


PMI Portland  
many paths, ONE destination

2016 ANNUAL CONFERENCE  
AUGUST 26 & 27 OREGON CONVENTION CENTER

# Setting Strategic Direction

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**Alice said to the Cheshire Cat:**  
“Would you tell me, please, which way I ought to walk from here?”  
That depends a good deal on where you want to get to, said the Cat.  
I don't much care where -, said Alice.  
Then it doesn't matter which way you walk, said the Cat.”

Lewis Carroll, *Alice's Adventures in Wonderland*

John Tenniel [Public domain], via Wikimedia Commons

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## Why Strategy is Important

Strategic Planning:  
“Aim at the Right Targets”

Selection:  
“Do the Right Things”  
(also known as Portfolio Management)

Program & Project Management:  
“Do Things Right”

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## Separating Strategy and Tactics

**Strategy**

- Vital few objectives that establish organization’s overall long-term direction (3 or more years)
- Changes slowly
- Often transformational

**Tactics**

- Actions and decisions that move the organization forward along the strategic direction
- Focuses on medium term

**Projects and Operations**


- The day-to-day business of moving the organization forward
- Reactive and may change rapidly

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## Four Required Elements

- Evaluate current situation**
  - What internal and external factors will affect the strategic direction?
  - Typical technique: SWOT
- Set goals**
  - Define time-based and measurable objectives
  - Typical technique: Strategy map
- Create action plans and kick them off**
  - Resources needed: time, money, people, tools, partners
  - Risks, obstacles, and actions to overcome them
  - Action plans with clear definition of authority, responsibility, and accountability
- Monitor and steer**
  - Make frequent periodic checks against measurable objectives
  - Respond to issues, roadblocks, variances
  - Typical technique: BSC metrics



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## Exercise: Disconnects

What are the biggest disconnects that you observe between strategic planning and projects?

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SWOT

# 1: EVALUATE CURRENT SITUATION

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## Use SWOT to Evaluate Current Situation


<b>Analyze External Environment</b>	<b>Evaluate Internal Performance</b>
	
<b>Opportunities</b> ↓ <b>Capture</b>	<b>Strengths</b> ↓ <b>Exploit</b>
<b>Threats</b> ↓ <b>Counter</b>	<b>Weaknesses</b> ↓ <b>Mitigate</b>
<ul style="list-style-type: none"><li>■ Competitors</li><li>■ Suppliers</li><li>■ Procurement trends</li><li>■ Economic trends</li><li>■ Regulations</li><li>■ Political situation</li><li>■ Etc.</li></ul>	<ul style="list-style-type: none"><li>■ Sales, earnings, and cash flow</li><li>■ Technology</li><li>■ Operations</li><li>■ Service</li><li>■ Win rate</li><li>■ Etc</li></ul>

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## IntelliSense Background

1. Designs and installs intelligent industrial refrigeration control systems
2. Customers: grocery stores, distribution centers
3. Founded 8 years ago in Gresham
4. Currently thirty employees
5. Annual revenue \$38M and growing rapidly



1. Electricity use down 25%
2. Equipment reliability up 10%
3. Payback period 3 years

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## IntelliSense SWOT

Internal	Strengths	Weaknesses
	<ul style="list-style-type: none"> <li>Motivated and effective sales staff</li> <li>Reputation for high quality installations</li> <li>Our product has fast payback period</li> <li>Customers like the personal touch our field staff brings</li> <li>Our proprietary design software allows us to tailor solutions to customer's unique needs</li> </ul>	<ul style="list-style-type: none"> <li>Expense structure is high (including inventory) but too busy to work on it</li> <li>Staff is exhausted &amp; spread thin</li> <li>Can't keep up with rapid growth</li> <li>Haphazard project discipline &amp; operational infrastructure</li> <li>None of our staff has experience building a nationwide business</li> </ul>
External	Opportunities	Threats
	<ul style="list-style-type: none"> <li>Fastest growing company in segment</li> <li>Our local business is booming</li> <li>Competitive solutions are unreliable</li> <li>Kroger interested in upgrading all of their stores in the southern US</li> <li>Our competitors are stuck in the past and move slowly</li> <li>With enough development funding we can extend our technology to industrial air conditioners, opening up a major new market</li> </ul>	<ul style="list-style-type: none"> <li>Local presence only. No customers outside OR, WA, and ID, which concerns Kroger</li> <li>Takes a long time to hire new project managers, designers and field staff due to strong demand</li> <li>Our toughest competitor has a national presence and reputation</li> <li>Vulnerable to economic downturn</li> <li>Biggest competitor claims they will introduce a similar solution "soon"</li> </ul>

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Strategy Map

## 2: SET GOALS

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## Look for Intersections

The diagram consists of four Venn diagrams arranged in a 2x2 grid. Each diagram has two overlapping circles. The top-left diagram has a dark blue circle on the left labeled 'Strength' and a light blue circle on the right labeled 'Opportunity'. A grey arrow points down from the intersection. Below it is the text 'Leverage: apply existing strengths to take advantage of opportunity'. The top-right diagram has a dark blue circle on the left labeled 'Strength' and a light blue circle on the right labeled 'Threat'. A grey arrow points down from the intersection. Below it is the text 'Defend: use existing strengths to counter threats'. The bottom-left diagram has a dark blue circle on the left labeled 'Weakness' and a light blue circle on the right labeled 'Opportunity'. A grey arrow points down from the intersection. Below it is the text 'Grow: build new strengths to be able to respond to opportunity'. The bottom-right diagram has a dark blue circle on the left labeled 'Weakness' and a light blue circle on the right labeled 'Threat'. A grey arrow points down from the intersection. Below it is the text 'Survive: shore up gaps to prevent disaster'.

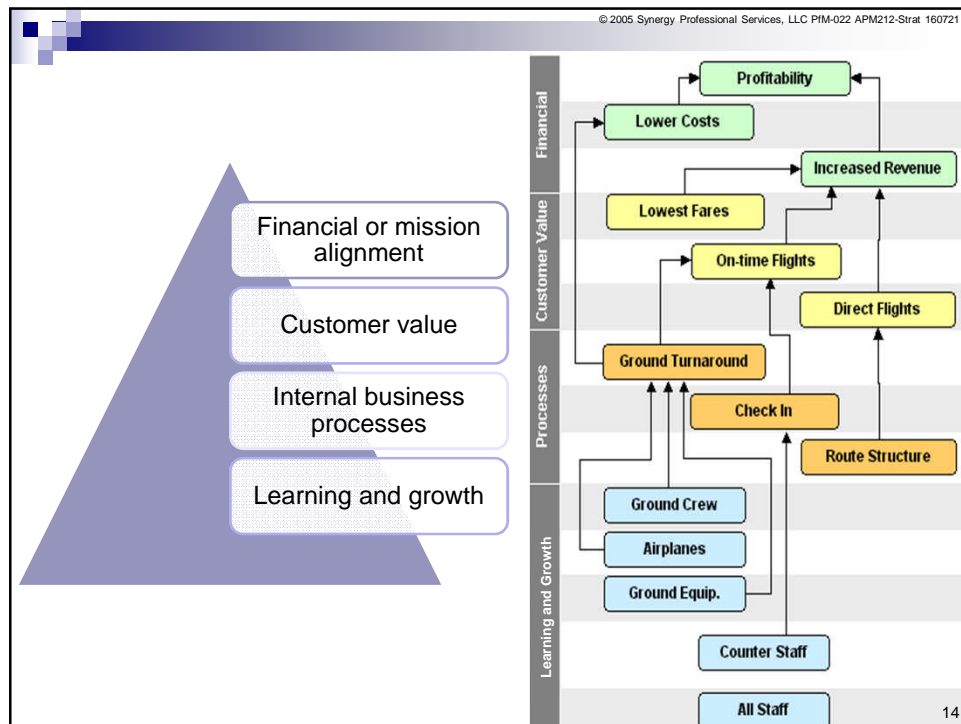
Leverage: apply existing strengths to take advantage of opportunity

Defend: use existing strengths to counter threats

Grow: build new strengths to be able to respond to opportunity

Survive: shore up gaps to prevent disaster

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## Exercise: Strategic Actions

Find 1 – 2 intersections and propose appropriate strategic actions for IntelliSense

Strategic Actions  
Roadmaps  
Strategic Portfolio

### 3: ACTION PLANNING

## Roadmap: Deliverable Oriented

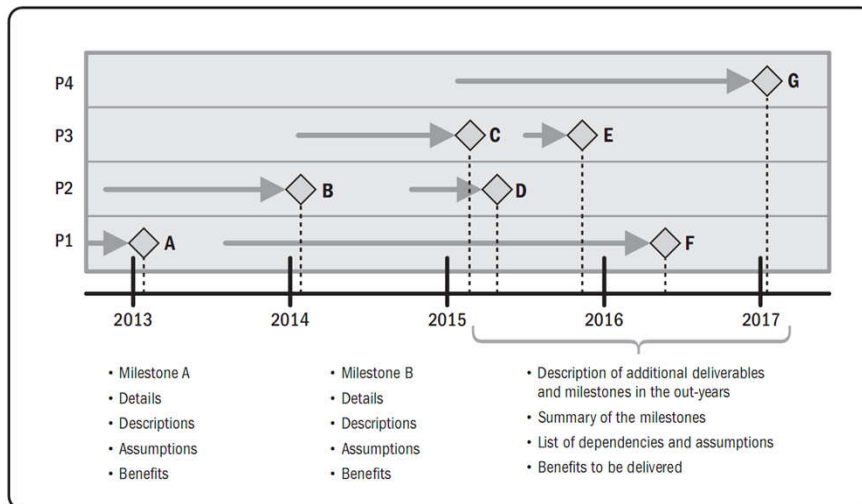
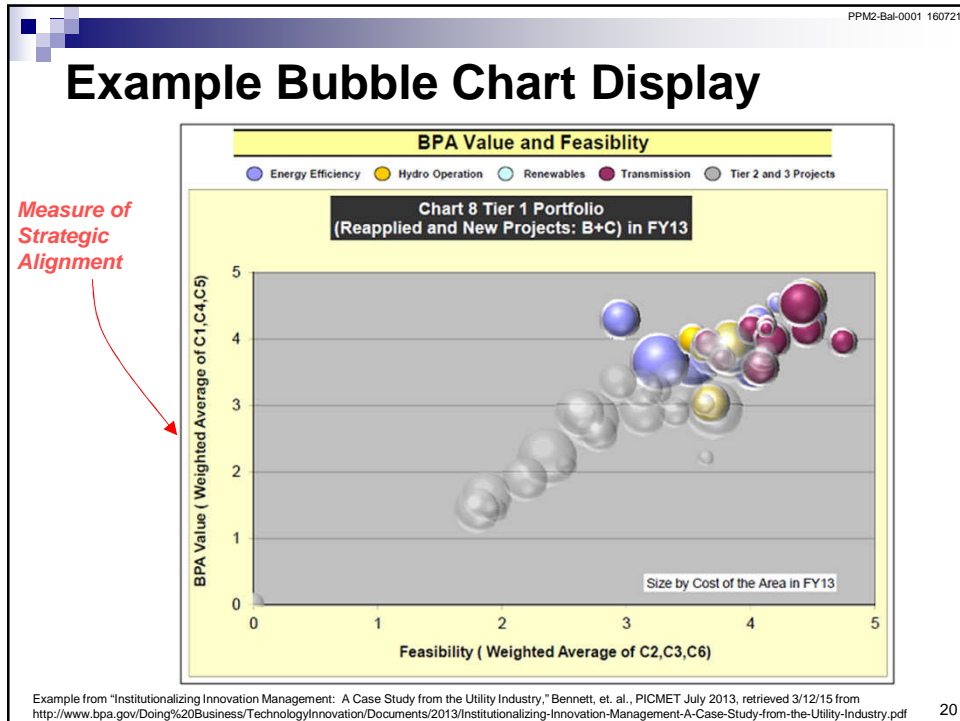


Figure 3-3. Program Roadmap Example

The Standard for Program Management, 3<sup>rd</sup> edition, © 2013, The Project Management Institute







Strategic Metrics  
Dashboard


# 4: MONITORING

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## Strategic Metrics

1. Measures of core outcomes
  - lagging indicators
2. Measures of performance drivers
  - leading indicators



Strategic Objective	Core Outcome (Lagging) Metrics	Performance Driver (Leading) Metric
Improve financial returns by selling more high margin services	<ul style="list-style-type: none"><li>• ROI</li><li>• Revenue Growth</li></ul>	<ul style="list-style-type: none"><li>• Revenue mix across product and service offerings</li></ul>
Improve staff productivity	<ul style="list-style-type: none"><li>• Revenue per employee</li><li>• Employee satisfaction</li></ul>	<ul style="list-style-type: none"><li>• Completion rate for skills training</li><li>• Implementation of new tools vs. plan</li></ul>

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## Exercise: Strategic Metrics

Create a strategic metric for an item on the airline's strategy map

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## Connect Strategic Metrics to Goals

Measures	Targets	Initiatives
Market value	30% CAGR	
Plane lease costs	5% CAGR	
Seat revenue	20% CAGR	
Customer ranking	1st	
FAA on-time arrival rating	1st	
Customer ranking	1st	
Time on ground	30 Minutes	1. Cycle time optimization
On-time departure	90%	
Customer rating	1st or 2nd	
Plane changes	<50%	2. Eliminate hub and spoke
Test	80% passed	3. Ground crew cross training
Aircraft conform to B737E	100%	4. On-time team performance bonus
No separate FAA check required	100%	5. Aircraft sale and purchase program
Gate setup	3 minutes	6. Standard cockpit program
Average wait time in check-in line	< 10 minutes	7. Optimize for Boeing 737E
Number trained	100%	8. Team rating and bonus program
		9. Cross training
		10. Decision empowerment
	Yr 1: 50% Yr 3: 90% Yr 5: 100%	11. Employee stock option plan

*Strategic Objectives Support Each Other*      *Objectives are Measurable*

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## Monitor Progress

*Project Portfolio*  
Focus of dashboard review meeting: What can we do to identify and resolve issues?

Project Name	Current Phase	Department	Name of Project Manager	Name of Project Sponsor	Team Members	Signoff Dates			Project Completion (Handoff Complete) Date		Health Indicators		Comments / Recovery Action	Last Update			
						SO 1	SO 2	SO 3	Approved at Signoff 2	Forecast / Actual	Sched. Risk	Non-sched.					
Example: Project Alpha	Execute	Dept 1	John Doe	Kathy Frederick	J. Arnold, J. French, G. Meryman, N. Chapman, F. Friend	8/6/06	A	9/15/06	1/4/07	F	2/1/07	2/12/07	Y	G	Schedule recovery, will dep auto-update feature to save two weeks of coding and testing time.	10/16/06	
A	Execute	All	George Shearing	Mark Cone	Ryan Vincent, Cammie Page												
B	Execute	Dept 1	Lena Johns	Mark Cone	Nathan Gal	6/12/06	A	7/28/06	2/15/07	F	7/28/07	6/1/07	G	G	Escalation needed: decision on training approach	10/20/06	
C	Execute	Dept 1	Lena Johns	Mark Cone	Sopi File, Gaby Allen				10/11/06	A	12/15/06	12/20/06	G	G	In sync with operations department on full production	10/20/06	
D	Execute	Dept 1	Sami Green	Mark Cone	Amy P. Denny, Alan Lavell, Denise J. Jison	9/15/06	F	12/31/06	2/15/07	F	2/15/07	2/15/07	G	G	Added extra year end contract help		
E	Initiate	All	Francis McCre	Mark Cone	Tom Peck, Alex Fried, Dan Jerez, George James, Bill Rep, Sandra Vales, Lisa Gern, Tim Ducharme	9/18/06	A	11/10/06	12/18/06	F		12/29/06	Y	G	Schedule recovery: data collection beginning prior to Plan phase. Most Plan tasks will be performed during Kickoff meeting. This will save about two weeks.	10/20/06	
F	Plan	All	Joe Freed	Mark Cone	Sopi File, Sami Tran	9/15/06	A					11/17/06			Waiting for the finalization of the documentation.	11/8/06	
G	Execute	All	Joshua Benedict	Mark Cone	George Cope, Jody King, Jud Jink, Freddie Last	6/15/06	A	7/5/06	12/1/06	F	12/31/06	12/22/06	G	G	Grandfathered project	10/20/06	
H	Execute	All	Ramon Bell	Mark Cone	none	3/15/06	A	4/15/06	11/30/06	F	11/15/06	12/8/06	R	Y	Y	Run into unexpected software licensing issues. Looking into the cost and will make a decision when we get information requested from VS.	
I	Execute	Dept 1	Ramon Bell	Mark Cone	Sopi File, Freddie Last	11/1/06	A	11/28/06		A	11/30/06	12/2/06	G	G	G	On schedule and executing now.	11/16/06
J	Done	Dept 1	Ramon Bell	Mark Cone	Sopi File, Freddie Last						10/15/06	10/15/06	G	G	G	This is complete.	11/16/06
K	Plan	Dept 2	Melvin Abrams	Lom Barnes	Lom Barnes, Zona Filips, Ming Borchard, Scott Johns	10/2/06	A				1/31/07	1/31/07	G	G	G	Tasks are on schedule.	11/8/06
L	Execute	All	Gregg Barker	Zona Filips	Zona Filips, Alex Maple				11/17/06	F		11/17/06	G	G		11/8/06	
M	Execute	All	Freeman Marker	Mercury, Mark Cone, Lom Barnes, Mark	Tom Wilson				10/1/06	F	10/1/06	3/1/07	R	Y	Y	Specification of final software application is going slower than plan. Escalation: request to borrow John and Freeda from Support Analysis group from Jan 2 to Feb 11.	10/20/06
			Freeman Marker	Mark	Donna Phillips, Karen												

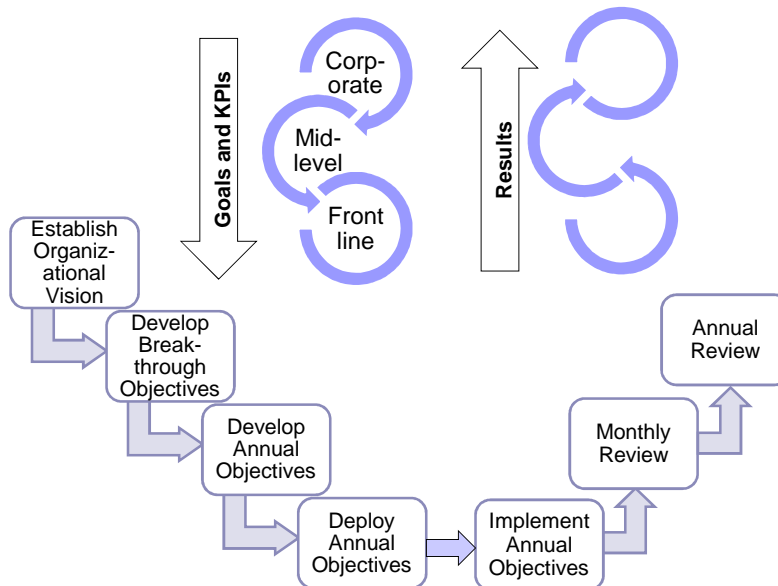
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Other Methods  
Reasons for Failure  
Example Process

## LESSONS LEARNED

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## Hoshin Kanri – Cascaded Deployment



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