Project management: key tool for implementing strategy

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As recently as a decade ago, strategy was promoted as big-picture thinking: the “vision thing,” in Lou Gerstner’s words. But as organizations did away with strategic planning departments and put the onus for strategy on-line management, and as frustration mounted with “visioning” exercises that wound up in desk drawers, the interest in strategy has moved to the question: How can we get strategy to drive operations? The belief now is that the big picture is important, but it will remain just a vision unless it is implemented.

Any strategy formulation session worth its salt ultimately distills vision into critical business issues, and if the organization is really serious, these issues then get translated into projects, with discrete deliverables and back-up plans. Project management is a discipline that often gets overlooked when attempting to move strategy from the boardroom to back offices and the marketplace.

In working with organizations large and small, in the public and private sectors, in the US and overseas, in manufacturing sites and corporate headquarters, and in strategic and operational project situations, we have found that there are seven essential conditions for project success. These conditions apply to all projects, whether related to top-level strategic business issues or operational ones. Perform poorly against even one of these conditions and you risk crippling your strategy implementation, however brilliantly formulated it may be.

The seven essentials for project success

1. Make a compelling business case for project management

All too often, project teams are asked to carry out their work in a vacuum. They are told what must be done, but not why. Not knowing how their efforts will help achieve the organization’s strategic goals or what impact they will have on the bottom line typically breeds the “this too shall pass” syndrome. Not surprisingly, many teams lack the motivation to stick with it, losing oomph long before the project is completed.

To convert intent into the will to win, project leaders and their managers need to communicate clearly to each team member, at the beginning of every new project, the value the project is expected to add to the organization. How will the successful completion of the project directly advance strategic and operational goals? Will market share, margins, and/or the size of the market be increased? Will time and the cost of doing business be decreased? Will paperwork be reduced, red tape slashed, or internal communication made easier? The team also needs to be made aware, from the outset, of the measures and standards that will be used to judge success – not only at the project’s completion, but also throughout the project management process.
Once the team understands the value of the project, team members must be sold on the value of the project management process. In other words, they need to know the answer to the time-honored WIFM question: What’s it in for me? How will following this process used to manage the project make my job easier and add value to it?

One way to demonstrate convincingly the importance of following a common, codified process is to compare the results of past projects – those where the process was followed and those where teams “freelanced” – and then go public with the findings. This should be relatively easy to do, given the project management requirement for documentation. It becomes easy to see, and share, the advantages: the deadlines met, the time and money saved, the ending of turf wars, and the elimination of frustrating bottlenecks.

2. Make project management practical, relevant, and beneficial from day one

Project management is often associated with technical tools and software. The Project Management Body of Knowledge (PMBOK) contains a wealth of literature and training material dealing with every aspect of project management from scope control to financial management, from estimating to team building, from communication to contracting, and more. These materials contain many of the lessons learned by project teams over the past few decades. They also provide detailed, step-by-step guidance through the project management process.

Unfortunately, much of the existing material is far too technical for the novice project leader and team. Following each and every step in the process may seem tedious, and the benefits may not appear to justify the investment of time and energy. And, as good as the training materials may be, learning the concepts from a book or in a classroom doesn’t guarantee that people will be motivated or able to use them on the job.

Effective project management tools are not a replacement for sound judgment by project managers. A key role of the project manager is guiding the use of the concepts so they help rather than hinder the team’s progress. Before getting down to work, each member of the project team needs to agree that the process they will be following is realistic and practical. In particular, they need to know the intent of the concepts and tools well enough to know how much of each to apply.

3. Build bridges to on-the-job applications

Some graduates of project management training embrace, even zealously adopt, sound project management methods on their own. But don’t count on it. By the time learners return to work, even a minor misunderstanding of the project management process or the press of business may cause them to revert to the tried and true.

This puts a premium on building bridges to on-the-job use. We recommend providing learners with venues for applying their newly acquired skills and, just as importantly, supporting them with expert coaching and feedback delivered in real time and at the moment of application truth. This combination will help internalize the learning and drive continued use.

And consider this added bonus: if the project is strategic in nature, then that venue becomes not only an opportunity for practicing project management skills, but also an occasion to hone the strategic skills of future organization leaders.

4. Make systems and procedures user-friendly

Ideally, the process for conceptualizing, approving, initiating, sourcing, implementing, and closing projects is documented and visible. In addition, it is supported by procedures, forms, workflows, and organizational structure that remove all ambiguity about how project work gets
done. And information systems and reporting compare actual project performance to expectations.

Communicating the rationale behind project definition, planning, and implementation is fundamental to the successful use of project management. Explaining the “why” behind each step, along with the rationale for supporting systems and procedures, and then testing understanding, is key to project management success.

5. Make project management a win for team members and managers

People tend to follow the path of least resistance. For a graduate of project management training to actually apply what he or she has learned, using the concepts must not add more work or consume more time than the person’s previous approach. Unless the process is perceived as an improvement over previous work methods, people will soon revert to their old, comfortable ways.

People also need positive reinforcement. The organization needs to offer rewards and recognition – financial or otherwise – for the use of project management concepts. People should be rewarded both for their contribution to project outcomes and for how they contributed. Those to whom project managers report need be rewarded for the coaching, support, and oversight that they provide; they need to be held accountable and rewarded for the success of their project managers.

6. Make project management an ongoing learning experience

Projects are incubators for the development of future leaders, especially when these projects have strategic implications. Experience on a project team often tests a variety of skills and behaviors, from hygiene factors such as the ability to work gracefully under pressure and manage conflict to the ability to deliver results on time and within budget. Projects also allow an organization to gradually up the performance ante for high-potential employees, testing their mettle against projects of increasing complexity and risk.

But project experience per se does not build capabilities. After all, merely repeating the same experience time and again leaves you with just one experience! One way to avoid the stunted-development trap is to practice destructive questioning. Do this by ending every project with a tough-minded self-appraisal: What was done well? What was done poorly? What are the lessons to be learned? What strengths and weaknesses can be identified? How can the strengths be exploited and the weaknesses corrected? What should we do differently next time around? The answers may lead to targeting a specific project opportunity; reveal a mentoring, coaching, or training need; or indicate a need to shift responsibilities on future projects.

Whatever the answers, every project should be a platform for learning and growth.

7. Trumpet success

Continued success requires going back often to the reasons the organization felt a need to improve its project management practices. How are projects helping meet the need? What standards are still not being met? How has the need changed? How can the current approach be improved?

Making the answers to these questions visible and communicating them widely makes it clear that the organization is serious about project management and reinforces the concepts. It also helps sway the fence sitters who have been resistant to change. The ultimate message is broadcast clearly: “The way things get done around here has changed forever.”

What do we mean by installing project management?

“Installation” is one of those words that is subject to a variety of interpretations. By installation we do not necessarily mean big-bang change, the type usually accompanied by wall posters, rah-rah, and an organization-wide baptism in skills training. True, it is necessary to develop skills and inform people about new practices, but bringing about lasting change requires looking at the organization holistically.

Organizations are complex entities that operate smoothly only when all their elements work together to produce results. In order to achieve the seven conditions for project success, senior
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management needs to ensure that each of the following elements is aligned and integrated into a coherent framework for project management.

**Strategy.** An organization’s strategy should provide the boundaries for projects; goals and results must flow from an organization’s future direction. Before deciding to embark on a new project, and when communicating the goals of that project to the project team, senior management must provide clear answers to the following questions: What are the organization’s products and services? Who are its customers and markets? What is its competitive advantage? How will this particular project support the achievement of its strategy?

The best project management organizations have a clear, well-communicated strategy and know how each project supports it. Installing effective project management includes putting in place a mechanism to evaluate every project for its fit with the strategy before implementation. This needs to occur early in the game, during project definition, if at all possible.

In most organizations, responsibility for the strategic evaluation, or screening, lies with senior management: the CEO and, if necessary, direct reports or an executive committee of top managers. As each proposed project is reviewed, the group asks questions such as: How does this project support our future thrust for business development? How does it fit into our current and future scope of products and markets? How does it relate to our key capability requirements, our financial and growth expectations, and our cost constrictions? If the answers to these questions indicate that a project is not a good strategic fit, it needs to be communicated to the project’s supporters before any more resources are expended.

In some organizations, the project management office is charged with ruling on the strategic fit of projects. This is only possible when the company’s strategy has been carefully formulated and communicated from the top down, so that the previous questions can be answered by the project management office. And, in cases where it is unclear whether or not a project is aligned with the organization’s strategic goals, the project management office needs to check with senior management before approving it. Even if the unit in which the project is being undertaken is part of a larger organization and its customers internal, it is essential to know how it adds value to the overall business strategy and how the project advances the value equation.

**Goals.** Effective project organizations know which operational goals make a difference in the business strategy and install methods for keeping these visible to all. At the beginning of a project, senior management needs to tell the project team the organization’s long- and short-term operational plans and budgets, how the project fits into or supports these. Answers may include targets related to revenue, profit, costs, cash flow, return, brand equity, customer satisfaction and retention, time to market, innovation, efficiency, output, and quality.

Once the project is under way, progress against these goals needs to be measured and communicated on an ongoing basis. In some companies, this information is displayed prominently on a “dashboard,” keeping critical issues in full sight and ensuring that resources are directed where they are most needed.

**Leadership.** By directing the selection and overseeing the management of projects, the top-management team is able to keep a tight rein on the organization’s project portfolio. On the other hand, moving some of this responsibility down in the organization, to a project management office, frees up senior management for more strategic tasks and gives those closest to the action more power.
Each organization must decide for itself how to strike the right balance between control and agility, but neither method will bring lasting and deep benefits unless it is visible and consistent. The moment projects are initiated outside the system or justified by fuzzy or mysterious criteria, people will drift to informal, random, behind-the-scenes, and/or political methods that undermine the system and the organization’s goals.

**Business processes.** Within an organization, the systems used to gather, analyze, and disseminate information must support project-based work. This is true whether the projects are external (e.g. a service that a construction or IT company offers to its customers in the marketplace) or internal (e.g. installation of new machinery or a new inventory system to improve operations). In the first case, tracking the resources spent on any one project is relatively easy, but even then the hand-offs among functions need to be clearly delineated and readily adaptable to the uniqueness of any given project.

In the case of internal projects, however, information is not usually captured on a project basis. Instead, systems are set up to capture and disseminate information by function: the cost of computer hardware and software, labor, raw materials, travel, etc. It is up to the project manager to break these functional costs down to figure out how much has been spent on his or her project. This is easier said than done, however, since functional and project tracking systems are usually out of phase. For example, employees may work on several projects in any one month but then turn in their timesheets to their functional supervisor, not to the project managers. The former must tally up the time spent by each person on each project, then relay it to the respective project managers, creating a time lag that decreases the usefulness of the projects managers’ data. In such cases, systems need to be redesigned to ensure that project managers receive relevant data on a timely basis.

**Human capabilities.** It’s a truism that effective project management requires the right people, with the right skills. Some people are just not suited to the challenges of project management; they do not thrive in the inherently ambiguous and give-and-take environment of projects. Others blossom in it; they love the challenge of working toward a goal and being part of a project team; they love the unique challenge that each project brings. Such people are motivated by the opportunity to learn. Those who install project management must have the ability to identify, hire and retain people who are best suited for project work.

But being suited to project management is only part of the equation. The capabilities of team members need to be continuously evaluated. Each project should enhance existing capabilities and provide new development opportunities in areas such as leadership, problem solving and decision making, human performance management, communication, portfolio management, cost accounting, and contracts.

**Culture and performance system.** An organization’s culture consists of its norms, values, and beliefs. These may be explicitly expressed; often they remain hidden and form part of the implicit context of organization life that can exercise a pull on decision making. Unless an organization demonstrates visible, unreserved commitment to sound project management practices, the chances are project management will be viewed as just another activity. The successful installation of project management depends on an organization’s explicit belief that how projects are managed is just as important as what they achieve.

Since managing projects is a team sport, employees in effective organizations not only use the project management concepts themselves but also support others’ efforts to do so. Internal project management experts give both positive feedback for successful use of the concepts and coaching when team members have difficulty applying their new-found knowledge. Project management becomes “the way we do business around here.”

Let’s face it, motivation and the rewards that drive it are a private affair. For some, formal, public recognition works best. Others are more financially driven. Still others are “stroke” oriented: positive feedback delivered personally and privately by supervisors, creates an emotional and performance “high.” A relatively small number need no external recognition: the satisfaction of applying a new skill is their primary driver. Effective project managers know what motivates each team member and reward success accordingly.
Information and business systems. Systems and procedures are channels for the repetitive, functional aspects of the business but, at best, do not support project work and, at worst, impede it.

For example, financial systems lend themselves to reporting capital consumption, as an example, but may be less effective in capturing the “burn” of projects. Procurement procedures may work well to track and control purchases, but they are less likely to sync with the typical stages of project approval or predict cash flows for project work that has been completed but not yet reported. Time reporting has long been useful in capturing individual activity but not who may have worked on which project, and it may not be timely enough to be a useful management tool. Over the past five-or-so years, project management software has become a superb tool for organizing and representing project information, but it has its limitations. For one, it is not a substitute for project management skills and the judgment required to apply them. And project management software is often deployed as an isolated tool, disassociated from the organization’s other information systems.

The best way to integrate and align new systems and procedures into the business life of an organization is to make them relevant to the way business is conducted, which means they must prove value added, just as every other project is expected to do. In other words, they must address such questions as: What value should this project create? What resources will it require? Who will do what, when? How will risk be managed? How does the project compare to expectations? And what have we learned?

**Issue resolution systems.** Projects are usually initiated to resolve an issue. The best project organizations know how to quickly assign ownership of an issue to a project team, have it move smartly to analyze the issue using agreed-on problem-solving, decision-making, or planning methods, and then move to resolution, thereby avoiding the proliferation of “gray beards” – projects that hang around forever and dull an organization’s competitive edge.

Since projects are often initiated to meet a one-time need and frequently cut across the organization, existing chain-of-command and escalation processes may not apply to them. It is important, therefore, that the organizational structure, project governance, and/or individual project ground rules make the ground rules clear, what the project team is responsible for and authorized to do, how decisions will be made within the team, and what the expectations on buy-ins and hand-offs are.

**Team structure.** There is no one best way to structure project teams. Installing project management requires matching the team structure to the project and to the other needs of the business.

Several options exist for organizing people for project work. One common approach is matrixing, where reporting responsibility is divided between project and functional managers. One caveat: As “slaves to two masters,” project resources may develop divided loyalties, and rivalry between the project and functional manager may erupt into open warfare.

Intact project teams that move together from one project to the next are another option. This structure tends to build high-performing teams that greatly leverage lessons learned from previous projects, but it may not be the most efficient deployment of the organization’s resources. It may also limit the speed and depth of team members’ personal development by limiting the opportunities that they receive.

The central pool is another common approach; here, resources are on call to meet demand. This affords the greatest efficiency, gives the greatest range of development opportunities, and fits well with the use of temporary and contract resources. But it also requires a strong scheduling function, with the authority to stand up to demands for specific resources. Nor does it work well if the bulk of the organization’s work consists of non-project, functional tasks.

Whichever team structure an organization chooses, it is critical that changes be made carefully to avoid disrupting work in progress and to give the people involved time to understand the change and become comfortable with it. Serious consideration and care must also be given to those who might not fit into a new structure.
As organizations reach out to confront the future, human resource professionals must be acutely aware of the new skills that upcoming projects may require and the new opportunities these present to prepare the next generation of leaders.

External factors. Installing project management implies emphasis on the internal workings of the organization, but external factors are also at play. Certain customers and markets may demand that projects be conducted in a special way. In the case of external projects, this may require changes in the way the projects are sold, delivered, or reported on. For internal projects, one of the biggest challenges is gaining and sustaining organizational commitment to the project: competing external customer and market demands have a way of preempting attention and resources.

In today’s environment, competitive advantage must be extracted from everything an organization touches and does. Remember that superior project management skills and the innovative practices, processes, and products they spawn can be an important competitive differentiator. Top management needs to continually benchmark the organization’s skills in this area against those of the competition and make whatever investment it needs to keep pace.

Government regulations must also be factored into the organization’s project management process. They may require that work be conducted or documented in a certain way; they may impose procurement and bidding constraints. Laws and regulations may even routinely add work that must be integrated into the scope of your projects.

Vendors and suppliers need to be aligned to support project work. The right materials – whether raw materials arriving at the dock or just-in-time information from external sources – must show up at the moment of need. Contracts and procurement processes need to be aligned with project schedules, and rewards must follow both supplier and buyer performance.

The future, by definition, is determinate, which means that no organization possesses all the capabilities it will need to face the challenges that lie ahead. But steps can be taken to prepare for the unpredictable. For example, careful succession planning and continuous training and development of future project managers will ensure that the requisite talent will always be on tap to tackle new projects as they arise. In this, human resources plays a key role. As organizations reach out to confront the future, human resource professionals must be acutely aware of the new skills that upcoming projects may require and the new opportunities these present to prepare the next generation of leaders.

A final word on project management

Project management requires deliberate planning and action to create the conditions for success and put in place the strategy, leadership, goals, process, skills, systems, issue resolution, and structure to direct and exploit the dynamic nature of project work. If work today is done through projects, as is surely the case, then working smarter on projects will undoubtedly enable an organization to meet, head-on, whatever strategic and operational challenges may come its way.