

EXPERT SERIES

The "Expert Series" is a collection of articles, papers and writings by PM Solutions' associates and other industry experts that provides insight into the practice and value of project management.

Making Strategy Work: How does a CPO help ensure its organization's strategies are executed?

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As a CPO you know successful strategy pays major dividends. However, your strategy is only as good as your ability to execute it, and poorly executed strategies rarely bring any payoff at all.

So how does a CPO help ensure its organization's strategies are executed? One way is to ensure that the portfolio of programs and projects – the vehicles for executing the organization's strategy – is aligned with the corporate goals. No doubt, there will be barriers within organizations that hinder this from happening. Some of those barriers include:

- » Organizational processes that are too rigid
- » Inadequate or non-existent management tools
- » Poor communication
- » Lack of focus
- » Poorly trained managers – not focused on executing, just planning
- » Lack of resources
- » No governance policies

How do you overcome these barriers? Well, you need a carefully planned approach for execution – a strategic performance management (SPM) approach.

Strategic performance management is a dynamic process that requires information sharing, coordination, and effective control and feedback mechanisms throughout the hierarchy of strategies to help the organization make those strategies work.

The framework of SPM includes process, governance, information technology, structure, people and culture. Each of these elements must be strategically aligned for effective execution. SPM is used to monitor whether or not the strategic choices made by the management team continue to be the right ones, and that the initiatives planned to achieve them are being executed efficiently.

You need to understand how the elements above effect strategy execution. Each element of the SPM framework will be reviewed in this context:

Strategy Management Processes

An organization needs to integrate strategy management, portfolio management, program/project management and performance management.

Strategy answers the question of how a company will position itself against competition. An understanding against whom it will compete, how, when, and for what purposes it should compete. Planning for execution of your strategies includes developing annual objectives and plans, communicating clearly to those developing portfolio programs. This will be followed by portfolio analysis and project initiation processes and monitoring of the projects.

Integrating strategy management with portfolio management will insure a consistent way to evaluate, prioritize, select, budget for, and plan the right projects...those that offer the greatest value and contribution to the

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strategic interests of the organization.

Once the priorities are established, it is essential to apply the knowledge, skills, tools and techniques to meet the project requirements, basically, good project and performance management. This is followed by ensuring feedback about the organizational performance and then using that information to fine-tune strategy, objectives, and the execution process itself. This is an important step as organizations learn and adapt to environmental changes over time.

Governance

Governance is the policy framework within which the organization's leaders make strategic decisions to fulfill the organization's purpose as well as the tactical actions that they take at the level of operational management to deploy and execute the strategy. A CPO needs to make sure that strong Governance exists within the organization.

Information Technology

Strategy execution involves participation and communication up and down the organization, as well as the lateral flows of information and coordination across units. SPM requires a robust technology platform that provides linkages across functions and processes to support the information needs of the enterprise. Some of the functions of SPM technology are to monitor and control both the on-going priorities and execution of strategic initiatives, assessing the business impact; effectively managing; resource allocating, and capturing knowledge for developing alternative plans and strategies.

Structure

Corporate strategy affects the choice of organizational structure. Organizational structure determines the speed of adaptability to changing environments. A key organizational structure for promoting effective strategy execution is the Office of Strategy Management (sometimes called the Strategic Project Office). Key roles of this structure include development and custody of the framework: the standards, processes, and methodologies that improve strategy execution performance; SPM consulting and mentoring; design and reporting on performance measures; managing the performance process, facilitating the execution, and integrating the elements of the SPM context.

People

Aligning strategy with training, managing, measuring, rewarding, and promoting people are key ingredients in effective strategy execution. Personal and team objectives need to be developed and aligned with the organizational objectives. Employees must understand how they can influence the successful execution of strategy.

Culture

Corporate culture is the beliefs, behaviors, and assumptions shared by individuals within the organization. Culture can have a significant influence on how well strategy is executed. Organizations need to focus on reinforcing the culture; managing around the culture; and reformulating strategy or preparing carefully for long-term, difficult cultural change.

SPM is a top-down, bottom-up, and cross-functional approach to management. The most successful organizations integrate key SPM processes, establish a strategy execution focus, and implement the tools required to make this approach sustainable and agile. A CPO takes a critical role in this process. Numerous studies have shown the correlation between the ability to execute strategy and company success. Isn't

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it time to execute your strategies and optimize total return to shareholders? You have the opportunity with SPM and it is time to do so!

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