

## **Aspects of People Management in a Projectised Organisation <sup>1</sup>**

By Alan Stretton

### **ABSTRACT**

Much of the project management literature is concerned with projects undertaken in matrix organisations. There is relatively little material on projectised organisations, particularly those providing project management services to external clients, and very little indeed on people management in such organisations. My forty years of practice in project management were primarily in projectised organizations, including over a quarter of a century with the leading Australian project management company of its time, Civil & Civic Pty Limited. Many people management practices in that organisation were substantially different from conventional wisdoms of people management, but the company was universally recognized as the best employer in its business.

This paper is an account of how several aspects of people management worked in that organisation. Some brief notes on projectised organisations are followed by discussions of people management in Civil & Civic, including implementing broader people-related initiatives by projects, rather than having people-related service departments to do this work. A section on people selection and development focuses on finding and building on individual strengths, followed by several aspects of people management on projects, including self-organisation, motivation, teamwork commitment and performance assessment.

### **INTRODUCTION**

The organisation in which I worked for some twenty-six years, Civil & Civic Pty Limited, operated primarily in the building and construction sector, providing project management services to external clients. In spite of the fact that many of our practices in people management in this organisation were substantially different from conventional wisdoms of people management, the company was universally recognized as the best employer in its business, and the leader in its field in most other aspects as well.

This paper is an account of how several aspects of people management worked in that organisation, from the perspective of one who was a senior manager over most of that period.

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## **ASPECTS OF PROJECTISED ORGANISATIONS**

### **Advantages of projectised organisations**

In projectised organisations such as Civil & Civic, projects are the business, and the organisation is structured so as to best support its projects. Each project manager is, in effect, running a business, and is given appropriate authority and autonomy. Project team members are allocated to projects on a full-time basis wherever possible, but in some cases are involved in more than one project. Certain central services such as payroll and the like are also commonly provided, but projects remain the core of the business. In such organisations, everyone, including the CEO, sees their role as helping the project managers achieve their project objectives.

As Cleland & King 1968 say, the main advantage of this form of organisation is that it provides complete line authority over the project. Indeed, in the construction industry, project managers were originally created to ensure that one person had total responsibility throughout the entire project, from inception to completion – i.e. "undivided responsibility", with appropriate authority, for the total project. One of the first to do this was Bechtel, which used project managers on their projects from the early 1950s (Bechtel, 1989).

*Bechtel first used the term Project Manager in our international work beginning in the 1950s. This use didn't entail a Project Manager operating in a matrix organization as we know it today, but rather the assignment of a great deal of responsibility to an individual operating in a remote, strange and often hostile environment, usually with self-contained autonomous team.*

As a project management practitioner, I worked mainly in fully projectised organisations, where the project manager was given full responsibility, with commensurate authority. From my experience, this is a wholly effective organisational form for undertaking projects, with abundant advantages, and no disadvantages.

Cleland & King 1968:172 suggested some time ago that

*One of the strongest disadvantages to this type of organization is that the cost in a multiproject company would be prohibitive because a duplication of effort and facilities would be required among the projects.*

This was simply not so in the projectised organisations I worked in. The PMBOK Guide (PMI 2004:2.3.3) expresses the reality of such organisations well when it says:

*Projectized organizations often have organizational units called departments, but these groups either report directly to the project manager or provide support services to the various projects.*

### **Departments in projectised organisations**

Civil & Civic provided project management services to external clients, and in this

context had departments which were broadly concerned with finding and marketing superior services to such clients, particularly a marketing department, as well as an R&D section.

With regard to the above quote from the PMBOK Guide, Civil & Civic also had departments that provided support services to its many projects, particularly technical support such as specialist needs analysts, architectural, structural, electrical, plumbing and similar design services, quantity surveyors, and the like.

On the other hand, we had relatively few managerial support departments, as project managers were expected to manage without abrogating any of their management responsibilities to central departments. Consequently, in the whole of my 26 years with this company we did not have human resources (HR), industrial relations or education/training departments, or any other people-related service departments.

Yet our company was widely regarded as the most enlightened employer of people, with the best education/training (Civil & Civic was often described as “the university of the building and construction industry”), and by far the best record in industrial relations. It was also conspicuously successful commercially. Why were we so successful?

## **MANAGING PEOPLE IN A PROJECTISED ORGANISATION**

### **Managers’ accountability cannot be delegated**

A partial answer to the above question is straight-forward. If the project manager’s job is not the management of his/her people, what is it? Individual managers should not, and could not, abrogate any part of this responsibility to a specialist service department. Similar remarks apply to education/training, and, in context, to industrial relations. These matters were the responsibility of every manager.

### **Implementing broader people-related initiatives by projects**

When company-wide or department-wide education or similar initiatives appeared to be needed, they were tackled by developing and implementing an appropriate project (or program), and then disbanding the project after completion. Discussion about developing such projects could be initiated at any level, and generally involved substantial discussions with all interested parties before proceeding. By undertaking such initiatives as projects, we did not need specialist people-related departments.

This project-based approach worked very well. It contrasted sharply with the practices of most other companies in Australia. In October 1976 I attended a three-day “feedback” gathering at the Mt Eliza Administrative Staff College. The majority of the 60 top companies in Australia were represented, generally by the heads of their education/training or human resource departments. I represented Lend Lease (the parent company of Civil & Civic), and this was a salutary experience for me. On the first morning, after over three hours of discussion of concerns by many attendees, my turn came. As far as I was concerned, they had been discussing trivia, focusing on topics such as human resources (HR) or training department procedures in a very introspective way, rather than

in the context of their making specific contributions to the achievement of overall organisational objectives.

I rose and said very directly that I felt like a man from Mars, as none of the issues so far discussed had any relevance for Lend Lease. That went down like a lead balloon. The attendees were incredulous. Quite frankly, they didn't believe me. Fortunately, a guy from MIM (Mount Isa Mines) got up and said much the same thing. He had been an operating manager up to nine months previously, so was not yet locked in to the narrow perspectives of these specialist staff people. But we were lone voices. To hear these people talk, you would have sworn that the business of their companies was solely concerned with either HR or education/training. There was no talk at all as to how their particular departments contributed to the real results of their corporations businesses. I had never been exposed to such tunnel vision before. It convinced me that such specialist departments had not place in Lend Lease.

I have had dozens of discussions about this phenomenon with colleagues in industry and academe, with curious consequences. Those who know about Lend Lease operations in the 1960s through the 1980s acknowledge the fact that the company indeed was widely regarded as the most enlightened employer of people, with the best education/training, and by far the best record in industrial relations (IR), and was indeed a leader in many other aspects as well, including business performance. Yet most still regard the absence of any of the traditional service departments such as HR, education & training, and IR as an aberration, or worse.

However, these are viewpoints of people who have generally not worked in projectised organisations. The actual experiences of Civil & Civic in this regard show very clearly that such organisations can operate very well without specialist people-related departments, by insisting that individual project managers manage their people effectively, and by undertaking broader people-related initiatives as projects.

### **Egalitarianism in Project Organisations**

Organisations whose activities are geared around projects tend to be naturally egalitarian, if the culture and attitudes are right. In such organisations everyone, including the CEO, has a primary responsibility to support the project managers.

Tendencies to build "fiefdoms" in such organisations will be resisted by all, and fail. This was certainly the case in Civil & Civic, but according to Peters 1993 it also applied in McKinseys: "If someone starts promoting themselves rather than the team, we'd spot it a mile off".

I now turn to a couple of other aspects of managing people in a projectised organisation, again reflecting our practices in Civil & Civic.

## **PEOPLE SELECTION AND DEVELOPMENT**

### **Finding and Building on Individual Strengths**

Civil & Civic grew at a real rate of 25% per annum (compounding) during the 1960s, and consequently had to recruit a lot of new people over that period, and indeed subsequently. By an accident of history, I found myself on the selection committees of most of our staff recruitment efforts throughout Australia in that period, acting as a sort of quality control person, to try and ensure a relatively uniform standard of recruitment. In this role I had the somewhat humbling experience of seeing how some hundreds of people I had had a hand in recruiting worked out in practice. This experience led me to believe that there were substantial deficiencies with conventional approaches to the selection process.

I think the main problem is that selectors are too often trying to suit the applicant to the job, when it makes much more sense to try and suit the job to the applicant. This implies that we need to find out what the applicant's particular strength is, but this is easier said than done.

The particular individual strength I am interested in is what the applicant does really distinctively well, seemingly as naturally as breathing. I believe everyone has such a personally distinctive skill. But very few people know what their own distinctive skill is, simply because it comes so naturally to them. Those close to them are sometimes able to pin-point it, but not always.

It is certainly most difficult to discover what this natural skill is at interview. When asked about their strengths, applicants typically describe situations where they overcame problems in areas where they were not naturally strong! Whilst this may be useful information, it does not reveal what the individual's natural strength is. So, one is most unlikely to be able to find this out at interview. What then can be done?

The best place to identify the individual's natural strength is on the job. One does the best one can in selecting individuals, but then looks to the job situation to help locate and utilise strengths. But there needs to be an appropriate organisational environment to facilitate this process.

### **The tyranny of organisation charts and position descriptions**

Discovering individuals' natural strengths is best facilitated by having no organisation charts or position descriptions, as these circumscribe and imply boundaries to the job. If people have no apparent boundaries to what they can do, they can - and normally will - naturally gravitate to what they do best. Unless a particularly poor choice has been made in the selection process, the appropriate task will be available in all but small organisations or projects.

Under this approach, instead of position descriptions, the focus tends to fall naturally on the results to be achieved. In a projectised organisation, these are project results. The

approach certainly worked well in Civil & Civic. It has often been suggested to me by outsiders that the reason why Civil & Civic was so successful was because it had such good people. Well, we did have good people, but the reason they were good was because most of them were allowed, and indeed encouraged, to find the right job at the right time, relative to their natural and developing strengths.

But evidently this sort of approach has worked well for others, too. For example, Peters 1993 quotes Withers of the Imagination company in the USA, "It may take six months for them to find the right role, but we'll hire a good person anyway". And, in respect of his own organisation of the time, McKinsey, he says "... there's no traditional hierarchy. There are no organisation charts. No job descriptions. ...." . He goes on to say (p. 133)

*... it's taken me ten years to realize that these oddly organised knowledge merchants, managed so "poorly" by conventional standards (e.g., no job descriptions, no organisation charts, ....), have now - in the age of "value-added through knowledge" - become premier role models for almost everyone else.*

Elsewhere (p.25) Peters says:

*Though the project's product/result is buttoned down, the formal structure of the project team is not. You can, however, loosely discern three "ranks": individual performer, ... sub-project team leader, ... and project manager. Formal project manager status usually comes along after "the individual performer starts to display project management skills".*

## **ASPECTS OF PEOPLE MANAGEMENT ON PROJECTS**

### **Self-Organising on Projects**

A consequence of the above for projects is that the project manager can (and should) encourage and allow people to pick the tasks they do best at the various phases/stages of the project. As Peters 1993 puts it, "Project teams decide how to organise themselves".

I can recall many examples from Civil & Civic, a notable one being the construction of Sydney's Australia Square Tower, where it worked particularly well. For example, the site manager (i.e. the project manager for construction) was a "natural" negotiator, so he did most of the major contract negotiations himself, whilst releasing a lot of his quite high-level planning work to the site engineer, who happened to be a "natural" in that area. You might say that this was simply common sense – and of course it was, following the principle of utilising people's strengths, and "empowering" them accordingly.

There is no place for rigid organisational structures on projects. The shape of the project team evolves and changes as the project proceeds. One of the project manager's responsibilities is to ensure that the most appropriate mix of skills is present at all stages of the project.

The project manager is a first amongst equals, but with some specific responsibilities, notably the continuing integration of all contributors and contributions to the project throughout the project life cycle. In projectised organisations, the project manager is finally accountable for all project outcomes, including the financial outcomes.

### **Motivation on Projects**

If people are doing what they naturally do best, and this is contributing to organisational or project success, there are few problems with motivation. As Borcherding 1976 pointed out long ago in relation to construction projects in the USA, motivation of project personnel is not normally a problem, and this was certainly my experience throughout a long working life in the construction industry in three countries. Construction workers are normally strongly self-motivated, especially if they are in positions where they are doing "what comes naturally", which usually tends to happen as a matter of course.

Admittedly construction workers have an advantage over some, in that they are producing concrete results (sometimes literally!), so that the fruits of their labours are continually evident, which is itself motivational. Indeed, the main problem is the potential for de-motivating construction people by poor planning and/or organising which results in lack of continuity of work. We were very aware of this in Civil & Civic, and this is one of the reasons we put so much emphasis on planning and control. But we were not alone in this, as this matter is also discussed by Borcherding 1976.

### **Teamwork on Projects**

On all but very large projects, teamwork tends to happen naturally. Project goals are clear, and usually demanding, particularly because of time constraints. It is obvious that one must co-operate with other team members if demanding project goals are to be achieved. Other team members will not tolerate lack of co-operation if it affects their tasks (as it normally will), and will soon find ways of dramatically reducing obstruction by offenders, one way or another. Even amongst very competitive people, the practice of "co-operative competitiveness" (Murphy, 1984) comes naturally on projects. You depend on your team-mates. "Team building training" and the like are not required. It never occurred to us to do such things in Civil & Civic. There was no reason to.

Peters 1993: p.136 comments that, at McKinsey:

*... team-building training wasn't necessary. The task was so daunting that you had to get down to it posthaste, had to depend upon your teammates. Since there was no option, it worked.*

I suspect that one of the reasons why there is so much academic concern with team building is that much of the management literature in this country comes from the USA, where the cult of the individual is stronger than in Australia, and the development of teamwork correspondingly more difficult (Renwick, 1980).

## **Commitment on Projects**

The glue that binds people together, and focuses their efforts, is commitment to achievement of the project goal(s). Any individuals who do not have such a commitment to the project's success will generally be given a very hard time by committed co-workers. Indeed, non-committed people cannot survive for long in such an environment. We saw this often in Civil & Civic.

But commitment normally tends to come naturally if the people are in the "right" positions relative to their individual strengths, and can see how they are contributing to achieving the project goals. Committed project people will not "let the side down".

## **Performance Assessment on Projects**

A key responsibility of the project manager is to have the right mix of individual and technical strengths at all stages of the project, and to help them maintain focus. Performance assessments on projects should focus first on the project managers, and how well they have used people's strengths on their projects. It is normally easy to evaluate this aspect of the project manager's task. But the ultimate assessment is project success.

For other members of the project team, on all but very large projects, individual performance and contribution are highly visible, and do not need elaborate assessment procedures. Qualitative issues, such as giving help to colleagues, relations with customers and other key stakeholders, and the like, are quite readily recognised.

In line with the observations on selecting and developing people above, it follows that assessments and consequent actions should focus on individuals' strengths, and how to build on them - in short, how to get "extraordinary results with ordinary people". I tend to get rather annoyed with people who tell me that so-and-so is weak at this or that. My invariable response is, "Who cares? I am only concerned about what that person is good at, and I will encourage that person to develop that strength further. I can cover his/her so-called weak area with someone else who is naturally good in that area".

In contrast, many personnel and training people I have come across have tended to focus on so-called weaknesses, and put much effort into trying to "correct" those weaknesses. To me, this is nonsense, and I believe that this is one of the key problems with traditional personnel and training departments. Thank goodness we had no such departments in Civil & Civic.

## **CONCLUDING**

Before closing, I must say how much I abhor the introduction of the term human resources (HR) instead of people in more recent decades. To me HR is dehumanizing. I do not regard myself, or any other person, as just another resource, like materials and machines. People are flesh and blood, with knowledge and imagination. Only people can make non-human resources productive. Without people, such resources cannot produce anything. Therefore, to imply that people are "just another resource" is, to me,



patently ridiculous. I find it even more ridiculous that the financial accounts of organisations show property and machinery as assets, while the people who make them productive are recorded as costs!!!! How can a (supposedly) rational society continue to tolerate such absurdity?

This paper has discussed some aspects of how people management was undertaken in a very successful projectised organisation in which I worked for some 26 years, several of which were non-conventional. One of the more significant of these aspects was using project-based approaches for implementing broad people-related initiatives, instead of specialist people-related departments, which we did not have. Another was finding and building on people's individual strengths (rather than being concerned with weaknesses). This was facilitated by not having organisation charts and position descriptions, which then allowed people to move towards positions which used their particular individual strengths. Finally, some notes on people management on projects discussed proven approaches which tend to be less structured and more informal than those often presented in the literature.

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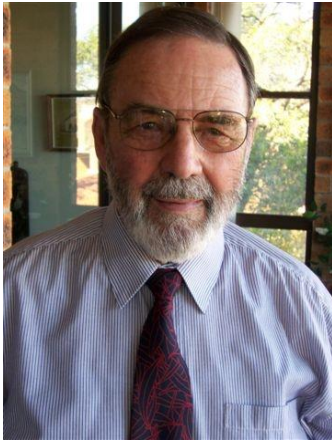
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