

# Outcomes/Benefits Realisation & Realisation & Change Management

*Better practice forum*

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# Some background

- The PMBoK makes only passing reference to target outcomes.
- Most textbooks don't know what to do with them.
- None of the following can be done meaningfully without target outcomes:
  - Benefit cost analysis.
  - Scoping.
  - Quality management.
  - Stakeholder engagement.
  - Risk management.
  - Project governance.

# Today's discussion

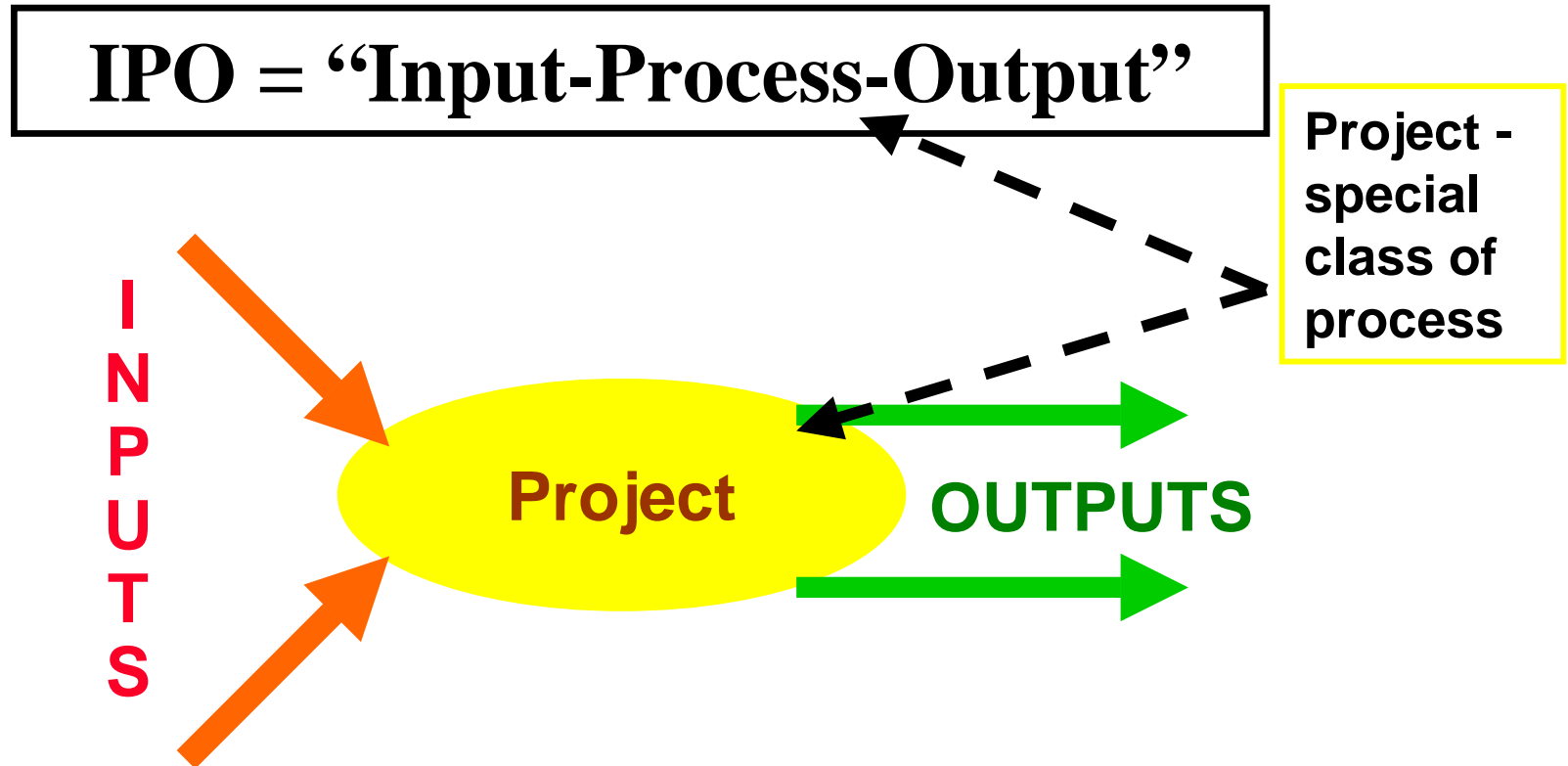
- Target outcomes & the ITO model.
- Target outcomes & key stakeholders.
- Outcomes & project assessment.
- Outcome realisation & governance.

# Target outcomes & the ITO model

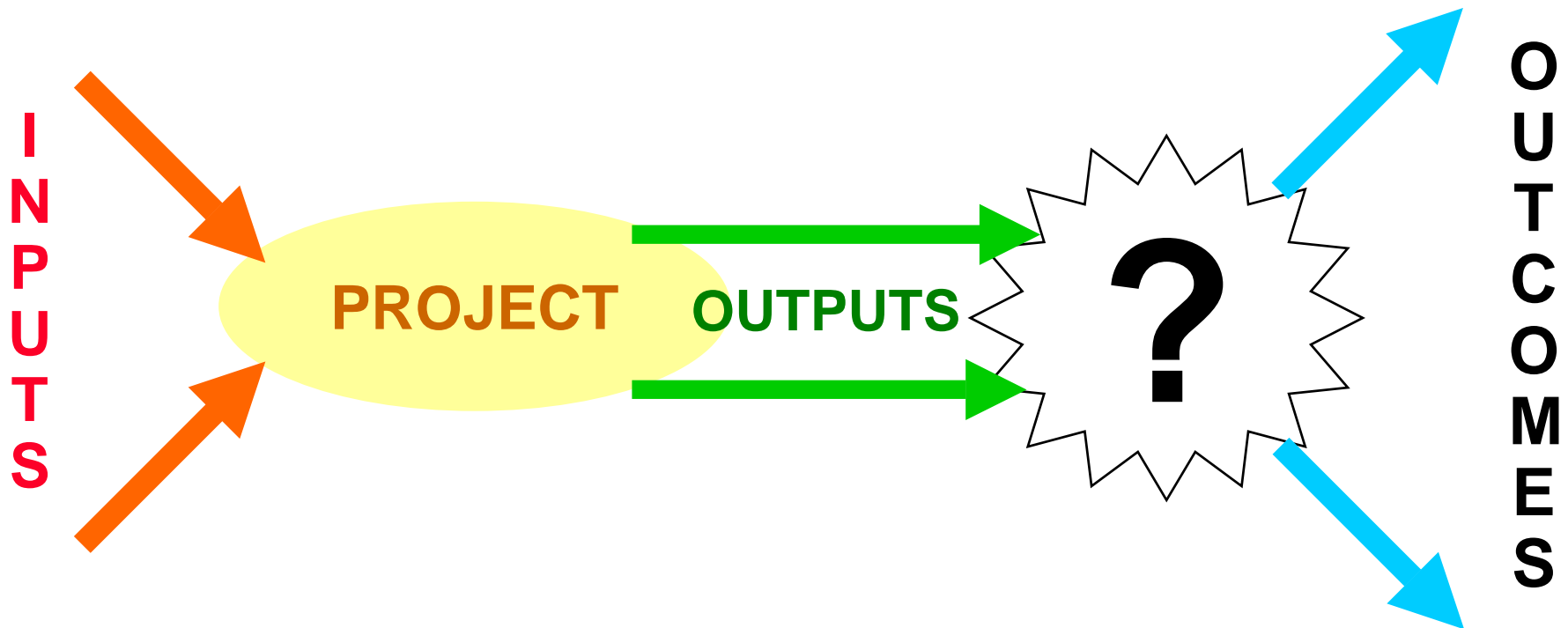
# The ITO model revisited

- From outputs to outcomes.
- The factors that determine realisation of target target outcomes.
- Target outcomes are desired measurable *end-end-effects*.
- A benefit is the “flow of value” that results from results from generation of the target outcome. outcome.

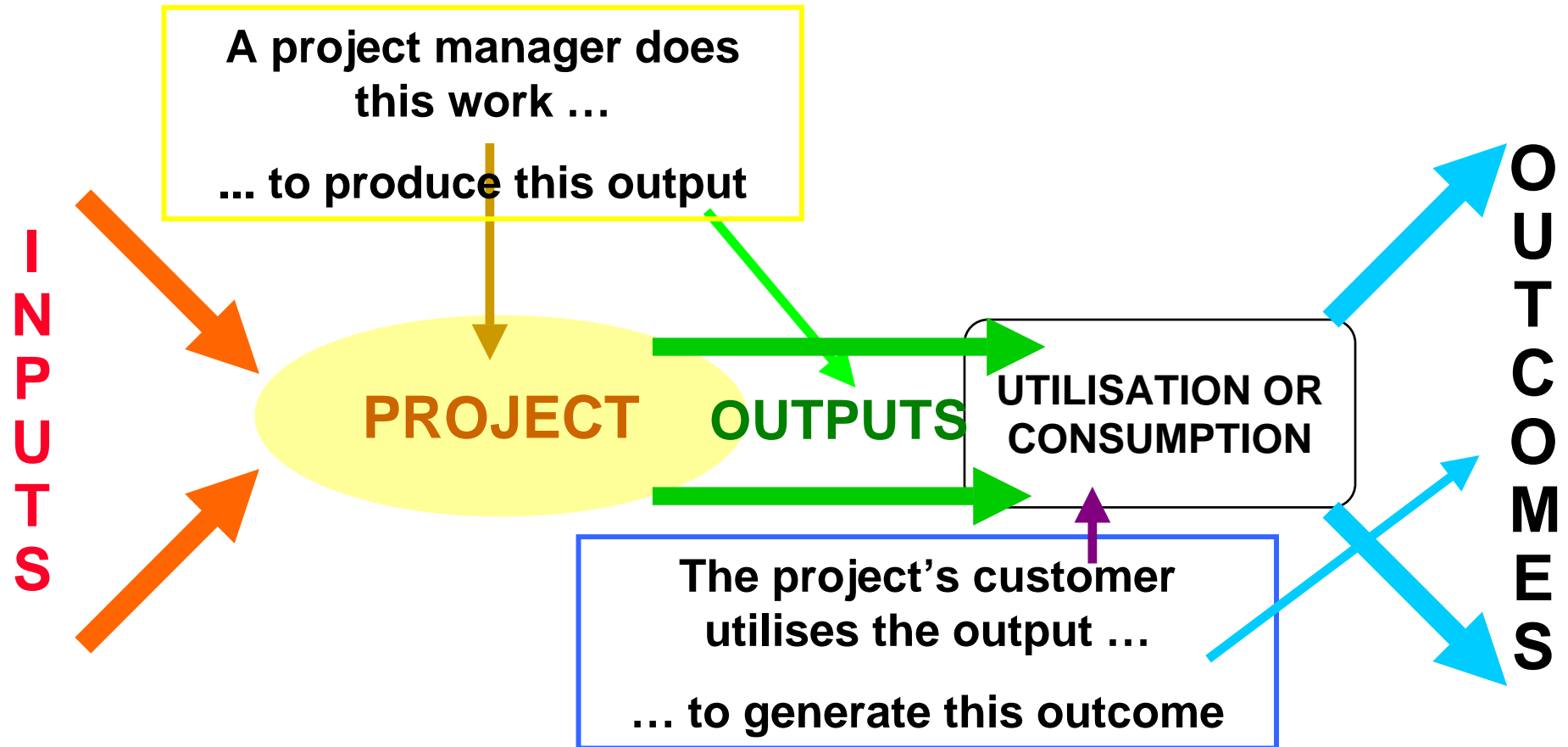
# The IPO model of a project.



# How do we get to outcomes?

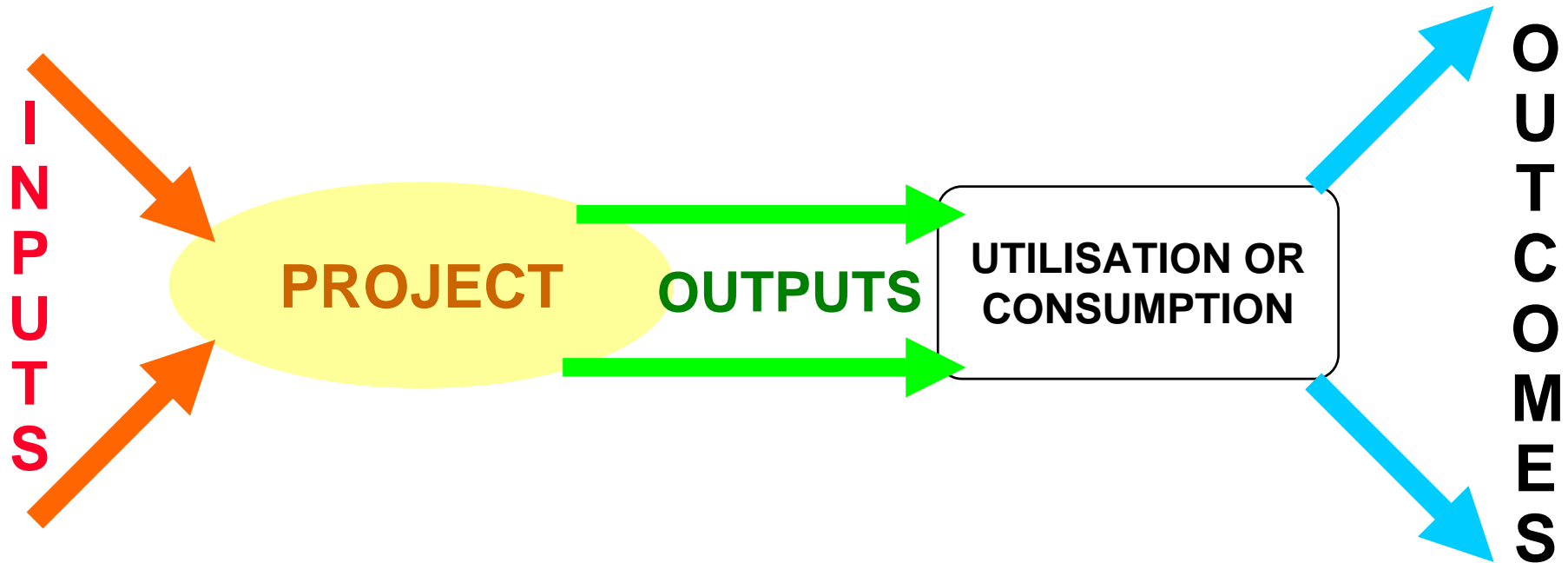


# Outputs are *utilised* to get outcomes. outcomes.



# The ITO model

**ITO = “Input-Transform-Outcome”.**



# Target outcomes & key stakeholders stakeholders

# (Project) customer

- An entity who consciously utilises one or more more outputs from a project—and in so doing, doing, generates target outcomes.

# Beneficiary

- A (project) beneficiary is a stakeholder who who receives a flow of value arising from achievement of target outcomes.
- The beneficiaries from a project can only be be identified when target outcomes have been have been defined.
- The only flows of value that are recognised in recognised in the analysis of a project are are those attached to target outcomes.

# Customers and beneficiaries.

- *A project's customers* are defined differently to the *organisation's clients!*
- *A project's customers* are defined differently to the *project's beneficiaries!*
- Customers are key stakeholders in a project – beneficiaries are not! (Contrary to conventional conventional wisdom). Why?
- These distinctions are often confused—especially in especially in the IT industry.

# Funder

- A stakeholder who provides funds and/or approves the allocation of labour to the project.
- The funder is an investor: funding today—to get target outcomes later.
- A project can have multiple funders.
- To avoid confusion with the concept of who owns the money, we define the funder as the person *who has the authority to make the final decision about accepting the business case.*

# Project owner (PO)

- The person(s) held accountable by the funder(s) for the realisation of target outcomes.
- The owner acts on behalf of the funder(s) throughout the project—seeking to ensure that their interests are being served. A project can have multiple owners.
- The one entity can be both the funder and owner.
- The project owner is the project manager's client.
- A PO must be from within the sponsoring entity.

# The Project Manager.

- A project manager is:
  - A contracted supplier first.
  - A manager of work second.
- The parameters of the role of project manager:
  - Accountability:
    - for delivery of project outputs that are fit-for-purpose
    - within constraints of time and cost
  - Responsibility: for executing the work of the project.
  - Authority: for deploying the resources allocated to the the project.

# Three factors determine outcomes. outcomes.

- The quality (“fitness-for-purpose”) of our outputs.
- The predisposition of our customers.
- External influences.

# Benefit cost analysis.

- Are target **outcomes** adequate compensation for **resourcing** the project?  
project?

# Outcomes & project assessment

# Assessing a project: rationale

- Assessing a project before we commit to it.
  - Ex ante assessment  $\equiv$  “appraisal”
  - Why is this done?
- Assessing a project after we complete it.
  - Ex post assessment  $\equiv$  “evaluation”
  - Why is this done?
- Where does the ongoing assessment of a project that project that is underway fit into this dichotomy?  
dichotomy?

# Assessing a project: criteria

- Appraisal:
  - Benefits = target outcomes.
  - Costs (what are they?).
  - Riskiness.
  - Disbenefits.
  - Timeframe.
- Evaluation:
  - Benefits = realised outcomes.
  - Costs.
  - Outputs (fit-for-purpose).
  - Disbenefits.
  - Timeframe.

# Outputs-based scoping revisited

- Projects are scoped if and only if their **outputs outputs** are defined.
- Outputs are defined when:
  - They are listed.
  - Their critical fitness-for-purpose features are identified.
- A project's outputs can only be defined when when target outcomes are set.

# The structure of a statement of scope

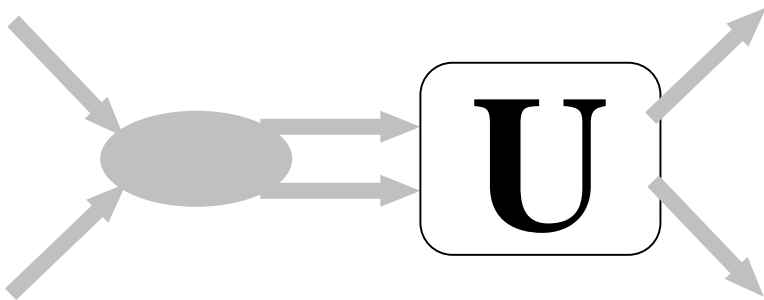
Statement of objective:

- Short
- Begins with “To ...”
- Outcomes oriented.
- Indicates intent

List of outputs

List of target outcomes  
outcomes

# Customers are key to scoping—but they do not scope a project.



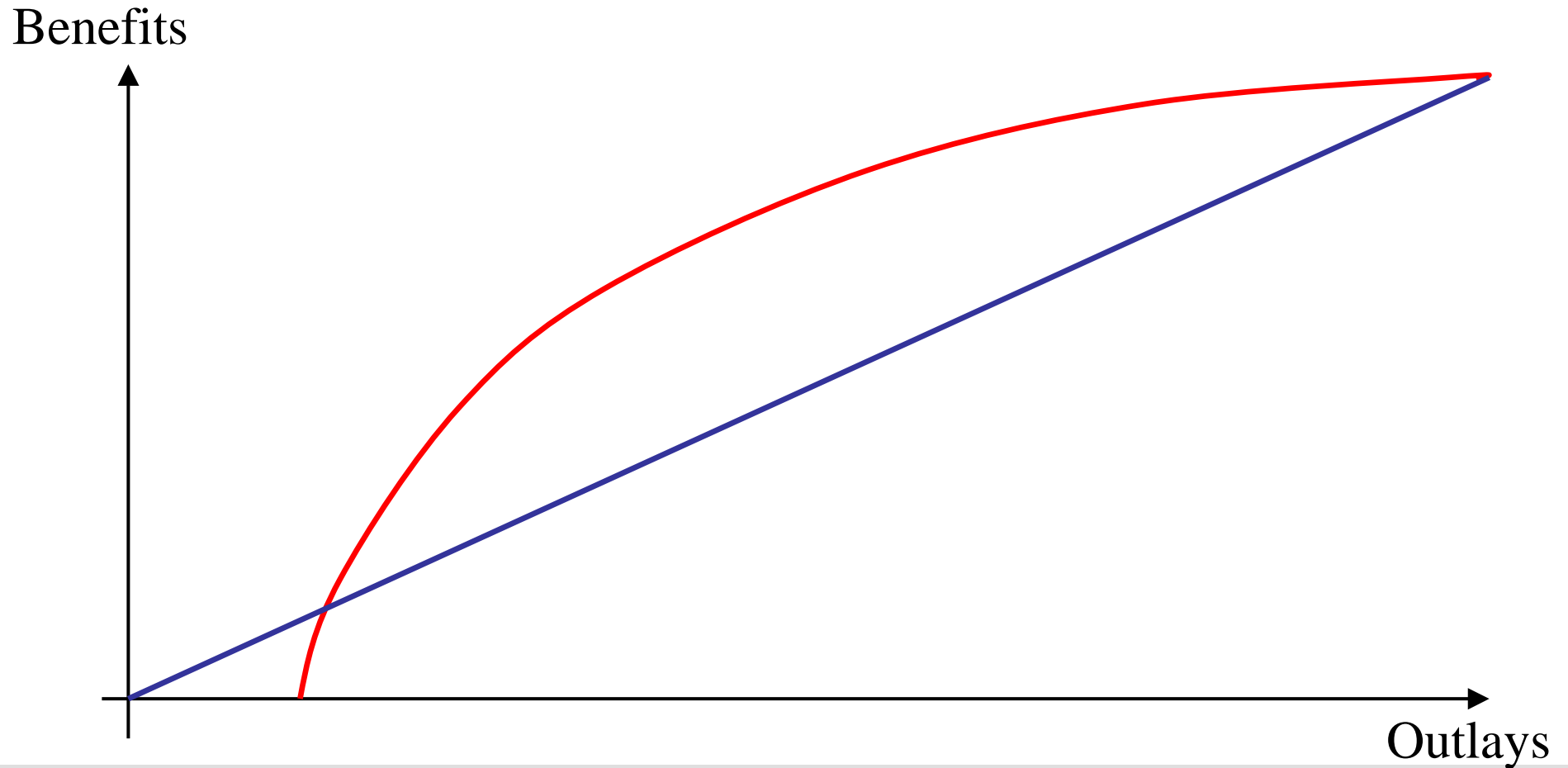
- 1. Customers utilise outputs to generate our target outcomes.**
- 2. This suggests a test for the “correctness” of a proposed scoping statement.**

- Note: it makes no sense to scope a project by asking customers what they want. Why?**
- What does this suggest about the project scoping techniques adopted by the IT industry?**

# Exercise #A

- Identify a project.
- Assemble a preliminary scoping statement statement.
- Identify some representative:
  - Customers.
  - Beneficiaries.

# The project returns function.



# Four criteria to target outcomes.

- Four criteria for selecting suitable target outcomes from a set of candidate outcomes:  
outcomes:
  - Intrinsic *importance*.
  - The *measurability* of the candidate.
  - The *plausibility* of the linkage between our project project and the candidate.
  - The *lag* between production of outputs and the the realisation of the candidate outcome.

# The customer map (CM).

#			A
	<b>Names of</b>	<b>Outcomes</b>	<b>Names of outcomes go in here</b>
	<b>Outputs</b>		
<b>1</b>	<b>Names of outputs go in here</b>		<b>Names of linking customers (only) go in here</b>

# A fundamental implication of the CM

- Customers play a critical role in the *generation of outcomes*—but not in *the scoping of the project*.
- There are three problems with getting customers (“users” in the IT industry) to scope a project or specify its outputs:
  - They have no particular desire for (or knowledge of) our target outcomes.
  - They will try to shape outputs that give them access to benefits that are of no particular interest to the funder.
  - If they are impacttees, they face a conflict of interest in scoping the project.
- Customers do have a key role in ensuring that outputs are “utilisable”.

# The flaw in “IT” projects

- There appears to be only one workable definition of an “IT” project—a project for which for which all outputs are IS/IT in nature.
- But, in general, a project’s scope cannot be be arbitrarily confined to the IS/IT “bits”—as “bits”—as the CM reveals.

# Illustration of a Customer Map

- Devised by Sharyn White.

# Specifying outcomes

<b>Outcome #</b>		<b>#A</b>
	<b>Title</b>	
<b>Description</b>		
	<b>Measure</b>	<i>Units &amp; method</i>
<b>Target level</b>		
	<b>Deadline</b>	
<b>Accountable</b>		

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# Sample definition of a target outcome outcome

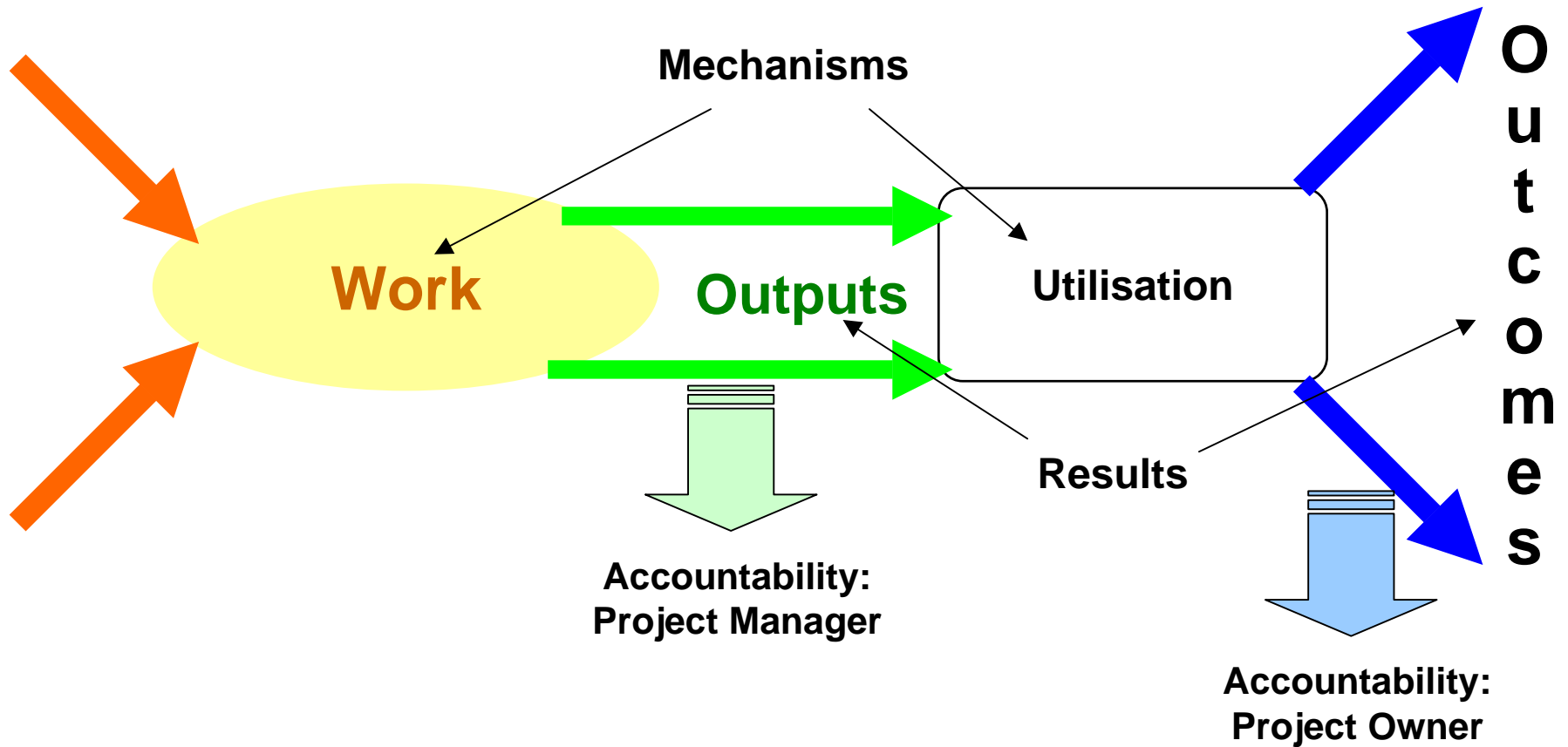
- For Sharyn White's example.

# Exercise #B

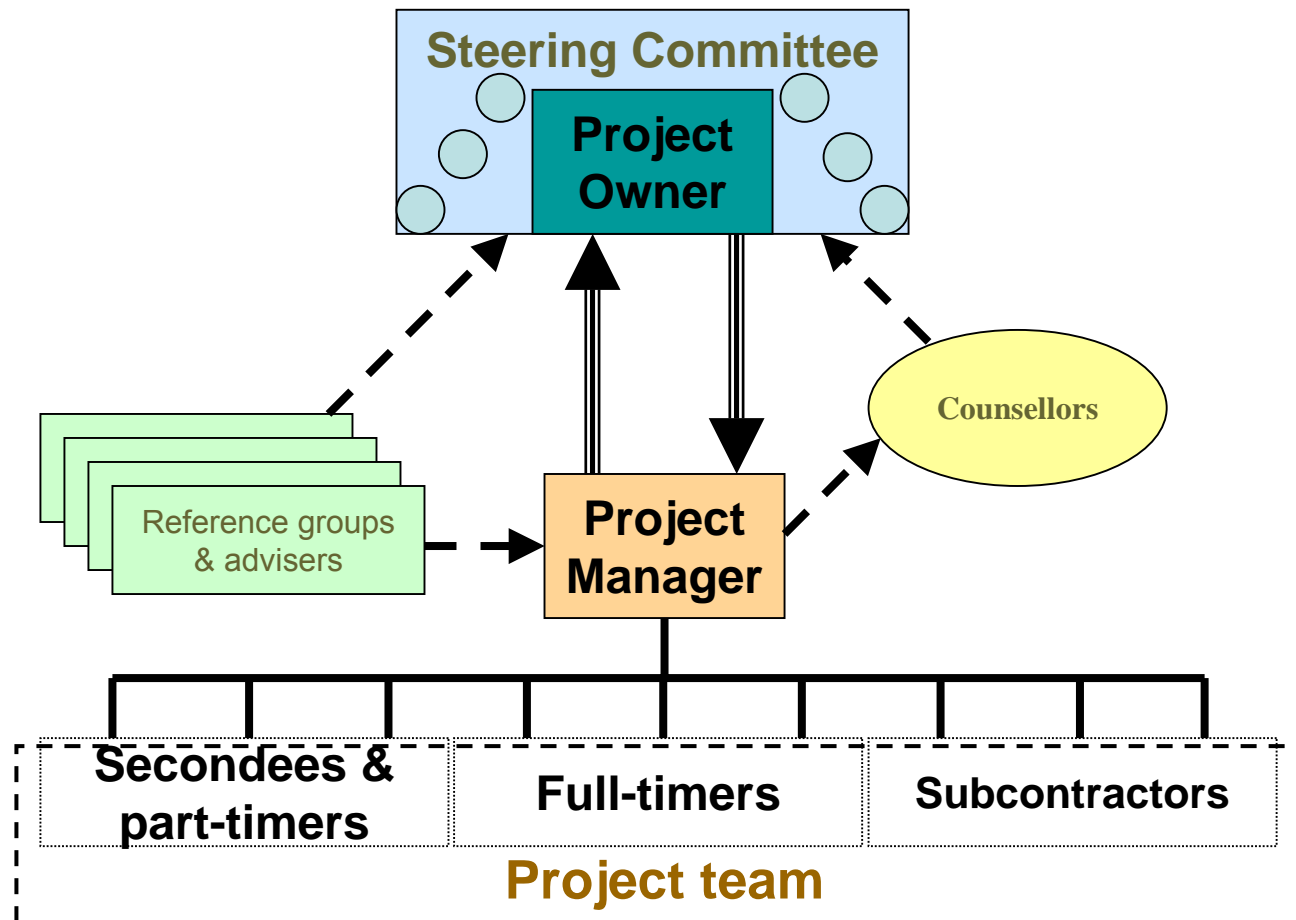
- Assemble a “fragment’ of a Customer Map—  
Map—based on:
  - Two target outcomes
  - Two outputs.
- Define a target outcome

# Outcome realisation & governance governance

# Accountability and the ITO model



# A general governance model.



# The Steering Committee

- Made up of a *small* group of *powerful supporters*.
- The SC is treated by the funder as if it were collectively accountable for target outcomes.
- Members focus single-mindedly on achievement of target outcomes.
- Project opponents are disqualified from membership—they are formed into Reference Groups.

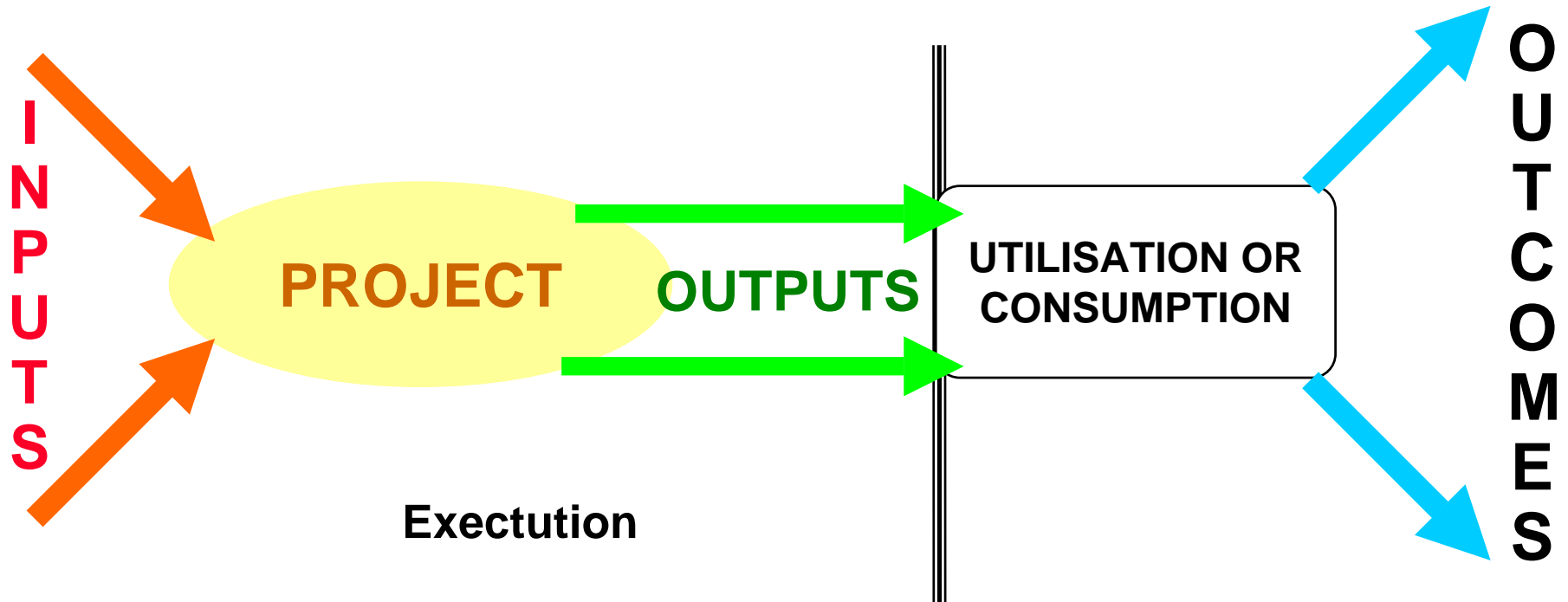
# Management of change & target outcomes outcomes

- Some formal definitions.
- Change management = management of change = stakeholder engagement.

# Outcome realisation & utilisation

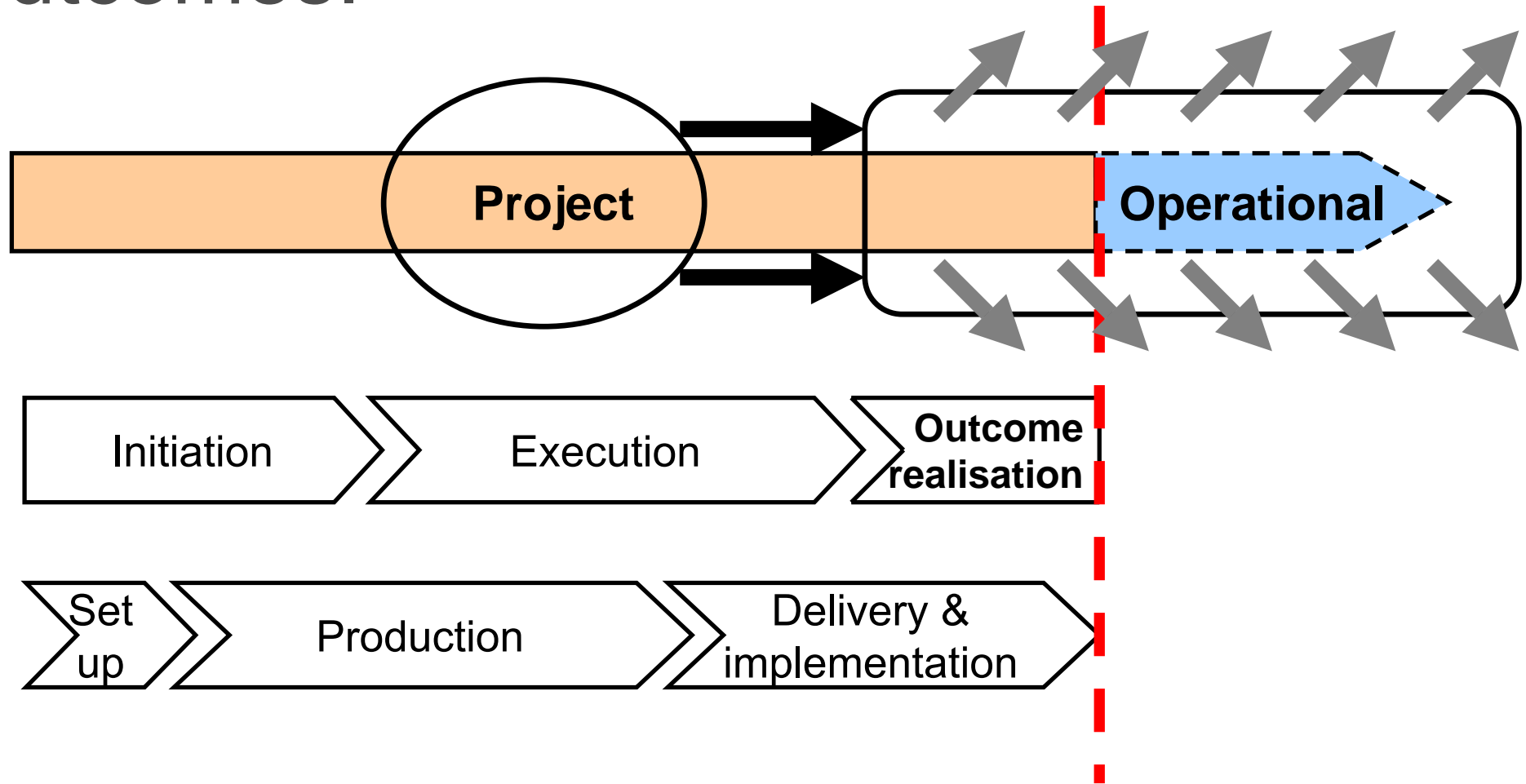
# A closer look at the ITO model

**ITO = “Input-Transform-Outcome”.**



# Business environments & outcomes.

## outcomes.



# Project finish & operations start

- The switch is declared when:
  - Target outcomes secured, optimised, abandoned.
  - Project terminated ahead of utilisation.

# CSFs for realising outcomes.

- Agree a scoping statement.
- Validate with a Customer Map.
- Define all target outcomes.
- Assign accountability.
- Brief everyone in the project governance model.
- Formally close and evaluate the project.

# Wrap up

- Summary of main points.
- Key issues & implications?
- Close.