

Realizing strategic intentions through projects

- *Linking internal change initiatives to the corporate strategy*

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Preface

This thesis project marks the end of my Master of Science in Industrial Management & Engineering at the Faculty of Engineering, Lund University. Five and a half years of studies at the university is over and I've reached the pinnacle of my academic career. The report you are holding in your hand is the result of a case study conducted at a leading company's Global Process Office during the autumn semester of 2011. The work was initiated due to a mutual interest in how projects and programmes are linked to the corporate strategy and how they should be managed in order to maximize the outcomes from the efforts put into them.

From the very beginning it has been a both challenging and highly exciting topic to research, and when adding the dynamic environment wherein this thesis project took place it have made it even more interesting. My work has not been possible to conduct without the support from the whole Global Process Office Team and I would like to thank you all for giving me some of your highly restricted time. Especially I want to thank my supervisor at the Company, who always had spot on questions and opinions and highlighted important aspects. You have really deserved to get your name on the cover page above, but the secrecy came in the way. Nevertheless, you know who you are!

Throughout my work, I've also had the great opportunity to get feed-back from a couple of other persons. They all deserve to be mentioned, and I am truly grateful for their contributions. Henry Korpela: Without your support in the initiation of my thesis project the study performed below have never been conducted. Magnus Levin, who adopted me when Henry left for other assignments: Your insights, experience, and always analytically based opinions have meant a lot in the proceeding of my work. Furthermore, Bertil I Nilsson at the Faculty of Engineering, Lund University: It is not possible to have a better academic supervisor, and I will never be able to thank you enough. Your deep knowledge, experience, and well grounded critical opinions have been a source of great inspiration. Added to this is your strong support and faith in my work, even during times when I had none, and your ability to always find the time needed for our meetings and discussions.

Lastly, I would like to thank my family for all the support you've given me during my more than seventeen years in school. Marie, my wonderful girlfriend, we are now both ending our academic phase and enters the journey that some people insists to call adulthood. It's been a wonderful time this far, and I'm super excited about the times to come.

With hope of a bright future,

Lund, January 2012

Fabian Persson

Executive summary

Title

Realizing strategic intentions through projects – *linking internal change initiatives to the corporate strategy*

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Background

When projects and programmes are becoming ever more present in many of today's organizations, these are also playing an increasingly important role in implementing the corporate strategy. This thesis is focusing on internal change initiatives, named BT initiatives, which aims at implementing substantial changes to the current organization. Due to the size of the initiatives and their impact on the organization, they need to be thoroughly linked to the corporate strategy. To evaluate how well this linkage works today, and if there are room for improvements, this thesis starting point was to get a comprehensive understanding of the fields of strategic management, programme and project portfolio management, and benefits management. The chosen theoretical framework has then been used to direct the gathering of the thesis' empirics and in the analysis of the findings. Following the analysis is the conclusions, derived from the preceding work done.

Problem definition

To ensure that the large BT initiatives don't have adverse consequences, they have to be evaluated against the Company's strategy. The evaluation will show how strongly linked an initiative is to the different strategic goals put up. After an initiative is initiated, it will be a matter of utmost importance to ensure that the benefits the initiative plans to bring is really delivered in full to the organization. This is something that needs to be focused on both during the initiatives duration, but also after the initiatives are closed. The strategic linkage and how to realize initiative's benefits are the two underlying aspects on which the following master thesis rests upon.

Delimitations

The initiatives that have been focused on are those categorized as BT initiatives. These initiatives aim at implementing internal changes to the organization in order to be more efficient, and they all have a budget exceeding €1M. Smaller internal changes initiatives, R&D projects, customer projects or any other projects are excluded from this thesis.

Purpose

The purpose of this thesis is to be: (1) descriptive in a survey over today's processes, policies, and tools utilized for the running of BT initiatives, (2) normative based on read up on theories, and (3) give recommendations for how the BT initiatives role can be strengthened in order fulfil strategic goals.

Method

The thesis project has been conducted as a case study at the Company, and is based on document studies and qualitative interviews that are supposed to give a contrasting view on how the formal processes, policies, and tools are utilized today.

Thesis conclusions

Based on the theoretical body of knowledge used as a foundation for this thesis the Company is overall doing a good work within the studied field. That being said, there is a recognized need to improve to gain better results. The key areas for improvements are to implement a formal programme management approach for the BT initiatives and to implement a benefits monitoring dashboard. A suggestion on how the latter can be structured is given, and is advised to be implemented in order to keep a focus on benefits realization even though the actual initiatives has been closed. This prolonged focus is considered to be the guarantee for reaching full benefits, which is equated with getting maximum pay-back on the money spent on the BT initiatives. The current linkage between the strategy and the initiatives are deemed as good enough.

Key words

Strategy implementation, programme management, project portfolio management, benefits realization, benefits management.

Glossary and key words

| | |
|---|--|
| Benefits | Outcomes from a project or programme. Can be both financial and non-financial, for instance cost reductions or increased service levels achieved. |
| BSC – Balanced Scorecard | As introduced by Kaplan & Norton, the balanced scorecard is intended to be used within organizations in order to track results on more than financial aspects. |
| BT | Business Transformation, the term used for substantial internal change initiatives. |
| BT Initiative | Collective term used for BT projects and BT programmes, when the statement is applicable to both of them. |
| BT project portfolio | The umbrella under which all of the ongoing BT initiatives and BT programmes are gathered. This is used to gain transparency, through that it is easy to get a comprehensive picture over the ongoing initiatives, their status, and where they will have an impact. |
| BT project process | The process developed within the Company that all of the BT projects and programmes are required to follow. Is intended to guarantee that all of these are managed consistently. |
| BT Projects | Those internal change initiatives that have a total budget exceeding €1M. |
| BT Programmes | Similar to the above, but the BT programmes consists of several interdependent projects that share a common target. |
| Business/Benefits case | A document that every BT initiative has to present before they are initiated. The business/benefits case states which effects a BT initiative intends to have on the Company. Considers both financial and non-financial aspects, as well as how these should be tracked during the BT initiatives duration. |
| Global Process Office | The department within the Company where this master thesis project is conducted. |
| KPI – Key Performance Indicator | Metric used for performance measurements within organizations. |
| Programme | A collection of projects with interdependencies. The programme has an overall goal, which is intended to be reached through the combination of the results from the projects that constitutes it. |
| Project Charter | A BT initiatives identity card. The Project Charter states which employees that will be involved in the BT initiative, which results that is aimed for, and the schedule for the initiative. |
| Project Portfolio Management - PPM | A structured approach utilized to manage a project portfolio as a single entity in order to reach overall goals for the portfolio. |
| Risk/Readiness assessment | A tool used in order to judge which risks that are involved with a BT initiative, and if the organization has the needed readiness to incorporate the results coming from the initiative. |
| Strategic Fit assessment | A tool used in order to judge whether or not BT initiatives are aligned with the Company's strategic goals. |
| The Company | The client in this master thesis. The Company is an industry leader within its field, and has a truly global organization. |

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1. Introduction

In this first chapter of the master thesis report, the reader will get an understanding of why the thesis have been conducted, an introduction to the setting wherein the thesis took place, purpose, delimitations, and lastly a disposition of the chapters constituting this report.

1.1 Background

“The link between strategy and reality are projects.”

Managing Global Projects, KPMG report, 2008

The corporate strategy is, or should be, realized by the initiated initiatives, making it a matter of high importance to ensure that the linkage between the strategy and the initiatives is identified and strengthened to increase the company’s performance and competitive advantage. Furthermore, the initiatives selected to go forward with should be the initiatives best suited for the realization of the corporate strategy (Gardiner, 2005).

The corporate strategy can be implemented through projects, programmes and portfolios (PMI, 2000, through Gardiner, 2005). However, the linkage between the strategic plan and the strategy implementation in the initiatives is not always as strong as one would think. A gap within this area needs to be highlighted and improved to ensure that the strategic plan is delivered on. PPM is one way to align the initiatives with the strategic goals, leading to a more effective organization (Cleland & Ireland, 2006). Dietrich & Lehtonen (2005) have identified the linkage between the strategy process and project management as a success factor for companies, further indicating the importance of the linkage mentioned above.

1.2 The Master Thesis’ setting

1.2.1 The Company & its Global Process Office

The client in this thesis is a leading international corporation’s Global Process Office. Hereafter the client will be referred to as “the Company”. The Company has a process-based organizational structure, a journey that started more than ten years ago, with an underlying functional organization. The process-based division of the Company is done in seven main processes, five supporting processes, and three governing processes. The Global Process Office’s role within the Company is further explained in the Empirics-chapter, but can be summarized as being a cross-process unit that supports the process teams in their work, and doing this without having the mandate to decide over them. In total, the Global Process Office employs 20-25 persons, making it a very small fraction of the Company’s total size. However, with the process-based organizational structure and Global Process Office being one of few cross-process units they play an important role within the Company.

1.2.2 The Business Transformation Process

The focus for this thesis is on internal BT initiatives, which are those internal transformation initiatives that have a budget exceeding €1M. Within the Company’s governing processes, the BT project process is found. The BT project process was developed about five years ago, and is used for all initiatives fulfilling the criteria for being classified as a BT initiative. The development of this process was initiated after the realization that there were several very large BT initiatives going on

within the Company, though it was not always clear how these were driven and why. By implementing a well-structured BT project process, the aim was to reach the following four goals:

- Strategic Fit – Every BT initiative initiated must have a clear alignment with the Company’s strategy.
- Quality Delivery – By following a well-defined process, every BT initiative will be monitored in a way that should guarantee high quality. This will ensure that the deliverables coming from the initiative will meet the expected results, or at least that eventual deficits should not be due to a lack of structure.
- Benefit Realization – There should be a clear focus directly from its start on the benefits that an initiative should deliver, and not a single-sided focus on deliverables. The benefits are seen as coming from the implementation of the deliverables stemming from the initiative – they do not come automatically when the initiative is finished.
- Transparency – The strive for transparency is three folded through that:
 - *Transparency towards the leadership team.* This shows which initiatives that have been decided to allocate resources to, and that needs leadership attention, funding and support to succeed. Through the transparency the executive leadership team can ensure that the portfolio is aligned with the strategy, and they are also able to balance the portfolio against different aspects.
 - *Transparency towards the receiving organizations.* This should ensure that the receiving organizations can prepare for changes aimed at them, and also gives the possibility for them to reject imposed changes if they are not able to implement the changes according to the proposed schedule.
 - *Transparency towards the rest of the Company.* This revolves around raising the awareness throughout the Company about what is currently under way in different parts of the organization. This is for instance intended to make initiatives aware of each other, that the processes and functions communicate their development plans et cetera.

All four goals above comes from a philosophy that if these aspects are in place, the Company will get a better result from the resources allocated to BT initiatives. It was also recognized that before the BT project process was implemented, shortages in these four aspects had lead to a situation with more BT initiatives running than the organization could handle, unclear expected benefits, and often without having an obvious strategic alignment. Furthermore, the way the initiatives were driven was mainly dependent on who was the project manager. The BT project process can be seen as the foundation from which this thesis takes its stance, and a detailed description of it is given in the Empirics-chapter.

1.3 Problem description

BT initiatives can be characterized as large internal change initiatives. They are all existent within a complex environment, an environment to which they aim at implementing substantial changes. Due to their size and impact, it’s of crucial importance that every BT initiative supports the strategic goals and objectives of the Company, or even better; directly aims at fulfilling some parts of the strategy. How this strategic alignment should be secured is though a question impossible to answer in an easy and straightforward way. Nevertheless, running initiatives are becoming ever more important for

many of today's organizations and with this development comes the need to link these initiatives, no matter if they are concerned with product development or BT, to the corporate strategy.

The complexity of the matter is, however, not ending with the linkage between the initiatives and the strategy at an initiative's initiation. After having chosen the initiatives best suited to go forward with, these will often have substantial interdependencies. This is the focus of the fields named programme management and PPM. These two approaches are utilized to handle groups of projects with interdependencies in a coordinated way. When the initiatives have reached the end of their duration the last challenges unfolds: How should you ensure that the full benefits that are expected from an initiative are reached, and how do you evaluate their contribution objectively? This is going even further through the fact that initiative's benefits may not be realized until substantially after an initiative's closure, thus demanding a benefit focus reaching past the closure. Apparent from the above the issue of linking initiatives to the corporate strategy spans from initiative initiation to initiative closure and even beyond this point. Hence, this makes it an aspect that has to be continuously taken into account.

1.4 Thesis definition

The thesis will answer the following questions: (1) What are the key challenges that the company is facing in realizing strategic objectives through BT initiatives and (2) what should be done in order to strengthen the BT initiative practices for reaching strategic goals. In order to achieve this, theory within the field will be researched, current formal processes, practices, and tools that are in place within the Company will be investigated, and a deeper understanding of how they are deployed within the organization will be gained through interviews with concerned personnel. These three parts will lead to an analysis where the theory will be used to evaluate the current state. Through that analysis suggestions on where there are room for improvements, and how this can be accomplished, will be developed.

1.4.1 Goals & objectives

This thesis will aim at being:

- Descriptive, in a survey of today's processes, policies, and tools concerning BT initiatives.
- Normative, based on theories and literature.
- Give recommendations for the further work to be done within the Company in order to strengthen the BT initiatives role as a strategy implementing tool.

1.4.2 Deliverables

This master thesis project will be presented in three different shapes: (1) presentations to be held at the academy and at the Company, (2) a short academic article concentrated around the main parts and findings of the thesis and (3) this detailed report.

1.5 Delimitations – Focus on Business Transformation Initiatives

The focus for this master thesis is on larger internal change initiatives, the BT initiatives, and not on customer or product development projects. The first-mentioned initiatives are commonly initiated to change the way the organization functions today in order to increase the performance through better efficiency, simplify some parts of the business activities, increase customer value, or decrease costs.

Important to note is that BT is only one “vehicle” through which the Company’s strategy can be implemented and realized. A generic division of these vehicles that can be seen as strategy realizing is done in figure 1 below, but it should be further noted that this is not all-covering.

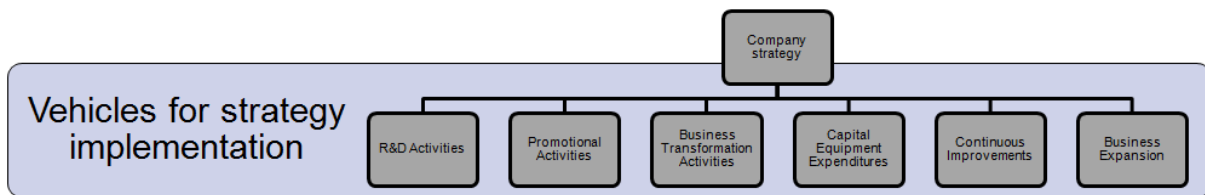


Figure 1 - Division of strategy implementing activities done within the Company (the author’s own)

1.6 Target groups

The primary target groups for this master thesis report are students at the end of their masters educations and professionals working within the touched upon fields in this thesis, primarily those working at the Company. However, it should be possible for everyone with interest in the investigated questions to read this report and understand its implications.

1.7 Chapter guide

This thesis will consist of eight main chapters, plus reference and appendix chapters. The report is intended to be read from beginning to end to get an understanding of the context in which the thesis has been written in. However, if any reader has special interests in some specific parts, an outline of the report follows below.

- *Chapter 1 – Introduction.* Introduces the area of investigation and gives the background to the thesis. States why this is an interesting topic for a thesis, and which focus it has.
- *Chapter 2 – Methodology.* Describes common research methodologies and gives an introduction to essential concepts within the field of methodology. Furthermore, this chapter explains and justifies which methodologies that are used in this thesis.
- *Chapter 3 – Theory.* Presents the theoretical foundation formed for this master thesis. Emphasis is put primarily on theory within the fields that is concerned with linking initiatives to the corporate strategy.
- *Chapter 4 – Empirics.* Explains the company context wherein this master thesis is taking place. The chapter describes the processes, policies, and tools that are utilized within the field of running BT initiatives.
- *Chapter 5 – Reflections from interviews.* If the former chapter describes the more objective part of the processes, policies, and tools in place for running BT initiatives, this chapter accentuates these facts using the material gathered through the interviews conducted with concerned personnel. Chapter 4 and 5 aims at giving the reader a comprehensive knowledge about both the formal parts of the BT project process and how these are worked with within the Company.
- *Chapter 6 – Analysis.* Through the use of the read up on theory for this thesis, the empirics gathered i analyzed. This shows if there are deviations between the reality at the Company and the theory within the fields studied earlier. Frameworks presented in *chapter 3 Theory* is used in the analysis.

- *Chapter 7 – Conclusions.* From the findings in the analysis chapter, conclusions that build on this are formed. Deviations found are discussed and how these can be mitigated, if at all needed, is proposed.
- *Chapter 8 – Discussion.* The chapter ending the text bulk of this master thesis consists of a discussion section sprung from general thoughts after having conducted the thesis, and gives recommendations on fields that would be interesting to conduct further research within.
- *Chapter 9 – References.* Presents the sources of information that was used during this thesis project.
- *Chapter 10 – Appendices.* Ending the thesis is this chapter, consisting of material that has not been presented earlier on.

2. Methodology

This chapter consists of descriptions of different methodologies for conducting an academic thesis or similar studies, and also which methods that have been used in this specific thesis. The selection of the different methods utilized is explained and it is motivated why it's is a good fit with the objectives of the thesis. This formulates the framework and principles under which the thesis work have been driven.

2.1 Research Strategies

There are a number of different research strategies to be used, all with their own appropriateness depending on the goals and focus of the thesis (Höst et al., 2006). The thesis purpose defines which strategy that is best suited for solving the task at hand. Often the choice is guided by how much information that already exists within the field of research (Björklund & Paulsson, 2003). Four of the most commonly used strategies are: Descriptive, Exploratory, Explanatory and Normative. These strategies reflect the goals of the study to be performed.

2.1.1 Descriptive

The goal of a descriptive study is to find out and describe how something works. It is used when there are some basic knowledge and understanding within the field. The end results will be a description of the discovered relationships, but it will not explain why the relationships have taken the form that has been discovered (Björklund & Paulsson, 2003).

2.1.2 Exploratory

An exploratory strategy is used when there is a small amount of knowledge within the field of research, and can hence be used to get a deep knowledge of how something really works or how something is conducted (Höst et al., 2006). This strategy is not only used to gain deep knowledge, it can also be used to gain basic understanding of an area (Björklund & Paulsson, 2003). The variables that's deciding what's the goal for the exploratory study is how much knowledge there is within a field, and where the conductor of the study stands at the study's starting point.

2.1.3 Explanatory

Explanatory studies are used when the goal of the study is to both describe and explain relationships (Björklund & Paulsson, 2003). By using this strategy, a deeper knowledge of the field of research can be gained, since the relationships are described, but the researcher is also putting down an effort to explain the chain of causality causing the relationships found (Höst et al., 2006).

2.1.4 Normative

This research strategy is used when there are already a certain amount of knowledge and understanding of the field of research (Björklund & Paulsson, 2003). The goal is to, from this knowledge and understanding, be able to give guidance and propose measures to be taken further on.

It's not always the case that a thesis consists of solely one research strategy, but rather is a combination of different strategies at different parts of the thesis. The hierarchy between the above described research strategies are illustrated below in figure 2. Added is implementation, which could be seen as an extension of the normative research strategy.

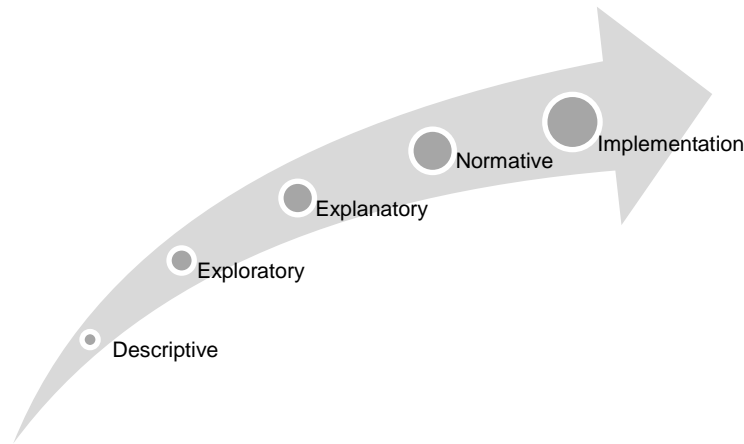


Figure 2 - Hierarchy between the different research strategies (the author's own)

2.1.5 Research strategy in this thesis

This thesis will start with taking the form of a descriptive study, where literature and theories combined with studies of the context at the Company will form an understanding and description of the current situation. From this, a normative approach will be utilized to give recommendations for the further work to be done within the Company to strengthen the capabilities with the goal being to achieve higher performance.

2.2 Research Methods

As with research strategies, there are a variety of methods to be used when conducting studies, depending on the goals and characteristics of it. The decision as to which research methods that will be used reflects which standpoints the researcher has taken. These standpoints is setting the priority for a number of dimensions and aspects, indicating for instance the importance of finding and describe the causality between different variables, the possibility to generalize to a group larger than the one participating in the study (Bryman & Bell, 2005), et cetera.

2.2.1 Case study

At its core, a case study is the detailed and thorough study of just one specific case. Within business research, some of the most famous studies have taken the form of a case study (Bryman & Bell, 2005). The typical case study is an intense and focused study of a specific situation or state that an organization is in. It can also be performed as a longitudinal study, where data from the same case is gathered during some specified time frame, or it can be a study of an historic event (DePoy & Gitlin, 1999).

Often the case studying researcher chooses qualitative methods, even though the case study format doesn't exclude quantitative methods. However, by combining different qualitative and quantitative methods, the case study researcher can avoid a single sided focus on one method or one approach (Bryman & Bell, 2005). Important to keep in mind is that due to the nature of the case study; it is not possible to do broad generalizations to other cases or to another populations (Bryman & Bell, 2005).

However, some of the conclusions and characteristics found in one case may translate to other cases as well. This is possible if there are significant features in the particular case, which can also be found in other cases (Denscombe, 2003).

2.2.2 Survey study (Cross-sectional study)

“Survey study” and “Cross-sectional study” are often used interchangeably, but there are differences between the two of them. The cross-sectional level can be seen as being on a level above the survey study, trying to find relationships between a set of variables and relationship patterns. In doing this, survey studies are very often used, though other methods can be used as well (Bryman & Bell, 2005).

The survey study is conducted through the gathering of information from questionnaires or structured interviews. To be able to draw generalizable conclusions, this has to be done in a sufficient number of cases, so that statistical calculations can be performed on the gathered data (Bryman & Bell, 2005). The definition of a cross-sectional study states that it should have the following characteristics (Bryman & Bell, 2005):

- Contain more than one case, since the researcher is interested in studying the variation within the population. To be able to do statistic calculations, the sample size needs to be 30 cases or more (Denscombe, 2003). This also means that the distinction between different cases can be highlighted.
- The data is gathered at one point in time from every case.
- Quantitative or quantifiable data has to be collected, otherwise it will not be possible to study the variation or compare the different cases.
- With a cross-sectional study, the researcher can only study the relationship between different variables. It's not possible to draw causality conclusions between two or more variables; it's only possible to state that a relationship exists (Bryman & Bell, 2005).

2.2.3 Comparative study

Within this kind of study, the same research methods and strategies are applied to two or more cases (Bryman & Bell, 2005). The foundation for conducting a comparative study is that when cases are compared, the researcher can get a contrasting and immersed picture. This type of study can apply both qualitative and quantitative methods, depending on which target the researcher aims to reach. The principle for conducting a comparative study with a quantitative method is, simplified, the same as for a multiple cross-sectional study (Bryman & Bell, 2005), where data is gathered from both populations and can later be compared. Furthermore, when using a qualitative method, the comparative study takes the form of a multiple case study (Bryman & Bell, 2005). This happens as soon as the number of studied cases exceeds one.

Within business research, this has become a common research method, with the main argument for using it being that it facilitates the theory development. By using more than one case the researcher has a better starting point when it comes to investigating whether a theory is sustainable, and under which premises it's applicable. Independent of the study being of quantitative or qualitative nature, the reason to use a comparative method is its ability to use the distinctions between multiple cases as the foundation for theoretical reasoning and argumentation.

2.2.4 Research method utilized in this thesis

This thesis will be conducted as a case study taking place at the Company's Global Process Office. By this, a deep knowledge within the area of research will be gained and also a deep understanding of the affecting company context will be made available. Due to the time frame for a master thesis project a comparative study will not be performed.

2.3 Techniques for data gathering

There are a number of different techniques to use in research data gathering. Often there are some associations between which research methods that has been chosen and which data gathering technique that will be used (Denscombe, 2003). When making the choice between these techniques, it's important to know their characteristics, which resolution they give the researcher and the depth of the data collected.

Further, the choice of data gathering techniques is attached to the research population. If the population is small, high resolution answers giving deep understanding is manageable for the researcher to analyze. Given a large population, this can truly be a herculean task (Denscombe, 2003).

2.3.1 Interviews

At a first glance, an interview doesn't stand to far away from the conversations we all are having on a daily basis. Nonetheless, this is not as true as many think. There are some characteristics of the interview that normally don't apply to our casual conversations (Denscombe, 2003). First of all, there is consent from the interviewee to participate in the interview. The interview is intended to produce material for the study being conducted. Second, the recordings or notes from the interview can later be used by the researcher, and be seen as reflections of what the interviewee really thinks. Lastly there is an agenda for the interview, set by the researcher (Denscombe, 2003).

Within research there are commonly three different types of interviews to distinguish between. Basically, this distinction is made through how much control over the interview the researcher exercise, which is shown in the structure of the interview (Höst et al., 2006). The characteristics of the different kinds of interviews are summarized below in table 1.

Table 1 - Summary of interview characteristics (the author's own)

| Type of interview | Characteristics |
|---------------------------|---|
| Open, directed, interview | The interview is guided through the use of an interview guide addressing different areas of questioning (Lekwall & Wahlbin, 2001). The questions can be asked differently or in altered order from one interview to another. The interview will in some ways be guided by what the interviewee wants to talk about. It can be of importance that the researcher ensures that sufficient time is given to every area that is supposed to be covered during the interview by using a schedule (Höst et al., 2006). This set-up can be used when the purpose is exploratory, and the researcher is interested in the interviewee's experiences of something. |
| Half-structured interview | The interview is more strictly controlled by the researcher than above, and open-answer questions are combined with closed-answer questions. This means that some questions will be answered freely by the interviewee, whereas other answers must be given as one alternative out of a number of alternatives that is presented. This kind of interview is used when the purpose is to describe or explain something (Höst et al., 2006). |
| Structured interview | Having the same purpose as a half-structured interview, the researcher controls the structured interview in an even stricter way. The same questions are always asked in the same order, with the same wording, and the answers are given as some of the alternatives presented to the interviewee on every question (DePoy & Gitlin, 1999). The structured interview can almost be seen as an oral questionnaire, in which, compared to the written one, any uncertainties the interviewee has can be sorted out before the answer is given (Höst et al., 2006). |

Critical questions to be asked before undertaking an interview based study is if the detailed information possible for the researcher to obtain from it is needed, since it can take long time to process, and if it's reasonable to gather information from just a smaller number of respondents when conducting the study (Denscombe, 2003).

2.3.2 Questionnaires

A questionnaire is a list of questions that a respondent answers. To qualify as being a research questionnaire, which would probably be the goal when using questionnaires in studies, there are some guidelines that should be followed (Denscombe, 2003):

- The design of the questionnaire should allow for subsequent analysis of the data collected. Important when designing research questionnaires is that the questions should be asked in a neutral way, so that it doesn't alter the respondent's attitude.
- The questionnaire should consist of a list of written questions. When doing this, every respondent is ensured to answer exactly the same question. If not doing this, there's a risk that different respondents is asked almost the same question, but with different wording, and by that apprehend the question differently. This will also simplify the following processing of the gathered information.
- Directly asking people about the topics concerned with the research is a suitable way of gathering information. By doing this, you get the information directly from the source, hopefully without interference. (Denscombe, 2003)

Three key characteristics that make questionnaires suitable to use in a study is: (1) When there is a large number of respondents within the research population, (2) when it's possible to get short, straightforward answers, and (3) when there is a need for standardized answers that are possible to compare directly (Denscombe, 2003). Typically, the gathered information is either facts or opinions, and it is important that the researcher separates the two categories (Denscombe, 2003). Furthermore, while the questionnaire is giving the researcher standardized answers, easy to analyze, it can cause some respondents to not answer it, when perhaps feeling that the alternatives given doesn't match their experiences or opinions on the matter (Denscombe, 2003).

2.3.3 Literature studies

Literature studies are one of the cornerstones in every master thesis project. By conducting thorough literature studies the researcher tries to ensure that the thesis builds on available knowledge and is not overlooking existing one (Höst et al., 2006). Often, in master thesis projects at engineering faculties, the literature studies are one part of the thesis, whereas it can be the whole thesis within other disciplines (Höst et al., 2006).

When conducting literature studies, one essential part is to assess the literature that will be used. It's not only a matter of looking on the conclusions made, but also determining how those conclusions were reached. This is done by reviewing which focus the study had, which methodology and research design that were utilized (DePoy & Gitlin, 1999) and take a good look on how the study have been professionally audited and who's guaranteeing the legitimacy of it (Höst et al., 2006). After this is done, it's possible to use the literature in, for instance, a master thesis project.

2.3.4 Data gathering approach utilized

A combination of literature studies and document studies at the Company will be used in this thesis. Data have also been gathered through interviews at the Company to gain deeper understanding. The chosen literature comes primarily from the recommendations made by the academic tutor and from this starting point further literature search have been conducted by using key words and by investigations of the literature used in prior thesis projects with goals similar to this ones. The interviews have been held with personnel at the Company chosen in close collaboration with the tutors from the Company, based on their current and previous experiences from the context where this thesis takes place.

Key words utilized in the literature search have been: Project Management, Programme Management, Project Portfolio Management, Balanced Scorecard, Benefits Realization, Strategy Implementation, Project Evaluation, and Strategy Alignment.

2.4 Data types and proximity to the data source

In every research study there is a choice to be made between how the researcher would like to collect the data from the possible sources, and also which types of data that is preferred. In the first case it's a choice between collecting the data directly from concerned parties for a study, which is called primary data, or looking into already collected, secondary, data. The latter is answered through the choice between quantitative or qualitative data.

2.4.1 Quantitative data

"Quantitative research tends to be associated with numbers as the unit of analysis" (Denscombe, 2003)

When conducting quantitative research and gathering quantitative data, it's a question of gathering information that can be quantified, measured or valued numerical (Björklund & Paulsson, 2003). According to Bryman & Bell (2005) there are three main reasons to use quantitative methods: (1) Measuring makes it possible to describe even small differences on important variables, (2) measuring gives us a consistent scale for making those differences, and (3) measuring constitutes the base for calculations of relationships between variables.

The quantitative approach is characterized as being highly structured and formalized by the researcher (Holme & Solvang, 1997). Predefined are which relationships that is of importance, and which answers that are possible. When gathering quantitative data, the researcher commonly makes the choice between structured interviews or questionnaires (Bryman & Bell, 2005). Both these methods ensure that data from all respondents are collected in a uniform way, essential for the use of quantitative analysis methods (Denscombe, 2003).

2.4.2 Qualitative data

"Qualitative research tends to be associated with words as the unit of analysis" (Denscombe, 2003)

Qualitative studies are used to get a deeper knowledge of a specific subject (Björklund & Paulsson, 2003). When conducting qualitative studies the result is data which is richer of nuances and details (Höst et al., 2006), i.e. the foundation for deeper knowledge. There is an interest in explanations and understanding, and the researcher is interested in context and structures (Holme & Solvang, 1997).

The analysis of qualitative data is done through sorting and categorizing, and not by using statistical methods (Höst et al., 2006). With this difference from the quantitative methods, and the fact that the researcher studies every case in much deeper detail, there are seldom big research populations (Holme & Solvang, 1997), but instead a focus on a smaller number of units.

2.4.3 When choosing between quantitative and qualitative data gathering

The focus and research strategy of the study being conducted are the two variables that commonly is the foundation for the researcher's choice between these two alternatives. According to some authors, a combination between the two methods is often preferred (Höst et al., 2006, Denscombe, 2003), since they can help in getting a clearer picture of the whole when enlightening different parts. However, there is not full consensus about this.

Bryman & Bell (2005) states a number of reasons that are often put up against a multiple data gathering approach. These arguments are for instance the division of usually limited resources when increasing the number of data gathering methods, or that all data gathering methods must have the same fit with the study being conducted and be done in the same thorough way to be able to add something to the picture.

2.4.4 Primary data

Primary data is data collected directly from the source, and the information is collected with the purpose of being used in the specific study (Björklund & Paulsson, 2003). Conducting interviews, sending out and collecting information via questionnaires, and making observations are all examples of primary data gathering. A notion should be that interviews doesn't necessarily have to be a source of primary data, if for instance the interviewee is reproducing something they've heard about but haven't experienced first-hand.

2.4.5 Secondary data

Secondary data is already collected data, available through for instance databases, literature or reports (Björklund & Paulsson, 2003). Since the secondary data may have been collected with a different purpose than the current, the researcher have to investigate this properly before using it (Björklund & Paulsson, 2003). Also, it can be of great help being creative in the use of search words when utilizing data bases to not risk getting inconclusive material.

2.4.6 When choosing between primary and secondary data gathering

While the primary data can have a better, hopefully perfect, fit with the focus of the study, it can be an extensive workload to gather it. The question isn't only about where to find the data, or who to contact, but it's also about how to gather it from the sources (Lekwall & Wahlbin, 2001). Here the secondary data offers the researcher already collected data to use, and even though it may not have the same fit as the primary it can be sufficient for getting a long way in the research (Lekwall & Wahlbin, 2001, Björklund & Paulsson, 2003).

Important to notice is that when using secondary data, the researcher have to keep in mind how the information have been gathered and for what purpose (Björklund & Paulsson, 2003). It might also be easier to find this data, since the researcher may have some idea where to start looking. In making the choice between using primary or secondary data, there is seldom a single-sided answer, the evidence suggests that both methods should be used if the researcher doesn't want to overlook or miss out on any facts.

2.4.7 Data used in this thesis

This thesis project will use qualitative data, gathered through interviews and internal documentation. The interviews mainly represent primary data gathering and the internal documentation secondary ditto.

2.5 Induction & deduction

When conducting a study, there are different ways of going between theories to empirics. The two basic alternatives are induction and deduction, but it's not always a straightforward choice to make for the researcher between the two. Roughly, the relationship between induction and deduction can be described as in figure 3 below (Bryman & Bell, 2005).

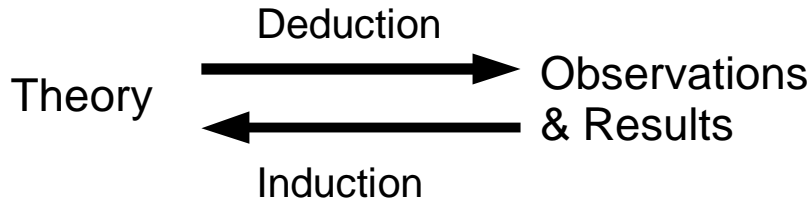


Figure 3 - Rough description of the relationship between Induction & Deduction (Bryman & Bell, 2005)

2.5.1 Induction

When using induction, the researcher starts off with studying the reality, collecting empiric data. The discoveries are fitted into patterns, which can be summarized in models and theory (Björklund & Paulsson, 2003). This means that the researcher using induction hasn't a priori accepted a certain outlook on the truth, but instead can make alternative conclusions and develop theory from the data collected (DePoy & Gitlin, 1999). With this chain of logic, the theory becomes the result coming from the research made, i.e. the theory is *induced* (Bryman & Bell, 2005). The inductive approach is called the discoverers road (Holme & Solvang, 1997), since the researcher from the beginning doesn't know which result to expect.

2.5.2 Deduction

For the researcher deploying a deductive approach, the study's starting point is the established theory within the field of research. From this knowledge base, hypotheses are *deduced* (Bryman & Bell, 2005). Where the inductive approach moves from empiric to theory, it's the other way around with deduction. One implication of this is an a priori founded truth, with a number of conclusions accepted on beforehand (DePoy & Gitlin, 1999), leading to the theory being tested in the study, and not developed through the study (Björklund & Paulsson, 2003). This makes deduction the path of proofing (Holme & Solvang, 1997).

The choice between induction and deduction is not always an excluding one. Even though the study is of an inductive nature, there is often deductive elements or vice versa (Bryman & Bell, 2005). This can be the case when some findings need the other approach to be proved, turning the study into an iterative one. The altering between the two approaches is sometimes referred to as abduction (Björklund & Paulsson, 2003).

2.5.3 Approach utilized in this thesis

There is not one approach used solely in this thesis project, but instead abduction, as mentioned above, has been used. This has come as a natural consequence when the gathered material have demanded additional literature studies to be conducted which have in turn guided further data gathering, thus forming a spiral.

2.6 Reliability, validity and related concepts

There are commonly three aspects that are the most important when conducting and evaluating research studies, but depending on the focus, the third is not always the same (Bryman & Bell, 2005, Höst et al., 2006, Björklund & Paulsson, 2003). However, besides from the ever important validity and reliability, there are a few more dimensions to take into account. Also, an adaption of the classically more quantitatively intended validity and reliability is done, to better correspond to the demands and characteristics of assessing qualitative studies.

2.6.1 Validity

Validity centers around the questions regarding whether the results obtained reflects the reality, the purpose with the research (DePoy & Gitlin, 1999, Denscombe, 2003) and if the generated conclusions from the study is consistent (Bryman & Bell, 2005). The key aspect is to which extent the study really measures what it intends to measure (Höst et al., 2006, Björklund & Paulsson, 2003). This represents the link between what the researcher wants to measure, compared with what's really measured. There are four different types of validity: Internal validity, External validity, Concept validity and Statistical validity.

Internal validity: Refers to whether or not the research design has the ability to give correct answers to the studies questions. If there is internal validity, the researcher can draw conclusions concerning if the result obtained is a consequence of the relationship between two or more variables (DePoy & Gitlin, 1999, Bryman & Bell, 2005).

External validity: Concerns if the results obtained has the ability to be generalized to other contexts, or if the results are specific for this study. Crucial are questions about how individuals or organizations are chosen for participation in the study (Bryman & Bell, 2005). Important to notice, however, is that the internal and external validity is in some ways negatively correlated to each other, and by trying to raise one of them, the other goes down. Increased internal validity should be the primary goal for the researcher (DePoy & Gitlin, 1999).

Statistical validity: Concerns how strong statistical conclusions that can be drawn from a study (DePoy & Gitlin, 1999). This demands that quantitative research have been done.

Concept validity: Concerns whether the concepts that are the focus of the study have been operationalized correctly (DePoy & Gitlin, 1999). This is a criteria primary for quantitative research where the researcher wants to know that the measurements for a concept really reflects the intended concept (Bryman & Bell, 2005).

2.6.2 Reliability

Reliability is a research instruments ability to generate the same result every time it's utilized, and the fluctuations should only stem from variations in the object being measured (Bryman & Bell, 2005, DePoy & Gitlin, 1999, Denscombe, 2003). Characteristic for an instrument with high reliability is that it produces consistent results, making the measurements easier to replicate. To reach this goal, it's of great importance that the researcher is consistent and doesn't change the research design during the time the study is being conducted (DePoy & Gitlin, 1999). Reliability is actualized when the research is of quantitative nature, rather than qualitative (Bryman & Bell, 2005).

2.6.3 Objectivity

Objectivity concerns to which extent valuations affect the study being conducted (Björklund & Paulsson, 2003). If a study is not being conducted in an objective manner, there is an overly big risk of the results not reflecting the reality, but rather a reality affected by the valuations belonging to those conducting the study. To avoid this, it's important that the different choices being made in the study are thoroughly explained and justified, so that the reader can make their own assessment of the study's results, which also increases the objectivity in the study (Björklund & Paulsson, 2003).

2.7 Redefining validity and reliability to a qualitative context

Since the classic definition of validity and reliability is founded on the quantitative study's characteristics, there is a problem when trying to translate these important aspects to a qualitative context (Bryman & Bell, 2005). Instead of trying to assimilate these dimensions to fit the qualitative study's nature, there is a development of two fundamentally new criteria used to measure the quality of a qualitative study; Trustworthiness and Authenticity (Bryman & Bell, 2005). Here the first criterion consists of credibility (analogous to internal validity), transferability (analogous to external validity), dependability (analogous to reliability) and confirmability (analogous to objectivity).

2.7.1 Credibility

When there are a number of descriptions of the social reality, it's the researcher's description of the reality that will be judged by those assessing the study. If the described reality is judged as inconclusive, the results will probably be hard to accept. To create credibility in a study, it's crucial to both follow the existing rules for the study, but also to make sure that the results are communicated to those participating in it. Through this the researcher can confirm that her interpretation of the reality is supported by those who are actually in it, which is referred to as respondents' validation (Bryman & Bell, 2005).

2.7.2 Transferability

Since qualitative studies often consist of the deep and intense investigation of a small number of samples (people/organizations), there is a focus on certain aspect of the reality that is being studied. Since this approach can make it almost impossible to transfer the results to any other contexts, there are recommendations for qualitative researchers that they instead should provide the reader with such an extensive description that the reader gets a sort of database making it possible to judge the transferability to other situations and contexts (Bryman & Bell, 2005).

2.7.3 Dependability

Being the qualitative studies equivalent to the quantitative studies reliability, the dependability forces the researchers to take an auditing stance. This implies that there is an extensive and complete description of how the whole study has been conducted, including every phase of it. The people who will evaluate the study can then use this material when evaluating the quality of the chosen procedures, including to which extent conclusions is justified (Bryman & Bell, 2005).

However, this type of evaluation is not particularly common, the foremost reason being the heavy workload for those given the task to evaluate the study (Bryman & Bell, 2005). An implication of having the dependability in mind when conducting research is that someone else will be able to replicate it. This is made possible since all procedures and results are thoroughly described, hence making it the reliability's equivalent.

2.7.4 Confirmability

From the standpoint that there is no such thing as full objectivity in this type of research, confirmability encircles around that the researcher tries to ensure that personal valuations or likewise haven't affected the results, or the procedures used to reach it (Bryman & Bell, 2005).

2.7.5 Authenticity

Authenticity concerns aspects as if the research being conducted is giving a fair picture of the reality, for instance if all stakeholders have been heard, if the people in the research population have gained

a better understanding of their situation or the ability to change it, and if they've gotten better possibilities take the measures needed to change their situation (Bryman & Bell, 2005).

How the above concepts have been worked with during the thesis project and their implications for the interpretation of the thesis is returned to in chapter 8.2 *Trustworthiness & Authenticity for this thesis*. Below is a description of how each of them is supposed to be handled during the progress of the master thesis work that should be conducted.

- **Credibility** – To keep the credibility at acceptable levels, all descriptions of the thesis' context will be discussed with the tutors at the Company continuously. This is done to ensure that the descriptions correspond to the reality and that the picture the author has is the correct one.
- **Transferability** – The intention is that the descriptions should have a detail-level that will make it possible to understand the Company's context thoroughly enough to draw conclusions applicable to other contexts as well. Transferability is always an issue when conducting case studies, especially when trying to apply the wisdoms from one case context to another. By giving an accurate description of the current context, it's intended that the reader should be able to assess the transferability to another context that the reader has a deep understanding of.
- **Dependability** – With a thesis conducted in a dynamic environment, it will be hard to reach high levels of dependability. When circumstances change, the results coming from a duplicated study will most certainly change with it, thus differentiating the results from the first study's results. However, records of the work have been kept from the beginning, which could be used for conducting a repetitive study.
- **Confirmability** – In conducting the thesis, it has been a keen focus from the writer to stay objective. The approach used for this has been to collect all the data and form the empiric part of the thesis before any analyzing was conducted. By not working simultaneously on the empirics and analysis parts of the thesis, it's considered that the latter have not direct the former in certain directions.
- **Authenticity** – The authenticity of this thesis have been tried to be secured through interviewing personnel holding different positions within the studied department and through interviewing personnel from other departments, which have been able to provide additional information coming from another perspective. Also, multiple literature sources will be used to get a broader perspective of the studied field. However, an important notice is that interviewing all personnel that have important input in this matter will simply not be possible under the time frame available for a thesis project.

3. Theory

The following chapter consists of relevant theory for this master thesis. Some of them will also be used directly in the subsequent chapters, whereas others are considered needed to get a holistic understanding of the studied field. With the linkage between strategy and initiatives being the focus for the thesis as a whole, this is also the lead theme for this chapter. The first part, up until chapter 3.5, consists of some basics for crafting and implementing strategy within companies, and following this is how the strategy implementation can be managed utilizing initiatives. Lastly, a framework for benefits realization is introduced in chapter 3.11. After having read this chapter the reader is intended to have a comprehensive picture of the role projects, programmes, and project portfolios can play in the implementation of an organization's strategy.

“Strategy is a simple art entirely made out of implementation” – Napoleon

3.1 What does an organization's strategy consist of?

At the very core strategy is about which direction the management wants the organization to go and figuring out how to move in that direction (Brown & Eisenhardt, 1998). The organization's strategy consists of different goals for the organization to achieve and how these should be accomplished (Thompson & Strickland, 1995). How the customers should be satisfied, how the business should grow, how competition should be met and the position strengthened are all strategic considerations. These different questions are most often context specific to one organization's unique position, situation, and further also depending on the performance goals put up by the management team.

The uniqueness that a organization's position represents can make room for two companies with almost the same business plan, but diversified to some degree, making them cousins rather than twins. The strategy can often be deduced from the actions an organization takes, but most often there are large parts of it that the organization tries to keep as secrets (Thompson & Strickland, 1995). It can be obvious that an organization have a strategic goal to grow (probably most companies aim at growth), but by how much and where can have substantial implications for the long-term planning.

There are several different ways to look on strategy and how organizations are working with the crafting of it. Following Mintzberg's "Patterns in strategy formation" (1978), strategy can be seen as both being formally developed and pre-determined, or as a pattern in the stream of decisions that the organization makes, implicitly constituting the corporate strategy. This is shown through a consistency in the decisions taken that formulates a strategic direction. Mintzberg (1978) distinguishes between intended and realized strategies.

The intended strategies that get realized are named deliberate strategies. Intended strategies not realized are logically named unrealized strategies. Realized strategies that were never intended to be are named emergent strategies. The basis from where these different strategies originates are either from a structured process, when it's deliberate or unrealized strategies, or from more of a serendipitous stance. Emergent strategies can be the result of either not having a strategic directions from the beginning, or changing the strategy due to for instance the realization of the fact that an intended strategy is not possible to go through with without changes. Illustrated below in figure 4 is the relationship between the different strategy types as described by Mintzberg (1978).

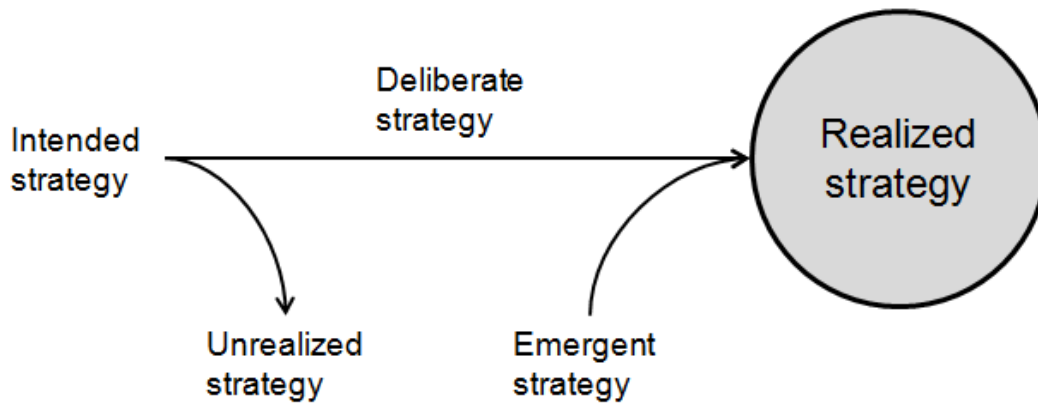


Figure 4 - Strategy types and their relationship (Mintzberg, 1978)

Mintzberg et al. (1998) expands on the logic behind the division done above, stating that strategy is often defined as one thing, but used differently. This is shown, according to the authors, through that when someone is asked about what a strategy is, they will describe a plan of some sort, which will guide future behavior and decisions. If the question is altered to which strategy they have been following in the past, there is a big chance that the same people will describe the strategy as a consistency in the past behavior (Mintzberg et al., 1998). Further, even though a strategy isn't explicit within an organization, it is often not hard to find it as a pattern in the flow of decisions made.

The strategy is taking its stance in the decisions the management team of an organization makes concerning competitive decisions and business directions. This makes strategy the game plan for achieving the targets of the organization, for instance pleasing customers, strengthen the organization's position, and reaching the put up performance targets (Thompson & Strickland, 1995). Following the management's strategy will guide the employees of an organization to make cohesive decisions and know which courses of action to take. Without a communicated strategy, the employees have no guidance in choosing which routes that are the right ones for achieving the overall goals of the organization or which actions to take. It is of highest importance that the management takes every department's role into account when crafting the strategy to ensure that the whole organization will take actions to move in the same directions (Thompson & Strickland, 1995).

Two core management functions are the crafting and implementation of strategy (Mintzberg et al., 1998). These activities affect the parent organization fundamentally, and there's a demand that both activities are carried out in a good manner to reach the sought after results (Thompson & Strickland, 1995). If there is a lack in the performance of any of the involved parts (charting long-term direction for the organization, develop competitive strategic moves and business approaches, or executing the strategy) the organization will probably not be able to reach the planned for results. Thompson & Strickland (1995) makes this clear by stating that "*Good strategy and good strategy execution are the most trustworthy signs of good management*" (Thompson & Strickland, 1995). Either crafting great strategies, but implement them poorly, or crafting bad strategies that are implemented fully, will not turn any organization into a high performer (Mintzberg et al., 1998, Thompson & Strickland, 1995). Nevertheless, to succeed in carrying out the crafting and implementation of the strategy don't

guarantee an instant success, and conditions may change unfavorably along the way. However, done properly an organization possessing good strategy crafting and implementation skills will be well suited to meet the challenges facing them.

3.2 Strategy making tasks

The three activities involved in the strategy-making is the development of a strategic vision and business mission, the setting of performance objectives and the crafting of a strategy intended to produce sought after results (Thompson & Strickland, 1995).

3.2.1 Developing a strategic vision and mission

The strategic vision is the management team's view of which long-term direction the organization should take and which actions that should be employed to get there. The strategic vision should make it obvious where the management of the organization aims at taking the organization (Thompson & Strickland, 1995). The strategic vision takes its stance in the current business situation, and give guidance to which opportunities to pursue and which ones to let go off. It is the strategic vision that can set one organization apart from the others within the same industry. The vision for an organization tells in which arena it will compete, how it will distinguish itself from the competition, and which long-term development it aims for (Thompson & Strickland, 1995).

3.2.2 Setting strategic objectives

This activity aims at converting the strategic vision into performance targets and milestones. The objectives are the commitment to produce specific results within a certain time frame. Through the objectives, the efforts are directed towards what needs to be accomplished (Thompson & Strickland, 1995). Without the translation of the vision into objectives, there's a risk that the strategic vision will remain as beautiful, unrealized, words in a strategic plan rather than actions directed towards achieving the strategic goals. The objectives contribute with measurements which can be used to follow up on the strategic vision and puts pressure on those whose job it is to realize it. A commonly used way to utilize metrics for measuring the progress of strategic goals is described later in chapter *3.4 The Balanced Scorecard*.

There is a distinction between two types of objectives: (1) financial objectives and (2) strategic objectives. The financial objectives should ensure that the organization makes a profit and has the economic means of staying in business, while the strategic objectives should ensure to take the organization to the long term position within its industry it wishes to reach. There is a need to balance these two kinds of objectives, and an importance not to forget their interplay. Since the strategic objectives have goals further into the future it can, however, occur situations where strategic objectives have to be dropped and financial ones taking top priority. If the organization is under economic pressure, it will be of highest importance to be able to stay in business and not possible to focus on activities aiming at strengthening a future position (Thompson & Strickland, 1995). Nevertheless, a recurrent situation where financial objectives are prioritized and strategic ones dropped to raise margins in the short run, this may result in an inevitable situation where there is no possibility to rescue the organization (Thompson & Strickland, 1995).

Strategic objectives are also used to show the strategic intentions of an organization. Through the strategic intentions the future directions are staked out for the organization, indicating which position the organization wants to achieve. These intentions are highly diversified depending on for instance the specific industry and size of the organization (Thompson & Strickland, 1995). The

strategic objectives can also be used to get started with the long-term goals directly, instead of focusing on only short-term goals in the beginning. This is to avoid the worst case; realize that it's not possible to meet the long-term objectives since they've been neglected earlier on (Thompson & Strickland, 1995). Setting up objectives for the long-term goals can be one way to facilitate that the work needed is started immediately, and not postponed into the future. Another important aspect of setting up long term objectives is the transparency that can be achieved – it will be easier to see the impact of today's decisions in a broader perspective. The short-term objectives can also be seen as milestones in reaching the long-term goals (Thompson & Strickland, 1995).

To guide the organization in one direction, the objectives have to be broken down from the perspective of the whole organization to the different management levels within the organization (Thompson & Strickland, 1995). This cascading of the strategy represents a top-down process, since it's the management's vision that should be realized by the different functions and departments within the organization. This will ensure that personnel at different levels within the organization will know both which decisions to make, but also how they contribute to the organization in reaching its goals.

3.2.3 Crafting a strategy

The crafting of an organization's strategy takes place on several levels. Depending on whether the organization has activities in several industries or focuses on just one industry have implications for the strategy crafting (Thompson & Strickland, 1995). The strategy crafting can be seen as taking place in a pyramid shape, illustrated below in figure 5, with business strategy on top, functional strategies in the middle and operating strategies at the bottom of the pyramid. With activities within several industries, i.e. the organization being a diversified organization, a corporate-level strategy is added on top of the business strategy (Thompson & Strickland, 1995). There is a two way influence between the different levels.

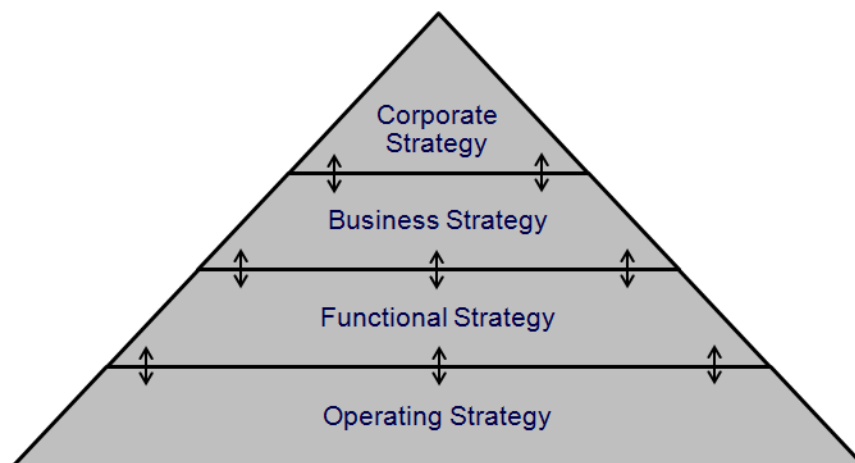


Figure 5 - The strategy pyramid (the author's own)

The corporate strategy on top consists of the overall goals for the organization as a whole. This overall strategy is cascaded down to the different levels within the organization, through that the corporate strategy is translated to business strategies in the different business units. The business strategies are in turn further broken down into functional strategies, and lastly are the operating strategies derived from the functional strategies. This is intended to create a strategic coherency, which goes from large to small, where underlying strategies is derived from the overall strategy.

3.2.3.1 Corporate strategy

The corporate strategy is extended over the whole organization's diversified activities being undertaken. This is seen as the organization's overall game plan (Thompson & Strickland, 1995). The corporate strategy consists of which positions that should be taken within the different industries the organization has activities within and how the group of businesses should be managed overall (Grant, 2005). According to Thompson & Strickland (1995), there are four kinds of initiatives in forming a corporate strategy: (1) Making the moves to accomplish diversification, (2) Initiating actions to boost the combined performance of the businesses the firm has diversified into, (3) Finding ways to capture the synergy among related business units and turn it into competitive advantage, and (4) Establishing investment priorities and steering corporate resources into the most attractive business units.

3.2.3.2 Business strategy

Business-level strategy is the strategy for one single business unit or area, with the goal to reach high performance within the specific business unit or area (Thompson & Strickland, 1995). For organization's engaged in only one business, the business-level and corporate-level strategy is the same thing, making the distinction between the two only meaningful for a diversified organization. The goal for the business-level strategy is to strengthen the position of the organization within the industry it's in, or reach the position wanted in a long-term perspective (Grant, 2005). The business strategy is concerned with responding to changes in the business area, making moves to create a sustainable competitive advantage, unite different functional departments to benefit the organization as a whole and to address the strategic issues facing the organization (Thompson & Strickland, 1995). To produce a sustainable competitive advantage through decisions and business moves is what separates a good strategy from a bad one (Thompson & Strickland, 1995). Often a sustainable competitive advantage can generate above-average profits to an organization.

Sustainable competitive advantage on the business level consists of three parts, according to Thompson & Strickland (1995): (1) deciding where a firm has the best chances of gaining a competitive edge, (2) develop product or service attributes that set the organization apart from its rivals and appeal to the buyers, and (3) neutralize the competitive moves made by the competitors. Often the business level strategy has a split focus between strengthen the organization's competitive advantage and defend the position achieved. Commonly this is reached by building strong core competences within the organization (Thompson & Strickland, 1995).

3.2.3.3 Functional strategy

The functional strategy aims at setting strategic goals for one specific function or department within the organization. This can be for instance the strategy for the marketing or R&D department within the organization (Thompson & Strickland, 1995). A functional strategy is needed for every department within the organization. The functional strategy is also more detailed than the overall strategy, and specifies the actions and directions to be taken by the specific part of the organization. However, the functional strategy's primary objective is not to strengthen the specific department, rather support the business strategy and making the sought after competitive advantages possible to reach for the organization as a whole (Thompson & Strickland, 1995). The functional strategy is normally crafted by the department heads with stance taken in the business-level strategy. It's important to ensure that the different functional strategies for the departments are in synch;

otherwise the organization risks sub-optimization coming from departments having a focus narrowly set on their own situation and missing out on the holistic picture.

3.2.3.4 Operating strategy

Even further down in the hierarchy is the operational strategies, which focuses on the management of important operating units and the daily operations that has a strategic significance, for instance a certain plant within the organization, advertisements or purchasing. Being further away from the business level strategy, more details are added than in the functional strategy. This completes the business level strategy (Thompson & Strickland, 1995). Since many operational units within an organization can have strategically important performance targets, the importance of the operating strategy should not be neglected. This can for instance be the focus on keeping up high quality at one manufacturing plant, if an overall strategic target is to be perceived as a supplier of top quality equipment. The failure to meet this strategic target for the plant can have severe consequences for the organization's position as a whole (Thompson & Strickland, 1995).

3.3 Implementing and Executing the Strategy

Following the process where the organization's strategy is decided on is the implementation of the strategy. The implementation is a crucial activity, where the strategic plan is turned into actions and, hopefully, results (Thompson & Strickland, 1995). While crafting the strategy is more of a market driven activity (respond to market changes, build a strong competitive position etc.), the strategy implementation is a primarily organizational activity, where the management of personnel and processes within the organization should be used to put the strategy into action. It's of highest importance for strategy implementation to create fits between how the business operates and which requirements the strategy execution has (Thompson & Strickland, 1995).

Implementing and executing strategy revolves around seeing what needs to be done to make the crafted strategy work and how the specified targets should be reached. This involves understanding what needs to be done to implement the strategy, execute it properly and reach the results aimed for. This often needs to be done hands on, with proximity to the operations, characterized in the following quote: *"Strategy implementation is fundamentally an action-oriented, make-it-happen activity – organizing, budgeting, policy-making, motivating, culture-building, and leading are all part of achieving the targeted results"* (Thompson & Strickland, 1995).

Generally, the strategy implementation is seen as a tougher case to crack than the strategy development, since it involves a wider spectrum of managerial activities and the difficulties that exists when it comes to leading diversified groups of personnel towards a common goal. And it's a notice of utmost importance that it's the personnel that implements the strategy, not the organization (Thompson & Strickland, 1995). It's not sure that the personnel jumps right into the implementation of a new strategy, instead there can be a lot of doubts on different aspects of the new strategy and how it will affect the situation for the employee's position or their department. There may also be doubts about the strategy's merits and second opinions on how the organization should reach its goals. This highlights some of the management's challenges when it comes to strategy implementation, and the importance for the management to lead, motivate and listen to the personnel within the organization (Thompson & Strickland, 1995).

The above also highlights the fact that for a strategy to be successful, it has to be consistent with the internal environment of the organization (Steiner & Miner, 1982). The strategy will firstly need the

support of the senior management. This might not be that hard to achieve since it's commonly they who engage in the strategy development. It can be tougher to communicate it to all concerned personnel in such a way that they both understand the strategy in itself, but also why it's important for the organization to succeed with it (Steiner & Miner, 1982). This puts demands on the strategy to be consistent with both the organization's environment, the internal structure of it, and its culture. Otherwise the strategy faces a steep uphill climb.

There needs to be a good fit between how things are done and what is demanded for effective execution of the strategy. Stronger fit implicates a better execution of the intended strategy, with the most important fits being the ones between strategy and organizational capabilities, reward structures, internal support systems and the organization's culture. Good fits also ensures that the organization will move forward cohesively with an understanding of the strategy and how to reach the goals. Strategy implementation is the most complicated and time-consuming part of strategic management, according to Thompson & Strickland (1995), and have to be done throughout the whole organization to succeed. All managers have to know how to carry out their part of the strategic plan in order for the organization to get a coherent direction.

Steiner & Miner (1982) goes as far as stating that *"To formulate policies and strategies without assuring their implementation is an exercise in futility."* At the same time, they highlight the fact that the implementation of strategies in large organizations is an extremely complex task, involving the management of personnel, structures, and processes in order to reach the organization's goals (Steiner & Miner, 1982). They focus on three aspects of implementation, namely: (1) organizational structures and processes, (2) major coordinating, control and motivating systems, and (3) the role of people in implementation. These aspects have to be congruent with the strategic goals of the organization in order for strategy implementation to be successful.

Following Grant (2005) there are four common characteristics of successful strategies. First, there has to be clearly formulated long-term goals, which should be known and pursued throughout the whole organization. Secondly, there has to be a sound and deep understanding of the environment the organization exists within. Thirdly, the organization and its management must have an objective view on the resources they possess, as well as eventual weaknesses, and steer according to these. Lastly, without effective implementation, no matter how good the strategy is it will be of little practical value. These four characteristics are summoned in figure 6 below.

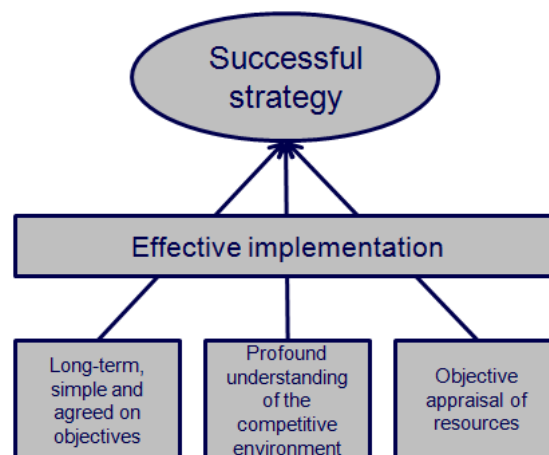


Figure 6 - Strategy success factors (Grant, 2005)

The strategy implementation is a task for all managers throughout the organization, even though it's the top management that is ultimately responsible. Every manager should take an active part within their field in the process of implementing the strategy (Thompson & Strickland, 1995). The management on different levels has to act as a bridge between the directions coming from above and translate them down to their area of responsibility, being clear and persuasive on why changes is needed so that their departments participates in the necessary work. However, there are no definite checklists to follow or specific processes; instead strategy implementation is the least charted part within the field of strategic management (Thompson & Strickland, 1995). This is to a large extent because of the specific context that each manager face when the strategy should be implemented within their area of responsibility, and shows the importance for every manager within the organization to work pragmatically.

Even though strategy implementation is context specific to each organization's internal and external environment, Thompson & Strickland (1995) have identified eight aspects that need to be in place for effective strategy implementation:

1. Building an organization capable of carrying out the strategy successfully.
2. Developing budgets to steer ample resources into those value-chain activities critical to strategic success.
3. Establishing strategically appropriate policies and procedures.
4. Instituting best practices and mechanisms for continuous improvement.
5. Installing support systems that enable the organization's personnel to carry out their strategic roles successfully day in and day out.
6. Tying rewards and incentives to the achievement of performance objectives and good strategy execution.
7. Creating a strategy-supportive work environment and corporate culture.
8. Exerting the internal leadership needed to drive implementation forward and to keep improving how the strategy is being executed. (Thompson & Strickland, 1995)

3.4 The Balanced Scorecard

The strategic objectives for an organization have to be stated in quantifiable and measurable terms in order to be useful as management tools, and they also need to have a deadline (Thompson & Strickland, 1995). If these two attributes are fulfilled they contribute with a benchmark where accomplished goals can be measured against intended status at time being. This makes it possible to judge the organization's performance when it comes to realizing the strategic vision. Specific objectives are needed to be set up by the management for each key part of the strategic vision (Thompson & Strickland, 1995).

"What you measure is what you get" (Kaplan & Norton, 1992) is a classic word of wisdom within management. Overemphasis on financial measures can lead to a situation where the organization focuses on aspects that can be directly harmful to the organization, since the financial measures are based on decisions and actions taken in the past, and do not reflect the future (Kaplan & Norton, 1992). The Balanced Scorecard (BSC) should instead measure those aspects that are driving performance, which will impact the financial results in the future. The BSC is intended to be a tool through which the organization's strategy can be translated into objective and measureable goals (Bengtsson & Skärvad, 2001).

The BSC consists, at its core, of four perspectives: (1) The customer perspective (“*How do customers see us?*”), (2) The internal process perspective (“*What must we excel at?*”), (3) The learning and growth perspective (“*Can we continue to improve and create value?*”), and (4) The financial perspective (“*How do we look to shareholders?*”) (Kaplan & Norton, 1992 & 2004). Through these four perspectives there will be a balance between short-term and long-term goals, results and performance drivers, hard and soft as well as objective and subjective measures. The intention is that the BSC should give two advantages. First, it makes it possible to get a comprehensive view of goals and results in a very short report, almost at a glance (Kaplan & Norton, 1992). Secondly, sub-optimization should be avoided when it’s possible to get a view of all aspects simultaneously. This would, for instance, show if an increase in the financial measures comes at the cost of a decrease in the customer perspective.

3.4.1 Developing a balanced scorecard

The BSC is to be seen as a useful tool in the translation of the organization’s strategy and visions into performance measures (Kaplan & Norton, 1992). A proposed working procedure to develop a BSC is:

1. Start with the strategic vision of the organization.
2. Determine which perspectives that should be used in the BSC. Since every organization has its own context, it’s not sure that the four perspectives presented above are the appropriate ones to use.
3. Formulate strategic goals for each of the chosen perspectives.
4. Identify the critical success factors, which are those factors that are crucial to excel at in order to reach the strategic goals put up.
5. Clarify which measurements that is the most important for indicating whether the organization is on the right track or not.
6. Develop an action plan to reach the strategic goals and vision. (Kaplan & Norton, 1992)

In their later work Kaplan & Norton goes one step further with their BSC, claiming it to be a reference frame to increase the strategy focus within an organization. The main thesis is that the BSC process makes it possible for an organization to not just develop a strategy, but to foremost implement it. This turns the BSC into a tool that makes everyone in the organization focused on the strategy in their everyday work (Kaplan & Norton, 2004).

The background to the strategy work within organizations given above shows the classical emphasis put on the need for a developed strategy to follow the internal structures and processes of an organization in order to be successful. However, often there can be a need for steep strategic changes, demanding equally large changes of the internal logics within an organization. If the management team tries to achieve this through the existing structure, they're essentially trying to "change the status quo using the status quo" (Pellegrinelli & Bowman, 1994). Following this notion, an alternative way of implementing strategy is given below: The utilization of a project-based approach consisting of projects, programmes and project portfolios.

3.5 What is a project?

There are many different definitions of what a project really is and what the specific characteristics of one are. PMI, 2004, (through Meredith & Manthel, 2009) defines a project as: "A temporary endeavor undertaken to create a unique service or product". This indicates that the goal of every project is something never accomplished before, some characteristics of the goal have to be different from what already exists. Further, temporary means that every project have a definite starting and stopping point, differentiating it from processes and daily business activities, which does not ordinarily have that. Gardiner (2005) states that projects are, similar to the PMI definition, temporary and unique, but that they in addition require progressive elaboration. This is also supported by Meredith & Mantel (2009) who claims that what's differentiating projects from the daily business activities is the setting up of a special organizational unit to solve the task at hand, not following the ordinary structure of the organization. While the project itself is temporary, the results coming from it can last over long time periods (Gardiner, 2005), for instance if the project is a product development project within an industry with long cycle times.

According to Rosenau (1998) projects have a three-dimensional objective in meeting the performance specifications, the schedule, and the budget. There is a huge difference in size between what's called a project, ranging from one man projects with very limited budget and time frame, to extremely large projects with multi-billion budgets and many hundreds of employees working within it (Burke, 1999). However, the extremely large projects are often referred to as Programmes (Meredith & Manthel, 2009). These programmes are constituted of several projects all aiming towards a common final goal. At the same time, naming one man shows with small budgets and time frames projects may indicate an overuse of the term.

3.6 What is Project Management?

A simplistic definition of project management is that it's the discipline of managing projects successfully (Gardiner, 2005), but an extension of this definition is needed. Gardiner (2005) states that project management revolves around four main activities; Planning, Organizing, Controlling, and Leading & Motivating. Planning concerns the setting up of activities to perform, the goals that should be reached, and when this must be done. Organizing is about how the project will be conducted on aspects as who will be involved in the project, how will communication within the group be achieved, which tools should be used etc. This is particularly important as the project staff often comes from different organizational units. Controlling is the process where the project managers ensure that the project progresses as planned and that the organization functions as intended. Leading and motivating can be even more important for a project manager, since the project staff often comes from other duties before they were assigned to the project (Gardiner 2005). This can have the implication that it's harder to motivate those assigned to a project, as compared to when

they are conducting their ordinary assignments. Obviously this doesn't apply to those employees that spend their career working mostly with and within projects. Project management is described more than extensively through a substantial number of scholars' work. However, with the thesis focus not being on project management in general, a more detailed description will not be given here.

3.7 Project Management & strategy

Project management has become an increasingly important field since companies conduct more and more activities as projects. The adoption of project management, with its focus on delivering the project's goals, has however also induced some problematic areas. Cleland et al. (1983, through Meredith & Mantel, 2009) notes that:

- There are many projects that fall outside the organization's stated mission.
- There are many projects being conducted that are completely unrelated to the strategy and goals of the organization.
- There are many projects with funding levels that are excessive relative to their expected benefits.

Even though the above was stated as early as 1983, it still holds as true in many cases today (Meredith & Mantel, 2009). With an increasing number of projects, their importance as means of in strategy implementation also increases. Meredith & Mantel (2009) identifies some of the main challenges for organizations regularly conducting projects to be: (1) how to make sure that projects are strongly connected with the organization's goals and strategy, (2) how to handle the growing number of simultaneous projects and (3) how to make the ongoing projects more successful. Project selection is one of the important parts of an organization's project capabilities. Since many organizations have clearly stated strategies, project selection is the process through which the selection of strategy aligned projects that should be proceeded with is made (Meredith & Mantel, 2009). Project selection is, according to Meredith & Mantel's (2009) definition "*the process of evaluating proposed projects or groups of projects, and then choosing to implement some set of them so that the objectives of the parent organization will be achieved*".

According to Gardiner (2005), there is compatibility between project management and strategic planning, due to their definitions. PMI is also supporting this, by stating that "Projects are implemented as a means of achieving an organization's strategic plan" (PMI, through Gardiner, 2005). From a project management viewpoint, Hartmann (through Gardiner 2005) states that "the best project managers know how their projects support the corporate strategy and that they use this knowledge to help them obtain needed support and resources to succeed". The needed support and resources comes from the project being seen within the organization as supporting the corporate strategy. A project should always support the organizations strategic goals, since it would otherwise consume more resources than the value it adds. Gardiner (2005) goes as far as claiming that project management is an ideal tool to use for the strategic planning and strategy implementation.

3.8 Project Portfolio Management

“The decision to use project portfolio management is a strategy to align projects with organizational goals”

Cleland & Ireland (2006)

The project portfolio consists of all projects and programmes within an organization (APMBOK). Figure 7 below shows a schematic picture over the relationship between the project portfolio, programmes and projects. According to PMI (PMBOK version 3.0) the projects and programmes within the portfolio don't need to be connected to each other. While project management is concerned with “doing projects right”, project portfolio management is concerned with “doing the right projects” (Wen, 2010).

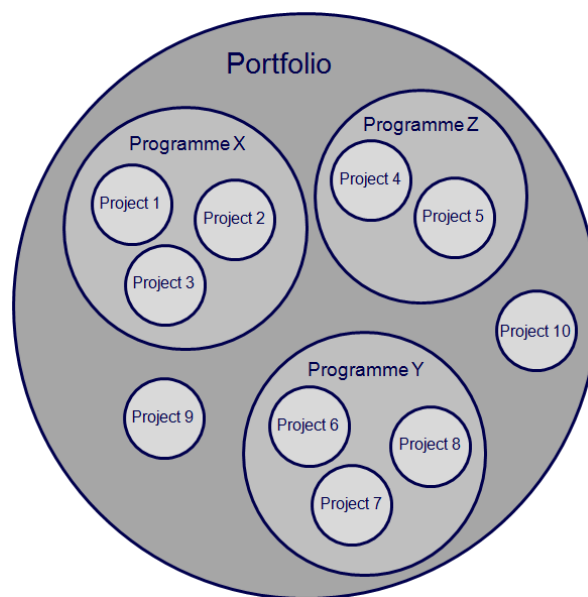


Figure 7 - The relationship between the project portfolio, programmes and projects (the author's own)

Similar to the portfolio thinking in the financial sector, introduced by Markowitz in the 1950s, project portfolio management (PPM) is aiming for a balance within the portfolio, in this case consisting of projects. This balance will often be made up by the active balancing of for instance risk, profitability, size, long vs. short term perspective and strategic fit. There are three main goals with PPM: (1) Maximization of the financial value of the portfolio, (2) Balancing the projects within the portfolio in consideration of the firm's capabilities, and (3) linking the portfolio to the firm's strategy (Cooper et al., 2001, Iamratanakul et al, 2009, p.32, Mikkola, 2001, PMBOK version 3.0, Wen, 2010). The overall goal to reach by this can be described as being able to maximize the growth and achieve the profit goals without unnecessary risk taking by the organization (Mikkola, 2001, Rajegopal et al., 2007).

By employing PPM within the organization, the aim is to achieve a more efficient and effective organization through how projects are selected and driven. Following Blichfeldt & Eskerod (2008), they define PPM as managerial activities related to how project proposals initially are screened, selected and prioritized; how projects within the portfolio are reprioritized under way, and how resources are allocated depending on the prioritization of projects. It's in the selection of projects that the PPM approach takes its stance, where a structured approach is to be used to ensure

selection of the right projects (Cleland & Ireland, 2006). Right in this case means the projects supporting the strategies, goals, and objectives of the organization (Meredith & Mantel, 2009). Rajegopal et al. (2007) states that PPM is the management of a collection of projects and programmes through which an organization implements its strategy, for instance with portfolios consisting of improvement initiatives and strategic change projects. Consequences of not implementing PPM within an organization can be seen below in table 2, in this case concerning product development projects.

Table 2 - Consequences of not implementing PPM (Rajegopal et al., 2007)

| No portfolio management means... | Immediate results | End result: Poor performance |
|--|--|--|
| <ul style="list-style-type: none"> • Reluctant to kill projects • New projects added • No focus | <ul style="list-style-type: none"> • Too many projects • Resources spread • Execution suffers | <ul style="list-style-type: none"> • Too many projects • Resources spread • Execution suffers |
| <ul style="list-style-type: none"> • Weak decision points • Poor “Go/kill/hold/fix” decisions | <ul style="list-style-type: none"> • Too many mediocre, low value projects • Good projects starved | <ul style="list-style-type: none"> • Too few top product winners • Chaotic launches |
| <ul style="list-style-type: none"> • No rigorous criteria • Selection based on emotions or politics | <ul style="list-style-type: none"> • Wrong projects are selected | <ul style="list-style-type: none"> • Many failures |
| <ul style="list-style-type: none"> • No strategic criteria for project selection | <ul style="list-style-type: none"> • Projects lack strategic direction and alignment | <ul style="list-style-type: none"> • Diluted effort • New products don’t support the strategy |

Archer & Ghasemzadeh (1999) proposes that the initial screening of projects should be done against guidelines developed in the strategy process, to ensure that projects being considered have a fit with the strategic focus of both the portfolio and the organization. An unstructured approach, on the other hand, may lead to selection of projects that is not supporting the strategies and goals of the organization, but instead taking resources that would otherwise be available for the growth and success of the organization. When the linkage between the PPM and the organization’s goals and strategies are missing, there can be a number of symptoms indicative of this (Meredith & Mantel, 2009, Rajegopal et al., 2007):

- Many more projects exist than expected.
- Determination of benefits is inconsistent.
- Competing projects exists within the organization.
- There are projects existing that don’t contribute to the strategy or goals.
- Projects with costs exceeding their expected benefits live on.

On the other hand, when goals and strategies are communicated and the project portfolio process is aligned with the strategy, a number of positive signs can be seen (Meredith & Manthel, 2009):

- Limitations of number of projects being conducted, making the resources needed for the most important ones available.
- The projects best fitted to the organization’s goals and strategy can be identified.
- Interdependencies, where projects support and reinforce each other, can be identified.

- Eliminate projects where the risks and costs exceed expected benefits.

Hayes et al. (2005) identifies the lack of proper PPM as a very common situation within organizations. The resulting outcome is often that the organization undertakes far too many projects as compared to what it can handle. Put together there can be a need for an extreme overuse of the available resources in order to manage all the projects that is being undertaken at the same time. For instance they refer to one study of an organization where the projects' accumulated use of engineering resources exceeded the studied organization's capacity by 300%. Further they state that when looking on individual projects, there is often a lack of alignment with the goals and objectives of the organization. Even if it may not be harmful for the organization, the projects not aligned with the goals and objectives are risking not contributing to the organization's competitive advantage even if they are executed successfully (Hayes et al., 2005).

Which selection criteria to use in the PPM process vary between different organizations, implicating that every organization has to find its own set of variables to use. The chosen criteria will constitute a model for the organization's project selection, which should support the strategies and goals of it (Cleland & Ireland, 2006) and at the same time provide the tools necessary to achieve a balanced portfolio of projects (Meredith & Mantel, 2009). This will give the managers responsible for project selection the objective and consistent selection support needed to make informed and unbiased project selection possible. At the same time, an overview of all the projects carried out by the organization will be offered when the focus is lifted from the solitary projects to the portfolio of projects (Cleland & Ireland, 2006). This can be used to ensure that there are not overlaps or projects with conflicting goals carried out within the organization. In today's increasingly complex environment, PPM can be used to gain a comprehensive view over the project activities undertaken by the organization.

According to Rajegopal et al (2007) there are four core components that form the basis for PPM. These four are:

1. *Building a registry* – PPM starts with building a registry over all the projects that are currently being conducted within the organization. This should consist of every project's name, length, estimated cost, business objectives, return on investment, and business benefits.
2. *Identifying strategic objectives* – One of the most important criteria for project funding is how good the project matches the strategic objectives of the current and next year. To be able to judge this, the projects have to have business cases including the aspects listed above, and the organization has to provide support for the project teams in developing these business cases.
3. *Prioritizing and categorizing* – The organization needs to rank projects in order to establish their relative importance. The prioritization process allows the organization to choose and fund those projects that has the best alignment with the strategic goals and objectives.
4. *Managing and reviewing the portfolio* – The project portfolio has to be continuously and actively managed, and many companies deploy Project Management Offices (PMO) to facilitate these tasks. The PMO is responsible for collecting financial information and work progress from the project leaders, which is reported to the executive leadership. The

governing body in place for PPM is the one making the decisions about funding levels, resource issues or go/stop decisions for the projects (Rajegopal et al. 2007).

3.8.1 Tools for project portfolio selection & prioritization

Decision tools, or rather decision support tools, for project selection and prioritization needs to be in place in order to have a structured and efficient approach to PPM. Poor PPM performance have been identified to have four main negative effects on the organization: (1) Strategic criteria are missing in the project selection, leading to a portfolio that is not aligned with the organization's strategy, (2) there are too many low value projects taking resources due to deficits in go/kill decisions made, (3) lack of focus, leading to a situation where the portfolio is overwhelmed with projects and resources thinly spread across them making efficient execution impossible, and (4) wrong projects are selected when there is no strong formal and objective selection method in place (Cooper et al., 2001).

There are a number of different tools proposed to use in the selection and prioritization of projects for the project portfolio. Through research by Cooper et al. (2001) following four tools, listed in table 3 below in order of utilization, are identified as the most commonly used.

Table 3 - The four most commonly used project selection & prioritization tools (Cooper et al., 2001)

| Type of Method | Characteristics |
|-------------------|--|
| Financial Methods | Focusing on NPV, ROI or pay-back time the financial methods relays solely on the financial aspects of projects. These metrics gives guidance to both selection and prioritization, since it will organize the projects according to how good their financial status is. |
| Strategic Methods | From the business strategy, a division into several buckets is derived from the importance given to different aspects of the strategy. This can for instance give the division between developing new products vs. incremental improvements of current products. Within the different strategic buckets projects are then prioritized. |
| Bubble Diagrams | Project proposals are plotted on an X/Y-plot depending on their characteristics on the aspects that are used for the two axis. The projects are visualized as bubbles, and the bubbles' sizes are dependent on the corresponding projects' sizes. |
| Scoring Models | Scoring models are built up by a number of questions or criteria, on which each project has to be assessed. When the project has been rated on all aspects, the result will be summarized into a total score, which is used for prioritization and selection. An addition is the utilization of weights attached to the different aspects used in the model, in place to reflect the relative importance between them. |

Cooper et al. (2001) states that those organizations that achieve the best results in their PPM efforts have some common characteristics. First of all, their senior management considers PPM to be a matter of high importance. Secondly, they all have a formal method for selection and prioritization in place. Furthermore, the best performers rely less on financial methods than the others, instead

they use strategic methods to a larger extent. Important to note is Archer & Ghasemzadeh's (1999) remark that the tools are used for decision support: Decision making is a thought process that should not be replaced by tools.

3.9 Maintaining discipline & focus in the project portfolio

In Hayes et al.'s book "Pursuing the competitive edge" (2005), the authors provides a number of practices that, in their experience, will help the organizations towards a more disciplined PPM. One of the main challenges the management faces with PPM is to keep the portfolio responsive, but without adding "just one more project" (Hayes et al., 2005). If projects are added to the portfolio without careful scrutiny, there is a risk that the portfolio will swell until the projects within it have resource needs that exceeds the parent organization's capacity. An ongoing PPM approach should instead keep the portfolio well balanced against, for instance, the organization's goals and objectives, keep the resources needed on a manageable level, and keep a rigorous control of both the project proposals aiming to be incorporated in the portfolio and those that are already within it. Hayes et al. (2005) suggests the following practices to be used in order to accomplish a disciplined project portfolio:

- *Start with a strategy* – The project portfolio strategy must be formulated outgoing from and be aligned with the organization's competitive strategy and its environment. From a formulated portfolio strategy there will be guidance to which goals the portfolio should be balanced against, it should give an approximate number of projects that can be undertaken at any time, and which types of projects that should be prioritized will be apparent.
- *Don't jump too quickly to project selection* – The goal with this practice is to avoid the temptation to only consider those projects that are already existent within the organization and not weigh them against new project proposals. If the organization fails to regard all possible projects to be incorporated in the portfolio, there is a risk that the already existent projects might be "shoe-horned" into the portfolio even though there are no fit with the strategy put up. If, instead, the managers start with considering the strategic goals of the organization and from this decides on how many projects within the different project categories that should be carried out, the risk of shoe-horning in current projects will be reduced. This provides the organization with more objective selection criteria supporting their project selection.
- *Compare apples to apples* – The projects that are being considered for incorporation into the project portfolio must be evaluated in the light of other potential projects belonging to the same category. For instance, derivative product development projects may offer less risk and higher return on investment when compared to breakthrough product development projects. Nevertheless, the organization's long-term competitive advantage may come from breakthrough projects. Taking this one step further, there must of course be a comparative base-line for the projects within the same category, making it possible to judge them on a level playing field. If the project proposals are presented highlighting different aspects of them, it will not be possible to judge them on equal grounds.
- *Create rigorous systems for estimating project resource requirements and tracking available capacity* – One of the highest barriers to the implementation of PPM is, according to the authors, the lack of proper estimations of projects' resource needs. Even though it may be hard to estimate a project's resource needs, partly because projects by nature are unique

(see the PMI definition above), most companies have, however, managed to put up routines for calculating many different types of forecasts and resource needs within other areas. This is used as evidence in supporting the possibilities to also do accurate estimates of which resource needs projects has.

- *Create a closed-loop system* – Well-functioning companies are constantly producing good project proposals. This will produce a likewise constant pressure on the PPM process. If the organization produces many good project proposals, the PPM must first be able to cherry-pick the very best projects, but also to do this in accordance with the available resources within the organization. When creating a closed-loop system, it will not be possible to introduce and start new projects within the project portfolio before some of the current projects are finished. This will implement the needed restrictions in order to manage the risk of the portfolio swelling out of manageable proportions. (Hayes et al., 2005)

3.9.1 PPM Process

The mission for a PPM process is to directly link the projects to the organization's goals and strategy, something that should be done both in the initiation phase, where projects are selected, as well as during the projects' life cycle (Meredith & Mantel, 2009). This implies that projects, even though they have initially been seen as consistent with the strategy, may be terminated before completion due to for instance changes in the environment or cost overdrifts (Meredith & Mantel, 2009). Wen (2010) states that PPM is to be seen as a dynamic decision process which is driven by the organization's strategy. The implication of the dynamics is that changes in strategic directions or the environment should be continuously used to re-evaluate the project portfolio to meet the triple goals of PPM stated above.

Wen (2010) presents a model over how a PPM process can be structured. This model can be seen in figure 8 and it takes its stance in the corporate strategy, as well as forming feed-back loops from both the portfolio review phase and from the implemented projects to the strategy. This process is supported by the aspects described above, hence making it a relevant framework for how a PPM process may be designed.

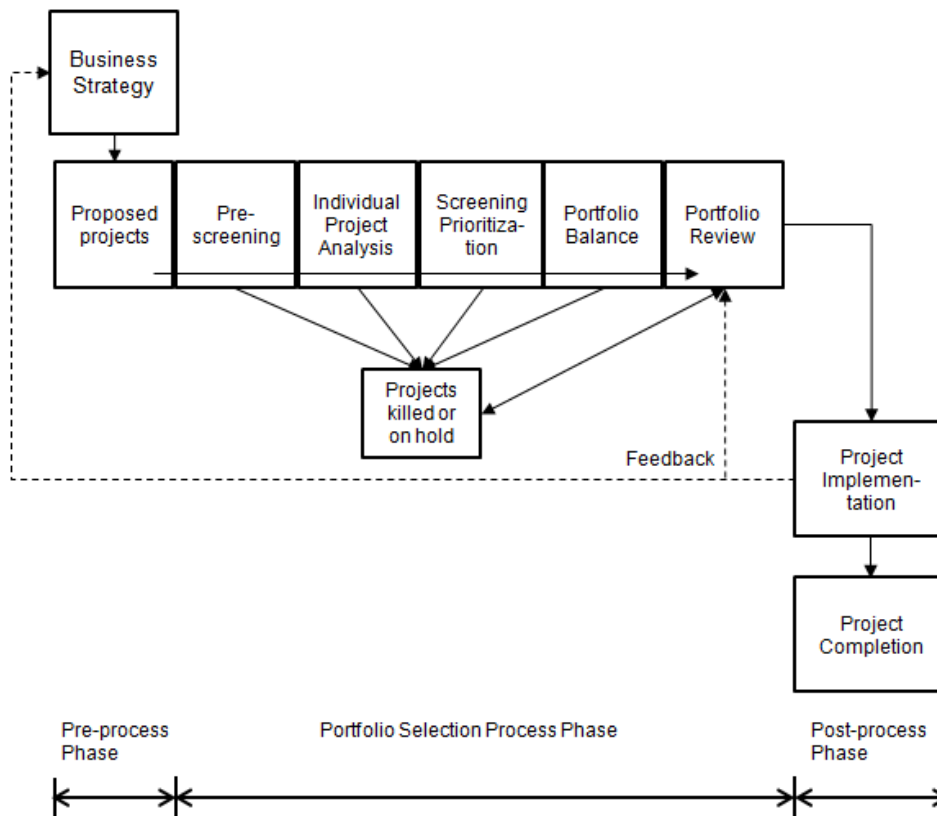


Figure 8 - Project Portfolio Management process (Wen, 2010)

The flow through the process starts with the business strategy, which should be the foundation for the PPM. From the strategy, goals concerning which types of projects that should be prioritized are put up, and how the investments should be balanced between different projects, for instance R&D projects vs. process improvements. The pre-screening phase consists of assessing whether or not the projects have a strategic fit, have technical and organizational feasibility, and what their business cases looks like. This is used to weed out project proposals that don't stand a chance even at an early stage. Following this is the individual project analysis, where a more thorough assessment of the project proposals is made. It's important that this is done with consistent use of parameters; otherwise it would not be possible to make an assessment of them with a common standard. Parameters can be both financial, such as NPV, and non-financial, such as utilizing some risk assessment tool (Wen, 2010).

From this screening the prioritization of the projects should be done. The screening and prioritization starts with ending those projects that are not deemed as feasible, and after this use a scoring model against which every project is assessed. Complicating this is the fact that both qualitative and quantitative parameters are used, for instance strategic fit and NPV. The parameters are given different weights according to their importance, and after that the projects are listed. The listing shows which projects that should be incorporated in the project portfolio, and which prioritization they should be given. Important in the prioritization of projects is also to strike a balance within the portfolio, which is the next step in the process. The portfolio can for instance be balanced on aspects such as long vs. short-term, high vs. low risk or that only some predetermined proportion of the projects are allowed to be of large, medium or small size. The balancing of the

portfolio is important to ensure that not all resources are invested in long-term, high risk projects of large size, which if they fail can cause the organization severe problems (Wen, 2010).

The portfolio review should be conducted frequently and involves getting a holistic view over the whole project portfolio. Included is the evaluation of all active projects, new project proposals and those projects that have been put on hold. From this evaluation resources can be shifted towards areas that are deemed as more important at time being, due to changes in the environment or because of new strategic focus areas. The intention is to create a dynamic project portfolio, which reflects the organization’s internal and external environment. Project implementation should provide the senior management with feedback, which can be used for adjustments in the strategy or to revise the project portfolio with the focus being on increasing competitive advantages (Wen, 2010). To look on projects after their implementation also serves as an evaluation of how accurate the initial cost and benefits analysis were.

3.9.2 Project Portfolio Management & the strategy

As mentioned above, the PPM process and the portfolio itself should be closely linked to the corporate strategy. By having a tight linkage, the project selection will be based on strategic priorities, the management of the portfolio as a whole strives against strategic goals, and the portfolio is seen as a means of achieving the organization’s long-term vision. Ending the PPM part of this theory chapter is a schematic picture, see figure 9 below, of how strategic objectives, the PPM process and the organization’s bottom line result can be related to each other, adopted from Rajegopal et al. (2007).

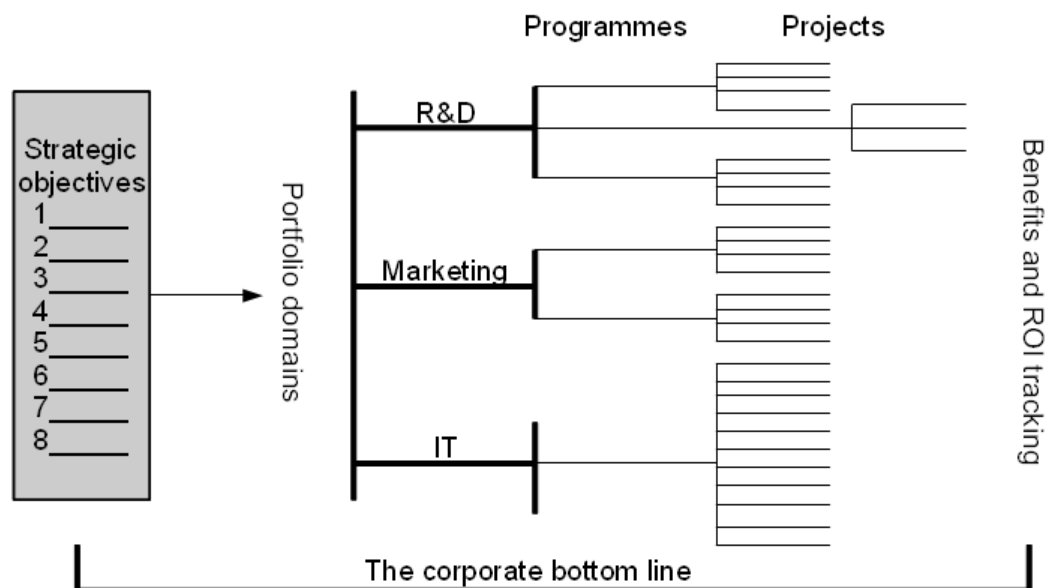


Figure 9 - Strategic objectives, projects and the corporate bottom line (Rajegopal et al., 2007)

3.10 Programme Management

Mentioned above, large projects can instead be categorized as programmes, which consists of several projects all sharing common goals. However, Pellegrinelli (1997) puts forward that programmes should not be seen as just being large projects, since this will imply that they should be managed in the same way, thus taking away some of their possibilities to generate advantages reaching further than the single project’s possibilities. In The BT Project Management Handbook (through Gardiner, 2005), the definition of a programme is: “A programme is a group of related

projects which together achieve a common purpose in support of the strategic aims of the business". This implicates that programme management is a mean of strategy implementation.

PMI (PMBOK version 3.0) identifies programmes as a group of projects managed in a coordinated way to achieve benefits not possible to reach if they were managed individually. Since programme management is concerned with the management of several projects with interdependencies (Gardiner, 2005), this puts it one step above the management of the solitary project in both hierarchy and abstraction. The characteristics of the projects within a programme are, according to Gardiner (2005):

- Shared or scarce resources, demanding prioritization and adjudication between competing projects.
- Interdependency needing coordination and change management across projects and other ongoing non-project work.
- Common infrastructure across more than one project, allowing cost and efficiency gains.
- Shared risks and therefore opportunities to manage and contain risks across more than one project simultaneously. (Gardiner, 2005)

This is in line with the APMBOK's definition of Programme management, which also put emphasis on the coordination of several projects sharing a common goal. Gardiner (2005) makes a further distinction between programmes and projects in that while a project is temporary, a programme is not necessarily definite in time. This is a view shared by Pellegrinelli (1997), who also adds that a programme not necessarily have a single and clearly defined deliverable. The characteristic comes from the fact that programmes can live on, even though the projects that was initially within it end; if new projects are started under the programme or the programme lives on to ensure the delivery of the benefits it should bring to the parent organization. Further, programme management can be seen as a strategic issue within an organization, while project management is of tactical nature (Gardiner, 2005).

Pellegrinelli (2008) states that programmes can be used as vehicles for strategy implementation, since they are usually set up to bring about major and complex changes, and within the programme there is a need to handle interdependencies, risks and even conflicting priorities. Further, Pellegrinelli (2008) highlights that there is no one-approach-fits-all for programme management, instead it's highly context specific to each organization trying to implement it. When contrasting a strategic management approach to programme management with a project-based approach, there are four key differences (Pellegrinelli, 2008):

- Programme managers need to be more conscious about changes in the environment or strategic directions, while a project-based approach focuses on fixed deliverables and scope.
- The programmes can be seen as frameworks or structures with undefined time horizons, compared to the life cycles of projects.
- Programme management is concerned with the nurturing of capabilities, both individual and organization-wide, and also with deploying resources as efficient as possible.
- It's the context that will determine the programme management work, rather than the more fixed principles and processes existing for project management (Pellegrinelli, 2008).

3.10.1 Implementing strategy through programmes

When senior management have developed a new strategy and is about to start with the implementation of it, they are many times bound to the existing organizational structure and procedures. According to Pellegrinelli & Bowman (1994) this can lead to a situation where the senior management is trying to “use the status quo to change the status quo”. This is not necessarily a problem, as long as incremental strategy changes are sought after. However, when revolutionary changes should be made it's of utmost importance that the changes isn't misled through the existing paradigms of the organization (Pellegrinelli & Bowman, 1994). This problem is illustrated in figure 10 below.

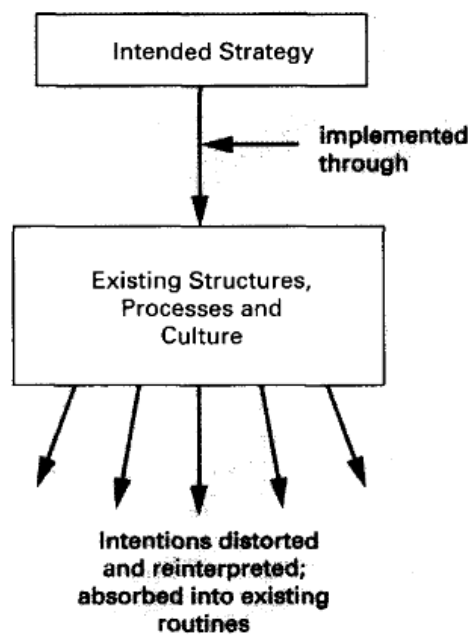


Figure 10 - The problems of Strategy Implementation (Pellegrinelli & Bowman, 1994)

The conflicts that can come from this approach to strategy implementation might be severe, and lead to a situation where the new strategic directions stay as an unrealized plan. Some of the difficulties when using the current organization in strategy implementation are listed below (McElroy, 1996, Pellegrinelli & Bowman, 1994):

- *Smooth flow of operations vs. steep change to seize opportunities* – Line managers focus on a smooth flow within their daily operations which leads to a change approach characterized by introducing gradual changes. When fundamental changes are imposed, for instance introducing a new technology, there can be a tendency to reduce both the scale and the urgency of the change.
- *Efficient execution of tasks vs. securing of benefits* – In a functional organization, great emphasis is put on efficient execution of tasks. This can lead to a situation where this is deemed as the end goal, instead of the achievement of the organizations overall goals. If this existing structure is used for strategy implementation, there will be a split focus between keeping up the execution efficiency and trying to implement the new strategic direction, leading to compromises.

- *Current way of doing business vs. future way of doing business* – The structures, methods and value systems within an organization is adapted to the way the organization does business. A strategic change may require new practices to be implemented, but there is a big risk in that the changes will be filtered through the current best practices and logics of the organization.
- *Established distribution of power vs. new distribution of power* – A new strategic direction may alter the internal power structures and existing politics. This is problematic, since those who can perceive the strategy as threatening their position often are those who are most important in implementing the new strategy (McElroy, 1996, Pellegrinelli & Bowman, 1994).

The suggested solution to this array of issues is instead to use a project-based approach in strategy implementation, with the earlier stated recognition that projects exists outside of the current structures and processes. This is the case since projects commonly utilizes project teams put together specifically for the intended project and by definition aims at solving a unique task. A project management-approach to strategy implementation proposed by Pellegrinelli & Bowman (1994) is illustrated in figure 11 below.

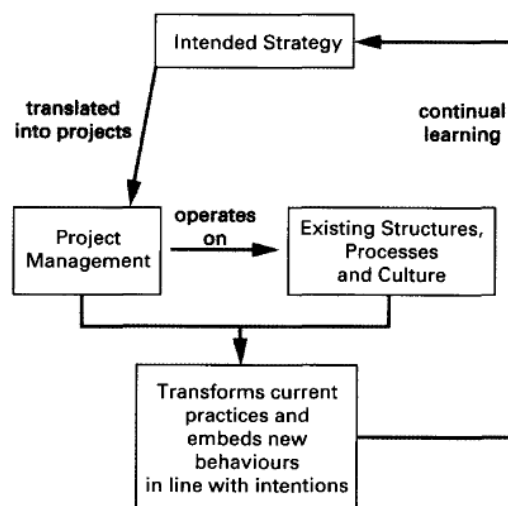


Figure 11 – The project management approach (Pellegrinelli & Bowman, 1994)

In this process, Pellegrinelli & Bowman (1994) highlights two roles as being the most important; the client and the project manager. The client should be a senior executive within the organization who has ordered the project, have set the goals and requirements for it, and determines which parts of the strategy the project should implement. The project manager runs the project on a daily basis from these instructions and definitions. The client/sponsor has to be active within the project in order to ensure that the current organizational structure or processes doesn't alter it when under way, and also to ensure that all strategic objectives are achieved (McElroy, 1996). This is not only a role taken during the actual project; it should be continued after the project's completion to ensure that sought after benefits are reached. Since the client needs to have a profound understanding of the strategy's internal logic if this role should be performed well, it is important to note that this role cannot be given to junior managers or to a project manager (Pellegrinelli & Bowman, 1994).

Two major difficulties when utilizing project management as a means for strategy execution is, however, identified. These are:

- *The interdependence of projects* – When implementing a strategy, this usually involves defining and conducting a broad range of projects. These projects will aim at different parts of the strategy, and the interplay between them is most often highly complex, characterized by overlapping and interdependencies. For the projects to be successful there is a need for them to be well-defined and having specified boundaries. A root to successful strategy implementation is often the integration of the projects.
- *Learning during projects* – Strategies are almost without exception modified during their implementation, because of changed circumstances or because of re-evaluations of feasibility/desirability. This stands in bright contrast to project planning and management, which has a strong focus on fixed objectives, constraints and timescales. By dividing strategic initiatives into sequential projects with tight definitions it facilitates an incorporation of learning during the implementation and lays the foundation for fine tuning of the strategy in the light of the operational realities (Pellegrinelli & Bowman, 1994).

The answer to these, and the other issues highlighted in this sub-chapter, is according to Pellegrinelli & Bowman (1994) a transition to a programme management approach. As stated earlier, a programme is a framework for grouping interrelated and interdependent projects together, both existing ones, but it can also be used for defining new ones. The authors support the notion that programmes have an overall goal to achieve results not possible through single projects and by this achieve benefits otherwise not possible to reach. Furthermore, the programmes don't need to have a single objective in focus, nor a pre-defined time horizon. By utilizing a programme management approach, more than just coordination effects can be possible to reach. The programmes can also act as the necessary bridge between the projects and the developed strategy (Pellegrinelli & Bowman, 1994). This is done through:

- *Creating a framework for the strategy implementation* – This should ensure that all critical elements are identified, a complete set of actions is specified, and no crucial interfaces are overlooked.
- *Making project definition more systematic and objective* – Through this the number of projects with long durations should be decreased, since they have a high risk of either failure or becoming obsolete. Instead they should be replaced by shorter projects that are sequenced, defined and managed within the programme management framework (Pellegrinelli & Bowman, 1994).

By utilizing project and programme management in the strategy execution, the management of an organization avoids using the current structure and processes to implement changes according to the strategic directions. This is intended to reduce the risk of the strategy being diverted during implementation through the current organizational form, and instead solely focus on achieving the new strategic directions and goals. Here projects and programmes offers an opportunity to operate outside of the existing structures in the strive to accomplish these goals (Pellegrinelli & Bowman, 1994).

3.10.2 Programme governance framework

Gardiner (2005) describes a programme governance framework which is designed to help organizations maximize their resource use and at the same time aid in the strategy implementation. The framework below follows the view that a successful organization has a stream of projects flowing through it at every time, and the goal is that the strategy should be advanced by the minimal and best set of projects (Gardiner, 2005). When utilizing a well-designed programme management framework, the organization should be able to coordinate the interdependencies and risks associated with the projects undertaken. The framework consists of five steps, and a schematic picture is seen below in figure 12 (Gardiner 2005):

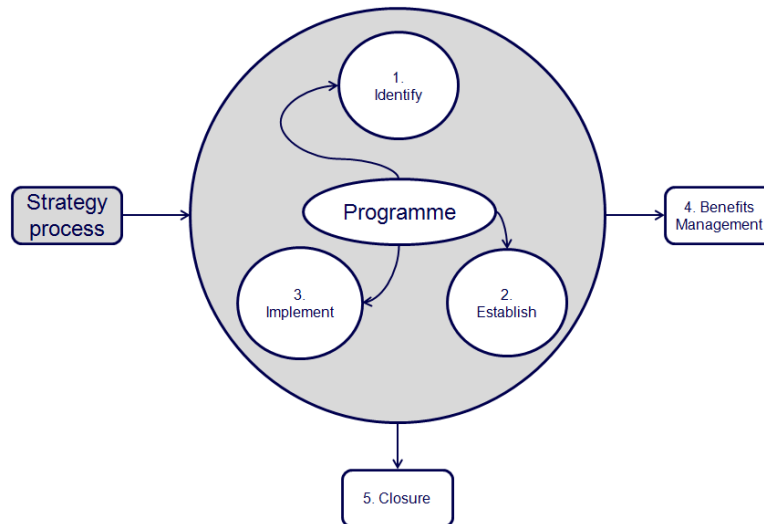


Figure 12 - Processes within Programme Management (OGC, through Gardiner 2005)

1. *Programme Identification.* Following the strategic planning, this stage put emphasis on the project proposals put forward for implementation. The project proposals are judged on their expected benefits, risk, costs, time frame and required work. In this process, the following is involved;
 - Business plans and change strategies are examined, so that benefits can be defined.
 - The best grouping of projects into one or several programmes is determined, considering their planned benefits and synergies.
 - Each programme's grouping is documented to support the business case, and authorization to proceed is given.
 - A programme manager is selected.
2. *Programme Establishment.* The establishment stage's goals are to find and apply the appropriate level of control and infrastructure to steer the programme. This step involves:
 - The establishment of an effective governance structure of the programme
 - Communicate which goals the programme aims at fulfilling to all the participants within it. The goals to communicate are those applicable on the programme-level, not individual projects' goals.
 - Development of programme design.
 - Define which interdependencies that exists between projects within the programme.
 - Establish the programme's benefits management plan.

3. *Programme implementation.* In this stage, the programme is executed with the goal that strategic change should be facilitated. This concerns:
 - Maintaining communication channels and focuses on the programme objectives.
 - To ensure alignment with the strategic objectives periodic reviews should be performed.
 - Ensure that the parts of the organizations that is supposed to receive the changes are prepared and in a position to utilize the planned for benefits.
 - Make sure that the programme's policy and standards are consistent with the organizations requirements.
 - Ensure proper management of risks and benefits during the programme's life cycle.
4. *Manage benefits.* The fourth step in the framework has the goal to track the outcomes of the programme, and ensure that the planned for benefits are reached at the operational level. To manage this, the programme manager often stays responsible for the programme and active within it even though the projects constituting it may be finished. This stands in contrast to the project managers who most often leave when their project is finished, and stems from the fact that the planned for benefits may be delivered over extensive time periods. It's the programme manager's responsibility to reach the full benefits. This step involves:
 - Ensuring that the planned for benefits from the programme are delivered and realized.
 - Take actions within areas where the goals are not met.
 - Seek additional areas where benefits can be made.
5. *Programme closure.* To make sure that the programme has a clear focus on the achievement of end goals, the programme should have a defined end point, where a formal closing process is used. However, the benefits management may continue beyond this point. This stage consists of:
 - Confirmation that the sought after changes are reached and that the vision of the programme has been achieved.
 - Draw conclusions and learn from the process, and ensure that this knowledge is communicated.

3.10.3 The relationship between PPM, Programmes & Projects

Following the theory above, the below presented summary in table 4 shows the relationship between PPM, programme management, and project management on key aspects.

Table 4 - Relationship between PPM, Programme & Project Management (Rajegopal et al., 2007)

| Aspect | PPM | Programme Management | Project Management |
|---------------|---|---|--------------------|
| Focus | Deliverables linked to strategic objectives | Process to create deliverables | Deliverables |
| Scope | Selects, prioritizes and optimizes the entire project portfolio | Multi-project and their interdependencies | Single project |
| Communication | Across the business | Among projects | Within a project |
| Organization | PPM Team | Programme Management Office | Project team |

3.10.3.1 Programme management – Three management roles

According to the Office of Government Commerce, OGC (through Gardiner 2005), a programme organization needs a structure with distinct sponsorship, authority and management to succeed, but also the flexibility to handle sudden changes. Their recommendations of roles and functions are listed below.

- *Programme Director*: Is the one who provides the overall leadership for the programme, and has the ultimate responsibility for the programme reaching its intended results.
- *Programme manager*: Has the responsibility for the day-to-day operations within the programme's projects and is the one who ensures that the programme focuses on the delivery of the planned for results.
- *Business change manager*: Through the integration of the delivered capabilities, the business change manager is responsible for realizing the outcomes of the programme.

Through having these roles within its structure, the organization ensure that the whole spectrum from the definition of the programmes on a high level, to the realization of its full effects, is managed utilizing a well-defined approach (OGC through Gardiner, 2005).

3.10.3.2 Programme Management Office/Programme Support Office

Before going into the theory of what this organizational unit is and should do, there has to be a short discussion about its name. There are a number of scholars and institutes that has written about it, but there doesn't seem to be a name-consensus. Project Management Office, Programme Management Office, Programme Support Office etc. is used interchangeably, and from here on it will be referred to as PMO.

OGC (through Gardiner, 2005) states that a PMO should be established within project intense organizations, a view shared by Meredith & Mantel (2009). The assignments of this organizational unit are to function as a controlling organ for the programmes and aid in the management of them (PMBOK, version 3.0). The PMO handles programme information, budget control, status reports,

programme documentation and how to optimize resources and schedules within the programme to reach the intended benefits. Meredith & Mantel (2009) states that common characteristics of successful PMO's is that they have a strong support from top management, are future oriented, learning focused, and offering the best project management skills within the organization. The PMO works on a strategic level, which means that its goal is to optimize the programme as a whole and not the single projects within it, according to OGC (through Gardiner, 2005). However, Meredith & Mantel (2009) states that the PMO also can take an active role in the management of solitary projects. Meredith & Mantel (2009) identifies the PMO as the critical link between the strategic management and the project management within an organization.

The PMO can have the authority within an organization to evaluate and select projects to go further with, as well as being able to terminate projects that are not consistent with the goals and objectives of the parent organization (PMBOK, version 3.0). It can also be involved in the staffing of the different projects and making rearrangements if some projects need specialized support. There is no consensus in exactly what a PMO should do, since the mission given to it from the management of an organization will be context specific. However, Rajegopal et al. (2007) identifies two key roles for PMO's depending on the needs of the organization that the PMO aims to serve:

- *Tactical* – Having a tactical role, the PMO directly supports the ongoing projects in their project scheduling, scope, and resource management et cetera. A tactical PMO is in other words directly involved in the project management.
- *Strategic* – The PMO supports the PPM framework that the organization has in place, which in turn supports project selection and prioritization, performance management, and benefits management (Rajegopal et al., 2007).

3.11 Benefits Management for projects

Of critical importance are the distinction between deliverables and benefits coming from a project. Commonly the deliverables are the focus for the project manager, since these are the tangible outcomes that often constitute the project milestones and show progress. The benefits, on the other hand, are the effects from the project that will actually improve the organization in some way. For instance, an IT project often has some tangible outcome, which can be the implementation of a certain tool. However, the implementation of the tool is the deliverable coming from the project; the benefits aren't realized until the implemented tool has brought efficiency or effectiveness gains to the organization through the use of it.

To understand how a benefits management process can be structured, Bennington & Baccharini's (2004) framework will be used in this thesis. The framework they present is based on conclusions from a number of proposed benefits management approaches, and it consists of the activities shown below in figure 13. Benefits management should be seen as an end-to-end process, spanning from the initial identification of benefits in project proposals, the delivery and monitoring of benefits during a projects life cycle, and the evaluation of what have been achieved post-mortem (Rajegopal et al. 2007). The framework will later be used in the analysis of the current situation at the Company. It should be noted that this framework is primarily directed towards IT projects, but it translates well to other types of projects. Further, this thesis focuses on internal BT initiatives, and by nature these often have a substantial IT component.



Figure 13 - Bennington & Baccarini's (2004) Benefits Management process

3.11.1 Benefits Identification

In the first step for managing benefit realization, there is a need to identify which benefits a project will bring. This identification will set the goals for the project, and it will also be used as a basis for decision makers when choosing between different project proposals (Bennington & Baccarini, 2004). The primary outcome showing the identified benefits a project should bring is the business case (Williams & Parr, 2004). The business case will summarize the main benefits coming from the project, but also contain other data, for instance discounted cash-flows, value analysis, and return on investment. It's through these aspects that the business case is one of the cornerstones in decision making. If the management should have the chance to compare and judge projects or programmes on a level playing field, it's important that the business cases are structured in a consistent way (Williams & Parr, 2004).

Through using a common format for business cases, it is possible to choose the proposals that will yield the highest benefits and be best suited to fulfil the organization's strategic goals. However, it's important that the proposals are put under careful scrutiny and their assumptions thoroughly validated. This should prevent that business cases are structured in such a way that they certainly meet the criteria for acceptance. One way to avoid this is through making those formulating the business case, or the project proposals' sponsors, accountable for the delivery of planned benefits (Williams & Parr, 2004).

The benefits to be identified can have different characteristics. A common division is in tangible and intangible benefits (Bennington & Baccarini, 2004, Williams & Parr, 2004). The tangible benefits can be for instance cost reductions, new incomes, or additional incomes, while intangible benefits can be strategic alignment for the project or programme, gaining competitive advantage, or increasing customer service. These scholars do a division of benefits into the following three categories:

1. Direct financial benefits: Benefits that can be quantified and valued are seen as tangible benefits for a project.
2. Direct non-financial benefits: Benefits that can be quantified, but are hard or impossible to put a value on. Seen as tangible benefits.
3. Indirect benefits: Benefits that can be identified, but that are not easily quantified. Are intangible.

In identifying the benefits emphasis should also be put on who will own the delivered benefits, how they will be measured throughout and after the project or programmes life cycle, and which KPI's that will be used to indicate the status of the intended benefits (Williams & Parr, 2004). This can, for instance, be done through linking benefits to components on the organization's BSC.

3.11.2 Benefits Realization Planning

A fundamental part in benefits management is the requirement of accurate, relevant, and consistent measurement of projects' performance. This is done through utilizing KPI's for measuring

(Bennington & Baccarini, 2004). The benefits coming from projects must have KPI's attached to them; otherwise they are of little value. Bennington & Baccarini (2004) is claiming that there is no excuse for not using KPI's, since even intangible benefits are measurable. Developing KPI's for a project's benefits brings several advantages. For instance, the use of KPI's enables stakeholders to evaluate if proposed benefits have been reached through the project, it gives structure to how and when a project's benefits should be measured, and it delegates accountability for the realization of intended benefits.

To achieve benefits realization a plan for this needs to be formulated. The benefits realization plan must be formulated before the project or programme proposal is approved to go forward. With conclusions drawn from a number of scholars' work, Bennington & Baccarini (2004) states that the benefits realization plan should outline following aspects:

- Where in the organization the benefits will occur.
- Which stakeholders within the organization that will be the receivers of the benefits coming from a project or programme.
- Who that should be held accountable for the delivery of intended benefits.
- How the benefits are linked to the project or programmes outcomes, and when they will be realized.
- Which actions must the stakeholders take in order to ensure benefits delivery.

3.11.3 Benefits Monitoring

Benefits monitoring for projects is concerned with tracking the accomplished results from projects and comparing these to the planned for benefits found in the benefits realization plan (Bennington & Baccarini, 2004). The monitoring of benefits should also focus on a continuous assessment of changes both internally and in the organization's environment, which have the potential to affect planned for benefits. Since changes almost always happen during a project's life cycle, this is an important activity and highlights the fact that an adaption to the dynamics of the environment is needed.

In the benefits monitoring process it's important to notice that not all benefits are delivered during a project's or programme's life time. Williams & Parr (2004) separates between benefits monitoring activities before and after the closure point. During a project's or programme's life cycle there should be continuous work being done on judging achievability and probability for reaching sought after benefits. This work includes updating the business case when under way, and demands an understanding of which aspects that can alter planned for benefits. The second part of benefits monitoring can take place during the actual project's or programme's life cycle, but can also be possible to do only after the finish line is passed. This is the monitoring of actual benefits delivered (Williams & Parr, 2004).

Thorp (1998) highlights four areas for how measurements should be dealt with within an organization in order to manage benefit realization. These four areas are: (1) identify the outcomes that needs to be measured, and when they should be measured, (2) to get a deeper understanding about what's going on, the reasoning around linkages between programmes/projects and outcomes must be showed, (3) ensure measurements are focused on by tying executive accountability to them, and (4) tie the measurement systems for benefit realization to the performance measurement

approach utilized through the BSC. Thorp (1998) don't propose a fundamental change of the measurement systems that are already in use within the organization, but instead to focus on those aspects that are significant in managing benefits realization.

Thorp (1998) also gives four criteria in his benefits management approach for how to structure an effective and adequate measuring system. The criteria are: (1) Make sure that measures exists, (2) Measure the right things, (3) Measure things in the right way, and (4) Make sure that the measurement systems guide decisions and actions. Even though these criteria might seem to be no-brainers, the author accentuates their importance in building measurement systems adapted to benefits management.

3.11.4 Benefits Realization

The last step in Bennington & Baccharini's (2004) framework for benefits management concerns tracing actual benefits reached compared to the benefits planned for. According to them, this takes place when the project have been implemented and sometime after this, but as stated above, Williams & Parr (2004) puts forward that this work can start earlier depending on the projects characteristics. However, many organizations fail to review if project benefits have been reached and Bennington & Baccharini (2004) gives a number of reasons as to why this is common. For instance, it can be due to that benefits tracing are seen as to difficult to perform when benefits are intertwined with other aspects, if a project have been implemented according to plan benefits tracing might be seen as unnecessary, benefits reviews can be considered to consume time and costs which is needed in the delivery of new projects instead et cetera.

Since projects are created to deliver benefits to the parent organization, there is a need to control that intended benefits are actually reached and if this is not the case, necessary actions can be needed in order to improve the status of them. Not taking actions might lead to resources spent and time lost without intended gains realized. A structured benefits management framework as the one described above, increases the likelihood for the organization to reach the desired benefits, according to Bennington & Baccharini (2004).

4. Empirics

This chapter describes the Company context that is necessary to bear in mind in order to understand wherein this thesis has taken place, and further on the subsequent analysis and recommendations. It should be recognized that most of the parts described are only described so that the reader is intended to get a holistic picture, details are purposely left out to lighten up the reading. The exception is the BT project process, with its significance for the thesis subject.

4.1 The Global Process Office

This master thesis has taken place at the Company's Global Process Office, which can be described as a department within the organization with the objective to support other departments, primarily the process teams. The Global Process Office's areas of responsibility are (1) to coach, coordinate and make sure that the information needed for prioritization is available from the internal BT initiatives, (2) to provide super user training in the Company's ERP-system, (3) to ensure that the Company's Master Data is being managed correctly throughout the organization, since this is considered to be a corporate asset, (4) to ensure that all changes that is being rolled out in the organization is aligned with the processes that exists within the company, and (5) provide business control for BT initiatives and gathering and publish KPI's from the organization through the Balanced Scorecard. Figure 14 below illustrates Global Process Office's position within the Company.

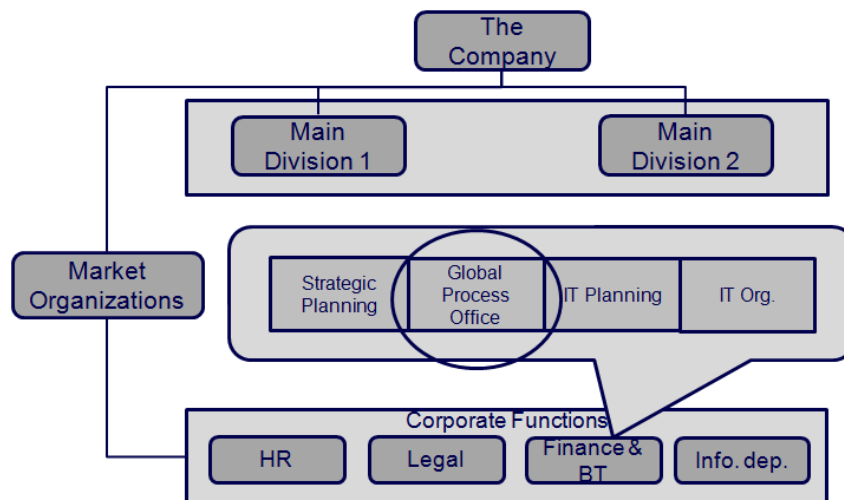


Figure 14 - Global Process Office's position within the Company (reworked internal document)

Important to notice, since the name otherwise can be somewhat confusing, is that the global process owners do not report to the Global Process Office, but instead directly to the executive leadership of the Company. In this reporting the Global Process Office can provide support and guidance to the process owners and can also be instructed to pursue some questions towards them, but is still considered to be a supportive function. Further, the Global Process Office is not to be seen as a traditional PMO, since it doesn't actually manage on an operational level, for instance having project management resources to deploy, or by taking an active role in the initiatives being conducted.

In total the Global Process Office consists of 20-25 employees, divided on the different areas of responsibility listed above. Focusing on the BT initiatives, the Global Process Office is the organ within the organization that is responsible for supporting the BT initiatives in their following of the

BT project process. This includes ensuring that the material needed for the scrutiny every initiative proposal is put under before it can be approved and incorporated in the BT project portfolio is available, and also coaching in the use of the BT project process. Every BT initiative will have a BT coach assigned to it, whose main task is to ensure that the initiative follows the BT project process and coach the project teams throughout the initiative life cycle in this.

The governing body for BT initiatives is named Transformation Council and consists of members from the executive leadership team. The Transformation Council makes the decisions concerning BT initiatives, for instance which initiative proposals that the organization should go forward with, and in this decision making Global Process Office is a supporting function that should ensure consistency in the information put forward from the initiatives and initiative proposals. Every BT initiative proposal has to be approved by the Transformation Council before it can go forward to the “Initiation” phase in the BT project process, which means that Transformation Council makes the decisions concerning BT initiatives from their initiation, throughout to their closure.

4.2 The BT project process

With the focus of the thesis being set on BT initiatives, a term used for those internal change initiatives with a budget exceeding €1M, this subchapter aims at describing the BT project process that has been developed for these initiatives and which they are required to follow. The reasoning preceding the development of this model was that there had been inconsistencies in how the BT initiatives were driven, and the structure and project methodology used depended mainly on which project manager that was responsible for the initiative. To standardize the way the BT initiatives were driven a process was developed together with external experts, which these initiatives is now required to follow. This work was initiated about five years ago and there are still some existent BT initiatives that have not followed the BT project process. Important to notice is the fact that the BT project process is not a project model in the word’s theoretical meaning, but instead an overlaying process that demands the same deliverables from each initiative at the existing toll-gates.

Already existent within the organization was well structured processes for customer projects and development projects, but until that point there were no such thing for the BT initiatives, even though there were big initiatives running. Due to secrecy reasons some specifics will be left out, but the description will be sufficient for the reader’s ability to grasp the context. A schematic picture of the BT project process is seen in figure 15 bellow, and following it are descriptions of the different phases. The characteristic in the sub-fields shows what the emphasis is during the different phases.

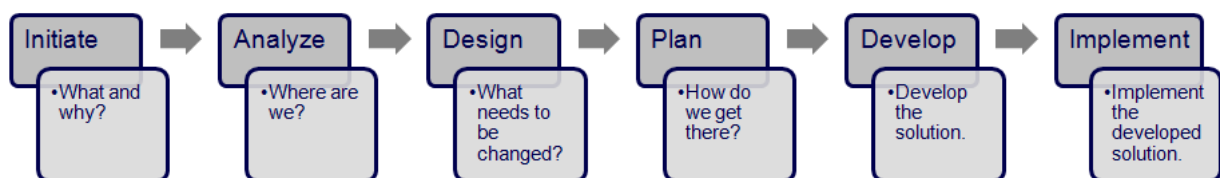


Figure 15 - The phases of the BT project process (the author’s own)

The four first phases are normally regarded as pre-project phases, but the term “initiative” is used from the beginning within the Company. However, these four phases are considered being preparatory phases with restricted resource usage. Even though there can be substantial expenses

during the four initial phases, it's within "Develop" and "Implement" the initiative starts to consume the main part of the resources needed for the initiative, both economical and employee's time.

The BT project process can be classified as a toll-gate-model, in which every phase consists of a number of steps, goals, and deliverables that should be fulfilled, followed by a Go/No-Go decision at the end of one phase before the initiative can enter the next phase. Which governing body that is involved in making the decisions at the toll-gates is dependent on the initiative's size and which toll-gate that is supposed to be passed. "Initiate", "Analysis", "Design" and "Develop" are phases where the toll-gate evaluation is normally made by a Global Process Leader, which is the member of the executive leadership team who is the initiative's sponsor.

For the "Plan" and "Implement" toll-gates, the initiatives are subject to the Transformation Council's scrutiny and decision making. The Transformation Council consists of members from the executive leadership team of the Company. Smaller projects, called Global Projects, are instead subject to the Global Process Forums, consisting of all the Global Process Owners, but these projects are not in focus for this thesis. Below, in figure 16, is the BT governance model, showing the governing and decision-making bodies at the different phases.

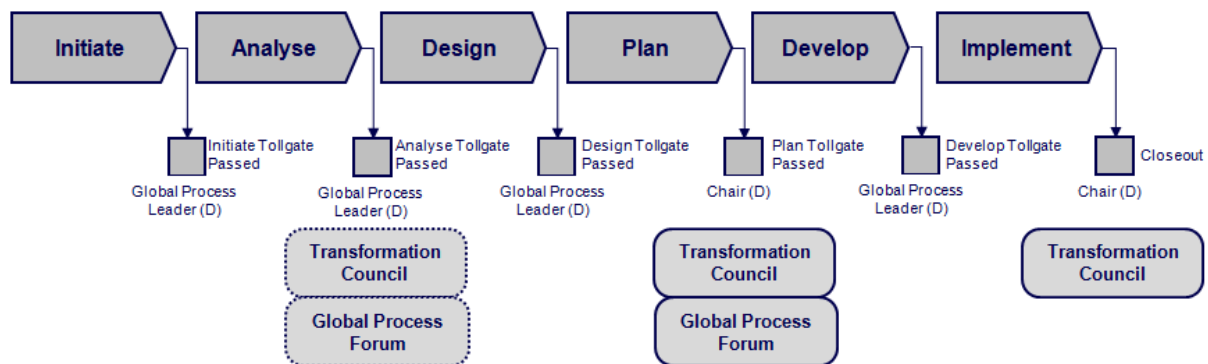


Figure 16 - The BT project process' governance model (reworked internal document)

The initiation of a BT initiative must always be sanctioned by the Transformation Council, and the initiative must have a sponsor who is a member of the executive leadership team, who also has an important role as Global Process Leader. Every BT initiative has one process that owns the initiative, even though they can have an impact on several processes. It's the Global Process Leader that makes the decisions at the majority of the toll-gates, except for "Plan" and "Implement" where it's the Transformation Council that makes the decisions. An exception is if the initiative exceeds either a total resource usage of €3M, or €500K before toll-gate "Plan" have been passed. In these cases, this toll-gate decision will also be made by the Transformation Council.

By having a clear process, ownership, and accountability in place for the BT initiatives the intention is that the quality should be increased on the initiatives driven and by this increasing their value for the organization. Compared to before the BT project process was in place, the possibility to initiate large initiatives has been reduced. Now every BT initiative has to be approved by the Transformation Council, and a member from the executive leadership team will also have to take accountability for the initiative through the role as sponsor.

4.2.1 The dimensions incorporated in the BT project process

When the BT project process was developed, there were six dimensions in focus that was incorporated in the BT project process to strengthen the quality of the BT initiatives driven. These dimensions are listed below in figure 17. Through the combination of these dimensions, the intention is to get a holistic approach to the aspects that will have the biggest impact on whether an initiative will succeed to bring results to the organization or not. How these dimensions are worked with during the BT project process is detailed below in the descriptions of the different phases.

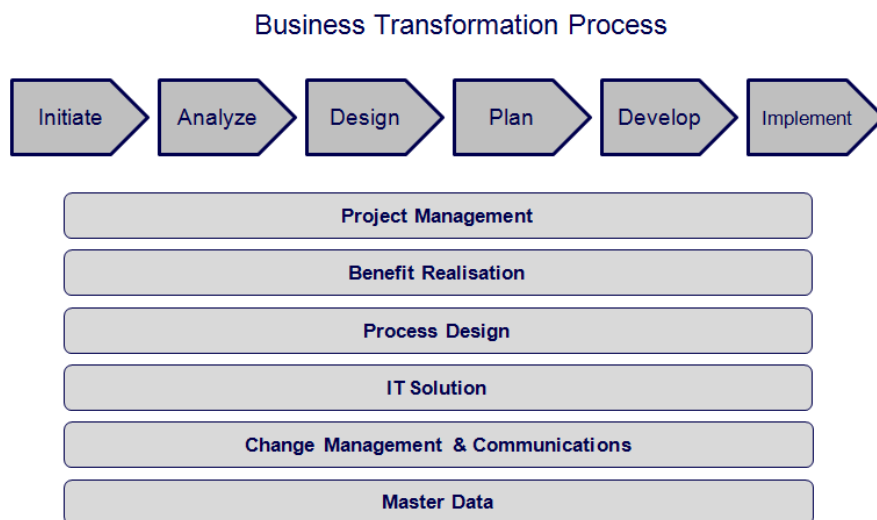


Figure 17 - The dimensions incorporated in the BT project process (reworked internal document)

The six dimensions listed above are those dimensions that are recognized as the most important to be in place in order to maximize the results coming from BT initiatives. By putting emphasis on them during the whole BT project process, the intention is that they should be worked with continuously during the initiative's life cycle. It's also recognized that one reason for previous initiatives not giving the aimed for results were sometimes dependent on missing out on some of these aspects.

4.2.2 Initiate phase

When a BT idea or BT opportunity is detected within the organization this can be the starting point for the initiation of a BT initiative. For instance, the idea or identified opportunity can be either a problem that needs to be solved, in order for the business operations to run more smoothly, or an opportunity to increase earning potential. The first phase aims at developing the identified need or opportunity in order to see if it's viable and should be investigated further.

In this phase the first task is to describe the need that has been identified, its urgency, which deliverables that will come from the initiative and the initiative's scope. The next step is to explain the justification for the initiative, which is done via a strategic fit assessment, described below, a description of the business need and a description of the benefits that is expected from the initiative. The justification is done with the Company's vision, strategy and core values as foundation. Following this is an approval, or rejection, from the executive leadership sponsor. If approved, a project manager and a steering group for the initiative will be assigned. These are selected to fit the objective of the initiative. Also, the initiative will be registered in the BT Project Portfolio.

When the initiative is registered and project manager and steering group have been appointed a Project Charter is formulated, also described below. The changes that will stem from the initiative will then be mapped. Important to know is what changes that will be needed, how they are going to be achieved and which impact they will have on different parts of the organization. Before the toll-gate review is approached, the final step is to determine what resources that will be needed for the Analysis phase and the cost of utilizing those resources. Important to know are what competencies and experiences that will be needed in the next phase. When this is done, the toll-gate review for the “Initiate” phase will be done. If passed, the initiative progresses to the “Analysis” phase, otherwise it will be terminated and removed from the BT Project Portfolio.

4.2.2.1 Project Charter

After the executive leadership sponsor has given an approval of the initiative a Project Charter is formed. This is based on the strategic fit assessment and the business/benefits case developed for the BT project proposal, and can be seen as the initiative’s identity card. The Project Charter is built up around the six questions of: Who, When, How, Where, What and Why. “Who” stakes out those persons that will be involved in the initiative, for instance the project manager, the steering group, the sponsor from the executive leadership team and the BT coach. “When” concerns the dates of the toll-gate assessments for the six phases in the BT project process expects to be passed, constituting a schedule for the initiative. “How” states what the expected spending for the initiative will be, how many full time equivalents that will be involved in the initiative and if the initiative have interdependencies with other initiatives.

“Where” states which organization, or part thereof, that will receive the effects from the BT initiative, as well as the processes impacted by the initiative. “What” defines in concentrated form the objectives of the initiative, the scope and which key deliverables that will come from the initiative. Finally, “why” gives an explanation to the strategic fit of the initiative and the business/benefits case is given with the key measures which it’s based on. The Project Charter is intended to follow the initiative during its life cycle, and can in some sense be seen as a reminder of what the initiative is intended to deliver.

4.2.3 Analyze phase

When the “Initiate” toll-gate has been passed and the “Analyze” phase is started the initiative will be communicated to the key stakeholders within the organization. There will also be an assurance that those needed to conduct the analysis work are involved in the initiative. Following this is an analysis over the current situation, comprising of gathering of facts and a thorough description of it containing for instance processes and measurements involved etc. When the current processes have been described and their performance measured, next step is to conduct benchmarking against other internal processes, or if possible; external ones.

After benchmarking has been done, it’s time to identify which principles that should guide the solution’s design. This involves setting up guidelines, understanding which different solutions that can be used and if some existing solution can be utilized. It also includes identifying the needs from the IT systems and if changes to the IT system needs to be done to support the initiative’s intentions. Next step is to specify which benefits the initiative should bring, both financial and non-financial. How these benefits will be followed up on is also determined here. KPIs for the initiative’s benefits are developed based on both today’s performance and which performance the initiative aims to

facilitate. Also a project management plan, a risk plan and a stakeholder and communication plan; consisting of an analysis over who the stakeholders are and their influence, how they will be affected and how the initiative will be communicated to them, is developed.

Before the toll-gate review is done for this phase, the last step is to create a business/benefits case over the financial potential of the initiative. This business/benefits case should contain the costs and revenues from the initiative, and how they will develop over time. This includes when they are expected to be realized, and how they will be followed up on over time. Added to the business/benefits case is also non-financial potential coming from the initiative. The financial and non-financial outcomes expected from an initiative are named benefits. Input to the toll-gate decision is the description of the current situation, the KPIs for the initiative, and the business/benefits case. It's ensured that all the stakeholders are informed about the initiative. Based on this is a Go/No-Go decision made, where the initiative is allowed to continue, sent back for rework or terminated.

4.2.4 Design phase

When the "Analyze" toll-gate has been passed the initiative is allowed to proceed to the "Design" phase of the BT project process. The first step is to develop the design for the solution, based on the input coming from the previous phases' work done. The design should consider which organizational changes that will be needed in order to achieve the desired result and how the changes will alter the organizational setup. This is based on a gap assessment identifying the differences between today's organization and the future structure. Important parts of this include which competencies that exists, and if there is a need for other or developed competencies in order to reach the intended goals.

When designing the solution proposed by the initiative one cornerstone is to ensure that there will be integration with the processes that are in place. There should also be simulations done in order to see how the process KPIs are affected by the process changes proposed. The changes that need to be done within IT are also detailed and cost-estimated in this step. How the transformation from today's organization to the developed new organization will be done incorporating the intended changes should be planned step-by-step here.

Based on the designed solution, the initial business/benefits case, and the changes the initiative will bring, a further detailed business/benefits case should be developed. The costs and financial potential based on the selected solution is stated in this business/benefits case, which should also clearly explain the assumptions that have been made. Costs for IT and business costs in both the central and receiving organizations will be included. At this stage the project teams will also identify if it will be possible to achieve any quick wins early on and where those can be found. This is done to show the benefits stemming from this initiative, to get proof of concept and gain confidence for the chosen solution. To achieve this, the potential quick wins must be followed up on and communicated within the organization.

Following this is the development of a high-level implementation plan consisting of, among other things, which integration approach to use, which milestones that will be put up, identified risks, considered alternatives and which resources that are needed in order to go forward. After this is done, an assessment over change readiness will be performed to ensure that the approach that will be used is the appropriate one and that the change management activities can be targeted towards

those areas with the biggest needs. After all the above activities have been done the initiative will be prepared to pass the “Design” toll-gate. At the toll-gate the initiative will be reviewed to ensure that it proceeds according to plan, and that the objectives and deliverables the initiative aims at achieving is desirable seen from a holistic corporate perspective. This toll-gate review is based on the work done at this phase and the documentation coming from it.

4.2.5 Plan phase

The last phase that is considered being a pre-phase is the “Plan” phase. This is the last phase before the initiative will involve its largest number of full time equivalents and consume the majority of its resources. The plan phase starts with documenting which lessons that have been made in the two previous phases, “Analyze” and “Design”, and that should be brought into the future. Simultaneously, analysis work should be done in order to complete the to-be solution design. IT will also take part in this, to determine how the solution to be should be developed from an IT perspective.

The next step is to finalize the implementation plan, which includes ensuring that this initiative suits the other activities currently under way, aligning it with the other initiatives and communicate to the receiving organizations that an initiative that will impact them are under way. This is not solely a question of communication: The receiving organization will also need to commit to the initiative and engage in the implementation of it. An alignment with the other processes is also necessary, as well as establishing what the full IT expenditure will be. Further, the extent to which the initiative will impact the organization over its lifecycle should be estimated. Following this is work in order to confirm the business/benefits case, and plan for how KPIs should be used to track the progress. In this work, it’s also important to ensure that the assumptions that have been made are clearly stated. Important parts in addition to this is that there is a commitment to the business/benefits case from the local organizations, especially the organization that is picked as a pilot for the initiative, and that the initiative owner of the initiative supports the business/benefits case and the aimed for targets. This is also the time to seek funding for the rest of the initiative in accordance with the investment policy in place.

The steps described above are leading to the preparations for this phase’s toll-gate. At the toll-gate, the implementation plan, the business/benefits case and the initiative status report are some of the deliverables that will be assessed. There is also a risk/readiness assessment that should be prepared before the toll-gate can be faced. The risk/readiness assessment highlights which state different aspects impacting the initiative are in, to ensure that when proceeding with the initiative, the receivers are in a state that makes it possible for them to implement the initiative’s targeted changes. Similar to the other toll-gates, the initiative is either allowed to continue, sent back for rework, or terminated.

4.2.6 Develop phase

When the initiative now enters the stage where substantial resources, both financial and employee time, will be deployed in the initiative the first goal is to develop the proposed solution further, going down on detail level. This includes ensuring that the solution will meet the existing requirements, the development of the technical solution, plan how the training that will be needed should be performed etc. The pilot test of this solution will then be planned, consisting of an alignment with the pilot organization and setting up the criteria and goals for the pilot test.

Which organizational design that will be needed in order to implement the solution coming from the initiative will be mapped against today's organizational set-up. Eventual gaps will be highlighted, and the actions needed to close the gaps will be identified. Another important part at this stage is to complete the process design at a detailed level. Following this is the pilot study, where the robustness and the effects of the initiative will be tested in an actual Company environment. This will give important insights into which issues that may occur and needs to be addressed before going further, which benefits that can be seen from the implementation of the developed solution and how extensive the work load on the receiving organization will be. From the pilot evaluation the business case and the KPIs should be followed up on. The results from this can make it necessary to adjust the plans, or highlight the need for corrective actions in order to meet the objectives. It will also be the basis for an even further detailed implementation plan, since more knowledge is gained.

The last step before the preparation for this phase's toll-gate assessment is the establishment of the roll out team. This team will be responsible for implementation of the solution across the organization, and it's of highest importance that they have obtained the training needed and are well informed about the goals and objectives of the initiative. Going up against the toll-gate, the initiative's deliverables for the assessment will be the ready to implement-solution, the now confirmed business/benefits case and the evaluated results from the pilot. In addition, an initiative status report and lessons learned from the work this far will also be needed.

4.2.7 Implement phase

The last phase of the BT project process is the phase where the designed solution will be rolled out throughout the organization. This starts with a change readiness assessments being made at the local organizations, in order to see where they stand today and which capacity and capability to change that exists. The assessment will highlight which change management activities that will be needed in order to implement the designed solution. It also involves for instance work-shops concerned with the state of today compared to the targeted state that the developed solution should bring. At the organizational design level there should be a clear definition of roles made and new roles may be assigned. Training in the use of eventual new IT tools and systems will also be provided here.

As soon as possible, there will be follow-up made on the business/benefits case and the decided upon KPI to compare the goals put up for the initiative with the actual situation. If there are deviations these will have to be addressed in order to ensure that the outcomes meet the goals, so that planned for benefits are not missed out on. It's at this stage that the initiative will be handed over to the receiving organizations and they will take ownership over both the results coming from the BT initiative and if there are any parts of it that still needs more work to be done before completion.

The final toll-gate for the initiative will assess the implemented solutions performance measures, a verification of the benefits delivered compared to the planned for benefits and a verification of the acceptance of the solution that has been handed over to the different parts of the organization. A lesson learned report over the whole initiative will also be composed as well as an initiative status report. If the initiative passes the toll-gate, it will be deemed as completed and the initiative will be closed. Otherwise, if there are parts of the initiative considered not finalized, the initiative may be

sent back for more work to be done on it in, order to reach the results and benefits that was targeted when the initiative was initiated, before it can go up against the toll-gate assessment again.

4.2.8 Summary over the BT phases and their activities

In figure 18 shown below is a summary over all of the phases and their respective activities. The summary can be used as a snapshot over the activities that were described above. The activities shown below are not all of the activities constituting the BT project process, but it shows those activities that is deemed to be the most important ones.

| Initiate | Analyse | Design | Plan | Develop | Implement |
|--|--|--|--|--|--|
| Refine need & High level scope | Kick-off & announce | Design To-Be solution | Conduct lessons learned | Develop solution | Perform master data cleansing & conversion |
| Determine strategic fit and business value | Analyse As-Is performance | Define detail business case | Plan development | Perform master data cleansing and conversion for Pilot | Implementation Go-Live |
| Assign project manager and steering group | Benchmark | Identify quick wins | Complete integrated implementation plan | Pilot solution | Follow up benefits, KPIs and business case |
| Register project | Design principles for solution design | Develop high level implementation plan | Confirm business case, benefits and KPIs | Follow up benefits, KPIs and business case | Handover to receiving org. |
| Develop project charter | Create project management plan | Perform high level change readiness assessment | Secure implementation leadership and resources | Establish rollout team | Conduct lessons learned |
| Assess change impact | Create risk plan | Prepare tollgate | Prepare tollgate | Detail implementation plan | Prepare tollgate |
| Determine resource need for Analyse phase | Create stakeholder & communication plan | Review tollgate | Review tollgate | Prepare tollgate | Review tollgate |
| Prepare tollgate | Define BT project benefits, KPIs with baseline and targets | | Launch IT project | Review tollgate | Close project |
| Review tollgate | Create potential business case | | | | |
| | Prepare tollgate | | | | |
| | Review tollgate | | | | |

Figure 18 - Summary of the activities constituting the BT project process phases (Internal document)

4.3 The BT Project Portfolio

When a BT project proposal is approved in the “Initiate”-phase, it is incorporated in the BT project portfolio which is facilitated by the Global Process Office. The linkage between the BT project portfolio and the strategy is through the Strategic Fit assessment every initiative proposal has to pass in order to be approved. Since the BT project process only have been fully implemented for a limited period of time, there are still some initiatives in the portfolio that have not followed it completely. With the implementation of the BT project process one of the aims was to tie the BT initiatives harder to the strategic objectives, primarily through the Strategic Fit assessment and in that every initiative needs to have a sponsor from the executive leadership team. Before this was implemented, there existed a goal in that the initiatives should of course support the Company’s strategy, but it was not always as clear as one could wish for. To typify the linkage between the BT project portfolio and the Company’s strategy, it can be described as an indirect linkage through that every new initiative needs to support the strategy, but the portfolio as a whole does not have a direct linkage to the Company’s strategy.

For the BT initiative proposals now coming forward, there is a built in tougher barrier to enter the BT project portfolio for those proposals coming from the enabling processes, compared to the proposals coming from the main processes. Enabling processes are for instance HR, finance, legal or IT, while the main processes are Supplier and Customer management, Product Creation, Product Life Cycle management and three order fulfillment processes. This is a natural consequence stemming from the focus on creating customer value.

There is an implicit limit to the number of initiatives that can be incorporated in the BT project portfolio and managed by the organization, due to the initiatives' resource demands, but also because of the amount of change that the organization can handle. From the Company's characteristics, size and other factors, 20-25 initiatives is deemed as being the maximum amount of BT initiatives that can be handled simultaneously by the organization. When the initiation of the work done to develop the BT project process started, this was because of the recognition that too many initiatives were driven, with somewhat unclear goals, benefits and strategic fit. When the ongoing initiatives was mapped it turned out that there were 37 BT class initiatives running, and after the BT project process has been implemented, the BT project portfolio now consists of approximately 20 initiatives. However, there is no decision to put a definite cap on the number of initiatives, but the tougher assessments being made now is intended to limit the amount of initiatives, keeping it at a manageable level. It's considered that the IT cap that exists within the organization is so low that it will not be possible for the BT project portfolio to swell out of manageable proportions.

Today the BT project portfolio is not being managed as a single entity utilizing PPM techniques, for instance balancing the portfolio against strategic goals as a whole, or shifting resources between initiatives. This is partly because the current approach, with its foundation in the developed BT project process, are just starting to reach full implementation, but also because there is a recognition that the initiatives incorporated in the project portfolio are in fact seen as prioritized from the beginning and given the resources deemed appropriate.

4.4 Strategic Planning within the Company

The strategic planning within the Company is done every year with a three year horizon, meaning that one year is naturally taken away when it ends, goals are put up for the added third year and eventual updates to the two years in between are made if necessary. There have been a recognized need for a longer strategic planning horizon, and this has resulted in the development of a long-term strategy aiming for year 2020. This long-term strategy have four themes; Growth, Innovation, Environment and Performance. To be able to reach the long-term ambitions, there is a division of the overhead goals done to set partial goals for each year, which can be seen as milestones and toll-gates along the way. These partial goals are seen as the focus areas that are important for the present year, and initiatives to fulfill them are being driven.

The strategic planning can be seen as an iterative process, where the strategic planning function has regular meetings and contacts with key stakeholders throughout the organization. By this, and scanning of the Company's environment, the strategy is developed. It should be recognized, of course, that the extensive work being made to set a strategy is not made justice by this simplistic description. Since the strategy is developed through communication with different parts of the organization, the strategic goals and directions is supposed to not come as a surprise when it's

presented; instead the intention is that there should be a buy in from key stakeholders from the beginning since they are the ones actually involved in developing the strategy.

In the strategic planning process, there has been an increased emphasis on identifying those in the organization that should be responsible for strategic initiatives. It was not as naïve as that the strategy was developed and then it was expected that it should be fulfilled before, but the identification of who should be responsible for which parts of implementing the strategy was considered to not be done well enough. By creating an ownership for strategic initiative among key stakeholders in the organization the goal is to increase the efficiency in the strategy implementation. Those identified as responsible for some strategic initiatives can be given both the end goal of the initiative as well as sub targets, and sometimes also certain approaches to be utilized for the work that is needed.

An approach used to solve those strategic goals that are deemed to be particularly hard to reach, is that they have been given as assignments to the executives included in the Company's executive training program. This program consists of about 200 of the top executives, and divided into groups each group should identify how a certain goal could be reached, which road blocks that exists, risks involved and recommendations for the further work to be done. With the holistic picture these executives have, combined with the different experiences they bring, this is seen as a good way to get both recommendations for how to solve strategic problems, as well as testing the executives' capabilities.

As mentioned in the introduction, it's important for the understanding of the context that there is recognition that BT initiatives are not the only vehicle for strategy implementation. Instead, to reach for instance a certain growth pace, it's probably R&D or promotional activities that are more appropriate vehicles to use for strategy implementation. Large parts of the strategy are also realized through incremental improvements in the daily operations, with a rather traditional continuous improvements approach. However, the BT initiatives play an important role, since they commonly aim at making the internal workings of the Company to run more efficient through substantial changes, and compared to the continuous improvements they can be characterized as a breakthrough type of change.

4.5 Strategic Fit Assessment

In order to align the BT initiatives with the company strategy, a Strategic Fit assessment must be performed in the "Initiate" phase. This assessment is done based on the current Balanced Scorecard (BSC), to see what impact the initiative is expected to have on the measures on the BSC, but there is also a recognition that an initiative can support or be aligned with the strategy without hitting the measures from the BSC. The assessment is done by the project manager and the project owner on a scale with five levels:

- 0 – There is no match with the strategic objective.
- 1 – There is a slight match with the strategic objective and there can be some qualitative improvement to expect, however this is not easily measured.
- 2 – There is an approximate match with the strategic objective and there is a strong qualitative impact expected, however this is not easily measured.

- 3 – There is a clear match with a strategic objective, and there is a clearly defined measure for the impact. However this measure may not be on the BSC.
- 4 – There is a clear match with the strategic objective AND a measurable impact using a measurement from the BSC.

It's recognized that it can be hard for BT initiatives to impact measures from the BSC in a clear cut way, and the Strategic Fit assessment for the initiatives are put under thorough scrutiny. Many initiatives can have a strategic fit with the process perspective, in that they will improve the performance of the processes. However, it can be hard to show an actual fit with financial objectives. Since the BT initiatives can be characterized as internal change initiatives the traceability to, for instance, increased sales is not easily made. If this is claimed there will generally be some critical questions asked, since the difficulties in matching financial objectives for these initiatives are well known within the Company.

For those initiatives claiming to have an alignment with strategic objectives and a measure other than those in the BSC, this will also be questioned. This is done because of a number of reasons: The BSC measures reflects the goals deemed most important during the current year, which can imply that there is an uncertainty involved in setting up new measures and their linkage to the strategic objectives, and there is a risk for flooding the Company with measurements if each initiative will add measures. Generally, this can be accepted if the proposed measure for an initiative isn't on the BSC, but are currently used within the relevant process as a process-KPI.

The Strategic Fit assessment is the primary formalized direct linkage between the strategy and the BT initiatives. Without a strategic alignment, there will be doubts about if the initiative should be continued with. Since the BT initiatives involve substantial efforts and resources, there is an obvious need to tie these initiatives to the strategy to ensure that the changes that will follow points in the same direction as the strategic planning have set out.

4.5.1 The Balanced Scorecard

The Company uses a Balanced Scorecard (BSC), with the principals adopted from Kaplan & Norton's theories. The BSC used is based on the Company's strategy, which is divided in four themes: Growth, Innovation, Environment and Performance. From these four themes a number of perspectives and measures within each of them have been developed. A generic picture based on the principals for the BSC in use is shown below in figure 19. It's against these measures the Strategic Fit assessment is done, described above.

| Perspective | Objectives | Measure | Weight | Target | Baseline | Scale | |
|----------------------|--|--------------------------------------|---|-------------------------------|---|-------|-----------------------------------|
| Finance related | Grow at a sustainable pace | Measures connected to the objectives | Different measures are weighted according to importance | A target set for each measure | The baseline which the target is compared against | 1/3 | Total sum of the assigned weights |
| Customer related | For instance: Increase customer value, strengthen the business | As above | As above | | | 1/3 | Total sum of the assigned weights |
| Process related | Increase process efficiencies | As above | As above | | | 1/6 | Total sum of the assigned weights |
| Organization related | Increase learning, develop capabilities | As above | As above | | | 1/6 | Total sum of the assigned weights |

Figure 19 - Generic outlay over the BSC currently in use (reworked internal document)

The BSC is updated yearly primarily through raising the targets for the coming year. The majority of the measures are being kept, while others are changed or substituted. As a result of the newly developed long-term strategy, aiming towards 2020, there has been a larger update of the current BSC, where 20-25% of the measures have been changed, compared to normally fewer than 10% changes from one year to another. Even though the BSC is updated annually, the objectives are often consistent over longer time. For instance, the measure used for tracing improved performance in the growth area can be changed from one year to another, depending on changed market conditions or other aspects, but the overhead objective will still be to sustain a certain growth pace.

4.6 The BT Project, Programme and Portfolio view

There is a clear distinction made within the Company between project, programme and PPM. The way the Company looks upon this is shown below in figure 20.

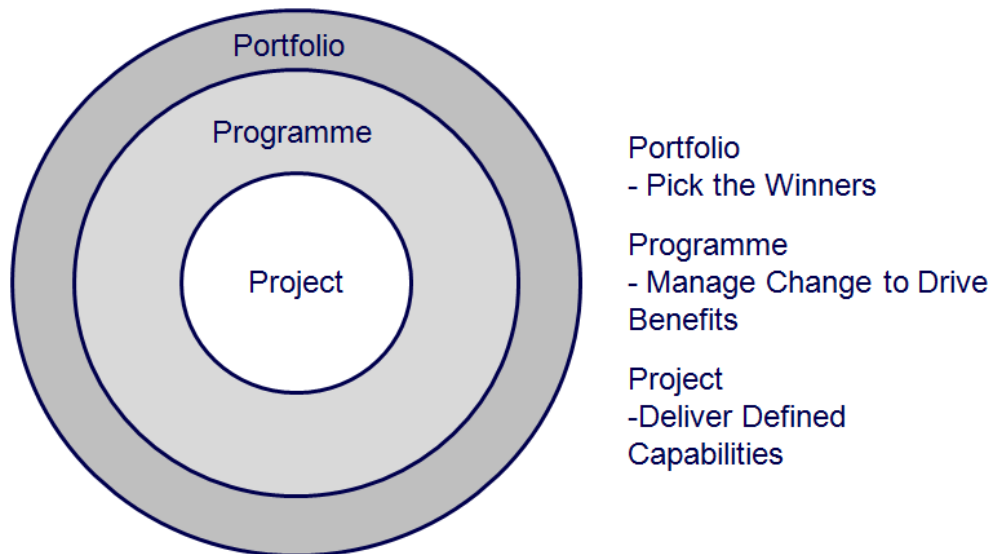


Figure 20 - Distinction made between the Portfolio, the Programmes and the Projects (reworked internal document)

The PPM is concerned with picking the winners from the initiative proposals that are put forward. This is done through the Strategic Fit assessment, the business/benefits case and the risk/readiness assessment that BT initiatives have to go through. Further, it should be recognized that these objective grounds isn't the only ones that the decisions is based on, there are other factors weighing in that can lead to debate within the governing body when decisions should be made. The overall goal, nevertheless, is to maximize the results for the Company through the choice of those initiatives deemed as best suited to go forward with.

The programmes are seen as the primary change drivers, through that they combine projects to reach an overhead goal with synergy effects between the projects constituting the programme. With projects delivering capabilities, it's the combination of these capabilities that will bring benefits to the Company. A further notice is that benefits is not seen as coming from projects or programmes in itself, they come from the utilization within the organization of those changes they bring. This ties to the "Change Management & Communications"-dimension within the BT project process.

5. Excerpts from interviews

This chapter accentuates the empirics read up on above by using findings from the interviews to comment the running of BT initiatives. The statements within quotation marks given are excerpts from the interviews, processed to highlight some aspects that one or several interviewees have noted as important. Hence it is not real quotes in the words true meaning. If the empirics above explains the formal processes, policies, and tools that are in use for the BT initiatives, the below will deepen the reader's understanding of the context by giving experience based reflections from those working in this context. To this are added notions from the author of this thesis.

This chapter's outline is following the BT initiatives life cycle, starting before the initiative's initiation and ending after their closure. Hence, the parts are given in order of appearance so that the reader can follow the chronology. Figure 21 below illustrates this chronology.

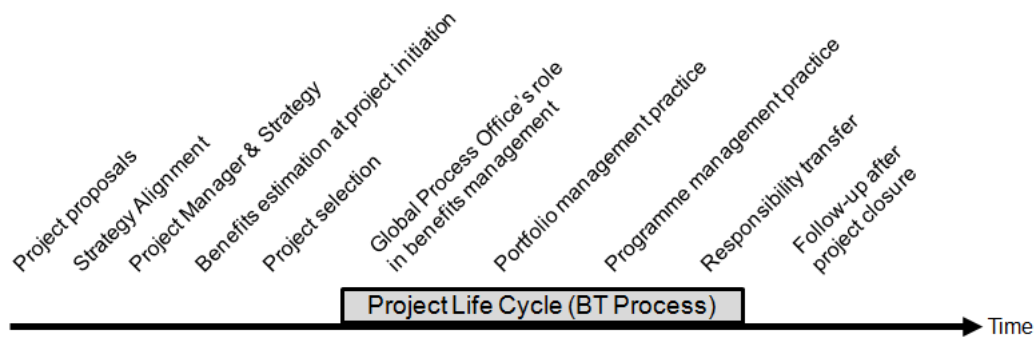


Figure 21 - Time line of the BT project chronology. (the author's own)

5.1 Initiative proposals

The initiative proposals put forward can come from two main directions: (1) directly from the strategy process as needed changes to meet strategic goals and (2) from the operations, commonly from the discovery of a needed change, a risk that has to be mitigated or an opportunity to seize due to, for instance, some identified gap.

5.1.1 Initiative proposals from the operations

"It should be noted that traditionally the majority of the initiative proposals probably has come from the daily operations and not top-down from the strategy process."

As stated above, the initiative proposals that comes from the daily operations commonly stems from one of the three mentioned aspects. One implication of this is that the initiative proposals are evaluated against the strategic goals of the Company, through the Strategic Fit assessment, but they are not coming directly from the strategy process. A notion is that this not necessarily have to be something bad, but instead challenges those putting forward an initiative proposal to really work through the proposal incorporating a strategic mindset and getting a more holistic view on the effects from the initiative on the Company and in meeting the strategic goals.

5.1.2 Initiative proposals from the strategy process

“More emphasis is put on how strategic initiatives should be facilitated now as compared to before.”

During the strategic planning process, there is now a larger emphasis on how strategic initiatives should be facilitated. This comes through an identification of key stakeholders during the strategic planning process and an iterative involvement of those stakeholders when developing a new strategy. Due to the often long durations of BT initiatives, there are still some of them running that was initiated before this new approach was implemented.

“The key stakeholders identified during the strategy process are delegated strategic goals to fulfill.”

In the strategic planning process key stakeholders are identified, and they are also often involved directly in the strategy development. Through this participation it's possible to reach a higher engagement for the strategy, and further an increased feeling of ownership. Following this, there will be a better understanding of the strategic goals and direction when it's communicated. A hypothetical example is if there is a strategic goal to cut administrative costs by 10% in order to increase the efficiency, the finance director can be delegated to contribute with 3% of these. If the finance director has been involved in the development of the strategy, she/he will have better insight in why this is needed and also feel an ownership in deliver on the put up goals. On the other hand, if this has come as an obligation from above without previous involvement, it is possible that it would have met more resistance and been seen as a burden.

A journey has been started, going from traditionally a majority of initiative proposals coming from the daily operations to a stronger focus on strategy facilitated initiative proposals. Nevertheless it's important to notice that there is no winning in eliminating proposals originating from the operations. There are, though, perhaps larger gains in terms of achieving the put up strategic goals when it is the actual strategy that is the initiative facilitator, instead of being the challenger and basis for evaluation of them.

5.2 Strategy alignment

As mentioned in the Empirics chapter, strategy alignment for BT initiative proposals is measured through the Strategic Fit assessment based on the BSC. Another influencing aspect is also if there is an alignment with existing process-KPIs. The current approach has been fully implemented earlier this year, meaning that not all BT initiatives within the BT initiative portfolio have used the Strategic Fit assessment as of today. The Strategic Fit assessment is used to ensure that the initiative proposal supports the strategic goals of the Company and there is an intention in tying the initiatives to strategic objectives rather than specific measures, since these are more stable over time.

“Since it's a simple and useful approach and newly implemented, it's considered as good enough as of right now.”

“Today's Strategic Fit assessment is sufficient, and must be seen as only one component in deciding which initiatives to go forward with.”

Being a newly implemented approach, which is intentionally simplified compared to previous approaches, the Strategic Fit assessment is probably accurately considered being good enough. There is a realized difficulty in developing an approach that is both useful and yet simple enough to use. This makes compromising necessary.

5.3 Project manager & the strategy

Since it's the project manager that will be responsible for the daily management of the initiative, it's important that she/he has a clear picture of the linkage to the strategy and which strategic goals the initiative aims at fulfilling. Responsible for doing an initiative proposal's Strategic Fit assessment, Project Charter and other deliverables required in the BT project process' first phases is the project manager. Through this, it's believed that the project manager should have a clear picture of the linkage between the initiative and the strategy.

"Hopefully these (the Strategic Fit assessment, project charter et cetera) are returned to during the initiative, and ensures that there is a remainder about why the initiative is conducted."

"Due to that it's the project manager who does the Strategic Fit assessment this gives the project manager a strategic target."

By having a strategic goal derived from the Company's strategy it's considered that the project manager will have a more holistic view, even though running initiatives is highly concerned with solving more detail-levelled tasks. By having a more holistic view, and by returning to the Strategic Fit assessment and Project Charter during the initiatives duration, the project manager will hopefully not get stuck in a detail focus that risks rendering in not seeing the whole picture. This is perhaps most apparent in the end of an initiative if the pressure is high to deliver, but by not losing the strategic target this will hopefully mean that the needed detail focus in the deliverables is not leading into side-tracks.

5.4 Benefits estimated at initiative initiation

When an initiative proposal is put forward there has to be a solid justification to why the initiative should be gone forward with. The justification revolves around financial and non-financial outcomes, called benefits. As described in the theory, the benefits are not to be seen as direct deliverables from an initiative, but instead the benefits come from the implementation and utilization of these deliverables throughout the organization. As stated in one of the interviews, the benefits comes when people starts to work according to the developed changes, they don't come because you develop a change of a process or develop a new tool in isolation.

"At initiative initiation, the initiative proposal must be clear on which benefits it will bring to the organization, and this has to be done through careful analysis of the current state."

One of the main aspects when initiatives are compared for selection is which benefits the initiative intends to bring to the organization. Since the Company, similar to every other company, strives towards maximizing the value from their investments, in this case resources put into BT initiatives; it's of highest importance that the business/benefits case is accurate and realistic. This highlights the need to do a thorough as-is analysis.

"We strive after always finding measures for tracking initiatives' progress under their duration and these measures are used for benefits realization reporting at initiative closure."

By defining measures early in an initiative the goals and direction will be clear from the beginning. Doing the opposite, i.e. not clearly defining measures from the beginning, can both lead to an initiative without a clear direction or with unclear goals. Further, it can also result in a situation where it will be impossible to evaluate if the initiative really delivered what it should. Defining

measures meta-analytically is without meaning – it will probably always be possible to find some metric giving the picture of initiative success.

This shows a focus on both clearly stating which benefits an initiative should bring to the organization at initiative initiation as well as defining which metrics that will be used in tracking these benefits. Through these two aspects, a good picture of which goals the initiative strives for is derived and also hopefully making an objective way to analyze whether the goals have been reached or not available.

5.5 Initiative selection

When choosing which initiative proposals to approve and go forward with, this can be a delicate situation. BT initiatives exist within a complex environment and they commonly have a lot of intangible effects. Three main tools are used when making initiative selection: (1) The Business/Benefits case, (2) the Strategic Fit assessment, and (3) the risk/readiness assessment. These three have sometimes been used to plot all the initiative proposals in an X-Y plot, with the Y-axis representing (The Business/benefits case)*(the Strategic Fit assessment) and the X-axis representing risk/readiness. Circles, indicating the initiatives' required budget, are used when the initiatives are plotted, thus constituting a bubble diagram. The look of a bubble diagram resembling the one utilized is shown below in figure 22. However, this representation is not something that is used in initiative selection on a regular basis today.

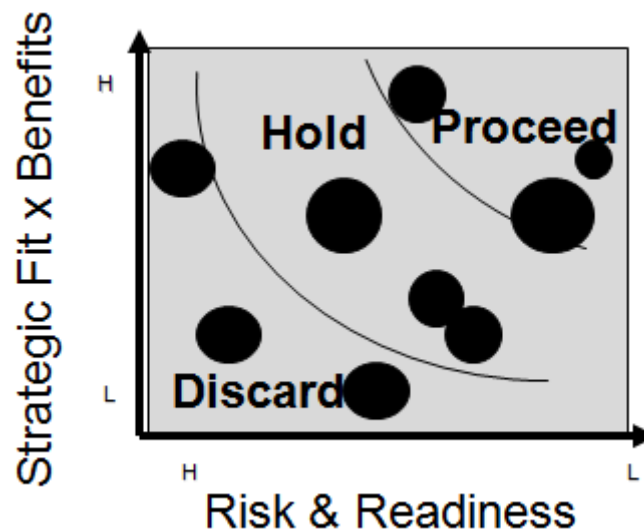


Figure 22 - Bubble diagram (reworked internal document)

“Important to bear in mind is that the Strategic Fit assessment is qualitatively done and is only valid as a comparison to other initiatives’ Strategic Fit assessment.”

“Ideally, the budget restrictions would mean that there is a limiting line (in the plot) showing which initiatives that should be approved, but the decision process is not that simple and there is always a lot of debate about initiatives being on the border.”

The notion that the Strategic Fit assessment is qualitatively done can be extended to the risk/readiness assessment, and also to some extent to the benefits case. The business part of it is hopefully easier to do in a more quantitative way. With qualitative methods being used, it’s

important that they are utilized similarly within the different initiative proposals; otherwise it will be even harder to reach objective decisions since it's no longer comparing the proverbial apples to apples. There is also an involvement of aspects not covered by the three initiative selection tools when making decisions. This can for instance be resource availability or if some initiatives should be approved even though it's position in an eventual plot suggests otherwise.

5.6 Global Process Office's role in benefits management

Global Process Office is the facilitator of the BT project process and they play an important role in the running of BT initiatives. To every BT initiative a BT coach is assigned, who belongs to the Global Process Office team. Also, there is a part of the Global Process Office team concerned with the business control aspects of running BT initiatives. In making sure that the BT initiatives follows the developed BT project process, there should be a clear focus on the initiative's benefits and making sound business cases from the beginning and further throughout the initiatives duration. By working continuously with benefits realization, there is a belief that the results achieved will be improved.

"Through Global Process Office's business control and the BT coaches' continuous work with the BT initiatives, there is a pressure on them to really follow up on benefits during the initiatives life cycle and support is given for how this should be done."

The BT initiatives are supposed to have a strong focus on benefits during their whole duration. Responsible for this is the project manager. The BT coaches can raise questions if they feel that there are some uncertainties, but they do not have any mandate to put demands on the project managers. This follows Global Process Office's role as being a facilitator, and not an actual governing body. The business control function at Global Process Office aids the initiatives in how they should build their business/benefits cases, which aspects that is legit to account for, what is considered being a cost saving, and if suggested measures are appropriate to use. As for the BT coaches, they don't have a deciding mandate either, the ownership and responsibility belongs to the initiative and their assigned controller.

"Global Process Office plays an important role in questioning initiative proposals and ensuring that all facts are traced and validated."

To ensure that initiative selection can be done based on valid information, Global Process Office put the initiative proposals' statements under thorough scrutiny. There is a need to check that the claimed benefits is possible to reach, that they are not the result of double counting and that the economic aspects comes from logical assumptions and is not overpromising. A caricature from another company, concerning lead time efficiency, stated that *"if all our lead time reduction initiatives deliver in full, the customer will have the product in his hand before the production has even started"*.

This overpromising and double-counting is of course something that should be avoided. However, there is no formal system for controlling if initiatives aim at delivering the same benefits or double counts some parts. Instead this control lies in that Global Process Office has an overview over the initiatives currently under way. Since the BT initiatives are only 20-25 at every time, the amount of initiatives don't makes this overview impossible, but it's dependant on that someone connects the dots and raises the question if they suspect double counting.

5.7 Portfolio management practice

The BT initiatives are all part of the BT project portfolio, which is the Global Process Office's responsibility. When an initiative proposal is approved, the initiative will be incorporated in the BT project portfolio.

"There is not a straightforward linkage between the strategy and the BT project portfolio as a whole."

"It's indirectly through the Strategic Fit assessment for each initiative that the portfolio and the strategy are linked together."

Today there is no direct linkage between the strategy and the portfolio. Following the theory concerning PPM it's apparent that this linkage should be seen as the first step. Here it's instead through that every initiative is being challenged by the strategy that the linkage can be found. The demand is that an initiative proposal must be aligned with the strategy to be approved, measured through the Strategic Fit assessment. Work is being done to strengthen this linkage through primarily harder scrutiny of each initiative proposal's strategic alignment.

"There is an increasing focus on PPM due to a strive to maximize the delivered benefits to the Company. However, the BT project portfolio is not managed as a single entity."

With the portfolio not being managed as a single entity, and the linkage to the strategy being indirect through the Strategic Fit assessment, there are obvious differences between the PPM practices described in theory and the current situation at the Company for the BT initiatives.

5.7.1 Project Portfolio Management possibilities

Today there is no active PPM approach utilized for the BT project portfolio as a single entity, as stated above. Active PPM within the theory concerns for instance balancing the project portfolio or shifting resources between the initiatives on a continuous basis. However, there is a realization within the Company that some aspects needed in order to be able to deploy a PPM approach exist within the organization.

"The BT project process is used to get a general framework for how the BT initiatives are driven and which deliverables they have to make. This makes PPM possible."

"One of the four cornerstones of the BT project process is transparency, which supports the intended PPM."

By having a distinct process that the BT initiatives are required to follow the initiatives will be driven more consistently and have the same demands on presenting certain milestones. The BT project process is also important to get transparency and a holistic view over what is being done within the organization. The transparency and holistic view is seen as facilitators of better initiative evaluation, since the evaluation can be done in the light of the other initiatives that are being conducted. As mentioned above there is no formal collection of benefits that the BT initiatives aim at deliver to the organization, which means that the comparison has to be made manually through that those making the decisions have insight in what is currently under way.

To gain transparency a portfolio visibility plan containing all of the BT initiatives has been implemented. The visibility plan also contains a number of the global projects, those projects that have a significant impact but is smaller than the BT initiatives. This shows each initiative's status, when it will be rolled out where, and which demands this will have on the organization at its implementation. Through the visibility plan the Company gains transparency for both the decisions makers and those working throughout the organization.

5.8 Programme management

If PPM isn't realized today for the BT initiatives, programme management is in use for BT initiatives. This follows the theoretical approach with a programme manager having the responsibility for coordinating and synchronizing several projects in striving towards a larger goal than a single project can deliver.

"It is programmes that will deliver benefits, projects deliver capabilities."

"There is a willingness to work more with programmes, since it's easier to follow the change impact from a programme than from a solitary project."

"Programmes are closed in a similar way as projects, when the last project within it is closed."

There is a willingness within the organization to work more with programmes, since this is seen as a better structure for delivering benefits to the organization. This follows the literature's notions about programme management where projects are seen as delivering capabilities and programmes as delivering benefits. For instance, this can be highlighted through the example if two projects are within the same programme and the first of them delivers a new IT tool and the second implements a process change. By combining the two, the real benefits will be possible to reach when the process change is supported by the new tool. Contrary to the theoretical view that the programme manager should stay within the programme to ensure full benefits delivery, the programme manager moves on when the last project is finalized and the programme simultaneously closes.

Programme management is considered to work rather well today, but there is a realized need to develop increased capabilities within this field. There are, though, two important aspects that need to be highlighted. Firstly, there is no formal approach implemented for how programmes should be managed within the Company. Secondly, there are few employees with the experience from and knowledge about how to drive large programmes within the organization. The latter can be one reason as to why the programme managers need to leave the programme earlier than the literature subscribes, they are simply needed elsewhere immediately.

5.9 Benefits realization

Traditionally initiatives have been seen as having certain deliverables as their outcome, not only within the Company. Following the discussion about benefits, it's evident that the deliverables coming from initiatives are only one part of what an initiative brings to the organization. The main goal is instead to reach benefits, and they are coming from the utilization of the initiative deliverables within the organization.

"Benefits evaluation is done at initiative closure in the last step of the BT project process. There is a demand to show benefits reached, but a problem in identifying if the initiatives, on objective grounds, have reached their benefits."

“Today when initiatives that have followed the BT project process from the start is reaching their end there is an increased focus on benefits realization.”

The actual benefits reached by an initiative are evaluated when the initiative goes up for closure at Transformation Council in the last phase of the BT project process. There is a demand that the initiative will be able to show which benefits it have reached and to do this a project closure card is used. With the BT initiatives characteristics there is a substantial difficulty in how they should be evaluated on objective grounds, partly because of their complexity, partly because of the long time horizons involved.

“There are tighter restrictions on the money supply now as compared to before, increasing the focus on benefits realization and further focusing on the fact that benefits have to be reaped before more money can be distributed.”

In an increasingly competitive environment, every company has to increase their efficiency and maximize the outcomes of their efforts, no matter if it is investments in product development or efforts made for BT. By trying to ensure that the initiatives really deliver what they are supposed to, the intention is that sought after value for the money is acquired.

“Benefits realization must be stronger and made through follow-up on success critical KPI’s after an initiative have been implemented. The KPI’s should be derived from the business case, and they should not be given up on.”

“There is a tendency to see the business case as a onetime selling of the initiative proposal, and this has to be changed to reach benefits. Benefits realization should be worked with during the whole initiative’s life cycle.”

In the Company’s strive for benefits realization, forming sound business/benefits cases and derive KPI’s from these are important parts. Further, to track progress during the initiatives’ duration the Company tries to find leading indicators. These leading indicators are supposed to be a better indicator of the initiative’s progress earlier in the initiative life cycle, before the KPI’s can be used for this. There is a notion that by keeping the business case up to date throughout the initiative’s duration it will be a better reflector of the reality. This is due to the fact that an updated business case should incorporate eventual changes in the internal and external environment. This focus should also be given to the continuous work with benefits realization during the initiative life cycle.

5.9.1 Responsibility transfer at initiative closure

The definition of what an initiative is has the limited life time as one cornerstone. This means that the initiative will deliver something to the organization at the end of its duration, and this deliverable has to be transferred to the operational organization. The transfer of the responsibility for an initiative’s deliverables should ideally guarantee that the deliverables are incorporated into the organization.

“At closure those responsible for realizing remaining benefits are identified, transferring the responsibility from the initiative to the organization.”

“After closure, the responsibility for the effects is transferred from the initiative to the operational organization.”

Following the limited life time of initiatives, the responsibility is transferred to the organization when the initiative closes. This is an important transition, since the initiative organization is dissolved and the permanent organization has to take the responsibility for the effects delivered from the initiative. A notion is that how this responsibility transfer works in reality is not followed up on, there is today no process for following up on initiatives after their closure.

5.10 Follow-up on initiatives after closure

The BT initiatives are closed at a Transformation Council meeting when they have reached the end of the last phase in the BT project process. To be able to close the initiatives, it has to be proven that the strived for results have been reached, if deviations have occurred they will have to be explained, and the benefits delivery from the initiative should also be reported. This is, as mentioned above, primarily done through the use of a project closure card. When closing down an initiative, those that will be responsible for reaching remaining benefits will also be identified and a summary of the lessons to be learned from the initiative will be given.

“Follow-up after the initiative’s closure at Transformation Council is not done formally from the central organization.”

When initiatives have reached the end of the BT project process and have been given the approval to be closed from Transformation Council, the initiative’s benefits and effects will no longer be formally followed by any governing body. The responsibility for reaching eventual remaining effects will be delegated at initiative closure, commonly to the global process owner that is the main stakeholder in the initiative.

“After the initiative closes, there is an obvious problem in doing follow-up, due to a dynamic environment and several initiatives/changes affecting the same parts of the organization.”

“There are difficulties in how solitary initiatives’ effects can be practically managed due to complexity.”

There are several reasons as to why follow up and tracking of benefits realization after initiative closure is problematic. Firstly, the initiatives exist within a dynamic environment where several initiatives simultaneously aim at implementing changes to the same parts of the organization. Secondly, both the initiatives themselves and the context they exist within is often complex. Further affecting this is the long time horizons involved, where it’s not uncommon that initiatives have a duration on 2-3 years, and effects that will be delivered over even longer time.

5.11 Focus on follow-up

A common wisdom is that to ensure results they will have to be followed up on. With the utilization of today’s much more fact based approach to initiative selection and demands on what the initiatives has to present to move forward, there is a belief that the possibilities to follow-up on initiatives has increased.

“Increased follow-up after initiatives are signed off should guarantee that the elevated levels reached through the initiatives are maintained and that the organization doesn’t fall down from these levels.”

The BT initiatives are commonly initiated to improve how things are done and increase efficiency. To ensure that the efficiency gains or other benefits are permanent, continuous follow-up could be

considered being one way to achieve this. By performing continuous follow-up the organization will be better able to keep the focus on maintaining initiative's effects.

"There is a need to form a structure for how follow-up of initiatives should be done, and also identify who should be responsible for this."

In order to be able utilize continuous follow-up, it's realized that there needs to be both a structure for how follow-up should be conducted, and also identifying who should be responsible for doing this follow-up.

5.11.1 Follow-up in processes

The Company is having a process oriented structure since about ten years ago with an underlying functional organization. One of the main goals for the process teams is to increase the performance of the process they are responsible for. This performance is measured through KPI's. As stated earlier there is a demand on BT initiatives to aim at improving either BSC measures or process-KPI's to be considered important enough to go forward with.

"It should be in the process team's interest to ensure that benefits really are delivered, since they have incentives to improve the process performance."

Those having the ultimate responsibility for the process performance within the operational parts of the organization are the global process owners. It's them and the global process leader from the executive leadership team, who should have the highest interest in an increased process performance. Through this it's also them who should have the highest interest in reaping full benefits from initiatives aiming at increasing the efficiency.

5.11.2 Extended BT project process

"There are discussions about introducing a seventh step in the BT project process which would be a formal follow up of reached benefits."

Today's BT project process consists of six steps, the last one being the implementation phase. When the implementation is considered finalized the initiatives closes down. Following the increased focus on benefits realization there is discussions about introducing a seventh step in the BT project process to strengthen the formal follow-up of benefits. By having a formal follow-up of benefits, the intention would be that the organization should ensure that full benefits from initiatives are reached and that they will be long lasting. This can be characterized by the following:

"There is a need to highlight the fact that the finish line hasn't been reached until full benefits have been realized."

6. Analysis

The analysis chapter of this thesis is made up by the thoughts and ideas that comes from the read up on literature combined with the case study that have been performed at the Company. Different organizational aspects affecting the BT initiatives are discussed, and which implications they have for these initiatives.

The structure of this chapter is intended to represent a chronology based on the findings in this master thesis project. First is a description of Global Process Office's role, which has the responsibility for the BT project portfolio. After this follows, in turn, how the BT project portfolio is linked to the strategy and how the portfolio is managed, how initiatives are selected, which role BT initiatives play as strategy implementers, how the responsibility are transferred from the initiatives to the organization, and a description over the strive for increased programme management capabilities. Lastly, an analysis of the current benefits management practice is presented. In the above, some of the frameworks presented in the theory chapter will be returned to and used to highlight how aspects deemed as important within the theory are worked with today in the Company.

6.1 Global Process Office's role

Global Process Office has the responsibility for the BT project portfolio, but they do not take decisions concerning the portfolio. This means that they are not the governing body for the portfolio, a role that instead is Transformation Council's. Global Process Office should perhaps instead be seen as a PPM facilitator, through which work and support the Transformation Council can utilize a PPM approach. Global Process Office does not have any project management resources, for instance employed experienced project managers, and is not involved in the daily running of initiatives. The BT coaches are through their role involved in the BT initiatives, but that is not to be seen as involvement in the direct project management, but instead in supporting the initiatives in their following of the BT project process. Through this, Global Process Office role follows Rajegopal et al.'s (2007) definition of a PMO having a strategic focus, and not a tactical and is perhaps rather to be seen as a strategic project management office, which enables the Transformation Council to utilize a strategic PPM approach.

6.2 BT project portfolio management

The theory about PPM is unanimous in stating that PPM should be a continuous work with balancing the portfolio against important aspects and in allocating resources between the different initiatives depending on their status, needs and prioritization. For the BT project portfolio there is no such active management being done today. First and foremost the governing body for the portfolio, i.e. Transformation Council, only meets quarterly. This makes a truly active PPM approach hard to achieve. There is also a view that the initiatives currently in the portfolio are de facto prioritized and given the resources they have asked for. This makes the BT project portfolio being more of an umbrella gathering the BT initiatives due to transparency reasons, instead of the theory's intention for it to be a management tool.

A highlighted aspect within PPM is the direct linkage between the project portfolio and the organizations strategy and goals. This should, in theory, be done through that guidelines and goals are put up for the project portfolio as a whole, derived from the organizations strategy. The strategy will then function as the guiding principles for balancing the project portfolio on the aspects deemed

as important, prioritize the resources, and take go/kill-decisions for initiatives. By applying a PPM approach like this, the portfolio will be seen as a single entity, and should also be managed as such. That makes the overall goal to reach a good portfolio result – raising the view from the solitary initiatives. Today, the BT project portfolio is not managed as a single entity within the Company.

The linkage within the Company between the strategy and the BT project portfolio is indirect, through the Strategic Fit assessment that every BT initiative has to do. An important notion is that all initiatives currently in the BT project portfolio have not done this Strategic Fit assessment due to the fact that they have been initiated before this tool was implemented. The BT project process, and later the Strategic Fit assessment, have been implemented smoothly, the initiatives that were under way was not required to comply with the process changes. This means that there is a substantial slack between the implementation and the reaching of full compatibility throughout the BT initiatives, coming from the BT initiatives commonly long durations. Today's linkage between the BT project portfolio and the Company's strategy is showed below in figure 22.

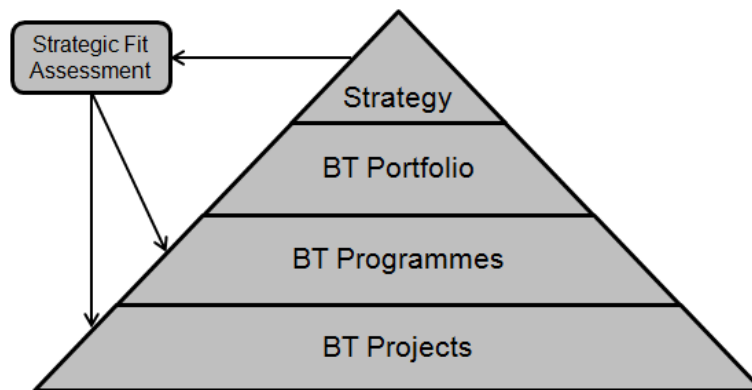


Figure 23 - Current linkage between the strategy and the BT project portfolio (the author's own)

6.2.1 Why is the linkage between the Strategy and the Portfolio important?

Through the literature review the conclusion is drawn that indicative of a weak linkage between the strategy and the project portfolio is shown through aspects as the existence of more initiatives than expected, inconsistent determination of initiative's benefits, the existence of competing initiatives, the existence of initiatives that doesn't contribute to strategic goals, and that initiatives with costs exceeding their benefits lives on. This was true for the Company before the BT project process was developed and implemented, and was also the basis for the decision to formalize how large BT initiatives should be managed.

With the implementation of the BT project process there is a focus on tying the BT initiatives to the Company's strategy, to be able to judge initiatives on a level playing field through well defined deliverables as decision basis, and to work continuously with benefits realization. To reach the level playing field, and to be able to really compare apples to apples, every initiative needs to utilize the decision support tools (i.e. Strategic Fit assessment, Business/Benefits case and Risk/Readiness assessment) in a consistent way. Furthermore, through having a structure demanding a clear and top level sponsorship for the initiative the possibilities to initiate BT initiatives have been reduced, thus aiming at attacking the risk of getting back to a position where too many initiatives are driven simultaneously.

It can be argued that the above indicates that the signs typically showing a weak linkage between the strategy and the project portfolio have been mitigated through the BT project process. This has been accomplished without managing the portfolio as a single entity with put up strategy-based guidelines and goals. Further, this has been done through seeing the initiatives within the portfolio as those that is prioritized and should be finished. The result from this is that the direct linkage between the strategy and the portfolio might have been circumvented. That being said, initiatives that are not meeting the strived for results or initiatives where changes in the environment have depleted their value, can and will be terminated at the BT project process toll-gates, even though this is of course seen as highly undesirable.

6.2.2 Keeping the discipline in the project portfolio

Hayes et al. (2005) identified five practices to utilize within a company in order to keep the discipline in the project portfolio. These practices and how they are managed within the Company is given below in table 5. The full description of the different practices is given in chapter 3.9 *Maintaining discipline & focus in the project portfolio*.

Table 5 - How portfolio discipline is handled within the Company (the author's own)

| Needed practices: (According to Hayes et al., 2005) | Handled within the Company through: |
|---|--|
| Start with a strategy | Initiatives have to be aligned with the Company's strategy, and this is measured through the Strategic Fit assessment. Furthermore, every BT initiative must have an initiative sponsor from the executive leadership team, which are the ones having the ultimate responsibility for the strategy. |
| Don't jump to quickly to initiative selection | Initiative selection is based primarily on the Strategic Fit assessment, Business/Benefits case, and Risk/Readiness assessment. Before decisions can be made, these have to be presented by the initiative proposals first. |
| Compare apples to apples | By having fixed deliverables that the initiative proposals first have to present in order to get approval, presented above, and further throughout the BT project process, the BT initiatives can be compared on a level playing field. |
| Create rigorous systems for estimating initiative resource requirements and tracking available capacity | To estimate the exact resource demands for initiatives as complex as BT initiatives are recognized as being a task not easily accomplished. From the beginning of the BT initiative, the resource demands should be incorporated in the business/benefits case and in the first four phases of the BT project process the business/benefits case should be further refined. This is due to the logical fact that the further the BT initiative goes, the more accurate estimations can be done. In the fourth phase, "Plan", the solution is designed and it's possible to do a good estimation of the resources needed for the development of the full solution and its implementation. It's at this toll-gate that the initiative will get approval for going forward into the phases where the really large resources will be consumed. Further, Global Process Office's business control function is in place to ensure that the figures put forward by the initiatives are validated. |
| Create a closed loop system | There is today no fixed maximum number of BT initiatives that can be simultaneously running. Instead it's considered that the IT budget restrictions in place will keep the amount of initiatives between 20 to 25. This is considered being the amount of initiatives that the organization can handle simultaneously. |

Rajegopal et al. (2007) presents another slightly different view on which the cornerstones for a good PPM practice are. The cornerstones are presented below in table 6 together with how the Company tackles these issues. The full explanation of the cornerstones and their importance is given in chapter 3.8 *Project Portfolio Management*.

Table 6 - Meeting the cornerstones for PPM (the author's own)

| Cornerstones (According to Rajegopal et al., 2005) | Response within the Company |
|--|---|
| Building a registry | All the BT initiatives are part of the BT project portfolio. Through the portfolio visibility plan the initiatives' name, length, current status, and roll-out schedule et cetera is given. However, the aimed for benefits for all the initiatives are not collected and displayed in a formal way. |
| Identifying strategic objectives | The strategic goals and objectives for the Company is translated into the annual BSC. Every initiative has to conduct a Strategic Fit assessment, which is based on the BSC. |
| Prioritizing & categorizing | When initiative selection is conducted, Strategic Fit assessment, business/benefits case, and Risk/Readiness assessment is all part of the decision basis. These are however not used to give the initiative proposals a formal order of priority; instead they are used for decision support. This follows Archer & Ghasemzadeh's (1999) theories about how initiative selection should be done. |
| Managing and reviewing the portfolio | The BT project portfolio is not actively managed and reviewed. The initiatives' progress is of course controlled, but the portfolio is not managed actively and continuously as the PPM theory prescribes. |

Even though the practices advocated by Hayes et al. (2005) are not explicitly used within the Company, they are not presenting matters unheard of. Neither is Rajegopal et al.'s (2007) cornerstones overseen. From a theoretical point of view, the biggest flaw is probably the lack of an active PPM approach for the BT project portfolio. However, to implement theoretical frameworks directly without changes is seldom possible, due to the uniqueness of every company's context. This context can be seen as having transformed the practices stated above into the tools and structures currently in place within the Company, and by this the situation is not far away from the theoretical ideal.

6.3 Initiative selection

When initiatives are selected this is done with tools like Strategic Fit assessment, business/benefits case, and risk/readiness assessment, as mentioned numerous times before. Comparing the methods used to Cooper et al.'s (2001) research presented in chapter 3.8.1 *Tools for project portfolio selection & prioritization* this shows obvious similarities. Financial methods are used in that the initiative proposals needs to develop a business/benefits case which states the initiatives' planned for effects.

However, this is not purely financial, since non-financial aspects also are given. Scoring models are utilized in the use of the Strategic Fit assessment and the Risk/Readiness assessment, where a number of aspects should be graded depending how well the initiative proposal matches them. This leads to a total sum, but more important is a good alignment with some of the aspects, rather than a good average alignment. The latter could instead indicate that the proposal don't hit any of the aspects spot on. Further, there have been bubble diagram (see figure 22) representations present, but this is not a tool commonly used in BT initiative selection.

Two of the aspects that Cooper et al. (2001) highlights as highly important for those companies that achieves the best PPM results is the utilization of formal methods for initiative selection and prioritization and a lesser reliance on financial methods as compared to strategic methods. The Company has through the use of the BT project process formal methods in place and every initiative proposal has to present the same deliverables to the Transformation Council. This means that there is conformity in the decision basis used when conducting initiative selection. Further, the methods used are seen as being decision support tools, they are not used as the only basis for decision making. Instead there is a lot of debate around which initiatives that are best suited to go forward with, which stems from the fact that decision methods seldom can take every single aspect into consideration. This is at least true if time efficiency and keeping the complexity down is an issue.

The Strategic Fit assessment is to be seen as a strategic method, but there is also the fact that the governing body is the Transformation Council. The Transformation Council consists of members from the executive leadership team, and they are the ones having the ultimate responsibility for both developing and reaching the Company's strategic goals. This means that the linkage between the BT initiatives and the strategy is not only through the Strategic Fit assessment, it's also through the fact that those making the actual decisions have a profound knowledge about both the strategy and the reasoning preceding it. The implication of this is that they should have the possibility to not only look on the Strategic Fit assessment done for an initiative proposal; they should also have the ability to put it in full context.

6.4 BT initiatives as strategy implementers

BT initiatives within the Company are seen as initiatives implementing breakthrough changes throughout the organization. The scope of BT initiatives are, following this, changes that are substantially larger than the continuous improvement work being done and not to be seen as introducing some incremental changes to the current state. The use of a project-based approach is in accordance with authors like Pellegrinelli & Bowman (1994), and their word of wisdom in "changing the status quo using the status quo" when trying to use the ordinary organization for implementing change. This can be avoided when a project organization is assembled for implementing a certain change is used.

Steiner & Meiner (1982) and Thompson & Strickland (1995) highlight the need to have a fit between the strategic goals and the internal workings of an organization in order for effective execution to occur. This is a wise suggestion, but only if incremental changes are the goal. The changes that BT initiatives intends to implement, however, often aims at remapping the internal workings and doing this through them runs the risk of exemplifying Pellegrinelli & Bowman's (1994) paradox above. Following the train of thought, there are great similarities between projects and strategic change; they are both unique, strategic change and projects that repeats itself is probably because of failure

the first time, and it's probably always intended that they both should have a limited life time. Gardiner (2005) goes as far as stating that project management is an ideal tool for strategy implementation, thus supporting that BT initiatives plays an important role in the Company's strategy implementation.

Turning back to figure 10 in chapter 3.10.1 *Implementing strategy through programmes*, Pellegrinelli & Bowman (1994) illustrates how strategic intentions can be distorted and reinterpreted if they are implemented through the existing structures and processes. By not going through the existing structures and processes, which is what the BT initiatives aims at changing, the intention is that the results reached should be the best possible from a strategic change point of view and not the best possible seen from today's organization. After all, it's today's organization that is the one being changed to some extent, due to identified possibilities to improve the efficiency.

Traditionally the majority of the BT initiative proposals have been coming from the daily operations. Through challenging them with the Strategic Fit assessment it can be concluded that those putting forward the initiative proposals are forced to apply a more holistic view and consider the proposal in the light of the Company's strategy as a whole. However, there is an increasing focus on facilitating the initiation of strategic initiatives taking its stance in the strategy development process. By involving key stakeholders iteratively in the strategy development and delegate parts of the strategic goals to fulfill the intention is that more initiative proposals should come directly from the strategy.

By this shift, initiative proposals will not only be challenged to be aligned with the strategy, they will to a larger degree be strategy generated. It could be argued that this shift is essential, since it is one thing to be aligned with the strategy and another to actually run initiatives that comes directly from it. That being said, there is not a value in itself reached through only have BT initiatives directly stemming from the strategy, instead it should be seen as the more initiative proposals there is to choose from the better is the situation. This supports the notion that it's not a question about terminating the bad ideas; it's a question of choosing the very best amongst all the good proposals being put forward.

6.5 Responsibility transfer at initiative closure

Following the definitions from the theory chapter, one of the cornerstones for projects is their limited duration. Programmes commonly also have a limited duration, but often the time horizon is substantially longer for programmes. Independent of whether it's a project or programme, however, is that the deliverables coming from it has to be integrated and implemented into the daily operations of the parent company. This can take different forms depending on which type of initiative it is. For instance, if it's a product development project the deliverable from the project would, hopefully, be a new product in the product portfolio. When it's instead internal change initiatives, as the BT initiatives, the deliverables and benefits are seldom that easy to incorporate.

As a direct consequence from the fact that BT initiatives are to be seen as implementers of internal change, there is a need to really implement the changes that comes from them if the benefits should be reached in full. This is of course harder to manage as compared to the product development projects deliverables. Following the BT project process, one of the focus areas are change management, which is seen as one of the keys in driving successful BT initiatives. The change management should ensure that the BT initiatives' effects sticks in the organization and don't get distorted or depleted. However, it's not certain that the full effects from the BT initiatives are

possible to reach during the actual initiative's duration. This highlights the need to transfer the responsibility from the initiative to the operational parts of the organization at the end of every initiative. And even though full effects have been reached during the initiative, there is still a need to really ensure that the effects will not be degenerated. Essentially, this is about ensuring that the elevated levels the organization is supposed to reach through the internal change initiatives is kept and that the organization don't start falling down from these levels after some time.

In today's BT project process emphasis is put on defining who should be responsible for reaching full benefits after a BT initiative is closed, or who should ensure that the reached elevated levels are maintained. Often this is something that becomes a global process owner's responsibility, and more specifically the global process owner that was the main key stakeholder during the initiative's life cycle. This is also something quite natural, since the global process owners have a goal in increasing their process' performance. The only thing in this that could be considered a fallacy is that there is no formal process through which it's ensured that those that are delegated the responsibility actually takes this responsibility. Further, it's not centrally followed up on if full effects really are reached or if the levels reached are maintained after BT initiatives' closure.

6.6 Striving for improved programme management practice

There is a willingness to work more with programmes within the Company, and this is also an approach that is used to some extent today. The view on project versus programme management is no different within the Company as compared to the literature, meaning that projects are seen as delivering capabilities and programmes as delivering benefits. However it can be argued that the Company today hasn't reached maturity when it comes to handling BT programmes. This is perhaps most evident through the facts that there are a recognized need to develop programme management capabilities (i.e. employ programme managers), there is no routines for deciding whether a BT initiative should be driven as a project or a programme, and those being programme managers are almost always also project managers. However, most important is the fact that there is no formal developed and communicated programme management approach implemented.

The aspects mentioned above indicate that there is a pretty long way to go before programme management maturity is reached. This is not especially strange, since programme management as a common management approach is rather new, with the exception being early adopters like the space or defense industry. The notion that programmes are better at deliver benefits follows the theories within the field, implicating that developing increased programme management capabilities is something that should be worked with. However, an evident question following this is where to start.

There is reluctance within the Company to add programme managers without direct project responsibility, since this is considered being to add costs without knowing whether it will improve the results or not. At the same time, one of the important aspects from the theory is that the role of the programme manager and the project managers should be separated due to the fact that these are considered to be fundamentally different. Further, if there is an identified need to develop increased programme management capabilities, the natural starting point would probably be to put down the effort needed to implement a formal programme management approach within the Company. This would provide the backbone for an increased programme management capability focus.

6.7 Benefits management in the BT project process

The most important reason as to why BT initiatives are conducted is the benefits they are intended to bring to the Company. The definition of what a benefit is within the Company is consistent with the theory within the field; it's the effects the Company will get from utilizing the deliverables a BT initiative delivers. Bennington & Baccharini (2004), as well as Williams & Parr (2004) and Thorp (1998), states that benefits management is an end-to-end process that should be ongoing throughout the initiative's life cycle, and evaluated after the initiative's closure. Illustrated below in figure 23 is the benefits management related activities that must be conducted by initiatives following the BT project process. These activities will be compared to and analyzed using Bennington & Baccharini's (2004) framework previously read up on.

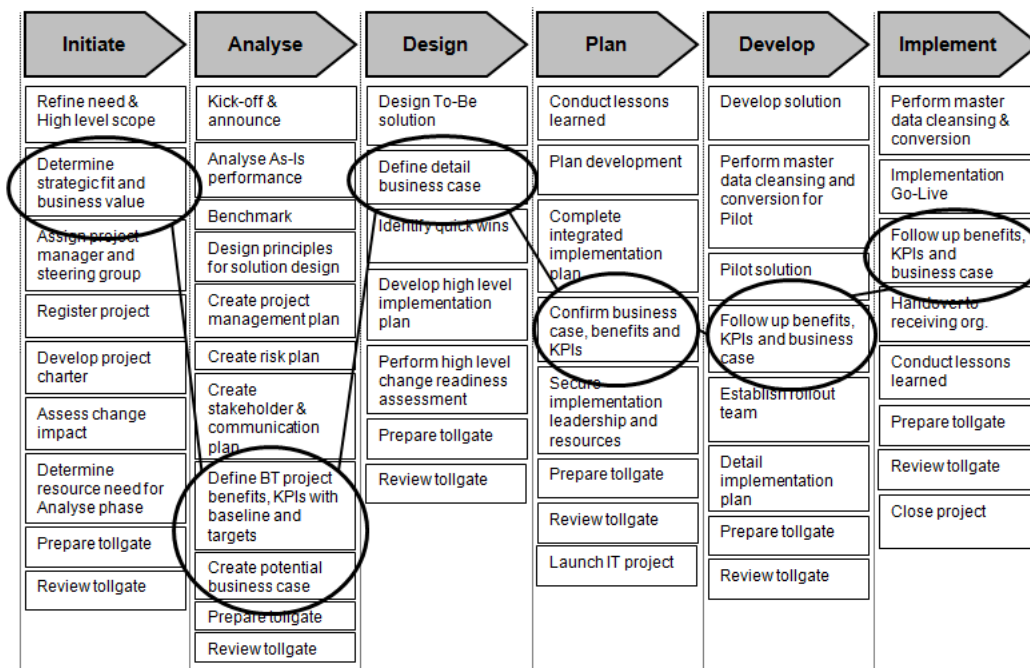


Figure 24 - Meeting the cornerstones for PPM (reworked internal document)

6.7.1 Benefits identification in the BT project process

Benefits management naturally takes its stance in the identification of which benefits that an initiative proposal intends to bring to the organization. This should be done before an initiative is actually approved, and is one of the cornerstones when making decisions about which initiatives that should be prioritized. The recommendation is that this should be incorporated in the business case, which is what the Company's BT project process prescribes. In the first phase of the BT project process planned for benefits from the initiative is one part of the deliverables. There is also a common format for how the business/benefits cases should be structured, simplifying comparison.

As the scholars point out, there is a division between different types of benefits within the Company. Since the BT initiatives aims at internal change many of the benefits is of intangible nature. Further, it's identified that it's commonly very hard for BT initiatives to achieve direct financial benefits. Using Bennington & Baccharini's (2004) nomenclature it's seldom direct financial benefits, but instead direct non-financial and indirect benefits. The first is actually seen as a tangible benefit, but both of them have one characteristic in common; they are hard to put a value on. How these benefits should be

measured and followed up on presents a delicate problem. Nevertheless, this is a problem that has to be solved to ensure that the Company gets pay back from their BT initiative efforts.

6.7.2 Benefits Planning in the BT project process

Benefits planning concerns how the organization plans to achieve the benefits identified. Bennington & Baccarini (2004) states that it's of crucial importance to put up measures for how tracking of the initiative's progress and benefits coming from it is supposed to be done. This should be done through attaching KPI's to the benefits. The approach utilized within the Company is to derive KPI's from the business/benefits case and ideally these should be the same as the BSC-measures used within the Company, or process-KPIs stemming from the parent process. Advised by Williams & Parr (2004) is to link the benefits to the BSC, hence giving support for the approach utilized by the Company.

The benefits plan should be done before a BT initiative is approved for going forward to ensure that the necessary prerequisites are clearly formulated from the beginning. This benefits plan is recommended to contain where in the organization the benefits will occur, which stakeholders that will receive the benefits, who should be accountable for benefits delivery, how and when the benefits will be realized, and which actions the identified stakeholders must take in order to ensure benefits realization.

In today's situation there is focus on developing KPIs to track benefits and the initiative's progress. This is done with support from Global Process Office's business control function, which aids the initiatives in how they should develop their KPIs. Further, there is emphasis on tying this to the Company's BSC. There is however no formal benefits plan as the one recommended by Bennington & Baccarini (2004) or Williams & Parr (2004). Parts of the aspects mentioned above are found in the BT project process, but it's fragmented. Where benefits will occur and when is commonly identified early in the BT project process, and also who the stakeholders are. However there is no formal accountability identification and which actions stakeholders are needed to take this early on in the BT project process. The stakeholders do commit to the actions needed, but this is later on in the process. Those responsible for reaching full benefits after an initiative is closed are identified in the project closure card, but this responsibility is not followed up on. Hence, the benefits accountability is not as strong within the Company as the theory prescribes, indicating that there is improvement potential within the benefits planning perspective.

6.7.3 Benefits Monitoring within the BT project process

Focusing on monitoring initiatives' progress from a benefits perspective, benefits monitoring is intended to highlight the work needed in order to reach the benefits initiatives are planned to bring. One key part in the benefits monitoring is identified as the continuous assessment of how changes in the external and internal environment affects the initiatives intended results. With the long durations of the BT initiatives changes are bound to happen and these has to be incorporated in the initiative's planning if the initiative should avoid the risk of becoming obsolete.

Following the BT project process the benefits identified in the first phase should be further detailed and refined during the first four phases of the BT project process. This is also shown in the summary of the BT project process activities given above in figure 21 where the benefits first are identified, then better defined with KPI's and which baseline that will be used, further detailed and refined in the "Design" phase and lastly confirmed in the "Plan" phase. How benefits should be followed up on

is decided in the BT project process second phase, the “Analyze” phase. However, there are notions within the Company that more emphasis needs to be put on the updating of the business/benefits case, since this is still considered to be a one-time activity to a large extent. By focusing on continuously updating the business/benefits case during an initiative’s life cycle it is considered to be much easier to monitoring both the value of continuing an initiative, but also to measure its progress. This is in line with the theory within this field.

In the “Develop” phase a pilot implementation is done. Through this pilot the developed solution can be tested and follow-up on the business/benefits case and KPIs are performed. This is used to get a validation of whether the planned for benefits can be reached or not. If this is deemed as not possible, there is probably a substantial need for rework if the intended benefits should be possible to reach. This is also part of the toll-gate evaluation in this phase. In the last phase, the “Implement” phase, a similar follow-up on the business/benefits case and KPIs are done for the whole initiative, but this time it’s the final benefits monitoring that is being done in the BT project process.

Even though there is an alignment between the theory and how benefits monitoring is managed today, there is one large discrepancy. This lays in the fact that benefits monitoring is only done during an initiative’s life cycle, even though the BT initiatives commonly don’t reach full benefits until substantially after this point. Williams & Parr (2004) states this clearly through their division between benefits monitoring during an initiative’s duration and after its closure. During an initiative’s duration it’s more about judging the achievability and probability to reach the indented benefits, as well as continuously updating the business/benefits case. The monitoring of the actual benefits reached can to some extent be done during the initiative’s duration, but the monitoring of actual benefits delivered must be continued well beyond the initiative’s closure.

6.7.4 Benefits Realization within the BT project process

The last step in Bennington & Baccarini’s (2004) proposed benefits management framework is concerned with tracing the actual benefits that have been realized and compare these to the intended benefits. The authors claim that this is something that should be done after initiative’s closure, which differentiate their view from the one presented by Williams & Parr (2004). However, the goal is the same; to ensure that the organization really receives the benefits they planned for and invested in.

Benefits realization revolves around monitoring and tracking the actual benefits reached by the organization. Within the Company the same aspects as Bennington & Baccarini (2004) puts up as to why this is hard to do in reality is identified. The difficulties in doing actual follow up, the intertwining of benefits with other aspects, and the resources needed to perform benefits reviews are all taking part in why benefits monitoring are not continued after initiative closure. Further, there is today no structure for how this should be done within the Company, or identification of who should be responsible for this. As mentioned above, this is an area where there is room for improvement.

7. Conclusions – BT initiative challenges facing the Company

With the high complexity in both the Company's internal structure, coming from its size, international propagation, and differentiated business areas, as well as a highly dynamic environment demanding continuous efficiency improvements and changes, the running of BT initiatives naturally faces a number of challenges. The BT initiatives in themselves have a high degree of complexity, due to their substantial change impact on large parts of the organization and often long durations. These aspects forms an array of challenging areas that have to be met in order to drive successful BT initiatives and the aspects considered to be most important are discussed in the following.

7.1 Link BT initiatives to the strategy

Since the BT initiatives are both consuming large amounts of resources and are intended to have a substantial change impact, it's of utmost importance that these initiatives are closely linked to the Company's strategy. Traditionally BT initiative proposals have commonly stemmed from the daily operations within the Company, in response to realized needs for change. Now, with the Strategic Fit assessment that every initiative proposal has to go through, these proposals are challenged with the strategic goals of the organization. This has the intention to both ensure that the initiative supports the strategy of the Company, and it can also force the initiative proposals to be changed in order to really benefit the whole organization from a strategic point of view. One intention is to look up from the sometimes narrow-sighted view coming from working isolated within a single department.

There is a large consensus between the different authors and scholars read up on in this thesis' theory chapter concerning the importance of linking initiatives to the corporate strategy in order to be able to run successful initiatives. Successful should in this context be understood as initiatives that truly contribute to the parent organization's efficiency and results, preferably in quantitative terms. Since most of the BT initiatives are purely internal, aiming at implementing substantial changes, there is perhaps a larger difficulty in linking these to the corporate strategy as compared to for instance R&D or marketing related projects. Nevertheless, if the BT initiatives don't support the Company's strategy every effort put into them runs the risk of being wasted.

Formally the BT initiatives are today linked to the Company's strategy primarily through the Strategic Fit assessment all of them have to conduct during the "Initiate" phase in the BT project process. The Strategic Fit assessment is one of the tools forming the decision basis for whether a BT initiative is approved to continue or will be terminated. However, looking more carefully into the strategy linkage it's evident that the Strategic Fit assessment is not the only part of the BT initiatives' strategic linkage. Through the BT project process every BT initiative is demanded to have a sponsor from the executive leadership team; a sponsor that takes the accountability for the initiative. Important to note is that it's the executive leadership team that has the ultimate responsibility for both developing and reaching the Company's strategy, hence they have a profound knowledge about its foundation.

The second linkage identified above alters figure 22 presented in chapter 6.2 *BT project portfolio Management & Strategy* and transforms it into figure 24 presented below. Instead of having a single indirect linkage between the BT initiatives and the strategy, the linkage is instead two-folded. Further, the second linkage also provides a clear accountability and sponsorship identification.

With the double strategy linkage for BT initiatives in place it will most certainly be hard to increase the strategic linkage's strength without implementing a far more time consuming approach. Furthermore, there is no guarantee that a more advanced approach will give a better evaluation of the strategic linkage; it could just be time and money down the drain. Instead today's strategy linkage, through the Strategic Fit assessment which evaluates the BT initiatives against the Company's BSC, and through the demanded sponsorship which should guarantee that someone of those ultimately responsible for the Company's strategy must support the initiative, is deemed as good enough.

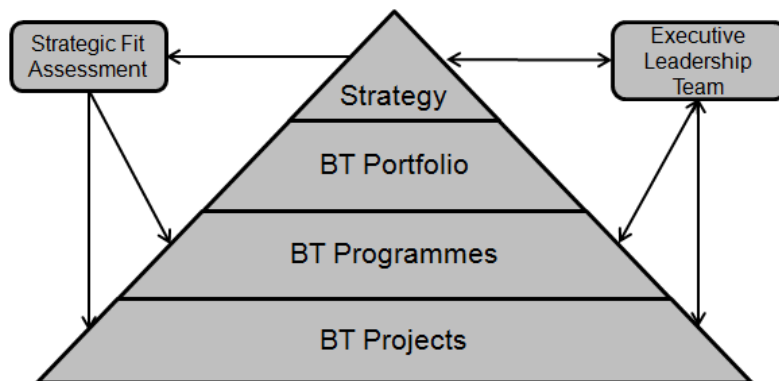


Figure 25 - The two existing linkages between the strategy and the BT initiatives (the author's own)

7.2 Making BT decisions

The Company utilizes decision support tools for BT initiative selection, mainly the Strategic Fit assessment, the Business/Benefits case and the risk/readiness assessment. These have sometimes been used, together with the initiative's size, to form a visual representation through a bubble diagram. However, this usage is not consistent and there is no decision to always utilize this visual representation when making BT initiative decisions.

As Archer & Ghasemzadeh (1999) proposes, the tools are not used in an automated fashion, but instead form the foundation for discussions and actual initiative selection at the governing body concerned. The choice is never as simple as an eventual bubble diagram (see figure 22) shows, and a visual representation taking every affecting factor into account runs the risk of being overly complex and thereby not offering any actual decision support. This is evident since there is always extensive debate concerning which initiatives that should be approved and prioritized.

One reason behind the above is that when a BT initiative is approved, the organization also approves a substantial resource usage over a long time. It's not sure that those in the Transformation Council have a similar view on whether or not the Company affords to allocate the resources an initiative demands. Another obvious reason is conflicting views on what should be prioritized within the Company. This is at its core something positive; without thorough debate there is a risk that some aspects are not being considered. Further it shows that the statement "facts are hard, decisions are soft" is ever present. Nevertheless, forming a sound decision basis is a question of utmost importance in ensuring adequate initiative selection.

If we assume that the decision support tools in place today are the right ones, combined with further aspects that Transformation Council takes into account, there is still some questions that needs to be answered. First and foremost there has to be an evaluation of the underlying aspects that the

decision support tools is based on. This concerns for instance if the BSC in use is developed in such a way that the metrics really measure what they intend to measure, if the structure for doing business/benefits case is good enough, and if the risk/readiness assessment really provides the correct picture. Work is continuously being done on these three tools to improve them, and this is the way forward to ensure that initiative selection is based on as good facts as possible. Further, Global Process Office and their business control function plays an important role in ensuring that the tools are used as they are intended to and that the facts and figures put forward by the initiative proposals are correct.

A concern, however, is that the governing body for the BT initiatives, i.e. the Transformation Council, is only gathered four times a year and each meeting is two hours long. Even though the members of Transformation Council of course have a very tight schedule with a lot of responsibilities, the conclusion is that eight hours a year for governing 20-25 BT initiatives is too little and not far away. Not all of the BT initiatives under way are discussed at every meeting, but it's needed to make toll-gate decisions for a number of them and also to make decisions concerning BT initiative proposals that have come up since the last meeting.

If the above described situation should be manageable the information presented has to be highly condensed, which runs the risk of hiding the underlying complexity and can affect the decisions that are made. Further, if there is a heated debate around some of the initiatives, the time is running out quickly. The recommendation is that it should be taken under consideration if the governing structure for the BT initiatives is sufficient. As Pellegrinelli & Bowman (1994) states, there is a deep need of senior management involvement when it comes to complex issues with strategy as one of the components. This must be kept in mind when evaluating the current governing structure.

7.3 Handling the BT project portfolio

Today there is no active handling of the BT project portfolio as a single entity, but instead the PPM approach used focuses on transparency. By having a visualization over all BT initiatives currently under way, the Company directly knows the progress being made, the phases different initiatives are in and when they are expected to reach closure. This makes it possible to assess the potential to incorporate new initiatives in the project portfolio, and investigate if some of the current initiatives are facing problems. Further, initiative proposals are assessed using the Strategic Fit assessment, but there is no direct linkage between the strategy and the BT project portfolio as a whole.

A stronger BT PPM has the potential to demand large changes and substantial work to be done both during its implementation, but also continuously after its implementation to reach the goals put up for it. There is a notion that, since the requirement for BT initiatives to follow the BT project process have been implemented, increased possibilities to manage the project portfolio exists due to conformity in how the initiatives are driven.

The PPM approach that is derived from this thesis theory frame share its foundation with the principles from financial portfolio management. At its core this can be said to be concerned with the active management and balancing of the portfolio on aspects deemed important, commonly such as risk, potential revenue, and short- versus long-term focus. The first notion is that those that interact with the BT initiatives on a daily basis are the Global Process Office. However, they don't have a deciding mandate within the Company and can thereby not manage the BT project portfolio in the words true essence. Instead it's the Transformation Council that is the governing body, and they only

meet quarterly, hence can't manage the portfolio actively. However, it's not necessarily so that classical PPM is desirable even though some of the prerequisites exists.

The BT initiatives are commonly considered to be low risk initiatives. Of course the Company risks losing money if they fail, but since they primarily aim at implementing internal changes the Company won't lose reputation in the eyes of the customers (nonetheless, exceptions to this do exist). Further, an active PPM is often concerned with continuously shifting resources between the initiatives depending on their current needs. Of course resources in the terms of money can be reallocated between the BT initiatives currently running, but due to their size the personnel engaged in them are often working full, or almost full, time on the initiatives. This means that they can't be transferred without losing substantial time when they should start working on an initiative that they don't have insight in. Furthermore, all of these initiatives have been prioritized by the absolute top management of the Company, which means that they have been given the resources they need. If they run into substantial problems, those making the decisions are also the ones who could increase the resources or take other actions.

With the arguments put forward above, the conclusion is that an active PPM approach is not really applicable to the BT project portfolio. The characteristics of the BT initiatives and their governing structure lay the foundation for this conclusion. Nevertheless, some parts of the PPM practices can be utilized, which is also the case today. The transparency is one of those practices, giving a snapshot over what is being done and in which phase the different BT initiatives are. The BT project portfolio should also be used to evaluate BT initiative proposals better in the light of what is already ongoing within the Company. This is primarily to avoid double counting of benefits, but also to make sure that not all ongoing BT initiatives aims at the same parts of either the organization or the strategic goals put up. The latter could in some sense being said illustrate a balancing of the project portfolio; however it's not an active balancing after the point where the initiative proposals have been approved to go forward.

7.4 Handling BT programmes

BT programmes consisting of interdependent grouped together and sequenced projects have an even higher degree of complexity than solitary BT initiatives. This puts up totally different demands on the programme manager compared to the role of the project manager. With programme management being a rather new approach as to how initiatives are managed, there are restricted capabilities within the Company when it comes to available resources capable of and having the experience from running multi-million programmes with durations spanning several years. To this is added both complex interplays between the projects it consists of, but also with the organization it intends to transform. There is a strive within the Company to increase the utilization of programmes, since this is considered to be the way forward in order to reach benefits, highlighting the view that projects deliver capabilities and it's by combining and utilizing these capabilities that benefits are reached.

Even though programme management is identified as a matter of high importance, it's evident that the maturity is low within the Company when it comes to running BT programmes. First and foremost, there is no formally developed and communicated programme management approach implemented. With the goal set on developing increased programme management capabilities within the Company this is the natural starting point. Since several of the scholars within the field

states that there is no one-approach-fits-all for how a programme management approach should look like, it's crucial that the Company makes the effort needed to develop an own programme management approach. Since it's noted that the programme management approach must be well grounded in the unique context and needs of its parent organization, the implementation of a formal programme management approach must be done within the Company.

If the Company decides to implement their own programme management approach, which is recommended, it should take its stance in the work done by scholars as Pellegrinelli and other leading authors within the field. These will through their work provide the foundation upon which a programme management approach can and should be built on, and thereafter implemented. A suggestion on how a programme management framework can be designed is Gardiner's found in chapter *3.10.2 Programme governance framework*.

Some of the main issues to resolve if a programme management approach should be developed and implemented concerns the approval and funding of the programmes. The Company is concerned with ensuring that money is spent wisely, hopefully something that is on top of every company leader's mind, and this can stand in bright contrast to the more loosely defined structure for programmes as compared to projects. Further, there is a large need to develop programme management resources, which is probably best solved through making this into the next career step for successful project managers. This is, though, not a role that just can be assigned to a project manager, it will certainly require some form of education. These are all questions that need to be answered during the process of increasing the programme management maturity of the Company, in which implementing a programme management approach is the first step.

7.5 Reach full benefits from the investments being made

A highly up-to-date discussion is about how benefits realization should be managed to reach the full and long-lasting results that was aimed for at initiation. With the BT project process now fully implemented, wherein benefits management is one of the dimensions deemed as being the most important, the Company focuses on how to ensure getting full benefits from the substantial efforts that are put into the BT initiatives. This is highly complex, due to the impact BT initiatives have on the organization and the duration of first the initiative in itself, then the time it will take before the changes stemming from it are fully implemented in the organization. It is not uncommon that BT initiatives are running for over two years, and is intended to reach full benefits after several additional years. This makes tracing benefits realization running the risk of becoming a herculean task and a balance has to be found between the added value from tracing benefits and the costs associated with the tracking. However, since the investments in BT initiatives are substantial, the leakage (i.e. the difference between the money invested and the benefits gained) must be kept at an absolute minimum.

Since benefits realization is identified as being of utmost importance within the Company, there is a need for implementing a structure that simplifies the benefits management. The nomenclature has here been shifted from "benefits realization" to "benefits management" due to the fact that it's an ongoing work that is needed; benefits don't realize themselves and if not managed they run the risk of being depleted. There have been discussions about adding a seventh step to the BT project process in order to really ensure that the full benefits are reached. This follows the notion that the

finish line for a BT initiative hasn't been reached until full benefits are realized. However, this could be classified as a statement that's clearly contrasting the current benefits management approach.

Today the benefits are detailed during the first four phases of the BT project process, and then they are evaluated after the implementation of the pilot solution in the fifth phase, the "Develop" phase. In the last phase benefits reporting is done to the Transformation Council, stating which benefits that has been reached, which the current status of all the planned for benefits is, and to whom the responsibility for realizing remaining benefits is delegated. However, this is where the formal focus on benefits management from the central organization is dropped.

Following Bennington & Baccharini's (2004) benefits management framework a seventh BT project process phase have been added below in figure 26 with the goal to ensure that the benefits realization focus is kept even though the BT initiatives have been closed at Transformation Council. This follows the principles that benefits stemming from internal change initiatives are fully reached first when the changes have been implemented throughout the whole organization. It also follows the notion that benefits isn't reached until the employees starts working according to the changes implemented.

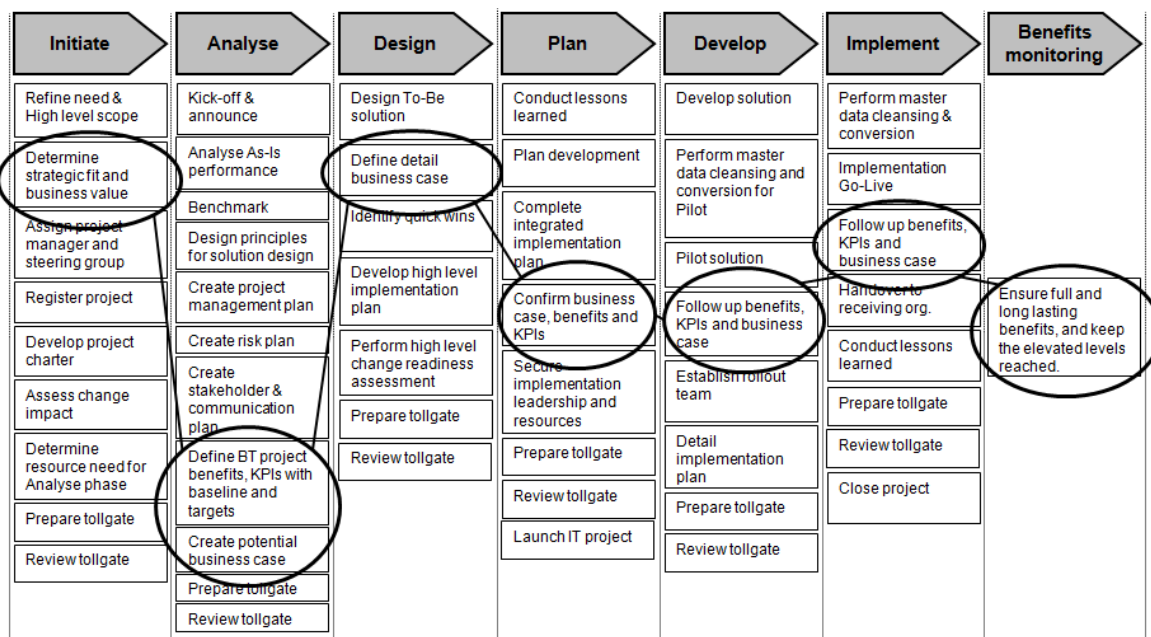


Figure 26 - The seventh BT project process step (reworked internal document)

The seventh BT project process step inserted in figure 26 above should represent a longer term focus on benefits management, as compared with today's where focus on the benefits from BT initiatives are dropped at initiative closure. Through the delegation of responsibility for realizing remaining benefits, and through the handover from the BT initiatives to the operational organization, it could be argued that there is a benefits management approach today that reaches further than the BT project process. However, since this is not followed up on there is really no way to ensure that the benefits the Company aimed to reach is absorbed by the organization.

7.5.1 Ensuring prolonged benefits focus

When developing an approach that should ensure a focus on benefits management even after the initiative closure in the sixth phase of the BT project process there are some aspects that has to be

considered. First of all the approach has to have a workload requirement that is not too extensive. This is important because of several reasons, for instance it's easy to flood the organization with metrics and requirements on continuous status reporting. Hence, the conclusion is that there has to be a balance between workload required for doing follow-up and the potential gains this follow-up can bring. Further, the compilation of all the benefits that are followed up on must be presented in an easily understandable way due to the fact that those having the ultimate responsibility also have a very restricted amount of time available.

The benefits that should be followed up on should also have a clear responsibility attached to them. For instance, if the global process owner has been delegated to fulfil some remaining benefits from a BT initiative, it's she or he that has the responsibility for the current benefits status. This follows Thorp's (1998) notion that every metric used for benefits management must have a clear responsibility attached to it. The most important aspect as to why follow up after closure must be done is put forward by Bennington & Baccharini (2004); if the aimed for benefits is not reached, actions can be taken to ensure that the efforts made pays off. However, no matter how good the structure for doing the actual follow up is, it's all depending on using metrics that really reflects the critical success factors.

In the BT project process the benefits and the KPIs for measuring these benefits is developed early on in the BT initiative's duration, during the two first phases. These are then refined during phase three and four, and followed up on for benefits reporting during phase five and six. To ensure that the KPIs are derived correctly from the business/benefits case there has to be good support from, for instance, Global Process Office's business control function when the BT initiatives develops their KPIs. Through questioning the assumptions made and validating the KPIs that are decided on there should be an assurance that the KPIs to be used are accurate. Further, through the latter phases in the BT project process the KPIs should be evaluated when more information is available, and if necessary be changed to better reflect the actual status of the benefits.

If, as suggested, a seventh step should be added to the BT project process there is a need to implement some sort of tool to accomplish this. The recommendation is that a benefits monitoring dashboard is developed. An outline for how this could be designed is presented below in table 7. To reduce the number of metrics this will contain, there should be a decision taken in the sixth phase of the BT project process about which KPIs from a BT initiative that will be incorporated in the dashboard. It can seem illogical that not all KPIs are incorporated, but the amount of metrics used within the Company tends to be so extensive that the significance of the word "key" has been somewhat depleted. This means that a reduction of KPIs from each BT initiative incorporated into the dashboard has to be made if metrics flooding should be avoided.

Table 7 - Benefits monitoring dashboard (the authors own)

| Project/ Programme name | KPIs | Status R/Y/G | Current value | Baseline | Target | Responsible | Followed Until | Auditor |
|-------------------------------|--------------------------------------|-----------------|------------------|---------------|---------------|-------------|-------------------|---------|
| Programme X | Errands/FTE in financial department. | RED | 400/ month | 350/ month | 500/ month | GPO X | 2012-08 | NN |
| Programme Y | | | | | | | | |
| Project X | Reduced costs | GREEN | -€3.5M | -€3.0M | -€4.0M | GPO Y | 2014-04 | NN |
| | Issues resolved | YELLOW | 3 | 3.5 | | GPO Y | 2014-04 | NN |
| Project Y | | | | | | | | |
| | | | | | | | | |
| Project Z | | | | | | | | |

The above shows what a benefits monitoring dashboard could contain. The suggestion is that when an initiative is formally closed at Transformation Council there will also be a decision made concerning which KPIs that should be incorporated into the benefits monitoring dashboard from this initiative. Further, a baseline will be put up, those responsible for reaching the full benefits identified, and during which timeframe the benefits will be followed should also be decided. The baseline shows the KPI status at the BT initiatives initiation. The target is what's considered to correspond to full benefits realization from the initiative. Finally an auditor responsible for doing the follow-up on the benefits realization status will be selected. To increase the visual aspect of the dashboard the status is indicated in red, yellow and green. Which status a metric is given depends on which deviations that are allowed, combined with the amount of time left until follow-up is ended.

If the benefits monitoring dashboard should have any effect it's crucial that there is a clear ownership over the dashboard in itself. Since this can be considered to fall under business control, a controller is the natural choice for managing the dashboard. Due to efficiency reasons it's advisable that the controller takes the auditing responsibility for all closed BT initiatives. This has the intention to focus the work with the dashboard, instead of having several employees reporting to someone responsible for compiling the dashboard. Depending on the KPIs used, some of the data may be possible to extract directly from the ERP system, thus enabling automatic updating of these. Further, considering the structure of the Company with processes and an underlying functional organization, Global Process Office is probably in the right organizational place for this assignment. However it's unlikely that the business control function at Global Process Office has the capacity to manage a benefits monitoring dashboard in addition to their current assignments and responsibilities. This indicates that there is a resource issue that has to be solved in order to be able to implement a benefits monitoring dashboard.

The benefits monitoring dashboard should be updated frequently. Since there is a risk of flooding the organization when there is a constant demand on KPI reporting and status updates, quarterly can be a good frequency. If the current status is within acceptable levels there is maybe no need to report this further, but if the status is unhealthy an issue report should be raised. To resolve this problem, those responsible should provide an explanation as to why the status deviates from the plan and what is being done to solve this problem. This might be reported to for instance Transformation Council, since issues may demand increased resources or other changes. They have the ability to provide this due to their position as members of the executive leadership team, or make a decision that even though the current status is below the expectation there is no need to take measures to correct this. Further, the Transformation Council is the governing body taking all the decisions for the BT initiatives during their duration, making it natural that they are also involved in the post-closure benefits management.

The intention with implementing a benefits monitoring dashboard is to keep the focus on benefits management even though the initiatives are closed and the current last toll-gate of the BT project process is passed. By keeping a prolonged focus on benefits management two important points are made: (1) as stated earlier the finish line hasn't been reached until full benefits are realized, and (2) benefits management is a matter of highest importance. This is consistent with the theories within the field, but even more important, also with the existing priorities within the Company.

8. Discussion

In this last chapter, final thoughts on the work done during the thesis is presented along with suggestions on further work and research to be done, and whether the thesis met its initial targets. A discussion about the reliability and validity is included, which can function as guidance to the reader in how this thesis contribution can be perceived and evaluated.

8.1 Results compared to the initial goals

From the very beginning of this thesis it was realized that the area investigated is both complex and has an extensive span. This implied some difficulties when deciding on which aspects to investigate more closely. The goal was firmly set on having a holistic view throughout the whole master thesis project, in order to not miss any aspects affecting the topic investigated. A topic that goes end-to-end starting with the development of the corporate strategy, follows the BT initiatives during their whole life cycle, and ends in their post-mortem analysis.

The initial goals for this master thesis project was : (1) to be descriptive over today's processes, policies, and tools for BT initiatives, (2) to be normative based on theories and literature, and (3) to give recommendations for the further work to be done in order to strengthen the BT initiatives role as strategy implementers. The first two goals are considered to have been reached directly, and these are also pretty easy to evaluate. The third goal is a little bit more complex, since it might not be obvious how this can be assured. With the outcomes from this thesis taking the form of recommendations over what needs to be considered in order to strengthen the role of BT initiatives from a strategic perspective, based on the formed theoretical framework within the field, it could be argued that the results don't go all the way. This comes as a direct effect from the broad focus of the thesis, but also due to the fact that the context makes it hard for a master thesis project to propose definite recommendations for the future work to be done. The depth of knowledge needed about the Company's internal workings in these types of questions is extensive.

Further, this thesis has been conducted in a highly dynamic environment, studying an area that is currently worked with and focused on within the Company. Thus, it's not a sitting duck, but rather a target in continuous motion. The implication is two-folded, the conclusions drawn will change rapidly, and it's an extremely inspiring environment to be in.

8.2 Trustworthiness & Authenticity for this thesis

Following the transformation of the reliability and validity concepts done in the last part of the methodology chapter credibility, transferability, dependability, confirmability, and authenticity for this thesis is discussed below. This intends to provide the reader with the possibility to evaluate this thesis contribution and draw conclusions in other contexts than the specific one studied here.

- **Credibility** – The credibility have been ensured through continuously discussing the descriptions and interpretations with the Company supervisor. Through this, the intention is that the author's picture of the Company's reality is the same as the supervisor's. Since the thesis has been approved by the Company, this is considered to have been reached.
- **Transferability** – The transferability to other contexts is difficult to judge, since much of this thesis is based on the processes, policies, and tools developed and utilized within the studied company. However, the intention is that the descriptions should have a detail-level that will make it possible to understand this context thoroughly enough to draw conclusions

applicable in other contexts as well. This demands that the reader has a profound knowledge about the context to which the conclusions should be transferred. Having this, it will be possible to alter the conclusions presented above to fit other contexts. Further, the theoretical platform developed in this master thesis is considered to be of value for everyone interested in which role projects and programmes can play in strategy implementation.

- **Dependability** – As stated before concerning dependability, there is a substantial problem coming from the fact that this thesis has been conducted in a dynamic and ever-changing context. This is even truer since the BT project process and the other presented aspects have been newly implemented and could thereby be considered to not having been able to stabilize their position and design yet. As was stated before, records of all of the work have been kept throughout the thesis initiative, and could be used for conducting a repetitive study.
- **Confirmability** – To stay objective, the working procedure decided upon from the beginning has been followed. This means that all the empirics were gathered before the analysis took place to ensure that any possibly premature conclusions or analysis angles wouldn't direct the empirics gathering. Primarily this could otherwise be an issue when conducting interviews, since the questions could have guided the answers to be within certain areas. By keeping the work on the different parts of the thesis project strictly separated, higher levels of confirmability than otherwise possible have been achieved.
- **Authenticity** – Interviews have been held with those within Global Process Office that has deep knowledge about the BT project process and how this is utilized. Further, employees with extensive knowledge about certain important aspects within the researched fields have been interviewed to broaden the perspective and give additional information from their areas of specialization. Of course there is the risk of missing important information when conducting interview only with a limited number of employees, but since much of the information have been repeated by several interviewees, it's considered that the amount of interviewees has been sufficient. To form the theoretical foundation upon which this thesis is based a broad range of literature sources from different scholars have been used, thus trying to avoid a one-sided view.

Following the above, it could be considered that some of the pitfalls associated with conducting qualitative case studies have been avoided. This has been done through developing a firm methodology from the beginning, and then to stick to this during the master thesis project's duration. By utilizing this approach, the intention is that the conclusions from this thesis are applicable in other contexts as well. Further, it's the author's strong belief that the highlighted problems which the Company faces are also found in many other companies.

Nevertheless, this master thesis work, as other qualitative studies can be described as having the shape of a funnel. First, a literature framework is selected and used to form the theoretical foundation. From this the empirics is gathered, directed by the theoretical framework. The analysis, then, ties the theoretical foundation to the empirics. Lastly, the conclusions are based on the former parts mentioned. If the theoretical foundation forms the base of the funnel, the conclusion illustrates the very tip of it. This shape stems from the restrictions that are constantly made during

the study's duration, nowhere are the full amount of data presented, which would be truly impossible to fit into a readable report.

8.3 Thesis results compared to established theory

Through the most parts of the thesis, the findings, reasoning, and recommendations follows the read up on theories. Initiatives are no doubt a key to strategy implementation in many of today's project intense organizations, and manage them collectively utilizing programme management and PPM approaches is of high value. The largest deviation between this thesis as compared to the theoretical foundation is in how the project portfolio should be linked to the corporate strategy. The theory suggest unequivocally that the strategy should be translated into portfolio guidelines, the portfolio guidelines should be further cascaded down to the programmes and these guidelines should direct which projects that is included in the different programmes. Additionally, the whole portfolio should be actively managed as a single entity to ensure compliance with, and a strive towards, the fulfillment of the strategic goals.

The conclusion from this thesis can then seem to be illogical, where the two indirect linkages (i.e. through the Strategic Fit assessment and the demands on executive leadership sponsorship) between the strategy and the BT initiatives are deemed as good enough. Even the handling of the BT project portfolio as a single entity is dismissed as being unnecessary. These both conclusions are founded in the fact that linking this types of initiatives to the strategy is a truly herculean task if not simplified, and the simplifications done within the Company is considered to be well balanced. Further, to actively manage a project portfolio consisting of initiatives with the characteristics the BT initiatives has is deemed unwise, since they are de facto prioritized as being matters of highest importance, and the resources deployed within them, expect for money, can't be shifted between the initiatives without causing substantial efficiency losses when employees should get up to speed in initiatives they have previously not been involved in. Hence, the conclusion is that PPM as the theory advises is not deemed as wise to implement for BT initiatives within the Company.

8.4 Implementation recommendations

Since this thesis has not reached any final solutions that is intended to be implemented as they are, the outcomes should instead be seen as being a foundation for developing new approaches to solve the problems identified by the thesis' author within the BT initiative practices. Since, for instance, the suggestion to implement a formal programme management approach for the BT programmes would demand extensive work, and profound knowledge about the Company this is not taken further.

The suggestion that is taken further, the benefits monitoring dashboard, is the one that could be implemented easiest. This would demand that every BT initiative that reaches the closure step in the current last BT project process phase brings a few KPIs considered being paramount for tracking the initiatives benefits realization status after closure into the benefits monitoring dashboard. Since the benefits monitoring dashboard must be kept at a manageable size, it's important that the number of KPIs from each initiative is restricted, probably to an absolute maximum of no more than three. This dashboard should be reviewed continuously to track the total benefits realization progress and to counteract eventual deviations. This is even more important since a continuous focus on benefits management is the key to maximize the value from the efforts made in BT initiatives. The benefits

monitoring dashboard has similarities with the current benefits plan in place at the Company; hence it wouldn't demand a totally new approach for how to work with benefits tracking.

8.5 Recommendations for further work to be done

With the broad focus of this thesis, it has been evident that there are many of the sub parts that deserve substantially more focus. Actually, it could without doubt be argued that many of the sub parts would deserve being the focus for whole master thesis projects themselves! Researching programme management much more thorough is advised. This is considered to be a highly important approach to running many of the BT initiatives within the Company, but there is no explicitly formulated and implemented approach. Further, there is an identified need to develop programme management capabilities, which is thought being easier after having implemented a programme management approach. Further, benefits management can't get enough attention. Within the Company, and certainly within many other companies along with it, benefits management is an area where there are few best practices implemented and much work to be done.

These two areas, the programme management and the benefits management, are both pretty young, making them even more exciting. How to translate the corporate strategy into a BSC is also highly interesting. The main question here would be how to ensure that the metrics developed really corresponds to the put up strategic goals they intend to reflect. One intention when this thesis work was initiated was to perform benchmarking against other companies concerning how they handled benefits management and how they linked initiatives to the corporate strategy. Due to the amount of work that was needed to get in a position where benchmarking would be possible proved to take much longer than was expected from the beginning, which led to the decision to drop the benchmarking. However, this benchmarking would be extremely interesting to conduct in a close future, since it's most certainly an area where many companies struggle.

Lastly, it would be advisable to investigate how feed-back loops should be formed in an environment as the one where the BT initiatives exist. This would need extensive research, since the life time of the initiatives is significant, their impact on the Company is substantial and complex, and the environment highly dynamic. However, it is probably unwise to drop it at that. It must be investigated how feed-back loops can be formed to ensure that important knowledge is gained instead of lost along the way. Blaming on difficulties to follow up could mean that important insights are never maid, which in the extension could lead to a situation where you don't know if the approach utilized is leading to the results planned for.

8.6 Final personal reflections

To have been in this environment for the past months has proved to be both challenging and extremely developing. Global Process Office's position within a truly global class leading company have given insights into the complexity of running large corporations and some of all the challenges that is involved in doing this. The naive view one could utilize when coming from seventeen years in school have been put to shame, and it have at times been a swindling experience. For this I sincerely thank all the members of the Global Process Office, especially my Company supervisor, and hope that the results from this thesis may give some ideas about which future directions for the BT initiatives that should be taken first.

For me there are some takeaways that I value more than others, even though none of them are useless of course. First and foremost, the importance of and challenges associated with measuring

initiative progress and benefits management have been an awakening. The importance comes from the fact that without measuring you really don't know what you got, if anything at all, and in the extension how to evaluate improvements after initiative closures. The challenges stems from the dualism in measuring things in the right way, guaranteeing that the measurements corresponds to the underlying aspect you want to measure, and using measures that don't have adverse consequences. The latter can be an unpleasant surprise if single sided measures are used and there is a lack of transparency in the impact. Here the BSC approach is useful, since it could show how, for instance, a single sided financial focus affects the other perspectives.

Secondly, how to link initiatives to the corporate strategy is still an area that I consider being extremely interesting. The found linkages within the Company show that the proposed theoretical approaches are not always the best ones to utilize. At the same time, without really trying to tie initiatives to the strategy the risk of running initiatives that don't fit the organization's intended goals must be highlighted. Seen to the area as a whole, I feel that I have gained important insights, and are humble in front of the fact that I really need to learn more about it!

Ending this thesis is the answer to the mandatory reflective question of: "What would you have done differently if you should do another thesis?". First and foremost, I would have tried to take more advantage of the huge knowledgebase that the employees at Global Process Office possess. This could be done through for instance workshops or broad discussions, instead of the less formal (but common!) discussions we had during the thesis project. Secondly, it would probably be good to have narrowed down the scope of the thesis, which would make it possible to go deeper. At the same time, the broad focus made it even more interesting to conduct, even though it required more extensive work to be done. Nevertheless, I don't have any large regrets; the above should be seen as remarks on a detail level.

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Reports

APMBOK, Association of Project Management's Body of Knowledge, 5th edition, Definitions.

KPMG report, "Managing Global Projects", 2008.

PMBOK, Project Management Institute's Body of Knowledge, version 3.0.

Interviews

1. Business Transformation Coach, Global Process Office, 2011-10-18
2. Program Manager, Global Process Office, 2011-10-20
3. Director for Process & Portfolio Management, Global Process Office, 2011-10-20
4. Business Transformation Coach, Global Process Office, 2011-10-20
5. Business Transformation Analyst, Global Process Office, 2011-10-21
6. Director for Business Control, Global Process Office and Business Transformation & Strategic Planning, 2011-10-21
7. Director for Global Process Office, Global Process Office, 2011-10-31
8. Director for IT Planning & Architecture, IT Planning & Architecture, 2011-11-02
9. Vice President for Finance & Business Transformation, Development & Service Organization, 2011-11-09
10. Director for Strategic Planning, Finance & Business Transformation, 2011-11-17
11. Business Project Manager for a BT programme, Global IT Organization, 2011-12-19

Internal documents from the Company

Documentation concerning the BT project process and the tools utilized within it available through the intranet at the Company.

Documentation concerning the Company's Balanced Scorecard.

Documentation about the business strategy process.

Appendixes

This chapter presents the interview questions utilized during the master thesis project. It should be noted that the format for the first six interviews and the information gained from them have led to more specific questions in the following interviews.

Discussion questions for interview 1-6

How does the intended linkage between the strategy and the initiatives look like?

What is done to ensure that the undertaken initiatives support the strategy?

How is initiative proposals/initiatives evaluated against strategic goals?

What is done to ensure that project managers know how their work is connected to the strategic goals?

How are initiatives evaluated against their initial strategic intentions after closure? (Post-Mortem analysis)

Questions for interview 7

How is the Company's strategy intended to be realized?

Are there active work being done to facilitate the initiation of initiatives supporting strategic goals?

Is there a linkage between the BT project portfolio and the strategy, other than the strategic fit assessment for the solitary projects?

How is the project portfolio being managed?

Is there an active strive for striking a balance within the portfolio on some aspects? (Long vs. Short term, high/low risk etc)

How do you prioritize within the portfolio?

Are there a maximum number of initiatives for the portfolio?

How is the transparency being managed over the portfolio?

Questions for interview 8

IT-strategy aligned with corporate strategy?

How do you implement the company strategy within IT planning & architecture?

How do you work with the initiation of initiatives supporting the strategy?

How is initiative proposals evaluated from a strategic POW?

How do you follow up on benefit delivery from initiatives after they are closed?

Questions for interview 9

Focusing on the Strategic Fit assessment, to which extent do you feel that the BT project process have managed to achieve an increased strategy alignment?

Is the strategic alignment through the Strategic Fit assessment used today for BT initiatives sufficient?

How do you link the initiatives back to the strategy after their closure, in order to ensure that the initial effort to reach a Strategic Fit pays off?

And if you don't do this, how do you know that the SF assessment really ensures that the initiatives passing it supports and delivers on the strategic goals?

Which measures are taken to facilitate the initiation of BT initiatives aiming at fulfilling strategic goals?

Do you think that the current benefit realization approach is sufficient, or is there a need to increase the efforts to ensure that benefit realization is reached?

If it is needed, how should a longer-term benefit realization approach be structured? And is it worth the extra work...?

If you're driving a number of initiatives aiming at higher performance on some aspect, is it sufficient to say that if relevant KPI's are improved the initiatives have had a positive impact as a whole, or is there a need to trace each initiatives contribution?

Is today's hand over of the responsibility for benefits coming from BT initiatives sufficient to ensure their realization?

Is the current programme management approach sufficient?

Is there a need to adopt a stronger portfolio management practice for the BT project portfolio?

Questions for interview 10

From the "Business Strategy Process":

Focusing on the "Plan Execution", "Follow-up and support" and "Review Progress", which activities do these phases consist of?

How does the continues flow through the BT project process look like?

When planning the execution, how do you hand over the responsibility for strategic initiatives to ensure ownership of initiatives within the organization?

How should you facilitate the initiation of strategy aligned initiatives within the organization?

How should follow-up of initiatives be structured to ensure that strategic goals have been met?

How do you review strategic progress when initiatives are running over a period of time longer than the BSC's one year scope?

How should you ideally evaluate initiatives strategic contributions?

In general, how strong do you consider the linkage to be between initiatives and the strategy within the Company?

Apart from BT initiatives, which tools can be used by the Company in order to realize the developed strategy?

Questions for interview 11

How strongly linked to the Company's strategy do you consider that your programme is?

Have you been involved in doing the Strategic Fit assessment, the project charter, and the business/benefits case for the programme?

Which role do these play after the programme has been initiated?

How is the Strategic Fit assessment and business/benefits case worked with during the programme's duration?

Which role does the steering group have in your programme?

How is the programme's progress tracked?

Is there anything in the BT project process that you would like to improve, focusing on the strategic linkage and benefits management?