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Christine G. Springer

University of Nevada, Las Vegas, [christine.springer@unlv.edu](mailto:christine.springer@unlv.edu)

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# Strategic Management in Action

By Christine G. Springer

Most organizations, regardless of their size, complexity or mission struggle with implementing Strategic Actions – identifying, prioritizing, planning and managing change. Although these same organizations recognize the vital role that strategic management plays in advancing their goals, most fail to ensure that their new initiatives are actually effective. Every year, too many dollars are budgeted on the wrong initiatives and are then wasted. Recently, 43 organizations talked with me about what was important in executing their strategies and ranked in order of priority processes that contributed to success. First was organizational alignment followed by strategy development, planning and budgeting and action/initiative management.

In order for the strategic management process to work, relevant criteria must first be used to make decisions about how to proceed and then a consistent management process needs to be agreed upon using four key elements: 1. Identifying and Collecting Ideas, 2. Evaluating and Prioritizing Ideas, 3. Planning and Approving Implementation and finally, 4. Launching Project Management and Portfolio Management Practices.

Strategic Actions are projects or programs outside of an organization's day-to-day operational activities that are meant to help the organization achieve its strategy. They are such things as instituting change, creating capability to do something new or better, or improving performance by improving a process such as restructuring the organization's delivery of services which might involve retraining employees, developing new service locations and redesigning how the services are provided. I have found that the reason few Strategic Actions achieve desired results is due principally to one or more reasons: 1. Work Overload – the organization tries to implement too many changes at once and ends up spreading its resources too thin. 2. Lack of Alignment – one change is at cross-purposes with another. 3. Inability to Prioritize Strategic Actions – leaders fail to come to agreement on which change should take top priority, resulting in the adoption of Strategic Actions that are less relevant being pursued, therefore receiving limited support. 4. Poor Project Management – changes are either mismanaged, poorly communicated or not managed through to completion.

Choosing which Strategic Action to pursue requires that the organization first and foremost ensure that the action is aligned with key organizational goals and objectives. Strategic frameworks enable organizations to group actions by major goals and to create a portfolio of strategically related initiatives aligned to each of them. By organizing actions into portfolios, managers can then analyze them in order to understand how they individually or in aggregate impact the organization's strategic goals, determine the impact of one action on another, phase actions in order to meet short and long-term goals, get an idea of what the total investment needs to be in order to support each action and measure the return on investment, prioritize actions within each portfolio and reallocate resources to those with the greatest impact on achieving strategic goals while deferring those that have less impact and finally, discard actions that don't support the strategy or do so at too high a cost. These Action Portfolios become the organizing

framework by which leadership teams can make important decisions about how to ensure a successfully executives strategy.

The strategic framework then provides leaders with the ability to manage the process from idea gathering to strategic management over time. Four key elements define whether or not they will do so successfully. First, identifying and collecting ideas. It is essential to create a way that allows new ideas to be fed from employees of all levels and from stakeholders within and external to the organization. Sometimes that means using technology such as Intranet channels to open and speed the flow of ideas from all sources. To be effective, organizations shouldn't just count on ideas flowing in but also establish procedures for managers to solicit those ideas as well. Ideas that are submitted should be fully described and outlined including costs and benefits. The leadership team reviews the submissions and selects those actions that they believe deserve sponsorship which means that someone in leadership will be accountable for marshalling resources to support its implementation. Secondly, the idea is evaluated using an established set of sound criteria. . .not simply the loudest voice or organizational politics. . . because doing so usually leads to disappointing results. In fact, I have found that leadership teams are more comfortable supporting change when politics is removed from the decision-making process and decisions are based entirely on objective information. Sometimes organizations facilitate such an evaluation by including standardized criteria in a proposal template that is used by those who submit the ideas. It is then possible for the leadership team to evaluate the ideas based upon strategic fit and benefit, resource demands and risks involved. They are able to prioritize proposed changes by checking the rankings of each and then building a priority list using facilitation techniques to gain consensus and if necessary mediate any disagreements. Thirdly, the prioritized action becomes part of a plan that defines the purpose of the change and demonstrates its alignment to strategic and operational objectives. As part of the planning process, resources that will be needed are defined and how and from where they will be allocated as well as things like project management, target dates, cost/benefit tradeoffs, and a start date. Both the Strategic Action's sponsor and the leadership team reviews the plan and approves it when they agree that all questions have been answered. Once the Strategic Action Plans have been reviewed and approved, start dates are communicated to the Strategic Action Managers and resources are allocated. Plans should also be reviewed after the Strategic Action is completed so that the organization can identify performance deviations and planning miscalculations, advance organizational learning, maintain sponsor and manager accountability, and generally improve the strategic management process. Finally, the use of standard project and portfolio management practices is critical to success. This is particularly true in complex organizations where coordination and collaboration is important to achieving desired outcomes. For example, Strategic Actions often require long timeframes to take effect thereby spanning multiple quarters and sometimes years. Without an organizational commitment and management processes in place, Strategic Actions run the risk of not staying aligned with changing organizational goals and needs thereby running into problems and fading due to lack of support. Project management ensures that the Strategic Action is actively managed throughout its life cycle and portfolio management ensures that the most strategically valuable set of actions are kept within each portfolio.

As strategic and operational goals evolve, an organization's leadership can make sure that they are implementing the right Strategic Actions to achieve goals. During the initial review, this can

mean canceling up to 20% of existing actions because they are not strategically viable. By using this process, the leadership team ensures that their portfolios are able to support the achievement of both short and long-term goals as well as that they maintain a healthy risk/return balance. Portfolio reviews are usually conducted quarterly or semi-annually and adjustments are then made for changing conditions. Together, project and portfolio management can help keep strategic management on schedule, on budget and true to original intent while at the same time maximizing return on investment. Often these roles are assigned to a project management office or a strategic management team. At the end of the day, Strategic Action requires more than thinking or planning, it requires leadership, commitment, good organizational processes and management.