

# Involving Project Leaders within Project Management Teams – Key Factor towards Competitiveness<sup>1</sup>

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## *Abstract*

*The aim of the article is to emphasize both the importance and position of a new category of persons that influence significantly the success or failure of a project: project leaders. Nowadays, each business process which involves certain objectives, a definite period of time for completion and an estimated budget is assigned as a project. Many business processes and managerial decisions are being transposed into practice by applying project management guidelines. However, in most situations, as shown both in managerial theory and practice, the project management faces a lot of challenges during the project implementation. If they are not correctly managed, we'll assist to important disfunctionalities either budgetary or time overlapping and, finally, a lack of performance. Even if every project management team is being lead by a project manager, the team that also involves a project leader is much more susceptible to complete a project, without changing its objectives, budget or its deadlines.*

**Keywords:** *objectives, competitiveness, leadership, project leader, project management*

**JEL classification:** L21, M12

## **Introduction**

Under the circumstances of a more and more competitive business environment, the companies face the necessity of developing new sources of competitive advantage. The pressures are much higher as the economic crisis placed a lot of constraints on the existing business and created new barriers to entrance for the potential new comers.

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A shrinking market forced most of the organization to squeeze the resources in order to assure their survival for the short term and to try to build up new mechanisms able to relaunch themselves.

Developing a competitive advantage, as well as the necessity of increasing competitiveness, involves a set of related tasks, which have a specific goal and are assigned as **projects**. Assuming that each business process (such as the managerial reengineering of a company or department, the development of a new product, of a business plan or of a marketing strategy) involves both several stages and deadlines, a certain amount of money for each activity and a couple of persons who are responsible for achieving the business objectives, it is most likely to associate business processes with projects.

The projects are supposed to be used to a larger extent in the following years as we assist to the passing to the knowledge based economy, an economy that will be characterized by globalization, diversification and innovation.

Under these circumstances, the leaders' role will be to value to the highest level, the potential of the resources that are available to him, with a particular emphasize on the human resources.

We treat the knowledge as the result of interactions between people and information and the projects represent a comprehensive framework that can value this important organization resource.

Within the project, the team members have the possibility to get a wide range of information, to process, to transform in knowledge and to be offered the opportunity for sharing it as an important way to contribute to the achievement of organizational objectives.

*The classical approach of project management* states that a project should be managed by a project management team, coordinated by a project manager (Lock, 1997). As a rule, the team also should include a financial coordinator, several experts with relevant experience and auxiliary staff, aimed to ensure the administrative and logistic processes within the project management team (Field & Keller, 1997).

Many international studies revealed that most projects are facing serious problems before completion and part of them are being abandoned after important amounts of money had already been invested. According to *KMPG Canada Survey on Project Management Failures*, taken in 1997, in up to 19 of 20 cases, there are communication problems between the project stakeholders, the completion terms are overlapped, the objectives are not completely reached and the project management team frequently calls for more money, in order to complete the project activities.

*The modern approach* of business processes states the importance of leadership in project management (Petty, 2009; Juli, 2010). The leadership process within contemporary organizations is becoming more and more complex. For example, part of the leadership processes within an organization may be focused on managing the human resources of that organization, another part of the leadership processes may be focused on managing organizational change, another part of the

leadership processes may be focused on managing conflicts, and another part of the leadership processes may be focused on developing a viable vision due to preserve the natural environment (*Diamond, 2006*) and to create a sustainable development based approach at organizational level. All these functional areas, where leadership emerges, are main factors that might lead to the success or failure of a project.

Among all types of leadership mentioned arises a new type of leader able to combine the advantages of all leadership processes stated above and to prevent all the organisational mismatches which could interfere in implementing a project: ***the project leader***. The project leader might be the key for preventing the lack of communication between the project's stakeholders, and also for motivating the project management team to achieve higher performance (*Lewis, 2003*). He might also ensure the communication between project team members, preventing deadline overlaps and reducing the incidence of unexpected expenses.

One of the most important challenges for a project leader is to deal and to balance the explicit and implicit knowledge within an organization. The projects are tools that can use to a large extent for contributing to the achievement of organizational key competences. The key or distinctive competences demonstrate the organization's strengths that the opponents can't easily copy or imitate and can be used to assure a healthy development of the business. Building the competitive advantage, which represent the central point of elaboration and application of the strategy, is a major task for the modern leader, and he must have the ability to build up and use the organizational key competences (*Nastase, 2010*).

*Under these circumstances, the project leader should be included within the project management team since the projects starts, and he should be placed on the same hierarchical level with the project manager, even if the formal authority will be assigned to the last one.*

### **1. Leadership within Project Management – from concept to practice**

The companies have to take into account that leadership within project management becomes an issue that can exert a huge influence over organization's activities and evolution, both directly and indirectly (*Țăpurică & Tache, 2009*). In dealing with project management, the leaders can easily discover that people tend to be more emotionally involved, rather than impling rational arguments in the decision-making processes (*Graff, 2006*).

Leadership within Project Management is much more than a concept or a trend in modern leadership, it is a necessity in the current economy needed to solve conflicts and find acceptable and sustainable solutions to problems (*Gordon, Berry, 2006*), so that the objectives and deadlines are respected as stated before the project started. Moreover, *Leadership within Project Management* is a new philosophy (*Ferarro, 2007*) that may contribute not only for achieving compromises in complex situations, but also for creating a powerful way of working together towards new and sustainable solutions.

Project leaders are persons able to build up the shared vision over the wanted future (*Juli, 2010*) – in this case, the wanted future is related to the

objectives of the project. At the same time, they are persons able to discover that their own needs are part of organization's priorities (Năstase, 2007) and that their future is strongly connected to organization's future. This way, they become highly motivated to use their native abilities to make the others follow them and to motivate them to achieve the project goals.

*Leadership within Project Management* is an innovative concept which is characteristic to knowledge-based society and economy. Many authors are trying to describe and establish the principles of this new type of leadership. However, for many years, *Leadership within Project Management* continued to be just a theoretical concept, with very little practical applicability.

Thus, applying effective *leadership within Project Management* both at organizational and individual level may become a real challenge, taking into consideration the fact that changing values and beliefs is always difficult. The project managers within corporate companies, that were accustomed to lead a project by their own, might feel that they have to downgrade, to reduce their formal authority and responsibility, in order to allow the project leaders to interfere in their activity. They don't seem to take into consideration that changing the structure of the classical project management team might be a successful alternative for each person involved in implementing a project.

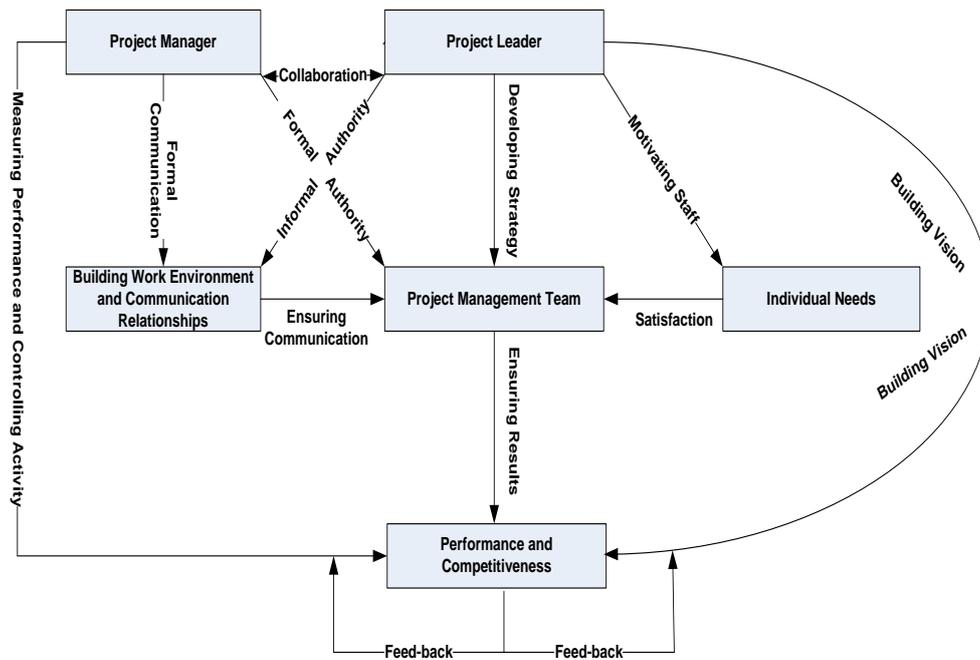
## **2. Project leaders – core values and principles**

As leadership appears to be the art of getting others to want to do something that you are convinced should be done (Packard, 2007), project leaders possess a set of core values and principles that allow them to exercise their role within a project team. The main values emphasized by the international literature with regard to the abilities of project leaders are: *the ability to build the vision, the nurture collaboration, the ability to promote the performance, the ability to cultivate learning, the ability to ensure results* (Juli, 2010), and even *the ability to develop strategies, to motivate the staff and to ensure communication between all the stakeholders involved within the project* (Pinto, 1998).

One of the main challenges that the project leader as a knowledge based leader has is to understand the specificities of explicit and tacit knowledge and how to best use it. The cooperation among people coming with different backgrounds in the project can represent an important source of openness and learning, in a climate of mutual trust.

That's why the leader has to be interested to extract as much as possible from the tacit knowledge of the participants and to transform it in the explicit knowledge, with the possibility for many colleagues to take benefits of the project results.

Figure 1 emphasizes the core values of a project leader, as well as the manner in which the role of the project manager is being modified by the involvement of the project leader within the project management team.



**Figure 1: The roles of project leader and project manager within a project management team**

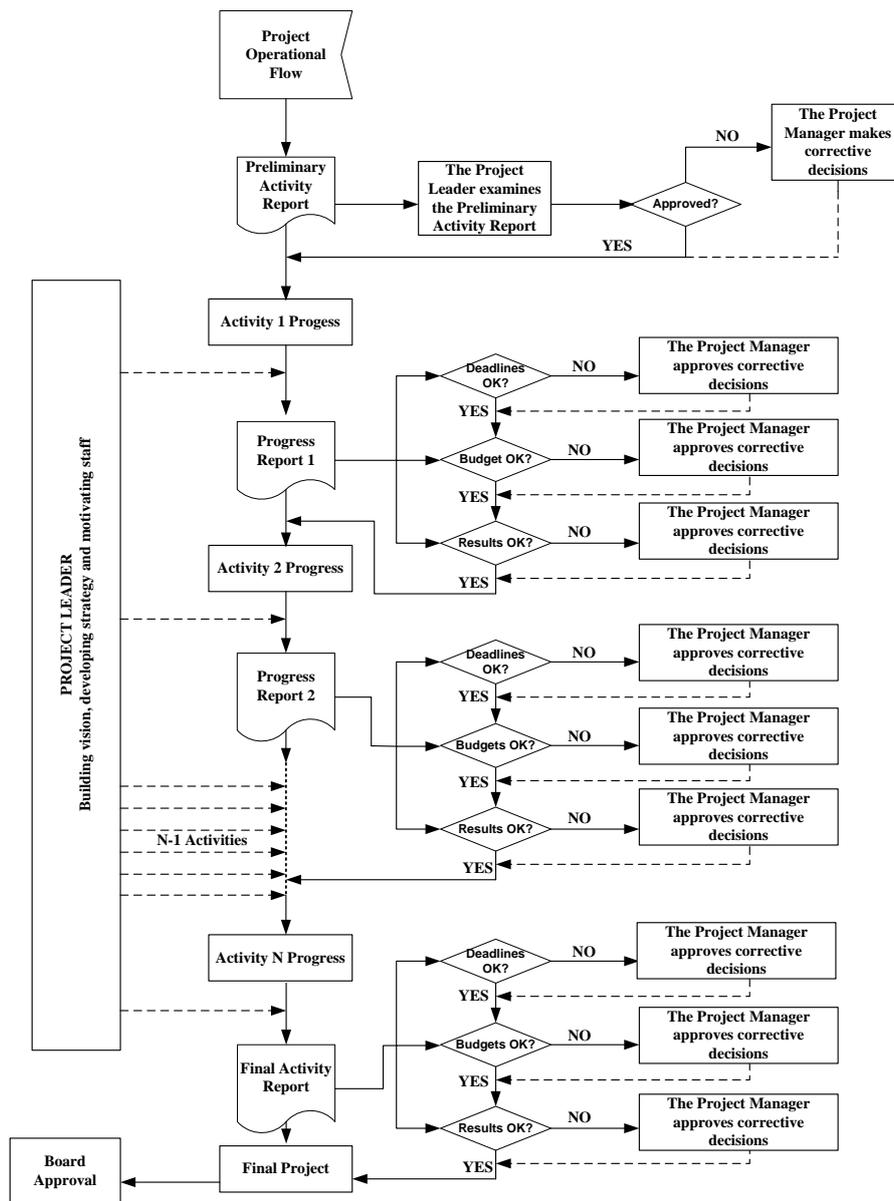
*Source: Adapted from Pinto, J.K. (1998) Project Leadership – From Theory to Practice*

As shown in *Figure 1*, the project manager within a project management team will exercise the formal authority and will be in charge of measuring, monitoring and controlling the project management team's activity. He will also collaborate with the project leader, in order to ensure a better functionality of the project. The project leader will be in charge of motivating staff, building vision and developing the strategy of the project, but he will have no formal authority within the project management team. It's relationship with the project management team members is crucial, as the followers who act out of commitment don't have to be watched all the time to ensure that they give the activity their best effort (Lewis, 2003). The practice shows that the situations in which the project leader and the project manager are the same person happen rarely and usually does not last for a long period of time. In the model described above, the key factor for the success of the project is being represented by the relationship between the project leader and the project manager.

### 3. Defining project leaders' position within project management teams

The efficiency of a project team involving both a project manager and a project leader depends on the austerity the responsibilities within the project

management team are being divided. If the informational network within the team is functional and non-redundant, the information flow will get about in real time.



**Figure 2 Information flow within a project management team**

The best way for ensuring a high functionality of informational system within a project management team involving both a project manager and a project

leader involves assessing out informational flows, which are being put into practice by all the project management team members during the project implementation.

One of the most suitable models of informational flows within a project management team is being designed in Figure 2. As shown, the role of the project manager is at least as important as the role of the project leader. The flow emphasizes the same aspect stated before, that the formal authority still belongs to the project manager, who is responsible for making corrective decisions, while the informal authority belongs to the project leader, who is responsible for building the vision, developing the strategy and ensuring communication inside the project management team.

Each of the tasks, whether we talk about the project manager's tasks or the project leader's tasks, is being exercised upon specific workflows, which are similar with the flow presented in *Figure 2*. One of the most common and important workflow belonging to a project leader, which is aimed to ensure a full functionality and a highly effective communication process between the project management members is the communication flow, designed in *Figure 3*.

The flow enhances the role of the project leader in the communication process within a project management team and also shows the involvement of the Project Manager in the communication process. Also, the flow reveals a dimension of the collaboration process between the project leader and the project manager.

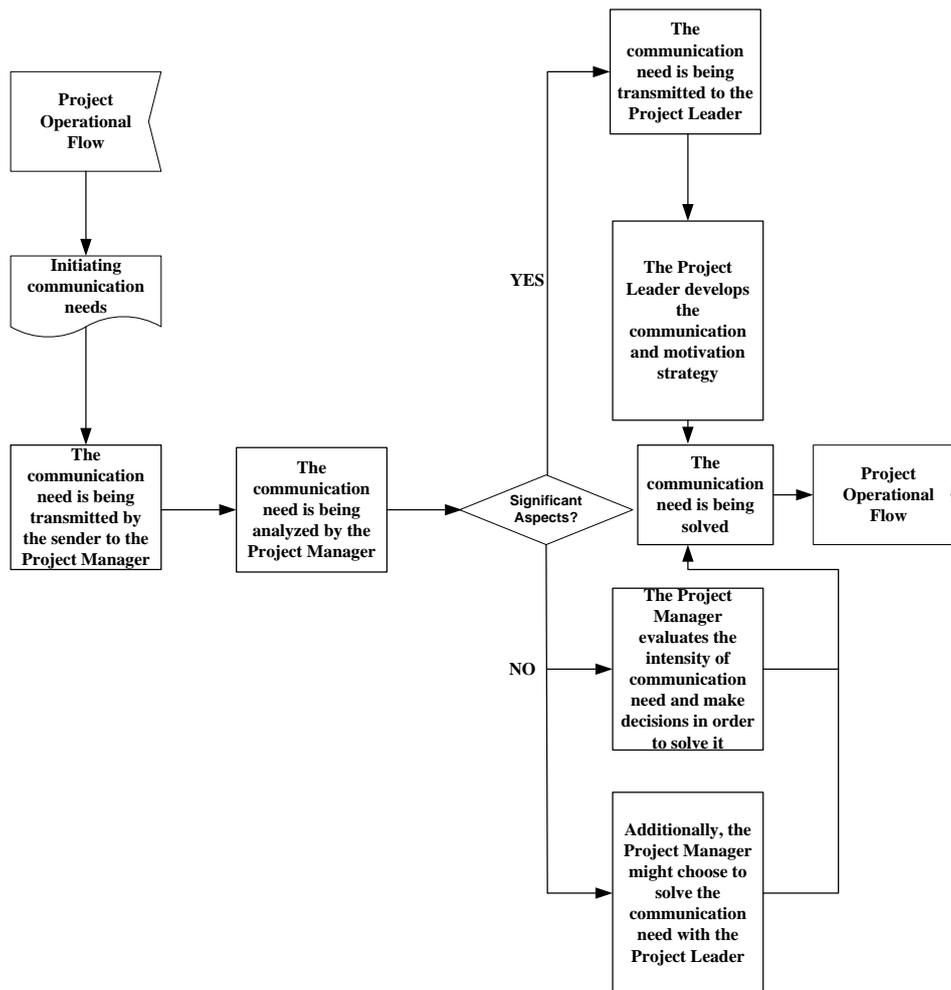
### **Conclusions**

It is becoming more and more obvious that companies which continue to approach project management problems with band-aid solutions and quick fixes will ultimately find themselves at a competitive disadvantage. The experience of international corporations has shown that *project leadership* can be a competitive approach within project management.

Although the path to pursuing project leadership as a competitive advantage is a rocky one requiring time, effort, money, and especially people, the rewards can do extend, on the bottom line, beyond the short-run negative impact.

The knowledge based organizations are, indeed, very sensitive to the market evolution, to the factors that considerably affect their strategic position. Consequently, they are striving to discover and use the best ways that will allow getting an advantage over the competition.

Under these circumstances, the creativity, the innovation become key elements that a knowledge based leader has to understand, support and value and the projects represent an appropriate framework where the specialists coming from different fields can peacefully cross the borders with other counterparts in order to debate and share knowledge, fostering an open and reliable organizational culture.



**Figure 3 Communication flow within a project management team**

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