

## **Series on increasing project management contributions to helping achieve broader ends<sup>1</sup>**

Article 1 of 4

### **Project outputs and customers' outcomes**

*By Alan Stretton*

#### **INTRODUCTION TO SERIES**

In the project management world, all too often the project is viewed as an end in itself. The focus is usually on delivering planned project outputs. However, this viewpoint loses sight of the bigger picture. It is virtually always the case that projects are really only part of a means to help achieve broader ends. If we focus more on the latter, opportunities can emerge to increase the contributions project managers can make towards the achievement of such ends. I believe it is important for the project management industry to understand and embrace this broader context, because it provides a platform for project managers to add more value to customers.

This series looks at how project management can add value through three mechanisms.

- Helping convert project outputs to actual realisation of customers' planned business (or equivalent) outcomes;
- Helping customers determine their business needs, plan for appropriate outcomes, and establish requirements of projects to help realise these outcomes;
- Helping organizations determine their strategic objectives, plan for achieving them, and develop an appropriate portfolio of projects to help such achievement.

This article addresses the first bullet point.

#### **INTRODUCTION TO THIS ARTICLE**

In this article we look in more detail at some of the increasing number of contributions by writers in relation to project outputs, and particularly on how these outputs contribute to the realisation of business (or equivalent) outcomes for clients and key stakeholders – whom I will jointly describe as “customers” in this article. We then look at how much involvement project management could or should have in helping customers actually realise these outcomes.

#### **THE NATURE OF PROJECT OUTPUTS AND CUSTOMERS' OUTCOMES**

##### **Zwikael & Smyrk 2009**

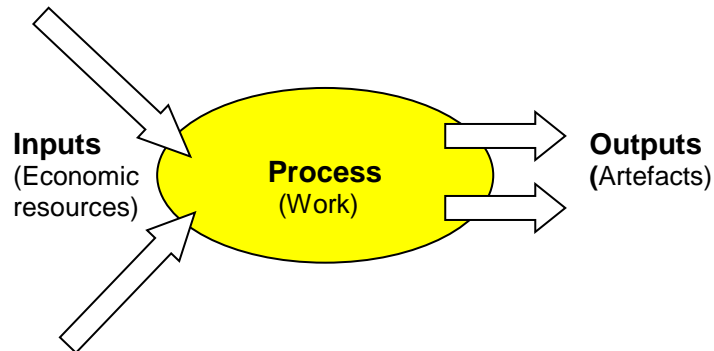
The nature of, and difference between, project outputs and (what I have termed) customer outcomes are well described by Zwikael & Smyrk 2009, as follows.

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<sup>1</sup> Editor's note: This series of articles on increasing project management contributions to broader outcomes is by Alan Stretton, PhD (Hon), Life Fellow of AIPM (Australia), a pioneer and one of the most respected voices in the field of professional project management. Long retired, Alan is still accepting some of the most challenging research and writing assignments; he is a frequent contributor to the *PM World Journal*. See his author profile at the end of this article.

...although all projects are approved in order to achieve outcomes (benefits) defined by the project funder, project management is often perceived by organisations as a process aimed at generating a unique output. While output delivery can still be accepted as an important milestone towards outcome achievement, a project should be considered complete only after the reason for its approval has been fulfilled.

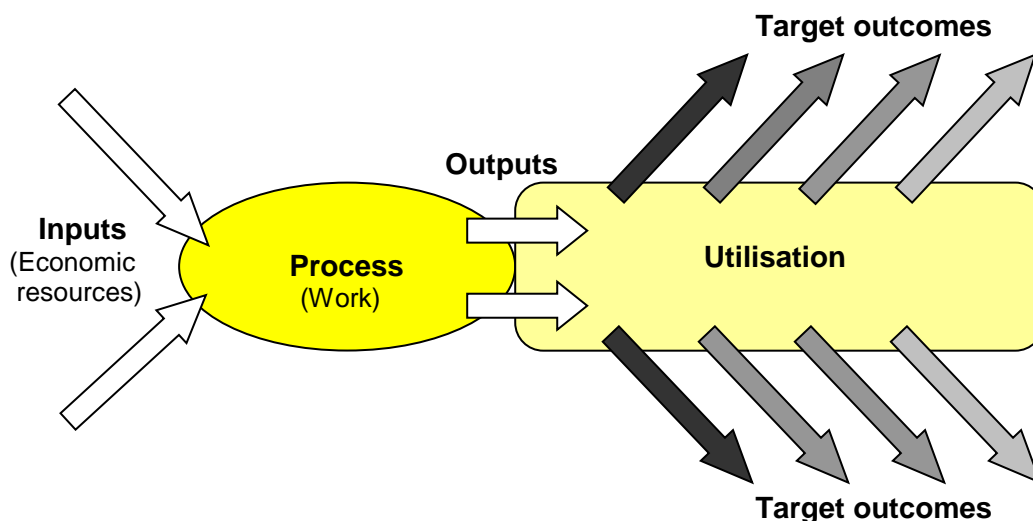
Zwikael & Smyrk go on to present models which show the context of each. We start with their input-process-output (IPO) model.



**Figure 1: Input-process-output (IPO) model of a project – based on Zwikael & Smyrk 2009, Figure 1**

This model is self-explanatory. Zwikael & Smyrk go on to propose what they describe as an ITO model – i.e. inputs transformed into outcomes. This is an extension of the above IPO model, and is described by them as follows.

...the project's outputs are eventually delivered to someone who then utilises them in a way that subsequently generates target outcomes. The entities who utilise a project's outputs in such a way as to generate target outcomes are called the project's customers.



**Figure 2: An inputs-transformed-into-outcomes (ITO) model of a project – based on Zwikael & Smyrk 2009, Figure 2**

Zwikael & Smyrk included a horizontal time-line in their Figure 2, and noted that

Figure 2 shows the most general situation whereby utilisation takes place over an indefinite period into the distant future.

Although they do not specifically say so, the main context of Zwikael & Smyrk's models appears to be production-based organisations (discussed later) – e.g.

....projects are central to the realisation of organisational benefits such as reduced operating costs, increased revenue, increased market share and enhances product/service quality.

### Driver & Seath 2015

Quite recently in this journal, Driver & Seath 2015 discussed this subject in a slightly different way. Their approach is described by the acronym **PRUB**, which reflect the initial letters of the four key components in the following figure.

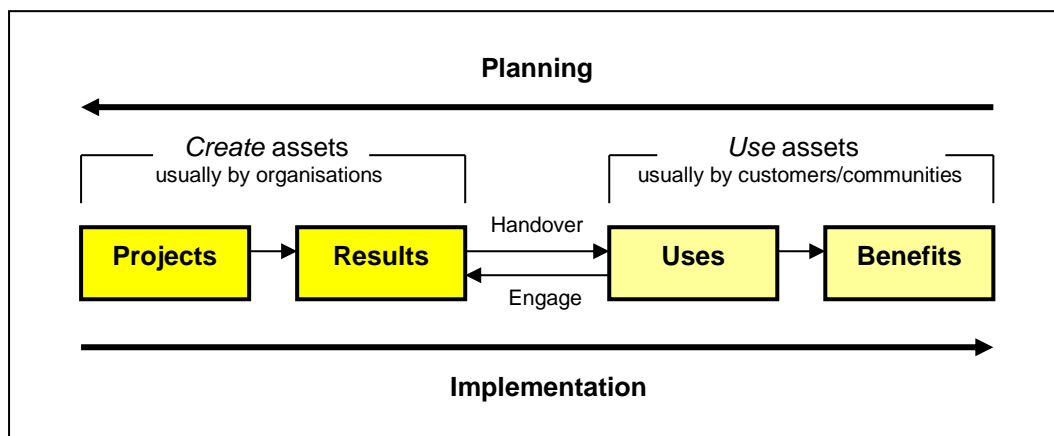


Figure 3: The PRUB path from projects to benefits – based on Driver & Seath 2015

As Driver & Seath describe it,

Organisations run **Projects** that produce **Results**, which citizens or communities **Use** to create **Benefits**.

### Discussion

We can see that Figures 2 and 3 are pretty much the same. Driver & Seath do not include inputs, but from then on they are virtually identical, although they use different descriptors for their four components.

Judging from the above quotation, and the following, Driver & Seath appear to be addressing a somewhat broader context than Zwikael & Smyrk.

The fundamental role of all organisations is to create assets (services, products, infrastructure) and enable people to use these to create benefits.

So, Driver & Seath have included citizens, customers, communities and people at large in their user groups.

In spite of apparent contextual differences, we have a high level of agreement here, with a couple of virtually identical models, and a very clear distinction between project outputs (results) and their effective utilisation (use) to achieve the desired outcomes (benefits).

### **Dalcher 2015, Prieto 2015**

This focus on outcomes is shared by many writers. For example, Dalcher 2015 says:

Project management is a core competence required to deliver change measured in terms of achieving desired outcomes with associated benefits.

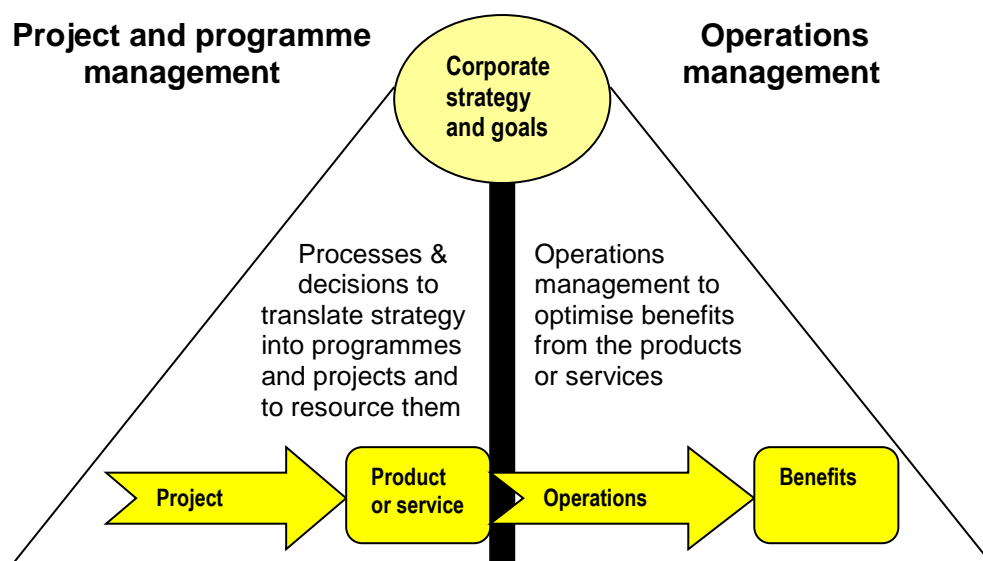
Prieto 2015:39 says:

Large complex projects require a strong outcomes focus, not just an outputs focus as suggested by more traditional management practice. This outcomes focus is critical....

### **Cooke-Davies 2002**

One of the earliest representations of processes involving project inputs and project-related outputs that I know of is that of Cooke-Davies 2002, as shown in Figure 4.

In the Cooke-Davies model, operations management takes over the project's product or services to obtain benefits, which indicated the context of a production-based organisation – as Zwikael & Smyrk's model also appears to imply. On the other hand, as already noted, Driver & Seath evidently embrace broader contexts.



**Figure 4: Depicting handover of project outputs to operations management to realise benefits**

***Adapted from Cooke-Davies 2002, Figure 3 – The importance of project management and operations management working together to derive beneficial change from projects***

It can be seen that the processes at the bottom of Figure 4 are essentially the same as those presented by Zwikael & Smyrk 2009 and Driver & Seath 2015 in Figures 2 and 3 above, although they use somewhat different descriptors, summarised as follows.

<u>Zwikael &amp; Smyrk</u>	<u>Driver &amp; Seath</u>	<u>Cooke-Davies</u>
Process	Projects	Project
Outputs	Results	Product or service
Utilisation	Use	Operations
Outcomes	Benefits	Benefits

Another reason for including the Cooke-Davies model is that it also specifically starts with corporate strategies and goals – i.e. desired strategic outcomes/benefits. It then moves on to processes to translate these into projects (and programs), before outlining the four process steps that all three models share.

This then completes a full linkage between planned strategic outcomes/benefits and their realisation in practice, via projects, their products or services, and their effective utilisation to realise the planned outcomes/benefits. This will be discussed in more detail in the third article of this series.

**WHAT ROLE(S) COULD/SHOULD PROJECT MANAGEMENT PLAY IN HELPING REALISE CUSTOMERS' OUTCOMES/BENEFITS?**

Answers to this question appear to depend very much on the type of organisational environment, and on the nature of the project management contractual arrangements.

**Two different types of organisations that undertake projects**

There are two quite different types of organizations that plan and execute projects. I follow Cooke-Davies 2002 in describing them as project-based and production-based organizations, and borrow from Archibald et al 2012 (who use different descriptors) in defining them:

- **Project-based organizations** derive most (if not all) of their revenue and/or other benefits from creating and delivering projects.
- **Production-based organizations** derive most (if not all) of their revenue and/or benefits from producing and selling products and services. They utilize projects to create or improve new products and services, enter new markets, or otherwise improve or change their organizations.

As will be seen in more detail shortly, the scope of involvement by project managers in project-based organisations is normally far greater than in production-based organisations.

We move on to look at different types of project management contractual-related situations.

### **Three type of contractual-related situations**

There appear to be three broad types of contractual situations:

- Contracted hand-over of project outputs, with few possibilities to further help
- Contracted hand-over of project outputs, but with opportunities to further help
- Ongoing contractual obligations to help use project outputs effectively

The first bullet point appears to represent the most common situation, to which we now turn.

#### ***Contracted hand-over of project outputs, with few possibilities to further help***

Figure 4 above would appear to represent quite a typical situation in the context of production-based organisations. In this case, we are seeing a handover of project outputs to operational management, who are tasked with using these outputs to realise outputs/benefits.

As Cooke-Davies 2002 says about this model (his Fig. 3),

As Fig 3. shows, benefits are not delivered by the project manager or the project team, they require the actions of operations management. This calls for a close cooperation between the project team on the one hand and the “sponsor” or “customer” on the other.

Cooke-Davies does not spell out the nature of such cooperation, nor its extent. Presumably it would depend substantially on the personalities of key operational people. But, in any event, it would appear that the role played by project management in further help would be limited, since accountability for realising the benefits evidently rests with operational management.

The situation is somewhat similar with project-based organizations providing project management services to external customers. However, as will be discussed in the following section, it pays such organisations to try and make opportunities to help external customers achieve their outcomes, in spite of any customer reluctance.

#### ***Contracted hand-over of project outputs, but with opportunities to further help***

It is not always easy to persuade customers to allow the project manager to further help following handover of the project outputs, if there is no contractual obligation to do so. However, it is an opportunity area for the project manager to add value, and strong efforts should be made to explain the potential benefits to customers.

My old employer, Civil & Civic, originated project control groups (PCGs) in the early 1960s, specifically as a formal means of having clients fully involved throughout. This

very often included helping the client organisation define its desired outcomes in the first place. Later on, at output delivery time, the PCG then provided both formal and informal opportunities for us to persuade clients to let us help them achieve these outcomes, even when we were not contractually obliged to do so.

In other circumstances we sometimes had to be a little Machiavellian in trying to create such opportunities. In either case, this was a natural and proper action to take to help ensure on-going client satisfaction by providing additional value. (It could also be seen as a natural extension of effective stakeholder engagement).

### ***Ongoing contractual obligations to help use project outputs effectively***

In this case the project management team has contractual obligations to help the client's representative to utilise project outputs effectively. Evidently this type of arrangement is becoming more common. Winter et al 2006 described it this way.

An important development in project management in recent years has been the emergence of a new class of projects, in areas such as organisational change and IT, integrated business solutions, and long-term public service delivery. Often referred to as "business projects", this new class of projects (and programmes) reflects a growing conceptual shift away from the traditional engineering view of projects, towards a more business-oriented view, in which the primary concern is no longer the capital asset, system or facility etc, but increasingly the challenge of implementing business strategy, improving organisational effectiveness, and managing the realisation of stakeholder benefits.

With regard to large complex projects with extended time-frames, Prieto 2015 says

These extended ... timeframes often result in project organizations for large complex projects that range from semi-permanent endeavours to life cycle provision of services.

This implies ongoing obligations by the project manager along the same lines as "business projects". I have not seen any data on just how common such arrangements now are, but hopefully they will increase in frequency and importance.

### **Extending project management involvement in helping achieve outcomes**

There is a progressive connection between the three situations just discussed, certainly in the sense of reflecting increased maturity of customers in the project context. From the point of view of project management teams, better understanding of the organisational contexts and contractual arrangements should help them better assess possibilities and challenges, and to respond to them appropriately. This would include the education of clients, to help enhance their maturity in the project context, and thus help project managers add value to their project engagements.



## SUMMARY

We have discussed contributions from three author groups about how project outputs contribute to the realisation of business (or equivalent) outcomes for clients and key stakeholders (jointly describe as “customers” in this article), as follows.

Zwikael & Smyrk 2009 say that, whilst the delivery of project outputs can still be accepted as an important milestone towards outcome achievement, a project should not be considered complete until the reason for its approval has been fulfilled.

They extended an input-process-output model of a project to include utilisation of the project outputs to help realise target outcomes.

Driver & Seath 2015 developed a very similar model, but with somewhat different terminologies, using the acronym PRUB, derived from “Organisations run **P**rojects that produce **R**esults, which citizens or communities **U**se to create **B**enefits”.

Cooke-Davies 2002 developed a model which specifically starts with corporate strategies and goals – i.e. desired strategic outcomes/benefits. It then moves on to processes to translate these into projects (and programs), before outlining the four process steps that all three models share.

The extent to which project management could or should get involved in the actual realisation of outcomes/benefits appears to vary greatly with circumstances. We first distinguished between projects undertaken by production-based and project-based organisations. We then discussed three broad types of contractual situations.

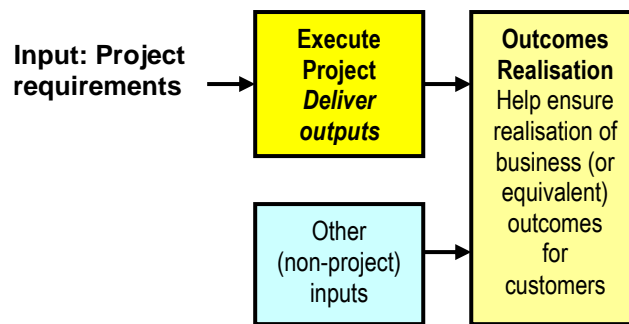
First, it would appear that in the majority of cases project management contractually hands over the project outputs to others, and generally has little, if any, further involvement in helping effective utilization of these outputs. However (secondly) there are some very good reasons why the project manager should seek to add value to customers by creating opportunities to help in utilisation and realization of outcomes/benefits, even when not contractually obligated to do so. Third, we discussed cases where the project manager has ongoing contractual obligations to help use project outputs effectively – often called “business projects”. Evidently this type of arrangement is becoming more common.

Finally, we briefly considered the evolution of project maturity across these three scenarios, and possibilities for the project management community to use an increasing understanding of these contexts to progressively help provide added value in the form of better outcomes for customers.

## CONCLUSION

Essentially there have been two interconnected themes in this article. One is that project outputs are only partial means to help achieve the broader end of realising the customers' outcomes and benefits. Other non-project inputs are also needed, as indicated in Figure 5.





**Figure 5: Inputs to customer outcomes realisation**

Having said that, the second theme is that project managers should do all they can to help customers achieve their business objectives, even in cases where they are not contractually obligated to do so. This is an opportunity area for project management to increase its contribution towards helping customers achieve their broader ends, by adding outcomes realisation to the scope of project management.

The processes which conclude with customers achieving their desired outcomes start with planning processes – i.e. with customers establishing their business (or equivalent) needs, deciding just what future outcomes they do wish to achieve, and then planning to realise these outcomes. It is therefore natural to look at opportunities for project management to help customers establish their business needs in the first place, and in plans to achieve their desired outcomes. This will be the subject of the next article in this series.

We can also look beyond individual projects and customers' outcomes to organisations at large, their desired strategic outcomes, and opportunities for project management to contribute to strategic planning processes to help realise these organisational outcomes. This will be the subject of the third article in this series.

The fourth and final article will pull all this together.

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## About the Author



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**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 160 professional articles and papers. Alan can be contacted at [alanailene@bigpond.com.au](mailto:alanailene@bigpond.com.au).

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