Jeff Oltmann on Mastering Projects
Well Run Projects Are Not Enough

Do the Right Projects

In previous articles for this column, I've talked about how to do projects right, using techniques to successfully define, plan, and execute them. (You can find an archive at http://www.spspro.com/SPS_cases_papers.htm) However, even a project "done right" can be damaging if it was not the right project to do in the first place. So how can an organization decide which projects are the right ones to do?

Three Things First

Three things are necessary to determine the right projects to do.

- *Aim in the right direction.* Decide where the organization does and does not want to go, or as Stephen Covey famously said, "Begin with the end in mind." For example, Intel creates and sells microprocessors and other bits of silicon. Should it also expand into hosting datacenters for customers? (Intel tried to do this in 2000.) Business decisions about where to aim are very important because they will guide where the organization invests further time and energy.

- *Develop concepts* that are in line with the direction. Concept development makes broad strategic directions more concrete by turning them into product, service, or infrastructure concepts. The organization then can evaluate the competing concepts for possible selection and funding.

- *Select the best.* Inevitably, there are more good concepts and ideas than resources and time. The organization must say yes to the best, and no to the rest. Otherwise, it will spread its resources too thinly across too many projects, harming all of them. This step is called project selection or project portfolio management.

An organization needs a systematic way to do all three things – aim in the right direction, develop concepts, and select the right projects. Then project management can add value by doing those projects well.

Aim in the Right Direction

Let's take a look at each aspect in more detail.

To aim in the right direction, the organization must create a business strategy and objectives, using its understanding of what its customers and markets want. One very popular
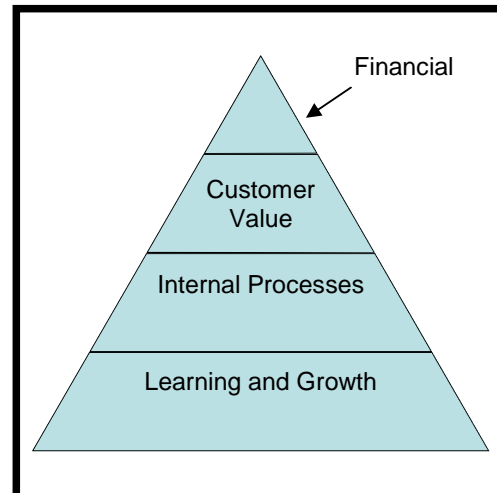

Figure 1: Strategy Map Levels

framework for strategic planning is the strategy map, first proposed by Kaplan and Norton.

The idea behind strategy maps is that strategic objectives should be derived and linked in a hierarchical way so that they support each other.

Kaplan and Norton define a four level hierarchy of objectives (figure 1). The top level of the hierarchy is financial objectives, since creating financial returns for shareholders and owners is a priority at for-profit companies. The supporting levels of the hierarchy are:

- Customer value: what value can the company create for the customer that will translate into financial results?
- Processes: what internal processes will generate that customer value?
- Learning and growth: what capabilities and internal learning must the company create so that the internal processes work effectively?

The result of this strategic work is a list of linked objectives that support an integrated strategy.

Develop Concepts

Clear strategic objectives are a great start, but are not sufficient. There is usually more than one way to achieve them, and they are not detailed enough to implement directly. This is where concept development enters.

Concept development is a deliberate and on-going activity. Its purpose is to create a set of concepts that support the strategic objectives. The organization can evaluate the concepts for possible selection and funding.

Concepts come from the interaction of:

1. Business strategy and objectives: what is the desired direction of the business over the next 3 – 5 years?
2. Market and customer needs: what will customers want and need, and what are they willing to pay for?
3. Technology trends and development plans: what technologies will become available, or can be developed, to achieve the strategy?
4. Platform architecture: how will product or system components be leveraged and reused to improve efficiency and reduce costs?
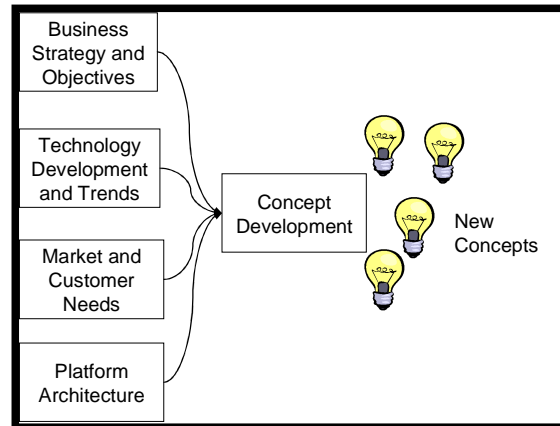

Figure 2: Components of Concept Development

Concept development often is known as the "fuzzy front end" because it involves dealing with so much ambiguous and conflicting information. Although figure 2 shows a clean flow, in reality this is a very messy time, where there are more exceptions than rules.

Select Projects to Do

Strategic planning and concept development will provide many potential projects from which to choose. There are other sources, too, such as projects that are currently in progress and new contracts from customers. With more

good ideas than resources and time, the organization needs a way to select which ones to invest in. This step is called *project selection*. Its purpose is to sort through all of the possible concepts and project proposals, picking the "right" ones for the organization and its customers.

Project selection does these things across the entire portfolio of projects:

- Maximize its value by selecting the combination of projects that will deliver the best results for the investment. Figure 4 shows some of the criteria used to evaluate this.
- Balance the portfolio, for example by making sure that it does not have too much or too little risk.
- Verify feasibility, examining whether the organization has the skills and resources to complete it.
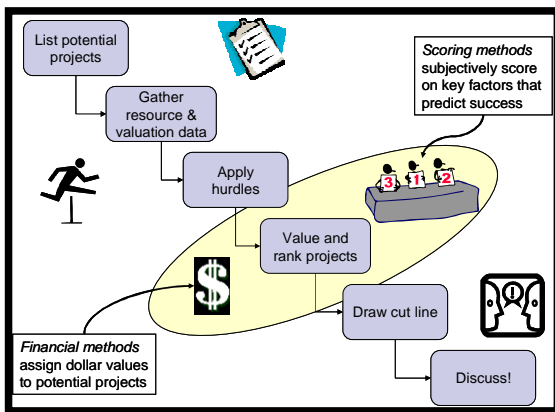

Figure 3: Maximization Steps

Initiate Projects

The organization now has a portfolio of programs and projects to start or continue. Initiate the new projects, calling on program and project management techniques to carry them out successfully.

Endpoint

Repeat all three steps regularly to keep the portfolio flexible and up to date.

- Aim in the right direction
- Develop concepts to support that direction
- Select the best projects using clear criteria

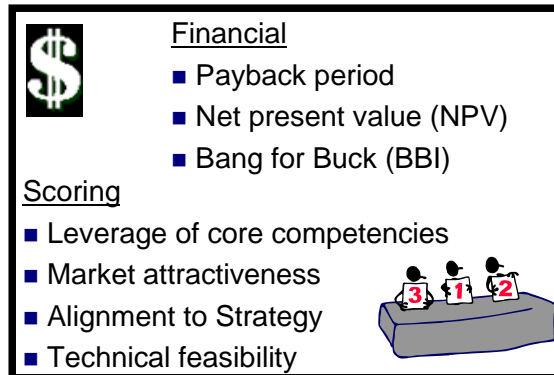This ensures that the organization is doing the right projects.

Figure 4: Evaluation Criteria

Concurrently, use program and project management to do those projects right, moving them from initial definition to successful delivery.

About the Author

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