

Strategic management of evolving project-oriented organization

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Abstract. Strategic management of project-oriented organizations must take into account the peculiarities of evolutionary development. Monitor achievement of strategic goals of the organization depends on the processes of self-organization and the emergence of new structures. It is shown that lower hierarchical levels of management in such organizations transferred to subordination of the command of each project. In this case the process of controlling the strategic goals achievement is complicated in the organization. It is proposed to use elements of proactive project management as an advanced functions with a clear division into tactical and strategic levels of management in organizations. The top, or strategic level, ensures the process of management of diversity project space, and the lower, or tactical level – management of structures formed in the self-organization process. Therefore, new task of strategic level of management should be the task of foreseeing the formation of new elements and its management.

Keywords: *project-oriented organization, evolutionary development, strategic management.*

Introduction. Organizations which have reached a certain level of maturity use in its management a project approach and project-oriented management of business. This is possible through the integration of the classic levels of hierarchy of management in an ordinary operating company with the elements of management via projects [1].

The project approach aims at achieving the goal of creating the "product of project". Methods and means of management of projects and programs determine the uniqueness of those project or programme. They ensure system of objectives achievement in terms of external and internal constraints. Combining both criteria in the system: the uniqueness and the goal achievement, involves the usage of various styles and methods of management [2].

Two types of antagonistic management styles: democratic and totalitarian have been known since the days of Ancient Greece. The choice of one of them, or combination of both, is determined primarily by the goal of project or by the mission of project-oriented organization. However, conducting a historical analogy, you can see that the first industrial revolutions, which provided competitive advantages for European countries, were accompanied by the emergence and widespread use of innovative economic theory and management systems by Adam Smith and David Ricardo. In the XVIII century A. Smith speculated about market self-regulation and the primacy of individual interests over collective. Adam Smith put forward the assumption of self-regulation within the market and the primacy of individual interests over the collective ones. This has led to the conclusion about the priority of the minimum or of soft power in self-organizing systems.

Later G. Emerson in his "12 principles of efficiency" defines the interrelationship between the performance and received results of the work via its using: "the True performance always gives you maximum results with minimum effort" [3]. Centralized or administrative model of management whether in the project or in the organization requires a high concentration of rights in decision-making at the top level of management what essentially exclude creative approach, creativity and self-

organization of structures. This can lead to strain relations and conflicts between the project team and therefore it may prevent the objectives achievement [4].

Each level of management has a its duration and decomposition level of information regarding planning and control.

In the lower or technical level, specific issues are solved in meeting its objectives. At the middle management level issues of targeted projects and programs are solved. Higher or institutional level solves key strategic problems for whole enterprise-level in the selected management model [5].

Administrative management model is characterized by a rigid vertical management, which uses a command, authoritarian management practices. In this case no non-administrative methods of management. This limits the emergence of a competent, professionally-oriented specialists, their development and career growth. Such management system may be required at streaming management of similar projects, where providing a product in a tightly limited time frame is the main criterion.

However, project, or project-oriented organization interacts not only with the relevant project space. Their interaction is much broader and extends on the society – socio-economic system. In this case, we are talking about management of stakeholders, negotiation of their interests, determining their impact on the product. It becomes obvious that to manage such a space is mostly impossible on the basis of the administrative-command methods. Peculiarity of management of projects or management of portfolios of projects (within a project-oriented organization) is to ensure the internal stability of the management structure during the project life cycle.

To do this, it is possible to use a four levels of strategy of the organization in accordance with [6]: 1. Corporate strategy relates to the overall goals of the company and all its space and is taken as usual by the Board of Directors. 2. Business strategy focuses on achieving the success in the market competition of separate business, strengthening the competitiveness, reacting on external changes, defining the strategy of behavior of the main structural units. 3. Functional strategy generates a

sequence of actions in order to achieve set goal in each direction of the company. 4. Operating strategy contains specific actions of individual structural units, solving the problems of specific departments.

Strategic management level usually does not exceed 5 years. Strategic plan defines major goals and objectives of organization for achievement in a specified period. Decomposition degree of strategic plan is not high, but the decisions made on this level affect long-term performance measures in organization, satisfaction degree of project members [1, 7]. The specification of inter-connections among tactical and strategic management of open nonlinear evolving organization is relevant nowadays.

Presentation of the basic material. There are all levels of management in classical functional companies in contrast to project-oriented organizations [8]. The project approach imposes certain restrictions on managerial hierarchy – from top level of strategic management to the lower level of management.

The level of management of real-time exists in management of technological processes of continuous production cycle in the form of process parameters, acceptable deviations and quality control of performance, in the management of logistic systems. These processes take place in project-oriented organizations of construction industry at the preparation stage [9] and implementation stage.

In project-oriented organizations the levels of operational, operative and real-time are indistinct and no clear boundaries exist. In addition branch affiliation of the project-oriented organization imposes certain specifics [1, 9-11].

Project team is fully responsible for providing the product of project to the customer, as well as foreexpected value brought to all project stakeholders, taking into account its uniqueness. It breaks the managerial hierarchy from the strategic management of organizations to the management of specific project. Herewith, there levels of management from the operational time to the real one do not exist in project performance [12], and program and portfolio management is the tool for achieving the strategic goals in project-oriented organizations [13, 14], namely the models and the methods of formation of portfolio of projects.

Models and methods of program and portfolio management in project-oriented organization generate indicators of projects success based on the strategic goals of the organization.

Assessment of the competence of the organization can be made on the basis of the IPMA Delta model, which includes three modules: I-module ("Individuals") is staff self, P-module ("Projects") – self-assessment of projects and/or programs, and the O-module ("Organization") used to conduct interviews with selected people during the audit in the company [15]. Evaluation of I-module and

P-module are executed before the beginning of audit in the company. According to this model, project-oriented organization is analyzed as a group of people and resources, which are involved in projects, programs and portfolios, with those who work on the organization strategy implementation in the area of management of projects, programs and portfolios [16].

Application of the approaches above on the project implementation stage requires some correction. If the lower management level does not meet approved goals of the project, this automatically entails non-completion of strategic goals of organization [17].

In functional-type organizations the interference of the leadership team of the upper hierarchy level is valid and fully logical [18]. In project activities and especially in project-oriented organizations such an intervention is basically excluded, since the customer is "the upper hierarchy level" in specific project, which does not take into account strategic goals of the organization, which carries out this project for customer [12].

The account of influence of the projects in project-oriented organization in order to achieve its strategic goals can be accomplished by tracking the current measures of all the ongoing projects, calculating the integral indicators of success to determine the possibility of approved strategic goals achievement in the organization.

Development of the project in a multicomponent turbulent external environment is only possible with constant motion, where the evolution of its structures from one ordered state to another takes place [19]. The project takes on the character of an open nonlinear system. In such a system, self-organization processes happen permanently. Such processes determine the dual effect. On one hand it disrupt the established structure of management, on the other, it is sources of innovation and creative development of the organization. In this case, it is necessary to ensure harmonization of processes [20], which from one side require a manifestation of a single entity in order to achieve goals through the product of project, and from other side to keep the elements of chaos as the source of system self-organization. Strategic management of project-oriented organizations must take into account evolutionary processes of self-organization.

In this case the process of controlling the strategic goals achievement is complicated in the organization [21]. It is proposed to use elements of proactive project management as an advanced functions with a clear division into tactical and strategic levels of management in organizations. The top, or strategic level, ensures the process of management of diversity project space, and the lower, or tactical level – management of structures formed in the self-organization process. Therefore, new task of strategic level of management should be the task of foreseeing the formation of new elements and its management.

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