Multi-project management in companies’ development (an example of shipping companies)

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Abstract

The necessity of multi-project management of shipping companies’ development is grounded. A lot scientists such as V. N. Burkov, V. I. Voropajev, M. L. Razu, I. I. Mazur, V. I. Nikolaev, D. A. Novikov, L. S. Tovb, G. L. Tsipes, R. Archibald, V. D. Shapiro, R. Turner, and others devoted their works to the problem of creating a methodology for management and development of organizations through projects. Most of the studies are devoted to the development of scientific-theoretical and scientific-practical basis of the methodology of project management in the enterprise’s development.

On the basis of these studies and according to the scale (in order of increasing it) and degree of interdependence, the theory of project management reveals the following classes of targeted changes:

- work (operations)
- work packages (set of operations)
- projects
- multi-project:
  - ‘Projects that consist of several technologically independent projects with common resources (financial and material)’ [8]
  - ‘Containing a number of projects with a common resource base or characteristics’ [9])
- program:
  - ‘Complex of operations correlated technologically, organizationally and by resources, and provides for achievement of the assigned objectives’ [10]
  - ‘Group of projects managed in an interconnected form for producing results that are unachievable under their separate execution’ [11]
- portfolios:
  - ‘Set of projects that can be independent technologically implemented by the organization in terms of resource constraints and ensuring achievement of the strategic objectives’ [11]
  - ‘Complex of programs and projects that supports and provides the strategic objectives’ [12]

Due to the fact that success of the company’s strategy depends on the choice of the class, type and size of the project, the theory of project management allocates a separate category ‘multi-project’, which allows companies to conduct their activities in a number of directions and to invest in several projects in parallel.
Multi-project Management

Multi-project management provides an opportunity to plan projects in time, allocate resources, monitor and resolve organizational issues related to the management of projects. In this case, one of the main tasks of multi-project management is an implementation of the maximum number of projects with the available resources.

The term ‘multi-project management’, its content and its objectives differ from each other in different researches significantly [1,5,6,7,8,9]. In some of them multi-project management has the auxiliary function within the framework of project portfolio management [1], in the other – multi-project management is proposed as an alternative approach for the management of a number of independent projects; in the third – it is defined as a tool for program management [6,7]. The most common can be called the following definition of the ‘multi-project management’ term:

‘Multi-project management allows to coordinate the entire set of projects carried out as a part of the company's programs and portfolios using the processes of analysis and project selection, planning, execution, control and completion of the work’ [6].

It should be noted that questions of resource allocation and project scheduling (resource and network models) have gotten sufficient elaboration, however, multi-project management still has a number of areas of concern, not available from the sources considered. Issues of multi-project management that require further research, development or improvement of methods are:

1. The communication of projects with the company's strategy;
2. The determination of the content of multi-project and priorities of projects in multi-project;
3. The operational management of the projects by taking into account the environment's turbulence and changing of the organization's objectives;
4. The evaluating method of the results that are achieved.

Multi-project Management in Ukrainian Shipping Companies

It is necessary to point out that most of the scientists deal with problems of projects’ group management in companies while disregarding branch features; also they do not take into account specific factors affecting shipping companies such as the technology of transport products production and their features, personnel policies of the shipping company, the state of the transport services market and the position of the company on it, strategies of competitors and customer needs, economic and political situations in the country, scientific and technological progress, and many others.

The process of management, development and rehabilitation of Ukrainian shipping companies is also complicated by the fact that domestic shipping companies are experiencing tough competition from foreign companies. As a result, the amount of transportation of foreign trade cargo by domestic transport is declining annually, and earnings for the carriage of Ukrainian goods go abroad.
The current situation of the Ukrainian merchant fleet is characterized by a number of negative trends:

- reducing number of merchant ships, including ships under national flag;
- reduction of foreign exchange earnings derived from work of the fleet; and
- rapid aging of the fleet.

The decline in the participation of the Ukrainian fleet in the transportation of foreign goods leads to loss of profits, strengthens Ukraine’s dependence on world freight market and increases the import of transport services.

Today, up to 10 companies carry cargo under the Ukrainian flag. Among them can be noted such companies as Ukrainian state company – ‘Ukrainian Danube Shipping Company’, and major private carriers such as ‘Ukrferry’, ‘Commercial Fleet of Donbass’(TFD), ‘Ukrrechflot’ merchant fleet ‘NIBULON’ and a number of small companies owning several vessels and established to meet the needs of large corporations mainly.

Given the specificity of the industry in which shipping companies operate and develop, it is possible to point out the projects of shipping companies which subsequently can be combined into a multi-project of the shipping company (Fig. 1). Such a multi-project will include a variety of development projects, defined all the way through the life cycle of a shipping company while implementing corporate strategies.

For successful functioning and development, Ukrainian shipping companies must conduct their activities in a number of directions and invest in several projects in parallel. It is necessary to develop not only existing activities, but completely new businesses, which are not connected to major spheres of business.

The implementation of the multi-project approach for a shipping company must be ensured with the creation of favorable conditions for investment and with the involvement of organizations that are able to create the transition to a more innovative model of development.
In modern conditions such entities can be financial and industrial groups (FIGs) that are active participants in the integration process already and have experience in the implementation of investment projects of national significance.

The role of integrated financial and industrial groups in the economy is determined by their capacity to implement capital-intensive, high-tech and strategic development programs.

Since financial and industrial integration is a way to overcome the shortage of investment that is necessary for innovation, the potential participants of FIGs in Ukraine may be shipping companies, commercial sea ports, shipbuilding and shipyards, metal mills - manufacturers of marine steel or trading houses, research and design institutes or companies, major manufacturers of bunker fuel and oil bunkering, logistics companies, freight forwarding companies and agency companies.

The fact that shipping companies do not have sufficient funds of their own, and banks do not provide cheap and long-term loans to replenish the fleet, financing of the shipping companies is one of the most important aspects of integration with FIGs.
The attractiveness of the integration of shipping companies into FIGs is:

- emergence of transnational corporations with a complete production cycle from raw material to finished product, that guarantees delivery on time;
- interest in the completion of the fleet, keeping it in good condition;
- developing and implementing of innovations.

Thus, the application of multi-project management in the development of shipping companies will ensure the matching of projects to strategic objectives at a higher level; will provide a comprehensive integration of the shipping company into FPG; will ensure the implementation of corporate strategy by the way of achieving the multi-project objectives; and will expand the sources of financing by sharing the resources of the group companies.

REFERENCES

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