Role of Benefits Owner in Benefits Realization Management

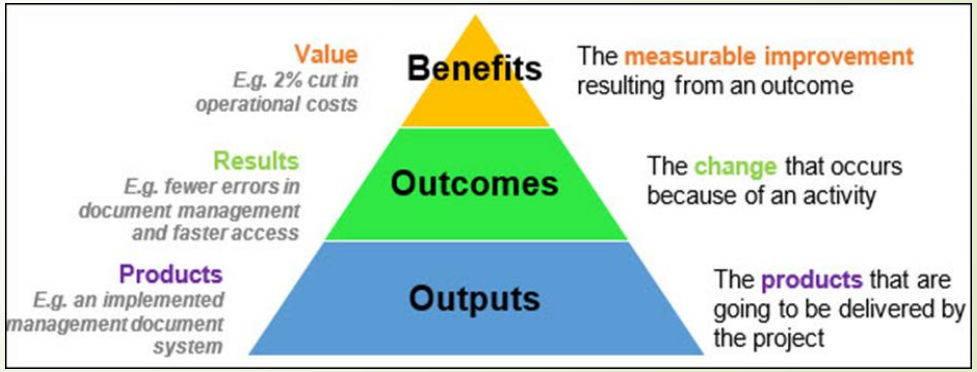
Munir Ahmad Saeed

Introduction

- Teaching Project Management at CIT
- Research topic: Benefits Realization and it's Applicability in Practice
- Case Study: Australian Public Sector
- Data Collection -Interviews: 45 participants in 7 departments
- Identified 23 themes and consolidated into 8 major themes
- Benefits Ownership is one of the major themes
- Who is the benefits owner and role in benefits realization

What's A Benefit

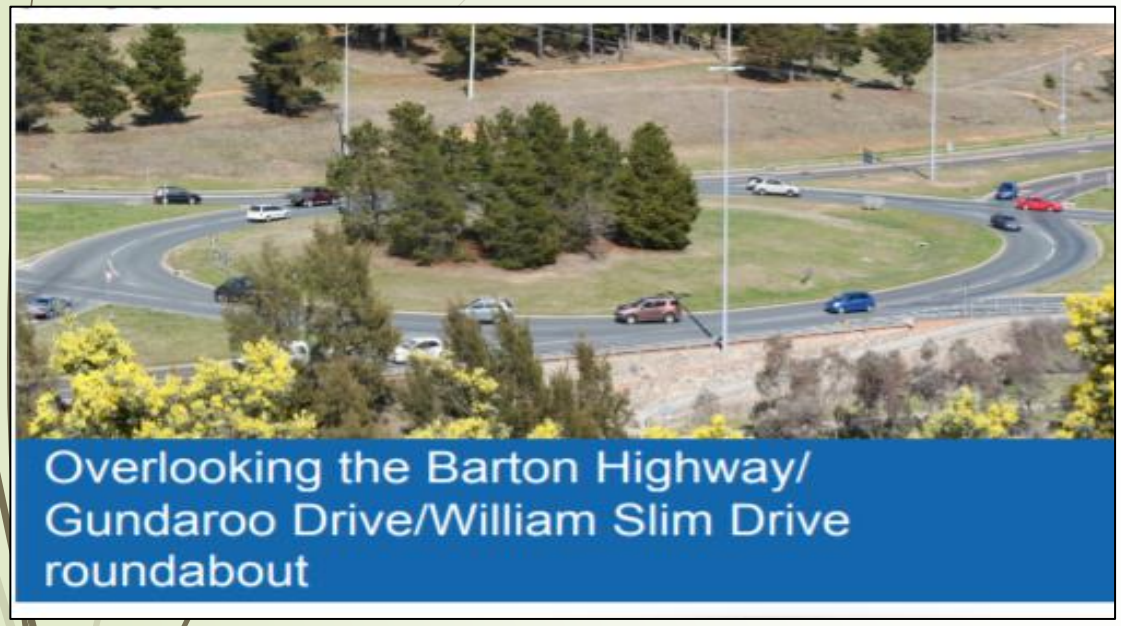
- Benefit is 'a measurable improvement from an outcome which is perceived to be advantageous by a stakeholder' (PMI 2016)
- Benefit is 'the value that flows into the organization' (Zwikael and Smyrk 2012)
- 'Benefit is a measurable advantage owned by the group of stakeholders' (Badewi 2016)
- Outcome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



Source: Techno PM

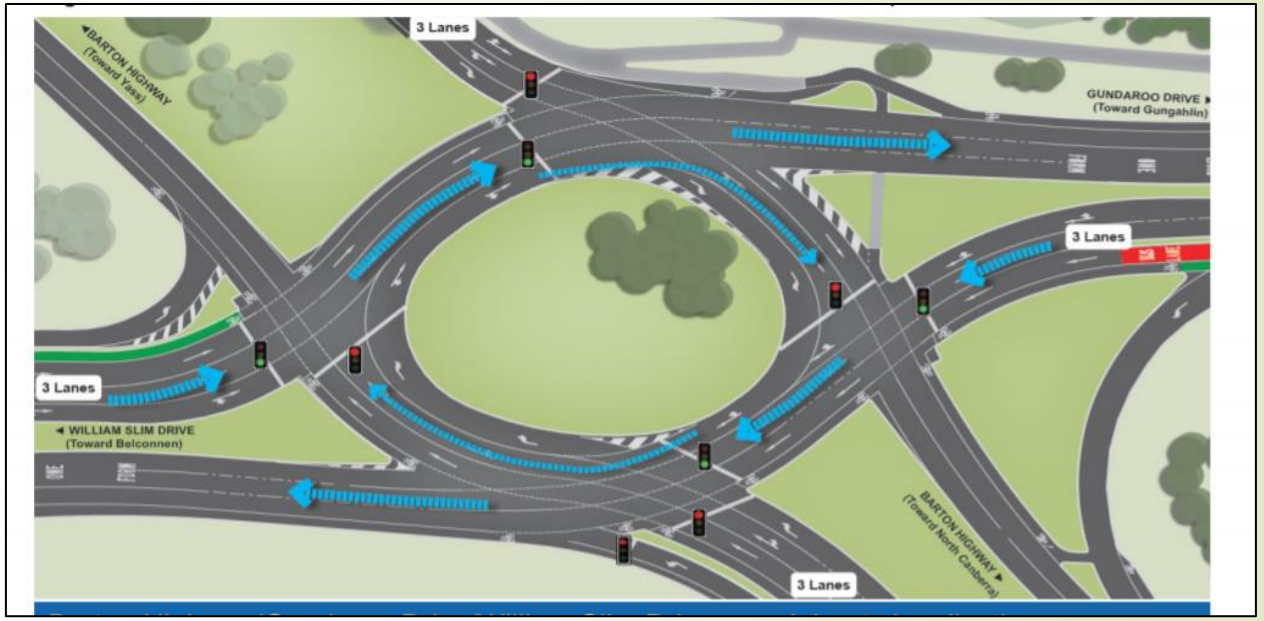
Benefits of A Roundabout Modification

Before



2010-2014: 515 Accidents
2015: 112 Accident

After



2017: 47 Accidents
Benefit: 65 less accidents

Benefit: e.g., minimising accidents at a roundabout

Tangible benefits – less deaths/injuries, insurance claims, less traffic congestion
Intangible benefits – safer roads and higher community satisfaction

Benefits Realization Management (BRM)

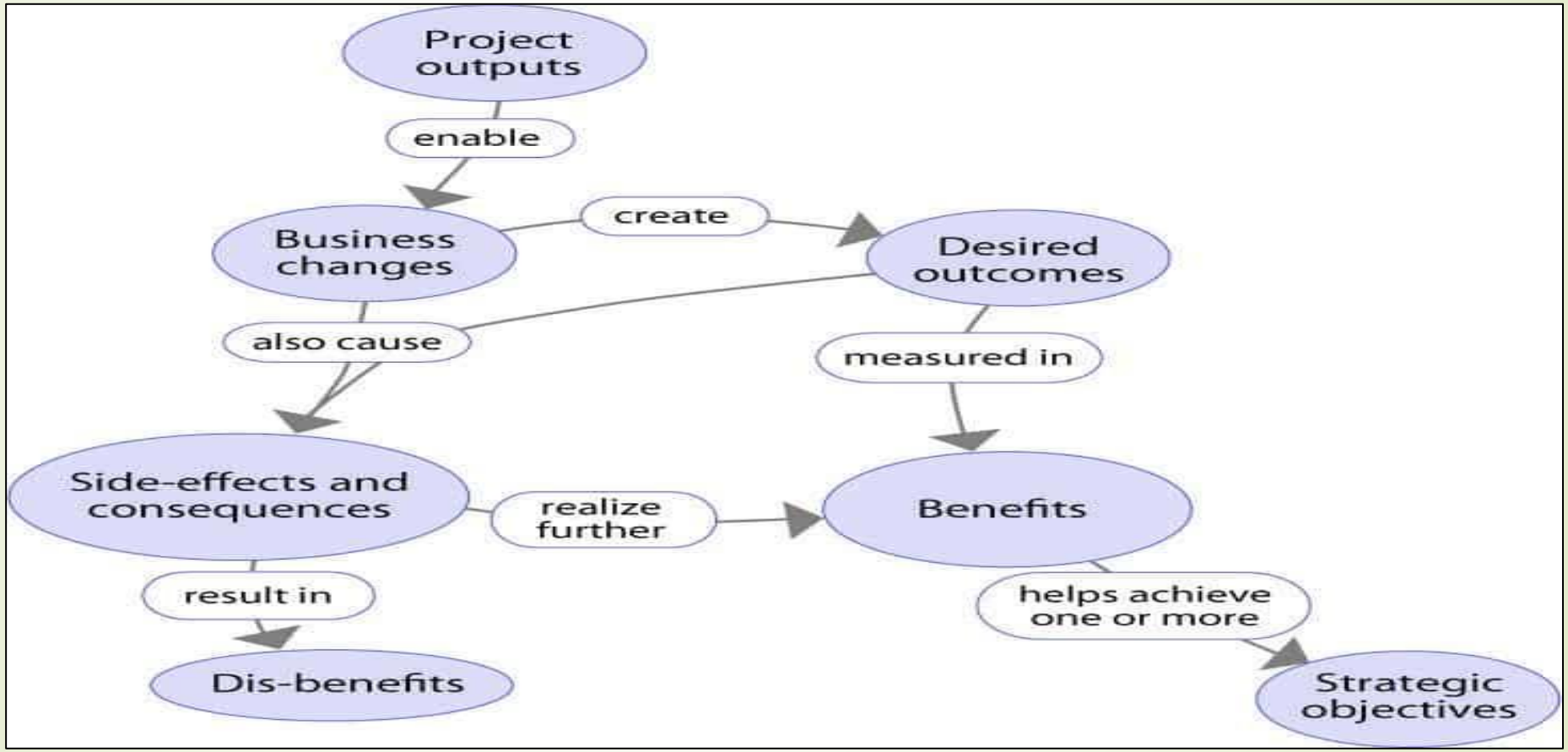
- BRM means ensuring that project outputs are used effectively by changing users behaviours and operations, and ROI is monitored and validated over time (PMI 2016)
- BRM requires benefits are identified, defined in measurable terms, linked to strategic objectives, delivered and fully realized (PMI 2016)
- Researchers hailed benefits realization as new criteria for project success

Why BRM is Considered Project Success?

BRM As A Measure of Project Success

- **What is success in PM space?**
  - Project management success: delivery of project outputs in time and on cost
    - Are you thinking, what I am thinking (Sydney Opera House)
  - Project success: delivery of project outcomes and benefits
    - Is Sydney Opera House a project success?
    - Perhaps unintended benefits compensated PM failure
- BRM focuses on project outcomes and benefits rather than outputs

BRM - From Outputs to Outcomes and Benefits

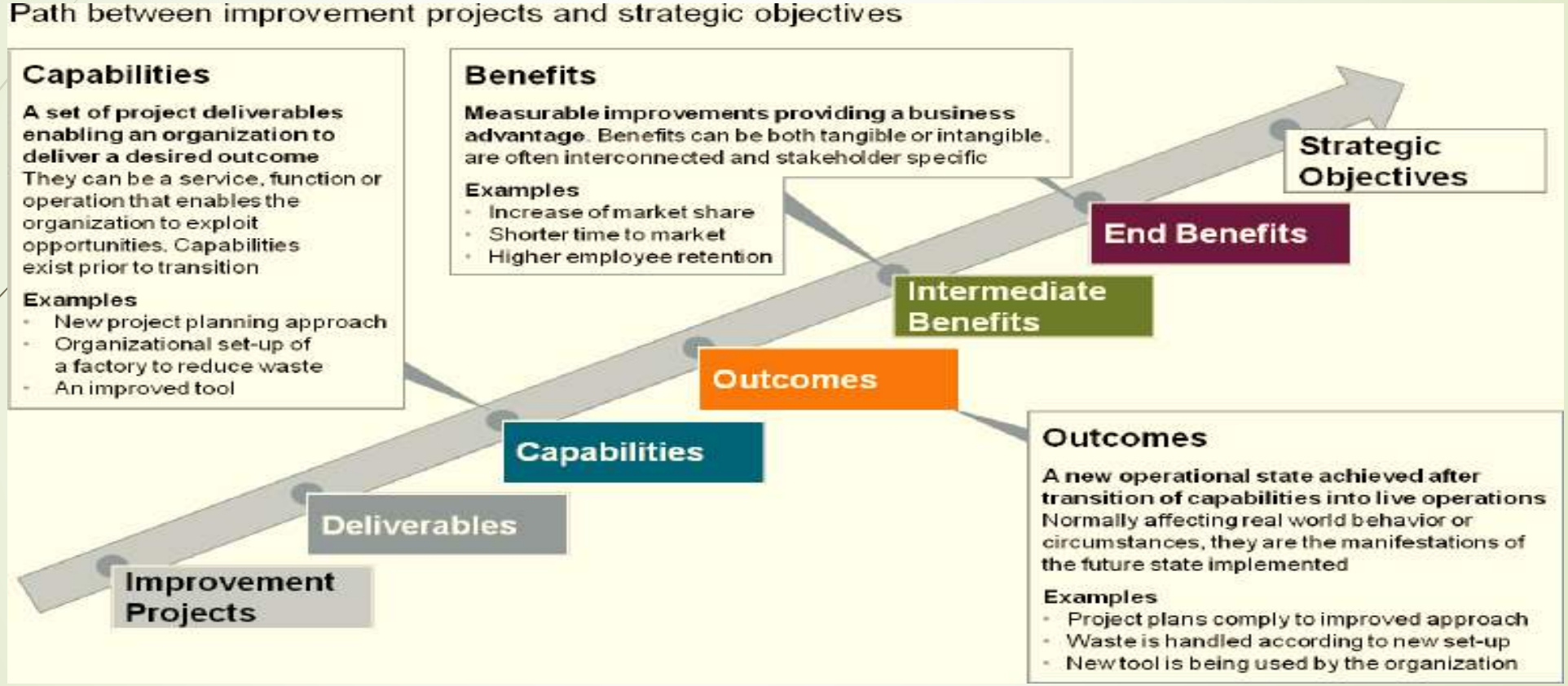


Who Makes Benefits Realization A Success?

Benefits Owner

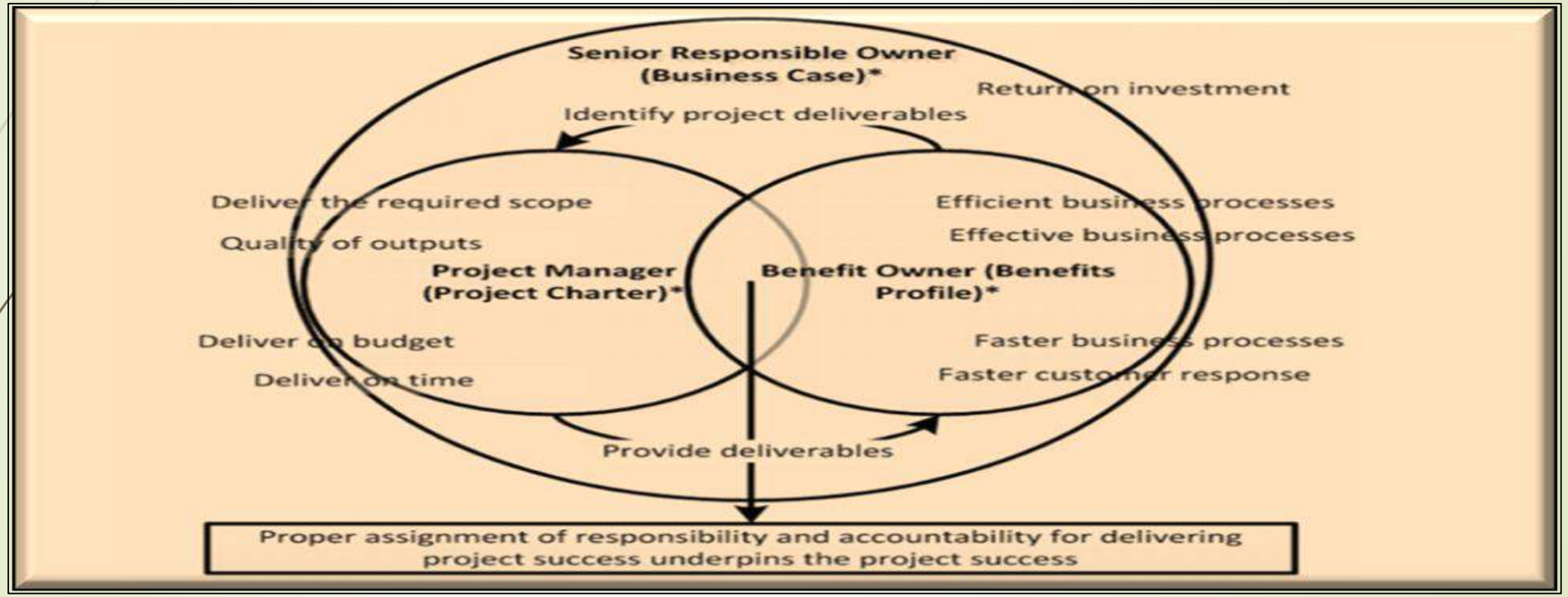
- Benefits Owner is one of the ten major PM roles (Zwikael et al. 2019).
- Benefits owner ‘is responsible for realising benefits’ (Bradley 2010).
- Project ‘owner is a person who has identified a problem and fervently seeks to resolve it’ (Goff-Dupont 2020).
- Project owner is responsible to fund the project and receive the benefits (Krane et al. 2012).
- In Public Sector Organizations the SRO (Senior Responsible Owner) is project owner and benefits owner

Three Key Roles in PM Theory



PMI

Benefits Owner's Role in Benefits Realization

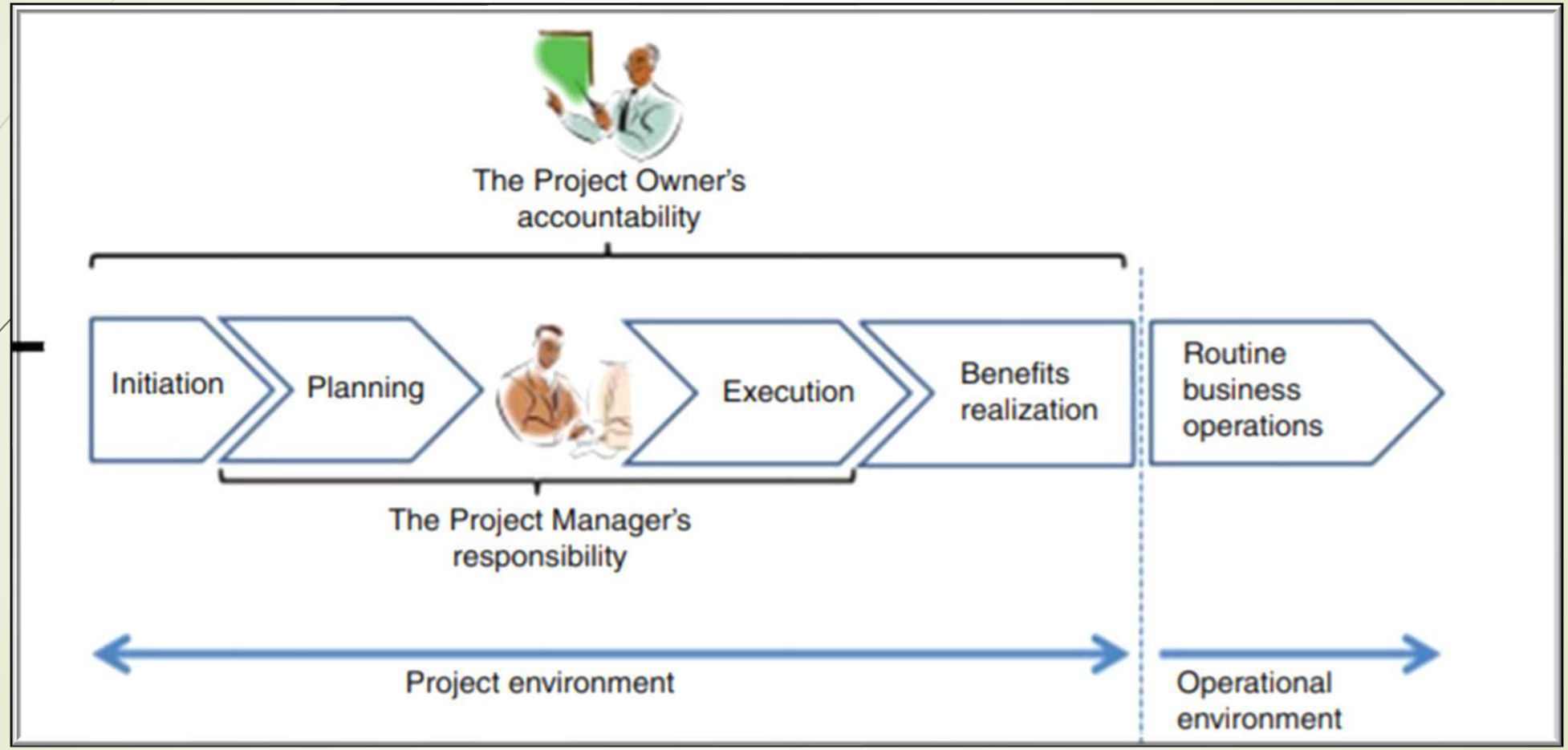


Zwikael et al. 2019

Who Should Be The Benefits Owner?

- Senior Responsible Owner (OGC 2009).
- Operations Manager (Zwikael et al. 2019).
- Product Owner (Scrum Study 2016).
- Project Owner
- Benefits Manager

SRO's Role PM Life Cycle



Weaver (2012)

Responsibilities of Benefits Owner

- **Benefits owner is responsible for:**
- Analysing the impact of the benefit against the broader goals of the initiative
- Assigning team members responsible for collecting and analysing data
- Re-planning benefit realisation following a project variation
- Directing the project manager about a benefit that the benefits owner is accountable for

Responsibilities of Benefits Owner

- Approving a benefit profile
- Overseeing the delivery of the benefit

(Source NZ Government)

Why Benefits Realization Management is struggling?
Research Findings

Research Findings -1

- More than 50% research participants nominated project/benefits owner a pivotal role BRM
- But lack of clarity, who is the benefits owner
- SRO is the business case owner, project owner and benefits owner
- Benefits are identified as feel good statements rather than in measurable terms, to meet the business case requirements
- SRO is appointed by default for being the head of a division,
  - *"You have just been made the SRO, because you happen to be responsible for that branch, you do not necessarily know of it"*

Research Findings -2

- Some SROs do not understand their role and benefits, as they may not be from the PM space, one research participant said,
  - *"I would have to say half the reasons why we are struggling; our SROs do not understand benefits, so they talk about it, this is the benefits and that's benefit, but they don't understand that for it to be a benefit, you have to measure it"*
- SROs lack of PM knowledge is exploited by program managers
  - *"They [SROs] heavily rely on their program managers to advise them if there is anything wrong with the project, and …lot of them hide a lot. So, they [SROs] don't get told the full story of what is going on"*

Research Findings - 3

- *“ The [SRO] sees that status reports are green, but they could be watermelon projects, when effectively just below the surface is very red and to a large extent, we are not aware of that”.*

- Program managers refine status reports suiting to the interest of SRO
  - *“My SRO would say at the outset of the meeting, do not give me bad news”*

- SRO’s focus is on project outputs rather than outcomes and benefits
  - *“I have SRO, who have 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”.*

Research Findings - 4

- Can the Operations Manager be a benefits owner?
- Operations managers would say,
  - "It is still in the project world, I am BAU, I am not interested in this until it comes to me, and I have got better things to do"
- Is benefits ownership a problem?

  "I think part of the problem is getting ownership from the right levels in the public service to actually take responsibility for that and what I found is that they do not want to do that. They don't feel comfortable taking ownership often"

Research Findings - 5

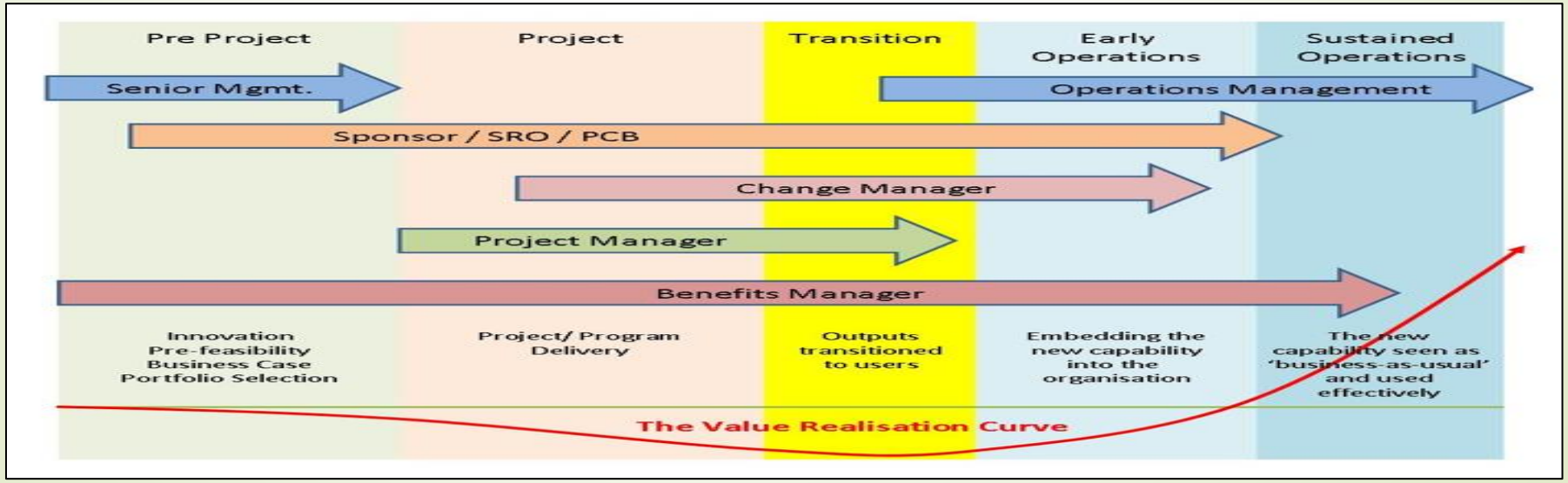
- The element of contestability is missing from the benefits claims at the business case level
- Benefits are not tracked and measured during transition and delivery phases
- Strong accountability for benefits realization is missing
- Project implementation review is expected to review benefits realization, but it rarely happens
- Focus of project/program governance is on outputs rather than outcomes

Research Findings - 6

- SROs would benefits from training about their role and benefits realization
- Senior executives frequently move out to different roles that impacts accountability for benefits
- In some cases business cases are developed without wider consultation
- Once the project moves into delivery phase, benefits lose focus
- Lack of clarity on benefits owner is negatively impacting benefits realization

Recommendations

- BRM should be integrated into PM life cycle
- SRO should remain overall accountable for benefits realization during the implementation, transition and at least 6-18 months into BAU period
- A program manager can be delegated benefits tracking as multiple projects may be contributing towards a program benefit



Weaver 2012

Recommendations

- There must be a strong accountability of the project/benefits owner for the delivery of promised benefits
- Project Implementation Reviews (PIR) should be conducted between 6-18 months after the project product/service has been operationalised
- If there is a need to continue benefits realization reporting, then it should be a part of the operations managers' performance KPIs

Recommendations

- Alternatively, PMO can have a benefits manager to provide leadership during the delivery and transition phases of projects and programs
- Major projects are subject to gateway reviews and similarly there must be internal mechanism for internally funded projects
- Program/project governance must be benefits focussed rather than outputs oriented only

Summary

- There is increasing awareness on benefits realization in the public sector among the executives and practitioners
- Benefits realization is being hailed as new criteria for project success
- BRM should be integrated into PM life cycle rather than a parallel framework
- Benefits ownership should come with strong accountability for results
- Benefits are identified in business cases as feel good statements which are hard to measure
- After approval all focus shifts to delivery and benefits are left to post delivery phase
- Effective change management for benefits realization is missing

References

- Badewi, A. (2016). The impact of project management and benefits management practices on project success: Towards developing a project benefits governance framework. *IJPM, 34*(4).
- Bradley, G. (2010). Fundamentals of Benefits Realization, TSO, Belfast.
- PMI (2016) Establishing benefits ownership and accountability, (https://www.pmi.org/-/media/pmi/documents/public/pdf/learning/thought-leadership/establish-benefits-ownership-accountability.pdf) accessed on July 02, 2021.
- John, Ward and Daniel, Elizabeth (2006) Benefits Management: Delivering Value from IS & IT Investments, Wiley
- Musawir, A., Serra, Carlos, Edward Martins, Zwikael, Ofer and ali, Imran (2017) project governance, benefits management, and project success: Towards a a framework for supporting organizational strategy implementation, IJPM, Volume 35, Issue 8.
- OGC (2009) Managing Successful Projects with PRINCE2, The Stationery office: London
- Peppard, J., Ward, J., & Daniel, E. (2007). Managing the realization of business benefits from IT investments. *MIS Quarterly Executive*, *6*(1).
- Weaver, Pat (2012) Who manages benefits (www.mosaicprojects.wordpress.com/2012/11/03/who-manages-benefits) accessed on July 02, 2021.
- Zwikael, O., & Smyrk, J. (2012). A general framework for gauging the performance of initiatives to enhance organizational value. *British Journal of Management, 23*(S1).
- Meredith, Jack R. and Zwikael, Ofer (2020) Achieving strategic benefits from project investments: Appoint a project owner, Business Horizons, Vol. 63, Issue 1.
- Zwikael, Ofer, Meredith, Jack R. and Smyrk, John (2019) The responsibilities of the project owner in benefits realization, International Journal of Operations & Production Management, Vol 39, Issue 4.