

Chapter Three

Organization: Structure and Culture

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
 - A good system balances the needs of the project with the needs of the organization.



Project Management Structures (cont'd)

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

Functional Organizations

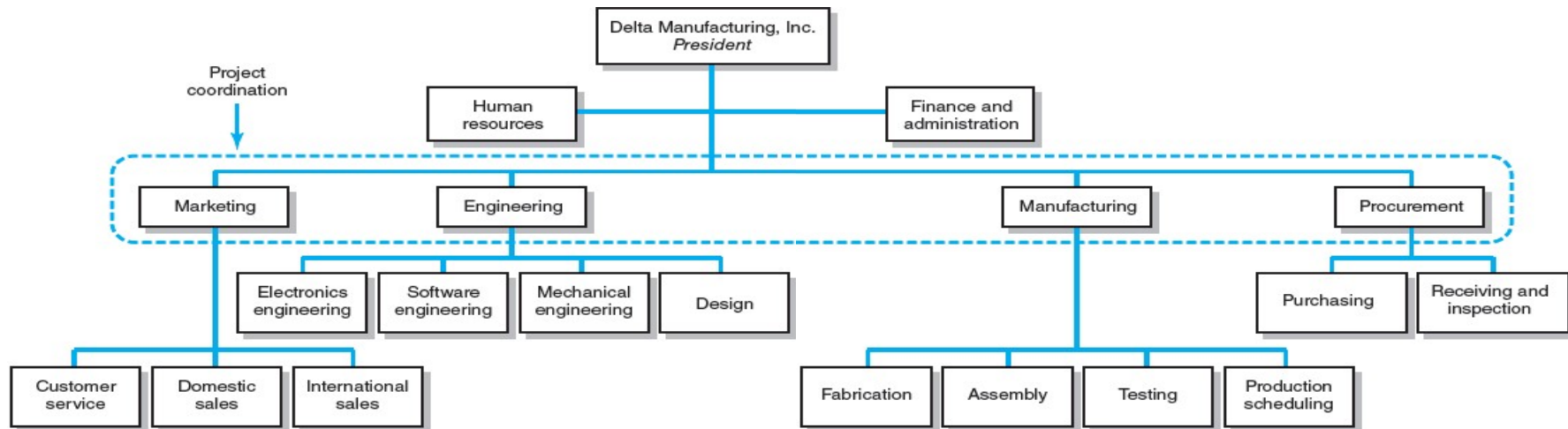


FIGURE 3.1

Functional Organization

- **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**

Project Management Structures (cont'd)

- Organizing Projects: Dedicated Project 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.

Dedicated Project Team

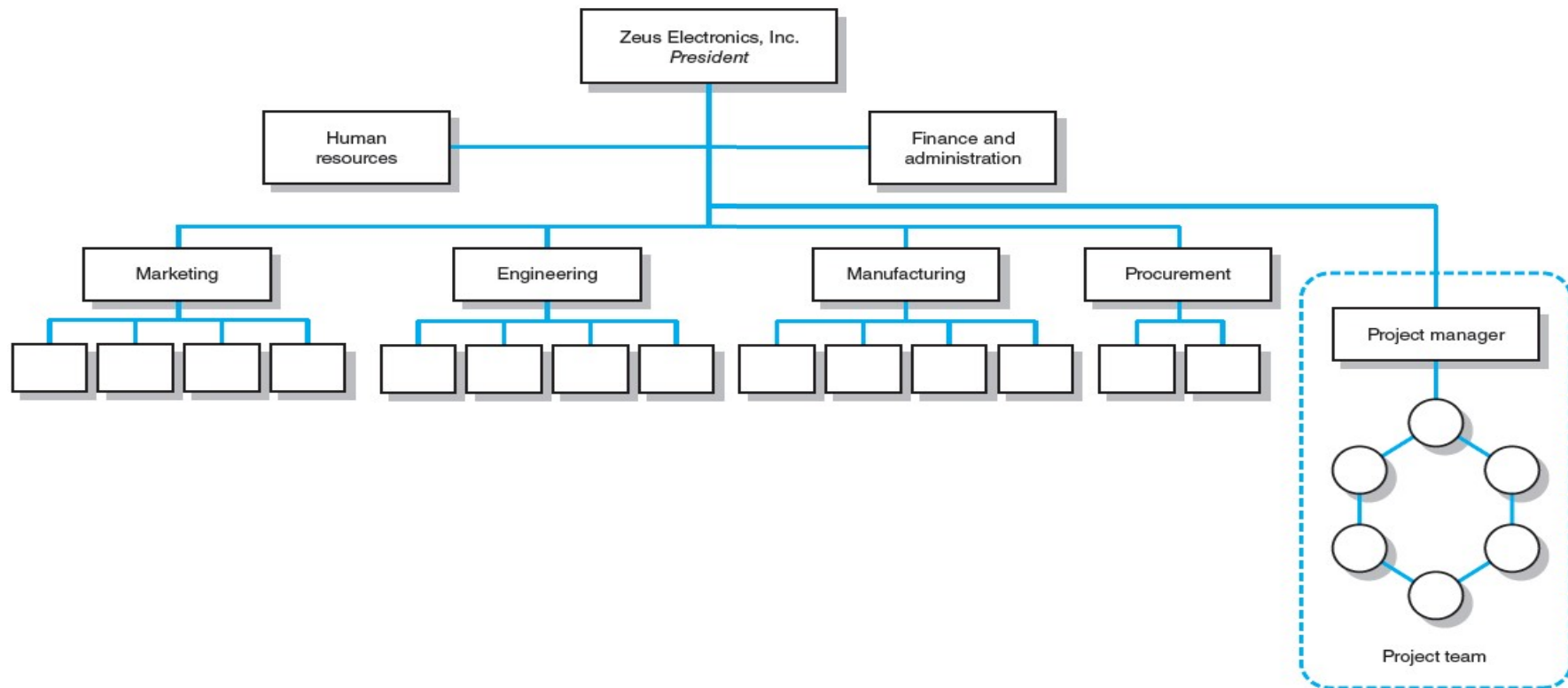


FIGURE 3.2

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**

Projectized Organization Structure

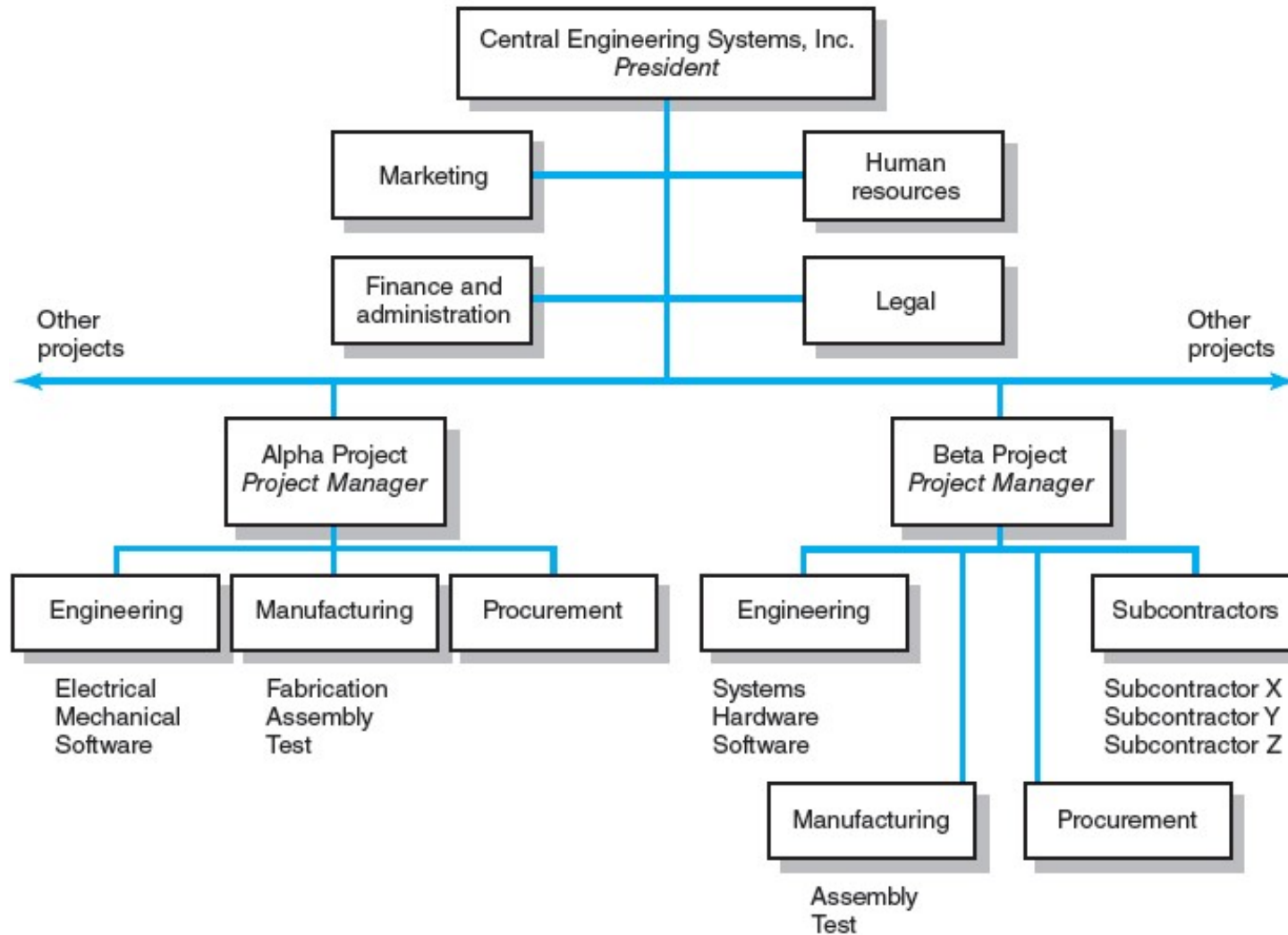


FIGURE 3.3

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

Matrix Organization Structure

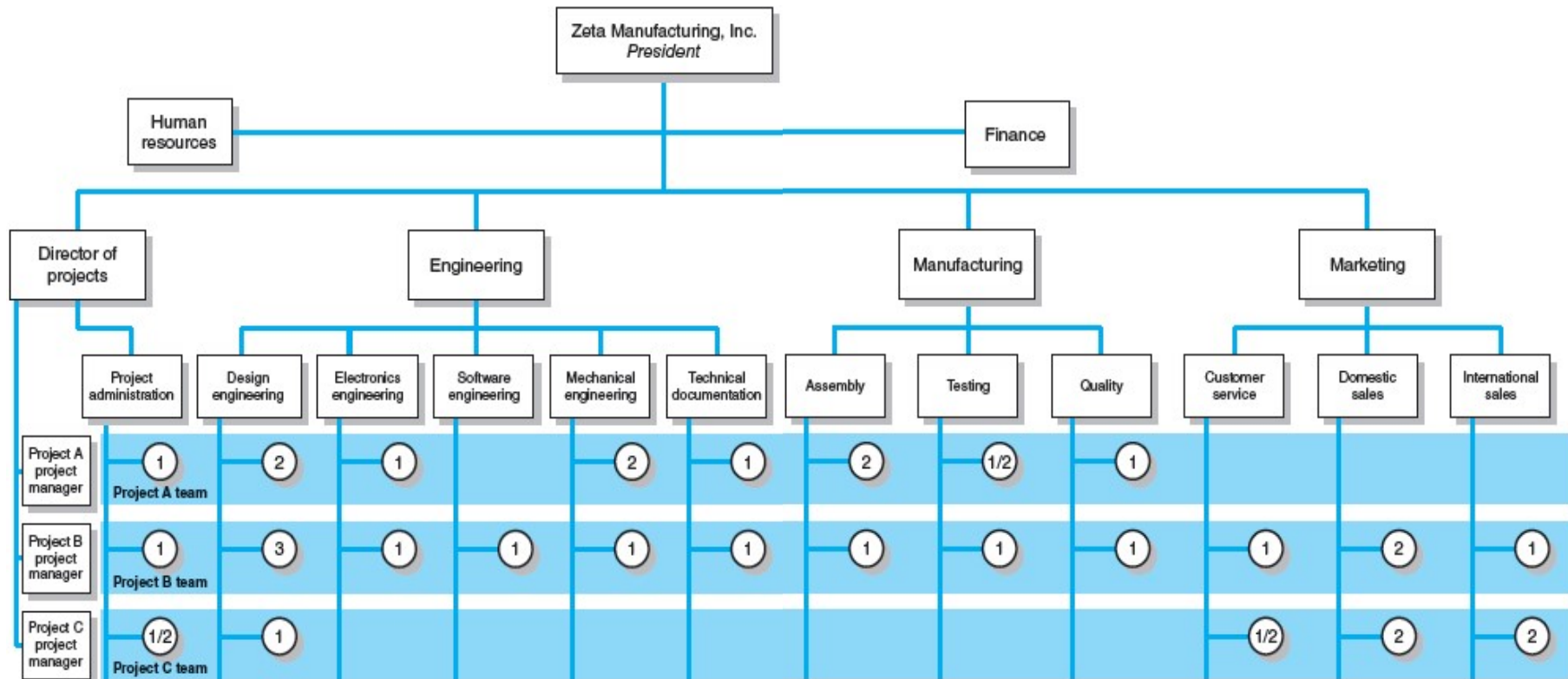


FIGURE 3.4

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

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.

Project Organization: Matrix Structure

- **Advantages**

1. **Efficient**
2. **Strong project focus**
3. **Easier post-project transition**
4. **Flexible**

- **Disadvantages**

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

What Is the Right Project Management Structure?

- Organization 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?



What Is the Right 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

Organizational Culture

- Organizational Culture Defined
 - A system of shared norms, beliefs, values, and assumptions which binds 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
 - Helps create social order

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



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

