Module 2 Session 2:

As firms go through growth (and perhaps shift focus to more critical projects) the influence of these factors will change, and their organizational structures will need to change as well to help ensure project success. With the information we’ve covered on organizational structures, you now have a better understanding of what to recommend to your company’s leadership as new situations and needs arise. Keep in mind that adjusting organization structures will bring with it a host of “Organizational Change Management” issues to work through – so it will require time and strong leadership.

Okay...let’s shift gears and move on to the subject of organizational culture. Research confirms there is a strong connection between project management structure, organizational culture, and project success.

For example, even though it’s not an “ideal” environment, you could have an organization successfully manage projects within a functional organization because the culture encouraged cross-functional integration.

You could have a matrix structure break down because the culture of the organization doesn’t support the division of authority between project managers and functional managers.

You could have companies that rely on independent project teams fail because the dominant culture didn’t support the level of innovation and speed necessary for success.

The bottom line is that the structure is only half the picture; your company’s culture provides the remainder of the formula for success – and that idea is supported by this quote...from Isadore Sharp, the Chairman and CEO of Four Seasons Hotels...

If you don’t understand the culture of the company, even your most brilliant strategies will fail. Your vision will be resisted, plans won’t get executed properly, and all kinds of things will start going wrong.”

Ok, we understand that there’s a connection between culture and organizational structure...and we understand that it’s important to know what it is so that our strategies won’t fail...but let’s step back and first answer the question of what IS culture?

Organizational culture refers to the system of shared beliefs, values, and assumptions that help to link people together emotionally in a company – and create shared beliefs.

This system of shared beliefs is demonstrated through customs and habits that represent the values and beliefs of the organization. For example, equality may be expressed by informal dress worn at a high-tech firm...or...mandated uniforms at a department store reinforce the respect for the hierarchy.

More importantly, culture reflects the personality of the organization, and can help us to predict the attitudes and behaviors of organizational members (and that’s why this is an important consideration for our discussion of the context of our project; we absolutely have to understand our stakeholders!!) Culture is one of the defining aspects of an organization that sets it apart from other organizations – even in the same industry.

Some researchers have concluded that there are 10 primary characteristics that capture the essence of an organization’s culture...and we’ll start with the items listed here – and we can think of these as being measured along a continuum...so for example...

Member identity: is the degree to which employees identify with the organization as a whole... rather than with their type of job or field of expertise.
Team emphasis: is the degree to which work activities are organized around groups… rather than individuals.

Management focus: is the degree to which management decisions take into account the effect of outcomes on people within the organization – or whether they’re just more focused on the work.

Unit integration: is the degree to which business units within the organization are encouraged to operate in a coordinated manner – or whether they are independent.

Control: refers to the degree to which rules, policies, and direct supervision are used to oversee and control employee behavior.

Risk tolerance: refers to the degree to which employees are encouraged to be aggressive, innovative, and risk-seeking.

Reward criteria: refers to the degree to which rewards (such as promotion and salary increases) are given according to performance…or whether they’re distributed based on non-performance factors such as seniority and favoritism.

Conflict tolerance: refers to the degree to which employees are encouraged to air conflicts and criticisms openly.

Means versus end orientation: the degree to which management focuses on outcomes rather than on techniques and processes used to achieve those results.

Open-system focus: the degree to which the organization monitors and responds to changes in the external environment

As shown on the next slide, these dimensions exist on a continuum, and assessing an organization according to these 10 dimensions provides a composite picture of the organization’s culture. By looking at these dimensions and characteristics, we can start to predict that certain aspects of the culture of an organization would support successful project management, while other aspects would be detractors.

This graphic attempts to reflect the characteristics that would be most conducive to completing complex projects involving people from different disciplines…and…you’ll note that in many cases, the “ideal” is not “way out there” at either extreme. This validates the idea that there are trade-offs…and needs that have to be balanced – such as a culture where management balances its focus on the needs of both the task and the people.

Okay...culture performs several important functions in organizations; an organization’s culture provides a sense of identity for its members. The more clearly the shared perceptions and values are stated, the more strongly people can identify with the organization and feel they’re a part of it.

A second function is that culture helps to legitimize the management system of the organization. Culture helps to clarify authority relationships. It provides reasons why people are in a position of authority and why their authority should be respected.

Probably most importantly, culture clarifies and reinforces standards of behavior. Culture helps define what is permissible and inappropriate behavior. For example – dress codes, working hours, challenging the judgment of superiors, etc.
Ultimately, culture helps create social order within an organization. Imagine what it would be like if members didn’t share similar beliefs, values, and assumptions. It would be pretty chaotic! The customs, norms, and ideal conveyed by the culture of an organization provide the stability and predictability in behavior that’s essential for an effective organization.

Deciphering an organization’s culture is a highly subjective process, and you can’t just rely on what people report. You must do a bit more examination…

If you’re new to a company – or considering a job at a new company – and you’re curious about the culture… here’s a brief checklist for beginning a diagnosis of an organization. These items will give you some clues about the norms, customs, and values of the organization.

Study the physical characteristics: What image does the architecture look like? Are the buildings and offices the same quality for all employees? What are dress codes?

Read about the organization: Examine annual reports, mission statements, press releases, newsletters, and any other public documents. What do they describe? What principles are exposed? Do the reports emphasize the people – or the financial performance of the firm?

Observe how people interact: Is the pace slow and methodical or urgent and spontaneous? What rituals exist within the organization? What values do they express? Who are the people at meetings – and who does the talking?

Interpret stories and folklore surrounding the organization: Look for similarities among stories told by different people.

This checklist can help you start an assessment of an organization’s culture. From this initial diagnosis, you can start to identify where an organization stands on the 10 cultural dimensions and begin to build a cultural profile for the firm. This will help draw conclusions about customs and norms that need to be adhere to and behaviors that might violate the norms of the firm.

Understanding the elements of culture – from a project management perspective – is important because it’ll have a significant impact on our project team, our stakeholders, and our chances of success. It’s been said that executives and leaders are the architects of culture. So, as a component of our leadership skills, we have to exhibit positive cultural characteristics through teamwork, cooperation, integrity, and excellent communication skills.

Being clear and consistent about our culture helps to develop a sense of trust for our project team and others involved with our project. Simon Sinek states that when individuals can trust the culture or organization, they’re more willing to take personal risk to help advance that culture or organization as a whole. That simply reinforces the importance for us to recognize and demonstrate a high degree of consistency to our team members and stakeholders to help encourage their trust, performance, and commitment.