https://www.mavenlink.com/resources/what-is-the-professional-services-project-life-cycle#:~:text=The%20Project%20Life%20Cycle%20refers,of%20project%20within%20a%20business.

The Project Life Cycle refers to the four-step process that is followed by nearly all project managers when moving through stages of project completion.

This is the standard project life cycle most people are familiar with. The Project Life Cycle provides a framework for managing any type of project within a business. Leaders in project management have conducted research to determine the best process by which to run projects. It has been found that following a project life cycle is critical for any services organization. The Project Life Cycle is the standard process by which teams achieve project success.

Lesser known but growing in popularity, the Professional Services Life Cycle exists because the standard project life cycle does not fit everyone's needs. The standard project life cycle works for some project managers, but professional services need a more robust process. In professional services, unlike other businesses, their product is their people. That is, professional services lend their expertise to other companies in exchange for profit. Due to the constant involvement of clients, professional services require a unique project life cycle that involves a recurring feedback loop to ensure project success.

The Project Life Cycle is the standard process by which teams achieve project success.

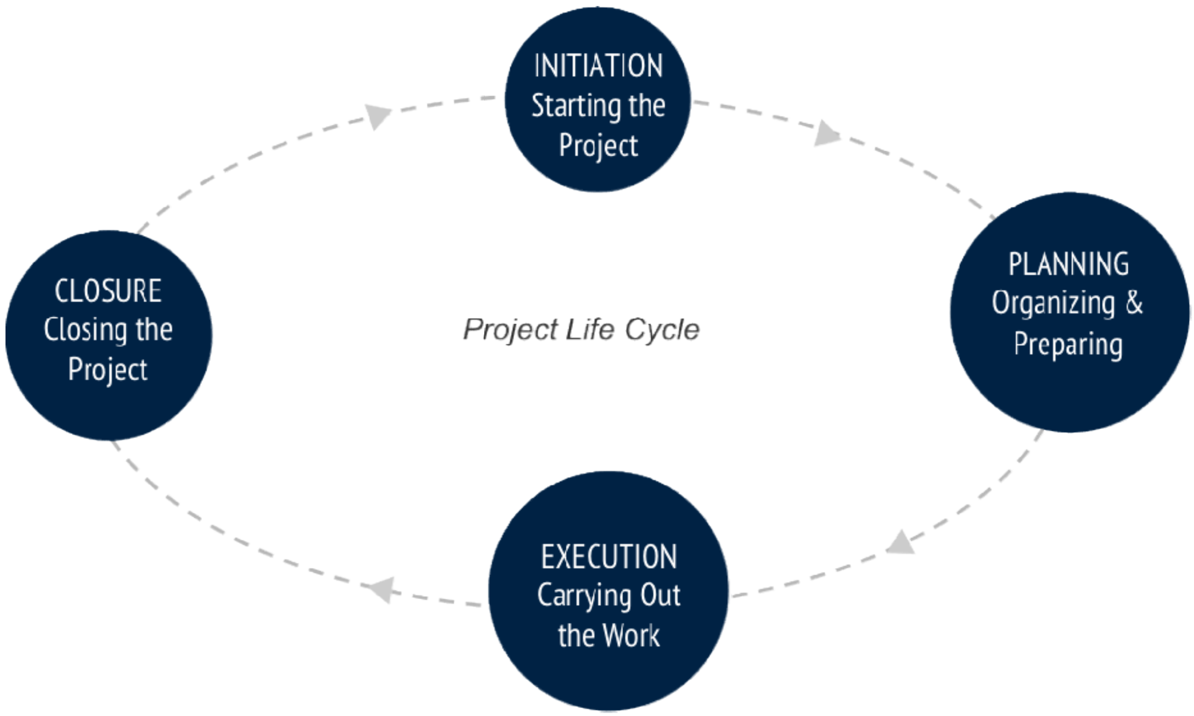
What is the "Standard" Project Life Cycle?

According to the Project Management Institute, the project life cycle is critical for any managers hoping to deliver projects to clients successfully.

Let's take a look at the steps involved.

The Project Phases Involved:

- Phase 1: The Conceptualization Phase
- Phase 2: The Planning Phase
- Phase 3: The Execution Phase
- Phase 4: The Termination Phase



Phase #1: The Conceptualization Phase

This can also be referred to as the ‘Initiation Phase’ and is the starting point of any project or idea.

For the Conceptualization Phase to begin, a strategic need for the project or service must be recognized by upper management.

Ask yourself the following questions during Conceptualization:

- What is the problem?
- Will the development of a project solve that problem?
- What are the specific goals of the project?
- Do we have enough resources to create and support the project?

The Conceptualization Phase typically involves:

- Creation of the statement of work (SOW).
- Presenting the business case.
- Creation of a business contract.

Phase #2: The Planning Phase

The second phase of the project management life cycle is referred to as the Planning Phase.

Once management has given the OK to launch a project, a more formal set of

Ask yourself the following questions during Planning:

- What is the project purpose, vision, or mission?
- Are there measurable objectives or success criteria?
- Do you have a high level description of the project, requirements and risks?
- Can you adequately schedule and budget high level milestones?

The Planning Phase typically involves:

- Determining resource availability.
- Creating a project budget.
- Beginning to allocate tasks to certain resources.

Phase #3: The Execution Phase

The third phase is labeled Execution.

This is when the actual work of the project is performed. Required materials, tools, and resources are transformed to reach the project goals. During this phase, performance is continually measured to ensure the project is successful.

Ask yourself the following questions during Execution:

- Are all resources being tracked?
- Is the project on budget and on time?
- Can resource planning be optimized?
- Are there major roadblocks that require change management?

The Execution Phase typically involves:

- Strategic planning.
- Implementation planning.

Phase #4: The Termination Phase

The fourth and final phase is called Termination Phase, also referred to as Project Closure.

This phase begins once the project has been completed.

Ask yourself the following questions during Termination:

- Are the project's completion criteria met?
- Is there a project closure report in progress?

- Have all project artifacts been collected and archived?
- Has a project post-mortem been planned?

The Termination Phase typically involves:

- The disbandment of the project team.
- Personnel and tools are reassigned to new duties.
- Resources released back to parent organization.
- Project transferred to intended users.

What is the Professional Services Project Life Cycle?

The key difference between the standard Project Life Cycle and the Professional Services Project Life Cycle is that the standard life cycle lacks fluidity and feedback between projects.

The standard project life cycle model consists of four very distinct project phases that have deliberate start and end points. That is, once a project is completed, tools are archived, resources are sent to new projects, the job is closed out, and then the entire process starts over.

The standard, linear life cycle model is not adequate for the complexity of projects in professional services. The reason this model is inadequate is because it fails to account for the human capital component that exists at professional service organizations. Due to the human capital component at professional service organizations, there must be a holistic, infinite, and cyclical life cycle that exists throughout the entirety of the project. Human capital refers to the fact that professional services rely on resource expertise for profits. Therefore, it is required for clients and resources to sync and agree on goals, processes, and deliverables throughout the entirety of the project. Trying to achieve project success without constant feedback or communication between client and resource would be impossible. This is why professional services require a life cycle that includes time to analyze, reflect, and forecast accordingly.

The Professional Services Life Cycle vs. the standard Project Life Cycle

The standard project life cycle has endured throughout the years despite the growing complexities surrounding project management.

However, the complexities involved in PSO projects have reached a critical point where a new life cycle model is required for success. Someone who is part of a professional services team who follows the standard project life cycle runs the risk of making the same mistakes during the following project. This is because there is no feedback loop or learning from past mistakes between the completion of one project and initiation of the next.

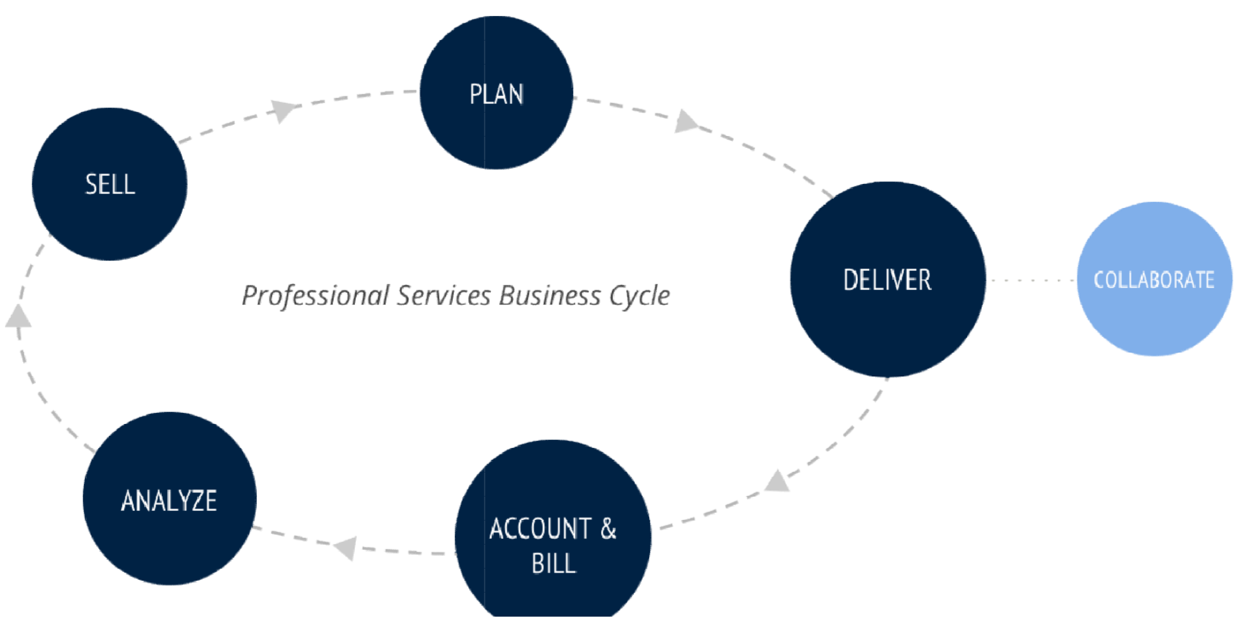
Why does a Professional Services Organization require a new life cycle for project management?

- Professional Services teams need something more tailored to them.
- Services organizations typically operate on a cycle.
- Human capital.
- Constantly selling services.

What are the phases in the Professional Services Project Life Cycle?

The Project Phases Involved:

- Phase 1: The Sell Phase
- Phase 2: The Plan Phase
- Phase 3: The Deliver Phase
- Phase 4: The Account & Bill Phase
- Phase 5: The Analyze Phase



Phase #1: The Sell Phase

The Sell Phase begins when professional services are first demanded by clients—that is, the sell phase occurs before business is won.

This phase is unique to the professional services project life cycle because the standard project life cycle does not start until a project kicks off. Professional services, however, require a pre-project phase to organize the complexities typically associated with professional service projects.

The first phase of the standard project life cycle (Conceptualization) differs from the Sell Phase because it fails to prepare your team for upcoming challenges, blocks, or inadequacies involved in project completion. Conceptualization allows project managers to kick off a project, but a Sell Phase requires team members to be more forward thinking. Professional Services organizations require this type of forward thinking because they have numerous, complex projects occurring simultaneously. Because professional services projects require forecasting prior to kickoff, it is increasingly important that your team has visibility into sales related activity in the CRM system. This allows them to account for change and properly estimate and allocate resources to the appropriate tasks prior to winning the deal.

Adequate forecasting is required to determine the feasibility and profitability of a project, client, or resource. Professional service organizations can not just “kick off” a project. Rather, they must adequately forecast the scope, the required resources, the profitability, and the feasibility of client demands. Without adequate time to pre-plan, PSOs would blindly take on projects even if they were low on resources, had too many projects occurring, or would not profit from a certain client. Allowing project managers the time to forecast and estimate success during the Sell Phase means less mistakes or blocks will occur during the project execution. The less blocks or conflicts during a project’s execution is directly related to increased profits.

Steps involved in the Sell Phase:

- 1. Opportunity management.
- 2. Project scoping.
- 3. Bid management.
- 4. Contract negotiations.
- 5. Forecasting.

Advantages of the Sell Phase:

- Newfound visibility into project delivery.
- Increased and meaningful communication between teams.
- Enhanced customer relations.
- Ability to sell more services at a time.

Phase #2: The Plan Phase

The Plan Phase is focused on scheduling and staffing projects at a professional services organization.

The Plan Phase gets underway once a project contract has been signed and resources are beginning to be allocated across tasks. Not to be confused with the standard life cycle “Planning Phase,” the professional services “Plan Phase” requires a bit more time and attention from team members. A project plan is determined and resources slowly begin to be allocated across tasks or responsibilities. A professional services organization is typically juggling nearly hundreds of resources, consultants, contractors, or part-timers, and these employees can not just be assigned to tasks or projects on an ad-hoc basis. For a PSO to properly plan a project, extensive soft resource planning is required before-hand to ensure all tasks have an available resource. Some projects are simple enough where only a resource or two is required. However, the projects at PSOs are typically much more extensive, and require in depth resource planning. Without proper allocation during the plan phase, most projects are doomed from the start.

Steps involved in the Plan Phase:

- 1. Project plan definition.
- 2. Resource planning.
- 3. Resource scheduling.
- 4. Task assignment.
- 5. Timeline development.
- 6. Milestones.
- 7. Capturing expectations.
- 8. Measures of success.

Advantages of the Plan Phase:

- Increased accuracy with resource allocation, budgeting, and timelines.
- Insights into past projects to learn from successes or failures.
- Resource manager visibility into what resources are currently allocated (aka: who is already soft or hard scheduled to a task and who is available to work?).
- Reduced wasted costs once associated with inaccurate resource and project planning.

Phase #3: The Deliver Phase

The Deliver Phase is also referred to as the execution phase of the project.

During this phase, the plan that was previously developed is set into motion and all resources and tools are moved to their respective duties. As changes or conflicts arise, project managers must manage the risk associated with such noise. That is, if a project is going over budget or past its deadline, it is the project manager's responsibility to track such risks throughout the delivery phase to ensure there will be no surprises down the line. The standard project life cycle accounts for change management but fails to recognize the numerous moving parts that can affect the success of a complex project. Professional services have more variables typically involved in a project, and these variables require a more in-depth and responsive delivery phase than what we see in typical project life cycles.

Steps involved in the Deliver Phase:

- 1. Executing plan.
- 2. Completing tasks.
- 3. Managing risk.

Advantages of the Deliver Phase:

- By managing risk during the project, costs associated with conflicts are greatly reduced.
- The visibility into a project's status allows quicker delivery times, resulting in more satisfied clients and customers.

- Having the ability to manage change while the project is being executed reduces the risk of a failed, over budget, or late project.
- The team is more efficient when they know all the potential variables associated with any given project.

Phase #4: Account & Bill

The Account & Bill phase is dedicated to recognizing revenue and financial opportunities.

This is a unique phase that does not exist in the standard life cycle description. The standard life cycle goes from the Execution Phase directly to the Termination Phase. Professional services teams must keep track of the return on investment when they sign on to projects. Without a phase dedicated to accounting, financials, and invoices, many project managers fail to recognize the true cost of a project. As mentioned previously, the sheer size of professional service organizations put them at a greater risk for an avalanche effect - when one project goes wrong, all associated resources are affected and ultimately other projects begin to feel the burden of one mistake. By taking note of the costs associated with each phase of project delivery, as well as the costs associated with certain tools, resources, or practices—a service organization can actually forecast project costs with great accuracy. This ultimately allows a PSO to sign on to only the most profitable projects which would increase margins and ultimately boost a company's bottom line.

Steps involved in the Account & Bill Phase:

- 1. Project accounting.
- 2. Contract management.
- 3. Invoicing.
- 4. Collection.

Advantages of the Account & Bill Phase:

- The ability to consistently monitor the status of the project's budget.
- Ample time to identify areas of financial opportunities or extra profit.
- Invoices are accurate, timely, and are based upon actual hours worked rather than guesstimates.

Phase #5: The Analyze Phase

The Analyze Phase was created specifically to better serve the complexities within PSOs.

This phase only exists in the postmortem phase of the standard four-step project life cycle model. This is an issue because project, client, or resource feedback is typically not useful after projects are completed. Unlike the standard life cycle, the Professional Services Life Cycle includes analysis before the project has closed and before it starts.

This phase primarily involves managing performance and looking to the future for trends and forecasting using business intelligence data. This phase acts like a feedback loop to provide teams and organizations with data from completed projects in hopes to better prepare for the future. The lack of an analysis phase is the most critical distinction between the Professional Service Life Cycle and the standard Project Life Cycle. The standard life cycle fails to recognize the importance of business intelligence and metrics as a way to measure success. Without a phase that allows for reflection, involved processes can never be optimized or even enhanced. Professional services organizations require a moment of reflection between one job and the next, because other clients demand a number of the same variables.

If a certain task is executed well, or if a task is not executed in a cost-effective manner, it is time to take note of both your successes and failures and adjust process or practice to reduce the chance that they occur again with a new client. Due to the fact that professional services teams tend to have more projects occurring simultaneously, they also have more resources spread across tasks, as well as higher costs associated with mistakes. Without an Analyze Phase, professional services teams would run the risk of making the same mistakes.

This phase typically includes:

- Analyzing key metrics.
- Calculating margins.
- Measuring utilization.
- Forecasting people, resources, tools.

- Forecasting trends and future needs.

Advantages of the Analyze Phase:

- Ample time to reflect on project success and failures and better plan for future clients and projects.
- Ability to use key performance metrics to track resource efficiency from the project inception to completion.
- Using metrics to enhance process and practice.
- Visibility into utilization rates and ability to adjust for cost-efficiency.

Why does the Professional Services Project Life Cycle matter?

The Professional Services Project Life Cycle:

- Helps professional services teams be more efficient and more profitable.
- Helps with Organization.
- Forces communication.
- Emphasizes reporting and analyzing past projects.

How to Improve the Professional Services Project Life Cycle

If you are working within professional services and constantly find yourself struggling to execute projects successfully, it may be time to adopt the upgraded Professional Services Project Life Cycle.

There is no doubt that our economy is currently led by the services industry. That is, as more companies provide services alongside (or instead of) products, the more complicated projects become—trying to allocate resources across hundreds of projects and clients can get a bit too difficult if you are relying on the standard four-step Project Life Cycle.

The standard four step cycle fails to give teams time to reflect on past success or forecast future plans. Schedules are squeezed and little time is set aside to optimize current practices. Without a life cycle that includes a feedback/analysis phase, professional services organizations will fail to meet the growing demands of consumers. A new cycle is required for professional service organizations if they hope to survive in our Service Level Economy.