

THE TRENDS AND CHALLENGES OF DIGITAL BUSINESS PROJECT MANAGEMENT IN GEORGIA

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ABSTRACT

The research paper below shows the results of the theoretical and practical study on the topic of digital business project management trends and challenges in Georgian small, medium and large enterprises. The focus was made on the application of agile project management approaches in digital as well as commercial projects.

In the world which is more and more characterized with high level of uncertainty, ambiguity and especially digital projects become more and more complex. The traditional project management approaches which are plan driven and focused on scope, time quality have proved to be less efficient which served as a basis of birth for agile project management approaches. The Increase of competition and globalization have fostered the importance of agile management in Georgian enterprises as well.

Based on the results of the research, agile methods have become quite popular in Georgia but they are often used with classical methods in a kind of “Hybrid Solutions”. Moreover, some organizations, which use agile, apply pure waterfall methods in some projects as well. More specifically, Scrum as one of the approaches in agile was discovered to be more effectively used in teams rather than another most popular agile approach Kanban.

The study shows the decisive impact of organizational culture and structure also focus on value, for successful adoption of agile mindset and approaches of project and business management.

Key Words: Agile, Agile Project Management, Scrum, Kanban, IT Project Management, Team Motivation, Digital Transformation.

THE STUDY

Digitalization and the trend of increasing IT driven businesses makes management of projects involving IT development of high importance and one of the main sources of competitive advantages for companies. Therefore, the main focus of this paper is the innovative projects that require IT development.

Moreover, the very insightful statistics that served as a most important motivation for my surveys and researches conducted in the last recent months are as follows¹:

Almost three-quarters (71%) of organizations report using Agile approaches sometimes, often, or always. (Source: Project Management Institute)

Agile projects are 28% more successful than traditional projects. (Source: PwC)

Of failed Agile implementations, 63% of respondents in one study blamed the clash between their business's culture and Agile's business philosophy. (Source: VersionOne)

50% of team members are motivated more by team success than by the company's (27%) or individual's (23%) personal goals. (Source: Atlassian)

Agile is traditionally a software development philosophy, one that emphasizes²:

- Individuals and interactions over processes and tools
- Working software over comprehensive documentation
- Customer collaboration over contract negotiation
- Responding to change over following a plan

It's a philosophy that has garnered its own subset of project management methodologies, including (but not limited to) Adaptive Software Development (ASD), Crystal Dynamic Systems Development Method (DSDM), Extreme Programming (XP), Feature-Driven

1 Source: Project Management trends: Retrieve: <https://www.pmi.org/-/media/pmi/documents/public/pdf/learning/thought-leadership/pulse/pulse-of-the-profession-2017.pdf>

2 Source: Agile Manifesto Retrieve: <https://agilemanifesto.org/>

Development (FDD), Kanban (depending on how you use it), Lean, and Scrum.

My research presented in this paper aimed to analyze the following questions:

- What is the trend of agile adoption in Georgian companies and what industries are the early adopters?
- What are the main expectations, challenges and success rates in projects applying agile approaches in Georgian companies?
- What is the impact of organizational culture and leadership on the success of agility and main cultural factors that enable successful implementation of agile?
- What is the correlation between organizational structure and the people side of project management as well as project results?

Based on the results of the research, agile methods have become quite popular in Georgia but they are often used with classical methods in a kind of “Hybrid Solutions”. Moreover, some organizations, which use agile, apply pure waterfall methods in some projects as well.

More specifically, **Scrum** as one of the approaches in agile was discovered to be more effectively used in teams rather than another most popular agile approach **Kanban**.

Quite interesting about the results is that in the companies which use agile approaches to some extent the application of Hybrid (in 25% of cases) and Pure traditional approach (Only Waterfall is used in 25%, of cases) have settled themselves at the same level. **Agile** approaches dominate in 75% of the cases out of companies, which use agile approaches in their projects.

It is noteworthy that 90% of the participants in this research who use agile approaches represent the digital service companies and none of them is producing a physical product. Therefore, in most cases companies who have technical development projects are the ones who use agile.

The companies who have applied agile in their projects were asked to choose why they decided to apply agile out of the follow-

ing 4 options: Increased Time to Market, Product Quality, to mitigate risks of Product Development, all of the above. The majority (58%) chose all of the three specific factors mentioned above but the another dominating choice was the increased time to market (30%) which means faster delivery of new service and products to the customers.

As for the success rates of the projects using agile approaches 85% of the participants assessed the success rate at more than 3 point at the scale of 5, with 5 points as the highest indicator of success, none of them -at 1 point.

Furthermore, the companies using agile where interviewed about what are the biggest challenges in successful implementation of agile and the top 3 factors stated where as follows: involvement and dedication of top-level management, lack of people with leadership and managerial competencies, IT infrastructure and company structure not enabling 100% of end-to end agile teams causing dependencies.

Another aspect of the research was to find out impact of the organizational factors such as the organizational culture and structure on success of the projects. The participants were representing service, manufacturing as well as trade sectors with the overwhelming majority of service sector (86% of participants). Most of the participants of the research represented organizations employing more than 50 employees out of which 60% had more than 25 employees.

The companies implementing the project represented the non-service companies like manufacturing and trade had interesting results in terms of organizational structure and its impact on organizational culture as well as on projects:

The success factor of the project for project participants was the budget, defined end date and scope rather than the value of the project what it really brought in terms of commercial results. 70% of out of the companies used functional organizational structure where the initiative from project participants was stated to be absent in 70% of the cases, and changes claimed to be seldom in 100% of the

companies from trade and manufacturing industry with functional organizational structures.

The Interesting insight is as well the correlation of organization structure and main metrics of project success. 85% of companies having team oriented projected organizational structure use value delivered by the project as the main success factor rather than the budget, scope, fit to deadline as the project success indicator.

Another finding is that companies with matrix/functional organizational structure use project fit for budget, scope and time as the main factors measured for organizational success in 70% of the respondents.

Furthermore, functional organizations with the low level of delegation to project teams, unclear goals/roles of the project stated to have the lack of initiative, frequent change of the requirements in the project, which in majority of cases caused the irritation, gap between the planned vs actual outcome and frequent blaming in case of failure.

The frequently neglected impact of organizational culture on the success of the project has been also investigated in the research. The results given by users of agile have been analyzed separately and those using wither traditional / hybrid approach separately. The most interesting finding is that 85% of agile projects, with the highest success rate of 75% -100% of all agile projects being successful, have satisfied the following cultural factors: open and frequent feedback of peers and colleagues to each other; positive colleagues; non-formal collaboration with stakeholders; frequent communication of management about values; MVP and experiment rather than ideal solution; continues Improvement and investigating environment/system rather than blaming people.

Those companies having the agile project success rate in the range of 25% -75% had 2 factors in common – Blaming culture and Stakeholders expectations that the ideal product should be developed and then delivered to the market rather than experimentation and MVP was stated as the main value. In all agile projects the com-

munication and collaboration was stated to be valued rather than the formal decision-making.

As for the waterfall projects and the impact of organizational decision making process as well as the cultural projects are also noteworthy. A striking *finding* was that in companies where management made frequent communication of values, the feedback of colleagues was open and the attitude- positive. The 90% of waterfall projects have shown high success rates in the range of 75% -100%.

CONCLUSION

As a conclusion, the study is valuable in many aspects: *Firstly*, it shows the decisive impact of organizational culture, more specifically- open feedback, incremental delivery and delegation from leadership on the results of projects whatever methodology is used agile, waterfall or hybrid. *Secondly*, it shows that agile is gaining its importance and is frequently used selectively in organizations but above all agile practices *Scrum* has gained the dominant popularity. *Thirdly*, that the project success is measured not only with match of time, scope, or quality but increasingly with the value it brings to the business. Moreover, the first adopters of agile in Georgia are digital service companies “Last” and not the least. The research has shown that organization, its structure and culture is a prerequisite of successful implementation of innovative tech-driven business projects.

REFERENCES:

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2. Agile Manifesto Retrieve: <https://agilemanifesto.org/>

**ციფრული და ტექნოლოგიური ბიზნეს პროექტების
მართვის ტენდენციები და გამოწვევები ქართულ
კომპანიებში**

მარია ლლონტი, სტუ დოქტორანტი

რეზიუმე

სტატიაში ასახულია თეორიული და პრაქტიკული კვლევა საქართველოს მცირე, საშუალო და დიდ ორგანიზაციებში ციფრული ბიზნეს პროექტების მართვის გამოწვევებთან და ტენდენციებთან დაკავშირებით.

მსოფლიოში, სადაც ციფრული პროექტების მართვა მზარდი გაურკვევლობის ხარისხით და ცვლილებების მაღალი ინტენსივობით ხასიათდება, კვლევებმა აჩვენა რომ გეგმიური და თანმიმდევრული ტრადიციული პროექტების მართვის მიდგომა სულ უფრო ნაკლებად ეფექტური ხდება. სწორედ 2001 წელს ახალი საუკუნის დადგომა ციფრული და ტექნოლოგიური პროექტების სფეროში დასაბამს იღებს ეჯაილ (მოქნილი) პროექტების მართვის მიდგომა, რომელიც საქართველოშიც გაზრდილი კონკურენციისა და გლობალიზაციის გავლენის შედეგად ბოლო პერიოდში მზარდი პოპულარობით სარგებლობს.

კვლევამ აჩვენა, რომ ეჯაილ მიდგომით პროექტებით კომპანიების გარკვეული ნაწილი უკვე მუშაობს საქართველოში, თუმცა მათი უმრავლესობა ე.წ. ჰიბრიდულ მიდგომას მიმართავს, რაც იმას ნიშნავს, რომ ე.წ. ჩანჩქერული წინასწარ დაგეგმარებაზე დაფუძნებულ ტრადიციულ მიდგომასაც იყენებენ გარკვეულ პროექტებში. კონკრეტულმა გამოკითხვამ აჩვენა, რომ ყველაზე პოპულარული ეჯაილ მიდგომებიდან სქრამი არის ყველაზე მეტად ფეხმოკიდებული ქართულ კომპანიებში.

ასევე კვლევამ აჩვენა ორგანიზაციული კულტურის და სტრუქტურის გადამწყვეტი როლი ეჯაილ აზროვნების სტილის და ეჯაილ მიდგომით პროექტების წარმატებულად მართვის საქმეში.

საკვანძო სიტყვები: ეჯაილი, ეჯაილ პროექტების მართვა, სქრამი, კანბანი, ინფორმაციული ტექნოლოგიების პროექტების მართვა, გუნდის მოტივაცია, ციფრული ტრანზფორმაცია.