Certified Associate in Project Management (CAPM)® Exam Prep

Chapter 02 – Organizations and Project Management

Workbook
Organizations
Differentiation vs. Integration

The need for specialized areas of expertise (Production, Marketing, Finance, etc.). The level of differentiation hinges on the needs of the organization.

The need for coordinated and cross-functional efforts to accomplish organizational tasks.
Organizations
A Functional Organization

Chief Executive

Project Coordinator

Accounting Dept.
Employee 1
Employee 2
Employee 3
Sales Dept.
Employee 4
Employee 5
Employee 6
Marketing Dept.
Employee 7
Employee 8
Employee 9
Engineering Dept.
Employee 10
Employee 11
Employee 12
**Organizations**

Potential Advantages of a Functional Organization

- Clear reporting relationships.
- Highly specialized expertise.
- Homogeneous groups.
- Drive for technical excellence.
- Clear career path.
- Creates high quality organizational knowledge within the functional area.
Organizations
Potential Issues with a Functional Organization

- Conflicting priorities from overlapping projects.
- Project boundaries limited to discipline.
- Barrier to customer influence & satisfaction.
- Employee development opportunities limited.
- Project Manager is dependent on personal influence.
- Hierarchical decision and communication processes.
- Overwork technical issues vs. build to a standard.
- Fosters part-time roles.
Organizations
A Projectized Organization (PBO)
Organizations
Potential Advantages of a Projectized Organization

- Strong project manager role
- Full-time administrative staff clear accountability
- Fosters collocation
- Improves focus
- Cost & performance tracking of projects
- Decision-making based on overall project view
- Customer relationships tied to various projects
Organizations

Potential Issues with a Projectized Organization

- Reduction of employee’s professional identity.
- Reduced focus on technical competence.
- Leadership by the non-technically skilled.
- Focus on administrative work vs. technical work.
- De-valuing of functional managers.
- Process vs. deliverable emphasis.
- Creates redundancy of efforts.
- Project end can be traumatic event.
Organizations

The Matrix Organization

- Are a blend of Functional and Projectized organizations.
- They are described as WEAK if they more closely align to Functional Organizations.
- They are described as STRONG if they more closely align to Projectized Organizations.
Organizations
A Weak Matrix Organization

Chief Executive

Accounting Dept.
- Employee 1
- Employee 2
- Employee 3

Sales Dept.
- Employee 4
- Employee 5
- Employee 6

Marketing Dept.
- Employee 7
- Employee 8
- Employee 9

Engineering Dept.
- Employee 10
- Employee 11
- Employee 12

Project Coordinator

Resources Assigned to a Given Project
Organizations
A Balanced Matrix Organization

Resources Assigned to a Given Project
Organizations
A Strong Matrix Organization

Resources Assigned to a Given Project

Chief Executive

Accounting Dept.
- Employee 1
- Employee 2
- Employee 3

Sales Dept.
- Employee 4
- Employee 5
- Employee 6

Engineering Dept.
- Employee 7
- Employee 8
- Employee 9

Mgr of Project Managers (PMO)
- Project Mgr 1
- Project Mgr 2
- Project Mgr 3
Organizations

Potential Advantages of a Matrix Organization

- Visible project objectives.
- Improved control of resources by project managers.
- Rapid response to contingencies.
- Greater support from functional managers.
- Coordination of efforts across organization.
- Project end is not a traumatic event.
- Strong technical base.
- More effective dissemination of information.
Organizations
Potential Issues with a Matrix Organization

- Project personnel report to more than one boss.
- Complex to monitor and control.
- Conflicts with resource allocation and project priorities.
- Potential for duplication of effort with “independent” projects.
- Power struggles and competition for scarce resources.
Organizations
Organizational Structures

<table>
<thead>
<tr>
<th>Organization Structure</th>
<th>Functional</th>
<th>Weak Matrix</th>
<th>Balanced Matrix</th>
<th>Strong Matrix</th>
<th>Projectized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Manager’s Authority</td>
<td>Little or None</td>
<td>Limited</td>
<td>Low to Moderate</td>
<td>Moderate to High</td>
<td>High to Almost Total</td>
</tr>
<tr>
<td>Resource Availability</td>
<td>Little or None</td>
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<td>High to Almost Total</td>
</tr>
<tr>
<td>Who Controls The Project budget</td>
<td>Functional Manager</td>
<td>Functional Manager</td>
<td>Mixed</td>
<td>Project Manager</td>
<td>Project Manager</td>
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<tr>
<td>Project Manager’s Role</td>
<td>Part-Time</td>
<td>Part-Time</td>
<td>Full-Time</td>
<td>Full-Time</td>
<td>Full-Time</td>
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<tr>
<td>Common Titles For Project Manager’s Role</td>
<td>Project Coordinator / Project Leader</td>
<td>Project Coordinator / Project Leader</td>
<td>Project Manager / Project Officer</td>
<td>Project Manager / Program Manager</td>
<td>Project Manager / Program Manager</td>
</tr>
<tr>
<td>Project Management Administrative Staff</td>
<td>Part-Time</td>
<td>Part-Time</td>
<td>Part-Time</td>
<td>Full-Time</td>
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</tr>
</tbody>
</table>
Questions and Answers
Review Questions:

1. Which of the following is an organization that is likely to be project-based?
   A. Organizations who derive most of their revenue from performing projects
   B. Organizations that have adopted management by projects
   C. Both A & B
   D. None of the above

2. Which of the following is not a factor in the development of organizational culture and style?
   A. Shared values, norms or beliefs
   B. Technical certifications
   C. Policies and procedures
   D. View of authority relationships

3. In which type of organization does the project manager have little or no authority?
   A. Functional
   B. Weak matrix
   C. Balanced matrix
   D. Projectized

4. In what type of organization is the functional manager likely to maintain project budget control?
   A. Weak matrix
   B. Balanced matrix
   C. Strong matrix
   D. Projectized

5. In what type of organization does each employee have one clear superior and is grouped by specialty such as sales, marketing, engineering, accounting, etc.?
   A. Projectized
   B. Balanced matrix
   C. Weak matrix
   D. Functional
6. In what type of organization is the project coordinator likely to be a part-time position with almost no administrative support?
   A. Balanced matrix
   B. Weak matrix
   C. Functional
   D. Projectized

7. In what type of organization is the project manager likely to have a variety of possible budgetary control models?
   A. Functional
   B. Balanced matrix
   C. Projectized
   D. Any of the above

8. Sally is a frustrated project coordinator. All of her resources split their time between operational responsibility and project work. It seems she can only get about 10% to 15% of their time. She also has very limited authority, and has very little administrative support. In what kind of organization does Sally work?
   A. Functional
   B. Weak matrix
   C. Balanced matrix
   D. Strong matrix

9. Kevin is a full-time project manager within his organization who is struggling. He gets some administrative support, but really has to fight to get any time from his resources because of his low level of authority. In what type of organization does Kevin work?
   A. Weak matrix
   B. Balanced matrix
   C. Strong matrix
   D. Projectized
10. Ann is new to her company, the XYZ widget Co. She really likes her job because although she has to interface with functional managers, she has a high degree of authority within the company, can quickly get the resources she needs, and gets a lot of administrative support. In what kind of organization does Ann work?
   A. Functional  
   B. Balanced matrix  
   C. Strong matrix  
   D. Projectized

11. Jim is a project manager within the ABC Company. Within his organization there are departments, but these groups provide support services to the various projects. In what kind of organization does Jim work?
   A. Functional  
   B. Balanced matrix  
   C. Strong matrix  
   D. Projectized

12. In a weak matrix organization, the project manager's role is most that of what?
   A. A true project manager  
   B. A project sponsor  
   C. A coordinator  
   D. A functional manager

13. The term used to describe most modern organizations that use multiple organizational structures is what?
   A. Composite organization  
   B. Balanced matrix  
   C. Projectized  
   D. Functional

14. In which of the following organization types can a PMO not exist?
   A. Functional  
   B. Balanced matrix  
   C. Composite  
   D. A PMO may exist in any organization type
15. A project manager takes a new job with a new organization. He has little experience and will be working in a matrix organization. Based upon his situation he should expect communication with his stakeholders to be:
   A. Complex
   B. Formal and written
   C. Formal and verbal
   D. Informal and written

16. A very seasoned project manager leaves a position where the organization was highly projectized for one that is a balanced matrix. His new manager is very senior in the organization. Based on this information, he can expect communication to be:
   A. Complex
   B. Less structured
   C. More structured
   D. Easy
Answer Key:

1. C
   PMBOK Guide - Project-based organizations are those whose operations consist primarily of projects. These organizations generally fall into two (2) categories: organizations that derive most of their revenue from projects or organizations that have adopted management by projects.

2. B
   PMBOK Guide - Each of the items except technical certifications is listed as a factor in the PMBOK Guide influencing culture.

3. A
   PMBOK Guide - Although a weak matrix provides a project manager with limited authority, only the functional organization provides the project manager with little or no authority. Remember, according to PMI the project manager is a very powerful position.

4. A
   PMBOK Guide - According to PMI, the project manager has a very powerful role and as the PM gets closer to a projectized organization they gain more influence. The role where they have the least authority is the weak matrix and this is where the functional manager has budgetary authority.

5. D
   PMBOK Guide - In a functional organization, people are organized based upon the job they perform. These silos provide the basis for power within the organization and project managers have very little authority.

6. C
   PMBOK Guide - The key to this question is the fact that the role is called a coordinator, is part-time and has no administrative support. A coordinator with a little administrative support would have been a weak matrix, but as asked it is a functional organization.

7. B
   PMBOK Guide - Only in a balanced matrix organization are there mixed models of budgetary control.
8. B  
PMBOK Guide - Sally works in a weak matrix organization. The keys to this question are the fact that she gets some administrative support even though it is not much and does have a little authority. If not for these two differences she would be in a functional organization.

9. B  
PMBOK Guide - The fact that Kevin is full time tells you he does not work in a weak matrix organization, and the fact that he has a low level of authority tells you he does not work in a strong matrix or projectized organization. Only the balanced matrix meets these criteria.

10.C  
PMBOK Guide - The key to this question is the fact that functional managers still exist in Ann's organization. Without this difference she could be in a projectized organization.

11.D  
PMBOK Guide - Only in a projectized organization are there departments that either report directly to the project manager or provide support services to the various projects.

12.C  
PMBOK Guide - Weak matrix organizations maintain many of the characteristics of a functional organization and the project manager's role is more like a coordinator or expediter than that of a manager.

13.A  
PMBOK Guide - Most modern organizations involve all of the structural types to one degree or another at their various levels. These organizations are called composite organizations.

14.D  
PMBOK Guide - A PMO can exist in any of the organizational structures, including those with a functional organization. However, the more the organization moves towards a projectized organization, the more likely a PMO becomes.
15. A
PMBOK Guide - This is a trick question as much of the information is unnecessary to correctly answer it. The only piece of information necessary to answer this question is the fact that the organization is a matrix. In matrix organizations, communication is complex because of the importance placed on communicating with the many power structures.

16. A
PMBOK Guide - This is a trick question as much of the information is unnecessary to correctly answer it. The only piece of information necessary to answer this question is the fact that the new organization is a balanced matrix. In matrix organizations, communication is complex because of the importance placed on communicating with the many power structures.