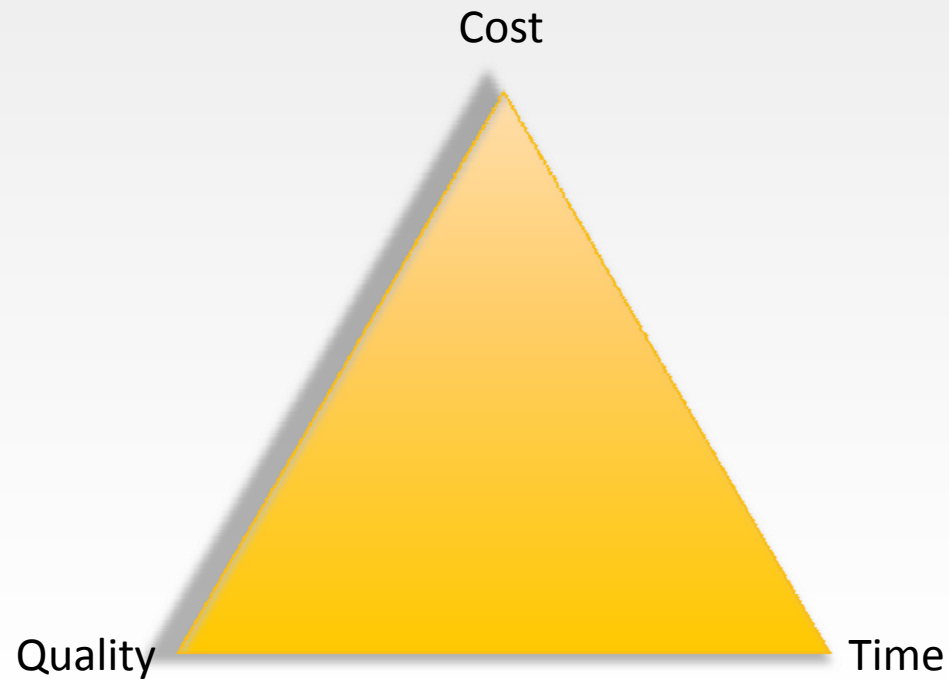# An Introduction to Benefits Realization Management
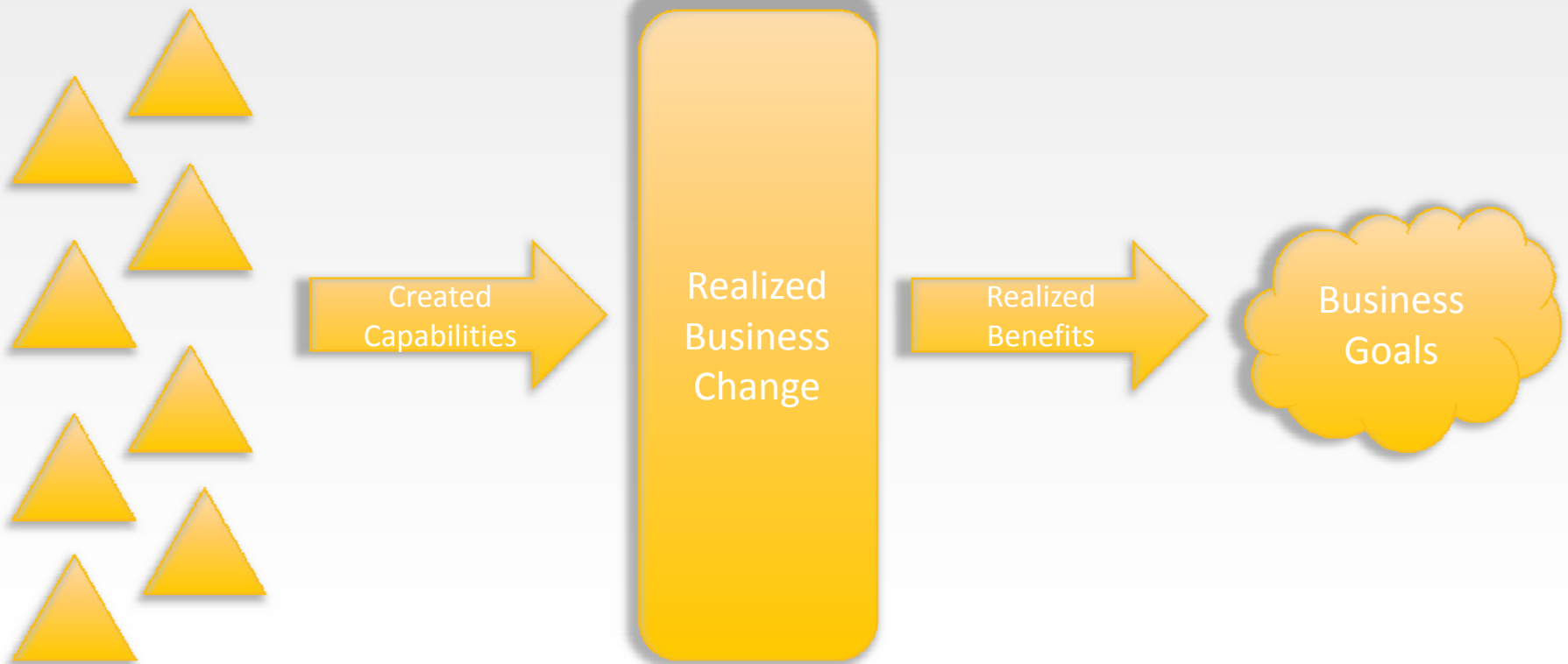
Craig Letavec, PMP, PgMP, MSP, IPMA-B

Beginning at the Beginning – A Few Basics

One View of the World

Cost

Quality

Time

Enhanced View

Created Capabilities → Realized Business Change → Realized Benefits → Business Goals

What is a Benefit?

- Definitions vary but in general we can think of a benefit as a *positive outcome* of a *change*

- PMI, via the *Standard for Program Management*, defines a benefit as "an outcome of actions, behaviors, products, or services that provide utility to the sponsoring organization as well as to the program's beneficiaries."

- A benefit is generally defined as a measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders (OGC MSP Standard—www.msp-officialsite.com)

- Of course, there may be *negative* outcomes as well. We refer to these as *disbenefits.*
    - An outcome perceived as negative by one or more stakeholders.
    - Dis-benefits are actual consequences of an activity, whereas a risk has some uncertainty about whether it will materialize

Dissecting the Definition

- Positive
  - Positive according to stakeholders

- Outcome
  - A result

- Change
  - Something that we do that consumes something we care about (time, money, etc.)

- Benefits are a result that cannot be made to happen directly and which have no direct cost
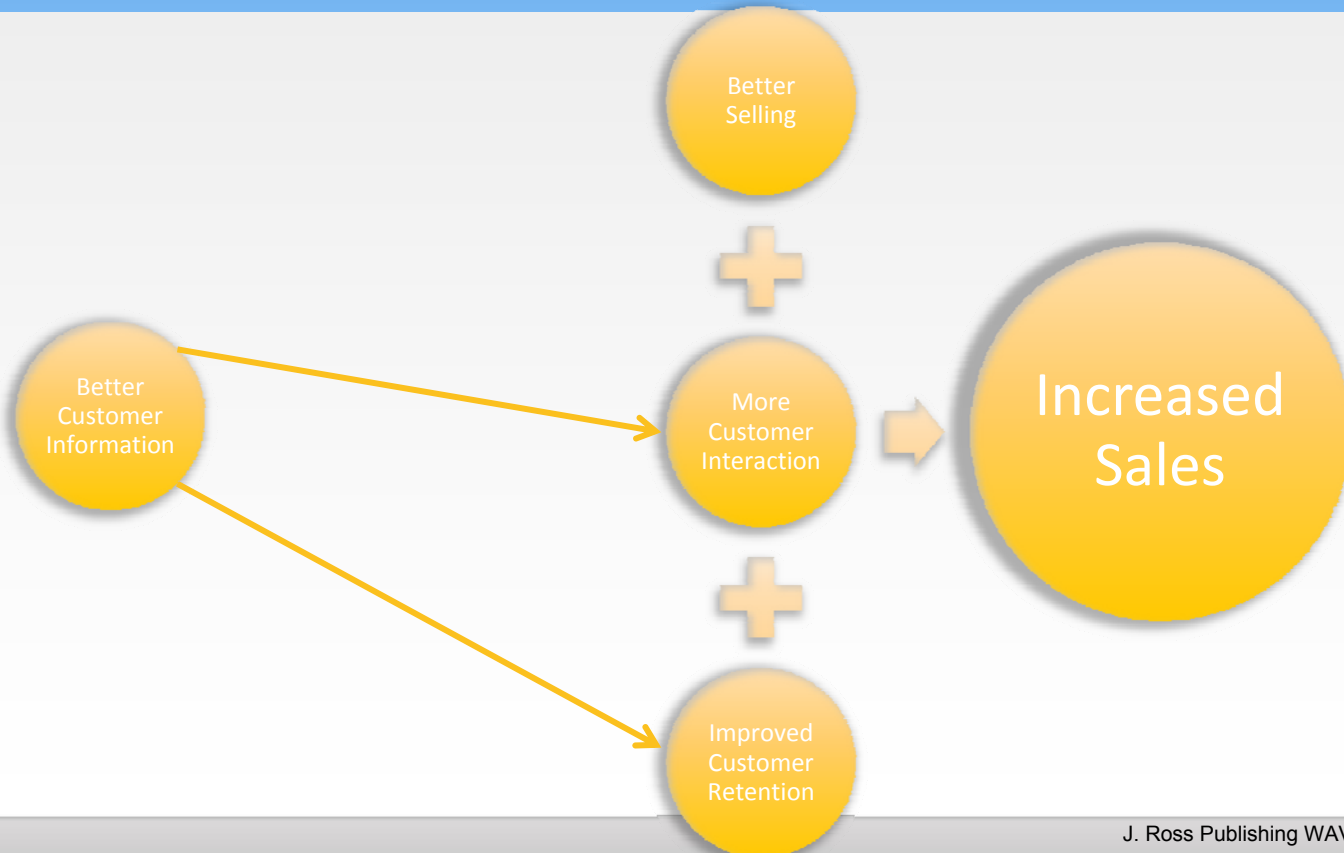
Example

- Can we think of some benefits?
  - Improved customer service
  - Reduced cost
  - Increased productivity

- Benefits may support other benefits or they may be end results themselves
  - *Intermediate* benefits enable other benefits
  - *End* benefits are beneficial end states that the organization desires
  - For example, I reduce errors in order to reduce customer frustration which improves customer service which, in turn, improves the company's image
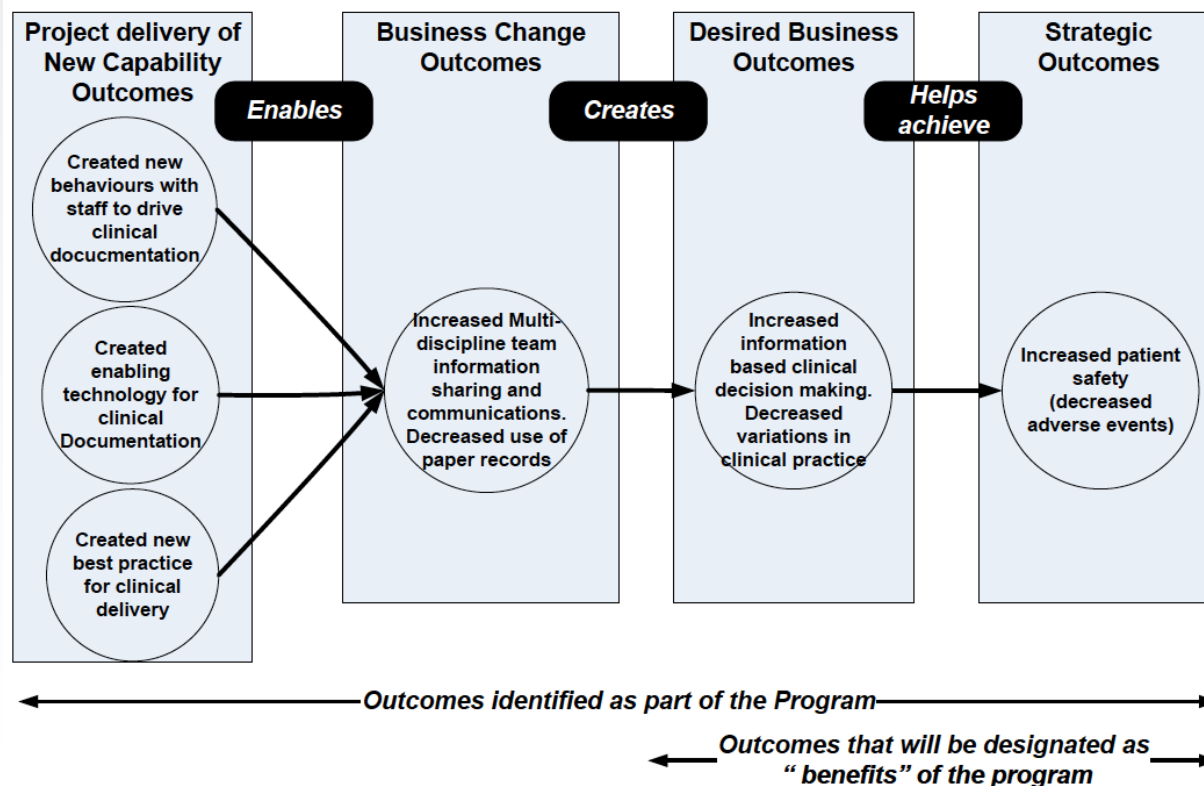
Further Definitions

- We often think of benefits in terms of types and time horizons

- Type
  - Tangible benefits—A "hard" benefit that you can measure (e.g. cost savings)
  - Intangible benefits—A "soft" benefit that is often more difficult to concretely measure (e.g. employee morale increases)

- Time Horizon
  - Near-term vs. mid-term vs. long-term
  - Definitions may vary but the general idea is that some benefits are realized sooner than others

Many Paths to an End Goal

Better Selling

+

Better Customer Information

More Customer Interaction

Increased Sales

+

Improved Customer Retention

Real World Example

Benefits Notes

- Benefits are realized over time (with some realization perhaps not beginning until after the efforts to create the capabilities are over)

- Benefits require embedding change in an organization; we often rely on a *business change manager* and *organizational change management principles* to support the capability creation/delivery function in ensuring success

- Benefits may be *tangible* or *intangible* and, in most cases, businesses will rely on a mix of these when defining and managing benefits

Where Do Benefits Come From?

- Benefits result from change; change often manifests itself in creation or enhancement of *capabilities*
  - Capabilities may be the result of projects, programs, BAU changes, or other efforts
  - The capabilities themselves are *embedded in the organization* through *organizational change management* in order to realize benefits

- Good benefits come from a process that proactively *identifies benefits, plans for their realization, and tracks achievement versus the plan*
  - *This is the essence of benefits management*

Benefits Management in Program Context

Real World Example

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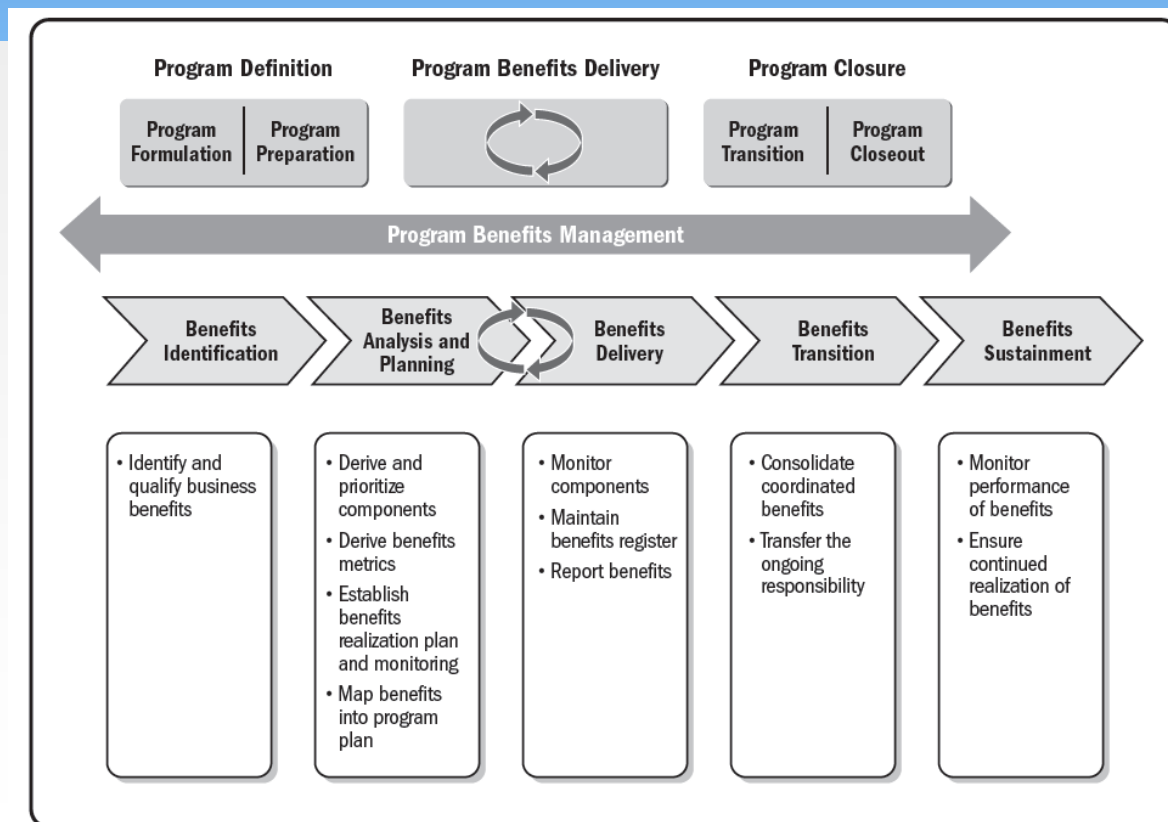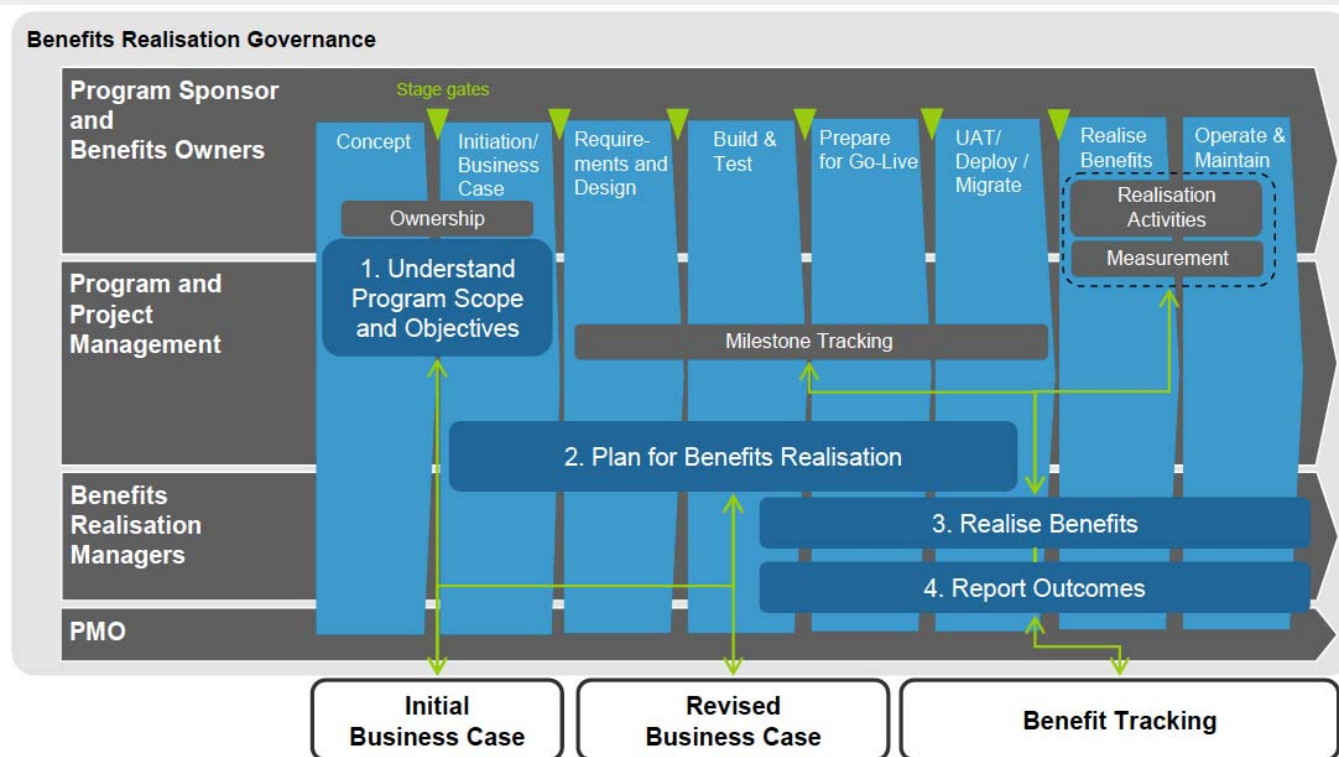
Context Notes

- Benefits management is often referred to in the program management literature (PMI, MSP, etc.) most directly though not exclusively

- Benefits management is a *business discipline* that, while often applied in the program context, can exist independent of program management
  - In portfolio management
  - As a standalone business function
  - As part of organizational change management
  - As part of project management (though not often)

The Broader View

- PMI proposes multiple functions of a successful PMO
  - Structural (e.g. alignment, R&R)
  - Advanced Tactical (e.g. Standardization and Metrics)
  - Executive Support (e.g. Communication & Championing)
  - Portfolio (e.g. alignment, metrics, etc.)
  - Organizational Agility (e.g. integrating change management, standardizing PPPM practices)
  - Benefits Realization (e.g. accountability and measurement)

Challenges in Benefits Management

- Challenges to successfully implementing benefits management often include
  - Inability to effectively describe and document desired benefits
  - Unrealistic benefits attainment targets
  - Poorly defined data collection and management techniques
  - Inadequate organizational change management capability
  - Lack of clear ownership for attainment of the benefits
  - Poor linkages to related processes (especially portfolio and program management)
  - And many more that could be listed here….

Roles and Responsibilities

Key Benefits Management Roles

- Senior Responsible Owner (a.k.a. Sponsor)—Ultimately accountable for overall benefits realization. The SRO is usually a key member of the group sponsoring the initiative that is tasked with capability creation and benefits realization.

- Benefit Owners—Responsible for change management activities and ensuring the realization of a specific benefit

- Business Change Manager—Responsible for overall management of business change and ensuring change is embedded in the organization. *This role is absolutely critical for success.*

- These roles are supported by
  - Program Managers—overall responsibility for capabilities, outcomes, and benefits
  - Project Managers—responsible for discrete capability creation to support change
  - PMO—providing operational support

Benefits Management RACI Example

Benefits Realisation Phase	High level Activity / Step	Program Sponsor	Program Manager	Outcome/ Benefits Owner	Benefits Realisation Manager	Program Mgt Office
Understand	Obtain Business Context	A	R	R	C	I
	Identify and Agree Outcomes/Benefits	A	R	R	C	I
	Define and Agree Program Scope and Objectives	A	R	C	I	I
	Define Business Changes Required to Enable Benefits	A	R	C	I	I
	Inform Business Case Development	A	R	C	I	I

Keys to Success

✓ Roles and responsibilities are standardized in the organization

✓ Roles and responsibilities are clearly documented via role descriptions, RACI, or other tools

✓ Roles and responsibilities are agreed (via charter, program management agreement, etc.)

✓ Roles and responsibilities are embedded in the benefits realization plan

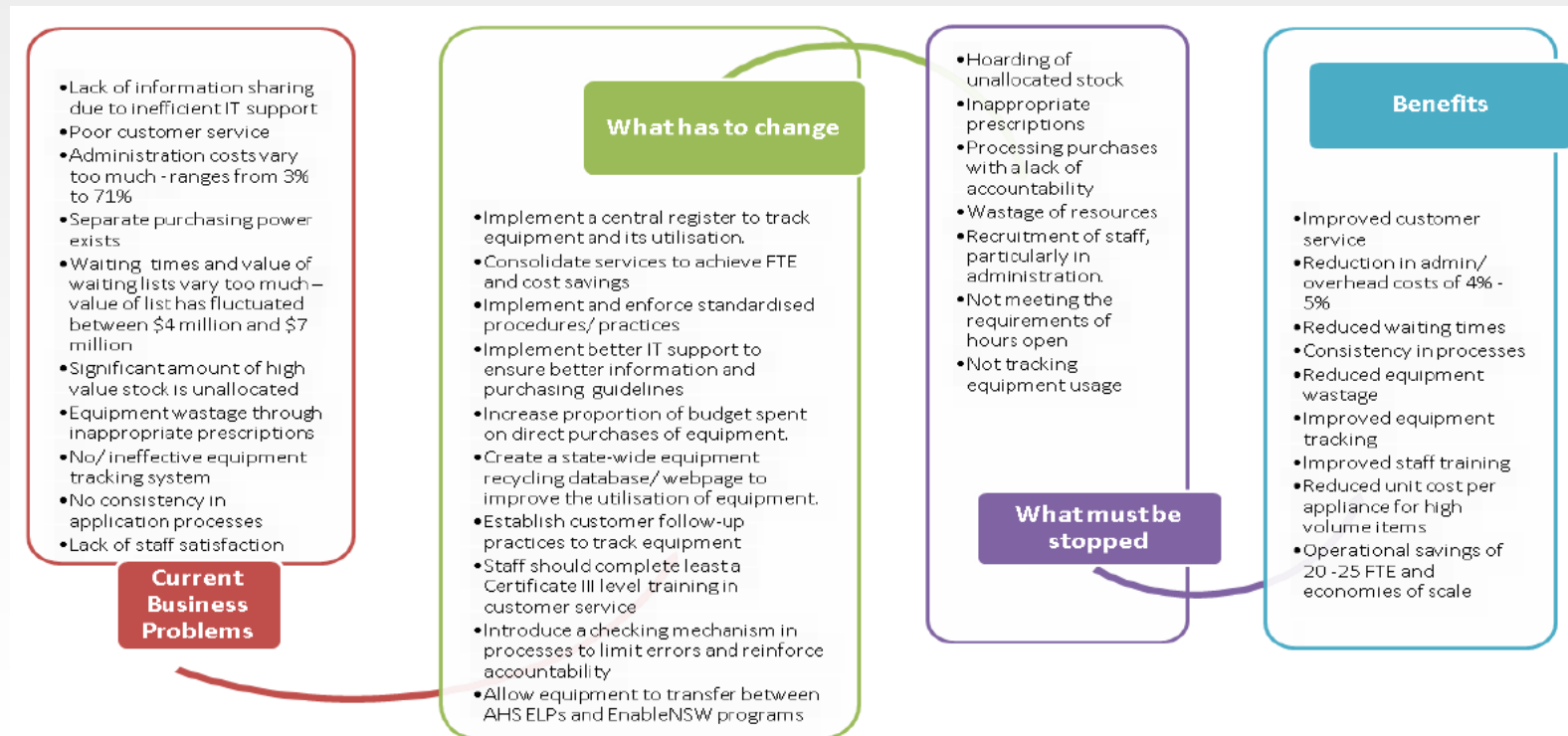# Fundamentals of the Benefits Lifecycle

Benefits Identification

- First order of business: Identify benefits

- There is actually a lot of work here, including
  - Determining appropriate benefits (qualification)
  - Defining the measurement and management processes (including metrics)
  - Ensuring appropriate processes for tracking and communication

- Benefits may come from many places, but a primary source of potential benefits is a *business case* or similar document that provides justification for investment
  - Business cases are often built on tangible and intangible benefits; ensuring that the benefits in the business case approximate the current reality is key!

A Simple Framework for Identifying Benefits

J. Ross Publishing WAV™ material

Example

Current Business Problems
- Lack of information sharing due to inefficient IT support
- Poor customer service
- Administration costs vary too much - ranges from 3% to 71%
- Separate purchasing power exists
- Waiting times and value of waiting lists vary too much – value of list has fluctuated between $4 million and $7 million
- Significant amount of high value stock is unallocated
- Equipment wastage through inappropriate prescriptions
- No/ineffective equipment tracking system
- No consistency in application processes
- Lack of staff satisfaction

What has to change
- Implement a central register to track equipment and its utilisation.
- Consolidate services to achieve FTE and cost savings
- Implement and enforce standardised procedures/practices
- Implement better IT support to ensure better information and purchasing guidelines
- Increase proportion of budget spent on direct purchases of equipment.
- Create a state-wide equipment recycling database/webpage to improve the utilisation of equipment.
- Establish customer follow-up practices to track equipment
- Staff should complete least a Certificate III level training in customer service
- Introduce a checking mechanism in processes to limit errors and reinforce accountability
- Allow equipment to transfer between AHS ELPs and EnableNSW programs

What must be stopped
- Hoarding of unallocated stock
- Inappropriate prescriptions
- Processing purchases with a lack of accountability
- Wastage of resources
- Recruitment of staff, particularly in administration.
- Not meeting the requirements of hours open
- Not tracking equipment usage

Benefits
- Improved customer service
- Reduction in admin/overhead costs of 4% - 5%
- Reduced waiting times
- Consistency in processes
- Reduced equipment wastage
- Improved equipment tracking
- Improved staff training
- Reduced unit cost per appliance for high volume items
- Operational savings of 20 - 25 FTE and economies of scale

Things to Keep in Mind

- When identifying benefits, you need to think about:
  - ✓ Can I link this benefit to some capability that will be created?
  - ✓ Can I define work to achieve this benefit and integrate that work into my plans?
  - ✓ Is the benefit measurable?
  - ✓ Can a target for benefit attainment be set?
  - ✓ Can I monitor to determine if the benefit will be obtained?
  - ✓ Can this benefit be assigned to a clear owner?
  - ✓ Is the benefit realistically attainable?

Benefits Identification (cont.)

- Identified benefits may be tracked in a *benefits register*, which often includes information such as
  - Identified benefits
  - Relation of benefits to project, program, and operational work
  - Benefits targets
  - KPIs and measurement criteria
  - Status and schedule information
  - Roles and Responsibilities for benefits delivery

- Your benefits register does not need to be complex but it does need to be complete. More importantly, regardless of what you call it, it needs to exist and be used consistently as the key source of information for agreed benefits, targets, attainment data, etc.

Benefits Documentation Detail

[Key Outcome / Benefit #1 – *Insert Benefit Name Here*]

Outcome Summary

Objective:	Outcome Name
Organisational Goal:	Organisational Goal/Metric this benefit contributes to
Description:	A Brief description of the outcome (benefit) to be achieved.
Outcome Category:	As per the Value Map legend for type/colours of the outcomes.
Incl. in Business Case?	Select from: Yes / No Will the outcome be documented in the business case?
Tracked Status?	Select from: Yes / No / Unsure Will the outcome be measured and tracked? The result of the metric assessment will be included in the business case.
Benefit Type:	**Financial Status:** Select from: Financial / Non-Financial / Milestone *Financial:* Can be translated into dollars, but may not be reflected in the current balance sheet. *Non-Financial:* Provides a view of successful delivery of an outcome, but is not translated into financial metrics, e.g. customer satisfaction. This will also cover defined intermediate outcomes. *Milestone:* An outcome that will be reflected in the program plan.
	Continuity Status: Select from: Lasting / Increasing / Once-Off *Lasting benefit:* A benefit that is achieved early and continues, e.g., software maintenance fee no longer required *Increasing benefit:* A benefit that develops further over time, e.g., customer adoption of new capabilities. *Once-Off Benefit:* A benefit that only occurs once, e.g. a one off cost saving or milestone.

Measurement Detail and Capabilities

#	Measurement Description	Baseline Measure	Target Measure	Target Start Date	Frequency	Target Finish Date
1	Description of measurement	The current state	The target state	Start measure when?	How often?	Finish measure when?

Outcome Realisation Capability and Measurability

Realisation:	Major activities required to finalise and formalise the realisation of the outcome. This will be documented as part of the Benefit Realisation process.
Measurability:	Specific tasks and infrastructure required to quantify and measure the metrics for this outcome.
Dependencies:	Other outcomes and/or other projects that are linked to this outcome.

Roles and Responsibilities

Responsibility	Name	Title and Business Unit
Outcome Owner		
Measurement of Outcome		
Reporting of Outcome		
Other		

Benefits Register Example

Benefits Report

Project Name:	xyz project	**Reporting Period:**
Version:	0.01	**Prepared by:**

Outcome ID	Outcome Description	Measure Name	Variance Current	Explanation	Action
ex - 101	This is an example outcome.	Total Cost of Operations	-10,000	High level of staff sick days this period	provide vaccination facility
		# or reams of paper consumed	25	-	-

Benefits Planning

- Much like the many plans of project and program management in the PMI standards, benefits management has an associated concept of a *benefits realization plan*. In theory, this seems simple enough. Document:
  - The benefits
  - How you're going to obtain them (link to project and program work)
  - How you're going to manage attainment, including how to embed the benefits in the organization
  - The process to monitor benefits realization
  - The communication and risk management vehicles

Benefits Planning (cont.)

- In reality, this is quite a lot of work but ideally you have an organizational template that standardizes processes such as monitoring, reporting, risk management, etc.

- If so, the work to be done on an individual effort basis is focused primarily on
  - The work required to manage benefits attainment
  - The integration of this work into relevant plans
  - Operationalizing the benefits
 - Planning for benefits sustainment

Benefits Delivery

- Benefits delivery means
  - Monitoring to ensure continued alignment of the efforts and the benefits to the organization's goals and strategies
  - Executing project, program, and other work and monitoring to ensure this work delivers expected benefits
  - Risk management
  - Communication management including reporting progress

- Benefits delivery seeks to ensure that what we create is well aligned to what we need

Sample Benefits Dashboard

Financial (is the cost/value of CS function managed appropriately?)	**Customer Service** (are we meeting our customer's needs?)
CS spend as % of company's revenue CS operating budget as a % of revenue CS capital budget as % of revenue *Adherence to Fiscal Plan/Budget*	% satisfied customers Avg. # of inbound calls per service desk analyst per month Avg. % first service desk call contact resolution % strategic project begun without predefined, compelling business cases
Internal Processes (are our processes effective, efficient, and well controlled?)	**Development, Employee** (are we increasing our capabilities, focusing on key value-added areas and supporting growth?)
% Projects Complete on Time/Budget *Defect rate* *Tickets/change requests handled/period* % of enterprise process defects due to CS	CS employee turnover % of internal CS employees % of CS budget devoted to internal employees Training days per CS employee per year CS spend on new IT investments vs. ongoing ops and maintenance

Sample Benefits Report

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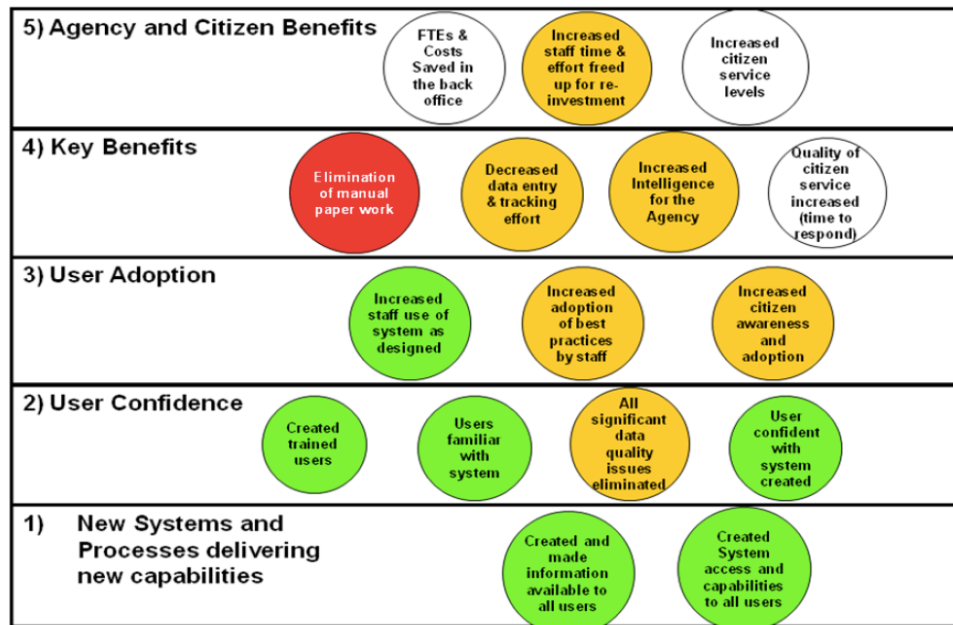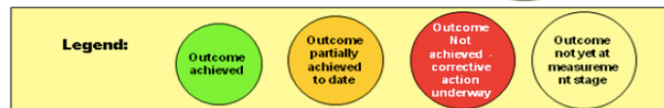
Benefits Transition

- Responsibility for benefits will not stay with the project/program teams forever; benefits must be embedded in the business environment and transitioned to the operational organization

- Benefits transition seeks to
  - Ensure that delivered benefits are ready for transition to the operational organization
  - Transition delivered benefits to those who will be responsible for ensuring sustainment ongoing
    - Including training, readiness assessment, and associated practices
  - Validation that transition was successful

Benefits Sustainment

- Benefits sustainment ensures that transitioned benefits are positioned for long-term sustainment

- This is often an operational responsibility but in some large programs a significant amount of sustainment activity may remain with the program for a period of time

- Regardless of where it resides, the function of benefits sustainment ensures that we don't backtrack

Beginning the Benefits Journey

This is All Very Interesting but *Where Do I Begin?*

- Organizations seeking to begin proactive benefits realization management may benefit from a simple, five step process
  1. Gain Knowledge
  2. Lay the Foundation
  3. Build the Process
  4. Create a Pilot
  5. Plan for the Future

#1: Gain Knowledge

- Clearly, this presentation is not going to be enough

- Much of the available literature in benefits management is closely tied to program management. Resources you might consider include:
  - OGC *Managing Successful Programmes*
  - *Benefits Realisation Management* by Gerald Bradley
  - Internet Resources (most good examples are out of Europe; government examples are well documented and can be reapplied to many industries)
  - Other training you may be able to find

- Benefits management is not necessarily hard to understand but resources such of those above will help with practical examples, templates, etc.

#1: Gain Knowledge (cont)

- One area of specific note where many organizations can benefits is in the area of *business change management (a.k.a. organizational change management)*

- People responsible for business change can benefit from understanding standard models, tools, and practices for successful business change. Since benefits realization requires embedding change in the organization, this knowledge is especially helpful.

- Training is appropriate for people who will be benefits owners and business change managers as well as for key program management and PMO staff

#2: Lay the Foundation

- Before beginning to implement benefits management as a business function, ensure that you have a firm foundation for success. Things you should check may include:

  - ✓ Do we have basic project and program management capabilities in place and working effectively?

  - ✓ Do we do a good job of creating business cases?

  - ✓ Do we do a good job of tracking business cases?

  - ✓ Do we have key stakeholders and sponsors who are supportive of this effort?

  - ✓ Are we good at spotting problems early?

  - ✓ Are we good at communicating success and learning from failure?

#2: Lay the Foundation (cont)

- If you have a reasonably firm foundation, your next step is to charter your benefits management effort. The charter does no need to be a large document but it does need to
  - Establish organizational commitment
  - Define near-term, measurable, achievable, business-aligned objectives
  - Paint a "rough" picture for the future
  - Not be written such that you are positioned to fail from the start

- Practical suggestion: Charter a small scope in a business area where projects and programs are generally successful already

#2: Lay the Foundation (cont)

- What are you chartering? The activities required to:

  - Engage resources to support the effort

  - Establish benefits realization processes, tools, and practices

  - Conduct a pilot of the benefits realization process on a reasonable scope

  - The work required to *plan* for the extension of benefits realization into the organization based on pilot success

#3: Build the Process

- Basic models for benefits realization management exist so there is no need to recreate the wheel here. However, you should:
  - Ensure the appropriate integration of whatever you build into your existing organizational process assets
  - Create a process that is actually useful and practical to implement without overburdening the people who need to do the work
  - Spend a lot of time on clearly articulating and documenting roles and responsibilities as well as how you will manage accountability
  - Spend a lot of time educating and training, especially for roles that may exist outside of your sphere of influence (Senior Responsible Owners, Business Change Managers, etc.)

#3: Build the Process (cont)

- You can try to build an entire process from the start, but many organizations find it easier to focus on benefits identification and the benefits realization plan first

- This seems sensible since there is a lot of work here and for many organizations simply being able to articulate the benefits they want in a traceable and reportable way is a big win

- Then, focus on the business change aspects, building capability in business change management as associated practices

- Later, you can work on benefits transition and sustainment activities

#4: Create a Pilot

- A good pilot candidate for testing out your approach
  - Is not the most important project/program/initiative in the company
  - Is not the least important project/program/initiative in the company
  - Is not the most risky project/program/initiative in the company
  - Is not the least risky project/program/initiative in the company
  - Has a reasonable change of success
  - Has a sponsor who is committed to the effort as well as to the benefits management approach
  - Is reasonably well understood by everyone who is involved in the process

#4: Create a Pilot (cont)

- The goals of this pilot are to
  - Test out your processes and tools (especially as related to identifying benefits, mapping benefits to actual work, and planning for realization)
  - Educate additional stakeholders
  - Validate if reporting mechanisms are appropriate
  - Learn lessons that will be helpful as you move forward

- The pilot is over when
  - You are comfortable that the process works and is not burdensome
  - You have addressed all major risks and issues you've uncovered
  - Stakeholders are not complaining excessively

#5: Plan for the Future

- Assuming a successful pilot, you are ready to:
  - Develop a rollout roadmap
  - Charter the additional work required to bring the process to a broader organizational scope
  - Publish pilot success story and begin to more broadly communicate about your efforts
  - Expand the process capability building efforts as needed

And How Do I Know I'm Done?

You're Never Done!

Any Questions?

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