Strategically Managing Projects

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Abstract: A straightforward process for selecting and managing projects in alignment with organisational strategy is introduced. Key ingredients are preliminary assessment, business case, selection, implementation, monitoring and evaluation.

Projects implement strategy. They are the agents that enable an organisation to create change. Strategy is the roadmap for achieving vision. Projects are the cement for the strategic path. To maximise the potential for success, an organisation must establish a sound strategy and then ensure projects are selected and successfully implemented that enable realisation of the strategy. Monitoring progress against plan and making corrective adjustments midstream to ensure the right results are delivered is important for both strategy and project implementation. Delivering on strategy may be the difference between whether or not the organisation (for example) successfully:

- maintains or develops competitive advantage
- develops infrastructure
- delivers value to its customers
- enhances its reputation
- develops core competency
- positions itself to capture a competitor, or not be taken over

Each project committed to by an organisation is a choice made to funnel resources into one opportunity, and is concurrently a choice to **not** pursue others. Effective opportunity evaluation and selection requires clear guidelines or principles against which opportunities can be assessed. Whether using a formally defined and maintained strategic plan or working from a set of clear strategic rules that can be applied to evaluating opportunities, having a clearly defined and consistently applied process for selecting opportunities is vital.

Strategic Plan

Strategic goals are established as part of the strategic plan, and define the direction and desired outcome of the organisation for the 3 – 5 year time frame. The objectives have resources allocated (e.g. the resources to be applied to each objective is allocated as a percentage of what is available) to provide guidance on relative importance.

Strategic Rules

Eisenhardt and Sull (2001) identify five types of strategic rules/principles that an organisation can develop for decision making guidance as opportunities arise, intended as a flexible approach used in place of a formal strategic plan, namely:

- ***How-to***: key features of how a process is executed
- ***Boundary***: define what opportunities are to be ignored and which are pursued
- ***Priority***: how to rank opportunities
- ***Timing***: define time frames in which opportunities and phases must be achieved
- ***Exit***: Basis for killing opportunities

These rules are used as a preliminary filter applied to opportunities and are used across the organisation to assist in determining what opportunities to pursue. As experience is developed in using the rules, the rules are developed and strengthened and become increasingly effective at enabling opportunities to be filtered and prioritised.

Though the authors presented strategic rules as an alternative to a formal strategic plan, this approach can be used in conjunction with the strategic plan, with the rules used to encapsulate preliminary selection criteria.

Project Qualification Process

Stage 1: Preliminary Assessment

Establish a process for assessing opportunities. Projects are registered as entering the qualification process based on the submission of a predefined document that outlines the basic details of the opportunity, with preliminary indication of strategic fit (i.e. which strategic objectives it supports), likely risks (both threats and opportunities), resource requirements, and implementation time frame. Without achieving a clearly defined minimum standard of detail opportunities do not enter the process. This initial document is used to register potential opportunities, and cull out those that do not hold sufficient merit to pursue.

Stage 2: Business Case

Apply assessment criteria to determine which opportunities continue to the next stage. A business case providing additional detail beyond the preliminary information is submitted. It includes a tentative project plan and clear, measurable business benefits. It is important that the business benefits are specifically linked to the strategic objectives that are to be supported by implementing the project. The aim of the business case is to present a clear understanding to management of the benefits of the project, its costs, risks and resource requirements. It should also facilitate sound decision making based about the merits of pursuing the opportunity in comparison to others to which scarce resource may be applied.

Stage 3: Selection, or Not!

Many factors feed into the go/no go decision. Some of these include:

- ***Balance of projects relative to funds available*** for the strategic objectives (i.e. if a strategic objective is already fully supplied with opportunities/projects and a new one is considered vital, something has to give, and that is unlikely to be the available resources!)
- ***Availability of skilled personnel***. Even if the funds are available, if the skills/personnel required to make the project fly are not available, the project cannot proceed, unless it is decided to adjust priorities away from other projects.
- ***Sponsor willing and able to assume responsibility for the project***. It is important, for project success, that there be strong sponsorship within the organisation. It is also vital that the sponsor front the project, ensure it is aligned with organisational objectives, and that resources are made available. The sponsor also needs to ensure the project manager is held accountable for delivery against agreed objectives.

What is very important at selection stage and at any of the other Go/No Go decision points is that the ***decisions are objectively made based on consistently applied rules***.

Avoid Common Selection Issues

Some of the ***issues that need to be avoided*** because they impede the progress of many organisations and the ability to focus on what really needs to be accomplished include:

- ***Selection based on politics***. In such an environment selection is not based on the merit of the project to the organisation or on the basis of a sound business plan (though one may be submitted and approved) but on the strength of individual power and influence. That works great so long as the influential are always right, always seek the absolute best for the wider organisation, but when does that happen? In a politically driven environment, projects become status symbols, and fiefdoms are established. Walls of power are established that segregate the organisation, and only those in the club can make any serious progress in getting projects approved and implemented.

- ***Reaction to circumstances***. It is easy for the plans and intentions of an organisation to be derailed due to unexpected circumstances that arise. Crisis management then takes over. By having a well established set of criteria for selecting and proceeding with opportunities, even in a crisis there is a formal process that helps reduce the emotion of the moment.
- ***Wavering priorities.*** Having established a project, little is more damaging than for the organisation (i.e. those that govern and make the decisions) to keep changing the rules. Whether such changes are because new ideas have emerged, a project is no longer the flavour of the month, or political considerations decide desires results are no longer coming from that project, a projects starts suffocating and loses its ability to deliver on its committed outcomes. Project progress and commitment unfolds in fits and starts. The project may be smothered altogether, but not necessarily officially, but more subversively because management attention and organisational resource is unfortunately diverted.

Stage 4: Implement the Opportunity

The opportunity may be one or more projects or programs. At the individual project level ensure sound project management discipline is applied, and that performance is monitored on an ongoing basis.

Stage 5: Monitor the Opportunity

Monitor the project throughout its life cycle, and ensure that there are specific stage gates with predefined criteria that determine whether opportunities proceed or not. Ensure that the projects that are permitted to continue, that consume resources, are bearing the results that merit the investment. Ensure that progress within a project can be rolled up into the performance reporting of programs and portfolios, thereby ensuring the contribution and progress towards strategic objectives can be assessed.

Stage 6: Evaluate Results

Beyond the post-implementation review and 'project lessons learned' exercises, ensure all projects are evaluated against the business benefits they promised to deliver. Where those benefits are not delivered, review the causes and factor any lessons into the selection process to reduce likelihood of poor performing projects being selected in the future. The results of this evaluation ought to be fed back into earlier stages to ensure the process improves, and criteria for selecting winning projects are strengthened based on experience.

Conclusion

By no means addressing every possible approach for appropriately selecting projects and ensuring resources are applied for the best return, this article has identified a relatively straightforward process for managing projects within a strategic framework. By ensuring that the right balance of projects are selected, executed and completed to cover the strategic objectives of the organisation the likelihood of your organisation successfully delivering on strategy is improved. Managing the portfolio of projects effectively can be a competitive advantage.

References

Eisenhardt, K. M. & Sull, D. N. (2001). Strategy as simple rules. *Harvard Business Review*, January 2001, 79(1), 106-116.

