

Introduction – managing strategic business projects

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Chapter 1:

Introduction – managing strategic business projects

Most managers have not integrated project management with their everyday management activities. Despite increasing demands on them due to performance challenges and business change, project management is now an essential skill for today's senior manager.

Project management techniques can be applied at the level of the business strategy itself, or to operational change programmes, or to even more tactical programmes aimed at improving short-term business performance.

Strategic projects themselves necessitate a new analytical tool set relative to those found in traditional project management disciplines. This Report gives a comprehensive account of those processes. This enables managers with the ability to deal with:

- cross-functional projects
- projects within a particular function
- specific issues faced within their own role over the next 12-18 months.

Indeed, in many companies the role of coordinating strategic projects is very much located within a specialist function – in operations or finance. This Report will equip all managers – of whatever discipline – to manage strategic projects more effectively.

This Report will take you through (step-by-step):

- Managing strategic projects
- Linking projects with business strategy
- Strategic project definition
- Project strategy and plans
- Strategic project control and learning.

In Appendix 1 you will find extensive checklists dealing with a whole variety of strategic projects. In Appendix 2 you will find useful guidance on diagnosing team roles within a project.

Managing strategies as projects

This Report will help all managers to apply a new and powerful process of *Strategic Project Management*.

'Strategic Project Management' (or 'SPM') is defined as:

'The process of managing complex projects by combining business analysis and project management techniques in order to implement the business strategy and to deliver organisational breakthroughs.'

These business analysis techniques include strategic, operational, organisational and financial analysis.

This process will help managers gain more organisational influence and also, ultimately, develop general management skills for future career development. To introduce SPM let us take a look at the deficiencies of conventional project management. Once we have done this, we will then illustrate this with a case study drawn from the author's experiences of project managing strategic projects at ICI whilst working there as a senior finance manager. We will then introduce the five key steps of SPM: defining the project, creating the project strategy, detailed project planning, implementation and control, review and learning.

Deficiencies in conventional project management

Conventional project management is very much the offspring of Taylorian Scientific Management. Although the idea that management is a science, and should be managed as such, is no longer much in vogue, the rationalist assumptions embedded in project management carry on.

Outside the land of major construction projects the real issue is far less the management of interlocking detail. Instead it is about making sure that managers do not lose sight of the really big picture. 'Why are managers even doing this project and not another one?' is a very real question to often ask. Where projects are riddled with uncertainty the relatively precise definition of activity durations becomes first an academic irrelevancy. Worse, as business projects are particularly vulnerable to knock-on effects, the most important critical success factor seems to be to identify how projects can be *made more resilient generally* rather than worrying about whether a particular activity might overrun by ten per cent or so.

Let us now begin to draw the contrast between conventional and Strategic Project Management.

| | CONVENTIONAL PROJECT MANAGEMENT | STRATEGIC PROJECT MANAGEMENT |
|--------------------------------|---|--|
| Link with business strategy | Vague and distant | Direct and explicit |
| Project definition | Usually portrayed as a 'given' | Highly flexible, creative, depending on options |
| Project planning | Follows on directly from project definition | Only done once a project strategy is set |
| Attitude to detail | Absolutely central – it is all about control | Important but only in context – try always to see the Big ('Helicopter') Picture |
| The importance of stakeholders | Emphasis on formal structures – project manager, team sponsor | Far-reaching stakeholder analysis; requires continual scanning |
| The importance of uncertainty | Coped with through critical path analysis (after activity planning) | Do uncertainty analysis first, then plan activities |

Figure 1.1: Conventional and Strategic Project Management

Case example – the ICI experience



A case study of managing projects strategically – ICI Bioventure

Although the following events of this story occurred some years ago, the experiences are as vivid as if they had happened yesterday, and the learnings are equally valid. So let us time-travel back to the late 1980s, when the author was seconded from a large consulting group to become Head of Finance, Planning and Acquisitions, of a division of ICI. This business no longer operates in a similar form to how it did then. We will call the division ICI Bioventure.

ICI Bioventure was a (then) £100 million turnover mini-group of companies with operations in three countries:

- **The UK:** a research centre in the UK; also some minor product processing activities
- **The US:** a significant bioventure business with both seed development activities and seed processing which had been acquired in the last two years
- **In Europe:** a very recently acquired business in continental Europe which was a major and successful product processing operation. (By ‘recently’ I mean one week before I arrived on the scene.)

ICI Bioventure’s headquarters was located in a beautiful rural setting, in woodland. It shared a common site with a large part of ICI which we will call ICI Global Technology. I was to have a joint reporting relationship to the European General Manager (who in turn reported to the Managing Director of the International Bioventure Division) and also to the Divisional Financial Controller, ICI Global Technology.

Following ICI’s recent acquisition of its European seeds operation and the appointment of the former Head of Finance, Planning and Acquisitions as its Finance Director, I was identified by my consulting company as being the ‘ideal candidate’ to be seconded for ‘between three to six months’ to fill this role.

Meanwhile, I had made the mistake of taking a *whole* two weeks’ holiday in North Yorkshire. While I was combating the coastal sea mist (at the same time as the rest of the country was baking in 30°C heat), my superiors were busy plotting my next six months’ work.

I returned to my desk on Monday morning expecting to have a week on low-power. Instead, I found a note which read:

'Dear Tony,

I expect you have had a most restful two weeks. I know how pleased you will be that we have found you another project to keep you out of the office. From 9am tomorrow you will be (until further notice) the Head of Finance, Planning and Acquisitions for the fast-growing, £100m turnover of ICI Bioventure.

We know a bit about the assignment which I can share with you. However, their finance people have offered to tell you more about it so I guess a quick session with myself and the client partner will help you gain a good overview.'

Following the major acquisition in Europe this obviously raised integration issues which needed to be project managed. Worse, the US subsidiary had posted some disappointing (to put it kindly) results. So this was a very urgent and important diagnosis project to ascertain why this had happened, what measures could be taken to ameliorate this situation, and to find out what lessons could be learned generally.

Another (certain-to-become) project was the need to deliver a three-year divisional plan over the following three and a half months. This project would naturally be influenced by the outcome of integration work on both the US and (more recent) European acquisition.

In case anyone believes that I was about to have a really quiet time - away from the hub-bub of consulting projects, then can I just add that the Division was also contemplating another major acquisition in the UK. Fortunately, ICI's bid was 'unsuccessful', which meant that I was not engulfed in post-integration work from that particular direction (the good news). The bad news was that no sooner than we had dried the tears from our eyes, immediately one manager spotted a smaller UK acquisition and another manager identified an additional acquisition target in Scandinavia.

'Absolutely Great', I thought when I heard the news.

With new projects coming thick and fast I was beginning to wonder whether I would ever escape even when my successor, a senior finance manager from elsewhere in the Group, was due to arrive in four to six months' time.

My own team of three qualified accountants were also in something of a state on my arrival. Not only had two of them been working around the clock on the abortive UK acquisition, just immediately before my arrival, but their morale seemed at an all-time low. This acquisition had generated some interesting

differences of opinion which had left them feeling somewhat bruised. And now they had some smart management consultant telling them what to do!

So, by this stage, if you have not felt strategic project overload then you should have. Not only was there a potentially much greater project workload than could possibly be handled with the existing resource but it threatened to get even worse. What other emergent projects could come out of the woodwork? Fortunately, I had already had my holiday so at least I did not have to project manage having that too.

Now it is apparent from this situation that:

- a) I faced a large number of projects,
- b) that most of these were ill-defined in terms of timescales, outputs, inputs, value and difficulty,
- c) there were significant interdependencies between these projects,
- d) the existing workload could be magnified by additional, emergent projects including further acquisitions, post-acquisition work, other business development projects, and also in setting up the necessary infrastructure to cope more effectively with high growth.

On top of these projects I had three additional projects to manage:

1. I had been thinking about moving consulting firms for some time and the letter I had on my desk on my return from Yorkshire was the final straw. I needed, in the same period of time, to find a job in another consulting firm and to achieve this *without detriment to the ICI secondment* (which might otherwise have tarnished my reputation, which I sought to retain intact).
2. As the secondment ran through the summer months, I wanted to move my family down to ICI (from 120 miles away) so that they were not bored silly over the summer months - and I would also be able to see them.
3. I had also planned to have a minor, but important, operation during that period.

So, remembering what I had learnt about project management, I sought to apply it to the situation with gusto.

First, I identified the overall goals of the total project. These were:

- To deal with *all* the management issues thrown at me by the ICI situation without letting any *balls* drop.
- To achieve the handover smoothly and, if possible, to move on in four to five months rather than in six. And especially, to *avoid the project lasting longer than six months*.
- To learn a lot in the process, and to (justifiably) add to my CV that I had been a senior line manager at ICI.
- To find a job elsewhere (from my consulting firm) in the process.
- To avoid undue disruption to my family.
- To avoid disrupting my final MBA exams (which I took five weeks into the secondment).

I had taken the important project management principle on board: 'Manage backwards from the project objectives'.

My second step was to do a thorough diagnosis of the current situation. This in itself was reasonably complex and required a mini project in its own right. This was completed by the end of week one. An associated mini (soft) project was to establish credibility with my own team (who admitted some weeks later in the pub that they had been 'waiting for me to fall over' - not that I gave them any opportunity).

At this juncture I reasoned that besides establishing a project plan overall for the next four to five months, the main priority was to improve the morale of my team. I felt that unless I did this then I would not have sufficient resources to be able to address the mountain of work associated with both acquisitions and with the ICI three-year plan.

Intuitively, I had therefore identified the soft critical path of activities which I would need to manage to stand a good chance of success.

Although my team did not (at that point) feel concerned about the three-year plan, I decided we needed to create a project plan for that process in detail, with key activities, outputs and milestones. My staff were a little surprised at my insistence on this point at first, until they reflected that the previous year the planning inputs had been late and needed re-work, causing a last minute panic of considerable magnitude.

I needed that like a hole in the head - just at the time when the acquisitions-hungry management team went in search of prey in September, following the summer holidays.

I was also wary of the near certainty of making another acquisition during the summer months as I knew this would generate significant integration work into early autumn. And, in addition to this, I had a slightly uncomfortable feeling about some transfer pricing issues which were beginning to bubble up in the UK. I had had some (limited) experience of transfer pricing disputes from the past when I worked in a French company. I felt that the people at ICI were likely to be much nicer about sorting this (a key project assumption) but human beings are fickle, and I was liable to be disappointed.

So, after the first four weeks we had successfully put in train:

- A project plan to cover the next four months of activity.
- A detailed plan for the three-year plan - which was now being implemented.
- The morale of my team was very good and there was a definite sense of purpose and confidence requiring a team-building project.
- The UK acquisition had fallen by the board, but was now replaced by the smaller acquisition target. This had begun my New Project Number One.
- The first quarter's management reporting (a mini project) had highlighted that US operations had major performance problems. New Project Number Two was to investigate this situation.
- I had visited the new acquisition in Europe and highlighted the action areas in management reporting and planning.
- A possible new project for the Scandinavian acquisition target had appeared. I talked our top management out of proceeding with this on the grounds that:
 - a) was it really attractive/did it fit our strategy?
 - b) would we be able to do it and integrate it effectively?
 - c) would it be credible to put a business case for this acquisition to Group Head Office at a time when our credibility had taken something of a hammering? This new project was put on ice.
- New Project Number Three was to sort out the transfer pricing problem.
- New Project Number Four was to deal with integration issues around the (now consummated) small UK acquisition.

A final project - New Project Number Five became one to set up an acquisition process (pre, during and post deal).

The ten key learning lessons for Strategic Project Management from this case study are:

1. Diagnose the project sufficiently, especially the reasons why there are problems. What are you looking to get out of it, what are the overall deliverables?
2. What options are available to create these deliverables?
3. What further projects (or mini projects) will also be required to reach these deliverables?
4. What key taken-for-granted assumptions have you made, and what could go wrong, when and how, if these are not fulfilled?
5. Be prepared to say ‘No’ to projects (or sub-projects) which are either not fundamentally attractive or are too difficult – given your resources or other reasons, or both.
6. Do not skimp on mini-projects (such as improving team morale) that are on the ‘soft’ critical path.
7. Recognise new projects for what they are (for example, transfer pricing was sufficiently complex to be called a ‘project’).
8. For each and every project, anticipate ahead of the activity the *likely* value that it will create.
9. Position each part of the project effectively within the organisation so that it gets the attention it deserves.
10. Recognise that personal agendas of both yourself and of others have to be identified and managed, too.

This experience at ICI therefore demonstrates the utility of a number of project management techniques. These include:

- Defining the project (or projects)
- Defining project scope and interdependencies
- Targeting the deliverables (or, in more traditional language, the ‘results’)
- Identifying the key activities (or sub-projects)
- Planning and managing timescales
- Mobilising resources.

But in addition to these more traditional aspects of project management, we also see:

- Problem diagnosis
- Looking at options - not only for *which* projects to do but *how* to do them (especially acquisitions)
- Managing stakeholders - those individuals with an interest in the project
- Dealing with uncertainty
- Trading-off not merely tangible but also less tangible value
- Creating a strategic vision for the project
- Identifying key implementation difficulties.

The above areas reach beyond the domain of traditional project management, carrying us explicitly into the land of strategy, finance and organisational analysis, and into what was to become Strategic Project Management.

The Strategic Project Management Process

The Strategic Project Management Process contains five key stages (see Figure 1.2). These stages include:

- Defining the project
- Creating the project strategy
- Detailed project planning
- Implementation and control
- Review and learning

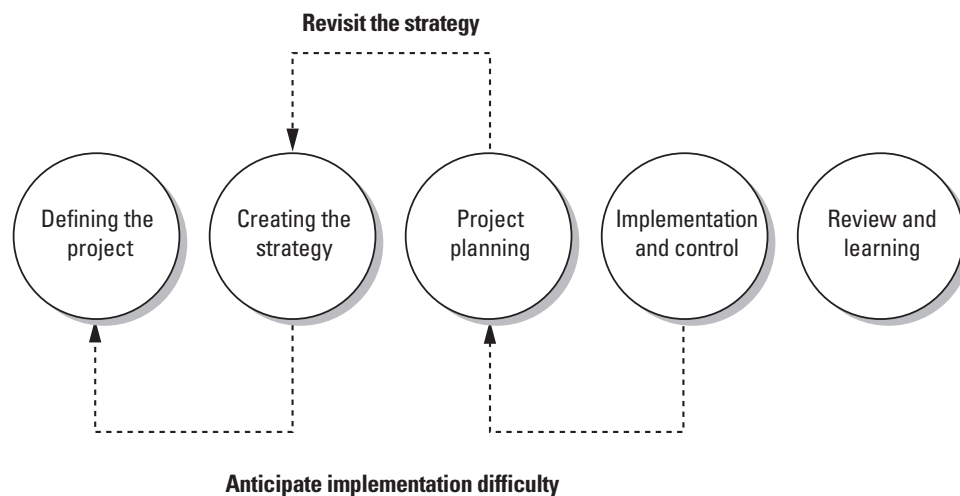


Figure 1.2: Strategic project management - the process

Figure 1.2 emphasises that project management may require the project to be re-defined or the project strategy to be re-visited. It also highlights the need to anticipate the project's implementation difficulty – at the planning stage and even earlier.

Defining the project involves:

- Diagnosing any key problems which gave rise to the project in the first place
- Defining the project's scope and main focus
- Clarifying any key interdependencies
- Creating an overall (at a very high level) vision for the project, and its key objectives
- Thinking through, at least initially, who the stakeholders might be.

The above reveals that defining the project is not something which is done in five minutes – and is self-evident. Project definition involves a good deal of reflection about the purpose and context of the projects.

Creating the project strategy entails:

- Exploring the external and internal environment for the project at greater length
- Defining more specifically the key strategic goals of the project
- Examining strategic options for:
 - a) what to do, and
 - b) how to do it, including 'push' versus 'pull' strategies (a 'push' strategy is one where little discretion is allowed to those stakeholders impacted on by the project. A 'pull' strategy is one where the degree of discretion is higher, either over the project's goals or the project's process, or both)
- A preliminary appraisal of the project's overall attractiveness and implementation difficulty
- Further thinking about the positioning of key stakeholders, and how these might be influenced.

Project strategy demands even more thought than project definition – as there may be many ways of implementing the project.

Detailed project planning requires:

- A detailed analysis of the key activities and/or sub-projects which the overall project strategy requires
- An analysis of how these activities are networked in a sequence, given their interdependencies and also an analysis of their critical paths (see Chapter 4 on project planning)
- An appraisal of key uncertainties, along with contingency plans and impact analysis
- A financial appraisal of the project's value and cost drivers, along with an overview of the financials.

Whilst this is the core of traditional project management, project plans will only ever be as good as the project strategies they are based upon.

Implementation and control necessitates:

- Definition of project milestones and responsibilities
- Key implementation difficulties highlighted and counter-measures built-in to resource, action plans
- Some preview of likely project dynamics.

Implementation and control requires continual checking back to the project's strategy and vision to ensure that apparent delivery of milestones is actually fulfilling the original purpose of the project.

Review and learning involves:

- Revisiting the project to assess whether the targeted deliverables were achieved, whether the implementation process went smoothly or not, how effectively the project positioned politically, and other behavioural lessons
- And, also, how could the strategic project management process itself be improved?

Review and learning is thus not merely a peripheral part of the process, but is the driver of continuous improvement in the project process. Generally speaking, review and learning is frequently the weakest link in the strategic project management chain.

Summary and conclusion

Managing strategic projects demands far more than merely traditional project management techniques. In addition, such complex projects demand a considerable skill in strategic thinking. This strategic thinking is required at all stages of the project but particularly in the first two stages of strategic project management:

- Defining the project
- Creating the project strategy.

And also, at its final stage:

- Review and learning.

In the next chapter we will take this theme further by investigating the key links between projects and business strategy.