Project Management: Essential Project Planning

Part I of the Project Management Series

By c. myers corporation

Who doesn't want to have the right things done, at the right time, within budget? Nobody. Yet, across all industries, up to 72% of projects fail[1]. A poor project management process is the single largest reason for this high rate of failure, which costs money, wastes time and increases frustration.

Introduction

In today's chaotic environment, it is advantageous for management teams to focus on the key items in their control so they are better prepared to handle the blows from external forces that are likely to persist. One of the key areas over which managements have most control is strategic allocation of human and financial resources (efficiencies and operating expenses). This strategic allocation is critical to the success of daily operations as well as new projects.

Many credit unions are undertaking projects with the intent of bottom line improvement that are failing or adding to expenses due to lack of prioritization, proper scope and execution. The following three actions can improve strategic allocation of human and financial resources, efficiencies, and employee, management and/or member satisfaction.

1. Developing an effective, repeatable project management process.
2. Dissecting key processes and implementing appropriate changes to create sustainable efficiencies.
3. Creating a reliable process for CEOs and senior managements to use to successfully manage a portfolio of projects.

Clearly understanding the project lifecycle is key to accomplishing these three steps.

Project Lifecycle

The five key phases to the project lifecycle are shown below. The focus of this c. notes is on the project planning phase. The other phases, as well as process improvement and project portfolio management, will be addressed in subsequent c. notes.

Project Lifecycle

Initiation	Planning	Execution	Control	Closure
Vision creation	Create scope of the project	Direct & manage project execution	Quality control	Post-implementation review, refinement & audits
Affirm target market, value proposition & competitive advantage	Define & sequence activities	Acquire, develop & manage project team	Acceptance testing/audits	Document lessons learned
Decide strategic initiatives, Bold Steps and qualitative and quantitative measures of success for the enterprise	Estimate resources & duration of activities	Manage stakeholder expectations	Change control process	Contract closeout
	Create budget plan	Product/service development	Prevent scope "creep"	
	Create communication plan	Implementation (prep through installation)	Stay on time & in budget	
			Stakeholder approval of milestones	

[1] *The Chaos Report*, Project Management Institute, April 2009

Poor project management is the direct result of ineffective communication of stakeholder expectations such as, what should and should **not** be done, by whom and by when. Ineffective communication creates a misunderstanding of time commitments and an overextension of resources.

Multiply this by just a few projects that happen in any given year, and the amount of wasted human and financial resources can be significant. Combining the five critical phases, including a disciplined project planning process, is essential to help avoid this waste.

Project Planning

Key components of the project planning phase include creating a communication plan and defining the three constraints of *scope, time,* and *cost* that will control the project. It is best to clearly understand and communicate these constraints, and their respective priority, early in the project planning phase so that specifically sequenced events can be defined and resources (human and financial) more strategically allocated.

Three Constraints

Scope, cost and *time* are almost always in competition with each other and must be balanced appropriately to meet the intended result/objective. Often, one of the three is in the driver's seat; changing the main driver of the project during execution will cause a breakdown in control.

Scope

Scope focuses on the question – *What is the specific desired outcome of this project?* The scope of a project is usually driven by a particular goal or bold step. A few examples are—launch business services, serve the underserved, launch social networking—the list goes on and on. These are great examples of when a clearly defined scope is needed. Key stakeholders will no doubt initially have different ideas as to the end objective. Getting agreement on a clearly defined scope, early on, will help appropriately manage expectations and resources as well as help avoid scope creep.

Time

Time focuses on the question: *How much time do we have to complete this project?* Time bound projects are often related to regulatory changes and compliance. Forced conversions from core processors are also time bound. While all three constraints are very important in compliance and forced conversions, *time* is often the driver with scope not that far behind. If time is not appropriately controlled, an increase in costs and decrease in quality or non-compliance could result. Creating, communicating and achieving stakeholder buy-in to a timeline is critical, as is making sure each stakeholder understands the threats to cost and quality if the timeline is compromised.

Cost

Cost focuses on the question: *How much are we willing to spend on this project?* A few examples include budgeting for rolling out mobile banking, remodeling a branch or redesigning the look and feel of a website. Stakeholders must agree on the financial resources that will be allocated to the project prior to beginning the execution step. Clearly identifying and agreeing on the scope of the project will help in realistic budgeting for the project. If the costs appear to be unacceptable, it is important to reevaluate, and possibly redefine, the scope of the project prior to beginning implementation.

Managing all three constraints in tandem is key to creating and ensuring quality. Clearly agreeing in advance on the role of each constraint will help the project manager in the project planning, execution and control phases.

A few reasons why businesses struggle unnecessarily with project planning:

- Clear objectives are not established between stakeholders as they make the decision to move forward with a project, resulting in miscommunication, confusion and ultimately frustration for those responsible for the project and the stakeholders.
- People don't think project planning is a good use of time.
- A project is planned but in isolation from other projects that often rely on the same resources. This creates resource conflicts, wasting precious time and money.
- People are so anxious to start on a project that they often underestimate the magnitude of the project.
- People feel they are too busy to plan.

- The project seems so monumental that fear or resistance takes over and little more than token progress is made.
- Buy-in at the appropriate levels is not achieved, leading to false starts and intense resistance that serves to undermine the project.

Challenges, such as those above, can be eliminated if the planning phase is honored. This means completing the critical first step of clearly defining the project's scope. Once project management participants receive buy-in on the project's scope, they should minimally:

1. Develop tasks associated with the scope of the project.
2. Prioritize the tasks—*what needs to be done and when?*
3. Estimate times to complete each task—both in total hours and timeframe.
4. Assign qualified resources.
5. Answer the following question: *"Are our plans still within the defined scope? If not, why?"* before beginning implementation.

After this, all parties—from stakeholders to those responsible for implementation—will be in a position to better understand what needs to be done and true buy-in is more likely to occur, increasing the rate of success.

Planning all projects in the above manner and then overlaying them can help everyone understand and manage schedules, costs and resources.

However, events outside of an organization's control do inevitably happen—necessitating a change of plans. As he reflected on the monumental task of planning for the D-Day Invasion, Eisenhower said:

"Plans are nothing; planning is everything."

Because of the advanced preparation that happens in the planning phase, an organization is much better equipped to quickly adjust its resources and schedules and adapt to the changed environment.

Summary

As margins continue to be squeezed and sources of non-interest income continue to be threatened, focusing on improving what is in your control can help mitigate financial pain while making sustainable enhancements to your organization.

If you would like to discuss specific issues that relate to your credit union's project planning process, feel free to contact us at: **800-238-7475**.

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About c. myers

Since the volatile 1980s, c. myers' principals have been providing sound decision information to executives in the financial services industry.

For the last 18 years, hundreds of credit unions, including 25% of those over $100 million in assets and 50% over $1 billion, have found value in our proven and practical approach to addressing emerging and complex business issues.

Other project management phases will be addressed in subsequent c. notes.

Project Management Questions For Credit Unions To Consider:

- What are our decision drivers?
- What is the process we use when defining goals and setting quality objectives?
- What is our process for planning all of our projects?
- How do we decide on and prioritize our projects?
- Is our project status reporting structure accurately reflecting the true state of all our projects?
- Do we seem to have more projects than resources available thus causing gridlock and stress?
- Do projects often take longer or cost more than expected?
- How do we prioritize the workload of scarce resources?
- How do we handle changes to our projects?
- How do we leverage the experience and knowledge from past projects?