

The effective management of individual projects commerce essay

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\n[/[toc](#)]\n \nSTRATEGIC PROJECT MANAGEMENTALIGNING PROJECT
OBJECTIVES TO ORGANISATIONAL STRATEGY

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4Benefits 5Limitations 7Conclusion 8INTRODUCTIONIn recent times, there has been an expansion of the project management field as the main focus has broadened from being the study of only one project, to the way which an organisation utilises projects to meet its goals and objectives (Thiry and Deguire, 2007; Gareis, 1989; 2004; Andersen and Jessen, 2003). Project management entails more than the effective management of individual projects within an organisation (Cooke-Davies 2004, p. 1). It also has to take <https://assignbuster.com/the-effective-management-of-individual-projects-commerce-essay/>

into consideration the management of relationships between internal and external projects and also between the organisation and the management of various projects (Andersen and Jessen, 2003). Projects are now perceived by organisations as a means of mastering business, carrying out changes, creating and developing competitive advantage. Projects now meet various needs within organisations, and this makes it more important for there to be strategic organisational forms, capabilities and key process in order to manage projects more effectively (Drouin and Besner, 2012). A project portfolio can be defined as a group of projects under the funding of a particular organisation that are in competition for limited resources (Archer and Ghasemzadeh, 1999). The smooth management of a portfolio provides the organisation with additional benefits (Meskendahl, 2012; Platje et al., 1994). Recent studies have highlighted the importance of project portfolio management in the evaluation, prioritizing and selection of projects against the organisational strategy (e. g. Archer and Ghasemzadeh, 2004; Cooper et al., 2001; Englund and Graham, 1999). It is of utmost importance in selecting the right projects and is therefore an essential part of strategic management in organisations (Morris and Jamieson, 2005; Shenhar et al., 2001).

Organisations carry out a number of projects in the quest to meet their specific goals. They design general models, standards and regulations in the bid to ensure satisfactory governance and execution of these projects successfully and in the process, set up cultural norms. This identifies that the organisational strategy not only has an effect on the choice and allocation of resources of a particular project and the definition of its goals, but also has influence on what is to be valued and how results are achieved and reported.

It is the organisational strategy that drives the choice of projects and the formation of its project management system (Cooke – Davies et al, 2009). In previous times, a project was deemed to be successful if it was delivered on time and within budget. With the rapid changes in organizational goals, it has become more and more imperative that project manager and senior management have a full understanding of how to relate strategy to projects. There are a number of tools that can be utilised to create a close partnership between strategy and projects and these include; strategic planning, project portfolio management, project charters, and metrics (ibid).

ALIGNMENT OF PROJECT OBJECTIVES AND ORGANISATIONAL STRATEGY

Organisational research has proposed that the performance of a business is based on the outcome of a fit between two or more factors which include; strategy, structure or environment (Bergeron et al., 2001; Schoonhoven, 1981). This means that the strategic fit of a project portfolio is the extent to which all of the projects contained align with the business strategy (Meskendahl, 2010). There has been an evolution on the role of projects within organisations. They have gone from being merely a delivery device to a tool in organisational strategy realisation. Various authors have placed emphasis on the importance of linking project management to the organisational strategy and have gone further to suggest different models to show how the project management process can be integrated with the organisational strategy processes (Dietrich and Lehtonen, 2005). Organisations that possess a qualitatively high portfolio management, achieve a higher level of strategic alignment (Coulon et al., 2009). The allocation of resources based on the organisation's objectives and a gap analyses between the actual and

intended states of projects in order to take corrective measures are all identified as the basis of strategy implementation (Artto and Dietrich, 2004). This means that portfolio management is expected to align projects to each other and only pursue those that are in line with the strategy of the business (Meskendahl, 2010). In recent times, many organisations suffer from a misalignment of projects and the lack of a systematic approach to align project management to the organisational strategy. This is despite the fact that projects make up the basis of the strategy (Cleland, 1999). Many organisations also fail to recognise project management as a functional strategy and it is also rarely identified as a business process and the result is difficulty aligning the organisational strategy to the management of projects (Srivannaboon, 2009). For instance, the selection of projects is not often based on the support of the organisational strategy (Meredith and Mantel Jr. 2003). As a result, these projects may be terminated before completion as they fail to contribute to the goals of the organisation, resulting in wastage of resources that may have already been invested. It is common practice for organisations to treat all projects in the same way despite their strategy and goals (Pinto and Covin, 1989; Shenhar, 2001). Results of studies carried out by Dietrich and Lehtonen (2005), have shown that the management of projects or group of projects such as portfolios and programs should be contained in the strategy process in order to achieve successful implementation of its strategies. BENEFITS Ideally, an organisation develops a strategy by utilising attributes that increase their competitive advantage (e. g. time-to-market, quality, cost and feature). These attributes are then utilised in driving the way which projects are managed in terms of their focus

and content. 'Focus' referring to the priorities set by the organisational strategy in order to achieve its specific competitive advantages, this then helps the organisation develop the contents of the project management elements (Srivannaboon, 2009). On the other hand, where there is successful alignment of project objectives and organisational strategy, the operating conditions of the project are expected to influence the ways the organisation runs its projects. These conditions refer to the actual circumstances under which the project is implemented. They are usually expressed during the project planning phase and may be altered during the actual project implementation due to changes in the business environment e. g. market changes, changes in customer preference. These changes are usually noticed during the stage gate reviews or at any time during the phases of execution as a part of the project portfolio process. Where necessary, these conditions influence changes in the organisational strategy to senior management and/or changes in the project management elements to the project managers (ibid). It is essential that Project Managers and other members of the organisation responsible for the successful execution of projects have a full grasp of the organisational strategy in order to accurately devise plans and actions for optimal implementation of the projects (Martinelli et al, 2012). The management of projects should align with the organizational strategy. It is important that Project Managers play a key role in carrying out the organizational strategy. They should also feed senior executives of the organisation who set the organizational strategy with essential information. It is unfortunate to find that majority of project managers are not aware of how their work relates to the strategic goals of

the organisation and cannot show this relationship to others (Brown and Russell, 2008). However, another reason why it is essential for organisational strategy to be tied to projects is the case of fraud prevention. There are many ways fraud can occur and these include; embezzlement, kick-back payments, fake suppliers, forged signatures etc. One of the most difficult forms of fraud to uncover is the pet project that has been designed to meet the personal needs of an individual which is completely run according to the rules of the organisation (Rollins and Lanza, 2005, p. 177). Elimination of such projects can be achieved by ensuring that every project is aligned with a strategic goal. Where competitive pressure is applied across a portfolio of various projects, where funding is based on strategic alignment, this would also ensure that pet projects are eliminated. Applying strategic alignment as the criteria for project selection and prioritisation, results in the undertaking of only projects that would lead the organisation towards their long term goals (Brown and Russell, 2008). Also, the application of strategic alignment may also see a drop in the failure rate of projects carried out by the organisation. By approving only projects that are best – aligned, there is an increased chance of having the resources to successfully complete them. This however is only applicable depending on the type of organisation. For instance, a research and development organization might actually increase its failure rates after strategic alignment, because it focuses on more high-risk, high-return projects (Brown and Russell, 2008). A study carried out by Srivannaboon (2009) has found after an examination of projects in various organisations, that those that are well aligned with the organisation strategy were successful on a number of dimensions including; project efficiency,

impact on the customer or user, direct commercial and organisational success, etc

LIMITATIONS Generally in organisations, there is a clear distinction between the members that plan out the strategy and the execution. The planning and portfolio management are usually reserved for senior management, while the program planning and actual execution are left for the Project manager and his/her core team to implement. The fact that these activities are carried out by different staff, leads to barriers in communication and understanding of the strategies and objectives. This results in a misalignment of the business objectives and the deliverables of the project. This could lead to loss of opportunities, waste of human and financial resources (Martinelli et al, 2012). To avoid situations like this, it is important that a process is introduced to enable a constant and uninterrupted flow of information and dialogue between the team developing the strategy and those executing the programs (ibid). A number of authors have placed emphasis on the importance of meaningful and reliable information as the basis for successful management and high quality decision making (Matheson and Menke, 1999 as cited in Dietrich and Lehtonen, 2005). Management in multi – project organisations usually involves various decisions and the quality of these decisions is based mainly on the information available to the decision maker. Successful management of strategic goals utilising projects is based on a number of factors and these include; project level characteristics and activities; the linkage between projects and strategy process and the availability and quality of project information (Dietrich and Lehtonen, 2005). Majority of senior managers, understand the importance of strategy and the value it adds to the

organisation, but not all of them are aware of the importance of communicating that strategy widely across the organisation. There has been a long standing ideology that the knowledge and understanding of the strategic plan of an organisation is reserved solely for senior management and this has led to largely negative results (Goodstein, Nolan, Pfeiffer, 1993, p. 354). Moreover, some senior managers may not deem it necessary for project managers to be made aware of the organisation's strategy. Others may be of the opinion that project managers are not trustworthy enough to keep the organisation's secrets contained in the strategy. In order for project managers to uncover the organisational strategy, they may need to overcome these objections (Brown and Russell, 2008). There are a few other challenges a project manager may have to face in discovering the strategy of the organisation and these are; strategic plans that are relayed verbally but never put down in writing, a different strategic plan for each of the individual business units, with only a fraction of these plans at the top level of management. CONCLUSION It is essential that there is an alignment of the strategy and project portfolio management of an organisation as the individual projects contained in the portfolio make up the basis of the organisational strategy. Projects act as a means of meeting the organisation's strategic goals. This makes it imperative that those charged with the responsibility of selecting and managing projects on behalf of the organisation have a full grasp and understanding of the intending goals and strategy of the organisation. A process that enables the flow of information between those that develop the strategy and those that are expected to execute projects should be established. Based on the existing literature,

despite the proven benefits of this alignment, there is a lacking in the awareness and therefore a number of organisations still fail to understand the importance of aligning project management to organisational strategy.