



No project is an island

GRAHAM WINCH, DR EUNICE MAYTORENA-SANCHEZ and DR NATALYA SERGEEVA introduce the three domains model

An axiom of our profession is that it is about temporary organising. The Project Management Institute's definition of a project is: "a temporary endeavour undertaken to create a unique product, service or result". Yet most project professionals are employed by permanent organisations. While there is a community of itinerant project professionals who move from project to project on a contract basis, most of us expect to develop our careers by working for one or more permanent organisations.

We want to think through the implications of this paradox and propose

a new model for the profession that combines temporary and permanent organising to give greater breadth and depth to our contribution to the economy and society.

As part of this approach, we have developed the model of three domains of project organising. Our approach has evolved through our executive education work over the last 10 years.

The insight underpinning the model is that there are three very different types of organisation involved in projects, and each of those organisations can be thought of as a domain in project organising.

PERMANENT OWNER ORGANISATION

First, there is the permanent owner organisation that is responsible for providing the financial resources required for the project, overseeing the project delivery process and then operating the asset created by the project to provide the benefits specified in the original investment case. The core business of owner organisations is not projects. For example, the core business of the Department for Work and Pensions is to deliver welfare payments, but it needs a sophisticated information system infrastructure in order to make those payments efficiently, effectively and securely.

Most owners generate the finance required for the project from within their own budgets, but, for some major projects, there may be special arrangements where specialist forms of project finance are used or finance is provided by central government to agencies to act on its behalf. Occasionally, owners are set up for the sole purpose of being a project owner and subsequent operator.

Within the owner organisation there will typically be a senior manager nominated to act as the project sponsor or senior responsible officer. However, it should always be remembered that the project sponsor is a delegated responsibility within the owner organisation. The organisation itself and its board of directors remain accountable for the successful investment in the asset generated by the project and fully realising the benefits of that investment. Within the owner organisation there will be a team of project managers who typically report to the project sponsor and are responsible for managing the interfaces with the other two domains.

PROJECT-BASED FIRMS

Second, there is the project-based firm, responsible for supplying the resources required to define and deliver the asset for the owner. These are typically human resources and proprietary technologies. For these firms, projects are the core business. Most project professionals are employed by project-based firms, yet their role is somewhat different from that of their colleagues working in the owner organisation.

Project-based firms can vary greatly. Some, such as BAE Systems, have very significant investments in factories and shipyards, complemented by proprietary technologies at the leading edge of what is possible. Some rely on expertise in pulling together the team of sub-suppliers for the

owner; many construction contractors are in this group. Others supply highly specialised technologies for incorporation in larger asset systems. Systems integration is therefore a core capability of many first-tier project-based firms as they coordinate the inputs of a variety of different suppliers with different contributions to the whole.

One of the principal challenges project-based firms face is balancing their resources across a portfolio of projects for different owners. Another is the development of the project competencies required for delivering projects: recruitment and retention; and training and motivation.

TEMPORARY PROJECTS

Third is the temporary project organisation. Such organisations obtain their financial resources from the owner organisation, and their human and technological resources from the project-based supplier firms. The job of the project organisation is to ride the project life cycle, from defining how to achieve the benefits at the heart of the business case at the front end, through to when the asset created is handed to the owner.

The activities of this temporary organisation have been the traditional focus of competency and tool development for project professionals. But this has been at the cost of thinking through the

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competencies and tools for managing owner organisations with respect to their projects, and managing project-based firms. No project is an organisational island. We believe that one of the principal contributions of the three domains model of project organising is that it can redress this balance.

The three domains generate a set of organisational interfaces, and the effective management of these interfaces is crucial for effective realisation of project outputs and outcomes. These include:

- The commercial interface between the owner organisation and its suppliers, and indeed the supply chain of subcontractors below the first-tier suppliers in direct contract with the owner. The effective management of the commercial interface ensures that the owner and supplier organisations are aligned in their incentives to collaborate for the successful delivery of

OWNER PROJECT MANAGER	SUPPLIER PROJECT MANAGER (FIRST TIER)
Managing the strategic context to ensure that the value proposition remains valid	Managing delivery to the commercial contract, and making proposals for improvement in delivery performance
Managing the owner organisation to ensure it interacts appropriately with the supplier organisations and the owner's project sponsor	Managing the supply-chain organisations to ensure they interact appropriately with the owner organisation
Keeping the sponsor briefed on progress, so that the project remains visible and there are no surprises	Reporting regularly on progress, possible threats and threat events to the owner
Ensuring the outputs are transformed into outcomes	Delivering the outputs of the project as specified in the project execution plan
Driving the value proposition through the delivery process, including all approvals	Driving the delivery process
Managing the commercial interface with first-tier suppliers collaboratively	Managing the commercial interface with the owner collaboratively
Managing the governance interface in line with industry best practice	Providing the required inputs into the owner's assurance processes
Ensuring that the delivery organisation is supplied with the right information at the right time	Requesting information from the owner on behalf of sub-suppliers as required

the asset. Commercial relationships are enormously important, yet they tend not to receive high attention from project professionals.

- The governance interface between the owner organisation and the temporary project organisation charged with delivering the asset is about ensuring that the project organisation remains in line with the owner's objectives for the investment. This area has received more attention recently, covered in topics such as the project management office, stage-gate procedures and portfolio management. However, these tend to be discussed independently, rather

than as complementary elements in a comprehensive strategy.

- The resourcing interface between the temporary project organisation and the supplier organisations is about ensuring that the suppliers are delivering the right human and technological resources at the right time to meet the schedule of the project organisation. This challenge of resourcing across a portfolio – which is different from the owner's challenge of managing essentially financial resources across its portfolio of investment projects – has received remarkably little attention.

At the centre of the model are leadership and innovation. Innovation can only be done collaboratively across all three domains. Orchestrating such collaboration is one of the great challenges and opportunities of project organising.

Leadership pulls the three domains together. It mobilises them to ensure

the innovative delivery of the new asset. However, in spite of much rhetoric, we still lack a widely accepted leadership model for the projects profession. This model would need to fully comprehend the profound importance of four criteria: sense-making to understand the inherent uncertainties of project organising throughout the life cycle; relating to stakeholders in a way that elicits and addresses their concerns rather than attempts to 'sell' the project to them; visioning the project mission in a way that generates a compelling narrative of why we are doing the project; and inventing effective ways of delivering on that mission.

We still need to pay attention to the project professional – the person in the middle. The days of the 'accidental project manager' should be over. Today project leaders may benefit from proactively engaging in connecting the different aspects of project organising. Therefore, the next generation of project leaders effectively build on past experiences, live in the present, and think strategically and opportunistically about the future. □



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