Choosing the Right Project



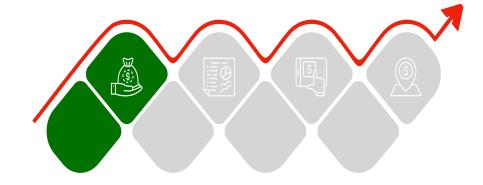
They were doing things right, just not doing the right thing.

Team of Teams
General Stanley McChrystal, Tantum Collins,...

Project Initiation

Doing the right project.

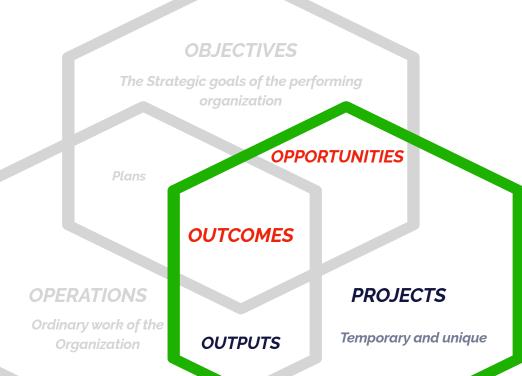
Doing the project right.



Protect your resources and make sure they are properly engaged.

Defining the Opportunity

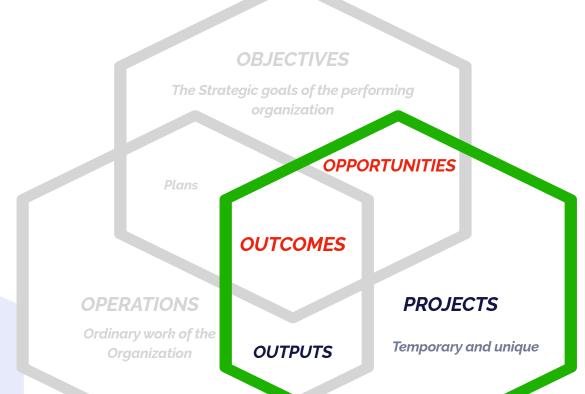
Effective Project Management is about effectively defining the opportunity and how it nests within the strategy and objectives of the performing organization.



Defining the Opportunity

There are 4 ways to easily identify business opportunities:

- 1. Listen to your potential clients and past leads
- 2. Listen to your current customers
- 3. Look at your competitors activities
- 4. Find industry trends and insights.



Levels of Planning

STRATEGIC Plans are made to achieve the vision, mission, goals, and objectives.

TACTICAL Plans are made to effectively perform the basic activities of the business in order to achieve OPERATIONAL objectives.



How It Works with Projects

WHAT we do (tactical efforts) leads to HOW (operational successes) we meet our WHY (strategic vision).



Innovators have to be open. They have to be able to imagine things that others cannot and to be willing to challenge their own preconceptions. They also need to be conscientious. An innovator who has brilliant ideas but lacks the discipline and persistence to carry them out is merely a dreamer.

David and Goliath: Underdogs, Misfits, and ...

Malcolm Gladwell

Initiation Process



Define the Opportunity

What outcomes do we want?



The Idea or Opportunity



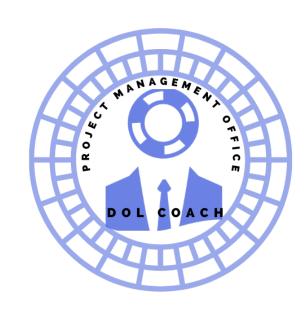
Project Ideation

Effective Project Ideation should discuss (at a minimum):

the "why" for the idea and what the idea MUST, MIGHT and WONT do

a rough idea of the money, time and team required to successfully complete the idea

the urgency and next steps being sought.



The DOL PMO Ideation Form

https://dolcoach.com/pmo/ideation/

THE		Submitted	By:	
IDEA:		DATE		
		NAME		
THE		EMAIL		
WHY: THIS IDEA:		SUPF	ORTING	G INFORMATION
M U	THIS WILL COST:			
S T	CURRENTLY ALLOCATE	D MONEY FOR THI	ıs:	
	THIS WILL TAKE:			
M I	THIS SHOULD START:			
G H	тне теам:			
Т	WE'VE DONE THIS:			
W O	I'M ASKING FOR:			
N ·				
Т	REQUEST URGENCY:			

The Project Concept Canvas (PCC)



What is the opportunity?	<u></u>	Why does it mat	tter?
MUST	MIGHT	WON'T	_
OUR SOLUTION			
When do we need it?		Who we	ants it?
	THE PROJECT CONCEPT		
It will take at least this long And no more than this long	CANVAS	If approved: Our client is:	Other people endorsing
COST ESTIMATE AND BUDGET	:	CHARTER AND	O NEXT STEPS
	APPROVAL:		
It will cost at least And no more than Currently allocated for project		Project Mana	ger Assigned
PROJECT MANAGEMENT	Authorized (\$)	Authorized (Time)	Approved by:

	What is th	e opportunity?		Why does it mat	ter?
	Current vs	Ideal State	Link to t	Link to the strategic objectives of the organization po	
	٨	<i>IUST</i>	MIGHT	WON'T	
OUR SOLUTION		OMES / BENEFITS for project success?	nat OUTCOMES / BENEFITS would be nice to have?	What is out of S	SCOPE?
	When do w	e need it?		Who we	ants it?
			THE PROJECT CONCEPT CANVAS		
It will take at l	east this long	And no more than this long		If approved: Our client is:	Other people endorsing
	COST ESTIMAT	TE AND BUDGET	 	CHARTER AND	O NEXT STEPS
			APPROVAL:		
It will cost at leas	st And no more the	an Currently allocated for project	: : :	Project Mana	ger Assigned
	PRO	UTE OF JECT JAGEMENT			
	MAN	NAGEMEN I	Authorized (\$)	Authorized (Time)	Approved by:

What is the opportunity? Why does it matter? Scott wants to have a party recognizing and Morale. Recognition. Maintenance of a positive culture. rewarding high performing project managers (Because Scott is intent on doing it) in the company **MUST WON'T MIGHT** 1: Help recruit for project teams 1: Honor the outcomes of the projects 1: Be advertised to external orgs **OUR** 2: Allow DOLC to grow into new areas 2: Be hosted in our offices we've completed 3: Be a team building event and help 3: Honor or reward non-project **SOLUTION** 2: Show our PMs we value them our culture managers 3: Be fun When do we need it? Who wants it? THE **PROJECT** Angus P, Vince H, Sam A 7 weeks The DOL (Internal) Team 4 weeks **CONCEPT** Cinda D, David C **CANVAS** It will take at least this long And no more than this long If approved: Our client is: Other people endorsing COST ESTIMATE AND BUDGET CHARTER AND NEXT STEPS APPROVAL: \$5,000 \$10,000 \$0 It will cost at least And no more than Currently allocated for project Project Manager Assigned

Authorized (\$)

Authorized (Time)

Approved by:

Requirements Analysis

Confirming the project initiation is in sync with Project Stakeholder's expectations







The Project Profile Tool

Editable methodology used to determine organizational risk for a project.

	Project Profile Tool		
Project name:	Scott's Party		
	Use the dropdown menus to select the relevant risks		
	Greater than 15% of program budget		
Project cost	±25% confidence in cost estimate		
	Expected costs are partially allowed for in the annual budget or financed by the client		
	The project can be delivered in less than 3 months		
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	The project must be delivered on or by a fixed date		
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	Project delivery will noticeably impact several departments in our organization		
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	Project outcomes will fulfil one (1) strategic objective of our organization		
Project stakeholders	The project can be fully delivered by our current staff		
	The project is only of internal interest to our organization		
THIS PROJECT IS	MEDIUM RISK		

Initiation Process



Define the Opportunity

What outcomes do we want?

The Idea or Opportunity

!!??

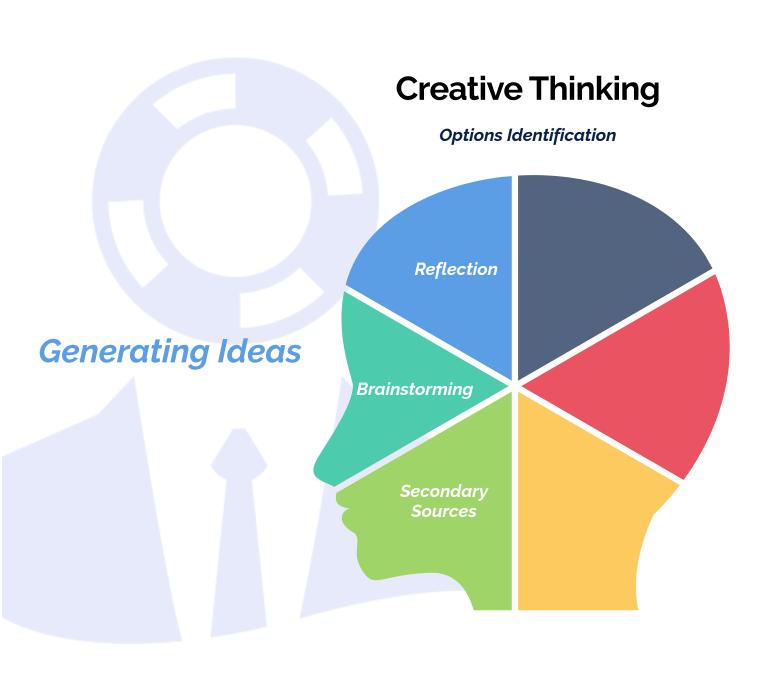
Options Analysis

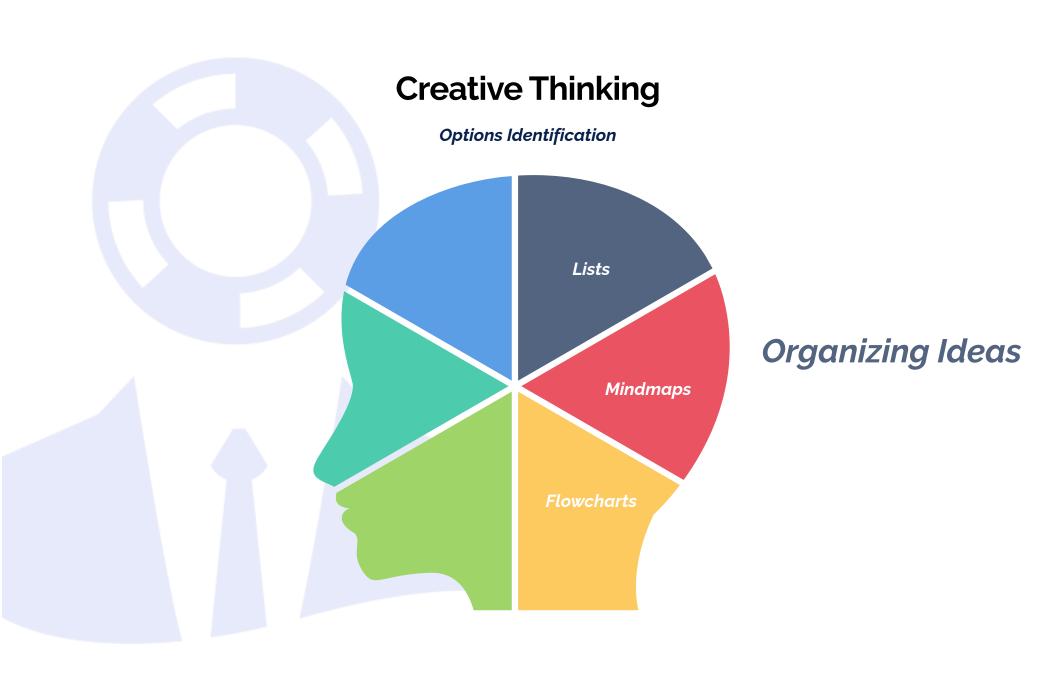
What are our options?

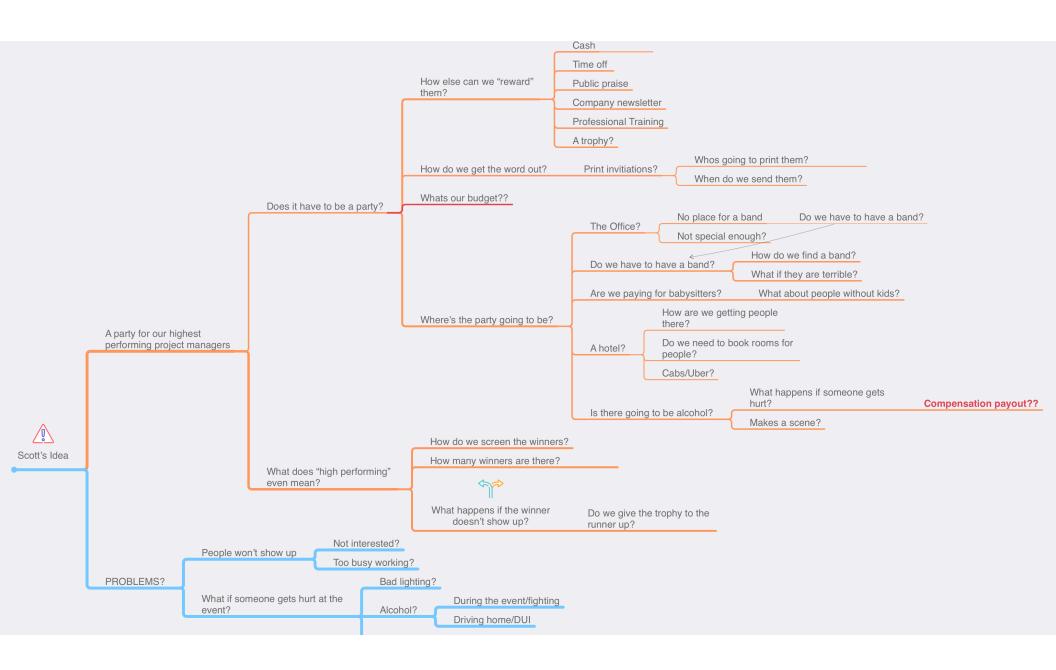


OPTIONS

10-100+







Initiation Process



Define the Opportunity

What outcomes do we want?

Options Analysis

What are our options?

Feasibility

What are our best options?



The Idea or Opportunity !!??



OPTIONS

10-100+



FEASIBILITY

Creative - Critical Thinking

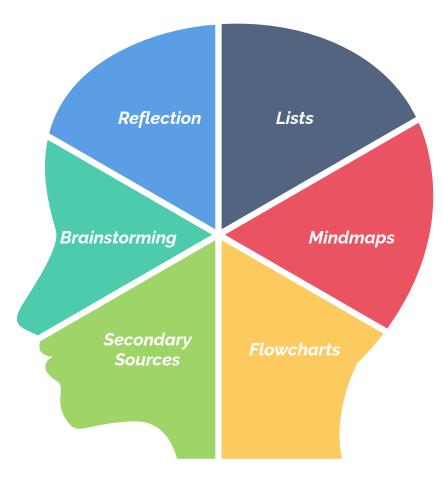
Options Analysis

Threshold feasibility

Is this something people want?

Is this something we can do/allowed to do?

Is this something we can afford?



Relative Feasibility

Questions to ask...

Do people want Option A more than Option

B?

Is it easier for us to produce Option A than

B?

Is Option A more affordable than Option B?

Other methods to use...
Pros and cons lists
Multi Criteria Analysis (MCA)
SWOT analysis





SWOT Analysis

STRENGTHS

- Internal resources
- Things your company does well
- Assets
- Market Differentiators

OPPORTUNITIES

- Underserved markets for products
- Few competitors in your market
- Emerging need for your products
- Press and media coverage

WEAKNESSES

- Your competitor strengths
- Things your company lacks
- Resource Limitations
- Unclear selling proposition

THREATS

- Emerging competitors
- Changing regulatory environment
- Negative press / media coverage
- Changing customer attitudes about your product

INTERNAL FACTORS

EXTERNAL FACTORS

POSITIVE

NEGATIVE

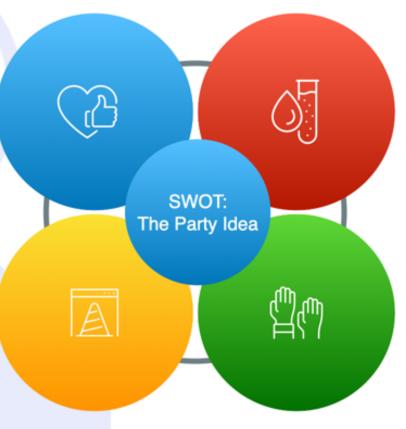
SWOT: The Party

STRENGTH

- · We have a solid team of high performers
- This will allow us to show everyone how good we are at what we do

THREAT

- Those not chosen as award winners may feel resentment
- If things get out of hand, there may be gossip and rumors abounding post-party



WEAKNESS

- We aren't great at planning parties, this is new to us.
- We can't recognize everyone selection of winners will be difficult

OPPORTUNITY

- Great chance to build the team and engage everyone - fostering our culture.
- We can show our external clients the culture and how we value our team.





Constraints and Desires Drive the MCA

Feasibility: Can we pull this off?

Project Costs: Are we constrained by what we can spend?

Net Financial Impacts: How much profit are we expecting?

Organizational Impacts: What does this project cost us in finances, people or time?

Other Impacts: Is it a win or loss somewhere else (socials, marketing, etc)

Organizational Risk: How much failure are we tolerating?

Multi-Criteria Analysis		
CRITERIA	WEIGHT	
Feasibility	1	
Project Costs	3	
Net Financial Impacts	2	
Organizational Impacts	2	
Other Impacts	1	
Organizational Risk	1	

Initiation Process



Define the Opportunity

What outcomes do we want?

Options Analysis

What are our options?

Feasibility

What are our best options?

Business Case

Do Something vs Do Nothing



Business Case

For each option (including do nothing):

What are the project (output) costs?

What will our on-going, operating (outcome) costs be?

What other (non-financial) impacts can we expect?

What are the risks to our organization?

Which is the best / recommended option?



Estimating Project (Output) Costs

Analogous method

Statistical methods

Mean, median, mode PERT three-point estimates *Pro rata* (parametric)

Other methods

External Agent Expert Panels Ad-hoc Panels



Analogous Method

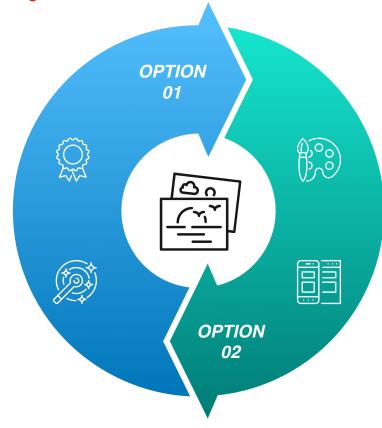
How much did a similar project cost?

The process of estimating past projects with current projects to establish the TIME and COST

Best when there is limited data on the current project. The more data you have the better the comparison will be.

We also do this on a personal level for:

Housing
Cars
Restaurants (***)
Vacations
And more...



Mean, Median and Mode

The team talked with a party planner to get some ranges of costs for parties similar to what Scott wants to create.

They give the team the following 10 historical costs of previous parties:

\$4,500 \$5,750 \$7,600 \$12,500 \$5,000 \$7,600 \$8,000 \$7,600 \$5,500 \$10,400



Mean, Median and Mode

Mean (average): \$7,445

Median (middle): \$7,600

Mode (most often repeated):

\$7,600

Range: \$8,000 (difference of

12500-4500)

Also of interest:

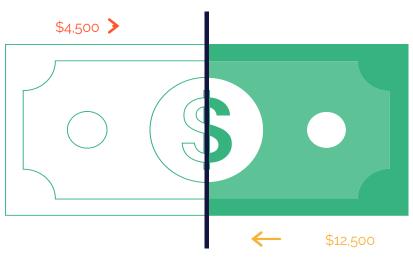
Highest historical cost:

\$12,500

Lowest historical cost:

\$4,500





Original

L-> H

PERT (Program Evaluation and Review Technique)

Three data points used are:

Most likely (M)

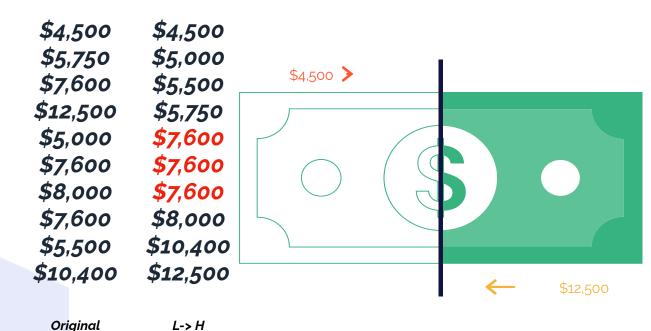
The cost/duration of the activity, based on a realistic effort assessment for the required work and any predicted expenses.

Optimistic (0)

The activity cost/duration based on an analysis of the best-case scenario for the activity.

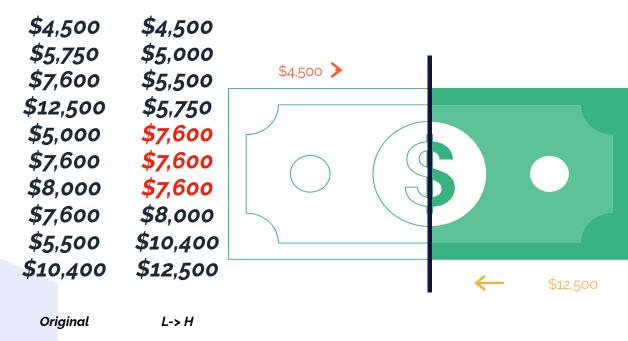
Pessimistic (P)

The activity cost/duration based on an analysis of the worst-case scenario for the activity.



PERT = (Optimistic + (4 X Most Likely) + Pessimistic) / 6

PERT (Program Evaluation and Review Technique)



Mean: \$7,445 Median: \$7,600 Mode: \$7,600 Range: \$8,000

Highest historical cost: \$12,500 Lowest historical cost: \$4,500

PERT (Program Evaluation and Review Technique)

PERT = (Optimistic + (4 X Most Likely) + Pessimistic)/6

Most	Likal	, /NA\.	¢7600
MOSL	uket	y (1417.	\$7,600

Optimistic(O): \$4,500

Pessimistic(P): \$12,500

\$4,500	\$4,500
\$5,750	\$5,000
\$7,600	\$5,500
\$12,500	<i>\$5,750</i>
\$5,000	<i>\$7,600</i>
\$7,600	<i>\$7,600</i>
\$8,000	\$7,600
\$7,600	\$8,000
\$5,500	\$10,400
\$10,400	\$12,500

L-> H

Original

Parametric Method

More accurate estimate for cost and duration

Uses the relationship between variables to calculate cost or duration.

Example:

It took 2 hours to paint one wall previously.

If I have to estimate how long it would take to paint 4 walls - we could estimate it would take 8 hours.

Note:

Does NOT account for learning or productivity increases.

Operating Outcome Costs (On Going)

Also know as operating expenses (OPEX)

Costs required for the maintenance and administration of your business.

A primary piece of OPEX is Cost of Good Sold (COGS) but will

also consider:

- Infrastructure
 - Rent
 - Power
 - Telecoms
 - Water
- Labor and materials
- Routine maintenance
- Interfaces and licenses
- Compliance and insurance

Project name:		
OPTION 1:	<title></th><th></th></tr></tbody></table></title>	

		\$ Amount
	Capital	
	Materials	
	Labor	
OUTPUT COSTS	Contractors / Consultants	
	Transfers	
	Other	
	TOTAL	

Cost of Goods Sold (COGS)

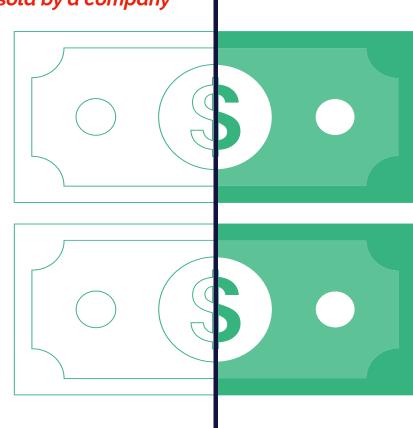
The direct costs of producing the goods sold by a company

Includes all of the costs and expenses directly related to the production of goods.

Excludes indirect costs such as overhead and sales & marketing.

Is deducted from revenues (sales) in order to calculate gross profit and gross margin. (Higher COGS results in lower margins.)

COGS differs from operating expenses (OPEX) in that OPEX includes expenditures that are not directly tied to the production of goods or services.



Operating Outcome Costs (Occasional)

New hires and recruiting
New user training
Major repairs
Upgrades
Decommissioning

Put together - your on-going and occasional costs are better known as the Total Cost of Ownership (TCO)



Understanding the Net Financial Impact

Post-project revenue *less* ownership (outcome) costs

Profit / Loss (P&L Statement)

Annualize - if possible - to enable comparison

What is the useful life of each Option?

This is especially important on multi-year projects in which you have to show the Return on Investment (ROI)

on		AMOUNT	OVER # YEARS
NET FINANCIAL INADACT	Revenue less ownership costs (this is a negative number) NET FINANCIAL IMPACT		
NET FINANCIAL IMPACT	Best Case (+20% revenue / -20% costs) Worst Case (-20% revenue / +20% costs)		

Cost Benefit Analysis

For Project Benefits Ask:

What value will the project create?

How much money could this project save the organization?

How much money will the project bring us from customers?

How much time will it save us?

For Project Costs Ask:

How much time will our people commit to the project to ensure success?

What are the one-time costs?

What are the ongoing costs?

Are there any long-term costs?



SUNK COST

Research and Development, Tooling, Equipment, Evaluation, Bid and Award, Supplier Certification

OVERHEAD COST

Working Capital, Internal Support, Quality, Incoming Inspection, Interest Expense, Prototyping, Order Processing, Accounts Receivable, Engineering Build, Process Validation, Licensing, Vendor Tracking, Storage and Distribution, Inventory Management

PURCHASE COST

Purchase Price, Shipping, Packaging, Duties, Tariffs, Taxes, Supplier Profit

UTILIZATION COST

Installation, Labor and Benefits, Training, Operating, Supplies and Consumables

Performance, Maintenance, Labor, Spoilage, Learning Curve, Regulatory, Environmental, Obsolescence, Upgrade, Efficiency

LIFE CYCLE COST

Spare Parts, Service, Disposal, Warranty

SUNK COST

Research and Development, Tooling, Equipment, Evaluation, Bid and Award, Supplier Certification

SUNK COST

OVERHEAD COST

Research and Development, Tooling, Equipment, Evaluation, Bid and Award, Supplier Certification

Working Capital, Internal Support, Quality, Incoming Inspection, Interest Expense, Prototyping, Order Processing, Accounts Receivable, Engineering Build, Process Validation, Licensing, Vendor Tracking, Storage and Distribution, Inventory Management

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Performance, Maintenance, Labor, Spoilage, Learning Curve, Regulatory, Environmental, Obsolescence, Upgrade, Efficiency

LIFE CYCLE COST

Spare Parts, Service, Disposal, Warranty



Know the numbers and how they will impact your project!

Remember the Net Financial Impact

Post-project revenue *less* ownership (outcome) costs

Profit / Loss (P&L Statement)

Annualize - if possible - to enable comparisor

What is the useful life of each Option?

This is especially important on multi-year projects in which you have to show the Return on Investment (ROI)

son		AMOUNT	OVER # YEARS
	Revenue less ownership costs (this is a negative number)		
NET FINANCIAL IMPACT	NET FINANCIAL IMPACT		
	Best Case (+20% revenue / -20% costs) Worst Case (-20% revenue / +20% costs)		

Begging forgiveness instead of asking permission?

Know what you NEED - not what you WANT

A new car costs \$20,000 to purchase and \$5,000 per year to operate

A second-hand car costs \$5,000 to purchase and \$10,000 per year to operate

Which is the better option over two (2) years? Which is the better option over four (4) years?



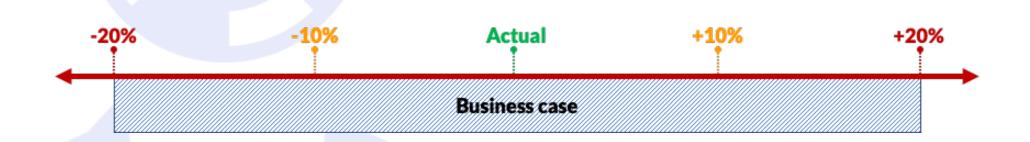
New Vs Used

Two (2) years	Project	Operating	тсо
New car	\$20,000	\$10,000	\$30,000
Second-hand	\$5,000	\$20,000	\$25,000
Four (4) years	Project	Operating	тсо
Four (4) years New car	Project \$20,000	Operating \$20,000	TCO \$40,000

Thomas Edison said it pretty well:
"Opportunity is missed by most people because it is dressed in overalls and looks like work."

Thou Shall Prosper
Daniel Lapin

Accuracy in the Business Case



Other Impacts (Intangibles)

Who is impacted?

- Our organization
- Our clients
- The community
- The environment



Use non-financial metrics to baseline and measure...

Improved Productivity	Clients Served	Widgets Produced	Project variances
Customer Satisfaction	Customer retention	Satisfaction Score	Net favorable social media mentions
Employee Health and Safety	Safety incidents	Near Misses	Sick days
Corporate Culture	Diversity Metrics	360 feedback	Staff Turnover
Environmental Impact	Carbon footprint	Energy Consumption	Waste Output





The Project Profile Tool

Your approach to the project depends on the RISK to the organization through undertaking it.

	Project Profile Tool				
Project name:	Scott's Party				
	Use the dropdown menus to select the relevant risks				
	Greater than 15% of program budget				
Project cost	±25% confidence in cost estimate				
	Expected costs are partially allowed for in the annual budget or financed by the client				
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Project stakeholders	The project is only of internal interest to our organization				
THIS PROJECT IS	MEDIUM RISK				

Multi-Criteria Analysis The MCA



Multi-Criteria Analysis (MCA)

Used to compare options across common criteria

Criteria should be clearly defined by the organization and can be weighted in line with organizational priorities.

Assign standard scores to each option for each criterion

Multi-Criteria Analysis		Option o	Do Nothing	Option 1:		
CRITERIA	WEIGHT	RATING SCORE		RATING	SCORE	
Feasibility						
Project Costs						
Net Financial Impacts						
Organizational Impacts						
Other Impacts						
Organizational Risk						
	Score:					

The best overall score wins

Weight and Rating are always on a scale of 1-5

Conclusion via the MCA (unweighted)

Multi-Criteri	ia Analysis		ider, CEO NG OPTION	Otis McGregor (Cost: \$5,000)			
CRITERIA	WEIGHT	RATING	SCORE	RATING	SCORE	RATING	SCORE
Feasibility	XX	5		3		1	
Project Costs	XX	5		3		1	
Net Financial Impacts	XX	1		3		4	
Organizational Impacts	XX	1		3		3	
Other Impacts	XX	1		3		4	
Organizational Risk	xx	1		2		2	
	Score:						

Conclusion via the MCA (unweighted)

Multi-Criter	Multi-Criteria Analysis				Scott Kinder, CEO DO NOTHING OPTION					
CRITERIA	WEIGHT	RATING	SCORE	RATING	SCORE	RATING	SCORE			
Feasibility	xx	5	5	3	3	1	1			
Project Costs	XX	5	5	3	3	1	1			
Net Financial Impacts	XX	1	1	3	3	4	4			
Organizational Impacts	XX	1	1	3	3	3	3			
Other Impacts	xx	1	1	3	3	4	4			
Organizational Risk	xx	1	1	2	2	2	2			
	Score:		14		17		15			

Weighted vs Unweighted

Proves you've taken into account all organizational desires and constraints when putting together the MCA.

Weights should NEVER be hidden.

Multi-Criteria Analysis		Option o	Do Nothing	Option 1:	
CRITERIA	WEIGHT	RATING SCORE		RATING	SCORE
Feasibility					
Project Costs					
Net Financial Impacts					
Organizational Impacts					
Other Impacts					
Organizational Risk					
	Score:				

Weight and Rating are always on a scale of 1-5

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Authorized (\$)

Authorized (Time)

Approved by:

Conclusion via the MCA (weighted)

Multi-Criter	ia Analysis		ider, CEO NG OPTION	Otis McGregor (Cost: \$5,000)			
CRITERIA	WEIGHT	RATING	SCORE	RATING	SCORE	RATING	SCORE
Feasibility	1	5		3		1	
Project Costs	3	5		3		1	
Net Financial Impacts	2	1		3		4	
Organizational Impacts	2	1		3		3	
Other Impacts	1	1		3		4	
Organizational Risk	1	1		2		2	
	Score:						

Conclusion via the MCA (weighted)

Multi-Criteria Analysis		Scott Kinder, CEO DO NOTHING OPTION		Otis McGregor (Cost: \$5,000)		Brene Brown (Cost: \$25,000)	
CRITERIA	WEIGHT	RATING	SCORE	RATING	SCORE	RATING	SCORE
Feasibility	1	5	5	3	3	1	1
Project Costs	3	5	15	3	9	1	3
Net Financial Impacts	2	1	2	3	6	4	8
Organizational Impacts	2	1	2	3	6	3	6
Other Impacts	1	1	1	3	3	4	4
Organizational Risk	1	1	1	2	2	2	2
	Score:						

Conclusion via the MCA (weighted)

Multi-Criteria Analysis		Scott Kinder, CEO DO NOTHING OPTION		Otis McGregor (Cost: \$5,000)		Brene Brown (Cost: \$25,000)	
CRITERIA	WEIGHT	RATING	SCORE	RATING	SCORE	RATING	SCORE
Feasibility	1	5	5	3	3	1	1
Project Costs	3	5	15	3	9	1	3
Net Financial Impacts	2	1	2	3	6	4	8
Organizational Impacts	2	1	2	3	6	3	6
Other Impacts	1	1	1	3	3	4	4
Organizational Risk	1	1	1	2	2	2	2
	Score:		26		29		24

When the MCA Doesn't Have Your Back...

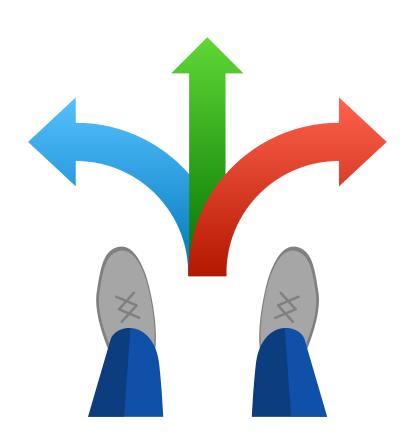
Questions to ask:

Have you chosen the right criteria?

Are your estimates and MCA scores reliable?

Are some criteria more important than others?

Justify an alternate recommendation



Do NOT rig the scores.

Initiation Process



Define the Opportunity

What outcomes do we want?

Options Analysis

What are our options?

Feasibility

What are our best options?

Business Case

Do Something vs Do Nothing

Recommend the project

Authorize Project Planning



Recommending a Project









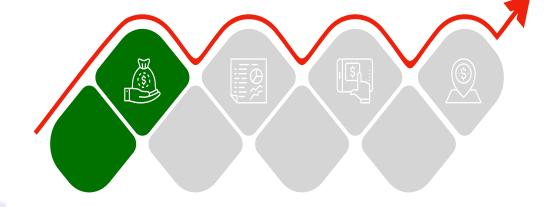


Recommending a Project

Be specific as to the next steps.

Don't leave the project manager guessing as to documents required and outcomes.

Give a way out if assumptions don't show true during early planning stages.



Example Recommendation

It is recommended that detailed planning commence on Option 1 (Do it ourselves)

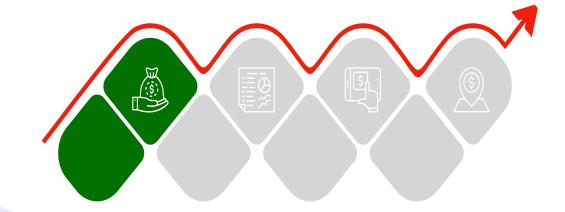
Present plan for approval in two (2) weeks' time which will include

- Work Breakdown Structure (WBS)
- Schedule
- Budget
- Stakeholder Register Risk registers

We will review the business case and consult leadership on identified risks.

We recommend:

- a suitable project manager to be named
- Allocated planning budget of \$1,500



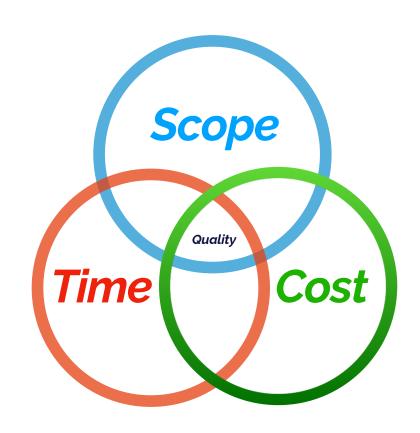
Other Recommendation Detail

Planning Constraints:

Time Cost Scope People

Critical Success Factors:

Resource availability (namely PEOPLE)
Other project dependencies
Key stakeholder relationships
Known project RISKS

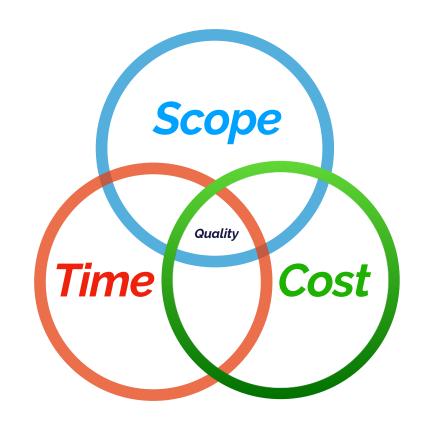


The Project Charter

Done via approval of the Project Concept Canvas

Authorizes project planning
The project plan authorizes project
delivery

Stipulates high-level project constraints
Scope requirements
Target milestones (schedule)
Expected budget range



What is the opportunity?

Scott wants to have a party recognizing and rewarding high performing project managers in the company

Why does it matter?

Morale. Recognition. Maintenance of a positive culture. (Because Scott is intent on doing it)

MUST

OUR SOLUTION

1: Honor the outcomes of the projects we've completed 2: Show our PMs we value them 3: Be fun

MIGHT

1: Help recruit for project teams 2: Allow DOLC to grow into new areas 3: Be a team building event and help our culture

WON'T

1: Be advertised to external orgs 2: Be hosted in our offices 3: Honor or reward non-project managers

When do we need it?

4 weeks

7 weeks

It will take at least this long

And no more than this long

THE **PROJECT CONCEPT**

CANVAS

The DOL (Internal) Team

Angus P, Vince H, Sam A Cinda D, David C

Other people endorsing

COST ESTIMATE AND BUDGET

\$5,000

\$10,000

\$0

It will cost at least And no more than Currently allocated for project

APPROVAL:

Angus Peacock, CPD

Project Manager Assigned

\$1,500

2 weeks

Scott Kinder Scott Kinder, CEO

Authorized (\$)

Authorized (Time)

Approved by:

Who wants it?

If approved: Our client is:

CHARTER AND NEXT STEPS

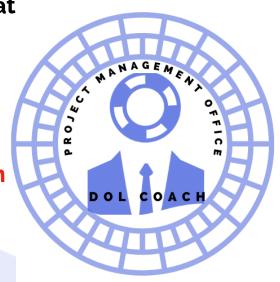
Project Authorization

Project Authorization should discuss (at a minimum):

Considerations for Scope, Time, Cost and PEOPLE

Expected supporting documentation

Time and money authorized for exploring the idea.





The DOL PMO Authorization Form

https://dolcoach.com/pmo/authorization/

No business plan survives first contact with customers.

The Personal MBA Josh Kaufman



- Initiating projects correctly is a
- major determining factor in project success
- Key tools include: MCA, Risk Profile
 Tool, PCC, Business Cases and
 SWOT
- Understanding the Total Cost of
- Ownership (TCO) for projects you undertake is key.

