THE USE OF PROJECT PORTFOLIOS IN EFFECTIVE STRATEGY EXECUTION

PALESA AGNES RAMASHALA
University of Pretoria, Graduate School of Technology Management, South Africa
palesar@excellencebusinessconsulting.com

MARTHINUS PRETORIUS
University of Pretoria, Graduate School of Technology Management, South Africa
tinus.pretorius@up.ac.za

HERMAN STEYN
University of Pretoria, Graduate School of Technology Management, South Africa
herman.steyn@up.ac.za

Abstract

Effective strategy execution is key to the delivery of business value. However, 57% of firms were unsuccessful at executing strategic initiatives. In addition 66% of corporate strategies are never implemented. It is concerning that firms realise only 63% of their strategies' potential value. It was also observed from literature that there is a point of transition from strategy to project, which prevents the implementation of business strategy. This point of transition is considered as the weakest link. Furthermore there is an indication that projects contribute little to the realisation of strategic goals. However, a promising new finding in literature was made in that 'in some environments with stable strategies and central oversight on projects make some contribution to the realisation of strategic goals'. In this paper we introduce a conceptual model for effective strategy execution through the use of project portfolios. The proposed conceptual model attempts to overcome the gap that impacts on how effectively an organisation could realise its strategic goals.

Literature on strategic management processes, project management, project portfolio management and strategic value was reviewed to gain insight on the recent views on how to effectively execute strategy through the use of project portfolios. A systematic approach was taken to gain a broad understanding of the landscape on effective strategy execution as well as the use of project portfolios in strategy execution. A literature review was done to establish an understanding on what researchers believe are the key requirements for effective strategy execution and the role of project portfolios in the process.

A conceptual model is proposed based on the outcome of the review of the literature. It comprises of four components namely strategic intent, project portfolios, project portfolio success and business success. It covers the key elements that should be managed in strategy execution through the use of project portfolios. In addition, it takes into consideration the need to manage interdependencies and risks within the strategy execution process. The interdependencies could be between strategic intent, project portfolio success, and business success. The company's strategy is articulated through its intent which is broken down into aspirations that are converted into strategic objectives. The project portfolio is structured in such a way that there is alignment with strategic objectives. This link is crucial as it enables the translation of the objectives into projects that are key to the achievement of the corporate strategy. The project portfolios are structured to achieve success given time and resource constraints. This success is defined in terms of value created (economic success) and the long term vision of the organisation.

The expected contribution and benefits of the study is a conceptual model that could be used as a basis for effective execution of strategy through project portfolios in order to improve the realisation of business value. Furthermore, to identify salient factors which management need to consider during the strategy execution process in order to improve its effectiveness.

Key words: Project portfolio, Strategy execution, Effective strategy execution, Project portfolio management, Business value.

Introduction

Organisations are subjected to pressure and strain given the factors in the business environment that must be managed to ensure the realisation of strategic objectives. Such an environment presents a challenge as organisations operate under stringent conditions and are expected to deliver on the expectations of shareholders. However, the critical element which management must maintain is the sound understanding of the strategy of the organisation and what it seeks to achieve in the long term. This can prove to be difficult under conditions that require organisations to re-invent themselves to stay ahead of the competition. Despite the ever-changing business environment, management cannot lose focus of the mandate given by shareholders, which is articulated in the form of the company strategy.

It is therefore incumbent upon senior management in an organisation to determine and set the course that must be followed by the organisation. Strategy is about designing and driving the journey that the company must take while remaining profitable. However, the question is how should managers drive the process of realising strategic objectives and what are the key aspects which they need to take into consideration as they do this? Following an expansion of existing theories in project portfolio management and contributions, Meskendahl (2010) proposes the conceptual model on the relationship between strategic orientation, project portfolio management and business success. However, the question is how should managers drive the process of realising strategic objectives and what are the key aspects which they need to take into considerations as they do this? Following an expansion of existing theories in project portfolio management and contributions, Meskendahl (2010) proposes the conceptual model on the relationship between strategic orientation, project portfolio management and business success depicted in figure 1.

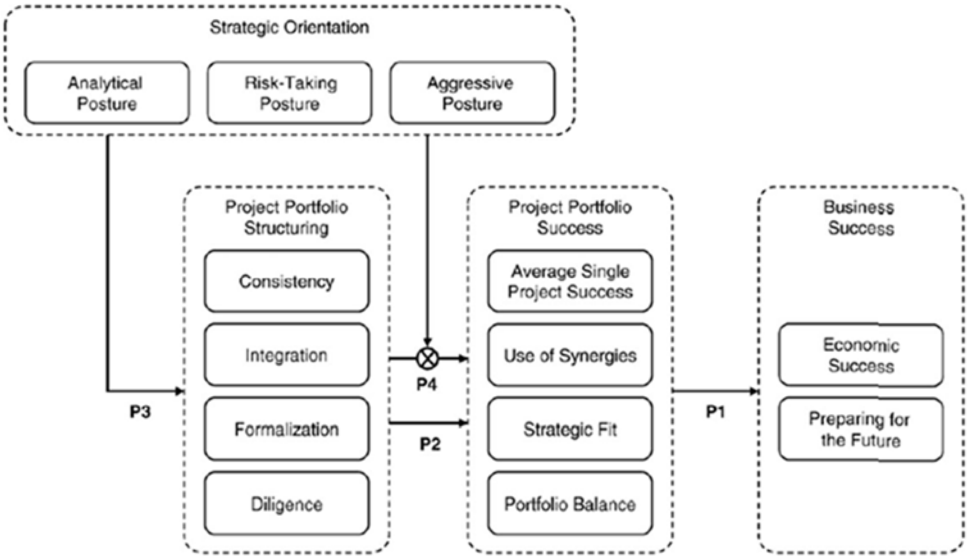

Figure 1: The conceptual model (Meskendahl, 2010)

The key is therefore to ensure that the link between the company's strategic intent and project portfolios is well defined. Unger, Kock, Gemunden and Jonas (2011) say that project portfolios are vehicles for strategic implementation since making decisions to pursue appropriate projects is the key task in project portfolio management in order to sustain competitive advantage and thus prolong business success.

Study Objective and Design

The successful execution of strategy is key to the success and sustainability of an enterprise. The overall objective of the study is to gain an understanding of the reasons why companies do not execute strategy effectively and how this process could be improved. Furthermore, the study seeks to understand why companies execute strategy to a lesser extent and some of the factors that are key to improving the level of successful strategy execution. In addition, the study intents to improve the understanding of how organisations could better execute on the corporate strategy to achieve strategic objectives. The impact of effective strategy execution is expected to be seen from the realisation of strategic objectives and the value created by the enterprise.

Business is continually searching for ways to improve the value that is derived from executing its strategy. The aim of this study is to establish how business could effectively execute on its corporate strategy through the use of project portfolios. The research question is therefore:
How could companies use project portfolios to effectively implement and execute corporate strategy to achieve business success?

The study attempts to go beyond reporting on the corporate performance metrics and seeks to develop a framework or model for evaluating the effectiveness of strategy execution. It seeks to answer the following questions:

i. What are the reasons why companies do not execute corporate strategy effectively to achieve business success?
ii. What limits the extent to which business success is achieved through the execution of strategic objectives by means of project portfolios?
iii. What factors are key to effective strategy execution through project portfolios?
iv. How could project portfolios be used to drive the effectively realisation of strategic objectives?
v. How can companies improve the level of business success which is achieved through the execution of strategic objectives by means of project portfolios?

The aim of the study is to develop a framework that could be used to improve the extent to which business success is achieved when executing strategic objectives through project portfolios. In addition, to identify salient factors which management need to consider during the strategy execution process in order to improve its effectiveness.

Review of Related Literature

Literature indicates that the knowledge area of strategy planning and execution is developed and is undergoing a process of continual improvement. Most organisations have matured to a point of being able to plan and craft a sound business strategy. Albeit, a badly crafted strategy can impede the strategy execution process. MacLennan (2011) cites Eccles in defining strategy execution or implementation as the action that moves the organisation along its choice of route towards its goal – the fulfilment of its mission, the achievement of its vision, strategy implementation is the realisation of intentions. It is thus important to note that the test of how well the corporate strategy was planned and developed shows in how well it can be executed.

Strategic intent

Organisations execute strategy based on their strategic objectives in order to achieve set targets. However, the extent to which these objectives are achieved is determined by how effective the organisation is during the strategy execution process. No formal definition of effective strategy execution was found during the review of the literature. In lieu of effective strategy execution, Patanakul (2015) defines organisational effectiveness as the degree to which the organisation's end objectives are accomplished subject to certain constraints. It is therefore inferred that effective strategy execution is about translating the corporate strategy into value for concerned stakeholders i.e. shareholders, the market and company employees taking into consideration internal and external business constraints. The challenge with strategy and its execution is that the larger part of strategy is conceptual and thus it is critical to focus on defining the strategic objectives and initiatives in a tangible manner. It is much easier to drive the implementation of well-defined and measurable objectives than aspirations.

Guidelines have been developed to equip management with insight on which areas they need to pay attention to. Cocks (2010) conducted a survey of more than 1000 senior executives of large effective organisations in Australia exploring concepts that organisations of all types can use to more effectively execute their strategic plans. His findings point to several factors that help implement strategic plans in service, manufacturing, not for profit and public sector organisations, and the key messages were:

i. Strategic planning requires integration of strategy formulation with strategy implementation.
ii. Effective execution is a key attribute of successful organisations.
iii. Management should provide focused leadership of the right people.
iv. Management should create highly visible management systems to communicate widely and consistently.
v. Management should use project management techniques to deploy the strategic plan.

The expectation from leaders is that they should be able to think holistically about what must be done and achieved as well as for them to be able to manage the day to day business activities that would enable the organisation to achieve the desired vision. It is therefore necessary for leaders to realise that the road to effective strategy execution is full of potholes and dangers (Hrebiniak, 2008). He cited the following obstacles to effective execution:

i. **Planning and execution are interdependent**: strategy formulation and implementation are separate, distinguishable parts of the strategic management process. However, formulation and implementation are also interdependent, part of an overall process of planning-executing-adapting. Not involving those responsible for execution in the planning process threatens knowledge transfer, commitment to sought-after outcomes and the entire implementation process.
ii. **Execution takes time**: the successful implementation of strategy takes more time than its formulation. This can challenge managers' attention to execution details. The longer period can also detract from managers' attention to strategic goals. The process of execution must be dynamic and adaptive, responding to unanticipated events. This imperative challenges managers responsible for execution.
iii. **Execution involves many people**: strategy implementation always involves more people than strategy formulation. This presents a problem in that communication down the organisation or across different functions becomes a challenge. Linking strategic objectives with day-to-day objectives at different organisational levels and locations becomes a challenging task. The larger the number of people involved, the greater the challenge to execute strategy effectively.
iv. **Effective execution involves managers across all hierarchical levels**: another problem is that some top-level managers believe strategy implementation is 'below them', something best left to lower-level employees. This view holds that one group of managers do innovation, challenging work (planning), and then 'hands off the ball' to lower-levels for execution. If things go awry, the problem is placed squarely at the feet of the 'doers', who somehow couldn't implement a perfect sound and viable plan. This view is wrong. The truth is that implementation demands ownership at all levels of management.
v. **Managing change is difficult**: execution often involves change in structure, incentives, controls, people, objectives and responsibilities. The importance of managing change well is clearly important for effective strategy implementation. The inability to manage change and reduce resistance to new implementation decisions or actions can spell disaster for execution efforts.
vi. **Other execution related problems**: The research uncovered other problems that challenge strategy implementation and they include responsibility and accountability for execution activities and decisions that are not clear, poor knowledge sharing among key functions or divisions, dysfunctional incentives, inadequate coordination, poor or

vague strategy, and not having guidelines or a model to shape execution activities and decisions.

Literature provides studies that have focused on identifying factors that contribute to effective strategy execution. The factors provided by Hrebiniak (2008) are presented as a set that demonstrates the vast areas which management should be conscious of during strategy execution. According to Hrebiniak (2008) the following salient factors are key to make strategy work:

i. Remembering that sound strategy comes first.
ii. Structure is important to successful implementation.
iii. Care must be taken to translate strategic objectives into short-term operating metrics.
iv. Having an implementation model to guide execution thoughts and actions.
v. Clear responsibility and accountability are a must for effective execution.
vi. Reward the right things, use incentives to support execution processes and outcomes.
vii. Ensure the development and appropriate capabilities and managerial skills to make strategy work.
viii. Focus on managing change.

Effective strategy execution is about directing and managing the strategy implementation process to realise value from the organisation. The process of effective strategy execution needs to be enabled by an effective performance management system that will provide an indication of what is actually happening and to also identify risks and issues that may deter the organisation from reaching it objectives and target. Added to this, leaders need to establish effective feedback mechanisms that will enable them to track the hard and soft side of what is going on within the organisation.

Project portfolio management

Literature shows that project management could be used to enable effective strategy execution. The view is that project management allows organisations to execute their strategic objectives in a structured manner and thus provides some element of control. Maddalena (2012) cites Bryson, 2005 who shared that executive leaders can increase the effectiveness of their organisation's strategic planning processes and improve accountability by incorporating project management principles during the implementation phase of the strategy. The importance of projects in strategy execution is reported by Crawford, Hobbs and Turner (2006) who found that organizations are increasingly realizing that corporate strategy is delivered through projects, and so project management capability is key to their ability to deliver their strategic intent.

In theory, Aubry, Sicotte, Drouin, Vidot-Delerue, and Besner (2012) convey that one aspect of organisational project management is that its components are network-based and spread out through the organisation and further states that this situation poses a difficult problem of alignment or fit between the components themselves, such as governance mechanisms, portfolios, programmes and projects. They clarify that most of these components are temporary arrangements and form multiple layers of networks, which could be resolved through the establishment of the organisational project management function.

Literature is rich in studies that demonstrate the complexity of strategy execution and the lack of a well-defined link between strategic planning and execution. While strategy implementation, frequently considered as the graveyard of strategy, the main emphasis in strategy research has been on the formulation of strategies (Meskendahl, 2010). Meskendahl (2010) adds that this is where project portfolio management comes into play, citing Shenhar *et al* (2001) who emphasized that projects and especially project portfolios are 'powerful strategic weapons' as they can be considered as a central building block in implementing the intended strategy. Meskendahl (2010) points out the need for empirical validation and the further development of the conceptual model, in which the propositions are tested by quantitative empirical study. It is the intent of the researcher to apply the framework that was developed by Meskendahl and test it through the review of case study organisations.

It is critical that organisations develop a criteria for the selection and structuring of project portfolios and Meskendahl (2010) states that firms with a qualitatively high portfolio management achieve a higher level of strategic alignment. He adds that portfolio management has to achieve an optimal alignment of projects to each other and should only pursue projects that are in line with the business strategy. He however found that there is not much literature on a theoretical construct on the strategic fit of project portfolios. The concept of strategic fit originally stems from organizational research with the central proposition that performance of an organization is the result of fit between two or more factors such as strategy, structure, technology or environment (Meskendahl, 2010). He adds that the strategic fit of the project portfolio describes the degree to which the sum of all projects reflects the business strategy.

The implemented project portfolio management system service a critical role of providing an overall view of the portfolios in driving the realisation of strategic objectives. It is therefore important to understand how project portfolio management is applicable in this regard. Martinsuo and Killen (2014) say that project portfolio management presents a complex set of challenges to decision makers in that multiple projects must be configured and managed in a way to enhance the long-term strategic value of the portfolio while considering multiple criteria and interdependencies, such as shared resources, share insight on project portfolio management. They also point out that the literature on project portfolio management has paid scant attention to value management concepts. They further highlight that most project portfolio management frameworks, as well as research studies, have emphasized the dimension of 'strategic alignment' in terms of how the projects collectively fulfil the firm strategy, and 'portfolio balance' among the different types of projects as a reflection of strategic priorities, risk management and exploitation of synergies.

When one thinks about a financial investment portfolio, it also makes sense that the investor allocates his/her money to a set of investments (diversification lowers the risk...). This is what a company also does, except that they do not only allocate funds; they also have to take other constrained resources into account. The main purpose of project portfolio management is to allocate resources in order to optimize the value added to the strategic objectives. The importance of the selection of projects and structuring of the portfolios cannot be over emphasised and Archer and Ghasemzadeh (1999) found that the task of selecting project portfolios is an important and recurring activity in many organisations. There are many techniques available to assist in this process, but no integrated framework (Figure 2) for carrying it out. They proposed the following integrated framework for project portfolio selection:

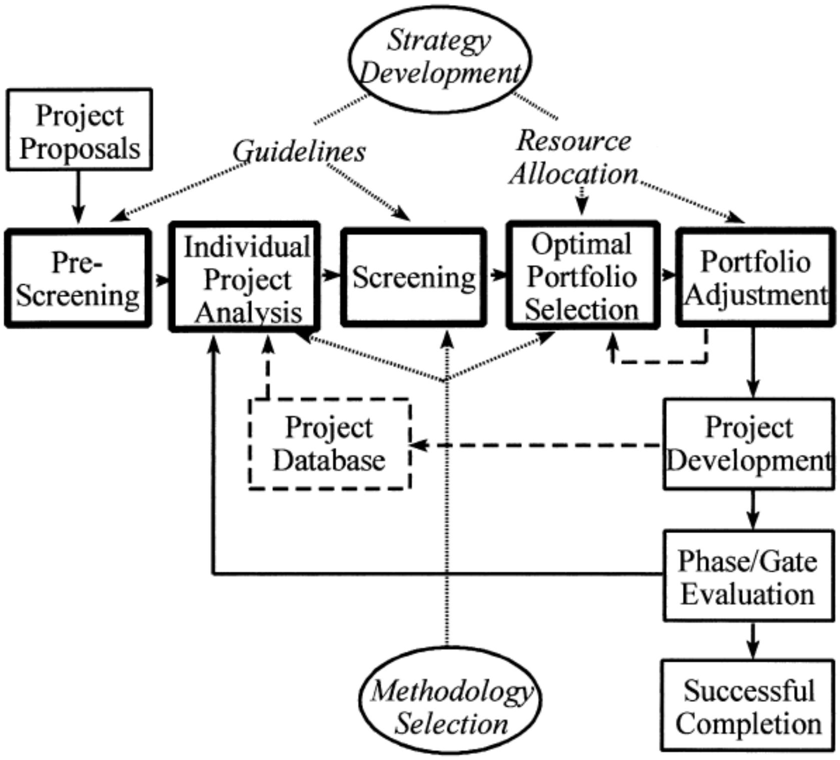

Figure 2: Integrated framework for project portfolio selection (Archer *et al*, 1999)

The framework may be implemented in the form of a decision support system in which an iterative process is followed to achieve sub-optimum portfolios which will lead to the achievement of the strategic objectives (Archer *et al*, 1999).

Project portfolio management contributes to strategy execution as a link between what should be done and how it should be achieved. Meskendahl (2010) defines project portfolio management as the simultaneous management of the whole collection of projects as one large entity, in which a project portfolio is a set of projects that share and compete for scarce resources and are carried out under the sponsorship and management of a particular organisation. Patanakul (2015) says that project management literature in general discusses project portfolio management from management perspective and indicates maximised value, portfolio balance and strategic alignment as three main goals of project portfolio management. He further adds that besides management, portfolio stakeholders include members of the organisation's project community. He used literature as a foundation and suggested three initial propositions representing project portfolio management effectiveness as:

i. Project portfolio management effectiveness is a multidimensional construct representing different perspectives of stakeholders.
ii. The dimensions (attributes) of project portfolio management effectiveness include factors representing the accomplishment of multiple project portfolio management goals from different perspectives of stakeholders.
iii. Project portfolio management effectiveness could be broadly defined based on the attainment of the project portfolio management outcomes with respect to multiple goals of project portfolio management and relevant constraints.

Literature also provides the contributions from authors that question whether strategy can be executed through project management. Srivannaboon and Milosevic (2006) found traditional literature on aligning project management with business strategy vague, as the interactions between project management and strategy were not explained. They found that although research studies were conducted on the strong links between project management and strategy, none explicitly talked about the relationship between business strategy and project management in a cohesive and comprehensive way. They conclude their study by highlighting that the journey of studying the project management / business strategy alignment is still at its infancy, the relationship between the two is obscure and that there is a need for the alignment to be quantified.

In addition, Young, Jordan, and O'Connor (2012) reports on the effectiveness of the project management and investment frameworks in the State of Victoria where they found that the way projects are selected and managed limit the capability to realise strategic goals. They recommended future research to develop programme management, portfolio management and project governance to increase the likelihood that strategy will be implemented. It is the desire of this study to further improve understanding in this area.

The contribution from researchers on the link between strategy and project management (operational mechanism for driving the realisation of components of programmes) may be valid. The gap could have been due to a clear link between strategy and what is actually happening at operational level. Furthermore, the review of the literature demonstrates that when it is not clear what the strategy is, people at operational level do what they believe to be important. It is the belief of the author that benefits must also be clearly defined so that every member of the organisation do not only take responsibility for their realisation but that their actions are driven by the expected outcome. Therefore, the link between strategy planning and execution is crucial. This has been explained in the sections above that the strategic management process must be integrated and iterative in order to ensure alignment and control. The understanding of the project portfolios is therefore critical to how well they are managed as changes occur so that correct decisions are made. Martinsuo (2013) comments that companies struggle with the sub-optimisation and changes among their projects, even if various normative instructions and good practices have been introduced for project portfolio management. He found that to respond to uncertainties and complexities in business environments, project portfolio management can be viewed as negotiation and bargaining and as structural reconfiguration, besides rational decision processes. These alternative perspectives offer new insight into the dilemmas identified in day-to-day project portfolio management and open up avenues for resolving them, thereby promoting success in project portfolio management. It is therefore the intent of the researcher to assess how organisations maintain control of their project portfolios in the midst of changing business conditions.

Business success

Value based management has fundamentally changed how managers think about their businesses since it enables them to think about both the short and long term impact of their decisions (Copeland and Meenan, 1994). They further add that value based management helps managers to identify and quantify the sources of value creation – key value drivers for business. They add that in order to optimise shareholder value, managers must evaluate the effect all their decisions have on the value drivers. One could say that managers could use expected shareholder value as a way of comparing potential strategies for adoption. Copeland et al (1994) highlighted that value based management contributes to superior performances since it requires greater management focus on balance sheet management and on the long term, which is ideal for large corporations. They further caution that companies that measure their performance with income statement based measures miss value creating opportunities by failing to manage the balance sheet.

Traditionally organisations measure performance based on measures such as growth in revenue, profitability, earnings per share and market value. These measures are a good indication of return on efforts employed. However, are they a good indication of effective execution of strategy and value created by the organisation for shareholders? Copeland *et al* (1994) say that shareholder value creation should be the ultimate goal of strategy – the primary measurement guiding corporate decisions and the myriad day-to-day choices of the business units. They recommend the use of economic value added (EVA) as a period measure of shareholder value that focuses on both the after tax income and asset utilisation. In addition they recommend the use of the market value add (MVA) since it tracks economic value added much more closely than more popular measures such as earnings per share, operating margins or return on equity. They clarify that measuring economic value added provides a powerful decision making tool that allows managers to identify factors that aid in creating an excess over minimum required returns. In so doing, shareholder value is created.

Additional work was done by researchers to improve the understanding of what shareholder value is about and its importance. Rappaport (1983) says that the shareholder value approach provides a consistent framework for evaluating both strategic plans and manager's performance. He elaborates that if strategic planning is to have a favourable long-term impact on a company's share price, then strategic plans and corporate performance must be evaluated in rational economic terms. He emphasises that top management and board members have a fiduciary responsibility to be certain that the right numbers are made. He cautions that accounting numbers such as earnings per share and book return on investment (ROI) are not reliable indicators of economic value. It is noted that performance management plays an important role in quantifying and qualifying the value created by the organisation. In addition, it is not only the performance that is reported which is critical but also the basis (accuracy and precision) of the numbers that are shared with decision makers which one needs to pay attention to.

i. Despite the volume of literature on economic value added, Biddle, Bowen and Wallance (1998) say that clear evidence is still lacking on the benefits of economic value added on shareholder value. They suggest that economic value added is the subject of on-going investigation. Additional studies have been conducted on economic value added given the importance of an organisation to quantify, using financial and non-financial measures, value given its importance in measuring the extent to which strategy execution was effectively carried out. Worthington and West (2001) conducted a literature review on economic value added and their findings are that:
ii. The measure itself is almost identical to the non-proprietary measure of residual income.
iii. The empirical evidence concerning economic value added has been mixed and thus there is a need for further research.

iv. Examination of economic value added over a longer period would allow greater empirical certainty on its status as a corporate performance measure.

Another contribution came from a study that was conducted by Palliam (2006) that showed that economic value added is a relatively poor predictor of share performance and enhanced shareholder value. He found in his study that there is little or no relationship between shareholder return and a firm's economic value add. He furthermore, found minimal evidence of a difference between market return of firms that uses economic value added compared to firms that do not use economic value added. He concluded that strategies that incorporate economic value added did not outperform strategies that incorporate simple metrics of corporate valuation based on reported earnings. He thus said that economic value added by itself will probably be no more effective in enhancing shareholder value than will other metrics if they do not ultimately drive earnings and earnings growth.

Literature indicates that this is an area which has been research to gain insight on how to best present the value created by an organisation. The extent of the need is highlighted by Ballow, Burgman and Molnar (2004) who say that managers face a daunting task when it comes to increasing shareholder value as managing intangible assets, one of the key drivers of value, is perplexing because accounting systems fail to track or analyse them. They shed light that the biggest issues in managing shareholder value that is facing executives in high performance companies is that it is driven by intangibles. They explain that companies cannot just ignore intangible assets since shareholder value is eroded should the market lose faith. They highlight that executives are often left with inadequate insight into how various investment choices link to the creation of shareholder value. They say that ultimately a more scientific approach to value creation can provide executives with the insight they need to proactively manage all components of their valuation and the assets of the high performance enterprise. This is another area which the study seeks to make a contribution. It is the intention of this study to generate insights on how organisations define economic value and measure it to demonstrate how well they have performed.

Findings

The conceptual model proposed by Meskendahl (2010) was adapted based on the key findings from the review of the literature to propose a conceptual model that would provide guidance on how to direct the strategy execution process. The proposed conceptual model (figure 3) also takes into consideration the need to manage interdependencies and risks within the strategy execution process. The interdependencies could be between and among the strategic intent, project portfolio success, and business success. The conceptual model comprises of four components namely strategic intent, project portfolios, project portfolio success and business success.

The company's strategy is articulated through its intent which is broken down into aspirations that are converted into strategic objectives with measurable targets. The project portfolio is structured in such a way that there is alignment with strategic objectives. This link is crucial as it enables the translation of the objectives into projects that are key to the achievement of the corporate strategy. The project portfolios are structured to achieve success given time and resource constraints. This success is defined in terms of value created (economic success) and the long term vision of the organisation.

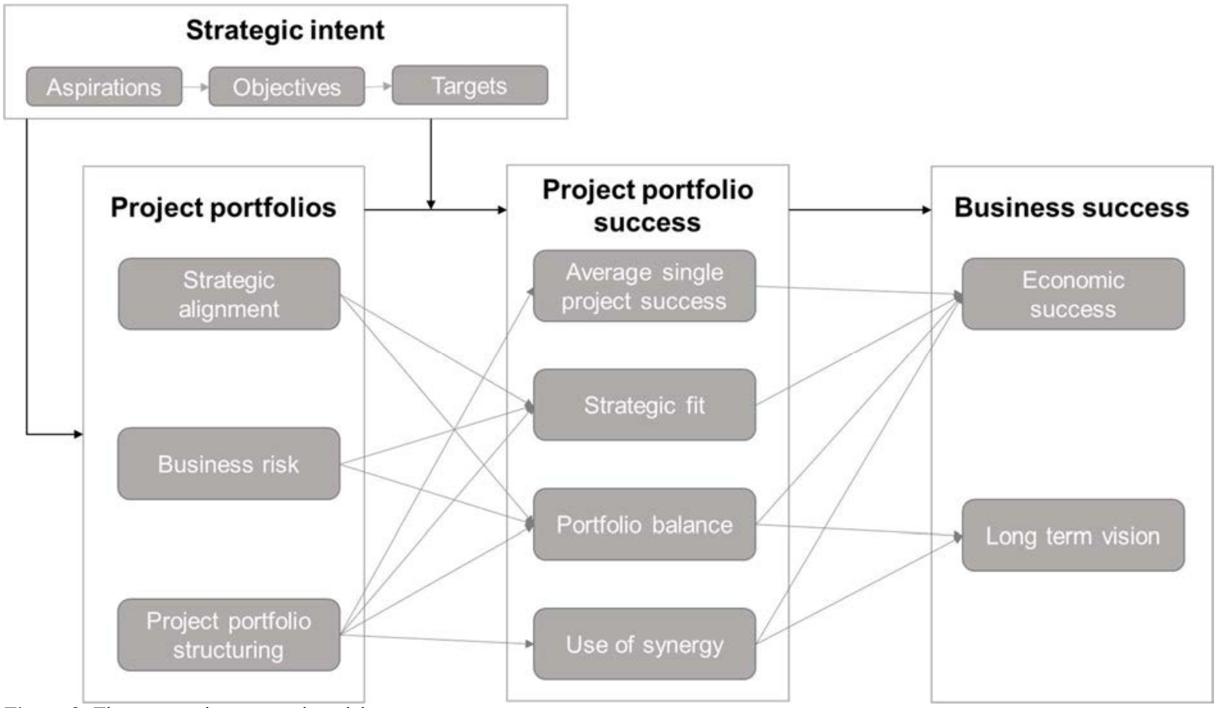

Figure 3: The proposed conceptual model

The starting point in effective execution of corporate strategy is a solid strategic intent. This is the long-term vision of the organisation broken down into short-term objectives. It is equivalent to the strategic orientation that is proposed by Meskendahl (2010) in his conceptual model on the relationship between strategic orientation, project portfolio management, and success. It is necessary that there is a common understanding of the position of the organisation in the market and how it intends responding to external forces. This is a difficult task and thus a structured approach enables co-ordination between different stakeholders to enable alignment. Dandira (2012) states that the strategic management process consists of five major ever-present tasks:

i. Developing a concept of the business and forming a vision of where the organisation needs to be headed.
ii. Converting the mission into specific performance objectives.
iii. Crafting strategy to achieve the targeted performance.
iv. Implementing and executing the chosen strategy efficiently and effectively.
v. Evaluating performance, reviewing the situation and initiating corrective adjustments in mission, objectives, strategy or implementation in light of actual experience, changing conditions, new ideas and new opportunities.

The conceptual model suggests that the effect of strategic orientation on business success is mediated by portfolio structuring and project portfolio success. At the same time, a moderating effect of strategic orientation on the relationship between project portfolio structuring and project portfolio success is suggested.

It is critical that organisation develop a criteria for the selection and structuring of project portfolios and Meskendahl (2010) states that firms with a qualitatively high portfolio management achieve a higher level of strategic alignment. Imbedded in the project portfolio structuring is the requirement to consider the allocation of scares resources and the use of available resources when deciding which projects should be pursued. The internal capability of an organisation play an equally important role in the decision of which strategic objective could be optimally pursued given the available resources. Meskendahl (2010) adds that portfolio management has to achieve an optimal alignment of projects to each other and should only pursue projects that are in line with the business strategy. He however found that there is not much literature on a theoretical construct on the strategic fit of project portfolios. Applied to project management for the desired combination of projects is a balanced portfolio that enables a firm to achieve its objectives without being exposed to unreasonable risk (Meskendahl, 2010). These factors speak to the need to improve the understanding on the best approach to developing an evaluation criteria that improves the quality of the project portfolio and mitigates against business risks that may erode the benefits expected from the project portfolios.

It is crucial that managers throughout the organisation do not lose focus of the main thing, which is to oversee competitive enterprises that are sustainable and create value. Lukac (2012) argues that senior executives should be adept both at developing strategic plans that provide competitive advantage and communicating how they will provide shareholder value. He reinforces that they should be able to link strategy to value. He further adds that there is a significant body of knowledge covering how to identify value once it has been created but there is less guidance on how shareholder value will be achieved. He acknowledges that although it is commonly recognised or expected that effective strategies result in value creation, there is no simple framework for connecting the two. It is the aim of this study to make a contribution in this area. He then proposed a model on how to link strategic maps to shareholder value. The contribution of the proposed model is a visual understanding of how the link between the strategic intent of the organisation and shareholder value could be established. Following on this recommendation it is key that managers across the organisation are clear on how the strategic objectives are going to be achieved.

The argument underlying the study is that most activities within the organisations should be contributing toward the achievement of strategic objectives and lead to business success. Meskendahl (2010) explains the business success component as follows:

i. All kind of projects and portfolios that deal with the performing organisation by affecting cycle time, yield, quality and so forth can be measured and evaluated.
ii. The firm's economic success of the project portfolio considers the share of revenue generated by new products compared to competitors and the overall revenue share of new products with and without predecessor products.
iii. Economic success dimension consists of the two subsets market performance and commercial performance. Market success describes the extent to which sales objectives like market share or sales volumes are achieved. Commercial success measures are derived from the classical financial management criteria like ROI, profit, or break even and are mostly compared to the initial objectives.
iv. Project success measures a broad set of market and commercial criteria and constitute that the combination of measures depends on the firm's situation and strategy. The overall compliance of products with market goals, return targets, and amortisation schedules is assessed.

v. The long term vision which focuses on the preparation for the future covers the sufficiency of new technologies and competencies developed within the project portfolio. One could view the long term vision as benefits obtained in line with the corporate vision.
vi. The development of new products, markets, or technologies in comparison to competitors is considered and its degree to which this will create the future of the industry.

In light of the proposed conceptual model that is built on the conceptual framework proposed by Meskendahl (2010) and the conceptual model proposed by Lukac (2012), the uniqueness of the study is that it seeks to test these validity of the conceptual models and gain insight on how they could be applied in strategy execution. However, the review of the literature also alludes to the need to also bear in mind factors that are key to effective strategy execution. According to Hrebiniak (2008) the following salient factors are key to make strategy work:

i. Remembering that sound strategy comes first.
ii. Structure is important to successful implementation.
iii. Care must be taken to translate strategic objectives into short-term operating metrics.
iv. Having an implementation model to guide execution thoughts and actions.
v. Clear responsibility and accountability are a must for effective execution.
vi. Reward the right things, use incentives to support execution processes and outcomes.
vii. Ensure the development and appropriate capabilities and managerial skills to make strategy work.
viii. Focus on managing change.

The salient factors that emerged from the review of the literature are captured above in an attempt to present a complete picture of the dynamics and forces that are at play during strategy execution.

Conclusion and Outlook

The strategic management process is made up of defined processes that are complex in nature (Martinsuo and Killen, 2014). The link between these processes is key and the more well-defined these links are, the better the translation of the outcome of one processes into the key inputs to the next process. Project portfolio management is viewed as an effective link between strategy planning and execution to enable strategic objectives to be translated into appropriate project objectives (Meskendahl (2010), Ghapanchi, Tavana, Khakbaz, and Low (2012), Patanakul (2015)). In addition, the effectiveness of project portfolios is critical since it depicts how scarce organisational resources need to be allocated and managed to realise strategic objectives (Laslo (2010)).

Strategy execution is a complex task due to the different factors that play a role during the execution process and the lack of a guiding framework (Hrebiniak (2005), Al-Ghamdi (1998), MacLennan (2011), (Speculand, 2014)). Ramakrishnan (2012) says that enterprises are incorporated for performance and the decisive test of performance is the value created in relation to a promise made to the stakeholders.

It is expected that the combination of a conceptual model for effective strategy execution through project portfolios, together with factors that are key for effective strategy execution, will provide sufficient insight on how to improve the manner in which organisations manage the process for executing on their corporate strategy to realise value. The salient factors for effective strategy execution will include key aspects which management need to bear in mind during the strategy execution process in order to improve the level of successful strategy execution.

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