Strategic Alignment

"What do you want to achieve or avoid?   The answers to this question are objectives.
How will you go about achieving your desired results?   The answer to this you can call strategy."
William F Rothchilde

Within any organisation there will be visions and goals which are set by the governing body[1] and define the purpose of the organisation. These overarching statements are supported by a set of strategic objectives[2] which define the way the organisation will achieve its intended purpose. Then the organisation's strategic plan prioritises, and describes how each strategic objective will be achieved. Sub plans (business, programme, project etc) are then developed to define at a greater level of detail how specific elements of the overall strategy will be accomplished. Each of these sub-plans should in turn define the objectives the plan is seeking to accomplish, which help achieve the strategic objectives of the higher plans but will be more specific. So in an organisational sense there should be objectives that an organisation is setting out to achieve at many levels, but all of the objectives align and the lower level objectives aggregate up to achieve the strategic objectives of the organisation.

Projects and programs deliver the new capabilities needed to achieve the organisations objectives making 'strategic alignment' critically important if the investment in the new capabilities is to achieve the intended outcomes. Integrating project management into the organization requires you to align it three ways:

• **Strategic alignment.** Project objectives align with organizational objectives.

• **Organizational alignment.** Project resources integrate seamlessly with resources engaged in other business processes, research and operations.

• **Process alignment.** Project activities interface seamlessly with other business processes.

Developing the organisation's strategy

It is impossible to achieve strategic alignment in the absence of an effective strategy. While the development of the strategy is the exclusive responsibility of the organisation's governing body, supported by their executive; project and portfolio managers need to be aware of how 'this year's' strategy is developed and evolved in order to be able to best achieve strategic alignment.

The starting point for strategic development is the creation of the organisation's purpose expressed in its vision, mission statement, and values. This framework allows an overall purpose to be determined for the organisation, described as a series of strategic objectives, and the creation of an overall strategy for achieving the objectives to fulfil its purpose. However the achievement of any strategies is limited by the organisations access to resources finance and the available people process and technologies within the organisation. Decisions

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[1] For more on the **functions of the governing body** see:.
https://www.mosaicprojects.com.au/WhitePapers/WP1096_Six_Functions_Governance.pdf

[2] An **Objective** is thing aimed at or sought; a specific result that a person or system aims to achieve within a time frame, a goal.

made by the executive focus the overall strategy on the achievement of a number of specific objectives that are believed to be attainable within the organisation's current constraints.

The strategic plan should be an integrated master plan for the achievement of the strategic objectives within a designated timeframe. The strategic plan then breaks down into a range of documents, most of which inform the portfolio decision-making process. The role of the portfolio decision-making is selecting the best mix of projects and programs that have the greatest likelihood of achieving the maximum amount of the strategic plan capable of being accomplished with the available resources and capabilities within the organisation[3]. From the initiation of the selected portfolio of projects and programs the hard work of project and program management commences. However, every decision made during this process has to be carefully reviewed on a regular basis to ensure the portfolio remains aligned with the current strategy and the selected projects and programs are still performing as expected. The decision-making framework to create strategic alignment is discussed below.

Creating Strategic Alignment
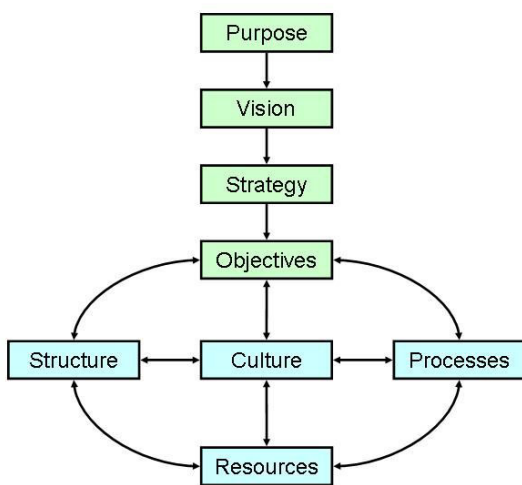
Alignment at the project level requires a clear understanding of the organisation's strategic intent. The top four 'green boxes' define how the 'strategic intent' of the organisation is distilled into precise project objectives, the four blue boxes, how the project will achieve these strategic objectives.

Strategic:

Purpose: What is the reason for this project?

Vision: Once complete what will success look like?

Strategy: How will the project achieve this vision?

Objectives: What 'SMART[4]' objectives need to be achieved to fulfil the strategy?

Tactical:

Processes: The project management processes that need to be applied to accomplish the work.

Resources: The people and other resources are needed to accomplish the work.

Structure: The organisation of the project's internal and supply chains required to manage and to accomplish the work.

Culture: What culture do you want to develop within the project team and how will you work to create it?

The tactical aspects of project implementation should be reviewed and measured regularly to ensure the work of the project remains on-track to achieve the defined objectives.

Conditions for Successful Alignment

Successful project alignment relies on six factors:

1. Balanced and comprehensive objectives. Successful and stable portfolios require a balanced, cooperative environment in which projects and personnel work together for the organization's benefit.

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[3] For more on **Portfolio Management** see: https://www.mosaicprojects.com.au/WhitePapers/WP1017_Portfolios.pdf

[4] **SMART** = Specific, Measurable, Assignable, Realistic and Time-related.

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Strategic Alignment

The portfolio of projects must balance organisational objectives and available resources based on the strategic plan.

2. **Specific and durables objectives.** The efficient organisation focuses resources on durable objectives designed to move the organization toward its vision[5].

3. **Hierarchical framework.** A well-developed hierarchical framework of objectives and goals translates high-level objectives to the appropriate level for the program managers and project managers, plus other management and technical functions.

4. **Measurable objectives.** Measurements and metrics offer clear guidelines for balancing project objectives.

5. **Stakeholder agreement.** If stakeholders disagree with the objectives of the organization (or project), conflict will disrupt progress, achieving alignment is critical[6].

6. **Environmental and organizational assumptions.** Assumptions influence the project plan. Write them down, confirm them and store them. Identify the risks that will occur if the assumptions are wrong or change.

Assessing Strategic Alignment

Stating a project 'supports' a strategic objective or two does not provide an appropriate basis for selection or prioritisation, an effective scoring mechanism is needed. To develop a scoring matrix:

- The overall strategy needs to be defined as a number of strategic objectives preferably less then 30 or 40; grouped by strategic themes (stratagems) eg, achieving a desired market share. Each objective is weighted by its importance to the overall strategy.

- A scoring system is then developed to assess the contribution a specific project will make to each objective – depending on the objective this may be financial (eg, a saving of <$5 million may be scored '1', a saving of $5-$20 million may be scored '2' and >$20 million would be scored '3').or other appropriate criteria can be used.

- Each project then assesses how much it contributes to each strategic imperative and justifies each score above '0' (ie, no contribution).

- By multiplying each strategic imperative's weighting by the contribution score and summing all of the results you generate a comparable total strategic contribution score that clearly measures the strategic contribution and relevance of each project.

The scores can then be used within the Portfolio Management process to help determine which projects to fund. Additionally, the cumulative projects scores will show which strategic objectives and stratagems are being addressed and any that are not being addressed; how much they are being addressed and by which projects. If any aspect of the strategy is changed you can immediately see which projects are impacted.

Project Strategy[7]

The project strategy focuses on achieving the highest value from the organisation's investment in the project. Within this overall strategic framework the project strategy needs understanding of, and connection with:

- The overall business perspective - "Why": including the business background, concepts and objectives.

- The expected position the organisation will hold once the project is completed - "What": including the deliverables to be created, the overall value proposition and key success/failure criteria.

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[5] For more on **objectives and deliverables** see:
https://www.mosaicprojects.com.au/WhitePapers/WP1042_Outputs_Outcomes_Benefits.pdf

[6] For more on **stakeholder alignment** see: https://www.mosaicprojects.com.au/WhitePapers/WP1007_Stakeholder_Cycle.pdf

[7] For more on **project strategy** see: https://www.mosaicprojects.com.au/WhitePapers/WP1038_Strategy.pdf

Strategic Alignment

- Guidelines on process, methodology and procurement options - "How": the work is best accomplished, including the overall project definition and focus, leading to the development of an optimum plan for the work.

These factors are key inputs to the development of the project management plan[8].

Goal Breakdown Structure[9]

The **goals breakdown structure (GBS)** is a process that translates organizational objectives into project and product requirements and, ultimately, component specifications to create a framework for aligning projects with strategic objectives.

The GBS in project management originates from an advanced concept known as **requirements traceability[10].** This concept requires the project team members to demonstrate how the products and services they create will support and map to the project's requirements.

At each level the goals are best written using a standardised 'Meta Language':

<div align="center">

(Verb) (measure) *from* **(X)** *to* **(Y)** *by* **(when)**
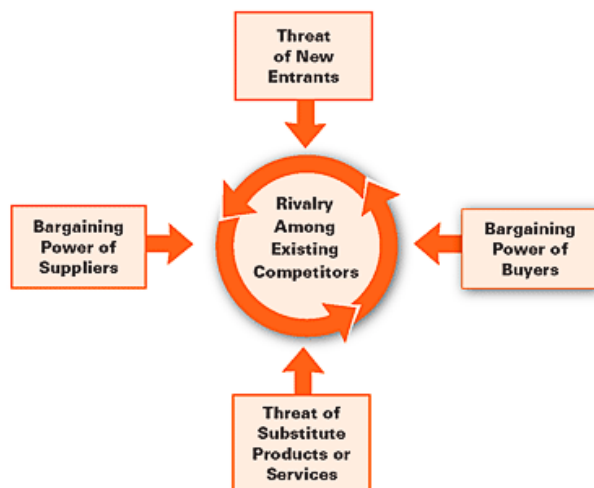
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This may sound strange, but when put into a real life situation it works really well:

<div align="center">

Increase (verb) **sales** (measure) *from* **$1 million** (X) *to* **$2 million** (Y) *by* **the end of 2015**.

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This is a great way to get consistent goals set across your business.

Strategic Drivers

The Five Forces That Shape Industry Competition

There are five competitive forces that shape an organisation's strategy. Understanding these forces, and their underlying causes, reveals the roots of an industry's current profitability while providing a framework for anticipating and influencing your organisation's competitive position (and profitability) over time.

Understanding this structure is essential to effective strategic positioning, flows through to the type of project selected in the portfolio management processes[11] and influences the key drivers for success in each project.

Porter's five forces: Professor, Michael E. Porter

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