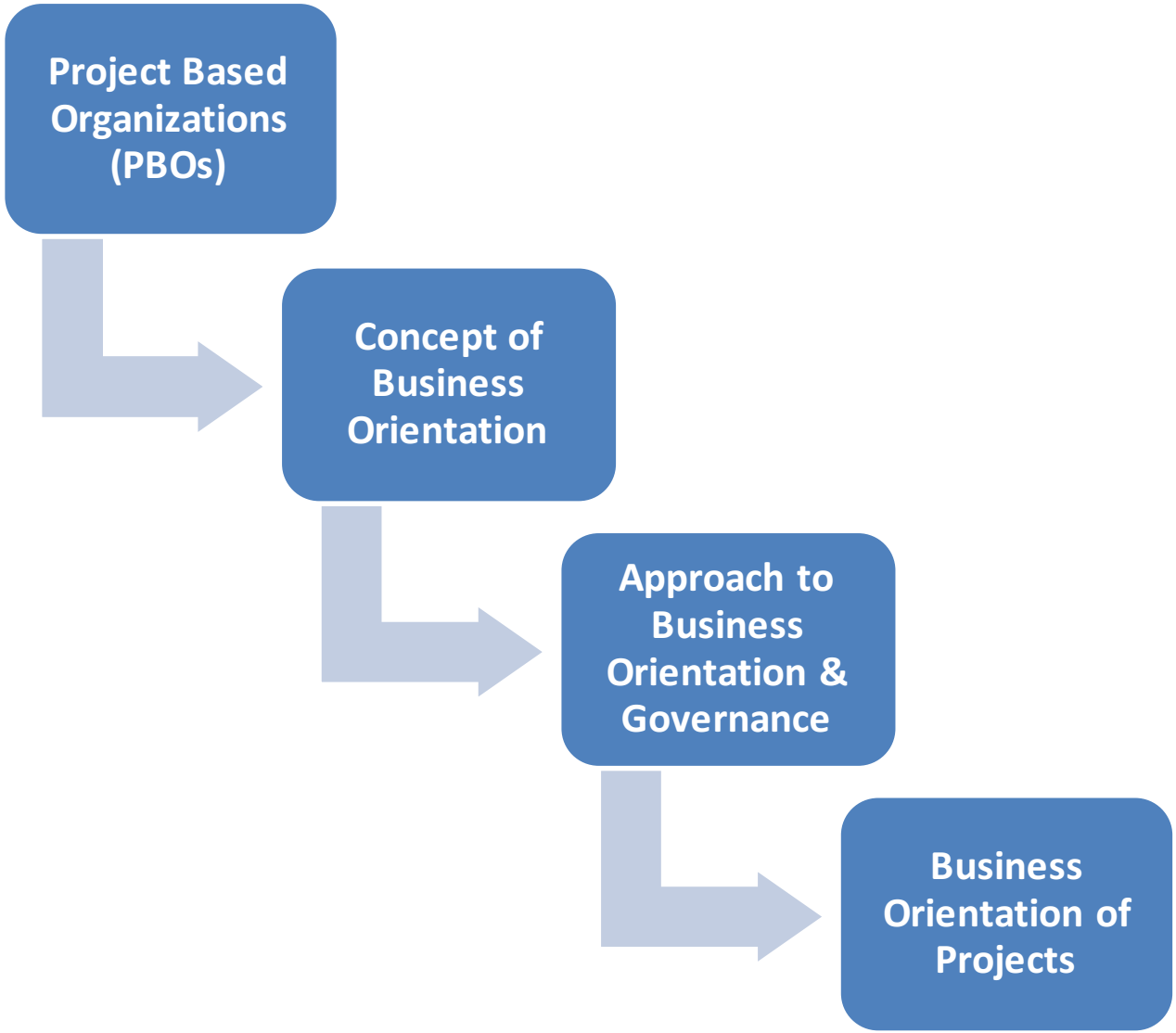
IPMA Italy
La Business orientation nella gestione dei progetti

Milano, 1 aprile 2016

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Steps



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Foreword

- Is the awareness about the business orientation of projects popular among project managers and practitioners?
- Based on my own experience (coming from talks with some experienced project managers) that is not so common as expected.
- They often argue their goal is to get project management success (i.e. to deliver the project scope, given resources and constraints), never matter if in the end the project itself would or would not be successful in itself and/or for the organizazion.

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Foreword

- Can we agree with this perspective? Without forgetting there should be two different, but in some way linked, perspectives

Project perspective

Project Based Organization perspective

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Project Based Organizations (PBOs)

- PBOs carry out most of their activities in projects.
- The **project represents the common ground** for their organizational models, processes, strategies, business models, governance rules and value creation.
- They operate in a wide range of industries, including engineering&contracting, construction, aerospace, ship-yards, consulting and professional services, cultural industries, high technology, fashion, events organization, humanitarian aids etc.
- PBOs are engaged to meet the highly differentiated and customized nature of demand, where clients frequently negotiate and interact with project organizers over the often innovative design of products and services.

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Project Based Organizations (PBOs)

- Since **in PBOs projects play a central role in the value creation process**, the capability to sell and market projects has become essential, just as their efficient execution through effective project management processes, their success in the end user perspective and their financial, economic and technological sustainability.
- PBOs must underpin their business success on strategy, decisions and subsequent actions aimed **to deliver business oriented projects**.
- PBOs are particularly vulnerable to resource allocation issues.

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Project Based Organizations (PBOs)

- PBOs are more than a collection of independent projects: projects depend on shared and contested resources (but not only this one of course).
- That means to have a **PBO perspective**.



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Concept of Business Orientation

- The concept of business orientation is very wide, since it may cover different dimensions, depending on the purpose it aims to.
- For example it could refer to:
  - ✓ marketing orientation
  - ✓ production orientation
  - ✓ employee orientation
  - ✓ customer orientation

  and even:
  - ✓ business process orientation (coming from being successful in practicing a specific orientation means to be able to design appropriate processes and operate them effectively)

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Concept of Business Orientation & BPO

- Some researches show that high BPO levels are associated with better business performance by:
  - greater organizational connectedness
  - less conflicts
  - more positive corporate climate
- High BPO levels seem to be in relationship also with customer satisfaction, product quality, delivery speed and time-to-market speed.

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Concept of Business Orientation & BPO

- The concept of BPO can be broken down into:
  - ✓ design and documentation of business processes
  - ✓ management commitment towards process orientation
  - ✓ process ownership
  - ✓ process performance measurement
  - ✓ corporate culture in line with the process approach
  - ✓ application of continuous process improvement methodologies
  - ✓ process-oriented organizational structure
- All of this is connected in some way with the concept of **project business orientation**.

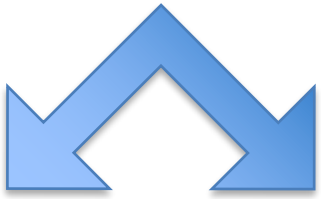
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Approach to Business Orientation & Governance

- Our main concept of **business orientation of projects** can be described as:

  How to choose, manage and operate projects in order to match the organization's strategy, to improve its performance, and finally to get business success and future sustainability.

- So business orientation of projects is mainly matter of **integration**, **balance** and **alignment** within an organization and with its stakeholders.



Project success ↔ Project management success

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Approach to Business Orientation & Governance

Conditions and requirements for project success and future sustainability



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Approach to Business Orientation & Governance

- PBOs deeply rely on projects, so a quite **high degree of discretion is granted to middle organizational levels** (remember the foreword!).
- To manage projects requires great autonomy, meaning **they can easily become separated from each other** (and the organization turns into little more than a series of disconnected projects...).
- PBOs tend to suffer from certain **weaknesses due to difficulties in linking projects to firm level business processes** (lack of coordination between strategy and projects, difficulty to create cross functional management teams).

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Approach to Business Orientation & Governance

- For setting and delivering business oriented and successful projects, project governance must satisfy three main goals:
  - choose the right project
  - deliver projects efficiently
  - ensure that chosen projects can be sustained

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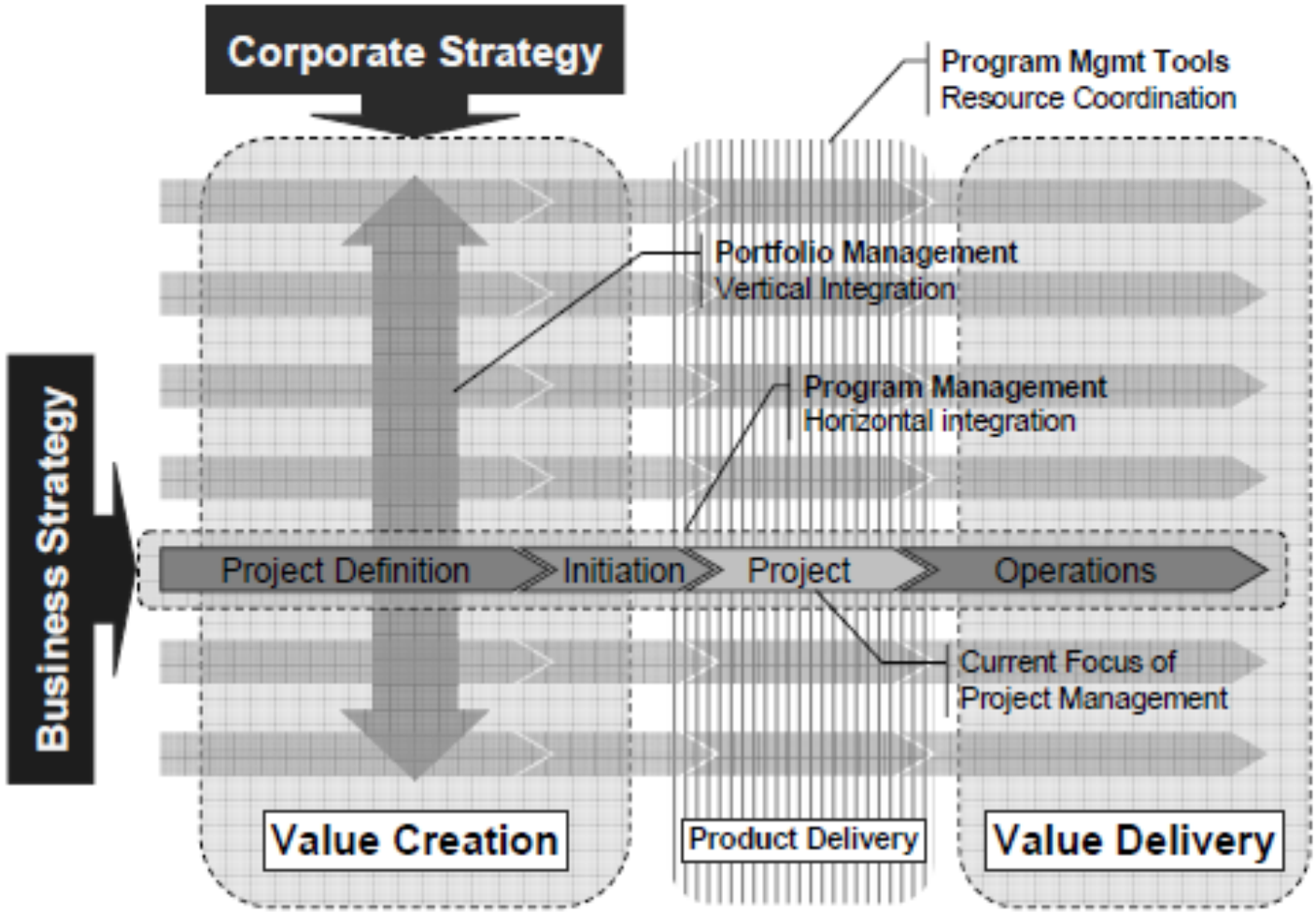
Business Orientation of Projects

- PBOs need to include business oriented projects in their portfolios and manage them consequently.
- A business oriented project contributes to maximize the value creation by means an appropriate and optimized PBO governance.
- That could be pursued, among the others, linking project governance and business orientation by:
  - Portfolio management (alignment with strategy)
  - Project success factors (management support, cost/benefit analysis, scope management, quality indicators, PM success, client acceptance, etc.)
  - Enterprise value creation (by vertical and horizontal integration of PBOs)

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Business Orientation of Projects

Vertical and horizontal integrations in PBOs (Thiry, 2006)



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Business Orientation of Projects

- Finally at least two interconnected questions arise:
  1. Is project business orientation grounded on a fixed set of attributes and feature?
  2. Or in some way, due to the challenges coming from the market, should a PBO be able to adapt its orientation?
- A research (Jalkala et al., 2010) found 10 possible changing orientations that are shaping the project business arena.



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Business Orientation of Projects

1. Changing role of customer network actors in the definition of projects
2. Rapid changing of actors in the customer base of a project supplier
3. Changing buying process and the increased risk factor
4. From project orientation towards customer orientation
5. More customer-oriented project delivery and implementation
6. A dual upstream-downstream movement of project suppliers
7. Enlargement of the offering
8. Shift from references to super-references
9. Plurality of marketing situations faced by companies
10. Branding in projects

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Business Orientation of Projects

- Business orientation of projects and their management is matter of alignment, balance and integration among strategy, business models, stakeholders' expectations, operational effectiveness, organizational models, processes and best practices, competences in project and portfolio management etc.
- As a final remark, it seems realistic to argue that the business success for a PBO can be pursued only through a balanced, resilient and flexible approach at any level of its strategic, managerial and operational processes.

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