PM World Journal (ISSN: 2330-4480)
Vol. X, Issue III – March 2021
www.pmworldjournal.com
Series Article

Incorporating strategic drivers into the recursive
strategic mgmt model, and diferences between industries
Revisiting organisational strategic management (4)
by Alan Stretton

Revisiting organisational strategic management (4)

Incorporating strategic drivers into the recursive strategic management model, and discussing differences between industries[1]

By Alan Stretton

INTRODUCTION

This is the fourth of a series of articles on revisiting organisational strategic management. The first article (Stretton 2020l) proposed a six-stage recursive strategic management sequence, and discussed managerial arrangements to help coordinate and optimise the stages in this model. The second article (Stretton 2020m) discussed augmenting this model to facilitate management of changes impacting planned strategic initiative outcomes and the realisation of benefits. The third article (Stretton 2021a) introduced deliberate and emergent strategies, and assembled and classified a variety of strategic drivers which particularly influence the establishment of strategic objectives.

In this article we will incorporate the internal and external strategic drivers identified above into the recursive strategic management model. We will also discuss some differences between industries in the nature and priorities typically accorded to strategic drivers. We start with the strategic drivers model from Stretton 2021a.

ORGANISATIONAL STRATEGIC DRIVERS MODEL FROM STRETTON 2021a

CITED INTERNAL STRATEGIC DRIVERS	KEY EXTERNAL STRATEGIC DRIVERS
Financial performance	Technological drivers
Cost efficiency	Economic drivers
Execution performance	Social/health drivers
Predictability & meeting commitments	Political drivers
Ability to deliver strategy	Environmental drivers
Organisational development	Regulatory & legal drivers
Growth	Industry & market drivers
Innovation	Other external drivers

Figure 4-1: Summary of the main strategic drivers identified in Stretton 2021a

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Now, strategic drivers are obviously highly relevant to organisational strategic management. For example, they are at the apex of a "pivot model" of organisational context, strategy and operations used by Fraser 2020, in his Figure 1. So, it appears appropriate to try and illustrate how strategic drivers can be seen to relate to the recursive strategic management model developed in the first article of this series, and further discussed in the second article.

We start with the eight internally-originated strategic drivers in Figure 4-1 above, to which I have added "Other internal drivers", for obvious reasons.

INCORPORATING INTERNAL STRATEGIC DRIVERS INTO THE RECURSIVE ORGANISATIONAL STRATEGIC MANAGEMENT MODEL

The recursive organisational strategic model I am using is that shown in Figure 1-3 in the first article of this series (Stretton 2020l), which I have here titled "Recursive ongoing strategic management". The above internal strategic drivers are incorporated internally into this model, as shown in Figure 4-2.
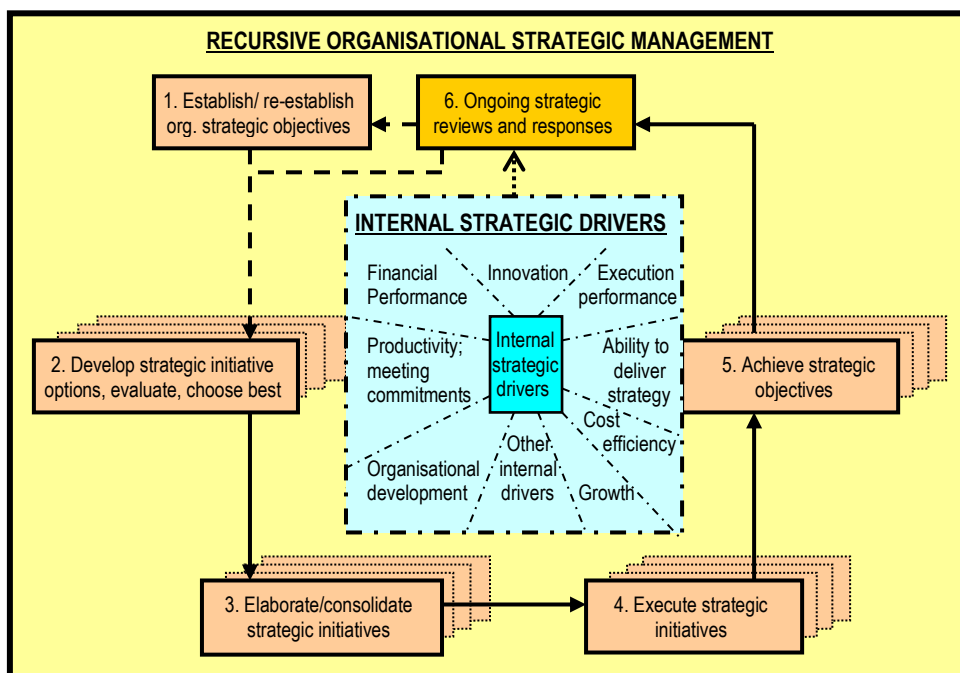

Figure 4-2: Representing internal strategic drivers in the recursive strategic mgt model

Internal strategic drivers are obviously of the utmost importance, as they reflect a combination of executive management's interpretation of the organisation's own capabilities, how these relate to the state of the organisation's environment, and thence the types of responses (internal drivers) which it considers most appropriate for the organisation to maximise its situation, both short-term, and longer-term.

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Regarding assessment of the organisation's own capabilities in the context of strategic planning and management, there is some acknowledgement in the project management literature of the importance of this process, but little detailed analysis, although in their book *Project: Strategy*, Ingason & Jonsson 2019 cover this ground in some detail, as do many more specialist books on corporate strategy, such as the classic Johnson & Scholes 1999.

We now turn to external strategic drivers and add those listed in Figure 4-1 to Figure 4-2.

INCORPORATING EXTERNAL STRATEGIC DRIVERS INTO THE RECURSIVE ORGANISATIONAL STRATEGIC MANAGEMENT MODEL
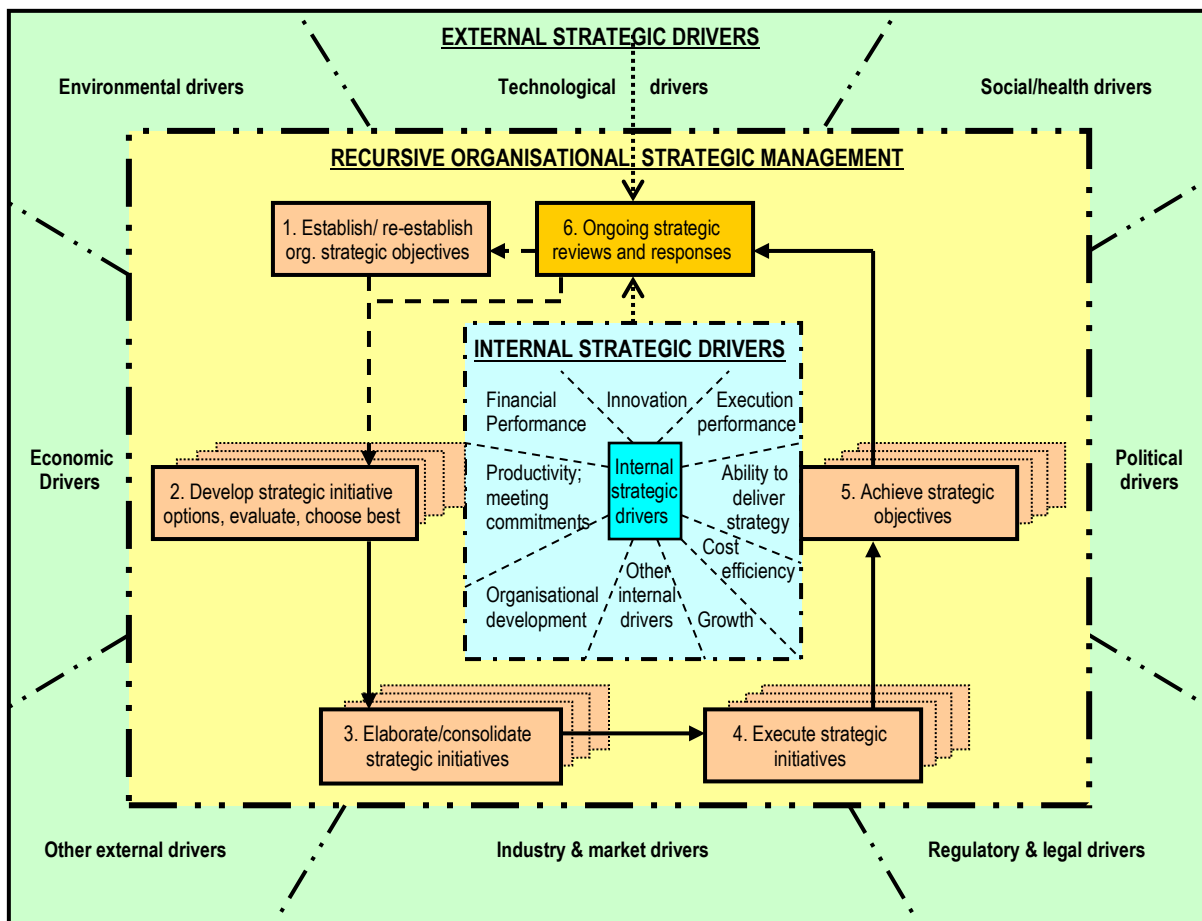

Figure 4-3: Adding external strategic drivers to Figure 2

The above figure covers the incorporation of both the internal and external strategic drivers from Figure 4-1 into the recursive organisational strategic management framework.

I now want to move to some research data from Crawford & Cooke-Davies 2010 which shows how the nature and priorities of both internal and external drivers can vary between industries.

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SOME DIFFERENCES IN THE NATURE AND PRIORITIES OF BOTH INTERNAL AND EXTERNAL STRATEGIC DRIVERS BETWEEN INDUSTRIES

Findings from Crawford & Cooke-Davies

Many of the strategic drivers in Figure 4-1 came from some research work of Crawford & Cooke-Davies 2010, as discussed in the third article (Stretton 2021a). However, the main interest of the research undertaken by these authors was in identifying the key strategic drivers in various industries.

They investigated six major industry groups, and found very substantial variability between them in the nature of, and priorities given to, key strategic drivers, both internal and external.

Figure 4-4 summarises some of their key findings, set down in order of perceived importance of the strategic drivers in each of the six major industry sectors investigated, as derived from their research data and analyses.

Order of importance	PHARMACEUTICAL	ENERGY	PETROCHEMICAL	IT & TELECOMS	ENGINEERING & CONSTRUCTION	FINANCE
1	Innovation	Stakeholder engagement	Predictability	Reliability of end product	Execution performance	Execution performance
2	Pipeline	Cost efficiency	Financial performance	Customer satisfaction	Financial performance	Cost efficiency
3	Ability to deliver strategy	Innovation	Execution performance	Financial performance	Stable & quality management	Financial performance
4	Schedule performance	Revenue	Safety	Market share	Meet customer expectations	Profitability
5	Portfolio perspective	Profitability	Cost efficiency	Market awareness	Innovation	Ability to deliver strategy

Figure 4-4: Some key strategic drivers, by industry sector
Adapted from Crawford & Cooke-Davies 2010, Table 1

Although the authors stressed that a limitation of their research was that the sample was small, their research indicates that there are very real differences between industries as regards the nature and importance of a variety of strategic drivers.

It would be interesting to see the results that might emerge from similar research in these industries in today's accelerating VUCA environment.

Another factor to be considered in this context is that the six industry groups investigated by Crawford & Cooke-Davies represent only a relatively modest sampling of all industries and similar domains.

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We now move on to look at the broader industrial context, and the place of these six industry groups in this context.

The broader industrial context, and new and changing industries

The most comprehensive classification of industries I know of is that of Pells 2011, who developed a *project management industry classification system*, as discussed in a slightly different context in Stretton 2020k. His listing is partly reproduced in Figure 4-5 below (with the numbers in parenthesis indicating further specific industrial subgroups which Pells nominates within the broader group in each case).

I have also listed the six industry sectors from Crawford & Cooke-Davies against Pells' listings, to give some idea of their place in the broader context of Pells' classification.

PROJECT MANAGEMENT INDUSTRY CLASSIFICATION SYSTEM Pells 2011	SOME INDUSTRY SECTORS Crawford & Cooke-Davies 2010
1. Human health & well being Food (5); Water (2); Wastewater & sanitation (3); Healthcare (2); Clothing (4); Housing (3); Education (3); Police & security (3)	**Pharmaceuticals**
2. Basic industries Mining & natural resources (5); Materials (6); Energy (3); Food & drugs (4); Telecommunications (3); Transportation & logistics (11), Packaging	**Energy** **Petrochemical**
3. Advanced industries - Manufacturing Aerospace; Automobiles; Defence & military (8); Capital goods (3); Social goods (2); Consumer goods (5); Broadcast & news media (4); Entertainment & leisure	
4. Information technology Software & information systems; Hardware & electronic devices (4); Internet & web-based systems & services; Telecommunications systems & equipment (2)	**IT & telecommunications**
5. Professional services Education; Health & medical (5); Engineering & construction (3); Employment & human resources; Accounting & business; IT (3); Financial (8); Management (2); Retail, wholesale & selling; Environmental (3); Security; Other professional services	**Engineering & construction** **Finance**
6. Emerging/future industries Earth sciences & planetary monitoring; Life sciences & bio-technology; Humans in space; Molecular physics & nano-technology; New materials; New energy; Others	

Figure 4-5: An adaptation of Pells' project management industry classification system,
plus the six industry sectors investigated by Crawford & Cooke-Davies

Although published in 2011, Pells' *Emerging/future industries* grouping seems, as a title, to be eerily anticipatory of our Covid-19 era. We may not be able to accurately prophesise just what new future industries will develop, but we can be reasonably sure that there will be many emerging opportunities for those who have the disposition to identify them early, and take appropriate action.

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ADDING USERS TO THE STRATEGIC-DRIVER-RELATED MGT. MODEL

In the second article of this series I discussed the rationale for adopting the descriptor "users" to cover all those responsible for achieving outcomes and/or realising benefits, and went on to add the role of users to the strategic management model augmented for discussing a range of responsibilities.

One reason for doing so is that users tend to be under-represented in all too many discussions on project management and related issues.

There appeared to me to be an opportunity to represent both internal and external users in the strategic-driver-related model developed above, so I have included both, as illustrated in Figure 4-6.
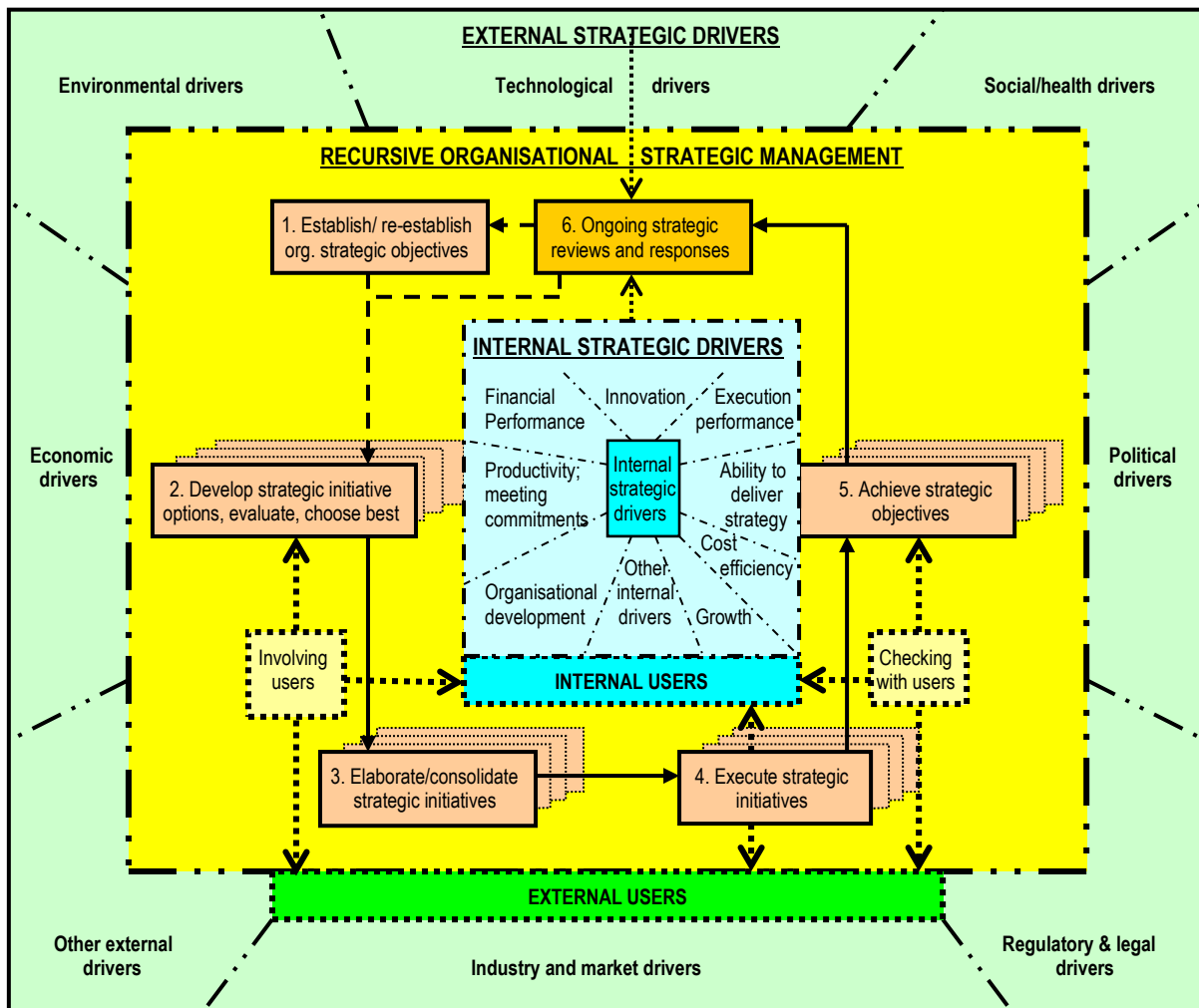

Figure 4-6: Adding users to this representation of the organisational strategic mgt. model

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The internal users are simply appended to the internal strategic drivers' segment. As for external users, I have associated them most closely with industry and market strategic drivers, where they appear to sit most comfortably.

As with the corresponding inclusion in Figure 2-8 of the second article, I have included user involvement in the development of the planned strategic initiatives, as well as the need to check with users in evaluating progress in the achievement of outcomes and the realisation of benefits.

This concludes the more detailed discussions on strategic drivers in the context of the recursive organisational strategic framework, and of differences between industries.

SUMMARY

This article has essentially incorporated the organisational strategic drivers from a four-type model from the third article of this series into the basic recursive organisational strategic management model developed in the first article – and has also discussed difference between industries in the nature and priorities of such drivers. These have been illustrated with quite detailed figures, which hopefully will serve as effective summaries in their own right.

In the fifth article of this series we will be looking at accelerated VUCA-related disruptors as strategic drivers, and their relevance to the Covid-19 era.

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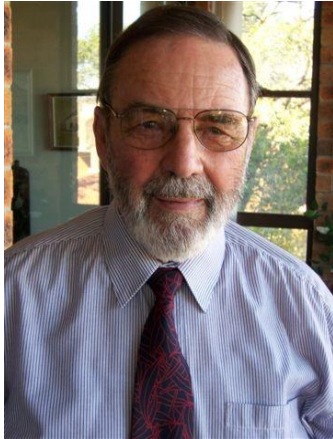
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About the Author

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.