Inviting Project Management into the Boardroom

By Greg Usher

ABSTRACT:

There is no doubt that the global corporate environment is changing. Technological advances, economic instability and rapidly changing external and internal environments are fundamentally changing the way organisations conduct business. However, many corporate strategists continue to utilize the traditional methods and tools for developing corporate strategy. Many of these methods and tools are based on assumptions which are now almost 60 years old. This article challenges the assumptions which underpin the traditional model and investigates a non-traditional model, borne from the field of project management.

INTRODUCTION:

Over the past decade, there has been increasing interest by researchers, scholars and practitioners on how project strategy can be aligned more closely with corporate strategy (Morris and Jamieson, 2005, Milosevic and Srivannaboon, 2006, Srivannaboon, 2006, Srivannaboon and Milosevic, 2006, Dietrich and Lehtonen, 2005, Grundy, 2000) . As a general rule, these studies all start with the same basic assumptions:

(1) There is a fundamental difference between corporate and project strategy; and
(2) This difference is the reason why strategy implementation fails.

This article intends to explore the basis for these assumptions, challenge the traditional strategy typologies and present an alternate model for corporate and project strategy alignment.

The current assumptions:

One of the earliest references to strategy in relation to business, is an account of Socrates counseling Nichomachides on his election loss to Antisthenes (Bracker, 1980). However, although the concept of corporate strategy is as old as business itself, it wasn't until the early 1940's that any serious study of strategy was undertaken from Corporate and Organisational perspectives (Von Neumann and Morgenstern, 1944). Sometime later Drucker's seminal work "*The Practice of Management*" (1955), Ansoff's "*Corporate Strategy*" (1965) and Chandler's "*Strategy and structure*" (1962)spawned an explosion of thinking and research about what corporate strategy is, how it is developed, how it is communicated and the impacts it has on Organisational performance.

The early researchers and scholars in this field (Chandler, 1962, Loasby, 1967, Hofer, 1976) investigated strategy in large, stable, mature companies (predominantly in the United States) and from their findings described corporate strategy as deliberate, rational, written plans that were passed down from the upper echelons of the Organisation to the "sheep" waiting below to implement it (Hart : 1992). Their writings portray corporate strategy as a set of well thought out and well documented plans which provided enough detail to direct all levels of the Organisation for timeframes of three to five years.

In this traditional paradigm, corporate strategy is a dominant construct (Ensign, 2008, Tang and Thomas, 1994). It sits at the pinnacle of the decision hierarchy and continually moves down through the Organisation, getting further away from the original concept as each level of Organisation deconstructs and reconstructs the message in an attempt to implement their understanding of the strategy-makers intentions (Spee and Jarzabkowski, 2011). At each level of the Organisation, the possibility of discontinuity between strategic intention and implementation exists, and with each emanation the message gets less and less coherent (Ensign, 2008).

More recent studies have challenged these original models of corporate strategy development with concepts such as bounded rationality (Simon, 1976), logical incrementalism (Quinn, 1978), generative modes of strategy development (Hart, 1992), emergent strategies (Mintzberg, 1994) and the separation of strategic thinking, formulation and implementation (Mintzberg, 1994).

With the exception of the generative mode[1]and the emergent strategy mode [2], each new iteration or model developed to explain corporate strategy has, at its core, one stalwart of the original thinking – Corporate strategy is developed by those at those at the top of the Organisation, and handed down to those waiting below to be implemented.

This mindset has been so widely accepted that has given rise to the concept of a cascading model of corporate strategy (Refer Figure 1), which has been has been adopted as standard practice and taught around the world. (The Handbook of Project-based Management 2nd Ed: 1999).

[1] The Generative Mode proposes that strategy is developed from within the Organisation. Senior Management simply ratify and validate the corporation's direction. The argument against this model, is that it is not strategic leadership. Rather it is an abdication of responsibilities of the Corporation's leaders to provide direction to the Organisation.

[2] The 'Emergent Model' of strategy development (Mintzberg: 1994) describes strategy, not as a deliberate act of the strategist, but as the result of unconscious decisions which eventually take the form of a course of action that is then described as 'strategy'. This model of strategic development, could well be re-named the 'Ready, Fire, Aim' model.

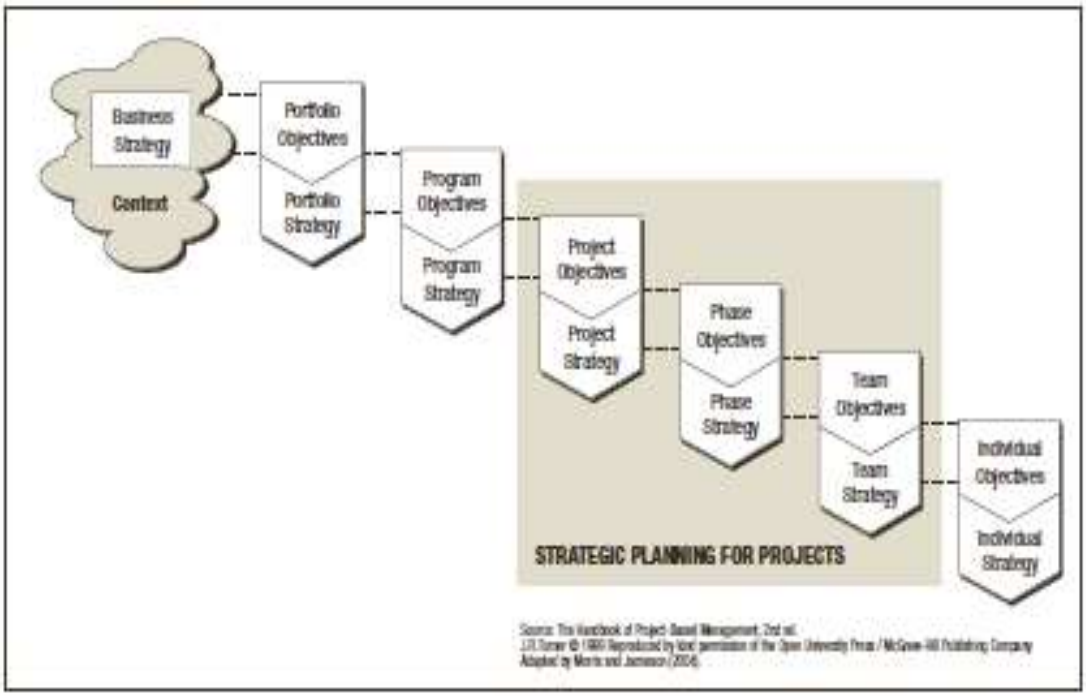

Figure 1 – The "Cascading Model" of Corporate Strategy

Challenging the traditional strategy typologies:

The problem with all these strategic models is that the commercial environment in which they were developed has changed. In the present environment, markets rarely remain stable long enough for the lower levels of the Organisation to implement a *three to five* year plan (Acur and Englyst, 2006). Economic instability, technological advances and rapidly changing internal and external environmental considerations can render a corporate strategy redundant, even before those at the "coal-face" have had time to commence making the changes required.

As Ensign (2008) notes, today's corporate strategy needs to build fluid Organisational capabilities. Corporate strategy no longer has a three to five year window for implementation and needs to be viewed as a temporary, adaptive process that can allow the quick allocation of a company's scarce resources to achieve co-alignment and congruence with its environment.

These changes raise some significant questions for those tasked with developing corporate strategy:

1) Does this change in environment require a new model for strategic decision making?;

2) Does this mean a different set of skills to those traditionally expected of corporate strategists should be developed?; and

3) If the answer to both these questions is "Yes", where can a strategist look to find these new skills?

It just so happens there is a field of management that regularly deals with the challenges facing the new corporate strategist. A body of knowledge that has grown from the need to handle fluid situations and has developed disciplines for managing scarce resources within ever-changing internal and external environments - that field is, *Project Management*.

The guide to the Project Management Body of Knowledge (PMBOK ®) describes a project as a *"…temporary endeavor undertaken to create a unique…result."* (Project Management Institute (U.S.), 2008). Furthermore, PMBOK® goes on to explain that 'temporary' does not necessarily refer to the endeavor's duration, instead it highlights that a project has a definite beginning and a definite end.

This definition of a project is not dissimilar to that of corporate strategy in the present economic environment. Like projects, corporate strategy must now be considered *'temporary endeavors'*. In addition, the purpose of both projects and corporate strategy is to create an '*unique result'*. In the case of corporate strategy this can range from market positioning to profit maximization to organisational cultural development.

To further add to the similarities, one could note that both projects and corporate strategy follow similar Life Cycles. A project moves through a distinct Life Cycle (Initiation, Planning, Execution, Closure), as does corporate strategy (Think, Formulate, Implement, Review) (Mintzberg, 1994). From this perspective both projects and corporate strategy have definite beginnings, and provided appropriate reviews are conducted, they both have definite ends.

On their own, these similarities should be enough to direct strategy-makers towards the field of Project Management to establish if there might be any valuable lessons to be learnt. Unfortunately, as a recent study discovered, many senior executives believe that Project Management only has value when used for *execution* of strategy. Very few senior executives surveyed felt that Project Management had much value to add in the area of strategic development at a corporate level (Thomas et al., 2002).

This prejudice regarding the value of Project Management disciplines may, in fact, be one of the key reasons contributing to the ongoing concerns regarding misalignment between the planning, formulating and implementation of corporate strategy. If senior executives would take another look at the disciplines of Project Management with the blinkers of the traditional strategy models removed, they may very well find some significant benefits can be gained.

To demonstrate this in a broad context, let us take a look at the nine key disciplines of Project Management as detailed in the PMBOK ®. These disciplines are Scope, Integration, Time, Cost, Quality, Human Resource, Communications, Risk and Procurement Management. Viewed in the

traditional manner, all these disciplines will be utilized in the successful *execution* of a project. However, this does not mean that the corporate strategist has no use for these disciplines.

After all, what is strategy if not a form of *Scope* definition? What good is the perfect strategy, if no thought is given to how this will be *Integrated* into the Organisation? Shouldn't those developing a strategy have giving some consideration to the timeframes (*Time*) allowed for its execution; or the budget (*Cost*) that they are willing to commit to it; or the *Human Resources* necessary to see the strategy through to fruition? Shouldn't strategy-makers have some idea of how their decisions will be *Communicated* to the Organisation, or the *Risks* that their decisions entail? Do the strategy-makers have any obligation to understand how their decisions will be put into place throughout the Organisation (*Procured*)?

The answer to all of these questions is, of course, a resounding "Yes!"

Those waiting to implement the senior executives' strategic directives have a right to expect that the strategy-makers have at least considered all of these matters. While it would be expected that the level of detail given in consideration of these items may differ from those who will be responsible for implementing the strategy, at the very least the strategy-makers should have considered how their decisions and plans will impact the Organisation in these critical areas.

Progression Elaboration- An alternate proposal to strategy development:

For the purpose of this article, let us assume that the similarities outlined previously are at least credible. If this is the case, what could this mean to our understanding of the relationship between corporate and project strategy? Does this new paradigm allow us to investigate new perspectives on the role of corporate strategy in the alignment/misalignment dichotomy?

Let us turn, once again, to the field of Project Management and introduce the concept of "Progressive Elaboration".

PMBOK ® states that

> "*Progressive elaboration is a characteristic of projects that accompanies the concepts of temporary and unique. Progressive elaboration means developing in steps…scope can be broadly described early…and made more explicit and detailed as ...[those implementing it]…develop a better and more complete understanding of the…deliverables."(p. 6)*

As every Project Manager knows, you do not start a project with everything planned out. You start out with an idea, a concept – a strategy. That idea develops into a scope. This scope is further refined into a plan, and that plan continues to be refined and implemented until the original idea becomes a completed reality.

The transition from one phase of the process to the other does not signal the end of the Project Manager's involvement. The Project Manager does not pass one component of the process to another entity and then walk away, hoping that those involved in the next phase will understand and develop the project in accordance with the original concept. The Project Manager must continue to keep a watching brief on the concept's progress. The Project Manager guides and directs the individual outcomes as each phase develops and the strategy matures, to ensure each elaboration aligns with the original intent.

Viewed from this perspective the development of a strategy is not separate or detached from the implementation of the strategy, instead they both form part of the same continuum. The strategic concept developed at the inception of the project cannot simply be bundled up and passed on to another party. The process of deconceptualization and reconceptualization (moving from understanding the abstract to implementing the idea) at each organisational level must be monitored and controlled. The original concept needs to be an ever-present guide to the project's development and a foundation upon which more detailed decisions are built.

As Figure 2 demonstrates, in a *Progressive Elaboration* model, strategy is not a dominant construct - it is a foundational one. Corporate strategy does not sit at the top of the decision hierarchy instead it moves to the bottom and becomes the basis for all other decisions. Strategy becomes the under-pinning and guiding principle that ensures all related decisions strive towards the agreed outcome.

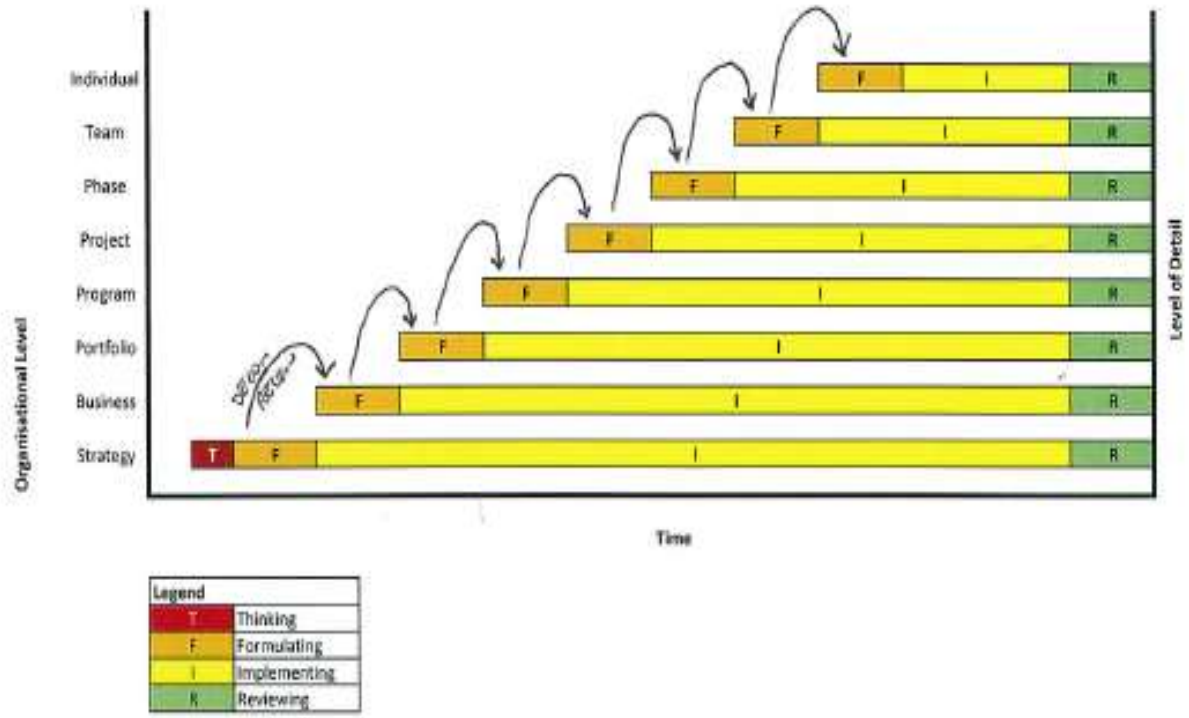

Figure 2 – Progressive Elaboration Model of Corporate Strategy.

The concept of *Progressive Elaboration* goes right to the heart of the debate regarding the apparent disconnect between strategy development (thinking and formulating) and strategy implementation. A *Progressive Elaboration* model for strategic development highlights that any apparent misalignment between strategic development and strategic implementation, is more likely to be a failure of the development phase than the implementation phase.

The *Progressive Elaboration* model completely changes the dynamics of corporate strategy. Under the *Progressive Elaboration* model, those responsible for developing strategy have an obligation to apply an intellectual rigor that is not required under the traditional corporate paradigms.

In the *Progressive Elaboration* model strategist must have an understanding of the impacts (*Time, Cost, Human Resources*) their decisions will have. They must consider the *Risks*, understand what the outcome will look like (*Scope* and *Quality*) and have a basic understanding of how their decision will be implemented (*Integration and Procurement*). Finally, the strategists need to put some serious effort into ensuring their directives are communicated in such a way, that those who are tasked with developing these in greater detail and

implementing them at all levels of the Organisation can reconceptualize the guiding concepts correctly.

The *Progressive Elaboration* model offers a new framework for viewing the corporate strategy-making process. It takes the existing disciplines of Project Management and demonstrates how they already align with the requirements of a changing corporate environment. The *Progressive Elaboration* model suggests that the skills traditionally associated with strategy *execution*, may have a far bigger role to play in the overall strategic process.

Does this mean that Project Management disciplines are a panacea for all corporate strategy challenges? Of course not. However, this article should have senior executives objectively reviewing their preconceived notions about the role of Project Management in their Organisations and asking themselves if the time has come for them to invite Project Management into their Boardrooms.

Bibliography

ACUR, N. & ENGLYST, L. 2006. Assessment of strategy formulation: How to ensure quality in process and outcome. *International Journal of Operations & Production Management,* 26**,** 32.

ANSOFF, H. I. 1965. *Corporate Strategy: an Analytical Approach to Business Policy for Growth and Expansion,* New York, McGraw-Hill.

BRACKER, J. 1980. The Historical Development of the Strategic Management Concept. *Academy of Management Review,* 5**,** 219-224.

CHANDLER, A. 1962. *Strategy and Structure: Chapters in the history of American industrial enterprise,* Cambridge, Mass., MIT Press.

DIETRICH, P. & LEHTONEN, P. 2005. Successful management of strategic intentions through multiple projects – Reflections from empirical study. *International Journal of Project Management,* 23**,** 386-391.

DRUCKER, P. F. 1955. *The Practice of Management,* Oxford, Butterworth Heinemann.

ENSIGN, P. C. 2008. Small Business Strategy as a Dynamic Process: Concepts, Controversies, and Implications. *Journal of Business and Entrepreneurship,* 20**,** 20.

GRUNDY, T. 2000. Strategic project management and strategic behaviour. *International Journal of Project Management,* 18**,** 93-103.

HART, S. L. 1992. An integrative framework for strategy-making processes. *Academy of Management Review,* 17**,** 327-351.

HOFER, C. W. 1976. Reasearch on Strategic Planning: A Survey of Past Studies and Suggestions for Future Efforts. *Journal of Economics and Business,* Spring/Summer**,** 22.

LOASBY, B. J. 1967. Long-Range Formal Planning in Perspective. *Journal of Management Studies,* 4**,** 8.

MILOSEVIC, D. Z. & SRIVANNABOON, S. 2006. A theoretical framework for aligning project management with business strategy. *Project Management Journal,* 37**,** 98-110.

MINTZBERG, H. 1994. The Fall and Rise of Strategic Planning. *Harvard Business Review,* 72**,** 107-114.

MORRIS, P. W. G. & JAMIESON, A. 2005. Moving from corporate strategy to project strategy. *Project Management Journal,* 36**,** 5-18.

PROJECT MANAGEMENT INSTITUTE (U.S.) 2008. *A guide to the project management body of knowledge (PMBOK® Guide),* Newtown Square, Pa., Project Management Institute, Inc.

QUINN, J. B. 1978. Strategic change: Logical Incrementalism. *Sloan Management Review,* 20**,** 15.

SIMON, H. A. 1976. *Administrative Behavior,* New York, Macmillian.

SPEE, A. P. & JARZABKOWSKI, P. 2011. Strategic Planning as Communicative Process. *Organization Studies,* 32**,** 29.

SRIVANNABOON, S. 2006. Linking project management with business strategy. *Project Management Journal,* 37**,** 88-96.

SRIVANNABOON, S. & MILOSEVIC, D. Z. 2006. A two-way influence between business strategy and project management. *International Journal of Project Management,* 24**,** 493-505.

TANG, M. & THOMAS, H. 1994. Developing theories of strategy using dominance criteria. *Journal of Management Studies,* 31**,** 25.

THOMAS, J., DELISLE, C., JUGDEV, K. & BUCKLE, P. 2002. Selling Project Management to Senior Executives: The Case for Avoiding Crisis Sales. *Project Management Journal,* 33**,** 19.

VON NEUMANN, J. & MORGENSTERN, O. 1944. *Theory of games and Economic Behaviour,* Princeton, Princeton University Press.

About the Author

Greg Usher

Australia

Greg Usher is a Principal with Point Project Management and is a Certified Practicing Project Director (CPPD). With over 15 years' experience in the field of Project Management, Greg has successfully delivered Defence, Aged Care, Commercial, Industrial, Land Development and Residential projects both in Australia and Internationally. He is currently completing research for his Doctoral thesis, where he is investigating how Project Management disciplines can be used to develop better corporate strategies. Greg can be contacted at greg.usher@pointpm.com.au.