CASE STUDY: JWD CONSULTING’S PROJECT MANAGEMENT INTRANET SITE PROJECT

Project Initiation

In project management, initiating includes recognizing and starting a new project. An organization should put considerable thought into project selection to ensure that it initiates the right kinds of projects for the right reasons. It is better to have a moderate or even small amount of success on an important project than huge success on one that is unimportant. The selection of projects for initiation, therefore, is crucial, as is the selection of project managers. Ideally, the project manager would be involved in initiating a project, but often the project manager is selected after many initiation decisions have already been made. You will learn more about project selection in Chapter 4, Project Integration Management. Organizations must also understand and plan for the ongoing support that is often required after implementing a new system or other product or service resulting from a project.

It is important to remember that strategic planning should serve as the foundation for deciding which projects to pursue. The organization's strategic plan expresses the vision, mission, goals, objectives, and strategies of the organization. It also provides the basis for information technology project planning. Information technology is usually a support function in an organization, so it is critical that the people initiating information technology projects understand how those projects relate to current and future needs of the organization. For example, JWD Consulting’s main business is providing consulting services to other organizations, not developing its own intranet site applications. Information systems, therefore, must support the firm’s business goals, such as providing consulting services more effectively and efficiently.

An organization may initiate information technology projects for several reasons, but the most important reason is to support business objectives. Providing a good return on investment at a reasonable level of risk is also important, especially in tough economic times. As mentioned in the opening case, JWD Consulting wants to follow an exemplary process for managing its projects since its core business is helping other organizations manage projects. Developing an intranet to share its project management knowledge could help JWD Consulting reduce internal costs by working more effectively, and by allowing existing and potential customers to access some of the firm’s information. JWD Consulting could also increase revenues by bringing in more business. Therefore, they will use these metrics—reducing internal costs and increasing revenues—to measure their own performance on this project.

The *PMBOK® Guide Third Edition* includes only two items as outputs of the initiating process group: the project charter and the preliminary project scope statement, created as part of project integration management. JWD Consulting also
believes it is important to assign a project manager, identify key project stakeholders, and write a business case for the project during project initiation. Some organizations require an approved corporate project request and a more detailed business case before project initiation begins. Other organizations require these items in a phase called pre-initiation. Remember that it is important to tailor the project management process to meet unique project needs and the needs of the organization.

Erica, head of the Project Management Office for JWD Consulting, has reviewed possible outputs of project initiation and tailored them to meet the needs of the Project Management Intranet Site Project. The project’s business case includes a clarification of constraints and a list of assumptions, as well as several items, such as preliminary project requirements, that are often included in a preliminary scope statement, so she decides not to include that item as separate outputs of initiation. Table 3-2 summarizes the desired outputs of project initiation for this particular project. It also lists related templates provided on the companion Web site, as described later in this chapter, that can be using during initiation. Note that Erica is tailoring information to meet the needs of her project and organization. She knows that her project requires a strong business case, and she knows that it is crucial to identify key stakeholders early in her organization and invite them to the project kickoff meeting. Recall from Table 3-1 that the PMBOK Guide® Third Edition only suggests a project charter and preliminary project scope statement as part of initiating, which are done as part of project integration management.

<table>
<thead>
<tr>
<th>Knowledge Area</th>
<th>Outputs</th>
<th>Related Templates</th>
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<tbody>
<tr>
<td>Project Integration Management</td>
<td>Project manager assigned</td>
<td>Business Case</td>
</tr>
<tr>
<td></td>
<td>Key stakeholders identified</td>
<td>Business Case Financial Analysis</td>
</tr>
<tr>
<td></td>
<td>Business case completed</td>
<td>Payback Chart</td>
</tr>
<tr>
<td></td>
<td>Project charter completed and signed</td>
<td>Weighted Decision Matrix</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project charter</td>
</tr>
</tbody>
</table>

As described in the opening case, Joe Fleming, the CEO at JWD Consulting, has assigned Erica Bell as the project manager for the intranet project, so that particular initiating task is finished. Erica has managed several projects in the past, and as the head of the firm’s Project Management Office, she has expertise that would be instrumental to this project’s success.

Erica met with Joe Fleming, the project’s sponsor, to help identify other key stakeholders for this project. They decided to contact one full-time consultant
with an outstanding record, Michael Chen, one part-time consultant, Jessie Faue, who was new to the company and supported the Project Management Office, and two members of the Information Technology department who supported the current intranet, Kevin Dodge and Cindy Dawson. They also knew that client inputs would be important for this project, so Joe agreed to call the CEOs of two of the firm’s largest clients to see if they would be willing to provide representatives to work on this project at their own expense. After Joe and Erica made the preliminary contacts, Erica documented the stakeholders’ roles, names, organizations, and contact information. All of the internal staff Joe and Erica recommended agreed to work on the project, and the two client representatives would be Kim Phuong and Page Miller. Erica would have these stakeholders review and sign the project charter and attend important meetings, like the kickoff meeting for the project.

To justify investing in this project, Erica drafted a business case for the project, getting input and feedback from Joe, one of her senior staff members in the Project Management Office, and a member of the Finance department. She also used a corporate template and sample business cases from past projects as a guide. Table 3-3 provides the business case. (Note that this example and others are abbreviated examples. See the companion Web site for additional examples of project documents and to download a business case template and other templates.) Notice that the following information is included in this business case:

- Introduction/background
- Business objective
- Current situation and problem/opportunity statement
- Critical assumptions and constraints
- Analysis of options and recommendation
- Preliminary project requirements
- Budget estimate and financial analysis
- Schedule estimate
- Potential risks
- Exhibits

Since this project is relatively small and is for an internal sponsor, the business case is not as long as many other business cases. Erica reviewed the business case with Joe before proceeding to develop the project charter. Joe agreed that the project was worth pursuing, and he told Erica to proceed with developing the project charter to officially recognize the existence of this project.
Table 3-3: JWD Consulting's Business Case

1.0 INTRODUCTION/BACKGROUND

JWD Consulting's core business goal is to provide world-class project management consulting services to various organizations. The CEO, Joe Fleming, believes the firm can streamline operations and increase business by providing information related to project management on its intranet site, making some information and services accessible to current and potential clients.

2.0 BUSINESS OBJECTIVE

JWD Consulting's strategic goals include continuing growth and profitability. The Project Management Intranet Site Project will support these goals by increasing visibility of the firm's expertise to current and potential clients by allowing client and public access to some sections of the intranet. It will also improve profitability by reducing internal costs by providing standard tools, techniques, templates, and project management knowledge to all internal consultants. Since JWD Consulting focuses on identifying profitable projects and measuring their value after completion, this project must meet those criteria.

3.0 CURRENT SITUATION AND PROBLEM/OPPORTUNITY STATEMENT

JWD Consulting has a corporate Web site as well as an intranet. The firm currently uses the Web site for marketing information. The primary use of the intranet is for human resource information, such as where consultants enter their hours on various projects, change and view their benefits information, access an online directory and Web-based e-mail system, and so on. The firm also uses an enterprise-wide project management system to track all project information, focusing on the status of deliverables and meeting scope, time, and cost goals. There is an opportunity to provide a new section on the intranet dedicated to sharing consultants' project management knowledge across the organization. JWD Consulting only hires experienced consultants and gives them freedom to manage projects as they see fit. However, as the business grows and projects become more complex, even experienced project managers are looking for suggestions on how to work more effectively.

4.0 CRITICAL ASSUMPTION AND CONSTRAINTS

The proposed intranet site must be a valuable asset for JWD Consulting. Current consultants and clients must actively support the project, and it must pay for itself within one year by reducing internal operating costs and generating new business. The Project Management Office manager must lead the effort, and the project team must include participants from several parts of the company, as well as current client organizations. The new system must run on existing hardware and software, and it should require minimal technical support. It must be easily accessible by clients and the public yet secure from unauthorized users.

5.0 ANALYSIS OF OPTIONS AND RECOMMENDATION

There are three options for addressing this opportunity:

1. Do nothing. The business is doing well, and we can continue to operate without this new project.
2. Purchase access to specialized software to support this new capability with little in-house development.
3. Design and implement the new intranet capabilities in-house using mostly existing hardware and software.

Based on discussions with stakeholders, we believe that option 3 is the best option.
Table 3-3: JWD Consulting’s Business Case (continued)

6.0 PRELIMINARY PROJECT REQUIREMENTS

The main features of the project management intranet site include the following:

1. Access to several project management templates and tools. Users must be able to search for templates and tools, read instructions on using these templates and tools, and see examples of how to apply them to real projects. Users must also be able to submit new templates and tools, which should be first screened or edited by the Project Management Office.

2. Access to relevant project management articles. Many consultants and clients feel as though there is an information overload when they research project management information. They often waste time they should be spending with their clients. The new intranet should include access to several important articles on various project management topics, which are searchable by topic, and allow users to request the Project Management Office staff to find additional articles to meet their needs.

3. Links to other, up-to-date Web sites, with brief descriptions of the main features of the external site.

4. An “Ask the Expert” feature to help build relationships with current and future clients and share knowledge with internal consultants.

5. Appropriate security to make the entire intranet site accessible to internal consultants and certain sections accessible to others.

6. The ability to charge money for access to some information. Some of the information and features of the intranet site should prompt external users to pay for the information or service. Payment options should include a credit card option or similar online payment transactions. After the system verifies payment, the user should be able to access or download the desired information.

7. Other features suggested by users, if they add value to the business.

7.0 BUDGET ESTIMATE AND FINANCIAL ANALYSIS

A preliminary estimate of costs for the entire project is $140,000. This estimate is based on the project manager working about 20 hours per week for six months and other internal staff working a total of about 10 hours per week for six months. The customer representatives would not be paid for their assistance. A staff project manager would earn $30 per hour. The hourly rate for the other project team members would be $70 per hour, since some hours normally billed to clients may be needed for this project. The initial cost estimate also includes $10,000 for purchasing software and services from suppliers. After the project is completed, maintenance costs of $40,000 are included for each year, primarily to update the information and coordinate the “Ask the Expert” feature and online articles.

Projected benefits are based on a reduction in hours consultants spend researching project management information, appropriate tools and templates, and so on. Projected benefits are also based on a small increase in profits due to new business generated by this project. If each of more than 400 consultants saved just 40 hours each year (less than one hour per week) and could bill that time to other projects that generate a conservative estimate of $10 per hour in profits, then the projected benefit would be $160,000 per year. If the new intranet increased business by just 1 percent, using past profit information, increased profits due to new business would be at least $40,000 each year. Total projected benefits, therefore, are about $200,000 per year.

Exhibit A summarizes the projected costs and benefits and shows the estimated net present value (NPV), return on investment (ROI), and year in which payback occurs. It also lists assumptions made in performing this preliminary financial analysis. All of the financial estimates are very encouraging. The estimated payback is within one year, as requested by the sponsor. The NPV is $272,800, and the discounted ROI based on a three-year system life is excellent at 112 percent.
Table 3-3: JWD Consulting’s Business Case (continued)

8.0 SCHEDULE ESTIMATE

The sponsor would like to see the project completed within six months, but there is some flexibility in the schedule. We also assume that the new system will have a useful life of at least three years.

9.0 POTENTIAL RISKS

There are several risks involved with this project. The foremost risk is a lack of interest in the new system by our internal consultants and external clients. User inputs are crucial for populating information into this system and realizing the potential benefits from using the system. There are some technical risks in choosing the type of software used to search the system, check security, process payments, and so on, but the features of this system all use proven technologies. The main business risk is investing the time and money into this project and not realizing the projected benefits.

10.0 EXHIBITS

Exhibit A: Financial Analysis for Project Management Intranet Site Project

<table>
<thead>
<tr>
<th>Discount rate</th>
<th>8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assume the project is done in about 6 months</td>
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<tr>
<td>Costs</td>
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<tr>
<td>Discount factor</td>
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<tr>
<td>Discounted costs</td>
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<tr>
<td>Discount factor</td>
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<tr>
<td>Discounted benefits</td>
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</tr>
<tr>
<td>Discounted benefits - costs</td>
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</tr>
<tr>
<td>Cumulative benefits - costs</td>
<td>(140,000)</td>
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<tr>
<td>Payback in Year</td>
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</tr>
<tr>
<td>Discounted life cycle ROI</td>
<td>112%</td>
</tr>
</tbody>
</table>

Assumptions

- Costs
- PM (500 hours, $50/hour) | 25,000
- Staff (1,500 hours, $70/hour) | 105,000
- Outsourced software and services | 10,000
- Total project costs (all applied in year 0) | 140,000
- Benefits
- # consultants | 400
- Hours saved | 40
- $/hour profit | 10
- Benefits from saving time | 160,000
- Benefits from 1% increase in profits | 40,000
- Total annual projected benefits | 200,000

Erica drafted a project charter and had the project team members review it before showing it to Joe. Joe made a few minor changes, which Erica incorporated, and then all the key stakeholders signed the project charter at their kick-off meeting. She decided that the meeting should be short and focus on brief introductions and reviewing what was in documents like the charter and business case. Table 3-4 shows the final project charter (see Chapter 3 for more information on project charters). Note the items included on the project charter and its short length. JWD Consulting believes that project charters should
preferably be one or two pages long, and they may refer to other documents, such as a business case, as needed. Erica felt the most important parts of the project charter were the signatures of key stakeholders and their individual comments. It is hard to get stakeholders to agree on even a one-page project charter, so everyone has a chance to make their concerns known in the comments section. Note that Michael Chen, the senior consultant asked to work on the project, was concerned about working on this project when he felt that his other assignments with external clients might have a higher priority. He offered to have an assistant help as needed. The information technology staff members mentioned their concerns about testing and security issues. Erica knew that she would have to consider these concerns when managing the project.

**Table 3-4: Project Charter**

**Project Title:** Project Management Intranet Site Project  
**Project Start Date:** May 2, 2008  
**Projected Finish Date:** November 4, 2008

**Budget Information:** The firm has allocated $140,000 for this project. The majority of costs for this project will be internal labor. An initial estimate provides a total of 80 hours per week.

**Project Manager:** Erica Bell, (310) 555-5896, erica_bell@jwdconsulting.com

**Project Objectives:** Develop a new capability accessible on JWD Consulting’s intranet site to help internal consultants and external customers manage projects more effectively. The intranet site will include several templates and tools that users can download, examples of completed templates and related project management documents used on real projects, important articles related to recent project management topics, an article retrieval service, links to other sites with useful information, and an “Ask the Expert” feature, where users can post questions they have about their projects and receive advice from experts in the field. Some parts of the intranet site will be accessible free to the public, other parts will only be accessible to current customers and/or internal consultants, and other parts of the intranet site will be accessible for a fee.

**Approach:**

- Develop a survey to determine critical features of the new intranet site and solicit input from consultants and customers.
- Review internal and external templates and examples of project management documents.
- Research software to provide security, manage user inputs, and facilitate the article retrieval and “Ask the Expert” features.
- Develop the intranet site using an iterative approach, soliciting a great deal of user feedback.
- Determine a way to measure the value of the intranet site in terms of reduced costs and new revenues, both during the project and one year after project completion.
Table 3-4: Project Charter (continued)

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Position</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Fleming</td>
<td>Sponsor</td>
<td>JWD Consulting, CEO</td>
<td><a href="mailto:joe_fleming@jwdconsulting.com">joe_fleming@jwdconsulting.com</a></td>
</tr>
<tr>
<td>Erica Bell</td>
<td>Project Manager</td>
<td>JWD Consulting, manager</td>
<td><a href="mailto:erica_bell@jwdconsulting.com">erica_bell@jwdconsulting.com</a></td>
</tr>
<tr>
<td>Michael Chen</td>
<td>Team Member</td>
<td>JWD Consulting, senior consultant</td>
<td><a href="mailto:michael_chen@jwdconsulting.com">michael_chen@jwdconsulting.com</a></td>
</tr>
<tr>
<td>Jessie Faue</td>
<td>Team Member</td>
<td>JWD Consulting, consultant</td>
<td><a href="mailto:jessie_faue@jwdconsulting.com">jessie_faue@jwdconsulting.com</a></td>
</tr>
<tr>
<td>Kevin Dodge</td>
<td>Team Member</td>
<td>JWD Consulting, IT department</td>
<td><a href="mailto:kevin_dodge@jwdconsulting.com">kevin_dodge@jwdconsulting.com</a></td>
</tr>
<tr>
<td>Cindy Dawson</td>
<td>Team Member</td>
<td>JWD Consulting, IT department</td>
<td><a href="mailto:cindy_dawson@jwdconsulting.com">cindy_dawson@jwdconsulting.com</a></td>
</tr>
<tr>
<td>Kim Phuong</td>
<td>Advisor</td>
<td>Client representative</td>
<td><a href="mailto:kim_phuong@client1.com">kim_phuong@client1.com</a></td>
</tr>
<tr>
<td>Page Miller</td>
<td>Advisor</td>
<td>Client representative</td>
<td><a href="mailto:page_miller@client2.com">page_miller@client2.com</a></td>
</tr>
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</table>

Comments: (Handwritten or typed comments from above stakeholders, if applicable)

“I will support this project as time allows, but I believe my client projects take priority. I will have one of my assistants support the project as needed.” —Michael Chen

“We need to be extremely careful testing this new system, especially the security in giving access to parts of the intranet site to the public and clients.” —Kevin Dodge and Cindy Dawson

Project Planning

Planning is often the most difficult and unappreciated process in project management. Because planning is not always used to facilitate action, many people view planning negatively. The main purpose of project plans, however, is to guide project execution. To guide execution, plans must be realistic and useful, so a fair amount of time and effort must go into the planning process; people knowledgeable with the work need to plan the work. Chapter 4, Project Integration Management, provides detailed information on preparing a project management plan, and Chapters 5–12 describe planning processes for each of the other knowledge areas.

Table 3-5 lists the project management knowledge areas, processes, and outputs of project planning according to the PMBOK® Guide Third Edition. There are many potential outputs from the planning process group, and every knowledge area is included. Just a few planning documents from JWD Consulting's Project Management Intranet Site Project are provided in this chapter as examples. Recall that the PMBOK® Guide is only a guide, so many organizations may have different planning outputs based on their particular needs, as is the case in this example.