Actionable project management strategy for profitable and sustainable business

Introduction:

We have extensive surveys, literature on how companies deploy business strategies to survive and succeed in global competition. Also we have many papers on project management and its related topics. But we have very few on the project strategy alignment with business strategy and we have even fewer on articulating the ground level strategy to achieve it. This is because the topics go beyond the realm of traditional body of knowledge of project management. So this article attempts to bring the clarity for the actionable strategy that is needed by those managing Projects/Programs/Portfolio.

This actionable strategy at project level is critical to the survival and longevity of the company and the benefits are accrued to not only to the shareholders but all the

stakeholders including to the society in general.

Business running on 2 legs:

Business broadly runs on 2 powerful legs that are essential to its success. They are the "WHAT" and "HOW" parts

"WHAT" part is addressed by "Products and Services Strategy?"

"HOW" part is defined by "Organization Structure"

Both these parts are dynamic in nature and requires a periodic check to ensure business doesn't cripple due to any discord between these two entities. That said apart, a strategic project/program/portfolio manager needs to understand these 2 critical legs of the company before applying the actionable strategy and run with those legs.

Let us understand the 2 legs of a business and how a strategic project manager aligns his actions.

1st Leg: Organizational Structure

Organization structure is broadly classified into 3 categories as per PM body of knowledge. These are classified as Functional, Matrix and Projectized even though in reality it is more complex than this standard classification. It could be an encapsulated matrix organization or an encapsulated functional organization as shown below.

Organizational structures
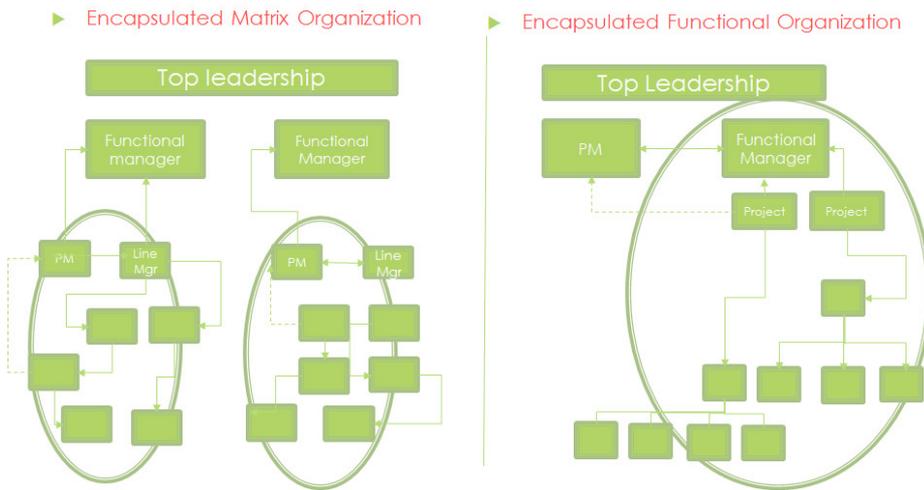
Regardless of the level of empowerment a project manager has, depending on the organizational complexity, decision flow, velocity of action the following focus areas to be managed. This is actionable strategy to begin with.

1. Leadership
2. Communication and
3. Motivation

Leadership:

A strategic project manager should equip his understanding on the following points

- Leadership starts and ends at the top
- Everybody has to lead from their own reference point
- Authority and responsibility delegation is the key
- Be aware of those who subvert leadership agenda

With this understanding he should exercise some of the stated or implicit powers mentioned below from the project management body of knowledge.

- Legitimate
- Reward
- Expert

- Referral
- Coercive

Only Expert and Referral powers are available to be used in a weak matrix organization.

Legitimate, Reward and Coercive powers are normally available for a strong matrix organization/ projectized organization.

So the leadership is to understand , analyze the constraints of organizational threads and nuances and seek empowerment and exercise them judiciously for the benefit of the project/program/business.

Communication strategy:

Do not believe the standard message of x% for body language, y% for para lingual and z% for words etc. In reality what matters is listening skills. Even silence can be communicated if not taken literally in this context. Following few rules below should help a strategic project manager

- Transparent communication – It is best in all organizational flows. Except that don't make mistake by owning up somebody else's communication.
- Consistent communication – It is best in all organizational flows. This consistency is more towards the communication intent than content. Generally these two are mixed up by managers when interpreting it.
- Communicating the look and feel of the objectives – It is more suitable for a balanced matrix or strong matrix organization. Collaborate with Functional heads to propagate these in case of a weak matrix organization.
- Reinforced communication – This is more applied in case of a weak matrix organization where the messages coming from a project/program manager dampens faster in the eco system.
- Demonstrable actions – This is good to have in all flows but mandatory when there is significant trust deficit in the organization due to any reason.

General rule is, be like a Cape Gannet Bird to fish the communication gaps. Dwelling in

it for too long can only drown you.

Motivation:

This area is very subjective but very critical. Without motivation there is hard labor and moving forward with high ground level friction is disastrous and it could be avoided at no cost.

Prepare to answer these following questions by teams, peers and sometimes even for reporting heads. Remember that the motivation is not necessarily a one way flow.

- What's in it for me? – This is obvious and a leader needs preparation to answer this for himself and for others. This is the first and foremost thing a strategic project manager needs to tackle and it is harder in a weak matrix organization than in others. He shall rely on stakeholder matrix outcomes and discussions to infer this.
- How to make the team to differentiate team goal Vs personal goal – It is normal to see a dichotomy here. Alignment is a conscious effort embarked by leadership. Appreciate any gaps but agree for common theme with the teams and focus on it. Blind rejection of any gap can only make whole exercise farcical.
- How to deal with resistance and lack of urgency – Hundreds of articles exist to manage this when there is a mandated responsibility. But very difficult in the case of weak matrix organization to recover from such situations. Actions like demonstrable acts, expertise, referral power and collaboration techniques can help recover the ground. Project Manager needs to seek leadership mandate here.

Organization-Focus area Matrix: See the project managers strategy for Organization-Focus area matrix below.

	Leadership	Communication	Motivation
Strong Matrix	Delegation	Transparent and Consistent	Invoke questions and break the silence
Balanced Matrix	Collaboration	Reinforced	Confront the conflicts
Weak Matrix	Expertise	Demonstrable	Manage the resistance

2nd leg:

Products strategy:

A strategic project manager needs to understand the entry criteria here. We begin with the understanding of the famous S curve of diffusion innovation curve. This curve has a slow beginning to it to reach peak level at some point of time and to taper off before the next innovation takes place.
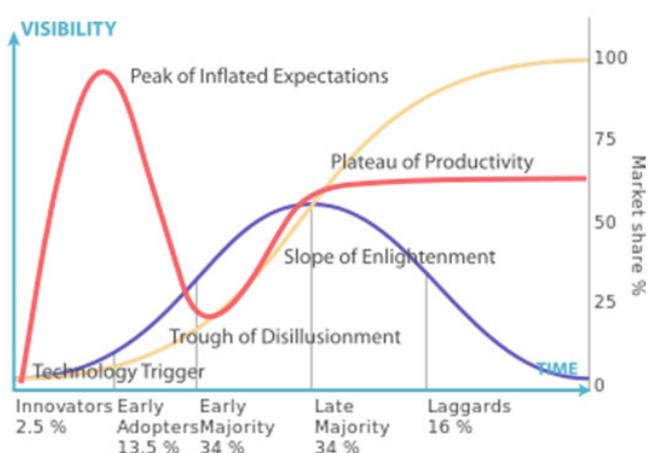
While sustainability of business depends on innovation area, most businesses fail to balance the resources between products at different stages of S curve. Project/Program/Portfolio Managers are not immune either to such influences and tend to focus more on demanding customers and so on the products/projects with late majority or laggards. This disproportion can seriously cripple company's ability to present a well defined road map just not to address top-line or bottom-line of the businesses but also to ensure the continuity of journey on the road with product innovation. This road map may be different from the ones that are defined on the basis of technical complexity or market segmentation or price differentiation parameters. This is based on S curve that can overlap with either or all of the above parameters.

For the project managers this information and understanding of product classification and strategy is essential.

Product classification:

Three major product categories can be identified from the diffusion

innovation curve that makes up the product strategy and project portfolio.

1. Researched or new/innovative products from R&D
2. Revenue generating product
3. Replacement/Low cost product

Researched New/Innovative products:

These products are technology triggers or at least a major differentiating force in the existing market. Historically the buyers are considerate for shortcomings for such new launches in terms of performance and functionality. So this strategy specifies where to attack, or perhaps more importantly where you won't attack.

Project Manager managing such product launches need to have focus on

1. Market timing for Scope-Schedule: Right timing to enter the market is the key. Any delay could dither way its product position to competition or its pricing strategy to customer. Scope of differentiation is also important. More is always not a good proposition. Market may not wait for all the product performances needed to replace the existing ones. When Apple launched its first smartphone with touch screen user experience it didn't try to fulfill all the functionality of existing smartphones like MMS, Video record etc. It even discarded some like USB/ SD Card etc.
2. Market timing for Budget-Scope: Budget management is key for product innovation and not so much on cost saving which can be counterproductive. Equipment not purchased in time or staffing not done in time can put the project and product in jeopardy and so the expenditure associated with it.
3. Leveraging existing capabilities and technology IP's to enable marketers to quickly reach to adjacent and emerging markets for the product. Here the strategic PM should be able to identify activity network that could be schedule-crashed due to leveraged technology/service.
4. Temptation is to be resisted for idealistic fulfillment of all functionality and/or all performances in the very first go.

Revenue generating products:

These products are high volume and/or high revenue products with company's leadership position. Projects under this product belt needs aggressive push for schedule terms and shall have the ability to have line stretching to accommodate changes in the product line.

Project Manager managing such product launches need to have focus on top-line of the business.

1. Managing requirements for the product and customization to exploit market segmentation
2. Schedule focus to be fast follower of competition for market capitalization
3. Track diffusion innovation to manage priority calls between competing projects

Replacement/low cost products:

These products need different strategy from project manager to focus more on cost optimization to scrape profit margin from a market space that is fast drying up. Continuous price erosion needs following steps to recover the market positioning. Project Manager needs to align continuously with Product marketing group on several steps like below

- Bare bone offering to prevent new competition to emerge easily with low entry barrier.
- Bundling/ unbundling plans to secure overall profit margins and
- Price negotiation.
- - ------According to a McKinsey & Company study, a 1% increase in price is 8% increase in operating profit. This is 50% better than a 1% drop in variable costs and 300% better than a 1% increase in volume.
- --------Simon-Kucher's annual pricing survey confirms that 65% of companies are not able to fully monetize their delivered value.

So a project manager engaged with such products need to focus on

1. Mandated requirements only and any unwanted and desirable functionality in the product will only bleed the company's bottom line.
2. Benchmark performances that act as differentiating factor and helps in price negotiation
3. Resource optimization due to the cost sensitivity associated with such projects.

Product - Project Matrix: See the project managers focus areas for product-project matrix below

	Researched new products	Revenue Intensive products	Replacement products
Schedule	Market timing	Volumes	Don't Attack
Quality	Don't Attack	Reliable functionality	Benchmark Performances
Cost	Budget	Don't attack	Margins

Conclusion:

Actionable strategy in managing projects with Organization-Focus area matrix and Product-Project matrix, is critical for any business. Following this strategy a project manager will be able to lead, communicate, motivate in the context of organization flow and carve out strategy for scheduling, budgeting, price influencing, bench marking, and quality infusion in the context of product strategy. These matrices and ground level actions act as a strong link between projects and product strategy alignment and further helps to achieve business objectives and goals.