

Project Initiation

It is a first phase of projects life cycle and is a process which starts with idea or proposal to change implementation (due internal business needs or external factors) and ends in positive case with approval to start formally with project. In negative case, project will be rejected and will wait better times.

The purpose of the initiation phase of a project is to identify scope and gain initial approval for a Project or Projects that will deliver tangible benefit to the business. Once it is approved, it is time to move on to the planning phase of the project. Initiating is committing the organization's resources to a project or projects.

Project initiation steps can differ in different methodologies, but are in generally as follows:

1. identify project alternatives
2. present the concept and justification for each proposed project (problem or opportunity analysis) and select the projects to proceed with
3. identify project sponsor
4. appoint project manager
5. charter and announce project
6. select and brief project planning team

Step 1. Identify project alternatives

Organizations are faced with constant challenges that require making difficult choices about alternative courses of action. Since each alternative will require the commitment of limited organizational resources, making an effective project selection decision requires the identification of the major competing alternatives. Examples of such alternatives include:

- Which product improvements must be implemented to achieve customer satisfaction and the greatest profits?
- Which new products and services are needed to achieve competitive advantage?
- Which organizational systems need to be re-engineered or upgraded to keep pace with escalating demands or improve efficiency?

Evaluating these alternatives is complicated by the diverse or even conflicting demands placed on decision makers by the various potential project stakeholders:

One client may require the addition of a new product feature while another demands changes to the user interface

Marketing may want to respond to competitive product features or process improvement while engineering feels strongly that a new product architecture or re-engineering should be a higher priority

Finance may believe that product or process cost reduction should be the highest priority while the service department wants to improve process or product reliability.

These competing demands represent alternative projects from which the organization must choose before a project can be authorized and work begun. The collaborative nature of a project workspace can aid the committee while choosing the project alternatives by allowing them to discuss alternatives using the discussion area and even vote on alternatives using polls.

Substeps

- Solicit input from stakeholders of relevant potential projects
- Create a list of potential projects
- Review list with stakeholders to ensure completeness

Owner of This Step

- Corporate Governance Committee
- Other Corporate/Divisional/Department Management and other Resources as necessary

Step 2. Problem or opportunity analysis

In this step project objective or need is identified and analyzed. This can be a business problem or opportunity. An appropriate response to the need is documented in a business case with recommended solution options. A feasibility study is conducted to investigate whether each option addresses the project objective and a final recommended solution is determined. Issues of feasibility (“can we do the project?”) and justification (“should we do the project?”) are addressed.

Established project goals may not be grounded on organizational true needs. By problem acknowledgment is natural behavior immediately to solve this problem, but this is opposite of good project management practice. As solution it is reasonable firstly understand the problem or opportunity. We need to get answers to questions like “is the project justified?” and “what is the success of the project?”

In organization exists usually several ideas/propositions/problem statements to make changes in organization – list of potential projects. We need to check their integrity against organizational requirements – in the context of information system development it is the responsibility of information system development subsystem. Integrity control

includes alternative solutions analysis and identifying optimal solution. The output of this analysis is concept proposal, business case or project requirements document.

Responsible for this step is management level generated this project idea (not the project manager).

Business Case

This kind of document is used to justify project finances and to ensure funding.

Includes:

- Analysis of problem or opportunity
- Possible alternative solutions
- Benefits and costs of every solution
- Risks associated with every solution
- Identifying optimal solution

Identifying optimal solution

Every proposed solution need to be estimated monetary and not-monetary

Examples of monetary analysis methods are:

- *net present value*
- *internal rate of return*
- *payback period*
- *cash hole*

Examples of not-monetary analysis methods are:

- *decision matrix*
- *technology complexity assessment*

Step 3. Identify project sponsor

Organizations attempt to accomplish many things at the same time with limited resources. Competing demands make it difficult for project teams to get management attention and commitment of resources needed for their projects to succeed.

The role of the project sponsor is to:

- Ensure timely decision making
- Advocate for needed resources
- Overcome organizational conflicts and barriers to project performance
- Responsible for appointing and coaching the project manager.

This requires that the sponsor be a member of the top management team of the performing organization with the ability to make key decisions and influence key stakeholder groups.

Substeps

- Identify the member of management, in the performing organization, with the greatest stake in the project outcome
- Make sure the candidate has a track record of success sponsoring similar projects
- Check with candidate to ensure availability and commitment to the project
- Get concurrence among members of the management team
- Announce sponsorship to key project stakeholders.

Owner of This Step

- Corporate Governance Committee
- Other Corporate/Divisional/Department Management and other Resources as necessary

Step 4. Appoint project manager

The Business Partner, Other Corporate/Divisional/Department Management, and Project Sponsor will appoint the project manager for the project as the date to start the project draws near. Key considerations in the decision include the candidates':

- Technical and Integration skills
- Leadership ability
- Project management experience
- Knowledge of the organization
- Ability to gain the cooperation of key stakeholders

The Project Manager is held accountable for ensuring project success, leading the project team to achieve its objectives, ensuring effective communications with management and other non-project organizations, and ensuring that project problems are identified and resolved in a timely manner.

Substeps

- Determine the qualifications needed to manage the project
- Identify potential candidates that meet the qualifications
- Check for potential availability with candidates' management (if within the performing organization)
- Evaluate potential candidates based on their suitability
- Check for interest and commitment of the most suitable candidate

- Confirm selection with the candidate's manager (if within the performing organization) announce project manager appointment to project stakeholders

In the least effective companies, project manager is assigned at random. The reverse of this is companies that determine who will be the project manager well in advance, and involve that person in the initial planning and scoping. If the project arises from a request for proposal, the project manager will be in preparing the proposal and making any presentations to the client. The effect on project managers is that when a project actually starts, they are familiar with the background and many of the key players

Project manager's task

Project manager must understand the project environment, background, and people. In other words, he/she must understand the cultural and political context of project. To manage a project, project manager must understand 4 things:

1. Why is this project being done? What does the client expect to get from it?
2. What is the background to this project? How did we get to where we are?
3. Who are the players? Who has fought for this project? Who has fought against it? Who is the executive sponsor?
4. What is the client's priority for this project?

To understand the background to this project, project manager must ask the following questions:

- What were the business conditions that prompted someone to propose the project in the first place?
- How was the project presented to management, and how was it evaluated and approved?
- What were the alternatives to the project that the client considered?
- What were (and are) the arguments against the project?
- What is the visibility of the project in the client company or department? How important is it seen to be?
- What are the attitudes toward the project? Specifically:
 - Is it welcomed as desirable, accepted as necessary, or condemned as wrongheaded?
 - Is it regarded as easy, difficult, or impossible?
 - Is it viewed with enthusiasm, resignation, or trepidation?

With the answers to these questions, project manager is equipped to become an advocate: to sell the project to the users and to create positive expectations for it. Project manager can now build an atmosphere that will make it easier to gain cooperation, to resolve issues, and to help the client achieve the expected benefits.

Until these questions are answered, project manager is a passenger, unable to influence, much less dictate, the direction of the project.

Justification and feasibility

Some project managers will argue that justifying projects is not their concern – that once a project has been approved, their job is simply to deliver results. But delivering results means ensuring that the client enjoys the benefits used to justify the project. It also means being able to defend the project against cutbacks and to reevaluate the numbers when the scope or costs change.

There is only one valid reason to spend money on a project: it will generate or save more money than it costs. The purpose of a project is a general statement about why the project is being carried out. A purpose statement may be: “the purpose of this project is to create a state-of-the-art, on-line, real-time inventory system that will allow us to manage our inventory more closely while continuing to meet the demands of our customers”. This purpose statement is clear: we are going to build a system that will manage inventory. What it does not tell us is whether the project is justified – that is, whether it will save or earn more than it will cost.

A justification is an analysis of the costs versus the benefits showing that the benefits are greater. If the analysis shows that the costs are greater, then it is a justification for scrapping the project, not to proceeding.

A true justification has 2 necessary characteristics: it is dollar quantified, and it is treated as a target or goal.

A project is executed because the client expects some benefit, such as reducing inventory, cutting staff, or increasing annual sales. The project may be executed perfectly: on time, on budget, and doing what is supposed to. But if the company does not actually reduce inventory, cut staff, or increase sales at least enough to cover the cost of the project, then the money the client spent is wasted. But if the client does implement the system and cuts inventory as expected, it will recover the cost of the overrun. The benefits from a system normally exceed even devastating overruns. The catch is that the system must be implemented and the benefits realized. Project manager’s role includes helping the client realize the benefits that justify the project. Project manager must be as concerned with the delivery of benefits as he/she is concerned with the delivery of the system.

Step 5. Charter and announce project

The purpose of the project charter is to formally recognize the existence of a new project or the next phase of a project. Content and format guidelines for this document are prescribed by the organization’s policy and vary from company to company. The initiation of the selected project is formally documented and communicated through the

project charter and it provides the project manager with the authority to apply organizational resources to begin project activities.

The project charter should be created by the Project Sponsor and Project Manager and issued to all affected organizations in the company to inform them of the start of a project. The distribution of the Project Charter paves the way for inter-organizational cooperation and should minimally take the form of a memo or e-mail from the project sponsor to everyone who will contribute to or be impacted by the project. Further, the project sponsor and project manager should meet directly with managers and key contributors in the affected organizations to obtain their personal support for the project.

Templates for the project charter may be standard to an organization and should include:

- The names of both the project manager and sponsor
- A statement of the overall project purpose and the execution authorization
- Specific management objectives for the project
- An estimated duration of the project
- The priority of the project relative to other organizational initiatives
- The extent of and limits to the project manager's authority and accountability
- A description of known assumptions and constraints, including expected completion time and resources limitations, that may directly effect the project

Substeps

- Complete the Project Charter from the template
- Identify all the stakeholders and organizations potentially affected by the project
- Formally communicate the project authorization in writing or electronically
- Follow-up by meeting with key project stakeholders in person to discuss expectations and concerns

Owner of This Step

- Project Sponsor with the Project Manager

Step 6. Select and brief project planning team

Before you gather the project requirements, you need to select project planning team members. Use the Concept Proposal to identify key individuals who can help you gather requirements and plan the project during the Planning Phase. After initial selection of the project team (further refinement of your needs will take place after the creation of the Project Schedule) hold a kick-off meeting to allow you to introduce team members, discuss the project overview, discuss project roles and responsibilities, and review any documentation created or collected to date. Identify any training needs during the meeting. The training will be scheduled and obtained at a later date.

If time allows, you might want to have team-building exercise such as an icebreaker, especially if the team has never worked together before.

Substeps

- Identify preliminary skills needed for the project from the requirements gathering
- Select initial team
- Hold Project Kick-off Meeting
 - PM reviews use of, and expectations for the project collaboration workspace with the project team
 - PM reviews project roles and responsibilities
 - Review project objectives
 - Identify any training needed

Owner of This Step

- Project Manager

The initiation process group by PMBOK

Processes in the Initiating Process Group are what formally authorize a new project, but they can also occur during transitions from one phase to another in a project. It's very easy for the boundaries between portfolio management and project management to be blurry at this step in the project life cycle. There are likely to be activities going on that center around high-level business objectives, product scope, or requirements, feasibility analysis, and project selection decisions. In practice many of these will involve the project manager or project management team. From the PMBOK's perspective, the project doesn't begin until a project charter is established and it's been formally approved, so another way of looking at the processes in this group are that they're focused on approvals (whether it's at the project level or approval to proceed with phases within a project).

Unlike most other process groups which have many process outputs, the Initiation Process Group has only three -- the project charter, the stakeholder register, and the stakeholder management strategy. The project charter provides a high-level overview of the project and the stakeholder documents identify the stakeholder groups. The stakeholder documents are needed before planning processes begin because stakeholders have to be identified so that they can be included in the planning processes.

Project initiation in an agile approach

Creating project vision; defines W5+ features:

- ***What the project is for – scope outline***

- **Why** the project is being undertaken – business benefits
- **Who** will be undertaking the project and who will be impacted – indentify stakeholders
- **When** the project will occur – schedule outline
- **Where** will the project be done – logistics outline, resources required
- **How** the project will be undertaken – approach outline

Used literature

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