



ACHIEVING THE BENEFITS FROM A PROGRAMME MANAGEMENT APPROACH

INTRODUCTION

Much has been said and written in the past five to ten years about programme management; an approach and discipline to managing significant business change that, in theory at least, is differentiated from project management and provides additional value for a business or enterprise.

Rail is one of the many sectors that now uses the language of programme management when referring to large-scale endeavours, whether those endeavours be vast technical pieces of work, for example, the changes to the west coast main line to achieve the benefit of London Euston to Manchester Piccadilly in 2 hours; or whether the changes be to implement a portfolio of system and process changes from an Information Management department.

This article draws on the experience of the author and her colleagues in working with various parts of the rail sector to develop programme and project management capability. It highlights some of the key challenges that need to be addressed in order to make large, complex improvements successful. The rail sector is not alone in needing to address some of these lessons, but it is the focus for this readership at least so no apologies for using exclusively rail examples to illustrate the points made.

DEFINING PROGRAMME MANAGEMENT – DRIVEN BY BENEFITS

Whilst there has been some debate around terms to define programme management over recent years, it appears that some consensus is now being achieved by referring to the definitions embodied in the UK government approach 'Managing Successful Programmes' developed by the Office of Government Commerce.

A programme then can be confidently defined as:

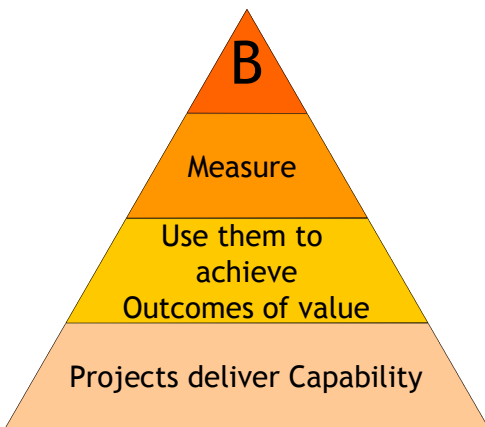
'A portfolio of projects and activities that are co-ordinated and managed as a unit such that they achieve outcomes and realise benefits.'

Outcomes in this respect are 'the resulting effects of change' and benefits, 'measurable improvements resulting from one or more outcome'. Projects deliver outputs (or deliverables) which provide new capability that enables outcomes to be achieved and benefits to be realised.

It follows then that the key to the programme management approach is adopting a mindset and practices that are driven by the realisation of benefits as depicted in figure 1.

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Figure 1: The path to benefits

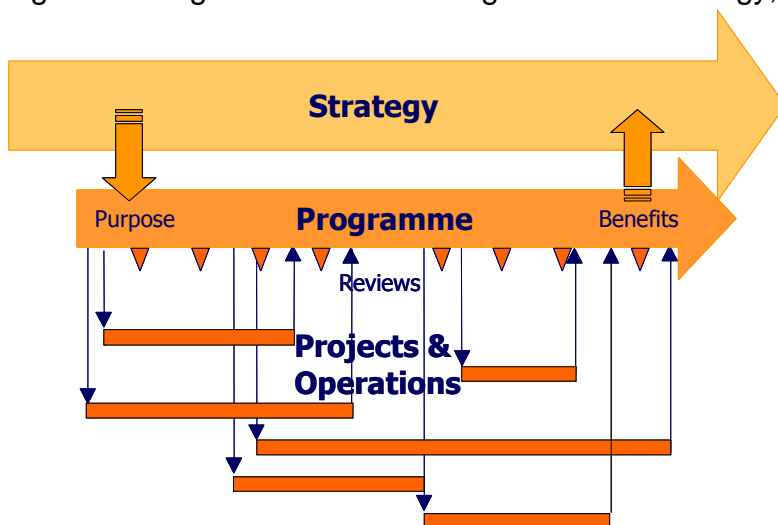


Of course, it is quite reasonable for individual undertakings, i.e. single projects to deliver measurable benefits for an organisation. It is a fact however that the areas of strategic benefit that organisations seek such as cost reduction, increased working capital, employee satisfaction or competitive response are rarely achieved by a single project. The drive to achieve these benefits over time is powered by multiple change initiatives performed across the organisation. It is this complexity that demands an approach that is transcends the single project.

A further driver for a different approach is that the context within which our organisations now perform is constantly changing. Seldom is a strategy unchanged for a number of years. This requires organisations to be flexible and able to switch priorities in response to emergent change, whilst still maintaining focus and efficient delivery of planned changes.

Managed well, programmes provide value for organisations that is additional to that value provided by projects. Programmes are the bridge between strategy, projects and business as usual and provide the 'glue' that enables change to be both efficient and effective as depicted in Figure 2.

Figure 2: Programmes as the bridge between strategy, projects and operations



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THE CHALLENGE – CAPTURING THE PROMISED VALUE

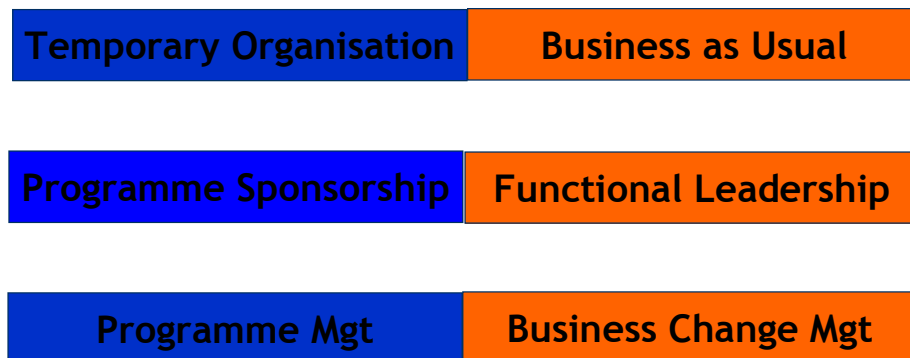
The crux of the challenge is how to prevent a ‘successful’ project becoming a business failure. If a project is delivered on time, to budget and to specification it is rightly judged to be a success; but if the organisation fails to use that new capability to deliver a benefit then the successful project has been pointless. The new IT system that is delivered on time but not used, or used but without the promised reduction in operational budget in the next financial year is a successful project but a business failure. The new trains that are capable of making Euston to Piccadilly in 2 hours but don’t have the infrastructure to run on at those speeds may have delivered some value, but not the benefit that was desired and justified the investment in the first place.

There are two areas that hopefully provide ‘food for thought’ in attempting to address this challenge. These are firstly ‘organisation and people’ and secondly ‘measurement and joined-up governance’.

ORGANISATION AND PEOPLE

As shown in Figure 3 below, any effective change endeavour requires a partnership between the temporary organisation, those managing the programme and constituent projects who are responsible for delivery new capability; and business as usual, those managing the ongoing operation and responsible for realising benefits. Without a working partnership between these two parts of the organisation then effective change that delivers ongoing benefit is doomed.

Figure 3: The Essential Partnership



The roles and responsibilities within the essential partnership are distinct but complementary and not only define the key activities that each party must undertake, but also suggest the essential human skills and competencies that are required by each. In particular critical aspects of the peer roles of programme manager and business change manager are shown here as Figure 4.

Programme Manager

Business Change Manager

Ability to see the big picture in terms of the programme business case (benefits vs. resources and risks) and plan flexibly to achieve best value	Ability to see how to maintain business as usual whilst planning how to change it
The human skills to lead, build confidence and trust, particularly with project managers	Ability to convince colleagues to adopt new practices and ways of working - hearts and minds
A commitment to managing risk in a way that avoids issues	A commitment to measurement and the skill to develop and implement meaningful KPIs

Programme management competence is an area of great interest to business and research is being pioneered in the UK by a team led by Dr Sergio Pellegrinelli and Dr David Partington at Cranfield School of Management. This work is beginning to shed light upon those competencies that are critical in managing large, complex, uncertain strategic goals as opposed to less complex, more well-defined technical projects. Those involved in the selection and development of programme managers should consider this work. It is published in the International Journal of Project Management in the February 2005 edition for those who are interested, or contact sergio.pellegrinelli@sp-associates.com

MEASUREMENT AND JOINED-UP GOVERNANCE

The old mantra 'you can't improve what you can't measure' is very relevant to managing programmes of change. Although it is easy for organisations to accept in principle that it is important to identify benefits in measurable terms; it appears that the same organisations find it much more difficult in practice to decide on meaningful measures, establish a starting baseline and then systematically measure progress. On too many occasions people have said that the benefits from their programme are to be 'more efficient and more effective'! What does this mean? Efficiency and effectiveness need explicit measures if they are to be used to judge progress and be useful as a means of guiding decision making. Reduce costs in maintenance by x%, or improve customer or employee satisfaction by y% can be measured. It is this type of specific measure that is needed for any change programme to be driven by benefits. The basis for the benefits case (in measurable terms) and the costs and risks associated with attaining those benefits then forms the heart of the programme business case – the document against which all key decisions will be evaluated.

A further point is that focusing on benefits at programme level then enables and requires a flexible approach to doing the right work at the right time within the project portfolio. Such flexibility and agility is one of the main value added aspects of programme management.

Unfortunately, organisations that have based their investment decisions around project business cases have a problem when it comes to achieving this agility. For a programme to be successful it needs to be able to start and stop projects within it without needing to

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apply for separate investment approval. If the programme business case is approved, then the work done to achieve the benefits should not need separate approval as long as they can be justified within the programme business case envelope. Some projects conducted as part of programmes will be true enabling projects, ones that have no business case of their own, but exist only to enable another part of the change process. Much frustration has been expressed by many working on programmes and projects within the rail sector that often valid and value adding enablers are not approved due to the focus on each individual project business case needing to 'stand alone'. It follows then that where investment approval is given at a project level, it limits the ability of the programme to do the work that is needed when it is needed, and thus reduces the value of the programme approach.

If your organisation is serious about programme management then governance needs to be driven from programme level, with projects being approved (and stopped) by the programme as required to support the realisation of benefits.

The rule of thumb is that projects in such a situation should be smaller, more tightly scoped and defined pieces of work that will deliver tangible capability in short time scales by highly focused teams of people. The programme manages the rest.

IN SUMMARY

Project management alone is fine to deliver organisational capability and to deliver benefits where there is a clear link between what is needed and the path to get there.

Programme management deals with the complexity when this isn't the case but it needs:

- A partnership approach to management between the temporary organisation and operations
- Appreciation of excellent project management, and an understanding of the skills of the excellent programme manager
- A commitment to actually measuring benefit – before state and ongoing
- Governance focused on the programme business case (benefit vs. cost/risk), not individual project business cases

With this in place, organisations will be better placed to realise the significant benefits achievable from contemporary programme and project management.

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About the author

Ruth Murray-Webster is a Managing Partner with Lucidus Consulting Ltd; a consultancy that aims to bring value to organisations by shedding light on the challenges of managing change through programmes and projects. Ruth has worked in the area of organisational change for almost 20 years; as an employee of blue-chip companies in the UK and for the past 9 years in an independent consultancy role. She combines an interest in the theoretical foundations that underpin change management with a keen desire to make the principles work in practice in organisations. Such practical implementation necessarily means engaging with the challenges at a human level as well as from an enterprise perspective and it is this combination that provides a continued motivation to progress understanding of the subject. Ruth can be contacted on ruth@lucidusconsulting.com and her other published work is available for review by visiting www.lucidusconsulting.com

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