

An Analysis of the Potential for Employing the Methods of Project Management for the Purposes of Strategic Planning

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Abstract: *The findings from the authors' analysis of a number of existing concepts, methods, and models related to strategic planning indicate the complexity of this process even for companies in countries with a developed market economy. Despite the keen interest in the area and the availability of various concepts and models on strategic planning, there remain multiple issues that are of scientific and practical interest. An analysis of some of the key concepts on strategic planning helped draw the conclusion that the so-called "Configuration School" best summarized and combined in itself tenets from many other areas. The concept holds that an enterprise can be described as a certain sustainable configuration of its component parts; it takes on a certain structure, which governs the use of strategies that are inherent to it. Now and then, periods of stability may be interrupted by a transformation – a leap into a different configuration.*

Index Terms: *management, competition, planning, project management.*

I. INTRODUCTION

The authors' investigation into various approaches to a company's strategy helped formulate a generalized notion of the process of building it. Putting together a strategy is a mental, analytical, evolving, and formalized process of conceiving and foresighting, building and transforming a company. The development of market relations in Russia is setting new requirements for management, the nature of objectives to be undertaken, and methods for resolving those objectives. This paper illustrates that changes in the environment, stiffening competition, the wide availability of cutting-edge technology, and a number of other factors have led to a sharp increase in the significance of strategic management – however, this area of activity, which is relatively new to Russia, has yet to be put to wide use by the

nation. An analysis of strategic planning at Russian enterprises indicates that there is a problem with understanding the complexity of the actual object of planning. It is hard to view even a small company in all detail, with most large companies being virtually impossible to fathom [1].

II. METHODS

A key characteristic of the development of a company's strategy lies in that members of the management team are primarily focused not on quantitative but qualitative objects, concepts like vision, the company's mission, critical factors of success, objectives and functional strategies, segments of the market, etc. This is absolutely uncustomary and uncommon for "technological professionals", who are used to dealing with quantitative objects [2].

The authors' analysis has helped draw the conclusion that the development of a company's strategy is a qualitative or poorly structured problem for Russian companies. Resolving this issue may require the use of systems analysis.

III. RESULTS AND DISCUSSION

The development of human civilization is objectively accompanied by the environment in which economic entities operate getting increasingly more complex. In market economics, this circumstance has been taken into account since the 1950s.

Strategic management has gone quite a long way since the 1960s as a scientific area. Today, it is a dynamically developing sphere. There are numerous works that explore the concept of strategy from various angles. Some of them provide a classification of these various approaches and identify the key ideas that underpin them and discrepancies that are inherent in them [3].

The most complete systematization of various concepts (schools) on strategic planning is provided by scholar H. Mintzberg [4]. Figure 1 cites the key schools of thought and definitions that describe the way proponents of the strategic process view them.

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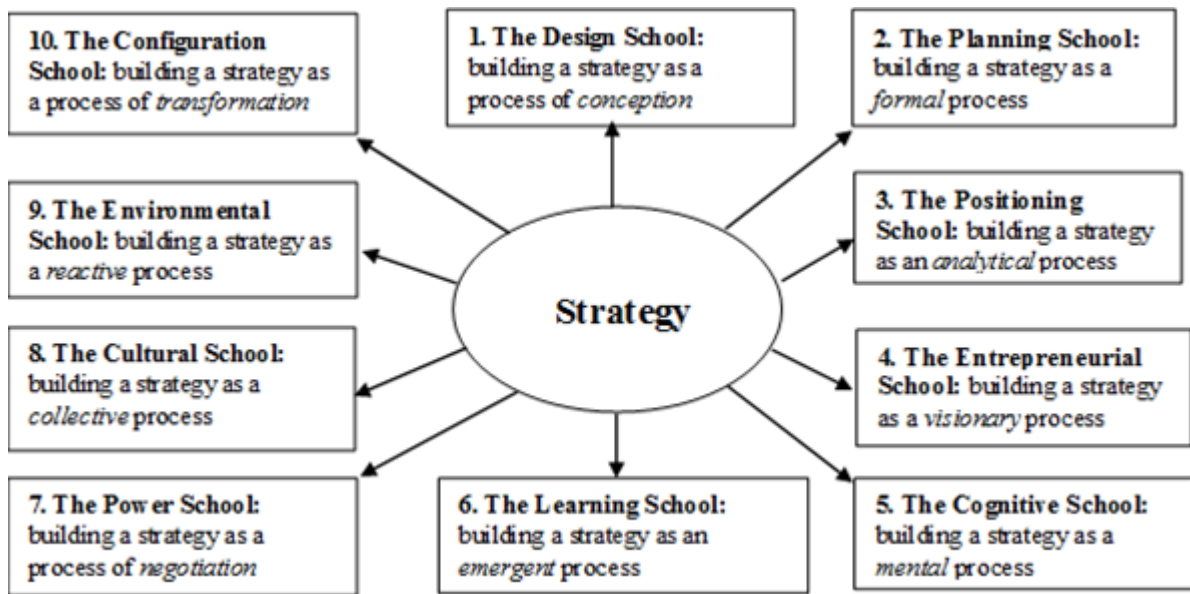


Fig. 1: Schools of thought related to building a company's strategy.

An analysis of tenets from the various areas and schools of strategic planning helped draw a set of generalizations, which are outlined below [5].

In practice, creating a strategy always implies combining different approaches from various schools [5]. It is impossible to imagine the creation of a strategy in any organization without employing relevant intellectual and social approaches, without factoring in the needs of the environment, the drive of the company's leadership, and the firm's capabilities, and without making the right choice between gradual and revolutionary changes.

The practice of strategic planning is more characterized by a focus on individual cognition rather than social interactions (e.g., in a small business). The external environment can sometimes be highly demanding (at a time of social upheavals), although, at the very same time, many entrepreneurial-type executives have the ability to masterfully maneuver under those conditions as well [6].

The entrenched version of the strategic planning process established by various schools of planning is methodologically associated with the systemic approach to management. The primary conceptual managerial principle of the systemic approach to management is a focus on decision making [7]. Taking a systemic approach implies a focus on determining the company's goals and subsystems or

key areas related to decision making; identifying its needs for information that reduces uncertainty in making decisions; designing relevant information channels; grouping the firm's key decision making areas; pursuing matrix-based management and project management practices [8].

Employing project management in strategic planning at a company is especially relevant in a transitional economy, when each idea must be put into effect in accordance with objectives set by the company's strategy, within a preset timeframe, under conditions of limited funding, and with a focus on attaining as efficient a result under conditions of the above restrictions as possible [9]. Project management methodology is grounded in viewing a project as a way to change the initial condition of any system which involves the expenditure of time and money. Project management is a process that involves change implemented based on preset rules, within a designated budget, and by reference to time restrictions.

Having established a set of key strategic objectives, one can proceed to the development of an integrated design for the company's strategy [10]. What can complicate the development of this design is the firm lacking a sufficiently effective competency model (a lack of experience planning out large project programs, i.e. there are blurred vectors for staff efforts within the organization (Figure 2, left)).

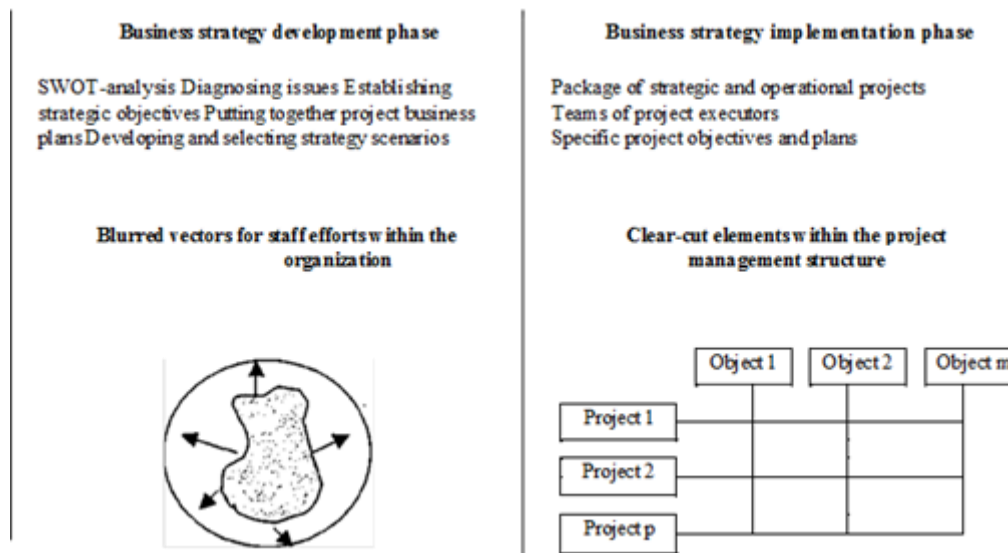


Fig. 2: A rationale for the need to represent a business strategy in the form of projects for carrying it into effect.

As a consequence, a company’s strategy can take on a clear-cut and rigid profile in terms of a stream of projects (Figure 2, right), which also reflects changes taking place at the moment in the company’s competency model (planning a strategy by way of projects).

IV. CONCLUSION

A key result is the development of the methodological foundations of building a company’s strategy based on the principles of project management [11]. The authors’ proposed version of the process of strategy development is in keeping with the competency model employed today by most Russian companies, factors in the overall level of preparation of company executives and managers, and makes it possible to actively modify the competency model during the process of developing and implementing the company’s strategy [12].

The ability to obtain relevant data via the implementation of the authors’ proposed methodology for putting together a company’s strategy based on project management may help obtain a number of consistent patterns and standards on planning that may be of use in future research into the subject, which is what the authors plan on undertaking going forward.

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