Project Management Fact Sheet:

Developing a Project Business Plan

Version: 1.2, November 2008

Tasmania
Explore the possibilities

No matter how small the project, a clear definition and statement of the areas of impact and boundaries (scope) of the project needs to be established. The scope of the project includes the objective, outcomes, customers, outputs, work and resources. This should be fully detailed in the *Project Business Plan*.

What is a Project Business Plan?

The *Project Business Plan* is the high level management document for the project. It is owned, maintained and utilised by the Project Sponsor and/or Steering Committee to ensure achievement of defined project outcomes.

Why would you develop a Project Business Plan?

A *Project Business Plan* is developed to provide:

- a comprehensive overview of all the project components, how you intend to produce the outputs and describes the roles and responsibilities of each of the parties in the governance structure of the project

- the Project Sponsor and/or Steering Committee (depending upon the size of the project) with a documented framework to ensure the achievement of defined project outcomes and to effectively monitor the project from start to finish

- a formalised agreement between the Project Sponsor and/or Steering Committee and the Project Manager of what needs to be done and when

The document expands upon the original *Project Proposal* or the approved option in the *Business Case* enabling detailed definition of the scope and management of the project.

When would you develop a Project Business Plan?

Approval to proceed to develop a *Project Business Plan* is usually obtained from the acceptance or approval of a preceding stage such as *Project Proposal* or *Business Case.* The *Project Business Plan* expands the approved proposal developed in these documents in order to:

- provide specific details on the scope, governance, budget, resources, work plan and milestones of the project

- define the project and quality management processes to be used throughout the project

- gain authorisation to proceed to the next step of the project

It should be developed before the project activities begin.

Who is responsible for developing the Project Business Plan?

The Project Manager, once appointed by the Project Sponsor, will usually develop the *Project Business Plan*.

Who has ultimate accountability?

The Project Sponsor has ultimate accountability for the development of the *Project Business Plan*.

How do you develop a Project Business Plan?

The following is one way to develop your Project Business Plan. It consists of a series of steps that take you through a planning and scoping exercise that will provide the basis for your Project Business Plan. It is strongly recommended that, where possible, you work through the following steps with others before completing the template.

Please note that the process is iterative throughout the life of your project.

Step 1: Collect relevant information

Make sure you have enough information and a good understanding of the reasons for establishing the project. If you were not involved in developing the *Project Proposal* or *Business Case,* (if there is one) make sure you know how the project was initiated, the key business drivers and enough about the background to be able to successfully carry out Step 2, which is fully scoping the project.

Step 2: Scope the Project

The scope of any project includes the objective, target outcomes, customers, work and resources. The following is a series of questions to assist you in scoping your project. Remember it is better to conduct this exercise with at least one other person if it is a small project, and with the project team as a minimum for a larger project. (Use a whiteboard!)

- Objective: What is the major goal of the project, what is it expected to achieve? What is the relationship between your project's objective(s) and your agency/organisations objectives?

- Target Outcomes: In order to achieve the project objective, what are the major outcomes the project will realise if successful? Keep these to a minimum[1] and detail how the progress towards the realisation of these will be measured. Target outcomes should be described in measurable terms such as "reduced level of motor vehicle theft". What performance indicators will be used, qualitative or quantitative, to measure the achievement of each target outcome, when and by whom? (Once again try to keep simple.)

a) What are the new or modified products, services or business processes that the project will develop and deliver in order to achieve the project outcomes? Once again keep to an acceptable level[2]. When you have these listed, make sure they relate directly to the outcomes and that there are no "leftover" outputs or outcomes. If there is an output with no related outcome you may be missing an outcome, or the output doesn't belong to your project. If there is an outcome with no related outputs, you may be missing an output, or the outcome is not relevant to your project. This does not have to be a one to one relationship, for example you may have three outputs to be delivered and utilised in order for one target outcome to be realised.

b) Who will be directly using the project outputs to generate the outcomes? These are the Project Customers.

c) For each output, identify who will be the Business Owner. They are responsible for ensuring that the project outputs meet the corporate business requirements and the other project customers' requirements. They are also responsible for managing the outputs, once delivered to them, on an ongoing basis, to realise the outcomes.

d) Identify how each output will be used, by whom and the quality or 'fitness-for-purpose' criteria for each output. This can be done by using a simple table.

- Outputs & Project Customers:

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[1] As a guide approximately 1 for small projects and no more than 5 for large projects. You may wish to include other desirable outcomes which are not measurable.

[2] Try to express these at a reasonably high level so you don't end up too many. You can break them down into sub outputs when doing your detailed work planning.

- Major Activities: The first step is to break the approach to the project into related bundles of work (phases), if the project is medium to large or reasonably complex. Within each phase, identify the major activities that will need to be undertaken to produce each output. What are the key dates for major events, including obtaining approvals, the end of phases and the delivery date for each output? These will be some of your milestone dates. Milestones are important progress markers to enable the Project Sponsor and/or Steering Committee to monitor project progress. The frequency of these milestones should occur such that at least some activity is measurable during a reporting period.

  Just as it is important to include all activities to be completed in the project, it is also important to state any activities which are definitely not within the scope of the project!!

- Detailed Work Planning: With the high level activities identified, you can now break down each major activity into individual tasks. (if planning in Phases, only do this at a detailed level for the Phase you are about to implement).These are the 'below the line' (the work or doing) project tasks and may include the development of sub outputs. Identify any dependencies between one task and another. Also, identify the 'above the line' (the control or management) project tasks. These are the project management tasks to be undertaken such as reporting to the Project Sponsor and/or Steering Committee, conducting risk reviews, updating project issues, reviewing the actual project expenditure against budgeted expenditure, managing stakeholders and motivating/leading the project team. This becomes your work plan or work breakdown structure and can be captured in a simple task list/timeframe document or Gantt Chart.

- Resources: Now that you have identified your objective, target outcomes/benefits, outputs, customers and work to be undertaken, you should be able to identify the resources required in terms of budget, people (including the skills required), accommodation, assets and information requirements.

Once you have done this you have scoped your project!

Step 3: Record the scoping results in the Project Business Plan

Now that you have broadly scoped out your project you can document the results of Step 2 in your *Project Business Plan*. Once you have completed this, there are other key elements that need to be considered and documented in order to manage your project in a quality manner.

Step 4: Identify assumptions and constraints including legislative requirements

In your planning, certain assumptions may have been made regarding such things as resource availability, stakeholder support etc. Assumptions are factors that, for planning purposes, will be considered to be true, real or certain. One way of doing this is to look back at the results of your scoping exercise and ask what assumptions were made in identifying the objective, target outcomes/benefits, outputs, work and resources of the project. Record these assumptions. Assumptions generally involve a degree of risk and should also be reflected in the *Risk Management Plan*.

Identify and record any constraints that may limit the project management team's options and potentially affect your ability to complete the project. For example a predefined budget, deadlines, technology choices, scope or legislative processes.

Document the results of this activity in the Assumptions and Constraints section within the *Project Business Plan* template.

Step 5: Determine the high level governance arrangements

Determine what parties will form the governance structure for your project, their responsibilities and who will take on which role. You wait to finalise this until you have finished identifying your stakeholders. (Refer to the *Tasmanian Government Project Management Guidelines* Section 3.0).

As a minimum, in smaller projects, you will need an identified Project Sponsor, Business Owner and Project Manager. In medium to large projects you will most likely have a Project Sponsor and a Steering Committee representing the Business Owners and key stakeholders and other mebers with specifc skills and experience. The Steering Committee is usually chaired by the Project Sponsor. You may have a Project Team, Reference Group, Working Groups, and Quality Consultants. Reporting arrangements need to be determined including who reports to whom, how often and in what format. (For additional help refer to the *Project Status Report* template).

Document the results of this activity in the Governance section within the *Project Business Plan* template.

There are generic governance models in the *Project Business Plan* templates.

Step 6: Identify your stakeholders and plan to communicate with them

List the stakeholders who will impact your project or be impacted by it. Determine the overall key communication and management issues for your project. Concentrate on those stakeholders who will impact your project in such a way as to support or impede its successful completion.

For medium to large projects it is advisable to develop a separate Communication Strategy and Action Plan (refer to the Fact Sheet: *Developing a Project Communication Strategy).*

Identify any related projects and what their relationship is to your project. The type of relationship refers to whether:

- a related project is dependent on / or interdependent with your project

- whether your project is dependent on another project

The nature of the dependency can include a shared relationship with data, functionality, staff, technology and/or funding.

Document the results of this activity in the Stakeholder Management section within the *Project Business Plan* template.

Step 7: Identification and management of risks to your project

No matter how small the project, there will be factors that threaten its success. These factors are expressed in terms of risks to the project. One way of identifying these is to work with others and focus factors that might affect the successful achievement of your outcomes, delivery of your outputs, quality of your outputs, meeting timeframes or achieving milestones. When you have identified your major risks and described their impact on the project, you then need to identify initial mitigation strategies, calculate the cost of the strategies and assign an overall risk grading to each risk. *(*Refer to the *Risk Management Resource Kit).*

Document the results of this activity in the Risk Management Plan section within the *Project Business Plan* template, or in the separate *Risk Management Plan* in the case of larger more complex projects. Refer to the *Risk Identification Tool* for further assistance.

Step 8: What quality management will you need?

Identify relevant methodologies and standards that will provide for quality, both in terms of the way you manage your project and the quality of your outputs. These might include the *Tasmanian*

Government Project Management Framework for the quality management of your project and the APT Methodology if your outputs are IT based.

In addition, consider how you wish to approach your project in terms of the following quality process components:

- effective monitoring procedures
- effective change/issues/problem management
- review and acceptance procedures
- appropriate documentation and record keeping

Document the results of this activity in the Quality Management Plan section within the *Project Business Plan* template, or in a separate *Quality Management Plan* depending upon the size of your project. Please note that for Medium to larger projects it is advisable to establish a separate *Issues Register* to keep track of project issues as they emerge.

Step 9: Planning for the end of the project

You need to give consideration to activities that will occur towards the end of the project. For example, what will happen to the outputs from your project when it closes? How will the project be formally closed? How will you know that the outcomes have been or will be achieved? How will you capture the lessons learnt during the project?

In your scoping you will have identified the Project Customers and Business Owners. What changes will have to occur within the Business Owners' organisation to manage and maintain the outputs on an ongoing basis such as training requirements, information needs, organisational structure, business processes etc.? What changes will have to occur to enable the Project Customers to continue to utilise the outputs on an ongoing basis?

If the outcomes have not been fully realised, how will these be monitored, reported and who will take responsibility? If the project is medium to large, you may develop a separate *Outcome Realisation Plan*.

Document the results of this activity in the Outcome Realisation section within the *Project Business Plan* template.

At what point will the project be closed and what will be done to formally close the project? Identify the timing for any reviews. These may be conducted at the end of a phase or stage and/or after all outputs have been delivered prior to the project being closed. Consider the purpose of the review and what will be included, for example:

- A technical review of the outputs from the project
- A review of the success of the project
- A review of the processes used to produce the outputs
- Lessons learnt from the project
- A combination of the above

Document the results of this activity in the Project Closure section within the *Project Business Plan*. When the time comes to close your project there are *Project Closure* and *Project Review and Closure* templates available.

Who approves the Project Business Plan?

Generally, the *Project Business Plan* will be approved or endorsed by the Steering Committee, Project Sponsor or Senior Manager, depending upon the size of the project.

So what's next?

Once the *Project Business Plan* has been approved, it is important:

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- to distribute controlled copies to all Steering Committee members, the Project Sponsor or Line Manager, depending upon project size - for more information about the use of controlled copies of documents, refer to the Fact Sheet*: Document Control*

- to establish your risks and issues registers, status reporting, meeting schedules

- for a large project, undertake more detailed planning at the operational level and complete your *Project Execution Plan* (optional).

Last but not least ….you can now start doing the project!!

Where to get additional help

- Refer to the *Tasmanian Government Project Management Guidelines.*

- The Inter Agency Policy and Projects Unit offers further advice and assistance, including a formal Advisory and Review Service.

- Contact Project Services at project.management@dpac.tas.gov.au

- Further information and resources are available from www.egovernment.tas.gov.au

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