TECHNIQUES FOR PROJECT INITIATION

Part Three – Stakeholders & Organizations

Strategy and Organizational Culture

Most projects exist within the larger sphere of an existing, ongoing business. They are accomplished by people who generally are part of this business and are part of its organization and culture. Yet many organizations treat projects as though they take place in a different, separate environment from that of the organization. When this happens, project managers, and their senior managers, tend either to ignore or to independently change key practices that are crucial to maintaining the organization's essential structure, culture and business strategy.

Clearly, there are important differences between managing a project and the day-to-day operations of a business. But when the project unfolds independently or outside of an organization's mainstream operations and culture, it can often have an adverse impact on the integrity of the business. In many industries, project objectives are virtually synonymous with an organization's business goals. In such instances, the success of key projects may have a major impact on the ability of the business to continue to be competitive, even to survive.

Therefore, organizations that apply traditional strategic planning practices to a project must focus on integrating the project into the organization and its culture. This requires analyses of several project constituencies--the project sponsor, other project stakeholders, the organization in which the project unfolds, and the project team--as well as of the strategic planning process itself.

Stakeholder Analysis

How do we align the project objectives with the goals and expectations of the stakeholders, so as to minimize the potential for conflicts that could adversely affect the project's success? One way to do this is to expand our view of project success.

The traditional view of project success is to accomplish all of the schedule, budget, and technical objectives as planned. Couldn't we also define project success as "accomplishing the goals of everyone who has a stake in the project"? If so, then the stakeholder analysis must ask the following questions. While you are reading this list, think about the situation with the Amtrak train station, that we mentioned in Part Two. What would you have done differently?

❑ Who are the project stakeholders?

❑ What do they want?

❑ How can they impact success?

❑ How can they be satisfied?

Carrying this thesis further, we might say that project success is determined by:

❑ The power and influence of the project stakeholders

❑ The difficulty and risk involved in the stakeholders goals

❑ The talent and resources available to accomplish these goals

❑ The perceptions of the stakeholders of what was actually accomplished [1]

Organizing for Project Management

If you are in the business of doing projects, then your company has probably modified its organizational structure to help it to respond to the demands of the projects environment. Your firm, like most, has probably migrated from a primarily functional or line type of organizational structure, to the currently ubiquitous matrix format. Conceptually, the matrix approach implies that the responsibility for achieving project objectives will be shared equally by the functional and project managers. All to often, the company makes these organizational changes in a vacuum, giving little attention to the corporate culture, and with insensitivity to the corporate resources. As a result, these changes fall far short of achieving the objectives, and, in fact, become an actual impediment to effective project implementation and success.

The matrix management structure is available as a practical solution to bringing a project capability into an ongoing business. It is difficult to dispute the premise that a matrix organizational approach will probably be best for most situations. We must be careful, however, to avoid two problems that are common to the establishment of the matrix structure.

One problem is that the new organization will often address and change areas of responsibility, but will fail to change the methods of measurement and reward. If people are asked to perform to new standards, but are measured and rewarded to the old structure, the behavior and performance changes that are supposed to occur from the reorganization will be not happen. Human nature dictates that most of us will perform so

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[1] Tuman, John, Jr., "Success Modeling: A Technique for Building a Winning Project Team", 1986 Proceedings, Project Management Institute, Drexel Hill, PA.

as to support the measurement and reward practices. If project and line supervisors are asked to perform on a shared basis, but continue to be measured and rewarded on the basis of individual performance to old and different standards, can we expect to achieve our objectives?

The second problem in moving to a matrix mode is that the role of the functional or line manager is often diminished, in the new organization. Or, at least, the line managers perceive their role to be diminished in relation to that of the project manager. Yet, the real importance and contribution of the line manager can never be underestimated or undervalued. The resources and the standards essential to the successful completion of most projects are controlled by these key contributors, and their importance to this success must be clearly identified, acknowledged, and rewarded.

In short, a diagram of an organization, matrix or otherwise, should not be mistaken for the organization itself. An organization is a living, working organism. The organization chart is similar to a bar chart. It doesn't get the work done; it only shows how the organization might work. Lots if things can break down between the diagramming of an organization and its successful implementation.

Bringing a successful project management capability into an organization requires significant change, but does not require a total dismantling of existing cultures. Like any other change, it should retain what works, fix what's broken, and recognize that the very people involved in these changes must buy into the new practices, if they are to succeed.

Role of the Project Team

If we acknowledge the importance of both project and line management, then there is little need to define a set of rules and responsibilities for the project team. Each member of the team must respect what the other members bring to the project. Each member must also remember that they are supposed to contribute to the attainment of the project objectives, as well as their individual, functional measurement.

A frequent cause of project problems is the lack of project team participation in making decisions. The following case history exemplifies this.

The Project:

The design and installation of a new factory steam supply.

The Incident:

The field superintendent calls the project manager to report a problem with the boiler installation. There is an unexpected interference of the water inlet piping with some adjacent crane rails. The superintendent recommends a quick field fix by moving a 90-degree bend, which is

currently six feet out from the inlet nozzle, to two feet out, to avoid the interference. The project manager, wishing to respond quickly, approves the change, without involving other disciplines.

The Problem:

Some time later, when the system is put into operation, the operating engineer reports seemingly erroneous water flow readings. The problem is reported to the design engineer, who eventually finds out about the piping change. It seems that no one bothered to discuss the piping change with the design engineer. If they had, they would have been told that the six-foot run of pipe, at the inlet, was required for the flow instrumentation to function properly. <u>Now</u>, the project manager wants Engineering/Design to fix the problem.

The message, here, should be clear. Project team members should neither overstep their bounds nor ignore the responsible contribution of the others. When there is a problem or a decision to be made, the project manager, and the others involved, would be wise to seek the widest participation possible, in the solution. This approach not only increases the potential for the best solution, but also gets the other team members to buy into that solution.

Developing Sub-Project Strategies

The concept of strategic planning can be applied at several levels of the project. Up to now, we have been looking at project-level strategies. Eventually, we will move from our top-level objectives to the next level (the deliverable end items), and then on to the work package detail and to the individual activities themselves. At the intermediate levels, the project team must develop a strategy and plan. They start with a set of givens or assumptions. Then, for each of the key areas, they look at the objectives, the current situation, the favored plan, constraints, and alternatives.

Let's look at how this approach might be implemented. In this hypothetical situation, the Clinton County Community College (CCCC) is engaged in a project to upgrade their athletic facilities. Their overall objective is to increase the school prestige and revenue by elevating the school sports program to a higher competition division. This requires an expansion of the CCCC stadium and the supporting infrastructure. One of the key project areas (deliverable end items) is the athletic field parking lot. The project team develops a planning worksheet, as follows:

Design & Planning - Parking Lot

DESIGN OBJECTIVES:

1. Provide parking for 3000 vehicles.
2. 1000 of that capacity to be paved.
3. 1000 to be gravel base (for later paving).
4. Remainder to be overflow on grass field.

BUDGET OBJECTIVES:

1. Costs to be charged to capital improvement budget - not to exceed $250,000 for all infrastructure items.

TIMING OBJECTIVES:

1. Complete repaving before annual homecoming football game. Do not interfere with any other scheduled games.

CURRENT FACILITIES:

1. Paved parking for 1000 cars. Needs repaving.
2. Adjacent level field for 1000 cars. Dirt base.
3. Additional adjacent field (undeveloped), available for 1000 cars.

FAVORED PLAN:

1. Repave existing 1000 car lot
   Area = 270,000 sq. ft.
   Cost = $0.40 per sq. ft. = $108,000

2. Improve old overflow area with gravel base.
   Area = 270,000 sq. ft.
   Costs:
   Gravel: 3400 tons of #1 crushed gravel @ $6/ton = $20,400
   Trucking @ $30/ 25 ton load = $4,080
   Spread and compact = $13,500
   Total cost = $37,980

3. Clear and grade new overflow area.
   Area = 270,000 sq. ft.
   Cost = $6,000

4. Paint stripes in paved area.
   Quantity = 20000 linear ft.
   Cost = $5,000

CONSTRAINTS:

1. Planning Board approval

2. Funding approval

3. Timing interface with football games and other events at the stadium

STRATEGIC CONSIDERATIONS & ALTERNATIVES:

1. If repaving/curing of paved lot cannot be completed prior to the homecoming weekend, consider completing gravel placement in old overflow lot plus grading of new overflow lot, and using these for homecoming parking.

2. If insufficient funding is available for all infrastructure items, hold off on repaving old lot.

This is just one illustration of the kind of orderly, strategy- oriented thinking that should be employed in developing a project plan. In many instances, this sub-project strategic planning is part of the pre-project estimating function. On the other hand, there may be times that the project team would not have this level of detail available at the initial planning stages. You have to work with what you have, and make assumptions for the rest. Eventually all of the data will have to be confirmed. And at all times, this planning should be tested for consistency with the overall project objectives, the overall business objectives, and the criteria for project success.

Article Series Segments

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- Part Two: Project Strategies
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