

# **Analysing and Dealing with Key Organisational Factors Affecting the Design and Execution of Projects and Programmes**

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## **Abstract**

Most projects and programmes methodologies are process-centric and largely silent on the context within which the work occurs. However, project and programme professionals are acutely aware of their work *in context*. They instinctively focus their efforts, adjust their approaches and rethink their processes in response to organisational factors. Unless recognised and dealt with proactively, these factors may force project and programme managers to make fundamental compromises and to re-plan the project or programme, causing upheaval and jeopardising success. Drawing on and adapting the change kaleidoscope developed by Balogun and Hope Hailey (1999), the paper explores a framework to anticipate and diagnose key organisational factors, and to design more context sensitive approaches. The paper draws on research into actual programme practices and extensive consulting work to provide a practical diagnostic tool and a set of design options related to the challenges of project and programme management.

## **Projects and Programmes as Organisationally Embedded Phenomena**

Projects and programmes are no longer temporary adjuncts to the standing organisation. As Maylor, Brady, Cooke-Davies and Hodgson (2006) point out, most organisations are engaged in some form of project activity, and have increasingly used portfolios and programmes to manage projects. The pervasive use of projects, *projectification*, and use of programmes as coordinating mechanisms, *programmification*, indicate that projects and programmes are now deeply embedded in organisational structures and routines. It seems reasonable to presume then that they are profoundly touched by the politics, stresses, constraints and unique features of the organisation. The simplifying assumption, implicit in many texts, manuals and guides, that projects and programme operate in isolation is not tenable. Some authors have chipped away at traditional assumptions on resources availability and the appropriate use and allocation of float (Goldratt, 1997), or on estimation methods (Frame, 2002). But relatively little attention has been given to the organisational context in which project and programme management work occurs.

Programmes in particular have a role in shaping the context in which they exist, aligning and embedding the work to the evolving needs of the organisation (Pellegrinelli, 2002). Projects contained within a programme framework may be protected from the turbulence of organisational life, as the programme absorbs the shocks and mitigates the incursions from the rest of the organisation. But, stand-alone projects are buffeted by resource shortages, changing consumer demands, competitive pressures and shifting aspirations. The embedded nature of projects and programmes is fully appreciated by practitioners. In their work, project and programme professionals seek to leverage the helpful aspects of the culture, structure and processes of the organisations in which they work, and struggle to overcome the barriers and limitations of the hindering aspects (Pellegrinelli, Partington, Hemingway, Mohdzain, Shah & Stenning, 2006). The organisational context is experienced acutely and influences the choices they make and the decisions they take. Research conducted into actual programme management practices by Pellegrinelli, Partington, Stenning, Hemingway, Mohdzain, and Shah (2007) identified a large variation in approaches. Even where there was a mandatory methodology, it was adapted in subtle and creative ways, ignored completely or contradicted. The diversity of practices, especially between the three programmes that notionally were applying the same mandated programme management approach, was remarkable. The organisational context was the dominant factor determining the approach to the programme:

“Managers at all levels were acutely aware of the context in which they operated: contextual factors focused their attention and efforts, caused them to make compromises and re-shape the programme, dictated core processes and prompted the stances they took.” (pg 49)

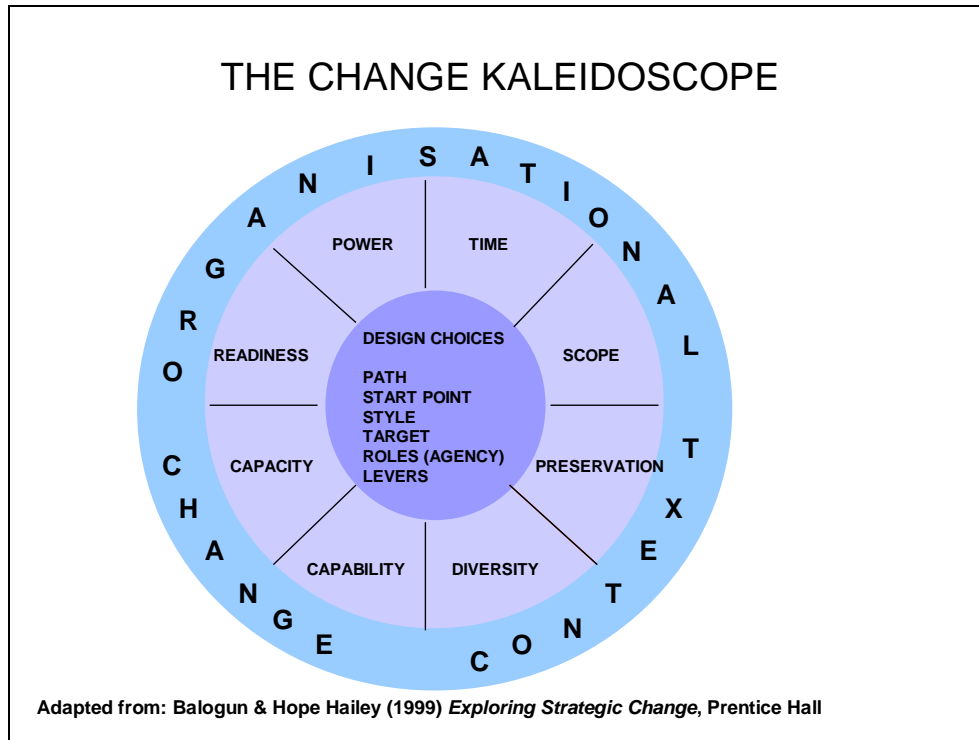
While project management texts might be excused for ignoring context, such an omission is less excusable in the case of programmes. Programmes are widely used to bring about complex change, deliver new organisational capabilities, realise benefits and implement strategy in commercial and public sector organisations. Yet most programme management frameworks and guides say little about the context within which the work unfolds. The Office of Government Commerce's (OGC) publication *Managing Successful Programmes* (2003) represents the UK Government's view on the programme management principles and techniques that have been developed and applied for many years. It is promoted as a cogent guide to managing and evaluating programmes, and is the mandated approach for implementing policy and change for UK public sector organisations. But, the guide offers little advice on how the principles, techniques and organisational arrangement contained therein need to be adapted to specific circumstances. The Project Management Institute's (PMI®) *Standard for Program Management* (2006) seeks to embrace programme management within the domain of project management and codify its diverse practices into concepts and categories familiar to project practitioners. *The Standard for Program Management* has shied away from recognising and addressing the management challenges associated with the complex, shifting and politically charged contexts in which many programme managers find themselves. It, like the PMI's *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)* (2004) offers limited practical guidance on moulding project and programme work within the contours of the organisational context, re-defining objectives so they are achievable or relieving intolerable constraints. The tendency towards process-oriented prescription based on a uniform approach, albeit with minor variations, is out of step with the nature and use of project and programmes today (Lycett, Rassau, & Danson, 2004), and research into actual practices (Pellegrinelli, et al 2007).

Ives (2005) suggests that the role that context plays in project success is limited and under-recognised in the academic literature on project management. His own exploratory research identifies, amongst other things, that effective sponsorship and governance provide the organisational context for project success, and that changes to the context increases the risk of a project failing. Pellegrinelli, et al (2007) offer a series of case studies and insights that provide richness and depth to otherwise abstract guidance, but not a coherent way of making sense of context. Project and programme management practitioners need to look outside their own discipline to find useful tools and frameworks.

## **The Change Kaleidoscope**

A rich source of insight is the strategic management literature which has explored the issues of change within organisations for decades. One text in particular has sought to synthesise the research and insights into a coherent framework: *Exploring Strategic Change* (Balogun, & Hope Hailey, 1999, 2003). *Exploring Strategic Change* is based on the tenets that the task of managing change is context-specific and that analysing the context allows change agents to make more informed design choices that 'best fit' the organisation. Balogun and Hope Hailey distil eight key factors or features related to the context of a change that run through the strategic management literature, and offer six generic design choices. While the design choices and the mechanisms for managing the transition from the existing state to the desired state relate primarily to strategic change, they are directly relevant or can be translated for project and programmes. In particular, the design choices draw attention to options, mechanism and approaches that are generally omitted from the main texts on project and programme management. The framework is called the change kaleidoscope (Exhibit 1) and is intended to sensitise the change agent to the complexity of an organisational context, to facilitate analysis and to aid the exercise of judgement. It is not a prescriptive or formulaic tool.

The organisational change context represents the external forces that are determining the need for and direction of the change the organisation is embarking upon. The eight contextual features are conditions of the change and aspects of the organisation that should be considered in designing the change process. Their importance varies according to the organisation being analysed and the change (project or programme) being undertaken. The design choices cover the options, along six dimensions, available to a change agent on how to bring about the desired change. The easiest way of understanding the change kaleidoscope is to start with the design choices, since they inform the types of questions and inquiries related to the organisational features and context. (When using the change kaleidoscope as a diagnostic tool, the start is the external change context, then the organisational features and ending up with an informed judgement on the best change design.)



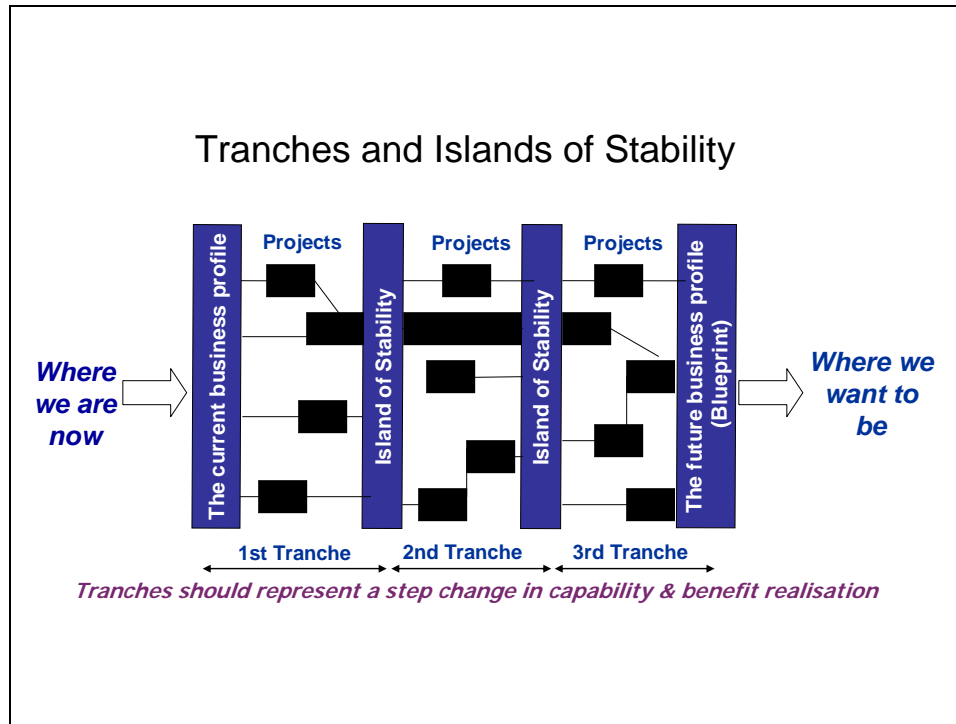
**Exhibit 1: The Change Kaleidoscope**

The following sections of the paper describe the design choices and features of the organisational context specifically in relation to project and programme management work.

### **Design Choices**

The change path describes the route, stages and pace of the change to be undertaken in relation to the desired end state. At a strategic level it differentiates between incremental and simultaneous ‘big bang’ change and whether the desired end state is a fundamental transformation of the organisation or its realignment to prevailing market or social forces. The programme equivalent of change path is the scheduling of projects and other activities into tranches (OGC, 2003, pg 64), with the delivery of each tranche representing a step change in the capability of the organisation and enabling the realisation of benefits. The end of a tranche should represent a stable state for the organisation, and so provide an ideal opportunity to evaluate progress and to confirm or amend the planned next tranche.

The concept of island of stability comes originally from major systems implementation programmes, where system modules would be tested and ‘de-bugged’ before additional functionality was developed and installed. Exhibit 2 summarises the notion of tranches and islands of stability. In other situations, the island of stability can be conceived as the period when the organisation is not subjected to change or disruption (though development may be occurring within the programme), allowing organisational members to become familiar with and use the newly created capability or functionality. For the benefits from projects and programmes to be realised, the organisation needs to absorb their outputs. The rate of absorption is not the same as the rate of delivery. Absorption is shaped by human rhythms of learning and change, and is affected by other initiatives, pressures and concerns, while the rate of delivery is determined typically by the underlying technology and the availability of resources. Absorption is highly contextual. Programme managers have a choice on the composition of the steps of capability, the ‘size’ of the steps, the pace at which new capability is introduced.



**Exhibit 2: Tranches and Islands of Stability**

The start point describes how the change is initiated and developed, specifically whether it is driven by senior management or bubbles up through the organisation, or whether the initiative exploits pockets of good practice or prototypes. While projects and programmes are typically conceived and mandated through formal processes, project and programme managers may find themselves carried along by currents of enthusiasm, support and momentum or swimming against them. How enthusiasm is harnessed, objections accommodated or opposition dissipated are decisions to be taken. The use of prototypes and prototyping is an established approach within project and programme management, though still under-utilised.

Change style describes involvement and engagement of the members of the organisation in the process on a continuum comprising: education and support, collaboration, participation, direction, and coercion. Project management texts typically presume a directive style, with some elements of participation. This implicit conception manifests itself in the notion of stakeholder *management*, where the formally agreed objective or outcome has overriding legitimacy in cases of divergence of interests or opinion. A fleeting acknowledgement that stakeholders should be listened to and can make useful contributions is combined with a reminder of the need “to influence, lobby, cajole, manipulate, co-opt, flatter and apply pressure to stakeholders in order to maintain momentum and keep the programme on track” (OCG, 2003, pg 48). Research into actual programme practices suggests that collaboration rather than direction is the style frequently adopted (Pellegrinelli, et al 2007, pg 51). A conscious choice of style needs to be made.

The change target describes the possible foci of an intervention, in terms of values, behaviours or (organisational) outputs. A project deliverable can only generate benefits if it is used, preferably in the manner intended. Equally a (new) capability, which might incorporate the redesign of business processes and the creation and dissemination of new knowledge and skills, has to be used effectively. Yet the *delivery* of the output or the capability dominates projects and programmes thinking, not its effective *utilisation*. The unpredictable processes of sense-making and mediation that accompany major change, and how they affect beliefs, attitudes and behaviours, are given little attention (Balogun, 2006). Change management, which sometimes consists of little more than communication (broadcast) and reassurances, often runs a parallel, disconnected course. Changing values and behaviours may be the key to realising the desired outcome. The AstraZeneca Global IS Compliance Efficiency and Effectiveness Programme reported in Pellegrinelli, et al (2007) is an example of where the programme’s focus was on securing senior management buy-in and winning over the hearts and minds of staff.

Change roles or change agency describe the allocation of responsibility and contributions of senior managers and external advisers. Project and programme governance arrangements define the key roles of programme and/or project manager, sponsor (or Senior Responsible Owner), business change manager, programme office, and the composition and purpose of a Board or Steering Group. The engagement of advisers on a programme may be an option, whether to provide continuous support or to undertake periodic reviews. The role and responsibilities of external parties and the influence granted to (rather than simply assumed by) them in decision making should be consciously determined. Internal stakeholders rather than being conceived as recipients of the project's or programme's outputs might be regarded as collaborators. They have the intimate knowledge of the micro-level details, views on what is valuable and desirable, and ultimate responsibility for enacting changes to behaviours, routines and processes.

Change levers are the mechanisms to be deployed, including technical (e.g. processes and formal organisational structures), political (e.g. appointment of influential people to key posts), cultural (e.g. branding or re-location) and inter-personal (e.g. training and development, counselling). The choice of levers needs to match the change target and to combine to form a coherent change process.

### **Features of the Organisational Context**

The eight organisational features in the change kaleidoscope are observable aspects of the culture, capabilities and circumstances that have a direct and important bearing on how an initiative might best be implemented. The features are presumed to be givens, though a change agent might be able to influence them through the design choices and actions undertaken.

The first two factors, time and scope (clockwise from the top of the illustration), are frequently incorporated in the terms of reference of the project or programme. Incorporating these factors within the context reminds us that what needs to happen and by when are driven by organisational goals and pressures, irrespective of whether the terms of reference are up-dated. They also have an important role in determining the design and execution of a project or programme.

Time relates to how quickly the change is needed. This may be determined by a window of opportunity to launch a new product, pressure from shareholders to improve performance or a regulatory requirement. It differentiates between a perceived crisis situation and the need to develop longer term strategic advantage. This feature can influence whether a project or programme needs to accelerate delivery to meet an unavoidable deadline or slow down the introduction of change to facilitate absorption. Perceived crises demand, and make more palatable, directive intervention styles and a focus on outputs/ performance.

Scope describes the degree of change needed. Specifically, projects or programmes may replace or enhance existing facilities or capabilities without disturbing routines and processes – a relatively superficial change. Project or programme success, though, may require a more profound change affecting strategies, routines, norms and culture. In the latter case, the change target needs to include values and behaviours, and active senior management support and participation is vital. For instance, programmes that integrate an acquired company to leverage synergies need to facilitate some degree of cultural convergence – asset rationalisation and operational alignment are more straightforward and necessary, but not sufficient to achieve the strategic goals.

Preservation refers to the organisational resources and characteristics that need to be maintained, whether a unique competence, sets of relationships or customer goodwill. Projects and programmes can disturb complex webs of relationships and tacit knowledge with an organisation, some of which underpin success. Knowing what to preserve is as important as knowing what to change. Treading a deft path between the preserving and changing in complex environments requires more time, empathy, insight and collaboration. For instance, transferring call centres to low cost operations in developing countries has frequently destroyed the easy rapport that previously existed between the call centre operator and the customer, and has damaged perceived service levels. In-country call centres are now seen as a source of advantage despite their higher costs.

Diversity describes the degree of homogeneity of members of and divisions within the organisation. Wide differences in national cultures or professional status and affiliations within an organisation call for more flexible, sophisticated interventions styles – what may be expected by a group in one country may be abhorrent to another group in another country. For instance, Dutch managers, for instance, would expect to be consulted on a proposed change and would provide frank, direct feedback. On the other hand, staff in India would be nervous about being consulted and be very circumspect in giving any feedback, if they gave any at all.

Capability describes the managerial and personal capability to implement change. It reflects the skills and experience of senior managers, team members and stakeholders, and partly incorporates the notion of maturity. Capability can be extended to encompass what members of an organisation are willing and able to envisage or embrace. Many a project and programme manager has faced the situation of having technically qualified individuals apparently unable to adopt new methodologies or redesign a system or process from first principles. A wider set of levers may be required and an elongated path.

Capacity describes the scale of the human or financial resources available. In carrying out a diagnostic, there is a need to assess the dependability of commitments and possible variations in capacity. Many project and programme managers have experienced future funding evaporating and team members diverted to other priorities. Designing short duration, value creating tranches becomes vital in such situations.

Readiness refers to the degree of preparedness and acceptance amongst affected members of the organisation. This feature captures the existence of pent up desire for change and an understanding of the rationale for the project or programme, or intransigence, resentment and resistance. It also incorporates the ability of the organisation to absorb project or programme deliverables and modify processes. Change fatigue straddles readiness and capacity and needs to be considered in choosing the size of any step changes in capability, the pace and the leadership required.

Power relates to the levels of autonomy and discretion through the organisation, the locus of influence and informal decision making, and the perceived sense of empowerment and self determination of individuals. Power in a consensual organisation made up of highly skilled specialist is likely to be distributed, and a directive style is unlikely to be effective, whatever the formal mandate may say.

## **Application and Benefits of the Framework**

Having worked with groups of practitioners applying the framework, the overwhelming comment is that they think about many of the issues. They do it intuitively. They also realise that they often miss things and fail to crystallise their views clearly and share them with others. The framework provides a more robust, systematic way of diagnosing the context and shaping the project or programme *at the outset* to avoid oversights and omissions, and to maximise the chances of success. Its application obviously has merits at any periodic review or following any major organisational event. The more the organisational setting is complex, opaque and political, the more value there is in performing a systematic diagnostic. The more a project or programme seeks to realise profound, wide-reaching or counter-cultural change, the more important it is for the approach to be sensitive to the context.

Diagnosing context needs to be distinguished from risk management, to which it is sometimes compared. Too often an idealised, context-free project or programme approach is developed, usually informed by technical considerations and/or a delivery perspective. This approach or plan is then subjected to a risk analysis. Features of the organisational context may emerge as risks or constraints to the realisation of the approach or plan. Mitigating actions might then be undertaken, usually (just) sufficient to realise the objectives. Contextual factors, unless they are benign and aligned to the objectives of the project or programme, are unwelcome and grudgingly accommodated. Even where the context works in the favour of the project or programme the enabling features are rarely fully exploited. The approach is not tailored for the organisation for a ‘best fit’, but a ‘just fit’ or a ‘loose fit’.

Diagnosing the context systematically and proactively allows project and programme managers to shape their approaches to the subtle contours of the organisational landscape. As a result projects and programmes feel less rigid and less alien. They become part of, rather than a blot on, the landscape. Project and programme managers are rewarded by greater acceptance and more room for manoeuvre as circumstances change. Implementing complex projects and programmes will always a challenge, so isn't it worth finding and taking the best way?

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