

PMI Portland
many paths, ONE destination

2016 ANNUAL CONFERENCE
AUGUST 26 & 27 OREGON CONVENTION CENTER

Setting Strategic Direction

Alice said to the Cheshire Cat:
“Would you tell me, please, which way I ought to walk from here?
That depends a good deal on where you want to get to, said the Cat.
I don’t much care where -, said Alice.
Then it doesn’t matter which way you walk, said the Cat.”

Lewis Carroll, *Alice’s Adventures in Wonderland*

© 2008 Synergy Professional Services, LLC APM-Init-002 131105

Why Strategy is Important

Concept Development

Selection:
“Do the Right Things”
(also known as Portfolio Management)

Program & Project Management:
“Do Things Right”

Project Alpha

Program Zeta

2

© 2009 Synergy Professional Services, LLC APM212-Strat-002 131105

Separating Strategy and Tactics

- Strategy**
 - Vital few objectives that establish organization's overall long-term direction (3 or more years)
 - Changes slowly
 - Often transformational
- Tactics**
 - Actions and decisions that move the organization forward along the strategic direction
 - Focuses on medium term
- Projects and Operations**
 - The day-to-day business of moving the organization forward
 - Reactive and may change rapidly




3

© 2009 Synergy Professional Services, LLC APM212-Strat-003 160721

Four Required Elements

- Evaluate of current situation**
 - What internal and external factors will affect the strategic direction?
 - Typical technique: SWOT
- Set goals**
 - Define time-based and measurable objectives
 - Typical technique: Strategy map
- Create action plans and kick then off**
 - Resources needed: time, money, people, tools, partners
 - Risks, obstacles, and actions to overcome them
 - Action plans with clear definition of authority, responsibility, and accountability
- Monitor and steer**
 - Make frequent periodic checks against measurable objectives
 - Respond to issues, roadblocks, variances
 - Typical technique: BSC metrics



4

Exercise: Disconnects

What are the biggest disconnects that you observe between strategic planning and projects?

5

SWOT


**1: EVALUATE CURRENT
SITUATION**

6

© 2009 Synergy Professional Services, LLC APM205-Pro-004 APM212-Strat 131217

Use SWOT to Evaluate Current Situation


Analyze External Environment



Opportunities → **Capture** **Threats** → **Counter**

- Competitors
- Suppliers
- Procurement trends
- Economic trends
- Regulations
- Political situation
- Etc.

Evaluate Internal Performance



Strengths → **Exploit** **Weaknesses** → **Mitigate**

- Sales, earnings, and cash flow
- Technology
- Operations
- Service
- Win rate
- Etc

7

© 2016 Synergy Professional Services, LLC Prs-Str-001 160721

IntelliSense Background

1. Designs and installs intelligent industrial refrigeration control systems
2. Customers: grocery stores, distribution centers
3. Founded 8 years ago in Gresham
4. Currently thirty employees
5. Annual revenue \$38M and growing rapidly



1. Electricity use down 25%
2. Equipment reliability up 10%
3. Payback period 3 years

By Maryland Pride (Own work) [CC BY-SA 3.0 (<http://creativecommons.org/licenses/by-sa/3.0/>) or GFDL (<http://www.gnu.org/copyleft/fdl.html>)], via Wikimedia Commons

8

© 2016 Synergy Professional Services, LLC Prs-Str-002 160721

IntelliSense SWOT

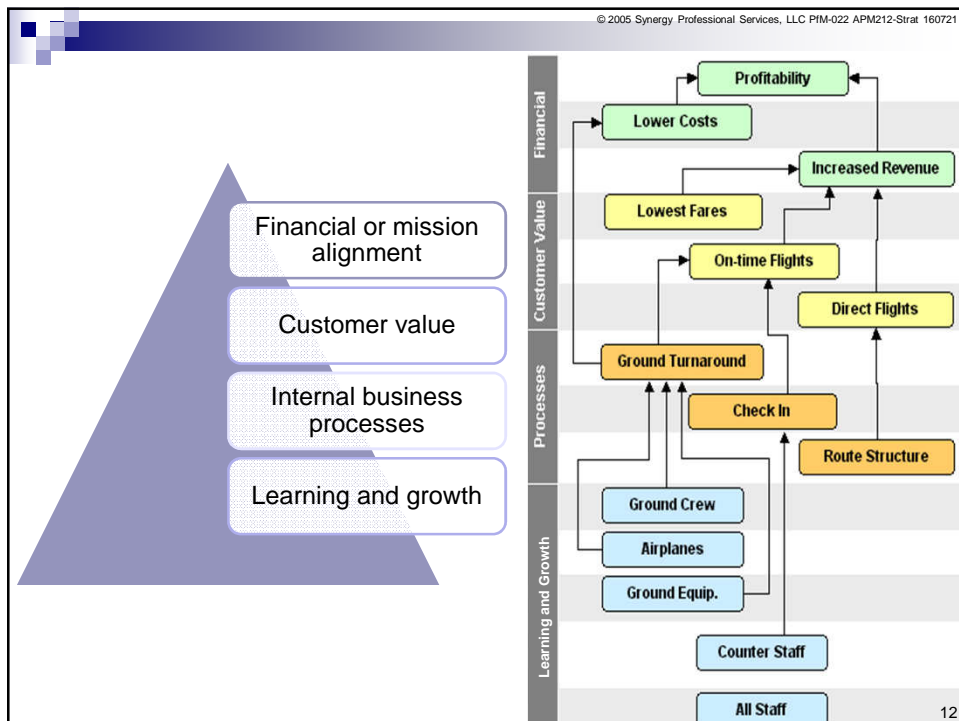
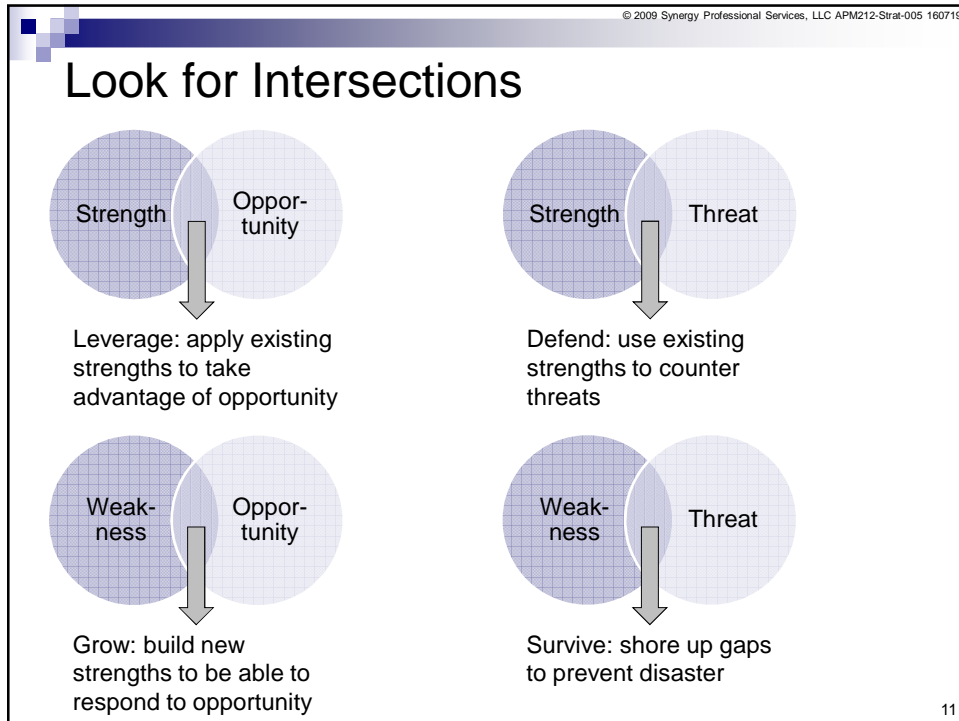
Internal	Strengths	Weaknesses
	<ul style="list-style-type: none"> Motivated and effective sales staff Reputation for high quality installations Our product has fast payback period Customers like the personal touch our field staff brings Our proprietary design software allows us to tailor solutions to customer's unique needs 	<ul style="list-style-type: none"> Expense structure is high (including inventory) but too busy to work on it Staff is exhausted & spread thin Can't keep up with rapid growth Haphazard project discipline & operational infrastructure None of our staff has experience building a nationwide business
External	Opportunities	Threats
	<ul style="list-style-type: none"> Fastest growing company in segment Our local business is booming Competitive solutions are unreliable Kroger interested in upgrading all of their stores in the southern US Our competitors are stuck in the past and move slowly With enough development funding we can extend our technology to industrial air conditioners, opening up a major new market 	<ul style="list-style-type: none"> Local presence only. No customers outside OR, WA, and ID, which concerns Kroger Takes a long time to hire new project managers, designers and field staff due to strong demand Our toughest competitor has a national presence and reputation Vulnerable to economic downturn Biggest competitor claims they will introduce a similar solution "soon"

9

Strategy Map

2: SET GOALS

10



Exercise: Strategic Actions

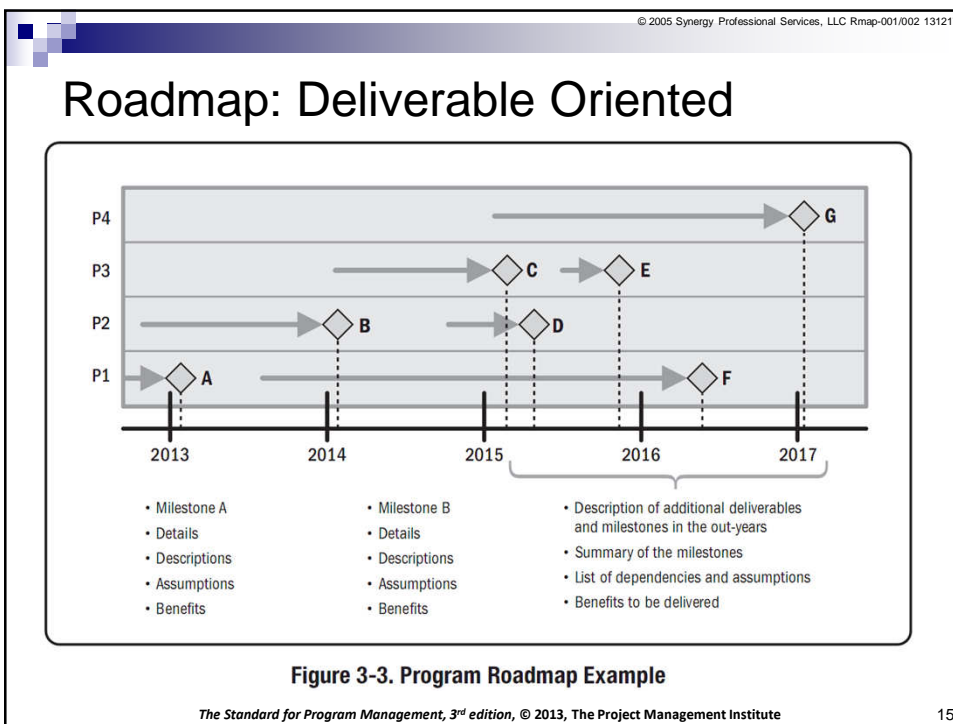
Find 1 – 2 intersections and
propose appropriate strategic
actions for IntelliSense

13

Strategic Actions
Roadmaps
Strategic Portfolio

3: ACTION PLANNING

14



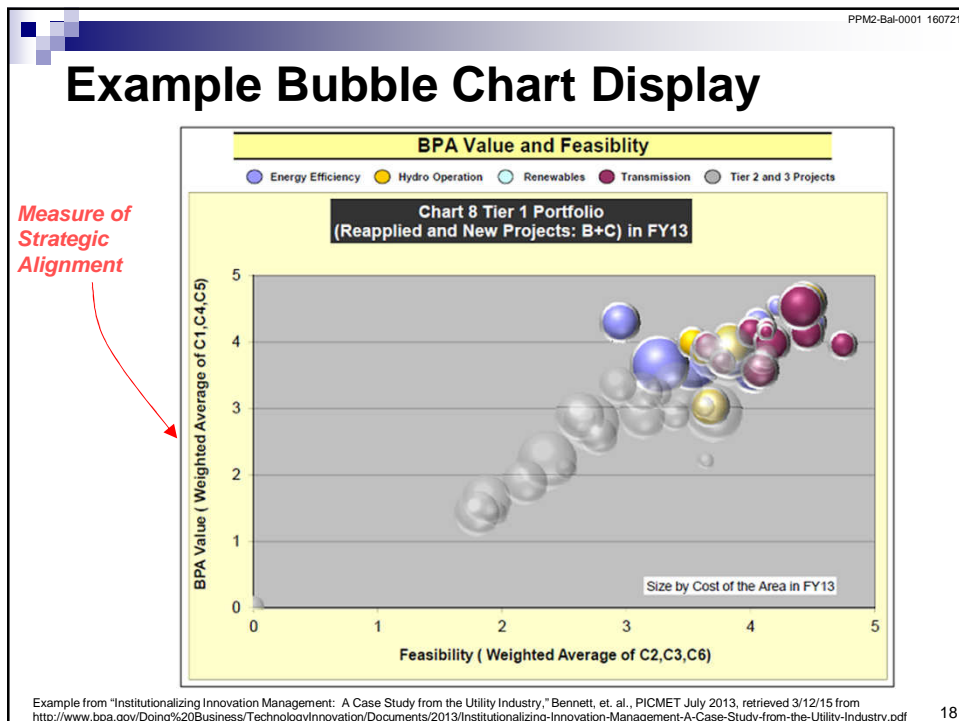
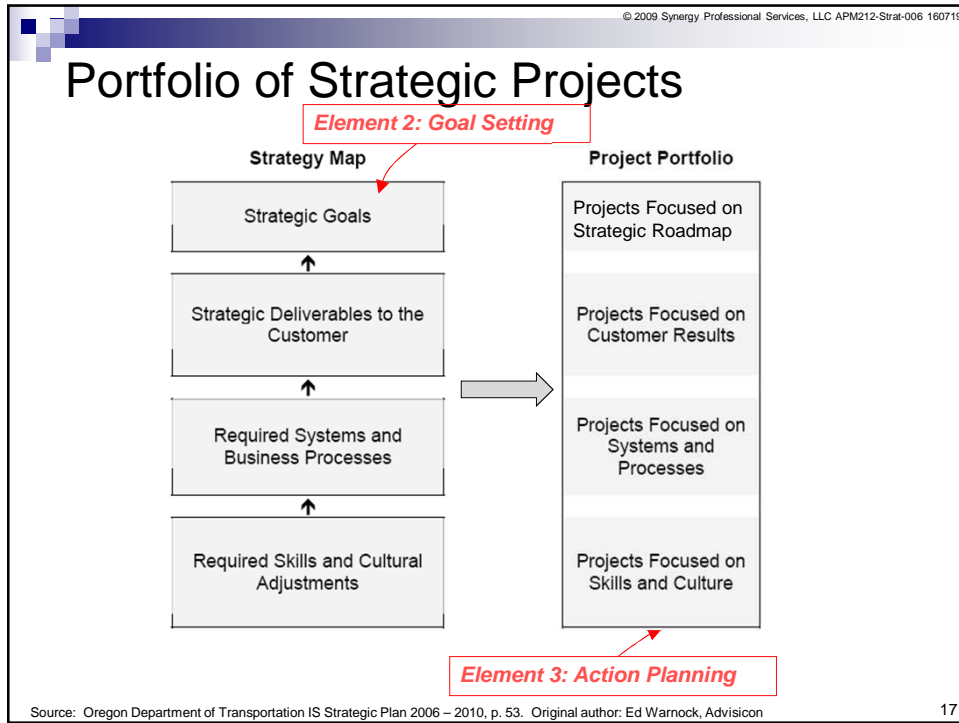
© 2005 Synergy Professional Services, LLC Rmap-001/002 131217

Roadmap: Activity Oriented

Acme Roadmap Example	Mgmt Sponsor	Project Manager	Current Phase	Year 1												Year 2							
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
POS Terminal Program (Product Line Manager: O'Donnell)																							
Zoom 1.0	networked transaction SW	Butkas	Fames	Plan																			
Zoom 1.1	bug fix release	Butkas	-	Idea																			
Feather	portable workstation HW	Johnson	-	Idea																			
RFDScan	HW RFD reader attachment	Johnson	Smith	Define																			
Pay Clear 1	phase 1 e-payment clearance SW	Butkas	TBD	Define																			
Pay Clear 2	release SAP integration features	Freud	TBD	Idea																			
Server Systems Program (Product Line Manager: Frederick)																							
Lodestock	Data mining interface SW	Butkas	Smith	Plan																			
ID Protect	Java anti-ID theft module for TransX	Johnson	Fames	Verific																			
Program: Integration & Delivery (Program Manager: Dierdorff)																							
Hawaii	Integrated CMS system for cust #1	George	Frame	Prop																			
Monaco	Upgrade existing DPX at cust #2	George	Varsik	Verific																			
Timbuktu	Upgrade all POS HW at PDX branch	George	-	Pre-P																			

Key:
 POR project is on plan of record
 int project proposed by internal champion and is not on POR yet
 client project requested by client and is not on POR yet

16



Strategic Metrics
Dashboard


4: MONITORING

19

© 2009 Synergy Professional Services, LLC APM212-Strat-013 160727

Strategic Metrics

1. Measures of core outcomes
 - lagging indicators
2. Measures of performance drivers
 - leading indicators



Strategic Objective	Core Outcome (Lagging) Metrics	Performance Driver (Leading) Metric
Improve financial returns by selling more high margin services	<ul style="list-style-type: none"> • ROI • Revenue Growth 	<ul style="list-style-type: none"> • Revenue mix across product and service offerings
Improve staff productivity	<ul style="list-style-type: none"> • Revenue per employee • Employee satisfaction 	<ul style="list-style-type: none"> • Completion rate for skills training • Implementation of new tools vs. plan

20

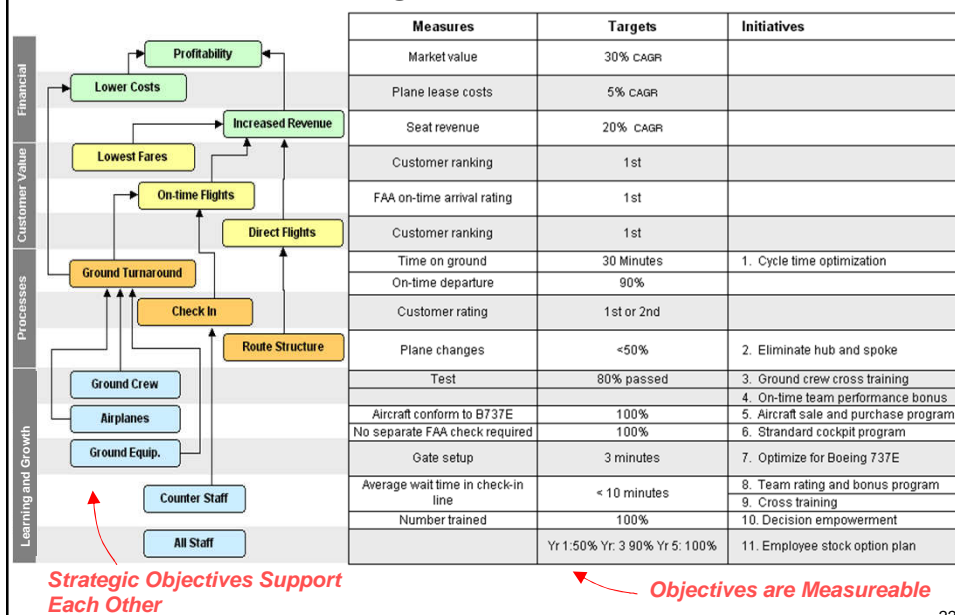
Exercise: Strategic Metrics

Create a strategic metric for an item on the airline's strategy map

21

Connect Strategic Metrics to Goals

© 2005 Synergy Professional Services, LLC PIM-022 APM212-Strat 160719



22

© 2003 Synergy Professional Services, LLC PPM-D1 160719

Monitor Progress

Project Portfolio
Focus of dashboard review meetings: What can we do to identify and resolve issues?

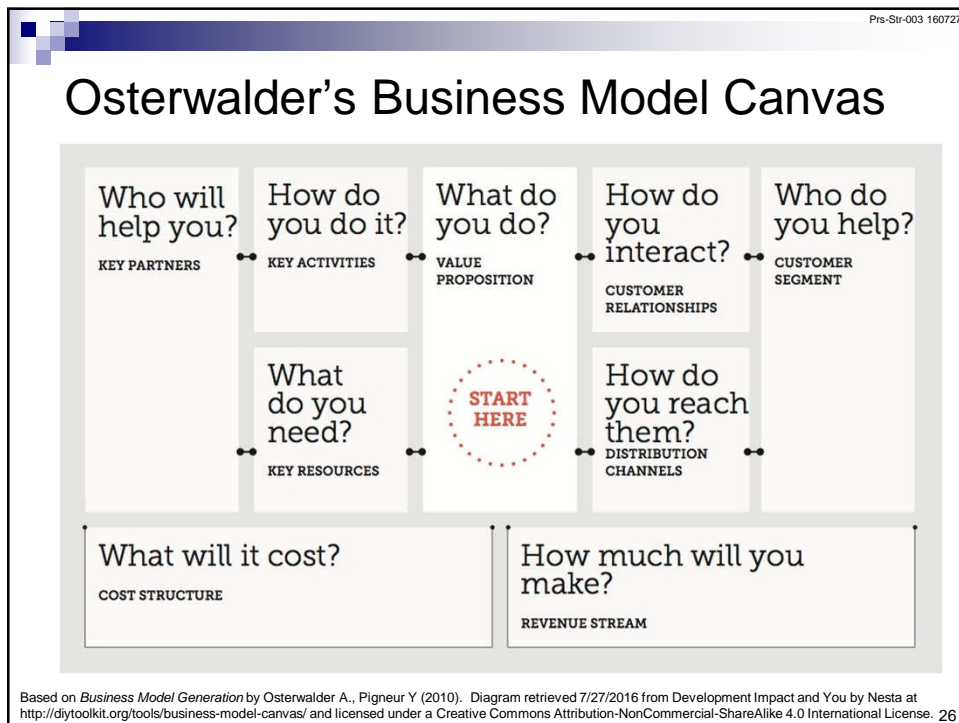
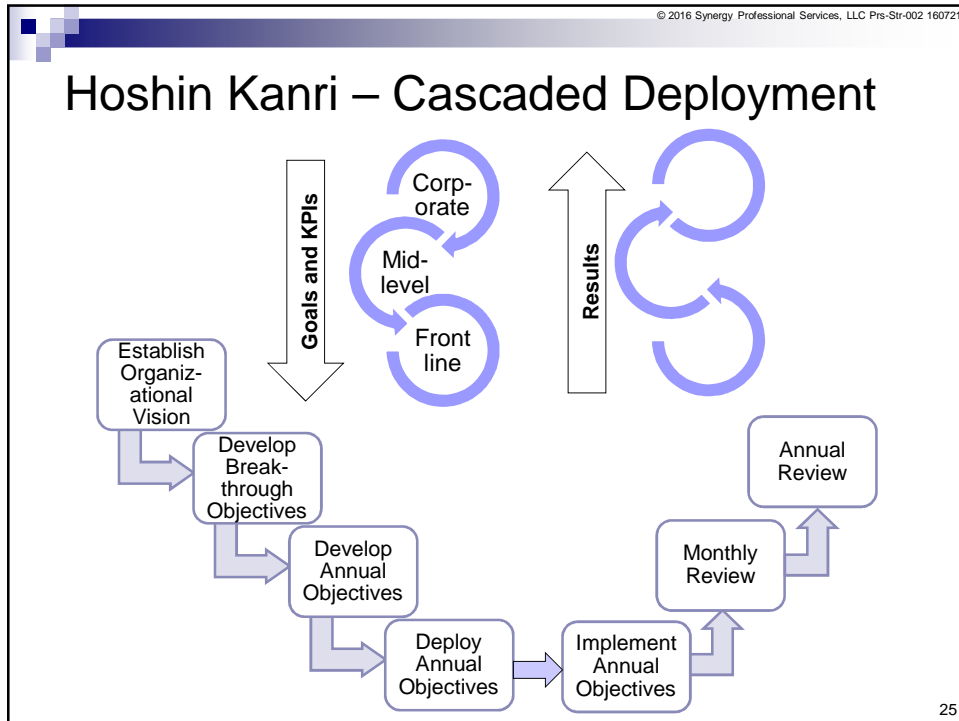
Project Name	Current Phase	Department	Name of Project Manager	Name of Project Sponsor	Team Members	Signoff Dates			Project Completion (Handoff)		Health Indicators		Comments / Recovery Action	Last Update		
						SO 1	SO 2	SO 3	Approved / Signoff	Forecast / Actual	Sched Risk	Non-sched				
Example: Project Alpha	Execute	Dept 1	John Doe	Kathy Friedrich	T. Arnold, J. French, G. Meyerman, N. Classroom, F. Friend	8/4/06	9/15/06	1/14/07	F	2/1/07	2/12/07	Y	G	Schedule recovery: will drop auto-update feature to save two weeks of coding and testing time.	10/16/06	
A	Execute	All	George Shearing	Mark Cone	Fran Vincent, Cammie Page											
B	Execute	Dept 1	Lena Johns	Mark Cone	Nathan Gall	6/12/06	7/28/06	2/15/07	F	7/28/07	6/1/07	G	G	Escalation needed: decision on training approach	10/20/06	
C	Execute	Dept 1	Lena Johns	Mark Cone	Gopi Filie, Gaby Allen			10/11/06	A	12/15/06	12/20/06	G	G	In sync with operations department on full production	10/20/06	
D	Execute	Dept 1	Sami Green	Mark Cone	Amy P, Denney, Alan, Laurie, Denise J, Jason	9/15/06	12/31/06	2/15/07	F	2/15/07	2/15/07	G	G	Added extra year end contract help		
E	Initiate	All	Francis McGee	Mark Cone	Lynne, Alex Friend, Dan Jewell, George James, Bill Ray, Dennis Velle, Lisa Gens, Tim Ouchare	9/18/06	11/10/06	12/18/06	F		12/29/06	Y	G	Schedule recovery: data collection beginning prior to Plan phase. Most Plan tasks will be performed during Kickoff meeting. This will save about two weeks.	10/20/06	
F	Plan	All	Joe Freed	Mark Cone	Gopi Filie, Simi Tran	9/15/06	A				11/17/06			Waiting for the finalization of the documentation.	11/9/06	
G	Execute	All	Joshua Benedict	Mark Cone	George Cope, Jody King, Just Jirk, Freddie Last	6/15/06	7/5/06	12/1/06	F	12/31/06	12/22/06	G	G	Grandfathered project	10/20/06	
H	Execute	All	Ramon Bell	Mark Cone	none	3/15/06	4/15/06	11/30/06	F	11/15/06	12/8/06	R	Y	Ran into unexpected software licensing issues. Looking into the cost and will make a decision when we get information requested from IS.		
I	Execute	Dept 1	Ramon Bell	Mark Cone	Gopi Filie, Freddie Last	11/1/06	A	11/28/06	A		11/30/06	12/2/06	G	G	On schedule and executing now.	11/16/06
J	Done	Dept 1	Ramon Bell	Mark Cone	Gopi Filie, Freddie Last					10/15/06	10/15/06	G	G	This is complete.	11/16/06	
K	Plan	Dept 2	Mehin Abrams	Lom Barnes	Lom Barnes, Zena Filips, Mindy Reichbach, Scott Johns	10/2/06	A			1/31/07	1/31/07	G	G	Tasks are on schedule.	11/8/06	
L	Execute	All	Gregg Barker	Zena Filips	Zena Filips, Alex Maple			11/17/06	F		11/17/06	G	G		11/8/06	
M	Execute	All	Freeman Marker	Mercury, Mark Cone, Lom Barnes	Tom Wilson			10/1/06	F	10/1/06	3/1/07	R	Y	Specification of final software application is going slower than plan. Escalation: request to borrow John and Freeda from Support/Analysis group from Jan 2 to Feb 11.	10/20/06	
			Freeman		Donna Phillip, Karen											

23

Other Methods
Reasons for Failure
Example Process

LESSONS LEARNED

24



© 2009 Synergy Professional Services, LLC APM212-Strat-004 131105

Lessons Learned: Why Strategic Planning Fails

Insufficient alignment	<ul style="list-style-type: none">• Leadership team not aligned with the strategy• Poor buy-in from broad base of stakeholders• Strategic objectives do not support each other• Strategy not connected to operations• Not driven by customer needs
Not acted upon	<ul style="list-style-type: none">• Strategic skills not identified• Resources are inadequate• Strategic objectives are not actionable or measureable• No roadmap showing realistic incremental stepping stones toward achieving objectives
Not measured	<ul style="list-style-type: none">• Key performance indicators not monitored
Not enough commitment and persistence	<ul style="list-style-type: none">• Process is intermittent, not on-going and iterative• Unprepared to overcome inevitable resistance to change



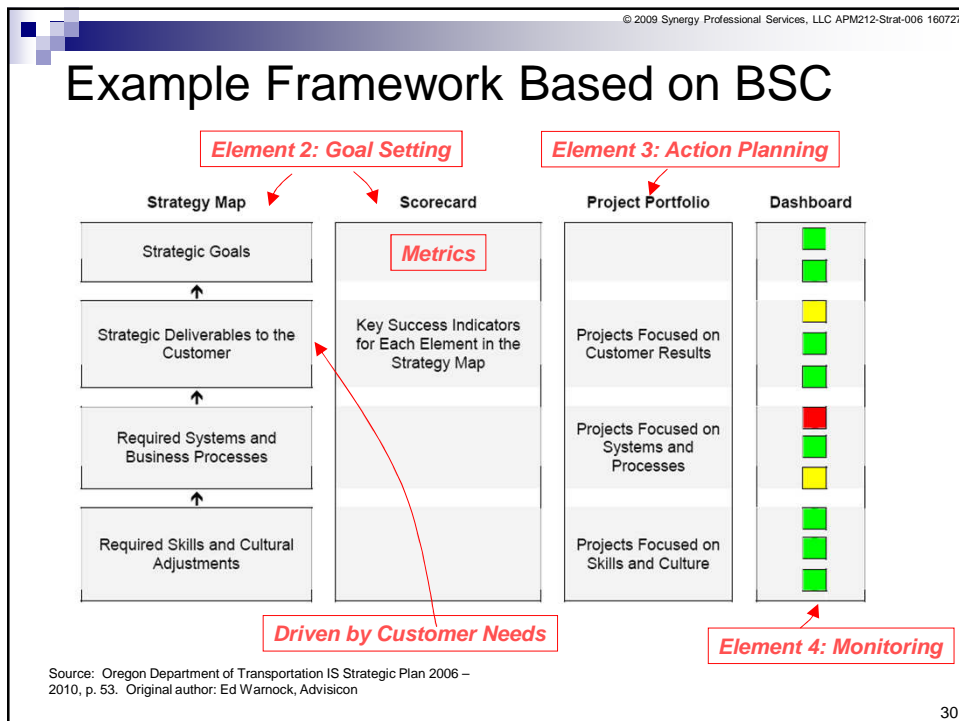
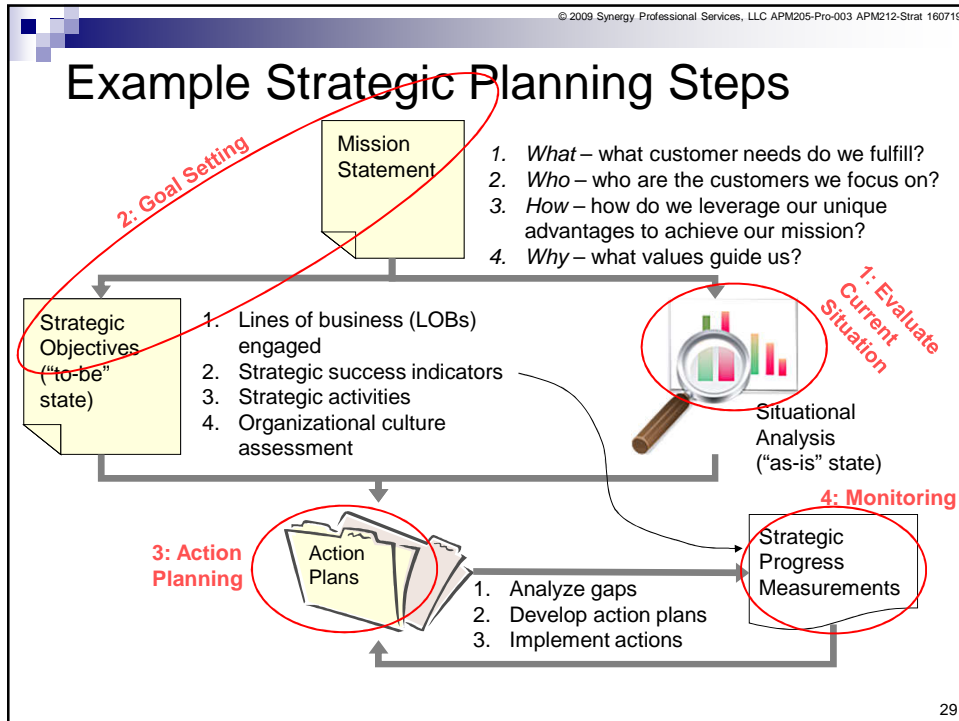
Sources: 1) Harvard Business Review, 2) private communication from Jon Hardie, Principal, audienceWorks

27

Exercise: Improvement

If you were in charge of the strategic planning process for your organization, what would you focus on to improve it?

28



Source: Oregon Department of Transportation IS Strategic Plan 2006 – 2010, p. 53. Original author: Ed Warnock, Advisicon

© 2009 Synergy Professional Services, LLC APM212-Strat-014 160727

Strategic Planning Takeaways

Four Elements	Evaluation, goal setting, action planning, and monitoring
Guides Execution	Use strategy to guide which projects and programs are approved
Needs Projects	Strategy deployment depends on execution and measurement techniques like project management
Tools	Use toolkits to help plan and deploy strategy

SWOT	BSC and strategy mapping	Road mapping
Portfolio selection criteria and balance diagrams	Hoshin kanri	Business Model Canvas

31