

# The Need for Strategic Planning for Project Management

## ► Introduction

For more than 50 years, American companies have been using the principles of project management to get work accomplished. Yet, for more than 40 of these years, very few attempts were made to recognize project management as a core competency for the company. There were three reasons for this resistance to project management. First, project management was initially viewed as simply a scheduling tool for the workers. Second, since this scheduling tool was thought to belong at the worker level, executives saw no reason to look more closely at project management, and thus failed to recognize the true benefits it could bring. Third, executives were fearful that project management, if viewed as a core competency, would require them to decentralize authority, to delegate decision-making to the project managers, and thus to diminish the executives' power and authority base.

## ► Misconceptions

As the twenty-first century approached, project management began to mature in virtually all types of organizations, including those firms that were project-driven, those that were non-project-driven, and hybrids. Knowledge concerning the benefits project management offered now permeated all levels of management. Project management came to be recognized as a process that would increase shareholder value.

This new knowledge regarding the benefits of project management allowed us to dispel the illusions and misconceptions that we had believed in for over 40 years. These misconceptions or past views are detailed next, together with current views.

### **Cost of Project Management**

- *Misconception:* Project management will require more people and increase our overhead costs.
- *Present view:* Project management allows us to lower our cost of operations by accomplishing more work in less time and with fewer resources, without any sacrifice in quality or value.

### **Profitability**

- *Misconception:* Profitability may decrease.
- *Present view:* Profitability will increase.

### **Scope Changes**

- *Misconception:* Project management will increase the number of scope changes on projects, perhaps due to the project manager's desire for extreme creativity.
- *Present view:* Project management provides us with better control of scope changes. Good project managers try to avoid unnecessary scope changes.

### **Organizational Performance**

- *Misconception:* Because of multiple-boss reporting, project management will create organizational instability and increase the potential for conflicts.
- *Present view:* Project management makes the organization more efficient and effective through better application of organizational behavior principles.

### **Customer Contact**

- *Misconception:* Project management is really "eyewash" for the customer's benefit.
- *Present view:* Project management allows us to develop a closer working relationship with our customers. This can lead to increased business opportunities.

### **Problems**

- *Misconception:* Project management will end up creating more problems than usual.
- *Present view:* Project management provides us with a structured process for effectively solving problems.

### **Applicability**

- *Misconception:* Project management is applicable only to large, long-term projects such as in the aerospace, defense, and construction industries.
- *Present view:* Virtually all projects in all industries can benefit from the principles of project management.

### Quality

- *Misconception:* Project management will increase the potential for quality problems.
- *Present view:* Project management will increase the quality and value of our products and services.

### Power/Authority

- *Misconception:* Multiple-boss reporting will increase problems related to power and authority.
- *Present view:* Project management will reduce power/authority problems.

### Focus

- *Misconception:* Project management focuses on suboptimization by looking at the project only.
- *Present view:* Project management allows us to make better decisions for the best interest of the company.

### Project's End Result

- *Misconception:* Project management delivers products to a customer.
- *Present view:* Project management delivers business solutions to a customer.

### Competitiveness

- *Misconception:* The cost of project management may make us noncompetitive.
- *Present view:* Project management will increase our business (and even enhance our reputation).

## ► Project Management Becomes a Strategic Competency

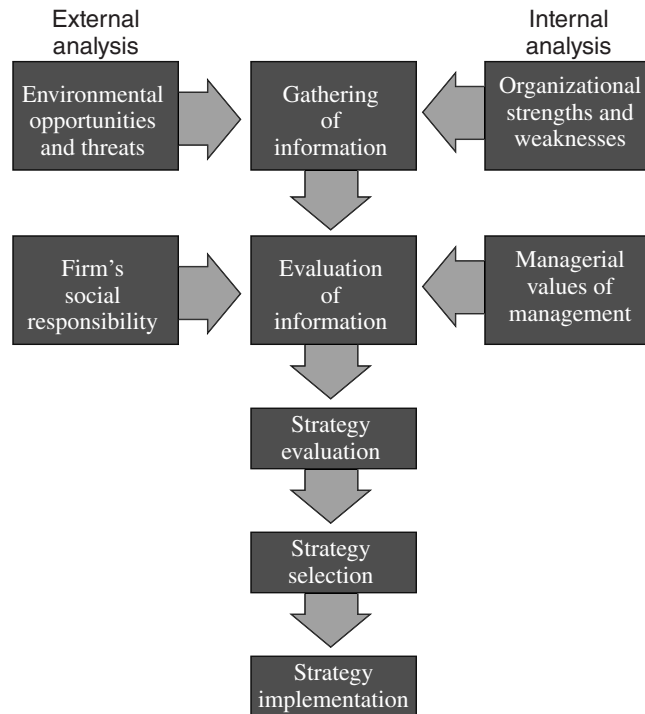
As senior management became more knowledgeable about project management, the misconceptions subsided and appreciation and understanding of how project management could benefit the organization grew. Today's view of project management includes the following:

- Project managers should no longer consider themselves as simply managing a project. Instead, they should see themselves as managing part of a business.
- Project managers are now expected to make both project- and business-related decisions, whereas previously most business-related decisions were made by the project sponsor or governance committee.
- Project managers are now managing both strategic as well as tactical projects. Previously, strategic activities were assigned to line managers rather than project managers.
- Project management is now seen as the delivery system for achieving strategic business objectives.

- Project management produces deliverables and outcomes that can be converted into business benefits and business value.
- Companies that wish to prepare for the future perform a study every year or two to determine which four or five career-path positions are an absolute necessity for the company to survive. Project management often makes the list and is now regarded as a strategic competency rather than just another career-path position.
- As a strategic competency, project managers are expected to have a better understanding than their predecessors had concerning the business itself and strategic planning.

► **General Strategic Planning**

*Strategic planning* is the process of formulating and implementing decisions about an organization’s future direction. This is shown in Figure 1.1. It is vital to every organization’s survival because it is the process by which the organization adapts to its ever-changing environment and achieves its strategic objectives. The process is applicable to all management levels and all types of organizations.



**Figure 1.1** Basic strategic planning.

The critical box in Figure 1.1 is the last one, Strategy implementation. People tend to focus heavily on the steps to get to strategy formulation and fail to realize that project management is the delivery system necessary to implement the strategy.

As an example, a Fortune 500 company hired a consulting company to analyze all the firm’s product lines and to provide the firm with advice on business strategy. For a

week, the executives met with the consultants. The beginning of the following week, after the consultants left, the executives convened in the board room to review what they had learned. The conclusion was that the consultants told them “what to do” but not “how to do it.” The executives realized quickly that project management would be needed to convert the “what” to “how.” The Human Resources department was given the mandate to begin training in project management so that the firm could become reasonably mature in delivering strategic objectives and to perform periodic assessments to see that progress was being made.

In another example, the Industrial Products Group (IPG) of a Fortune 500 company recognized quickly the need for project management to help achieve strategic business objectives. Part of the company’s business was an Aerospace Group that appeared to be reasonably mature in project management because it had been working on government contracts for more than 20 years. Several managers from the Aerospace Group were permanently transferred into the IPG in hopes of accelerating project management maturity.

After a short while, assessments were conducted that showed progress was not being made and, in some situations, conditions had gotten worse. The IPG then realized that many of the tools and processes used in the Aerospace Group were either too complex or not appropriate for the IPG. The company learned that the tools, forms, guidelines, templates, and checklists that helped bring some level of maturity in one division may not bring the same level of maturity in another division. Customization would be required.

### ► Participation by the Project Manager in Strategic Planning

Historically, project managers were brought on board a project after the project was approved, the business case was created, and the priority was set. Then the project manager was told how much money they had and the time frame. Constraints were often established by senior management or marketing/sales with no input by the project manager. Then the project manager was expected to meet unrealistic expectations.

As stated previously, today’s project managers are more actively involved in business decisions and responsible for achieving business objectives. As such, they are being brought on board earlier and in some companies are participating in strategic planning activities.<sup>1</sup> The formulation process shown in Figure 1.1 is the high-level process of deciding where you want to go, what decisions must be made, and when they must be made to get there in a timely manner. It is the process of defining and understanding the business you are in and how to remain competitive within that business. The outcome of successful formulation results in the organization doing the right thing

<sup>1</sup>Traditional life-cycle phases are now being replaced by investment life-cycle phases where the project managers are brought on board earlier than before. This is a necessity so that the project manager understands the business benefits and value expected from this project or the portfolio of projects. For additional information on this, see Harold Kerzner, *Project Management Best Practices: Achieving Global Excellence* (Hoboken: John Wiley, 2018), 715–737.

in the right way (i.e. it results in project management) by producing goods or services for which there is a demand or need in the external or internal environment. When this occurs, we say the organization has been effective as measured by market response, such as sales and market shares or customer acceptance. A good project management methodology, whether a rigid methodology or a flexible methodology such as agile or Scrum, can lead to better customer satisfaction and a greater likelihood of repeat business. All organizations must be effective and responsive to their environments to survive in the long run.

All too often, projects are selected and approved without an accurate understanding of the organization's capabilities at that time. This occurs because executive management does not know how much additional work they can undertake without overburdening the existing labor force. The benefit of having project managers brought on board this early is that they can provide information related to the following questions:

- How many resources will be needed?
- What skill levels must the resources possess?
- Does the organization currently have sufficient resources available internally?
- Will the resources be assigned full-time or part-time?
- Can this project be accomplished with a virtual project team?

The formulation process is performed at the top levels of the organization, but involvement by the project manager can accelerate downstream decision-making and possibly reduce the number of action items. Here, top management values provide the ultimate decision template for directing the course of the firm.

#### **Formulation:**

- Scans the external environment and industry environment for changing conditions.
- Interprets the changing environment and the enterprise environmental factors in terms of opportunities or threats.
- Analyzes the firm's resource base for asset strengths and weaknesses.
- Defines the mission of the business by matching environmental opportunities and threats with resource strengths and weaknesses.
- Sets goals for pursuing the mission based on top management values and sense of responsibility.

The second step in strategic planning, implementation, translates the formulated plan into a reality. At this point, project management involvement should be mandatory. Implementation involves all levels of management in moving the organization toward its mission. The process seeks to create a fit between the organization's formulated goal and its ongoing activities or projects. Because implementation involves all levels of the organization, it results in the integration of all aspects of the firm's functioning.

Integration management is a vital core competency of project management. As shown in Figure 1.2, there is a hierarchy of plans, and they all require integration both within and across strategic business units (SBUs). Project management is now recognized as a vehicle for the integration of just about any type of plan for any type of project.

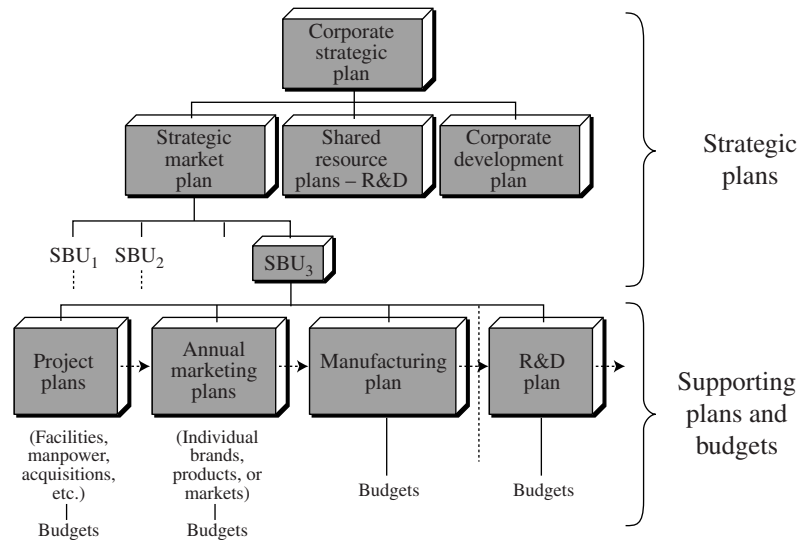


Figure 1.2 Hierarchy of strategic plans.

Middle- and lower-level managers spend most of their time on implementation activities. Effective implementation, supported by a mature project management organization, results in stated objectives, action plans, timetables, policies and procedures, and in the organization moving efficiently toward fulfillment of its mission.

### ► What Is Strategic Planning for Project Management?

Strategic planning for project management is the *development of the necessary tools for project management*. Some companies have as many as 50 tools that the project manager can use. The tools, when combined, form a methodology or framework that can be used over and over again and that will produce a high likelihood of achieving the project's objectives. Although strategic planning for the methodology and execution of the methodology or framework does not guarantee profits or success, it does improve the chances of success.

One primary advantage of developing a flexible or inflexible methodology is that it provides the organization with a consistency of action. As the number of interrelated functional units in organizations has increased, so have the benefits from the integrating direction afforded by the project management implementation process.

Methodologies need not be complex. Figure 1.3 shows the “skeleton” for the development of a simple project management methodology. The methodology begins with a project definition process, which is broken down into a technical baseline, a functional

or management baseline, and a financial baseline. The technical baseline includes, at a minimum:

- Statement of work (SOW)
- Specifications
- Work breakdown structure (WBS)
- Timing (i.e. schedules)
- Spending curve (S curve)

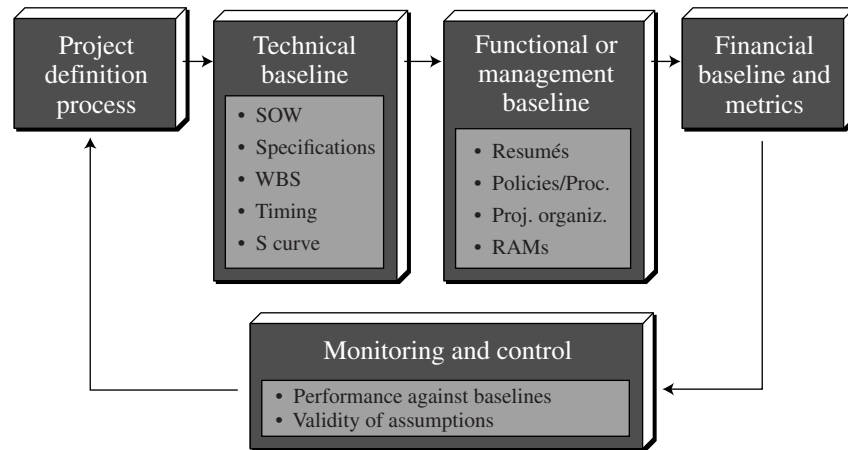


Figure 1.3 Methodology structuring.

The functional or management baseline indicates how you will manage the technical baseline. This includes:

- Résumés of the key players, if needed
- Project policies and procedures
- The organization for the project team
- Responsibility assignment matrices (RAMs)

The financial baseline identifies how costs will be collected and analyzed, how variances will be explained, and how reports will be prepared. Altogether, this process can be applied to every project.

Another advantage of strategic project planning is that it provides a vehicle for the communication of progress in accomplishing the overall goals and objectives to all levels of management in the organization. It affords the potential for a vertical feedback loop from top to bottom, bottom to top, and functional unit to functional unit. The process of communication and its resultant understanding helps reduce resistance to change. It is extremely difficult to achieve commitment to change when employees do not understand its purpose. The strategic project planning process gives all levels an

opportunity to participate, thus reducing the fear of the unknown and possibly eliminating resistance.

The final and perhaps the most important advantage is the thinking process required. Planning is a rational, logically ordered function. This is what a structured methodology or framework provides. Many managers caught up in the day-to-day action of operations will appreciate the order afforded by a logical thinking process. Methodologies can be based on sound, logical decisions and customized for a client. Figure 1.4 shows the logical decision-making process that could be part of the project-selection process for an organization. Checklists can be developed for each section of Figure 1.4 to simplify the process.

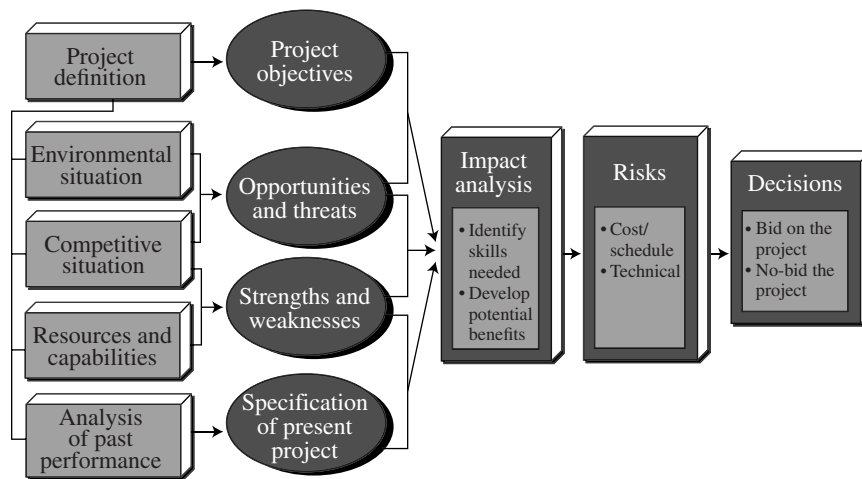


Figure 1.4 Project-selection process.

The first box in Figure 1.4 is the project-definition process. At this point, the project-definition process simply involves a clear understanding of the objectives, which should be defined in both business and technical terms. Based on the type of project, the definition of the project may evolve as the project progresses.

The second box is an analysis of the environmental situation, which is similar to the enterprise environmental factors but with a greater understanding of the business base. This includes a market feasibility analysis to determine:

- The potential size of the market for the product
- The potential risks of product liability
- The capital requirements for the product
- The market position on price
- The expected competitive response
- The regulatory climate, if applicable
- The degree of social acceptance
- Human factors (e.g. unionization)

The third box in Figure 1.4 is an analysis of the competitive situation and includes:

- The overall competitive advantage of the product
- Opportunities for technical superiority:
  - Product performance
  - Patent protection
  - Exceptional price-quality-value relationship
- Business attractiveness:
  - Type and nature of competitors
  - Structure of the competition/industry
  - Differences among competitors (price, quality, etc.)
  - Threat of substitute products
- Competitive positioning:
  - Market share
  - Rate of change in market share
  - Perceived differentiation among competitors and across various market segments
  - Positioning of the product within the product line
- Opportunities for market positioning:
  - Franchises
  - Reputation/image
  - Superior service
- Supply chain management:
  - Ownership of raw material sources
  - Vertical integration
- Physical plant opportunities:
  - Locations
  - Superior logistics support
- Financial capabilities:
  - Available capital
  - Credit rating impact
  - Wall Street support
- Efficient operations management:
  - Inventory management
  - Production
  - Distribution
  - Logistics support

The next box in Figure 1.4 is resources and capabilities. Analysis of resources and capabilities, combined with the analysis of competitive positioning just discussed, allows you to determine our strengths and weaknesses. Identifying opportunities and threats lets you identify what you *want* to do. However, it is knowing your strengths and weaknesses that lets you identify what you *can* do. Therefore, the design of any type of project management methodology must be based heavily on what the organization can do.

Internal strengths and weaknesses can be defined for each major functional area. The design of a project management methodology can exploit the strengths in each functional area and minimize its weaknesses. Not all functional areas will possess the same strengths and weaknesses.

The following illustrate typical strengths or weaknesses for various functional organizations:

- Research and development:
  - Ability to conduct basic/applied research
  - Ability to maintain state-of-the-art knowledge
  - Technical forecasting ability
  - Well-equipped laboratories
  - Proprietary technical knowledge
  - An innovative and creative environment
  - Offensive R&D capability
  - Defensive R&D capability
  - Ability to optimize cost with performance
- Manufacturing:
  - Efficiency factors
  - Raw material availability and cost
  - Vertical integration abilities
  - Quality assurance system
  - Relationship with unions
  - Learning curve applications
  - Subsystems integration
- Finance and accounting:
  - Cash flow (present and future projections)
  - Forward pricing rates
  - Working capital requirements
- Human resource management:
  - Turnover rate of key personnel
  - Recruitment opportunities

- Promotion opportunities
- Having a project management career path
- Quality of management at all levels
- Public relations policies
- Social consciousness
- Marketing:
  - Price-value analysis
  - Sales-forecasting ability
  - Market share
  - Life-cycle phases of each product
  - Brand loyalty
  - Patent protection
  - Turnover of key personnel

Having analyzed what you can do, you must now look at past performance to see if there are any applicable lessons learned files that could impact the current project or selection of projects. Analysis of past performance, as shown in Figure 1.4, is usually the best guide for the specifications of the present project.

Figure 1.4 represents a rough template of whether or not to undertake a project. This type of decision-making process is critical if you are to improve your chances of success. Historically, less than 10 percent of R&D projects make it through full commercialization where all costs are recovered. Part of that problem has been the lack of a structured approach for decision-making, project approval, and project execution. All this can be satisfied with a sound project management methodology.

In the absence of an explicit project management approach, decisions are made incrementally. A response to the crisis of the moment may result in a choice that is unrelated to, and perhaps inconsistent with, the choice made in the previous moment of crisis. Discontinuous choices serve to keep the organization from moving forward. Contradictory choices are a disservice to the organization and may well be the cause of its demise. Such discontinuous and contradictory choices occur when decisions are made independently to achieve different objectives, even though everyone is supposedly working on the same project. When the implementation process is made explicit, however, objectives, missions, and policies become visible guidelines that produce logically consistent decisions.

Small companies usually have an easier time performing strategic planning for project management excellence. Large companies with highly diversified product lines and multiple management styles find that institutionalizing changes in the way projects are managed can be very complex. Innovation and creativity in project management can be a daunting, but not impossible, task.

## ► Executive Involvement

Senior management's involvement in strategic planning is essential if the process is to move ahead quickly and if full employee commitment and acceptance is to be achieved. The need for involvement is essential:

- A visible general endorsement is mandatory.
- An executive champion (not necessarily a sponsor) must be assigned.
- The executive champion must initiate the process.
- The executive champion must make sure the ideas/aspirations of senior management are included throughout the methodology.
- The executive champion must verify the validity of the corporate assumptions, including:
  - Forward pricing rate data
  - Targeted customers/industries
  - Reporting requirement for senior management
  - Strategic trends
  - Customer-interfacing requirements

If senior management's support is not visible from the onset, then:

- The workers may believe that senior management is not committed to the process.
- Functional managers may hesitate to provide valuable support, believing that the process is unreal.
- The entire process may lack realism and waste time.

Another critical function of senior management is determining *strategic timing*. A strategic plan is a timed sequence of conditional moves that involve the deployment of resources. The executive champion must either develop or approve the strategic-timing activities, which include:

- Establishing the timetable for major moves
- Establishing resource requirements and ensuring availability
- Providing funding and release time for critical assets and hardware/software purchases to support the project management systems

## ► Critical Success Factors for Strategic Planning

Critical success factors for strategic planning for project management include those activities that must be performed if the organization is to achieve its long-term objectives. Most businesses have only a handful of critical success factors. However, if even one of them is not executed successfully, the business's competitive position may be threatened.

The critical success factors in achieving project management excellence apply equally to all types of organizations, even those that have not fully implemented their project management systems. Although most organizations are sincere in their efforts to fully implement their systems, stumbling blocks are inevitable and must be overcome. Here's a list of common complaints from project teams:

- There's scope creep in every project and no way to avoid it.
- Completion dates are set before project scope and requirements have been agreed on.
- Detailed project plans identifying all the project's activities, tasks, and subtasks are not available.
- Projects emphasize deadlines. We should emphasize milestones, quality, and benefits and value received, not time.
- Senior managers don't always allow us to use pure project management techniques. Too many of them are still date-driven instead of requirements-driven. Original target dates should be used only for broad planning.
- Outdated project management techniques are still being used on most projects. We need to learn how to manage from a plan and how to use shared resources.
- Sometimes we are pressured to provide low estimates to win a contract, but then we must worry about how we'll accomplish the project's objectives.
- There are times when line personnel not involved in a project change the project budget to maintain their own chargeability. Management does the same.
- Hidden agendas come into play. Instead of concentrating on the project, some people are out to set precedents or score political points.
- We can't run a laboratory without equipment, and equipment maintenance is a problem because there's no funding to pay for the materials and labor.
- Budgets and schedules are not coordinated. Sometimes we spend money according to the schedule but are left with only a small percentage of the project activities complete.
- Juggling schedules on multiple projects is sometimes almost impossible.
- Sometimes we filter information from reports to management because we fear sending them negative messages.
- There's a lot of caving in on budgets and schedules. Trying to please everyone all the time is a trap.

### ► Identifying Strategic Resources

All businesses have corporate competencies and resources that distinguish them from their competitors. These competencies and resources are usually identified in terms of a company's strengths and weaknesses. Deciding what a company *should* do can only be achieved after assessing strengths and weaknesses to determine what the company *can* do. Strengths support windows of opportunities, whereas weaknesses create limitations. What a company can do is based on the quality of its resources.

Strengths and weaknesses can be identified at all levels of management. Senior management may have a clearer picture of the overall company's position in relation to the external environment, whereas middle management may have a better grasp of internal strengths and weaknesses. Unfortunately, most managers do not think in terms of strengths and weaknesses; as a result, they worry more about what they *should* do than about what they *can* do.

Large firms have vast resources with strong technical competency, but they often react slowly when change is needed. Small firms can react quickly but have limited strengths. Any organization's strengths and weaknesses can change over time and must, therefore, be closely monitored.

### ■ Tangible Resources

In basic project management courses, the strengths and weaknesses of a firm are usually described in the terms of its tangible resources. The most common classifications for tangible resources are:

- Equipment
- Facilities
- Manpower
- Materials
- Money
- Information/technology

Another representation of resources is shown in Figure 1.5. Unfortunately, these crude types of classification do not readily lend themselves to an accurate determination of internal strengths and weaknesses for project management. A more useful classification would be human resources, nonhuman resources, organizational resources, and financial resources.

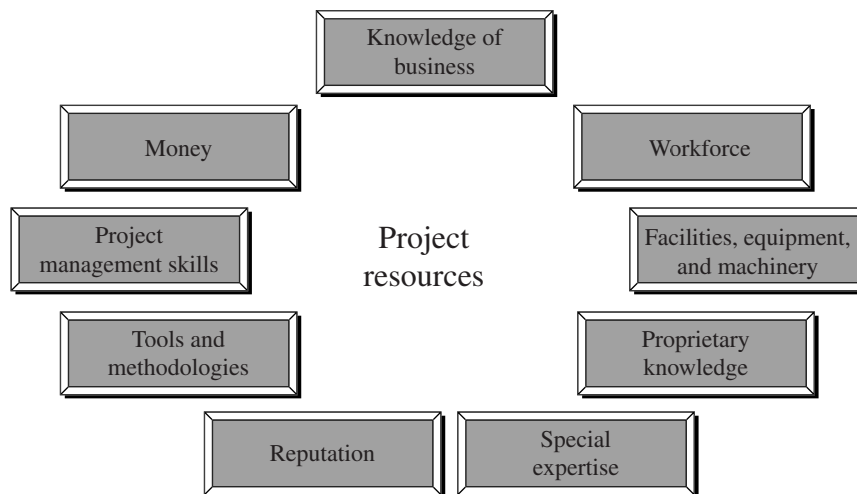


Figure 1.5 Project resources.

### ***Human Resources***

*Human resources* are the knowledge, skills, capabilities, and talent of the firm's employees. This includes the board of directors, managers at all levels, and employees. The board of directors provides the company with considerable experience, political astuteness, and connections, and possibly sources of borrowing power. The board of directors is primarily responsible for selecting the CEO and representing the best interest of the diverse stakeholders as a whole.

Top management is responsible for developing the strategic mission and making sure the strategic mission satisfies the shareholders. All too often, CEOs have singular strengths in only one area of business, such as marketing, finance, technology, or production.

The biggest asset of senior management is its decision-making ability, especially during project planning. Unfortunately, all too often senior management will delegate planning (and the accompanying decision-making process) to staff personnel. This may result in no effective project-planning process within the organization and may lead to continuous replanning efforts.

Another important role of senior management is to define clearly its own managerial values and the firm's social responsibility. A change in senior management could result in an overnight change in the organization's managerial values and its definition of its social responsibility. This could require an immediate update of the firm's project management methodology.

Lower and middle management are responsible for developing and maintaining the core technical competencies of the firm. Every organization maintains a distinct collection of human resources. Middle management must develop some type of cohesive organization such that synergistic effects will follow. The synergistic effects produce the core competencies that lead to sustained competitive advantages and a high probability of successful project execution.

### ***Nonhuman Resources***

*Nonhuman resources* are physical resources that distinguish one organization from another. Physical resources include plant and equipment; distribution networks; proximity of supplies; and availability of raw materials, land, and labor.

Companies with superior nonhuman resources may not have a sustained competitive advantage without also having superior human resources. Likewise, a company with strong human resources may not be able to take advantage of windows of opportunity unless it also has strong physical resources. An Ohio-based company had a 30-year history of sustained competitive advantage on R&D projects that were won through competitive bidding. As times changed, however, senior management saw that the potential for megaprofits now lay in production. Unfortunately, to acquire the resources needed for physical production, the organization diluted some of its technical resources. The firm learned a hard lesson that the management of human resources is not the same as the management of nonhuman resources. The firm also had to reformulate its project management methodology to account for manufacturing operations.

### ***Organizational Resources***

*Organizational resources* are the glue that holds all the other resources together. Organizational resources include the organizational structure, the project office, the formal (and sometimes informal) reporting structure, the planning system, the scheduling system, the control system, and the supporting policies and procedures. Decentralization can create havoc in large firms where each SBU, functional unit, and operating division can have its own policies, procedures, rules, and guidelines. Multiple project management methodologies can cause serious problems if resources are shared between SBUs.

### ***Financial Resources***

*Financial resources* are the firm's borrowing capability, credit lines, credit rating, ability to generate cash, and relationship with investment bankers. Companies with quality credit ratings can borrow money at a lower rate than companies with non-quality ratings. Companies must maintain a proper balance between equity and credit markets when raising funds. A firm with strong, continuous cash flow may be able to fund growth projects out of cash flow rather than through borrowing. This is the usual financial-growth strategy for a small firm.

### **■ Intangible Resources**

Human, physical, organizational, and financial resources are regarded as tangible resources. There are also *intangible resources* that include the organizational culture, reputation, brand name, patents, trademarks, know-how, and relationships with customers and suppliers. Intangible resources do not have the visibility that tangible resources possess, but they can lead to a sustained competitive advantage. When companies develop a *brand name*, it is nurtured through advertising and marketing and is often accompanied by a slogan. Project management methodologies can include paragraphs on how to protect the corporate image or brand name.

### **■ Social Responsibility**

Social responsibility is also an intangible asset, although some consider it both intangible and tangible. *Social responsibility* is the public's expectation that a firm will make decisions that are in the best interest of the public as a whole. Social responsibility can include a broad range of topics from environmental protection to consumer safeguards to consumer honesty and employing the disadvantaged. An image of social responsibility can convert a potential disaster into an advantage.

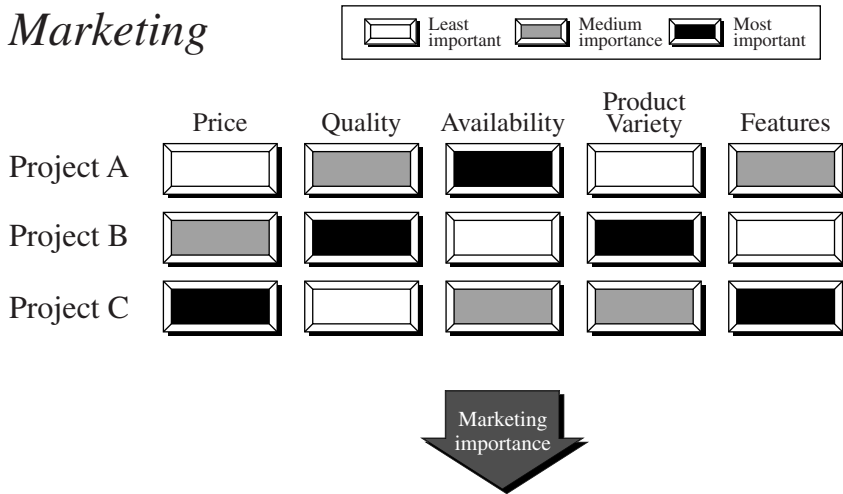
## **► Why Does Strategic Planning for Project Management Sometimes Fail?**

We developed a strong case earlier for the benefits of strategic planning for project management. Knowledge about this process is growing, and new information is being disseminated rapidly. Why, then, does this process often fail? Following are some of

the problems that can occur during the strategic planning process. Each of these pitfalls must be considered carefully if the process is to be effective.

- *Lack of CEO endorsement:* Any type of strategic planning process must originate with senior management. They must start the process and signal their own aspirations. A failure by senior management to endorse strategic planning may signal line management that the process is unreal.
- *Failure to reexamine:* Strategic planning for project management is not a one-shot process. It is a dynamic, continuous process of reexamination, feedback, and updating.
- *Being blinded by success:* Simply because a few projects are completed successfully does not mean the methodology is correct, nor does it imply that improvements are not possible. A belief that “you can do no wrong” usually leads to failure.
- *Over-responsiveness to information:* Too many changes in too short a time frame may leave employees with the impression that the methodology is flawed or that its use may not be worth the effort. The issue to be decided here is whether changes should be made continuously or at structured time frames.
- *Failure to educate:* People cannot implement successfully and repetitively a methodology they do not understand. Training and education on the use of the methodology is essential.
- *Failure of organizational acceptance:* Company-wide acceptance of the methodology is essential. This may take time to achieve in large organizations. Strong, visible executive support may be essential for rapid acceptance.
- *Failure to keep the methodology simple:* Simple methodologies based on guidelines are ideal. Unfortunately, as more and more improvements are made, there is a tendency to go from informality using guidelines to formality using policies and procedures.
- *Blaming failures on the methodology:* Project failures are not always the result of poor methodology; the problem may be poor implementation. Unrealistic objectives and poorly defined executive expectations are two common causes of poor implementation. Good methodologies do not guarantee success, but they do imply that the project will be managed correctly.
- *Failure to prioritize:* Serious differences can exist in the importance that different functional areas, such as marketing and manufacturing, assign to strategic project objectives. Figure 1.6 shows three projects and how they are viewed differently by marketing and manufacturing. A common, across-company prioritization system may be necessary.
- *Rapid acquisitions:* Sometimes an organization will purchase another company as part of its long-term strategy for vertical integration. Backward integration occurs when a firm acquires suppliers of components or raw materials to reduce its dependency on outside sources. Forward integration occurs when an organization purchases the forward channels of distribution for its products. In either case, the company’s projects will now require more work, and this must be accounted for in the methodology. Changes may occur quickly.

## Marketing



## Manufacturing

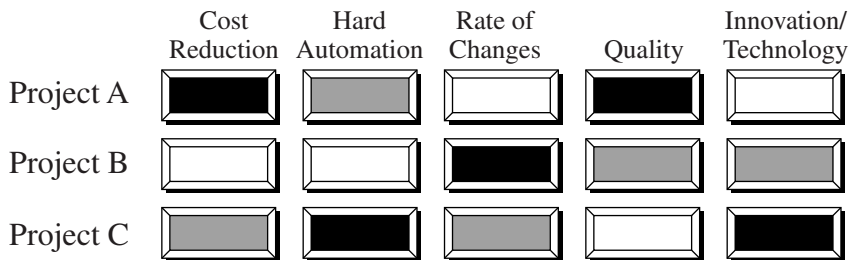


Figure 1.6 Differences in strategic importance.

Only by watching out for these potential problems can a firm hope to avoid them (or at least to minimize their negative effects). This is the path to success in strategic planning for project management.

### ► Concluding Remarks

Strategic planning for project management, combined with good project processes, can compress time, cost, and quality initiatives. However, there are still critical decisions that must be made. Marketing must decide what products to offer and which markets to serve. The information systems people must assist in the design, development, and/or selection of support systems. And senior management must provide sufficient, qualified resources.

Strategic planning for excellence in project management needs to consider all aspects of the company: from the working relationships among employees and managers and between staff and management, to the roles of the various players (especially the role of executive project sponsors), to the company's corporate structure and culture. Other aspects of project management must also be planned. Strategic planning is vital for every company's health. Effective strategic planning can mean the difference between long-term success and failure. Even career planning for individual project managers ultimately plays a part in a company's excellence, or its mediocrity, in project management.

