

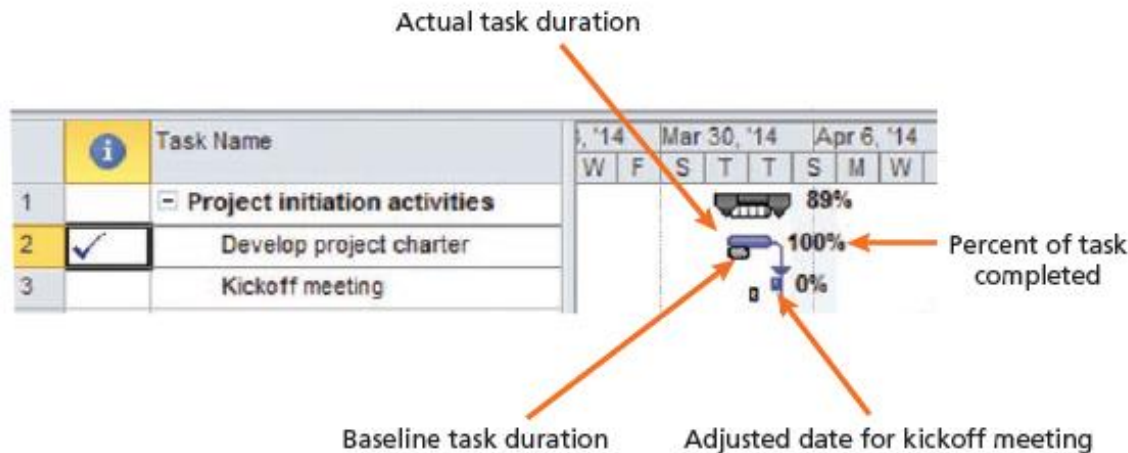
# **Chapter 2**

## **The Organizational Context: Strategy, Structure, and Culture**

By  
Dr. Doaa Saleh

# Project Management Software

- Managing time
- Managing people and resources
- Managing costs



**FIGURE 12-9**

Comparing the project's baseline to actual progress. The gray bars under each subtask show the original baseline, and the blue bar indicates actual progress and schedule adjustments for future tasks.

# Projects and Organizational Strategy

- **Strategic management**

the science of formulating, implementing and evaluating *cross-functional decisions* that enable an *organization* to achieve its *objectives*.

- **Consists of**

- Developing vision and mission statements
- Formulating, implementing and evaluating
- Cross functional decisions
- Achieving objectives

# Projects and Organizational Strategy

- Projects Reflect Strategy
- Projects are *stepping stones* of corporate strategy
- The firm's strategic development is a *driving force* behind project development

# Projects and Organizational Strategy



Fig. 2.1: Relationship of Strategic Elements

# Strategic Management Process Stages

- Strategy Formulation
- Strategy Implementation
- Strategy Evaluation

# **Strategy Formulation**

```
graph TD; A([Strategy Formulation]) --- B[Vision & Mission]; A --- C[External Opportunities & Threats]; A --- D[Internal Strengths & Weaknesses]; A --- E[Long-Term Objectives]; A --- F[Alternative Strategies]; A --- G[Strategy Selection];
```

**Vision & Mission**

**External Opportunities & Threats**

**Internal Strengths & Weaknesses**

**Long-Term Objectives**

**Alternative Strategies**

**Strategy Selection**

# **Strategy Implementation**

```
graph TD; A([Strategy Implementation]) --- B[Annual Objectives]; A --- C[Policies Invention]; A --- D[Employee Motivation]; A --- E[Resource Allocation];
```

**Annual Objectives**

**Policies Invention**

**Employee Motivation**

**Resource Allocation**



## **Strategy Evaluation Activities**



```
graph TD; A([Strategy Evaluation Activities]) --- B[Internal Review]; A --- C[External Review]; A --- D[Performance Measurement]; A --- E[Corrective Action];
```

**Internal Review**

**External Review**

**Performance Measurement**

**Corrective Action**

Strategy evaluation is needed because success today is no guarantee of success tomorrow!

# Vision and Mission Statements

**Vision Statement –**

**What do we want to become?**

**Mission Statement –**

**What is our business?**

# Vision & Mission

- Vision is a possible and desirable future state of an organization that includes specific goals.
- Mission is more associated with behavior and the present.

# Vision & Mission

- Great benefits can be achieved if an organization
  - Systematically revisits their vision and mission statement
  - Treats them as living documents
  - Considers them to be an integral part of the firm's culture

# Vision & Mission

- Profit & vision are necessary to effectively motivate a workforce
- Shared vision creates a commonality of interests

# Characteristics of Mission Statement

## What to be included



# Stakeholder Management

- One way to understand the relationship of project managers and their projects to the rest of the organization is through employing **stakeholder analysis**.
- **Stakeholder analysis** is a useful tool for demonstrating some of the seemingly irresolvable conflicts that occur through the planned creation and introduction of any new project.

# Stakeholder Management

- Stakeholders are **all individuals or groups** who have an **active stake** in the project and can potentially impact, either **positively or negatively**, its development.
- Sets of project stakeholders include:

## Internal Stakeholders

1. Top management
2. Accountant
3. Other functional managers
4. Project team members

## External Stakeholders

1. Clients
2. Competitors
3. Suppliers
4. Environmental, political, consumer, and other intervenor groups



# Stakeholder Management

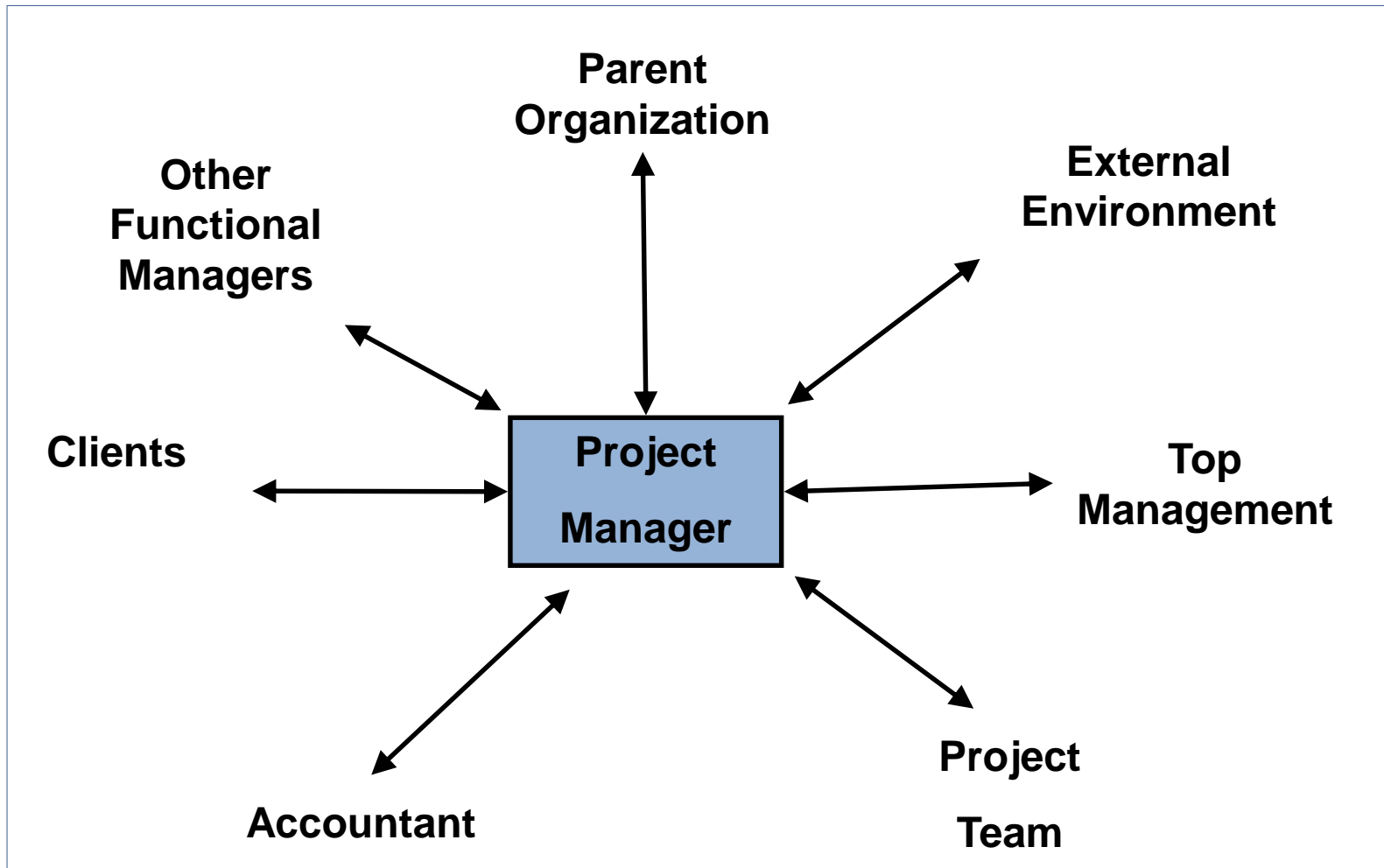


Figure 2.3: Project Stakeholder Relationships

# Stakeholder Management

Project managers and their companies need to recognize the importance of stakeholder groups through the following six steps:

1. Assess the environment
2. Identify the goals of the principal actors
3. Assess your own capabilities
4. Define the problem
5. Develop solutions
6. Test and refine the solutions

# Stakeholder Management

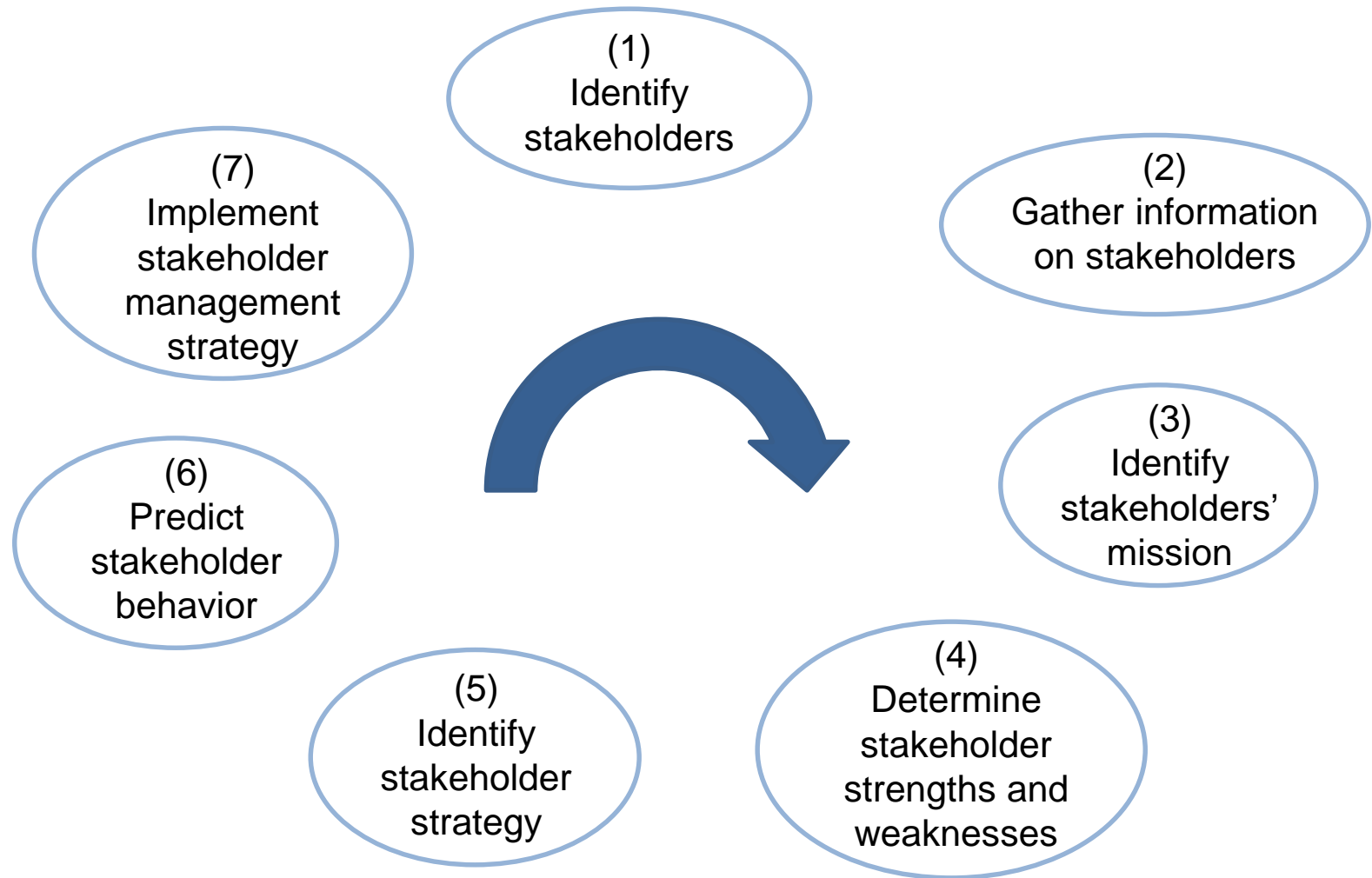


Fig. 2.4: Project Stakeholder Management Cycle

# Organizational Structure

**Organizational structure** consists of three key elements:

1. Designates formal reporting relationships
  - number of levels in the hierarchy
  - span of control
2. Identifies groupings of:
  - individuals into departments
  - departments into the total organization
3. Includes design of systems to ensure
  - effective communication
  - coordination
  - integration across departments

# Organizational Structure

- Forms of Organizational Structure include the following:
  1. **Functional organizations**—Companies are structured by grouping people performing similar activities into departments.
  2. **Project organizations**—Companies are structured by grouping people into project teams on temporary assignments.
  3. **Matrix organizations**—Companies are structured by creating a dual hierarchy in which functions and projects have equal prominence.

## Functional Structures for Project Management

Strengths	Weaknesses
<ol style="list-style-type: none"><li>1. Firm's design maintained</li><li>2. Enables the development of in-depth knowledge and intellectual capital.</li><li>3. Standard career paths</li><li>4. Project team members remain connected with their functional group</li></ol>	<ol style="list-style-type: none"><li>1. Functional siloing makes it difficult to achieve cross-functional cooperation.</li><li>2. Lack of customer focus</li><li>3. Projects may take longer</li><li>4. Projects may be suboptimized due to varying interest or commitment across functional boundaries.</li></ol>

## Project Structures for Project Management

Strengths	Weaknesses
<ol style="list-style-type: none"><li>1. Assigns authority solely to the project manager</li><li>2. Leads to improved communication across the organization and among functional groups.</li><li>3. Effective decision-making</li><li>4. Creation of project management experts</li><li>5. Rapid response</li></ol>	<ol style="list-style-type: none"><li>1. Setting up and maintaining teams can be expensive.</li><li>2. Potential for project team members to develop loyalty to the project rather than to the overall organization.</li><li>3. No pool of specific knowledge</li><li>4. Workers unassigned at project end</li></ol>

# Matrix Structures for Project Management

Strengths	Weaknesses
<ol style="list-style-type: none"><li>1. Suited to dynamic environments</li><li>2. Equal emphasis on project management and functional efficiency</li><li>3. Promotes coordination across functional units</li><li>4. Maximizes scarce resources</li></ol>	<ol style="list-style-type: none"><li>1. Dual hierarchies mean two bosses</li><li>2. Requires significant time to be spent negotiating the sharing of critical resources between projects and departments.</li><li>3. Workers caught between competing project &amp; functional demands</li></ol>



# Heavyweight Project Organizations

- Organizations can sometimes gain tremendous benefit from creating a *fully-dedicated project organization*.
- The heavyweight project organization concept is based on the notion that successful project organizations do not happen by chance or luck.
- Lockheed Corporation's "Skunkworks"
  1. Project manager authority expanded
  2. Functional alignment abandoned in favor of market opportunism
  3. Focus on external customer

# Project Management Offices

- **PMO** is a centralized units that oversee or improve the management of projects
- PMOs can be defined as a resource center for project management within a company:
  1. Technical details
  2. Expertise
  3. Repository
  4. Center for excellence

# Forms of PMOs

PMOs have been described as operating under one of three alternative forms and purposes in companies:

- Weather station – monitoring and tracking
- Control tower – project management is a skill to be protected and supported
- Resource pool – maintain and provide a cadre of skilled project professionals.