Executive Summary

The key concepts and theories from MSA 603 course “Strategic Planning for the Administrator” are presented in this research and are applied to an administrative issue. The course highlights the concept that “the strategies that a company’s managers pursue have a major impact on the company’s performance relative to that of its competitors” (Hill, Jones, & Shilling, 2017, p. 4). Key concepts of the course include managing the strategy-making process for competitive advantage, external and internal analysis, business-level and corporate-level strategies, corporate governance, social responsibility, and ethics, and implementing strategy through organization. Strategic planning impacts all individuals in an organization, including the project manager(s), and different strategies have different impacts.

The purpose of this research is to study the impact of an organization’s business strategy on the project manager and project team, in relation to the author’s project management concentration. The overarching question is: What are the effects of poor project management on the overall success of a project at SignArt, Inc? All aspects of project management can have different effects on the project success. A project organization also impacts project success, which is illustrated in the research presented. Project managers must understand the organization and its business strategy in order to understand how team members operate and what motivates them to accomplish goals. The organization of focus is SignArt, Inc. in Kalamazoo, MI.; a full-service sign company with a team of sales specialists, sales support and project managers who lead the projects completed for SignArt’s local and national accounts.

A literature review of resources outside of the course was completed and is presented in this paper. The topics of focus include internal and external environments, developing and implementing business strategies, and types of business strategies. These topics are important in
strategic planning and references from several studies are presented to support their importance. Each topic also relates to the author’s project management concentration and administrative issue sub-question.

The topics covered relate to project management because an organization’s business strategy impacts project managers and project success. Such impacts are examined, and recommendations are made for what needs to be changed in the future to reduce negative impacts. The recommendations include completing an environmental analysis to develop a new business strategy or revise the existing business strategy. Communication between the organization’s leaders and project managers is essential to ensure strategy objectives and projects align. Resources are referenced to support the findings on how business strategy impacts project managers and project success at SignArt, Inc.
Paper 2: How an Organization’s Business Strategy Impacts Project Managers

MSA 603 Strategic Planning for the Administrator

MSA 698 Directed Administrative Portfolio

Central Michigan University

Submitted by:
Leslie Runyon

Instructor:
Dr. Michael Dillon

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Introduction

Project managers play a vital role in the success of a project. Project managers are responsible for planning, executing, monitoring, and controlling a project from start to finish. To be successful in completing a project, the project manager must effectively manage the project team and stakeholders. In addition, the project manager must support the organization’s business strategy. This presents additional challenges for the project manager when establishing project goals and managing the project team. Failure to communicate business strategy objectives with the project manager could be harmful to both project success and the organization as a whole.

The organization selected for this research paper is SignArt, Inc. in Kalamazoo, MI. This organization is made up of approximately 60 full time employees in office, manufacturing, and field settings. SignArt, Inc. is a full-service sign company which provides services from design to installation and maintenance. The company has been in business for 47 years under the same ownership. A team of sales specialists, sales support, and project managers lead the projects completed at SignArt’s local and national accounts.

The administrative issue related to the author’s Master of Science in Administration (MSA) concentration is: What are the effects of poor project management on the overall success of a project at SignArt, Inc? What can be done to solve this problem? The sub-question related to the MSA 601 course is; How does the organization’s business strategy impact the project manager and project team members and what needs to be changed on future projects? The main concepts of MSA 603 will be illustrated and relative concepts will be applied to the administrative issue.
MSA 603 Course Overview

The Master of Science in Administration Course 603 is titled Strategic Planning for the Administrator. The course focuses on the processes and approaches used by administrators to analyze internal and external environments to establish and accomplish long-term strategic organizational goals. The MSA 603 textbook states that “the strategies that a company’s managers pursue have a major impact on the company’s performance relative to that of its competitors” (Hill, et al., 2017, p. 4). The core topics covered include managing the strategy-making process for competitive advantage, external and internal analysis, business-level and corporate-level strategies, corporate governance, social responsibility, and ethics, and implementing strategy through organization.

The formal strategic planning process has five main steps: select the corporate mission and major corporate goals, analyze the organization’s external competitive environment to identify opportunities and threats, analyze the organization’s internal operating environment to identify the organization’s strengths and weaknesses, select strategies that building on the organization’s strength and correct its weaknesses in order to take advantage of external opportunities and counter external threats, and implement the strategies (Hill, et al., 2017, p. 4). These core topics and strategic planning steps were divided into three main sections in the course; organizations and their environments, methods and approaches to strategic planning, and evaluation and application. The following section will expand on the topics listed above.

Course Highlights

The first section of the course focuses on environmental factors that impact organizations, assessment of such factors and their impact on organizations, and developing strategies to achieve organizational goals. An external analysis identifies strategic opportunities
and threats within an organization’s operating environment. External environments that should be examined are the industry environment in which the company operates, the country or national environment, and the wider socioeconomic or macroenvironments. Internal analysis focuses on reviewing the resources, capabilities, and competencies of a company in order to identify its strengths and weaknesses (Hill, et al., 2017, p. 18-20). The findings can be documented in a SWOT analysis for comparison and strategy development.

The second section of the course focuses on methods and approaches to strategic planning. Business strategies are developed based on the nature of the business and according to the internal and external environment. The goal of a SWOT analysis, briefly mentioned in the preceding paragraph, is to “create, affirm, or fine-tune a company-specific business model that will best alight, fit, or match a company’s resources and capabilities to the demands of the environment in which it operates” (Hill, et al., p. 21). The results are then used to determine the appropriate business strategy for the organization to gain a competitive advantage. Strategies are divided into four main categories; functional-level, business-level, global, and corporate-level strategies.

The final section of the course focuses on measurement of success in planning, implementation of the strategies, and practical application of strategic planning methods. ‘Strategy implementation involves taking actions at the functional, business, and corporate levels to execute a strategic plan’ (Hill, et al., 2017, p. 21). There are many factors that impact strategy implementation; two of such factors are organizational architecture and organizational structure. It is also important to the success of a business to understand organizational culture and organizational processes and their relation to strategy implementation. An organization’s strategies are generally assessed every one to two years to evaluate the strategy’s effectiveness.
If the strategy is unsuccessful, the strategy planning process will begin again to develop a new strategy.

**Literature Review**

The purpose of this section is to review and analyze literature related to strategic planning topics and concepts. Extensive literature exists about this subject; a number of such resources have been selected and organized into sub-topics that best relate to research topic. The topics include internal and external environments, developing and implementing business strategies, and types of business strategies. These topics are best suited for the presentation of literature because they are directly related to the subject and research sub-question related to MSA 603.

**Internal and External Environments**

A key step in strategic planning is completing an analysis of both the internal and external environments of an organization. The purpose of such analysis is to identify the organization’s strengths, weaknesses, opportunities, and threats. There are many forms of environmental analysis including; written questionnaires, phone interviews, face-to-face focus groups, or environmental-scanning techniques.

Environmental scanning provides an opportunity to look at external trends in business and society in general; to assess the impact of these trends on your industry or profession in particular; and to view your industry or profession as part of an interconnected business ecosystem. Equally as valuable is the comprehensive internal inventory that provides a clear snapshot of where the industry or profession and the association are at a certain point in time. (Drohan, 1997, p. 85)

Environmental findings should be documented in an environmental analysis report and used to develop a business strategy.
An article written by Paulo De Vasconcellos Filho (1985) illustrates the importance of obtaining actual knowledge of the environmental to develop an effective strategic plan. The author suggests that three effective methods for completing environmental analysis are mapping, classifying, and analyzing the environmental variables found in the ‘Total Environment’ of an organization (Filho, 1985). The environmental variables can be divided into three main categories; negative region, neutral region, and positive region. The negative region includes threats, restrictions, problems, and negative symptoms. The neutral region includes neutral variables. The positive region includes positive symptoms, stimuli, and opportunities (Filho, 1985, p. 28). It is important to understand the different variables, and how they impact a given organization for a successful analysis.

Just as it is important for leaders of a business to complete environmental analysis, it is also important for a project manager to understand the environment(s) the project team is working in. “Project success requires that project managers not only manage projects, but lead people” (Anderson, 2010, p. 60). To lead ‘the people’, the project manager must first understand the uniqueness of individuals, including strengths and weaknesses, and their background, including the business environment. The business environment can impact the way individuals operate and work towards completing a goal. Understanding the business environment also helps project managers determine what motivates individuals (Anderson, 2010).

Developing and Implementing Business Strategies

The environment of a business, both external and internal, has a significant impact on the strategic plan, which is why environmental analysis is so important. The environmental factors, along with critical issues, identified thorough analysis should be reviewed for likelihood of
occurrence and frequency. Such information gathered is used in planning the business strategy. Government Finance Offers Association defines strategic planning as:

a comprehensive and systematic management tool design to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization’s mission, and achieve consensus on strategies and objectives for achieving that mission.

(as cited in Casey & Stockwell, 2016, p.35)

The strategic plan should look at the future of the business and gaining a competitive advantage while accommodating for current changes in the business.

In the article “Making Strategic Planning Work”, authors Joseph Casey and Brent Stockwell (2016) outline important steps for developing a strategic plan. Developing a strategic plan begins with identifying goals and defining priorities among established goals. From there, strategies to accomplish goals should be developed and the impact of the organization should be figured into the strategies. Next, an action plan should be developed to describe how the strategies will be implemented. The action plan should consist of activities to be performed, costs, responsibility assignment, and a timeline for when goals are to be accomplished. Objectives and performance measures should be established to provide necessary information on desired goals. Finally, the action plan must be formally approved prior to implementation.

It is important that an organization does not jump into implementation before the planning process is complete and the plan is consistent with the needs of the organization. Many companies begin a strategic plan but fail to properly implement or control. Nick Hernandez (2015) stats there are five steps in implementing a strategic plan. These steps include; aligning initiatives, aligning budgets and performance, practicing structure follows strategy, engaging
staff, and monitoring and adapting. One aspect that often gets overlooked is engaging staff in the planning and implementation processes. Staff input should be highly valued and utilized. Influential employees will “contribute meaningfully to strategy and also ensure the practice engages with the strategy” (Hernandez, 2015, p. 54). Each step is equally important to the success of the strategic plan.

Planning, executing, and monitoring are all very important processes in project management also. In fact, project planning, project execution, and project monitoring and controlling are three of the five phases of project management. A business report, published in 2017, states that ‘when proven project, program and portfolio management practices are implemented, projects are more successful’ (Pulse of the Profession, 2017, p. 12). Project managers must follow their project implementation plan in order to succeed, just as an organization’s leaders must follow the strategic plan implementation process to run a successful business.

**Types of Business Strategies**

Porter defines three types of generic business strategies; cost leadership, differentiation, and focus. Cost leadership strategy has a “strategic orientation toward cost leadership with little emphasis on product innovation and reflects a firm's intention to strive for the lowest cost or most efficient producer position in the industry by achieving a sustainable cost advantage in producing products” (Booth, Choe, & Hue, 1997, p. 410). This strategy is ideal for companies who seek to gain a competitive advantage by offering products or services at the lowest cost in their industry.

A differentiation strategy has a “strategic orientation toward differentiation through “product innovation with little emphasis on cost leadership is an innovative differentiation
strategy and strives for product innovations to develop a unique image of the firm's products by providing customers with unique value” (Booth, et al., 1997, p. 410). Companies who follow a differentiation strategy set themselves in a unique position in their industry, and can charge a higher price than competitors. This strategy is ideal for companies who seek to gain a following of customers who desire their unique product or service. Cost leadership and differentiation strategies are used to gain a competitive advantage and either can be a focus strategy when a specialized product or service is offered.

**Relation to Concentration: Project Management**

The concepts of strategic planning relate to the author’s MSA concentration of project management because an organization’s environment and business strategy impact the individuals who are part of a given project team. The role of a project manager includes understanding how individuals on a project team operate in the workplace and what motivates them to accomplish goals.

Many experienced project managers will tell you that it is not the technical side of a project that causes project failure, but the people side, also known as the ‘soft side.’ It is here where the concepts and processes of project management begin to come unglued in the heat and turbulence of real-life application. (Anderson, 2010, p. 60)

The environment in which individuals work and the business strategy impacting such environment shapes the way individuals conduct themselves in the workplace. Therefore, the project manager must understand such environments and strategies when coordinating a project team. In addition, project managers are more recently expected to keep projects alights with a company’s strategic goals (Rockwood, 2017).
Just as project managers are evolving in their positions in businesses, the businesses also must adjust to accommodate for successful projects. Some CEO’s, and others in leadership positions, are considering project managers partners, rather than just presenters. It is a two-way street to further incorporate project manager in businesses. Stephanie Schmid, PMP, states that “A tactical project manager can be successful at driving the team to meet deadlines with quality, but a strategic project manager raises that skill set to the next level by implementing the company’s vision into the team mindset” (as cited in Rockwood, 2017, p. 34). It is important that project managers find a good balance, and don’t lose site of a project’s goals.

Where businesses are furthering incorporation of project management, they must also develop business strategies that support the need for project managers and project teams. “Making the connection between your business strategy and project management isn't easy, but it is necessary if projects are going to serve a purpose and meet inherent business needs” (Alexander, 2017, para. 1). Alexander suggests that for business goals and project management to align, leaders from the project management office (PMO) should be included in strategic planning and everyone in the business must understand where they fit into the strategy. Lack of support for project management in a business strategy can have a negative impact on project success.

**Application to Issue: Impact of Business Strategy on Project Manager**

Studies on the relationship and alignment of business strategies and project management have become increasingly popular in the last ten years.

One reason the PM/business strategy alignment has become the focal attention is that companies must develop and execute innovative business strategies in order to stay competitive. In doing so, projects are often chosen as vehicles to implement those
strategies, and PM is commonly considered to be an important business process.

(Milosevic & Srivannaboom, 2006, p. 497)

Different strategies have different impacts on projects in an organization. A study completed in 2006 on the two-way influence between business strategy and project management resulted in patterns in project management elements for both differentiation and cost leadership strategies. The elements of project management presented in the following paragraphs include project strategy, project organization, and project culture.

When looking at cost leadership business strategy, the above-referenced study concluded that “project strategy is driven by cost leadership with the purpose of creating competitive advantage through a cost reduction, which may or may not lead to under-pricing the competition” (Milosevic & Srivannaboom, 2006, p. 497). The structure of a project organization under cost leadership is flexible, to allow for adaptation to change. In the project culture, “team spirit is cost-centric by focusing on cost reduction goals and getting the job done. Some observed attributes include extensive formal and informal communication, and low-cost awareness” (Milosevic & Srivannaboom, 2006, p. 497). The study proposes that the cost leadership strategy generally drives the focus and content of each project element based on its low-cost focus.

When looking at differentiation business strategy, the above-referenced study concluded that “general rules to guide the behavior (strategic focus) of the project teams – designed to help accomplish the goals of differentiation – are rooted in competitive attributes” (Milosevic & Srivannaboom, 2006, p. 496). The structure of project organization is also flexible under differentiation strategy, but is directed at achieving its competitive attributes. The project culture “is driven by product quality; thus, formal communication is wide open, extensive preparation is common to ensure the high level of product quality” (Milosevic & Srivannaboom, 2006, p. 496).
The study proposes that the differentiation strategy generally drives the focus and content of each project element based on its competitive attributes.

Failure to consider project managers and their team when developing a strategic plan could result in failed projects, which costs the organization time and money. A current administrative issue related to project management is the impact of poor project management on the success of a project at SignArt, Inc. A sub-problem related to strategic planning is how an organization’s business strategy impacts the project manager and project team. Using concepts and theories from MSA 603, what needs to be changed on future projects to reduce negative impacts?

Project managers at SignArt, Inc. are responsible for overseeing projects from start to finish. The average project includes providing a quote to customer(s), project initiation upon customer’s approval, obtaining site survey (if necessary), obtaining appropriate permit(s), producing work order for fabrication and installation (install if local), hiring subcontractor (for install out of service area), maintaining project budget and schedule, coordinating install with onsite general contractor, obtaining change order (if necessary), and project close-out. As part of an organization, project managers at SignArt are impacted by the organization and how it operates. Leaders in the organization do not always take the needs of the project manager into consideration during strategic planning.

SignArt follows a differentiation strategy to gain competitive advantage in the industry. SignArt stands out by offering additional services to their customers that competitors generally do not; such as in-house manufacturing and installation and site landscaping. Following the study referenced above, a project team in an organization following a differentiation strategy should be flexible and focused on achieving its competitive attributes. While focusing on competitive
attributes is important to the organization, it can hinder the project success. For example, if an individual on the project management team is rushing to complete his/her part of the project ahead of schedule, the quality of the final product may be lacking. SignArt’s customers trust that their signs will meet quality standards, and the project manager will be at fault if the final product does not meet such standards.

This presents project managers with the additional challenge of effectively managing the project team members so that they accomplish not only their project goals, but also uphold strategic goals of the organization. As Milosevic and Sirvannaboom stated (2016), “The essence of PM is to support the execution of an organization’s competitive strategy to deliver a desired outcome” (p. 494). Just as an organization should support project managers, the project manager must also support the business’ strategy. References included in this paper support the concept that the alignment between business strategy and project management is a two-way street. Effective communication must be utilized by project managers and business leaders to ensure both ends are holding up their part to support the organization.

Summary, Conclusion, and Recommendations

Strategic planning encompasses “the strategies that a company’s managers pursue have a major impact on the company’s performance relative to that of its competitors” (Hill, Jones, & Shilling, 2017, p. 4). The preceding sections identify key concepts of strategic planning and a real-world example of an administrative issue and the relation to strategic planning. The alignment between a company’s business strategy and project management is very important to the business. It takes the effective communication of both business leaders and project managers to ensure that the goals of a project align with the goals of the business. Failure on either part can negatively effect project success.
Based on the information presented above, the author recommends that SignArt leaders evaluate their existing business strategy to ensure it aligns with project management in the business. An environmental analysis, external and internal, should be completed to identify the organization’s strengths, weaknesses, opportunities, and threats. It is important to identify and analyze such information before developing a strategic plan. The likelihood and frequency of occurrence of critical events should also be identified. The strategic plan should look at the future of the business and gaining a competitive advantage while accommodating for current changes in the business.

When developing the strategic plan, or revising the existing plan, SignArt’s leaders should be sure to include the project manager(s). Their input is valuable to the strategic plan and is essential for success of future projects. “The PM/ business strategy alignment helps organizations to focus on the right projects, given the objectives of the business strategy” (Milosevic & Srivannaboom, 2006, p. 494). SignArt’s leader must ensure that the project manager(s) fully understand the objectives of the business strategy. The project manager(s) must also create project goals that align with the company’s business strategy objectives.

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