NAC **Executive Insights**

Functional Organizations in Large Complex Programs

Key Points

- Functional organizations more akin to the corporate functional organization are often created within large complex programs.
- A typical program management organization will include a functional organization that will provide people, management processes, program-level project control tools, and systems.
- Functional organizations will be carefully tailored to cover the "white spaces" between projects and provide the coordination to harmonize the overall program.
- As the program standards, procedures, and processes are established, functional organizations will transition into training, standards enforcement, and program audit roles.

Introduction

Large corporate organizations typically employ some form of matrix organization to share resources and ensure a consistent approach in key areas across the organization. The nature and extent of this matrix or functional organization will be driven by:

- Common approaches to human resources
- Consistent application of legal approvals and reviews of significant actions
- Common financial functions related to accounting, cash management, insurance, and claims and legal suits
- Common managerial, technical, and support functions which accrue benefits from a consistent and coordinated approach. Within a project setting, required resources generally reside at the project level. Corporate functional activities extend into the project environment only to the extent required to protect the parent organization, consistent with client requirements and practices.

The situation in large programs, however, is different. A functional organization more akin to the corporate functional organization is often created within the program team. This program-level functional organization acts much in the same way as the corporate functional organization, but its role and emphasis evolve throughout a program's life.

Program Management Organization

A typical program management organization will include a functional organization that will provide people, management processes, program-level project control tools, and systems. The program management team will thereby bring enhanced management, quality control, efficiency, and coordination to the entire program.

Conceptually, the program management organization might consist of the following major program execution elements:
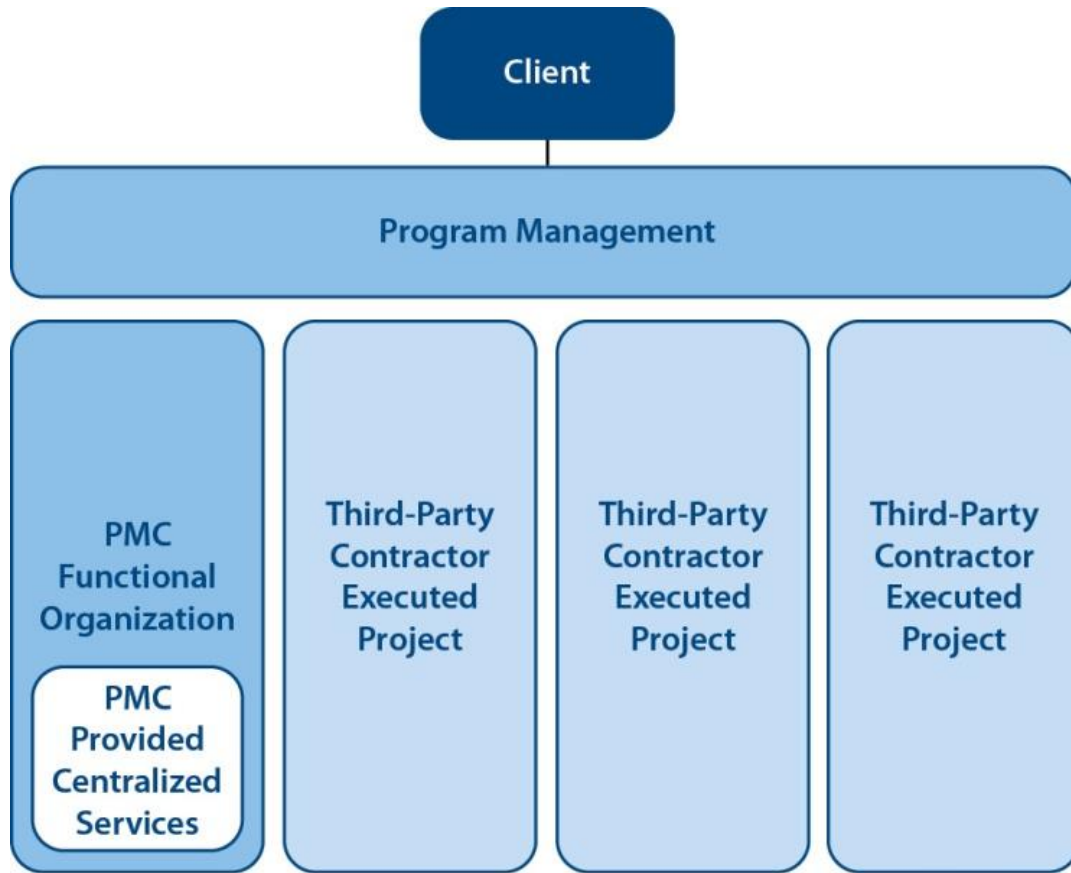
- Program management
- Business and administration management
- Health, safety, environmental (HSE) and security
- Human resources
- Project controls
- Estimating
- Procurement
- Materials management
- Contracting
- Interface management
- Risk management
- Information technology (IT)
- Quality
- Engineering management
- Construction management
- Program management systems and tools

The larger functional organization will be carefully tailored to cover the "white spaces" between projects and provide the coordination to harmonize the overall program. The efforts of this team will be critical to a smooth start and overall efficiency. The transition from a larger functional effort to put program

standards, tools, and processes in place to a more limited functional organization ensuring consistency of approach across the project-based elements must be understood.

As the program standards, procedures, and processes are established, the functional organization will transition into training, standards enforcement, and program audit roles. Certain functional elements may adopt a centralized services role that provides discrete services across multiple projects that comprise the program effort. These centralized service roles should not be confused with the functional roles required for standards development and enforcement to achieve program consistency and efficiency. They will vary based on project contracting approaches and whether the Program Management Contractor (PMC) is also undertaking a PMC$^+$ role (a role including some project execution responsibilities in addition to the program management responsibilities of the PMC).

About the Author

Bob Prieto was elected to the National Academy of Construction in 2011. He is a senior executive who is effective in shaping and executing business strategy and a recognized leader within the infrastructure, engineering, and construction industries.