International Journal of Research in Business Studies and Management
Volume 9, Issue 1, 2022, PP 17-26
ISSN 2394-5931
DOI: https://doi.org/10.22259/2394-5931.0901003

# Strategic Management Offices: An Australian Perspective

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## ABSTRACT

*Strategic Portfolio Management (SPM) consists of the practices that allow organizations to coordinate and manage their portfolios to achieve organizational goals and objectives. The functions of Strategic Management Offices (SMOs) not only support implementation of organizational strategic management and investment decisions but also ensure that organizational benefits are realised and successfully delivered by projects and programs. The aim of this study is to review the alignment of Project Management Offices (PMOs) functions and capabilities and SMOs to report on their current states from Australian perspectives. Fifty-two strategic and project management functions were cross-examined against nine capabilities to determine the status of functions performed to achieve a Strategic Management Office (SMO) defined by the Association for Strategic Planning (ASP). Sixty-four SPM professionals from 11 Australian sectors participated in the questionnaire survey conducted in this research. Statistical analysis was carried out to deliver the research results. The findings show diverse combinations of functions performed in differing Australian sectors and differences in how Strategic Management Office functions are administered within these settings.*

**Keywords:** *strategic management, portfolio management, strategic management office*

## INTRODUCTION

Strategic Portfolio Management (SPM) focuses on the alignment of the organizational goals and objectives with planned investments in projects by measuring, ranking and prioritizing the investments using shared organizational resources (PMI, 2013). The roles of PMOs and SMOs are becoming increasing aligned.

Hobbs and Aubry [1] conducted a three phase research program to better understand PMOs and their functions. The first phase was a descriptive survey of 500 PMO's which identified 27 PMO functions that have been accepted as a baseline and well cited by the academic community. Pinto, Cota and Levin [2] extended this study to include components of strategy and outlined a maturity model that covered the 27 functions identified by Hobbs and Aubry [1]. Their research identified different dimensions including operational, tactical and strategic components through an examination of scope of services performed within their respective offices. As a result, the 27 functions previously identified were extended to the area of maturity modes.

The role of the Strategic Management Office (SMO) has been increasingly recognized as a core unit to support the successful implementation of SPM. The aim of this paper is to investigate SMOs across 11 sectors in Australia and into their current functions to determine the performance as Strategic and Enterprise Project Management Office (Enterprise PMO) defined by Project Management Institute (PMI).

## MATERIALS AND METHODS

According to ASP [3] the Strategic Management Office (SMO) "Helps to govern the analysis, decisions, and actions an organization initiates to create and sustain competitive advantage". The SMO provides analysis of strategic goals (vision, mission, and objectives) and considers both the internal and external environment of the organization. Further to this the SMO makes recommendations about industries to compete in and how this should take place. Finally it "defines and procures the necessary resources to make intended strategies actionable."

In contrast the PMI [4] defines an Enterprise PMO as "*the highest-level PMO entity in an organization, often responsible for alignment of project and program work to corporate strategy; establishing and ensuring appropriate enterprise project, program, and portfolio governance; performing portfolio management functions to ensure strategy alignment and benefits realization; and related functions responsible for alignment of initiatives to corporate strategy*".

Martinsuo [5] pointed out that the lack of awareness of practices and context could be one of the key explanations why organizations still struggle with resource sharing and constant changes in their portfolios. As a result, the success of strategic portfolio management falls behind expectations. According to Voss and Kock [6], success of SPM can be evaluated from overall business success, average project success, future preparedness, use of synergies, strategic fit, and portfolio balance. It was further suggested that portfolio value should be monetarily and non-monetarily taken into consideration. The larger a portfolio becomes, the increased importance that alignments with organizational objectives and SPM practices are required.

The recent *PMI' Pulse of the Professional* [7] reveals that only 62% of strategic initiatives (organization's projects) met their goals. The report further states the most important factors for strategic initiative failure include the lack of clearly defined and/or achievable milestones and objectives to measure progress, poor communication, lack of communication by senior management, employee resistance and insufficient funding. It was noticed that the report only demonstrates the worldwide results, not of individual countries. By contrast, this study focusses on an Australian context.

In *PMO Quick Tip Guide* (PMI, n.d.) [8], nine capabilities are addressed. Each capability indicates its significance to the SMO/ Enterprise PMO ranging from critically required to moderately important as in Table 1.

**Table1.** *Capabilities of SMO/enterprise PMO and capabilities*

| **Capabilities** | **SMO/Enterprise PMO** |
|---|---|
| Standards, Methodologies & Processes | Critically Required |
| Project/Program Delivery Management | Moderately Important |
| Portfolio Management | Critically Required |
| Talent Management | Critically Required |
| Governance/Performance/Benefits Realization Management | Critically Required |
| Organization Change Management | Critically Required |
| Administration and Support | Moderately Important |
| Knowledge Management | Critically Required |
| Strategic Planning | Critically Required |

The research data was obtained from 64 respondents from differing sectors in Australia via a questionnaire survey. These respondents have practiced components of strategic portfolio management (SPM) for at least 2 years. To accomplish the research aim, the data analysis was conducted to present both the demographic information of the research respondents and SPM functions performed by the Australian sectors using descriptive statistical analysis. Fifty-two functions obtained through exhaustive literature review were identified and grouped according to their linkages to the nine capabilities classified according to *PMO Quick Tip Guide*[8] as listed in Table 1 above. Color coding was applied to demonstrate different level of performance ranging from Well performed, Moderately performed, and Poorly performed.

Table 2 below shows the capabilities of SMO and PPM functions with the red dot as ● Critically required and the grey square■ Moderately important

**Table2.** *Capabilities of SMO and SPM functions*

| Capabilities | SPM Functions |
|---|---|
| ●C1: Standards, Methodologies & Processes | FN2: Develop and implement a standard methodology<br>FN19: Provide a set of tools with an effort to standardize<br>FN39: Define and maintain project portfolio policies and frameworks<br>FN45: Develop and improve portfolio templates and checklists<br>FN46: Monitor compliance to portfolio policies |
| ■C2: Project/Program Delivery Management | FN8: Develop and maintain a project scoreboard<br>FN10: Monitor and control performance of project management office<br>FN16: Manage one or more programs<br>FN17: Conduct project audits<br>FN18: Management customer interfaces<br>FN22: Conduct post-project reviews<br>FN50: Directly manage projects within the portfolio |
| ●C3: Portfolio Management | FN13: Manage one or more portfolios<br>FN14: Identify, select and prioritize new projects<br>FN21: Allocate resources between projects<br>FN28: Assist with business case development and review<br>FN29: Management portfolio dependencies<br>FN30: Setup project portfolio systems and software<br>FN31: Assist with the categorization and prioritization of projects within the portfolio<br>FN33: Maintain the project portfolio inventory<br>FN34: Perform project portfolio analysis<br>FN35: Perform project portfolio planning<br>FN36: Manage the tracking of portfolio resources<br>FN37: Track the alignment of projects with strategy<br>FN38: Manage the optimization of the portfolio<br>FN42: Identify and manage portfolio risks<br>FN43: Identify and manage portfolio issues<br>FN44: Conduct and manage portfolio communications<br>FN49: Manage portfolio stakeholders |
| ●C4: Talent Management | F4: Develop competency of personnel<br>FN12: Provide mentoring for project managers<br>FN20: Execute specialized tasks for project managers<br>FN27: Recruit, select, evaluate and determine salaries of PMs<br>FN51: Conduct training in portfolio management skills and tools |
| ●C5: Governance/Performance/Benefits Realization Management | FN1: Report project status to upper management<br>FN3: Monitor and control of project performance<br>FN25: Benefits management<br>FN32: Track the portfolio benefits and dependencies<br>FN40: Provide project portfolio reporting |
| ●C6: Organization Change Management | FN24: Implement and manage risk database<br>FN26: Networking and environmental scanning |
| ■C7: Administration and Support | FN7: Coordinate between projects<br>FN48: Support the operations of systems that provide portfolio management<br>FN52: Support project portfolio software |
| ●C8: Knowledge Management | FN5: Implement and operate a project information system<br>FN9: Promote project management within organization<br>FN15: Manage archives of project documentation<br>FN23: Implement and manage database of lessons learned<br>FN47: Provide project portfolio knowledge management |
| ●C9: Strategic Planning | FN6: Provide advice to upper management<br>FN11: Participate in strategic planning<br>FN41: Negotiate and coordinate enterprise resources |

● *Critically required* ■ *Moderately important*

## RESULTS AND DISCUSSION

This research contains collected data from 64 participants working in 11 different Australian business and industry sectors. The highest number of participants was from the telecommunications sector. The ratios of participants classified according to sectors are shown in Figure 1.

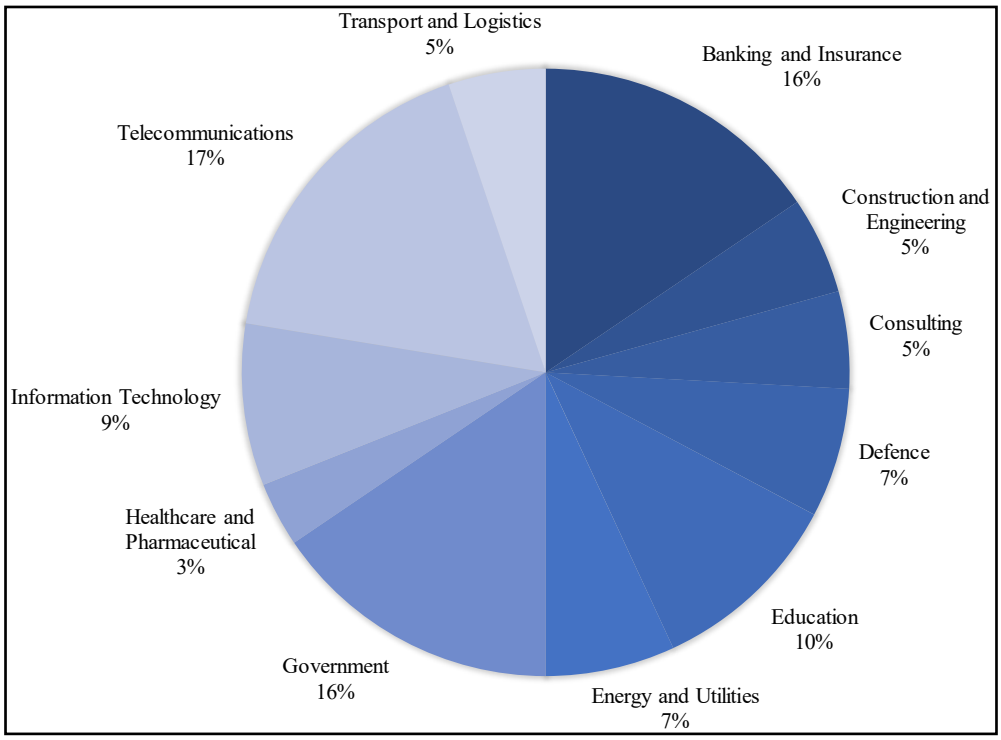


**Figure1.** *Research respondents' business and industry sectors (%)*

To understand the performance of SPM functions by sector, the data obtained from the questionnaire survey was examined using descriptive statistical analysis. The results, then, were plotted into nine categories of capabilities suggested in the PMO Quick Tip Guide (see Table 3) [8]. It is to be noted that not all SMO functions were fully acknowledged by all sectors. For example, only 29 out of 52 SMO functions were acknowledged by the respondents from the Transport & logistics sector. It was reported by all respondents from the Construction and Engineering sector that all PPM functions were well performed. On the other hand, respondents from the Transport & logistics sector reported poor performance in most of the SMO functions. While the SMO functions supporting C1 were well performed in the Healthcare and Pharmaceutical sector, the sector seemed to poorly perform in C2 and C3. In the Defense sector, almost all SPM functions were between well performed and moderately performed except in C2 where Directly manage projects within the portfolio (FN50) was poorly performed. The results show that the Education, Energy and Utilities, Government and Telecommunications sectors strongly demonstrated moderate to poor performance of SPM functions linking to C3.

According to the average performance of SPM functions by the sectors as in Table 4, the results show that the Construction and Engineering, and Defense sectors significantly demonstrated high performance in the studied functions whereas the Consulting, Education, Energy and Utilities, Government, Information Technology and Telecommunications sectors performed at moderate level. On the other hand, the Banking and Insurance, and Transport & logistics sectors demonstrated poor performance at many SPM functions related to SMO capabilities.

**Table4.** *Capabilities of SMO and SPM Functions by Sector (in % of Sector Responses)*

| Capabilities | SPM Functions | Banking & Insurance | Construction & Engineering | Consulting | Defense | Education | Energy & Utilities | Government | Healthcare & Pharmaceutical | Information Technology | Telecommunications | Transport & logistics |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ●C1 | FN2 | 25● 25▲ | 100● | 50● 50■ | 50● 50■ | 25● 75■ | 100 ● | 33.3● 33.3■ 33.3▲ | 100● | 100■ | 25● 25■ 50▲ | 100 ▲ |
| | FN19 | 25● 50▲ | 100● | 100■ | 50● | 25● 50▲ | 50● 50▲ | 66.7▲ | 100● | 100■ | 33.3■ 33.3▲ | 100 ▲ |
| | FN39 | 75▲ | 100● | 25● 75▲ | 100 ● | 25■ 25▲ | 100 ■ | 33.3● 33.3▲ | 100● | 100■ | 50■ 25▲ | - |
| | FN45 | 25▲ | 100● | 25● 75▲ | 100 ● | 25■ 25▲ | 50● 50■ | 50● | 100● | 100● | 25■ 50▲ | 100 ▲ |
| | FN46 | 25▲ | 100● | 25■ 75▲ | 100 ● | 25▲ | 50■ 50▲ | - | 100● | - | 50■ 25▲ | - |
| ■C2 | FN8 | 25● | 100● | 25● 50■ 25▲ | 50● | 50● 25■ 25▲ | 50● | 33.3■ 66.7▲ | 100● | 100■ | 100● | 100■ |
| | FN10 | 25● | 100● | 25● 75■ | 50● | 25● 25■ 50▲ | 50● 50■ | 33.3● 66.7▲ | 100● | 100■ | 25● 50■ 25▲ | 100 ▲ |
| | FN16 | 25● | 100● | 25● 25■ 50▲ | 50● | 75▲ | 100 ■ | 33.3● 33.3■ | 100▲ | - | 25● 50■ | - |
| | FN17 | 25● 25■ | 100● | 25● 75▲ | 50● | 50▲ | 50■ 50▲ | 33.3▲ | 100▲ | 100■ | 25■ 25▲ | 100 ▲ |
| | FN18 | 25■ | 100● | 25● 75▲ | 100 ● | 25■ 50▲ | 50■ 50▲ | 33.3▲ | - | 100■ | 25● 25■ | 100 ▲ |
| | FN22 | 25■ | 100● | 25■ 75▲ | 50■ | 25● 25■ 50▲ | 50▲ | 33.3▲ | 100▲ | 100■ | 25■ 50▲ | 100 ▲ |
| | FN50 | 25▲ | 100● | 25● 50▲ | 25■ 25▲ | 50● | 50▲ | 33.3● | - | - | 25● 50▲ | 100 ▲ |
| ●C3 | FN13 | 50▲ | 100● | 25● 50■ | 100 ● | 25■ 50▲ | 100 ■ | 66.7■ | - | - | 75■ | - |

● *Critically required* ■ *Moderately important* ● *Well performed* ■ *Moderately performed* ▲ *Poorly performed*

| Capabilities | SPM Functions | Banking & Insurance | Construction & Engineering | Consulting | Defense | Education | Energy & Utilities | Government | Healthcare & Pharmaceutical | Information Technology | Telecommunications | Transport & logistics |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ●C3 | FN14 | 25■ 50▲ | 100● | 25● 25■ 50▲ | 100 ● | 50■ 25▲ | 100 ■ | 33.3■ | - | - | 25■ 50▲ | 100 ▲ |
| | FN21 | 25■ | 100● | 25■ 75▲ | 50■ | 25● 50■ 25▲ | 50■ 50▲ | 33.3▲ | - | - | 25● 50▲ | 100 ▲ |
| | FN28 | 50▲ | 100● | 75■ 25▲ | 100 ● | 25● 50■ 25▲ | 50▲ | 33.3▲ | 100▲ | 100■ | 50■ 25▲ | - |
| | FN29 | 33.3 ▲ | 100● | 100▲ | 100 ● | 50■ 50▲ | 100 ■ | 33.3■ | - | 100■ | 75■ | 100 ▲ |
| | FN30 | 25■ 25▲ | 100● | 25■ 75▲ | 50● | 50▲ | 50■ 50▲ | 33.3■ | 100● | 100■ | 33.3■ 33.3▲ | - |
| | FN31 | 50▲ | 100● | 50■ 50▲ | 50● 50■ | 25■ 25▲ | 100 ■ | 33.3■ | 100▲ | 100■ | 25● 50▲ | 100 ▲ |
| | FN33 | 25■ 25▲ | 100● | 100■ | 100 ● | 50■ 25▲ | 50▲ | 33.3● 33.3■ | 100● | 100■ | 50■ 25▲ | - |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FN34 | 25▲ | 100● | 25● 75▲ | 100 ● | 25■ 50▲ | 50▲ | 33.3▲ | 100▲ | 100● | 50■ 25▲ | - |
| | FN35 | 50▲ | 100● | 25● 75▲ | 100 ● | 25■ 50▲ | 50■ 50▲ | 33.3■ 33.3▲ | 100▲ | 100● | 25■ 50▲ | - |
| | FN36 | 50▲ | 100● | 25● 25■ 50▲ | 50● | 50■ 25▲ | 50■ | 33.3■ 33.3▲ | - | 100▲ | 50■ 25▲ | - |
| | FN37 | 50▲ | 100● | 25● 75▲ | 100 ● | 50■ 25▲ | 100 ▲ | 33.3▲ | 100▲ | 100● | 25● 25■ 25▲ | - |
| | FN38 | 50▲ | 100● | 25● 75▲ | 50● | 50▲ | 100 ▲ | 33.3■ | 100▲ | 100■ | 25■ 50▲ | - |
| | FN42 | 50▲ | 100● | 25● 75▲ | 100 ● | 50■ | 100 ■ | 66.7■ | 100▲ | 100■ | 50● 25■ | - |
| | FN43 | 25▲ | 100● | 25● 75▲ | 100 ● | 50■ | 100 ■ | 33.3● 66.7■ | 100▲ | 100■ | 50■ 25▲ | - |
| | FN44 | 25▲ | 100● | 25● 75▲ | 100 ● | 25■ 25▲ | 100 ■ | 33.3● 33.3■ | 100▲ | - | 50■ 25▲ | - |

| Capabilities | SPM Functions | Banking & Insurance | Construction & Engineering | Consulting | Defense | Education | Energy & Utilities | Government | Healthcare & Pharmaceutical | Information Technology | Telecommunications | Transport & logistics |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ●C3 | FN49 | 25▲ | 100● | 25● 25■ 50▲ | 50● | 25■ 25▲ | 100 ■ | - | 100■ | 100■ | 25■ 50▲ | 100 ▲ |
| ●C4 | F4 | 50▲ | 100● | 50● 25▲ | 50● 50■ | 25● 25■ 25▲ | 50● 50■ | 33.3■ 33.3▲ | 100■ | 100■ | 25■ 75▲ | 100 ▲ |
| | FN12 | 25● | 100● | 25● 75▲ | 50● | 50● 50▲ | 100 ▲ | 66.7▲ | 100■ | 100■ | 25■ 50▲ | 100 ▲ |
| | FN20 | 25■ | 100● | 25■ 75▲ | 50● | 50▲ | 100 ■ | 33.3▲ | - | 100● | 25■ 50▲ | 100 ▲ |
| | FN27 | 25▲ | 100● | 50■ 50▲ | 50■ | 25■ 50▲ | 50▲ | - | - | 100● | 75▲ | - |
| | FN51 | 25▲ | 100● | 25● 50▲ | 50● | 25▲ | 50● 50▲ | 33.3▲ | 100▲ | - | 50■ 25▲ | 100 ▲ |
| ●C5 | FN1 | 25● 25▲ | 100● | 75● 25■ | 50● 50■ | 50● 50■ | 50● 50■ | 66.7● 33.3■ | 100● | 100● | 50● 50■ | 100■ |
| | FN3 | 25● 25▲ | 100● | 50● 50■ | 50● | 25● 75■ | 100 ■ | 66.7■ 33.3▲ | 100■ | 100■ | 25■ 75▲ | 100 ▲ |
| | FN25 | 50▲ | 100● | 25■ 75▲ | 100 ■ | 25● 50▲ | 50● 50▲ | 33.3▲ | 100■ | - | 25● 25■ 50▲ | - |
| | FN32 | 50▲ | 100● | 25■ 75▲ | 50● | 50■ 25▲ | 50■ 50▲ | 33.3▲ | 100● | 100▲ | 25● 50■ | - |
| | FN40 | 50▲ | 100● | 25● 25■ 50▲ | 100 ● | 25● 50■ | 50● 50■ | 33.3■ 33.3▲ | 100● | 100■ | 25● 25■ 25▲ | - |
| ●C6 | FN24 | 50▲ | 100● | 50● 50▲ | 100 ● | 25● 75▲ | 100 ■ | 33.3■ 33.3▲ | 100● | - | 25● 25■ 25▲ | - |
| | FN26 | 25▲ | 100● | 25■ 75▲ | 50● 50■ | 50▲ | 100 ▲ | - | 100▲ | - | 25■ 50▲ | 100 ▲ |

*● Critically required ■ Moderately important ● Well performed ■ Moderately performed ▲ Poorly performed*

| Capabilities | SPM Functions | Banking & Insurance | Construction & Engineering | Consulting | Defense | Education | Energy & Utilities | Government | Healthcare & Pharmaceutical | Information Technology | Telecommunications | Transport & logistics |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ■C7 | FN7 | 25● 25▲ | 100● | 50● 50■ | 50● 50■ | 25● 50■ 25▲ | 100 ■ | 33.3● 66.7■ | - | 100■ | 50● 50■ | 100 ▲ |
| | FN48 | 50▲ | 100● | 25● 75▲ | 100 ● | 25● 50■ | 50● 50■ | 33.3● 33.3■ | 100● | 100■ | 25● 25■ 25▲ | - |
| | FN52 | 25▲ | 100● | 25● 50▲ | 50● | 25● 25▲ | 50■ 50▲ | - | 100● | 100■ | 50■ 25▲ | 100 ▲ |
| ●C8 | FN5 | 25● 25▲ | 100● | 50● 25■ 25▲ | 50● | 25● 75■ | 50■ 50▲ | 33.3● 33.3■ | 100● | 100▲ | 50■ 25▲ | 100 ▲ |
| | FN9 | 25■ 25▲ | 100● | 25● 25■ 50▲ | 50● | 50■ 50▲ | 50■ | 33.3● 66.7▲ | 100● | 100■ | 25■ 75▲ | 100 ▲ |
| | FN15 | 25■ 25▲ | 100● | 25● 75▲ | 50● | 25● 75▲ | 50● 50■ | 66.7▲ | 100● | - | 50■ 25▲ | 100 ▲ |
| | FN23 | 25● 25■ | 100● | 100▲ | 50■ | 25● 75▲ | 50● 50■ | 33.3▲ | 100● | - | 25■ 50▲ | 100 ▲ |
| | FN47 | 25▲ | 100● | 25● 75▲ | 50● 50■ | 25▲ | 50● 50▲ | 33.3■ 33.3▲ | 100▲ | 100■ | 50■ 25▲ | - |
| ●C9 | FN6 | 25● 25■ 25▲ | 100● | 50● 25■ 25▲ | 50■ | 100■ | 50● 50■ | 100■ | 100● | 100● | 25● 50■ 25▲ | 100■ |
| | FN11 | 50● | 100● | 25● 25■ 50▲ | 100 ● | 25■ 75▲ | 50■ 50▲ | 33.3● 33.3▲ | 100▲ | 100● | 25● 75■ | - |
| | FN41 | 25■ 25▲ | 100● | 25■ 75▲ | 100 ● | 50■ 25▲ | 50▲ | 33.3▲ | - | - | 25● 25■ 25▲ | 100 ▲ |

*● Critically required ■ Moderately important ● Well performed ■ Moderately performed ▲ Poorly performed*

**Table5.** *Average SMO capabilities by sector*

| Capabilities | Banking & Insurance | Construction & Engineering | Consulting | Defense | Education | Energy & Utilities |
|---|---|---|---|---|---|---|
| C1 | ▲ | ● | ■ | ● | ■ | ■ |
| C2 | ■ | ● | ■ | ● | ■ | ■ |
| C3 | ▲ | ● | ■ | ● | ■ | ■ |
| C4 | ■ | ● | ■ | ● | ■ | ■ |
| C5 | ▲ | ● | ■ | ● | ■ | ■ |
| C6 | ▲ | ● | ■ | ● | ▲ | ■ |
| C7 | ▲ | ● | ■ | ● | ■ | ■ |
| C8 | ■ | ● | ■ | ● | ■ | ■ |
| C9 | ■ | ● | ■ | ● | ■ | ■ |
| | Government | Healthcare & Pharmaceutical | Information Technology | Telecommunications | Transport & logistics | |
| C1 | ■ | ● | ■ | ■ | ▲ | |
| C2 | ■ | ■ | ■ | ■ | ▲ | |
| C3 | ■ | ▲ | ■ | ■ | ▲ | |
| C4 | ▲ | ■ | ■ | ▲ | ▲ | |
| C5 | ■ | ● | ■ | ■ | ▲ | |
| C6 | ■ | ■ | ■ | - | ▲ | |
| C7 | ■ | ● | ■ | ■ | ▲ | |
| C8 | ■ | ● | ■ | ■ | ▲ | |
| C9 | ■ | ■ | ● | ■ | ▲ | |

Strategic management offices (SMOs) are the result of a focused and well-resourced PMO and can improve the innovation of both the project team [9] and the decision-making capacity within the PMO [10]. Developing PMOs to become SMOs has the potential to enhance customer satisfaction, project success rates and the development of innovative products for the firm [11]. This can provide the organizations with a competitive advantage in newly acquired markets [12]. One the commonly identified sources of developmental potential for SMOs in the IT industry, for example, is the ability to better align the needs of stakeholders within the project with the broader organizational strategy [13] particularly when it comes to sustainability of product solutions [14]. Similar findings have been cited in the context of achieving a balanced scorecard through the SMO [14] as well as achieving ambidexterity for the organization in different markets [15, 16].

SMOs also contribute to the creation of core dynamic and flexible organizations as a result of the lessons learned from PMOs and project implementation. Ambidextrous behaviour by firms has been linked with the creation of a sustainable competitive advantage as well as the ability to open new markets while catering for existing ones [17, 18]. This lends itself to proposition that the creation of a viable SMO for Australian firms and industries can improve service in the local Australian market as well as open opportunities in new overseas markets [18]. A further benefit of applying the principles of the SMO are the development of a strategic breadth for the organiation, allowing it to identify new strategic markets [19].The development of innovative products that build on the current strengths of the organization [19, 20] and creating technology transfer opportunities for sister firms in the newly acquired markets [21].

Based on the results of this study, SMOs in Australia may be able to contribute to an enhanced business process for the project firm [22] as well as improved communications [23] and procurement management [24, 25]. From the results of the questionnaire one can distil that the benefits for an SMO extend to the customisation of project solutions [25] and the creation of a more resilient and dynamic project workforce [26, 27, 28]. As a framework for improving project performance, the SMO can affect internal [29] and external [30] critical success criteria by creating agility and a sense of entrepreneurship within the project [31, 32, 33]. The value add created by the SMO has been found to improve the ability of the firm to create and retain value [34] and to better align its strategic objectives with realistic market conditions and expectations [35]

## CONCLUSION

Strategic Portfolio Management (SPM) consists of the practices that allow organizations to coordinate and manage their portfolios to achieve organizational goals and objectives. The functions of Strategic Management Offices (SMOs) not only support implementation of organizational strategic management and investment decisions but also ensure that organizational benefits are realised and successfully delivered by projects and programs.

This paper has demonstrated differing criticality of functions and performance levels of these functions within nine groups of capabilities for a SMO in eleven different industry sectors within Australia. Fifty-two SMO functions were cross-examined against nine capabilities to determine levels of performance and which functions were more important than others in a given sector. Organizations can use this information as a source to baseline and prioritise functions performed to improve SMO capabilities and levels of maturity thereby increasing the value of the SMO. Amongst the options for consideration will be the SMO mission and functions, the size and type of SMO in relation to the governance approach and measurement of success. The size of the organization and the pipeline of incoming projects will also determine how to best setup the SMO.

An important factor for the realisation of benefits from a SMO will be the ongoing communications, simplification of structure and ongoing monitoring of performance. The levels of performance can be increased through the prioritisation of SMO functions, clarity of mission, use of consistent terminology and ongoing education to improve maturity for both the organization and the SMO. Further consideration is also required for the SMO functions of strategic analysis and market analysis required for ongoing strategic alignment. Having a common understanding within an organization of the importance of a SMO, practices and functions being performed will improve SMO and organizational performance.

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**Citation** *Nick Hadjinicolaou & Mohamad Kader, "Strategic Management Offices: An Australian Perspective", "International Journal of Research in Business Studies and Management." 2022; 9(1): 17-26. DOI: https://doi.org/10.22259/2394-5931.0901003*

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