

Building enterprise project management capability 6

Human resource management in the project-based organisation

by Professor J. Rodney Turner

The first part of this series of articles dealt with developing organisation and individual project management competence. In other words how an organisation can learn to do projects right and get better at doing them right. Previous articles looked at:

- organisational project management maturity and four practices for improving it
- innovation and learning practices
- individual project management competence; monitoring and developing it
- knowledge management practices and the role of the community in developing, maintaining and spreading knowledge.

Underpinning all of this is the people; people are quite simply essential to the operation of any organisation, whether project-based or routine. So every organisation must develop human resource management policies and practices to recruit people and to ensure the right people are assigned to the right job. Human resource management is the lynch-pin or key-stone which holds everything I have described so far in this series of articles together, Figure 1.

However, human resource management (HRM) often does not receive the attention from project managers it deserves. Project managers often tend to be task or system focused, the nature of projects makes them that way, and so they do not pay as much attention to HRM as they ought. Further, HRM in a project-based organisation needs to be essentially different to HRM in a routine organisation. In this article, the last in the first part of the series, I describe:

- the nature of HRM in project-based organisations
- a cycle for HRM in the project-based organisation
- how HRM in project-based organisations differs from routine organisations
- practices for HRM in project-based organisations

The nature of HRM in project-based organisations

HRM as a core process in the project-based organisation
HRM is a core, value-adding process in the project-based organisation. At first sight this may not seem to differentiate the project-based organisation from the routine,

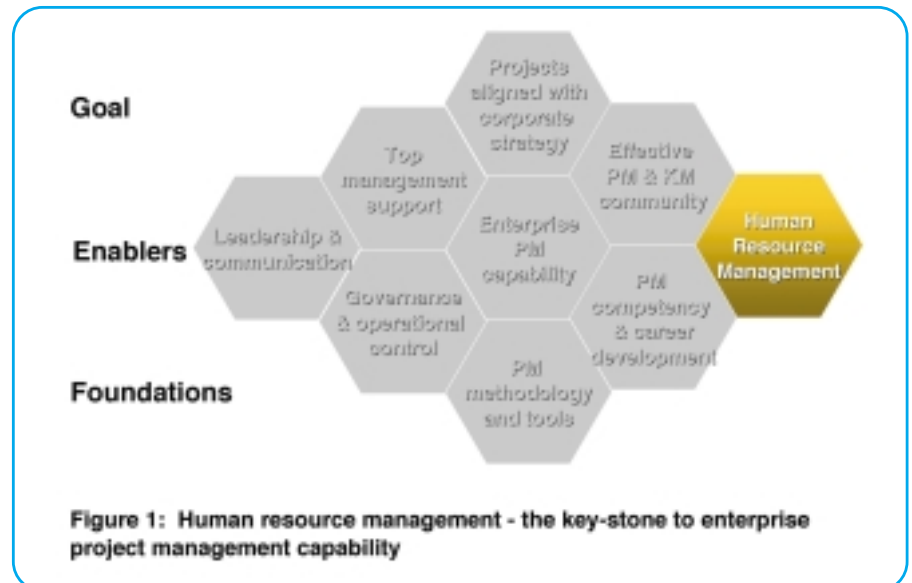


Figure 1: Human resource management - the key-stone to enterprise project management capability

classically managed organisation. However, project-based firms use temporary organisations (projects and programmes) to manage complex business processes, and every time a new project or programme starts or finishes, the human resource configuration of the business changes.

Thus project managers ought to be concerned with HRM, but many, especially those who are task focused, or those schooled in the systems approach to project management, do not give it the attention it deserves. Because project team members spend much of their time working on transient projects, HRM ought to demand much more attention from managers at the work interface than in a classically managed organisation.

Many project-based organisations are now recognizing the importance of HRM and are providing support to project managers at the work interface. The central HRM department remains the knowledge centre of effective HRM practices and processes, but their role is increasingly to give guidance and support to the manager at the work interface in implementing HRM, rather than doing it on their behalf. Many organisations are now also giving the project office an increasing role in supporting project managers at the work interface in working with people as they

are assigned and released from projects.

HRM is different in the project-based organisation

HRM is different in project-based organisations because additional processes are required and also because those processes which are applied are applied in a much more informal way (as you will see later). Because every time a project or programme starts or finishes, the human resource configuration of the organisation changes, HRM processes are needed to deal with projects and programmes starting or finishing. Figure 2 shows a simplified HRM process model for the classically managed firm (Huemann et al, 2004). There are four processes:

1. Recruitment: The firm needs to identify potential people to work for the organisation, and attract them to the organisation. It then needs to appraise them and select competent people to work for the organisation. Those people are then appointed.

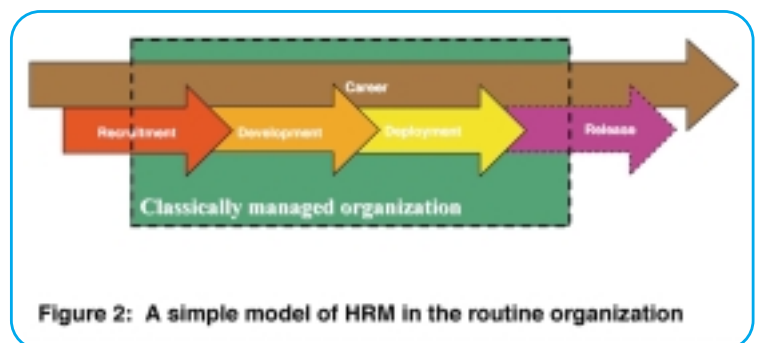


Figure 2: A simple model of HRM in the routine organization

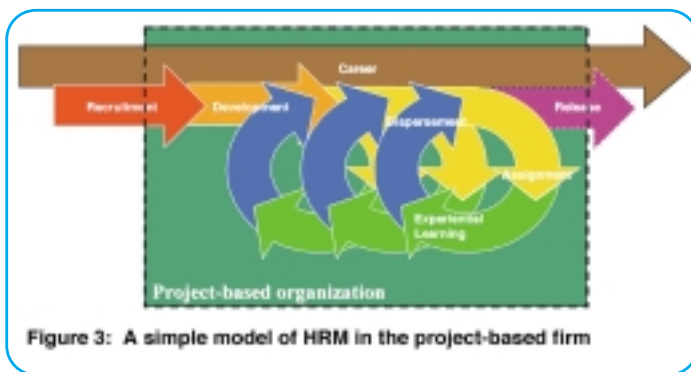


Figure 3: A simple model of HRM in the project-based firm

2. Development: The firm needs to develop the appointed people to be able to perform the job roles required. This will do by formal education and on the job training.
3. Deployment: People are assigned to job roles within the organisation. They will change jobs from time to time.
4. Release: Finally people need to be released from employment, either when they retire, or when the move to other jobs, or when they are made redundant or fired.

Figure 3 shows an equivalent six-stage process for project-based organisations (Huemann et al, 2005). Deployment is divided into three steps that are constantly repeated:

- 3a. Assignment: The organisation needs processes for assigning people to projects
- 3b. Experiential learning: People need to be developed on projects to develop their competence to deliver the projects as actually undertaken in the organisation, (see Turner et al, 2003, and my May article).
- 3c. Dispersement: At the end of each project the organisation needs to decide how to redeploy people. There are several options:

For permanent staff, they can be:

- assigned immediately to new projects
- asked to sit on the bench for a short period of time so they can be assigned to a more appropriate project about to start
- asked to sit on the bench while awaiting an as yet unknown new project
- asked to update the organisations processes and procedures
- asked to develop the organisation's knowledge base in some other way
- sent on a training course
- ignored and left to polish their CV

For contract staff, they can be:

- assigned immediately to new projects
- held in abeyance for a short period so they can be assigned to a more appropriate project
- debriefed
- asked in some other way to contribute to the organisation's knowledge base
- spat out and ignored

Unfortunately many project-based organisations do not think about this; they do not have formal processes for dispersement. As a result, permanent staff tend to be ignored

'dispersment'. It is not release from the project, because that just implies you let people go and forget about them. It is not dispersal. That implies you just scatter people to the wind. The word 'dispersment' I hope catches the idea that you release people from projects, but think about where you are going to send them and how, and then take positive steps to place them as planned.

Differing HRM practices and a differing role for the HRM department

I worked with a telecommunications company that has one management development programme appropriate for all its managers, including marketing managers, client managers, line managers, accounting managers, etc. but it has had to develop a separate programme for its project-based personnel.

Some companies have developed practices for dispersment and using them very well. In particular a Dutch information systems consultancy puts considerable effort in thinking about how to use its specialist personnel at the end of assignments. The role of the HRM department in the modern organisation is often to maintain the HRM practices and procedures and to provide guidance and support to managers at the work interface in applying them. HRM practices are applied where they have the greatest impact, usually at the work interface. The one thing the central HR department continues to do is to look after release from work, particularly conducting the exit interview, the reason for this seems obvious.

How HRM in the project-based firm differs from the routine organisation

As well as needing additional processes, HRM in the project-based organisation also needs to be more informal than in the classically managed organisation. So what are the pressures that creates this need for more informal processes and implementation?

Selection

There are two pressures that lead to more informal selection:

1. On projects there tends to be much greater specialisation and lack of available skills. A company developing telephone networks

until the next project, and use that time to polish their CVs. Contract staff are just spat out and leave with negative feelings about the firm. Because of the importance I want to attach to this process, I have coined a new word,

for telephone operators told me that it takes two years to develop the specialists able to write the software switches to make the specialist services work. Suitable candidates need to be identified from the resource pool and put onto a development track. Many project-based organisations, from both the engineering and high-tech industries, have told me that project management is also a value-adding resource that needs to be carefully identified and developed.

2. It is not possible to apply the traditional Taylorian approach to defining jobs. Under the classical approach, the work is defined. A job description is then written including a description of the person expected to fulfil the role, their competence and experience. The post is advertised (internally or externally) and somebody appointed from the people applying. This involves go/no go decisions. On projects the work to be done is more uncertain, and it is not possible to so clearly define the work and write a description of the person doing it. What is necessary is to appoint people able to work on projects, to cope with the stress involved, and able to adapt to the changing needs of projects. It needs people who can develop into the role. Hence the need for the experiential development in the cycle in Figure 3, and as suggested by Turner et al (2003).

Selection processes adopted by project-based organisations are much more informal, and avoid go no/go decisions. Practices adopted by project-based organisations include:

- searching and scanning practices through an informal network, using the grapevine through the industry, and web-based advertising for staff
- liaison with universities and other knowledge providers
- providing people with trial employment as contract staff, and offering suitable candidates able to cope with the stress, to adapt to the changing needs of projects, and who fit with the firm permanent contracts

Deployment

The main issue with deployment (assignment to projects) is the peaking workload. In a routine, classically managed organisation (managed according to the ideas of Frederick Taylor) the workload is much more stable and predictable. In a project-based organisation it can be much more variable, with peaks and troughs as projects come and go. In contract organisations you may not be able to predict the workload one month out, since you will not know which of the outstanding bids you will win or lose. This requires a much more flexible, responsive approach.

In a forthcoming article, I will describe how to prioritise resources between projects,

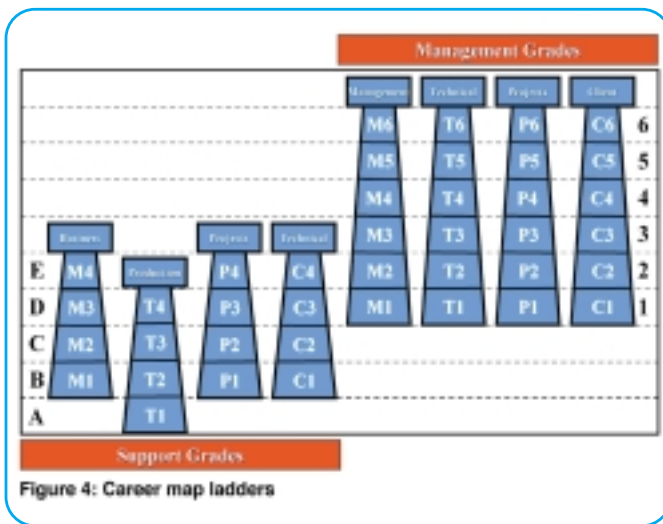


Figure 4: Career map ladders

maintaining a company-wide resource plan. In project-based organisations you find a much greater use of contract staff.

Contractors from both the engineering and telecommunications industries have told me that they use between 20% and 40% contract staff to balance the fluctuating workload. These contract staff can work for a company on an almost semi-permanent basis. But in particular, since an organisation can become dependent on them, it needs to ensure that they are released properly at the end of a project. Contract staff tend to fulfil non-specialist roles, providing skills that are readily available within the industry. They may be professional skills, but readily available - so non-specialist. Key value-adding skills firms will develop internally. These include software engineers, for instance, in the telecommunications sector and project managers. If a firm finds a member of contract staff works well in the organisation, then they may offer them a permanent contract.

Career development

Only larger project-based organisations have the capacity to offer careers. Larger organisations will have several career tracks (Figure 4), several paths, or ladders developing several key skills. Microsoft calls these swim lanes and has swim lanes for:

- project management
- programme and portfolio management
- client management
- consultancy
- line management
- software technologists

Whereas classically managed organisations will tend to confine people to one function, project-based organisations need to develop people with a much broader range of skills. They need technical skills, project skills, client skills and line management skills.

Thus people are moved between all the ladders, or swim lanes, spending a bit of time in each. I call this the spiral staircase career. People spend time in design management, project management, line management and client management, moving up a half or quarter step at a time. Sometimes this continues

throughout their career. In other organisation it takes place in the early stage of their career, up to level three of six or seven, but beyond there the individual is expected to specialize in one area.

At one engineering construction contractor, I met someone who had gone from being a board director to

project director on a high risk contract for a key client, and received a wage increase to do it. High-tech companies tend to expect people to specialize above level three.

Under the principle that HRM functions are assigned to the manager at the work interface, the line manager will be responsible for working with the project management professional to plan their career development. I worked with a Dutch consultancy where the assessment of an individual's development plans is built into the annual appraisal, which itself is built into the annual budgeting cycle. During their annual appraisal the line manager and project management professional discuss the individual's development plans, in terms of project experiences sought, and training required. The individual is given a personal training budget. They plan how to spend that with their manager, but then it is up to them whether it gets spent or not. The manager and the individual will then see during the year how they can find the appropriate project experiences.

There is the issue, discussed in May, about whether having identified that the individual needs a certain project experience, that they are given it at the first opportunity. If you have identified that an individual needs a certain type of experience to achieve their development objectives, and a month later such a project comes along, do you transfer them, or do you say they have to finish the present project first, by which time the opportunity may have passed. Enlightened organisations will move people, recognising that nobody is indispensable on their current project, and it is more important to develop people with the right experiences.

Another feature of project-based organisations is they tend to be flatter organisations. Often career development is the gaining of new experiences, rather than moving up the hierarchy. The word 'career' comes from a Greek word meaning 'step'. Careers traditionally are steps up the ladder. In project-based firms, they can be steps sideways, gathering new experiences. In the cinema industry, careers are viewed as a series of films, each a new experience.

Finally, 'up' is often measured differently in project-based organisations. Rather than rewarding people according to the number of subordinates managed, as is often the case in routine, classically managed organisations, in project-based ones 'up' is often measured by the amount of risk managed and people are awarded accordingly.

In the case of the man who went from being board director to project director on a high risk project, he received a salary increase because being project director on that project was perceived to be higher risk and had a greater impact on the profit of the firm than the role of director of projects on the board. Also, firms from both the engineering industry and high-tech companies say that the head of department may not necessarily be the most highly paid person in the department. Being a senior design engineer may involve the management of more risk and have greater impact on profit than being manager of the design department.

A firm building telephone networks showed me the salary scales for people in one department. They had six management grades, where board directors were grade 6. The head of one design department was grade 3. In his department there were fifteen software engineers, ranging from grade 1 to grade 4. There were about two on grade 4, higher than the head of department, three on grade 3, the same as the head of department, and about five on each of 1 and 2. The head of department had a role to fulfil, assigning people to projects and mentoring their development. That commanded grade 3. The best designers of software switches commanded grade 4.

Retaining staff

There is a different issue relating to retaining staff between functional and project-based organisations. In functional organisations the focus is very much on cost. If somebody is under-utilized, it is a straight comparison between the cost of retaining them to the cost of recruiting and retraining them. But if people are released it is usually easy enough to find people to replace them.

With many people experiencing a shortage of project skills, there is a much greater emphasis on retaining people and their skills. If people do not have another project to go to immediately after the current one finishes, they will be asked to sit on the bench until the next project comes along. However, as I suggested previously, if the firm just releases people from the project without thought, they may use their time on the bench to polish their CV. It is an ideal time to use the person to improve the organisation's knowledge management practices.

Strategies

Project-based organisations need strategies for HRM, to be able to cope with the dynamic

environment that is projects. The HRM processes and practices need to be versatile to deal with the dynamic environment. Most of the time that versatility can be positive. But like the cars in Formula 1 motor racing, sometimes projects can spin out of control, and then the HRM practices need to act as crash barriers to limit the damage.

Over the past few months I have discussed how project-based organisations can learn to do their projects right and get better at doing them right. Next month I will discuss mechanisms of governance, and how this can provide support to projects so they can thrive and help the organisation achieve its strategic objectives.

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