Aumenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton
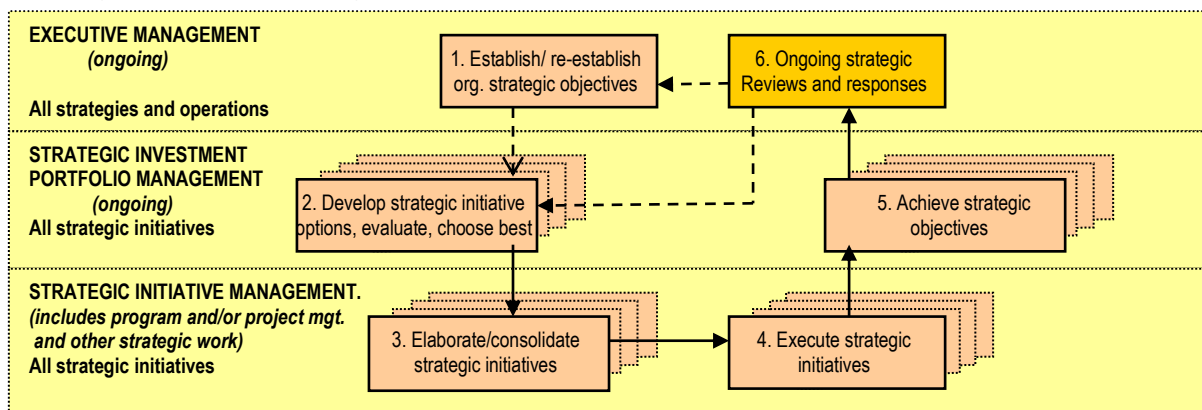
Revisiting organisational strategic management (2)

Augmenting a recursive strategic management model to accommodate changes impacting outcomes and benefits [1]

By Alan Stretton

INTRODUCTION

This is the second of a series of articles in which I revisit some aspects of organisational strategic management. The first article (Stretton 2020l) developed a recursive organisational strategic management model, and discussed the crucial role of key management responsibilities at each of three levels for the effective prosecution of the stages in this model. The model is reproduced in Figure 2-1 below, but with *individual* strategic initiatives replaced by *all* strategic initiatives in the bottom sector on *Strategic initiative management*.

Figure 2-1: Responsibilities for managing stages of recursive organisational strategic mgt.

In that article, it was specifically noted that, regarding the Stage 5 processes, the key strategic objectives to be achieved are outcomes and benefits – therefore strategic investment portfolio management responsibilities in this context are ongoing evaluation of performance in achieving the desired outcomes and benefits of all current strategic initiatives – and that these quite complicated topics would be discussed in more detail in this second article.
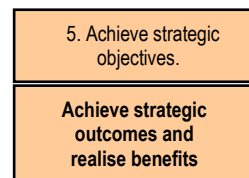
Before going on to do so, this article first summarises some attributes of, and responsibilities for, outputs, outcomes and benefits, as previously discussed in Stretton 2020e and 2020i.

---

[1] How to cite this article: Stretton, A. (2020). Augmenting a recursive strategic management model to accommodate changes impacting outcomes and benefits; Revisiting organisational strategic management (2)*;* Series article. *PM World Journal*, Vol. IX, Issue XII, December.

PM World *Journal* *(ISSN: 2330-4480)*
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Aumenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

STRATEGIC INITIATIVE OUTPUTS, OUTCOMES AND BENEFITS

Some definitions/descriptors

In Stretton 2020i I distinguished between project/program-related outputs, outcomes, and benefits as follows, using definitions from the project management literature.

Output: The tangible or intangible product resulting from planned activity. (OGC 2007:247)

Some synonyms for Outputs: **Capability** *(OGC 2007)*,
                              Results, Deliverables, Products *(Driver & Seath 2015).*

Outcome: The result of change, normally affecting real-world behaviour and/or circumstances. … (OGC 2007:247)

A virtual synonym for Outcomes: **Uses** *(Driver & Seath 2015).*

Benefit: The measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders. (OGC 2007:245)

Some detailed differences between outputs, outcomes and benefits

I also noted that OGC 2007 had more to say about these differences than any other source I have come across, as represented in the following figure.

Project outputs/capability	Outcome	Benefit
Enables a new outcome in part of the operational organisation	Is the desired operational result	Is the measurement of an outcome or a part of an outcome. An end benefit is a direct contribution to a strategic objective
Describes a feature	Describes part or new operational state	Describes an advantage accruing from the outcome
Answers at least in part the fundamental question: What new or different things will we need to realize beneficial change?	Answers the question: What is the desired operational state of the organization using these new things?	Answers the question of what a project delivers: Why is this required?
An example of an output: a new hospital building	An example of an outcome: an additional hospital is now operational and serving regional demand for hospital care thereby reducing waiting lists	An example of a benefit from this outcome might be: reduced waiting times for hip operations to an average three weeks from ten weeks
Another example of an output: an e-commerce system	An example of an outcome from this output: ability to process fulfil and charge for web-placed orders	An example of a benefit from this: increased sales revenue of x%

*Figure 2-2: OGC 2007 - Table 7.1 Differences between outputs, outcomes and benefits*

In light of the above definitions/descriptors and examples, distinguishing between outputs and outcomes would appear to be relatively straight-forward. However, distinguishing between outcomes and benefits is not always just as straight-forward.

Distinguishing between outcomes and benefits

Some writers use one or other of the descriptors *outcomes* and *benefits* in a more or less interchangeable manner. Indeed, some actually combine the two.

PM World *Journal* *(ISSN: 2330-4480)*
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Augmenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

For example, in the abstract of their paper, Zwikael & Smyrk 2009 use the descriptor *outcomes (benefits).* In effect, they are discussing "beneficial outcomes".

However, in many cases there are very clear distinctions between the two. In Stretton 2020i I drew on OGC 2007 to illustrate a typically important difference between outcomes and benefits. This is summarised in Figure 2-3 below, in which we can see how OGC has distinguished between the internal outcome of a business change strategic initiative, and (two stages of) subsequent benefits realisation in the organisation's external business operations.
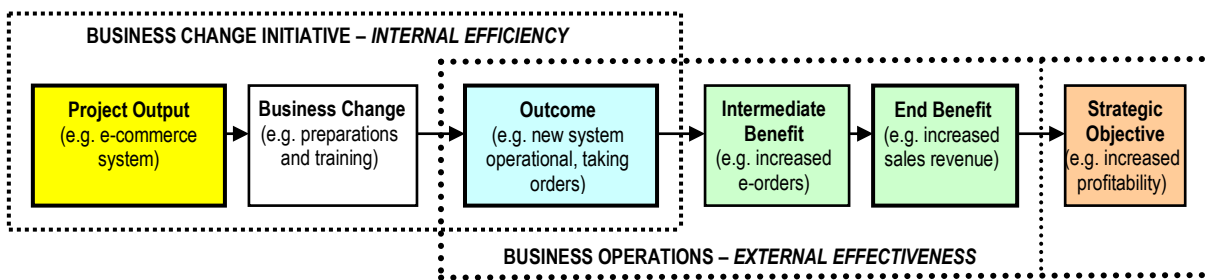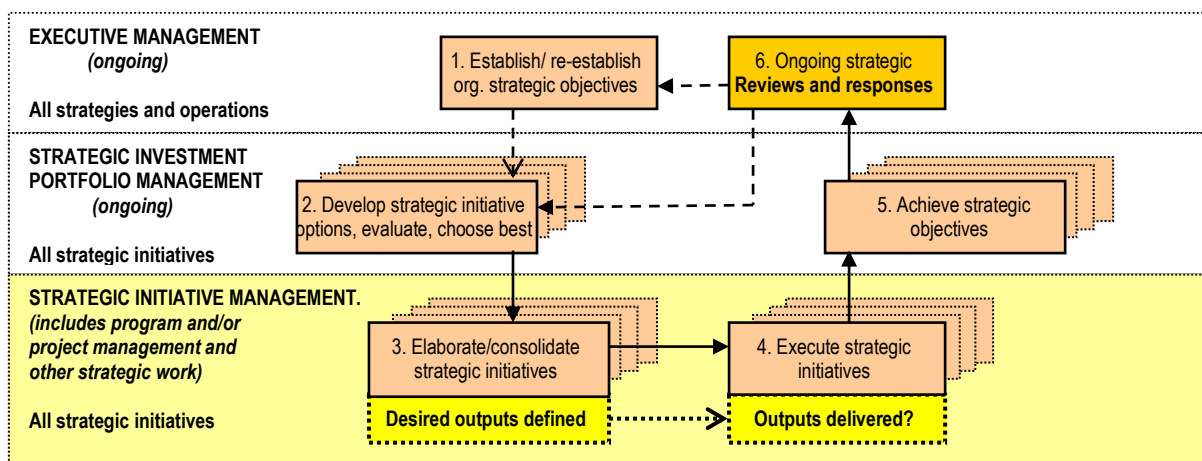

Figure 2-3: Based on OGC 2007, Fig. 7.3 Example of a project output to strategic objective chain

This is just one example of a typical situation where the subsequent benefits can only be realised some considerable time after the outcomes have been achieved. In some instances such as with long-term productive assets this can be a matter of years, or even decades.

ADDING STRATEGIC INITIATIVE OUTPUTS TO THE RECURSIVE STRATEGIC MANAGEMENT MODEL

We start by representing planned strategic initiative outputs and their delivery in the model as shown in Figure 2-4. It can be seen that I have put the delivery side of strategic initiative outputs in the form of a question as to their achievement, which is a pattern I will also follow later with outcomes and benefits.


Figure 2-4: Adding strategic initiative outputs to the recursive strategic management model

PM World Journal (ISSN: 2330-4480)
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Augmenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

Responsibilities for achieving outputs

Responsibility for achieving these outputs is clearly with the strategic initiative manager. Management of the project/ program components of delivery of outputs is very extensively covered in the project manager literature, and needs no further comment here.

However, if things go wrong here, ensuring outcomes or benefits may not be achieved, and we will be discussing relevant linkages later.

ADDING OUTCOMES & BENEFITS TO THE RECURSIVE STRATEGIC MANAGEMENT MODEL
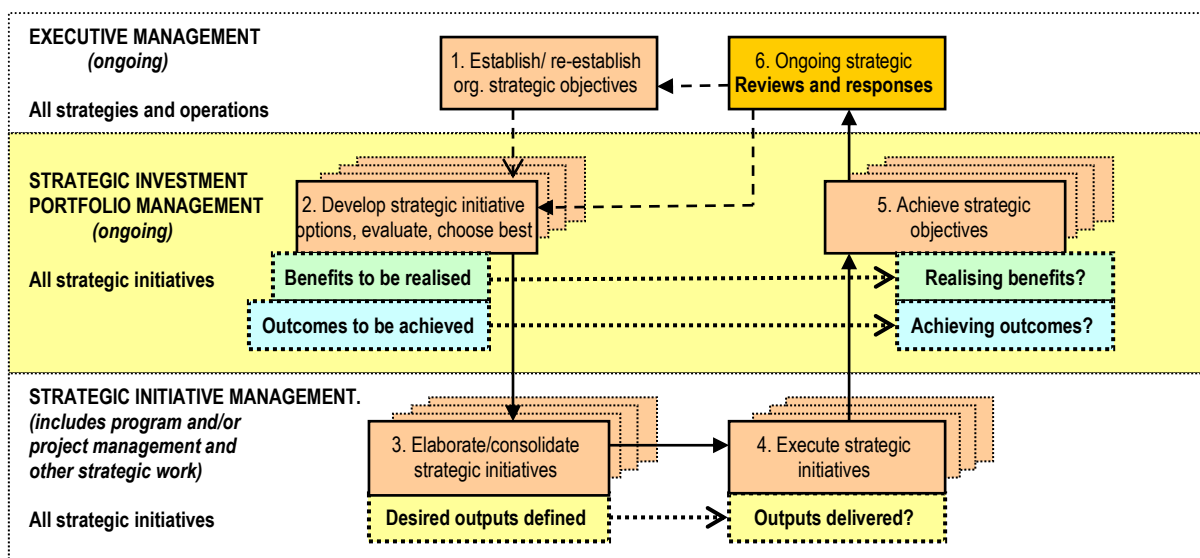
Figure 2-5: Adding outcomes and benefits to the recursive strategic management model

Comparing achieved outcomes and benefits with those planned

Whilst processes for delivering the outputs of program and project components of strategic initiatives are extensively covered in the project management literature, the same cannot be said about achievement of outcomes and realisation of benefits. Whilst the strategic investment portfolio management has overall responsibility for these, the detailed responsibilities usually lie with the users of the outputs and/or outcomes.

The literature has little to say about these more detailed responsibilities, which I discussed in Stretton 2020e and 2020i, as now summarised.

Broad responsibilities for outcomes & benefits realisation management (BRM)

The following figure is an amalgamation of Figure 9 from Stretton 2020e and an amendment to the Internal Efficiency Initiatives section made in Stretton 2020i.

Augmenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

INTERNAL EFFICIENCY INITIATIVES	EXTERNAL EFFECTIVENESS INITIATIVES			
Business & Organisation Change Information Systems (Software) Research & Development "Stay-in-Business" initiatives	**Shorter-term Production-related** Product & Service Development Events Media & Entertainment Healthcare	**Longer-term Asset-related**		
		Facilities (commercial production; public infrastructure) Communication Systems	International Development	Aerospace/ Defense
Responsibilities for Outcomes • If users have a formal organizational representative, the latter is responsible • If there is no designated user representative, then project/program mgt. is usually held responsible	**Responsibilities for BRM** • Responsibility is with designated mgr. interfacing with organisation's markets/customers – e.g. Product Mgr, Events Mgr, Producer • Project/program mgt has no direct involvement in ultimate BRM	**Responsibilities for BRM** • Responsibility is with the owners and/or designated user representatives • Project/program mgt has no direct involvement in, or responsibility for, final BRM	**Resp. for BRM** • Varies • Often shared between PPM providers and ultimate user representatives	**Resp. for BRM** • Varies • Benefits often focus on utility of project/program deliverables themselves.

Figure 2-6: Types of strategic initiatives, & responsibilities for benefits realisation management

It can be seen that, even in this summarised format, there is a great variety of users of outputs and/or outcomes from organisational strategic initiatives, and that detailed responsibilities for achieving outcomes and realising benefits vary widely, as now further discussed.

Some detailed responsibilities for outputs achievement & benefits realisation

PMI 2017, in its introductory section in *Ch 4. Program Benefits Management*, says:

> Various types of benefits may be defined and generated by programs. Some benefits, such as expanded market presence, improved financial performance, or operational efficiencies, may be realized by the sponsoring organization while other program outcomes may be realized as benefits by the organization's customers or the program's intended beneficiaries.

The question of responsibilities for ensuring that the strategic business outcomes are achieved, and that the benefits are realised, is a very substantial one. It is also quite a complicated one, because of great variations in the organisations involved, their set-up(s), and how they relate with the provider of strategic outputs and/or outcomes. This is indicated, at least in part, in Figure 2-6 above. We will briefly discuss responsibilities attaching to its three primary groups of strategic initiatives.

Internal efficiency strategic initiatives

Internal efficiency strategic initiatives are widely discussed in the literature. I have described the end results of such internal efforts as outcomes, rather than benefits, on the basis that internal efficiency initiatives are virtually always undertaken to enhance the effectiveness of the organisation's external strategic initiatives, which is where the ultimate benefits are realised.

However, much of the relevant literature describes the results of internal strategic initiatives as benefits, as will be seen in some of the following descriptors.

PM World Journal (ISSN: 2330-4480)
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Aumenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

Descriptors of people who have detailed responsibilities for achieving internal efficiency outcomes/ benefits vary widely. They include:

- Operations managers (Cooke-Davies 2002)
- Benefits managers (Morris 2013:84)
- Portfolio benefits managers (Smit 2017)
- Benefits management practice leaders (Hudson 2016:437-8)
- Dedicated benefits management team (Stewart 2016:202)
- Organisational change managers (O'Donovan 2018)
- Business change managers (OGC 2007:32)

This listing certainly gives more than a hint of just how variable internal efficiency initiatives can be, particularly as regards responsibility for achieving outcomes and/or benefits.

Also, as indicated in Figure 2-6, if there is no designated representative of the users of internal efficiency initiatives in the organisation, then project/program management is often held responsible for achieving the outcomes. However, it is still the actions of the users which decide the extent of actual outcomes achievement.

Shorter-term production-related external effectiveness strategic initiatives

This group of external effectiveness initiatives is epitomised by the product and service development example in Figure 2-6, which says that responsibilities for benefits realisation management is with designated manager who interfaces with the organisation's markets/customers. I exampled Product Managers, Events Managers and Producers as such designated managers. In a more generalised context, I could well have added Marketing Managers, Sales Managers, and similar entities.

However, if we look at the situation from the customer's viewpoint, it could well be argued that "outcomes may be realized as benefits by the organization's customers", as noted in an above quotation from PMI 2017.

So, allocations of responsibilities between the delivery manager and the customer are not necessarily all that straight-forward. Amongst other factors, they substantially depend on which user you are considering – i.e. the deliverer of the strategic initiative, or the customer to whom it is being delivered.

Longer-term asset-related external effectiveness strategic initiatives

This was the most difficult of the three broad types of strategic initiatives, both to classify, and to allocate responsibilities. It can be seen in Figure 2-6 that I identified three groups within this classification.

The most generalised of these is arguably the Facilities group, in which responsibility for benefits realisation is generally with the owners, and/or designated user representatives.

PM World *Journal* (ISSN: 2330-4480)
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Augmenting a recursive strategic management
model to accommodate changes
*Revisiting organisational strategic management (2)*
by Alan Stretton

The other two broad groups, International development, and Aerospace/defence, are so diverse that it is difficult to generalise on responsibilities for benefits realisation, as is indicated in Figure 2-6.

However, the one attribute that they all share is that benefits will not normally be realised until long after the delivery of outcomes – sometimes in the order of decades.

This can certainly complicate the ability of strategic investment portfolio management in assessing the extent to which planned benefits are actually being realised, and reporting appropriately to the executive management strategic review and responses group, to which we now turn.

ADDING LINKS TO AND FROM THE EXECUTIVE MANAGEMENT STRATEGIC REVIEW AND RESPONSE PROCESSES

Figure 2-7 illustrates linkages between outputs, outcomes and benefits progress and the executive management level strategic review and response group (Stage 6) for review purposes, and between the latter and Stages 1 and 2 as avenues for relaying remedial response decisions, and modifying strategic objectives and strategic initiatives accordingly.
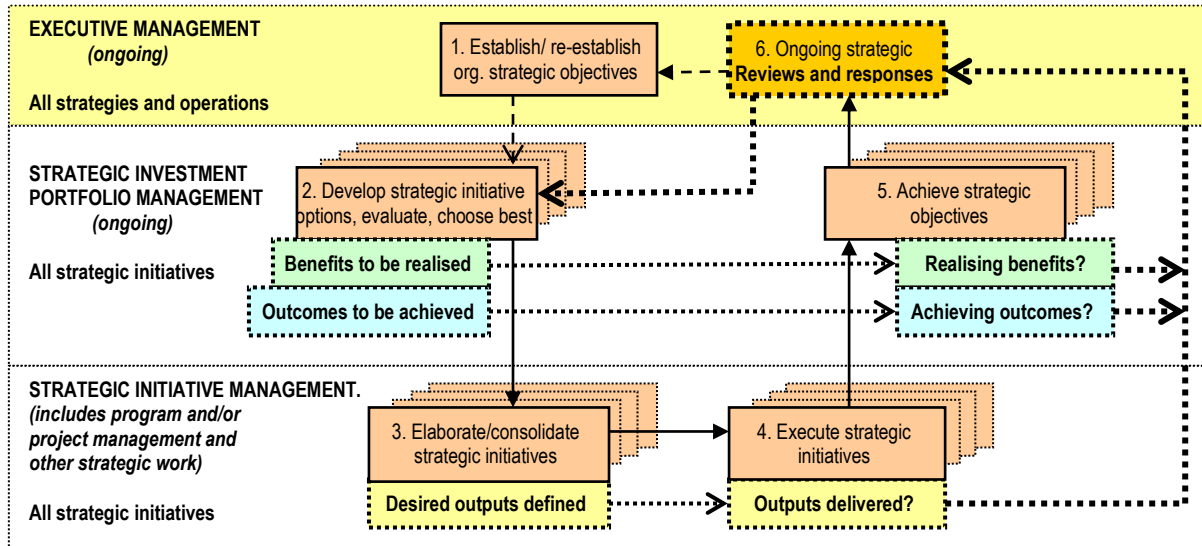
Figure 2-7: Adding links with executive management strategic review and response group

In Figure 2-1 the direct link between Stage 6 and Stage 2 was originally put in place because strategic initiatives can be initiated and/or modified within the ambit of existing overall strategic objectives, so that it is not necessary to go via Stage 1.

But, in accelerated VUCA environments, this direct link also allows for direct rapid responses which could be outside the ambit of the original overall strategic objectives, which would then need to be appropriately re-established later.

PM World Journal (ISSN: 2330-4480)
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Aumenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

ADDING THE ROLE OF USERS TO THE STRATEGIC MANAGEMENT MODEL

Adopting "users" to cover those responsible for outcomes and/or BRM

In light of the very many varying responsibilities for achieving outcomes and/or realising benefit exampled above, I have found it convenient to use the descriptor "users" to broader cover these responsibilities, without having to define them more precisely, nor identify the relevant contexts in each case.

This then facilitates the following process of adding users of strategic initiatives into the recursive organisational strategic management model – an important addition of a kind which is all too seldom found in the project management literature.
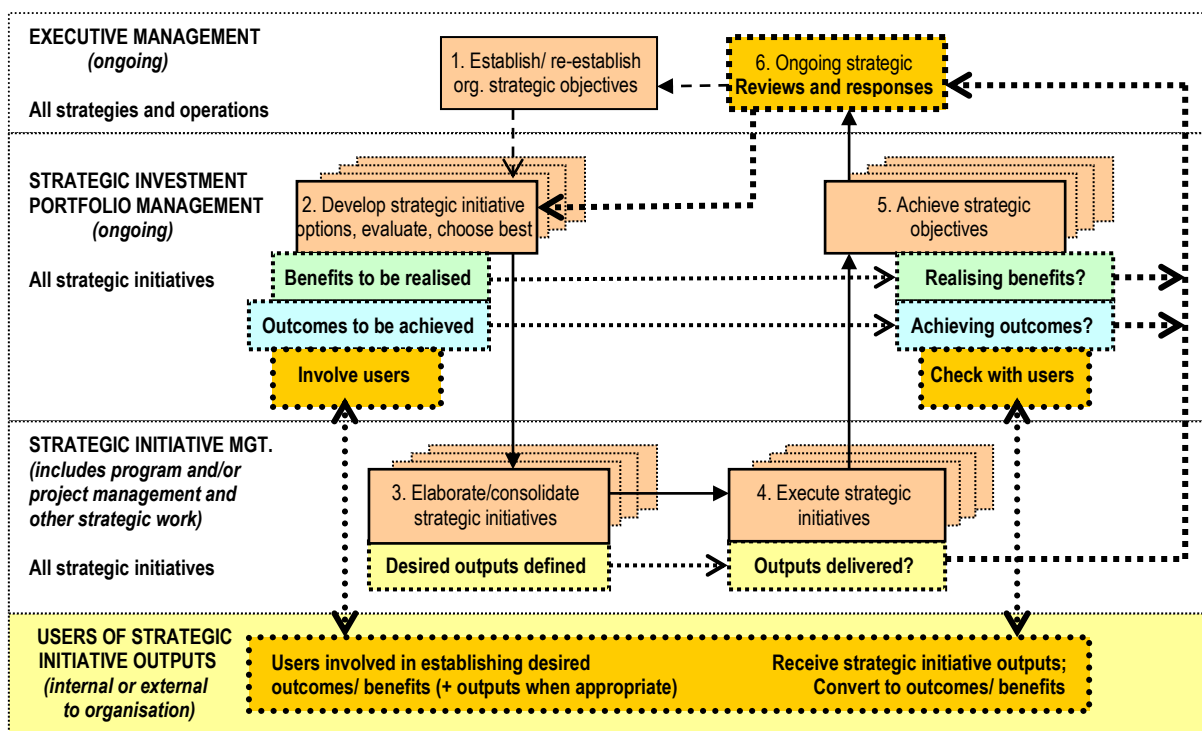
Figure 2-8: Adding users of strategic initiative outputs to the organisational strategic mgt. model
I have added the panel "Users of strategic initiative outputs" to Figure 2-7, to help illustrate two primary streams of involvement by users of strategic initiative in the strategic management process.

Users receive strategic initiative outputs, and convert to outcomes/benefits

This is a straight-forward depiction of what users do, and, in light of above discussions, does not appear to require further elaboration.

From the point of view of strategic investment portfolio management checking on the current status of outcomes and benefits, I have added the text-box "Check with users" to highlight the importance of the users in this context.

PM World *Journal* *(ISSN: 2330-4480)*
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Aumenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

Users involved in establishing desired outcomes/ benefits

As Driver & Seath 2015 put it re the project component of strategic initiatives,

> …a lack of User engagement in designing and developing the Results [outcomes] is
> clearly going to mean that Projects burn Resources with no chance of seeing the
> expected Benefits.

I have added this important earlier involvement by users in helping establish desired
outcomes/benefits – plus desired strategic initiative outputs when appropriate – because
the work of securing these very important inputs is all too often either omitted, or poorly
executed. Whilst this work is relatively routine in some domains, and has been boosted
by increasing use of Agile-type techniques, in some other domains it is still badly
neglected, to everyone's detriment.

SUMMARY/DISCUSSIONS

This second of five articles first reproduces a recursive organisational strategic
management model developed in the first article (Stretton 2020l), along with a depiction
of key management responsibilities at each of its three primary levels. This present
article has been particularly concerned with evaluation of performance in achieving the
organisational strategic objectives in Stage 5 – i.e. the desired outcomes and benefits
of all current strategic initiatives – as well as representing avenues for appropriate
responses.

We first summarised some attributes of, and responsibilities for, strategic initiative
outputs, outcomes and benefits, as previously discussed in Stretton 2020e and 2020i.
These included definitions/descriptors, details of some of the differences between
outputs, outcomes and benefits, and particularly distinguishing between outcomes and
benefits

We first added representations of planned and achieved strategic initiative outputs to
the strategic management model, with little comment, because the project components
of strategic initiatives are so extensively covered in the literature.

We then added representations of planned and achieved outcomes and benefits to the
model. These two entities are not so well covered in the project management literature,
so we directed some attention to both, including recognition of the great variety of
parties who can have detailed responsibilities for outcomes achievement and/or
benefits realisation management (BRM). These were discussed in the context of three
major groupings of types of strategic initiatives, namely internal efficiency initiatives,
shorter-term production-related external effectiveness initiatives, and longer-term asset-
related external effectiveness strategic initiatives.

We then added links from the delivery/achievement sides of outputs, outcomes and
benefits back to the executive management strategic review and response processes in
Stage 6 of the strategic model, to facilitate these processes.

PM World Journal (ISSN: 2330-4480)
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Augmenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

We also emphasised existing links between Stage 6 and Stage 2 in particular, to indicate an avenue for urgent rapid response decisions which could temporarily bypass adjustments to longer-term strategic objectives in Stage 1 when necessary.

Finally, we added provision for the role of users in the overall model. We first discussed the rationale for adopting the descriptor "users" to cover all those responsible for outcomes and/or BRM. We then represented user involvement in establishing desired outcomes/benefits, and outputs where appropriate ("Involve users"), and provision for users to receive strategic initiative outputs, convert them to outcomes/benefits, and to be consulted in reviews of their progress ("Check with users").

The final augmented model is rather "busy", but hopefully provides an inclusive and useful overview of key basic organisational strategic management processes.

In the next article of this series we will move on to discuss strategic drivers which impact particularly on decisions relating to establishing/re-establishing Stage 1 organisational strategic objectives.

REFERENCES

COOKE-DAVIES, Terry (2002). The 'real' success factors on projects. *International Journal of Project Management,* Vol 20, pp 185-190.

DRIVER, Phil & Ian SEATH (2015). There are no shortcuts from projects to benefits. *PM World Journal,* Vol IV, Issue 1, January. https://pmworldlibrary.net/wp-content/uploads/2015/01/pmwj30-Jan2015-Driver-Seath-no-shortcuts-from-projects-to-benefits-Advances-Series-Article1.pdf

HUDSON, Andrew (2016). Managing programme benefits. In the *Gower Handbook of Programme Management, 2nd Ed.* Eds Dennis Lock & Reinhold Wagner. London, Routledge. Chapter 29, pp.430-443.

MORRIS, Peter W. G. (2013). *Reconstructing Project Management.* Chichester, West Sussex; Wiley-Blackwell

O'DONOVAN, Gabrielle (2018). Advances in project management series: Creating a culture of partnership between Project Management and Change Management. *PM World Journal,* Vol VII, Issue I, January. https://pmworldlibrary.net/wp-content/uploads/2018/01/pmwj66-Jan2018-ODonovan-creating-culture-of-partnership-project-management-and-change-management.pdf

OGC (OFFICE OF GOVERNMENT COMMERCE) (2007). *Managing Successful Programmes.* 3rd Edition, London, The Stationary Office.

PMI (PROJECT MANAGEMENT INSTITUTE) (2017). *The Standard for Program Management.* 4th Edition, Newtown Square, PA: Project Management Institute

PM World Journal *(ISSN: 2330-4480)*
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Aumenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

SMIT, Martin J. (2017). Development of a project portfolio management model for executing organisational strategies: A normative case study. *PM World Journal,* Vol. VI, Issue XII, December. https://pmworldlibrary.net/wp-content/uploads/2017/12/pmwj65-Dec2017-Smit-project-portfolio-management-model-featured-paper.pdf

STEWART, David (2016). Programme management in the police. In the *Gower Handbook of Programme Management, 2ⁿᵈ Ed.* Eds Dennis Lock & Reinhold Wagner. London, Routledge. Chapter 13, pp. 194-204.
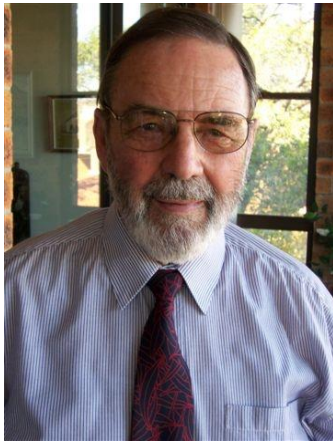
STRETTON, Alan (2020l). *Revisiting organisational strategic management (1)* A recursive organisational strategic management model, and responsibilities for managing various stages. *PM World Journal,* Vol IX, Issue XI, November. https://pmworldlibrary.net/wp-content/uploads/2020/11/pmwj99-Nov2020-Stretton-Revisiting-organisational-strategic-management-1-a-recursive-model.pdf

STRETTON, Alan (2020i). Notes on project-related outputs, outcomes, and benefits realization in an organisational strategic management context. *PM World Journal,* Vol IX, Issue VIII, August. https://pmworldlibrary.net/wp-content/uploads/2020/07/pmwj96-Aug2020-Stretton-Notes-on-outputs-outcomes-benefits-realization.pdf

STRETTON, Alan (2020e). Strategic initiatives, project/program management, and responsibilities for benefits realization. *PM World Journal,* Vol IX, Issue V, May. https://pmworldlibrary.net/wp-content/uploads/2020/05/pmwj93-May2020-Stretton-Strategic-initiatives-PPM-and-BRM-responsibilities.pdf

ZWIKAEL, Ofer & John R SMYRK (2009). Towards an outcome-based project management theory. *Proceedings of the 2009 IEEE IEEM,* pp. 633-637.

PM World Journal (ISSN: 2330-4480)
Vol. IX, Issue XII – December 2020
www.pmworldjournal.com
Series Article

Aumenting a recursive strategic management
model to accommodate changes
Revisiting organisational strategic management (2)
by Alan Stretton

About the Author

Alan Stretton, PhD

Faculty Corps, University of Management
and Technology, Arlington, VA (USA)

Life Fellow, AIPM (Australia)

Alan Stretton is one of the pioneers of modern project management. He is currently a member of the Faculty Corps for the University of Management & Technology (UMT), USA. In 2006 he retired from a position as Adjunct Professor of Project Management in the Faculty of Design, Architecture and Building at the University of Technology, Sydney (UTS), Australia, which he joined in 1988 to develop and deliver a Master of Project Management program.   Prior to joining UTS, Mr. Stretton worked in the building and construction industries in Australia, New Zealand and the USA for some 38 years, which included the project management of construction, R&D, introduction of information and control systems, internal management education programs and organizational change projects. He has degrees in Civil Engineering (BE, Tasmania) and Mathematics (MA, Oxford), and an honorary PhD in strategy, programme and project management (ESC, Lille, France). Alan was Chairman of the Standards (PMBOK) Committee of the Project Management Institute (PMI®) from late 1989 to early 1992. He held a similar position with the Australian Institute of Project Management (AIPM), and was elected a Life Fellow of AIPM in 1996. He was a member of the Core Working Group in the development of the Australian National Competency Standards for Project Management. He has published over 225 professional articles and papers. Alan can be contacted at alanailene@bigpond.com.au.

To view other works by Alan Stretton, visit his author showcase in the PM World Library at
http://pmworldlibrary.net/authors/alan-stretton/