

Notes on project-related outputs, outcomes, and benefits realization in an organisational strategic management context ¹

By Alan Stretton

INTRODUCTION

In a recent, and rather exploratory, article in this journal (Stretton 2020e) I developed a categorisation of organisational strategic initiatives (and their component projects) in the context of different groupings of responsibilities for managing the ultimate realisation of benefits from these strategic initiatives. This categorisation identified three broad categories of such initiatives, in two major groupings, as shown in Figure 1 below. These do not claim to be comprehensive, but they do appear to be reasonably representative, particularly for the commercial types of strategic initiatives.

Amongst other conclusions, it was shown that there are very many types of project-related undertakings where project/ program management has no involvement in, or responsibilities for, the ultimate realisation of benefits. Some of these types of situations are illustrated in the following figure from the summary of Stretton 2020e.

INTERNAL EFFICIENCY INITIATIVES	EXTERNAL EFFECTIVENESS INITIATIVES			
Business & Organisation Change Information Systems (Software) Research & Development "Stay-in-Business" initiatives	Shorter-term Production-related	Longer-term Asset-related		
	Product & Service Development Events Media & Entertainment Healthcare	Facilities (commercial production; public infrastructure) Communication Systems	International Development	Aerospace/ Defense
Responsibilities for BRM <ul style="list-style-type: none"> • If users have a formal organizational representative, the latter is responsible • If there is no designated user representative, then project/program mgt. is usually held responsible 	Responsibilities for BRM <ul style="list-style-type: none"> • Responsibility is with designated mgr. interfacing with organisation's markets/customers – e.g. Product Mgr, Events Mgr, Producer • Project/program mgt has no direct involvement in ultimate BRM 	Responsibilities for BRM <ul style="list-style-type: none"> • Responsibility is with the owners and/or designated user representatives • Project/program mgt has no direct involvement in, or responsibility for, final BRM 	Resp. for BRM <ul style="list-style-type: none"> • Varies • Often shared between PPM providers and ultimate user representatives 	Resp. for BRM <ul style="list-style-type: none"> • Varies • Benefits often focus on utility of project/program deliverables themselves.

Figure 1: Types of strategic initiatives, and responsibilities for benefits realisation management

Stretton 2020e was primarily concerned with responsibilities for benefits realisation management (BRM), rather than with actual processes involved. This article will look at some project-related outputs-outcomes-benefits processes from the literature, and relevant responsibilities for them. We start with some definitions, descriptors and synonyms associated with various presentations of these processes.

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PROJECT/PROGRAM-RELATED OUTPUTS, OUTCOMES AND BENEFITS

Some definitions/descriptors

We first distinguish between project/program-related outputs, outcomes, and benefits, using definitions from the project management literature.

Output: The tangible or intangible product resulting from planned activity. (OGC 2007:247)

Some synonyms for Outputs: **Capability** (OGC 2007), **Results, Deliverables, Products** (Driver & Seath 2015).

Outcome: The result of change, normally affecting real-world behaviour and/or circumstances. ... (OGC 2007:247)

A virtual synonym for Outcomes: **Uses** (Driver & Seath 2015).

Benefit: The measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders. (OGC 2007:245)

Some writers do not distinguish between outcomes and benefits

Some writers use one or other of the descriptors *outcomes* and *benefits* in a more or less interchangeable manner. Indeed, some actually combine the two. For example, in the abstract of their paper, Zwikael & Smyrk 2009 use the descriptor *outcomes* (*benefits*). In effect, they are discussing “beneficial outcomes”. However, others see the distinction as important, as now discussed.

OGC 2007: Some detailed differences between outputs, outcomes and benefits

OGC 2007 has more to say about these differences than any other source I have come across, as is represented in the following figure.

Project outputs/capability	Outcome	Benefit
Enables a new outcome in part of the operational organisation	Is the desired operational result	Is the measurement of an outcome or a part of an outcome. An end benefit is a direct contribution to a strategic objective
Describes a feature	Describes part or new operational state	Describes an advantage accruing from the outcome
Answers at least in part the fundamental question: What new or different things will we need to realize beneficial change?	Answers the question: What is the desired operational state of the organization using these new things?	Answers the question of what a project delivers: Why is this required?
An example of an output: a new hospital building	An example of an outcome: an additional hospital is now operational and serving regional demand for hospital care thereby reducing waiting lists	An example of a benefit from this outcome might be: reduced waiting times for hip operations to an average three weeks from ten weeks
Another example of an output: an e-commerce system	An example of an outcome from this output: ability to process fulfil and charge for web-placed orders	An example of a benefit from this: increased sales revenue of x%

Figure 2: OGC 2007 - Table 7.1 Differences between outputs, outcomes and benefits

SOME PROJECT-RELATED OUTPUTS-OUTCOMES-BENEFITS PROCESSES

Driver & Seath 2015: A basic project-related outputs-outcomes-benefits process

The following figure is based on an article by Driver & Seath 2015. The acronym PRUB derives from their observation that “Organisations run **Projects** that produce **Results**, which citizens or communities **Use** to create **Benefits**”. I have added the approximate synonyms *[Outputs]* and *[Outcomes]* to link their descriptors with those in the main heading above.

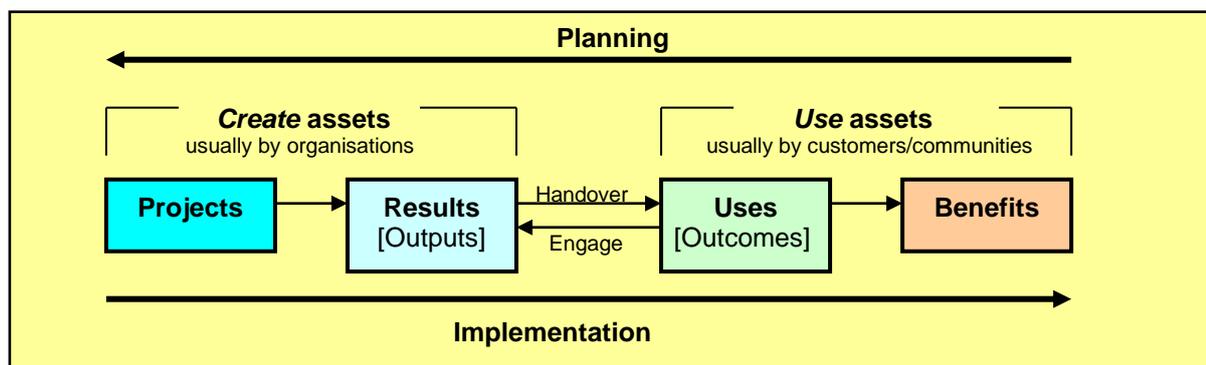


Figure 3: The PRUB path from projects to benefits – based on Driver & Seath 2015

Driver & Seath 2015 are very clear about where project management stands in relation to benefits realisation:

Benefits don't get “realised” by Project Managers Benefits emerge from **Uses**. It is essential for Project and Programme Managers to understand that users of Results are the main actors in any strategy.

This is the first of the comparatively few such processes I have come across, as now further discussed.

OGC 2007, Fig. 7.3 – Example of a project output to strategic objective chain, via an internal Business Change initiative

OGC's example of what is essentially an output-outcome-benefits sequence is the most detailed such process I have come across in the literature. The entire sequence is shown in Figure 4 below, but I will be discussing it in two segments.

The first segment will discuss the first three components, which I have labelled the Business Change Initiative sector, as indicated. This sector is essentially an Internal Efficiency Initiative, as was illustrated in Figure 1 above.

The second sector comprises the remaining components, and is labelled Business Operations. This sector is essentially a Production-related External Effectiveness Initiative, as was also illustrated in Figure 1.

From project outputs to outcomes: Business change initiative

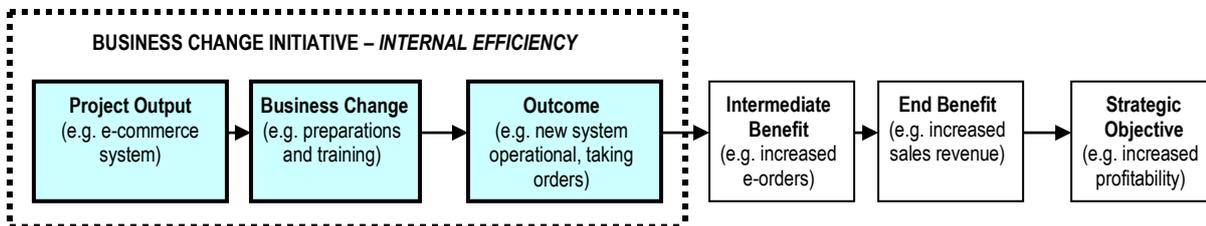


Figure 4: Based on OGC 2007, Fig. 7.3 Example of a project output to strategic objective chain - Highlighting the Business Change Initiative (Internal Efficiency) components

These first three components of this sequence, which are concerned with Business Change Initiatives, are substantial undertakings in their own right. As noted above, this sector is essentially an Internal Efficiency Initiative component of the entire sequence.

Figure 1 above includes summarised responsibilities for benefits realisation management (BRM) with Internal Efficiency Initiatives. In light of the depiction of processes in Figure 4, the following comments on Figure 1 seem appropriate.

Substituting *outcomes achievement* for *benefits realisation* in Internal Efficiency

I would now change *benefits realisation* to *outcomes achievement* in the Internal Efficiency component of Figure 1. As I observed in Stretton 2020e,

Organizations do not normally elect to undertake *Internal Efficiency* initiatives just for the sake of doing so. They do this as part of an effort to enhance their *External Effectiveness* in the wider business (or equivalent) domain in which they operate.

This clearly places benefits realisation in the following External Effectiveness domain, which also aligns with the descriptors of *benefit* in Figure 2 above. In like manner, the descriptors of *outcomes* in Figure 2 align with the adoption of *outcomes achievement* instead of *benefits realisation* in the Internal Efficiency context.

Responsibilities for achieving business change outcomes

Figure 1 above summarised these responsibilities as follows:

- If users have a formal organisational representative, the latter is responsible;
- If there is no designated user representative, then project/program management is usually held responsible.

OGC 2007 specifically nominates a Business Change Manager as the formal organisational representative in this context. APM 2012 and Koch & Lock 2016 also have Business Change Managers in this role, and also as being responsible for achieving what we are now describing as business change outcomes.

The relevance of this point is that, although all three of the above nominate program managers as responsible for the work preceding and including the delivery of project outputs, the effective use of the latter in achieving outcomes remains the responsibility of the Business Change Manager.

From project outcomes to benefits: Business operations

OGC 2007:71 says,

Realisation of most benefits will take place within the business operational environment. The programme will deliver new capability as a new process, function, service or set of working practices, and will enable the business operations to implement these.

Figure 5 has adopted this *business operations* descriptor to illustrate this latter part of the OGC sequence.

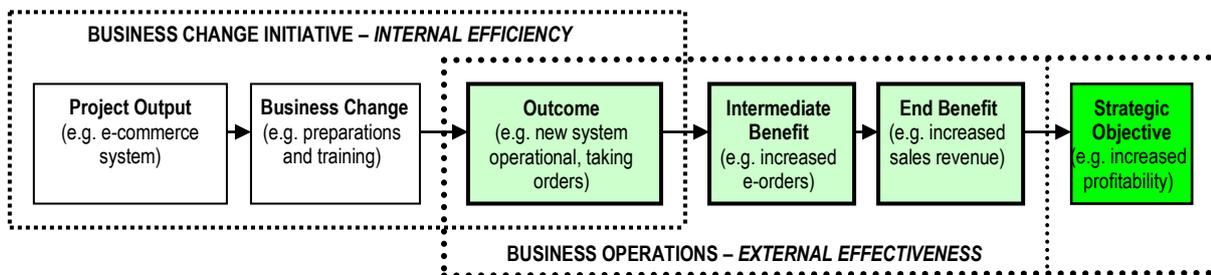


Figure 5: Based on OGC 2007, Fig. 7.3 Example of a project output to strategic objective chain - Highlighting the Business Operations (External Effectiveness) components

Clearly, responsibility for benefits realisation lies with whoever is designated from the business operations sector as being responsible for BRM. It is evident that project/program management has no direct involvement in the realisation of such benefits. Intermediate benefits typically arise with large change initiatives, whose programs can have many intermediate project deliveries. Benefits can then be derived from these well before delivery from the final projects, which then allow the end benefits to be derived. Finally, the OGC sequence very appropriately concludes with the achievement of the overall organisational strategic objectives.

We now move on to discuss a couple of sequences that do not involve specific business change initiatives, or other types of Internal Efficiency initiatives. In both cases the project/program outputs are delivered directly to, and used directly by, the organisation's business operational unit(s).

Cooke-Davies 2002: Project outputs used directly by operations management

I discussed the following figure from Cooke-Davies 2002 in Stretton 2020e, but am reproducing it here partly because it fits so well into this category, and partly because it directly links benefits to organisational strategies, in a similar way to OGC, as just discussed.

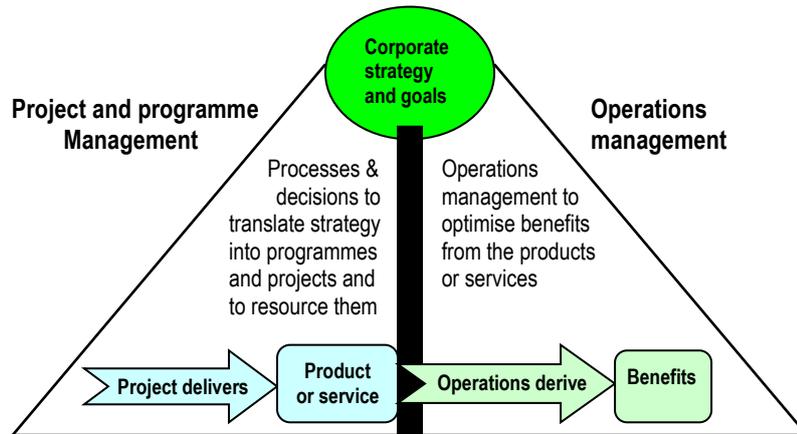


Figure 6: Depicting project outputs directly delivered to, and used by operations management, for the latter to realise benefits. Adapted from Cooke-Davies 2002, Figure 5.3

Regarding responsibilities for BRM, Cooke-Davies says,

....benefits are not delivered or realised by the project manager and project team; they require the actions of operations management.

Winter et al 2006: From business project to business operations, focusing on value to customers

We move on to discuss another sequence which covers much the same ground as Cooke-Davies above, but in a more detailed way. Although it does not discuss benefits per se, it does emphasise providing value to the organisation’s customers.

Winter et al 2006 are specifically concerned with what they describe as *Business projects*. These are described as being primarily concerned with *value creation* rather than *product creation*, “in areas such as organisational change and IT, integrated business solutions, and long-term public service delivery”.

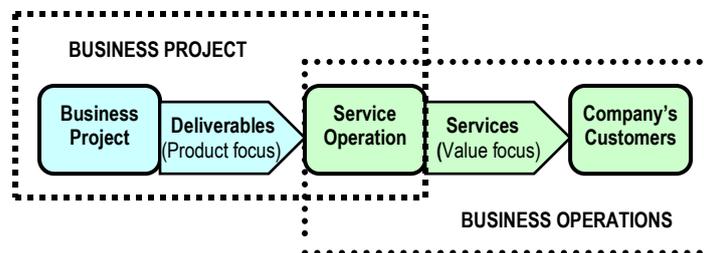


Figure 7: Adapted from Winter et al 2006, Figure 2: Business projects as value-creating systems – Business project example

The focus is on the customer, and the *value focus* in Figure 7 is described as “improving service and quality in all customer contact”. Customers, and customer satisfaction, are critical to all commercial and allied business operations, but do not feature nearly as prominently as they should in the project management literature.

In the following figure I have amended and augmented the Winters et al figure into an outputs-outcomes-benefits format. This proposes that the customers' use of the products/services delivered by the company's business operations could be seen as *outcomes*, and that these, in turn, contribute to the customers realising their own benefits. Ultimate benefits to the company in the longer term would then be facilitated by having provided value-adding services to many (hopefully) satisfied customers.

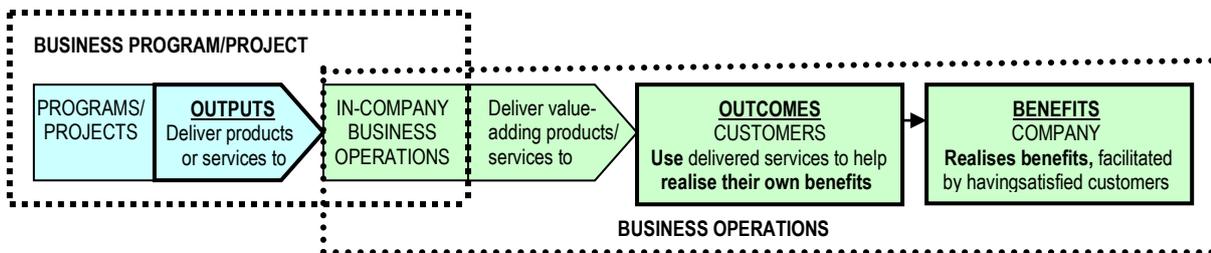


Figure 8: Expanding Figure 7 into an outputs-outcomes-benefits format

I am not sure how useful this representation might be, but it appears to be a natural extension of the previous figure. Additionally, it specifically introduces the subject of providing value to customers – a topic which is all too seldom addressed in the project management literature.

Here, again, it is clear that project/program management has no direct involvement in the ultimate realisation of benefits, either by the company itself, or the company's customers.

I have not come across any further project-related outputs-outcomes-benefits processes which relate to other types of external effectiveness initiatives, so will conclude this article with the following summary.

SUMMARY

Background

This article has essentially been a follow-up on Stretton 2020e, in which it was found that there are very many types of project-related undertakings where project/ program management has no involvement in, or responsibilities for, the ultimate realisation of benefits. Even when there is some such involvement, responsibilities for benefits realisation management (BRM) are generally with the user groups, typically via their representatives.

That article was primarily concerned with responsibilities for benefits realisation management (BRM), rather than with actual processes involved. This article has looked at the few project-related outputs-outcomes-benefits processes I have found in the literature, to see if they throw any further light on responsibilities for these processes, and particularly for the realisation of benefits. We have found a couple of additional factors relating to BRM, as now summarised.

Outcomes vs. benefits in internal effectiveness strategic initiative contexts

INTERNAL EFFICIENCY INITIATIVES
Business & Organisation Change Information Systems (Software) Research & Development "Stay-in-Business" initiatives
Responsibilities for achieving outcomes <ul style="list-style-type: none">• If users have a formal organizational representative, the latter is responsible• If there is no designated user representative, then project/program mat. is usually held responsible

In Stretton 2020e I had labelled the achievement of internal efficiency initiatives as benefits in their own right, as indeed have other writers. However OGC's Fig. 7.3 – *Example of a project output to strategic objective chain* – shown in Figures 4 and 5 above, certainly persuaded me that, when viewing internal efficiency initiatives in their broader context, the real benefits flow to the organisation after the internal efficiency outcomes are incorporated into its business operations to realise broader benefits. I would therefore change the heading in the lower box of the relevant section in Figure 1 to that shown on the left.

If this change better reflects the real-world situation, as I believe it does, then project/program management in this context is even further removed from being involved in, let alone having any direct responsibilities for, final benefits realisation.

Business operations outcomes, customer benefits, & organisational benefits

When we looked at the scenario where project outputs are used directly by the organisation's business operations, I extended a representation of business projects as value-creating systems by Winter et al to suggest that outcomes from the business operations could be seen as the organisation's customers using delivered services to help realise their own benefits, whilst such satisfied customers would certainly facilitate the final realisation of benefits by the delivering organisation.

Concluding

Having introduced the subject of benefits to customers, one could also consider other benefits issues, such as benefits to other stakeholders, differences between owner organisations and supplier organisations, and the like. However, these are well beyond the scope of this article, which has a much more modest scope. As noted in the introduction, it has also been primarily concerned with commercial types of strategic initiatives – and those of relatively modest size, compared particularly with mega-project/program-type strategic initiatives, where benefits realisation can often be quite a complicated set of processes.

Overall, in the context of this article, the few available project-related outputs-outcomes-benefits processes have supported the finding in an earlier article that, as summarised in Figure 1, project/ program management very often does not have actual responsibility for the ultimate realisation of benefits from the organisational strategic initiatives to which it contributes. This finding is not generally reflected in the project management literature, which tends to give a strong impression that project/program management has extensive responsibilities for the final BRM.

However, even when they have no direct involvement in the ultimate realisation of benefits, project/program management should always have the final usage of, and benefits from, their outputs prominently in mind at all stages of developing and executing their projects/ programs, for rather obvious reasons. This need has been emphasised in several important publications, particularly on program management, and I will be looking more closely at some of these in the next issue of this journal.

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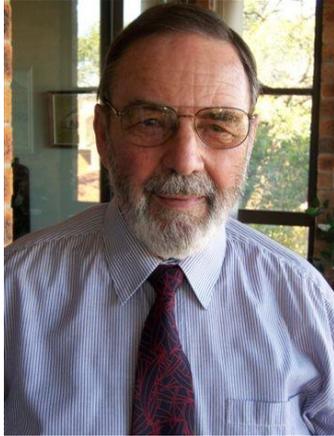
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Alan Stretton is one of the pioneers of modern project management. He is currently a member of the Faculty Corps for the University of Management & Technology (UMT), USA. In 2006 he retired from a position as Adjunct Professor of Project Management 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 200 professional articles and papers. Alan can be contacted at alanilene@bigpond.com.au.

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