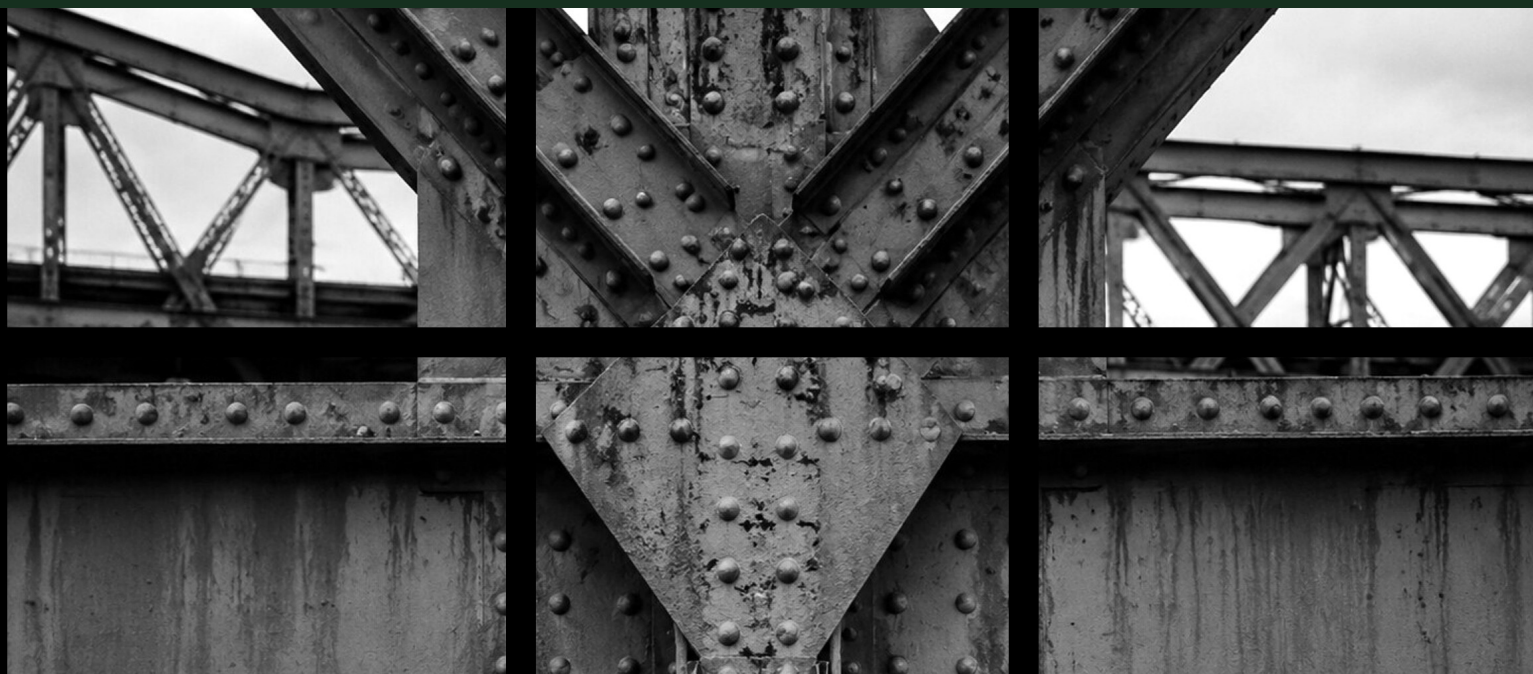


BEYOND THE GANTT CHART

When the Programme Plan Meets the P&L: How the Downturn Redefined Programme Success

A reflection on what the crisis destroyed, what it exposed, and what it left behind in the way we judge programmes



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March 2009

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Programme · No. 140

Originally written March 2009 | Re-edited and re-rendered for the WhereBeyond Edition, 2025

“The programme did not fail. It was outbid by its own unspent budget.”

1. Executive Summary

For most of the decade before 2008, programme success meant delivering agreed scope, to time, to budget. The plan was the contract with reality, and a programme that hit its milestones was, by definition, a good one. The downturn broke that definition in a matter of months. When credit vanished and discretionary spend was frozen, the question asked of every programme changed from is it on plan? to what is it doing for the P&L; this quarter? Programmes that could not answer were descoped or cancelled, often overnight, regardless of how faithfully they were tracking their plans.

This essay holds that the crisis was two things at once, and that we have not yet reconciled them. It was a vandal — destroying value-creating programmes that needed only patience. And it was a truth-teller — exposing that "scope delivered on plan" had never been a measure of success at all, only a measure of compliance. The redefinition it forced was crude, but it stood closer to the truth than what it replaced. The uncomfortable question, a year on and with the Bank only now beginning to pump money into the system, is why the redefinition has not relaxed — and whether it should.

2. A programme that was green and dead

Early in 2009 I sat in a portfolio review where a programme was cancelled while every indicator on its status report was green. Scope: on track. Schedule: amber-green, a fortnight's slippage already being recovered. Budget: comfortably within tolerance. By the old rules it was a healthy programme — one of the healthier ones in the portfolio. It was killed in under twenty minutes, because it could not show a cash effect inside the financial year, and cash inside the financial year was the only currency the room still recognised.

Nobody present thought they were doing something philosophically interesting. They thought they were surviving the winter. But what happened in reviews like that one, across countless organisations from the autumn of 2008 into the spring of 2009, was a redefinition of programme success so abrupt and so complete that most of us are still working inside its consequences without having named them.

3. The plan as the contract with reality

To see what changed, recall what "success" had quietly come to mean in the years of easy credit. A programme was judged against its plan. Scope, time and cost — the old iron

triangle — were the axes of virtue, and the disciplines we had spent the decade professionalising were disciplines of conformance to plan: stage gates, tolerance management, milestone tracking, the reassuring geometry of the Gantt chart. A programme director who could stand in front of a board and show scope delivered, schedule held and budget respected had, by the reigning definition, succeeded.

The mechanism that entrenched this is worth naming, because it was not stupidity. Scope, time and cost are measurable in-flight and attributable to the programme. Benefits are neither. A saving promised in a business case lands eighteen months after go-live, is contaminated by a dozen forces the programme does not control, and falls — if it falls anywhere — in someone else's cost centre. So the discipline optimised for what it could see and hold a manager to. Benefits went into the business case to get the funding approved and were rarely revisited with the same seriousness. We were, in effect, measuring the faithful execution of a promise while quietly declining to check whether the promise had been worth making.

In a growing economy, this settlement holds together well enough. Capital is patient, the business case is not stress-tested each quarter, and the deferral of the hard question — did this actually create value? — is affordable. The plan stands in for reality, and for a decade reality is obliging enough to let it.

4. The quarter the discretionary spend died

Then, in a single quarter, capital stopped being patient. Through the autumn of 2008 the credit markets seized, the interbank rate told a story of pure fear, and organisations that had never thought of themselves as financially fragile discovered that the facility they had assumed would always roll over might not. The reflex was immediate and universal: preserve cash. Discretionary spend was frozen. And almost every programme of change, however strategic its billing, is discretionary spend.

What arrived in the programme review that winter was a new and unfamiliar figure — the finance function, no longer a stakeholder to be briefed but the presence that now set the terms. The questions changed shape entirely. Not are you on plan? but what does this cost me this quarter, and what does it give me back inside the year? Not what is your scope? but what can we stop, defer or strip out without breaching something we are legally or operationally obliged to keep? Success was redefined in real time as three things: cash preserved, spend descoped fast, and enough optionality retained to keep the lights on and reverse course if the following quarter proved worse.

Consider the arithmetic that suddenly governed a programme's survival. A three-year transformation with a fifteen-million-pound total budget and a business case promising nine million pounds a year once complete is, on paper, a superb investment — a payback comfortably inside two years of steady-state running. But in the winter of 2008 the board was not weighing three-year returns. It was weighing the four million pounds of spend still scheduled for the next twelve months against a benefit that would not begin to land until the programme was finished. Against that horizon, the superb investment became, simply, four million pounds of cash the organisation could keep. The programme did not fail. It was outbid by its own unspent budget.

In a downturn a programme is not judged against its business case. It is judged against the cash you would recover by stopping it. Very few business cases are built to win that comparison.

5. The truth the crisis happened to tell

Here is the part that is difficult to admit. The crude new test was, in one crucial respect, more honest than the one it displaced.

For years we had allowed "on plan" to masquerade as "successful." The green-and-dead programme was the reductio of that confusion made visible: a programme could be, by every measure the discipline held dear, a triumph — and still be worth nothing that anyone could point to inside the horizon that now mattered. The crisis did not create that hollowness. It merely switched on the light. When the finance function asked what is this doing for the P&L;? it was asking, in a brutal and impatient register, the question the discipline had spent a decade avoiding: never mind the plan — is this creating value, and when?

That the question arrived as a threat should not blind us to the fact that it was the right question. A great deal of what was cancelled in that winter deserved a harder look than it had ever received while money was cheap. Programmes that had been running for years on the strength of an original business case nobody had reopened; scope that had accreted because stopping it was more awkward than continuing; benefits that had been asserted at approval and never once tested against reality. The downturn was a savage auditor, but it audited things that genuinely wanted auditing.

6. The damage under the same blow

And yet. The same blow that exposed the hollow programmes also destroyed sound ones, and it is a failure of nerve to pretend otherwise.

Because the new test had a horizon of roughly a year, it could not distinguish between a programme that was worthless and a programme that was merely not yet finished. A transformation eighteen months from a substantial and well-evidenced benefit looks, through the lens of this-quarter's cash, almost identical to one that will never deliver anything at all. Both are spend now and benefit later. The axe, swung on a twelve-month horizon, cannot tell the difference, and so it takes both. Capability built painstakingly over years was stood down in weeks. Teams that embodied hard-won institutional knowledge were released and did not come back. And because every organisation reached for the same reflex at the same moment, the cuts were pro-cyclical — everyone economising in unison, each rational decision deepening the very conditions that made the next cut feel necessary.

“A twelve-month horizon cannot tell a worthless programme from an unfinished one. Swing the axe on that horizon and you fell both.”

This is the honest tension at the centre of the whole episode, and it does not resolve cleanly. The crisis was right that we had stopped asking whether programmes created value. It was wrong in the instrument it used to start asking again — an instrument so short-sighted that it condemned the patient and the terminal with the same stroke. To say only the first is to sanctify a panic. To say only the second is to defend the complacency the panic exposed. Both are true, and living with both is the beginning of wisdom about what happened.

7. The programmes that could not be cut

There was a third category in that winter, and it is the one that most exposes the crudeness of the cash-horizon test. Alongside the hollow programmes that deserved to die and the sound ones that did not, a set of programmes sailed through the reviews untouched — not because they created value, but because stopping them was not legally available. The regulatory and compliance programmes were the obvious case: the controls remediation the auditors were expecting, the Basel work the banking supervisors would not excuse, the reporting and anti-money-laundering obligations whose breach carried consequences far worse than any cash saving could justify. These survived the axe regardless of their return, because the question the finance function was really asking was not what value does this create? but what does it cost me to stop? — and for a mandatory programme the cost of stopping was a sanction, not a foregone benefit.

The effect was quietly perverse. The same test that condemned a value-creating transformation eighteen months from its payback waved through a compliance programme with no positive return at all, simply because one could be halted and the other could not. A visitor from a rational planet, told that an organisation in a cash emergency had cancelled the programme that would have made it money and spared the one that merely kept it legal, might reasonably conclude that the emergency had made it foolish. It had not. It had made it short-horizoned, which in a crisis is nearly the same thing — and the pattern is worth holding onto, because it reveals that the winter's brutal auditor was never really auditing value at all. It was auditing reversibility, and mistaking the two for the same thing.

8. Why the definition has not sprung back

A year on, the most revealing fact is what has not happened: the definition has not relaxed. One might have expected that, as the immediate terror subsided, programme success would drift back toward the comfortable geometry of scope, time and cost. It has not, and the reason it has not is a kind of ratchet.

Once the finance function has been inside the programme — once it has seen how loosely benefits were evidenced, how much scope was discretionary, how rarely the business case was reopened — it does not withdraw to the old distance. The scrutiny that arrived as an emergency measure has settled into the furniture. Zero-based questioning of continued spend, the demand that a programme show value banked and not merely value promised, the expectation that funding is released in tranches against evidence rather than committed once at approval — these were battlefield improvisations, and they have become, in organisation after organisation, simply how programmes are now governed. The pattern persists not because the crisis persists, but because scrutiny, once acquired, is not easily given back. Nobody who has learned to ask what has this actually delivered?

unlearns the question when the pressure eases.

I am not sure this is to be regretted. The old distance was what allowed the hollow programme to run green for years. A finance function that stays close, and keeps asking the awkward benefits question in the good times as well as the bad, is applying in calm weather the discipline the storm taught. The danger is not the scrutiny. The danger is that the horizon of the crisis — that punishing twelve-month view — has stayed attached to the scrutiny, so that even now, with the worst arguably behind us, programmes are still being asked to prove themselves against a clock far shorter than the value they exist to create.

9. Building the programme that can meet the P&L;

If the scrutiny is here to stay, and its horizon is shorter than we would wish, the practitioner's task is not to complain about the weather but to build programmes that can survive it. That means designing, from the outset, for a world in which the programme may at any quarter be asked to justify itself against the cash that stopping it would release.

- Bank value in tranches, not at the end. A programme architected so that the first meaningful benefit lands in six months, not thirty, is a programme that can answer the P&L; question with something other than a promise. Sequence the work so that value arrives early and repeatedly, even at some cost to the theoretical elegance of the design.
- Make optionality a design goal, not an accident. Structure the programme so that it can be paused, slowed or partially stopped without the whole edifice collapsing — modular tranches with genuine decision points between them, each a place where the organisation can honestly choose to continue rather than merely discover it is too committed to stop.
- Reopen the business case as a living instrument. The benefits are the point; treat them as such throughout, not as the paperwork that unlocked the funding. A programme that revisits and re-evidences its own value quarterly is never ambushed by the question, because it has been asking the question of itself all along.
- Hold enough capability to survive a pause. The programmes that came through the winter least damaged were those whose essential knowledge did not walk out of the door the moment spend was trimmed. Concentrate the irreplaceable, and protect it, so that a slowdown does not become an irreversible loss of the muscle the programme was building.

10. Coda

The programme that was green and dead has stayed with me because it marks the moment two definitions of success stood in the same room and only one walked out. The plan — faithful, measurable, professionally executed — lost to a cruder and more impatient master. It was a poor way to learn a real lesson, and a great deal of value was destroyed in the teaching. But the lesson itself was sound, and it outlasts the panic that delivered it: a programme is not successful because it conforms to its plan. It is successful because it creates value the organisation can see, and can be shown to be creating that value on a horizon short enough that a nervous quarter cannot honestly deny it. We were taught that in the worst possible way. It would be a second failure to unlearn it the moment the money comes back.