

Series on Project Successes and Failures¹

Article 5 of 6

Approaches to increasing Level 3: “Business” success

By Alan Stretton

INTRODUCTION

This is the fifth article in this series on project successes and failures. The first two articles (Stretton 2014j, 2015a) looked at levels and criteria for project successes/failures, at success/ failure rates, and at causes of project failures. It was concluded that there was an evident need to establish and agree on success and failure criteria for projects; to develop comprehensive success/failure data covering all significant project management application areas; and a need to develop much more comprehensive and validated data on causes of project failures.

The two most prominent cause-of-failure groups that emerged from the meagre sampling in the second article were project-initiation-related causes, and project management (PM) operational-related causes, which together made up 70% of all causes of failure identified in the sampling. In view of their prominence, I thought these deserved more detailed examination. This is being undertaken by linking them with the three success levels for projects introduced in the first article.

The third article (Stretton 2015b) discussed links between both cause-of-failure groups with Success Level 1: “Project management” success – colloquially described as “doing the project right”. The fourth article (Stretton 2015c) was concerned with Success Level 2: “Project” success – i.e. “doing the right project”, and particularly with its strong linkage with project initiation-related causes of failure.

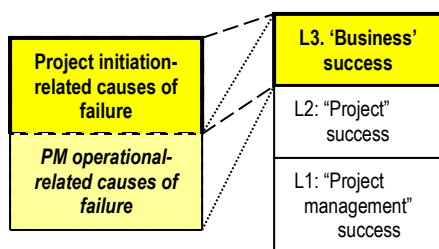


Figure 5-1: Links with Level 3: “Business” success

Taking Cooke-Davies’ 2004 colloquial descriptor of “business” success as “doing the right projects right, time after time”, there are links between this and both the primary cause-of-failure groups. However, if the right projects are not done, the relevance of “doing them right” diminishes. Both linkages are shown in Figure 5-1 (which is a copy of Figure 2-3 in the second article). However, the most dominant link is with project initiation-related causes of failure. This is linked back to the original choices of projects, particularly in a strategic management context, and what might be done to consistently improve the “right” choice of projects.

¹ This series of articles on project successes and failures is by Alan Stretton, PhD (Hon), Life Fellow of AIPM (Australia), a pioneer in the field of professional project management and one of the most widely recognized voices in the practice of program and project management. Long retired, Alan is still accepting some of the most challenging research and writing assignments; he is a frequent contributor to the *PM World Journal*. His author profile can be found at the end of the article.

LEVEL 3: “BUSINESS” SUCCESS

The nature of Level 3: “Business” success

The first article in this series summarized Level 3 as follows.

Were the right projects being done right, time after time? (Cooke-Davies 2004)

Morris 2013 calls Level 3 the institutional context, which he says

..... is about influencing and managing, as far as one is able, the context within which the project, and other projects and programs, occurs in order to enhance their effectiveness.

Dalcher 2014 connects project success at Level 3 with business success as follows.

The outcome of the project contributes to business success through the satisfaction of business objectives that have been realized. Success equates to maximization of financial and business efficiency measures, such as sales, profits or ROI as well as delivered value measures.

Level 3: “Business” success is closely linked with organizational strategies

Cooke-Davies 2004 connects Level 3 Success (which he calls “consistent project success”) with both corporate strategy and business objectives via the following factor which he nominates as contributing to success at this level:

Portfolio and project management processes that allow the enterprise to resource fully a suite of projects that are thoughtfully and dynamically matched to the corporate strategy and business objectives.

Archibald et al 2012 also link projects with corporate / organizational strategy. In discussing “project” success and project initiation phases in the fourth article of this series, one of the key components of the first *Incubation/ Feasibility* phase proposed by them, and summarised in Figure 4-3 in Stretton 2015c, is

- Verification that the project is aligned with the strategic plans and objectives of the sponsoring organization

These contributions from the project management literature link projects to “business” success via organizational strategic objectives and plans. We first look further at the nature of organizational strategies.

DELIBERATE AND EMERGENT ORGANIZATIONAL STRATEGIES

Mintzberg & Waters 1985 were particularly concerned with “the variety of ways in which strategies actually take shape”. They summarised their paper as follows:

Deliberate and emergent strategies may be conceived as two ends of a continuum along which real-world strategies lie. This paper seeks to develop this notion, and some basic issues related to strategic choice, by elaborating along this continuum various types of strategies uncovered in research. These include strategies labelled planned, entrepreneurial, ideological, umbrella, process, unconnected, consensus and imposed.

The eight strategies developed by Mintzberg & Waters are described in more detail in Table 1 below, which is an abbreviated version of the original.

Strategy	Major features
Planned	Strategies originate in formal plans Precise intentions exist, formulated by central leadership, backed by formal controls Strategies most deliberate
Entrepreneurial	Strategies originate in central vision Intentions originate as personal unarticulated vision of single leader Organization under personal control of leader Strategies relatively deliberate but can emerge
Ideological	Strategies originate in shared beliefs Intentions exist as collective vision of all actors Organization often pro-active vis-a-vis the environment Strategies rather deliberate
Umbrella	Strategies originate in constraints Leadership defines strategic boundaries or targets Strategies partly deliberate, partly emergent and deliberately emergent
Process	Strategies originate in process Leadership controls process aspects of strategy Strategies partly deliberate, partly emergent and deliberately emergent
Unconnected	Strategies originate in enclaves Actors loosely coupled to rest of organization produce patterns in own actions Strategies organizationally emergent whether or not deliberate for actors
Consensus	Strategies originate in consensus Through mutual adjustment, actors converge on patterns that become pervasive Strategies rather emergent
Imposed	Strategies originate in environment Environment dictates patterns in actions Strategies most emergent, although may be internalised and made deliberate

Table 1: Based on Mintzberg & Waters 1985 Table 1 – Summary description of types of strategies

The Deliberate end of the strategic continuum starts with planned strategies, which are “found in an environment that is, if not benign or controllable, then at least rather predictable”. The other, Emergent, end of the continuum, concludes with imposed strategies, which are associated with more dynamic environments.

Mintzberg & Waters also note that

....not a few deliberate strategies are simply emergent ones that have been uncovered and subsequently formalized.

Indeed, it would appear that all emergent strategies eventually become formalized, in the sense that they inevitably become part and parcel of the organization’s strategy. This appear to be what Turner 1993:37 had in mind when he said that

All projects should therefore arise from a need to fulfill specific strategic objectives and achieve competitive advantage.

A MODEL OF STRATEGIC FORMULATION AND PLANNING

A basic strategic formulation and planning flow-sheet

The following flow-sheet of organizational strategic planning and its implementation by programs and projects comes from the project management literature. It is a combination of materials from Van Den Broecke 2005, PMI 2006a, PMI 2006b, Archibald 2009, and Archer & Ghasemzadeh 2004, 1999, all of which I discussed in this journal in Stretton 2013k.

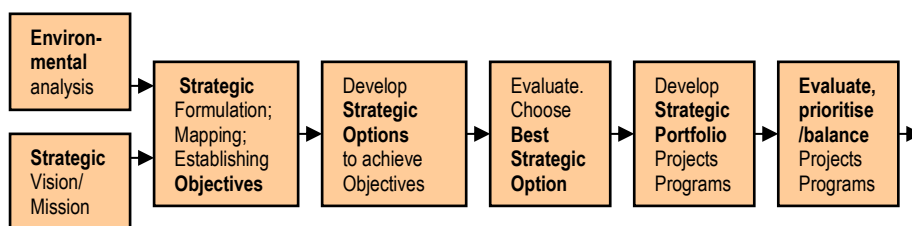


Figure 5-2: A basic strategic formulation and planning flow-sheet

Relationships between organizational strategies and originating projects

Moving from strategy formulation through the strategic planning process, we come to the development of strategic portfolios of projects (and/or programs of projects) to help implement strategies. As these derive from a mixture of ‘deliberate and ‘emergent’ strategy formulations, the projects in the portfolio will similarly be a mix of what could be called ‘deliberate’ and ‘emergent’ projects. The latter include “imposed” projects such as emergency projects, politically-originated projects, etc.

Therefore, as previously noted, if we adopt Mintzberg & Waters’ perspective, it would appear that all projects can be seen as originating from strategy formulation.

Progressive elaboration within strategic formulation and planning processes

In recent contributions to this journal, both Usher 2013 and I (Stretton 2013l) have observed that both organizational strategies and projects involve progressive elaboration from a relatively broad beginning, through increasingly detailed development, to detailed plans for implementation, as illustrated in Figure 5-3.

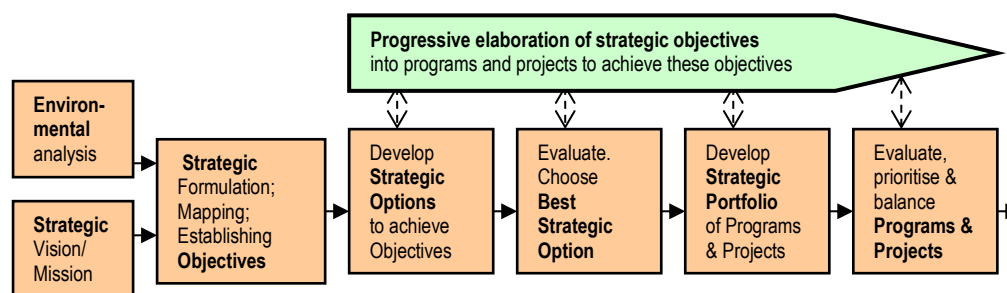


Figure 5-3: Adding progressive elaborations of strategic objectives to basic strategic flow-sheet

Essentially, Usher and I argue that project managers are experienced in progressive elaboration processes, and that therefore there is a good case for having project management involved early in the strategic management processes.

However, there are other reasons for having project management involved in the strategic formulation and planning processes, as we will see in looking at the last two items of the basic strategic flow-sheet.

DEVELOPING AND EVALUATING STRATEGIC PORTFOLIOS OF PROJECTS

These processes essentially originate individual projects, be they ‘deliberate’ or ‘emergent’. If not done properly, the chances are that one or more of these projects will not be the right project(s) to help achieve the strategic objectives.

Further, a typical strategic portfolio may comprise many projects and programs – so, it is all the more important to get strategic formulation and planning “right”, if the “right” projects are to be originated. Who better to undertake these last two steps than project managers?

These processes will now be linked to the first phase of project initiation developed in the previous article, where the case was made for increasing project management involvement in all project initiation phases. The case will then be made for extending this involvement into the development and evaluation of the strategic portfolio of projects, and thence into strategic formulation itself.

LINKING STRATEGIC PLANNING AND INDIVIDUAL PROJECT INITIATION

Linking the strategic flow-sheet with the generic project initiation flow-sheet

The following figure shows the strategic flow-sheet in the upper sector, with the three phases involved in project initiation as developed in the previous article of this series below (albeit in somewhat abbreviated form).

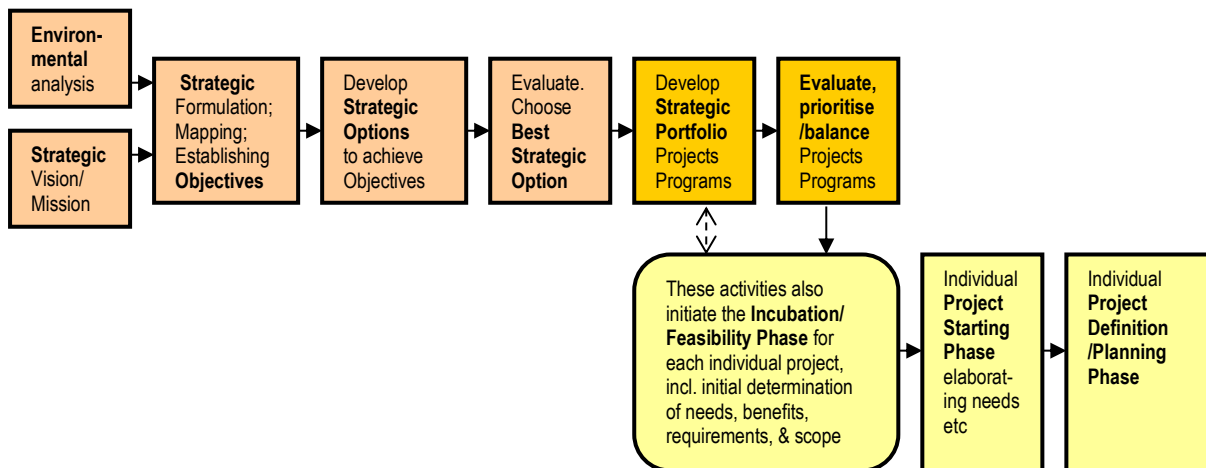


Figure 5-4: Linking the strategic flow-sheet with the generic project initiation flow-sheet

The linkage here is between the two strategic planning items of *developing the strategic portfolio*, and *evaluating, prioritizing and balancing the portfolio's projects (and/or programs)* on the one hand, and the very first phase of individual project initiation processes, namely *the incubation/feasibility phase*, on the other.

I have not seen this particular linkage developed previously, but it seems to me that the rationale of it is rather straight-forward. The very acts of developing strategic portfolios and evaluating, prioritizing and balancing the component projects are originating processes for the component projects of the strategic portfolio.

However, as noted in the previous article, I am distinguishing between originating projects, which in this case essentially comes from strategic formulation; and project initiation, which is a much more specific task relating to the individual projects that have been identified in the two-step strategic portfolio processes summarized above.

It follows that the task in the incubation/feasibility phase is to do whatever additional work is required on each individual project to determine client/stakeholder needs, and all the other processes described in detail in the previous article, many of which are now summarized in Figure 5-5 below.

POSSIBILITIES FOR INCREASING “BUSINESS” SUCCESS BY INCREASING PM INVOLVEMENT IN ORGANIZATIONAL STRATEGIC MANAGEMENT

Possibilities for increasing PM involvement in organizational strategies

In the fourth article of this series I proposed a series of four steps for increasing project management involvement in initiation processes for individual projects. Having now made the above link between the latter and organizational strategic portfolios and their component projects, I propose to extend these to increase the involvement of project management in strategic processes, as shown in Figure 5-5. (The strategic section of Figure 5-5 has been somewhat truncated to allow sufficient space for all possibilities for increased PM involvement to be presented).

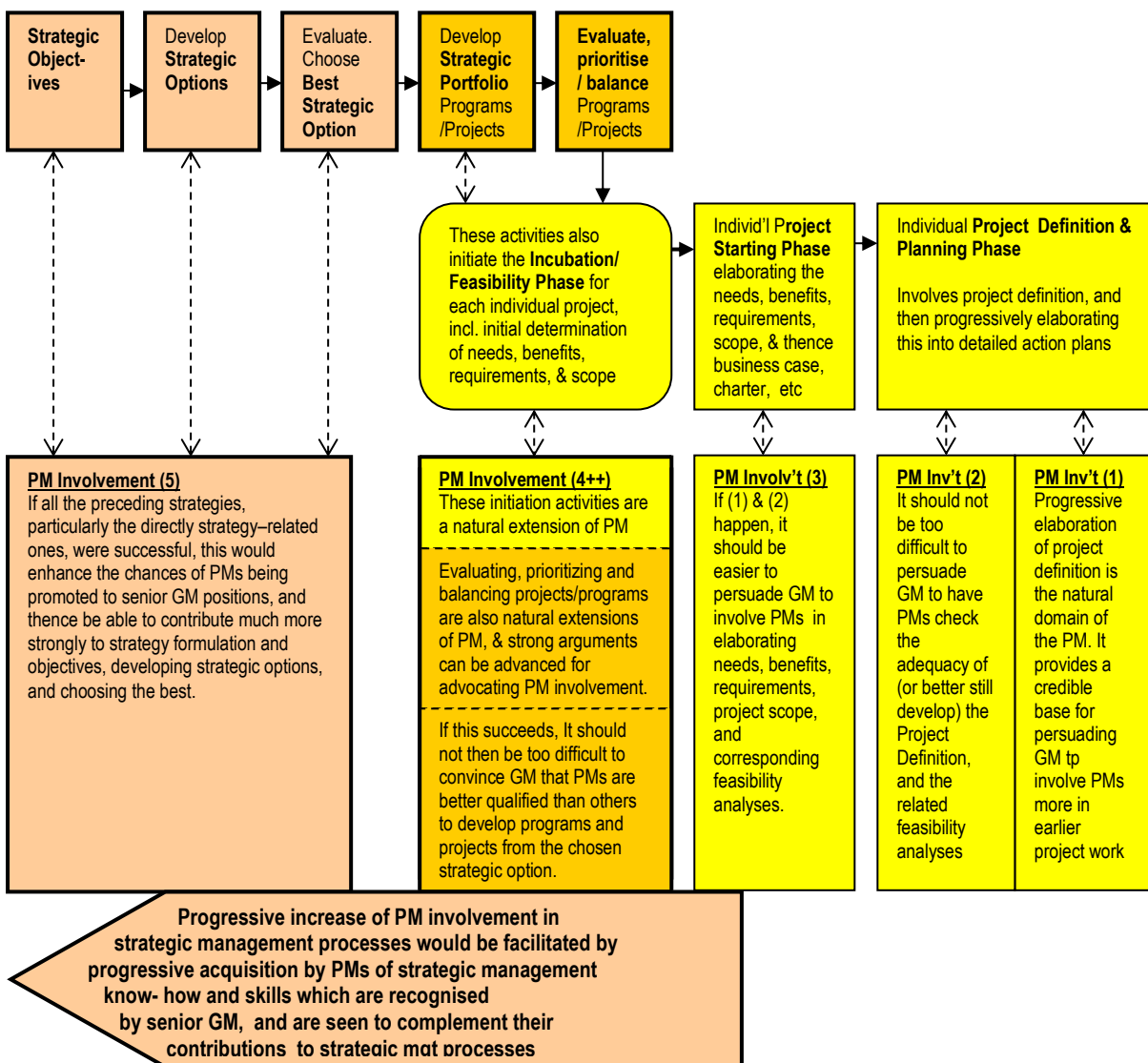


Figure 5-5: Apparent opportunities to increase project management involvement strategic mgt.

As can be seen, I have reproduced the major features of the proposed series of four steps for increasing project management involvement in initiation processes for individual projects in the lower right hand section of Figure 5-5. I have then added what appear to be obvious opportunities to increase project management involvement in the relevant strategic management activities.

Enhancing PM skills in strategic planning and management

The bottom block arrow of Figure 5-5 advocates a progressive acquisition by project managers of strategic management know-how and skills, to help persuade general management of the benefits of first involving project managers in strategic planning processes, and then in more general aspects of strategic management.

As already noted, there have been a few papers in the project management literature advocating increased project management involvement in strategic management, including Usher 2014, 2013 and Stretton 2013l, 2013k. However, arguably the most relevant I have come across recently is Naughton 2013, who discusses three major skill sets that tomorrow’s project leader will need to possess (as described in 2012 by PMI’s President and CEO, Mark Langley) – namely Technical, Leadership and Strategic skills, which he calls the Talent Triangle, as illustrated in Figure 5-6.

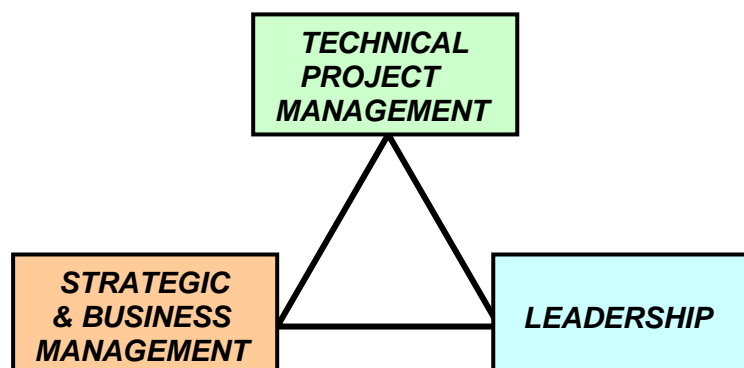


Figure 5-6: The Talent Triangle – adapted from Naughton 2013

Naughton 2013 points out that this is strikingly similar to IPMA’s Eye of Competence logo in its 2006 Competence Baseline, and goes on to observe that this similarity

....appears to represent some form of consensus on the profile of the future project manager by the world’s two most respected professional organizations IPMA and PMI.

So, it would appear likely that strategic and business management may well become more prominent in project management educational agendas. As senior general managers come to recognise that its project managers possess these additional skills, they may be encouraged to look increasingly to project managers as being part of their future senior general management talent pool.

RELATING OTHER CAUSES OF FAILURE WITH SUCCESS LEVEL 3

Lack of organisational support causes of failure

Lack of organizational support causes

Lack of top mgt support (3)
Inadequate governance
Lack of training
Lack of PM focus
Lack of PM culture
Resource mgt. problems (2)
No leadership stability

All of the lack of organizational support causes of failure identified in the second article of this series appear to be relevant to Success Level 3. I can see no better way of improving organisational support than by increasing project management involvement in strategic management processes, and particularly achieving significant involvement at top general management levels.

Other external causes of failure

Other external causes of failure

Inflation
Adverse geophysical conditions
Unsupportive political environment (2)

These other external causes of project failure are often discussed in the literature in the context of overall risk management.

Under appropriate circumstances any of these could be relevant to “doing the right projects time after time”.

Project management leadership-related causes of failure

PM leadership-related causes of failure

Relationships management
Lack of trust
Poor delegation
Lack of focus
Lack of commitment
No clear team objectives

The most relevant of these six causes of failure for Level 3 are undoubtedly relationships management and lack of trust (if the latter reflects general management views on project management, or vice versa). Clearly superior skills in relationships management are the key to persuading general management to involve project management more intimately in strategic planning and management activities, and resolving any issues of trust.

Project management operational causes of failure

These can, of course, strongly affect the project outputs and outcomes, and thence the achievement of strategic objectives. However, discussion of these types of causes in the context of individual projects has already been covered in the third article of this series (Stretton 2015b).

SUMMARY/CONCLUSIONS

In the project context, “business” success – i.e. “doing the right projects right, time after time – has been directly related by several writers to the achievement of organizational strategic objectives.

Mintzberg & Waters 1985 developed an eight-type categorization of organizational strategies, ranging from wholly planned ‘deliberate’ strategies at one end, to wholly imposed ‘emergent’ strategies at the other. Their research indicates that, in practice, most strategies have components of both. However, it is reasonable to conclude that all emergent strategies are eventually formalized, in the sense of becoming part and parcel of the organization’s overall strategy.

We then looked at strategic planning processes, which lead to the development and sorting of strategic portfolios of projects (and/or programs of projects). In the project management literature in particular, these are seen as key elements in helping achieve organizational strategic objectives.

I used to believe that ‘emergent’ projects, such as emergency projects, should be seen as independent of strategic formulation and planning processes. However, the above Mintzberg & Waters categorization of strategies has now led me to the viewpoint that all projects can be seen as having their origins in organizational strategies.

It therefore follows that if the strategic formulation and planning processes are not “done right”, the chances are that one or more of the projects developed in these processes will not be the right project(s) to help achieve the strategic objectives.

These strategic formulation and planning processes were then linked to the first phase of project initiation developed in the previous article, where the case had been made for increasing project management involvement in all project initiation phases. The case was then made for extending such project management involvement into the development and evaluation of the strategic portfolio of projects, and thence into strategic formulation itself, as an approach for increasing “business” success.

It was concluded that a primary strategy for increasing Level 3 success rates is to progressively increase project management involvement in organisational strategic planning, and thence into strategic management.

Implementation of this strategy would be facilitated by enhancing project managers’ knowledge and skills in strategic and business management. Pushing the theme of project managers’ skills and experience in progressive elaboration activities might also help.

If these strategies were successful, the chances of project managers being promoted to senior general management positions would be enhanced.

This, in turn, would greatly facilitate the process of securing some measure of influence and control over causes of project failures which all too often have been out of reach. It would also put project managers in an excellent position to help overcome the other most relevant cause of failure, namely the 'Lack of organisational support' cause.

ACKNOWLEDGEMENT

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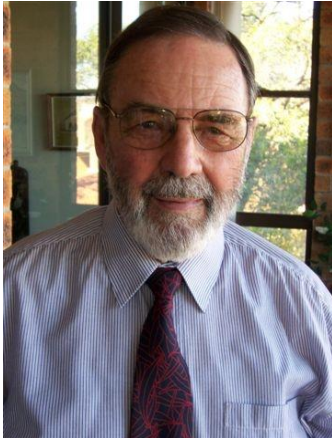
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Alan Stretton is one of the pioneers of modern project management. He is currently a member of the Faculty Corps for the University of Management & Technology (UMT), USA. In 2006 he retired from a position as Adjunct Professor of Project Management in the Faculty of Design, Architecture and Building at the University of Technology, Sydney (UTS), Australia, which he joined in 1988 to develop and deliver a Master of Project Management program. Prior to joining UTS, Mr. Stretton worked in the building and construction industries in Australia, New Zealand and the USA for some 38 years, which included the project management of construction, R&D, introduction of information and control systems, internal management education programs and organizational change projects. He has degrees in Civil Engineering (BE, Tasmania) and Mathematics (MA, Oxford), and an honorary PhD in strategy, programme and project management (ESC, Lille, France). Alan was Chairman of the Standards (PMBOK) Committee of the Project Management Institute (PMI®) from late 1989 to early 1992. He held a similar position with the Australian Institute of Project Management (AIPM), and was elected a Life Fellow of AIPM in 1996. He was a member of the Core Working Group in the development of the Australian National Competency Standards for Project Management. He has published over 140 professional articles and papers. Alan can be contacted at alanailene@bigpond.com.au.

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