

BENEFITS IDENTIFICATION AND TRACKING

The presenter: Carlos Serra

MSc in Program and Project Management (University of Warwick / UK), **Masters in Project Management** (UFRJ / Brazil), **BSc in Production Engineering** (CEFET / Brazil).

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16+ years' experience in Project, Program and Portfolio management in Brazil and United Kingdom, having worked for Exxon Mobil, Petrobras, Lloyd's Register Energy and Gazprom Marketing & Trading;

Lecturer for MBA programs, conferences, events and organisations;

Author of academic articles and white papers;

Reviewer for the **International Journal of Project Management**;

Author of the book **Benefits realisation Management: Strategic Value from Portfolios, Programs, and Projects** , CRC Press.

Agenda

- Benefits Realisation Management maturity and High Performance
- Benefits Realisation Management Processes
- Benefits Definition / Identification
- Benefits tracking
- Q&A

**BENEFITS REALISATION MANAGEMENT
MATURITY AND HIGH PERFORMANCE**

Introduction

"High benefits realisation maturity is inevitably linked to the success of projects - and strategic initiatives.

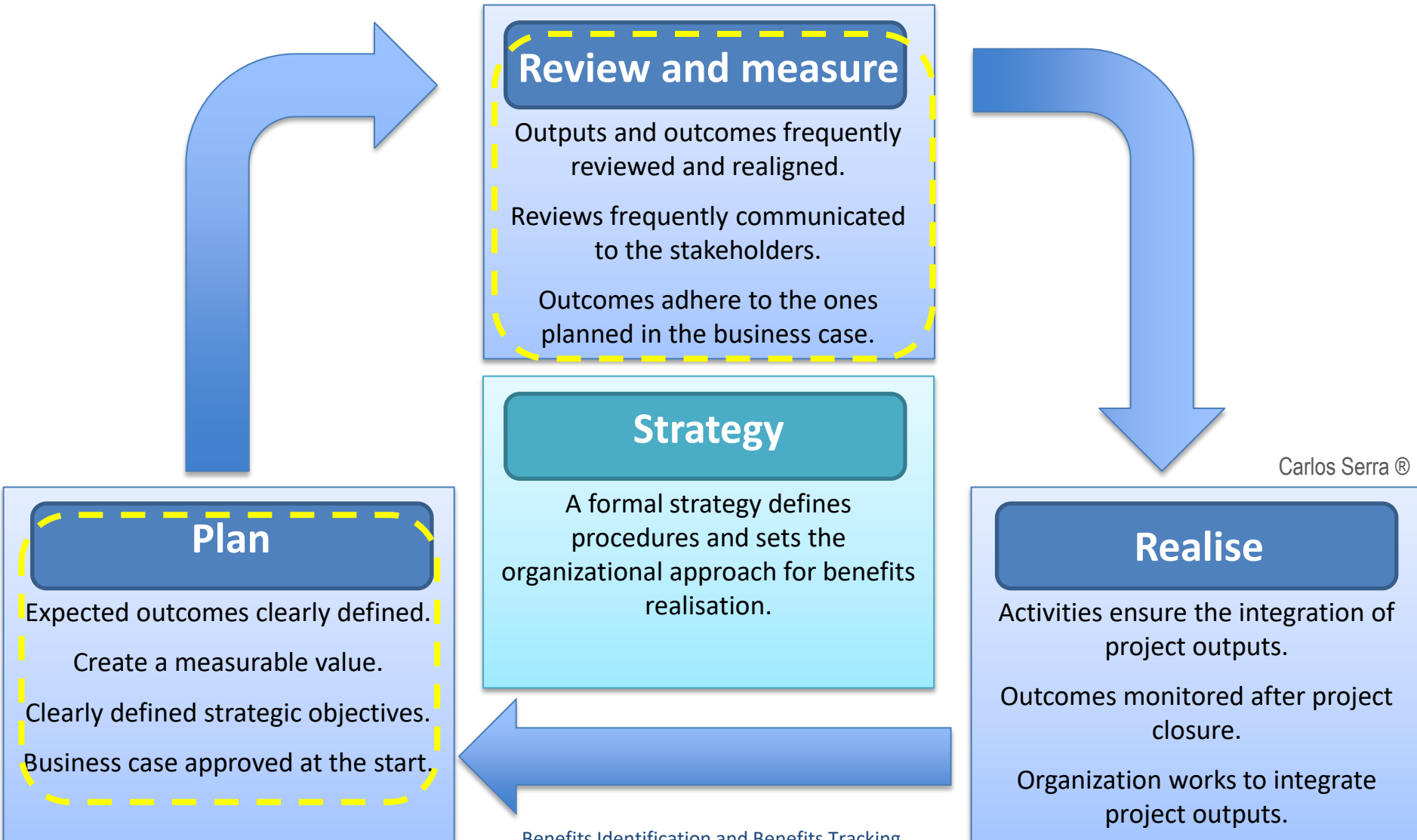
Despite this, our latest Pulse research reveals that fewer than one in five (or 17 percent of the) organisations report high benefits realisation maturity.

High performers are nearly eight times more likely to be mature in their benefits realisation processes."

Source: adapted from Project Management Institute [4]

BENEFITS REALISATION MANAGEMENT PROCESSES

Managing the realisation of benefits



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BENEFIT IDENTIFICATION

Findings from PMI® Pulse of the Profession® In-Depth Reports on benefits realization

Identify Benefits to Drive Results

“(...) projects are undertaken so that benefits will accrue.”

“Those responsible for authorizing projects—mainly executives—are also responsible for ensuring that benefits are delivered.”

“The topic of benefits (..) is the primary shared interest between project managers and business executives.”

Source: Project Management Institute [8]

Focus on Benefits During Project Execution

“Organizations that invest in benefits realization identify a significant role for project managers, especially during project execution.”

“Organizations that more fully realize benefits engage cross-functional teams.”

“Organizations that successfully deliver on strategy have the right tools and processes in place to monitor and measure benefits.”

Source: Project Management Institute [9]

Sustain benefits to optimize business value

“Organizations with high BRM maturity invest in the discipline and establish its value organization-wide.”

“Organizations that commit to the transition and sustainment activities highlighted in the report perform better.”

“Organizations that are more mature with BRM ensure they sustain benefits over time by establishing clear communication and encouraging robust dialogue (...).”

Source: Project Management Institute [10]

Essential practices identified by the PMI® Pulse of the Profession® In-Depth Reports on benefits realization

Identify Benefits to Drive Results

“LINKING benefits identification to both project and programme management.”

“ESTABLISHING benefits identification as a shared responsibility between an organisation’s executive leaders, business owners, and project professionals.”

“ALIGNING identified benefits to the organisation’s strategic goals.”

Focus on Benefits During Project Execution

“SUPPORT the role of project managers in benefits realization management.”

“ENGAGE cross-functional teams to fully realize benefits.”

“PROVIDE the right tools and processes to monitor and measure benefits.”

Sustain benefits to optimize business value

“CARRYING OUT post-project evaluations.”

“CAPTURING and SHARING of lessons learned.”

“MAINTAINING strong cross-functional communications and engagement.”

“MONITORING and MEASURING benefits performance and reporting results to key stakeholders.”

“SUPPORTING evolving user needs and product improvements.”

“DEVELOPING business cases for future initiatives to address operational needs.”

Source: Project Management Institute [8]

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Benefit identification – top down – step 1

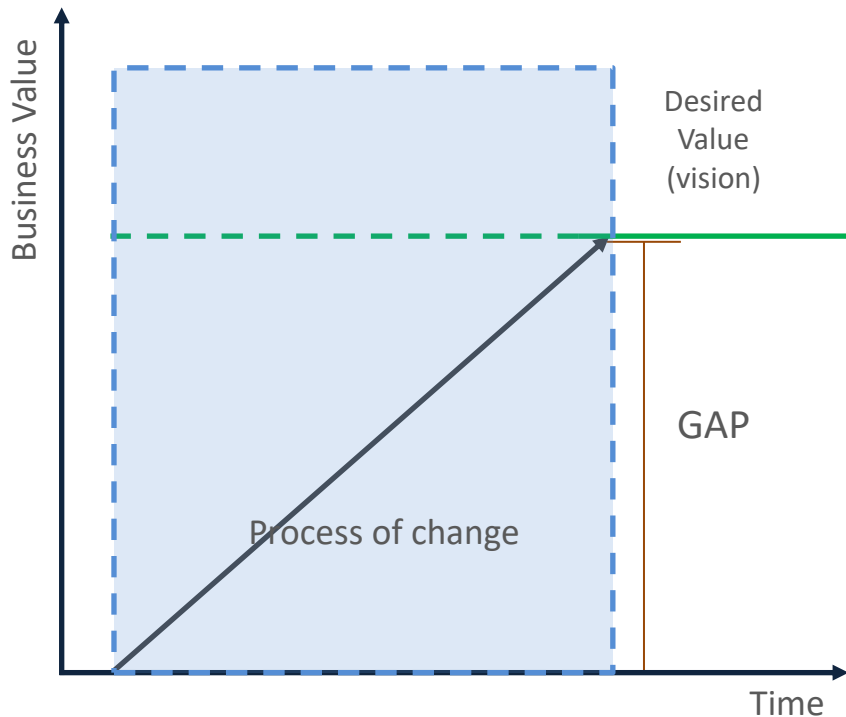
- Strategic objectives (to improve the business)
- KPIs (to measure the improvements)
- Benefit profile (end benefit)
- Programme
- Benefit profile
- Project
- Benefit profile

Four types of initiatives

Strategic Initiatives

⇒ to enable new capabilities.

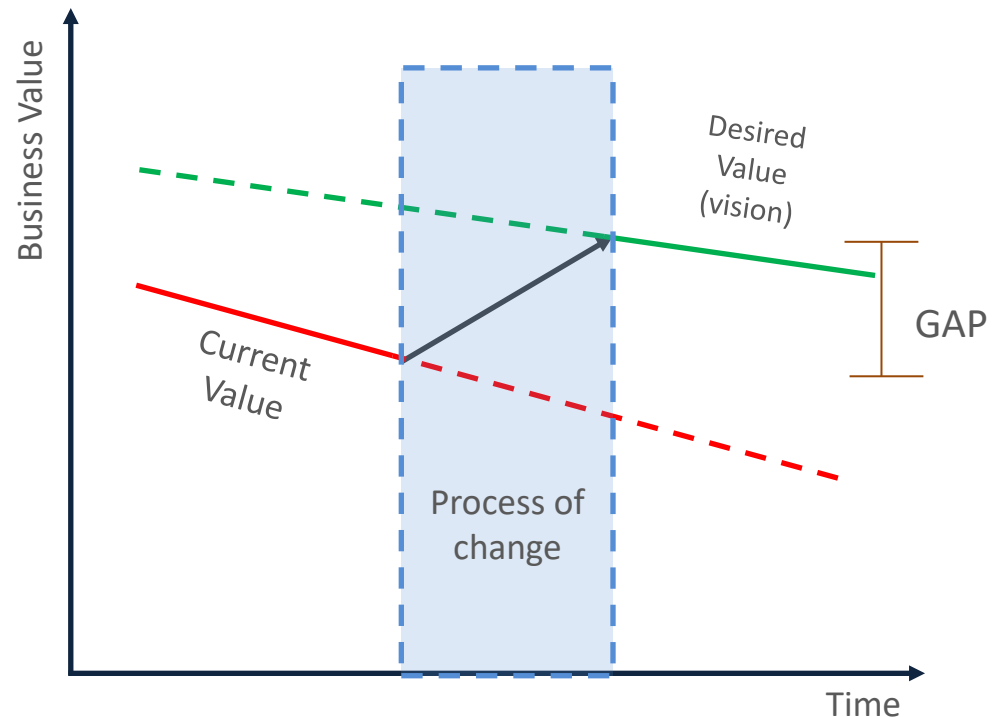
e.g. development of new products, processes or technologies.



Operational initiatives

⇒ to maintain/improve an existing routine.

e.g. improvement of products or processes that already exist.

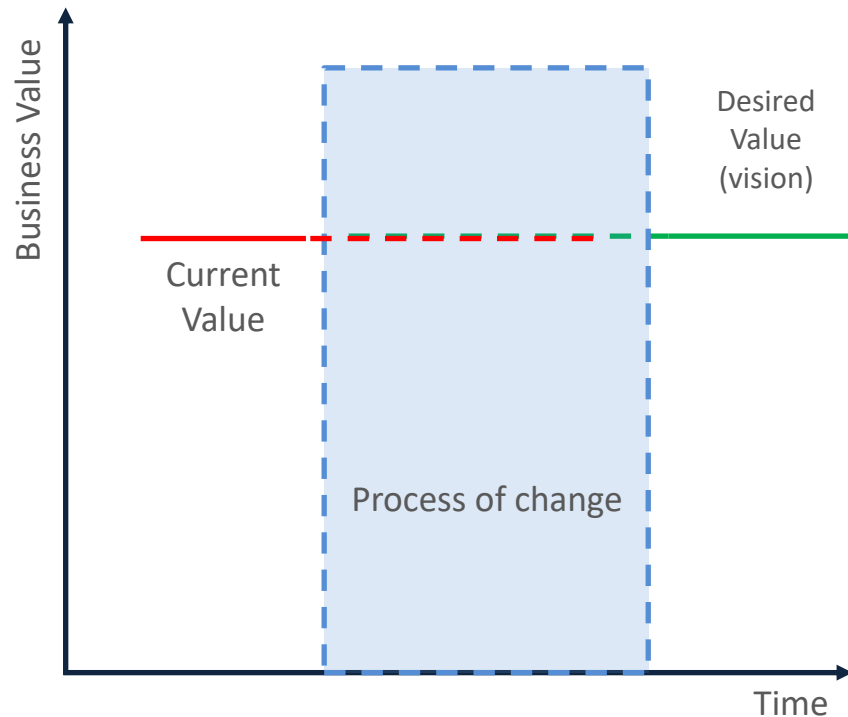


Four types of initiatives

Compliance initiatives

⇒ to comply with an emergent need.

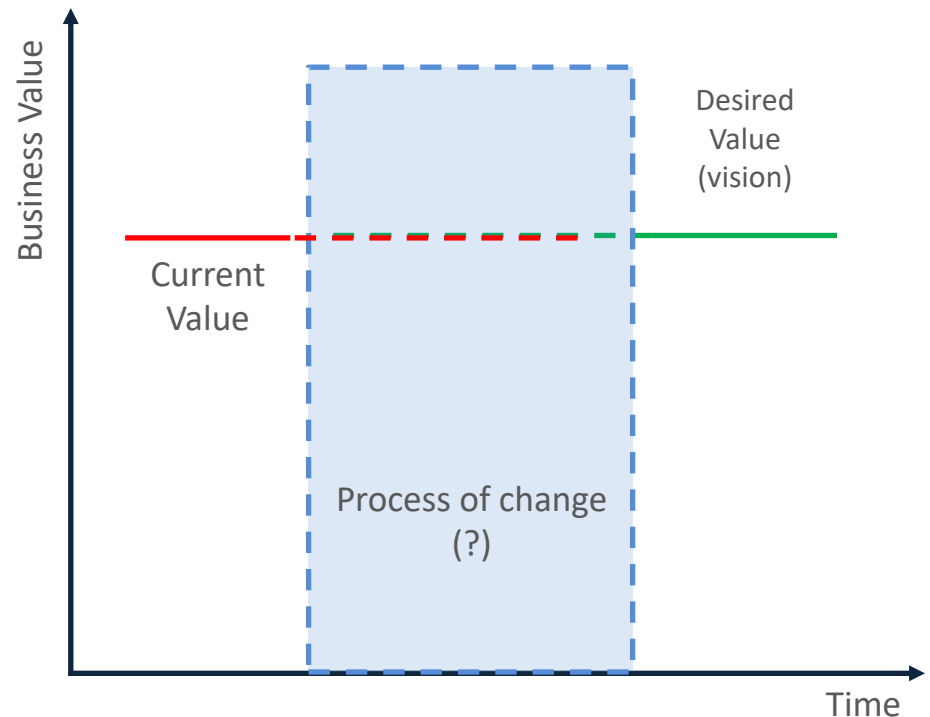
e.g. regulatory changes, technological changes, natural disasters, trade unions' pressures, etc.



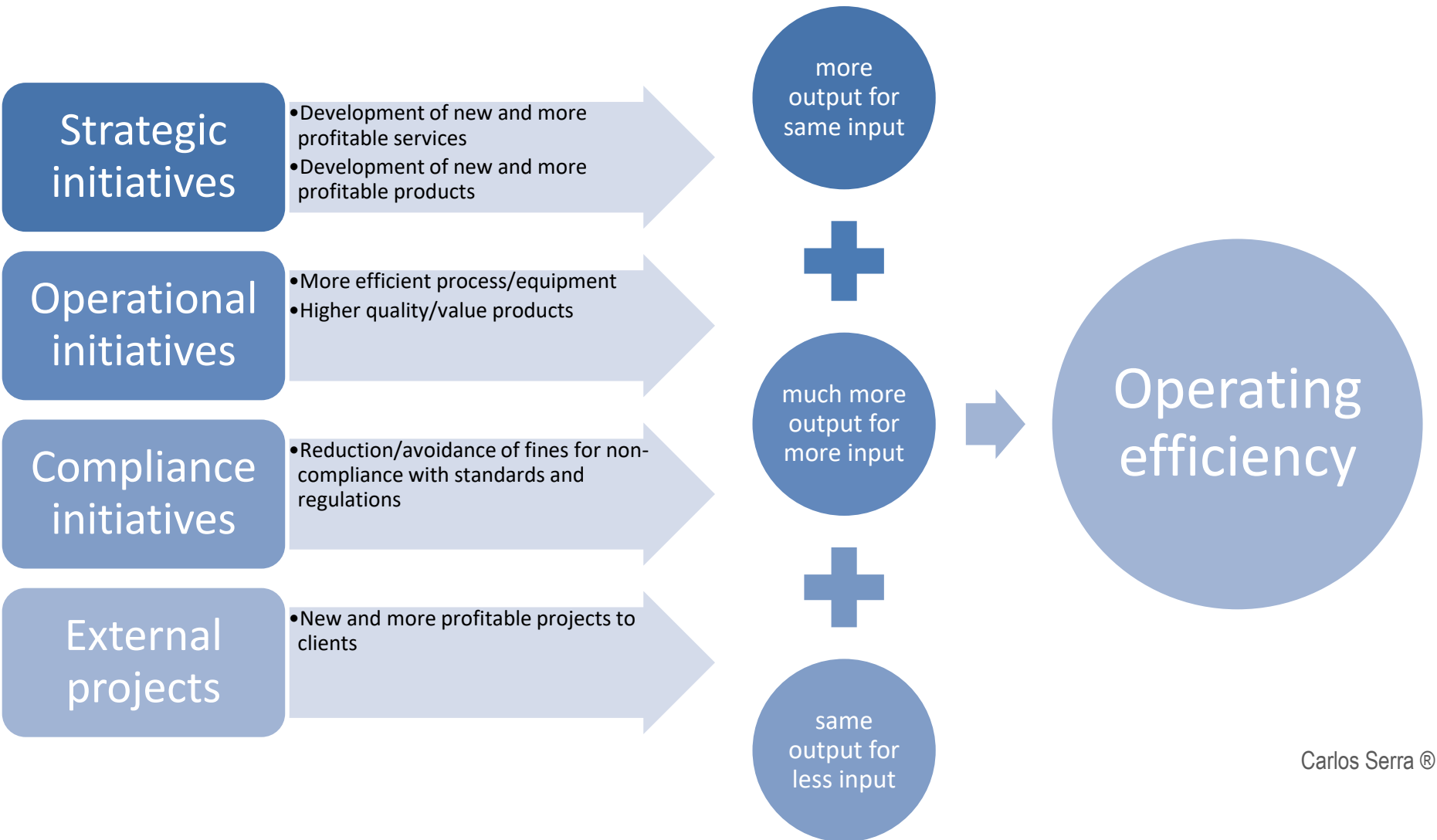
External Projects

⇒ to satisfy external customers and generating financial income or other benefits.

e.g. consulting, construction, software development.

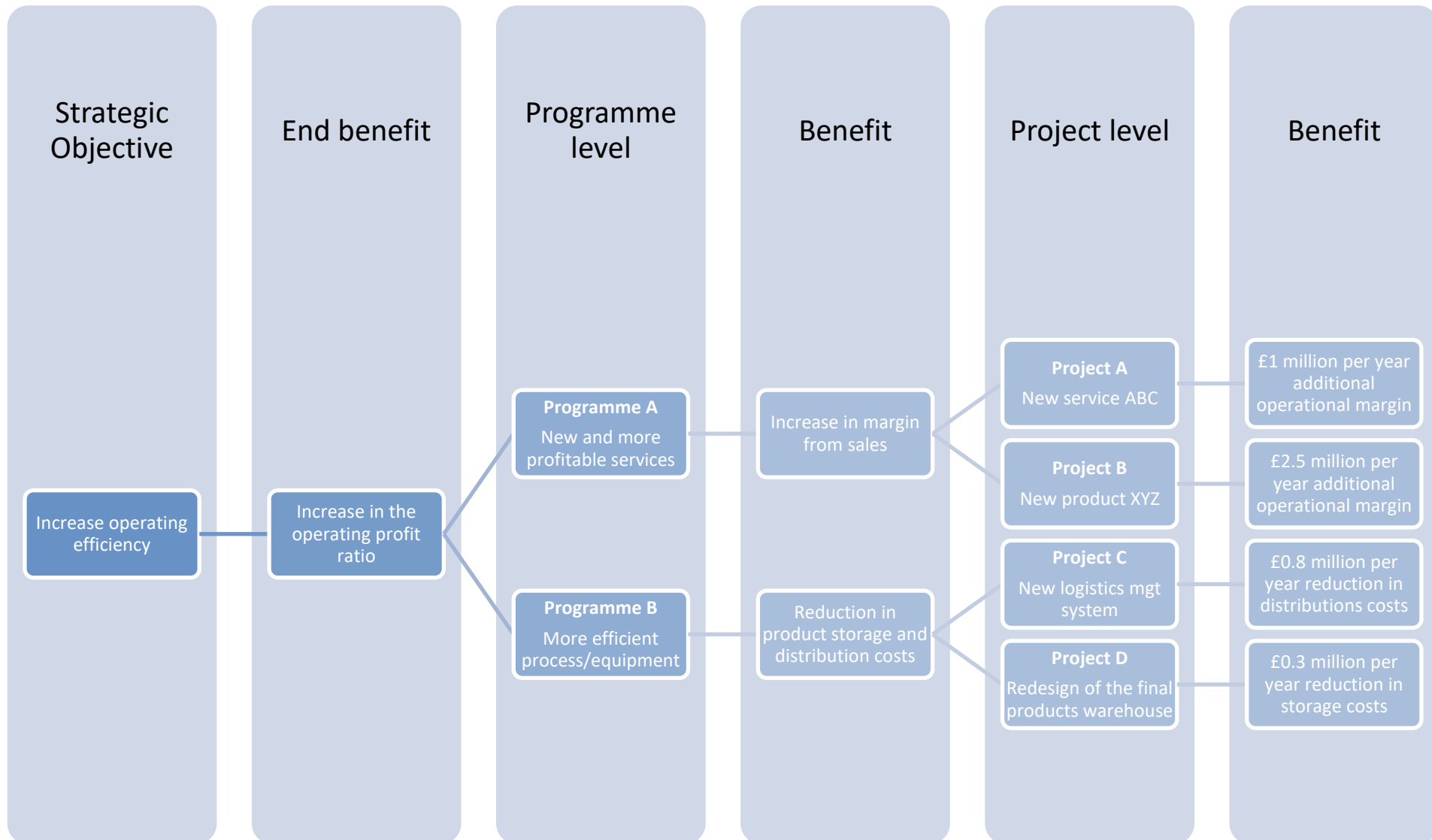


Benefits identification - Change initiatives



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Benefits identification – Benefits Dependency Diagram



Benefit profile – Project level

Benefit name	Reduction in distributions costs
Benefit description/definition	Reduction in the costs per unit for the distribution of final products to end customers
Benefit Type/Category	Cost reduction / Operational initiative
Strategic objective associated	Increase operating efficiency
Benefit dependency network	Diagram presented in previous slide
Measurable/Quantifiable	Yes/Yes
Measure	Operating Costs
Baseline measure	£17.4 million (2015)
Total financial amount	£1.1 million reduction (annual costs)
Frequency of measurement	Every quarter

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BENEFIT TRACKING

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Tracking Programme and Project Performance

Periodic reviews

- Performance against baselines (business case, project plan)
- Ability to enable/realise benefits

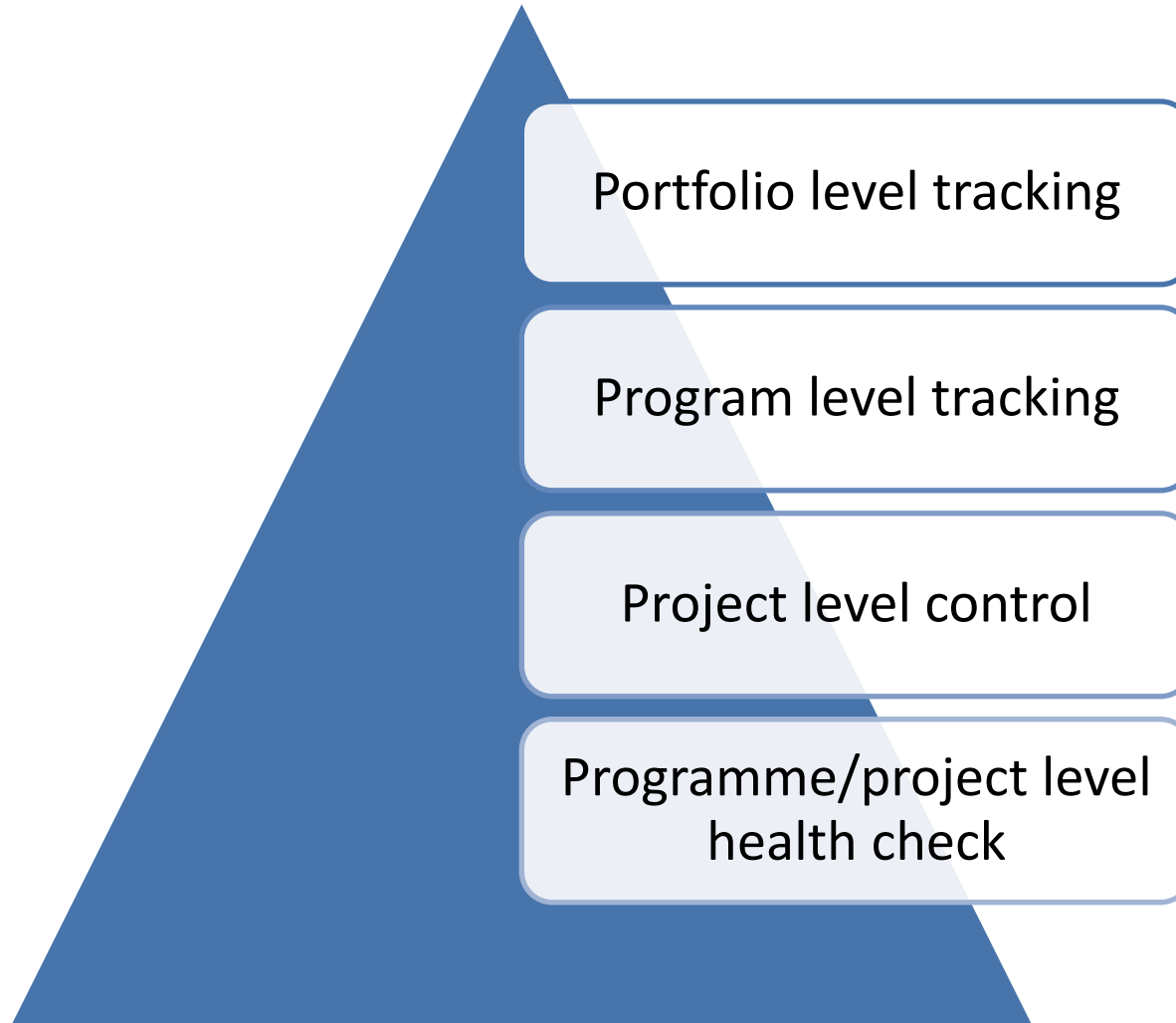
Stakeholders engagement

- Active reporting
- Review/realignment of expectations

Alignment between Project portfolio and the business strategy

- Portfolio level reviews
- Assessment against strategy
- Internal & external environment

Benefits tracking



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Benefits tracking - example

Benefit: Reduction in distributions costs

Benefits expected: £1.1 million total cost reduction at the end of year 1

Measurement at the approval of the project plan

	Baseline 0 (business case)	Baseline 1 (project plan)	Current expectation	Expected benefits	Variation against benefits case
Distributions costs	£17.4 millions	£18.0 million	£16.7 million	£1.3 million	+18%

Measurement at the go-live

	Baseline 0 (business case)	Baseline 2 (go-live)	Current expectation	Expected benefits	Variation against benefits case (baseline 1)
Distributions costs	£17.4 millions	£18.2 million	£16.9 million	£1.3 million	-0%

Measurement at the end of year 1 after go-live

	Baseline 0 (business case)	Baseline 2 (go-live)	Measurement to date (yr 1)	Benefits realised	Variation against benefits case (baseline 2)
Distributions costs	£17.4 millions	£18.2 million	£17.5 million	£0.7 million	-46%

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Capabilities required to track benefits

People

- Business Analysis expertise
- Performance measurement expertise
- Programme and project delivery expertise

Process

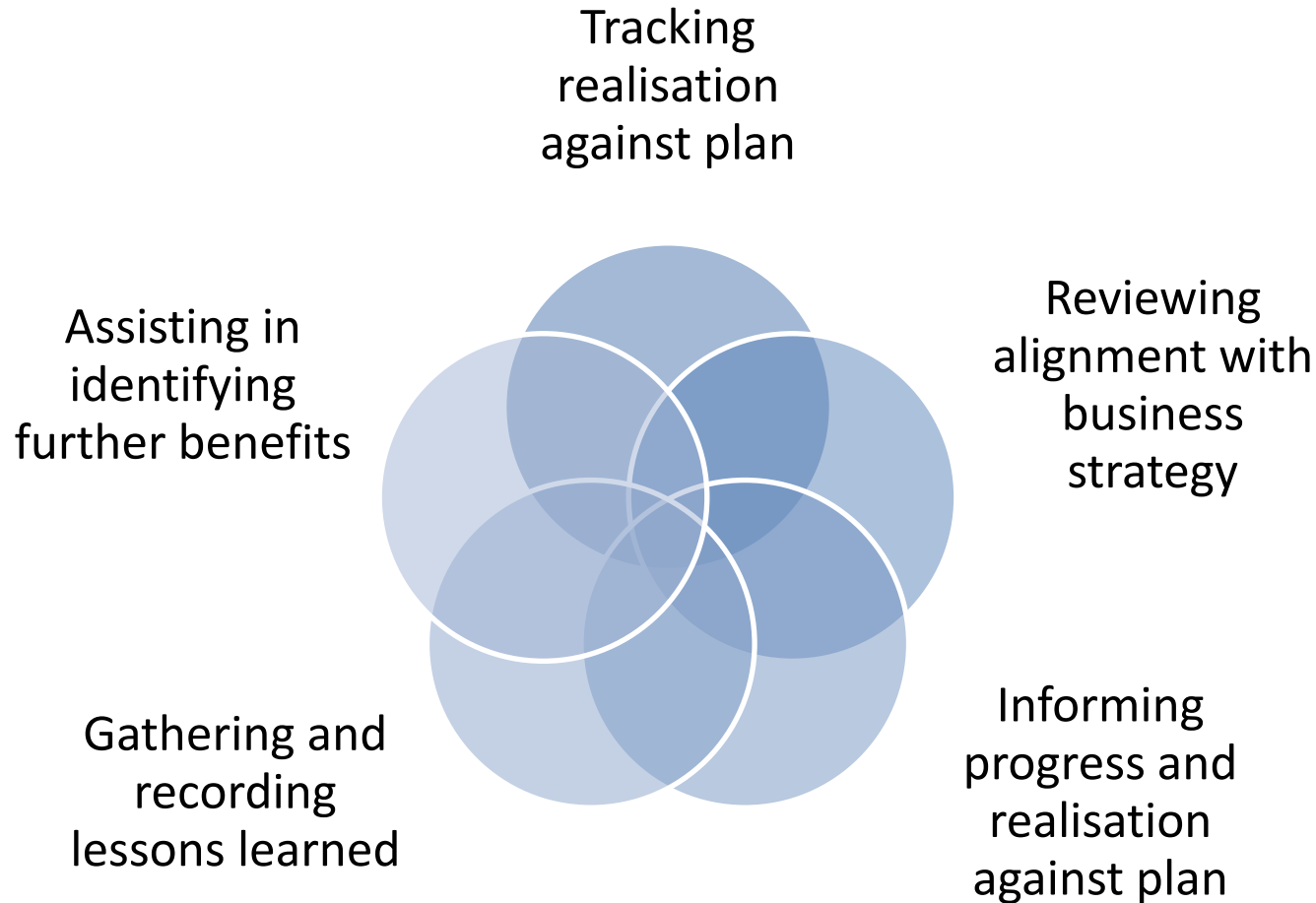
- Financial control
- Programme and project delivery management
- Business process performance management

Tools

- Financial systems
- Project Management systems
- Business process control systems

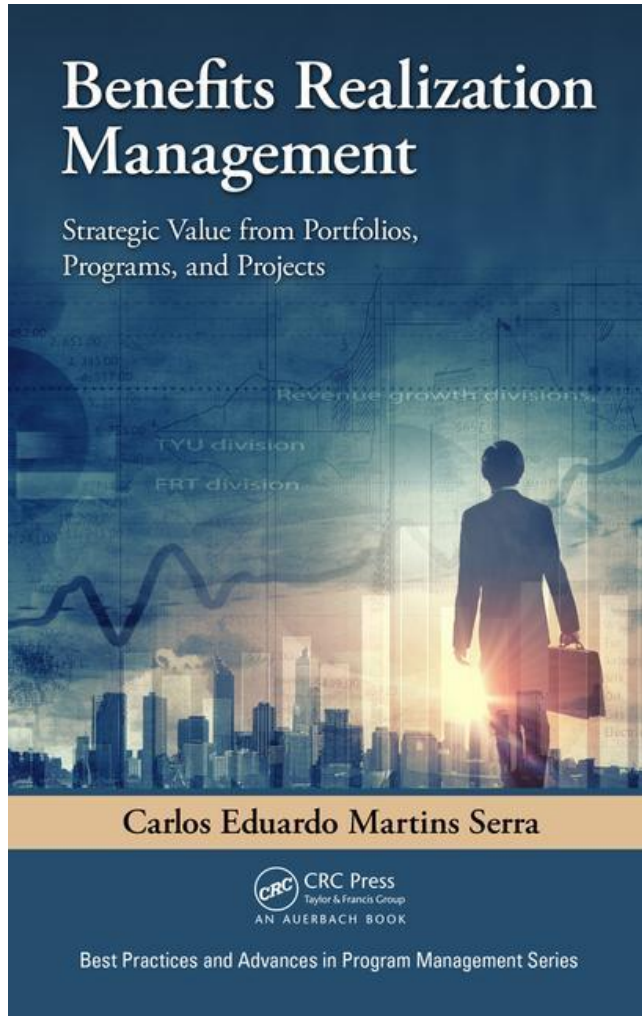
Benefits tracking

Some activities performed by a PMO



ADDITIONAL RESOURCES, REFERENCES, Q&A

Additional resources



- Benefits realisation Management: Strategic Value from Portfolios, Programs, and Projects , CRC Press
 - <https://www.crcpress.com/Benefits-realisation-Management-Strategic-Value-from-Portfolios-Programs/Serra/p/book/9781498739252>
- Award winning paper available for free download from APM UK website:
 - http://www.apm.org.uk/sites/default/files/Carlos_Serra_APM_Postgrad_Student_Award_2012.pdf
- Research article available for free download from ScienceDirect (Elsevier / IJPM):
 - <http://www.sciencedirect.com/science/article/pii/S0263786314000519>
- Other resources available for free download from the author's blog Projectizing.com:
 - <http://www.projectizing.com/>

References

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- [3]: PMI. (2013). The Standard for Program Management (Second ed.). Newtown Square: Project Management Institute, Inc.
- [4]: PMI. (2014). Pulse of the Profession. Project Management Institute.
- [5]: Serra, C. E. M. & Kunc, M., 2013. 'Benefits realisation Management and its influence on project success, project governance, and execution of business strategy - Analysis of Brazil, the United Kingdom, and the United States of America', Project Management Institute, available on 12/10/14 at: <http://www.pmi.org/Learning/academic-research/~media/PDF/Surveys/CarlosSerra-Benefitsrealisation-Summary-EngUS.ashx>
- [6]: Serra, C. E. M. & Kunc, M., 2014. Benefits Realisation Management and its influence on project success and on the execution of business strategies. International Journal of Project Management, Issue <http://dx.doi.org/10.1016/j.ijproman.2014.03.011>.
- [7] Serra, C. E. M. (2015). Benefits Realisation Management and Strategic Project Success - Analysis of UK, USA and Brazil. London, Project Management Institute.
- [8] PMI. (2016). Pulse of the Profession® in-depth research. Strategic Impact of Projects: Identify Benefits to Drive Results. Project Management Institute.
- [9] PMI. (2016). Pulse of the Profession® in-depth research. Delivering Value: Focus on Benefits During Project Execution. Project Management Institute.
- [10] PMI. (2016). Pulse of the Profession® in-depth research. Beyond the Project: Sustain benefits to optimize business value. Project Management Institute.
- [11] Serra, C. E. M. (2016). Benefits Realization Management: Strategic Value from Portfolios, Programs, and Projects . CRC Press.

Common Questions

Question	Summary Answer
What do we call benefits?	Strategic and measurable improvements.
What are 'benefits' expected to add to the business?	Increase in value.
What does 'benefits realisation' mean?	a) cause benefits (make them happen); b) become fully aware of the benefits achieved; and c) generate value.
How can the benefits realisation be managed?	By having benefits planned, reviewed and measured, and realised, all these under a BRM strategy.
Which are the key roles involved in benefits realisation management within an organisation?	I – Benefits Realisation Governance; II – Programme and Project Management; III - Benefits Ownership (business process owners).
What are the major gaps and barriers that organisations are currently facing in managing benefits?	a) low levels of competence; b) lack of BRM strategies on organisational level; c) lack of support (and understanding) from the steering levels; d) reactive approach to strategic project management; e) low alignment between different departments and policies.

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