

Organization Structures

Projects are typically part of an organization larger than the project itself. The maturity of the organization's structure, its project management system, culture, style, and departmental structures will influence the management of the project.

The Project Manager needs to be aware of the different type of organizational structures that may be encountered so that their project management approach can be tailored to take this into consideration.

There is a spectrum of organizational structures ranging from the Functional organization at one end through to the Projectized Organization at the other. In between there are a variety of Matrix organizations that combine features of both.

Note that there is no “right” structure for an organization to have. Each organization is unique. It is important to understand what type of organization you are dealing with as a Project Manager so you can correctly judge your own authority level and tailor your project management to the situation.

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Different types of functional organization structures can introduce constraints on the project resources, the authority of the project manager, and the overall risks in the project.

Project Characteristics	Organizational Structure				
	Functional	Matrix			Projectized
		Weak	Balanced	Strong	
Project Manager's Authority	Little or none	Limited	Low to moderate	Moderate to high	High
Resource Availability	Little or none	Limited	Low to moderate	Moderate to high	High
Who Controls Project Budget	Functional Manager	Functional Manager	Mixed	Project Manager	Project Manager
Project Manager's Role	Part-time	Part-time	Full-time	Full-time	Full-time

* Derived from PMBOK® Guide 2004 – Figure 2-6

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The **functional organization** is one that many people are familiar with. In this type of organization there is a clear hierarchy where every employee has one clear supervisor. People are grouped into functional areas based upon the type of work they do.

Project work is typically coordinated across the functional groups by the functional managers.

In a purely functional organization each department works independently of the others. Information flows up the chain to the functional manager, across to another functional manager, and then down through the structure to the staff working on the project.

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At the opposite end of the spectrum is the fully **projectized organization**. In a projectized organization the project manager directly controls the project staff. The Project staff report directly to the project manager for the duration of the project.

Most of the resources in the company are focused on delivering projects so project managers have a great deal of authority and independence.

Project teams are often co-located and identify themselves as members of the project rather than members of a particular functional department. The project team members are usually working full time on the project.

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Matrix organizations are a blend of the functional and projectized organizational structures. There is a variety of different types of matrix organization depending upon how mature the project management culture is in the organization.

In a weak matrix organization many of the main characteristics of the functional organization are maintained. Project staff still typically report to their functional manager, budgets are controlled by the functional manager and so on. The project manager is more of a coordinator than a manager in this type of an organization.

Strong matrix organizations share many of the characteristics of the projectized organization. Project teams are assigned to projects and the project managers themselves may be grouped into their own department with their own functional manager. The Project Manager has lots of authority and will work full time on the project.

Balanced matrix organizations are more of a blend of the features of the strong and weak matrix organizations. There is any number of combinations.

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There are many other organizational influences that can affect a project. These include:

- Standards
- Regulations
- Internationalization, Globalization
- Cultures – different ways humans work and think
- Corporate cultures – risk tolerance, authority style
- Social – Economic
- Environmental
- Governments
- Project Management maturity level of the organization

The Project Manager must be aware of these conditions and be ready to adapt to them as the project progresses.