

Realizing Benefits – It’s What Projects Are For!

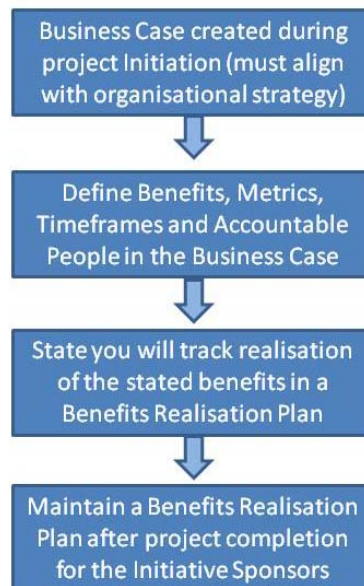
“A project Business Case is your platform for agreeing the plan to ensure value-driven Benefits Realization”.

by Gareth Byatt & Jeff Hodgkinson

We believe a simple methodology can be applied to attain Benefits Realization. Achieve true project success by ensuring:

- Project benefits are clear, concise and relevant in ‘value creation’ terms from the Business Case onwards, and that they directly relate to your organizational strategy
- People are held accountable for achieving these benefits
- Benefits stated in a Business Case are actively measured throughout the entire initiative, ie
 - During the project lifecycle (particularly if it is released in phases)
 - After the project is closed
 - When the product/output starts to be used
- Appropriate action is taken if required to alter direction (i.e. the organization changes course and the intended project benefits are no longer relevant)

Simple Process Flow for Project Benefits Realization



It Starts with a Good Business Case!

In the project management community, it is generally accepted that a project starts in earnest once a ‘Business Case’ has been agreed to and various other initiation tasks are complete. The question now is, *“Does your Business Case remain a core reference document throughout the project’s lifecycle?”*, or does it go into the project files, to be reviewed only if, say, key stakeholders request a change order or when Project Auditors visit?

Business Cases vary in size and complexity. A Business Case, and the process to agree to it, should include the following elements relating to benefits realization:

- Clearly show how the initiative contributes to the organizational strategy including the core reason for the initiative. There must be measurable benefits that specifically relate to the organization’s goals and objectives

- People must be named as accountable for ensuring the benefits are achieved (and they must know and accept this accountability)
- People must agree to these benefits being monitored over time, with appropriate adjustments made when necessary

Our Three Main Points

Point 1: Contributing to the Organizational Strategy

Circulate your proposed Business Case benefits with all key stakeholders to ensure they “stack up”, and a ‘Governance’ control group should oversee and approve key project decisions regarding agreed benefits, including Business Case approval. Remember, it can be all too easy to inadvertently omit certain stakeholders from the loop. From the beginning, ensure benefits monitoring is built into your project – it will keep you on track to deliver what your Customer needs. It is most useful to include the strategy for tracking benefits in the Business Case. This can be high-level or it can be a detailed explanation, depending on the circumstances. One word of warning: benefits tracking can mean many things, and can be subject to lack of clarity without the right level of rigor being applied. The sample extract from a Business Case below shows benefits, accountabilities, metrics (if applicable) and the proposed timeframe for realization:

Aim & Objectives of the (insert name) Initiative

The aims of this initiative are to:

- (insert here)

Justification/Rationale for Project Investment:

Benefit	Accountable person	Metric	Timeframe
	INSERT NAME HERE		
	INSERT NAME HERE		
	INSERT NAME HERE		
	INSERT NAME HERE		
	INSERT NAME HERE		
	INSERT NAME HERE		
	INSERT NAME HERE		
	INSERT NAME HERE		
	INSERT NAME HERE		

When assessing benefits, and following through in the post-delivery phase, one should talk to people across the organization vs. taking one person’s opinion as the complete story. Ensure that the focus is on creating value, and that it is realistic. For example, drawing up “Use Cases” of real-life scenarios of how people will perform activities with the new deliverables in place can help to define the realistic benefits. This is what may be termed “active planning” for change, rather than “passive planning” as it means you will understand the true value creation process. It can help ratify the scope and intentions of your project, which should mean the people nominated as accountable for achieving the benefits are confident of their delivery (and hence they should be comfortable in signing up to them).

A Business Case may not always state specific financial benefits. Projects can be charted to contribute to a strategic objective of an organization where:

- Clear-cut financial returns are not directly evident.
- Implemented as control measures in response to statutory requirements or legislation.

It is wise to include financial metrics in a Business Case only if they can be substantiated; financial justifications should not be included if you cannot justify and measure them (but track financial improvement in future if possible).

1. Business Case benefits should to be clear and concise, and relate to the organizational strategy
2. Give your Business Case importance by assigning the people who will be accountable for achieving stated benefits in your Business Case (after obtaining authority to do so). Make sure the Business Case signatories agree and understand that benefits will be tracked and corrective actions will be taken in the event of a change or direction, or failure to realize the stated benefits
3. The benefits stated in a Business Case should be actively measured through continuous participative engagement after project closure in a Benefits Realization Plan
4. Action should be taken if a benefit is not being realized (for example, if the organization changes course or the project deliverables are no longer relevant)
5. Lastly, giving people a continued focus on benefits throughout a project helps keep it on track, and for the “big picture” to be maintained. It is from this vantage point that we can ensure projects deliver the benefits they were intended for.

Summary Extract:

Today, more than ever, project benefits need to be achievable then realized and then sustained (maintaining relevance) when your project is complete and its output goes into use. Adopting a simple ‘Project Benefits Realization Tracking Method’ starting from the project’s business case onwards can help you achieve this...

Mini Glossary:

Terms Used	Brief Description
Benefits Realization	What the project intends to deliver to the customer/stakeholder upon completion.
Business Case	Why the project is being done and what justifies the resources being used.
Project Lifecycle	The phases a project goes through between start to finish. Typically 3 to 5.
Project Benefits	What will be the long term results or gain derived after completion of the project.
Governance	Management group that approves the project charter and subsequent phases if needed.
Strategic Objective	High level business objective which the project has inclusion to achieving it.
Deliverable	A result gained either during or at the completion of a project.

Bios:

	Gareth Byatt is Head of the IT Global Program Management Office for Lend Lease Corporation He’s a PgMP®and PRINCE2 practitioner, and holds an MBA and first-class undergraduate management degree. Gareth has worked in several countries, and is currently located in Sydney, Australia. Gareth has 13 years of project and program management experience in IT and construction. Gareth can be contacted through LinkedIn .
	Jeff Hodgkinson is the IT Hosting Transformation Program Manager. He is a 29-year veteran of Intel Corporation with a progressive career as a Program/Project Manager. Jeff holds numerous certifications and credentials in project and program management including PMI’s PgMP® (Program Management Professional) credential. He obtained his PMP® (#713) in 1991. He is located in Chandler, Arizona, and also volunteers in various support positions for the Phoenix PMI Chapter. Due to simply helping people, ‘Hodge’ as referred to by his many friends is one of the most well networked and recommended persons on LinkedIn .

Gareth and Jeff met through [LinkedIn](#) and share a common passion for program and project management theory and practices. Though they live half a world away from each other collaborate and co-author articles. Together they bring over 40 years of experience into their subject writing for the benefit of their colleagues worldwide.

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