

## **Determining Strategic Direction for Projects: Seminar Paper**

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**ABSTRACT** Projects management has grown significantly in recent years and is showing needs for strategic management efficiencies. Loosing strategic direction for projects causes resource allocation problems. The complexity of projects' interdependence and the attached uncertainties are generating new project management challenges. Therefore, the aim of this paper is to determining strategic direction for projects. A literature review has enabled to achieve the aim of this paper. The study conclude that The process of determining strategic direction typically begins with a survey of opportunities and threats in the external environment, including the extent of change, uncertainty, and availability of resources. Goals and strategy are not fixed or taken for granted. Top and mid-level managers must select goals for their respective units, and the ability to make these choices largely determines the success of the company.

**KEYWORDS:** strategic direction, projects, vision, mission, strategies

### **Background of the Problem**

When we talk about "strategic direction", we are talking about definitions of "high level" that set us the objectives and goals that we wish to achieve in our activity. On many occasions, because they are high-level elements, they remain only in the definition and are not transferred in a practical way to our day-to-day activities, remaining as ideal statements that are placed in a picture hanging on a wall at the entrance of our office. But the truth is that the operational management and application of these statements can help us in a gravitating way to fulfill our objectives. To place this concept within context, we can say that strategic direction is that management of the general scope that allows us to define fundamental concepts in order to achieve the long-term objectives that we set for our organization. The bibliography is varied in this regard, but we can say that the strategic direction of any undertaking requires the definition of the elements that allow the focus of the efforts; in our case, we will consider that the main elements of the strategic direction will be: Vision, Mission and Strategies.

### **Purpose and Goals**

This paper will review literature on the determination of strategic direction for projects. The paper will establish plans that must be followed in order for an organization to advance towards its vision and achieve its objectives.

### **Problem and Hypothesis**

The need for top management to set a strong strategic direction for an organization has grown as a result of increased globalization and the incorporation of several innovative information technology (IT) tools. Companies are becoming more spread out as projects needs and the opportunity to connect internationally enable them to continue to grow into new regional and projects markets, as well as enter into long-term projects partnerships or contract out previously internal operations. This poses the problem of coordinating all of the events taking place around the world and through partner organisations. Though advanced software systems (for example, enterprise resource planning [ERP]) or intranet capabilities can help with internal communication, they are insufficient. Having a common strategy for the business is the first step in establishing and keeping a coherent strategic path. An organization may benefit from a strategic direction in a number of ways. First, it conveys a common understanding of the organization's course and intent. Few companies have ever accomplished greatness by attempting to be anything to all customers. To instill a sense of mission, most prosperous organizations adopted a vision that was way larger than their capital base and competencies could support (de Kluyver & Pearce, 2002; Hamel & Prahalad, 1989). A vision also serves as a foundation for the organization's missions and objectives. Without a vision, the company can follow a series of disparate objectives that certain workers may not be able to recognize.

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**Theoretical Background**

The Vision include the determination of the ideal that we hope to achieve, it is the dream that we wish to be fulfilled in the long term with the development of our activity (Cueva, 2020). Vision is defined in broad terms so as not to limit our scope. For the materialization of our dream we will require the definition of intermediate goals or objectives aimed at fulfilling our vision, we will call these intermediate goals and objectives. In this way, our Mission will be our objectives and medium-term goals, which will point towards the achievement of the vision (Rey and Bastons, 2018). The mission will be concrete, measurable objectives and as we fulfill them, we will renew them continuously, following the direction that the vision sets for us. But for the fulfillment of these concrete objectives we will require the implementation of specific steps aimed at their materialization, we will call these steps strategies, which will correspond to the definition of measurable short-term objectives (Kreutzer, 2019). The natural question will be, how do we make these concepts materialize in our day-to-day activities, how do we so that the worker who is in a production front effectively contributes to our vision and it is at this point where they enter projects and Project Management, as one of the many alternatives for the implementation of specific activities to be developed within our company.

The notion of a strategic direction has been described as overwhelming by many managers. Although they recognize the importance of having one, they are frequently perplexed as to how to create one and what makes a successful strategic vision. Part of the worry comes from the vision's many facets and often intimidating demands. A strong vision, for example, is both motivation and a sense of what needs to be achieved, according to Mintzberg, Ahlstrand, and Lampel (1998). It is something that is considered and turned into a deliberate course of action, but it must still be fluid enough to allow for emergent actions as the actions progress. Aside from attempting to achieve these lofty and often contradictory expectations, there is uncertainty around strategic ambition since real vision statements differ greatly and may be as broad as a potential dream or as narrow as a specific target. Part of the reason for the ambiguity is that the idea of a strategic vision is multifaceted in reality. Mintzberg et al. (1998) defined three main conflicts, or six styles of "seeing," that represent how managers have contributed setting a strategic course to various aspects of seeing. The first conflict is between "looking ahead" and "looking back." Although management may be inclined to imagine a brighter future for the organization, the company must consider its present and historical circumstances, as well as whether it has the tools and skills to realize the future vision.

**Methodology**

The study adopted a systematic review of literature. A systematic review consists of a synthesis of the scientific literature in response to a specific question. It uses explicit methods of research, selection and analysis of data. Statistical methods may or may not be used to synthesize study results (Cooper, Booth, Varley-Campbell, Britten & Garside, 2018). This study did not apply any statistical methods. A systematic review is therefore a true research method, and should not be confused with a general review in which the bibliographic research is generally not exhaustive and which represents more the opinion of an expert or a group of experts.

Recent papers on the main theme of the study were searched on google scholar using the studies aforementioned keywords and only papers from 2015 upwards were considered and a systematic review of literature was conducted on these papers.

**RESULTS AND DISCUSSION*****Strategy, tactics, operations and logistics***

To discuss the requirements that will guarantee that programs are aligned with the organization's policy, it is necessary to first define the principles of plan and project management in a straightforward and concise manner. We would accept the term proposed by adherents of the American School of Design as "the critical match between internal strengths and vulnerabilities and external risks and opportunities" without mentioning any of the meanings and perceptions applied to the principle of strategy.(Turner, 2016).

Parker, Parsons & Isharyanto, (2015) also propose a very similar definition but one that also recognizes the existence of stakeholders in the strategy. Strategy is thus equated with: "the long- term direction and scope of an organization: ideally, matching its resources to its changing environment, and particularly to its markets, customers, or clients in a way that meets stakeholder expectations" (Parker, Parsons & Isharyanto, 2015). The introduction of stakeholder expectations as a fundamental element of strategy allows for the explicit recognition that strategy is a human endeavor (Heagney, 2016).

From these definitions, it is therefore inferred that the qualifier of strategic should be reserved for any phenomenon or action that lies at the boundary between the organization and its environment, and not attributed to anything that appears important. The purpose of strategic management, then, is to maintain the organization's current strategic position or to develop it toward another, either by exploiting current markets or products or developing new ones, or by strengthening current business practices or introducing new ones (Heagney, 2016).

When establishing a business strategy, the transition from one strategic position to another must be accomplished, according to Cullen & Parker (2015) by the tactical plan since it is from the latter that we will specify: "its specific operational plan that details how a strategy is to be implemented in terms of when and where it is to be put into action." By their nature, tactics are narrower in their scope and shorter in their time horizon than strategies. Tactics, therefore, can be viewed (like policies) as a link between strategy formulation and implementation" (Cullen & Parker, 2015))

Conceptually, tactics are therefore subordinate to and embedded in the organization's strategy, insofar as strategy defines a direction while tactics define the means and ways in terms of time and place to implement the strategy.

However, tactics will remain only a master plan with little impact unless they are actually implemented by field operations. Hierarchically subordinate to and sanctioned by the tactic and its general plans, we define operations as the planning, implementation, and execution of the activities necessary to carry out the organization's tactics. Consequently, operations will have a narrower scope and time horizon than tactics (Turner, 2016).

Finally, we define logistics as the set of execution activities at the most basic hierarchical level that directly produce deliverables, i.e., the goods and services of the project regardless of the objectives pursued. The subsequent incorporation of logistics into operations, from operations to tactics, and finally from tactics to organizational strategy provides the latter not only with its unity, uniqueness, and, ideally, distinctiveness, but much more its systemic character. By breaking down, within the framework of a systemic view, the decision-making structure according to its strategic, tactical, operational and logistical levels, this enables the executives associated with and responsible for each decision-making level to identify and specify, by virtue of the principle of causality, the necessary actions and favorable conditions for achieving the desired results, from the logistical to the strategic level (Burns, 2015).

From the definition we have given, we must infer that the decision of a strategic nature can originate at various hierarchical levels of the organization, and not only and necessarily at the level of top management. Since a decision is considered strategic only to the extent that it crucially maintains or changes the relationship between an organization and its environment, it follows that the strategic decision can also emanate from the various hierarchical levels of the organization. Thus, a top management that focuses most of its decisions on controlling its internal, day-to-day activities would inevitably come to make only operational decisions, ignoring the strategic issues facing its organization. On the other hand, it is also conceivable that teams of middle managers launch projects whose consequences are strategic by virtue of their ability (intended or unintended) to redraw the strategic map of the organization. In that case, senior management would eventually be faced with what it would describe as an "unanticipated development of emerging strategies" (Aloini, Dulmin, Mininno & Ponticelli, 2015).

In short, an organization's strategy is not necessarily formulated at the so-called strategic level of the organization's structure. The only criterion that, in our view, makes it possible to determine the strategic character of a decision or project is one that takes into account its ability to decisively modify or maintain

the relationship that binds an organization to its environment. When we speak of the strategic character and level of a project, it will be in reference to its impact on the strategic relationship that binds the organization to its environment and not necessarily to the hierarchical level from which the strategic decision should "normally" emanate (Barrick, Thurgood, Smith & Courtright, 2015).

In this regard, we can point out that the logical framework method developed during the 1970s (PCI, 1974) is not based on the exploitation of the systemic distinctions that differentiate the strategic, from the tactical, operational, and logistical levels of the decision nor on the demonstration of a causal relationship between the results sought and the actions necessary to achieve them. The logical framework method merely processes the relative information between two adjacent hierarchical levels without specifying whether the outcomes are strategic, tactical, operational, or logistical in scope. However, we must recognize that determining the strategic objective of any project is critical not only for giving direction and specifying supporting tactics (Fuertes, Alfaro, Vargas, Gutierrez, Ternero & Sabattin, 2020).

### ***Project management in the organization***

Many practitioners and academics tend to use the concepts of project and operations interchangeably. We can most likely trace its origin to the fact that many projects are actually operational in nature, or at least, are heavily influenced by activities that are operational in nature (Young, 2016).

When we talk about operations within an organization, we realize that they generally include very technical activities located in the lower levels of the administrative hierarchy. However, operations generally include all of these technical activities that are predetermined, repetitive, limited in scope and duration, as well as being controllable and perfectly predictable in terms of their outcomes (Kerzner, 2018).

Although many projects have the characteristics of operations, operations do not necessarily exhaust the general characteristics of the project to the extent that projects are nonrepetitive, characterized by many risky events, as well as being in scope operational, tactical, or strategic. Taking into account what has already been discussed, it follows that projects of strategic scope will also need to develop tactical plans and operational and logistical activities to implement and execute them (Hornstein, 2015).

Project within the organization can thus be applied equally well to tactical or operational activities as it relates to the initiation and execution of an organizational strategy. However, such a conception of the project and its management is somewhat contradicted by many definitions, including Kerzner's (2018), that limit its application to the achievement of short-term goals. We believe that such a conception of project management is unnecessarily restrictive and that long-term considerations should be used to characterize the scope of a project.

However, unlike the functional type manager whose responsibility is to ensure the vertical transmission and management of information and work, which of the project manager is to ensure the horizontal transmission of information as well as the cross-cutting coordination of activities at any hierarchical level within the organization (Kerzner, 2018). However, it is this specific characteristic of project management that explains the existence of an information gap between project managers and senior management.

It is not simply by expanding the scope of projects by taking into account their long-term strategic implications that project managers will be able to build a bridge and thus bridge the communication gap between them and them prevents communication with senior management, nor does it ensure coordination and integration of actions across decision-making levels. In support of administrative consultation procedures among senior management, a general methodology must be designed and developed that allows managers and decision-makers to structure, integrate and clarify subsidiary objectives as well as corresponding actions in order to ensure their coordination and especially their alignment with the strategic objectives pursued by the organization (Nicholas & Steyn, 2017).

### ***Aligning the project with organizational strategy***

It is by establishing mechanisms and tools for communication between senior management and its project managers that one can hope to bridge this information gap and establish, in the words of Ul Musawir, Serra, Zwikael & Ali, (2017), "A precise and appropriate alignment between the objectives of the organization and



project management" (Ul Musawir, Serra, Zwikael & Ali, 2017).

In the absence of vertical communication and communication tools between senior management and its project managers, the hierarchical distance between the two parties risks further exacerbating the mutual ignorance and misunderstanding they maintain about their actions and their respective issues (Kaiser, Arbi & Ahlemann, 2015).

To ensure that the objectives pursued by a project are aligned with the strategic objectives of an organization, this cannot be achieved by attempting to directly assess the impact of the project on the expected outcomes in terms of its contribution to the organization's strategic positioning. This alignment can only be achieved by taking a systems approach with managers and stakeholders to break down the strategic objectives backward or forward into their subsidiary tactical, operational, and logistical objectives. Such an approach should, for each hierarchical decision-making level, be framed by performance measures and contingency plans to remediate critical risk factors (Hammond, Keeney & Raiffa, 2015).

For the purposes of this article we will use the concepts of goal to denote the preferred direction of an organization and of objective to denote a specific outcome pursued by the organization (Hammond, Keeney & Raiffa, 2015).

To ensure project alignment with organizational strategy, managers must, as part of a systemic analysis and top-down approach, move from strategy to logistics:

- determine the organization's strategic goals as well as its subsidiary tactical, operational, and logistical objectives;
- Determine the actions and means necessary to achieve the desired results at the various decision-making levels; and
- Identify the key stakeholders associated with the various decision-making levels;
- define the measurable performance indicators of the various hierarchical levels and relevant to the stakeholders;
- Identify and assess the risk factors associated with the decisions of the various hierarchical decision-making levels.

### **Project management and strategic direction**

So to place project management within the context of the strategic direction that we are reviewing, we will continue with the development of the concept that we brought from the definitions of the high-level elements and we will continue until we reach the day-to-day activities. For this, we will rely on the Project Management proposed by the Project Management Institute<sup>®</sup>, through its standard of the Guide to the Fundamentals for Project Management, known as *the PMBOK<sup>®</sup> Guide*, for its acronym. So we can say that Project Management, as described in the *PMBOK<sup>®</sup> Guide* will be one of the strategies that we can implement in our organization, the incorporation of this management system will allow us to define specific short-term goals for the different areas of knowledge management that are proposed in the *PMBOK<sup>®</sup> Guide*, thus converting the plans that we must develop for their implementation in the specific tactics and processes that will guide our day-to-day activities focused on defining our company vision.

We only need one element to definitively shape this path for the materialization of our aspirations and it refers to the incorporation of the value system and principles on which we will base our activities, and this refers to the definition of the company policies that will shape explicitly the way and specific concepts on which we will develop our activities.

We can summarize the proposed structure according to the following:

1. **Vision.** Definition of the dream we pursue in our business, broad definition regarding our long-term goal.
2. **Mission.** Definition of specific and concrete goals aimed at fulfilling our vision. They are renewed and their level of demand increases as we reach the objectives defined for periods within the medium term.

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3. **Strategies.** Steps and concrete measures to meet our goals defined in the mission. In the development of our company we will use projects as part of our strategic planning, therefore part of this strategy will be complemented with the implementation of a management system that optimizes our projects. This will be the implementation of project management according to the *PMBOK® Guide*. We will set specific goals for each of the mission-focused project management knowledge areas.
4. **Plans and procedures.** To comply with our strategy, we will implement specific tactics that will be the plans, processes and procedures to carry out our activities on a day-to-day basis; focused, through the definition and coherent implementation of the described structure, in the fulfillment of our vision as a long-term objective.

The described system could represent a powerful tool to fulfill our company or business vision, in the long term and in a concrete, measurable, perfectly applicable way and within the reach of all those who collaborate with our ideal.

### Conclusions and Recommendations

An organization is created and designed to achieve a certain purpose which is decided by the CEO and/or the top management team; the organizational structure and design is the result of the pursuit of this purpose. In fact, the main responsibility of top management is to determine the goals, strategy and structure of the organization thereby adapting the organization to changes in the environment. The process of determining strategic direction typically begins with a survey of opportunities and threats in the external environment, including the extent of change, uncertainty, and availability of resources. Goals and strategy are not fixed or taken for granted. Top and mid-level managers must select goals for their respective units, and the ability to make these choices largely determines the success of the company. The paper provides the following recommendations;

**Develop a team to commit to the process:** Putting your own personal idea into reality is difficult enough. It's far more difficult to translate someone else's idea into reality. Establish a cross-functional committee at all layers of the company to have a professional facilitator lead these meetings instead of doing it on your own or with a select group of executives. People who are brought on during the design process are given a sense of control and responsibility for the outcome. This is not a policy that has been forced upon them; rather, they have been given the opportunity to contribute to its growth. This further binds you to the process and if you share the idea of creating a vision with others, you provide the responsibility to follow through.

**Set attainable, measurable targets with transparent accountability:** Set 3-5 main priority areas for your staff, each with a limit of three precisely identified and attainable performance metrics. Make these goals challenging, difficult to accomplish, and only possible by collaboration and determination. When choosing core areas and main metrics, bear in mind that less is better, particularly in the early stages of developing a strategic culture. The quicker it is to get everybody on board and rowing at the same cadence, the smoother the post.

**"Communicate, Communicate, Communicate"** is a phrase that can be repeated over and over again. If you've determined the main target areas and a few primary indicators, spread the word like wildfire in your business! Tie the message back to your business objectives wherever possible in your team correspondence.

**Build and incorporate regular check-ins:** This is where the majority of strategic initiatives fails and ends up gathering virtual dust in a paper library. Leaders are normally eager to get together and talk policy. They are generally very effective at establishing specific objectives, assigning responsibility, and communicating a start date. Integrating this into current leadership meetings and decision-making is the challenge. A distraction would inevitably occur. Prepare for it ahead of time by making these targets a routine. Which brings me to my final step...?

**Make vision an interpersonal habit:** After these activities have been incorporated into your daily work, celebrate incremental victories to maintain traction and transform creative thought into a habit. If you don't meet that target, look at the bright points and motivation to serve as a springboard for the next set of targets. If finding positives is difficult, concentrate on understanding what did not succeed and incorporating these

experiences into the next strategic planning session.

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