ACHIEVING PROJECT EXCELLENCE IN A MATRIX ORGANIZATION AND WHAT UTILITIES ARE MISSING

A lot has been written about the "must needed changes" in modern-day utilities. What is known as a conservative industry is facing an increase of distributed energy resources, grid modernization, transportation electrification, regulatory mandates to attain clean energy, climate change, Covid-19 impact and the list just keeps growing. In addition, utilities need to innovate to keep up with digitization and face a raft of issues resultant from aging infrastructure.

All these changes are translated into projects and programs that need to be addressed while ensuring their asset base continues to operate safely and reliably without impacting customer rates. The question then is how utilities deliver successful projects in an overwhelming environment, where priorities are constantly shifting, and new processes and tools are being deployed in parallel.

THE ORGANIZATIONS WITHIN THE ORGANIZATION – A MATRIX STRUCTURE

Utilities, like many other longstanding industries, are complex organization. For the most part they have a matrix organizational structure with multiple functional departments serving one line of business. Which means that their employees might work on multiple teams everyday reporting to the same, or different managers. Matrix organizations have been around for decades and have been criticized and praised throughout their history. A matrixed structure can be exceptionally good at focusing employees on a unified mission, vision, and purpose. A 2018 Gallup[1] survey highlights that employees who are part of highly matrixed teams are more engaged than non-matrixed workers. At the same time, the survey indicates that poorly implemented or poorly managed matrix environment can introduce new challenges such as:

▸ Poor definition of expectations
▸ Lack of standardization (multiple initiatives or processes addressing the same issues)
▸ Gaps in communication
▸ A constant competition for resources and establishing priorities

Over the past fifteen years working with a variety of utilities across the country, Motive Power has observed those issues manifesting into lack of accountability and undefined roles and responsibilities; which defeats the benefits the organization intended to gain.

How to improve projects delivery and accountability in a matrix organization?

As Gallup research suggests, although matrixed employees are more engaged than non-matrixed ones, they lack clear explanations of their work goals. In a chain reaction, unclear roles and responsibilities generate lack of accountability. Lack of accountability results in poor governance and poor governance has a direct impact in project deliverables. Often issues related to project deliverables such as missing due dates (sometimes government-mandated due dates), exceeding budgets or resource management inefficiencies are addressed by deploying new tools, implementing new processes, establishing more metrics and generating more administrative work. While a lot of these solutions are good project management practices, without the proper oversight and clear expectations, they won't have the desired outcome.

ACHIEVING EXCELLENCE

What can be done then to improve projects management and project results if changing the structure of the organization is not an option?

❶ Focus on filling the gaps – Improve project governance

Project governance is not a new concept to utilities or any other organization with a significant number of projects. It is fair to assume that they all have some sort of project governance framework in place that provides structure and oversight to the project manager and project team. A robust project governance integrates processes, decision-making models, and tools for managing and controlling the project while ensuring successful delivery of the project. Proper governance is a key component of project management, especially for complicated and risky projects. Why if project governance provides the framework for project's success, utilities are still facing inefficiencies? The answer is lack of accountability. Given that utilities operate in a matrix organization the key factors to reinforce project governance are missing. Project governance becomes a check in the box sort of process and its benefits are missed or not properly managed.

Proper project governance contains a framework for making decisions about the project, defines roles, responsibilities, and liabilities for the completion of the project, and governs the effectiveness of the project manager. It is a single point of accountability that provides an environment to manage issues and resolutions, change control and promotes clear communication, avoiding contradicting information. It also establishes a standard process that can stand regardless an organizational change or changes in leadership.

The list of benefits an effective project governance can provide is long; however according to the Project Management Institute (PMI®) there are eight project governance components that add value to the real world. Out of the eight, the following four directly address the gaps of a matrix organization:

- Accountability and Responsibilities: Define not only who is accountable, but also who is responsible, consulted, and notified for each of the project's deliverables.
- Stakeholder Engagement: An incomplete list of stakeholders can disrupt the entire project and have an adverse effect.
- Stakeholder Communication: A well-devised communication plan delivers concise, efficient, and well-timed information to all stakeholders.
- Assurance: Not only having good understanding of the roles and responsibilities but understanding that that risks and issues are managed efficiently.

In addition to these, the rest of the governance components ensure standardization of reporting and project controls promoting a common language across functions and line of businesses. It is possible to implement a centralized governance structure within a matrix environment by removing all silos and integrating a standard process; however, proper roles and responsibilities definition, clear designation of authority and the tools to ensure accountability require special focus.

Good Governance Elements: Alignment, Direction, Expectations, Delivery, Improvement, Risk Management, Responsibilities

❷ Establishing Priorities – A Look to the Portfolio

While project governance focuses on "doing things right" the bigger challenge is in project portfolio management which focuses on "doing the right things".

It is important to understand that project governance should be derived from a higher-level corporate governance to ensure projects are delivered in a manner that reflects the vision and mission of the business.

As previously mentioned, matrix organizational structure employees might work on multiple teams every day, reporting to multiple managers. When there is not alignment at the portfolio level or there is not a mechanism in place to bring program leaders and functional department leaders together, to the decision-making table, resource allocation becomes a constant battle and focus is placed in the wrong places. There is not only misalignment between the business strategy, project execution and resource management, but also potential risks are often overlooked.

There are a lot of discussions around which tools are best to manage a portfolio. Even though tools are important, good portfolio management practices can be implemented without big investments – without good processes, tools can amplify a bad process and make it worse. The following steps can help incorporate minor changes that are tool agnostics:

- Define roles and responsibilities: one more time we see the importance of having clear expectations, identifying key stakeholders, and decision makers.
- Establish a project ranking system: in order to prioritize projects these should be compared to each other. The ranking should be based on the business strategy, risk exposure, and compliance requirements.
- Combine projects: With a broader overlook it is easier to consolidate projects that may have interdependencies. It is not about how many projects you have in flight, but how many are completed efficiently. Less projects worked simultaneously results in getting the work done faster. In addition, that provides better visibility of the resources available.

Effective portfolio management does not have to be complicated, the important thing is having a standardized process and getting agreement from the top down.

❸ Shifting the Mindset – The Change Management Aspect

A perfect process improvement that no one adheres to are time and money wasted. Improving project governance and portfolio management will only have an impact if people embrace adoption. A common misconception is that change management equals training. While training is part of the equation, change management provides an enabling framework for managing the human side of change. An organization can invest in new initiatives, but if these are implemented without involving those directly impacted by the change, then they will be faced with resistance.

Who Wants Change?   Who Wants *to* Change?

There are various methodologies that can be followed to ensure proper change management; however, let us not focus on "how" but "why." One of the most important change management tenets requires that individuals embrace change. If individuals do not embrace the changes then they will not be sustained, and time, money and resources will have been squandered. Often the crux of any change management issue starts with individuals and the poor communication tied to the changes. Therefore, effective communication throughout the process is crucial to ensure success.

How do you shift an individual's mindset and resistance to change? Regardless of the change management model used, there are few key points that should not be missed, especially in matrix organizations that create an environment of unclear expectations where communication with all stakeholders is challenging.

The key takeaway here is to make sure change management is integrated simultaneously into any new project management approach or process improvement initiative. Involving the right stakeholders from the get-go can save time and money.

CONCLUSION

Remember just because utilities are known to be a conservative industry with a matrix structure doesn't mean they cannot achieve excellence in project management. There are several actions that can be deployed to generate successful project outcomes.

These actions include focusing on defining clear roles and responsibilities, bringing accountability through effective governance, standardizing the prioritization process, and achieving alignment at the portfolio level without forgetting the people and that organizational outcomes are a result of individual change.

BIOGRAPHY

INDIRA T. CORTES, is a Manager and Process Improvement Consultant at Motive Power. She brings over 15 years of experience in diverse industries such as aerospace, pharmaceuticals, medical devices and utilities. Passionate about quality and customer satisfaction. Indira has record of improving efficiency and productivity through standardization and process development.

▸ **Start early:** Involve those impacted by the change from the beginning. It is important they understand the reasoning behind it. Collect their opinions, concerns and follow up with answers.

▸ **Get a change champion:** A sponsor at the highest levels who is fully supportive of the change is critical. Even with the greatest communication plan, if the employees don't see their leaders backing up the change through their words, actions, and questions, then the change is doomed.

▸ **Look for allies:** In any corporation you will find early adopters and those that will resist the most. Identify leaders within the early adopters and make them ambassadors. Have them help you change the perspectives of the rest.

▸ **Be creative:** Communicate in ways that resonate with people. Repeat the message in different ways, make it fun.

▸ **Measure, reinforce and monitor:** Measure the level of knowledge and understanding individuals have of the upcoming or current changes, go back and reinforce the gaps and continue monitoring effectiveness.

As your trusted partner, Motive Power can help utilities keep up with the agile and constantly changing world we are living in today.

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ideas, implemented