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Rethinking project management – Did we miss marketing management?

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Abstract

Contemporary practice of project management is rapidly developing through interaction with emerging new practices that focuses on achieving better project performances by employing complementary management practices. The purpose of this paper is to explore the potential synergetic interaction between project management and marketing management practice. The findings indicated that using marketing practices in project management is evident and that project marketing management is an emerging practice that will bust projects performances to the top. The results also suggest that further research in this field is an order for development of both project management theory and practice.

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1. Introduction

The Project Management (PM) is more than sixty years an area of booming practical and academical interest. Today, PM has been successfully applied in a wide range of fields as diverse as engineering, medicine and social sciences to information technology and education (Ingason & Shepherd, 2014). Following its early technical and operational applications in the 1950s, then shifting to social sciences and contingency theory in 1970/80s, project management is deeply in «Third Wave».

The modern project management discipline focuses on adoption of contemporary management practices such as information management and knowledge management (Morris & Pinto, 2011). Respectively, Ika & Hodgson (2014) recorded:

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“Faced with this diversity of contexts in which the same PM models and techniques were to be implemented, a gradual recognition of the need for adaptation, even a plurality of models emerged.”

Hence, the application of PM in different industries and organizational settings led to the evolution of PM through adaptation of new models and techniques and need to articulate the set of processes and competence elements for successful project management (Ika & Hodgson, 2014) (Todorovic, Bjelica & Mitrovic, 2013). Furthermore it is challenging to generate sufficient theoretical support when new practices often emerges before any theorising. Consequently the ability of the current project management theory to capture these changes needs to be reinforced by extending the foundations of project management concept with new findings revealed from fast developing practice. This paper addresses the issue of theory gap with particular attention to exploring the potential synergetic interaction between project management and marketing management practice.

2. Literature review

The contemporary practice of project management is rapidly developing through interaction with emerging new practices that focuses on achieving better project performances by employing complementary management practices from different settings.

One of the relatively recent developments in the field is old-new paradigm that stresses stakeholder-oriented management, emphasizing how Project Stakeholder Management is a key for better project performances (Xiaojin & Huang, 2006) (Freeman, Harrison, Wicks, Parmar, & Colle, 2008) (Achterkamp & Vos, 2008) (Aaltonen, Jaakko, & Tuomas, 2008). Similarly, increasing interest by various authors is given to the contribution of knowledge management to better project performance (Reich, Gemino, & Sauer, 2014), (Koskinen & Pihlanto, 2008) (Todorović, Petrović, Mihić, Obradović, & Bushuyev, 2015). Thus, the project management body of knowledge is constantly growing.

Since recently, marketing management practice gains attention in project management literature discussing the potential synergetic interaction between project management and marketing management practice (Lecoeuvre-Soudain & Deshayes, 2006)(Lecoeuvre-Soudain, Deshayes, & Tikkanen, 2009) (Golob, Bastič, & Pšunder, 2013). This idea was firstly observed in practice when researchers started to develop the explanatory framework.

Considering that cornerstone of modern marketing thought is the claim that to achieve sustained success, firms should identify and satisfy customer needs more effectively than their competitors (Kirca, Jayachandran, & Bearden, 2005) it was only fair to assume that customer based project management would ensure better project performances. Even more, researchers and practitioners consider customer integration as a crucial success factor for the single project level (Voss, 2012), but also as a top priority for project-based firms (Pinto & Rouhiainen, 2001) (Alajoutsijarvi, Mainela, Salminen, & Ulkuniemi, 2012) (Arto, Valtakoski, & Kärki, 2015).

Parallel to approach that recognized the importance of customer based project management, a new trend of project marketing was evolving without any interaction with project management. Namely, International Network for Project Marketing and System Selling (INPM) introduced a discipline of project marketing as a broader term that always implicitly include project management but not vice versa (Scaates & Tikkanen, 2003). Accordingly the term of project marketing is defined as a multifunctional process of managing networks and buyer-seller interaction between project and business where the value creation process includes the search, preparation, bidding, negotiation, implementation, and transition of the project (Jalkala, Cova, Salle, & Salminen, 2010). Researchers from this field argue that this two disciplines are and can be interrelated in specific settings of the projects and organizations (Cova & Salle, 2005).

Still there is a very limited knowledge of the integration of project management and marketing management. The review of the theory may indicate marginal interest of research community or the lack of evidence from practice. On the other side, both private sector firms and public sector organizations are marketing oriented, and both sectors already experienced "projectification". Considering this it could be assumed that there is sufficient motivation to articulate body of knowledge to process idea that marketing management approach have to be integrated with project management in order to boost the performances of the projects.

Following chapter explains the concept of marketing and market orientation to provide the framework for considering the application of marketing practices and marketing orientation in project management.

3. Marketing and Market Orientation

The first implementation of marketing as one of the functions inside of companies was observed during the 1950s and 1960s. In this period the companies beginning to realise the importance of knowledge of customers' needs, the positive profitability correlation with satisfying these needs and importance of organising marketing activities as department with position high up as other core functions. From this period on, there were a number of studies that analysed and measured Marketing or Market Orientation of the companies and its effects (Narver and Slater 1990) (Wood et al. 2000) (Esteban, et al. 2002) (Jaakkola, et al. 2010) (Raju et al. 2011) (Ngo and O' Cass 2012).

Marketing Orientation is defined as the synthesis of certain attitudes and of certain practices that are related and inseparable (Avlonitis and Gounaris 1999). Further, Market Orientation is defined as approach compound of several dimensions (Narver and Slater 1990) (Voon 2006):

- Customer Orientation
- Customer Orientation
- Competitor Orientation
- Inter-functional Orientation
- Environmental Orientation
- Supplier-dealer Orientation
- Performance Orientation
- Long-Term Orientation
- Employee Orientation.

If there is a strong market orientation in a company, the practice that represents marketing orientation will be embraced (Lado, Daque and Bassi 2013). On the other side, there is a significant contribution of individual employees to the realization of marketing orientation (Schlosser and McNaughton 2009).

Widely used classification of marketing practices identified four types of marketing approaches (Coviello, Brodie and Munro 1997):

- Transaction marketing – activities for customer attraction
- Database marketing - practices for customer retention
- Interaction marketing – interaction to establish, develop, and facilitate a cooperative relationship for mutual benefit
- Network marketing - co-ordination/interaction with stakeholders for mutual benefit.

Hence assessment of the current state of marketing management practice in project management should include identification of the above-listed approaches by observing activities or practices performed by project managers or other project staff during different phases of project life cycle. The initial idea is to identify if there is marketing orientation in project management and if there is a set of activities performed by project manager and project staff to argue nomination of marketing management as one of the knowledge areas in project management theory.

Over the 60 years, the marketing is one of the core functions in most cases organized in the separate department because of its importance and influence on organizational performance. If this is a fact as well that the contemporary management practice is project management and most companies are project oriented or have interacted in any way with project practice, did we miss marketing management? In order to answer on this question the following study was designed.

4. Methodology

The study design was developed with a single goal to identify the certain practices classified as a type of marketing practice or activity in project management. The questionnaire was designed based primarily on the four original types of marketing approaches defined by Coviello, Brodie and Munro (1997) and newly developed and

adapted survey instrument used by Lado, Daque and Bassi (2013) to assess the marketing practice and market orientation. Due to contextual considerations, the initial list of 28 questions generated by the aforementioned researchers was adapted to marketing practices/activities conducted in projects (Table 1). For the purpose of this paper, project customers are considered to be those with a significant interest in the project outcome.

Table 1. Types of marketing approaches in project management

N°	Transactional Marketing (TM)	Database Marketing (DM)	Interaction Marketing (IM)	Network Marketing (NM)
1	Project management is focused on maximizing the efficiency and profitability of the current project.	Project management is focused on satisfying customer and creates customer loyalty.	Project management is focused on setting up a cooperative relationship with the customer.	Project management is focused on cooperation activities between project stakeholders.
2	Project management is oriented toward an output of the projects (products, services, etc.).	Project management is oriented toward output and customer needs.	Project management is oriented toward goals relating to personalized relationships with the customer.	Project management is oriented toward issues relating to building and maintaining a relationship with suppliers, distributors and other organizations of interest of this and futures projects.
3	The market in which projects are implemented is profit oriented.	The markets in which projects are implemented are not only profit oriented, but also obtaining information for customer database development.	The market in which projects are implemented the main goal is to building long-term relationships with the customer.	The market in which projects are implemented the main goal is to set up relationships with other organizations in the market (suppliers, distributors and organizations of the interest to this and future projects)
4	Project's resources (time, people and financial resources) are invested in project delivery and pricing analysis.	Project's resources (time, people and financial resources) are invested in creating and maintaining databases to improve customer communication.	Project's resources (time, people and financial resources) are invested in initiating and maintaining a temporary relationship with an individual customer.	Project's resources (time, people and financial resources) are invested in initiating and maintaining a relationship with stakeholders.
5	Customers are communicated through advertising or other instruments for communication to the market as a whole.	Customers are communicated through advertising or other instruments for specific consumer segments.	Customers are communicated through project staff interacting personally with individual customer/purchaser.	Customers are communicated through a relationship between a project manager and managing staff of another stakeholder with which it has commercial or other interest ties.
6	During project life cycle, contact with customer/purchaser is limited and infrequent.	During project life cycle contact with a customer is to frequent and to some extent personalized.	During project life cycle, contact with a customer is personalized and includes interpersonal contact with project staff, not only project managers.	During project life cycle contact with customer ranges from impersonal to interpersonal and takes place directly or through other stakeholders with whom it maintains alliances or relationships of mutual interest (such as suppliers, distributors and other firms).
7	Relationship with a customer could be described as temporary, the most of implemented projects are for different customers/ purchasers, and they are not contacted after the project is finished.	Relationship with a customer could be described as existing: customers are occasionally contacted by mail or similar even after the project closure.	Relationship with a customer could be described as interpersonal interaction due to interaction with project staff.	Relationship with a customer could be described as being through contact with project staff or the staff of other stakeholders with who maintains a relationship of mutual interest.

Source: Adapted from (Lado, Daque and Bassi 2013)

To measure the level of marketing practice/activity adoption in project management practices, statements were developed to describe different types of marketing approaches. The interviewer used dual answers choice (1= “True” and 2= “False”) to indicate the existence of certain practices observed in projects. Respondents could mark one or more statements within every question as existing practice/activity noting the diversity of existing marketing practices in the projects.

Observed projects were classified as business projects or development projects. The sample included projects in field of Education, IT System Development and Implementation and Product Development projects classified as business projects and projects in the field of Capacity Building, R&D projects, and Infrastructure projects classified as development projects. The sample size was 75 projects, 24 (32%) projects classified as business and 51 (68%) classified as development projects (Table 2).

Table 2. Project analyzed.

	Number	Percent	No	Percent
Type of project				
Business Projects	24	32%	Development projects	51 68%

5. Results and discussion

The results obtained from interviews are summed in the following table (Table 3). Results are presented as a percentage of identified marketing practice relevant to project category classified as a business project or development project to present the frequency of marketing practices in observed projects.

There was a significant difference between the type of projects with respect to marketing approaches and marketing activities and practices applied. An in-depth analysis of the project implementation field would be even more useful for learning the process but due to the limitations in scope this will be just noticed and left for following researchers in this field.

Table 3. Comparison of marketing practices

Dimensions and variable	Marketing Approach	Business Projects	Development projects
Project management focus			
a) Attract customers	Transaction	25.49%	58.33%
b) Retain customers	Database	33.33%	37.50%
c) Develop cooperative relationship	Interaction	58.82%	41.67%
d) Coordinate stakeholders relationship	Network	62.75%	45.83%
Project output focus			
a) Product/Service offering	Transaction	27.45%	41.67%
b) General customer base	Database	39.22%	33.33%
c) Individual customers	Interaction	41.18%	37.50%
d) Stakeholders relationships	Network	56.86%	45.83%
Competitive orientation			
a) Profit-oriented	Transaction	21.57%	54.17%
b) Information oriented	Database	23.53%	25.00%
c) Personal relationship	Interaction	43.14%	37.50%
d) Stakeholders Relationship	Network	58.82%	41.67%
Purpose of relational exchange			

a) Generate financial return	Transaction	23.53%	58.33%
b) Acquire customer information	Database	35.29%	16.67%
c) Build relationships with individual customers	Interaction	56.86%	29.17%
d) Set up relationship with stakeholders	Network	58.82%	41.67%
Communication pattern			
a) Mass market	Transaction	3.92%	8.33%
b) Specific segment	Database	39.22%	41.67%
c) Individual project staff with customers	Interaction	41.18%	33.33%
d) Project managers with other senior managerial staff	Network	56.86%	58.33%
Type of customer contact			
a) Impersonal	Transaction	7.84%	45.83%
b) Somewhat personalized	Database	33.33%	33.33%
c) Interpersonal	Interaction	31.37%	58.33%
Duration of relational exchange/time frame			
a) Temporary contact	Transaction	29.41%	54.17%
b) Occasionally contact	Database	21.57%	33.33%
c) Ongoing personal contact with individual	Interaction	31.37%	37.50%
d) Ongoing personal contact with stakeholders	Network	54.90%	45.83%

The results showed that business projects are more oriented to transaction marketing approach than any other. These results will suggest that project management is mainly oriented to temporary contracts with customers, fighting in highly competitive and profit oriented market with a managerial focus on efficacy and output delivery. Respondents explained such orientation as a consequence of current market conditions where the first criteria for getting the job (project) are offered price and then the other criteria.

Still there was a significant presence of certain aspects of other marketing approaches. This presence was explained as a result of the increasingly presence of portfolio project management, strategic project management, and stakeholder management practices. Especially if it is a case that a large company (200 or more employees) is implementing a project, the company will insist on certain aspects of networking marketing approach. This approach will include ongoing personal contact with stakeholders with the goal to build the ongoing cooperation relationship with the different type of stakeholders. Also respondents highlighted that the change from delivering project outputs in form of products or service to delivering solutions to customers' problem if it isn't present it certainly will be future dominant practice with significant level of customer communication.

The third result of analysis of business projects' practices was that respondents explained the shift from project orientation to the customer orientation through the shift from discontinuous project transactions toward continuous customer relationship. This shift led to more relational marketing practice in project management.

Results of analysis of practice present in development projects showed the high presence of both Interaction marketing approach and Networking marketing approach. The main project management focus is on a cooperative relationship with the customer but also with the stakeholders. The contact is interpersonal, and it necessarily includes project manager and customer/stakeholder managerial staff. During interviews, the respondents with capacity development projects experience emphasized the importance of building cooperative and personal contact with customers. They explained that the key success factor is to get customers to cooperate during all project phases to guarantee the satisfactory results.

On the other side, the experience from Infrastructure projects suggested that dominant marketing approach in this field is networking marketing. This experience is due to the importance of building cooperative relationships with suppliers as one of the main risk mitigation strategies in implementation of this type of projects.

It was indicative that respondents during interviews keep explaining the choice of marketing practices as the choice of tools most fitted and used to boost the project performances. Respondents insisted that one of the key success factors of projects was functionally separation of a set of marketing activities to focus project resources for

their implementation.

This short analysis of the obtained results could be used as a conceptual framework to indicate the current practice and to create the base for further research in this field. It also showed the importance that marketing practices have in project management and even more that they are considered as key success factors of projects.

6. Conclusion

The Project Management (PM) is more than sixty years an area of booming practical and academical interest. Now it is time to discuss the future direction of this field of research. This paper analyzed the brief history of project management development observing that the project management is deeply in «third wave» with a focus on adoption of contemporary management practices such as information management and knowledge management. Only since recently, marketing management practice gain attention in project management literature and this paper addresses the issue of theory gap with particular attention to exploring the potential synergetic interaction between project management and marketing management practice. Both private sector firms and public sector organizations are marketing oriented, and both sectors already experienced "projectification". But still there was no articulated knowledge to process idea that marketing management approach have to be integrated with project management to boost the performances of the projects.

To explore this theory of interrelation, assessment of the current state of marketing management practice in project management was conducted. The initial idea was to identify if there is marketing orientation in project management and if there is a set of activities performed by project manager and project staff to argue nomination of marketing management as one of the functional areas of project management. The analysis of research results showed that a certain set of marketing practices/activities is implemented in every single project. The marketing approaches are different in relation of the type of the project and field of implementation. The choice of marketing practices is explained as a tool for boosting the project performances. Also, it is noticed by the respondents that one of the key success factors of projects is a functional separation of a set of marketing activities to focus project resources for their implementation.

The results also suggest that further research in this field is an order for development of both project management theory and practice. Although this paper and this research is very limited source for proving anything it could be considered as starting point for discussion and advocating organizing of set of marketing activities and separating them as one of the PMI project management functions as well as nominating certain practices for IPMA Project Excellence Model. Further, if marketing activities are so important are the project managers and project staff equipped with certain set of skills and knowledge necessary for high performance in this field or are they left alone to cope with success depending on their individual marketing oriented behavioural skills? This question, as well as other related questions, should be the subjects for further research in this field.

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