

# 3

## Projects and the parent organization

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### 3.1 Introduction

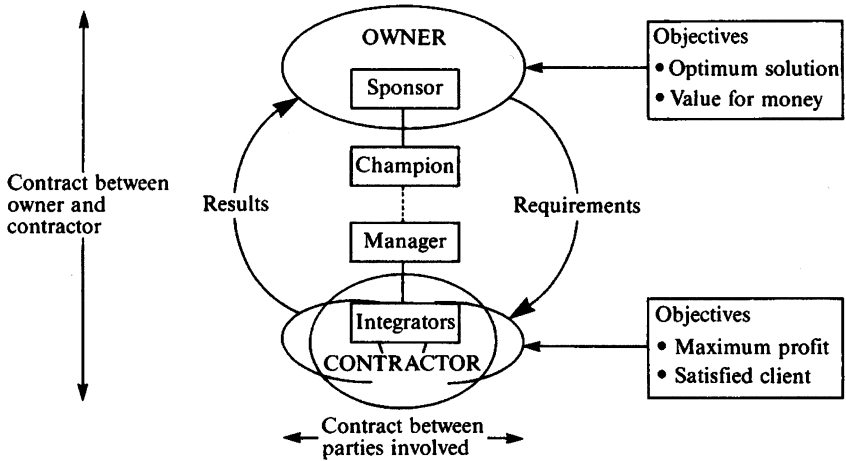
The management of a project requires the integration of various parties into a novel project organization. The primary party is the parent organization, the one funding the project as part of its strategic development. Others are internal and external to the owner organization. Not all parties share the owner's stated, or overt, objectives for the project; they have their own covert objectives. Although the project is subsidiary to the parent organization, it always has an impact on it, and in two ways. First, the project is undertaken to introduce change, because the organization recognizes it cannot achieve its objectives by doing routine things. This change may be technical change, to produce physical facilities, or cultural change, to change the structure of the organization, its people and systems. It is these cultural changes which are the source of many of the covert objectives mentioned above, and the manager must recognize and manage them. Secondly, the processes required to manage through projects may be foreign to an organization used to doing routine things, and so the mere act of undertaking a project can have an impact.

In this chapter, I consider the parties involved in a project, and the impact of projects and project management on the parent organization. I also describe how to implement management by projects where it does not already exist.

### 3.2 The parties involved

#### The owner/contractor model

It is common to talk about the project team, as a single group of people, all with the same objectives. This is not the case. Figure 1.1 proposed at least two groups involved with each project, the owner and the contractor. Figure 3.1 extends this model.



**Figure 3.1** The owner/contractor model

1. The *owner* is the person, or group, who will own and operate the facility. They define the requirements, provide the resources (money, people and materials) to undertake the project and deliver the facility, and will benefit from its products. Their objectives are to achieve the optimum product at the best price.
2. The *contractor* is the person or group who consume resources to deliver the facility. They define the work required to achieve the objectives, do the work, and deliver the results to the owner. They achieve their reward from doing the work, and, unless they are also eventual users, cease to be involved once the project is finished. Their objectives are to maximize their profit, while satisfying the client.

Even with this simple model, the two groups involved have conflicting objectives: the owner wants best price, the contractor maximum profit. On a project like the Channel Tunnel, where owner and contractor are different organizations (see Table 3.1), these conflicting objectives are clear; that is the basis of the contract between them. When a project takes place within a single organization, the people involved often still adopt these two positions, although in this case 'maximum profit' is usually from non-financial sources. This can cause a conflict of interest, especially where users have both an owner and contractor role.

#### FOUR KEY ROLES

Figure 3.1 shows four further roles associated with the model:

1. The *sponsor* is the person or group who makes the resources available to buy the project's products. They have the owner's objectives in Figure 3.1.
2. The *champion* is a senior user representative, who convinces the sponsor that this project should have priority for their support ahead of others. The champion usually wants the best product, but is only concerned about price in that this project must gain priority ahead of others.
3. The *manager* is the person (or group) who is responsible for planning, organizing, implementing and controlling the work so that the facility is delivered to specification, under budget and on time. They have the contractor's objectives.
4. The *integrators* are responsible for ensuring the transient teams of people are able to work together effectively for the duration of the project. They usually have the contractor's objectives, but often view the project manager as an owner's representative.

The champion, project manager and senior user representatives often form a *steering committee*. The project manager, integrators, and often the champion, may form a *project management team*. On engineering projects the integrators are often called *project engineers*. Other terms include *project leader*, *assistant project manager*, *work package manager*, and *milestone manager*.

#### OTHER GROUPS INVOLVED

Figure 3.1 provides a simple view of the parties involved. In reality there are many other groups, including:

- *users*: the group who will operate the facility on behalf of the owner. They may or may not include the owner. Their objective is usually to obtain the best (not optimum), product, at any price. They will only be concerned about price if they include the owner, or if they, like the champion, need to get priority for their project ahead of others.
- *supporters*: groups who provide goods or services to the owner and contractor. They include: subcontractors, suppliers, financiers, insurers, government and users as resource providers. Their objectives are usually those of the contractor, except, being one step removed, they will be more concerned about satisfying the manager than the owner.
- *stakeholders*: all the people or groups whose lives or environment are affected by the project, but who receive no direct benefit from it. These can include: the project team's families, people made redundant by the changes introduced, people who buy the product produced by the facility and the local community (sometimes called NIMBYs – not in my back yard).

**Table 3.1** The parties involved in the Channel Tunnel project

<i>Role</i>	<i>Position</i>	<i>Group</i>
Owner		Eurotunnel and its shareholders
Users	Operator	Eurotunnel
	Provider of services	Eurostar, Le Shuttle
Manager		Trans Manche Link
Supporters	Financiers	Banks, shareholders
	Subcontractors	Partners in TML consortium
	Suppliers	Railtrack and SNCF
	Auditors	W.S. Atkins
Stakeholders	Buyers	Travelling public, hauliers
	Competitors	Cross-channel ferries
	Communities	London, Kent, Pas de Calais

**Overt vs covert objectives**

A theme running through this discussion is that the parties involved have different objectives. A standard mnemonic on how to judge project success is that it is completed on time, to cost, and to specification, but who judges: the owner, champion, users, manager, stakeholders? (I return to the question of success in the next chapter.) Individuals will judge a project to be successful if it meets their personal objectives. These may not be the same as the stated, overt, objectives, and the time, cost and quality constraints imposed. Individual's personal objectives are their hidden agenda, or covert objectives. Typically they may be:

- project managers aim to enhance their careers
- operations managers want to maintain the status quo
- managers hope to widen their sphere of influence
- managers plan to reduce head count
- people want to protect their jobs
- people are generally resistant to change.

Sometimes these covert objectives support the overt objectives. Often the two sets are in conflict. That will cloud an individual's judgement about the success of the project, and, more importantly, reduce their motivation towards successful completion. This is especially true for users or stakeholders who stand to loose (see Example 3.1). The manager must attempt to identify the covert objectives, to reinforce those which are in unison with the overt objectives, and reduce those which are in conflict. This is part of the skill of managing the change within the parent organization.

I was involved with a project where the user representative on the project team stood to be made redundant if the project was successful. He had been appointed by the 'champion', the general manager of the department, because the project was likely to make a large proportion of his department redundant, reducing his empire. The project was not successful; and in fact came to an abrupt halt when we held a Project Definition Workshop (see Chapter 11). It was impossible to maintain the pretence. However, two years later it was overtaken by a larger project which merged several subsidiary companies into a larger unit. The general manager lost his job.

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**Example 3.1** Covert objectives

### **3.3 Changing the parent organization<sup>a</sup>**

#### **Technical vs cultural change**

The change introduced by a project will be of two types:

1. *Technical change*, i.e. change to the technology or physical environment of the organization. This may be as a result of:
  - engineering work: civil, mechanical, electrical, chemical, etc.
  - IT work: hardware, software, networks, etc.
2. *Cultural change*, i.e. change to the culture of the organization itself. This may involve changes to:
  - the people of the organization: their skills, attitudes, values and knowledge
  - the management processes and systems: the ways of working
  - the structure of the organization itself.

Some projects result in purely technical change, others in purely cultural change. However, the vast majority result in a mixture (Figure 3.2). The term *PSO-projects* (people, systems and organization), was coined to describe these projects.<sup>1</sup> In Figure 3.2, I describe building a road as a purely technical project. However, the people of Dorset, Manchester or Kent may not agree that building the A30 link road, a second runway at Manchester Airport, or the rail link from the Channel Tunnel to the centre of London, respectively, are purely technical projects. Even projects which at first sight appear purely technical often involve a mixture of technical and cultural work. In those three cases it is the cultural work which caused the greatest delay, and this is common on all projects (Figure 3.3). The cultural changes are more difficult and time consuming than technical changes. The latter can be described in concrete terms, and is quantifiable. It is therefore easy to plan and implement. The cultural work can only be described in abstract terms. It also requires people to change, and they may resist that. Because

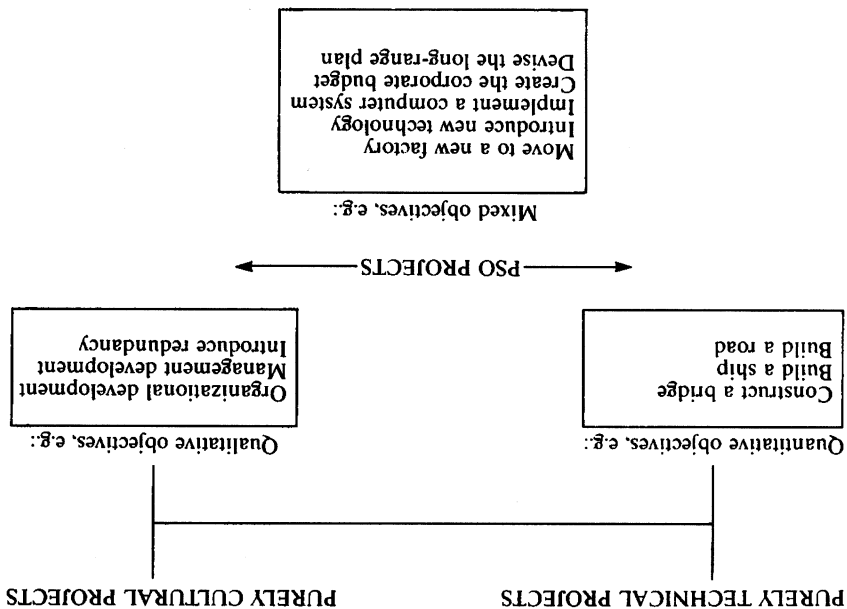


Figure 3.2 The spectrum of PSO projects

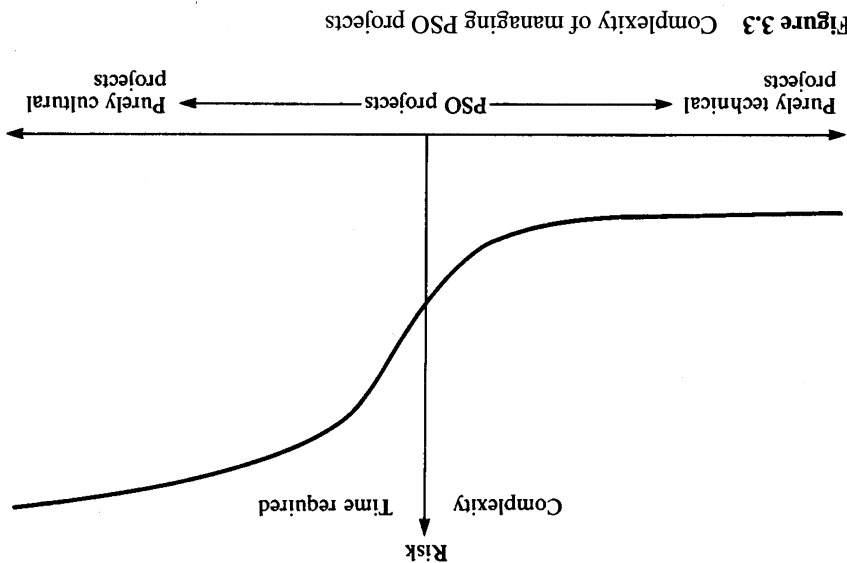


Figure 3.3 Complexity of managing PSO projects

technical work is quantifiable, our attention tends to run down the curve in Figure 3.3 to the technical end of the spectrum. However, we ignore the cultural work at our peril (see Example 3.2).

I used to doubt Figure 3.3. The Channel Tunnel is a purely technical project which took 200 years. I wondered whether what was plotted was a quantum of change, and with major projects the complexity was magnified. However, when you compare the Channel Tunnel to the recently constructed CERN nuclear accelerator near Geneva a different picture emerges. The former is three 20-mile holes through chalk, which weaves to avoid flaws in the rock and involves road and rail technology. The latter is a 60-mile hole through granite, a perfect circle and a perfect plane and involves technology at the boundary of particle physics. The former has taken 200 years; the latter was completed on time and to budget in about four years. The nuclear accelerator is clearly the technically more difficult project; the Channel Tunnel the culturally more difficult, involving English-French cooperation, a scar on the Kent landscape, parliamentary bills, creating Eurotunnel plc, and collaboration of different cultures.

### Example 3.2 A purely technical project

#### Organizational development: managing the cultural change

Managers of projects therefore need both technical and people management skills. It is the people affected by the change, the users and stakeholders, who ultimately determine its success or failure, and it is the cultural change which has the greatest impact on them. It is often said people resist change; it is more true to say they resist having change imposed on them. If they are involved in the change process, they may accept it more readily. Increasingly, project managers are finding they can benefit from the practical application of the principles of organizational development. This involves the planning and managing of change in a manner which emphasizes the involvement of people in all aspect of the change process. The project manager, as change agent, achieves this by:

- planning the change effectively
- recognizing the causes of conflict and resistance to change
- overcoming the resistance by building motivation and commitment to the planned change.

#### Planning the change

Once it has been decided to make a change, the project manager needs to plan its integration into daily operations. This means designing the technical change, and defining strategies to enable people in the organization to accept the proposed changes and internalize the cultural

element. To plan adequately, the change manager must set clear goals and expectations, both to give the project implementation some form or structure, and to give guidelines of events to the people in the organization. The use of a plan which is developed at a detailed level only will not help this process. If there are no milestones, it will be hard to carry through implementation, and difficult to get people to accept the project and its objectives. It is therefore essential to develop the plan through a breakdown structure, which balances the technical and cultural elements, and shows how they deliver the overall purpose of the project (see Chapter 5).

Planning from a people perspective means reviewing the present systems, and overlaying options likely to achieve the project objectives. This will highlight the gap between present practices and future needs, and it is this gap which the project manager needs to close. As part of this process, the manager should consider possible reactions from all groups. Ideally representatives from each party should be involved in discussions at the planning stage. It is important that the manager remembers that, although plans should always be made, unknown variables or changes in circumstances may require revisions to the plans, and hence allowances to enable flexibility should be incorporated.

### **Conflict and resistance to change**

These can come from the people affected by the change, or from the culture of the organization itself. The people affected, and their fear of planned changes underly much of the resistance. We see below how much of this can be avoided by communicating with people, and involving them in the change process. To do this we need to be able to identify the fears and concerns, which may include:

- fear that working relationships may change, upsetting both formal and informal relationships
- fear that the nature of work may change, requiring the learning of new, very different skills
- fear of job loss
- fear of loss of control or autonomy over one's own or others' work.

Conflict is also likely when people:

- are not consulted or told what is going on
- do not understand or agree with the changes made, or understand the benefits they may bring
- have different perceptions of what changes are needed, or whether they are needed at all



- have not internalized previous changes fully or such changes have not been implemented properly
- are fed up with constant change or are just set in their ways.

The organizational culture itself can create a resistance to change, by creating an inertia to its introduction.<sup>2,3</sup> When I worked as a management consultant, I often found this was the cause of the greatest resistance to proposed changes. Culture influences every facet of the organization including management styles, attitudes, goals, standards, dress and adaptability to change. This can be true not only for the organization as a whole, but also for subcultures which exist at department or group level. The effect of culture must be considered throughout the project.

### **Overcoming the resistance**

There are many ways to help overcome the conflict and resistance to change. Effective communication is central to the successful management of change. This means talking to, and persuading, the right people to take action or accept the proposed changes. However, it is important to remember that communication also means listening and using information received. Project managers should use both the formal and informal communication systems (especially face to face). They should constantly walk the patch, to break down barriers and mistrust caused by remoteness, build up working relationships with people at all levels, and attempt to instil confidence in those affected by the change. Machiavelli, in Chapter 3 of his book *The Prince*,<sup>4</sup> describes the importance of walking the patch, to discover and cure problems early, before they cause real trouble. Organizational structure can also affect communication systems and the change process. Many large companies have tall, stratified hierarchies, with complex communication channels. This may lead to information being filtered out, distorted or lost. Formal, centralized structures tend to be less flexible, particularly to change, than flatter organizations. However, even in the latter communication flows can be distorted or broken. This is most likely to occur when people who are used to working on their own feel they may lose personal autonomy and control through proposed changes.

### **PARTICIPATION**

Implicit within the notion of organizational development is the need for people to participate fully in the change process. For this to be effective, the manager should ensure the need for change is fully explained and understood, and the objectives and benefit of the project to both specific groups and the organization as a whole are understood by all. The benefit of allowing people to participate is that it helps them to feel they have some

control over their work and the change process. If they understand the project's objectives, and see that they may be of benefit to them, they are more likely to contribute positively to its success. This is part of the process of negotiation (see Figure 1.14).

#### TRAINING AND DEVELOPMENT

Training aims to provide people with specific skills to do a job. Development is a continuous process, which aims to identify and fulfil the long-term potential of individuals and to focus this potential on to the organization's objectives, thereby enhancing the performance of both. While training (especially when new technology or different systems are introduced) is a natural response to change, many companies ignore the long-term development of their employees. However, there are advantages from implementing programmes which address this need. Development of employees, especially managers, contributes to overall commitment to common goals and processes. Development programmes can also help motivate staff and gain their acceptance of both change and specific training needs implicit in the change process. Employee development further improves internal communication and participation, which underpins the success of many projects. (A training programme and the initiation of a development programme are themselves projects.)

#### TEAM DEVELOPMENT

The project manager should encourage people to work together in teams, and to interact with others in the organization. This is not just confined to the project team, but should cover all departments and groups involved in the change. The project manager needs to be aware that subcultures and different goals may exist in each group, and that these may open up the opportunity for potential conflict, as each tries to protect their position. If this occurs, it is to the detriment of the project and the organization as a whole. One of the most effective ways to stimulate team development and intergroup cooperation is to encourage them to communicate frankly with each other. This can help them understand each other's perspective, and may help develop mutual goals which override individual interests, contributing to the project's overall success.

#### LEADERSHIP

It may seem that by allowing people to participate in planning and managing the change, the project manager relinquishes responsibility and leadership. The opposite is true. Managing projects in this style requires clear leadership, direction and vision from the manager, so people understand what is expected of them. Leadership means knowing when to delegate

downwards and across functions, and when not to. It may also be necessary for the project manager to act as arbiter to resolve conflict. I return to the project manager as leader in Chapter 17.

#### COMMITMENT FROM THE TOP

For the application of organizational development practices to the management of projects to be effective, the project manager needs to have the backing and commitment of top management. This is because using this approach needs long-term planning and dedication at all levels of the organization, and because the project manager needs to have, and be seen to have, the authority and autonomy to design and implement development programmes. However, top management must feel confident in the project manager. They must also feel able to delegate authority for the process to the project manager. Hence the project manager needs to involve them fully in all aspects of the project, and keep them informed by regular progress reports.

### 3.4 Introducing project-based management

I have described how organizations undertake projects to implement change, and shown how the techniques of organizational development can be used to facilitate this process. However, the very act of undertaking projects introduces change. An organization which has traditionally done routine work needs to adapt considerably to accept the different culture of projects. This can occur in one of two ways: in a hybrid environment, in which projects and operations sit alongside each other; or in a project environment, in which all the organization's work is managed through projects. In the hybrid environment, the organization undertakes a few isolated projects to introduce specific changes into the operations environment. This creates an interface between operations and projects, which requires careful management. This was the situation in the food factory mentioned in Example 2.5, and will be the situation in TriMagi's operating companies in Example 2.3. The project environment has traditionally been used by engineering contractors and consultancies, but is now being adopted, at least in part, by organizations such as British Telecom, which has recognized that 75 per cent of its operations are project based. It will also be the approach used in TriMagi's head office for product development.

In this section and the next, I discuss these two environments, starting with the project-based organization. The reason is that by understanding the developments associated with the adoption of management by projects in that environment, the cultural difference across the project/operations interface in the hybrid environment can be easily explained.

**Developments associated with project-based management**

When an organization changes from a functional line structure to a project-based structure, it needs to change its management structure, its management systems and procedures for running the business, and its working lives of the people employed. Many people (managers and workers) are uncomfortable with the impact these developments have on the working environment, creating further resistance to change.

**ORGANIZATION**

Most organizations doing routine work have management structures based on functional hierarchies. This is the case in the process industries, production manufacturing, and most of the public sector. This structure can be very efficient for repetitive tasks. It is also possible to manage projects through a functional hierarchy, but it tends to be inflexible, so it is common to adopt more flexible structures for the management of projects. These include matrix structures, in which individuals have dual lines of reporting to functional and (transient) task managers, or approaches based on core/peripheral workers, or even structures based entirely on transient teams, which form and reform for each new task.

**SYSTEMS**

With task teams, companies may adopt flatter management hierarchies, with communication bypassing the centre (see Figure 6.6). Decisions can be made within teams, or by communication directly between teams, without involving senior management. We have called this the ‘versatile organization’.

**PEOPLE**

With rapidly changing technology, and the use of transient teams, there has been a shift from the employment of clerical and manual workers, to entrepreneurial, knowledge workers. These knowledge workers no longer need to be permanent employees, but can be employed on a freelance basis, directly into the transient teams as they form and reform. They may also use modern technology to work from home.<sup>5,6</sup>

**The impact of project-based management**

The impact of these developments on the organization, its systems and people is not always welcome (Table 3.2).

**ORGANIZATION**

A purely task-based structure can also be inflexible. Without a functional hierarchy, it is difficult to share resources between projects to reflect

**Table 3.2** Impact of developments associated with project-based management

<i>New developments</i>	<i>Impact areas</i>		
	<i>Organization</i>	<i>Systems</i>	<i>People</i>
<i>Organization</i>			
Matrix structure	Inefficient and ineffective use of resources	No permanent expertise or new systems	Dual reporting and lack of career structure
Task hierarchy			
<i>Systems</i>			
Flat hierarchies and devolved decisions	Lack of overall coordination	Managers lack formal controls	Lack of career opportunity
<i>People</i>			
Freelance and knowledge workers	Lack of strong culture and identity	Difficult to track and motivate	Unfulfilled development and career needs

changing demands. In addition, organizations employing freelance workers may lose corporate culture and identity.

#### SYSTEMS

Companies with a purely task-based structure cannot develop expertise without a functional hierarchy in which to store experience as teams form and reform. Task groups are usually not interested in developing new management systems, being unwilling to carry the additional overhead. With the distributed decision making, managers may feel they lack control. They may need to make greater use of informal networks and information systems to monitor and control the projects.

#### PEOPLE

Many people are uncomfortable with the uncertainty created by dual reporting and diffused decision making. They try to impose structures which suit them, but which are at odds with corporate strategy. People in a matrix organization are subject to divided loyalty between two superiors. Usually the functional manager receives the subordinate's loyalty, as they conduct the annual appraisal. People may not have a conventional career structure within this environment – freelance workers because they do not belong to the company and permanent staff because flatter hierarchies creates less promotion opportunities, and because without a functional hierarchy there is no defined route. Maslow<sup>7</sup> suggests people work for

social and developmental reasons. These needs are unlikely to be satisfied for freelance workers working from home, or for transient teams members. (We return to this in Chapter 17.)

### **Historical lessons**

There are historical lessons which indicate how this impact can be resolved, and turned to the organizations benefit. An early statement on matrix management appears in Exodus 20.3:

Thou shalt have no other gods before me.

Clearly it was believed that people could not cope with the uncertainty of dual reporting; but at that time the priests were also the rulers. That was not the case by the time of the Roman empire, when church and state in Israel were separate. When he and his followers were accused of challenging the imperial authority (Matthew 21.22), Christ said:

Render unto Caesar the things which are Caesar's; and unto God the things which are God's.

However, early Christians gave their primary allegiance to God. It was not until church and state were later merged under the Emperor Constantine that people were able to give their loyalty to both without conflict. Throughout most of European history the most stable government has been achieved where church and state are merged. Machiavelli<sup>4</sup> devotes a chapter to this. In the Holy Roman Empire this was achieved by the kaiser being crowned by the pope, in the Vatican by the pope himself being head of state, and in England by the king declaring himself head of the church. Since Henry VIII did that, only three kings have lost their crown, Charles I, James II and Edward VIII. All three lost their position as head of the church, the last two by their own making.

Historically, matrix management has worked best when a person's two managers, priest (functional head) and governor (project head) are seen to be ultimately responsible to the same authority, and to be working to the same common goals. An individual can then fulfil his or her needs by satisfying both managers together. This historical review probably contains few surprising messages for managers of projects:

- the management style preferred by most people is a line hierarchy
- some endeavours may have both secular and non-secular requirements, and matrix management may then be the most effective style
- functional (permanent), and task (temporary), managers must then be seen to be working to the same corporate goals.

### **Successfully implementing management by projects**

This approach may resolve some of the issues identified above.

#### **ORGANIZATION**

The optimum style for management by projects may be process management.<sup>2</sup> This may overcome the inflexibility associated with both functional and task hierarchies. The task hierarchy focuses on achieving goals, while the functional hierarchy allows sharing of resources between tasks, and focuses on developing expertise and management systems and provides people with a career structure. However, senior management must ensure that task and functional managers are seen to be working to the same corporate objectives, to resolve the uncertainty created by dual reporting. This can be achieved, by cascading the corporate strategy to lower management levels through a clearly defined structure of objectives, a product breakdown structure (Chapter 5).

#### **SYSTEMS**

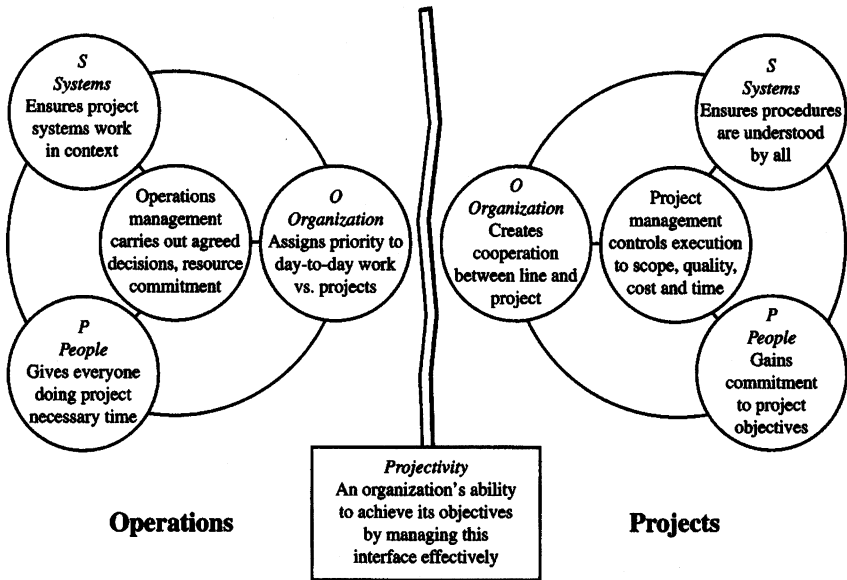
By clearly defining the corporate strategy through a cascade of subsidiary objectives, senior management can delegate decision-making processes to task teams. They monitor achievement of the objectives, and pay close attention to decision making where results deviate from requirements. People can also identify their career opportunities through the corporate strategy, rather than a top-heavy functional hierarchy.

#### **PEOPLE**

The corporate strategy, and retained functional hierarchy may also provide the focus for developing corporate culture and identity. It remains only for senior management to satisfy the developmental needs of freelance knowledge workers.

### **3.5 Creating a culture for project management**

The transition from functional organization to project organization just described is a PSO project involving a single transition. The cultural problems arising can be overcome by adopting a matrix organization in which functional and task managers are seen to be committed to the same corporate mission. In a hybrid organization, the interface between projects and operations exists permanently. Operations managers replace functional managers, but the same message applies; they and the project managers must be seen to be working to the same strategic objectives. Both have a



**Figure 3.4** The projectivity model

responsibility to ensure that project staff know what is required of them to deliver the organization's development objectives, and that the staff do not suffer a conflict of loyalty due to unclear priorities. This dual relationship is illustrated in the *Projectivity Model*<sup>8</sup> (Figure 3.4). (The word 'projectivity' is used to represent an organization's ability to achieve its development objectives through projects.)

### **Responsibilities of the operations managers**

The responsibility of the operations manager is to ensure the organization delivers adequate resources to enable selected projects to take place. Once priorities have been assigned, the operations manager must ensure they are adhered to. This primarily means a commitment to taking professional decisions for which they are responsible, and supplying the resources required by the project, at the time agreed in advance. They must support projects by ensuring:

- staff are given time to meet their project goals
- project systems are understood in the operations environment
- the project has priority alongside the daily operations.

Operations managers must be aware of their commitments to enable the



project to take place, and achieve its objectives. Symptoms of a lack of commitment are that agreements are forgotten, meetings are not attended, there is a lack of interest in the project by the management team, or failure becomes a self-fulfilling prophecy because the line managers give the project inadequate support. Operations managers make their commitment by agreeing a contract with the project (Figure 1.14). The project contracts to deliver development objectives of benefit to the operations manager, and in return they promise to provide resources and support. The benefit may merely be to enable them to fulfil their role more effectively, but that is consistent with what was said above.

### **Responsibilities of project managers**

The responsibility of the project manager is to manage the achievement of results. This means planning the scope of work required, organizing by assigning roles and responsibilities to the parties involved, implementing by assigning tasks to resources, and controlling by monitoring progress and taking timely, corrective action to achieve the development objectives. In particular, to manage the interface with operations effectively, the project manager must:

- ensure all participants understand and are committed to the project's goals
- ensure that the projects systems and documents are understood by all
- create cooperation between project and operations by communicating project plans in a form in which they and their consequences are understood and accepted.

Symptoms of inadequate project management are described in Section 4.3. To fulfil their responsibility project managers must play their part in the negotiations leading to the contract between project and organization. In particular, the requests for resources must be based on sound data, so commitments made by the other side are realistic. Further, the manager would do well to follow the principles of organizational development (Section 3.3). Undertaking an education programme to ensure that all staff understand the consequences of the project, and ensuring that project reports concentrate on the achievement of future results, and do not dwell on past mistakes, are particularly valuable.

## **3.6 Implementing project-based management**

Implementing the management of change through projects, whether within a project-based or hybrid environment, is a PSO project, with a heavy cultural element, and should be implemented as a project as part of the

corporate development programme.<sup>9</sup> The managing director or other senior manager should manage this project. There are six steps:

1. *Assign priority to development work*: the first requirement is to assign priority to the organization's development programme, and the projects in it (Sections 2.4. and 3.5).
2. *Make a contract between operations and project managers*: the second requirement is for operations managers to commit resources to projects. This is achieved by negotiating a contract at the strategic level of the project hierarchy (Figure 1.14).
3. *Formalize the resource requirements*: the resource requirements are formalized at the next level, where work is allocated to specified resources. Plans are made to release personnel to the project on the due date, against the contract made at the higher level.
4. *Give visibility to the plans*: for the setting of priorities, making of the contract and allocation of resources to be effective, it is vital that plans and progress reports are clearly visible. People can then see clearly what is required of them, and make alternative arrangements in response to changing circumstance. Visibility is achieved by:
  - adopting single page reporting at each level of the project or work breakdown structure
  - expressing documents in a language understood by all involved, and avoiding the use of jargon.
5. *Adopt a company wide approach to project management*: cooperation is further enhanced if the organization uses a company wide approach to project management, at least at the integrative and strategic levels. All people then understand the project plans, and projects are compared on a common basis when assigning priorities. This is especially true where projects cross international or other cultural boundaries.
6. *Educate all personnel in its use*: training is an important element of the organizational development approach, and this applies to the implementation of project management. Educating people means not only training them in project management techniques, but also making them aware of the strategic importance of project management in the organization's development programme. This should be repeated periodically to continue to raise the organization's efficacy at achieving its development objectives through projects, that is its projectivity.

However, people must be allowed to continue to use their own approaches to project management at a detail or tactical level, both to ensure that their projects are managed in a way appropriate to their projects, and to avoid conflict and resistance (Chapter 14).

### 3.7 Summary

1. The parties involved in a project include:
  - *the owner*: the organization whose strategic plan creates the need for the project
  - *the sponsor*: the person or group who authorize expenditure on the project
  - *the users*: the people who will operate the facility on behalf of the owner
  - *the champion*: a senior user who campaigns for the project
  - *the contractor*: the group which designs and builds the facility for the owner
  - *the project manager*: the person or group who plans, organizes, implements and controls the work of the contractor to deliver the facility within constraints of time, cost and quality
  - *the supporters*: parties who provide goods and services to the work of the project
  - *the integrators*: people who coordinate the work of the supporters for the manager.
2. The parties involved have two sets of objectives:
  - overt objectives are the stated objectives derived from the owner's strategic plan
  - covert objectives are personal objectives which may conflict with the overt ones.
3. The work of the project is of two types:
  - technical work
  - cultural work.
4. Cultural work is easily ignored, yet is more difficult to manage. It can be managed using the techniques of organizational development. The following can help in overcoming resistance:
  - communication
  - participation
  - training and development
  - management by objectives
  - team development and leadership
  - commitment from senior management.
5. The change to a project-based organization has associated cultural changes. The most effective management structure may be a matrix organization, but this requires both functional and task managers to be seen to be working to the same corporate mission.

6. In a hybrid environment operations managers must ensure:
  - staff are given time to meet project goals
  - project systems are understood in the operations environment
  - projects are given priority alongside daily operations;and project managers must ensure:
  - all participants are committed to project goals
  - project management systems are understood by all
  - cooperation exists between projects and operations.
7. Implementing management by projects is a PSO project with six steps:
  - assign priority to the organization's development work
  - make a contract between project and operations managers
  - formalize the resource requirements
  - adopt clear and simple documentation
  - adopt a company wide approach to project management
  - educate all personnel involved in projects in its use.

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## Note

- a. Section 3.3 contains some material based on a contribution originally made by Lynn Thurloway of Henley Management College.