

## PM WORLD TODAY – VIEWPOINT – AUGUST 2008

### For those who want to get on the PM road without organizational re-engineering

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It is a simple fact of life in our PM world that companies are paying efforts and money to turn to the Project Management course. Simple, quick, clean cut and without too many complications. Rather than being a simple surgical organization operation this is more of a chronic cure for those realizing that they make the money from project implementation and not from daily routine operations.

Considered more than fashionably fit in today's world, companies have taken to this road on their own approach, alone or helped by experienced professionals, simply due to the pressure they feel with every project award lost or because they saw the money cashed out to the more experienced PM companies, who are running the projects in lieu of an inexperienced customer.

Either a Client company or a contractor company suffers from the lack of knowledge when approaching the project management methodologies, templates and day-by-day tactical operations of project implementation. Given this state the companies have been urged to embrace the project management philosophy, burning stages and swapping years of knowledge accrued in order to re-align their corporate strategy with the course of events and to bring business parameters back on track.

The last fashion in the organizational behavior among cost cutting, operations efficiency improvement, and struggles for a larger market share is to push the entire organization toward the project management culture.

But let us see how easy is this way before getting rocky?

Mature organizations know that this process takes years and have started some years ago either importing "as-is" a package called "project management" organizational adaptation, often thanks to a bigger mother company, usually a multinational company that spreads its operation toward Eastern Europe. In some cases, it is by attempting to invent from scratch a workable project management platform to support the daily needs of project development.

Some of these companies are not even clear that they run operations and not projects, but they still insist on projectizing their operations. It is known that even operations could be planned, we may assign resources for them. but eventually they are not projects.

This Report is not about these companies. It's better fit for the companies that know well what a project looks like irrespective of definition given. This Report concerns the companies who are middle way between past approaches and a projectized approach. It 's about the first half of steps not yet taken.

Before getting on the road of project management, and strategic alignment of corporate goals that may be better served by integrating the tactical and strategic levels with the project management, they all should have run through the organizational structure re-arrangement, the so-called re-engineering process. It is time consuming, painful, tiresome for employees and management equally, with uncertainty if rewarding and paying off in the end but mandatory as a whole.

Re-engineering is about melting down the organizational valuable metal and pouring it into a new casting form of organizational structure, cutting off the old processes and drawing a new map.

Even though organizational theories, and PMI's Guide to the PMBoK as well, admit that we may run projects from within functional structures, that may only be true for small-scale projects. Companies well on the this road who want to grow with big projects have no other chance than going through a re-engineering process to slip from functional to a strong matrix or project organizational chart.

It is not clear if this is a commonly encountered approach, but since it was seen in several instances, it is legitimate to believe others are doing it in the same way. It seems that is far cheaper and straightforward to buy a Project Management methodology such as TenStep, EPO, PRINCE 2 or other proprietary products (in fact abundant in a virtual environment) with some shallow in-house trainings for their staff. The big problem with doing this is the fact that no one pays attention to the internal structure in which the new methodology is squeezed to run, usually a functional-traditional organizational diagram.

Mature organizations, either Client or Contractor, know that before conducting a project management assessment and implementation, one giant step is mandatory if large scale projects are the ultimate goal: switching from functional to at least strong matrix organization. This fact is clear since Management is keen and without bias when declaring they have adopted the Management by Projects in lieu of other forms like Management by objectives. If the company lives on projects, the simple fact of buying one methodology and pushing it through the organizational process would not secure and guarantee any success.

Before taking this road, companies must first assess themselves: run the "as-is" assessment process and then move to the "as-design" type of internal arrangements. Former functionally-based employees may find themselves as project team members; former accountant department cost specialist may now be the project cost controller and a peer

from design department could be easily assigned to the project team as engineering team member. The examples my continue.

This is the hardest part - not taken in every place when we talk about projectizing the company's strategy. Some of the companies, supported by consultants and guided by wise management, have first got into the re-engineering process before accepting and adopting one methodology or another. For them the road was longer but at least everyone on board knew where they head to and by means of what tools.

Others try to cut short the road, simply buying the project management services and one proprietary methodology and starting to adapt it to the organization. Soon they will find out that without switching from functional to a matrix or projectized scheme, when dealing with huge projects and programs spanning over half of decade and worth million of dollars, is simply a "shooting in the dark" situation.

This Report is aimed to ring the bell for those being in this later situation: no matter how well structured and construed the methodology is, and no matter how experienced the in-house project management Consultant is, they are both sooner or later doomed if the Management is not urged to re-draw the process maps and process connections prior to project management process adoption. As a matter of fact it's a matter of ethical behavior that must be displayed by the Consultant when it first takes the contact with the project management process implementing organization: to see first how it is structured internally, what is the chain of power, who are the most powerful and influencing stakeholders, if the power lies on two or more individuals and what is the cascade of power (Board of Directors, Board of Administration, Shareholder Assembly etc.). Without all these the methodology even though born and validated is inoperable.

The PMBoK has the answer: one may go on functional when running small projects as project expediter and still keep the functional structure. But once you cross the point of no return and state that company lives on and from the projects effort the structure must be adjusted to matrix or projectized. There is no halfway choice. Or could be but not proven paying off so far.

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