

# Integration of the Project Management and Traditional Departmental structures Identification of Managerial Best Practices

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## Abstract

Firms wishing to benefit from the advantages of a project management structure while preserving their traditional departmental structure face the daunting challenge and complexity of managing organizational integration of the two structures.

The purpose of this study is to identify managerial best practices for integrating the activities pertaining to product development projects with those associated with the traditional department. Five dimensions of managerial best practices emerged from the data. Those are concerning the sharing of responsibilities, legitimacy of the participation of personnel, presence of senior management all along the project, organizational application of the customer concept, and flexibility of the organizational context. The main scientific contribution of this research is the positive impact of managerial best practices identified on the integration of activities or tasks pertaining two organizational structures that are required to cohabitate. The implications for organizational research are discussed.

## Research problem, Objectives

Firms wishing to benefit from the advantages of a project management structure while preserving their traditional departmental structure face the daunting challenge and complexity of managing the cohabitation of the two structures. This activities integration problem is not new to us. For over 35 years, numerous researchers have devoted their energies to describing the various components of this problem (e.g. Bartlett & Ghoshal, 1990; Cackowski, Najdawi & Chung, 2000; Carpenter-Anderson & Fleming, 1990; Davis & Lawrence, 1977, 1978; De Laat, 1994; Dunn, 2001; El-Najdawi & Liberatore, 1997; Goold & Campbell, 2003; Jones & Deckro, 1993; Kuprenas, 2003; Robins, 1993).

Some researchers have investigated the integration of specialists assigned to the product development project, and the mechanisms likely to influence their degree of integration (Ettlie, 1995; Hoopes & Postrel, 1999; Iansiti & Clark, 1994; Jassawalla & Sashittal, 1998, 1999; Kahn, 1996; Rusinko, 1999; Song & Dyer, 1995; Song, Motoya-Weiss & Schmidt, 1997; Song, Neeley & Zhao, 1996; Song & Parry, 1993). So far, researchers have spent much less time, however, identifying management practices for, or at the very least, possible ways of reducing the many components of the problem of integration the activities associated with the two structures. In my study, I sought to identify managerial best practices grounded in the data, and thereby to provide

a practical overview of the means to be used to improve the organizational management of the two structures.

### **Theoretical Frame**

This study was conducted in accordance with grounded theory methodology. As proposed by Glaser and Strauss (1967), I investigated the field with no road map. However, the focal point of my research was the integration of the activities pertaining to these two organizational structures from the integration problem: project management and traditional department structures.

The definition proposed here to the concept of integration is the adaptation of one system's components for insertion into another system, and vice versa. When product development activities have to be integrated with those of the firm's traditional departments, some of their components can be expected to blend into each other, while others will be enriched by the addition of new or complementary components or simply streamlined through elimination of obsolete elements. This definition of integration reflects all the dimensions of a firm that are likely to be affected, and implies a change in the way it is organized.

In a study explicitly describing the activity integration problem within the product development context and the pertinence of continuing research into solutions to this problem, G elinas (2005) identifies six components of this problem. These components emerged from data obtained in the field, and were then compared to those identified in the literature survey compiled by Ford & Randolph (1992). These six components are: 1) Overload of tasks and responsibilities, 2) Lack of availability of human and informational resources, 3) Lack of support from management for product development, 4) Power struggle, 5) Ineffectual management of priorities regarding the projects to be carried out, and 6) Ineffectual management approach prevailing in the cross-functional context. These components underlie 19 problematic situations.

The primary focus of this study was the means or practices already used by firms, or that they were planning to implement or considered ideal, for purposes of improving activity integration. First I will describe the methodology used in the study. This will be followed by a presentation of the results. Finally, I will discuss the contributions made by this research, as well as its limitations and implications for future research.

### **Method**

In accordance with grounded theory, I selected firms and respondents using the theoretical sampling method (Glaser, 1978; Glaser & Strauss, 1967; Strauss & Corbin, 1990). The firms selected were those in which product development project formed an integral part of their current activities and which manifested great interest in improving the methods involved in the process they used. The activities involved in this process were carried out by a multidisciplinary team whose members have to harmonize product development activities with those of their department of origin. All firms selected were active members of the Institut de D veloppement de Produits du Qu bec (see table 1). Then, 26 respondents from four firms have participated to my research. The analyse unit is the connection or the joint between the activities of product development project and the activities concerning the traditional departments of the firm. In fact, this connection corresponds to all matrixes being generated to realize product development process. Here we

are taken for granted that there is a matrix for each department where a member is working on the process, permanently or temporarily.

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Insert Table 1 about here  
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I collected the data in three steps. First, I conducted non-structured interviews. My goal was to find out how the respondents were handling the 19 problematic situations, which practices had already been implemented, and which seemed ideal for rectifying these situations. I modified the interview guide as new questions came to mind (Glaser & Strauss, 1967). Second, all respondents received a complete transcript of their interview, which they were asked to approve and modify or supplement if desired. I investigated the firms one at a time according to the simultaneous data collection and analysis rules (Glaser & Strauss, 1967). The third step in the exploration phase involved holding a group meeting at each firm in the sample, where I presented the findings in the form of a slideshow.

Data analysis was carried out in five steps. First, I transcribed the interviews verbatim. Next, I analyzed and compared the data obtained from the different respondents at Firm 1. I continued in this way until I concluded that I had a thorough inventory of the issues for this firm. I then followed the same procedure with the respondents' data from the second firm. Upon completion of my analysis of the data from Firm 2, I was already in a position to propose a theoretical model. This situation concurs with Glaser's proposition (1978) that all concepts emerge rather quickly from the data. I continued the process, comparing the data obtained from firms 3 and 4 to the model that had emerged from the data on the first two firms. At this point, I was able to observe that data saturation had been reached (Charmaz, 2000). Finally, I compared the results (dimensions of best practices) to the respondents' understanding of the situation. I analyzed the data manually for each firm by following the steps suggested by Glaser & Strauss (1967), as well as some of the recommendations made by Paillé (1994). These steps are: data transcription, data coding and categorization, relationships, writing memoranda, development of theoretical model.

## Results

Five dimensions of best practices emerged from the data. The first dimension concerns the sharing the responsibilities of project activities, which is defined as a dividing up of all the obligations pertaining to these activities among the departments whose expertise is needed to fulfil those obligations and include six categories of best practices. These categories are: overall strategic planning; structural modification; role assignment; recourse to external assistance; different new project management practices; information, collection and dissemination (see figure 1).

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The second dimension concerns the legitimacy of the participation of personnel in project activities, with two categories of practices. This dimension is defined as the recognition, by the firm's personnel, that the act of exerting influence, power, or control and of taking active part in everything that may have an effect on product development, is common practice in the firm (adapted from Meyer and Scott, 1984; Roca and Retour, 1978). This legitimacy of participation

concerns all firm personnel assigned to product development activities, either directly or indirectly. The two categories of best practices are: formalization of participation in product development activities and adaptation of human resource management practices to product development activities (see figure 2).

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Insert Figure 2 about here  
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The third dimension has to do with the presence of senior management in project activities, including three categories of best practices. These categories are: holding a unifying discussion; involvement in new-product development activities; appreciation shown to members for their contribution to product development. This dimension of best practices is defined as the constant presence, if not omnipresence, of senior executives during such activities. It is primarily the symbolic aura surrounding these executives that comes into play here. Those practices are based on the fact that an action takes on an entirely different level of importance when it originates with the firm's highest-profile players.

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The fourth dimension concerns internal application of the customer concept, with four categories of practices. This dimension of best practices is defined as the application of generally accepted knowledge or fundamentals with regard to serving the firm's most valued customers. In this case, the customer is regarded as a team member who requires a service or information to carry out product development activities. The internal application of the customer concept refers to the mutual consideration of needs and priorities related to other departments. In short, all personnel must regard themselves as serving other personnel. The categories of best practices are: development of a systemic vision of the firm; development of organizational citizenship; development of fairness with regard to customer status; proximity between the work premises of the various members of the multidisciplinary team (see figure 4).

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Insert Figure 4 about here  
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Finally, the fifth dimension of best practices concerns flexibility of the organizational context which include two categories of management practices. These categories are: autonomy and leeway in management; presence of an organizational culture built on product development and collaboration. This last dimension is defined as the implementation of a set of rules or practices that allow department managers to adapt quickly to the often-impromptu circumstances generated by product development activities. In fact, department managers who are obliged to release their personnel to respond to a specific request from a project manager are often required to adjust quickly in order to continue their own departmental activities (see figure 5).

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Insert Figure 5 about here  
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## **Discussion and Conclusion**

The primary goal of my research was to identify the means that should be implemented to improve the integration of activities pertaining to the product development project with those associated with the firm's traditional departmental structure. The most striking conclusion reached through my research can be summarized as follows: Despite the very high degree of organizational complexity in the cross-functional context, it is nonetheless still possible to guide managers in their efforts to integrate the activities pertaining to these two organizational structures. The findings of my study are detailed below, revealing its scientific contribution to management research, as well as its limitations and implications for future research.

The main scientific contribution of my research is the identification of five dimensions of Best Practices. By calling on a multidisciplinary team to carry out the different steps of the product development project, we now understand that managers are implementing an entire organizational system, which, in addition to increasing the complexity of the firm's internal organization, appears to cause a major culture shock.

These best practices offers possibilities for coping more effectively with the negative effects of such a union. Overall, the five dimensions of best practices suggest that these high-level managers should ensure coherence among the strategic, administrative, operational and departmental components of their firm. To my knowledge, it constitutes the first model to provide such an overview of the different management practices like to counter, or at least reduce, the turbulence caused by cross-functional organization.

Furthermore, when cross-functional structure is involved, especially in the context of product development project, we should no longer speak solely of the problems that it is likely to generate. Instead, we should be able to envisage the new organizational system that such a structure imposes on personnel by obliging them from now on to take the firm's two priorities into account: the product development project reflecting the firm's business strategy and the departments needed to carry out the project and ensure its efficiency. This finding constitutes another significant scientific contribution of this study.

This overview of possible ways to reduce the activity integration problem was greatly appreciated by, and reassuring to, more than one respondent. In the future, the five dimensions of best practices proposed here may help guide senior management in developing new management practices likely to improve integration of the activities pertaining to two organizational structures that are obliged to cohabitate. Also, these executives may feel assured that any one practice implemented reflects the different dimensions of practices cited here rather than addressing a response to only one aspect of the situation. In short, this model of practices may serve as a guide for managers in their decisions with respect to integration, and prevent them from wasting time by experimenting and trying to understand, after the fact, the real impact of the cross-functional structure on the firm.

My study had certain limitations, the principal one being that I was the only person who obtained and analyzed the data. This limitation is attenuated by the respondents' collaboration when they authenticated their interview transcript and approved the relevance and applicability of the five dimensions of best practices. It would, however, have been highly pertinent and useful to consult a group of experts consisting of senior executives from the firms consulted or other comparable firms. A second limitation concerned the fact that the findings are only applicable to the cross-functional context generated by the product development project.

These five dimensions of best practices lends itself to being perfected. Other researchers will hopefully be inclined to enhance my contribution, or at least, to challenge it as they see fit. Now that an overall vision of the strategic management possibilities of cohabitation exists, it

may be the opportune time to investigate the process likely to foster such an integration of activities.

Few studies to date have examined the cross-functional organization in all its complexity. At first glimpse, this may appear to stem from the relative newness of the concept of the cross-functional organization. In terms of structure, what may be new in the firms consulted is the fact that the cross-functional process reflects their business strategy and may even be considered the cornerstone of their firm's mission. Perhaps that this overview of best practices should be considered by Manager to assure the performance of, what PMI actually call, the Organizational Project Management.

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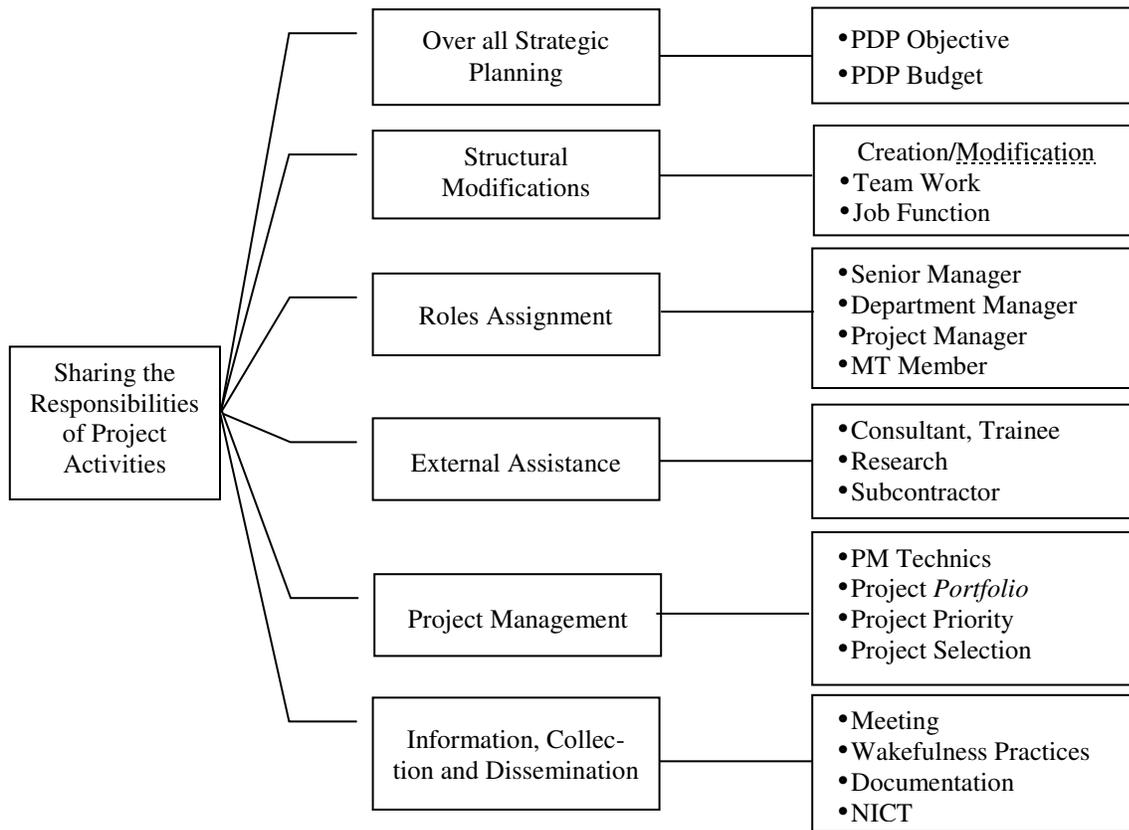
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Table 1: Description of the Firms in the Sample

Concepts	Firms whose employees were consulted			
	Firm 1	Firm 2	Firm 3	Firm 4
Activity sector	Manufacturer of furniture and furnishings	Other machinery and equipment for the service industry	Plastic Product	Compressors, pumps and fans
Number of employees	400	150	150	130
Sales	60 000 000 \$	30 000 000 \$	40 000 000 \$	45 000 000 \$
Exports	Western Canada, and United States	Western Canada, United States, Central and South America, Europe, Asia, and Middle East	Western Canada, United States, Central and South America, and West Indies	Western Canada, United States, Western Europe, and Oceania
Status of senior management	Professional/ Succession	Professional	Founder/Owner	Professional

Figure 1: Management Practices Underlying to the Sharing of Responsibilities for the Product Development Project Activities



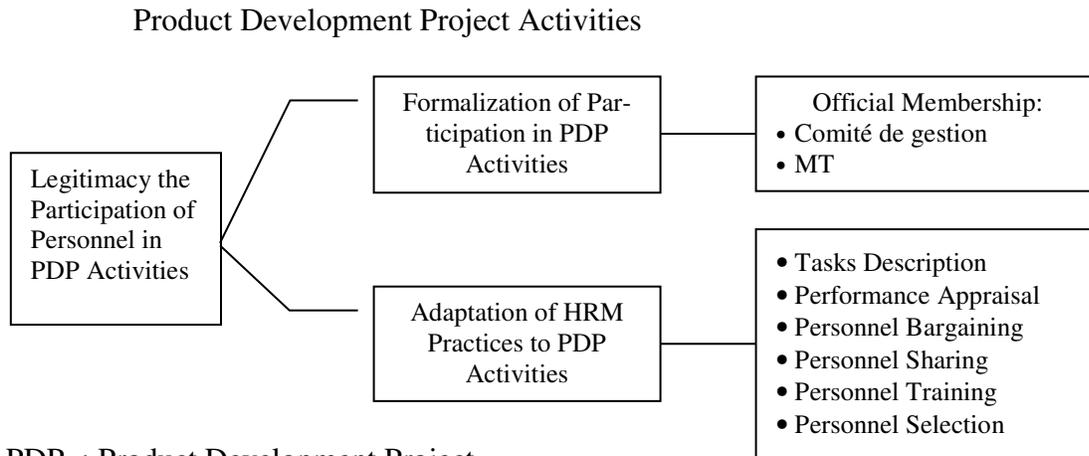
PDP : Product Development Project

PM : Project Management

NICT : New Information and Communication Technologies

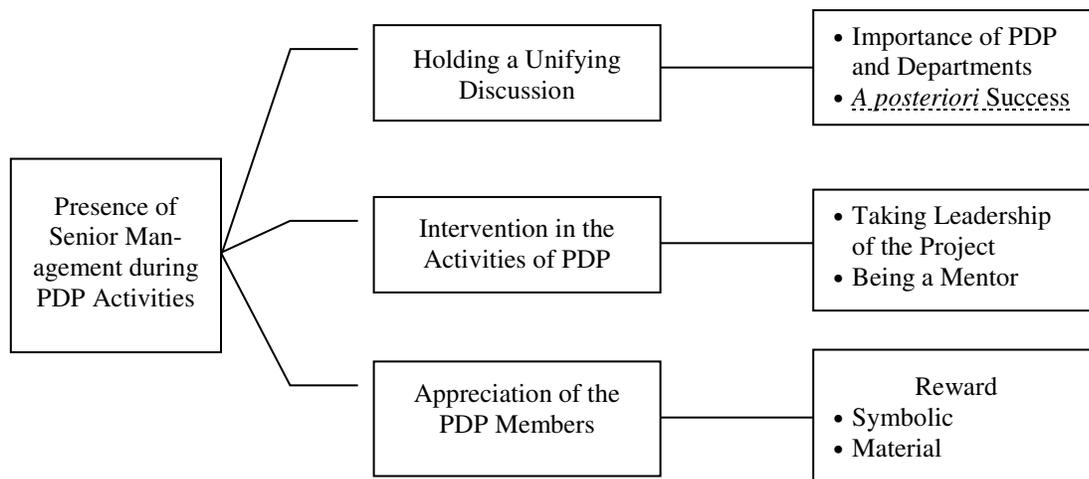
The dotted underline indicates that this practice is a suggestion made by one respondent

Figure 2: Management Practices Underlying to the Legitimacy of the Participation of Personnel in



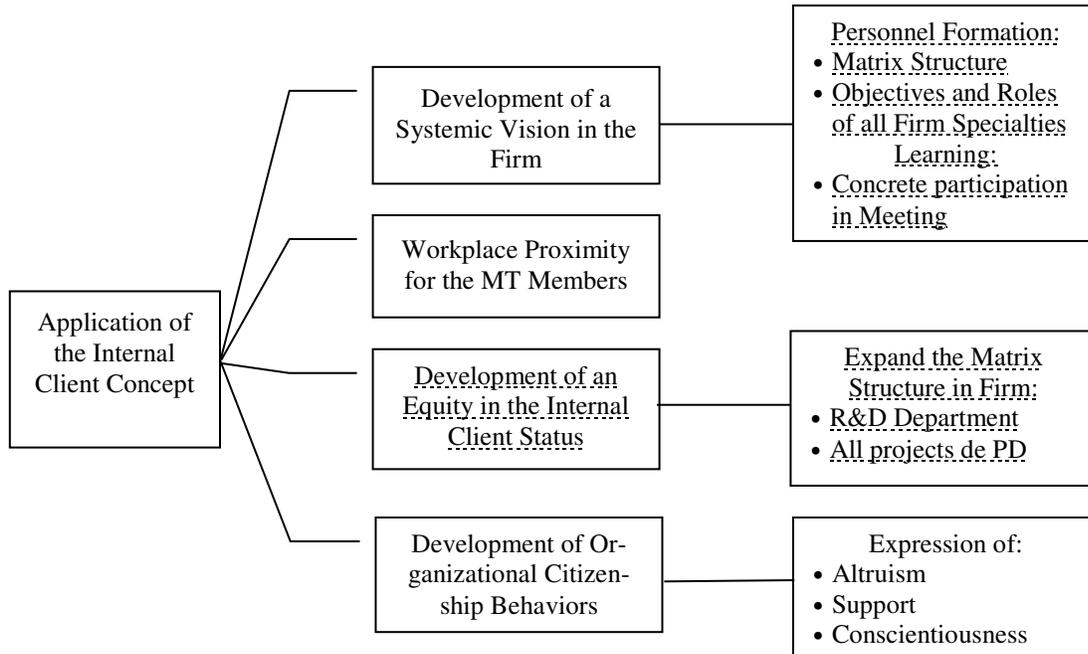
PDP : Product Development Project  
 MT : Multifunctional Team  
 HRM: Human Resources Management

Figure 3: Management Practices Underlying to the Presence of Senior Management during the Product Development Project Activities



PDP: Product Development Project  
 The dotted underline indicates that this practice is a suggestion made by one respondent

Figure 4: Management Practices Underling to the Application of the Internal Client Concept



MT: Multifunctional Team

The dotted underline indicates that this practice is a suggestion made by one respondent

Figure 5: Management Practices Underling to the Flexibility of the Organizational Context

