digital.ai™

Delivering on the promise of strategic success

Delivering on the promise of strategic success

Have you noticed how many organizations talk about improving their ability to deliver on strategy? And have you noticed how long they've been saying this? I guess they haven't been very successful so far. You don't need to look too far to find plenty of evidence for that, Forbes recently highlighted that some studies show failure rates as high as 90%.

But why is that? Although strategy execution isn't easy, the process itself should be fairly straightforward – plan, fund, execute, achieve. But here's the thing, that's not how a lot of organizations have traditionally operated, and that is a major reason why they have failed.

Instead, some or all of the following problems have occurred:

01 A disconnect between planning and the funding/approval process

02 An inability to execute work across multiple methods and structures

03 Failure to effectively measure actual performance to validate benefits

Let's look at each of those, understand the problems, and look at the solutions.

Executives should determine the major investments that they wish to pursue, and ensure each investment has an accountable owner

Planning and funding disconnect

In many organizations, executives determine only their strategic priorities, goals, and objectives. The development of proposed investment initiatives to deliver those objectives is left to department heads and their teams. Not only does this siloed approach miss many opportunities, it also results in projects being proposed that are often based on tactical, department-specific concerns.

Instead of objective analyses of proposals, business cases become sales pitches designed to gain approval through aggressive and optimistic cost / benefit claims and tenuous links to the enterprise's strategic priorities. This frequently results in the wrong work being approved and funded, leaving the organization unable to achieve its goals before any work is initiated.

The solution to this is obvious, but only recently has it become a more common practice. Executives should determine the major investments that they wish to pursue, and ensure each investment has an accountable owner. This isn't detailed project planning, rather it is the approval and funding of value streams, products and programs with the intention of creating a portfolio of investments that collectively deliver on the strategic roadmap and achieve the objectives of the current period.

Inability to execute work across multiple approaches

Strategic planning has been around for a long time, and unfortunately, the way that it is carried out hasn't changed much throughout the years. The same goes for how the portfolio of approved projects is managed. As a result, planning and portfolio management frequently assume traditional work methods with waterfall-based delivery approaches and program and project structures.

We'll get to the role of modern PMOs later, but many legacy PMOs simply can't handle governance or management of value streams, product-based teams, or epics. They expect agile teams to report using traffic light models, they think hybrid is a problem because it doesn't neatly follow a standard set of processes, and they think ad-hoc project delivery simply doesn't happen.

Executives don't, and shouldn't, care what method is used to deliver work, as long as it gets done effectively and efficiently. That's where the accountable investment owners come in. These individuals must break out their investments into different work items using the most appropriate approach. In some cases that will be agile epics, in other cases it will be waterfall projects, and in many cases it will be a combination of both plus hybrid and informal work.

The only consideration should be the most effective and efficient way to deliver work. Nothing else matters because nothing else contributes to achieving organizational objectives.

Failure to measure actual performance

Organizations need insight early to know if an adjustment is needed.

Have you noticed how easy it is to make claims about expected benefits when an initiative is up for approval? Or the explanations as to why the sponsor doesn't believe they should be held accountable to those claims when the work is complete and the value simply isn't there?

Organizations have long struggled to define appropriate performance metrics and then measure and manage that performance. It can be easier with financial metrics, but even there, difficulties happen when incremental revenue or profitability is considered. Often organizations give up, assuming that benefits are achieved because the work was completed as planned.

That's simply not acceptable. When an investment is approved by executives there should not only be an allocated budget to deliver on that investment, and a target contribution to one or more objectives, but there should also be a definition of the metric or metrics that will determine that performance. That may be a proxy – first quarter sales as a proxy for annual revenue for example. In fact, a proxy frequently is a better option because many objective criteria, including most financial ones, are trailing indicators. Organizations need insight early to know if an adjustment is needed.

It's perfectly OK to accept subjective success measures like surveys or even stakeholder opinions. The only requirement is that those measures are defined and agreed to up front so there is clarity over what success looks like.

The role of PMOs

This approach to strategy isn't a revolution, but rather an evolution of what has always happened. To be effective, it requires the evolution of that much maligned, and often undervalued, stakeholder in strategy execution – the PMO.

Today's PMOs must be strategic. A modern PMO:

- Supports the investment owners as they define and deliver the work elements that make up those investments.
- Tracks value-based performance data across all work methods – agile and traditional, formal and informal.
- Supports programs, projects, value streams, products, epics and more in parallel.
- Manages resource utilization across multiple work areas, methods and tools, proactively identifying opportunities for improvement.
- Support executives as they embrace continuous, adaptive planning in response to an ever evolving operating environment, including a hybrid workforce where many work remotely.

The PMOs must use an integrated tool suite that manages everything from planning and funding to governance and performance management. These tools must integrate with everything from Finance and HRIS platforms to work delivery tools, with reporting that is accurate, complete and insightful.

In short, the strategic PMO of today is a strategic business function in a way it never has been before.

The bottom line

Strategic planning and delivery are the future of business. Organizations now are entering a period of continuous transformation where discretionary budgets will outstrip operational budgets and business stability simply won't exist. Unless organizations embrace a strategic management approach driven from the top, integrated from top to bottom, and common across the entire enterprise, they simply won't succeed.

About Digital.ai

Digital.ai is an industry-leading technology company dedicated to helping Global 5000 enterprises achieve digital transformation goals. The company's AI-powered DevOps platform unifies, secures and generates predictive insights across the software lifecycle. Digital.ai empowers organizations to scale software development teams, continuously deliver software with greater quality and security while uncovering new market opportunities and enhancing business value through smarter software investments. Additional information about Digital.ai can be found at **digital.ai/** and on **Twitter, LinkedIn and Facebook.**

digital.ai