

Building The PM-Centric Organization

What can IT service firms and in-house IT organizations learn from the construction industry?

“Continuous improvement of project management skills,” says Chris Sauer, a researcher with the Saïd Business School at Oxford University, England. “Construction companies stand or fall by their project performance. And we’ve discovered that the lessons they’ve learned can be applied to the IT sector.”

Where before IT organizations considered managing day-to-day operations as their core, today there’s a dawning realization that project management capabilities should be at the heart of all they do.

“The IT sector has changed,” explains Sauer. “IT projects are now recognized as critically important to core business. As well, IT outsourcing has led to the growth of systems integrators, for whom projects are the core business.”

And while the disciplined application of tools and techniques has traditionally been the IT sector’s approach to project management, this doesn’t seem to be the entire answer, since so many projects still fail to satisfy the client.

So it only makes sense that these companies should improve their project management competencies. But how?

For answers, Sauer turned to the construction industry, gathering data and conducting interviews with employees and board directors of four large, successful Australian construction companies with a reputation for consistently high project performance.

“The secret of their success lies in the way they focus the entire organization on project management,” says Sauer. “As one manager told us, *“In our industry, project managers are kings.”*”

Multiplex Constructions Pty Ltd., for example, has an outstanding track record of success in its home country. It achieves its high project performance because its organizational structures, management processes, roles, skills and culture all focus on achieving project success. And the point of convergence, says Sauer, is the project manager.

Companies like Multiplex, he says, use a combination of individual and organizational-level capabilities, with experience from each project feeding back into those capabilities. “These feedback loops are what make the construction model both sustainable and effective,” he says.

Sauer’s study reveals that effective organizational capability is a complex arrangement requiring:

- A career structure to give project managers incentives to develop
- A project management office as a focus for developing project management knowledge and as a ‘home base’ for managers

- Support from above – a direct reporting line to powerful directors who can offer political and resource support during tough times
- Reduced challenge from other functions – if project management is truly what matters, other functions must be subordinate to the project's needs

Individual capability is a combination of skills and competencies such as planning, controlling, communicating, negotiating, problem-solving and leading, as well as three important personal characteristics: experience, commitment and a drive to achieve.

To foster individual capability, organizations must establish:

- A pool of talented project managers with no underperformers.
- Development plans for improving project managers' skills and experience
- Mentoring
- Peer-group learning in a safe environment such as peer workshops or Friday evening drinks
- Opportunities to be stretched

Finally, effective project conduct requires:

- Matching the project manager's abilities to the project's needs
- Giving project managers the resources and authority to be successful
- Performance management from above
- Active support from above

What makes this organizational system so effective, says Sauer, is the tight alignment between the development of individual and organizational capability and what is needed for project performance.

"These construction companies are repeatedly successful at projects because they have developed both organizational and individual capabilities that they can apply to every project as a part of normal organizational functioning," says Sauer.

"Once IT project managers are treated more like their "regal" cousins in construction," he says, "consistent IT project success will be a more attainable goal."

Source: Sauer, C., Johnston, K. & Liu, L. "Where Project Managers are Kings: Lessons for IT from the Construction Industry", *Project Management Journal*, 32:4, December 2001, pp.39-49.

PMPerspectives.org is a website which connects project managers and sponsors with project management researchers. Our mission is to understand and improve project management practices. The research team comprises Dr. Blaize Horner Reich and Dr. Andrew Gemino from Simon Fraser University, Canada and Dr. Chris Sauer from Oxford University, UK.

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