Chapter 3: The role of projects and project managers in business success

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Chapter 3: The role of projects and project managers in business success

SYNOPSIS

This chapter investigates the role of projects and project managers in business success. The role of projects in achieving business goals is discussed as expansions at most organisations are increasingly project-based.

The role of projects in achieving business goals are discussed according to the characteristics of the project, the integration of projects and strategy, project portfolio management and project portfolio process.

Project managers play an important role in the success of any project as a result their role and characteristics are investigated in this chapter.
Chapter 3: The role of projects and project managers in business success

3.1 PROJECT MANAGEMENT IN BUSINESS SUCCESS

As stated in Chapter 2, project management has come a long way. It developed due to the need to manage large projects. Most practitioners have been concerned with issues regarding the success or failure of these projects. Changing pressures in the marketplace have lead many organisations to adopt project management principles to the benefit of their business success.

Organisations have not only been forced to respond to an increasing demand for new and better products or services. They are also required to provide these products or services under strict time, cost and quality constraints and to the satisfaction of the customer. Besides the development of new products or services, organisations had to speed up their operational processes, change products or service technology, upgrade the information system and so forth. As a result, fewer organisations could escape the introduction of projects to their daily activities. This phenomenon has resulted in a much wider interest in the application of project management.

The concept of project management has become more than simply the issue of how to manage a project successfully. It includes the management of multi-projects and issues related to consistency in project delivery. Project management has become the capability to accommodate the running of multiple projects and to cope with the
complexity of sharing and prioritising resources between projects, thus contributing to the overall strategy of the organisation.

### 3.2 THE ROLE OF PROJECTS IN ACHIEVING BUSINESS GOALS

For any organisation to achieve corporate strategic objectives and growth, they must complete their projects successfully. The way of doing business is changing rapidly these days and the long-term strategy of the organisation should be aligned with their project objectives in order to achieve their goals. Increasingly organisations are project-based, meaning that the work they do is split into programmes of projects designed to achieve the organisation’s strategy and to add value. Good management of these projects is essential if the organisation is going to succeed. Equally important to individual project success is ensuring that the right projects are carried out. The characteristics of project management associated with successful project are shown in Figure 3-1 and Figure 3-2 shows successive phases of projects, each with distinct influences on the long-term success of the project.

**Top management**

The commitment of top management is essential to project success because it influences resistance or acceptance from stakeholders in the project. Top management must allocate the necessary resources. They must give the project manager adequate authority and back the project manager in times of crisis.
Figure 3-1. Project management causes of project success

Source: Nicholas 2004:544
3.2.1 Characteristics of the project

A project is a unique, one-time undertaking. It will never again be done in exactly the same way, by the same people, and within the same environment (Heerkens 2002:10). Most organisations have recognised the criticality of projects to their...
business success, thus professional project management has become a focal point of improvement efforts. The exponential growth in PMI membership is a good indicator.

According to Cleland (1999:4), a project consists of a combination of organisational resources pulled together to create something that did not previously exist and that will provide a performance capability in the design and execution of organisational strategies. Projects have a distinct life cycle, starting with an idea and progressing through design, engineering and manufacturing or construction, through to being used by the project owner.

The following are characteristics of the project suggested by Cleland (1999:4):

- They are temporary and unique.
- They consist of several tasks that have a preferred sequence.
- They consume resources and result in end products called deliverables.
- They ordinarily involve high levels of risk and uncertainty.

Nicholas (2004:4) suggests the following characteristics of a project:

- A project involves a single, definable purpose, usually specified in terms of cost, schedule and performance requirement.
- Every project is unique in that it requires doing something different to that which was done previously.
- Projects are temporary activities.
- Projects cut across organisational lines because they need the skills and talents of multiple professions and organisations.
• The project possesses significant elements of uncertainty and risk.

• A project has a life cycle of activity: the tasks, people, organisations and other resources change as the project moves from one phase to the next.

The successful implementation of any project needs the application of proper project management techniques and needs to be carried out in the following four stages:

• **Initiation**

The project is defined and launched in this stage. Many projects get off to a terrible start (Wysocki *et al.* 2000:109) simply because there was never a clear understanding of exactly what had to be done. The initial stage of a project begins when the potential project is first identified, and ends with a signed authorisation to proceed. The rationale for this stage is to identify, align and select worthwhile projects.

The goal of initiation is to set the direction for the project: what the project is expected to accomplish; and to define any constraints of the project (Martin & Tate 2001:29). Normally all projects start with an idea for a product, service, new capability or other desired outcome.

• **Planning**

Many projects end successfully; many fail, but most projects end somewhere in between. Once the project plan has been approved, the project manager is
authorised to request all the resources needed for the project and to start the project.

According to Meredith & Mantel (2003:245) the project plan must contain the following items:

- **Overview**: A short summary of the objectives and scope of the project.
- **Objectives**: A more detailed statement of the general goals noted in the overview section.
- **General approach**: A description of both the managerial and the technical approach to the work.
- **Contractual aspects**: A complete list and description of all reporting requirements, customer-supplied resources, liaison arrangements, advisory committees, project review and cancellation procedures, proprietary requirements, any specific management agreements (e.g. the use of subcontractors), as well as the technical deliverables and their specifications, delivery schedules and specific procedures for changing any of the above.
- **Scheduling**: An outline of the various schedules and a list of all milestone events.
- **Resources**: There are two primary aspects to this section. The first is the budget. Both capital and expense requirements are detailed by task, which makes this a project budget. Second, cost monitoring and control procedure should be described.
- **Personnel**: A list of the expected personnel requirements: special skills, types of training needed, possible recruiting problems, legal or policy restrictions on
work force composition. Any other special requirements, such as security clearances, should be noted here.

- **Evaluation methods**: Every project should be evaluated against standards and by methods established at the project’s inception.
- **Risk analysis**: All issues relating to potential problems.

Once the above project plan has been fully approved, it is distributed to the key stakeholders. This approved document is called a project charter. When the project charter contains a scope baseline and management plan, it may function as a project plan (Kerzner 2002:430). Good project planning means linking planning to requirements, estimates and selection (Thomsett 2002:19). The major responsibility of the project manager is planning. If planning is performed correctly, then it is conceivable that the project can run smoothly (Kerzner 1998:18).

- **Execution**

This is where the work is done and monitored. A key function of the project manager during implementation is that of negotiator, as changes to all aspects of the project continually impact on agreed delivery schedules, which impact on agreed time and cost schedules.

- **Close-out**

This is where the project is brought to successful closure and all the lessons learnt are explored, including the things that went right and the things that went wrong during the project, together with their possible corrective actions.
Cleland & King (1988:223) found that disbanding the team has a major impact on the success of following projects. When the project is not properly closed, the team will continue to look for performance information on the past project, causing a lapse of attention in the current project, resulting in more errors than one would normally expect.

### 3.2.2 Integration of projects and strategy

The long-term strategic project plans of organisations are developed at the top executive level and are usually implemented by middle management. In most cases these middle managers do not understand the organisation’s capabilities and the top management’s expectations. In many organisations business projects are only loosely connected to the bigger picture of the business strategy (Grundy & Brown 2002:17). This poses a problem in the successful completion of these projects. For an organisation to achieve its objectives and goals, it must have a strategy for managing its projects in a way that captures their full value and effectively maps them to the needs of the organisation (Johnson 2003:1).

Project Portfolio Management is one of the methods used to integrate the projects and business strategy and will be further discussed in this chapter. If the project does not fit, then the project should not go ahead and the organisation should not invest in the project. If it does, this will help to identify its overall priority and importance to the organisation (Harpham 2003:3).
The hurdles to effective Project Portfolio Management take several forms, all of which relate to how well a business’s projects align collectively with the corporate strategy, reinforce one another, enable adaptability, and inspire executives and employees (Johnson 2003:1).

3.2.2.1 Project Portfolio Management (PPM)

PPM follows a screening process for selecting projects. Not all the projects identified within organisations will be implemented without going through project selection screening. The screening process helps to identify the projects, which adds value to the goals of the organisation. Project decisions are enormously important because they involve stakeholders in making commitments to the future (Frame 1995:10).

The process of selecting and prioritising projects is vital. According to Knutson (2001:38), almost every organisation uses a framework based on considering three aspects of project mix: fit, utility and balance. In general, fit is determined in the identification stage; utility is assessed quickly during identification, but is more thoroughly explored in the selection process; and balance is achieved in the selection and prioritisation (and reprioritisation) of projects.

Figure 3-3 illustrates various approaches in addressing project portfolio goals (e.g. maximising the value of the project portfolio against objectives, seeking the right mix of projects or linking projects to business strategy).
Each of the three aspect of project mix are briefly discussed:

**Fit**

The PPM team asks: How does the project fit within the scope of our business’s strategic. All project managers must answer this question to determine when a project should be implemented.

**Utility**

This step helps the team define the scope and value of the project. Value is typically defined by costs, benefits, and associated risks. This step helps the PPM team to determine which projects are the most important to fund, establish criteria, and then measure each project against those metrics.
Balance

The third element involves developing the project portfolio. Questions to ask include:

“Which projects should be selected?” and “How does the project relate to the entire portfolio?”

There are many models to choose from when considering project selection using Project Portfolio Management. In the organisation’s choice of selecting a project model, several criteria must be taken into account (Meredith & Mantel 2003: 42):

1. **Realism**: The model should reflect the reality of the manager’s decision situation, including the multiple objectives of both the firm and its managers.

2. **Capability**: The model should be sophisticated enough to deal with multiple time periods, simulate various situations both internal and external to the project and optimise the decision.

3. **Flexibility**: It should have the ability to be easily modified, or to be self-adjusting in response to changes in the firm’s environment.

4. **Ease of use**: The model should be reasonably convenient, not take a long time to execute, and be easy to use and understand.

5. **Cost**: Data-gathering and modelling costs should be low relative to the cost of the project and must surely be less than the potential benefits of the project.

6. **Easy computerisation**: It must be easy and convenient to gather and store the information on a computer database, and to manipulate data in models through the use of a widely available, standard computer package.
PPM is about more than running multiple projects. Each portfolio of projects needs to be assessed in terms of its business value and adherence to strategy.

### 3.2.2.2 Project Portfolio Process (PPP)

Once the goal and the strategies of an organisation have been well articulated (Meredith & Mantel 2003:78), the Project Portfolio Process (PPP) can serve the following purposes:

- Identify proposed projects that are not really projects and should be handled through other processes.
- Prioritise the list of available projects.
- Intentionally limit the number of overall projects being managed so the important projects get the resources and the attention they need.
- Identify projects that best fit the organisation’s goals and strategy.
- Identify projects that support multiple organisational goals and cross-reinforce other important projects.
- Eliminate projects that incur excessive risk and cost.
- Eliminate projects that have bypassed a formal selection process and may not provide benefits corresponding to their risks and/or costs.
- Keep from overloading the organisation’s resource availability.
- Balance the resources with the needs.
- Balance short, medium, and long-term returns.
PPP links the organisation’s projects directly to the goal and strategy of the organisation once the organisation has articulated its goals and strategies. The implementation of PPP also helps to monitor and control the organisation’s strategic projects.

3.3 THE PROJECT MANAGER’S ROLE IN PROJECT SUCCESS

The project manager must be able to deliver a project according to four criteria: on time, on budget, with quality and to the customer’s satisfaction. The project manager’s role is so central that without it there would be no such thing as project management. To be a project manager, a person wears a lot of different hats – many at the same time. These include the hat of an integrator, communicator, decision-maker, motivator, evangelist, entrepreneur and change agent (Nicholas 2004:478).

Managing a project can be compared to performing on-stage – the spotlight is on the project manager and there is no hiding place for underperformance. It is this latter fact that is appealing to businesses, because they can exert more control over their new endeavours by using the project management approach to plan progress and monitor it throughout the whole life cycle of the project, from concept creation to acceptance. That is a very powerful approach and one of the main reasons why project management is growing strongly as a discipline (Graham 2005:1).
3.3.1 Characteristics and role of the project manager

The people behind the projects are the fundamental drivers of project success. They must possess a wide range of skills in order to be effective project managers.

Lessing et al. (2004:24) suggests the following behavioural characteristics of project management professionals:

- **Attitude**: an open positive attitude, which encourages communication and motivation, and fosters co-operation.
- **Common sense**: the ability to spot sensible, effective, straightforward, least risky and least complex solutions.
- **Open mindedness**: an approach where one is always open to new ideas, practices and methods and, in particular, gives equal weight to the various disciplines involved in the project.
- **Adaptability**: a propensity to be flexible where necessary and avoid rigid patterns of thinking or behaviour; and to adopt to the requirement of the project, the needs of sponsors, its environment and the people working on it – to ensure a successful outcome.
- **Inventiveness**: an ability to discover innovative strategies and solutions from within oneself, and to identify ways of working with disparate resources to achieve project objectives.
- **Prudent risk taking**: a willingness and ability to identify and understand risks but not to take a risky approach in an unwise or reckless fashion.
- **Fairness**: a fair and open attitude, which respects all human values.
• *Commitment:* an over-riding commitment to the project’s success, user satisfaction and team working; a strong orientation towards goal achievement.

The following constitute the characteristics of project managers:

• **Knowledgeable:** Beyond firmly understanding the principles of project management, a project manager must be knowledgeable about the business and technical aspects of the project.

• **Leadership qualities:** Not everyone possesses the leadership skills or qualities that are needed to manage a unique project. The project manager must build a team of individuals that possess different skills but complementary values. The project manager must also be well versed in conflict management and the art of negotiation, because these skills come into play more often than expected. According to Steyn *et al.* (2003:224) effective project management requires a participative and consultative leadership style, in which the project manager provides guidance and coaches the team.

• **Organisational skills:** As with all outstanding project managers, good project managers are well organised and adhere to the guiding principles of project management.
• **Communication skills:** To be an effective leader, an individual must also be a great communicator. According to Mantel *et al.* (2001:36) successful project managers have high administrative and technical credibility, show sensitivity to interpersonal conflict, and possess the political know-how to get help from senior management when needed. Communication is critical for every team. Positive change in communication skills is reported as an intangible benefit (Phillips *et al.* 2002:188).

The project managers are experienced and capable in administration, technology and communication, as well as human relations, in any successful projects. The project manager gets more work done by being both efficient and effective.

### 3.3.2 Selection of the project manager

As mentioned in **Chapter 2**, the project manager plays an important role in project success or failure. As a result, one needs to be careful when selecting a project manager. For many years, project management has been referred to as the accidental profession; where people have not selected it, but have ended up doing it anyway. Today, people have the choice to accept the challenges of being an excellent project manager and become a true ‘project management professional’ (Maylor 2003:3).

The following are tips to consider when selecting a project manager (Meredith & Mantel 2003:140):

* A strong technical background
• A hard-nosed manager

• A mature individual

• Someone who is currently available

• Someone on good terms with senior executives

• A person who can keep the team happy

• One who has worked in several different departments

• A person who can walk on (or part) the waters

According to Nicholas (2004:486), four categories of qualifications should be considered when selecting a successful project manager:

**Personal characteristics**

• Flexible and adequate

• Preference for initiative and leadership

• Confidence, persuasiveness, verbal fluency

• Effective communicator integrator

• Able to balance technical solutions with time, cost and human factors

• Well-organised and disciplined

• A generalist rather than a specialist

• Able to devote most of his time to planning and controlling

• Able to identify problems and to make decisions

• Able to devote the time and effort and maintain a proper balance in his use of time
**Behavioural skills**

A project manager needs strong behavioural and interpersonal skills. The project manager must know how to build trust, promote team spirit and reward cooperation through praise and credit. The project manager must know the jargon of the speciality in order to facilitate communication and integrate technical work.

**General business skills**

- Understanding of the organisation and the business
- Understanding of general management: marketing, control, contract work, purchasing, law, personal administration and the general concept of profitability.
- Ability to translate business requirements into project and system requirements.
- Strong, active continuous interest in teaching, training and developing subordinates.

**Technical skills**

- The project manager must be able to grasp the technical aspects of the project in order to make an informed decision.
The project manager must be capable of both integration and analysis, and must understand that the rigorous training of professional technologists, with its emphasis on analysis, sometimes impairs their integrative ability.

According to Meredith et al. (2001:36) successful project managers have high administrative and technical credibility, show sensitivity to interpersonal conflict, and possess the political know-how to get help from senior management when needed. The project manager needs strong communicative and interpersonal skills and must have the general knowledge of the technology being used (Kerzner 1998:10).

Above all, the best project manager is the one who can get the job done, within the stipulated time and cost, with performance and to the satisfaction of the customer.

3.4 Closure

Projects are critical to the success of any organisation in today’s global competitive marketplace. A project is a temporary endeavour undertaken to achieve a particular aim and to which project management can be applied, regardless of the project’s size, budget or time constraints.

Project management is important for both an organisation’s top management and its individuals, and this importance is increasingly being recognised. The project manager is responsible for the success or the failure of the project. Project management addresses the full range of activities from the beginning to the end of a
project and addresses the management of multiple projects within programmes and across organisations.

PPM is about ensuring that the organisation has a group of projects focused on taking the business where it wants to go, while PPP links the organisation’s projects directly to the goals and the strategy of the organisation.

The next chapter discusses the challenges the project manager faces and some remedies to these challenges.