

Recent developments in project-based organisations

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Abstract

Project-based organisations (PBO) refer to a variety of organisational forms that involve the creation of temporary systems for the performance of project tasks. Recently, project-based organisations have received increasing attention in recent years as an emerging organisational form.

Recent studies have demonstrated that mature project-based organisations need to adopt integrative approaches that will enable consistent structures, delivery of strategy and uniformisation of knowledge. However, it is generally recognized that project-based organisations are struggling to integrate knowledge and structures and that projects are often viewed as “singular ventures”.

It is the purpose of this paper to further investigate and understand how the widespread adoption of a project management approach within organisations has come to gradually influence their strategy and governance approaches.

This paper concludes that an important aspect of PBOs is yet unexplored and lies in the development of a collaborative relationship between the fields of project and general management and the importance of developing a common language that fosters dialogue. It also emphasises a two way relationship which recognises that project management practice can and will influence organisational practices as well as the obvious reverse.

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1. Introduction

The purpose of this paper is to investigate and understand the double loop effect of strategy, governance and structure on project management and vice versa. To do so, the paper provides an overview of the different terms and definitions pertaining to “project-based organisations” (PBOs) highlighting how they aim, but not always succeed, to adopt consistent structures to facilitate delivery of strategy [30,7,46]. It is many authors’ claim that the positivist paradigm’s legacy has continued to rationalise strategies even if this has led to mitigated success and that, still today,

strategy implementation does not go much beyond planning [36,15,52]. Recently models such as the balanced scorecard [38] or the business excellence model [19], which were developed to assist the implementation of strategies have in fact intensified the problem by further increasing controls rather than facilitate implementation.

It is also well documented that the actual strategy process, in contrast to project processes, is often not planned, linear and rational, but rather ongoing, emergent and enacted [15,52,6]. If anything, PBOs should stimulate the potential for projects to shape or reshape strategies (see Fig. 3). However, it is generally recognized that PBOs are struggling to integrate knowledge and structures when projects are viewed as “singular ventures” [22] and that, taken individually, these typically do not reflect the organisation’s strategic intent.

Recent management literature puts forward new perspectives of corporate governance that promote a shift from strictly shareholder to stakeholder and value

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creation approaches, hence, indirectly supporting the movement of organisations towards a more project-based approach. Theoretical frameworks consistently point to the importance of a paradigm shift for projects to become vectors of an organisation's strategy [23]. Consequently, it is surprising that a consistent review of the general management literature demonstrates that project, project management (PM) and project-based organisation (PBO) do not appear as keywords or in the titles of the management consulting or strategic management literature. Project management papers are often confined to either the project management journal (PMJ) or the international project management journal (IJPM); these are seldom read by the larger management community. Similarly, when questioned, few project managers seem to see themselves as “Managers” as demonstrated with the abundance of presentations at both the project management institute (PMI) and international project management association (IPMA) conferences and the publications in the PMJ and IJPM. When these issues arise, they focus mainly on the difficulties and the importance, for project managers, to communicate with upper management levels. These considerations have led the authors to question the concept of professional identity and the subsequent elaboration of vocabulary as at least partly responsible for the CXO/PM dichotomy as outlined by such dialectic approaches as Foucault [24]. In this sense, an ‘identity’ is communicated to others in our interactions with them. But this is not a fixed thing within a person, it is a shifting, temporary construction. The identity issue would support findings from Keegan and Turner [39] that language itself appears to be a strong barrier to acceptance of more intuitive and emergent forms of managing in general and even more so for project managers.

The authors conclude that an important aspect of PBOs is yet unexplored and lies in the development of a collaborative relationship between the fields of project and general management and emphasises the importance of developing an overlapping zone of common identity and language between Project Managers and Managers ‘at large’ that fosters dialogue. It also underlines the importance of establishing this two way relationship which recognises that project management practice can and will influence organisational practices as well as the obvious reverse.

2. Context: project-based organisations (PBO)

PBOs have received increasing attention in recent years as an emerging organisational form to integrate diverse and specialized intellectual resources and expertise [14,30,20,40,46]; in [69, p. 1475].

We first provide an overview of the different terms and definitions pertaining to “project-based organisations” since the concept first started becoming more popular in the late 1990s. “Firms in all types of industries are undertaking projects as a growing part of their operations” Hob-

day [30] refers to these as *project-led organisations* and distinguishes them from *project-based organisations*. DeFillippi and Arthur [14] refer to similar yet different project-based enterprises and more recent definitions such as those provided by Lindkvist [46] are discussed.

DeFillippi and Arthur [14] have identified project-based enterprises as organisations that manage production functions within a temporary project organisation setting, e.g. cultural industries (film production and theatre) and professional services (public relations and events management). For firms that conduct the majority of their activities in project mode and/or privilege the project dimensions over functional dimensions in their structure and processes, Lindkvist [46] talks about *project-based firms*. Expanding on Clark and Wheelwright's [9] four organisational structures for new product development organisations, Hobday [30] distinguishes six types of organisational forms from functional to project-based. He identifies two types of project organisations: project-led organisations, “in which the needs of projects outweigh the functional influence on decision-making and representation to senior management, but some coordination across project lines occurs” (p. 878) and project-based organisations, where “the project is the primary business mechanism for coordinating and integrating all the main business functions of the firm (with) no formal functional coordination across project lines” (p. 874).

In this paper, we will use the term project-based organisations (PBO), which seems to be the most accepted, and concentrate on this type of organisation. Hobday [30] describes PBOs as pure projectized organisations with no functional links. For the purpose of this paper, project-led organisations will be considered as included in the PBO concept since the pure PBO is a relatively specialised type of organisation. Additionally, PBOs can refer to either entire firms (as in construction, consultancy and professional services) or multi-firm consortia or networks [29]; it is also possible that some large project-based organisations have functional support areas or that the PBO is nested within subsidiaries or divisions of larger corporations [69].

Many PBOs, as they move from single to multiple project management, have adopted enterprise level IT systems that aim to manage the data produced at project level and collate it at management level. Many have developed programme or project management offices (PMOs) which can have many functions, but are mostly used to generate data and develop standardised project management practices [2,28]. Others still, have implemented portfolio management practices, which have been described as the coordinated management of a collection of projects that may be related or independent of each other [48] or “the process of analysing and allocating organisational resources to programmes and projects across the organisation on an ongoing basis to achieve corporate objectives and maximise value for the stakeholders” [72]. In all these examples, the focus is on the management of single projects, with

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