

Lecture 5

5. Project & Organization Structure

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Outline

- Organization
- System View of Project Management
- Organizational Structure in a Project
 - Functional Organization
 - Pure Project Organization
 - Matrix Organization
- Organizational Structure Influences on Projects

Organization

- Organization is a group of people having different knowledge and skills working together to achieve an organizational goal.
- Projects cant be run in isolation. Projects must be operated in a broad organizational environment.
- Project Managers need to take the holistic or system view of a project and understand how it is simulated within the larger organization.

Organization

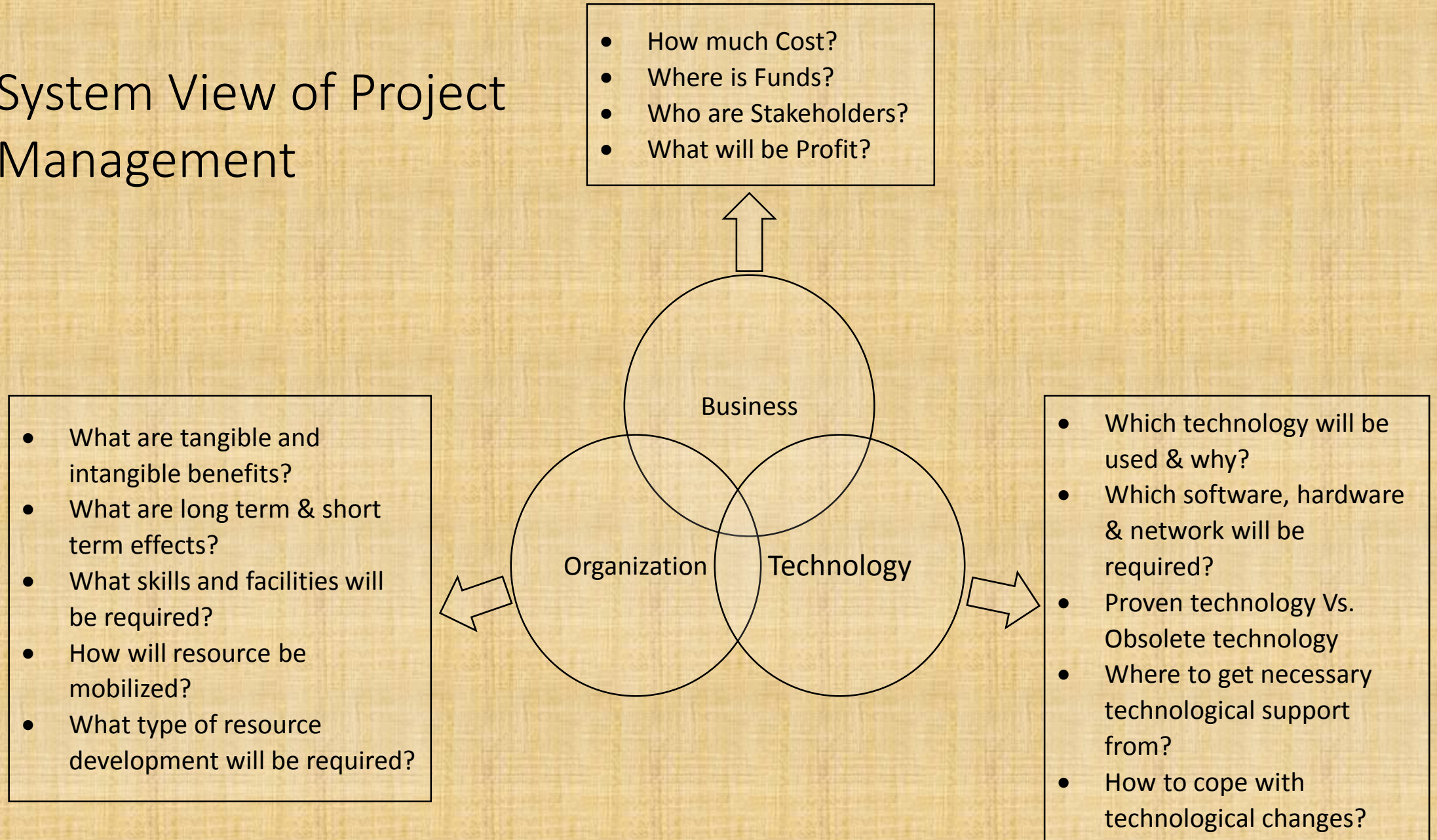
Types of Organization

- Line organization
- Line and Staff organization
- Functional organization
- Project organization

System View of Project Management

- Project Management System is an organized set of tools and procedures for helping managers and teams to achieve project goals.
- Three parts of projects' system view include:
 - Systems Philosophy: View things as systems, interacting components working within the environment to fulfill some purposes.
 - Systems Analysis: Problem Solving Approach
 - Systems Management: Address business, technological and organizational issues before making changes to systems.

System View of Project Management



System View of Project Management

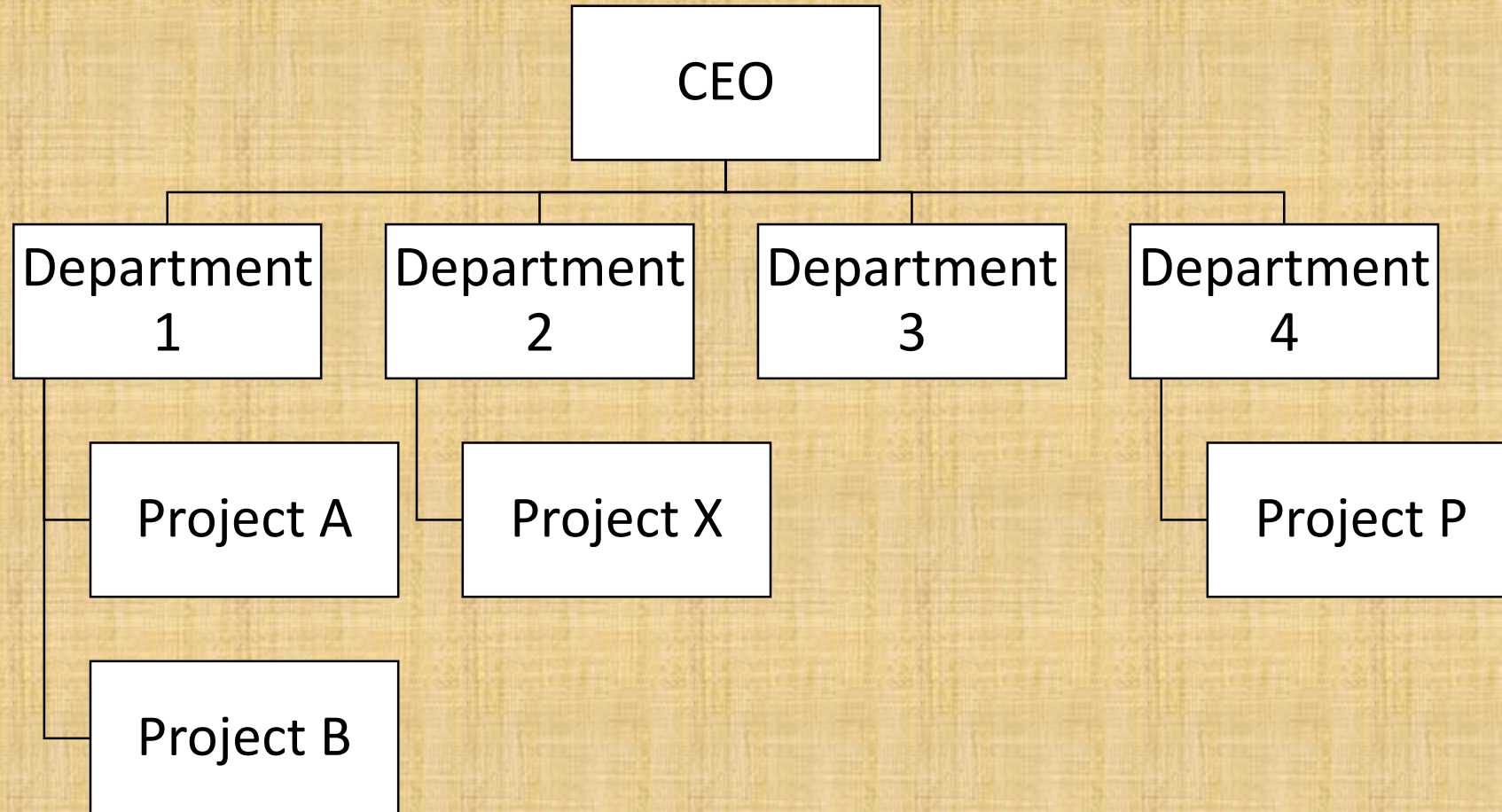
Three Key Essences

- Structured Approach: Organizational Structure
- Disciplined Approach: Coordinated Management Processes
- Defined Approach: Purposefully defined inputs and outputs for each process

Organizational Structure in a Project

- Organizational structure represents the formal relationship and main line of communication, flow of responsibilities and authorities through the management hierarchy.
- Forms of Organizational Structures:
 - Functional Organization
 - Pure Project or Projectized Organization
 - Matrix Organization

Functional Organization



Functional Organization

- Project tasks are performed as part of functional department
- Suitable for small projects
- Head of the Department acts as Project Manager
- No designated Project Manager
- May have separate Project Coordinator with limited authority
- Members have lack of Global view of the project

Functional Organization

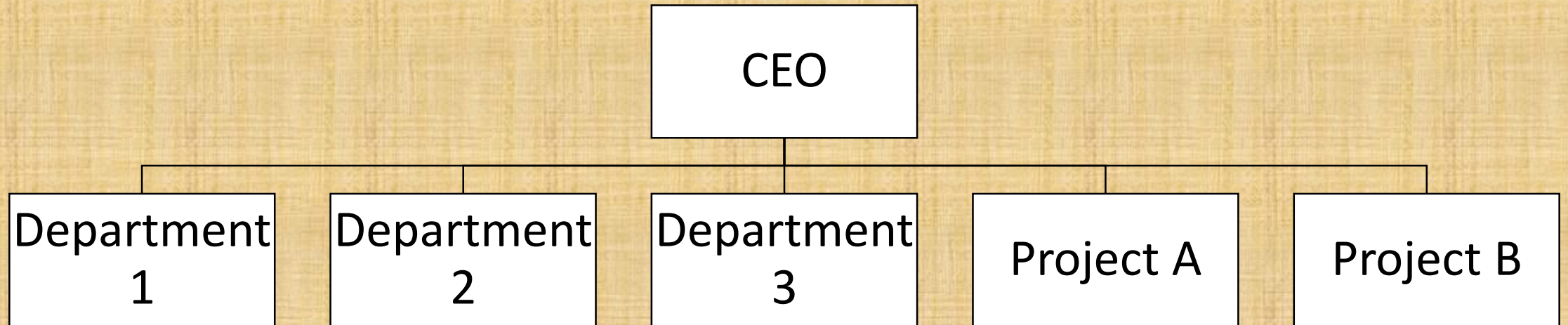
Advantages

- Flexibility: in the use of existing HR
- Specialization
- Access to functional knowledge, experience and technical skills of functional departments

Disadvantages

- Lack of project focus
- Decision delays
- Poor communication

Pure Project Organization



Pure Project Organization

- Project Organization is separate from functional units.
- The Project Manager has his own line organization with project authority and responsibility.
- Projects are directly reported to the head of the organization.
- Problems while coordinating with departmental functions.

Pure Project Organization

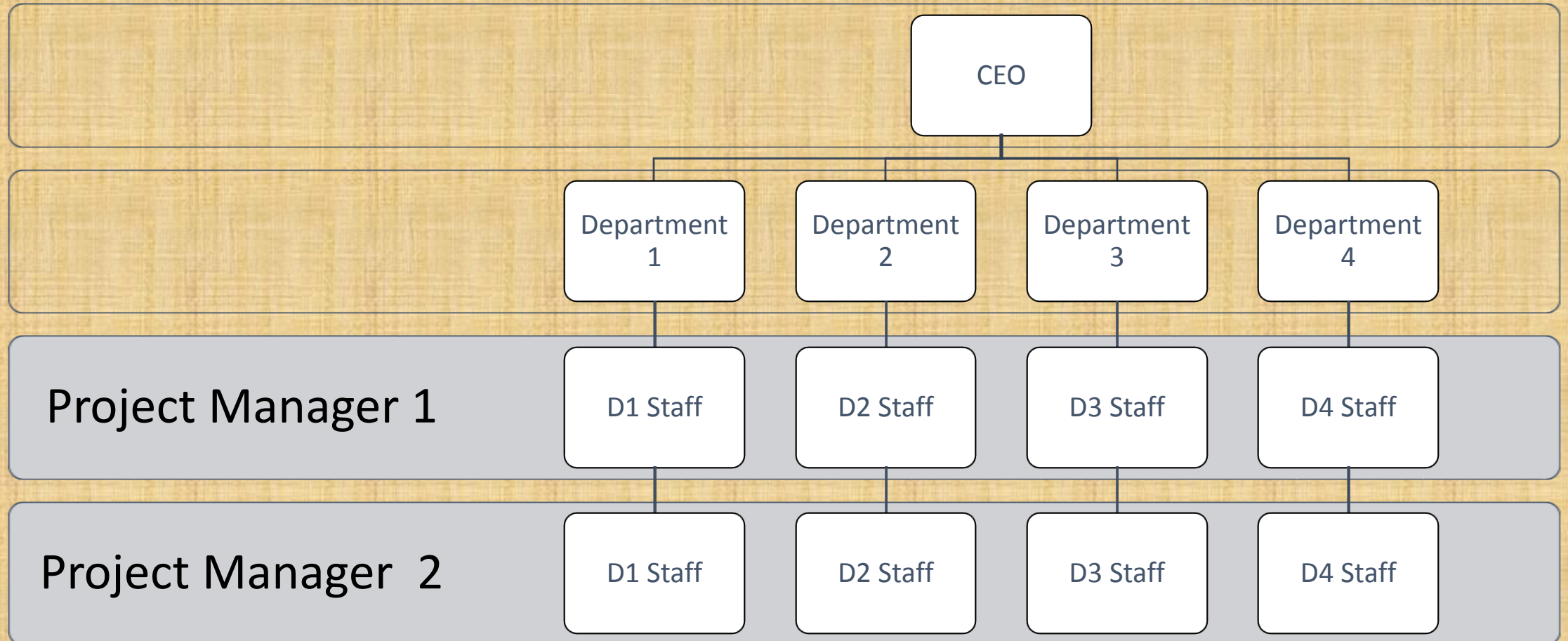
Advantages

- Focus on project objectives
- Clear authority
- Effective communication
- Use of labor force as required

Disadvantages

- Duplication of facilities and efforts
- Lack of job security
- Project specific benefit may create conflict between project and non-project staff
- Useful for large projects only

Matrix Organization



Matrix Organization

- Combination of functional and pure project organization.
- Temporary project structure is imposed over functional design.
- Project team is assigned from the functional department.
- Project Manager heads the project.

Matrix Organization

Advantages

- Focus on project objectives
- Enhanced coordination – Project Manager & Departmental Heads
- Flexibility
- Efficient
- Team feeling
- Motivation
- Opportunity for skill enhancement
- Free time for top level management

Disadvantages

- Multiple command
- Duplication of work for departments
- Possibility for conflict between functional department head and PM causing Power Struggle
- Requires high interpersonal skill
- Expensive

Matrix Organization

Types

- Strong Matrix
 - Project Managers are more Powerful in terms of Authority
 - PM rules but members are under functional managers
- Weak Matrix
 - PMs are simply Project Coordinator having limited Authority
 - Functional manager assigns work PM negotiates
 - PM expedites/facilitates the project
- Balanced Matrix
 - Power is balanced between PM and Functional manager
 - Staff are assigned for project according to project needs by PM
 - Functional Manager facilitates all support to the project

Organizational Structure Influences on Projects

Project Characteristics	Functional Organization	Weak Matrix Organization	Balanced Matrix Organization	Strong Matrix Organization	Pure Project Organization
PM's Authority	Little or None	Limited	Low/ Moderate	Moderate/High	High to Full
Involvement of Team Member from Overall Organization	Virtually None	0-25 %	15-60 %	50-95 %	85-100 %
PM's Role	Part Time	Part Time	Full Time	Full Time	Full Time
Common Title for PM's Role	Project Coordinator/ Leader	Project Coordinator/ Leader	Project Manager/ Officer	Project /Program Manager	Project /Program Manager
PM's Administrative Staff	Part Time	Part Time	Full Time	Full Time	Full Time

Organizational Structure Influences on Projects

- Organization Structure also represents the top level view of “Structure of Ownership” and “ Main Line of Reporting Order” for the project.
- The organizational structure influences the project manager’s authority, but project manager’s need to remember positive consequences of other system approaches to project management i.e. disciplined approach and definite approach.
- The organizational structure also help Project Manager to understand the organizational hierarchy and managed the project in a disciplined manner.

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Thank You

It was easy today!