

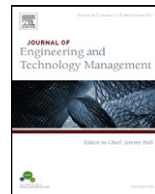


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# How project strategy is used in project management: Cases of new product development and software development projects

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### ABSTRACT

Project strategy is an emerging concept in the research literature on project management. Many authors suggest that such a strategy should be used by a project team as a guideline for effectively performing project activities. In this study, we explore how project strategy is used. We found that the project teams applied various forms of project strategy, namely, Product Superiority, Customer Intimacy, and Time-to-Market strategies. A combination of these strategies was also used. This study contributes to the literature in the area of strategic alignment and strategy implementation. It also helps practitioners better understand how to implement project strategy.

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### Introduction

For decades, researchers and practitioners have been searching for a better way to manage projects. In the research domain, several researchers have proposed new tools and techniques (Leach, 1999; Kessler, 2000), while others have conducted extensive studies on, for example, process (Spivey et al., 1997), success factors and dimensions (Pinto and Slevin, 1989; Shenhar et al., 2001), teams and leadership (Frame, 1999; Thamhain, 2004), and project typology (Wheelwright and Clark, 1992; Shenhar and Dvir, 2007). Even so, scholars and practitioners have agreed that many projects are

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managed in an ineffective way and that such poor management leads to a tremendous loss in productivity, profitability, and employee morale (Williams, 2005).

Several researchers focus their attention on strategic aspects of project management and claim that such an approach helps organizations improve their performance since it seems that the traditional emphasis on meeting time, budget and project performance goals is no longer sufficient to guarantee the achievement of organizational objectives (Cleland, 1998; Shenhar and Dvir, 2007). The literature in this area can be grouped into three research streams. Researchers in the first stream take an organizational view and discuss the significance of project management as a source of strategic advantage to a company. Studies in this stream include the development and sustainment of project management as a strategic asset (Jugdev, 2003) and strategy implementation by projects (Pellegrinelli and Bowman, 1994; Longman and Mullins, 2004; Morris, 2009). In the second stream, researchers recognize the strategic importance of projects and propose some concepts and methodologies for project selection (Englund and Graham, 1999), project assignments (Patanakul et al., 2007), and project portfolio management (Platje et al., 1994; Cooper et al., 1998). In the third stream, the focus of this paper, researchers put more emphasis on a strategic approach to project management based on the realization that projects are, most of the time, initiated to achieve business results (Pennypacker and Dye, 2002) and that the project management implementation should be better aligned with the higher level enterprise strategy (Srivannaboon, 2006). The strategic approach to project management does not discard the traditional mindset that emphasizes time, budget and quality goals. What it implies is that organizations, project teams, project managers, and executives must better learn how to focus project execution on achieving the business results of the organization – more profits, additional growth, and improved market position, to name a few (Cleland, 1998; Shenhar, 2004). In the modern organization, project teams should therefore better understand the needs of the enterprise at large and then plan and execute their projects, not just for meeting time and budget goals, but also for creating customer satisfaction, and above all, achieving business results.

One of the central building blocks of the strategic project management approach is the concept of “*project strategy*.” Although research on strategy is not new, research on project strategy is relatively new to project management and has gained some momentum in project management research. Several researchers agree that having such a strategy helps a project manager adapt project management for better business results (Morris and Jamieson, 2005; Artto et al., 2008). Project strategy could be a mechanism to link the business strategy to project management. For example, in a firm pursuing a differentiation strategy, project managers must know that the unique features of their project products contribute to the accomplishment of the firm’s strategy and competitive advantage. During project planning and execution, the project managers should focus on developing products with unique features. The development cost or time may have to be sacrificed. To do so, project managers can develop a project strategy to guide the planning and execution of their projects. Such a strategy will guide the behavior of the project team toward the development of products with unique features. Apple’s famous project of building and introducing the iPod/iTunes fits well with this example.

The concept of project strategy is viable and persuasive. However, the researchers and mainstream practitioners still lack an understanding of how project strategy is realized in practice (Morris and Jamieson, 2005). First, despite the fact that the researchers conceptually suggest and discuss project strategy, they still do not understand clearly how a project team develops such a strategy (Shenhar et al., 2007; Artto et al., 2008). Second, since there are different forms of business strategy and researchers suggest and discuss the alignment between business strategy and project strategy (Morris and Jamieson, 2005; Srivannaboon and Milosevic, 2006), the questions are: do various forms of project strategy exist and if so, are these forms mutually exclusive? A better understanding on these issues will provide major contributions to project management research and practice. To the research community, such an understanding advances the existing literature by providing evidence on how project teams apply strategies and provides a foundation for future research on e.g., strategic alignment and project strategy implementation. For practitioners, such an understanding could lead to the development of a practical framework for applying project strategy that practitioners can develop contingently to their business practices. These unaddressed issues and their potential contributions motivated us to conduct this study. In essence, our primary objective is to investigate how project teams apply strategies. Case study research was conducted in five companies to

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