Strategic DNA: Bringing Business Strategy to Life

By Lawrence Hobbs, published by Agate B2 Publishing, Chicago, 2008

(A book review by R. Max Wideman)

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Introduction

In today's business world, projects are all about introducing change in an organizational context, and doing so largely through information technology (IT) in one form or another. That is where we see not only the largest number of projects, but also the largest number of project management practitioners. However, for organizations to survive, and in the case of governments where the incumbents wish to survive, then the projects undertaken need to be aligned with a successful corporate strategy.

In this case, "success" ultimately means that corporate and individuals survive. But simple alignment to a strategy alone is not enough. The collective outcomes of the projects must be tracked to verify firstly if the strategy is being achieved, and secondly whether the strategy itself is achieving the intended corporate vision and mission. Only in this way, can calamitous shocks be avoided. In other words, we are talking about *corporate risk management*, rather than *project risk management*. Nevertheless, the similarities are such as to justify our observations.

The need for broad but focused tracking is well known, of course, even if not actually practiced, so it is valuable to find a book that covers this whole territory. But what has "DNA" in this book's title have to do with it? Although not explained or even illustrated in the book itself, a picture of the familiar genetic instructions known as DNA on the flysheet cover of the book makes it clear, see Figure 1. DNA provides the instructions for the development and functioning of all known living organisms, and so the implication is that this book likewise provides the blueprint for successful organizational life.

Figure 1: DNA – The blueprint for all known living organisms[1]

As Susan Lea has stated:[2]

> "[This book is] A must-read for any small, medium or large enterprise that really wants to achieve results. By following the Strategic DNA process, we were able to build on our core competencies, focus on our most important goals, and stay true to our strategy map without denying new opportunities. In this way we grew our revenues 300% in three years. Strategic DNA is the 'genome' that will guide our growth in the future."

Spoken like a true pioneer in the lingo of the executive suite. But since the book was only published in 2008, it must be presumed that this CEO was the benefactor of the author's tutoring on this subject prior to the book's appearance.[3]

Book Structure

According to the *Introduction*:[4]

> "*Strategic DNA* is a modular approach for driving a company's strategy through its decisions and actions, giving them a family resemblance. It integrates popular management methods with everyday business practices to ensure decisions are framed by a shared vision and actions work together in an overall master plan."

Hence the book contains the following chapters and sections:

Introduction
1. Vision Formulation: Where Do We Want to Go?
2. Strategy Clarification and Mapping: How Do We Plan to Get There?
3. Achievement Target Identification: How Will We Know We Are There?
4. Strategy Cascading: What Will That Look Like for Each Business?
5. Project Portfolio Selection: What Will We Do to Get There? What Will We Stop Doing?
6. Implementation Structure Organization: How Will We Organize Ourselves?
7. Resource And Accountability Assignments: Who Will Do It? How Much Can They Spend?
8. Detailed Project Planning: What Exactly Must Be Done?
9. Work Team Mobilization: How Do We Get Everyone on Board?
10. Project Execution and Control: Where Should We Be? Where Are We? What Are We Doing About the Difference?
11. Results Realization Measurement: Are We There Yet?
12. Learning Analysis and Feedback: What Went Wrong? What Went Right? What Should We Change?

In Conclusion
Footnotes
Further Reading
Speaking The Same Language: People, Teams And Groups
Speaking the Same Language: Glossary

A closer examination of this list shows that the book is, in effect, divided into the consecutive phases of the ***corporate business*** life cycle, as follows:

- Chapters 1 to 4 spell out corporate planning
- Chapter 5 deals with project portfolio management
- Chapters 6 & 7 cover program management
- Chapters 8 to 10 traverse the well-trodden path of project implementation, and
- Chapters 11 & 12 describe the work of benefits realization and feedback

Each chapter tackles key questions as shown in Figure 2.

Chapter		Questions Tackled
1	Vision Formulation	• What do we have to contend with? • Where do we want to go? • What do we want to become? • When do we want to get there?
2	Strategy Clarification and Mapping	• How will we get there? • How are things interrelated? • Are all our leaders on the same page?
3	Achievement Target Identification	• How will we know we're making progress? • How will we know when we get to where we want to go? • What value will the strategy produce?
4	Strategy Cascading	• How will we roll this out to divisions and departments? • What should be their strategies? • How will they execute the corporate strategy? • How will they contribute to the big picture?
5	Project Portfolio Selection	• What will we do to get there? • What will we stop doing to free up resources? • What should we do first?
6	Implementation Structure Organization	• How will we organize ourselves? • Who will be in overall control?
7	Resource and Accountability Assignment	• Who will be responsible and accountable for what? • What people, money, and other resources will we dedicate to it? • What is the business case?
8	Project Planning	• How will we manage the projects? • What is the plan and schedule for each project?
9	Work Team Mobilization	• How will we get everyone pulling in the same direction? • What must we communicate and to whom? • Are individual people's objectives aligned with the strategy?
10	Project Execution & Control	• How much progress has each project made? • What issues and problems are there? • What are we doing about the issues and problems?
11	Results Realization Measurement	• How will we measure and report results? • What are the actual results? • How do the actual results compare to the targets? • How much progress have we made overall?
12	Learning Analysis & Feedback	• Why aren't we getting the results we expected? • What is the impact of the results on the big picture? • What can be done to improve those results? • How will we modify the vision, strategy, plans, and resource assignments to accommodate reality? • What should we do differently in future?

Figure 2: Key Questions by Chapter

From this framework you will see that the book provides a comprehensive coverage of very practical issues.

What we liked

We really liked the way the book covers its subject territory from end to end in a systematic progression. As noted on the previous page, the book's sequence follows a corporate business life cycle that must be tackled on a regular basis at the highest executive level. This cycle essentially breaks down into five successive elements, namely:

- Corporate planning
- Portfolio management
- Program management
- Project management, and
- Benefits realization

It is interesting to compare this sequence of phases to a very similar project portfolio management life cycle that we posited in 2008,[5] and shown here as Figure 3.

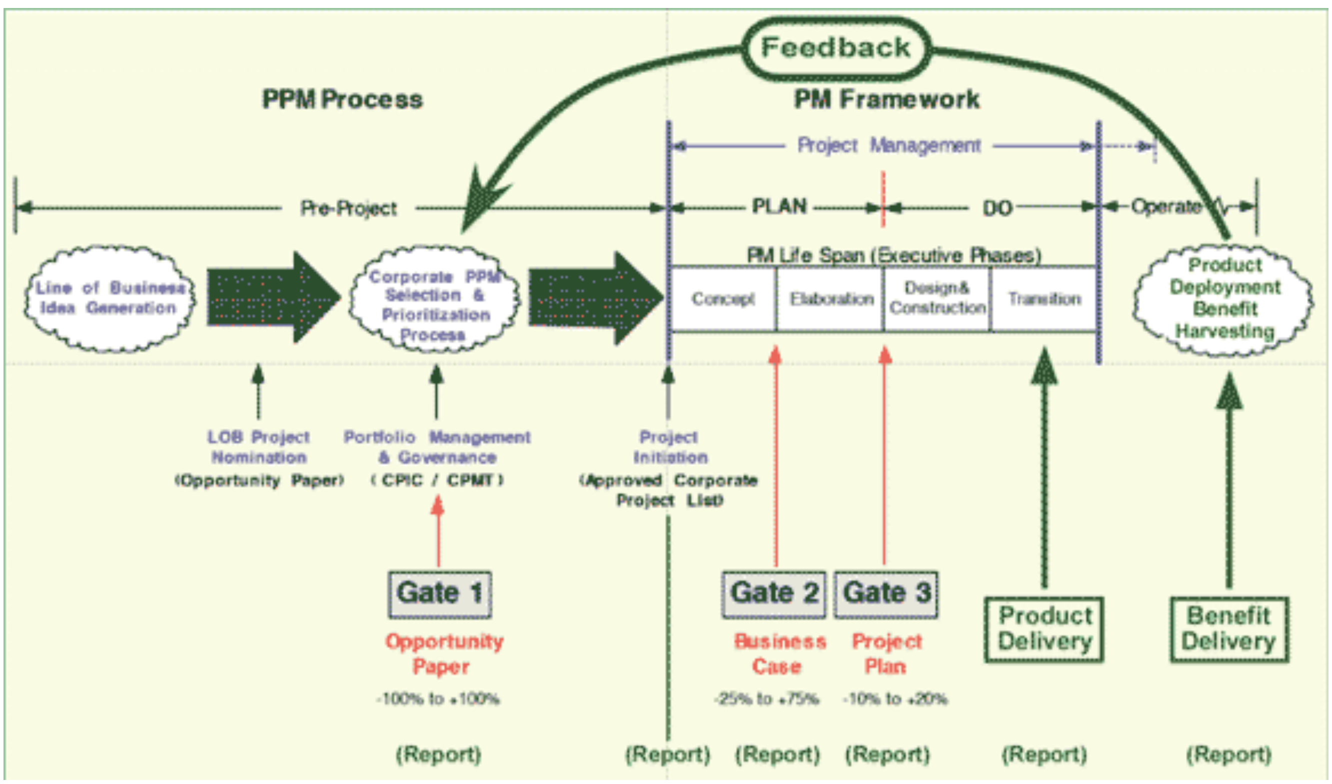

Figure 3: Enterprise Project Portfolio Management System Life Cycle

Each of the author's elements, which show up as gated stages in Figure 3, is described in detail in the book. However, in the first phase, the author goes one step earlier to establish or validate the organization's vision and mission. Thus the book targets an even higher level in the organization and indeed the sequence might piggy back on, or even substitute for, the classic annual corporate business planning cycle.[6] Nevertheless, the principles displayed are essentially the same.

While on the subject of "vision", vision, especially corporate vision, is not a term that appears very often in the definitive world of project management literature. It is not discussed, for example, in the Project Management Institute's *Guide to the Project Management Body of Knowledge*.[7] Yet perhaps it should, since it is the driver for projects and has a significant impact on project risk management.

As the author explains:[8]

> "A vision is a high-level statement of ambition."

And: [9]

> "Visions are developed to either preempt or respond to different factors that are capable of forcing business to change. These change influences fall into three broad categories:

Trends or Certainties	Influences that are sure to happen; when they do, they will change the environment in which the business operates.
Risks or Uncertainties	Influences that might happen; if they do, they will significantly change the business environment.
Expectations and Constants	Values stakeholders continue to expect the business to provide, no matter what happens to the business environment."

We also appreciated the rigorous consistency in the way the book's content is displayed in a "How to do it" mode. As author Lawrence explains:[10]

> "Each chapter is organized into five sections:

Context	A discussion of the chapter's overall goals, the thinking behind the chapter, and its contribution to the overall cycle.
Why Do It?	An explanation of the value offered by the chapter's outcomes.
What to Do	Detailed descriptions of outcomes, tools, and deliverables.
How to Do It	A description of adaptable step-by-step processes and tricks of the trade that can be used to achieve desired outcomes. Useful templates, sample meeting agendas, and typical responsibility assignments are also provided.
Summary	A single paragraph that summarizes the role the chapter plays in the overall *Strategic DNA* lifecycle."

That in itself is a valuable template for authors of project management "How to" books.

Lawrence's book is well illustrated with charts, diagrams, templates and bulleted lists to support his advice. One example on the subject of project control we found of particular interest. As he says:[11]

> "The degree of control must be balanced to optimize the likelihood and degree of success without burdening project teams with unnecessary administrivia. . . . Deciding where to position the implementation structure on this spectrum determines the desired level of empowerment and control, which directly affects administrative costs."

We can almost hear the "Agile Software" brigade shouting "Hallelujah"! More importantly, the spectrum of control and the consequence of too much or too little are well illustrated in this chart, see Figure 4. If the curves on the chart were truly representative, then the position of "Optimum Performance" would suggest more control rather than less. Admittedly, this is in the environment of "Implementation" and hence is where it should be.[12]

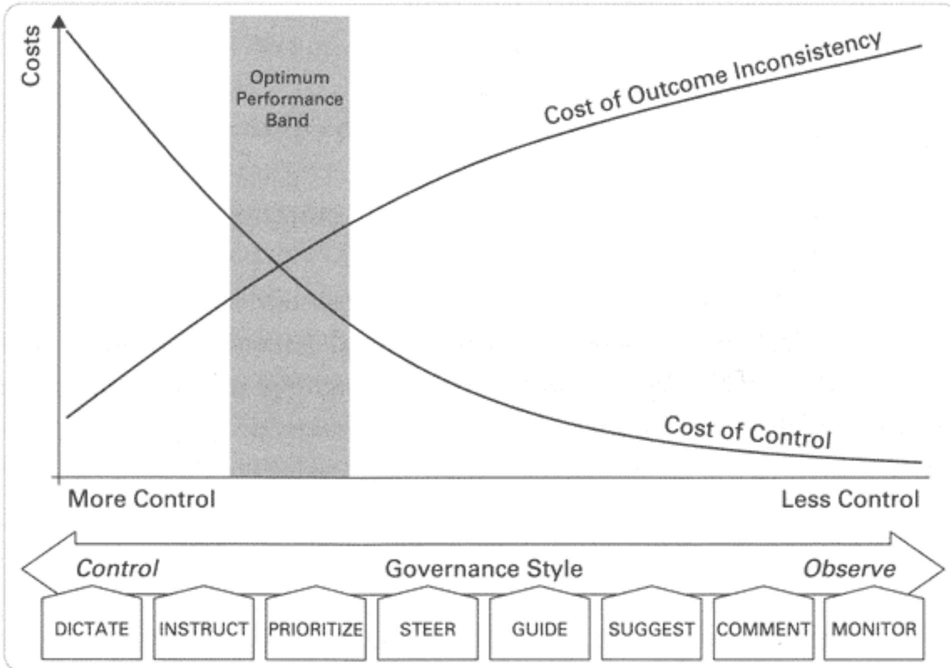

Figure 4: The spectrum of management control[13]

The book's chapters on program and project management tread the well-trodden path of project management execution, albeit lightly, suited to the book's intended audience of leaders of organizations. Nevertheless, these chapters contain valuable insights. For example, in a section titled, "Manage Organizational Change Proactively" the author states:[14]

> "By definition, strategy is about change. Many strategic portfolios result in a great deal of change for people working in and with the organization. If not properly engaged, those people can develop open and hidden resistance to change. This resistance will frustrate the projects (and the people tasked with them) until they fail."

How true! Time and again we see this as a source of project failure in the real world.

We enjoyed reading the chapters on Results Realization Measurement, Learning and Feedback. As Lawrence suggests, monitoring the progress of work realization towards production of deliverables of the strategic projects only measures the results for individual projects. However, these metrics do not reveal whether the ***strategic*** objectives are actually being achieved. Therefore, it is also necessary to monitor the ***strategic performance metrics*** to find out if the assumptions behind the original strategies are being confirmed.[15]

It is just surprising how many companies engage in elaborate corporate visioning and planning, yet fail to analyze operational performance in a meaningful way in order to improve their corporate planning processes. Indeed, Lawrence observes:[16]

> "Many organizations consider their strategic plans to be major undertakings that, once approved, become mandatory and unquestionable texts of almost biblical proportions. This can be dangerous. When results fail to live up to expectations, such plans prove impossible to change."

Lawrence might also have added that such plans, like the bible, often sit on the shelf rarely reread but nevertheless providing a general feeling of comfort and warmth simply to know that they exist.

Lawrence provides this useful reflection on "success", given the source of possible strategic flaws shown in Figure 5.

Symptom	Possible Strategic DNA Flaws
Unsuccessful projects and unachieved targets	• Invalid assumptions about management focus, resource levels, or staff capabilities • Overly optimistic project charters or plans • External risks unanticipated (and risk actually occurred)
Successful project(s) but metric does not improve as expected	• Hypothesis that certain actions will produce desired results is incorrect • Calibration of cause-effect is overly optimistic • Achievement targets too ambitious—bar set too high • Performance elsewhere has offset performance gain (assumption of performance elsewhere is invalid) • Project goals too modest—bar set too low • Project scope did not include important changes/results • Project portfolio too modest (important projects not selected) • Multiple related projects not all successful • Preceding thrusts have not built sufficient platform for success (hypotheses were overly optimistic) • Assumptions about contribution of external factors not valid or overlooked
Preceding objective's target met but succeeding objective metric does not track as expected	• Hypothesis codified as relationship on strategy map is invalid • Additional preceding objective missing/overlooked • Response of succeeding metric is negated by unexpected factors • Assumptions about contribution of external factors not valid or overlooked
Subsidiary performance successful but corporate targets unachieved	• Hypotheses codified as cascaded objectives and targets are invalid or overly optimistic • Subsidiary performance offset by performance loss elsewhere (assumption of performance elsewhere is invalid)

Figure 5: Common strategic flaws

Finally, we found the following two charts most useful as scales of responses for various priority levels and types of options for variances in performance outcomes, see Figures 6 and 7.

Response Priorities	
Priority	**Response**
Extreme	Variance is very urgent. Stop other work if necessary to address root cause.
High	Variance is urgent. Address root cause as soon as resources can be made available.
Routine	Variance is not urgent. Address rootcause when resources become available.
Low	Variance is unimportant. Address root cause when available resources are under utilized.
Close	Variance is non-issue. Close out log record and take no further action.

Figure 6: Prioritizing responses to fix variances

Response Types	
Type	**Response**
Integrate	Accept root cause and adjust Strategic DNA to accommodate revised hypotheses or assumptions
Escalate	Refer variance to higher level in the organization with recommendations for action
Correct	Take action to correct root cause and recover lost progress
Improve	Take action to correct or minimize root cause and reduce lost progress
Monitor	Take no corrective action at this time but monitor variance trend
Ignore	Accept variance and ignore root cause

Figure 7: Types of responses to fix variances

Downside

As a reader of project management texts, we really had a struggle with both the title of the book and its adoption throughout to describe "a modular approach for driving a company's strategy through its decisions and actions".[17] Nowhere is the term "DNA" explained other than to suggest that it leads to "a family resemblance",[18] a point that we utterly missed on first reading. You see, "DNA" could equally refer to "Daily News Analysis", a web site out of Mumbai, India.[19] Catchy labels are fine with us for pushy marketing of "flavor of the month" or cult-like products, but not for serious tomes of lasting value. Only when we studied the flysheet cover of the book did we understand the significance – as we described earlier in our Introduction.

We also have to admit to having some difficulty in making sense out of Chapter 2, Strategy Clarification and Mapping. Many of the illustrations in this chapter are highly conceptual and littered with fancy arrows, blobs and arrangements containing text too small to read. See Figure 8 for example.[20]

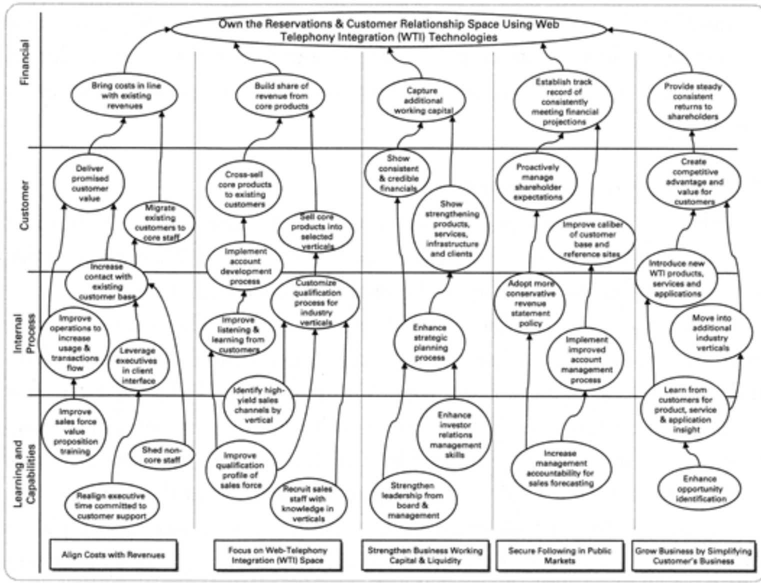

Figure 8: Example of a strategy map.

Lawrence rightly tells us "To stop Wasting Resources on Less Important Actions".[21] Following this he suggests that we can "Reduce Volatility" through a list of 14 items such as: "Continually changing priorities; Uncoordinated inefficient efforts; [and] Weak governance and poor accountability."[22] However, we think that the over arching time waster of "choking the pipeline with too many projects" could have been made explicit and at the top of the list. This would emphasize the point for the casual reader who might otherwise miss the significance of this factor, a factor that is implied throughout the chapter.

We also agree that we should "Be careful with Expensive Benchmarking [because] benchmarking can also result in either analysis paralysis or very complex metrics"[23]. And to avoid the associated costs, we should "Stop Measuring Valueless Metrics [such as:] Time filling in [unnecessary] fields on forms; [consequent] Computer processing and storage; [and resulting] Management review and discussion"[24]. However, we were not clear as to just exactly what we should do instead.

Like us, Lawrence is a great believer in ***Decision Gates*** (Control Points). However, he cites as an example a decision-gate scheme used by a large energy company. This scheme is displayed in a table that names the "Gate", and describes its "Assessment of; Gate Prerequisites; [and] Outcomes". The list of gates thus illustrated is as follows:[25, 26]

1. Business needs understood
2. Project defined
3. Project designed
4. Project planned
5. Mid-project review
6. Deliverables complete
7. Benefits realized
8. Project closed

The problem we have with this scheme is that item #7, "Benefits realized", is the result of the work of ***operations*** management, and not ***project*** management. Operations management requires quite a different style and approach to project management and therefore is the work of a different group of people. Hence, as we have said many times before, the ***project*** should be closed once the Deliverables are complete and transferred to the "Care Custody and Control" of operations. Thus item #8 should appear before item #7 and at some time in the future, when the deliverable is "retired", a further gate could be added to represent the closure of the ***product*** life cycle.

In our earlier discussion of what we liked, we commented on Lawrence's observation that "Many strategic portfolios result in a great deal of change for people working in and with the organization" and that "people can develop open and hidden resistance to change." However, Lawrence goes on to say that:[27]

> "Each project team should anticipate the human factors that stand in the way of success and incorporate the work, time, and resources needed to address them properly in project plans."

While we agree in principle, we consider this is an unfair expectation of the ***project team***.[28] After all, project teams are expected to carry out their mandate within time and cost constraints. It is the project sponsor (read senior management) that sets the project agenda (i.e. project scope). If this does not include the necessary budget to cover public relations, then this is an omission of management and not the fault of those teams executing the project.

Summary

We found this book to be very thorough, very practical, and very useful in the real world of executive management. Unfortunately, this was somewhat marred by our irritation with the title of the book,[29] which regrettably lasted for the first four chapters. But, you may ask, what has all this to do with a web site dedicated to project management?

Well, the fact is that organizations fall into two broad groups: those that are essentially service driven and are structured on the classic hierarchical business organizational model and those that are essentially project driven. Examples of the former include government departments, infrastructure providers, and many non-profits. Examples of the latter include consultants and construction companies who undertake work to order and are obviously in the business of projects. However, even the former category get involved in projects if they are to survive.

But to survive, whether individually or organizationally, people must be working efficiently ***and*** cost-effectively, and that means in the business and not just busyness. As author Lawrence observes:

> "Businesses like to be busy. Bosses like to see employees working up a sweat. Unfortunately, no matter how efficiently an employee does the wrong thing, it 's still wrong. It's even worse if they are being paid overtime to do it. This chapter [chapter 5] is about figuring out what those employees should be working on and, equally importantly, what they *shouldn't* be working on."[30]

This should be a wake up call to everyone working on projects – whether full or part time. If you don't understand the strategic value of your current project, it is just possible that this is because it doesn't have a strategic value and corresponding priority. If so, watch out. It may be ready for the chop, especially in tough economic times such as we are currently facing. As Lawrence observes in his concluding remarks:[31]

> "Multiyear strategies should be revisited at least annually, if only to identify real resource needs for inclusion in the next operational plan."

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[1] Hobbs, Lawrence, *Strategic DNA: Bringing Business Strategy to Life,* Agate Publishing, Inc., 2008, copied from the front cover of the book's flysheet.

[2] Ibid, comment by Susan J. Lea, MD, CEO, Foothills Health Consultants Ltd., from the back cover of the book's flysheet.

[3] Author's comment: "Yes, over several years until the company was bought out."

[4] Ibid, p xi

[5] Developed for a business presentation in 2008 and first published in 2009, see http://www.maxwideman.com/issacons/iac1004c11/sld007.htm

[6] Note: The author advocates against this by observing that "The continuous improvement aspect of the *Strategic DNA* lifecycle should not replace these annual reviews", page 268

[7] *Guide to the Project Management Body of Knowledge*, Project Management Institute, 2008

[8] Hobbs, p3

[9] Ibid, p2

[10] Ibid, p xix

[11] Ibid, p124

[12] Author's comment: "In fact the curves in the diagram were never meant to be reliable. They were merely to illustrate the concept. In practice their position is highly dependent on the specific organization's situation and culture. I certainly don't suggest the curves are based on extensive research. In fact, I don't necessarily favour 'more' or 'less' control, I just think it should be 'appropriate' for the organization's culture and environment.

[13] Ibid, p125

[14] Ibid, pp149-150

[15] Ibid, p225

[16] Ibid, p247

[17] Ibid, p xi

[18] Ibid

[19] Second entry of about 153 million on first page of Google, accessed 9/22/10

[20] Author's comment: "Yes, this is probably true for a project manager reader but may be less so for a balanced scorecarder or corporate executive already familiar with many of these concepts. It's hard to know where to pitch it!

[21] Hobbs, p97

[22] Ibid.

[23] Ibid, p55

[24] Ibid, p54

[25] Ibid, p140

[26] Author's comment: "This is a real example (not my scheme) but is an interesting argument that might depend on the specific project and managements point of view. For smaller projects OK but for large transformational strategic projects why should the project team not be partly accountable for the benefits being realized? If you paid IBM to build the Olympic scoring system why would you not make them accountable for it being successfully used? Project teams should not be absolved of responsibility just because their product is used by someone else. This Oil Company chooses to keep projects open until benefits have been quantified

[27] Ibid, p150

[28] Author's comment: "Not for strategic change projects. If the project team doesn't take responsibility for managing the organizational change (when they are the only people who, as yet, see what the future will look like) then who can?

[29] As discussed in our *Downside* page

[30] Hobbs, p93

[31] Ibid, p268

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