

## APPLICATION OF PROJECT MANAGEMENT IN CREATIVE INDUSTRY

Dejan Petrović<sup>1</sup>, Vesna Milićević<sup>2</sup>, Adam Sofronijević<sup>3</sup>

<sup>1,2</sup> Faculty of Organizational Sciences, University of Belgrade, Serbia

<sup>3</sup> University of Belgrade, University library "Svetozar Marković"

**Abstract:** The paper discusses the current relationship between creativity, economy and the ability to manage the projects in the creative industry. The focus is on contemporary tendencies in the creative economy and its implications for the business success of enterprises and development of companies and economy. Realization of projects in creative industries is especially reflected upon, having in mind their global variety, economic importance, and perspectives for improvement of business performance in the future. The last part of the paper analyzes the different approaches to project management in the creative industry.

**Key words:** Creative economy, project management approaches, creative industries, business performance

### 1. INTRODUCTION

In recent years, the importance of creativity and its relationship with economy and management has increased. The 21st century is characterized by a growing role of information, knowledge, innovative activities, and ideas that are viewed as a rare resource. Creativity is especially evident in management when implementing strategy through projects.

The effect of creativity is that the world becomes qualitatively different, either locally or globally. Creativity essentially generates a variety, and it transforms individuals, organizations, and economies as a whole. From the perspective of economics, creativity uses resources and causes costs, that is, an analysis of the cost of creative inputs is required (Potts, 2011). On the other hand, creativity dramatically contributes to the differentiation of products and services and is often necessary in case of customization.

### 2. MANAGEMENT AND CHALLENGES OF CREATIVE ECONOMY

Creativity can be defined as the ability to generate something new. Figure 1 presents three components of creativity relevant from

management (Certo, 2003). The expertise, the skills of creative thinking and motivation in their "overlap" result in creativity that often generates business success.



**Figure 1:** Creativity components (Certo, 2003)

In contemporary economies, creativity becomes an economic activity when it produces an idea with economic implications or a service/product that can be traded, which implies their economic value and market realization. The link between creativity and economy, "from mind to market," should result in increasing value and wealth (Howkins, 2002). In contemporary practice,

creativity is present at all levels of business from the process of managing the company to the development, design, and branding of products and services. The conditions for creativity are personality, originality, and meaning.

The concept of a creative economy was originally argued by J. Howkins (2002). When considering the creative economy, its broader impact on society must be taken into account, taking into account the importance of intellectual property for various sectors, including economically important traditional activities, and in particular the role of patents from the perspective of companies' monopoly positions as well as copyright (and trademarks). It is important to have in mind the implications of creativity in science and research and development on the placement of new products and services on the market, on business performance, and on temporary development.

It is also emphasized position that now is the age or era of a creative economy, that is, the creative economy is an epoch connected to the Internet and planetary communication (Hartley, Wen & Li, 2015). Its characteristic is that creativity is associated with innovation in the business environment. It is desirable to achieve a creative development.

It is pointed out that with the decline of real costs from of ICT (information and communication technologies) and the improvement of the access to digital and digital literacy, there is a fall in operational costs of creativity (Potts, 2011). Economic growth, which implies greater specialization, is essentially a driver of creativity. New technologies, economic growth, and trade increase the value of creativity.

The management affirms the concept of a creative organization where creativity is input, and a certain flow of information is output (Potts, 2011). It is important to market products that are something new for creative consumers who are waiting for challenges. A new and increasingly prominent role of consumer co-creation is to create new value for them.

Within the creative economy, the growing role is played by start-ups, the development of small and medium-sized enterprises, but the flexibility and innovation of large companies are also important. For a creative economy, investment and implementation of cooperative strategies in the future period are necessary.

### **3. THE IMPORTANCE OF A SUCCESSFUL IMPLEMENTATION OF NEW PROJECTS**

A special focus on the creative economy in the 21st century is on creative industries and their original projects. There are several classifications of creative industries. Thus, according to J. Howkins, the core of creative industry, starting from the economic criteria of the size of the market and income on the annual level, consists of: advertising, architecture, art, crafts, design, fashion, film, music, performing arts (theater, opera, dance, ballet), publishing, research and development, software, toys and games (excluding video games), TV and radio, video games (Howkins, 2002). In recent years, with the affirmation of the creative economy, various authors, countries and international organizations have presented different classifications of creative industries. In particular, there is a wide range of multimedia, festivals, and activities related to libraries, archives, museums, the entertainment industry, archaeological sites, landscape architecture and urban development.

It is an illustrative example of the Shanghai in China, which is otherwise a global financial, industrial and commercial center, but also a creative city is known for adopting a strategy for the development of creative industries (Flew, 2013). Many projects from the domain of creative industries have been successfully implemented in Shanghai. The main areas of the expansion of creative industries in Shanghai have been: R&D, including advertising, animation, software and industrial design; architectural design; culture and media; business services and activities related to lifestyle (fashion, leisure, tourism, sport). One of the recent projects that included architectural rehabilitation was

initiated as a Shanghai Sculpture Space at the site of the former factory (Zhong, 2011).

*Arts Holland* is a project that promotes the Dutch cultural and artistic offer and special events. *Mattimo*, as an agency for strategic communication and design, stimulates positioning and visual identity related to the execution of this project ([www.mattimo.com/what-we-do/artsholland](http://www.mattimo.com/what-we-do/artsholland)).

Analytically, fashion is a tendency for consumer preferences to move "together," that is, in the same direction when it comes to tracking fashion trends. Fashion cycles and consumer aspirations for the new have a potentially significant role in fostering flexibility and experimentation on the side of consumer strategies (Potts, 2011). In the fashion industry, the implementation of sustainable fashion design projects, as well as projects that promote the use of ecological materials are trendy. The goal of the ART-CHERIE project (*Achieving and Retrieving Creativity through European Fashion Cultural Heritage Inspiration*) is to use the cultural heritage in the fashion area to improve fashion designers capacity from the European Union ([www.arts.ac.uk/research/current-research/ual-research-projects/fashion-design/art-cherie](http://www.arts.ac.uk/research/current-research/ual-research-projects/fashion-design/art-cherie)).

In terms of the application of new technologies, very interesting is Adidas's project which is linked to the construction of a speed factory in Germany, where, thanks to innovations and intelligent robot technology, high-performance sportswear products will be produced faster than ever before with a unique design for footwear ([www.adidas-group.com/en/media/news-archive/press-releases/2015/adidas-first-speedfactory-lands-germany](http://www.adidas-group.com/en/media/news-archive/press-releases/2015/adidas-first-speedfactory-lands-germany)). A flexible production process will enable a closer relationship with the market, customization and digital consumer experience.

Successful implementation of the complex project of renovating the ancient Colosseum in Rome is also significant from the point of view of the economy ([\[colosseum.net\]\(http://colosseum.net\)\). There are many globally relevant digitalization projects which are related to cultural backgrounds, as is the case with the digital model of the Roman Forum by the \*UCLA Cultural Virtual Reality Laboratory\* \(\[dlib.etc.ucla.edu/projects/Forum\]\(http://dlib.etc.ucla.edu/projects/Forum\)\). Current projects related to archeology in Serbia are also ongoing, such as the successfully completed project of the museum \*Lepenski Vir\* with a modern protective structure over the archaeological site and a visitor center, which should contribute to the development of cultural tourism. The setting itself is enriched with the 3D hologram display of the possible appearance of the so-called \*Lepenska house\* \(\[www.lepenski-vir.rs/test/11/?page\\\_id=32\]\(http://www.lepenski-vir.rs/test/11/?page\_id=32\)\).](http://www.the-</a></p>
</div>
<div data-bbox=)

In the case of software development projects, from an economic point of view, important creative industries, the climate of the team is important. Research results on a sample of 139 software development projects show that individual creativity is linked to the quality of the team decision-making process and the team climate. Results also show that the managers should recognize the value of creative individuals as the basic source of competitive advantage and success (Açıköz & Günsel, 2016).

Products from the domain of creative economics, such as products of the music industry, film industry, publishing activities, including electronic books and magazines, have contributed to improving the business success of many companies from various European countries (Milićević, Sofronijević & Ilić 2012). When it comes to multimedia, it is important in the global dimensions of *Europa.eu* as a portal for digital objects, where today 53,870,542 artwork, artifacts, books, videos and sounds from Europe are presented ([www.europa.eu](http://www.europa.eu)). The European fashion design is also represented.

Regarding the development of new technologies, projects focusing on designing lights and artistic light effects on the facades of buildings and in general in the exterior of cities are being realized. Light festivals are

also held. In Australia, the *City Smart Light Project* was realized as a segment in the world of the famous *Vivid Light Festival* of art, light, technology and contemporary music in the port of Sydney (www.vividsydney.com).

#### 4. HOW TO MANAGE PROJECTS IN THE CREATIVE INDUSTRY

From the project point of view, organizations can be divided into two groups relative to their attitude towards projects:

- Project-oriented organizations,
- Organizations which are not project oriented.

All work in the creative industry is project-based and creative firms are project-oriented organizations. The basic features of the project-oriented organization may be listed as follows (Gareis, 2003):

- takes project management as its strategy;
- uses the temporary organization to perform complex processes and activities;
- has a separate permanent organization that functions as an integrator;
- manages a project portfolio consisting of different types of projects;
- implements a new management paradigm;
- is characterized a specific project culture;
- considers itself as project-oriented.

Creative firms recognize project management as a method to achieve an adequate system flexibility and the desired business results. The boundaries and contents of creative firms are changing in character. This is reflected, on the one hand, in constant changes in the number and size of projects, in the engagement of temporary or permanent resources and the use of virtual teams for the tasks of coordination and management. On the other hand, relations are established with various strategic partners, so that the projects and programmes are realized in the conditions of different social environments to which the firms have to adapt (Todorovic et al., 2015). To adequately respond to challenge that takes

on the character of the project-oriented firm, it is necessary that a unique identity of the company be defined. However, it should be flexible enough not to endanger the company's dynamic character.

The project portfolio management is critical to the success of the creative companies. It covers areas such as project selection, project prioritization, resources allocation and the company's business strategy implementation. Thus it has to answer the following questions:

- Which projects should be realized?
- How should projects be most efficiently organized as regards achieving desired goals?
- Which project management approach to implement?
- Which is the right relationship between projects?
- Which project mix can give best results?
- Which projects are of highest priority?
- How should resources be distributed among different projects?

Companies in the creative industry use a variety of project management approaches: from traditional project management to using agile or hybrid approaches. Project management is tied into the overall activities of companies, but organizations are also creative in how they manage their projects. The goal of project management approach adapting is to best fit to their company's culture and the types of projects they manage.

It is clear that project management approach must be in line with the characteristics of creative projects. If that is not the case, then the project is likely to fail. There is no unique approach to project management that would fit all kinds of creative projects. About the defined characteristics of projects it can be concluded that in the creative industry four different approaches to project management are applied (Wysocki, 2009):

- Traditional Project Management
- Agile Project Management
- Extreme Project Management
- Emertxe Project Management.

Traditional project management is an approach designed for the simplest situations of all considered: clear goals and how to get to them. Although all project managers would prefer to apply this approach, the number of projects belonging to this category decreases year after year in creative industry. These include projects that are well known to the organization and the project team, and for which there is much experience in the past. With these projects there are no surprises, the project contractor defines what he wants, and the project team knows how to get the expected results. Small changes are expected during execution of these projects.

We can see in many creative companies application of traditional project management through scope management, resource management, phases of the project, etc. This approach is easy to understand and implement. If they have enough information about the project (the clear goal of the project, due date, steps like idea creation, a script, a storyboard ...), it will be easy to create a plan, monitor, and control execution.

Also, many creative organizations are organized in an old fashion way. They still have departments which are rarely communicated with each other. It looks like managing under a matrix environment with the functional manager (e.g., creative director) and the person who acts as a part account person, production manager and project manager (one person for client & project management work). Departments are responsible for some part of the project, and usually, there is a person who is accountable to the department for project work. However, more and more, creative companies have a client-facing account manager and internal project manager.

There are many creative companies which apply agile project management. Agile project management is applied to projects where goals are clearly defined, but the way they come to them is unclear. Today, most projects fall into this category, and their number continues to grow. It is believed that at least

70% of projects are in this category, that 20% of projects belong to the category where traditional project management can be applied, while the remaining 10% belongs to projects for which extreme project management and emergent project management approach is applied (Wysocki, 2009). For such projects, the project manager and his team must find the appropriate way to reaching the goal. In these projects, the creation of WBS is based more on assumptions than on the clear knowledge of what needs to be done.

Truly, project management in the creative industry can be characterized as agile and iterative. The dynamic and unpredictable nature of the industry imposes the need for such an approach. Managing of the creative project must be flexible and open to change. This also makes sense for reducing the exposure to the risks of unsuccessful project implementation. The problems that a creative project faces are:

- uncertainty about the final product – although there is a provisional plan, it almost never occurs the way it was originally conceived, as many projects change during the project realization,
- decision-making based on incomplete information,
- high level of different risks,
- planning in a dynamic and changing environment,
- issues in the engagement of a team for project execution,
- difficulties in operational planning,
- the final product is not tangible,
- the scope of the project is subject to change even in later phases,
- involve the participation of experts from different fields,
- success depends on the satisfaction of end users.

Dynamic environments are characterized by frequent changes in the demands and tastes of end-users, changes, and innovations in technology, as well as changes in the business environment. Therefore, the organization must be ready to adequately respond to these



changes and use them for your benefit. The creative industry is characterized by the absence of a tangible product. Products that arise as a result of a successfully completed project are experienced, intangible. This means that the assessment of their quality is within the domain of subjective user evaluation. Considering the fact of financial success, and therefore the return of invested funds depends on the user's satisfaction. Management who approve the project is aware of the fact that the coverage will change over its duration. To ensure the quality of products, it is crucial to engage experts who will work on a project with different technical and creative skills and abilities.

The creative industry already applies many of the principles and values found in the Agile Manifesto:

- Satisfied stakeholders are top priorities - Whether the audience is satisfied with the result or not, it reflects on financial success. However, the stakeholder on these projects is not just an audience. Stakeholders also include various companies that are associated with the project through advertising, financial institutions and at the end of the company that is working on the realization;
- We readily accept changes in demand, even in the late development phase – The changes are usually constant during the project implementation and come from the project team. The causes of change can also be outputs from testing through focus groups;
- The projects are executed with the help of motivated individuals – The work on creative projects is tough, so it is necessary to regularly motivate the team to maintain quality;
- Face-to-face contact is the most productive and effective way of transferring information to and within the development team – Communication on short-run projects is often done personally between team members. Face-to-face contact is

especially important between creative and technical departments;

- Continuous commitment to top technical quality and good design promote agility – Well-designed and technical aspects are crucial to creating illusions in the creative industry;
- Simplicity – the skill to find activities that are not necessary to do is essential;
- The best architectures, requirements, and design are the result of the work of self-organized teams;
- Teams at regular intervals are exploring ways to become more effective, then adjusting and adapt further procedures based on these conclusions.

Values promoted by agile development can be understood in the following way in the creative industry:

- Individuals and actions are evaluated more than processes and tools – social capital is particularly important for the creative industry;
- An applicable product is evaluated more than detailed documentation – in the context of creative projects, the transparency of the work with the audience and its "mind" is the most significant. Detailed documentation is provided for easier coordination and monitoring of the project;
- Reactions to change more than adherence to the plan are valued – the very nature of iterative planning that is characteristic of a creative project means that the changes are common in every aspect.

Extreme Project Management is applied to projects of creative industries where there are neither clearly defined goals nor a clear way to get to them. As the name itself says, this is the most extreme category of projects. In these projects, implementation is step by step until clear goals and ways of reaching these goals are achieved. These projects require maximum flexibility from the project team in relation to traditional project management, whereby the project team is expected to

comply with the defined processes and procedures. Many creative projects fall into this category.

Emertxe project management is an approach that we will apply for projects where we know how to achieve something, but we do not know what should be done. Projects where we are looking for how certain results and knowledge that we have come to by research and development can be applied in certain areas are typical examples of these projects. Very often these projects are viewed as the opposite process from the implementation of research and development projects, and for which extreme project management is applied. Because of that the word emertxe is taken, which is, in fact, reverse the English word extreme.

## 5. CONCLUSION

The creative economy has significant potentials and a special role from the aspect of generating social and economic value in the future period. The prediction of economic development in the future certainly incorporates the results of the successful implementation of new projects from this domain globally. This is inspiring from the aspect of project management and brings new challenges for managers in Serbia, with the "interweaving" of economic criteria, new technologies, and new management methods.

The existing way of thinking and approach in the realization of projects in the creative industry are changing. There are fewer projects for which the goals are clearly defined and where it is known how they will be realized. Therefore, application of approaches such as traditional project management is less and less possible to use with success. New project management approaches are being developed and are looking for ways to better manage projects that characterize today's time but also that will be appropriate and for projects that will be characteristic in the future. There are advantages and disadvantages to each project management approach. The approach in which creative firms manage projects is

closely aligned with companies' values and beliefs. Creative firms usually do not have one way of workings and often use a hybrid approach which is closer their organizational culture.

## REFERENCES

- Açıkgoz, A., & Günsel, A. (2016). Individual Creativity and Team Climate in Software Development Projects: The Mediating Role of Team Decision Processes. *Creativity and Innovation Management*, 25(4), 445-463
- Certo, S. C. (2003). *Modern management*. Prentice Hall
- dlib.etc.ucla.edu/projects/Forum [Accessed November 17, 2017]
- Flew, T. (2013). *Global creative industries*. John Wiley & Sons
- Gareis, R. (2003). *Competencies in the Project-oriented organization*, IPMA World Congress, Moscow, Russia
- Hartley, J., Wen, W., & Li, H. S. (2015). *Creative economy and culture: Challenges, changes and futures for the creative industries*. Sage
- Howkins, J. (2002). *The creative economy: How people make money from ideas*. Penguin UK
- Milićević V., Sofronijević A., & Ilić B. (2012). Significance of Culture for European Creative Management in the Contemporary International Environment, in: eds. (Levi Jakšić, M. & Barjaktarović Rakočević, S.) XIII International Symposium SymOrg 2012, Symposium Proceedings. FOS, Belgrade
- Potts, J. (2011). *Creative industries and economic evolution*. Edward Elgar Publishing
- Todorović, M. L., Petrović, D. Č., Mihić, M. M., Obradović, V. L., & Bushuyev, S. D. (2015). Project success analysis framework: A knowledge-based approach in project management. *International Journal of Project Management*, 33(4), 772-783.

- [www.adidas-group.com/en/media/news-archive/press-releases/2015/adidas-first-speedfactory-lands-germany](http://www.adidas-group.com/en/media/news-archive/press-releases/2015/adidas-first-speedfactory-lands-germany) [Accessed November 17, 2017]
- [www.arts.ac.uk/research/current-research/ual-research-projects/fashion-design/art-cherie](http://www.arts.ac.uk/research/current-research/ual-research-projects/fashion-design/art-cherie) [Accessed November 17, 2017]
- [www.europena.eu](http://www.europena.eu) [Accessed November 23, 2017]
- [www.lepenski-vir.rs/test/11/?page\\_id=32](http://www.lepenski-vir.rs/test/11/?page_id=32) [Accessed November 17, 2017]
- [www.mattmo.com/what-we-do/artsholland](http://www.mattmo.com/what-we-do/artsholland) [Accessed November 17, 2017]
- [www.the-colosseum.net](http://www.the-colosseum.net) [Accessed November 17, 2017]
- [www.vividsydney.com](http://www.vividsydney.com) [Accessed November 23, 2017]
- Wysocki K. R. (2009). *Effective Project Management: Traditional, Agile, Extreme, Fifth Edition*, Wiley Publishing, Indianapolis
- Zhong, S. (2011). Production, Creative Firms and Urban Space in Shanghai. *Culture Unbound: Journal of Current Cultural Research*, 4(1), 169-191