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Projects in Organisations

What is strategy?

A plan of action designed to achieve a long-term or an overall aim or objective.

<http://www.oxforddictionaries.com>

A careful plan or method for achieving a particular goal usually over a long period of time.

<http://www.merriam-webster.com>



Characteristics of objectives

S	Specific	Be specific in targeting an objective
M	Measurable	Establish a measurable indicator(s) of progress
A	Assignable	Make the objective assignable to one person for completion
R	Realistic	State what can realistically be done with available resources
T	Time related	State when the objective can be achieved, that is, duration

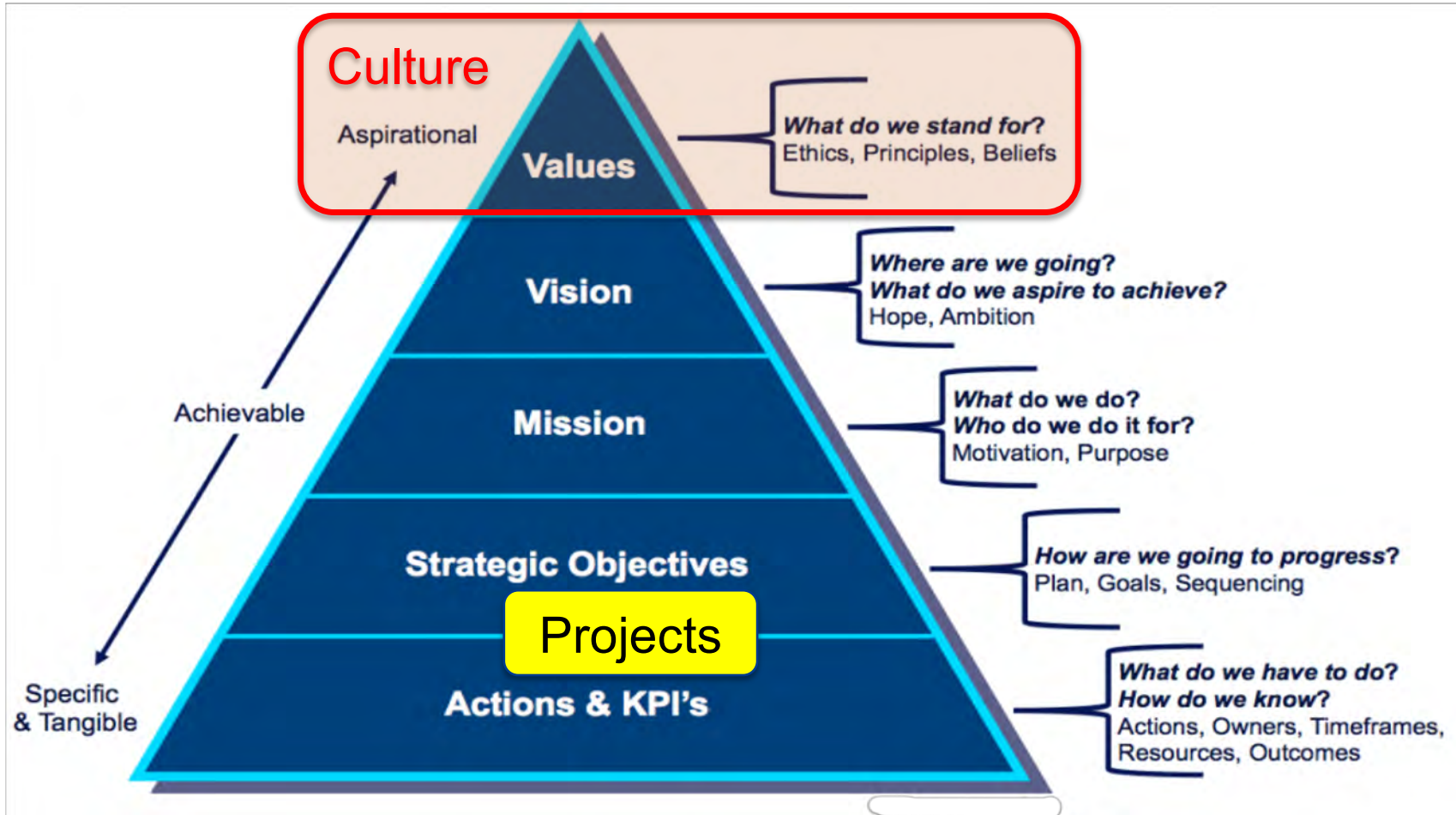
Source: There's a S.M.A.R.T. way to write management's goals and objectives, George T. Doran 1981, Management Review

Organisational strategy

An expression of how an organization needs to evolve over time to meet its objectives along with a detailed assessment of what needs to be done.

Developing an organizational strategy for a business involves first comparing its present state to its targeted state to define differences, and then stating what is required for the desired changes to take place.

Strategy and projects



Examples of some common organisational strategies

- To increase the size of the organisation to realize economies of scale and increase market share.
- To move into new areas of focus to utilize the organisation's existing resources, as the organisation's primary markets mature or decline.
- To acquire or merge with similar organisations in order to reduce competition.

Examples of some common organisational strategies

- Creating products or services that are perceived in the marketplace to be so new, so different or so superior (often by applying cutting-edge information technology) that they expand “performance boundaries” and make existing products or services obsolete.
- To provide the lowest cost solutions in the marketplace.

Why is strategy important for project managers

- Project managers must respond to changes with appropriate decisions about future projects and adjustments to current projects.
- Project managers who understand their organisation's strategy can become effective advocates of projects aligned with the firm's mission.

Strategic management

Strategic management is the process of assessing “WHAT an organisation is” and deciding “WHERE the organisation would like to be in the future” and “HOW to achieve this using the available resources”.

End result is often to improve its competitive position/competitive advantage

Strategic management process

1 - Review and define the organisational mission.



2 - Set long-range goals and objectives.

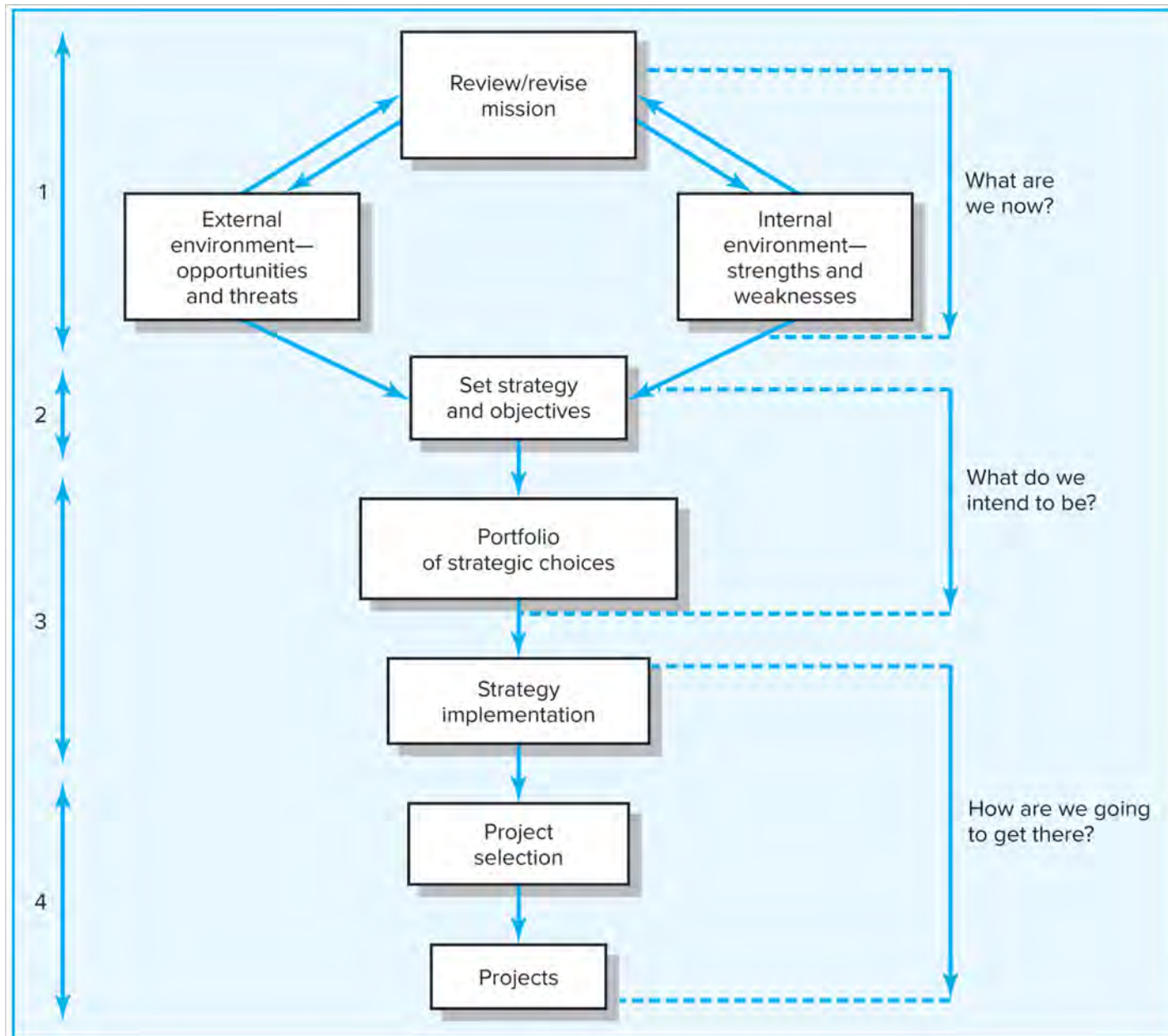


3 - Analyse and formulate strategies to reach objectives.



4 - Implement strategies through projects.





Multi-project challenges

- Not able to align with the overall strategies of the organization
- Failure to prioritize the selection of projects by their importance of their contribution to the firm;
- Are not integrated throughout the project life cycle;
- Do not match project planning and controls with the organizational culture to make appropriate adjustments in support of project endeavors.

Projects in an organisational context

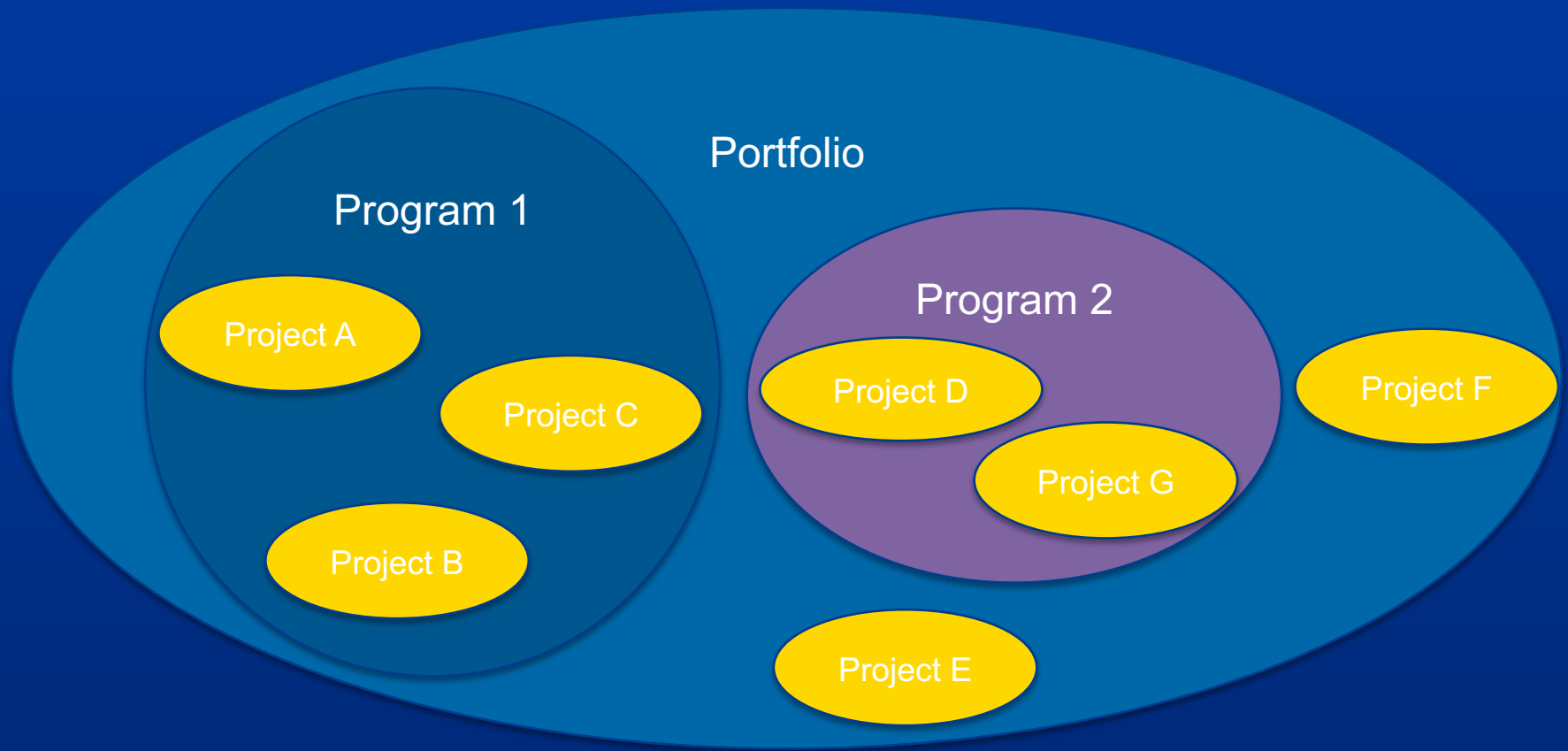
The 3 “P’s”

Portfolio 投资组合

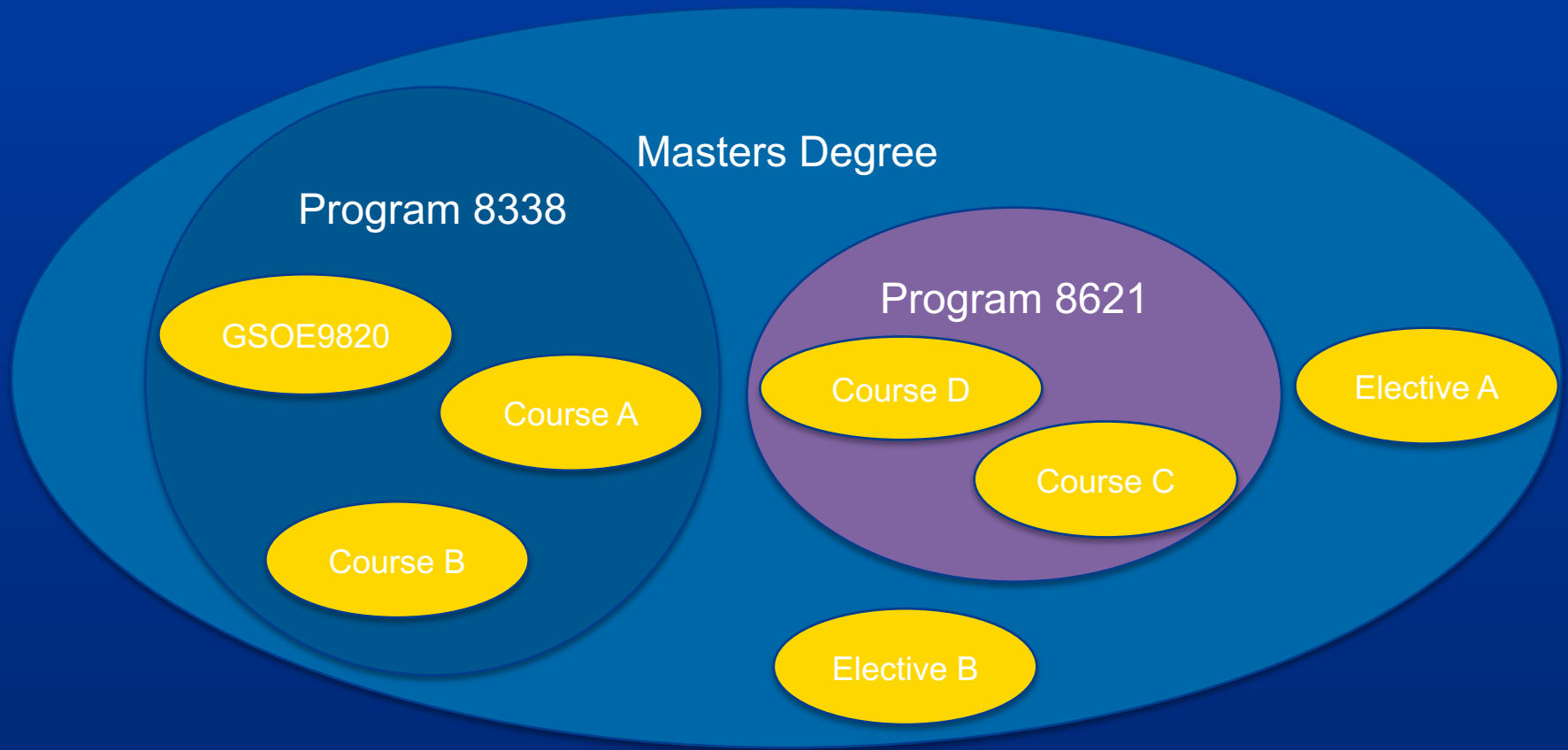
Program

Project

Organisation



You – the student



Portfolio management system

The aim of a portfolio management system is to ensure that projects are aligned with strategic goals and prioritised appropriately.

It can often be the link between strategic organisation goals and the project.



Major functions of Portfolio management

- Oversee project selection;
- Monitor aggregate resource levels and skills;
- Encourage use of best practices;
- Balance projects in the portfolio in order to represent a risk level appropriate to the organisation;
- Improve communication among all stakeholders;
- Create a total organisation perspective that goes beyond silo thinking;
- Improve the overall management of projects over time

Benefits of portfolio management

- Builds discipline into project selection process.
- Links project selection to strategic metrics.
- Prioritizes project proposals across a common set of criteria, rather than on politics or emotion.
- Allocates resources to projects that align with strategic direction.
- Balances risk across all projects.
- Justifies killing projects that do not support organization strategy.
- Improves communication and supports agreement on project goals.

Components of a portfolio management system

Project
classification

Selection
criteria

Proposal
sourcing

Proposal
evaluation

Ongoing
management

Ongoing portfolio management

Involves monitoring and adjusting selection criteria to reflect the strategic focus of the organisation.

Responsibilities

- Small organisations – key individual
- Large organisations – project office

Senior management

- Provide guidance in selecting criteria that are aligned with the organization's goals
- Decide how to balance available resources among current projects

Program management

Is the process of managing multiple ongoing inter-dependent projects.

Program management allows for the projects to be coordinated, often over an extended period of time and are intended to achieve a specific goal.

Project Organisational structure

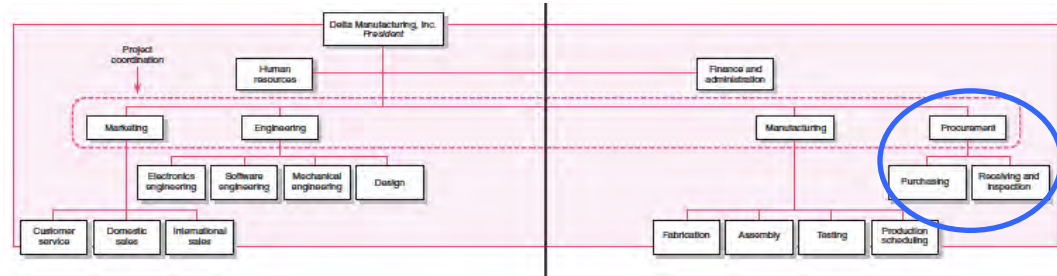
“A (project) organisational structure defines how activities such as task allocation, coordination and supervision are directed towards the achievement of organizational aims”.



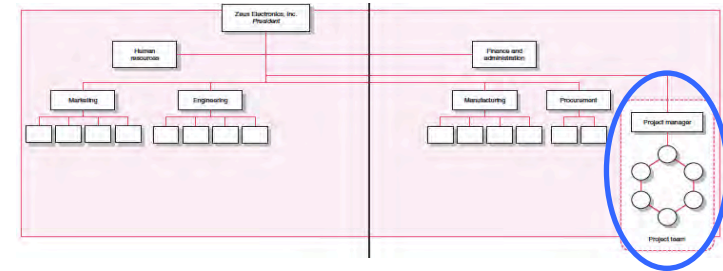
Reference: Pugh, D. S., ed. (1990). Organization Theory: Selected Readings. Harmondsworth: Penguin

Common types of project management structures

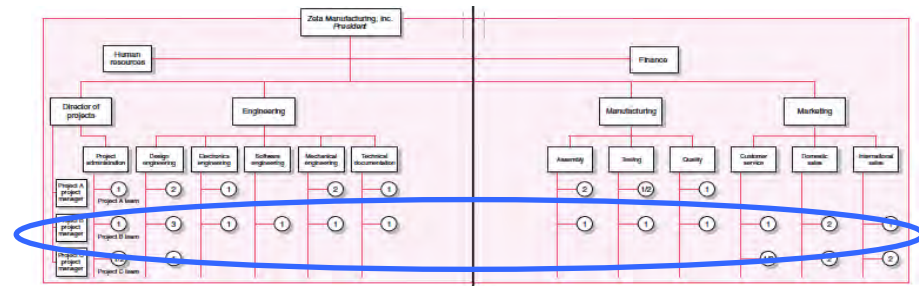
- Functional



- Dedicated Project Teams /Projectized



- Matrix



Reality of project organisation structure

Every company has its own ideas about how to organize itself and its work.

It is highly probable that if three companies doing similar work could be compared, three different organization structures would be found.

Further, all three companies might be equally successful (or equally unsuccessful), implying that it is not always possible to say with any degree of confidence that there is one best organization solution.

Functional Organisation of projects

- Used when the interest of one functional area dominates the project or one functional area has a dominant interest in the project's success.
- Different segments of the project are delegated to respective functional units.
- Coordination is maintained through normal management channels.

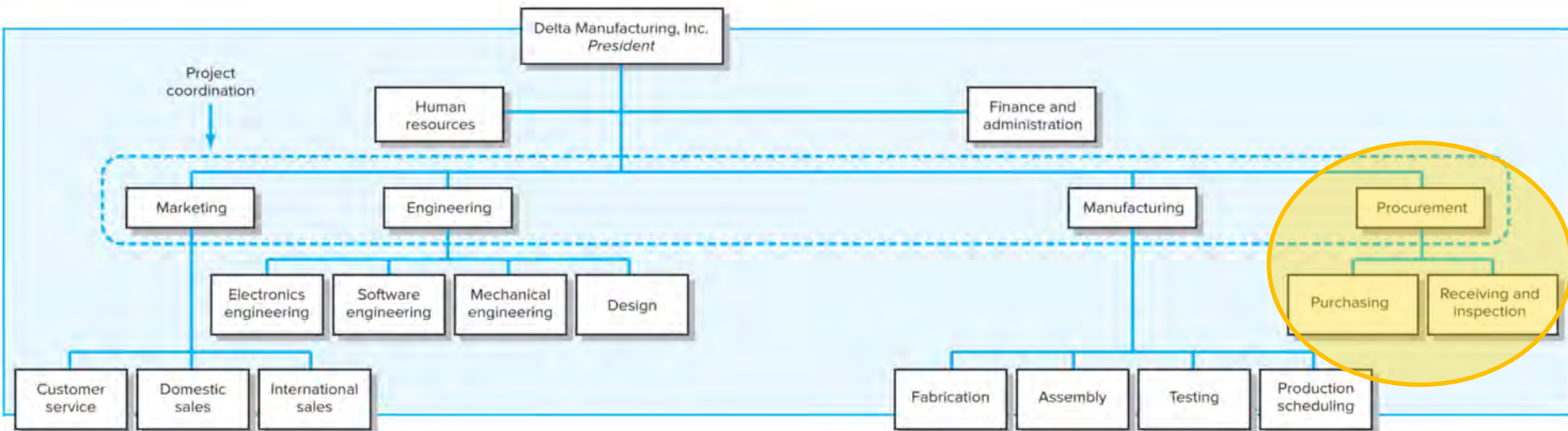
Functional

Advantages

1. No/little organisational change
2. Flexibility in use of staff
3. In-Depth Expertise
4. Easy Post-Project Transition

Disadvantages

1. Lack of Focus for project
2. Poor Integration across org.
3. Typically slower to complete
4. Lack of Ownership



Dedicated Project Teams

- In a ***projectised*** organization where projects are the dominant form of business, functional departments are responsible for providing support for its teams.
- Teams operate as separate units under the leadership of a full-time project manager.

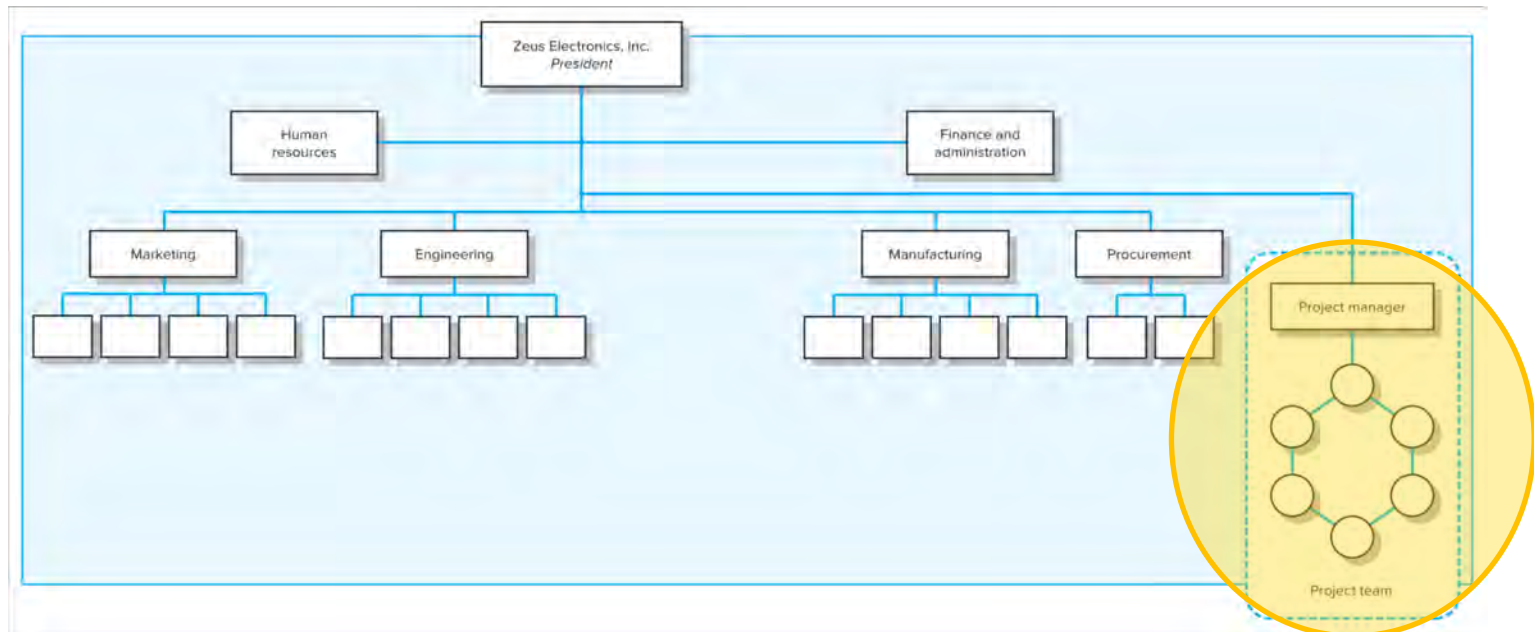
Dedicated project teams

Advantages

1. Simple – independent from functional organisation
2. Fast – Full attention
3. Cohesive - motivated
4. Cross-functional integration

Disadvantages

1. Expensive – additional staff
2. Internal strife – “us vs. them”
3. Limited technological expertise
4. Difficult post-project transition – staff reassignments



Matrix Organisation of projects

- Hybrid organizational structure (matrix) is overlaid on the functional structure.
 - Two chains of command/ “bosses” (functional and project)
 - Project participants report ***simultaneously*** to both functional and project managers.
- Matrix structure optimizes the use of resources.
 - Allows for participation on multiple projects while performing normal functional duties.
 - Achieves a greater integration of expertise and project requirements.

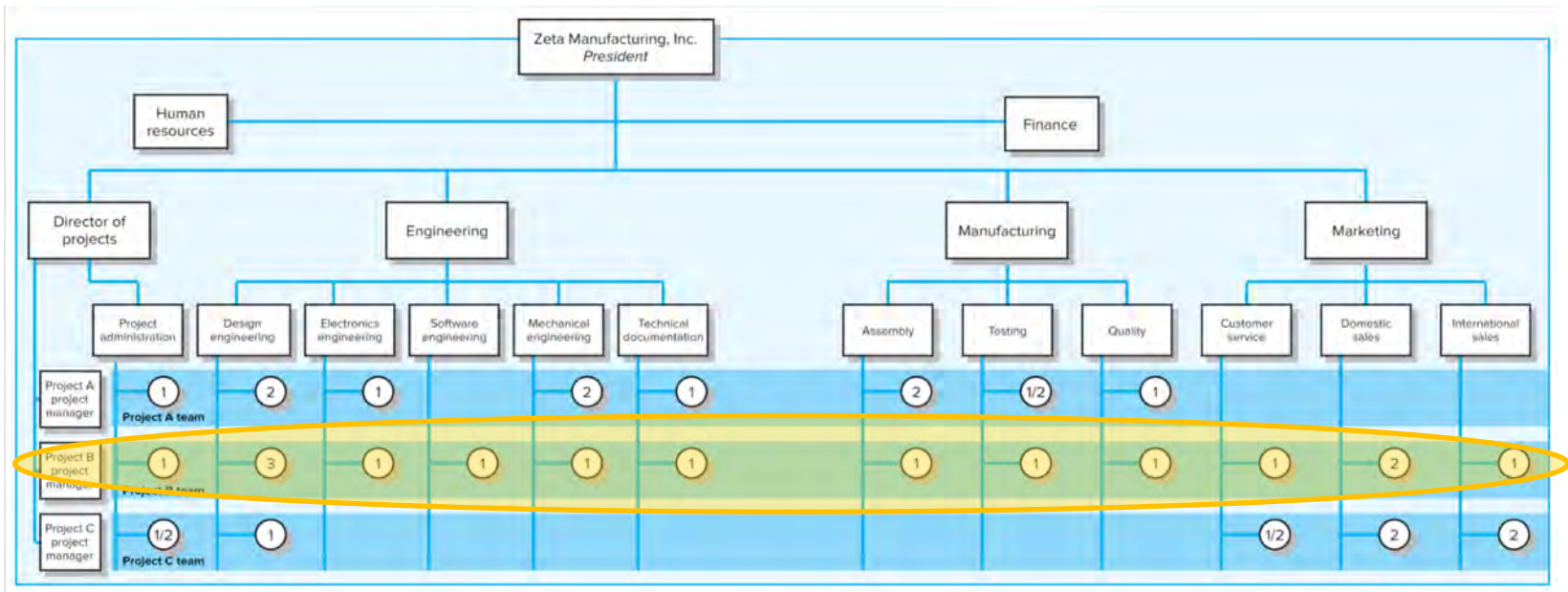
Matrix

Advantages

1. Efficient – sharing resources
2. Strong project focus – dedicated PM
3. Easier post-project transition
4. Flexible – use of appropriate expertise and resources

Disadvantages

1. Dysfunctional conflict – PM and FM tension
2. Infighting – Different priorities
3. Stressful – who is my boss?
4. Slow – consensus needed



Different Matrix forms

Weak

- The authority of the functional manager predominates and the project manager has indirect authority.

Balanced

- The project manager sets the overall plan and the functional manager determines how the work is to be done.

Strong

- The project manager has broader control and functional departments act as subcontractors to the project.

Choosing the most appropriate project structure

Org Structure>		<i>Matrix</i>			
Characteristics	<i>Functional</i>	<i>Weak</i>	<i>Balanced</i>	<i>Strong</i>	<i>Projectized</i>
Project Mgr's Authority	Little or None	Limited	Low to Moderate	Moderate to High	High to Almost Total
Resource Availability	Little or None	Limited	Low to Moderate	Moderate to High	High to Almost Total
Who controls project budget	Functional Manager	Functional Manager	Mixed	Project Manager	Project Manager
Project Mgr's Role	Part-time	Part-time	Full-time	Full-time	Full-time
Project Mgr Admin Staff	Part-time	Part-time	Part-time	Full-time	Full-time