



What's stopping
you from
achieving
outcomes?



There has been a marked shift towards outcomes-based business models where organisations are moving away from transactional technology-centric approaches and re-focussing on more relational business-led solutions to deliver their outcomes. But this shift requires a different approach to many aspects of an organisation's operating model including procurement and contract management, capability development, and accepting different forms of risk.

Some of the factors which may be stopping you from achieving outcomes include:

1. Narrow contract definition

Narrowly defined procurement contracts force organisations to pre-define deliverables, often in great detail, before the problem is fully understood. This approach under-values the importance of a user-centric discovery phase and the need for well-researched and well-defined use cases. It can result in an organisation delivering the 'wrong' outcome – an outcome which may comply with the contract but does not actually meet business or user needs. It can also result in delivering no outcomes – where it is easier to walk away from an investment than try to negotiate a variation. There is no question that greater accountability in project delivery is needed, particularly considering some of the budget blow-outs and failed projects in recent history. But stricter contract definition is not the answer. We need to develop broad-based and mature procurement tools which support organisations to contract for outcomes (rather than narrowly defined functional deliverables). And we need to improve our governance processes to ensure we can see and efficiently manage the end-to-end delivery of these complex, agile projects.

2. Short planning and budget cycles

Tying projects to a single planning or budget cycle can also limit the achievement of outcomes. Traditional accounting practices attempt to track costs and benefits within the same budget period. But in outcomes-based engagements, benefits are observed through usage, and attainment of results may be realised more slowly. Sustainable outcomes are rarely achieved in a single quarter or even a single year. This means investments in people and processes may have to be made before the long-term strategic benefits are realised. Further, trying to measure benefits realisation too quickly contributes to the creation of short-term easily measured 'outputs' which may not align to the deeper sustainable outcomes we seek. Achieving outcomes is a long-game.

3. Capability gaps

There is wide agreement that successful outcomes-based projects require people who think a little differently. Strong communication skills, the ability to break down problems, and user-centric design thinking is critical. Staff need to be adaptable, analytical, agile, and think in terms of business benefits. They need to apply different measures of success including Experience-level Agreements (XLAs) and other outcomes-based metrics. Rigid communication and approval channels and conventional ways of working will likely block the iterative nature of this work. And trying to spread existing resources into these new roles will likely create staffing shortages in both areas. Success depends on building and retaining a diverse and capable outcomes-focussed workforce.

4. Low risk appetite

Conventional contracts and project deliveries often feature fixed technologies and solution elements and pre-defined deliverables tied to clear milestones. These projects are structured to define and manage risk. And when the problem and solution is clearly defined this is often the safest option. However, due to the complexity of large-scale outcomes-based projects, different mechanisms may be required such as risk-sharing between organisations and suppliers, collaborative solutioning, or experimentation through a proof of value. Contracts may be spread across various suppliers to benefit from the talent embedded within end-to-end suppliers and the specialist skills inherent in niche providers. Procuring and delivering successful outcomes-based engagements will require the acceptance and management of different forms of risk and uncertainty.

While each of these approaches may seem challenging, they may also be the key to delivering your most complex and beneficial outcomes.