

THE ADDED VALUE OF THE PROJECT SELECTION PROCESS

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The project selection process comes in the first stage of the overall project management life cycle. It does have a very important impact on organization success. The present paper provides definitions of the basic concepts and tools related to the project selection process. It aims to stress the added value of this process for the entire organization success. The mastery of the project selection process is the right way for any organization to ensure that it will do the right project with the right resources at the right time and within the right priorities.

Key words: *project management, project selection process, impact, organization success, added value, project life cycle.*

1. INTRODUCTION

Project management is known to be the application of knowledge, skills, tools, and techniques to project activities to meet project requirements. Such application contributes to achieving organization objectives. It is only through an effective project selection process that organizations can choose and support projects that meet their strategic objectives. Even if it is not the only process in the project management life cycle, the selection process is strongly required to ensure the selection of the most suitable projects for the organizations. Also, the high level of insecurity in the modern business environment has made this area of project management crucial to the continued success of an organization.

So, the following questions come up: How can any organization ensure that the adopted projects are aligned with the objectives of its strategies, and

contribute largely to achieving them? What are the key points to consider for successful project selection? What techniques and tools to use?

It is absolutely vital that the above questions are to be carefully thought of and developed. The selection criteria must be defined in the organization strategy management and should be designed to permit to take well thought objective decisions through an efficient and transparent procedure.

Even if this process is only a preliminary procedure for the overall Project Management Process Group, it is still a very complex one because of its enormous input data and the variety of parameters.

Ensuring the efficiency of the selection procedure is absolutely crucial to maintain the motivation and confidence of actors and to prepare for a faultless projects management and successful projects.

Indeed, the aim of the present paper is to demonstrate how important the contribution of the project selection process is in project success and how it permits to ensure that an organization will “do the right project”.

This document will provide descriptions of the main needed concepts to understand what project selection processes are used for. Furthermore, it aims at promoting the added value of the project selection process.

With a view to all of the above, the basic concepts underlying the project selection process will be firstly presented. Then the key principles underpinning the project selection process will be proposed. Finally, the impact of the selection procedure on the entire project management process will be provided.

2. BASIC CONCEPTS

The project selection process consists in choosing a project to be implemented by an organization. Since projects require a significant investment in terms of budget and resources, both of which are limited, it is crucial for an organization that the selected projects provide good returns on the resources and capital invested.

In this respect, a brief reminder of the definition of main concepts related to the project selection process is needed and useful.

2.1. Generation of projects

The context in which projects are developed is the first point that an organization must take into account. It

may send out a public announcement requesting proposals for a specific project. This public announcement, called a Request for Proposal (RFP), could be issued through newspapers or individual letters. Firms or individuals interested in the project would then write proposals in which they summarize their qualifications, project schedules and costs, and discuss their approach to the project.

It is possible that the proposed projects do not necessarily correspond to its objectives and strategy. Sometimes there is a shortage of projects, due to lack of motivation or energy. The organization can support capacity building.

In order to generate projects, the organization has the choice between two principal approaches: it can be either proactive or reactive. Obviously, it is better to be proactive by anticipating problems and consumer demands, because of the positive effects it has on the projects quality. That can be done by improving the organization strategy knowledge and the types of requested projects and by accompanying their implementation. Otherwise, the organization is forced to put long-term planning aside, so that it can respond to new problems.

The projects generation process aspect requires effective, strategic and proactive management, and helps to provide various and wide possibilities of choice in order to ensure projects quality meets organization/end users' standards. Indeed, the effectiveness consists in achieving objectives while making the best possible use of all resources. Also, strategic management is important to the project selection process because an outdated strategic

or a weak plan is indicative of organization stagnation.

If proposals do not correspond to organization strategy and objectives, the concerned organization has to work with the initiators to inform them, to guide them, to encourage them to submit appropriate ones.

And once a proposal has been received, there are numerous factors that need to be considered before an organization decides to take it up. This will be the job of the project selection committee or team.

2.2. Project Selection Team

For the evaluation of proposals, the Senior Project Manager should have already assigned all the members of the Project Selection Team. This team should be composed of representatives of all areas of interest and all project teams, taking into consideration the wide nature and scope of the project.

A Project Selection Team Charter will help to identify what kind of people and skills are needed, then it will assist in putting together the best team. This team has to choose an appropriate selection model to use and develop the selection criteria list. These criteria should include specific points against which a proposal will be judged and “graded”.

Then, the Project Selection Team leader will, provide his team with the list of proposals (proposed projects). This list should contain the necessary descriptions and motivations documents of each of them, based on the submission template/request for offer provided by the requirements authority/end user/funding organization and

published. The project request template includes basic instructions for users on the form with notes for all necessary data. It will allow the project selection committee to capture need inputs related to, mainly, the full business case narrative of the proposed project, estimate cost, link to the organization’s strategic goals and estimate its staffing resource.

There are always more potential projects than the organization resources will allow completing. The Project Selection Team is responsible for choosing the best projects. This committee reviews all the potential projects and then ranks them. Each committee member ranks the projects in terms of the added value they bring to the organization, namely from the most added value to the least added value. Then, these rankings are combined into a master ranking.

In this respect, some organizations ask for a credible expert approval to accept the proposed project. It means that the project initiator should submit a complete project file to a designated office of experts. The latter will provide the concerned organization with a project approval letter which should be added to the complete candidature file as a main document. Resorting to such experts does have to ensure the validity of proposal regarding some very complex and particular fields of activity. Nevertheless, it could be seen as a lack of autonomy and it might have a cost and time implications.

There are various project selection methods practiced by the contemporary organizations. These methods have different features

and characteristics. Therefore, each selection method is best for different organizations. In the private sector, profitability is the added value measure, whereas in the not for profit organizations, the measure is related to the dynamics of the field that generates/reshapes the mission of the organization (e.g. security).

2.3. Non-profit organizations

Given the strategic outlook needed by organizations to be fully accountable to their stakeholders, it makes sense for every organization to ensure that the proposed projects are appropriate and that the development process results in successful projects that will contribute to its priorities. It is therefore important that organizations implement and use a project development process to promote and support the types of projects that correspond to their priorities that can be other than economic benefits. This kind of organizations is known as non-profit organizations. They do have certain specificities regarding their way to select their projects, particularly with the elaboration of the selection criteria based on humanitarian, social, scientific or any other kind of motivation. Nevertheless, it is important to notice that even these nonprofit organizations are used to considering budget related criteria in their decisions because no project can be implemented without funds or other types of resources.

Military organizations are included in this non-profit category of organizations. Thus, when selecting projects, they consider many criteria related to the national security issues such as alliances and security delivery.

However, the increasing consideration given to the new concept of the democratic control of armed forces requires more and more transparency regarding the project selection process. Indeed, the project selection process provides to best way to achieve this transparency objective. It needs, just to consider the specifications of the military institution, particularly when it is about strategic and long-term projects. In such context, selection criteria are very complex and cover many sensitive domains. Also, decisions are taken at very high level according to various and complex motivations.

The mastery of the project selection process can always provide the high level decision makers not only the professional tools to observe the transparency rules without compromising the institution interests, but also ensure that the institution is doing the right project. Both profit and non-for-profit organizations have specifications that, mainly, determine the type of techniques and tools to use for the project selection process.

3. TECHNIQUES AND TOOLS

Providing decision aiding models and techniques that can be used to help senior managers select projects is crucial. The present document does not focus on a particular technique or tool. It proposes a useful description of these models and techniques. This description is based on the study of previous experiences developed in different areas of activity.

Even if, there are many differences between project selection techniques and methods, usually the underlying concepts and principles are the same.

3.1. Principles

In general, the Project Selection Process aspect consists of administrative, general and specific quality criteria.

The administrative assessment criteria are used at the first stage of project application evaluation. They ensure that the project applications fulfill the defined requirements.

The quality assessment criteria are proposed to estimate how objectives and activities defined in project application correspond to the organization objectives and policies.

The specific assessment criteria provide a framework for an in-depth evaluation of the project application and help to select the best projects.

These three types of criteria should be developed in compliance with basic principles and guidelines. The aim of this section is to provide a brief description of these main principles by learning through some examples of project selection process implementation. It appears useful to propose, in such a context, a non exhaustive list of principles to be observed when implementing the project selection process and developing the selection criteria:

- The exchange of information among partners engaged in the development of project selection criteria and project applicants should be taken in consideration. It gives them clear and unique appreciation of the proposed project that would enforce their involvement in the selection process discussions.

- The project selection criteria development methodology should, among other things, include types of project selection criteria, criteria

development approach (e.g., information needed to make a decision), scales that should be used to rate the level at which project application corresponds to criteria.

- Consideration of the capacity of final beneficiaries and the needs of target groups when developing project selection criteria is mandatory. Therefore the involvement of social and environmental partners in project selection criteria development should be enforced.

- A reasonable period of time for development of project selection criteria should be allocated. The period of time necessary for coordination and approval defined in Rules of Procedure of the partners should also be considered.

- The classification of project selection criteria in two groups: administrative assessment criteria and specific assessment criteria. Administrative assessment criteria could be defined specifically for large-scale and small-size projects; however specific assessment criteria could be defined separately for a specific activity.

- Different groups of project selection criteria depending on the scale of project (criteria for large-scale projects and criteria for small-size projects) should be considered.

- The selection should comply with organization objectives.

- The need to provide instructions on project selection criteria: these instructions would help project applicants and project application evaluators gain a better understanding on each project selection criterion.

All of the above are aids to improve the effectiveness and sustainability of the project selection process. However, it is also crucial to implement it the right way.

3.2. Steps

The aim of this section is to provide the basic steps to follow when implementing a project Selection process. The list of steps was built based on studies of some typical experiences in this field of activities. One of them was the Calls for proposals that have been published in the framework of the European Territorial Cooperation Program “Greece – Italy” 2007-2013. This is a typical example which can help to identify and confirm the theoretical sequence of steps required by the project selection process.

The typical way to conduct the project selection process consists, mainly of a two-phase selection procedure. The potential beneficiaries prepare and submit the proposals to the Project Selection Committee. Each application will be subject to a selection process carried out by this Committee, based on a pre-established selection criteria list. In order to carry out the evaluation procedure, the Committee may be assisted by external experts.

In the **1st phase** projects are checked against their administrative compliance and eligibility criteria in order to ensure that they fulfill the administrative and technical requirements of the funding organization. Administrative compliance refers to meeting project submission deadlines, applying the template provided by the requirement authority/authorities and attaching all requested documents in the call for proposals. Eligibility criteria are described in terms of organization goals and the means by which projects submitted deem feasible to meet these.

The **2nd phase** is related to quality. Only projects that demonstrate administrative compliance and satisfy the eligibility criteria will be subject to quality assessment. During this phase, proposals are evaluated using core selection criteria. The latter are divided into implementation-related criteria (the partnership, management and methodological approach, budget and finance) and content-related criteria (relevance of the proposal, quality of results/sustainability, innovation). These entail evaluating the nature of the proposal, its relevance with and contribution to organization overall objectives, its timeframe, viability and results and the management and evaluation methodology proposed. The quality assessment is based on a scoring system and results in a ranked list of all the applications.

It is clear that project decisions are difficult to implement and need to be modeled precisely because of the plethora of detail in which the problem is embedded.

3.3. Models

The need for project selection models arises from the complex environment of nowadays ‘organizations and the need to master it while making the right decision about priorities. Project selection models are generally divided in two categories: numeric and nonnumeric. These may be used at the same time, or as combinations. Nonnumeric models, as the name itself suggests, do not use numbers as inputs. Numeric models do, but the criteria being measured may be either objective or subjective.

This section aims to provide a better understanding of the way in which the tools are used. When an organization chooses a project selection model, the most important criteria to consider are (Verzuh, Eric:2003, 61-62):

- *Realism*: the model must mirror the reality of the decision making process within the organization with all its inherent constraints in terms of resources;
- *Capability*: the model needs to be complex enough to process multiple variable inputs like time periods, project related internal and external variation and thus enable an informed choice of the project that can overcome all of these factors.
- *Flexibility*: the model should give valid results despite changes in the organization's external environment;
- *Ease of Use*: the model must be easy enough to use in terms of data it uses, skills and equipment required and should not take a long time to yield expected results;
- *Cost*: these are the result of data gathering and modeling and should not exceed the benefits envisaged from implementing the projects the model is focused on selecting.
- *Easy Computerization*: it is related to the ease and convenience of the computer tools employed in gathering and storing information, as well as in transferring it to a given decision support system.

A model should evaluate potential projects by the degree to which they meet organization's objectives. To construct a selection model, therefore, it is necessary to develop

a list of the organization's objectives. This list should be generated by the organization's top management.

In this respect, it is important to mention that the use of these models requires specific knowledge and training to ensure the efficiency of such an aiding decision tool.

There are two basic types of project selection models, numeric and nonnumeric. Both are widely used. Many organizations use both at the same time, or they use models that are combinations of the two. Nonnumeric models, as the name implies, do not use numbers as inputs. Numeric models do, but the criteria being measured may be either objective or subjective. It is important to remember that the qualities of a project may be represented by numbers, and that subjective measures are not necessarily less useful or reliable than objective measures.

The use of a specific kind of models within the two basic types requires to consider just what the model is supposed to do, never forgetting two critically important, but often overlooked facts:

- Models do not make decisions but people do: the organization top manager, not the model, bears responsibility for the decision.
- All models are only partial representations of the reality. Therefore, no model can yield an optimal decision except within its own framework.

The model can only assist organization top management in making project selection decisions. It should possess the characteristics discussed previously and should respect many principles when developing the selection criteria list.

Whenever the overall project selection process is well implemented, it helps the organization choose the best project that meets its strategic goals. So, it is only by this way that any organization can ensure that it will do the right project which will help to increase its chance of success.

4. PERSPECTIVES

Validity is a measure of the effectiveness of a given approach. A project selection process is valid if it helps an organization increase the chances of choosing the right project. Even if it seems to be relatively complex to implement, it has to be more and more considered by organization top management as a small mistake could be damaging to projects as a whole, and in the long run, the organization as well.

4.1. Impact

Project selection decisions incur strategic implications. The projects chosen for implementation by any organization impact its daily running, as well as its future as a result of the plethora of stakeholders whose requirements must be met and exquisitely balanced.

Projects are highly likely to be conducted over several budgeting cycles and to undergo a “leaps and bounds” dynamics in this respect. Moreover, the tangible and intangible results of projects also incur time-varying financial costs and returns, as well as impacts over the years. Thus, project related decisions may have impacts on increasing revenues, decreasing costs, stakeholders’ perceptions of the organization, organization’s future in terms of

new capabilities and learning. Consequently, project selection is not only about estimating the financial return on investment but also about all avenues by which projects can contribute their added value.

Thus, there is a strong need to account for all of the different types of potential impacts that project selection decisions can create.

Each project will have different costs, benefits, and risks. Rarely are these known with certainty. The importance of a project risk depends on the nature of that risk and on the other risks that the organization is taking.

In the face of such differences, the selection of one project out of a set is a difficult task.

Obviously, the project selection process is to be considered and mastered through very performing techniques and tools.

All the previous mentioned factors related to the project selection process need to be taken in consideration in order to find out the best way to prevent their bad impacts on organization decisions and to ensure the right project selection.

4.2. Recommendations

Despite the previous cited impacts of the project selection process on the overall organization success, this process is still not really thoroughly considered by many organization top managers. It is often overlooked or skipped, particularly when the selection seems to be evident based on budget or other specific types of criteria. Too often, organizations rely on empirical evidence concerning their stakeholders’ requirements.

Therefore, there is a strong need to promote the adoption and

use of good practices regarding the implementation of a project selection process which can help to avoid misvaluation in critical situation, particularly in some areas of activities such as the Communication and Information Technology field. Usually, in such areas of activities, environment as well as technology change rapidly and selection criteria are interdependent. For example, the budget criteria may depend on the quality aspects. So, only the compliance with the process principles and steps will permit to ask and answer the right questions and help to avoid misvaluation of projects. Also, the application of the entire project selection process will help to keep all the organization partners confident and motivated. So, they may endorse the implementation of the selected project based on a clear and professional approach.

To improve the effectiveness of a project selection process, it is advisable, for any organization manager, to plan and perform regular assessments of the overall process and especially the administrative, general and specific quality criteria regarding their effectiveness, their compliance with the organization's objectives and their sustainability. Then, the results of such evaluations should be documented in order to be considered by the next project selection committees.

Moreover, it is highly recommended to stress on the necessity to prepare the project selection process charter independently of the complexity of this process. This document will be first a proof of professionalism and then it will ensure the accountability

of the project selection committee. Also, projects are selected for a variety of motivations and not all of them are overt. The project manager must understand why a project was selected over other proposals so that he or she can align the team toward justifying the choice that has been made.

Finally, it is imperative for the military organizations to acquire the capabilities for project selection process implementation, even when the project is be externalized. However, the project selection process should not be externalized for very good reasons because it uses very sensitive and classified inputs related to internal organization process. The mastery of the process will allow non-for-profit organizations to be able to be independent in this sensitive field and then to preserve their external added value which meets exactly the main organization strategic goals.

5. CONCLUSIONS

In conclusion, it is clear that the project selection process is time-consuming, but it is absolutely essential for project management success. It is always best to have a good plan from the beginning, with a list of criteria to be considered. This guides the Senior Project Manager through the entire selection process and also ensures that the right choices are made.

Organizations will achieve their goals by conducting the right projects. But it is only through an efficient selection process that they can choose and support those able to best contribute to the objectives of their strategy. So, the efficient selection of projects is decisive for organizations success.

Project decisions are often high-stakes, dynamic and with complex technical issues. These kinds of decisions are most difficult to model because a successful model must capture every critical aspect of the decision, more complex decisions typically requiring more sophisticated models. That reminds of H. L. Mencken's quote "*For every complex problem there is an answer that is always neat, plausible and wrong*".

In a perfect world, every organization would consider the project selection process and approach it in an objective way, using the right criteria and techniques. In the real world, project selection is often carried out in a more or less intuitive way, which can compromise and affect negatively the entire management process.

Moreover, it is highly recommended that an organization should, continuously, review the overall project selection process and perform analysis looking for relevant recommendations to improve the effectiveness of project selection process. So, this process does have an added value that cannot be ignored.

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