Compare The Different Methods Used to Align Projects to Strategy

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Abstract: In order to maximize the contributions to strategic objectives, the methods used for project alignment takes a highly coordinated effort in recent decades. According to the research by Villachica, Stone & Endicott (2004), it was conducted that the project alignment is to ensure the project begins with a shared vision of success. This essay provides information about three methods generally used to align projects to strategy. Moreover, comparisons of the three methods used to align projects to strategy would be made with literature reviews.
Keywords: Strategy; Align Projects; Methods

1. INTRODUCTION

The demand for effective project management has been increased due to the rapid economic growth. Large numbers of method for aligning project to business strategy has been developed in recent decades. The Logical Framework Approach (LFA), the Organizational Project Management Maturity Model (OPM3) and the Gateway Review Process (Gateway) have been considered as three representative methods for aligning project to business strategy in this essay. These three representative methods would be generally described. LFA is a well-known and historical method for aligning project to business strategy, which was first used in the 1970s (Couillard, Garon&Riznic 2009). The result of LFA is a Log Frame, which is a four by four matrix. However, Gateway is a method of providing project assurance by requiring each project to pass through six holding points called 'gates', and Gateway is generally used in Government (Department of Finance 2006). OPM3 is a three-dimensional model in terms of three domains, five Project Management Process Groups and four stages (Guangshe et al. 2008). Furthermore, comparisons of these three methods or model would be made in terms of the history of the method's development, features of the methods or models, focus areas, major advantages of the methods or models, disadvantages of the methods or models, duration of the process, and assessment system. Lastly, a conclusion would be made with summarizing the key differences of LFA, OPM3, and Gateway.

2. LITERATURE REVIEW

(1) Literature Review on the Logical Framework Approach

The Logical Framework Approach (LFA) is well known as a method for designing, monitoring, and evaluating international development projects. The result of LFA is four by four matrix, which is also known as log frame (LF). In addition, the y-axis of the matrix contains goal, purpose, outputs and activities, the x-axis of the matrix provides information about performance, verification means, and assumptions (Sartorius 1996). Moreover, the LFA could be variated as some tools such as Goal Oriented Project Planning (GOPP). The LFA is a historical method used to align projects to business strategy, and it was developed in 1969 by the consulting firm Practical Concepts Inc. (Sartorius 1996). There are three generations of the LFA since 1969, and the third generation of the LFA is the one that is commonly used in recent decades.

The first generation of the LFA was developed in 1969 and first used in the early 1970s. However, the first generation of the LFA began to decline in the late 1970s due to the disadvantages (Couillard, Garon&Riznic 2009). The major disadvantages of the first generation LFA is the unclear process leading to the matrix. Furthermore, there are some other disadvantages of the first generation LFA such as the differences of goal and purpose were not identified adequately, the objectively verifiable indicators were not easy to determine, and the lack of involvement of stakeholders. Therefore, the second generation of the LFA was developed by German Technical Cooperation in the 1980s, and it was named the GOPP (Goal-Oriented Project Planning). The aim of the second generation LFA is to correct some of the major disadvantages. A situation analysis, stakeholder's analysis, problem analysis, objective analysis, alternative analysis and activities planning were added to the second generation. Apparently, the second generation LFA has a more systematic structure for identification, evaluation, and design. However, the difficulties for understanding objectively verifiable indicators remains. Additionally, the second generation LFA is rigid and it brings

difficulties to integrate with other project management tools. As a result, the third generation of the LFA was proposed from the renewed interest of many international development organizations in the 1980s. The implementing of the third generation LFA became available to be integrated and used in software such as TEAMUP PCM. The advantages of the third generation LFA includes providing information about project context and stakeholder's needs, , stabilizing evaluation and monitoring of the project goal, purpose, outputs and activities, and providing great involvement of stakeholders. As a result, the third generation LFA has been w globally acknowledged as an effective project tool for evaluation, design, and monitoring. The duration of the LFA varies for different projects. Although the LFA has been keeping developing, some of the disadvantages still remain. The identification of the terminology could still be a challenge to some organizations. The differences of project goal and purpose could still be confusing and objectively verifiable indicators are still not easy to establish. (Couillard, Garon&Riznic 2009)

In a word, LFA is a method that could be used to assist projects in establishing clear and realistic objectives, to provide a basis for monitoring and evaluation and make planners think in evaluator terms, to summarise key information in one document and to provide an encouragement for a considerationof the expectations. (Aune 2000)

(2) Literature Review on OPM3

Comparing to LFA, Maturity Model System is also a globally recognized model to align projects to business strategy. The first maturity model is called Capacity Maturity Model (CCM), which was developed in 1973(Curtis, Hefley & Miller 2009). Many maturity models have been developed. As one of the Maturity Model, the Organizational Project Management Maturity Model,which is also known as OPM3, is globally acknowledged as the best-practice standard for assessing and developing capabilities in executing strategy through projects. There are three editions of OPM3 since 1998, the second edition of OPM3 was developed by the American National Standard Institute (ANSI) in 2008, and the third edition was published in 2013. (Levin &Wyzalek 2014, p13).

According to the research by Guangshe et al. (2008), OPM3 is a three-dimensional model. The maturity of the organization could be determined from different perspectives and in different ways. Firstly, OPM3 could provide a viewpoint for the best practices in the process improvement stages. Secondary, OPM3 is associated with the progression of best practices falling into three domains, which are project management, program management, and portfolio management. Thirdly, five Project Management Process Groups, include Initiating, Planning, Executing, Controlling and Closing, would be incorporated with OPM3. In addition, the capabilities and best practices with the five Project Management Process Groups could be identified by OPM3. Another advantage of OPM3 is providing a roadmap for prioritizing and planning improvements continuously, OPM3 focuses on making improvements continuously with defining four stages of maturity, which are standardized, measure, control and continuously improve. Furthermore, OPM3 is generally applicable to any organization regardless of the size and industry. Therefore, OPM3 is an excellent model to align projects to business strategy. It is a more recently developed model comparing to the LFA, and it is a three-dimensional model in terms of three domains, five Project Management Process Groups and four stages.

(3) Literature Review on the Gateway Review Process (Gateway)

Based on the literature review, the LFA is a historical method which was first generated in 1969. OPM3 is a recently developed model for aligning projects to the business strategy. The first edition of OPM3 was developed in 1998, there is a more recently developed method called Gateway.

Gateway is a method of providing project assurance, and it requiresthe project to pass through six hold points called 'gates', whichincludes strategic assessment, business case, readiness for market, tender decision, readiness for service and benefits evaluation. Passing through each gate requires satisfactorily passing an independent review and Gateway is widely used in Government. In 2000, Gateway was developed in the United Kingdom. The aim of Gateway was to make improvements on delivering major projects. After that, Gateway was adopted by the Victorian Government in 2003. Furthermore, Gateway was endorsed by the Australian Government in November 2015. (Department of Finance 2006)

According to the research by Marsh & Fawcett (2011), six key decision points of Gateway includes confirmation of business strategy, business justification, procurement method and sources of supply, investment decision, confirmation for the readiness of organization and benefits evaluation. In the United Kingdom, Gateway is completed by reviewers, the reviewers are individually accredited by the UK Office of Government Commerce. In addition, The Department's Senior Responsible Owner (SRO) would create a risk profile for all the projects. The result of risk analysis indicate the level of risk in terms of high, medium or low. With a different level of risk, Gateway would be conducted by independent teams nominated by the Gateway Unit, team contains departmental representatives or a department. The duration of the review last four days. Furthermore, SRO would conduct a report for the project to indicate a grading in terms of red, amber and green, and this report would be submitted to

OGC within seven days (Fawcett & Marsh 2012). Gateway seems to be different to all other methods due to the two features which are unusual in public policy. Firstly, the Gateway was deliberately created as a brand. Secondary, the brand is franchised (Fawcett & Marsh 2012). As a result, Gateway is quite different to the LFA and OPM3 in terms of focus areas, features of the process, duration of the process, history of the method's development, and assessment system.

3. CONCLUSION

To sum up, LFA is a historical method for aligning project to business strategy, which has three generations since 1969. OPM3 is known as a three-dimensional model in terms of three domains, five Project Management Process Groups and four stages. OPM3 have three editions and it is in the group of Maturity Model System. Gateway uses six key decision points for providing project assurance. Firstly, LFA and OPM3 are generally applicable to any organization regardless of the size and industry. However, Gateway is normally used in government. Moreover, reviewer accredited by the OGC are required in the Gateway. Secondary, the major result of LFA is a Log Frame, which is a four by four matrix, while Gateway applied six key decision points. Thirdly, the third edition of OPM3 could provide a viewpoint for the best practices in the process improvement stages. However, LFA remains some disadvantages with three generations, such as the objectively verifiable indicators are still not easy to establish. Fourthly, the duration of some process in Gateway have been allocated, such as the report conducted by SRO would be submitted to OGC within seven days. However, the duration of LFA in each phase varies on different projects.

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