

Needs identification processes to establish program/project benefits targets¹

By Alan Stretton, PhD

ABSTRACT

This paper is concerned with processes for establishing/confirming the needs of intended recipients of benefits deriving from programs/projects, in order to definitively establish the nature of the targeted benefits. This work does not currently receive as much attention in the program/project literature as its importance deserves.

Three different groups of recipients of benefits can be identified in the literature.

- Program/project benefits linked to the organisation at large

In this case, organisational needs identification/confirmation is normally part of processes for establishing organisational strategic objectives. This is not generally regarded as an area for involvement by program/project management. However as I argued in last month's PM World Today (Stretton 2011j) there are many circumstances where program/project managers should be involved.

- Program/project benefits linked directly to stakeholders

Surprisingly few writers directly link benefits with specific stakeholders. Some contributions by Thiry to identifying needs of stakeholders in this context are summarised. Also, it is suggested that some of the approaches developed for customer needs determination (next bullet point) may also be useful for helping identify the needs of key stakeholders.

- Program/project benefits directly linked with clients/customers

Customer needs determination was discussed in some detail in an earlier paper in this journal (Stretton 2009e).

¹ *Second Editions are previously published papers that have continued relevance in today's project management world, or which were originally published in conference proceedings or in a language other than English. This paper was originally published in the August 2011 edition of PM World Today, republished with the author's permission.*

INTRODUCTION

The materials on program/project benefits realisation/management in the literature pay little attention to first ascertaining the needs of the recipients of benefits from programs/projects before establishing relevant benefits targets. However, it seems self-evident that the nature of the targeted benefits cannot be confidently established until recipients' needs have been properly determined. If this work is not done, how can the ultimate realisation of relevant program/project benefits be confirmed?

There is some recognition in the literature of the need to do this work, although little detail on how to go about it. For example, in the Project Management Institute's *Standard for Program Management* (PMI 2006a), the first two stages (of five) in its Figure 2.3. Program Life Cycle and Benefits Management are Benefits Identification and Benefits Analysis. However, little indication is given on how to go about the needs identification work that is required before undertaking identification and analysis/synthesis of the desired benefits.

These notes are concerned with processes for identifying/confirming the needs of intended recipients of program/project benefits. But first, we identify three different types of recipients of benefits as they appear in the literature.

- Program/project benefits linked to the organisation at large
- Program/project benefits linked directly to stakeholders
- Program/project benefits directly linked with clients/customers

We go on to look at needs identification processes for each recipient category

NEEDS IDENTIFICATION WHEN PROGRAM/PROJECT BENEFITS ARE LINKED TO THE ORGANISATION AT LARGE

Introduction

For reasons which are far from clear, the Western project management literature largely focuses on organisational change programs. For example, two key publications on program management, namely 'Managing Successful Programmes' [MSP] (OGC 2007) and 'The Standard for Program Management' (PMI 2006a), are primarily concerned with organisation change programs. In this particular program application area, the organization itself is clearly seen as the key beneficiary.

However, there are other program application areas where the organisation itself is also seen as the key beneficiary. For example, in an IT context, Lindenberget al 2004, and Raynor 2004, talk in general terms about optimising organisational performance by managing project benefits. In the context of change programs in general, Reiss 2000 also discusses benefits to the organisational at large.

Most of the above do not identify internal groups or individuals as beneficiaries, although it is noted that OGC 2007 does make a general association between benefits and stakeholders in its definition of a program benefit (p 245):

Benefit. The measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders.

However, it is also noted that this connection between benefits and stakeholders is seldom discussed elsewhere in the main body of OGC 2007, and is certainly not developed in any detail at all. Clearly, the organization itself is seen as the key beneficiary.

Where the organisation itself is the key beneficiary, needs identification becomes a more generalised process. Inevitably, the identification of the organisation's needs is a key component of the work of establishing the organisation's strategic objectives, and the associated benefits are linked with realisation of the organisation's strategic plans to achieve those objectives.

Benefits linked with realisation of organisational strategic plans

Many writers on programs link them with benefits associated with achieving organisational strategic plans. Some good illustrations of this association are in PMI 2006a: Figure 1-3, Jamieson & Morris 2004, Van Den Broecke 2005 (whose figures were illustrated in Stretton 2011j), and OGC 2007: Figure 7.5, which is reproduced here.

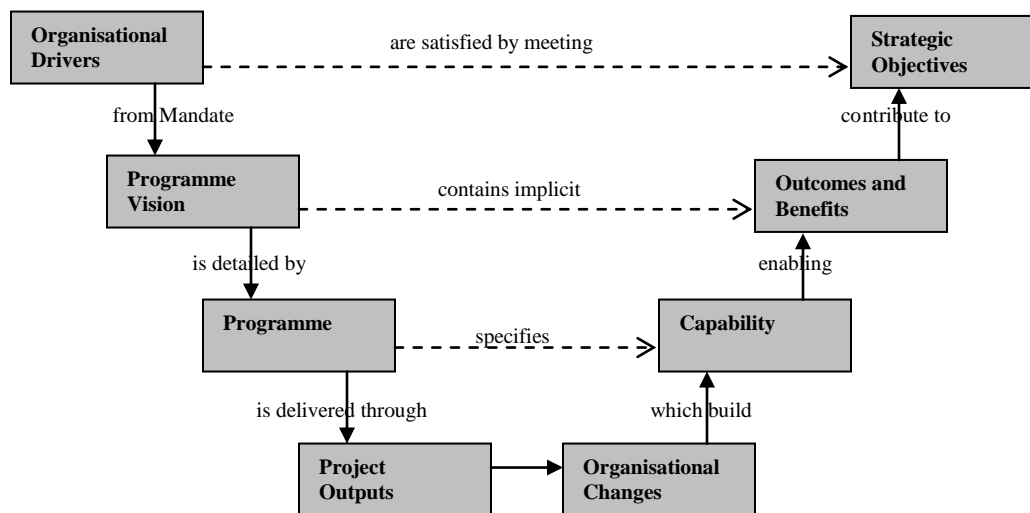


Figure 1: OGC 2007 Fig 7.5 Strategic context of benefits realisation within a programme

This figure shows a clear relationship between benefits and achievement of organisational strategic objectives.

With regard to involvement by program/project managers in establishing and delivering organisational strategic goals (and thence the associated benefits), I discussed the former in some detail in last month's *PM World Today* (Stretton 2011j), and have nothing further to add here.

NEEDS IDENTIFICATION WHEN PROGRAM/PROJECT BENEFITS ARE LINKED DIRECTLY TO STAKEHOLDERS

Two direct connections in the literature between benefits and stakeholders

Two prominent authors link program benefits with stakeholders. I have already mentioned the link made in the definition of a program benefit by OGC 2007:245, as follows:

Benefit. The measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders

However, I also noted here that this connection between benefits and stakeholders is seldom discussed elsewhere in the main body of OGC 2007.

A more direct link between benefits and stakeholders is made by Thiry 2004a:268 :

Benefits are the translation of stakeholders' needs and/or expectations into measurable outputs; the sum of these outputs constitutes the "value" of the program to the organisation.

Identifying/verifying stakeholders needs

I discussed processes for identifying/verifying customers' needs in some detail in a previous paper, Stretton 2009e. Similar processes would also appear to be appropriate for identifying the needs of other program/project stakeholders, particularly key stakeholders.

A more specialised approach to identifying individual stakeholders needs is that of Thiry 2004b, in a chapter of Morris & Pinto 2004 (*The Wiley Guide to Managing Projects*) entitled "Value Management: A group decision-making process to achieve stakeholders' needs and expectations in the most resource-effective ways". As Morris & Pinto express it in their Introduction in relation to Thiry's chapter,

VM [Value Management] is positioned as a strategic process comprising for Michel Thiry: sensemaking, ideation, elaboration, choice; for Michel, it is "the method of choice to deal with the ambiguity of stakeholders' needs and expectations and the complexity of changing business environment at program level and project initiation".

As indicated in the above quotation, Thiry covers this topic under the main headings of sensemaking, ideation, elaboration and choice. It is not easy to do justice to Thiry's quite dense chapter in summary format, and I will not attempt to do so here.

Combined stakeholder and benefits management processes

The following figure covers Thiry's (2006b) detailed set of processes which combine both stakeholder management and benefits management (with a few modifications in the terminologies, and one addition).

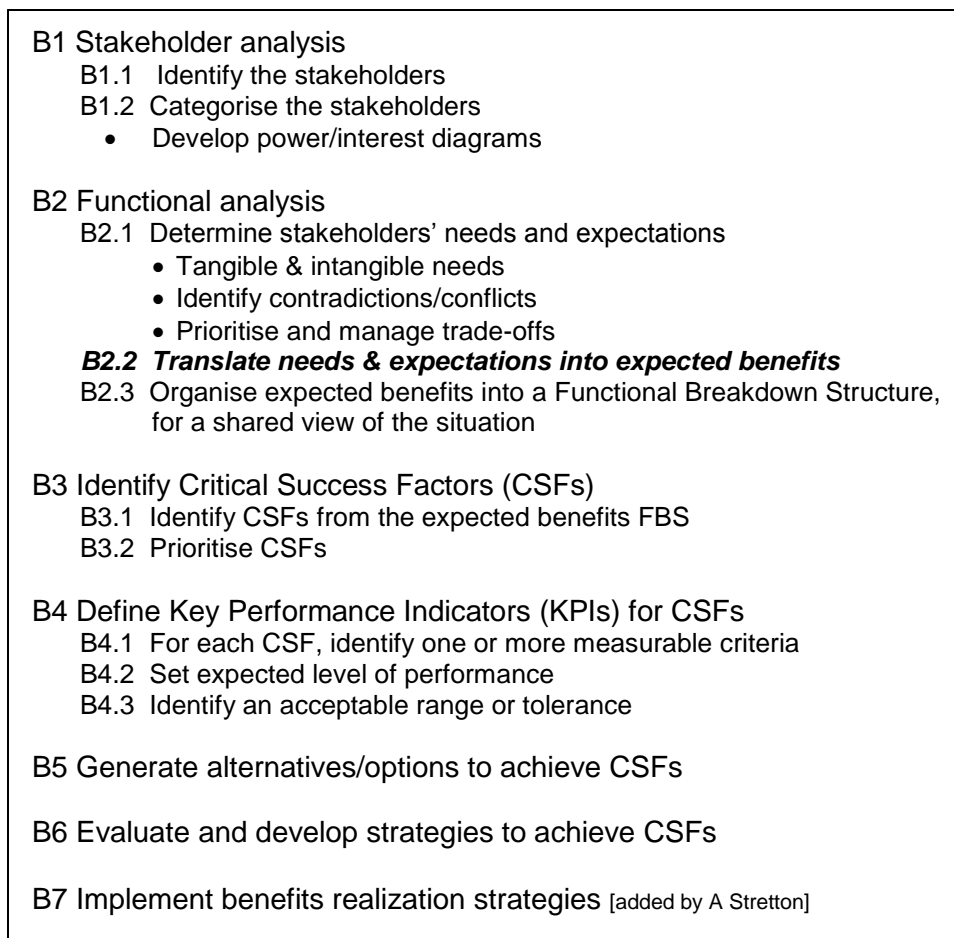


Figure 2: Combined stakeholder and benefits management processes, based on Thiry 2004b

It can be seen that process B2.2 represents a transition from stakeholder needs/expectations to defining and developing the target benefits in substantial detail.

A cautionary note

A cautionary note has been offered by Pellegrinelli et al 2007, who, in their research on the actual practices used on programs in commercial and UK public sector organisations, found that

The sources of funds and implications for funding had a profound, typically fragmenting effect on the objectives and scope of the programmes, and on what was deemed to constitute a benefit. MSP's [Managing Successful Programmes – OGC 2003] assertion that a benefit is something of value to a stakeholder may be morally appealing. [but] The DCA's [Department for Constitutional Affairs] Courts and Tribunals Modernisation Programme and the Inland Revenue's Performance and Management Information programme revealed an undesired but real disconnect between recognising the benefits to all stakeholders and the construction of defensible project business cases. Parochialism creeps into programme governance under the guise of prudent control of funds, and benefits are seen in the eyes of those funding the programme, whether directly or indirectly.

The resolution of this apparent problem appears to be relatively straight-forward. There can be a multitude of stakeholders attached to any significant program, and it is simply unrealistic to expect to be able to benefit all stakeholders all the time. Indeed it is normally the case that some stakeholders will be disadvantaged by the program (described by OGC 2007 as “dis-benefits”).

Therefore, it appears self-evident that the focus should be, first, on the needs of key stakeholders, and then on those of potentially influential stakeholders.

However, as previously flagged, I do not believe that even this gets to the heart of identifying stakeholder needs. With my background in organizations providing program/project management services to others, I automatically respond to the question “benefits to whom?” with “benefits to the client/customer”, as now briefly discussed.

NEEDS IDENTIFICATION WHEN PROGRAM/PROJECT BENEFITS ARE LINKED DIRECTLY TO CLIENTS/CUSTOMERS

I discussed this type of needs identification work in considerable detail in an earlier contribution to this journal entitled “Identifying/verifying customers’ needs before specifying product/service requirements in the program/project context” (Stretton 2009e). This was essentially a synthesis of processes for identifying/confirming customers’ needs from the very few sources I was aware of, notably Frame 1994, and my own experience with a long-time employer in the building and construction industry. I will not attempt to summarise the contents of this paper here.

In that paper I also noted that this topic has evidently been seriously addressed in service industries such as IT, finance and marketing, but that little of this experience appears to have found its way into the mainstream program/project literature.

This paper (Stretton 2009e) attracted quite substantial attention, which appeared to indicate the perceived importance of this topic in the program/project world, and the lack of substantial material on the subject in its own literature. One reader, Michael Davis, recommended a relevant resource of which I had previously been unaware, namely Gause & Weinberg 1989.

FROM IDENTIFYING NEEDS TO ESTABLISHING TARGET BENEFITS TO BE DELIVERED

Establishing the specific benefits to be delivered by the program/project should flow naturally from sound needs identification and verification processes.

SUMMARY

These notes have been primarily concerned with processes involved in identifying the needs of intended recipients of program/project benefits, to help ensure that the ultimate benefits delivered by the relevant programs/projects will contribute maximally to satisfying these needs. Identification of needs of three categories of recipients was discussed.

- *Needs when program/project benefits are linked to the organisation at large:*

In this case, needs identification and benefits establishment for the organisation at large generally derive from organisational strategic planning. Involvement of program/ project managers in this activity was discussed in some detail in Stretton 2011j.

- *Stakeholders' needs when program/project benefits are linked directly to stakeholders:*

Surprisingly few writers directly link benefits with specific stakeholders. I first suggested that the methodology outlined for identifying/verifying clients/customers needs developed in Stretton 2009e should also be helpful in identifying/ verifying stakeholders' needs, particularly key stakeholders.

A more specialised approach from Thiry 2004b was briefly introduced, together with his combined stakeholder and benefits management processes, which include the transition from determining stakeholder needs/ expectations to defining and developing the target benefits in substantial detail.

Finally, there was a cautionary note from Pellegrinelli et al 2007.

- *Client/customer needs when program/project benefits are directly linked with them:*

The context of professional services programs to external client organisations was briefly discussed, but this had already been covered in substantial detail in Stretton 2009e.

REFERENCES

- FRAME, J Davidson 1994. *The New Project Management*. San Francisco CA, Jossey-Bass
- GAUSE D C & G M WEINBERG 1989. "Exploring requirements: quality before design". New York, NY; Dorset House Publishing Co. Inc.
- JAMIESON, Ashley & Peter W G MORRIS 2004. "Moving from Corporate Strategy to Project Strategy". In *The Wiley Guide to Managing Projects*, Eds Peter W G Morris & Jeffrey K Pinto, Hoboken, NJ; John Wiley & Sons. Chapter 8, pp 177-205.
- LINDENBERG, Yorai, Zive STADLER & Stephen ARBUTHNOT 2004. "Optimising Organisational Performance by Managing Project Benefits". Retrieved Sept 2005 from http://www.e-programme.com/articles_site.htm
- MORRIS , Peter & Jeffrey PINTO 2004. "Introduction". In *The Wiley Guide to Managing Projects*, Eds Peter W G Morris & Jeffrey K Pinto, Hoboken, NJ; John Wiley & Sons, pp xiii-xxiv.
- OGC (OFFICE OF GOVERNMENT COMMERCE) 2007. "Managing Successful Programmes". 3rd Edition, London, The Stationary Office.
- PELLEGRINELLI, Sergio, David PARTINGTON, Chris HEMINGWAY, Zaher MOHDZAIN & Mahmood SHAR 2007. "The importance of context in programme management: An empirical review of programme practices". *International Journal of Project Management*, Vol 25, pp 41-55.
- PMI (PROGRAM MANAGEMENT INSTITUTE) 2006a. "The Standard for Program Management". Newtown Square, PA: Project Management Institute
- RAYNER Paul 2004c. "Programme and Projects: What is the difference?". Retrieved Sept 2005 from http://www.e-programme.com/articles_site.htm
- REISS, G A 2000. "Benefits Management – A Paper for Congress 2000". The Programme Management Web Site.
- STRETTON Alan 2011j. "Involving program/project managers in organizational strategic planning?". *PM World Today*, Vol XIII, Issue VII, July.
- STRETTON Alan 2009e. "Identifying/verifying customers' needs before specifying product/service requirements in the program/project context". *PM World Today*, Vol XI, Issue IX, September.
- THIRY, Michel 2004a "Program Management: A Strategic Decision Management Process". In *The Wiley Guide to Managing Projects*, Eds Peter W G Morris & Jeffrey K Pinto, Hoboken, NJ; John Wiley & Sons. Chapter 12, pp 257-287.

THIRY, Michel 2004b. "Value Management: A group decision-making process to achieve stakeholders' needs and expectations in the most resource-effective ways". In *The Wiley Guide to Managing Projects*, Eds Peter W G Morris & Jeffrey K Pinto, Hoboken, NJ; John Wiley & Sons. Chapter 36, pp 876-902.

Van Den BROECKE Erik 2005. "Realising strategy in turbulent environments: A role for programme and portfolio management". ESC Lille, 5th *International Project and Programme Management Workshop*, August.

About the Author



Alan Stretton, PhD

Faculty Corps, University of Management
and Technology, Arlington, VA (USA)

Life Fellow, AIPM (Australia)



Alan Stretton is one of the pioneers of modern project management. He is currently a member of the Faculty Corps for the University of Management & Technology (UMT), USA. In 2006 he retired from a position as Adjunct Professor of Project Management in the Faculty of Design, Architecture and Building at the University of Technology, Sydney (UTS), Australia, which he joined in 1988 to develop and deliver a Master of Project Management program. Prior to joining UTS, Mr. Stretton worked in the building and construction industries in Australia, New Zealand and the USA for some 38 years, which included the project management of construction, R&D, introduction of information and control systems, internal management education programs and organizational change projects. He has degrees in Civil Engineering (BE, Tasmania) and Mathematics (MA, Oxford), and an honorary PhD in strategy, programme and project management (ESC, Lille, France). Alan was Chairman of the Standards (PMBOK) Committee of the Project Management Institute (PMI®) from late 1989 to early 1992. He held a similar position with the Australian Institute of Project Management (AIPM), and was elected a Life Fellow of AIPM in 1996. He was a member of the Core Working Group in the development of the Australian National Competency Standards for Project Management. He has published over 100 professional articles. Alan can be contacted at alanilene@bigpond.com.au.