

The Organizational Context

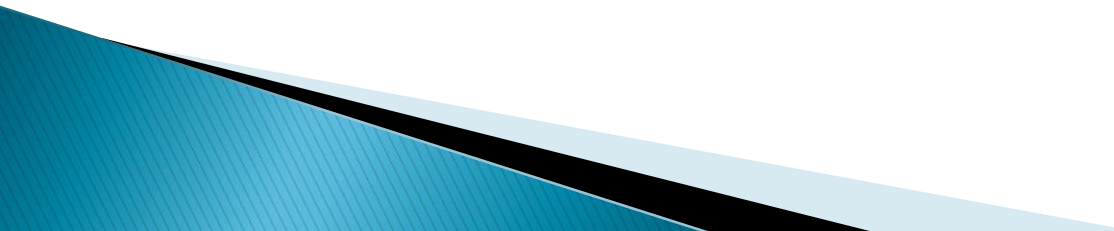
Chapter 2



Projects and Organizational Strategy

Strategic management – the science of formulating, implementing and evaluating *cross-functional decisions* that enable an *organization* to achieve its *objectives*.

Consists of:

- Developing vision and mission statements
 - Formulating, implementing, and evaluating
 - Making cross-functional decisions
 - Achieving objectives
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Projects Reflect Strategy

Strategy

Technical or operating initiatives (such as new distribution strategies or decentralized plant operations)

Development of products for greater market penetration and acceptance

New business processes for greater streamlining and efficiency

Changes in strategic direction or product portfolio reconfiguration

Creation of new strategic alliances

Matching or improving on competitors' products and services

Improvement of cross-organizational communication and efficiency in supply chain relationships

Promotion of cross-functional interaction, streamlining of new product or service introduction, and improvement of departmental coordination

Project

Construction of new plants or modernization of facilities

New product development projects

Reengineering projects

New product lines

Negotiation with supply chain members (including suppliers and distributors)

Reverse engineering projects

Enterprise IT efforts

Concurrent engineering projects

TOWS matrix

	External Opportunities (O)	External Threats (T)
Internal Strengths (S) 1. 2. 3.	SO <i>"Maxi-Maxi" Strategy</i> Develop projects that use strengths to maximize opportunities	ST <i>"Maxi-Mini" Strategy</i> Develop projects that use strengths to minimize threats
Internal Weaknesses (W) 1. 2. 3.	WO <i>"Mini-Maxi" Strategy</i> Develop projects that minimize weaknesses by taking advantage of opportunities	WT <i>"Mini-Mini" Strategy</i> Develop projects that minimize weaknesses and avoid threats

Stakeholder management

Stakeholder Analysis is a useful tool for demonstrating some of the seemingly irresolvable conflicts that occur through the planned creation and introduction of new projects.

Project Stakeholders are defined as all individuals or groups who have an active stake in the project and can potentially impact, either positively or negatively, its development.

Identifying project stakeholders

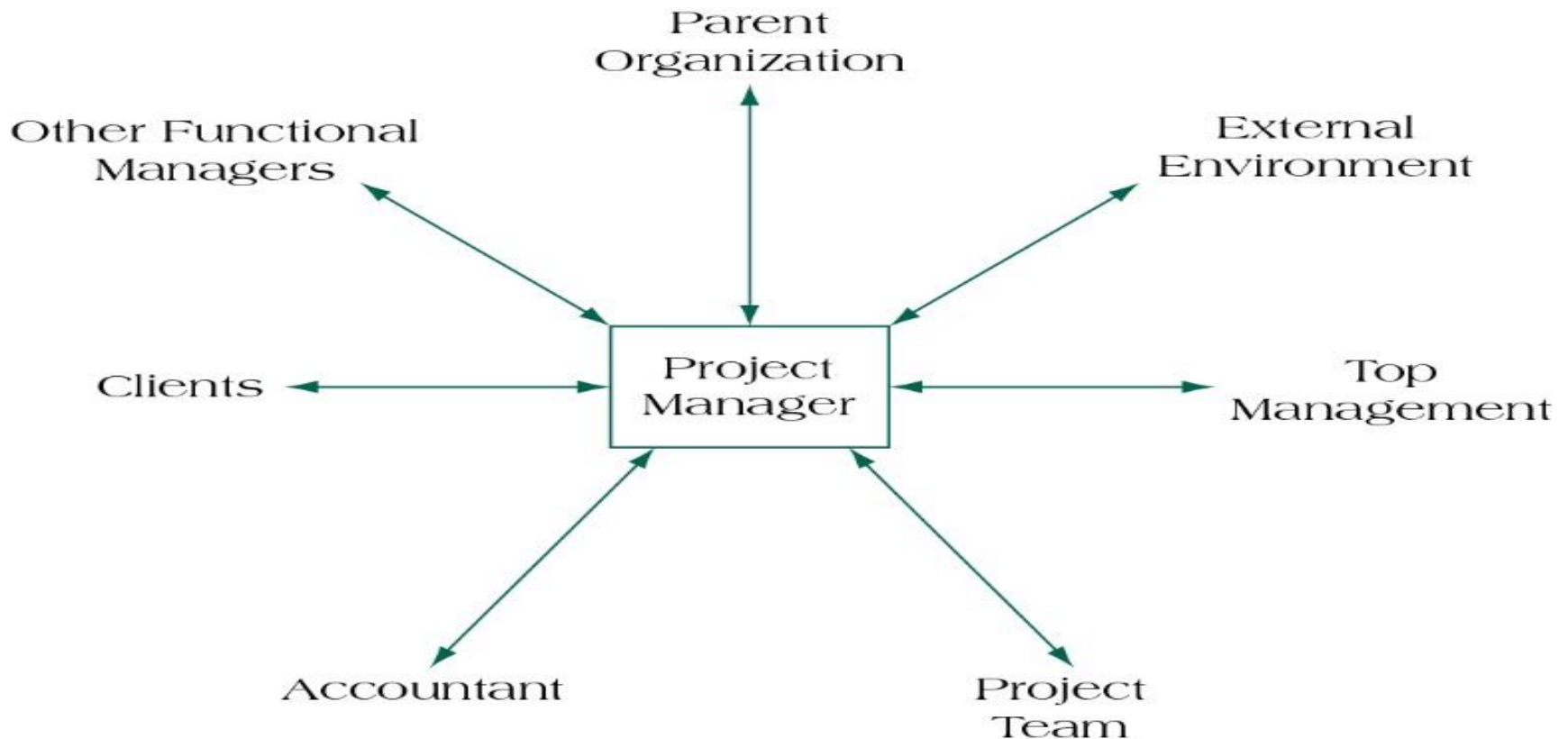
Internal Stakeholders

- Top management
- Accountant
- Other functional managers
- Project team members

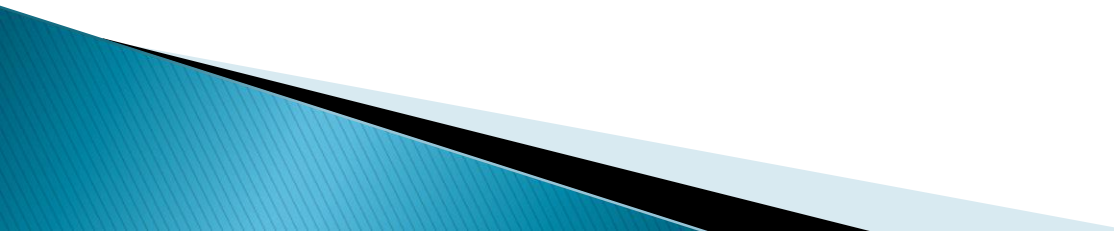
External Stakeholders

- Clients
- Competitors
- Suppliers
- Environmental, political, consumer, and other intervener groups

Project stakeholder relationships



Managing stakeholders

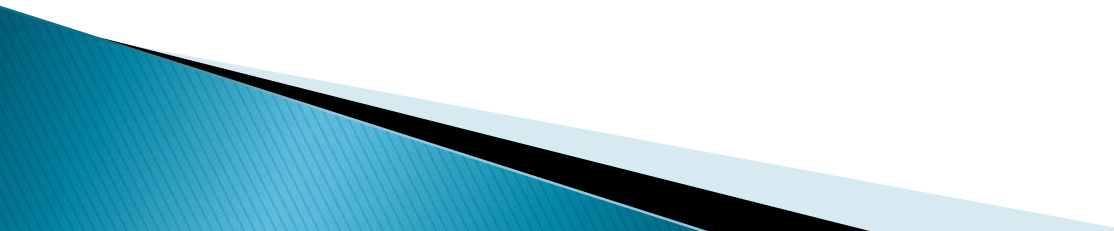
1. Assess the environment.
 2. Identify the goals of the principal actors.
 3. Assess your own capabilities.
 4. Define the problem.
 5. Develop solutions.
 6. Test and refine the solutions.
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Organizational Structure

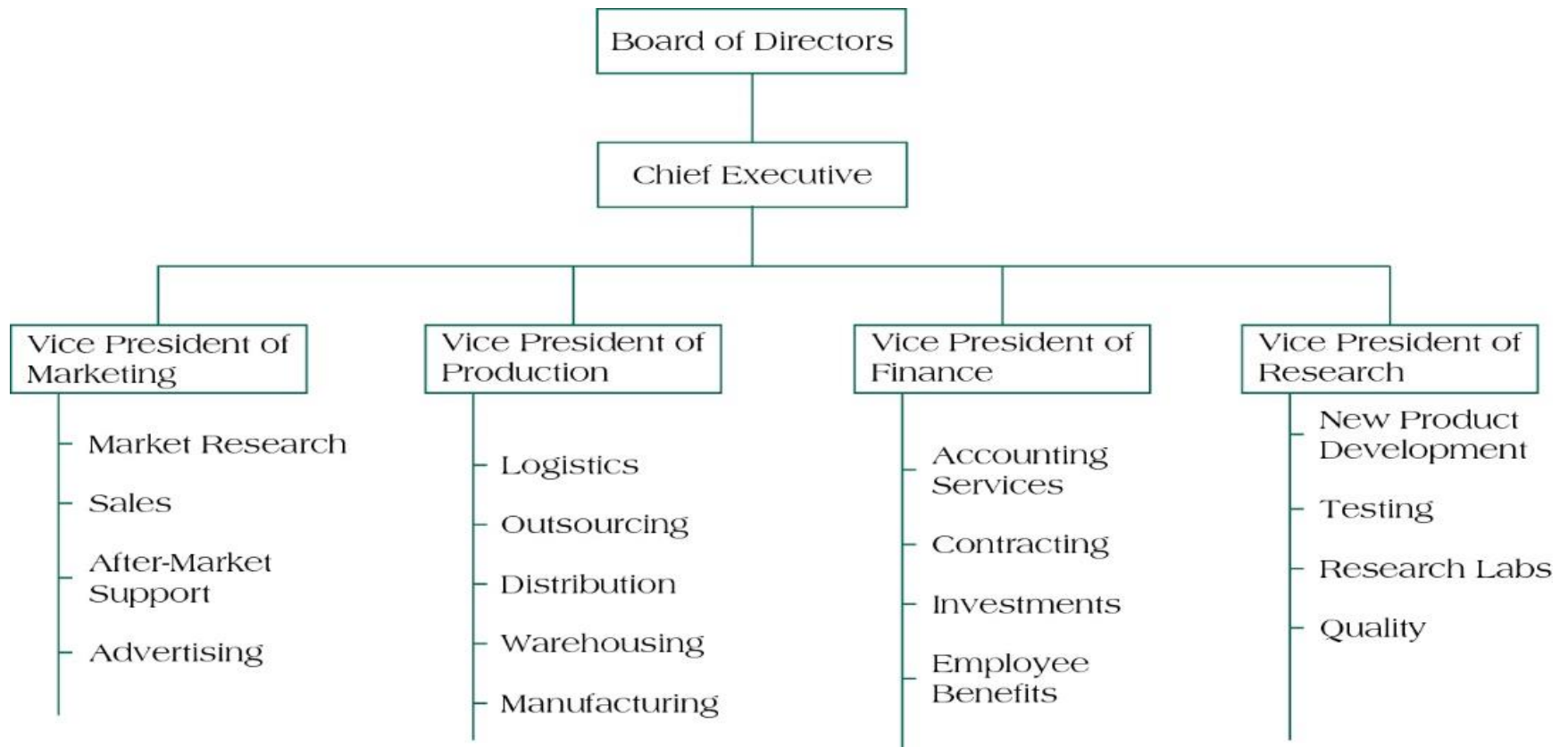
Consists of three key elements:

1. Designates formal reporting relationships
 - number of levels in the hierarchy
 - span of control
2. Identifies groupings of:
 - individuals into departments
 - departments into the total organization
3. Design of systems to ensure
 - effective communication
 - coordination
 - integration across departments

Forms of Organization Structure

- ▶ *Functional organizations* – group people performing similar activities into *departments*
 - ▶ *Project organizations* – group people into *project teams* on temporary assignments
 - ▶ *Matrix organizations* – create a dual hierarchy in which *functions and projects* have equal prominence
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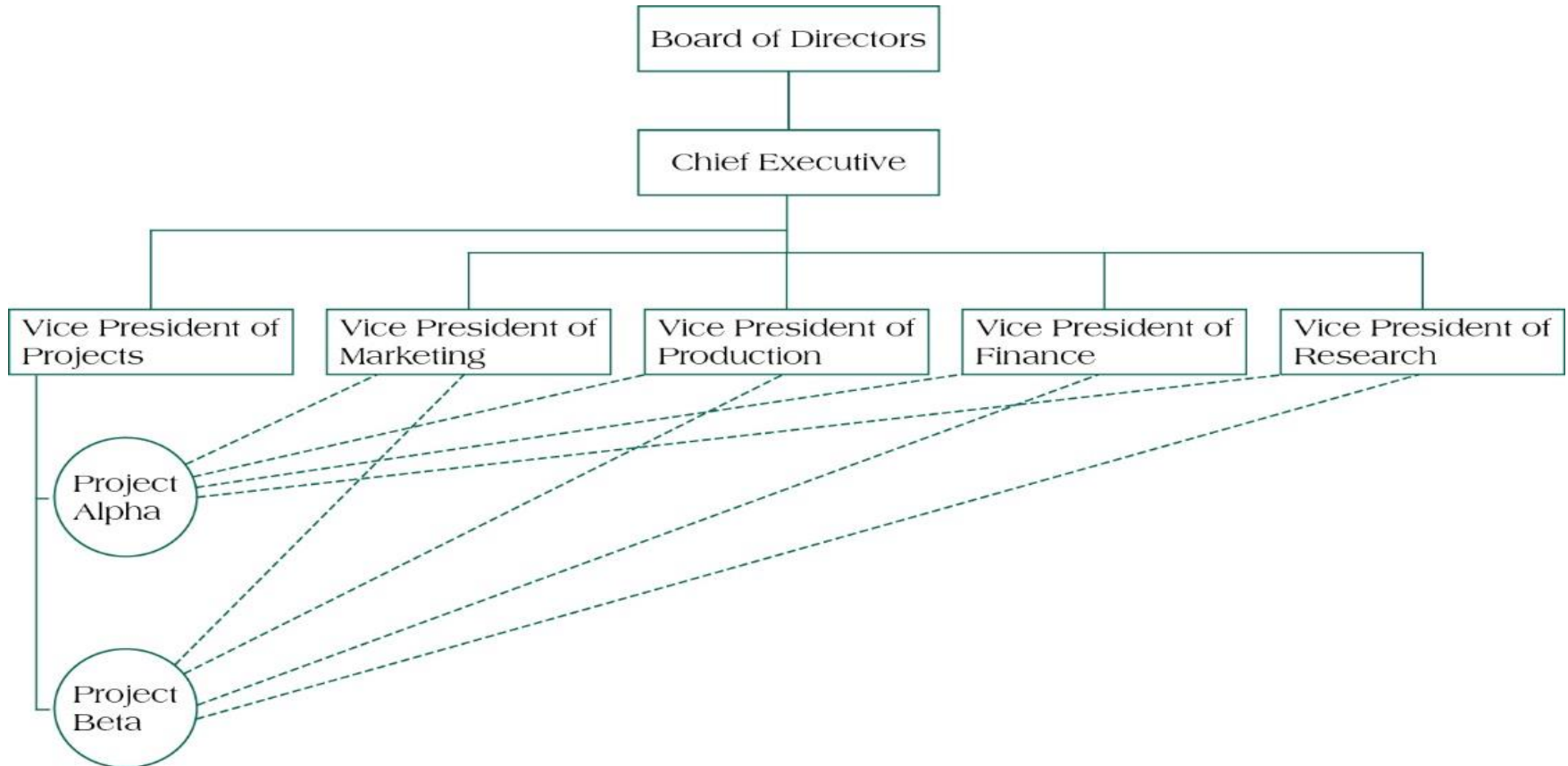
Functional Organizational Structure



Functional Structures

Strengths for Project Management	Weaknesses for Project Management
<ol style="list-style-type: none">1. Projects developed within basic functional structure require no disruption or change to firm's design.2. Enables development of in-depth knowledge and intellectual capital.3. Allows for standard career paths.	<ol style="list-style-type: none">1. Functional siloing makes it difficult to achieve cross-functional cooperation.2. Lack of customer focus.3. Longer time to complete projects.4. Varying interest or commitment.

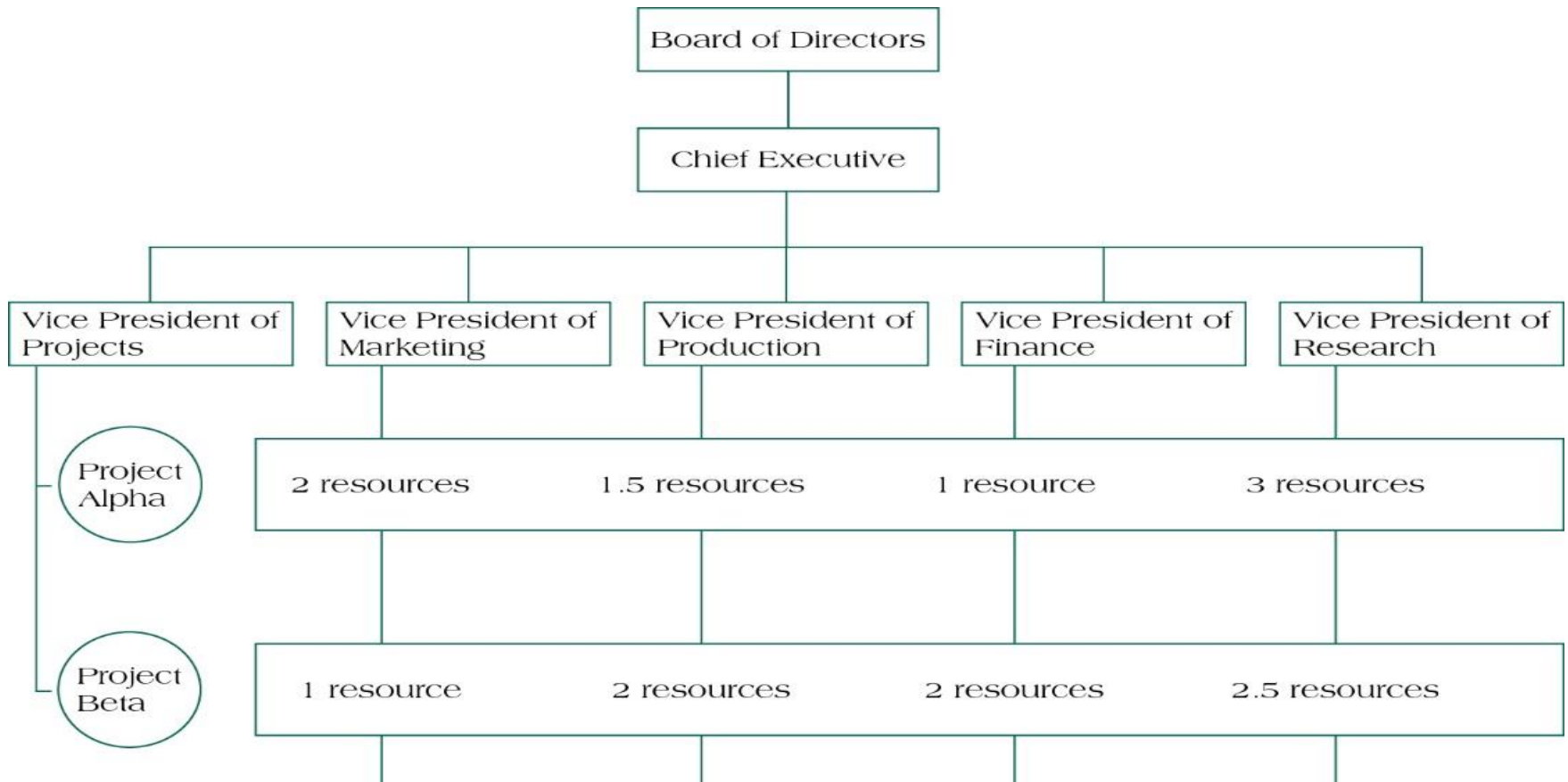
Project Organizational Structure example



Project Structures

Strengths for Project Management	Weaknesses for Project Management
1. Project manager sole authority	1. Expensive to set up and maintain teams
2. Improved communication	2. Chance of loyalty to the project rather than the firm
3. Effective decision-making	3. Difficult to maintain a pooled supply of intellectual capital
4. Creation of project management experts	4. Team member concern about future once project ends
5. Rapid response to market opportunities	

Matrix Organizational Structure



Matrix Structures

Strengths for Project Management	Weaknesses for Project Management
<ol style="list-style-type: none"><li data-bbox="123 554 952 668">1. Suited to dynamic environments<li data-bbox="123 768 952 953">2. Equal emphasis on project management and functional efficiency<li data-bbox="123 1053 952 1168">3. Promotes coordination across functional units<li data-bbox="123 1268 952 1325">4. Maximizes scarce resources	<ol style="list-style-type: none"><li data-bbox="991 554 1821 668">1. Dual hierarchies mean two bosses<li data-bbox="991 768 1821 882">2. Negotiation required in order to share resources<li data-bbox="991 982 1821 1168">3. Workers caught between competing project & functional demands

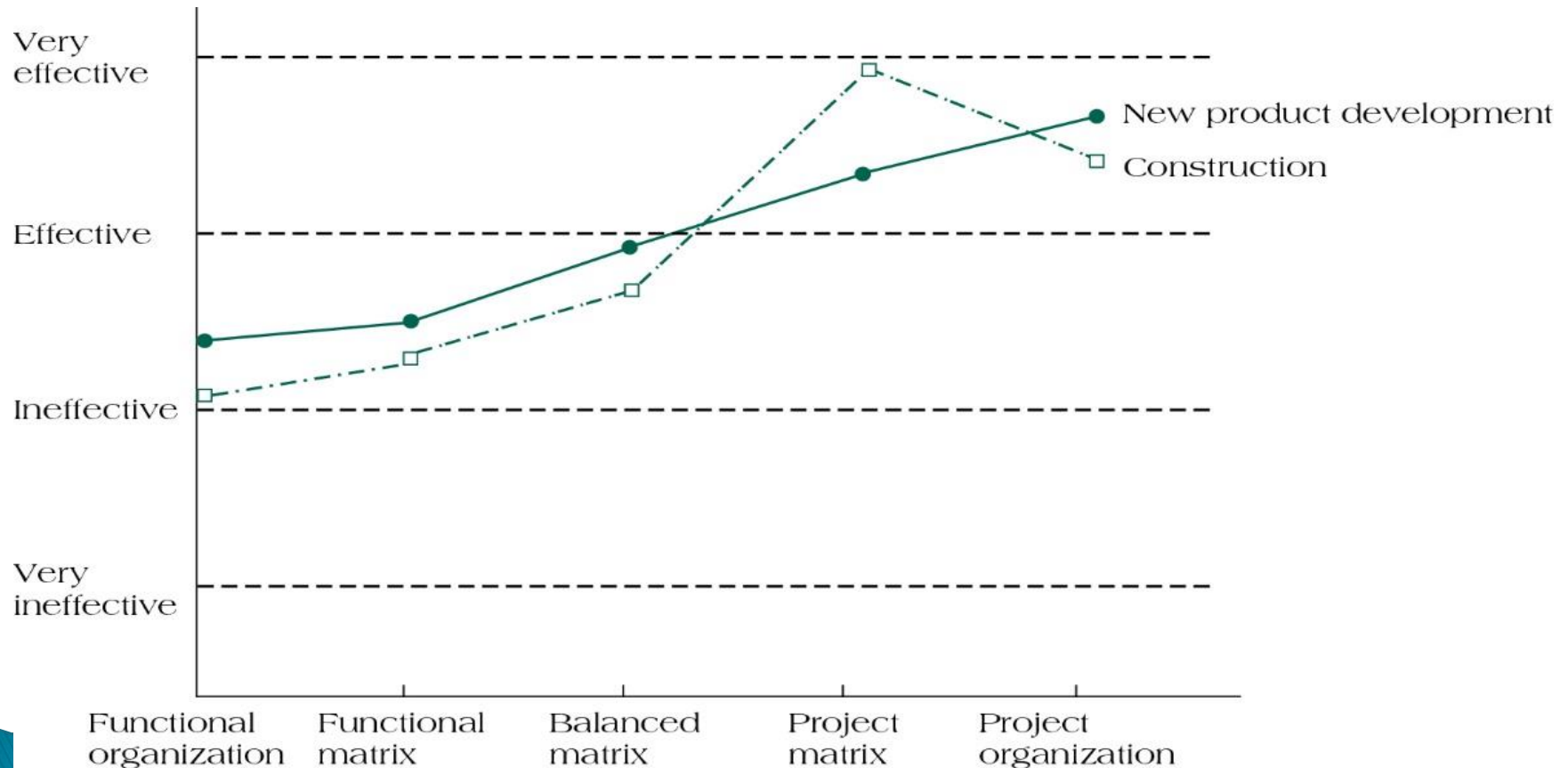
Heavyweight Project Organizations

Organizations can sometimes gain tremendous benefit from creating a *fully-dedicated project organization*.

Lockheed Corporation's "Skunkworks"

- ▶ Project manager authority expanded
- ▶ Functional alignment abandoned in favor of market opportunism
- ▶ Focus on external customer

MANAGER'S PERCEPTIONS OF EFFECTIVENESS OF VARIOUS STRUCTURES ON PROJECT SUCCESS



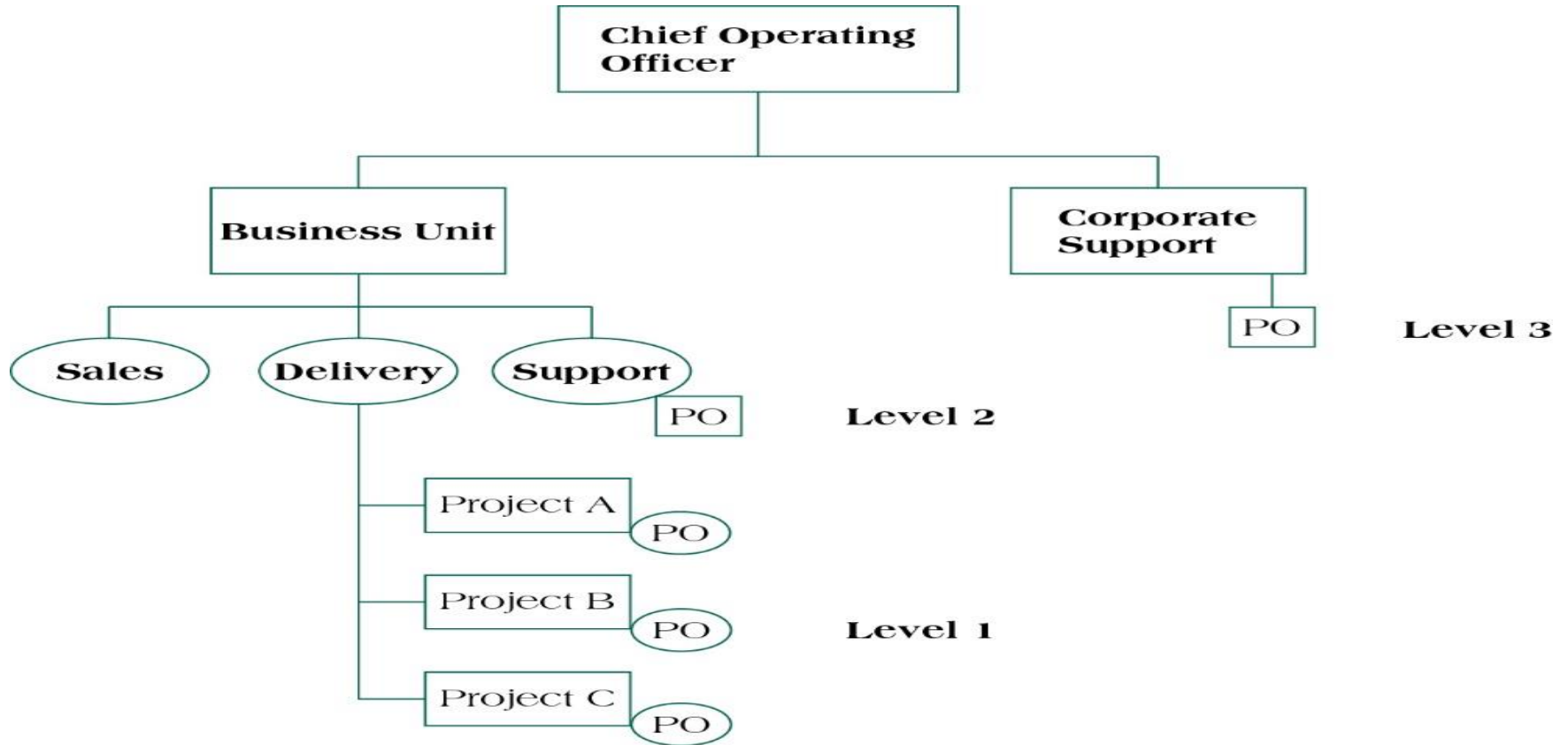
Project Management Offices

Centralized units that oversee or improve the management of projects

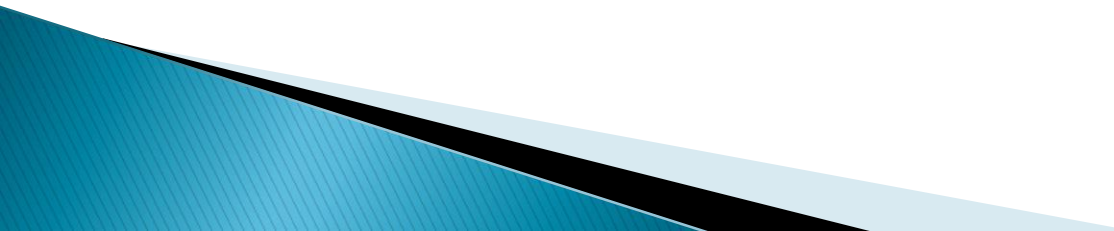
Resource centers for:

- Technical details
- Expertise
- Repository
- Center for excellence

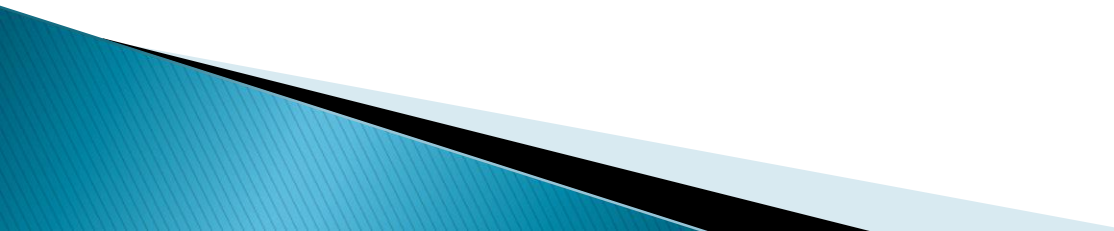
Alternative Levels of Project Offices



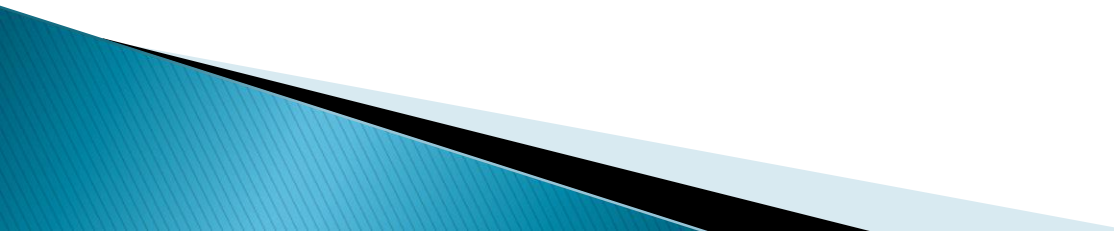
Forms of PMOs

- ▶ *Weather station* – monitoring and tracking
 - ▶ *Control tower* – project management is a skill to be protected and supported
 - ▶ *Resource pool* – maintain and provide a cadre of skilled project professionals
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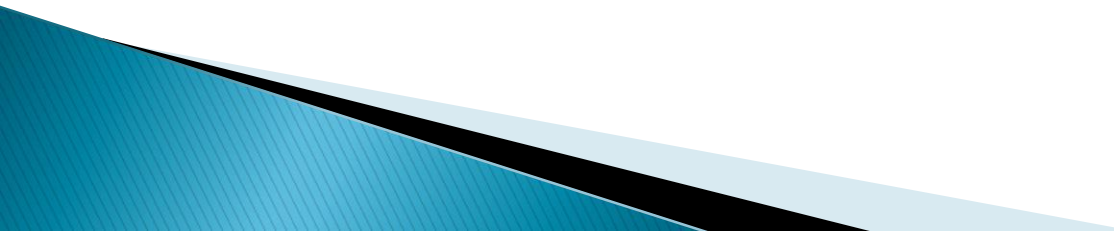
PMO Control Tower

- ▶ Performs four functions:
 - Establishes standards for managing projects
 - Consults on how to follow these standards
 - Enforces the standards
 - Improves the standards
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Organizational Culture

- ▶ Unwritten
 - ▶ Rules of behavior
 - ▶ Held by some subset of the organization
 - ▶ Taught to all new members
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Key Factors That Affect Culture Development

- ▶ Technology
 - ▶ Environment
 - ▶ Geographical location
 - ▶ Reward systems
 - ▶ Rules and procedures
 - ▶ Key organizational members
 - ▶ Critical incidents
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Organizational culture

- ▶ Departmental interaction
 - ▶ Employee commitment to goals
 - ▶ Project planning
 - ▶ Performance evaluation
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