

# Information Technology Project Management – Fifth Edition

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# Project Planning: The Project Infrastructure

Chapter 4

# Learning Objectives

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- ▶ Describe the planning phase of the project life cycle (PLC)
- ▶ Define the project's infrastructure.
- ▶ Describe project governance and its role.
- ▶ Understand the roles of the project manager and how the project team is selected.
- ▶ Understand how a project acquires both internal and external resources.
- ▶ Understand and describe the project environment.
- ▶ Describe three general categories for procurement-type contracts.
- ▶ Develop a project charter and understand its relationship to the project plan.

# Introduction

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- ▶ The Project Planning Phase Attempts to Answer the Following Questions:
  - ▶ What work needs to be done?
  - ▶ Who will do the work?
  - ▶ What resources will be needed to do the work?
  - ▶ When will they do the work?
  - ▶ How long will it take?
  - ▶ How much will it cost?
  - ▶ Does the time, money, and resources invested support the project' s MOV?

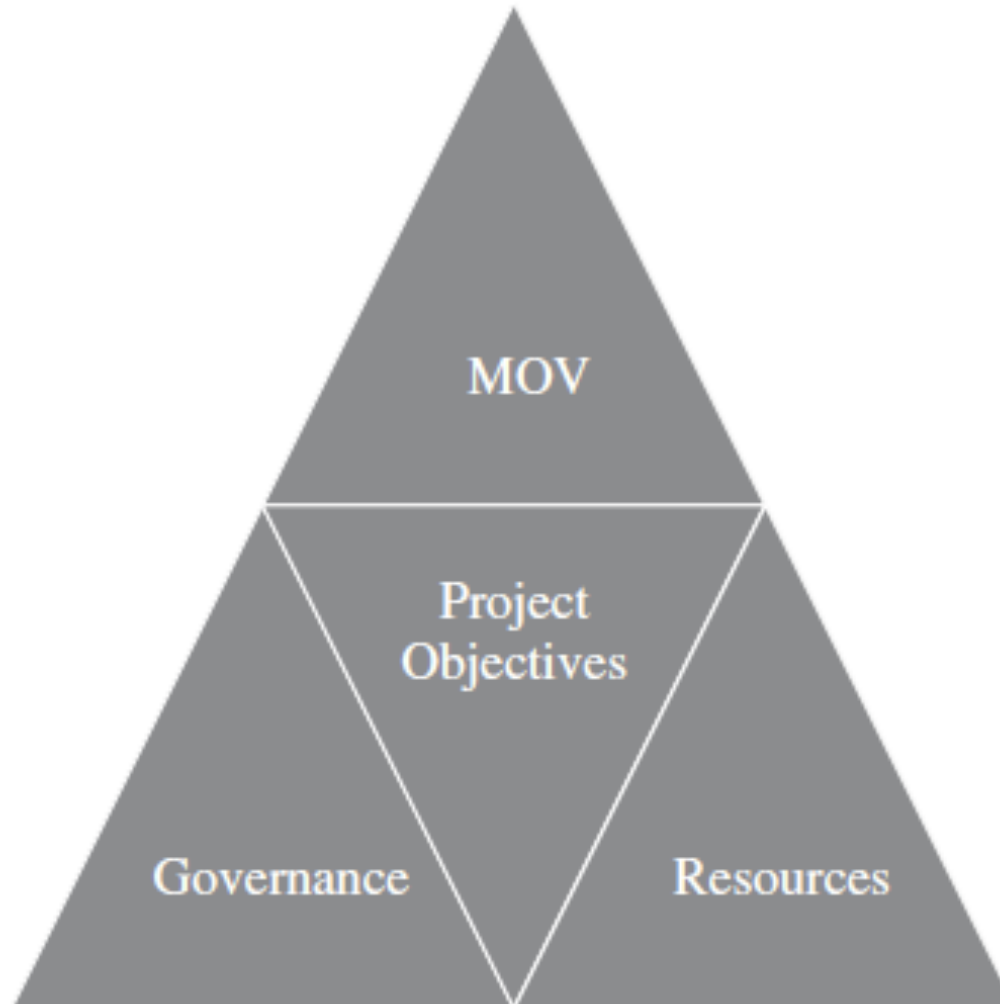
# Introduction (continued)

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- ▶ Project' s have...
  - ▶ An Infrastructure
  - ▶ A Governance structure
  - ▶ Required Resources (must be obtained)
  - ▶ A Project Charter

# Figure 4.1 – The Project Infrastructure

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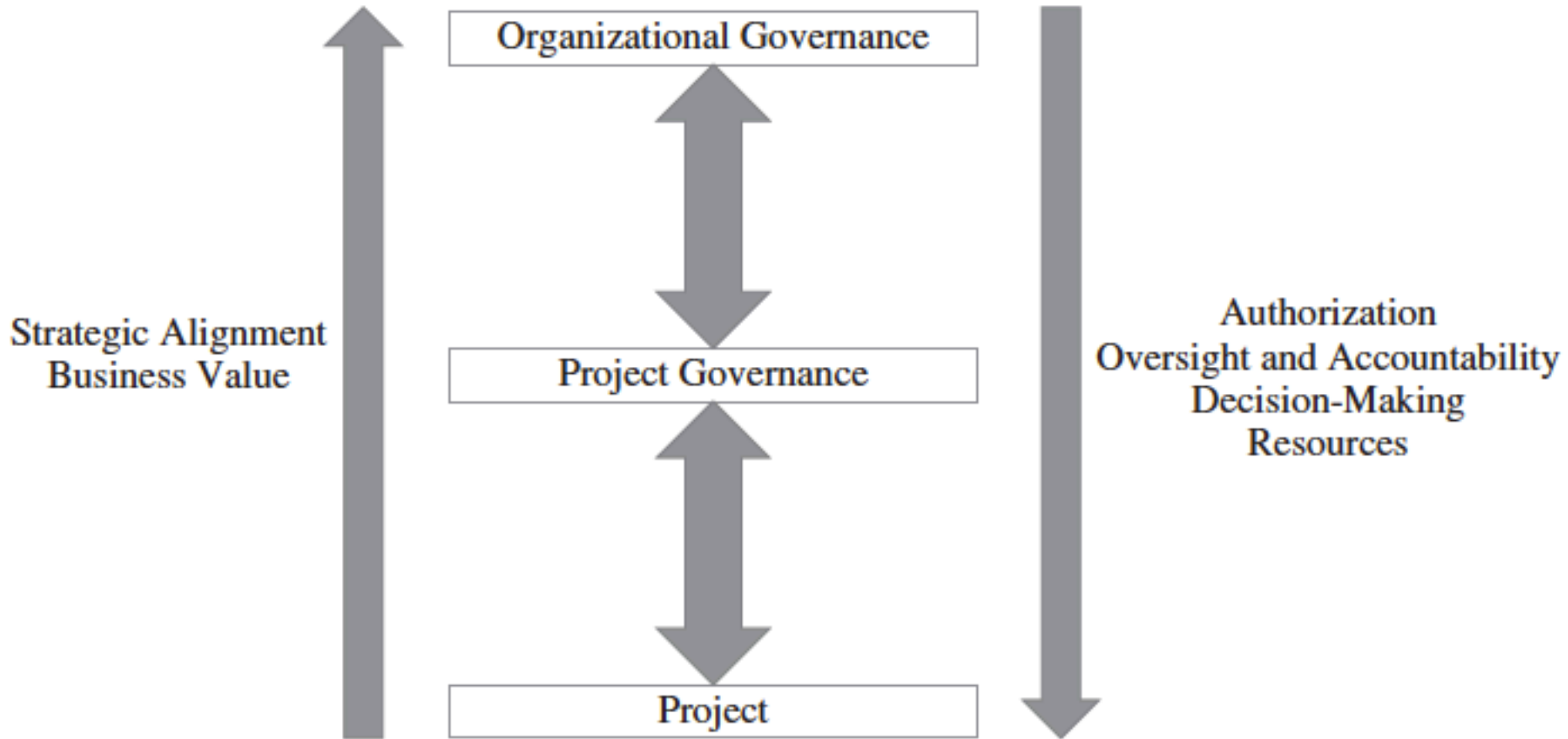
# Project Governance

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- ▶ Should flow from *organizational governance*
- ▶ Provides a framework to ensure that a project aligns with a chosen business strategy while ensuring that the time, money, and resources provide real value to the organization.
- ▶ Projects governance must define:
  - ▶ Structure
  - ▶ Authorization
  - ▶ Oversight and Accountability
  - ▶ Decision Making
  - ▶ Resources

# Figure 4.2 Project Governance

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# The Project Team

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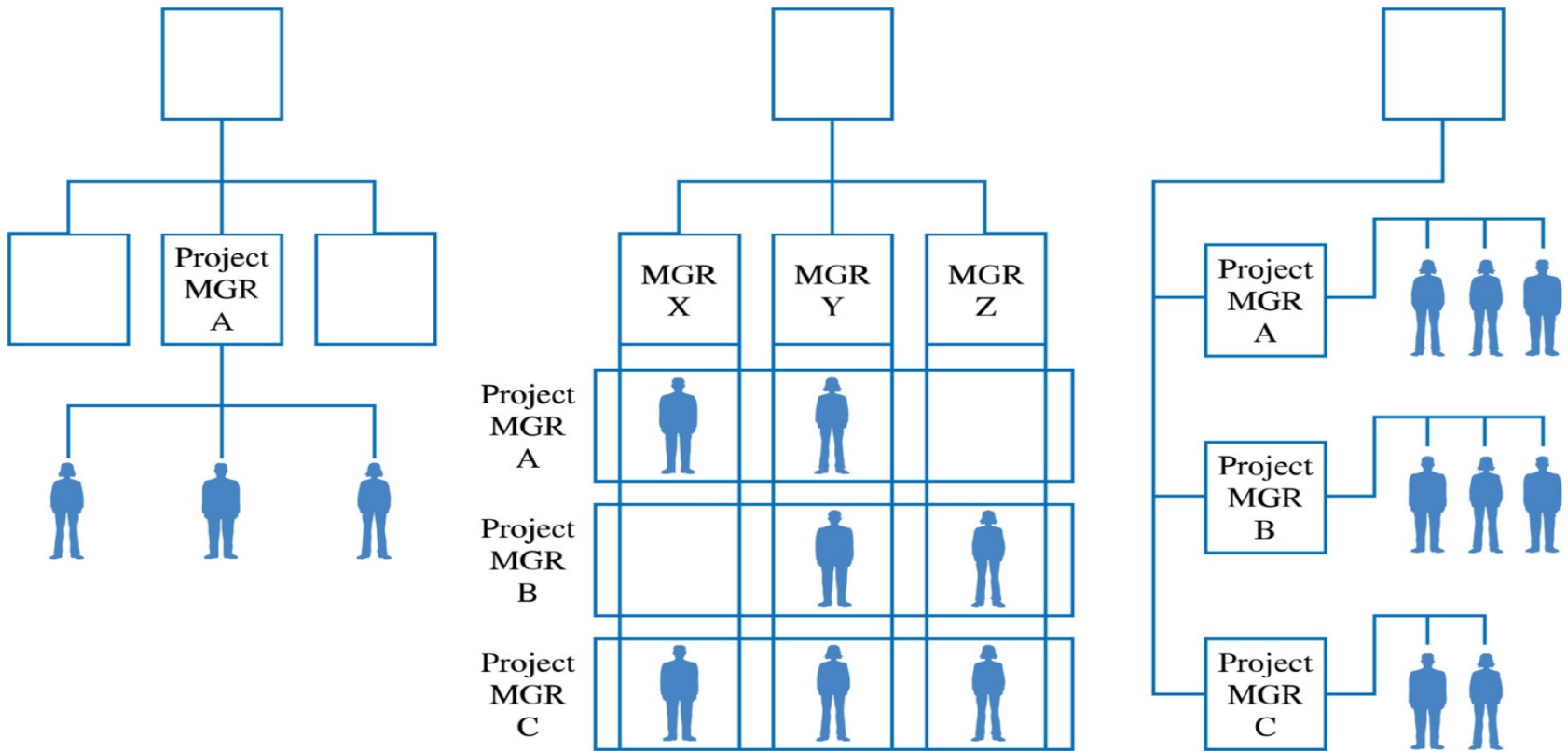
- ▶ The Roles of the Project Manager
  - ▶ Managerial role
  - ▶ Leadership role
- ▶ Attributes of a successful project manager
  - ▶ ability to communicate with people
  - ▶ ability to deal with people
  - ▶ ability to create and sustain relationships
  - ▶ ability to organize
- ▶ The Project Team
  - ▶ Technology Skills
  - ▶ Business/organization knowledge
  - ▶ Interpersonal skills

# The Formal Organization

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- ▶ Formal groupings & specializations
- ▶ Published Lines of
  - ▶ Authority
  - ▶ Responsibilities
  - ▶ Reporting Relationships
  - ▶ Communication
  - ▶ Decision-Making

# Figure 4.3 – The Organization and Project Resources



# The Functional Organization

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## ▶ Advantages

- ▶ Increased Flexibility
- ▶ Breadth & Depth of Knowledge & Experience
- ▶ Less Duplication

## ▶ Disadvantages

- ▶ Determining Authority & Responsibility
- ▶ Poor Response Time
- ▶ Poor Integration

# The Project-Based Organization

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## ▶ Advantages

- ▶ Clear Authority & Responsibility
- ▶ Improved Communication
- ▶ High Level of Integration

## ▶ Disadvantages

- ▶ Project Isolation
- ▶ Duplication of Effort
- ▶ “Projectitis”

# The Matrix Organization

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## ▶ Advantages

- ▶ High Level of Integration
- ▶ Improved Communication
- ▶ Increased Project Focus

## ▶ Disadvantages

- ▶ Higher potential for conflict
  - ▶ Team members may wonder “Who’s my boss?”
- ▶ Poorer Response Time

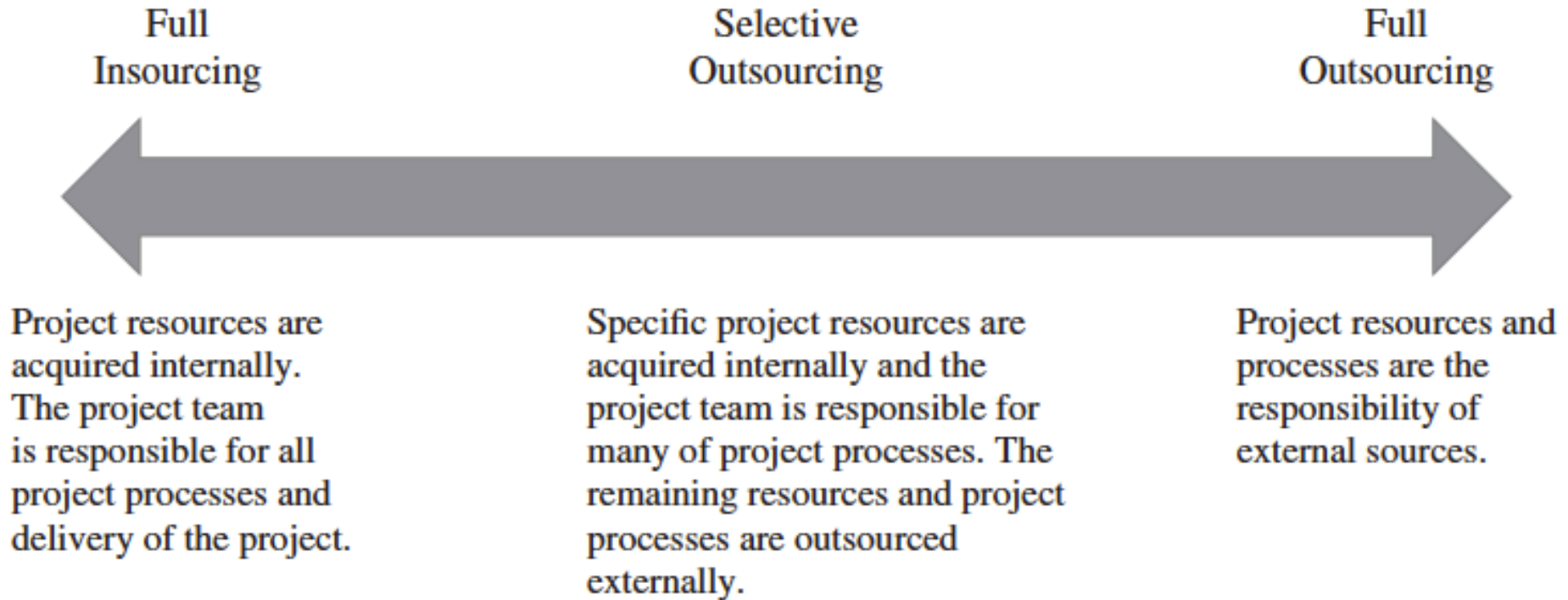
# Procuring External Project Resources

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- ▶ Project resources can be internal or externally acquired.
- ▶ The decision depends on
  - ▶ The project scope
  - ▶ Availability of the products and services in the marketplace
  - ▶ Cost
  - ▶ Quality
  - ▶ Terms and Conditions
  - ▶ Experience and skills of the project team
- ▶ Similar to a “make” or “buy” decision
- ▶ *Business process outsourcing*, including *offshoring*, is one option for acquiring external resources

# Figure 4.4 – The Project Outsourcing Model

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# Procurement Planning

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- ▶ Begins by determining which project needs can be fulfilled internally or externally by the project team
- ▶ Focuses on not only *what* can best be filled internally or externally, but
  - ▶ *How*
  - ▶ *When*
  - ▶ *How Many*
  - ▶ And *Where* these products or services will be acquired
- ▶ A Request for Proposal (RFP) may be developed and used to solicit bids, quotes, or proposals for services or goods from prospective sellers.

# Contracts Between Sellers and Buyers

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- ▶ Once a seller is selected, the buyer may enter into contract negotiations so that a mutual agreement can be reached
- ▶ A **contract** is a document signed by the buyer and seller that defines the terms and conditions of the buyer-seller relationship. IT serves as a legally binding agreement that obligates seller to provide specific products, services, or even results, while obligating the buyer to provide specific monetary or other consideration.

# General Categories of Procurement-type Contracts

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- ▶ Fixed-Price or Lump-Sum Contracts
  - ▶ A total or fixed price is negotiated or set as the final price for a product or service
  - ▶ May include incentives for meeting certain performance objectives or penalties if those objectives are not met

# Categories for Procurement-Type Contracts

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## ▶ Cost-Reimbursable Contracts

- ▶ Payment or reimbursement is made to the seller to cover the seller's actual direct costs (i.e., labor, materials, etc.) and indirect costs (i.e., admin. salaries, rent, utilities, etc.)
- ▶ May include incentives for meeting certain objectives or penalties if those objectives are not met
- ▶ Types
  - ▶ Cost-Plus- Fee (CPF) or Cost-Plus-Percentage (CPPC)
  - ▶ Cost-Plus-Fixed-Fee (CPFF)
  - ▶ Cost-Plus-Incentive-Fee (CPIF)

# Types of Cost-Reimbursable Contracts

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- ▶ **Cost-Plus-Fee (CPF) or Cost-Plus-Percentage Cost (CPPC)**
  - ▶ The seller is paid for the costs incurred in performing the work as well as a fee based upon an agreed on percentage of the costs
- ▶ **Cost-Plus-Fixed-Fee (CPFF)**
  - ▶ The seller is reimbursed for the total direct and indirect costs of doing the work, but receives a fixed amount that does not change unless the project's scope changes
- ▶ **Cost-Plus-Incentive-Fee (CPIF)**
  - ▶ The seller is reimbursed for the costs incurred in doing the work and receives a predetermined fee plus an incentive bonus for meeting certain objectives

# Categories for Procurement-Type Contracts

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- ▶ Time and Materials (T&M) Contracts
  - ▶ A hybrid of cost-reimbursable and fixed-price contracts
  - ▶ The buyer pays the seller for both the time and materials required to complete the work
    - ▶ Resembles a cost-reimbursable contract because it is open-ended and full cost of project is not predetermined
    - ▶ But can resemble a fixed-price contract if unit rates are set

# The Project Environment

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- ▶ A place to call home
- ▶ Technology
- ▶ Office supplies
- ▶ Culture
  - ▶ What is expected from each team member?
  - ▶ What role will each team member play?
  - ▶ How will conflicts be resolved?

# The Project Charter

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- ▶ Serves as an agreement and as a communication tool for all of the project stakeholders
  - ▶ Documents the project's MOV
  - ▶ Defines the project's infrastructure
  - ▶ Summarizes the details of the project plan
  - ▶ Defines the project's governance structure
  - ▶ Shows explicit commitment to the project
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- ▶ See Figure 4-5 (next slide) for the typical areas of a project charter



# Figure 4.5 A Project Charter Template

## *Project Name or Identification*

### *Project Stakeholders*

- Names
- Titles or roles
- Phone numbers
- E-mail addresses

### *Project Description*

- Background
- Description of the challenge or opportunity
- Overview of the desired impact

### *Measurable Organizational Value (MOV)*

- Statement or table format

### *Project Scope*

- What will be included in the scope of this project
- What will be considered outside the scope of this project

### *Project Schedule Summary*

- Project start date
- Project end date
- Timeline of project phases and milestones
- Project reviews and review dates

### *Project Budget Summary*

- Total project budget
- Budget broken down by phase

### *Quality Issues*

- Specific quality requirements

### *Resources Required*

- People

- Technology
- Facilities
- Other
- Resources to be provided
  - Resource
  - Name of resource provider
  - Date to be provided

### *Assumptions and Risks*

- Assumptions used to develop estimates
- Key risks, probability of occurrence, and impact
- Constraints
- Dependencies on other projects or areas within or outside the organization
- Assessment project's impact on the organization
- Outstanding issues

### *Project Administration*

- Communications plan
- Scope management plan
- Quality management plan
- Change management plan
- Human resources plan
- Implementation and project closure plan

### *Acceptance and Approval*

- Names, signatures, and dates for approval

### *References*

### *Terminology or Glossary*

### *Appendices (as required)*