

PM WORLD TODAY – MONTHLY COLUMN – JANUARY 2012

Contemporary Project Management

Editor's note: This is the 3rd article in a series on basic project management and leadership concepts by Timothy J. Kloppenborg, distinguished professor of management at Xavier University in Ohio and author of the textbook Contemporary Project Management, published in the USA in 2011 by Cengage Learning. Prof Kloppenborg's short educational articles cover various aspects of planning and managing contemporary projects that should be useful for practitioners worldwide. To offer feedback or to ask questions, feel free to contact the author or contact editor@pmworldtoday.org.

Project Selection and Initiation Questions Leading to Good Risk Management

By Timothy Kloppenborg, PhD, PMP

The reason we plan and perform project risk activities is to increase the probability of project success. We do this by identifying risks, analyzing them, capitalizing on positive risks (opportunities) and minimizing negative risks (threats). Standards such as PMBOK® and PRINCE2 detail specific processes to accomplish risk management. In this column, I wish to propose questions you can ask as you go through other early project activities that you may not always consider when you think of risk. Many of these questions are either on a scale or ask you to describe of how well we understand. Specifically we will look at project selection and project initiation through completing signed project charter.

Project Selection

Projects need to be considered as investments. The parent organization invests money, people's time, and other resources in hopes of receiving deliverables that are worth that investment. Just as with any other investment, the investment-reward equation also is discounted for the amount of associated risk. At project selection questions that impact risk you may ask include:

- Have we discounted the expected return by an appropriate amount for risk?
- What is the risk of not doing this project?
- Do we have the ability to successfully complete this project?
- Is this project a good fit that will help us achieve our organizational objectives?
- Do we have leaders at each level (particularly sponsor and project manager) who are willing and able to lead this project?
- What significant concerns in the external environment may impact this project?
- Does the business case for this project include financial justification, strategic alignment, and emotional appeal?

- How fully do we understand the demands of performing this project?
- Are the needed resources available? If not, how confident are we in our ability to secure them?
- Is there enthusiastic support in both the customer and performing organizations?
- How will this project be prioritized in comparison to other work?
- How well do we understand the ramifications of how this project is prioritized?
- Have we decided whether to perform this project ourselves or hire a contractor through a make or buy analysis?
- If we are hiring a contractor, how thoroughly have we considered the following criteria:
 - Technical in terms of experience, their understanding our needs, and their approach?
 - Management in terms of experience, and methods such as chartering, planning, scheduling, and control?
 - Financial in terms of financial capacity, life cycle cost, and warranties?
And
 - Operational in terms of production capacity, past performance, and references?

Project Charter

Once a project is selected and prioritized, it is time to charter it. The charter is the high-level preplanning document that authorizes the project and secures commitment from the sponsor, project manager, and core team. While charters can be completed quickly and projects generally have a great deal of time pressure, spending a bit of extra time to answer these questions will hopefully help you get off to a better start. Risk related questions you might ask when constructing a project charter include:

- How well do we understand what is included and what is not included from the project scope overview?
- How solid are the financial and alignment justifications in the business case?
- Are any emotional and ethical reasons for performing the project inspiring enough to motivate participants through difficult times?
- Do all key participants know enough about the project context or is a background section included to supplement this lack of knowledge?
- Are clear current state and future states that mark the start and successful end of this project clear?
- If this project is part of a larger initiative, is the ultimate goal clear?
- Are several milestones with clearly defined interim deliverables defined?

- How clear are the quality acceptance criteria for each interim deliverable?
- Has a specific person been identified who will judge the quality of each interim deliverable?
- How completely have assumptions been identified and recorded?
- How thoroughly have assumptions been analyzed for validity, accuracy, stability, consistency, and completeness?
- How completely have constraints been identified and recorded?
- How thoroughly have the constraints been challenged to determine the true limitations on how the project can be conducted?
- To what extent have both negative (threats) and positive (opportunities) been identified?
- Has a milestone been determined to capitalize upon positive risks?
- Has qualitative analysis been performed to determine which of the negative risks may be significant?
- Has one or more adequate risk response plans been developed for each major risk?
- Has at least one trigger been identified for each major risk that will signal the risk event may be eminent?
- Has an owner from the project core team been assigned for each major risk?
- How confident are you in the resource (funding, people, equipment, supplies and/or facilities) estimates needed for the project?
- How confident are you that you have identified all stakeholders?
- How confident is your sponsor that you have determined which stakeholders have higher priority?
- How well do you understand the desires of each key stakeholder?
- How clear and transparent are those needs?
- How will your key stakeholder or sponsor make tradeoff decisions concerning cost, schedule, scope, and quality?
- Has this project core team worked effectively together before?
- If not, how will they conduct meetings, perform work, make decisions, and treat each other with respect?
- How clearly defined are each participant's role?
- How much experience does each core team member bring? If they are all rookies, have the project manager and sponsor developed strategies to compensate?
- Have the sponsor and project manager worked effectively together before?
- If not, what are they doing to develop trust and an effective working relationship?

- What lessons from recently completed projects will the team use to perform this project better?
- Have the sponsor, project manager, and core team members signed the charter? How committed does each feel to the project?

You can use many good techniques to plan and control risks on projects. In this column, I challenge you to ask many appropriate questions as the project is being selected, prioritized, and chartered. If you can answer these questions at the outset, you may either decide not to perform the project as the risk is too high or you may have a better knowledge base for all of your other risk activities, increasing the chance you will have a successful project.

Previous Articles in this Series

Promoting a Project Through Celebration –

http://www.pmworldtoday.net/column_series/2011/nov/CONTEMPORARY-PROJECT.html

Desired Project Manager Behaviors -

<http://www.pmforum.org/library/column/2011/PDFs/sep/Column-KLOPPENBORG.pdf>

About the Author

**Timothy J. Kloppenborg, PhD***Author*

Tim Kloppenborg, Ph.D. is the Castellini Distinguished Professor of Management at Williams College of Business, Xavier University, Cincinnati, Ohio, USA. He has worked on projects for over 30 years as a manager, military officer, trainer, consultant, and professor. Dr. Kloppenborg has been certified as a Project Management Professional (PMP) by the Project Management Institute (PMI) since 1991. A retired US Air Force Reserve officer with experience in transportation, procurement, quality assurance, manufacturing, construction, and information systems, he brings experience from a wide variety of industries and organizational systems to his project management instruction. He has authored nearly 100 articles, papers and books, including *Contemporary Project Management*, *Project Leadership*, and *Managing Project Quality*. Tim can be contacted at kloppenborgt@xavier.edu.

Additional information about Prof. Kloppenborg and his books can be found on the following websites:

Xavier University Distinguished Professor and trainer at Xavier Leadership Center
http://www.xavier.edu/campusuite/modules/faculty.cfm?faculty_id=33&grp_id=2708

Contemporary Project Management 2nd Ed.
<http://www.cengagebrain.com/shop/isbn/9780538477017>

Project Leadership
http://web7.pmds.com/mConcepts_ebiz/ProductDetail/tabid/55/Default.aspx?ProductId=154

Managing Project Quality
http://web7.pmds.com/mConcepts_ebiz/ProductDetail/tabid/55/Default.aspx?ProductId=142