The Project Manager's MBA
Dennis J. Cohen and Robert J. Graham
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Dennis J. Cohen and Robert J. Graham state that finishing a project on time and on budget is no longer sole criteria for success. Project Managers are also accountable for their contributions to the company's financial goals. But generally they don't have the necessary business knowledge to make project-based decisions leading to bottom-line success.

Project managers and their senior managers need to understand the wider implications than just ' Make it fast. Make it good. Make it cheap'. More important than reducing the costs of a project is increasing its value. This needs thinking about projects based on business concepts such as increasing economic value or Economic Value Added.
Project Managers are required to act like entrepreneurs and think like CEO's (projects = business and project = part of a bigger whole)

The project contribution to overall business results by alignment to the business strategy and adding to the Economic Value are the base of the 'Business Systems Diagram'.

<u>Project Managers must understand the basics of accounting and finance.</u>

Some of these basics are:
- Cash cycle: acquiring cash, using cash to grow and to operate and returning cash.
- Financial reports: balance sheet, income statements and cash flow statements.

<u>Corporate strategy is also the business of a project manager.</u>

In the past, the senior management considered the strategic planning as a ritual rain dance. Each year SWOT analysis was made, the results became part of the plan and the plan was put away on the shelve until next year;
The Fast changing business environment requires now that strategic planning is updated regularly and that everyone in the company is aware of it. Project Managers must understand their company's strategy and how their projects fit into it. But they are very often too involved in the day-t-day management of their projects to pay much attention to that strategy.

5 important reasons why Project Managers need to understand strategy are :

- Management evaluates project management more and more on how well they implement the company strategy.
- Decision making in projects will be based on the company strategy.
- You can develop your team with common goals in line with the company goals
- Projects in line with the company strategy are less likely to be cancelled, as the Project Manager can demonstrate it's importance and relevance
- The Project Manager stays focused and on track.

The Project Manager has to increase speed, quality and value of his project.

The project cycle time is crucial. The time can be shortened by proper project management practices. The sooner a project is completed, the sooner it can begin to produce its value and pay back the investment.

Cycle time can be reduced by following 6 practices :

- Have one well-trained Project Manager
- Develop a rapid prototyping process. Presenting imperfect prototypes helps highlight problems and facilitates solutions to those problems
- Establish a core team for the duration of the project. The team needs to be interdisciplinary, including customers or end users
- Ensure that the team members work full time on one project
- Co-locate core team and other team members, especially on new product development projects.
- Develop upper management support

A Project Manager should understand the customer and the competition.

Whatever the type of project, the outcome will end up in the marketplace.
Here we have 3 crucial keys. The first key: ‘Build it and they still might not come’. A lot of Project Managers think that selling the product is not their problem, but the Marketing department’s. A Project Manager needs a clear understanding of the market needs. Therefore getting a member of the Marketing department on the project team helps.
Second key: understand the market (size, segmentation, competition ..). And the third key: understand the customer. The definition of customer in this context is:’ The person who actually pays for the product or service you are developing’. That customer might not be vthe end-user. Some practical ways to get customer and end-user involvement are: putting them on the core team, observing their problems, developing focus groups to explain problems and developing prototypes to give end-users experience.

A Project Manager must calculate the project costs.

A Project Manager should no longer be victim of an assigned budget but is responsible for calculating the costs of their project. They need to be familiar with following type of costs: variable direct costs, variable indirect costs, fixed direct costs and fixed indirect costs.
A Project Manager through his project, develops assets that produce return to the company and shareholders. So they need also an understanding on how their project is financed.

A Project Manager must follow the project Venture Development Process.

The steps to be taken for each project are :

❶ Develop a business case where you focus on the desired outcome
❷ Think strategically
❸ Create a business plan
❹ Execute and control the project through the business plan
❺ Smoothly transition to the project outcome lifecycle
❻ Operate and evaluate

Conclusion: this book gives readers in a structured and practical way insights in :

- An entrepreneurial approach to managing a project
- Understanding the basics of accounting and finance
- Understanding business strategy
- Managing projects for maximum results
- Understanding the customer
- Calculating project costs and measure project success