

Introduction to Project Management

PROJECT MANAGEMENT FOR
DEVELOPMENT ORGANIZATIONS



PROJECT MANAGEMENT FOR DEVELOPMENT ORGANIZATIONS

A methodology to manage development projects for international humanitarian assistance and relief organizations

© PM4DEV 2007

Our eBook is provided free of charge on the condition that it is not copied, modified, published, sold, re-branded, hired out or otherwise distributed for commercial purposes. Please give appropriate citation credit to the authors and to PM4DEV.

Feel free to distribute this eBook to any one you like, including peers, managers and organizations to assist in their project management activities.

INTRODUCTION

Project management is not a new management fad; it is a professional practice that has reached wide acceptance in many industries from government to technology. Organizations that have adopted project management as a key competency have benefited from improved project outcomes to significant competitive advantage. Unfortunately there is very little material on project management written exclusively for the development and humanitarian assistance sector. Most of the information available to development organizations focus on the funding and monitoring and evaluation process; but there is little information about all the management competencies, methodologies and practices required to manage a project from beginning to end.

Development organizations are facing increasing demands to do more with less, from becoming catalysts of change in the communities they serve to deliver the project on time, under budget and in the quality not only expected but demanded by donors and beneficiaries. To face these challenges development and humanitarian assistance organizations are in urgent need of the tools, practices methodologies that a well established project management methodology can provide, one that has been quite successful in other industries. Donors are requiring better controls and more professional managerial competences in the staff responsible for managing projects, it will not be a surprise that in the near future this competence is not only required but demanded.

It is PM4DEV's belief in the need for a new project management methodology that responds to the current challenges development challenges face today. Gone are the days when a technical competency on a development field was all that was needed to run a project. Today's development projects are more complex and require the participation of more stakeholders, the coordination between different specialist from different fields, and the need to innovate different approaches to solve complex problems.

Many years of experience managing projects have convinced us of the need to increase the use of project management practices in development organizations; this document is one small step to help

Introduction to Project Management

develop a deeper understanding of the subject matter from a new perspective.

In 2006 PM4DEV started expressly to help development organizations increase their skills and knowledge on the modern practices of project management. This document and others produced by PM4DEV are an effort to provide management expertise to development and humanitarian assistance and relief projects, donors and any other organization that funds, supports or implements projects, to help them achieve their goals to reduce poverty and increase the well being of the most needed people in our planet.

It is our objective is to provide project managers with a guide to help them plan, implement, and monitor projects. We also aim to provide development organizations, that manage projects in many parts of the world, with a methodology to plan, implement, and monitor projects in a more consistent, reliable and predictable manner. Additionally, we want to introduce a methodology that can help development organizations meet their strategic goals by standardizing processes, reduce risks, and avoid duplication of efforts which will ultimately increase the impact of their interventions.

The objectives of PM4DEV are:

- To help development organizations understand the need to quickly adapt to new challenges and invest their limited resources in the best way possible in order to achieve recurring successes; for which they can use a proven, but flexible, project management methodology.
- To help development organizations understand that in order to implement projects successfully, project management must become part of the organizational culture; because, the effective utilization of the project management methodology depends upon the integration of key knowledge areas with project management processes.
- To provide a common framework and terminology across Development Organizations, especially Non Governmental Organizations (NGO's); as it is through a common methodology, and a common language, that project managers in development organizations can increase their knowledge in the subject and build their competencies.

Introduction to Project Management

The proposed premise in this document is that organizations that systematically apply project management methodologies can ensure that donor, organizational and beneficiary resources are used in the most efficient, and effective manner; which help increase the chances of the project to meet its objectives.

This document has been written for three main audiences:

- For Project Managers, who have been assigned with the responsibility to manage a project, within a certain time, budget, and scope, and for whom the guidance provided should be useful for building the range of skills appropriate for effective project management.
- For Development Organizations, to whom the arguments presented should demonstrate the benefits of a structured methodology in the process of selecting the right projects, in addition to helping them do the projects right.
- For Project Staff, in charge of implementing the project's plans, as they need clear guidelines to help them do their job in the most efficient manner.

It is our hope that the ideas and concepts presented here are proven useful to anyone who is engaged in managing development projects and that this experience helps bring sustainable benefits to the communities and beneficiaries who need it the most.

This eBook is part of a series of eBooks from our Management for Development Series dedicated to project management; the other titles in this series consist of:

- The Project Management Cycle
- The Project Management Processes
- Scope Project Management
- Budget Project Management
- Schedule Project Management
- Quality Project Management
- Project Management Structures
- Role, Responsibilities and Skills of the Project Manager

PROJECT MANAGEMENT FOR DEVELOPMENT

For most development organizations, project management has been reduced to the implementation of the technical activities designed as part of the project's proposal for funding, while little effort is devoted to plan the over all management of the project. Project management is more than just implementing the activities identified in a log frame, it includes managing all the components that make up a project from its resources, risks and changes, to ensure that the project meet its objectives within the expected quality, schedule, and budget, at the same time of meeting the expectations of its stakeholders.

Development projects face many challenges that make the work more difficult; from extreme working conditions to volatile environments, were human or natural events can put the project at risk of not meeting its goals. Development projects face constant demands to do more with less, project managers are responsible to deliver outcomes in conditions were security risks are high and goods and services are limited. While at the same time development workers assigned to manage projects are often not sufficiently equipped with the necessary project management skills and are more interested in the immediate tangible outputs of the project rather than in the less tangible processes required to ensure that the project is managed effectively.

This complex project environment requires appropriate project management skills; it requires a new type of competencies from project managers that goes beyond a technical expertise. Project managers require the skills to manage limited budgets, to monitor shrinking schedules, and monitor unpredictable outcomes, while at the same time dealing with people and organizational issues.

Currently, there is not a widely defined standard for managing development projects; for that reason, each organization or project manager define their own approach to manage a project. Nonetheless, there is one significant advance in the development sector, and that is the institutionalization of the "project's log frame". Yet, having a logframe does not ensure the success of the project; in fact, many project managers using the log frame, fail to understand the critical operational components of the projects and focus excessively on the technical components and ignore the processes that

Introduction to Project Management

facilitate the management of a project. This is why, project management is often understood as something that can be achieved just by monitoring the project's budget or schedule; but for development projects to be successful requires a comprehensive application of management practices, processes and tools to effectively manage the limited resources, increased challenges and issues that impact all projects

Although many development organizations can claim to have good principles of project management, only a few can provide evidence that they use formal project management methodologies in a repeatable, consistent and predictable manner. Most organizations run projects relying on the technical skills of their project managers who –not surprisingly- have little or no formal training in project management. This problem has a direct impact within the organization; in such a way that their projects, at best, are able to accomplish the planned activities but fail to meet their original objectives. Moreover, the lack of consistent project management methodologies results in the duplication of efforts, which affect the bottom line of the organization's development goals by producing outcomes at higher costs, with increased risks, and within an environment of distrust from donors and stakeholders.

In recent years there has been an increase in accountability requirements on development organizations from the international cooperation and donor agencies, leading to a greater focus on effectiveness and efficiency in the way projects are planned and implemented. In the rapidly changing environment with a diverse range of issues and challenges, project management can support the achievement of project and organizational goals, and give greater assurance to stakeholders that resources are managed effectively.

Many development projects fail to deliver the expected outcomes or fail to produce the desired impact in the communities they serve. The most common causes are:

- Objectives not properly defined or agreed
- Discrepancy in understanding of the project's objectives by stakeholders
- Objectives not properly defined in measurable terms
- Insufficient planning and coordination of resources

Introduction to Project Management

- Poor estimation of duration and cost
- Incomplete, unrealistic and outdated project plans
- Lack of communication with stakeholders and management
- Weak project leadership, vague lines of responsibility and authority
- Inadequate definition of roles
- Poor commitment to the project by the team, the organization, and the beneficiaries
- Weak control processes and feedback mechanisms to detect problems early
- Lack of analysis of major risk factors and inadequate risk response strategies
- Lack of quality control

All of these causes could be addressed by the application of project management tools and techniques. Applying a formalized project management framework, or methodology can help with clarification of objectives, identify the right skills, reduce the impact of risks, foster a focus on results, improve communications and increase the chances for success. It is through the effective use of a project management methodology that organizations can ensure a cost effective use of limited resources to achieve the planned objectives.

Defining a Project

There are many definitions for what constitutes a project; some of these definitions describe the nature of a project and how it differs from other type of work, the descriptions used to define a project include the following:

- A project is a temporary process, which has a clearly defined start and end time, a set of tasks, and a budget, that is developed to accomplish a well-defined goal or objective
- A project is a temporary effort of seq

Introduction to Project Management

- task has a planned completion data (due date) and assigned resources
- A clear set of activities with related inputs and outputs aimed to achieve objectives and goals linked to anticipated (desired) effects and impacts in a target population (sometimes called 'beneficiaries')

From all these definitions, one can see that there are some specific attributes that define a project and separate it from most ordinary work:

- A project has a beginning and an end.
- A project has limited resources
- A project follows a planned, organized method to meet its objectives with specific goals of quality and performance.
- Every project is unique
- A project has a manager responsible for its outcomes

For the purpose of this book, we will use the following definition of a project:

"A temporary effort made up of a related set of activities undertaken to create a unique product or service within specified requirements".

On the other hand, Management is the achievement of (organizational) objectives through people and other resources. Management is a process of setting and achieving goals through the execution of the four basic functions of management: planning, organizing, directing, and controlling, by utilizing human, financial, and material resources.

Definition of Project Management

According to "A Guide to the Project Management Body of Knowledge, PMI, 2000 Edition", "Project management is the application of knowledge, skills, tools, and techniques to a broad range of activities in order to meet the requirements of a particular project"

In other words, Project management is the planning, implementing, and monitoring of project activities to meet project objectives,

Introduction to Project Management

achieved by effectively controlling and balancing the constraint of time, cost, and scope in producing quality deliverables that meet or exceed the expectations of the project stakeholders.

Project management is also a discipline of planning, organizing, and managing resources to deliver all the work required to complete a project within defined scope, time, and cost constraints. The temporary nature of projects contrasts with regular operations, which are permanent or semi-permanent ongoing functional work to create the same product or service over-and-over again.

In addition to the definitions from above, other leading organizations in project management have the following definitions:

- The ISO 10006, a standard for quality in project management defines it as; "Unique process consisting of a set of coordinated and controlled activities with start and finish dates, undertaken to achieve an objective conforming to specific requirements, including constraints of time, cost and resources".
- PRINCE2, the UK standard for project management, has this definition: "a temporary organization that is needed to produce a unique and predefined outcome or result at a pre-specified time using predetermined resources"

For the purposes of this document we will use the following definition:

Project management is the process of combining systems, techniques, and knowledge to complete a project within established goals of time, budget, and scope.

Project Management Constraints

Every project has to manage four basic constraints; scope, schedule, budget and quality. The success of a project depends on the skills and knowledge of a project manager to take into consideration these constraints and develop the plans and processes to keep them in balance.

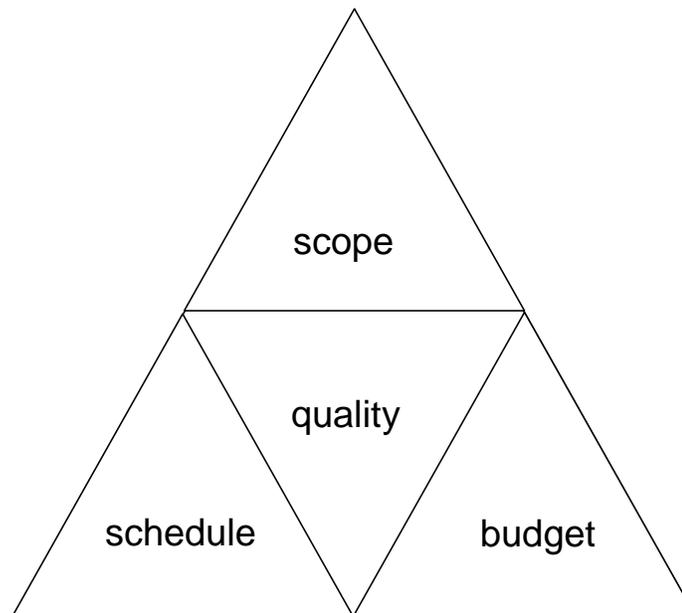


Figure 1.1 The Four Constraints of Project Management

- **Scope** is what the project is trying to achieve, it entails all the work involved in delivering the project outcomes and the processes used to produce them; it is the reason and the purpose of the project. Scope is the boundary of a project, it is what the beneficiaries, and the donors expect from the project, nothing more, and nothing less.
- **Budget** or the costs approved for the project including all required expenses needed in order to deliver the project. In development projects managers have to balance between not running out of money and not under spending, because many projects receive funds or grants that have contract clauses with a 'use it or lose it' approach to project funds. Poorly executed budget plans can result in a last minute rush to spend the allocated funds.
- **Schedule** is defined as the time required to complete the project. The project schedule is often the most frequent project oversight in developing projects. This is reflected in missed deadlines, incomplete activities, and late donor reports. Proper control of the schedule requires the careful identification of tasks to be performed, an accurate estimation of their durations, the sequence in which they are going to be done, and how people and resources are allocated.

Introduction to Project Management

- **Quality** is the fourth constraint and it is defined as delivering the project outcomes according to the stated or implied needs and expectations of the project beneficiaries and donor agency, in order to meet stakeholder satisfaction. It also means complying with quality standards that are either mandated by the donor, local government (such as laws and regulations), or by professional standards (such as health).

Managing these constraints is the main responsibility of the project manager. Each constraint has a specific goal and a project is deemed successful when it achieves all four, failure in any of them has an impact in the others, a delay in a project has an impact on its cost, and an increase in scope has an impact in both time and budget.

Managing the four constraints also involves making trade-offs. All projects are implemented using estimates to establish the schedule and budget needed to deliver a specific objective; therefore, projects are implemented with many uncertainties and exposed to many risks, which requires revisions to the original plans along with negotiations with the different stakeholders. Changes in the social and natural environment can delay a project, increase its costs, or reduce its scope forcing the project manager to evaluate her alternatives and negotiate with the donors and beneficiaries for modifications.

Definition of a Development Project

A development project is designed to deliver a specific output aiming to improve the economic and social conditions of a group of people. Examples of the type of objectives of development projects are: reduction in child mortality, improvement in maternal health, or combat HIV/AIDS, malaria and other diseases.

A development project needs to respond to a series of different stakeholders, each with different needs and priorities, and deal operate in difficult environments which increases its complexity and risk. Development projects vary in size and orientation, most share the common goal of helping people and benefiting society.

Introduction to Project Management

The goal of all development projects is to help improve people's lives through skills training and other livelihood programs. Development organizations prepare and implement development projects and work to strengthen the capabilities of local institutional and promote community self-reliance through sustainable strategies. Funding for projects comes through private and public donations, government assistance and a variety of other sources. Development projects may consist of a single, transformative project to address a specific problem or a series of projects targeted at addressing several problems.

The Challenges of a Development Project

Development projects operate in challenging environments, where uncertainties about the future increase the risk to the project. Managers need to deal with extremely complex social, economic, and political factors that affect the delivery of goods and services.

Development projects are implemented in some of the most remote and difficult locations in the world; additionally, projects operate in areas of high personal risk and high security threats to project staff. The lack of proper infrastructure, limited resources, and a changing environment put a strain on project managers who need to deliver the project outcomes.

The constant changes in the social, economic, political, and natural environment; force many projects to change its original plans; in fact, project plans are built on many assumptions that eventually are challenged by the changes in the environment. These changes in the environment are not always reflected in the original design, which causes projects to miss significantly its ultimate objectives; this is why it is not uncommon to find a project that has delivered all its expected outputs but has failed significantly in reaching its outcomes and objectives.

The various challenges development projects face are compounded by the following factors

Introduction to Project Management

- Poor project planning caused by the rush to obtain grants and funding from donor agencies that limit the time a deeper analysis of the project risks
- Inadequate project management skills in project staff
- No clear identification of who is responsible and accountable for the project outcomes to the donors and to the beneficiaries.
- Lack of stakeholder involvement, as key project stakeholders are not systematically involved in the planning and monitoring of a project, this leads to a lack of ownership when the project is implemented.
- Unrealistic plans, projects are planned on a linear process, this reasoning leaves little or no opportunities to modify plans and adjust as the project makes progress.
- No measure to evaluate success, failure to properly define the criteria by which beneficiaries will know if the project was a success.
- Poor, inconsistent project management discipline. There is no consistent use of a proven methodology to help monitor the project implementation
- Duplication of efforts. Projects within a development organization develop their own approach to solve a problem, and each approach has its own management process. Ultimately, these separated efforts result in duplication and in increased costs to the organization.

A more critical challenge is that projects do not have time for learning from the past. Development Projects are learning-intensive, but very little of this gained knowledge remains in the organization at the end of a project. The difference in nature of something short term as a time bound project versus something long term as "the organization" which intends to be permanent through time, become difficult to integrate when time comes for sharing the knowledge gained in the implementation of projects.

Once a project is completed, most organizations do not have processes in place to capture the lessons learned; therefore, this knowledge is not incorporated in the design of future projects. Unfortunately, too often, the project evaluation report sits in the library along with many others, available to a few adventurous who are willing to discover experiences and practices that can be useful to their needs. A project management methodology intends to overcome this challenge by providing development organizations with a discipline to integrate a

Introduction to Project Management

practice of continuous learning whose objective is to reduce errors and increase quality

The Need for a Project Management Methodology

In this type of environment, organizations need a methodology that allows a great degree of flexibility to accommodate the constantly changing environment of the project; a methodology that promotes optimal standards of performance, and reinforces the organizational capacity to deliver its services in a transparent and effective manner.

Without a project management methodology organizations risk to lose the knowledge and skills they gain from completed projects. The high staff turnover in development organizations makes it hard to build institutional memory to improve the efficiency of development projects and to implement lessons learned in future projects.

A methodology is a method to capture the best practices around project management and disseminate them in the organization. It is a system of principles, practices, and procedures. It's the collection of practical ideas and proven practices. Defining and implementing a good methodology is essential for development organizations who want a project management approach for performing project activities in a coherent, consistent, accountable, and repeatable manner.

We want in this document to introduce a project management methodology that development organizations can use and customize to meet their needs. The best methodologies are the ones that are built based on the experience of its practitioners; organizations that build a learning cycle in its methodologies will benefit by incorporating the knowledge of its project managers and thus will have a methodology that reflects its current best practices. With this approach organizations will have a comprehensive methodology for successful project management.

Benefits of Project Management

The use of a systematic project management methodology gives development organizations a strategic tool; gives organizations the means to practice established and time-tested practices of project management to help them achieve successful outcomes.

The processes that a methodology delivers help organizations keep focus and deliver solutions that project beneficiaries and its communities desperately need them. Among the main benefits is an increase in the level of collaboration among all project stakeholders, the delivery of consistent results of predictable quality and defined roles and responsibilities that ensure proper accountability. Other benefits include:

- A common language and a consistent discipline for how projects are planned and implemented in the organization
- A standard project terminology, understood by all stakeholders
- Provides project stakeholders confidence on how projects are done in the organization
- Permits accurate predictions of project resource requirements and potential risks
- Stipulates clear procedures for developing project plans that allow better control of the project throughout its life cycle.
- Assists the project manager to integrate, coordinate and track project activities, by describing the basic practices, procedures and techniques.

Development Organizations cannot be totally successful unless they implement a project management methodology that is applicable to their projects. There are many ways to execute a project most of which provide for a less than an optimum solution. Only when using a standard methodology of processes and techniques organizations can coordinate resources to achieve predictable results. However, project management is not an exact science, and is not a 100% guarantee for project completion. Since projects involve people, there is always complexity and uncertainty that cannot be absolutely controlled.

Introduction to Project Management

Building and managing according to a project management methodology is partly an art that requires flexibility and creativity and part a craft to know how to apply the expertise and modify the different tools to meet different conditions. A good methodology provides the framework, processes, guidelines and techniques to structure the work. A good methodology increases the odds of being successful, and therefore provides value to the organization and the project stakeholders.

Introduction to Project Management

PM4DEV.COM

Drawing from our deep understanding of the challenges and the needs for realistic solutions that can improve the way in which projects are managed and services are delivered, PM4DEV offers the only adapted Project Management Methodology for development organizations. Our services include:

- **Consulting**, to help organizations implement a project Management methodology that will increase the impact of their interventions.
- **On Site Training** on project management methods to increase and develop the skills of project managers
- **Customized coaching and mentoring sessions** for project managers that want to develop their own competencies on a flexible and personalized learning environment.

To get more information on these services, visit our web site at www.pm4dev.com/services or send us an email to services@pm4dev.com. We offer competitive prices and high quality material developed by international certified experts in Project Management.

Copyright © 2007 PM4DEV
All rights reserved.

PM4DEV, its logo, and Management for Development Series are trademarks of Project Management For Development, PM4DEV.

This point of view is intended as a general guide and not as a substitute for detailed advice. Neither should it be taken as providing technical or other professional advice on any of the topics covered. So far as PM4DEV is aware the information it contains is correct and accurate but no responsibility is accepted for any inaccuracy or error or any action taken in reliance on this publication.

This publication contains PM4DEV copyrighted material and no part of it can be copied or otherwise disseminated for commercial purposes.

This Point of view provides a summary of themes, that in PM4DEV's experience, have proved critical in the successful implementation of project management methodologies.

It draws on the expertise of Project management professionals and provides a guide to deliver a methodology that increases the chances of project success.

For more information about PM4DEV services, contact our customer relations director:

Paola L. Diaz
paola.diaz@pm4dev.com

The Millennium Development Goals aim by 2015 to reverse the grinding poverty, hunger and disease affecting billions of people.

PM4DEV is committed to provide resources and develop knowledge and expertise to support development organizations in their efforts to achieve these ambitious goals.



Project Management
For Development Organizations

www.pm4dev.com
info@pm4dev.com