

Are major programs
considered temporary
of permanent
organizations



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“ From a management perspective, should major programs be regarded as permanent or temporary organizations?”

Change is permanent therefore all organisations are temporary. So does it matter if management regards major programs as temporary or permanent organisations? The answer is – it does. Major programs are a social construct and there appears to be significant differences in culture, behaviour and performance that vary with the perception an organisation attaches to its lifespan. In this essay we will ask what major programs are, how they come about, what their purpose is, how they are planned and how all of this should be taken into account when considering whether they should be regarded as temporary or permanent organisations. We will explore cultural and behavioural characteristics to be found in permanent and temporary organisations and consider how this affects performance and outcomes. We will refer to theories of organisational design to see how major programs might be classified and structured in order to assess whether a temporary or permanent organisation is best suited to effective management. Finally, we will come to a conclusion about; whether, from a management perspective, projects should be regarded as temporary or permanent.

Major programs can be viewed as the big version of programs which, themselves, are a collection of projects being operated for a common goal. Big in this context[1] refers to long duration (c7-10 years), and high cost (>\$1bn). Beneath the surface there are many other complicating variables that impart each major program with its individual character. These include but are not limited to: significant bespoke & product customisation, unprecedented scale, significant reputational factors, transformational

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change, continuous changes throughout life. With all this combined they present a much more complex and challenging environment than the single project.

Major programs are commissioned in order to deliver a step change on a strategic scale. Quinn (1978) says they are a response to “change deficit”. Thiry (2007) says the need to change “is usually caused by an unsatisfactory condition” (p. 119) which could be unsatisfied ambition. As they consume a substantial share of the organisation’s resource and capital for a sustained period they are authorised through the strategic plan. The need to maintain this link to strategic intent creates one of the most important issues and challenges relating to temporary or permanent form. In his widely respected work “The Rise and Fall of Strategic Planning” Mintzberg makes the argument that plans and strategy are not all deliberate. They operate within an unstable world where factors beyond organisational control are constantly interacting to create new realities. In this world the intended strategy is impacted or replaced by what Mintzberg terms as emergent strategy. Due to their duration, major programs must adjust to changed circumstances by making changes to their own plans and objectives. By virtue of their scale they also need to feed back into the strategy planning environment as an input, which will in turn influence emergent strategy via a Double Loop process (Thiry and Deguire 2007). From a company management perspective it is therefore important that a major program is operated through an organisation whose life expectancy and philosophy is aligned with strategic intent rather than specific start and end points along a simple time line. In the opinion of Thiry this requires

regular reviews to ensure the program is on target, requiring adjustment and still needed. The termination date that is determined by the realisation of benefits rather than a handover to operations at product completion (Thiry 2007). Taking this notion still further, some major programs are now organised around a “ Build Own Operate” (BOO) model, Jaafari (2007). BOOs are permanent organisations designed to counter the risk that project teams see themselves as temporary organisations who are not involved in realising benefits. To theorists like Thiry the link between the major program organisation and strategy is paramount. He states that “ programs need to produce business level benefits and are a link between strategy and projects” Thiry (2007) p. 114). So from its inception to its termination point the life of a major program is governed by strategic delivery.

The role of the plan also has an influence on the practicalities of working via a temporary or permanent structure. Project teams organised according to conventional project management standards work best with fixed and accurate plans. The plan is the vehicle for their organisation. By approving the plan the permanent organisation is effectively creating a contract that delegates authority to a local organisation Ives (2005) p. 45 that can take decisions and act quickly without constantly referring to the chain of command as it goes about its business. This style of project management, works well with a well-defined and accurate plan. But the plan for a ten year major program costing \$1bn is inevitably going to be inaccurate (ref Mintzberg). The role of the external environment is likely to be greater, the program leader will be forced to spend time dealing with outside bodies (regulators, pressure groups) Hobbs and Miller (1988) p. 147, there will be a

need to appraise and review Thiry (2007) p. 133 and, with so much company resource tied up in its operation, the program has a role to play in institutional learning, staff training and development. These fluid conditions do not support the fixed plan model. They are more familiar to general managers in a permanent organisation than project managers in a temporary organisation. This creates a tension in organisational design. The fact that project management has become the popular engine of change even leading to “ colonisation” and the “ projectification of society” Maylor et al (2006) p. 664 testifies to dissatisfaction with past performance. Major programs had a history of failing even before they were called major programs. The adoption of a project approach is proof that organisations need special help to overcome internal resistance and opposition to strategic change. The project based temporary organisation offers the promise of being more single-minded, target driven, dynamic, better at lateral communication, faster at decision taking and acting, undistracted, specialised and clear in mission.

To explore the implications of adopting a temporary organisation structure in more detail it is useful to refer to “ A theory for the temporary organisation” Lundin, R. A. and Soderholm, A. (1995). This theory refers to basic concepts of “ Time, Task, Team and Transition”. It suggests that permanent organisations have a view of the world that is based on their presence continuing forever. By contrast temporary organisations use time as a primary measure. Key events “ actions” are dimensioned against a linear time-line. Whilst permanent organisations are accountable for financial performance, the temporary organisation is given dispensation from fiscal

contributions and any other distractions. The temporary organisation (Team) is funded to deliver an output which will eventually be transferred (via Transition) to the permanent organisation who will use it to create value in line with the strategic intent. The temporary organisation could be regarded as an entrepreneurial substitution for market pricing.

According to the theory the temporary organisation passes through a sequence of phases that begin when a group promotes the Task for the project (Action based entrepreneurialism). Fragmentation of commitment building occurs when the team “decouples” from the organisation “from other past, contemporary or even future sequences of activities”. Planned isolation describes the process where the team closes itself away by “deliberately isolating the organisation” to execute the plan for which “the whole operation should proceed like a train moving at high speed towards the end station without unwanted stops”. Institutionalised Termination describes the process where the team is recoupled to the organisation and delivers their output to operations via a bridging process. Although this sequence would support a conventional project, a temporary organisation following this behaviour is unlikely to successfully span a ten year major program lifecycle. The emphasis on isolation, time based delivery and a fixed plan is unrealistic. Over a ten year period the temporary and permanent organisation will need to systematically exchange data, staff and revised plans. Splendid isolation with high speed delivery and “no unwanted stops” is not practical.

Lundin and Soderholm only considered two types of project. “Unique” where the project was exploring new ground and “repetitive” which was a project
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(like construction) based on previously tried and tested plans. To move the discussion forward it would be useful to consider how a program might be classified in order to create an appropriate organisational design that fits the needs of strategy. In the case of major programs even repetitive projects (for example bridge building) present sufficient local variation for the managers to feel their task is unique. To consider whether temporary or permanent is best it would be useful for management to be able to assess the context of their specific project. Shenhar's "Diamond Model" Shenhar (2007) based on contingency theory is useful for this. It appears to be applicable to the full spectrum of projects from single project to major program. Shenhar eschews the "one size fits all" p. 10 Shenhar (2007) methodology of standard project management in favour of using classical contingency theory to address the need for "adapting the right style to the right project" Shenhar (2007). Having studied 600 projects Shenhar developed a view using Uncertainty and change, Complexity and Pace (UCP) as dimensions for plotting project profiles in his "Diamond Model". To obtain readings to feed into the model managers are asked to follow a three step process to assess the Environment, Product and Task for the project. "The goal is to use this data to plot a project profile that can then be used to identify specific managerial activities, decisions and style that are best appropriate for each level and each project type". The UCP model was expanded into NTCP with 13 readings on a four dimensional scale.

Figure 1 NTCP Model (c) Shenhar 2006 (Reinventing Project Management)

The system allows management to map out the scope / profile of a project with each point along the four dimensions analysed by variables giving <https://assignbuster.com/are-major-programs-considered-temporary-of-permanent-organizations/>

relevant advice. A major program might well have a “ Complexity” that is described at the “ Array” level (“ large widely dispersed collections of systems function together to achieve a common purpose”). Shenhar’s system states the “ Project Organization” for this should be:

“ An umbrella organization – usually a program office to coordinate subprojects; many staff experts: technical, administrative, finance, legal etc.” p. 191 Shenhar (2007) Wiley.

But he does not apply contingency theory to the structuring of an organisation. He also takes a conventional view on project lifetime. Though he is dismissive of narrow project management by “ Triple Constraints” (cost, time and scope) he accepts the norm that projects can be seen as “ temporary organisations within organisations”.

The use of contingency and organisational theory in project organisation design is purposefully addressed by Molloy and van Donk. In their paper “ From organising projects to projects as organisations” they detect a “ turn to a focus on structural, contextual and contingent factors or projects” that “ supports an exploration of the relevance of organisational theory to project management” p. 131 Molloy et al (2008) They refer to the work of Mintzberg which bases organisational structure on nine design parameters influenced by five contingency factors, to map types of project to Mintzberg’s five organisation structures (Simple, Machine bureaucracy, Professional bureaucracy, Divisionalised form, Adhocracy). Although major programs were not specifically included in this exercise Molloy and van Donk

encourage the view “ that under different circumstances different organisational structures will be needed to be successful” p. 130.

The message that is evolving for management from this exploration is that the question of whether major programs should be regarded as temporary or permanent organisations is entwined in a wide range of threads. Context, adaptation, flexibility, strategic alignment and a departure from the rigid standardisation of project management appear to be present. This is not a concern if you take the view that major programs can hold both permanent and temporary status. If you also believe it is possible to design a temporary organisation with a different management structure to the standard project management approach, you open the door to organisational theory and a contingency based approach - and, this seems worthwhile.

Organisational designers like Galbraith provide access to theories that have grappled with issues that are currently challenging project management and major project management. In particular, the view that organisations compete and gain advantage through organisational structure (Ref like the “ New Management Paradigm” Gareis (2007) p254. The need for wider thinking is apparent from the realisation that major programs are capable of evolving from start-up to termination over ten years whilst passing through phases where they develop into large-scale enterprises involving many participants divided across many activities and sub-projects. There are obvious parallels with the way that permanent organisations develop under similar conditions. For management who have given the go ahead on a strategic plan with a ten year timeframe and a \$1bn budget there are potential benefits in a contingency based process that uses Galbraith’s “
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Star” system Galbraith et al (2002). This works through a dedicated organisational design process that starts with Strategy and progresses through Structure, Processes, Rewards system and People planning (including policies on training and development). This seems a sensible alternative to a one size fits all philosophy that presumes a project is “ a temporary endeavour undertaken to create a unique product or service”. PMI (2000).

At this point we have travelled some distance from the original question about whether major programs should be regarded as permanent or permanent organisations. We started with strategic alignment because this is so important given the scale and importance of major programs. This was shown to be difficult to maintain using an approach based on project management in a temporary organisation that is narrowly managed by methods built around the “ Triple Constraint” of time, cost and scope (Shenhar 2007). Major programs require input from many of the behaviours and methods used by permanent organisations. But this has to be managed carefully. Major programs still require the benefits of separation from the permanent organisation that accrue from successfully harvesting project virtues of dynamism and commitment to change. As long as project methodology is not allowed to gum-up progress with unhelpful adherence to rigid controls and time based management, it can still offer an escape from the failure of permanent organisations to adopt change and give up bureaucratic structures. In search of a way to combine project management with appropriate organisational theory we saw how to classify a project using contingency theory and we were introduced to the Star framework that could

be adapted to the management of major programs. Organisational theory has covered much of the ground that leads to discussion over whether major programs should be regarded as temporary or permanent organisations. Contingency theory and organisational design theory offers a way to design a delivery organisation that blends the benefits of both worlds.

The conclusion from this discussion is definite. From a management perspective the decision to establish a permanent or temporary organisation for major projects should always be contextual. The start point is strategy. From this position management has to take account of the characteristics of the project and its environment. Calling on frameworks of analysis, a design should be formulated that maximises organisational efficiency in terms of project management, benefits delivery and strategic fit. At the end of this process, having maximised their prospects for success, the designers should step back and regard their creation. From this perspective, where they are standing at a safe distance from professional dogma, they can relax and observe whether what they have created a permanent or temporary organisation, or both.