WEEK 2

Thursday, March 24, 2022 9:56 AM

ALIGNING PROJECTS WITH BUSINESS

STRATEGY

Most organizations face hundreds of problems and opportunities for improvement and consider potential projects to address them. These organizations—both large and small—cannot undertake most of the potential
projects identified because of resource limitations and other constraints. Therefore, an organization's overall mission and business strategy should guide
the project selection process and prioritization of those projects.

Strategic Planning

Successful leaders look at the big picture or strategic plan of the organization to determine what projects will provide the most value. The same can be said for successful individuals. No one person can do everything, so individuals must pick projects to pursue based on their talents, interests, limitations, and other criteria. Strategic planning involves determining long-term objectives by analyzing the strengths and weaknesses of an organization, studying opportunities and threats in the business environment, predicting future trends, and projecting the need for new products and services. Strategic planning provides important information to help organizations identify and select potential projects.

Mission: To provide leadership, institutions, and services to restore and improve the health of children through care and programs not readily available, with one high standard of quality and distinction regardless of the recipient's financial status. **Vision**: Freedom from disabling conditions.

Goals:

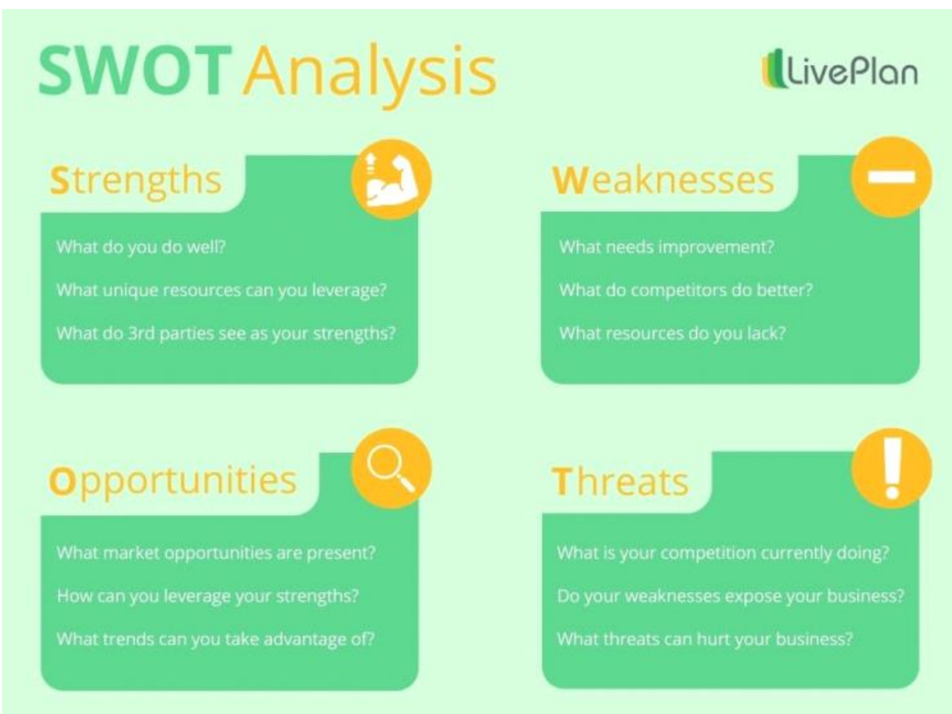
1. Be a leader in improving children's health through our integrated health system; becoming a pre-eminent voice for children
2. Care for each and every child as if they were our own
3. Be a great place to work
4. Be effective stewards of all of our assets, continually improving them to advance our mission

SWOT Analysis

Many people are familiar with SWOT analysis—analyzing **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats—which is used to aid in strategic planning.

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Stewardship	Financial strength	Slowdown in managed care rate increases	External funding of biomedicalresearch	Cost pressures (labor & professional liability)
	Support from the Trust	Declining state revenues	Charitable giving to Nemours	Bad debt particularly related to growing uninsured & underinsured population
	Debt capacity	Declining revenue sources for community organization partners	Approaching 2008 elections to be able to educate candidates	Medicaid reimbursement
	Triple A credit rating & low cost of capital	Office of Development infancy		Significant capital needs
				Change in DE Governor in 2008
Customers	Prevention & Advocacy programs unique among providers	Decline in inpatient admissions	Advocate changes in policies, programs & practices to support child health	Unreimbursed preventative services
	Focus on children's health	Patient and family dissatisfaction as relates to access i.e., phone, scheduling,website navigation	Increase market share in Delaware & Florida	Intense competition in Delaware Valley
	Respected as an expert in child health & health matters		Branding Nemours & other social marketing	Declining birth rate & flat demographics in Delaware
				Litigious environment
Process	Integrated child health system	Infrastructure needs at AIDHC	Distinguishing ourselves in clinical quality, patient safety & child health promotion	Consumer-driven health plans
	Robust electronic environment, commitment to use IS in clinical care		Improve service excellence	Pay-for-performance
	Priority on patient safety & quality			Price transparency
	Special programs: Kidshealth, NHPS & BrightStart!		Address access issues (phone, appointments, bundling)	Inflation on capital projects
	Community & government partnerships to advance policy & practice change in prevention		Integration of clinical treatment and community-based prevention	Technology obsolescence
People	Quality health care professionals & delivery	Competitive pay & benefits package particularly for physicians	Culture change initiatives	Pediatric specialist & nursing shortages
	Low vacancy rates	Organizational culture		Aging workforce
	Below industry turnover rate	Performance management		"Whitewater" change
		Staffing requirements in Orlando		Erosion of trust

Figure 2-1. Sample SWOT analysis (Nemours)



Why do a SWOT Analysis?

When you take the time to do a SWOT analysis, you'll be armed with a solid strategy for prioritizing the work that you need to do to grow your business.

You may think that you already know everything that you need to do to succeed, but a SWOT analysis will force you to look at your business in new ways and from new directions. You'll look at your strengths and weaknesses, and how you can leverage those to take advantage of the opportunities and threats that exist in your market.

Who should do a SWOT Analysis?

For a SWOT analysis to be effective, company founders and leaders need to be deeply involved. This isn't a task that can be delegated to others.

But, company leadership shouldn't do the work on their own, either. For best results, you'll want to gather a group of people who have different perspectives on the company. Select people who can represent different aspects of your company, from sales and customer service to marketing and product development. Everyone should have a seat at the table.

Innovative companies even look outside their own internal ranks when they perform a SWOT analysis and get input from customers to add their unique voice to the mix.

If you're starting or running a business on your own, you can still do a SWOT analysis. Recruit additional points of view from friends who know a little about your business, your accountant, or even vendors and suppliers. The key is to have different points of view.

Existing businesses can use a SWOT analysis to assess their current situation and determine a strategy to move forward. But, remember that things are constantly changing and you'll want to reassess your strategy, starting with a new SWOT analysis every six to 12 months.

For startups, a SWOT analysis is part of the business planning process. It'll help codify a strategy so that you start off on the right foot and know the direction that you plan to go.

How to do a SWOT analysis the right way

As I mentioned above, you want to gather a team of people together to work on a SWOT analysis. You don't need an all-day retreat to get it done, though. One or two hours should be more than plenty.

1. Gather the right people

Gather people from different parts of your company and make sure that you have representatives from every department and team. You'll find that different groups within your company will have entirely different perspectives that will be critical to making your SWOT analysis successful.

2. Throw your ideas at the wall

Doing a SWOT analysis is similar to brainstorming meetings, and there are right and wrong ways to run them. I suggest giving everyone a pad of sticky-notes and have everyone quietly generate ideas on their own to start things off. This prevents groupthink and ensures that all voices are heard.

After five to 10 minutes of private brainstorming, put all the sticky-notes up on the wall and group similar ideas together. Allow anyone to add additional notes at this point if someone else's idea sparks a new thought.

3. Rank the ideas

Once all of the ideas are organized, it's time to rank the ideas. I like using a voting system where everyone gets five or ten "votes" that they can distribute in any way they like. Sticky dots in different colors are useful for this portion of the exercise.

Based on the voting exercise, you should have a prioritized list of ideas. Of course, the list is now up for discussion and debate, and someone in the room should be able to

make the final call on the priority. This is usually the CEO, but it could be delegated to someone else in charge of business strategy.
You'll want to follow this process of generating ideas for each of the four quadrants of your SWOT analysis: Strengths, Weaknesses, Opportunities, and Threats.

Questions that can help inspire your analysis

Here are a few questions that you can ask your team when you're building your SWOT analysis. These questions can help explain each section and spark creative thinking.

Strengths

Strengths are internal, positive attributes of your company. These are things that are within your control.

- What business processes are successful?
- What assets do you have in your teams? (ie. knowledge, education, network, skills, and reputation)
- What physical assets do you have, such as customers, equipment, technology, cash, and patents?
- What competitive advantages do you have over your competition?

Weaknesses

Weaknesses are negative factors that detract from your strengths. These are things that you might need to improve on to be competitive.

- Are there things that your business needs to be competitive?
- What business processes need improvement?
- Are there tangible assets that your company needs, such as money or equipment?
- Are there gaps on your team?
- Is your location ideal for your success?

Opportunities

Opportunities are external factors in your business environment that are likely to contribute to your success.

- Is your market growing and are there trends that will encourage people to buy more of what you are selling?
- Are there upcoming events that your company may be able to take advantage of to grow the business?
- Are there upcoming changes to regulations that might impact your company positively?
- If your business is up and running, do customers think highly of you?

Threats

Threats are external factors that you have no control over. You may want to consider putting in place contingency plans for dealing with them if they occur.

Traditional Project Planning Process

- Do you have potential competitors who may enter your market?
- Will suppliers always be able to supply the raw materials you need at the prices you need?
- Could t
- Is cons … business?
- Are the

Figure 2-3. Pyramid for a traditional project planning process

Figure shows a four-stage planning process for selecting projects. Note the hierarchical structure of this model and the results produced from each stage. Senior executives develop a strategic plan, laying out strategies for the next 3-5 years, as described in the previous section. They usually make slight adjustments to this plan each year and then ask directors and department managers to provide inputs and propose projects. It is very important to start at the top of the pyramid to select projects that support the organization's business strategy.

The four stages of this process include:

1. Strategic planning: The first step of the project selection process is to determine the organization's strategy, goals, and objectives. This information should come from the strategic plan or strategy planning meetings. For example, if a firm's competitive strategy is cost leadership, it should focus on projects that will help it retain its position as a low-cost producer.
2. Business area analysis: The second step is to analyze business processes that are central to achieving strategic goals. For example, could the organization make improvements in sales, manufacturing, engineering, information technology (IT), or other business areas to support the strategic plan?
3. Project planning: The next step is to start defining potential projects that address the strategies and business areas identified. Managers should discuss the potential projects' scope, schedule, and cost goals; projected benefits; and constraints as part of this process.
4. Resource allocation: The last step in the project planning process is choosing which projects to do and assigning resources for working on them. The amount of resources the

organization has available or is willing to acquire will affect
decisions on how many projects it can support.
Figure 2-3. Pyramid for a traditional project planning process
While making perfect sense, this four-stage project planning process can be very time-consuming. Organizations must be able to respond to the rapidly changing business environment. They can iterate this traditional process, making updates more frequently. Or they can use an agile approach.

Agile Approach to Project Planning

Much has been written on the topic of "agile" in the past few years. Oxford Dictionaries (July 2017) defines agile as "able to move quickly and easily." The same source even includes a definition specific to project management as follows: "Relating to or denoting a method of project management, used especially for software development, that is characterized by the division of tasks into short phases of work and frequent reassessment and adaptation of plans…agile methods replace high-level design with frequent redesign."
The next chapter describes agile project management in more detail, but it is important to note that an agile approach can be used to realize strategic direction. Jamie Barras, SPC4, CSM, PMP®, works for a major retailer in Minneapolis and uses her experience as an agile program manager to promote a more iterative approach to project planning. Jamie believes it is important to first instill an agile mindset where the team values continuous exploration of the customer and market. This exploration helps the team to set direction and define a roadmap of features needed to meet customer expectations. Roadmaps are then reviewed with leaders and aligned with strategy to drive the highest business value. In contrast to the traditional, top-down planning approach, an agile planning approach is much more flexible and allows teams to provide feedback to strategy which can influence a change in direction. It also allows the team freedom to pivot more frequently. Instead of selecting and funding a specific project, the corporation defines the strategic direction, funds teams, and entrusts them to figure out the best approach to define and deliver the greatest business value.
For example, like many large organizations, Jamie's company had a lot of legacy code which makes is difficult to deliver new business features compatible with mobile devices. Some legacy code was written in the 1970s, and it can take many years to convert the code to something more flexible. A team was formed to address this problem. After reviewing the code, the team outlined an approach to replacing the legacy system by defining and prioritizing the key features needed to meet the needs of the users. They provided the new features based on the value they drove for the business, and continuous feedback influenced the next set of features to deliver. By using an agile approach, the business value was realized much faster. Other organizations, including Google, Netflix, and Amazon, are well-known for agile project planning, allowing them to quickly adapt to constant changes.

METHODS FOR SELECTING PROJECTS

Although people in organizations identify many potential projects as part of their strategic planning process (using a traditional, agile, or combination approach), they also identify projects by working on day-to-day operations. For example, a project manager overseeing an apartment building project might notice that some workers are much more efficient than others are. He or she might suggest a project to provide standardized training on specific skills. A marketing analyst might notice that competitors are using new forms of advertising and suggest a project to respond to this competition. It is important for organizations to encourage workers at all levels, as well as customers, to submit project ideas because they know firsthand what problems they are encountering and what opportunities might be available.

How do senior managers decide which of the many potential projects their organization should pursue? Some projects directly support competitive strategy and are easy choices, but other project ideas require additional thought and analysis. However, organizations need to narrow down the list of potential projects due to resource and time constraints and focus on projects that will be most beneficial. Most large organizations go through a preliminary project prioritization process annually. For example, early each fall Exxon Mobil Corporation's IT organizations work with all their internal client organizations worldwide to identify potential IT projects and resource requirements for the coming year. This process takes about three weeks, followed by meetings to discuss and prioritize potential projects and agree to cut-off lines based on the availability of funds and other resources. Senior management then reviews the prioritized list of potential projects as part of the corporation's fall company planning and budgeting process.

Selecting projects is not an exact science, but it is a critical part of project, program, and project portfolio management. Many methods exist for selecting from among possible projects. Common techniques include:

- Focusing on competitive strategy and broad organizational needs
- Performing net present value analysis or other financial projections
- Using a weighted scoring model
- Implementing a balanced scorecard
- Addressing problems, opportunities, and directives
- Considering project time frame
- Considering project priority
- In practice, organizations usually use a combination of these

approaches to select projects. Each approach has advantages and disadvantages, and it is up to management to decide the best approach for selecting projects based on their particular organization. In any case, projects should first and foremost address business needs.

PROGRAM SELECTION

After deciding which projects to pursue, organizations need to decide if it is advantageous to manage several projects together as part of a program. There might already be a program that a new project would logically fall under, or the organization might initiate a program and then approve projects for it. Recall that a program is a group of related projects, subsidiary programs, and program activities managed in a coordinated manner to obtain benefits not available from managing them individually.

Focusing on Coordination and Benefits

What does it mean to manage a group of projects in a coordinated way? Project managers focus on managing individual projects. Project managers and their teams have to do many things to achieve individual project success. For example, for projects to build a new house, some of the activities include:

- Working with local government groups to obtain permits
- Finding and managing a land excavation firm to prepare the land
- Coordinating with an architect to understand the house design
- Screening and hiring various construction workers
- Finding appropriate suppliers for the materials

If a construction firm is in charge of developing several houses in the same geographic area, it makes sense to coordinate these common activities for all the housing projects instead of doing them separately.

What benefits and control would be possible by managing projects as part of a program? There are several. For example, potential benefits in the housing program scenario include the following:

Saving money: The construction firm can often save money by using economies of scale. It can purchase materials, obtain services, and hire workers for less money if it is managing the construction of 100 houses instead of just one house.

Saving time: Instead of each project team having to perform similar work, by grouping the projects into a program, one person or group can be responsible for similar work, such as obtaining all the permits for all the houses. This coordination of work usually saves time as well as money.

Increasing authority: A program manager responsible for building 100 houses will have more authority than a project manager responsible for building one house. The program manager can use this authority in multiple situations, such as negotiating better prices with suppliers and obtaining better services in a more timely fashion.

Five Levels of Project Portfolio Management

As you can imagine, it takes time to understand and apply project portfolio management. You can develop and manage a project portfolio in many ways. Just as projects are unique, so are project portfolios.

An organization can view project portfolio management as having five levels, from simplest to most complex, as follows:

1. Put all of your projects in one list. Many organizations find duplicate or unneeded projects after they identify all the projects on which they are working.

2. Prioritize the projects in your list. It's important to know which projects are most important to an organization so that resources can be applied accordingly.

3. Divide your projects into several categories based on types of investment. Categorizing projects helps you see the big picture, such as how many projects are supporting a growth strategy, how many are helping to increase profit margins, how many relate to marketing, and how many relate to materials. Organizations can create as many categories as they need to help understand and analyze how projects affect business needs and goals.

4. Automate the list. Managers can view project data in many different ways by putting key information into a computerized system. You can enter the project information in spreadsheet software such as Excel. You might have headings for the project name, project manager, project sponsor, business needs addressed, start date, end date, budget, risk, priority, key deliverables, and other items. You can also use more sophisticated tools to help perform project portfolio management, such as enterprise project management software, as described in Chapter 1.

5. Apply modern portfolio theory, including risk-return tools that map project risks. Figure 2-12 provides a sample map to assist in evaluating project risk versus return, or business value. Each bubble represents a project, and the size of the bubble relates to its approved budget (that is, the larger bubbles have larger budgets). Notice that there are not, and should not be, projects in the lowerright quadrant, which is the location of projects that have low relative value and high risk.