TOPIC TEN: Project Management

Overview

Whether in education, financial services, local government, health or community services, there is usually one person, the project manager, whose role it is to ensure the project is completed successfully. However, the individual may not be called project manager. There has been substantial growth in the number of people performing the role. Some of them are technical specialists, but others come from line positions (Briner et al. 1996). Public sector managers such as the participants in the PSM Program are increasingly required to be across generic principles and programs such as risk management, change management (Topic Nine) and project management. Additionally, management activities such as strategic management (Topic One) and budgeting (Topic Four) can be treated as projects and benefit from project management methods.

Public sector work is becoming more project-orientated, and agencies are implementing formal techniques to better control and evaluate policy development and other major tasks. This topic includes the contemporary context of project management in the public sector; project life cycles; developing the project definition; feasibility and risk; practical tools and techniques for project planning and control; ‘hard’ project management techniques in a ‘soft’ policy environment; preparing for start up; and project evaluation.

Some of the language of project management, such as ‘concept definition’, ‘work breakdown structures’ and ‘network analysis’, is covered. Although these terms are well known in engineering, construction and IT, they are less well known in other areas of the public sector. This is because it is only recently that public sector managers’ work – even in the so-called ‘soft’ human services arena – has taken on the characteristics of project work. Some of these characteristics include fragmentation, one-off activities, and multiple and diverse stakeholders.

Learning Objectives

On successful completion of this topic, you will be able to:

1. Discuss the need for public sector managers to have project management skills.
2. Describe the project life cycle and the detailed steps in each phase.
3. Develop and test project objectives.
4. Carry out stakeholder mapping.
5. Explain the details of the design phase.
10.1 Why Project Management in the Public Sector?

This is a long topic but there is only one reading. Project management is permeating the sector and becoming part of the public manager’s repertoire (Gomes, Yasin & Lisboa 2008). This topic considers the role of projects in public sector managers’ responsibilities, the language of project management, and public sector-specific project opportunities and imperatives.

To introduce the topic we visit a definition of project management from a well-known professional source of expertise in the public sector. ‘A project involves a group of inter-related activities that are planned and then executed in a certain sequence to create a unique product or service within a specific timeframe, in order to achieve outcomes/benefits’ (Tasmanian Government 2008:1).

Contemporary managers are handling more diverse tasks, particularly in program management, policy development and change management. ‘New-style’ projects have some similarities to traditional ones. There are always time, cost and quality requirements or specifications to be met as shown in Figure 10.1. In this topic, we will explore some of the tools and techniques of traditional project management and examine whether project management for ‘hard’ projects such as IT and construction are suitable for ‘soft’ human services projects.

Figure 10.1 Complexity of project management

Source: Briner et al. 1996:5.
Some might feel that the structured processes of project management stifle creativity and innovation. However research into TV production where project management methods were applied found that it enhanced creativity. Looming deadlines served to focus energy on the creative task and overall the methods generated a more strategic view (Lundin 2008).

It might not be part of some PSM Program participants’ experience of formal projects but in some areas – eg IT, government tendering and so on – formal project management is crucial. The well-accepted aspects of project management are:

- body of knowledge (ie your professional expertise)
- scope
- time
- cost
- quality
- human resource management (HRM)
- communication
- risk
- procurement (Pheng 2007).

A project is ‘usually a one-time activity with a well-defined set of desired end results. It can be divided into subtasks that must be accomplished in order to achieve the project goals’ (Meredith & Mantel 1995:8). Increasingly, managers are expected to lead horizontally on projects as well as vertically through functional specialists. Moreover project management can also aid managers to meet certain of their accountability requirements. As we saw in Managing Out, some projects will include individuals and groups outside the public sector manager’s organisation, producing the external pressures shown in Figure 10.1. Partnerships between public and private sector providers demand a fundamental change in the world view of public sector managers regarding project management. New concepts to be taken on board include relationship building, user consultation, and ongoing monitoring and evaluation (Hall 2002). Further, projects may have conflicting objectives due to competing stakeholder demands and also need to be executed within the scope of organisation strategy as shown in Figure 10.1.

If you are not yet convinced that project management is relevant, here are some examples of where health professionals needed project management skills:

- improving access to health services for at-risk women in St. Kilda
- reducing obesity in adult clients with intellectual disability
- investigating current strategies by local primary schools to build resilience in students and identify need for future programs and teacher training
- developing a proposal/submission for a ‘time bank’ model for a mental health service (McKinstry & Fortune 2007:3).

Governments from such diverse countries as Canada, Zimbabwe and Jamaica (Manuel 2004; IQPC 2004; Department of Finance 2002) noted public sector
project management as an important function in improved governance and financial accountability. The situation is no different in this country. Further, the dissemination of standard practices is also desirable. For example:

A key international lesson in public sector project management, is that governments need to establish standard systems, based in certain legislation, that become familiar territory for all stakeholders. Critical public projects should be able to take off on a clear and certain path, not re-inventing the wheel each time. This is particularly important in countries where public sector capacity is slim. What National Treasury’s PPP Unit has done is to produce a set of very practical tools for this purpose (Manuel 2004).

Building up intangible project management competence adds to the value of the organisation’s human resources, rendering the organisation better able to deliver value to stakeholders (Mathur, Jugdev & Fung 2007). Top management support helps ensure the success of a relatively complex process (Zwikael 2008).

Some organisations are not inherently project orientated. The core business of Centrelink, for example, is delivering certain regular services to the community rather than pursuing specific projects. In other cases, projects will occur in organisations on a one-off, purpose-specific or time-specific basis. Some projects are managed within agencies for administrative or organisational reasons. Other project opportunities and imperatives are:

- improving financial management
- reviewing acquisition strategies
- developing fraud control policy
- conducting complex procurement
- implementing HRM programs
- instigating an intellectual property and knowledge management program
- managing contracts and outsourcing
- organising corporate events
- competitive tendering and contracting.

**Activity 10.1 – Analyse your involvement in project work**

Your task here is to evaluate whether your work or any part of it – including that of people who work with and for you – could be classified as project work, given the definitions and examples above. Also, evaluate the extent to which you have consciously managed these projects or used project management techniques.

**10.2 Project Life Cycles**

Project management is a phased or staged activity. These phases or stages together make up the project life cycle (Taylor 1998). A four phase life cycle is shown in
The US Project Management Institute (PMI 2001) defines five phases of project management:

- initiating
- planning
- executing
- controlling
- closing.

Here we will also introduce Tasmanian government protocols. Note, you will be exposed to, and may already be familiar with a range of ideas and systems or templates about project management which all have their own idiosyncrasies, overlaps and differences. Don’t worry too much about trying to reconcile them or integrate them. The important point is to choose a system, templates and methods that work for you and your project and apply that in detail.
Activity 10.2 – Required Reading 10.1 and Activity 10.2 - Project Management

There is only one reading for this topic and it is absolutely essential, particularly since it impacts on your assessment. The Tasmanian government is doing a good job of promulgating sound project management techniques and widely available templates, as seen in this reading. Their project management templates and frameworks have become the de facto accepted project management approach in the public sector, supplying easy to follow instructions and guidelines.

View their material at the following address. Tasmanian Government 2008, Project Management, viewed 09/09/08 <http://www.egovernment.tas.gov.au/>. The content is summarised as follows in the Comprehensive Guide to Project Management. At this stage you only need to read Section 1 – Project Management the Basics and glance at the rest. Section 1 uses a simpler version of the project lifecycle but goes into more details of documentation and requirements within the project life. You are expected to come back to this reading at each relevant point in the rest of the topic.

Introduction

Section 1 - Project Management the Basics
Section 2 - Planning and Scoping
Section 3 - Governance
Section 4 - Organisational Change Management and Outcome Realisation Planning
Section 5 - Stakeholder Management
Section 6 - Risk Management
Section 7 - Issues Management
Section 8 - Resource Management
Section 9 - Quality Management
Section 10 - Status Reporting
Section 11 - Evaluation
Section 12 - Closure
Section 13 - Documentation
Appendix 1 - Project Management Glossary
Appendix 2 - Steering Not Rowing: A Charter for Project Steering committees and Their Members
Appendix 3 - A Charter for Project Management Quality Advisory Consultants
Appendix 4 - A Charter for Project Management Quality Review Consultants
Appendix 5 - Where to Get Help

If your agency or jurisdiction has an equivalent guide then feel free to use it. In any case this material is vital and you will need to rely on and reference either the Tasmanian guide or your own choice in any assessment.
10.3 Projects Are a Cycle of Repeated Processes

By the time you combine the different labels that various authors apply to each phase and the details within each phase, you can develop a detailed account of project management with the steps in each phase. In practice the phases and steps might not all be done in this order, some may repeated and some may be done in different phases. Overall however, it is likely that a project would involve most or all of these tasks at some stage.

The phases of the project take place within a cycle of planning, reviewing, gaining approval, revising details and in some cases cycling through the phases again. This iterative process is reflected in the dotted circle in Figure 10.3.

Figure 10.3 Four phases of project life cycle


It may be the case that once further work is done to define the project concept, the project is not approved, or is discarded.
Also, in reality, project phases and associated tasks are not as clear-cut as shown in Figure 10.3.

Table 10.1 Consolidated phases of the project life cycle with details for each phase

<table>
<thead>
<tr>
<th>Concept (Initiating project definition)</th>
<th>Develop design (Planning)</th>
<th>Implementation (Executing controlling)</th>
<th>Termination (Closing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• project idea</td>
<td>• fill in more details</td>
<td>• set up project organisation (team or task force)</td>
<td>• finalise outcomes</td>
</tr>
<tr>
<td>• gather data</td>
<td>• develop scope</td>
<td>• establish detailed requirements</td>
<td>• review and accept project</td>
</tr>
<tr>
<td>• early definition</td>
<td>• prepare structured project plan</td>
<td>• set up and execute work packages</td>
<td>• evaluate and document results and process (feedback)</td>
</tr>
<tr>
<td>• identify requirements</td>
<td>• develop indicators of time, cost and quality</td>
<td>• direct monitor and control project</td>
<td>• final project report</td>
</tr>
<tr>
<td>• stakeholder mapping</td>
<td>• feasibility and risk assessment</td>
<td></td>
<td>• release and redirect resources</td>
</tr>
<tr>
<td>• develop alternatives</td>
<td>• attend to both technical and social components of project</td>
<td></td>
<td>• celebrate completion</td>
</tr>
<tr>
<td>• establish and test aim and objectives</td>
<td>• set performance indicators of time, cost and quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• estimate resources</td>
<td>• appoint core team</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• proposal</td>
<td>• obtain approval</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• gain preliminary commitment and approvals</td>
<td>• do network analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• tools and techniques for each phase</td>
<td>• project kick off</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For convenience and in order to provide you with a structure for this topic, it will be assumed that there are four distinct phases, as shown in Table 10.1. These are covered in the following sections.

10.4 Phase 1: Initiating the Concept

The first phase of project management is called the concept, where the main tasks are to establish and test the aim and objectives, identify the full range of stakeholders through stakeholder mapping and gain preliminary commitment to the project. Irrespective of how a project comes to be a priority, project initiation marks the
beginning of an intensive analysis and pre-planning process during which project aims and objectives are defined and deliverables identified (PMI 2001).

10.4.1 Aim and Objectives

Project management is distinct from operational management to the extent that projects have a more purpose-specific focus. Unlike the ongoing teams involved in operational management, the project team will be disbanded when the mission or project outcomes have been achieved. Therefore it is essential to have a clear aim and associated objectives. They define the boundaries of the project – what is to be achieved and when the project is to be finished. This may appear self-evident, but if objectives are not clearly defined, there may be disputes about when and if the project team has delivered what was agreed.

Aim denotes a single sentence, high-level description of the intent of the project. Objectives denote a larger elaboration of what is to be achieved. The focus of objectives set in the initial stages is often on implementing the project, with insufficient attention given to planning for evaluation. It is vital to plan for evaluation as early as possible in the project to ensure that the information needed to evaluate project outcomes is available at the end (DOFA 1998a).

Setting objectives and performance indicators can be triggered by answering such questions as:

- how will this project make a difference to the organisation?
- what is the expected output of the project?
- how will we know when the output has been achieved?
- how will we know how well it has been achieved?
- will others evaluate the project by the same indicators?
- how would we know that this project has been highly effective?
- what in our wildest dreams would we like this project to accomplish?

10.4.2 Testing Project Aim and Objectives using Lovejoy’s Eight Tests

If evaluation is to be effective, then the aim and objectives must be usable and measurable. There are eight tests for establishing clear, detailed and workable aim and objectives (Lovejoy 1993). While the public sector manager could apply these tests to project aim and objectives on their own, it is more effective to utilise a small working group. Three or four people is ideal – enough to ensure that nothing is missed, but not so many that the exercise degenerates into an endless debate. Make sure all stakeholders understand that the purpose is to end up with a ‘bullet-proof’ project concept. Stakeholders should be ruthless and helpful (Lovejoy 1993).

The eight tests of the project aim and objectives are:

1. Client test
2. Means test
3. Identity test
4. Measurement test
5. Sufficiency test
6. Side-effect test
7. Assumption test
8. Jargon test

Each of these is explained next.

10.4.3 How will the project benefit the client?

It is undeniable that projects should benefit the end-user – the client. In the public service it is vital that attention is paid to the public and how they will be served by the project. If they aren’t, why do it? The series of ‘why’ questions introduced in the topic on performance management are very pertinent here to get to the bottom line public value of any project. Some PSM Program participants argue that their focus on clients is taken for granted and doesn’t need to be spelled out. This may or may not be the case but the danger exists that a public sector manager may focus more on internal processes and staff benefits and needs than on clients. If in fact the focus truly is on external clients then it should be easy to document this in project paperwork. If the answer is that the project won’t, or will only peripherally, benefit external clients or add public value then the aim/objective should be reframed.

A sample objective for a government information bureau service may be to ‘increase despatch times of documents’. The objective looks very client-oriented, but is it? In talking about despatch rather than delivery times, the focus is on the organisation rather than on the client. From the client viewpoint, the objective misses the point. If the agency really wants to offer a visible improvement in client service, it needs to achieve specific improvements in delivery times. Focus on client perspective and process, not agency perspective and process. Focus on when the client receives the document, not when the agency despatches it. A better aim would be to ensure clients receive documents in a shorter (specified) time frame.

Revisit Required Reading 10.1


Section 2 - Planning and Scoping
Read Section 2 Planning and Scoping, which explains the ITO model and helps to focus on client outcomes. (Don’t worry too much about the WBS and so on mentioned later in the section: these are covered later).

10.4.4 Does the project specify the means by which it will be achieved?

Do you state an aim/objective without specifying how it will be achieved? The means may be obvious to you, but this will not necessarily be true for everyone working on the project. Therefore, a brief statement indicating the method or means should be added to the aim or objectives.

10.4.5 Does the project make clear who does what?

Does the aim/objective use the words ‘it’, ‘they’, ‘them’ or similar? If so, replace these ambiguous pronouns with the name of a department, branch, section, work unit, team or individual. Project managers know to their cost that different people can assume very different things when reading simple words like ‘it’ or ‘they’.

10.4.6 Are the project results measurable?

It is no good setting out to improve, increase or decrease something unless you know exactly how you will measure the improvement. What indicator will be used for measurement, and what figure or percentage change will be achieved?

In some cases the measurements needed may already be available as part of agency processes. In others, a new measuring system may have to be considered. This might, for example, include telephoning a random sample of clients to check on delivery times.

Virtually anything can be measured, even ‘soft’ factors like client satisfaction. You could, for example, simply ask your clients to rate your service on a scale from 0 to 100. It could be measured year-on-year or before and after changes are implemented. While you would want to back this up with questions about specific aspects of your service, the rating is a good guide to overall satisfaction because it is based on client perceptions. Modify your aim/objective, if necessary, to include (a) the method of measurement and (b) the figure or percentage improvement to be achieved.

10.4.7 Are there any circumstances in which achieving the project would not be sufficient?

Imagine that you have achieved your aim/objective as currently defined. Now think about possible circumstances in which that achievement could be insufficient, or even irrelevant. Include in your aim/objective any additional factors, or modify it accordingly.
Could achieving the project produce any adverse side-effects?

As before, imagine that the aim/objective as defined has been achieved. Think about how it will have been achieved. Now think about what side-effects may result. An obvious one is a hidden or unforeseen increase in costs. Less obvious, but potentially more serious, is a decline in working conditions for employees. If a new claim processing system results in staff dissatisfaction, for example, then at best you are likely to find your clients receiving a less friendly service, and at worst you may risk industrial action or even resignation. This test underlines the importance of careful thought at the project concept stage. Eliminating an undesirable side-effect at this point can be as simple as adding a sentence to the brief given to a systems analyst, but trying to remove the same side-effect once the project is up and running may take months and cost thousands of dollars. In the public sector, side-effects can have significant ramifications.

Is the project based on untested assumptions?

Are you assuming that a particular change will result in a particular effect? For example, are you assuming that faster delivery times will result in increased client satisfaction? If so, what evidence do you have for your assumption? Suitable evidence would include past experience, the experience of other agencies in similar positions, the experience of private sector providers of parallel services or client surveys. Even if it seems obvious, it is well worth testing an assumption before embarking on a long and costly project. Remember that generalisations are only generally true. If your aim/objective makes untested assumptions, then test them before proceeding.

Can everyone understand the project or does it contain jargon?

It is vital that everyone working on the project or approving it understands what the project is intended to achieve. The aim/objective should be written in plain English, avoiding jargon and assumed knowledge. Also, if your project is truly innovative you may want to disseminate it outside your agency in a spirit of mutual learning at, for example, conferences, or in the Australian Journal of Public Administration or via the internet, so all acronyms should be explained and the context (state/territory, agency etc) should be identified. You may have IT projects that contain jargon that is difficult for end users to understand, for example. Test the wording on your least experienced employee, or even better on a client, and reword if required.

If your aim/objective passes all eight tests, you have established a solid project concept, and have a commitment to produce a specific result in a form that should be more amenable to evaluation as the project progresses (Lovejoy 1993). Effort invested in clarifying the aim and objectives now will pay off later as the project proceeds. Add dates to the objectives. If a project does not have a deadline, it is essential to create one (Lovejoy 1993).

Activity 10.3 - Lovejoy’s eight tests
Apply Lovejoy's tests to your project and make a note of your answers or observations (Lovejoy 1993). Lovejoy's eight tests of the project aim and objectives are duplicated below:

<table>
<thead>
<tr>
<th>Test</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Client test</strong></td>
<td>who is the client and how will they benefit?</td>
</tr>
<tr>
<td><strong>Means test</strong></td>
<td>how will the end result be achieved?</td>
</tr>
<tr>
<td><strong>Identity test</strong></td>
<td>who (name) does what?</td>
</tr>
<tr>
<td><strong>Measurement test</strong></td>
<td>SMART goals and 'evidence' of success</td>
</tr>
<tr>
<td><strong>Sufficiency test</strong></td>
<td>once project is complete, is the problem solved?</td>
</tr>
<tr>
<td><strong>Side-effect test</strong></td>
<td>are there any obvious or subtle risks?</td>
</tr>
<tr>
<td><strong>Assumption test</strong></td>
<td>get an outsider to check you aren't making invalid assumptions</td>
</tr>
<tr>
<td><strong>Jargon test</strong></td>
<td>plain English, no acronyms, agency, jurisdiction etc explicit</td>
</tr>
</tbody>
</table>

### 10.5 Stakeholders

Stakeholders and their needs and concerns have been a familiar theme throughout the PSM Program. Here we will emphasise the difference between technical and social project components, and the importance of reach, as well as introducing a technique called stakeholder mapping.

#### 10.5.1 Technical and social components of projects

Projects have technical and social components. Sometimes the social component is neglected. The technical component of the project is the task itself, where the social component is individuals’ experience interpersonal relationships, project team dynamics, stakeholder conflict and so on.

The technical component usually involves more than one technology. A new building has all the technology of traditional structures such as concrete, steel, brickwork and timber, but buildings now have a whole range of communication technologies beyond the electric wire. An organisational change will have implications for the technology of service delivery, for the technology of communication and so on. The project manager is required to establish the full
technical reach of the project.

10.5.2 Stakeholder mapping

Stakeholders can be defined as all those who have an interest in the project. Some of these are illustrated in Figure 10.4. They are individuals, groups and organisations who may be affected by the project. Included are all who believe, rightly or wrongly,

that they have a stake in the project’s future (Smith 1994).

Figure 10.4 Stakeholders

Source: adapted from Briner et al. 1996:10.

Activity 10.4 - Identify your stakeholders

Identify the stakeholders in your project using the above diagram, modified to suit where necessary. Note again, you will be exposed to, and may already be familiar with, a range of ideas and systems or templates about project management which all have their own idiosyncrasies, overlaps and differences. Don’t worry too much about trying to reconcile them or integrate them. The important point is to choose a system, templates and methods that work for you and your project and apply that in detail.

A systematic approach to identifying stakeholders is ‘stakeholder mapping’. It involves identifying stakeholders and considering their expectations or requirements
from the project as a whole or from certain stages of it. Individuals or groups who have a significant contribution to make to the success of the project should be considered to be part of the project team. Lasting success depends on these stakeholders. The project manager’s task is to:

- identify the full range of stakeholders
- establish what contribution is needed from each, what each can offer or what each expects
- find out the impact of each group or individual on the project and vice versa
- develop a communication plan that takes into account the degree of influence or significance of each stakeholder
- devise ways of focusing all contributions on the same outcome (Briner et al. 1996).

The people aspect of projects is significant. People’s needs initiate projects. For example, the senior executives have goals to be achieved, operational teams are trying to implement more effective or efficient processes and systems, and clients need better and more complex services. It is vital to consider the needs of the people involved in the project and how to translate these needs into project aims, objectives and deliverables, including any compromises between conflicting needs, wants and agendas (Buckley 2008:3). It is all too easy to become engrossed in the project task and forget about the people.

Have you ever been involved in a project where the budget is unlimited, the time available is endless, everybody on the project is totally willing and able to contribute, and all entirely agree about project outcomes? This is an unlikely scenario. Rather, managers are faced with a limited budget, short timeframe, lack of skilled staff, the need to balance competing demands for project scope, time, cost, risk and quality, and conflicting ideas about what the project should accomplish. The project manager may have to point out to stakeholders where different expectations conflict with each other. They may well have to negotiate or trade off outcomes and resources. When the concept has been defined, the project moves into the next phase, which is developing the design in more detail and includes a heavy dose of planning.

Mendelow’s (1981 in Johnson, Scholes & Whittington 2008) power/interest matrix
classifies stakeholders based on the power they hold and the extent to which they are likely to oppose or support a particular project.

**Figure 10.5 Power and interest of stakeholders**

*Source: Mendelow (1981 in Johnson, Scholes & Whittington 2008).*

The end-users of the project need more attention. Project managers tend to get caught up in the task and lose sight of the end user. Going back to the end user from time to time helps keep the project on task and avoid it getting carried away in the project professionals’ expertise or task focus (Lindahl & Ryd 2007).

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**Activity 10.5 - Classify your stakeholders**

Classify your stakeholders into the above quadrants.

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**Revisit Required Reading 10.1**


Section 5 - Stakeholder Management

Read Section 5 Stakeholder Management, and particularly note the useful generic categories of stakeholders on p. 39. Check if there are any you should add to your analysis in the preceding activity.

Projects depend for their existence on the support and agreement of stakeholders, each of whom has different potential influences on the project. The Stakeholder Circle evaluates the comparative influence of each, using three measures: power, proximity and urgency/importance (Bourne & Walker 2008a, b:2).

**Power**

Some stakeholders (either alone or operating as a group) can kill the project using their own power, other stakeholders have the power to change or damage the project but cannot on their own cause it to be cancelled or fail — this is the power axis in the stakeholder circle.

**Proximity**

This aspect considers how closely a stakeholder is associated with the day-to-day running of the project. The small circle in the centre of the diagram represents the project. The space between the two circles represents the sphere of influence of the project on its whole stakeholder community. The proximity of a stakeholder to the project is represented by how close their segment is to the project in the centre.
Urgency / Importance

The width of the arc represents the amount of urgency or importance attributed to a stakeholder from the team's perspective (i.e., how likely the stakeholder is to use its power), the wider the segment, the greater the urgency.

Figure 10.6 The Stakeholder Circle
(note: see Further Reading section for explanation of this technique)

Source: Mosaic Projects 2008:2

Activity 10.6 (Optional) – Case study on stakeholders in contracting out workplace services delivery

Read the following case study from the (then) Department of Employment Workplace Relations and Small Business (DEWRSB). It describes some aspects of a project to contract out one of the Department's functions.

1. Make a list of stakeholders and match them to the categories listed in Figure 10.4.
2. Are other stakeholders not identified?
3. What priority did the department afford different stakeholders?
4. Overall did their approach appear to be effective? Why or why not?

Case study: Contracting out workplace services delivery to the states

The Department of Employment, Workplace Relations and Small Business has been able to significantly reduce its costs and provide a more efficient client service by contracting out its federal awards and agreements inquiry and compliance services to state governments. While the process used was not ‘the strict CTC process’, it involves a business-like arrangement based on performance contracts.
The department, through the Office of Workplace Services (OWS), provides an inquiry, compliance and educative service to employers, employees and other interested parties in relation to the Workplace Relations Act 1996, federal awards, certified agreements, the Victorian minima and related legislation and entitlements. In 1997/98 OWS answered over 600,000 inquiries, handled over 600 compliance cases and conducted over 100 seminars.

However, during the mid-1990s, there was a significant move by Australian governments to ‘harmonisation of service delivery and legislation’ in industrial relations. In this context, the relevant Commonwealth and state departments began examining their activities, including those in the delivery of industrial awards information and compliance services. A number of issues emerged, including:

- ... would not know if their award was federal or state, often needed to be referred to the other Government jurisdiction for information
- duplication in state and federal resources
- the workload of some federal regional offices was decreasing due to the changing role of the federal system where employers and employees were encouraged to resolve matters at the workplace level.

There was general support for harmonisation between state and federal operations, and some progress was made in discussions about the co-location of offices to reduce costs and to share resources. However, the Labour Ministers’ Council meeting in November 1997 gave in-principle agreement to contracting out the federal government’s inquiry, compliance and information services to state governments.

In undertaking this contracting out process, the department paid particular attention to employees likely to be affected by the changed arrangements. From the beginning, a communications strategy was developed which used such methods as e-mail, telephone hook-ups, senior manager visits, minutes of meetings, letters from senior management and weekly employees representative meetings as means for disseminating information quickly. The information needed to be provided ahead of rumours, to ensure all employees had the facts first and knew at every stage what the position was. Management took the approach that information needed to be timely and open and that issues had to be dealt with quickly.

The results are expected to be significant:

- substantial savings have already been achieved, for example, the contracts have halved the running costs to the Commonwealth in WA and reduced costs by a third in Queensland
- service levels are expected to rise, with greater client satisfaction with the one-stop inquiry service, better regional access and faster response times expected
- the Commonwealth retains overall accountability, while ensuring the more effective use of resources.

**Lessons learnt**

The major lessons emerging from this exercise are:

- top level support for such major changes and consistency in the message is vital to successful outcomes
- consultation and communication with all parties concerned, particularly employees likely to
be affected by the change, is required if all are to be satisfied with the outcomes

- the minister needs to be kept informed of progress to give it a profile
- if the framework for action and approach is agreed before the contract negotiations begin, the process is simplified and more likely to succeed and the transition more effective.

(Source: www.dofa.gov.au).

The task of identifying, canvassing and communicating with stakeholders is pivotal to project success. The term ‘requirements’ is more formal and objective than ‘needs’. However, it is useful to think of needs because stakeholders don’t always act in logical, rational ways. A need is a desire to be satisfied.

### 10.6 Local, virtual, visible and invisible teams

Another aspect of getting a project up and running is assembling the team. If the project client is internal, there may not be a formal project proposal, contract or statement of work (SOW). Then it is critical that the project manager determines who in the organisation had any part in creating or choosing the project. The project manager needs to canvass their views of the project rationale. Even though a formal contract or SOW does not exist, the onus is on the project manager to create one through project definition activities (Taylor 1998).

The visible team consists of the people working immediately on the project who come together from time to time to make the project happen. They may simply be working part-time on the project. Members of the visible team may come from outside the manager’s immediate work unit or even from outside the agency, as noted in Managing Out. The project manager frequently starts off with no employees assigned at all and may have to co-opt or second them from various sources.

The invisible team is those individuals who contribute indirectly to the work of the visible team. Their cooperation and support are vital to the effectiveness of the project. As with the visible team, they may be inside or outside the organisation. Project managers neglect the management and motivation of this set of stakeholders at their peril (Briner et al. 1996).

#### 10.6.1 Virtual teams

In a previous topic on teams we talked about virtual teams. This concept is also relevant to project management. At the moment, many PSM Program participants report that telecommuting is not so prevalent in their organisations, suggesting that virtual teams may not be relevant. However, this is likely to change as organisations become more flexible to accommodate the needs and desires of different workers, including Gen Y employees who do not see that ‘face time’ or ‘presenteeism’ is a measure of their achievement and contribution to the organisation.
organisations need to be more flexible to accommodate female workers: a vital solution to the skills shortage.

Finally, as whole-of-government or cross-agency collaboration increases to solve wicked problems, public sector managers are likely to find themselves increasingly involved with groups or teams who are not present in their office. Projects are less likely to be confined to your agency. Cross-agency, cross-sector, or cross levels-of-government collaboration is a fledgling theme in PSM Program participant’s work-based-projects, particularly in more outward looking, less ‘hidebound’ agencies and jurisdictions. This trend results in more virtual teams, where face-to-face meetings are impossible and where the team relies on information and communication technology to achieve project aims. The technology is good and getting better but it is still important to address ‘geographical, cultural and structural’ challenges in running such projects, which are correctly described as ‘messy and complex operations’ (Ivkovic 2008:2).

10.6.2 Practicalities of managing virtual teams

Virtual team project management is somewhat different from face-to-face or present teams. In the pre-project phase the project leader has the luxury of choosing from a broader range of skills and mindsets since they are not limited to members in the office. However, the downside is members are less likely to know each other so it is important to communicate about ‘who’s-who’, perhaps including a brief bio and contact details for the members. During project initiation it is more important to define team boundaries since remote members may suffer from being ‘out-of-sight and out-of-mind’. Information about how to contact other project team members and their availability is useful. Communication is always vital in every management situation but nowhere more so than in virtual teams. These members are more isolated, lack the contextual cues of face-to-face and in-office environments and need more communication than ever. In the project closure or wrap-up virtual members deserve extra accolades over and above any that might be given to local team members due to them ‘soldiering on’ in relative isolation (Hunsaker & Hunsaker 2008).

10.6.3 Self-managed work teams

Self-managed work teams might not fit well with project management concepts since there is always a project manager or leader in charge of the team. Nonetheless self-managed teams have similar benefits in projects to those in other areas of work – including autonomy, participation and commitment (Roper & Phillips 2007). They may perhaps free up the project manager to take on a more strategic role and attend to some of the issues that can fall through the cracks such as stakeholder management, end-user interaction and evaluation of the project.

10.7 Phase 2: Developing Design
In the design phase, detailed information about the project is developed. There may be a formal project definition study. In any case, thorough definition of information is the focus. It involves identifying the specific and discrete elements of the big picture established in the concept phase. It has several advantages, such as assisting stakeholders to mentally rehearse the implications of the project and how these might affect the project design; ironing out problems before they occur, particularly risk identification; resolving conflict by assisting stakeholders to become clearer about what they want the project to achieve compared to what they thought they wanted; and assisting the project manager to gain sufficient understanding of the complexities of the project to make a credible bid for the resources required (Briner et al. 1996).

The functions of design and scoping are reinforced by Harrison (1992) who indicates that a project must be very well defined before it can be fully planned. Project management problems stem from poor definition of the project, including its scope. The project design consists of:

- requirements definition obtained through scoping – based on a thorough analysis of stakeholder needs and specifications
- outcomes and performance indicators
- analysing the proposal – for example, what the likely problems or risks are
- proposed ways to meet the requirements through more detailed plans – including what tasks have to be accomplished at what cost
- choosing and recommending one of the viable proposals (Healy 1997; Taylor 1998).

10.7.1 Scoping

Project scoping should provide an idea of the kind of tasks needed to execute the project. If the project is characterised by ambiguity and uncertainty, research at this stage can help to allay anxiety. The scoping study should provide an indication of resources required in terms of:

- budget
- time
- materials
- technical skills
- non-technical, managerial and communication skills
- commitment and support.

This analysis identifies any capability gaps and indicates where contingency plans may be needed (Briner et al. 1996).

Revisit Required Reading 10.1

Scoping is the process by which lucidity, consensus and commitment are obtained (Taylor 1998). These processes are referred to as project scope management. According to the PMI (2001):

*Project Scope Management includes the processes required to ensure all the work required, and only the work required to complete the work successfully. It is primarily concerned with defining what is and what is not included in the project.*

Project scope management defines the issues which must be addressed if the project is to work. While this sounds relatively straightforward, many problems in projects result from misunderstandings about how the project will be conducted and what it will deliver.

A good project scope definition, like all other project design and planning tasks, will save time in later stages. Further, it should also contribute to better quality outcomes (Harroff 2000). Lack of pre-project planning contributes to cost overruns and late, obsolete or even abandoned projects (NRC 1999).

### 10.7.2 Scope verification

The scope statement is the final result of extensive consultation, research, analysis, planning and collaboration by the project team. Once the scope statement and supporting documentation have been developed, project stakeholders consider and review it. In scope verification stakeholders formally accept the project scope and especially the proposed performance indicators. This is extremely important for avoiding conflict and confusion about what the project was expected to deliver.

### 10.7.3 Scope change control

A scope change is any modification to the agreed project scope. Almost inevitably once a project begins, there will be a need to modify or adapt the project scope to accommodate changes or adjustments (sometimes called variations) as the project proceeds. Scope change control is concerned with:

- influencing the factors which create scope changes to ensure that changes are beneficial
- determining that a scope change has occurred
- managing the actual changes when and if they occur (PMI 2001).

A scope change control system establishes a process by which such changes may be made. There are obvious time, cost and other resource implications associated with changes to the project scope, especially where contractual relationships have been entered into. For this reason, the project team should establish and communicate the process by which change requests will be considered (Tiernan 2001:8–9).
10.7.4 Feasibility and Risk

With several potential solutions identified, this is the stage at which each is carefully scrutinised and analysed. Ideas and proposals that survive the preliminary assessment process proceed to feasibility analysis. The aim of feasibility analysis is to provide a basis for organisations to make informed choices. It does this by narrowing the range of possible options, assessing the benefits and risks of available alternatives and, where appropriate, suggesting measures which can address or ameliorate identified risks.

Analytic methods are usually described as being quantitative (using numerical data to facilitate choice) and qualitative (using non-numeric data). The techniques used depend on the type of project.

Problems or risks may arise due to lack of suitable resources, particularly in staff skills. Others may arise from new or un-tested materials. The budget itself may signify a problem – it may be too small to be workable, or on the other hand it may pose a risk because it is so large that failure would have serious financial implications. This risk analysis can be the most significant part of the project definition study and, as noted in earlier topics, must be given due attention. Most agencies now have well developed templates for risk management, including how to identify potential risks, and how to calculate the likely probability combined with the likely impact to prioritise risks and develop risk minimisation, treatment or mitigation strategies.

Risks represent potential threats to the project. A useful tool is a risk register, and for this you will need to know:

- what are the risks – risk identification
- the extent and likelihood of them happening – risk quantification
- impact and implications if they do happen
- what you would do to prevent them happening – risk response development
- what you would do to recover if they did happen – risk response control (DPC 2004:9).

10.8 Risk management

An important part of setting up and analysing the project is risk management. Risk management involves the following steps:

- identifying the risks – here it would be good to have a ‘doomsayer’ on your team who can identify everything that could possibly go wrong. Identifying what could not go wrong is not being negative if you don’t let it stall your progress. It is actually sensible, logical and rational to at least contemplate the worst case and prepare accordingly.
- analysing the risks – here it is necessary to consider both the likelihood, that is what percentage chance is this risk – for example a tsunami affecting
Australia has a relatively low likelihood. What is the impact of the risk – eg a tsunami affecting Australia would have a very high impact. The two dimensions (likelihood and impact) are completely separate and should be treated as such. Human mental processing tends to discount risks of low likelihood, even if the impact is major. Therefore significant risks, in terms of low likelihood, but extreme impact are not treated or ameliorated. This is a mistake. Conversely, risks with a high likelihood, but low real impact, tend to be over-addressed. Documenting and disseminating risk management is in itself a good risk management strategy. Further, such documentation can represent knowledge capture and future learning for other projects so that people can learn from their past, particularly in post-project evaluation reviews.

- **devising treatment strategies** Here you make notes about what you would do if the risk materializes. Risk management, protocols and templates are widely available in the public sector and you should access your agency or jurisdiction protocol here (Cervone 2006).

A simple, generic risk management matrix is shown in Table 10.2.

**Table 10.2 A simple risk management matrix**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood (% or high, medium, low)</th>
<th>Impact (Consequences and implications if this risk does materialize)</th>
<th>Overall Assessment Likelihood X</th>
<th>Mitigation, Treatment or Contingency plans</th>
</tr>
</thead>
</table>

**Revisit Required Reading 10.1**


**Section 6 - Risk Management**

Read Section 6 Risk Management, which provides relevant explanations of risk management in brief terms and provides useful templates for the process.

For extremely critical actions, you may have more than one contingency plan. It is not unusual to prepare one which you would expect to use if something goes wrong, and then back this up with a further ‘last resort’ alternative in case the contingency plan fails as well (Lovejoy 1993).

Kingdon (1995 in Tiernan 2001) argues that public policy proposals are considered against certain risk criteria. These include technical feasibility, congruence with the values of policy influences, anticipation of future constraints such as budget
constraints, the public acceptability of a proposal, and judgments about politicians’ receptivity to particular proposals. Only alternatives that meet these criteria are likely to survive to become subjects for consideration by decision-makers.

10.9 Project Planning

The dictionary definition of project management clearly emphasises it being a planned activity (Cotterell 1999). Continuous cycles of planning, doing and reviewing take place throughout the project, and the greater the uncertainty and innovation, the more important planning is (Briner et al. 1996). Developing more detailed plans for the project design involves answering questions about what has to be done and what resources will be required to do it.

In the first phase of the project – the concept phase – there is more uncertainty than certainty. Planning here establishes the broad intention that the project is designed to achieve. That is, a Level 1, high level, initial plan is developed.

A planning process that produces a series of plans linked together like an organisation chart constitutes multi-level hierarchical planning. This meets the various information needs of different stakeholders (Harrison 1992). This concept is illustrated in Figure 10.7 and shows a three-level plan.

Figure 10.7 Multi-level or hierarchical planning


Plans could have more or fewer levels depending on the size and complexity of the project. Plans are developed down to the very last detail that constitutes a single piece of work or an easy-to-tick-off item on a to-do list.
10.9.1 Planning tools and techniques

The work breakdown structure (WBS) is perhaps the most useful project management tool. When done correctly, the WBS is the basis for project planning, scheduling, budgeting and controlling. This technique is used extensively in managing ‘hard’ projects in construction, engineering and IT. To be effective in ‘soft’ projects, it may have to be applied more flexibly or in less detail, since it is not always possible to specify such projects completely.

The WBS defines the project, details the full extent of the work to be done and provides a graphic display. It is a structured way of ‘decomposing’ a project into components. These elements are then subdivided into their elements, and this process is repeated until the lowest level work breakdown structure element can be divided into work assignments for individuals or groups, that is, ‘work packages’ (Harrison 1992:137).

A work package typically has a start, finish and end product. It is of short duration, is the responsibility of a single organisational entity or individual, and may also have estimated cost and resource requirements. As well as being an effective device for planning and control, the WBS can be a powerful motivator. It takes a seemingly insurmountable task and transforms it into a series of manageable components.

10.9.2 Physical layout of the WBS

The two most common forms for WBS are the indented or text format and the graphical or tree form. The indented format looks somewhat like a table of contents in a structured report. It is numbered and indented at each project level to delineate between levels of tasks and detail. It is a popular WBS format – the one used by some project management software packages and sometimes specified in Requests for Proposals.

![Diagram of WBS](image-url)
10.9.3 Critical Path Analysis

There are a number of situations in life where somebody somewhere has taken a perfectly simple concept and given it a horrendously complex-sounding name. Critical path analysis is one of these. It is just a fancy term for identifying the most important tasks (Lovejoy 1993).

The length of the critical path determines the minimum amount of time for completing the project, since all paths must be completed before the project goal is achieved (Randolph & Posner 1992). The critical path is ‘critical’ due to zero slack. In essence the project manager’s focus is on the critical path activities.

Many who are new to the concept of critical path invariably assume that to have a critical task automatically means that there are also non-critical, in the sense of unimportant or less important, paths. There are no unimportant paths; all paths are critical in the sense they are necessary for the completion of the project (Taylor 1998).

10.10 Phase 3: Implementing the Project
Once the project is underway, managers are responsible for leading the project team; setting down detailed requirements to the point of identifiable work packages; directing, monitoring and controlling the project; keeping it on track in terms of time, cost and quality; keeping stakeholders informed and involved; and keeping an eye on project processes. In this section we focus on monitoring against performance indicators.

10.10.1 Project Monitoring

Measurement requires an agreed set of outcomes and performance indicators. What do we want to happen as a result of the project? A focus on inputs, outputs or outcomes and deliverables alone may not be sufficient. Rather, the impact of the project should be considered. That is, any focus on tangible deliverables should come after the broader question of the consequences of the project has been answered (Briner et al. 1996).

If the project is concrete, for example to build a new community facility, then the output and performance indicators can be more clearly defined. At the other end of the spectrum, problem-solving or open projects may only have the objective of identifying a desirable option (Briner et al. 1996). Different types of performance indicators are described next in Table 10.3

<table>
<thead>
<tr>
<th></th>
<th>Hard indicators</th>
<th>Soft indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Open or explicit</strong></td>
<td>• deadlines or milestones</td>
<td>• a cooperative attitude</td>
</tr>
<tr>
<td></td>
<td>• performance specifications</td>
<td>• a positive image</td>
</tr>
<tr>
<td></td>
<td>• quality standards</td>
<td>• total quality</td>
</tr>
<tr>
<td></td>
<td>• cost requirements</td>
<td>• project commitment</td>
</tr>
<tr>
<td></td>
<td>• resource constraints</td>
<td>• appreciation of risk involved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ethical conduct</td>
</tr>
<tr>
<td><strong>Unstate or implicit</strong></td>
<td>• the ‘real’ budget</td>
<td>• political concerns</td>
</tr>
<tr>
<td></td>
<td>• constraints that are pending such as delivery dates, resource availability</td>
<td>• hidden reservations such as ‘don’t rock the boat’</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• fear of radical change</td>
</tr>
<tr>
<td><strong>Emerging as the project progresses</strong></td>
<td>• new options from practical events</td>
<td>• risks that are too large for the sponsor or client</td>
</tr>
<tr>
<td></td>
<td>• unexpected forces</td>
<td>• outcomes from joint problem solving exercises</td>
</tr>
<tr>
<td></td>
<td>• ‘Acts of God’</td>
<td></td>
</tr>
</tbody>
</table>

*Briner et al. 1996:87, 88.*

Projects produce change and involve a set of inter-related actions that are planned and then carried out in a defined sequence to create a unique product or service within a given time frame. Project management is a formalised and structured method of managing change, along with other things. Some even view it as a creative problem-solving process. In any case, project management is about expounding specifically defined products (outputs) so that the planned benefits (outcomes) are achieved, by a certain time, to a defined quality with a given level of resources (DPC 2004).
Three conventional project performance indicators are:

- time
- cost
- quality (requirements or specifications).

Time and cost are relatively straightforward in so far as they can be identified and measured. Requirements or specifications are more complex. One of the main dilemmas lies in identifying appropriate indicators for intangibles. Below we discuss time and quality indicators.

10.10.2 Time Indicators

Time has an interesting role in project management. It makes an indirect contribution by indicating the need for more or less resources, by signalling a lack of productivity, or by pointing to potential threats to the project.

There are various methods of arriving at the first time estimate. The three main ones are time comparison, setting a time on the basis of a desired or key milestone, and building up a picture of the duration of each task using detailed analysis of how the project will be executed. The first method relies on the availability of comparable data. The second method is based on the date of an expected launch or some other deadline deemed important (for example, the minister may have directed that the project be complete by a certain date). The third method is quite common. It is more comprehensive and accurate. However, knowledge of work output rates is required and assumptions have to be made about the level of human resources available.

Milestones

Milestones refer to some identifiable work that has been completed. Milestones can be a set of details, a decision, a physical entity, or some other form of task finalisation. They mark the end of phases in the life cycle and facilitate project control. They make project progress more visible and project team members more accountable (Healy 1997).

Milestones should represent achievements or stages that make sense to the project manager, the team and other stakeholders. They should be frequent so they act as checkpoints and ‘recognition’ points along the way. This can be a good way of ‘facilitating small wins’, as recommended in change management.

10.10.3 Quality Indicators

Clearly defined objectives and performance indicators established in the design phase can be used in the evaluation phase. Did we achieve what we set out to? How well? The importance of objectives and performance indicators is illustrated by the experience of National Rail in their outsourcing project. In the outsourcing process, National Rail recognised the need to:

- build in contract performance indicators to monitor contract performance
• have mechanisms in place for feedback from employees on the level of service they are receiving
• meet the individuals who will be working on the contract to ensure they are of the calibre desired and work well with the organisation
• consult with potential suppliers when developing contract specifications to ensure contract acceptance by all parties (Department of Finance and Administration 1998a).

10.10.4 Measurable and Achievable

Performance indicators, evaluation criteria or outcomes need to be set in measurable and achievable terms. The need for specific and measurable goals has been discussed at several points in the PSM Program and is reiterated here. For two of the three indicators – that is, for time and cost – this is automatically the case. These two are easily measurable. Whether they are achievable is another issue altogether.

The requirements or specifications indicators may be more difficult to measure. This is not, however, a reason not to measure them. There is a range of techniques for evaluating projects, such as factor scoring techniques for measuring client perception, and cost–benefit analysis (discussed in Topic Four).

The traditional project management metrics of time, cost and quality are important measures of project progress but final performance needs to be measured against the initial strategic objectives of the project (Ojiako, Johansen & Greenwood 2008). Non-financial measures have a significant role and impact in project management evaluation, and tangible and intangible factors (such as stakeholder input) should be considered at all stages of the project life-cycle to provide a more holistic analysis (Doloi 2007). A balanced scorecard (see earlier strategic management discussion in Topic One) can be useful for evaluating projects, particularly where collaboration between organisations is required (Niebecker, Eager & Kubitza 2008). Even so-called ‘hard’ projects such as construction, engineering and IT are moving to ‘soft’ measures for project evaluation (Swan & Khalfan 2007).

Revisit Required Reading 10.1


Section 11 - Evaluation

Read Section 11 Evaluation, and note what you can apply to your project.

10.11 Phase 4: Terminating or Closing

Project management is distinct from operational management because projects are
finite – they have a definite start point and end point. It is appropriate then to consider the nature of the termination or closing phase (Tiernan 2001).

Projects may be terminated successfully, they may be cancelled part way through, or they may fail.

Successful termination consists of one of the following three:

- extinction: the project is completed
- inclusion: the project is transferred elsewhere
- integration: the project is absorbed into the ongoing activities of the organisation (Meredith & Mantel 1995).

Significant changes in the project environment may prompt a decision to terminate a project at an earlier stage than was originally envisaged. It is not uncommon therefore for projects to be cancelled at reasonably early stages of the life cycle due to:

- funds drying up
- technology becoming obsolete
- consumer trends or client needs changing
- mergers and acquisitions
- the ‘champion or project sponsor’ moving on
- other key personnel becoming unavailable (Hormozi et al. 1998:49 in Tiernan 2001).

Changes of government and other political, international or economic events could be added to the above list in the public sector. Project cancellation needs to be managed carefully as it can impact negatively on confidence in the organisation (for example, among stakeholders such as citizens or ministers relying on policy advice) and also have an adverse affect on staff morale (Hormozi et al. 1998 in Tiernan 2001).

During the termination phase, the project’s resources are redistributed, financial records are closed and project personnel are reassigned (Hormozi et al. 1998 in Tiernan 2001:45). Usually the project team will deliver a final report to the organisation’s senior management or the project sponsor. This report summarises the project, and provides an assessment of its successes and shortcomings. It may also contain recommendations for future projects. Project managers have an obligation to add to organisational learning. Indeed projects have, by discipline and definition, a built-in evaluation stage so are well placed to disseminate learning (Killen, Hunt & Kleinschmidt 2008).

A defined termination phase gives those involved with the project the chance to experience closure. It also provides an opportunity to reflect on the achievements of the project and give praise and recognition to those who have contributed to finishing it. In your experience, how often does this happen? It may be the case that with the accelerating tempo of work and the flow of fresh projects the next project is in crisis mode before the previous one has been ‘closed off’. Team members may be heartily sick of the project but it is important not to let the termination phase ‘fizzle out’. It is important to mark the end of a project, at the very least to provide encouragement for the team to tackle the next one. A small celebration at a team meeting may be all that is needed.
Revisit Required Reading 10.1


Section 12 - Closure

Read Section 12 - Closure, and particularly note the useful generic categories

10.11.1 Project Failure

Despite the growth and sophistication of the project management discipline, projects continue to fail. Because of this, there is ongoing interest in understanding the causes. A complex variety of factors contributing to failure fall into seven categories:

- technology
- organisation
- market forces
- planning
- the project team
- economic factors

The following excerpt from a New Zealand report shows how projects can fail:

Governance and Management

Governance and management has been the greatest contributor to project failure. Some of the issues to arise were:

- Lack of sound governance and management structures led to a loss of support from a large section of the business, significant risks were not quickly addressed, the project manager felt isolated and the monitoring agencies were not receiving balanced reporting.

- The chief executive didn’t have strong links with the project. This caused continual resourcing issues, poor risk management processes and lack of support from the business.

- An inexperienced project manager appointed to run a large complex project. Too many problems arose from this project to list here, suffice to say there were significant cost overruns and most business deliverables were not met. The cost of a good project manager is insignificant compared with the losses incurred from a failed project.

- Expert advice is sought for a number of reasons. There were occasions where the expert’s terms of reference were poorly drafted causing key areas for review to be omitted from their report. Also the reports were either presented or interpreted too
positively. This led to poor decision-making and major risks were not addressed adequately (OECD 2000:26).

The above example shows that projects can fail if project control is not exercised, organisational support is not evident, project management experience isn’t available, and expert advice is not effectively utilised. One way of trying to address potential issues of failure is to incorporate evaluation into a project management process in an iterative manner.

10.11.2 Evaluation

Evaluation involves monitoring and assessing the impact of the solution that has been implemented, as well as reviewing the process of project management. It is discussed as the last phase in the project cycle but in reality it does, or should, form part of each phase, in a form of double-loop learning. As Parsons notes, there are many definitions of evaluation. He quotes Thomas Dye that evaluation is ‘learning about the consequences of public policy’. According to Parsons (1995:545 in Tiernan 2001:10.9), evaluation has two dimensions:

- how a policy may be measured against the goals it sets out to attain
- the actual impact of the policy or the process by which implementation has taken place (this is sometimes known as ‘impact analysis’).

Tests of impacts are important. Some projects will propose new processes. In such cases, implementation will be effective if the processes are followed. However, the real test is if new processes make a difference to desired outcomes as seen by various interests/stakeholders. This means that specifying the impacts and how to measure/assess them is critical (Tiernan 2001). The most critical success factors are communication, culture and human factors such as commitment, stakeholder influence and endorsement, as well as a clear project aim and good structure (Andersen, Birchall, Jessen & Money 2006).

10.11.3 Feedback Loops for Learning

There are benefits in adapting the principles of organisational learning to project management. The learning process can help a project manager deliver a successful project. As suggested earlier, learning can only be achieved when team members are willing and able to share knowledge and experience and apply them to new situations. The unique nature of projects means that there are many opportunities for innovation and knowledge creation. Strategies devised to solve specific problems or exploit opportunities that arise during the project may produce ideas that can be replicated on other projects. Similarly, future project teams can draw the benefits of learning from strategies or approaches that have failed (Kotnour 1999:32).

The process used to undertake project evaluation and review will reflect the manager’s operating style as well as the nature of the project itself. The outcomes of the process should be a set of ‘lessons learned’ which document and describe what has been learned from various aspects of the project, including recommended actions that should be taken or avoided or improved upon in relation to a given situation in future (Tiernan 2001).
10.12 Summary

In summary, public sector work is becoming increasingly project orientated, and agencies use formal project management in order to better control and evaluate policy development and other major tasks. A project is a one-time activity with a well-defined set of desired end results.

Increasingly, managers are expected to lead through the conduct of specific projects. Partnerships between public and private sector providers demand a fundamental change in the world view of public sector managers regarding project management. New skills are required, including relationship building, user consultation and ongoing monitoring and evaluation.

Best practice in project management includes: organisation-wide project management policy; clear definitions of responsibility and accountability; control of changes in the scope, cost and definition of projects; state-of-the-art project management systems; identification, dissemination and implementation of lessons learned; pre-project planning; scope definition at the project baseline stage; assessing and managing project risk; setting contingency allowances based on risk, cost estimation and scheduling; objective performance-based incentives; performance measurement and progress reports; organisation-wide financial reporting systems, cost and performance databases and information systems; selection, training and qualifications of project managers; and project management core competency and organisation.

It is worth noting here a growing tendency to use the term ‘smart practice’ in preference to ‘best practice’ given a general inability to capture every case or use of a particular phenomenon. The preference becomes just to ensure that smart ‘trends’ are being followed, a shift in terminology that derives from the work of Eugene Bardach (1998).

The project life cycle can be seen as consisting of four phases: concept, development, implementation and termination. A second approach defines five process groups for projects: initiating, planning, executing, controlling and closing.

In the concept phase of the project, the main task is to establish and test the aim and objectives, identify the full range of stakeholders through stakeholder mapping, and gain preliminary commitment to the project. The eight tests of the project aim and objectives are: client test, means test, identity test, measurement test, sufficiency test, side-effect test, assumption test, and jargon test.

A project will suffer considerably if there is a lack of understanding of the social component of projects, particularly if key stakeholders are not consulted. Project stakeholders include senior management, the project sponsor, the visible and invisible project team, the project manager, end users or clients, and other interested parties. Lasting success depends on these stakeholders.

In the design phase, more detailed information about the project is developed. There may be a formal project definition study. In any case, a more thorough definition of information is the focus. It involves identifying the specific and discrete elements of
the ‘big picture’ established in the concept phase. A project must be well defined before it can be fully planned. Project management problems can stem from poor definition of the project, including its scope, since subsequent plans do not have enough realistic detail.

In monitoring and evaluating projects, the three main performance indicators are time, cost, and quality. All projects, whether or not they achieve their stated objectives, will at some point be terminated, thus distinguishing them from operational management. Termination may be successful or unsuccessful or somewhere in between if the project is cancelled. Project evaluation is an important activity that needs to be considered in each phase of the life cycle and especially in the final phase. Team members need closure and finalisation should be marked by recognition and celebration.

Review

Having completed this topic, you should now be able to:

1. Discuss the need for public sector managers to have project management skills.
2. Describe the project life cycle and the detailed steps in each phase.
3. Develop and test project objectives.
4. Carry out stakeholder mapping.
5. Explain the details of the design phase.
6. Apply practical project management planning tools.
7. Discuss issues in project implementation including monitoring and control.
8. List the three main project performance indicators.
9. Identify why evaluation is important.
10. Discuss ways in which projects are terminated.

Required Reading


Further Reading


This site has interesting information for stakeholder analysis. For more details of the stakeholder circle including a diagram and instructions, see this site. http://www.mosaicprojects.com.au/PDF_Papers/P060_Achieving_a_Successful_
Engagement.pdf. The circle was developed by a PhD student and has since been commercialised, with a trial version of software available.


See this site for a good presentation that will appeal to visual learners and a good explanation of the interaction between project management and change management.


EI and project management is overviewed nicely in the presentation. Emotional intelligence is the key to interrelating effectively. Applying it effectively within a project management environment will deliver real benefits.