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The role of the SRO in delivering benefits

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Workshop Summary: 10th July 2009

Introduction

This article is a summary of a half-day workshop for Senior Responsible Owners (SROs) to identify practical ways they can help to improve delivery of project and programme benefits. The workshop was jointly run by Proving Services, ICD Consulting and Improvement Skills Consulting.

The need to articulate benefits clearly, measure them and ensure they are realised is a key area of focus at present in most public sector organisations, especially with challenging budget reductions requiring every senior manager to consider which investments make sense.

In response to a number of high profile failures of projects and programmes there is an increased level of scrutiny being applied across the public sector both to IT and non IT programmes and projects.

Our guest speaker was Stephen Jenner, formerly head of the Criminal Justice System IT Portfolio (£2Bn investment) who was infamously described as the "Rottweiler of Benefits Management".

It is nine years since the McCartney Report recommended the creation of a Senior Responsible Owner role to be the single point of accountability in a project. The Report also recommended that those involved in projects should receive appropriate training and that the SRO should ensure a formal approach is taken for project management. At the time, it didn't differentiate between Projects and Programmes and therefore the role required in each. We are focusing on SRO, but the principles apply equally to the role of Project Executive/Sponsor/Champion depending on the methodology you use.

The National Audit Office SRO Survey of 2006 showed:

- 75% of SROs spend a minority of their time on the role

- For 53% of SROs on critical and high risk programmes, it was their first time in the role

And, the Public Accounts Committee found in 2009 that senior civil servants are "inexperienced in running mission-critical and high-risk programmes and projects". As recently as 2009 the NAO referred to a "vacuum of leadership" on the (now abandoned) C-NOMIS project.

Budgets are under pressure, projects are being scrutinised like never before and reputations can be destroyed in the glare of a PAC hearing.

The SRO is personally responsible for the success of a project and this article, based on our workshop will show you practical steps you can take to maximise the chances of success in your role. In this article you will identify:

- The characteristics of the four different types of project in your portfolio which an SRO might need to lead and the implications for your role

- What benefits realisation really means and your role in achieving it

- What you need to do at each stage of the project lifecycle and how to avoid the "fog" of project bureaucracy

The four types of project

As a senior team member we have to decide which projects we need to undertake that meet both our strategic and operational objectives and we need to achieve an understanding of the composition of our portfolio, both current and desired.

An effective SRO can therefore be allocated, based on the type of project but this requires an understanding of the role and responsibilities of the SRO, in the context of the respective project type.

The four types of project are shown below and the number and balance of each type that a particular organisation will have should be aligned to their strategic and operational objectives. There shouldn't be many truly "Strategic" projects and these need to be managed at Board level. They involve High Risk & High Cost and often fail to meet Strategic Objectives because they may be too complex and ambitious. An organisation can lose strategic advantage if these projects are delayed. They require the best SROs and professional Project Managers.

"High Potential" projects should have an emphasis on gaining knowledge and establishing cost and benefit certainty. They should have an agreed Project Budget with a low initial cost. A subsequent decision may be NOT to proceed further (i.e. live with the Sunk Cost). They require SROs and Project Managers who have good "technical" knowledge of the project's subject area.
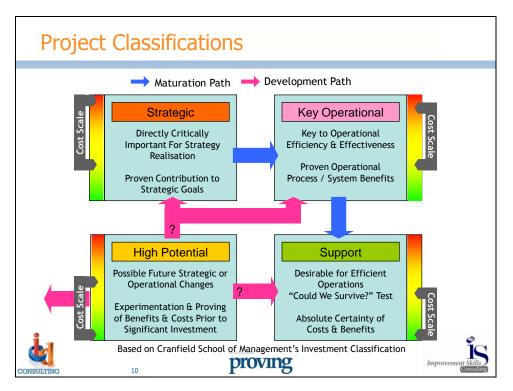
"Key Operational" Projects have significant operational impact and it is critical to manage their risks. These Projects are rarely 'Stopped' and there is often a risk of significant cost escalation and timescales are also often critical. They also require the best SROs at Board level, and professional Project Managers.

The bulk of portfolio activity should be "Support Projects" that should have cost and benefit certainty before proceeding with clear NPV justification. Without this clarity there may be opportunities to cull or suspend these projects. They should be managed at Divisional, not Board, level.

Project Classifications

➡ Maturation Path ➡ Development Path

Strategic
Directly Critically Important For Strategy Realisation

Proven Contribution to Strategic Goals

Key Operational
Key to Operational Efficiency & Effectiveness

Proven Operational Process / System Benefits

High Potential
Possible Future Strategic or Operational Changes

Experimentation & Proving of Benefits & Costs Prior to Significant Investment

Support
Desirable for Efficient Operations "Could We Survive?" Test

Absolute Certainty of Costs & Benefits

Cost Scale

Based on Cranfield School of Management's Investment Classification
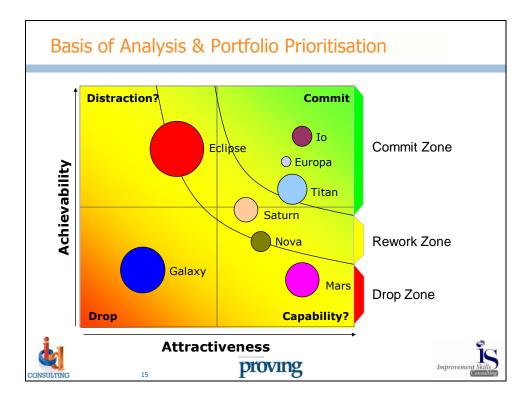
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The purpose of carrying out a portfolio analysis is to help you make the right decisions about which projects to invest behind and how to manage them for success. An effective analysis of your project portfolio will tell you about how achievable your projects are and how attractive they are.

You're likely to end up with a portfolio map such as this:

Basis of Analysis & Portfolio Prioritisation

Benefits Management – a fool's errand?

Stephen Jenner began with a reminder that *"The fundamental reason for beginning a programme is to* **realise benefits** *through change. The change may be to do things differently, to do different things, or to do things that will influence others to change."*

The SRO is the individual…

"responsible for ensuring that a project or programme of change meets its objectives and delivers the projected benefits"

and

"who is ultimately accountable for successful delivery, that is, the successful achievement of desired outcomes and realisation of expected benefits from a programme."

He reminded us of the horror stories about hopeless realisation of benefits, from the London Dome to Sydney Opera House and most of the Olympic Games held in recent years. Much research has been done into the reason for virtually every SRO believing that it's everyone else's project that will fail to deliver its claimed benefits. There is certainly plenty of evidence of inflated benefits estimates (lies) and "delusional optimism".

The three benefits challenges are:

1. Ensuring benefits claimed are robust and realisable.

2. Planning for all potential forms of value created.

3. Realising benefits and creating value – exploiting the capability created.

Many of the problems start with the Business Case so there is a need to spend more time "doing your homework" to be clear about the expected benefits. Alarm bells should ring whenever "Strategic Alignment" is claimed as an investment justification. Similarly, claiming "staff time savings" is worthless unless they can be translated into lower costs or increased productivity.

And remember…

1. Spend more time doing your homework - be clear about what benefits you are buying.
2. Look beyond the hurdle rate of return.
3. Use stage/phase gates with formal re-commitment to benefits realisation.
4. Joint accountability - planning for success, with a forward looking perspective.
5. Track performance and use it to inform investment appraisals.
6. Use summary documentation – size is the enemy of understanding.
7. Ensure there is a clear line of sight from strategic intent through to benefits realisation.
8. Manage benefits from a portfolio perspective.
9. Shift the focus – to realism in planning and enthusiasm in implementation and….

Stephen's final point: "Be wise enough to play the fool".

His book "*Realising Benefits from Government ICT Investment – a fool's errand?*" is available from www.academic-publishing.org
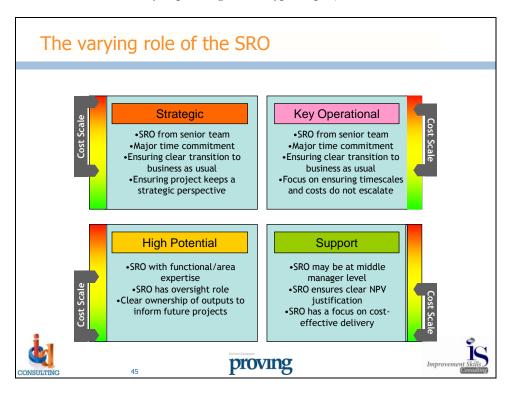
The role of the SRO

The SRO's role will vary depending on the type of project:

The varying role of the SRO

Strategic	Key Operational
•SRO from senior team •Major time commitment •Ensuring clear transition to business as usual •Ensuring project keeps a strategic perspective	•SRO from senior team •Major time commitment •Ensuring clear transition to business as usual •Focus on ensuring timescales and costs do not escalate
High Potential	**Support**
•SRO with functional/area expertise •SRO has oversight role •Clear ownership of outputs to inform future projects	•SRO may be at middle manager level •SRO ensures clear NPV justification •SRO has a focus on cost-effective delivery

Cost Scale

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It also changes throughout the project lifecycle:

Initiative Screening
• Confirm the projected benefits

Business Case
• Confirm the business justification for the project

Project Initiation
• Ensure there is appropriate organisation and planning

Planning & Development
• Monitor and control progress at a strategic level
• Confirm readiness for implementation

Implementation of Solutions
• Monitor and control progress of implementation
• Confirm realisation of "in-service" benefits

One recent assignment has been to help a client create an effective Initation Process so that new projects can be screened to assess how and where they should be managed and so they can be screened with an effective Business Case.

We find that it's often hard for senior people to admit they don't have the knowledge or skills required to be an SRO or to initiate projects effectively. You may need to offer them "Masterclasses" or "Focus Events", rather than "training". Much of the emphasis should be on **leadership behaviour**, rather than "methodology". You should also provide 1-1 coaching, particularly in the initiation stage to ensure clear definition of project benefits, objectives, deliverables and scope. All the evidence supports the fact that a poor understanding of expected benefits at the start will inevitably lead to disappointed stakeholders and significant waste of resources.

Organisations need a project methodology and SROs are responsible for ensuring one is used, but the methodology needs to be tailored to the maturity of the users. No one solution works for every organisation, so don't become a "methodologist".

In "immature" organisations, developing knowledge and skills to apply a methodology is critical and experienced staff in a Programme or Project Office can act as coaches and mentors (rather than "the PID police" which is how their role is often seen).

We emphasise the need to avoid the "fog of bureaucracy". Who's going to bother to read a 30 page Project Initiation Document? Similarly, SROs and Project Managers don't want to fill in endless templates with (mostly) the same information.

Developing a Project Initiation Document

Why
- Background & Need
- Objectives
- Benefits

What
- Scope
- Deliverables

Who
- Stakeholders
- Organisation: Owner/Manager/Team
- Governance (Controls and Reporting)

When
- Timescales: Start & End
- Milestones
- Dependencies

How
- Budget (People & £)
- Risks
- Constraints & Assumptions

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In "immature" organisations, an excess of paperwork and multiple templates detracts from helping SROs focus on getting clarity at the start of their projects. Increasingly, with our clients, we are developing and using:

- Single Initiation Documents that "build" into a Business Case and Plan

- "Project on a page" planning and tracking documents

These tools draw on principles of Lean Thinking, such as the "visual office" and the avoidance of waste. Our leadership approach for SROs also emphasises Lean principles such as "Go and See" (you can't be an SRO sat behind a desk) and "Teamwork" (you need high levels of engagement with stakeholders).

Our track record

Between our three consultancies (Proving, ICD, ISC), we offer the following services:

- Understanding and managing a live portfolio using research-based tools and techniques

- Assessment of where you are now as an SRO, to identify strengths and areas for improvement

- Coaching and skill development for SROs and Project Managers

- Development of Project approaches tailored to the maturity of your organisation

Our consultants have been helping organisations in the private and public sectors to manage and improve their approach to projects and programmes for nearly two decades.

We are not wedded to a particular methodology. We help clients identify their improvement goals and then develop an approach to achieve these; invariably ensuring their people develop the skills to make further improvements themselves.

Please contact us for more information about how we can help you to improve your project and programme capabilities.

SIMPLY, IMPROVEMENT...

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