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Involving program/project managers in organizatonal strategic planning

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Alan Stretton

Involving program/project managers in organizational strategic planning?[1]

By Alan Stretton, PhD

ABSTRACT

There is substantial discussion in the project management literature about linkages between organizational strategic planning and portfolios and/or programs and/or projects to implement such plans. However, this literature generally tends to take the existence of pre-prepared organizational strategic plans as a "given", and not an area of involvement by program/project managers. This paper argues a case for involving the latter in organizational strategic planning, and also discusses barriers to be overcome for this to become the norm.

We start by looking at what the project management literature has to say about establishing organizational strategic planning, first in the context of establishing the organization's strategic objectives, and then planning to achieve these objectives via strategic portfolios and component programs/projects.

With regard to the establishment of an organization's strategic objectives, in very many cases program/project managers would not normally be involved. However, there are cases where they can, and do, become involved, as for example in fully projectized organizations, and sometimes in organizations that provide program/project management services to external customers.

Planning achievement of the organization's strategic objectives involves development of strategic portfolios, selecting and prioritizing component programs and projects, and allocating key resources. This paper first gives examples from the literature of how relations between all these components are represented, the nature of strategic portfolios, and particularly the nature of their management, as described by various authors.

In the literature, the selection and prioritization of component programs and projects is generally seen as the responsibility of a strategic portfolio manager, although an exception for what he calls 'commercial projects' is made by one writer. The latter can be broadly related to organizations that provide program/project management services to external customers, and perhaps to a lesser extent projectised organizations, where

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[1] *Second Editions are previously published papers that have continued relevance in today's project management world, or which were originally published in conference proceedings or in a language other than English. Original publication acknowledged; authors retain copyright. This paper was originally published in the July 2011 edition of the PM World Today eJournal. It is republished here with the permission of the author.*

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these processes would be a natural part of what program/project managers do.

In any event, it is argued that it is difficult to see how a portfolio manager could do an effective job of selecting and prioritizing the portfolio's component programs and projects without involving the relevant program/project managers quite heavily in these processes.

However, there are also substantial barriers which tend to prevent this happening. The main barrier seems to be that the wider management community does not view project management as a potential contributor to these broader issues. It is suggested that this is largely attributable to a pervasive lack of holistic perceptions of its role within the project management community itself, plus a sense of self-importance which is simply not consistent with perceptions of project management by the world at large. It is argued that much more professional and sustained efforts to develop more holistic perspectives on project management, and to publicise its range of potential contributions, are evidently needed.

THE NATURE OF ORGANIZATIONAL STRATEGIES

There are a few definitions of organizational strategies in the project/program management literature, but very little about their development and management. Examples of definitions/descriptors include:

- *Corporate strategy* is created as a means of thinking through and articulating how an organisation's corporate goals and objectives will be pursued and achieved.
  (Jamieson & Morris 2004)

- *Strategy* represents the fundamental goals and objectives that drive the organization…
  The organisation's strategy encompasses the way in which it makes sense of its external environment, identifies opportunities, and evaluates its performance.
  (Morris & Pinto 2004)

- *Strategy*: is essentially the organization's response to external or internal pressures to change
  (Thiry 2004a)

- *A strategy* can be defined as a vehicle for the successful attainment of one's objectives, taking account of the constraints of the environment within which one is operating, and the resources available
  (Turner 1993)

From these definitions, there would appear to be two distinct components of organizational strategic planning:

  o First establishing the organization's strategic goals

  o Then planning how these goals are to be achieved/implemented

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ESTABLISHING THE ORGANIZATION'S STRATEGIC GOALS

There is substantial material in the general management literature on developing organizational strategic objectives, but very little in the program/project literature. Presumably the latter is because the development of organizational strategic objectives is not seen as relevant to program/project management.

However, there are at least two situations in the program/project context in which it is, or can be, very relevant.

- In projectised organizations, it is virtually inevitable that at least some program/ project managers will become involved in helping develop strategic objectives for their organization. For example, I was involved in such work for Lend Lease Corporation for some seven years (a part-time responsibility).

- In organizations providing professional program/project management services to external customers, my experience has been that many such customers need help in establishing their own organizational needs and strategic objectives, and look to the providing organization to help them.

Therefore, establishing organizational needs and strategic objectives quite often has some relevance to program/project management. This is too large a topic to try and cover in a relatively short paper, but there is one significant entry from the project management literature (in fact in this journal in October 2009) which I think is very useful. This is due to Archibald 2009, and is summarised in the following figure.
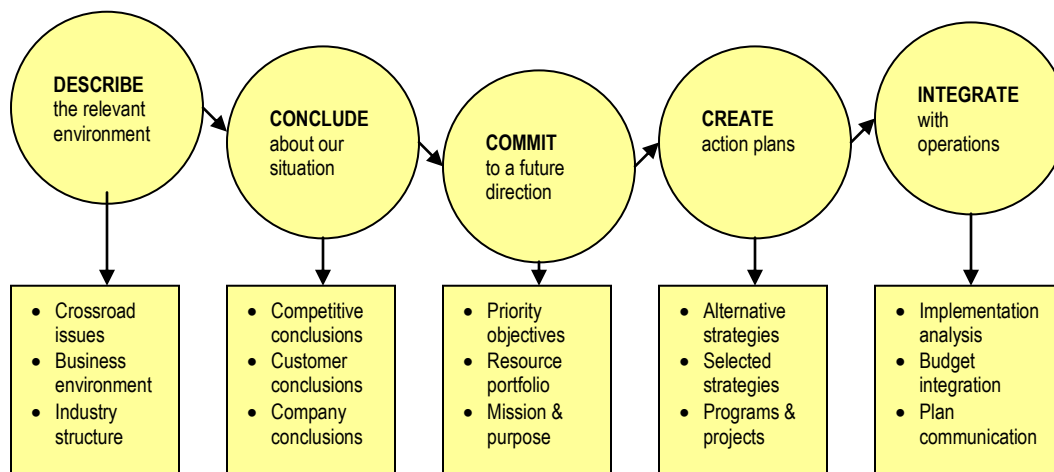

Figure 1. Archibald 2009, Figure 1. The Growth Management Process for Strategic Management

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PLANNING ACHIEVEMENT OF THE ORGANIZATION'S STRATEGIC GOALS

This aspect of organizational strategic planning is discussed by many authors in the project management literature. They focus on planning the implementation of the organization's strategic goals via strategic portfolios, with their component programs and projects, and subsequent implementation. However, the primary focus is on the planning aspects, as we will see.

But first we see how different authors have represented the linkages between strategic plans, strategic portfolios, and component programs and projects.

Linkages between strategic plans, strategic portfolios, programs and projects

Linkages between strategic plans, strategic portfolios, programs and projects are depicted by several authors with different forms of diagrams, but with similar general patterns, as follows. For example, PMI 2006a:9 illustrates the linkages thus:
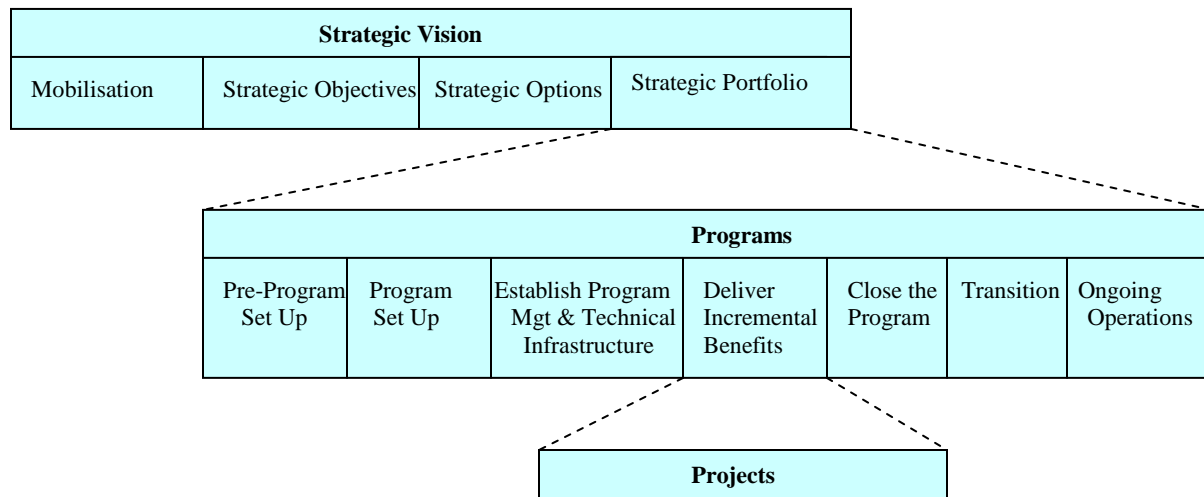
Strategic Vision			
Mobilisation	Strategic Objectives	Strategic Options	Strategic Portfolio

Programs						
Pre-Program Set Up	Program Set Up	Establish Program Mgt & Technical Infrastructure	Deliver Incremental Benefits	Close the Program	Transition	Ongoing Operations

Projects

Figure 2: PMI 2006a Figure 1-3. Relations Among Portfolios, Programs, and Projects

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Jamieson & Morris 2004 use the following diagram to illustrate moving business strategy through portfolios, programs and projects.
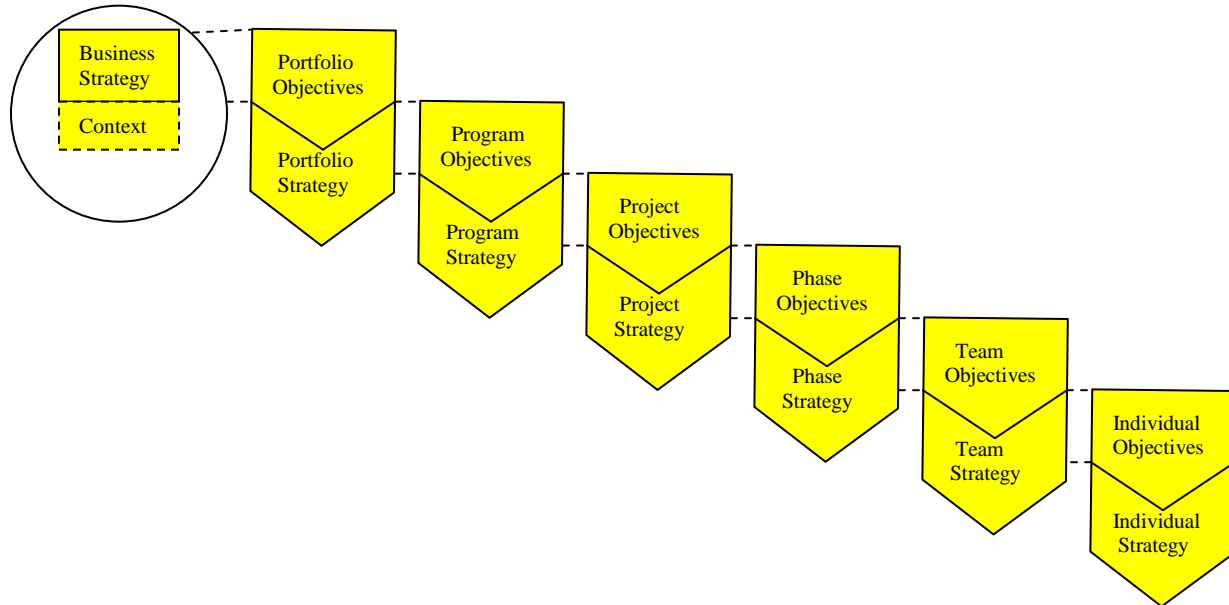

Figure 3: Jamieson & Morris' cascade of objectives and strategies

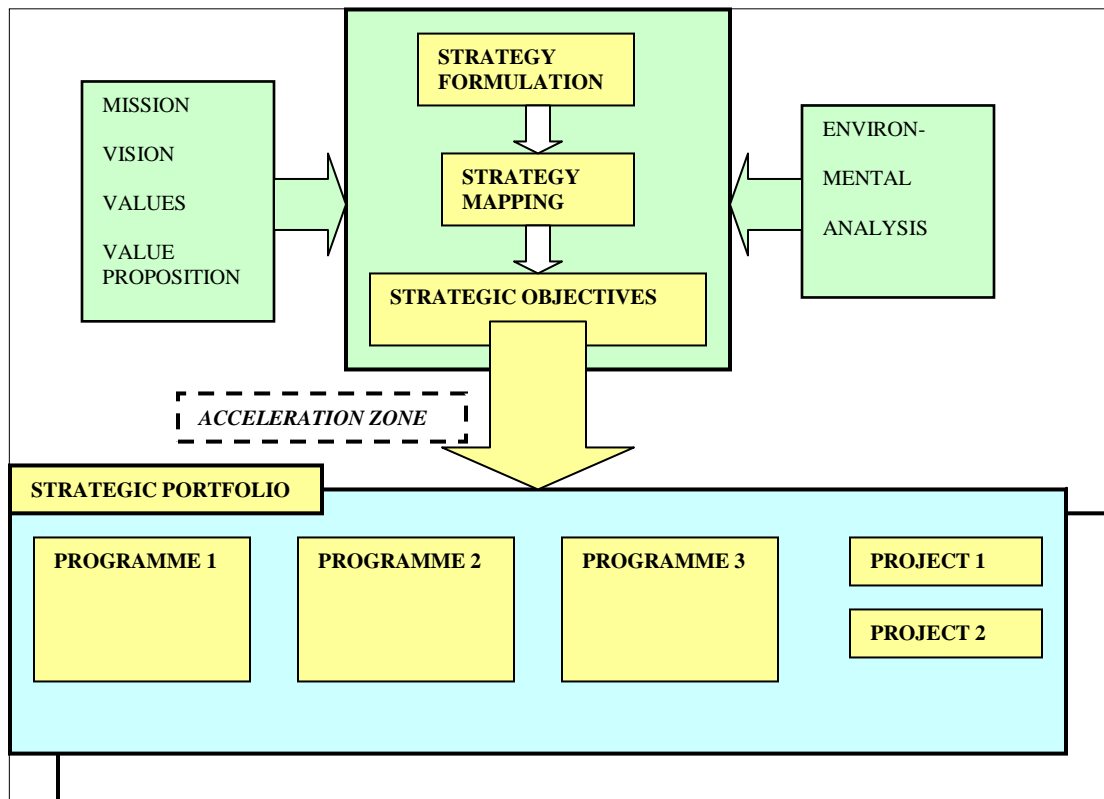Van Den Broecke 2005 summarises how he sees the linkages as follows:

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Figure 4: Van Den Broecke 2005 P/p slide "Where do (strategic) programmes come from?"

THE NATURE OF STRATEGIC PORTFOLIOS

PMI 2006b defines a [strategic] portfolio (p 78), and gives an example of portfolio relationships (p5), as follows.

> **Portfolio.** A collection of projects and programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives. The projects or programs of the portfolio may not necessarily be interdependent or directly related.
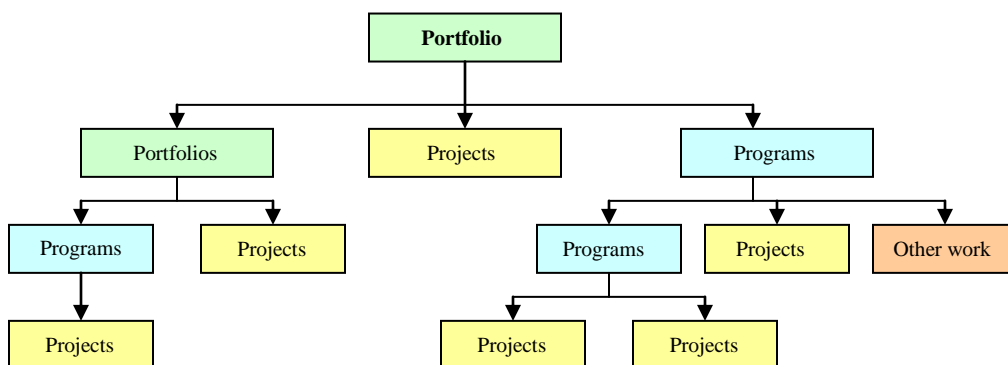

Figure 5: PMI 2006b Figure 1-1. Portfolio Relationships - Example

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THE NATURE OF STRATEGIC PORTFOLIO MANAGEMENT

As depicted by Archer & Ghasemzadeh 2004, 1999

Archer & Ghasemzadeh 2004 say that portfolio management tends to be about selection and prioritization of projects or programs, represented as follows (in 1999).
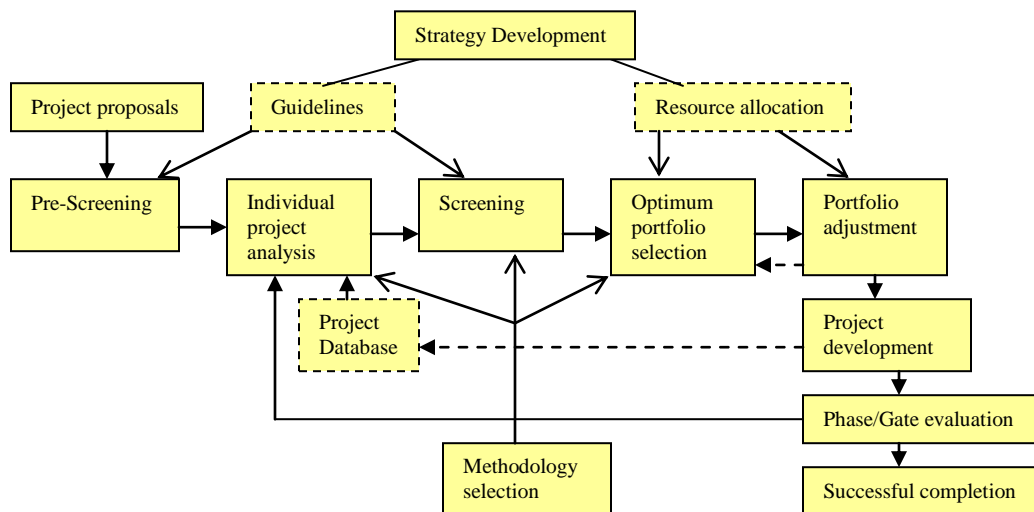

Figure 6: Archer & Ghasemzadeh 1999 Figure 1. Framework for Project Portfolio Selection

Whilst Archer & Ghasemzadeh see strategic portfolio management as primarily concerned with project portfolio selection, the above figure also includes provision for managing implementation/completion.

As described in *The Standard for Portfolio Management (PMI 2006b)*

PMI 2006b:5 defines [strategic] portfolio management, as follows:

> Portfolio management is the centralized management of one or more portfolios, which includes identifying, prioritizing, authorizing, managing, and controlling projects, programs, and other related work, to achieve specific strategic business objectives.

PMI 2006b:9 uses the following model to illustrate processes involved in establishing organizational strategic objectives (seen as the responsibility of executive management), identifying, selecting and prioritizing portfolios and their components (seen as the responsibility of portfolio management), implementing, controlling and completing execution of portfolios (seen as the responsibility of program and project management), and finally operations management.
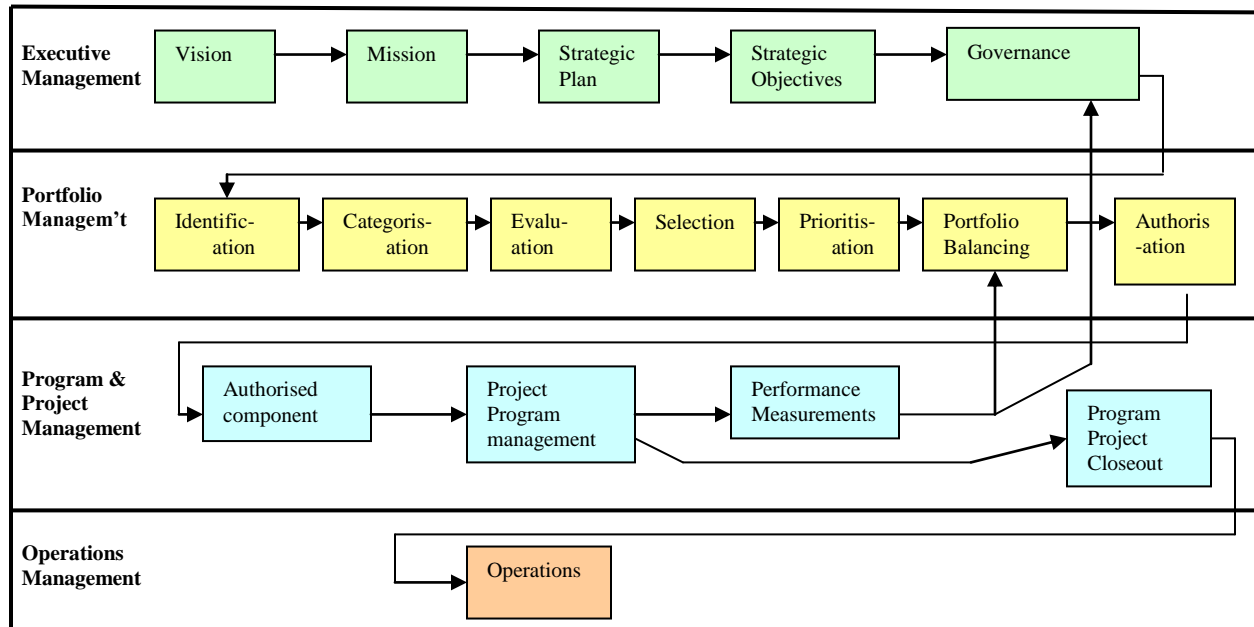
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Figure 7: PMI 2006b Figure 1-4. Cross-Company Portfolio Mgt. Process Relationships

The management responsibilities depicted in Figure 7 are slightly at odds with PMI's definition of portfolio management. The latter includes implementation responsibilities, whereas in Figure 7 the implementation is represented as the responsibility of program and project management. In other words, the seven steps in the Portfolio Management section of Figure 7 are all associated with selection and prioritization of the portfolio components.

As described by Archibald 2009, 2008

Archibald uses slightly different terminologies from those adopted above. He says that what he calls "strategic project/program management"

> …. includes these seven important processes and responsibilities, which actually comprise the essence of project/program portfolio management:

> 1. **Select and authorize** new projects and programs to be added to the appropriate, currently active project portfolios within the organization.

> 2. **Validate** that each selected and authorized project and program properly supports the currently approved strategic objectives of the organization.

> 3. **Prioritize** all validated projects and programs within each established project portfolio to facilitate the proper allocation of money and other key resources between these "portfolio components".

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4. **Allocate key resources** (money, skilled people, equipment, facilities, other) to each portfolio and each project and program therein.

5. **Establish the master schedule for each project portfolio** reflecting the strategically approved priorities and allocation of money and other key resources to each project and program.

6. **Monitor, evaluate, report, and control progress** on each program and project within each portfolio, as specified in the organization's PM policies and procedures.

7. **Cancel or change** the scope, schedule, end result, and cost of approved projects and programs when such actions are required or justified.

The first four of Archibald's processes broadly correspond with PMI's portfolio management processes of selection and prioritization. Processes 5 and 6 are, in his own words, "properly within the usual domain of the project management discipline".

As summarized by Jamieson & Morris 2004

Jamieson & Morris 2004 found from their studies that portfolio management was used primarily to select and prioritize programs and projects, but not to manage programs or projects. This tends to support the viewpoints of Archibald and PMI (Figure 7 above) that implementation of strategic portfolio plans is the responsibility of program/project management.

A corollary of the above is that selection and prioritization of the portfolio components are not seen as processes in which program/project managers should be involved. Some dispute this, as now discussed.

INVOLVING PROGRAM/PROJECT MANAGERS IN SELECTION AND PRIORITIZATION OF STRATEGIC PORTFOLIO COMPONENTS?

Some qualifying notes from Archibald 2009, 2008

Referring to Archibald's seven processes and responsibilities listed above, he made the following comment:

> Of these seven, only items 5 and 6 are properly within the usual domain of the project management discipline. The other five are strategic management responsibilities, and are not normally within the responsibility of a typical Project Management Office, with some exceptions (Archibald 2008)

The exceptions referred to in Archibald 2008 were in the following note:

> This discussion excludes the class or category of 'commercial projects' which many organizations create and deliver as an ongoing part of their established business.

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These commercial projects are to produce and deliver well-known results or products with little or no innovation that fit well-known strategic objectives of the organizations. Such projects may be completely managed by a Project Portfolio PMO, including selection, prioritization, and change of scope including project termination.

Evidently Archibald's first comment above related to matrix organizational situations. I have had no experience of such situations, so cannot comment. Regarding his second comment, I have also had no experience with PMOs, having worked primarily in fully projectised organizations, which did not have PMOs. But the implication of Archibald's second comment is that, in these circumstances, selection and prioritization are areas for involvement by program and project managers.

Whatever the circumstance, it is difficult for me to see how a portfolio manager could do an effective job of selecting and prioritizing the portfolio's component programs and projects without involving the relevant program/project managers quite heavily in the process. As Jaafari 2010 says,

> It is wrong to assume that project managers should not get involved or be interested in project selection, development and continuous business alignment, ….

At the more detailed level of project definition, Morris 2004 says:

> Project management has to be about delivering business benefit through projects, and this necessarily involves managing the project definition as well as downstream implementation.

The benefits of involving program/project managers in selecting and prioritizing strategic portfolios seem obvious to someone in the project management community. However, there is substantial evidence that the non-project-management community does not see things this way at all. This seems to me to be symptomatic of a broader problem, which has to do with both public perceptions about project management, and self-perceptions within the project management avocation.

Barriers to involving program/project managers in broader managerial contexts

There is a very definite sense of substantial-to-complete ignorance in the world at large about what project management is, and what it can really contribute. As Morris 2004 said:

> … few industries or research bodies see it [project management] as a cognate discipline that covers the definition and development of projects and which is central to business performance. Too often it is seen as, at best, project execution or, at worst, planning and scheduling.

Whilst things may have changed a little since Morris wrote that, there still remains a marked reluctance in the project management community to accept that the broader

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public sees its contribution as wholly subsidiary to the main game in the overall general/business management environment.

As I have argued recently in this journal (e.g. Stretton 2011g) this is at least partly attributable to the fact that the project management community itself is notably introspective, and makes little direct effort to consciously, positively, but with appropriate humility, engage the wider world of general/ business management, and persuade this world of the potential value of its contributions.

Additionally, there appears to me to be a sense of self-satisfaction or self-importance in the program/project community which is substantially at variance with the reality of how project management is currently perceived in the wider world. This is especially relevant to the field of organizational strategic planning.

I don't have an easy answer to successfully addressing this particular problem/opportunity. It requires nothing less than a major swing from essentially introspective perceptions of its role within the project management community itself, toward a much more holistic (and realistic) perception of where it stands in the overall environment of which it is a part. I have discussed various aspects of developing more holistic perceptions in many of my papers to this journal, but to date these have evidently made little, if any, impression.

A possible way forward?

For this concluding note, I draw on my own experience in projectized organizations. In this environment, a project manager automatically has to move from a narrow perception of his/her role to develop general/business know-how to survive. This more holistic perspective on project/program management simply goes with the territory. If you cannot make this shift, you will not progress far in a projectized organization.

Perhaps the most interesting implication of the above discussions is that it becomes progressively harder to separate a holistically-oriented project manager from a general/business manager. I have argued elsewhere in this journal (e.g. Stretton 2011g) that these two avocations are very similar indeed, and that focusing on differences between the two is rather counter-productive, as there is probably much more to be gained on both sides by focusing on mutual reinforcement. Perhaps a shift towards such perspectives might help project managers progress towards developing and propagating more holistic perspectives on their avocation.

SUMMARY

This paper first discussed the nature of organizational strategies, from which it was concluded that there are two primary components of organizational strategic planning:

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- First establishing the organization's strategic goals
- Then planning how these goals are to be achieved/implemented

The former is not normally an area for involvement by program/project managers, but there are significant exceptions, as, for example, in projectised organizations, and often in organizations providing program/project management services to external clients.

The literature has substantial discussion on processes for planning achievement of the organizational goals via strategic portfolios, with their component programs and projects. Three representations from the literature of the linkages between strategic portfolios, programs and projects were presented. The nature of strategic portfolios was then discussed in more detail, most particularly in relation to materials on the selection and prioritization of the components of strategic portfolios.

Reasons for involving program/project managers in the latter processes were then given. These are obvious to program/project people, but evidently not so to many others. It was argued that this is, at least in part, because of introspective perspectives which continue to prevail in the project management community, coupled with a sense of self-importance which is simply not shared by the world at large. It is suggested that what is needed is a switch to much more holistic perceptions by project management of its place in the wider society in which it operates, plus active and comprehensive programs to promote broader awareness of its range of potential contributions to that society.

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