

Chapter

Organising for Project Management

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Chapter Organising for Project Management

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4.1 Learning Objectives for this Chapter

Having completed this chapter you will be able to:

- Understand the need for effective project organisation
- Name the various types of project organisation structures and understand their attributes
- Compare and contrast the various structures
- Understand the various roles of the Project Management Office

4.2 Introduction

In this chapter we look for the first time at the “Where” question. In particular, we answer the question “Where does (or should?) projects sit in relation to the other people in your organisation?” and we explore some possible configurations of this relationship between projects and organisations.

4.3 The Need for Organisational Structure

In Chapter 1 we learned how organisations are increasingly adopting a project management approach to achieving their objectives. We have also seen that the use of project management in an organisation can represent a significant departure from more “traditional” methods of management. The differences in approach can relate either to the *style* of management or to the *organisation* of management (or to both).

But why is a good organisation structure important to any business? Kaplan and Norton in their book “Strategy Maps” propose that any successful business strategy must be delivered through an organisation’s internal business processes i.e. the tasks it executes to do its business. Project management activities are a subset of those processes. Moreover, these processes are supported by (and dependent on) a proper strategic alignment of what Kaplan & Norton call “organisational capital”. Good organisational design contributes to this alignment. In other words, it is difficult to deliver your strategic results if you are not organised to reflect that strategy.

As Drucker says: “*Good organisation structure does not itself produce good performance. But a poor organisation structure makes good performance impossible....*”

Projects sit within an organisation which is usually of bigger scale than the project itself. However the influence and interaction of projects with the greater organisational structure can be broad and frequently significant. Projects tend to encompass a cross-company view of what needs to be achieved (rather than focusing on a single department.) In addition projects are frequently used to implement significant changes to the structure and operation of the organisation itself.

So what are the organisational issues which need to be considered when deploying a project? Meredith and Mantell identify three:

- How to tie the project into the parent organisation
- How to organise the project itself
- How to organise activities that are common to all projects

In this chapter we will look at the integration of the project to the parent and at the Project Management Office and its role in supporting activities that are common to other projects. We will look in a later module at how to organise the project itself.

Success Factors for Organising projects

Whatever the organisation structure, there are certain key success factors which must be present for the organisation to be successful:

- Clear lines of authority
- Good understanding of individual roles & responsibilities
- Clear communication of objectives
- Good feedback routes across the organisation

You should bear these success factors in mind when we contrast some project structures in the next section.

4.4 Organisation Structures

When considering how to tie projects into the parent organisation we will consider a range of possible organisation structures. At one end of the spectrum lies the “traditional” functional organisation. At the other extreme lies the fully projectized organisation. In between lie a number of variants (or matrix structures) which involve elements of project structure overlaid onto the functional structure.

We will explore this complete spectrum below.

4.4.1 Functional Organisation

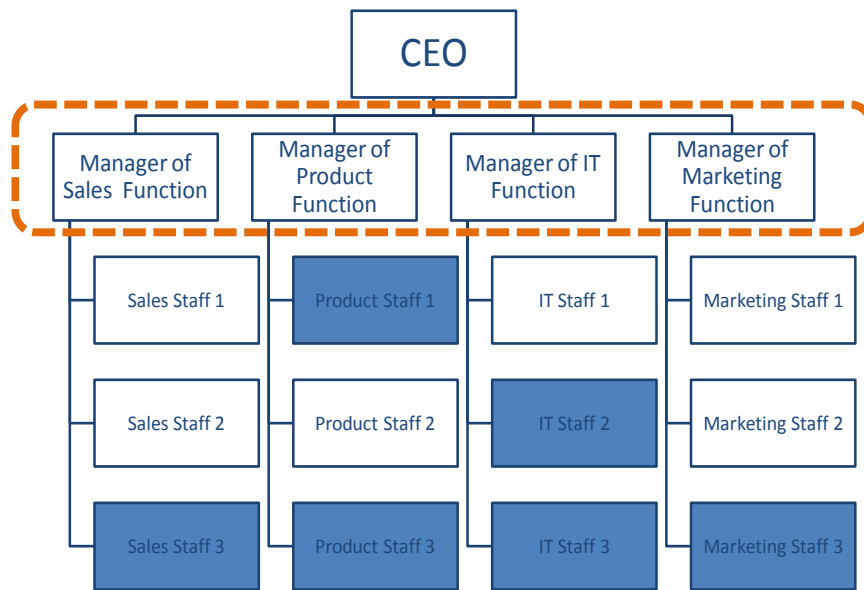


Figure 1 - Functional Organisation

The traditional functional organisation is normally represented as a hierarchy where the work of the company is split into functional units each of which focus on a specialist activity. These functional areas are headed by managers who would be considered specialist leaders e.g. The Production Division may be headed by a Chief Engineer, the Sales Function by a senior Sales Manager etc.

The reporting and authority lines are typically vertical in functional organisations.

The focus of peoples work is usually on their internal functional speciality. The attention to cross-functional working is low. This focus applies equally when they are engaged in “project” work. (People working on projects could be represented by the shaded boxes on the diagrams). Projects tend to be executed internally within functions, however whenever cross functional interaction is needed it tends to be routed upward through the chain of command in order to have it “handed over” to another functional area. It is then routed downwards within the receiving functional area. The returned work will usually follow the same path in reverse. Thus the project is co-ordinated through the management layer (as indicated by the dashed line)

Advantages of the Functional Organisation

- ✓ Internal Flexibility
- ✓ Simplicity
- ✓ Good use of scarce expert skills
- ✓ Good perceived stability and promotion for participants

Disadvantages of the Functional Organisation

- ✗ No single point of responsibility
- ✗ No defined lines of communication
- ✗ Lack of focus on the client/Lack of external client facing flexibility
 - Clients prefer to deal with one person on a project.
- ✗ Fragmented approach to the project
- ✗ Priority of departmental work over team work
- ✗ Low team motivation

The functional organisation would not be considered effective for “cross discipline” projects particularly where there are a number of such projects in progress.

“Matrix based” structures are designed to minimise the disadvantages of the functional approach. Let us look next at the simplest implementation of a matrix organisation- the weak matrix.

4.4.2 Weak Matrix

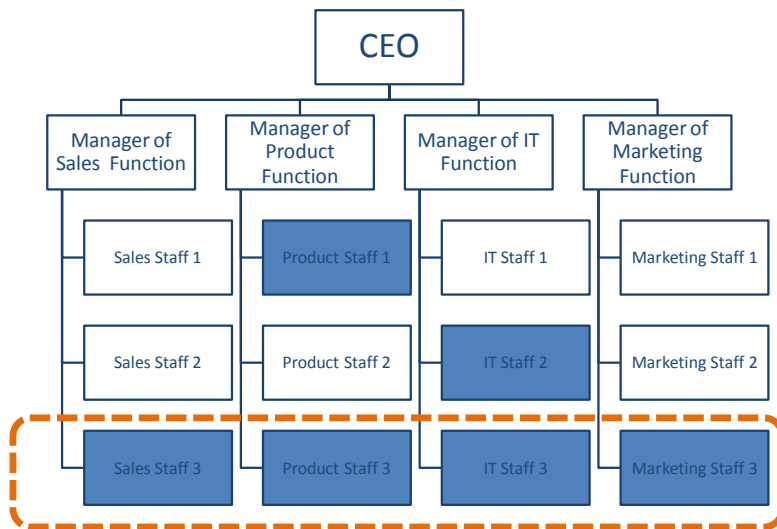


Figure 2 - Weak Matrix

In its structure, the weak matrix is identical to the functional organisation. However - project coordination happens at a lower level, usually performed by a project expeditor, progress chaser or project co-ordinator. This person is generally appointed by the functional area which initiated the project but the role is generally administrative and with little authority over the cross functional resources engaged. His commitment will usually be on a part time basis.

In this scenario, conflicts can arise due to the prioritisation of departmental work over project work. These must be resolved using the co-ordinators influencing and negotiation skills, rather than by exercise of any real power.

4.4.3 The Balanced Matrix

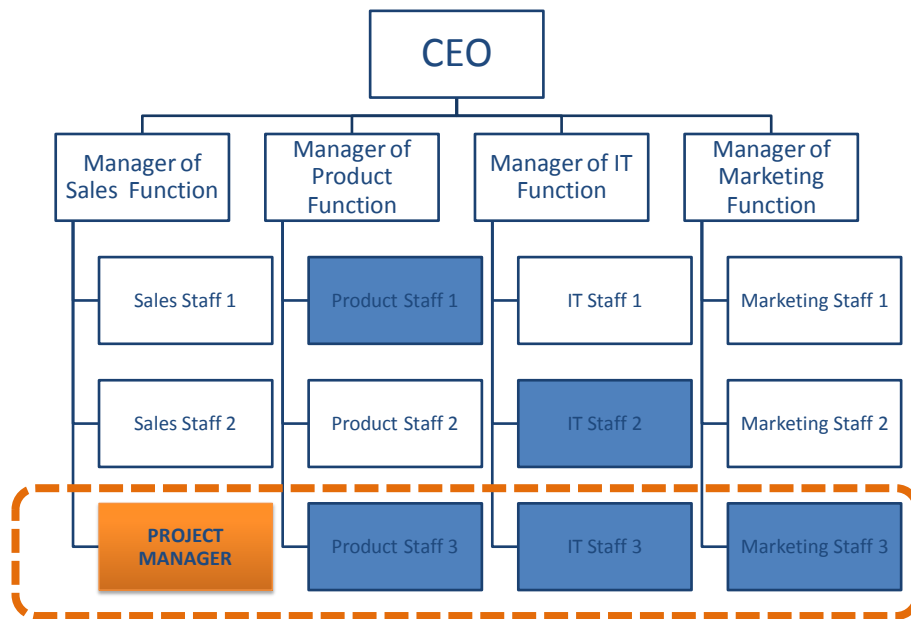


Figure 3 - The Balanced Matrix

The balanced matrix can be viewed as a progression from the weak matrix. The functional organisation structure remains, however there is now a dedicated project manager role driving from within the functional area which sponsors the project. There is an implicit balance of power between the PM and the functional manager who controls the functional staff working on the project. They would be expected to work together and reach consensus on prioritisation issues.

The project manager however does not retain full authority over the project resources.

4.4.4 The Strong Matrix

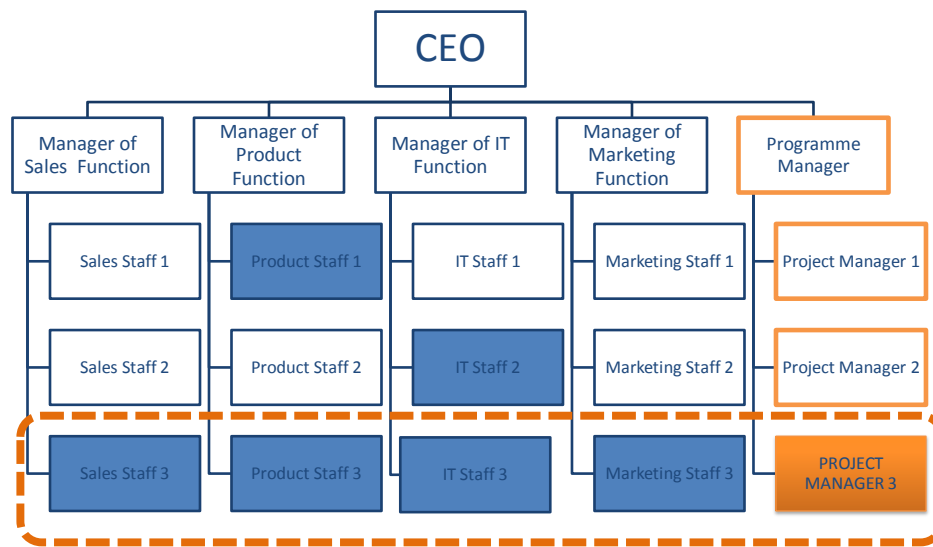


Figure 4 - The Strong Matrix

This is the closest matrix structure to a fully projectised structure. Once again the functional structure remains in place however the project manager position is external to any functional units and does not always have a reporting relationship directly to any functional area. She can be one of a number of project managers reporting to a Head of PMO (Project Management Office) or a programme manager.

Functional managers *assign* resources to the project on a part time or full time basis. During the periods which they are working on the project, their work is controlled entirely by the project manager and the authority of the project manager takes precedence.

Where resources are assigned full time, the structure is usually referred to as a *secondment matrix*.

4.4.5 Advantages & Disadvantages of Matrix structures

Advantages of Matrix Structures

- ✓ Flexibility Deployment of Resources
- ✓ Good use of scarce expert skills
- ✓ Good perceived stability for participants
- ✓ Good perceived promotional opportunities
- ✓ Project is point of emphasis (especially on stronger matrices)
- ✓ Flexible range of matrix options to suit the organisation

Disadvantages of Matrix Structures

- ✗ The Two Boss problem – Project workers have reporting lines to their project manager and to their functional manager leading to split loyalties
- ✗ Delicate balance of power between project and function possibly leading to conflict (depending on the balance)
- ✗ Projectitis (in strong matrix) – addiction to the project leading to an inability to close it down.
- ✗ Strong negotiating skills are required by the project manager

4.4.6 The Projectised Organisation

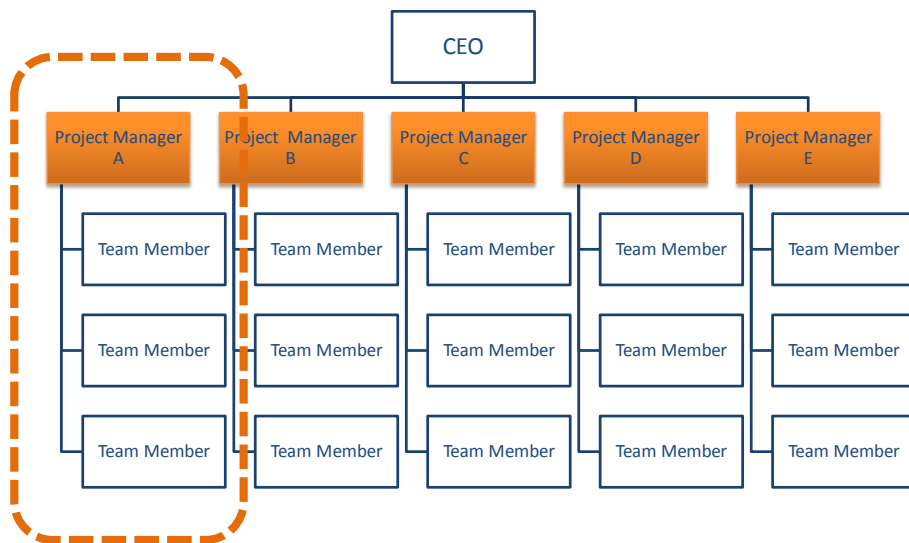


Figure 5 - The Projectised Organisation

In this structure most of the organisations resources are engaged in project work and the members of project teams will tend to be located in the same physical area. Projects will be separated from the rest of the organisation and resources will be fulltime on the project. Departments may exist within the project structure but their heads will report directly to a project manager. Each project team will tend to encompass multiple skill sets and functional knowledge areas. For example, it may contain its own experts in sales, marketing, engineering etc.

The project manager has full authority over the resources and work of the project.

Advantages of Projectised structure:

- ✓ The project manager has full line authority over the project
- ✓ The Two Boss problem is solved
- ✓ Greater focus on the objective and on the client
- ✓ The Lines of communication are shorter (and mostly within the team)

- ✓ Valuable Skills Pool - Completion of a sequence of similar projects by one team, can lead to creation of a valuable high skills pool to be used to attract more valuable contracts
- ✓ Simple command and control structure
- ✓ Greater security and confidentiality

Disadvantages of Projectised structure

- ✗ Duplication of effort when the company takes on a number of similar projects
- ✗ Stockpiling of skills and resources – Project manager tries to ring fence resources to ensure immediate availability. Such resources can be under-utilised
- ✗ Danger of maverick approaches to project solutions
- ✗ Projectitis – Members form strong attachment to the project which can result undesired alienation from the main organisation and artificial prolonging of project lifespan.
- ✗ Isolation of specialists – Specialist skilled resources are deprived of exposure to the learning and promotional opportunities provided by a larger specialist area.

4.5 The Programme Office /Project Management Office (PMO)

A Project Management Office is an organizational unit which is used to centralise and coordinate the management of projects under its domain.

A Project Management Office (PMO) can be used within any of the organisational styles described. They tend to be of greater value when the parent organisation is attempting to manage multiple parallel or sequential projects. They are more likely to be used in organisations tending towards strong matrix or projectised structures.

Typical goals of a PMO might be to :

- Improve the rate of success of projects
- Establish consistent project management standards and methods
- Retain a repository of good project management practice
- Provide project management consultancy
- Provide project management training
- Provide coordinated project tracking
- Manage the project portfolio
- Control the project management resource pool

You will note from the above that the PMO is not involved directly in the management or execution of projects. (In some instances, particularly in the “weak matrix” scenario, a PMO may be used to provide project coordination services to a number of small projects.)

The size and configuration of PMO’s vary widely. At its most basic, the PO may only be concerned with tracking progress across multiple projects – typically for the purpose of providing consolidated reporting to senior management. In a larger context it may provide all the services listed above.

The implementation of a Project Management Office (PO) should be approached with a long term view to its benefits. The primary purpose of most PMO’s is to make improvements in the general standard of projects (and not just to assist current ailing projects.) The objectives and role need to be made clear and the PMO should be sponsored by senior management.

Note: The Project Management office may also be referred to as; the “project office”, “programme office” or “project services department “



Exercise 1

You are a project manager on a successful software development project. You have just delivered your third upgrade of the same software to the client within a 2 year period. Your team have just started the project to deliver a fourth upgrade.

Your head software programmer, who has been on your team since day 1, has indicated to you that he is unhappy. He believes that all his graduate friends have gained more varied experience and that he is being left behind. He wants to leave!

Q: What is the most likely current organisation of projects in your company? Can you suggest some ways of dealing with the situation?



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Student Notes
