

Project Management Structures

- Challenges to Organizing Projects

- The uniqueness and short duration of projects relative to ongoing longer-term organizational activities
- The multidisciplinary and cross-functional nature of projects creates authority and responsibility dilemmas.

- Choosing an Appropriate Project Management Structure

- The best system balances the needs of the project with the needs of the organization.



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Project Management Structures

- Organizing Projects: Functional organization

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

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Functional Organizations

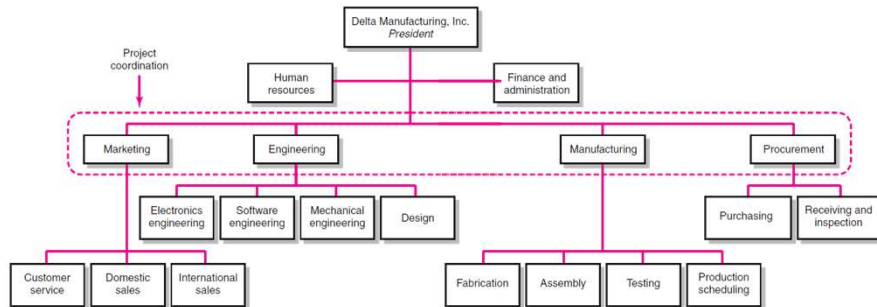


FIGURE 3.1

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Functional Organization of Projects

• Advantages

1. No Structural Change
2. Flexibility
3. In-Depth Expertise
4. Easy Post-Project Transition

• Disadvantages

1. Lack of Focus
2. Poor Integration
3. Slow
4. Lack of Ownership

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Project Management Structures (cont'd)

- Organizing Projects: Dedicated Teams

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

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Dedicated Project Team

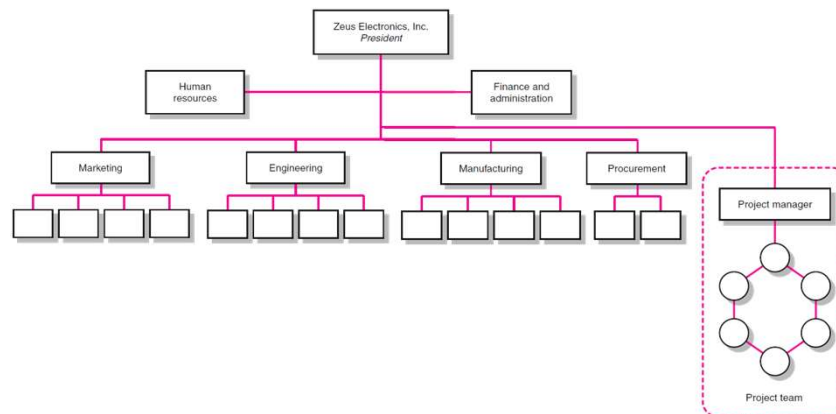


FIGURE 3.2

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Project Organization: Dedicated Team

• Advantages

1. Simple
2. Fast
3. Cohesive
4. Cross-Functional Integration

• Disadvantages

1. Expensive
2. Internal Strife
3. Limited Technological Expertise
4. Difficult Post-Project Transition

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Projectized Organizational Structure

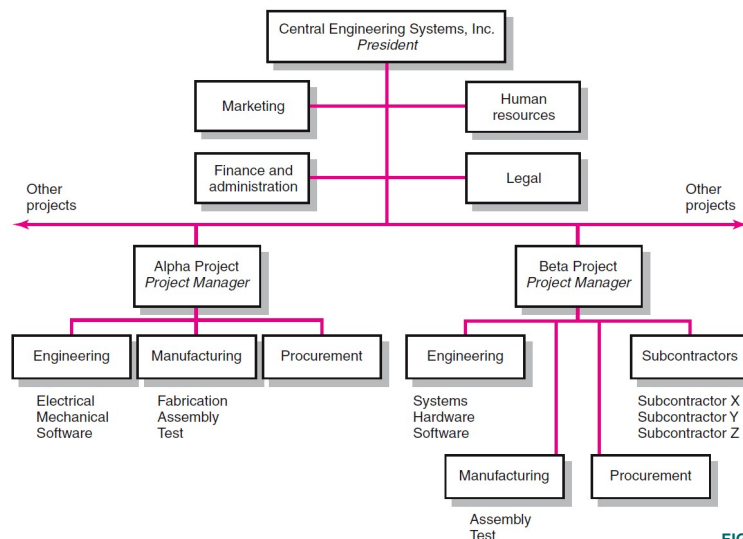


FIGURE 3.3

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Project Management Structures (cont'd)

• Organizing Projects: Matrix Structure

–Hybrid organizational structure (matrix) is overlaid on the normal functional structure.

- Two chains of command (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.

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Matrix Organization Structure

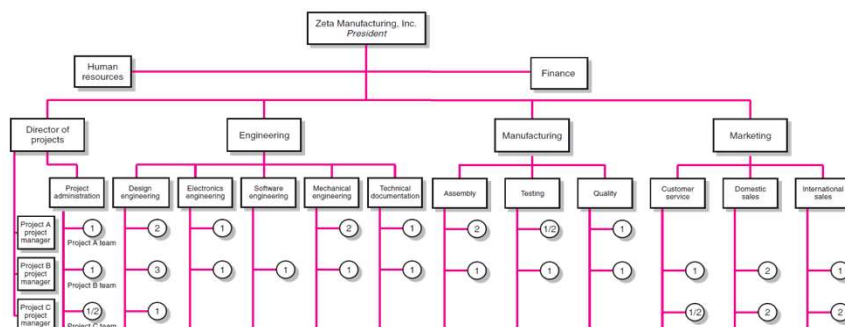


FIGURE 3.4

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Division of Project Manager and Functional Manager Responsibilities in a Matrix Structure

Project Manager	Negotiated Issues	Functional Manager
What has to be done?	Who will do the task?	How will it be done?
When should the task be done?	Where will the task be done?	
How much money is available to do the task?	Why will the task be done?	How will the project involvement impact normal functional activities?
How well has the total project been done?	Is the task satisfactorily completed?	How well has the functional input been integrated?

TABLE 3.1

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Different Matrix Forms

- **Weak Form**
 - The authority of the functional manager predominates and the project manager has indirect authority.
- **Balanced Form**
 - The project manager sets the overall plan and the functional manager determines how work to be done.
- **Strong Form**
 - The project manager has broader control and functional departments act as subcontractors to the project.

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Project Organization: Matrix Form

- **Advantages**

1. **Efficient**
2. **Strong Project Focus**
3. **Easier Post-Project Transition**
4. **Flexible**

- **Disadvantages**

1. **Dysfunctional Conflict**
2. **Infighting**
3. **Stressful**
4. **Slow**

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Choosing the Appropriate Project Management Structure

- **Organization (Form) Considerations**

- How important is the project to the firm's success?
- What percentage of core work involves projects?
- What level of resources (human and physical) are available?



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Choosing the Appropriate Project Management Structure (cont'd)

- Project Considerations

- 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

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Key Dimensions Defining an Organization's Culture



FIGURE 3.5

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Organizational Culture

- Organizational Culture Defined

- A system of shared norms, beliefs, values, and assumptions which bind people together, thereby creating shared meanings.
- The “personality” of the organization that sets it apart from other organizations.
 - Provides a sense of identity to its members.
 - Helps legitimize the management system of the organization.
 - Clarifies and reinforces standards of behavior.

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Identifying Cultural Characteristics

- Study the physical characteristics of an organization.
- Read about the organization.
- Observe how people interact within the organization.
- Interpret stories and folklore surrounding the organization.



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Organizational Culture Diagnosis Worksheet

Power Corp.

I. Physical Characteristics:

Architecture, office layout, décor, attire

Corporate HQ is 20 Story modern building—president on top floor. Offices are bigger in the top floors than lower floors. Formal business attire (white shirts, ties, power suits, . . .) Power appears to increase the higher up you are.

II. Public Documents:

Annual reports, internal newsletters, vision statements

At the heart of the Power Corp. Way is our vision . . . to be the global energy company most admired for its people, partnership and performance. Integrity. We are honest with others and ourselves. We meet the highest ethical standards in all business dealings. We do what we say we will do.

III. Behavior:

Pace, language, meetings, issues discussed, decision-making style, communication patterns, rituals

Hierarchical decision-making, pace brisk but orderly, meetings start on time and end on time, subordinates choose their words very carefully when talking to superiors, people rarely work past 6:00 P.M., president takes top performing unit on a boat cruise each year . . .

IV. Folklore:

Stories, anecdotes, heroines, heroes, villains

Young project manager was fired after going over his boss's head to ask for additional funds.

Stephanie C. considered a hero for taking complete responsibility for a technical error.

Jack S. was labeled a traitor for joining chief competitor after working for Power Corp. for 15 years.

FIGURE 3.6

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Implications of Organizational Culture for Organizing Projects

- Challenges for Project Managers in Navigating Organizational Cultures
 - Interacting with the culture and subcultures of the parent organization
 - Interacting with the project's clients or customer organizations
 - Interacting with other organizations connected to the project



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Cultural Dimensions of an Organization Supportive of Project Management

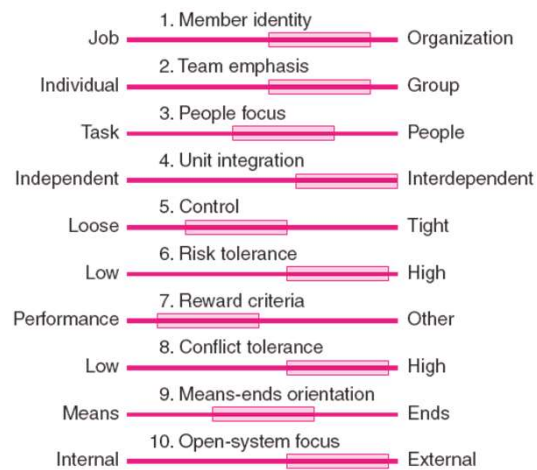


FIGURE 3.7

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Key Terms

Balanced matrix

Dedicated project team

Matrix

Organizational culture

Projectitis

Projectized organization

Project Office (PO)

Strong matrix

Weak matrix

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Organization of Product Development Projects at ORION

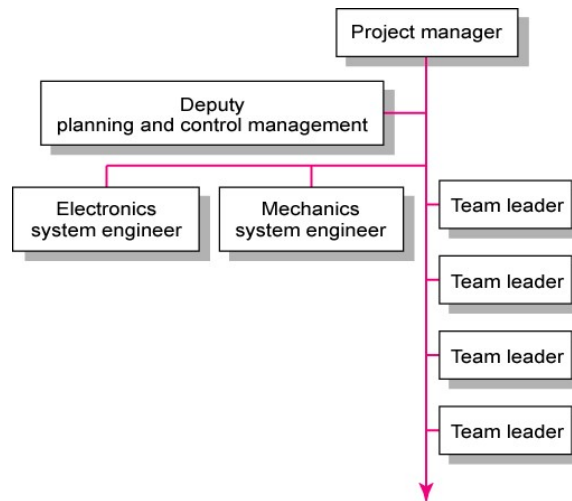


FIGURE C3.1

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Traditional Master Plan at ORION

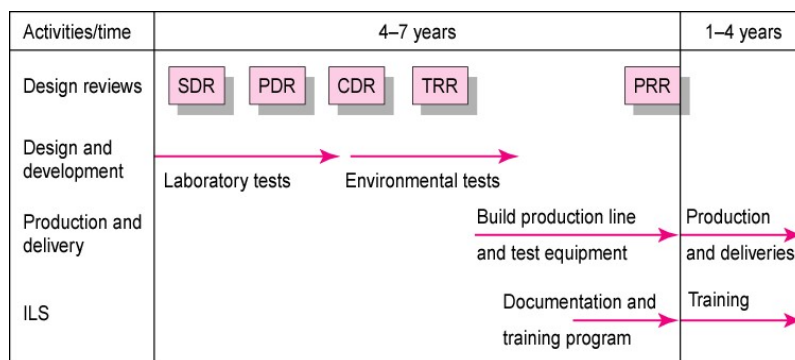


FIGURE C3.2

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Proposed Project Organization for the Jaguar Project

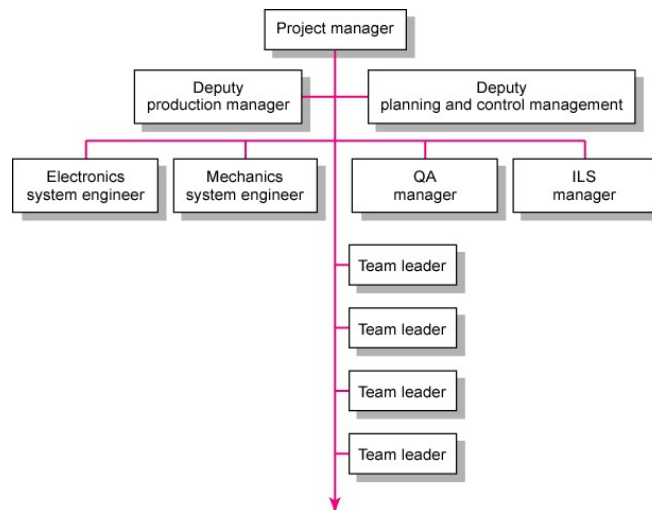


FIGURE C3.3

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Jaguar Master Plan

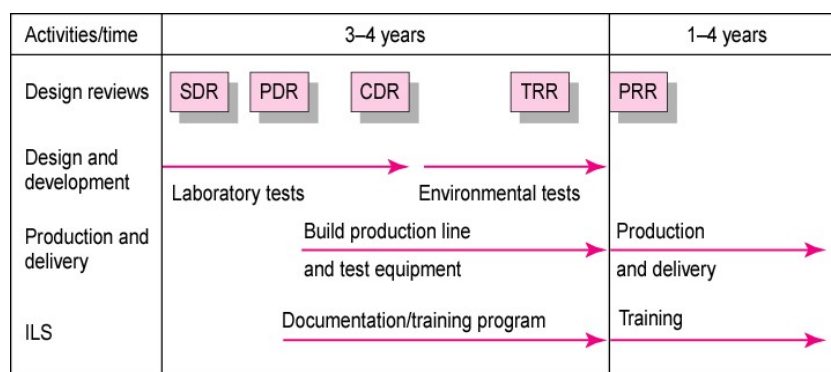


FIGURE C3.4

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Mechanisms for Sustaining Organizational Culture

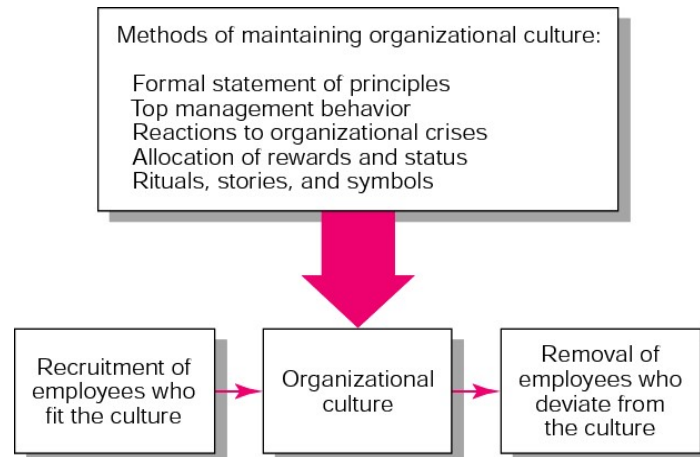


FIGURE A3.1

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Project Management Structures (cont'd)

- Organizing Projects: Network Organizations
 - An alliance of several organizations for the purpose of creating products or services.
 - A “hub” or “core” firm with strong core competencies outsources key activities to a collaborative cluster of satellite organizations.

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Project Organization: Network Form

- **Advantages**

- **Cost Reduction**
- **High Level of Expertise**
- **Flexible**

- **Disadvantages**

- **Coordination of Breakdowns**
- **Loss of Control**
- **Conflict**

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