# THE ROLE OF PROJECT MANAGEMENT FOR SUCCESSFUL PERFORMANCE AND SUSTAINABLE BUSINESS GROWTH

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***Abstract:*** *Today's business environment is highly dynamic, unstable, and characterised by many unpredictable challenges. This paper provides a review of the role of project management for improvement of performance, as well as for establishment and implementation of strategies for sustainable growth. Project management is considered as an effective approach for efficient planning, risk management, provision of informed decision-making about the company resources, monitoring, and measurement of performance results. On the basis of these advantages, the paper will also present practical recommendations for integration of project management at the levels of business strategy, structure, and processes.*

**Keywords**: PROJECT MANAGEMENT, BUSINESS PERFORMANCE, SUSTAINABLE GROWTH

## *1. Introduction*

Today's business environment is highly dynamic, unstable, and characterised by many unpredictable challenges. To gain a competitive advantage, organisations have shifted their focus towards elaboration and implementation of strategies for successful project management, which turns out to be a necessary condition for sustainability and long-term results in the context of organisational development.

Principles of project management are becoming very popular in traditional management of business organisations, providing foundations for high performance and sustainable growth. Project management is applicable in every business process management framework, which ensures additional value, competitiveness, and progressive growth; "in fact, the only way organisations can change, implement a strategy, innovate, or gain competitive advantage is through projects." (Shenhar and Dvir, 2007)

This paper provides a review of the role of project management for improvement of performance, as well as for establishment and implementation of strategies for sustainable growth. Project management is an established framework for efficient planning, risk management, provision of informed decision-making about the company resources, monitoring, and measurement of performance results. On the basis of these advantages, the paper will also present practical recommendations for integration of project management at the levels of business strategy, structure, and processes.

## *2. Conceptual framework*

Within the conceptual framework of project management and its principles, a variety of definitions need to be clarified, specifically definitions concerning the correlation between project management and its integration as a good practice for successful performance of business organisations.

The PMBOK gives the classical definition for project management as "application of knowledge, skills, tools and techniques to project activities to achieve project requirements. Project management is accomplished through the application and integration of the project management processes of initiating, planning, executing, monitoring and controlling, and closing" (Project Management Institute, 2000). According to Larry Richman project management is a "set of principles, methods, and techniques that people use to effectively plan and control project work. It establishes a sound basis for effective planning, scheduling, resourcing, decision-making, controlling, and re-planning." Another definition suggests that "the purpose of project management is to predict as many of the dangers and problems as possible and to plan, organise and control activities … This process should start before any resource is committed and must continue until all work is finished." (Lock, 2007).

These definitions specify project management as a process related to application of certain tools and methods for achievement of predefined goals. (Koleva and Kasamska, 2017) In comparison with the general management, which "did prove in many cases to be inadequate, with the result that time and cost targets were allowed to slip", project management applies strategic principles that can increase the performance of business organisations, ensuring a competitive privilege and more organised structure of business processes management (Woodward, 1997).

On the other hand, business performance is "traditionally a topic that leaders of large companies pay a good deal of attention to, because it gives vital information about the state of the company, its success, development and future outlook" (Vasan, 2015) Usually performance is a subject of measurement, monitoring, and further analysis in order to ensure an appropriate results-oriented business strategy. Business performance measurement (BPM) in the context of organisational management is defined as "set of metrics used to quantify both the efficiency and effectiveness of actions" (Neely, 1995). Mike Biere defines BPM as a "process of providing accurate information for defining, measuring, and adjusting key areas of the business to keep all elements of an organisation in sync and provide a clear understanding of the things they are measured upon, responsible for, and any changes in the business" (Biere, 2011). All measurement and monitoring processes of business performance is implemented with the aim of guaranteeing continuous development and sustainable results within the organisation, as well as in the interaction with its main customers and competitors.

In recent years, business organisations are "obsessed" with achieving a sustainable competitive advantage and securing a position within an industry that turns them into leaders on the market (Rajagopal, 2016). Sustainability in results, performance, and growth is essential, especially in the current highly unstable business conditions of globalisation and competition. When organisations strive for sustainable growth, they need a different kind of management, decision-making, monitoring, and risk management. Andrew Lester defines this as growth management, which "requires individuals to work with a different style to running day to day operations … those who buy into the concept and processes early on will help lead the organisation in delivering sustainable growth" (Lester, 2009). Sustainable growth requires an innovative perspective in management, necessary for a variety of operations – from initiation to implementation, from planning to execution, from reaching growth to ensuring sustainable success.

After clarifying the main definitions, the current paper will focus on applying the principles of project management as the necessary different styles of business processes management, providing high business performance, sustainable growth, as well as long-term competitive advantage.

## 3. *Project management principles for improved performance and sustainable business growth*

The concept of project management lies in differentiation of several successive phases, interrelated with structured processes and principles.

According to the project management framework, the main project phases are defined as *initiation, planning, execution, and closure* (Figure 1). Each of them is characterised by its own specifics that can be applied in traditional management with the aim for improvement of performance, as well as for establishment and implementation of strategies for sustainable growth.

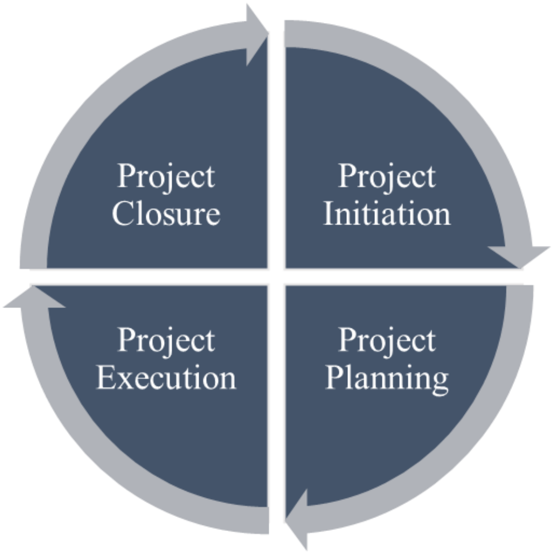


**Figure 1.** Phases of the Project Life Cycle

### *2.1. Project Initiation*

Initiation is the process of "formally conceiving, approving, and launching a new project … The time and thought invested during initiation lays the groundwork for all the work that follows" (Wiegers, 2007). During this phase a specific problem or opportunity is identified, then the possible solutions, objectives, and scope are determined. Other processes that occur are related to documentation of costs and budget, appointment of a professional team, and distribution of responsibilities.

There are several key project management principles in the initiation phase that could be further used by organisations for improving of their business performance and reaching of sustainable growth as a competitive advantage.

One of the main processes during this stage is *needs assessment*, which usually refers to the "collection of data bearing on the need for services, products, or information" (Soriano, 2013). Needs assessment is used mainly in Customer Relationship Management (CRM), especially when the organisation is new for the market or it releases a new product or service. The information from the needs assessment is synthesised, analysed, and transformed into customer requirements. Sheila Kessler summarises several tools that could be used to gather customers' needs:


**Figure 2.** Tools for Needs Assessment, Source:

Customer Satisfaction Toolkit for ISO 9001:2000 (Kessler, 2003)

Another essential process of the initiation stage is *analysis of the stakeholders*. Effective stakeholders management requires continuous interactions in two main directions – on the one side, within the business organisation, on the other side, with the external actors that would be impacted both positively or negatively by the implemented actions. Mapping of the main stakeholders, their needs, opportunities, and challenges defines all the future interactions with key actors for the company – customers, partners, competitors. When implementing a new business strategy, releasing a new product, or making a structural change in the business processes, the first step is stakeholder analysis to find out whether there are powerful stakeholders who will want the action success or be able to hinder it (Eskerod and Jepsen, 2013).

*Appointment of a team* and distribution of responsibilities are also a significant part of the initiation activities. When aiming towards improvement of performance and sustainable growth, business organisations need to take into account some factors, including "team size, composition, governance, identity, interactions, and a common team mindset" (Cobb, 2012). A general principle of team management is building and sharing a common mission and vision. Successful business performance is nearly impossible without a "clear sense of direction, and both the mission and vision provide that direction" (Lewis, 1998).

On the other hand, *distribution of roles and responsibilities* is often implemented on the basis of specific expertise, professional experience, and proven competences in the respective field. According to The Project Management Question and Answer Book, the role structure of the team defines the content and distribution of differentiated roles. "The knowledge and ability to use the structure of roles within the team is a strong and efficient instrument of human resource management in the project team" (Newell and Grashina, 2004).

The presented project management principles of the initiation phase – needs assessment, analysis of stakeholders, appointment of a team and distribution of team roles, could be used for improvement of business performance and sustainable growth. The main idea is integration of project management at the levels of business strategy, structure, and processes.

### *2.2. Project Planning*

The second phase of the project life cycle is planning that is used to "ensure that the activities performed during the execution phase of the project are properly sequenced, resourced, executed and controlled" (Westland, 2006).

*Planning* as a business process is extremely important for implementation of both day-to-day operations and long-term strategies. It gives more details and a clear structure for the issues raised during the initiation phase, placing them in a timeframe. Planning gives a detailed analysis of the scope, the activities needed for reaching of the desirable results. Further, the activities are broken-down into specific tasks that could be further monitored and measured, linking them to specific intermediate results and control points. This is a process which provides a logical arrangement of the activities required to accomplish the general objective. Jack Gido suggests development of a network diagram for structuring the activities during the planning stage: "First the project objectives must be determined, then a list is made of all activities necessary to accomplish the project objectives, and finally these activities must be arranged in the form of a network diagram according to certain network principles and rules." (Gido, 1985)

Another benefit of the planning process that could be applied for improvement of business performance is the appropriate *allocation of resources* – physical, intellectual, financial, human. For each task of the planning phase the necessary resources and timeframe need to be determined to ensure effective implementation and control of the further execution. When doing this, the critical path activities should be taken into account, as "giving to activities of less significance illustrates poor judgement" (Kliem, Ludin and Robertson, 1997).

A distinctive process for planning is risk management. It starts at this stage, but is further monitored and implemented during the execution phase. The purpose of risk management is "identifying potential risks, analysing risks to determine those that have the greatest probability of occurring, identifying the risks that have the greatest impact on the project if they should occur, and defining plans that help mitigate or lessen the risk's impact or avoid the risks while making the most of opportunity" (Heldman, 2005). A process of risk management that is critical for business performance and sustainable growth is *risk impact assessment*, which encompasses evaluation of the risk probability and consequences, including cost, schedule, scope, quality, technical performance, as well as capability or functionality impacts. Risks are assessed and prioritised according to their potential implications for having an effect on achieving the preliminary defined objectives and expected results.

The planning phase is crucial for defining strategies for improvement of performance and sustainable growth within business organisations. It results is a structure with well-formulated tasks, allocation of resources, and risk management strategies, which provide the necessary basis for future implementation and control of these strategies.

### *2.3. Project Execution*

The execution stage is realisation of every aspect that needs to be implemented for reaching a higher performance and sustainable growth. To ensure all activities are executed in correspondence with the predefined plan, *monitoring and control* processes are performed. Their purpose is to "track all major project variables – cost, time, scope, and quality of deliverables" (Gudda, 2011). Tracking the implementation of predefined actions offers the benefit of knowing the status according to preliminary determined both quantitative and qualitative indicators. On the basis of these metrics, via monitoring and control tools and techniques measuring of the variables is implemented, analysing comparatively the planned and actual executed activities.

The key process at this stage is identification of need for corrective actions, which is necessary when differences between 'planned' and 'implemented' is discovered. In case a deviation occurs, a measure for adjustment is triggered, which ensures effective implementation in compliance with the planned baseline metrics.

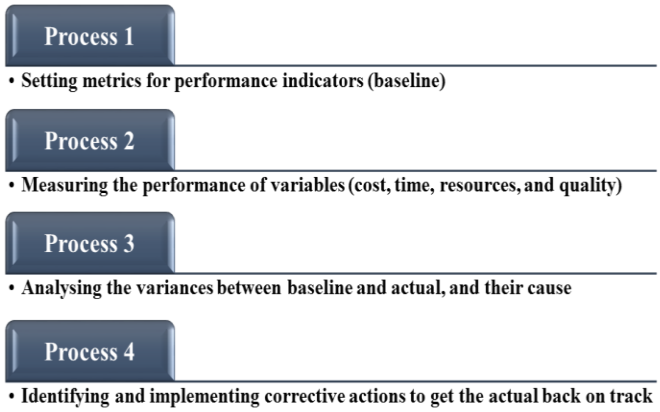


**Figure 3.** Monitoring and Control Processes, Source: Project Control (Pico, 2013)

Another project management principle that could be applied for improvement of business performance is *quality management*. This process is applicable for all kinds of businesses, as "it is not possible to produce a desired quality and maintain it consistently over a length of period unless adequate control is exercised at every stage" (Jain, 2001). The start of the quality management process involves setting of quality targets, which are consolidated within the business organisation, corresponding to its strategic goals and desired performance indicators. Then assurance and further monitoring are undertaken to measure and report the actual quality. The benefit of this process is meeting the organisation's requirements, which ensures compliance with its strategic goals and regulations in the most cost- and resource-efficient manner, creating opportunities for expansion, sustainable growth, profit, and improvement of business performance.

### *2.3. Project Closure*

The last project life cycle phase is closure. Its purpose is mainly related to review of the project completion and its overall success. "Success is determined by how well it performed against the defined objectives and conformed to the management processes outlined in the planning phase" (Method123, 2003)

One of the main processes that is used for improvement of performance in the context of organisational management is *evaluation*. It is a final review assessment of efficacy of the business to include organisational support, policies, procedures, practices, techniques, guidelines, action plans, funding patterns, and human and non-human resource utilisation. Evaluation is carried out on several levels: internal level (project and organisation), content level (subject area), external level (impact, exploitation, sustainability) (Kasamska, 2017).

Another process during the project closure stage is *reporting*. Communication is a key element in improvement of business performance and sustainable growth. This communication is guaranteed by reports and documents distributed within the business organisation to provide information about the project, its implemented activities, as well as achieved outputs and outcomes. Reporting is not used in the project closure phase only as a means of evaluation and validation, but also as a monitoring tool. "In this case, reporting provides tracking, identifies potential risks that contribute to the project risk management strategy, as well as facilitates cost management, showing full visibility of the budget and expenditures" (Koleva and Kasamska, 2017)

Project evaluation and reporting are distinctive processes for the last project life cycle stage – the project closure. Both of them are widely used by organisations for fostering of business performance.

## 3. Conclusion

This paper provided a review of the role of project management for improvement of performance, as well as for establishment and implementation of strategies for sustainable growth. The presented research also focused on applying the principles and processes of the main project life cycle phases. Practical recommendations for their integration were defined and could be summarised as follows:

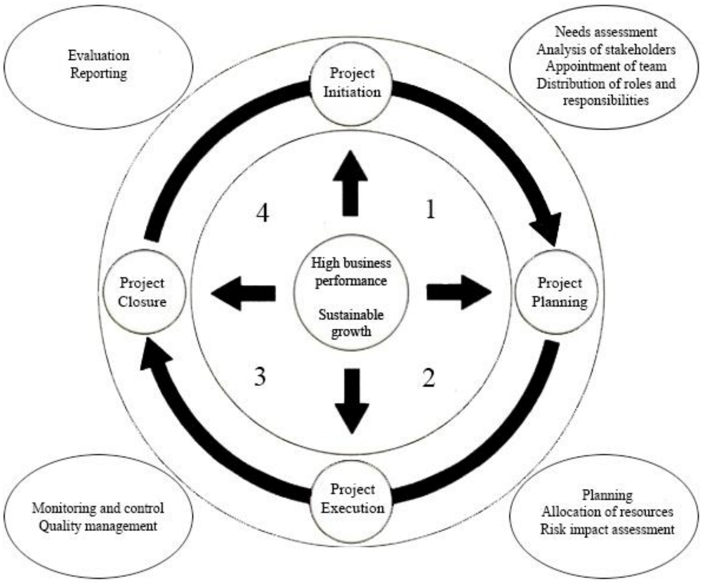


**Figure 4.** Recommendations Based on Project Management Processes

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