

Advances in Project Management Series¹

Commercial management and projects, a long overdue match?

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A quick search for the phrase ‘commercial management’ in the digital version of the 6th edition of PMI Guide released in 2017 fails to come up with a single result. The 6th edition of Body of knowledge from the UK’s Association for Project Management similarly offers no matches. The leading canons of project management knowledge would thus seem to imply that commercial management has nothing whatsoever to do with projects. The apparent disconnect is a little troubling since commercial management has a lot to offer project management practitioners and researchers.

The ignorance of commercial management is even more puzzling given that over the years, a number of decent books have endeavoured to bridge that gap, offering treatises that address the links, connections and common issues. Perhaps the first book to offer such insight and focus on the area is *The commercial Project Manager* edited by Professor Rodney Turner in 1995. The Foreword to the book, written by Dr. Martin Barnes, Former President of the UK’s Association for Project Management, notes that ‘*many projects are not managed with proper consideration of commercial aspects. Only in the last few years have many people realized, for example, that only the most trivial projects are completed without needing well designed contracts between the contributing people and organizations.*’

Dr. Barnes uses the analogy of risk management, that had previously been considered as a ‘bolt on extra’ to project management technique, to highlight the need to similarly integrate commercial management into the very core of project management. More critically, he points out that rather than simply fill a gap, Turner’s book first demonstrates an unrecognised gap before duly proceeding to fill it.

‘Rodney Turner and his team have not taken up space with descriptions of the traditional techniques of project management. ... But, for the first time, almost everything which sets the context within which these basic project management functions have to be performed is here. Reading The Commercial Project Manager starkly demonstrates how important

¹The PMWJ Advances in Project Management series includes articles by authors of program and project management books published by Gower in the UK and by Routledge publishers worldwide. Each month an introduction to the current article is provided by series editor **Prof Darren Dalcher**, who is also the editor of the Gower/Routledge Advances in Project Management series of books on new and emerging concepts in PM. To see [project management books published by Gower and other Routledge publishers, click here](#). Prof Dalcher’s article is an introduction to the invited paper this month in the PMWJ.

the surrounding commercial considerations are to successful project management. Integration of the commercial aspects of the basic technology has often not been achieved. Full integration, based on a clear understanding makes a big difference to the success of the completed project. Strangely, this applies whether the objectives of the project are themselves intensely commercial or not.' (Barnes, 1995, p. xiii).

Despite the clear potential impact on the profession, well over twenty years following the publication of Professor Turner's book on the subject and the plea from Dr. Barnes, commercial management remains a relatively perplexing conundrum, still completely unrecognised by the traditional project management sources of wisdom.

What is commercial management?

The Institute for Commercial Management (ICM), established in the 1970s and currently based in Ringwood, Hampshire in the United Kingdom, purports to be the leading international body for commercial and business development staff. Their definition of commercial management positions it as: *"the identification and development of business opportunities and the profitable management of projects and contracts, from inception to completion."*

While the roles within commercial management may be varied, individuals take responsibility for sales, marketing, contracting, negotiations, contract law or property management. According to the ICM, commercial managers *'ensure that a project runs smoothly from inception to completion'*. ICM further maintain that a commercial manager is therefore *'someone whose primary role is in the management or execution of such opportunities or projects'*. The key knowledge areas highlighted in their publications feature commercial awareness, contracts, contract performance, commercial relationships, negotiation, risk management, post-delivery risk, project planning, team building and project progression. The International Association for Contract and Commercial Management (IACCM) also endeavours to support organisations and professionals to achieve world-class standards in their contracting and relationship management process and skills.

In positioning his book on the topic, David Lowe contends that the term commercial management has been used for some time, not least in construction, while the title of *commercial manager* can be found across a spectrum of industries, especially those that are predominantly project based, including, aerospace, construction, IT, pharmaceutical and telecommunications (Lowe, 2008; p. vii). Given that projects play a key part in executing organisational strategies, *'the commercial management function is vital in linking operations at the project level and multiple projects (portfolios/programmes) at the organisational level with the organisational (corporate) core of the company. The function therefore can be found at the interfaces between organisations as well as between divisions within an organisation'*. (ibid.)

Acknowledging the relative paucity of literature in the area, commercial management is thus defined (Lowe & Leiringer, 2008, p. 11) as: *'the management of contractual and commercial issues relating to projects, from project inception to completion'*.

Lowe and Leiringer (2005; 2008) reason that, commercial management can be identified as a standalone discipline within project-based organisations, which bridges traditional project management with organisational theories. Whilst it typically encompasses contract management and dispute resolution, it may also address financial and value management and bid management within certain domains. It is noteworthy that while commercial management may not form an explicit part of the single project setup, it nonetheless holds a crucial role within project-based organisations and project-based industries, in facilitating the commercial management of projects.

No project is an island

Turner (1995) positions his book by recognising that in reality no one organisation has all the available resources required to undertake a complete project in its entirety. Indeed, material, labour or professional services will often need to be sourced externally.

'Hence, project managers must develop their commercial skills to manage the relationship with external parties involved in a project, and the project's links with its context and environment'. (Turner, 1995, p. xv)

Moreover, Turner (ibid. p. xv) acutely recognises that the majority of the literature in the project management area, treats the project as an island, totally isolated from other actions, activities, events or structures. However, the project can no longer be considered an island. The introduction by Dr. Barnes points out that it is both refreshing and exciting for commercial issues to take central stage.

'The Commercial Project Manager belongs to a mature phase of project management into which we have now moved. ... [P]roject management is no longer an island; when placed within its surrounding commercial context, it becomes a valuable part of nearly everything we do'. (Barnes, 1995, p. xiii-xiv)

Dr. Barnes's sentiment reflects a yearning for better-informed project management approaches. Welcoming the arrival of the new era twenty-some years ago, may have been premature, as commercial management is yet to be integrated into the core of project management.

No longer on the periphery?

But perhaps commercial management is a an overdue concept whose time and potential for recognition amongst project practitioners has finally arrived. The guest article this month aims to re-invigorate the passion for the area by emphasising its importance. Robin Hornby embraces the leadership role required to initiate a further discussion about the potential impact of the discipline. The article is developed from his recent book *Commercial Project Management: A Guide for Selling and Delivering Professional Services*, published by Routledge.

Hornby firmly believes that the poor track record of project delivery can be improved by addressing the commercial concerns related to the context of projects. Selling and delivering a project to a satisfied client, and making a profit are complex tasks that have been sadly neglected by the existing standards, methodologies and approaches, and consequently are poorly understood by practitioners. Hornby's approach combines practical case studies with pragmatic solutions and new ideas for addressing the commercial side of delivery and the continuous perspective of commercial relationships.

At the core of his approach, Hornby emphasises a sales and delivery life cycle, thereby providing a framework for business and commercial control of projects. He also recasts project management as a cyclic set of functions devised to lead the work of the projects against the backdrop of commercial emphasis. Crucially, he also provides new structures, approaches and insights for strengthening the commercial integration, viability and ability required to deliver projects successfully. The perspective repositions the architecture of the commercial project environment (CPE) as capable of addressing the relationships between vendor life cycles, project life cycles used for the execution phase, and core practices. It also provides the foundation for developing the concept and principles of total collaborative procurement as a methodology and approach for delivering services.

By placing commercial management at the core of delivery and relationships, it thus becomes possible to question the key assumptions and traditional models and begin to construct a new reality of project (and business) delivery. By focusing on business aspects it may also be possible to emphasise new ways of developing, growing and sustaining success in projects.

One of the endorsements of Hornby's book comes from R. Max Wideman, past President of PMI and a leading authority and founding developer of the early version of the PMI's Guide to the Body of Knowledge. Wideman notes that *'it is refreshing to find in this latest book, ... a side of project management that is rarely tackled. In fact it is not about project management per se, but rather about how to make money, or certainly not to lose it.'*

It would appear that recognition of the key role of commercial management and the need to rethink project work materialise on an intermittent basis, probably about once a decade. The discussion about creating connections with commercial management is long overdue and merits serious consideration. Returning the focus to this critical area and placing it squarely at the core of project discourse could prove to be an important step in re-positioning projects and their management as the key to future growth, societal prosperity and organisational development. It may also finally signal the growing maturity of the discipline and the discourse it fosters. Ultimately, it may begin to remind us of why we do project work, and how we can become (even) better at it.

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*Editor's note: Editor's note: **Prof Darren Dalcher** is the editor of the Gower/Routledge Advances in Project Management series of books on new and emerging concepts in PM. The PMWJ Advances in Project Management series includes articles authored by Routledge book authors; the above article is an introduction to the invited paper this month by another Routledge author. [To see recent project management books published by Routledge, click here.](#)*

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Professor Dalcher has written over 200 papers and book chapters on project management and software engineering. He is Editor-in-Chief of *Software Process Improvement and Practice*, an international journal focusing on capability, maturity, growth and improvement. He is the editor of two book series, *Advances in Project Management*, published by Routledge and of a companion series *Fundamentals of Project Management*. Heavily involved in a variety of research projects and subjects, Professor Dalcher has built a reputation as leader and innovator in the areas of practice-based education and reflection in project management. He works with many major industrial and commercial organisations and government bodies in the UK and beyond.

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