2.2: Strategic Alignment

The project initiation phase is the first phase within the project management life cycle, as it involves starting up a new project. Within the initiation phase, the business problem or opportunity is identified, a solution is defined, a project is formed, and a project team is appointed to build and deliver the solution to the customer. A business case/proposal (sometimes called a feasibility study) is created to define the problem or opportunity in detail and identify a preferred solution for implementation. The business case/proposal includes:

- A detailed description of the problem or opportunity with headings such as Introduction, Business Objectives, Problem/Opportunity Statement, Assumptions, and Constraints
- A list of the alternative solutions available
- An analysis of the business benefits, costs, risks, and issues
- A description of the preferred solution
- Main project requirements
- A summarized plan for implementation that includes a schedule and financial analysis

SMART Project Objectives

In the early 1980s, George T. Doran introduced the SMART set of criteria for projects, goals and objectives. **SMART** is an acronym for Specific, Measurable, Assignable, Realistic, and Time-Related. The smart criteria have been applied in many different areas of management, including project management. Let's take a look at each of Doran's criteria as they apply to project management.

Specific – A project needs to be specific about what it will accomplish. Unlike many organizational goals, the goal of a project should not be vague or nebulous. An organization may want to "make London, Ontario a great place to live," but its projects need to focus on a specific goal. For example, a more specific goal would be to build a downtown farmers' market. A project that is specific is one that can be clearly communicated to all team members and stakeholders. A specific project goal will answer the five 'W' questions:

1. **W**hat do we want to accomplish?
2. **W**hy are we undertaking this project?
3. **W**ho is involved or will be affected by the project?
4. **W**here will this project be conducted?
5. **W**hich constraints (scope, time, money, risk, etc.) have been placed on our project?

Measurable – How will project progress and success be measured? What will be the measurable difference once our project is completed successfully? These measures should be quantifiable.

Assignable – Who will do the work? Can people be identified who have the expertise in the organization to complete this work? Or can the expertise be hired from outside of the organization?

Realistic – Is it realistic that the organization can achieve this project, given its talents and resources? This is a very important consideration for businesses of all sizes. Yes, it would be great to produce a new driverless car, but is that realistic given the resources that the organization has available?

Time-related – when will the project be completed and how long will it take? These criteria can be very useful when defining a project. If the description for a project does not meet all these criteria, then it is time to go back to the drawing board and make sure that what is being described is really a project, rather than a program or strategic goal.

For example, an objective of the team principal (project manager) of a Formula 1 racing team may be that their star driver, "finish the lap as fast as possible." That objective is filled with ambiguity.

How fast is "fast as possible?" Does that mean the fastest lap time (the time to complete one lap) or does it mean the fastest speed as the car crosses the start/finish line (that is at the finish of the lap)?

When should the driver be able to achieve the objective? It is no use having the fastest lap after the race has finished, and equally the fastest lap does not count for qualifying and therefore starting position, if it is performed during a practice session.

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The ambiguity of this objective can be seen in the following example. Ferrari's Michael Schumacher achieved the race lap record at the Circuit de Monaco of 1 min 14.439 sec in 2004 (Figure 4.1). However, he achieved this on lap 23 of the race but crashed on lap 44 of a 77-lap race. While he achieved the fastest lap and therefore met the specific project goal of "finish the lap as fast as possible," it did not result in winning the race, clearly a different project goal. In contrast, the fastest qualifying time at the same event was by Renault's Jarno Trulli (1 min 13.985 sec), which gained him pole position for the race, which he went on to win (Figure 4.1). In his case, he achieved the specific project goal of "finish the lap as fast as possible," but also the larger goal of winning the race.

The objective can be strengthened considerably if it is stated as follows: "To be able to finish the 3.340 km lap at the Circuit de Monaco at the Monaco Grand Prix in 1 min 14.902 sec or less, during qualifying on May 23, 2009." This was the project objective achieved by Brawn GP's Jenson Button.

Financial Considerations

In new project endeavors, we need to find out if our project is financially feasible. We do that by using net present value (NPV), rate of return (ROI), and payback analysis. In order to do this we need to have clearly defined objectives and outcomes for our project. Often projects financial benefits or results will determine if it is undertaken by an organization.
