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PROJECT BASED MANAGEMENT

What is it, why of importance and when to use it ?

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Project based management; what is it ?...

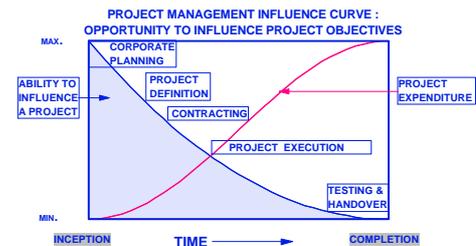
Project based management can be described as the management process whereby a structured project management approach is used by an organisation to achieve the desired results. Projects come in many guises and the desired results can be related to both software(people) and hardware. Examples hereof are; social-economic, strategic and organisational changes, new and/or adapted information systems and physical facilities (buildings etc.).

The structured approach focuses on: a. the project premises; its organisational purpose and context (economic/social environment), b. the main objectives of a project; costs, timespan, quality, scope and organisation, and c. the tools and techniques; project management methods and information systems. Main benefits of the structured approach are; its orientation toward results, framework for project performance measurement and its applicability across projects.

and why is it of importance ? In the ever increasingly competitive world markets, companies strive to meet their business objectives as product lifecycles are decreasing and organisations adopt flexible structures to respond to changes. Project based management is becoming a must as companies need to develop new products faster, implement strategic changes and develop new facilities and information systems in the shortest timespan possible and at the least costs.

At what point in time is project based management required ? Strategic management can be divided into three main areas; strategic analysis, strategic options and implementation of the selected options. These three areas are in theory intrinsically linked. In practice however there exists a widely held myth that project management starts only at the execution phase of a project. This is normally referred to as project supervision. Research and experience have shown however that project management has maximum opportunity at the inception of a project (see figure), to positively influence the project objectives (costs etc.) and also assess the risks associated with and the implementability of a project. As the project progresses along its various phases the influence of project management on for instance costs diminishes whilst the expenditures continue to rise. Any major changes still

applied on the project in the later phases normally lead to a dramatic decrease of the initially projected benefits.



As far as hardware related projects are concerned, it has been established by the Construction Industry Institute that up-front project based management can lead to a reduction of 15-20% in total timespan and capital costs. The 'how to implement' question should be answered in sufficient depth up-front to enable sound decision making and a subsequent successful project.

Does the aforementioned imply that all projects require the same amount of attention and possibly management by professional project managers ? The answer to this depends largely on the experience of an organisation with executing projects and the complexity of a project; its size, type (ever done before?), the environment, availability of skills, time limitations, logistics, readiness to change, technology involved etc.

Lack of success with projects is mainly attributable to insufficient attention in its early phases.

The bottom line message is that any organisation planning changes, both soft- and hardware related, should adopt a project based management approach and grasp the up-front opportunity to influence their projects.

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