
Revisiting organisational strategic management (1)

A recursive organisational strategic management model, and responsibilities for managing various stages ¹

By Alan Stretton

FOREWORD

In the current VUCA (Volatile, Uncertain, Complex, Ambiguous) environment which has been so dramatically exacerbated by the Covid-19 virus, it would appear timely to revisit some aspects of organisational strategic management processes. I have written quite extensively on these topics in recent times in this journal, including a series of five articles starting with Stretton 2018d. The relevance of these topics to programs and projects is that the latter are virtually all undertaken in the context of helping achieve organisational strategic objectives. Therefore, VUCA-related factors that impact organisational strategies also impact their component programs/projects.

We will be looking at the following subjects in this series of five articles that revisit some aspects of organisational strategic management. These will reframe some topics I have written about previously, and introduce some new ones, particularly in relation to strategic drivers.

1. A recursive organisational strategic management model, and responsibilities for managing various stages;
2. Augmenting the recursive strategic management model to help manage changes impacting outcomes and benefits;
3. Deliberate and emergent strategies, and a classification of strategic drivers;
4. Incorporating strategic drivers into the recursive strategic management model, and discussing differences between industries;
5. Accelerated VUCA-related disruptors as strategic drivers, and organising for rapid strategic responses

We will not be moving immediately into considerations of accelerated strategic response modes appropriate for the Covid-19 era, but will develop models which progressively suggest how to build up VUCA-related capabilities leading towards this end – which is more specifically addressed in the fifth article of the series.

¹ How to cite this article: Stretton, A. (2020). A recursive organisational strategic management model, and responsibilities for managing various stages; Revisiting organisational strategic management (1); Series article. *PM World Journal*, Vol. IX, Issue XI, November.

INTRODUCTION TO THIS FIRST ARTICLE

Organisational strategic management is an ongoing task within organisations, and is therefore a recursive process. However, in the project management literature it is typically represented in essentially linear formats – often as triangles, with components such as organisational vision and mission at the apex, followed by more detailed extensions into strategic planning and execution.

I have been using a more conventional linear format for some time. Both this, and the triangular format, are convenient for discussing the roles of individual strategic initiatives and their component projects. However, it is common for several, and often many, strategic initiatives to be in play at any one time. Additionally, new initiatives are introduced, whilst older initiatives approach and achieve completion. These ongoing features would appear to be more appropriately represented in a circular ongoing format. Additionally, VUCA calls for increasingly frequent reviews of their impacts on existing strategies, of needs for revised and/or new strategies, and/or other adaptive responses, which would appear to be best represented by its own text-box in a recursive type model.

Accordingly, I look first to transpose my linear model into a circular recursive format, and add a specific provision for ongoing strategic management reviews, and appropriate responses when needed. I then discuss what some of the literature has to say about pervasive difficulties that most organisations appear to have in effectively implementing strategies. A primary cause of such difficulties is evidently ineffective decision-making and governance at the executive management level, and some of the operational issues here are discussed in further detail – particularly frequent executive management reviews, and decision making about responses.

Another cause of ineffective strategy implementation is too much fragmentation in the processes. This can be substantially ameliorated by the appointment of managers who are specifically accountable for the operational stages of the strategic sequence. This leads to quite substantial discussion of the role of strategic portfolio management to oversee all current strategic initiatives, and of strategic initiative management in managing all aspects of individual initiatives from inception to completion.

MOVING BASIC ORGANISATION STRATEGIC MANAGEMENT SEQUENCES FROM A LINEAR TO A RECURSIVE FORMAT

*....no single 'standard' strategic planning processes can meet the needs of all
organisations.*
(Booth 2018)

A linear organisational strategic management sequence

I have been using the following organisational strategic management sequence for some time in many articles in this journal, and this seems to have been a reasonably representative framework for the contexts which were being discussed.

ORGANISATIONAL STRATEGIC MANAGEMENT SEQUENCE				
1. Establish and shape strategic objectives	2. Develop strategic initiative options, evaluate, choose best	3. Elaborate/consolidate strategic initiatives	4. Execute strategic initiatives	5. Achieve strategic objectives.
Establish and shape both deliberate and emergent strategic objectives; Confirm desired outcomes/ benefits	Develop alternative strategic initiatives to achieve strategic outcomes / benefits; Evaluate alternatives; Choose the best	Elaborate and define chosen strategic initiatives; Confirm feasibilities; Prioritise and consolidate	Execute strategic initiative component projects/programs and other strategic work	Achieve strategic outcomes and realise benefits

Figure 1-1: A basic organisational strategic management sequence,

However, this is essentially in a linear format, and not well suited to include specific representations of the kinds of ongoing revisions and adaptive responses that must inevitably be made in these VUCA times. As Booth 2018 comments,

The emphasis on rapid change has led to the adoption of a more dynamic approach to the development and implementation of strategy, with an emphasis on adaptability and organisational agility to react rapidly to changing circumstances of emerging conditions.

Transposing this model into a recursive format

My first step in attempting to accommodate these factors is to transform the above model into a recursive format, as shown in Figure 1-2. In particular, it will be noted that this model adds a specific provision – Stage 6 – for ongoing strategic management *Reviews* and decisions about appropriate adaptive *Responses*.

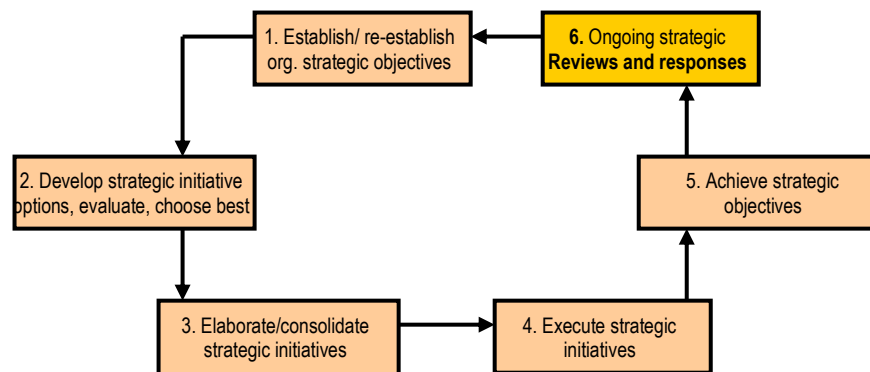


Figure 1-2: A basic recursive organisational strategic management model, based on Figure 1-1

However, this still has a linear type of attribute, because it could be seen to imply that all strategic responses initiated in Stage 6 then lead to a change in the overall organisational strategic objectives in Stage 1. This, of course, is not necessarily so. Many strategic initiatives are commonly initiated and/or modified within the ambit of existing overall strategic objectives, without requiring any changes to the latter.

To cater for this, I have amended Figure 1-2 to allow for both possibilities in moving from Stage 6 decisions to new or amended strategic initiatives in Stage 2.

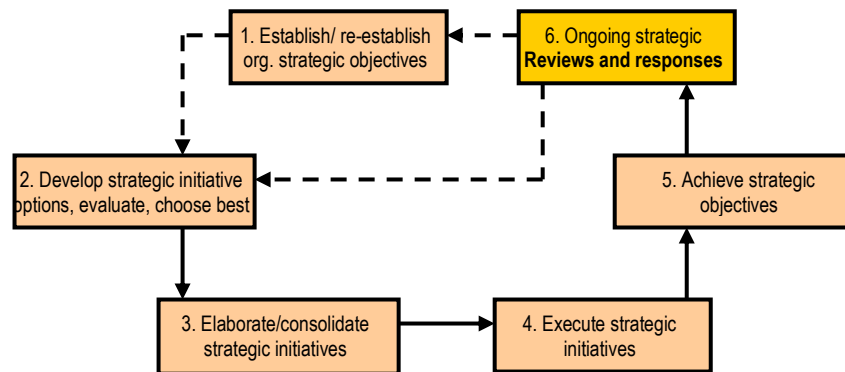


Figure 1-3: Providing for alternative routes between Stages 6 and 2 in the recursive model

The above is still essentially a single strategic initiative model, which does not make provision for multiple strategic initiatives being undertaken at any one time. Further, it gives no indication as to who has responsibilities for the stages in the overall organisational strategic management model.

ADDING PROVISION FOR MULTIPLE & INDIVIDUAL STRATEGIC INITIATIVES

I have made the following changes to Figure 1-3 which convert it into a somewhat hybrid format, the reasons for which will become apparent shortly.

- The main change has been to cater for multiple strategic initiatives in Stages 2 and 5, which are intended to cover all current organisational strategic initiatives, whether being actively processed to the output stage, or being converted into outcomes and/or benefits by user groups.
- In contrast, Stages 3 and 4 are intended to represent individual strategic initiatives, and I have added the word “individual” to each to be quite specific about this intention.

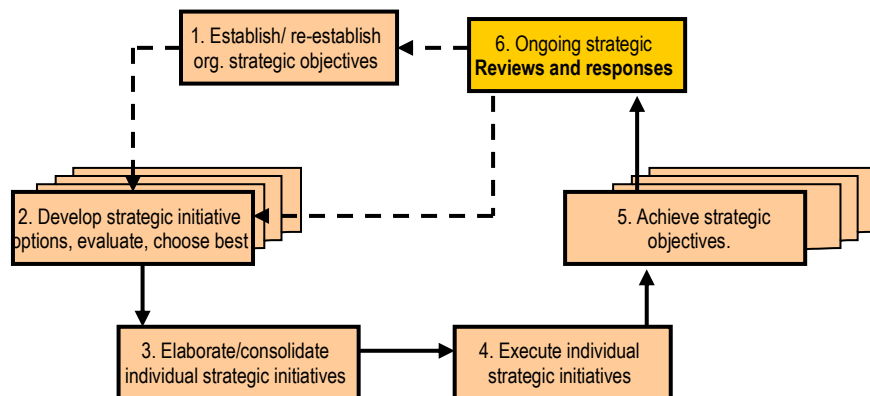


Figure 1-4: Amended Figure 1-3 to illustrate both multiple and individual strategic initiatives

PERVASIVE DIFFICULTIES IN EFFECTIVELY IMPLEMENTING STRATEGIES

Many writers in the project management literature and elsewhere have pointed out that many organisations fail to implement their strategies effectively. Ingason & Jonasson 2019 put the general position as follows.

The lack of ability to execute strategy is an international problem encountered by every type of organisation.

Bucero 2018 partly quantified the situation by saying that “studies have found that less than 10 percent of effectively formulated strategies carry through to successful implementation”. Usher 2014 quoted less severe, but still very high, failure rates.

However, research has demonstrated that up to 66% of these strategies fail to be implemented (Johson:2004) and of those which are implemented, most struggle to deliver more than 60% of their organizational or financial potential (Mankins and Steele: 2005).

Verweire 2018 found that there were five root causes for an unsuccessful strategy implementation:

- Too much focus on financials in strategy discussions
- Managers communicate about strategy but forget to translate strategy into action
- Functional strategies are no substitute for a business strategy
- Strategy implementation is too fragmented
- Strategy implementation requires leadership capabilities

The first three bullet-pointed causes indicate deficiencies in the executive management and governance domain. This tends to be supported by some earlier work I did on “project” successes/ failures (Stretton 2014j, et al), which indicated that something of the order of half of all such failures can be attributed to poor decision-making at the executive management level. We discuss this issue further below.

The latter two bullet points above indicate deficiencies in specifically delegating implementation responsibilities so that the processes are fully integrated, rather than fragmented. This is also supported by my earlier work, in which many “project” failures were attributed to lack of effective delegation to responsible managers (in effect, virtual abdication to unspecified entities). We will shortly discuss strategic portfolio management, and strategic initiative management, in this context.

EXECUTIVE MANAGEMENT ROLES AND RESPONSIBILITIES

These are illustrated in the organisational strategic management context as follows.

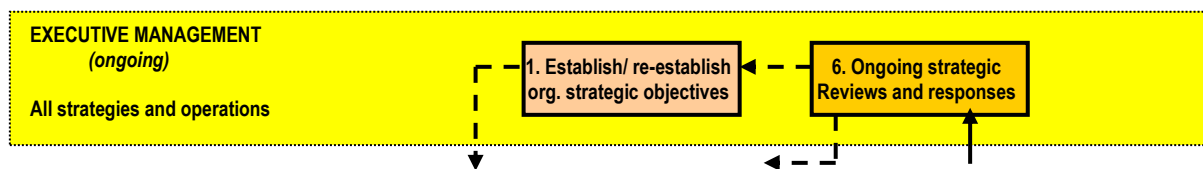


Figure 1-5: Executive management responsibilities in the recursive strategic mgt. sequence

Establishing broader longer-term organisational strategic objectives

Arguably, the most prominent responsibility of executive management in the context of organisational strategic management is the Stage 1 work of establishing the broader longer-term strategic objectives of the organisation – and, when necessary, of re-establishing these objectives when circumstances warrant doing so. Fraser 2020 gives some sense of these broader responsibilities, as follows.

Reviews, perhaps six monthly, should lead to possible further refreshing or updates to both the strategy and related business objectives and the associated portfolios.

However, it will be argued in the next article that, in the VUCA era, more frequent reviews and responses are commonly needed, and at a more detailed level.

Key influences in establishing organisational strategic objectives are often described as strategic drivers, which I will discuss in substantial detail in the next three articles.

However, for the present, we return to look at the other primary direct executive management responsibility, as summarised in Stage 6 in Figure 1-5.

Reviewing strategic implementation, and responding to significant variances

Executive management has an absolutely key role to play in actively monitoring and reviewing the effectiveness of the implementation of existing strategic initiatives, as represented in Stage 6 of the strategic management model – and particularly in making decisions about appropriate active responses to significant variances.

An important related issue is the validity and appropriateness of the information supplied to executive management so that its reviews are based on valid data and reporting. This brings us to the next level on the recursive organisational strategic management model, which is concerned with oversight of all the strategic initiatives that are currently active. Fraser 2020 proposes a strategic portfolio manager to fill this role, as now discussed.

PORTFOLIO MANAGEMENT ROLES AND RESPONSIBILITIES

Different perspectives of the nature of portfolio management

There appear to be two different perspectives on the nature of portfolios and portfolio management in the project management literature. I will describe these as “project portfolios” and “strategic investment portfolios”.

Project portfolio management: This perspective was spelt out in the first edition of PMI’s *The Standard for Portfolio Management* (PMI 2006b:5) as follows.

There are many types and varieties of portfolio management. This standard does not attempt to address all types of portfolio management; instead, it focuses on “project portfolio management”. Since project portfolio management is the focus of this standard, it is denoted throughout this document as simply “portfolio management”.

This perspective is evidently still widely held in the project management literature.

Strategic investment portfolio management: This perspective of the nature of portfolios and their management was recently discussed in Fraser 2020:

A portfolio should reflect the total or parts of investment planned or made by an organisation. These should be aligned with the organisation’s strategic goals via its business objectives.

Fraser defines portfolio management in the same way as in PMI 2006, as follows.

Portfolio management is the centralized management of one or more portfolios, which includes the enabling, identifying, balancing, measuring, adjusting and reviewing/renewing of programs of work, projects and other work to achieve specific business objectives.

However, he then makes the following distinctions, broadly in line with his above descriptor of a portfolio.

....portfolio management considers the achievement of objectives at a strategic level whilst programs of work, projects and other work are focused around the achievement of specific outputs and outcomes -

....modern portfolio management has a rolling-wave nature i.e. it never ends, whereas program of work and project management have defined starts and end points. Portfolio management therefore has an incremental and adaptive nature.

Adopting the strategic investment perspective of portfolios

I have adopted Fraser’s perspective on portfolio management, and have added its responsibilities to those of executive management, as shown in Figure 1-6.

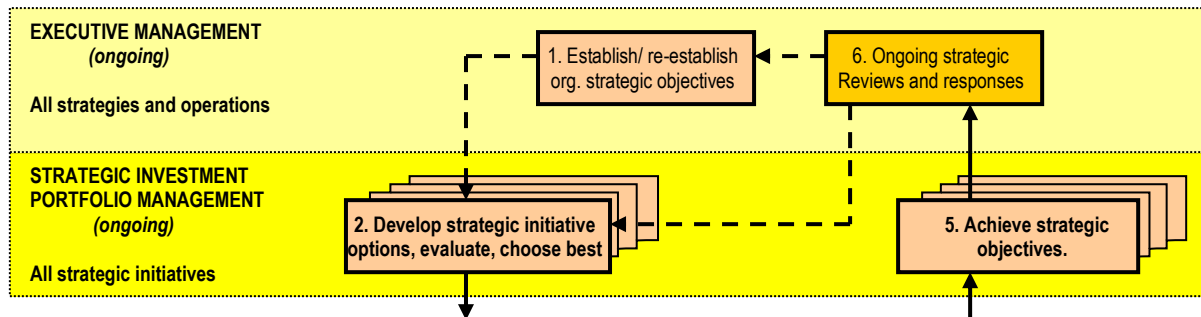


Figure 1-6: Adding strategic portfolio management responsibilities in recursive strategic mgt.

A portfolio manager should be a senior strategic executive, with appropriate responsibility and authority for:

- First, managing the Stage 2 work of developing strategic initiative options, evaluating them, and choosing the best options, and
- Then, monitoring, reporting, and making recommendations about the achievement (or lack thereof) of the Stage 5 strategic objectives.

(It is also noted here that Fraser’s perspective of portfolio management reflects a common usage understanding of the nature of portfolios.)

Regarding the Stage 5 processes, the key strategic objectives are outcomes and benefits, so that strategic investment portfolio management responsibilities in this context are ongoing evaluation of performance in achieving the desired outcomes and benefits of all current strategic initiatives. In view of the fact that this is a very substantial undertaking, and that outcomes and benefits are quite complicated topics in their own right, I propose to defer further detailed discussion of what can be involved in Stage 5 until the next article of this series.

Returning to Stage 2 processes, and the generation of strategic initiatives, we need to describe what they are.

The nature of strategic initiatives

Cooke-Davies 2016 quotes from a PMI 2013 *Thought Leadership* series which defines a strategic initiative as,

....a project, portfolio of projects, other discrete program or series of actions undertaken to implement or continue the execution of a strategy, or that is otherwise essential for the successful implementation or execution of a strategy. This includes some (usually high priority) projects, but does not entail the entire project portfolio.

This is a somewhat complicated description, which I propose to simplify somewhat in the following discussion on the third primary responsibility group in the recursive strategic sequence, namely strategic initiative management.

STRATEGIC INITIATIVE MANAGEMENT ROLES AND RESPONSIBILITIES

A more particular message from Verweire’s bullet points above concerns difficulties due to strategy implementation being too fragmented. I have discussed these types of problems in previous articles in this journal, particularly those connected with discontinuities arising from handing over material from strategic planners to program/project implementers. These types of issues led me to recommending the appointment of strategic initiative managers, which I first discussed in Stretton 2020d. As is indicated in Figure 1-7, I am continuing to recommend this approach.

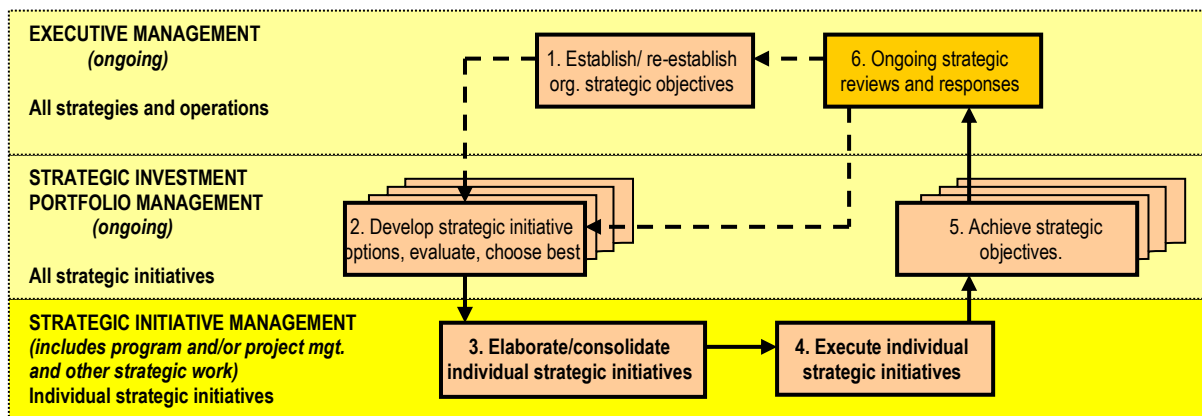


Figure 1-7: Adding strategic initiative mgt. responsibilities; Completing the responsibilities model

It is first noted that we are moving from a discussion about all current strategic initiatives being undertaken by an organisation to focus on individual strategic initiatives. In order to facilitate discussions on their management, I am going to focus on the following basic components of a typical strategic initiative, namely programs, projects, and other work (which I describe in this context as *other strategic work*). We turn first to programs.

Strategic initiative management and programs

Two different representations of the scope of programs and their management

There are many different definitions/descriptors of programs/program management (I listed 36 in Stretton 2017a), but most tend to share the main theme exemplified in a definition of a program in PMI 2006a:4 as follows.

A program is a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually.

However, there are currently two different modes in which the scope of program management is discussed in the literature, and is represented in practice.

- *Program management covering the scope of strategic initiative management*

In this first mode, program managers are appointed as soon as individual strategic initiatives have been sanctioned, and essentially cover the management of the entire strategic initiative, with its component programs, projects and other strategic work, often also including involvement in achieving outcomes. This mode of representing and implementing programs has been in place for a long time in the procurement and acquisition processes of public sector organisations in the UK, as is spelt out in detail in the OGC publication *Managing Successful Programmes* (e.g. OGC 2007). The use of *programs* in much the same context also appears to have been in place for a long time in government agencies in the USA, and especially defense, energy and transportation.

- *Program management not directly linked with strategic management*

This could be seen as a more traditional representation of program management, along the lines of the above definition of a program from PMI 2006a:4.

This then brings us to a problem with terminologies. The descriptor *program* is used in both the above contexts. Both are programs – but not all programs cover the scope of strategic initiative management. Currently we do not have a terminological way of distinguishing between them, which can, and has, caused confusion.

For this reason, I strongly prefer to use the descriptor *Strategic initiative manager*, rather than *program manager*, in the former context. An associated reason for preferring this descriptor is that it is non-jargon, and describes its function in a way most people can readily understand.

Strategic initiative management, projects, and other strategic work

As briefly mentioned above, the program management mode which essentially covers the scope of what I describe as strategic management typically also covers *other strategic work*. However, the literature on project management in the organisational strategic context only rarely discusses *other strategic work*.

Yet, as I have repeatedly pointed out (e.g. in Stretton 2019a), the satisfactory delivery of *other strategic work* can be a major factor in helping organisations achieve their strategic objectives. An undue focus on projects, whilst neglecting *other strategic work*, has led to many well-publicised failures or sub-standard outcomes in the past, and will continue to do so, unless active steps are taken to ensure that it is actively managed, and coordinated with associated projects.

SUMMARY AND DISCUSSION

This has been the first of five articles in which I am revisiting organisational strategic management, and looking particularly at VUCA-related issues which impact on strategic management (and thence on management of component projects), and how the organisation can prepare itself to handle such impacts more effectively.

I first developed a recursive model of a basic organisational strategic management sequence to represent its cyclic nature, and added specific provision for ongoing strategic management reviews, and appropriate responses to significant changes.

A brief discussion on pervasive difficulties that many organisations have in effectively implementing strategy first identified ineffective decision-making and governance at the executive management level as one prominent cause. We then looked at clarifying the latter's responsibilities in establishing longer-term organisational strategic objectives, and particularly in reviewing strategic implementation, and responding appropriately to significant variances.

Another prominent cause of implementation problems was identified as fragmentation of relevant operations and responsibilities. This indicated, first, a need to appoint strategic investment portfolio managers to oversee all current strategic initiatives, from inception to completion. In this section we discussed different perspectives of the nature of portfolios and their management, reasons for adopting the strategic investment perspective of portfolios, and the responsibilities involved.

Second, at the level of individual strategic initiatives, I discussed the importance of appointing dedicated strategic initiative managers. This section included discussions on two different representations of the scope of programs and their management, and why I have opted for the descriptor *strategic initiative manager* in this context. I also discussed the importance of effective management of *other strategic work* (i.e. non-project support activities) as part of this responsibility.

Summarising these latter two points, I have emphasised the need to appoint both strategic investment portfolio managers, and strategic initiative managers, to cover specific stages of organisational strategic sequences, and the need to effectively delegate responsibilities to them.

In the next article I will discuss augmenting the recursive strategic management model to help strategic investment portfolio managers and executive management deal with VUCA-types changes that may impact outputs, outcomes or benefits.

REFERENCES

- BOOTH, David (2018). Advances in project management series: How strategy happens. *PM World Journal*, Vol. VII, Issue II, February. <https://pmworldlibrary.net/wp-content/uploads/2018/02/pmwj67-Feb2018-Booth-how-strategy-happens-advances-series-article.pdf>
- BUCERO, Alfonso (2018). From strategy to execution. *PM World Journal*, Vol. VII, Issue X, October. <https://pmworldlibrary.net/wp-content/uploads/2018/10/pmwj75-Oct2018-Bucero-from-strategy-to-execution-advisory.pdf>
- COOKE-DAVIES, Terry (2016). Managing strategic initiatives . In the *Gower Handbook of Programme Management*, 2nd Edition, Eds Dennis Lock and Reinhard Wagner. Chapter 18, pp 259-267.
- FRASER, Iain (2020). *Boosting organisational value through smarter portfolio management*. Organisational context, strategy, operations. *PM World Journal*, Vol. IX, Issue VIII, August. <https://pmworldlibrary.net/wp-content/uploads/2020/07/PMWJ96-Aug2020-Fraser-portfolio-management-2-organizational-context-strategy-operations.pdf>
- INGASON, H. T. & H. I. JONASSON (2019b). Strategy in the context of transparent leadership and sustainable project management. *PM World Journal*, Vol. VIII, Issue XI, December. <https://pmworldlibrary.net/wp-content/uploads/2019/12/pmwj88-Dec2019-Ingason-transparent-leadership-sustainable-pm-2-strategy.pdf>
- MORRIS, Peter W. G. (2013). *Reconstructing Project Management*. Chichester, West Sussex; Wiley-Blackwell
- OGC (OFFICE OF GOVERNMENT COMMERCE) (2007). *Managing Successful Programmes*. 3rd Edition, London, The Stationary Office.
- PMI (PROJECT MANAGEMENT INSTITUTE) (2006a). *The Standard for Program Management*. Newtown Square, PA: Project Management Institute
- PMI (PROJECT MANAGEMENT INSTITUTE) (2006b). *The Standard for Portfolio Management*. Newtown Square, PA: Project Management Institute
- STRETTON, Alan (2020d). Increasing project management involvement in the initial choice of projects. *PM World Journal*, Vol IX, Issue IV, April. <https://pmworldlibrary.net/wp-content/uploads/2020/03/pmwj92-Apr2020-Stretton-Increasing-PM-involvement-in-choosing-projects.pdf>
- STRETTON, Alan (2019a). Representing “other strategic work” in addition to projects in an organisational strategic management context. *PM World Journal*, Vol VIII, Issue I, January. <https://pmworldlibrary.net/wp-content/uploads/2019/01/pmwj78-Jan2019-Stretton-representing-other-strategic-work.pdf>

STRETTON, Alan (2018d). Series on organisational strategic planning and execution: Stage 1. Establish organisational strategic objectives. *PM World Journal*, Vol VII, Issue IV, April. <https://peworldlibrary.net/wp-content/uploads/2018/04/pmwj69-Apr2018-Stretton-strategic-planning-series-article1.pdf>

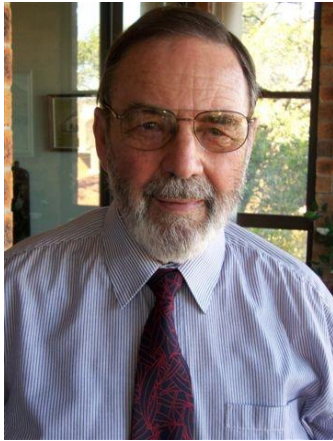
STRETTON Alan (2017a). Is “program” an appropriate universal descriptor in the project-related context? *PM World Journal*, Vol VI, Issue I, January. <https://peworldlibrary.net/wp-content/uploads/2017/01/pmwj54-Jan2017-Stretton-is-program-appropriate-descriptor-featured-paper.pdf>

STRETTON, Alan (2014j). Project Successes and Failures Series (1): Some deficiencies in data on project successes and failures. *PM World Journal*, Vol III, Issue XII, December. <https://peworldlibrary.net/wp-content/uploads/2014/12/pmwj29-dec2014-Stretton-some-data-deficiencies-successes-failures-Series-Article1.pdf>

USHER, Greg (2014). Enhancing strategic integrity through project management. *PM World Journal*, Vol III, Issue III, March. <https://peworldlibrary.net/wp-content/uploads/2014/03/pmwj20-mar2014-usher-enhancing-strategic-integrity-FeaturedPaper.pdf>

VERWEIRE, Kurt (2018). The challenges of implementing strategy. *PM World Journal*. Vol VII, Issue V, May. <https://peworldlibrary.net/wp-content/uploads/2018/05/pmwj70-May2018-Verweire-challenges-of-implementing-strategy-series-article.pdf>

About the Author



Alan Stretton, PhD

Faculty Corps, University of Management
and Technology, Arlington, VA (USA)

Life Fellow, AIPM (Australia)



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 200 professional articles and papers. Alan can be contacted at alanailene@bigpond.com.au.

To view other works by Alan Stretton, visit his author showcase in the PM World Library at <http://pmworldlibrary.net/authors/alan-stretton/>