

# THE IMPLEMENTATION OF CORPORATE STRATEGIES THROUGH THE USE OF AN ENTERPRISE PROJECT MANAGEMENT MODEL (EPMM) - THE CASE OF TELECOMMUNICATION OPERATOR

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Strategic planning can be defined as the process of creating value for stakeholders by thinking through and articulating how an organization's goals and objectives will be achieved. This process demands organizations to effectively link strategic objectives with functional objectives down at operation levels. Much of the strategic planning literature tends to focus only on the elements that are concerned with the formulation of strategy at the corporate level; but the means of how to translate them into operational plans is not covered, Morris *et al* (2004). The usage of project management principles is changing from being concerned with individual competencies related to the implementation of individual projects towards organisational competencies related to the implementation of a portfolio of projects executed in order to achieve corporate strategies. For example, the recent development of the Organisation Project Management Maturity Model (OPM3) introduced by the Project Management Institute (PMI) is a move towards the utilisation of project management concepts and processes as tools to achieve organisational strategies. Projects are required to translate corporate strategies into workable solutions through effective implementation of project lifecycle processes with clear control between the phases through stage-gate management. This paper is based on a postgraduate research study that aims at developing an Enterprise Project Management Model (EPMM) to be used as a tool to implement organizational strategies. The context for this action-research study is a large international telecommunication operator. The paper will evaluate available literature related to the concepts associated with strategic planning processes, and enterprise project management processes. Also, qualitative data were collected from the field and analysed. The results demonstrate the need for the EPMM to enhance the strategic focus in the organization chosen for the research.

**Keywords:** strategic planning, project management process models, enterprise project management, maturity models

## INTRODUCTION

Organizations are required to compete to gain competitive advantage and high value for their stakeholders. The strategic planning process is defined as the tool for achieving these results. It is defined as the process of thinking through and articulating how an organization achieves its corporate goals and objectives. The processes of formulation and measurement of strategies are well covered in the literature; however

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there is a dearth of writing about how corporate strategies get translated into project and program management strategies, (Morris, 2004, Aaltonen and Ikavalko, 2001).

This paper will report the literature review on both the strategic management and the use of project management as tools to derive strategies; also, it will present the initial findings from qualitative data collected through interviews with staff in different industries so as to establish benchmarks for comparison with the data to be collected from within the research organization.

## LITERATURE REVIEW

### Strategic Management

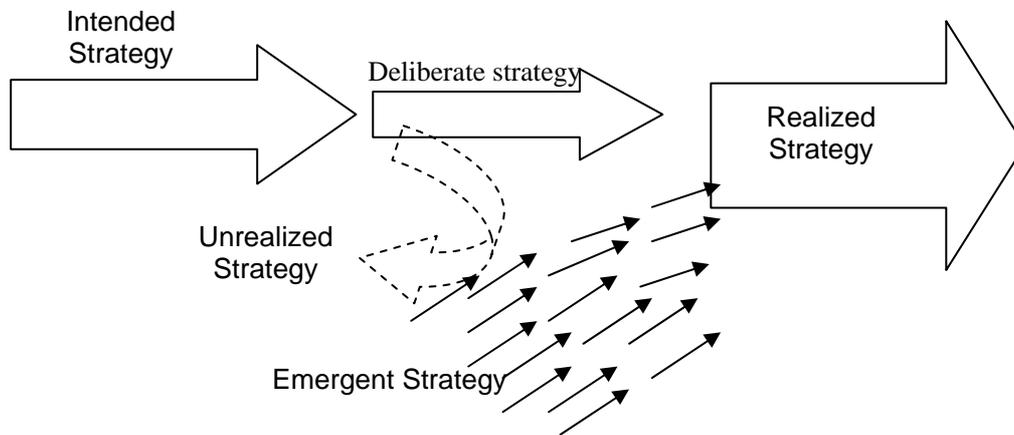
The term strategy is derived from the ancient Greek word, *Strategos*, which referred to attributes of the general commander in the army, (Artto *et al*, 2004).

Mintzberg *et al*, 1995, expanded the use of the word strategy to include the skills of management to employ resources to overcome opposition. The definition of strategy varies in the literature. For instance, Wright *et al* (1992) defined it as: “top management’s plans to attain outcomes consistent with the organization’s missions and goals”. However, Mintzberg (1998) argues that strategy can not have one definition due to its complex nature in terms of its usage; instead he defines it using the concept of five P’s (Plan, Ploy, Pattern, Position, and Perspective). So, it is obvious that strategy can be viewed as a process that deals with translating the vision and mission of the company into actions.

According to Shaw (2000), strategic management is the procedure by which an organization: builds, controls and evaluates its future direction. It focuses on the organizational commitment to maximize current business opportunities while maintaining long term market growth. It is a dynamic process that needs to respond to changing market demands.

Also, strategic management is the process of strategy formulation and implementation. Literature review reveals that there is a clear distinction between the content of strategy and the process of strategy formulation and implementation (Chaffee, 1985). The content of strategy is viewed as part of decision making process within organizations at the various levels of management. This has emphasized on the extent and type of involvement of individuals in the organization or its stakeholders in the strategy process (Hart, 1992). Since strategy is the means of achieving the organization’s mission and goals, therefore, it is an important concern of the whole organization and not just the top management.

Also, the strategy contains two parts: the deliberate and the emergent. The deliberate is the one that is intended and realized by the organization; however, the emergent strategies are those that are unintentional, they emerge during the implementation of the intended strategies. Mintzberg (1978) developed a model that identifies (figure 1 below) the relationship between an organization's intended strategy and its realized strategy.



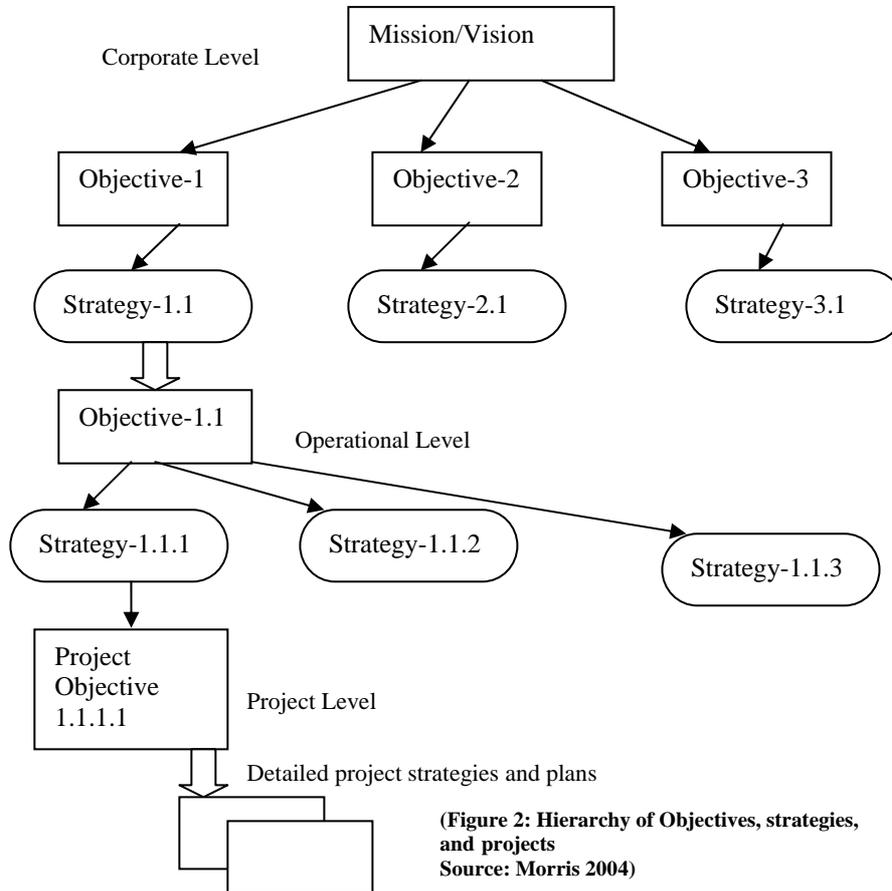
(Figure 1: The Relationship between Deliberate and Emergent Strategies, source: Mintzberg et al, 1985)

The emergent strategy concept is based on organizational learning and works to identify strategy as the cumulative result of operational decisions (Artto *et al*, 2004). It has to be accommodated in the organization's strategic plan, as it consists of actions of individual's at all organizational levels during the execution phase. To minimize the interruption of emergent strategies, it is necessary to have flexibility on the business plan during planning phase, and strategic decisions should be based on detailed survey of the internal and external environment through the technique of SWOT (Strength, Weakness, Opportunity and Threat) to move from broad concepts toward specific strategic objectives (Quinn's 1995).

The concept of Scenario planning is first developed and applied by the Royal Dutch Shell Company on the early 70s to anticipate and respond effectively to the fluctuation of oil prices- and resulted in Shell becoming the world's major oil company (Ringland, 1998). It is defined as "a systematic way to develop and test plans and strategies, especially in uncertain times, by creating possible futures to test them (Australian Bureau of Rural Sciences, 2004). While the conventional SWOT technique identifies uncertainties in the planning exercise, scenario planning might reduce the uncertainties by examining as many scenarios as required. Therefore, the use of SWOT and Scenario planning techniques is suggested in this study to counteract the weaknesses in SWOT, which is the analysis of the external and internal situation of the company but does not allow testing of the strategies.

After analyzing the organization's operating environment, strategic objectives are defined to achieve the mission and vision. Then, the corporate strategic objectives are translated into operational strategies, then, these strategies are further translated into project strategies (or tactics). Archibald (2003) developed a model, Figure 2, that maps the structure and relationship of objectives and strategies at corporate, operational, and project levels (Morris *et al* 2004). Such model is an initial attempt

that explains how strategies are translated from corporate level into project level, but it does not point out the complexity of the processes that govern such translation nor the tools to effectively implement the programs and projects like value management, resource management, and stakeholder analysis, this gap in performance delivery is at the core of this PhD research.



The Key Performance Indicator concept is recognized as the control system of the intended performance of the actions. The Balance Scorecard (BSC), introduced by Kaplan and Norton (1996) is a good example of such control systems that measures the performance of an organization in enhancing the achievement of organizational goals (Arto, 2004).

The BSC is used to derive measures related to both the organization’s vision and strategy, and the project-specific objectives. Such measures fall into the following four perspectives (Kaplan *et al* 1996):

- Customer
- Financial
- Internal Business Process
- Learning and Growth

The BSC is a tool that measures the performance of the task after it had been achieved, and it depends on the inputs of the responsible staff when reporting their achievements on their tasks so the quality of the inputs data will dictate the output results. As a result, the BSC is a good performance measurement tool but does not guarantee the implementation of the strategies. The aim of this research project is to strongly link the strategy formulation process with the implementation process and performance is measured using the BSC technique.

### **Project Management**

The application of project management has shifted from being used to deal with managing individual projects to managing portfolio and programs as part of overall strategic objectives of organizations. The shift has been derived by the need to link the project performance with overall business objectives through portfolio and program management, and project strategy as the majority of projects take place as part of a portfolio of several projects under the umbrella of multiple programs (Morris *et al* 2004, Turner and Simister 2000). The Project Management Institute defined organizational project management as: “the application of knowledge, skills, tools, and techniques to organizational and project activities to achieve the aims of an organization through projects, programs and portfolios” (PMI-OPM3, 2003). The program and portfolio management approaches concentrate on prioritizing the resources between the various projects to optimize the business benefit (Kerzner 2000). Archer and Ghasemzadeh (1999) argued that portfolio management is all about the selection and prioritization of resources between the projects or programs. However, program management is about the management of the daily activities of the program to deliver business value (Office of Government Commerce 1999; Wheelwright and Clark 1992). The Association for Project Management (APM) defines program management as managing any or all of the following (APMBoK, 2000):

- A portfolio of projects related to some common objective;
- An organization’s business strategy that is to be implemented through projects;
- The interdependencies between a number of projects;
- Resource allocation between portfolios of projects.

Partington *et al* (2005) looked at programme management as a corporate tool to achieve strategies, they define it as “the structure and processes that are used to co-ordinate and direct the multiple inter-related projects that together constitute an organization’s strategy. For instance, if the business objective is to launch a certain product, then, the program to meet such objective will contain the technical projects, commercial projects and marketing projects; all these projects have to be coordinated and integrated to meet the overall program objective.

Translating corporate strategies into program or project strategies is complex activity and involves many project management tools such as risk management, value management, scope management, and supply chain management; also, during this activity the project or program is viewed for its complete lifecycle (Morris *et al* 2004). Also, Grundy (2001) has proposed techniques to translate corporate strategies into

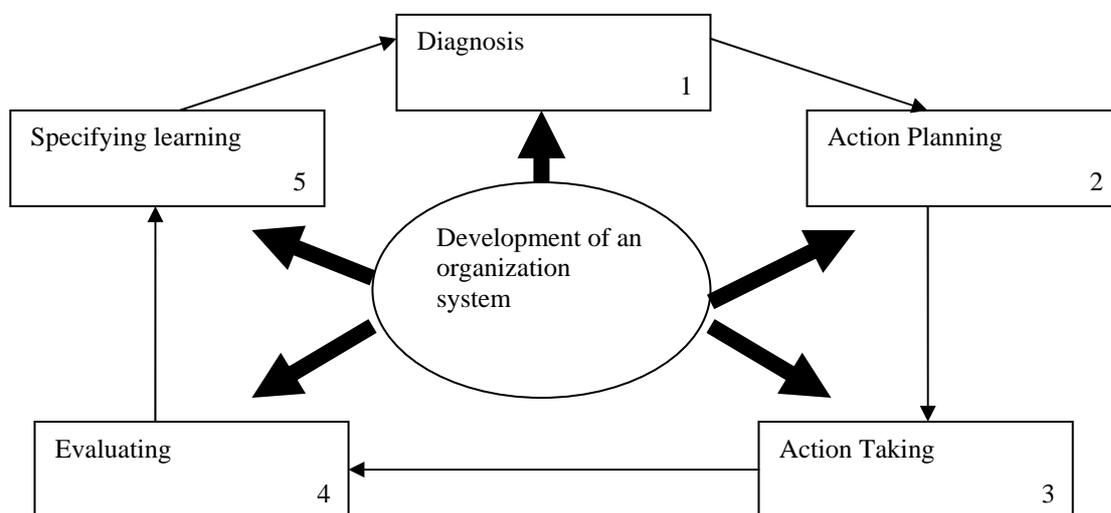
projects, programs, and/or portfolios, such techniques include: scenario planning, force-field analysis, stakeholder analysis, and attractiveness/implementation difficulty analysis.

Given the above tools and techniques it can be seen that, to effectively translate corporate strategies into project strategies, an integrated model of processes and tools is required to aid decision makers on the best approaches to select. Such processes and tools are not explicitly mentioned in the literature. For example, the PMIBoK (2000) and the APMBok (2000) focus on the project only in isolation from the overall business requirements. There is very little mention, in such reference documents about strategic planning, portfolio and program management.

## RESEARCH METHODOLOGY

This research is based on action research. Action research is defined as: "a general mode of inquiry that seeks to contribute to the practical concerns of people in a problematic situation and to the goals of social science within a mutually acceptable ethical framework" (Rapoport, 1970). Also (Elliot, 1991) defines action research as: "the study of a social situation with a view to improving the quality of action within it".

Action research involves a planned intervention of the researcher into a naturally occurring event. The processes of action research are described as iterative in nature; it follows the sequence as in the figure below (Susman, 1983):



(Figure 3: Stages of Action Research, Source: Susman, 1983)

Amongst the reasons behind the selection of this research methodology are:

- The researcher is part of the case study organization and has full access to the information,
- The problem that the research tries to address is practical in nature,
- Implementation is required during the research period to test the new research model,

- External market (liberalization of the market) demands the case study organization to undergo internal changes, which provide good environment for the research.

The exploratory nature of the research dictates that a qualitative data collection method has been adopted. The data are collected through seven semi-structured, face-to-face, interviews with strategic planning department heads/managers, general managers, or staff responsible for strategic planning in various industries as well as the research organization. The interviews were validated by the interviewees by commenting on the transcript via e-mail. The main objectives of the interviews are to:

- Serve as exploratory phase for the research project;
- Assess the competitive environment, structure and critical success factors for each company;
- Understand the processes of formulating business/strategic plans and the translation of such plans into actions in other industries and compare it with the processes used in the telecommunications industry;
- Understand the applications of project management;
- Establish the challenges that face the implementation of strategies.

The table, below, summarizes the interviews' details:

**Table 1:** Details of Interviews

| Company  | Industry                   | Interviewee (s)   |
|--|----------------------------|---|
| Large Construction (Subsidiary of International Firm)                      | Construction               | Regional Manager  |
| Oil & Gas Products and Service Stations (subsidiary of International Firm) | Retail                     | Corporate Affairs & Branding and Communication Managers |
| International Project Management Consultancy and Training                  | Service                    | Senior/Managing Consultant                              |
| Liquefied Natural Gas Plant  | Oil and Gas                | Finance Manager and Secretary of the Board              |
| Bank   | Financial Services         | Deputy GM, Corporate                                    |
| International Telecommunication Services' Provider (Vendor)                | Telecommunication Services | General Manager   |
| Telecommunication Operator (The Research Organization)                     | Telecommunication          | Strategic Advisor                                       |

## RESULTS

The interviews were analysed using a combination of thematic and comparative analysis methods (Dawson, 2002). The thematic analysis is about creating themes from the data during the data collection; and the comparative analysis is about comparing and contrasting the data collected from different people.

The results of the interviews can be summarized in the following themes:

- The corporate strategic planning process and the business planning process are similar across all the companies interviewed. All of the companies followed a top-down approach in their planning process, where strategies are evolved from the senior management (board, management teams or the international corporate office in the case of a subsidiary company). This theme is supported by: *“the process starts by the management team conducting brainstorming session....”*; *“the process of strategic/business planning is a top-down approach. It starts when the Chief Executive Team decides specific corporate directions”*; and *“the Board of Directors of the... which formulates, articulates and directs implementation of the corporate strategies and policies”* The translation of strategies into actions follows similar model that was suggested by Morris *et al*, 2004. However at the moment, the research organization does not follow similar model, instead the strategic planning process is *“regarded as a document and not as a process, and there is a distinction between the strategy development and implementation”* as quoted by the interviewee of the research organization,
- The strategies are monitored using methods such as: pure budget performance, the balance scorecard cascaded down to individual’s performance, key performance indicators, and responsibility matrix reviewed on periodic basis; as supported by the quotes from interviewees: *“SMART actions are set for all functional departments/units. Then, the functional managers transfer these actions into individuals’ tasks and targets plans”*; *“the budgetary process is the main tool used by the... to ensure implementation of the strategies and business plans”*; *“the action plans are assigned according to responsibility matrix”*; and *“the Balanced Scorecard technique, performance forum that meets in a monthly basis to review KPI’s...”*
- Project management is used only as an execution process for individual projects and not as a strategic implementation tool. Project management is used at *“micro-level to manage sites, resource allocations, scheduling and resource management”*; *“application of project management is limited to maintenance and support projects only (buildings, fencing, routine maintenance works)”*; *“project management is used to execute technical projects only, ... ”*; and *“projects are identified for implementation using project management techniques in the following areas: development of new projects and services, implementation of new IT systems, development/implementation of human development initiatives and major growth in new geographical or business areas”* quoted by the interviewees.
- The challenges that are faced during the execution of strategies are: corporate strategies developed by top-down approach by international firm may not be applicable to local market conditions, shortage of resources, and support processes & standards are not flexible, communication of the strategies and lack of project management skills. Evidences of this theme are: *“sometimes corporate strategies are not applicable to local market conditions”*; *“major challenges in the business: limited resources, financial approval process tends to be lengthy, standards are very strict”*; and *“the most critical challenges in execution of*

*strategies are the following: communication of strategies....., allocation of responsibilities to various business units and functions....., coordination of the actions of different teams and departments..., mobilization and allocation of adequate resources, and controlling the efficient use of available resources”*

## **CONCLUSION AND RECOMMENDATION**

The organization under investigation does not have quality strategic and business planning process, and no performance management process to ensure its strategies’ are implemented as compared to other organizations. Also, the project management processes are used at micro-level to manage individual projects in isolation of the overall company strategy. This is because of the monopolistic business environment of the organization, which secured business regardless of the quality of services. As a result, the demand for change in the internal processes was not the top priority for its management.

Therefore, it is recommended that a new model for the strategic planning and projects’ implementation processes is required to overcome the issues indicated above and to better prepare the organization for the upcoming competition. Also, development of such model will be a contribution to knowledge as it will be the first attempt of modeling the processes of how strategies for change are being implemented? The proposed model should integrate the strategies development and implementation, and allow for its implementation to be monitored by a performance management system. Further development, testing of the model, and specifying learning are the next phases of the research, which follow the same action research model suggested by Susman (1983). Testing the model will be through actual implementation on real projects as the researcher is a member in both the strategic planning and implementation teams in the research organization. The model will be evaluated after the implementation by conducting assessment through performance measurement factors for.

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