

# MANAGEMENT APPROACHES ATTRIBUTES

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# Introduction .. - — — .. +

It is commonly recognized that any social or business goal is still a goal before it is ultimately implemented by the stakeholders. The process of practical implementation of specific objectives, tools, strategies and approaches taken in the due course is known as project management. There are various project management theories, and no uniformed scholarly and practical opinion relating to the most effective one has been received insofar. Although multiple experimental studies and empirical surveys have been conducted by the international academic communities, the question of the most effective project management method remains open.

This study is linked to the exploration of two most popular contemporary project management methods. The first is a traditional project management theory, and the one compared and contrasted thereto is the one gaining tremendous popularity nowadays, the so-called critical chain project management.

The aim of this research paper is to find out which methods are more preferable financially and organizationally for domestic and international private and public institutions, which pursue to accomplish their tactical and strategic goals while their budget, schedule and resources are limited. The essay is especially relevant nowadays since the convergent standpoint of academics and the practicing project managers is effective project management, which is among the most fundamental pillars of effective functioning of a public or private installation.



# The Application of Traditional Project Management and Its Effectiveness .. - — — .. +

Traditional project management pattern is utilized by the overwhelming majority of the domestic and international governmental and non-governmental establishments. Internally, this approach comprises the following stages. The first one is project initiation (Lock, 2007).<sup>1</sup> At this stage, the null idea is formulated, and general goals, objectives and tactics of the project are elaborated.<sup>2</sup> The second stage under this approach is the planning, designing and scheduling of a project. At this stage, the stakeholders (those who will control, define the tactical goals, and execute the project practically) are defined. The popular academic opinion is that this stage is the pivotal one due to the fact that, if an error is made on this stage of project management, practically, it will be impossible to redress the mistake on other stages. The next stage is practical implementation of the project which is conducted simultaneously with the monitoring and controlling procedures. Monitoring shall be distinguished from controlling because controlling permits intervention and changing of the project elements while under the concept of monitoring the one shall understand the authority to supervise and to provide guidance and counseling if necessary. No direct intervention into the practical implementation is allowed. The latest stage of this project management

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1. Denis Lock, *Project Management*, 9th ed. (Hampshire: Gower Publishing Ltd., 2007)

2. Bernard Wysocki, "Flying Solo: High-Tech Nomads Write New Program for Future of Work," *The Wall Street Journal* 1996.



paradigm is the completion of the project.

Traditionally, this method of project management has been regarded as the most effective one for the needs of business and publicly operated agencies.<sup>3</sup> However, the main flaw of these methods is that it does not involve the elements connected with the operationalization and utilization of the resources when they are limited, or when substantial changes of resource availability arisen while the project is already under way.

This type of project management has been either directly or indirectly followed by the vast majority of the national governments within the period since 1960 till 1990<sup>th</sup>. Nowadays, it is followed predominantly by the developing nations of Asia, Eastern Europe, Oceania and Caribbean region. Progressive modern business institutions have totally abandoned the application of this approach since the international business environment has become increasingly volatile and unbalanced since 1990<sup>th</sup>.

## Critical Chain Project Management —+

Under the postulates of this project management strategy almost similar structure is followed. The major difference with the traditional project management concept is that the supervisory processes are launched from the stage of project

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1. Ibid.



design and initiation.<sup>4</sup> The application of this tool enables to guarantee that the project implementation will be fully consistent with the developing and existing standards of project management. Moreover, under the postulates of this method, the supervisory procedures are carried out by the independent and unbiased units, which are not connected to the ones which design and practically implement the project.

Secondly and most importantly, under the project management paradigm, the limited nature of resources available to the company is taken into account. To be more exact, this method enables those who implement the project to adjust it to changes in the resources utilized for its fulfillment. To illustrate, using these methods, the Coca-Cola Company was able to modify its advertising strategy in Europe, when the financial crisis swept the continent. Moreover, that strategy helped the company to adjust its retail sales strategy once the demand for the company production unexpectedly fell during 2008-2009 accounting period. The main competitor of the company, Pepsi Inc. followed traditional strategy, and the competitive market advantage in Europe was totally conquered by Coca-Cola.<sup>5</sup> Furthermore, this approach is being extensively advocated by the unchallenged leader of the global legal market, Baker & McKenzie, which helps the company to maximally economize the resources and incur fewer losses than the company competitors. Another illustrative example of

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4. Peter Morris et al., "Exploring the role of formal bodies of knowledge in defining a profession – The case of project management," *International Journal of Project Management*, 24:8(2006): 710-721.

5. Kwak Young-Hoon, "A brief History of Project Management". In: *The story of managing projects*, 9 ed., Elias G. Carayannis et al. (Westport, CT: Greenwood Publishing Group, 2005).



utilizing this approach is the operational activity of the Arcelor Mittal Group that uses this method since 1980.<sup>6</sup> In contrast to its main competitors, the company successfully contrived to weather two global financial storms, and is reported to be in the frontline of the international steel and coal companies nowadays.

Relating to government experience, it shall be accentuated that the leading nations have shifted their public project management course towards critical chain project management methodology.<sup>7</sup> To illustrate, nowadays this strategy is used by the offices and agencies of the United States of America, the leading states of the European Union, Japan and South Korea. Latin America is introducing the elements of this project management pattern, as well. The benefits and advantages of critical chain methods over the traditional ones are obvious. First and foremost, it helps to economize the resources of any natures, from financial to human resources.<sup>8</sup> Secondly, the use of this strategy really helps to adjust the project if it is dictated by the external variables, like the vacillations of the global market and the change of political orientation of the country. Moreover, under this method even the fundamental objectives of a project can be indolently changed if required.

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6. Morgen Witzel, *Fifty key figures in management* (New York, NY: Routledge, 2003).

7. Harold Kerzner, *Project Management: A Systems Approach to Planning, Scheduling, and Controlling*, 8th ed. (Hoboken, NJ: Wiley, 2003).

8. Albert Hamilton, *Handbook of Project Management Procedures*, (North Yorkshire: TTL Publishing Ltd, 2004).

# Conclusion .. - — — .. +

Having summarized the main points of the research paper, it can be logically inferred that it is highly recommended for the private and public agencies to shift towards critical chain project management approach and to abandon the traditional one since the first one is more adapted and adjusted to the realities of the contemporary private and public sectors. The unanimous scholarly verdict is that the application of this method is the rightest choice for the business units and government agencies.

Although traditionalists are focused on the first method, the practice followed by the leading members of the international governments' community and the global business unites, multinational corporations in particular report that the second method is more efficacious one due to the two primary reasons. First, it takes into account the resource limitations and enables to adjust the strategy if needed. Secondly, it provides the opportunity to alter the goals and the overall course of the project if its actuality has been lost. Overall, the critical chain project management seems to be considerably more advantageous than the traditional approach.<sup>9</sup> (Bjarne, 2003).

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9. Kousholt Bjarne, *Project Management. Theory and practice*, (Munkehatten: Nyt Teknisk Forlag., 2007





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