Creating Competitive Advantage With 
Strategic Project Leadership™

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Introduction

Project management in the 21st century will be completely different than it has been in the last 50 years. In the traditional project management world, project managers and teams were typically focused on efficiency, operational performance, and meeting time and budget goals. Today, however, dynamic business environments and global competition require finding new ways to make projects into powerful, competitive weapons. This paper, which is based on our research and consulting, describes the transition from traditional project management to the new era of “world class project management.” It provides a practical, step-by-step approach and guidelines to organizations and managers on how to turn their projects into successful competitive weapons. At the center of this transition we discuss a new framework called Strategic Project Leadership™, or SPL. Rather than focusing on “getting the job done,” SPL focuses on creating projects that are competitive and allow winning in the marketplace. The framework includes a hierarchy of five components, which should be applied by managers during project planning and execution. They are: strategy, spirit, organization, process, and tools. After describing the transition to the strategic approach we define the concept of project strategy and discuss the elements of SPL. We conclude by addressing two additional major changes that are needed to create world-class project management—adaptation and learning.

From Project Management to Strategic Project Leadership™

Ask any project manager what is his or her job? The typical answer will be, “I need to get the job done!” or, “I need to finish the project on time, within budget, and to specifications!” In some cases, project managers would add, “… and I need to satisfy the customer.” But projects, in most cases, are initiated for other reasons. Most projects today are conceived with a business perspective in mind, and with a clear or projected goal that is focused on better business results. Hence, there is a real need to expand the traditional role of the project manager from an operational, to a more strategic perspective. In the new evolving organization, the project manager will be responsible for business results and his or her role will develop from getting the job done, to achieving the business results and winning in the marketplace. Project managers will therefore have to grow and become real leaders, and they will be required to deal with all aspects of project leadership—strategic, operational, and human. To illustrate this change consider the following case:

The first generation of Ford Taurus turned out to be the best selling car in America in the late 1980s. Conceived in the 1980s and introduced in 1986, it set the standard for new practices in project management and product development, using cross-functional teams and concurrent engineering practices. It established close ties with vendors and subcontractors, and was characterized by a spirit of cooperation and strong synergy among teams. The result was a remarkable business success, and customers simply loved the car. Yet, when the project was completed, the project manager was fired. His “sin” was that project completion was delayed by six months.

In contrast, the second generation of Ford Taurus was developed in the early 1990s and completed in 1995. With increased competition and the enormous success of Japanese imports, Ford had hoped to reestablish Taurus, once again, as the best selling car in America. But the new project manager learned the lesson of his predecessor: He considered project schedule as a “holy grail,” and made sticking to completion date the ultimate goal, while sacrificing other issues. Vendor relationships, team spirit, and product integration were just few of the things that suffered. The second generation of Taurus turned out to be a disappointing business experience. It did not recapture the position of the best selling car in America and Ford was not able to repeat its outstanding success of the first Taurus.

This is what we call the difference between an operationally managed project and a strategically managed project. Strategically managed projects are focused on achieving business results, while operationally managed projects are focused on getting the job done. Management teams in strategically managed projects spend a great deal of their time and attention on activities and decisions that will improve business results in the long run. They are concerned with customer needs, competitive advantage, and future market success, and rather than sticking to the initial product definition and project plan, they keep making adjustments that will create better business outcomes. Such projects, however, are quite rare, and most projects are still managed with an operational mindset, focusing on short-term results and deliverables, namely, meeting time and budget objectives. While this approach may be justified in certain cases, in most situations a more long-term perspective must be taken.
The first step is creating the right mindset and attitude. Exhibit 1 presents the traditional project management approach, as compared to the new, Strategic Project Leadership™ approach.

To become strategic project leaders, managers’ focus must shift from just efficiency, to effectiveness as well; from operational issues to strategic, operational, and human; and from getting the job done, to getting the business results and winning in the market place. Project definition will involve not just project scope and definition of the work to be done, but also defining the product, the competitive advantage; and planning and reviews will deal not only with activities, resources and status, but also with end results, success dimensions, customer needs, and strategy. Finally, on the human, “softer” side, the Strategic Project Leadership™ approach will evolve from the common activities of team building and conflict resolution, to extended leadership roles, establishing vision and spirit, and creating meaning and motivation.

The Strategic Project Leadership™ Framework

The Strategic Project Leadership™ framework for leading projects as strategic, competitive weapons includes five major components: strategy, spirit, organization, processes, and tools. While traditional project management is typically focused on the lower components of processes and tools, the components of SPL are hierarchical, and during project initiation, planning, executing, and reviewing, they must be addressed sequentially, from the highest to the lowest. Exhibit 2 describes the elements of Strategic Project Leadership™, and the next sections discuss them in detail.

What is Project Strategy?

The Missing Link

Typically, most projects would start with a project plan. The plan normally includes the project goal, project scope, project deliveries, project milestones, project resources, and activities for execution. Also typically, projects are initiated as part of a grand-plan, which is consistent with business strategy and conceived at the corporate or business unit level. But how exactly is this higher-level plan translated into what needs to be done on the project arena? While some projects do better than others, conceptually, there is a missing link—between the business strategy and the project plan. We call this link the project strategy (see Exhibit 3), and it is the first item project leaders must deal with when starting a project undertaking. But what exactly is project strategy and what does it entail? Our following discussion will address these questions in more detail.

Strategy is About Winning

Most projects are executed in a competitive environment. Typically, the project outcome—a product, a process, or service—is likely to face competition in the market from other products or services. Thus, for each of our products and services...
we should ask, how do we want it to standout, how is it going to succeed in the face of competition, and how are we going to make it happen? The answer to this question must explicitly be determined by defining a project strategy. If we want customers to buy our product, if we want them to prefer our service to that offered by competitors, it must have some appeal, or as said in the business context, a competitive advantage. The advantage could be real or perceived, but it must stand out to become the reason why the customer is willing to pay and to buy our project result.

Thus, in today’s environment, the project objective is not just to build the product or service, but also to create this reason, namely, creating competitive advantage. A good project strategy is what will create this reason well. Therefore, as in war, project strategy is about winning—winning the market battle with the specific product or service produced by the project. Hence, project strategy is the specific way the project will take on to make this winning happen. This way will involve the project’s unique approach, direction, and a path that is planned in order to make it a win.

We therefore define project strategy as follows: the project perspective, direction, and guidelines on what to do and how to do it, to achieve the highest competitive advantage and the best project results.

The Project Strategy Components

In creating a framework for delineating the elements of project strategy we identify four distinct elements: (1) Product Definition/Competitive Advantage, (2) Business Perspective, (3) Project Scope/Definition, and (4) Strategic Focus (see Exhibit 4). When dealing with project strategy, one needs to address all four, in an interactive and cyclic way.

Product Definition/Competitive Advantage. This is the base on which the strategy is built, the project is defined, and the plan is outlined. Every project relates to some product, and product definition defines this product. But at this stage you must define the product’s objective, the business opportunity, the product value, the competitive advantage, and the product’s cost effectiveness, requirements, and specifications.

Business Perspective. This part of project strategy outlines the expectation when the project is completed. It makes things clear: what the project’s product is supposed to achieve in the market place, or in any domain that it serves. It includes the business plan and the success dimensions with which project success will be evaluated.

Project Scope/Definition. This part will define the project boundaries—the scope of work that needs to be done, as well as the classification of the project type.

Strategic Focus. This last part of project strategy creates the mindset and guidelines for behavior to achieve the product’s competitive advantage and value. These guidelines help focus activities and foster behavior that will make the competitive advantage a reality. Strategic focus involves four components: position, policy, behavior, and processes. In the next section we illustrate the idea of strategic focus for four generic types of project strategy.

Exhibit 3. Project Strategy—The Missing Link

![Project Strategy Diagram]

Project Spirit

The second component that strategic project leaders must address formally is project spirit. Real leaders know how to define and nurture vision that energizes and brings out the best in people. Visionary leaders are transforming and inspiring people to achieve outstanding results and overcome enormous obstacles. But great leaders exist not just at the national level. There is a need for great organizational leaders as “clock builders,” rather than “time tellers” (Collins & Porras, 1994). Project leaders are no different. They should translate company and business visions into great and exciting products and build a project spirit that is based energy, excitement, and enthusiasm.

Product Vision

The first step in creating spirit is articulating an appropriate and exciting product vision. Unlike a company vision that describes the future in general and inspiring words, product visions must relate to the product and to what will happen when the project is completed. Perhaps the most famous example of such vision is: “put a man on the moon and return him safely to earth by the end of the decade.”

Product vision can be defined as a statement that expresses the value of the product and its competitive advantage in short, clearly articulated, and preferably, emotional terms. The vision will be derived form the strategy and articulate the state of affairs after the project is completed. Well-defined product visions will excite the team, create meaning and unleash the energy in people. But it will also excite top management, and eventually will influence the customer. Formulating a product vision could be done in a team setting and the process itself could become part of the excitement. The team should ask, what is unique about our product? Is it emotionally appealing? What will turn-on the customer? And what will create the right project spirit? When creating the product spirit, you should not worry about specifications or...
technical terms, only excitements and emotions. The right vision will then be translated by the designers and engineers into technical terms and specs. The project manager of BMW new three series cars expressed this as follows: “our engineers design our product not just with their brain, but with their hearts.” Exhibit 4 includes a few examples of famous product visions.

### Project Name

Projects often get code names for purposes of identification, communication, or confidentiality. These names are often randomly chosen, and sometimes use just numbers or letters for identification. But a project name can be a powerful component in creating project spirit. Working on a project with an elevated meaningful name can add to the excitement and motivation. Visionary project leaders know how to choose attractive names that would sound desirable or articulate the uniqueness of the project. Two of the best projects we studied were called “Ideal” and “Honey,” and one of the worst was called “Tombstone.” It never made it to completion.

Together with the product vision, project leaders must establish the project culture, the set of values, the right atmosphere, and the social environment the will create the excitement and motivate the team. But all these must be adept to the project strategy and support behavior that will enhance competitive advantage.

### The Last Three Elements of SPL

Since the remaining components of Strategic Project LeadershipTM are well addressed in the traditional literature, we mention them only briefly. But in the context of our discussion, they too, must be determined after the selection of strategy, spirit, and project type.

### Organization

Organization involves project structure, team building, and people. The formal structure may be functional, pure project, matrix, or a combination of the above. Obviously, there is no ideal structure and each form has its benefits and drawbacks. The matrix organization, for example, enables good disciplinary work together with project integration and focus, but it involves conflict and fuzzy authority definitions. Understanding the limitation of structure and teambuilding is necessary, and the proper structure must be adept to the strategy and spirit and to the project type, as we mention later.

### Processes

The Project Management Institute (PMI) has identified 39 processes, based on nine knowledge areas, among them, cost, time, quality, and procurement (PMI, 1996). Processes may also include communication and information, project monitoring, planning and control, decision-making and review processes. Specific processes would vary according to the project strategy and type.

### Tools

Finally, tools are the last level to be addressed in project initiation. Tools should be chosen to serve the higher elements and help plan, execute, and control the project. Project tools relate to issues such as planning, scheduling, budgeting, organizing, quality measurement, and configuration management. Tools are generally well addressed in current application references. However, we expect the development of additional tools to better deal with SPL.

### What Else is Needed?

World-class project management is not just Strategic Project LeadershipTM. To create excellence in project management, organizations of the future need to adapt two additional concepts that are still not widely applied in the current practice of project management. These concepts are—adaptation and learning, and they should be addressed at the corporate, project and individual project manager levels.

**Adaptation.** In projects as in other areas, “one size does not fit all” and you need to adapt your project management style to project type. In our previous research we have developed a

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### Exhibit 4. Product Visions

<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Product Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMW</td>
<td>3 Series Car</td>
<td>A muscular car that wants to be driven</td>
</tr>
<tr>
<td>Apple Computer</td>
<td>iBook Laptop</td>
<td>Something you throw in your backpack</td>
</tr>
<tr>
<td>Lipton</td>
<td>New Margarine</td>
<td>I don’t believe it’s not butter</td>
</tr>
<tr>
<td>3M</td>
<td>The New Post it</td>
<td>Sticks around</td>
</tr>
<tr>
<td>3M</td>
<td>Wide bandwidth</td>
<td>Break the handcuffs of copper</td>
</tr>
<tr>
<td></td>
<td>fiber connection</td>
<td></td>
</tr>
</tbody>
</table>
framework for assessing the project type and selecting the right style (Shenhar, 1998).

Learning. Since projects are non-repetitive activities, learning should be based on experience and lessons learned, and not on repetitive learning curves. It should be addressed at three levels: the organization, the project, and the individual. At the project level, project leaders should establish procedures for internal learning. Events, consequences of previous decisions, and in-between lessons must be documented and shared with team members and with the rest of the organization. Special sessions must be conducted to accommodate these lessons, possibly when reviewing major milestones (gates) and while making a decision to move to the next step.

Conclusion

While many companies and project managers are implicitly employing strategic thinking, making it an explicit part of the project management experience is a real challenge. Formally defining, articulating, and managing project strategy will add a new dimension to project execution and will get project management closer to becoming a competitive weapon for organizations. Selecting the right strategy at project initiation, making it compatible to the business strategy, and carefully articulating the four components of project strategy will contribute to project success and overall business results. And project managers and business leaders will have to take-on the leadership challenge and deal with the issues of vision, spirit, and culture — and also set the right policy and articulate the strategic focus to make this strategy work.

This change will obviously require new developments in education. It will also expand the role project managers play in the business and add more responsibility to their current assignments. Project managers have always been energetic, driven, and intelligent, and companies must learn now how to direct this energy on a new path that will lead to better project results and better business performance.

References


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