

Linking projects with business strategy

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Chapter 2: Linking projects with business strategy

Introduction

In many organisations business projects are only loosely connected to the bigger picture of the business strategy. This may be due to a variety of reasons. First, those at the project level may not be fully aware of the business strategy itself, except in the most general way. Top management might be reluctant to share this picture out of concern for commercial sensitivity (especially in terms of future direction). Or, they may wish to reserve power centrally, or for political reasons. Finally, the project managers themselves may not see it as so important that they are aware of the detailed and specific content of the business strategy.

Second, the strategy itself may not be clear and worked out in detail. Whilst it may contain some strategic thinking, these ideas may not be fully integrated, mutually consistent or worked through. Sadly, it is rather hard to link one thing (a project) to another thing (a business strategy) if the second thing only half exists.

A conventional definition (Definition A) of the word 'strategy' is:

'The means of getting from where you are now to where you want to be – and with competitive advantage.'

This definition is useful in that it emphasises the need to know who you are – and to know this intimately first – before deciding both where you want to be and how to get there with competitive advantage. This definition is very much one of a 'deliberate strategy' (Mintzberg, 1994), that is one based on a well-articulated design to match the organisation and its aspirations with its present and future environment.

A more stretching, and in some ways superior definition (Definition B) of strategy is:

'The intuitive sense, not of where the business actually is but where it *ought to be*, and of what needs to happen to bring about this ideal state.'

One way of remembering that strategy is about the 'ought' rather than merely about the 'is', is to think of it in a way reminiscent of the worldwide successful Spice Girls pop group who coined the slogan:

'What do I really, really, really want?'

So, 'strategy' could be defined as:

'Strategy is what we really, really, really want.'

But, strategy needs to be more than aspirational. Turning now to our third definition of strategy (the 'Spice Girl Approach'):

Strategy is: 'What I really, really, really want.'

Our final definition of 'strategy' is again a humorous one. Its' definition is quite simple:

'Strategy is the Cunning Plan.'

The idea of the Cunning Plan comes from the television comedy series *BlackAdder*. Here the character Baldrick always reminds us of the need to think up the Cunning Plan when the characters (set in battle conditions in the First World War trenches) get themselves into situations of insuperable difficulty.

In many respects, the third and fourth definitions of strategy are the most helpful ones to managers. Whilst not claiming to be of high conceptual concept, the 'Spice Girl' and 'The Cunning Plan' approaches to strategy are ones that can be remembered more easily - and applied, too - on a more everyday basis.

In this second chapter we will explore in more depth the variety of strategies that exist. Firstly, this will highlight the diverse nature of business strategy, for if we are to link projects successfully to business strategies then this must most surely make ample recognition of the very nature of those business strategies first. We do this by examining the strategy mix and its impact on the strategy, on its implementation and at the project level.

Secondly, we turn explicitly to the role strategic project management can play in supporting breakthrough thinking and advantage.

Thirdly, we will look at how business strategy can be looked at more dynamically as a stream of projects. Whilst strategy is - in practice - often made incrementally, rather than seeing this as a threat to strategic planning (as does Mintzberg, 1994), we can now see *the project* as being an important unit of strategic analysis. Strategic Project Management thus becomes a way of emergent strategy becoming deliberate.

The strategy mix and project management

Henry Mintzberg has criticised conventional strategy theory, which is based on the notion that strategy is deliberate. He has suggested that most of the manifestations of strategy are very much implicit, fragmented and fluid. Mintzberg's definition of strategy is therefore one of 'A pattern in a stream of decisions or actions'.

Whilst many 'decisions' or 'actions' may not be identified as projects, certainly if they are truly 'strategic' then they ought to be projects, whether this is made explicit or implicit. For if we go back to the classic definition of a 'project', which is:

'A project is a complex set of activities with a predefined result which is targeted over a particular time and to a specific cost'

then strategic decisions (or actions) are necessarily projects.

'Business strategy' is thus effectively a collection of mutually aligned projects designed to create a specific competitive positioning. In effect, this recognises that most strategic thinking should be done at a smaller scale level than is typically appreciated. We call this level that of the 'Mini Strategy'. This approach is helpful because it enables management (at all levels) to get a better grip on business strategy, especially so that they *actually get on and implement it*.

Whilst Mintzberg's extension of the types of strategy from one to two (deliberate and now emergent) is laudable, these two forms simply do not go far enough. We have therefore added three additional forms: the submergent, the 'emergency' and the 'detergent', giving:

- Deliberate
- Emergent
- Submergent
- Emergency
- Detergent.

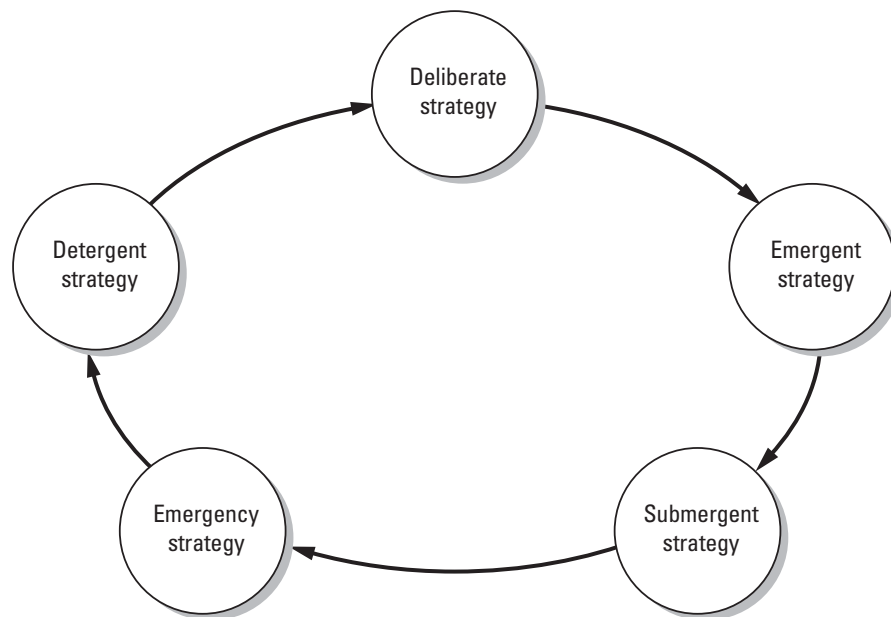


Figure 2.1: The strategy mix

These forms of strategy are depicted in Figure 2.1 which shows a deliberate strategy at the start, often moving into an emergent phase. Unless its duration and implementation is steered, it may drift into 'submergent' or 'emergency' phases, or even 'detergent' (where it is tidied up). A 'submergent' strategy is a 'deliberate' or an 'emergent' strategy which has ceased to work. In this phase managers often re-double their efforts, putting in more time and resources without questioning the original scope of the project, and the basis of the project strategy.

An 'emergency' strategy is one where there is so little coherence to action that there is no real sense of direction at all.

Finally, a 'detergent' strategy is one where a strategy which has not worked in the past is now being re-thought, and its various parts which did not work in the past are being discarded, or changed (Grundy, 1995).

Any strategy can be analysed to discern which stage of its evolution it is presently at. A strategy which is in two or more of the above phases simultaneously is said to have a 'strategy mix'.

Besides asking oneself where the business strategy and the project strategy is, *vis-à-vis* the strategy mix, it is also imperative to examine the strategy mix as it changes over time. Taking a typical project, initially there may be an intensive phase of deliberate strategy but quite quickly this opens out into a number of emergent strategies. Some of these strategies fan out, losing their sense of direction and thus becoming submergent or even emergency strategies.

The strategy mix can be used for diagnosis at a number of levels, for example for projects at:

- corporate strategy level
- business strategy level
- breakthrough programme level (i.e. involving a number of interdependent projects which will combine to support the business strategy)
- the project level itself.

Due to the importance of the various forms of strategy, it is worthwhile defining each strategy type out further, as follows.

Deliberate strategy

A deliberate strategy is one which has a very clearly formulated idea of how to get from A to B. Deliberate strategies, if innovative and skilfully crafted, can offer a more direct route to your strategic objective for growth. The proviso here is that any deliberate strategy needs to anticipate both pending external change *and* complexities of implementation.

Emergent strategy

An emergent strategy (as we have already mentioned) is one which is hard to detect as an explicit strategy at the time. Emergent strategies are more commonly ones whose pattern can only be detected virtually after the event, once the pattern has been knitted together. Emergent strategies vary in terms of:

1. How coherent this pattern is after the event,
2. Whether they exploit opportunities in different strategic directions thus, in effect, partly cancelling each other out.

In the former case emergent strategies are helpful, whilst in the latter case they are positively unhelpful.

Submergent strategy

A submergent strategy is one which was either originally a deliberate strategy which has gone wrong or an emergent strategy which has got itself into real trouble. The submergent strategy is an unrealised strategy which has led to damaging results.

Emergency strategy

Emergency strategies are characterised by very little longer-term pattern in strategies with these being mainly reactions to short-term pressures or temptations. Emergency strategies are 'off the highway' of achieving longer-term strategic direction. An emergency strategy would hardly count as a strategy at all unless it was so prevalent as it is in everyday reality.

Detergent strategy

A detergent strategy is often called a 'refocusing' strategy. The idea of detergent strategy is perhaps more powerful as it links directly to cleaning up a mess left after an emergent, submergent or emergency strategy. A detergent strategy can be found either as part of a major and dramatic turnaround, or as a more localised attempt to prepare a more solid basis for new deliberate strategies.

A key conclusion from the notion of the strategy mix is that no single form of strategy is therefore appropriate to managing strategies in different contexts. Deliberate, emergent (and even detergent) strategies need to be managed together in a deliberate juggling act.

The above forms of strategy are all extremely important to business projects as:

- a) the strategy mix may be predominately of an emergent, submergent or emergency nature, meaning that it is very difficult, if not impossible, to make linkages between the project and its higher level business strategy, and
- b) the project itself may be in a more emergent, submergent or 'emergency' state. Although this is clearly undesirable, it is by no means an inconceivable state. Many projects lack sufficient clarity of purpose and inherent advantage to actually succeed.

Where the business strategy is very fluid it is then that much harder to engender a logic and clarity at the project level. Equally, where key business projects have the habit of not being terribly well thought through, then there is perhaps an even greater tendency for the business strategy to become fuzzy and ill-thought through.