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Contracts

Virtually all projects are governed by a legally binding contract, especially large-scale projects with substantial budgets that involve a number of stakeholders such as government contracts and private building projects. To formalise the contract, it must be signed and dated by both parties once the conditions are agreed.

A contract might include the following details:

- Responsibilities of all parties
- Lines of reporting and accountability
- Project goal or goals
- Fees, payment and budget
- Specific clauses outlining terms and conditions
- Milestones and time lines
- Required standards
- Specific clauses relating to the project

Memorandums of understanding

A memorandum of understanding (MOU) is a simplified form of contract that outlines the conditions and parameters of a project. An MOU generally defines the broad principles and guidelines for the working arrangement between parties, so everyone understands specific responsibilities. As with a contract, it is only signed when everyone concerned agrees with all the conditions.

Your organisation and others you deal with may have specific styles of MOUs and variations on the information required within them. It is important at the time of drawing up the agreement that both parties decide whether they wish the document to be legally binding or not. Unless stated otherwise, there is a strong presumption in commercial agreements that the parties intend it to be binding.

Example: project planning checklist

The following is an example of a checklist you could use before commencing a project to help you define what the project is about, who is involved, what its objectives are and what will be involved once the project is underway.

Project planning checklist

- ☐ Collect all available project information and documentation, including its purpose, how the need for it arose, who was involved in scoping the project and so on.
- ☐ Explain the link between the organisation's goals and the reason for the project – why are you doing this?
- ☐ Create some quick-reference pages that include a contact table, a time line showing key dates and other important information such as budget details.
- ☐ Find out who you can ask questions of, both prior to the project's start and during the project.
- ☐ Establish who you report to and how the relationship will work on a day-to-day basis.
- ☐ Clarify what is expected of you as project manager and what specific responsibilities you have during the course of the project.
- ☐ Understand the decisions you are authorised to make and the level of expenditure you can approve.
- ☐ Find out what processes to follow when you need to refer decisions or budgetary sign-offs to others.
- ☐ Create a list of all project stakeholders as well as people you think would benefit from receiving project updates.
- ☐ Investigate stakeholders' expectations regarding information and regular reports; that is, expected level of detail, format, frequency and delivery.
- ☐ Use reporting templates or copy the style and format of reports that meet with the approval of stakeholders – use the same format and delivery method for regular reports.
- ☐ Match available resources with your estimation of necessary resources – address any discrepancies as early as possible.
- ☐ Determine whether other current or planned projects will affect your own project and investigate how your work may influence or be influenced by other projects.
- ☐ Determine whether you can share resources, ideas, tools or templates with other projects.
- ☐ Understand how to access available resources.
- ☐ Check that you have considered, and are complying with, any relevant legislation.

1C

Clarify project issues and parameters

The project plan must be as complete and accurate as possible. This means you must seek clarification on any of the project specifications where doubt still remains, particularly issues involving time lines, resources and costs. Projects fail (at least in some part) when these constraints are breached. If the breach is due to a lack of clear information, the author of the project plan, usually the project manager, is at fault.

There are key questions that will help you determine what information you need so you can understand what a project is about. You may find some of these questions are unanswerable in early stages of the project. However, endeavour to source as much data as you can, as early as possible, so you can develop what is known as a scope statement. The scope statement includes the answers to these questions in a concise document that defines the overall project.

Questions about the project that need to be answered:

- What outcomes are expected of this project?
- How do the expected outcomes relate/link in with our organisation's broader goals?
- How does my team relate to the project? What skills, experiences and knowledge does my team have that will help the project be a success?
- Who is the project sponsor?
- What is the scope of the project?
- Who has approved this project and allocated funds to it?
- Do I have a copy of the business case or other proposal that was presented to this individual or these people that shows the basis for their decision to approve and fund the project?
- Why has this project been chosen in comparison to other possible ways of meeting the need that was identified?
- Has a project plan been developed? If not, have phases or key deliverables been identified?
- What is the time frame within which the project must be completed?
- What resources have been allocated to the project?
- Have I been provided with a contract for the position of project manager? If not, what are the terms of my responsibilities?
- Will I have certain time allocated to spending on the project; am I completing the project as part of my usual duties; is the project something I will work exclusively on instead of my usual duties?
- Does the project have to meet any specified quality standards? If so, what are they?
- What are the project sponsor's and/or my own manager's expectations in relation to reporting on project outcomes and deliverables?
- Does other documentation exist that will help me understand the project and my role? How do I access this documentation?

1D

Identify your responsibilities

At the outset of the project, you should review and gather information from a variety of stakeholders about your role as project manager, the limits of your responsibilities, your level of authority in this position and the reporting requirements they have of you and other participants in the project. Who you contact and how many of these people you need to consult with depends on the complexity and nature of the project. Clarify any conflicting information with your direct supervisor (such as the project sponsor, program manager, client or owner).

People that you are likely to consult with may include:

- the project sponsor
- your own supervisor
- other project stakeholders
- specialist managers within the organisation.

Your management responsibilities

Some questions you can ask yourself when clarifying your management responsibilities within the project, are shown below.

Reporting

- Who do I report to?
- Do project staff report to me if they are on secondment from their usual jobs?

Decision-making

- What decision-making authority do I have?
- What types of decisions do I need to pass on to others or get approval from others for?

Responsibilities

- Am I solely responsible for delivering on all project outcomes, on time and on budget?
- Are others responsible? If so, who are they?

Types of resources required

The following details the resource categories typically used in workplace projects.

Human resources



- Personnel may be full-time, part-time, contract-based, casual, assigned to the project from other roles within the organisation, hired only to work on the project, or working on the project in addition to their usual duties.

Technology and information



- Technological issues involve data and systems integration, security, storage and input/output devices. Reporting requirements and support functions fall under this category

Raw materials



- Raw materials are used when working on a project that involves developing, testing or otherwise working with products your organisation produces. Knowing the quantity to order for a project is crucial.

Working capital



- The cost of all individual resources should be calculated to estimate the costs of the entire project. Many people forget to factor in people's time.

Part B

Read the case study, and then answer the questions that follow.

Case study

Alexis is the production manager at Red, a magazine publishing company. Red publishes 10 different magazines, some quarterly, and some monthly. The publications are undertaken on a contract basis for large organisations, government departments and associations. The company has 36 permanent employees including production staff, editors and writers, marketing, sales, advertising and support staff. Alexis's production team of eight includes graphic designers, production coordinators and support staff who also work as proofreaders. She has been the Production Manager at Red for six years. Alexis, Meg, Byron, Sandra, Bob and Stella all report to the Managing Director, Nick.

Other key employees include:

- Meg, company accountant: Meg has a team of three accounts staff reporting to her and who also look after procurement.
- Byron, sales manager: Byron's team includes three advertising sales staff, two marketing coordinators and three account managers. All contact with clients is managed via Byron's team, which also handles any customer service queries.
- Sandra, editorial manager: Sandra's team of six includes three editors and two staff writers. Sandra and another of her team also manage the company's quality program, which is an internationally recognised quality accreditation. She also uses a large number of freelance writing staff.
- Bob, IT Manager: Bob and his assistant manage the company's IT needs.
- Stella, office manager: Stella is also Nick's personal assistant and supervises two staff who share general office support and reception duties. Stella and her team look after any compliance-related issues, such as workplace safety procedures, and they also manage the content of the company's intranet site.

Alexis attends a meeting with Nick, who informs her that Red has outgrown its original offices and is moving to a new location, close by but larger, newer and more appropriate to the company's needs. He tells Alexis he would like her to be the project manager for the move and wants her to ensure the move occurs with minimal disruption to employees, suppliers and customers. The only other person who knows about the move at this stage is Meg, the company accountant.

Nick gives Alexis the address of the new office, a floor plan and a draft budget Meg has prepared. Meg has made a few notes and sourced a few prices for items she believes will be the most expensive, such as the office fit-out. Nick says the lease on the current premises ends in two months and that the new office is available next week. He asks Alexis to consider the information and let him know the next day if she would like to do it. He says Alexis would take on the project in addition to her regular duties, but some of her duties could be assigned to other senior members of her team. Alexis thinks about it that night, and decides to take on the project. The work will be good experience and may lead to other interesting projects within Red.

Meg's budget and project notes reveal that Alexis will be the only staff member assigned to the project, and that she has a budget of \$120,000 to cover moving costs, office fit-out, additional IT hardware, new stationery and the costs of communicating Red's new address via a mail-out to clients and suppliers. Alexis notes that some of Meg's indicative costs are very rough and need to be researched thoroughly before the project budget can be finalised. Alexis tells Nick she will take on the role of project manager. He says, 'Congratulations – I'm sure you'll do a great job. I'll send an email to all staff this morning letting them know we're moving to better premises soon and you will be managing the project. I'll ask everyone to keep it to themselves for the time being, but it's up to you to manage the rest'.

- a project scope that details what needs to be done and how it should be done
- who is responsible for completing each task
- a risk analysis
- the resources required to complete project tasks
- the standard (or quality) of work required for each task
- the list of assumptions made prior to starting the project
- a revision history and sign-off section
- relevant legislative requirements
- the relationship between tasks.

Break down the costs

A work breakdown schedule is the format used to display a breakdown of a project's individual tasks. It usually takes the form of a table that lists every task required to complete the project, the resource (person) responsible for completing the task, and the timing for the completion (start, finish and/or duration). Each task is assigned a number for reference throughout the project. For complex, large projects, this numbering system can involve specific codes, sub-category numbering and number trees (for example, 1, 1.1, 1.1.1 and so on).

For simple projects, tasks are usually just numbered in order from 1 to the final numbered task. The relationship between tasks must be considered so a logical order of work can be planned.

If other teams, individuals or specialists are going to provide services to the project, you need to consult with them so your estimates of time and resource needs are accurate. You need to confirm how long a task will take, the resources required and what needs to occur for the task to begin; that is, what dependencies exist between resources and timing.

Establish realistic time lines

Once you have identified in detail what needs to be done, you need to assign realistic time lines to each task. This enables you to determine how long the major activities will take. You may need to base some time lines on estimates or previous experience. Below are some items you may need to consider when planning your time.

Consider lag time

Always add a little extra time to the plan to allow for delays or lag time. Lag time is the time from the end of one activity before the next one can be started; for example, you need to allow paint to dry before applying the next coat. Delays are caused by problems such as a supplier unexpectedly closing their store for a day, equipment breakdown, sickness or other factors.

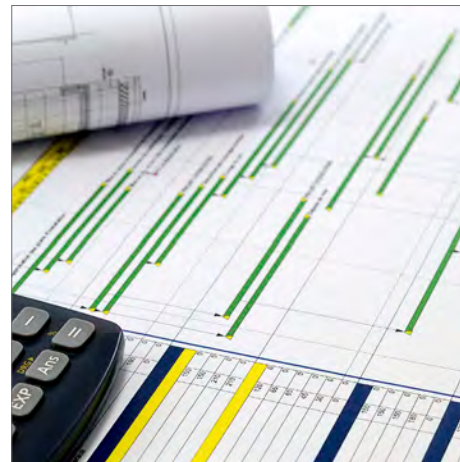
Most project managers add time routinely to allow for contingencies and inconsistencies in the supply of resources and work ability. The amount added should be minimal; however, and not unduly affect the costs or project plan as a whole. It should also be relative to the time estimates being made.

continued ...

Gantt and bar charts

A Gantt chart (named after its developer Henry Gantt) is developed as a horizontal graph or chart. On the 'y' axis (vertical) you list each task in order. On the 'x' axis (horizontal) you list the time frame for the project; for example, Day 1, Day 2, Day 3. Depending on the project, you can list the time in daily, weekly or monthly blocks. You then plot the start and finish time for each task in the appropriate position on the chart. This gives you an illustrated project plan that can be used for reviewing your progress and tracking your performance.

This technique illustrates actions against time and the interaction (or dependencies) between tasks. It involves identifying all tasks to be completed, noting when they can start and determining when they should be finished to complete the project on time.



Critical path method

The critical path method (CPM) is a way of ordering tasks according to dependencies and time taken. The CPM shows you the critical tasks, or key activities, in terms of their impact on the whole project time frame. Developing a critical path analysis also shows you the best way to schedule tasks within the time frame.

To use the CPM, simply arrange all critical tasks in the order they must be completed. You will note that some tasks need to be completed before other tasks can be started (that is, they have dependencies). Once you have identified all the tasks with dependencies, draw a line connecting these tasks. This is your critical pathway – the minimum time the project needs for completion, as shown below.

Sequences	Disruptions
<p>By identifying your critical path, you can identify:</p> <ul style="list-style-type: none">the sequence of tasks and timing that is vital to successfully complete the project on time	<p>By identifying your critical path, you can identify:</p> <ul style="list-style-type: none">the activities or tasks that, if disrupted, will have the most impact on your ability to meet the project time frame.

Program Evaluation Review Technique charts

A Program Evaluation Review Technique (PERT chart) is used to schedule, organise and coordinate tasks within a project, similar to the critical path method (CPM). They are more time consuming and complicated to produce than those reviewed so far, and are therefore more suited to long or complex projects.

A PERT chart is a diagram consisting of numbered rectangles that represent events or milestones in the project. These are linked by labelled directional lines (called vectors), which represent tasks in the project. The direction of the arrows on the lines indicates the sequence of tasks, showing the dependencies and highlighting the intended schedule or critical pathway.

... continued

Project risks

Project risks are possible problems that can affect the whole project. These include external parties failing to provide services on time or to standard; funding issues; inefficient resource allocation; and the level of sponsor support.

Task risks

Task risks are problems that may arise within the context of one project task. For example, if one task within a project is to proofread a document, the risks associated with this task could be that the proofreader does not identify all errors.

WHS risks

One major area of risk all project managers should be alert to is the work health and safety requirements of project team members, stakeholders and external groups such as suppliers and contractors.

There are strict regulations governing safety in work environments. These include:

- a duty of care to ensure a safe and healthy environment for all workers and visitors
- making sure people are adequately trained in the equipment they operate or use.

It is the manager's responsibility to foster an environment of safety and to ensure workers are aware of their responsibility to report unsafe work practices or hazards.

Identify the possible impact of risks

To identify the impact of risks, develop a ranking system that allows you to categorise the risks you have identified into meaningful groups based on the likelihood of them happening. For instance, you may determine that three levels of risk exist, as shown in the following table.

Degree	Level	Likelihood
High	1	Very likely to happen
Medium	2	May happen
Low	3	Unlikely to happen

Direct costs

Direct costs are those related to completing a project task. Direct costs usually fall into one of many categories shown below.

Labour

The cost of the people undertaking the work; for example, you pay a bricklayer a set amount per hour for their labour; a designer would be paid a set fee for producing a design for an advertising poster.

Materials

The cost of items used to execute the project; for example, bricks are needed to build a wall; paper is needed to create hard-copy documents.

Supplies and equipment

The cost of items or tools needed for your team to perform their tasks effectively; for example, a bricklayer will need a trowel and cement mixer; a designer may need a computer and software.

Facilities

These costs are only included if facilities are purchased or built solely for the project you are working on; for example, portable toilets may be rented for a building site; a meeting room may be hired to discuss new designs.

Training

The cost of any training that staff, customers or other stakeholders require to achieve the project goals that would not be undertaken otherwise.

Travel

The costs of any travel conducted for the project.

Miscellaneous

Any other project costs incurred. These may be quite specific to your workplace or the project itself; for example, lunches for team members.

Team members

- What experience and skills do they offer?
- How can you best use these skills during the planning and implementation phases of the project?
- What can each individual contribute to the team?

Working together

- Will you develop project groups?
- Will individuals be responsible for specific tasks?
- How will tasks be delegated?

Protocols/standards

- What standards of group behaviour or ground rules will be appropriate?

Communication

- How can the project manager be sure everyone gets an equal chance to participate and be involved?

Arrangements

- How will team input into the planning phase be captured and included?

Cultural awareness

- What measures must you instigate to ensure language and other cultural barriers are managed?

Topic 3

Administer and monitor the project

During the administering and monitoring phases of a project, you can expect to call on your experience and skills as a people manager to provide support and assistance to your team members.

Implementation is the critical stage of the project when the plans you have made are put into action. Be ready to meet this challenge with plans that anticipate the needs of the project. Regularly report on project activities and liaise with senior members of staff within your organisation. Coordinate all the activities team members and others undertake as the project progresses. Be on the alert for potential problems that may impact on your project, and check that recordkeeping systems you have implemented are working effectively.

In this topic you will learn how to:

- 3A Ensure team members understand their responsibilities
- 3B Support the team to ensure quality results
- 3C Establish and maintain records
- 3D Implement and monitor finances and resources
- 3E Complete project reports
- 3F Undertake risk management
- 3G Achieve project deliverables

Encouragement	Providing encouragement means acknowledging the team's efforts and motivating, directing and reinforcing positive team behaviour. Positive encouragement can provide a huge morale boost when deadlines are looming, things are going wrong or if team members feel their efforts are not achieving the desired result.
Additional resources	Sometimes you may need to source and allocate additional physical, human or technical resources. Consult with team members during the planning phase to help anticipate any additional or special resources the team will need, such as appointing extra personnel who can assist at critical times during the project.
Team meetings	Team meetings provide an opportunity to communicate important information and raise any issues with the project. Therefore regular meetings are essential to facilitate communication within the project team and provide support to team members. Ensure you plan and communicate meetings effectively to allow time for team members to make a considered contribution.
Development opportunities	<p>Project team members should be chosen to work on a project because they possess specific and relevant skills, knowledge, experience and networks. However, team members may still need to undertake skills training for them to fulfil their responsibilities.</p> <p>Complete a skills audit of your team members when you first meet with the individuals assigned to the project. You can determine their capabilities and discuss any relevant experience they have that is particularly useful for the project. You can then arrange development opportunities for the identified gaps between required and possessed skills and knowledge.</p>
Tracking progress	Comparing progress against planned results is an important part of managing a project. Track how team members are performing to ensure they are delivering results that meet quality standards and time lines.

Monitor quality

When monitoring project quality, look for any gaps between what was planned in the project specifications and what is being delivered. An important responsibility in monitoring a project's progress is to check the risk management strategies and the project's contingency plans if quality strays too far from expectations.

To effectively monitor quality, you need information about:

- original estimates of the standard of work required
- the standard of work actually being achieved
- what is causing the standard to fall below requirements (if applicable).

Check other resources

Human, physical and technical resources require continual monitoring and control to maintain the project's focus, as indicated below.

Human



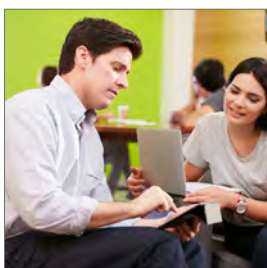
Consider team and individual motivation, training, capabilities, sickness, leave requirements, workplace safety, worker rights and compensation rates.

Physical



Consider changes in the geographic location of resources, transport and logistics, wear and tear, ongoing suitability and monitoring lease or purchase contracts.

Technical



Consider whether the resources are meeting current trends and industry knowledge, whether they are relevant and appropriate to each task and how costs are monitored.

Reporting templates vary dramatically depending on the information needs of stakeholders, your own preferences and those of your team. You may have existing reporting templates that can be adapted or you may see a template another person has developed that you may use or adapt to suit your needs.

Example: weekly report template

You can create your own template based on the following example of a weekly report template.

Weekly report template
Name of project:
Project manager:
Report provided to:
Date submitted:
Report for dates (start date and end date):
Achievements this week:
Summary of work underway:
Expected progress by (end date):
Actual progress by (end date):
Issues experienced this week and accountabilities:
How they were managed:
Potential problems and accountabilities:
Management plan:

4C

Complete project documentation and obtain approvals

Once all remaining activities have been completed, you are confident all project outcomes and deliverables have been achieved and the financial data associated with the project has been checked for accuracy, it is time for the project to be signed off and formally concluded. It will then be reviewed and analysed for future learning and continuous improvement purposes.

Prepare a final project report

Common practice is for the project manager to prepare a written report on completion of the project and submit it to the relevant people for sign off. A report is often mandatory for government-funded projects and those overseen by steering committees or boards of management. Good business practice is to document each stage, record the project's financial performance, state the outcomes that were achieved, discuss any issues that arose during the project and provide recommendations (if appropriate). Here are some ways of presenting information – in a report format or as a presentation.

Report format

The format of the report may vary according to requirements such as using templates or addressing certain project aspects. Otherwise, a final report should cover the following five sections:

1. Title page incorporating the project title, author and date
2. Table of contents
3. Executive summary providing an overview of the project and its outcomes
4. Contents including:
 - introduction
 - background/history of the project
 - scope, purpose and intended outcomes of the project
 - personnel involved in the project, including its administrative structure; for example, the steering committee
 - project time lines, including milestones
 - stages of the project
 - project budget
 - outcomes of the project
 - issues or difficulties that arose and explanations of how they affected project goals, how they were resolved, which problems were the result of identified risks, whether the contingency plan was implemented, whether it worked and whether there were any unplanned events.
5. Relevant documentation attached as appendices; for example, financial reports, samples, project brief.

Summary

1. As project manager, you are responsible for delivering a completed project and following the project plan through to completion.
2. Finalising the project involves completing accurate financial records, assigning staff to new roles and completing required project documentation.
3. At the conclusion of the project, financial records must be finalised to ensure they have been maintained to the required standards, are accurate, and facilitate comparison between budgeted and actual expenditure.
4. Internal and external audits can be used to ensure financial record keeping is complete and accurate.
5. As the project is finalised, you must ensure the employment of all staff who have participated in the project is concluded appropriately, professionally and respectfully.
6. The manner in which staff are assigned to roles post-project will differ depending on whether the team member was a contractor or consultant employed on a contractual basis or a permanent full- or part-time staff member.
7. A final project report must be prepared, which includes details on:
 - background/history of the project
 - scope, purpose and intended outcomes of the project
 - personnel involved in the project
 - project time lines including milestones
 - stages of the project
 - project budget
 - outcomes of the project
 - issues or difficulties that arose
 - recommendations
8. It is important that sign-off protocols are followed at the conclusion of the project.
9. Depending on the nature of the organisation and project, sign-off may be required from the project sponsor, senior management, funding bodies, clients or suppliers.

Personal performance

- How was the performance of project personnel measured?
- What criteria were established for evaluating staff performance? Were staff evaluated based on continuous improvement principles?
- How did you monitor whether team members were achieving the standard set for work quality?
- How did you manage under-performing staff?
- How was communication managed?
- What training could be given to staff to ensure success in the next project they work on?

Work quality

- Did the project achieve the required quality?
- How did you know team members understood their obligations regarding the delivery of quality work?
- Did you use any pre-existing quality standards?
- Were quality checks built into systems and processes used during the project?
- How did you and your team members respond when quality standards were not met?
- What happened when project outputs were not met with regard to quality?

Communication

- Were the lines of communication clear for all parties throughout the project's duration?
- Ask all parties whether they felt they were properly informed and consulted as the project progressed.
- What type of communication worked well and what did not?
- If communication during the project was not as effective as it could have been, how could it be improved?
- Could a process be implemented to improve communication flow?
- Would tools such as progress reports, weekly meetings and brainstorming sessions encourage more open and effective communication?

Recognise the team's effort

After putting in a great deal of effort to successfully complete a project, celebrating the team's work helps consolidate the project and recognise everyone's effort. An end-of-project celebration recognises the demands made on people's time, energy and commitment.

By acknowledging team members' personal contributions and the work the team has done as a whole, you help consolidate team spirit and rapport, which is invaluable for future projects. Recognising a project's completion is especially important if the project has been long or if there were a number of issues during the project's life cycle that needed to be resolved.

A celebration is used to:

- thank everyone for their contributions
- recognise the team's achievement
- let others know what the team has achieved.



Example: review of project lessons learnt

After completing a shop refurbishment, coffee retailer (and part-time project manager) Roberto, sits with his staff and contract builders to discuss and review the process.

The project encountered a few hitches, including a longer-than-expected disruption to customers, who had to be served via a side window while the building was occurring, and two safety issues involving staff working in the construction area. Overall, however, Roberto is full of praise for his team and the contractors who completed the job within budget and to a very high standard.

In comparing the original objectives and the final outcomes, Roberto notes several that near miss events occurred that could have resulted in injuries. He believes that all cases of a near miss must be filed and taken seriously, and learnt from to avoid future incidents.

Roberto notes all the suggestions. He then reviews the outcome of the meeting with a fellow coffee shop owner. They agree to use some of the input in his colleague's upcoming refurbishment project to ensure that project's costs remain more stable and predictable.



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