

Organizations must create the  
right culture to ensure their  
projects meet strategic goals.

# PERFECT ALIGNMENT

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# PROJECT PROFESSIONALS

Executives send mixed messages when they trumpet strategic priorities and then throw their weight behind projects that aren't aligned with those goals.

face a barrage of day-to-day decisions regarding project minutiae, typically with a head-down focus on schedule, budget and scope. Considering those formidable pressures, they sometimes lose sight of an organization's bigger picture—namely, its strategic goals.

What steps can executives, project sponsors and portfolio managers take to help ensure that projects are aligned with corporate objectives?

"There can be a wide gap between organizational strategy and project management," notes Michelle Sirott, PMP, practice director at the Phoenix, Arizona, USA office of Point B, a strategic management consulting firm. Red flags include:

- **Lack of organizational strategy:** Are strategic goals understood across the leadership team, and are departments held accountable for project plans that align with corporate strategy?
- **Individualized performance incentives:** Are departments encouraged to work in silos to meet individual goals or to collaborate to meet organizational objectives?
- **Unclear project management accountabilities:** Where do project managers reside in the organizational structure? Does the project management office (PMO) have a clear charter and sponsorship? Are project managers measured on delivery of business objectives—or just on scope, schedule and resource metrics?
- **Poor governance structure:** Do projects go through a request process that assesses strategic alignment and ROI justification? Does the organization say no to some projects so it can focus on strategic goals and optimize resources?

## A WORKSHOP THAT WORKS

One of Ms. Sirott's clients, ON Semiconductor, a large manufacturing com-

pany, grappled with a lack of strategic alignment throughout the organization. The IT department found itself responding to multiple project requests.

"There was a lot of work being done, but it was difficult to assess whether or not the work was helping the organization meet its strategy," she says.

To address that problem, her team partnered with the CIO to organize strategic alignment workshops with leaders across the company. Each provided an overview of his or her business unit's priorities related to achieving corporate strategy. Key members of the IT team were present and able to get a big-picture appreciation of the organization's needs and priorities. In addition, team members provided ideas on how IT projects could enable the business to meet its goals.

These workshops produced a list of scoped projects evaluated against strategic objectives and prioritized on a three-to-five-year road map.

"This process allowed the leadership team to make fact-based decisions on the approval and sequencing of projects that would best serve the organization," Ms. Sirott says.

The workshops also facilitated a strong partnership between IT and the other business units and departments that continues to serve the organization today, she adds.

## GETTING IN SYNCH

Strategic alignment begins with executives who lead by example, says Luciano Kolotelo, consultant with The Highland Group, a change management consultancy in Curitiba, Brazil.

Problems emerge, he says, when "what is valid for the employees is not valid for the managers or the directors."

For example, executives send mixed messages when they trumpet strategic priorities and then throw their weight behind projects that aren't aligned with those goals.

To discourage that behavior, organizations should establish metrics for

# CULTURE FOR SUCCESS

To pave the way for strategic alignment, the right corporate culture has to be in place. These workplace dynamics can bolster an organization's overarching goals:

## **Appreciation of Project Management**

It's difficult for project managers to play a vital role in strategic alignment when their skills aren't recognized by an organization.

"If executives do not appreciate the value of project management, they will likely not even consider how it can support the overall strategic goals of the business," says Frank S. Nestore, PMP, PPT Consulting, Newtown Square, Pennsylvania, USA.

By setting the proper tone, organizations can cultivate a true appreciation of project management as an essential practice. That includes allowing project managers to keep current with training and education (including certification), and listening to project managers' input regarding projects and how they impact strategy.

## **Collaboration**

Keeping projects in sync with corporate objectives is a constant negotiation of scope, benefits, invested resources and risk, notes Michelle Sirott, PMP, Point B, Phoenix, Arizona, USA. "A culture of collaboration is absolutely key," she says.

That means leadership across departments should understand corporate objectives and have incentives to meet them—even when the desires of individual departments lose priority for the sake of broader goals.

## **Flexibility**

"The culture needs to be thoughtfully flexible," says Scott McAndrew, vice president of strategy at Terralever, a digital marketing agency in Tempe, Arizona, USA.

Back away from the minutia of projects and revisit strategic objectives at regular intervals to assess whether the initiative is on the right path. And intervene before it's too late.

"Correcting alignment is far easier and manageable when it happens earlier in a project life cycle," Mr. McAndrew says.

Keep in mind, however, that when a course correction is necessary, it may threaten the triple constraints, such as completion date.

"Consider what the best approach is for all parties involved, in the short and long term," he adds.

## **Rewards and Recognition**

Celebrate victory when project outcomes result in benefits to the organization and acknowledge the people who helped make that happen, says Shane Busby, executive director of strategic and capital planning at Vancouver Coastal Health, a healthcare provider in Vancouver, British Columbia, Canada.

On the flip side, take a close look at projects that missed the mark from a strategic standpoint. "Identify key learnings with projects that did not realize the intended benefits," he says.

all projects, and especially for those that clearly tie to corporate objectives, says Frank Nestore, PMP, partner at PPT Consulting in Newtown Square, Pennsylvania, USA, which specializes in IT project and program management.

That means no "free passes" for pet projects.

"For example, if growth in new markets is a strategic objective, then define how the product of the project will enable that, and track how it does

## GOAL KEEPERS

Organizations must have project management processes in place that apply across the board.

**At the outset of every project, identify all stakeholders**, looking beyond the project sponsor to include everyone who will be even tangentially impacted by the project, says Frank Nestore, PMP, PPT Consulting, Newtown Square, Pennsylvania, USA.

**Define a communication plan**, with all stakeholders sitting down face-to-face to help create it. They should also receive regular status reports, he suggests.

Constant, clear communication about strategic direction is essential, notes Sam Bodley-Scott, KT (Kepner-Tregoe), Maidenhead, Berkshire, England. "However difficult its environment becomes, an organization must never lose sight of where it is going."

Continuous communication, which reinforces the strategic "constancy of purpose," will help keep people focused on their contribution to achieving strategic goals and help shed light on choices about which project to start, stop, change or delay, he adds.

**When it comes to project prioritization and review**, involve executives from multiple groups of the organization, suggests Laura Pettit Rusick, PMP, Sagamore Hills, Ohio, USA-based founder and president of OPT Solutions Inc., an IT management and business process consultancy for small to medium-size enterprises. "The executive

team needs to buy in to what projects get done. If a finance project takes precedence over a customer service system, all need to be comfortable that it's the right decision for the organization overall."

But organizations that define all of a project's phases up-front risk working off of out-of-date needs and objectives. Break down deliverables, and upon execution of the current phase, review the scope of the next phase to ensure it is still aligned with objectives, she says.

"I've found that putting all additional items onto a Phase 2 list, and then defining Phase 2 priorities once you are executing Phase 1, means that the priorities are as up-to-date as they can be, and it controls scope of Phase 1," Ms. Pettit Rusick says.

In a rapidly shifting business landscape, executives must cultivate a nimble approach that helps project portfolios adapt and facilitates making tough decisions about a project's fate.

**To determine which projects will be initiated, a strong project governance process must be in place**—and it should include the business unit, says Michelle Sirott, PMP, Point B, Phoenix, Arizona, USA. The goal is to routinely monitor active and proposed projects against corporate strategy.

"The process only works if the governance committee is accountable for the corporate strategy and objectives, and has the knowledge and authority to make project decisions and breathe life into vision and strategy," she says.

during and after the product is in production," Mr. Nestore says.

There should be an established probation period for strategic projects that fail to meet the metrics by which they are measured, he says—followed by a decisive action to terminate a project if required.

### AN EARLY-WARNING SYSTEM

Strategic choices are based on a set of assumptions about how we see the

future, says Sam Bodley-Scott, Maidenhead, Berkshire, England-based partner and global director of strategy at KT (Kepner-Tregoe), a project management consulting and training firm: What products do you think your market will need? How do you see technology evolving?

Indicators should be defined for each critical strategic assumption and their statuses tracked, he says. Reaching predefined control limits should trigger

a review to assess the continuing validity of the strategy and the implementation program that supports it.

“This approach provides an early-warning system for potential changes to the project portfolio and ensures the wiring that connects high-level strategy with project portfolio decision-making remains intact,” says Mr. Bodley-Scott, coauthor of *Implementation: How to Transform Strategic Initiatives Into Blockbuster Results* [McGraw-Hill, 2005].

His organization uses a decision-making method with its clients to help guarantee that projects align with strategic objectives and the initiatives with the most significant strategic impact receive priority.

The method involves four steps:

**1. Develop project prioritization criteria.** The criteria will be determined by your main goals. Are you more interested in achieving a short-term sales boost or in furthering your three-year strategic plan? Is it more important to the organization to increase customer ratings or reduce costs?

**2. Analyze resource capacity.** How much time do your employees have to devote to projects? What’s the availability of needed machinery or shared services?

**3. Gather and organize information on current and planned projects.** How many projects are under way or in the planning stage? How much time and money is each project consuming? How many projects are related to product development, for example, and how many are related to safety and security issues?

**4. Evaluate the project portfolio.** Are there any projects that can be combined? Which initiatives should get the green light and which should be shelved for now? Which can run in tandem?

Aim for a diversified project portfolio, Mr. Bodley-Scott says—one that contains a mix of strategic and tactical, growth and cost-driven, and customer- and employee-focused initiatives.

## A CHANGE FOR THE BETTER

KPIT Cummins, an IT and product engineering consulting firm in Pune, India, recently aligned itself with a leadership model that focuses on having business units and project teams concentrate on strengthening customer focus within specific vertical markets (automotive and manufacturing, and energy and utilities).

This strategic change had a beneficial impact on the organization’s project teams, says Ganesan Karuppanaicker, senior program manager at KPIT Cummins:

- Roles and responsibilities were clearly defined, which helped teams raise the performance bar and faster adapt to new strategic expectations.
- Teams were constantly encouraged to take on larger roles and responsibilities, thereby reinforcing confidence in their individual capabilities.
- Clear articulation and communication of strategic objectives to team members helped them execute projects cohesively, especially when the realignment involved cross-functional teams.

Executives are learning that strategic alignment works best as an iterative process. Goals change—especially amid so much complexity—and should be monitored (and adapted) throughout a project’s life cycle. *PM*



## > TIP

**“Ensure strategic objectives are kept up-to-date, so projects aren’t being aligned with outdated information,” says Laura Pettit Rusick, PMP, OPT Solutions, Sagamore Hills, Ohio, USA. “Those goals need to be discussed during prioritization and pushed down to project managers and teams.”**