Part I - LEADERSHIP AND ORGANIZATIONAL CONTEXT

1

Vision, Strategy and Project Management

"In real life, strategy is actually very straightforward. You pick a general direction and implement like hell."

Jack Welch[1]

LEARNING OBJECTIVES

- Define and outline key aspects of organizational vision, mission and values statements
- Understand and describe how these provide context for strategy and the strategic planning process
- Describe the basic steps in strategy development
- Explain the concepts of portfolio, program and project management and their relationship to organizational strategy
- Understand and describe the importance of being 'On-Strategy', in addition to fulfilling the triple constraint
- Explain how the Balanced Scorecard can be used as a translation, communication and tracking tool in the execution of a strategy
- Discuss the relevance of the above concepts and approaches for the project leader

IT ALL STARTS WITH A VISION!

Project leaders and projects operate within an organizational context. Every organization's internal and external circumstances define and drive its priorities, resourcing and work. Therefore, it would be premature to discuss project leadership without first discussing organizations and organizational vision, mission, values and strategy. This context guides the organization in selecting the right and most beneficial projects in which to invest. To be effective, project leaders must recognize and work within this organizational context. They must also help their teams to understand this context. As our starting point, then, this chapter explains these foundations, beginning with the concepts of organizational vision, mission and values, and continuing with strategy.

VISION

The vision of an organization is simply a statement about its desired future. It is a description of the organization's hopes and dreams, answering the question, 'What do we want for our future and what will success look like?' The vision sets the broad direction of the organization and serves as a guiding image of success. It speaks to the 'what' of the destination, not the 'how' of getting there.

The vision can be and often is figurative rather than literal.

Steve Jobs had a vision to put an Apple Macintosh computer on every desk. This was a figurative or aspirational statement. While it never came true, it gave Apple employees a compelling context for their efforts and what these efforts were meant to achieve – bringing great computing power to humanity. Jobs and Apple, accomplished something perhaps even more significant: putting an iPod, iPhone or iPad in the hands of millions and millions of people! The vision was transformed from a Macintosh computer on every desk to an Apple device in every pocket or purse (not to mention music, apps and other services for those devices).

The Vision Statement

An organization's Vision Statement is a concise, aspirational word picture of its future. It is about what the organization wants to become. Inherently, it is a long-term and idealized view, broadly based on the organization's history, its potential direction and the value it believes it can bring forth. Many organizations around the world, whether in the private, public, charitable or non-governmental organization (NGO) sectors, have developed their own Vision Statements as part of their identity. For larger organizations, the Vision Statement is typically generated through a formal exercise with senior management, the Board and sometimes other stakeholders participating. Once created, it is generally publicized, both internally and externally. For smaller, mid-sized or start-up organizations, it

is usually less formal and likely to be driven by the founder's own views; it may or may not be well publicized.

> **A Vision Statement should serve as a source of inspiration for a range of stakeholders, both internal and external.**

It should resonate with all involved with the organization and help them feel proud, excited, motivated and part of something much bigger than themselves. In particular, when employees internalize the Vision Statement, they can and do take action to make it come true. Thus, an organization's Vision Statement helps to focus energy and mobilize resources toward a common and significant goal.

The following are sample Vision Statements from private, public and charitable/NGO sector organizations around the world:

Private Sector Organizations

- **Mazda**[2] To create new value, excite and delight our customers through the best automotive products and services.
- **Manulife Financial**[3] Manulife Financial's vision is to be the most professional financial services organization in the world, providing strong, reliable, trustworthy and forward-thinking solutions for our clients' most significant financial decisions.
- **SolarPark Korea**[4] SolarPark Korea's motive stems from our vision of providing future generations a cleaner and more sustainable environment through cost-effective methods of converting sunlight into energy.

Public Sector Organizations

- **University of Illinois**[5] To create a brilliant future for the University of Illinois in which the students, faculty and staff thrive and the citizens of Illinois, the nation and the world benefit, a future in which the University of Illinois is the recognized leader among public research universities in: Teaching, scholarship and service, Engagement and public service, Economic development, Arts and culture, Global reach, Athletics.
- **SickKids [Hospital for Sick Children]**[6] Healthier Children. A Better World.
- **NASA**[7] To reach for new heights and reveal the unknown so that what we do and learn will benefit all humankind.

Charitable Sector/NGO Organizations

- **Plan International**[8] Plan's vision is of a world in which all children realise their full potential in societies that respect people's rights and dignity.
- **Africare**[9] Africare is committed to being the premier Africa-focused non-governmental organization working in partnership with African people to build

sustainable, healthy and productive lives and communities, and to be a leading voice addressing African development and policy issues.

- **Wikimedia Foundation**[10] Imagine a world in which every single human being can freely share in the sum of all knowledge. That's our commitment.

For Project Leaders…

The organization's Vision Statement (along with its Mission Statement, core values and strategy) communicates the ultimate, broad context for a given project and why that project is relevant for the organization's success. A project leader, therefore, must first be able to understand this context herself. After all, she will be the face of the project, championing it through its life-cycle. Further, she should be able to connect the dots and explain to her project team and other stakeholders how the particular project fits with this context and how it will advance the organization's goals. Conversely, if it is difficult to see or explain the fit, then it is important for the project leader to probe deeper into the project rationale or to ask why the project is being pursued. She may need to seek out the project sponsor or other key stakeholders for additional dialogue, to ensure she sees the project rationale with the required clarity.

MISSION

An organization's mission is very closely tied to its vision, and vice versa.

> **While the vision is about the future, the mission is about the present and near-term.**

The mission of an organization answers the question 'Why do we exist?' In other words, the mission describes the organization's core purpose. Contained within this broad question are the following, more detailed questions:

- What do we do, provide or deliver?
- What needs do we serve?

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STRATEGY LAYS THE PATH FOR AN ORGANIZATION TO ACHIEVE ITS VISION AND MISSION

"Strategy is about being different. Strategy means deliberately choosing a different set of activities to deliver a unique mix of value."

Michael Porter[11]

Combined, the vision, mission and values statements provide the essential context for the development and execution of strategy. A firm's strategy describes the way in which it will compete in the marketplace against rivals; for public sector and charitable/NGO organizations, it serves as the roadmap to reach their ambitions. It is the course the organization charts, the journey it imagines and the steps it will take. Strategy is built upon a range of insights, experiences, objectives, expertise and expectations. When ready, it sets forth the general direction as well as an action plan in pursuit of the identified goals.

> **The vision, mission and values of an organization should remain relatively stable, while the strategy of the organization is typically renewed every 3-5 years.**

Exhibit 1.1: The Organizational Context for Strategy and Projects[12]

Exhibit 1.1 illustrates the connections between vision, mission and values and the organization's strategy. Note that an organization's strategy encompasses both ongoing

operations as well as a set of projects. Projects are investments meant to generate new value for the organization and, ideally, are managed within a program and portfolio structure. Operations and projects require various resources, including money, staff, equipment, information systems and real estate, to be realized.

STRATEGIC PLANNING

"It is extremely difficult to develop a unique strategy for a company; and if the strategy is truly different, it is probably highly risky [. . .] Execution really is the critical part of a successful strategy. Getting it done, getting it done right, getting it done better than the next person, is far more important than dreaming up new visions of the future."

Louis Gerstner, IBM[13]

Strategy is important as it acts as the organizational compass. Strategic planning is a disciplined process for making key decisions and agreeing on actions that will shape and guide what an organization is, what it does, and why it does it. Although the strategic planning process is normally informed by the existing vision, mission and values, it can at times lead to the reformulation of some or all aspects of the organization's vision, mission and values.

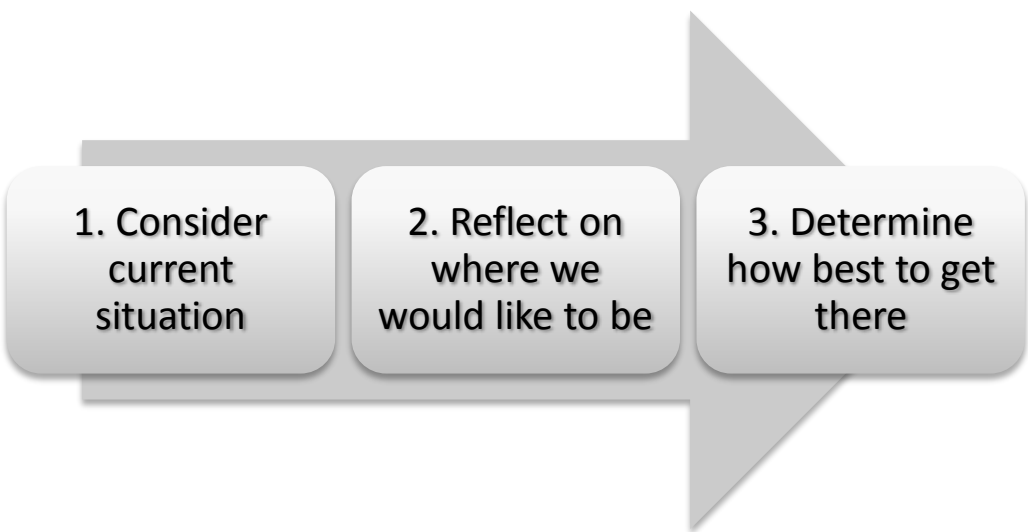

Exhibit 1.2: Strategic Planning – Simplified

There are various strategic planning techniques and the selected approach must fit the needs of the organization. Fundamental components typically include an analysis of the organization's strengths and weaknesses, as well as the opportunities and threats confronting it. The core of strategic planning is always the same: discovering the critical

factors in the current or near-term situation and designing a set of coordinated, focused actions to address these factors and succeed. At its simplest, strategic planning involves three steps, as illustrated in Exhibit 1.2:

1. **Consider the current situation** – this includes assessments of strengths, weaknesses, market and other external conditions, resources, etc. When completed, it describes the organization's current state. This step will often reveal key issues, and will point to necessary organizational changes.
2. **Reflect on where we would like to be** – informed by the organization's vision, mission, and objectives for the next stage of growth and development, this step would see the elaboration of goals and the rationale for these goals. This describes the organization's future or target state.
3. **Determine how best to get there** – with the understanding of current and future states, various options can be considered to reach the stated goals and choose the path which:
   - Optimizes use of resources to achieve the best possible returns or greatest impact
   - Minimizes risks
   - Maximizes the likelihood of success.

   The third step, 'Determine how best to get there', calls for a gap analysis. This involves an assessment of what skills, tools, infrastructure, funding or other resources are necessary for the organization to reach its desired future state from its current state.

The strategy developed through the planning process should be considered somewhat flexible. As with any other kind of plan, it is impossible to know the future and prepare for every possible contingency. During the 3-5 year duration of the typical strategic plan, much can happen. Therefore, it can assume that while the organization has worked hard to take into account various possibilities or scenarios that may unfold during the time-span concerned, unexpected circumstances can arise. Exhibit 1.3 gives an overview of how an organization's strategy evolves over time. The planned or proactive component of strategy is called the 'deliberate strategy'.

Given changing conditions and the dynamics of the marketplace, some elements of the deliberate strategy may have to be abandoned. e.g. if a planned new line of business, or a targeted geographic market, becomes unexpectedly crowded with rivals. At the same time, the organization may need to react to events and adjust strategy, adding new elements to the original strategy. e.g. an acquisition opportunity becomes available, which could accelerate the growth of the organization. This is called the emergent strategy – the reactive component of strategy.

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THE BALANCED SCORECARD AS A STRATEGIC PLANNING AND EXECUTION FRAMEWORK

"Leaders need new measurement and management systems to align their tangible and intangible assets to deliver a coherent and integrated strategy."

Robert S. Kaplan and David P. Norton[14]

The Balanced Scorecard is a powerful strategic planning, execution and performance management system used to align business activities to the vision and strategy of the organization. It helps make an organization's strategy more practical, digestible and more easily communicated to all levels of the organization. It also aids in tracking the progress and measuring the performance of specific initiatives which are meant to fulfil the strategy. While the phrase 'Balanced Scorecard' was coined in the early 1990s by Robert Kaplan and David Norton of the Harvard Business School, the roots of this approach are deep, and include the pioneering work at General Electric on performance measurement and reporting in the 1950s.[15] Similar tools such as 'Performance Prism' and 'Results-Based Management' have also become common.

The traditional approach in strategy execution and performance management was to focus on financial parameters. This is because financials are inherently quantifiable, comparable and more easily tracked. Investors and other stakeholders understand such measures and related trends e.g. costs are rising sharply or sales are improving. Too often, strategy has been viewed by employees as something abstract and the exclusive domain of the executive team. It can be unclear how the strategy affects the daily lives of a department, a project team or an individual.

> **The Balanced Scorecard creates a closer link between strategy, projects and operations, making strategic plans more concrete for the benefit of all.**

As the name suggests, it also offers a framework that is more balanced in its coverage. It retains the use of financials as a component, but complements this to promote attention to internal processes, customers and staff for more comprehensive performance management. Exhibit 1.4 illustrates the relationship between vision, mission, strategy and organizational values, and the four perspectives of the Balanced Scorecard.

More specifically, the Balanced Scorecard provides a framework to translate strategy into operational reality. The four strategic perspectives of Financial, Internal Processes, Customers, as well as Learning and Growth are also known as 'quadrants' or 'themes'. This division helps to ensure that the organization is improving and progressing on its strategy on multiple fronts. It also guards against one perspective being impoverished while others

receive sufficient resources. Each of the four perspectives will be defined by suitable objectives, measures, targets, initiatives and budget allocations, likely on an annual basis.

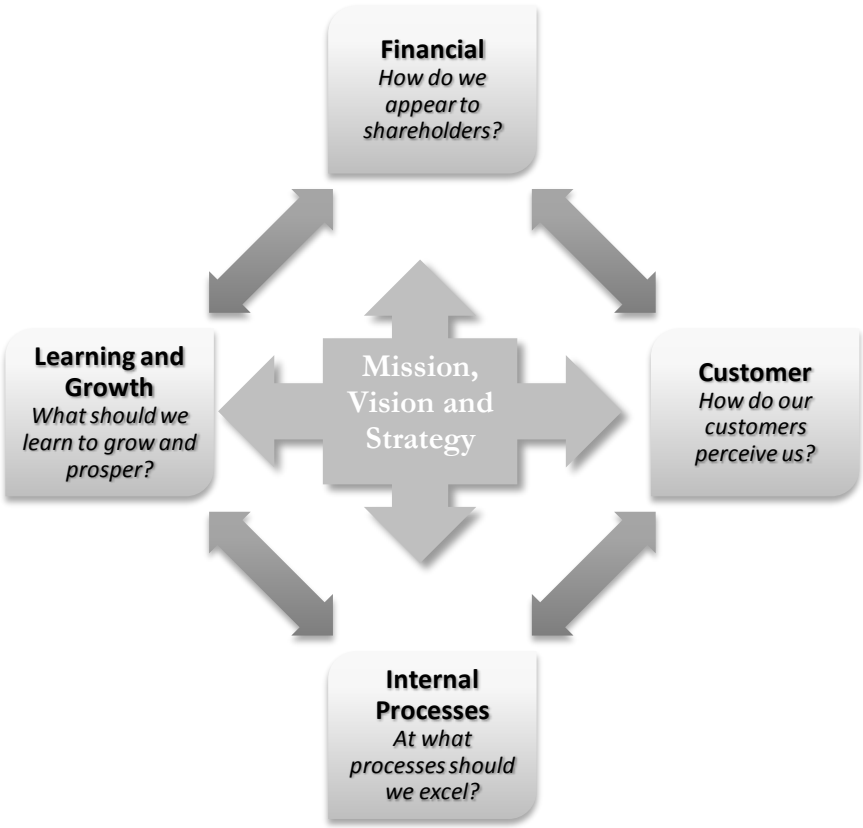

Exhibit 1.4: Relating Strategy to the Four Perspectives of the Balanced Scorecard[16]

Descriptions for the four perspectives are as follows:

1. **Financial** – This perspective is the traditional one used in organizations. It defines financial objectives and performance measures that provide evidence of whether or not the organization's strategy is yielding increased shareholder returns or other improvements. Private sector enterprises are especially concerned with profits, while public or charitable/NGO sector organizations will likely focus on effective use of revenues and the management of costs. Different industries use different types of financials. Example measures for this perspective include:
    - Earnings per share
    - Revenues/revenue growth

- Profits/profit growth
- Costs
- Percent of donations for administration (for a charitable organization)

2. **Internal (Business) Processes** – This perspective represents the functioning and impact of various core processes. These can range from product development, to customer service, to supply change management, among others. Attention to this perspective helps to translate strategic plans into specific objectives and initiatives which will drive improvements in key processes, in terms of cycle time, responsiveness, quality, underlying costs, etc. This in turn will advance the organization's position in the marketplace. Internal process measures and targets are then developed for monitoring and reporting (Brown, 1996). Again, there will be differences between private sector enterprises and public or charitable/NGO sector organizations. Example measures for this perspective include:

    - Cycle time
    - Cost of services
    - Productivity
    - Public complaints registered (for a regulatory agency)
    - Number of accidents in certain period

3. **Customer** – This perspective is concerned with performance directly related to the customer, client, patient, citizen, donor or others served by the organization. Objectives and initiatives here will most likely have links to the Internal Processes and other perspectives. It addresses how the organization must act with customers in order to fulfill the organization's mission. Example measures for this perspective include:

    - Market share
    - Customer satisfaction
    - Referral rate
    - Customer retention
    - Warranty returns
    - Educational success (in schools)

4. **Learning and Growth** – This perspective is focused on the development and well-being of staff. Much of the work represented by the three other perspectives is enabled through this one. This perspective highlights the main objectives and initiatives necessary for staff advancement and quality of the work environment. In some organizations, this may extend to the development of volunteers or others who are integral to the functioning of the enterprise. The Learning and Growth perspective helps to identify gaps between current employee competencies, culture, training and

supporting systems and what must be implemented to move to a new, future state (Niven, 2003). Example measures for this perspective include:

- Employee satisfaction
- Training days per year
- Employee absence
- Adaptability
- Employee turnover
- Level of external volunteering

Exhibit 1.5: Balanced Scorecard Quadrants with Objectives, Measures, Targets and Initiatives[17]

As Exhibit 1.5 depicts, the Balanced Scorecard framework elaborates strategy through specific objectives, measures, targets, and initiatives (programs or projects) under each perspective. These are detailed as follows:

- **Objectives**: A specific objective in support of the overall strategy. Examples would include achieving strong profitability, or faster product development, or a high level of employee retention.

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PORTFOLIOS, PROGRAMS AND PROJECTS ENABLE A SUCCESSFUL STRATEGY IMPLEMENTATION

With a strategy in place, an organization can turn its attention to execution. Hrebiniak (2006) states, though, that it is more difficult to make strategy work than to make strategy. The right portfolios, programs and projects are powerful building blocks for implementing strategy – to help 'make strategy work'. The link between strategy, portfolios and projects is represented in the lower right side of the pyramid in Exhibit 1.1. The Project Management Institute's 'Guide to the Project Management Body of Knowledge' (PMBOK)[18] offers helpful definitions of projects, programs and portfolios.

PMBOK defines a **project** as "a temporary endeavor undertaken to create a unique product, service, or result". Projects can be large or small, relatively simple or highly complex. They end when their objectives have been reached or the project has been terminated.

A group of related projects managed in a coordinated way to obtain benefits and control not possible from managing them individually is called a **program**. Programs may include other elements of work outside of the scope of the discrete projects.

A collection of programs and projects, that are grouped together to facilitate effective management of that work and meet strategic business objectives, is called a **portfolio.**

Exhibit 1.6 outlines key differences between managing projects, programs and portfolios. It should be noted that while there is already a connection with strategy evident at the level of projects and project management, that connection is more likely to relate to functional, departmental or business unit goals. Even at this level, though, there should still be a clear sense of how the project relates to the bigger organizational strategy.

Program and portfolio management would have even more significant connections to enterprise-level strategy.

This is as it should be, since at the level of portfolio management, the aggregate investments are much larger and their potential impact is much greater than at the level of an individual project. At the portfolio management level, appropriate governance becomes critical to enterprise performance. It encompasses selecting the right investments, maintaining alignment with strategy, monitoring how programs and projects are doing, managing risks and ensuring the realization of benefits.

In organizations with more formalized methodologies, strategy is operationalized for project work through portfolio management, then program management and eventually at the project management level.

	Project Management	Program Management	Portfolio Management
Purpose	Provide deliverables by executing a network of tasks	Deliver benefits by executing a network of projects	Support strategy formulation and execution from an investment perspective
Duration	Temporary	Longer time-frames compared to projects	Enduring process with regular balancing of investments
Strategic Alignment means…	Accomplishing specific requirements and objectives	Accomplishing specific requirements and objectives, typically on a grander scale	Adjusting the balance of investments to increase probability of achieving financial and other outcomes
Strategic Accomplishment means…	Projects accomplish functional or business unit strategies	Programs accomplish functional, business unit or enterprise strategies	Portfolios accomplish enterprise strategies
Success defined by…	Meet defined metrics on triple constraint	Meet broader objectives of and generate benefits for different stakeholders	Produce longer-term value to investors and shareholders
Risk Management	Risks are typically regarded as threats	Risks are framed as opportunities and threats	Risks are deviations from investor expectations managed through portfolio balancing
Key Competencies	Management skills	Leadership skills	Analysis and decision-making skills

Exhibit 1.6: Comparison of Key Aspects of Project, Program and Portfolio Management[19]

Some organizations do not have a portfolio management process or governance structure, particularly if there is no Project Management Office. In such cases, the finance department may step in to oversee portfolios mainly on the basis of financial indicators such as return on investment (ROI), return on assets (ROA), net present value (NPV) or payback period.

> **An organization's strategic objectives considerably influence portfolio criteria and performance indicators, hence the portfolio decisions and structure of the portfolio.**

Program and project intake, monitoring and, ultimately, the success of the portfolio would be evaluated based on a set of agreed-upon indicators (a weighted scoring system is usually employed for project intake).

An example of the cascading of organization vision and mission through one or more strategies (or 'strategic themes') to one or more programs and then to a set of projects, is illustrated in Exhibit 1.7. The full set of programs and projects can be considered a portfolio. The example is drawn from the mobile telecom services sector. This particular enterprise has determined that it will be more successful if, instead of participating in intense price competition with rivals, it pursues a strategy of differentiation on the basis of superior customer care. This is the proactive, deliberate strategy chosen and is entirely in alignment with its declared vision and mission. In order to implement this strategy, a program has been identified to create a 'Multi-channel customer care' centre. 'Multi-channel customer care' means that this firm is willing to communicate with and service customers through whatever channel the customer chooses: telephone, e-mail, fax, Web chat, etc.

The program consists of three distinct, but coordinated projects: one relating to the human resources aspects, including recruiting and training appropriate staff; a second to design and deploy the information technology and network infrastructure; and a third to acquire and organize the necessary real estate and workstation furniture for the staff. There could be multiple, mutually reinforcing strategies (Strategy 1, Strategy 2, etc.) in place to support the vision and mission of the organization. Each strategy would be supported through one or more portfolios, programs or projects, as noted in the example. At the same time, a given portfolio, program or project could be aligned with any one strategy or be applicable to multiple strategies.

All projects begin with some core idea that inspires the project charter, deliverables, and outcomes. The quality of this initial idea is also critical to the project's business impact. Effective strategic planning in an organization leads to appropriate new projects, programs and portfolios. Strategic planning can involve a variety of techniques, including:

- Visioning exercises, to develop a desired future state
- SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)
- Market Analysis

- Competitive Analysis and Benchmarking
- Porter's Five Forces Analysis
- Gap Analysis
- Ideation and innovation (for new products, services, processes, etc.)

Strategic planning can be extremely useful for uncovering innovative ideas and approaches – which may then lead to new initiatives, and to specific programs and projects.

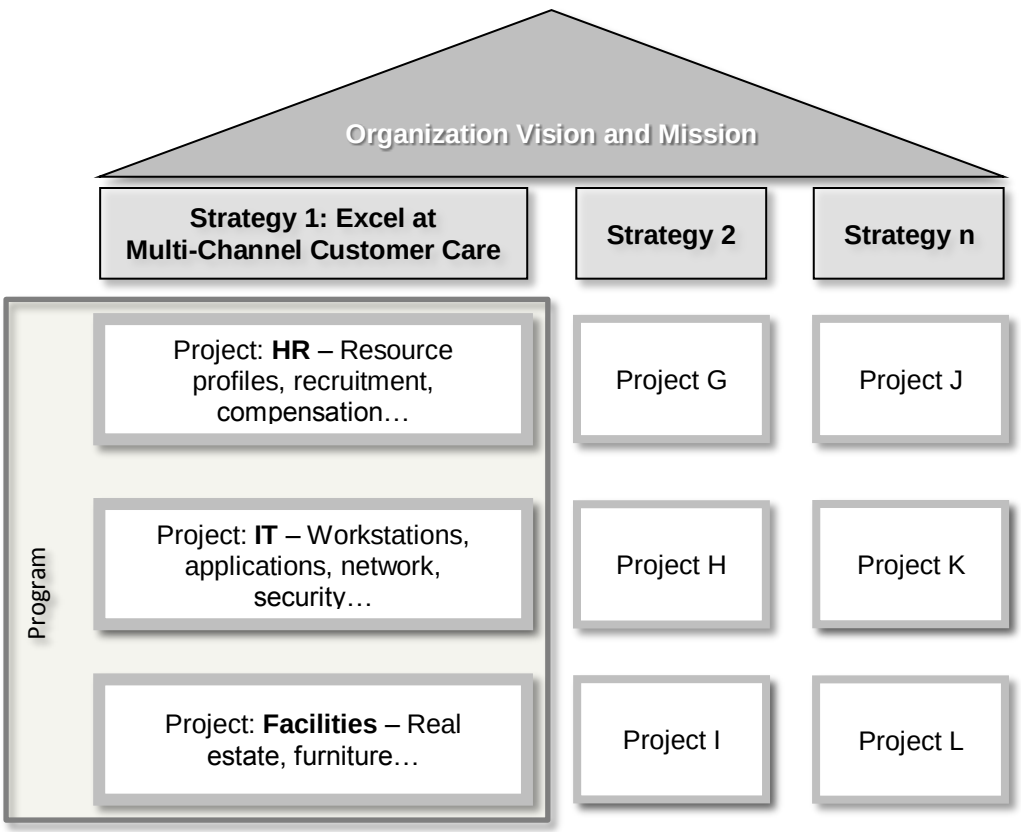

Exhibit 1.7: Relating Portfolios, Programs and Projects to Strategies

The coordinated management of all projects and programs within a portfolio delivers benefits beyond the results of independently-managed projects and programs.[20] The limited perspective of an individual project, or even a program, is broadened through portfolio management to ensure that there is appropriate integration and balance across all initiatives, in meeting organizational strategic goals.

MINI CASE STUDY: CANADA POST[21]

Canada Post implemented a software solution from SAS in order to enhance customer experience and improve corporate efficiency. This project was well-aligned with its stated organizational vision, mission and strategy.

SAS Implementation in Canada Post - Canadian postal service Canada Post implemented SAS to enable decision makers and analysts to view metrics and key reports directly via the Web.

The goal of the project was to provide accurate, timely information about the performance of its postal services and products such as Xpresspost and Expedited Parcels. The reports measure the service performance against corporate service standards from the national level down to regional, city, depot or postal station level. "SAS provides managers and business analysts at Canada Post with strategic information and a toolset, which allows a more refined look at its business performance, information that supports better decision making.

The result is higher-quality decisions and more informed employees throughout the company, which leads to higher customer satisfaction and greater profitability" –Ladas Giriunas, Canada Post. "The system helps in understanding our service operations and helps us respond in a timely fashion to operational problems, from pick up to delivery -- hence increasing customer satisfaction," says Denis Bossé, Operation Director, Québec. "

The new system will help increase delivery consistency and the overall quality of the delivery (such as track and trace), which will introduce yet another competitive advantage for our customers," says Gérald Gervais, General Manager, Sales Public Sector.

'ON-STRATEGY' IS THE FOURTH DIMENSION OF THE 'IRON TRIANGLE'

In project management, the iron triangle refers to the three fundamental constraints that characterize every project: scope, cost (or budget) and time (or schedule). This is often described as the 'triple constraint' (and if quality is included, the 'quadruple constraint'). These constraints interact. For example, if the scope is increased, either the budget and/or the time necessary to complete the project will have to be increased. If not, the timeliness, quality or some other aspect of the work will suffer.

Exhibit 1.8: On-Strategy is the fourth dimension of the Iron Triangle[22]

These traditional constraints or success criteria should be extended to incorporate strategic alignment – or being 'on-strategy'. This fourth dimension is depicted in Exhibit 1.8 to emphasize the strategic perspective. It highlights the criticality of strategy in selecting and driving the *right* projects – not just any projects which come forward – to achieve organizational success. Aligning portfolios, programs and projects to strategy, then, is a key step in the transition from strategic planning to execution.

> **It is even more important to be 'On-Strategy' than just 'On-Cost', 'On-Time' and 'On-Scope/On-Quality'.**

A project which fully meets the triple constraint, but has little or no strategic value, is likely a lost investment. It may also have incurred a substantial opportunity cost. However, one major exception is when the project is mandated by a compliance requirement. For example, projects driven in response to industry regulators, health and safety agencies or

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'Naughty projects' will be highly dependent on the strength of the rationale for launching them and the influence of the sponsor. Such projects will likely be more prone to having budget cuts or being cancelled if there are financial pressures. There could also be opportunistic projects that come along as a consequence of emergent strategy. These would be projects not initially in the plan (i.e. within the deliberate strategy), but which become relevant, sometimes even urgent, due to changing circumstances.

> **Despite the acceptance of strategic fit or alignment as one of the major objectives of portfolio management, organizations often begin projects with no links to strategy.**

According to Mankins and Steele, firms realize only 63% of their strategy's potential value[23] and Johnson reports that 66% of corporate strategy is never implemented.[24] To avoid this, using tests for strategic fit or alignment in project selection, authorization and portfolio management should be institutionalized. The process must be an objective and transparent one. A business case, cost/benefit analysis or feasibility study should be used to provide the formal rationale for the project. The interrelationships between projects and programs must be considered. Without an appropriate process and attention to strategic fit, projects may be driven by personal agendas. For example, a project sponsored by a director that makes him/her look good might not generate the right organizational benefit. In fact, it may be counter to the organizational strategy. Such 'Director' or 'pet' projects may be based on a hidden agenda, e.g. promotion to VP, transfer to a new role, receiving a large bonus, etc. Projects of this nature squander resources, can create unnecessary risks and may have high opportunity costs.

As major deliverables are produced through different programs and projects, new possibilities will surface and lessons learned will be captured. These will, pave the way for the next generation of the strategic plan. Each 'good project' advances one or more strategic goals. At the 'back end' of the project life-cycle, there is the need to track and assess the benefits generated by the project against what was 'promised'.

Implementing appropriate mechanisms to assess realized benefits will provide for a more disciplined approach to project business cases at the 'front-end' and foster a learning process in support of future projects. Benefits realization is discussed further in the final chapter of the book. The end of a project, also drives executives to assess the progress made against their earlier goals, to revisit those goals or formulate new goals and bring forth new ideas for the organization.

CHAPTER SUMMARY

An organization's vision, mission and values provide fundamental context for project leaders as they work with their project teams and other stakeholders to achieve project success. Establishing a project team culture enables improved team identity and performance. Effective strategic planning is vital for every company's health and can mean the difference between long-term success and failure. An organization's strategy provides

the compass, roadmap and rationale to help it move from its current state to its desired future state, while optimizing resources and minimizing risks. At its simplest, strategic planning involves three steps: consider the current situation; reflect on where we would like to be; and determine how best to get there. The deliberate strategy and the emergent strategy, taken together within changing circumstances and the reality of execution, constitute the organization's 'realized strategy'.

The Balanced Scorecard is a powerful strategic planning, execution and performance management system used to align business activities to the vision and strategy of the organization. It helps make an organization's strategy more practical, digestible and more easily communicated to all levels of the organization. The Balanced Scorecard provides a framework to translate strategy into operational reality in terms of four strategic perspectives: Financial, Internal Processes, Customers, and Learning and Growth. Each of the four perspectives would be accompanied by suitable objectives, measures, targets, initiatives and budget allocations.

Projects, project teams and project leadership have become the proven way for organizations to attain their strategic objectives and to realize the intended organizational benefits from their investments. An organization will not succeed without both strategic planning and project management to realize the plan. The effective project leader is mindful of being 'on-strategy' and can articulate the links between the strategy and their own program or project for their project team and other stakeholders. By coordinating strategy with project, program and portfolio management, and ensuring strong strategic alignment for every project, organizations are better able to achieve success.

ACTIVITIES

1. With your assigned team, collaboratively develop a set of project team values which will be motivating, build team identity and cohesiveness, and help achieve project success. Everyone should feel a sense of ownership in these statements and what they express in terms of desired behaviours. The values statements should be in the form suggested in this Chapter and number no more than 10.

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TOOLS

1. A range of strategic planning tools, templates and articles are available at:

   http://managementhelp.org/strategicplanning

2. A five-level Strategic Management Maturity Model, spanning eight dimensions, is described here:

   http://www.balancedscorecard.org/Portals/0/PDF/BSCIStrategicManagementMaturityModel.pdf

   An interactive assessment tool is also available [requires registration].

3. Building a Balanced Scorecard using the Balanced Scorecard Institute's Nine-Step Process:

   http://www.balancedscorecard.org/BSCResources/TheNineStepstoSuccess/tabid/58/Default.aspx

REVIEW QUESTIONS

1. A good organization vision statement should include _____
   a. An aspirational word picture of its future
   b. Details of why it exists
   c. Direction regarding its values
   d. None of the above
2. Being 'on-strategy' means:
   a. Complying with the application of the triple constraint to the project
   b. Ensuring that there is (and continues to be) alignment between the strategy of the organization and the project
   c. Avoiding 'bad' or 'naughty' projects
   d. B and C
3. Strategic Planning involves all of the following steps except:
   a. Consider the current situation
   b. Reflect on where would like to be
   c. Determine how best to get there
   d. Plan an implementation roadmap to get there

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e. Communication tool

f. Measurement approach

g. Framework to translate strategy into concrete, actionable plans

h. All of the above

REVIEW ANSWERS

1. A 2. D 3. D 4. C 5. B 6. C 7. A 8. B 9. D 10. D

KEY TERMS

- **Vision** of an organization is a statement about its desired future. It is an answer to the question 'What do we want for our future and what will success look like?'
- **Vision Statement** is a concise, aspirational word picture of its future.
- **Mission** of an organization answers the question 'Why do we exist?'
- **Mission Statement** briefly describes why an organization exists and gives some indication of how it will achieve its vision. The statement should be succinct, informative and show some degree of organizational distinctiveness with respect to rivals or peers.
- **Values** of an organization are those shared beliefs that are held to be most important to the organization.
- **Values Statements** are declarations of the central values of the organization.
- **Project** is a temporary endeavour undertaken to create a unique product, service, or result.
- **Program** is a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually.
- **Portfolio** is a collection of programs and other related activities that are grouped together to facilitate effective management of that work and meet strategic business objectives
- **Deliberate strategy** is the planned or proactive component of strategy.
- **Emergent strategy** is that component of the 'realized strategy' which grows out of a response to changing circumstances. This is the reactive component of strategy.
- **Realized strategy** is the combination of 'deliberate strategy' and 'emergent strategy' (as well as the abandoned elements of the original strategy), within the reality of execution.

- **On-Strategy** means, beyond the traditional expectations for a project to meet the triple constraint, being well aligned with the strategy of the organization.
- **Balanced Scorecard** is a framework which helps make strategy more concrete and workable, through the use of four perspectives and accompanying objectives, measures, targets and initiatives.

ADDITIONAL RESOURCES

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2. Drucker, P. Managing the Nonprofit Organization: Principles and Practices. HarperBusiness, 2006.
3. A video of Michael Porter regarding the Five Forces model for strategy development:

   http://www.youtube.com/watch?v=mYF2_FBCvXw
4. A paper by Kaplan and Norton on the Balanced Scorecard and its use as a strategic management system:

   https://cours.etsmtl.ca/mti820/public_docs/lectures/UsingTheBalancedScoreCardAsStrategicManagementSystem.pdf
5. A presentation on applying the Balanced Scorecard in project management:

   http://www.gtislig.org/Documents/Balanced%20Scorecard-Enabled%20Project%20Management.pdf

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