

In Pursuit of Outcomes: Foolhardy or Flippin' Hard?

Highlights

Highlights from the Major Projects
Association 2023 Annual Conference
held on 9th–10th October 2023

Background

The need for an outcome-based approach is a prominent factor in virtually every key document produced to guide the delivery of major projects in the UK.

Distinguishing between outputs and outcomes is vital. Outputs refer to the activities undertaken, while outcomes pertain to the broader impacts on people and entities. The challenge arises in measuring outcomes, as they often manifest long after the project is completed.

However, achieving outcome-based approaches across the full project life cycle and within multi-organisation relationships has not been easy, and has often forced clients to revert to traditional, sub-optimal specification or output-based approaches.

This Major Projects Association Annual Conference explored the challenge faced by project delivery professionals seeking to take the preferred and more successful outcome-based approach.

Using a range of experiences and case studies to demonstrate both success and challenge when shifting teams towards this new approach, the conference discussed a number of key themes, including:

1. Understanding the challenge of maintaining focus on outcomes throughout delivery of complex major projects.
2. The need to balance positive outcomes against negative outcomes.
3. The way that commercial incentives can help and hinder the right outcomes.
4. Why an outcome-focused approach can deliver unintended consequences – both positively and negatively.
5. The challenge of defining and aligning outcomes that meet both personal, organisational and community needs.

'I think there is no doubt that it is at moments like these that strong voices, either at an individual or corporate level, or as groups like the MPA, really can make a difference.'

Emma Howard Boyd CBE, Chair, Major Projects Association

1. Understanding the challenge of maintaining and changing the focus on outcomes throughout delivery of complex major projects

'What can we all do that helps government with some of the very tricky challenges that it is facing now in delivering the transport system? And what can we actually take control of within the industrial and the private sector?'

Professor Sarah Sharples, Chief Scientific Adviser, Department of Transport

Establishing project and programme outcomes is hard, and there are a huge number of trade-offs that we might need to make to balance the economic, social and environment challenges faced across the lifespan of the project or asset.

There may also be moments in that lifespan where we might need to switch the focus of those outcomes or repatch the goals of the projects. This is analogous to moving the sliders of a graphic equaliser as a way to balance and reorganise the areas of focus around how those priorities might change.

The evolving role of science, engineering, and innovation in major projects delivery and operation clearly highlights a number of key challenges and opportunities:

- The challenge of distributed teams and evolving organisational culture.
- The pitfalls of focusing on measuring what we know.
- Appreciating change over the lifetime of a project.
- Innovation should be seen as an opportunity.

2. The need to balance positive against negative outcomes

'Outputs are the products, either tangible or intangible, which are delivered by the project. However, outcomes are the difference made by the outputs. But not all project outcomes are positive. And we should not necessarily equate outcomes with benefits.'

Christine Unterhitzenberger, Associate Professor of Project Management, University of Leeds

Not all project outcomes deliver positive benefits for the client or customer. The concept of 'value' must therefore become a guiding principle for decision-making in projects, encompassing economic, environmental, social, and other appropriate measures.

This is demonstrated by the hypothetical scenario in which two distinct energy projects are considered: building an offshore oil/gas platform and constructing an offshore wind farm. Both projects are successful in terms of their delivery from a time, budget and performance outcome perspective.

However, it is clear that in a world facing a climate emissions emergency, from a wider social and environmental perspective, the outcomes of each project are very different in terms of their contribution to tackling climate change.

The value of outcomes is therefore highly subjective, evolves over time and is often challenging to quantify. Managing projects through values and beliefs is useful as a means to guide project practices, and potentially to transform project outcomes.

The pursuit of value and values is perhaps a more holistic and transformative approach than merely focusing on outcomes, helping projects to be steered towards more sustainable and thriving futures.

'We are actually not aiming high enough if we only aim for outcomes, because projects deliver positive and negative outcomes. If we consider values from projects, we can understand some of the challenges we are facing and transform the outcomes we deliver to achieve more sustainable futures.'

Christine Unterhitzberger, Associate Professor of Project Management, University of Leeds

3. The way that commercial incentives can both help and hinder the right outcomes

'I would argue that the delivery of outcomes and benefits really does rely on the right commercial structures that incentivise the delivery of those outcomes and those benefits collectively throughout a delivery organisation.'

Richard Wood, UK Head of Commercial Advisory, Turner & Townsend

There have been huge improvements in the upfront definition of strategic values and outcomes, as well as in the design of suitable delivery models. However, most have limited commercial consideration within the outcome design process, leading to commercial models which fail to align with the overall delivery model and incentivise the right outcomes.

Commercial arrangements must align with outcomes, not least because value often only materialises years into the future. This highlights the importance of flexibility in contracts, recognising the potential for change over time, and prompts big questions around how we effectively incentivise desired behaviours and decision-making throughout the delivery phase. A re-evaluation of procurement methods to support more ambitious delivery models is needed.

4. Why an outcome-focused approach can deliver unintended consequences – both positively and negatively

'Outcomes do not always stick to the script... Almost none of us that put together the business case (for the Olympic Park regeneration) and took it through government investment approvals process really envisaged the amazing outcomes, societal benefits and great things that are actually happening on the ground at Here East, UCL Campus and Stratford Waterfront.'

Stephen Dance, Director of Commercial Advice and Delivery, Infrastructure and Projects Authority

The HS2 project was highlighted as being planned and designed from the outset with a balanced scorecard of outcomes. This was achieved with the best intentions to ensure that the investment reaped reward across a range of stakeholders, including the travelling public, the construction industry, local areas, the environment, and local and national businesses and their workforce. It was carried out to level of clarity not common in major projects.

However, it is clear that the complexity of aligning these outcomes with client requirements, iterating through design, and ensuring buy-in from contractors, meant that they were not easy to deliver. The net result, arguably, is that by aiming for such a balanced outcome, failure was inevitable.

Predicting outcomes that meet the needs of all is inherently uncertain. Examples might include the new Elizabeth Line which while presenting a first-class experience for able passengers, is not necessarily considered a great outcome for the visually impaired.

The original vision for the Olympic Park in East London included very few of the final outcomes, such as the new Sadler's Well Theatre, the V&A or the London College of Fashion, which have all contributed to the creation of a lasting legacy for the community.

These outcomes have surpassed initial expectations and provided unforeseen societal benefits from this visionary project.

'As the pursuit of outcomes continues to grow, we find ourselves in a position where any proposition that we're putting forward is entirely received subjectively. And so on that basis, it creates a very difficult space for us to exist in, especially when we're looking at investment.'

Holly Price, Group Sustainability Director, Keltbray

5. The challenge of defining and aligning outcomes that meet both personal, organisational and community needs

For major projects professionals it is usually relatively easy to identify the solutions to problems that are presented by clients and potential clients, and therefore to highlight the opportunities that might flow from each investment case.

Examples such as the recent Northern Line Extension and the Battersea Power Station development highlight the long-term positive outcomes that can be generated from such investment.

But what is often missing is effective storytelling to create a broader perspective on project benefits beyond the traditional metrics of capacity, safety, and reliability.

Too often, modern projects fail to provide sufficient focus on the wider benefits, such as personal and community quality of life, job creation, the development of innovation, and even the ability to advance national capabilities and develop new industry.

The long timescales that are usually associated with major projects mean that there are often significant shifts in political and social priorities and expectations over the years. However, that said, it is increasingly vitally important to align project priorities with those evolving societal needs if the investment is to deliver meaningful outcomes.

Success in projects may not always align with the original business case, but can result in immense societal benefits when personal, organisational and community needs are taken into account.

There is a need for clear definitions of outcomes and for breaking down the challenge of achieving those outcomes into manageable chunks, so as to allow a focused approach that the entire supply chain can rally behind.

'I could sit and talk about a platform-based approach to the design so that we're going to standardise hospitals and build a capability. But actually what it's about is delivering transformative healthcare to people around England.'

Morag Stuart, Chief Programme Officer, New Hospitals Programme

Points for further discussion

- How do you create the strong guiding mind to deliver the desired outcomes from projects?
- How do you keep your projects flexible and resilient, so that you are able to learn lessons and change over time?
- What can be learnt from projects such as HS2 about the need to constantly flex and adjust project objectives?
- What can be done to better prepare major projects professionals for change – be that scope change, political change or leadership change?
- How can major projects professionals learn to widen the pool of outcomes that they know and can therefore measure?

Chair

Emma Howard Boyd CBE, Chair, Major Projects Association

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