Rethinking the implementation of project management: A Value Adding Path Map approach

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Abstract

The right implementation of project management can add great value to an organization. Nevertheless, some organizations have gained little value from project management due to the fact that they have not introduced and applied project management correctly. Therefore, it is very important for an organization to enhance the soft system and the hard system synchronously in the process of implementing project management. In this paper, the author has put forward an approach named Value Adding Path Map (VAPM) which can be used to direct an organization to implement project management in the most reasonable, logical, and economical way. At last, a case has been presented to show how to apply this approach.

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1. Introduction

As a powerful management solution, project management is becoming more and more popular in varied industrial sectors since 1980s. After PMI published the PMBOK guide in 1987, a clear body of knowledge of project management was outlined, which has been accepted by many companies and professionals as a useful manual to manage their projects. No longer just a sub-discipline of engineering, the management of projects is now the dominant model in many organizations for strategy implementation, business transformation, continuous improvement and new product development (Winter et al., 2006). It may even contribute to the fulfillment of strategic objectives in the entire business system as project business (Artto and Wikstrom, 2005). In order to identify the value of project management, Thomas and Mullaly (2006) organized a group to conduct the research named “understanding the value of project management”, which concentrated on finding and enhancing the value of project management in different kinds of organizations. The research findings show that the implementation of project management has brought irreplaceable value to organizations although the magnitudes vary from one another.

Despite these developments, however, the current conceptual base of project management continues to attract criticism for its lack of relevance to practice and, consequently, to improved performance of projects across different industrial sectors (Winter et al., 2006). Although no one will doubt the value of project management, it is difficult to prove that spending money in project management worth. Regardless of how much literature exists in the area of effective project management, executives will not become committed until they see the system operating effectively and producing the expected dollar value of profit on the bottom line of the projects (Patah and de Carvalho, 2007). In addition, project management is not as consistently effective as it ought to be in delivering bottom line improvement when used in the business context. Even when projects are completed on time and to budget, the result is often less effective than the business required or hoped for (Anderson and Merna, 2003). Even worse, puzzled by the dilemma of the asymmetry between much investment and little value of return, some organizations have drawn rein the
application of project management after a fashionable training program.

Actually, the main argument was not that the extant project management body of thought with its concepts, methodologies and tools is worthless and should be abandoned, but rather that a new research network was needed to enrich and extend the field beyond its current intellectual foundations, and connect it more closely to the challenges of contemporary project management practice (Winter et al., 2006). Therefore, we cannot assert that project management is useless just according to the result of its misusing. If we want to maximize the value of project management, two things should be addressed. Firstly, the approach of implementing project management is right. Secondly, the organizational environment is suitable for the implementation of project management. That is, if we regard project management as a machine, the right way of operating the machine and using it in a suitable environment are both very critical. It is unwise if we use the machine under an unsuitable environment. It is even worse if we draw a conclusion that the machine is useless. In this paper, the author has put forward an approach named “Value Adding Path Map” (VAPM), which can be used to help an organization optimize the process of implementing project management and exploit the largest value of project management.

2. Value of project management related to implementation of project management

It has been argued that project management could add value to the organizations if it was developed in a right way both strategically and tactically (Winter and Szczepanek, 2008; Kelly et al., 2004; Thiry, 2002; Crawford and Bryce, 2003). The value of project management has been defined by Besner and Hobbs (2006) through the perceived value and potential contribution of project management practices to project success. Value management, as a management style, has a wide application and can be applied to products, services, projects, programs of projects and administrative procedures (Male et al., 2007). The value of a product can be described as the function divided by the cost. If we regard project management as a product, the nature of the functions of project management should be analyzed (Turner, 2006) and the approach of calculating the project management’s return on investment should be addressed (Patah and de Carvalho, 2007; Kwak and Ibbes, 2000) in order to sell it to the senior executives (Thomas et al., 2002). The conceptual approaches to measure value can be roughly categorized into return on investment approaches, balanced scorecard approaches and organizational competency approaches (Thomas and Mullaly, 2008).

The value of project management is related to the implementation of it in an organization. Therefore, to a further step, the reasonable introduction and implementation of project management and the critical factors related to project success are quite important in terms of creating value to an organization. In this research, the author will concentrate on the implementation of project management rather than the quantitative measurement of the value of project management. The identification of critical successful factors, as a relative work for the implementation of project management, has been studied by some researchers (Fortune and White, 2006; Pinto and Slevin, 1989; Pinto and Slevin, 1987) which builds the foundation of implementing project management. In addition, the research about the performance measurement and evaluation methods have been carried out which can be referred to for monitoring and assessing the effectiveness and efficiency of project management (Haque and James-Moore, 2005; Kim and Oh, 2002; Bourne et al., 2002; Chiesa and Masella, 1996). Based on the former research, Chiesa et al. (2008) investigated the implementation of project management system in new product development projects. They provided a reference framework that integrated the major literature findings and suggested a practical approach for the design and implementation of an effective project management system. In addition, the project management maturity reflects, to some degree, the status of the implementation of project management in an organization. The project management maturity can be judged broadly not only at the tactical level such as the task-oriented project management and the application of project management methodologies, techniques and tools (Besner and Hobbs, 2008; Vaagaasar and Andersen, 2007; Fox and Spence, 1998) but also at the strategic level such as business development and organizational capacity (Andersen and Jessen, 2003; Van Der Merwe, 2002; Kwak and Ibbes, 2002; Hauc and Kovac, 2000; Turner, 1993).

The maturity of project management will undoubtedly affect the value which an organization can gain through the implementation of project management. However, the project management maturity models are usually used as a tool to assess the present status of project management in an organization. As a melting point of large amount of indicators, it is hard to direct an organization to implement project management in a series of logical, economical and reasonable steps. Moreover, among all the indicators, some belong to soft system while others belong to hard system. These two systems are quite different from each other. It is as same as planting. We need to have good seeds as well as fertile soil. Good seeds represent hard system. Fertile soil represents soft system. In the process of implementing project management, the configurations of soft system and hard system are both extremely important in terms of adding value to an organization. If we spend too much on one configuration while ignoring the other, the result will be lower return with higher investment. That is, the investment in soft system and hard system should be synchronous. Actually, “hard” and “soft” are not new terms in the project management community. Based on a broad literature review of the former research about the soft and hard aspects of projects, Crawford and Pollack (2004) have revealed that the terms “hard” and “soft” are entering the language of project management and many writers have recognized that identification and response to the difference between hard and soft aspects of projects can influence their success. Their research clarified the philosophical basis of the hard/soft dichotomy in the context of project management and found that the hardness and softness of projects could be analyzed in terms of seven dimension including goal/objective...
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