

## Risks, benefits and disadvantages of different organization structures among contractors in the virtual teaming agreement environment <sup>1</sup>

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credit: pixabay

### ACE in Project Business Management <sup>2</sup>

#### Summary

The remote/virtual teams<sup>3</sup> become more and more popular workforce in the present time. Their part in the organization structure growing considerably over the last few years. This is also because of the increasing need for shared resources usage as well as the significant number of cross-corporate projects, different types of partnerships and outsourcing activities. To all this, we can add also the need for people with flexible work hours and different time zones.

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<sup>3</sup> remote/virtual team – a group of people who are not located in the same place and/or have different time zones and working hours and very often from a diverse culture.

To manage these teams is a big challenge. The presence in the team of members – cross countries, cross culture, cross time zones and mostly cross-organizations. Not to mention that this entire structure communicating virtually most of the time.

To have a successful management model, these teams need to be reviewed from the organization structure perspective. To look at the diversity of the teams, to point the possible issues and to define each person, each process and tools that can be used in the work process.

Looking closer to these issues and assignments, which are essential for the team performance, we need to define the followings:

- Roles and responsibilities;
- Communication;
- Working, committed to the same goal;
- Relationship management;
- Objectives;

The challenges of performance can be various. From a single problem dealing and one-time decisions to a multiple project work environment with a complex issue and all this done by people who are never or just a few times met in “face-to-face”, sometimes even work in various organizations, managed via different online tools.

### ***How the concept has changed over time***

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One of the most important things for high team performance and good working environment is the team agreement. In almost every successful project and well perform members there is the presence of particular team agreements. These agreements usually help to improve team atmosphere and creativity, which leads to higher productivity and for the project manager this is one of the key factors for best results.

Team agreements affect also the team’s effectiveness. The concept didn’t change a lot over time. The agreements apply with all teams in and out of the organization and they are not written by just one team or member. They cover in general what is expected from each member, what rights teams have, set boundaries, reduce the misunderstanding and so on. Creating awareness of behaviors that can impact the team. Agreement an informal agreement between the teams to perform activities or to abide by certain guidelines or set of acceptable behaviors and chasing the same goals.

### ***Organizational structure types – benefits, disadvantages, risks and their application in team frameworks***

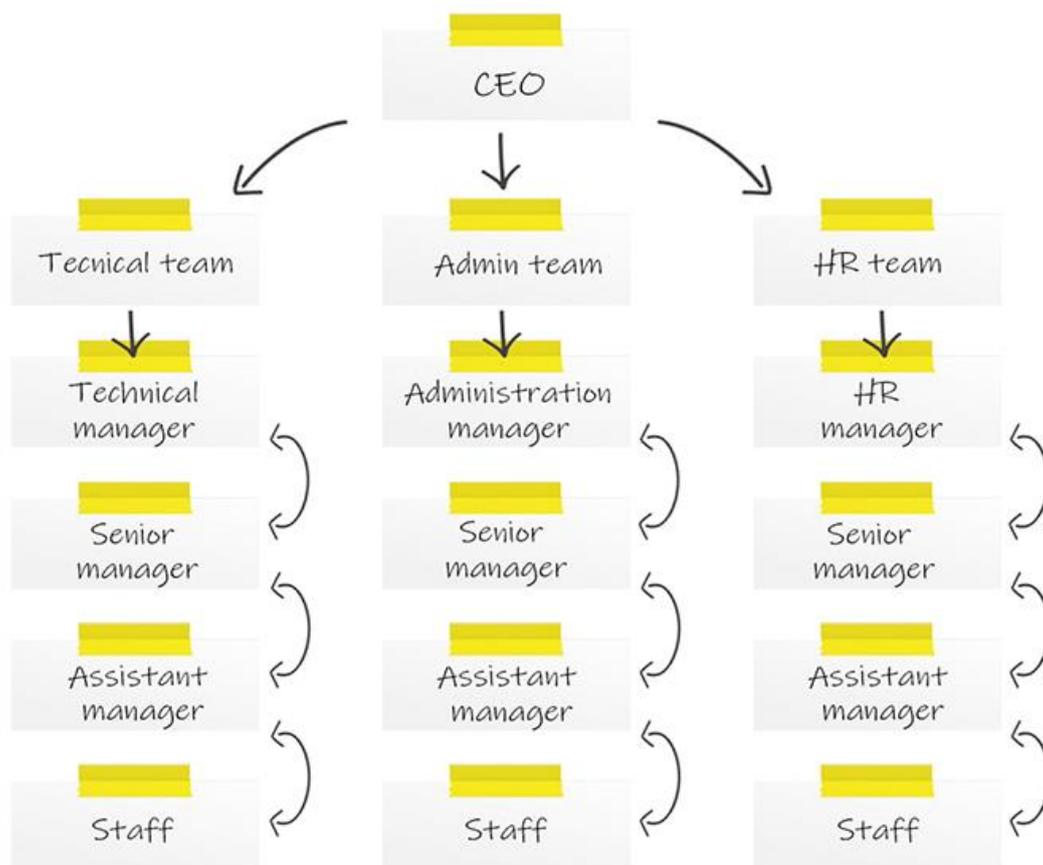
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#### ✓ ***Hierarchical Structure***

The hierarchical model is probably the most popular organizational type. There are a few models that are derived from this model. In a hierarchical organization structure, employees are grouped

with every employee having one clear supervisor. The grouping is done based on a few factors. For instance, some of the most common are:

- **function** – teams are formed according to the function they have and/or provide. *Figure 1.* shows functional teams for Technical, HR and Administrative.
- **geography** – teams are formed based on their region. In one global corporation, the teaming structure could be done according to countries.
- **Product and/or service** – If the company is producing multiple products or services, teams are formed according to the product or service they will be responsible for.



• *Figure 1. A hierarchical model with 3 functional teams.*

*Application of the structure in a team framework:*

*This structure can apply successfully in teams with different tasks as a part of a big project. Each sub-team will have a clear supervisor with clear goals and responsibilities across the team structure.*

### ✓ **Matrix Structure**

In a Matrix organizational structure, the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. It is a type of organizational management in which people with similar skills are associated with work assignments, resulting in more than one

manager to report to. Sometimes referred to a solid line and dotted line reports, in reference to traditional business organization charts.

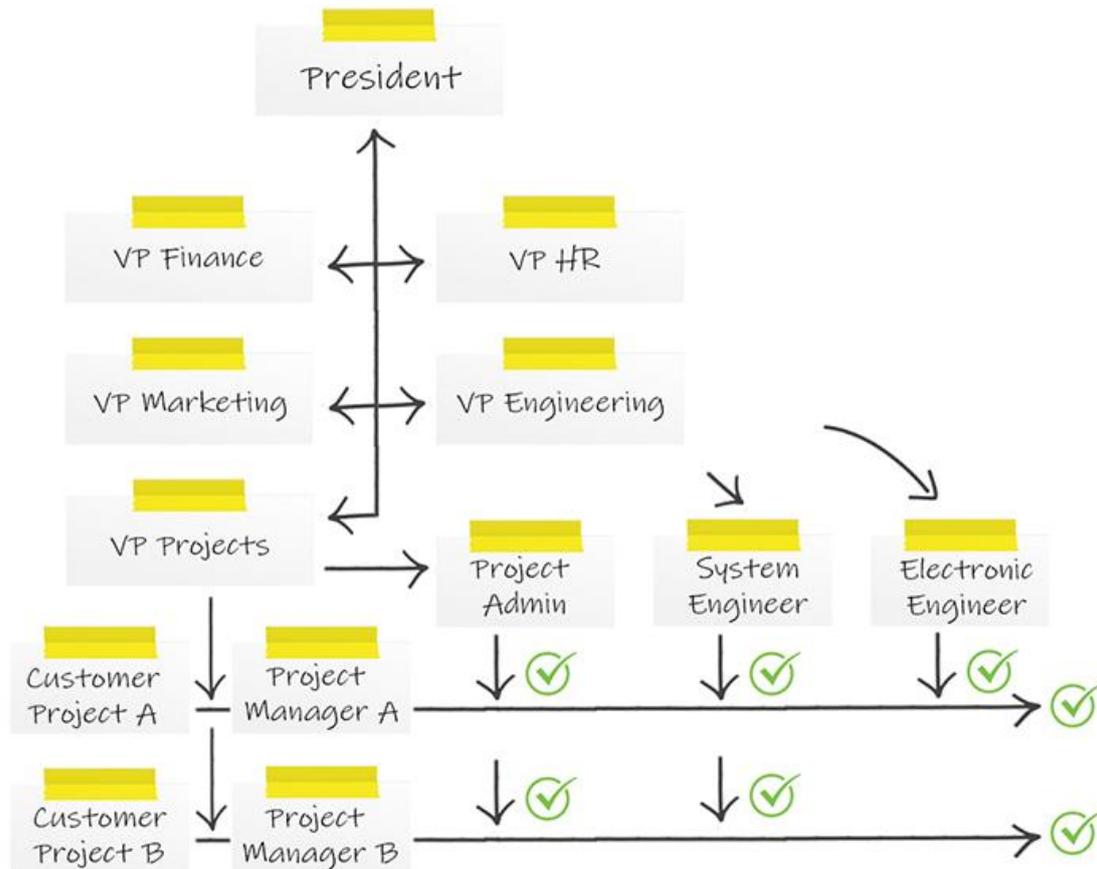


Figure 2. Matrix model with 2 customer projects.

For example, all engineers may be in one engineering department and report to an engineering manager. But these same engineers may be assigned to different projects and might be reporting to those project managers as well. Therefore, some engineers might have to work with multiple managers in their job role.

*Application of the structure in a team framework:*

*To form a team in a matrix structure will be good to use "Team Charter" method. In this method, you can see every member strengths and weaknesses and this way you can easily see their possible contribution in different customer projects. This structure is also very useful for cross-corporate team relationships and can give us a clear picture of roles and responsibilities in every team member in every stage of project development.*

### ✓ Horizontal / Flat Structure

This is an organizational chart type mostly adopted by small companies and start-ups in their early stage. It's almost impossible to use this model for larger companies with many projects and employees.

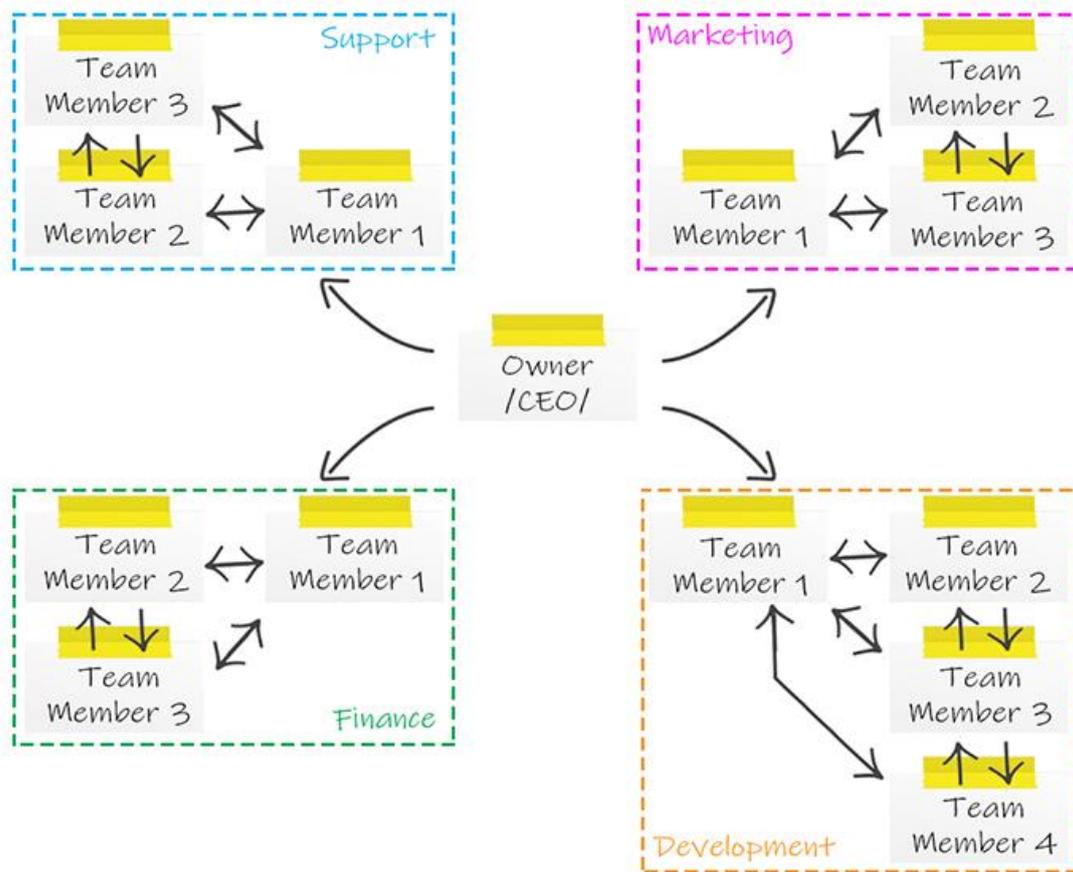


Figure 3. Horizontal / Flat model with 4 teams.

#### Application of the structure in a team framework:

This team structure will have many levels of middle management eliminated. This enables members to make decisions quickly and independently. This works well because the work and the efforts in a small team are relatively transparent. This does not mean that the members will not superiors and leaders to report. Only here, the decision power is shared between members and they are held accountable for their decisions.

### ✓ Divisional Structure

Within a divisional structure, each organizational function has its own division which corresponds to either products or geographies. Each division contains the necessary resources and functions needed to support the product line and geography. Another form of divisional org

chart structure is the multi-divisional structure. It's also known as M-form. It's a legit structure in which one parent company owns several subsidiary companies, each of which uses the parent company's brand and name.



Figure 4. A divisional model with 3 departments.

*Application of the structure in a team framework:*

*The main advantage of the divisional structure for the team framework is the independent operational flow. The failure of one team does not threaten the performance of the others. It's not perfect either. There can be operational inefficiencies from separating specialized functions in the project.*

### ✓ Line Organizational Structure

Line organizational structure is one of the simplest types of organizational structures. Its authority flows from top to bottom. Unlike other structures, specialized and supportive services do not take place in these organizations.

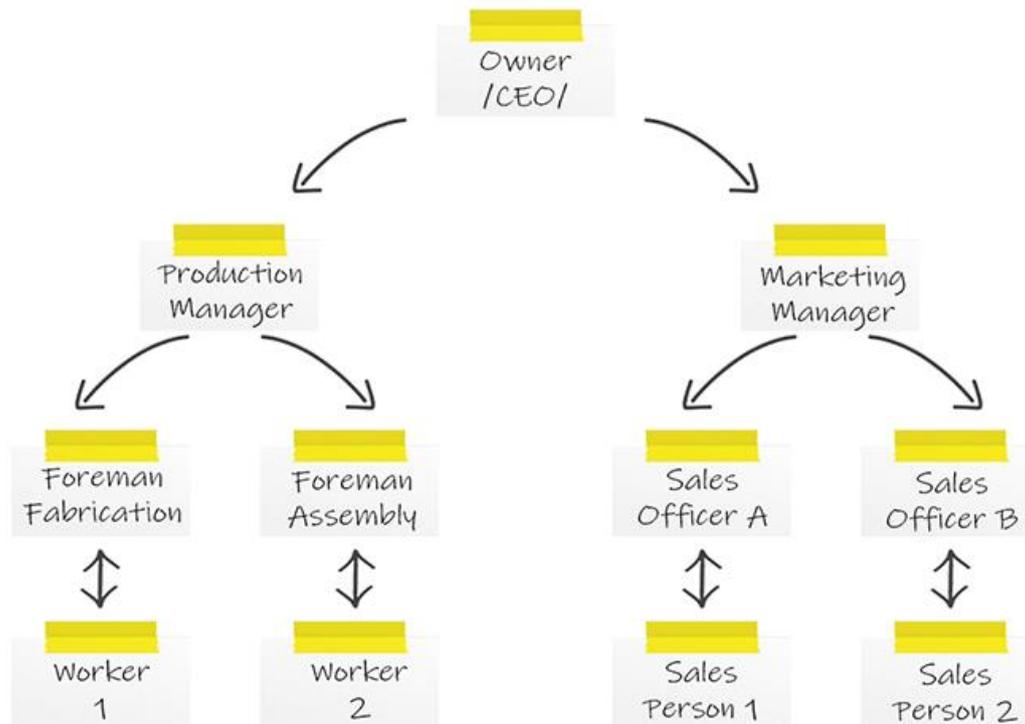


Figure 5. Line Organizational model with 2 general managers.

*Application of the structure in a team framework:*

*The chain of command for each team leader provides control over its own teams. The self-contained team structure is its main characteristic. Independent decisions can be taken by line members. The main advantage of a line organizational structure can be identified as the effective communication model that can bring stability to the teamwork environment.*

### ✓ *Team-based Organizational Structure*

Team organization structures have changed the way many industries work. Globalization has allowed people in all industries around the world to produce goods and services cooperatively. Especially, manufacturing companies must work together with the suppliers around the globe while keeping the cost to a minimum while producing high-quality products.

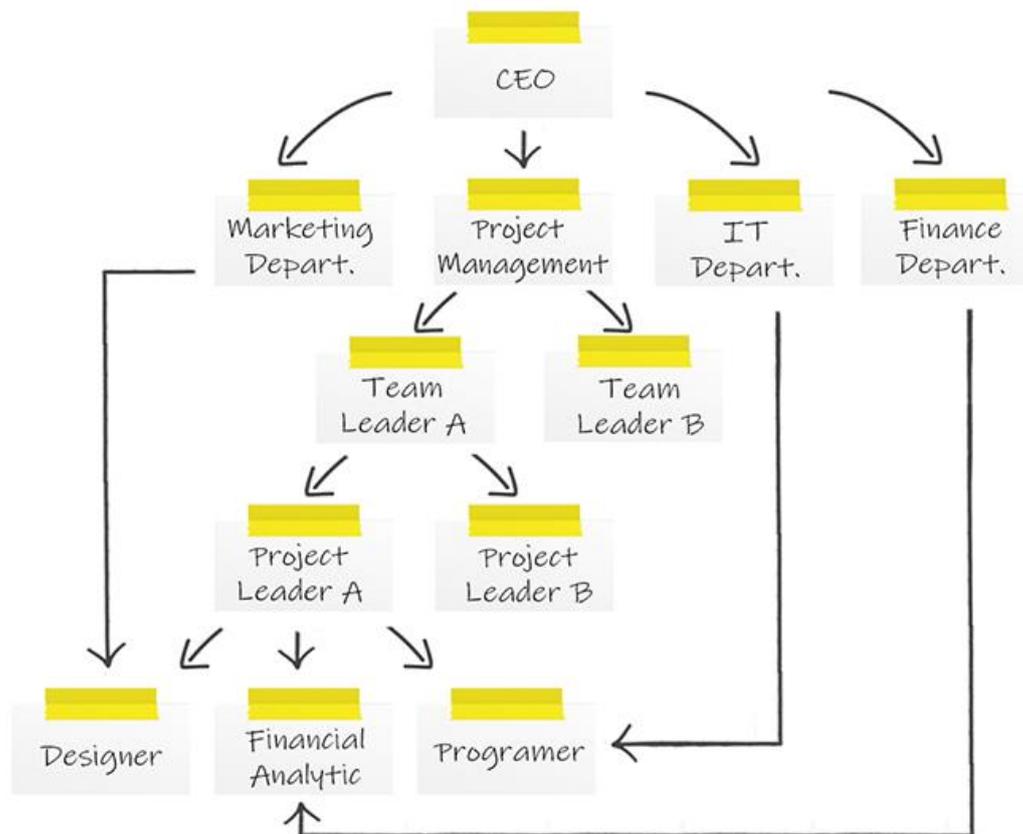


Figure 6. Team-based organizational structure with 2 teams.

*Application of the structure in a team framework:*

*Team-based organizational structures are made of teams working towards a common goal while working on their individual tasks. They are less hierarchical, and they have flexible structures that reinforce problem-solving, decision-making and teamwork. This is one of the perfect solutions for remote/virtual team management.*

### ✓ Team Cross-organizational Structure

Team cross-organization is based on the flat/horizontal organizational structure. Here the same rules apply for the virtual/remote teams as in the flat structure. This structure is appropriate for a team which can handle one maximum of two projects at the same time. The idea is that virtual/remote teams will collaborate with the company/project manager using communication technology<sup>4</sup>.

<sup>4</sup> The communication technology used in the example is: Slack, Dropbox and Google / Gmail /

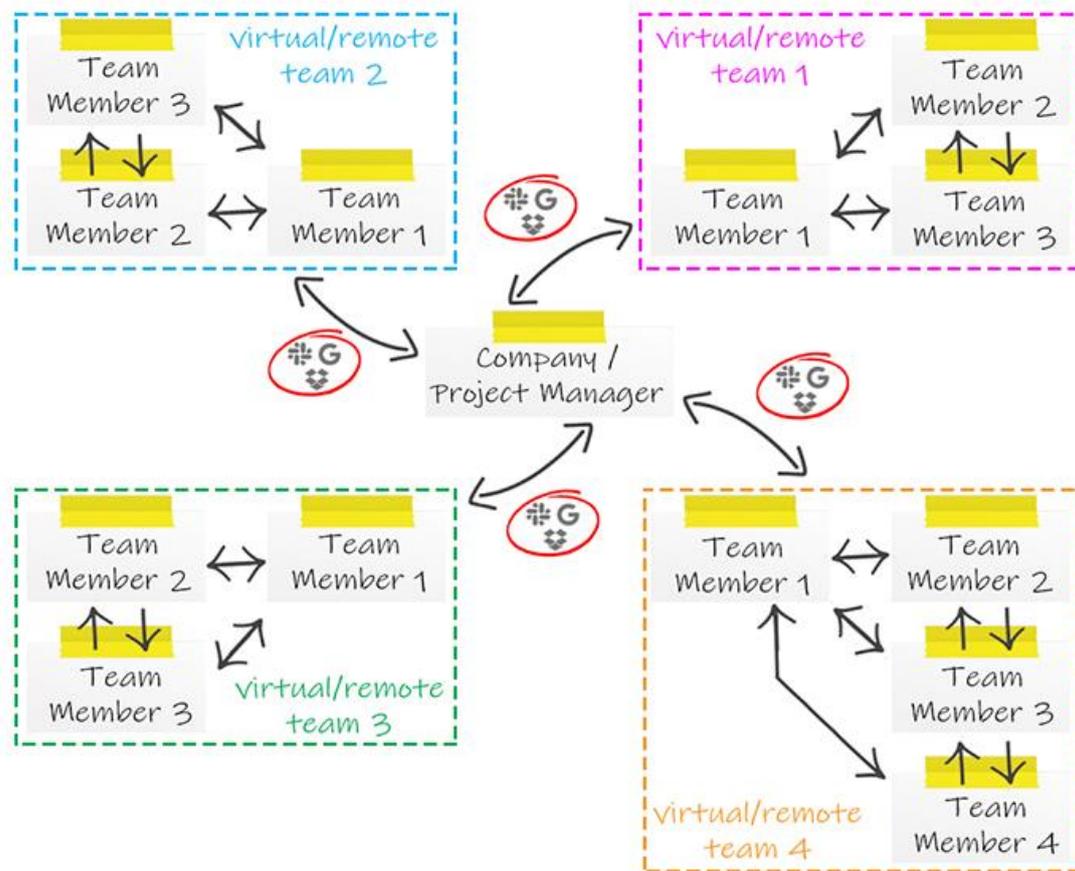


Figure 7. Team Cross-organizational structure with 4 virtual/remote teams.

*Application of the structure in a team framework:*

*Virtual/remote teams in this example can be led by an internal team leader or they can be self-managed teams. They are getting tasks, projects from the client company and perform project as a profit center. The communication used in this case is various. For instance: Slack / chat client /, Dropbox / file share client / and Gmail / email client/. Of course, there can be many other ways of work and communication depend on the specific needs, size and complexity of the given project.*

### ***Specific challenges in the work with virtual/remote teams***

The work with virtual/remote teams comes with many benefits as well as some challenges that may increase into a big problem in the project development and execution phase. Bellow, I will review some of the most common<sup>5</sup>:

<sup>5</sup> *These are challenges that I'm facing more often in my day-to-day activities and the order is based only on my experience.*

The first and most common challenge is **communication in and with the virtual/remote team**. This is mostly because of language and/or cultural barriers. They are the main concern of the project managers and the reason for major project delays or even failure.

In the cross-organization environment, they can increase in each new phase of the project development. One of the approaches that can be used in this case is to give a management role to the team member who has the best language understanding. Aside from this role, some course or additional qualification if need in order to take care of the new role and responsibilities.

The second challenge is **difficulties with scheduling**. Because these are teams, not located in your office areas and because of this they are not aligned to the company office culture, not involved in organizational objectives and they cannot be truly responsible as the onsite employees. It's hard to point the priority tasks and also those who need to be executed in some dependencies. Sometimes the teams have been overloaded with work from the project managers thinking that teams can handle more and more. To solve this issue, using project management software is a must. This way the team manager can set the tasks, roles, and responsibilities to each virtual/remote team members or to their leader if this is the decided structure.

The third challenge that occurs often is virtual/remote team members **tracking of performance**. There isn't a particular methodology or rules to track and assessment of performance. Their measure of success is in most cases task/project accomplishment. But important is also an assessment during the project execution and tasks complete stages. Team members need to be rewarded for their work during the development process not only for final results. Regular performance reviews for each of the members, similar to onsite employees will make them feel more involved in the work process. Advice for performance improvement and work optimizing will give you a big advantage and information for the remote/virtual team skills and knowledge.

Forth but the very important challenge is the **lack of solidarity and trust** between you and the virtual/remote team. This is mostly because you work with people who you don't know, never met and you can't have observation over their work process. This is valid in both directions – project manager vs. team & team vs. project manager. The trust is something that earns in the time and I think this is one of the main reasons for the failure of relationships between virtual/remote teams and organizations. Regular surveys can also bring some level of solidarity and trust as you show to them your empathy and willingness to know them more and build successful collaboration. There is also a consequence of lack of trust and solidarity, and this is your impossibility to **handle conflict** in the virtual/remote team.

## ***Why team agreements***

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The teaming agreement is not a set of rules that the team members need to follow. It's just a guide for behaviors that can be acceptable within the team or the team alliances. There are particular reasons for every team to have a team agreement before they start the work. For instance:

- Team agreements help to reduce the disagreements among the members of the team;
- Team agreement provides to all members a clear guide for expectations towards them in the project work process;
- Team agreement can decide even the most disputable situations in the teams in order to provide the best results;
- Team agreements can provide a guide to get on board the new members on the easiest possible way;

If you want the best results out of your teams, with the motivation work environment and members aligned to the same goal, considering a team agreement is a solution. Team agreement must be prepared with the participation of all involved members of the team/s. Before you start work over project, assignment or task, make sure that every member of the team agrees with the team agreement. Sign off if this is required.

Team agreement must be visible for everyone and need to constantly review and update to meet the current needs of the team, project or organization. One agreement that works today might not work tomorrow, especially when a new member joins the team.

## ***Conclusion***

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***Organizational structure types can be used very successfully into the remote team management as every team can be viewed from the mini organization perspective. All this of course based on specific Team Agreements. This can bring a huge benefit to the organization and boost the project success by providing the necessary workforce and determinate new approaches and ideas based on the diversity each team has.***

Every team is unique, with its own way of communication and own way of doing things. Before the work begins members need to make sure that everyone is on the same page.

In every remote/virtual teamwork there are three major aspects need to be considered:

- Proper information needed for the project execution;
- Ways of communication in order to successful project finish;
- Level of collaboration and engagement of everyone;

In the managing process with remote/virtual teams, there must be rules for communication and execution of the projects. The members of the team should avoid writing emails without subject or not related to the project and/or specific tasks. They also should keep in mind the size of the corresponding message. There is a need for setting standards/guides related to subjects, naming, response time, attachments rules, name of the documents in use and their managing. All this is subject of Team Agreements...

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## About the Author



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**Stanimir Sotirov**, *SFC™*, *ACE®*, *SSYB™*, *PMI® Member & Volunteer*, is an Operations Director with more than ten years of experience supervising several teams in different countries. He can plan and maintain work schedules and update procedures and policies and has excellent organizational and managing abilities with critical thinking and key decision skills. He can be contacted at [stanimir@sotirov.cc](mailto:stanimir@sotirov.cc)