess their progress in implementing best practices and to continuously move towards improvement.

- In 2004, PMI rolled out a new maturity model called OPM3 (Organizational Project Management Maturity Model). The model is divided into a continuum of growth levels, much like former models.
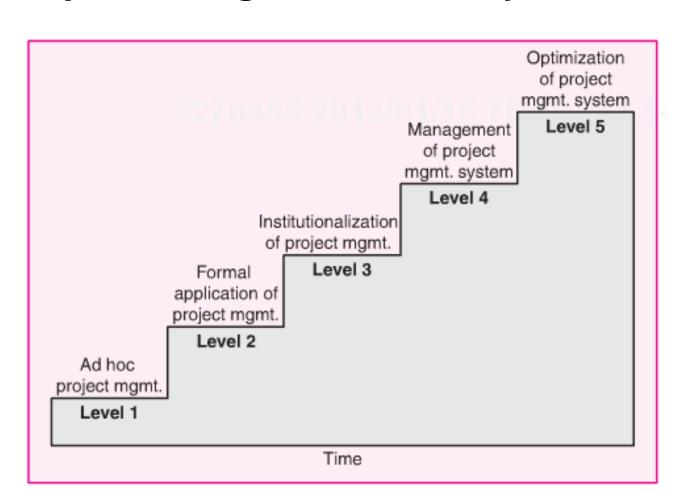
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Project Management in the Long Run

Organization Project Management Maturity
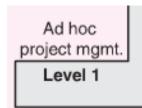
FIGURE 16.4
Project Management Maturity Model

Let's examine this model a little more closely…

Project Management in the Long Run

Organization Project Management Maturity

Ad hoc
project mgmt.

Level 1
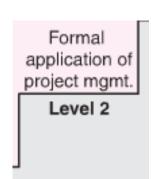
Level 1: Ad hoc project management

No consistent project management processes are in place. How a project is managed depends upon the individuals involves.

- No formal project selection system exists
- Project outcome is unpredictable
- No investment in project management training
- Project work is a struggle because it goes against the norms of the organization

Chapter-16 Project Oversight

Project Management in the Long Run

Organization Project Management Maturity

Formal application of project mgmt.
Level 2

Level 2: Formal application of project management

Organization applies project management procedures and techniques. The level is often tenuous between project and functional managers.

- Standard approaches to managing projects include scope, WBS, and activity lists
- Quality of projects emphasize the project outcome (product) which is inspected instead of being built in.
- Organization is moving towards a stronger matrix structure
- No formal project selection system is in place yet
- Limited project management training is provided

Project Management in the Long Run

Organization Project Management Maturity

Level 3: Project Mgmt. Institutionalized

Organizational project management system is tailored in order provide flexibility in adapting to unique characteristics of a project. Some of the Characteristics:

- Planning templates, status reports, and checklists are developed for each stage of the project life cycle
- Formal criteria is established for project selection
- Project management and quality management are integrated
- Quality is built into the project, not simply inspected for it
- Move towards a team-based reward system
- Time phase budgets and schedules are used to determine project performance

Project Management in the Long Run

Organization Project Management Maturity

Institutionalization of project mgmt.
Level 3

Level 3: Project Mgmt. Institutionalized

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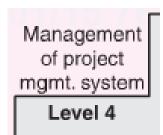
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Project Management in the Long Run

Organization Project Management Maturity

Management
of project
mgmt. system

Level 4

Level 4: Management of PMS

Organization develops a system for managing multiple projects that are aligned with the strategic goals.
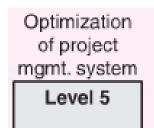
- Portfolio project management is practiced; projects are selected based on resource capacity and contribution towards the strategic goals
- Project priority system is established
- Project work is integrated with ongoing operations (no conflict)
- Quality improvement initiatives; benchmarking also used for improvement
- PMO or Center of Excellence has been established
- Audits are performed on all projects and lessons learned are recorded and used on subsequent projects
- Information system is implemented that tracks resource usage and project performance.

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Project Management in the Long Run

Organization Project Management Maturity

Optimization
of project
mgmt. system

Level 5

Level 5: Optimization of PMS

Organization optimizes the project management system and focuses on continuous improvement

- The project management information system (PMIS) is fine-tuned and specific information is provided to different stakeholders
- An informal culture develops that values improvement of the organization, not just policies and procedures
- Greater flexibility in adapting the project management process to work the demands of certain projects.

Project Management in the Long Run

Organization Project Management Maturity

- Achieving maturity levels take such a long time because the social culture must undergo gradual change that takes time to implement and embrace.

- Learning of this magnitude naturally takes time as it cannot be successful by using quick fixes or simple remedies.

- Most companies are currently moving from level-2 to level-3

- Fewer than 10% of companies researched are actually performing at either level-4 or level-5.

- Maturity is not an end. It is a never-ending process of continuous improvement.

Project Management in the Long Run

Balanced Scorecard Model

- The balanced scorecard model differs from the project selection models as it reviews projects over a 5 to 10 years after the project is actually implemented.

- The scorecard measures the results of major projects undertaken to determine if the overall vision, mission, and goals of the organization were met or even improved.

- Scorecard model measures performance in 4 main areas: *the customer, internal organization, innovation and learning, and financial measures.*

Project Management in the Long Run

Balanced Scorecard Model

- **Customer Measure**: Might be industry ranking for sales, quality or on-time project delivery

- **Internal Organization Measures**: Determine the measures that influence employees' actions on the time it takes to go to market or reduction of design time for a final product.

- **Innovation and Learning Measures**: These frequently deal with process and product innovation as well as product improvement

- **Financial Measures**: ROI, cash flow, and projects coming in on budget reflect improvements that contribute value to the organization's bottom line.

Chapter-3 Key terms:

Balanced scorecard, 578	Phase gates, 570	Project management maturity, 574
Oversight, 565	Portfolio management, 566	Project Office, 566