

78. Project Perspective: The Bigger Picture with Shane Perkins & Richard Wyatt

Richard Wyatt: Innovation in and of itself, it requires itself to be an irritant in many ways to those that seek predictability.

Shane Perkins: We are actually simplifying the process for project managers and program managers, number one. So we're actually letting them know what success looks like so they can build that out in terms of how they want to do that. And they own the “how.”

Kendall Lott: In this second episode from our 2020 series in the University of Maryland's annual Project Management Symposium, we highlight two, what I found to be very fresh insights, into the tension between project management and the organizational context. Call it the Big Picture: looking beyond the project and the current moment to take in the complete organization. It's about PMs and strategic relevance.

The first topic, with guest Richard Wyatt, is on the tension of innovation versus the organization, and how project managers can foster the development of creative solutions within their teams and protect them from within the organization. He identifies the conceptual and very real push and pull of the new versus the embedded – the embedded need to reduce risk. Guess where PMs tend to stand on that tug of war?

The second presentation, by Shane Perkins, pushes into what was, for me, a whole new way of understanding project benefits, and what Shane describes himself as an evolving space, of the need for PMs to help the organization to account for benefits, to drive what makes a difference. It begs the question, who is accountable? We know that to be successful in the truest sense, project managers should ensure that they will deliver what will actually benefit the organization, that whole “projects are investments and are supposed to have a return” thing.

There are mechanisms for this, from Benefits Contract, to – gulp – managing through loosening the scope, schedule and budget. How's that?

I hope their ideas inspire you. And remember, you can always visit the symposium's website at PMSymposium.UMD.edu/PM2020. For 125 bucks, you can listen to all 57 recorded sessions at your leisure, and earn up to 42 PDUs.

Go ahead, tell your friends. PMs don't let other PMs fail to maintain their certs.

Announcer: From the Washington, DC chapter of the Project Management Institute, this is PM Point of View®, the podcast that looks at project management from all the angles. Here is your host, Kendal Lott.

Kendall Lott: Set boundaries, don't set structure, the key phrase of this segment. Human nature seems to favor predictability. So do organizations and project managers. But ground-breaking

innovation often requires letting go of things we hold dear. Here's Richard Wyatt with some excellent ideas about guiding projects through uncharted waters. O

Richard Wyatt (02:50): My name is Richard Wyatt, and I work for TIAA, and I manage transformation. I manage Agile transformation and, to some degree, digital business transformation. So I'm responsible for helping drive the organization to become more agile. How do we change the underlying culture, the underlying approach to thinking about things? And part of those responsibilities include integration of Agile start-ups and acquisitions. So I need to integrate that: we've acquired the innovation, so we now need to figure out how best to make use of that innovation, but also how best to make use of the culture that we've acquired. How best to preserve it, and how best to learn from it.

I want to introduce the ideas of small “i” innovation and big “I” innovation. I'm going to talk about big “I” innovation, I'll come to what that is, and I didn't want to discount small “i” innovation, which is the more pervasive, you know, like Kaizen, continuous improvement. You would see this in a car plant where you would shave a second off the movement of a robot, but when you produce 100 million widgets, that's a significant savings. But they're sort of small “i” innovation changes, incremental.

Big “I” innovation – what I call sort of Discovery Projects – that's when you set out to innovate and you manage it like a project. So typically, we as project managers, we have requirements and we say we're going to deliver those requirements on time, on budget, with a given level of quality. That's what we do. But of course, if you want to discuss something new, you want to innovate, the requirements aren't built in. It's, “I want you to build something and I don't know what it is.” So it doesn't so easily fall within the skill set or the ideas that you would have typically in a normal project, let's say. Even if it's Agile, it's still the same thing, you're drawing from a backlog, so... It's something different when you're saying, “I want you to apply some resources and time to something, and I'm not going to tell you what it is that I want to have at the end.”

KL (05:17): What we are looking at here is the project management of innovation. Right at the get-go, right at the opening, you say that there is something to the effect of that these two words don't typically go together. Here, let me go grab that real quick, because it's right at your opening.

RW: “Project Management of Innovation,” and I find this a fascinating topic, because I think there are some contradictions in the words in the title right there.

KL: I agree with you on this. So what exactly is your thesis for this? What is your point of view that you're trying to get across to people?

RW: If you want innovation to flourish, rather than apply project management as you normally think about it, which is about defining things very clearly. It's about giving certainty, because a lot of what business leaders want, what businesses need, is certainty in the outcome. They want to know that at the end of the day, the bottom line will be X, and the profit will be X, and shareholders will be happy. However, to be innovative, you've got to come up with ideas. You've got to experiment, you've got to try things. And it's not where you get certainty. So again, how do you work in a way that's geared to provide certainty of an outcome in an area where you actually don't want to restrict the free-thinking innovation? So how do you marry those two things?

RW (06:48): We're used to predictability, right, in every day. You see a stoplight, you expect the car to stop. We all depend on predictability, and I think people crave that. And organizations depend on it, right? However, in a big organization, you've got to note that, there are all these control functions as we start to think about innovation. And these control functions, they're legal, they're risk, they're compliance, they're financial services, big on compliance, finance, HR... There are all these functions that a big company has, and each of those control functions, their reason for being is to make sure that parts of the company are doing things per plan, are doing things predictably, and they're very quick to identify spots where people aren't doing it in the way that has been prescribed. And again, project managers, we're trained, the methodologies support us delivering predictably.

So innovation is just the opposite of that. So everything that an organization strives for, everything that project managers are trained for, everything really is geared towards... "Tell me what it's going to be like in X months, or at the end of the year, where are we going to be?" And that's very, very counter to innovation itself. And what organizations typically stay away from is big disruptive changes that will mess up that efficient operating core. So typically, the control functions in an organization are very protective of absorbing a new innovation and move very, very carefully. So innovation is kind of the opposite of that. It's about breaking the rules, thinking outside the box.

RW (08:43): In our organization, we have several hundred risk people, people involved in the management of risk, and then I once worked at a firm that had 100 high tech people who are very innovative, and right there, risk, by itself, can swamp and crush any innovative spirit, just by a size and volume. And that is the crux of the challenge.

KL: Yeah, and you talked about it as risk is the main one. I was just thinking that's just one of the 10 knowledge areas in the classic Body of Knowledge. I'm imagining then you must be seeing that more broadly than even what you shared in the presentation. Do you see it in other functions around communications or how contracting is done? Or stakeholder management, or scope development itself? Or even the Agile, Scrum of Scrums, when you start building scrums and using Agile techniques as well.

RW: Yes, I do. This is slightly at a more meta level, the specific mechanics of doing Agile, so it's more at the corporate level. But I think it's fundamental to Agile itself, and I don't mean agile at the level of Scrums, and product owners and IT; but it's fundamental at the level of an Agile business, an Agile organization.

So yes, I see it in many, many places, and I think the way many firms are, their underlying culture is that you get this newness, and they try and put onto it all those rules and regulations and processes that force an organization to be predictable. They naturally try and do that, and that in itself prevents you getting the benefit that you want from an innovation project.

RW (10:41): We have what we call Tiger Teams, I'm sure other people have other names for it, but you say, "Right, I want you, any time that you get as a group, or maybe I'll give you a couple of weeks, but go off and tackle this problem, I'm not going to tell you what the answer is, but go off and do something innovative. So that's kind of a discovery project. And then there's sort of planned innovations, research and development. Research and Development, typically you don't say, "Build me this new product." It's, "Go away and come up with something new." There are still elements of project in there, there are still elements, certainly of management, so there are discovery projects.

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And then there's the acquired innovation. You know, you acquire a company. It's got some great technology; it may have a great culture that you want to learn something from. The question is then, if you get this small entity, this small innovation, what you do with it? How do you foster it? How do you make sure it lives?

KL (11:48): You talked a lot around this white blood cell analogy.

RW: Typically organizations react the same way that a white blood cell does. If you have an idea, or you want to go away and think randomly and come up with a new ideas, an organization itself, aided by the control functions in many cases, generally will do its damndest to work around that new idea, that new innovation, that grit inside the oyster. And it will try to surround it – either kill it, reject it. But typically we work against a foreign body that may disrupt the efficiency of a core organization. Typically there'll be an innovation investment committee that will take a look at ideas and view them with particular lenses that are more geared about the control function itself, rather than geared about bringing in new ideas that benefit the organization as a whole over a long time horizon.

KL: You're making it sound like innovation is the irritant.

RW: Yes. Organizations, they want this certainty. People get very personal, they want to achieve their goals, their bonuses, their profit... whatever it is. There are things that you want to achieve, and to know you're going to achieve that, right? I don't know anybody who will happily bumble along for a whole year, and at the end of the year, find out whether or not, "Maybe I did, maybe I didn't, who knows?" Right? So people want certainty in outcome or predictability in outcome.

I work for a guy who works with an organization, with just some brilliant ideas, brilliant guy. And it was an old organization, and I observed the peers and various people around the organization, just putting up roadblock after roadblock. And, "Well, you've got to do this," or, "You can't do that," or "You've got to follow this process," or, "No, we do this." And to me, that just said, Well, you're just gathering around him, and at some point you're going to smother that person's ability to do anything, and you will get back to being predictable again. That body will leave or be expelled, or it'll become ineffective. And I think innovation in and of itself, it requires itself to be an irritant in many ways to those that seek predictability.

KL (14:24): Have you observed any organizations that, they've tried innovation, they've managed to crush it, and now they're very aggressive, kind of an immune response? They are making sure that it doesn't happen again.

RW: Yes, I'm not sure that I've seen it in such a striking step, learning, "Oh, we did that, it didn't work." But I have observed that when we applied it to some of these acquisitions, we had some where it was chaos and it was bad and it was... We basically lost the innovation piece of it. We acquired the technology and it wasn't a failure, it just... We didn't get the maximum benefit.

But another example, where we were cognizant of the example where it didn't go well, we specifically built up and set in place some protections, which is why you see later in the presentation a Purple Umbrella. But it's kind of like the blood barrier in the brain. You have this membrane that protects the brain from this. So what we've tried to do is to say, "Well, okay, how do we do two things:

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1. Protect the innovation area, so it can do what it wants to do without being crushed, without being overly restricted. But also,
2. You've got to recognize, though, that an organization is not really just going to throw money without any controls over it at all.

So it's got to be this two-way thing, and the question is, "How can you learn, but

- a) To have the barrier, but also
- b) Learn how best to keep both sides happy in a meaningful way.

RW (16:08): So now we get to the big Purple Umbrella. One of the big things for managing innovation is basically holding up the umbrella. Or it's more than an umbrella, it's a protective barrier. Project managers are going to play an absolutely critical role in protecting the resources. And, from a project manager's perspective, normally at the beginning of a project, when you're working on with business analysts, you've your high level requirements, and you're building out the requirements. At that sort of phase, instead of building the requirements and figuring out exactly what you're going to deliver, when, working with tech leads in certain industries, but to figure out how to deliver it, how it fits in, and then delivering that specific thing in a given period of time. The negotiation at the beginning is a negotiation with the control functions.

So how do you go to finance, for example, let's say, "Okay, finance, I know you want to know how every penny is being spent. I know you want to see a burn down chart of how I'm spending the money, and you want to know that I'm going to have spent it exactly at the end of a given time period. But I need you to back off and just give me the pot of money that's agreed. And let me spend it in the way that we see fit. But we can't forever be telling you and justifying and spending time on the rate of work we're spending and why we're spending, and all those things. That will kill innovation.

And it's the same with risk, right? Risk is another organization, they say, "What are you doing? I've got to know what you're doing. You can't be releasing stuff, you can't do do this, that and the other." I'm going to negotiate with you some boundaries, you know, what we won't do, and we'll set those guardrails, and if you want to touch those guardrails, sure, I'll come back to you and talk to you. But you need to learn to operate within these guardrails, agree that that's what we're going to do. That is absolutely critical. You need to have the space to innovate, and I see the project manager's function very heavily upfront in

1. Identify and establishing those guard rails, that's building up the umbrella.
2. I think it's then very critical that in the duration of the innovation project, you're not so much focused on how are you going, are you on track on your plan to deliver X and Y. It's more in addressing external interference to the project from typically control functions to make sure that everyone is spending their time innovating and building whatever it is, and not addressing the checkers and the people who want to check that you're following this risk policy or whatever.

But that's the job. That's the job of the project manager, really, is to provide that umbrella, that protection to enable the project to have the freedom to be different and come up with new and different things.

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The big thing about project management is, a senior project manager, is the ability to work with senior leaders, whether it's in your leaders in government, and you could work with those senior leaders, they will explain to the people in the control functions your agreements with them. I find the issue is, you get people low down in the control functions, who were told by their boss to do something. So they do it. So if you work with those people, you're going to get bogged down. But you need to go further up the hierarchy. I think that the big thing has been communication, communication, communication.

KL (20:01): Are you finding that you need to train the PM on the innovation side? Or it's the PM on the receiving side, making sure that the Innovators can work? Because again, you talk about what PMs can do, and then you talk about the principles for engaging the management of innovation projects.

So

1. They negotiate guardrails, and on the other side, you said
2. Set boundaries, don't set structure.

How do you position PMs in this conversation?

RW: Well, I think PMs can very easily be an instrument of order, of predictability, right? They could be co-opted by the organization to help the white blood cell process. And I have seen that happen multiple times that they're co-opted. And in many ways, that's what project managers are trained to do. They're trained to provide predictability.

So I find the biggest thing that, when I'm trying to help project managers, is actually to educate them on innovation and the impact of the project management process. So you have to train them on what innovation is and what it means, but also then enlighten them on how you can maintain order without demanding, you know insisting on order. It's like, what's the analogy? Where you're holding a bird in your hand. Don't hold it so hard that you kill it, but don't hold it so loosely that it flies away. You have to teach project managers that they're empowered to... not to rule with an iron fist, but in fact, to partner and nurture. And you can do that within project management.

RW (21:56): Another thing I mentioned in the umbrella, a need to have a filter. Because I think at some point, no organization is going to let you go off in the dark and spend money. They're going to want some level of communication of what is happening. So there's a big role and project managers are typically good at communicating. So how can you communicate and what do you communicate in such a way that the organization understands, sees what's going on, it's not a void, they understand, they understand it's innovation. And that way you can communicate excitement about what's happening in areas they're looking at.

And then you also find that, as the control functions are raining down on the umbrella, I found that they typically are asking for many of the same things. With one of the subsidiaries that I look after, we had a supply risk manager, commitment management, they needed to know what the supplies to this organization did and didn't, so an audit. Then there was a general audit, then they needed to do cybersecurity audit... And all of a sudden, these three different bodies were all trying to get in there and they were ultimately trying to ask the same questions, because there was such overlap, and they didn't realize the overlap because back in the big company, the mothership, these different control functions had their methodologies.

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You as a project manager, you have to go back to them and say, “Hey look, you need to be more thoughtful. You need to go away and talk amongst yourselves before you come back and disrupt the innovation process.” So forcing the organization to be more efficient in how it works rather than just mindlessly passing that down to the subsidiary or the project.

KL: (23:44): Do you see this tension that you highlighted in your thesis as an example of the evil organizations do, or the errors that they commit? Or is it more, this is endemic, and a natural outcome of market forces? There will be large organizations, they will tend to search for innovation that they can't create on their own, they will tend to pick it up. There's an integration. Is it that these organizations are... We need to help them understand the error of their ways? Or this will always be happening, and your job is not so much to fix something broken, but to help something that's going to be a natural force constantly?

RW: I think it's the latter. It is fundamental transformation that needs to occur, and what I see, and a lot of the literature and the reading, there, in old organizations that struggle, stick more originally to old mental models and ways of doing things, and they don't move as rapidly as they need to. And as we get more and more into Agile technology, but also Agile businesses, you find those businesses that are adapting better, or those that can appreciate and absorb some of these lessons and are less restrictive and less process-driven.

So to me, this is the project managers space for participating in broader business transformation, it's their role. And it's existential for organizations.

KL: It's so much fun to beat up on the so-called dinosaurs and the big ones, because everything's cool and fast now, right? But from what you just described, we don't have to think of the auditors, the control functions as bad. They're actually a necessary function of being that large. And the question becomes, “What to do when these two layers come together at the water lines, the friction point?” It's not inherently bad. It's what it is, and you have to do the integration.

RW: You need to be efficient, you need to be profitable, you need to be able to make money. And you can't just go off and be innovative and bolt some barnacle on the side of a rocket, right? It'll destroy its performance. So you have to be thoughtful about how you take innovation, how you think about how you're going to apply it, and how you absorb it to maintain your functioning organization, your functioning rocket.

KL (26:23): For Big “I” Innovation projects, PMs need to – surprise! – work with and communicate with executives and decision-makers in the organization. Okay, so that's obvious. So what's new here? It may help us to understand that an organization is typically attempting to crush innovation by the mere virtue of its existence as a coordinated standardized group of people working together. Beyond nurturing your team and giving them room to experiment, the PM of an innovation project faces an organizational immune response. So it's your job to protect the project team from meddling executives and auditors, the legal, the budget, the performance group.

And now for what I found to be one of the more challenging presentations of the UMD Symposium this year, Shane Perkins takes project management and, specifically, the discussion of benefits to a new level. And according to him, the US is behind the rest of the world in adopting some very effective protocols and approaches. The problem for project management isn't the projects. His

shocking thesis: that from the benefits level for an organization, projects are in trouble by the time we're at the project level. He challenges us from the project management viewpoint right at his opening.

Shane Perkins (27:46): Let me give you a view of what the future looks like in terms of benefits and actually talk about the current state of project management and how we're going to see that change occur. Because what I'm going to talk about is the concept of assuring investment realization. And I'm going to introduce some new thinking. It'll excite you, it might mystify you. But today, I simply want it to move you. Ag

I'm going to look at why the project profession seems to get it so wrong, and yet we think it's so right in terms of what we do. We know that over time we've introduced PMOs, EPMOs. We now talk about Agile PMOs, we even have SMOs. We have the PMI talking about controlling, supporting, directing, all around how we actually get a better, more controlled result of projects. But what if I tell you this? And that is, the project's actually not the cause of the problem. What if we have a deeper structural problem? A problem that impacts both the vertical and the horizontal planes – the vertical being the enterprise, portfolio, program and project piece, and the horizontal being the end-to-end lifecycle.

My name is Shane Perkins and I'm currently what we call a Benefits Practice specialist. In that sense, benefits, I don't refer to remuneration or insurance or other items like that. What I'm talking about is what we get in terms of value that comes from transformational activities or project activities.

KL: You're actually changing the conversation even around the PM role of benefits, at least that was my interpretation of your presentation. To me, this was a monster discussion; you dropped some big bombs in your presentation. I'm going to invite all the project managers to not only, of course, I enjoy our podcast episode, but go back, pay what they've got to get back into the symposium's archive there, and get to see your presentation as you tackle this. You move way past methods and you kind of got to the guts of what project management really needs to be about.

SP (29:57): Let me just come back and remind you, first of all, of a couple of statistics. Now, McKinsey, for the last 10 years, has brought out the fact that roughly 70% of projects fail in terms of success. Now, that's not something that's recent. That's happened over the last 10 years, and it's been fairly stable. In fact, the reason I call this "Professional Tricksters & Frauds" is because from an industry viewpoint, what we're starting to see here is that mostly the stuff we do fails. PMI and Forbes, even with the new digital processes, tell us we only have a 25% success rate. But as an industry, you're talking about 8% industry growth in this sector where we fail most of the time. There's not too many other businesses you can be involved in where, technically, you're failing, and yet we're succeeding. And we're succeeding very successfully.

And in fact, with transformations, Deloitte, again, another, they're saying that most of the time the targets we're setting, we're not even getting those. And that is only if you're looking at a 10% saving. You know, just to throw some numbers out there, so even if you're looking at a small saving, we can't even get those small savings when you look at transformation pieces. From a project management viewpoint, over time – and we have introduced more capability, we've put more controls in, we've introduced different methodologies to account for this – but we continue to see the same problems.

We work in a position where we have consultants who come in to deliver. And they might deliver exactly what's been asked. And just because you don't get what you expect, in other words, they deliver exactly what you've asked, but it doesn't do what you expected it to do, let's ask ourselves, is that on the delivery partner? Or is that on the business? The verticals aren't connecting. So we might be working at the strategy level, but that isn't connecting with those who then do the actual transformation work, or those who've been at the PMO environment, or those who actually transact and perform the project management functions. So we're starting to disconnects. So here's the change I want to see, but I might be banking the change before I actually see the result.

The other thing you're starting to see here, and I'll put this squarely on the table, and that is, if you're in the consulting business, and you deliver, then you go to the next client, and if what you delivered didn't work, guess what? Another partner comes in, and they then do the next piece of work. What we're seeing here is I deliver, I move on, and we have a delivery focus. But when it comes to value, the success then is being, we'll put it in. It's worked.

SP (32:38): I can have project success. I can have program success. But I may be expecting a certain level of benefit. Let's use an example: perhaps I've introduced a new system. I've actually taken a decentralized view, and created a centralized hub. So it takes less resource, less time to produce the same transaction result. But what I now have outside of that is a .7ft, .5 or .6 and perhaps to release that capacity, I actually need to do a re-organization. Now was that supposed to be part of the program? Is that a line of business activity? Is that HR? Who takes care of that? Because I cannot release that savings, even though it costs less to perform the performance, the transaction itself, I cannot yet release the benefit until further potential investment is made. So we need to separate benefit from outcome and capability, and also outputs, of course. So if we want to assure benefits realization, it's 95% dependent upon the correct structuring and framing of it.

So how do we do that? How do we actually set that up? Because I'm not talking about a business case, I haven't touched that word once here. That's part of the legacy of where we've come from. And that's where the benefits often has come into account, as a justification. I'm now talking about benefits in terms of driving and actually shaping the investment before we get anywhere near the business case. It's about framing the strategic business challenge, diagnosing the existing delivery impairments, confirming those strategic goals and measures, because we want to understand the fitment of what we're proposing to do as an investment, whether it's a project or program, and actually understand where that fits in that bigger picture.

KL (34:28): And we often hear if projects are a problem, we've got to get up to the program level or the project management portfolio level, the PMOs. You're like, No, it's the PMO and the life cycle that are the problem. Because they're supposed to really be seeing this, right? It's that bigger picture question. That's actually where this benefits realization problem is missing.

SP: So when I look at a project, I look at a project in terms of what capability will be produced from that project. That's the enabling piece to enable performance shift within an organization. So success from a benefits perspective around a project, it's not time, cost, quality, that's the measure of success for a project in its own terms. I look at it in terms of capability. I do not see it beyond that in terms of the benefits, the project manager owning the benefits, because we're transitioning from the enablement of a set piece of work, which the business then needs to embed and own.

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So let me talk about it from a P3M perspective. And the way I see it is, I'm looking at a project which would have a brief, if it's working in a program environment, to produce a set level of capability to allow performance shift to be introduced into the business. So even right back into the testing process within that, if it's an IT type project, I'm looking at that as a lead indicator to see whether we are going to get the capability shift in terms of introduction of that into the business. Is that on time? Is it looking at value? Have we adjusted scope? What does it mean in terms of the benefit? If I then transition to a program perspective, and a program obviously has control beyond the project to introduce things that may not be along the line of the benefits trajectory, so it can assist in terms of that relationship, and it's a partnership between the transformation piece of work on the program side, and the business owner, in terms of the functional area that's most likely being engaged with a piece of work who has to embed and actually see that performance shift. So this is where we currently are in terms of our business performance; here's where we need to move to. And that gap is really important because that is not the benefit, that's the outcome we're looking to see.

So interpret outcome as being the change. So our program is now focused around the outcome that needs to be achieved from those projects that are contributing capability. There may be some business as usual work happening in parallel with this to support that. And of course we're overlaying the change process in this as well, which is focused more on the business side.

KL: Hold it now! How is the capability not a statement of the transformation? And see, that's where you're losing me right there, is that I get... I get we have a shift here, but it seems to me that ultimately the product or service is where the value is driven. And I like your transformation vs. business outcome. I like that a lot, but to me, the whole concept of a project that was really about developing a new capability to do other things that produce value is fundamentally a change problem or a transformation problem.

How are you using that word?

SP: So let me interpret that word for you. So in terms of outputs, I see the products as outputs. So an output would be a system. The capability will be that it provides automation. OK, and the outcome from that is that it actually frees up capacity.

KL: OK, I see. Now you've level set me now.

SP: So there is a clear line in terms of output products in the capability we expect to see from those outputs and the outcome.

KL (37:49): But then you say, in your litany of things that we are probably misusing as measures, you mentioned that this is still more than left of charter, left of business case. It's occurring before we frame the business case. Isn't the business case the vehicle for actually bringing this to a head to say, "This is what we need to be achieving," as why we're even bothering with the investment?"

SP: It's a good question, and as when it comes to the business case, what we're looking at, I guess, and let me run through some benefits products prior to then. We're looking at the identifying structure phase around benefits, which is where we are looking at where we are as a business, where we're moving to and what the benefits are that we're seeking. We're then going through a... if you like, a value and a praise type phase where we're then quantifying those benefits and then putting together even the concept of what we call Benefit Contracts, which is where we're getting

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commitment to, “This is a change we want to see.” So that running in parallel with that, so we're saying *what* and *why*. And we're allowing those involved with the project process to determine *how*. So that when it gets to the business case, we're already understanding the concept that this is the change we want to see; this is a result we want to get. What we don't know is the feasibility of doing that.

So when we go to the business case, we have the benefits defined. And there is a process in terms of how we evolve that as we get more granular with the information that we learn through that journey. But what we're also now looking at is the business case, looking at the feasibility, it's understanding the cost to achieve that change. And we're now looking at a business case from a cost-benefit viewpoint as an investment tool to actually compare the investment in making that change vs. others that we might want to undertake in the business.

So actually using it as a measure in terms of, “Is this the best way we should invest our funds?” Because we have limited funding, limited capacity to service, generally, we have more changes we need to make than we can actually afford or have the time to commit to. So where's our biggest bang for the buck?

So that business case concept is now quite different. So the benefits are in there, but what we're doing now is not doing it as a justification. We're actually doing benefits-led change; it's actually the reason for the transformation. It's actually the reason we're making the investment. That way, if there's external influence or different policy direction, changes to the external environment, we can understand what that means, then, in terms of influence of the result that we want. So we can understand how that impacts that current piece of work, so we can either bring it forward, we can look at whether we need to re-scope it, or we actually need to stop that investment because we've actually moved away from the direction that was heading.

KL (40:31): You have this great block chart of the blocks of benefits getting smaller as you move through time, essentially, through the kind of the phases of getting ready for a project. And it's all pre-project. You note you could have lost 40% of the benefits before you even got to the business case.

SP: Now, what I'm talking about here again is a lead-in in terms of risk, in terms of what it means before we even get to the business case, and it can actually have lost 40 to 60% of your benefits before you even get to the business case. And you have to wonder, how does that happen? If we haven't produced the business case, how can we have lost those benefits?

KL: And you've got to see the slide to get it, folks. It's a big old blue thing, and as you go through poor structuring of the case, you get to eroded benefit, and of course, if you don't deliver well, you have even more eroded benefits, and then if it's not monitored, governed, well, you have actually nothing realized. Not to mention, we haven't even figured out how to count what we're realizing, which is probably another part of this process we need to get to.

SP: That's because what we are doing here is, we're taking a step back and we're looking at that bigger picture. We're starting to understand the relationship in terms of the business, in the situation where we're saying, OK, let's step back and understand the strategic drivers, the investment drivers. Let's map them through, let's understand the problems we're trying to address, and let's understand the scope of what else is needed to support and get those results. So what we start talking through

here now is new products that we are introducing, so we have an identifying structure base, where we start to look at a benefits-business alignment. We also then do benefit strategy mapping. That's the first phase, and that happens in the concept phase. That actually starts to identify and call out what those benefits are – not outcomes – and this is before we even have a Project Manager involved. This is actually understanding what is the change we want to see. We don't know whether it's feasible at this point. But we're shaping what it is we need to see; we're saying *why* and *what*. We haven't dealt with the buckets of *how*. That is still left to that domain in terms of project managers, business analysts, and so forth, to understand the technical elements.

We're then able to then look at, and value those elements, and we can do profiling, we can create a dot and a leg's(?) workbook behind that to understand what those implications are, and that should be feeding into your engagement with potential vendors and options, and looking at solutions, so there's skin in the game.

KL: By the time we're at the project level, we may not be able to recover from our lack of ability to unlock the capability and to unlock the benefits. It seems to be the implication, what you're having. We're kind of too far down the path already, conceivably.

SP: That's 100%. There's been a number of large engagements I've joined where I've come on after the transformation has been underway for some time, and as a consequence of that, I'm not looking at where the benefits are at that point in time. I'm actually going back and understanding, what did we set out to achieve? And once I work through that, I can then see decisions which were made that seemed good decisions at the time. But we need to step back and understand the decision in the bigger context, because it was a project decision made around cost or time or scope. But once we looked at that bigger picture, what we realized is that we were making calls that were undercutting where we wanted to go. So in fact, we are now looking at, "What do I now need to do to recover those benefits that we've lost, that we didn't even have foresight of at the time we made that decision?"

KL (44:10): So it's not enough to deliver projects well. It's having to have all this structured ahead of time, and that's going to be a process to monitor and account for. It struck me that we need a system for that, or a way of thinking about that, a set of verbs, things we do. And tell me if I'm wrong, I thought I picked up that you structure a Benefits Realization contract. It's a statement for how we will get these and realize them. Realize them here, I assume, means actually see them. Not just have them, but actually be able to count them.

SP: That's 100%. And this is the beauty. We're actually simplifying the process for project managers and program managers, number one, okay. So we're actually letting them know what success looks like, so they can build that out in terms of how they want to do that. And they own the how. But we've told them where we need to get to in terms of what success looks like, so that's... Often we have to work with a blank sheet and fill it in because we don't have that information. And being good project managers, we're good at solving problems, we fill in the space to keep moving. And if you're in a delivery focus, that's a problem because we don't necessarily have that buy-in by the business. And they're asking, "Are we there yet?" Because they don't know where *there* is. And I can't wait until I'll know it when I see it, because it's too late.

So the benefits realization contract comes back in and gives us that clear line of sight as to where we want to go. And what it does, it provides confidence for the executive in an organization to say,

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OK, first of all, let's mention the word accountability, "I'm accountable to my organization for this." And the contract actually lays out that process to put the roles and responsibilities in place. And it's that transformation partnership between those who are making the change, and those who need to, to actually demonstrate the change as part of the investment and good decision-making, as to how that's going to be achieved. It looks like this is where we are now, this is where we're moving to. This is the measure, this is what we're introducing to see that change, this is the timeline for that as to how we can check where we're at in terms of that journey, so that I can actually manage it with confidence. I don't want to sign up to something that I feel can't be achieved, and to some extent, I'm being set up for failure. I don't want that. And don't tell me that I'm accountable. Let me see that and let me own it so I can actually drive the change, not be a recipient of the change.

And that way we have leadership in management overlaying that, and it makes the job of those involved in the project and program space so much easier. Because you now have a true partner on board working with you to break through those roadblocks and allow you to get on with that process.

KL: This is a form of a charter, essentially.

SP: 100%. And it's a concept you're going to see in some tool sets, because there are some products out there now who have built this concept into that process. And it's interesting, because we're actually working in a space where the US on whole is a little bit behind other parts of the world in terms of this thinking. We just haven't evolved to that state yet.

SP (47:17): What I'm talking about here is, in terms of the value that accrues back into the business, and what we see result from that, what transpires after you've delivered and what the business does with what has been delivered often falls very much short of what they were hoping for. How do you then make your project remarkable? What do you need to do that's different? What I'm talking about here is, How do we maintain direction and focus in terms of value and alignment? Okay, I'm not talking about the controls around the actual method of delivery. What I'm talking through here is, when it comes to benefits, how does that actually shape and drive the result we want to see? What function does that play? And it's not after the result, it's about shaping what it is. This is about having that clear line of sight around where we want to go.

OK? As an analogy, let me put it this way. If you jump in a car, generally, you'll have a direction you want to go in. OK? You have a destination. And when you choose that destination, you can choose the path. You can take the route which is shortest. You can take the scenic route. You may need to complete a number of, let's say, activities along the way – dropping something off, picking something up, meeting someone. So how you actually undertake that journey, the cost, and how you value that journey, can be very different. The actual transaction itself, which is the vehicle you need to do it, and the size of the vehicle, is very dependent upon what you require that for.

So when we think through this, we're stepping back away from that work, and understanding what is it we're trying to achieve, not the means by which we achieve it. So words like "efficiency" and "effectiveness" aren't part of the lexicon of benefits. That's the method by which to achieve. So when we start to talk about how do you make your project remarkable, well what we do is we step back from it and understand what are we trying to achieve, bigger picture?

KL (49:19): Not talking about controls methods of delivery. We are not talking about that, but it's a

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clear line of sight through expectations. And I love this part, tied to the accountability, that somebody actually has to have. We're no longer talking efficiency and effectiveness. We're past that.

SP: 100 percent. Let's say I'm driving efficiencies as a means to free capacity, so I can see that as a cash saving, seeing that out of the business, because I want to re-invest those funds either as a dividend back to our stakeholders, or I need to look at affordability for our customers. But the program we just delivered, which has done exactly what we've asked, it's introduced, through its projects, the system in the functional spaces that we wanted, it's freed that capacity. But how do I now consolidate that to actually release that benefit? Because the cost to serve, we've reduced the cost to serve in terms of that end to end. I've got the new staffing in place. But I've now got that capacity, I need to free from the organization either a cost avoidance or as a cash saving. How do I do that? And this is where it often falls down. We don't complete or close the loop.

KL: How do we get that loop closed, though? Is that the responsibility of the project owner? Or the project manager?

SP: No, this is the thing. Unless the project manager was aware of this, and that was part of that brief of work, often it's pushed to the one side. It's not often involved in the same project unless we specifically build it in. So those benefits which we may put in the business case, you have enabled but... And you may actually have claimed them in your business case, but that body of work, you haven't actually built in. So what we're starting to do is starting to see that bigger picture, so we can actually build that in, and put attribution in the right places for who's doing the work and who that's related to.

KL: Yeah, I like your system here, this is interesting. I just recently had a... What was for me, kind of a mind-opening conversation with a good friend of mine (and a guest on this podcast) Mike Hannan. One of my issues is, a project manager doesn't actually own all the benefits when they come out. I have some issues with how we see project management, given where we end it and what we do. The implication of our disagreement was, I was like, you're suggesting somehow the project manager owns this thing to the value fruition, and he said, "Because we define the end of the project wrong."

Now you're coming up with it with a different way, saying, actually even the project manager wouldn't get there. But he said, "What if the project managers owned continuing to monitor and help and create and drive activities or whatever has to be happening? What if a project was defined as... It doesn't go to close-down until we see the value coming in that was defined? The actual value."

SP: This is where the benefits realization contract comes in, because that process with benefits starts before we engage with that project, and it extends after. And it runs in parallel to the business case, because it actually closes with the realization of the value.

KL: The project's not valuable until you get to that point, so we need to change our horizon concepts. You've actually moved it before *and* after. You're left and right of the project.

SP: Yes, and I'm giving it back to the business.

KL: And holding them accountable!

SP: Exactly.

SP (52:23): Now, the last piece to sort of bring this together here is this, and that is, How do we actually get bad to get good? Otherwise you're going to pay through the nose. And it's as simple as this: in terms of the way we address benefits, what we need to understand is that this is the decision-making mechanism, which is business side. This is all business side, not delivery side. This is how you actually work with your partner to actually shape what success looks like. And then we define where project, program, and portfolio success fits within that picture.

If you don't do that, we are continuing to make the mistakes we have before. What it means is looking not close, but further, and get the whole posture.

KL: What did you mean in your presentation by, "We've got to get bad to get good or pay through the nose?" What does "get bad" mean here?

SP: We have to stop playing nice in terms of... When we have partners come on board, we have a lot of trust we place in terms of those driving the change. OK? We have to have a level of rigor where we challenge what's being put on the table. We need to actually contest it, not in an emotive sense, but in a logical sense, in terms of how we do this.

So this means it's going to make people uncomfortable, first of all. And what I'm trying to do here is move us from having to understand the solution, and stop putting a solution on the table. Let's simply understand why we need to change and what we need to do to put that in place. So that means we have to look at this in terms of... Not a method in terms of delivery, we have to shift out of that. We have to come back to looking at this and saying, Where do we want to be?

So what I'm suggesting is that in terms of that strength of leadership, we need to make sure we get a top-down vehicle, because a lot of work happening in this space at the moment is all bottom-up. In other words, go work out the answer and bring it through. So what I'm suggesting here is, in terms of getting bad, what we need to do is not be autocratic, but we need to stand up and challenge the status quo.

KL: Get nasty with the executive class.

SP: That's right. And the executives need to not take this line down.

KL (54:44): Why do we get this wrong to begin with?

SP: I guess first of all, we've got to look at where that knowledge base comes from. And we're looking... We didn't even have this language in PMBOK® until a few years ago, where it was realized that benefits should form part of the business case. That wasn't even part of the discussion previously.

If we look at where our executives in organizations get this information, you don't get this stuff out of a master's course. You're not seeing it because the research isn't there. This is an evolving space.

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“Benefits” is embedded in many different methods, the BABOK®, the PMBOK®, the change management practices, Lean practices, Six Sigma type activity. Everyone has a terminology around benefits. Cost benefit in financials has a particular definition. So what we're seeing is the use of the word that's become so broad, it's somewhat lost its meaning. And so it means so many things for so many people, we've lost touch with it.

And even though we think of benefits being at the end, we actually need it at the beginning. So even where we embed it, the rigor around which we want to use it, and how it relates back to data and actually overlays with all those pieces, you're actually talking around different stakeholder groups, each with their own opinions and interpretation. So we've actually not had any one body or any one focus.

We have actually looked at this end to end. How do we join this together to actually streamline those engagements, give it that rigor and actually bring it out so I can now make decisions around this that are actually pro-active, and look at lead indicators and lag indicators? Not wait till I get to the end to see what the result is. Because it's too late.

KL: This is where your tricksters comment comes in. Somebody can deliver the projects very well, learns how to do it, so you can get all of these projects done and they don't give you anything you need.

SP: And in fact, you know what, it works because then the next firm moves in, and they continue where you picked up, and it works for everyone but the client.

KL: Yeah, Steven Levitt, of Freakonomics, he made an interesting statement, having been introduced to the world, professional world, through management consulting, and then eventually went into hardcore economics. And he said he realized that in his mind, it's not a profession if you can't be sued for malpractice. If you don't have to buy malpractice insurance, let's just start with this, you're not a profession. And I had that sense so strongly upon hearing your presentation.

SP: That's exactly where we are, and you can now, and we're starting to see more litigation in this space. And at the end of the day, I guess, my whole concept of being in this space is I want to leave the world in a better state than where I found it. I want to leave an organization in a better state than where I found it. And it's not just doing stuff, because we're getting really good at doing stuff. But does it actually make a difference?

KL: Want to ensure that the deliverables are relevant and useful? Then expand the concept of your project timeline beyond the current PMBOK® definition. I love the idea of a benefits contract, that mechanism for reframing a solution to a common failure. We plan and count change only after we have a project-driven result. By incorporating that into the pre-project phase, you have a much better chance of achieving *real* project success.

We all want to be successful in what we do. For project managers, that means delivering projects that actually serve a purpose. One big take away from this episode, something we've heard many times before, is that PMs should have a clear understanding of the strategic goals of the organization to determine how best to deliver real benefits. The channels of communication between project managers and executives and decision-makers should be wide open. For innovation projects, it's imperative that you, as a PM, negotiate with auditors and risk managers to establish

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reasonable guard rails, so that your project can proceed without unnecessary constraints and interruptions. It is not enough for you to run your project efficiently and effectively – on time and on budget. Project managers can (and should) have a hand in helping, in demanding, that the organization as a whole become more efficient and more effective. Got to get bad to get good.

Special thanks to my guests, Richard Wyatt and Shane Perkins. Richard can be reached at rwyatt@ttaa.org. You can reach Shane Perkins on LinkedIn, or at aureliusgroup.com.au/.

Announcer: Our theme music was composed by Molly Flannery, used with permission. Additional original music by Gary Fieldman, Rich Greenblatt, Lionel Lyles and Hiroaki Honshuku. Post-production performed at M Powered Strategies.

KL: PMPs who have listened through this complete podcast may submit a PDU claim, for one PDU, in the talent triangle, Strategic, with the Project Management Institute's CCR system. Use provider code 4634 and the title PMPOV0078 Project Perspective: The Bigger Picture. You can also use the PDU claim code 4634Q4IZ6Q.

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I'm your host, Kendal Lott, and until next time, keep it in scope and get it done.

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