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Unit IV

Project Organization

Programme Educational Objectives

Our program will create graduates who:

- 1. Will be recognized as a creative and an enterprising team leader.*
- 2. Will be a flexible, adaptable and an ethical individual.*
- 3. Will have a holistic approach to problem solving in the dynamic business environment.*

Project Management Course Outcomes

- CO1-Given a project example (construction, organizing event), student manager will be able to construct and explain project life cycle of the project.
- CO2-Given a construction project example, the student manager will be able to identify the probable risks in the project and explain the steps of risk response planning process of the project.
- CO3-Given the time duration and cost estimates for various activities in a project, the student manager will be able to construct a Gantt chart of the project.

CO4- Given a condition (Early project delivery, project delay, shifting to new project, cost escalation), the student manager will be able to identify the reason for fast tracking the project and explain the process of fast tracking that project.

CO5- Given an organizational project example, the Student manager will be able to select and explain the type of project organization structure of a given project.

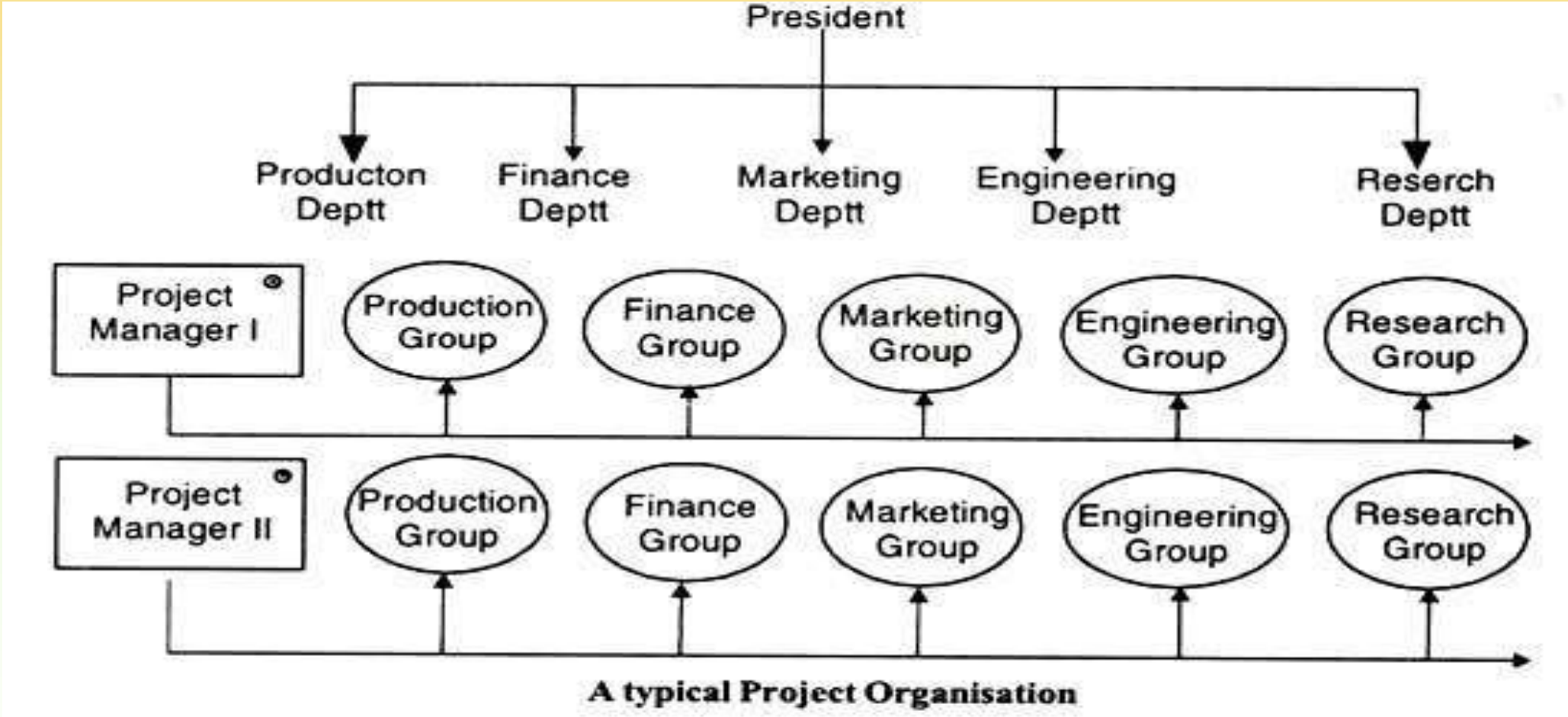
Project Organisation Defined:

- A project organisation is one, in which a project structure is created as a separate unit or division within a permanent functional structure;
- drawing specialists and workers from various functional departments who work under the overall leadership, control and co-ordination of a project manager to complete projects of a technical and costly nature.

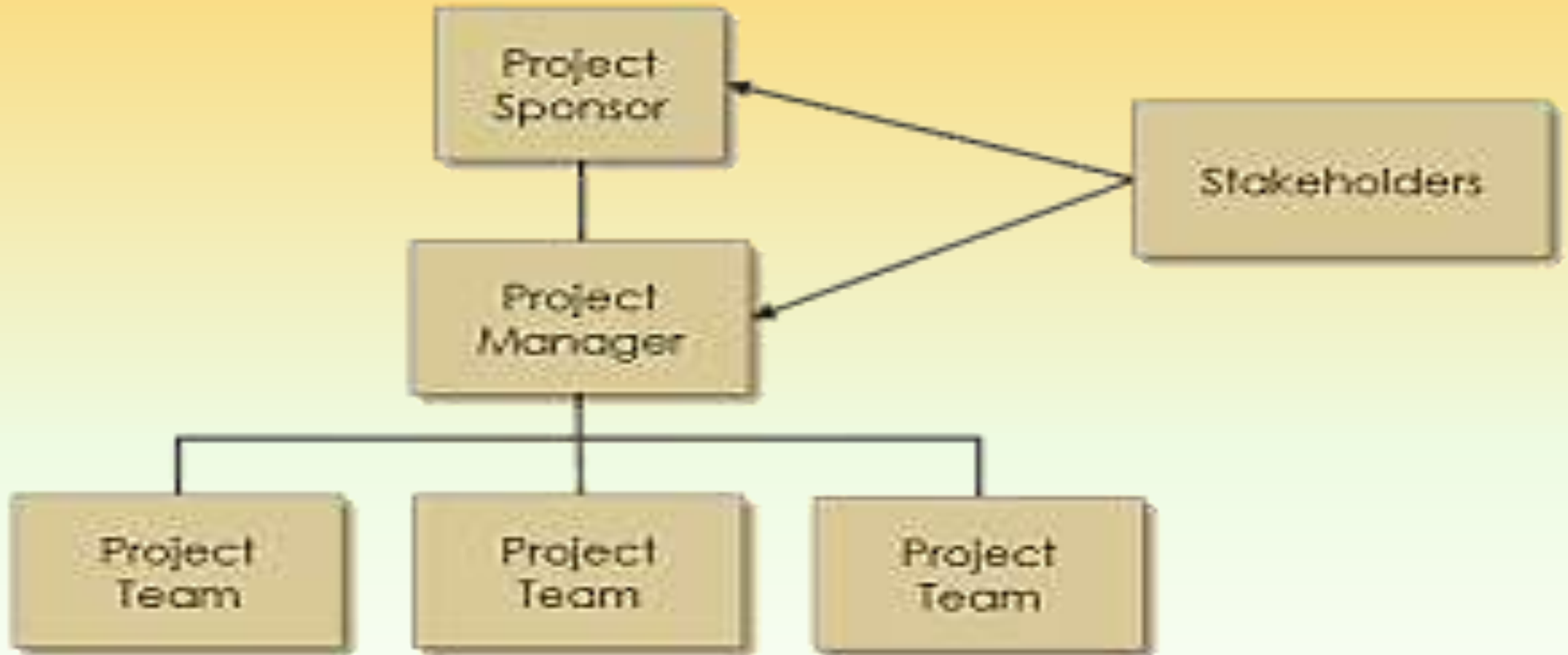
Conditions Requiring A Project Organization:

- (i) Project is of a technical nature, requiring utmost precision and accuracy e.g. ship-building, designing and launching of satellites, aircraft manufacture etc.
- (ii) Project completion requires huge cost.
- (iii) Time factor is a critical factor; requiring project-completion within a limited prescribed time. Any delays in completion of project within time may tell upon the reputation of the organisation.

Chart of Project Organization:



The Project Organization Chart



Project Sponsor

- **This is the person to whom the project's deliverables are delivered.**
- **For example**, a project to build a bridge is likely to have a project manager within the construction company, and a project sponsor within the owner organization (e.g. government).
- The project sponsor is not responsible for the day to day operations of the project, but is the funding liaison and central organizational contact for the project.

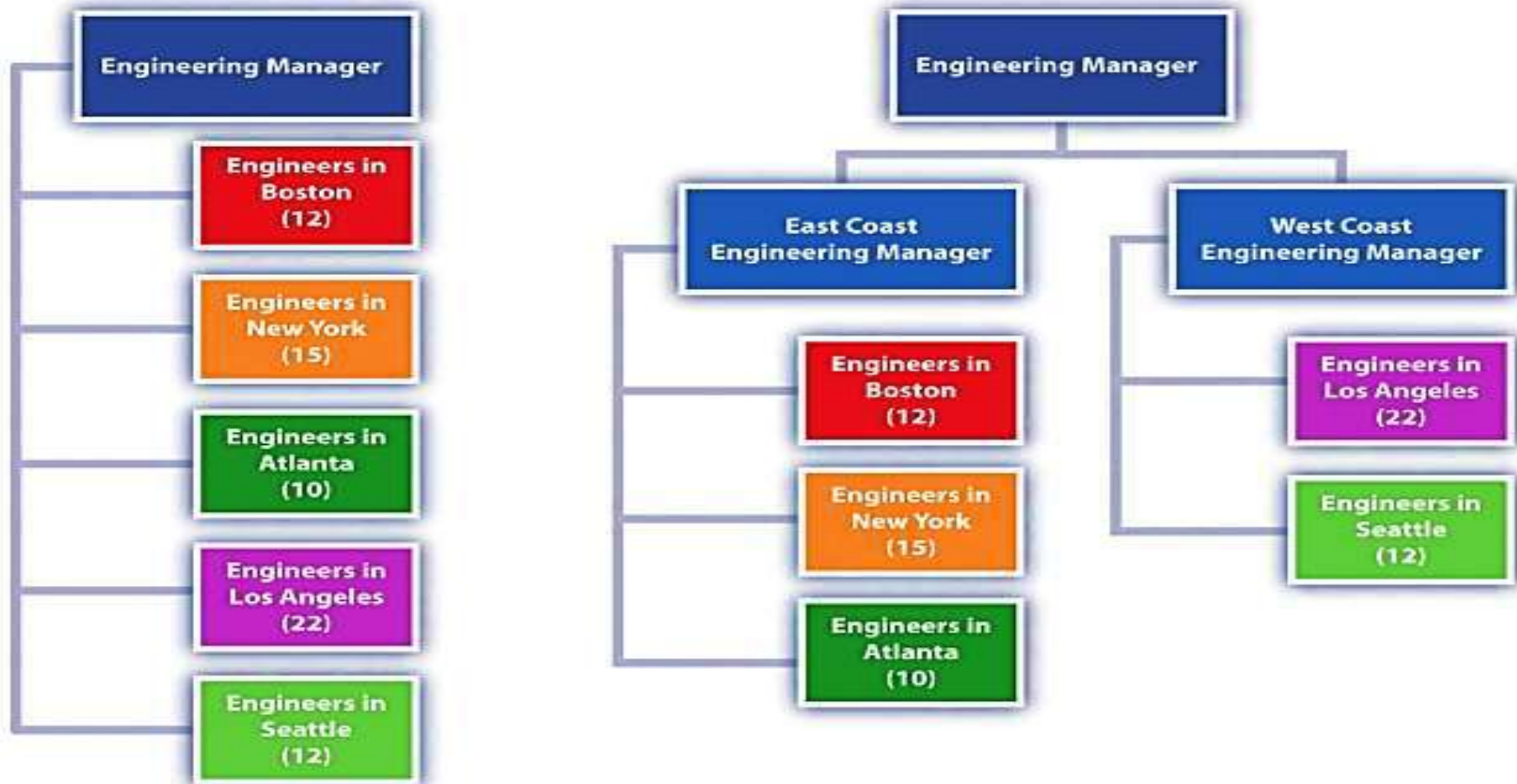
Project manager

- The project manager produces the project plan and then ensures the project stays within the plan.
- This plan takes the form of a document called a Project Management Plan.
- The project sponsor approves the project management plan during the planning phase and it then becomes the official reference for the project.
- If changes need to be made, the project manager generally requests changes from the project sponsor, especially if there is time or more money involved.

Project Team

- Project team members can come from other departments or they can be hired externally.
- If any members of the project team have ongoing commitments to their departments, it is even more imperative to manage their work to ensure the project does not suffer.
- This is done via a resource calendar.

Decreasing Span of Control by Increasing Levels of Reporting



Project Quality

- The project quality manager focuses on the quality of the project work processes and not the quality of the client's product.
- For example, if the project is to design and construct an automobile factory, the quality manager focuses on the project work processes and meeting the technical specification of the equipment installed by the project team.
- The project quality manager is not responsible for the quality of the car the plant produces.

Project Administration

The administrative function provides project specific support such as the following:

- Accounting services
- Legal services
- Property management
- Human resources (HR) management
- Other support functions found in most organizations



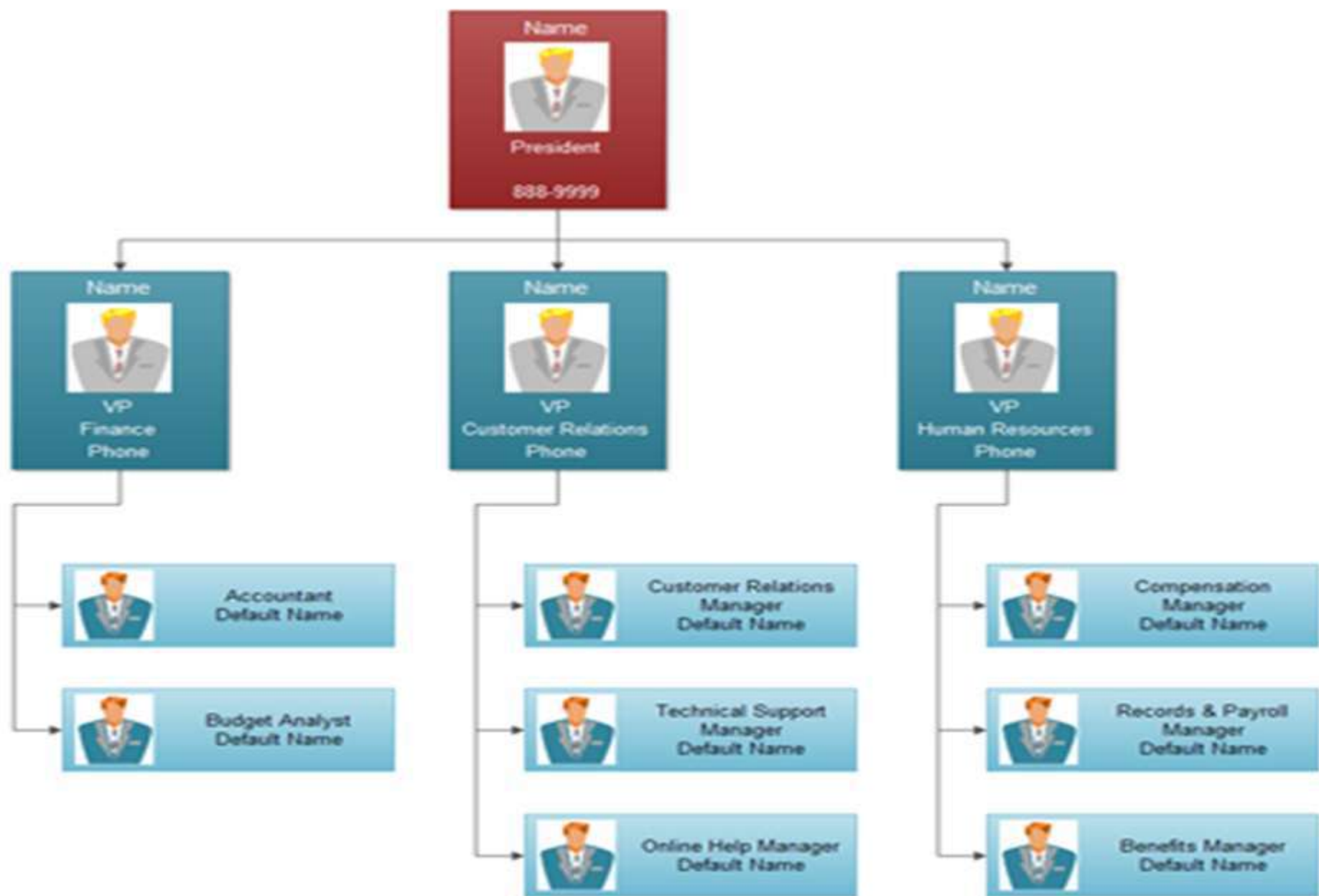
Unit IV

Functional Organization

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Example Functional Organizational Chart





Functional Organization Structure

- A functional organization structure is a hierarchical organization structure wherein people are grouped as per their area of specialization.
- These people are supervised by a functional manager with expertise in the same field.
- This expertise helps him effectively utilize the skills of employees, which ultimately helps him in achieving the organization's business objectives.

Classification

- In this kind of organization structure, people are classified according to the function they perform within the organization.
- **The organizational chart for a functional organization structure shows**
 - the president,
 - vice president,
 - finance department,
 - sales department,
 - customer service,
 - administration, etc.

What kind of organization is suitable for functional structure?

- It's suitable for smaller companies that focus on single product or service.
- It works better in a stable environment where your business doesn't need much change or update.

It is particularly effective in the following situations:

- Large volume of standardized product or service sales
- Reduced level of change within the industry
- Large fixed asset base
- Minimal amount of entirely new product line introductions

Advantages of the Functional Organization Structure

- Employees are grouped by their knowledge and skills, which helps achieve the highest degree of performance.
- Employees are very skilled. Efficiency is gained because they are experienced in the same work and they perform very well.
- Their roles and responsibilities are fixed, which facilitates easy accountability for the work.
- The hierarchy is very clear and employees don't have to report to multiple supervisors. Each employee reports to his or her functional manager, which reduces the number of communication channels.

Disadvantages of the Functional Organization Structure

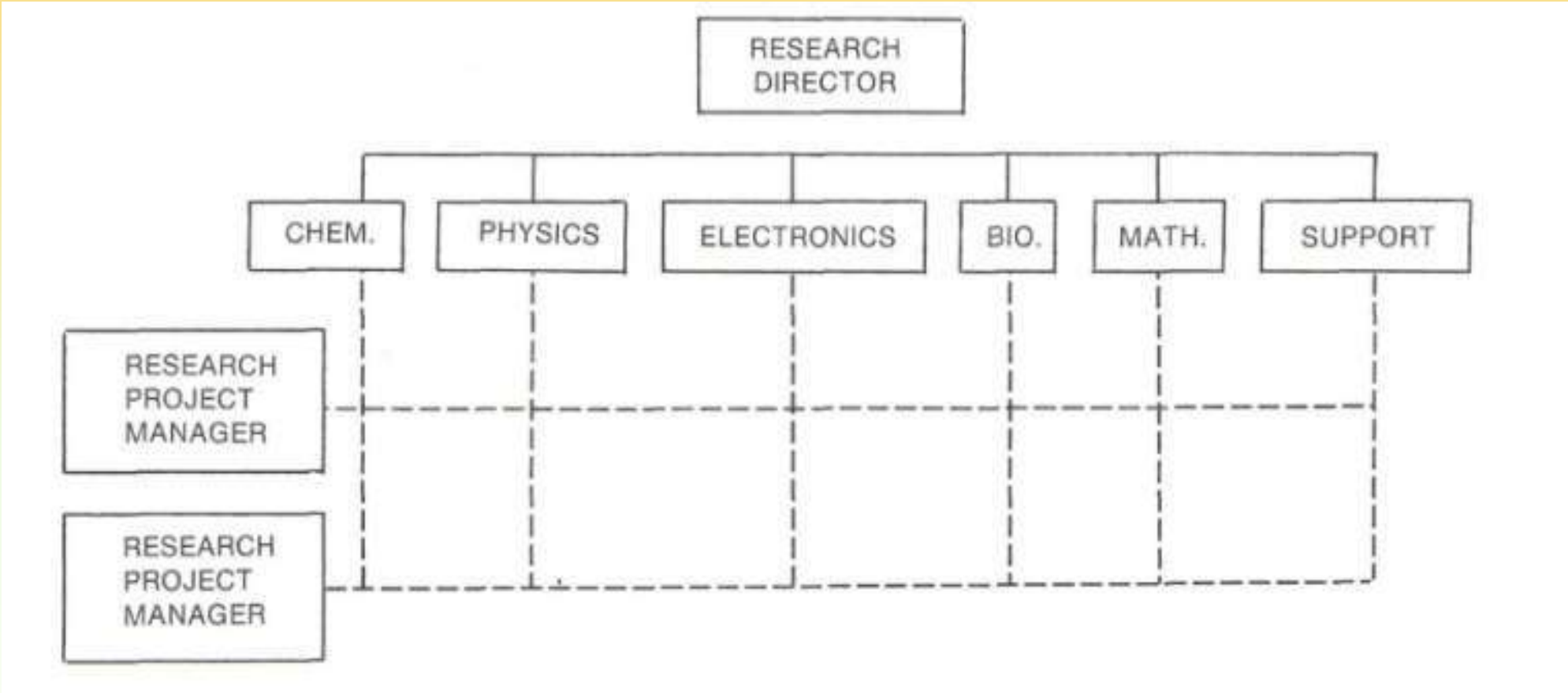
- Employees may feel bored due to the monotonous, repetitive type of work and may lose enthusiasm for the job.
- The departments have a self-centred mentality. The functional manager pays more attention to his department; he usually doesn't care about other departments.
- There is a lack of teamwork among different departments.



Unit iV

Matrix Organization

A Research Matrix Organization



Matrix organization

- The matrix organization structure is a combination of two or more types of organizational structures, such as the projectized organization structure and the functional organization structure.
- These two types of organizational structures represent the two extreme points of a string, while the matrix organization structure is a balance of these two.
- A matrix will be considered first in which there is a balance of power between the project and functional managers.

Two Bosses

- Team reports to both functional and project manager both.
- Communication also flows from team to two bosses.
- Team needs to work in project work as well as routine work.
- Matrix organization is blend of functional and projectized organization.

Authority

- The authority of a functional manager flows vertically downwards, and
- the authority of the project manager flows sideways.
- Since these authorities flow downward and sideways, this structure is called a matrix organization structure.

Functional manager vs project manager

- The **functional manager** may look after the functional part of the project; he may decide how to do the work, and may distribute the project work among his subordinates.
- The **project manager** will have authority over the administrative part of the project, such as what to do, follow-up on the schedule, evaluate the performance, etc

Comparison of different Matrix Organizations

SNo	Project Manager Characteristics	Weak Matrix	Balanced Matrix	Strong Matrix
1	Title	Project Coordinator, Project Expeditor, Project Leader	Project Manager	Project Manager
2	Focus	Split focus between project and function responsibilities	Project and Project Task	Project and Project Task
3	Power	Less authority and power	Balance Authority and power	Full authority and power
4	Time on Project	Part Time	Full Time	Full Time
5	Reporting	Functional Manager	A Functional Manager but shares authority and power	Manager of project managers

In today's environment mostly organizations are combination of different organization structure.

Advantages

- ***Project Objectives Clear*** — Project objectives will not only be highly visible through the project office, but will also be balanced with the objectives of the functional organization.
- ***Project Integration*** — Coordination across functional lines can easily be achieved.
- ***Efficient Use of Resources*** — It is the most efficient use of manpower since personnel can be used only part-time if desired, and can be shared between projects. It is the most efficient use of facilities, machinery, equipment, and other resources since these resources can be shared between or among projects

Contd...

- ***Information Flow*** — Information dissemination should be very effective since there is provision for both horizontal and vertical flow.
- ***Retention of Disciplinary Teams*** — Teams of functional experts and specialists are kept together even though projects come and go.
- ***Project Shutdown*** — In a matrix organization project termination is not the traumatic and painful event that it can be in a pure project organization.

Problems of the Matrix

- *Two Bosses* — The major disadvantage is that the personnel on the project are working for two bosses.
- *Difficulties in Monitoring and Controlling* — Complexity results from the number of managers and personnel involved and from the number of people that must be kept informed.
- *Potential for Conflict* — As discussed in a later section of this chapter, whenever there are two project managers competing for resources, there is potential for conflict. This conflict may evidence itself primarily as a struggle for power.

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Effects of Conflict on Management -Conflict, particularly the role conflict typical of the two-boss situation, can produce stress, anxiety, and reduced job satisfaction.



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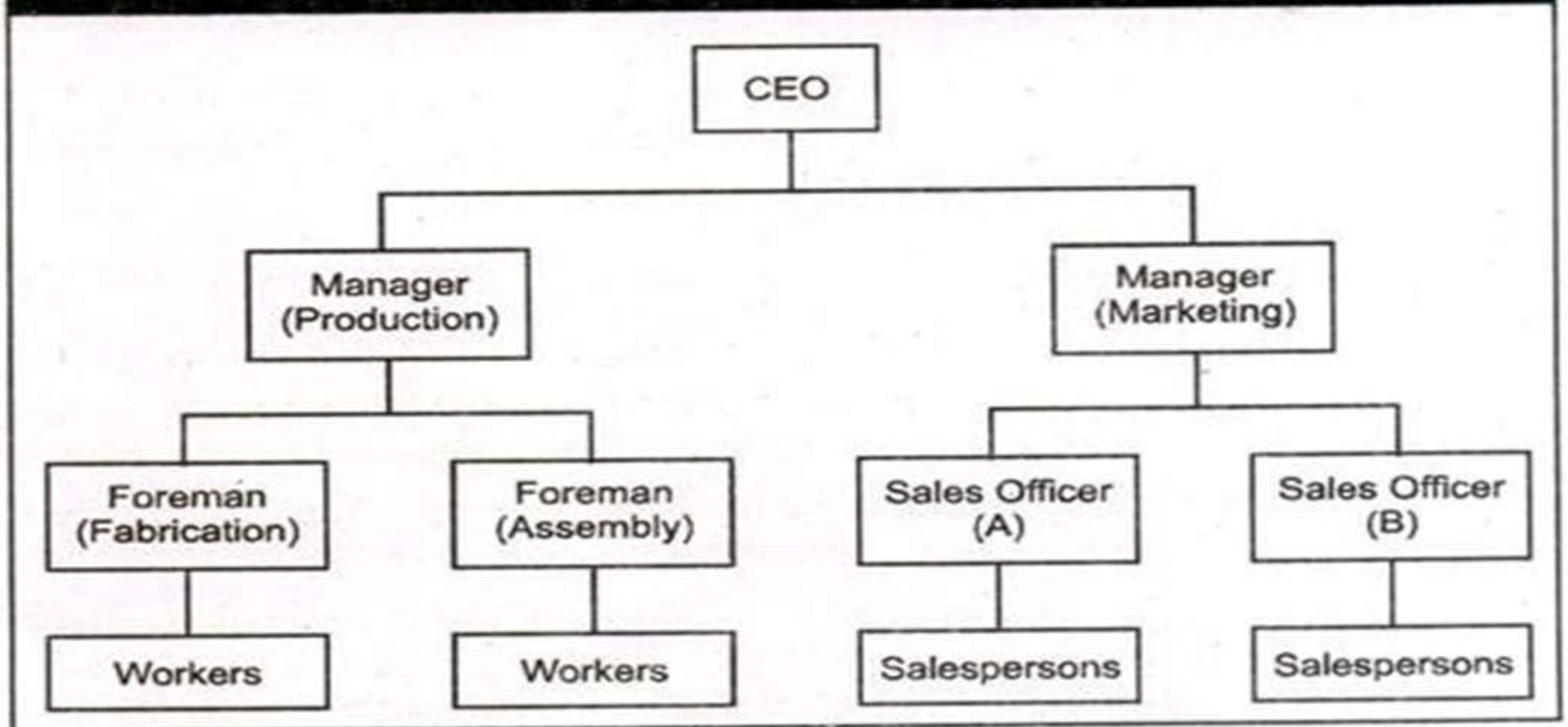


Unit IV

Organization Structure

Line Organisational Structure

Exhibit 10.3 : Line Organisational Structure



Line Organisational Structure

- “It is characterized by direct lines of authority flowing from the top to the bottom of the organizational hierarchy and lines of responsibility flowing in an opposite but equally direct manner.”
- An important characteristic of such type of organisation is superior-subordinate relationship.
- Superior delegates authority to another subordinate and so on, forming a line from the very top to the bottom of the organisation structure.

military type of organisation

Commander-in-chief – Army

Major-generals – Area

Brigadier-generals - Brigade

Colonels - Regiments

Majors - Battalions

Captains - Companies

Types of line organization

Line organisation is of two type's viz.

(a) Simple or Pure Line Organisation

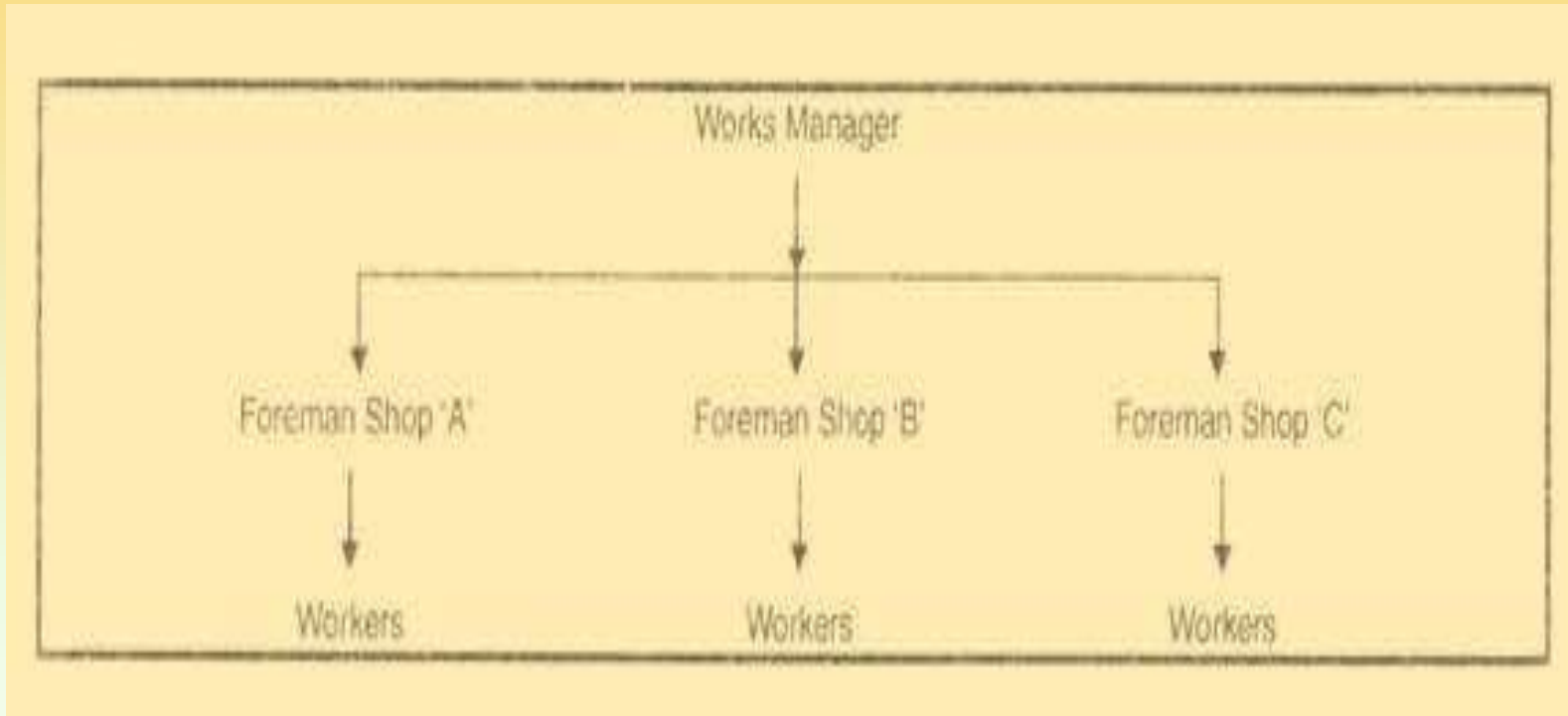
(b) Departmental Line Organisation



SIMPLE OR PURE LINE ORGANISATION

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Pure Line Organisation



Simple or Pure Line Organisation

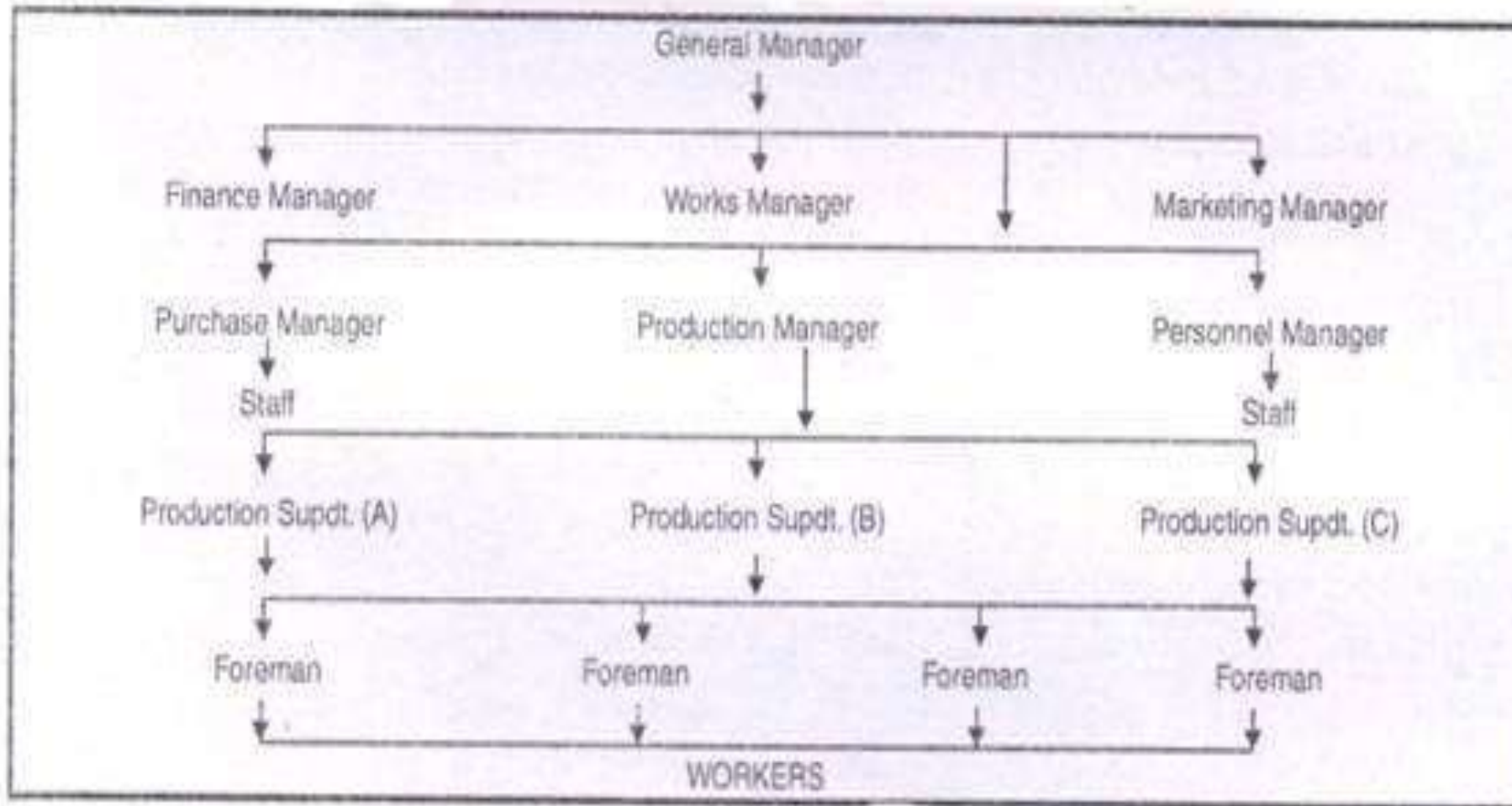
In the 'Pure Line organisation' the activities (at any level of management) are the same with each man performing the same type of work and the divisions primarily exist for the purpose of control and direction.

In practice, such type of organisation rarely exists.



Departmental line organisation

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Departmental line organisation

Under this type of organisation, an organisation is divided into various departments headed by different departmental heads.

All the departments operate under the ultimate control of general manager.

The orders flow directly from the general manager to all the departmental heads that in turn pass on to their respective subordinates

Contd....

the subordinates, in turn, communicate the orders to the workers under them.

The various departmental heads will be perfectly independent of each other and they will enjoy equal status the central idea.

Suitability of line organization

The line organisation can be successfully followed where

- (a) scale of operations is limited or business is on small scale basis,
- (b) work is simple and routine in nature,
- (c) business is being done in continuous type of industries like oil refining, sugar, spinning and weaving etc.,
- (d) the labour management problems are not complex and can be easily resolved,
- (e) the machinery is automatic, and
- (J) the workers are disciplined.

Characteristics of line organization

1. Orders and instructions flow from top to the bottom, whereas requests and suggestions move from bottom to top.
2. The principle of unity of command is the most salient feature of this type of organisation. In simple words, the orders are received by the subordinates from one boss.
3. The subordinates are accountable to their immediate superior.
4. There are limited numbers of subordinates under one superior.
5. This is simple to operate and control.
6. Co-ordination can be easily achieved.



Line and Staff Organisation

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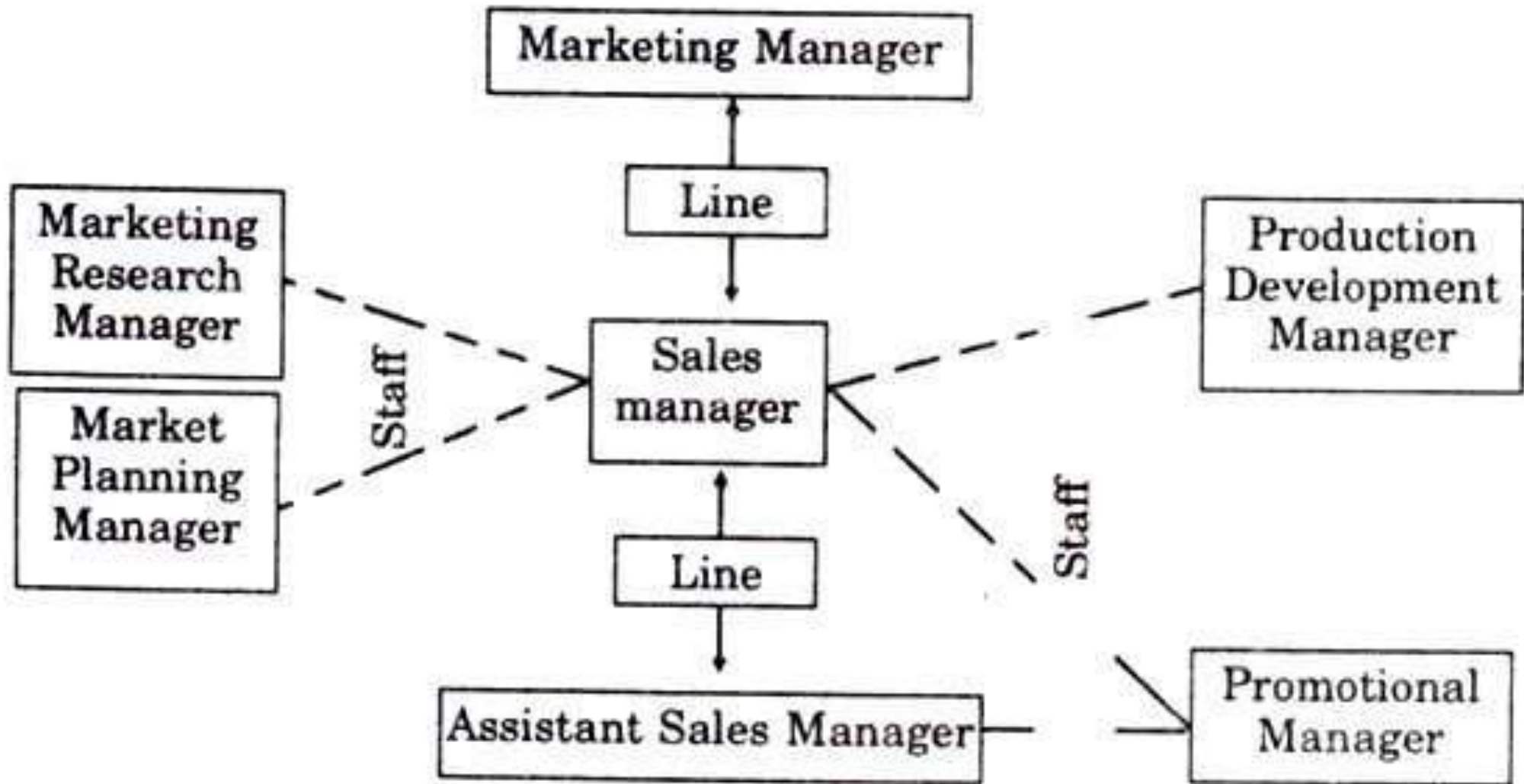
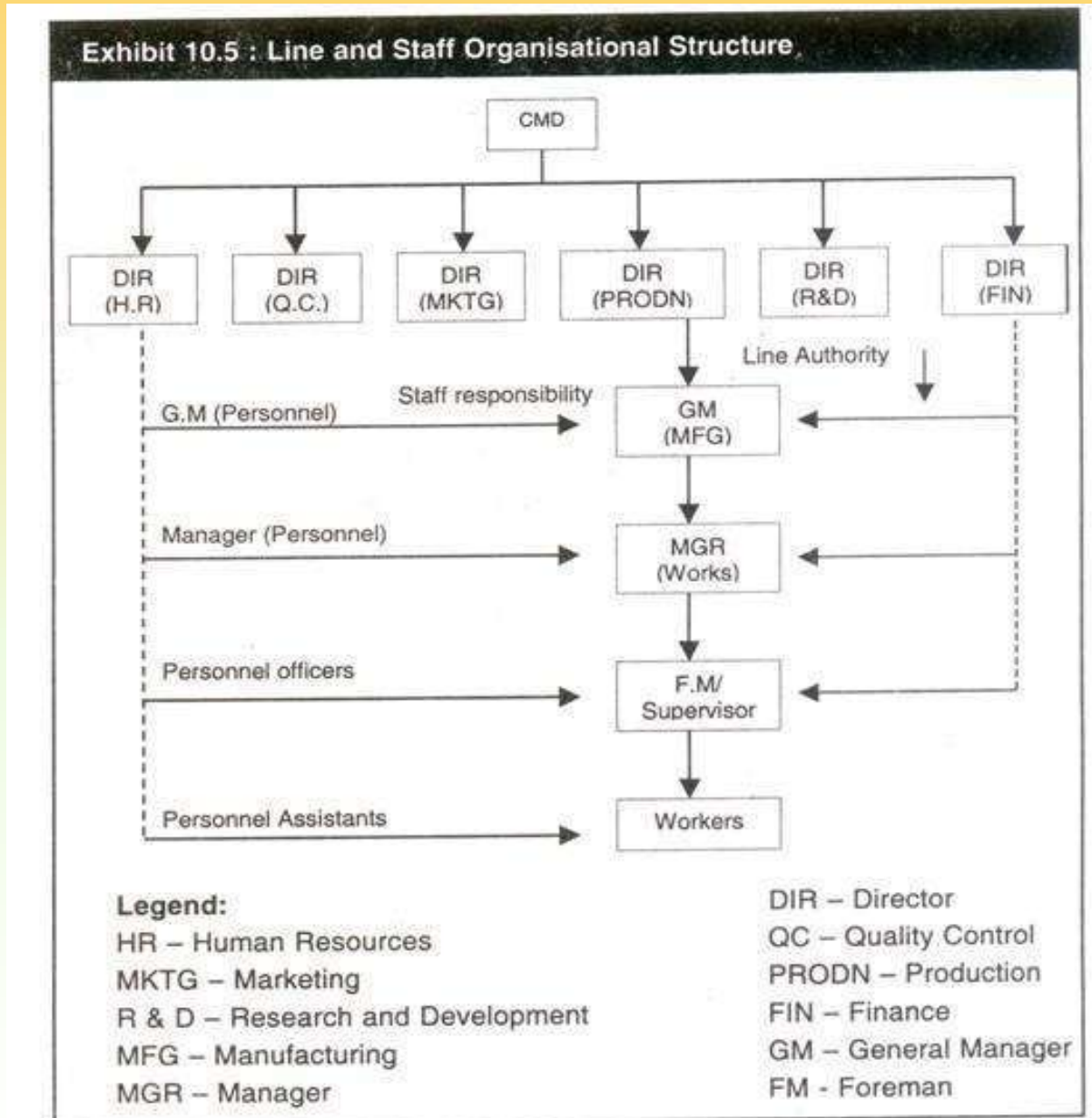
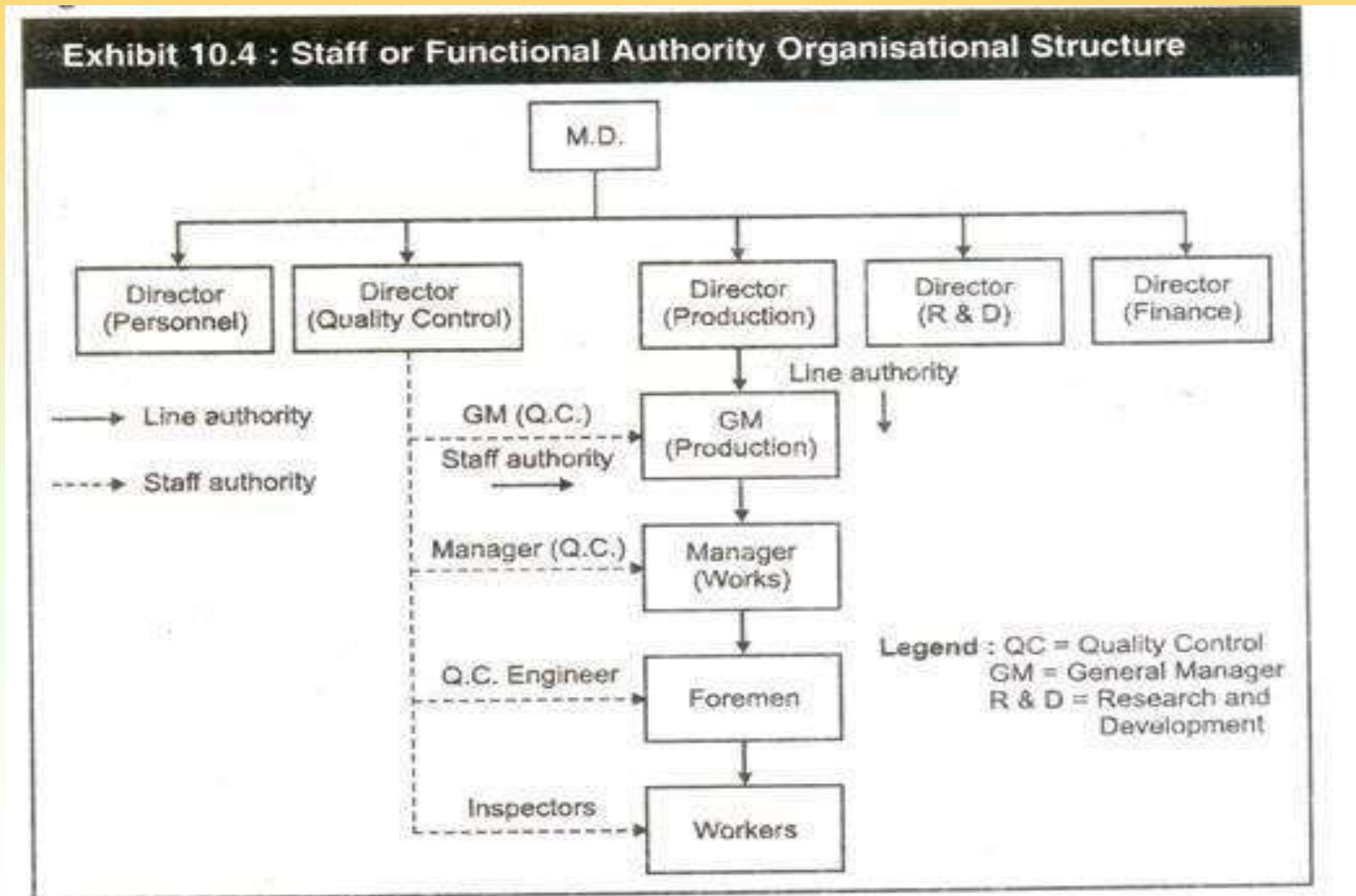


Fig. 6.15. Line & staff relationship.

Line and Staff Organisational Structure:



Staff or Functional Authority Organisational Structure



The commanders in the field who are line officers are assisted by the staff that helps them in formulating strategies and plans by supplying valuable information.

Similarly in organisation, line officers get the advice of the staff which is very helpful in carrying on the task in an efficient manner.

However, staff's role is advisory in nature.

Line officers are usually assisted by staff officers in effectively solving various business problems.

The staff is usually of three types

(a) Personal Staff:

This includes the personal staff attached to Line Officers.

For example, personal assistant to general manager, secretary to manager etc.

The personal staff renders valuable advice and assistance to Line Officers.

Contd....

(b) Specialised Staff

This category includes various experts possessing specialised knowledge in different fields like accounting, personnel, law, marketing, etc.

They render specialised service to the organisation.

For example, a company may engage a lawyer for rendering legal advice on different legal matters.

Similarly, it may engage a chartered accountant and a cost accountant for tackling accounting problems.

Contd....

(c) General Staff:

This comprises of various experts in different areas who render valuable advice to the top management on different matters requiring expert advice.

LINE-AND-STAFF AUTHORITY

- Authority within a line-and-staff organization can be differentiated.
- **Three types of authority are present:**
 - Line Authority
 - Staff Authority

LINE AUTHORITY

- Line authority flows down the chain of command.
- **For example**, line authority gives a production supervisor the right to direct an employee to operate a particular machine, and it gives the vice president of finance the right to request a certain report from a department head.
- Therefore, line authority gives an individual a certain degree of power relating to the performance of an organizational task.

STAFF AUTHORITY

- Staff authority is the right to advise or counsel those with line authority.
- **For example, human resource department employees help other departments** by selecting and developing a qualified workforce.
- **A quality control manager aids a production manager by determining the acceptable quality level of products** or services at a manufacturing company, initiating quality programs, and carrying out statistical analysis to ensure compliance with quality standards.
- **Therefore, staff authority gives staff personnel the right to offer advice in an effort to improve line operations.**

Advantages of Line and Staff Organization

- **1. Specialisation:**
- This type of organisation is based on planned specialisation and brings about the expert knowledge for the benefit of the management.
- **2. Better decisions:**
- Staff specialists help the line manager in taking better decisions by providing them adequate information of right type at right time.
- **3. Lesser Burden on line officers:**
- Technical problems and specialised matters are handled by the Staff and the routine and administrative matters are the concern of Line Officers.

Contd....

4. Advancement of research:

As the work under this type of organisation is carried out by experts, they constantly undertake the research and experimentation for the improvement of the product.

5. Training for line officer:

Staff services have proved to be an excellent training medium for Line Officers.

Disadvantages of Line and Staff Organisation

1. Conflict between line and staff authorities:

There may be chances of conflict between line and staff authorities.

2. Problems of line and staff authority:

Line Officers consider themselves superior to Staff Officers. The Staff Officers object to it.

3. Lack of responsibility:

As the staff specialists are not accountable for the results, they may not perform their duties well.

Contd....

4. The system is quite expensive:

The appointment of experts involves a heavy expenditure. Small and medium size organisations cannot afford such a system.

5. More reliance on staff:

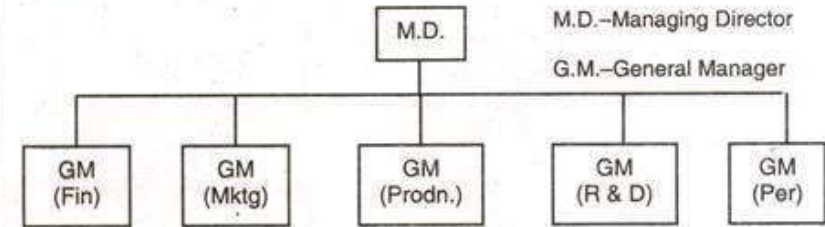
Some of the line officers excessively rely on the staff. This may considerably reduce the line control.

Divisional Organisational Structure

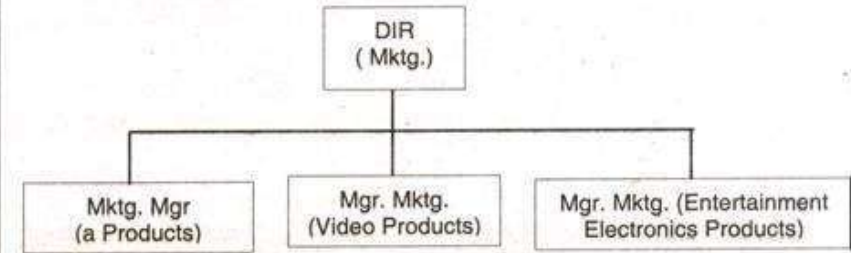
Exhibit 10.6 : Divisional Organisational Structure (Departmentation)

Features : Structure based on division of work based on a functional activity such as finance, marketing etc., or based on type of products manufactured or based on geographic location of the units or based on projects undertaken.

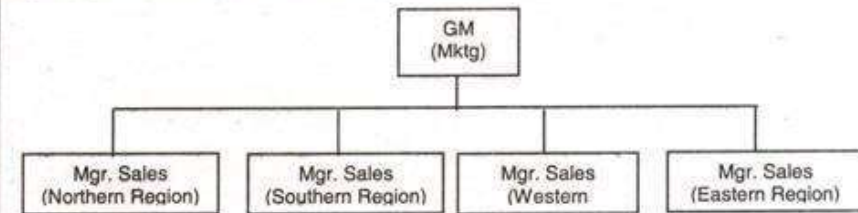
(a) Departmentation by Function



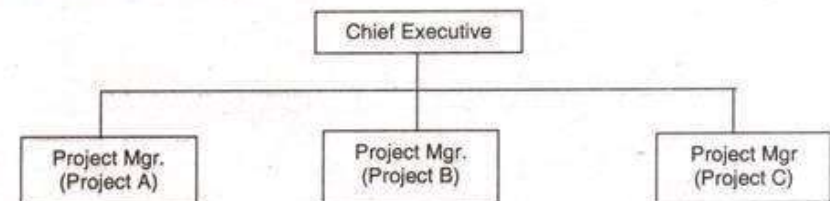
(b) Departmentation by Product



(c) Departmentation by Geographic territory



(d) Departmentation by Project



(e) Departmentation by combination approach (Combination of any two or more bases discussed above).

Hybrid Organisational Structure

Exhibit 10.9 (a) : Hybrid Organisational Structure (IBM Structure)

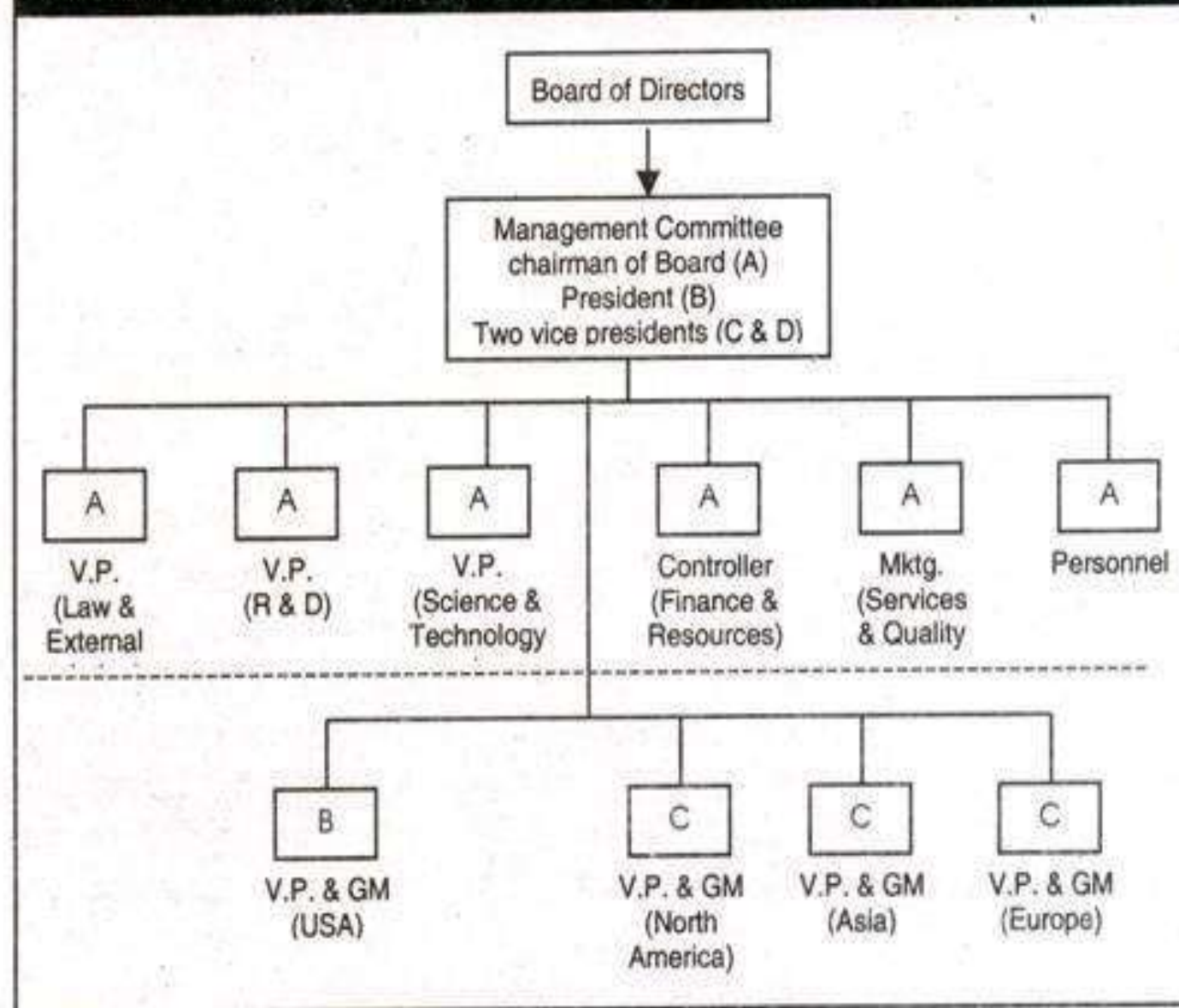
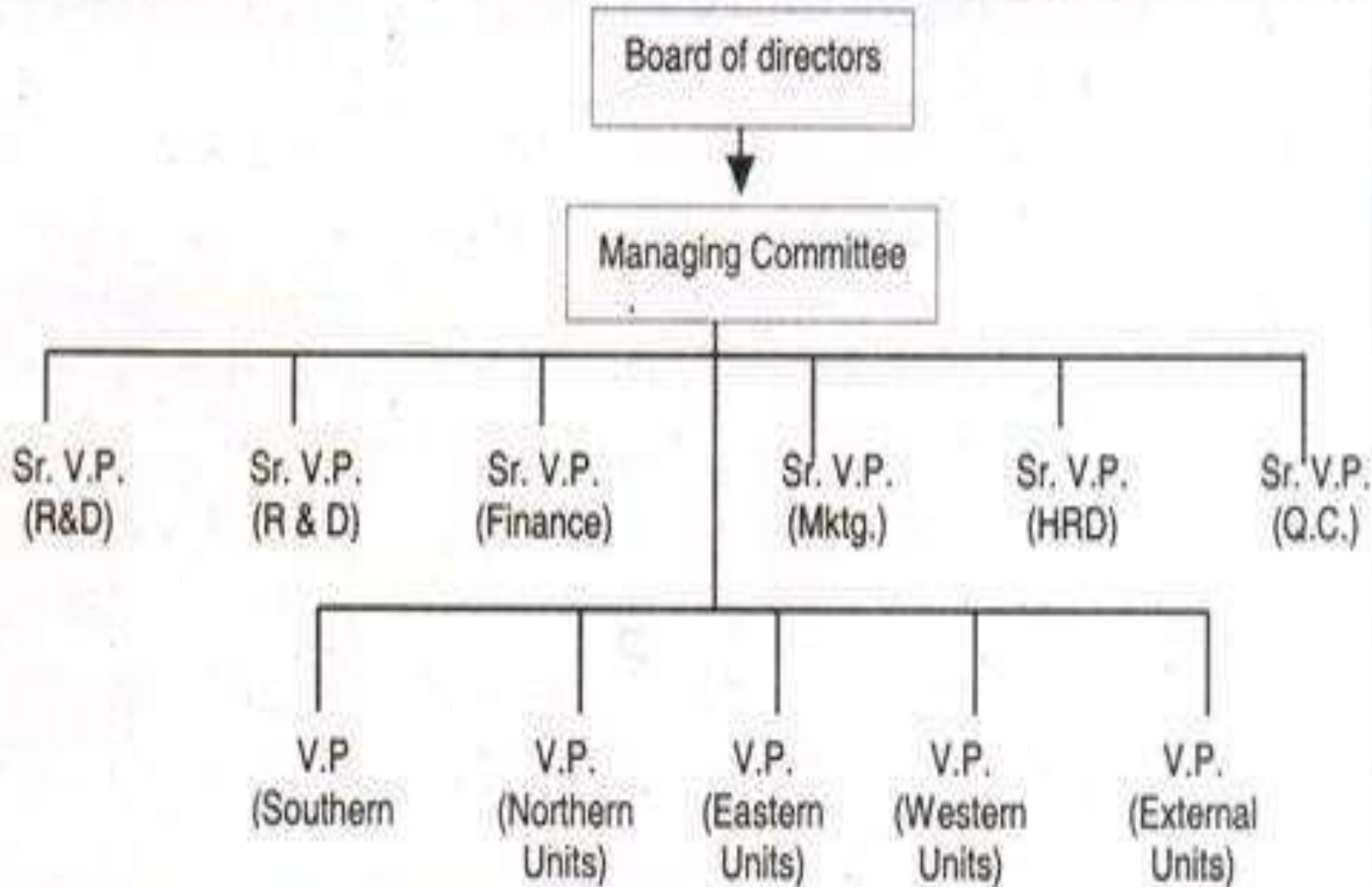


Exhibit 10.9 (b) : Combination Structure (Functional and geographic divisions)





Unit IV

Life Cycle of Team

The Five Stages of Project Team Development

The five stages:

Stage 1: Forming

Stage 2: Storming

Stage 3: Norming

Stage 4: Performing

Stage 5: Adjourning

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Stage 1: Forming

The “forming” stage takes place when the team first meets each other.

In this first meeting, team members are introduced to each.

They share information about their backgrounds, interests and experience and form first impressions of each other.

Contd....

They learn about the project they will be working on,

discuss the project's objectives/goals and

start to think about what role they will play on the project team.

They are not yet working on the project.

They are, effectively, “feeling each other out” and finding their way around how they might work together.

Stage 2: Storming

In this stage, the team members compete with each other for status and for acceptance of their ideas.

They have different opinions on what should be done and how it should be done – which causes conflict within the team.

they learn how to solve problems together,

function both independently and together as a team,

Contd....

settle into roles and responsibilities on the team.

For team members who do not like conflict, this is a difficult stage to go through.

Stage 3: Norming

When the team moves into the “norming” stage, they are beginning to work more effectively as a team.

They are no longer focused on their individual goals, but rather are focused on developing a way of working together (processes and procedures).

They respect each other’s opinions and value their differences.

They begin to see the value in those differences on the team.

Contd....

In this stage, **the team has agreed on their team rules for working together,** how they will share information and resolve team conflict, and

Rather than compete against each other, they are now helping each other to work toward a common goal.

The team members **also start to make significant progress** on the project as they begin working together more effectively.

Stage 4: Performing

Evaluate team effectiveness by looking at individual and team efforts, satisfactions and successes.

The team will be concerned with productivity, efficiency and potential.

The team members have gotten to know each other, trust each other and rely on each other.

Not every team makes it to this level of team growth; some teams stop at Stage 3: Norming.

They can make decisions and problem solve quickly and effectively.

Contd.....

It is preferable to reward the team rather than individual team members in order to promote harmony and cohesion.

Rewarding individuals can lead to competitiveness and hostility.

Contd....

When they disagree, the team members can work through it and come to consensus without interrupting the project's progress.

If there needs to be a change in team processes – the team will come to agreement on changing processes on their own without reliance on the team leader.

Stage 5: Adjourning

In the “adjourning” stage the project is coming to an end and the team members are moving off into different directions.

The team leader should ensure that there is time for the team to celebrate the success of the project and capture best practices for future use.

(Or, if it was not a successful project – to evaluate what happened and capture lessons learned for future projects.)

Contd....

Provide feedback on how well the team has done and

How they are likely to cope with new challenges.

Contd....

This also provides the team the opportunity to say good-bye to each other and wish each other luck as they pursue their next endeavour.

It is likely that any group that reached Stage 4: Performing will keep in touch with each other as they have become a very close knit group and there will be sadness at separating and moving on to other projects independently.



Thank you

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