

Organizational Excellence Delivers Project Management Maturity

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Abstract

Business environment demands a quick reaction from the management of the company. The article deals with project approach at strategy implementation, the focus here being to demonstrate the problems of strategy focused leadership and its connection to the organizational excellence.

Key words: projects, project management, leadership, organizational excellence

1. Project Management Maturity

Much has been written and said about project management maturity and enablers that bring project success to organizations. The focus in this respect has been on operational dimensions, such as having the right project management processes in place and supplementing them with human resources that are well versed in project management principles. This approach in itself cannot be faulted. However, it is totally inadequate considering the importance of supplementing it with a beneficial structural- and behavioural strategy. A structural strategy in the sense of designing an organizational architecture dictating appropriate authority, responsibility and accountability relationships, as also, essential policies and procedures to achieve the organization's mission and vision. Moreover, a behavioural strategy is required that defines the organization's value system and guides it towards a culture of learning and knowledge management, culminating in the right attitudes that would promote trustworthy support, teamwork, innovation and autonomy in managerial decision making. At the root of organizational excellence, as illustrated above, lies leadership acumen.

Superior strategic leadership has become an important competitive tool and is the basis on which leading organizations provide services or goods better than their competition can, resulting in enhanced value-add, thus organizational excellence. Managing organizations through projects and programmes provides the integrative implementation link between corporate strategy, business-unit strategy and operations strategy. Globalization and the information age have also impacted heavily on the way that organizations are led and managed. Accelerated information flow inspiring change, requires that management decisions be made more frequently and with quick response.

2. Value Creation Process

Changes in external environmental dimensions such

as the marketplace, economic outlook, socio-cultural issues, politics, ecology and technologies, have a strong influence on modern organizations. Technology is probably the dimension with the greatest impact. This applies particularly to the area of information technology, motivating organizations to improve their systems and business processes continually. As a consequence, the knowledge, skills and behaviour of the human resources component in the organization needs to be continuously improved to maintain a competitive advantage, coupled with effective and efficient knowledge management. The learning and growth perspective of organizational strategy is vital to the success of modern organizations.

Lynch (2000), and Kaplan and Norton (2001) report that value creation opportunities in the modern economy are shifting away from managing tangible assets, such as inventory plant, property and equipment. Value creation opportunities are shifting to managing knowledge-based strategies that deploy the organization's intangible assets inter alia customer relationships and service, productive and responsive processes, innovative products and services, information technology and information systems, a healthy organizational climate, strategy-focused leadership and motivation, and employee knowledge and competency.

Organizations can no longer rely solely on prescriptive strategies such as profit maximization, but have to rely progressively more on the emergent approaches to strategy development and implementation. Lynch (2000) asserts that to cope with the uncertainty and turbulence in transformation and change, sometimes even chaos, organizations are reverting to emergent approaches such as survival-based, uncertainty-based, and human-resource-based theories and strategies. The last-mentioned category entails viewing human resources and their collective creativity as the most important intangible assets of the organization. The world is now in the evolution of a "chaordic" business paradigm, which is an unstable combination of randomness and plan, infused with waves of change. The world environment is "emergent", meaning that with the speed of change, which impacts on every organization, the operational environment has dissolved

into a series of events that frequently orchestrate chaos and confusion. Only leadership excellence, particularly executive leadership, can stem this tide.

Conventional ways of managing organizations, and the traditional organizational forms, are becoming obsolete. Functional approaches to management, which are rigid, no longer cope with the demands of the situation. It has become evident that communication in traditional organizational forms is much too cumbersome and impedes the flow of information and managerial decision-making. In such organizations, leaders tend to lack both strategic purpose and customer focus. This has become a real challenge since most of what has been assumed in the previous century no longer befits current reality.

Building on the platform of accelerated technological revolution, the wave of innovation, entrepreneurial bioengineering and knowledge explosion, all of society now has to cope with the information revolution and globalisation. Human creativity of work teams is becoming increasingly important within the context of the emergent and virtual team management environment. Managers are increasingly entering into a culture of risk, in that business outcomes are predictable only in the short term. Having to lead and manage in this new emergent culture of risk and uncertainty, organizational processes, architecture, and behaviours are compelled to undergo more radical transformation and change than at any time in the past.

3. Importance of Leadership

In the context as described above, leadership of human resources has become a dominant factor. In learning organizations work is progressively done cross-functionally. The cross-functional process managers depend on line managers for their resources. ***Not owning these human talents as direct reports, process managers predominantly draw on their leadership abilities to motivate these cross-functional team members and give them direction.*** It is important to note that cross-functional processes can either be normal operational work, for example, procurement, customer relationship management, demand management and capacity planning; or project related, inter-alia, portfolios of continuous improvement-, strategic transformational-, and capital investment projects.

Managing organizations through programmes of cross-functional process groupings, i.e. processes that consist of normal operational- or project work, is gaining popularity. Programme management as it is generally referred to, is an implementation tool that delivers organizational benefits resulting from aligned corporate, business-unit, and operations strategies. It facilitates coordinated and integrated management of functional department portfolios, and cross-functional portfolios of projects and normal operations that bring about strategic transformation, innovative continuous improvement and customer service excellence in organizations, with the aim of achieving benefits of strategic importance. It is not generally recognized that the Chief Operating Officer

(COO) and Chief Financial Officer (CFO) to whom line managers report, are in fact programme managers of the functional department portfolios of the organization.

Through investigating how new economy organizations shape their programmes, many researchers and consultants, including Murray-Webster and Thiry (2000), indicate three ways in which project related programmes serving internal customers are shaped. Firstly, there are strategic or goal-oriented project-portfolio programmes that deal with strategic transformation in the organization. Secondly, there are innovative project-portfolio programmes that deal with continuous improvement initiatives emanating from top management as well as team members in the organization. Thirdly, there are capital expenditure programmes that deal with large capital investment projects such as new plant, equipment and buildings.

Steyn (2001; 2006) asserts that a fourth, fifth and sixth initiative in the programme management approach can be added to the above. The fourth initiative comprises normal operations process groupings of a cross-functional nature serving internal clients such as procurement, demand management and capacity planning, and manufacturing-flow management. The fifth initiative comprises processes serving external clients such as order fulfilment, customer relationship-, and customer service management. The above are operational in character and focus on improved internal and external customer service, guided by strategic initiatives directed by the executive leadership. The sixth initiative comprises a programme of project portfolios serving external customers. The latter exists predominantly in project-driven organizations.

It is essential for organizations to establish appropriate Key Success Factors (or Critical Success Factors) to guide them towards goal achievement. Before commencing, it is essential that outcomes and objectives be properly defined, preferably in accordance with the Balanced Scorecard concept proposed by Kaplan and Norton (2001). These outcomes and objectives must be communicated to all stakeholders. Moreover, top leadership in collaboration with the programme offices must prioritise initiatives. They must also assign appropriate authority, responsibility, and hence accountability, to stakeholders. In this regard, it is emphasized that programme, process, and project managers be given full authority over their work.

At this point, it is appropriate to focus on some important elements of the programme approach. Organizational goals must be clearly specified and the actions to achieve these goals must be itemized and, where applicable, prioritized. Formulating corporate strategy is the task of top leadership in the organization. This is best achieved by utilizing the balanced scorecard of strategies, as proposed by Kaplan and Norton (2001), with its three leading-indicator perspectives, i.e. the customer service, internal, and learning and growth perspectives, on the one hand, and the lagging-indicator perspective of finance on the other. Modern executives understand the importance of proper strategy implementation in order to maintain a competitive advantage in the new economy. The balanced scorecard approach describes strategy, while programme management represents an essential component of the organizational architecture to communicate and

implement the strategy.

Kaplan and Norton (2001) argue that transformation should be mobilized through executive leadership. Executive team support, trust building and involvement are profound factors of organizational excellence. According to them executive leadership must realize that they are not dealing merely with a metrics process, but are actually faced with a change project. In particular, executive leadership must utilize Kotter's (Kotter, 1996) first three steps of organizational transformation and change in the initial stages. These are: firstly to create a sense of urgency, secondly, to mobilize a guiding coalition for the transformation and change, and, thirdly, to develop strategies to describe what type and extent of transformation and change are needed.

In mobilizing transformation and change, executive leadership must govern the process. They must define, demonstrate and reinforce preferred values and principles for the organization. Moreover, they must create strategy teams for the development and implementation of transformation and change, arrange large meetings to communicate and discuss strategy, and encourage open communication of strategic themes throughout the organization. Absence of these elements will result in project management immaturity irrespective of the quality of project personnel on board.

The current authors emphasize that it is also the task of executive leadership to institutionalise the Balanced Scorecard-Programme Management (BSPM) system proposed by Steyn (2001) as the implementation tool for transformation and change, as well as giving it maximum support. As Kaplan and Norton (2001) put it, "the art of leadership is to delicately balance tension between stability and change". Executives are the role models in creating a climate of trustworthy supportiveness throughout the total organizational value chain, suppliers and external customers included. They form an integral part of the BSPM system's coordinating, integrating and communications activities. Managers of project-portfolios and process-portfolios in the value chain seek continuous guidance from executive leadership.

Researchers are continuously examining the current and future decades in order to detect what it will take to provide effective leadership to organizations, including programme management offices, and project teams. Kotter (1996), who has spent 25 years observing the way organizations work argues that "leadership and transformation" will create the sustainable and profitable business of the future. He maintains that change is inevitable if organizations and people are to adapt to rapid advances in technology, increasing competitiveness, globalization and the effects of an aging society. Both Kotter (1996) and Wyatt (2003) are of the opinion that leaders must win the support of employees, partners, investors and regulators for many kinds of initiatives by demonstrating extraordinary personal performance. Steyn and Schmickl provide illustrative lessons of the behavior of outstanding corporate leaders in advancing organizational excellence:

- **Support your subordinates.** Do not expect them to go all out if you fail to demonstrate that you believe in them. Be fair and recognize good performance.

Encourage decentralized managerial decision-making.

- **Develop a Vision.** Investors pay attention to long-term planning. So planning for the long term pays off. Employees (including project personnel) and shareholders want to follow and be committed to someone who knows where he or she is going. True leaders translate Vision into action.
- **Keep your cool.** The best leaders show their mettle under fire. By demonstrating grace under pressure, the best leaders inspire those around them to remain calm and act prudently.
- **Encourage prudent risk taking.** Knowledge that the slightest failure could jeopardize one's entire career prompts leaders to encourage employees to experiment, to push towards new frontiers, readily accept error, push in new and untested directions, and work towards continuous improvement.
- **Build trust and support.** The best leaders journey with their immediate direct reports. They listen; encourage dialogue, innovation and creativity; and are there to remove obstacles to performance.
- **Encourage teamwork.** Show your peers and subordinates that you favour cohesion and cross-functional communication.
- **Be an expert.** From the boardroom to the backroom, everyone had better understand that you know what you are talking about.
- **Invite dissent.** Your people cannot give you their best and learn to lead if they are not comfortable to speak out. Don't defend, listen, and synthesize information.
- **Simplify.** You need to see the big picture in order to set a course, communicate it, and maintain it. Focus on what is important and reach elegant, simple answers to complex questions. Keep unnecessary details at bay.
- **Build leadership strength.** Define leadership, ensure recruitment of quality leaders, link leadership development to the bottom line, and undertake regular leadership assessment.

4. Organizational Excellence

Essentials of organizational excellence should be considered in the context of the above leadership framework. Organizational excellence is unachievable in the absence of profound leadership acumen. The European Forum for Quality Management proposes the following essential areas of organizational excellence (see www.efqm.org):

- **Results Orientation Concept**

Excellence is dependent upon balancing and satisfying the needs of all relevant stakeholders.

- **Customer Focus Concept**

The customer is the final arbiter of product and service quality. Customer loyalty, retention and market share gain is best optimized through a clear focus on the needs of current and potential customers.

- **Leadership and Constancy of Purpose Concept**

The behaviour of an organization's leaders creates a clarity and unity of purpose within the organization and an environment in which the organization and its people can excel.

- **Management by Processes and Facts Concept**

More effective performance is achieved when inter-related activities are understood, systematically managed, as also, decisions concerning current operations and planned improvements made using reliable information that includes stakeholder perceptions.

- **People Development and Involvement Concept:**

The full potential of an organization's people is best released through shared values and a culture of trust and empowerment, which encourages the involvement of everyone.

- **Continuous Learning, Innovation and Improvement Concept**

Organizational performance is maximized when it is based on the management and sharing of knowledge within a culture of continuous learning, innovation and improvement.

- **Partnership Development Concept**

An organization works more effectively when it has mutually beneficial relationships with its partners that are built on trust, sharing of knowledge and integration.

- **Public Responsibility Concept**

Adopting an ethical approach and exceeding the expectations and regulations of the community at large best serve the long-term interest of the organization and its people.

5. Holistic Conclusion

It is concluded that organizational excellence as depicted above results from strategy focused leadership. Moreover, project management maturity is only achieved when a culture of excellence inspired by superior leadership exists in the organization. Organizations plagued by poor leadership are profoundly unable to achieve project management maturity, irrespective of the quality of project managers in their employ.

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