Chapter IX

Enhancing Project Management as an Instrument for Costing and Controlling in Small- and Medium-Sized Enterprises

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ABSTRACT
This chapter presents an introduction to a Project Management Costing and Controlling System to enhance traditional project management in order to integrate all business processes of a project-driven organisation. In order to achieve this, we analyzed relevant business processes in project-driven SMEs of a particular industry and utilized this knowledge to develop an architecture for the proposed system. We describe how reuse and a multiple levels of abstraction can help to organize projects and add precision to traditional project management, thus adding extra value. With this system, the author hopes to make project management more
attractive for SMEs by creating a fully integrated system to steer a project-driven business. This will assist firms to become more competitive with the added benefit of gaining easy access to vital knowledge about their process and cost structure.

INTRODUCTION

Presented in this chapter is a method to utilize project management, particularly project management software, for the purpose of controlling and costing in project-driven organisations.

Over the last few years, there has been a significant increase in demand for project managers and project management and also in the number of respective software products, claiming to qualify as all-inclusive project management tools (Fritz, 2000). Turning to the Web, one quickly realizes that there seems to be a perception of what project management should be and its perceived importance. Rodney Turner, editor of the International Journal of Project Management, even predicted that “into the 21st century, project-based management will sweep aside traditional function line management” (Pinto, 1995).

However, today, project management is more than an accomplishment. Previous claims describe project management as a system by which project goals are guided and achieved, and these are likely to be causative factors of innovation and creativity (Barkley, 1993).

When we focus on a business that is entirely project oriented and, therefore, applies project management techniques on a constant basis, we find that project management software is in high demand. Nonetheless, most of the software products that can be found in the marketplace are aimed at large corporations or are specific with regards to their application. In this respect, there appears to be a lack of project management tools that would be relevant to small- and medium-sized enterprises (SMEs).

Drawing from experience gained during a research project concerned with the introduction of project management in SMEs, especially within German trade businesses, it was evident that there is
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