Unit 3: Initial project Coordination

3.1 The Nature of Negotiation, Partnering, Chartering and change, Conflict and the project life cycle.

3.2 Estimating Project Budgets, Improving the Process of Cost Estimation

Introduction
Fast tracking or harmonious functioning coordination is required. Various activities, which can be started at the same time save time in project completion. The coordination of all such activities is essential for its success to avoid overcrowding of men or machine a shortage of items at critical time. Hence one cannot proceed in the execution of project without proper coordination. Project coordination generally referred planning and managing multiple tasks simultaneously. A project coordinator often holds different roles and responsibilities, depending on the industry, size and project goal. If project is one of many similar projects, thing will be quiet short and routine, if project is unique most of its aspects required extensive discussion.

Physical coordination:
At system level the coordination is provided by the project manager, at work package level by the package coordinator or project coordinator but at work item it is normally the functional coordinator who provides coordination. normally responsibility for time coordination also rests with one who provides physical coordination, the scheduling coordinator may provide only staff service at each level.

The physical coordination includes:
- Squad check: It is an exercise where a small group of people check a document or any work plan prepared by a peer group with a view to safeguard their interests before the same is taken up for implementation.
- Coordination meeting: coordination would require meeting. Coordination meeting may be held either as a routine or on demand, unlike project review meetings which are held only at predetermined time interval.

Communication: it is the first step for speed in project management. Departmentalization, chain of command, should not be allowed to stand at the barriers to communication. While instructions must flow through a chain of command, information flow should not have any such restriction. Important considerations during initial project coordination:
Project coordinator can serve as the decision makers, assistant to lead managers. Integrating projects with different team or consideration alternative option and time frame both short and
long represent project scope. A project assistant could schedule meetings, prepare agenda access progress with the overall goal of supporting project efficiency. Introduce various software programs to increase efficiency. Continuously analyze project risk develop SWOT analysis for evaluation of project progress at different stages.

**Negotiation**
Important part of project manager’s responsibility is the ability to negotiate with project stockholders. Negotiation is the process of arranging supports for the project requirements through discussions. Negotiation process includes common interest, compromise the nature of negotiation
1. Negotiation is an interpersonal or intergroup process
2. There is conflict of interest between two or more parties
3. Negotiation is largely voluntary process
4. Negotiations can be complex and often present important opportunities and risks for various involved parties.

**Types of negotiation:**
**Formal negotiation:** these negotiations involved exchange of certain goods and services for financial consideration.

**Informal negotiation:** the negotiation leading to a member of project team accepting a specific role on a project would be informal.

Negotiation process
1. Preparation
2. Developing strategy
3. Opening the negotiation and setting the agenda
4. Testing arguments and positions
5. Bargaining (getting and making concession)
6. Formulating an agreement or termination

**Partnering**
Improving performance through teamwork. Project includes a mix of people. Through partnering the customer, community, contractor, suppliers form as one project team mutually develop commitments and a completion of project.

Partnering improves communications and collaboration

Project partnering is a method of transforming contractual relationship into a cohesive, Cooperative projects team.
Partnering is a state of mind, a philosophy on how to conduct business with other organizations. Partnering represent a commitment from all the participants working on a project to respect, trust and collaborate.

Today partnering include across all industries because it makes good business sense.

**Steps in partnering:**

1. A partnering facilitator will support project managers in Planning and conducting partnering activities.
2. The invitation to partner can be made by any of the principal to the other stockholders on the project.
3. Decision should be based on commitment by the organizations leaders to support partnering methods and business decisions that the project benefits will exceed their cost.
4. The initial partnering workshop provides the venue for the team to begin the partnering process.
5. The workshops bring the executives, managers and contributors together as a team review and develop actions to address the project issues, opportunities and risks. They set the project direction and goals and developed partnering Management process.
6. They work as a team to complete a successful project buy striving hit the goal, by maintaining honest communication, resolving various issues and renew their partnering relationship to bring new members into the team and celebrate their success.

**Advantages of partnering**

1. Reduce administrative cost
2. Optimum utilization of resources
3. Improve innovations
4. Improved performance

**PROJECT CHARTERING:**

**INTRODUCTION**

A well drawn plan for project implementation. A project charter is critical document in that it authorizes the start of a project. Cost of project stated without chartering will be felt later in the project with great ambiguity, slower decision making and lack of focus.

The project charter serve as a reference throughout the life of a project.

A well written project charter is a powerful daily tool for judging the effectiveness of events.
It becomes a compass to keep the team firmly pointed at the goals established when you started the journey.

A good project charter becomes a daily reference point for selling disputes, avoiding scope creep, judging the potential ideas, measuring progress and keeping the development team focused on the end result.

Elements of good project charter:

1. Charter is key purpose for project without which a project is like a ship without compass in a sea.
2. Project scope should be developed from information gathered primarily from the project sponsor.
3. To identify and document all critical success factor which will help to resolve conflict and also for choosing quality alternatives, schedule, cost and scope.
4. The charter should layout various responsibilities of the project manager to clarify their role.
5. Signature gives importance to charter eg. “I have read and understood the information contained in this project charter.

ROLE OF THE PROJECT CHARTER (PACE: Process driver, Accountable, Consulted, and Execution)

Process driver: The process driver has a close relationship with the accountable party, who can take their decisions. The process driver assigns work to those in execution roles and engages with those in consulting roles.

Accountable: this party will work with process driver and is more powerful than the process driver.

Consulted: consulted do have the opportunity to have a dialogue with the process driver and influence the process.

Execution: Execution parties do not have the right to force any kind of decision regarding the project.

PURPOSE OF PROJECT CHARTER:

1. Provide authority to apply resources to project activities.
2. Help to develop common understanding, develop teamwork, agreement, trust, communication.
3. Formal commitment often helps a person decide to keep working hard on a project when things are not going well.
4. Charter provides quick, detailed information about project.

PROJECT CHANGE:
Change refers to any alteration that occurs in total work environment. Change management is important part of successful project.

Change is inevitable and is bound to occur in a routine manner from time to time.

Types of change:
1. Unplanned change: which occurs at random
2. Planned change: initiated by a change agent, to deal with some identified gap.

STEPS IN PROJECT CHANGE
1. Defining the purpose of change team.
2. Defining the key relationship with business and the project.
3. Define the change charter for organization optimization activities.
4. Define the change charter for communication.
5. Define the change charter for sponsorship and leadership activities.

FORCES OF CHANGE:

<table>
<thead>
<tr>
<th>EXTERNAL CHANGE</th>
<th>INTERNAL CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>Change in management personnel</td>
</tr>
<tr>
<td>Marketing conditions</td>
<td>Change in operative personnel</td>
</tr>
<tr>
<td>Social change</td>
<td>Deficiencies in existing structure</td>
</tr>
<tr>
<td>Political change</td>
<td></td>
</tr>
</tbody>
</table>

PROCESS OF CHANGE
1. Problem recognition
2. Identifying the cause of problem
3. Implementing the change
4. Motivating employees for change
5. Supporting the change
6. Evaluating the change

**Human response for change:** Resistance, indifference and acceptance.

CONFLICT AND THE PROJECT LIFE CYCLE.
Conflict is as inevitable in project environment. Project managers must identify, analyze and evaluate both positive and negative values of conflict and their effect on performance.

Lack of trust, respect, breakdown in communication, misunderstanding are all result in creating

**VIEWS OF CONFLICT:**

1. Traditional view: conflict is bad, always have negative impact, decline performances hence conflict must be avoided.
2. Contemporary views: also known as human relation views. Conflict is natural and inevitable it has positive and negative effect depending on how the conflict handled. Generally performance level increase at certain levels then decline if conflict level increases or left unresolved.
3. Interactions view: new perspective. Assumes that conflicts are necessary to increase performances. Aim to foster creativity. Certain level of conflict is necessary to increase performances. Performance level increase at certain levels then decline if conflict level increases or left unresolved.

### Conflict during PLC

<table>
<thead>
<tr>
<th>Lifecycle phases</th>
<th>Conflicts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project formation</td>
<td>Priorities to organisational goals, approval, statement of charter, scheduling of activities</td>
</tr>
<tr>
<td>Build-up phase</td>
<td>Creation of functional groups</td>
</tr>
<tr>
<td>Main phase</td>
<td>Communication, monitoring, technical and labour problems.</td>
</tr>
<tr>
<td>Phase-out</td>
<td>Reallocation of resources.</td>
</tr>
</tbody>
</table>

### PROJECT LIFE CYCLE:

1. **AT THE PROJECT FORMATION**
   - Schedules, priorities, labour, procedure and cost
2. **AT THE EARLY PROGRAMME**
   - Schedule, priority, labour, technical, procedure, cost, personality
3. **DURING THE MAIN PROGRAMME**
   - Same as above
4. **TOWARDS THE END OF THE PROGRAMME**

**Estimating Project Budgets, Improving the Process of Cost Estimation**
Cost estimating is the practice of forecasting the cost of completing a project with a defined scope. It is the primary element of project cost management, a knowledge area that involves planning, monitoring, and controlling a project’s monetary costs. (Project cost management has been practiced since the 1950s.) The approximate total project cost, called the cost estimate, is used to authorize a project’s budget and manage its costs.

Professional estimators use defined techniques to create cost estimates that are used to assess the financial feasibility of projects, to budget for project costs, and to monitor project spending. An accurate cost estimate is critical for deciding whether to take on a project, for determining a project’s eventual scope, and for ensuring that projects remain financially feasible and avoid cost overruns.

Cost estimates are typically revised and updated as the project’s scope becomes more precise and as project risks are realized — as the Project Management Body of Knowledge (PMBOK) notes, cost estimating is an iterative process. A cost estimate may also be used to prepare a project cost baseline, which is the milestone-based point of comparison for assessing a project’s actual cost performance.

**Key Components of a Cost Estimate**

A cost estimate is a summation of all the costs involved in successfully finishing a project, from inception to completion (project duration). These project costs can be categorized in a number of ways and levels of detail, but the simplest classification divides costs into two main categories: direct costs and indirect costs.

- **Direct costs** are broadly classified as those directly associated with a single area (such as a department or a project). In project management, direct costs are expenses billed exclusively to a specific project. They can include project team wages, the costs of resources to produce physical products, fuel for equipment, and money spent to address any project-specific risks.

- **Indirect costs**, on the other hand, cannot be associated with a specific cost center and are instead incurred by a number of projects simultaneously, sometimes in varying amounts. In project management, quality control, security costs, and utilities are usually classified as indirect costs since they are shared across a number of projects and are not directly billable to any one project.

- A cost estimate is more than a simple list of costs, however: it also outlines the assumptions underlying each cost. These assumptions (along with estimates of cost accuracy) are compiled into a report called the basis of estimate, which also details cost exclusions and inclusions. The basis of estimate report allows project stakeholders to interpret project costs and to understand how and where actual costs might differ from approximated costs.
Beyond the broad classifications of direct and indirect costs, project expenses fall into more specific categories. Common types of expenses include:

- **Labor**: The cost of human effort expended towards project objectives.
- **Materials**: The cost of resources needed to create products.
- **Equipment**: The cost of buying and maintaining equipment used in project work.
- **Services**: The cost of external work that a company seeks for any given project (vendors, contractors, etc.).
- **Software**: Non-physical computer resources.
- **Hardware**: Physical computer resources.
- **Facilities**: The cost of renting or using specialized equipment, services, or locations.
- **Contingency costs**: Costs added to the project budget to address specific risks.

**MAJOR COST ESTIMATING TECHNIQUES:**

- **Analogous estimating**: Like expert judgment, analogous estimating — also called top-down estimating or historical costing — relies on historical project data to form estimates for new projects. Analogous estimating draws from a purpose-built archive of historical project data, often specific to an organization. If an organization repeatedly performs similar projects, it becomes easier to draw parallels between project deliverables and their associated costs, and to adjust these according to the scale and complexity of a project.

- **Bottom-up estimating**: Also called analytical estimating, this is the most accurate estimating technique if a complete work breakdown structure is available. A work breakdown structure divides project deliverables into a series of work packages (each work package comprised of a series of tasks). The project team estimates the cost of completing each task, and eventually creates a cost estimate for the entire project by totaling the costs of all its constituent tasks and work packages — hence the name bottom-up. Bottom-up estimates can draw from the knowledge of experienced project teams, who are better equipped to provide task cost estimates.

- **Parametric estimating**: For projects that involve similar tasks with high degrees of repeatability, use a parametric estimating technique to create highly accurate estimates using unit costs. To use parametric estimating, first divide a project into units of work. Then, you must determine the cost per unit, and then multiply the number of units by the cost per unit to estimate the total cost. These units might be the...
length in feet of pipeline to be laid, or the area in square yards of ceiling to be painted. As long as the cost per unit is accurate, estimators determine quite precise and accurate estimates.