

Organizational structure



There has not been any perfect organizational structure that can be used to manage projects but the managers should assess the feasibility of the various alternatives that are available in the selection of an organizational structure. Project cost The cost of the project to be carried out has got a very significant impact on the choice of the organization structure in the project.

If the cost of the project is quite high then the managers of the project need to adopt an organizational structure that is likely to lead the project into success because adapting a structure that makes the project a failure would be a great loss to the organization. When the organization aims at cutting down the cost of the project it is advisable that a matrix organizational structure is adapted as it creates synergism by ensuring that responsibilities are shared between the functional management and the project.

This kind of structure also reduces the cost of the project because it allows sharing of key people within different departments. A matrix organizational structure enhances a better balance between the cost and the performance of the project hence it ensures a better return on the cost of the project. The cost of the project influences the number of personnel hired in the project, therefore it is necessary to come up with an organizational structure that allows for hiring of employees that will not stretch the cost of the project.

If the major project comprises of several detailed projects and each project has been assigned its own budget cost then it is advisable to develop an organizational structure that caters for each and every project. It is important to develop a structure that maintains integrity of the project cost to ensure that the resources in the project are managed in the right way. The

structure that a project adopts must ensure that the total cost estimate for the project is distributed to all the activities within the project.

A project activity that has been assigned some cost or resources cannot be deleted from the organizational structure until the cost and the resources are transferred to different activities within the project. It is necessary to develop a structure that develops the planned value of the project and at the same time a structure for accumulating the exact cost of the project (Paul and Jeannette, 2006).

The project schedule The project schedule consists of all the activities that will be undertaken by the project with each activity having a start and end date; therefore the schedule has some impact on the organizational structure that the project adopts. Before the managers of the project can create a project schedule it is important that they develop a structure that clearly indicates the work breakdown.

If there are activities in the project that are expected to demand a lot of effort and resources it is important that the project adopts a structure that will offer an effort estimate for each activity so that the managers get to know the time and resources needed for each activity. At different stages in the project schedule it may be necessary to have different structures depending with the work to be accomplished at each stage. There are stages of the project that may require more than one type of structure and therefore it is the responsibility of the project managers to develop structures that are required at each project stage.

The project schedule is considered as an estimate because the dates in the schedule are estimates; therefore a structure that has the buy-in of the people who are to accomplish the tasks should be developed to ensure that the schedule is accurate. Very complex projects need a team of experts to develop and maintain the schedule and therefore it is necessary to have a structure that allows the project schedulers to carry out their work without a lot of influence from those above them (Ted, 2003).

Project Duration This is the time that the project takes before its completion. In a project where the time frame allocated to the project seems not adequate to carry out all the activities, it is advisable to develop an organizational structure that allows for simultaneous activities. An example of this kind of structure is the matrix organizational structure because it enables the grouping of employees by both the functions they carry out and the product.

Functional decentralized forms of structures are also necessary to ensure that the project is completed within the specified duration. A hierarchical organization structure is best for projects that have long project duration although it may later lead to an expanded structure comprising of very many levels and departments which would delay the completion of the project as expected. A flat organizational structure is best for projects with a shorter time of completion and it is mostly used by projects involving entrepreneurial activities.

The modern structure of team also ensures that the project is completed within the timeframe although the team work has been noted to slow down

the project due to over reliance of the team members. Bureaucratic organizational structures are not recommended for projects with a short timeframe because the bureaucracy delays most of the processes in the project (Donnellon and Heckscher, 1994). Technology requirements The technology requirements of the project have a significant impact in the selection of the project organizational structure.

An organization that wants to develop numerous new and small projects that have a standard type of technology is likely to adopt a functional structure. If an organization has a large, long complicated and important project that requires a high level of technology would adapt the project organizational structure because this structure allows for transfer of technology in a complex project. This kind of structure also ensures that the kind of technology being used in the project is familiar to all individuals who are involved in the project.

If one organization has different projects with varying levels of technology then it would be possible to use all the three structures in the same organization but on different projects. Technology also affects the methods of communication within the project and therefore there is need to adopt a structure that is in line with the current technology so as to ensure that there is proper communication in the project. Technology advances are the major causes for most changes in the organization structure since they lead to increased efficiency and reduced costs of the project.

The mode of production in any project is affected by the level of technology available. Organizations with continuous and small batch methods of

production are likely to adopt more flexible structures while those with the best mass mode of production are likely to have very rigid organizational structures (Robert, 1977). The geographical locations The geographical location of the project has a less impact on the choice of the organizational structure than the other factors discussed above.

Different countries and regions will have different requirements for certain projects; this means that if a project is located in an area where there are laws requiring a certain organizational structure then the project manager has to adopt the structure. Location of the project influences the supply of the materials required in the project. Projects that are located in areas that require specialized transport means are best suited to a less bureaucratic organizational structure to ensure that the raw materials are delivered on time.

The location of the project also affects the distribution of the products that are produced from the project. If the project is located in areas where distribution of the products may require complex channels then it is necessary to develop a functional organizational structure (Harold, 2009).

The required working relationships with the client A simple matrix structure is the organization structure that has been noted to impress clients and therefore projects that want to develop a strong relationship with their clients should adopt this kind of structure.

A light matrix organization structure includes a product manager whose major responsibility is to coordinate the activities of creation of the product based on the feedback from the clients; therefore this structure is adopted

by projects that want to create a strong relationship with their clients. A project with an aim of developing a weak relationship with the clients may adopt a more flat structure of organization. The functional organizational structure allows for stronger relationships between the project and the clients.