NAC Executive Insights

Getting a Program Off on the Right Foot

Key Points

- Strategic business objectives (SBOs) represent fundamental business drivers.
- SBOs provide the basis for a strategy implemented through projects.
- Achievement should result in desired transformational outcomes.
- Underperforming programs often lack articulation of SBOs and broad stakeholder consensus is lacking.
- A higher level of simple key performance indicators (KPIs) directly linked to the strategic business objectives is essential.
- The KPIs should be monitored and tracked through the project cycle to provide an indicator of needed course adjustments in order to achieve the desired goals and objectives.
- Subordinate objectives must remain subordinate.
- Cascading of objectives should be reviewed periodically to ensure continued primacy of the organization's strategic business objectives.

Introduction

Strategic business objectives represent the fundamental business drivers[1] in a well-executed program. Not all programs, however, are well executed. It is therefore essential to have an understanding of how the selection and translation of SBOs into program strategy and execution affect program performance and outcomes.

This relationship has been described previously as shown in Figure 1, where strategic business objectives provide the basis for a strategy that is implemented programmatically through a series of projects. Simplistically, this relationship remains true. A closer examination, however, highlights some essential ingredients of a successful program that, while implicit, can benefit from more explicit treatment.

[1] Executive Insight, The Importance of Strategic Business Objectives

Figure 1. SBOs provide the basis for a strategic plan.

The Nature of Strategic Business Objectives

Strategic business objectives by their very name must be truly strategic in nature. Their achievement should result in the transformational outcome that is desired. SBOs should describe “outcomes” and not be confused for strategy or tactics that occur at a different level. SBOs must be clearly and consistently articulated.

But strategic business objectives must be even more. They must be bounded in time. Open-ended strategic business objectives describe a direction or intent, not a rate of progress towards an end goal. Without adequate bounding, progress is not measurable and ultimate success uncertain.

But even bounded strategic business objectives are not enough. There must be broad stakeholder buy-in to these strategic business objectives. It is this lack of consensus that often acts as a passive drag on many programs. A review of a large engineering and construction program experiencing scope, schedule, and cost growth suggests that both articulation of the business’s SBOs and broad stakeholder consensus were lacking. Simply put, strategy was flawed and organizational alignment inadequate since there was not agreement on the fundamental strategic business objectives to be achieved. Strategic consensus is necessary, as shown in Figure 2.

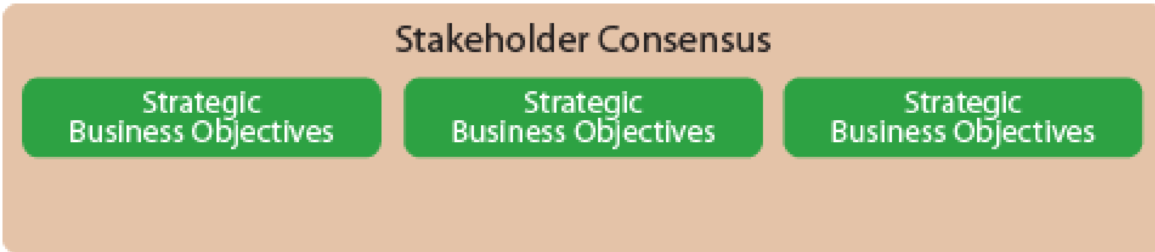

Figure 2. Stakeholder consensus on SBOs is necessary.

Strategic Alignment

A hallmark of many successful programs is the extent and nature of the stakeholder alignment activities that happen at both a program and project level. As the results of strategy reviews suggest, however, alignment on the SBOs must happen among the key internal and external stakeholders before a strategy is even developed. Realistically, some iteration between strategy and strategic business objectives is possible if closer examination finds those objectives to be unachievable by any acceptable strategy. Strategic alignment is shown in Figure 3.

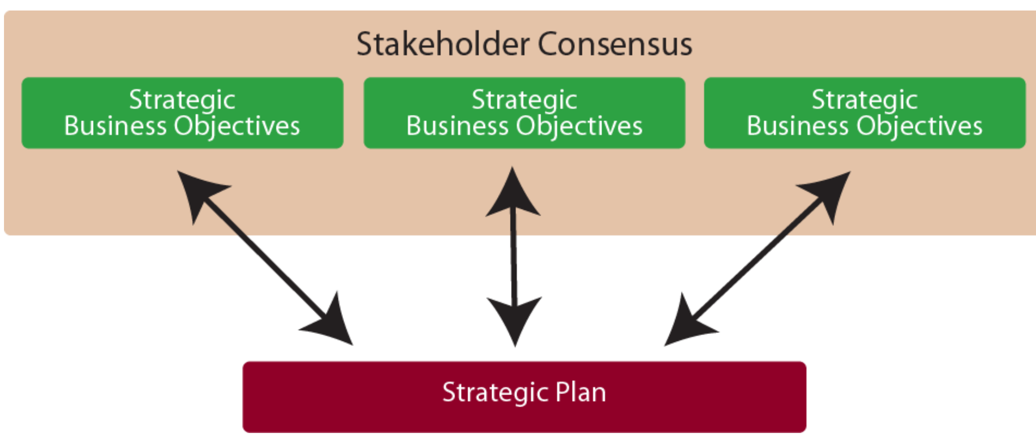

Figure 3. Strategic alignment is needed before plan development.

Strategic Business Objectives' KPIs

Just as strong stakeholder involvement programs are a hallmark of successful programs, so too are well-defined KPIs at the program and individual project levels. A review of program level dashboards (defined below) suggests that key performance indicators that were tracked included measurement of individual strategy elements and various tactical elements or intermediate process results. While such measurements are important to day-to-day management of the program, a higher level of simple KPIs directly linked to the strategic business objectives is essential to ensure that the selected strategy and implementation program are truly achieving the desired results at the highest level.

Program Dashboard

A program dashboard is a data visualization tool that displays the current performance status of a program by using specific performance metrics and indicators.

Figure 4 illustrates this stronger focus on getting off on the right foot.

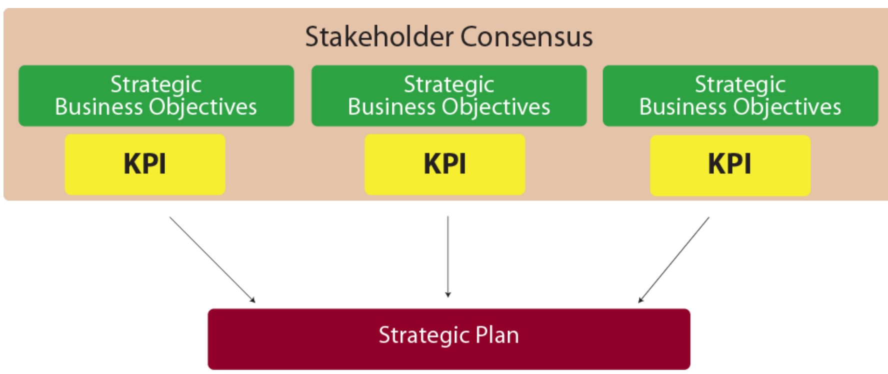

Figure 4. Linking KPIs to SBOs provides the correct focus.

Objective Confusion

Within the program and project levels, individual function, project, and task activities will have specific objectives. This is not only appropriate but necessary. It is essential, however, that these subordinate objectives remain just that—subordinate. A review of programs experiencing cost or schedule growth uncovered evidence that these subordinate objectives had been allowed to rise to equal or at times superior status than the top-level SBOs. These added objectives may act as unnecessary constraints or have the effect of expanding the scope of the endeavor.

Alignment at all levels is key. A cascading of objectives should be reviewed periodically to ensure continued primacy of the organization's strategic business objectives. Objective alignment is shown in Figure 5.

Figure 5. Objective alignment.

A Strengthened Model for Strategic Business Objectives

A strengthened model for ensuring the strategic business objectives that underpin a program are met is built on three key principles, and shown in Figure 6.

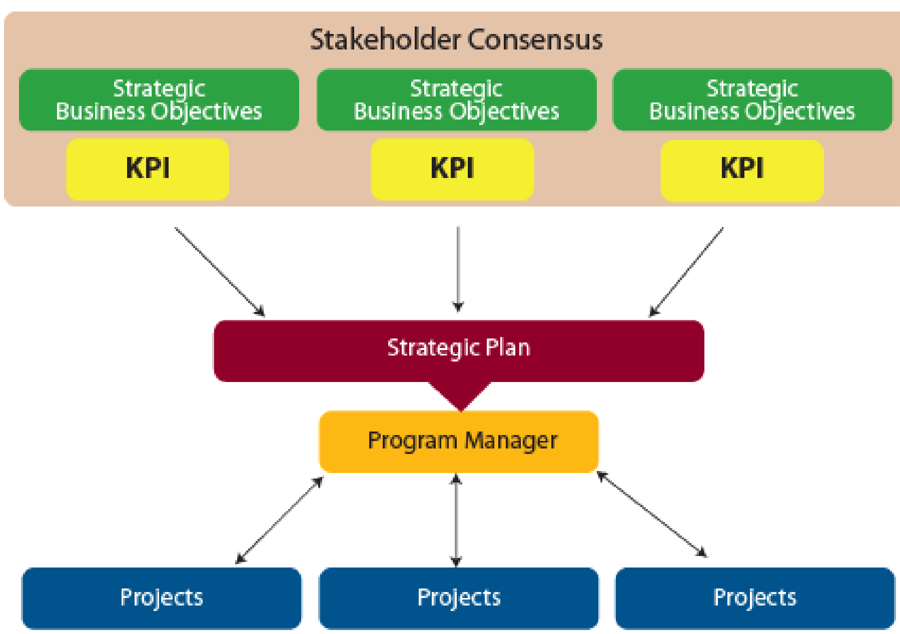

Figure 6. Shareholder consensus, linked KPIs, and alignment of objectives strengthen a model for achieving SBOs.

1. Early internal and external shareholder consensus on the strategic business objectives.
2. Top level KPIs directly linked to top level strategic business objectives.
3. Alignment of objectives as they cascade down through strategy, program, project, and task opportunities.

Successful program management begins by getting off on the right foot.

Summary

This Executive Insight focuses on the importance of strategic business objectives. In giga program after giga program in which the author participated in development of turn-around strategies, one and only one common weakness contributed to failure: the failure to articulate, obtain agreement on, and continuously communicate the projects' strategic business objectives. This strategic business objective weakness is the number one reason projects fail.

The resultant lack of alignment on the fundamental objectives the project was to accomplish had an impact on organizational cohesiveness, contributed to communication silos, and perhaps most importantly, it slowed down or otherwise degraded effective decision making.

Like all aspects of the built environment, the resultant outcome depends heavily on the quality of the foundations established within the project and program.

References

1. Prieto, R., Strategic Program Management; published by the Construction Management Association of America (CMAA); ISBN 978-0-9815612-1-9; July 24, 2008.
2. Prieto, R., Topics in Strategic Program Management; ISBN 978-0-557-52887-5; July 2010.
3. Prieto, R., Getting Off on the Right Foot, Second Edition, *PM World Journal*, Vol. X, Issue III, March 2021. Originally published in *PM World Today*, December 2010.

About the Author

Bob Prieto was elected to the National Academy of Construction in 2011. He is a senior executive who is effective in shaping and executing business strategy and a recognized leader within the infrastructure, engineering, and construction industries.