The 7 Most Important Reasons for Project Management

And why you should start managing your projects professionally now!



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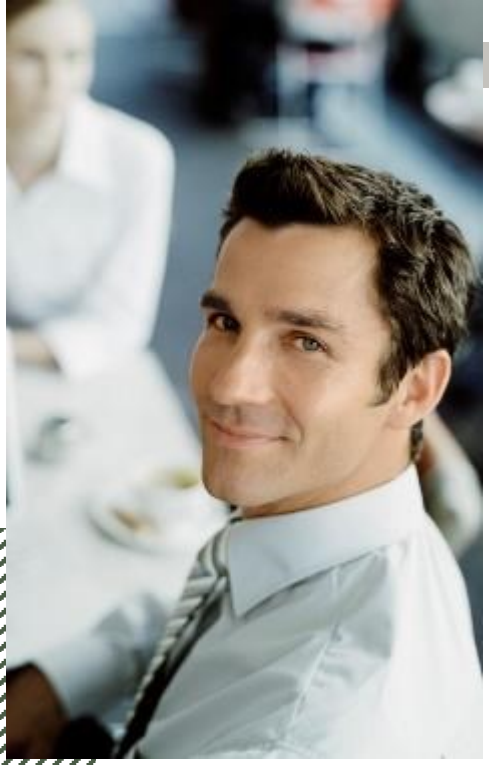


01 Introduction

Projectification of the Economy

A look back: in 2018, according to the PMI "Pulse of the Profession" report[1], only 58% of companies said they recognized the value of project management. Organizations that underestimated project management as a strategic competency to drive change reported an average of 50 percent more failed projects.

Today, this fundamental question of the relevance of project management in companies is no longer asked. On the contrary, according to the GPM study "Projectification 2.0", projectification in the German economy stood at 34.7% in 2022. This corresponds to 1.2 trillion euros generated through project activities in Germany[2].

Despite this increase in project work, however, the "Project Success Index" fell by 6 points from 72 in 2013 to just 66 in 2022[3] according to the study. The study attributes this to the decline in the proportion of central project organizations in companies (from 65% to 50%) and few differentiated career paths.

These two trends - increasing projectification and declining project success - underline the importance of professional project management, which in practice makes teams in companies effective and contributes to the overall success of the company. After all, more than one in three working hours is spent on projects - this time should be as productive as possible.

Is project management unnecessary bureaucracy?

Among laypeople, project management is still often labeled as unnecessary bureaucracy for tasks that can be completed without status feedback, time recording and documentation. The lack of time in everyday working life is usually cited as an argument against project management.

Ultimately, however, teams and companies not only gain back the time that implementation and continuous realization takes up through professional project management. The efficiency gains and increased productivity in the projects ultimately save time and costs.

A helpful thought is this: once thought through and introduced, project management rules and processes are like guard rails that will get you safely and without detours to your goal.

> **Around 30% of all projects fail due to inadequate project planning.**
>
> PMI Pulse of the Profession® 2024, 15th Edition



Projects don't just happen on the side

Without planning, management and control, projects can quickly take a wrong turn. Managing projects is a full-time job.

02 What is professional project management?

Project management encompasses all tasks related to the planning, management, organization and control of projects. A project is a one-off process with a fixed start and end date and a specific goal with clearly defined requirements.

Project management, or PM for short, stands for the planning, control and implementation of projects using specific methods by a project manager and their project team. The main task of project management is to achieve all project goals and milestones and thus complete the project successfully and on time. The three important project parameters - also known as the magic triangle - must be taken into account.

Project management parameters

The parameters - scope of services, time and budget - form the framework conditions of a project and determine its success to a large extent.

Many PM terms and methods are standardized. This means that the management of projects also requires knowledge and application of these terms and techniques. One of the pioneers of project management, for example, was Henry L. Gantt. He is responsible for the development of the widely used Gantt chart, which is used today in the visualization of a project schedule.

Project management is the entirety of management tasks, organization, techniques and resources for the execution of a project.

When PM is important

If you want to achieve project goals with limited resources.

If your project must be completed by a certain date without delays.

If your projects are complex and you need to know the current status reliably at all times.

With the emergence of various **project management methods** - some as early as the 20th century - modern approaches to project management have developed. Today, we differentiate between traditional - predictive - project management, which is based on the planning of project phases in a network plan, agile - adaptive - project management, which includes iterative methods such as Scrum, and hybrid project management, which combines these two approaches.

Project management methods in practice

Although predictive PM methods are still predominant in project management practice, the hybrid approach has now taken precedence over agile methods, as the PMI report Pulse of the Profession® 20244 shows. What this report also shows, however, is that the method used has no statistical influence on project success.

It is much more important for project success to apply the approaches and methods that best suit the company in the specific project, team and industry context.

The easier it is for teams to select a suitable tool from the PM toolbox and apply it in practice, the higher the acceptance of project management and the better the implementation will work.

> **The right approach for your team is crucial to the success of the project.**
>
> PMI Pulse of the Profession® 2024, 15th Edition



03 The 7 most important reasons for project management

Companies are facing increasing pressure to innovate and compete, as well as constant change. Added to this is a difficult economic and geopolitical environment. In order to meet these challenges, they must be able to react quickly to changes. This is best achieved with a project-oriented corporate culture. What other arguments speak in favor of project management?



REDUCTION OF THE PROJECT EFFORT

Project management establishes systematic processes that reduce the overall cost of projects in the long term by reducing delays, revision loops and coordination efforts.

FASTER LEAD TIMES & INCREASED PROFITS

Efficient project management creates free capacity, enables more projects with the available resources in less time and thus increases profitability.

TRANSPARENCY

Consistent project management creates transparency about the project status, responsibilities, goals and delays, keeping both internal and external stakeholders optimally informed.

CLEAR RESPONSIBILITIES & COMMITMENT

Project management reduces conflicts by defining clear roles, tasks and responsibilities, thereby avoiding duplication of work and ensuring individual commitment.



INCREASE IN ADHERENCE TO DELIVERY DATES

Project management improves adherence to deadlines through precise planning and control, which leads to higher customer satisfaction, increased sales and reduced financing costs.

EARLY WARNING SYSTEM

Project management offers proven methods for the early detection of bottlenecks and risks so that problems can be recognized in good time and preventive measures can be initiated.

INCREASING COMPETITIVENESS

Strategic project management strengthens competitiveness by enabling companies to react quickly to changes and continuously improve products, processes, services and technologies.

Project management anchors systematic processes in the company that reduce coordination efforts and avoid delays. Although the cost of PM may initially increase, it reduces the overall cost of all projects in the long term. This frees up capacity, allowing more projects to be completed in less time. Efficient multi-project management ensures faster turnaround times, enabling companies to bring their products and services to market faster.

Transparency regarding project progress, responsibilities and possible delays is the be-all and end-all. Everyone involved can see the current status at all times and stakeholders receive a clear basis of information. At the same time, measurable quality, time and cost targets make the success of projects traceable. By clearly allocating roles and tasks, project management reduces conflicts and promotes commitment. Each task is assigned to a resource, which avoids duplication of work and clearly defines responsibilities.

With tools such as phase milestone planning, resource planning or cost trend analysis, PM increases adherence to deadlines. On-time deliveries strengthen the market position and can reduce financing costs. Project controlling or milestone trend analysis help to identify risks at an early stage. Project managers can take preventative measures to avoid delays or bottlenecks.

Finally, strategic project management strengthens competitiveness by enabling companies to react more quickly to changes and continuously improve products, processes and technologies.

04 Advantages of software in project management?

Every project involving more than one person requires communication and coordination. This increases disproportionately the more people are involved in a project.

Questions regularly arise such as:

Who is doing what by when? Which tasks and processes have already been completed? Will there be delays and how will this affect the deadline? Which version of the project documents is the most up-to-date?

If project teams try to distribute this information manually, errors often occur. If such information is only passed on by phone or email, it is possible that team members or project partners are overlooked and are therefore no longer up to date. A certain degree of automation and comprehensive project information therefore makes perfect sense.

Project management software can provide valuable services here and support the entire team in day-to-day project work. As a central point of contact for all project information, it minimizes the coordination effort many times over - day after day.

With the help of suitable software support, even extensive and complex projects remain clear and the team can focus on the important operational tasks.

Thanks to InLoox, I only spend 1-2 hours a week on project management.

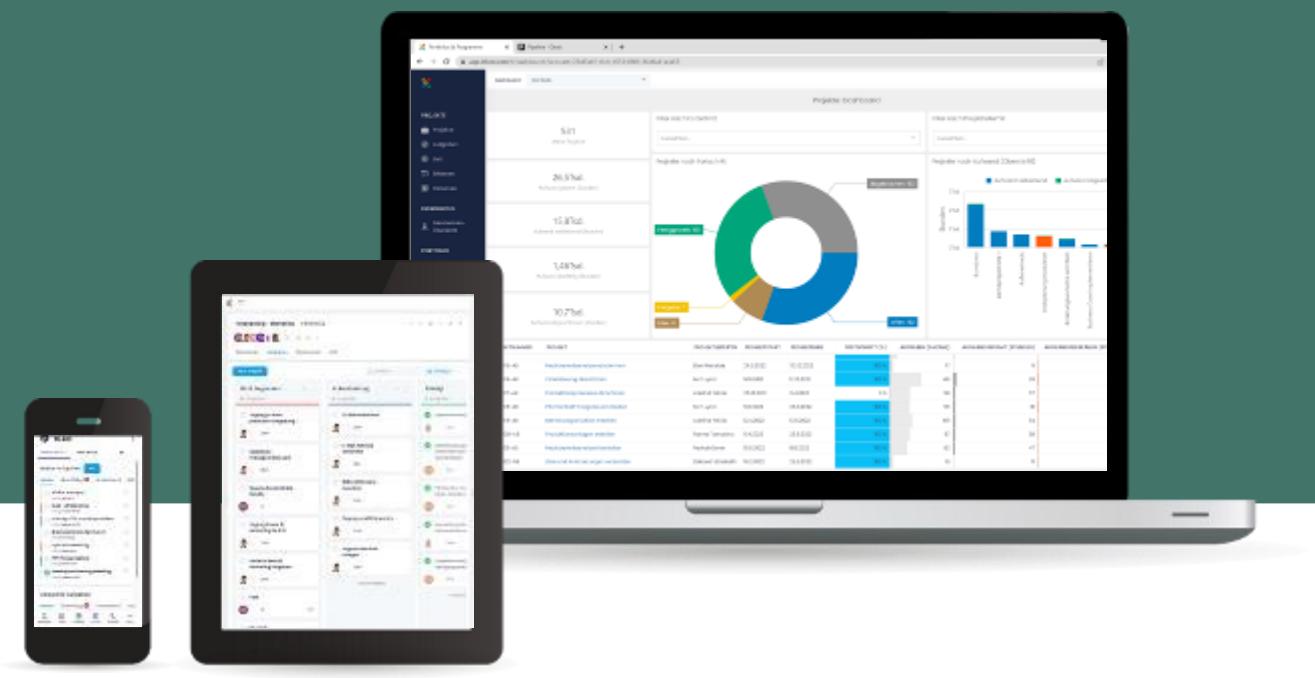
I can concentrate on my main task again: developing new products and bringing them to market.

Michael Stein, Head of Portfolio Management
Dr. Loges + Co. GmbH



The InLoox project management software helps individual users and teams to master their day-to-day project work efficiently. InLoox supports them in the planning, documentation, time recording and budgeting of their projects. With InLoox, you can work integrated in Microsoft Outlook, in your web browser or simply on the go on your smartphone. The most important functions at a glance:

- Project coordination
- Project scheduling with Gantt chart
- Task management with Kanban or lists
- Project-specific document management
- Project time recording
- Resource planning & management
- Project evaluation
- Multi-project controlling with dashboards
- Project reports for each phase
- Project finances & budgets

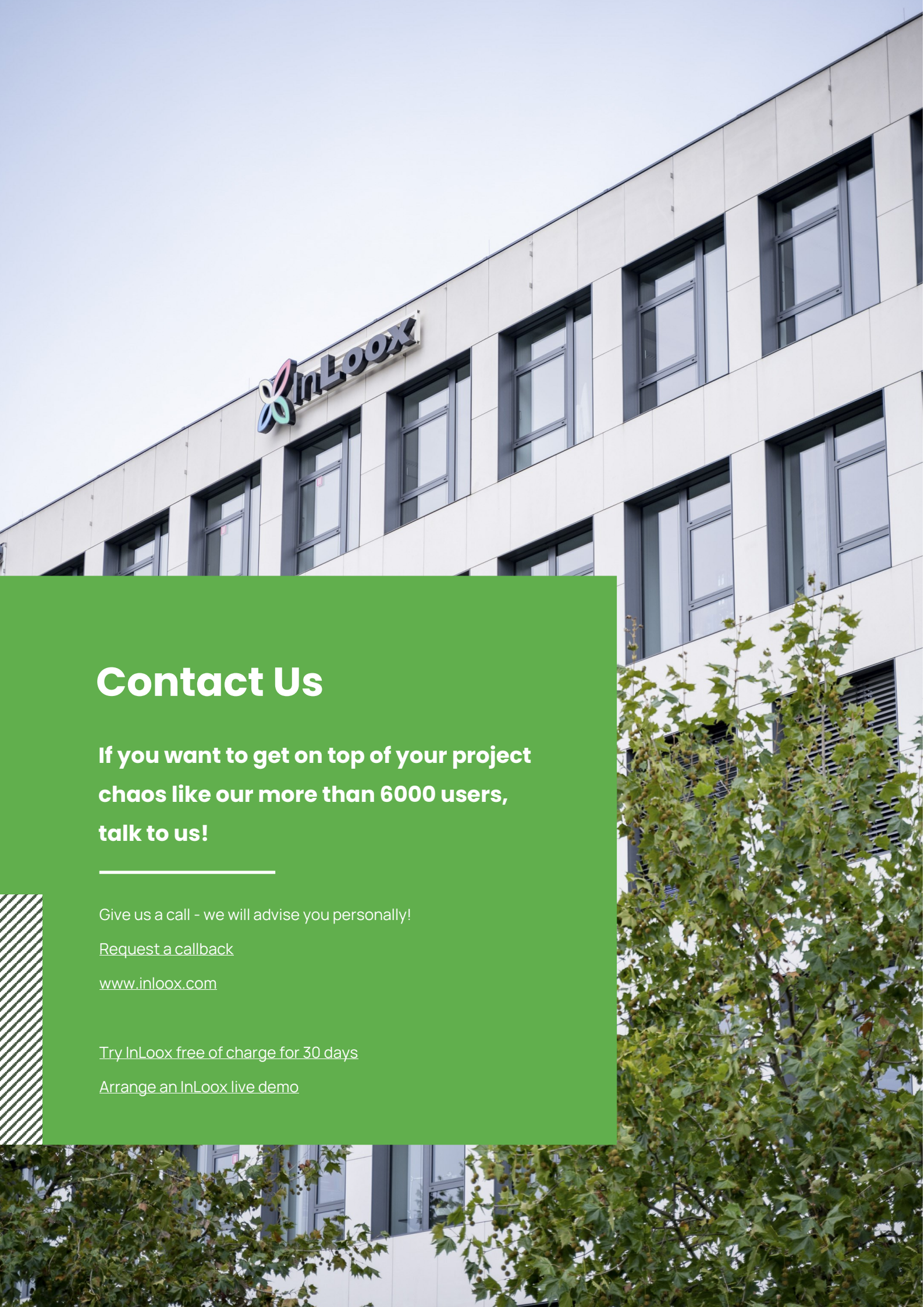


InLoox for Outlook

Outlook brings together a wealth of information relevant to project planning. With InLoox, emails become tasks, attachments are filed in projects and calendar appointments are recorded as project working time. Seamlessly integrated with just one click.

InLoox Web App

InLoox is your multi-project platform for the entire company. Project planning, task management and controlling - managing, monitoring and evaluating your project landscape has never been so convenient and reliable.



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Give us a call - we will advise you personally!

Request a callback

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