STRATEGIC ALIGNMENT WITHIN A TMO: PERCEPTIONS OF PROJECT SUCCESS

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Current research into the strategic alignment of projects makes the assumption that temporary organisations are formed within the organisational boundary of a single, parent organisation. Within the construction industry, the temporary organisation operates within an environment of overlapping organisational boundaries, where multiple organisations simultaneously seek to make representation on a single endeavour. As a consequence, it is proposed that there may be a lack of consensus among organisational actors as to the perception of project success. Instead, the TMO will be in a state of negotiation and compromise as it seeks to align the project with multiple organisational strategies. The aim of this paper is to identify the source of tensions in the alignment of organisational strategies by investigating how varied organisational actors’ measure success on a single construction project. Using case study methodology, a model is presented identifying nodes where tensions in alignment of strategies may occur. Findings suggest that a lack of strategic alignment is inherent in construction projects with the client being the most influential stakeholder.

Keywords: alignment, strategic fit, project success, temporary multi-organisations.

INTRODUCTION

Commentaries on temporary organisational forms have predominantly focused on the implementation of projects within the boundaries of a single parent organisation (Lundin and Soderholm 1995, Packendorff 1995, Turner and Muller 2003). In contrast, the temporary multi-organisation (TMO) operates within an environment of overlapping organisational boundaries, where multiple organisations simultaneously seek to make representation on a single endeavour. As such, reaching consensus on the perception of project success among organisational actors may be difficult to achieve. This is because the TMO will be in a state of negotiation and compromise as it seeks to align the project with the strategic objectives of multiple organisational strategies.

This paper forms part of an on-going study into the strategic behaviour of TMO’s, which makes significant contribution towards a greater understanding of how multiple organisations seek to maintain alignment of their strategies through a single construction project. The study responds to a current gap in the theory of temporary organisations (Lundin and Soderholm 1995) and expands on Cherns and Bryant’s (1984) characterisation of TMO’s. The aim of the paper is to identify the source of tensions in the alignment of organisational strategies, by investigating how varied organisational actors’ measure success on a single construction project.

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The paper begins with a brief overview of the research themes within the strategic fit literature, followed by consideration of current models of strategic alignment within projects. The idiosyncratic nature of TMO’s within the construction industry is then discussed, before revisiting the extant literature on project success criteria. A case study of a newly built university residence was selected to provide the empirical data for analysis. A model is presented identifying five nodes where tensions of alignment may occur leading to conclusions and recommendations for further research.

LITERATURE REVIEW

The concept of fit

The concept of ‘fit’ has become a central theme within the strategic management literature. As the core concept of contingency theory (Lawrence and Lorch 1967), the general notion of fit suggests that organisations function more effectively when individual components, are consistent with the needs, demands, goals, objectives and structure of other organisational components (Nadler and Tushman 1980). Conversely, if organisational components ‘fit poorly’ the organisation will not function effectively (Fry and Smith 1987).

Despite general agreement regarding the notion of fit, there remains criticism regarding clarification of the concept (Van De Ven 1979, Venkatraman and Camillus 1984). This can be partially attributed to the fact that differing perspectives exist of how fit should be achieved. Within the literature, there exist at least three themes to explain the concept of fit. The first draws on industrial organisation (IO) economics (Bain 1950) and focuses primarily on the fit between strategy and external elements. The key premise is that strategy should favourably align the business with the environment in which it competes, either through responses to various industrial barriers (Porter 1980), formulation of differential strategies through strategic grouping (Hatten and Schendel 1977), or through analysis of an industry’s life cycle (Abernathy and Utterback 1978).

In contrast, the second theme focuses on alignment between strategy and internal elements with almost no direct reference to external influences. Within this perspective alignment is achieved by tailoring administrative and organisational mechanisms in line with organisational strategy (Venkatraman and Camillus 1984). This follows Chandler’s (1962) proposition that a change in strategy requires change in all organisational activities so that the structure of the organisation fits with the new strategic objectives. The salient factor is that strategy is articulated at the outset and alignment is achieved by adapting mechanisms and structure to the articulated strategy (Ansoff 1965, Chandler 1962).

The third theme takes an integrated approach, where management of strategy involves both strategic formulation and implementation, with reference to both organisational and environmental decisions. Central to this theme is the proposition that there must be a match between the context, strategy and structure (Galbraith, Nathanson and Kazanjian 1986, Venkatraman and Camillus 1984). Models such as Miles and Snow (1978) attempt to specify a relationship between structure, strategy and process by proposing that firms should develop relatively stable patterns of behaviour in order to accomplish alignment with environmental conditions. Whereas, Nadler and Tushman (1980) take a total systems approach and suggests that fit occurs when each organisational component’s needs, demands, goals and objectives are consistent with other components’ needs, demands, goals and objectives.
The strategic alignment of projects

Within the project environment, strategic fit is accomplished when individual projects align with the organisational strategic objectives. Central to this premise is the implementation of organisational strategy through projects (Cleland and Ireland 2006, Gareis 1991). Following Hofer and Schendel’s (1978) suggestion that strategy be constrained by the upper level of a strategic hierarchy, the proposition is made that alignment is achieved by setting strategy at the corporate level and implemented through projects. Archibald’s (1978) hierarchy makes the proposition that objectives and strategies are developed at the policy levels and cascade down through strategic and operational levels. Kerzner’s (2001) hierarchy illustrates how corporate strategic plans flow horizontally across strategic business units and vertically to supporting plans and budgets. Finally, in adapting Turner’s (1999) model, Morris and Jamieson (2004) show how organisations position their programmes and projects to achieve strategic objectives.

The assumption in the literature is that implementation frameworks involve clear communication of strategic intentions and objectives, against which line managers devise their own operating targets and plans (Snow and Hambrick 1980). Consequently, the strategy implementation process is entrusted to the organisations internal systems and procedures (Hrebiniak and Joyce 1985, Mintzberg and Waters 1985), and in the form of projects becomes the responsibility of the project manager, who typically has little involvement in the strategic formation process (Pellegrinelli and Bowman 1994). It is this gap between formulation and implementation that is considered to be the main deficiency of most strategic planning models, mainly because such a separation hinders the rapid implementation of business strategies and ignore emergent influences on the strategy (Crawford 2005). Within a project environment the strategic plan is rarely acted upon in a prescriptive manner as models suggest, and most strategic actions manifest themselves in a more haphazard process (Hauc and Kovac 2000). The filtering of strategic objectives from the corporate to the project level involves a number of complex interactions, processes and various strategic constraints. Each strategic level will be subject to the environment in which it competes. Consequently, inevitable changes within the external and internal environments will result in strategies not being realised as wholly intended by the strategy makers.

Temporary multi-organisations

Whereas there has been a growth of studies exploring temporary systems within single organisational boundaries (Bakker 2010, Lundin and Soderholm 1995, Packendorff 1995, Turner and Muller 2003), discourse on inter-organisational relationships within the boundaries of a TMO has not received the same attention. This despite, recent research into social embeddedness within temporary inter-organisational projects (Jones and Lichtenstein 2008) and research into network analysis within the construction industry (Ruan et al. 2013). As a consequence, studies into temporary organisational forms have predominantly focused on the intra-organisational characteristics of temporary systems created by a single parent organisation, with the assumption that many of the propositions underpinning Lundin and Soderholm’s (1995) basic concepts apply to all temporary organizational types.

It is the fundamental differences between inter and intra-organisational types that have significant implications for the pursuit of strategic alignment and the measurement of project success. Firstly, actors within TMO’s are brought together under contractual
conditions to provide specific elements of management, services or resources to deliver a facility on behalf of a client body. Hence, much of the research into TMO relationships focuses on procurement strategies (Lizarralde, Blois and Latunova 2011). Secondly, the inter-organizational nature of TMO’s often results in actors having different levels of expertise, overlapping areas of responsibilities and disparate strategic objectives (Jones and Lichtenstein 2008). Thirdly, engagement in a construction project is over different points in time and changes throughout the project lifecycle as specific organisational services or resources are required (Cherns and Bryant 1984). Consequently, actors within a TMO are never fully integrated, either within or between organisations (De Blois and Lizarralde 2010).

However, the most important distinction with regards to strategic fit concerns the degree of autonomy a project has in relation to a parent organization (Lampel and Jha 2004). The dominant discourse within the literature makes the assumption that temporary organizations are subordinate to a single parent organization and will serve as an ‘obedient servant’ to the parent organisation as its most important stakeholder (Artto et al. 2008). Alignment within the ‘obedient servant’ strategy is measured on how well the project implements and supports the parent strategy. In contrast within any given construction project there exist a number organisations that will have its own strategic objectives, organisational structure, individual set of stakeholders and its own rationale for joining the TMO on which the perceptions of project success will be measured. As such, it can be argued that within a TMO there is not one single parent organisation, but a number of parent organisations, all seeking to realize strategic objectives through a single construction project.

**Project Success**

Despite the concept of project success being discussed extensively within the project management literature (Baccarini 1999, Ika 2009, Pinto and Slevin 1988), the performance of temporary organisations remains notoriously difficult to measure (Bakker 2010). Traditionally, the dominant criteria on which to measure success has long been on achieving the specific project objectives within the ‘iron triangle’ of time, cost and quality (Atkinson 1999). However, since the late 1980’s the concept has been perceived to involve broader objectives from the viewpoint of stakeholders throughout the project life cycle (De Wit 1988). As a consequence project success has become both subjective and ambiguous, with little agreement concerning the criteria by which achievement of the project should be judged (Pinto and Slevin 1988).

It is also interesting to observe that the majority of literature on the topic has tended to focus on factors that need to be in place for success to be realized, with less research into the criteria on how it should be measured (Ika 2009). Whereas, efficiency in managing projects may contribute to project success, it does not necessarily result in the project being successful (De Wit 1988). This is because varied stakeholders will have different opinions on what constitutes an effective project and make assessment on varied, often subjective, criteria (Belassi and Tukel 1996, Freeman and Beale 1992). Therefore, if we accept the complexity of measuring success within a single organisational boundary, this complexity will be significantly magnified when considering the multiple organisational boundaries in a TMO. This is further compounded when we consider that within the construction industry, success is also subject to problematic procurement systems, legislation, dynamic project teams, technologies, fluctuating market conditions and far-reaching stakeholders that all have an influence on the outcome of the project.
METHODOLOGY

A single case of a recently completed, university residency was selected to provide the empirical data for this study. The project involved the design, construction and fit-out of a new, 273 bed, student accommodation to be erected on the site of the rural university campus. Consistent with Lizarralde et al’s (2011) categorisation of institutional configurations, there existed levels of strategic hierarchy as well as an established structure for both project procurement and a mechanism for project management within the client organisation. Prior to construction, the university established a Project Board and an Oversight Board to govern the project on behalf of the varied stakeholder representatives within the university.

Data was collected over a period of six months. Semi-structured interviews were conducted across actors from representative organisations within the TMO. Participant groups are shown in Table 1. Each interview, lasting between 45 and 60 minutes, was recorded and transcribed for analysis purposes. Documentation, including minutes of monthly progress meetings, was also collected for the purpose of triangulation.

Table 1: Project participants by group

<table>
<thead>
<tr>
<th>Groups</th>
<th>Level</th>
<th>Participant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client representatives</td>
<td>Senior Management</td>
<td>CL-SM</td>
</tr>
<tr>
<td></td>
<td>Project Manager</td>
<td>CL-PM1, CL-PM2, CL-PM3</td>
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<tr>
<td></td>
<td>Department Manager</td>
<td>CL-DM1, CL-DM2</td>
</tr>
<tr>
<td>Consultants</td>
<td>Senior Management</td>
<td>Co-SM</td>
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<td></td>
<td>Disciplines</td>
<td>Co-A, Co-QS</td>
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<tr>
<td>Contractor</td>
<td>Senior Management</td>
<td>Con-SM</td>
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<td></td>
<td>Project Management</td>
<td>Con-PM</td>
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FINDINGS

Within this study alignment was measured through the degree of fit between the strategic objectives and the perception of project success between TMO actors. Findings identify five nodes where tensions in alignment of strategies occur. These are illustrated in Figure 1 and discussed below.

Node 1: The first node is at the intersection of all organisations within the project and considers the degree of fit between strategic objectives at the project level. The strategic focus at this node was the short-term project management objectives of the project. Although the project was finished two months later than the original deadline and 15% over budget at completion, all TMO members perceived that the residencies being ready for the students arriving was the main priority, “…come hell or high water, the students had to be in!” (Con- SM).

“…delivery to time was very difficult and very problematic and we delivered it five minutes before the students arrived. Five minutes! The paint was still wet on the walls when the students arrived with their parents, luggage and everything” (Con-PM)

Success at this node is assessed on the implementation of the project and is measured by either time, cost or quality variables, besides safety. At the project level, completion of the project will take priority as the first measure of success, in particular when handover is of significant importance and there is schedule dependency on completion by end users.
Figure 1: Tensions of strategic alignment within a TMO

Node 2: The second node considers the interaction of actors at the discipline level. Alignment at this node considers the degree of integration between varied actors in completion of tasks to achieve the short-term project management objectives. Consistent with the literature, findings suggest that TMO actors at this node are task focused and have a tendency to work in ‘silos’.

“You know they would all travel down to the same meetings from the same office but they would travel in separate cars and all take different routes” (Co-A)

Within the case, this had an effect on the dependency of activities and information flow. The key tension identified at this node appears to be the lack of mechanism for the efficient alignment between actors. Consequently, the lack of integration was perceived as contributory factor for the delays on the project.

“...there were gaps in our information ...as a consequence of that there was a lots and lots of disagreements all the way through the process. Information was being issued piecemeal and late and difficulties with the actual construction because of the structural and M&E solution. So there were delays...” (Co-A)

Success at this node is measured on the task efficiency. However, due to the silo behaviour within the TMO, each actor focuses on the success of their own task, independent of other tasks comprising the project.

Node 3: The third node considers the extent of alignment between the strategies of the individual organisations within the TMO. Success for each member organisation is measured on achieving the anticipated objectives through participation in the project. The main source of tension at this node was on achieving the financial strategies of member organisations within the TMO. “I’m being obvious...but most issues in jobs come down to money” (Co-QS). Cost was the primary measure of success at the executive level of the client organisation with tensions occurring with the contractor.

“....the main conflicting objective is the contractors are there to make money. The clients are there to stop them making money so there you have a very confrontational
scenario right away and a mechanism by which both can operate is the design team…” (C1-PM1).

Success in achieving the financial strategy for all parties is therefore dependant on the procurement route the client chooses to pursue and the project management of the contract and design team.

“...because the client is dependent on the design team to ensure that there’s no opportunity for the contractor to make money. And the contractor is dependent on the design team to make sure that they make as many cock-ups as they possibly can, so they can drive a bus through it and make money” (C1-PM1).

Other cited reasons for participation included market entry into the student residencies sector and market opportunities through delivery of a higher quality facility. However, success in both strategies are dependent on the client perception of the project being successful, as marketing strategies and reputation is determined by the satisfaction of previous clients.

Node 4: The fourth node concerns alignment between the member organisations within the TMO and their representative actors participating on the project. Alignment at this node considers the possible conflicts of allegiance between the TMO objectives and the strategic objectives of their employer organisation. More than one consultant commented that their respective employers felt that, as a consequence of delays, they have spent a disproportionate amount of time on the project in relation to the fee received.

“...because my Director would be asking me “Why’ve you spent so much time on this job, you’ve only got X amount of money, you’re spending more than that and you’re spending more than you’re earning and the time that you’re taking” (Co-QS)

TMO actors are therefore often put in a position where they need to seek a balance between the project management objectives and the strategic objectives of their employer. This is particularly the situation when there is an impact on the time and resources committed by a TMO member to complete the project, as in this study.

Node 5: The fifth node considers the individual strategies within the client system itself and measures success at different hierarchical levels and between internal departments. This node is particularly complex due to the varied stakeholders within the client system who have an interest in the project. At the Executive level alignment is measured on the long-term strategic goals of the university as a result of investing in the new residencies, identified as reputation, growth and financial.

“... I think, undoubtedly for the university is the fact that we make a promise to new and first year students that we will make sure they have accommodation. It’s got the added benefit that it actually stacks up commercially, but the primary motivation for the university is, or certainly has not been, because there’s money to be made in this. They do it because they have made a very public statement that first year students will be provided with accommodation” (C1-SM).

Although, there was general understanding and support for the university strategy, tensions existed between business units. Key stakeholder departments included Estates, Student Services and Hospitality and Catering. In terms of design, the strategic objective of Estates was to develop a sustainable and low maintenance facility through specification of selected materials and suppliers. The strategic objective of the Student Services was to ensure the quality of the building is of a high enough quality to enhance the student experience. In contrast, Hospitality and Catering measured success of the project on the cost of the facility.
“... student welfare went for a lot of what I would call ‘niceties’ and nice bits and pieces, etc., not looking at the bottom line; Estates were able to put in specifications that were not benchmarked against external business and the marketplace; they went with what they’ve done over the last 20-30 years and ... at the end of the day the cost comes out of my budget, therefore, the decisions I make tend to be very much related to the bottom line” (C1-DM1).

A consequence of tensions there was a lack of agreement and late changes to the design of the facility. This had an impact on both cost and delays on the project, which also contributed to the tensions in achieving strategic fit. Views were also mixed within the client organisation regarding the success of the project.

“Personally... I think it’s a great success, a lot of people have got caught up in thinking it wasn’t because of the financial impact but, longer term, people will forget about that and think we have an amazing high quality building.” (C1-DM2).

Although from a client perspective, the project was late and over budget, it was successful in realising the organisational strategies for which it was intended. However, the consultants did secure further contracts as a result of the project and the contractor reported financial losses. Which raises the question as to whether the project was a success or a failure, and from whose perspective?

CONCLUSIONS

The identification of tensions within a TMO is a useful tool for analysis and understanding at inter-organisational relationships. The findings suggest a lack of strategic fit is inherent in construction projects. At the project level TMO team members will focus on the short-term project management objectives and likely to prioritise completion of the project as the key success factor, with cost and quality becoming secondary factors. This is particularly the case when the handover date is of significant importance. Conversely, at the corporate level, the client is likely to measure success by achieving the long-term strategic benefits of investment in the project. The study also finds tensions between TMO actors, resulting in members becoming task focus and working in silos. We attribute this lack of integration to the procurement processes inherent within the construction industry, as under the contractual agreements, each organisation involved in the project will be solely accountable for the service they are employed to deliver. This is actually in contrast to general project management practices where project team members are encouraged to be mutually accountable for the project.

However, the main tension in achieving alignment remains between the client and other TMO member organisations. This we attribute to the complexity of the client system where the perception of project success will vary between hierarchical levels, business units and departments. Consequently, there is likely to be varied perceptions of project success and therefore mixed directives given to the project team. The findings suggest that conflicts of alignment occurring within the client system have an impact on all nodes within the model. It could therefore be argued that it is the client that is the driving force for alignment of strategies within a TMO. We therefore call for further research into client influence on project success. In particular, we see a need for further empirical studies into highly complex client systems where a single point of authority or leadership of a TMO is challenged. In such cases, where there exists a multifaceted organisational structure, such as universities or other public sector organisations, there is a higher likelihood that varied internal stakeholders will
Strive to implement their individual, and often conflicting, strategic objectives through a single project.

REFERENCES


