Benefits Realisation Management

Dr. Clive N. Enoch
Introduction

- Definitions
- Traditional PM vs PM today
- Why benefits realisation management?
- Benefits realisation and the PMO
- Portfolio planning process
- People, Process, Technology
- Benefits realisation framework
- Business measures
- Benefits register
- Life-cycle
- PPM process
- Challenges
Definitions

• What are benefits?
  – “A benefit is a quantifiable and measurable improvement resulting from an outcome which is perceived as a positive by a stakeholder and which will normally have a tangible value expressed in monetary or resource terms” - OGC

• What is benefits realisation?
  – A process that realises, prepares and manages for planned benefits through change

• Why do benefits management?
  – To maximise the overall benefits realised from change, as opposed to those simply planned, a structured approach is required to manage benefits realisation.
  – Benefits realisation management translates business objectives into identifiable, measurable benefits that can be systematically tracked
Projects today

• Today, projects have become:
  • Highly complex
  • Uncertain outcomes
  • No guarantee of value
  • Speed-to-market imperatives
  • Higher risks to achieve business objectives

• Statement of work
  • Not well defined
  • Assumptions are flawed or unrealistic
  • Does not consider moving target for value

• As a result:
  • Need to change our approach in the way we manage projects and make decisions
  • Business decisions and requirements trump technical decisions and project requirements
## Traditional Project Management vs Project Management today

<table>
<thead>
<tr>
<th></th>
<th>Traditional View</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM Knowledge</td>
<td>Technical</td>
<td>Business and Technical</td>
</tr>
<tr>
<td>Customer expectations</td>
<td>Deliverables</td>
<td>Business Solutions</td>
</tr>
<tr>
<td>Definition of success</td>
<td>Triple constraint</td>
<td>Multiple criteria (project &amp; business success)</td>
</tr>
<tr>
<td>Programme vs Project Success</td>
<td>Project success is critical</td>
<td>Project and Programme success is integrated</td>
</tr>
<tr>
<td>Project Management Limitations</td>
<td>Company project management</td>
<td>Global project management is needed</td>
</tr>
<tr>
<td>Portfolio Management</td>
<td>Conducted by executives (no transparency)</td>
<td>Greater involvement by project managers and PMO</td>
</tr>
</tbody>
</table>

Adapted from: H. Kerzner and F.P. Saladis

*Business Value is what your customer perceives as worth paying for.*

*Success is when business value is achieved.*
A stronger focus in benefits realisation management will support the organisation in …

**Why Benefit Realisation management?**

- **Stating the case for change**
- **Linking business performance, projects and benefits**
- **Encouraging better data capture for improved decision making**
- **Linking projects to strategic objectives.**
- **Building a performance culture.**
- **Achieving stronger investment cycle**
- **Demonstrating success that can be shared across the organisation**
Benefit Realisation & PMO

- Business Strategy
- Methodology & Process Consistency
- Collaboration & KM
- Organisational Development
- Resource Management

Project / Programme / Portfolio Visibility
Portfolio Planning Process

Business Objectives

Project / Programme

PMO

Successful project / programme delivery. Effective realisation of business strategies
People, Process, Technology

- Who will be responsible for qualifying benefits?
- Who is responsible for defining and quantifying benefits?
- Who is responsible for owning benefits?
- How will benefits be captured?
- How will benefits be monitored?
- How will changes to project (including costs) be evaluated against existing benefits?
- Who will be responsible for facilitating post-project benefit reviews?
### High Level Framework

<table>
<thead>
<tr>
<th>Business Case Benefits</th>
<th>Benefit Ownership</th>
<th>Benefits Plan</th>
<th>Baseline Measures</th>
<th>Implement Initiatives</th>
<th>Go Live</th>
<th>Benefit Tracking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business case and benefits development</td>
<td>Determine benefit owners</td>
<td>Incorporate benefit activities into project plan</td>
<td>Define benefits measures</td>
<td>Incorporate project change impacts to benefits</td>
<td>Monitor implementation and adoption of new solution</td>
<td>Conduct post implementation review including benefits</td>
</tr>
<tr>
<td>Confirm economic indicators</td>
<td>Defines roles &amp; responsibilities</td>
<td>Incorporate communication activities into plan</td>
<td>Baseline benefits</td>
<td>Define reporting requirements</td>
<td>Maintain benefits register</td>
<td>Analyse variances and recommend corrective actions</td>
</tr>
<tr>
<td>Update business case</td>
<td>Confirm business goal / objectives to be achieved</td>
<td>Incorporate communication activities into plan</td>
<td>Communicate results to owners and obtain sign off</td>
<td>Maintain benefits register</td>
<td>Maintain benefits register</td>
<td>Communicate progress</td>
</tr>
<tr>
<td>Prioritise opportunities</td>
<td>Identify risks</td>
<td>Define benefits measures &amp; targets</td>
<td>Maintain benefits register</td>
<td></td>
<td></td>
<td>Establish ongoing reporting at specific intervals</td>
</tr>
</tbody>
</table>
Business Measures

- ROI, IRR, NPV
- Cost savings
- Cost avoidance
- Compliance / Regulatory requirements
- Competitive differentiation
- Market share
- Revenue growth
- Corporate innovation
- Organisation agility
- Strategic alignment
- Risk mitigation
## Benefits Register

**Table:**

<table>
<thead>
<tr>
<th>Ref</th>
<th>Outcome/benefit label</th>
<th>Outcome ID</th>
<th>Key stakeholder name/title</th>
<th>Benefit description</th>
<th>Performance values</th>
<th>Assumptions/dependencies</th>
</tr>
</thead>
</table>
| 1   | Revenue is increased  | O-xxxx     | Chief financial officer/line-of-business exec/CEO | Key metrics to answer this question include: the percentage of revenue that is attributable to a marketing-sourced lead, and how that percentage has been trending. | Current: 15%  
Goal: 30% | All other major impacts on revenue (e.g., competitive position, sales effectiveness) remain stable |
| 2   | Marketing contribution to pipeline is increased | O-xxxx | Chief marketing officer | Key metrics to answer this question include: the percentage of current quarter pipeline that is marketing budget remains constant | Current: 20%  
Goal: 50% | |
| 3   | Increase number of sales qualified leads |        |                            |                     |                    |                          |

**Diagram:**

Fragment of the L2RM Benefits Register

<table>
<thead>
<tr>
<th>SDA</th>
<th>Business rule identified</th>
<th>O-101</th>
<th>Per process area, existence of Risk Analysis Document (RSD-100) by the Business Process Owner (BPO)</th>
<th>Y/N</th>
<th>One-time</th>
<th>View sign-off of Risk Analysis Document (RSD-100) by the Business Process Owner (BPO)</th>
<th>N</th>
<th>3/1/2008 for all</th>
<th>Y</th>
<th>See plan</th>
<th>n/a</th>
<th>Rulebook Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>SoD rules documented</td>
<td>O-103</td>
<td>Per process area, existence of SoD rule requirements in “business as usual” for in-scope applications</td>
<td>Y/N</td>
<td>One-time</td>
<td>View sign-off of the business processes SoD Rule Requirements Document (S3-100) by BPO</td>
<td>N</td>
<td>3/1/2008 for all</td>
<td>Y</td>
<td>See plan</td>
<td>n/a</td>
<td>Rulebook Owner</td>
</tr>
<tr>
<td>3</td>
<td>Interfaces between BuRights and non-BuRights apps integrated (SoD)</td>
<td>O-107</td>
<td>Per interface to be created, existence of working interface</td>
<td>Y/N</td>
<td>One-time</td>
<td>View SoD documentation ensuring successful interface testing including validated accurate reports in BuRights</td>
<td>N</td>
<td>3/1/2008 for all</td>
<td>Y</td>
<td>TBD</td>
<td>BuRights Administrator</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Interfaces between BuRights and SAP apps integrated (SoD)</td>
<td>O-107</td>
<td>Per interface to be created, existence of working interface</td>
<td>Y/N</td>
<td>One-time</td>
<td>View SoD documentation ensuring successful interface testing including validated accurate reports in BuRights</td>
<td>N</td>
<td>3/1/2008 for all</td>
<td>Y</td>
<td>See plan</td>
<td>n/a</td>
<td>BuRights Administrator</td>
</tr>
<tr>
<td>5</td>
<td>SoD rules for SAP applications created</td>
<td>O-108</td>
<td>Per Rulebook related to SAP: existence of a configured rulebook in Approve BuRights</td>
<td>Y/N</td>
<td>One-time</td>
<td>View a Rule Details Report within BuRights (development environment) for the Rulebook</td>
<td>N</td>
<td>3/1/2008 for all</td>
<td>Y</td>
<td>See plan</td>
<td>n/a</td>
<td>SDA Process Lead</td>
</tr>
</tbody>
</table>
Life-cycle
Portfolio Management Process

- **Set up portfolio**
  - Gather project information using a standard project template.
  - Periodically establish the baselines for the portfolio initiative (e.g., information requirements, performance measures, KPI baseline, and targets and contingency management strategy).

- **Develop prioritization model**
  - Develop and weigh value and risk criteria used in the prioritization process. Establish thresholds and constraints.

- **Initiative Prioritisation & Planning**
  - Assess the value and the risk of each program and produce a prioritized list of projects with suggested cutoffs.

- **Portfolio Management**
  - Create a prioritized list of projects in compliance with constraints and thresholds.

- **Track changes**
  - Track changes in your projects and in your external environment.

- **Collect project information**

- **Analyze portfolio**

- **Prioritize project and programs**

- **Communicate and report**

- **Monitor programs and projects**

- **Deploy and execute portfolio**
  - Execute your portfolio based on the prioritized plan.
  - Generate reports to communicate your portfolio to executives and project managers.

- **Deliver Business Outcomes**
  - Track benefits, costs, resources, strategic alignment, and more using a dashboard with health indicators for the portfolio, the programs, and the projects.
Project Gates

Intake
- Establish strategy
- Business Case justification
- Cost / Benefit analysis

Prioritise
- Charter
- PM Assignment
- Stakeholder Assessment

Initiate
- Plan

Plan
- Estimate

Execute
- Measure
- Variance Analysis

Monitor / Control

Close
- Measure long term
Challenges

- Maturing the business case
- Changing priorities / objectives
- Organisational changes
- Consistent, reliable project governance
- Maintaining focus