

# Understanding Project Business<sup>1, 2</sup>

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## What is Project Business

Project business refers to a way of organizing and executing business activities that are based on individual projects. In this model, a company undertakes a specific project or projects or project tasks, completes them, and then moves on to the next one. Project business is a widely used approach, particularly in industries such as construction, software development, and engineering.

Project business is characterized by its unique features such as defined scope, defined timeframe, and a defined budget. Each project is temporary in nature, meaning that it has a specific beginning and end date. Projects require resources such as money, time, and people to be allocated to project teams. The project teams are responsible for planning, executing, and monitoring the projects.

In a project business model, the project managers play a crucial role. The project manager is responsible for defining the project scope, creating a project plan, identifying and managing risks, and ensuring that the project is delivered on time and within budget. The project manager also acts as a liaison between the project team and the client or stakeholders.

A Projects Businesses model can be used in many types of businesses, for example in a home remodelling company, a fitness app development, an event planning business, a financial consulting firm, a business coaching service, a digital marketing agency or a video production company. What these businesses have in common is that the workflow is based on projects.

## Benefits of a Project Business model

One of the main benefits of project business is that it allows for flexibility in terms of resource allocation. Since each project is distinct, the project team can be customized to

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<sup>1</sup> How to cite this article: Sande, T. (2023). Understanding Project Business, commentary, *PM World Journal*, Vol. XII, Issue VIII, August.

<sup>2</sup> Editor's note: Submission of this article was coordinated by [Project Management South African \(PMSA\)](http://Project Management South African (PMSA)) Mr. Sande was a featured speaker at the PMSA Annual Conference in November 2022.

fit the specific needs of the project. This means that the company can adjust its workforce as needed, hiring additional staff for a project and then releasing them once the project is complete. This allows for a more efficient use of resources and helps to reduce costs. Project business also promotes innovation and creativity. Since each project is unique, it provides an opportunity for the project team to approach problems in a new and creative way. This can lead to innovative solutions and can help to differentiate the company from its competitors.

A project-based business model is much more flexible than traditional business models. It allows companies to dynamically respond to market conditions in a timely manner and create new projects and new opportunities that are tailored to the specific needs of customers.

Since workflow is project based, it is easy to outsource part of the work. By outsourcing certain workflows or tasks in a project-based model, it is possible to streamline a company's operations and reduce the number of unnecessary steps or lengths of time that is required to complete it.

### **Challenges of a Project Business**

However, project business also has its challenges. One of the main challenges is that each project is unique, which can make it difficult to standardize processes and procedures. This can lead to inefficiencies and can make it difficult to learn from past projects. Additionally, project business can be risky, as projects may not always go according to plan. This can lead to delays, cost overruns, and other issues that can negatively impact the company's reputation and bottom line.

Project businesses often face uncertain market conditions, changing customer preferences, regulatory changes, and technological disruptions. Managing these uncertainties and risks is a big challenge for such businesses.

For projects, proper planning is critical. Project businesses require efficient allocation of resources such as skilled labour, equipment, and materials. Allocating these resources effectively to meet project objectives can be challenging. This can be aggravated by client requesting changes of scope, budget cuts etc.

To mitigate these risks, it is important for companies to establish robust project management processes and procedures. This includes developing a standardized approach to project planning and execution, implementing risk management strategies, and ensuring that there is effective communication between the project team and stakeholders.

## Conclusion

Project business is a widely used approach that allows companies to undertake specific projects or tasks, complete them, and then move on to the next one. It provides flexibility in terms of resource allocation and promotes innovation and creativity. However, it also has its challenges, including the difficulty of standardizing processes and the risk of project failure. To succeed in project business, companies need to establish robust project management processes and procedures and ensure effective communication between the project team and stakeholders. Research shows that companies that have standardized approach to project management are more effective and efficient in delivering projects.

## References and Further Reading

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