



# **Aligning Business Strategies and Project Management**



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## **Introduction**

Project management has become very important topic all over the world. Literature shows that more than 30 companies fail to accomplish its project with success due to misalignment between business strategies and project management. Many companies face this problem of missing link of business strategies and project management. Alignment is necessary for getting competitive advantage and goals of its business. Top management also play important role in alignment of business strategies and Project management.

Project management has become very important and also serves as core function in many organizations. Projects are any temporary activities that have starting and finish point, it has performance parameters. Projects face triple constrains (1) time (2) budget and (3) performance. It was assumed that for attainment of organizational goals one has to meet triple constraints of time, budget and performance. Project management plays a vital role in achieving organizational goals and considered as backbone of organization. Project management is knowledge that meets the requirements of projects. Project management plays important role in accomplishing strategies, business goals and desired outcomes. Organizations link their projects with business strategies to achieve the goals and objectives. Strategies are activities that guide and direct the use of the resources to accomplish the organization's vision and goals and sustainable competitive advantage. Mostly these components comprising the strategies of the business like internal analysis, organizational structures, control systems have strong links to project management processes and activities.



## **Project Management**

Project management has become an important issue for many corporations worldwide. Many implementations of project management have been successful, while others have been considered as failure. Projects in any organization have clearly become a central activity in many companies and considered as a backbone of organization and its success means a lot for an organization to prevail in the competitive arena. A project can be defined as a planned set of interrelated tasks to be executed over a fixed period and within certain cost and other limitations. Project management is often termed as the science and art of organizing the different project phases which may be launch of new service, a marketing campaign, building a an entire new floor of a building or a wedding.

According to Milosevic & Srivannaboon (2006), "the essence of project management is to support the execution of an organization's competitive strategy to deliver a desired outcome". "Project management" is defined as "management that supports the execution of an organization's competitive strategy to deliver a desired outcome. Six-step approach can be helpful course that avoids the worst storms:

- Step 1: Identify the project
- Step 2: Determine the desired outcome
- Step 3: Describe each of the project's component tasks
- Step 4: Identify the key players.
- Step 5: Determine a time lines for each project component.
- Step 6: Review, revise and reallocate.

Successful initiation of projects and its execution mostly depends upon strategy. Many companies are suffering from misaligned projects and a lack of a systematic approach to align project management with the business strategy. When organizations link their projects to their business strategy, they are better able to accomplish their organizational goals. Project strategy should be related to the projects goals and objectives in order to attain the preferred position in its competitive environment.

## **Business Strategy**

Strategy as defined by Patton & White (2002) is a comprehensive set of actions or activities, which guide and direct the use of the firm's resources to accomplish the organization's vision and goals and enable sustainable competitive advantage. Turning strategy into action to operationalize strategic objectives to achieve competitive advantage includes in the strategic management. Several scholars suggest that the success of project should be considered in the context of the achievement of the strategic goals of the



organization (Dietrich & Lehtonen, 2005; Kenny, 2006) and that organizations are better able to accomplish their goals when they link their projects to their business strategy.

To ensure strategies are translated into actions they should be operational and includes some of the characteristics like structuring an organization to support successful performance and enabling success through the way in which the various resource areas like people, information, Finance, IT, etc. of an organization. Better implementation of strategic plans results in the better performance of sales growth, earnings growth, deposits growth, return on assets, return on equity, return on sales and return on total invested capital than those companies that do not implement their strategic plans.

However, in any organization there are different levels of strategies presented by different level of a business which includes Corporate Strategy: It involves high level of strategic decision making and purpose of this strategy is to achieve the expectations of the stakeholders. Business Unit Strategy: The purpose of this strategy is to achieve the competitive advantage for the services and products which are produced and the decisions in this level is concerned with the choice of products, gaining competitive advantage, to meet the needs of the customers and create new opportunities. Operational Strategy: It's concerned with the coordination and improvement of resources which results in the effective and efficient implementation of the business unit level strategy. Implementation of strategies requires actions and completing tasks, and should focus on how to realize these strategies. Implementation must include attention to the following key points:

- Executing the work requires allocation of resources such as funds, people, and equipment. Organizational resources are limited.
- Implementation process requires project supportive organizational structure.
- A project selection and priority system to ensure strong linking between projects and the strategic plan.

Managerial challenges involves aligning project management and business strategy which encourages individuals to participate in using emerging strategies to create new ideas and renew existing strategies.

### **Aligning Business Strategy & Projects**

Aligning the company's projects to maximize their contributions to strategic objectives takes a highly coordinated effort. Integration requires a process for prioritizing projects by their contribution to the strategic plan. The organizations to become more competitive, efficient and profitable they will need a business and project management experts working together to attain the business goals. Both, business and project management experts will work towards aligning projects with business strategy. Alignment of business strategy and project management is a major concern for any organization. Such alignments



are challenging because the objectives of business strategy are not always clear or well-communicated or consistent with project management actions. Misalignment may cause an organization to miss goals and objectives. Understanding the alignment may be one of the major challenges to effective project management process. Alignment is not a onetime task but it is achieved through progression, which demands dominant leadership, top management support, efficient communication, collaborative work environment, trust, proper prioritization, technological setup and comprehensive knowledge about the operations of the business (Luftman, 2000). In order to achieve desired outputs from the selected projects organization should have the ability to build up competencies and then allocate those competences to the preferred projects. To help make sure the corporate projects are aligned to corporate strategy following can be kept in mind:

- Is the corporation committed to using project management strategically? In most companies, hundreds of projects are underway at any given time so there must be corporate commitment to the art and science of managing projects
- Is there a policy of formally preparing project charters? Since projects are the means by which corporate strategies are executed, it is critical that they be guided by the original corporate philosophy, strategy, and intent. Project charters are the instrument for doing this.
- Is there synergy between the business group and those responsible for project implementation? There needs to be early involvement by project implementation people. While this principle may seem sound, the practice of it presents a challenge. First, business planning people may prefer to plan without the help of perceived "outsiders." Then, there's a good likelihood that the right project people might not be sitting about just waiting to brainstorm and analyze the early stages of a business proposal.

Some benefits the organizations which include:

- Saved money and resources
- Increased profitability
- Retained customers
- Increased market share

Prioritizing a project on the bases of its contribution to strategic achievement does not provide guarantee of project success but consistent allocation of resources is also a major task (Hrebiniak, 2006). A key point to make sure the alignment between project management and strategy included as: to carry out the appropriately chosen projects in an efficient ways organizations should make sure that have ability to do deliver the projects and programs. Top management plays a major role in projects alignment.



## **Role of Management**

Management is of central importance for the success of projects. Pinto & Slevin (1998) suggested that all the researchers agree that absence of support from management especially top management and by important stakeholder are most important among all other factors. Hacker & Doolen (2007) role of top management was studied in the perspectives of vision of the project and alignment of the scope with business strategy and project sponsorship and its impact on the triple constraint of the project i.e. cost, performance and cost.

One of the approaches is not to interfere in which the project manager to all the rights of the planning to the implementation of projects. Responsibilities of project managers and executive managers is that project managers are primarily responsible for projects that are being implemented while the executives of the strategic alignment of business functions and projects with the organization's goals.

Top managers should possess same skills and expertise as do the project managers Top management must carefully analyze which project should be prioritized in the allocation of resources.

Resource allocation is one of the critical parts of the project management. These resources include financial, human and other resources necessary for the successful completion of the projects. Top management should carefully analyze which project should be prioritized in terms of resource allocation. Resources must be allocated to projects that are aligned with corporate strategies of the organization. More simple criteria for prioritizing compliance can be or should do projects should receive the highest priority, then the strategic projects, and then the other. With the start of the training programs, coaching and mentoring for project managers, top management can help build leadership skills, so that they can manage project activities responsibly and effectively.

## **Problems of Alignment**

Often projects fail to support business strategies and business goals it is due to the missing link, so that it should be align. Some processes factors that affect the business strategies and projects linking such as communication, top management support, competency of project manager are some of the major factors are the necessary ones to consider which solves or even creates hurdles in the alignment process. Business directors and top management are responsible for the three processes such as business planning, portfolio management and prioritizing projects while the project managers are responsible for the process of planning and executing the projects.

- Prioritizing projects
- Portfolio management
- Business planning



## ✓ **Project**

The Project manager is responsible to handling the projects. When these processes are aligned with the strategic elements like goals, objectives, vision, mission, values and norms feeds the portfolio element, the portfolio element feeds the project management element like strategies, organization processes, culture, and the project management element feeds projects and the team's execution of project. But in many cases, these processes are not aligned; as a result, organizations may fail to tie their projects either to their business strategy or to their portfolio, which may cause them to terminate the project or to continue executing projects that do not contribute to the organization's goals, thus wasting important organizational resources.

## ✓ **Project Portfolio Management:**

The project portfolio is defined as a group of projects that compete for scarce resources and are conducted under the sponsorship or management of a particular organization. The three main well-known objectives of portfolio management are, the following: maximizing the value of the portfolio, linking the portfolio to the strategy and the continuous monitoring/assessment of the portfolio. Project portfolio selection is an important management task activity of the organization, the project team should consider all details carefully to enhance performance of organizational assets and customize them with the strategic objectives of the organization, although there are usually several projects available for selection than can be completed within the physical and financial limitations of fixed, so choices must be made to make up a suitable project.

Management problems are related to the following factors, selecting, portfolio strategy and appropriate plans. The following reasons can be related with the difficulties on managing, and on selecting, the proper projects to the portfolio a) no relationship between project selection: projects entirely with the organization's strategic goals are not related to the impact on organization performance b) poor quality portfolios: organizations, generally, applicable to underdeveloped ideas for projects selected is not fair quality. To work on the building, d) scarce resources, lack of attention and executive skills, resources properly balance, often causing pressure to multitask ; f) Information overflow and lacking quality of information: Regardless of the quality and sophistication of the portfolio selection and decision tools, it is fundamental to obtain the proper information to make accurate decisions; g) Decision making based in power: Usually the decision is an exercise of power, which means that there may be situations in organizations where decisions tend not to reflect the organizational future success. The portfolio management team is normally concerned and overwhelmed with issues like the prioritization of projects and the continuous distribution of personnel from the different projects to overcome the urgent crises.



## Challenges in Project Portfolio Selection

Organizations face many problems such as lack of information, unreliable data of cost, time to completion, availabilities of resource, and benefits of projects. Project proposals are randomly arriving, not at one time. This requires the model or process to be flexible so that organizations can select projects without waiting until annual planning meetings. In large organizations with many business units, each business unit has its own list of priority and preferences. Besides, project portfolio selection is not always rational but it is biased by human being factor such as lobbying.

People resist when there is absence of strategy or vague strategy or they find difficulties in pursuing the strategies. Changes necessary for the aligning the projects with the strategy might win approval of all the members of the organization, but when it comes to implementation, no one will be ready to take the lead.

## Reasons for failure of Strategy Implementation Efforts

- ✓ The so-called "strategic plan" is nothing more than a collection of budgets and vague directions that do not provide clear guidelines for action.
- ✓ The strategy does not correspond to market realities because it has been developed by strategic planners with no grass roots input.
- ✓ The strategy does not enjoy support from and commitment by the majority of employees and middle management because they do not feel consulted in the development of the strategy.
- ✓ Middle management does not think the strategy is the right one, or does not feel it has the requisite skills to implement it, so it sabotages the implementation.
- ✓ Insufficient top management time is spent on communicating about, selling the new strategic direction, and managing the organizational changes involved.
- ✓ No provision is made for developing the new skills and competencies required by the employees successfully to make the transition and operate within the new strategic direction.
- ✓ No provision is made for instituting the appropriate organizational systems for the selection, motivation and reward of people in accordance with the new strategy.
- ✓ No provision is made for creating a close fit or coherence between the business-level strategy and the various functional-level strategies that can operationalize it.
- ✓ There are factions in the organization which disagree with the strategy because if implemented it would reduce their power and influence, so they sabotage it by deliberate actions or inactions.
- ✓ No attempt is made to analyze the culture of the organization



## Conclusion & Summary

It is worth to mention the main issues of this study are the misalignment between project management and business strategy is existed. These issues could include communication, project manager and project team competence, involving PM and the project team in the strategy development, executive's commitment, training and motivation, and personal culture and many others which lead to tie the project to the strategy. The newest research findings from Business Improvement Architects research with more than 750 organizations worldwide showed that major reason for project failure is that most organizations do not ensure that all projects they implement align with their organization's core strategies. In fact, 80 percent of organizations had no formal business case for the development of their Project Management Offices

If organizations were to implement only those projects that were in alignment with their strategic goals, their success rate would increase dramatically because executive sponsorship would not be an issue. However, Business Improvement Architects' recent findings show that the majority of projects on the go are not associated with corporate and/or departmental strategic plans. Therefore, it is not surprising that failure is rampant because senior executives are not at the helm to provide guidance, direction and support to projects within their organization.