



## MANAGING PROJECTS

*"The only way to do great work is to love what you do" -- Steve Jobs*

Fall is in full swing. From turning leaves, to pumpkin spice aromas in the air everything is pointing to a new season, and for a lot of people that means new beginnings and experiences. At work, this perhaps means training for new skills, taking on new responsibilities or starting new projects. We love new projects, and that is why we are featuring project management as our main topic for this month's InfoPays, but also because implementing new projects is essential for achieving the strategic goals of an organization and an important factor to increased and continued growth in the marketplace.

### Okay, but how would you define project management?

Project management (PM) is a specialized discipline for management and control over projects which seeks to find balance between the "triple constraint" of time, budget and project scope. Every time you start a temporary endeavor with a defined beginning and an end and have a goal of achieving some beneficial result, you are likely engaging in project management.

Here are the main components of PM:

**1. Define the goals.** Before launching a new project, you need to define clearly the goal that needs to be achieved and the results that need to be delivered, and you need to set realistic timelines for that to happen.

**2. Appoint a project manager (PM).** The project manager is a leadership position responsible for managing a project from start to finish. Appoint a PM with professional expertise, good communication, people management and excellent planning skills.

**3. Establish the terms of reference.** The terms of reference specify the objectives, scope, time frames, and initial scale of resources required. They should also clarify

risks, constraints, and assumptions.

**4. Create a Work Breakdown Structure document (WBSD).** Break the project down into identifiable phases and controllable units of action and allocate timescales to each unit of work.

**5. Plan for quality.** Planning for quality requires both paying attention to detail and ensuring that the project output or outcome meets the standards. Quality measures should be built into the process from the beginning, and not only implemented later (e.g. when something goes wrong).

**6. Plan for costs.** This is a key area because it is a common challenge to estimate costs when doing the budgeting for projects. Typical cost elements may include staff wages, overhead, materials and supplies, equipment and administration. One of the enabling functions of a good budget is to actively monitor costs during the project and control them where possible.

**7. Plan the timescales.** In order to calculate the shortest time required to complete a project, you need to know the earliest time a unit can start, its approximate duration and the time by which that stage must be completed in order for the next to start.

**8. Monitor and report progress.** Close monitoring of costs, timescales, and quality is a major consideration throughout the project, but because quality is the most difficult to measure, it can be easily neglected.

**9. Deliver the output.** Steps before delivery of the project outcome may include the compilation of instructional documentation or training packages, but the final and ultimately crucial element is ensuring the output or outcome of the project is accepted by the client or sponsor who initiated it.



## INCREASING PROFITABILITY

*"In the end, all business operations can be reduced to three words: people, product, and profits." -- Lee Iacocca*

Increasing the profitability of an enterprise takes some careful deliberation on how one strategy can affect the rest of the strategies and the overall goal. Popular methods normally deal with increasing sales, controlling and reducing costs, improving the product offer, increasing margins or reducing capital employed in the business. In the following text, we review steps for increasing the profitability in your business or organization:

### 1. Perform a market analysis.

Different methods of market research such as focus groups, customer feedback and other commercial market analyses are only some of the options. This process should reveal the market conditions from a number of perspectives: economic cycles, technological trends, consumer preferences and etc.

### 2. Consider increasing your sales volume.

- Increasing sales may at first seem like a straightforward approach to increasing profitability. Since sales do not equal profits, managers and owners also need to be proactive about controlling costs, monitoring prices, managing the amount of capital employed and the overall product mix.
- Hiring a sales representative to increase the geographical reach of your business is a great method as long as the increased sales produce increased profits.
- If you decide to increase sales by lowering margins, you need to achieve a substantial enough amount of sales to increase profits.
- If you decide to extend credit terms to your customers, you need to be able to handle this financial pressure on your cash flow.
- Understand the impact and potential of different lines of products. Focusing on products that result in losses is bad business practice unless you have decided to use them to capture the market attention and switch the focus to products

with better margins.

### 3. Look for ways to reduce your costs.

Knowing your costs, especially the hidden costs, cannot be stressed enough. If you do decide to use cost-cutting as a way to increasing profitability, be very cautious about the process. Consult with bankers, accountants, and auditors and know the impact of each adjustment instead of relying on arbitrary reductions.

### 4. Improve your product or service mix.

In light of the previous point about knowing and identifying loss-making products, it is just as important to know the upper and middle end of your product or service mix. This will help you adjust your supply accordingly, and will result in controlled costs and increased profitability.

### 5. Analyze your selling prices and profit margins.

This is a fairly delicate strategy. Depending on the setup of the market you are in and the price sensitivity of your customers, this approach can either lead to great wins or disastrous profit plateaus.

### 6. Look at the capital employed in your business.

Capital has to provide a good return, and there are several methods to ensure this. Employing credit control, reducing inventory, outsourcing inefficiencies and making better use of physical spaces such as buildings and factories.

### 7. Focus on balance.

The strategies we reviewed need to work synergistically to achieve balance. Don't forget that companies operate in ever-changing conditions and this balance will mean different things in different circumstances.

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