

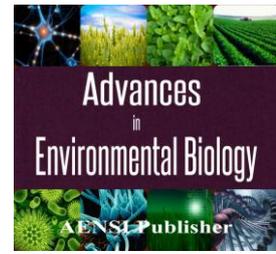


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# The positive impact of the transfer of Project Management to Strategic Project Management and role of star managers in this transfer

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### ABSTRACT

Strategic project management will promote firms' ability to gain sustainable competitive advantages. In this paper, it is attempted to propose a model based on strategic project management and massive firms' experience which have had implementation history in project management. How to achieve sustainable competitive advantages has been less addressed in processes and drafts of project management and it is more found in soft side of project management. The main issue which has an especial importance is leadership and its role to create these abilities. Here, role of project management in success and also appropriate comprehension of strategic project management have been referred. It is happened considering OPM3 draft.

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## INTRODUCTION

This paper has started with strategic planning and has continued by strategic management, strategic marketing, strategic production as well as strategic accounting. Therefore, if we choose strategic management as a title, it will be more suitable, but what is the foundation of this transmission from primary operation to the incremental model? What will be changed with promoting strategic term to the project management? What is strategic management exactly? Is it equivalent of PMI (Project Management Institute) in OPM3 (Organization Project Management Maturity Model) which creates bridges between strategy and individual projects in PMI words? And how strategic project management (SPM) will create progresses in strategy management model?

In this investigation, we found that an important difference between firms which are following project management professionally and other firms is being seen. In the other word, companies in which people have project management in their hands and consider strategic project management as their first priority compared with other companies are different. Experiences have shown that majority of employees are afraid and not interested to work out of formal framework. Even though, a factor which enables them to gain sustainable competitive advantage is their skill in management relations and behaviors and their organizations' willingness to foster these skills, but their lever is enormously organizing and educating how to manage people and their communications in all of organizational fields and borders. Our viewpoint which covers all of these cases has been formed in a circular.

This paper, before investigating better efficiency of strategic project management compared with OPM3, will be started by a summarized discussion of strategic project management. Then, we will discuss over organizations and effect of transfer from project management to the strategic management. In following, strategic planning in strategic management will be studied and assessed and eventually, documents from firms which have taken advantages of strategic project management will be provided. The main goal here is to find answers for questions driven from strategic issues. The most important questions are disputation in the old hypotheses.

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*Strategic project management:*

If project managers are asked about their organizations' project management, they usually show a great picture which determines the priority of projects in the organization and using projects to transfer organization's chosen strategy. Some know strategic project management as a coordinated viewpoint which is relied on multi project management and causes progress in project management method, project management training and combining and integrating project management with firm's key processes. In another word, strategic project management is known as a way to increase project management value in economic efficiency and project earnings (time, cost and quality) and also it expresses measuring customers satisfaction level, growth and training.

These viewpoints combine strategic dimensions of project management and organizations which make mistake to distinguish these strategies, will encounter massive problems, but there are ambiguities in strategic project management. Applying what is known as strategic in other management fields show that strategic project management causes promotion of project management to the resource having sustainable competitive advantages compared with other resources obtained from conversation, marketing, producing and IT.

*OPM3:*

Draft of OPM3 provides a solution in case which a point in thoughts and predictions might be forgotten. OPM3 guideline was written with strategy thought and its title means applying strategy in success, guidance, enhancing business and acquitting competitive advantage. Surely, OPM3 has to show strategic necessity compared with conventional project management, but OPM3's draft is sketchier than SPM due to some reasons.

Nowhere in OPM3, strategy term is directly defined and it just gives a general view from strategy and maybe there is an expired viewpoint as a route of processes and human resource with desirable goals versus current view about strategy in acquitting sustainable competitive advantage. So, OPM3's view knows organizational project management as a technique, method and process to implement predetermined organizational strategy toward its suitable strategic action. Such projects help organization with making desirable strategic changes in the modern changing world. OPM3 has been designed to help organizing and aligning different aspects of business strategy operations. In this vision, project management is categorized in accounting, marketing or human resource sort that has certain organize. This operation is not called strategy just because of implementing strategy or meeting strategy targets. The potential impact of the work done by the organization is appeared according to the strategic outputs and diagnosing how to meet strategic objectives. A process is called strategic when strategy is supported and when this support is not made, it is a simple process. A problem which is in agenda is when an occurrence hasn't happened; its impact can't be felt. It can be said that if PM is led to desirable strategic changes, company has acted well and if changes were undesirable, company would have acted bad. In the other word, purposeful strategic here is only synonymous of good and important term, but strategic project management is something more than a good project management

When OPM3 is applied in a case with the exclusive implementation or providing strategy or focus on the potential of project management (as a collective abilities), and a failure to recognize what is a sustainable competitive advantage, is led to a flawed strategy.

While individual projects might be skillfully investigated, but organizational project management (collective project management along with strategic goals) is a strategic advantage in competitive economy. The conception of organizational project management is based on an idea which creates correlation between organizing ability in project management, plan management, portfolio management and its efficiency in strategy implementation. Here, there is a natural role for project management (how isn't there a correlation between a good management and strategic implementation efficiency). Though, project management moves us toward a right path, but its concentration is over management abilities and complexities. McGee Thomas and Wilson have summarily brought the following cases according to the importance of creating a different set of abilities led to the better implementation:

Strategists are interested in resources and abilities which are able to earn income excess of the costs via renting them. These cases are known as strategic abilities and capitals. This set is far from resources and abilities which are not supporting competitive advantages. Strategic action for companies is considered as sustaining and maintaining competitive advantage and strategic assets. The only way that an organization can do is to foster key unique resources and abilities and competencies. To do this purpose, it is recommended to apply strategic project management. In some cases, project management's ability has to be inclusive. This technique also provides some other cases which is hard for competitors to follow them and eventually it brings interest driven from products and has a broad potential to achieve massive part of market. Ability to manage a set of projects is more complex than management of one project. So, it is needed to have a high level of skills in order to enhance projects and make organization more valuable. Although, this case has immunity against imitation, but it is not performed especially when purpose of OPM3 is to offer the capability to transfer this ability to do better work. Its key indices are as following:

- It is applicable for organizations.

- It has a systematic and available status.

In fact, when a resource is available, its sustainability opportunity as a strategic advantage will decrease. Imitating such actions by others, even though are done correctly, but based on definition will not lead to the sustainable competitive advantage. If a number of companies follow the similar project management standards, the company will have less chance to shine especially when this standard proposes step by step details and its logic (the same OPM3). All of these cases cause easy applying and so it will be along with easy imitation. Whereas there are a great deal of examples of companies such as "AT&T" and "Boeing" or "Hewlett Packard" which are using project management to decrease costs or increase productions, but there are a few examples of companies in which PM standard will bring a relative cost and privilege to inter market among companies which have accepted a certain standard. Doing an action better than others because others mistakenly haven't done it correctly before, is not a hard work because many people can do it correctly.

OPM3 can't be called SPM1, even if it stresses on strategic in his standards severely. To judge, in addition to strategic term in OPM3 or old PM, it is necessary that applied view shows that whether it has required potential to answer this question that how sustainable competitive advantage can be acquitted versus companies at the same level or not.

In fact, each massive organization has project managers and just some of them have proper efficiency. This issue has been more regarded and followed compared with other management branches. Now, most companies even though have emerged in the arena with new approach of enterprise project management, are keen on project management. Except in short-term cases and with diligence of implementing current standards, in the other cases, it will not have acceptable solution.

When creating opportunities is offered to make difference with others, issue of strategic project management is turning up. To do better investigation, we step back a little and evaluate how to transfer from strategic planning to the strategic management and what project management needs to become strategic project management.

#### *Strategic planning:*

In the early 1960s, strategy was defined as following: determining and recognizing firm's objectives and resource allocation to do those (1960). Even though this definition was promoted during 2 last decades, but there is still main concern in goals and means. Strategy is a pattern of goals, destinations, plans and policies in regard with achieving the main goals (1980). According to Hofer and Schendel's definition, strategy is adjustment between organization's resource, skills, environmental opportunities and risks which we encounter and goals which have to be implemented. In this regard, strategic planning is interpreted as a process focused on analysis of choosing long-term targets and organization's design and a system which can be implemented.

It can be summarily said that earnings are made from combining and analyzing internal and external factors and centralized and professional management with implementing strategic goals. Even though, uncertainty is always existed, but it can come to the least with the proper planning. This is not acceptable that leaders or planners ignore new chances because of previous histories, abilities and experiences. Codifying or implementing a new innovation might not be practical due to political, cultural reasons or undercharging status of the market. Planning will lead to rank importance of decisions from top to down and cost of knowledge and experience from down to top. It also provides adherence to plan, education and flexibility.

But as soon as increasing earnings from goals, strategist will face failure to deliver this gift of heaven and plans are remained incomplete and people start to look for a pattern for new planning. Primary investigations were gradually started and earnings and decisions are rarely led from formal planning. Also an image to align organization's internal aspects with external environment is very simple. Here, we encounter failure to detect area of enterprise internal activities, cultures and conflicts, chaos and differences which are the best resource for innovation and creativity and also how to respond continuous changes of market. There are 3 opinions to respond these problems in strategy process. The first viewpoint is from Michael Porter (1980) who knows business strategy in better efficiency, competitive fortitude, sustainable competitive advantage and commitment to the chosen path. The second one is Henry Mintzberg (1994) who knows strategy as earning more from a plan which is mostly originated from organizational structure, culture and political system (including leaders' vision) or gradual forming of managers' reaction driven from external competitive environment and the third one is Hamel and Prahalad (1990) who consider competencies and abilities as competitive advantages.

#### *Strategic management:*

Aforementioned views which were largely fortified by recent and contemporary theorists and coaches, is known as the heart of strategic management. Strategic management as the antithesis of strategic planning recognizes the nature of problematic strategic application and formulation. Strategic management pays an especial attention toward the internal frame of organization understands and considers what is essential for competitive advantage compared with efficient management as the compliance elements of cultural, political and people skills and gives less importance to the analytical skills. Beside all, effective subjects can be

addressed such as management complexity, ability to coordinate diverse production skills and integrate multiple technology processes in line with produce and create resources and scarce and especial features.

Including all of these skills and resources needs one of the especial types of education and knowledge which is called tacit knowledge and has an imperative importance. Tacit knowledge is a knowledge which steps more toward nonverbal, unnecessarily difficult production and unreasonable admission. Knowledge how to drive a bike is this kind of knowledge. When you acquire this knowledge, you will not be afflicted by forgetfulness and mentioned knowledge is institutionalized in your mind (except in the case you have mental disability). In many cases, while we haven't used our tacit knowledge, we don't know whether we have this knowledge or not. For example, you want to show a policy or judge or face an especial occasion, you will acquire this knowledge. In some cases, this knowledge like drawing knowledge is considered as a mellow jazz that we don't know how it is originated. All of these features cause that aforementioned knowledge is considered as a valuable resource. Due to hardness of transfer knowledge from a person to another one or from one organization to another one, this knowledge has a high value. So, tacit knowledge is an extraordinary resource compared with explicit knowledge in sustainable competitive advantage. Explicit knowledge can be written as a text in instructions or can be illustrated in protocols and processes as a standard. Today, knowledge importance in competitive advantage of a company is counted as the primary principle of strategic management model [23,3,17,16,10]. Organization's role is to achieve, transfer and integrate this tacit knowledge to the external and internal part of the organization [7].

#### *Movement from project management to the strategic project management:*

This competitive advantage, strategic capacities and tacit knowledge management reveals a new horizon for us to face strategic project management. Saying it is very easier than doing it. We have a few samples of organizations that have changed their project management capacities to the strategic capitals. Researchers conducted during 12 recent years in project management institute showed that there were a few organizations considered project management as the preferred source for the performance. Knowledge management which was referred by Grant and Spender, etc, all has changed from systematic limited approach in many of project managements. We observe two key features in these organizations: The first case is to have project senior leaders who put laws behind and in fact make certain decisions. These people act very well in relationship management among organization's borders and performances and break inertia and bureaucracy. These kinds of people are called star leaders because they act exactly like a star in some occasions. They are unique and give project management process the luster and shine. Organizations where these people are working in know them as stars and support them and develop their work domain in order to act in the organization more effective.

It is interesting that these project leaders trend to show a high level of emotional intelligence [5,18]. For example: sensitivity, self-awareness, elasticity, social awareness, assertiveness, energy adoptability, empathy and interpersonal skills. These features enable directors to keep group members 'loyalty; open close doors and inspire others to act more than their duties. Project management leaders in these companies also create sustainable competitive advantage. The more interesting point is that these talents haven't been shaped because of recognition past of project management. Turner and Muller [24] were skillfully writing:

"In the past, effective factors in project success such as project management and leadership style and competency were ignored and this issue is in contrast to the history of public management which knew director's leadership style as the main precondition and this branch believed that director's leadership style has the transparent and direct effect on organization's performance and business"

Here, to have the better detection of features of star project manager and capacities of strategic project management and also role of this issue in mentioned project, 9 cases from these features will be evaluated. These features can show leadership style and directors' organizational textures. Also, other factors affected on this regard will be described.

#### *Star project manager:*

From Features of star project manager, the following cases can be counted:

1. Long experience of project management and interaction with problems which create ability to understand problems complexity and depth in these people.
2. Willingness to do works, not because of showing off or others' confirmation, but also due to willingness to complete something or create a feature.
3. The ability to see through the eyes of customers and empathy with others, and yet not endure low yield and poor teamwork.
4. Encourage to break the rules, management around system and going forward to do affairs.
5. Breaking organizational borders, being rich in power, individual energy and enthusiasm.
6. Diplomatic skills and high political judgment.
7. Encouraging describing issues and preventing from self-delusion and narcissism in themselves and others.

8. Optimism, low tolerance of negativity or lack of energy in the group members, and looking at the problems of lack of opportunity.
9. Gaining others' loyalty through encouraging and having charisma and confidence of the people.

*Organizational ability:*

The most important features which can be observed in the firms and are being used to empower and develop such managers are:

1. Understanding and recognizing value of star project managers.
2. Exalting the efforts and achievements of a group rather than individual efforts.
3. Supporting stars in order to give them more independency and resources.
4. Determining stars as the others' coach and consultant and giving them key roles in education.
5. Encouraging stars to the critical review of the organization project management methodology.
6. Set the stars as the senior managerial positions, for example, responsible for project management or organization project management process.
7. Appointing star project leaders to the position of overall management.
8. Eliminating racism in order to encourage project managers and rewarding these kinds of people such as marketing, human resource and financial departments.
9. Underlying strengthen the inter-structural distribution and upstanding citizen in a citizenship single operation.

*Vaster agenda:*

Organizations in addition to successful growth and support of star project leader, they also accepted strategic project management and develop their activities' area for the diverse affairs. They:

1. Choose projects based on projects distribution in competitive advantage and don't suffice to the financial return.
2. Don't have reverse movement toward risk and aim to balance projects in the arena of risks and competitive advantage and they include long-term and midterm advantages and also horizons of new advantages.
3. Know that intangible advantages are important as tangible advantages and trend toward projects which lead to new learning, modern and multi branch approaches.
4. Don't blame others when issues are not going well, but however, they do not tolerate carelessness or rejecting responsibility (thereby, they change excessive need for finding culprit).
5. Encourage self-thinking, individual development, cooperation and superiority and in investigating these factors, they contemplate technical considerations.
6. Look at laws as a mean for termination and not the end of the baseness association in regard with parading and regardless respect to the customs and practices
7. Adopting complexities appropriately while going forward toward breaking complexities in order to make them manageable.
8. Take an advantage of holism and integration methods in project management and want to apply courses in all over the organizations
9. Adopting difference, diversity, versatility and innovation properly in projects and techniques of project management.

*Conclusion:*

Project management (PM) standards and its knowledge are logical and analytical. These standards intend to reduce uncertainty and less consider importance of human factor. Aforementioned standards do this action via applying rules, processes and systems which are extinguishing individualistic and heterogeneous inclinations and are encouraging systematic and standardized human behavior in order to implement common goals (goals such as on timely completion of project, standard costs and primary quality). Despite of position of these factors compared with other functional areas in organizations such as marketing, financial and juridical ones, project managers are suffering discrimination.

Painting with numbers and figures doesn't create many artists and when decisions are made based on a book of knowledge, it is instrumental nature of rules and processes. So, there is no need to the top levels of management and people one by one can follow the instructions and carry out duties.

However, some companies go beyond. They don't consider just OPM3 as a mean or method to perform predetermined strategies and guidelines or along with organizational processes in order achieve strategic goals. They create competitive and perpetual advantages and achieve this goal via project management and through developing specific and limited resources of industry and star project managers and also tacit knowledge. These companies take an advantage of their skills vastly and admire value of their star managers via judgment, experience and diplomatic processes. They value tacit knowledge obtained from management complexity and

interaction with problems in the organization's borders. Founding a factory, establishing and installing a new production process, making a modern production, entering a new market, opening abroad deputies, creating a joint venture are some of the specific areas in which project management has superiority. Like countless duties and diverse vast collaboration of activities, skills and employees as well as resources are such works which these kinds of managers can do. In underlying application, management is induction of differentiation where tasks are divided into smaller frames and integration where these tasks are integrated. Those aforementioned frameworks form the main framework of project management. This frame can create a systematic methodology for differentiation and integration and guarantee lack of forgetfulness. This methodology includes all issues and it will be useful as the performance guideline. Also, aforementioned methodology helps managers move in structures horizontally and face negative effects of vertical and hierarchy processes. Effective management to create differentiations and integration is necessary in strategic success because as Grant et al have pointed out, the main skill and competitive advantage of a company is not production or services, but also it is inverse technology management or knowledge and learning about the products and services. It is increasingly seen that inverse technology and knowledge collection haven't largely respected organizational borders. While project management changes to the strategic one in order to comprehend required capacities of network, this virtual, multi-dimensional and multi-position organization enters implementing projects which is dependent on management experience and individual features and also values tacit knowledge obtained from various project management such as formal structures, processes and systems. Strategic project management considers the public management of leadership skills as the scarce, specific to the firm and very valuable case. So, it encourages related issues and considers an especial value for tacit knowledge. These features can be called as the key stimulations of sustainable competitive advantage which are integrated with a vision. They also create project competitive potential features in a simpler form in order to calculate financial affairs and eventually, they will lead to define features of a real strategic project management.

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