

# ESSENTIALS OF PROJECT MANAGEMENT

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## A PRACTICAL REFRESHER

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Two of the world's most prestigious accounting bodies, the AICPA and CIMA, have formed a joint venture to establish the Chartered Global Management Accountant® (CGMA®) designation to elevate and build recognition of the profession of management accounting.

This international designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance. CGMA designation holders are either CPAs with qualifying management accounting experience or associate or fellow members of the Chartered Institute of Management Accountants.

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# INTRODUCTION

The ability to effectively manage a project has become an increasingly important skill among accounting and finance professionals. Being able to plan and deliver a project on time and on budget is critical for any successful business. It affects every aspect of an organisation from customers, employees, internal and external stakeholders, to strategic planning and decision making. Simply stated, project management affects results and directly impacts the bottom line. This guide provides an easy-to-use model for effective project management and highlights useful tips towards achieving successful business results through project management.

## WHAT IS PROJECT MANAGEMENT?

The [Global Management Accounting Principles](#)® released by the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA) define project management as follows:

### **Project Management Definition**

“Integration of all aspects of a project, so that the proper knowledge and resources are available when and where needed and above all, to ensure that the expected outcome is produced in a timely, cost-effective and quality controlled manner.”

AICPA/CIMA [Global Management Accounting Principles](#)®

Project management is a conduit to convert business objectives into actions. It is embedded in the execution of almost every business decision and is, in many instances, indispensable when it comes to reaching business goals. Traditional business pressures coupled with increased needs and demands, shifting market trends, changes in regulations and rapid technological advances — all exert varying levels of intensity in the day-to-day business operations. In today’s rapidly evolving business environment, the traditional scope of project management has expanded. The responsibilities have increased with global and virtual teams, each escorted by social, economic and cultural challenges. Such expansion requires an equally leveled set of abilities and measures — which in some instances should be coupled with formal leadership training. Effective project management also requires a framework to successfully manage a project or perhaps lead a team to properly carry out stated organisational goals.

# PROJECT ORGANISATION CHART

The organisational structure of a project team clearly identifies the roles and responsibilities of each position, including the sponsor, project manager and team member(s). For each project these roles need to be further specified and modified depending on the nature and scope of the project.

## Steering Group (If applicable)

- Advises the sponsor on important decisions
- May involve relevant stakeholders from different departments that are affected by the programme

## Sponsor

- Individual or group that promotes and supports the programme and project in the organisation
- Provides strategic direction on the programme and project
- Appoints programme and/or project manager

## Business Owner

- Refers to as the subject matter expert
- Provides technical guidance on the structure and direction of the project

## Programme Manager

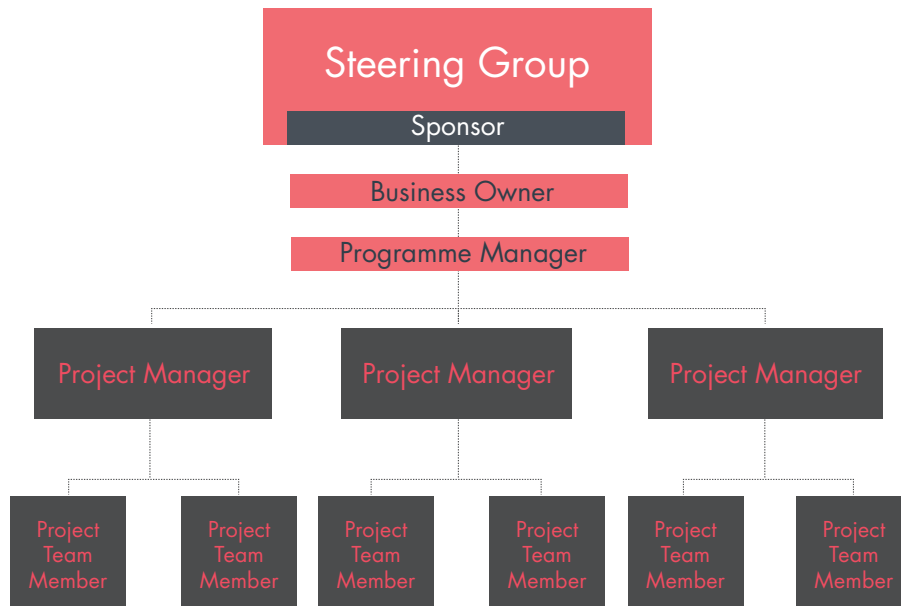
- Manages and coordinates several related sub-projects
- Ensures alignment with strategy and business needs

## Project Manager

- Operatively responsible for the progress and management of the project
- Ensures and follows up on deadlines, deliverables and budget
- Manages internal and external relationships for the project

## Project Team Members

- Staff who actively work on the project, at some stage, during the lifetime of the project



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# PROJECT MANAGEMENT FRAMEWORK

The process of leading a project from start to finish can be complex. Whether you are managing a small or big project, its successful execution requires a structured plan from the start to understand the vision, identify the requirements, set the expectations, balance constraints and ultimately facilitate execution. A project management framework provides the means to structure the initiative in logical phases. Project Management Institute's widely accepted standards and methodologies for project, programme and portfolio management outlines five phases for project management in their *Guide to the Project Management Body of Knowledge (PMBOK® Guide – Fifth Edition)*. Depending on the nature of the project and the adopted framework, the execution and monitoring phases could either be combined or presented as separate phases. Other large and complex projects might require additional steps within those five major phases of the standard project management framework.

- **Phase I – Initiation**
- **Phase II – Planning**
- **Phase III – Execution**
- **Phase IV – Monitoring**
- **Phase V – Closing**

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The **initiation** phase defines the scope, attributes and requirements of the project. The primary purpose of the initiation phase is to create a shared understanding and ensure stakeholders' expectations are aligned with the purposes, objectives and needs of the project.

The **planning** phase consists of developing a course of action to carry out the objectives of the project. Within this phase it is important to seek input and involvement from the stakeholders to clearly map out the development path.

The **execution** phase refers to the implementation of processes and activities required to deliver the project. It is about coordinating all parties involved and ensuring all requirements are in place and met for a successful delivery.

The **monitoring** and controlling phase is about evaluating the progress of the recorded activities at regular intervals. Continuous monitoring allows the project manager to identify, evaluate, and address any areas of concern and/or rising risks.

Lastly, the **closing** phase verifies that all the criteria are met. The processes and activities identified to support the execution of the project are completed.

It is important to note that communicating the purpose and progress to stakeholders throughout the course of the project is of utmost importance. Regular project updates, particularly at the execution phase, should be provided to ensure that stakeholders remain on the same page and to secure their acceptance and satisfaction.

Communication provides insight that is influential.

- Formal communication processes facilitate buy-in from relevant stakeholders.
- Regular project updates are provided to all team members and appropriate senior managers. They include detail about progress to date, explanations of variance to plans and projected completion dates.
- The organisation employs relevant project management tools that help to control the project and communicate roles and responsibilities to team members.

AICPA/CIMA [Global Management Accounting Principles](#)®

#### **Additional Resources:**

[The Value of Project Management](#)

(Project Management Institute®)

[Harvard ManageMentor](#)

(CGMA.org)

[Project Management](#)

(Harvard Business Review)

[Project Management for Accountants](#)

(Journal of Accountancy)

# PROJECT MANAGEMENT MODEL

There are many variations of the project management model. As the nature of each organisation differs, circumstances as well as the characteristics of a project might influence various aspects of the model at different development phases.

In the project management model below, the “monitoring phase” is a key activity under the execution phase. Based on the scope of the project, the sponsor and project manager should identity the extent to which the model should be followed along with the required documentation.

					Management Review			
Phase	Initiation	Planning	Execution		Handover & Close			
Focus	Get started and organised	Understand what and plan how to	Do it		Make it operational			
Led by	Sponsor/Project Manager	Project Manager	Project Manager		Project Manager			
Key Inputs	<ul style="list-style-type: none"> <li>Set strategic objectives</li> <li>Secure commitments from sponsors and stakeholders</li> <li>Determine operational need (financial and non-financial resources)</li> </ul>	<ul style="list-style-type: none"> <li>Define project objective/charter</li> <li>Seek input from stakeholders</li> <li>Put together project team with assigned resources</li> </ul>	<ul style="list-style-type: none"> <li>Execute project plan</li> </ul>		<ul style="list-style-type: none"> <li>Finalise project plan</li> </ul>			
Key Activities	<ul style="list-style-type: none"> <li>Kickoff and initiate project</li> <li>Establish common understanding among stakeholders</li> <li>Assign project manager</li> </ul>	<ul style="list-style-type: none"> <li>Develop a project plan</li> <li>Identify project components and activities</li> <li>Gather and analyse information</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate all parties involved</li> <li>Monitor and control project activities</li> <li>Identify potential threats and methods for mitigation</li> </ul>		<ul style="list-style-type: none"> <li>Handover deliverables/results to organisation</li> <li>Record lessons learned</li> <li>Obtain sponsor sign off</li> </ul>			
Key Deliverables	<ul style="list-style-type: none"> <li>Set clear project objective/charter (agreed with stakeholders)</li> <li>Establish project team</li> </ul>	<ul style="list-style-type: none"> <li>Secure approval of project plan (including scope, objectives, deliverables, schedules, assignments, costs and risks)</li> </ul>	<ul style="list-style-type: none"> <li>Fulfill deliverables per project plan</li> <li>Update status report and communicate progress</li> </ul>		<ul style="list-style-type: none"> <li>Finalised status report, including report on handover, and lessons learned</li> </ul>			



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### Management Review Points

During the planning, execution and closing processes, the project should be assessed from the following aspects at each point of the management review process. The assessment should be done by the sponsor and, if needed, a larger steering group of stakeholders. If answers to these key points are positive, the project should be allowed to move forward. Conversely, the project may be terminated if the objectives cannot be met or there is a change in direction and the project is no longer necessary. Note that the level of formality of reporting should be agreed between the sponsor and project manager at the start of the project.

#### 1. Business Reality

Will the project and its outcome result in an efficient/profitable solution, aligned with general business direction and strategies, external regulations and market trends?

#### 2. Use of Resources

Will the expected benefit of the project and its outcome justify its use of resources?




#### 3. Project Status

Does the project's progress meet requirements and deliverables? How is the project proceeding relative to plan?

#### 4. Confidence and Commitments

Are the parties involved or affected by the project and its outcome confident and fully committed to the project?




# STATUS REPORT TEMPLATE

Sponsor/project manager:			Overall status:	
Project summary			  	
Key accomplishments		Planned activities for next period		
Project milestones		Watch list (Risks and issues)		
Task	Date	Status	Risk/Issue	Owner

**Additional Project Management Templates:**

[PMI® – Project Management Templates](#)

[PRINCE2® – Project Management Templates](#)

-  No major issues
-  Potential impacts
-  Major progress impacts

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# TIPS FOR SUCCESSFUL PROJECT MANAGEMENT

A successful project is a reflection of strong managerial and leadership abilities. Whether you are managing a small or large project, there are fundamentals that will aid in carrying out the goals and objectives of the project.

Some key success factors in project management are:

1. Make sure the project goal is aligned with organisational strategy and maintain focus on the key objectives and deliverables.
2. Clearly identify the project sponsor and steering group along with their respective level of authority. This includes obtaining senior management buy in and support at the start and throughout the project.
3. Appoint a project manager with the relevant skills and competencies to successfully lead the project and allocate the needed resources.
4. Plan and execute following a tested and robust project management model.
5. Set firm milestones and exit criteria.
6. Ensure continuous communication of purpose and progress to sponsor and stakeholders.
7. Make sure the results of your project get integrated into business processes and normal operations.

Below are additional tips that will help begin, sustain and complete a successful project.

## Project Management Tips:

[5 Tips to Attacking a Major Project](#) (AICPA)

[8 Career Tips for Newbie Project Managers](#)

(Project Management Institute®)

[11 Project Management Tips for Setting and Managing Expectations](#) (CIO)

[Three Imperatives for Good Project Managers](#)

(Harvard Business Review)

[12 Common Project Management Mistakes—and How to Avoid Them](#) (CIO)

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## CONCLUSION

With the ever-growing complexity of the business landscape, the responsibilities of accounting and finance professionals have considerably evolved. Such increased scope requires the involvement in more complex and often global projects coupled with higher level of skills and competencies. The ability to lead projects beyond organisational functions and across geographies showcases the value CGMA designation holders can bring to a project. Project management is a growing discipline and its best practices will impact organisational growth and success.

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# REFERENCES

## Bibliography and Sources

- *Global Management Accounting Principles*<sup>®</sup> (CIMA, © 2014)
- *A Guide to the Project Management Body of Knowledge (PMBOK<sup>®</sup> Guide) Fifth Edition* (PMI<sup>®</sup>, © 2013)

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