

Next Generation Project Management Thinking

By Simon Harris, downloaded from www.logicalmodel.net

I like old books of science. I find the way they discuss and explain topics with a world-view that is not of today fascinating. As our thinking grows so the vocabulary and models shift to resolve old uncertainties and present more capable approaches. Enduring truths continue to shine through, albeit in unfamiliar terms.

Roll-on the day when people realise that what has been written so far about project management has a vocabulary and models that must be set aside! Essential truths will be re-described in terms that support better thinking and better delivery of benefits. While first generation project management thinking has improved the state of the art, we can do better. Indeed, given the current status as largely a black-art we must do much better.

"The realization of benefits on time, within predetermined cost and of the requisite standard and quality, is less frequent than it should be."

BS 6079:2010 Pt-1 Project management –Principles and guidelines for the management of projects.

Sadly BS 6079 itself is a victim of the mindset, models and vocabulary that limits achievement and will need to be retired.

Accepting New Thinking

Fresh thinking is hard to accept. The world is not flat and the sun is not in orbit of the earth nor are we in orbit of the guidance of OGC, PMI, APM or BS 6079.

When thoughts are right then fresh thinking equips those of us who are embracing it with advantage. Isochron[®]'s Dimension Four[®] (D4) is fresh thinking that experience is showing to be right.

'Of the Buisness'

D4 is a set of techniques for delivery of benefits that is matched to the needs of business leaders. 'Old' (currently common) methods and tools focus only on project and product delivery. Tools such as breakdown structures and critical path analysis have a place but are not essentially 'of the business'.

D4 is 'of the business'. It embodies a new way of viewing change that starts by relegating project management from the title. The topic at hand is benefits realisation. The concepts embodied in D4 lead to vocabulary that enables better thinking: in perhaps a decade or less today's project management books will have moved to the 'quaint books on the natural-sciences' shelf - mine already have.

Minimalist Method

D4 is minimalist and simple. The aim is not to divert energy into consultant's speak and fees but deliver shareholder (taxpayer) value. We use the standard dictionary definitions of words like 'project'. D4 eschews PMI's, PRINCE2®, MSP® or Champ's instance on hundreds of pages of documentation, layers of overheads and long arcane procedures. There are just a few wholly business oriented techniques and only a very few labels (value drivers, Recognition Events® and Value Flashpoints®) at the heart of the D4 method.

Change is A Business Manager's Responsibility

D4's component parts look familiar but the whole is profoundly different. Its use will halt the damaging 50 year tradition of outsourcing the core management duty of shepherding transitions to new operating models. D4 says "change is created by the business, for the business". IE Project management is a function that supports operational management in delivering benefits, rather than being a sub-contracted replacement. When delivery of change is 'farmed-out' then too often the sub-contracted project management just 'goes through the motions': the supplier delivers conformance to a process not an enduring result.

Guidance Published To Date Is Written By Suppliers

First generation project management contains 'product delivery' tools and techniques. It is suffused with thinking that reflects a bias towards the supplier's role, it omits what is of central concern to customers. The effect is pervasive. The vocabulary limits discussion to the challenges of the supply-side and so restricts what can be thought and communicated by practitioners of current 'best-practices'.

"It's Obvious" Doesn't Equal "It's Right"

Better 'best-practices' provide the investor (sponsor, customer, bill payer - choose your preferred term) with support for expressing what is of value. An example of how BS6079 et.al. suffer from supplier thinking is the repetition of the idea that a project is bound to a triangle of scope, time and cost. Perhaps a notion as hard to challenge as the sun's orbit through the heavens was once.

For too long suppliers (in-house and external sub-contractors) have perpetuated this triangular con-trick by 'landing the deal' only to spin-out a revenue stream that builds their own value-case at the expense of the commissioning shareholder or taxpayer. From the customer angle it is a serious flaw that tradition methods and mind-sets suffer an inability to control schedule slip, reign-in cost escalation and limit scope erosion. Currently common 'weak-practices' can not adequately express the causes, can not describe the underlying problems and are unequal to the challenge of supplying the solution.

Even BS6079 believes the triangle is some inevitable truth- it isn't. At best hoodwinking of the sponsor into escalating costs and diminishing scope is (literally) incompetence and at worst it is fraudulent.

Determine Value Before Designing How

A supplier's approach reflects the 'project is temporary' mindset rather than 'investment is for return' outlook. First generation thinking is largely focussed on two "hows".

"How"-1: Product aka Technical How

Modelling the technical 'how' is the supplier's primary need. Thinking runs: "By defining the steps that create the product we define the test for 'project over', therefore the condition to declare 'job done', therefore collect payment and therefore exit! In this way current methods claim 'success' because the process was followed, even enabling claims of 'successful project' when equity is destroyed!

"How"-2: Planning How

First generation methods revolve around guidance that answers 'how to calculate a schedule and a cost-profile for the work to create the products'. Business based thinking revolves around 'how to arrive at a future-state of business-as-usual within market-place constraints'.

Current common-practice is to start with 'how to make the products' in order to move on to 'how to determine a schedule convenient to technician's activities and the resultant costs'. The common mind-set and matched vocabulary assumes this is the truth, the whole truth and also the only truth. It might if the presumption is to answer "how do we fit our process to your problem?".

The customer interest is "what process delivers my required result within constraints?" Some suppliers have noticed that Work breakdown structure (WBS) and Statement of Work are insufficient. They add Product Breakdown Structure (PBS) and Statement of Outcome or define WBS as "a product oriented...": fine steps in the correct direction but lacking the mind-set shift needed to move current writings to the 'quaint shelf'.

Focus on the Value

The D4 method and tool-set is rooted in the investor's interests. The focus is squarely on what drives value for the sponsor. D4's tools and models aid defining and valuing the investor's outcomes (the returns part of investments) prior to supplier worries about the "how" part of defining scope.

Investor Oriented Vocabulary Handles "Where will we be?"

D4 techniques match an investor's need to find explicit answers to questions like "what defines value?", "how do we describe a more valuable future?" then considers "what are the fixed, unavoidable features of the journey to that future?" Better thinking starts by being solution-free.

Protection of Business Case is Paramount

D4's approach chokes off the possibility of the technical team disappearing into 'worm-holes' of 'interesting dalliances' or floundering with unexpected difficulties that divert time

and money from delivering what underpins the sponsor's investment justification. Use of D4 provides finance with an alarm-bell to detect and the means to address issues that arise when technicians find some idea fascinating and CV building or when the technicians cannot crack some problem. In these circumstances each time an unforeseen (often previously unforeseeable) problem occurs D4 uses finance's muscle to cause a rerouting of actions to deliver contracted outcomes (or stops activity from wasting further capital).

Match The FD and CEO's View-Point

D4's elements are 'common sense' to finance directors and chief executives. An organisation's leadership team can express strategy and their objective without distraction of tactics, without argument over the merits of technical options for realisation and directly in their own market-place's terminology. Queensland University recently published findings that PRINCE2® fails because the business is derelict in learning it: the tail wagging the dog! They ignored suggestions that said it is not fit for all the purposes they hoped and claimed for it.

D4 fits to the business' needs. Because it links enterprise fortunes and change's scope together in a way that allows the senior management team to set goals in term's meaningful to them it also aids proposing business oriented solutions and later detecting and managing threats to the achievement of those goals.

D4's Power Comes From its 'Common Sense'

Common sense is obvious when demonstrated but not always easy to isolate unaided.

A test for common sense is that the greater the challenges faced the more able a common sense approach will become. The more common sense is examined the deeper the underlying principles can be traced to fundamental concepts and truths. D4 is based on several rather deep principles such as chronesthesia: our ability to perceive the passage of time and imagine ourselves in times other than today. Specifically for realising benefits D4 uses our ability to imagine a future as if it were history.

By imagining backwards from a future history D4 activity definition and scheduling is conducted in exactly the way most of us intuitively plan our domestic lives: right to left. Consideration of time and outcomes leads to the relevance of Episode theory. Episodes allow us to untangle actions and events happening across the depth of time as well as along the length of time. Episodes help leverage positive associations like multiple use of a solution while addressing negative associations like bottleneck resources.

Four Foundation Stones

The D4 method works because of incorporation of tools that directly address an investor's:

- Outcomes: clearly defining the end-point and achieving consensus
- Value: specifying the drivers for the value in achieving the outcome and its value to us
- Journey: defining the tipping points and the actions to make change endemic

- People: coping with the social and psychological effects of change

Outcomes

Application of D4 starts with the sponsor. We start by asking the most important person what is it that they want.

Experience applying the method has shown us that some people find envisioning or imposing goals hard so the steps allow for the consensual and the autocratic, the visionary and the uninspired (...ing!). The focus is on an imagined future organisational 'physique' (comprised of the people, processes, properties, products, etc...). We phrase our question with some precision. We ask "what is it that you will see that will show you your expectations have been met?"

D4 demands that the business managers describe business destinations in quiet literally "visible", absolutely binary, calendar dated terms. An observer's name is set against the diary date on which the observation will happen.

Firstly D4 practitioners facilitate crafting responses from the sponsor such as "I visit a packaging station and a staff members shows me the despatch of a customer's order" or "I speak with a client who tells me that surgery hours suit their life-style needs". Then we ask for an inspection date, inspection location and if not already obvious a business context in which the sponsor will see, first hand the evidence of a change.

Show-Me Tests

The visual proof that a destination has been reached is confirmed by the "what will show me is..." tests: we call these proofs Recognition Events® or 'REs' for short. REs are real-life happenings that, when they occur, show a sponsor and other stakeholders in their own terms that an expectation of change has been achieved.

Some people find expressing a vision of the future alien. These people often have a long list of illustrations of why things are so awful. Typically the list is sufficiently circular that it justifies for them the futility of even attempting to initiate change. Their favourite phrases are of the form: "you can't because...". D4 techniques include a workshop format that directs their thinking, by stages to "...but if we did then..." and we find frequently arrives at "well that'll be easy!" An alternate route to REs that suits some people's world-view.

Just Business-as-usual

However we arrive at its definition the observation of an RE's achievement is binary: it is observed or not. Observations always have a first incidence and may have a 'last observation'. Last observation marks the point at which a behaviour has become 'just business-as-usual' and will continue as habit (revised corporate culture, myth and legend) without further inspection.

The two dates are rarely less than 12 weeks apart and often up-to two years apart. PRINCE2® would suggest they be written in a template from the official manual's appendix A: A1-Benefits Review Plan. D4 would note the place and dates in the sponsor's diary and ensure everyone knows about the visit. D4 enhances what can be achieved with existing methods.

Toxic Targets

Also independent of how we arrive at the wording of an RE is the avoidance of numerical targets within REs. We have wide evidence that shows setting numerical targets creates unpredicted and often undesired behaviours. EG immediately evident cost savings become corrosive quality losses that erode customer loyalty. Specifying behaviours (the business' future operational physique) on the other hand delivers results with cash value and with positive, measurable effects on key performance indicators. In total we call these changes a 'value-case'.

The Value-Case: Money and KPIs

Use of D4 demands finance department participation in placing a cash-value on the changes that the show-me events lead to. Like it or not all public services cost the taxpayer money while in the private sector all investors pursue the highest return on capital employed whether measures of return include social factors or not. D4 is both rigorous and entirely hard-nosed about benefits.

Many investment committees have found traditional methods deliver a definition of benefits that is opaque, vague, un-verifiable, often dependant on intangibles and just as often ultimately undelivered. What traditional methods excel at is describing an attractive initial cost that will later be escalated in gentle increments until the investor's business case evaporates.

Methodical Justification Of Value

Use of D4 results in the sponsor's (and senior leadership's) REs being tested in a methodical manner against the organisations mission, vision and values and vice-versa.

D4 practitioners have observed circa 80 generic descriptions of how an enterprise delivers value. The list divides into ways of creating revenue and social good, avoiding costs and accumulating assets. We call these 'value drivers' or VDs for convenience of expression. Each RE is evidence that a change that effects how value is created in the organisation has actually occurred, we know the change to operations will result in a change to a cash-flow.

Armed with the generic starter list finance directors can readily articulate enterprise specific value drivers - again in their own terms and without their incompetence in PRINCE2® being a barrier. Thus finance can understand what the returns will be and when. They also have the basis to monitor when an intervention would be worthwhile in order to protect any returns that come under threat from emerging circumstances.

Cross-Checking The Value Drivers

For each of the REs we check "which value-drivers does this affect?" then for every effect we ask: "what is the absolute minimum financial (and possibly KPI) value this could have and why?" and "what is the absolute maximum value and why?".

D4 insists that the answer must be a transparent, auditable justification of the assessment - not just a resultant number. All factors and formulae, all history, comparisons and assumptions are presented. Between the maximum and minimum bracketing values we check all available collateral data to arrive at a 'probable' value that we then adjust twice and normally pessimistically: once for the organisation's historical performance against promises and once to eradicate duplicate claiming of any benefit from multiple places.

Like the Recognition Event's two observation dates so too is each financial impact dated for when it will first be evidenced plus when it will be a stable on-going change in cash-flows (unless it is a 'one-off' such as disposal of an asset). We call the changes in cash-flows a Value Flashpoint® (VF for short).

Construction of A Value-Case

The sum of the value flashpoints is the return on investment or value side of the business case. D4 arrives at a value proposition before the cost-case is calculated. Costs are solution specific: supplier side territory. Outcome and value are what an investor needs in order to be able to consider the merits of each option for solution provision.

In D4 we do not calculate a finalised netting-off of value and cost (although at any point in time a current assessment will be known). D4 directs that the current plan be discarded as soon as it is shown not to deliver the outcome of the REs. Thus we re-route and re-cost as circumstances dictate. Typically we find management teams equal to the challenge of finding alternate solutions as the need arises that are in fact cheaper than initial ideas. Value will only change if the organisation's market-place context changes dramatically.

Manageable Level Of Granularity

D4 practitioners know that an appropriate level of granularity for a sponsoring community to be able to manage delivery of benefits is about 30 to 40 REs. More than that and managers are probably monitoring steps on the way to the results, not the results themselves. Taking the steps on the way should be handled by delegated milestones and perhaps using PRINCE2® or similar mechanisms (although I've yet to describe in this paper all the D4 thought that builds the bridge to the essentially correct foundations within traditional project control methods).

Cross-Checking Value Delivery

It is likely that there are 10 to 15 Value Flashpoints matched to the 30 or 40 REs. By a rigorous check of REs to value drivers and vice versa and a rigorous check of REs to Value Flashpoints® and vice-versa we can be sure that all actions lead to value and all elements of value have one or more actions behind realising them.

With D4 we frequently identify many more outcomes of value from proposed changes than are articulated in business cases prepared following other guidance. We also find by using D4's approach to estimating that individual claims are somewhat smaller and more realistic.

People and Change Don't Mix Well

D4 doesn't subscribe to what we would call a recently faddish view that 'change agents' must engage people in deciding the future: however D4 does regard that the sponsor has a duty to care for the people exposed to change.

D4 says the direction of the change and its timing is decided by the sponsor. As such, in most context change is imposed. Imposed change is mostly unwelcome often initially shocking and scary.

Socialisation and Commitment

D4 uses a process of circulation and socialisation (similar to the idea of 'nemawashi' in Japanese business circles) to confirm understanding of the REs. Socialisation is conducted prior to and in preparation for requiring the business' senior leaders to commit to achieving each RE's deadlines and cost constraints. Once REs are baselined they are only open to substitution of the delivery method or escalation of issues. They are not open to slippage of inspection date, not open to erosion of delivered function, not open to bargaining of delivery resources.

Visualising change

Since change is typically unwelcomed, and imposed change more so the socialisation process allows for the early triggering of the inevitable emotional responses. Recall that D4 requires that REs are couched in terms of visual imagery of the sponsor and senior management interacting tangibly in the business' future operations (EG "I speak to a supervisor about..."). D4 suggests many ways in which REs can be communicated. One of the best is to have a professionally produced video made using REs as its story-line. Video, rich-pictures and model-office set-ups are all powerful ways to spread messages across an enterprise at low cost.

Change's Effect

The patterns of feelings that follow exposure to change have been well known since Dr Elizabeth Kübler-Ross' work on grief described the typical up-and-downs. Socialisation not only triggers the pattern it provides the information people need as they exit the early stages of reaction to either commit or exit. Those that commit engage with helping to deliver the changes. When the future is known across the organisation then thousands of daily activities pulling in the same, correct direction make change inevitable.

D4 builds on the ideas from network theory (of the six degrees of separation type) to note that some people are highly connected, some have messages to deliver and some are extremely good at convincing others of a point of view. REs are the message and when

distributed to those who can convey a message by those who 'know everyone' then we further drive change to become endemic.

Making Change Happen

As the future becomes familiar to people via its description in REs and milestones so management delegate the actions required to achieve the sponsor's desired results.

D4 defines a simple set of steps: 1) I.D. the RE (or milestone), 2) delegate responsibility to achieve the required operational physique/ behaviours to direct reports 3) ask "what assistance do you need from me?". Repeat 3) frequently. When their reply is a request that is outwith your ability then turn to your boss to say "I need some support..." and so on up the escalation chain. Well conducted socialisation builds buy-in to achievement.

The delegation and escalation approach is entirely sympathetic with PRINCE2®'s definition of the project approval, stage approval, work-package approval/ acceptance steps and the management-by-exception procedure of [15.4.6 Capture and examine issues and risks], [15.4.7 Escalate issue and risks], [13.4.4 Give ad hoc direction] and [17.4.5 Produce an Exception Plan]. D4 takes it out of the manual into the actions of people in the work-place.

When The Plan Doesn't Reach The Destination Change The Plan!

Plans predict that a set of actions will result in an outcome. Many people stick with failing plans as if plans are prescriptive, IE following the plan no matter what means that success is certain. In fact plans are hypothetical, IE predictions. If project participant could predict the future with even a 51% chance of correct outcomes the stock market would be a very different place!

Plans must be educated assessments but will always be partly wrong. Plans are useful for coordinating efforts but are only ever an ascription of the chain of actions we think have a cause and effect linkage. When creating plans by forecasting in order to be reliable we normally have to restrict the forward-chained actions to just a few steps before combined uncertainties means further prediction is unreliable. When forecast plans contain many steps then historically they have led to disappointment for sponsors in all three dimensions of cost time and scope (and supplier delight in growing revenues).

D4 Builds Plans Backwards

The D4 approach is to plan right to left and at a relatively high level. Instead of forecasting we backcast. The backcasting process asks for each RE "what are the three or four turning or tipping-points that make the RE's achievement inevitable?" and "what are the three to four crucial milestones that we will pass on the way to these tipping points?" An outcome and a set of steps that lead to it is an episode.

Developing episodes 'right-to-left' has the advantage that we know the final lie of the land before we start off. One aspect of which is clarity of the constraints of date, time, health and safety, reputation or other enterprise limits and tolerances. A D4 planning session accepts

and starts with "how do we succeed within constraints?" as opposed to identifying the many ways that constraints of commercial realities are at odds with some 'chosen' technical solution. In this latter case it is the solution that is wrong and dispensed with, even if the discovery of flaw is half-way through execution.

Our experience is that it is almost always possible to identify episodes that lead to the required changes within constraints. The required actions are largely in and of the business, largely capable of happening in parallel and when created by backcasting they plot the minimum, necessary steps to the REs. When the combined insights and authority of the organisation cannot deliver an RE then its definition is open to controlled change, but not before.

Choice of Start-Point

Backcasting 40 (or 30) REs for four (or 3) tipping and milestones does not result in 640 milestones to be achieved. Typically each set of actions (episode) enables and supports many elements of the required end result.

Since a backcast plan can result in many parallel threads each of which is a potentially valid starting points D4 suggests that where helpful some forecast planning from today is combined with the backcast plan. It is not always needed but is sometime helpful to recognise "we are where we are, so must start from here" situations.

Redrawing the Map

A well socialised set of REs will have been subjected to a good deal of challenge and debate but no plan is fool-proof. As the Swiss Army manual is reputed to say "when the map and the terrain differ, believe the terrain!" In D4 we redraw the map when ever required so as to deliver the REs within constraints.

Any and every-time we step off the intended path or the path no longer leads to the required end-point we recalculate the steps and turns to today from the destination. We don't blindly follow a process (plan) whose ascribed relevance has been disproved. Using the mental energy of the organisation to find actions, challenge assumptions and verify practicality of dates suggests many sensible delivery options. D4 project execution is akin to driving with a smart GPS constantly recalculating the next manoeuvre on the route from the results.

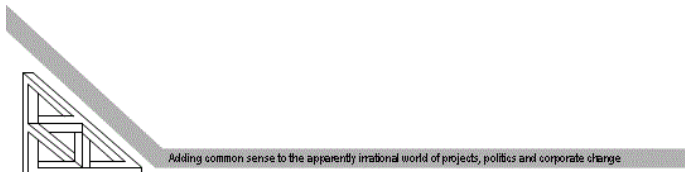
The (only) planning technique PRINCE2® includes (Product Based Planning) plus the tools of other structured planning and control mechanisms (EG Work breakdown structures, Activity on the Node precedence diagrams, Resource allocation histograms, base-lined budgeted cost of work scheduled curves etc) may be useful for construction of schedules and tracking of achievements, so long as the participants do not become slaves to following them no matter what.

Summary

Over the last 50 years project management has taken some strides in the right direction, but with a supplier's needs dominating the thinking. Adopting an investor's mind-set leads to discovery that 'old truths' are not actually all facts. The change of view-point is frequently a struggle for people with years of project management expertise but rarely presents business managers with significant problems of adoption. D4 looks familiar but is radically different and delivers radically different results.

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