

Contents

Preface xix

1 OVERVIEW 1

- 1.0 Introduction 1
 - 1.1 Understanding Project Management 2
 - 1.2 Defining Project Success 7
 - 1.3 Trade-Offs and Competing Constraints 8
 - 1.4 The Entry-Level Project Manager 10
 - 1.5 The Talent Triangle 11
 - 1.6 Technology-Based Projects 12
 - 1.7 The Project Manager–Line Manager Interface 13
 - 1.8 Defining the Project Manager’s Role 15
 - 1.9 Defining the Functional Manager’s Role 16
 - 1.10 Defining the Functional Employee’s Role 18
 - 1.11 Defining the Executive’s Role 19
 - 1.12 Working with Executives 20
 - 1.13 Committee Sponsorship/Governance 21
 - 1.14 The Project Manager as the Planning Agent 23
 - 1.15 Project Champions 24
 - 1.16 Project-Driven Versus Non–Project-Driven Organizations 25
 - 1.17 Marketing in the Project-Driven Organization 27
 - 1.18 Classification of Projects 28
 - 1.19 Location of the Project Manager 29
 - 1.20 Differing Views of Project Management 31
 - 1.21 Public-Sector Project Management 31
 - 1.22 International Project Management 35
 - 1.23 Concurrent Engineering: A Project Management Approach 35
 - 1.24 Added Value 36
 - 1.25 Studying Tips for the PMI® Project Management Certification Exam 37
- Answers 39
- Problems 39

Case Study

Williams Machine Tool Company 40

2 PROJECT MANAGEMENT GROWTH: CONCEPTS AND DEFINITIONS 43

- 2.0 Introduction 43
- 2.1 The Evolution of Project Management: 1945–2021 43
- 2.2 Resistance to Change 47
- 2.3 Systems, Programs, and Projects: A Definition 49
- 2.4 Projects Versus Operations 51
- 2.5 Product Versus Project Management: A Definition 52
- 2.6 Maturity and Excellence: A Definition 53
- 2.7 Informal Project Management: A Definition 55
- 2.8 The Many Faces of Success 56
- 2.9 The Many Faces of Failure 59
- 2.10 Causes of Project Failure 62
- 2.11 Degrees of Success and Failure 64
- 2.12 Project Health Checks 65
- 2.13 The Stage-Gate Process 69
- 2.14 Project Life Cycles 71
- 2.15 Gate Review Meetings (Project Closure) 74
- 2.16 Engagement Project Management 75
- 2.17 Project Management Methodologies: A Definition 76
- 2.18 From Enterprise Project Management Methodologies to Frameworks 78
- 2.19 Growth of Strategic Project Management 81
- 2.20 Business Models 82
- 2.21 Methodologies Can Fail 83
- 2.22 Lean Project Management 84
- 2.23 Organizational Change Management and Corporate Cultures 86
- 2.24 Benefits Harvesting and Cultural Change 92
- 2.25 Agile and Adaptive Project Management Cultures 92
- 2.26 Project Management Intellectual Property 93
- 2.27 Systems Thinking 95
- 2.28 Studying Tips for the PMI® Project Management Certification Exam 98

Answers 101

Problems 101

Case Study

Creating a Methodology 102

3 ORGANIZATIONAL STRUCTURES 105

- 3.0 Introduction 105
- 3.1 Organizational Workflow 106

- 3.2 Traditional (Classical) Organization 107
- 3.3 Pure Product (Projectized) Organization 109
- 3.4 Matrix Organizational Form 111
- 3.5 Modification of Matrix Structures 115
- 3.6 The Strong, Weak, or Balanced Matrix 117
- 3.7 Project Management Offices 117
- 3.8 Selecting the Organizational Form 120
- 3.9 Strategic Business Unit (SBU) Project Management 123
- 3.10 Transitional Management 124
- 3.11 Seven Fallacies that Delay Project Management Maturity 127
- 3.12 Studying Tips for the PMI® Project Management Certification Exam 129

Answers 131

Problems 131

4 ORGANIZING AND STAFFING THE PROJECT OFFICE AND TEAM 133

- 4.0 Introduction 133
- 4.1 The Staffing Environment 134
- 4.2 Selecting the Project Manager: An Executive Decision 135
- 4.3 Skill Requirements for Project and Program Managers 139
- 4.4 Special Cases in Project Manager Selection 143
- 4.5 Today's Project Managers 144
- 4.6 Duties and Job Descriptions 145
- 4.7 The Organizational Staffing Process 146
- 4.8 The Project Office 149
- 4.9 The Functional Team 151
- 4.10 The Project Organizational Chart 152
- 4.11 Selecting the Project Management Implementation Team 155
- 4.12 Mistakes Made by Inexperienced Project Managers 157
- 4.13 Studying Tips for the PMI® Project Management Certification Exam 158

Answers 160

Problems 160

5 MANAGEMENT FUNCTIONS 163

- 5.0 Introduction 163
- 5.1 Controlling 164
- 5.2 Directing 165
- 5.3 Project Authority 166
- 5.4 Interpersonal Influences 170
- 5.5 Barriers to Project Team Development 172
- 5.6 Suggestions for Handling the Newly Formed Team 176
- 5.7 Team Building as an Ongoing Process 177

| | | |
|------|--|-----|
| 5.8 | Leadership in a Project Environment | 178 |
| 5.9 | Value-Based Project Leadership | 181 |
| 5.10 | Transformational Project Management Leadership | 184 |
| 5.11 | Organizational Impact | 185 |
| 5.12 | Employee–Manager Problems | 186 |
| 5.13 | General Management Pitfalls | 187 |
| 5.14 | Time Management Pitfalls | 188 |
| 5.15 | Management Policies and Procedures | 192 |
| 5.16 | Human Behavior Education | 192 |
| 5.17 | Studying Tips for the PMI® Project Management Certification Exam | 195 |

Answers 198

Problems 198

Case Study

The Trophy Project 199

McRoy Aerospace 201

The Poor Worker 203

The Prima Donna 204

The Reluctant Workers 205

Leadership Effectiveness (A) 206

Leadership Effectiveness (B) 210

Motivational Questionnaire 216

6 COMMUNICATIONS MANAGEMENT 223

6.0 Introduction 223

6.1 Modeling the Communications Environment 223

6.2 The Project Manager as a Communicator 228

6.3 Project Review Meetings 232

6.4 Project Management Bottlenecks 232

6.5 Active Listening 233

6.6 Communication Traps 234

6.7 Project Problem Solving 235

6.8 Using Action Items 243

6.9 Brainstorming 244

6.10 Predicting the Outcome of a Decision 246

6.11 Facilitation 247

6.12 Studying Tips for the PMI® Project Management Certification Exam 249

Answers 250

Problems 251

Case Study

Communication Failures 252

The Team Meeting 255

- 7 CONFLICTS 257**
- 7.0 Introduction 257
 - 7.1 The Conflict Environment 258
 - 7.2 Types of Conflicts 259
 - 7.3 Conflict Resolution 260
 - 7.4 The Management of Conflicts 261
 - 7.5 Conflict Resolution Modes 262
 - 7.6 Understanding Superior, Subordinate, and Functional Conflicts 264
 - 7.7 Studying Tips for the PMI® Project Management Certification Exam 266

Answers 267

Problems 268

Case Study

Facilities Scheduling at Mayer Manufacturing 268

Telestar International 270

Handling Conflict in Project Management 271

8 SPECIAL TOPICS 277

- 8.0 Introduction 277
- 8.1 Performance Measurement 277
- 8.2 Financial Compensation and Rewards 282
- 8.3 Effective Project Management in the Small Business Organization 290
- 8.4 Mega Projects 291
- 8.5 Morality, Ethics, and the Corporate Culture 293
- 8.6 Professional Responsibilities 296
- 8.7 Internal and External Partnerships 298
- 8.8 Training and Education 299
- 8.9 Integrated Product/Project Teams 301
- 8.10 Virtual Project Teams 303
- 8.11 Managing Innovation Projects 304
- 8.12 Agile Project Management 307
- 8.13 Artificial Intelligence 308
- 8.14 Studying Tips for the PMI® Project Management Certification Exam 310

Answers 316

Problems 316

Case Study

Is It Fraud? 317

9 THE VARIABLES FOR SUCCESS 321

- 9.0 Introduction 321
- 9.1 Predicting Project Success 321

- 9.2 Project Management Effectiveness 325
- 9.3 Expectations 326
- 9.4 Lessons Learned 327
- 9.5 Understanding Best Practices 328
- 9.6 Downside Risks With Best Practices 334
- 9.7 Studying Tips for the PMI® Project Management Certification Exam 335

Answers 336
 Problems 336

Case Study

Radiance International 337

10 WORKING WITH EXECUTIVES 339

- 10.0 Introduction 339
- 10.1 The Project Sponsor 339
- 10.2 Handling Disagreements with the Sponsor 349
- 10.3 The Collective Belief 349
- 10.4 The Exit Champion 350
- 10.5 The In-House Representatives 351
- 10.6 Stakeholder Relations Management 351
- 10.7 Project Portfolio Management 357
- 10.8 Politics 359
- 10.9 Studying Tips for the PMI® Project Management Certification Exam 360

Answers 361
 Problems 361

Case Study

The Prioritization of Projects 362
 The Irresponsible Sponsors 363
 Selling Executives on Project Management 364

11 PLANNING 367

- 11.0 Introduction 367
- 11.1 Business Case 368
- 11.2 Validating the Assumptions 370
- 11.3 Validating the Objectives 374
- 11.4 General Planning 375
- 11.5 Life-Cycle Phases 378
- 11.6 Life-Cycle Milestones 379
- 11.7 Kickoff Meetings 381
- 11.8 Understanding Participants' Roles 383

| | | |
|-------|--|-----|
| 11.9 | Establishing Project Objectives | 384 |
| 11.10 | The Statement of Work | 384 |
| 11.11 | Project Specifications | 386 |
| 11.12 | Data Item Milestone Schedules | 387 |
| 11.13 | Work Breakdown Structure | 388 |
| 11.14 | WBS Decomposition Problems | 393 |
| 11.15 | Work Breakdown Structure Dictionary | 397 |
| 11.16 | Project Selection | 398 |
| 11.17 | The Role of the Executive in Planning | 402 |
| 11.18 | Management Cost and Control System | 402 |
| 11.19 | Work Planning Authorization | 404 |
| 11.20 | Why Do Plans Fail? | 404 |
| 11.21 | Stopping Projects | 405 |
| 11.22 | Handling Project Phaseouts and Transfers | 406 |
| 11.23 | Detailed Schedules and Charts | 407 |
| 11.24 | Master Production Scheduling | 410 |
| 11.25 | Project Plan | 411 |
| 11.26 | The Project Charter | 416 |
| 11.27 | Project Baselines | 417 |
| 11.28 | Verification and Validation | 420 |
| 11.29 | Management Control | 422 |
| 11.30 | Configuration Management | 422 |
| 11.31 | Enterprise Project Management Methodologies | 423 |
| 11.32 | Project Audits | 424 |
| 11.33 | Studying Tips for the PMI® Project Management Certification Exam | 425 |
| | Answers | 429 |
| | Problems | 429 |

12 NETWORK SCHEDULING TECHNIQUES 435

| | | |
|-------|--|-----|
| 12.0 | Introduction | 435 |
| 12.1 | Network Fundamentals | 437 |
| 12.2 | Graphical Evaluation and Review Technique (GERT) | 442 |
| 12.3 | Dependencies | 443 |
| 12.4 | Slack Time | 444 |
| 12.5 | Network Replanning | 450 |
| 12.6 | Estimating Activity Time | 455 |
| 12.7 | Estimating Total Project Time | 456 |
| 12.8 | Total PERT/CPM Planning | 458 |
| 12.9 | Crash Times | 460 |
| 12.10 | PERT/CPM Problem Areas | 463 |
| 12.11 | Alternative PERT/CPM Models | 464 |
| 12.12 | Precedence Networks | 465 |
| 12.13 | Lag | 467 |

- 12.14 Scheduling Problems 469
- 12.15 The Myths of Schedule Compression 469
- 12.16 Project Management Software 470
- 12.17 Studying Tips for the PMI® Project Management Certification Exam 472

Answers 475

Problems 475

Case Study

The Invisible Sponsor 478

13 PRICING AND ESTIMATING 481

- 13.0 Introduction 481
- 13.1 Global Pricing Strategies 481
- 13.2 Types of Estimates 483
- 13.3 Pricing Process 486
- 13.4 Organizational Input Requirements 489
- 13.5 Labor Distributions 490
- 13.6 Overhead Rates 491
- 13.7 Materials/Support Costs 493
- 13.8 Pricing out the Work 494
- 13.9 Smoothing out Department Man-Hours 497
- 13.10 The Pricing Review Procedure 499
- 13.11 Systems Pricing 500
- 13.12 Developing the Supporting/Backup Costs 502
- 13.13 The Low-Bidder Dilemma 502
- 13.14 Special Problems 505
- 13.15 Estimating Pitfalls 506
- 13.16 Estimating High-Risk Projects 507
- 13.17 Project Risks 508
- 13.18 The Disaster of Applying the 10 Percent Solution to Project Estimates 511
- 13.19 Life-Cycle Costing (LCC) 512
- 13.20 Logistics Support 514
- 13.21 Economic Project Selection Criteria: Capital Budgeting 516
- 13.22 Payback Period 516
- 13.23 The Time Value of Money and Discounted Cash Flow (DCF) 517
- 13.24 Net Present Value (NPV) 518
- 13.25 Internal Rate of Return (IRR) 518
- 13.26 Comparing IRR, NPV, and Payback 519
- 13.27 Risk Analysis 520
- 13.28 Capital Rationing 520
- 13.29 Project Financing 522
- 13.30 Studying Tips for the PMI® Project Management Certification Exam 524

Answers 526

Problems 526

Case Study

The Estimating Problem 527

14 COST CONTROL 529

14.0 Introduction 529

14.1 Understanding Control 531

14.2 The Operating Cycle 534

14.3 Cost Account Codes 534

14.4 Budgets 539

14.5 The Earned Value Measurement System (EVMS) 540

14.6 Variance and Earned Value 541

14.7 The Cost Baseline 557

14.8 Justifying the Costs 559

14.9 The Cost Overrun Dilemma 560

14.10 Recording Material Costs Using Earned Value Measurement 562

14.11 Material Variances: Price and Usage 563

14.12 Summary Variances 564

14.13 Status Reporting 565

14.14 Cost Control Problems 565

14.15 Studying Tips for the PMI® Project Management Certification Exam 567

Answers 570

Problems 570

Case Study

The Bathtub Period 572

Franklin Electronics 573

15 METRICS 577

15.0 Introduction 577

15.1 Project Management Information Systems 577

15.2 Enterprise Resource Planning 578

15.3 Project Metrics 579

15.4 Key Performance Indicators (KPIs) 583

15.5 Growth of New Project Metrics and KPIs 589

15.6 Value-Based Metrics 590

15.7 Strategic Metrics 595

15.8 Metrics for Measuring Intangible Assets 597

15.9 Dashboards and Scorecards 598

15.10 Metrics Feedback 601

- 15.11 Metrics and Customer Relations Management 601
- 15.12 Business Intelligence 602
- 15.13 Studying Tips for the PMI® Project Management Certification Exam 603
- Answers 606
- Problems 606

16 TRADE-OFF ANALYSIS IN A PROJECT ENVIRONMENT 607

- 16.0 Introduction 607
- 16.1 Methodology for Trade-Off Analysis 610
- 16.2 Contracts: Their Influence on Projects 625
- 16.3 Industry Trade-Off Preferences 626
- 16.4 Project Manager's Control of Trade-Offs 629
- 16.5 Studying Tips for the PMI® Project Management Certification Exam 629
- Answers 630
- Problems 630

17 RISK MANAGEMENT 631

- 17.0 Introduction 631
- 17.1 Definition of Risk 633
- 17.2 Tolerance for Risk 636
- 17.3 Definition of Risk Management 637
- 17.4 Certainty, Risk, and Uncertainty 637
- 17.5 Risk Management Process 643
- 17.6 Plan Risk Management 644
- 17.7 Risk Identification 645
- 17.8 Risk Analysis 646
- 17.9 Qualitative Risk Analysis 648
- 17.10 Quantitative Risk Analysis 649
- 17.11 Plan Risk Response 652
- 17.12 Monitor and Control Risks 654
- 17.13 Some Implementation Considerations 655
- 17.14 The Use of Lessons Learned 657
- 17.15 Dependencies Between Risks 657
- 17.16 The Impact of Risk-Handling Measures 661
- 17.17 Risk and Concurrent Engineering 664
- 17.18 Studying Tips for the PMI® Project Management Certification Exam 666
- Answers 670
- Problems 670

Case Study

- Teloxo Engineering (A) 672
- Teloxo Engineering (B) 673
- The Risk Management Department 673

18 LEARNING CURVES 677

- 18.0 Introduction 677
 - 18.1 General Theory 677
 - 18.2 The Learning Curve Concept 678
 - 18.3 Graphic Representation 680
 - 18.4 Key Words Associated with Learning Curves 681
 - 18.5 The Cumulative Average Curve 682
 - 18.6 Sources of Experience 683
 - 18.7 Developing Slope Measures 687
 - 18.8 Unit Costs and Use of Midpoints 688
 - 18.9 Selection of Learning Curves 688
 - 18.10 Follow-on Orders 689
 - 18.11 Manufacturing Breaks 690
 - 18.12 Learning Curve Limitations 690
 - 18.13 Competitive Weapon 691
 - 18.14 Studying Tips for the PMI® Project Management Certification Exam 692
- Answers 693
Problems 693

19 CONTRACT MANAGEMENT 695

- 19.0 Introduction 695
 - 19.1 Procurement 696
 - 19.2 Plan Procurements 698
 - 19.3 Conducting the Procurements 701
 - 19.4 Conduct Procurements: Request Seller Responses 702
 - 19.5 Conduct Procurements: Select Sellers 703
 - 19.6 Types of Contracts 707
 - 19.7 Incentive Contracts 713
 - 19.8 Contract Type Versus Risk 715
 - 19.9 Contract Administration 715
 - 19.10 Contract Closure 717
 - 19.11 Using a Checklist 718
 - 19.12 Proposal-Contractual Interaction 719
 - 19.13 Studying Tips for the PMI® Project Management Certification Exam 720
- Answers 725
Problems 726
- Case Study**
- To Bid or Not to Bid 726
 - The Management Reserve 728

20 QUALITY MANAGEMENT 731

- 20.0 Introduction 731
 - 20.1 Definition of Quality 732
 - 20.2 The Quality Movement 734
 - 20.3 Quality Management Concepts 738
 - 20.4 The Cost of Quality 741
 - 20.5 The Seven Quality Control Tools 744
 - 20.6 Acceptance Sampling 755
 - 20.7 Implementing Six Sigma 756
 - 20.8 Quality Leadership 758
 - 20.9 Responsibility for Quality 759
 - 20.10 Quality Circles 759
 - 20.11 Total Quality Management (TQM) 760
 - 20.12 Studying Tips for the PMI® Project Management Certification Exam 762
- Answers 765
Problems 765

21 MODERN DEVELOPMENTS IN PROJECT MANAGEMENT 767

- 21.0 Introduction 767
- 21.1 The Project Management Maturity Model (PMMM) 767
- 21.2 Developing Effective Procedural Documentation 771
- 21.3 Project Management Methodologies 775
- 21.4 Continuous Improvement 776
- 21.5 Capacity Planning 777
- 21.6 Competency Models 779
- 21.7 Managing Multiple Projects 780
- 21.8 The Business of Scope Changes 782
- 21.9 End-of-Phase Review Meetings 786

Case Study

- Honicker Corporation 787
- Kemko Manufacturing 789

Appendix A: Solution to Leadership Exercise 793

Appendix B: Solutions to the Project Management Conflict Exercise 799

Appendix C: Dorale Products Case Studies 805

Appendix D: Solutions to the Dorale Products Case Studies 817

Appendix E: Alignment of the PMBOK® Guide, 6e and 7e, and the Standard for Project Management to the Text 823

Author Index 829

Subject Index 831