

10 Critical Steps to Create a Project Plan

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Industry Article

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10 Steps to Creating a Project Plan

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One of the critical factors for project success is having a well-developed project plan. This article provides a 10-step approach to creating the project plan, not only showing how it provides a roadmap for project managers to follow, but also exploring why it is the project manager's premier communications and control tool throughout the project.

Step 1: Explain the project plan to key stakeholders and discuss its key components

One of the most misunderstood terms in project management, the project plan is a set of living documents that can be expected to change over the life of the project. Like a roadmap, it provides the direction for the project. And like the traveler, the project manager needs to set the course for the project, which in project management terms means creating the project plan. Just as a driver may encounter road construction or new routes to the final destination, the project manager may need to correct the project course as well.

A common misconception is that the plan equates to the project timeline, which is only one of the many components of the plan. The project plan is the major work product from the entire planning process, so it contains all the planning documents for the project.

Typically many of the project's key stakeholders, that is those affected by both the project and the project's end result, do not fully understand the nature of the project plan. Since one of the most important and difficult aspects of project management is getting commitment and buy-in, the first step is to explain the planning process and the project plan to all key stakeholders. It is essential for them to understand the importance of this set of documents and to be familiar with its content, since they will be asked to review and approve the documents that pertain to them.

Components of the project plan include:

Baselines. Baselines are sometimes called performance measures, because the performance of the entire project is measured against them. They are the project's three approved starting points and include the scope, schedule, and cost baselines. These provide the 'stakes in the ground.' That is, they are used to determine whether or not the project is on track, during the execution of the project.

Baseline management plans. These plans include documentation on how variances to the baselines will be handled throughout the project. Each project baseline will need to be reviewed and managed. A result of this process may include the need to do additional planning, with the possibility that the baseline(s) will change. Project management plans document what the project team will do when variances to the baselines occur, including what process will be followed, who will be notified, how the changes will be funded, etc.

Other work products from the planning process. These include a risk management plan, a quality plan, a procurement plan, a staffing plan, and a communications plan.

Step 2: Define roles and responsibilities

Not all key stakeholders will review all documents, so it is necessary to determine who on the project needs to approve which parts of the plan. Some of the key players are:

- ✓ **Project sponsor**, who owns and funds the entire project. Sponsors need to review and approve all aspects of the plan
- ✓ **Designated business experts**, who will define their requirements for the end product. They need to help develop the scope baseline and approve the documents relating to scope. They will be quite interested in the timeline as well.
- ✓ **Project manager**, who creates, executes, and controls the project plan. Since project managers build the plan, they do not need to approve it.
- ✓ **Project team**, who build the end product. The team needs to participate in the development of many aspects of the plan, such as identifying risks, quality, and design issues, but the team does not usually approve it.
- ✓ **End users**, who use the end product. They too, need to participate in the development of the plan, and review the plan, but rarely do they actually need to sign off.
- ✓ **Others**, such as auditors, quality and risk analysts, procurement specialists, and so on may also participate on the project. They may need to approve the parts that pertain to them, such as the Quality or Procurement plan.

Step 3: Hold a kickoff meeting

The kickoff meeting is an effective way to bring stakeholders together to discuss the project. It is an effective way to initiate the planning process. It can be used to start building trust among the team members and ensure that everyone's ideas are taken into account. Kickoff meetings also demonstrate commitment from the sponsor for the project. Here are some of the topics that might be included in a kickoff meeting:

- ✓ Business vision and strategy (from sponsor)
- ✓ Project vision (from sponsor)
- ✓ Roles and responsibilities
- ✓ Team building
- ✓ Team commitments
- ✓ How team makes decisions
- ✓ Ground rules
- ✓ How large the group should be and whether sub-groups are necessary

Step 4: Develop a Scope Statement

The Scope Statement is arguably the most important document in the project plan. It's the foundation for the rest of the project. It describes the project and is used to get common agreement among the stakeholders about the scope. The Scope Statement clearly describes what the outcome of the project will be. It is the basis for getting the buy-in and agreement from the sponsor and other stakeholders and decreases the chances of miscommunication. This document will most likely grow and change with the life of the project. The Scope Statement should include:

- ✓ Business need and business problem
- ✓ Project objectives, stating what will occur within the project to solve the business problem
- ✓ Benefits of completing the project, as well as the project justification
- ✓ Project scope, stated as which deliverables will be included and excluded from the project.
- ✓ Key milestones, the approach, and other components as dictated by the size and nature of the project.

It can be treated like a contract between the project manager and sponsor, one that can only be changed with sponsor approval.

Step 5: Develop scope baseline

Once the deliverables are confirmed in the Scope Statement, they need to be developed into a work breakdown structure (WBS), which is a decomposition of all the deliverables in the project. This deliverable WBS forms the scope baseline and has these elements:

- ✓ Identifies all the deliverables produced on the project, and therefore, identifies all the work to be done.
- ✓ Takes large deliverables and breaks them into a hierarchy of smaller deliverables. That is, each deliverable starts at a high level and is broken into subsequently lower and lower levels of detail.
- ✓ The lowest level is called a “work package” and can be numbered to correspond to activities and tasks.

The WBS is often thought of as a task breakdown, but activities and tasks are a separate breakdown, identified in the next step.

Step 6: Develop the schedule and cost baselines

Here are the steps involved in developing the schedule and cost baselines.

1. Identify activities and tasks needed to produce each of the work packages, creating a WBS of tasks.
2. Identify resources for each task, if known.
3. Estimate how long it will take to complete each task.
4. Estimate cost of each task, using an average hourly rate for each resource.
5. Consider resource constraints, or how much time each resource can realistically devote to this project.
6. Determine which tasks are dependent on other tasks, and develop critical path
7. Develop schedule, which is a calendarization of all the tasks and estimates. It shows by chosen time period (week, month, quarter, or year) which resource is doing which tasks, how much time they are expected to spend on each task, and when each task is scheduled to begin and end.
8. Develop the cost baseline, which is a time-phased budget, or cost by time period.

This process is not a one-time effort. Throughout the project you will most likely be adding to repeating some or all of these steps.

Step 7: Create baseline management plans

Once the scope, schedule, and cost baselines have been established, you can create the steps the team will take to manage variances to these plans. All these management plans usually include a review and approval process for modifying the baselines. Different approval levels are usually needed for different types of changes. In addition, not all new requests will result in changes to the scope, schedule, or budget, but a process is needed to study all new requests to determine their impact to the project.

Step 8: Develop the staffing plan

The staffing plan is a chart that shows the time periods, usually month, quarter, year, that each resource will come onto and leave the project. It is similar to other project management charts, like a Gantt chart, but does not show tasks, estimates, begin and end dates, or the critical path. It shows only the time period and resource and the length of time that resource is expected to remain on the project.

Step 9: Analyze project quality and risks

Project Quality

Project quality consists of ensuring that the end product not only meets the customer specifications, but is one that the sponsor and key business experts actually want to use. The emphasis on project quality is on preventing errors, rather than inspecting the product at the end of the project and then eliminating errors. Project quality also recognizes that quality is a management responsibility and needs to be performed throughout the project.

Creating the Quality Plan involves setting the standards, acceptance criteria, and metrics that will be used throughout the project. The plan, then, becomes the foundation for all the quality reviews and inspections performed during the project and is used throughout project execution.

Project Risks

A risk is an event that may or may not happen, but could have a significant effect on the outcome of a project, if it were to occur. For example, there may be a 50% chance of a significant change in sponsorship in the next few months. Analyzing risks includes making a determination of both the probability that a specific event may occur and if it does, assessing its impact. The quantification of both the probability and impact will lead to determining which are the highest risks that need attention. Risk management includes not just assessing the risk, but developing risk management plans to understand and communicate how the team will respond to the high-risk events.

Step 10: Communicate!

One important aspect of the project plan is the Communications Plan. This document states such things as:

- ✓ Who on the project wants which reports, how often, in what format, and using what media
- ✓ How issues will be escalated and when
- ✓ Where project information will be stored and who can access it.

For complex projects, a formal communications matrix is a tool that can help determine some of the above criteria. It helps document the project team's agreed-on method for communicating various aspects of the project, such as routine status, problem resolution, decisions, etc.

Once the project plan is complete, it is important not just to communicate the importance of the project plan to the sponsor, but also to communicate its contents once it's created. This communication should include such things as:

- ✓ Review and approval of the project plan
- ✓ Process for changing the contents of the plan
- ✓ Next steps—executing and controlling the project plan and key stakeholder roles/responsibilities in the upcoming phases.

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