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Life after Strategy Planning

David Parker, Senior Lecturer, UQ Business School

SUMMARY

After visiting organisations as part of research for a new book¹, we observed that many businesses lack the smarts to conduct adequate horizon planning; but more serious, implementation of their strategic plans are invariably doomed for failure due to poor implementation. Our research suggests that over 50% of strategic plans fail to be fully implemented due to poor project management; and that there needs to be greater project-based expertise. In a nutshell, those that are good at project management are good at implementing change initiatives.

INTRODUCTION

In sectors that are continuing to rapidly change through consolidation, and with ever more demanding controls and customers' needs, increased competition, new legislation, greater regulatory oversight and intervention, for example but not exclusively such as that being experienced in the financial services, there is a need for particular skills for managing complex change programs and intervention-projects.

DISCUSSION

Whilst it is rarely one factor that brings a project to fail, an important issue is around the calibre and training of people who are responsible for delivery of a portfolio of complex projects needing procedural change. There is a clear need for not only process knowledge but also particular leadership qualities that enable a person to lead specialist teams to deliver the variety of project outcomes. Mergers, acquisitions, JVs and strategic alliances need exacting skills in project-based management.

With enterprise-wide systems, such as SAP, MRP, and ERP all adding additional layers of complexity, there are numerous opportunities for public embarrassment and expensive failure. With so many organisations using projects to implement strategic initiatives, it is now apparent that managers require far more astute pre-planning, development, and project leadership skills.

In-depth understanding is needed of managing and mitigating risks, excellent communication mechanisms are necessary, motivational factors are important, and negotiating is a critical component in the project manager's armoury. However, many organisations appear to lack the expertise to frame project deliverables, ensure governance, have adequate reporting procedures, maintain due diligence

and undertake suitable risk assessment. For many, a basic framework such as PRINCE (projects in controlled environments), would be an excellent structure for governance and control.

Michael Thirgood, National Customer Service Manager, Damco Australia said of the current research findings, "Our ongoing collaborative research with UQ Business School has identified several areas of knowledge that we've both mutually benefited from. This latest research exploring the use of project management techniques is an example. Project-based management when implementing change gives the focus needed to ensure a successful outcome, but requires special management skills that only come with adequate training."

In most of the organisations surveyed, managers spent insufficient time thinking and planning for possible mid- and longer-term scenarios. Moreover, until very recently, very few were considering the impact on their business model of the impending ETS. When posed with the question of what continuity planning actions would be available for implementation if, as a result of a serious long-term disruption or disaster, a revised business model was needed, most organisations admitted to having no specific contingency plans. Moreover, most did little scanning of their market environment. This admission was voiced while it was also acknowledged that they operated in a turbulent environment of changing demands and rubbery operating boundaries.

Conversely, in those companies that did undertake ongoing horizon planning and environmental scanning, it was evident that most were project-based in structure and had pre-eminent project management capabilities. Admittedly, whilst developing an ongoing scanning system is expensive and often difficult to maintain, the business opportunities can be enormous. For example, a steel manufacturing company surveyed, employed the services of Reuters the specialist news-briefing agency to identify any information that could affect their current and future business.

Potential storms in the Caribbean, for example, might mean an unfortunate hurricane disaster for those people living there, but for a steel producer it could represent replacements to sea defenses and inland infrastructure. It is often reported how British American Tobacco conducted extensive scenario planning prior to the banning of smoking in public areas, and that they put in place prepared business models in response. So, armed with the knowledge that now

Does your company undertake continuous environmental scanning to inform the strategy planning process?

YES 2% NO 90% DON'T KNOW 8%

Does your company undertake regular strategy reviews?

YES 97% NO 3% DON'T KNOW 0%

Does your company implement fully the strategy plan?

YES 18% NO 70% DON'T KNOW 12%

How does your company implement the strategy plan?

1. Task department managers64%
2. Task various people in the company17%
3. Establishing projects4%
4. Other techniques15%

Do you think project management skills are important?

YES 81% NO 18% DON'T KNOW 1%

Rank the following project management aspects in order of their importance:

Leadership skills1st
Communication channels2nd
Problem solving skills3rd
Stakeholder considerations4th
Project monitoring5th
(Aggregated ranking)

less than half of China's production capacity is given over to foreign manufacturing – and this is reducing due to their increasing growth in domestic demand – how many companies that presently rely on China have future alternative sources in their line of sight? First-mover advantage is there for the proactive and well informed.

For many organisations, the strategic planning activity is in itself a means to an end. All of those surveyed conducted regular strategy planning activities – recognizing that conditions had changed significantly since the last strategy planning exercise and there was now a need to re-cast their strategic alignment. However, the clear distinction between those that had failed to fully implement their strategy and those that were successful was in their approach to implementation. The successful ones had clear targets, milestones, timelines and budgets. Preparation was seen as critical. Moreover, their strategic goals had been converted to project-based activities to ensure exacting alignment with corporate goals.

Organisations need to seriously consider how they might

convert to a project-based organisational structure, and identify skills development for their executive management. The conventional mechanistic approach to project management, with its tradition entrenched in civil engineering, is flawed when applied to the services sectors. The introducing of organisational change, new products, enterprise-wide information systems, quality programs, and similar 'soft' applications, need advanced project-based management skills. Stakeholder welfare considerations are key requirements. As are too, conflict resolution, diagnosis and analytical modelling skills, communication competence, and the building of collective minds.

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