

Managing By Projects: A Public Sector Approach

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Abstract

Organisations, worldwide, are experimenting with management of their operations as projects. This paper presents the experiences of a public sector organisation that has adopted a management by projects approach in order to focus the whole organisation on collaborative working to achieve results, facilitate response to change and enable delivery of better outcomes for the community through integrated services.

Keywords: Organisations, Management by Projects, Public Sector

1 Introduction

In response to a rapidly changing business and social environment and demands to demonstrate achievement of performance goals, major organisations, worldwide have adopted an approach of managing their organisations by projects. Within such organisations, the focus of roles is on successful management and completion of projects rather than on static positions in a corporate hierarchy. This leads to a more flexible structure capable of responding quickly to changes in market demands and the business environment. It also focuses the attention of the whole organisation on cooperative working to achieve results.

Benefits of this approach include:

- Ensuring that the objectives of all activities are clearly defined and aligned to corporate objectives
- More effective use of resources
- Providing a framework for monitoring and control and making control visible to senior management
- Putting the organization in a strong goal-oriented mind frame
- Providing a structure and practical methods for planning
- Complementing and reinforcing other organisational-change methodologies
- Facilitating adjustment of plans to changing scenarios
- Permitting easy monitoring of progress towards goals
- Accelerating implementation of corporate strategies
- Providing effective techniques for meeting annual targets

A major benefit for public sector organisations is that Management by Projects provides a flexible structure. The organisation can respond rapidly to environmental changes, and in particular to changes in government direction without undergoing a complete organisational restructure which is disruptive and unsettling for staff, and impacts negatively on productivity.

The NSW Department of Public Works and Services (DPWS), in keeping with major international corporations, has chosen a Managing by Projects approach which it refers to as MbP and describes as:

...the way DPWS organises its people and other resources to deliver products and services to satisfy our client's needs. MbP means giving the best available people the best available resources, applying teamwork, leadership and project management principles, and producing the best outcome for the client. MbP breaks down artificial barriers between functions and business units and gives everyone the chance to focus on results, not get bogged down in internal processes.

Key characteristics of the approach are:

- Work organised into projects
- Delivered by project teams
- Focus on results
- Flexibility to deal with change
- Delivery of products by cross functional, cross disciplinary project teams

To reap the benefits of managing by projects DPWS recognises that the organisation must provide support for their projects and their people, to assist them in working together on projects to achieve corporate goals. This support should include systems for management of portfolios of projects, and training to develop the project management competence of all staff. In adopting a Management by Projects (MbP) approach, the Department recognises that it is essential that the people within the organisation

understand the approach, understand their roles and have the skills to work effectively within this environment.

The DPWS introduced the Managing by Projects approach in 1997. This paper presents the rationale behind the decision to adopt the approach, and describes the experience to date.

2 Challenges for the Public Sector

Having grown progressively following the Second World War, the public sector, throughout the world, began, during the early 1970's, to experience significant pressures for change. A primary focus was 'reducing expenditures while at the same time improving government operations' (De Montricher 1998, p.109).

According to the OECD (OECD, 1995 p.7), catalysts for change have included:

- need for increased efficiency and cost-effectiveness to control and reduce public spending
- reduction in national differences in public sectors and increasing desire to enhance competitiveness of national economies as a result of globalisation
- rising service quality expectations from individuals and business
- need to respond flexibly and strategically to external changes
- opportunities offered by new information technologies

Since the early 1980's, common themes have emerged in the responses by national public sectors to the need for change:

- emphasis on strategic management and planning (Peters and Savoie, 1998 p. 15)
- efforts to increase service quality and become more responsive through 'debureaucratisation', allowing initiatives such as integrated service delivery

(Rockman, 1998 p. 37; Aucoin, 1998 p. 311-12; 322; Caiden, 1998 p. 265; NSW Premier's Department, 1999)

- increased public consultation in design and execution of policy (Peters and Savoie, 1998 p13)
- introduction of performance measurements associated with emphasis on and accountability for results (Peters and Savoie, 1998 p. 16; Pollitt, 1998 p. 57)
- attempts to replace the 'tradition of predictability and regularity that was the trademark of old public administration' (Peters and Savoie, 1998 p. 35) with adaptability and flexibility

3 Impact of change on the DPWS

Over the last two decades the DPWS has introduced a range of responses to the challenges facing the public sector. A specific challenge over the last decade has been the addition and subtraction of parts of the organisational portfolio, usually associated with elections and administrative changes. As a result of amalgamations the Department has acquired a range of cultures and disciplines, each with their own history and patterns of service delivery.

DPWS has a rich tradition of capital works delivery that stretches back to the early days of Australian colonisation, and the prestigious position of Government Architect remains as a reminder of that heritage. Traditional project based disciplines of engineering, architecture and construction have been paramount for over a hundred years. In a 1995 restructure, Government Information Technology and Telecommunications was added.

The current Department of Public Works and Services (DPWS), with over 2500 staff, resulted from a 1995 restructure which included strong emphasis on the identification of those parts of the organisation carrying out strategic, policy and advisory roles to Government and those providing services to other agencies on a fee for service basis. In this model, the impact of global pressures and changes on the public sector, is clear.

Within the New South Wales public sector, the drive for efficiency and cost-effectiveness is demonstrated in the emphasis on performance measurement (NSW Council on the Cost of Government. 1998). In NSW, this has been associated with policies designed to ensure equitable access to government services. For DPWS, those parts of the organisation operating as a shared service centre and performing the delivery or 'doing' roles have been required to become progressively self-funding. Those providing the strategic, policy and advisory roles have been expected to facilitate 'integrated service delivery' and improved service quality to 'clients', primarily other parts of government (NSW Premier's Department, 1999).

4 The impetus for proactive organisational change

Leadership is an important factor in the will to change and the form it takes. A new Director-General was appointed at the time of the 1995 amalgamation and formation of the DPWS. The organisation then comprised

- Corporate and Business Services: Printing, Mail, Fleet Services, Advertising, Supply
- Government Information Technology and Telecommunications (subsequently removed in 1997)
- Property Services
- Public Works

Bringing these functions together in one public sector organisation was intended to facilitate increased resource and cost effectiveness, increased accountability, and higher service quality to clients including increased responsiveness and integrated service delivery.

There were significant barriers to achieving these aims. Differences in technology, systems, processes and cultures were exacerbated by competition for resources. Interface issues between strong functional divisions initially inhibited cooperative and integrated responses to client needs.

A series of restructuring initiatives over the last decade had unsettled staff throughout the re-formed organisation. There was a need for the staff to recognise that change would continue to occur, and that they would need to become more adaptable and flexible in order to respond to those changes. It was appreciated, however, that impact on staff could be reduced, by adopting a more flexible framework that would make it easier and less painful for the people and the structure to adapt and respond quickly to inevitable government and other environmental changes.

Clearly recognising that effective organisational change requires top management support and must be owned by all levels of management (Rainey, 1997), the Director-General chose not to make changes by executive action, instead engaging staff in a process aimed at identifying the issues and finding 'home-grown' solutions.

A cross-divisional workshop held in April 1996 identified the following issues as holding back the provision of best service delivery (Simpson et al. 1996):

- the need to unlock human resources across and within Divisional boundaries to allow the most effective utilisation of those resources
- the need to develop a team culture
- the need for transparent fee arrangements between business centres
- the need to eliminate duplication of effort
- the need to have clear project accountability
- the need to make decisions focused on the best outcomes for the organisation as a whole
- the need to focus on outcomes and not allow service delivery to be dictated by internal processes and structures
- the need to have the flexibility to meet the ever changing needs of the market

The Director General appointed a small team, representing three areas of the Department (Client Service, Operations and Commercial Business) to develop and recommend an approach to address these issues.

5 Addressing the need for change

Following a period of research that encompassed literature review, visits to other organisations responding to change, and consultation with various authorities in organisational change, the team recommended an approach that they presented as Management by Projects (MbP). In doing so, they were in tune with a world wide trend that was highlighted in the Management by Projects theme at the INTERNET (IPMA) 10th World Congress held in Vienna in 1990, and formed the basis of a series of articles by Paul Dinsmore on Managing Organizations by Projects that appeared in PM Network between March and December 1996 (Dinsmore 1996a,b,c,d). They were also anticipating the growing recognition by government of the value of collaboration through projects in the delivery of ‘better outcomes for the community’ (NSW Premier’s Department, 1999. p. 1).

One of the virtues of this approach was that it could be introduced without immediate and drastic structural changes. As Dinsmore (1996b, p. 10) says, ‘Managing Organizations By Projects is an organisational mindset. It’s a way of thinking about business.’ Management by Projects, as a central strategy and style, was seen as a way of increasing the flexibility of resources within the organisation and of overcoming barriers to integrated service delivery to clients. The intention was that the work of the organisation would be organised into projects. A project manager and team would be appointed, with team members and other resources being drawn from across the functional divisions of the organisation.

6 Implementing Management by Projects (MbP)

The recommendations made by the cross-divisional review team were adopted and the team (Executive Project Coordination Group) was empowered to begin implementation and marketing of the Management by Projects (MbP) approach in early 1997.

Implementation included:

- establishment of Resource Managers across Divisions
- adoption of the Australian National Competency Standards for Project Management
- provision of project management training and development for all staff throughout DPWS
- development and implementation of a mentoring system through DPWS

A report to the Executive in October 1996 (DPWS, 1998. p. 16) identified key performance strategies including:

1. Shared commitment by the Executive, senior management and opinion leaders to MbP
2. A clear and powerful vision of how the changes will benefit DPWS
3. Cultural change by all Divisions
4. Integrated Management Information Systems
5. Effective Performance Management Agreements which reward desired behaviours
6. Effective resource management
7. A new business practice model which streamlines internal administration

By March 1998, few of these strategies had been fully achieved and stakeholder consultation indicated that although 'stakeholders acknowledged progress made to date, a range of inhibitors of MbP success were noted, particularly behavioural and system issues' (DPWS, 1998. p. 1). Key inhibitors identified were:

- lack of common understanding of why MbP was necessary, what it is and who it is for

- the understanding and application of and the commitment to MbP varied in different parts of the organisation
- dissatisfaction with the resource management process
- inadequate information management and technology support systems (a number of initiatives with major impact on MbP success were outside the scope of the MbP team's work eg management information system
- some important initiatives were given low priority within the organisation eg skills register
- lack of commitment at ALL levels, particularly to break down barriers between divisions
- limitations of existing human resource, information management and financial systems in their ability to support MbP

Some stakeholders believed that there was no evidence that MbP was not working while others wanted proof that it was effective, reflecting the view of Peters and Savoie (1998 p. 6) that 'one lesson about public sector reform is that success or even failure is rarely clear cut'.

In mid-1998 the Executive formally reaffirmed their commitment to and ownership of MbP, recognising that it's success was dependent upon a cultural change across DPWS. The importance of resource management was acknowledged.

From this a plan was developed for finalisation and handover of MbP Implementation to Directors and General Managers who were to be responsible for continuing to implement the MbP approach through their performance agreements. This plan has the following elements:

Sponsorship: MbP has been taken into the mainstream of DPWS through the appointment of the Director of Client Services as MbP Sponsor. Each member of the

Executive Team has accepted responsibility for MbP implementation within their Division / Group. The MbP Sponsor reports monthly on progress.

Cultural change: A DPWS Cultural Change Plan was prepared and MbP Champions Network established. The MbP Champions provide leadership, encourage, mentor, and support the MbP concept at various levels across the organisation. A number of steps have been taken to create an atmosphere that encourages staff to volunteer for project work through Resource Managers.

DPWS are foundation partners in an international research project on Project Management Competence (Crawford, 1998) that is being conducted under the direction of the University of Technology, Sydney. Involvement in this research provides input to skills assessment and the associated development of project management skills to support the MbP approach. Following skills assessment, the University of Technology, Sydney developed an Introductory Project Management Training Program that specifically supports the DPWS MbP approach and at the same time provides staff with transferable skills for career development. As staff participate in this and other skill development programs, such as Team Building, they are developing a shared terminology and techniques to enhance their project participation.

The project manager's role and authority are being reinforced and enhanced through role definition and ongoing review of the relationship between Resource Managers and Project Managers.

DPWS are members of an international project management benchmarking network. By working with and benchmarking their organisational project management practices against those of leading public and private sector organisations, world wide, DPWS has an ongoing opportunity for assessment and improvement. This provides an external focus for development of a self sustaining internal community of project management practice (Cooke-Davies, 1999).

Communication: Efforts have been made to increase awareness of MbP at all levels of the organisation. Monthly reporting to the Executive through the MbP Sponsor, is

supported by briefings with all senior managers, presentations on MbP at Divisional and Group staff meetings and through articles in the internal newsletter.

An MbP Centre of Excellence has been established. The MbP Guide has been made available on the DPWS Intranet which is also being utilised as a communication forum.

Resource Management: A Resource Manager has been appointed in each Division, with delegated authority to select and appoint teams. A Divisional Resource Manager Network has been established to facilitate liaison and cooperation between Resource Managers across Divisions. A skills database has been developed and trial usage is in progress.

Business Rules: Business rules have been developed to facilitate the operation of MbP across the organisation. These rules have included enhanced transparency of fees charged between DPWS cost centres and processes to assist in flexible utilisation of resources by ensuring that managers release staff for project involvement. Criteria are being developed for prioritisation of projects.

Human Resources: The aim here has been to align the skills, reward and recognition processes with desired behaviours and outcomes. Team and project working are being recognised in performance agreements. A process for 360 degree appraisal by client, project sponsor and team members is being implemented. Support by managers of MbP processes will form part of their appraisal process. Position descriptions are being amended to include team participation skills as a requirement.

Project Management Skills and Systems: Project management training is available (see comments under cultural change above) and all staff are encouraged to participate. A simple project management methodology is available in the MbP Guide which is available on the Intranet. Support tools and systems are still being evaluated. Organisation specific project management competency standards, based on the Australian National Competency Standards for Project Management have been developed. This development and associated assessment is supported by the lead role

that DPWS has taken in research into project management competence (Crawford, 1998).

7 Reflecting on progress

Based on his work in benchmarking the project management practices of organisations, Cooke-Davies (1999) identifies six elements of best practice enterprise project management capability:

- Strategic alignment of projects
- Libraries of tools and techniques
- Career structure for project managers
- Repositories of data
- Top management support
- An effective project management community

Similar elements are identified by Graham and Englund (1997) and by the Fortune 500 Project Management Benchmarking Forum (May 1996) as reported by Dinsmore (1996c) in relation to project management in multifunctional enterprises. They are also reflected in a list of 'prerequisites for successful project work' in relation to public administration presented by Griesche and Dworatschek (1998, p. 702).

By assessing the DPWS MbP approach against these elements, it is possible to identify some areas of strength and weakness.

Strategic alignment of projects: Inherent in the MbP approach was the understanding that projects should not proceed unless aligned with corporate strategy. This aspect was already strong within the culture of the organisation.

Libraries of tools and techniques: An MbP Guide, MbP Training and MbP User Kit provide basic skills and methodology to support the MbP approach. An issue not

adequately dealt with, as it was outside the scope of the MbP team was that of support tools and systems for MbP. Dinsmore (1998b) and others (Bolles, 1998; Block, 1998) advocate the establishment of a project support office to assist project managers and their teams. This has not been recommended or provided within DPWS although an MbP Centre of Excellence has recently been established. One criticism of the program could be that it has been given insufficient resources for optimum support and impact.

Career structure for project managers: As the DPWS MbP approach advocated the involvement of all staff as project managers and project team members, no separate career structure has been identified. Project management training has however been provided, consistent with the Australian National Competency Standards for Project Management and offers participants in this training, opportunities to work towards externally recognised professional registration. The alliance with the University of Technology, Sydney provides pathways towards academic qualifications in project management. Performance appraisal systems have been changed to encourage behaviours than support MbP.

Repositories of data: No substantial attempts have yet been made to establish repositories of data that would assist project managers in planning and estimating future projects and sharing lessons learned with a view to continuous improvement.

Top management support: the support of the Director General has been consistent throughout the implementation of the MbP approach. In March 1998 the MbP Team sought a broader involvement of senior management by recommending the assignment of accountability for MbP implementation to all Directors, with no specific Director solely responsible. The deliberate intention in this recommendation was to ensure that MbP was owned by the whole of the organisation and not seen as being owned by any one senior manager with a view to overcoming the uneven commitment to date, across Divisions. The team proposed a facilitated workshop session on MbP, with the Executive, to ensure commitment and ownership.

An effective project management community: As Cooke-Davies (1998) and others (Peters and Savoie, 1998 p 7) point out, change will often not take full effect for three or

more years. Development of an effective project management community involves recognition amongst people working on projects that they have shared interests. In DPWS the Divisional and disciplinary boundaries are still too strong, and the understanding of MbP still too weak for this sense of community and its associated benefits to have fully developed. Work is being done, however, to foster development of an effective project management community of practice. Participation in an international Project Management Benchmarking Network is intended to provide an external catalyst for development of the internal project management community. An MbP Centre of Excellence has been established and is conducting networking sessions on the corporate intranet. Best Practice Forums have provided considerable input for review and strengthening of the MbP program. The launch process for the MbP Guide was intended to provide a catalyst for building understanding of and commitment to MbP.

8 Conclusion

The DPWS MbP approach was introduced to the organisation less than three years ago, so it is, in many ways, still in it's infancy. Assessing whether it has been or continues to be successful will never be an easy task and may not be possible (Peters and Savoie, 1998. p.6). A critical issue will be the extent to which management sustains their support and commitment.

One view could be that the introduction and implementation of MbP has lacked force. MbP was certainly not introduced to the organisation with a bang and there are still many within the organisation for whom it remains a mystery. MbP has in some ways crept quietly and persistently into the mainstream working of the organisation. By doing so it has probably gained a greater chance of success than if it had been directly forced upon staff. The approach has not required any major structural changes, and has therefore presented a much less intrusive and unsettling form of change than the staff had come to expect over the last decade.

Another strength of the DPWS adoption of an MbP approach is that it has not been forced upon the organisation by high powered consultants. The DPWS MbP approach is largely home-grown and internally generated but they have sought support and feedback through external networks (Project Management Benchmarking) and participation in collaborative research within a global context.

For DPWS, the MbP approach developed out of an internal review of issues hindering the achievement of best possible outcomes for clients and was initiated by a cross divisional team of senior managers. DPWS management and staff have worked together through the issues and practice of management by projects, progressively developing its application through internal and external feedback and review.

DPWS remains essentially a functional hierarchical organisation. It retains its Divisions. There is still considerable diversity in the nature of its services to clients and the disciplines that deliver those services. Although Management by Projects (MbP) theoretically places emphasis upon achievement of results rather than position in the hierarchy, competition for power and resources has not yet fully succumbed to the rhetoric of cooperation and team spirit. On the other hand, new business rules have initiated a corporate approach to working. There is a sense that the structure is beginning to loosen up and that with persistence and increased support the organisation will increase its ability to respond to demands for increased effectiveness and equitable service delivery and will achieve sufficient flexibility to deal smoothly with changing client needs and the portfolio changes that are inevitable in the public sector.

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