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Project Portfolio Management as a Tool for Strategy Implementation in the FMCG Sector: A Case Study

Abstract

This article presents an analysis of the strategy implementation process in an FMCG sector company using project portfolio management. The study was based on two methods: a case study and participant observation, which revealed the importance of three dimensions: functional, structural and instrumental. The key mechanism supporting strategy implementation is the WCOM programme, which integrates operational activities with strategic goals, ensuring consistency and efficiency. The findings indicate that effective project portfolio management not only enhances the efficiency of strategy implementation but also facilitates better alignment of operational activities with changing market conditions. The conclusions have applications in both practice and future research on project management in dynamic industries.

Keywords: project portfolio management, strategy implementation, FMCG industry, organisational effectiveness, change management
JEL Classification: D23, L21, L22, L26, O22

Introduction

In a dynamically changing environment, companies are increasingly using projects as a tool for strategy implementation, and managing a portfolio of projects enables a flexible response to changes and the adaptation of activities to stakeholder expectations. Particularly in the fast-moving consumer goods industry, the role of projects in strategy implementation is becoming more significant, with the FMCG (Fast Moving Consumer Goods) industry characterised by high competitiveness and low product margins, which enforces the need not only for continuous improvement in operations management (process management), but also for the implementation of a long-term strategy. Project portfolio management can play a key role in the strategy implementation process of FMCG companies.

The aim of this paper is to show how project portfolio management supports the implementation of an organisation's strategy in the FMCG industry, with the focus of the article on the connection between projects and the implementation of strategic objectives, particularly project portfolio management as a "bridge" between strategic and operational planning. The entire consideration is based on two initial assumptions. The first is the recognition that project portfolio management increases the effectiveness of strategy implementation, while the second is that the use of integrated project management tools and methods facilitates the alignment of operational activities with strategic objectives.

In relation to the assumptions set forth, three research questions were formulated: 1) What are the mechanisms of influence of project portfolio management on the effectiveness of strategy implementation?, 2) What tools and methods are used in the process of project portfolio management in the FMCG industry? and 3) What are the benefits and challenges of implementing a strategy through projects? The research questions posed provide insight into how project portfolio management can be used as an effective tool to support strategy implementation in the FMCG industry. To answer the above questions, the paper uses two complementary research methods: case study and participant observation, to analyse an enterprise operating in the FMCG industry, the operations of which are characterised by high dynamics and high complexity. The selected research methods enabled a detailed analysis of the effectiveness of project portfolio management and the identification of practical challenges related to the implementation of the strategy.

The research problem is presented at the beginning of the article, defining the concept of project portfolio management, its role in strategy implementation, and identifying research gaps in the context of the FMCG industry. The next section describes the research methods used, including a case study and participant observation, as well as the data collection process and characteristics of the company under study. The results of the research are discussed in the next section of the article, where qualitative and quantitative analysis and conclusions on the effectiveness of project portfolio management in the FMCG industry are presented. They are then discussed in the context of the literature, with practical implications identified. The article concludes with conclusions that summarise the main findings, point out limitations of the study, and suggest directions for future research.

Research problem

A project portfolio can be defined as a set of initiatives focused on achieving an organisation's strategic objectives [Project Management Institute, 2008]. Project portfolio management is defined as a dynamic process involving the identification, selection, authorisation, balancing and control of projects to achieve intended business outcomes [Cooper, 2001], which not only supports the implementation of a strategy, but also enables flexible adaptation of activities to a changing business environment [Meskendahl, 2010]. The literature emphasises that effective project portfolio management makes it possible to flexibly adapt an organisation's activities to a dynamically changing environment [Cabała et al., 2018] and stakeholder expectations [Benko, McFarlan, 2003; Levine, 2005], as well as increase the effectiveness of companies in implementing a strategy [Bukłaha et al., 2022].

According to Levin [2005], project portfolio management can act as a bridge between strategy and operations, enabling the achievement of long-term goals. Integrating a strategy within a project portfolio enables a company to not only increase the speed of implementation of strategic plans and bridge the gap between strategy and implementation, but also minimise the risks associated with project failures that result from a mismatch between projects and the organisation's overall intentions.

The issue of project portfolio management, particularly with regard to the implementation of the strategy and the implementation of objectives derived from it, is strongly related to the phenomenon of projectification and stems from the concept of organisational ambidexterity. The former determines the degree of use of this approach in the implementation of long-, medium-, and short-term activities [see, for example, Jałocha, 2019], referring to the level of project maturity of the organisation, particularly in terms of organisational, regulatory and procedural, cultural, resource and human aspects. The higher its level, the greater the relevance of project management in the process of generating profits and achieving non-financial benefits for the organisation. On the other hand, the concept of organisational ambidexterity links strong dynamic relationships between process activities (operational, called Run-the-Business) and project activities, and the implementation of change and transformation in the organisation (called Change-the-Business). In this view, projects, as well as their programmes and portfolios, are treated as a primary tool for implementing change and innovation, achieving strategic goals and optimising iterative activities [see, for example, Zakrzewska-Bielawska, 2017].

The concept of project portfolio management also emphasises the importance of strategic project alignment, which includes the decomposition of strategic goals, project selection and project prioritisation [Bukłaha et al., 2022; Unger et al., 2012], while one of the key challenges is balancing the project portfolio, which involves weighing short-term benefits against long-term business value. It is additionally worth mentioning several other issues that need to be addressed to smoothly integrate projects into the processes of achieving strategic goals, such as the need for [Bukłaha et al., 2022]:

- rational selection, prioritisation and ranking of relevant projects,
- effective monitoring and control of existing initiatives with different levels of strategic relevance,
- proper allocation of resources for the simultaneous implementation of multiple projects,
- conducting sufficiently frequent and detailed reviews of the progress of work and evaluation of the results obtained within the projects belonging to an organisation's strategic portfolio,
- effective management of linkages between projects, programmes and chains of projects.

In this context, Kopmann et al. [2015] distinguished five dimensions of project portfolio management success: strategic alignment (ensuring that projects are aligned with strategic goals), future readiness (considering long-term prospects in the context of technological assets and competencies), portfolio sustainability (shaping the right relationship between risks and opportunities through efficient use of resources), project outcomes (ensuring the quality of individual projects' outputs), and leveraging synergies (reaping the benefits of integrating projects in a portfolio).

In summary, the literature indicates that integrating strategy with project portfolios allows organisations to implement strategic plans more quickly and efficiently, while minimising the risk of project failure due to mismatches with long-term organisational intentions. However, this process requires close alignment of projects with strategic goals and effective portfolio balancing, which is a challenge especially in industries with high market volatility, such as the fast-moving consumer goods sector (FMCG).

The FMCG industry, which includes everyday products such as food, beverages, cosmetics and chemical products, plays an important role in today's economy. The sector is characterised by high dynamics, a wide variety of products, intense competition and low margins. In Poland, the FMCG market is estimated at more than PLN 255 billion, with an upward trend, making it one of the most important segments of the economy [GUS, 2024]. High volatility and the need to respond flexibly to consumer preferences make it necessary for these companies to constantly adjust their product offerings, innovate, and change operational strategies.

Management in the FMCG industry focuses primarily on the efficiency of operational processes, such as logistics and retailing, which are key to maintaining competitiveness. At the same time, the volatility of consumer preferences and intense competitive pressures require the implementation of long-term strategies that allow companies to balance the exploration of new opportunities with the exploitation of existing resources. Such an approach, known as ambidexterity, can support organisations in remaining competitive in volatile market conditions.

One of the key problems of strategy implementation in the FMCG industry is the difficulty of integrating strategic and operational activities, with companies often focusing on current production and sales processes, overlooking the need for systematic project portfolio management as a tool for strategy implementation. From a project portfolio management perspective, a significant challenge is the need to properly select and prioritise projects to balance short-term benefits with long-term business value, while the introduction of new products is fraught with risk – most new products fail to achieve their sales targets [GUS, 2024].

Good practices for strategy implementation in the FMCG industry can provide a valuable knowledge base for companies seeking to improve the efficiency of their operations, with effective project portfolio management able to support an organisation's adaptation to dynamic market changes, although this requires a deeper understanding of project management mechanisms in the strategy implementation process. The FMCG industry faces many challenges in properly balancing strategic and operational activities, and learning about specific usable solutions and the experience of one company in the FMCG industry can inspire further development of project management knowledge both in research terms (undertaking further empirical studies) and practical terms (supporting managers responsible for strategy implementation) [Olutimehin et al., 2024].

Research method

The research was conducted using two complementary methods: a case study and participatory observation. Both methods allowed us to analyse the mechanisms of the organisation in its real-world context, which was key to answering the research questions.

As a research method, observation allows for understanding the perspective of the phenomenon under study through the systematic and purposeful collection of data about behaviours, processes and phenomena occurring in natural settings [Łobocki, 2009]. There are two types of observation: overt observation, where the subjects are aware of the observation being conducted, and covert observation, where the subjects are unaware that they are participating in the study. Through participant observation, the researcher gains access to informal information that is not available in interviews or surveys, experiencing the process rather than merely obtaining a description of it, and comparing the written word with spoken activities.

One of the authors participated in the process of strategy implementation through projects in the company under analysis. During the observation, the researcher conducted interviews, analysed provided documents, and both watched and participated in the implementation of the strategy within the context of the analysed case. Active observation provided an understanding of the process, the connections and dependencies within the organisation, as well as practical experience of the strategy's implementation through projects. It also provided unique qualitative data, allowing for a comprehensive understanding of the phenomena under study.

The case study, as defined by Yin [2014], is a research method used in situations where the research questions concern the "how" or "why" aspects, with the researcher having limited influence on behavioural phenomena, and the study focusing on contemporary phenomena in their real context. The literature distinguishes three main purposes for using this method: theory-creating (creating or supplementing theory), theory testing (falsifying theory) and descriptive (understanding reality and creating patterns of behaviour) [Crowther, Lancaster, 2009]. The case study also allows for triangulation of data, combining different sources of information, which strengthens the reliability of the results obtained [Glinka, Czakon, 2021].

In this study, a case study was conducted at the Polish branch of a multinational organisation in the FMCG sector, which currently operates in the food industry and specialises in confectionery products. The research was conducted in 2022–2023, during a period of significant strategic changes regarding the planning system at the level of the entire organisation and its individual branches.

The study was conducted in several stages (Table 1). At the outset, the framework assumptions and research questions were adopted and the subject of the study was defined. A triangulation of research methods was used during the study, and a hybrid approach combining different methods (interviews, observation, document analysis) aimed to ensure the complementarity of the results [Stańczyk, 2015]. The data obtained formed the basis for the development of the case study and practical and theoretical conclusions, with the purpose of the case study being to analyse the project portfolio management processes in the context of the supply chain and manufacturing operations at a selected enterprise that implemented the World Class Operations Management (WCOM) approach and a system for integrating project management with strategic objectives.

Table 1. Course of the research process

Phase	Description
Research design	Defining the research assumptions: 1) project portfolio management increases the efficiency of strategy implementation, 2) the use of integrated project management tools and methods facilitates the alignment of operational activities with strategic objectives. Define the research questions: 1) What are the mechanisms for the impact of project portfolio management on the effectiveness of strategy implementation? 2) What tools and methods are used in the project portfolio management process in the FMCG industry? 3) What are the benefits and challenges of implementing a strategy through projects?
Study design	Selecting an FMCG company as a case for analysis. Adopting a hybrid approach that combines participant observation with the case study method. Establishing a structure for analysing project portfolio management processes in the context of strategy implementation.
Research preparation	Developing detailed research tools: participatory observation protocols and a detailed case study plan. Conducting a preliminary review of the organisation's documents.
Data collecting	Participatory observation: participation in key stages of strategy implementation through projects. Case study: analysis of project portfolio management processes in supply chain and manufacturing operations.
Data analysis	Combining data from participatory observation, interviews and organisational documentation. Use of triangulation to verify the compatibility and complementarity of the results obtained.
Conclusion presentation	The results of the research were used to develop practical conclusions and recommendations for FMCG companies, and verify theoretical assumptions about project portfolio management.

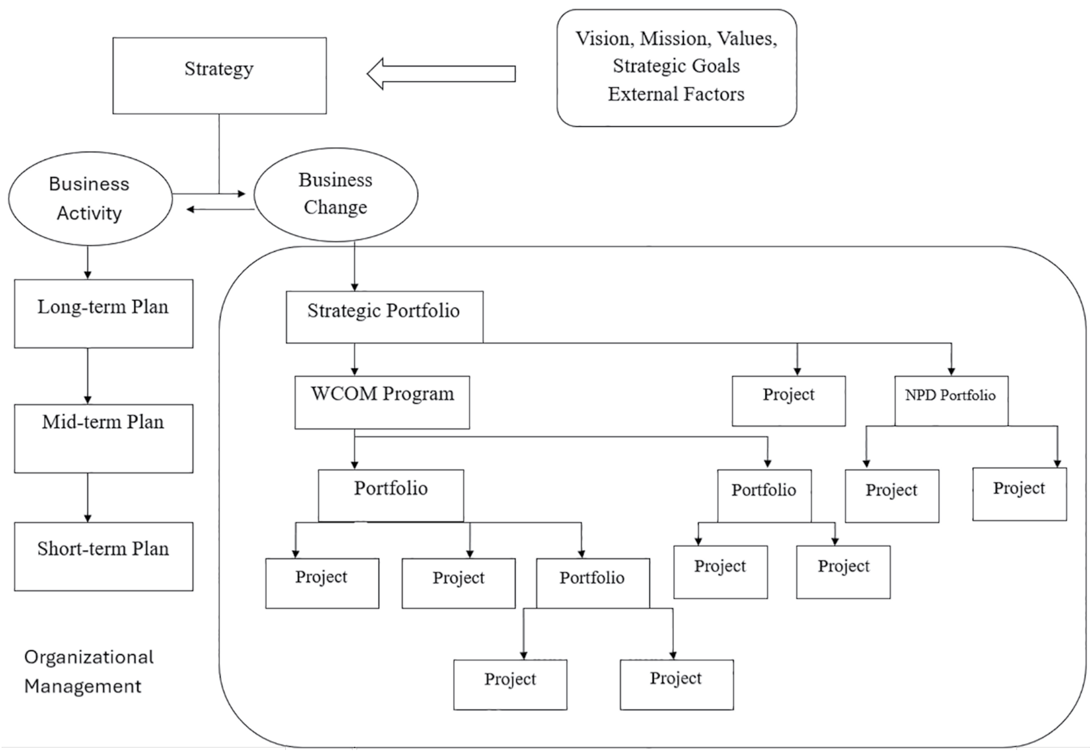
Source: own material.

Results and analysis

The research was conducted at the Polish branch of an international FMCG organisation founded in Germany in 1889. The company, which specialises in confectionery products, has two production facilities in Poland, employing a total of around 600 people. The research was carried out at a crucial time, with the organisation in the process of launching a new line of products related to healthy food in response to changing market trends and growing consumer interest in products with higher nutritional value.

The organisation under study is pursuing a complex process of implementing a product strategy. A key element of this process is the use of project portfolio management methodologies and tools such as the BCG (Boston Consulting Group) matrix, which classifies products based on market growth rate and market share, with products divided into stars, milking cows and question marks, which allows for resource allocation.

Figure 1. The concept of strategy implementation in the enterprise under study



Source: own material based on internal documentation.

The strategy of the company was designed as a system covering two main areas: operations and change processes. The first area focuses on day-to-day business activities, where planning in different time horizons: long-term, medium-term and short-term is crucial. Long-term plans focus on new product development and market expansion, medium-term plans include budgeting and defining functional goals, while short-term plans focus on balancing demand and supply. The second area is business change, with projects focused on innovation, digitisation, employee development and process improvement (Figure 1).

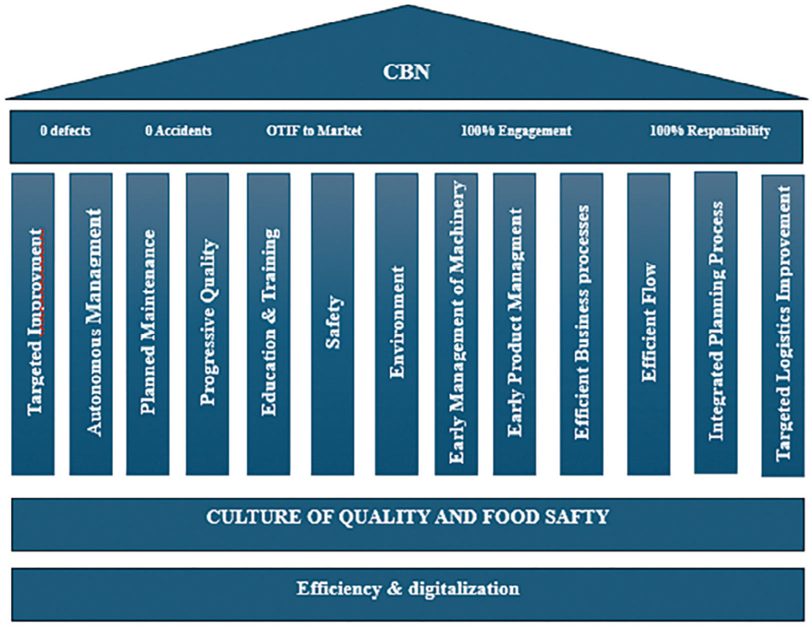
Strategy implementation in the company under study is an integrated process in which the two areas intertwine. For example, long-term plans are transformed into portfolios of investment and new product development projects, which are then implemented through annual plans. A key mechanism to support the implementation of this complex structure is the World Class Operations Management (WCOM) programme, which is designed to support an organisation in achieving its goals and eliminating waste. It integrates all elements of the organisation's operations – from processes and business performance, through digitisation, to people development. It also uses a performance control system that includes continuous monitoring of key success indicators, and defines strategic goals, which should be precisely defined and tailored to the specifics of the organisation. Strategic goals in the studied organisation are referred to as CBN for short, in reference to the need to ensure that plans are in line with business requirements (compliance business need). The process of setting strategic goals is designed to build a sense of accountability and credibility among project teams. In addition to goals and corresponding indicators, the system also enforces the description of guidelines and directives, including indicating constraints and organisational strategy, as well as, in addition, the NPD programme, which groups new project development projects into a portfolio of projects.

In the organisation under study, the strategy implementation system also includes a mechanism for monitoring goals in the form of the Performance Control System (PCS), which includes three time periods: daily, weekly and monthly. Daily meetings focus on short-term operational activities, weekly meetings allow for trend analysis and medium-term decision-making, while monthly meetings focus on the achievement of annual goals. Problems requiring broader action are delegated to the project level, which then go to dedicated management pillars within the WCOM programme.

The programme was implemented in phases over many years. The first phase, preparation, consisted of evaluating the existing system and identifying the potential for savings (Factory Model). Then, in the pilot phase, improvement projects were launched to test new solutions and convince the organisation to implement a methodology (Shop Floor Management) focusing on operational processes. In the third phase, cross-functional pillars were introduced to eliminate losses in areas such as production downtime, distribution errors and employee competence deficiencies (Figure 2).

The pillar structure within the WCOM programme refers to the way in which projects and improvement processes are organised and managed within an enterprise. "Pillar" should be understood as a cross-functional team or task force that focuses on eliminating specific losses and supports the organisation in achieving strategic goals. Pillars are a key operational element of the WCOM programme, integrating substantive and organisational goals into a coherent change management system.

Figure 2. WCOM pillar structure



Source: own material based on internal documentation.

The pillars form a hierarchical management system that provides a clear division of roles and responsibilities, with the structure including a steering committee, subcommittees and project teams. The steering committee is the central governing body of the WCOM programme, responsible for coordinating the activities of the pillars and overseeing the implementation of strategic objectives CBN. The steering committee meets regularly (usually once a month) to review the performance of key performance indicators (KPI) and the progress of projects under the pillars, its role being to ensure that all pillars are aligned with the organisation's strategic goals. Subcommittees are cross-functional teams composed of managers and specialists from different departments of the organisation, each responsible for a specific area of activity. The tasks of the subcommittees include planning and implementing improvement projects, training and developing project teams, and monitoring the results and standardising the solutions developed. The basis of the pillar structure is formed by project teams, which are regularly appointed to carry out specific activities; the results of the teams' activities are evaluated during and after the implementation of the projects.

Summary

The conducted study provides significant insights into project portfolio management (PPM) as a tool for strategy implementation in the FMCG sector. However, like any study, it has certain limitations. The analysis is based on a case study of a single enterprise in the

FMCG sector, which may limit the ability to generalise the conclusions to other organisations. Future research should therefore consider a comparative analysis of several companies from different segments of the FMCG industry. The study used a case study and participant observation, which allowed for an in-depth understanding of the processes but simultaneously limited the possibility of broad statistical verification. Further research could therefore include quantitative methods, such as surveys among various FMCG enterprises. The area studied is a sector subject to rapid changes resulting from consumer trends, technological innovations and legal regulations, and the results of the study may therefore quickly become outdated, requiring continued research over a longer time horizon.

The collected data was analysed in terms of the research assumptions made. The implementation of the strategy in the company under study is based on a combination of strategic project management with efficient use of resources and monitoring of results, with analysis of the project portfolio management process showing that proper balancing of the project portfolio is crucial. Consistent adherence to the WCOM programme improved the effectiveness of the studied organisation's strategy implementation (assumption one), and the development of the management system's pillar structure confirmed the assumption that the use of integrated project management tools and methods facilitates the alignment of operational activities with strategic goals (assumption two). The creation of a coherent system of strategy implementation through project portfolio management provided the studied organisation with the ability to respond quickly to changes in the business environment and better adapt operations to emerging challenges.

The conclusions of the research can form the basis for the development of a general project portfolio management model from the perspective of a manufacturer of fast-moving goods. In essence, it is an enterprise management system at the tactical level, which can be described in three dimensions: functional, structural and instrumental. The development of these three dimensions are the determinants that partly indicate the answers to the research questions posed, i.e. the mechanisms of influence of project portfolio management on the effectiveness of strategy implementation, the tools used in the process of project portfolio management in the FMCG industry, and the benefits and challenges of implementing strategy through projects.

The functional dimension. The research identified several key stages of project portfolio management, from the creation of a portfolio strategy to learning from completed projects, with the process beginning with the establishment of a project portfolio strategy, which includes the development of strategic plans and annual budgets. The strategy, along with project evaluation principles, is approved by top management, and in the subsequent stages, the submitted project initiatives are subject to selection and prioritisation. Each project is analysed in terms of links to strategic goals, availability of resources and required competencies of the project leader and team members. Projects that pass the selection process go to implementation and are monitored by the steering committee and subcommittees. Once they are completed, audits are conducted to assess the results and identify areas for improvement.

The structural aspect. This describes the organisation of the project management system, a system in which three levels can be distinguished: strategic, tactical and operational. This structure makes it possible to cascade strategic objectives to lower levels of the organisation, which ensures their consistency and control of implementation. An important element of the system is the proper positioning of positions and collegial bodies in the organisational structure, with the goal being to shape such hierarchical relationships that allow for a rapid flow of information and smooth adaptation of current operations to changing business conditions.

The instrumental aspect. This aspect refers to tools and methods that support the achievement of business objectives, enabling monitoring of key performance indicators and taking corrective and improvement actions. The instrumental dimension is now increasingly integrated with the functional dimension, due to the increasing standardisation, algorithmisation, automation and robotisation of business processes in the FMCG industry. This dimension takes an approach similar to the steps of the functional dimension, but with more emphasis on standardisation and automation of processes such as project selection and risk analysis.

Research clearly indicates that effective project portfolio management is not only a tool to support strategy implementation, but also a key element in building an organisation's flexibility in the dynamic environment of the FMCG industry. The combination of functional, structural and instrumental dimensions allows for cascading strategic objectives, optimising resources and ongoing monitoring of results.

Strategic project management is the connection between organisational goals and ongoing projects, with its expression in the strong relationship between the organisation's strategic goals and the process of identifying, defining and managing programmes and portfolios of strategic projects that help achieve the organisation's key and long-term development goals. Systematic learning from completed projects and their integration into decision-making processes enables continuous improvement of project portfolio management, which involves efforts to collect good project practices, known as Project Lessons Learned (PLL). PLL-type practices are recommended for regular use and periodic updating in any comprehensive standard for project, as well as programme and portfolio management. The use of the knowledge contained in them makes it possible to increasingly improve the ways in which project-type work is carried out, to block the outflow of knowledge on how to successfully carry out projects that may disappear when the decision-makers and executives involved in project-type work leave, to avoid mistakes in the process of managing (many) projects that occurred in the past, and, as a result, to gradually raise the level of project maturity of the enterprise. Through such practices, an organisation can be better prepared to achieve its strategic goals and maintain a competitive edge in changing market conditions.

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