



Chapter VII

Developing the Schedule and Cost Plan

You got to be careful if you don't know where you're going, because you might not get there.

(Yogi Berra)

The Project Management Institute (PMI) project management process groups include initiation, planning, execution, control, and closing. In practice, however, the initiation processes of a project are often not part of a project for budgeting and control issues, but rather are charged to management and administration (M&A) or operations and maintenance (O&M) general ledger accounts. In some organizations, these charges are later reversed back to a project after it is decided to move forward with that project. Thus, only the planning, execution, and control processes become part of the project for accounting purposes; sometimes detail planning is part of a project but not overall planning. Similarly, the closing process group may or may not be a formal part of the project, and sometimes those processes are performed by an independent organization. This chapter is concerned with detail project planning, particularly the schedule and cost plan.

Detail Project Planning

After the requirements have been determined, documented, and approved, a detail analysis and breakdown of that project's scope are created. According to PMI.

Scope definition involves subdividing the major project deliverables (as identified in the scope statement and requirements document) into smaller more manageable components in order to:

- *Improve the accuracy of estimates*
- *Define a baseline for performance measurements*
- *Facilitate clear responsibility assignments. (PMI, 2000)*

These manageable components are organized into a work breakdown structure (WBS). According to PMI, the major activities (and the order in which they are to be performed) in project planning include the following (PMI, 2000):

- Develop scope statement
- Assemble project team
- Develop work breakdown structure
- Finalize project team
- Build a network diagram (showing activity dependencies)
- Estimate cost and time, and find the "critical path"
- Determine the overall schedule and budget
- Plan procurement
- Plan quality
- Identify risks, quantify them, and develop responses
- Other plans: change control plan, communications plan, and management plan
- Completion of an overall project plan
- Project Plan approval
- "Kickoff Meeting"

For a very simple project, however, one may only need a to-do list and a shopping list. The degree of project management formality has to be adjusted for the size and complexity of a project, as illustrated in Figure 7.1. For a large and/or complex project, all the above activities need to be done; but the order of these activities depends upon the manner in which IT departments estimate project costs and handle resource allocation and costing (particularly human resources).

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