

THE SCOPE OF PROJECT MANAGEMENT IN SERVICE COMPANIES

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ABSTRACT Project management is an extremely valuable tool supporting the implementation of particularly innovative ideas. Nevertheless, there are relatively few data on the sectoral conditions for the application of project management. While there are sectoral conditions for the implementation of innovations, there may be a sectoral determinant of the application of project management. Article raises the question of scope of project management in service companies, is it different than for example in technologically-oriented enterprises and focused on material production. The goal is to describe way of application of project management in service companies. To verify the above issues the desk research analysis and focus groups analysis has been used.

Introduction

Project Management is very important as a set of tools for companies' managers as well as one of the most important skills that are required in today's world. Project management plays a very important role in many industries. It is required in a larger company as they have got many on-going projects taking place at different times and with different ranges. Major industries where project management plays a vital role are IT, FMCG, as well as defense,

construction, energy, pharmacy. This means that project management plays a huge role in entities that are oriented towards material production. Nevertheless, it is also used in service entities, such as offices of state administration or hotels. Thus, the specificity of project management may be different.

Area of project management

Disciplined project management starts at the portfolio level, where the strategic vision drives initial investments and where value measures are established. A fully aligned project, program and portfolio management strategy encompasses the entire organization, dictating project execution at every level and aiming to deliver value at each step along the way. Project management is, in fact, shorthand for project, program and portfolio management. And more companies are clearly seeing the payoff from investing time, money and resources to build organizational project management expertise: lower costs, greater efficiencies, improved customer and stakeholder satisfaction, and greater competitive advantage (White paper, PMI, 2010, pp. 8–10).

Project management is a set of activities performed to achieve the main and intermediate goals set in a specific, finite time. It includes initiating, planning (scheduling, budgeting), implementation and control of tasks needed to achieve project objectives. Project management deals with effective achievement of project goals while neutralizing the impact of existing limitations and risks, as well as being a field of building motivation of the project team and proper communication between project participants. Project is a temporary endeavor undertaken to create a unique product, service or result. On the basis of these assumptions, the project management triangle presented below can be quoted. It assumes that each of the aspects: time, range, budget must go to a specific goal and what is important they have to be balanced.



Figure 1. Project management triangle

Source: Mingus (2009), p. 11.

Project management is practical knowledge about eliminating the risk of failure at the level of the entire project life cycle. The risk in the project is mainly due to the impossibility of eliminating the uncertainty associated with future events at each stage of the project resulting from the dynamics of communication between participants, variable performance of project teams, erroneous planning and external environment factors.

Project cycle management (PCM) is general process of planning and managing projects, programs and organizations. PCM is based around a project cycle, which ensures that all aspects of projects are considered.

A central value of the PCM method is that aspects of the project are reconsidered throughout the project cycle to ensure that any changes, which have occurred, are included in the project design. The assumption of PCM cycle of operations is shown in the figure below.

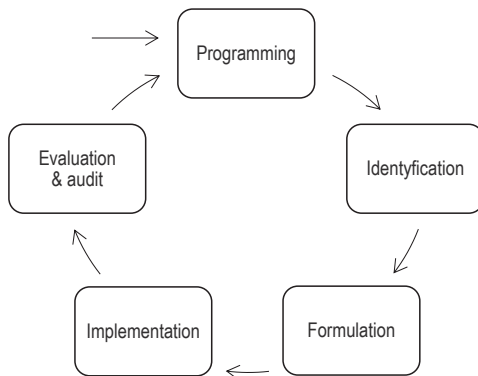


Figure 2. The cycle in PCM method

Source: European Commission (2004), p. 8.

Decision making criteria and procedures are defined at each phase (including key information requirements and quality assessment criteria). The phases in the cycle are progressive – each phase should be completed for the next to be tackled with success.

It can be noticed that both the assumptions of the project management triangle and the life cycle of the project are universal and therefore it is possible to implement them both in entities oriented towards material and non-material production.

Project management can be defined as learning about defining and achieving goals while maximally optimizing the use of resources (e.g. time, money, people, etc.). Thus, it can be noticed that the aspects are just as significant in the entities of the material and non-material production sectors.

Project management in service companies

Most organizations use three metrics to assess project success: time, budget and requirements. There are several problems with this narrow view:

- it often has limited bearing on real value to the client and the organization,
- simply meeting requirements does not guarantee optimal performance,
- doing the wrong thing on time and on budget serves nobody, even if it does meet “requirements,
- it views client satisfaction and total opportunity value as lagging indicators to be measured afterwards when they are, in fact, leading indicators if the project is to be perceived as a success and be a success,
- it directs the project manager’s focus inward toward the project’s requirements, schedule, and budget and away from the client (Manas, 2017, p. 9).

Jerry Manas has developed a “lean” project management framework that shifts the focus of projects toward client satisfaction and real business value. He calls it service-oriented project management (SOPM). Service-oriented project management consists of a four-phased approach: understand, prepare, iterate, and transform. SOPM methodology starts with symptoms, ideas, and research, validates goals and alignment, focuses on client satisfaction and value, aims to exceed expectations (Manas, 2008, p. 3).

Service orientation pay more attention to the service aspect in project management in opposition to business-oriented project management. This means a greater role of the interpersonal aspects and the leadership skills of project managers.

Another aspect of the analysis of service issues in enterprises is the analysis of the situation regarding project management in typically service entities such as, for example, state administration offices. Projects are realized in not only business, but in the governmental sphere as well as in the non-profit organizations.

In governmental sector aspects like: existence of specific legal norms, organizational structures, usage of public resources, domination of internal clients, existence of a wide range of stakeholders from different social groups are very important and characteristic. Tendencies of adopting business techniques by the service-oriented organizations or government are common. They adopt not only tools and techniques, but also outsource of different functions and project management plays a great role in those sectors.

The group of managers who took part in the FGI study within the scope of the subject analyzed the application of project management rules in the entities they represent. The object of the study was management techniques used in companies and ways of implementation. The survey took place in the third quarter of 2017. Project managers asked in the focus group study about the difference in project management in the product-oriented and service-oriented enterprises stated that the generics of the methodology and the tool used are the same. Nevertheless, it is necessary to apply the procedures and the tools (including documentation, templates) to the service specification. In the case of service enterprises, cross-sectoral skills as well as interpersonal skills of project manager were emphasized. The respondents confirmed that, for example, the Agile method can be used both in entities oriented towards material and non-material production. Nevertheless, for example scrum master should be aware of the specificity of service entities, including the specificity of implementation for example innovations in service entities.

Role of project management office (PMO) was also mentioned by project managers during FGI. Due to specificity of service organization and large number projects, also usually shorter, less expensive projects then for example material production and investment projects, the rank of the PMO unit, which can and should coordinate all project according to the FGI experts increases. PMO is a department within a business that defines and maintains standards for project management within the organization. The PMO strives to standardize and introduce economies of repetition in the execution of projects. The PMO is also source of documentation, guidance and metrics on the practice of project management. The Project Management Office phenomenon is a dynamic and regularly evolving feature of the project landscape. The functions and practices expected of the PMO differ as widely as the industries and organisations, which host them (Darling, Whitty, 2008, p. 7). The PMO can become an asset, a commodity to be traded upon and a badge to be worn to attain certain privileges.

It can be noticed that in order to effectively manage projects in service companies, it is important for the project manager and team members to have appropriate knowledge, skills, expensiveness of methodology, training courses, as well as understanding of the approach of a company. Development companies own specialists, who would be able to manage service-oriented projects is also very important.

Conclusions

The temporary nature of projects stands in contrast with business as usual (or operations), which are repetitive, permanent, or semi-permanent functional activities to produce products or services. In practice, the management of these two systems is often quite different, and as such requires the development of distinct technical skills and management strategies (Bhargav, 2017, pp. 5–6). Nevertheless, the concept of project management as well as the tools characteristic of project management have a high degree of universality. The same can be transformed and adapted to both the management of material and non-material production. Project manager's knowledge and experience will be significant in this aspect.

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