

Align Projects, Products and Outcome Metrics to Business Goals

Published 3 August 2021 - ID G00751763 - 8 min read

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Initiatives: [PMO Evolution for Digital](#)

Clear, measurable business goals are vital to demonstrate success, but goals are often vague. PMO leaders must align their projects, products, programs and portfolios to overall business goals and capture traceable metrics to demonstrate the value delivered.

Overview

Key Findings

- Business case goals are often vague and not expressed in terms of business impact. This makes it challenging to determine the activities needed to achieve these goals and difficult to measure results.
- The inability to align resource activities with goals makes it even more difficult to define measures of success tied to specific initiatives.
- PMOs are slow to change their measures of performance, failing to keep pace with changing methodologies, such as the adoption of agile delivery. This disconnects goals from results.

Recommendations

PMO leaders responsible for evolving PMO for digital business must:

- Clarify and improve the goals in the business case by ensuring they are action-oriented and well-defined in business outcome metrics.
- Define what the organization must accomplish by identifying the specific activities necessary to achieve each business goal.
- Devise leading indicators that demonstrate value and link to business goals by identifying measures for each activity.

Introduction

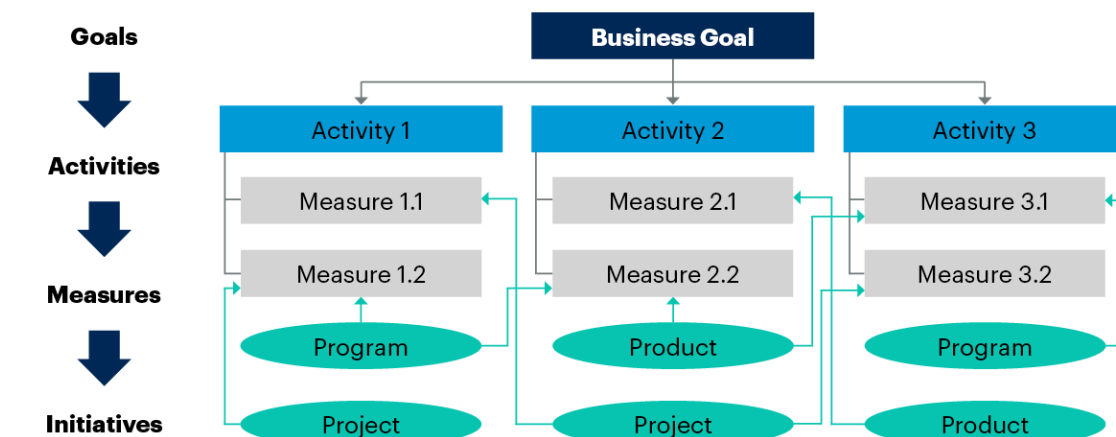
Organizations find it challenging to articulate measurable goals (see Note 1). This makes it even more difficult to identify the activities needed to attain these goals and, ultimately, to measure the benefits achieved. As organizations transition to a digital business model in which they expect to achieve results more quickly, this becomes more of a problem. To resolve this challenge, the PMO and the business must collaborate further.

A mismatch often exists between functional and strategic goals. In a survey by MIT Sloan Management Review and Google of more than 3,200 senior executives, only 26% of respondents described their functional KPIs as aligned to a “great extent” with their organizations’ strategic objectives. ¹

Traceability from the work being performed to the organization’s business goals is often minimal. Organizations typically lack the patience to fully understand (and challenge) what their goals mean and what actions they must take to accomplish them. This results in questions about the value of results. As a PMO leader, you have an opportunity to close this gap and ensure a clear correlation between the goals, measures, results and initiatives being delivered. This starts with portfolio investment decisions and the ability to deliver the expected results. Ensure that project documentation includes space in proposals and business-case documents to articulate the goals and needs of the business.

This research isn’t intended to help you document specific, measurable, actionable, relevant and time-bound (SMART) ² goals. We assume you have already done this. Instead, it offers a simple approach to help you facilitate the definition of business goals by sponsors, especially when business goals are unclear in the intake process. This research breaks down goals into refined impacts to the business process through activities. It also supports the easier development of metrics that show the business impact and the value of accomplishing the business case. The framework in Figure 1 shows these principles. Use this approach as a guiding exercise with the project sponsor, stakeholders and team.

Figure 1. Align Your Initiatives to Business Goals

Align Your Initiatives to Business Goals

Source: Gartner
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Gartner

Analysis**Clarify and Improve Business Goals**

When we ask clients to name their business goals, their responses typically range from, “They aren’t very clear” to “They keep changing” to “Leadership is still determining what they are.” As a PMO leader expected to deliver strategic business results, you must ensure that the goals of the portfolio’s initiatives are clear. This will not only influence your team, but also affect funding and resource decisions across the organization. Misaligned metrics often result when targets and indicators fail to reflect critical strategic initiatives or business activities.³

If your business has vague or nonexistent goals, clarify what it expects. Be aware of your political landscape. Be sensitive to the issues facing the senior executives and project sponsors responsible for creating business goals — their job isn’t easy either. Partner with them to improve business goals, so that your organization can be successful in delivering quantitative and tangible results. Table 1 gives three broad goals and examples of how to improve them by making them more specific.

Table 1: Examples of Specific Goals

Existing Broad Goal	Improved, More Detailed Goal Statement
Improve the Customer Experience	Improve customer experience by increasing customer satisfaction with servicing and support by X% by the end of the fourth quarter.
Digitalize the Business	Launch new products that increase digital revenue by X% by the second quarter of next year.
Improve Employee Morale	Reduce the employee attrition rate by X% by the end of the year.

Source: Gartner (August 2021)

Recommendations:

- Discuss with key stakeholders and sponsors opportunities to clarify business goals in proposals and business cases.
- Suggest specific recommendations, starting with your existing business or corporate strategies.
- Devise two or three goals if none exist, and socialize them with the initiative sponsor to see what resonates. This will give you feedback for a path forward.

Identify the Activities Needed to Achieve Business Goals

Now that you have a better understanding of what must be accomplished, the next step is to determine the activities — what needs to be delivered or changed — to achieve your organization's business goals. If you don't know how you can achieve your goals or what must be in place to do so, you will achieve them only by luck, if at all.

Assume your personal goal is to go on vacation. Our first recommendation is to make this goal more specific — for example, go on vacation by the end of the summer. Next, decide what you need to do to go on vacation.

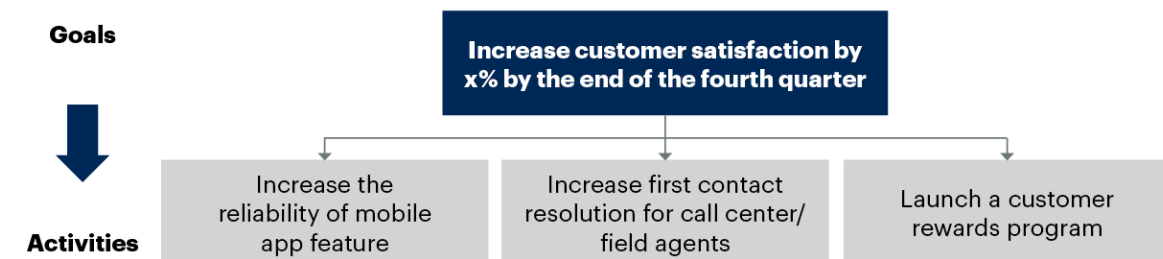
For example, you may need to:

- Complete travel plans
- Save more to achieve your vacation budget
- Train a backup at work

Apply this same approach to your business goals. Figure 2 shows this approach applied to one of the business examples from Table 1. This approach provides a plan of action and makes progress easy to measure.

Figure 2. Identifying the Activities Necessary to Achieve a Goal — Business Example

Identifying the Activities Necessary to Achieve a Goal — Business Example



Source: Gartner
751763_C

Gartner

Discuss these activities with the business owners of each goal to see whether they have additional expectations or ideas that would help achieve the goal. It will probably need to be a cross-functional team effort, so ensure everyone knows at the outset what is critical. In some cases, these activities may be “hypotheses” on what business owners believe will help make progress toward achieving these goals. You may need iterative experiments to test the assumptions, constantly evaluating and modifying the activities as needed. You may need to use agile and lean startup concepts to test your activities.

Recommendations:

- Identify two or three activities for each of your goals, creating traceability to what will enable you to achieve each goal.
- Socialize your assumptions about relevant actions with key business partners and sponsors who own these business goals. This will enable you to identify other activities that may be necessary.

- Evaluate and modify your activities as you gain more information and prove or disprove your assumptions.

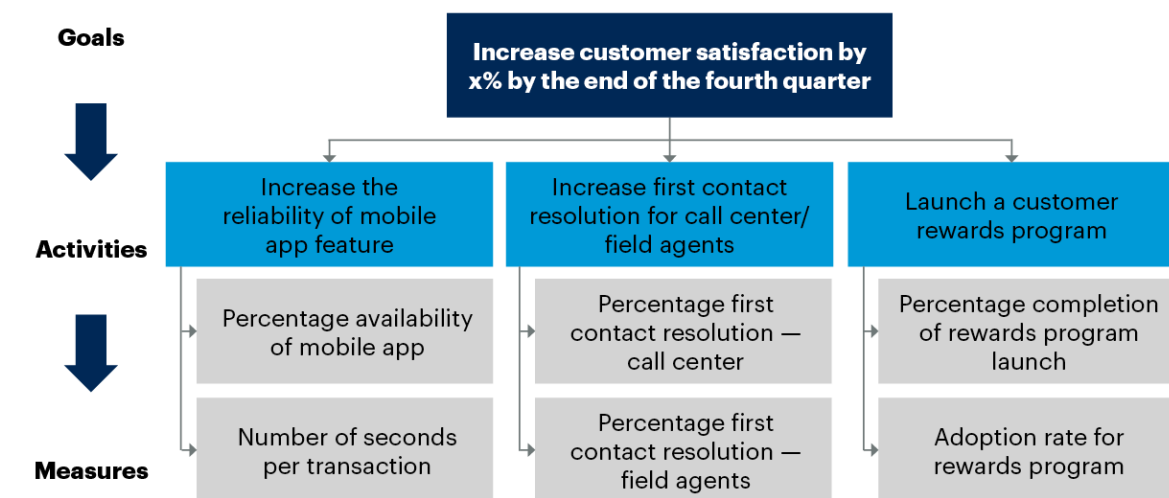
Devise Leading Indicators That Measure Progress

Once you have identified the activities that will enable you to achieve your business goals, determine measures to track progress. Examples include the release of certain functionality, a business process change, the completion of a project or tracking benefit realization on project completion.

For our vacation example, you need to understand how you can measure progress in planning your trip, achieving your target budget and mentoring your backup resource at work. For our “improving customer experience” example, you must examine data from multiple areas of the organization and track results over time. Figure 3 shows measures for improving customer experience. These are not intended to be comprehensive, as a complex initiative may require additional actions and measures to be successful.

Figure 3. Measuring Progress Toward Achieving Your Goal — Business Example

Measuring Progress Toward Achieving Your Goal — Business Example



Source: Gartner
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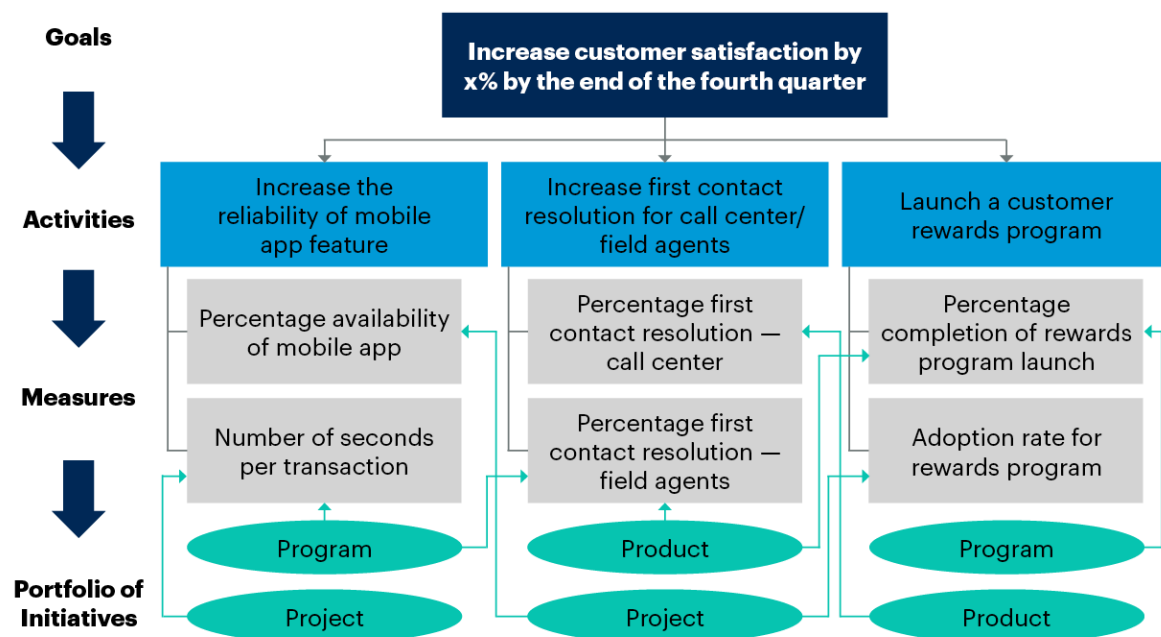
We have identified tangible metrics for each activity. There must be data for each of these measures, starting with existing baseline information. A process must also be in place for collecting ongoing results. Each goal, activity and measure must have an accountable “owner” who provides updates to the PMO or the enterprise PMO (EPMO) to ensure that progress is being tracked. Communicate performance to stakeholders on a regular basis — at least quarterly — to mitigate the risk of them asking, “What value are you delivering?”

Link Your Initiatives to Business Goals

The last — but critical — step is to demonstrate traceability back to the measures for all the initiatives in your portfolio. Do this during the scoping and planning phase of your project. Tie each of your results to the value it delivers. By doing this, you can measure whether your activities have been successful, and show how they have helped achieve your business goals. Figure 4 shows this traceability with our business example.

Figure 4. Linking Your Portfolio of Initiatives to Business Goals — Improving Customer Experience Example

Linking Your Portfolio of Initiatives to Business Goals — Improving Customer Experience Example



Source: Gartner
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Recommendations:

- Identify one to three measures for each of the activities you have identified as critical to achieving your organization's business goals.
- Demonstrate alignment from the portfolio of projects, programs and products to each of the measures. If there is no clear traceability back to the measures, confirm that the initiative is still required and identify alignment to the goals with the sponsor.
- Identify accountable owners to track the progress of activities and measures. Communicate the progress and value of results to stakeholders on a frequent basis – at least quarterly.

Evidence

¹ [Leading With Next-Generation Key Performance Indicators](#), MIT Sloan Management Review.

² [The Essential Guide to Writing SMART Goals](#), Smartsheet.

³ M. Allio, "Strategic Dashboards: Designing and Deploying Them to Improve Implementation," *Strategy & Leadership*, Vol. 40, No. 5, Pages 24-31, Emerald Group Publishing, 2012.

Note 1: Use of Terms "Goal" and "Objective"

Some organizations use the term "goal." Some use the term "objective." We have standardized on the term "goal" in this research.

Document Revision History

[Align Projects, Products and Outcome Metrics to Business Goals - 21 January 2020](#)

[Drive the Alignment of Projects, Products and Outcome Metrics to Business Goals - 10 October 2018](#)

Recommended by the Author

Some documents may not be available as part of your current Gartner subscription.

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