

# CHAPTER 1

## INTRODUCTION



### 1.1 Background

During past 2-3 decade, concepts about project and project management are extensively and increasingly used. Project management method can help companies to achieve the goals that are rarely achievable or unattainable with traditional management methods.

In general, project is different from normal operation since normal operation is routine work producing products or services without a definite beginning and a definite end, while project is a temporary endeavor undertaken to create a unique product or service.

Product or service of each project is unique since it is different in some distinguishing way from all similar products. In addition, project has a definite begin and end, for instance project end is defined as when objectives is achieved or objectives can't be met and project is terminated.

However, without a project management method, those who ask for the project, as well as those who manage it and those who work on it will have different ideas about how things need to be organized and when the different aspects of the project will be completed. Those involved will not be clear about how much responsibilities, authority and accountability they have, and as a result, there will often be confusion surrounding the project. Without a project management method, projects are rarely completed on time and within acceptable cost. This is especially true for large and very complex project.

Project management approach is characterized by new methods of restructuring management and adapting management techniques for planning, organizing, directing and controlling of company resources in order to complete specific goals and objectives. The potential benefits from project management are

- Identification of function responsibilities to ensure that all activities are accounted for, regardless of personnel turnover
- Identification of time limits for scheduling
- Identification of a methodology for trade-off analysis
- Measurement of accomplishment against plans
- Early identification of problems so that corrective action may follow
- Improved estimating capability for future planning
- Knowing when objectives cannot be met or will be exceeded

## 1.2 Statement of Problems

During the recession of world economic, especially in South East Asia countries, Thailand is also strongly affected by this situation. Causing from the economic downturn, many small businesses were closed including the slow progressive of government and big enterprises in investment. Many firms try extremely hard to survive in this crisis situation. Siemens, as one of the biggest suppliers for telecommunication equipment, is also affected by the economic crisis. This is clearly shown in significant decrease in sales volume. One alternative of measures to survive in this situation is that Siemens has to manage the existing project in the most effective way.

The major problems which are detected from the existing project management are follow:

- ineffective system to handle occurrence of unexpected events
- productivity and performance differ from the assumed target in the plan
- many changes happening to project are not properly controlled
- poor estimation of duration and costs, leading to project taking more time and spending more money than expected
- insufficient control over progress so that projects are not revealed their exact status until too late to recover

To improve effectiveness of project management, PRINCE2 methodology is raised as an alternative in managing the company's telecommunication project. The three major reasons which support the decision in using PRINCE2 are:

- PRINCE2 is extensively recognized and used for managing projects both in government sector and private sector.
- PRINCE2 is methodological approach. Although the techniques and basic concepts of planning and control are necessary for managing project but not sufficient for the effective planning and control project. Actually, the methodology used is much more important than which technique is used. Methodology is defined as the system of methods and principles used in a particular discipline. It is concerned with how to plan and control a project in a systematic manner.
- Good techniques or principles of project management are almost useless if they are not applicable to project. For PRINCE2, its flexibility and process-driven characteristics are beneficial for applying it to any sizes and any kinds of project.
- In overall, PRINCE2 methodology is quite similar to the existing project management. They are both process-driven approach and some of their processes are equivalent. So it should be possible to apply PRINCE2 methodology to the company's project execution processes . . .

### 1.3 PRINCE2 Methodology

PRINCE 2 (Project IN Control Environments) has been developed for the UK government; and it was officially launched on 1 October, 1996. It is a structured method for effective project management. PRINCE 2 is designed to be used on all types of projects in any environment. It contains a complete set of concepts and project management processes, which are the minimum requirements for a properly run and manage project. However, the way PRINCE 2 is applied to each project will vary considerably, and using the method to suit the circumstances of a particular project is critical to its successful use. (Central Computer and Telecom Agency [CCTA], 1998)

The key features of PRINCE2 are:

- its focus on business justification
- a defined organization structure for the project management team
- its product-based planning approach
- its emphasis on dividing the project in manageable and controllable stages
- its flexibility to be at a level appropriated to the project

(<http://www.prince2.com/prince2.html>, 1997)

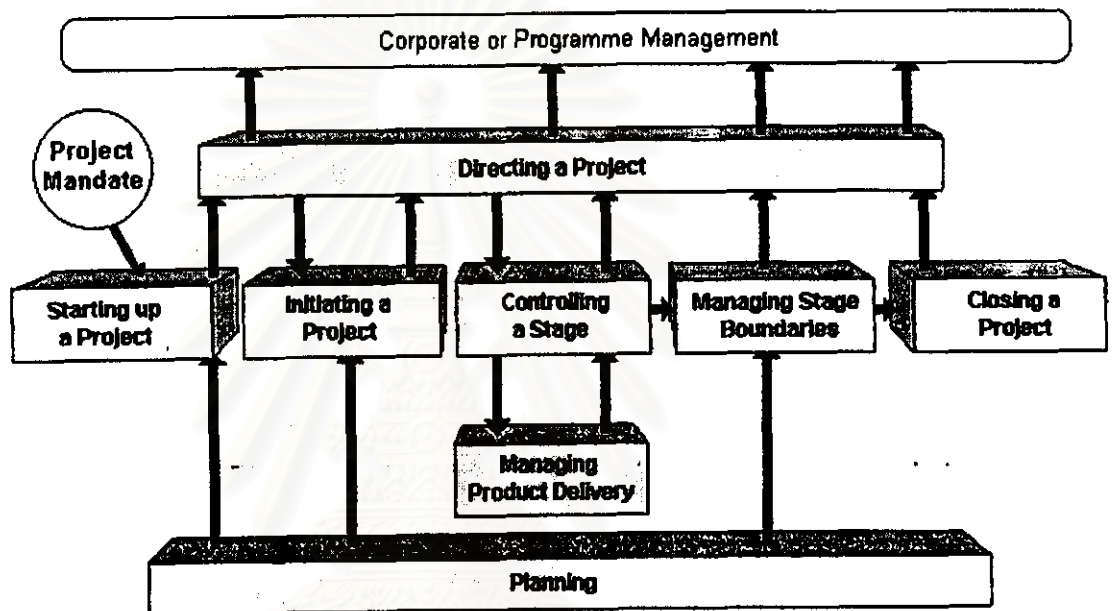


Figure 1.1 PRINCE2 Process

(<http://www.prince2.com/prince2.html>, 1997)

Appropriate applying PRINCE methodology enables project manager to better plan, monitor and control project. In term of project planning, the works required to complete the project are sequenced and scheduled in such a way that it can be carried out in a logical and efficient manner. In addition, the resources required to complete the project are determined, both in total and overtime. Then, the cost of project and a time-phased budget are estimated. These schedule, resource and cost plans must be treat as a single integrated entity.

In term of project control, project manager must be able to determine quickly and with the minimum effort, how all parts of the project are progressing, and how people and the organization involved are performing. The managers are able to highlight

the problem areas and deviation from plan and budgets, and be able to take action to maintain efficiency and achieve his objectives.

The benefits of using PRINCE are that it:

- identifies management, specialist and quality Products/Deliverables and help ensure that they are produced on time and to budget; forces attention on the quality of Products/Deliverables
- separates management and specialist aspect of Organization, Planning and Control
- facilitates control at all level
- makes the project's progress more visible to management
- provides a communication medium for all project staffs
- ensures that work progresses in the correct sequence
- involves senior management in the project at the right time and in the right place
- allows the project to be stopped and if required, re-started completely under management control, at any time in the project's life
- is in the public domain and require no license fee
- has a well-established user group dedicated to support, promote and strengthening of the method.

(<http://www.dialspace.dial.pipex.com/town/parade/nj12/ovew1.html>, 1998)

### 1.4 Objective of the study

The objective of research is to apply PRINCE2 technique in relocating Mobile Service Center (MSC).

### 1.5 Scopes of the study

- 1) Consideration on MSC Relocation Project. This project is about cut-over subscriber to the MSC of other supplier, de-installation, deliver equipment to the new area, installation, commissioning and bring the MSC into service.

- 2) PRINCE2 (Project in Control Environment) will be used for the whole project management process.
- 3) Microsoft Project programme will be used as software planning tool.
- 4) The project will be started at the completion of cut-over Siemens MSC from present location and ended at finishing PAT with customer.
- 5) Project will be evaluated by
  - operating hours of installation staff
  - operating hours of commissioning staff

## 1.6 Expected Benefits

- 1) Project would be completed effectively within scheduled time.
- 2) Maximize utilization of human resource.

## 1.7 Methodology of the Study

1. Studying literature and related theory for project management methodologies and techniques.
2. Collecting historical data and effected factors of the past projects.
3. Developing project plan from the historical data by using PRINCE2 methodology and other selected project management techniques.
4. Starting up project phase one for the first MSC by cutover traffic to new MSC, de-installation, shifting, installation, commissioning and bring it up to service.
5. Reviewing the performance of stage, at the end of each stage. The objectives are to review the performance of each stage against budget, schedule and quality. Additionally, it probably needs to review and adjust the plan for the next phase.
6. Starting up project phase two for the second MSC. Rather like process in step 4, but some change may be applied to the original plan according to the reviewing of the performance in step 5.
7. Closing Project. Most of the works involved in this process are concerned with preparation of the information for the Project Board in order to make the decision to close the project.

8. Analyze and summarize research with suggestion.
9. Preparing for the presentation and the final report.

## 1.8 Literature Survey

*Chris Churchouse: "Don't Start from Here"*<sup>[6]</sup>

This article discusses about problems found when some companies migrated from the exist project management or PRINCE1 to PRINCE2. It also suggest nine items to help planning for migration process. In addition, it mentions about pros and cons of PRINCE2 as well.

*Dick Bennett: "Training for PRINCE2 implementation"*<sup>[4]</sup>

This article explores the key issues which have emerged from the author's experience with three diverse clients. It tells the vital roles of training in effective implementation of PRINCE2. The training for PRINCE2 implementation is not simply 'standard' training, but rather carefully crafted packages to meet each client's very specific needs. It has also underlined some of the intended benefits of PRINCE2 which are already become evident in practice, particularly those relating to its adaptability and flexibility of application to a wide variety of businesses, cultures and project management environments.

*John Asbley: "PRINCE in Small Organization"*<sup>[3]</sup>

Large projects are obvious candidate for PRINCE2, but to apply PRINCE2 in small to medium size project, it needs to be re-examined in the context of the demands of the business. Since, when project management is applied to smaller scale of project, there comes a point of diminishing return from a comprehensive formal management system. The appropriate way to apply PRINCE2 to small project is not to make system less formal, but in a controlled fashion to make it less comprehensive. The key content of this paper is practical guide in developing Project Initiation Document (PID) for small to medium-sized project.

*John Willsbore: "The case for PRINCE" [15]*

This paper was written from the experience of the author in running PRINCE project in the National Health Service. From this document, the 'associated intent' is suggested as a requirement for increasing chance of success in implementing PRINCE. The associated intent means that generic techniques for project planning, estimating and control must be correctly applied, frequently they are not or are applied by inexperienced staff. It also explains practical procedure in implementing PRINCE2.



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