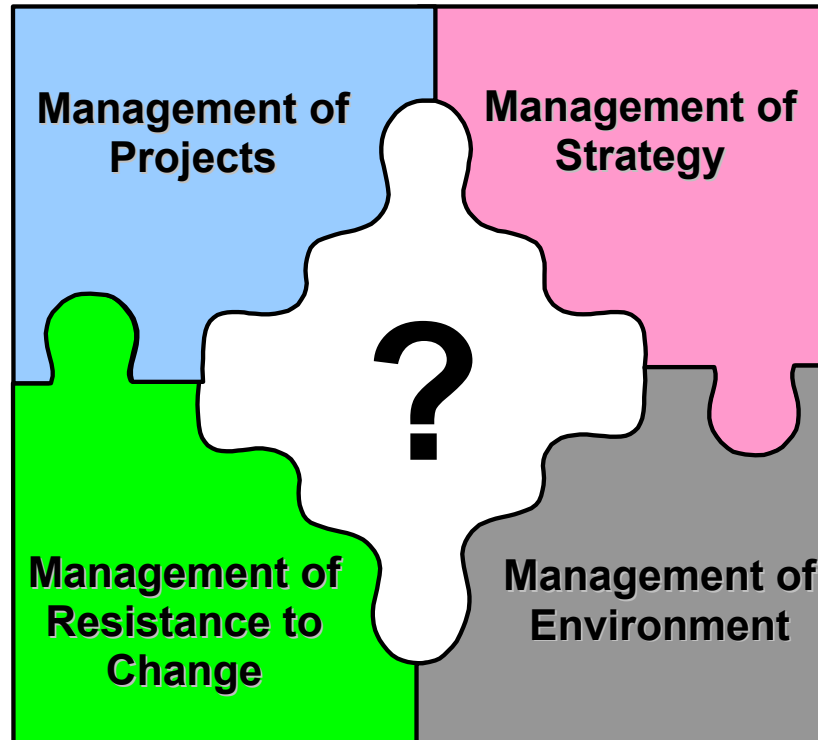


Managing Organizations By Projects With The Missing Piece

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What is Managing Organizations By Projects?

Managing Organizations By Projects (MOBP) is a philosophical way to look at how work is done in an organization, both inside of and outside of projects, from a new perspective. MOBP is a strategy, not a process. MOBP is the adoption of project management disciplines and practices as a means to complete work and projects.

What are the Driving Forces behind the adoption of project management?

Global competition, increasing market share, reducing cost, and improving profits all in the pursuit of producing better products and services faster through the use of high technology solutions are just a few of the driving forces that are causing organizations to seek better ways to improve time-to-market, cost-to-market, and quality-to-market. The effective use of project management techniques is being recognized by many organizations as that critical element for achieving improvements in time, cost, and quality-to-market. These organizations recognize their business is project based, and that recognize project management is a way to do projects better, and effectively respond to the driving forces.

The list of organizations attempting to implement project management disciplines and practices into the way they manage their projects is growing daily. However, the number of companies that are successful in its effective implementing project management is small in comparison. Those who succeed have changed their perspective to Managing their Organizations By Projects.

What are the benefits of MOBP?

You are probably asking yourself at this point... How can this concept benefit my company?

MOBP establishes a *mindset* and *goal orientation* that permeates organizations where everyone views their work as part of a project, and does their work as part of a project. The MOBPs strategy brings a new perspective to the way people view their jobs and how they do them.

MOBP accelerates the implementation of corporate strategies through real-time forecasting and feasibility analysis that provides a structured approach. In order for the adoption of the MOBPs concept to be effective, everyone in the company needs to understand and embrace this point of view. Understanding and embracing an MOBPs perspective creates the kind of environment that will provide a structured approach for all types and levels of planning.

MOBP distributes project management practices across the company where members of the internal organizations perceive their work as that of planning, managing and successfully completing work processes and projects. If the goal is to do work and projects more efficiently and effectively, then distributing project management knowledge, skills, and capabilities is the way to accomplish the goal. Maximum efficiency is achieved when project management is effectively applied as the natural approach to doing ones work.

Common to most organizations are the challenges of proper allocations of company resources, effective and visible communications, empowerment of teams, and preparing organizations to accept change. MOBPs is an organizational strategy that facilitates alignment of projects with strategic, tactical and operational goals and objectives. MOBPs facilitates effective vertical and horizontal communications within the organization. MOBPs facilitates empowerment of teams so they can realistically manage the projects they are responsible for. And finally, MOBPs facilitates the organization's "readiness for change".

What kind of company is a likely candidate for MOBPs?

Your company is a candidate for MOBPs if your business is project-driven, your strategic goals are achieved by projects, and your bottom line is dependent on the successful completion of projects. You view the work done in your business as a "portfolio of projects" and your workers are project focused. If these attributes describe your company, you are already attempting to manage your organization by projects. However, you are probably not as successful in performing project management as you want to be and are looking for ways to improve your capabilities, thus placing your organization on the short list of companies that are successful in Managing their Organizations By Projects.

Companies that have successfully adopted project management practices and are Managing their Organizations By Project have created an organizational structures that owns the responsibility for implementing the MOBPs mindset across the company. These new organizational structures are known by many different names, such as the Project Support Office (PSO), Project Management Office (PMO), Program Management Office (PMO), and Corporate Project Office (CPO). We prefer to use the title Corporate Project Office (CPO), because effectively adopting an MOBPs mindset is a corporate strategy that must be distributed enterprise-wide from the top down, therefore the organizational structure responsible for implementing it should be positioned at the corporate level.

What is a Corporate Project Office (CPO)?

A Corporate Project Office is first and foremost an organization – a functional operating unit – a *Center of Excellence* that owns the discipline and practices of project management. The CPO has the responsibility for development, maintenance, distribution, and support of project management policies, processes, procedures, tools, education, and training.

The Corporate Project Office is the home of project management, it is similar to other supporting organizations like Finance is to Accounting, MIS is to Data Processing, and Systems Development is to Programming. What is unique about the CPO, unlike the other supporting functions, is its goal to distribute its core competencies across the enterprise. Basically developing internal competencies, over time, within each functional organization.

There is no “One Size Fits All” CPO structure, because there are many elements in each organization that impact how it is defined. There is however, a standard approach for designing and implementing a CPO that is common to all organizations.

What are the attributes of a CPO?

A Corporate Project Office is the only functional unit within an organization that is capable of providing an enterprise-wide view of all project work in-progress. The CPO is an autonomous functional unit that reports directly to senior management on an equal basis with all the other functional units within the company. This autonomy is necessary to ensure that the collection, summarization, analysis and reporting of project status are provided to the organization from an unbiased point of view. This positioning also enhances the CPO’s ability to serve as a focal point for facilitating better project communications both horizontally and vertically within the company. The CPO can provide the “Big Picture”, a prerequisite for effective planning, management and allocation of limited resources to various projects within the enterprise. The CPO is the only functional unit within the organization with a charter to develop, maintain and distribute project management standards across the organization.

What are the benefits of creating a CPO?

The Corporate Project Office facilitates strategic planning, forecasting and estimating. It can assist management with establishing corporate priorities and facilitate the review and approval process that ensures all projects are in alignment with strategic, tactical, and operational goals and objectives. The CPO is a “Center of Expertise and Excellence” for the development and distribution of project management knowledge, skills, and core competencies through coaching and mentoring actions directed at supporting and enhancing team development.

The first step in creating a Corporate Project Office is to obtain commitment and support for the Managing the Organization By Projects strategy from the company, starting with the top executives and moving down through the organization’s middle managers to the workers. Gaining commitment and support for MOBP is an on-going process, which begins by conducting an Organizational Assessment within the company.

What is an Organizational Assessment?

There are four key process groups (pieces) that need to fit together to form a complete picture of a company that is Managing their Organization By Projects. They are as follows: Management of Projects, Management of Strategy, Management of Environment, and Management of Resistance to Change. These pieces don’t fit together in those companies that are having difficulties in implementing proficient project management practices; misalignment exists among the key

processes detailed in each piece of the picture. The misalignment generally results in gaps being formed which in turn prevents the organization from effectively integrating project management process, work processes and environment processes as depicted in figure 1 below. The key processes found in the Management of Projects, Strategy, and Environment need to be modified to permit the effective integration of these processes, which will facilitate the Management of the Organization By Projects. The Management of the Resistance to Change and the organization's readiness to accept changes is directly impacted by the magnitude of the gaps between the other three pieces. All of the pieces of the picture need to fit together in order for the organization to join the list of best-in-class organizations that have mastered the strategy of Managing their Organizations By Projects.



Figure 1

Why perform an Organization Assessment?

- ◆ Identify where you're at (*establish a baseline*): the Organization Assessment provides information about the current state of the organization in all four areas.
- ◆ Identify the scope of desired change (*define the goal*): the Organizational Assessment process will define the goals to be achieved and help establish a vision.
- ◆ Identify the magnitude of needed change (*know the investment*): the Organizational Assessment provides a gap analysis that produces findings and recommendations for creating a plan to close the gaps.
- ◆ Identify the readiness to change (*measure the risks*): the Organizational Assessment defines the degree of resistance at the strategic, tactical, and operational levels of the organization where the proposed changes are identified and evaluated.

What are the key processes found in each of the four pieces?

The driving forces, discussed earlier, in the marketplace are creating this need to make changes consequently, project management is being recognized as a viable solution to meet those forces.

Therefore, implementing project management practices is being viewed by many as the right thing to do, because those companies who are leaders in the marketplace have proved its effectiveness and benefits. The key processes found in the Management of Projects, shown in figure 2 below, have a direct impact on how work processes are performed in the course of completing activities that are required to meet project deliverables. The information that is being managed within each element is not unique to project management, however the methods used to manage this information is unfamiliar to most people who have not been exposed to the disciplines and practices of project management. This unfamiliarity causes some people to question the value of project management and the need to make changes in the way they do their work or the way it is being managed.

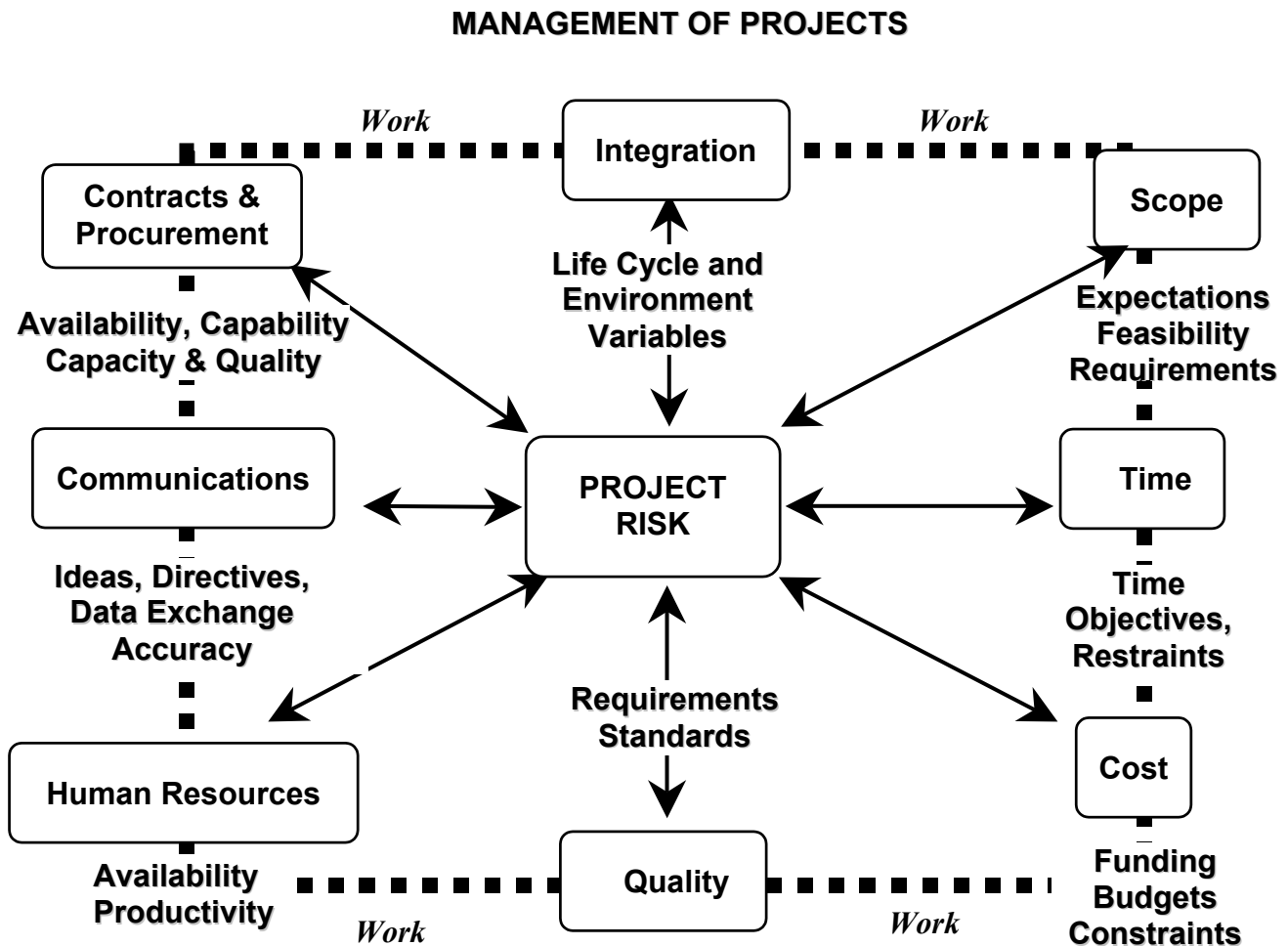


Figure 2

Effectively incorporate the project management processes used to manage the work performed for projects require that work processes be changed. The integration work and project management processes typically causes some degree of resistance at various levels of the organization.

The Management of Strategy involves six key elements, as shown in figure 3 below that directly impact how effectively project management processes are integrated into the management of strategy processes. These elements exist in every organization, but they may not be formally

recognized and documented. These elements must be defined and formally documented with the appropriate aspects of project management processes being incorporated.

MANAGEMENT OF STRATEGY

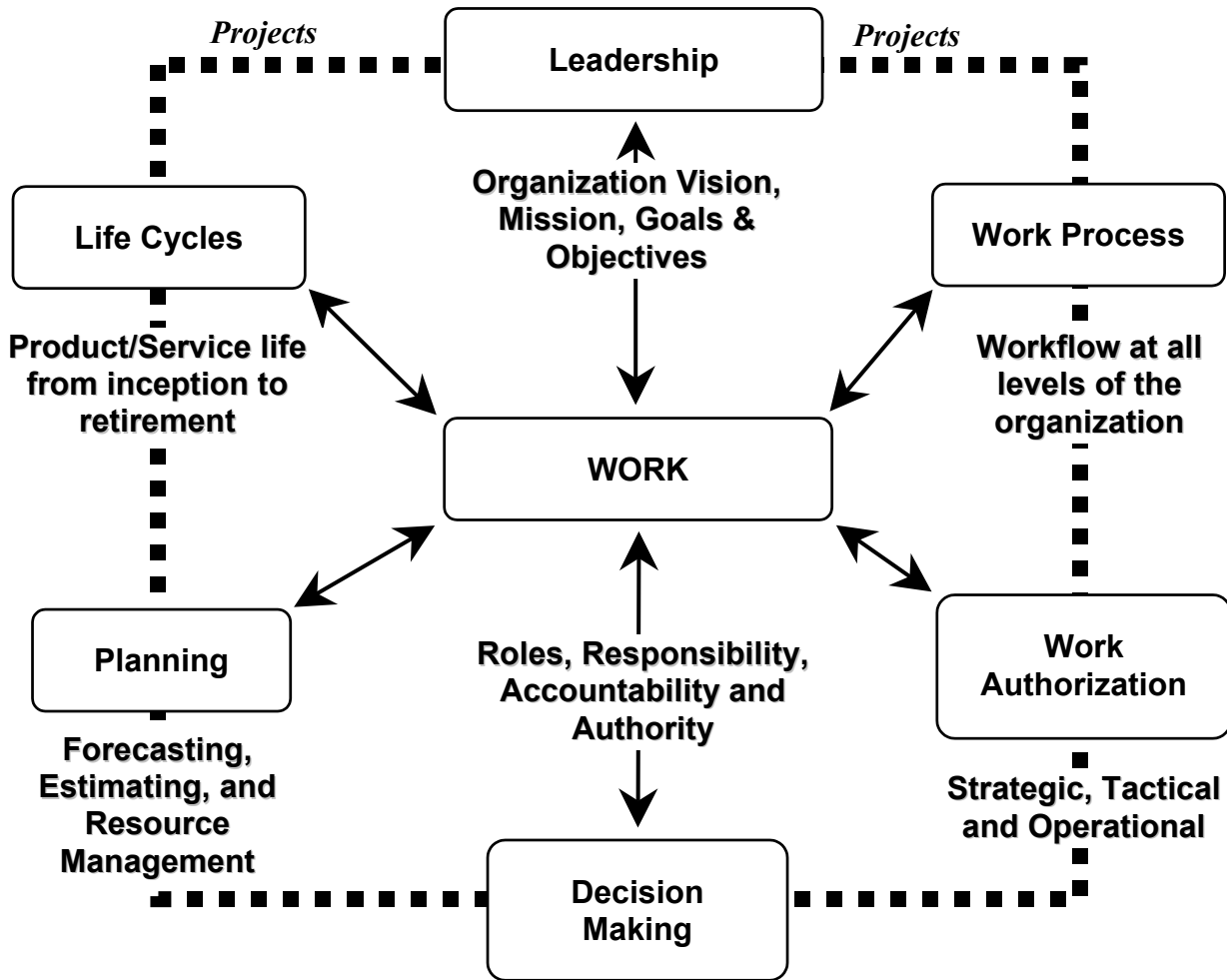


Figure 3

Management of Environment contains eight key processes, as shown in figure 4 below, that affect how both work and projects are managed. These elements are found in most organizations, however they are not always clearly recognized and their respective processes are not always formally documented.

It is this area that causes the greatest amount of disconnect and misalignment between the processes found in the Management of Projects and the Management of Strategy. It is also in these elements that the most significant level of integration occurs between the way work and projects are managed. The changes that must occur within these areas to integrate the other processes are typically what cause the resistance to change at different levels of the organization.

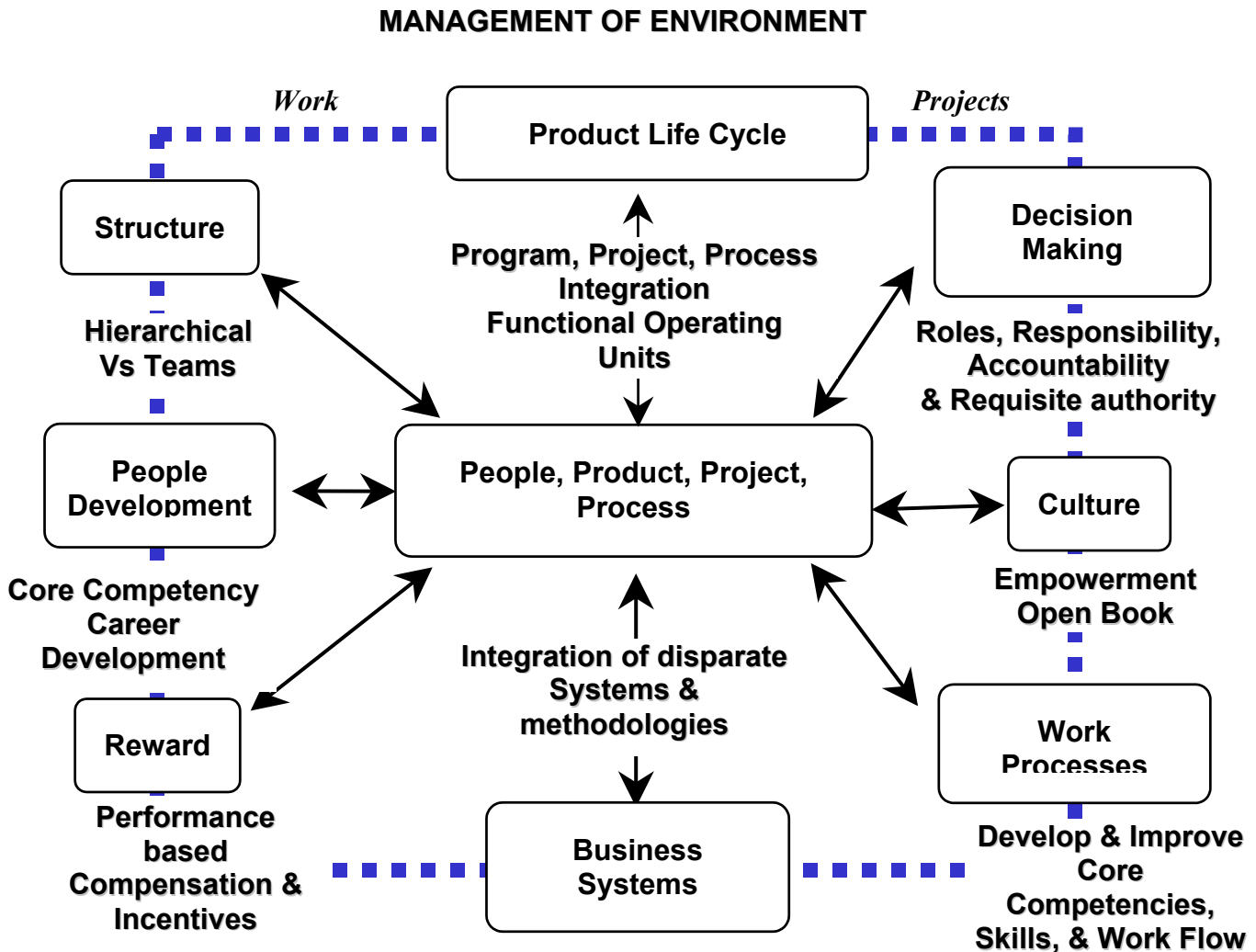


Figure 4

The Management of Resistance to Change affects the three primary levels of the organization as shown in figure 5 below. Whenever change is introduced some level of resistance typically occurs. This level of resistance can and does occur at all levels of the organization. Whenever new ideas are introduced that affect someone's area of responsibility there will be some resistance to that change. It is a natural response that must be first recognized, and then reduced

or eliminated through clear communications involving those who are affected most in the process of developing and implementing the change. This provides them with an opportunity to have ownership of the changes.

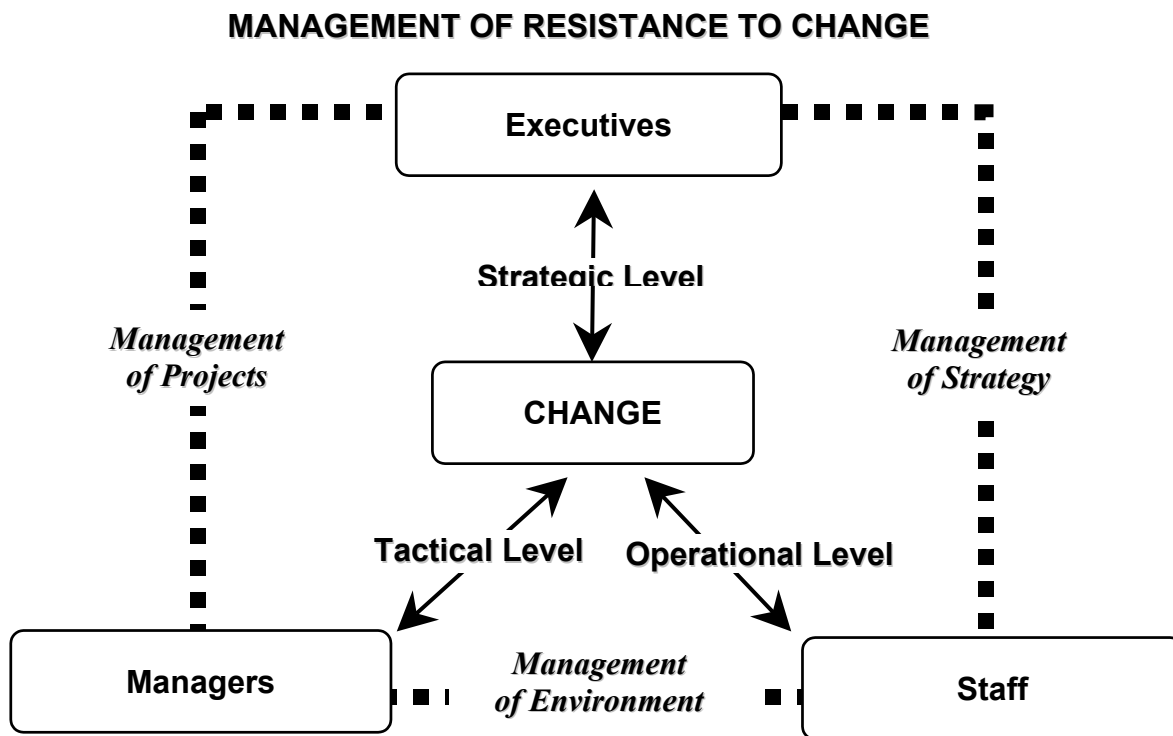


Figure 5

All four of these areas, Management of Projects, Management of Strategy, Management of Environment, and Management of Resistance to Change must be assessed to establish the current status of each of the elements contained within. The company needs to be assessed eventually as a whole, however the initial assessment process typically involves only one segment of the company. It is best to select one portion of the organization (division, business unit, department or group) to act as a control environment to create a CPO, test the process, perform a pilot project and finally serve as a proven model for roll-out across the company.

How is an Organization Assessment performed?

A Joint Assessment Team is created, consisting of PCI consultants, client representatives, preferably comprised of members from the executive level of the organization. The Joint Assessment Team uses PCI proprietary tools and techniques as the assessment instruments for conducting the initial organizational assessment. The output from the Organization Assessment will be in the form of a report that contains the findings, conclusions, and recommendations that are presented in the form of an action plan to move forward. The joint team will also prepare a

charter document for the creation of a Corporate Project Office to be presented to the executives for approval and adoption. The following is a flow diagram, shown in figure 6 below, of the six-step process that is followed during the course of completing an organization assessment.

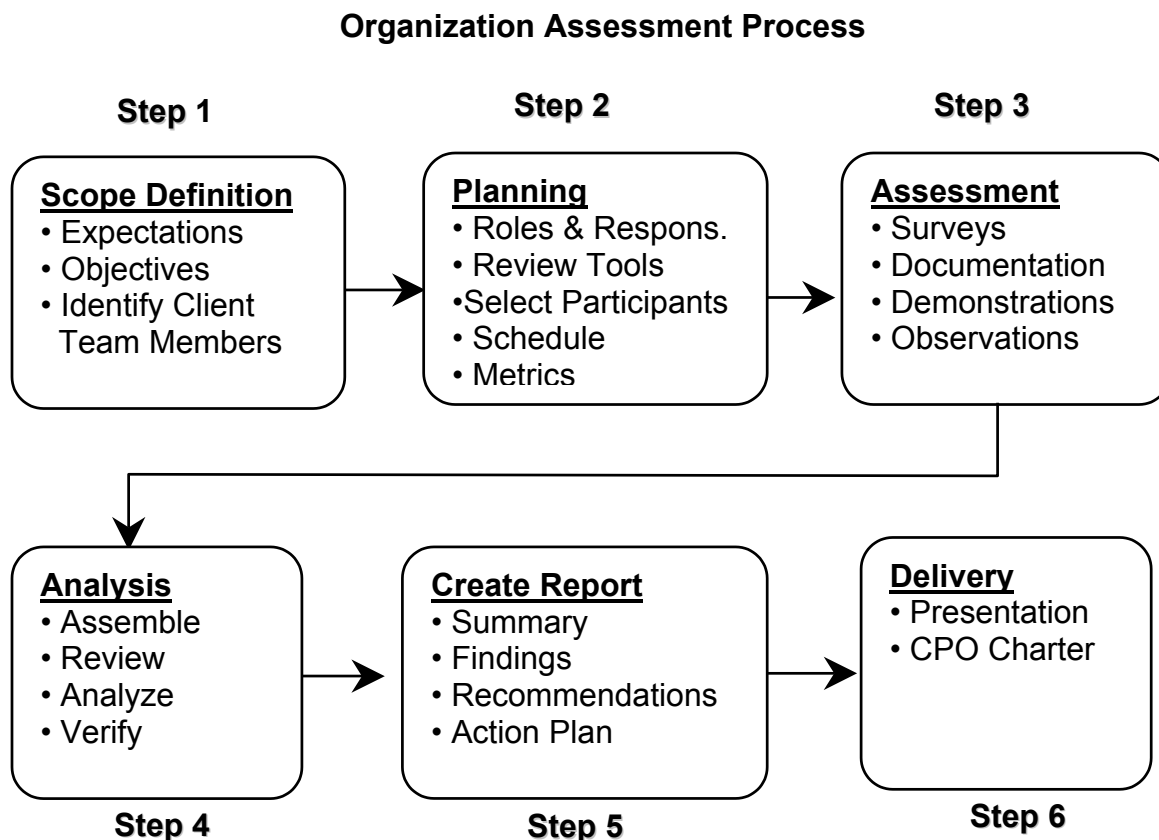


Figure 6

What does a mature CPO organization structure look like?

The CPO may exist as a single entity within organizations that do not have separate divisions or business units. These organizations typically have one site location or at least have all facilities located in the same city. These organizations typically have 200 to 2000 employees. In contrast, those organizations having multiple divisions, business units, departments/groups or exist in multiple geographic locations typically have the following CPO organization structure as shown in figure 7 below.

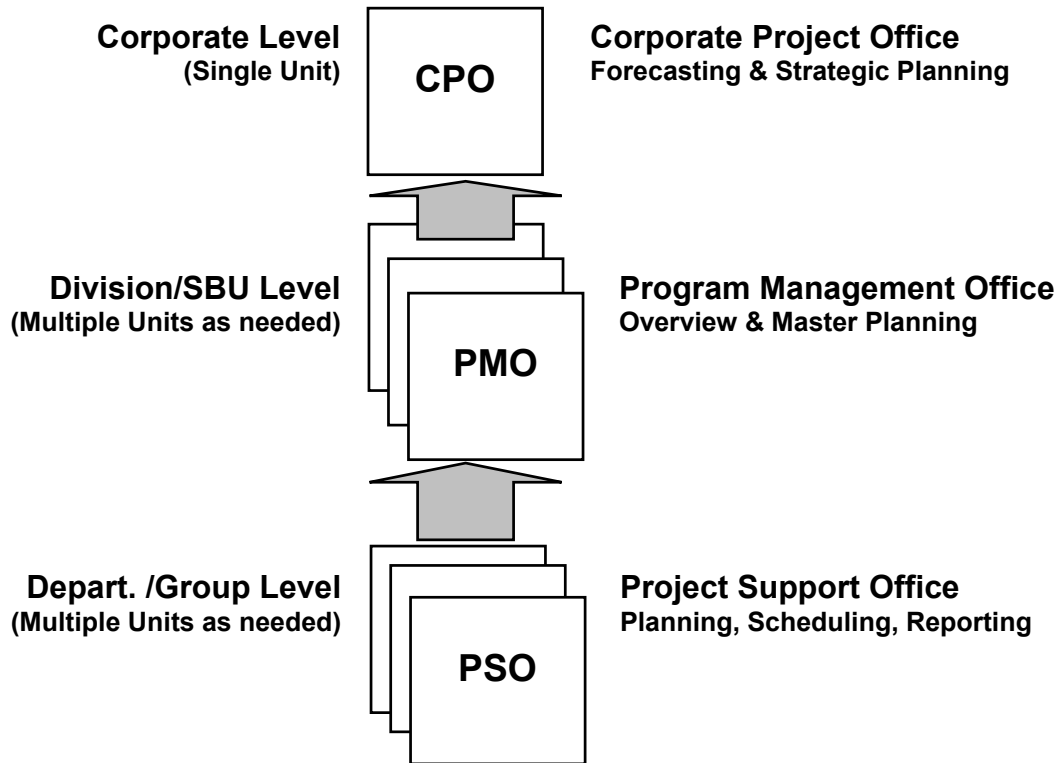


Figure 7

Those companies that are Managing their Organizations By Projects have progressed through the five MOBP phases as they matured. The diagram shown in figure 8 below depicts the five phase of MOBP maturity that leads to achieving best-in-class recognition.

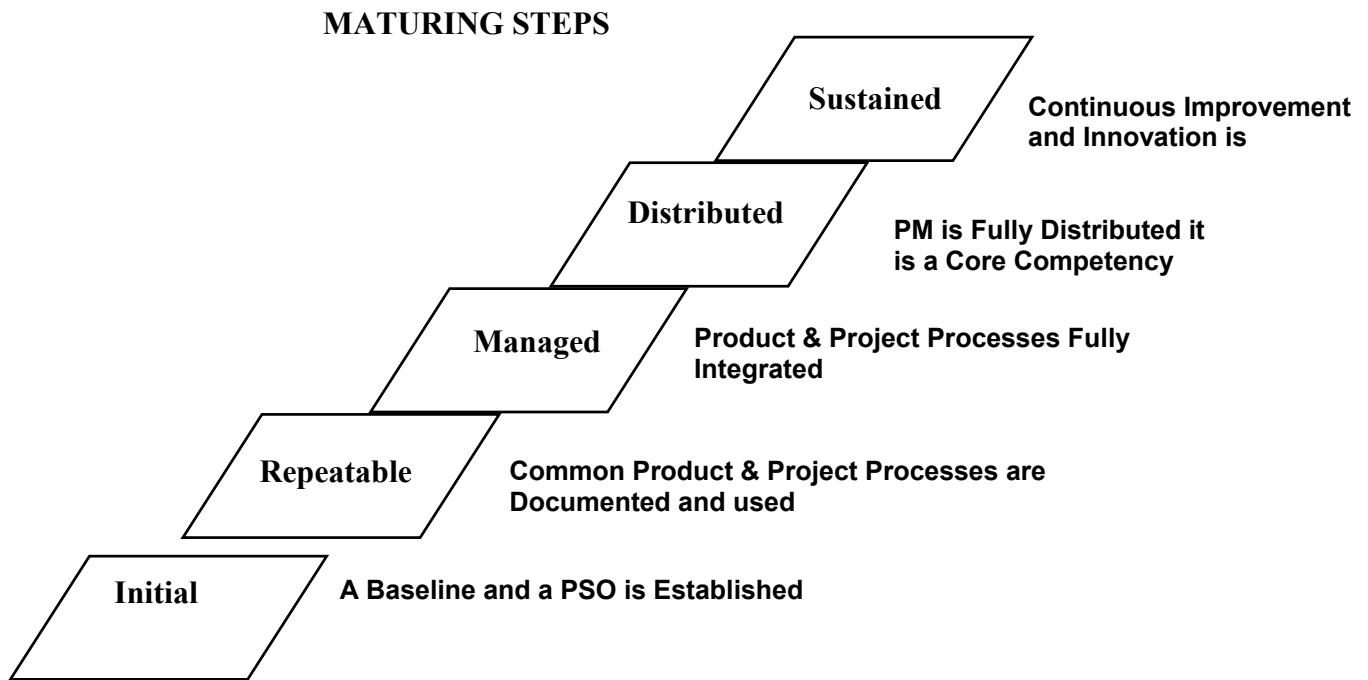


Figure 8

The Corporate Project Office also evolves as the organization matures and the project management processes are fully integrated with the work processes and distributed across the organization as shown in figure 9 below.

CPO Organization Maturity

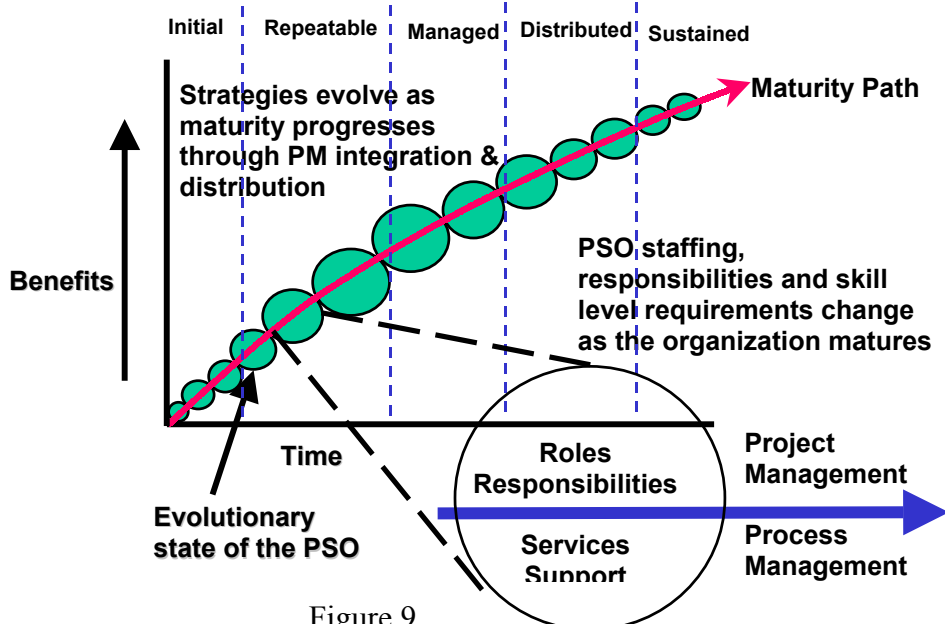


Figure 9

The missing piece is actually a puzzle within a puzzle made up of four pieces as shown below in figure 10. MOB as an adopted strategic vision for the organization, the Organization Assessment piece which identifies a baseline and creates the foundation plan to build upon, the Corporate Project Office piece to nurture and create the vision and finally the PCI Group to help you put the total picture together.

Completing the picture

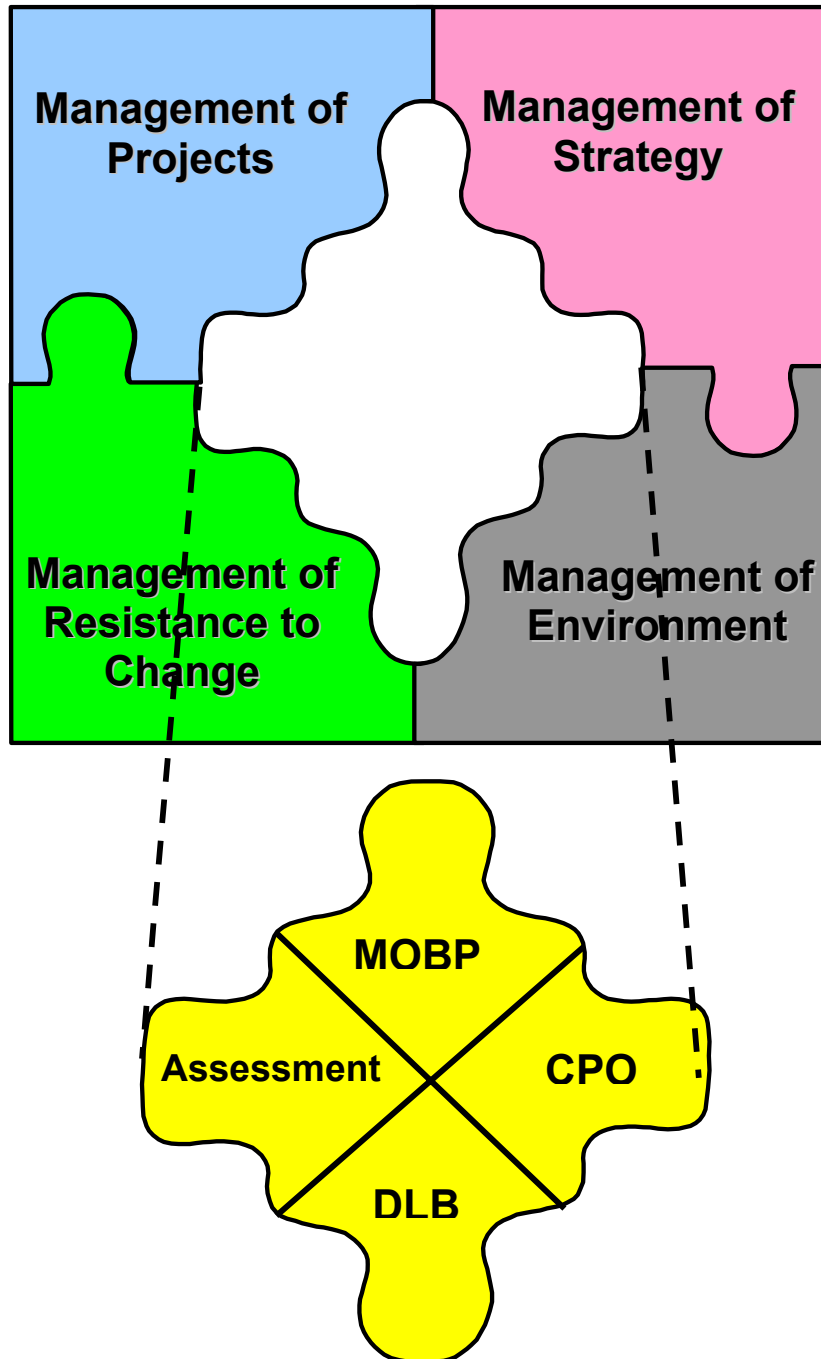


Figure 10

Dennis Bolles, president of DLB Associates, LLC, is a certified Project Management Professional (PMP®) with nearly 25 years experience in increasing professional performance levels within many organizations. He excels in developing multi-functional teams to improve business workflow processes utilizing Six Sigma and other methods to achieve “world-class” capabilities in meeting the needs of internal and external customers. He is a published author of many project management articles, and a book entitled Building Project Management Centers of Excellence, (ISBN 0-8144-0717-X), released by Amacom in June 2002. For additional information visit the DLB Associates, LLC web site at www.dlballc.com or contact the author by email at dbolles@dlballc.com.