



CHAPTER SIX

MANAGEMENT OF THE PROJECT-ORIENTED COMPANY

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The general topic of the World Congress of the IPMA (International Project Management Association) in June 1990 in Vienna, Austria, was “Management by Projects.” Since then the vision to cope with the complexity and the dynamics of companies by projects has become a reality. Management by projects is today the most appropriate organizational practice in many industries. Research results about the specific strategies, structures, and cultures of the “project-oriented company” (POC) have been published, even the project orientation of regions and nations have been assessed and benchmarked.

This chapter introduces the POC as a social construct and describes models for the organizational differentiation and integration in the POC, such as projects, programs, expert pools, the PM office, and the project portfolio group. Further, a *POC Maturity Model*, based on the specific business processes of POCs, is presented, which can be applied to assess and to benchmark the competences of POCs.

It is not intended to describe the specific business processes of the POC in detail. This is done in the literature on project and program management. The intention is rather to elaborate on the new perceptions of projects and programs as temporary organizations and social systems, and to present an integrative model for the POC.

The POC: A Social Construct

Companies are becoming more project-oriented. Projects and programs are applied in all industries and in the nonprofit sector. To perceive a company as a POC is a social construction. Any company (or parts of a company, such as a division or a profit center) that

frequently applies projects and programs to perform relatively unique business processes of large scope can be perceived as being project-oriented. (To simplify the further reading, the term project will be used instead of “project and program.” Many of the presented concepts apply to projects as well as programs.)

A POC can be defined as an organization that

- defines “management by projects” as an organizational strategy;
- applies temporary organizations for the performance of business processes of medium and large scope;
- manages a project portfolio of different project types;
- has specific permanent organization units, such as a PM office and a project portfolio group;
- applies a “new management paradigm”; and
- perceives itself as being project-oriented.

Observing the project orientation of a company requires that we put on a special pair of “project orientation” glasses to view the practices of project, program, and project portfolio management and to observe the organizational design and the personnel management practices to support these approaches. These observations are the basis for management interventions needed to optimize the maturity as a POC.

Organizational Fit of the Strategies, the Structures, and the Cultures of the Project-Oriented Company

According to the *organizational fit model*, a company can be described by its strategies, structures, and cultures. These have to fit in order to provide good-quality services and to be cost- and time-efficient.

The specific organizational strategy of the POC is one of “management by projects.” Further, it is characterized by permanent and temporary organization structures, and by a culture based on a “new management paradigm.” Projects as temporary structures can only be performed successfully if appropriate strategic and cultural provisions exist.

“Management by Projects”: The Organizational Strategy of the Project-Oriented Company

Project-oriented companies consider projects not only as tools to perform business processes of medium and large scope but as a strategic option for the organizational design of the company. By applying a management-by-projects approach, the following organizational objectives are pursued:

- Organizational differentiation and decentralization of management responsibility
- Quality assurance by project teamwork and holistic project definitions
- Goal orientation by defining and controlling project objectives

- Personnel development in projects
- Organizational learning by projects

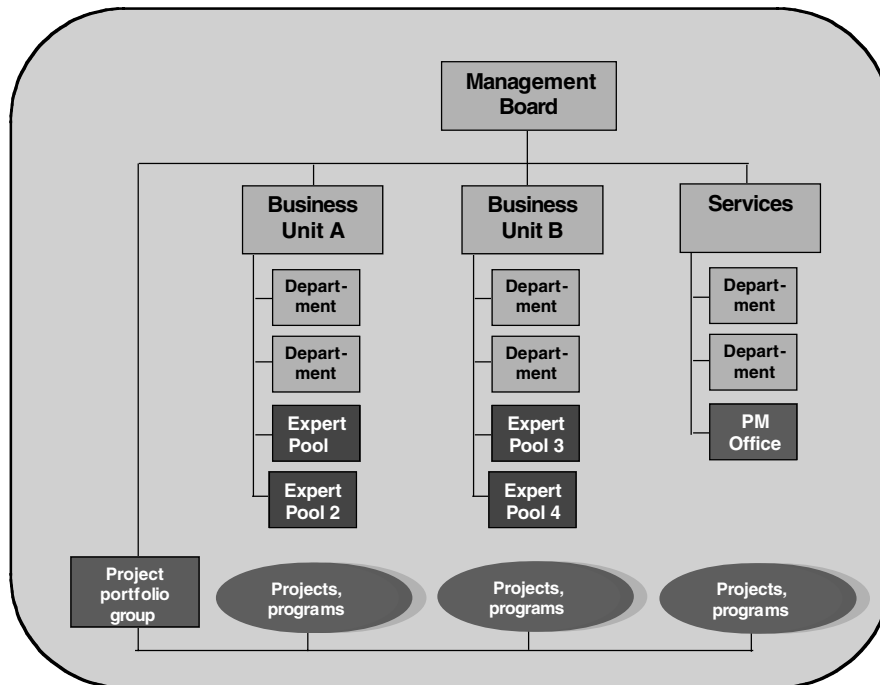
For the implementation of management-by-projects symbolic management measures, showing the importance of projects, are required. Such measures include the following:

- Showing in the organization chart of the company not only the permanent organization structures but also temporary organizations (see Figure 6.1).
- Including project-related functions in job descriptions of all managers and top managers
- Including a statement on the strategic importance of project management in the company mission statement
- Marketing and promoting project management.

Projects and Programs: Temporary Organizations of the POC

For business processes with different characteristics, different organizations are adequate. Line functions such as procurement or production will generally be responsible for routine

FIGURE 6.1. ORGANIZATION CHART OF A PROJECT-ORIENTED COMPANY.



types of business processes. However, for relatively unique business processes of medium or large scope, and of short to medium duration, projects are the appropriate organizations. Projects can be defined for the performance of “contracts” for external clients, as well as for product developments, marketing campaigns, investments in the company infrastructure, or for reengineering activities for internal clients.

A program is a temporary organization for the performance of a business process of large scope. (See the chapters by Thiry, Jamieson and Morris, Archer and Ghamazadeh, Artos and Deitrich, and Shenhar and Dvir, among others, for a further discussion of programs and program management.) A program consists of several closely coupled projects and activities. It has a time dimension and is medium or long term in duration. Typical programs are the development of a “product family” (and not of a single product), the implementation of a comprehensive IT solution for an international concern, the reorganization of a group of companies in a holding structure, and infrastructure investments considering several investment objects.

Projects and programs allow us to further differentiate companies. In addition to the permanent organizations of companies, such as divisions, profit centers, and departments, temporary organizations can also be added.

Clusters of Projects (and Programs)

For the integration of the different projects performed simultaneously in a project-oriented company, projects have to be clustered. Clustering according to the sequence in which projects are performed results in a “chain of projects.” By relating projects to each other according to a defined criterion, such as the technology applied, a common client, or a geographic region, a “network of projects” results. By considering all projects performed by an organization, the “project portfolio” results. A *project portfolio* is defined as a set of all projects a POC holds at a given point in time and the relationships between these projects.

In a project portfolio, different project types, such as internal and external projects; unique and repetitive projects; marketing, contracting, organizational development projects; and infrastructure projects, might be included.

Supporting Projects by a “New Management Paradigm”

The project-oriented company is characterized by the existence of an explicit project management culture—that is, by a set of project management-related values and norms. For the project and the program management processes, specific procedures exist, creating a common understanding for the performance of these processes, the roles involved, and the management methods to be applied.

The application of this “new management paradigm” supports efficiency in the performance of projects. Traditional management approaches, based on a mechanistic management paradigm such as that of Taylorism, emphasize detailed planning methods, focus on the assignment of clearly defined work packages for individuals, rely on contractual agreements with clients and suppliers, and use the hierarchy as a central integration instru-

ment. “New” management concepts, such as lean management, Total Quality Management, the learning organization, and business process reengineering, introduce new approaches. Among the common features of these “new” management approaches are the following:

- The use of the organization to create competitive advantage
- The empowerment of employees
- Process orientation and teamwork in flat organizations
- Continuous and discontinuous organizational change
- Customer orientation, and networking with clients and suppliers

Of course, projects can be performed within a traditional management culture. But this often results in costly, time-consuming, and for the project team members, frustrating experiences. The real benefits, the added values of project management can only be achieved if some concepts of the new management paradigm are applied in the project-performing companies.

Management of Dynamics and Complexity in the Project-Oriented Company

POCs have dynamic boundaries and contexts. On the one hand, as the number and the sizes of the projects performed are constantly changing, permanent and temporary resources are employed and cooperations with clients, partners, and suppliers are organized in virtual teams. On the other hand, varying strategic alliances are established and relationships with different social environments of different projects have to be managed.

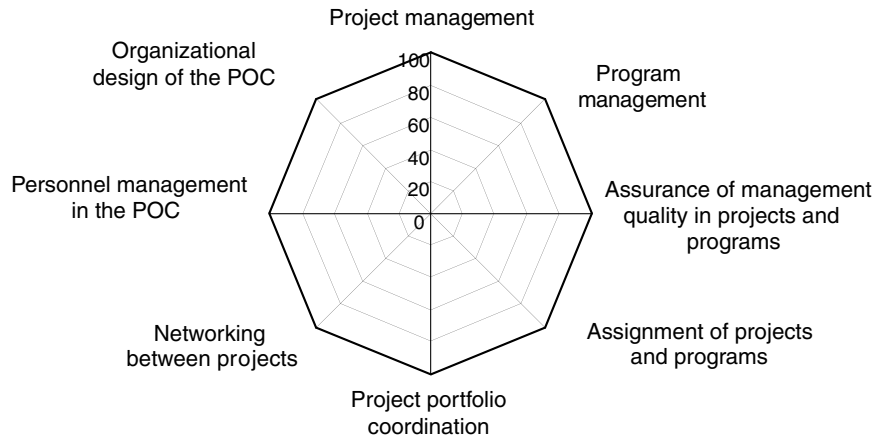
The greater diversity of projects that a company holds in its project portfolio, the more differentiated it becomes organizationally and the greater its management complexity will be. In order to support the successful performance of single projects as well as to ensure the compliance of the objectives of the different projects with the overall company strategies, specific integrative structures, such as a strategic center, expert pools, a PM office, and a project portfolio group are required.

Specific Business Processes of the Project-Oriented Company

The POC is characterized by specific business processes. The processes can be grouped by those that relate to single projects, those that relate to the project portfolio, and those that relate to the permanent organization. The processes of project management, program management, and assurance of the management quality of projects relate to projects. (See the chapter by Heumann on quality assurance.) The assignment of projects, the project portfolio coordination, and the networking between projects can be defined as project portfolio management processes. The personnel management and the organizational design relate to the POC overall.

The specific business processes of the POC can be visualized in a spiderweb graph (see Figure 6.2), which can be used for the analysis of the maturity of a POC (see *Maturity of the*

FIGURE 6.2. POC MATURITY MODEL BASED ON ROLAND GAREIS' MANAGEMENT OF THE PROJECT-ORIENTED COMPANY.[®]



Project-Oriented Company later in the chapter). For each of these processes, which will be described briefly in following paragraphs, the POC requires individual and organizational competences.

Project Management

The perception of projects influences the project management approach. The traditional perception of projects as complex, goal-determined, and risky tasks supports above all the use of project planning methods. Typical examples are the work breakdown structure, the CPM/network scheduling, CPM-supported resource and cost plans, and risk management.

When projects are defined as temporary organizations, the formal establishment of a project, its integration into the overall company organization, and the development of a project specific culture are emphasized. The perception of projects as social systems further promotes the emphasis on, and orientation toward, context in project management. The relationship of a project to company strategies to the other projects performed simultaneously, to the relevant social environments, and to the business case of the investment initialized by the project become a concern (see the chapters by Jamieson and Morris, and by Arttos and Deitrich in this regard). “Social“ project controlling—that is, the controlling of the relationships to relevant project environments and the relationships in the project organization—is considered in addition to controlling the hard project facts (progress, schedule, costs).

ROLAND GAREIS Project and Programme Management[®] represents a such a systemic-constructionistic approach to project management. Projects are perceived as temporary or-

ganizations and social systems; the development of project plans is considered as a construction process. The objects of consideration in the project management process are not only the scope of work, the project schedule, and the project costs, but also the project objectives, the project income, the project organization, the project culture, the project context dimensions—including relationships to the relevant environments, to other projects, and to the company strategies—and the business case.

Project management is defined as a business process of the POC, which includes the subprocesses project start, continuous project coordination, project controlling, resolution of a project discontinuity, and project closedown. (A *project discontinuity* is a discontinuous development of a project. In the case of an existential threat to a project, we talk about a “project crisis.” Another type of a project discontinuity, which also requires a change of the project identity—project objectives, strategies, organization, and culture—is the “project chance.”) The project management process starts with the formal project assignment and ends with the approval of the project results by the project owner.

The project start is the most important project management subprocess, because in it the basis for the other project management subprocesses is established. The project plans, the project communication structures, the relationships to relevant environments, and so on are developed and defined in the project start process. For each project management subprocess, the objectives, functions, methods, responsibilities, and deliverables can be described; this enables the quality of the project management process to be measured.

The objectives of the project management process are to

- successfully perform the project according to the project objectives,
- contribute to the optimization of the business case of the investment, initialized by the project,
- manage the project complexity and project dynamics,
- continuously adjust the project boundaries, and
- manage the project-context relationships.

The project management objective, to contribute to the optimization of the business case of the investment, initialized by the project, is of great concern in product development and capital investment projects and of less concern in contracting projects. Decisions in projects can influence the business case of the investment—for instance, in a new office building—to a large extent. Therefore, the project manager and the project team have to take on the responsibility for the optimization of the business case of the investment too.

A project needs an appropriate degree of complexity to relate appropriately to its environment. It is a project management function to manage—to build up and to reduce—the project complexity. The differentiation of project roles, the creation of subteams, as well as the consideration of different functional disciplines and hierarchical levels in the project team are organizational possibilities for building up complexity. The application of different project management methods (i.e., work breakdown structure, the schedule, the cost and resources plan, risk analysis, project environmental analysis, etc.) offers different perspectives

of the project. This multimethod approach further contributes to the development of the project complexity.

A reduction of project complexity occurs by the application of project management standards and by agreements. The definition of project-specific rules and norms, the development of project plans, and agreements in project owner meetings and project team meetings provide an orientation for the project work.

The project boundaries define what belongs to the project and what does not. The project boundaries are determined by the project scope and by the project start event and end event. Defining the project start and end event allows the preproject phase and the post-project phase to become, or at least limit, the project context. The social context of a project is determined by its social environments. For a project, these are those environments that we can expect will influence the success of the project.

Projects evolve over time. In the course of this, we can differentiate between continuous and discontinuous developments. Discontinuous developments can take place when project crises or chances occur.

Program Management

A program, as you have seen, consists of several projects and activities that are closely coupled by common program objectives, strategies, and rules. Usually, some of the projects in a program are performed sequentially and some are performed in parallel.

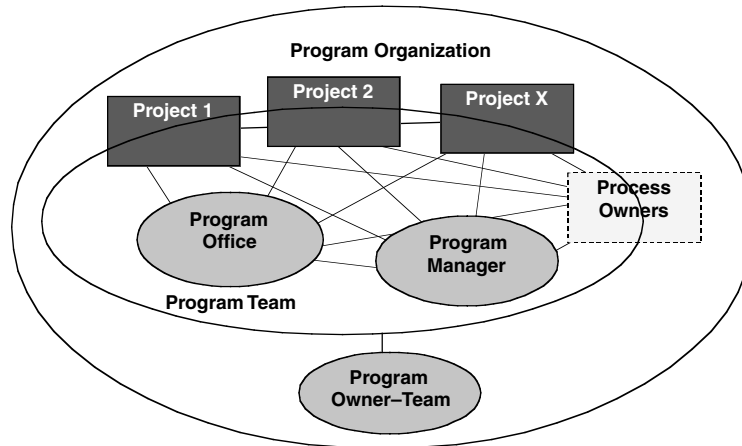
Program management has to be performed in addition to the management of the single projects of a program. The program management process has the same structure as the project management process (though see Thiry regarding different emphases in program management). This includes the subprocesses of starting, coordinating, controlling, and closing down a program, and possibly resolving a program discontinuity. Also, program management methods are similar to the project management methods—in other words, there is a program work breakdown structure, a program bar chart, a program environment analysis, and so forth.

To allow for autonomous projects on the one hand but to ensure the benefits of organizational learning, economies of scale, and networking synergies in a program on the other hand, a specific program organization has to be designed. Typical program roles are program owner team, program manager, program office, and program team (see Figure 6.3). The program owner assigns the program to the program manager, who is responsible for the program management. He or she is supported by the program team members and the program office. Typical program communication structures are program owner meetings and program team meetings. The function of the program organization is to integrate the different projects of a programme, in order to fulfil overall program objectives and strategies.

The advantages of designing a program organization instead of defining a large “project” with several subprojects are as follows:

- A less hierarchical organization
- A clear terminology: a program manager and several project managers instead of one project manager and additional “project managers” of the subprojects

FIGURE 6.3. PROGRAM ORGANIZATION CHART.



- Empowerment of the projects (of the program) by allowing for specific project cultures, specific relationships to social environments, and specific project organizations
- Differentiation between program ownership and ownerships for the different projects

Assurance of the Management Quality in Projects and Programs

Projects and programs are relatively autonomous organizations of the POC. The management of projects and programs is supposed to be performed according to the general project and program management procedures of the POC. Management consulting and management auditing have to be performed in order to ensure the application of these general management procedures and to ensure the management quality in the projects and programs.

Management Consulting of Projects and Programs. The objective of management consulting of a project is to further develop the project management competence of this project. Not only are the competences of the project manager or the project team further developed (in which case this service would be defined as “coaching”) but the temporary organization overall is consulted. The project as a temporary organization becomes the object of the management consulting service. This means that not only a permanent organization, such as a company or a profit center, but also a project can be the client in the consulting process.

By definition, projects are complex, risky, and dynamic. Therefore, they need high management attention and management quality. This can be ensured by involving project-external consultants. In a consulting assignment, any of the management subprocesses of a

project (start, controlling, resolution of a discontinuity, closedown) or all of them can be considered. Specific management consulting services for programs might include the establishment of the program office, the development of a program marketing plan, or the definition and description of program-specific business processes.

The quality of the management consulting process can be measured. The key quality metric is the management competence of the project. It can be measured if there are improvements in the management competences of the members of the project organization, in the quality of the project meetings, in the project management documentation, in the project image, and in the relationships of the project to the relevant project environments.

The management consulting process starts with the initial contact between the potential consultant and the project. It includes analyzing the situation, moderating meetings and workshops, documenting these meetings and workshops, supporting the development and the updating of project management documentations, and so forth. Among the important intervention methods of consultants are interviews, documentation analyses, observations of meetings, and feedback.

The management consultants are assigned by the project owner. They are project-external people, but not necessarily company-external individuals. In many project-oriented companies, management consulting on projects and programs is considered an opportunity for job enlargement for senior (project) managers. Therefore, internal management consultants for projects and programs are developed in special training and coaching programs.

Management Auditing of Projects and Programs. Often a management audit on a project or a program is performed because of performance problems. Actually, management auditing is an instrument of quality management in projects and programs. It is an instrument of organizational learning of the POC.

The NEN-EN ISO 19011 (2002) defines auditing as “systematic, independent and documented process for obtaining audit evidence and evaluating it objectively, to determine the extent to which the audit criteria are fulfilled.” Criteria for a management audit of projects are the project management approaches against which the projects are audited. These approaches are documented either in company-specific or in generic project management procedures.

While in a project audit the business processes for the contents as well as the project management process are considered, management auditing focuses on the project management competences only. The objects of consideration of a management audit are the project management subprocesses.

In the management audit of projects, we can differentiate the roles that the audit owner, auditor(s), and representatives of the audited project or program assume. The auditor(s) are project-external, but might be recruited from within the POC. The role of a management auditor of projects and programs is also sometimes seen to be an option for job enlargement for senior (project) managers of the POC.

Assignment of Projects and Programs

Companies invest in their infrastructure, in new products or services, in new markets, in the organization, or in their personnel. A project or a program might involve initializing

such an investment. Therefore, an investment decision is often the basis for the decision to pursue a project or a program. For the investment decision, a business case analysis and initial project (or program) plans have to be developed. These documents are part of the investment proposal.

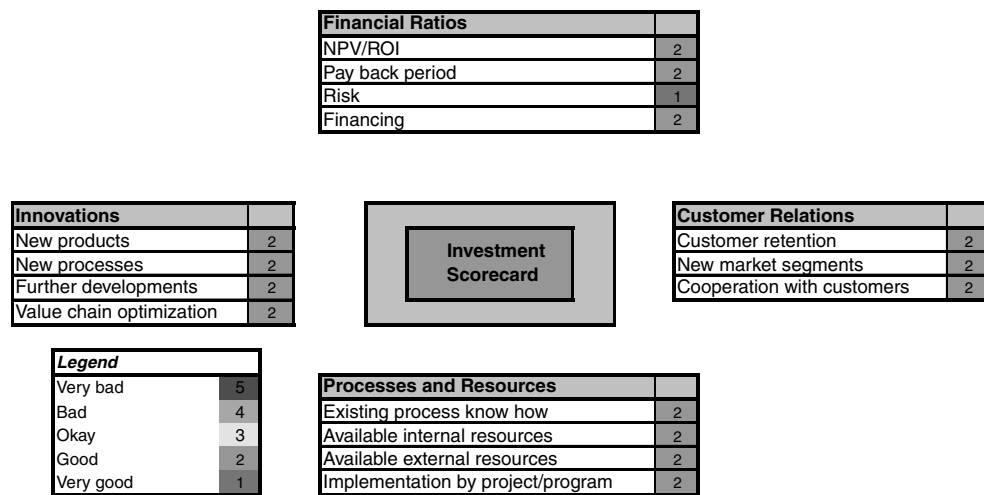
We must ensure the alignment of an investment with the company strategies. A formal instrument for this alignment is an investment scorecard. In such a scorecard, the investment decision criteria are documented (see Figure 6.4). Among the criteria to be considered for scorecards are financial data, customer relations, processes and resources, and innovations. (See also the chapter by Brandon on the balanced scorecard and project management.)

The investment decision is the basis for the decision about the appropriate organization for its implementation. A decision board has to decide if the investment is to be implemented by a project, by a program, or by organizational units of the permanent organization.

It is also necessary to analyze the fit of the project into the existing project portfolio. Each new project added to the portfolio means the mix has changed and a new portfolio is created. The relationships of the new project to the existing projects have to be considered and optimized. The decision about the project owner has to be made. The assignment of key personnel to the project, and the selection of partners and contractors for the project have to be made in consideration of the relationships to other projects in the project portfolio. (See the chapter by Archer and Ghasemzadeh.)

The authority to make the investment decision and the project assignment decision may either be divided between an investment decision board and a project portfolio group (PPG) or might be with the PPG only. The role of the PPG is described in *Organizational Design of the POC* later in the chapter.

FIGURE 6.4. INVESTMENT SCORECARD.



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N_
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Project Portfolio Coordination

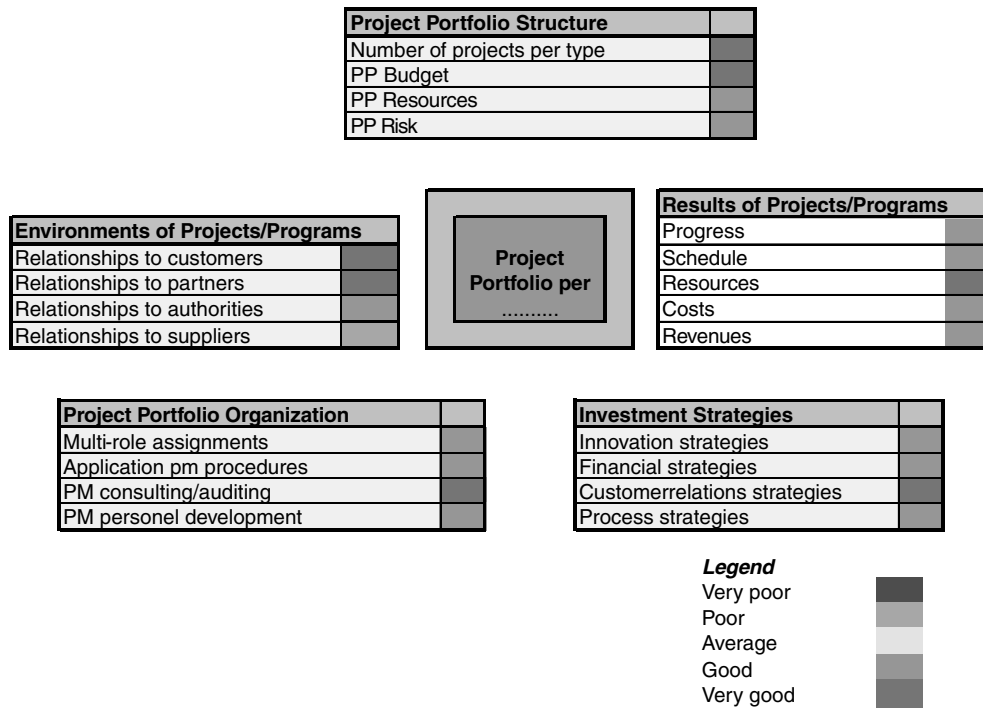
The objectives of the project portfolio coordination process are as follows:

- Optimization of the results of the project portfolio, and not of the single projects
- Definition of project priorities
- Coordination of internal and external resources
- Organization of learning of and between projects

The basis for the coordination of the project portfolio is a project portfolio database, which typically includes data about the project types, relations of projects to other projects, the project organizations, relevant project environments, and project ratios. The project portfolio database is not a project information system but contains aggregated project data only. It might be integrated in a project information system.

The project portfolio database allows the development of project portfolio reports. Typical project portfolio reports are the project portfolio bar chart, the project portfolio profit-

FIGURE 6.5. PROJECT PORTFOLIO SCORECARD.



S_
N_
L_

risk graph, and the project portfolio progress chart. An integrative project portfolio reporting tool is the project portfolio scorecard (see Figure 6.5). It shows how the actual project portfolio contributes to the implementation of the company strategies, reporting on the structure of the project portfolio and on the project portfolio status overall. Visualizing the project portfolio reports contributes to their acceptance as communication instrument for management and top management.

Networking between Projects

A set of closely coupled projects can be defined as a network of projects. Examples of the criteria, which might relate projects in a network, are a common technology applied, a common client, a common partner or supplier, or a common geographic region. The construction of a network of projects occurs at a point in time, in order to resolve a common problem or use a common opportunity. Therefore, a network of projects is not an organization with a common objective and a manager, such as a program, but it is an ad hoc communication structure.

The objective of constructing networks of projects is to identify synergies and potential conflicts between projects and to define strategies and measures to resolve the conflicts and to use the synergies. The networking between projects might result in a redefinition of the objectives of one or more projects of the network, in an assignment of common resources to two or more projects, or in renegotiations of contracts with the clients, partners, or suppliers.

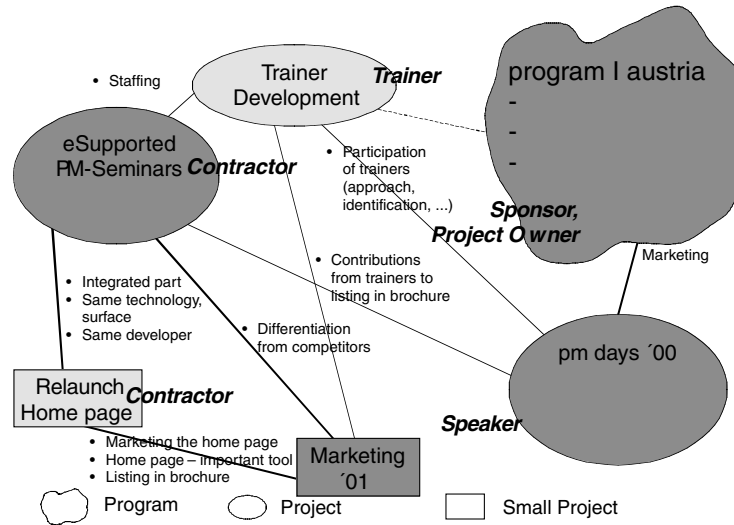
The networking might be promoted by the PM office to generate the added value. The construction of the network of projects, the description of existing relationships between projects, and the establishment of new relationships is organized through ad hoc communications (meetings, workshops) of the project managers of the projects of the network. Also, project team members and representatives of relevant project environments, which might contribute relevant information, might participate. The communication between the projects requires a trust and openness between these partners.

An example of networking between projects is presented in Figure 6.6.

The demand for networking between projects of an Austrian consulting company, visualized in Figure 6.6, occurred because of a crisis in the project “eSupported PM-Seminars.” In this project the cooperation with the IT supplier caused major problems. The project portfolio database showed that this IT supplier was also supplier or cooperation partner in other projects. Measures to resolve this problem could not be decided under consideration of the eSupported PM-Seminars project only, but the relationships to the other projects the IT supplier was involved in had to be considered too.

To analyze the consequences for all the projects the IT-supplier was involved in, a networking workshop with the project managers of the projects was organized, with the objective to analyze the relationships between the projects and to develop common strategies and measures to resolve the problem. The strategy agreed on was to further cooperate with the IT company but to reduce the dependency on it as partner and supplier. Measures agreed on were to resolve the crisis of the eSupported PM-Seminars project, to assign the

FIGURE 6.6. NETWORK OF PROJECTS PERFORMED WITH AN IT COMPANY.



same developer to two projects, and to cancel the invitation of employees of the IT supplier to join the trainer team.

Personnel Management in the Project-Oriented Company

Personnel management processes in the POC include the recruiting, leading, developing, and releasing processes for project personnel. (See the chapter by Heumann, Turner, and Keegan for more on personnel management and project management.)

In POCs a project management career path exists. This is based on definitions of competences for the different roles in the POC. *Competence* can be defined as knowledge, skills, behaviors, and experience required for the performance of a business process. The specific competences that are required in a POC relate to the performance of the specific business processes of the POC. The competences are required by individuals and by teams.

Competences of Project Management Personnel. The project management competences required differ according to the project roles to be fulfilled by individuals. The following project roles can be performed by individuals: project owner, project manager, project management assistant, project team member, and project contributor. The project contributor contributes to the performance of work packages but does not (compared with the project team member) participate in project team meetings. The project management functions to be performed by project personnel can be described in project role descriptions (see, for example, Figure 6.7).

S_
 N_
 L_

FIGURE 6.7. PART OF THE DESCRIPTION OF THE ROLE "PROJECT MANAGER."

Role Description: Project Manager
Objectives
<ul style="list-style-type: none"> • Representation of the project interests • Contribution to the realization of the project objectives and to the optimization of the business case • Leading the project team and the project contributors • Representation of the project towards relevant environments
Organizational Position
<ul style="list-style-type: none"> • Member of the project team • Reports to the project owner team
Tasks
<i>During the project assignment process</i>
<ul style="list-style-type: none"> • Formulating the project assignment together with project owner team • Nominating the project team members
<i>During the project start process</i>
<ul style="list-style-type: none"> • Know-how transfer from the pre-project phase into the project • Development of adequate project plans • Design of an adequate project organization • Performance of risk management • Design of project-context relations • etc.
<i>During the project controlling process</i>
<ul style="list-style-type: none"> • Determination of the project status • Redefinition of project objectives • Development of project progress reports • etc.

FIGURE 6.7. (Continued).

<i>During the resolution of a project discontinuity</i>
• Analysis of the situation and definition of ad hoc measures
• Development of project scenarios
• Definition of strategies and further measures
• Communication of the project discontinuity to relevant project environments
• etc.
<i>During the project closedown process</i>
• Coordination of the final contents work
• Transfer of know-how into the base organization
• Dissolution of project-environment relations
• etc.

The project manager requires knowledge and experience not only to apply project management methods but also to creatively design the project management process. These design functions include the following:

- Selection of the project management methods appropriate for a given project
- Selection of the appropriate communication structures
- Facilitation of the different workshops and meetings
- Decision to involve a project management consultant
- Selection of the appropriate IT and telecom infrastructure
- Definition of the appropriate form for the project management documentations

The project management competence of a project manager is the capability to fulfill all functions specified in the role description. Besides the project management knowledge, skills, behaviors, and experience for a given project type, a project manager needs product, company, and industry knowledge. In international projects, cultural awareness and language knowledge are also prerequisites.

Competences of Project Teams. To perform a project successfully, a project team requires team competence. The competence of a project team can be defined as the competences of the project team members plus the social knowledge and experience of the team to create the “big project picture,” to produce synergies, to solve conflicts, and to ensure learning in the team.

A project team cooperates in workshops and meetings. The application of project plans, such as a work breakdown structure, a schedule, a project environment analysis, and so on, are tools, to support the communication in the project team.

Organizational Design of the Project-Oriented Company

To integrate the different projects performed simultaneously, a POC requires specific permanent organization structures, such as a PM office, a project portfolio group, and expert pools.

The PM Office. To ensure that the different ongoing projects apply a common management approach, somebody in the POC has to take on the ownership for the project management process. The project management competences of the POC have to be institutionalized. The PM office is the organizational unit that can take on this responsibility. (See the chapter by Young and Powell for more on the PM office.)

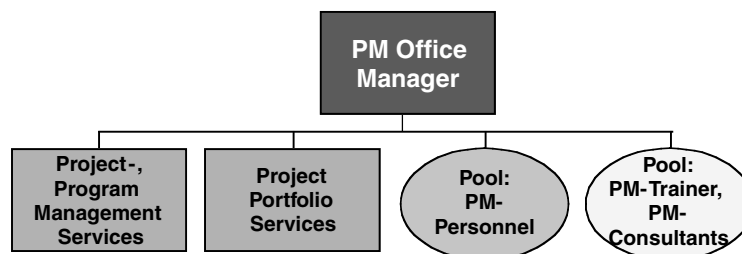
The PM office is a permanent structure and is part of the base organization of the POC. It provides services for all projects of the POC and also for the project portfolio group. The PM office has to be differentiated from project offices and program offices, which are temporary, are part of the project or program organization, and provide services for one project or one program only.

The organization chart of a PM office (see Figure 6.8) includes the roles PM office manager and personnel for project, program, and project portfolio management services. The expert pools “PM-Personnel” and “PM-Trainer, PM-Consultants” might be coordinated by the PM office manager.

Services provided by the PM office might include the following:

- Development and maintenance procedures for project and program management, management auditing of projects and programs, and project portfolio management
- Development and maintenance of standard project plans (standard WBSs, work package specifications, milestone lists, etc.)
- Provision of project management support services
- Project and program marketing
- Organization of project management training, coaching, consulting, and auditing
- Promotion of project management as a profession by establishment of a project management career path, project management certification programs

FIGURE 6.8. ORGANIZATION CHART OF THE PM OFFICE.



- Assurance of a project management infrastructure (meeting rooms, ICTtools, moderation tools)
- (Internal) benchmarking of the project and program management processes
- Maintenance of the project portfolio database
- Development of project portfolio reports
- Support of the meetings of the project portfolio group

The Project Portfolio Group. In a POC many projects are performed simultaneously. Synergies and possible conflicts between these projects have to be managed. The results of the project portfolio have to be optimized. Because of the high organizational differentiation of the POC, the management of the project portfolio might not be taken care of in the usual meeting structures, such as management board meetings, department head meetings, and so on. It might be preferable to delegate this responsibility to a specific communication structure, the project portfolio group.

The project portfolio group is a permanent organization structure of the POC. It could be considered as a staff or a line position reporting to the management board. Five to eight managers of profit centers and departments being strongly involved in projects and programs should be members of the project portfolio group. In a major Austrian telecommunication with some 1,500 employees and 70 to 80 projects at any given time in the project portfolio, the project portfolio group consists of the department heads for marketing, engineering, call center, IT, and PM office. The head of the group is the director of finance. The project portfolio group meets every week for two to three hours.

Depending on the duration and the dynamics of the projects in the portfolio, not more than 100 projects should be managed by one project portfolio group. In large POCs several project portfolio groups, differentiated by project types or by business units, might be required. The major services of the project portfolio group are the selection of projects, to be started and integrated into the project portfolio, the creation of synergies (common use of resources, economies of scale, organizational learning) and the resolution of conflicts within the project portfolio, and the quality assurance and the provision of early warnings in the project portfolio. Criteria for the assurance of the project portfolio quality are, for example:

- The number of projects for one project manager
- The number of projects for one project owner
- The number of projects per project type
- The project portfolio budget (per project type)

Expert Pools. Experts, to perform the work packages in projects, are required in POCs. Depending on the type of industry a POC is in and the type of projects it performs, different expert categories are required. Typical expert pools are pools of engineers (differentiated by mechanical, electrical, engineering, etc.), procurement experts, and marketing experts. These experts most of all need competence in the discipline they represent, but they also need project management competence in order to cooperate in teams. The roles in an expert pool are the expert pool manager, the experts, and exchange of experience groups and possibly supervision groups.

One important expert pool of a POC is that pertaining to “project management.” The experts of this pool might be differentiated in relation to a project management career path into project management assistants, junior project managers, project managers, senior project managers, and program managers.

An expert pool manager has personnel management, knowledge management, and infrastructure management functions. He or she has to recruit, develop, and allocate personnel, has to further develop standards and provide ethics of work, and has to provide the infrastructure for the performance of the work packages. On the other hand, the quality control of the work packages, which are performed in the projects and programs, is not his or her responsibility.

Maturity of the Project-Oriented Company

Not only individuals but also organizations have the capability to acquire knowledge and experience and to store it in a “collective mind” (Senge, 1994; Weik and Roberts, 1993). Organizational principles, which might be stored in the collective mind of a POC, are project management procedures, project management templates, standard project plans, procedures for the management auditing of projects, as well as project portfolio management procedures, structures for a project portfolio database, and standard project portfolio reports.

Assessing and Benchmarking the Maturity of a POC

The organizational competences of the POC can be assessed with the *POC Maturity Model*. This model is based on a POC questionnaire and is visualized in a “POC spiderweb.” The axes of the spiderweb represent the business processes of the POC. The maturity of a POC in the performance of each of these processes can be assessed by the application of a set of questions relating to the business process.

Questions relating to the project start process are grouped regarding the planning of project objectives, the project risk, the project context relationships, the project organization, and the project culture. They are not assessed for the application of a given project management method, but for the resulting project management documents.

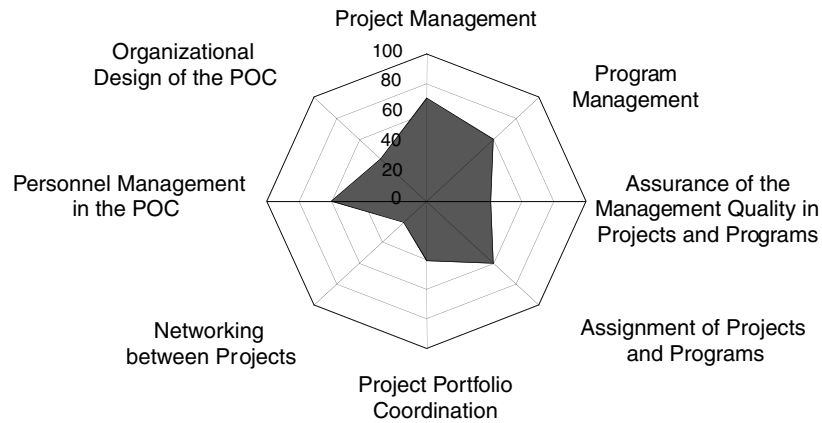
The overall maturity of a POC can be represented by the area in the spiderweb (see Figure 6.9).

The maturities of POCs can be benchmarked and further developed. Instruments to develop the competences of individuals performing roles in the POC are (self-) assessments, trainings (classroom, on the job), and coachings. Instruments to develop the organizational competences of the POC are assessments, benchmarkings, and organizational development projects—for instance, to implement project portfolio management in order to establish a PM office.

Summary

“Management by projects” is the organizational strategy of the POC. The application of a “new management paradigm” supports the efficient application of projects in the POC.

FIGURE 6.9. MATURITY OF A POC.



Specific organizational structures, such as expert pools, a project portfolio group, and a PM office, are required to perform integrative functions in the POC. For the performance of the specific business processes of the POC, specific competences are required by individuals, teams, and the POC overall.

It is important to differentiate between the project management process and other specific processes of the POC. Even though project management is the most important business process of the POC, competences for the performance of the other specific business processes of the POC have to be further developed too. The *POC Maturity Model* supports the assessment as well as the further development of these competences.

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