Core Concepts of Consulting for Accountants

Chapter 5 – Managing the Project – Part One

The Growing Importance of PM

- Needs of society due to:
  - more knowledge
  - increasing product and service complexity
  - global competition
- Growth in project management – PMI had 7,500 members in 1990, 70,000 today! (www.pmi.org)

Project Management Skills

- Soft
  - Leading
  - Coaching
  - Facilitating
- Technical
  - Planning
  - Budgeting
  - Problem-Solving
  - Area expertise (variable)

Triple Constraints of PM

Outcomes (Scope)

Resources (Budget)

Time

The Project Life Cycle

- Plan
- Schedule
- Monitor
- Control
- Close

(Refer to Figure 5-1 in book)
Project Planning

- Process of coordinating and regulating activities, time, and resources toward accomplishment of a specific goal or objective within a specified time period.
- Also may include Project Selection.

The Work Breakdown Structure (WBS)

- A hierarchical representation of product scope.
- The answer to the question: What activities are needed?
- The first step in making time and cost estimates.

Risks of Skipping the WBS

- Identifying activities in isolation
- Identifying only a handful of activities
- Incorrect time and budget estimates

Types of WBS

- Function-based
- Component-based

Breaking down the structure:
Activities versus areas of work

Activities ➔ Tasks

- Break down activities into tasks
- How will the task be done?
- Who will do the task?
- How long will it take?
- How much will it cost?

Scheduling the Project

- Gantt – horizontal bar charts showing time relationships among activities
- Critical Path Analysis – network portrayal of project activities
  - PERT
  - CPM
Program Evaluation Review Techniques (PERT)
- Started with submarines
- Three duration estimates: optimistic, pessimistic, most likely
- Weighted average - PERT Estimate = (Pessimistic + 4 x Likelihood + Optimistic)/6

Critical Path Method
- Uses fixed times
- Allows for “crashing”
- Steps:
  - Create a WBS
  - Create an Activity-on-Node Network Diagram (AON)
    - Calculate early start and early finish times
    - Determine late start and late finish times
    - Investigate slack and contingency times
  - Assign Resources

Dependencies
- Vs. Parallel Tasks
- Finish-to-start dependency
- Start-to-start dependency
- Finish-to-finish dependency
- Start-to-finish dependency

Activity-on-Node Network Diagram

<table>
<thead>
<tr>
<th>Activity Name &amp; ID</th>
<th>ES</th>
<th>LS</th>
<th>EF</th>
<th>LF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slack Time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duration Time</td>
<td></td>
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</tr>
</tbody>
</table>

Assigning Resources
- How important is quality for each task?
- How critical is time for each task?
- What skill levels are needed?
- How important is the task to the project workflow?
- Will more resources improve speed, quality?
- What do extra resources cost?

Monitoring the Project
- Collect
- Compare
- Analyze
- Respond – Change the game plan
  Frequency? Consider the time it takes to collect and compare data so that you can analyze and respond in time.
  - Use of status reports
  - Importance of milestones
Monitoring the Project – What to Measure?
- Cost (Job costing)
- Quantity of work performed
- Quality of work performed
- Frequent status reports

Note: See Figure 6-10 for monitoring form.

Controlling the Project – What can you do?
- Do nothing
- Add more resources
- Cut the project’s scope

Feedback and Closing
- Feedback loop
- Feedback cycle time
- Is it really over?
- Post-project evaluation
- Archiving the project
- Advertising success

Core Concepts of Consulting for Accountants
Chapter 7 – Documenting the Consulting Project

Documenting the Consulting Project
- The role of documentation
- Documentation tools:
  - Flowcharts
  - Process maps
  - Decision tables
  - IS Consulting tools
  - Story boards
- Graphical documentation software

What is a process map?
A diagram that shows the chronological flow of a process from start to finish. The map includes approvals, exceptions, volumes of output, and cross-functional handoffs. The creation of a map, as well as the map itself, helps a consultant in a variety of ways, such as when:
- Undertaking process redesign
- Issues indicate analysis of process is recommended
- A client wishes to restructure
- Indications are that client process is not best practices regarding cost, quality, or timeliness
**So – why map?**
- To clarify specific roles and contributions
- To identify opportunities to improve processes
- To determine points where you should be measuring performance
- To inform/Train employees
- To organize your work

**What should you map?**
- Process as part of core competency
- Cost reduction
- Cycle time reduction
- Defect reduction
- Bottlenecks
- Obsolete or changing technology
- Competition
- Mergers or acquisitions

Adapted from: *The Basics of Process Mapping* – R. Damelio

**Steps in Creating a Process Map**
- Select Process
- Scope Process
- Gather Information
- Map Process
- Analyze Data
- Present the Reengineered Process
- Implement Changes

**Collecting data for a process map**
- Consider organizational culture, process complexity, # people and functions, degree of change
- Need info about responsibilities, activities, inputs, outputs, customers, and time and cost

**Methods for Gathering Information**
- Self-generate
- Interviews
- Surveys
- Discussion/Facilitation

**Process Map Guidelines**
- Hierarchical
- Ensure balance
- Limit steps
- Maintain focus
- Verify accuracy
- Don’t be too busy!
Process Mapping Pitfalls
- Map is unbalanced
- There are missing steps
- Map is too busy
- Map development takes too long
- Ambiguity/unclear
- Not appropriate analysis level for reengineering

Types of Process Maps
- Transactional
- Cross-functional
- Relationship
- Others…

Mapping Symbols
Note – Some process maps take advantage of the full set of flowcharting symbols.

Transactional Process Map
More like a flowchart. Useful at beginning of process mapping. Begins with the first activity performed and ends with the last one. Example – Figure 7-6 or below

Cross-Functional Process Map
- Show how work gets done
- May be horizontal or vertical
- Show steps that make up a process and inputs/outputs of each step, sequence, people/functions/roles in each step

Relationship Maps
- Show input/output connections within an organization (customer/supplier)
- Show how work flows through functional boundaries
Steps in creating relationship map
- Identify major outputs of group or dept.
- Identify immediate customers – who receive your outputs
- Identify major inputs for each output
- Identify source of inputs (suppliers)
- Identify major relationships inside your group or department

Disconnects in Maps
- Disconnects are missing links between inputs or outputs and a function (a process in a cross-functional process map). One might be a function box with no arrows or not enough arrows coming in or out of it. Another might be that in tracing the flow of inputs and outputs through functions, you find a flow to be one way or to lead nowhere. Disconnects are opportunities for benefits from reengineering.

Process Value
- Value-added and non value-added processes
- Excessive control points
- Unnecessary handoffs
- Superfluous documentation
- Bottlenecks
- Gaps in flow

Value Questions
- Does each activity add value?
- Can you eliminate the activity?
- Can you do the activity in less time?
- Can you do the activity more cheaply?
- Can someone else or another function do the activity better or more cheaply?
- Can you simplify, reduce, or change the activity?
- Is the activity appropriately controlled?

Core Concepts of Consulting for Accountants
Chapter 8 – Data Collection and Analysis

Data Collection and Analysis
- Data Collection Techniques
  - Interviews
  - Focus Groups
  - Surveys
  - Observation
Data Analysis and Interpretation
- Summarizing and Coding Data
- Statistical Analysis
- Software Tools for Data Analysis
- Turning Data into Information

Interviews
- Preparing for the Interview
  » Establish the objectives
  » Do your homework
  » What to tell the interviewee
  » Interview format
  » What questions to ask

The Interview Process
- Controlling the interview process
  » Establish trust with the interviewee
  » Summarize and restate
  » Be gentle!

Documenting the Interview
- Record it
- Take notes
- Don’t be afraid to ask questions
- Listening
  » Know when to allow diversion and when not

Listening Skills
- The warm up - introduce yourself, smile, make eye contact
- Monitor the nonverbals - tone of voice, posture, eye contact, posture, body movement, facial expressions
- Your purpose - to identify something wrong and fix it
- The investigative tree (Reeb)
- Use of open-ended questions
- Listen to learn
- Avoid giving answers

Focus Groups
- Popular in marketing and politics
- Idea is to generate collective consensus
- Moderator used
Surveys
- Used to collect info from large groups of people
- Usually must be coded upon receipt in order to summarize and analyze results
- There’s probably never been a perfect one!

Survey Design Issues
- Pilot test!!!!
- Two potential pitfalls:
  - Choosing the wrong sample
  - Measuring results incorrectly
- Be careful about non-response bias

Survey questions
- Open-ended (for new info) vs. close-ended (when categories of response are known)
  - partially close-ended
  - close-ended with ordered choices
  - close-ended with unordered choices
- Measuring attitudes and beliefs - Likert scales
- Wording problems

Observation
- Seeing is believing
- Take notes
- Be sure you understand what is being done
- Ask questions liberally
- Document each task