OVERVIEW

The Organizational Context: Strategy, Structure, and Culture

Projects don't happen in a vacuum: three features of the parent organization shape how they are run. Strategy: strategic management formulates, implements and evaluates decisions, and projects are how strategy gets implemented; stakeholders inside and outside the organization pull projects in different directions. Structure: functional, project and matrix organizations (and heavyweight project teams), each with strengths and weaknesses for projects, plus the PMO's levels, forms and models. Culture: the unwritten rules of behavior, what shapes them, and the four ways they affect project management.

Projects implement strategy

Strategic management = formulate, implement and evaluate cross-functional decisions; projects (new plants, products, IT) carry the strategy out.

Three structures

Functional = grouped by similar activities (deep expertise, silos). Project = temporary project teams (fast, expensive). Matrix = dual hierarchy (coordination, two bosses).

PMO

Levels 1–3 (project → business unit → corporate); forms by control (supportive, controlling, directive); models by purpose (weather station, control tower, resource pool).

Culture

Unwritten rules of behavior, shared by a subset, taught to newcomers; affects departmental interaction, commitment, planning and performance evaluation.

HOW THE LECTURE IS ORGANIZED

Slides 1–5 Strategy: strategic management, projects reflect strategy, the A380

Slides 6–8 Stakeholder management: internal and external stakeholders

Slides 9–18 Structure: functional, project, matrix and heavyweight organizations

Slides 19–22 Project management offices: levels, forms, models

Slides 23–25 Organizational culture and its effects on projects

EXAM FOCUS

The instructor's 2026 midterm asked three questions from this deck: how employees are grouped in a functional organization, what describes a project organization, and the main purpose of strategic management. Finals asked about the PMO (Final 242) and how PM helps achieve strategic objectives (Final 251); the Midterm 251 case asked which team structure you would set up.

HOW TO READ THIS PAGE

Every original slide is shown unchanged. Yellow marks on a slide point to a numbered note: hover or tap a mark to jump to its note, and hover a note to see its marks. Questions tagged Past exam appeared on a real paper; Prediction questions are likely angles, not confirmed. Pick an answer to each question: a wrong pick tells you why it is wrong, so you can try again.

Chapter 2

The Project Management and Software Engineering Process context:

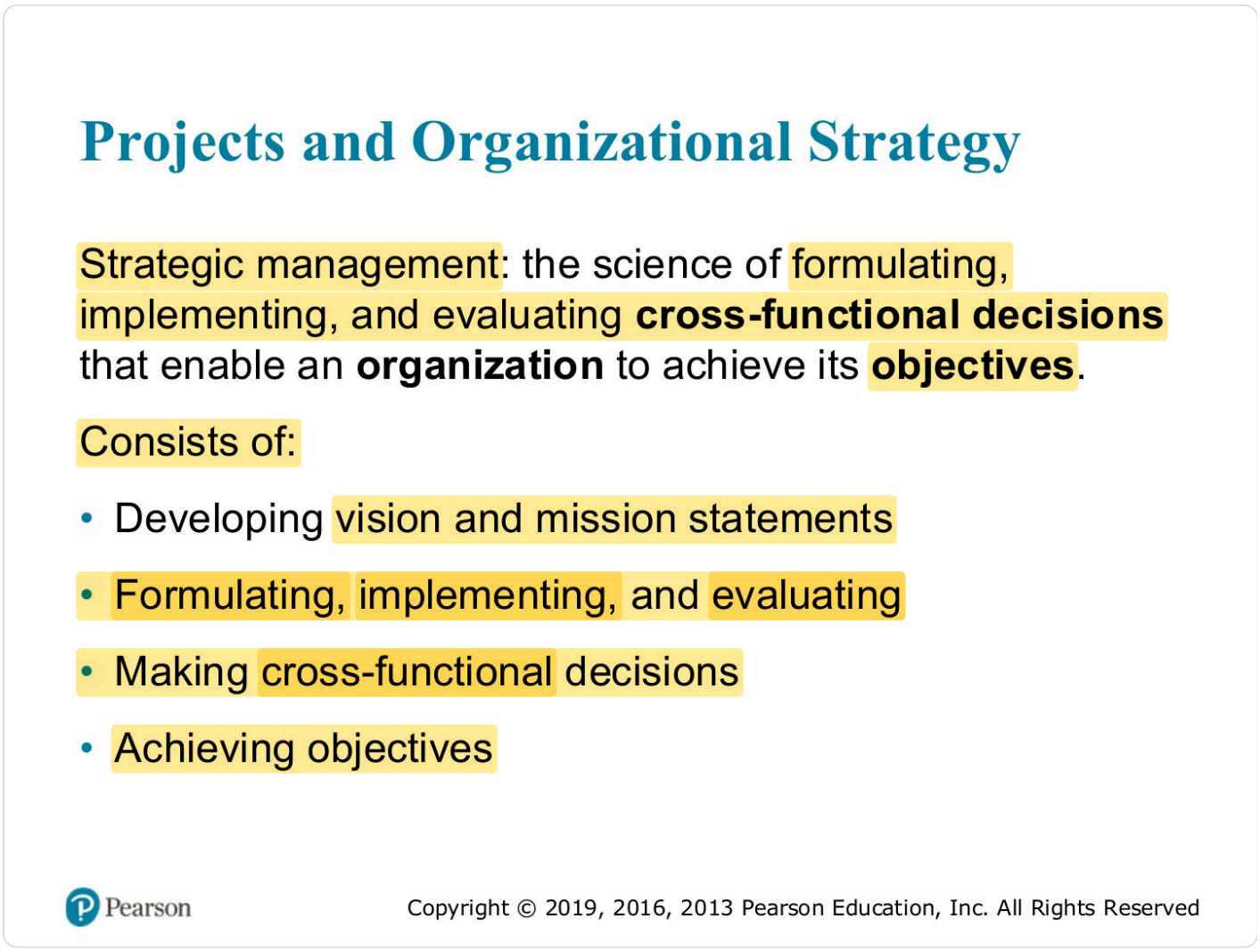
The Organizational Context: Strategy, Structure, and Culture

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NOTES

1 This chapter (from Pinto's *Project Management*) looks at the three organizational features that shape how projects are run: **strategy** (why projects exist), **structure** (who reports to whom and how resources are shared) and **culture** (the unwritten rules people follow).



NOTES

1. It's just the organization deciding where it wants to go and getting there. **Cross-functional** matters, because a goal like "enter a new market" needs sales, engineering and finance to act together, and so do the projects that carry it out.
2. You can't choose a path without a destination, so **vision and mission** come first. After that comes a loop, because evaluating results may send you back to change the strategy.
3. This is the test for any strategy: did we reach our **objectives**? A beautifully written plan with no results has failed.

EXAM ANGLE

Past exam · Midterm 261 · MCQ Q1

What is the main purpose of strategic management?

A To formulate, implement, and evaluate decisions that help achieve organizational objectives

> The slide's definition: formulating, implementing and evaluating cross-functional decisions to achieve objectives.

B To manage employees' daily activities only

C To eliminate all organizational risks

D To focus only on project costs

SLIDE 3 / 25 **Table 2.1 Projects Reflect Strategy**

Table 2.1 Projects Reflect Strategy

Strategy	Project
Technical or operating initiatives (such as new distribution strategies or decentralized plant operations)	Construction of new plants or modernization of facilities
Development of products for greater market penetration and acceptance	New product development projects
New business processes for greater streamlining and efficiency	Reengineering projects
Changes in strategic direction or product portfolio reconfiguration	New product lines
Creation of new strategic alliances	Negotiation with supply chain members (including suppliers and distributors)
Matching or improving on competitors' products and services	Reverse engineering projects
Improvement of cross-organizational communication and efficiency in supply chain relationships	Enterprise IT efforts
Promotion of cross-functional interaction, streamlining of new product or service introduction, and improvement of departmental coordination	Concurrent engineering projects

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NOTES

1. The table's point: **projects are how strategy gets implemented**. Each strategic intention on the left becomes a type of project on the right.
2. See the pattern: a business goal becomes concrete work. "Sell to more customers" stays vague until someone runs a **new product development** project. "Be more efficient" becomes **reengineering**, which redesigns how the work is done.
3. If a project can't be linked to a row like this, ask why it's being funded. For example, **reverse engineering** studies a competitor's product to match it. Pick one or two rows as examples when explaining how PM supports strategy.

EXAM ANGLE

Past exam · Final 251 · Q1.1 Q1

How does project management contribute to organizations in achieving their strategic objectives? Please elaborate.

Answer: Strategy is carried out through projects. Project management selects and prioritizes projects (through portfolios and programs) so they align with strategic objectives, then delivers them so the outputs create the intended outcomes, benefits and value. It uses limited resources efficiently, controls scope, time and cost, and manages risk and change. That lets the organization reach its goals and respond to its market faster than competitors.

Strategy example: the Airbus A380



What went wrong with the A380? The aircraft itself features cutting edge technology, has modern conveniences (Emirates offers its first-class passengers on-board showers and a fully stocked bar and lounge area), and is popular with travelers. Unfortunately, its design has also led to several ancillary problems. For example, because the airplane is so large, it requires a longer-than-average runway for takeoffs and landings. Furthermore, the two-decker configuration requires airports to redesign and install special jet bridges and entrance/exit gates to allow for double lines of passengers boarding and leaving the aircraft. These redesigns have proven to be unpopular with many airports that refuse to make the necessary modifications. When the A380 was first introduced in the United States, only eight airports had taxiways wide enough and parking ramps large enough to accommodate the plane. Interestingly, the sheer size of the aircraft also creates operational hazards for other flights landing or taking off behind it. As one writer put it, "The A380 is basically a flying weather system, with its 261-foot wings throwing off hurricane-strength winds. Under current international guidelines, smaller aircraft need a seven-mile gap between themselves and the A380." By comparison, some airports that handle smaller jets can space them as little as 2.5 miles apart. The arrival and departure of multiple A380s can slow flight operations at some of the busiest airports in the country.

What went wrong for the A380? Much of the blame rests on the strategic decisions taken by Airbus and its view of the future of global aviation. At the beginning of the millennium, Airbus and Boeing looked where their business was heading and saw similar facts: air traffic doubling every 15 years, including estimates that the number of travelers would hit four billion by 2020—and came to radically different conclusions for the future. For Airbus there was need for much bigger planes for sustainable growth at congested airports. For Boeing, medium-sized wide-body jets best matched future globalization pressures and anticipated higher frequency of travel among major and multiple growing cities.

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NOTES

1. The A380 was an engineering achievement, and the planes flew. It still failed commercially, so the lesson is about **strategy**: delivering the wrong thing well doesn't help.
2. Same data, opposite conclusions. That's the point: facts don't choose a strategy, and people's interpretation does. Airbus bet on giant planes flying between **hub** airports.
3. Boeing concluded that **medium-sized wide-body jets** flying directly between more cities fitted the future better, and the market followed Boeing. Lesson: a project can be well run and still fail if the strategy behind it is wrong.

EXAM ANGLE

Prediction Q1

What is the main lesson of the Airbus A380 case?

A Airlines don’t buy planes

> Airlines chose Boeing’s approach.

B Boeing’s data was different from Airbus’s

> They saw the same facts and reached different conclusions.

C A project can be executed well and still fail if the strategy behind it is wrong

> The plane flew, but the market went another way.

D Engineers should avoid large projects

> The problem wasn’t size itself.

Prediction Q2

What did Airbus conclude from the growth in air traffic?

A Medium-sized planes would fly directly between cities

> That was Boeing’s view.

B Hubs would disappear

> Airbus expected busy hubs.

C Air travel would decline

> Both saw it growing.

D Much bigger planes would be needed for congested hubs

> That’s the bet behind the A380.

 Projects and Organizational Strategy

Projects and Organizational Strategy

Strategic management consists of the following elements

1. ***Developing vision statements and mission statements.*** Vision and mission statements establish a sense of what the organization hopes to accomplish or what top managers hope it will become at some point in the future.
2. ***Formulating, implementing, and evaluating.*** Projects, as the key ingredients in strategy implementation, play a crucial role in the basic process model of strategic management. A firm devotes significant time and resources to evaluating its business opportunities through developing a corporate vision or mission, assessing internal strengths and weaknesses as well as external opportunities and threats, establishing long-range objectives, and generating and selecting among various strategic alternatives
3. ***Making cross-functional decisions.***
4. ***Achieving objectives.***

TOWS Matrix

	External Opportunities (O) 1. 2. 3.	External Threats (T) 1. 2. 3.
Internal Strengths (S) 1. 2. 3.	SO *"Maxi-Maxi" Strategy* Develop projects that use strengths to maximize opportunities	ST *"Maxi-Mini" Strategy* Develop projects that use strengths to minimize threats
Internal Weaknesses (W) 1. 2. 3.	WO *"Mini-Maxi" Strategy* Develop projects that minimize weaknesses by taking advantage of opportunities	WT *"Mini-Mini" Strategy* Develop projects that minimize weaknesses and avoid threats

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NOTES

1. A **vision** is where we want to be, while a **mission** is what we do and for whom. Without them, nobody can judge whether a proposed project fits, so every department pulls its own way.
2. Projects are how a strategy actually happens: a plan to enter a market means nothing until a project builds the product. That's why they're called the **key ingredients in strategy implementation**.
3. Strategy fails if each department decides alone. **Cross-functional** decisions weigh the whole organization, and **achieving objectives** is the measure of whether it all worked.
4. The **TOWS matrix** turns SWOT into strategies: SO (use strengths to seize opportunities), ST (use strengths against threats), WO (overcome weaknesses using opportunities), WT (minimize weaknesses and avoid threats).

TIPS & TRICKS

- The order matters here: **D**on't **F**orget **M**y **A**im. Developing vision and mission, Formulating strategy, Making cross-functional decisions, Achieving objectives.

EXAM ANGLE

Prediction Q1

In a TOWS matrix, a strategy that uses internal strengths to take advantage of external opportunities is called:

A ST

B WO

C SO

D WT

SLIDE 6 / 25 **Stakeholder Management**

Stakeholder Management

Organizations and project teams cannot operate in ways that ignore the external effects of their decisions. One way to understand the relationship of project managers and their projects to the rest of the organization is through employing stakeholder analysis.

Stakeholder analysis is a useful tool for demonstrating some of the seemingly irresolvable conflicts that occur through the planned creation and introduction of new projects.

Project stakeholders are defined as all individuals or groups who have an active stake in the project and can potentially impact, either positively or negatively, its development.

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NOTES

1 A project can pollute a river or upset a community and still be on budget, but those people can stop you. So you can't just focus inward: **external effects** come back to the project.

2. Mapping who wants what shows where the PM stands and whose support is needed. That's the purpose of **stakeholder analysis**: seeing the politics clearly enough to plan for them...

3. ...and it shows that some conflicts have no clean answer. When groups want opposite things, you can't please everyone, so the PM manages the trade-off. That's why they're called **irresolvable conflicts** (a new system that helps sales may burden operations).

4. The test is whether they have an interest and can affect the outcome. Note the wording, **positively or negatively**: a supplier can speed you up, and a protest group can hold you back.

EXAM ANGLE

Prediction Q1

What makes someone a project stakeholder, according to the slide?

A They work on the project team

> Stakeholders can be outside it.

B They paid for the project

> Paying isn't required.

C **They have an active stake and can affect the project positively or negatively**

> That's the slide's definition.

D They support the project

> Opponents count as well.

Prediction Q2

Stakeholder analysis can reveal conflicts that seem impossible to fully resolve.

T **True**

> A new system that helps sales may burden operations.

F False

> The slide calls them seemingly irresolvable conflicts.

 Identifying Project Stakeholders

Identifying Project Stakeholders

Internal Stakeholders

- Top management
- Accountant
- Other functional managers
- Project team members

External Stakeholders

- Clients
- Competitors
- Suppliers
- Environmental, political, consumer, and other intervenor groups

- Hydraulic fracturing technology has been widely embraced in USA which led to going from being a net importer of natural gas in 2012 to a net exporter in 2016. Environmental groups, however, continue to oppose these steps, using litigation and political lobbying to resist the development of these energy sources. They were initially successful in halting completion of the Dakota Access Pipeline project and have delayed for years the development of the 1,700-mile-long Keystone XL oil pipeline from Canada's oil sands region to refineries in Texas. These types of external stakeholders are called **intervenor groups** (possessing the power to effectively intervene and disrupt the project).

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NOTES

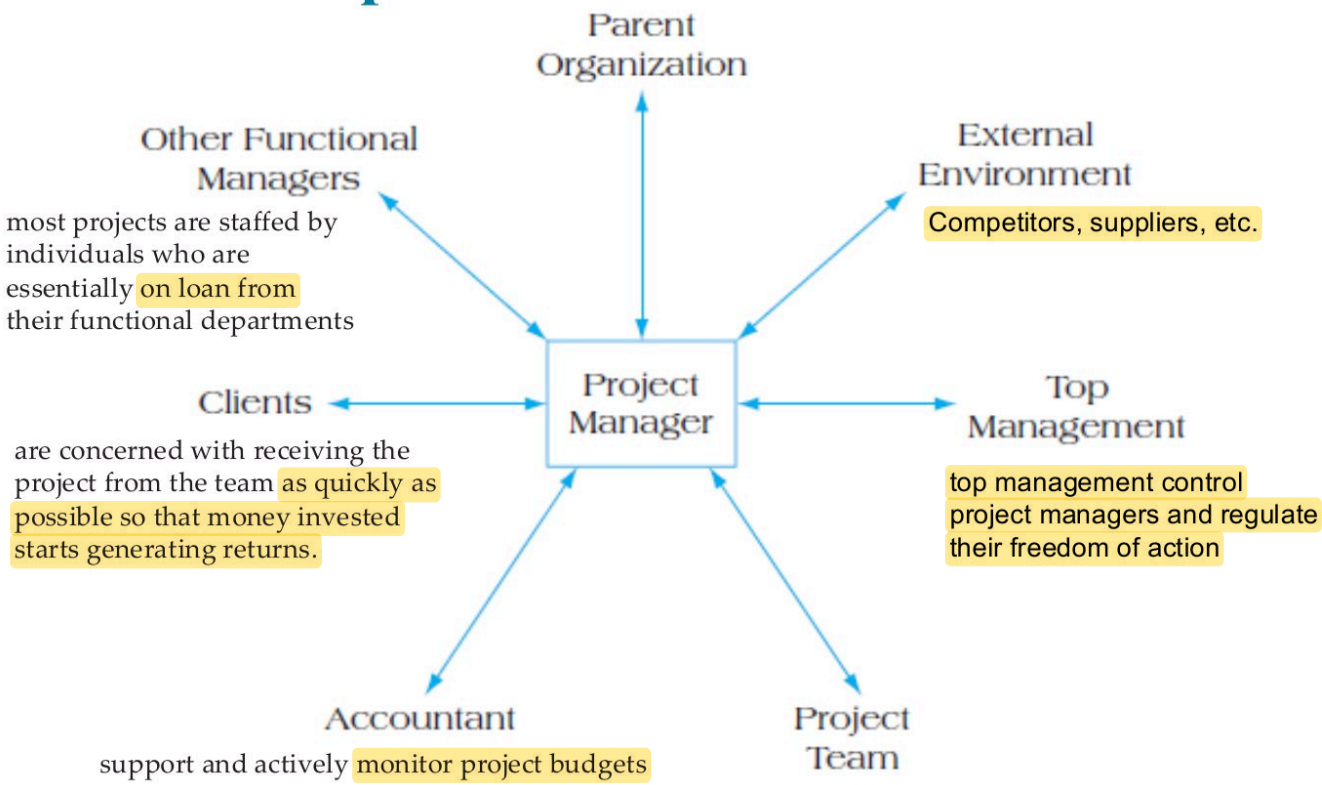
1. These people work inside your organization, and you can usually reach them through its hierarchy. Each has different concerns: the **accountant** cares about spending, while **top management** cares about strategy.
2. You have less control over these, so you must persuade or plan around them. **Competitors** count even though they aren't involved, because their moves can make your project pointless.
3. They aren't customers or partners, but they can still stop you. **Intervenor groups** are easy to overlook, which is exactly why the slide's pipeline case hurt: the project was held up for years by lawsuits and lobbying.

EXAM ANGLE

Past exam · Midterm 251 · V1 · Case Q3 Q1

Edugate scheduling system: identify three main stakeholder groups for this project, describe their roles, and explain how their input will shape the system.
Answer: Students are the end users; their input shapes usability and flexibility (0.3). The IT/Edugate team ensures integration, security and compliance with PSU IT policies (0.3). Faculty advisors and administration ensure study-plan rules are enforced and use the system to monitor students (0.4).

 Figure 2.3 Project Stakeholder Relationships



NOTES

1. A functional manager lends you a good engineer and loses them for months, so don't be surprised at some resistance. Their goal, keeping their own department running, conflicts with yours even though nobody's wrong.
2. The client has paid and wants the benefit, so speed is their priority. That can conflict with quality, or with the time your team needs: their view of **as quickly as possible** isn't the same as yours.
3. Top management supports you, but also needs to keep an eye on you, as it's their money and risk. So expect both help and limits. That's why **control** sits next to support in this diagram.
4. **Accountants**: support and actively **monitor project budgets**. The PM sits in the middle, balancing all of them.

EXAM ANGLE

Prediction Q1

Why might a functional manager resist your project?

A They want the project finished slowly for its own sake

> That's not their motive.

B They monitor project budgets

> That's the accountant.

C Their staff are on loan, and they want their own work protected

> Lending people costs their department.

D They are the client

> The client is a different stakeholder.

Prediction Q2

A stakeholder wants the project delivered as quickly as possible so that the investment starts generating returns. Who is this?

A The client

> That's how the figure describes clients.

B Top management

> Top management supports and controls PMs.

C A competitor

> A competitor doesn't want you to succeed.

D The accountant

> The accountant monitors budgets.

 Organizational Structure

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Organizational Structure

Consists of three key elements:

1. Designates formal reporting relationships, Who reports to whom?
   - number of levels in the hierarchy
   - span of control
2. Identifies groupings of
   - individuals into departments
   - departments into the total organization
3. Design of systems to ensure
   - effective communication
   - coordination
   - integration of effort across departments

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NOTES

1. Everyone should know who decides what. A small **span of control** means close supervision but many layers, while a wide one means more freedom and fewer layers, and more layers slow every decision.
2. Why group at all? Putting similar people together builds expertise, but it also creates the walls between **departments** that projects have to cross.
3. Grouping creates walls, and these **systems** are the doors. Without them, departments don't share information. Projects cut across departments, so this third element is where they succeed or struggle.

EXAM ANGLE

Prediction Q1

A manager has 25 people reporting directly to them. What term describes this number?

A Span of control

It's how many people report to one manager.

B Cost baseline

That's about money.

C Dual hierarchy

That's a matrix with two reporting lines.

D Functional siloing

That's about departments not cooperating.

Prediction Q2

Which element of structure is where projects most often struggle?

A The company's logo

That isn't part of structure.

B The client's location

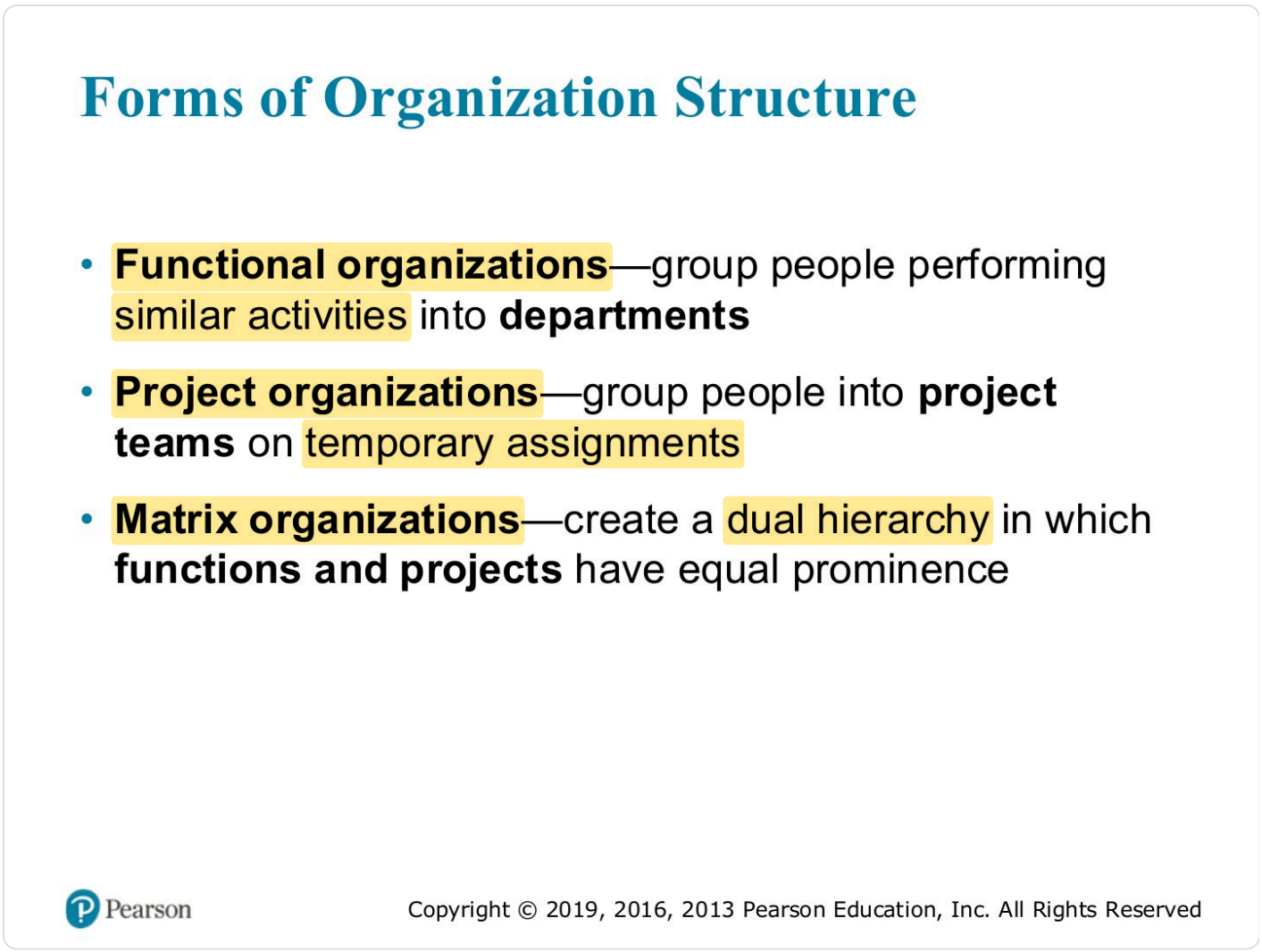
That's not one of the three elements.

C The number of office floors

That isn't an element.

D Systems for communication, coordination and integration across departments

Projects cut across departments.



NOTES

1. Think of a school arranged by subject: all math teachers together. **Functional** organizations are great for building expertise, but nobody owns work that spans several departments.
2. Here the project is the main unit, and people belong to it until it's over. A **project organization** suits firms that earn their money from projects, like construction companies.
3. A matrix tries to get both benefits at once. It keeps expert departments and still has strong projects, at the cost that a person may have **two bosses**: a functional manager and a project manager.

TIPS & TRICKS

- **PerFuMe**: Project, Functional, Matrix.

EXAM ANGLE

Past exam · Midterm 261 · MCQ Q1

How are employees grouped in a functional organization?

A According to similar activities or functions

B According to temporary project assignments only

C According to their personal interests

D Randomly across the organization

Past exam · Midterm 261 · MCQ Q2

Which statement best describes a project organization?

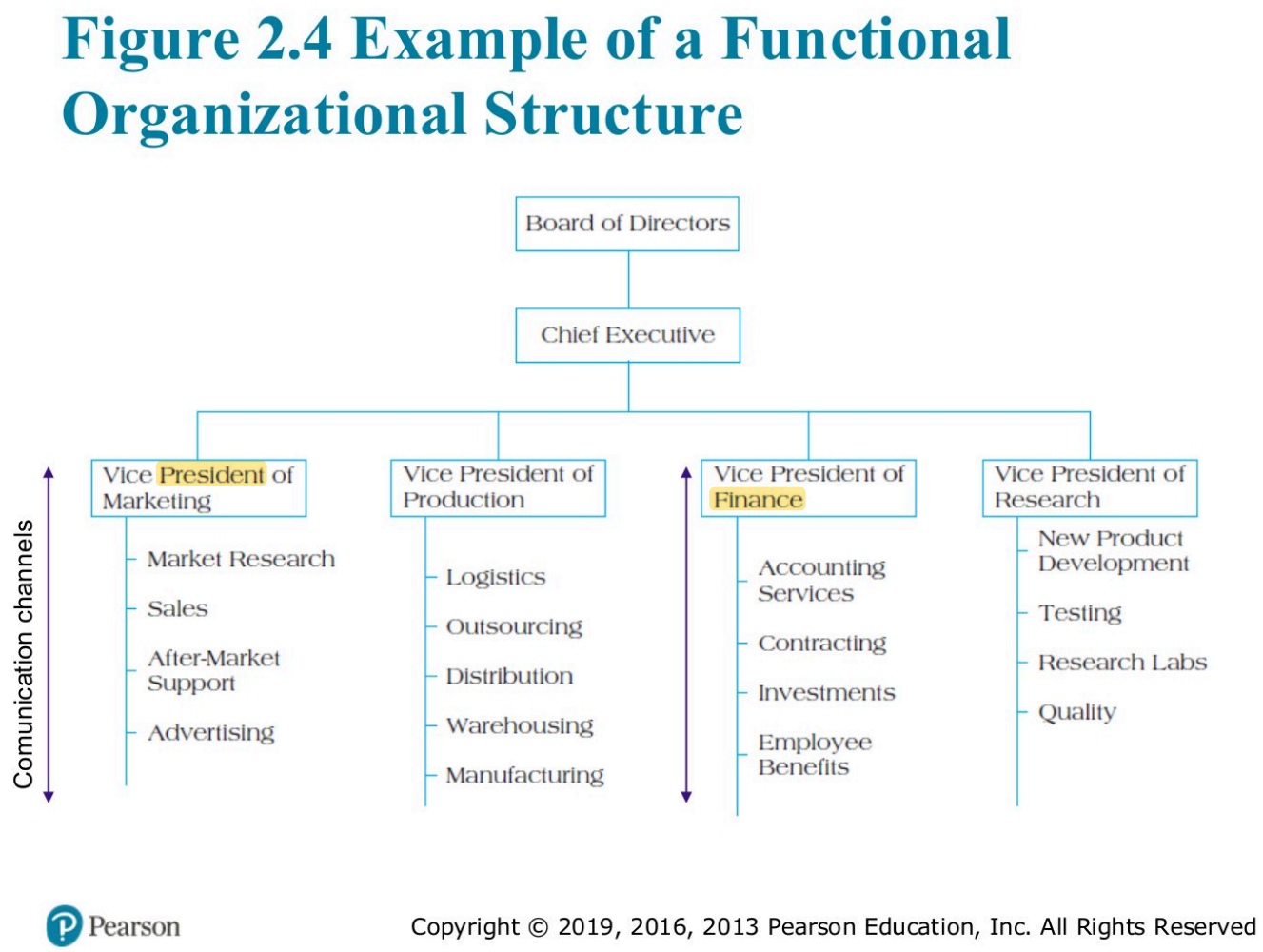
A People are grouped into project teams for temporary assignments

B Employees remain permanently grouped only by function

C All projects are managed by external suppliers

D Project managers have no authority over project teams

 Figure 2.4 A Functional Organizational Structure



NOTES

1. A **functional** structure: departments (engineering, manufacturing, marketing, finance, accounting) under the president, each with its own sub-units.
2. The vertical arrows show **communication channels running up and down inside each function**, not across. Coordinating a cross-functional project means going up one chain and down another, which is slow: the root of the silo weakness on the next slide.

EXAM ANGLE

Prediction Q1

In a functional structure, how does communication mainly flow?

A Directly between all departments

That's what's missing.

B Only between project managers

A functional firm has no separate project line.

C **Up and down within each function**

That's what the vertical arrows show.

D Only through customers

Customers aren't the channel.

Prediction Q2

Why is cross-functional work slow in this structure?

A Every employee has two bosses

That's a matrix.

B **A request must go up one chain and down another**

The chart shows this path.

C There are too many customers

That isn't shown.

D Projects have dedicated teams

That's a project organization.

 Table 2.2 Strengths and Weaknesses of

Table 2.2 Strengths and Weaknesses of Functional Structures

Strengths for Project Management	Weaknesses for Project Management
1. Projects developed within basic functional structure require no disruption or change to firm's design.	1. Functional **siloing** (unwillingness to consider alternative viewpoints, collaborate with other groups, etc.) makes it difficult to achieve cross-functional cooperation.
2. Enables development of in-depth knowledge and intellectual capital.	2. Lack of customer focus.
3. Allows for standard career paths.	3. Longer time to complete projects due to structural problems, slower communication, etc.
	4. Varying interest or commitment.

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NOTES

1. There's nothing to reorganize, so you can start right away. For a small project staying within one department, this is the simplest option, since you just assign it within the **existing structure**.
2. Specialists sit together and learn from each other. That builds **deep knowledge** in one field, which is very valuable for technically hard work.
3. A person's next role is clear, like junior to senior engineer. That's reassuring to staff, unlike project-based work where the next assignment is uncertain, so **career paths** are a real strength.
4. People protect their own department's view. Each one may do its piece well, but no one takes care of how pieces fit together. So **siloing** is the weakness to name first.
5. People are rewarded by their department, so that's who they work to please. Nobody owns the customer's whole experience, which is what **lack of customer focus** means.
6. **Longer project times** (slower communication through the hierarchy) and varying interest or commitment, since the project is nobody's main job.

EXAM ANGLE

Prediction Q1

Which is a weakness of functional structures for project management?

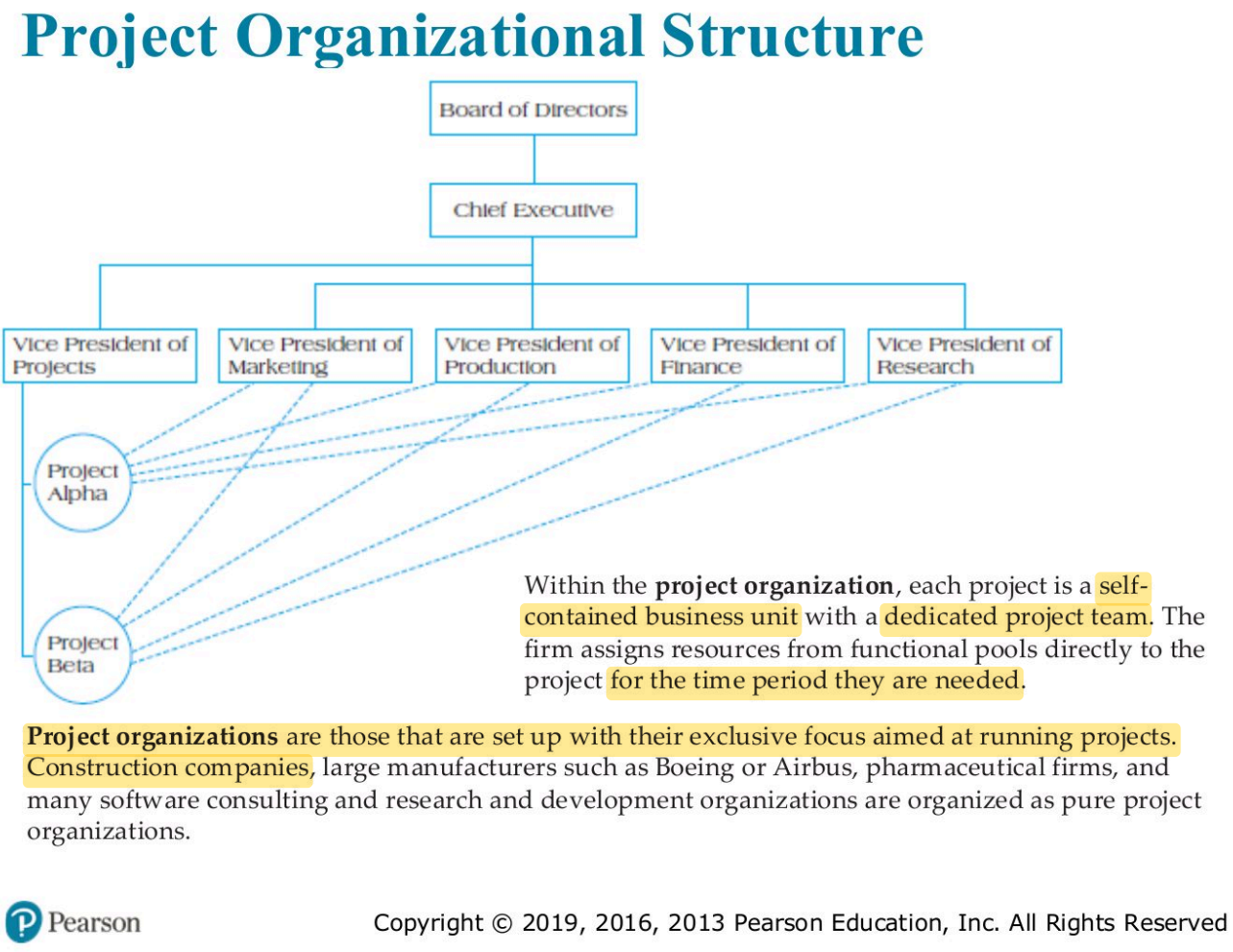
A No disruption to the firm's design

B Standard career paths

C **Functional siloing and lack of customer focus**

D In-depth knowledge development

SLIDE 13 / 25 **Project Organizational Structure**



NOTES

1 Think of each project as a small company. A **dedicated team** works only on it, so nobody's attention is split with other work.

2. People join for the time they're needed and then leave. This keeps costs down compared to holding someone for a whole project, but it also means they **move on** once their part is done.

3. Their income comes from delivering projects, so it makes sense to organize around them. A hospital is mostly routine operations, while a **construction company** is mostly projects.

EXAM ANGLE

Prediction Q1

Which kind of company most naturally uses a project organization?

A A company with only routine operations

> That has little project work.

B **A construction company**

> Its business is delivering projects.

C A company with no customers

> That doesn't describe a real structure choice.

D A company with only one department

> That's not the criterion.

Prediction Q2

In a project organization, resources are assigned for as long as the project needs them.

T **True**

> They're assigned from functional pools for that period.

F False

> The slide says so.

 Table 2.3 Strengths and Weaknesses of

Table 2.3 Strengths and Weaknesses of Project Structures

Strengths for Project Management	Weaknesses for Project Management
1. Project manager sole authority	1. Expensive to set up and maintain teams
2. Improved communication	2. Chance of loyalty to the project rather than the firm
3. Effective decision making	3. Difficult to maintain a pooled supply of intellectual capital (contractors hired temporarily for the project then leave the organization)
4. Creation of project management experts	
5. Rapid response to market opportunities	4. Team member concern about future once project ends

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NOTES

1. There's no need to negotiate with other managers for decisions or staff. One person can decide, so problems get fixed fast, and that's what **sole authority** gives you.
2. A team working on just one thing talks all the time, with no layers between them. That's why **communication** and **decision-making** improve, and doing projects all day also builds real PM experts.
3. A competitor launches something and you can react right away, because you're not waiting for several departments to agree. That's the value of a **rapid response**.
4. The costs add up: every project needs its own full set of staff and equipment, even if another team has spares. Such duplication is what makes it **expensive**.
5. People identify with "their" project. They may also make decisions that help it but hurt the company, and specialists who leave take their knowledge with them, so **loyalty** cuts both ways.
6. What happens to me when this ends? If no job is waiting, good people may start looking elsewhere just when you need them most for the finish. That's why they **worry about their future**.

EXAM ANGLE

Prediction Q1

Which is a strength of the project organizational structure?

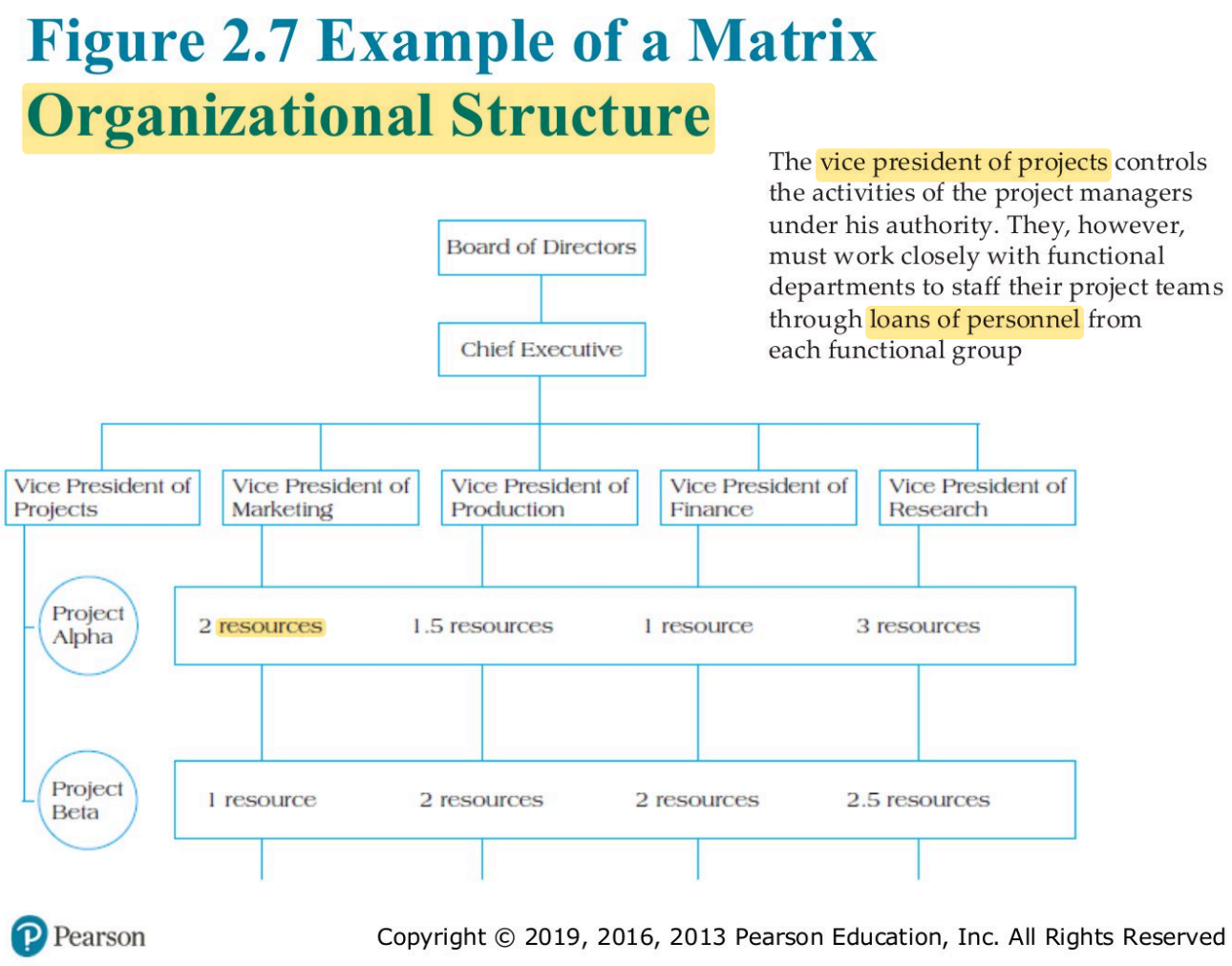
A Pooled expertise is easy to keep

B **The project manager has sole authority**

C It is cheap to set up

D Team members never worry about the future

SLIDE 15 / 25 **Figure 2.7 Example of a Matrix**



NOTES

1. Read the chart as a grid. The rows are projects, run by project managers reporting to the **VP of projects**. It's the "project" half of the matrix...

2 ...but the PMs must work closely with the functional departments (columns) to staff their teams through **loans of personnel** from each function: the “2 resources”, “1.5 resources” cells show how many people each department lends to each project.

EXAM ANGLE

Prediction Q1

In this matrix, how do PMs get their staff?

A They hire everyone permanently

> They borrow from departments.

B They use only contractors

> The chart shows functional departments.

C The VP does all the work

> The VP controls the PMs.

D **Through loans of personnel from each functional group**

> That’s what the cells show.

 Table 2.4 Strengths and Weaknesses of

Table 2.4 Strengths and Weaknesses of Matrix Structures

Strengths for Project Management	Weaknesses for Project Management
1. Suited to dynamic environments	1. Dual hierarchies mean two bosses
2. Equal emphasis on project management and functional efficiency	2. Negotiation required in order to share resources
3. Promotes coordination across functional units	3. Workers caught between competing project and functional demands
4. Maximizes scarce resources	

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NOTES

1. When priorities change, people can be moved between projects without reorganizing the company. That's why it's suited to **dynamic environments**, unlike a rigid structure.
2. Neither side automatically wins, so expert departments stay strong while projects also get attention. That's the intent behind **equal emphasis**, though keeping the balance takes constant work.
3. Because a person belongs to both a department and a project, information moves between them naturally. So **coordination** across units improves.
4. If you only have one security expert, a matrix lets three projects share them part time. So it's a good fit when specialists are in short supply, which **maximizes scarce resources**.
5. Your project manager wants the task today and your department head wants something else. Whose priority wins? That's the daily experience of **two bosses**, and it causes stress for the people in the middle.
6. Nothing is given automatically, so managers must agree on who gets whom, and when. **Negotiation** takes time and depends on relationships. "Two bosses" is never a strength.

EXAM ANGLE

Prediction Q1

What is the main weakness of the matrix structure?

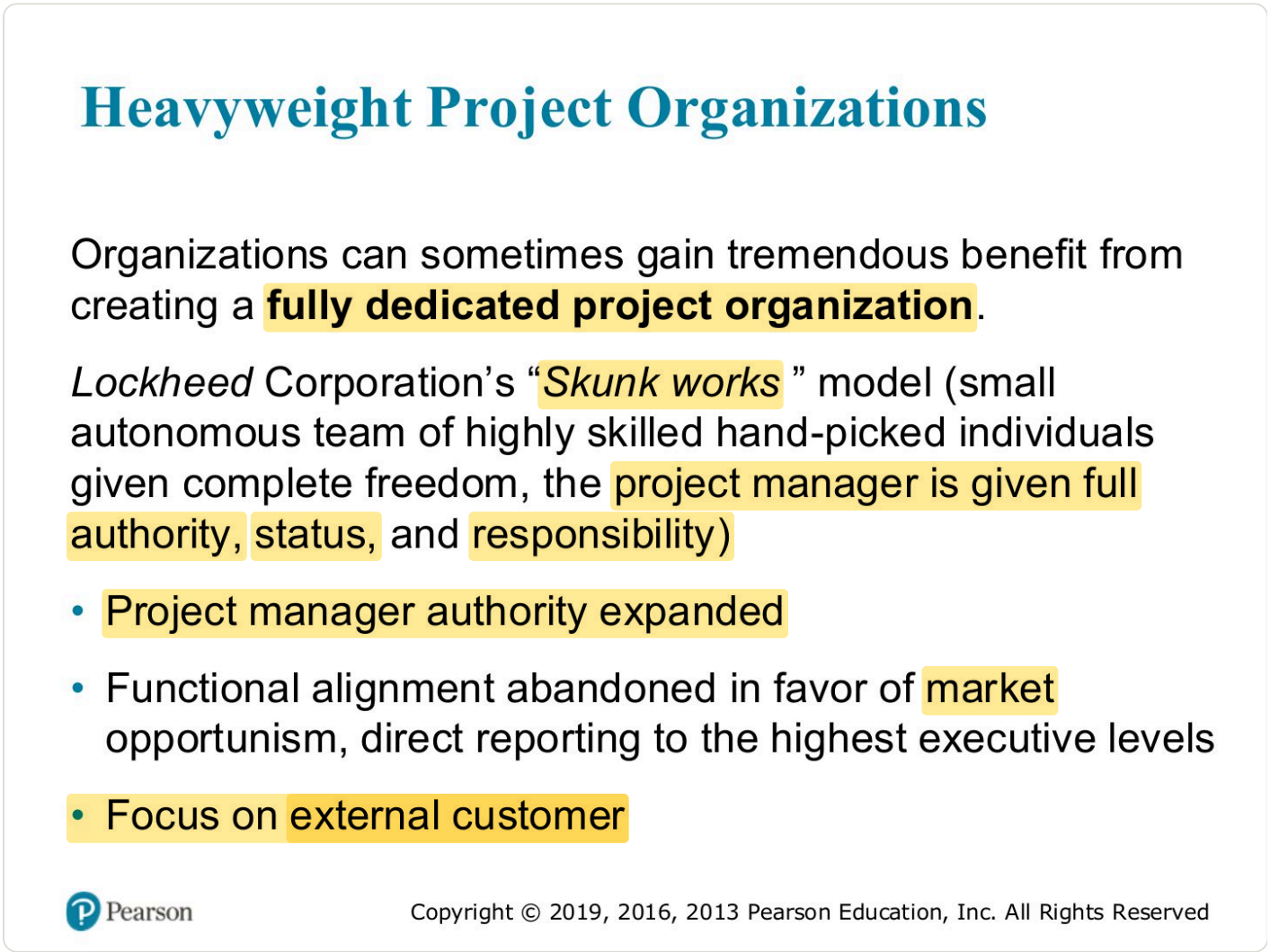
A It wastes scarce resources

B There is no coordination across units

C It is unsuitable for dynamic environments

D **The dual hierarchy gives workers two bosses**

SLIDE 17 / 25 **Heavyweight Project Organizations**



NOTES

1 Normal structures are slowed by approvals and competing priorities. For an urgent, high-stakes goal, a company may remove those limits. A **heavyweight** team is that exception, and it's costly, so it isn't for every project.

2. Why would it work? Few people, top talent, no red tape. **Skunk Works** teams built advanced aircraft fast this way, because they could decide without waiting for anyone outside the team.
3. The PM gets real power, like a senior executive, and doesn't need to ask for permission. That's the meaning of **PM authority expanded**, compared with a PM who has to persuade people...
4. ...departments no longer shape the work. The team goes after what the **market** wants and reports directly to the top, so its news doesn't get diluted on its way up...
5. ...and success gets judged by the **external customer**, not by how well internal rules were followed. That keeps the team's attention on what really counts.

EXAM ANGLE

Prediction Q1

Which describes a heavyweight project team?

A A team focused only on internal needs

> The focus is the external customer.

B Work done only in functional departments

> Functional alignment is abandoned.

C A PM with no authority

> It’s the opposite.

D A fully dedicated team, where the PM has expanded authority

> That’s the core of the idea.

Prediction Q2

Skunk Works is best described as:

A A small, autonomous team of hand-picked people with great freedom

> That’s the slide’s description.

B A PMO that only tracks status

> That’s a weather station.

C A vendor selection method

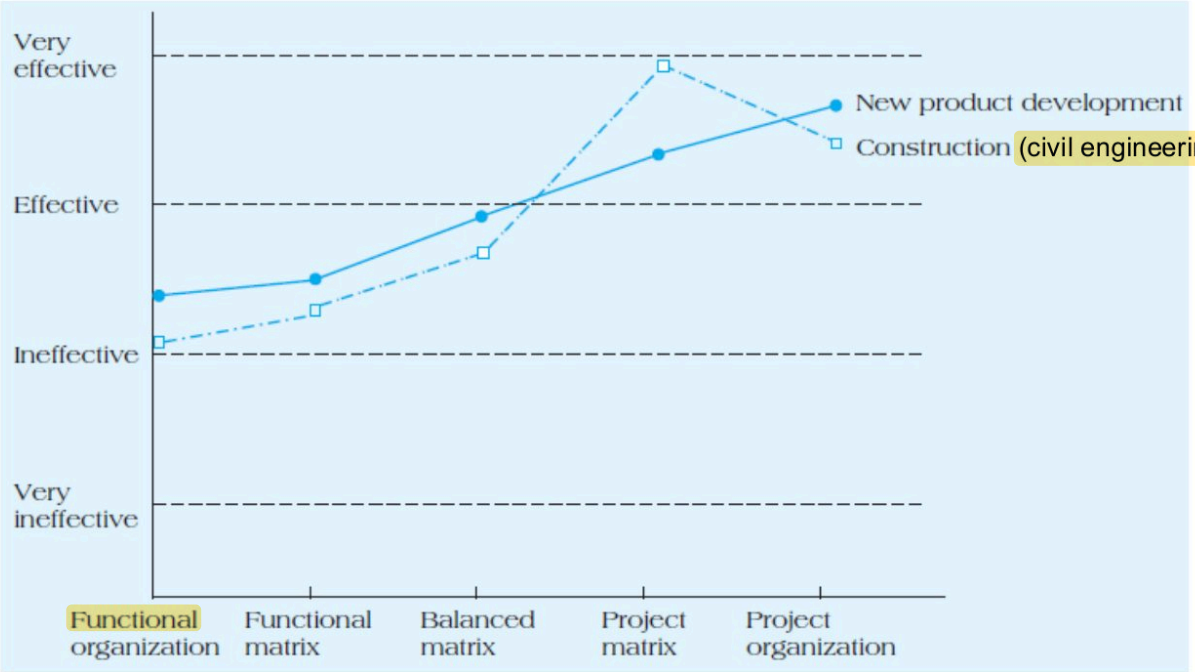
> It has nothing to do with procurement.

D A large, process-heavy department

> It’s small and free of process.

 Figure 2.8 Perceived Effectiveness of Structures

Figure 2.8 Managers' Perceptions of Effectiveness of Various Structures on Project Success (survey study)



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NOTES

1. A survey of managers' perceptions of how effective each structure is for project success, from **functional** through functional matrix, balanced matrix and project matrix to **project team**.
2. The trend: the more project-oriented the structure, the more effective managers judge it for projects; for new product development the project matrix and project team score highest. (A survey result to understand, not to memorize.)

EXAM ANGLE

Prediction

Q1

What does the survey suggest?

A Structure makes no difference

> Ratings differ by structure.

B Functional structures are always best for projects

> The chart suggests the opposite.

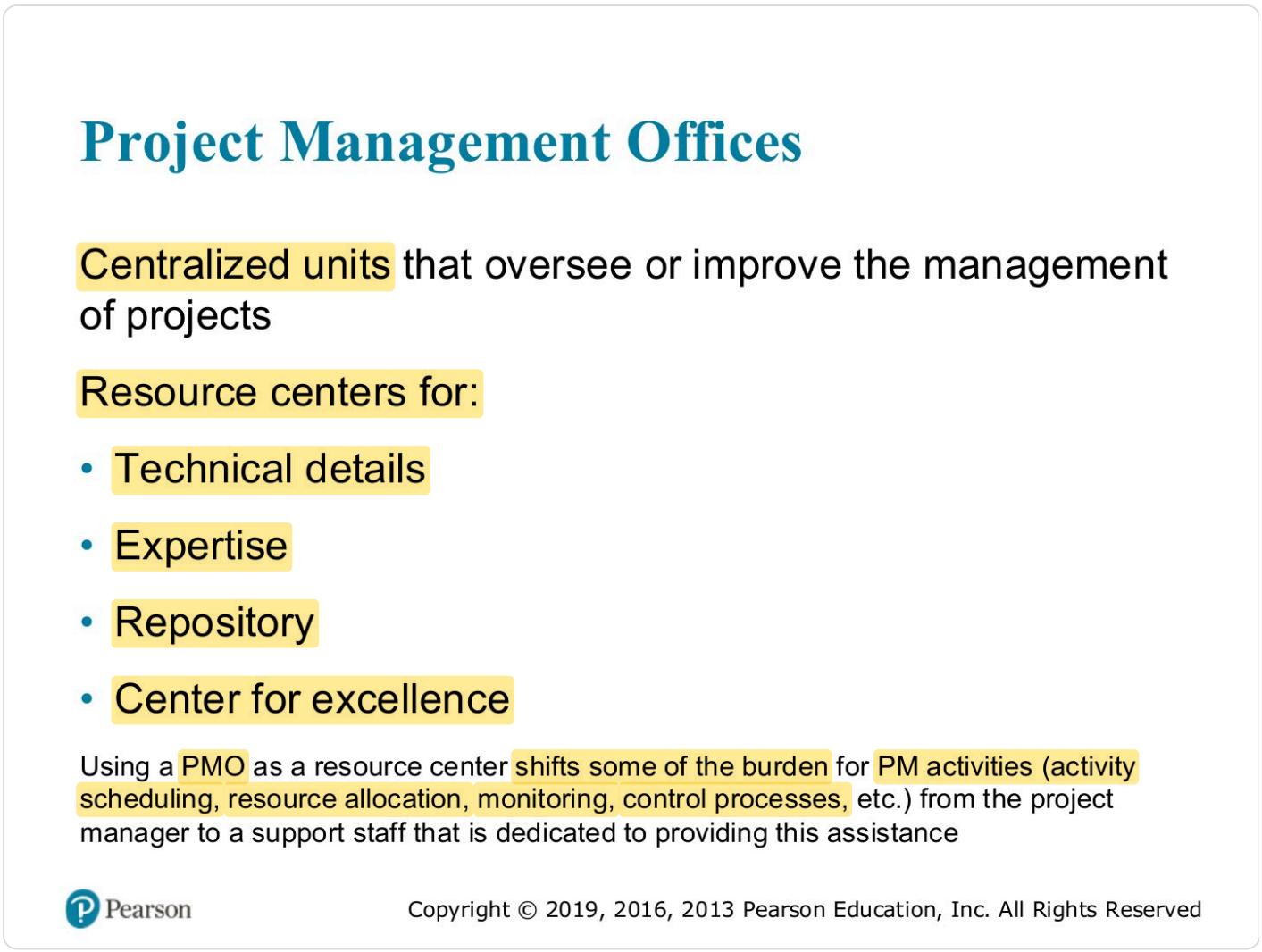
C **More project-oriented structures are judged more effective for projects**

> That’s the trend in the chart.

D Managers refused to answer

> They gave their perceptions.

 Project Management Offices



NOTES

1. Without a **PMO**, each PM reinvents their own way of working. A central office brings consistency, so that projects can be compared and lessons shared across them.
2. They act as resource centres for **technical details**, **expertise**, a **repository** (templates, lessons learned, past project data) and a **center of excellence** for PM practice.
3. A PM buried in schedules and reports has no time to lead people. So moving that work to support staff frees them up, which is why the PMO **shifts some of the burden**.

TIPS & TRICKS

- **CRaTE**: Center for excellence, Repository, Technical details, Expertise.

EXAM ANGLE

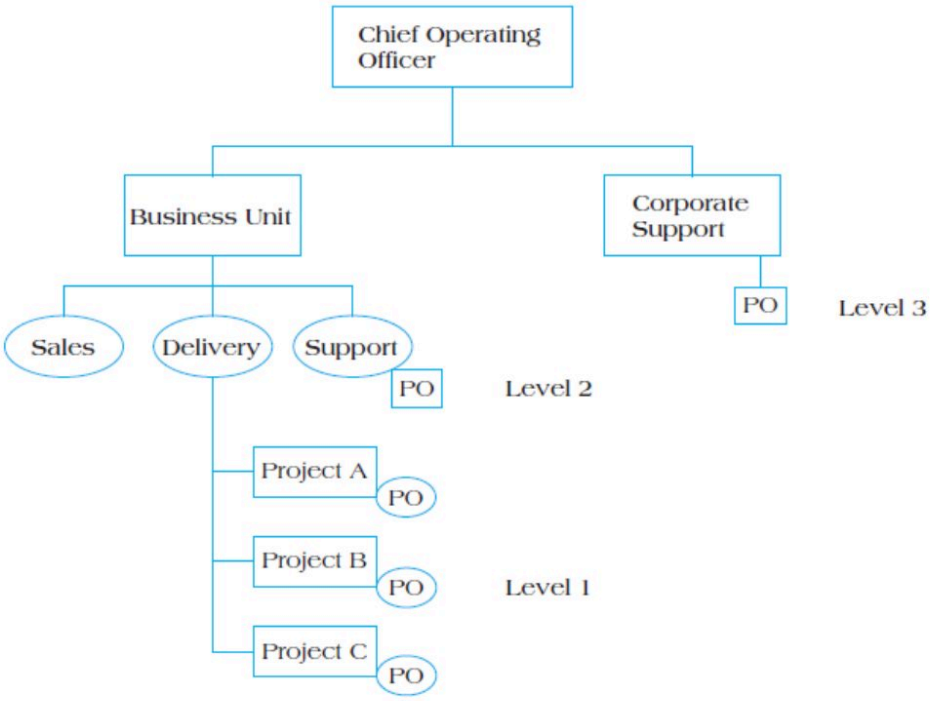
Past exam · Final 242 · Q1.3 Q1

What is a Project Management Office (PMO) and its role in organizations?
Answer: A PMO is a centralized organizational unit that oversees and standardizes how projects are managed. It sets PM standards, methods and templates, trains and supports project managers, monitors and reports on project performance, and coordinates resources across projects. Its control ranges from supportive (consultative) to controlling (requires compliance) to directive (manages the projects directly).

SLIDE 20 / 25 **Alternative Levels of Project Offices**

Alternative Levels of Project Offices

The PMO may be situated at a corporate level (Level 3), where it serves an overall corporate support function. It can be placed at a lower functional level (Level 2), where it serves the needs within a specific business unit. Finally, the PMO can be decentralized down to the actual project level (Level 1), where it offers direct support for each project.



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NOTES

1. The higher up it sits, the wider its view. A **corporate** office can compare all projects and advise on which matter most, but it's further from daily project details.
2. One department's projects may need specific methods, say for engineering. A **business unit** office gives that closer support, while staying aware of more than one project.
3. **Level 1, project**: decentralized to the individual project, giving direct support. The numbering runs upward: Level 1 is the narrowest scope, Level 3 the widest.

EXAM ANGLE

Prediction Q1

A PMO that serves the needs within one specific business unit is at which level?

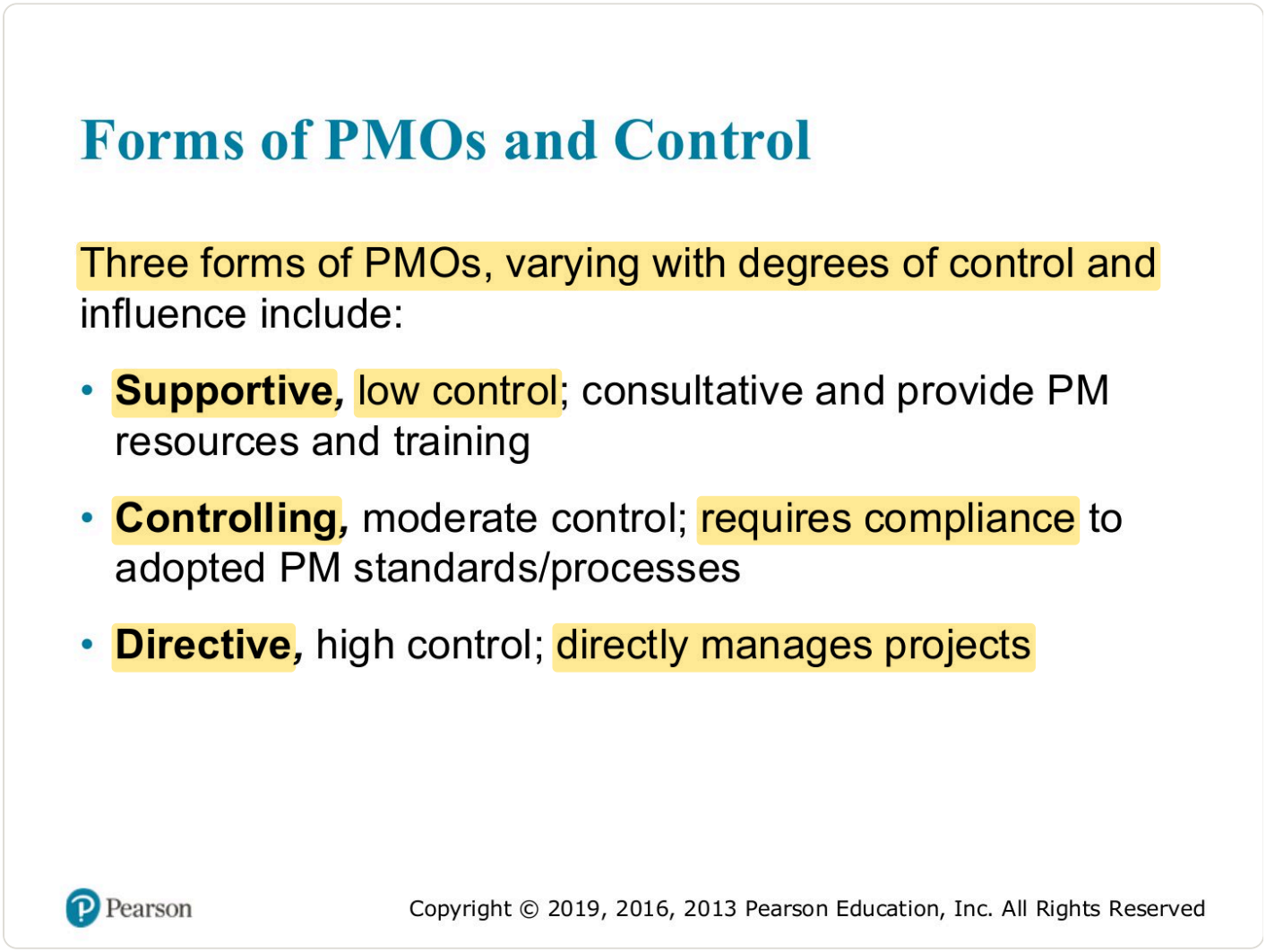
A **Level 2**

B Level 1

C Level 3

D Level 0

SLIDE 21 / 25 **Forms of P M O s and Control**



NOTES

1 Think of it as advice you're free to ignore. A **supportive** PMO offers templates and training and has little power, so it works where project teams are already capable...

2. Now there are rules to follow, and someone checks. **Controlling** brings consistency across projects, at the cost of some freedom for each PM.
3. It no longer advises, because it runs the projects itself. **Directive** gives the most control, and it suits critical work where the company wants central authority.

TIPS & TRICKS

- **SCoreD**, from low control to high: Supportive, Controlling, Directive.

EXAM ANGLE

Prediction Q1

A PMO that requires projects to comply with its adopted standards and templates, but does not run the projects itself, is which form?

A Supportive

B Directive

C **Controlling**

D Resource pool

 Models of P M O s

Models of PMOs

In addition to the forms of PMO and varying levels of control, there are three models of PMOs with various purposes for companies:

- **Weather station**—the PMO is typically used only as a monitoring and tracking device (management wants to keep an eye on the status of the projects without directly attempting to influence or control them)
- **Control tower**—project management is a skill to be protected and supported (focus on improving methodology and practices and help PM apply them)
- **Resource pool**—maintain and provide a cadre of skilled project professionals (supplying project managers and other skilled professionals to the company's projects)

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NOTES

1. Think of a weather report: it tells you what's happening but doesn't change it. A **weather station** PMO only reports status, so if management asks "what's going on?" and nothing more, this is the model.
2. A control tower guides planes without flying them. A **control tower** PMO is about improving how PM is done, through better methods and helping PMs use them.
3. Need a PM for a new project? Ask the pool. Like staff in a talent agency, the **resource pool** supplies people, so its value is having skilled professionals available.

TIPS & TRICKS

- **CRoW**: Control tower, Resource pool, Weather station.

EXAM ANGLE

Prediction Q1

A consultancy keeps a bench of certified project managers and assigns them to client projects as needed. Which PMO model is this?

A Weather station

B Control tower

C Directive

D **Resource pool**

SLIDE 23 / 25 **Organizational Culture**

Organizational Culture

- The third key contextual variable in how projects are managed effectively is that of organizational culture
- Definition of culture: "**organization's culture** refers to the **unwritten rules of behavior**, or norms that are used to shape and guide behavior, that are shared by some subset of organizational members and that are taught to all new members of the company"
  - Unwritten (are often not written down)
  - Rules of behavior (guidelines as to how best to react to these events)
  - Held by some subset of the organization (may or may not be companywide)
  - Taught to all new members (New members of an organization pick up the behaviors as they observe others engaging in them)
- Ex: Company X has a strong supportive culture that emphasizes and rewards positive collaboration between functional groups.

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NOTES

1 After strategy (why) and structure (who reports to whom), this asks how people really behave. It's the third **contextual variable**, and it's the hardest to see, since nobody hands you a chart of it.

2. What a new employee learns by the second week, without being told: is it OK to disagree with the boss? Do people actually leave at 5? That's what the definition means by **unwritten rules**.

3. The four parts: **unwritten** (rarely written down); **rules of behavior** (how to react to events); **held by a subset** (not necessarily company-wide: engineering can have a different culture from sales); **taught to new members** (newcomers pick it up by watching others). Example: a culture that rewards collaboration between functional groups.

TIPS & TRICKS

- **HURT**: Held by a subset of the organization, Unwritten, Rules of behavior, Taught to new members.

EXAM ANGLE

Prediction Q1

Newcomers pick up how to behave by watching others. Which part of the definition of culture is this?

A Taught to new members

New members learn from what they observe.

B Held by everyone worldwide

It may be held by only a subset.

C Written in the contract

Culture is unwritten.

D Rules of the project charter

A charter isn't culture.

Prediction Q2

Engineering behaves differently from sales in the same company. Which part of the definition explains this?

A Taught to new members

That explains how it spreads.

B Unwritten

That's true, but it doesn't explain the difference.

C Held by some subset of the organization

Culture may not be company-wide.

D Rules of behavior

That says what it is, not who shares it.

 Key Factors That Affect Culture

Key Factors That Affect Culture Development

Among the key factors that affect the development of a culture are

- Technology
- Environment
- Geographical location
- Reward systems
- Rules and procedures
- Key organizational members
- Critical incidents (moments when real culture becomes visible)

> " General Electric's Jet Engine Division and Rolls-Royce share many features, including product lines. Both produce jet engines for the commercial and defense aircraft industries. However, GE prides itself on its competitive, high-pressure culture that rewards aggressiveness and high commitment but also has a high burnout rate among engineers and mid-level managers. Rolls-Royce, on the other hand, represents an example of a much more paternalistic culture that rewards loyalty and long job tenure. "

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NOTES

1. Each factor pushes behavior a certain way. Fast-changing **technology** favors experimenting, while a highly regulated **environment** favors caution. Geography matters too, since workplace habits differ between countries.
2. ...**reward systems**, rules and procedures, and key organizational members. GE's jet-engine division and Rolls-Royce make the same product for the same markets, yet GE rewards aggressiveness and high commitment (with high burnout) while Rolls-Royce is paternalistic and rewards loyalty and long tenure, largely because of what each rewards.
3. People learn what's truly valued from what happens in a crisis. If a project fails and leaders look for someone to blame, everyone learns to hide problems. Such **critical incidents** teach more than any official statement.

TIPS & TRICKS

- **CRaG TREK**: Critical incidents, Reward systems, Geographical location, Technology, Rules and procedures, Environment, Key organizational members.

EXAM ANGLE

Prediction Q1

GE and Rolls-Royce make similar products but have different cultures. What does this show?

A All jet engine firms share a culture

> This example contradicts that.

B Technology is the only factor

> If so, they'd be alike.

C Culture has no effect

> It clearly differs.

D Culture depends on more than product or market, such as reward systems

> Same product, different rewards.

Prediction Q2

Leaders blame someone publicly after a failed project, and staff start hiding problems. Which factor is this?

A A cost baseline

> That's a budget term.

B Geographical location

> Location isn't involved.

C Technology

> The event is about behavior.

D A critical incident

> It's a moment when real culture becomes visible.

 Organizational Culture: Effects on Project Management

Organizational Culture: Effects on Project Management

Culture can affect project management in at least four ways:

- **Departmental interaction**: cultures that favor active cooperation between functional groups and new projects are much more successful than those that adopt a disinterested or even adversarial relationship
- **Employee commitment to goals**: A culture that promotes employee commitment and self-sacrifice through working extra hours or on multiple tasks is much more successful than a culture in which the unwritten rules seem to imply that there is nothing wrong with simply going through the motions, provided you don't get caught.
- **Project planning**: activity estimation is an imprecise process, it is common for team members to give wider estimates to give themselves as much time as possible. These people are often responding to a culture that reinforces the idea that it is better to engage in poor estimation and project planning than to be late. In the contrary: Culture of trust -> honest assessments.
- **Performance evaluation**: if organizations tacitly support caution and playing it safe, their project management approaches will equally reflect this principle

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NOTES

1. A PM needs people and help from other departments. In a culture of **cooperation** they get it, but where departments see projects as someone else's problem, every request becomes a fight.
2. The same plan gets very different results depending on whether people care about it. In one culture they stay to fix a problem, and in another they do the minimum. That's **commitment**.
3. Honest estimates need safety. If someone is punished for being late, they'll pad every number, so plans become unreliable. **Trust** makes it possible to report real figures.
4. People do what gets rewarded, whatever the posters say. If only safe results are rewarded, no one proposes anything bold, which is how **performance evaluation** shapes what projects attempt.

TIPS & TRICKS

- **PEPpeD**: Project planning, Employee commitment, Performance evaluation, Departmental interaction.

EXAM ANGLE

Prediction

Q1

Your team pads every estimate by 50% because missing a date is punished. Which effect of culture is this, and how would you address it?

Answer: Culture affecting project planning: a culture that punishes lateness reinforces inflated estimates. Build a culture of trust in which honest estimates are not punished, handle uncertainty openly with risk reserves, and estimates become realistic.

Original slides from the SE423 lecture deck, with study notes. Check exact wording against the original deck.
Notes and questions are study aids. Made by Shoug Alomran.