

# **Establishing a Management by Projects Approach for Service Delivery**

Prof dr Gerrit van der Waldt

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## **ABSTRACT**

Increasingly public institutions are making use of project management to implement service delivery programmes. Through the delivery of various non-formal certificate courses in Project Management at various public institutions, at local, provincial and national, it became evident that public managers to a considerable degree, fail to infuse project management as part of the functional operations, processes and structure of the institution. Furthermore, there is an apparent lack of understanding on how to utilise project management on an ongoing basis for the operationalisation of institutional strategies and objectives. This article proposes a process to address these two issues. The main recommendation is that senior management should establish a *Management by Projects* approach whereby all functional activities for service delivery are seen as projects. Guidelines will be proposed to implement this approach in public institutions.

“Just being able to conceive bold new strategies is not enough. The manager must also be able to translate his or her strategic vision into concrete steps that get things done”.

*Richard G Hamermesh*

## **INTRODUCTION**

In a dynamic environment, traditional management structures and styles tend to stagger whilst project-based organisations tend to thrive. With faster responses to needs and demands, better utilisation of resources, and improved control and performance, project-based organisations have the flexibility to maximise their efforts in core institutional projects.

Due to the complexity of service delivery, public institutions cannot simply rely on one strategic project, but rather several parallel initiatives that must combine to meet institutional objectives. Projects must co-ordinate the efforts of multiple cross-functional teams operating in different functional areas and even geographic locations. More often than not, project information needs to be shared and presented to an increasing number of stakeholders, including top management, clients, suppliers and governing bodies whose impact can threaten or strengthen the outcome at any moment. For these and other reasons all projects must be managed according to a strategic approach. This becomes even more critical in the implementation phases of various projects to ensure that institutional resources are optimally utilised for service delivery.

In this article, it is recommended that public institutions on all levels of government implement a “Management by Project” approach to realise their objectives. The vehicle for service delivery should be programmes and projects. This article is a result of insight gained by the author

through the presentation of various non-formal Project Management certificate courses for various public institutions on all three levels of government.

## **CLARIFYING THE MANAGEMENT BY PROJECTS APPROACH**

In South Africa, through various rationalisation, restructuring, and “down-sizing” initiatives, the tendency is for public institutions to become leaner, and these institutions are evolving from a functional base toward a matrix or project base. This requires that staff are brought together to work on cross-functional or multi-disciplinary project teams. These management and organisational changes have generated demands for tighter planning, scheduling, resource co-ordination and management control. These demands together with the demands for business change have necessitated the introduction of Management by Projects.

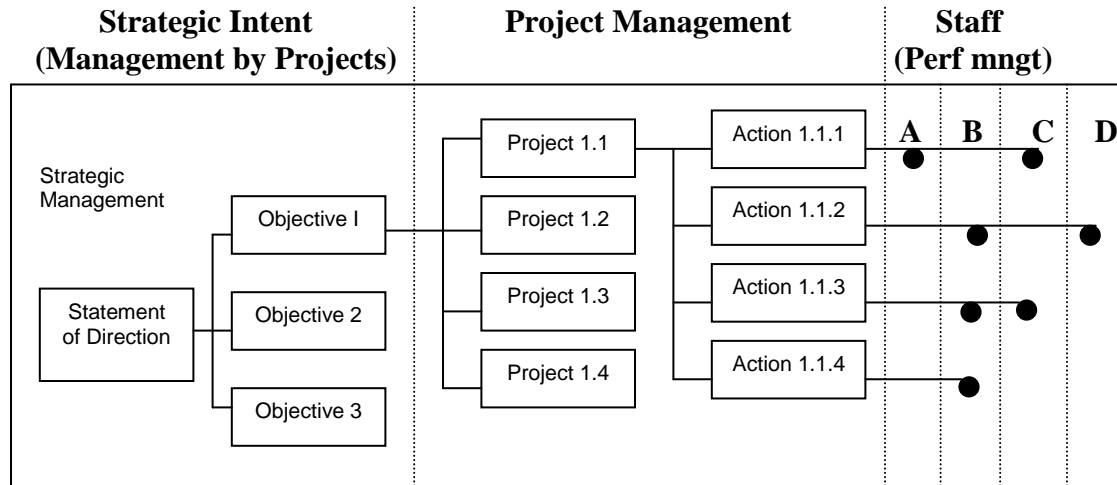
Strategic management assists public managers to formulate and implement strategies in a turbulent and complex environment. Project management, however, ensures a high level of efficiency in implementation of set objectives in general – especially in terms of quality, cost and time variables. In order to implement strategies quickly and efficiently, project management in strategy implementation becomes increasingly a topical area of professional application (Hauc & Kovac, 2000:61).

Management by Projects involves the entire institution, and the systems which support it must also span across multiple levels and departments. Institutions who have taken this approach find that there are still barriers to succeeding with their service delivery processes (Maylor, 1996:32; Meredith, 1985:71). These barriers revolve around making teams work from both a structural and cultural point of view (Bates & Eldredge, 1980).

In the Management by Projects approach, institutions begin to view all changes to their institutional processes and all service delivery activities as "project oriented". Institutions committed to the "manage by projects" philosophy categorise all activities as "projects" of either "change" or "operational" in nature (Stacey, 1993). The "Managing by Projects" concept affects all aspects of an institution, beginning with the development of corporate strategy and continuing through the strategic and operational planning cycles (Common, Flynn & Mellon, 1992). An institution using this approach treats all functional activities as projects, beginning with the evaluation of potential projects against the corporate strategy. Operational plans for all functional groups are prepared with a project orientation and are reviewed as such. The output of the complete process is a set of projects (programmes) and resource plans aligned with the institutional strategy. Figure 1.1 below illustrates this approach.

Fig. 1.1

**Converting strategic objectives to projects**



This figure illustrates the importance that staff – who in this approach will become project team members determined by their functional responsibilities and competencies - should know what their individual contribution towards the implementation of the project should be. In other words, they must know:

- *what* the project is all about
- *where* the project will be executed (geographical locations)
- *who* will be involved (units, sections, directorates, etc.)
- *when* to start with individual tasks of the project and when to complete it (time)
- *how* they must perform a specific activity and how they will be evaluated (quality)

These aspects will be “contracted” with staff through the performance management system of the institution. At various stages of project implementation, staff members will therefore be involved in certain tasks associated with a specific service delivery project.

The vast number of simultaneous activities that result should be managed effectively, and any problems or risks made visible to senior management. This is a natural application for good project management techniques. This system should fit the organisational structure to reflect the way things are done, but should also be flexible enough to meet the evolving needs and changes for continuous improvement.

**Comparison between Project Management and Management by Projects**

The following table provides the basic differences between Project Management and Management by Projects.

<b>Project Management</b>	<b>Management by Projects</b>
The planning and management of a project	The integration, prioritisation, communication and continuous control of multiple projects
A discipline	An operating environment
Project-wide	Institutional-wide
A tactical issue	A strategic issue

From the above table it can be deduced that Project Management is the result of a Management by Projects approach. Projects, managed through project management principles, are utilised to operationalise the strategic objectives of the institution. Without a Management by Projects approach, project management in the institution could be *ad hoc* exercises which could probably have serious implications for the effective and efficient utilisation of scarce resources.

Institutions committed to this approach, distinguish between the operational business plan, which addresses the requirements of the current core processes and cost structure; and the strategic business plan, which addresses the issue of the "vision" for moving to a "new" desired institution, and revised institutional processes and cost structures (Johnson, 1987; Pinto & Kharbanda, 1995:108).

Often, those committed to the managing by projects concept also introduce the notion of "programme" management, distinguished from "project" management. A "programme" can be seen as a collection of related projects which address specific corporate strategic objectives (Stuckenbruck, 1992:23; Van der Waldt & Knipe, 1998).

Project Management as a discipline, focuses on tasks, duration, quality specifications, people and structures, but not as much on the actual process for managing programmes (multiple projects). Most institutions have some understanding of how to manage individual projects, but many are unsuccessful in implementing a process for managing multiple projects. The very nature of a large public institution is that it can handle many projects simultaneously. That is possibly the reason why there is so much potential to benefit in implementing project management techniques properly.

Probably one of the most critical differences in managing programmes according to a Managing by Projects approach, is that rather than assigning resources to tasks, managers assign tasks to resources. This is the reverse of the traditional project management technique, where more emphasis is placed on the project/task than the resource/task. The majority of project managers find that what determines the success of their projects is not the sequencing of a critical series of activities, but the *prioritising* and *sharing of resources* across a portfolio of projects. This prioritising is made more difficult if the projects are of different sizes, urgencies and skill mixes. As a result, institutions require project management tools that can accommodate both a "project-driven" metaphor and a "resource-driven" metaphor concurrently.

## **Main advantages of the Management by Projects approach**

According to Burke (1993:67) and Kerzner (1984), Management by Projects, has the following advantages:

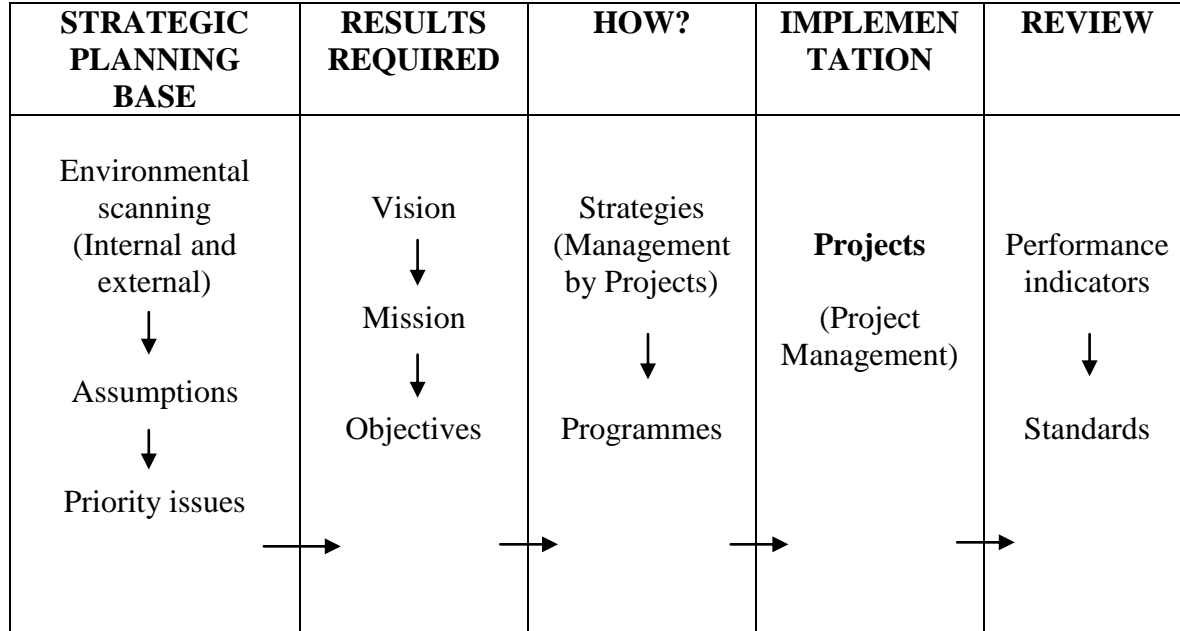
- Effective communication between the project and the functional departments/directorates.
- Allocating and managing valuable and scarce resources across the multiple project organisations ensuring that the high priority, mission critical projects are getting the correct priority attention.
- Repeating early successes achieved by high management focus and attention on early implementations focused on key projects.
- Spreading, repeating and sustaining successes to all projects across all projects.

## **INSTITUTIONAL STRATEGY/PROJECT MANAGEMENT INTERFACE**

Figure 1.1 illustrates how a strategy should be converted to projects for implementation. To put this figure into perspective within the context of this article, an additional diagram (Fig 1.2) is provided to illustrate the institutional strategy implementation/project management interface.

Fig. 1.2

The strategy implementation/project management interface



An advantage of this integration is that projects (service delivery) will be evaluated according to predetermined performance indicators or criteria. To further assist in the Performance Management System, each performance indicator should have quantifiable standards. Team members will then be rated against the degree of adherence to these indicators.

The approach to use project management should integrate a balanced improvement of both process and organisation, and adapt to the organisational culture or climate of each directorate (Stacey, 1993:235). To ensure the involvement of individuals across the institution, each staff member should be introduced to the fundamentals relating to their involvement in the process.

**Project management/systems integration**

The most effective project management package in the world cannot take a project through to completion without being firmly integrated into an institution. Public institutions whose senior management recognises the need to fully integrate project control into the culture of the institution, have made a major move towards acknowledging that effective project management is effective general management (Stacey, 1993:240). The whole institution must take on board the concept of project management, from senior management through to operational staff, before the organisational culture can become truly project oriented. To achieve this integration process, critical elements should be considered. The following are some of the aspects to be considered.

*Changing the institution’s culture*

Every institution has unique traditions, habits, practices, values, goals, expectations, ways of behaving towards employees and a dominant management style (Bate, 1994). An organisational

culture which has been established once, tends to continue and does not change easily over a relatively short period. It also shows increasing signs of influencing the institution. Changes to management styles are made possible by the adaptation of an institution's culture.

Management mindset refers to the tendency to think along certain lines. In order to implement a Management by Projects approach, it is essential that senior management, who are responsible for the strategic functioning of the institution, change their traditional styles of management. This implies that a conscious strategic decision must be that service delivery will be done through projects. By doing so, management firstly has to create a strategic vision which stipulates the future state of the utilisation of project management in the institution. In developing a vision statement, the institution must determine the boundaries of project management. The second step would be to develop a mission statement with clearly specified objectives and goals. The mission statement should provide programme objectives and measurable goals (Faulkner & Johnson, 1992).

### ***Effective communication***

The lack of proper integration in an institution is often a symptom of another problem - poor communication within larger institutions and the failure to view individual projects in a strategic way (as an integral part of the “business”). A common concern that is voiced by project managers is the lack of understanding of senior managers. Senior managers often do not appear to appreciate what a project manager is trying to achieve and fail to see the project both in relation to other current projects and in the context of the whole institution.

### ***Efficient methods and procedures***

Some institutions fail to recognise that in order to implement a new system to support project management, it is important to have efficient and effective methods and procedures in place. The management environment must support the various stages of a project's life cycle, from inception through feasibility planning and estimating to eventual monitoring and control leading to formal completion. All of these stages require effective practices and procedures, in conjunction with good management.

### ***Training***

Training has a key role to play in changing the culture of any institution and applies equally to both senior management and the remainder of the institution. The most successful approach to training is to select courses that can be tailored where necessary to suit different levels of the institution. It is essential that project management training takes place before any system is implemented. This means that managers are equipped to participate in the creation of a good working environment, in which effective project control as a way of managing service delivery through projects becomes part of the organisational culture.

## **SETTING UP PROJECT SUPPORT OFFICES (PSO)**

Since the 1990's, management recognised the need for better project management expertise at all levels, and many institutions began to institute the *Project Support Office concept*. The invented PSO is usually a multi-project or programme-oriented function. Projects must be manageable and controllable, given accurate and timely data. The PSO operation has therefore become a valuable resource. This has occurred because institutions today have recognised *Managing by Projects* as a core technique for efficient operation. Many view their project management operation as an institution-wide strategic information system, much as they do accounting and human resources.

The Project Support Office concept has some significant advantages to a public institution when compared to the alternative approach of controlling projects using the traditional functional department/division approach. The pure functional approach has the following inherent disadvantages:

- Functional boundaries impede cross-functional (project) implementation
- Specialist skills are usually locked in specific functional groups
- Support systems tend to be department centred, rather than process centred
- Unclear ownership and accountability of project goals
- Performance measures are usually static and historical, rather than forward looking

The Project Support Office approach offers the following advantages:

- Organisational structure aligned with cross-functional implementation
- Holistic/institutional view of resources
- Skills focused on strategic goals
- Clear ownership and accountability of project responsibilities
- Performance measurements are dynamic, predictive, and forward looking
- Cross functional organisational boundaries
- Assisting multi-skilled project teams
- Provide mechanisms for pooling unique specialist skills among projects and programmes

From the above discussion it should not be concluded that a functional approach could not be successfully implemented in some situations. However, there are certain cases where a PSO operation should very seriously be considered. These cases include:

- An organisation's first implementation of project management methodology.
- A very large, complex, resource limited single project.
- A large multi-project environment.
- A "manage by projects" implementation.

Some of the principle responsibilities of a Project/Programme Support Office can include one or more of the following:

- Focussing projects on strategic objectives



- Assist top management in the prioritisation of projects
- Assist in institutional resource allocation
- Support project initiation and planning
- Capturing and analysing data
- Risk assessment
- Maintain and enhance project management techniques
- Support users of project management systems
- Project management training (theory and software)
- Quality control

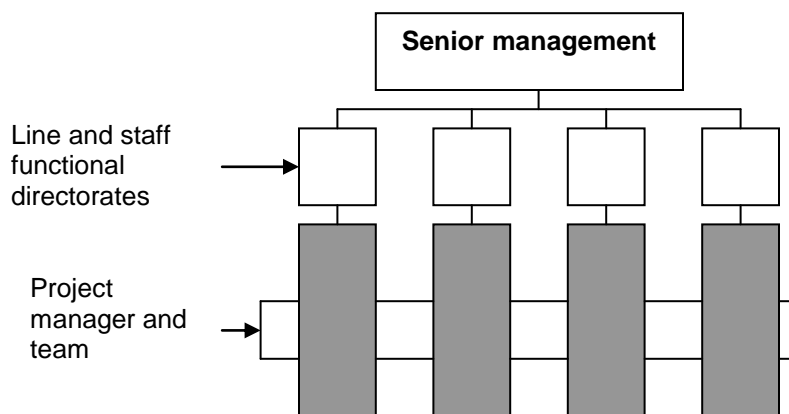
Inherent in all of the PSO functions identified above is communication. It is the single most important overall function which the PSO can perform its support role. It is extremely vital to understand the dynamics involved and the demands placed on this support function.

### ESTABLISHING A PROJECT-BASED MANAGEMENT STRUCTURE

Creating a project-based structure does not require dedicated, professional project managers as was typical in traditional management structures. The reality of today's public sector environment requires individuals to be both managers and individual contributors on a variety of projects. This reality means that it requires a more informal and frequent use of project management tools and principles.

Establishing a successful project-based structure requires an approach designed for each specific institution. However, the main challenge remains: to infuse a project or matrix organisational structure with the existing bureaucratic hierarchical structure. Fig. 1.3 provides a basis for addressing this challenge.

*Fig. 1.3*                      **Project structure integrated into a hierarchical structure**



*Source: Adapted from Van der Waldt & Knipe (1998:63)*

By integrating a project structure into the existing hierarchical structure of the institution, functionaries in the various directorates or units act as project team members for the duration of the project. Once the project is completed, they continue with their usual responsibilities. Their time may also be divided into project and functional activities. This, of course, must be clarified with the supervisor of the staff member in conjunction with the project manager.

Government departments such as the Gauteng Department of Education, the Department of Trade and Industry and the Gauteng Department of Welfare are already utilising this project/matrix structure with a considerable degree of success.

### **Advantages and disadvantages of the project structure**

The major advantages associated with a project structure can be summarised as follows:

- The project manager has full authority and responsibility to manage the implementation of the project. This includes staff, resources and infrastructure.
- Project team members may report directly to the project manager. However, if staff are still required to perform certain functional responsibilities, the project manager and the staff member's supervisor must jointly work out a schedule (job description, performance management, etc.).
- Lines of communication are reduced which makes rapid decision-making possible.
- If there are projects in the institution which are similar in nature, specialist areas can be combined (e.g. finance, IT, etc.).

The major disadvantages associated with a project structure can be summarised as follows:

- Conflict between the project manager and line and staff managers may occur over the allocation of resources, including staff, finance and infrastructure
- If the work schedule of project team members vis-à-vis their line responsibilities is not clarified, a situation may develop whereby the staff member has dual (conflicting) responsibilities and needs to report to the project manager as well as his/her line manager (supervisor)
- If the project manager is on a lower rank than line managers, tension may arise when it comes to resource allocation. The challenge is to create a mindset change whereby the project manager is the right person for the task – not the right rank.
- Projects can become totally isolated from the functional directorates
- Project teams can stockpile scarce resources at the expense of other service delivery activities. If an institution has many projects, tasks may be duplicated and resources wasted – in other words, a small bureaucracy may be created within the larger bureaucracy (Van der Waldt & Knipe, 1998:64).

### **Implementing project management practices**

The successful implementation or improvement of project management practices requires management to drive the change. This is due to the environmental and procedural changes

inherent in a transition to a project-based management approach. Top management should fully support this process, measure performance and reward successful change.

The factors that influence the effectiveness of project management are often referred to as the 3 *Axes of Continuous Improvement*, and involve Culture, Organisation and Technology. Through these three axes the institution can create an environment for effective project-based management, as well as for the establishment of a baseline for measuring performance improvement.

The Culture axis includes the influences that shape the way people within the institution think and behave, and which are manifested through common behaviour patterns and management styles, shared values and attitudes and motivation. Key objectives of this component are:

- Breakdown functional barriers and power groups, eliminate information retention, encourage open communication and visibility
- Overcome fatalism, sceptical attitudes, lack of rigor
- Create shared vision and objectives across functional teams
- Ensure the involvement and buy-in of operational staff

On the Organisational axis all the elements that combine the project management process are included. This involves the methodologies, definitions and standards that determine the project organisation with the roles and responsibilities of the project team, as well as the procedures and decision making processes. Key objectives of this component include:

- Clarify project and functional roles and responsibilities
- Provide visibility of resources (including answers to questions such as: What skills are required? Do we have the capacity to take on a new project? Are there really work overloads?)
- Ensure the decision-makers have the information and tools to measure the impact of the decisions that are made
- Establish a consistent vocabulary and management reporting process that provides an appropriate level of visibility, and improves decision making

The Technical axis includes the concepts and methods of time, resource and cost management together with the associated project data and information processing systems. Key objectives of this component are:

- Promote the concepts of project management throughout the institution
- Ensure consistent and timely progress reporting
- Guarantee the accuracy of information and report data

### **Determine influence on workload**

An aspect of the institutional environment that needs to be examined is the workload, both current and prospective. Project measures need to be developed around the principle objectives

of completing a project on time, within budget, to the quality specified and achieving client satisfaction. Process measures covering the effectiveness and efficiency of how project management deliverables are produced also need to be developed. Examples of process measures are:

- the time it takes to prepare for a project
- quality reviews
- the number and types of projects that can be carried out at the same time
- the number of earned hours that can be achieved by a specific group
- staff utilisation rates.

A survey of current and prospective workload needs to be carried out, logged and updated from this point onwards. This is another aspect of the implementation that is critical - the total scope must be quantified and tracked. On the basis of this information and the above sections, a detailed roll out approach can be developed. One suggested approach is to apply it to all new projects that meet minimum criteria from a particular date onwards rather than an incremental approach. This approach would adjust the initial scope and objectives based on organisational capability.

### **The need for strategic linkages**

A major concern of both upper management and project team members is that projects seem to “pop up at will” across the institution. Confusion may arise from:

- a lack of clarity as to how these projects align and link to the public institution’s strategy
- the apparent absence of a “business” process and plan for selecting the projects
- upper management’s apparent lack of awareness of the number, scope, and benefits of the projects being undertaken.

This may result in people feeling that they are working not only on many unnecessary projects, but also at cross-purposes with other directorates or sections within the department. Giving projects a strategic focus goes a long way towards resolving these concerns (Knipe & Van der Waldt, 2000:22).

## **PROJECT IMPLEMENTATION (SERVICE DELIVERY)**

A number of key variables should be considered when projects are implemented according to the management by projects approach. Four of the most fundamental aspects are briefly highlighted below.

### **Customer orientation**

In line with the White Paper on Service Delivery (*Batho Pele* principles), the purpose of each member of the project team is to fulfil the needs of someone else, i.e. customers who can be

internal or external to the public institution. Opportunities must be created to understand customers' needs in order to have an immediate impact on improving project quality.

### **Work Breakdown Structure (WBS) and control**

The behaviour that is fostered with a WBS is one of control. One approach to controlling projects is by breaking them into smaller pieces and then controlling the pieces. If the pieces are still too large and complicated to control the project, we then break those pieces into yet smaller pieces. There are many views and technical opinions on how projects should be broken down, and there are many different WBS that are possible and that can work. However, the only valid management rationale for what constitutes an effective WBS is control rationale, e.g. for best control of performance, quality, configuration, schedule and budget.

### **Project performance baseline (budget)**

The project budget serves as a performance baseline and, therefore, control. A performance baseline is a prerequisite for project control. People cannot work to their maximum effectiveness if they do not know what their goals are or how well they are doing in relation to these goals. But goals set by other people, without a "road map" (i.e. Project Business Plan) to reach the goal, have effects opposite to the effects sought.

An effective project management action is to request team members to develop their own budgets as functions of time. The behaviour created by this is that they have to break the work down into tasks, determine the various work products in each task and then determine the interdependence of these work products that arranges them in time. The arrangement of work products in time is the foundation by which the performance baseline is established in order to control the work.

### **Measuring and evaluating**

Measuring is determining the degree of progress being made in the project. The metrics to be used to measure progress would be determined in the planning process. Metrics should be true indicators of progress and are gathered in such a way that they are statistically significant (Van der Waldt, 2000).

Evaluating is the process of determining causes for deviations and predicting what should be expected in the future. It involves determination of possible ways to avoid or correct problems. Acting on these actions involves communication of progress to appropriate participants of the project, their management and the customer, as well as taking actions to correct deviations.

## **CONCLUSION**

In this article the Management by Projects approach was discussed as an effective approach to deliver services and/or products on all levels of government. A comparison between Project Management and Management by Projects was made. Guidelines were furthermore provided to infuse project management principles, structures and methods in the existing hierarchical

structure of a public institution. The implementation of a Project Support Office should be considered to provide an enabling environment for project operationalisation. Lastly, specific mention was made pertaining to key aspects to consider once the project is implemented.

In conclusion, the key recommendation is for senior management to consider following the Management by Projects approach for service delivery. This not only involves the restructuring of existing management procedures and systems, but also a conscientious mindset change.

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