Chapter 12
Project Portfolio Management and Organization: An Integrated and Circular Model

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ABSTRACT
The chapter is an overview on organizational models for project management, identifying the characteristics of a possible reference model that joins to the necessity of portfolio management. The approach to portfolio management requires attention to the integrated management of projects; this is why the organizational structure matrix “differentiated” could be a useful reference point. This chapter proposes, therefore, a reworking of the organizational structure design criteria considering both the Value Chain of Porter is the matrix structure “differentiated”. Ultimately, the contribution configures the characteristics of the organizational model for portfolio in relation to the type of project - internal/process, external/product mix - in order to improve the performance of internal projects whose objectives are not always explicit. The basic idea of this work is to apply the concept of Porter’s value chain not only functions but also the portfolio of projects that the company has.

INTRODUCTION
Various proposals have been advanced over time in literature to describe models for project management, but rarer is the case of such analysis for portfolio management. The analysis of the main literature on project management, portfolio management and their connections with the organizational design, particularly in relation to the organizational structure, highlights a different approach from the one shown in this chapter, which is instead an “integrated and circular model for portfolio”.

Studies in project management have identified a plurality of organizational structures differentiated according to the hierarchical importance of the project on technical and specialized areas (functions). DOI: 10.4018/978-1-5225-2151-8.ch012
Some authors (i.e. Tonchia and Nonino, 2007) propose different types of organizational structure for project or multi-project management: 1. weak matrix structure; 2. balanced matrix structure; 3. strong matrix structure; 4. pure projects organization; 5. “separate property” organizational matrix. Of equal importance is the approach known as value chain (Porter, 1986), which is applicable in case of coordination of multiple projects simultaneously.

The best way to be aligned with the new needs of organizational structure for Portfolio would be a new approach of structure. Thus the authors will pragmatically develop a systematic approach to active management, assuming that this is a worthwhile goal.

The first necessary ingredient for success in dynamic organizations is recognition of the challenge, which requires a new approach of organizational structure.

Johnson, Scholes, and Whittington (2008) consider that the strategy can be defined as the direction and scope of an organization over the long term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. Romano (2015) affirms that strategy is the direction and scope of an organization over the long-term: which appears to be able to produce an advantage for the organization. In line with this concept it is that the competitive advantage would be the key factor for new organizational strategy in portfolio management and thus in project management.

Romano (2015) considers that an organization needs a strategic vision to describe the future that this organization wants to create; organizational structure – in this context – is crucial to portfolio development. The strategic vision should be a key factor for the organization. Based on this vision in mid- and short-term organizations, Romano stated that there is a need to define a mission that can be broken down into several objectives. Objectives are more manageable than a “vision,” as they are conceptually smaller and more measurable, and are used to transfer the vision into results. Strategic objectives must be, at the very least, quantifiable, measurable, and timed. The executive performance of an organization can be measured by the level of achievement of the strategic objectives.

Project management literature indicates as the first element to start a project the definition of the organizational structure, from which derives the identification of the human resources required and the communication that they are involved into project.

The second element is to define and map the project phases, thus:

1. Start-up.
2. Pianification.
4. Implementation and monitoring.
5. Closing the project.

The last element is represented by the management of project that is synthetized into individuation/mapping of nine knowledge areas from PMI (Tonchia e Nonino, 2007: 3), attributable to:

1. **Management of the Project Integration (PIM, Project Integration Management):** This area guarantees the efficacy and efficiency of the coordination of different projects.

2. **Management of Objectives and Scope Of Project (PSM, Project Scope Management):** This area ensures that the objectives of project are consistent with the project planning, through a clearly definition of the process.