

Making the Efficient More Effective: Defining Project Success in Terms of Business Outcomes

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SUMMARY

Projects provide a means of implementing organisational strategy. However, project success is often focussed on efficiency rather than effectiveness. Using a public sector case study, this paper describes how managers can make projects more effective by defining project success in terms of effectiveness (outcomes) rather than efficiency (tasks).

INTRODUCTION

Managers need to ensure that organisational strategy is effectively implemented. However, a key means of implementing strategy – project management, is often focussed upon efficiency rather than effectiveness.

Historically, project success has been defined in terms of scope, cost and time (also referred to as the triple constraints or iron triangle). However, for project management to remain relevant, project management practices need to achieve the goal of being both effective and efficient. This goal can be achieved by supplementing existing efficiency focussed project management practices with those focussed on effectiveness. Drucker has outlined the following five practices of efficient executives that can be utilised in supporting project management to focus on the achievement of effectiveness and efficiency goals :

1. Effective time management (Drucker 2002, p 23-25);
2. A focus on effectiveness (results) rather than efficiencies (tasks) (Drucker 2002, p 167);
3. Building on organisational performance strengths – because “effective work is actually done in, and by teams, of people with diverse knowledge and skills” (Drucker 2002, p 66);
4. Setting priorities and sticking to them - “concentrat[ing] on the few major areas where superior performance will produce outstanding results” (Drucker 2002, p 23-25);
5. Making effective decisions by applying the right steps in the right sequence, including an action commitment (Drucker 2002, p136).

In practical terms, one way in which focus can be maintained on project effectiveness is for business and project managers to broaden the definition of project success from that of project efficiency (tasks) to also include project effectiveness, defined in terms of expected business outcomes. With project outcomes in turn, having the potential to yield business benefits.

Defining Project Outcomes in Business Terms

Based on a number of doctoral level research and consultancy projects, the following three-stage approach has been proven to assist project stakeholders to define project success in terms of business outcomes (Nogeste 2006) :

1. Plan and conduct a stakeholder workshop;
2. Document and review the workshop report; and
3. Use the workshop report to plan/review the project.

The purpose of each of the key stages is as follows:

1. Plan and conduct a stakeholder workshop

In the workshop a selected group of project stakeholders work collaboratively to define expected project outcomes using an Outcome Profile™ template. This provides a means for participants to capture the following information:

- Outcome Description
- Outcome Realisation Timeframe
- Outcome Owner
- Benefits & Beneficiaries
- Outputs
- Outcome Success Criteria (Quantitative/Qualitative)
- Dependencies
- Risks

Refer to Appendix 1 for a description of each section of the Outcome Profile™ template.

2. Document and review the workshop report

The workshop report comprises a number of sections including the Outcome Profiles™, outcomes/outputs cross reference table and additional notes recorded during the workshop.

Based on the individual Outcome Profiles™, an outcomes/outputs cross reference table is prepared to highlight the relationship between project outcomes and outputs (Figure 1). This cross reference table illustrates the potential for one output to affect multiple outcomes (Department of Finance and Administration 2003b) and prevents the situation where the relationship between outputs and outcomes is a “matter of judgement” (Department of Finance and Administration 2003a, p4).

No.	Output Name	Outcome 1 Management And Staff Understanding	Outcome 2 Governance Best Practice	Outcome 3 Options For An Enhanced Governance Model	Outcome 4 Integration With Related Projects
1.	Communications Plan	X			
2.	Stakeholder Engagement Plan	X	X	X	X
3.	Project Report Template	X	X	X	X

Figure 1 - Outcome/Output Cross-Reference Table – An Excerpt

The workshop may also generate useful additional notes regarding project constraints, dependencies, issues/action items, etc.

3. Use the workshop report to plan/review the project

The workshop report comprising the Outcome Profiles™, outcomes/outputs cross reference table and additional workshop notes, defines the project success criteria and provides the project manager with the key information required to plan/review the project plan.

Alignment With Drucker’s Five Practices Of Effective Executives

The outlined three-stage approach aligns to Drucker’s recommended practices as indicated in Table 1.

Table 1 - Alignment of the three-stage approach with Drucker (2002)

No.	Drucker’s Practices	Three-Stage Process for Defining Project Outcomes
1	Effective time management	Stage 1 - The duration of the workshop is determined by the stakeholders. Stage 2 – By using the Outcome Profile™ template and outcome/output cross reference table, the workshop report can be completed relatively quickly. Stage 3 – The format of the workshop report provides a clear basis to plan/review a project.
2	A focus on effectiveness (results) rather than efficiencies (tasks)	Stages 1 to 3 – By being based on the Outcome Profile™ template, the workshop discussion, workshop report and project planning/review all maintain a focus on project effectiveness (outcomes).
3	Building on organisational performance strengths – because “effective work is actually done in and by teams of people of diverse knowledge and skills”	Stages 1 to 3 – All stages of the process are completed by either directly involving project stakeholders or by conferring with them.
4	Setting priorities and sticking to them - “concentrat(ing) on the few major areas where superior performance will produce outstanding results”	Stage 1 - The workshop is structured so that project outcomes are prioritised and then defined in order of priority. Stages 2 and 3 – the workshop report clearly documents the priority of project outcomes which drive the planning/review of the project.
5	Making effective decisions by applying the right steps in the right sequence, including an action commitment	Stages 1 to 3 - The process involves applying the right steps in the right sequence, including the assignment of ownership for delivery of the outcomes.

CASE STUDY: GOVERNANCE REVIEW PROJECT

Background

The Corporate Plan of an Australian state government department identified the need for a review of its governance framework to ensure alignment with recognised better practice in public sector governance. The Department Secretary was assigned as the Project Owner, with a Divisional General Manager assigned as the Project Sponsor and a Departmental officer assigned as the Project Manager.

Upon approval of the project business case, the Project Sponsor and Project Manager recruited the project team comprising four consultants and a Departmental Project Administrator. The consultants were specialists in communications, public sector governance and project management.

Project Planning

To initiate the planning of the project, a day-long meeting was organised involving all key stakeholders.. The morning session was to be used for project team member introductions and for the Project Sponsor to introduce the project and explain its background. The afternoon session was to be conducted as a workshop according to the three stage process for identifying project outcomes as outlined above.

Stage 1: Planning and conducting the workshop.

The Project Manager and project management consultant identified two main purposes for the afternoon workshop. These were to:

1. Review the business case purpose statement, project objectives and project outcomes. This was to ensure that the Project Sponsor and project team shared a common definition of the project scope
2. To define each outcome in terms of the components outlined in the Outcome Profile™ template.

Conducting the workshop

During the workshop the project management consultant acted as the workshop facilitator, recording meeting notes on an electronic whiteboard.

As planned, the workshop started with the project team reviewing the business case purpose statement and project objectives. Upon review, the business case purpose statement was accepted “as is”. However, both the project objectives and project outcomes were revised.

The business purpose case statement remained as “The purpose of the Governance Review Project is to learn about different aspects of governance, including best practice public service governance, the current state of governance in the Department and how to lead a way forward to governance best practice within the Department.”

The original four expected project outcomes documented in the business case, were reworded to:

- i. Ensure management and staff understand and are aligned with good governance through focused consultation and communication;
- ii. Identify “best practice” public sector governance standards; map current governance arrangements and review current Departmental practice;
- iii. Develop options for an enhanced Departmental governance model including priority improvement areas and featuring a monitoring and performance measurement framework for governance; and
- iv. Integrate opportunities with other major Departmental projects.

The workshop participants also defined relevant key terms, including ‘Governance’, ‘Departmental’ and ‘Whole of Government’.

Having completed the first part of the workshop, the Project Sponsor and project team progressed to the next part of the workshop – to use the Outcome Profile™ template to define each of the four expected outcomes in more detail, including expected benefits and outputs. The project management consultant recorded the details of each Outcome Profile™ on an electronic whiteboard. Refer to Appendix 2 for the sample Outcome Profile™ of Outcome 1.

Stage 2: Documenting and reviewing the workshop report.

Document the workshop report

Following the workshop, the project management consultant drafted the workshop report comprising the following sections:

- Project Overview
 - Project Objectives and Outcomes
Introducing the slightly reworded project objectives and outcomes.
 - Project Terminology
Clarifying terms including ‘Governance’, ‘Departmental’ and ‘Whole of Government’
- Outcome Profiles
 - Completed outcomes profiles for each of the four outcomes
- Appendices
 - Background – Objectives and Outcomes
Tracing the changes to made to the original wording of the objectives and outcomes in the business case
 - Outcomes/Outputs Cross –Reference Table
 - Issues/Action Items Log
 - Proposed Key Milestones and Activities

Refer to Appendix 2 for the sample Outcome ProfileTM of Outcome 1 and Appendix 3 for the Outcomes/Outputs Cross – Reference Table.

Review the workshop report

At this point, the project management consultant reviewed the workshop report with the Project Manager for two main purposes. Firstly, to confirm that the report accurately reflected the results of the workshop, and secondly, to complete the outcome risk assessments. Completion of the risk assessments was dependent on the Project Manager rating the probability and impact of each risk identified by the project management consultant.

Stage 3: Using the workshop report to plan the project.

The workshop report comprising the Outcome ProfilesTM, outcomes/outputs cross reference table and additional workshop notes defined the project success criteria and provided the Project Manager with the key information required to plan the project.

The Project Manager used the workshop report in the following ways:

- i. The re-worded Project Objectives and Outcomes were included in all further project documentation;
- ii. The Outcome ProfilesTM were used to define the project scope and schedule in terms of the project outputs and the activities and resources required to generate them;
- iii. The outcomes/outputs cross-reference table provided a project reporting framework which related the development of individual outputs to the delivery of related outcome/s;
- iv. The individual Outcome ProfileTM risk assessments were combined to become the project risk register;
- v. The Issues/Action Item Log became the project issues/action items register.

The Project Manager and project management consultant continued to meet periodically over the project’s life to reconfirm the project’s alignment to the defined project outcomes.

DISCUSSION

A three-stage process aligned to Drucker's five practices for effective executives, was used to define the success criteria of a public sector Governance Review Project in terms of project outcomes (effectiveness).

The first stage of planning and conducting a stakeholder workshop resulted in a new project team comprising people from a variety of disciplines (public service, public sector governance, communications and project management) generating a common definition of project success in terms of project outcomes and their associated outputs. For the case study project, the workshop readily highlighted that project outcomes (success) were particularly reliant on stakeholder management and communications related outputs e.g. communications plan, staff briefings, report templates etc. A reliance which was able to be documented in the workshop report (comprising the Outcome ProfilesTM, outcomes/outputs cross reference table and additional workshop notes) which was handed over to the project manager to use as the basis of planning the Governance Review Project.

CONCLUSIONS

Use of a three-stage process aligned to Drucker's five practices for effective executives, demonstrated that project management practices and definitions of success criteria which have traditionally been focussed on efficiency may be broadened to include effectiveness (outcomes) focussed practices and definitions of success criteria – thereby making the efficient more effective.

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AUTHORS

Dr Kersti Nogeste AFAIM (knogeste@projectexpertise.com.au) is an independent program and project management consultant with more than fifteen years experience managing successful projects and programs of work in Australia and North America, particularly in IT&T, the utility and public sectors.

Kersti's doctoral level research conducted with public sector projects developed the Outcome Profile™ template which helps project stakeholders to define project success criteria in terms of expected project outcomes, their associated benefits and outputs. Use of Outcome Profiles™ increases the likelihood of project and program success because stakeholders define project success criteria in terms of business outcomes.

Kersti is a speaker at national and international conferences, is the author of a number of journal articles, a board member of a regional health service, a doctoral research supervisor and a certified Project Management Professional (PMP).

Dr Graeme Harvey works as a Senior Analyst in the Department of Education and Training in Victoria. Graeme has a keen interest in education and worked as a teacher, researcher and evaluator before taking up this role. Currently, Graeme's work is focussed on the evaluation and review of policy and program initiatives in schools. Graeme's interests include the areas of school change, use of theory of change, sustainability of school change, governance and the use of participatory models of evaluation in schools.

APPENDICES

Appendix 1 – The purpose of each section of the Outcome Profile™ template.

An Outcome Profile™ template defines each expected project outcome in terms its

- Outcome Description
- Outcome Realisation Timeframe
- Outcome Owner
- Benefits & Beneficiaries
- Outputs
- Outcome Success Criteria (Quantitative/Qualitative)
- Dependencies
- Risks

The purpose of each part of the Outcome Profile™ template is as follows :

- The Outcome Description ensures a clear and common definition of the expected outcome.
- The Outcome Realisation Timeframe ensures a clear and common understanding of when the outcome can reasonably be expected to be realised – either during or after the project.
- The Outcome Owner is assigned responsibility for the realisation of the outcome. If the outcome is to be realised some time after completion of the project, then it is impractical to assign the responsibility to the Project Manager.
- The Benefits of an Outcome are described in terms of the advantages provided by the outcome (Ward, Murray & David 2004, p7) to particular Beneficiaries.

Whilst Outcomes and Benefits are often confused with each other (Ward, Murray & David 2004, p8), they are different. Benefits are only able to be realised as a result of an “observable outcome” – “the outcome is needed for the benefit to be realised” (Ward, Murray & David 2004, p54). For example, if an outcome of an Information Technology project is that personnel are able to do their work more quickly, freeing up time, then the ensuing benefit is “what is actually done with the time that is freed up, since clearly if managers do not find ways to utilise the time released then no benefit will materialise” (Ward, Murray & David 2004, p8). “Only with the conscious intervention of managers” will an outcome yield business benefits (Ward, Murray & David 2004, p8).

Note : In some cases, project stakeholders may also wish to define potential dis-benefits. This will help project stakeholders to agree that the potential dis-benefits “are a price worth paying to obtain the positive benefits” (Ward, Murray & David 2004, p15).

- Aligning an outcome with its associated Outputs defines the need for the project to generate particular outputs; an approach which is consistent with the UK Treasury Department's Green Book which describes outcomes being able to be expressed in terms of outputs (HM Treasury 2003, p13).

In addition, it is important to define which outputs will be defined during and after the project. For example if a project is to generate a signed contract, the generation of a contract renewal may be an output to be delivered after completion of the project.

- It is important to explicitly define Outcome Success Criteria. Especially, to avoid multiple and possibly contrary definitions of project success. For, project stakeholders may define success in different ways (Shenhar et al. 2001, p716) by referring to different sets of data, or even when referring to the same set of data, interpret it differently, according to their particular perspective (Rad 2003). In addition to interpreting data differently, “the success rating of a project may also differ according to subjective, individual judgement” (Dvir, Raz & Shenhar 2002).
- The successful realisation of an outcome, its benefits and outputs will be dependent on a number of factors that need to be clearly defined and documented as Dependencies.
- The successful realisation of an outcome, its benefits and outputs will be subject to a number of risks which need to be identified and assessed, along with corresponding mitigation/contingent actions which will need to be incorporated into the project plan. A good starting point for risk identification is to examine the risks associated with previously defined Dependencies.

Appendix 2 – Outcome 1 – A Sample Outcome Profile™

Outcome Description

To ensure management and staff understand and are aligned with good governance through focused consultation and communication.

Outcome Realisation Timeframe

This outcome will be delivered in two stages:

Stage 1 - During the project – "commencement stage".

Stage 2 - After the project via implementation of the "Way Forward" report – "formalised stage".

Outcome Owner

- Project Sponsor

Benefits & Beneficiaries

These benefits will commence being realised during the project (stage 1) and continue to be realised after the project by implementing the Way Forward report (stage 2).

- Broad ownership of good governance.
- Improved adoption and performance of good governance in a sustainable way.
- Promotion of a culture of good governance.
- Improved cross-offices team work and communication.
- Enhanced organisational capacity.
- Project and stakeholder initiated governance related discussions.

Outputs

Stage 1 – during the project

- "Key Messages".
- Project Communications Approach (including Key Messages).
- Communications elements for governance projects summary template.
- Senior Management briefing describing similarities and differences between public and private sector governance.
- Project Stakeholder Engagement Approach i.e. coordinated, identifying key stakeholders and opportunities for improvement.
- The Way Forward Report - Communications Strategy section (including Key Messages).

Outcome Success Criteria

Stage 1 – during the project – "commencement"

- Measuring understanding and awareness e.g. workshop feedback forms, surveys (quantitative and qualitative).

Stage 2 – post-project – "formalisation"

- Continued measurement of understanding and awareness.
- General management feedback about their perception of the integration of good governance.

Dependencies

1. Departmental briefing about key stakeholders i.e. 1 ½ hour teleconference.
2. Departmental organisational chart, including roles and responsibilities.
3. Departmental reference/background material.

Dependencies (continued)

4. Way Forward report format.
5. Good Governance "Value Proposition".
6. Advice/guidance from Reference Group on how best to approach key stakeholders.
7. Departmental branding and communications standards i.e. logo, design guidelines.
8. Departmental Communications group timely feedback and approval/endorsement.
9. Understanding of Departmental Communications approval processes – stages, time periods.
10. Up front understanding/definition of key stakeholder needs/desires/perceived project benefits.
11. Maintaining Reference Group involvement above and beyond scheduled monthly meetings.

Risk Assessment Summary

A total of fourteen (14) risks were identified, with nil (0) high risks, two (2) medium risks and twelve (12) low risks.

The two (2) medium risks are

Risk 12 – The Departmental Communications group approval process delays the scheduled completion of project communications outputs.

Risk 13 – Incomplete/contrary key stakeholder understanding/definition of project benefits.

Risk 12 is to be managed by clearly documenting both the standard communications approval process and the communications approval escalation process; so that the time required to complete the standard approval process is accurately included in the project schedule. The escalation process is to be used by exception.

Risk 13 is to be managed by convening group meetings with key stakeholders, supplemented by meetings with individual key stakeholders unable to attend group meetings.

Appendix 3 – Outcome/Outputs Cross Reference Table

No.	Output Name	Outcome 1 Management And Staff Understanding	Outcome 2 Governance Best Practice	Outcome 3 Options For An Enhanced Governance Model	Outcome 4 Integration With Related Projects
1.	Communications elements for governance projects summary template.	X			X
2.	Senior Management briefing describing similarities and differences between public and private sector governance.	X	X		
3.	Value Proposition	X	X		
4.	"Key Messages"	X			
5.	Project Communications Approach	X			
6.	Project Stakeholder Engagement Approach	X	X	X	X
7.	The Way Forward Report Template	X	X	X	X
8.	The Way Forward Report - Communications Strategy section	X			
9.	Governance elements for governance projects summary template.		X		X
10.	Baseline survey of current governance practices.		X		
11.	Map of current governance framework		X		
12.	Public sector best practice report		X		
13.	Documented gap analysis		X		
14.	The Way Forward Report – Good Governance Strategy section			X	
15.	The Way Forward Report – Monitoring and Performance Monitoring Framework section			X	
16.	Governance projects summary template				X
17.	Completed version of Governance projects summary template			X	X
18.	Documented existing and potential synergies between projects.			X	X
19.	Graphical representation of governance related projects			X	X