

# Project marketing in multi-project organizations: A comparison of IS/IT and engineering firms

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## Abstract

An emerging trend suggests that a project *marketing* approach could, or should, be merged into project management. Consequently, an exploratory study has been made of the project marketing and management functions in four firms in two different industries and analyzed with a project marketing overlay. Contrasts were noted. The engineering firms actually described their marketing activity as a *sales* activity and the function tended to be differentiated from project management. The IS/IT firms, on the other hand, appeared to be particularly oriented toward establishing mutual understanding of customer needs and marketing was closely integrated with project management. Major differences are associated with the relative environments in which the firms work.

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## 1. Introduction

The selection of the construction of the great pyramid in Egypt is frequently used as an example of the earliest of projects (cf. Nicholas, 2001, p. 1). In a recent text, Smith (2004, p. 23) opined that the great pyramid of Egypt could not have been built without some form of organized project management—to the extent of having a work breakdown structure. If that were the situation, a case could be made for saying project management really has not seen significant changes in the last 4500 years. Perhaps in response to this suggestion, attempts have been made to change this observation (Cova & Salle, 2005). That is, an emerging trend suggests that a project *marketing* approach could, or should, be merged into project management.

One aspect of this project marketing approach is the focus on the broader context of the business orientation of firms and not particularly on individual projects (Skaates & Tikkanen, 2003; Cova, Mazet, & Salle, 1994). In other words, greater emphasis is given to the overall strategy and operation of firms; the delivery

of individual projects is placed within that context. With this consideration, one is inclined to make the jump from this business orientation to the next step, that of organization. That is, project marketing is not only an orientation of the firm, but a function in the firm. Thus, an interesting study would involve how multi-project firms tend to organize—particularly the relationship that exists between the management of projects and the marketing of projects.

The purpose of this paper thus is to first analyze and report on the management and marketing practices at the functional level of four firms in two different industries—broadly defined as engineering and information technology industries. The central research question is how do multi-project firms in these industries adapt their internal structure to their respective external environments? In part, this study was motivated by the observation that inter-industry comparisons have not been made in project *marketing*. At the same time, established literature and anecdotal observations suggest that individual projects may be *managed* differently in different industries. In particular, projects within information technology service firms take on a peculiar form of information feedback in their conduct (Deakins & Dillon, 2005; Zackariasson, Blomquist, & Wilson, 2004; Boehm, 1988). It thus would not be a stretch of the imagination to think that projects might be marketed differently

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also, and that the relationship between the marketing and management functions would be different. The aim of this paper thus is to report on the structures and interactions of the two functions in four firms in two substantially different industries served by projects. From this base, the business orientations of the firms are compared and contrasted with regard to their respective industrial environments and the context in which projects are generated. It would be these relationships that are suggestive of each firm's project marketing as a business orientation and thus lead to a better appreciation of the concept within actual competitive situations.

## 2. Background

### 2.1. Project marketing

The importance of project marketing is indicated by the observation that this special issue of *Industrial Marketing Management* is devoted to the subject. If project marketing is to be understood as a business orientation, however, then it must be placed within the broader context of projects as business. Arto and Wikstrom (2005) have recently considered that concept. It was assessed that project business evolves not only from the traditional project management discipline, but is contextually linked with the business environment. Consequently, they focused on searching business sources rather than project literature. An extensive bibliographic survey was made for the period 1986–2004 of major management and strategy journals. Eleven key clusters were identified, which could be categorized into three topical areas—process, organization, and change (technological and sociological).

With respect to project marketing and its association with the broader connection with business, one of the interesting clusters in that study (Arto & Wikstrom, 2005) and especially relevant to this study was the one relating to organization. In assessing this general area, it was suggested that the appropriate unit of analysis would be the firm and not individual projects. The work of Lawrence and Lorsch (1967) was cited, with its assertion that must be a fit between an organization and its environment. It might be recalled that that work suggested that there was no best way to manage and organize in all situations. In fact, the summary of that work was that a contingency approach to organization seemed rather appropriate as a generalization.

### 2.2. Industry protocols, scientific muddling, rituals, and milieus

Simon (1996) observed in general that complex organisms, including organizations, adapt to their environments. These observations are consistent with conceptual background in both theory and practice. Kotler (2000) has indicated that there are a variety of ways in which a company may direct their marketing approaches, but there is a tendency for successful ones to move toward a more customer-oriented one. As suggested previously, thoughts on successful organizational adaptation have been shaped by the seminal work of Lawrence and Lorsch (1967) who posited that effective organizations are contingent upon the external environment. Specifically, diversity and dynamics

affected the degree of differentiation and integration required for firms to successfully adapt. Pettigrew (1985) used a framework of three dimensions (content, context, and process) to examine the “what, why, and how” in which some British firms have adapted to their environments, that is, how strategy gets constructed and realized. He indicated that the strategic process is not only dependent on content, i.e., the choices of product offerings and markets served, but also on context and process. Context concerns were divided into the firm's inner and outer issues. Inner issues included resources, capabilities, corporate culture, and politics; outer issues included factors such as economic climate, political macro-environment, and social conditions. Process dealt with the history of the firm—the patterns of action, reactions, and interactions that have been responsible in developing the organization. Spender (1989), in fact, indicated there was empirical support for industry recipes—strategic clusters of success within industries. With regard to choices that management makes, Lindblom (1979, 1959) asserted there was a certain important class of decisions in which expected results could not be quantified. That is, results could not be determined until actions had been taken. He thus prescribed a “scientific muddling” approach that basically was a learning by doing procedure in which positive feedback was utilized. In general then, it might be hypothesized that successful, project-oriented firms muddle their way to success within a niche consistent with content and context for their particular situation.

With further regard to project organizations, Cova and Salle (2000) developed a conceptual framework in which rituals were associated with the management of relationships in project marketing. Rituals were linked to the maintenance of a system and distinguished from ritualized behavior, which was associated with one's self-perception. Within this framework, protocols could be considered as “a type of rituals, to manage a marketing action between a client and a supplier in order to shorten any type of distance (geographic, psychic, etc.), which may exist between them” (Cova & Salle, 2000, p. 673). Alternatively, they may be seen as the set of rules and norms regulating the interaction among these actors suggested by project marketing milieus. Pinto and Colvin (1992) might say it is part of understanding clients.

These practices tend to be institutionalized in even small firms. It has been suggested that acceptance of industry protocol can be associated in part with the relative success that small, business service firms have enjoyed in the U.S. (Wilson & Anell, 2002). That is, there is a certain etiquette with which customer firms expect to be treated during discussions of potential projects. Successful firms, even in the absence of a professional marketing function, tend to develop customs and procedures that meet these expectations. These expectations may vary across industries, but they exist as part of industry culture and thus need to be met in order for firms to be successful. In particular, advertising, engineering/architecture, management consulting, and computer related sectors tended to be characterized by formal presentations, a high number of interactions, and fairly complex meetings. On the other hand, business services and equipment rental sector contracts tended

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