The VALU Proposition

Every project is different, but organizations must look at each through a shared lens: **business value.**

BY MATT ALDERTON

PORTRAITS BY JESSYEL TY GONZALEZ

"If I delivered a project on schedule, on budget and within the right scope, and no one ever uses it, I wasted time and money. That's why you need to constantly review projects for whatever it is your company considers value."

—Elizabeth Virdin, PMP, Catholic Health Initiatives, Englewood, Colorado, USA

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When Elizabeth Virdin, PMP, became a project manager, she faced a daunting task shared by many in the profession: explaining to her mother what she does all day.

"I said, 'Mom, you know when you make a lemon meringue pie? That's a project,'" says Ms. Virdin, analytics portfolio manager at Catholic Health Initiatives, a national not-for-profit health system in Englewood, Colorado, USA.

The number of pies needed is the scope. The amount of time until they're needed is the schedule. The ingredients are the resources, and the amount allotted for groceries is the budget.

But the most important part, Ms. Virdin explains, is the taste. If the pie is a hit, it has delivered its intended value. If the guests wanted ice cream, the project would be considered a failure.

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Be it a dessert or an IT system, every project needs to deliver its intended benefits. And the only way for companies to measure success is to define those benefits upfront—and track the organizational impact after each project has been put to bed.

WHY ASK WHY?

Defining the business value of a project during the planning process can give project leaders information they need to make smart decisions throughout execution. Knowing where a project should take an organization, not just what it's supposed to achieve, helps practitioners measure how effectively their initiatives are delivering their intended value.

That can give organizations a powerful edge. PMI's *Pulse of the Profession*™ study identified benefits realization maturity as one of the main factors

that distinguishes high-performing organizations from their low-performing peers. Organizations with high benefits realization maturity delivered 79 percent of their projects successfully, compared with 56 percent of projects completed by less mature counterparts.

Elevating maturity requires measurement, says Nealand Lewis, PMP, vice president, wholesale banking program manager, Wells Fargo Bank, Charlotte, North Carolina, USA.

"It's difficult to manage what you don't measure," he says. "If you don't have metrics in place, you can't measure business value. And if you don't measure business value, you can't service your customers' needs."

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Source: Pulse of the Profession™, *PMI*

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Project leaders should start that process even before the project’s launch. At Catholic Health Initiatives, Ms. Virdin and her manager apply five measures to assess the strategic value of analytic development projects in the planning process and throughout the life of the product, even after the project is completed:

1. **Business value:** Does the solution advance the organization toward its goals?
2. **Satisfaction:** Does the solution create value for the user community, relative to alternative solutions?
3. **Performance:** Does the solution do what it was contracted to do, at the level at which it was contracted to do it?
4. **Cost:** Does the solution deliver sufficient value for its cost, and does that cost maximize savings opportunities, such as volume discounts?
5. **Risk:** Does the solution mitigate risk by providing appropriate security and controls?

To assess value in each of these categories, Ms. Virdin and her team ask a series of yes-or-no questions based on the organization’s business requirements.

“It’s green, yellow or red,” Ms. Virdin says. “You’re considered green if you answer yes to all the questions. Otherwise, [the solution] isn’t strategically aligned or of value in relation to the five measures, and if it’s not strategically aligned, it should not go any further.”

Rodrigo Cesar Thahira, PMP, takes a similar approach to determining value metrics in his role

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—Rodrigo Cesar Thahira, PMP, Leão Alimentos e Bebidas, São Paulo, Brazil

as project management officer and project portfolio manager at Leão Alimentos e Bebidas, a food and beverage company in São Paulo, Brazil. After the organization defines its strategic goals, project leaders must define the criteria to achieve those goals and develop metrics that measure value against them.

If a project supports a strategic goal of increasing sales, for instance, excellent customer service is one criterion that would be required to deliver that value. The project's ultimate success would then be measured by how well it met that business goal over time.

“It will be very hard to discuss business value without a clear view about what your strategic objectives are and what the organization will do to deliver its mission and reach its long-term vision,” he says.

APPLES TO APPLES

Done right, metrics inform executives, helping them steer their organization in the right direction. It's up to project leaders to develop ways to compare disparate projects so executives have a baseline against which they can balance the entire project portfolio.

“By definition, all projects are unique,” Mr. Lewis says. “But from a metrics standpoint, you want to get all of your projects corralled on the same table so that you can look at them across the continuum from a portfolio or program standpoint and see if they're meeting the needs of your stakeholders.”

The projects at Ms. Virdin's organization often have very little in common. “It's not apples to oranges. It's apples to pencils,” she says.

Still, the team must find a way to objectively compare them. To turn pencils into apples, she relies on the system of questions in the five measure areas. “It doesn't matter what's in your portfolio. With a ‘yes,’ ‘no’ or ‘does not apply,’ you can measure the performance and the value of unlike solutions. This allows us to make better decisions on the strategic fit and need,” Ms. Virdin says.

A shared vernacular around benefits realization—and metrics—creates portfolio-level momentum that moves organizations farther, faster. The alternative, according to Mr. Lewis, is extinction.

“Whichever organization delivers the most value survives the longest.” PM