Getting Off on the Right Foot[1, 2]

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Strategic Business Objectives represent the fundamental business drivers in a well-executed program. But not all programs are well executed and as such understanding how the selection and translation of strategic business objectives into program strategy and execution affects program performance and outcomes is essential.

Previously this relationship has been described as shown in Figure 1, where Strategic Business Objectives provide the basis for a strategy implemented programmatically through a series of projects. Simplistically, this relationship remains true but a closer examination highlights some essential ingredients of a successful program that while implicit, can benefit from more explicit treatment.

Figure 1

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The Nature of Strategic Business Objectives

Strategic Business Objectives by their very name must be truly strategic in nature. Their achievement should result in the transformational outcome that is desired. Strategic Business Objectives should describe "Outcomes" and not be confused for strategy or tactics which occur at a different level. They must be clearly and consistently articulated.

But strategic business objectives must be even more. They must be bounded in time. Open ended strategic business objectives describe a direction or intent, not a rate of progress towards an end goal. Without adequate bounding, progress is not measurable and ultimate success uncertain.

But even bounded strategic business objectives are not enough. There must be broad stakeholder buy in to these strategic business objectives and it is this lack on consensus that often acts as a passive drag on many programs. A review of large engineering and construction program experiencing scope, schedule and cost growth suggests that both articulation of the businesses strategic business objectives and broad stakeholder consensus were lacking. Simply put, strategy was flawed and organizational alignment inadequate since there was not agreement on the fundamental strategic business objectives to be achieved.

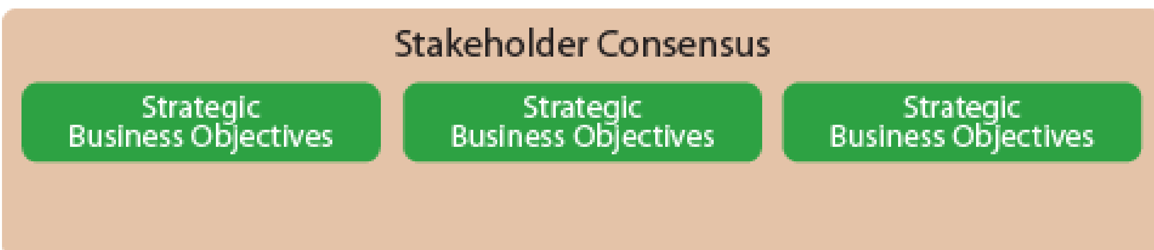

Figure 2

Strategic Alignment

A hallmark of many successful programs is the extent and nature of the stakeholder alignment activities which happen at both a program and project level. But as the results of strategy reviews suggest, alignment on the strategic business objectives for which a strategy and implementing program are being developed, must happen among the key internal and external stakeholders before a strategy is even developed. Realistically, some iteration between strategy and strategic business objectives is possible if closer examination finds those objectives to be unachievable by any acceptable strategy.

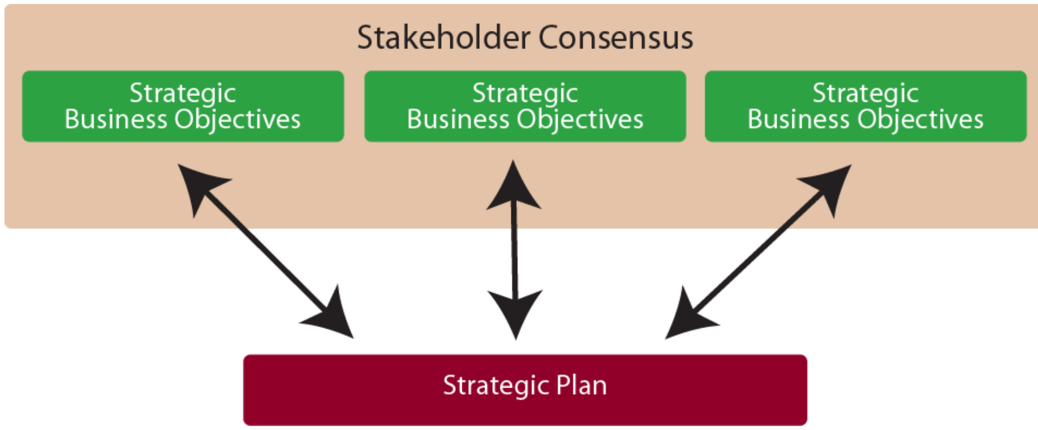

Figure 3

Strategic Business Objectives' KPIs

Just as strong stakeholder involvement programs are a hallmark of successful programs, so too are well defined KPIs at the program and individual project levels. A review of program level dashboards suggests that key performance indicators tracked include measurement of individual strategy elements and often various tactical elements or intermediate process results. While such measurements are important to day-to-day management of the program, a higher level of simple KPIs directly linked to the Strategic Business Objectives are essential to ensure that the selected strategy and implementing program are truly achieving the desired results at the highest level.

Figure 4 illustrates this stronger focus on getting off on the right foot.

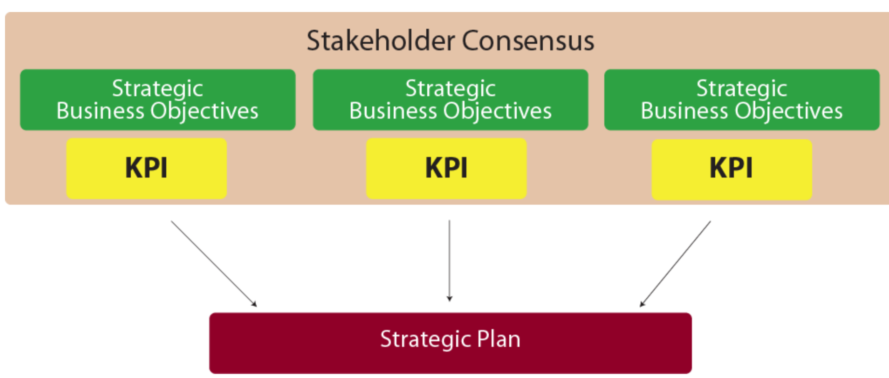

Figure 4

Objective Confusion

Within the program and project levels, individual function, project and task activities will have specific objectives. This is not only appropriate but necessary. However, it is essential that these subordinate objectives remain just that – subordinate. A review of programs experiencing cost or schedule growth uncover evidence that these subordinate objectives have been allowed to rise to equal or at times superior status than the top level strategic business objectives. These added objectives may act as unnecessary constraints or have the effect of expanding the scope of the endeavor.

Alignment at all levels is key and a cascading of objectives should be reviewed periodically to ensure continued primacy of the organization's strategic business objectives.

Figure 5

A Strengthened Model for Strategic Business Objectives

A strengthened model for ensuring the strategic business objectives that underpin a program are met is built on three key principles:

- early internal and external shareholder consensus on the strategic business objectives
- top level KPIs directly linked to top level strategic business objectives
- alignment of objectives as they cascade down through strategy, program, project and task opportunities

Successful program management begins by getting off on the right foot.

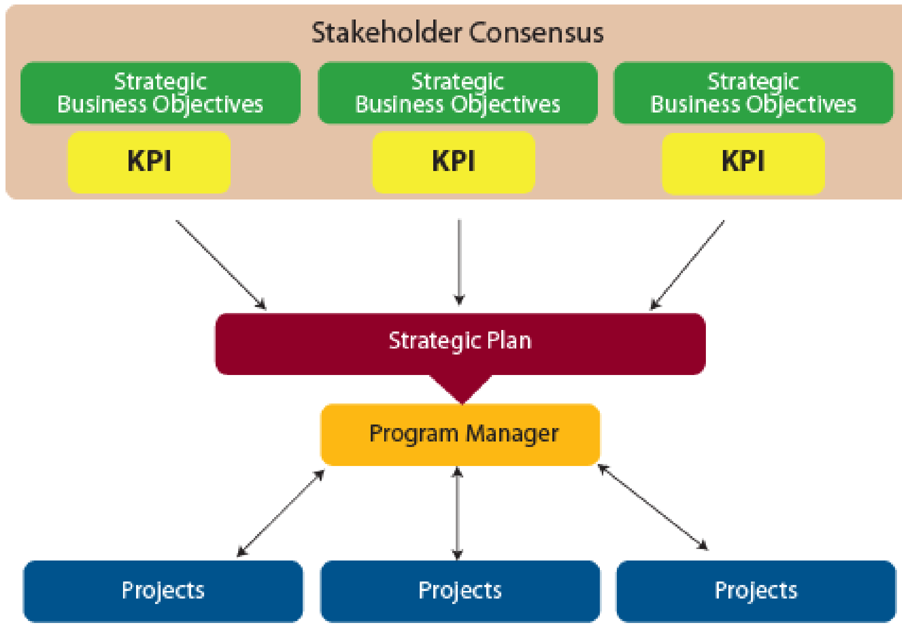

Figure 6

References

1. Prieto, R. (2008). Strategic Program Management; published by the Construction Management Association of America (CMAA); ISBN 978-0-9815612-1-9; July 24
2. Prieto, R. (2010). Topics in Strategic Program Management; ISBN 978-0-557-52887-5; July

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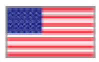

Bob Prieto is a senior executive effective in shaping and executing business strategy and a recognized leader within the infrastructure, engineering and construction industries. Currently Bob heads his own management consulting practice, Strategic Program Management LLC. He previously served as a senior vice president of Fluor, one of the largest engineering and construction companies in the world. He focuses on the development and delivery of large, complex projects worldwide and consults with owners across all market sectors in the development of programmatic delivery strategies. He is author of nine books including "Strategic Program Management", "The Giga Factor: Program Management in the Engineering and Construction Industry", "Application of Life Cycle Analysis in the Capital Assets Industry", "Capital Efficiency: Pull All the Levers" and, most recently, "Theory of Management of Large Complex Projects" published by the Construction Management Association of America (CMAA) as well as over 750 other papers and presentations.

Bob is an Independent Member of the Shareholder Committee of Mott MacDonald. He is a member of the ASCE Industry Leaders Council, National Academy of Construction, a Fellow of the Construction Management Association of America, Millennium Challenge Corporation Advisory Board and member of several university departmental and campus advisory boards. Bob served until 2006 as a U.S. presidential appointee to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council (ABAC), working with U.S. and Asia-Pacific business leaders to shape the framework for trade and economic growth. He had previously served as both as Chairman of the Engineering and Construction Governors of the World Economic Forum and co-chair of the infrastructure task force formed after September 11th by the New York City Chamber of Commerce. Previously, he served as Chairman at Parsons Brinckerhoff (PB) and a non-executive director of Cardno (ASX)

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