

## ENHANCING STRATEGIC INTEGRITY THROUGH PROJECT MANAGEMENT

By Greg Usher

### Introduction

Company executives invest vast amounts of time and intellectual effort to develop strategies which they believe will give their Organisations a competitive advantage (Tse and Olsen: 1999, Porter: 1996, Hitt et al.: 2011). However, research has demonstrated that up to 66% of these strategies fail to be implemented (Johnson: 2004) and of the those which are implemented, most struggle to deliver more than 60% of their organizational or financial potential (Mankins and Steele: 2005).

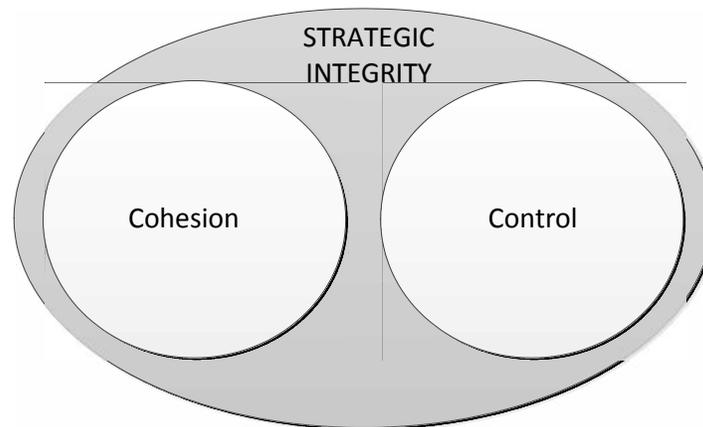
These failures are attributed to a phenomena referred to as the *Strategy-to-performance gap* (Mankins and Steele: 2005) or *Strategic Misalignment* (Corsaro and Snehota: 2011). The existence of this phenomena is widely accepted by strategy developers and implementers alike however, almost paradoxically, the extant literature focuses almost exclusively on how to either develop better strategy or to classify it (Armstrong: 1982, Hofer: 1976, Shrader et al.: 1984, Steiner and Miner: 1972, Schwenk and Shrader: 1993, Avison et al.: 2004). There has been limited research conducted into how to close this gap in order to ensure that a strategy maintains its integrity throughout the entire strategic process (Sabherwal and Chan: 2001).

This paper proposes a theoretical model for enhancing *Strategic Integrity* by reducing the strategy-to-performance gap and enhancing *Strategic Integrity* through the application of disciplines that exist within the field of Project Management.

### Strategic Integrity

*Strategic Integrity* is a conceptual framework for outlining how the **intention** of a strategy can be maintained throughout the implementation process regardless of any environmental turbulence that may be encountered throughout the process (Dixon: 2013). *Strategic Integrity* does not necessarily mean the implementation of a strategy will achieved exactly how it was first envisaged. In fact, the environmental changes that may occur from the time the original strategy was developed, may mean rigidly adhering to a specific strategy that was originally outlined may produce a worse result than not implementing the strategy at all (Johnson et al.: 2005, Lorange and Murphy: 1984). Rather, *Strategic Integrity* focuses on ensuring the guiding intent of a strategy is achieved within a fluid organizational and environmental construct.

*Strategic Integrity* requires both a clear understanding throughout the Organisation of the strategic intent (Cohesion) and the means for ensuring that this intent is maintained in a fluid organizational environment (Control). This relationship has been conceptualized below:



### **Strategic Cohesion**

*Strategic Cohesion* is not a new concept. Almost 2500 years ago Sun Tzu highlighted the importance of cohesion to strategic success:

*"...He will win whose army is animated by the same spirit throughout its ranks..."* (The Art of War III: Attack by Stratagem - p 25). (Tzu: n.d.)

While it is true that Sun Tzu was commenting on the military implications of cohesion, the essence of his message is no less true in a modern-day firm as it was on the ancient Chinese battlefield. In order for an organisation to be successful, *Strategic Cohesion* must be present.

Cohesion can be defined as the force between constituent parts of a body which acts to unite them (Cohesion: 2013). This definition highlights two very important aspects regarding cohesion:

- (a) Cohesion is a force. Therefore, in order for cohesion to be present, some influence, energy or effort must be exerted or applied;
- (b) This force (cohesion) must unite the disparate parts of the body which would otherwise move in different directions.

While understanding the theoretical concepts associated with strategic cohesion is simple, achieving them in a real-world situation (such as the implementation of Corporate Strategy) is far more difficult. As Nichols, Bodla and Mark (2008) highlight, even the most straight-forward strategy can mean different things to each of the senior executives who developed it.

This divergence of understanding gets worse the further the strategy moves from those who created it. Kaplan and Norton's research (2001) highlight this with their findings indicating that up to 50% of mid-level managers, and less than 5% of employees, believe they have a clear understanding of their Organisation's strategy or the role they play in making it happen.

This divergence occurs because of two, interrelated communication processes. These processes are known as “*decontextualization*” and “*recontextualization*”. They occur whenever one person attempts to communicate thoughts, words or text to another (Spee and Jarzabkowski: 2011). Unfortunately, these processes are inherent in human communication because our understanding of ideas, words and text is always contextual (Ricoeur: 1981). That is, in order for information to be communicated from one person to another, the person receiving the new information must first break down the idea which they believe is being communicated (decontextualization), and then reassemble it in their own minds within a framework with which they are familiar (recontextualization).

Communication Theorist suggest this inherent deficiency can be partially overcome through *co-orientation* (Taylor et al.: 1996, Kuhn: 2008, Taylor and Robichaud: 2004). A process that develops out the close interaction of the participants, when they focus their attention on a common object (Spee and Jarzabkowski: 2011). Co-orientation is bolstered through interactive definition of concepts and by creating a reflexivity within communication process (Cooren and Taylor: 1997, Spee and Jarzabkowski: 2011). In layman’s terms it is achieved by:

- (a) Clearly defining the object being communicated;
- (b) Ensuring that all parties involved in the communication have the same understanding of what the definition means; and
- (c) Creating a process for 360 degree feedback process regarding the understanding of the object.

## **Strategic Control**

Closely linked to *Strategic Cohesion* is the concept of *Strategic Control*. *Strategic Control* is a management process that can be utilized to ensure strategic goals are being achieved throughout an Organisation (Muralidharan: 1997). It is achieved by creating a system of measurable, short-term, performance criterion that reinforces the desired long-term strategic outcomes (Hrebiniak and Joyce: 1984, Bungay and Goold: 1991, Asch: 1992).

In the past *Strategic Control* has fallen out of vogue because it appeared to run contrary to the idea of the flat, non-hierarchical Organisational structures which were thought to be necessary to create agile firms (Band and Scanlan: 1995). However, research indicates that the wise use of *Strategic Control* is not only regarded by most line managers as helpful (Preble: 1992), it can have a positive influence on an Organisation’s profitability and survivability during times of environmental turbulence (Band and Scanlan: 1995).

In order to have a positive effect on an Organisation, a *Strategic Control* system must fulfill three concurrent purposes:

- (a) It should be a diagnostic tool that monitors the implementation process (Simons: 1995);
- (b) It should allow line managers to challenge the assumptions which underpin the strategy (Schreyogg and Steinmann: 1987); and

- (c) It should allow rapid feedback to strategy makers regarding any significant changes in the internal and external environment, which might impact on the original strategy (Preble: 1992, Band and Scanlan: 1995).

Unfortunately, there is no standardized approach for achieving these outcomes. Each Organisation must make a determination of how these outcomes can be achieved based on their unique needs within their own competitive environment (Bungay and Goold: 1991).

*Strategic Control* systems are based on subjective criteria (Hitt et al.: 2011) which require unique performance metrics that are aligned to long-term Organisational objectives (Schreyogg and Steinmann: 1987, Caruth and Humphrey: 2008).

It is precisely this attribute that makes the concept of *Strategic Control* difficult for Organisations to embrace. The apparent inability to provide an all-encompassing framework has caused many strategic planners to ignore the benefits that a *Strategic Control* system has to offer, because it appears too difficult to develop. However, while the long-term objectives and short-term metrics may be unique to each Organisation, it does not necessarily follow that certain commonalities for every unique situation cannot be identified.

### **Project Management as a framework for enhancing Strategic Integrity**

One of the significant challenges raised in the extant literature for achieving *Strategic Integrity* (Cohesion and Control) is finding a framework that is robust enough to overcome the issue of decontextualization/recontextualization, while concurrently achieving the requirements of *Strategic Control* within fluid and often turbulent environmental conditions (Hitt et al.: 2011, Asch: 1992).

Fortunately, there is a framework that can achieve these outcomes. This framework has been developed through decades of transferring qualitative and quantitative information, through complex structures within fluid and turbulent environments. This framework is the Project Management body of knowledge.

The Project Management body of knowledge is built around 10 key disciplines (Project Management Institute (U.S.): 2013). These disciplines have been used by Project Managers for many years to achieve the outcomes that are necessary for *Strategic Integrity*.

#### **PROJECT MANAGEMENT DISCIPLINES**

- Scope
- Integration
- Time
- Cost
- Quality
- Human Resources
- Communication
- Risk
- Procurement
- Stakeholder Management

These disciplines are not new to most Organisations or strategic planners. However, their potential to achieve *Strategic Integrity* has gone largely unrealized because most Senior Managers and strategic planners do not consider Project Management to have any strategic importance - they only see it as a tool for strategy execution (Thomas et al.: 2002).

This myopic view has many Senior Managers and strategic planners believing that Project Management only has value when it is applied within the traditional Project Management construct. However a closer investigation of the underpinning disciplines of Project Management will show that, not only do these disciplines provide a framework to assist in achieving *Strategic Cohesion*, they also provide a guide that can be used to create a system of *Strategic Control*.

When a broader view of Project Management is adopted, it becomes apparent that these 10 disciplines can be easily classified into the two subsets required to achieve *Strategic Integrity*.



## Applying the Framework

The application of the Project Management framework to the *Strategic Integrity* model provides an outline of questions and actions, which can be utilized to enhance *Strategic Integrity* within an Organisation. This outline is broad enough to be used in most Organisations, thereby achieving a commonality across sectors, while concurrently being flexible enough to be tailored to any Organisation's unique strategic needs.

Outlined below are some examples of the questions that the Project Management framework could prompt in order to enhance *Strategic Integrity* any Organisation:

### To help develop *Strategic Cohesion*

#### **(a) Scope:**

- Is the strategy clearly and concisely defined?
- Have the strategic planners understood the extent of their strategic decisions?
- Do the strategic planners know what the implementation of the strategy will look like in Organisational terms, or do they only have a fuzzy idea of what the outcome be? Is this sufficient for the needs of the greater Organisation?

**(b) Communication:**

- What methods will be used to communicate the strategy throughout the Organisation?
- Have the strategic implications been considered at different levels of the Organisation?
- Can the strategic intent be broken down into smaller elements to provide more context for the implementation decisions that will be faced by middle and front-line managers?
- Has a 360 degree communication system been implemented to provide feedback on environmental changes or errant assumptions that might impact the original strategic intent?
- Should strategic “gateway” reviews be established to monitor the progress of the implementation?
- Are there specific “go/no go” criteria which must be achieved throughout the implementation process?
- Should these be considered at regular board meetings?

**(c) Stakeholder Engagement:**

- Have Senior Managers and planners engaged with middle managers/line managers to identify potential opportunities/threats that the proposed strategy might encounter during the implementation process?
- Have the assumptions made in formulating the strategy been tested by those closer to the front lines?
- Have ideas from middle managers and line managers been sought in preparing the strategy? Should they?

**To help create a Strategic Control system**

**(a) Integration**

- Is the strategy a new direction for the Organisation, or is it complementary to existing strategic directions?
- Should those implementing the strategy be focusing on the new strategy to a greater or lesser degree than the existing strategy?

**(b) Time**

- What are the timelines for implementing the strategy as a whole, and each sub-element of it?
- When are the “gateway” review requirements to be met?

**(c) Cost**

- Has a budget been allocated to the whole strategy?
- Has a budget been allocated to the particular sub-element that the middle manager/line manager is responsible for?
- What are the financial hurdles that need to be achieved at each “go/no go” review?

**(d) Quality**

- Are there any specific quality targets that must be met to successfully implement this strategy? If so, what are they?

- How will Senior Management determine if the strategy is in accordance with the original intent?

**(e) Human Resources**

- Does Senior Management want the strategy implemented using existing Human Resources?
- If not, are there any specific guidelines for securing additional Human Resources to achieve the strategic outcomes?

**(f) Risk**

- Has a risk analysis/assessment been done on the strategy?
- Were there any specific mitigation strategies that should be communicated to those implementing it?
- Are there unacceptable risk levels associated with the strategy that middle/line managers need to be aware of?

**(g) Procurement**

- Does the strategy require any special plant or equipment?
- At what stage should these be procured?
- Is there a pre-agreed budget allocated for procurement?

## Conclusion

As demonstrated, the Project Management disciplines provide a clear framework for addressing the twin requirements necessary for *Strategic Integrity*. The disciplines of Scope, Communication and Stakeholder Management provide the basis for developing *Strategic Cohesion*. While the disciplines of Integration, Time, Cost, Quality, Human Resource, Risk and Procurement provide the basis for developing a *Strategic Control* system.

The framework is robust enough to allow each Organisation to adapt it for their own unique strategic goals, yet simple enough to be utilized by large and small Organisation's across a myriad of industry sectors and a range of geographic locations.

Finally, the framework itself is not new to most Organisations. These disciplines have been developed, tried and tested through a wide spectrum of turbulent environments for decades. The only thing necessary for Project Management to provide a framework for enhancing *Strategic integrity*, is a paradoxical shift in the way Senior Managers and strategic planners perceive it.

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