PROJECT MANAGEMENT FOR PROPERTY DEVELOPMENT

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ABSTRACT

As Malaysia moves towards realizing Vision 2020, the property development industry is developing rapidly to meet the ever changing climate of the local housing and property market. The growing complexity of the property development process increasingly demand for higher standard of project management competencies among professionals. While most clients appoint their own project consultants, many of them failed to appreciate the holistic concept, practices and roles of project management. This paper presents findings of a recent conceptual study on project management practices and its application to the Malaysian property development industry. The study also explores the extent of involvement of project managers in the property development process, the degree of importance of project manager in each phase of development and the importance of project management competencies for project managers. The paper suggests civil engineers as the most ideal candidate for the position of project managers. An interesting finding of this study is that reliable project managers are professionals who have more than 6 years of working experience.

KEYWORDS: Project management, project managers, competencies, property development

1.0 INTRODUCTION

In Malaysia, project managers play a key role in launching new products and managing for success. They create strategies and orchestrate carefully designed action plans to complete project successfully, often incorporating complex, dynamic and changing requirements. By engaging an experienced and qualified project manager appropriate for the job, mistakes and pitfalls can be avoided if not eliminated. Currently, project managers in Malaysia come from a wide range of professional disciplines. Who is the most suitable/ideal candidate for project manager? What “project management” really is? What are the roles of a project manager in property development? What are the essential skills required of them? This paper reports the results of a pragmatic study of project management recently conducted within the Klang Valley, Malaysia.

The objectives of the study are:

- To determine project manager’s credibility in dealing with project tasks.
- To find out the level of involvement of project manager in property development process.
- To identify the level of importance of project manager in each phase of property development process and project management skills.

Generally, project management is distinguished from the general management of organization by the mission-oriented nature of a project - a project will be terminated when the mission is accomplished. The basic ingredients for a project management framework are represented schematically in Figure 1. General management encompasses knowledge and functions such as planning and controlling. It also encompasses law, statistics, sales and marketing (Figenti E. & Comninos D., 2002). Supporting disciplines such as computer science and decision science may also play important roles. Special knowledge domains have absorbed various techniques or tools, for example, computer-based information systems and decision support systems for higher efficiency.
The project manager is likened to the conductor of an orchestra, keeping all the disparate groups in a project moving in harmony (Verzuh, E., 1999) (Tan, A.A.L., 1998) (Stallworthy, E.A. & Kharbanda O.P., 1982). A good project manager is able to identify the priority of project objectives for the allocation of scarce resources and in which management attention should be concentrated (Lock, D., 1996). The real essence of the job of a project manager can only be learned by experience (Stuckenbruck L.C., 1981). Project managers are required to have a basic degree in any construction-related field of study and may be complemented further with a master’s degree in project management. Otherwise, they need to have at least 7 years hand-on experience in project management. The ‘ideal’ top-flight project manager par excellence must have ‘composite’ technical and managerial skills (Tan, A.A.L., 1998). Therefore, it is unwise to assume that any candidate from any one professional discipline can claim to be the ‘ideal’ project manager. Since most large projects have a very significant technical content, the project managers quite often are engineers (Stuckenbruck L.C., 1981).

Project manager can and do have a variety of technical backgrounds – usually engineering, civil, mechanical or structural, but the key to his success will be his ability to handle people, not objects (Stallworthy, E.A. & Kharbanda O.P., 1982). In order to perform well as project manager, one needs to have the pre-requisite knowledge in the multi-dimensional and multi-disciplinary aspects of project management (Tan, A.A.L., 1998).

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<tr>
<th>Major Phases</th>
<th>Individual Phases</th>
<th>Objective</th>
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<td>Pre-construction</td>
<td>Initiation</td>
<td>Appraisal</td>
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<td>Project Brief</td>
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<td>Market Demand and Supply Analysis</td>
<td>Acquisition</td>
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<td>Urban Planning Analysis</td>
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<td>Return and Risk Analysis</td>
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<td>Feasibility Study</td>
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<td>Development Financing</td>
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<td>Site Purchase</td>
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<td>Planning Permission Application</td>
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<td>Construction</td>
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<td>Commissioning</td>
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Table 1 - Property development process
(Source: Barell G.S., 2003)
2.0 RESEARCH METHODOLOGY

The method used in this research was referred to as normative survey research since it determined the status of something at a specific time. The selection of respondents is based on random sampling. Fifty respondents have taken part in this study. Ten respondents were interviewed personally by the researchers, seven were project managers and three were senior project managers. Forty project managers from Kuala Lumpur, Petaling Jaya, Shah Alam and Selayang gave their feedbacks through mail.

Questionnaires are drafted based on close-ended questions and are divided into four main parts;
Part I – Personal Profile
Part II - Project Manager’s Credibility
Part III - Project Manager in Property Development Process
Part IV - Project Management Skills

3.0 RESEARCH FINDINGS

The level of involvement of a project manager, the level of importance of project manager’s duties and level of importance of project management skills in property development process are analysed in the form of means (from the highest to the lowest). The scaling points used are: 1 (low involvement/importance), 2 (moderate involvement/importance) and 3 (high involvement/importance).

Total Score = (No. of Respondents x 1) + (No. of Respondents x 2) + (No. of Respondents x 3)
Mean = Total Score / Total Respondents = Total Score / 50

<table>
<thead>
<tr>
<th>Range of Mean</th>
<th>Level of Involvement /Importance</th>
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<tbody>
<tr>
<td>1.81 – 2.20</td>
<td>Low</td>
</tr>
<tr>
<td>2.21 – 2.60</td>
<td>Moderate</td>
</tr>
<tr>
<td>2.61 – 3.00</td>
<td>High</td>
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![Property Development Process](Legend.png)

Table 2 - Level of involvement of a project manager in the property development process
(Source: Own study, 2004)

Project managers are involve the most in the construction phase (mean: 2.75), which indicates an engineer (frequency: 50.0%) as the most suitable/ideal candidate for a project manager. Meanwhile project managers take the least participation during post-construction (mean: 2.18). They involve moderately high in pre-construction (mean: 2.63) and commissioning (mean: 2.45) phases.
Project managers are important in developing ‘project strategy’ (mean: 2.73). Besides, ‘devising project program’ is also equally important (mean: 2.73). ‘Arrange tender documentation’ obtained the lowest mean score of 2.18.

‘Monitor progress’ obtained the highest mean score of 2.83. Next is, ‘monitor budget and variations orders’ which obtained the second highest means score of 2.68. ‘Arrange meetings’ has a mean score of 2.25.
‘Organize handover’ has the highest mean score of 2.63. The mean score for ‘arrange commissioning’ is 2.45. The mean score for marketing is lowly: 2.10.

Table 6: Level of importance of a project manager in post-construction
(Source: Own research, 2004)

‘Organizing maintenance manuals’ (mean: 2.18) and ‘planning for maintenance period’ (mean: 2.18) are equally important. ‘Arrange for feedback monitoring’ obtained the lowest mean score 2.00. Most of the respondents have more than 6 years of experience as project managers (frequency: 65.0%) and have handled more than 6 projects (frequency: 67.5%).

With the mean score of 2.98, almost 100% of the respondents felt that planning is the most important skill for a project manager. In order to define the performance, time and cost, project managers must indicate what resources are necessary. The second foremost skill is organizing (mean: 2.88). Without authority, project managers are handicapped in handling the entire project. Thus, delegation is the least important skill (mean: 2.53).

Table 7 - Level of importance of project management skills
(Source: Own research, 2004)

4.0 CONCLUSION

Table 8 - The level of importance of a project manager in respective duties
(Source: Own research, 2004)

The study shows that civil engineer is the most suitable/ideal candidate as a project manager. This could be due to his engineering background which enables him to manage better the technical aspects of a project. The study also suggests that one should have adequate academic qualification or working
experience in order to become an excellent project manager. Project managers will only considered competent and reliable after working for more than 6 years. Most project managers involve from the beginning until the end of property development process. Table 8 above shows the level of importance of a project manager in different property development phases. They are involved in the whole property development process especially construction phase compared to other phases.

REFERENCES

http://www.ce.cmu.edu/pmbok/02 Organizing For Project Management.html. Visited: 25.10.03