AMI

02/03

strategy in projects

improving strategic decision making in project management and project business

by Peter Storm

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project strategy or business strategy?

Strategic thinking and acting is not yet an established element of project management (see for instance Maylor, 2002). In the most widely used reference framework for project management, the PMI-USA Project Management Body of Knowledge, it is hardly mentioned as an essential competence for project managers. However, the British APM does include Project Strategy as one of the 40 competences of a project manager.

Project strategy

Projects should have a high level comprehensive definition of the way they are to be developed and managed. This strategy should be established at a very early stage of a project, be as comprehensive as possible and cover all the major dimensions. During the course of the project, the strategy should be progressively updated and revised. All major issues should be addressed i.e. technical, financial, organizational, time and quality, as well as safety, human resources, logistics, procurement, information systems and technology. The project risks should be identified as fully as possible and quantified with an increasing degree of accuracy as the project progresses….. (Body of Knowledge, The Association of Project Managers, 1995)

This definition, despite all the good intentions behind it, is typical of the established way of thinking of the project manager. According to the project management view strategy is all about:

- *How* are we going to reach our *established* goal?
- *How* are we going to *control* all forces (risks) that may lead us away from our goal?
- *How* are we going to integrate *everything* that is needed or needs to be done to reach the established goal?

In the realm of business strategy on the other hand, strategy is not so much about the How questions as it is about:

- *What* is our goal?
- *Why* is this the most appropriate goal for us?
- *Who* should we involve in reaching this goal?
- *What* are our options?
- *When* is the right time to switch options?

In addition strategy is, according to this other view, not so much aimed at exercising control as it is aimed at stimulating and profiting from *learning and innovation.* Finally, a strategic plan rarely integrates everything. Rather, it focuses on the *essentials*.

Strategy in a business

Thirty-five years ago DSM was known as the major coal mining company in the Netherlands. In Holland it was a major player, in the world it was only a minor league player. These days DSM is known as one of the top ten Chemical companies in Europe. Yet, DSM's goal is to become known as one of the top three non-chemical process industries in the world. Its intended future is based on the vision that developments in certain technologies of Life sciences and Material sciences will

somehow become interfaced to create a potential for huge synergies. This vision is coupled with the belief that only those who invest early on in these developments will be able to reap the benefits of these synergies.
DSM's local competitor during the coal mining days, was Oranje Nassau. Both operated under identical conditions with similar means. Nowadays, Oranje Nassau is an investment company. Its major asset is money. Apparently, Oranje Nassau had a different vision about future developments and a different belief about how to reap from these developments.

Perhaps, it is this major role of *vision and belief* which characterizes strategic thinking in business most of all.
In this paper I will explore both perspectives.

why are project managers not involved with strategy?

Strategy in a major project

Sometime during the late 1990's I was asked, together with a senior British colleague, to perform a management & organization audit of a railway construction project. At the time this was by far the largest project in the Netherlands. The project was in, what the project manager called, the conditioning phase. Our principals wanted to know if, by our judgment, the project management & organization were sufficiently fit and capable to manage the next phase. In our report, some two months later, we stated that we had confidence that management and organization were sufficiently fit in all but five areas of the PMBOK. One of these was called Project Strategy. When discussing our findings the two principals said they acknowledged four of these potential problem areas. With regard to fifth they asked 'Project strategy, what is that?'

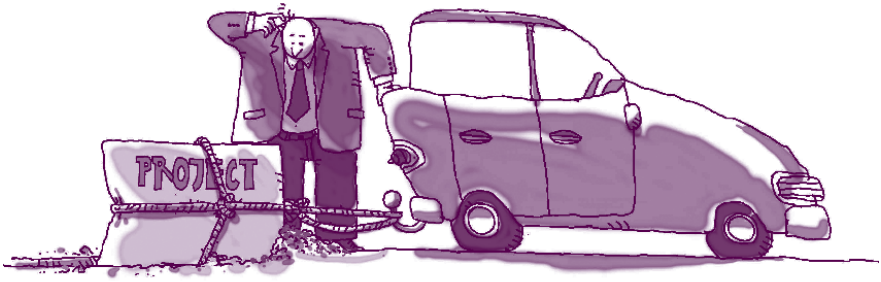
Why do project managers seem so far removed from applying the business strategy view? Here are some of the reasons I can think of:

1 Project management is widely seen as a middle management tool and middle management is not supposed to spend a lot time thinking about strategy.
2 A project is an area of business with a finite horizon, high risks and limited opportunities for capital investment leverage, and top managers are not likely to put their personal stakes in such an unattractive business area if they have an alternative.
3 Project managers who have been trained are indoctrinated with the axiom that a project does not start until there is a contract freezing the scope, while business strategy tries to take advantage of a flexible or non-frozen scope.
4 Projects are rarely seen as businesses by themselves.
5 Business strategy models and tools are not sufficiently focused on the nature of project management.

Can managers of projects benefit from looking at their projects from a business strategy point of view?

Strategy in a project organization

In 2002 I was asked to give an evening lecture to the senior project managers of a medium sized engineering consulting firm. In return I asked them to feed me with questions beforehand. One that scored as the most frequently asked type of question dealt with the problems they experienced in getting specialists from different departments and locations to work together in one project. This problem occurred especially, they said, in the very large projects. During my lecture I expressed my amazement about the very occurrence of such problems. ‘Suppose’, I said, ‘We were not talking about projects but shops. For instance, supermarkets belonging to a large grocery chain. And suppose, the managers of these shops mentioned that their largest problem was to get employees working together in their shops. Would you invest any money in buying shares of such a company?’ ‘No, of course not’, they answered unanimously. ‘So, tell me where do you think you cover your costs: in projects, in departments or in locations?’ ‘In projects, of course’, they said, again unanimously. ‘So tell me, how come people in your organization seem to think that their first allegiance is to departments and locations, rather than to projects?’. This question created some turmoil. Personally, I believe that many project organizations are not sufficiently aware that they survive only through successful projects. And that they don’t see projects as real businesses.



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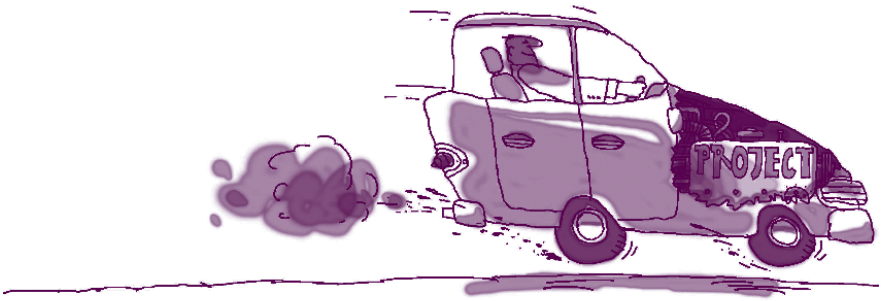

are projects businesses?

Once I had a brief conversation with a couple of young Project Officers of the Royal Dutch Navy. They objected against my view that any project is a business and that project management should be seen as a business service. Their arguments were: 'We do not make money through our projects or through project management; in fact the whole Navy doesn't make money, it costs money' and 'The projects we work for are not our projects; others own them'. Their objections represent a widely spread and well respected view on the nature of business: you should own it and it should make a profit.

Project management is a service. If you are in need for this service you have a choice between:

1 Providing the service all by yourself.
2 Ordering an employee (if you have one) to do it for you.
3 Buying the service on the market.
4 Wait and see if anyone takes on the job on his own initiative.

If people keep doing project management all by themselves, then there is no business of course. If people keep waiting until project management is delivered ad hoc and voluntarily, then there is no business either. However, we are a long way beyond that situation in almost all areas of the private and the public sector. You are in business if and when:

- You offer or require project management services.
- These services add value to the project.
- This value is specifiable and predictable.
- The services are provided under pre-arranged conditions regarding the distribution of costs and benefits.
- It is very likely that you will offer or require the service again in the near future.

It is not essential that these services should make money (generate a financial profit) for either party. It is essential that the expected benefits outweigh the expected costs. It is also essential that the benefits are perceived to be directly related to (accrue through) the project.

Thinking about my conversation with the Navy Project Officers I came to the tentative conclusion that one of the underlying reasons why they would not view project management as business was that the added value of having Project Officers was not perceived to be related to the project. The position of a Project Officer is an early career step which enables the officer to learn the ropes of managing in a complex organization with no authority to speak of. The added values of the job are (a) character building, (b) loyalty strengthening and (c) skills improvement. In many organizations which I visit and where I ask the question 'What's the use of having a project manager?', this is a favourite type of answer.

If shops, factories, warehouses, agencies can be seen as businesses, then why can't projects be seen as businesses? Again, the question of whether or not they generate independent profits is quite irrelevant. The relevant questions are 'Do they add value?', 'Is this value identifiable and distributable?' and 'Is the

knowledge gained in this project applicable in future projects?'. If any of these three questions is answered with a full hearted NO, then don't look at your projects as businesses. However, if you think that the answers might be YES in most cases, then try out the idea that your projects could be managed as ventures.

strategies in projects: the project view

What kind of strategies do we need, looking at it from a project management point of view?

In any project three basic strategies are needed: Project Initiation Strategy, Project Realization Strategy and Project Implementation Strategy. Although these strategies can be distinguished, they should not be separated (which is probably one of the most frequent strategic mistakes in project management).

Why should we distinguish them? Because each has a very different nature and involves very different questions. For instance, in developing your project initiation strategy one of the crucial questions involves timing *(see figure 1)*: 'What is the length of our time window, when are we too early with our project concept and when are we too late?'. In developing you project realization strategy time is also essential, but in a different sense: 'which schedule solves our limitations with regard to throughput time and cost in the best way?'.

Another question is: 'What motivates key players involved in this area most of all?'. During Project Initiation this is *influence (need for Power)*. During Project Realization this is *results (need for Achievement)*. During Project Implementation this is *recognition (need for Affiliation)*.

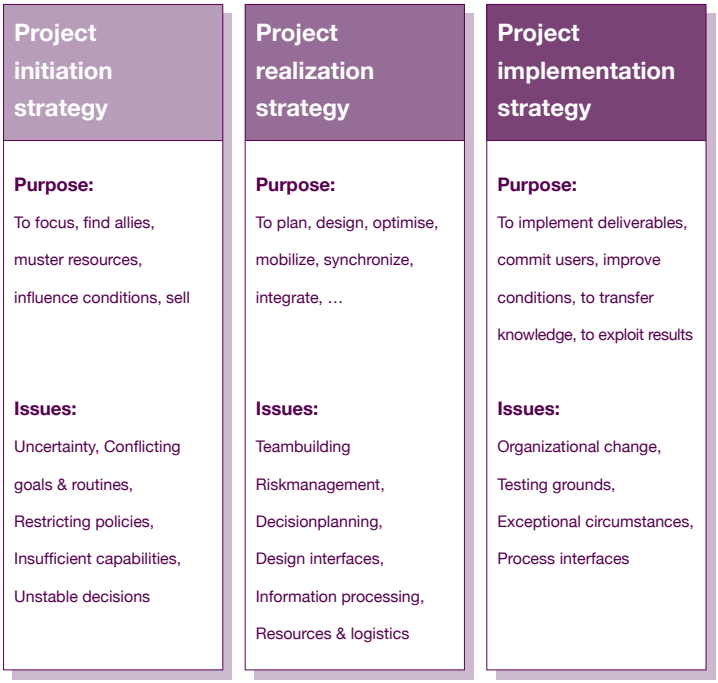

Figure 1 Three strategic areas in project management

The interdependence between these strategies is *not sequential,* as the literature often suggests, but *reciprocal*.

strategies in projects: the business view

When we look at projects as more or less independent businesses, other strategy needs emerge. I distinguish two major strategic areas: Business Venture Strategy and Business Growth Strategy *(see figure 2)*.

Business venture strategy

Purpose: To explore the environment, to exploit new opportunities, to create a foothold, to compete & improve.

Issues: KSF's, Entrepreneurship, Competitors, Launching customers, Marketing mix, …

Business growth strategy

Purpose: To economize, to synergize, to innovate, to ally, to expand…

Issues: Interdependencies, (dis)Investments & cashflows, Knowledge management, Stakeholders, Portfolios, ...

Figure 2 Two strategic areas in project business

These areas can be split into more specific areas traditionally recognized in the strategy literature. For instance: Competitive Strategy, Technology Strategy or Human Resource Strategy. However, for the purpose of this paper I prefer not to do so as this complicates matters unnecessarily. In my belief, the essence of business strategy thinking in projects is that you just need a strategy to position your project (or project portfolio) in the current business environment and a strategy to position your project in the future business environment.

why do we need strategy in projects?

There are two perspectives which we can use to answer this question. One: *the projects follow strategy perspective*. Two: *the strategy follows projects perspective*. According to the first perspective projects are here to implement the strategic policy and to realize the strategic aims of the overall organization. Hence, if projects fail, then strategic policies will fail.
Maylor (2003) follows this perspective when he charts his analysis of why projects fail *(see figure 3)*.

In the other perspective, strategy follows projects, it is assumed that projects generate strategy.

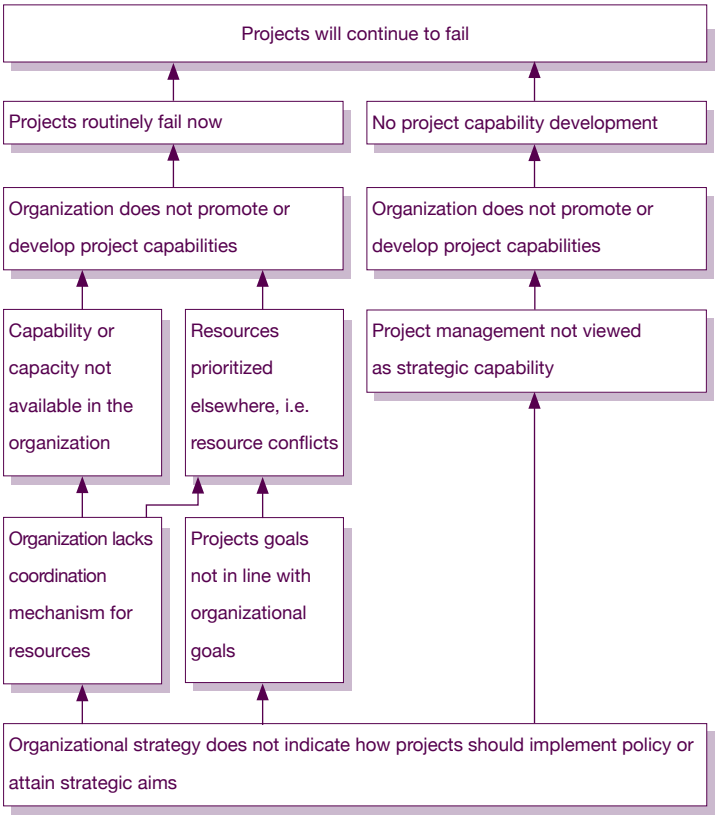

Figure 3 Partial analysis of project failure (Maylor, 2003, page 51)

Strategy in a major project (continued)

When my British colleague and I mentioned the lack of strategic thinking in this large railway construction project, our principals also asked ‘Why is this so important?’ We sensed that it would not be effective to give an academic treatise on the subject, so we mentioned just an example. The example involved a restriction attached by Parliament to its consent to start the project. The restriction was that one billion guilders (approximately 450 million Euros or US Dollars) should be invested by private parties. This represented about 14% of the total project budget. Our answer, in short, was ‘We cannot identify any document, knowledge, experience, plan or responsibility specifically related to this restriction. So we worry about the chances of attracting serious investors on time. We think that the attractiveness of the deal you can make will not automatically improve as time progresses’. The principals then answered: ‘Oh, if that is all then you need not worry. We will get to this as soon as we know exactly what we can sell and that is only after we have solved all the major design issues’.

The example just given is not meant to imply any judgment on the wisdom of our principals' implicit strategy. The essence of this strategy was (a) to first show to any potential investor that he should not have any doubts about the determination of the Dutch government to really build this railway and (b) to have concrete means (designs) at hand to show how modern and effective this railway is going to be. Perhaps this was the right strategy at that time. What my British colleague and I did question at the time (and in fact, still question) is the wisdom of (1) keeping this strategy implicit (if not secret) within the project organization and (2) not investigating the effects of different scenario's on the future value of their strategy. One such scenario might be that the reputation of this very visible project might decline rather than improve.

The two perspectives oppose each other in theory. In practice, however, the two should complement each other.

The potential benefits of explicit strategic management in projects are:

- A better and more consistent return/risk ratio in the portfolio of our projects.
- A stronger and more consistent image of our organization (or business) and our project services.

- More rapid and less costly learning and innovation through projects.
- More competent, ambitious and loyal project managers.

In order to realize these potential benefits several conditions must be fulfilled:

- The strategies that rule decision making are known to key players in the project and the organization.
- These key players understand the conditional nature of these strategies and they understand their own influence on the assumptions and projections that support these strategies.
- All key players put the strategic goals (such as those relating to profitability, reputation, timeliness and learning) above any other goal or objective.

These benefits and conditions will be explained as we deal with each of the seven strategic areas in project management and project business.


Anybody downstairs who knows about strategy?

the essence of being a strategic project manager

So far I have focused on essences of strategy: What is it? Why do we need it? Now, I would like to focus on essences of being a strategic manager. For strategy is worth nothing without the strategic manager. As much as a book on the strategy of chess has real value only in the hands of the strategic chess player.

Alexander the Great

Alexander the Great seems to have been a great strategic project manager. In the course of ten years he conquered an incredibly large, highly civilized empire. He beat the huge Persian army of Darius II. More than 200 cities or new establishments throughout this empire were named after him. He led his men to realms where the Greek had never been. He went through deserts which were considered impassable. Yet he did have only a small army himself. And no navy worth mentioning. The kingdom he originated from, Macedonia was not rich. His companions (managers) were considered illiterate compared to the Greek of the major cities like Athens and Sparta. How did he do it? Through strategic project management!

A strategic project manager, in essence, can be recognized by the following:

- He repeatedly reminds himself and others that there are different ways to reach his goal, even when the chips are down.
- He never suggests that his opponents (be they men, be they the forces of nature) are weak or reluctant.
- He does everything he can to prevent his opponents (be they men, be they the forces of nature) from allying with each other.
- He frequently challenges the loyalty, determination and resourcefulness of his companions.
- He constantly challenges the validity of self evident truths (even his own).
- He spends a significant part of every day to identify, assess and solve the major tactical and strategic challenges of his venture.
- He knows that creativity or inventiveness is the most valuable resource for strategic survival, that creativity is stifled by fear or anxiety and he applies this knowledge by making fun of his own strategic sessions.
- He always tries out the tactics derived from his strategy before the 'battle' starts.

In a less behavioral more conceptual sense, strategic management requires a competence in *(see figure 4)*:

Alexander the Great (continued)

The stories written about Alexander the Great suggest that he did or was capable of doing what is mentioned before. For instance, he knew that a head-on confrontation with Darius would be fatal to him. On the other hand he knew which forces would restrict Darius in effectively applying the awesome powers of his army. So he went on a multi year campaign to successively capture or ally with the many coastal city states on the western border of Darius' empire. With this he attained two important goals: (a) Darius either had to follow him along his random march (which was extremely costly and exhausting for such a large army) or he had to wait and see (which he actually did for a long time and which had a favorable effect on Alexander's image in the area; more and more kings and chiefs started to contact him to make a deal) and (b) it made Darius' navy virtually impotent in the long run.

Alexander also knew that he should use the element of surprise as much as possible. The distance between the head and the tail of Darius army was at least a day's ride. Where and when would Alexander attack, if he were to attack at all? Nobody knew. In this he went so far as to invent and develop a new technique to harness a horse. With this technique a horse could pull a heavier wagon. Because of these heavier wagons Alexander was the first to cross a certain desert with an army. Of course

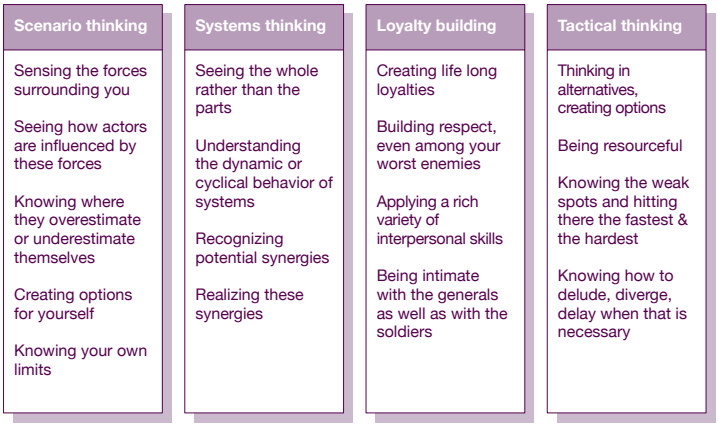

Figure 4 Competences of the strategic project manager

Darius never expected him to attack him there. Alexander was relentless in training and drilling his army new ways of organizing, signaling and attacking. Hence his enemy was not only ignorant about the time and place of his attack, but also about the way in which he would attack. In order to develop these new tactics he held a daily symposium (which originally means 'drinking together' and now means 'exchanging views together'). His competence in loyalty building is perhaps best shown by the fact that the general whom he left in charge of exerting power over Greece never failed him through all the years he was away.

Whether Alexander was as good in strategic management of a (permanent) empire as he was in the strategy of a (temporary) project is a matter of speculation. Soon after his final victory, he died and his new empire fell apart. Perhaps, other competences are needed to manage an empire.

project initiation strategy

The purpose of a Project Initiation Strategy is to help you:

- Focus the project.
- Build a strong project alliance.
- Muster the resources needed for project realization and implementation.
- Identify the right time window for your project.
- Improve conditions for project realization and implementation.

Calling this a project initiation *strategy* suggests that there are fundamental choices involved which may lead a project into strategically different directions. Project initiation can also be seen as a phase or stage in which a series of routine-like questions must be answered before we go on to the next stage. That is the conventional way of looking at it.

Project initiation according to the PMBOK

Project Scope Management is the knowledge area of the PMBOK which most closely approaches what I have in mind when I talk about Project Initiation Strategy. In Project Scope Management the following analyses are performed: Project selection analysis, Product analysis, Cost/benefit analysis, Feasibility analysis,

Work breakdown analysis, Performance management analysis. These analyses are performed by or on behalf of the Project owner and result into: Project charter, Project manager assignment, Scope statement, Work breakdown structure. The major input for this analytical process is the Strategic plan of the owner. Hence project initiation is like a construction process. The difference being that we do not construct anything physical yet, only paperwork.

However, these kinds of analyses can rarely be performed effectively in the very early days of a project. In general, there is (a) a lack of data to perform the analyses in a reliable way and (b) insufficient agreement to make the necessary choices to perform the analyses in a sensible way.

Project selection analysis, for instance, is an area which has been researched extensively over the past forty years or so. Numerous techniques have been developed. Yet, as a recent investigation (Akalu, 2002) shows, even the largest and most advanced companies still use primarily the old DCF methods of which it has been shown that they are inadequate for projects which have strategic importance. Effective project initiation involves processes of *searching*, more than analyzing, designing or constructing.

Birth of the macintosh

Primitivism during the initiation strategy of a project is illustrated in John Sculley's adventures at Apple Computers (Sculley, 1987) where he describes the conditions under which the Macintosh project was initiated: the Macintosh was not seen as an ally for the Lisa computer of Apple, but as an enemy (hence the Pirate flag which waved on top of the Mac building); Steve Jobs was not carefully selected and appointed as a project manager for the Mac, he assumed the position himself (without ever calling himself a project manager); the decisions which determined the nature and approach of the project were not made, they emerged (partly from the imaginative brain of Steve Jobs, partly from the creative and chaotic interaction among the principal designers).

The searching nature of the Project Initiation Strategy can be recognized in:

- Fluctuating objectives
- Conflicting interests, wheeling and dealing
- Dominance of personal needs or ambitions
- Prevalence of uncertainties over risks
- Resistance by opponents

	Strategy 1	Strategy 2	Strategy 3
Components	**Control**	**Opportubity**	**Ideal**
Focus	Narrow	Wide	Multi-optional
Allies	Few, old	Few, new	Several-many
Resources	Fixed	Flexible	Vast
Time window	Short, fixed	Long, unfixed	Long, fixed
Aim	Control	Opportunity	Breakthrough

Table 1 Three generic Project Initiation Strategies

So far about the *process* of project initiation. Let's have a look at *content*. Based on my experiences and on case studies performed by others, I can identify three generic or ideal-type initiation strategies. These are characterized in table 1.

These strategies are generic, which means that in principle they can be applied in any type of project or situation. Which, by the way, does not imply that they are equally attractive in any situation. They are ideal-type strategies, which means that you will rarely encounter them in a pure form.

project realization strategy

The purpose of a Project Realization Strategy is to help you:

- Plan and design the realization of your project such that it suits your Project Initiation Strategy.
- Build a project organization which is able to deal with the supportive and countervailing forces strategically.
- Apply your resources and coordinate your subprojects effectively.

What makes project realization strategically challenging? As Project Initiation Strategy is aiming at finding the right focus, finding the right partners and creating stable conditions surrounding the project, the challenge for Project Realization Strategy is to profit from these benefits. This is not as easy as it may look.

Station square

In 1988, in Burnaby (Canada), the parking-roof of a brand new supermarket caved in. Several people were injured and the damage was quite extensive. Construction of the supermarket was part of a large city development project, which was initiated in 1985. How can a conventional building, designed and constructed with conventional technology be such a disaster? From the analysis which was done (Wideman, 1990) it can be concluded that it had nothing to do with technology or job related competence

	Strategy 1	Strategy 2	Strategy 3
Components	**Control**	**Opportubity**	**Ideal**
Performance	Time & cost	Quality & cost	Learning
Organization	Team or relay	Team or matrixt	Team
Planning	Sequential	Prototyping	Iterative
Contracting	Costs	Benefits	Assets
Coordinating	Hierarchical	Collegial	Mixed
Environment	Fence-off & negotiate	Explore & befriend	Mixed

Table 2 Three generic Project Realization Strategies

of the people involved. All parties involved were experienced in their part of the project. It can also be concluded that the Initiation Strategy and the Realization Strategy of this project conflicted with each other. The Initiation Strategy was a control strategy and called for a narrow focus, a few well known partners and a narrow time window. Realization, however, was guided more and more by an opportunistic strategy.

Matching Initiation Strategy and Realization Strategy can be difficult when:

- These strategies are implicit; not clear to and agreed by the major partners in the project.
- Conventional thinking, rules and regulations dictate either one of these strategies.
- The strategic managers are interested mostly in one of these strategies and not in the other.

The *process* of developing a realization strategy is generally less whimsical than the process of developing an initiation strategy. It is more rational, more systematic. And some of the tools and tactics mentioned in the PMBOK can be fruitfully applied here.
Nevertheless, there are fundamentally different *options* with regard to content available here too *(see table 2)*.

project implementation strategy

The purpose of the Implementation Strategy is to help you:

- Match problem and solution, product and user, offering and demand.
- Create enthusiasm, commitment for the project.
- Transfer from controlled project conditions to less controlled implementation and exploitation conditions.
- Turn potential benefits into real benefits.

The *process* of developing the implementation strategy can be almost as haphazard and fragmented as that relating to initiation strategy. Although for different reasons. Not so much because of conflicting interests, impossible restrictions in rules & regulations or impassable limits of nature and technology. No, much more because of ignorance, resistance, fear, self inflicted barriers, carelessness...

What makes development of this strategy a challenge is things like:

1 Many people think it comes at the end, while it should start as soon as the other two strategies.
2 Conditions within the area of implementation may change suddenly or unnoticeably.

	Strategy 1	Strategy 2	Strategy 3
Components	**Control**	**Opportubity**	**Ideal**
Learning	Training	Field Experimenting	Laboratory Experimenting
Change sequence	Systems first	People first	Organization first
Change approach	Top down	Bottom up	Mixed
Change impulse	Technology push	Demand pull	Mixed
Exploitation	Hierarchy	Market	Alliance

Table 3 Three generic Project Implementation Strategies

3 Reinforcement mechanisms hidden deep within the different organizational cultures of the implementation area are ill understood by the strategist and prove to be much more powerful than anticipated.

Alexander the Great (continued)

When Alexander the Great had finally become the emperor of Persia he intended to integrate the Greek and the Persian cultures. In those times Greek men wore skirts and particular hats. Persian men wore trousers. Alexander issued a law saying that from now on all men should wear Persian trousers and Greek hats. This aroused great turmoil and resistance.

In the area of implementation we can also distinguish different strategies (see table 3).

venture strategy

The purpose of a Venture Strategy is to help you:

- Match the focus and approach of your project or project portfolio with the current reality of the environment.
- Find a feasible and attractive combination of tactics which will guide the project or project portfolio through the jungle of threats and opportunities, enemies and allies, converging forces and diverging forces within that environment.
- Create a foothold from which your project and its successors can begin to grow and prosper.

For several industries projects are daily business. These enterprises derive a major part of their turnover directly from projects. Examples are to be found in ICT and Building & Construction. The obvious start for this paragraph then is an example of a venture in those industries. However, in order to show that the business venture perspective is equally applicable to other industries, who derive their turnover from products, I will start with an example from the automobile industry.

The Renault Mégane

The development and launching of a new car, like the Renault Mégane, is in all respects a venture. Not only the car is new with each project, but for each project new policies, procedures, techniques, skills, structures, systems and values are developed. And that is essential in any new venture. Those car manufacturers who may have thought that the development of a new car only results in changes in the product and not in the way of doing business are almost all out of business

A new venture can only be a success if it somehow changes, improves, the basic deal with the potential customer. In order to maximize the chances of success for this new car, Renault carefully investigated the market developments, the moves of its competitors, the behavior of its targeted customers and its own internal strengths and weaknesses. In the end, Renault decided to:

- Reduce the throughput time of the project, as compared to previous projects. This in order to beat the competition on time-to-market and to have the right alternative for the Mégane's predecessor (the Renault 19) exactly when this predecessor would reach the top of its sales.
- Expand the potential of the car by increasing the range of car derivatives to five different types (which look quite unlike each other). Hence trying to cater to the needs of five different sub-segments of the highly competitive M1 segment.

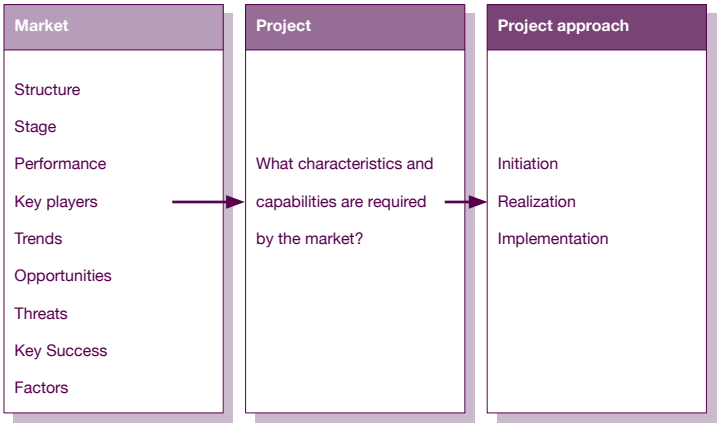

Figure 5 A project as a venture

- Significantly increase the requirements for efficient production, effective integration of sales, production and distribution, car maintenance, car safety, car comfort and psychological appeal.
- Profile and design the car in such a way that it will help Renault to get a stronger foothold in other markets than Europe.

When launching a new venture it is essential to have a solid alignment between three different perspectives: the characteristics of the market, the required characteristics of the project, the implications for the project approach *(see figure 5)*.

The examples so far deal primarily with *private sector* business. The same reasoning, however, applies in *public sector* business, in public sector non-business (or policy) projects as well as in internal (or organizational) projects. All we have to do, in essence, is to replace the word ‘market’ with the more general term ‘interactional environment’. By interactional is meant here: those elements in the environment with which the project or project portfolio will have significant interactions.

	Strategy A	Strategy B	Strategy C
Components	**First mover**	**Careful follower**	**Alliance builder**
Aim	Speed	Minimize risks	Share risks
Scenarios	Few fixed	Multiple fixed	Multiple, variable
Appeal	Now or never	It works better	Change your life/ business
Champion	Entrepreneur	Marketeer	Innovator
Foothold	Launching customer	Installed base	New area

Table 4 Three generic Venture Strategies

To take a perhaps extreme example: look at the careful and systematic way the US Government has been developing its Venture Strategy regarding an eventual war with Iraq.

The *process* of developing a venture strategy can be characterized by two concepts: *scenario development* and *creative entrepreneurship.*

Talking about *content*, at least three generic strategies can be identified *(see table 4)*.

growth strategy

The purpose of Growth Strategy is to help you:

- Match the focus and approach of your project or project portfolio with the *future* environment.
- Find an appropriate growth path for your project and project portfolio
- Realize the potential for synergy and economies of scale in your project and project portfolio.
- Improve learning and innovation within your project and project portfolio.

Some people seem to think that growth can be detrimental to a project. From a realization perspective, this is often a wise vision. Once a project starts showing success, there is a strong tendency to increase the scope of the project in an uncritical fashion. 'Oh, while you are at it, wouldn't it be smart to also include this feature and that? That will save us a lot of time and money in the future!'. The task of the project manager, then, is to keep a firm hand on the reigns and fight bravely for the integrity and feasibility of the project. However, there is another way of looking at it. Projects are not supposed to only deliver concrete things *(performance results)*, they are also supposed to deliver insights *(learning results)*. The implications for time and cost of expanding performance results are quite different from those related to learning results.The idea that a project is really unique and will never be

	Strategy A	Strategy B	Strategy C
Components	**First mover**	**Careful follower**	**Alliance builder**
Aim	Stay ahead	Economize	Synergize
Learning	Applied	Applied	Fundamental
Portfolio	Narrow unstructured	Intermediate structured	Wide structured new
Innovation	Improvements	New products	Generations
Growth path	Slow-moderate unstable	Moderate stable	Slow-fast phased

Table 5 Three generic Growth Strategies

replicated is a fallacy. The fact that routines are by definition replicated all the time and that projects are temporary, does not necessarily mean that many elements of a project will not or should not be replicated or re-used. Hence, thinking in terms of growth and learning is as essential in temporary projects as in permanent organizations. In addition it is rare that an organization is involved in one project only. Most organizations have bundles or portfolios of projects. These projects are not unrelated or independent from each other. At the very least they show pooled *interdependencies*. But often also *sequential and reciprocal interdependencies*.The challenges of developing a growth strategy are, among other things, to:

- Promote broad thinking and learning and focused or narrow acting.
- Create a multi-project or portfolio organization (whether real or virtual) which effectively interacts with the existing multi-routine or departmental organization.
- Translate all learning and performance from current projects into potential projects.

The three venture strategies can be connected to three similar growth strategies *(see table 5)*.

conclusions: bringing the two perspectives together

Two perspectives on strategy in projects have been applied: the project perspective and the business perspective. These two perspectives can be separated when we just look at projects. They should be integrated if we work with projects and want to make a success of every project.
For a project manager trained in the conventional way of looking at project management, a project is a success if and when:

- The deliverables satisfy the requirements.
- The project has been concluded with no overruns in time and budget.
- The principal or owner is otherwise satisfied with the way in which he and the contractor or project manager have worked together.

In this conventional way of looking at it, the project manager sees himself as no more than a ‘contractor’. Someone wants a job done, the project manager does the job, if both are satisfied then that is the end of the story.
For a business manager there is, so to speak, never an end to the story. Making a successful deal does not make your business successful. It is a continuing story. The trick is to develop an effective strategy that provides the vision and creates the conditions

to make an endless series of deals consistently successful. In a project (any project) or a portfolio of projects we need this business perspective because:

- Each project must learn from previous projects and teach subsequent projects.
- Projects do not stand alone in the organization, but are an integral part of regular or routine processes.
- Fewer and fewer organizations can survive with a policy in which the deficits in one project can be covered by the surpluses in another.

For these reasons (and others mentioned earlier) I have proposed that projects should be seen as businesses or ventures. And that the project manager should be seen as a business manager or entrepreneur.

But even in those cases where it evidently makes no sense to regard a project as a business, it still makes sense for the project manager to apply strategic thinking to his project. Strategic thinking in projects is necessary because:

- All projects have competitors or enemies (albeit not always in human form).
- A successful delivery which is not ‘opened’ (successfully applied) is a failure to the principal’s organization, which may reflect, sooner or later, on the reputation of the once successful project manager.
- Owners or principals rarely have completed their strategic thinking and planning before the project starts, which requires the project manager to be competent in thinking strategically with the owner.

How can the two perspectives be integrated? More precisely in the context of this paper: how can the different project strategies and business strategies be combined?
In principle, any combination will do. However when we confront the two sets of generic strategies with each other *(see table 6)*, one cannot avoid the impression that there are similarities between the two sets, which may suggest that there are also interdependencies.

	First mover	Careful follower	Alliance builder
Control	These seem to belong together because of the dominance of speed		
Opportunity		These seem to belong together because of the strong market orientation	
Ideal			These seem to belong together because of the network orientation

Table 6 Apparent interdependencies between generic strategies

This might be the case. I cannot prove or falsify it. However, in practice I would not count on the self evidence of these interdependencies. It might limit our strategic thinking. For strategic thinking is, most of all, challenging self evident truths and generating options, even the ones which seem unlikely at first.

To take this last point at heart with regard to this paper: don't take my propositions for granted. Challenge them and generate your own strategies.

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Peter Storm, formal AMI executive, is founder and director of Kennis & Co which specialises in knowledge management issues and learning processes. AMI and Kennis & Co work closely together in a number of projects.

AMI

AMI Maastricht
Burghtstraat 25
6227 RR Maastricht
T 043-3251199
F 043-3259353
E info@ami-consultancy.com

AMI Den Haag
Herderstraat 10
2512 CV Den Haag
T 070-3629922
F 070-3629921
E info@ami-consultancy.com

www.ami-consultancy.com

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