

PROJECT MANAGEMENT AND PERFORMANCE STRATEGIES

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Purpose of the research is to prove that the realized performance, as one of the 4R's, between clients and contractors is strategic and offers a better perspective on the service delivery expectations of both parties. The client and contractor should both develop a mind shift from profit orientation to service orientation, delivering a service together with a project and ensure sustainability. The contractor should place more emphasis on those elements that contribute to the successful completion of a project. The methodology was the sending of a structured questionnaire to a selected group of Quantity Surveyors, Engineers, and Construction/Project Managers to determine their current relationship situation on projects. The findings/results showed that team development, trust, commitment, communications skills and processes, were been mentioned as issues in the performance between parties involved on a project. These issues can improve realized performances between contractors and their clients. The practical implication is that project managers or other professions acting as a project manager should place more emphasis on the strategic elements: Realized performances, Relationships, Risk management and Recommendations to ensure successful completion of projects in a competitive market environment, with the use of communication and thus ensure sustainability.

Keywords: communication, realized performance, relationship, risk management.

INTRODUCTION

Profitability as main aim to ensure a satisfied client is a short-term approach. To ensure long-term profitability, project managers and other professionals should be pro-actively service orientated. This can be achieved by measuring performances, by ensuring expert inputs and dynamic service to clients through communication. Contractor/client satisfaction may result through the building of good relationships.

The four R's, Relationships, Risk management, Recommendations and Realized performance, see Figure 1, present a proposed perspective of the client' aims, from profit orientated only, to service orientated (Kotzé 2006b).

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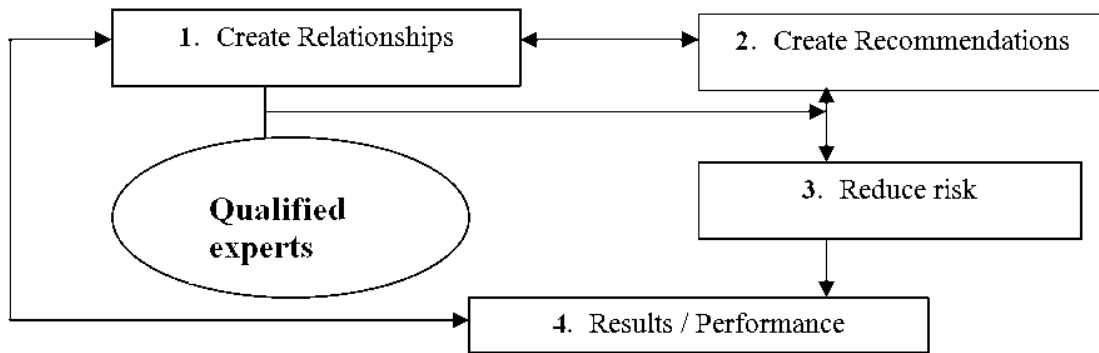


Figure 1: The 4 R's cycle (Kotzé 2006a)

When contractors are profit oriented, the emphasis is perhaps more on the 4P's; Product, Price, Promotion and Physical distribution. In order to be more service orientated, contractors should pay specific attention to the 4 R's and include them in the marketing mix as derived and illustrate in Figure 2 (Du Plessis and Rousseau 1999:144).

A combination, in respect of attitude of the 4P's and 4R may enhance communication between parties, including professionals, toward strategic relationships or relationship strategies. Figure 2 illustrates the possible combinations.



Figure 2: The 4 P's- and 4 R's-mix (Du Plessis and Rousseau 1999:124)

This paper focus on the realized performance (results/performance as one of the important 4R's), by making use of communication to assist with the successful completion of a project.

INFLUENCES

To become more service orientated, contractors need to understand how clients make decisions. It is suggested that clients make decisions according to their beliefs, norms and values that were formed by influences. These influences are based on their individuality and the environment they grew up in and find themselves in.

The individuality influences are.

- Needs. Like any physical or emotional requirements.
- Motives. Inner states that activates, motivate and direct behaviour towards goals. Motives make a person aware of their needs and give them a reason for acting on these needs (Du Plessis and Rousseau 1999: 80-81).
- Personality. The combination of unique individual characteristics, which reflect consistent and enduring patterns of behaviour. Personality makes an individual act in a specific manner in a situation.
- Perception. A process by which people select, organize and interpret sensory stimuli into a meaningful and coherent picture.
- Learning. Learning reflects changes in the probability of behaviour, as a result of previous experiences, and

- Attitudes. Enduring systems of positive or negative evaluations, feelings and action (Du Plessis and Rousseau 1999: 80-81).

The environmental influences that have an impact may be.

- Cultural Influences. These refer to beliefs, norms, values and customs, which are learned from the society and lead to common patterns of behaviour.
- Social Influences. These refer to communication.
- Reference group. A group with whom one identifies, in such a way that one tends to use the group as a standard for self-evaluation and as a source of values and goals.
- Family Influences The influence of family members, who may in some instances assist with decision making choices.
- Economic demand. These influences refer to potential purchasing power, based on availability of money, or due to lack of money or creditworthiness. Price, financial risk and investment opportunities are closely associated with income, and
- Business and marketing Influences. These influences refer to direct contact with clients. These influences can also stem from good or bad experiences in the past (Du Plessis and Rousseau 1999: 80-81).

The above illustrate that every member of a project should be seen as an individual, and knowledge of the individual is important and the understanding of the environment where these individuals live may be a viable approach. To measure performances it is of an importance to understand the environmental and individual influences on individuals. Performance measurements will lead to results, by the use of communication in the process.

PERFORMANCE

Performance is about doing the work, and about the results achieved (Otley in Knipe, Van der Waldt, Van Niekerk, Burger and Nell 2002: 228).

Like quality, performance is a concept of which the measurement varies depending on different factors. Performance according to Rogers in Knipe *et al.* (2002: 228) may be the outcome of work that is the link to the strategic goals of the organization, to economic contribution and to customer satisfaction. The emphasis is on the measurement to assess performance outcome or result and not on behaviour.

Performances are affected or influenced by a number of factors, which should be taken into account when managing a project. These factors are.

- Personal factors. This is team member's skill, confidence, motivation and commitment.
- Leadership factors. The quality of guidance and support provided by the project managers.
- Team factors. The quality support provided by team members in the project.
- System factors. The system of processes, resources and facilities provided by the organization to the project.
- Situational or contextual factors. This is internal and external environmental pressures and changes on the project (Knipe *et al.* 2002:228).
- Auditing. Specific for public projects where projects are established for social needs, and where cost is not of such an importance, to determine if the government acquire, protect and use its resources economical and efficient (Knipe *et al.* 2002:248).

- Performance measurement of employee factors. Projects may fail because of inability to properly evaluate performance of functional employees.
- Financial compensation and reward factors. These are important to the morale and motivation of the people involved at the project, except for those issues that are treated separately, like job classification and job descriptions.
- Project team incentives. The reward of the team for successful performance of a project, by a combination of measures like milestones, project completion and value added.
- Size of the project. Mega projects have a different set of rules and guidelines from those of smaller projects that influence the measuring of performance.
- Outsourcing factor. Outsourcing has benefits, if properly managed, and that is that companies can bring their products and services to the market faster and often at a more competitive price.
- Training and education. These factors can accelerate the project process and ability to execute it.
- Integrated project teams. This gives the advantage of collective decision-making and sharing of information across the team.
- Morality, ethics and corporate culture. Companies promote to have these factors in place have an easier task to achieve performance (Kerzner 2009:320-351), and
- Professional responsibilities. Accordingly to PMP Code of Conduct the project manager must function as a role model with two obligations, a responsibility to the profession and to the customer and the public (Project Management Institute 2000:11-27).

These factors have either negative or positive influence on the performance of a project. This means to develop a performance measurement framework or balanced scorecard, where all staff members must know management's expectations and have the equipment and coaching to do their jobs well. Accordingly to Knipe *et al.* (2002: 45) such a framework provides an ongoing feedback to keep all the wheels pointed in the strategic direction.

COMMUNICATION AND SUCCESSFUL PROJECTS

An important aspect of successful projects relies on the project managers' ability to develop a project communication plan and manage the flow of communication. Communication planning pulls the project together. The project manager should understand the strategies of the parties and their communication policy towards strategy.

The communication plan should outline the following.

- Who. The lines of communication, sender- and receiver-responsibility and authority.
- What. The scope of communication and format.
- How. It is the e-mails, documents, telephone calls, meetings and presentations.
- When. Is the schedule.
- Feedback. Confirm message received and understood – document control, and
- Filing. The retrieval, storing and disaster recovery (Burke 2003: 274).

Communication flows in four directions: downwards, upwards, horizontally and laterally. These basic communication links are shown in Figure 3. Figure 3 is adjusted to show a proposed strategic communication diagram illustrating the importance of

communication links in answer to the parties' communication strategies, thus building a strategic relationship.

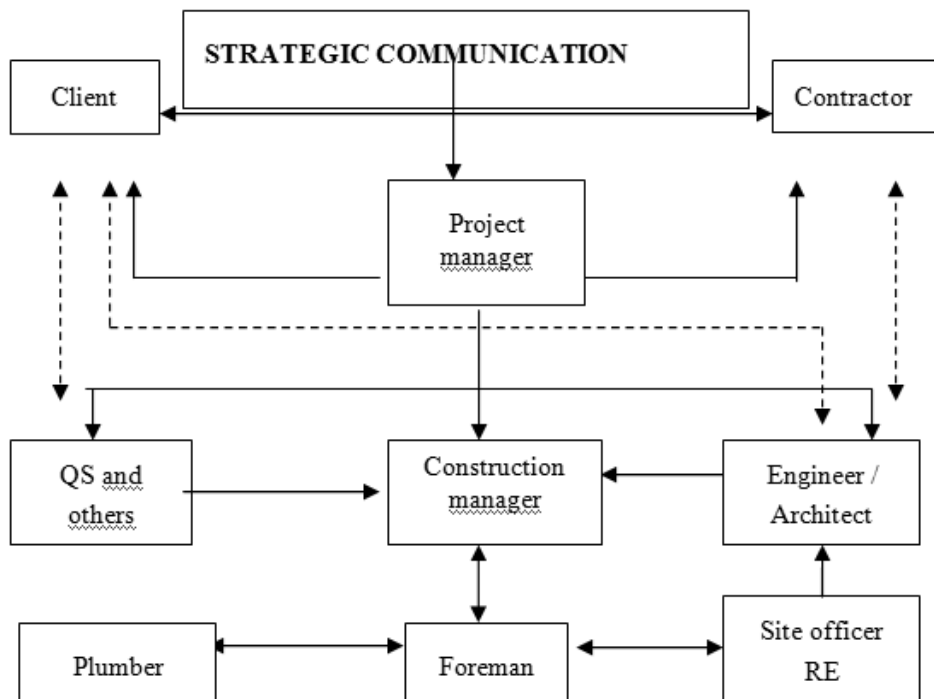


Figure 3: Strategic Communication (Smit and Cronje 2002: 372)

Figure 3 shows all the links between the parties that may be involved in a project, and the importance of good communication between them. The goals and objectives of a project, determine the communication flow that project managers use in a project, as well as the communication role of other role players.

THE RESEARCH PROJECT

The research project was done, in respect of home renovations and included contractors and project managers involved. Projects that were investigated were situated in the city of Bloemfontein, South Africa. The response was 40%. The results from the questionnaires indicate the following.

- Contractors think and assume that clients should be satisfied.
- Contractors do not discuss issues of concern with their clients.
- Clients expect contractors to simplify methods, optimize resources and time, and to be innovative in order to save unnecessary expenditure.
- Clients experience that contractors lack funds to support themselves during the renovation process and that unrealistic advance payments were requested (not according to the value of the project at that specific stage), and
- Contractors are of the opinion that clients are not informed, and have unrealistic expectations.

The study indicates that clients and contractors should be more informed and that a lack of communication and performance indicators could prevent some of these frustrations. Communication can be used as a tool, between parties to building a long term relationship and to achieve performance.

FINDINGS

Communication towards the building of relationships may enhance the performance of the parties involved in a project. Relationships may develop by the use of communication strategies to create, long term support and partnerships that create performance.

Strategies that may be used to help to develop performance are.

- The development of trust and commitment. Trust exists when one party has confidence in the reliability and integrity of the other party. Commitment refers to the belief that the relationship is worth working on.
- Team development. People working together as a team, pass through various stages before actually starting to perform as a team. Teams become mature and progress only through development. According to Tuckman and Jensen in Steyn (2003: 230), the stages of team development are.
 - Forming, establishing the team.
 - Storming, is the handle of conflict and disagreement.
 - Norming, setting rules and guidelines to commit to.
 - Performing, commitment, trust and high performance, and
 - Adjourning, loose ends are ties up, for hand-over after achievement of the project objectives.
- Communication skills and processes. The success of a project relies on the project managers' ability and skills to communication and management of the processes of communication (Burke 2003: 274).

RECOMMENDATIONS

The research project shows that when clients receive value for money and the final product is according to their demands, satisfaction is a product, and a strategic relationship may develop from such a project.

The survey, however, clearly shows the possibility of short circuits in the communication system. Contractors' think and assume, and do not discuss, while clients expect and experience; this may lead to communication breakdowns and loss of opportunity to achieve any performance.

To ensure that both parties are happy, clients and contractors should effectively communicate from the planning stage. They should also discuss all the concerns and issues of importance, such as measurements of performance, to the project to ensure a sound relationship. Communication, on a more regular basis, during the whole life of the project will improve the performance and culture of achievement will be created over time.

Important elements of performance is reporting, is reporting of the status and the progress; improvement of performance; and performance appraisals (Knipe *et al.* 2002).

CONCLUSIONS

Needs are satisfied when a client is fully satisfied with a service and when there is a guarantee that the product or service is of such quality that it delivers value for money.

Performance measurements and communication are excellent strategic tools to use to help contractors, to complete a project successfully. An effective tool to build a relationship with a client is communication, a strong link between the project

manager, the client or professionals and the construction project. Figure 4 shows the performance communication triangle.

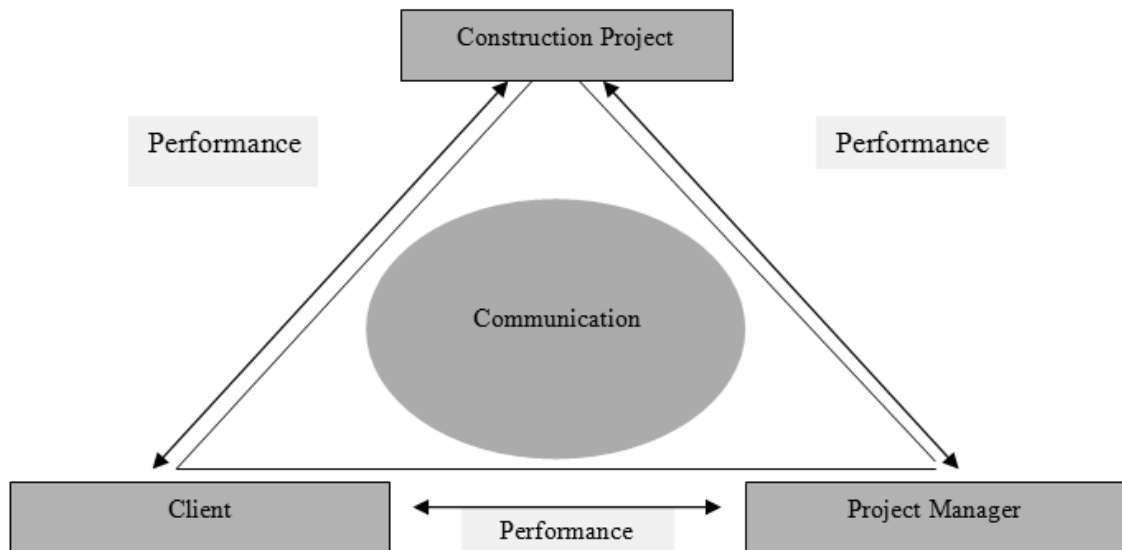


Figure 4: Performance communication triangle (Zulch 2010)

Most people are aware that communication is a key to a smooth interaction with other (Knipe *et al.* 2002:108). Unfortunately, communication is often taken for granted and assumed to be, an easy task. Communication is also seen as common sense and not much time and attention are giving to improve communication and to assist with performance measurements.

Communication is the element that sells and resells ideas, explaining the scope and methodologies of the project, or bargaining with providers and suppliers, or negotiating to settle disputes or conflict and to determine the current performance (Steyn 2003: 274-275).

Communication is the life-blood of any project and without the knowledge, skills and experience of a professional leader who builds measure performance; the project cannot be successful. Most of the elements of project management can, if managed and controlled, be delegated on a project. Communication is one of the most important tools to be used to determine performance of a project.

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