Project Management and Pitfalls

MBA 8120

Sources: K. Schwaig
Harvard Business School

Where we are ...

Agenda

- Project
- Project Management
- Project Risk Factors
- Project Leadership
- Project Pitfalls
What is a Project?

Inter-related set of activities whose combined performance within a limited period of time accomplishes certain desired objectives.
- unique purpose
- temporary
- requires resources, often from various areas
- primary sponsor or customer
- involves uncertainty

The Triple Constraint

- **Scope**
  - What is the project trying to accomplish? What unique product or service does the customer or sponsor expect from the project?
- **Time**
  - How long should it take to complete the project? What is the project's schedule?
- **Cost**
  - What should it cost to complete the project?

What is Project Management?

- The application of knowledge, skills, tools, and techniques to project activities in order to meet or exceed stakeholder needs and expectations from a project.
Three Dimensions of Implementation Risk

1. Inherent Structuredness: How well defined are project’s outputs?
   - The greater the structuredness, the lower the risk.
   - The less the structuredness, the higher the risk.
2. Company-relative technology: How much of the technology in this project is new to the company?
   - The more familiar the technology, the lower the risk.
   - The less familiar the technology, the higher the risk.
3. Size: How large is the project?
   - The larger the project, the higher the risk.
   - The smaller the project, the lower the risk.

Source: Harvard Business School

Implementation Risk Matrix

High Technology

<table>
<thead>
<tr>
<th>Low structure</th>
<th>High structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Risk</td>
<td>Low Risk</td>
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<tr>
<td>Low Risk</td>
<td>Low Risk</td>
</tr>
<tr>
<td>Medium Risk</td>
<td>Medium Risk</td>
</tr>
<tr>
<td>High Risk</td>
<td>High Risk</td>
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</tbody>
</table>

Manager Beware

Four Kinds of Implementation Risk

1. High Structure/Low Technology: Low Risk
   - Can use inexperienced project managers.
   - User involvement is less important and requires less structure.
   - Formal control tools are very useful for measuring progress.
2. High Structure/High Technology: Medium Risk
   - Need project managers with strong technical background.
   - Formal controls are not necessarily effective. If you cannot tolerate uncertainty, do not do these projects.

Source: Harvard Business School
Four Kinds of Implementation Risk (cont’d)

3. Low Structure/Low Technology: Low Risk if well managed
   – Need a highly aggressive up-front user-manager who can build and maintain user commitment to the project design.
   – Formal controls can be very helpful, if you can manage user commitment and avoid changes to the project design.

4. Low Structure/High Technology: High Risk
   – Need project managers with strong technical skills who can also work well with users.
   – Formal controls systems are almost useless. If you can not tolerate uncertainty, do not do this sort of project.

Source: Harvard Business School

Lessons of Implementation Risk

1. Different kinds of projects have different kinds of risks. This matrix will help general managers and IT managers communicate these risks to each other.

2. Different kinds of projects require different kinds of project management approaches.

Source: Harvard Business School

Failure of Conceptualization

• Projects that failed because the project was a bad idea:
  1. The project failed to meet a real customer need at an acceptable cost.
  2. Use of the product does not become ingrained in user behavior.
  3. The project is too easy to replicate.
  4. The project is incapable of evolution.

Source: Harvard Business School
Failure of Conceptualization

5. The project wakes a sleeping giant.
   – Do not start wars you can not finish.
   – Industry leaders can drive a pre-emptive move forward. Smaller firms can not afford to fumble a project because they will alert industry leaders.

6. The project triggers monopoly litigation.

Source: Harvard Business School

Failure of Conceptualization

7. Technology lowers entry barriers instead of raising them.
8. The project is rejected by the customer culture.
   – Timing is important in gaining customer acceptance.
   – Start too early and you can lose a fortune; start too late and you’ll have to play catch-up.

Source: Harvard Business School

Conclusion

• Successful projects
   – Powerful
   – Useful, strategic
• Risk Assessment
• Project Leadership
• PROJECT PITFALLS