



# ACCOUNTICA

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## Content:

### 1. The Business Life Cycle and Project Management- Emma Radowicz

This article investigates how the Project Management Life Cycle applies to the management of projects in business. It highlights the milestones in each phase of the life cycles, the timing required and the importance of planning and what should occur for detailed planning to be successful.



## The Business Life Cycle and Project Management

Project management involves the 'management of activities that lead to the successful completion and outcomes of a project' (Hartley, 2008, p7). This management of projects often involves liaising with various organisational departments in addition to consideration of elements such as time, costs, specifications and resources (Hartley, 2008, pp 8-10). As projects can involve multiple areas of the organisation and may have firm-wide implications, project management is vital to ensure projects meet outcomes and performance is often dependent on considerable planning to ensure outcomes are met. This planning is part of the project life cycle which aims to break project evolution into four broad stages called concept, schedule, progress and outcome. Due to the significance of this life cycle, it will subsequently be analysed in order to identify when projects commence and why planning is so important. Furthermore, the steps and considerations which are required for effective planning will be discussed in addition to identifying some of the effects of poor planning.

The Project Management Life Cycle aims to categorise projects into stages which reflect

their evolution in achieving outcomes. Some theorists believe that projects evolve through 12 stages however Hartley groups elements into four broad categories referred to as 'concept', 'schedule', 'progress' and 'outcome' (Hartley, 2008, pp14-16). Through these four stages, project elements are still able to be captured and further, this method indicates how each element should be managed. The first of the stages, 'concept', can broadly be described as the 'idea' stage where initial ideas, feasibility and formalization of the idea should occur. 'Schedule' progresses to set timelines and procedure for how and when project work is required and the 'progress' stage signals the commencement of actual production or execution with measurement occurring to track progress. Finally 'outcome' signals the project has been completed and desired outcome has been achieved (Hartley, 2008, p16).

Contrary to popular belief, projects commence during the 'concept' phase when the project or idea is first identified as being able to achieve a desired outcome. During this stage inputs such as the benefits, the stakeholders, required time, resources and project selection is undertaken which when combined, help



identify what considerations are required to ensure project success. Tools, such as a scope of work statement are also used and are particularly useful as they specify what the project will deliver, the boundaries of the project and requirements such as quality standards, operating procedures and team involvement (Hartley, 2008, p43). It can therefore be seen that while all of the life cycle stages incorporate 'performing' the project, the project initially commences in the concept phase as the initial project idea must be investigated before scheduling and progress occur.

It can further be identified that projects are simply formalised through scoping and other tools and that projects start when the idea is first selected due to its ability to meet desired outcomes through the use of company resources and capabilities. With this understanding it can be seen that upon recognising that an idea can deliver a desired outcome using available resources and capabilities, then the project and 'concept' phase has commenced.

The concept phase is when the bulk of planning must occur and planning breaks down the project under what is referred to as the 'work breakdown structure' to broadly address what is involved in the project, what the project will achieve and the inputs and

outputs of the project (Meredith & Mantel, 2003, p241). Planning is crucial to project management in order to ensure that the required elements, processes and outcomes are considered which in turn ensures that projects have realistic schedules, can meet goals and avoid unnecessary costs and time wastage. Planning should always address project constraints of time, cost, specification and resources and aim mitigate their negative impacts (Hartley, 2008, pp35-38). These constraints address factors such as how much is the project budget and whether a fixed or variable time period is relevant. Without planning, projects have the potential to fail, as seen in the launch of the Edsel sedan by Ford, where through lack of market and quality understanding, the launch of Edsel vehicles was a costly failure which otherwise may have been avoided (Ervin, 2000). Other consequences of not planning include project drift where the project (particularly when involving various divisions and teams) loses direction and commitment. 'Scope creep' can also occur which results in a change to a different desired outcome which may not meet the required criteria due to team desires to 'improve' on initial plans (Meredith & Mantel, 2003, pp589-590). Combined, it can be seen that planning is required to broadly identify elements required to achieve successfully



manage projects and further, to reduce risks and constraints.

There are numerous variables and steps which can be included in planning. One of the first steps is to determine the project feasibility by estimating the resources and inputs required with achieving outcomes in comparison to the potential constraints, costs and risks. Stakeholders must also be considered early in planning as these parties will have a significant interest in the success of the project or company and therefore, projects should be influenced to meet stakeholder expectations in order to ensure positive results (Youker, B, 2007, p18). These aspects of project planning can all broadly be considered in a project scope of work which identifies the processes required to ensure work is completed successfully. This is often the most difficult and time consuming part of projects and it involves numerous teams and people working together to evaluate project objectives, deliverables, milestones, technical requirements and constraints in addition to aligning risks with the project, and developing project details formally (Gray & Larson, 2008,

p92). This process forces teams to evaluate ideas and make decisions about strategy in addition to formalizing the process which in turn helps ensure project success (Gibson et. al., 2006, p1).

Based on the above discussion, it is clear that the concept phase of project management is indeed crucial to project success. Often, and in personal experience, many rush into projects and subsequently suffer high costs, delays, a breakdown in communication or disgruntled clients. Therefore, time taken to plan and explore the concept phase is extremely valuable. There are many different ways in which organisations can plan also, ranging from informal brainstorming to formal discussions in addition to a range of numeric and non-numeric progress and success indicators which suit all organisations. Therefore, I believe that the concept phase is extremely important in project management and all organisations, regardless of size and industry should focus on the concept phase to ensure the best foundation for project success.



### References:

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