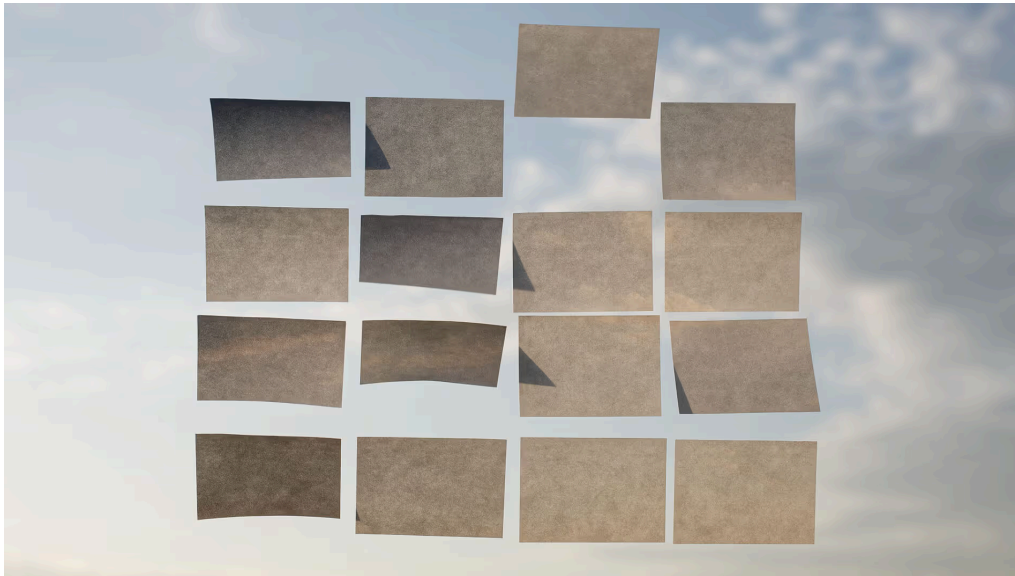**Project Management**

The Project-Driven Organization

by Antonio Nieto-Rodriguez

From the Magazine (January–February 2026)

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Summary.   In an era when adaptability and innovation are paramount, organizations are recognizing the pivotal role of projects in driving success. In fact, we've already arrived at a moment when projects, not operations, are the primary engines of value...   **more**

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In an environment of constant change, projects are how businesses evolve, adapt, and grow. They're how strategies are executed. They're how innovation is delivered.

That became abundantly clear in 2020, when the Covid-19 pandemic was upending old ways of doing business around the world. Organizations everywhere were scrambling to set up digital infrastructures, reconfigure global supply chains, and launch new services—in days, not years. Transformation was urgently needed, and projects were the only way it could be carried out. Virtually everyone in that era, from entry-level employees to the CEO, became a project leader, whether people recognized it or not.

Around that time I argued, in "The Project Economy Has Arrived" (HBR, November–December 2021), that we were at a turning point in the history of business: While companies had traditionally created value through their operations (by focusing on scale, efficiency, and service excellence), now for the first time projects were the primary engines of value creation. That idea resonated across industries, and in the past four years many companies have tried to adapt to this new reality, with some promising results. They've trained more project managers, created centers of excellence and project management offices, upskilled middle managers, and introduced better governance. Execution is now more consistent, frameworks are better understood, and timelines are clearer.

Nevertheless, failure rates remain stubbornly high, and value creation is elusive. Why? Because too many organizations today approach projects with an operational mindset that prioritizes hierarchy, control, stability, and efficiency. And they continue to make a host of missteps, among them:

- committing to too many initiatives and spreading resources too thin

- mistaking output for value and measuring what's easy, not what matters

- failing to deploy fully dedicated cross-functional teams

- relying on long, complex transformation efforts rather than short, manageable ones

- not appointing active executive sponsors who commit enough time to projects and own their outcomes

- outsourcing transformation to consultants instead of building internal capabilities

- not killing underperforming projects quickly—or at all—because of the fear of being blamed

Those are all project management problems, of course. But they're also evidence of something deeper: To meet today's demands for constant transformation, we can't simply focus on managing projects better. We also have to think differently about organizational design, leadership, and value creation.

In this article I'll introduce the idea of the project-driven organization: a new enterprise model that places projects at the center of how companies are structured and led and generate value. It's a natural next step beyond the agile organization, a 20-year-old idea that, while groundbreaking in its time, no longer can fully address the scale and complexity of transformation today.

Beyond Agile

In recent decades the agile organization became the ideal model of how to cope with a fast-paced, technology-driven world. The agile approach introduced critical innovations: smaller teams, shorter feedback loops, customer-centric design, and iterative development. Those tools helped companies break free from rigid planning models and adapt more quickly.

Miko Okada explores perception by returning to locations she once photographed, placing prints of the original images in the same landscape, and photographing them again.

But today organizations face challenges that agile frameworks were never designed to address. Entire industries are being redefined overnight. AI and advanced analytics are compressing decision cycles; customers and employees expect personalized, real-time experiences. In this new context the project-driven organization is the next logical evolution because instead of simply optimizing teams or workflows, it redesigns everything around dynamic, empowered, cross-functional teams.

In this model leaders actively sponsor a small number of strategic initiatives, enable people closer to the action to make decisions,

and ensure that resources, skills, and support are aligned with project priorities. Speed and adaptability get built into every layer of the business, from the boardroom to the front line. The company's structure, leadership, and culture are all organized around a single purpose: delivering constant enterprisewide transformation through projects.

To become project-driven enterprises, companies need to pull eight key levers. The first three—changing culture, changing structure, and changing governance—concern *organizational design*. The second three—changing the approaches used to set strategic priorities, deploy human resources, and manage performance—concern *leadership*. And the final two—changing operations and changing execution to facilitate fast, high-impact delivery—concern *value generation*. (See the exhibit "Eight Levers for Creating a Project-Driven Organization.")

Eight Levers for Creating a Project-Driven Organization

To meet today's demands for constant change, companies can't simply focus on managing projects better. They must also rethink their approaches to organizational design, leadership, and value generation, while ensuring that leaders actively sponsor transformation efforts.

Organizational design levers

To create the right foundations, firms need to shift from a culture of risk avoidance to one that embraces change; break down silos; and enable co-creation, teamwork, and faster, decentralized decision-making.

Leadership levers

Leaders should prioritize ruthlessly and favor strategic fluidity over rigid planning. They should quickly move employees to where they create the most value, and shift the focus of performance management from efficiency to impact.

Value generation levers

Operational teams should stop acting as gatekeepers and instead work as enablers who help deliver exponential change faster. Companies must stop thinking about execution in linear terms and adopt an adaptive, iterative approach.

Culture

Structure

Execution

Project-Driven Organization

Governance

Operations

Performance management

Strategic prioritization

Human resources

Source: Antonio Nieto-Rodriguez

HBR

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Now let's look at the levers in each category and consider the ways that different companies have put them to use.

Organizational Design

This category involves creating the right foundations: changing the culture, breaking down silos, and enabling faster, decentralized decision-making. Projects can't flourish in rigid hierarchies or siloed structures. Here's how to retool organizations to support them.

Move from avoiding risk to embracing change. Culture is an organization's invisible operating system. It can make the difference between a transformation that stalls and a transformation that scales up.

So how do you shift your culture away from risk avoidance and toward a positive view of change?

Consider the case of Haier, the giant Chinese home-appliance company. It engineered its shift by dismantling its traditional hierarchy and replacing it with more than 4,000 self-managed microenterprises, each accountable for its own P&L and customer outcomes. Employees in the microenterprises are no longer measured by how well they follow internal processes; they're judged by the value they deliver to the end user.

In that context, risk-taking and exponential thinking—aiming for 10-fold improvements—are expected. Teams have the authority to start and stop projects on the basis of real-time results. Unviable projects are quickly shut down, freeing resources for higher-impact work. This creates a culture where small failures and discontinued projects are seen as a source of learning and a strategic advantage, not a liability. The result is a workforce that moves faster, collaborates more openly, and remains deeply connected to the customer. Change becomes the norm.

Move from functional silos to project teams. Structure determines how quickly an organization can turn strategy into action. In a traditional organization work moves from corporate headquarters to local business units and from department to department, often losing momentum at each step along the way.

In a project-driven organization work isn't forced through static structures. Teams are built around projects, which enables the right talent to seize emerging opportunities through cocreation from the start.

Shimizu Corporation, a 220-year-old Japanese architectural, engineering, and construction firm, has shown what this fluid model can look like, even in extremely traditional industries. Instead of locking innovation inside permanent departments, the company dynamically assembles project teams that draw on full-time staff and part-time contributors from across the company. "Volunteer champions"—employees with deep technical expertise, customer insight, or community relationships—can step forward to lead projects without going through layers of formal reassignment or bureaucratic approval. That approach helps the workforce appreciate and support initiatives rather than resist them. And because teams are formed around the specific needs of each initiative, they often end up bringing together people and perspectives that wouldn't normally intersect.

Move from steering committees to real-time decision-making.
Governance in the project-driven organization is about enabling momentum, not adding bureaucracy. Bayer, the German pharmaceutical and life-sciences company, provides a striking example of what this can look like. The company has shifted from central steering committees and multilayered approvals to a model of dynamic shared ownership. By doing so, it has eliminated 95% of its middle-management layers, which in turn has drastically shortened decision pathways. Teams no longer wait weeks for a green light—they adjust direction and resources as needed in real time. More than 5,000 autonomous teams operate on rolling 90-day cycles, empowered to make most funding, scope, and prioritization decisions themselves.

Leaders in this model act less like generals and more like coaches, providing strategic clarity, removing barriers, and ensuring alignment without slowing teams down. Lengthy monthly reviews are replaced by lightweight, high-frequency check-ins and live project dashboards that monitor risk and progress. The

result is a governance approach that keeps projects in sync with strategy while allowing them to adapt speedily.

Leadership

Leaders in a project-driven organization can't just approve projects. They have to sponsor, prioritize, and drive them. That requires executives to change how they manage resources, talent, and performance. Specifically, they need to do the following:

Move from planning cycles to strategic fluidity. In a project-driven organization, strategic prioritization is a core leadership discipline. Less is more. Instead of managing dozens—or hundreds—of disconnected efforts, the organization focuses on a small number of high-value initiatives that everyone can name and understand. A set of clear top-three strategic priorities, communicated across the enterprise, aligns decision-making at every level and ensures that resources are focused on what matters most.

This kind of prioritization requires leaders to constantly review and reevaluate initiatives and reallocate resources in response to market shifts, emerging opportunities, and real-time performance data. You can't do those things just once a year. The goal is simple but powerful: Start less, finish more, and make everything count.

Repsol, a Spanish multinational energy company, offers a powerful example of how this approach can produce results. During its digital transformation, the company collected more than 450 ideas for potential initiatives but concentrated on a few strategic priorities with the greatest potential for impact—such as the hyperautomation of assets, a radical customer orientation, and sustainability-driven digitalization. That allowed leaders to move resources quickly, build cross-functional engagement, and hit targets more rapidly. One standout success was Waylet, a payment and loyalty app that people use to make purchases at gas stations, recharging stations, car washes, parking garages, and more. After identifying Waylet as a top priority, the company mobilized talent from IT, marketing, and operations to work on it

as one integrated team. The result was a platform that rapidly acquired more than 9 million users, delivering significant customer and business value in record time.

Move human resources out of fixed roles and into fluid ones. Traditional HR models are built for stability. They have standard job descriptions, static hierarchies, and predictable career ladders. But in a project-driven organization, employees have to move easily to where they can have the most impact. That requires a fundamental rethink of how people are assigned, developed, and rewarded.

One of the biggest challenges in many organizations is resource allocation. Even companies with tens of thousands of employees struggle to fully staff critical transformation projects. As a result most initiatives limp forward with people contributing part-time and juggling multiple operational responsibilities, which leads to slower progress, diluted focus, and disengaged participants. Most strategic projects, in fact, are run by collections of individuals who each contribute only a fragment of their time to them.

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In a project-driven organization, high-priority initiatives get fully dedicated teams, staffed by employees whose primary responsibility is to deliver on them; they don't have to fit them in around their "real" jobs. That creates accountability, speeds decision-making, and builds momentum without constant

context switching. These teams are created at the outset of the project, *before* anybody has worked hard on defining the features of the new product or solution.

Employee development and advancement are also less regimented. Teams invest in acquiring whatever new skills are necessary in the moment. Upskilling happens continually during project work and isn't isolated in training courses. HR's role is to enable the project teams, providing training, coaching, and tools to help them adapt and thrive. How employees move up the career ladder is tied to how they contribute to projects. That creates a culture where mobility is the norm, talent is fluid, and people grow by taking on challenges that matter to the organization's future.

Move the focus of performance management from efficiency to impact. Too many organizations still define project success as "on time and on budget" and never ask, Did we actually create the value we intended? This emphasis on efficiency over impact is one of the main reasons transformation programs so often fail to deliver on their promise. If you measure the wrong things, you drive the wrong behaviors.

In a project-driven organization, leaders should be able to answer all these questions at any moment:

- How many projects are we running right now?

- What value will they deliver—this quarter, this year, and over the long term?

- What people are working on them, and how much of their time is dedicated to them?

- What is each project's real-time status?

- Do we have the insights and flexibility to accelerate value creation by the projects?

In this model metrics focus not on activity but on outcomes such as customer benefits, strategic progress, and organizational learning. They're reviewed continually, not just at the end of initiatives, to ensure that projects can be adapted midflight to maximize their impact. Rewards are tied to project and team success, encouraging collaboration and shared accountability instead of siloed achievement.

The lesson is clear: In a project-driven organization, performance management is a live feedback loop that keeps transformation aligned, adaptive, and relentlessly focused on value.

The government of Saudi Arabia has used this lever in implementing its Vision 2030 plan, the goal of which is to reduce the country's dependence on oil, diversify its economy, and modernize its society. Officials at the country's Public Investment Fund have created a dedicated project-management office that supports hundreds of initiatives across tourism, infrastructure, energy, and technology. It uses real-time reporting to reallocate resources quickly, keep projects aligned with the Vision 2030 goals, and ensure that they generate tangible, measurable results.

Value Generation

Project-driven organizations reconfigure how value is delivered. Support functions become enablers, not gatekeepers. Execution becomes collaborative, not top-down and linear. Teams are given the resources and support they need to produce meaningful outcomes quickly, across the enterprise. Here's how to make that happen:

Move operational functions from gatekeepers to enablers. For more than a century, operations were the center of organizational gravity, but the value equation has now shifted. The biggest gains no longer come from squeezing another fraction of a percent out of production costs. They come from delivering change—faster, smarter, and at scale.

Two forces make this shift urgent.

First, automation and AI are rapidly transforming the nature of operational work. Across industries, routine, repetitive tasks are increasingly being handled by intelligent systems, freeing up human talent for more-strategic roles. For example, when IBM recently automated 90% of routine HR tasks, among them recommendations for promotions and performance assessments, the company reduced its HR head count from 700 to just 50—while enhancing employee services. The company didn't need to make mass layoffs to pull this off; it relied on attrition and redeployment, moving talent onto higher-value, strategic initiatives. Operational efficiency rose, and so did the company's capacity for transformation.

Second, the most impactful work now happens in time-bound initiatives that cut across traditional silos. Haier has fully embraced this reality. Its shared-service platforms—such as IT, legal, and HR—operate like market-facing providers inside the company. Project teams choose which services to use on the basis of performance and fit, creating a culture of accountability and responsiveness. Instead of serving as gatekeepers, functions are now partners in delivering transformation. This project-aligned service model ensures that operations no longer stand apart from strategic initiatives—they are fully involved in them.

Move from linear to iterative execution. In a project-driven organization, execution is not a race to the finish line. It's an ongoing, disciplined process, powered by technology and driven by strategic clarity. Execution processes are adaptive and built to deliver value early and often. They're supported with tools that keep an initiative's purpose, stakeholders, deliverables, and success measures visible to all.

From Operations to Projects: A Brief History

During the 20th century organizations made efficient and stable operations their focus. In the early 2000s the agile movement arrived and shifted the focus to team-

based speed and flexibility. Today the focus is shifting again, to enterprisewide transformation that's driven by projects.

	INCEPTION PERIOD
Operations-driven	Late 19th to early 20th century
Agile	Early 2000s
Project-driven	2025 onward
	PRIMARY FOCUS
Operations-driven	Efficiency, stability, and control
Agile	Speed and flexibility within teams
Project-driven	Enterprisewide transformation driven by projects
	SCOPE OF APPLICATION
Operations-driven	Business units and functional departments (for example, manufacturing and finance)
Agile	Mostly software and product development and innovation
Project-driven	Across all business areas—strategy, operations, customer experience, technology
	ORGANIZATIONAL STRUCTURE
Operations-driven	Hierarchical, siloed departments
Agile	Agile teams within existing hierarchies
Project-driven	Flat, decentralized structures where projects are the primary units
	LEADERSHIP MODEL
Operations-driven	Command and control
Agile	Enable and unblock teams
Project-driven	Sponsor and align multiple strategic projects
	CULTURAL FOCUS
Operations-driven	Standardization and risk aversion
Agile	Iterative improvement
Project-driven	Continual transformation and the achievement of impact
	SKILLS

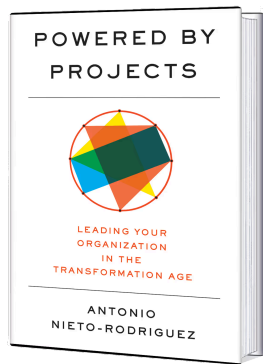|	
Operations-driven	Process execution, compliance, domain expertise
Agile	Collaboration, iteration, product thinking
Project-driven	Project leadership, cross-functional execution, value creation

Major transformation initiatives are broken into projects of three to six months (never longer) with clear objectives, measurable benefits, and fully dedicated teams. Each project produces tangible outcomes while testing assumptions, integrating feedback, and adapting plans in real time. Underperforming work is reshaped or stopped before it drains resources, and high-impact initiatives are scaled up rapidly, ensuring that investment and attention flow to where they will generate the greatest returns. Delivery methods are chosen for their ability to quickly generate value, whether through agile sprints, structured phases, or a hybrid approach tailored to a project's needs.

Artificial intelligence is now amplifying this approach. Octant AI, for example, dynamically tracks project data and updates forecasts as conditions evolve, flagging potential budget overruns and timeline delays before they occur. It helps ensure that resources are deployed efficiently and that value is realized sooner. In addition to improving budgeting and scheduling, AI-assisted forecasting enhances planning for material resources, personnel, and interdependencies among projects—capabilities that are especially critical for complex, multistream initiatives.

And that's only the beginning. A technological renaissance is underway, with innovations such as digital twins, the metaverse, avatars, and neural-interface implants set to redefine how initiatives are planned and managed. These technologies promise not just greater efficiency but fundamentally faster cycles of value creation, reshaping the role of transformation leaders and the processes they oversee.

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Becoming a project-driven organization involves much more than just adopting new tools, frameworks, and methods to run your business better. It requires making major cultural and structural shifts: Leaders and their organizations have to start thinking about projects not as work on top of their normal duties but as the way that strategy becomes reality. A project-first mindset enables leaders to prioritize more effectively, deploy talent more fluidly, and make decisions faster, even in complex, uncertain environments. In today's business world, that's crucial, because your ability to execute change is your most valuable asset.

This article is adapted from *Powered by Projects* (Harvard Business Review Press, 2026) by Antonio Nieto-Rodriguez.

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