

# **SCHOOL OF STUDIES IN COMMERCE**

**VIKRAM UNIVERSITY, UJJAIN (M.P.)**

**CLASS : M.COM. 4<sup>TH</sup> SEM. (C.B.C.S. PATTERN)**

**SUBJECT : PROJECT PLANNING AND MANAGEMENT**

**TOPIC : PROJECT LIFE CYCLE**

**TEACHER'S NAME : DR. KAYNAT TAWAR**

# TOPICS

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2. Initial Formulation
3. Planning Phase
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## INTRODUCTION

The project manager and project team have one shared goal: to carry out the work of the project for the purpose of meeting the project's objectives. Every project has beginnings, a middle period during which activities move the project toward completion, and an ending (either successful or unsuccessful). A standard project typically has the following four major phases (each with its own agenda of tasks and issues): initiation, planning, implementation, and closure. Taken together, these phases represent the path a project takes from the beginning to its end and are generally referred to as the project life cycle.

A project is not a one shot activity. Even a shooting star has a time and life span. Project lifecycle is spread over a period of time. There is an unavoidable gestation period for the complex of activities involved to attain the objectives in view. This gestation period, however, varies from project to project but it is possible to describe, in general term, the time phasing of project planning activities common to most projects. The principal stages in the life of a project are:

- Identification
- Initial formulation
- Planning Phase
- Evaluation (selection or rejection)
- Final formulation (or selection)
- Implementation
- Completion and operation

Development projects are expressly designed to solve the varied problems of the economics whether in the short or long run. The surveys or in depth studies would locate the problems and the project planner will have to identify the projects that would solve

the problems most effectively. At this stage, we are concerned with the kind of action and type of project that would be required in rather broad term. In other words the surveys and studies will give us ideas and throw up suggestions which would be worked out in detail later and then evaluated objectively before being accepted for implementation. What types of surveys and studies are to be undertaken? The current sociopolitical economic situation has to be critically assessed. It will also be necessary to review it in its historical perspective necessitating the undertaking of a survey of the behaviour and growth of the economy during the preceding decades. On the basis of past trends, extrapolation may be made of future possible trends and tendencies, short and long term. There are scientific techniques for doing so which can be broadly grouped as forecasting methodology. It is however not sufficient to view the socio-economic panorama on the historical canvas. More detailed investigations from an operational point of view would be called for in respect of each economic sector.

### **Initial Formulation**

During the first of these phases, the initiation phase, the project objective or need is identified; this can be a business problem or opportunity. An appropriate response to the need is documented in a business case with recommended solution options. A feasibility study is conducted to investigate whether each option addresses the project objective and a final recommended solution is determined. Issues of feasibility ("can we do the project?") and justification ("should we do the project?") are addressed. Once the recommended solution is approved, a project is initiated to deliver the approved solution and a project manager is appointed. The major deliverables and the participating work groups are identified and the project team begins to take shape. Approval is then sought by the project manager to move on the detailed planning phase. Identification is only the beginning in the

lifecycle of a project. Having identified the prospective projects, the details of each project will have to be worked out and analyzed in order to determine which of them could be reckoned as suitable for inclusion in the plan, allocate funds and put into execution. As a follow up to the finding of techno-economic surveys, and number of feasibility study group are set up, as the name implies to examine the possibility of formulating suitable projects and to put concrete proposals in sufficient detail to enable authorities concerned to consider the feasibility of the proposal submitted.

### Planning Phase

The next phase, the planning phase, is where the project solution is further developed in as much detail as possible and you plan the steps necessary to meet the project's objective. In this step, the team identifies all of the work to be done. The project's tasks and resource requirements are identified, along with the strategy for producing them. This is also referred to as scope management. A project plan is created outlining the activities, tasks, dependencies and timeframes. The project manager coordinates the preparation of a project budget; by providing cost estimates for the labor, equipment and materials costs. The budget is used to monitor and control cost expenditures during project implementation.

Once the project team has identified the work, prepared the schedule and estimated the costs, the three fundamental components of the planning process are complete. This is an excellent time to identify and try to deal with anything that might pose a threat to the successful completion of the project. This is called risk management. In risk management, "high-threat" potential problems are identified along with the action that is to be taken on each high threat potential problem, either to reduce the probability that the problem will occur or to reduce the impact on the project if it does occur. This is also a

good time to identify all project stakeholders, and to establish a communication plan describing the information needed and the delivery

method to be used to keep the stakeholders informed.

Finally, you will want to document a quality plan; providing quality targets, assurance, and control measures along with an acceptance plan; listing the criteria to be met to gain

customer acceptance. At this point, the project would have been planned in detail and is ready to be executed.

### **Evaluation or Project Appraisal**

After the socio-economic problems of an economy have been determined and developments objectives and strategies agreed, concrete steps have to be taken. The main form this takes is that of formulating appropriate development projects to achieve plan objectives and meet the development needs of the economy.

Proposals relating to them are then put to the plan authorities for consideration and inclusion in the plan. These proposals as pointed out above take the following forms of feasibility studies:

- **Commercial viability**
- **Economic feasibility**
- **Financial feasibility**
- **Technical feasibility**
- **Management**

The scope for scrutiny under each of these five heads would necessarily render their careful assessment and the examination of all possible alternative approaches. The process almost invariably involves making decision relating to technology, scale, location, costs and benefits, time of completion (gestation period), degree of risk and uncertainty, financial viability, organisation and management, availability of inputs, know-how, labour etc. The detailed analysis is set down in what is

called a feasibility report.

## FINAL Formulation

Once a project has been appraised and approved, next step would logically, appear to that of implementation. This is, however, not necessarily true, if the approval is conditional to certain modifications being affected or for other reasons, such as availability of funds, etc. The implementation stage will be reached only after these pre-conditions have been fulfilled. Project formulation divides the process of project development into eight distinct and sequential stages. These stages are:

- **General information**
- **Project description**
- **Market potential**
- **Capital costs and sources of finance**
- **Assessment of working capital requirement**
- **Other financial aspect**
- **Economic and social variables.**

## Project Implementation

During the third phase, the implementation phase, the project plan is put into motion and performs the work of the project. It is important to maintain control and communicate as needed during implementation. Progress is continuously monitored and appropriate adjustments are made and recorded as variances from the original plan. In any project a project manager will spend most of their time in this step. During project implementation, people are carrying out the tasks and progress information is being reported through regular team meetings. The project manager uses this information to maintain control over the direction of the project by measuring the performance of the project activities comparing the results

with the project plan and takes corrective action as needed. The first course of action should always be to bring the project back on course, i.e., to return it to the original plan. If that cannot happen, the team should record variations from the original plan and record and publish modifications to the plan. Throughout this step, project sponsors and other key stakeholders should be kept informed of project status according to the agreed upon frequency and format. The plan should be updated and published on a regular basis.

Status reports should always emphasize the anticipated end point in terms of cost, schedule and quality of deliverables. Each project deliverable produced should be reviewed for quality and measured against the acceptance criteria. Once all of the deliverables have been produced and the customer has accepted the final solution, the project is ready for closure.

Last but not the least, every entrepreneur should draw an implementation time table for his project. The network having been prepared, the project authorities are now ready to embark on the main task of implementation the project. To begin with successful implementation will depend on how well the network has been designed. However, during the course of implementation, many factors arise which cannot be anticipated or adequately taken note of in advance and built into the initial network. A number of network techniques have been developed for project implementation. Some of them are PERT, CPM, Graphical Evaluation and Review Technique (GERT), Workshop Analysis Scheduling Programme (WRSP) and Line of Balance (LOB).

### **Project Completion**

During the final closure, or completion phase, the emphasis is on releasing the final deliverables to the customer, handing over



project documentation to the business, terminating supplier contracts, releasing project resources and communicating the closure of the project to all stakeholders. The last remaining step is to conduct lessons learned studies; to examine what went well and what didn't. Through this type of analysis the wisdom of experience is transferred back to the project organization, which will help future project teams.

It is often debated as to the point at which the project life cycle is completed. The cycle is completed only when the development objectives are realized.

## REFERENCES

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