

# PROJECT MANAGEMENT FIELD GUIDE

How To Align Your  
Strategy & Projects

# Project management is a priority at nearly every organization today.



There's a whole body of knowledge from the Project Management Institute on effectively managing projects. But the question still remains: **Are your projects aligned with your strategy? Even if you're an exceptional project manager, if you're not managing the *right* projects, you're wasting your time.**

Start by asking yourself the following questions:

**1 “How do we define a project?”** This isn't as simple as it sounds. If your organization isn't on the same page with how to define a “project” (and defining what a project is *not*), you're going to have a hard time moving forward.

**2 “Are we managing the right projects?”** Defining a portfolio of projects that you should be working on can be difficult. Some organizations are tempted

to throw a list of supposed projects up on the wall and see what sticks, so to speak. This philosophy doesn't help organizations see which projects they should be strategically selecting, which has to be a priority.

**3 “How do we prioritize our projects?”** Once you come up with a system for project prioritization, you're able to allocate resources from your budget appropriately.

**4 “Are our projects linking back to our strategy?”** This is a vital final step of project management that is overlooked far too often.

We've seen these questions asked time and time again, so we've decided to answer them with this step-by-step project management field guide. Within these pages, you'll find the resources necessary to define, prioritize, and manage the projects in your organization.

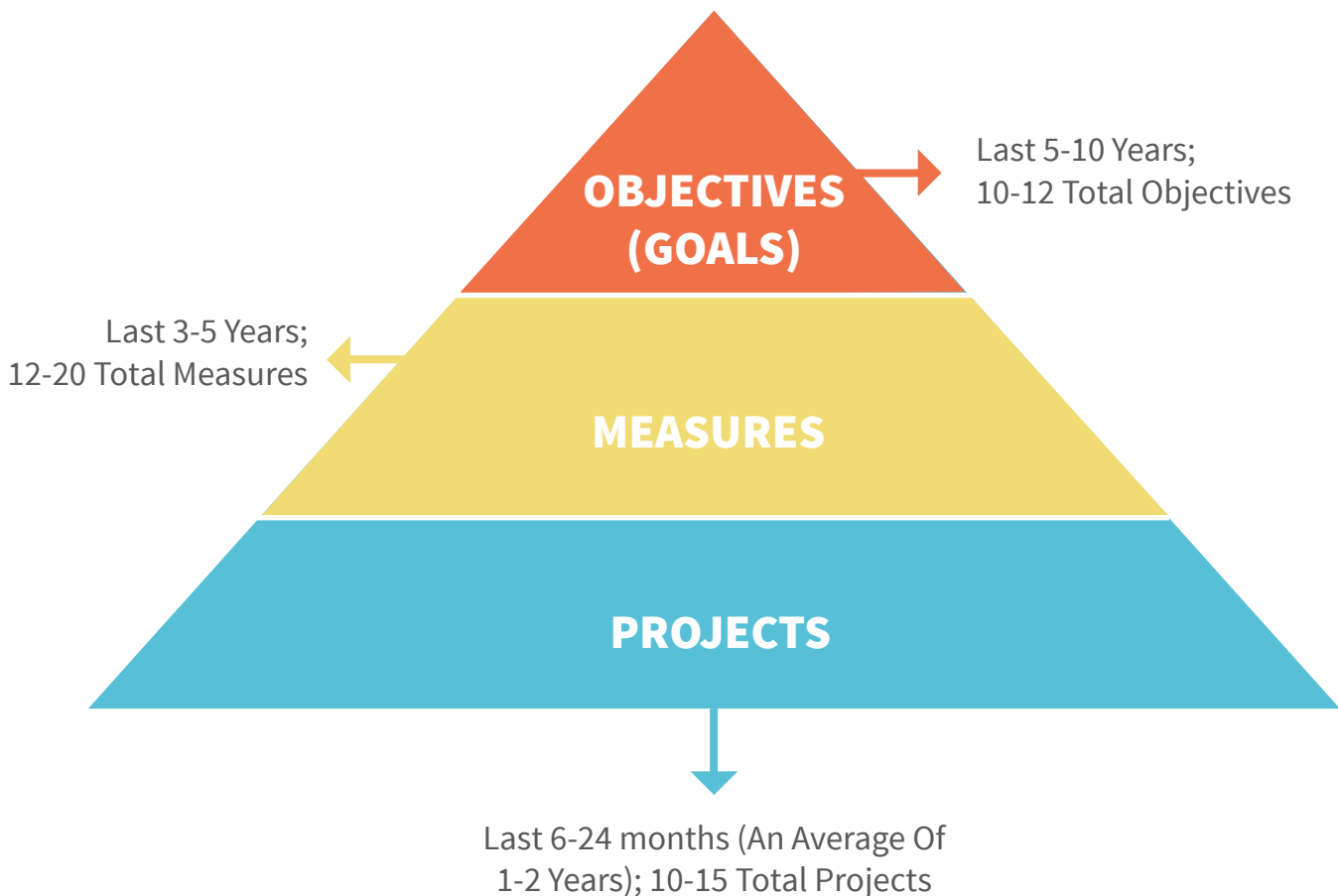
## Let's get started!



# Defining Objectives (Goals), Measures, & Projects



Before we talk about the best way to organize and prioritize your projects, we need to define what projects are and what they aren't. Take a look at this strategic pyramid. It may give you a better idea of how objectives, measures, and projects work together—and how they aren't the same thing.



**Objectives:** Objectives are high-level organizational goals. When you create an objective, you should focus on what your organization is trying to accomplish strategically. Some examples include:

- **Grow our business by X amount over Y years.**
- **Create recurring revenue streams.**
- **Become an international organization.**

Strategic objectives last a very long time—typically 5-10 years—and are usually very consistent. The only thing that may change these objectives are elements that you cannot predict. For example, a taxi company may have had to change their objectives after Uber and Lyft (new popular ride-sharing companies) entered the market, or a bank may have to change their objectives during a financial crisis. Typically, you have 10-12 key strategic objectives that you're managing.

**Measures:** Measures help you understand if you're accomplishing your objectives strategically. Measures force you to ask questions like, "How do I know that I'm creating recurring revenue?" or "How do I measure the growth of my organization?"

Measures change over time based on how your organization executes strategy around your objective.

For example, if your objective is to grow your influence in your market, your initial measures may look at the number of followers your Twitter account has. Over time, you might look at the number of retweets, and then examine your ability to influence the followers to take action (like meet for an event or sign a petition). You'll have 1-2 measures for each strategic objective.

You can see via these examples that measures can change—and typically do—but the objective (which in the example above is to "grow market influence") will remain steady.

**Projects:** Projects are the primary focus of project management (not surprisingly!), and thus, of this guide. They are also called initiatives, actions, or activities. For the purpose of this field guide, when we talk about projects, we are talking about strategic projects. We define a strategic project as a *key action program developed to achieve your objectives and close the gap between your measures, performance, and targets*. At any given point in time, you'll have 0-2 projects underway per objective (and between 10-15 major projects underway altogether) to close these gaps. We will go over specifically how to determine what a project is—and how to identify them in your organization—in step one in the next section.



**Summary:** You have a high-level goal in mind, which is your objective. The measures say, “How will I know that I’m achieving the objective?” In other words, they allow you to see if you’re meeting your goals. Then the projects are put in place to answer the question, “What actions am I taking to

accomplish the objective?” You may have multiple projects focused on improving your measures and achieving your objective. If your projects are not helping you improve in these areas, you may need to rethink your overall strategy.

**Now that you have the distinction between objectives, measures, and projects down, let’s walk through exactly how you can ensure that your projects are in line with your strategy.**



# A Step-By-Step Field Guide To Strategic Project Management



## 1 Define strategic projects.

This step is all about understanding what the strategic projects at your company are. The first step is to define what a project is, and what a project isn't.

### A strategic project/initiative:

- Typically has a time frame that ranges from 6 months to 3 years, with 1-2 years being the average.
- Has non-financial resources associated with its achievement (like hours or executive time).
- Is closely associated with an element of your strategy.
- Must have budget allocated to it.
- Typically has a business plan associated with it.
- Different than “business as usual,” meaning it cannot be completed by having a few people just work a little more or change their activities for a few days.

### PRO TIP:

**A project could be to “implement a CRM program for \$20,000 within 60 days.” A project is not something like “customer service.” That may be an overarching company goal, but it doesn't meet the criteria for being a project.**

### A project is not:

- Something as simple as “customer service.” That's just a goal by which your company operates.
- “Business as usual,” everyday, typical work tasks, or ongoing business ventures.

Be aware of “business as usual” that “disguises” itself as a project. These tasks may have characteristics of a project, but end up not being projects. Let's say, for example, you're working with a web design company and you've come to an agreement with them for the redesign of your website for \$12,000, which is to be completed in three months. This is a project. If you continue with miscellaneous ongoing design fixes and projects over the course of the next several years, that isn't considered a project, but “business as usual.” Remember that no project is too big, and no project is too small, so long as it fits in the aforementioned guidelines.

## 2 Collect all strategic projects.

**Now that you can clearly define what a project is, and know how to differentiate between “business as usual” and the strategic projects in your organization, it’s time to collect those into one aggregate document. This is known as a project inventory, which is the first step in optimizing your portfolio. It can be completed in three simple steps:**

**A** List out every project you are currently working on that is important or obtainable in the next few years.

**B** List out every project you wish you could achieve or work on in the next few years. List these projects even if they are not funded or underway. Assume, for the purpose of this exercise, that you have the ability to work on any project that you’d like to.

**C** Review the list and ensure that every project named will help you execute your strategy and meets the criteria listed for a strategic project in step one.

Once you’re done with steps above, you’ll probably have a huge list—usually between 25-50 items. You’ll have compiled a list of projects that are important, interesting, and will help you execute your strategy.

**Now you’re ready for the next step!**

# 3 Map projects to strategic objectives, and build your project matrix.

At this point, you've identified the projects you want to examine. It's now time to organize them based on key strategic elements, so you can understand where to put your focus and why. This will help you better understand project prioritization.

First, count up how many objectives you have. If you have six objectives or less, use those objectives in the chart below. If you have more than six objectives, you may want to consider condensing them down and categorizing them. (These categories are often referred to as themes, thrusts, or pillars.)

## PRO TIP:

If you have more than six objectives and are going to condense them down into a few categories, but you have not created any categories yet, we suggest a variation on the following categories:

- **Product Innovation**
- **Operational Excellence**
- **Customer Management**

These are based off of the [Treacy & Wiersema model](#) (from their book "The Discipline of Market Leaders"). These two scholars posit that there are three pillars of strategy: product leadership and innovation, operational excellence, and customer intimacy. They believe that you need to make a decision as to which of these pillars you are going to model your organization around, because you cannot be the best at all three simultaneously. For example, Apple's strength is product innovation, Walmart differentiates itself through operational excellence, and Amazon excels at customer management.

If you have or are creating a Balanced Scorecard, you already know that your strategy is balanced across multiple themes. Our recommendation is to group your projects into these three categories (or other categories if you already have some associated with your organization's strategy). If you're able to successfully categorize your projects, you'll be able to make better decisions about what to fund.



# Creating The Project Matrix

A project matrix is one way to get a better idea of which initiatives support your objective.

This is an example of a completed project matrix. The top row lists your projects, and the far left column lists your objectives. Once

you've done this, you've created a matrix. You can color code the matrix based on your themes or pillars.

Now you'll want to check off each box where a project supports an objective, as shown.

EXAMPLE

Projects ▶ Objectives ▼	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 11	Project 12	Project 13	Project 14	Project 15
Objective 1															
Objective 2															x
Objective 3						x								x	
Objective 4	x				x										
Objective 5								x	x						
Objective 6		x	x	x						x			x		
Objective 7															
Objective 8	x														
Objective 9															
Objective 10															



Your next step, as illustrated in the example below, is to look for objectives without any initiatives supporting them. This is easily identified as a row without any check marks.

**EXAMPLE**

Projects ▶ Objectives ▼	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 11	Project 12	Project 13	Project 14	Project 15
Objective 1															x
Objective 2															x
Objective 3						x									x
Objective 4	x				x										
Objective 5								x	x						
Objective 6		x	x	x						x				x	
Objective 7															
Objective 8	x														
Objective 9															
Objective 10															

After that's complete, look for projects that do not support any objectives, and consider eliminating those. This follows the same process; look for columns without any check marks. Keep in mind that you may not be able to eliminate all of them, as some projects will be related to things like regulatory compliance. (This process is focused on strategic processes, not regulatory or mandatory ones.)

**EXAMPLE**

Projects ▶ Objectives ▼	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 11	Project 12	Project 13	Project 14	Project 15
Objective 1															
Objective 2															x
Objective 3						x								x	
Objective 4	x				x										
Objective 5								x	x						
Objective 6		x	x	x						x			x		
Objective 7															
Objective 8	x														
Objective 9															
Objective 10															

**PRO TIP:**

Keep in mind that if your projects aren't tied to an objective—let's say, you don't have a single project tied to your objective "increase customer satisfaction"—you shouldn't expect to meet your objective. It's that simple.

Once you've completed this process, you'll end up with a list of projects that fully support your organizational objectives.

Now, the problem with this process is that it doesn't assign any weight to the projects. In other words, you still don't have any way of understanding which of projects are most important and which are least important. It also doesn't take into consideration the

cost or complexity of the projects. That's where the project rubric (step four) comes in.

**PRO TIP:**

**Projects that apply to more than one objective may be able to get funding from more than one budget. This tip will come in handy when you get to step five, "Allocate resources based on prioritization."**

TEMPLATE

Projects ▶ Objectives ▼																		



# 4 Score your projects.

**In order to prioritize your projects, you'll need to define a score for each project. Having a numerical score helps avoid prioritizing projects because "we've always done it that way," or "Jim from Finance thinks this is a good idea." Instead of gut feeling and inertia, you'll have a number to help drive your decision-making.**

There are five key steps you'll need to follow to score your projects:

- A** Build your scoring rubric. This will include elements like:
1. Cost (Like Budget, FTEs needed.)
  2. Strategic Impact (Number of strategic objectives impacted.)
  3. Time To Implement (Can this be done in a week, month, or year?)
  4. Interdependencies (Does this project impact other projects? How complex is it?)
  5. Risk (What is the chance of getting the outcome we want if we implement this?)

**B** Define your scoring criteria for each element.

1. A typical way to do this is to have a five-point scale, where 1 is the lowest and 5 is the highest.
2. Define the criteria for a score of 1, 3, and 5 for each element. For example:
  - a. For Time To Implement, a score of 1 could be greater than one year, a score of 3 could be six months, and a score of 5 could be less than three months.
  - b. For Strategic Impact, a score of 1 could be one strategic objective impacted, 3 could mean two objectives, and 5 could mean three or more objectives impacted (or this is a prerequisite to other initiatives).

**C** Define weights for each element. One of the elements of the rubric may be weighted more than the others. If "strategic impact" is the most important element, it may be weighted at 40%, while the others have a weight of 10%.

## EXAMPLE

	Cost	Strategic Impact	Time To Implement	Inter-dependencies	Risk	Total
Project 1	1	3	3	4	2	2.6
Project 2	4	1	3	3	2	2.6
Project 3	4	1	4	2	3	2.8
Project 4	2	2	4	2	3	2.6
Project 5	1	4	5	1	1	2.4
Project 6	1	3	1	2	5	2.4
Project 7	5	5	5	3	3	4.2
Project 8	5	2	2	4	3	3.2

**D** Distribute and fill out. At this point, you'll have created your rubric and defined the rules. It's now time to get to work. Be sure that the most important employees and team members for these projects are intimately involved in the process.

**E** Score each project in the rubric. Now you just need to tally the project scores by voter and by element weight to get an average project score. Be sure to keep the projects in their separate themes or categories so they can be compared in the next section. You'll need to decide if one individual's vote

counts more than another's vote. For example, the CEO's vote may count two times more than votes from anyone else. Or the risk management team's opinion may have more weight for the risk management section.

**Once you've completed steps above, you will have a score assigned to every project. This will allow you to prioritize your projects based on the importance that everyone has assigned them. Once you've completed this ranking, you're ready to move on to step five.**

TEMPLATE

Projects ▼	Cost	Strategic Impact	Time To Implement	Interdependencies	Risk	Total



# 5 Allocate resources based on prioritization.

**This step isn't as complicated as it's often made out to be. Essentially, you're deciding how much money to budget out to your most important projects.**

The most effective method for this process is as follows:

**A** The first thing to do is determine the amount of funds required to implement every single project that you've ranked. Then, determine the amount of available funds overall. This will give you some insight into whether you're able to fund all of your projects—including the “wish list” you created in step one—or whether you'll need to sideline some of them.

**B** Once your budget has been determined, allocate resources by objective or theme. (Note: You do not have to have an equal allocation—some objectives may be more important this year.) You may have a \$20-million budget that is allocated equally to each theme—which means each theme will get \$6.67 million—or, you may allocate \$10 million to one theme, and \$5 million to each of the other themes.

**C** Determine how to handle unfunded projects. Your organization will have to decide whether to table unfunded projects for the future or cancel them completely. You may run into some interesting challenges during this step. For example, let's say one of your strategic objectives is to become a global organization. You wanted to open three storefronts overseas, but that project didn't meet your standard for a critical or important project, so it was unfunded. So, you now have to decide whether to change your strategic objective of being a global organization, change your strategy, or just defer the project until a later date.

## **PRO TIP:**

**This method of budget allocation does not account for your mandatory projects, which must be completed due to industry regulation, security issues, compliance, or safety. Tally the cost for your mandatory projects and subtract it from your overall project budget. Then, use that sum to allocate to the rest of your prioritized projects.**

## The Final Step



**You've now created a portfolio of prioritized projects that will help you achieve your strategy. Congratulations! Now that you've finished this process, it's time to perform a "sanity check."**

This "sanity check" is where you take your finalized list of fully prioritized and funded projects, and ensure that they'll have the greatest strategic impact on your objectives.

As you read through each project, you should ask yourself, "Is this project a realistic step toward achieving my overall strategy?" If the answer is no, you may need to make some simple adjustments to your projects (or you may need to readdress your matrix if it's not helping you prioritize appropriately). If the answer is yes, then you're ready to dive into your projects!

**If you're ready to take your project management to the next level, ClearPoint can help.**

**Check out how you can link your projects to your strategy and track them in ClearPoint.**

