

Vertical Project Management: Linking Benefits All the Way Up and Down

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Executive Summary

2008: social, environmental, political and economic pressures on projects are increasing; the government and opposition are now working in partnership on a "war cabinet" for parts of indigenous policy; technology is advancing at exponential rates; corporate programs of change and transformation are ever apparent in numerous organisations...

While these ventures may award great benefit, they may also be diluted by great complexity. To ensure program and project benefits are truly profitable, a vehicle for collaboration on an organisational scale is required. I propose a concept called Vertical Project Management (VPM).

Traditionally project management is advocated in the three typical domains of portfolio, program and project and our profession has adopted these as sound structures to disseminate strategy into delivery. Typically, individuals in these domains are all trying to maximise their wealth internally to their specific domain. As they strive to this goal, they may be inadvertently reducing the wealth of a connected domain that can impact on wider organisational profit and performance.

The greatest value is only obtained if domain shareholders continually consider what is in front and behind them. High pressure situations can bring out seemingly atypical logic and even the best project management practices can be placed second as executive anxiety and project stresses increase. This can engender a change in personal drivers and an altered dynamic in the level of engagement in organisational project standards, effectually diluting benefits with complexity.

Benefits management is one essential slice of VPM. This paper presents an introduction to the concept, a catalytic mapping technique that can capture and link benefits and a suggestion of role responsibilities. The purpose in this paper is to provide a springboard for further thinking in the area of maximizing impact and connecting local objectives through to high-level strategic outcomes and back again.

A Brief Introduction to Vertical Project Management (VPM)

VPM is a concept that can extend project management disciplines into all levels of the organisation; the aim: to benefit from the collaboration of others. Essentially it is my idea about reach and connectivity.

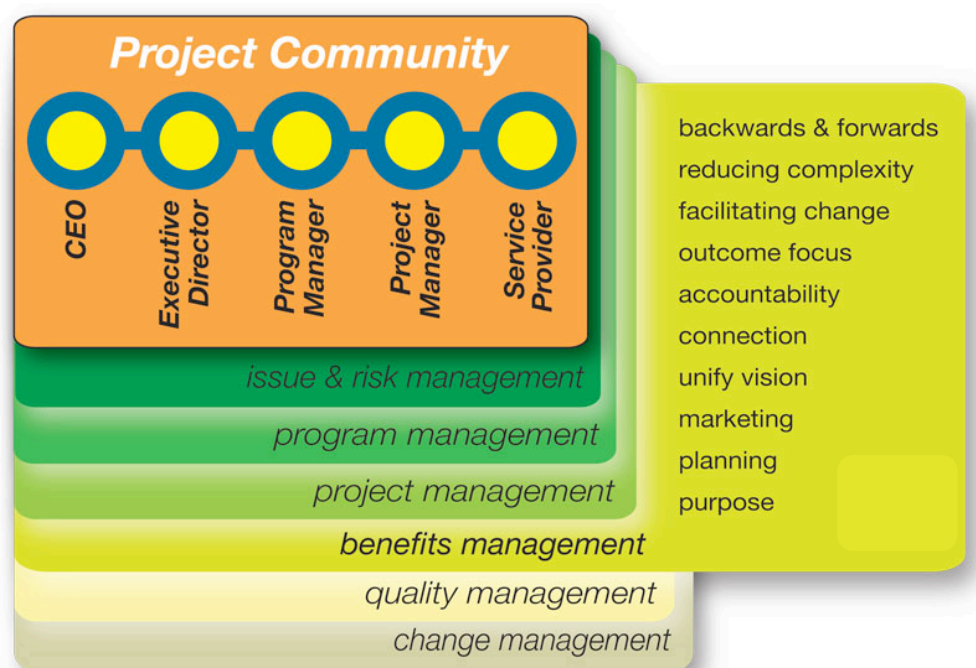
It seems to be human nature for many of us to have a driving need to manage our lives in a box. If a task is in our box, we own it; we can see it and hence manage it. Anything outside this is somebody else's problem. Status quo is balanced! I liken this attitude to the stereotypical and dogmatic project management formulae of project success equals met time, cost and quality.

To shift organisations away from this myopic and segregated thinking, a different structure is necessary to promote open, organisational collaboration and connective attitudes to project management. I will refer to this structure as a '*Project Community*'. While hierarchy is important in business, authoritative structures that do not allow the ebb and flow of shared success and failure to run at all levels, have no part in VPM.

The ethos behind VPM is not dissimilar to that of a musical concert, where all artists work together to give you a great experience. They are all responsible for delivering their part to ensure this happens. If we look at this through a project management lens, *shareholders* all have their parts to play in providing *shared* beneficial outcomes and successes generated by project ventures. I refer to these parts as '*Project Services*'.

In applying the concept of VPM, connection points for each Project Service are identified and links drawn between them, linking shareholders to organisational capability to business outcomes. This method can identify gaps in business support, project competence and organisational readiness to take on and continue ventures.

VPM is a results-focused approach and based on principles rather than rules. It is not a methodology, a process nor set of documentation where one must follow the bouncing ball to achieve an output. It also should be noted that this approach unfortunately does not work in all businesses.



Defining Benefits Definition

Benefits are typically defined in strategic business plans. The definition and clarification process will not be discussed here; however, it is important to note that if delivering strategy through outcome-focused project management, one assumes that the strategy is correct, the proper analysis such as cost versus outcome effectiveness has been done, they are achievable and sustainable.

There are three core principles that are required when defining benefits; they are:

They must be specific...

Shareholders and stakeholders must be able to understand what the benefit is when they see, touch, taste, hear or feel it. Key individuals may also be required to explain the benefit to others. VPM promotes a model for connection between all business hierarchies in an effort to promote a shared understanding of each project and program outcome scoped to be delivered. This may be in the form of a short narrative, be part of a wider strategic diagram or ideally a benefits mapping model engineered across with the organisations project portfolio and integrated with business-as-usual process.

They must be measurable...

The saying “you can’t manage what you can’t measure” is thrown around by many people and holds true. However performance measurement should be a good mix of tangible (e.g. time, cost, scope) and intangible (e.g. improved perception, changed dynamics, increased satisfaction) attributes. The value in defining benefits measures will be realised at completion through documentable and therefore provable changes in state.

Each benefit should have an owner...

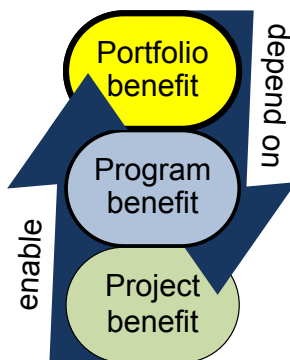
Projects may be run very well but are stand for nothing if there is no one engaged on managing their benefits. When delivering change within project tolerances we experience less rework that can equate to higher productivity and lower cost. Empowering a benefits owner is essential for organisations to be able to realise and exploit these changes. This is in essence best suited to either the governing sponsor of the project or program or a trusted delegate having an ongoing vested interest in ensuring the benefit or outcome survives and grows in business operations.

Benefit Mapping

To create change and deliver improvements, we use projects as catalysts to enable outcomes. This exercise assumes that company objectives are delivered through program and project management frameworks and are practical in design.

It could be said that the size of the project or program is directly proportional to its complexity, in that as one factor increases so does the other. One would hope that benefits are also increased with project size but often this is not the case. Greater complexity can most definitely dilute scoped outcomes and confuse shareholders. To provide a benchmark for delivering outcomes, a mapping exercise clarifying connectivity of Project Services can prove useful.

In sustaining focus on benefits and outcomes, for the sake of the exercise what if we call 'projects', 'benefits'? What we begin to do here is change concentration away from solution activity and task, into an outcome focused delivery model. Once these benefits have been defined, an exercise in linking benefits at each level should be performed by the nominated Project Community. This exercise is combines the basis of PRINCE2 Product Management, the collaborative open-thinking nature of mind mapping with focus on enabling and depending benefits and benefit *line of sight*.



Facilitation of this exercise would ideally be an individual who is not part of the defined Project Community, but understands the business environment, shareholder goals and strategic drivers at play. When creating mapping diagrams, the facilitator and the Project Community must always keep in mind benefit *dependence* and *enablement* (see diagram). Higher level benefits depend on their lower level predecessors to be realised, just like lower level benefits enable their successors.

This exercise can be run in a similar fashion either at a portfolio, program or project level. Your goal is to create a fully linked map with strong definitions, predecessors and successors. The size of venture will most likely define its complexity so do not expect to complete your map in one session. Conflict may arise if projects or programs face cancellation so be ready for a battle! Techniques used to tease out information are numerous and vary depending on the environment. Therefore only the process steps are presented here.

1. Situational Analysis

Define the business environment, products and people. Assess if the organisation is ready to take on the change by looking at its structure, capacity and capability. Make sure that the culture is one that can sustain benefits. Seek out what the anticipated benefits are and where have they been defined (i.e. company strategy).

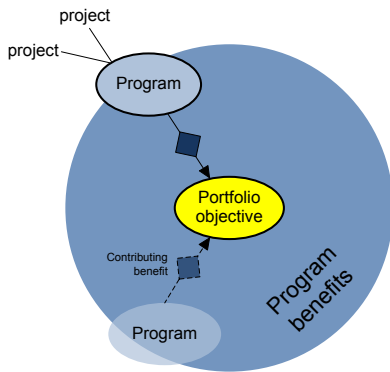
2. Project Community

Define the shareholders who will represent the Project Community. For multiple programs of work you may have multiple individuals acting as in the same role (i.e. Program Manager, Project Manager). You may also decide to split up these sessions for larger programs and attack one level at a time. If possible, invite all available Project Managers and Program Managers (include vendors if appropriate) to all sessions as this will return greater value from the collective group.

3. Begin Mapping

Regardless of the level at which work begins, start in the centre with your highest level objective (below) and work out from here. Your respective level domain map should include all respective products, projects, programs and anticipated benefits. Projects or initiatives outside the strategic portfolio that only *enable* benefits may be included in the map in part for recognition purposes only. However use discretion when adding multiple operational ventures so not to confuse the map. The enabling benefit should still have quantifiable strategic value.

From Portfolio Level:



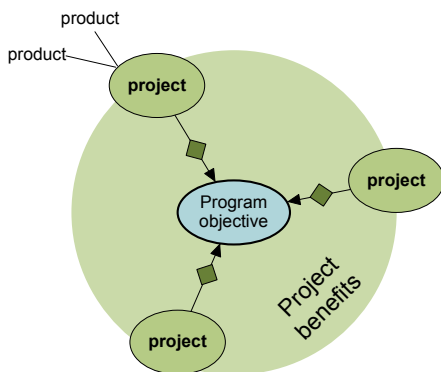
Project Community attendees:

- Program Managers
- Executive Directors
- CEO

Tactic:

- Always begin at this level if possible
- Reaffirm strategic business objectives
- Locate any dependant contributing benefits from other programs
- Brainstorm outcomes that the objective needs to be achieved

From Program Level:



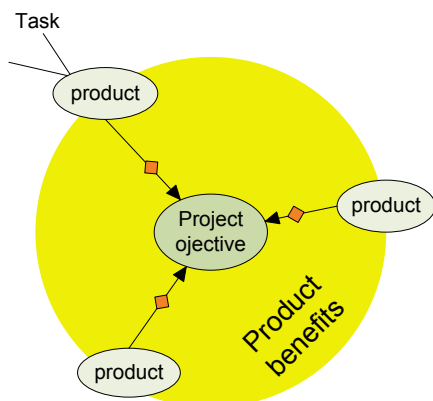
Project Community attendees:

- Project Managers
- Program Managers
- Executive Directors
- Vendors and suppliers

Tactic:

- Reaffirm portfolio objectives from Executive
- Brainstorm possible scope for program delivery in support of business objectives
- Distribute benefits into projects

From Project Level:



Project Community attendees:

- Project Support staff
- Project Managers
- Program Managers
- Vendors and suppliers

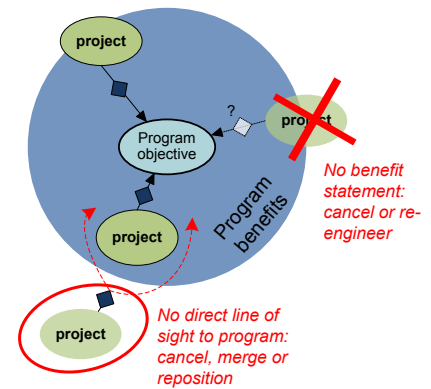
Tactic:

- Reaffirm portfolio objectives from Executive
- Brainstorm possible scope for program delivery in support of business objectives
- Divide benefits into products then later into work breakdown structures



3. Line of Sight

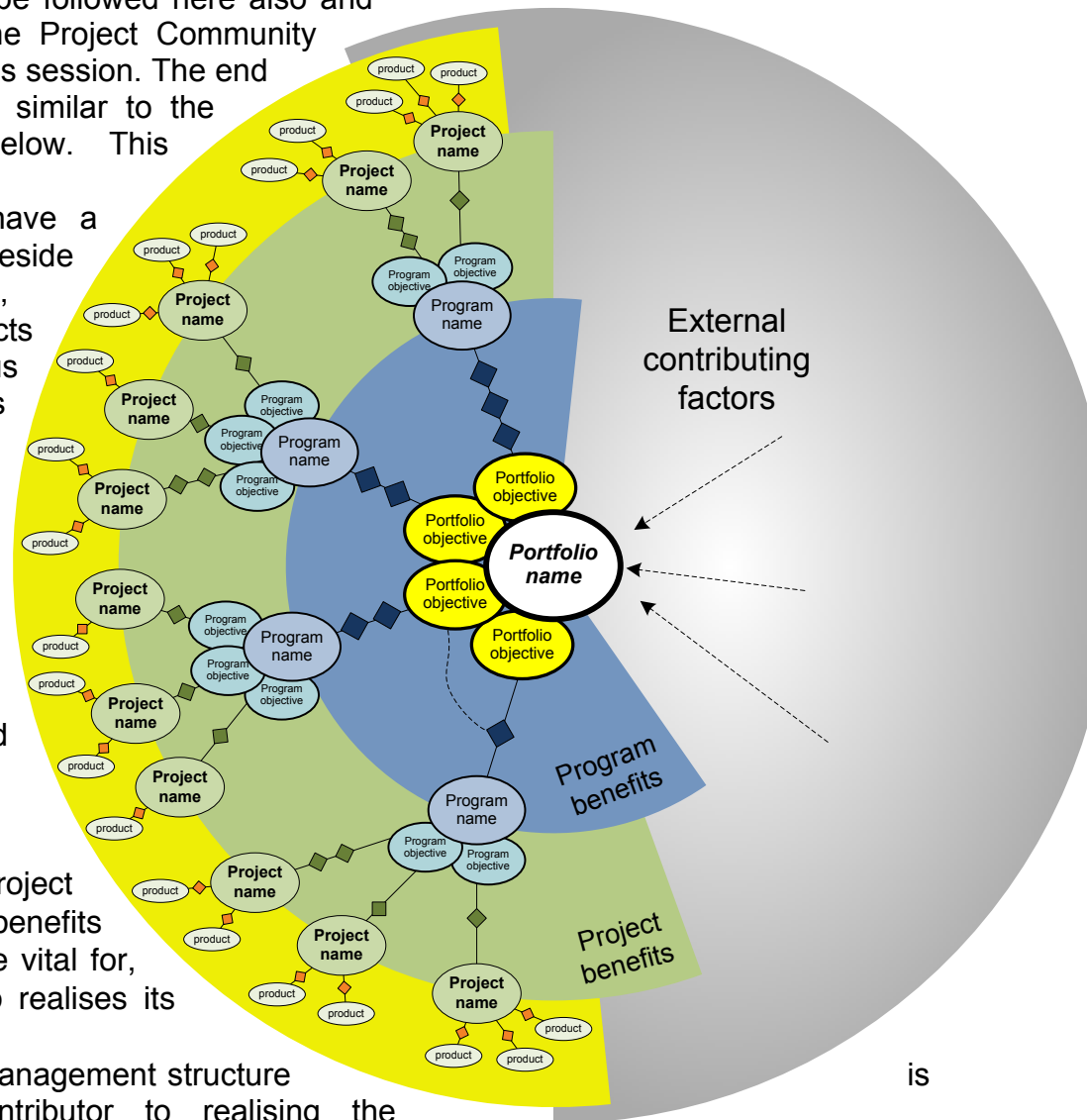
When mapping at any level, construct your diagram showing all the respective benefit statements (shown as milestones) and with direct links (line of sight) back into the centre of the diagram. If for any reason a product, project or program is not tasked with building a benefit as defined, they should be cancelled, merged or re-engineered. This action also applies if there is no clear line of sight back to the centre position.



4. Cross-Level Linking

The final step in the exercise and the most valuable one is to link the benefits together in a single portfolio map. Line of sight guidelines should be followed here also and all members of the Project Community should attend this session. The end result should look similar to the example map below. This shows clearly that:

- all products have a benefit and a reside within a project,
- all projects provide various benefits to its governing program,
- all programs have a clear business objective,
- the wider portfolio has clear and concise strategic objectives,
- all product, project and program benefits link to, and are vital for, the portfolio to realise its objectives,
- the Portfolio management structure is the main contributor to realising the organisation's strategy but acknowledges that factors such as movements in the internal environment, operations and the market also contribute both positively and negatively to the final outcome. This split can vary with portfolio magnitude and industry.



Shareholders in VPM

Essentially VPM is about enabling users to use the knowledge of a wider group to help solve local issues. In 1969 David Brower reportedly coined the phrase “think globally, act locally” (Keyes 2006) that has had worldwide adoption. This also applies in reverse, “thinking locally and acting globally”. In context, VPM provides an opportunity for Project Managers to consider how their actions at a project level have a ripple effect at a program level and higher objectives. This also applies to senior management as their actions and decisions can alter the way work is performed at the project and program level, potentially have a compounding effect of final project outcomes. As we can see, any actions at any level of management can impact proceeding and succeeding benefits, potentially compromising domain objectives.

Project Managers and Project Controls

To some, having a Project Manager responsible for benefits and outcomes is a shift away from their core role. Sceptics say this should fall within the realm of business and Program Managers. Scope differs in each role and business, however any suggestion that the Project Manager is not responsible for building a platform to deliver benefits can destroy any links of accountability and connectivity between Project Services and the business. VPM does not assign one individual to one task. It does not have a tangible start and end milestone. While it may be the core role of a Project Manager to manage the project and deliver on scope, outputs and products within tolerances, they must also strongly consider environmental factors such as business readiness, benefit timing and organisational change capability.

Unfortunately this continuity of Project Services is made more difficult with contracting Project Managers who are only scoped to deliver outputs before their contract is completed and they move on. Continuity of services obviously works better with internal organisation staff that hold longer-term interest in seeing beneficial outcomes. When expert contractors are engaged to deliver projects, their engagement term should at least cover products such as a benefits roadmap, implementation plan and outcome handover.

Program Managers

One of the fundamental responsibilities of the Program Manager is to continually ensure that multiple project outputs deliver a shared consolidated business benefit. In many cases they are the communication conduit between the project space and management. In performing this attribute, they must know when to be both ‘*forwards flexible*’ (program to Executive) and ‘*backwards flexible*’ (program to project) and when to not. If typical project methodology is being adhered to, potential benefits should have been defined at the outset. With each decision, the Program Manager must ensure that these originally scoped benefits are not adversely affected. Some decisions may define program scope change for such reasons as environmental and market change, technology platforms and differing business perspectives and needs.

Before any scope is ratified, it is essential that the Program Manager is proactive in leading a benefits realisation revision, considering if the change has increased business benefit. This process should be completed in concert with all project domains (if possible) and focus on the consistent alignment of project outputs to outcomes formulae, issue and risk treatment cause and effect and ongoing project resource fluctuation and requirement.

If agreed collaboratively that any change, regardless of what level of hierarchy it originated from, will not deliver an increased or maintained benefit, then scope change should be denied.

Executive Directors

Executives that understand project and program management methodology and purpose do many things for organisations, their shareholders and their staff. They can empower and inspire Project and Program Managers to achieve goals as scoped, given support to shareholders and end users of outcomes and promote a clear and transparent model for change. These factors together begin to provide a healthy performing corporate entity that can directly translate into cost and effort savings for the future.

This is of course an ideal case. In fact, some business leaders do not have an understanding of the way change is managed through methodology and some believe they do not need to. They prefer to focus only on areas of their job description that are measured on rather than integrating methods geared to deliver beneficial results. This is one way silos are built. Typically, organisations of this nature do not manage projects well and seem less interested in benefits. In implementing change via projects in such environments, conflict is usually high and driven by underlying power struggles, uncertainty, passive-aggressive attitudes and fear of loss that can even result in aggression. Under a VPM banner, maximum benefits from projects and programs cannot be realised here. The CEO and the Executive must not allow this to happen!

While strategy, governance and portfolio performance management may be fundamental points of measure, the vehicle to deliver such change within these areas is program management methodology. As Executives are primarily accountable for the business portfolio they own, they should have a high-level understanding how this applies to them and their portfolio.

To disseminate a portfolio mission while incorporating organisational visions, Executives should reach out to program management domain experts to collaboratively breakdown strategy into an intelligent and connective system of work packages. By making transparent such components as strategic intent, proactive tactics, horizontal and vertical dependant links and alignment with the wider organisational direction, your strategic roadmap for delivery will be given form.

The CEO

Popular character traits of company directors and Chief Executive Officers are “visionary”, “the voice of the organisation and of the industry they reside” and “able to connect the business domains to deliver results”. They are the navigators and no one else has more corporate accountability in ensuring that their business is utilising every resource possible to consistently deliver positive benefit to the external public shareholders.

The CEO must understand how their company manages change to keep pace with moving markets. Companies not interested in change will quickly be overtaken by market competition. As it is the CEO that is signing off on strategic roadmaps, they should also have a high-level understanding of program management principles. Probing questions in benefits planning should focus on tangible and intangible benefits, planned benefits versus unplanned and utopian, measurement and tracking options, risks that may dilute benefits and financial implementation requirements. These questions would only be asked of the Executive group, but may include clarification from the program management domain.

It should not be expected of one domain entity to have all the answers to all the questions. In a VPM stance, information flows freely between all levels of organisational hierarchy in a coordinated manner. This is not automatic and requires a change in

approach to a more inclusive style, hopefully resulting in greater engagement and ownership of task.

PMO, the Facilitator

To bring this concept together, a central and preferably independent body or business unit to champion the cause is required. Typically this would be the Program Management Office (PMO). As they are designed differently from one organisation to the next, scope will vary but should be consistent in the measure of project management success. The PMO must bring together the Project Community and act collectively on the backwards and forwards linking process and to engender a culture of open communication between project domains. If performed well, success can be comparative to benefits realisation through intelligent governance structures and a more cooperative organisational culture.

Moving Forward

For benefits management to be seen and heard as a holistic motion, effort must be proactive. Without stakeholders from all levels of management continually supporting and ensuring connectivity of benefits from projects to portfolios and back again, real benefit cannot be realised and original venture value may be lost forever.

This process can yield great results such as:

- ▶ Shareholders all contributing to achieving wider portfolio benefits
- ▶ Improved communication, collaboration and service connectivity without borders
- ▶ Role and distribution of responsibilities are made clear
- ▶ Provides a logical strategic plan for delivering change
- ▶ Maintains focus is on beneficial outcomes, not task
- ▶ Promotes a culture of higher engagement and greater vision of purpose
- ▶ This linking exercise is made valuable via cross-domain economies of scale
- ▶ All can see the cross-domain ripple effect on final benefits from decision-making

Benefits Management is one essential slice of VPM that all together promotes business philosophies that can be built on and profited from. This most notably shines in project management domains via strengthened processes and governance, focus shift to outcome delivery and a more inclusive business-operating model.

The information within this document is written in good faith and represents the opinions of the author only. No direct reference or inference is made to any individual or organisation that would intentionally place them in scorn or ridicule.

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