Realizing strategic intentions through projects
- Linking internal change initiatives to the corporate strategy

Fabian Persson

Department of Production Management
Faculty of Engineering, Lund University
SE-221 00 Lund, Sweden

This article is based on a master thesis project conducted at a client company hereafter referred to as “the Company”. The Company is an industry leader with more than 20 000 employees and a reach that is truly global. The master thesis work has been conducted as a case study, taking place at the Company’s Global Process Office. The main purposes were to evaluate the current linkage between the corporate strategy and the internal change initiatives, and how this linkage could be strengthened in order to reach strategic goals. The foundation for this evaluation has been literature within fields such as programme & portfolio management and benefits management.

Background
When projects are becoming ever more present in many of today’s organizations, these are also playing an increasingly important role in implementing the corporate strategy. The thesis is focusing on internal change initiatives, named Business Transformation (BT) projects, which aims at implementing substantial changes to the current organization. Due to the size of the projects and their planned for impact, they need to be thoroughly linked to the corporate strategy. To evaluate how well this linkage works today, and if there are room for improvements, the thesis starting point was to get a comprehensive understanding of the fields of strategic management, programme and project portfolio management, and benefits management. The chosen theoretical framework has then been used to direct the gathering of the thesis’ empirics and in the analysis of the findings.

Purpose
The purpose of the thesis has been: (1) to be descriptive in a survey over today’s processes, policies, and tools utilized for the running of BT projects, (2) to be normative based on read up on theories, and (3) give recommendations for how the BT projects role can be strengthened in order fulfil strategic goals.

Working procedure
The master thesis project has been conducted as a case study at the Company’s Global Process Office. The work carried out in this thesis started with a thorough literature study, where strategic management, programme
management, project portfolio management, and benefits management was the key focus areas. The goal with the broad literature study was to get a holistic picture over the main aspects involved in linking projects to the corporate strategy. Following the literature study was qualitative data gathering from documents concerning the current processes, practices, and tools concerning the BT projects and interviews with employees that have deep knowledge about the use of these within the Company. The majority of the interviews were conducted with employees at the Global Process Office, but also with employees from other departments that plays a role in this. From the facts that came from the qualitative data gathering, further literature studies was needed in order to keep the holistic approach.

Based on the theoretical framework formed from the literature studies, the gathered data was analyzed. The analysis was conducted in two steps: (1) processing the findings from the interviews to highlight the most important aspects, and (2) analyze the current situation described in the empirics and processed interview parts of the thesis. The analysis finally led to the conclusions, which is to be seen as the outcome from this thesis project. The working procedure is summarized in figure 1 below.

**Figure 1 - Working procedure utilized**

**Theory**

The overall purpose of this master thesis was to evaluate the current processes, policies, and tools utilized within the Company in linking BT projects to the corporate strategy. A general overview of strategy work within organizations was primarily formed based on work by influential scholars such as Thompson & Strickland (1995), Mintzberg (1978), and Kaplan & Norton (1992). The main notion from this is the importance of cascading the corporate strategy downwards through the organization in order to shape a coherent strategic strive on all levels within the organization. At the same time information from the lower levels within the organization has to be taken into account when forming the corporate strategy. This relationship is shown below in figure 2.

**Figure 2 - Strategic levels within an organization**

The commonly prescribed approach to be used in linking projects to the corporate strategy is project portfolio management (PPM) (Cleland & Ireland, 2006, Cooper et al., 2001, Meredith & Manthel, 2009). PPM is based on the philosophy behind financial portfolios, within which the portfolio should be managed as a single entity towards common goals. The linkage to the strategy comes through that the strategy is the foundation in the forming of the portfolio’s goals and guidelines. The portfolio’s goals and guidelines is then used in order to select which projects and programmes to incorporate into the portfolio, which resources they should be given, and which prioritization they will have within the portfolio. This relationship is shown below in figure 3.
Programme management is the management of several projects all aiming towards a common goal and having large interdependencies. Programmes are not to be seen as just being large projects, since this would imply that they should be driven as projects (Pellegrinelli, 1997). Instead, programmes should be seen as enablers of advantages that projects are not able to reach. These advantages are commonly called benefits, which are the effects coming from utilizing project deliverables. Programmes are recommended to be used in strategy implementation, since they provide opportunities that projects don’t (Pellegrinelli & Bowman, 1994, PMBOK version 3.0). Which programme management approach to use within an organization has to be developed through careful analysis of the organization’s unique context, hence there is no one-approach-fits all (Pellegrinelli, 2008).

The last part read up on is benefits management. Benefits management is concerned with reaping the full effects from the efforts and resources put into projects. There is an important distinction between benefits and deliverables, where deliverables are the actual outcome from a project, while the benefits are the effects the organization gets when the deliverables are used. The framework adopted in this master thesis is described by Bennington & Baccarini (2004), showed in figure 4 below.

Figure 4 - Benefits management framework

Through utilizing a framework as the one given above, the intention is that there should be a benefits management focus end-to-end, from the very first steps in forming project proposals, all the way to after projects are closed. After closure the benefits should be continuously followed until full and long lasting benefits have been reached within the organization. It’s not until then that the organization has gotten full pay-back on its efforts. Benefits Identification is concerned with the identification of benefits a project is supposed to bring to the parent organization. The benefits should have performance measures attached to them in order to be able to track their status. Benefits Realization Planning is the work done in order to ensure that every aspect needed to be able to reach full benefits realization is considered from the beginning of a project. If this is not done before a project is initiated, there’s a substantial risk that full benefits will never be realized. Benefits Monitoring is the continuous assessment of the benefits status during a project’s life time, and also after a project is closed. This should ensure a continuous benefits management focus. Finally, Benefits Realization is the actual tracing of the benefits reached, and comparing the current status to the plan. This can show if the benefits realization is according to plan, or if action needs to be taken.

Analysis & Conclusions

The analysis has been primarily concerned with programme management, PPM, and benefits realization. This is due to the fact that the emphasis in the thesis project has
been focused on these parts to the largest extent, and they are also deemed as being of utmost importance within the Company.

Programmes are identified, in coherence with the theoretical frameworks, as being deliverers of benefits to the Company, while projects deliver capabilities. Further, programme management is identified as being an area where the Company needs to develop increased capabilities. Since programme management is a rather new approach to utilize within most organizations, this is seen as natural. It simply comes down to the fact that there are a very restricted number of employees having experience from and knowledge about the running of large programmes. The first step in increasing the programme management capabilities is recommended to be the development of a formal programme management approach within the Company. This needs to be done, following the theory, with careful consideration to the Company’s context. There might be a need to do this in collaboration with external experts to gain knowledge otherwise hard to get.

The main focus of this master thesis project is the one put on linking the BT projects to the corporate strategy. Following the PPM theory, this linkage should come as a natural consequence from the fact that the goals and guidelines for the project portfolio are derived from the corporate strategy, shown in figure 3 above. This linkage is not existent within the Company; in fact there is no PPM approach similar to the theoretically prescribed utilized within the Company. The project portfolio is not managed as a single entity, and there are no goals and guidelines derived from the strategy. This being said, there are still a strong linkage between the strategy and the projects and programmes constituting the portfolio. This linkage comes from the fact that every BT initiative is evaluated through the Strategic Fit assessment utilized within the Company, based on the Balanced Scorecard. Further, every BT initiative needs to have a sponsor from the executive leadership team, which are the ones having the ultimate responsibility for both the development and the realization of the corporate strategy. The found linkages is illustrated below in figure 5.

![Diagram showing the linkage between projects & the strategy](image)

The last phase of the analysis and conclusions concerns benefits management. The framework presented above, shown in figure 4 was used to structure the analysis of the current benefits management work done within the running of BT initiatives. It’s clear that there is a strong focus on both identifying and finding measures for the tracking of benefits within the Company. Further, how benefits should be reached is also planned early on in the life time of BT initiatives. The benefits realization status is tracked during the BT initiatives life cycle through the utilization of both KPIs and early indicators, intended to show the initiatives progress before the KPIs are starting to give indications. However, the benefits monitoring is dropped at project closure. The recommendations within the benefits management field is two-folded:
(1) there is a need to involve key stakeholders and get their commitment earlier in the BT initiatives life cycle to ensure that they will be prioritized, and (2) benefits monitoring must be continued formally after the BT initiatives closure, this is too important to be delegated without follow-up. It should be noted that the second recommendation is considered to be significantly more important. The prolonged benefits management focus that are needed can be achieved through implementing a “Benefits Monitoring Dashboard”, which is a tool that is intended to show all closed BT initiatives benefits status. When the initiatives are closed, a decision about which KPIs that should be incorporated in the dashboard is made, who will be responsible for the realization of the planned benefits, and who will be responsible for follow-up on the benefits status. The “Benefits Monitoring Dashboard” is shown below in appendix A.

**Discussion**

The importance of linking projects within an organization to its strategy is a matter of utmost importance in today’s project intense organizations. The above mentioned PPM and programme management has a substantial potential in achieving this. Further, to ensure that the planned for, strategy linked, benefits are realized in full, a strong benefits management focus is paramount.

**References**


PMBOK, Project Management Institute’s Body of Knowledge, version 3.0.

## Appendix
The Benefits Monitoring Dashboard

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