

Brian Kooyman's reflections on Professor Peter Steyn's paper

Introduction

As Professor Steyn states in the abstract, his paper primarily bases its approach on the findings of a recent IBM survey, which found “consensus among chief executive officers that organisations are bombarded by change and that many are struggling to cope with the transformation”.

The survey referred to is dated 2008, and indicates that “the gap between expected change and the ability to manage the required transformation has almost tripled since IBM's previous study in 2006”.

Steyn refers to both the internal and external environments of organisations becoming much more volatile over the past decade and, although the drivers are different for the two environments, the effect is that management of the organisation is being pressured from two opposing directions. I believe this observation is correct and that the pressure is likely to increase and become more complex to resolve. Thus to survive and prosper, organisations need to understand all the drivers of their environment and yet be flexible to respond rapidly to the change. This leads to the question: How should processes and systems be placed in an organisation such that they provide the safeguards and efficiencies necessary for the organisation to operate, without hindering organisational flexibility?

Commentary

Steyn's paper addresses the dramatic impact of change and the need for organisations to adopt and manage change, which, if done adroitly, can actually provide a competitive advantage. However, the paper tends to jump to “program management and portfolio management” (project management tools) as a methodology to manage the “potential threats, opportunities and innovations” that are introduced to an organisation through a “virtual network of partners”. I am not sure that this is a real answer from a strategic or policy direction of a business. I get the impression that the author has written the paper primarily from a process or project management perspective, and that the jump to program management tools seems to be an unjustified leap. This is not to say it is a wrong approach, just that the rationale for it is not spelt out.

If portfolio and/or program management are to be seen by business leaders as a viable aid or alternative to current or developing management processes, then the concept and application of a chief portfolio officer (and subsequently the concept of portfolio or program management offices) needs to be offered as a viable management process that will add value to business management processes and the desired outcomes. The paper assumes the advantages of portfolio and program management and presents no business arguments to justify this as a “value adding” approach and hence an attractive proposition for boards or directors of organisations.

The paper does emphasise the value of the portfolio approach: “Maximum flexibility and control are provided by the progress reviews adopted in the program approach. Its team-based structures are multifunctional and cater for authority, responsibility, accountability, expertise, quick response and cooperation.” The recommendation regarding regular and honest/objective progress reviews is a valuable one, but these reviews must be forward looking (i.e. forecasting) and aligned with the overall objectives of the project or projects such that a “total” picture can be easily assessed — this requires strategic/business input as well as project management input. The paper does not emphasise this element as much as I would have expected.

Figures 1, 2 and 3 in the paper are far too complicated and would appear to contradict the proposed concept of trying to introduce portfolio management, which, if it is to assist in managing rapid change, will need a simple and excellent communication and organisational structure. The diagrams indicate a complication that, in reality, is likely to lead to competing silos. Who reports to who? For example, who reports to the chief executive officer, chief project officer, chief operating officer and chief financial officer?

One can imagine the complications and potential lack of information/communication that can occur in such an organisational structure. There has to be a single line of accountability and decision making for the top two or three levels; if not, the dilemma will be: Who does the chief executive listen to? Who has the accountability? And who is the decision maker?

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