



Mohawk National Bank

"You're really going to have your work cut out for you, Randy," remarked Pat Coleman, vice president for operations. "It's not going to be easy establishing a project management organizational structure on top of our traditional structure. We're going to have to absorb the lumps and bruises and literally 'force' the system to work."

BACKGROUND

Between 1978 and 1988, Mohawk National matured into one of Maine's largest full-service banks, employing a full-time staff of some 1,200 employees. Of the 1,200 employees, approximately 700 were located in the main offices in downtown Augusta.

Mohawk matured along with other banks in the establishment of computerized information processing and decision-making. Mohawk leased the most up-to-date computer equipment in order to satisfy customer demands. By 1984, almost all departments were utilizing the computer.

By 1985, the bureaucracy of the traditional management structure was creating severe administrative problems. Mohawk's management had established many complex projects to be pursued, each one requiring the involvement of

several departments. Each department manager was setting his or her own priorities for the work that had to be performed. The traditional organization was too weak structurally to handle problems that required integration across multiple departments. Work from department to department could not be tracked because there was no project manager who could act as focal point for the integration of work.

UNDERSTANDING THE CHANGEOVER PROBLEM

It was a difficult decision for Mohawk National to consider a new organizational structure, such as a matrix. Randy Gardner, director of personnel, commented on the decision:

Banks, in general, thrive on traditionalism and regimentation. When a person accepts a position in our bank, he or she understands the strict rules, policies, and procedures that have been established during the last 30 years. We know that it's not going to be easy. We've tried to anticipate the problems that we're going to have. I've spent a great deal of time with our vice president of operations and two consultants trying to predict the actions of our employees.

The first major problem we see is with our department managers. In most traditional organizations, the biggest functional department emerges as the strongest. In a matrix organization, or almost any other project form for that matter, there is a shift in the balance of power. Some managers become more important in their new roles and others not so important. We think our department managers are good workers and that they will be able to adapt. Our biggest concern is with the functional employees. Many of our functional people have been with us between twenty and thirty years. They're seasoned veterans. You must know that they're going to resist change. These people will fight us all the way. They won't accept the new system until they see it work. That'll be our biggest challenge: to convince the functional team members that the system will work.

Pat Coleman, the vice president for operations, commented on the problems that he would be facing with the new structure:

Under the new structure, all project managers will be reporting to me. To be truthful, I'm a little scared. This changeover is like a project in itself. As with any project, the beginning is the most important phase. If the project starts out on the right track, people might give it a chance. But if we have trouble, people will be quick to revert back to the old system. Our people hate change. We cannot wait one and a half to two years for people to get

familiar with the new system. We have to hit them all at once and then go all out to convince them of the possibilities that can be achieved.

This presents a problem in that the first group of project managers must be highly capable individuals with the ability to motivate the functional team members. I'm still not sure whether we should promote from within or hire from the outside. Hiring from the outside may cause severe problems in that our employees like to work with people they know and trust. Outside people may not know our people. If they make a mistake and aggravate our people, the system will be doomed to failure.

Promoting from within is the only logical way to go, as long as we can find qualified personnel. I would prefer to take the qualified individuals and give them a lateral promotion to a project management position. These people would be on trial for about six months. If they perform well, they will be promoted and permanently assigned to project management. If they can't perform or have trouble enduring the pressure, they'll be returned to their former functional positions. I sure hope we don't have any inter- or intramatrix power struggles.

Implementation of the new organizational form will require good communications channels. We must provide all of our people with complete and timely information. I plan on holding weekly meetings with all of the project and functional managers. Good communications channels must be established between all resource managers. These team meetings will give people a chance to see each other's mistakes. They should be able to resolve their own problems and conflicts. I'll be there if they need me. I do anticipate several conflicts because our functional managers are not going to be happy in the role of a support group for a project manager. That's the balance of power problem I mentioned previously.

I have asked Randy Gardner to identify from within our ranks the four most likely individuals who would make good project managers and drive the projects to success. I expect Randy's report to be quite positive. His report will be available next week.

Two weeks later, Randy Gardner presented his report to Pat Coleman and made the following observations:

I have interviewed the four most competent employees who would be suitable for project management. The following results were found:

Andrew Medina, department manager for cost accounting, stated that he would refuse a promotion to project management. He has been in cost accounting for twenty years and does not want to make a change into a new career field.

Larry Foster, special assistant to the vice president of commercial loans, stated that he enjoyed the people he was working with and was afraid that a new job in project management would cause him to lose his contacts with upper level management. Larry considers his present position more powerful than any project management position.

Chuck Folson, personal loan officer stated that in the fifteen years he's been with Mohawk National, he has built up strong interpersonal ties with many members of the bank. He enjoys being an active member of the informal organization and does not believe in the applications of project management for our bank.

Jane Pauley, assistant credit manager, stated that she would like the position, but would need time to study up on project management. She feels a little unsure about herself. She's worried about the cost of failure.

Now Pat Coleman had a problem. Should he look for other bank employees who might be suitable to staff the project management functions or should he look externally to other industries for consultants and experienced project managers?

QUESTIONS

1. How do you implement change in a bank?
2. What are some of the major reasons why employees do not want to become project managers?
3. Should the first group of project managers be laterally assigned?
4. Should the need for project management first be identified from within the organization?
5. Can project management be forced upon an organization?
6. Does the bank appear to understand project management?
7. Should you start out with permanent or temporary project management positions?
8. Should the first group of project managers be found from within the organization?
9. Will people be inclined to support the matrix if they see that the project managers are promoted from within?
10. Suppose that the bank goes to a matrix, but without the support of top management. Will the system fail?
11. How do you feel about in-house workshops to soften the impact of project management?