Chapter 2
Inter–Relationships between an Enterprise’s Strategic Management Process and Its Program/Project Portfolio Management Process

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ABSTRACT

This chapter describes and clarifies the boundaries between strategic management and project/program portfolio management (PPPM) processes, and identifies who holds primary responsibilities for key elements of these inter-related sets of management processes. The main issues considered include: The differences between strategic project management and operational project management. The elements in the strategic project management practices and processes that should be considered to be within the responsibility of ‘project management.’ The role of a typical PMO in relation to 1) strategic management processes, and 2) both the strategic and operational project management processes. The importance of identifying the differences between transformative and commercial projects and programs and also between the major categories of projects and programs within enterprises. The origins of the two basic types of projects within project-driven compared to project-dependent enterprises.

INTRODUCTION

In order to survive and prosper, all business, industrial, governmental, and non-governmental organizations must evolve and grow in response to economic, political, technological, and environmental changes. In order for the growth of any organization to be managed strategically and effectively, rather than reactively, the organization’s strategic managers must design and implement a practical, coherent strategic growth management process. Since projects and programs are the primary vehicles that all enterprises use for

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their growth and survival, these vehicles must be managed within appropriate portfolios to achieve the
greatest results in the shortest time and with the least expenditure of scarce resources. This Chapter
describes these two fundamental management processes and explains their interconnections.

1. Part 1, The Strategic Growth Management Processes Within an Enterprise, presents and discusses
a proven five phase strategic growth management process and briefly describes the responsibilities
of the strategic managers and planners involved in this important process.

2. Part 2, Project/Program Portfolio Management (PPPM), presents and discusses a typical 12 step
process for defining and managing a portfolio of projects, shows how this process is related to the
five phase strategic growth management process, and discusses the division of the responsibilities
for the two processes. It also discusses the various ways to identify project and program portfolios
from the strategic management perspective.

3. Part 3, Project and Program Types and Categories, describes the need for properly identifying the
various possible types of projects, programs, and their portfolios from the project management perspec-
tive, and describes the important differences between transformative and commercial projects
and programs. Because creating new projects is the key to success in strategic growth management,

4. Part 4, The Origins of Projects and Programs, describes the various origins of projects for project-
driven versus project-dependent organizations, and for transformative versus commercial projects
and programs.

5. Summary and Conclusion, summarizes the Chapter and presents the major conclusions that can
be drawn from the information presented.

MAIN FOCUS OF THE CHAPTER

Part 1: The Strategic Growth Management Processes within an Enterprise

Strategic Planning is a comprehensive process for determining what a business should become and how
it can best achieve that goal. It appraises the full potential of a business and explicitly links the business’s
objectives to the actions and resources required to achieve them. Strategic Planning offers a systematic
process to ask and answer the most critical questions confronting a management team, especially large,
irrevocable resource commitment decisions (Bain & Company, 2015).

Senior line managers in the organization are the creators of the growth strategies and the “owners” of
the projects that will carry them out, with a designated project sponsor with executive responsibility for
each project, and a project manager as the focal point of integrated responsibility and accountability
for planning and executing each one. Strategic management sets the future course of the organization
and selects the projects to be added to the project portfolios. Project management plans, authorizes and
executes the specific efforts that implement the growth strategies. The managers of these projects are
acting for and representing the project owners, and receive their direction through the project sponsor
(Archibald 2003, p 15).

Building on strategic, long-range planning and related management processes developed over the past
decades, well-managed enterprises today utilize integrated strategic growth management processes to