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Benefits management

Transformation Assurance



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More than a mere buzzword in today's demanding and changing business environment?

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In the world of project management, amid efforts to sell large-scale business transformation programmes and control their success, 'benefits management' and 'benefits realisation management' are terms that are becoming increasingly commonplace. However, these processes often stop after the business case has been approved by the sponsor.

How can this be in a highly competitive business environment where change is omnipresent, investments are micromanaged by financial controllers, and failed business transformation programmes can endanger the careers of executives and managers?

An organisation's success is not built on the capacity to adapt to change, or the right investment in new markets or products. Instead success, perhaps the very existence of an organisation, hinges on the overall benefit realised by implementing change through a transformation programme.



Megatrends call for strategic transformations to realise future benefits

The current megatrends and those set to prevail in the future (e.g. the shift in global economic power, rapid urbanisation, resource scarcity, etc.) will rapidly force organisations to address change. This will in turn bring unprecedented insecurity and pressure, as long-standing advantages and unique selling propositions (USPs) are invalidated or threatened by new entrants into existing markets.

Due to these global economic drivers, organisations have to question their existing set-ups and transform themselves, resulting in a comprehensive change in strategy, operating model, structure, people and processes where appropriate. These far-reaching changes are more important than ever for organisations to ensure their continued existence. They are therefore investing heavily in transformation programmes while still in a position of economic strength, giving them the time and financial capabilities necessary for such an essential undertaking.

Although the aim is to ensure an organisation's very existence, many make the corresponding strategic decisions on

business transformation without knowing the expected benefits or how to realise these after the programme has been completed.

Rather than being an opportunity for change, measuring the success or failure of a transformation has become purely a matter of chance. Why? Simply because many sponsors and managers of large-scale transformation programmes undertake only a limited number of such initiatives throughout their careers. Furthermore, they are often sent directly from the line organisation into their new role as a programme sponsor or manager without having the proper experience, methods and tools in place to steer or to manage such a programme.

Even a successful transformation programme will not necessarily realise the expected benefits

Despite the increase in urgency and the importance of delivering successful transformation programmes, most transformation attempts fail to achieve their intended strategic objectives. Statistically, as many as 75% of IT transformations do not meet their intended objectives, be it in terms of benefits achieved, timing, or both.

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Why is benefits management in particular often ineffective in large-scale transformation programmes? From the scientific point of view, the main root cause lies in the fact that traditional methods of project management focus primarily on efficiency in project execution, and in particular the 'iron

triangle' of cost, quality and time. This focus on programme performance and output disregards the outcome, i.e. the realisation of the strategic reasons for undertaking the programme in the first place.

This unsatisfactory situation is naturally the subject of ongoing scientific endeavours, especially with regard to programmes with an IT component and possible means of increasing their effectiveness. Practitioners and researchers alike have accepted the necessity of approaches that ensure the realisation of the intended outcome, and not just the short-term programme output.

Process model and tools to comprehensively manage benefits realisation

With a view to overcoming the gap in approaches, methods and tools, project benefits management has evolved over the past two decades to become a topic of international research efforts in its own right. The objective of this discipline is to investigate the reasons behind the successful realisation of project benefits, focusing keenly on the organisational change during a transformation initiative, this being an important prerequisite for realising benefits from the ensuing programme investments.

As regards models for successfully realising benefits, the Cranfield Process Model of Benefits Management by Ward and Daniel is seen as the most common among the various methodologies from a scientific and practical perspective. It organises the process into five stages, similarly to well-known project lifecycle models such as PMBOK.

Stage one covers the identification and structuring of the intended benefits. This usually entails a comprehensive and robust presentation of the business case, setting out the intended and qualified benefits. It also includes the definition of the interdependencies between the business change and the enabling IT investment.

Stage two deals with benefits realisation planning. Following on from the decision to pursue the initiative outlined in the business case, benefit planning is mainly concerned with the allocation of owners to each intended benefit, and the plans necessary for the business transformation.

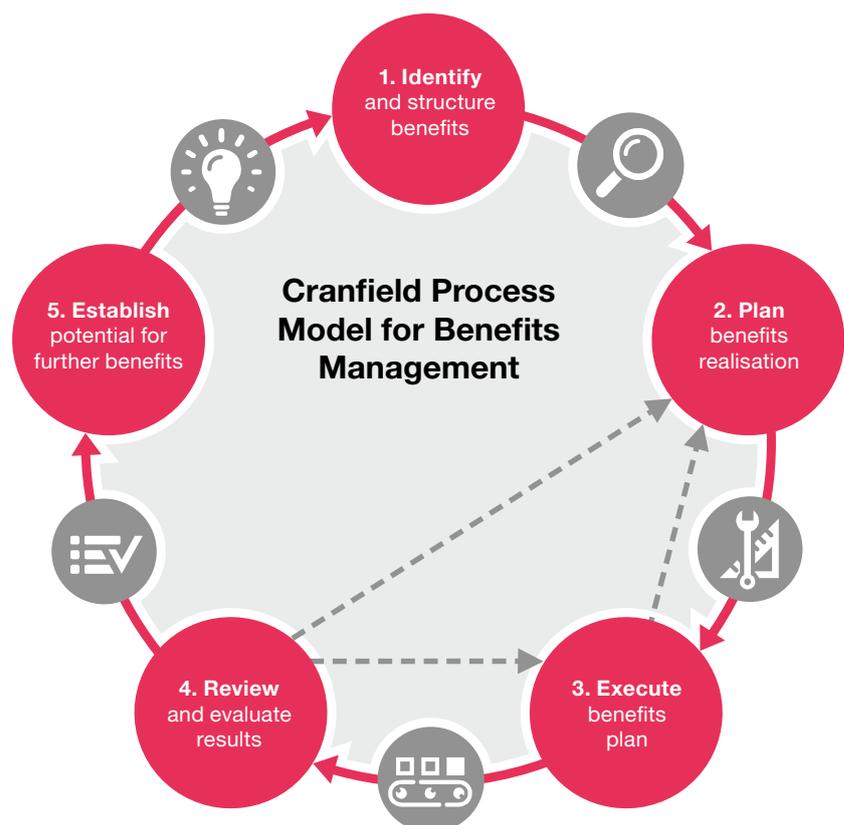
Stage three then centres on the execution of the benefits realisation plan and putting the intended transformation into practice.

Stage four comprises the evaluation and review. The monitoring of the planned and actual levels of benefit realisation should be monitored over the whole project lifecycle, and not just within a final review after project completion. That said, a final review should also be carried out, comparing the business case and the realised project outcome in particular. This final review will frequently be performed with a certain time lag however, as it often takes considerable time after completion for benefits to take hold.

The final fifth stage covers the identification of potential future benefits. This facet is among those most frequently overlooked, but can yield significant additional, unanticipated benefits if performed correctly and regularly.

Figure 1: Cranfield Process Model for Benefits Management

Source: Benefits Management – Delivering Value from IS & IT Investments; Ward, J./ Daniel, I. (2006)



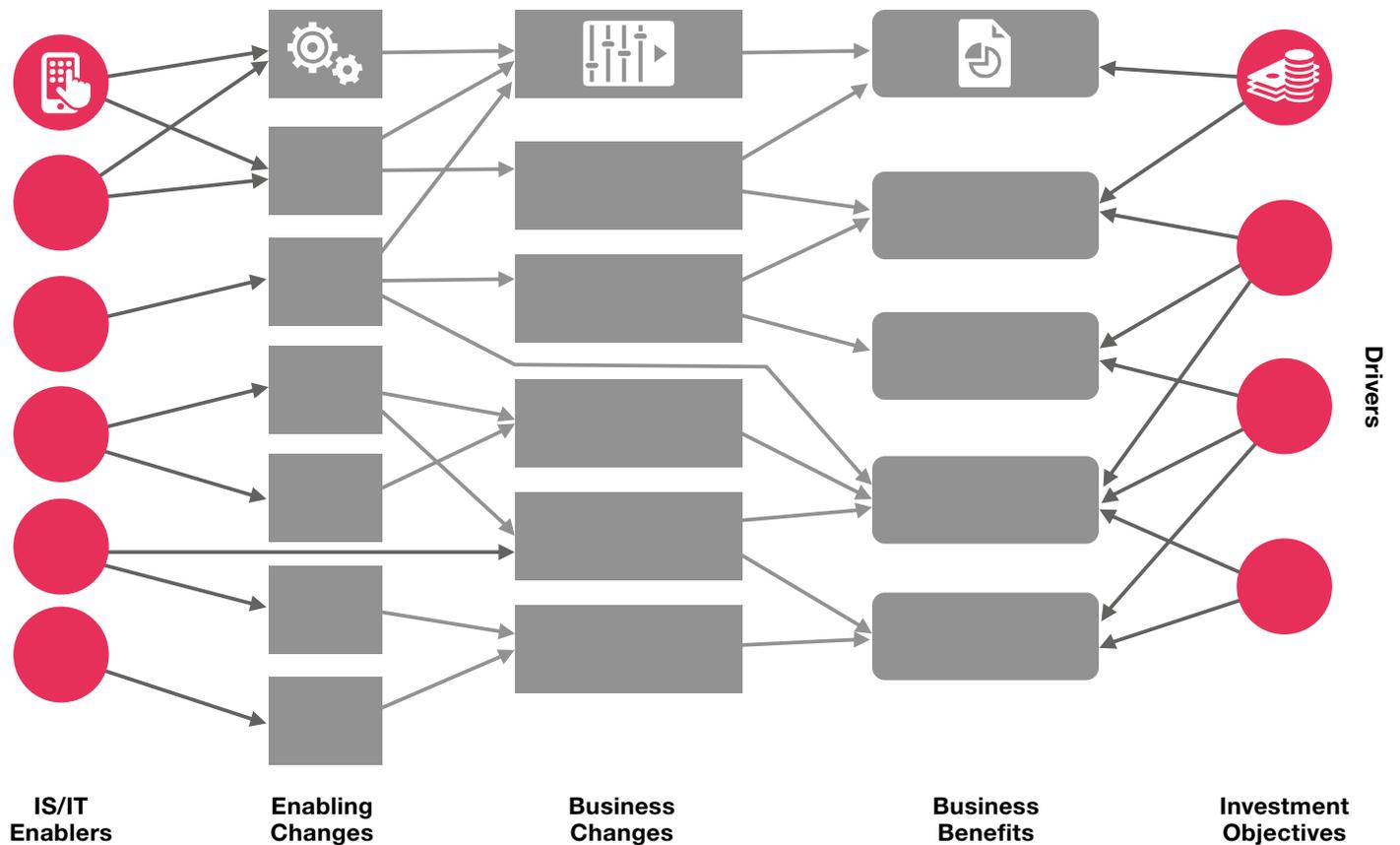
Specific tools have been developed in recent years to aid implementation and successful benefits realisation, such as benefit matrices and templates, as well as the benefits dependency network (fig.1). The latter in particular can support

programme sponsors and managers by providing a graphical representation of the transmission and interdependencies between the business drivers, i.e. the reasons for the need to change, and the resulting planned reaction.

Moreover, it shows the connections between overall investment objectives, the required benefits (the ends) with the necessary business changes (the ways), and the essential IT capabilities (the means) that enable these changes.

Figure 2: Benefits dependency network
 Source: Benefits Management – Delivering Value from IS & IT Investments; Ward, J./ Daniel, I. (2006)

The Benefits Dependency Network – Establishing the Why, What and Who...



Facing reality – benefits management is currently still perceived as a buzzword

The integration of benefits management principles across all levels of an initiative, encompassing the portfolio, programme and project levels, is an important aspect, and indispensable when it comes to the transformation initiatives. Without a holistic approach as shown above, there is a distinct danger of failing to deliver the proper alignment of the strategic objectives and the efforts to achieve them.

Since the benefits management approach can still be considered a novelty, these practices and theories have yet to become broadly established among private businesses or public organisations. The result is a lack of mature, resilient implementation of benefits management standards, methodologies and policies in daily business. In fact, many organisations have not yet fully established these principles in their portfolio, programme or project management, or struggle to achieve satisfactory maturity levels for these. Consequently, they perceive benefits management more in terms of a buzzword.

However, implementing a proven benefits management process is now of the utmost importance in realising benefits throughout the lifecycle, while avoiding putting the expected business goals in jeopardy and ensuring the future existence of an organisation in the post-change environment.

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