

# Preface

The term commercial management has been used for some time, not least in construction, while the job title commercial manager can be found across a spectrum of industries, especially those that are predominantly project based, for example, Aerospace, Construction, IT, Pharmaceutical and Telecommunications. Despite this, to date, these terms have no acknowledged definition and, as a direct consequence, there is a paucity of literature categorised as commercial management; this book seeks to address this omission.

Commercial organisations increasingly use projects as tools, contributing to the execution of organisational strategies, to address corporate objectives, goals and missions. Based on the fundamental assumption that the key objective for any commercial organisation is to generate profit, commercial issues, and thus commercial management, play an integral part in this. In particular, the commercial management function is vital in linking operations at the project level and multiple projects (portfolios/programmes) at the organisational level with the organisational (corporate) core of the company. The function, therefore, can be found at the interfaces between organisations as well as between divisions within an organisation. Within the context of this book, commercial management is defined as:

*The management of contractual and commercial issues relating to projects, from project inception to completion.*

There are compelling arguments for considering commercial management, not solely as a task undertaken by commercial managers, but as a discipline in itself, which bridges traditional project management and organisational theories. While differences in approach and application both between and within industry sectors have been established, sufficient similarity and synergy in practice have been ascertained to identify a specific role of commercial management within project-based organisations. These areas of similarity encompass contract management and dispute resolution, whereas the areas of divergence include a greater involvement in financial and value management within construction and bid management within defence/aerospace.

This book aims to present the current state of knowledge concerning the commercial management of projects. It is not a prescriptive text; rather the book focuses on clarifying and reviewing the current understanding, based upon existing research, of a wide range of issues relevant to commercial management practice in project-based industries. Collectively, the chapters constitute a step in the direction of systematic knowledge building: a step towards the creation of a body of knowledge and a

research agenda for the development of an underlining theory relevant to commercial management. Thus, the book seeks to contribute to the growing literature that sees the necessity of widening project management research to include also the management of project-based organisations, project-based industries and even project-based careers.

The book is divided into four parts:

- *The external milieu*: The interfaces between the organisation and the environment within which it is active
- *The corporate milieu*: The interfaces between the organisation (at a corporate level) and both the projects milieu (the environment within which individual projects collectively reside) in which it is active and external milieu
- *The projects milieu*: The environment within which individual projects collectively reside and the interfaces between the corporate level milieu of an organisation and the individual projects in which it is active
- *The project milieu*: This last category deals with the interfaces on the specific project.

Whilst all the chapters address topics that are common for project-based organisations regardless of industry, most of the chapters are oriented towards construction and use this industry to illustrate specific points. We make no excuses for this as construction could lay claim to be the oldest project-based industry. Indeed, project management literature in general is heavily influenced by studies undertaken in this industry.

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