Aligning Program Management to Business Strategy

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Introduction

Managers at several companies have expressed concern to us that in today's business environment they face misalignment between their firm's strategic objectives and the corresponding ability to effectively identify, manage and successfully deliver on the projects targeted to achieve the business's strategic objectives. These same managers have further identified a key contributor to this dilemma is a lack of sufficiently trained personnel possessing the requisite business, leadership and management skills to align execution with strategic intent. We agree with this assessment, and have found that this skills gap can be appropriately filled by qualified individuals representing the program management discipline as demonstrated by the companies we work for – Intel Corporation and Tektronix, Inc.

We define program management as *"The coordinated management of interdependent projects over a finite period of time in order to achieve a set of business objectives"*[1]. Although all projects and programs deliver the tactical and operational deliverables, the real power of program management is the integration and management of highly interdependent projects to deliver a product that contributes to the achievement of a company's strategic objectives and desired business results. In this final article of our series we will describe how program management is utilized to align strategy to execution activities, and in doing so, we'll demonstrate what it means to manage multiple interdependent projects in the context of delivering the whole product to the market. Additionally, we will demonstrate how program management fits within an integrated product development system.

Misalignment of Strategy and Execution

As stated above, a critical component contributing to the misalignment between strategy and execution is a lack of core capabilities and skills to orchestrate identified strategies into actionable plans across the functions of the organization, then to drive the execution of the plans to deliver the intended business results. Figure 1 graphically illustrates the identified gap between strategic elements and project execution which exists in many organizations today.

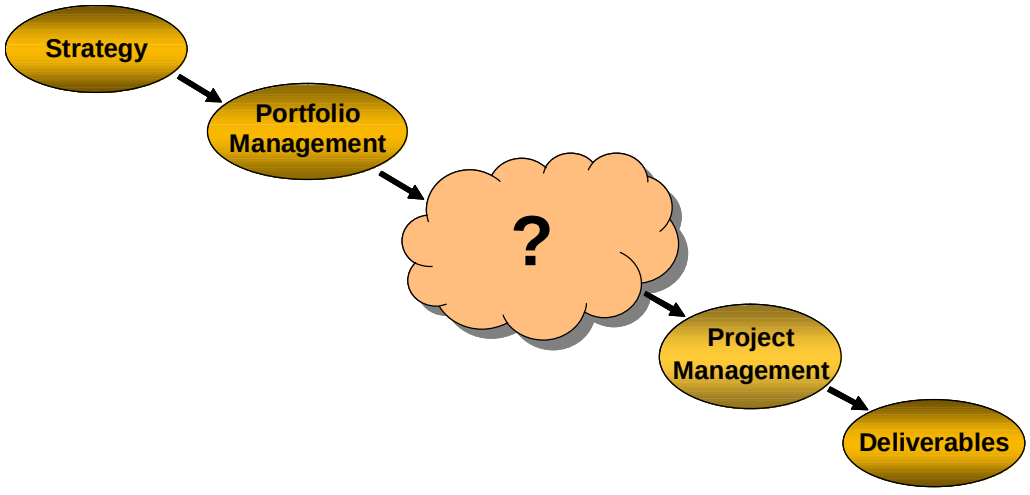

Figure 1: Gap between Strategy and Project Execution

Some authors and consultants believe this skills gap should be filled by re-focusing project managers toward a strategic and business-oriented role. This approach has two critical flaws: 1) it fails to recognize that the project management discipline and training is focused on the tactical aspects of planning and execution, and does not prepare the project manager for the broader strategic and business-oriented role, and 2) it fails to recognize that program management already effectively and successfully fills this skill gap in many organizations and industries. The program management discipline brings the requisite skills, abilities and business acumen to perform this critical strategic role. As illustrated in figure 2, when the program management function is employed, the gap between strategic elements and project execution is effectively eliminated.

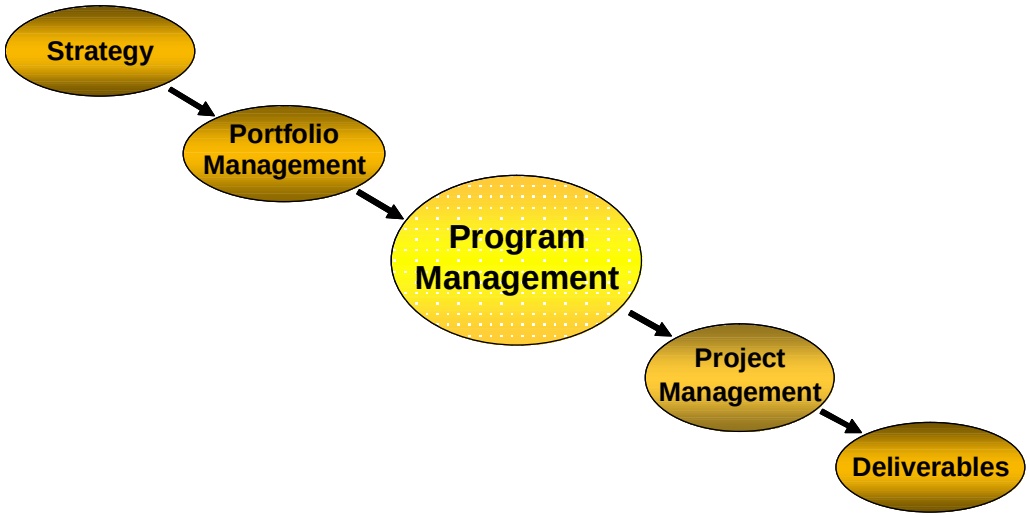

Figure 2: The Glue That Binds Strategy to Project Execution

We view program managers as the organizational "glue" that can translate strategic and business objectives into actionable plans, and then manage the product development tactics into deliverables that achieve the desired business result.

Linking Strategy, Program Management and Project Management

Many organizations engage in yearly strategic planning activities that focus on the identification of long-range business objectives, as well as high-level plans on how to achieve the objectives. Good strategic management practices identify *what* an organization wants to achieve (strategic objectives) and *how* they will be achieved (strategies) over the strategic time horizon – typically three to five years. Strategic objectives may include financial return on investment, market share increase, new market penetration, or technology advancement to list a few. For product development companies, strategy consists primarily of a collection of product ideas that, when turned into tangible products, contribute to the achievement of the primary business objectives.

As an example, Intel identified a *strategic objective* several years ago to converge computing and wireless communication technologies into a single product solution. Legacy solutions involved a microprocessor to handle computing, and a separate component or add-in card for wireless communication for the personal computer. The *strategy* to achieve this technology convergence objective involved the development of a new family of microprocessors that combine the two technologies. The market now knows the products as the Centrino™ family of microprocessors.

Our companies use program management to direct the activities involved in implementing strategy. In the example above, a program manager is responsible for the development and launch of each

new Centrino™ microprocessor into the market. In doing so, s/he is responsible for executing the strategy in the form of a product development and launch, as well as achievement of the strategic objectives that the product was conceived to support. Therefore, development and delivery of the product is the means to achieve the business results intended.

Figure 3 illustrates the closed-loop relationship between strategy, program management, and project management in the development and delivery of a product. In order for the program manager to execute on the development of the product, s/he must lead multiple interdependent project teams in the synchronized development of the individual elements of the product. This in turn provides the ability to complete the development of the whole product and achieve the targeted strategic objectives. This key role of the program manager is discussed in a previous article in this series entitled "Program Manager Roles and Core Competencies"[2].

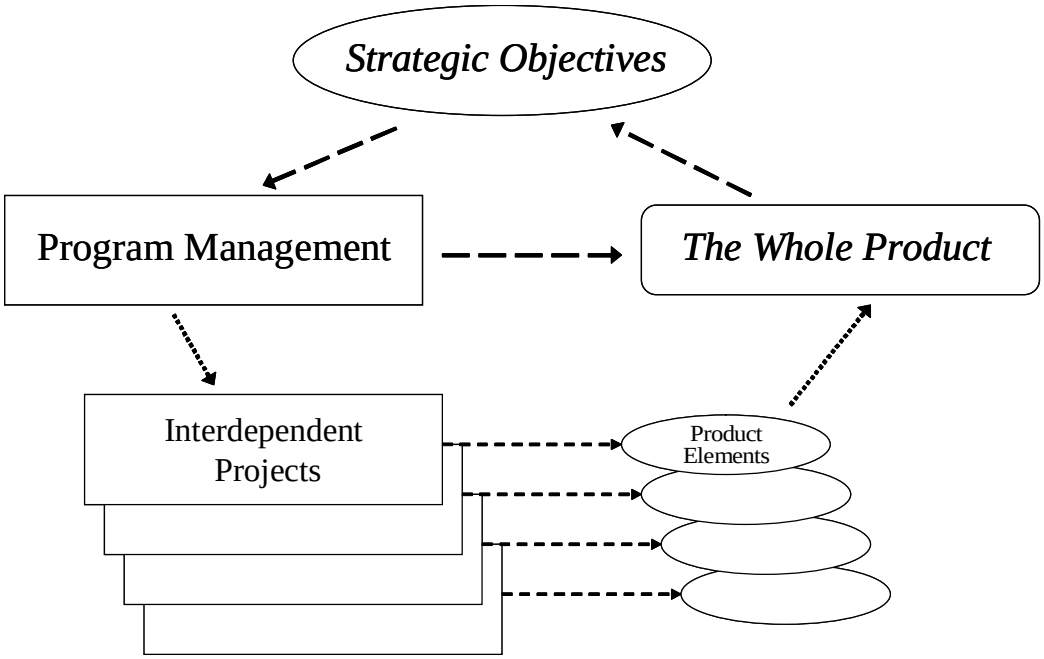

Figure 3: Strategy, Program Management and Product Development

Program Management and the Whole Product

To better understand what it means to manage multiple interdependent projects in the high-tech product development industry, it helps to look at the concept of the whole product. This concept was discussed by Geoffry Moore in his book, "Crossing the Chasm"[3] (Moore, 1991) Mr. Moore defines the whole product as the product providing the maximum chance of achieving the buyer's objective. In the case of a personal computer, this would include a variety of additional features and capabilities such as applications software, hard disk drive, printer, as well as a variety of services such as customer hot line, training, etc. He indicates that the whole product concept is key to meeting the customer's expectations in the broader market.

We extend the concept of the whole product further to explain the relationship between program and project management in developing high-tech products. As figure 4 illustrates, program managers are responsible for the development and delivery of the whole product *to the market*, while project managers are responsible for development and delivery of the individual elements of the product *to the program*.

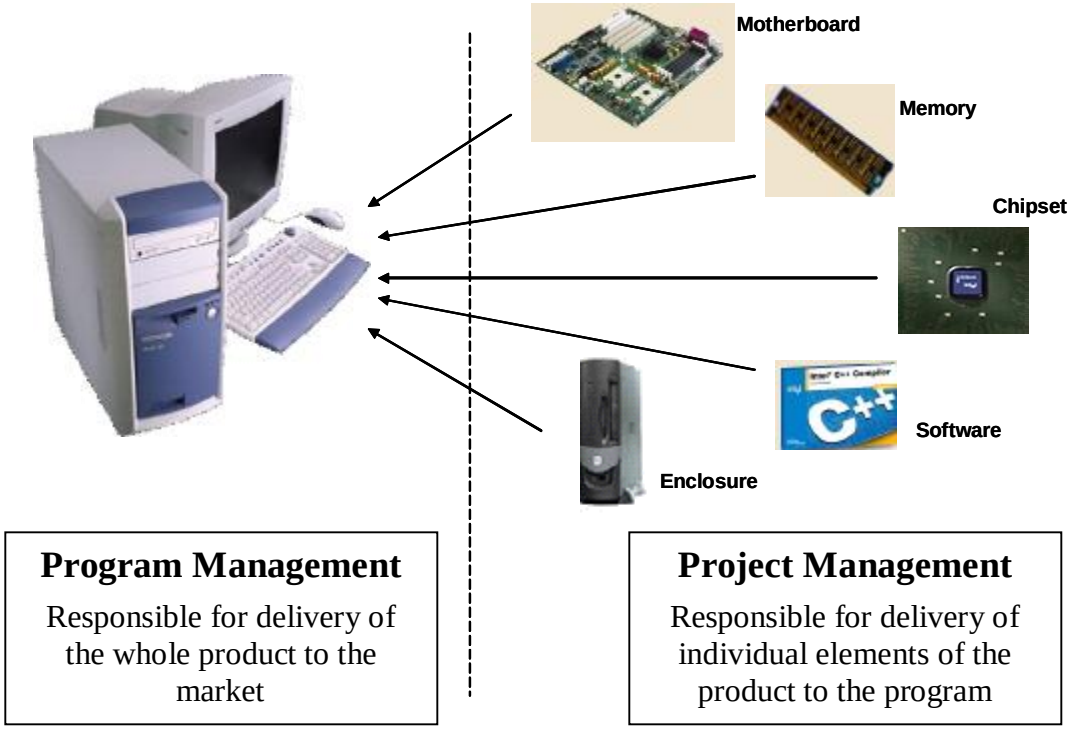

Figure 4: Developing the Whole Product

In this example, the program manager is responsible for the development of the entire personal computer, as well as achievement of the business objectives for which the computer was conceived. Each project manager is responsible for the planning, execution, and delivery of their respective element of the product. In this case, the enclosure development is a project, software development is a project, component development is a project, memory board development is a project, and motherboard development is a project. To deliver the whole product, all projects become highly interdependent with on other.

Now that we have the relationship between strategy and program management defined, as well as the relationship between program management and project management characterized, we can demonstrate how they interact as parts of an integrated product development system.

Putting it all Together: The Product Development System

It's important to look at product development as an integrated system rather than a collection of loosely dependent processes. Figure 5 illustrates such a model.

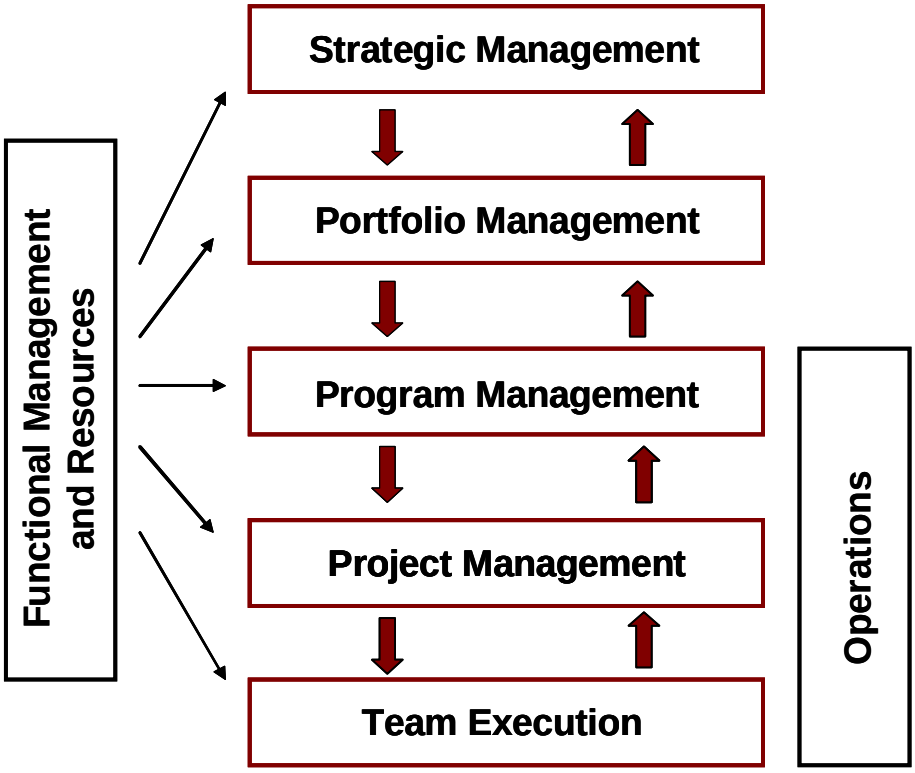

Figure 5: Integrated Product Development System

Beginning with the strategic aspect of the model, strategic objectives must be the basis for creating, selecting and developing new products. As outlined earlier, the strategic management function identifies the long-range objectives and strategies within an organization. For product development companies, strategy consists of a collection of product ideas that when fully developed will contribute to the attainment of the objectives.

It is usually the case however, that an organization has many more product ideas than resources to develop them. Portfolio management is an effective process used to identify and prioritize product ideas that best support attainment of the strategic objectives. Product ideas are ranked and prioritized based upon a set of criteria that represents 'value' to the customer and the organization. Resources are then assigned to the highest value and most strategically significant product ideas. Low value product ideas must be killed, returned for redefinition, or put on hold until adequate resources are available.

The role of program management is to attain the value proposition identified by the portfolio management process by delivering the whole product to the market place. If the value proposition is attained, the product will contribute to the achievement of the strategic objectives. Program managers deliver the whole product through coordinated management of multiple interdependent projects that are synchronized through the framework of a common lifecycle. As the term implies, interdependent projects are those that have a mutual dependence on the output of other projects to achieve success. Said another way, the successful completion of deliverables from one project is needed for the successful completion of other projects.

Project management involves the development and execution of the project plan for each element of the product. It focuses on the tasks, milestones and deliverables required to develop and deliver each respective element. Project management and team execution constitute the tactical element of the

model. As one senior manager recently related to us, “project managers and their teams are the ones getting the job done – they are the doers”.

The model would not be complete without the functional managers and operations teams that provide resources and critical support to the other elements of the product development system.

It is not by accident that program management is in the center of the model – program management is the ‘glue’ between the strategic and tactical processes needed to develop and launch a new product into the market.

Conclusion

This completes our six-part series on program management. Throughout this series, we have tried to demystify program management by providing a clear definition for program management and explaining the direct link between business strategy and program management. Additionally, we characterized the relationship between program and project management while explaining some of the key differences between them. We further explained how program managers can effectively identify and manage the critical business success factors, as well as manage program level risk on product development efforts. Lastly, we touched on the primary roles and core competencies for highly successful program managers, and how a program management office can provide the critical support needed for the program managers within an organization. We thank David Curling for the opportunity to create this series of articles and we hope you have enjoyed reading this series as much as we have enjoyed writing it!

References

[1] PDMA Visions Magazine, Volume XXVIII No. 1, January 2004

[2] PM World Today, Volume VI Issue 6, November-December 2004

[3] Crossing the Chasm, by Geoffrey A. Moore, Harper Business, 1991

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Russ Martinelli, Manager of Program Management Methods at Intel, has many years of experience in System Engineering, General Management, and Project and Program Management in the high-technology and aerospace industries. Russ is the chairman of Intel's Program Management Community of Practice, and an Adjunct Professor for IT Business Systems at the University of Phoenix in Portland, Oregon.

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