PCM---Project Cost Management

1st Lecture MSPM-1 (Fall 2015)

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- **Project <u>budget</u>** and **Project <u>costs</u>** plays a key role in the project success.

- The **goal of this course** is to develop skills required to effectively manage project's cost and budget.

PCFM - Course Objectives

- Methods used to estimate costs of a Project.

- Preparing Projects budgets.

- Controlling and Monitoring Project's Financials.

- Financial Management terms & techniques.

- Preparation of feasibility reports for projects.

- Interrelationship of various cost control concepts.

- Responses a project manager might make if a project is falling behind schedule or overrunning its budget.

- Project Management in Gov. Org PC1 to PCV.

- **1969 PMI founded**
- 1983 PMI Ethic, Standards and Accreditation
- 1987 Revised PMBOK
- 1996 PMBOK® Guide-- **First** Edition
- 1998 PMI officially accredited by UANSI
- 2000 PMBOK® Guide --**Second** Edition
- 2004, Dec 31 PMBOK® Guide --**Third** Edition
- 2008, Dec 31 **PMBOK® Guide-- Fourth Edition -**
     (9 Knowledge Areas)345 pages **+** Appendices
- **2013, Jan. 01 PMBOK® Guide --Fifth Edition -**
     (10 Knowledge Areas)461 pages + Appendices

The *PMBOK® Guide*—Fifth Edition

PMBOK reflects the **collaboration and knowledge of working project managers** and provides the fundamentals of project management as they apply to a wide range of projects. This internationally recognized standard **gives project managers the essential tools** to practice project management and deliver organizational results.

The PMBOK® Guide—Fifth Edition is the preeminent (excellent) global standard for project management. It represents **generally recognized Good Practices** that all project managers need to attain high standards and project excellence.
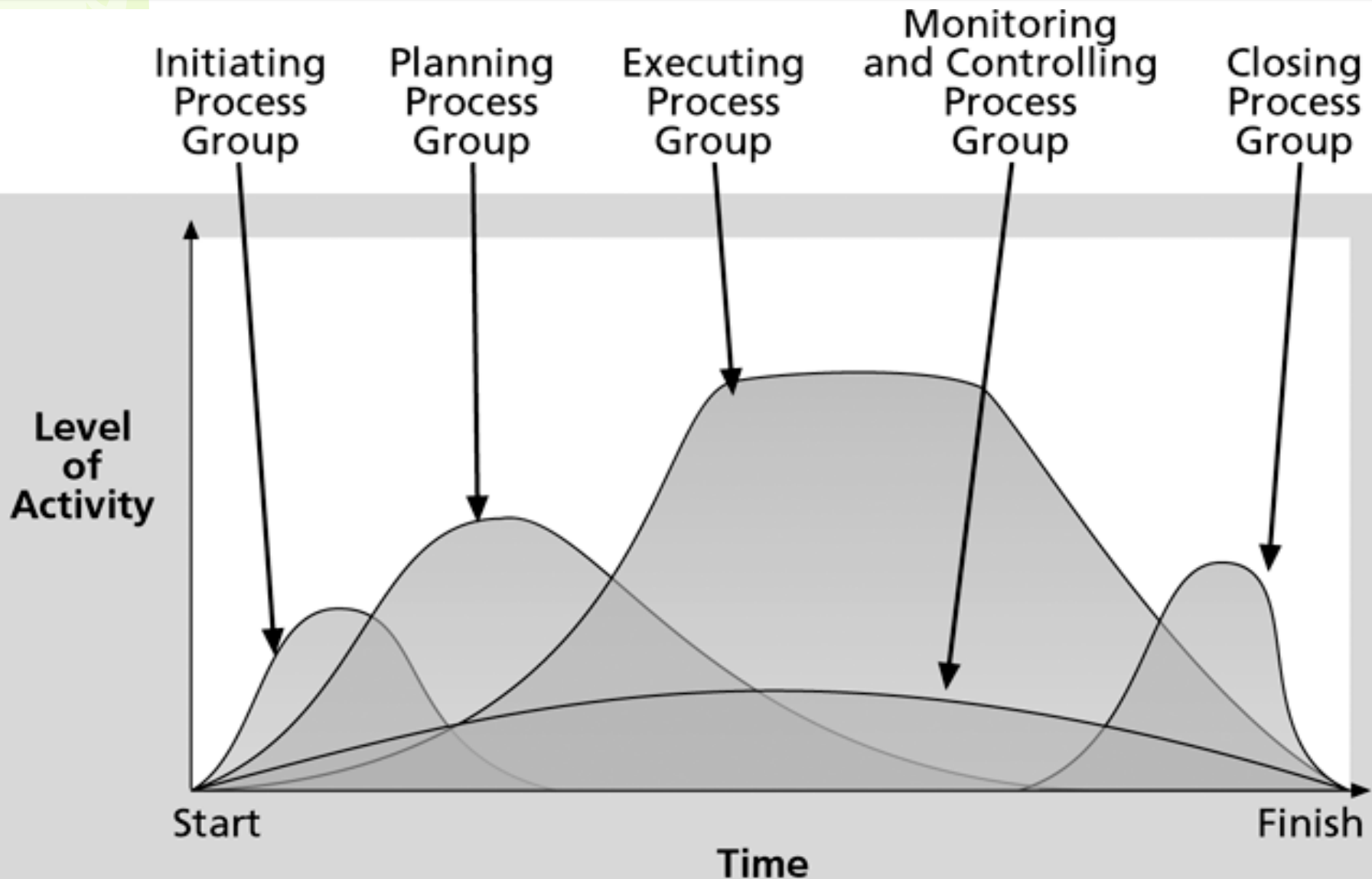
Project Management Processes

1. A **Process** is a **series of actions** directed toward a particular result. Project management can be viewed as a number of interlinked processes.

2. The project management is accomplished through the appropriate application and integration of **47** Logically grouped project management **Processes.**

3. The main activities of each PM process group can be mapped into **10 knowledge areas.** PMBOK® Fifth Edition 2013.
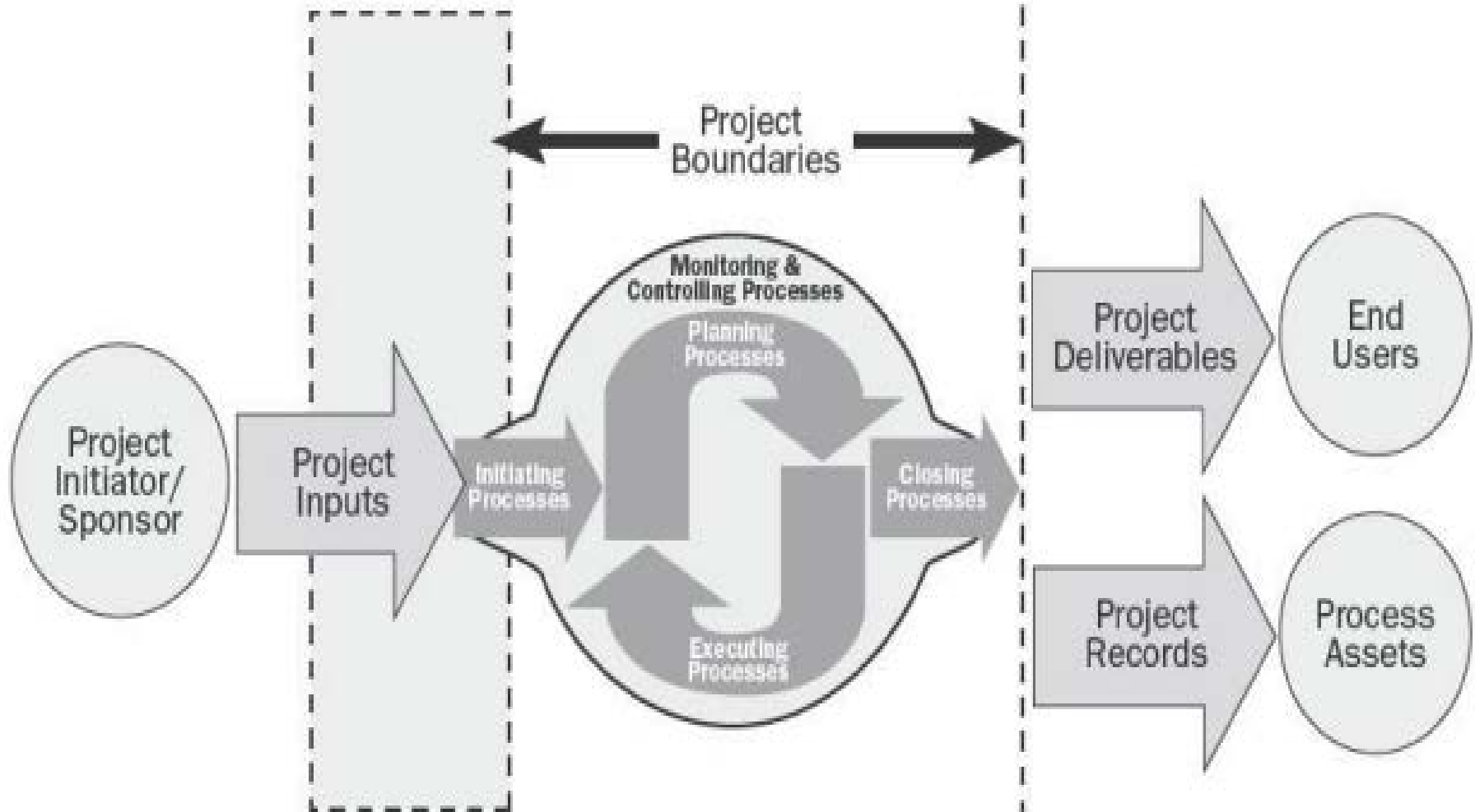
Ten Knowledge Areas

Process Groups Interact in a Phase or Project

Initiating Process Group

Planning Process Group

Executing Process Group

Monitoring and Controlling Process Group

Closing Process Group

Level of Activity

Start

Finish

Time

Project Bouderies

| Knowledge Area	Initiating	Planning	Executing	M&C	Closing
4. Project Integration Management	4Develop Project Charter	4.2 Develop Project Management Plan	4.3 Direct & Manage Project Work	4 Monitor & Control Project Work 4 Perform Integrated Change Control	4.6 Close Project or Phase
5. Project Scope Management		5Plan Scope Management 5.2 Collect Requirements 5.3 Define Scope 5.4 Create WBS		5 Validate Scope 5 Control Scope	
6. Project Time Management		6Plan Schedule Management 6.2 Define Activities 6.3 Sequence Activities 6.4 Estimate Activity Resources 6.5 Estimate Activity Durations 6.6 Develop Schedule		6 Control Schedule	
7. Project Cost Management		7Plan Cost Management 7.2 Estimate Costs 7.3 Determine Budget		7.4 Control Costs	
8. Project Quality Management		8Plan Quality Management	8.2 Perform Quality Assurance	8.3 Control Quality	
9. Project Human Resource Management		9.1 Plan Human Resource Management	9.2 Acquire Project Team 9.3 Develop Project Team 9.4 Manage Project Team		
10. Project Communications Management		10Plan Communications Management	10.2 Manage Communications	10.3 Control Communications	
11. Project Risk Management		11Plan Risk Management 11.2 Identify Risks 11.3 Perform Qualitative Risk Analysis 11.4 Perform Quantitative Risk Analysis 11.5 Plan Risk Responses		11.6 Control Risks	
12. Project Procurement Management		12Plan Procurement Management	12.2 Conduct Procurements	12.3 Control Procurements	12.4 Close Procurements
13. Project Stakeholder Management	13Identify Stakeholders	13.2 Plan Stakeholder Management	13.3 Manage Stakeholder Engagement	13.4 Control Stakeholder Engagement	

Define Project...............?

"a **temporary** endeavor   to produce   a **unique** product, service or result"

- **Temporary :**   Project is undertaken to achieve a purpose or product following which it is deemed complete and not repeated on a continuous basis.

- **Uniqueness:**   Project is undertaken to produce a unique product or purpose that cannot be achieved through routine operations.

Scope

Time

Quality

Typical
Project Constraints

Cost

Risk
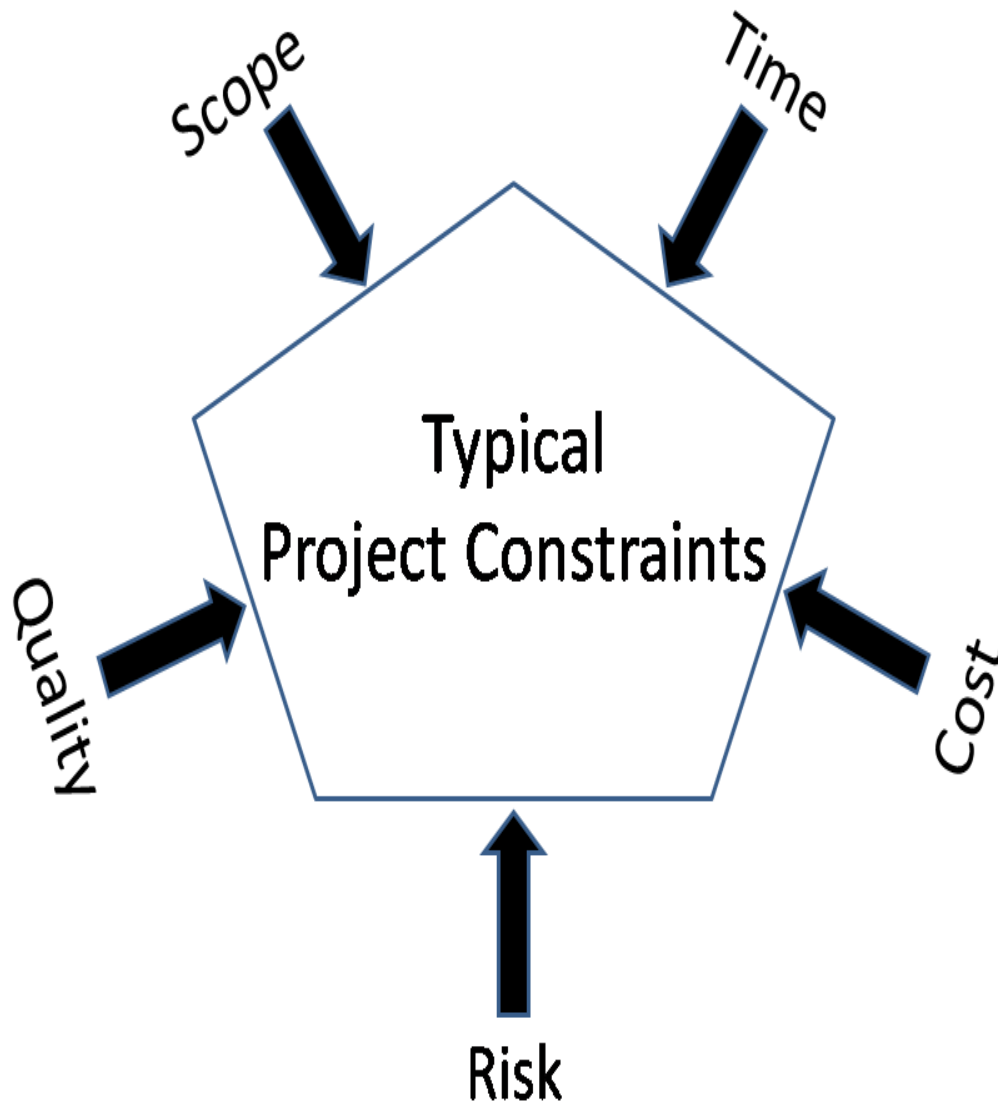
PortfolioVs Program

1. *Program:* is a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. A project may or may not be part of a program but a program will always have projects.

2. *Portfolio:* is a collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives.

3. A **program manager provides leadership and direction for the project managers.** Program managers are responsible for more than the delivery of Project results.

Projects, Programs and Portfolios
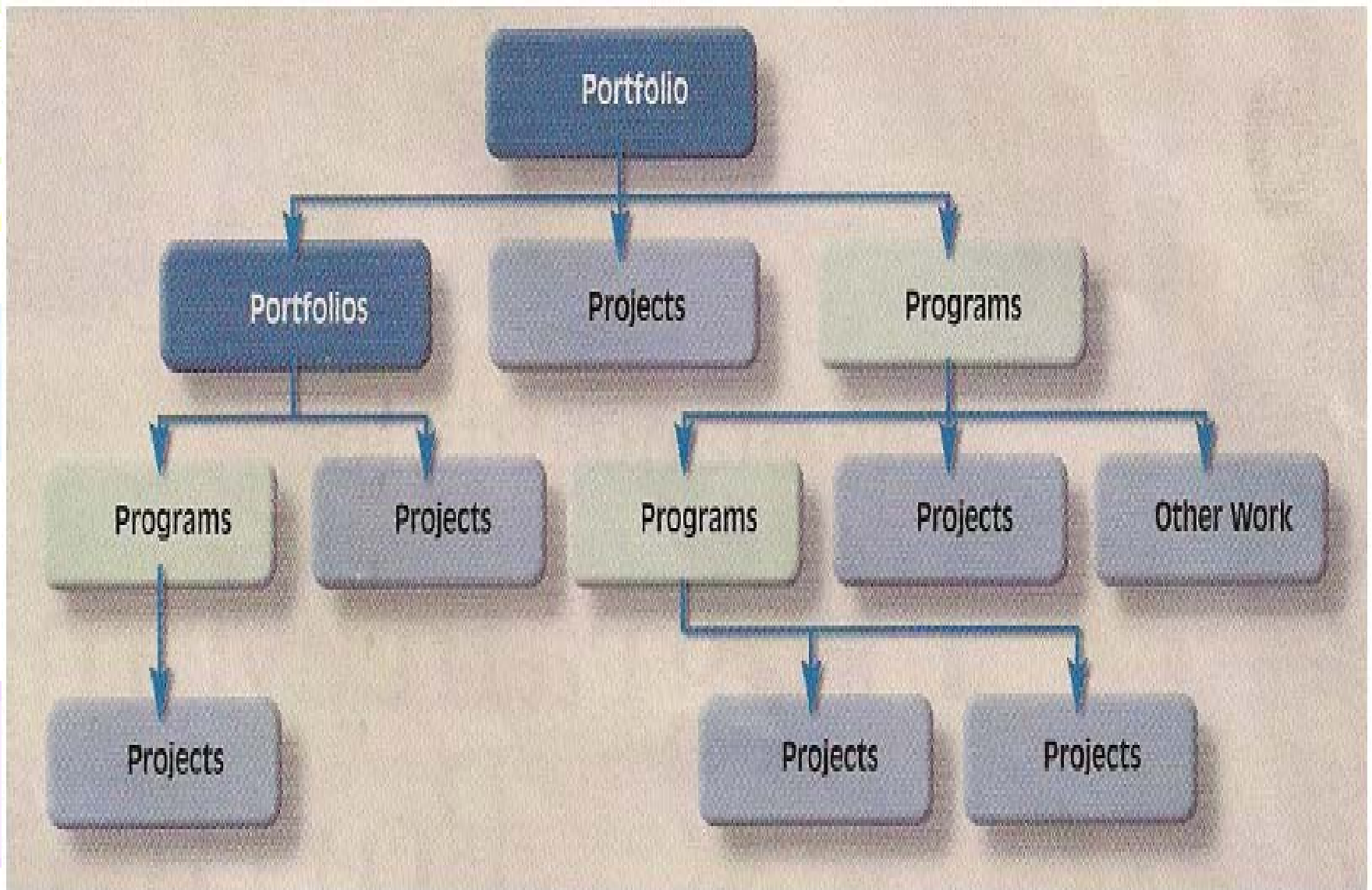
(Project Management Office) PMO

- **PMO:** A body responsible for centralized and coordinated management of projects under its domain.

- **PMO Function.**

  1. Managing shared resources across all projects.
  2. Identifying/developing project management methodology, best practices, and standards.
  3. Coaching, mentoring, training, and oversight.
  4. Monitoring compliance with project management standards, policies, procedures, and templates via project audits.
  5. Developing and managing project policies, procedures, templates, and other shared documentation.
  6. Coordinating communication across projects.

Role of a Project Manager

- The role of project manager is distinct from a functional manager or operations manager.

    - A *Project Manager* is the person assigned by the performing organization to lead the team that is responsible for achieving the project objectives.

    - A *Functional Manager* is focused on providing management oversight for a functional or a business unit.

    - An *Operations Manager* is responsible for ensuring that business operations are efficient.

- Project Manager may report to a Functional Manager, a Portfolio Manager or a Program Manager.

Competencies Required in Project Managers

- Effective project management requires that the project manager possess the following characteristics:

  - *Knowledge* – What PM knows about project management?

  - *Performance* – What PM is able to do or accomplish while applying the Knowledge?

  - *Personal* – How PM behaves when performing project?

PROJECT MANAGER'S RESPONSIBILITIES

- As the person responsible for the success of the project, a project manager is in charge of all aspects of the project including, but not limited to:-
  - Developing the project management plan and all related component plans.
  - Keeping the project on track in terms of schedule and budget.
  - Identifying, monitoring, and responding to risk.
  - Providing accurate and timely reporting of project metrics.

WHAT IS LIFE

- **Success is not final. Failure is not fatal. It is the courage to continue that makes the difference**

— Winston Churchill