

PROJECT-BASED APPROACH AS AN INTEGRAL PART OF MODERN BUSINESS

Nadezhda V. Orlova

Academy of Labor and Social Relations

Abstract

This article focuses on studying the relevance of a project-based approach in the modern world. The key concepts are project and management. Apart from that, the article highlights the importance of following stages and performing risk analysis in the process of project planning for their successful implementation. Proper planning and risk management are essential factors in achieving goals. To increase efficiency in project management, the study involved various worlds that directly influence the formation of a company's action plan. Another focus area is the importance of proper selection and formation of a team. Through joint effort, competent personnel with work experience and relevant skills can achieve success in implementing projects in the field of project management. The purpose of this study is to understand why the project-based approach has become especially popular and effective, taking into account a wide variety of industries and fields of activity in the 21st century. Therefore, the article aims to provide readers with a thorough understanding of how and why the project-based approach has become an integral part of modern business.

Keywords

Project-based approach, project, management, motivation, risks, planning efficiency, team profile.

Any ideas are subject to implementation and go through a certain process, which begins with proposing an idea and ends with the implementation of the design. Project management, in turn, goes through a similar process - with professional and relevant methods and solutions to achieve the objectives set and desired results.

First, to get a clear understanding of the “project management” concept, one should focus on its two key components: project and management. Project denotes a set of interrelated activities aimed at achieving set goals with clearly defined tasks to obtain a unique project-related product within a given period. Accordingly, this concept refers to a temporary enterprise with a specific goal running within a defined period with limited resources [1]. Therefore, the main characteristics of a project are as follows: uniqueness, a clearly defined goal, limited duration (project start and end dates), resources, budget, and so on.

When considering the concept of project management, it is also necessary to highlight the concept of management. Management denotes a special process of planning, coordination, and control of organizational processes. When focusing on the main task of management, it is worth mentioning the fact that it is the use of available resources that plays an important role in achieving the set goals. Accordingly, the key components of management are strategy, finance, human resource management, marketing, and information. Therefore, good management plays an important role in the formation, development, and prosperity of an organization, providing a competitive advantage in the market.

The concept of project management denotes a special methodology that covers planning, organization, and, subsequently, implementation of project activities. Project management is a special tool that, in turn, provides a structured and systems-based approach to project planning. The main goal of project management is to achieve the goals set in order to obtain a unique result [2].

The project-based approach is becoming increasingly relevant year after year, as the 21st century is an era of unique technologies. Accordingly, the modern business environment poses more and more challenges for companies and requires effective response to constantly changing conditions. The project-based approach, in turn, is a useful tool for companies allowing them to remain leaders in the global market. In the current conditions, this approach enables companies to be flexible in adapting to a changing environment by maintaining the effectiveness of reaching strategic objectives. Accordingly, the project-based approach is becoming increasingly relevant, as its main goal is to secure competitive advantages by using innovative technologies [3].

It is worth noting that another factor that makes this approach relevant is that it can provide coordination and management for all complex tasks performed by various departments of a company. Using the project-based approach, companies achieve goals set, as it involves developing new strategic plans and makes it possible to find alternative methods for resolving non-standard situations.

Given the changeable nature of the world, human thinking constantly adapts to new conditions. In order to effectively operate in the new world, it is necessary to understand the meaning of acronyms such as the following: SPOD, VUCA, BANI, and SHIVA.

SPOD stands for: S - steady, P - predictable, O - ordinary, D - definite. Regarding the origins of the SPOD world, it should be noted that this world is relatively recent and dates back to the 20th century. The SPOD world emerged even before the mass adoption of computing technology and the Internet. Accordingly, the SPOD world itself was a simple and definite world, which, despite some difficulties, was overall stable and predictable [4].

Since the 1980s, the world has ceased to be simple and predictable.

The new reality is unstable, chaotic, ambiguous. The SPOD world has been superseded by the VUCA world. VUCA is a term coined by economists Warren G. Bennis and Burt Nanus and first used in their book *Leaders: Strategies for Taking Charge*. VUCA stands for: V - volatility, U - uncertainty, C - complexity, A - ambiguity. This term has been broadly used in various sources related to strategic management. At present, VUCA is often used to describe a complex and rapidly changing business environment. The term VUCA recognizes that organizations need to adapt to unpredictable and complex situations by making quick decisions based on limited information [5].

BANI is another acronym that stands for: B - brittle, A - anxious, N - nonlinear, I - incomprehensible. In his article *Facing the Age of Chaos* (2020), Jamais Cascio points out that the world is no longer what it used to be; time passes; and the structure of VUCA no longer describes the real world. Therefore, Jamais Cascio came up with a new acronym that provides an adequate description of what is going on in the world. Accordingly, the BANI world means that all results that once used to be destined and predictable are no longer linear and no longer fit in existing patterns. As a result, it becomes clear that all actions may lead to completely unexpected results, which indicates the absence of a cause-and-effect mechanism [6].

In 2022, psychologist and managing partner of ECOPSY Consulting Mark Rozin explained a new concept of the world, SHIVA. This acronym stands for: S - split, H - horrible, I - inconceivable, V - vicious, A - arising. Mark compares the present-day world to Shiva, a deity of Hinduism, who by nature is something else that destroys everything that was previously built in order to create something new. Therefore, the main concept of this world is that there is no longer any place for well-established patterns or any confidence in results. However, the uncertainty associated with ongoing events will be replaced by a new stage that will enable us to overcome the crisis and radically change the market [7].

As mentioned earlier, the term project is of key importance in describing project management. A set of interrelated activities that have specific objectives and a set timeframe - this is an accurate description of this term. To make a project efficient, it is necessary to set specific objectives, determine the coordination of actions, ensure uniqueness, and meet deadlines.

Every organization wants their project to be completed with high quality, quickly, and at a low cost. The quality of projects directly depends on international standards established in the global market. Quality project delivery includes following certain standards to meet the needs of stakeholders. Ensuring compliance with schedules, operating a rational approach to budgeting, and finding efficient solutions to achieve results also contribute to meeting stakeholder expectations. In conclusion, it should also be noted that quality, speed, and cost are interrelated, as all the three components are required to ensure the maximum effect is achieved. Therefore, project implementation always provides answers to three main questions. How long will it take? How much will it cost? Will the expectations match the result?

In addition to the above, it is also necessary to highlight the main areas of management. In project management these are:

- supply management (the process of planning, monitoring, and managing resources, which in turn are necessary for the successful implementation of the project);
- risk management (includes the development of risk management strategies; monitoring and control of risks throughout the project);
- communications management (establishing effective communication channels, developing communication plans, and ensuring information transparency within the project);
- objective management (includes management of change within the project and strategic planning);

- personnel management (development of the organizational structure of the team; assignment of duties and responsibilities; conflict management and staff motivation);
- time management (includes developing work schedules, managing objective deadlines, monitoring on-time work completion, and managing schedule changes);
- cost management (developing a project budget, monitoring costs, managing financial risks, and monitoring the performance of works within the budget);
- quality management (includes the development of quality assurance plans, monitoring the implementation of quality standards, and management of change related to the quality of products or services);
- project integration management (coordination of all aspects of project management) [8].

Apart from that, it is necessary to identify project stages which imply successive phases that a project is going through. The first phase of the project life cycle is preparation. Defining project goals and deliverables, performing a preliminary project assessment, risk assessment, developing a response plan, and ultimately approving the project is referred to as preparation. The second phase is planning. This stage includes the formation of a project team, development of a calendar schedule, approval of the project budget, risk map and project checklist. The third phase is implementation, which involves monitoring the achievement of all project objectives in accordance with the calendar schedule. The fourth and last phase is project completion. Completion refers to progress review and analysis of the results, evaluating the performance of the project team, and applying the project-related “lessons learnt” in practice.

Each project has its own life cycle, which includes several stages. The life cycle of a project is a certain period that implies the entire cycle from the moment an idea is generated to the achievement of the objective set within a scheduled project. A project life cycle has eight key stages. In the first place, it is the development of a concept followed by the second stage - feasibility study [9]. The feasibility study is followed by a project description, resource identification, and launch. As soon as these stages are completed, project implementation starts. The last two stages are project completion and the analysis of all results associated with the project launch.

For a project to be successful, it must be properly implemented. Success criteria for projects include clearly defined objectives and results. Successful implementation directly depends on how clear and adequate objectives are. Apart from that, management must support the project and understand the fact that it is actually of strategic importance to the company. Effective project management is the key to its successful implementation. Effective management includes having a well-developed plan, a clear assignment of responsibilities, effective interaction, and motivation of project stakeholders. The last criterion is adequate resource allocation. Thus, resource allocation includes the provision of sufficient resources, technological availability, and feasibility of the project, as well as the competences and qualifications of employees [10].

In order for a project to become actually relevant and effective, it is necessary to understand whether the project is correctly developed and fit for subsequent implementation.

Apart from that, it is necessary to describe and identify the risks of the planned project. Many projects are inherently complex, as they involve a number of interrelated tasks that may entail certain risks due to the difficulty of completing them. In addition, restrictions, dependence on external factors, and lack of planning may also lead to risks. They are assessed using scorecards that include name, date, risk level, category, impact, consequences, and measures. Thus, every project has its own risks, and in order for a project to truly become

successful, the risks must be assessed at each stage of implementation [11].

After identifying and specifying all the risks, it is necessary to analyze the importance of drawing up corrective actions and show the relevance of identifying solutions for drawing the results.

In addition to the stages, risks, expectations from the project, another key point is the team itself, which is directly related to the project. For example, in large teams, employees often do not have a sense of individual responsibility. In this case, the main factor contributing to the decrease in productivity and loss of cohesion is the increase in the number of employees working in a team. This paradox was well described by the French professor Maximilien Ringelmann. Respectively, the Ringelmann effect is the tendency for individual members of a group to become increasingly less productive as the size of their group increases.

Apart from the Ringelmann effect, there is Price's Law, which is an observation that all other conditions being equal, a part of employees will account for a greater share of the work done or the sales made. According to this law, under given conditions, 10% of employees account for 50% of sales, while the remaining 90% of employees account for the remaining 50% of sales. In addition, this law assumes that teams are characterized by heterogeneity. Experience, talent, and motivation are other factors that determine employee performance.

As mentioned above, carefully selecting team members is of paramount importance for the success of any project. There are five stages of building a team: forming, storming, norming, performing, and transforming [12]. Therefore, according to this theory, regardless of the number of people in a group, each team goes through five stages of formation. It's no secret that these stages occur in a sequence. This is why once a team has been built, it goes through the first stage of forming, while transforming is the final stage following a successful completion of the project. Using this theory, it is quite easy to determine which of these five stages the team is at. However, in order to build the right team that will be cohesive and well-motivated, you need to start with the project manager. The project manager's role is to make sure that the team does not get stuck at any of the above stages [13].

In order for the team to develop, one can refer to the 5F model invented by Maxim Dolgov. The distinctive features of 5F are five interrelated factors, which in turn determine how efficient teamwork is. These factors can act as catalysts of team performance and vice versa. The first factor, the external environment, accounts for everything that surrounds the team. The second factor is the objective. The objective helps team members understand why they are working together. The third factor is the leader. In this case, the leader is nothing more than a person who has a high position and is responsible for each of the team members. The fourth factor is team members. Team members are all the contributors, except for the leader, who work in a group for a common cause. And the last factor is interaction. Therefore, to determine the sequence of actions required for team development, it is necessary to analyze all factors based on the above 5F model.

It is also worth mentioning the Eisenhower Matrix, which is a special method closely related to team and time management. The Eisenhower Matrix helps team members set their priorities by focusing on more important things and avoiding unimportant ones. The matrix has four quadrants: Important/Urgent, Important/Not Urgent, Unimportant/Urgent quadrant, Unimportant/Not Urgent [14]. The Eisenhower Matrix is used by team members to write down tasks in respective quadrants. Once filled out, the matrix helps team members perform tasks according to their priority in strict compliance with deadlines [15].

When it comes to the competencies of a project manager, it is worth noting that the main factor that determines efficiency is setting goals and

objectives, followed by monitoring all deviations from them. The second factor is the team. Once the project objective has been determined, one should proceed with building a team, defining principles and rules, assigning team roles, and adhering to the objective set. Then the manager should assign an employee a task, increase motivation, delegate tasks, and receive feedback. Ultimately, it comes down to development, namely continuous improvement.

The final stage is control. There are two types of control: periodic control and control in key areas. At this stage, a number of questions need to be answered. What was planned? What is the status of each unit? What kind of problems exist? What result is required? Most importantly, following the implementation of a project, one should identify what was done well and what should have been done differently.

Therefore, this article explains the meaning of the project concept, lists the phases and stages of project implementation, and mentions the key factors that determine the success of a project. The article pays special attention to risk assessment, since by identifying risks at the initial stages, further difficulties can be avoided in the process of project implementation. Additionally, the article emphasizes the importance of a careful selection of team members, as they make an important contribution to project efficiency. The more motivated employees are, the harder they will work. Based on the above facts, the article reveals the secret of the success of the project-based approach, which has become an integral part of modern business.

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About the author:

Nadezhda V. Orlova - Administrative Advisor to the Rector, Senior Lecturer at the Department of Economics and Management, Academy of Labor and Social Relations, 119454, Russia, Moscow, 90 Lobachevskogo Str.

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