Making Benefits Realisation Criteria for Project Success – Challenges in Practice

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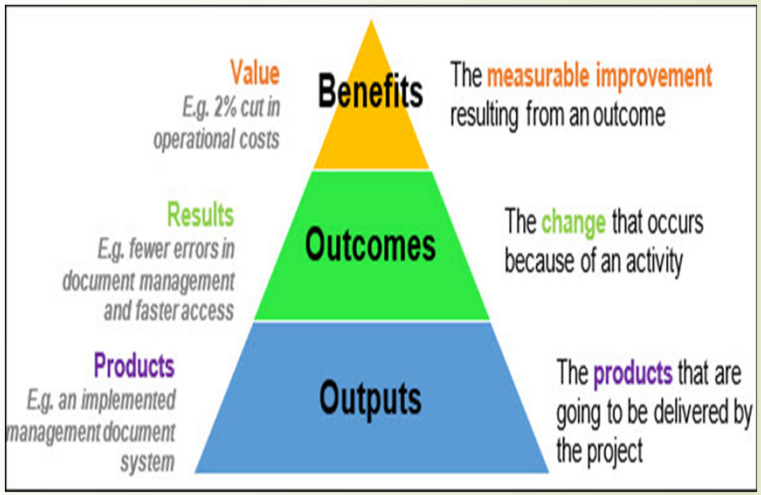
Introduction

- Research topic: Benefits Realisation and its Applicability in Practice
- Case Study: Australian Public Sector
- Data Collection -Interviews: 45 participants in 6 departments
- Identified seven major themes
- Benefits identification, Benefits Alignment to Strategy, Benefits Delivery, Benefits Ownership, Governance for Benefits, Benefits Enablers, and Benefits Inhibitors

What's A Benefit

- Project output is a product/service
- Outcome is the change that occurs as a result of the use of project outputs
- Benefit is 'a measurable improvement from an outcome which is perceived to be advantageous by a stakeholder' (PMI 2016)
- Benefit is 'the value that flows into the organisation' (Zwikael and Smyrk 2012)
- 'Benefit is a measurable advantage owned by the group of stakeholders' (Badewi 2016)



Benefits Realisation and Project Success

- BR means ensuring that project outputs are used effectively by changing users' behaviours and operations, and ROI is monitored and validated over time (PMI 2016).
- BR requires benefits are identified, defined in measurable terms, linked to strategic objectives, delivered and fully realised (PMI 2016).
- Researchers hailed benefits realisation as real criteria for project success
- Traditionally project success is based on Iron Triangle – project completion on time & cost
- Two dimensions of success in the PM space
  - Project management success – Iron Triangle
  - Project success – achieving outcomes and benefits
- Benefits realisation is about the project success

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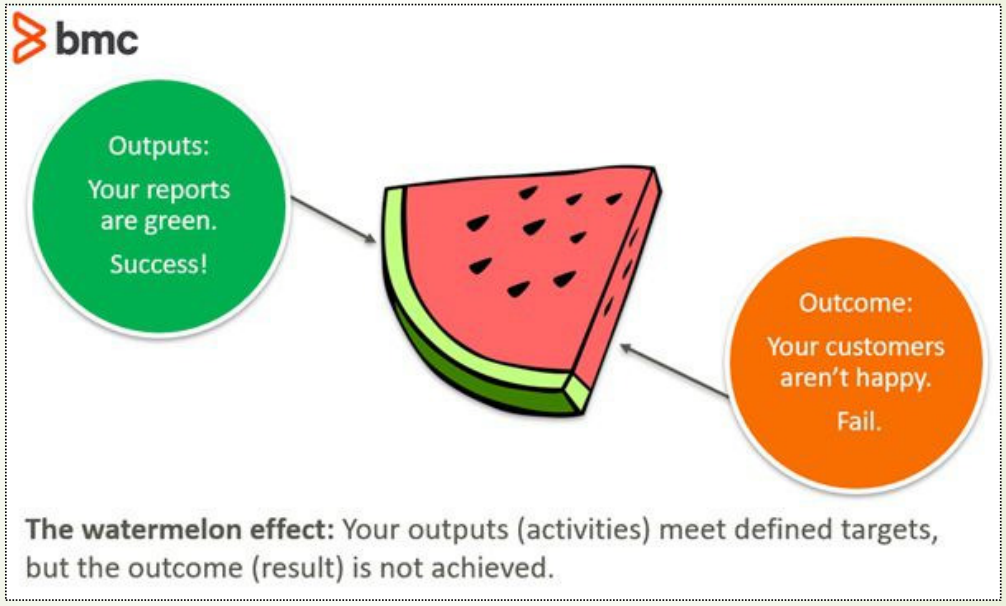
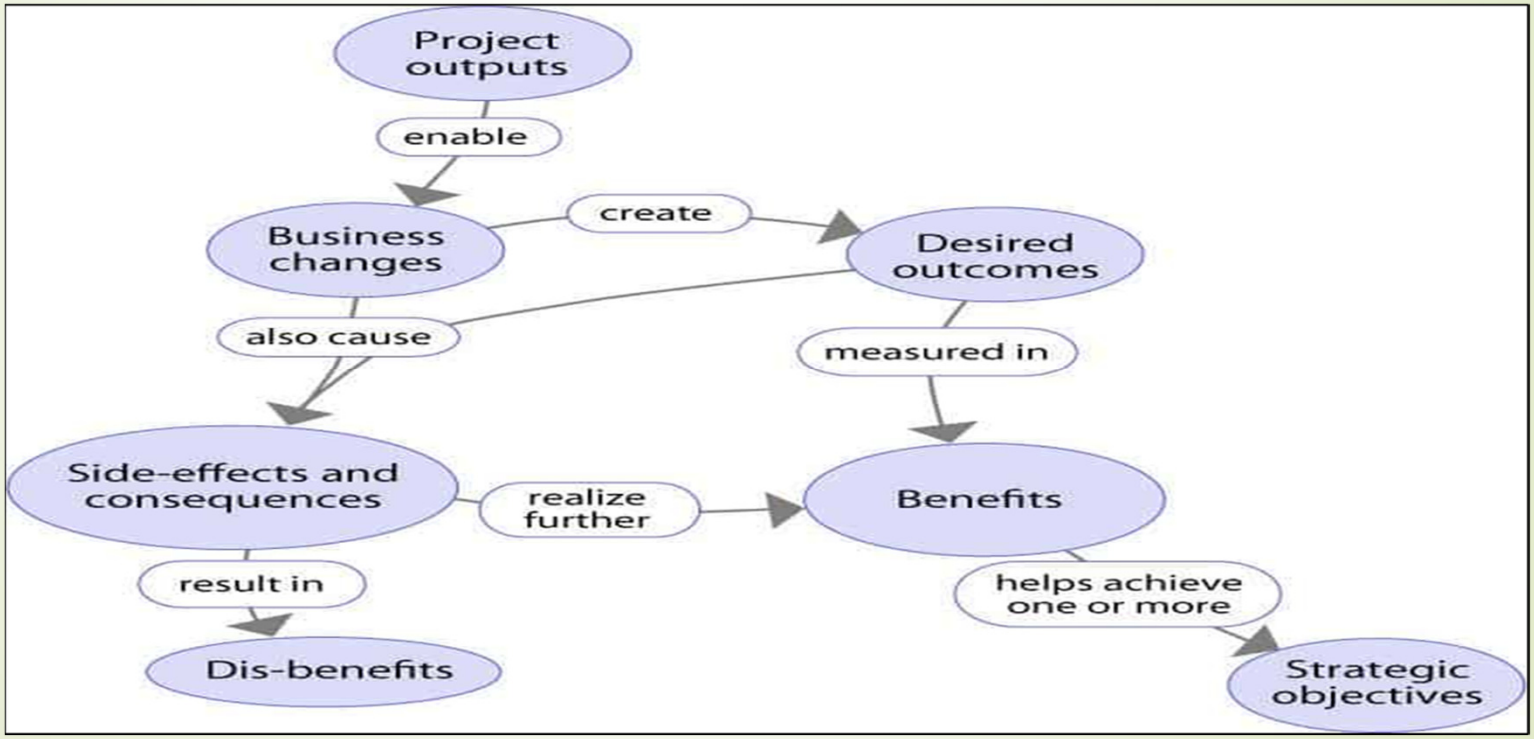
Water Melon Effect



Source: BMC Software

BR - From Outputs to Outcomes and Benefits



Source: Prince2.ca

Current Challenges With Benefits Realisation in the Australian Public Sector Organisations

Benefits Identification and Formulation

- Organisations struggle with accurate identification and formulation of project benefits
- Identified benefits are unmeasurable statements such as ‘a more cohesive Australian society’ and ‘new computing system’.
  - *“They are developing benefits that are not benefits … they all sound fabulous on paper”*
  - *“In the business case you can promise anything… it does not mean it's going to happen”*
- In Europe 38% of respondents admitted frequently exaggerating benefits (Ward 2006)
- Evidence of overstating benefits to get approval
  - *“Not all the time, but it is common for certain areas to put in anything in their business cases just to get funding”*

Benefits Alignment to Strategy

- Benefits are loosely aligned to strategy
  - *"organizational objectives are such that you can align anything with them"*
- Organisational strategic objectives are generic, often ambiguous and at times fluid due to mergers and restructuring
  - *"All our strategic directions changed, so it is very hard to change that [benefits] quickly, they try to, but the organization has changed so much in four years and continually changes, it would be really unfair to try and ask them to keep trying"*
- Globally, only 57% of the high performing organisation successfully align benefits to organisational strategy, and 28% of low performers effectively align projects to org strategic objective (PMI 2014)
- In New Zealand nearly 60% of companies fail to consistently align projects to strategy (KPMG 2010)

Poor Benefits Delivery

- **Poor benefits measurement:**
- Poor benefits measurement due to the lack of baseline data,
- In one project:
  - Benefit = improved network capability
  - Benefit measure = improved network connectivity
  - Benefit value = improved system performance
  - *"I would acknowledge that in a rush to deliver projects, the time taken either to baseline properly beforehand or to measure benefits afterwards, is not given the attention it needs."*
  - *"a lot of documents that came through, I saw, had very poor measurability."*
  - *Unfortunately, no measurement has taken place, nobody is actively measuring on monthly basis, saying well, how we are performing, they do so from a financial point of view but not from the perspective of the benefits."*

Poor Benefits Realisation

- As the project outputs are operationalised, benefits are not measured and reported
- Benefits realisation should be measured between -18 months of BAU
- *"Some benefits are not realized until six months after the project is done, nobody really follows up, and it needs following up, but we do not have anybody that really does benefits in the department as such."*
- *"I have seen that when it [product] goes into sustainment, the benefit does not get tracked.... because of the changes that happened, you do not see the benefits immediately at the point in time, in sustainment it gets lost."*

Weak Assurance Mechanism

- Major projects gateway reviews for realised benefits
- Projects over $30 million are subject to gate reviews from the Dept of Finance
  - *"When the gateway review happens, there is a flutter and flurry and hurried activities around, okay we need to provide some data to gate review, other than that, it is largely not systematic. Whenever a gate review or a follow-up update nears then people scramble into action doing ' bits and pieces".*
  - *"Once the project is delivered and it's transitioned into BAU, I do not think there is a standard rigorous system, mechanism, or process to review, whether the projects have contributed to the benefits, they said they will be".*
  - *"The time required to focus on benefits is considered more of a luxury and is not tagged with the value it can give back to the organization".*
  - Internal projects escape external scrutiny

Lack of Clear Benefits Ownership

- Benefits Owner's role is critical in benefits realisation
- Senior Responsible Owner (SRO)is the overall owner of benefits in a program
- SROs manage 10-15 projects in a given time
  - *"I would have to say half the reasons why we are struggling: our SROs do not understand benefits. Senior executives don't understand benefits, so they talk about it, this is the benefits and that's a benefit."*
  - *"Due to the lack of understanding of benefits by the senior executives, they keep trying to push the benefits to the program managers and project teams, who of course won't be there after the project has been delivered."*
  - *"I have an SRO, who has never read the business case… This SRO had been here for two years saying, she has never read the business case… because such executives are really focussed on outputs and products, and not benefits and outcomes."*
- The process of appointing a benefits owner is problematic
  - *"You have just been made the SRO, because you happen to be responsible for that branch, you do not necessarily know of it."*

Governance For Outputs Rather Than Benefits

- Literature highlights a strong connection between governance, project success and benefits management (Musawir *et al.* 2017, Badewi 2016, Joslin and Muller 2016a).
- Tension between two roles – Managing in day-to-day style and managing for change in projects
  - *"There is a governance challenge because I often think the program governance bodies that have been put in, are not right, they actually use governance that we have used for running the business to try to change the business."*
- Lack of understanding of the governance role among senior executives
  - *"Governance does not understand it [benefits] and governance is looking at it with scattergun approach and does not work from start to finish."*
  - *"I think governance is critical ... we have experienced public servants, who take governance roles and actually they often have not done those governance roles before."*

Benefits Realisation Inhibitors

- Lack of accountability for benefits
  - *"There is no accountability framework, there is no governance framework around it.*
- More focus on project outputs than outcomes:
  - *"So I think as a part of this equation where delivery dominates over the business, benefits management also suffers".*
  - *"At the moment, the thing that mostly you get measured on, by the Department of Finance and other people, is the Iron triangle".*
  - *"Most people will celebrate if they think they have delivered on time, in scope and within budget, then yes they will celebrate and no one will ask whether they delivered the benefits".*
- Business case for getting the funds only:
  - *"It is common for certain areas to put in anything in their business case, their business cases are just for funding"*
  - *"The business case in government, the way, I see it, is very much again for funding, once the funding is done, you know, if we had 15 business benefits, which are mentioned in the business case, hardly anyone would care afterwards".*

Benefits Realisation Inhibitors

- Poor understanding of outputs, outcomes and benefits:
  - *"A lot of project managers see benefits as widgets and outputs rather than what true benefits".*
  - *"I use scope items as a part of benefits, the scope is the outcome, and the outcome is the benefit"*
- Lack of resources for benefits realisation:
  - Lack of resources for realising benefits is seen as a lack of support for benefits by the senior executives, *"look there is never a lack of money, there is a lack of commitment".*
- Poor benefits management maturity:
  - Lack of consensus on whether benefits be managed at project/program/portfolio

Benefits Realisation Enablers

- Effective change management for realising benefits
- Strong assurance and accountability for benefits realisation
- Top management support for benefits
- PMOs active role in benefits management

Recommendations

- Realising benefits is the real project success but to achieve this we must:
  - Develop benefits management skills
  - Identify, measure and realise benefits
  - Benefits owners must be accountable for the promised benefits
  - Governance for benefits rather than outputs
  - Assurance mechanism needs to be sharpened
  - Top management support through the provision of resources for benefits realisation

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