THE XXI-ST CENTURY AND THE CHANGES IT ENFORCES ON PROJECT MANAGEMENT

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Abstract
The XXI-st century faces many changes from economic, political, social, cultural, technological, etc. point of views that allow the appearance of different phenomena and processes that characterize the knowledge based economy, company, organization and management – the new trends of the “century of change”. In this context, the environment where the organizations develop their activity adapted to this new type of economy. Accordingly, in order to be competitive and to satisfy the clients’ needs, the organizations consider that their elaborated and implemented strategies must be adapted to the new world trends (trends based on knowledge and strategic management based on knowledge). The values of the new trends imply, on one part, putting to good value to intellectual capital in order to elaborate and implement strategies, and, on the other hand, using projects in order to operationalize strategies, thus considering, that at their turn, projects shall suffer certain “mutations” that allow the adaptation to the new organizational context. Hence, this article shall allow the readers to observe the changes that the XXI-st century enforces on projects and project management, and also, their applicability and use in a dynamic environment which is in a continuous change.

Keywords: change, knowledge, project management, strategy

JEL classification: M10, M15, M19, M30

1. Introduction

Change is a constant variable in today’s lives. [1] Without change mankind could not evolve, and the technical-economical process could not be achieved.

Change is everywhere, in the universe, at the level of the entire planet, at world and national economy level, at company level, at organization level, at individual or group level, inclusively, being characterized as omnipresent.

Change is inevitable, so it makes sense to face changing issues and deal with them explicitly and effectively rather than respond to them in an unplanned manner. [1]

The XXI-st century faces a series of economic, political, social, cultural, technological, etc. changes that create different phenomena and processes that confirm the new world trends. All these transformations determined the appearance of the knowledge based economy and implicitly of the knowledge based company, organization and management, as “support-element” of this type of economy. [2]

The basis of the new context is supported by a main element – knowledge, which, in my own opinion, represents an assembly of information that makes it possible to obtain added value simply by using it. The added value increases simultaneously with the understanding and reception potential of the person who receives the respective information.

In this context, a hierarchy of knowledge elements shall allow the understanding of the importance conferred to this term, and also of the implications that it has on the future development of organizations and their management.

The knowledge elements are ranked as pyramidal shape [3]: on top of the pyramid there is wisdom; then knowledge, information, and on the base of the pyramid there is data. Different connections are achieved between them, as follows: data – information – allows understanding relations; information – knowledge – understanding patterns, and knowledge – wisdom – understanding principles.

The thus created context allowed for the awareness of the business environment regarding the fact that in order to survive, maintain and develop, it is necessary to adapt to the XXI-st century changes.

In order for the organizations to be competitive and to fulfill the consumers’ needs, their management shall try to think proactively, elaborating strategies adapted to the new organizational context and implementing a knowledge based strategic management.

This process is a normal one, as the specialists proved the fact that strategy represents an efficient means for an organization to adapt and respond to the external environment changes.

Thus, the knowledge based strategies shall be developed having as main central element – knowledge (knowledge shall be incorporated in all strategy components; the set objectives shall target the application and
exploitation of knowledge in view of fulfilling the mission; a strong accent shall be put on the human resource, as it is an important source of knowledge; the development of the innovational ability of strategy; the increase of strategy flexibility by using the gliding approach; the use on a large scale of the elements with participatory character, etc.).

In order to achieve this endeavor, the organizations shall have to capitalize the intellectual capital, which, in my opinion, represents the totality of types of intangible resources (human resources, organizational resources, relational resources) and to process them in view of creating added value and obtaining competitive advantages. Thus, the organizations shall try to identify and use the knowledge resources in order to create long-lasting competitive advantages and in order to fulfill their mission in profitable conditions.

In addition, companies are starting to understand the idea that in order to be in the top of the global economy they must put more interest on developing and retaining their valuable human resources [4], but without neglecting the other two components of the intellectual capital.

Furthermore, the organizations’ management shall “aspire” to a strategic alignment that contains the values promoted by the knowledge based organizations by using projects as means of strategy implementation (project management). Consequently, strategy would become an effective means to adapt to the new organizational context and to apply management through projects in a knowledge based organization. [2]

Also, an efficient method that could allow the implementation of the new changes could be, among others, the BPR (business process reengineering) method. Re-engineering aims to redesign the processes, the current activity of all those who contribute to creating value and has been invoked as a major means of flexibilizing and modernizing of the companies economic processes by radical redesign [5]. Thus, this method could represent a viable strategic option for the high level management, which in the moment of operationalization could be found as project.

Among other, projects, allowed the development of the new organizational context. Also, in order for it to evolve, these projects must adapt to the knowledge based economy, company, organization and management. Therefore, it is necessary to identify some project and project management predictable “mutations”.

Before presenting these predictable “mutations”, we have to define the concepts of project and project management.

Thus, the project is a temporary process that contains a series of activities and must be included in a well-defined period of time, a total of assigned resources and has to reach a clearly-defined objective; the project manager shall become a knowledge based manager (T-manager), and the members of the project team shall become knowledge based employees;

2. How to adapt the project management to the knowledge based organization?

Having as basis, an analysis of the above mentioned theoretical concepts, certain “mutations” could be defined, mutations that both the project and the project management, as well, might be affected by in the context of the organization adjustment to the XXI-st century changes:

- The main element that helps in planning, running and finalizing the project shall be represented by knowledge;
- Within a project, knowledge shall fulfill the 3 economic roles (raw material, production factor and end product) and also the 4 major processes that imply knowledge shall be achieved (knowledge acquisition, creation, use and maintaining);
- Some of the teams within the project shall be mixed, their purpose being that of developing the organization’s knowledge, but also identifying those synergetic type cooperation opportunities within the knowledge field;
- The project team shall be rewarded depending of performance and qualities, and the used motivations shall be global, per group and personal;
- The organizational culture and implicitly that of the project shall be an open one, that allow the stockholders to follow the way in which the decisions they are concerned about shall be implemented;
- The adopted type of organizational structure should be “organization by projects”, so as project integration within the knowledge based organization shall be an easy one;
- The organization itself shall become an organization through projects; that needs a thorough project management, but also an administration as efficient as possible of the projects (project management);
- The project manager shall become a knowledge based manager (T-manager), and the members of the project team shall become knowledge based employees;
- The entire project’s life-cycle shall be achieved using all categories of resources, both in the knowledge areas and in the project management processes;
- All processes that shall be developed within a project shall be based on capitalizing the organization’s intellectual capital and exclusively that of the project;
- While exercising the management functions within the project management, the human capital, the structural capital and the client capital shall be exploited, in order to fulfill the project’s purpose, in accordance with the client’s needs, while also encouraging the procurement of new knowledge.
3. The stage of SMEs regarding the implementation and use of project management in the new organizational context

In order to determine the stage of the SMEs regarding the implementation and use of project management within the knowledge based organization, a research has been achieved in 2009 at national level (Romania).

The research targeted establishing the following aspects:
- Identify the number of companies that develop projects, the number of implemented projects and the classification of developed projects;
- Use the theoretical and practical foundations of project management in planning, implementing and concluding projects;
- The cognition act, not only by the top management, but also by the employees, of the difference between the concepts of project management and management by means of the project;
- Set the company’s abilities to integrate and develop projects, but also to ensure competitive advantages based on such abilities;
- The cognition act, not only by the top management, but also by the employees, of the content of knowledge based economy, company, organization and management concepts;
- The company’s ability to adapt to the knowledge based organization;
- The company’s potential to implement a knowledge based management;
- Establish the need to create new competitive advantages having as basis the measurement and evaluation of the company’s intellectual capital;
- Establishing some interdependencies/ correlations between the above-mentioned.

This research was of a descriptive – exploratory nature. As concerns this research, the evaluation of the information sets, from the quantity and quality point of view, was done with the help of nominal, ordinal and interval scales. The research was based on the dissemination and analysis of a questionnaire that contained 36 close and open questions; dichotomy, trichotomy questions and questions with multiple answers; introductive questions of the pass, information and classification type; and test questions of the filter type. [8].

The research sample contained 154 SMEs mainly having the object of activity in the field of financial, fiscal consultancy and management, and more. The SMEs have been selected together with the specialists of the National Council for Small and Medium Private Companies in Romania. Only 102 companies responded to the disseminated questionnaire through electronic mail.

The entire analysis, correlation and definition of differences between variables/ companies’ answers were achieved using the IBM SPSS Statistics software.

The conclusions of this research were the following:
- The pertinence of answers was based on the fact that administrators and general managers filled in the disseminated questionnaire;
- The preponderant object of activity of the respondent-companies was rendering business and management consultancy services;
- It was determined that there is a connection between the object of activity and the type of projects approached by the said organization (significant share – organizational, development and investment projects);
- Almost 80% of the companies that responded were micro-companies;
- To a large extent, the number of projects implemented within the organization allowed for the recording of a higher turnover;
- The larger number of company employees, the higher capacity of project development and implementation;
- The more companies run more projects, the more increases their capacity of absorption and the possibilities to create long-lasting competitive advantages;
- The companies’ adjustment to the knowledge based organization’s changes depends, to a large extent, on the number of experienced employees, with higher level of training and average age;
- The number of employees influences the possibility to capitalize the intellectual capital within the company;
- In general, the analyzed companies registered a favorable situation from the economical-financial point of view, this situation being caused by the employees’ level of training and their capacity to understand and use all the methods, systems and techniques used by the high level management;
- Approximately 32% of respondent-companies use the management through projects method;
- The relevance of introducing project management is determined in those companies that have the capacity to differentiate the notions of management though project and project management;
- The more the companies used more project management knowledge, the more they better planned the human resources, grasped the need to use a Project Management software, granted a special importance to project quality management, planned more accurately the execution plans, estimated more exactly the project related costs and developed risk strategies, recognizing their use for project implementation [2];
- The decision to acquire and use a Project Management software in influences, among others, by the turnover;
In view of adjusting the companies to the knowledge based organization, they shall have to partially or totally rethink their activities;

- Only 15% of the companies consider that the ideas imposed by the new organizational context would not be beneficial to performance increasing;
- The companies’ capacity to implement a knowledge based management depends on their capacity to adapt to the changes imposed by the knowledge based organization;
- 28% of the respondent-companies consider that measuring and evaluating the intellectual capital would not help in creating some competitive advantages.

Out of the total of 102 respondent-companies, approximately 60% could apply the proposed possibilities (“mutations”), as they were ready to adapt to the knowledge based organization, either without changing anything from the economical-financial point of view, or by partially or totally redesigning their activity [2].

4. The applicability of the project management predictable ”mutations” in a knowledge based organization

The applicability of the project management “mutations” in a knowledge based organization has been proved in a case study achieved within S.C. “BAF Consultancy” S.R.L.

The company’s name is fictional, as only in this context, the high level management agreed to supply the data and information necessary for achieving this research. S.C. “BAF Consultancy” S.R.L. has been set up in year 2000, having as object of activity “business and management consultancy activities”.

Both names of the company (the fictive and the real one) derive from five key words that best describe the object of activity: Business, Accounting, Financial field, Financial and Consulting field. The company has only one associate, a Romanian natural person.

S.C. “BAF Consultancy” S.R.L., from the organizational-structural point of view, runs its activity through 4 organizational subdivisions: the Consultancy Office, the Marketing Office, the Human Resources Office and the Financial-Accounting Office.

The company has 23 employees and runs its activity in a dynamic environment, which is permanently subjected to changes.

The company has as clients only legal persons, it has a low market share, and the company’s market range is saturated.

4.1. Determining S.C. ”BAF Consultancy” S.R.L.’s need to adapt to the demands of the knowledge based organization

Previous to demonstrating the applicability of the proposed mutations, a research has been carried out of a sample of 23 persons (all being company employees) with the purpose of highlighting the company’s need to adapt to the demands of the knowledge based organization in order for the organization to remain on the market.

The research has been carried out at the beginning of 2010 using the company’s intranet network.

Similar to the first research, this one has also been of a descriptive-explanatory type, the information’s quantity and quality measuring being carried out with the help of nominal, ordinal and interval scales; the questionnaire containing closed and opene questions, dichotomy, trichotomy questions and questions with multiple answers; introductive, passing, knowledge, classification type questions and filter-questions [2].

This research had the following objectives:

- Evaluation on behalf of the employees of the company’s economical-financial situation;
- Determining and assessing the activities run within the company’s organizational subdivisions (consultancy, marketing, human resources and financial-accounting offices);
- Characterizing the components of the management system within the company;
- Establishing the need of activity change within the company in order to improve the economical-financial situation, but also the managerial performances;
- Understanding the terms of knowledge based economy, company, organization and management;
- The company’s capacity to adapt to the changes imposed by the new organizational context;
- The company’s possibility to operationalize the knowledge based management;
- The usefulness of establishing some competitive advantages by capitalizing the company’s intellectual capital.

Following the analysis of the employees’ answers, the following conclusions could be drawn:

- From the economical-financial point of view, the company is favorably positioned;
- The majority of employees is represented by women;
- The average age of the company’s employees is 30;
- Economists stand for the majority of employees;
The jobs are characterized by a large number of tasks and responsibilities; the appreciation for the developed activities at the level of each organizational subdivision is the following: consultancy office – acceptable/satisfactory activity; marketing office: good activity; human resources office – in equal proportion acceptable/satisfactory activity and very good activity; financial – accounting office – acceptable/satisfactory activity; the employees consider that the company’s management level is average; the appreciation of the management system within the company is the following: well fundamented/based decisional process; insufficiently dimensioned informational system; rigid organizational structure; used leadership methods and systems – management by objectives, the analysis-diagnostic method, the meeting method, the board panel; participative management; approximately 61% of employees know the company’s short-, average- and long-term objectives; the company does not develop strategies; regarding the organizational structure standardizing documents, the following were identified: the company has an organizational chart; the employees are informed regarding the organization and operation regulation; the job descriptions – their content is familiar to the employees, the individual objectives are missing, there are small discrepancies between the requests from the job description and the real requests; the employees consider that some offices should be dissolved or combined, and also, new organizational subdivisions should be set up, as the type of organizational structure is not fit for the development of the company’s activity; the number of company employees is optimum; 52% of the employees believe that at company level there is no organizational culture; 48% of the employees consider that the company should partially or totally design its activity in order to improve the performances; only 39% of the employees know the content of the concepts of knowledge based economy, company, organization and management; in order to improve performances, 87% of the employees consider that the ideas imposed by the new organizational context (organizational structure “pure by projects” and management by projects) would be beneficial; 87% of the employees consider useful the high level management’s decision to adopt management by projects as the leadership method; 87% of the employees consider that the company could implement a knowledge based management; 87% of the employees consider that the company could obtain an important competitive advantage which is necessary on a saturated market, with an acerbic competition and a demand in decrease, if they measure and evaluate their intellectual capital.

The conclusions of this research have pointed to the fact that the company is ready to adapt to the information-based organization, but, however, that, at the same time, the company needs to carry out this process if it really intends to maintain its existence on the market, and more than that, if it wishes to continue developing its activity. [9]

4.2. How S.C. "BAF Consultancy" S.R.L. did transformed in a knowledge based organization?

In view of changing S.C. “BAF Consultancy” S.R.L. in a knowledge based organization, a SWOT analysis has been carried out for the entire developed activity, precisely in order to identify those measures that should be adopted by the high level management.

The results of the SWOT analysis (2010) were the following [2]:

- **Strong points:**
  - The personnel is preponderantly of a young age;
  - The personnel has high education and is well trained from the professional point of view;
  - The personnel has experience in the consultancy and accounting domains;
  - The personnel recruiting and selection procedures are efficient;
  - The wage earners are well motivated;
  - The company develops mentorship activities for its employees;
  - The company assures social protection for the developed activities;
  - The provided services are satisfactorily promoted;
  - The prices that are charged for the provided services are average level;
  - The provided services are high quality;
  - Client loyalty principle;
  - The internal consultancy agents provide a diversified range of services;
  - To apply team-work in order to provide quality services;
  - Possibility to provide, simultaneously, several services;
The attendance of a legal adviser on the date of signing all the contracts whose subject matter is to provide services;

The target category system is correlated, to a great extent, with the company’s process component parts;

The decision-making system is relatively efficient;

The company benefits by a good technical endowment;

The existence of an intranet network within the company;

The total of the borne expenses has decreased in 2009 compared to 2008 and 2007;

To register, within normal limits, the global indebtedness rate and the global indebtedness degree for the year of 2009 if compared to the year of 2008;

The company has a solid organizational culture.

Weak points:

- Decrease of the number of employees;
- Existence of lack of stability with reference to the personnel and to the labour jobs;
- The failure to organize specialty / training courses for the employees;
- Minimum number of possibilities to advance hierarchically;
- The existence of work under stress conditions during certain periods of time;
- The existence of rare situations of the failure to observe the contract terms and conditions;
- Outsourcing for some services that are no longer provided by the company;
- The Consultancy Department develops a partially effective activity;
- The company has a narrow-minded point of view regarding the way to provide services (management by way of targets);
- The company chart has been incorrectly conceived;
- The job files have a deficit content;
- The company has not developed the Organization and Operation Regulations;
- Some departments have not been adequately made an entry of;
- Some organizational sub-divisions have been incorrectly selected to develop the activity;
- The absence of realistic strategies and policies;
- The principles to conceive and operate the organizational structure and the informational sub-system have not been fully observed;
- The company uses a reduced number of information applications;
- Not all the information has been capitalized as concerns the decision-making processes;
- There have been registered some deficiencies at the information system level;
- The quality parameters of the information sets and decisions have not been fully abided by;
- The failure to coherently collect, record and send the information sets;
- The appearance of methodological deficiencies;
- The use, to a small extent, of the modern methodological instrument;
- The presence of a high degree of rigidity at the managerial level;
- The decrease of the company’s profitability in the year of 2009 if compared to the year of 2008;
- The decrease of the company’s turn-over for 2009 if compared to 2008 and 2007;
- The decrease of the labour productivity for 2009 if compared to 2008;
- The decrease of the company’s global economic performance for 2009 if compared to 2008;
- The company failed to pay its debts in due time as far as the year of 2009 is concerned if compared to the years of 2008 and 2007;
- The company has a weak self – sufficiency for 2009 if compared to 2008;
- The depreciation of the company’s possibility to carry out settlement of accounts with its clients for the year of 2009 if compared to the year of 2008;
- The decrease of the own-detained capital efficiency;
- The company has a reduced possibility to turn its circulating assets into liquid funds that are indispensable for the satisfaction of all the short-term liabilities;
- The decrease of the company’s profitability as concerns the year of 2009 if compared to the year of 2008;
- The lack of communication and of certain explanations with reference to the elements – component parts of the organizational culture.

Opportunities:

- Proliferation of the information – based management;
- Modification of the consumers’ behaviour;
- Branching out of the services;
- Qualified labour force;
- Building up partnerships with other companies from the consultancy domain;
- Access to projects to be financed from European funds.

Threats:
Inflation;
Intensified competition;
Political instability;
Upwards evolution of the unemployed rate;
Economic crisis;
Increase of the prices charged by the suppliers;
Duties and taxes;
Quality / optimum price rate that the competition offers;
The appearance of competition as concerns certain services to be provided;
Limiting down the client segment.

The proposed measures are shaped as strategic -tactical recommendations and could be found in the company’s global average-term (2 years) strategy – global consolidation strategy (maintaining/ stability).

The redefined company’s mission was the following: to take into consideration rendering a larger range of services in the financial-accounting, fiscal and management consultancy field, that allows meeting the requests of the clients from the internal market, while offering an optimum quality/ price ratio on a dynamic and instable market.

The company leads towards a knowledge based company, towards forming competences and abilities with a high importance role (company vision); the values based on which the company wants to develop its activity are: integrity, equality, honesty, professionalism, order and respect.

The company’s objectives aimed for the following:
- An increase in the turnover with 7% in the following 2 years;
- An increase in profit with 10% in each year of the predicted period;
- An increase in work productivity of 20% in the following 2 years;
- A decrease of expenses of 6% in the following 2 years;
- A continuous improvement in the quality of rendered services;
- Insuring the development of knowledge discovering, acquisition, learning, obtaining, using, maintaining, sharing and protection processes;
- Capitalizing the intellectual capital within activity development;
- Improving the company’s image on the market [2].

The company’s objectives set for the period 2010-2012 are the same quantitative objectives as the ones set for the previous period in the action plans, but their qualitative improvement is pursued.

The strategy was intended to be implemented over a period of 6 months, the initial deadline being 30.02.2010 and the final deadline, 01.03.2012.

The competitive advantage pursued by the company is a flexibility one which allows the possibility to better adapt to the requirements of the external environment.

The company wanted to create a long-term competitive advantage by implementing some management methods specific to knowledge based management, by investments in the human capital (organizational development and organization that continuously learns) and by adopting an organizational culture based on team work and by putting to good value the intellectual capital.

The strategic-tactical recommendations were the following:
- Achieving some realistic strategies and policies:
  Measures:
  - Elaborating the company’s short-term global strategy.
  - Designing a new organizational subsystem
  Measures:
  - Adopt the organizational structure on “pure projects”;
  - Change the organizational chart;
  - Draw the operational and organizational Regulation;
  - Fill in the job descriptions by adapting them to the new world trends;
  - Redefine the organization’s objectives category system;
  - Set new activities within the company and adapt the other ones to the new organizational structure;
  - Reorganize the company’s activities (fire 6 employees: 2 fiscal consultants, 1 responsible with developing, evaluating and controlling the services rendering contracts, 1 marketing head of office; 1 human resources head of office and one financial-accounting head of office).

- Optimum framing of the company with employees:
  Measures:
  - Reorganize the company’s activity and reassign the personnel depending on the new type of organizational structure.
  - Designing a new informational subsystem
  Measures:
  - Redesign the informational circuits;
- Redefine the informational flows;
- Set some coherent informational procedures;
- State the informational supports;
- Split the existing technical endowment within the company;
- Introduce a Project Management software to help run the company’s activity.

- The decisional subsystem should be adequate to the newly created subsystems:

Measures:
- Comply with all decision quality parameters;
- Develop strategic-tactical decisional processes after achieving strict foundation and elaborating some possible scenarios;
- Use, accurately, the participative management;
- Improve the used decisional tools;
- Redesign the organizational subsystem;
- Redesign the informational subsystem.

- Optimizing the methodological subsystem:

Measures:
- Implement the delegation method;
- Implement management by projects;
- Implement management by budgets.

- Adjusting the organizational culture to the changes within the company:

Measures:
- Redefine the mission;
- Review the company’s main objectives;
- Specify the upper level management view regarding the development of company activity;
- Rethink the organizational values;
- Draw the Internal Regulation.

- Externalizing some services within the company:

Measures:
- Analyze the portfolio of services and decide on those services that shall still be rendered within the company;
- Draw a list with the externalized services;
- Decide on the personnel that shall render the services from the new portfolio.

- Improving the relations with competing companies that operate in the same consultancy field:

Measures:
- Subcontract the externalized services;
- Create a data base with competitor companies to help with rendering the externalized services.

All the recommendations abode by the management percepts. While elaborating these recommendations, the company’s intellectual capital has been improved.

The new strategic axis, but also the strategic-tactical recommendations allowed for establishing some high level management proposals that facilitate the adjustment of the company to the organizational context:

1. The theoretical premises based on knowledge must be assimilated by the company;
2. Due to the knowledge resource, the company must understand the importance of the human resource but only of the informational one;
3. All developed activities must have as basis the capitalization of the company’s intellectual capital;
4. The company’s non-performing services must be externalized;
5. The decisional subsystem should be adequate to the newly created subsystems.

In the case of S.C. “BAF Consultancy” S.R.L., the implementation of the consolidation strategy shall be achieved through a new strategic axis that targets the company’s reengineering (redesign the company’s entire activity) along with its restructuring (decrease the range of services, by keeping only those services that better satisfy the client’s needs and that bring a significant share to increasing the turnover and externalize the unprofitable services).

This fact implies a total activity reorientation and re-dimensioning by developing and promoting a strong innovative character of the company with the purpose of sustaining the survival and increase of its economic efficiency [2].
- The company must become an organization that continuously learns, an important role being granted to training the employees;
- In view of an efficient leadership on behalf of the knowledge based organization, the high level management must also approach a knowledge based management and implicitly an intellectual capital management;
- The organizational culture must also integrate the values promoted by the knowledge based organization and management;
- The company must implement a strategic management based on knowledge, that contains knowledge based strategies;
- The company must become an organization through projects;
- It must integrate the concept of knowledge based managers and knowledge based employees;
- One of the company’s leadership methods must be “management through projects”.

Therefore, in the context of adhering to the knowledge based organization and management, the organizations must adjust their strategy and strategic management in view of fulfilling their mission in profitable conditions. [10]

4.3. The management of the project "Elaborating, implementation and control – evaluation of the global strategy of S.C. ”BAF Consultancy” S.R.L.”

The proposed strategy shall be applied with the help of the „Elaborating, implementation and control-evaluation of the global strategy of S.C. „BAF Consultancy” S.R.L.” project.

This project had as purpose maintaining the company on the market irrespective of the economic crisis conditions of that moment.

The project’s objectives were the same objectives as the ones that the company intended to achieve within the global strategy:
- An increase in the turnover with 7% in the following 2 years;
- An increase in profit with 10% in each year of the predicted period;
- An increase in work productivity of 20% in the following 2 years;
- A decrease of expenses of 6% in the following 2 years;
- A continuous improvement in the quality of rendered services;
- Insuring the development of knowledge discovering, acquisition, learning, obtaining, using, maintaining, sharing and protection processes;
- Capitalizing the intellectual capital within activity development;
- Improving the company’s image on the market. [2]

This project wanted to demonstrate the fact that the company could succeed in adapting to the knowledge based organization, also, that the predictable “mutations” were viable and could help the organizations maintain or increase their performances.

The project was established to be run over a period of 2 years – 01.03.2010 – 01.03.2012, and was funded from own sources.

The project’s budget was set to the value of 271607.25 LEI for year 2010 and 240542.11 LEI for year 2011. Also, there was calculated a budget version for the year 2011, for the conditions that there would a turnover increase of 3.5% after the first year of implementation (in which case the high level management would pay additionally the employees implicated in the project) – 294045.72LEI.

In view of defining, planning, implementing and finalizing the project, the company’s management capitalized the intellectual capital using the model of the specialist Patricia Pablos, adapted to the company’s characteristics.

This model is in fact an Evaluation guide for the intellectual capital that implies the analysis of is three components: the human capital, the structural capital and the relational capital.

According to this Guide, the evaluation of the intellectual capital is finalized with three documents: report on the intellectual capital, report on the flows of intellectual capital and memorandum (explanatory note) on the intellectual capital. [11]

The report on the intellectual capital involves the measurement and evaluation of the intellectual capital’s indicators – current year vs. previous year; the report on the flows of intellectual capital – identifies the increase or decrease of indicators from the previous report; and the explanatory note on the intellectual capital – states the information regarding the approximations of intellectual capital application criteria, but also the possibilities to develop the activities within the organization.

The conclusions of this capitalization (for 2009 vs. 2008) revealed that the company has the capacity to develop from the organizational point of view, it relates very well with the external environment, but also that the hired personnel has the capacity to develop from the professional point of view.

The project team is made up of (after the redesigning):
- the project manager;
- the project manager assistant – management consultant;
- 4 members – management consultant, financial consultant, human resources inspector, marketing responsible.
The project’s life cycle is the following:
- 7 days – project definition;
- 21 days – project planning and organization;
- 1 year and 10 months – project implementation;
- 4 weeks – project finalization.

Within the project there are developed all the 5 specific processes, as follows:
- Initiating the process: 01.03.2010;
- Planning process: where the global strategy is elaborated;
- Execution process: the implementation of the global strategy;
- Monitoring and control process: during the entire execution process, but also after finalizing the strategy implementation;
- Closing process: 01.03.2012.

During the entire project development and not only, the project team members’ knowledge shall be capitalized, and all results obtained within shall be knowledge that shall be capitalized within the company, thus allowing the maintaining and creating of new competitive advantages to help increase its performances.

In this project, all functions fulfilled by knowledge were exercised, but also all major knowledge processes were identified.

The project activities and sub-activities are the following:

Table no.1 The project activities and sub-activities [2]

<table>
<thead>
<tr>
<th>No.</th>
<th>Activity Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Elaborating the consolidation strategy within S.C. “BAF Consultancy” S.R.L.</td>
</tr>
<tr>
<td>2.</td>
<td>Implementation of the consolidation strategy within S.C. “BAF Consultancy” S.R.L.:</td>
</tr>
<tr>
<td>2.1</td>
<td>Implementation of the redesigned organizational subsystem:</td>
</tr>
<tr>
<td>2.1.1</td>
<td>Recording the organizational structure’s improving directions in its standardization documents;</td>
</tr>
<tr>
<td>2.1.2</td>
<td>Preparing the climate for the new transformations of the organizational subsystem;</td>
</tr>
<tr>
<td>2.1.3</td>
<td>The implementation itself of the redesigned organizational subsystem;</td>
</tr>
<tr>
<td>2.1.4</td>
<td>Adequate framing of the company with employees.</td>
</tr>
<tr>
<td>2.2</td>
<td>Implementation of the redesigned informational subsystem:</td>
</tr>
<tr>
<td>2.2.1</td>
<td>Redesigning the informational system;</td>
</tr>
<tr>
<td>2.2.2</td>
<td>Implementation of the redesigned informational subsystem.</td>
</tr>
<tr>
<td>2.3</td>
<td>Implementation of the redesigned decisional subsystem:</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Preparing the organizational climate for the new decisional subsystem rationalization proposals;</td>
</tr>
<tr>
<td>2.3.2</td>
<td>Implementation of the redesigned decisional subsystem.</td>
</tr>
<tr>
<td>2.4</td>
<td>Implementation of the management thorough projects method:</td>
</tr>
<tr>
<td>2.4.1</td>
<td>Adaptation of the climate to the implementation of management thorough projects;</td>
</tr>
<tr>
<td>2.4.2</td>
<td>The implementation itself of the management thorough projects method.</td>
</tr>
<tr>
<td>2.5</td>
<td>Implementation of the delegation method:</td>
</tr>
<tr>
<td>2.5.1</td>
<td>Analysis of the management positions in order to classify the delegable, possibly delegable and non-delegable tasks;</td>
</tr>
<tr>
<td>2.5.2</td>
<td>Selection of the employees that correspond from professional point of view for temporary assignment of some tasks;</td>
</tr>
<tr>
<td>2.5.3</td>
<td>Transferring the delegable, possibly delegable tasks and granting formal authority.</td>
</tr>
<tr>
<td>2.6</td>
<td>Drafting the income and expenses budgets and their execution.</td>
</tr>
<tr>
<td>2.7</td>
<td>Adapting the organizational culture to the managerial changes:</td>
</tr>
<tr>
<td>2.7.1</td>
<td>Establishing some means to adapt the organizational culture to the managerial changes;</td>
</tr>
<tr>
<td>2.7.2</td>
<td>Implementation of the means to adapt the organizational culture to the managerial changes.</td>
</tr>
<tr>
<td>2.8</td>
<td>Externalize some company services:</td>
</tr>
<tr>
<td>2.8.1</td>
<td>Establishing the portfolio of services that remain to be rendered and the services that shall be externalized and also determine the personnel who shall render the services from the new portfolio;</td>
</tr>
<tr>
<td>2.8.2</td>
<td>Creating some databases with potential competitors that could run the externalized services.</td>
</tr>
<tr>
<td>3.</td>
<td>Evaluation and control of strategy within S.C. “BAF Consultancy” S.R.L.:</td>
</tr>
<tr>
<td>3.1</td>
<td>Checking the resilience of the solutions proposed for the improvement of the organizational subsystem;</td>
</tr>
<tr>
<td>3.2</td>
<td>Evaluating the results of informational subsystem implementation;</td>
</tr>
<tr>
<td>3.3</td>
<td>Evaluating the measures for the decisional subsystem adaptation;</td>
</tr>
<tr>
<td>3.4</td>
<td>Evaluating the implementation of management through projects;</td>
</tr>
<tr>
<td>3.5</td>
<td>Evaluating the delegation method;</td>
</tr>
<tr>
<td>3.6</td>
<td>Evaluating the compliance with the income and expenses budgets;</td>
</tr>
</tbody>
</table>
3.7. Evaluating the means for adaptation to the implemented organizational culture;
3.8. Consolidating the relations with other competing companies from the financial, fiscal and management consultancy field.

The deliverables corresponding to each activity/ sub-activity (A) achieved within the projects, are the following:
A1: Global strategy of the trading company “BAF Consultancy” S.R.L.;
A2: Lists and documents that result from redesigning and restructuring the company’s activity (specify at Activities 2.1-2.8);
A2.1.2: Information material regarding the organizational type changes within the trading company “BAF Consultancy” S.R.L.;
A2.1.3: Intermediary reports and final report – monitoring the implementation of the redesigned organizational subsystem;
A2.1.4: Personnel structure on occupied position and level of training drawn on the basis of formality documents adapted to the new organizational structure;
A2.2.1: Information material regarding the new informational subsystem of S.C. “BAF Consultancy” S.R.L.;
A2.2.2: Intermediary reports and final report – monitoring the redesigned informational subsystem;
A2.3.1: Information material regarding the proposals to rationalize the decisional subsystem of S.C. “BAF Consultancy” S.R.L.;
A2.3.2: Intermediary reports and final report – monitoring the redesigned decisional subsystem;
A2.4.1: Information material regarding the advantages of using management through projects;
A2.4.2: Intermediary reports and final report – monitoring the implementation of the management through projects method;
A2.5.1: Results of the analysis of the management positions;
A2.5.2: Table with the employees that correspond, from the professional point of view, for the temporary assignment of some tasks;
A2.5.3: Information material for the company employees regarding the persons that shall be delegated to achieve certain tasks which are not part of the ob description;
A2.6: Budget of income and expenses for 2010; Budget of income and expenses for 2011;
A2.7.1: Internal Regulation for the trading company “BAF Consultancy” S.R.L.;
A2.7.2: Intermediary reports and final report – monitoring the implemented adaptation means;
A2.8.1: List with the portfolio of services that remain to be rendered within S.C. “BAF Consultancy” S.R.L.; List with the externalized services of the trading company “BAF Consultancy” S.R.L.; Table with the personnel who shall render the services from the new portfolio of the trading company “BAF Consultancy” S.R.L.;
A2.8.2: Data base with the potential competitors that could run the company externalized services;
A3: Intermediary reports of evaluation and control of the global strategy of the trading company “BAF Consultancy” S.R.L.; Final strategy evaluation and control report;
A3.1: Intermediary reports and final report – economic efficiency, from quantity and quality point of view, of the measures to perfect the organizational structure;
A3.2: Intermediary reports and final report – evaluation of the measures to perfect the informational subsystem;
A3.3: Intermediary reports and final report – efficiency of the decisional solutions;
A3.4: Intermediary reports and final report;
A3.5: Intermediary reports and final report – fulfilled delegated tasks;
A3.6: Intermediary reports and final report – comply with the budget of income and expenses for 2010; comply with the budget of income and expenses for 2011;
A3.7: Intermediary reports and final report;
A3.8: List with competitor companies from the financial, fiscal and management consultancy field who accepted to collaborate with S.C. “BAF Consultancy” S.R.L.

Intermediary reporting: 3 intermediary reports (one every 6 months).
Final reporting: 1 final report (after project finalization).

These deliverables have been specified precisely in order to emphasize the fact that strategy has been successfully implemented, and also in order to observe the fact that the project preliminary, operation and concluding processes complied with the management principles.

Coming back, at project level there is achieved an efficient quality management.

As any project is subjected to some risks, and in case of this project, the risks have been identified and tried to be counteracted by the creation of some reserves regarding the contingency reserve – 2% (in the income and expenses budget) and by calculating all the expenses by applying a value of 3.5% for the inflation rate.
In order to make the activities efficient, but also in order to adapt the company to the knowledge based organization, the Microsoft Office Project 2007 software has been successfully implemented and used.

The present case study was temporary suspended at the beginning of 2011 even if the project would end in 2012. This was due to the fact that I had to present my doctor's degree paper (the entire article is a short summary of the scientific research carried out for my doctor's degree paper - "The Breakthrough of Project Management In A Knowledge Based Organization").

The intermediary implementation strategy evaluation and control report which was drafted on 28.02.2011 (one year after implementation) revealed the following conclusions:

1. Degree of objectives’ fulfillment:
   - Increase the turnover with 1%;
   - Decrease the gross profit with 23%;
   - Increase work productivity with 51%;
   - Increase the expenses with 4%;
   - Improve the quality of rendered services;
   - The company developed all types of processes proposed as objective;
   - Capitalizing on the company’s intellectual capital;
   - Maintaining the same company image on the market.

2. Conclusions:
   - Partial fulfillment of the objectives;
   - Successful implementation of the changes necessary for the company’s adjustment to the knowledge based organization;
   - Testing the applicability of the project management predictable “mutations” within the knowledge based organization context.

3. Recommendations:
   - A contingency plan that incorporates the budget set of 2011.
   
   But, this research continued even after the presentation of the doctor’s degree thesis, precisely in order to observe if S.C. “BAF Consultancy” S.R.L. could maintain and, why not, develop, in the conditions of the economic crisis’s effects in the context of the knowledge based organization and management.

Continuing the research began with establishing the contingency plan, starting from the corrective measures proposed at the end of the SWOT analysis carried out in February 2011.

The proposed corrective measures are the following:
   - Decreasing the expenses within the company, with the excepting of the wages;
   - Concluding some advantageous contracts to determine an increase in the clients’ loyalty towards the company;
   - Still externalizing the same number of services;
   - Redefining the objectives;
   - Using all information while adopting decisions;
   - Establishing some possible scenarios for the strategic-tactical decisional processes;
   - Fulfilling all requests for rationalizing the decisions and the information quality parameters;
   - Increasing the total income by attracting new clients.

One of the causes that lead to the created situation was that such extensive effects of the economic crisis have not been anticipated.

Also, in the attempt to implement a global consolidation strategy, the set objectives remained the same as for the previous period [12], and have not been adjusted to the instable and turbulent environment of 2010.

The redefined objectives were the following:
   - Increase the turnover with 3.5%;
   - Increase the profit with 5%;
   - Increase work productivity with 20%;
   - Decrease of expenses with 3%;
   - Continuously improve the quality of rendered services;
   - Insuring the development of knowledge discovering, acquisition, learning, obtaining, using, maintaining, sharing and protection processes;
   - Capitalizing the intellectual capital within activity development;
   - Improving the company’s image on the market.

The economic risk that the company has been subjected to is still an average one, but even in these conditions, the company complied with the budget for 2011.

The project was finalized according to the Activities chart, thus being implemented the global consolidation strategy.

The SWOT analysis carried out the project finalization has the following results (2012):
   - Strong points:
   ✓ Mainly young personnel;
Personnel well prepared from the professional point of view;
Personnel with experience in the consultancy and accounting field;
Efficient personnel recruitment and selection procedures;
Well motivated employees;
Development of mentor activities at company level;
Company ensured adequate social protection;
Stability of the personnel and of the work place;
Running some specialization/improvement courses for the employees;
Satisfactory advertising of services;
Average prices for the rendered services;
High quality of rendered services;
Service rendering is achieve, among others, thorough teamwork;
Possibility to render more services simultaneously;
Externalizing some services;
Well drafted organizational chart, according to the management’s perceptions;
Well defined, by categories, system of objectives
“Pure, on projects” organizational structure;
The company holds an Organization and Operation Regulation and an Internal Regulation;
The job descriptions are well drafted;
Adequate framing of the company with employees;
Use, at company level, of some realistic strategies and policies;
Well defined informational subsystem;
Rigorously foundamented/based strategic-tactical processes;
Using a large range of managerial methods, systems and techniques;
Good technical endowment of the company;
The existence of an intranet network within the company;
Strong organizational culture;
Increase of the turnover in 2012 vs. 2011 and 2010;
Increase in the company’s global economic performance in 2012 vs. 2011 and 2010;
Increase in work productivity in 2012 vs. 2011 and 2010;
Increase in the company’s financial independence in 2012 vs. 2011 and 2010;
Complying with the debts’ reimbursement period in 2012 vs. 2011 and 2010;
Increase if the company’s general liquidities in 2012 vs. 2011 and 2010;
Decreasing the company’s expenses in 2012 vs. 2011 and 2010;
Increasing the company’s profitability in 2012 vs. 2011.

- Weak points:
  Reduced possibilities to advance on hierarchic level;
  Stressful work conditions in some periods;
  Decrease in client’s loyalty towards the company;
  Externalizing a too low number of services;
  Not complying with the contractual terms in some situations (rare cases).
  Small number of clients.

- Opportunities:
  Advertize of a large scale the knowledge based strategic management;
  Change the consumers’ behavior;
  Specialize the services;
  Qualified work force;
  Increase the number of projects founded from European funds;
  Encouragement from the state to the youth to set up new SMEs, with non-reimbursing financial resources, also granting them fiscal facilities;

- Threats:
  Increase of inflation;
  Increase of competition;
  Political instability;
  Increase of unemployment;
  The economic crisis;
  Increase in the prices proposed by the suppliers;
  The evolution of taxes and fees;
The optimum quality/price ratio proposed by the competition for the rendered services; Specialization of competition on certain rendered services;
Decrease in the purchasing power;
Legal instability;
Limited segment of clients.

Even if from the economic-financial point of view, the company registered positive values and an increase of the main indicators, it still has not totally fulfilled its redefined objectives, the identified problems being at the turnover (2% instead of 3.5%), profit (1% instead of 5%) and expenses (0.5% instead of 3%). Among the causes that lead to this situation, we can state: the legal changes; the effects of the economic crisis that lead to the instability of the national currency; the insolvency or bankruptcy of more companies; the decrease in the purchasing power both on behalf of the natural persons as well as on behalf of the legal persons; the slow and oscillating increase of the number of clients, etc.

After project finalization, the decisions were entirely on the high level management, with no implication on my behalf in the activities developed by the company (meaning, while taking decisions, the high level management no longer consulted with me).

Due to the fact that the obtained results were positive, and following the analysis of the external and internal environment, it was determined that the values set for the objectives were achievable, the high level management decided that the values of these objectives should remain unchanged.

This decision has been discussed and analyzed with the general manager and the company’s consultants, as I considered that another review of the objectives was necessary.

At the beginning of 2012, the company established an income and expenses budget, budget that has been exceeded due to the failure to fulfill of the set objectives.

Only one year after project finalization (March 2013), the company succeeded in fulfilling its redefined objectives set within the global average-term consolidation strategy, meanwhile S.C. “BAF Consultancy” S.R.L. has set a new strategy for remaining on the market.

5. Conclusions

In conclusion, the research carried out at the level of S.C. “BAF Consultancy” S.R.L. allowed for determining the applicability of the project management predictable “mutations” in a knowledge based organization, by adapting the company to the changes imposed by the new organizational context.

Moreover, these modifications (changes) allowed the company to remain on the market in the context of the global economic crisis and its effects.

6. References


