Project Terminology

Goals, Objectives, Outputs, Deliverables, Outcomes, Benefits and Value.

At the most basic level, projects undertake work to create value for the customer (or client) that commissioned the project. The purpose of this White Paper is to define a regime for the use of the various terms applicable in this area.

Processes, Outputs and Deliverables

Terms directly applicable to the creation of a ‘product, service or result’ are:

- **Processes** transform one or more inputs into one or more outputs by the application of tools or techniques. This applies to production processes used in the creation of deliverables and project management processes used to manage the work of the project. The output may be in the form of a tangible component or product, a document, or an intangible service or result. Therefore:
  - **Outputs** are created by a process. Most outputs are inputs to successor processes:
    - Most project management outputs are used within the project to manage the work; the PMBOK® Guide describes the general flow, specific methodologies may amend the processes and the work flow.
    - Most products pass through many separate processes in manufacture or development.
    - The final outputs from a project are the ‘deliverables’
  - **Deliverables** are the final outputs that are transferred to a third party outside of the project, usually either the customer (the product, service or result) or the performing organisation (reports and Organisational Process Asset updates¹). However, project deliverables cannot be used as a measure of the benefits generated by the project; it is the impact of deploying or using the deliverables within the organisation that creates the benefit².

Goals², Objectives³ and Benefits

It is important to understanding how the deliverables contribute to achieving the project’s goals and objectives. The ways these elements interact are:

- **Project Goal**: each project should have a single unambiguous ‘goal’ to achieve something of value (multiple goals suggest a program of works). All of the project objectives should support achieving the desired goal.

- **Project Objectives** describe the overarching purposes for which the project was created. They tend to be wide reaching and related to the expectations of senior managers and clients. The ultimate success of the project is dependent on achieving its objectives, this will usually occur some time after the goals are achieved.

Objectives fall into two broad categories:

  - Objectives focused around the realisation of the benefits the project was created to enable. Projects rarely deliver benefits directly³ but need to be aware of the organisation’s objectives to ensure the project deliverables are ‘fit for purpose’.

² **Goal** = The purpose toward which an endeavour is directed, Goals may not be strictly measurable or tangible.
³ **Objective** = Something that one's efforts or actions are intended to attain or accomplish. Must be measurable and tangible
White Paper

- Objectives linked to the work of the project to the organisation’s ability to successfully achieve its defined objectives.

- **Project Management Goals** are the direct responsibility of the project manager. He or she should be assigned the authority, responsibility and necessary resources to achieve the objectives defined in the Project Charter.

  Project Management Goals also fall into two broad categories:
  - Goals that are achieved by undertaking the project work in an appropriate way. These include objectives such as safety, sustainability, workforce development and stakeholder management.
  - Goals that are achieved as a consequence of successfully completing the work of the project. These include:
    - Enhancements to the Organisational Process Assets (OPAs) of the performing organisation; ie, internal deliverables such as ‘lessons learned’.
    - The deliverables transferred to the customer to meet the requirements defined in the project’s scope statement.

The successful delivery of ‘deliverables’ includes both achieving the specified technical requirements such as time, cost and scope; plus satisfying the key stakeholder’s expectations and requirements such as value and usefulness.

Benefits realisation it is usually outside of the objectives that can reasonably be assigned to the Project Manager. The flow from output, to outcome, to the realisation of benefits is described in *WP1023 Benefits and Value*. In summary:

- The project’s outputs are used by the organisation’s management to create outcomes. This may be done by the Program management or functional (line) management depending on who the project’s customer is. The ‘outcome’ is the change caused by the effect of integrating the new ‘deliverable’ into the existing systems or operations of the organisation.
- If the outcomes have the anticipated effect (eg, improved operational efficiencies), the planned benefits are realised.

An example for a project to developing a new retail shop:

- The output from the project to build the shop is a fitted out facility.
- The outcome from the staffing and stocking of the shop is a shop selling goods to customers.
- The benefit realised from the operation of the shop is the monthly profits from sales.
- The value created by the new business is its potential ‘sale price’ which is usually calculated as a multiple of the annual earnings (typically somewhere between 5 and 12 times the annual profit).

Therefore, whilst the project team cannot deliver the benefits, they are responsible for making sure to the best of their ability, what they deliver is what is needed to facilitate the organisation (or client) in achieving their overall objectives. The concept of the project as a *value co-creation process* links the project to its client and emphasises the need for the stakeholders to work together to create value. This idea incorporates the concept of organisational change and recognises that the concept of value can reach beyond simple

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6 For more on stakeholder management see: [http://www.stakeholder-management.com](http://www.stakeholder-management.com)


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tangible measures. Simply focusing on narrow technical achievements such as being ‘on time’ may be detrimental to the overall objective of the organisation achieving the desired benefits.

The Office for Government Commerce (OGC) has produced the following table that defines the key differences between outputs (deliverables), outcomes and benefits:

<table>
<thead>
<tr>
<th>Deliverables</th>
<th>Outcomes</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enables a new outcome in part of the operational organisation.</td>
<td>Is the desired operational result.</td>
<td>Is the measurement of an outcome or a part of an outcome. An end benefit is a direct contribution to a strategic objective.</td>
</tr>
<tr>
<td>Describes a feature.</td>
<td>Describes part or new organisational state.</td>
<td>Describes an advantage accruing from the outcome.</td>
</tr>
<tr>
<td>Answers at least in part the fundamental question: What new or different things will we need to realise beneficial change?</td>
<td>Answers the question: What is the desired operational state of the organisation using these new things?</td>
<td>Answers the question: Why is this required?</td>
</tr>
<tr>
<td>An example of an output: a new hospital building.</td>
<td>An example of an outcome: an additional hospital is now operational and serving regional demand for hospital care thereby reducing waiting lists.</td>
<td>An example of a benefit from this outcome might be: reduced waiting times for hip operations to an average of three weeks from ten weeks.</td>
</tr>
<tr>
<td>Another example of an output: an e-commerce system</td>
<td>An example of an outcome: the ability to process web-placed orders.</td>
<td>An example of a benefit from this: increased sales revenue of x%.</td>
</tr>
</tbody>
</table>

Table 1: OGC 20079 - Table 7.1 Differences between outputs (deliverables), outcomes and benefits

Many writers use benefits and outcomes interchangeably, implying that both essentially imply beneficial outcomes. Whilst this is true to an extent, *WP1023 Benefits and Value*10, and the OGC table above both highlight the incremental step between an achieved capability or ‘outcome’, and the realisation of the primary benefit. Value is realised when the benefit aligns with the organisations strategic objectives10.

Projects -v- Programs11

One of the elements that differentiate projects from program is summed up in the mantra: *programs deal with outcomes; projects deal with outputs*. This is the position adopted by PMI but has some significant limitations.

Most authorities consider that program management implies the management of multiple projects to achieve business benefits12. The program life cycles extends to managing outcomes and benefits; contrasted with project life cycles which focus on producing deliverables (outputs). Where two or more projects are organised in the form of a program this assertion is true to an extent. Each component project delivers outputs that contribute to or enable other projects to proceed, as well as contributing to the delivery of the overall program’s expected benefits. However, one would expect a capable program manager to ensure that the project managers are fully aware of how their individual project outputs affect overall program outcomes, and encourage them to get involved in ensuring the achievement of these broader objectives. Whilst the

11 For more, see: Stretton, A. PM World Today – July 2010 (Vol XII, Issue VII)

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direct responsibility for achieving the required outcomes is with the Program Manager, the Project Managers are a key part of his/her team.

The other key limitation is independent projects that are not part of a program. These include projects to fulfil a contractual obligation to an external client (eg, a typical construction contract) and requirements that only need a single project to deliver ‘the outcome’. In these circumstances an independent project is on exactly the same footing as a program with regards to delivery of the intended outcomes, in addition to its specified outputs.

If you do not have satisfied external customers, you do not have a business. Therefore, successful outcomes from each independent project are absolutely critical to achieving on-going customer satisfaction and a successful business. Each project manager needs to balance short term objectives such as profits with long term objectives such as reputation.

**Summary**

Competent managers of both component projects within a program and independent projects should be concerned with how their outputs contributed to overall objectives of the organisation. Failure to do this is an abrogation of their implied responsibility as a manager within the organisation. The only question is the extent to which the project manager is directly responsible for the outcome; this will vary from a supporting team role through to a high level of responsibility for the managers of independent projects with external clients.

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