

The Focused Organization
How Concentrating on a Few Key Initiatives Can Dramatically Improve Strategy Execution
By Antonio Nieto-Rodriguez
With Foreword by Greg Balestrero
(A book review by R. Max Wideman, FPMI)

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Introduction

Antonio Nieto-Rodriguez is no stranger to our web pages. In January 2005, we gave an account of his report on *Boosting Business Performance through Programme and Project Management*. The report was coauthored by Daniel Evrard and was designed to discover any correlation between organizational maturity and project performance. Based on the contents we titled the piece [Room for Improvement](http://www.maxwideman.com/papers/improvement/intro.htm). [http://www.maxwideman.com/papers/improvement/intro.htm] Since then, Antonio has moved on and had the good fortune to participate in a major merger and other transformational projects involving the need for effective project portfolio management.

From this experience and his own research, Antonio has become an expert in corporate strategy execution and associated project management. And from this he has dissected the problems that lead to failure and devised a strategy for achieving success. He has characterized his solution as the need to be extremely focused. Hence this book, *The Focused Organization*, describes the extent of common problems in enabling corporate change, and how to accomplish far-reaching change successfully.

As Greg Balestrero, Retired President and CEO, Project Management Institute, observes in his endorsement:¹

"The author introduces a new way of looking at a company through two very different, and often conflicting, dimensions: running-the-business and changing-the-business. What you add to one dimension, you have to subtract from the other. Finding the right balance between these two dimensions represents one of the major challenges to successful strategy execution.

Becoming a focused organization involves a radical change in the way companies are organized and the way they select and manage projects – the creation of a new culture. *The Focused Organization* discusses the characteristics that comprise a focused organization and describes key areas where an organization can build its levels of maturity; provides examples of focused organizations that outperform the rest; and explains in practical steps how all enterprises can become focused."

This book should be required reading for all CEOs and members of the C-suite running companies and organizations generally that are involved in projects. That is, especially those with a view to becoming competitive, or otherwise successfully connecting strategy with execution. It will also be of significant interest to middle managers and project managers aspiring to climb up the corporate ladder.

About the author

Antonio Nieto-Rodriguez has an MBA from the London Business School and a degree in

economics. He is fluent in Spanish, English, Dutch and French. He teaches as a Professor of Project Management and Strategy Execution in the MBA programs of Solvay Business School in Belgium, Nyenrode Business School in the Netherlands and Boston University, USA. He worked for PricewaterhouseCoopers for over ten years where he was lead practitioner advising top European companies on Project and Portfolio Management Practice. Subsequently, he was head of the Post Merger team at Fortis Bank that was involved in the largest merger in the financial sector – the acquisition of ABN AMBRO. Currently, Antonio is head of Transversal Portfolio Management at BNP Paribas Fortis, responsible for the selection and execution of all large strategic projects in the bank, numbering about 130.

Book Structure

Aside from the Introduction, this book consists of only six chapters divided into two parts of three chapters each. The contents are as follows:

Introduction

Part I – WHY MOST COMPANIES ONLY PARTIALLY ACHIEVE THEIR STRATEGIES

1. Organizational Evolution and the Challenges of Strategy Execution
2. Evidence of the Neglect of Project Management
3. Why So Many Strategic Initiatives Have Failed

Part II – THE BENEFITS AND METHODS OF BECOMING FOCUSED

4. How Companies Can FOCUS
5. A Six-Pillar Framework for Becoming a Focused Organization
6. How to Implement a Focused Organization

Case Study: The Evolution of Spare Parts Benny, Inc.

Bibliography

The background of the author is in business administration and that includes a significant interest in information technology. That is where most projects are to be found to day, relatively short though they are, but nonetheless complex and expensive. It is also, sad to say, where project failures appear to be most prevalent. According to Antonio's research, one of the biggest problems is a failure to connect corporate strategy with strategy execution, that is, with relevant projects.

Indeed, some of Antonio's findings are startling. Even though the number and complexity of projects has increased over the years, project portfolio management in particular, has not been recognized as a discipline. Even project management has not exactly been a priority amongst business leaders and academics alike. Given the trend to more projects in the business world, increased competition and a global market place, this needs to change. This book examines the conflict between "run-the-business" (operations) and "change-the-business" (projects), the optimum balance of resources between the two, and how best to move forward.

This book is very well written in short digestible paragraphs containing sentences that state the author's thoughts in phrases that are sharp and to the point. Where these thoughts require amplification through multiple examples, these are presented in bulleted or numbered lists. This strategy enables the book to be read not only as a continuum that is easy to read, but also used as a reference guide for those wishing to adopt the book's recommendations. And points there are many because project management, poorly recognized as it is at many upper management levels, is a highly complex subject.

The book has a total of 241 pages, including 42 explanatory figures and tables. It ends with a fascinating

case study that describes the management history of a company by taking the reader through the evolving world of business management as well as the economic ups and downs from 1913 to around 2000. It is a long narrative covering 39 pages, but is worth a close reading for its historical instruction, famous names in the management world and, of course, exemplifying the challenges and lessons described in the book.

Antonio's book does not include a Glossary of Project Management Terms.

What we liked – Part I

Antonio's challenge

In Part I of his book, Antonio describes how he set out to discover just exactly "Why Most Companies only partially Achieve Their Strategies". In doing so, he first sets the stage by making two separate but related distinctions. The first is the essence of corporate strategy, i.e. the difference between "Strategic Planning", and "Strategy Execution" (i.e. implementation). The second is the difference between "Run-the-Business", i.e. operations, and "Change-the-Business", i.e. projects.

As he says:²

"After serving as manager of numerous strategic and transformational projects, I started to wonder how organizations could successfully select and manage hundreds of projects – some of them large, transformational and strategic, but also lots of smaller ones – when most to them had difficulty efficiently handling just one."

Very good question! In searching for an answer he surprisingly discovered that there was very little literature and academic thought on strategy execution/implementation. That's when he decided to do his own research, the subject of this book.

Interestingly, over the last decade we have seen in the project management literature, increasing calls for ensuring that a project's Business Case is aligned with corporate strategy as justification. That's looking up the ladder. In contrast, we have not heard corresponding calls for upper management to deliberately fashion viable project programs for executing their corporate strategic intent. That is, looking down the ladder.

That's a bit like going into a candy shop and sampling a whole range of candies to see which best fits our appetite. Instead, we could exactly describe what we are looking for, such as more energy, and consequently zeroing in on black chocolate. In Antonio's case he "was looking for the magic formula that would enable an organization to configure all of its various elements – e.g. strategy selection, processes, competencies, structure, roles, systems and culture – so that it maximized its success in these areas."³

In this search, Antonio made two discoveries: almost unaware, companies have begun implementing strategic initiatives through projects and project management. Secondly, "this trend renders obsolete some of the most popular cited theories in business management, such as Porter's value chain, and identifies flaws in the current accounting standards for assessing and organization's fair value."⁴ Figure 1 illustrates the impact on GDP of this relentless trend from less than 10% in 1900 to close to 40% today. Rest assured, Change-the-Business (projects) is becoming big business.

The reality

According to Antonio:

"[As the figure shows] more and more organizations have been turning from operations work to project work. Amazingly, however, the academic world has failed to identify this trend. Only a handful of companies have fully exploited the benefits of this shift, many without really knowing that the change is taking place."⁵

"But this trend has enormous consequences for the way companies are managed – it represents a new paradigm. *The change-the-business dimension is completely different from the run-the-business side in almost every single element: management processes, tools, skills, structure, governance, control, performance metrics and so forth. Because neither management gurus nor the academic world have noticed this trend, it has grown in a unique way within each company.* Despite the differences in how the trend is expressed, it always results in significant conflicts between these two dimensions, which explains why so many projects fail and so many strategies are not executed successfully."⁶

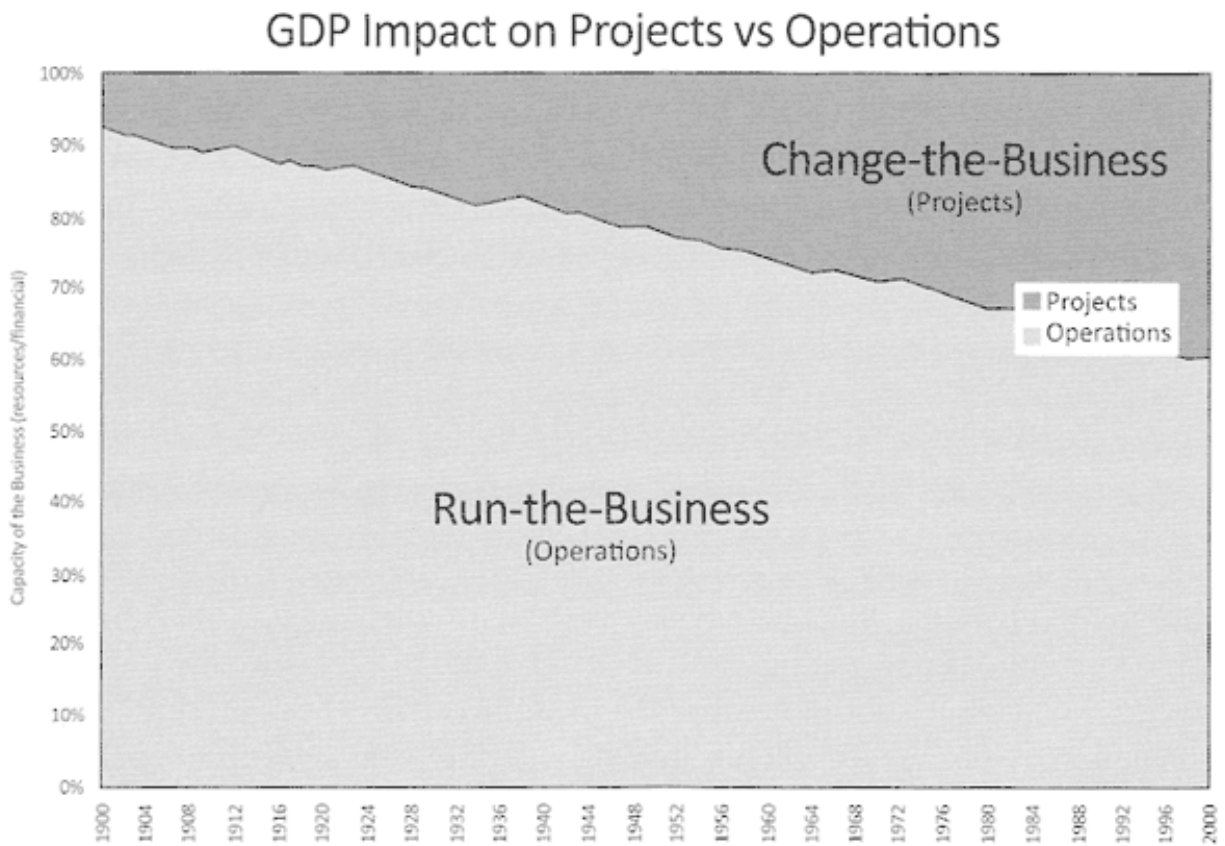


Figure 1: Economic evidence of the trend⁷

As a specific example – because "The change-the-business dimension is completely different from the run-the-business side", it is not possible for project management to rely on corporate accounting for project cost control. The former is prospective based on estimates within ranges, while the latter is purely historic and accurate to the penny.

Moreover, as Antonio explains, organizational evolution over the last hundred years has involved major

changes, from an industrial economy to an information society and the mass use of personal computers and the Internet.⁸ But attention has been solely on improvements in the efficiency of such Run-the-Business items as Knowledge Management, Service or Product Design, Sourcing, Production, Sales & Marketing, and Service or Product Delivery with financial accountability standards established accordingly.

Lack of attention to project management

While it is true that "Without operations there is no business"⁹ growing the business and boosting its profitability depends heavily on initiating and successfully completing projects.¹⁰ Unfortunately, as noted earlier, there has been much less attention on how to track the financial value of projects that could amount to 35% or more of the business.

What Antonio discovered is that "most heads of organizations view project management as a highly technical discipline – an area for engineers, information technology (IT) professionals and project managers. Consequently, they:¹¹

- Lack a basic understanding of how to link each of their strategic projects with the company's overall strategy.
- Do not devote much time to developing project management in-house.
- Fail to implement a formal project selection process and investment committee to discuss, prioritize and decide on all the new proposals.
- Lack the means to monitor the success or failure of their strategic projects.
- And therefore do not spend enough time following up on the execution of projects.

Disregard by Business Management Gurus and lack of sufficient corporate attention on the execution of projects, especially their financial implications, has likely permitted a lackadaisical attention to project cost accounting generally.¹² The result is consequent serious cost overruns in many cases. We would add that in our view, present day professional project management associations are complicit in encouraging this self-serving view of "project management as a highly technical discipline". This view is compounded by failing to differentiate between the job of managing a project from the job of managing the project's technology.

To summarize, Antonio says that:¹³

"During the past century, companies' efforts to achieve their strategic initiatives have led to a relentless improvement, and thus constant reduction, of operational work (run the business activities) and an unstoppable increase in projects (change the business activities). This slow but inevitable trend has had a significant impact on strategy execution. Unfortunately many companies remain ill equipped to manage the shift. Therefore, as the number of projects multiplied, the rate of strategic failures increased. My research shows that the traditional functional company's poor project management skills – and the resulting difficulties in executing its strategy – can be linked to seven main obstacles:

1. Omission of uniform methods and standard processes.
2. Misalignment of organizational structure with the company's changing reality.
3. Absence of appropriate governing structure to support strategy execution.
4. Lack of project execution culture, skills and leadership attention.
5. Complexity of tracking and forecasting project costs, financials and benefits.

6. Inadequacy of systems and tools for monitoring strategy execution.
7. Lack of focus."

All of these issues are dealt with in detail in Antonio's book. In particular, the idea that investing in many initiatives in the belief that this will increase the chances of success is totally wrong because it only leads to a lack of focus.

What we liked – Part II

According to a recent study of 250,000 respondents, modern tools of communication result in the wastage of 30-40% of employees' time in the workplace. This is due to unplanned interruptions and the need to restore subsequent mental focus.¹⁴ Author Antonio Nieto-Rodriguez suggests that lack of focus leads not only to unhappiness but also to:¹⁵

- Errors.
- Wasted time.
- Miscommunication and misunderstanding.
- Reduced productivity.
- Loss of revenues.

Therefore, Antonio dedicates Part II of his book to how organizations can forestall these debilitating conditions. He does this by concentrating on his view of the elements of successful Strategy *Execution* as distinct from Strategic *Planning*. As he says:¹⁶

"[F]inding ways to achieve the strategic goals is what today is known as 'strategic planning', while 'strategy execution' is the method used to achieve those goals. The three most important elements of successful strategy execution are:

- Identifying the company's core competencies that will differentiate it from the competition.
- Selecting and prioritizing the initiatives that will exploit those core competencies and create sustainable growth via the company's strategic plan.
- Organizing company resources so as to optimally execute the chosen strategy."

At the same time, for reasons noted earlier, it is essential to maintain a balance between Run-the-Business and Change-the-Business. Figure 2 illustrates Antonio's idea of a well-balanced company.

Antonio's thesis is that if all of the organization's fundamental elements benefit from becoming focused, the chances of improving strategy implementation are very high. However, although becoming focused will increase the chances of successful strategy execution, the strategy chosen and the decisions made must be the right ones.¹⁷ To better explain the key elements a company needs to be successful in their strategy execution, Antonio uses the word "focused" as an acronym.

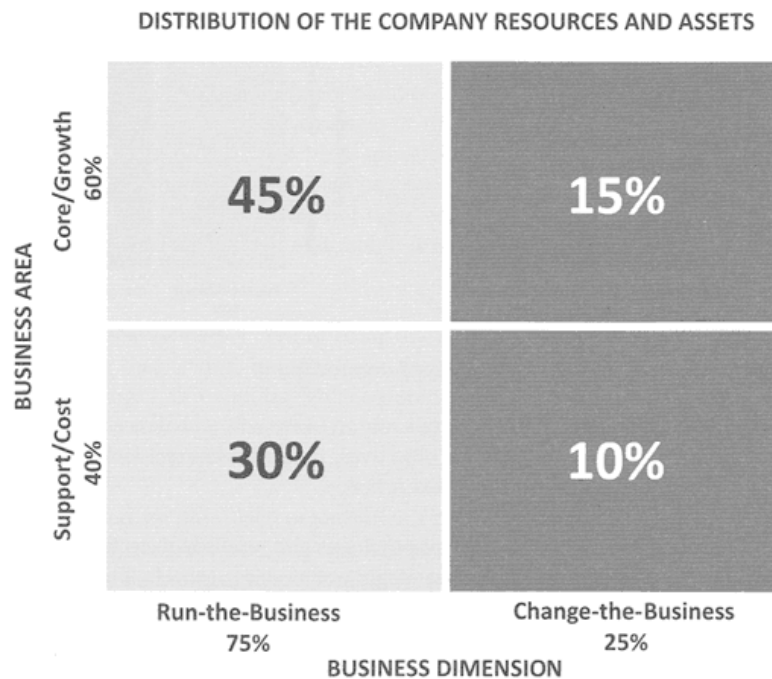


Figure 2: Example of a recommended Resource Distribution Matrix

As Antonio says:¹⁸

"FOCUSED can be thought of as an acronym that stands for:

F – Fewer projects rather than many. A focused organization that is able to effectively select and prioritize its projects and invests in just three to five good initiatives at a time clearly outperforms organizations that take on too many projects. The few projects that are selected are linked to one or several strategic objectives and are fully supported by top management.

O – Organized staff. A focused enterprise is made out of the very best professionals and only the best survive. The staff is organized in such a way that all personnel know what is expected of them. They do not waste time on activities that are not part of their core skill set; they focus on their key strengths and core capabilities instead of trying to improve their weaknesses. Moreover, run-the-business activities are clearly differentiated from change-the-business activities and the latter's resources are identified.

C – Competitive mindset. The focused company competes with the outside world rather than internally, using innovation and excellence as its main differentiation. Internal competition,¹⁹ which is so negative in the long term, is eliminated because all the organization's effort is placed on doing what it does best in order to beat the competition.

U – Urgency. In business, time is money – even more so with the current level of globalization. Organizations need to launch their initiatives quickly. The time to market for new products must become shorter and shorter. Creating a sense of urgency is a competitive advantage, and the focused organization is always aware of this fact. Urgency is also needed to focus staff and encourage them to give of their best and deliver on time what is expected of them.

S – Strategy alignment. In a focused organization all staff are aware of the strategic objectives of the company and how they will be achieved. Every initiative in a focused organization's change-the-business dimension should be linked to one or several strategic objectives. Any initiative that is not so linked should be immediately cancelled.²⁰

E – Excellence. A focused organization applies the highest standards to everything it does, and its products and/or services are known for their quality. Sustainable excellence requires attention to the details of every aspect of the organization: values, quality of employees, internal and external processes, and customer service.

D – Discipline.²¹ Companies today need discipline to execute their strategy and key initiatives; without it, consistent performance becomes very difficult. Discipline should not be seen as something negative that inhibits innovation. Rather, innovation depends on discipline. Discipline for the staff means that once top management has approved a strategic project it should be meticulously executed without being questioned again and again.

The rest of the book explains in detail how these ideals can be accomplished in practical steps and, sometimes, what happens if they are not!

Conclusion

Downside

A major focus of the book is the differentiation between "run-the-business" and "change-the-business". But from many remarks made in the book from time to time, it is apparent that the type of "business" that the author has in mind is one that is commercial and global in scope. Nevertheless, companies of lesser scope should not be deterred from the wisdom that the book offers.

However, bear in mind that these days about half the workforce work either directly or indirectly for some level of government, quasi-government, crown corporations or their equivalents. Therefore, it should be made clear that government and non-profits could also benefit their constituents mightily if they took a very similar set of actions, especially where offering services or creating regulations are concerned.

Summary

In our opinion, and based on our own experiences, Antonio's observations and recommendations really do ring true. Thus we believe that his advice is reliable, in-depth and easy to follow. The problem is that what we are talking about here is a major culture change in the way businesses, as well as administrations, are taught, promulgated and run. And that needs to be accomplished in the face of decades of ubiquitous fine-tuned run-the-business, silo-styled practices. Such dramatic culture change typically takes years, if not generations.

But we can always hope.

R. Max Wideman
Fellow, PMI

¹ Nieto-Rodriguez, Antonio, *The Focused Organization*, Gower Publishing Limited, Surrey, England, 2012, back cover endorsement

² Ibid, p1

³ Ibid, p2

⁴ Ibid.

⁵ Ibid, p3

⁶ Ibid. The italics are the author's.

⁷ Ibid, p38

⁸ Ibid, p13

⁹ Ibid, p17

¹⁰ Ibid.

¹¹ Ibid, p41

¹² Antonio goes to some length to describe the work of many Business Management Gurus and consulting companies and their absence of attention to project management.

¹³ Ibid, p59

¹⁴ According to a study by Daniel Gilbert and Matthew Killingsworth of 250,000 respondents, cited in New York Times, November 15 2010

¹⁵ *The Focused Organization*, p77

¹⁶ Ibid, pp81-82

¹⁷ Ibid, p96

¹⁸ Ibid, ideas excerpted from p97 through p102

¹⁹ Some people call this "in-fighting".

²⁰ Of course, unaligned initiatives should not have been approved in the first place.

²¹ The author defines discipline as "training to act in accordance with rules" or "the activity, exercise, or regimen that develops or improves a skill" p101