

Organization Structure and Culture



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Management Topics

1. Modern project management

PMBOK

2. Organization strategy and project selection

 **3. Organization: structure and culture**

4. Defining the project

5. Estimating times and costs

6. Developing a project plan

7. Managing risk

8. Scheduling resources and cost

9. Reducing project duration

10. Leadership

11. Teams

12. Outsourcing

13. Monitoring progress

14. Project closure

15. International projects

16. Oversight

17. Agile PM

Critical chain project management

The Challenge

Projects are unique, one-time efforts with a distinct beginning and end.

Most organizations are designed to efficiently manage ongoing activities.

Projects are not routine...

Approaches (see PMBOK lecture)

- **functional structure**
- **matrix (weak, balanced, strong) structure**
- **projectized (dedicated project teams) structure**

Advantages of the Functional Structure

No change

- no alteration in design and operation of the parent organization

Flexibility

- temporarily assign specialists from different functional units

In-depth expertise

- if proper unit has responsibility, in-depth expertise can be brought to bear on the crucial aspects

Easy post-project transition

- normal career paths are maintained

Disadvantages of the Functional Structure

Lack of focus

- functional units have core routine work to do

Poor integration

- functional specialists are only concerned with their segment of the project rather than what is best for the whole project

Slow

- information and decisions go through normal management channels
- lack of direct horizontal communication leads to rework

Lack of ownership

- projects are an additional burden to workers

Advantages of the Projectized Structure

Where projects are the dominant form of business...

Simple

- project team operates independently

Fast

- workers devote full attention to the project

Cohesive

- common goal and personal responsibility

Cross-functional integration

- specialists focus on optimizing the project rather than their specific area

Disadvantages of the Projectized Structure

Expensive

- project manager role + full-time dedicated resources

Internal strife

- projectitis can develop (us against them)

Limited technological expertise

- expertise may be limited to specialists assigned to project

Difficult post-project transition

- what do you do with the project team after the project ends?

Advantages of the Matrix Structure

Efficient

- resources shared across multiple projects as well as functions (reduces duplication)

Strong project focus

- project manager is responsible for coordinating and integration contributions of different units
- holistic approach to problem solving

Easier post-project transition

- specialists retain ties to their functional groups and have a home to return to after the project ends

Flexible

- efficient use of resources and expertise

Disadvantages of the Matrix Structure

Dysfunctional conflict

- tension between functional and project managers can become personal

Infighting

- shared scarce resources (among project managers) lends itself to conflict and competition

Stressful

- violates the principle of unity of command: team members have two bosses

Slow

- decision making can get bogged down as agreements have to be forged across multiple functions

The “Right” Project Management Structure

The best system balances the needs of the project with those of the parent organization

If over 75% of the work involves projects, consider the projectized structure

Consider resource availability

- **Remember that matrix evolved out of the necessity to share resources across multiple projects and functional units while creating legitimate project leadership.**

Seven Factors Influencing the Choice of Project Management Structure

Size of project

Strategic importance

Novelty and need for innovation

Need for integration (number of departments involved)

Environmental complexity (number of external interfaces)

Budget and time constraints

Stability of resource requirements

The higher the level of these seven factors, the more autonomy and authority the project manager and team need to be successful.

Organizational Culture

A system of shared norms, beliefs, values, and assumptions that binds people together, creating shared meanings

The way we do things around here...

Ten Primary Characteristics of Organizational Culture

Member identity

- degree to which employees identify with the organization as a whole rather than their type of job or field of professional expertise

Team emphasis

- degree to which work is organized around groups rather than individuals

Management focus

- degree to which management decisions take into account the effect of outcomes on people within the organization

Unit integration

- degree to which units within the organization are encouraged to operate in a coordinated or interdependent manner

Control

- degree to which rules, policies, and direct supervision are used to oversee and control employee behavior

Risk tolerance

- degree to which employees are encouraged to be aggressive, innovative, and risk seeking

Reward criteria

- degree to which rewards such as promotion and salary increases are allocated to employee performance rather than seniority, favoritism, or other nonperformance factors

Conflict tolerance

- degree to which employees are encouraged to air conflicts and criticisms openly

Means vs ends orientation

- degree to which management focuses on outcomes rather than the techniques and processes used to achieve those results

Open-systems focus

- degree to which the organization monitors and responds to changes in the external environment

Functions of Culture

Provides a sense of identity

Helps legitimize the management system of the organization

Clarifies and reinforces standards of behavior

Helps create social order within an organization

Questions and Answers

