



Expectations Management

Summary

The PJM 5th Discipline, also referred to as **Performance Project Management**[®], is a systematic and coordinated application of five supporting disciplines:



Figure 1 – PJM Five Disciplines

Most project managers are concerned with the first two disciplines and seldom apply the third, Best Practices, with the excuse that the project has no time to apply them. These first three disciplines, do not deal with the foundations of project success – people, which are the focus of the fourth and fifth disciplines. Whether it be managing the interactions of the team with stakeholders, or their interactions and performance within a team environment, hardly anyone has studied the invisible forces that govern their interaction.

The Project Management Institute’s definition of project success states¹ - **“A project is successful when it meets or exceeds the expectations of the stakeholders”**

Yet, most project managers usually call a project a success by delivering their projects on time and on budget, and if they also delivered the functional requirements. Yet, the reality is that most projects end up not meeting stakeholders’ expectations, rendering them as failures; this is the only relevant measure that determines project success!

Project acceptance is often confused with user acceptance testing and has been traditionally considered as an event that occurs toward the end of the project, and not a process that happens during the project execution, from the very start.

The reality is that no matter how well documented a project scope is each stakeholder always maintains a different set of interests and values they expect to receive from the project. The longer and bigger the project is, the broader and larger the disparities between the stakeholders will

be. As such, many projects suffer from “Expectations Disenchantment” caused by the gradual and steady disconnect between the project scope and what the stakeholders wanted.

The Stakeholders Compass

For centuries, the magnetic compass has been one of the most reliable navigation instruments still in use today. It always points north, providing navigators with a fixed reference point. Using a compass and a map or chart, a skilled, careful navigator can direct a craft from one destination to another, even in fog or at night.

I use the compass as an analogy to describe the role that expectations management must play in the project lifecycle to meet stakeholders expectations.



Figure 2 – Project Stakeholders Compass

- North** “Gives you a fixed reference point” represented by the organization’s goals concerning your project, documented in the Business Case and supporting Project Charter, whose compliance is entrusted to the individual accountable for its success, **Project Sponsor**.
- East** The rising sun, represented by those who you need to engage and will play a key part is supporting your project endeavours (e.g. business unit managers, IT advisors, vendors, etc.) which complement your skills to be successful, **External Community**.
- West** The setting sun, the end of the day and results everyone measures, where the aspirations of the end-users rest, **Internal Community**.
- South** Unless you are in the southern hemisphere, the South is where it comfortable and predictable, **Project Team**.



Chart The map that describes where things are and how to recognize them, **Expectations Map**.

Navigator The individual that can direct a craft from one destination to another, even in fog or at night, **Project Manager**.

The problem with this model is that maps and charts (such as business requirements, designs, technology) only deal with the obvious (needs). In reality, all participants in a project – stakeholders – come with vested-interests (expectations), which can make it or break it. Stakeholders' expectations are like the weather - unpredictable and constantly changing. The fact that you have successfully navigated a route is no guarantee that you will do it again, successfully.

Expectations Management Model

A major component of any project involves the interaction of many stakeholders, those individuals with a stake in your project.

PRSI's Perform™ Expectations Management Model (Figure 3) outlines the process that must be followed to align stakeholders' interests and value perceptions as a project evolves. Expectations are "inductive" elements (shown in italics) that always remain in the "back-of-the-mind" of stakeholders and usually are fluid and in constant evolution or adjustment relative to their particular interests as the project progresses.

The goal is ensure that expectations are always aligned with all stakeholders set of interests and value elements that would inevitably dominate their actions during the project execution.

A project manager must be accountable for converting the inductive elements (*italics*) to deductive elements via an "**Expectations Convergence Process**" that involves dialogue, understanding, documentation, and commitment (sign-off), and to ensure that a governance process is implemented to ensure that the business objectives are met.

In **PRSI's Perform™** Method, expectations are managed via two pillars of project governance; planning and assessment. The planning processes permit achieving convergence of stakeholders' interests, whereas the assessment processes provides the governance continuum necessary to ensure that alignment is maintained with the business and end-user expectations.

The Expectations Scorecard

Expectations are fluid yet connected between their interests and perception of value they expect to get. The only means a project manager has to manage expectations is to align and connect the scope elements defined in the planning processes (left) with the evaluation elements/indicators defined for the assessment process (right).

Stakeholders seldom forget or put aside the interests (triggers) which sparked them into action - to promote, support, and/or participate in a project. These interests can be of personal or organizational nature, and always remain firmly connected with their "value" elements that will be the reference to determine their level of satisfaction with the project's final outcomes.

Project managers often fail to understand that the root cause of why it is difficult to get stakeholders' sign-off of project documents is that there is a disconnect between stakeholders' interests and to the value they want to realize as interpreted from the information in the deliverable they are supposed to agree to. During the numerous presentations, discussions, meetings, and reviews, stakeholders' interests always remain connected to the view of what the project's final outcome realization should be, relative to their personal interest's baseline.

It is quite surprising to see that most project managers never consider producing, at the start of the project, a comprehensive analysis of stakeholders' expectations. The goal is first to understand and then monitor how the project is delivering value to them – individually. Moreover,

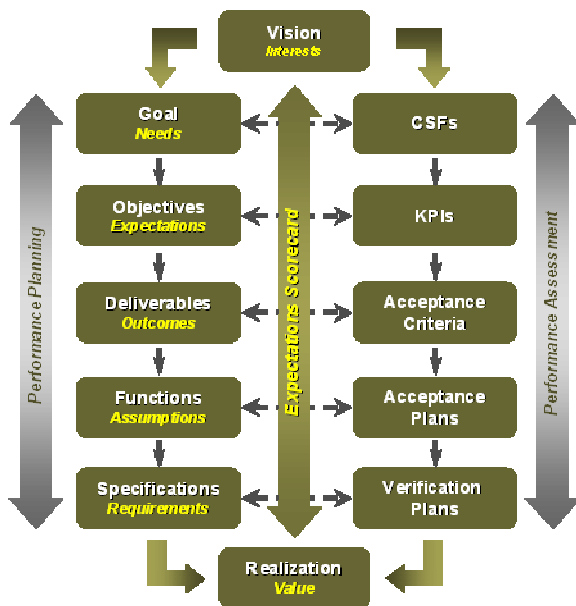


Figure 3 – Expectations Management Model

even when something is being delivered, no effort is spent in determining whether the deliverable supports or diverts from the stakeholders' perceived value considerations, so adjustments can be made in time.

There is a phenomenon that sets in the minds of a stakeholder when an outcome is perceived as not being in alignment with their perceived or expected value considerations – defined here as the **"Delayed Value Realization."** Stakeholders tend to put on hold their judgment about whether the outcome been requested for sign-off supports their value perception – which is fixated in the future – or **"Final Outcome Realization"**. Even if the outcome is signed off, giving tacit agreement of acceptance (but not commitment), they will place heightened expectations at the next value verification point (the next sign-off) and, if at the next point there is still a shortcoming in meeting their expectations, it will be increasingly difficult for a stakeholder or a group of them to become convinced that their interests are being adequately served.

From Interests to Vision

Stakeholders' interests (inductive) identify opportunities and promote ideas that lead to establishing a vision (deductive) of what needs to be done or accomplished. The vision is the foundation of action within any organization and drives the parties sharing similar interests into aligning their efforts along a common direction.

The reality of organizational life is that for a vision to be converted into action it needs to be shared (owned) with others to gain support for its execution. A shared vision, whether it is politically motivated, supported within the organization or not, is the seed that drives the organization into action and the establishment of new initiatives, business transformation programs or the development of new ideas. The ways in by which these initiatives are implemented take the form of programs or projects. This is why a "Shared Vision" is a key element that must be understood by all those accountable for the project results.

Expectations Realization Scorecard

The center arrow denotes that no matter what process you subject the stakeholders to, their expectations always remain locked in their original interests - because many of the stakeholders have had to make compromises along the way. This center line is the **"Expectations Scorecard"** and usually dominates the acceptance process of individual stakeholders unless the elements on the

right are also addressed and documented to ensure alignment with organizational objectives.

Shared-visions notwithstanding, stakeholders always maintain a different interpretation of what (interests) will be realized, and the expected impact (value) to have to them personally and their organizational unit. During the length of the project, stakeholders' expectations are in a constant state of transition, and usually remain tuned to their original interpretation relative to their interests and the expected value they would like to get from the project. Most project managers miss this point entirely, often leaving stakeholders dissatisfied with the results.

In most projects the agreed-to "shared-vision" tends to depart somewhat from the one set by its originator (usually the project sponsor). Notwithstanding the shared vision agreement, the individual interpretations of the vision will remain in the back of their mind for the length of the project. They are manifested in a form of assumptions, which if not understood and documented, can lead to misunderstandings and not satisfying the "perceived" value expected at the end of the project.

From Value to Realization

No amount of project documentation and acceptance testing will change the fact that if expectations were not managed during the life of the project, it is likely that the realization of results may not connect with the value each stakeholder had expected.

Well managed projects recognize that time and budget limitations have a direct impact in the value stakeholders get from the project outcomes. These discrepancies are often noted and agreed to in the form of agreed-to future requirements which may be released in subsequent versions or releases – or **"Delayed Value Realization"** – which must be managed and documented in the Expectations Scorecard.

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Expectations Continuum

In Figure 3, the track on the left is driven by the combined knowledge (inductive) and experience (deductive) of the stakeholders accountable for realizing the original vision, once the community of interests of the organization has been mobilized to action. The project manager is expected to direct each stakeholder, individually, through a systematic convergence process to achieve the realization of their personal vision, by translating their thoughts and aspirations into specific directives. These directives drive the planning continuum and, in turn, the definition of the project’ scope.

Converting Needs to a Project Goal

A well-defined project has a single Goal clearly expressed and agreed to by all stakeholders accountable for the project success. A Goal is a one-sentence definition of specifically what will be accomplished, while incorporating an event signifying completion.

During the discussions leading to defining the project scope parameters, stakeholders’ interests evolve into needs relative to the shared vision. Their individual goal is to ensure that their needs are recognized and translated to define the project “Goal.” The goal must clearly define what needs to be achieved.

If a project has more than one goal (whether explicit or implicit), it may lead to conflicts, as stakeholders would tend to align to the goals unequally, depending on which goal protects or aligns with their individual interests. As such, the Executive Sponsor must ensure that the goal so described satisfies the interests of all stakeholders and is consistent with the shared vision.

From Expectations to Objectives

When the Goal for the project has been established, stakeholders seldom forget their initial interests and needs. Notwithstanding the defined Goal, these two remain and will influence the definition of the project objectives.

Stakeholders needs evolve into expectations, regardless of how a goal has been defined. The project Goal is shared agreement of what the project is to achieve, whereas expectations are the

“personal interpretation” of that goal back to the stakeholders individual interests.

A project should not have to achieve more than three objectives and each objective should be aligned with the project goal. Objectives are the predetermined results toward which effort is directed, and must be clearly defined in terms of thresholds and must be measurable.

From Outcomes to Deliverables

During the discussions that lead to defining the project’ scope, every stakeholder determines a set of outcomes they expect to see, irrespective of the objectives defined. These outcomes remain firmly connected to their interest(s) baseline, the foundation for providing support to the project.

The ensuing negotiations lead to the identification of deliverables. The word “negotiation” is used here insofar that the identification of project deliverables is a process used to align expectations regarding expected outcomes.

A seasoned project manager captures the needs and expected outcomes from each stakeholder and ensures they are in complete alignment with the identified deliverables their scope and high-level requirements.

From Assumptions to Requirements

As soon as the deliverables have been defined, stakeholders usually begin to develop assumptions regarding expected functionality, and how this functionality will satisfy their interest baseline.

The process of defining functional requirements is the most critical in any project. Many continue to use unstructured processes to capture functional requirements, which is a source of most project disconnects with stakeholders’ interests and value determinations. The use of a structured process that asks the right questions, and is focused on capturing requirements and stakeholders expected outcomes, is a foundation for assisting them in defining their specific requirements relative to their interest baseline.

From Requirements to Specifications

The definition of project specifications – not to be interpreted as the solution architecture or design - describe the details and any other scope attributes of the work about to be undertaken. It is the second convergence point in the life of any project that aligns all the inductive and deductive needs from the stakeholders, describing what is required and not how it is to be achieved.



As such, this document represents the foundation for determining the project scope, its budget (in terms of time and financial resources), and the baseline for managing stakeholders' expectations and assessment of the project outcomes.

Assessment Continuum

In Figure 3, the right column (performance assessment) establishes the hierarchy used in translating high-level project definition parameters to elements that can be used in tracking project performance. It is based on interpreting both inductive and deductive elements and converting them into measurable performance assessment elements against which every outcome of the project will be assessed.

Most projects do a very poor job at formulating performance indicators and reporting on their status. These indicators are usually documented in a project charter but seldom incorporated into the project plans, or referred to in status reports.

Critical Success Factors (CSFs)

John F. Rockart introduced the concept of CSFsⁱⁱⁱ, which were directly related to achieving organizational goals and nothing else. CSFs are those factors that the organization needs to do well to succeed. It is where management needs to focus their attention to ensure the project goals are met. CSFs are also used as a foundation to establish accountabilities for project outcomes.

CSFs can be categorized as either "monitoring" or the "building/adapting" type. CSFs must be expressed in terms of how the project will meet the business needs and not in terms of what the project requires to accomplish such outcomes. They must be based on objective measures and not prone to subjective interpretation. Typically, a project should not have anymore than 5 CSFs defined. The project status reports must clearly indicate the progress regarding each CSF based on key performance indicators defined for each CSF.

Key Performance Indicators (KPIs)

Project managers usually report status on the wrong things - such as effort against plan, or expenditures against budget. Seldom status reports state how the project is meeting the specific project objectives and alignment with business goals. Also, most projects assumptions (such as CSFs and KPIs) are virtually ignored as soon as the project starts, and are seldom incorporated into the project plans and team accountabilities.

KPIs are the measurable thresholds assigned to each CSF and must be aligned with the objectives set for the project. They need to be assigned to a team member or stakeholder in a form of project accountability for monitoring purposes.

Project objectives are usually broken down into subsets assigned to each project deliverable. As such, KPIs must also be decomposed to establish the KPI hierarchy aligned to sub-objectives for use in formulation project status reports.

Acceptance Criteria

Acceptance Criteria must be stated for each project deliverable and must be defined within days of starting the project. Each deliverable must have conditions of acceptance in terms of scope, content and performance thresholds clearly defined and agreed to by all stakeholders.

Project managers typically confuse acceptance with testing and have mistakenly addressed the criteria for acceptance, if considered at all, well into the project execution, and after key documents such as detailed designs have been prepared.

Developing acceptance criteria is not an event, but a continuum used to maintain alignment with the initial business needs and project approvals as the details of the project are known and its scope refined. The most critical element is to offset the assumptions (inductive) with high-level acceptance criteria statements (deductive) to prevent misunderstandings creeping in at the end of the project.

Acceptance Criteria forms the core to manage the fulfillment of end-user expectations. They are the project's "contract/way-out" conditions and pave the way for establishing a structured approach to verify that all project deliverables meet stakeholders' expectations. It must evolve and be refined at each stage of the project. For each stage, the acceptance criteria are de-composed into an acceptance hierarchy that details the conditions for acceptance for each sun-ordinate outcome. Acceptance criteria must be reviewed and signed-off by all stakeholders and internalized by the project team.

Acceptance Plans

While Acceptance Criteria establishes the thresholds (what), Acceptance Plans describe the required processes for verifying that the criteria has been met (how). This is not to be confused with the preparation of testing plans (e.g. unit, system and integration) and must be aligned with each function of the system. The plans are formulated with the end-user in mind, from the



business point of view, in their own language, and void of technical lingo.

Acceptance plans define how stakeholders will be trained to support the new processes, prepare test data, conduct user acceptance tests, manage exceptions and, most importantly, perform issue escalation and resolution processes. It also states the accountabilities of the team to defining integration testing based on precedence testing diagrams that model the business cycle the system is expected to support.

Verification Plans

Once the system specifications have been completed, based on user requirements, acceptance plans are refined to determine how the functionality of each requirement will be tested and accepted via verification/certification plans.

Typically specifications include use case analysis describing the interaction of end-users with the system under design. It determines specifically what test cases need to be considered and the preparation of test data to support the tests.

This information is the foundation for conducting design walkthroughs to verify that the design being proposed by the team is aligned with the documented requirements and business goals. The walkthroughs are also the foundation towards the preparation of test plans to be executed by the team, before their outcomes are turned over for user acceptance testing.

Conclusions

Understanding stakeholders' psychology and behaviour about needs and expectations, so they can be managed via process of convergence as the project evolves, paves the way to ensuring their satisfaction and acceptance of project outcomes.

The formulation and approval of acceptance criteria at the outset of any project, combined with the hierarchy of acceptance thresholds, such as KPIs for all project outcomes, facilitates the implementation of performance monitoring and the end-user acceptance process.

PRSL's Perform™ Program & Project Management Methods and practices provide an array of tools (from basic to advanced) that allow a project manager to achieve superior performance and manage projects with minimal effort.

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Glossary^{iv}

Acceptance - The formal process of accepting delivery of a product or a deliverable.

Acceptance Criteria - Performance requirements and essential conditions that have to be achieved before project deliverables are accepted.

Acceptance Plan - The intended course of action that define, the processes and controls for executing functional, integration and acceptance tests and includes the 'what', the 'how', the 'when', and the 'who'

Acceptance Test - Formal, pre-defined test conducted to determine the compliance of the deliverable item(s) with the acceptance criteria.

Acceptor - A person who accepts; specifically the person that accepts a bill of exchange.

Criteria, Criterion - A standard of judging; any established law or rule, principle, or fact by which a correct judgment may be formed.

References

- ⁱ Project Management Institute - Book of Knowledge – 2000 Edition (<http://www.pmi.org>)
- ⁱⁱ See White Paper on Four Principles for Achieving Superior Team Performance
http://www.prsl.ca/pdf/PPMWPPJM5DISCIP_V4b.pdf
- ⁱⁱⁱ Center for Information Systems Research, MIT Sloan School of Management – White Paper No. 1220-81 – CISR #69. / Harvard Business Review Apr-Mar 1979
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