

Unit 5 – Initiating a project



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Learning Objectives

To gain an understanding of initiating a project including:

- The relationship between the business case, the project charter, the project execution plan and the project controls plan
- What project benefits are
- Who is responsible for delivering success and benefits?
- What the typical constraints are for projects

Initiation overview

The Project Initiation Phase is the first phase in the Project Life Cycle and involves starting up the project, which includes defining its objectives, scope and purpose and the deliverable to be produced. The key steps in this phase include:

- To develop a business case for the project
- To establish the Project Charter
- To appoint the Project Team
- To perform a phase review

One of the most important things is to define an agreed set of success criteria for the project. These fall into two categories:

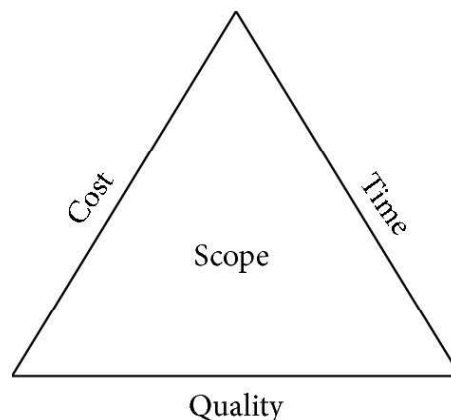
- Short term
- Long term

Short term

These are those that can be measured immediately after the project has been handed over and include:

- Project delivered on time to budget
- Project output (product/deliverable) meets quality and performance
- Stakeholders satisfied
- Health, safety, and environmental targets met

A key consideration is which of the success criteria are more important than the others e.g. can scope be reduced to meet project deadlines? This is illustrated but what is often called the 'triangle of compromise':



The project manager is responsible for meeting these success criteria.

In order to monitor the project against the success criteria key performance indicators (KPI's) should be established:

KPI's are effectively interim success criteria and could include the following examples:

- Milestone achievements e.g. design complete and first stage of build completed
- Labour costs spent per month
- Current resource allocation
- Quality checks completed

Long term

These are the positive changes that occur as a result of using the projects outputs/deliverables and are called benefits.

Examples include:

- Profit
- Improvements e.g. efficiencies in a process, improved safety, reduced costs
- Improved reputation

Benefits are normally realised after the project is closed and it is the Sponsor is accountable for ensuring that the desired benefits are realised.

The project benefits are documented in the project business case.

Project business case

A business case provides justification for undertaking a project. It evaluates the benefit, cost and risk of alternative options and provides a rationale for the preferred solution (BoK definition).

The purpose of a business case is to:

- provide information to enable the project to be authorised at the start.
- justify the investment and gain commitment from the host organisation in terms of funding.
- give stakeholders confidence that the project is worthwhile and aligns with overall strategy.
- provide a basis for decision making through the life of the project e.g. when project scope changes.
- provide a baseline against which the benefits will be measured.

External suppliers to the project may have their own rationale for undertaking the project and may have their own business case (which could be very different to that of the host's business case), which is likely to focus on profitability and reputation. For some suppliers this may exist in the form of a bid/no-bid process.

Project Charter

Once the business case is approved, a Project Charter is completed. It is a document that formally authorises the existence of a project and provides project manager with the authority to commit resources to the project.

The typical elements of a Project Charter are:

- The project overview - A project overview contains a description of the business need, purpose, and product or service that is to be provided.
- Preliminary roles and responsibilities - This section describes the duties of the project team. This includes people who should be involved and why and how they might be involved. This might include customers, stakeholders, and the project team.
- Identification of the project manager - The project manager identification designates the project manager who has primary project oversight responsibility.
- A description of the project manager's authority - The description of the project manager's authority outlines the level of authority given to the project manager. This would include financial oversight and level of decision making.
- Approvals Signature - This is the approval required from the project's sponsor to give the go-ahead to the project.

The Project Execution Plan

The purpose of the project execution plan (PEP) is to document the how, when, where and who of the project.

- **How** the work will be done.
- **When** it will take place.
- **Where** the work will be carried out.
- **Who** will do the work?

It is the project managers responsibility to create the PEP and get it approved by the sponsor at the end of the planning/definition phase of the lifecycle.

A more detailed explanation of the PEP is included in unit 7 of this document.

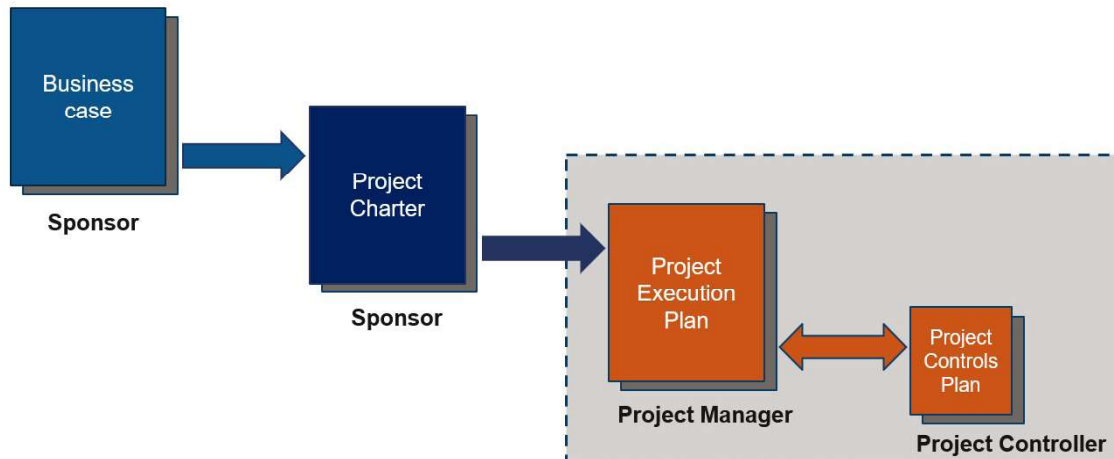
Project Controls Plan (PCP)

Describes specific processes, procedures, systems and tools used by the project controls team throughout the project lifecycle.

A more detailed explanation of the PEP is included in unit 7 of this document.

Business and plans overview

The following diagram shows the relationships between the various key project documents discussed in this unit and the responsibilities for each. It should be noted that while the roles shown have overall responsibility others will provide key inputs.



Learning Objectives

You should now have an understanding of initiating a project including:

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- What project benefits are
- Who is responsible for delivering success and benefits?
- What the typical constraints are for projects