



ARCHITECTING PROJECT MANAGEMENT

for Enterprise Agility...

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Enterprise agility through collaborative partnerships and effective stakeholder engagement

Organization design

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Authors: Mr. Anand Lokhande, Ms. Shikha Vaidh

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ABSTRACT

The turbulence in the fast changing economic markets has reduced the traditional management approaches redundant, stressing the need for flexibility and agility for decisive management. Delayed creative networks and collaborative partnerships are some of the strategies to withstand and successfully overcome disruptive competition. Project Management has been an effective tool in executing business strategy and bringing in agility with teams focussing on stability and speedy execution of tasks. The theoretical framework has been validated with the help of the secondary data of organizations from non-government organizations, sporting event managers and e-commerce start-up companies. Most of the literature reviewed has focussed on team empowerment, transparent policies and joint ownership of success and failure of common goals by visualizing the risks and relying on mitigation plans. However, there exists an indistinguishable association between different project management knowledge areas and the parameters influencing the execution strategy of organizations. Though they vary with the processes and organizational goals, yet they culminate in the same core objective of sustenance and growth. The findings of this study will identify the project management knowledge areas that need to be addressed for filling up the gap which influences the organization performance. The stress is on the need for collaborative partnership, the backbone for optimum resource management, proactive stakeholder engagement and a lean, adaptable and agile organization.

Keywords – Organization design, enterprise agility, collaborative partnership, delayed network, project management, agile

INTRODUCTION

The world is seeing upheavals in every dimension and every aspect of its existence. From climatic changes to economic disturbances, and from human strife to organizational upswings and downturns, everything seems to be in a churn. The downturn in the Greek economy and its impact on the European Union (EU) is a case in point. Britain is grappling with a growing noise against the EU common economic zone and its unfavourable impact on the well-to-do economies of the region. Organizations are struggling to keep pace with the changing environment be it economic, technological or even political. Technological advancements are happening at the drop of a hat and perhaps even faster, sometimes. Business strategies need to be agile and adaptable to the ever morphing environment. Programs and projects undertaken to execute these strategies, should be in line with the speed of change. Project management methodologies have undergone immense change over the last five decades. No longer are the methods of the past applicable to deliver on business objectives.

Organizations big or small, non-governmental organizations, sports event organizers and many others face the ever occurring constant – change and disruption. The imperative need of the hour is to understand and deliver

what the customer wants as fast as possible. The Agile manifesto spells out four important dimensions: individuals and interactions over processes and tools, working software over comprehensive documentation, customer collaboration over contract negotiation, and responding to change over following a plan. The organization design should adopt all of the above in order to build a robust structure to deliver on strategic business goals.

WHEREIN LAYS THE PROBLEM?

IMPACT OF CHANGE

“Our latest Pulse research shows that compared to last year, fewer projects are being completed within budget or meeting original goals and business intent. More projects are actually failing and creating significant monetary loss for their organizations. The reasons are complex. But with worsening project outcomes, disruptive global trends, and an uncertain economy.....” (PMI Pulse of the Profession 2016).

The report also states that nearly 48 per cent of the projects did not meet their intent and goal due to challenges emerging from the external environment factors.

Organization design is important for constructing or changing the structure suitably to achieve its goals. It differs in configurations: the simple structure, the machine, professional, divisional bureaucracy and the adhocracy (Robbins & Mathew, 2009). It is also observed that in the early stages of the organization the simple structure is the most favoured one.

Sustainability along with agility is the challenges for organizations in the current economic scenario. Therefore, the underlying element is to understand, how the enterprise environmental factors heavily influence the project outcomes. Organizational rigidity does not allow bypassing the processes and policies. Evidence suggests that traditional way of managing the projects is leading into cost and schedule overruns and sometimes even overall failure to achieve end goals. Organizations like Xerox, Kodak, and Nokia could not sustain the technological disruptions. Their organization design lacked the necessary nimbleness and could not move faster with the changing technology.

Stakeholder engagement is also negatively impacted as the organization trundles from one phase of the project to another phase in the absence of a truly networking framework. The information is inconsistent in the quagmire of bureaucratic decision making and opportunities are lost to move ahead of the competition.

THEORETICAL FRAMEWORK

Schumpeter introduced the new theory of economic development in 1942 in his book *Capitalism, Socialism, and Democracy*. He introduced the term 'creative destruction' and how this caused continuous progress and helped improve living standards. He analyzed perfect competition where all firms in an industry produce the same good, sell it for the same price, and have access to the same technology. He prophesied that what really matters is competition from the new commodity, the new technology, the new source of supply, new type of organization which struck at the foundations of the economic status quos and radicalised change.

The Chaos theory (originally propagated in late nineteenth century) brought about the concept of chaos, inbuilt in any system. The system initially follows a familiar order, but over a period of time gets disintegrated and moves toward transformation. Multiple configurations also demonstrate order without predictability and thus prone to changes. In the 1980s, the theory had its impact slowly on decision-making processes in businesses.(Baumol and Benhabib, 1989; Kelsey, 1988)

Stakeholder management is based on three different theories: Resource Dependence Theory which explains how and why the organization approach each other to acquire resources; Social Network Theory which explains how the connections between two or more organizations are created and sustained; and the Institutional Perspective which discusses the influence of environmental factors such as regulatory bodies on the organization.

Over a period of time, organizational structures evolved and were designed in a way that each structural arm would deal with a unique or common set of stakeholders. The functional structure has been the most widely used and popular. The stakeholders, both external and internal, are categorised and functional teams work with them on a perpetual basis. These could be vendors, contractors, customers, regulatory bodies, marketing agents, public or government.

The typical pyramid structures have created lethargic bureaucratic organizations. Decision-making slows down as the information has to now travel up and down the chain of command. The pyramid remains only so, to reflect the levels in the organization but from a decision making perspective it is always top heavy.

Termining it "reverse pyramid", he had said, "In certain service lines, we are trying out a radical delayering... and create this reverse pyramid where the project managers and teams are in front working directly with customers and taking decisions." – Vishal Sikka, Infosys CEO

The more complex and uncertain the external environment became, more demanding was the organizations need to adapt speedily.

REAL TIME CASES

Case 1 – Premier sporting league competition

Bombay High Court ordered shifting of 13 cricket matches from drought-hit Maharashtra, the league's Chairman Rajeev Shukla on Wednesday said moving the games at this stage will be a "problem" but the BCCI is working on an "alternative plan".

The sporting league organizes cricket matches every year in the April-May season and this year too, the schedule was already set and progressing as planned. Weather conditions affect the match schedules normally due to seasonal summer rains and this is incorporated into the timelines to a great extent. However, this year the climate conditions in some part of the country worsened due to extreme heat wave. One of the states which were home for two of the franchisee teams declared that no matches will be held due to water scarcity. The tournament organizers were asked to cancel the tournament or move out to another city.

The organizing body which, on one hand resisting the change, was on the other hand taking all effort to effect the change. Another city with good infrastructure and stadium was immediately updated as the home ground for these two teams. While respecting the government decision, the organizers also demonstrated extreme agility in taking the decision and ensuring that the tournament timelines do not get affected. Any negative impact on the schedule would have resulted in a cascading effect on the matches, stadium ticket bookings, and foreign player unavailability. The league organizers were able to stand up to the challenge demonstrating agility and flexibility in decision making.

The above case clearly brings out the organizational flexibility to meet the need for action at a real time speed without affecting the delivery. The organizers demonstrated the application of the agile manifesto of responding to change over following a plan and also customer collaboration over contract negotiation. They believed in organizational agility and collaborative partnership between all stakeholders.

Case 2 – Internet taxi aggregator startup

After a successful ride for four years, changing the way the Indian commuter rides, this taxi aggregator sold its business to a competitor company. Facing working capital crunch and also a regulatory ban for operations, this company had no option but to wind up its business or look for investors with deep pockets.

One of the important reasons which emerge out of the analysis of this closure is the inability of the organization to stay tuned to the market dynamics that were evolving around. Competition in the sector was hotting up with new players, flush with funds, entering the market and eating up a sizeable share. The aggregator model was a straight lift from that being adopted in other mature economies, but this proved to be the undoing for the

organization. In the race to be the first, the organization could not match up the demographics of the local population and the rigor of the laws or even the absence as such.

All in all, basics of running the taxi aggregator business vary in each geography and the organization could not match up to the changes happening rapidly in external environment. Competition, regulatory awakening, passenger choice and rising expectations all turned out to be the major failure factors, finally, leading to the sale of the business.

This case brings out the stark necessity for organization agility in tackling extremely difficult business situations. The business owners were unable to adapt to agility and quick decision making in order to meet the changing conditions.

Case 3 – Non-government organization (NGO)

“We don’t fix up targets, we value potential.” “We strongly believe in the wisdom of people we are working for, to find solutions to their own problems; it’s our core strength.” “We don’t try to do everything on our own and use the strength of various stake holders!” – (Goonj – ethos, values and beliefs)

The organization structure of the non-government organization (NGO) is different from a corporation or even the government. The main objective of the NGO is to serve the section of the society based on the vision and mission of the founder(s). The founder(s) engage with volunteers who share the same passion and connect for the cause. They are all in it together to make a difference in the society. The main ingredient for the cohesive organization is a strong sense of collaboration and coordination. The organization design is very flexible and adaptable to the needs of its members. Volunteers come together, not with a motive of making profits, but to serve for a cause they believe in. The decision making abilities are constantly put to test in the face of challenges they face on a day-to-day basis. The strength of the NGO lies in being extremely agile to the changing social scenarios and adapting itself to serve the real beneficiaries.

The above information on a successful NGO brings out its agility and delayed network which has helped it to serve those needing, without affecting the quality of service.

OVERCOMING THE PROBLEM

Therefore, the pertinent problem in all the above cases is the inability of the organization to adapt to change, inadequate response to market trends, lack of awareness of external factors and dynamic changes in customer needs. This is followed by another question around overall market demand for its products/services and the rate of adaptability.

The real challenge for the project manager is to demonstrate agility while making decisions and keeping the stakeholders actively engaged. Our analysis of the above cases, led us to the conclusion that organization

design has to become more agile and adaptable by working closely with all stakeholders, foraging collaborative partnerships and thereby minimizing risks. At the same time, the organization structure should delay itself so as to empower staff at all levels to interact with stakeholders, internal and external, and execute decisions at the speed of change.

According to us, the following, should be the key factors for any organization to sustain the business and deal with uncertain conditions. The recommendations have also been substantiated by the data collected from the questionnaire survey done between the diverse set of industry practitioners.

THE WAY FORWARD TO ENTERPRISE AGILITY

COLLABORATIVE PARTNERSHIPS

Collaboration and coordination is the cornerstone of success in project management. With diverse stakeholder influences it becomes challenging for the decision makers to stay clear of issues all the time. Collaboration is really the second step after coordination.

The next level of collaboration is to involve the stakeholders in the journey. The stakeholders who have strong impact and influence on the project are the ones who receive the greatest attention. The attention and importance to the stakeholders is sometimes, directly proportional to the impact and influence they have on the project outcomes. This creates a crisis of importance for the project manager which he is unable to control over the term period of the project. It should also be noted that when stable leadership is not present during transitional phases, the organization's capacity to facilitate the collaborative effort will be limited. (Ivery, 2010).

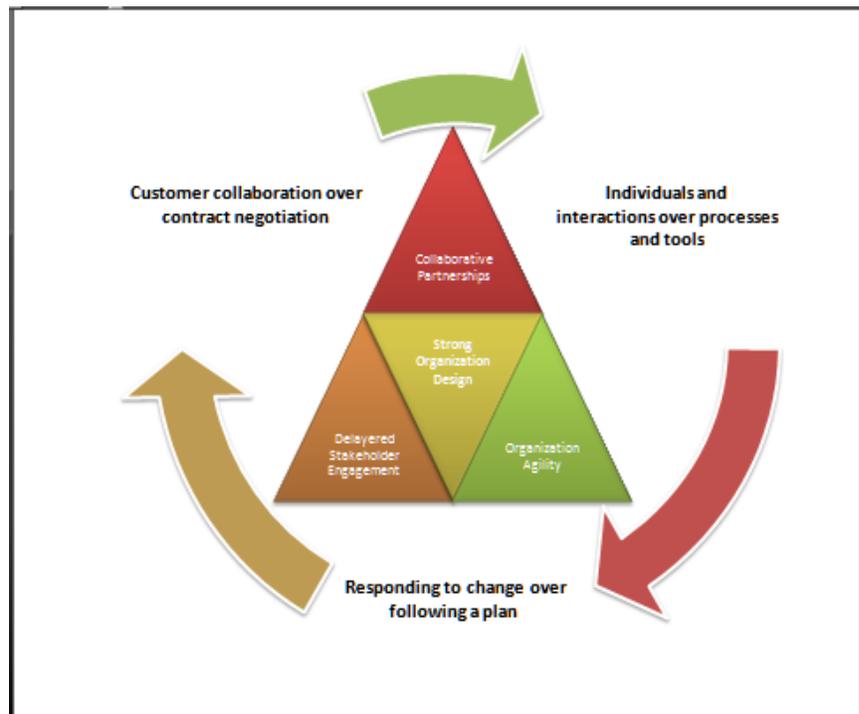
Collaborative partnerships are the real essence of success of any project. It is an evolutionary change from mere coordination to collaboration with a few based on need and finally to working with the impacted stakeholders hand in hand. Vendors, contractors, sub-contractors, team members, functional departments and counterparts from the client organization collaborate to achieve minimum redundancies.

Collaboration cannot happen in silo and hence the willingness of the other partner needs to be accounted for as well. Proactively understanding the needs of the other side (for e.g. vendors, customers, contractors) and delivering value to them consistently, will help foster deep bonds of cooperation and collaboration. All this happens simultaneously as the project is being executed. In a world where resources are always scarce and the fight to survive is the only constant struggle, the approach to collaborate and cooperate will always be a winner.

DELAYERED STAKEHOLDER ENGAGEMENT

Empowering the team deal with stakeholders including customer contacts, directly, is a major step toward reducing the lumbering speed of decision making. Apart from managing their day to day tasks, team members can be mentored and encouraged to deal with stakeholder needs. Decision making can be taught from an organization risk tolerance perspective and enabling such decision making within the parameters of the change control board are very useful for the success.

Understanding the stakeholders and engaging with them proactively will definitely create an atmosphere of bonhomie and goodwill. The positive outcomes from such interaction will help address stakeholder challenges arising in future. Besides technical skills, the team members should also possess good inter-personal skills around communication, negotiation and sensitivity. (Prof. Flank, Martin, 2015)



ORGANIZATIONAL AGILITY

Organizational agility is the ability of the organization to respond, react and adapt itself to the rapidly changing external environmental factors. The PMI Pulse of the Profession Report 2012 was dedicated specifically to organizational agility.

Per the report, organizations are working hard to change the internal work culture and as well the way business is done. The report identified three key success factors – change management, risk management, standard project management practices. Organizations are less agile today and hence unable to meet the success criteria based on their vision and mission. Only 45% of the organizations have been successful in new initiatives due to a volatile and unstable external environment.

Change management is one of the key enabling factors for agility. 92% of those organizations which had robust change management processes were highly agile and able to withstand the impact of negative external forces.

Fig .1. The above figure represents how the Agile manifestoes act as the driving force toward agility of the organization

Best practices of change management were listed as – monitor and act on external changes by detecting changes and leveraging some to their advantage, standardize the change management processes within the organization by establishing a project management office and decentralize change management to the lowest level.

Organizations also need to take extremely quick decisions to adapt and respond to the changes. This triggers a chain of risks potentially harmful to the overall business itself. Risk taking maturity and ability to mitigate risk impacts is another key factor in enhancing agility. The survey result showed that organizations which were effective at risk management activities were more agile. These results are similar to those on change management and demonstrates the dimension of a change which is inherently risk prone.

Standardized program and project management practices are the best way to handle uncertainty. A sense of stability and consistency is observed across all business functions when using standardized approach to execute projects. The entire organization speaks in the same language and smooth communication is the first reward of adopting such practices. The report also revealed that organizations using the standardized portfolio, program management practices through all departments were three times more successful than those who did not. It is clear therefore that agile organizations were successful consistently by adopting and practicing change and risk management techniques coupled with standardized approach to project management.

PRACTITIONERS' VIEW

Survey was sent to industry practitioners working on projects in diverse organizations. For the purpose of this study targeted sectors were: Technology, Media, Telecom, Consumer Products, Industry Products, Financial Services, Energy & Oil, Hospitality and Travel, ITES, Automotive, Banking, Government, Education and NGO.

Out of the respondents, 87% were in a decision making role. 62% of the respondents are using agile as the execution methodology. Respondents were asked to share their consensus on collaborative partnerships and 92% of them were strongly in favour of the same for successful project execution. Respondents were asked to list down specific areas which they felt are lacking in their organization to deal with uncertain external factors and the received responses were revolving around absence of collaboration, lack of market analysis, bureaucracy, stringent processes, decentralized authority and decision making, regulatory compliances and threat of disruption. From a project management practice perspective respondents were asked to identify which area is critical to enhance organizational agility and the responses were communication (62%), stakeholder management (51%) and risk management (41%).

CONCLUSION

Today, no single organization is isolated from the technological developments and economic upheavals. They have to develop a skilled workforce and standardize the project management processes to achieve success in business objectives. There is no alternative to thinking and being agile.

Project managers must don the role of agile change agents in their organization and drive agility all across. Collaborative partnerships, delayed networks and engaging stakeholders effectively should be embedded in the organization design to achieve sustainability, growth and customer satisfaction.

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