Project Business Management[1]

Dealing with Project Supply Networks (PSNs), Be a Connective Leader

Oliver F. Lehmann

"Like it or not; commands are out, negotiations are in."
Jean Lipman-Blumen

Summary

Project Business Management brings together project management skills and business skills for the kind of projects that dominate today's reality: Projects extending over corporate borders.

An aspect of both skills are leadership requirements that do no more stop at the boundaries of an organization but extend into other organizations, including clients and contractors. The ability to apply the achieving styles of the *Connective Leadership Model* often decide on the project success of these projects and also on the business success of the companies involved.

Leadership Requirements in Project Business Management

Some readers may have followed my previous articles on *Project Business Management*. In these articles, I describe various aspects of the art of doing project management in an environment characterized by contractual relationships between sellers and buyers, contractors and customers and other forms of business partners[2]. This series of articles follows a path from the outside, the organizations involved and the interfaces between them, to the core of the *Project Business Manager* discipline, from the technicalities and

[1] *This is the 9th in a series of articles by Oliver Lehmann, author of the book "Situational Project Management: The Dynamics of Success and Failure" (ISBN 9781498722612), published by Auerbach / Taylor & Francis in 2016. See full author profile at the end of this article.*
[2] *A chronological list of all articles in PM World Journal can be found at https://pmworldlibrary.net/authors/oliver-f-lehmann*

legal matters to the question what actually constitutes professionalism when projects span across corporations.

It began with a discussion of *Situational Project Management* (*SitPM*)[3] and a recommendation of an open typology of projects to prepare for the uniqueness and variability of the different projects along a major number of dimensions. Among these dimensions were those of predictable vs. exploratory projects, mark-1 vs. mark-n projects and many more.

One of these typological dimensions was the dichotomy of internal projects, which are in essence costs centers, and customer projects, which are profit centers for the contractor company and opportunities to tap contractors' assets and turn them into project resources for a customer organization. Contractors can constitute complex supply networks with many companies involved, including prime contractors and subcontractors over a number of tiers.

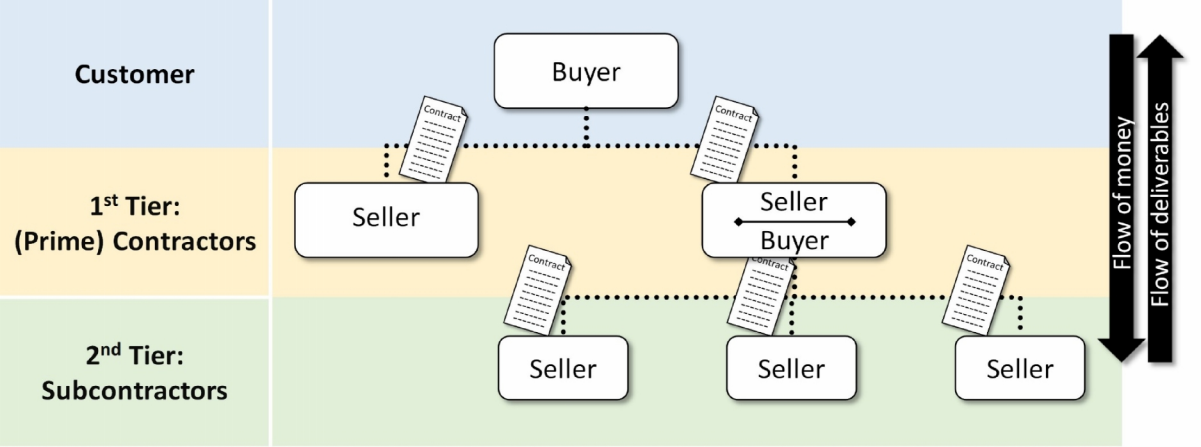

Figure 1: A simple two-tier project supply network (PSN) with a customer and five contractors

Figure 1 depicts a simple network with one ustomer and five contractors involved over two tiers. Each company has its own business interests, and getting to work together as one team dedicated to a common "Mission Success First" goal is a difficult task, whose mastership will make the project succeed or fail.

Discussing business aspects of projects under contract on both sides, customers and contractors, the articles led to questions of professionalism and qualification of project managers, who manage not only a project but a business relationship with customers, contractors or both, and as Figure 1 shows, the number of interfaces between the companies can grow rapidly.[4]

In this article, I intend to build a bridge to work that has been done since the 1990s by Jean Lipman-Blumen[5] under the flag of "*Connective Leadership*".[6] Lipman-Blumen

[3] (Lehmann, 2016)
[4] (Lehmann, 2018)
[5] Her profile can be found at the Drucker School of Management at the Claremont Graduate University ((Drucker School of Management, n.d.)
[6] (Lipman-Blumen, 2000)

postulates that leaders have passed through two historical stages and are now entering a third one. Figure 2 describes, how leadership and also project management evolved and still evolve along these stages:

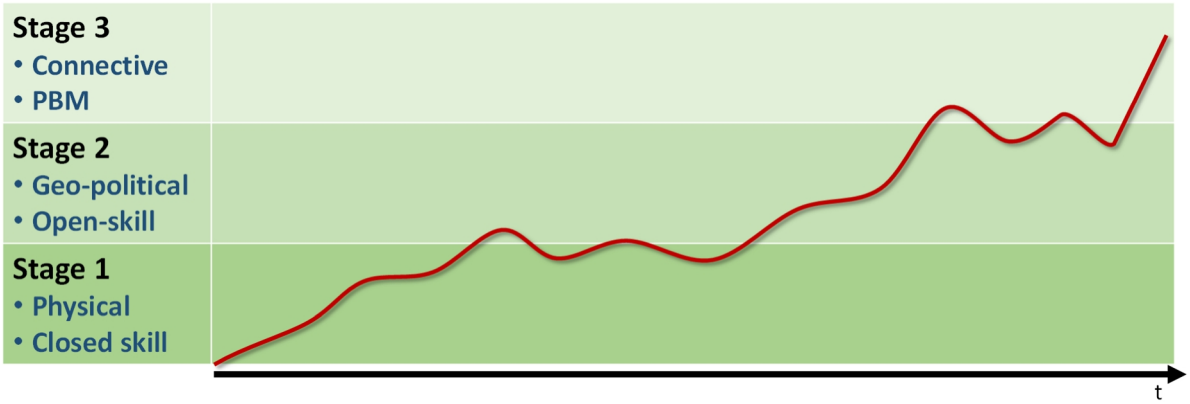

Figure 2: The development of leadership and project management through the eras

- **Stage 1: The Physical Era**
  Leaders led groups separated from other groups by natural barriers like mountains, rivers or just vast distances. These leaders focused on their own strengths and those of the led individuals and on using the resources best that were available inside these barriers.

- **Stage 2: The Geopolitical Era**
  Leaders' behaviors were mostly competitive. The natural barriers were overcome and artificial borders needed to be drawn between spheres of influence to ensure sovereignty and leaders' authority. Ideologies influenced people's behaviors more than natural limitations, focussing on differences between people, and when alliances were created, the leaders with the strongest economical or military force where also dominating these.

- **Stage 3: The Connective Era**
  Connections are developed based on mutually held values, not only common interests, and on the needs of industries and cultures to move freely into others' spaces. In this stage, borders are getting permeable and the focus of leaders is less on what separates them from others but on commonalities and long-term trust.

Figure 2 shows that the development does not follow a steady path but at times strides forward boldly and decisively, then retreats and takes people back to earlier stages, for instance when long forgotten isolationism and nationalism return, or when toxic leaders re-awake old concepts. In the long run, however, the overall development is bound to follow these stages.

The Three Stages in Project Management

Looking at project management, one can identify a similar development since the discipline was founded more than half a century ago:

Stage 1: Project Management regarded as a Closed-Skill Discipline[7]

Project management was considered a set of rules and skills that were applied in a project and whose mastership promised success independent from the specifics of the project situation and context. In this stage, project managers could simply focus on managing the project, keeping it mostly isolated from the performing organization and other projects that it performs.

A characteristic term from that stage is the "Best practice", like a philosopher's stone a practice that would ensure success in any given project and project situation. Often, the promoters of these methods turn them into ideologies or even religions, whose principles have to be maintained in all moments, those in which they deliver successes but also in those in which they inevitably lead to failure.

Stage 2: Project Management as an Open-Skill Discipline

Project managers had to become more adaptive in their skills and in the tools and techniques they would use. Now, they are expected to chose among different approaches, like waterfall, rolling wave or agile approaches, depending on the situational requirements and the preferences of their teams. In this stage, project manager is still mostly considered an internal discipline inside an organizations, possibly performed with some procurement here and there to fill gaps in resources, and contacts with other projects are often made inside the organization, when these projects compete for scarce portfolio resources.[8]

Stage 2 project management is characterized by situational approaches, that are much less considered "Best practices" but tools waiting inside a toolbox to be taken out on demand and put back when this demand has been met. The most obvious limitations of the approach are the boundaries of the organization. Some of these project managers are even tasked with endeavors to transform the entire organization, but they will not try to influence customers and contractors.

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[7] (Lehmann, 2016a, pp. 9,10), see also: https://books.google.de/books?id=G8TBDAAAQBAJ&pg=PA9#v=onepage&q&f=false

[8] An example for project management in this stage is the Guide to the Project Management Body of Knowledge 6th Ed. (PMBOK® Guide), which widely ignores that projects are often undertaken by contractor organizations for paying customer organizations instead of internal teams for the purpose of the own organization (PMI, 2017).

Stage 3: Project Management Extending over Corporate Borders

A fast growing trend are projects that are not performed for the own organization but for a paying customer[9]. Project contractors can develop highly complex, dynamic and opaque *Project Supply Networks* (PSNs), and the multitude of business contracts and relationships inside these PSNs can develop their own dynamics, sometimes to the benefit of the project and the performing organizations, in other times to their detriment.

The internal projects in stage 1 and stage 2 were not easy to manage, but stage 3 projects are definitively a different challenge. They need a new leadership approach, something Lipman-Blumen described as "*Connective Leadership*": Leadership that extends beyond the clear-cut borders of the own organization and followership and reaches into other organizations that act as contractors, subcontractors and so on, but also can be direct or indirect customers. *Project Business Management* is high-risk business for all parties involved, and problems of one constituent in a *Project Supply Network*, can damage the business success of other players as well.

In the following discussion, I will dig deeper into the main aspects of her model and how its behavioral descriptions can help project manager lead teams inside and outside the borders of the own organization.

The Connective Leadership Model

Leaders according to Lipman-Blumen act inside a tension field between two extremes, diversity and interdependence:

- **Diversity** is her term used to describe the tendency of leaders to describe themselves and their constituency as different from others. In this "us vs. them" paradigm, the difference from others and the borderlines drawn are used to develop a perception of identity, but also to justify ruthless and aggressive behavior against these others. Leaders driven by this diversity ideals present themselves as heroes while their actions often rather seem to be those of crooks to people outside their spheres of influence.

- **Interdependence** among companies in project management is a growing necessity, which is hard for many to accept. Interdependence links leaders to other leaders and their followers. These others may have assets that one would like to tap, but access to them in peace times requires patience, exchange, empathy and mutual trust. Leaders with respect for interdependence promote a view that social, cultural and other multiplicities can strengthen their constituencies rather than weaken them.

[9] (Lehmann, 2018)

Leaders with a high focus on interdependence are characterized by authenticity, accountability, and by their ability to build effective communities. They are not only enablers to their followers but also ennoblers. Driven by a search for a deeper understanding of themselves and the people and organizations they lead, they work effectively with other leaders on peer level and build hot teams with them to achieve joint mission success.

Achieving Styles

The *Connective Leadership Model* goes on with the description of nine behaviors that leaders implement in different degrees to achieve their goals. Lipman-Blumen describes these behaviors as "*Achieving Styles*" and groups them in three groups:

Direct Styles[10]

- Intrinsic style
- Competitive style
- Power style

"People who prefer the direct set of behavioral styles tend to confront their own tasks individually and directly (hence the 'direct' label). The three styles within the direct set emphasize deriving intrinsic satisfaction from mastering the task, outdoing others through competitive action, and using power to take charge and coordinate everyone and everything. These are the styles most closely linked to diversity and its various expressions of individualism."

Instrumental styles

- Personal style
- Social style
- Entrusting style

"The political savvy embedded in the instrumental styles helps to diminish the sparks created by the friction among people and groups with different agendas. The three instrumental styles emphasize using one's personal strengths to attract supporters, creating and working through social networks and alliances, and entrusting various aspects of one's vision to others. Individuals who use themselves

[10] The descriptions of the groups of Achieving Styles, of the individual Achieving Styles and the "Spiked Wheel" visual are shown here courtesy of the Connective Leadership Institute (CLI, 2018), who owns the copyright on them.

and others as instruments for accomplishing organizational goals prefer the instrumental styles."

Relational Styles

- Collaborative
- Contributory
- Vicarious

"People who prefer to work on group tasks or to help others attain their goals draw on behaviors described in the relational set. The three relational styles emphasize taking vicarious satisfaction from facilitating and observing the accomplishments of others, as mentors do; taking a secondary or contributory role to help others accomplish their tasks; and working in a collaborative or team mode on a group task."

Figure 3 shows the three sets of styles, each with the constituting individual styles.

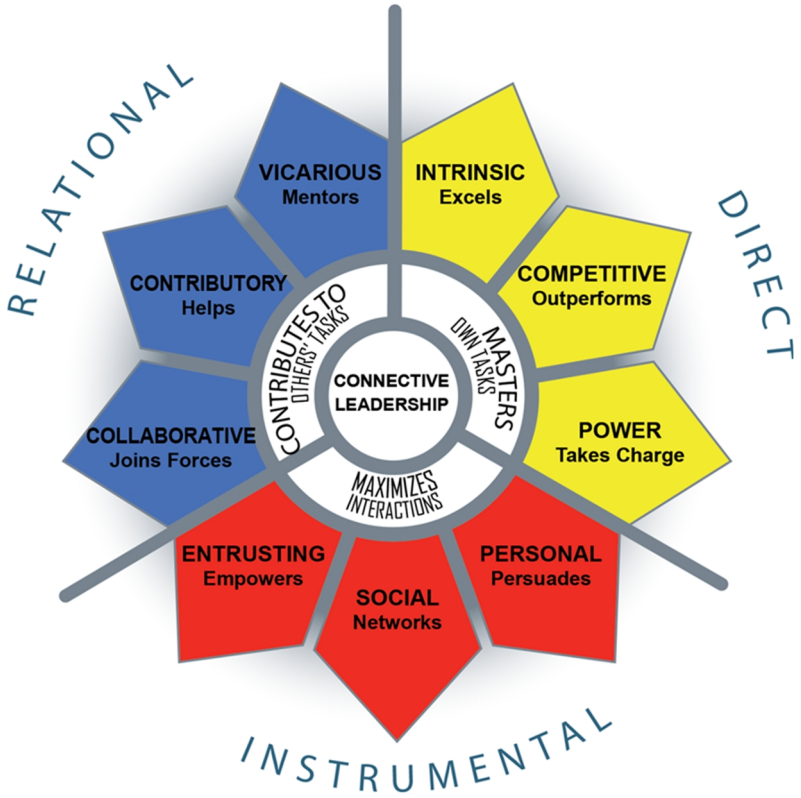

Figure 3: The three sets of Achieving Styles, each including three individual styles

Lipman-Blumen describes these nine styles as follows:

Intrinsic Style

> "People who prefer this style are very self-motivated. They do not wait for others to help them. They look within themselves, both for motivation and for standards of excellence. Even when others assure them that the job they have done is good enough, they are often dissatisfied, particularly if they do not feel they have given it their best shot. They enjoy the sense of autonomy that comes from not having to rely on others. Being in control of themselves and how they do the task gives them a sense of intellectual and creative freedom. They look within themselves for the resources to perform any given task. Tasks that represent a real challenge interest them, regardless of whether or not they will receive any external reward. Doing a task well is reward enough for them. They know what needs to be done, and they usually can articulate that vision for others."

Competitive Style

> "People who prefer this style get great satisfaction from performing a task better than anybody else. Being "number one" is what counts for them. Competition motivates them to do their best. It turns them on. Oftentimes, if a situation does not involve a competitive element, they lose interest. To avoid this, they frequently turn non-competitive situations into contests. If they do not come in first, they are disappointed, but not discouraged. They go back again and again, until they finally succeed."

Power Style

> "People who prefer this style like to be in charge of everything: the agenda, the task, events, people, and resources. Leadership positions attract them and give zest and meaning to their activities. They have much less interest in situations that require them to be a follower, since they usually feel that they can do better than the current leader. They are very good at coordinating and organizing people and events. They know how to commandeer resources and use them to take charge and get things done. Most of the time, they understand and act upon the need for delegating tasks to others. When they delegate, however, they tend to keep control of the end result. Since they do not relinquish responsibility for the task, they tend to monitor the delegated activity rather closely."

Personal Style

> "People who prefer this style tend to use their personality, intelligence, wit, humor, charm, personal appearance, family background, and previous achievements as instruments for further success. Their charm usually convinces others to help in their task. They have a flair for public speaking, dramatic gestures, symbolism, timing, and costume, selecting just the right symbols and presentation of self to convey the core meaning and importance of their task. Their knack for making counter-intuitive, or unexpected, gestures takes both

their supporters and opponents by surprise, often overriding others' rational resistance and zeroing in on their emotions. People who prefer the Personal Instrumental Style are often perceived as charismatic because their personal charm and wit attract others to their cause. Usually, they are very persuasive, using well-honed negotiating and mediating skills to resolve conflicts."

Social Style

"People who prefer this style tend to accomplish things by involving other people whose special skills or experience are relevant to the task at hand. They like to do things through other people, and they always recognize the connections between people and tasks. They keep good mental notes about the specific talents, knowledge, and contacts of everyone they meet and easily link them to appropriate tasks. They have strong political and networking skills, which they call upon comfortably. They keep in touch with a large network of people, who feel remembered, liked, and ready to help them. They gladly put associates who need assistance in touch with just the right helper. They are more likely to pick up the telephone and call someone for information than to go to the library or database to dig it out for themselves. Their network is their database."

Entrusting Style

"People who prefer this style tend to know how to make other people feel that they are counting on them. Their confidence in others makes those selected feel they can do the task, even if they have no specifically relevant experience. People who prefer the Entrusting Instrumental Style entrust their goals and tasks to others and believe that those others can accomplish the task as well as, or even better than, they can on their own. When they entrust a task to an associate, they generally expect that person to come through with minimal supervision. Their entrusting behavior usually has the effect of empowering those on whom they rely, although, at the outset, the people they select may quietly wish for more explicit directions and advice. Nonetheless, people who prefer this style excel at bringing out the best in others. In most cases, they simply expect everyone around them to help with their tasks. They engage in "leadership by expectation." They are less concerned than the Social Instrumental achiever/leader with selecting just the right person for a specific task, because they believe that people will reach within themselves to live up to their high expectations."

Collaborative Style

"People who prefer this style enjoy accomplishing a task by doing it with others, from a single collaborator to a team. Faced with a task, their first response is to call upon one or several others to participate in the project. They feel an added surge of enthusiasm and creativity when they do things with others. Working in isolation rarely turns them on, and they usually try to avoid it. People who prefer

this style enjoy the camaraderie of working with others and feel devoted to the group and its goals. They are willing to do their portion of the work, but they also expect to receive their fair share of the prize. If the team does not succeed, they stalwartly accept their proper measure of responsibility."

Contributory Style

"People who prefer this style like to work behind the scenes to help others accomplish their tasks. They take satisfaction from doing their part well so that the "front" person or group is successful. They know that their contribution has made a difference to the other party's success, and this gives them a satisfying sense of accomplishment. They see themselves as a partner in the other person's task, but they also understand that the major accomplishment belongs to the other person. They are pleased to participate in important undertakings and often volunteer to help others whose goals they respect."

Vicarious Style

"People who prefer this style derive a real sense of accomplishment from the success of others with whom they identify. They know how to be a good mentor, offering encouragement and guidance to others. They are happy to support other individuals and groups with reassurance, direction, and praise, but they do not get into the act themselves, even behind the scenes. They feel very comfortable as spectators or supporters of others who are the main achievers, rather than as a direct participant in the task. Their sense of pride in the success of others is sufficient reward; they do not need to take credit for their accomplishments."

Practical Application Examples of the Connective Leadership Model

Example #1: Two Leaders Working Together as a Perfect Match

Instruments provided by the Connective Leadership Institute allow to accurately measure a leader's behavioral preferences and strengths and to compare them with organizational requirements and also with the aspired behaviors for that person.

Figure 4 shows an example of the application of these instruments used to measure Achieving styles. Two leaders who have similar profiles in seven out of nine Achieving Styles. That's where they develop empathy and the feeing of closeness. They are however differing in two styles, one is the Power style, the other one is Contributory. The two leaders worked best in fact, when Person #1 was superior and was able to use the person's preference of making strong

decisions, while Person #2 remained in the second line, supporting the other leader and helping those who felt ignored by the other leader.

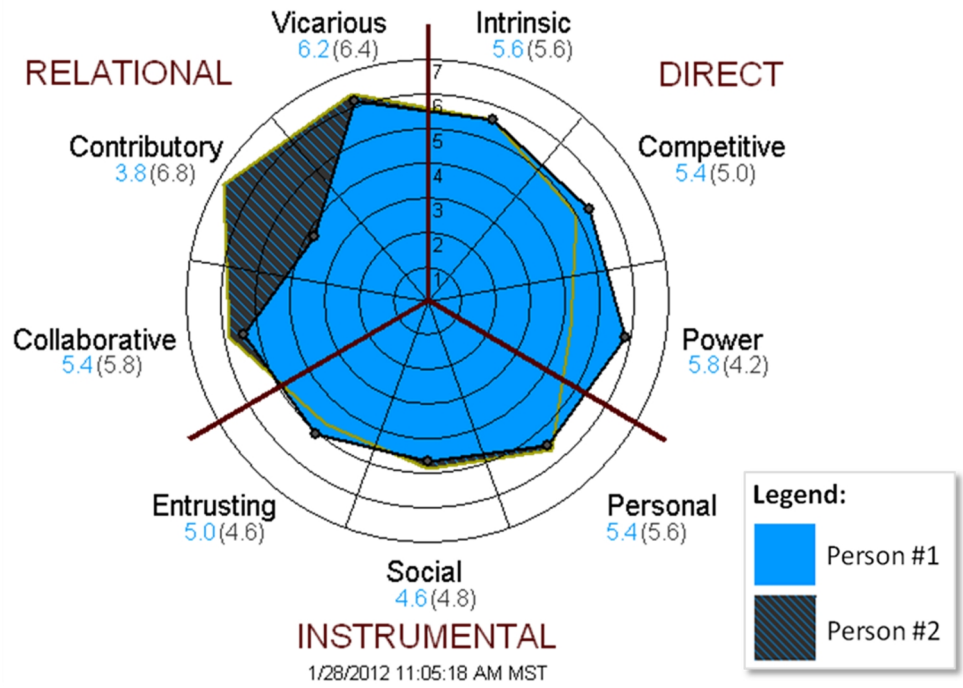

Figure 4: An overlay of two leaders who can act successfully together

Example #2: A Leader in Conflict with the Expectations of the Organization

Figure 5 shows a second example of measurements done using the instruments of the Connective Leadership Institute.

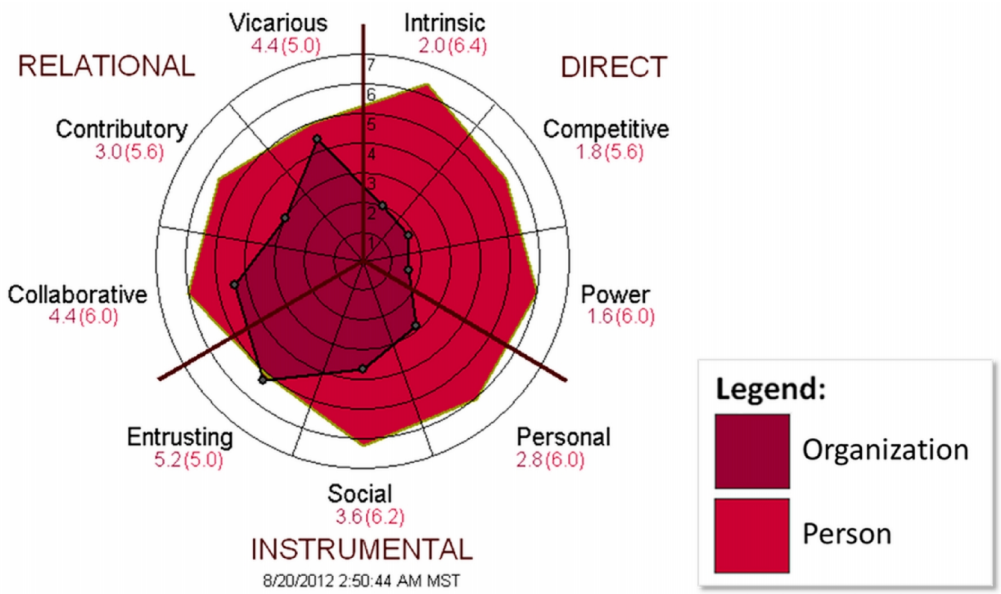

Figure 5: An overlay of a person's applied achieving styles and of the styles that the organization values and rewards

In this example, seven out of nine Achieving styles show a high discrepancy between the styles that a person prefers to use and the degree to which the organization values and rewards them. Only in two Achieving styles did the person's preferences and the organization's expectations on the leader match.

This situation was a strong example of what the person perceived as effort-reward-imbalance (ERI): The person regarded the use of the Achieving styles an investment in the job but felt that this was not rewarded by the organization. There is a common opinion in workplace psychology that the combination of ERI and exhaustion leads to burn-out syndrome, and that was precisely what the leader in the example suffered from.

Project managers in *Project Supply Networks* face the additional level of complexity that the cooperating managers as seen in Figure 4 may not be in the same organization and may have responsibilities to meet different business interests. The example shown in Figure 5 may then also not only show a discrepancy between the person's behavior and the expectations of the own organization but the expectations of the entire network.

Applying the Connective Leadership Model in Project Supply Networks

Leadership challenges in modern project supply networks (PSNs) do not end at corporate borders. While concepts like "Agile transformation", "Servant leadership" and "Self-organizing groups" are discussed and implemented in many organizations, they are generally regarded as internal topics limited to the own organization. Given the strong tendency of procurement of more work and of replacing internal project teams with contractor organizations and teams built from employees from different organizations, each with its specific business interests, new challenges become visible, for which project managers are not sufficiently prepared. This includes commercial aspects, legal ones, in particular when the PSN spans over different countries and legislations, but also organizational and interpersonal aspects. Here are some examples from projects that I have observed:

- A customer-side manager expected a contractor's project manager to bring strong *Power* style into the project and overcome resistance inside the own organization with which he could not cope. The project manager instead used an *Intrinsic* engineer's approach focusing on finding technical solutions, considering himself his best expert. In spite of the good technical solution, implementation was made impossible by the refusal to accept it.

- I observed another project manager who applied a strong competitive style against the employees of the customer to ensure profotability of a fixed-price project. The solution was implemented, but the customer organization was heavily damaged by the quarrelsome contractor-side project manager, leading to high staff turnover in the next months. Adding the costs of replacement

recruiting that became necessary for the customer, the project was found no more economic at all.

- A young project manager outsourced work, hoping to get *Contributory* support not only in technical matters but also in the organization of the project. The contractor-side project manager missed the opportunity to build a strong relationship with the colleague on customer side, and when the customer ran into massive delays, the contractor found that the project caused additional costs that could not be billed to the customer and finally turned the project into a loss for the contractor.

Conclusion

When experts in project management discuss leadership aspects of the discipline, there is a common comprehension that projects are generally done as internal projects. This is comparable to the second stage of leadership.

The observable trend to have projects reach over corporate borders and be performed by complex *project supply networks* should be regarded as a reason to go the next step and discuss the third stage, which Lipman-Blumen calls the connective stage, in which networks of organizations share risks and opportunities, and in which the collaborative connectivity among leaders replaces competitive behaviors.

Only project managers will be able to develop a *Mission Success First* culture, which prioritizes *completing over competing*, who are able to do this next step and become *Project Business Managers*.

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Oliver F. Lehmann, MSc., PMP, is a project management author, consultant, speaker and teacher. He studied Linguistics, Literature and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree. Oliver has trained thousands of project managers in Europe, USA and Asia in methodological project management with a focus on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998, and served five years as the President of the PMI Southern Germany Chapter until April 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch", analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience and observations. He resides in Munich, Bavaria, Germany and can be contacted at oliver@oliverlehmann.com.

Oliver Lehmann is the author of the book "*Situational Project Management: The Dynamics of Success and Failure*" (ISBN 9781498722612), published by Auerbach / Taylor & Francis in 2016. His new book "Project Business Management" is announced for publication by Auerbach / Taylor & Francis in July 2018.