Project management practice in the sector of services in the Czech Republic

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Abstract: Nowadays project management has become one of the most used management discipline of them all. Usage of project management tools and techniques has spread from its typical areas such as construction, engineering or military to various business areas in the sector of services. The services sector has become the most important sector in terms of generating majority of GDP and also work opportunities. For these reasons, the analysis of current project management practice in services sector in the Czech Republic is crucial. The paper presents part of the continuous survey in this field.

Key-Words: services, sector of services, project, project management, project planning, project scope, work breakdown structure

1 Introduction
Traditional concept of economic sectors concerns three distinct areas. The first one also known as a primary sector covers agriculture, forestry, mining and fishing, the next one - secondary sector – includes all kinds of production and finally for the tertiary sector the typical activity is providing various types of services. Lately the size of each sector and its proportion on the whole has become the criterion of an economic development [7]. In developed countries the majority (approximately two third) of Gross Domestic Product (GDP) comes from tertiary sector.

In 2010, the aggregated service sector from countries all over the world comprised 71% of global GDP [2]. Besides GDP, the sector of services is very important for the economics in terms of job opportunities creation – in developed countries more than half of all employed people works in service sector, in some countries even four out of five people works in services. In 2011, the share of people employed in services sector made 71,1% of total employment in the Czech Republic [19]. The majority of the companies which operates in the service sector are small and medium-sized (SMEs) ones. These facts underline the importance of the service sector and SMEs.

Many companies have adopted tools and techniques of project management lately. Despite the fact that the theory and practice of project management have experienced a boom in the last fifty years all over the world and twenty years in the Czech Republic, some of the first projects ever done (for example pyramids in ancient Egypt, aqueducts in ancient Rome or war campaigns) were realized more than 4 thousand years ago [3].

Project are no longer used in its typical areas as construction, engineering or military, companies from variety of business areas – telecommunications, marketing, education etc. [14] - have adopted the project management. The usage of project management tools and techniques does not limit only on a private sector, nowadays the projects are realized in public and private sector as well as in profit and non-profit organizations [5].

There are two types of projects – internal projects which are realized within the companies; and external projects that represent managing customers’ orders as a project. Across business areas similar internal projects can be identified – optimization of company’s processes, development of new product or service or innovation of product or service and its launch, marketing campaign or organization of an event. [12; 10]

Since the project management is widely used nowadays, there is a need of analysis of the project management practice. And for this reason, the analysis of a current practice of project management especially analysis of project planning process practice in Czech SMEs companies from sector of services is the main aim of this paper.
2 Problem Formulation

As stated above, SMEs operating in services sector in the Czech Republic are key employers. Several surveys (for example global survey provided by Pricewaterhouse Coopers [14]) declare the massive usage of project management tools and techniques. These kinds of surveys usually concern only large companies and their project practice (for example Ernst&Young survey [6]) and suggest that there are a lot of problems with managing the projects that these large companies face especially in planning process of projects.

Some authors [9, 15, 16] state, that planning process of the project is the most important phase one. Schmidt presents so called Romer rule that explains how exponentially the cost of the project can rise if the planning phase is insufficiently handled [16]. The major task of planning process is to assemble a project plan [20]. Integral part of the project plan is scope definition, creation of work breakdown structure, project schedule, risk analysis, communication plan etc. [1]

For the purpose of this paper some of the key part of the project plan will be concerned and analyzed in term of their practical realization during the planning process.

2.1 Objectives and methodology of the research

Last year author of the paper held a survey that proved usage of project management tool and techniques in SMEs in the Czech Republic and also it outlined the basic problematic areas. The greatest problems that SMEs face are no education of project managers in the field and issues that rise from that fact for example very poor project planning process or using adequate tools. [4]

And that is why another survey was prepared and has been distributed lately. This survey is focused on in-depth analysis of project management practice in SMEs operating in sector of services. This paper presents continuous results of survey that has been going on in the Czech Republic.

The survey is divided into two main parts. The first part deals with the basic background of the company; the other part occupies with project management practice in every phase of project and project management methodology used within the company.

The survey is handled as an online survey using Google Form to collect the answers of the respondents. For the time being 50 companies has participated in the survey.

2.1.1 Research questions

In order to evaluate the current project management practice, several research questions were formulated:

Do companies define project scope during the planning process?
Do companies compose work breakdown structure (WBS)?
Do companies assemble a Gantt chart?
Do companies employ special software to visualize project schedule and to support project planning process?

2.1.2 Basic characteristic of the sample

World Trade Organization (WTO) categorized services into twelve groups – business services, communication services, financial services, distribution services etc. [17]. In Europe the most used classification of all economic activities is ISIC Rev. 4, which is called CZ-NACE Rev 2.0 in the Czech Republic. In the NACE classification (respecting the WTO classification), services are defined as a whole groups G until S and with some limitations groups E and F can be included as well. [8]

As shown in table 1, a half of the respondents are companies that employ up to 9 people, approximately a quarter of companies are small which means that they employ up to 49 people and the medium-sized companies employ up to 249 people and represents another quarter of the sample.

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<tr>
<th>company size</th>
<th>legal form</th>
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<tr>
<td>micro</td>
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Source: own, 2013

The table also shows a legal form of the companies, the majority (three quarters) of respondents are limited, one sixth is public limited and the rest represents other legal forms. Lower part of the table represents all NACE groups and number of
corresponding companies that participated in the survey. For the time being companies that operates in retail, transportation, construction, marketing, consulting or educations took part in presented survey. Group J comprise the largest group basically because of the business area (telecommunications, web designs, broadcasting and publishing) which is one of the typical areas of project management implementation.

2.2 Results
For the purpose of this paper, part of the survey concerning all the questions that are necessary to get answers to research questions is presented. First research question deals with scope definition which is basically very important because it clearly states what is going to be realized and what is not. As shown in picture one, scope definition is widely used (always or often) and prepared within the bigger companies than within the smallest one. Two third of companies define scope of the project more very often which can be considered as a very good result. On the other hand some of micro companies do not bother to make the scope definition at all. These companies can very easily face the problems connected to Romer rule. Since two third of companies define project scope very frequently or always, the answer to the first research question is positive – companies define project scope.

![Fig. 1 Scope definition](source: own, 2013)

The other part of a project plan is project schedule that can be easily graphically displayed as a Gantt chart. Gantt chart shows sequences of work (or activities) with defined time period, required resources (human, material etc.) and also interrelationships between presented activities. Gantt chart is very useful tool in terms of controlling process of project. [13]

Figure 3 shows the actual usage of Cantt chart in practice of Czech SMEs from sector of services. Results are better than WBS results above but the actual values are not satisfactory at all. Since half of the companies never use Gantt chart the answer to the third research question answers itself – companies do not use Gantt chart as a graphical representation of project schedule.
Majority of the companies regrettably do not use it at all or very rarely and that is why the answer to the last research question is also negative.

3 Problem Solution

Presented results show that project management is very popular in several business areas in sector of services in the Czech Republic. On the other hand, the smallest companies do not know what tools and techniques to use to manage (in terms of this paper – to plan) projects successfully and apparently they also do not have appropriate knowledge of project management methodology.

In the Czech Republic there is lots of consulting companies and companies specialized on providing education in the field of project management. IPMA certification is provided by member of IPMA called SPR in the Czech Republic. SPR has been experiencing increased demand of project management courses and also the certification [18].

Project managers and key project team members should attend these kinds of courses to learn how to use special project management tools and techniques in different project management processes.

The courses and certification can be the way to improve project management skills that are essential presumption for project effectiveness. Total costs spend on the certification is nothing in comparison to the penalties and other costs that can be consequent upon a breach of contract with customer due to insufficient way of handling the project.

Key aspect of possible solution is that companies that do not manage the project in the right way have to become aware of the fact.

4 Conclusion

Czech Republic is developed country with typical structure of three basic economic sectors. The dominant sector is the sector of services that provides over 70% of all work possibilities. Companies in the sector of services have been increasing the number of realized project in various business areas.

For the purpose of the paper, 50 companies from service sector participated in the continuous survey. The main goal of the survey is to analyze the most and the least used tools and techniques of project management. Results of the tools connected to the project planning process were introduced. The main problem was identified insufficient usage of work breakdown structure to define the project scope and
also the usage of Gantt chart which is used to visualize project activities and also to control a progress of the project. As presented results showed medium-sized companies use the tools in the most extended way. But even their results do not show the best practice in the field of project management. That is the reason why the possible solution was suggested – project managers and key project team members should participated in some special course to adopt project management skills and also to learn how to plan a project.

References: