

ANCHORING PROJECTS TO STRATEGY

If every project is a ship, strategy is the lighthouse that guides it to harbor. But getting projects to port means making sure they're seaworthy from the start.

"We need to prioritize projects and focus on the ones that really deliver value," says Valério Murta, head of Latin America and Caribbean—Geo South (Brazil, Argentina, Peru, Chile and Uruguay) customer delivery, MasterCard, São Paulo, Brazil.

Nearly 90 percent of organizations ranked implementing projects that

deliver strategic results as "essential" or "very important" in *Why Good Strategies Fail: Lessons for the C-Suite*, a 2013 PMI-sponsored survey of 587 senior executives by the Economist Intelligence Unit (EIU). PMI's *Pulse of the Profession*™ survey echoed the sentiment, showing that high-performing organizations employ project, program and portfolio management practices strategically to reduce the risk of wasting money. On average, 90 percent of projects run by high performers meet original goals and business intent.

Yet the EIU study also found that only 46 percent of organizations are "excellent" or "good" at successfully executing initiatives and projects to deliver strategic results.

Strong executive involvement can help organizations bridge the gap between strategy and implementation.

"Involve executives who understand, or at least recognize, the importance of 'change the business' competencies, and how those differ from 'run the business' activities," says Michael Cooch, PMP, director of global portfolio and program management services, PwC Consulting, a PMI Global Executive Council member in London, England.

To keep projects and programs in line, organizations should take a three-pronged approach:

1. Follow the Captain's Orders

Every ship needs its captain: Executives cite leadership buy-in and support as the top reason strategic initiatives succeed, according to the EIU survey. Yet 28 percent admit that high-priority strategic initiatives typically lack sponsorship support from senior leadership.

"You need sponsors," says Orlando A. Serani S., vice president, global business services, customer and logistics services, Johnson & Johnson Health Care Systems Inc., Piscataway, New Jersey, USA. "But you have to be careful. Sometimes, we have a tendency to over-involve executives, thinking their presence alone is going to add value."

Instead, Mr. Serani suggests putting the focus on meaningful executive involvement—bringing them in with a deliberate purpose and role. "Senior managers remind you what business objectives you're

SMOG CASTS SHADOW OVER RAILYARD PROJECT

It's touted as the greenest railyard in the country, but the US\$500 million project is being blasted for making the notoriously polluted air of Los Angeles, California, USA even worse.

Supporters claim the upgrade is needed for the ports of Long Beach and Los Angeles—together the world's sixth-busiest harbor—to remain competitive when the expanded Panama Canal debuts in 2015.

Designed to streamline transfers between port and rail, the yard would handle up to 2.8 million shipping containers a year by 2035, with some 5,500 trucks passing through each day. The complex is slated to create thousands of jobs and has backing from a wide range of business and civic organizations.

Project sponsor Burlington Northern Santa Fe Railway is selling the port's sustainable elements, maintaining the complex will reduce emissions by cutting the distance trucks travel from port to rail by 20 miles (32 kilometers). Trucks and equipment will face strict emissions standards, and many will run on liquefied natural gas.

But neighbors say port-induced pollution has caused asthma and lung cancer. And they're making themselves heard at community meetings and through environmental organizations, including the Natural Resources Defense Council, which is threatening to sue. Despite the detractors, the 153-acre (61.9-hectare) facility was approved by the local city council in May. —Margaret Poe

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—Orlando A. Serani S., Johnson & Johnson Health Care Systems Inc., Piscataway, New Jersey, USA



trying to achieve,” he says. “They ask, ‘Why are we doing this?’ Constantly having that voice brought back into projects is one of the healthiest things you can do.”

2. Run a Tight Ship

Executives alone can’t guarantee alignment. To ensure implementation stays in sync with strategy, organizational processes have to be shipshape.

Value stream mapping and other standardized methodologies make tactical workflows and communications more efficient. And that can allow resources to focus on strategic thinking and big-picture planning.

“To the degree that it commoditizes the mechanics of running a project, standardization creates bandwidth to have more meaningful conversations,” Mr. Serani says.

Yet the EIU study found that only 41 percent of organizations cite developing detailed processes for strategy implementation as a “very high” or “some-what high” priority.

To implement more standardized processes in an organization, Mr. Serani recommends focusing on value, “particularly how it frees up resources to those areas of the business that need differentiation to be competitive.”

3. Batten Down the Hatches

While the captain sets the course and the lighthouse guides the way, a solid crew is needed to steer the ship to port.

As previously noted, leadership buy-in and support is the top reason strategic initiatives succeed. Senior executives cited skilled implementation as the second-highest factor. Yet only 41 percent of organizations reported having sufficiently skilled personnel working on those initiatives.

And alignment requires more than just figuring out who has agile skills or who knows metrics.

“You have to consider what the project requires in terms of business and technical knowledge, but also in terms of the project manager’s personal characteristics,” says Mr. Murta. “Each project may demand a different type of person.”

To pair the right people with the right project, Mr. Cooch recommends a standardized talent development program. Because even if the talent is there, it still needs to be harnessed to reach its full potential.



TAKE THE HELM



9 in 10

organizations say successfully executing projects to deliver strategic results is “essential” or “very important.”

46%

of organizations are “excellent” or “good” at executing strategically aligned projects.



2 in 5

organizations report having sufficiently skilled personnel working on strategic initiatives.

1 in 4



executives say projects to implement strategy lack senior backing.

Source: Why Good Strategies Fail: Lessons for the C-Suite, © 2013, The Economist Intelligence Unit Ltd.

“Organizations need to understand their current talent pool, identify the gaps and then understand how they need to develop internal candidates, use external parties—or both.”

In short, strategically aligned projects keep organizations afloat.

—Matt Alderton