



#### WA10: Projects

## 4.11 Use project management skills to accomplish implementation of a complex project with significant levels of risk

- LO114 Appreciate the importance of risks in project management and handle risks in an effective way
- LO115 Demonstrate the ability to apply skills, knowledge and competencies to manage a project using relevant (software) tools.
- LO116 Demonstrate ability to apply soft skills such as, communication, interpersonal skills and leadership to the management of projects.
- LO117 Be able to apply sector specific knowledge to the planning, implementation and evaluation of projects.
- LO118 Demonstrate ability to apply financial management competencies to the efficient and effective operation of projects.
- LO119 Demonstrate ability to predict problems during a project and provide appropriate feedback as well as to generate solutions to complex issues related to the project management of a project.



Co-funded by the Erasmus+ Programme of the European Union

#### Module Details

#### eüpa

#### •••next

Work Area Code:	10
Work area title:	Projects
Unit Code:	4.11
Unit Title:	Use project management skills to accomplish implementation of a complex project with significant levels of risk
Learning Outcomes Ids:	LO0114, LO115, LO116, LO117, LO118, LO119
Learning Outcomes titles:	<ul> <li>LO114 Appreciate the importance of risks in project management and handle risks in an effective way</li> <li>LO115 Demonstrate the ability to apply skills, knowledge and competencies to manage a project using relevant (software) tools.</li> <li>LO116 Demonstrate ability to apply soft skills such as, communication, interpersonal skills and leadership to the management of projects.</li> <li>LO117 Be able to apply sector specific knowledge to the planning, implementation and evaluation of projects.</li> <li>LO118 Demonstrate ability to apply financial management competencies to the efficient and effective operation of projects.</li> <li>LO119 Demonstrate ability to predict problems during a project and provide appropriate feedback as well as to generate solutions to complex issues related to the project management of a project.</li> </ul>
Recommended Duration:	9 hours
Trainer:	



Co-funded by the Erasmus+ Programme of the European Union

#### Revision: why is pm relevant?





Recent studies in the corporate environment clearly demonstrate that more than 50% of employees undertake tasks that require knowledge and skills in Project Management.



Co-funded by the Erasmus+ Programme of the European Union

#### Revision: What is a project?



- A defined sequence of events with a predetermined starting and ending point
- A project is a temporary venture aimed at creating a unique product or service.
- Temporary: Each project has a fixed ending point (duration)
- Unique: the product or service produced by the project is distinctive, different than all other similar products and services available.



Co-funded by the Erasmus+ Programme of the European Union



#### Revision: What is a project?

#### eüpa next

Project is the endeavor in which human resources, machinery, funds and raw materials are organized in a novel way, towards the aim of undertaking a specific task, with given specifications, and explicit cost and time constraints, in order to produce a beneficial change, which is clearly defined through quantitative and qualitative methods.

#### Organizing tasks towards the achievement of a predefined goal, which requires resources, effort and coordination in a design!



Co-funded by the Erasmus+ Programme of the European Union

#### Revision: Basic principles of project management



- Adopt a step-by-step approach
- Take small and cheap decisions early
- Provide a clear definition of the project objectives
- Decide on measurable goals
- Clarify roles and responsibilities
- Adopt Simple procedures for decisionmaking and communication



Co-funded by the Erasmus+ Programme of the European Union

#### What is a project risk? Definition\*

Wiley et al. Project Management for Instructional Designers

*Risk* is the possibility of loss or injury. *Project risk* is an uncertain event or condition that, if it occurs, has an effect on at least one project objective.



eupa

next

Co-funded by the Erasmus+ Programme of the European Union







Co-funded by the Erasmus+ Programme of the European Union



There is absolutely no way to eliminate risks, thus we have to learn how to deal with them



Co-funded by the Erasmus+ Programme of the European Union

#### What is the remedy?



*Risk management* focuses on identifying and assessing the risks to the project and managing those risks to minimize their impact on the project. Risk management is **not** about eliminating risk but about identifying, assessing, and managing risk.



Co-funded by the Erasmus+ Programme of the European Union This project has been funded with support from the European Union. This [project] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

MANAGEMEN

#### Managing risks effectively





- a process that includes risk assessment and a mitigation strategy.
  - *Risk assessment* includes the identification of potential risk and the evaluation of the potential impact of the risk
  - A *risk mitigation plan* is designed to eliminate or minimize the impact of the *risk events*—occurrences that have a negative impact on the project.
  - Identifying risk, at an initial stage, includes brainstorming sessions where the team is asked to create a list of everything that could go wrong.



Co-funded by the Erasmus+ Programme of the European Union

# LEVEL 4 **PERSONAL ASSISTANT** EUROPEAN

### Identifying Risks

# eüpa

- 1<sup>st</sup> Method: Lessons learned
  - checklists based on experience from past projects
- 2nd Method: Identifying the sources of risk by category. Possible categories:
  - Technical
  - Cost
  - Schedule
  - Client
  - Contractual
  - Weather

- Financial
- Political
- Environmental
- People:
  - skills needed not found
  - People unavailable
  - Resignation or termination in the middle of the project
  - Death or illness
  - Etc.



Co-funded by the Erasmus+ Programme of the European Union

### Identifying Risks, RBS

#### eüpa mext

A risk breakdown structure (RBS) organizes the risks that have been identified into categories using a table with increasing levels of detail to the right.

Lvl. 1	LvI .2	Lvl. 3
	Contract atakahaldara	Stakeholders not interested
	Contact stakeholders	Stakeholders not available
	Book venue	Suitable venues fully booked
Focus group with		Wrong choice of snacks for the coffee break
stakeholders		Stakeholders have allergies or different preferences
	Develop schedule	Wrong estimation for each session
		Non practical approach



Co-funded by the Erasmus+ Programme of the European Union



#### Can you identify the risk? EUPA\_LO\_114\_M\_001



Co-funded by the Erasmus+ Programme of the European Union

#### **Evaluating Risks**



- Not all risks are equal.
- After identifying risks, we will have to evaluate them based on:
  - Likelihood
  - Potential cost/impact





Co-funded by the Erasmus+ Programme of the European Union

#### How to Evaluate Risks?



- Having criteria for both:
  - Likeliness to occur
  - Potential cost
- GOAL: To understand which potential risks:
  - have the greatest possibility of occurring
  - can have the greatest negative impact on the project.



Co-funded by the Erasmus+ Programme of the European Union



#### How to Evaluate Risks?





Co-funded by the Erasmus+ Programme of the European Union

#### Mitigating Risks



- Development of a risk mitigation plan, which is a plan to reduce the impact of a risk.
- The risk mitigation plan describes the risk mitigation approach for each identified risk event and the actions to be made in order to reduce or eliminate the risk.



Co-funded by the Erasmus+ Programme of the European Union

#### **Risk Mitigation techniques: Avoidance**



- *Risk avoidance* refers to the development of an alternative strategy with a higher probability of success
- It usually comes at a higher cost
- E.g. using expensive software instead of open – source, free software for statistical analyses (R), because our staff is familiar with the former





Co-funded by the Erasmus+ Programme of the European Union

#### **Risk Mitigation techniques: Risk Sharing**

# eüpa

- Partnering with others to share responsibility for the risk activities.
- If the risk event occurs, the partnering company absorbs some or all of the negative impact of the event.





Co-funded by the Erasmus+ Programme of the European Union

#### **Risk Mitigation techniques: Risk Reduction**



- an investment of funds to reduce the risk on a project.
- E.g. hiring an expert
- Assigning highly skilled project personnel to manage the high-risk activities is another risk reduction method.





Co-funded by the Erasmus+ Programme of the European Union

#### Risk Mitigation techniques: Risk Transfer

#### eüpa next

- a risk reduction method that shifts the risk from the project to another party.
- E.g. insurance so that the risk is transferred from the project to the insurance company.
- E.g. 2: subcontracting





Co-funded by the Erasmus+ Programme of the European Union



next https://lokesh12.wordpress.com/2012/12/14/4-best-practices-for-documenting-project-risks

#### Hypothetical project risks:

ID Risk Description

R01 Web developers might quit prior to project completion

R02 Project funding not available

R03 Client not available to resolve queries



Co-funded by the Erasmus+ Programme of the European Union



https://lokesh12.wordpress.com/2012/12/14/4-best-practices-for-documenting-project-risks

#### 1. Use a more suitable language:

ID	Risk Description		
R01	Due to high demand for web developers, they might leave the project prior to its completion. This will lead to delay in project completion.		
R02	Due to cost reduction directive from top management, Project may be denied further funding, which will lead to scope reduction and/or early project termination.		
R03	Due to client sponsor's busy schedule and frequent travel, he/she may not be available to resolve project queries, leading to delays in completing the requirements specifications.		



Co-funded by the Erasmus+ Programme of the European Union



https://lokesh12.wordpress.com/2012/12/14/4-best-practices-for-documenting-project-risks

2. Describe the impact:

# ID Risk Description Bue to high demand of web developers, they might leave the project prior to its completion. This will lead to delay in project completion by 2 months.



Co-funded by the Erasmus+ Programme of the European Union



https://lokesh12.wordpress.com/2012/12/14/4-best-practices-for-documenting-project-risks

- 3. Assess different perspectives:
- ID Risk Description
   Due to high demand of web developers, they might leave
   the project prior to its completion. This will lead to delay in
   project completion by 2 months, budget overrun by
   \$25,000 and loss of knowledge of XYZ application.



Co-funded by the Erasmus+ Programme of the European Union

#### eüpa

https://lokesh12.wordpress.com/2012/12/14/4-best-practices-for-documenting-project-risks

#### 4. Improve risk register:

Risk	Identification				
#	Risk Category	Cause	Risk Event	Effect	
01	Resource	of web	might leave the project prior to its	Project completion will be delayed by 2 months, budget overrun by \$25,000 and loss of knowledge of XYZ application	



Co-funded by the Erasmus+ Programme of the European Union

#### Contingency planning



- alternative methods for accomplishing a project goal when a risk event has been identified.
- E.g. The risk of a farmers' road block in Larissa may be mitigated with a contingency plan that uses a train to transport the needed equipment for the project.
- Contingency funds are set aside to address unforeseen events that cause the project costs to increase.



KeepCalmAndPosters.com



Co-funded by the Erasmus+ Programme of the European Union

#### Project management IT tools



- There are many IT tools for project management and many of them are free, online-based tools.
- The one we are going to focus on is Trello







Co-funded by the Erasmus+ Programme of the European Union

#### What is Trello according to its "dad"

#### •next <u>https://www.youtube.com/watch?v=aaDf1RqeLfo</u>





eüpa

Co-funded by the Erasmus+ Programme of the European Union

#### What is Trello?



- Trello is an online corkboard.
- You use it to organize "cards" into lists
- cards can be tasks, notes, projects, shared files, or anything else
- Trello is a great tool to replace your team's use of email and chat for task-based communication.





Co-funded by the Erasmus+ Programme of the European Union

#### What can we use it for?



- Trello is a project management tool
- If you have to handle a team workflow, you can use it in any area of your business
- It is online and collaborative, thus it offers itself for teams that are disperse
- it can be used for pretty much any productivity or time management strategy.



Co-funded by the Erasmus+ Programme of the European Union

# LEVEL 4 **PERSONAL ASSISTANT** EUROPEAN

#### Trello step-by-step: Teams

#### eüpa mext

Once you create your free Trello account (or log in with your Google account), you will be greeted with this screen:

#### Trello

#### Welcome! Create Your New Team

Team Name

Dream Team

If your team already exists or you don't need a team, you can skip this ster

Continue





Co-funded by the Erasmus+ Programme of the European Union

#### Trello step-by-step: people

**eupon** Once you have named your team, it's time to invite people



#### Invite people to PAs

Enter Multiple Emails

e.g. hermione@spew.org.uk, ginny@dailyprophet.news

Tip: The sky's the limit! Make your team even bigger and invite people to Trello.

Continue





Co-funded by the Erasmus+ Programme of the European Union

#### Trello step-by-step: boards

#### eüpa next

Trello works using "boards", where each board is similar to a single project you're working on, either on your own or with others. It starts you off with a *Welcome Board* that looks like this:





Co-funded by the Erasmus+ Programme of the European Union

#### Trello step-by-step: boards



- the Board is the main working unit. It looks and feels like a whiteboard where you manage your work with sticky notes.
- Write new ones, move them around (drag and drop), and archive old ones.
- Boards can be dedicated to the whole workflow of a team or separate activities within it.
- they can focus on a **single project or event**.
- You can add members to any board.
- Boards can be private or public, and you can identify them with a star to bookmark them as important.



Co-funded by the Erasmus+ Programme of the European Union
#### Trello step-by-step: lists



- Each list can represent any way of grouping tasks that makes sense for your work.
- This can be their subject area, priority level, responsible person, or other classifying criteria.





#### Trello step-by-step: cards

### **LEVEL 4** ASSISTANT PERSONAL EUROPEAN

#### eüpa next

This is a card. Drag it to the "Tried It" List to show it's done. $\rightarrow$ Trello Basics [CLICK TO OPEN] $\equiv @1$ Mastering Trello Cards $@ 24 \text{ Jun } 2020 \equiv @1 @ 0/6$ Create Your First Board $\equiv @ 0/5$ Power-Ups, Integrations, APIs, oh my! $\equiv @1$ Add a card	Stuff To Try (this is a list)	
■ @ 1 Wastering Trello Cards ② 24 Jun 2020 ■ @ 1 ☑ 0/6 Create Your First Board ■ ☑ 0/5 Power-Ups, Integrations, APIs, oh my! ■ @ 1	-	
② 24 Jun 2020  ≡ $@ 1$ ⊠ 0/6 Create Your First Board ≡ $@ 0/5$ Power-Ups, Integrations, APIs, oh my! ≡ $@ 1$		
② 24 Jun 2020  ≡ $@ 1$ ⊠ 0/6 Create Your First Board ≡ $@ 0/5$ Power-Ups, Integrations, APIs, oh my! ≡ $@ 1$		
<ul> <li>₩ Ø 0/5</li> <li>Power-Ups, Integrations, APIs, oh my!</li> <li>₩ Ø 1</li> </ul>	S.	
my! ≣ ⊘ 1		
Add a card	my!	
	Add a card	

#### the board is divided into stacks of "cards".

•	This is a card. Drag it to the "Tried It" List to show it's done. $\rightarrow$ in list <u>Stuff To Try (this is a list)</u>						
	<u> Edit th</u>	e description					Add
							A Members
2	Add Com	ment					♦ Labels
тк	Write a co	omment	10	0	(1)		☑ Checklist
			.0	6	9		② Due Date
	Send						Ø Attachment
:=	Activity				Hide	<u>Details</u>	Actions
							$\rightarrow$ Move
							🗔 Сору
							E Archive
							Share and more



Co-funded by the Erasmus+ Programme of the European Union

#### Trello step-by-step: cards

#### 

- Cards are flexible and allow you to include descriptions, attachments, subtasks or checklists, due dates and times, assignees, and labels.
- A card typically represents a single task in your workflow.
- You can **upload images and files** from your device, or from Google Drive, Dropbox, Box, or OneDrive.
- with a click-and-drag, cards can be moved from one list to another.
- they allow people to talk about the task at hand. You can mention team members in a comment by typing "@" and their username.



## **LEVEL 4 EUROPEAN PERSONAL ASSISTANT**

#### Let's set up a project on trello





Co-funded by the Erasmus+ Programme of the European Union

#### Let's set up a project on trello



	in list <u>create a list</u> <u>     Edit the description</u>	5	Add A Members
-			🖉 Labels
ТК	Write a comment	0 @ G 🗖	☑ Checklist
			② Due Date
	Send		⊘ Attachment
	t	>	<
	Р ТК ds	Edit the description Add Comment TK Write a comment Send	in list <u>create a list</u> ■ Edit the description Add Comment TK Write a comment ② @ ② □ Send ds





Co-funded by the Erasmus+ Programme of the European Union

#### Let's set up a project on trello



Use cards





Co-funded by the Erasmus+ Programme of the European Union

# Methodological iool

#### Create a trello board! EUPA\_LO\_115\_M\_001



Co-funded by the Erasmus+ Programme of the European Union

#### Project management





Co-funded by the Erasmus+ Programme of the European Union

#### Project management skills overview

#### 

<b>PROFESSIONALISM</b> Leadership & Management Skills Goals & Vision Strategy & Planning Analytical Approach People Skills Environment Awareness		<b>PROJECT SKILLS</b> Structured Methodologies & Procedures Broad Methodology Emphasize Project & People Management Measure Project Risk Formally Communicate Manage Project Change Evaluate Successes & Failures
	Effective Project Manager	
<b>BACKGROUND</b> Experience Education		<b>CHARACTER</b> Honesty Desire to Lead Service Attitude Intelligence Self-Confidence Drive Emotional Stability



Co-funded by the Erasmus+ Programme of the European Union

#### The role of the project manager



- Forecasting, Budgeting and Planning
- Organising the Group
- Updating and Communicating
- Applying Command and Control Tools
- Managing and Coordinating
- Implementing changes





Co-funded by the Erasmus+ Programme of the European Union



- Have you ever participated in or managed a project team?
  - What are the must-have skills of a pm?
  - Prioritise the skills identified

#### **Group discussion**



Co-funded by the Erasmus+ Programme of the European Union

#### What are the most necessary skills?





- 1. Analytical skills
- 2. Communication
- 3. Leadership
- 4. Team management
- 5. Negotiation
- 6. Risk management
- 7. Critical thinking
- 8. Planning skills
- 9. Time management skills

10. Empathy



Co-funded by the Erasmus+ Programme of the European Union



abilities that contribute to a strong analytical capability:

- Break Down Problems. Analytical skills help to break down problems into smaller parts which are easier to solve.
- Gathering & Evaluating Information.
- Managing Information Effectively.
- Generate Alternatives & Solutions.
- Comprehend Difficult Reading Material.





Co-funded by the Erasmus+ Programme of the European Union



- Empathy is the most important skill for any frontline role
- In project management, both the customer and the project team have to be treated with empathy
  - We have to be able to walk with the customer's shoes in order to deliver high quality
  - And with the project team's shoes in order to motivate them and understand their point of view





Co-funded by the Erasmus+ Programme of the European Union

#### 2. Communication



#### *90% of a project manager's time is spent communicating*





Co-funded by the Erasmus+ Programme of the European Union

#### 2. Communication, cont.



- Presentation skills
- Relationships
- Effective communication
  - Mutual understanding
  - Make sure you always choose the right channel





Co-funded by the Erasmus+ Programme of the European Union





#### PROJECTS ARE UNDERTAKEN BY TEAMS!





Co-funded by the Erasmus+ Programme of the European Union

#### 3. Leadership, cont.



- A successful project manager has to be a leader, to lead the team
- To inspire others
- To set the vision
- To motivate team members





Co-funded by the Erasmus+ Programme of the European Union



#### Leader material video EUPA\_LO\_116\_M\_001



Co-funded by the Erasmus+ Programme of the European Union

#### 4. Team management



- Manage a team:
  - Strategically
  - Operationally
- administering and coordinating groups of individuals by:
  - promoting teamwork,
  - delegating tasks,
  - resolving conflict,
  - setting goals,
  - evaluating performance.





Co-funded by the Erasmus+ Programme of the European Union

#### Team management vs. leadership



"Leadership is about inspiring others to walk with you; team management makes sure your team has the right shoes"



Cesar Abeid



Co-funded by the Erasmus+ Programme of the European Union

#### 5. Negotiation



- "Knowing how to negotiate well so that all parties are satisfied is a key skill for the successful project manager." (Cesar Abeid)
- Finding win win situations, middle ground by:
  - understand relationships
  - stakeholders' interests,
  - identifying what is needed to move our projects forward



#### 6. Risk management





Co-funded by the

Erasmus+ Programme of the European Union

- Project managers are always an easy target when projects don't go to plan
- "The project management risk management skill to master is the ability to identify risks well before they become issues, and come up with effective mitigation plans so that the risk of them ever becoming issues is nullified" (Ben Aston)



#### 7. Critical thinking

#### eüpa

#### next

- The process of breaking down what you know and information you have, and then evaluating and critically analyzing it in order to make an informed decision without bias.
- Critical thinking is a catalyst to decision making.
- It helps in weighing up the pros and cons of solutions to problems





Co-funded by the Erasmus+ Programme of the European Union

#### 8. Planning skills



- Also called scheduling, is:
- "Our ability to organize tasks in the right order, to hit the right outcome at the right time"
- plan "to the extent that you're always ten steps ahead and always know 'what's next'" (Ben Aston)
- Not only for the good, but also for the bad (risk planning)
- Always have a plan (including a plan B!)





Co-funded by the Erasmus+ Programme of the European Union

#### 9. Time management skills



- Doing the right thing at the right time
- Planning ahead
- Allocating sufficient time to each task
- Planning tasks
- Creating effective and feasible timetables (Gantt Charts)
- Being flexible and open to last-minute changes



Co-funded by the Erasmus+ Programme of the European Union

#### Conflict resolution skills



#### **3 types of conflict:**

- Personal or relational conflicts are usually about identity or self-image, or important aspects of a relationship such as loyalty, breach of confidence, betrayal or lack of respect.
- Instrumental conflicts are about goals, structures, procedures and means
- Conflicts of interest concern the ways in which the means of achieving goals are distributed, such as time, money, space and staff.





Co-funded by the Erasmus+ Programme of the European Union

#### **Conflict resolution skills**



- Assertiveness
- Active listening
- Empathy





Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge



- One of the most important project management skills
- Sometimes called "subject matter expertise"





Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge



- Project management is considered to be an established pan-sector discipline
- The question is: Does a project manager need technical, sector-specific knowledge?





Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge



- Sector specific knowledge can be gained:
  - By performing a business or technical role before becoming a project manager
  - By managing projects in a certain sector





Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge: Do we need it?





#### EVEN THOUGH...

- There is a common basis for all projects
- Project management is one of the most portable skill sets



Co-funded by the Erasmus+ Programme of the European Union

- Applying ourselves to the area of our expertise is wise.
- Knowing the sector is an ADVANTAGE

Why do we need to know enough about the products/services related to the project?



- In order to hold informed and intelligent conversations with
  - customers
  - stakeholders
  - suppliers
  - functional leaders within the organization



Co-funded by the Erasmus+ Programme of the European Union

Why do we need to know enough about the products/services related to the project?



- In order to be able to plan feasibly and allocate for each task:
  - Responsibilities (who?)
  - Time (How long?)
  - Resources (How much? How many?)









**BECAUSE:** 

- What is being discussed is understood
- Issues about what is or isn't possible and realistic are rapidly appreciated
- Knowledgeable discussions are possible about the issues to hand with sector specific input
- It is possible to make decisions with some confidence
- Previous experience can help identify the type of risks that arise, how to manage them etc.



Co-funded by the Erasmus+ Programme of the European Union

Why we don't need to know enough about the products/services related to the project?

eüpa mext

**BECAUSE:** 

 Sometimes the best technical experts make very poor project managers. Technicians can be focused on the technical aspects of a problem while many believe that 90%+ of project management is focused on people or satisfying stakeholders.





Co-funded by the Erasmus+ Programme of the European Union
#### Sector-specific knowledge: How to acquire it



- Be great listeners!
- Conversations and relationships with customers, leaders, stakeholders and suppliers can teach us many things about the project products and processes
- Think of these conversations and relationships as opportunities to learn from the best!



Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge: How to acquire it



- These learnings are valuable, as they will eventually help you:
  - Make the right decisions
  - Manage time and resources more effectively
  - Manage the project in general more effectively
  - Evaluate outcomes, products and deliverables



Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge: How to acquire it



#### • Do some research!

- Focus on elements of the sector related to the project objectives
- Make sure you have achieved a satisfactory level of knowledge before planning the project
- Set up Google alerts for your topics of interest





Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge: How to acquire it, 2



- Bookmark a few industry blogs, websites and forums
- Create a LinkedIn profile and a business Twitter account, and follow other business accounts in the industry





Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge: How to acquire it, 3



- Find a mentor.
  - formally (mentorship scheme)
  - Informally (as a relationship with a colleague)
  - Consider what you can offer a mentor in return for advice (skills s/he lacks, etc.)





### Sector-specific knowledge in planning



- While planning a project, sector specific knowledge is important, because:
  - It helps us understand the scope
  - It helps identify the relevant stakeholders
  - We can allocate time and resources to each task in a feasible way
    - Think of a pa planning a construction project or a civil engineer planning a conference
  - We can conceptualize the expected products/outcomes in a better way



#### Sector-specific knowledge in planning, cont.

#### eüpa mext

- We can limit the unknown risks, since we will be in a better position to identify the known ones
- We can come up with a better contingency plan, since we will know what are the alternatives
- We will be in a better position to predict what could go wrong and to avoid some risks





Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge in implementation

# eüpa

- While implementing a project, sector specific knowledge is important, because:
  - We can handle unexpected problems and issues more effectively
  - We can show empathy and walk in other people's shoes more easily, including:
    - Team members
    - Stakeholders
  - Conversations and meeting concerning the products/outcomes of the project can be more meaningful
  - We can re allocate time and resources, if needed, more effectively



Co-funded by the Erasmus+ Programme of the European Union

#### Sector-specific knowledge in evaluation

# eüpa

- While evaluating a project's results, sector specific knowledge is important, because:
  - We can assess the quality of the products/outcomes more effectively
  - We can assess the time and resource consumption more effectively and reflect on the budget
  - We can understand feedback better, from:
    - Team members
    - Customers
    - Stakeholders



Co-funded by the Erasmus+ Programme of the European Union

# Mennodological 1001

#### Hypothetical projects and the importance of sector-specific knowledge





Co-funded by the Erasmus+ Programme of the European Union

#### Financial project management

# eüpa

∎∎∎next

Project Financial Management includes the processes to acquire and manage the financial resources for the project and, compared to <u>cost management</u>, is more concerned with revenue sources and monitoring net cash flows for the construction project than with managing day-to-day costs. (PMBOK Guide<sup>®</sup> Fifth Edition)





Co-funded by the Erasmus+ Programme of the European Union

# **LEVEL 4** ASSISTAN PERSONAL EUROPEAN

# Skills required for financial project

#### management



- Teamwork
- Technical skills related to financial management
- Time management
- Organisational skills
- Attention to detail
- Leadership
- IT skills
- Financial planning skills
- Knowledge area





Co-funded by the Erasmus+ Programme of the European Union





Cost reporting/Documenting



Co-funded by the Erasmus+ Programme of the European Union

# LEVEL 4 PERSONAL ASSISTANT EUROPEAN

# Creating a project financial plan, step 1

# eüpa

next

#### List the Financial Expenses

- identify all of the types of expenses that are likely to be incurred throughout the Project Lifecycle.
- Typically, most projects spend the majority of their budget on:
  - purchasing,
  - leasing,
  - renting
  - contracting the resources to the project (e.g. labor, equipment and materials).





Co-funded by the Erasmus+ Programme of the European Union

# Creating a project financial plan, step 2



#### Quantify the Financial Expenses

- forecast the unit cost of each expense type.
- The unit cost is simply the cost of a single unit of a particular expense item.
- For instance, the unit cost for labor may be calculated as the cost per hour, supplied equipment may be calculated as the rental cost per day, etc.
- calculate the total amount of each expense item needed to undertake the project.





Co-funded by the Erasmus+ Programme of the European Union

# LEVEL 4 **PERSONAL ASSISTANT** EUROPEAN

# Creating a project financial plan, step 3

# eüpa

#### •••next

#### Construct an Expense Schedule

- create an Expense Schedule, build a table which lists all of the expense types down the left hand side of page, and all of the weeks in the year across the page.
- Then identify for each week and for each expense type, the amount of financial expenditure to budget.
- Once complete, you can sum up all of the expenses for any particular week to gain a weekly budget for the entire project.





Co-funded by the Erasmus+ Programme of the European Union

#### **Project Cost Estimating**



- The process involves developing an approximate cost calculation for each planned action
- We need to take into account the various causes / risks that can cause changes
- Various alternatives such as higher cost in the design phase may mean lower execution costs





Co-funded by the Erasmus+ Programme of the European Union

#### **Project Cost Estimating**





- All costs involved in the implementation of the action are calculated, for example:
  - Quality related activities
  - Efforts to control risks
  - Management costs
  - Costs that are directly related to the project such as office supplies
  - **Overheads**



Co-funded by the Erasmus+ Programme of the European Union

#### Estimating costs, 1



#### **Analogous Estimate**

- An estimate that is based on other project estimates is an *analogous estimate*.
- If a similar project cost a certain amount, then it is reasonable to assume that the current project will cost about the same.
- The selection of projects that are similar and the amount of adjustment needed is up to the judgment of the person who makes the estimate.



Co-funded by the Erasmus+ Programme of the European Union

#### Estimating costs, 2



#### **Parametric Estimate**

- If the project consists of activities that are common to many other projects, average costs are available per unit
- **Parameters** are measurable factors that can be used in an equation to calculate a result.
- Estimates that are calculated by multiplying measured parameters by cost-per-unit values are *parametric estimates*.



Co-funded by the Erasmus+ Programme of the European Union





Co-funded by the

Erasmus+ Programme of the European Union

- Budgeting and cost control comprise the estimation of costs, the setting of an agreed budget, and management of actual and forecast costs against that budget.
- Initial cost estimates can be analogous or parametric.





# The three major components of a budget are:

- the base cost estimate;
- contingency;
- management reserve.





Co-funded by the Erasmus+ Programme of the European Union



# The base cost estimate is made up of known costs such as:

- resourcing (e.g. staff costs or consultants' fees)
- accommodation
- consumables (e.g. power or IT supplies)
- expenses (e.g. travel and subsistence)
- capital items.



Co-funded by the Erasmus+ Programme of the European Union



Costs have four possible attributes. They may be direct, indirect, fixed or variable:

- direct costs are exclusive to the project. They include resources directly involved in delivering and managing the work;
- indirect costs include overheads and other charges that may be shared out across multiple activities or different departments;
- fixed costs remain the same regardless of how much output is achieved, such as the purchase of an item of plant or machinery;
- variable costs, such as salaries, fluctuate depending on how much resource is used.



Co-funded by the Erasmus+ Programme of the European Union



- Contingency reserve is money set aside for responding to identified risks.
- A management reserve covers things that could not have been foreseen, such as changes to the scope of the work or unidentified risks.
- The more uncertainty there is, the more management reserve is required





Co-funded by the Erasmus+ Programme of the European Union

#### Monitoring, 1

#### eüpa next

The normal payment process means that three types of costs must be tracked:

- committed costs these reflect confirmed orders for future provision of goods and/or services;
- accruals work partially or fully completed for which payment will be due;
- actual costs money that has been paid.





Co-funded by the Erasmus+ Programme of the European Union





During the implementation of the project, the person in charge for financial monitoring, has to make sure that:

- The project is not over budget
  - Avoid this risk by submitting financial reports on a regular basis which are monitored against the budget.
- Actual costs are monitored regularly against the budget



Co-funded by the Erasmus+ Programme of the European Union

#### Monitoring, tools and tips





During the implementation of the project, the person in charge for financial monitoring, has to make sure that:

- The project is not over budget
  - Avoid this risk by submitting financial reports on a regular basis which are monitored against the budget.
- Actual costs are monitored regularly against the budget



Co-funded by the Erasmus+ Programme of the European Union



To create a project budget:

- Use the task list!
- Estimate each component
- Add estimates together
- Add contigency, taxes, etc.





Co-funded by the Erasmus+ Programme of the European Union





Co-funded by the Erasmus+ Programme of the European Union



- 1. Poor Planning
- 2. Lack of Leadership
- 3. People Problems
- 4. Vague/Changing Requirements
- 5. Lifecycle Problems
- 6. Inefficient Communication Process
- 7. Inadequate Funding
- 8. Stakeholder Approval
- 9. Schedule absence
- **10. Missed Deadlines**



Co-funded by the Erasmus+ Programme of the European Union



#### Impact of problem within the project lifecycle



- Increased costs
- Late delivery
- Quality of delivery
- Decreased trust (in and out)
- Competition
- Delay in the time schedule
- Conflict
- Frustration



Co-funded by the Erasmus+ Programme of the European Union





#### **1. Poor Planning** may include:

- Activities take more time than planned
- not prioritizing effectively
- not having a proper business plan
- not breaking down the development into phases.





Co-funded by the Erasmus+ Programme of the European Union



- **1. Poor Planning** may be prevented by:
- Not being overly optimistic when allocating time to tasks
- Prioritizing properly
- Developing a solid business plan
- Breaking down the activities in phases, sometimes interdependent ones.





Co-funded by the Erasmus+ Programme of the European Union



#### 2. Lack of Leadership

the Project Manager lacks the relevant business/management expertise resulting in poor decision making.

SOLUTION:

- Making sure that the project manager has the relevant skills described earlier in this unit





Co-funded by the Erasmus+ Programme of the European Union



#### 3. People Problems

unresolved conflicts could have a negative effect on the project.



• A Project Manager needs expert communication skills to keep everybody on board and in agreement.



Co-funded by the Erasmus+ Programme of the European Union



4. Vague/Changing Requirements



 it's essential that the project requirements are defined clearly and completely from the start. Change requests can cause the project to drift and miss deadlines.



Co-funded by the Erasmus+ Programme of the European Union



#### 5. Lifecycle Problems

often caused by poor planning or changing requirements.



 Initial testing techniques should be rigorous in order to avoid repeated errors.



Co-funded by the Erasmus+ Programme of the European Union



#### 6. Inefficient Communication Process

it's vital to keep everybody informed on the project status at all times. Lack of
efficient communication will lead to errors and delays.



Try to promote effective communication and mutual understanding amongst team members



Co-funded by the Erasmus+ Programme of the European Union



7. Inadequate Funding due to poor budgeting



• Ensure that cost estimating and budgeting are made consistently and effectively at the very first stages of the project planning



Co-funded by the Erasmus+ Programme of the European Union



8. Lack of Stakeholder Approval



effective stakeholder management is the ability to identify individuals affected by/likely to affect the successful outcome of the project. A skilled project manager will ensure a collaborative working environment where project phases can be analyzed and discussed by all stakeholders.



Co-funded by the Erasmus+ Programme of the European Union



#### 9. Schedule absence

no Established Schedule for tasks, operational activities and objectives.



 Make sure a schedule is established that is clear, mutually agreed by the project team and feasible



Co-funded by the Erasmus+ Programme of the European Union



#### **10.** Missed Deadlines

 delays in phases of the project may lead to a missed deadline for the project.

- Monitor the progress consistently on a regular basis against the Gantt chart
- Make sure all team members are on the right track as far as time management is concerned



Co-funded by the Erasmus+ Programme of the European Union





#### Protect the egg! EUPA\_LO\_119\_M\_001



Co-funded by the Erasmus+ Programme of the European Union

#### eüpa mext

- Review Question 1
  - Can you list the main risk categories?
- Review Question 2
  - What are the main characteristics of a project?
- Review Question 3
  - Can you list the most common project documents?





Co-funded by the Erasmus+ Programme of the European Union



#### Key Point 1

- Sub-point 1
- Sub-point 2
- Sub-point 3I
- Key Point 2
  - Sub-point 1
  - Sub-point 2
  - Sub-point 3





Co-funded by the Erasmus+ Programme of the European Union



# Well Done!

You have completed this unit



Co-funded by the Erasmus+ Programme of the European Union