

Getting a Grip on Intangible Outcomes

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ABSTRACT

Organisations increasingly recognise that achievement of their strategic objectives including maintaining and improving their competitive advantage is dependent on the development and management of both their tangible and intangible assets. (UKDTI 2001,p1) So, in these times of increasing focus on intangibles, it can be inferred that project success will be increasingly assessed according to how the combination of tangible and intangible project outcomes support achievement of an organisation's strategic objectives and also contribute to the development of existing tangible and intangible assets.

The means by which stakeholders assess project success vary. Stakeholders may refer to different sets of data, or even when referring to the same set of data, interpret it differently, according to their particular perspective. This may also include applying different combination of "hard" and "soft" criteria. Under these circumstances, the assessment of intangible project outcomes can be considered to be even more precarious and various than the assessment of tangible project outcomes.

So, project stakeholders can improve the likelihood of common agreement about project success, including the delivery of intangible project outcomes by clearly defining and communicating project objectives and outcome success criteria. In addition, project managers and their team members need to ensure that project resources and activities generate deliverables that align with the outcome success criteria so that their efforts satisfy the project objectives. A means of defining and communicating project outcomes is to document them as one or more benefit profiles, where the expected benefits are described in some detail and able to be used as the basis for ongoing benefits management.

This paper describes an efficient, repeatable process for identifying and defining intangible project outcomes in particular so that they can be linked to tangible project deliverables and when documented provide an input to a benefits management strategy.

The proposed process both complements and relies upon conventional project management practices to define, plan, develop and deliver tangible project deliverables.

The process is based on experience gained on a small number of case study projects, so readers are encouraged to apply and refine the process on their own projects.

INTRODUCTION

An Increasing Focus On Intangibles

Organisations increasingly recognise that achievement of their strategic objectives including maintaining and improving their competitive advantage is dependent on the development and management of both

their tangible and intangible assets.(UKDTI 2001,p1) So, in these times of increasing focus on intangibles, it can be inferred that project success will be increasingly assessed according to how the combination of tangible and intangible project outcomes support achievement of an organisation's strategic objectives and also contribute to the development of existing tangible and intangible assets.

Intangible assets currently considered to significantly influence an organisation's future include relationships, knowledge, leadership and communication, culture and values, reputation and trust, processes, skills and competencies.(UKDTI 2001,p3)

As a starting point, project managers need to consider if project stakeholders have explicitly or implicitly identified project outcomes in any of these terms. Either way, to ensure project success, the project manager needs to implement a complementary process for identifying, defining and managing the delivery of such intangible outcomes in addition to the more frequently defined tangible project outcomes.

Planning for Project Success

The means by which stakeholders assess project success vary. They may refer to different sets of data, or even when referring to the same set of data, interpret it differently, according to their particular perspective, potentially leading to different assessments of the project's success. (Rad 2003,p23) Stakeholders may also apply a combination of "hard" and "soft" criteria to assess the success of a project. With hard criteria being "objective, tangible and measurable" and soft criteria being "subjective, subtle and more difficult to evaluate". (Baccarini 1999,p30) Under these circumstances, the assessment of intangible project outcomes can be considered to be even more precarious and various than the assessment of tangible project outcomes.

So, project stakeholders can improve the likelihood of common agreement about project success including the delivery of intangible project outcomes by clearly defining and communicating project objectives and outcome success criteria. In addition, project managers and their team members need to ensure that the outputs of their activities align with the outcome success criteria so that their efforts satisfy the project objectives.

Expressed in this way, the stakeholder defined project objectives and outcome success criteria provide a top-down perspective of the project and the project team defined activities and outputs provide a bottom-up perspective of the project. To ensure alignment of both perspectives, the project objectives, outcome success criteria, outputs and activities need to be linked together. These linkages can be depicted in terms of a hierarchy or network model, with the project goal at the top of the model, followed in turn by project outcomes, outputs and the activities and resources that generate them.

Such sample models include the definitions provided by the Guide to the Project Management Body of Knowledge (PMBOK Guide), the logical framework method (LFM), the definitions provided in the UK Treasury department's "Green Book" and two models proposed by Ward and Elvin.

PMBOK Guide

The PMBOK Guide defines project objectives, outcomes and deliverables as follows :

- Project Objectives are the quantifiable criteria that must be met for the project to be considered successful. Each quantifiable criteria includes an attribute (e.g. cost), metric (unit of measure), and is expressed either as a single value or range of values. (PMI 2000,p56)
- Project Outcomes are either tangible or intangible. The examples cited by the PMBOK Guide are tangible outcomes such as buildings and roads and intangible outcomes such as people who can effectively apply their training. (PMI 2000,p47)
- Project Deliverables are "any measurable, tangible, verifiable outcome, result or item that must be produced to complete a project or part of a project". (PMI 2000,p200)

So, according to this hierarchy, the objectives should be quantifiable, the outcomes may be tangible or intangible and the deliverables are tangible.

It can be expected to be relatively straightforward to link (tangible) deliverables to tangible outcomes and quantifiable objectives. However, it can be expected to be more challenging to link (tangible) deliverables to intangible outcomes and quantifiable objectives.

Logical Framework Method

The logical framework method (LFM) was developed by the American Aid Agency in the 1970s as a means of improving the management of development projects and is described by Baccarini (Baccarini 1999, p26-27) as comprising four levels of objectives - goal, purpose, output and input, where each of the levels is defined as

1. Project Goal Objective, where the project goal is supportive of an organisation's strategic goals.
2. Project Purpose Objective, which provides both a means towards the project goal and also of defining project outputs.
3. Project Output Objective, which is "the immediate, specific and tangible results or deliverables produced by project activities. The outputs explain what the project will produce".
4. Project Input Objective, which is a combination of the resource inputs and activities required to generate the outputs.

According to Baccarini the initial two levels of the hierarchy - Project Goal and Project Purpose "together explain why the project is being undertaken". (Baccarini 1999,p26)

Baccarini describes the LFM as a "how-why" logic chain, with each level of the hierarchy linked together by a combination of the two questions "How is this to be achieved ?" and "Why is this to be achieved?". The first of these questions helps build the lower levels of the hierarchy and the latter question helps to verify the hierarchy, when passing back towards the top.(Baccarini 1999,p27) The asking and answering of these questions, provides both a "step by step conceptualisation of the important elements of a project" (Youker as cited by (Baccarini 1999,p27) and also a clear demonstration of cause-and-effect by confirming that "the hierarchical relationships between the project objectives are logical and viable" and support the strategic goals of the organisation. (Baccarini 1999,p27)

According to Baccarini, the project goal and purpose are defined by senior management responsible for the project, with the project team being responsible for reviewing the project goal and purpose in terms of their linkages to project outputs and inputs. (Baccarini 1999,p27)

UK Treasury Department “Green Book”

The UK Treasury department's "Green Book" (Appraisal and Evaluation in Central Government) describes the relationship between objectives, outcomes, outputs and targets (measures) as a hierarchy. Where objectives are expressed in terms of outcomes, which "sometimes cannot be directly measured". Outcomes are expressed in terms of outputs which are "the results of activities that can be clearly stated or measured" and relate "in some way" to the desired outcomes. Targets define the measures used to assess the outputs.(HM Treasury 2003,p13) This hierarchy is consistent with the PMBOK Guide in that the intermediate layer of "outcomes" may not always be able to be measured and can be inferred to correspond to the intangible outcomes referred to in the PMBOK Guide.

Ward and Elvin's Models

Initially, Ward and Elvin also propose a linear model that describes intent/objectives, outcomes (and their benefits) and content (changes) as being linked together in sequence, with content/changes delivering outcomes that in turn achieve benefits that satisfy the intent/objectives. (Ward 1999,p202) They then enhance this linear model so that it becomes a "benefits dependency network" capable of depicting many-to-many relationships between content, (enabling and business) changes, benefits and objectives. (Ward 1999,p212) In both of Ward and Elvin's models, benefits provide a detailed description of the implied outcomes. (Ward 1999,p210)

Outcomes and Benefits

The relationship between outcomes and benefits warrants particular attention because the practice of benefits management has been identified as an increasingly important (HM Treasury 2003,pv) complementary practice to project management which whilst often neglected (Ward 1999,p198) is capable of contributing directly to project success (Ward 1999,p198).

The UK Office of Government Commerce (OGC) definition of benefits management is "the identification of potential benefits, their planning, modelling and tracking, the assignment of responsibilities and authorities and their actual realisation as a result of investing in business change". ((OGC) 2003) In these terms, a project can be considered a "business change investment", with benefits management placing increased focus on projects delivering the outcomes and related benefits required to achieve project objectives. Focussing attention on benefits, highlights the role of project deliverables as a means of achieving specific benefits, rather than the deliverables being "ends" in themselves. (Kippenberger 2000,p29)

So, with reference to the abovementioned models, benefits management provides the means of identifying, defining, managing and monitoring the links between project benefits and project deliverables (because deliverables are used or operated and hence deliver benefits). (Reiss 2000)

The initial benefits management step of identifying and defining benefits results in the development and documentation of a benefit profile (Kippenberger 2000,p28) (Reiss, slide 8) that includes :

- A Definition Statement
- Owner (Beneficiary)
- Type e.g. internal/external
- When the benefit is likely to be realised.
- Means of measurement e.g. weighting and scoring, Key Performance Indicators (KPIs), anecdotes, stories (UKDTI 2001, p1)
- Financial valuation (where possible)
- Cost/income over time if the changes required to deliver the benefit are not made
- Cost/income over time after the changes required to deliver the benefit have been made
- Impact upon current processes
- Interaction with other benefits
- Dependency on (the success of) other projects

- Risk Estimates e.g. impact on cost, schedule, delivery

The collection of documented benefits profiles provides a baseline for informed monitoring (Rad 2003,p23) so that progress towards achieving project benefits and objectives can be managed with the same rigour as costs. (Kippenberger 2000,p28)

Once the benefit profiles are defined, a benefits management strategy should be defined to ensure ongoing benefits management. (Kippenberger 2000,p29), including assignment of planning, monitoring and realisation responsibilities. Because of the reliance on operational staff for post-project benefits to be realised/maintained, responsibilities should be assigned to a combination of project and operational staff. (Kippenberger 2000,p29)

In summary, based on organisations' increasing reliance on the combination of tangible and intangible assets, it is inferred that their awareness of the intangible aspects of their business, including intangible project outcomes is also increasing. Therefore, project managers need a process that will complement existing project management practices and assist them to identify, develop and manage intangible project outcomes.

Based on a combination of the objective-outcome-output models and the practice of benefits management, it is valid to link project resources and activities to project outputs/deliverables that in turn deliver a combination of tangible and intangible project outcomes and associated benefits to achieve project objectives. In addition, the benefits derived from project outcomes can be defined and documented as benefit profiles, which are inputs to a benefits management strategy.

Therefore, it is the intention of this paper to describe an efficient, repeatable and complementary process for identifying and defining intangible project outcomes so that they can be linked to tangible project deliverables and when documented as benefit profiles provide an input to a benefits management strategy.

A PROCESS FOR LINKING INTANGIBLE PROJECT OUTCOMES TO TANGIBLE PROJECT DELIVERABLES

Overview

Based on the author's experience to date with five case study projects, the recommended process comprises the following steps :

1. Identify Stakeholders & Schedule Introductory Meeting
2. Conduct Introductory Meeting & Schedule Workshop
3. Conduct Workshop
 - List Tangible Project Deliverables
 - Identify and Prioritise Intangible Outcomes
 - Describe Each High Priority Intangible Outcome
4. Link High Priority Intangible Outcomes to Tangible Deliverables
5. Define/Review Tangible Deliverables

The process primarily comprises a stakeholder workshop to identify and define intangible project outcomes followed by the analysis of workshop outcomes.

The remainder of this paper will walkthrough the process.

Identify Stakeholders & Schedule Introductory Meeting

The initial step is to identify the stakeholders who will be responsible for identifying, prioritising and defining intangible project outcomes. The stakeholders should include the project sponsor, key stakeholders including project steering committee members and "resource managers" (those people assigning their staff to the project) and operational staff. Operational staff should be included in this group because they will be responsible for ensuring the ongoing realisation of benefits delivered by intangible project outcomes.

Based on the author's research findings, it is recommended that a meeting be scheduled with the stakeholder group to review and discuss

1. The hierarchical relationship between project objectives, tangible and intangible project outcomes, their benefits and project deliverables.
2. Project success being somewhat dependent on the delivery of intangible project outcomes.
3. The proposed process for linking intangible project outcomes to tangible project deliverables.

The author's research findings indicate that where possible, the introductory meeting should be scheduled as an agenda item at the stakeholder group's regular meeting. Inclusion of the introduction into the stakeholders' regular meeting will increase the likelihood of stakeholder attendance and also send a clear message that the proposal to identify and define high priority intangible project outcomes is part of the group's operating agenda. (Thornbury 2003) If the stakeholder group does not meet regularly as a group, then a special purpose meeting will be necessary.

Conduct Introductory Meeting & Schedule Workshop

The expected outcomes of the introductory meeting are:

- 1 An agreement that project success is dependent on the delivery of intangible project outcomes.
- 2 The relative importance of intangible project outcomes warrants them being identified and defined.
- 3 Identification and definition of intangible project outcomes will increase the likelihood of project deliverables delivering to the outcomes and their associated benefits.
- 4 An agreed date, time and place to conduct the workshop.

Based on the author's research findings, serious consideration should be given to scheduling the workshop to coincide with a regular meeting, extending the duration of the regular meeting by the amount of time that the group agrees they are prepared to spend identifying and defining high priority intangible outcomes. The reasons for scheduling the workshop in this way are identical to those described for scheduling the introductory meeting - increased likelihood of stakeholder participation and integration of the workshop into the group's operating agenda. If the stakeholder group meets relatively infrequently, then a special purpose workshop may be necessary.

The workshop agenda will comprise the following items:

- List Tangible Deliverables
- Identify and Prioritise Intangible Outcomes
- Describe Each High Priority Intangible Outcome

A suitable workshop location will need to be chosen, with a ready means of recording workshop outcomes e.g. overhead projector and blank transparency slides, a paper flip chart, electronic whiteboard (with paper copying functionality) or a computer linked to display equipment.

The author's research findings indicate that stakeholder groups prefer the introductory meeting and workshop to be conducted separately, allowing project stakeholders time to think about intangible project outcomes prior to the workshop.

Based on the author's research findings it is preferable to conduct a workshop, rather than interview stakeholders individually. If the stakeholders are interviewed individually or as sub-groups, their priorities may vary and the facilitator is then posed with the challenge of reconciling the various stakeholder priorities as well as consolidating individual stakeholders' feedback. In the author's experience it has been found to be far preferable to meet the stakeholders as a group, in terms of both generating a unified definition of intangible project outcomes and doing so efficiently.

Conduct Workshop

List Tangible Deliverables

The purpose of this step is to identify the tangible deliverables to be generated by the project. This activity serves as a common starting point that reinforces project stakeholders' current understanding of the project scope and the deliverables to be generated.

Identify and Prioritise Intangible Outcomes

In this step, the workshop participants list the expected intangible project outcomes and then they prioritise them according to an agreed process (e.g. scoring). This approach is used because the stakeholder group will have pre-defined the workshop duration, so it is important that the available time be spent discussing the intangible outcomes of greatest importance to the project.

The remainder of the workshop will be based on the list of prioritised intangible outcomes.

Describe Each High Priority Intangible Outcome

Each intangible project outcome is then described as one or more benefits profiles, each comprising :

- A Definition Statement
- Owner (Beneficiary)
- Type e.g. internal/external
- When the benefit is likely to be realised.
- Means of measurement e.g. weighting and scoring , Key Performance Indicators (KPIs), anecdotes, stories
- Financial valuation (where possible)
- Cost/income over time if the changes required to deliver the benefit are not made
- Cost/income over time after the changes required to deliver the benefit have been made
- Impact upon current processes
- Interaction with other benefits
- Dependency on (the success of) other projects
- Risk Estimates e.g. impact on cost, schedule, delivery

For example, Victims Referral and Assistance Service (VRAS) project stakeholders identified the maintenance and improvement of VRAS's reputation as an intangible project outcome. A benefit of this outcome was that VRAS's reputation with its field agencies (responsible for delivering VRAS field services) would be maintained and improved and that this could be assessed by the VRAS Agency Manager during her regular meetings with each agency, with one assessment measure being an agency's level of confidence in the security of their victim records databases.

The expected outcomes of the workshop are descriptions of as many high priority intangible project outcomes as can be discussed during the available workshop time. These descriptions comprise an input into the project/organisation benefits management strategy.

If it is not possible to collect all of the required information for every profile during the workshop, then follow-up action items need to be documented and agreed, including who is responsible for providing what information to whom and by when.

Link High Priority Intangible Outcomes to Tangible Outcome/s

This step of the process links the high priority intangible outcomes described in the workshop to tangible project deliverables.

If the process is used in the planning stages of a project, then it will assist the delivery of intangible project outcomes to be integrated into the development of tangible project deliverables. If the process is used to review tangible project deliverables, it will assist to evaluate the delivery of intangible project outcomes by tangible project deliverables.

Continuing with the VRAS example cited above, the delivery of the described reputation benefit was identified as being partially dependent on providing VRAS agencies with secure system logins and

encryption software. The links to tangible project deliverables include, links to the project's requirements specification and test plans, the encryption software (whether custom built or acquired), the initial encryption software support agreement and identification of the agreement's business owner. In addition to these tangible project deliverables, an associated tangible *operational* deliverable was the ongoing renewal of the software support agreement by its business owner. The ongoing renewal of the encryption software support agreement is an example of the reliance upon operational staff to ensure continued realisation of an intangible project outcome (e.g. reputation) and a related benefit (reputation with agencies).

This link between the intangible project outcome and a combination of tangible project and operational deliverables demonstrates the dependency an intangible project outcome may have on tangible deliverables inside and outside of the project scope (including timeframe).

Refer to Attachment 1, which is a sample form used by the author to cross-reference the intangible project outcomes to tangible project and operational deliverables.

Define/Review Tangible Outcomes

Having linked intangible project outcomes to one or more tangible project deliverables, each of these tangible deliverables needs to be defined/reviewed in turn, depending upon whether the process is being used to plan or review project outcomes.

This is the point in the process where standard project management practices are engaged to define/review the activities to generate each tangible deliverable, along with the resources required to support the activities such as skill level, time and available budget. Whether used as a planning or review tool the process will provide information capable of influencing the delivery of future intangible outcomes and associated benefits.

CONCLUSION

Organisations are becoming increasingly aware of their reliance on the combination of tangible and intangible assets, from which it is inferred that their awareness of the intangible aspects of their business, including intangible project outcomes is also increasing. Therefore, project managers need a process that will complement existing project management practices and assist them to identify, develop and manage intangible project outcomes.

Under current circumstances where criteria applied by project stakeholders to assess project success can vary, the consistent assessment of intangible project outcomes can be considered to be even more precarious and various than the assessment of tangible project outcomes. So, project stakeholders can improve the likelihood of common agreement about project success by clearly defining and communicating project objectives and outcome success criteria.

In this paper the author has described an efficient, repeatable process for identifying and defining intangible project outcomes so that they can be linked to tangible project deliverables and when documented as benefit profiles provide an input to a benefits management strategy.

The proposed process both complements and relies upon conventional project management practices to define, plan, develop and deliver tangible project deliverables.

The process is based on experience gained on a small number of case study projects, so readers are encouraged to apply and refine the process on their own projects.

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Attachment 1 - Intangible Outcome To Tangible Deliverable Cross-Reference Template

Intangible Outcome	Benefit Description	Tangible Project Deliverables						Tangible Operational Deliverables					
		TPD 1	TPD 2	TPD 3	TPD 4	TPD 5	TPD 6	TOD 1	TOD 2	TOD 3	TOD 4	TOD 5	TOD 6