



Strategic Project Management

Unit 1

Course Layout and Overview

- Seven units
 - **Unit One: What is Project Management**
 - Unit Two: The Project Lifecycle
 - Unit Three: Initiating Projects
 - Unit Four: Planning Projects
 - Unit Five: Executing Projects
 - Unit Six: Monitoring and Controlling Projects
 - Unit Seven: Closing Projects



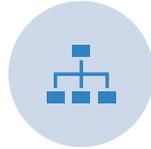
Unit 1 Learning Outcomes



EXAMINE HOW PROJECTS ACHIEVE AN ORGANIZATION'S STRATEGIC OBJECTIVES



DISTINGUISH BETWEEN PROJECTS AND ON-GOING OPERATIONS WHEN PRESENTED WITH VARIOUS SCENARIOS



EXPLAIN THE ROLE OF ORGANIZATIONAL LEADERSHIP IN FINDING PROJECT OPPORTUNITIES AND OVERCOMING ORGANIZATIONAL CHALLENGES RELATED TO PROJECTS



DEMONSTRATE BEST PRACTICES THAT CONTRIBUTE TO A PROJECT'S SUCCESS OR FAILURE



DEMONSTRATE HOW THE TRIPLE CONSTRAINT - SCOPE, SCHEDULE, AND BUDGET - INTERPLAY WITHIN A PROJECT



Why Are Learning Outcomes Important?

- Every learning outcome ties back to course materials and content.
- Assessments are tied to each learning outcome.
- Test Preparation



Unit One Overview Topics

- Definitions
- Strategic Objectives
- Project versus ongoing operations
- Who selects a project
- Net Present Value
- Project Success or Failure
- Triple Constraint



Project Management Definitions

- Strategy
- Operations
- Net present value
- Triple constraint



What are strategic objectives?

Organizations define **strategic objectives** as a way to stay focused on what is important and achieve the overall goals of the organization



What are strategic objectives and how are they related to project management?

Stay focused

Tangible and Intangible benefits

Competitive advantage



Project versus Ongoing Operations



Ongoing Operations

- Normal work of organization
- Repeatable processes

Characteristics of a Project

- Unique
- Solve a problem/improve a process
- Beginning and ending dates

Ongoing Operations

Ongoing Operations

- Normal work of organization
- Repeatable processes

Examples of ongoing operations:

- Payroll specialist processes timecards each week so employees can be paid
- Production manager scheduled routine maintenance of the machinery every month on a rotating basis
- Team leaders having weekly meetings to discuss issues that need to be addressed



Project

Characteristics of a Project

- Unique
- Beginning and end dates
- Solve a problem/improve a process

Examples of Projects

- Building a new factory facility
- Creating a prototype of a possible new product
- Investigation into the possibility of expanding a business



Who selects a project

- Project sponsors
 - Organizational leaders
 - know the organization's strategic goals
 - Team leaders
 - Know the day to day processes
 - Anyone in the organization
 - Sees a problem - seeks a solution
- Decision maker
 - CFO
 - CEO



Several tools used to make a selection

- Expert/Executive opinion
- Brainstorming
- Nonnumeric
- Numeric



Net Present Value

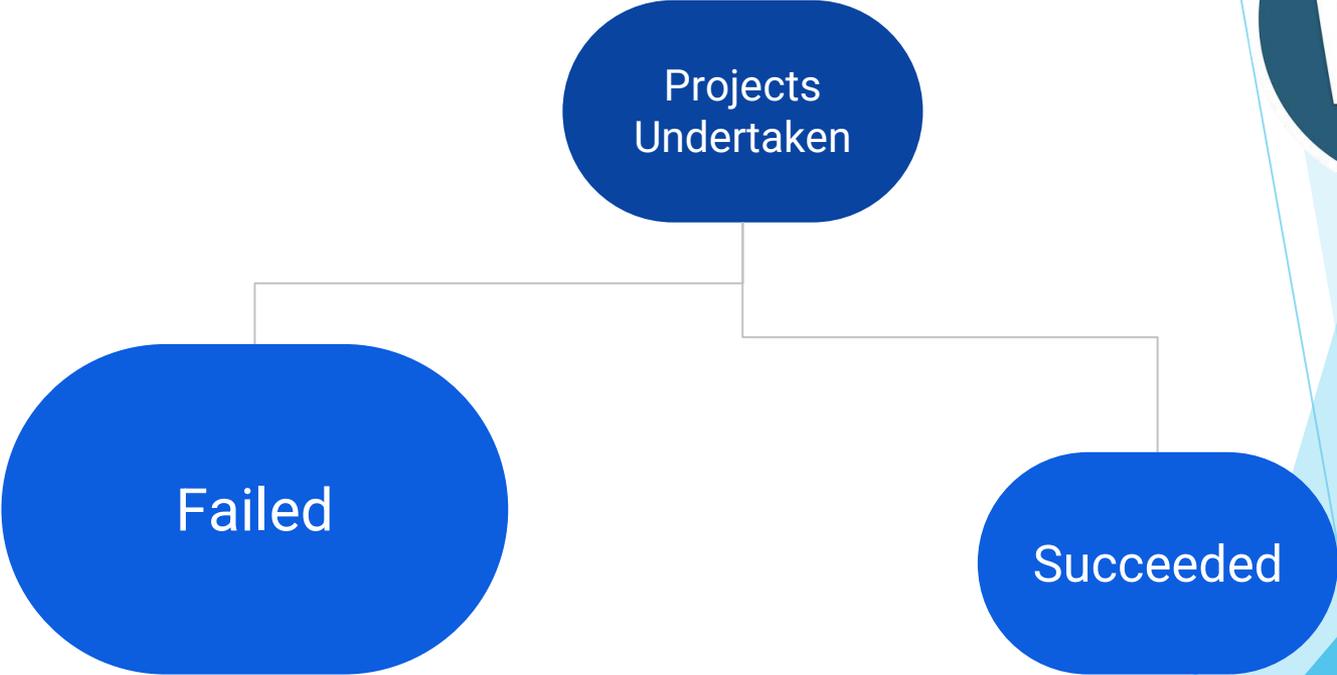


Net present value analyzes the cost of a project against its anticipated benefits over time.

For example, if a project is expected to cost \$125,000 over one year but return a savings of \$60,000 for the first year and 45,000 for the next three years with a discount rate of 12%, the net present value can be calculated as follows:

Discount rate	12%				
	Year 1	Year 2	Year 3	Year 4	Total
Income	\$60,000	\$45,000	\$45,000	\$45,000	\$195,000
Costs	\$125,000	\$-	\$-	\$-	\$125,000
Cash Flow	\$(65,000)	\$45,000	\$45,000	\$45,000	\$70,000
NPV			\$38,466		

Project success or failure



Project failure

- **Failure**
 - Exceed budget
 - Exceed schedule
 - Scope creep
 - Procurement/Vendors



Project success

Success

- Follow up
- Follow through
- Risk Management

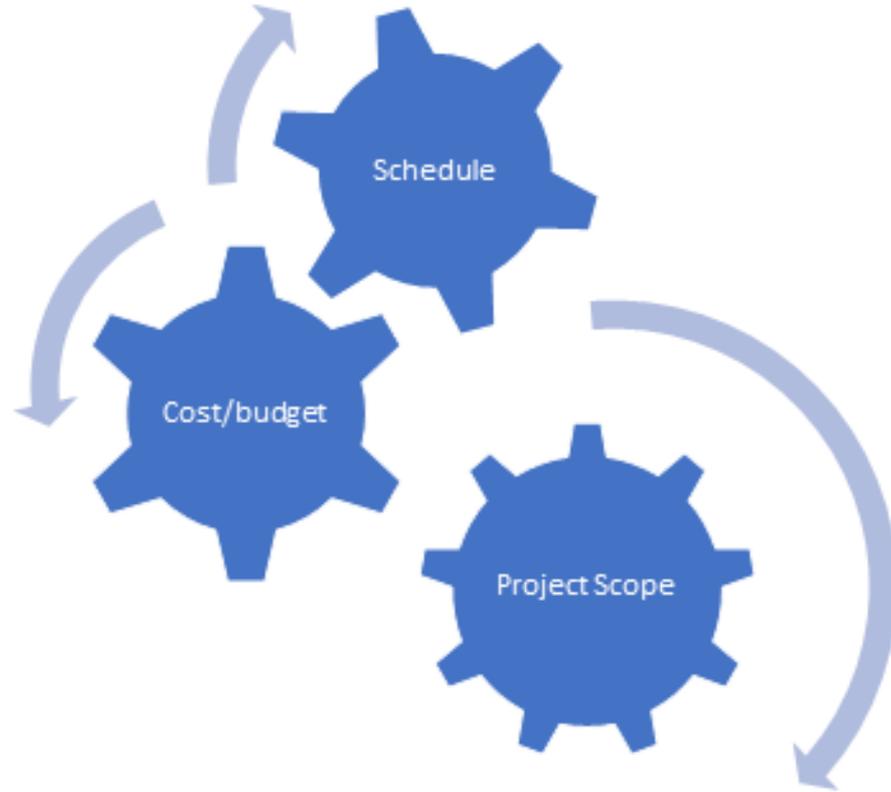


Triple Constraint

Schedule

Cost/Budge

Scope



Conclusion - Unit 1

- Learning objectives:
 - examine how projects achieve an organization's strategic objectives
 - distinguish between projects and on-going operations when presented with various scenarios
 - explain the role of organizational leadership in finding project opportunities and overcoming organizational challenges related to projects
 - demonstrate best practices that contribute to a project's success or failure
 - demonstrate how the triple constraint – scope, schedule, and budget – interplay within a project



What's next?

