	Project Management Graduate Programme

PMGT5879 - Portfolio & Programme Management - Learning material
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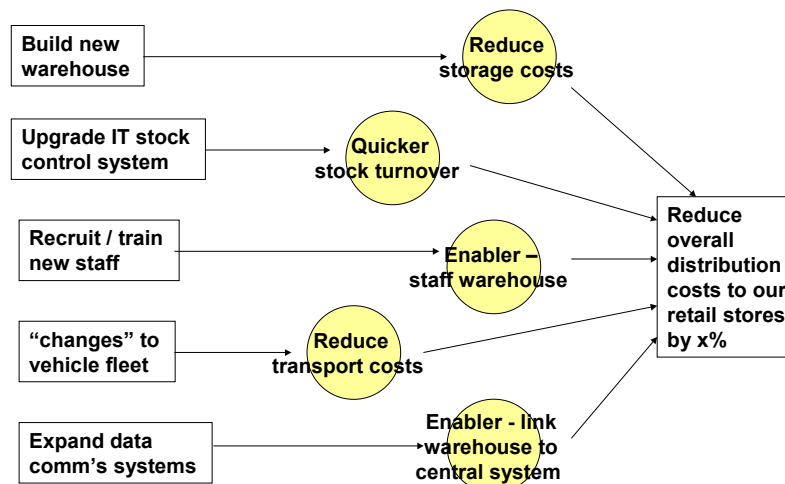| Topic number	1 Strategy
Objectives	To understand some of the challenges that organizations face in implementing strategy
General introduction to topic	We are not concerned here with the development of strategy, but rather how is communicated and how the organization will actually implement it. There have been many articles written on this subject, both in the academic literature, and also McKinsey Consulting has also written a number of papers on the subject available from www.mckinseyquarterly.com (you may need to register to gain access). As a number of writers have pointed out there is often a perception at the senior management level that the difficult job is developing the strategy, and once this is done, it can be these easily handed over to middle level managers to implement it, as this is the simple part of the overall process. Nothing could be further from the truth.
Material	Many organizations take what the author would call a bottom up approach to implementing strategy. By that we mean that a general description of the strategy is outlined, and each division of the organization will respond with specific initiatives that they believe will implement the strategy. The problem with this approach is there is a lack of coordination across specific projects that are proposed, and by definition to make the strategy work effectively it needs to be closely integrated and coordinated across the organisation in order to deliver the benefits. A top-down approach to implementing strategy would be where the organization outlines a strategy and the program of work that is expected to be required to implement it, and then allocates specific projects to various parts of the organization, under the umbrella of an overall program.

With project initiatives proposed by divisions there is often double counting of benefits as summed up in the cynical comment of one CFO
"*if we had realised all the benefits of all the business cases approved in the last three years, we would have trebled our profits and have zero costs".*

Some writers recognize this problem and it is why "The Information Paradox" and "Managing Successful Programmes" propose that benefits are better counted at a program level because this is where business benefits will be most obvious, otherwise multiple projects will claim similar benefits. See following slide that may help explain it better.
The key benefits are derived when all the projects are combined.

Example of Program of projects to implement a strategy

Build new warehouse	→	Reduce storage costs
Upgrade IT stock control system	→	Quicker stock turnover
Recruit / train new staff	→	Enabler – staff warehouse
"changes" to vehicle fleet	→	Reduce transport costs
Expand data comm's systems	→	Enabler - link warehouse to central system

Reduce overall distribution costs to our retail stores by x%

Example adapted from whitepaper on Benefits Management at www.pm-group.com   5

One paper produced some years ago reported that when they implemented portfolio management they found a duplication of initiatives in various business units. In one case they were four very similar initiatives across the organization, which were eventually rolled into one, with major savings to the organization. However, the key issue to be overcome in these instances is organization politics as every business unit, for what-ever reason, wants to control its own investments in projects.

<u>Recent trends</u>
We believe that two recent trends are impacting on strategy and strategy delivery. The first of these is what is commonly called Digital Transformation (DT) aka as Digital Disruption, which often has short response timeframes, leading to another trend of Agile approach to implementation. Although it can be argued that agile is being adopted even where digital is not the main driver.

One of the themes associated with digital disruption is that organisations need to be aware of the potential, often not highly visible at first, but then quickly appears on the horizon.

In responding to digital disruption the other thing is that organisations need to be "agile" and there are two significant reasons for that:

- response needs to be quick and traditional methods may take too long
- it is often difficult to know what the end result will be, and there will be learning along the way and therefore modification of the end goals.

You are encouraged to observe and think how these trends are impacting on how organisations organise themselves, and develop and implement strategy through portfolio program and project management.

Agile - and its impact on portfolio and program management – see the audio tutorial on the topic one page on Canvas. Agile allows organisations to respond more quickly to change.

Digital Transformation or Disruption

McKinsey has written a lot on subject and a search of their website will reveal numerous articles.

There is an paper by Harold Ainsworth which summarises some of the readings on digital transformation and its impact on organisations - see canvas

There is a paper by Deloitte, "Digital Disruption - Short fuse – Big bang" which is the second paper in their "Building the Lucky country" series.
Available for to download from:
https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Building%20Lucky%20Country/deloitte-au-consulting-digital-disruption-whitepaper-230217.pdf
(Accessed 8 Feb 20)

While this is a longer paper at 52 pages your attention is drawn to page 9 the digital disruption map showing a quadrant explaining the "short fuse, big bang" concept. This indicates which industries are more impacted (big bang) and which industries have a shorter timeframe or length of the "fuse".
Page 14 has eight diagram which shows the levers available to organisations which fall under three major categories:

- reshape your corporate strategy
- replenish your revenue streams
- recalibrate your cost structure

All of these are explained further in the paper.
As we consider the topic of strategy, and then how it is implemented through portfolio and program management, you may want to consider how digital disruption may ultimately impact on all of these activities. Later we also discuss the agile approach which as noted is often associated with digital disruption.

Also several brief case studies that may help

https://www2.deloitte.com/au/en/pages/building-lucky-country/articles/digital-disruption-case-studies.html (accessed 17 Jan 20)

Articles for background reading	• Kaplan, Robert and Norton, David, 2000, "Having trouble with your strategy? Then map it", *Harvard Business Review*, Sept-Oct *Explains the concept of Strategy Maps developed in their later book.* • Al-Ghamdi, Salem M, 1998, Obstacles to successful implementation of strategic decisions: the British experience, *European Business Review*, Vol. 98, Iss 6 p322ff *Challenges in implementing strategy – nothing has changed* • Hrebiniak, Lawrence G, 2005, Introduction chapter of *Making Strategy Work*, viewed 16/10/2005, http://www.whartonsp.com/articles/article.asp?p=360437 *Proposes a system for implementing strategy* • Mankins, Michael C, and Steele, Richard, 2005, "Turning great strategy into great performance", *Harvard Business Review*, July-August *What needs to occur to implement strategy successfully?* • Morris, PWG & Jamieson, A 2005, Moving from Corporate Strategy to Project Strategy, *Project Management Journal*, vol 36, No. 4 pp5-18, Dec - library reserve *How organisations move from strategy to its implementation by projects*
Optional material	• Mintzberg, H and Lampel, Joseph, 1999, "Reflecting on the strategy process", *Sloan Management Review*, Spring, pp 21-54. • Brown, S L and Eisenhardt, K M, 1997, "The art of continuous change: linking complexity theory and time-paced evolution in relentlessly shifting organisations", *Administrative Science Quarterly*, Vol. 42, No. 1, p1-34. • Bigler, William R, 2001, "The new science of strategy execution: how incumbents become fast, sleek wealth creators", *Strategy and Leadership*, May/June, pp29- 34 • Okumus, Fevzi, 2003, "A framework to implement strategy in organisations", *Management Decision*, Vol 41, No 9 pg 871 • Gaddie, Shelly, 2003, Enterprise programme management: Connecting strategic planning to project delivery, *Journal of Facilities Management,* Sept, p177-189 (available in Library Reserve) • Neilson, GL Martin, KL & Powers, E (2008) "The Secrets of successful Strategy Execution", *Harvard Business Review,* June *(More about the organisation culture, including silos and cross functional cooperation which Program Management needs to address)* • Porter, M (2008) "The five competitive forces that shape strategy" *Harvard Business Review,* Jan *Porter is well known for his work on strategy*
Reflection	• Based on your own experience consider what are the significant challenges in

and review questions	implementing strategy in the organizations that you are familiar with? • Does your organization have an effective system to implement strategy? Is it just about projects and is it managed and monitored at an individual business or division level? Is there an enterprise view and management of investments? Is there potential duplication of initiatives in various business units? • How clearly is the link to strategy demonstrated in Business cases? • How do you think current trends are impacting on the organisation's strategy delivery?