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# LOOKING BEYOND DELIVERABLES: WHAT IS THE BUSINESS VALUE OF MY PROJECT?

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Professional Development Day Conference



# Most Projects do not Meet Their Expected Goals

- Out of all projects that successfully met their time, budget and requirements goals, many did not deliver the expected business results to their parent companies...

**What's the Problem?**



# My Observations

- Most project teams consider project strategy to be simply an alignment of the project's operational goals with the firm's strategy by ensuring that the project's triple constraint (time, budget, and performance goals) is in agreement with the organizational goals.
- Strategic focus is generally not recognized, and usually there is no strategic alignment in monitoring and controlling activities.
- The project management has focused primarily on the operational aspects, namely on executing processes in the most efficient way.

# Question to you

- What is Effectiveness?
- What is Efficiency?



Operational excellence is associated with efficiency

# Focus Strategically

Strategic focus is the extent to which project management activities focus on the expected business results from the project outcome.

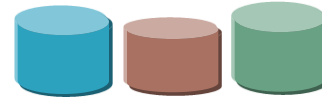


- ❑ The project's strategic value is its contribution to long-term organizational goals.
- ❑ Strategic focus is associated with business success.
- ❑ Strategic focus is associated with customer satisfaction.
- ❑ Strategic focus is associated with future prospects.
- ❑ Inspired leadership is associated with teamwork effectiveness.

# The Big Picture

## Company Strategy

### Investment



### Investment



Enterprise Strategy  
Investment decisions

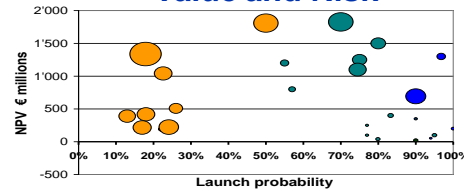


Portfolio Management  
Align portfolio with Strategy  
Maintain portfolio balance  
Maximize portfolio value

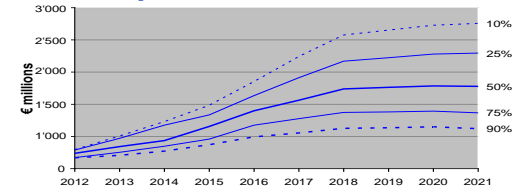


Project  
Management

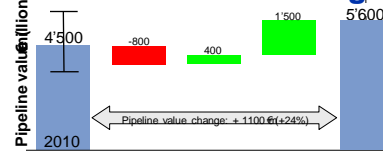
### Value and Risk



### Pipeline-derived Sales



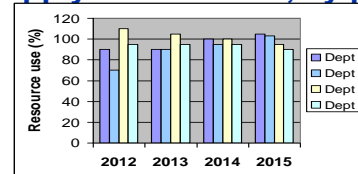
### Portfolio Value Change



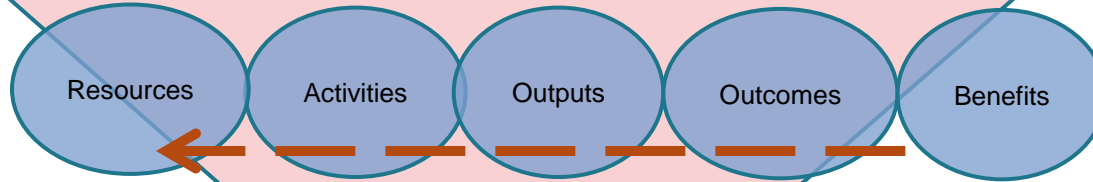
### Project Prioritization & Optimization

Project	Strategic	Commercial	Operational	Costs	Project score	Rank
A	90	70	50	60	68	1
B	65	65	50	75	64	2
C	85	85	30	50	63	3
D	75	80	30	65	63	4
E	55	45	55	90	61	5

### Resource supply and demand, by project and Department



# Strategic Planning Framework



Are we doing the right things?  
Are we doing them the right way?  
Are we getting them done well?  
Are we getting the benefits?



Quantitative Risk and Performance Management

# Discussion

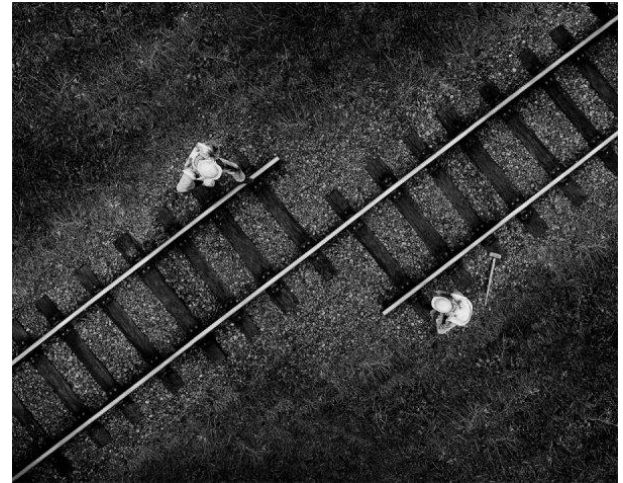
- Are we doing the right things?
  - Addresses business direction and program alignment to that direction
- Are we doing them the right way?
  - Addresses business processes & program integration to those processes
- Are we getting them done well?
  - Addresses capabilities, resources, and supporting infrastructure
- Are we getting the benefits from them?
  - Addresses the proactive management of benefits



# Alignment of Project Outcomes to Business Value

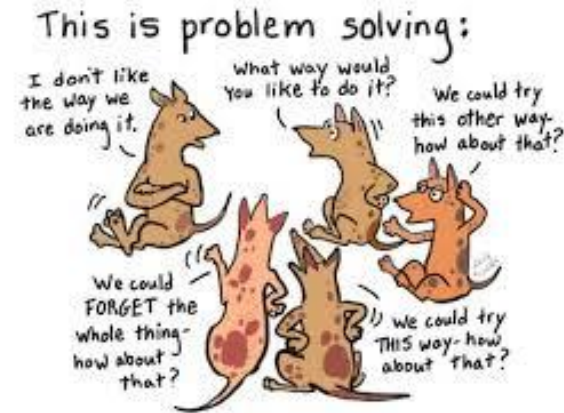
- Most projects focus on efficiency and ignore the strategic aspects of the business.

**What went wrong here????**



# Questions Before Project Initiation -

- ❑ Do we really understand the problem?
- ❑ Are we making the right assumptions?
- ❑ Do we really have a business case?
- ❑ What is the value?
- ❑ What are the benefits?

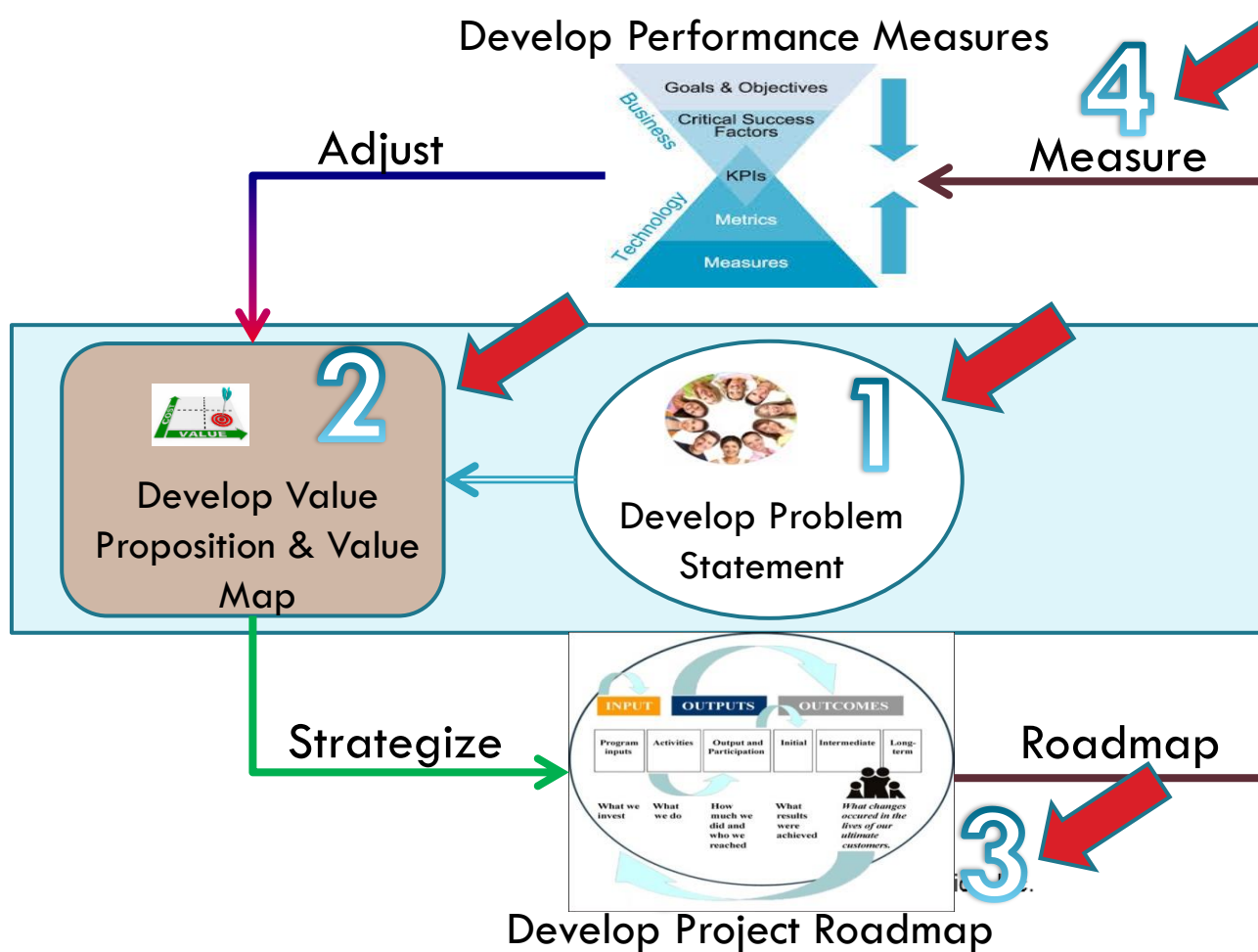


# What is a Business Case?

- A business case is a formal way of asking: “Because we seek a particular set of outcomes, we have to produce and utilize a certain collection of outputs. Producing those outputs will require significant work and resources. Are you willing to fund the project ?”



# Strategic Project Planning Process



1. Develop Problem Statement
2. Develop Value Proposition
3. Develop Strategic Project Roadmap
4. Develop Performance Measures

# Exercise:

- During the morning and afternoon rush hours one of the greatest disasters which can occur is for a car to stall or break down on the San Francisco/Oakland Bridge. The Bay Bridge has four lanes of traffic in each direction. If a car stalls this eliminates 25% of the bridge's capacity, backs up traffic for miles and causes people to be 10 - 30 minutes late for work.

**What is the problem and for whom?**



# Problem and Opportunity

## □ Define a Problem

- **What** is a problem?
- **Who** is affected by the problem?
- **How** are they affected by the problem?
- **Why** is it important to solve this problem?

## □ Assess an Opportunity

- **Who** is currently addresses this problem?
- **How** is the current solution delivered?
- **How effective** is the current solution?
- **What** can be improved?
- Alternative approach?

# PM and The Customer

Question	Customer 1 _____	Customer N _____
How is your customer currently dealing with this task/problem?		
What do they need to accomplish? What are desired outcomes?		
What approach are they attempting?		
What are the interfering factors?		
What are the economic consequences? – Costs?		

# PM Needs Assessment

Question	Customer 1 _____	Customer n _____
What is your approach to help your customer?		
What are enabling factors?		
Economic rewards?		
Is our cost consistent with budget?		



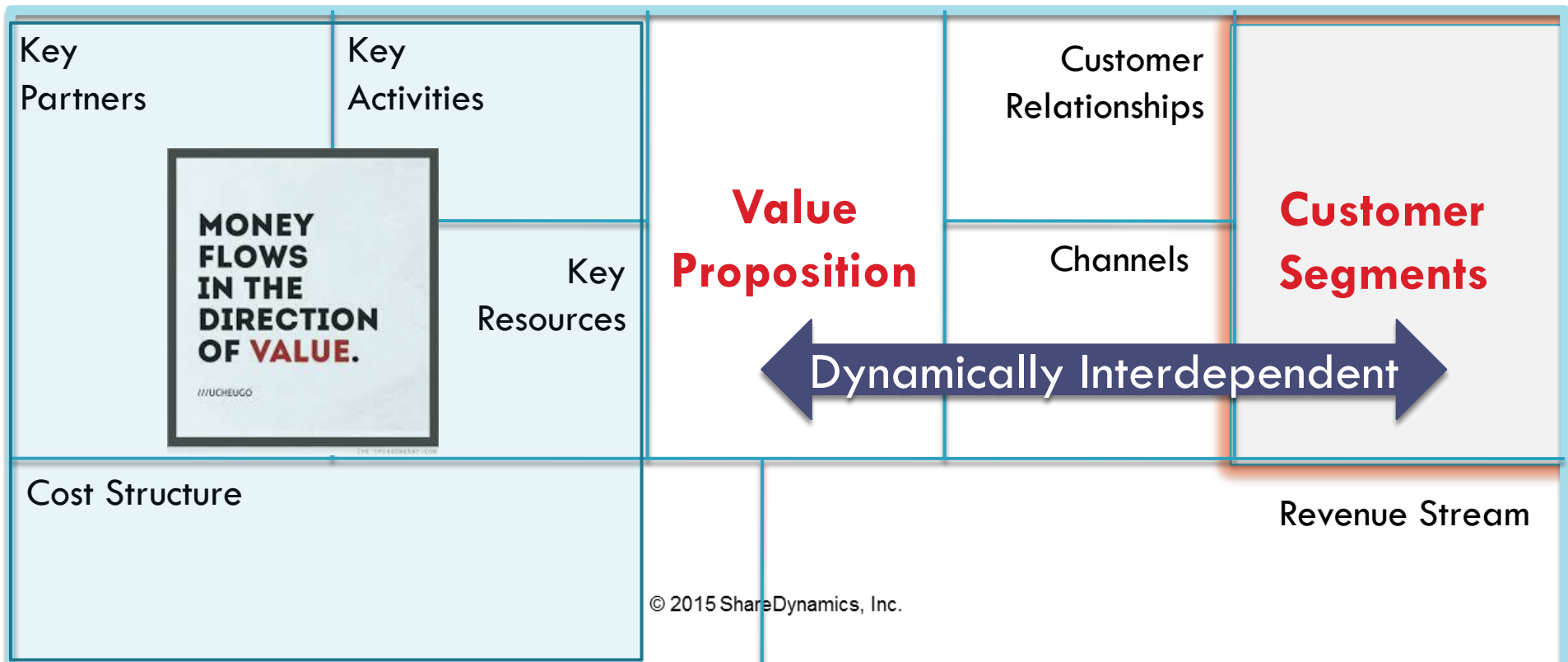
# Now Let's Talk Value

- What is Value?
- What is Value Proposition?



# Value Proposition and Customer Fit

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# Strategic Roadmap



**Resources**

**Activities**

**Outputs**

**Outcomes**

**Benefits**



# The Roadmap: Alignment of Targets

## Strategic Planning Phase



## Execution Phase



Business case is driven by target outcomes. Target outcomes determine the outputs to be produced.



# What is the Worth of My Project?

- **Benefits** generated by the project: relate to the value of desirable outcomes as perceived by the funder.
- **Dis-benefits** arising from the project: relate to the value of undesirable outcomes as perceived by the funder.
- **Project cost**: relate to the cost of developing and (later) maintaining the project's outputs.

Worth of my project? = F<sub>n</sub> (Benefits; Dis-benefits; Costs)

# Challenges We Discussed

- What is the “Big Picture”?
- What is the problem you are trying to solve?
- What value do you deliver to the customer?
- What are the benefits to your company?

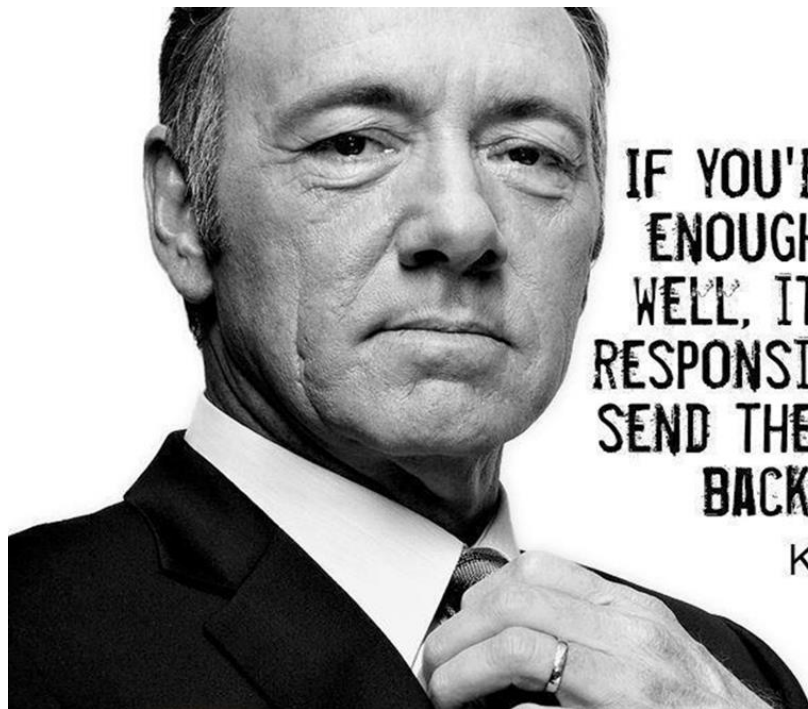


# Summary

- ❑ Project teams need to focus on strategic aspects of the project.
- ❑ Projects are a part of the strategic business planning.
- ❑ Project success is aligned to overall business strategy.
- ❑ Project managers are accountable for achieving planned benefits and not just the triple constraint.
- ❑ Project outcomes are defined up-front in a business case.
- ❑ Projects are selected according to their contribution to the company's strategy and expected benefits.

**Build an agile organization to solve problems & provide value to customers over time**

# Final Thoughts



IF YOU'RE LUCKY  
ENOUGH TO DO  
WELL, IT'S YOUR  
RESPONSIBILITY TO  
SEND THE ELEVATOR  
BACK DOWN.

Kevin Spacey



# Your Questions??



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**Thank you!!!**