

IMPROVING MANAGEMENT OF THE COMPANY THROUGH CRANFIELD PROCESS MODEL

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Performance of the company, regardless of the market sector where carries out its business, is closely linked to company's management processes at every level. The present paper is dedicated to the improvement concerning company management field. Significant and increasingly important part of the management process is project management. There may be considered two fundamental approaches - output oriented and benefit oriented. The paper examines the second one. In this context, progress can be achieved by using some of the multiple managerial tools or by their combination. The Cranfield process model was picked for reviewing as a method that is frequently and successfully applied in project benefits management. The emphasis was specifically given to a benefits realization plan and the fundamental tool for its creation - the benefits dependency network. On this basis, the proposal of the simplified model representing benefits dependency network for manufacturing company was offered.

KEYWORDS

Cranfield process model, project management, benefits, benefits dependency network, benefits realization process

1 INTRODUCTION

Watching the company performance, one of the most important activities realized at the strategic level is proper and effective management of the particular long-term tasks.

Management can be distinguished from the various points of view. Considering individual practices that are incorporated in the management process, one can discern innovation, engineering, risk, project, program, quality, portfolio, financial and accounting, information technology, sales, marketing, research and development, operations or knowledge management and many others.

An essential field of the group encompassing the managerial domains is admittedly mentioned project management. From a practical perspective the operations correlated with managing the projects [ANSI 2010] entail approximately 20% of global GDP in form of fixed capital projects spending.

It should be yet emphasized that stated figure contains just gross fixed capital formation. This comprises building construction, machinery and equipment purchases, land improvements and so on. There are not reflected huge private

investments sphere with new business processes, IT software and services, new product development having regard to all kinds of industry, media production and many other types of intellectual property.

It is thus obvious that there exist the numerous incentives for concentration related to the project management as a professional area.

In connection with the long-run company performance mentioned above, the projects [Morris and Jamieson 2005] are substantial elements of the company's strategy implementation process. Moreover, benefits resulting from the projects, primary benefits realization activities with linked management [Zwikael and Smyrk 2011], are undoubtedly closely dedicated to successful performance of the company.

2 PROJECT MANAGEMENT

Project management, portfolio management and program management [ANSI 2010] represent management techniques which enable companies to link their strategy to prosperous results of the project. This concerns companies conducting business in a private sphere as well as in a public one. Moreover, company can be oriented to any market sector. Mentioned three fields are commonly called as project management.

Project management is closely associated with project management system standards. Reasons for considering these standards as highly relevant are several. They result especially from:

1. rising anticipations from the client's side that include quality, manifoldness, price, accessibility and utility relating to the products and services,
2. accelerating requirements for achieving customer satisfaction,
3. necessity of enhancing the efficiency of the company operations,
4. need of trade support at the global level,
5. multidisciplinary of the projects, their complexity and variety of the incorporated subjects as well as targets.

In this context, customer category represents individuals same as corporations, Limited Liability Company, cooperatives, partnerships, sole traders and other business entities.

Standards aimed at project management activities have a wide spectrum application that results from the very nature of the project management - potential utilization for manufacturing, merchandising, service or hybrid businesses.

Project management system standards provide managerial methods and tools unification, availability of appropriate information (within specific files) and relevant documents to all interested parties. It should be noted that standards contain actualities and improvements in the given area, too.

Management of the projects by making use of various techniques increases performance effectivity of the entire segments of the national economies. Focusing on the manufacturing sector, the machinery, electronic, light engineering (see e.g. Svetlik [2011] and Bozek [2014]), transport, construction, geodesy (see e.g. Labant [2013]), chemical, metal, wood, paper, textile or petroleum industries are influenced and there are more.

Project management thus affects activities not only at the micro level but also at the macro level. It follows that project management should be viewed from a global perspective and should be privileged by an appropriate attention.

3 PROJECT BENEFITS MANAGEMENT

Benefits management constitutes inherent part of the project management. From this point of view, Meredith and Mantel [2011] define project management as “a means by which organizations achieve their objectives”. What is more, Harrison and Lock [2004] highlighted that “the purpose of project management, and the principal role of the project manager, is to achieve all the set project objectives in spite of the risks”.

Following the given project management definition, Ward and Daniel [2012] state benefits management as “the process of organizing and managing such that the potential benefits arising from the use of IS/IT are actually realized”. Considering very term benefit, Bradley [2012] formulates it as “an outcome of change that is perceived as positive by a stakeholder”.

Project benefits management can be characterized by the scheme rendered in Fig. 1.

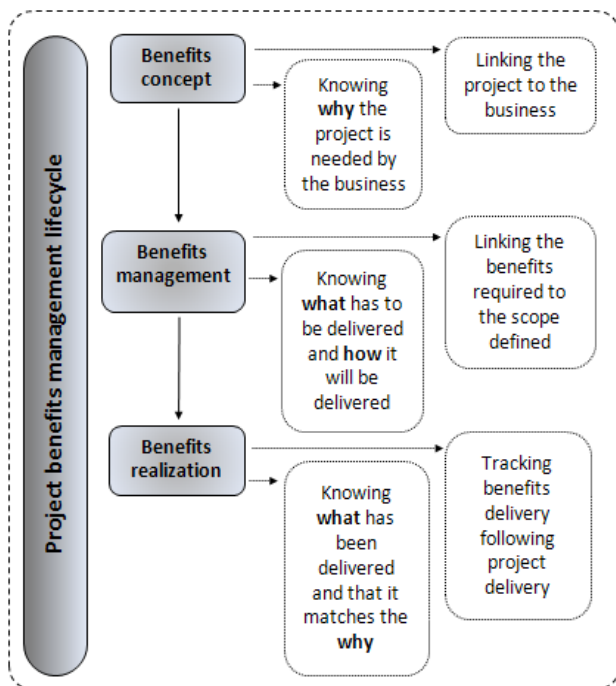


Figure 1. The lifecycle of the project benefits management [Authors adaptation based on Melton and Iles-Smith 2009]

The project benefits management lifecycle [Melton et al. 2008] signifies a nonstop conjunction between the project and the business during its life. As shown in Fig. 1, the main involved elements are benefits concept, benefits management and benefits realization.

4 PROJECT BENEFITS MANAGEMENT METHODOLOGY

Project management methodologies [Wells 2012] help out performance to be effective. This means successful IS/IT projects delivery that increase benefits from financial point of view. This improvement may be direct or indirect [Cooke-Davies 2002].

The focus is evidently oriented to the IS/IT projects. There are many reasons for such decision. It should be realized that plenty of company resolutions are intended for extensive scope of activities and apply for the large and/or whole units e.g. departments. IS/IT solutions cover these matters.

Paivarinta et al. [2007] notice that establishment of exact method to provide a proposed result is very significant condition.

Selection of an appropriate technique for the process of benefits management [Kohli and Devaraj 2004, Paivarinta et al. 2007] contributes to:

- lower expenditures for certain IT investments,
- detect and reach much more comprehensive benefits,
- possibility to annul or reorient ineffective projects,
- prevent the loss probability in respect of accessible benefits.

Lier and Dohmen [2007] state three principal benefits management models:

- Cranfield process model,
- Active benefits realization,
- DMR approach.

The most commonly used of the listed techniques is the Cranfield process model.

5 CRANFIELD PROCESS MODEL

The Cranfield process model [Flak et al. 2008] arose as an output of investigation at the Cranfield University for the purpose of increasing the IS/IT benefits management efficiency through new approaches. Research was focused on UK-based organizations. In Fig. 2, the consequential process model is illustrated.

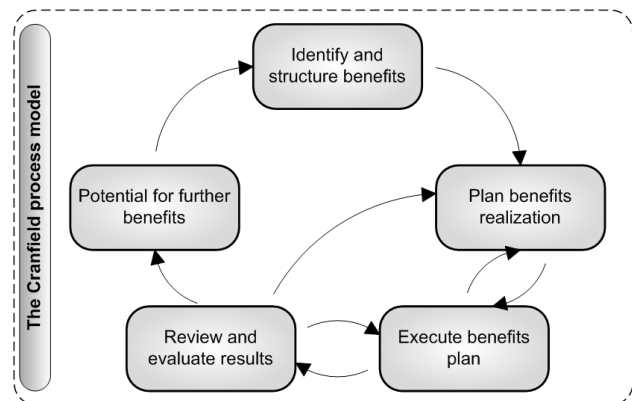


Figure 2. Stages of the Cranfield process model of benefits management [Authors adaptation based on Flak et al. 2008]

First phase of the Cranfield process model [Naidoo and Palk 2010] is identifying and structuring benefits. This includes determining an estimate of the potential IS/IT project benefits and disbenefits accompanied by convenient proceeding identification attached to each of the individual benefit. Competent managers decide and approve the benefits list.

Planning benefits realization brings recognition of the business owners which are liable for the benefits plan and the benefits delivery. Other activities [Mohan et al. 2014] are making more complex resolutions, requisite business changes arrangement and evaluation, granting of approved project funding, needful benefits realization schedule formation and more.

Executing the benefits realization plan covers practicality of the significant revisions in business. Operations procedure is composed of two plans (the benefits realization plan and the project systems development plan) which are permanently monitored. It is not unusual that systems development matters come to light. They could avoid the transfer of many or even all benefits. There exists possibility that some new benefits appear. By reason of the above facts, the plans are reassessed in the case of need.

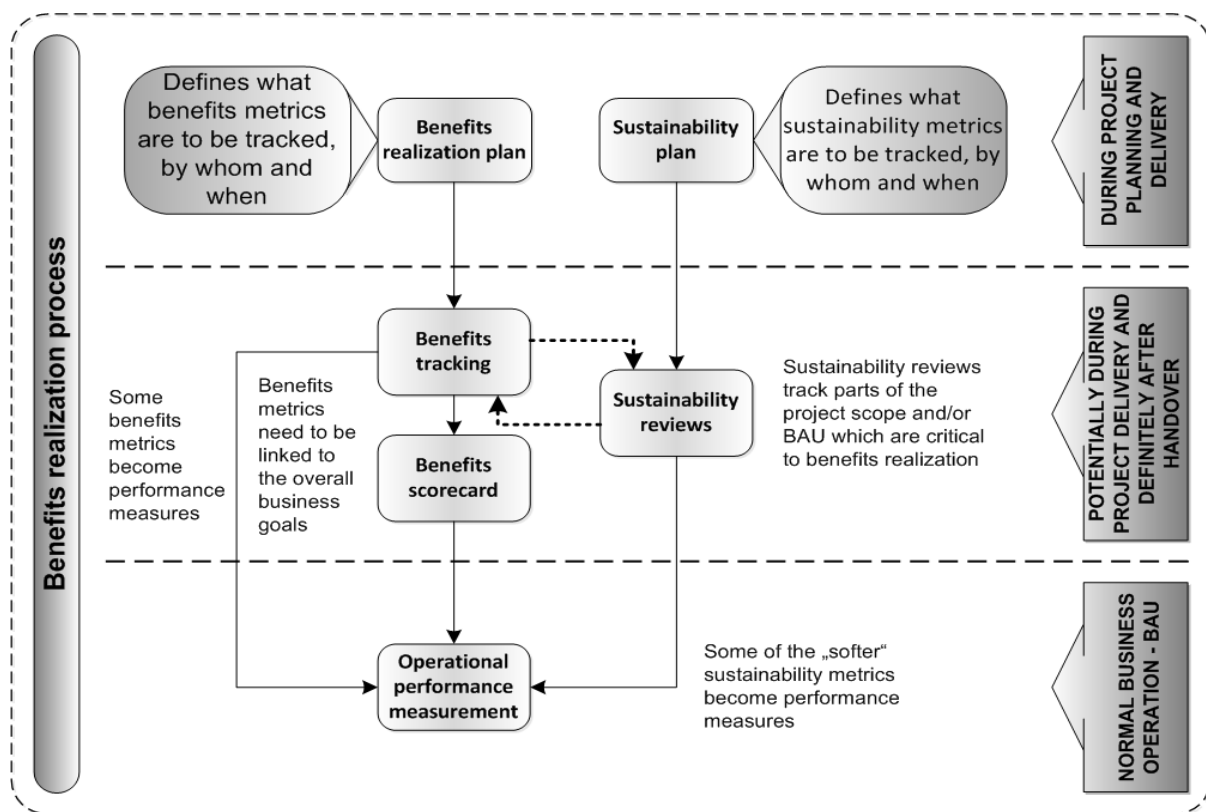


Figure 3. The process of benefits realization for manufacturing company [Authors adaptation based on Melton 2007]

Fourth stage of the Cranfield process model of benefits management is evaluating and reviewing results. After complete business and IS/IT changes application [Ashurst et al. 2008], the various proceedings are evaluated. All mentioned measures give clear information on the achieved benefits realization level of the project.

Further potential benefits exploitation [Ward and Peppard 2002] is the final step of the model. The positive effect is detection of new benefits that have changed status from unforeseen and unreachable to accessible. This is a phase of making realization schemes for these additional benefits.

In connection to discussed topic, it is useful to outline the benefits realization process. Stated process is depicted in Fig. 3 [Drabikova and Svetlik 2016]. Pluses of its implementation are significant also in the manufacturing company which was chosen as an example. The application is suitable for company with any production orientation.

Fig. 3 discusses, inter alia, a benefits realization plan. This plan occurs also as a subcomponent within stages of the Cranfield process model of benefits management that is rendered above in Fig. 2.

The benefits realization plan [Peppard et al. 2007] helps out to execute the project and guides the downstream review process. The basic tool for its creation is the benefits dependency network. Listed network offers a footing for making connection among the comprehensive investment objectives, needed benefits, business changes enabling benefits delivery and primary IS/IT utility to drive as well as activate these changes.

Fig. 4 depicts proposal of the simplified model describing benefits dependency network tended to be an example for manufacturing company. This suggestion is in accordance with

longstanding research accomplished by John Ward (Cranfield School of Management) and his colleagues.

Diagram shown in Fig. 4 is devoted to the customer relationship management system area which is more closely geared towards the new customers. The representation is illustrated under the logic of defining individual steps that form final benefits dependency network of the company. The steps order corresponds to the real process of benefits dependency network development applied in the practice.

First of all it is necessary to formulate an outcome - investment objective (scale up selling). Next the identified business benefits are coming. Further the required changes and allowing changes. The last ones are facilities and technology. Stated processing of particular steps [Wilson et al. 2007] is an eminent element of the benefits management technique.

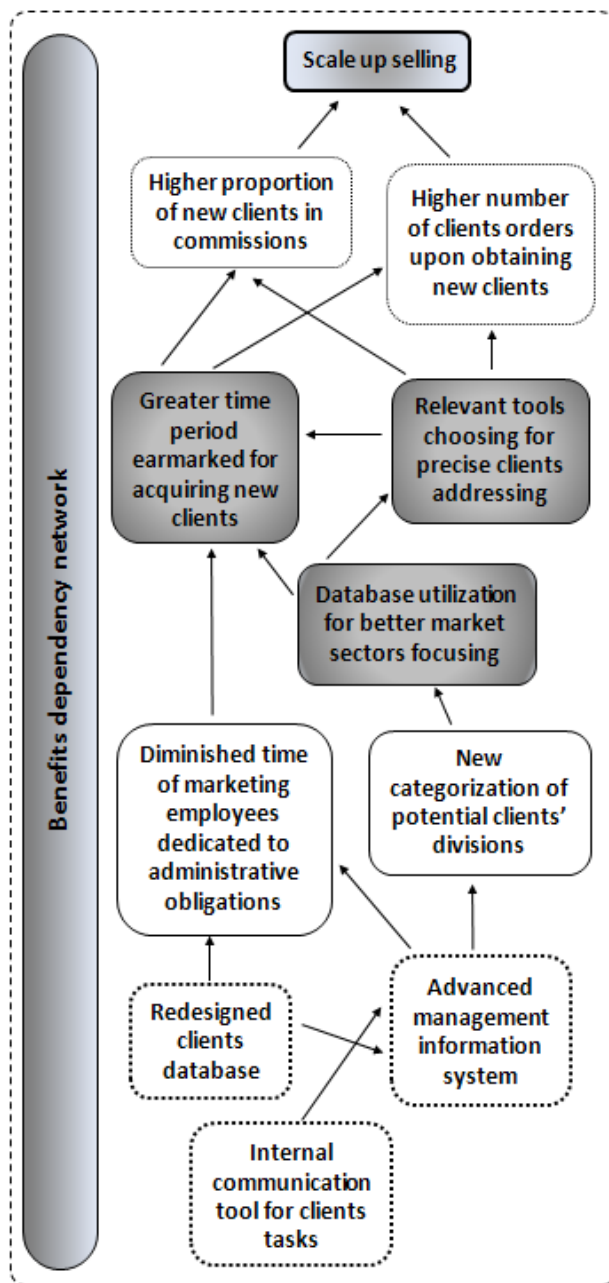


Figure 4. An example of the simple benefits dependency network diagram for manufacturing company [Authors]

6 CONCLUSION

Appropriate company management represents a crucial factor that has an influence on the high performance of the concrete company. One of the main efforts of managers is to ensure the highest possible return on the investments that are made. This applies to all business areas of the company. Improving management procedure, through which the productivity, effectivity and overall performance are actually enabled to rise, is the question of being able to succeed in competitive business environment. In this regard, working on the progress successfully means the competitive advantage, too.

An integral part of company management is project management. Thanks to its implementation and running the favorable conditions are created for realized projects. In symbiosis with other management disciplines project management helps to deliver value to the company.

Discussing the value for the company it is eligible to mention project benefits management. For increasing performance effectivity the Cranfield process model is employed as a very often used benefits management technique. The management staff is supported in identifying, planning, managing and controlling benefits by this model. It needs to be point out that benefits signify practically the return on investments in projects. According to the numerous empirical studies and company practice the consistent paying attention to all steps of the Cranfield process model of benefits management contributes to the creation respectively growth of the business value.

Among the major advantages one can include, inter alia, versatility of the model application. Convenient employment fits to companies in both private and public segment. The company size is also not an issue. The small family businesses can achieve improvement same as the global corporations. What is more, the suitability for use manifests in any kind of the market sector to which the company is oriented.

There exist a several dimensions looking at the benefits management and its utility. It should be noted that benefits arise at the IT infrastructure, organizational, managerial, operational or strategic level. Using various managerial tools and models is leading to the positive business transformation and stimulation.

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