

Closing the Gap between Strategy and Results

Interview with Mark Morgan



*Interviewed by [Prof Helgi Thor Ingason](#)
Reykjavik University, Iceland*

Mark Morgan is a consultant to businesses around the globe and the founder of StratEx Advisors, Inc. His work is in the field of strategic execution. He also a co-founder of the Stanford Advanced Project Management program at Stanford University in Palo Alto, California, USA (www.apm.stanford.edu). Mark is the lead author of the book *Executing Your Strategy*, published by Harvard Business School Publishing in 2008. He is also the lead author of *Executing Your Business Transformation* published by Jossey-Bass in 2010.

Mark is a leading lecturer in a course in the MPM (Master of Project Management) program at Reykjavik University in Iceland. The course is titled "Program and portfolio management and sponsorship." During the last visit of Mark to Iceland, he sat down with the program director, Prof Helgi Thor Ingason, for a discussion on the gap between strategy formation and strategy implementation in organisations.

Prof Helgi Ingason: What are the roots and basic idea of strategy?

Mark Morgan: The idea of corporate strategy emerged in the 1960s and over the last decades strategic management has been applied - to some extent - by most organizations. Strategic thinking and strategic planning has thus become quite important but the first ideas came from a mixture of consultants, academics and intellectual entrepreneurs such as Bruce Henderson, Bill Bain, Fred Gluck and Michael Porter. The basic idea of strategic planning, of envisioning a future and designing a path to reach that future position, is however more often described than actually executed in contemporary organizations. Many have lamented the lack of follow through on strategy and the gap between strategic planning and strategic execution. But why is that? Why do organizations find it hard to execute their strategy?

Ingason: How does a typical organization formulate and execute strategy?

Morgan: Based on my experience as a management consultant focusing almost entirely on the formulation of strategy and its execution, most organizations apply the ideas of strategic management to some extent. A typical company might recognize the need for a strategy, perhaps on their own or perhaps their board has asked for it. The management then convenes an offsite and bring in a facilitator to lead the process. The output of this offsite is typically a 3 inch binder or a massive PowerPoint file. Its destiny is to end in a desk drawer, book shelf or door stop or shared drive where it accumulates “dust”. Every year, the process is repeated.

The problem is that the strategic discussion seldom gets integrated with the actual operations of the company. Instead, these are treated as two completely different things, the strategy formation on one hand, and the operations on the other. A typical company does not treat the operating plan as the first year for the strategy implementation. Instead, a typical way to do it is to create an operating plan, driven by finance, by going through the annual budgeting process and produce a budget for the next year. Having done that, there might be time to consider strategy. This is however too late to be part of the budget and the important work required that emerges from strategic thinking becomes an exception to the operating plan that just got “booked”. It never enters the operational plan and only gets done by exception.

To put it differently, it is typically not a requirement of the strategic plan to drive a project portfolio that is reconciled to the resources required to execute it, let alone the accountability assigned to follow it through. Typically, the strategic planning process ends with a future vision with no commitment and no accountability. On the other hand, we have the operational process with no requirement to engineer the future. And in a typical organization, there is no bridge between those two aspects. This bridge - the execution - is a "no mans land." A giant gap for the future to fall into.

Ingason: Are we good at defining goals and doing what it takes to accomplish them?

Morgan: I have found that people really struggle with defining goals, making them measureable and defining the work that is needed to accomplish them. People find goal setting abstract and we don't seem to be trained in it. My clients may foresee a future vision for their organization but the step of defining the milestones and metrics to travel a path towards this future is much harder. The problem may lie in the education system.

The education system has a strong emphasis on solving problems which is quite different from goal setting and based on a different thought process. At the end of a typical university engineering training program, the student is a master of problem solving, he/she knows how to analyze and understand problems and how to solve them through a systematic approach.

The thought process of goal setting is quite different and is not a problem to be solved. It is a future to be created. Because goal setting and strategic planning are never an emergency, they earn a low priority or completely left out. Organizations are led and run by people that are trained primarily in solving problems, using some specific methods they have been trained in applying. It is a bit like being a carpenter that has the

tendency to apply a hammer to every task because it looks like a nail (apologies to Machiavelli).

Day to day problems in the operation of a company are urgent. They need the immediate attention of the manager. Goal setting may be seen as important but it can wait until the urgent stuff has been processed. But will all the problems ever be solved, especially if you are content with living one day after another without any way of knowing or understanding if you are moving towards to your future vision?

Ingason: Is project management well known in organisations?

Morgan: What organizations must do is to adjust their planning processes so that the output of strategic planning becomes the input to operational planning and budgeting, not the other way around. This means that organizations need to start thinking in terms of portfolio management; they must close in on the portfolio of things that they need to do in order to execute their strategy and reach their desired future vision.

Project management has become a well known set of disciplines for accomplishing the work needed to reach the goals of the organization. In all kinds of organizations around the world there is good understanding of its importance and value, especially among younger people, graduates from engineering and business schools, typically mid level managers in organizations.

But project management is perhaps not that well known and understood in the top management, where we would typically find senior people that didn't get much training or education in project management in their university education. To make the situation even worse, some of these leaders, in their important positions, are even unaware of their ignorance when it comes to project management. They don't know what they don't know.

Ingason: What is most important for project management to evolve as a scientific discipline?

Morgan: The wrong project done right is no better than the right project done poorly. Neither case brings about the result desired. An organization may have skilled project managers on the floor, people with the capacity and training to do the projects right. The organization may even have a project portfolio which gives it a good overview of the ongoing projects with all the key performance indicators to assess if the projects are on track and make sure the projects are resourced correctly. But for everything to come together, this is not enough.

The other side of the coin is namely to do the right projects. This cannot be achieved without the participation of the leadership of the organization through active sponsorship, for example to use the project portfolio as a tool to execute strategy and make difficult strategic decisions. This is probably a dominating factor in why resources are often wasted in projects. It has much to do with choosing the wrong projects, less to do with doing the projects right. Project sponsorship, and the anchoring of projects in

the organizations, must become a major focus area for project management as a scientific discipline.

Ingason: What is your recommendation for organisations who want to close the gap between strategy and results?

Morgan: All the above is all well and good but it will all end up just like a strategic plan with no follow through if certain things don't happen:

- 1) Alter the nature of strategic planning to include not just the vision and direction section that informs us of where to play and how to win. Add the section of how it will get done by following through to the commitment of specific resources to specific endeavors also known as projects.
- 2) Place strategic planning on the calendar ahead of operation planning or budgeting. Think of the strategy being the first year of executing your strategic plan. Integrate strategic actions in operations reviews.
- 3) Implement Portfolio Management to match organizational resources to the work required by the strategy. Build the portfolio using criteria that maximize business value.
- 4) Use Goals as the element to guide effort throughout the organization because strategy does not cascade, goals and metrics do.
- 5) Elevate project management to be the critical element in executing strategy. Generals don't win wars, soldiers do. Think of project management as the front line on achievement.
- 6) Close the loop. Follow through on the completion of projects to assure the delivery of business value.
- 7) Review progress toward strategy and goals as often as you do your ongoing operations.



Mark Morgan teaching class at Reykjavik University in April 2015