

The Learning Habit Limited



Work Package No 4 Project Organisation Exercise

Instructions

Complete Pre-Course Work Package 1 – this will ensure you have a clear understanding of the Organisation Theme

Read the Roles and Responsibilities of the Project Management Team in Appendix C of the PRINCE2 manual.

Read the Project Scenario for the Outsourcing Project (attached to this work package – page 2)

Read the Attachment A (attached to this work package – page 3)

Design an appropriate Project Management Team Structure giving consideration to the scale of the project.

Having designed an appropriate structure, from the additional information shown in Attachment A you should identify suitable individuals to fill the Project Board roles only considering stages 1 and 2. You should include Project Assurance but exclude a Change Authority. If you feel that Attachment A does not contain suitable individuals for all of your Project Board structure, highlight this and suggest how this might be addressed.

Please bring copies of this exercise and your answer with you to the course as you will need it for an exercise during the course.



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Project Scenario EX03

The Outsourcing Project

Note: *Outsourcing is the contracting-out of business functions to a third party (the service provider). A business may contract out to one service provider or several service providers. The service provider takes control of the business functions and is responsible for their success. It is common for staff in the business functions being outsourced to be transferred to and employed by the service provider. Simple examples of outsourcing are office cleaning services and gardening services. Knowledge of outsourcing is not required for this examination paper.*

A central government department, the Ministry of Food Hygiene (MFH), faces increasing pressure to cut costs, better manage suppliers' performance and reduce the confusion caused by inadequate internal controls, outdated standards and outdated technology. External consultants were employed to conduct a feasibility study to identify options to address the problems, and the likely costs and benefits. The following options were considered:

- Do nothing.
- Re-engineer selected business functions.
- Outsource selected business functions.

The feasibility study concluded that there was a case for outsourcing the MFH Information Technology Division and the Facilities Division (maintenance of buildings and grounds). The recommendations were:

- One service provider should be contracted to provide the services currently provided by the Information Technology Division and the Facilities Division.
- A 10-year service contract should be agreed with the selected service provider.

The feasibility study developed high-level designs of the current organization, processes, systems and operating models, plus an outline Business Case for the required project. The external consultants also made the following recommendations for the management of the project:

- Use PRINCE2.
- Set up the project with 4 management stages:

Stage 1. Standard PRINCE2 initiation activities.

Stage 2. Create detailed designs (future organization, processes, systems and operating models) and the service level agreement between MFH and the future service provider.

Stage 3. Request and evaluate proposals, select service provider and agree contract.

Stage 4. Transfer equipment and staff, transfer responsibility for service provision and run trial period.

Initial estimates indicated that the project would cost £2.5m and take two years to complete. MFH senior management agreed that there was a case for outsourcing, and accepted the recommendations as a basis for the project. There is an expected saving of £20m over 10 years.

The Outsourcing project has completed the Starting up a Project process and is now in the initiation stage. Because of the strategic importance of the project, the MFH Chief Executive Officer has taken the role of Executive. A PRINCE2-experienced Project Manager has been appointed from within MFH. Staff within the business functions being outsourced will work with the external consultants who conducted the feasibility study to define the detailed designs.

Attachment A
Possible Project Resource List

John Clearwater - Chief Executive Officer of Ministry of Food Hygiene: He understands fully the pressures that the Ministry faces. He is a long serving civil servant and is fully aware of how the Ministry operates. One of his major concerns is that none of the Ministry's staff has any experience in outsourcing.

Helen Driver - Director of Information Technology Division: She came to the Ministry from the private sector 12 months ago. Information Technology is responsible for providing a complete computer hardware and software service to all business functions. Her staff will be providing input to the design of the future organisation, processes, systems and operation models for Information Technology.

Robert Bildare - Director of Facilities Division: He is responsible for providing the maintenance of the buildings, grounds and gardens. His staff will be providing input to the design of the future organisation, processes, systems and operation models for Facilities. He will help in the selection of a suitable supplier.

Susan Bean - Director of Finance Division: She was transferred from the Information Technology Division 12 months ago. She is responsible for ensuring a cost-conscious approach is adopted in all operational and project activities across the Ministry of Food Hygiene.

Jenny Newton - Director of Research and Development Division: A scientist who has been with the Ministry of Food Hygiene for five years. Research and Development is a key business Division and is responsible for carrying out research and development into all aspects of food hygiene. Her Division is, and will continue to be, a key user of the services to be outsourced.

Kenneth Wright - Director of Compliance Division: A qualified auditor, who has been with the department for 15 years. Compliance is a key business Division and is responsible for ensuring that the food industry complies with food hygiene laws and regulations. He will identify the requirements for his Division, which will be a major user of the outsourced services.

Brian Addstone - Payroll Manager: Reports to the Director of Finance. He is a very experienced and efficient qualified accountant who has much of the responsibility of running the Finance Division on behalf of the Director of Finance. He has been involved in drafting the Ministry's business strategy and assisting in a full business risk assessment. He also drafted the corporate Business Case standards.

Len Smith -Hardware Manager: Reports to the Director of Information Technology. He provides computer hardware to all business functions but has little awareness of the needs of his colleagues working in software.

Dan Rich - Outcon Account Manager: He represents Outcon which is a recruitment agency that provides specialist outsourcing resources. Outcon provided the consultants who carried out the feasibility study and the same consultants will be providing support and guidance to the Information Technology and Facilities teams during the project.