



PROJECT MANAGEMENT SERVICES

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# The Mysterious Case of the Vanishing Benefits

Or

“Why, as we grown in our understanding of change, and as we need to tackle more transformative projects, is it still so hard to get the benefits that compelled us to act?”

**Vic Kirby**

**Veris Inc.**

**September 2011**

# What I am going to cover

- What is “Benefits Realization” anyway and why is it needed?
- Key elements of Benefits Realization thinking
- The BR story ... is it relevant today?
- Why BR has not taken off generally, and what you can do to increase the likelihood of success in your organization
- Questions?

# **BENEFITS REALIZATION:**

## **What is it – Why is it needed?**

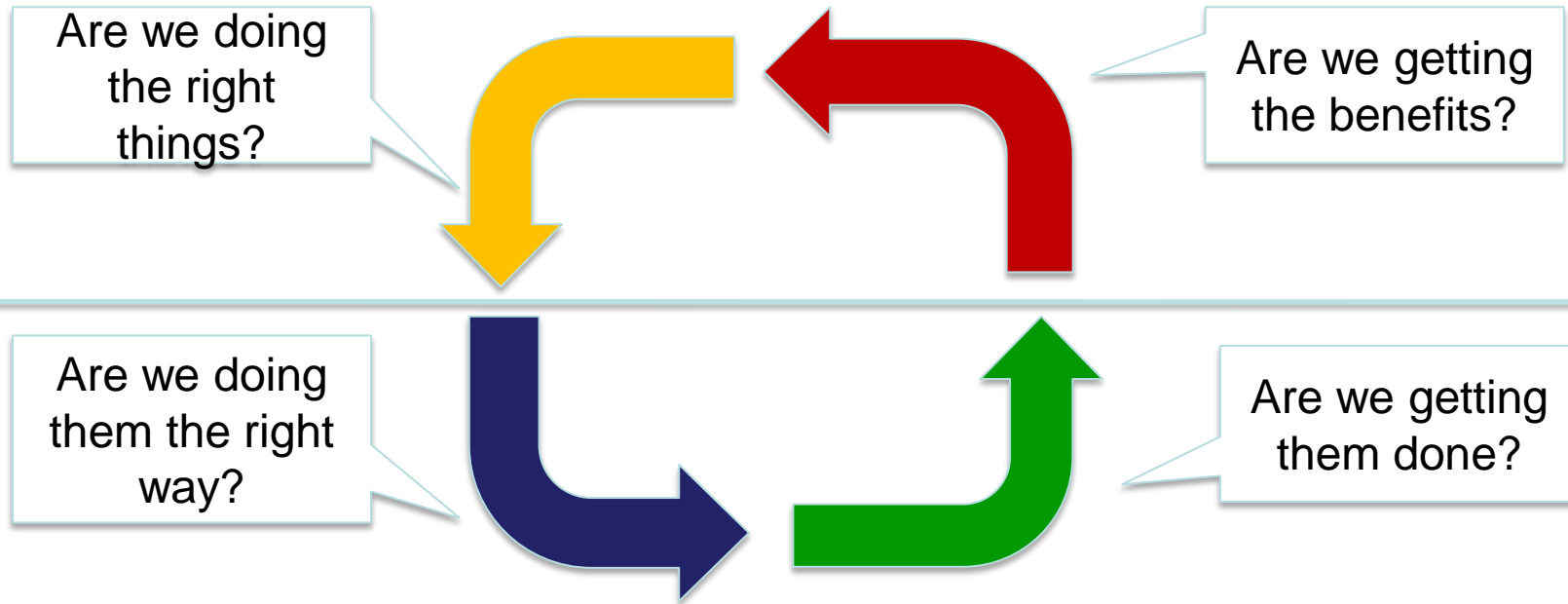
# What is “Benefits Realization”?

“A different way of thinking, and associated processes, tools and governance, to ensure that an organization focuses its energy on the most valuable projects, and actually realizes the value from those it undertakes”

# What is “Benefits Realization”?

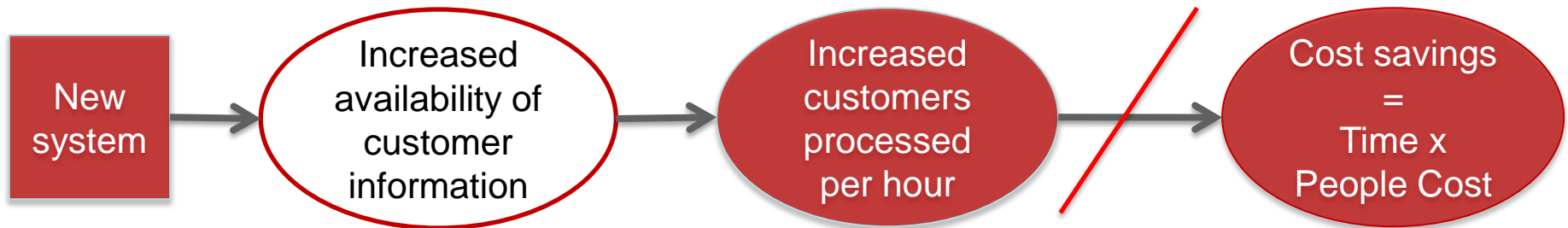
“A **different way of thinking**, and associated processes, tools and governance, to ensure that an organization focuses its energy on the most valuable projects, and actually realizes the value from those it undertakes”

# Why do we need it? – the “4 R’s”



Traditionally, our focus has been on the bottom “2 Rs” , through architecture, standards, processes, and Project Management disciplines. Appropriateness of choice, and delivery of Benefits are assumed to be “automatic” ...

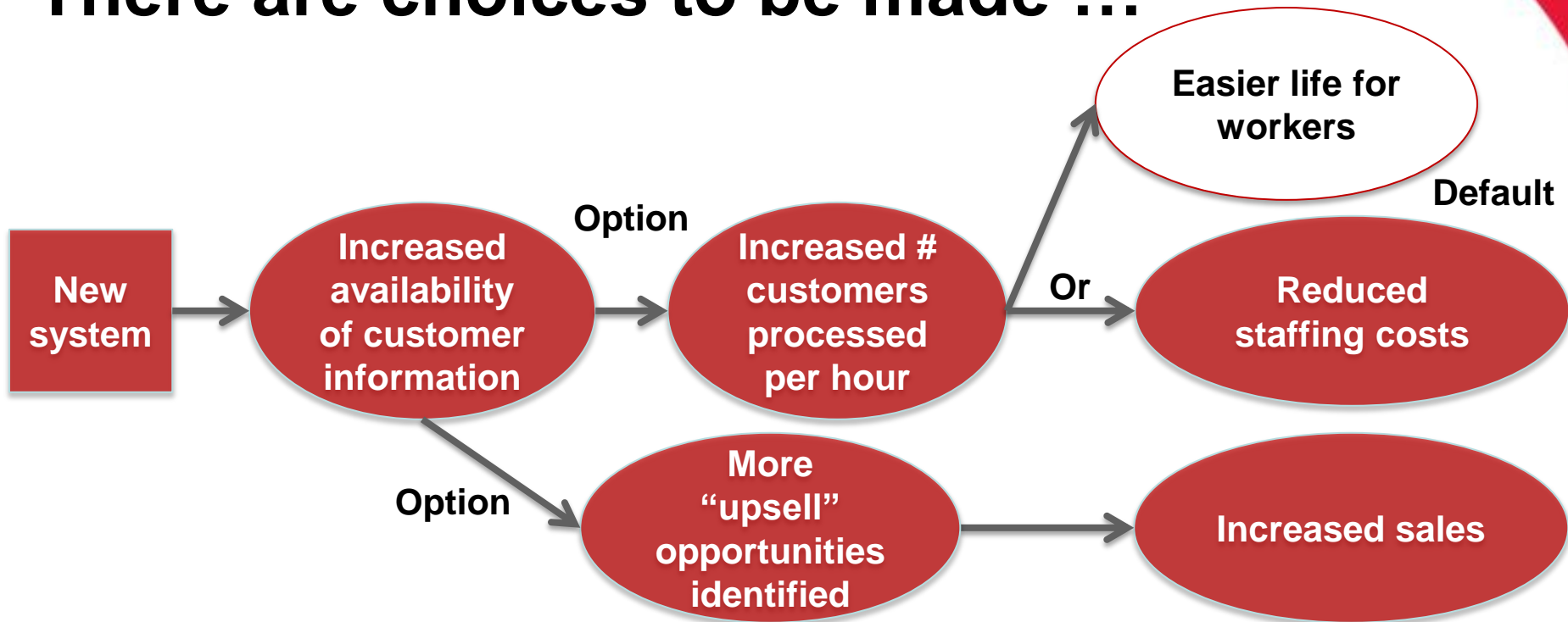
# Why aren't benefits always automatic - “A simple example”



- Most cost/benefit business cases would simply assume that savings = 30 minutes a day \* # people \* salary cost ...

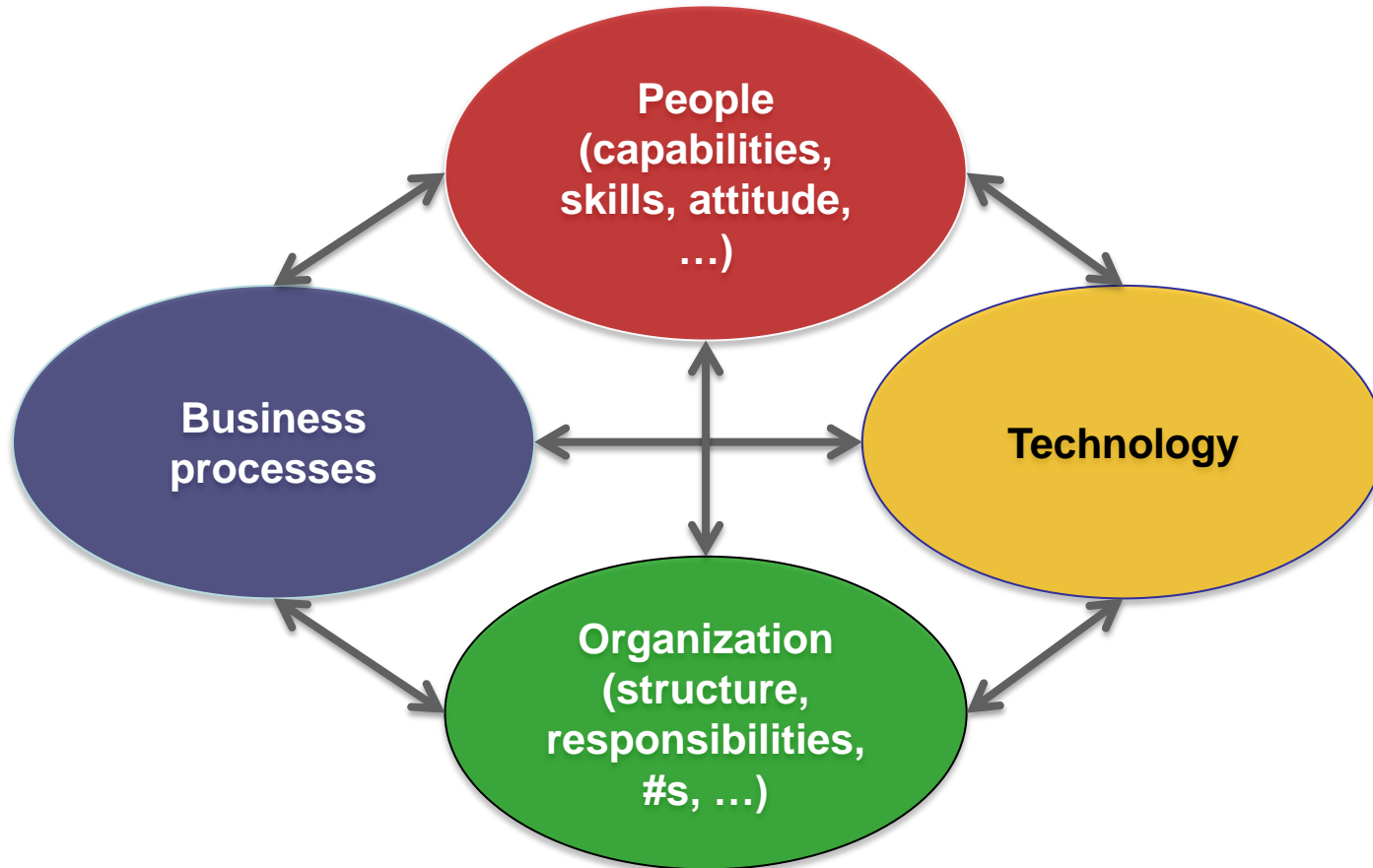
... but that is an accounting dream

# There are choices to be made ...



- There are a number of different ways to convert the potential created by better access to customer information
- Without action or intent, nothing much will happen
- Each path requires a comprehensive set of deliberate actions to be taken to bring about desired result

# 4 elements that need to move in synch



- The set of actions required to convert the potential of a feature into the desired benefit spans 4 distinct domains – missing any one can kill the value

# **BENEFITS REALIZATION:** **Key Concepts and Constructs**

# Basic BR concepts

- Most benefits aren't automatic
- “Program” rather than “Project” thinking
- Benefits can be more than just \$
- Outcome owners
- “One Size” does not fit all
- Full lifecycle benefits governance

# Typical elements of a BR approach

- Value-based Portfolio management
- Value Risk Assessment
- Outcome mapping
  - Graphical technique to collectively, with all stakeholders, clarify the desired outcomes / benefits from a possible initiative, identify all that needs to be done to realize those benefits and gain agreement as to who does what
- “Benefits Case”
- Benefits / Outcome tracking

# Categories of “projects”

- Not all projects need the same amount of work to ensure we get benefits from them – we categorize them as a initial tool to ensure we apply required elements of BR

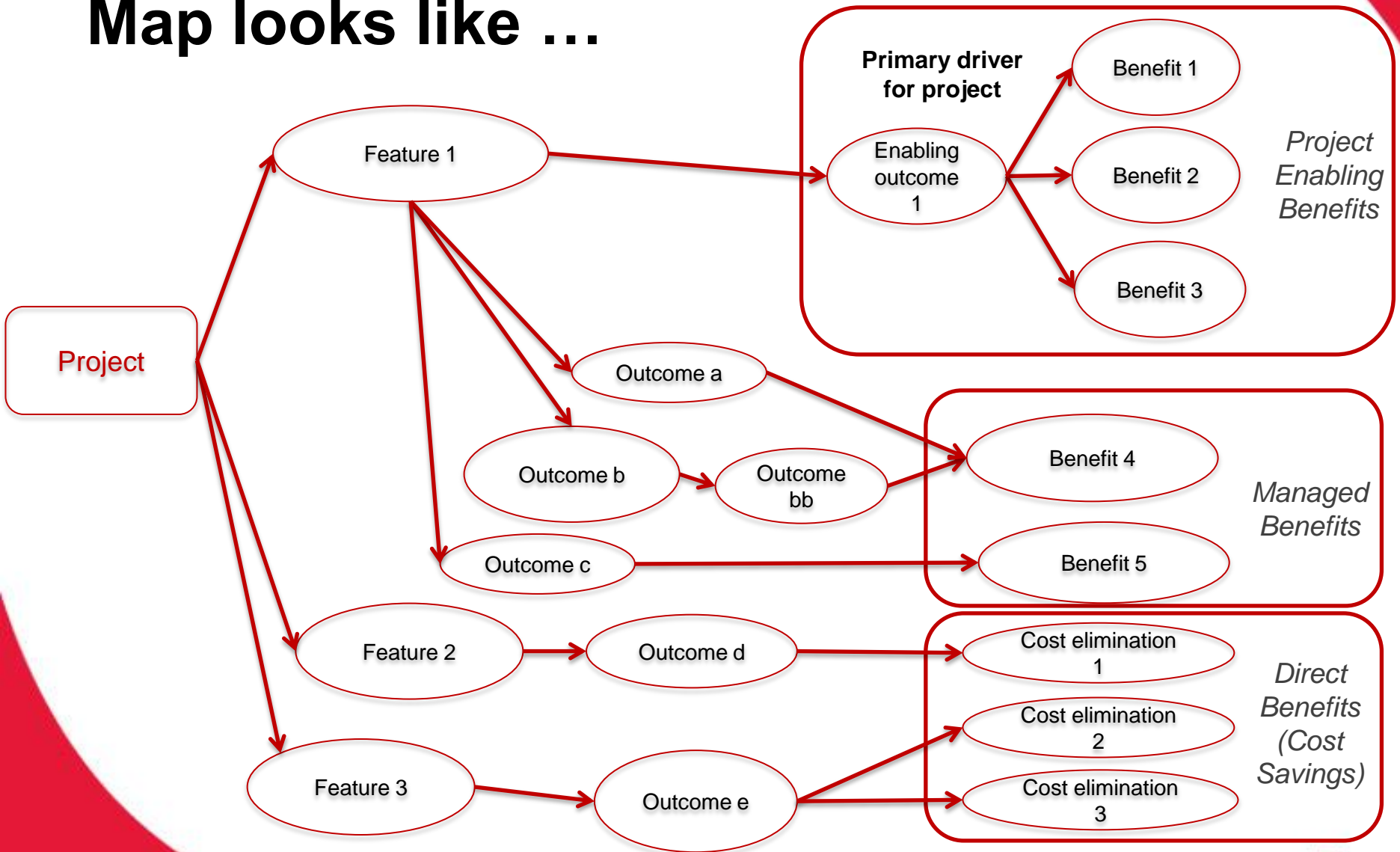
Category	Characteristic	Required benefits realization activities
Discretionary	Optional project with specific intents	Full set of BR tools to scope project, define and agree expected benefits, track benefits
Enabling Platform	Project intended to provide an “infrastructural” platform to enable other targeted projects	BR application primarily focused on clarifying direct, managed and enabling benefits, actions and accountabilities
Infrastructure Refresh	Periodic replacement of infrastructure elements of environment	Possibly none
Legally Mandated	Implements requirements that have been legally mandated	Probably none

Increasing degrees of choice of project

# Outcome Mapping

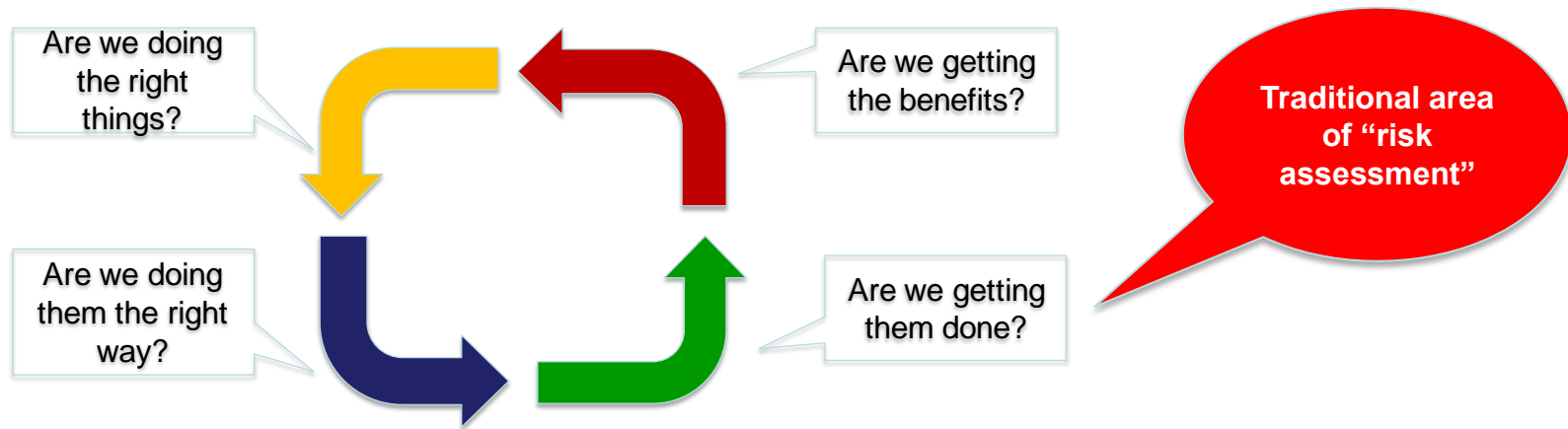
- Simple graphical logic map of how features created by initiative are to be turned into desired benefits
- Outcomes are shown as circles / ovals, arrows show the logic of transformation, rectangles show projects or activities needed to bring about transformation of one outcome to another
- Two variants:
  - When being created in working sessions with all stakeholders represented, showing everything
  - A simplified version that shows only the logic flow, as part of the business case and to highlight tracked outcomes
- Used as a tool and kept simple to clarify, provide insight – not produce a compulsively complete analysis

# What a simplified Outcome Map looks like ...



# Value Risk Assessment

- Traditionally, risk assessment has focused only on project delivery, but there are 4 domains where we need to be on track to deliver benefits



- Value Risk assessment uses calibrated risk questionnaires to assess the risk in each domain, and then helps to focus attention to alleviate high risk elements

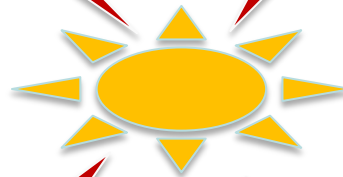
# **BENEFITS REALIZATION: The History of BR**

This isn't new ...

# A synchronicity of ideas, 15 years ago...

Increasing IT spend, but nothing to show for it in overall productivity!

Benchmarking IT costs indicates “overspend” - what about value?



Investment selection fatigue

Is there a way we can help show what needs to be done to make an initiative successful?

“The Information Paradox” –  
Realizing the Business Benefits of Information Technology” ©

# Since then propagation and development ...

- Used across the world – Australia maybe a leader
- Significant further development of concepts, based on real life use
  - Val-IT framework for business Technology Management developed and promoted by ISACA
- Adoption by several large organizations in the private and public sector ...

BUT

- Not as fast, or as broad take-up as we and others expected!

# **BENEFITS REALIZATION: ... is it still relevant?**

*After all, technology is getting more sophisticated and easier to  
deploy...*

# ... Unfortunately, we, as humans, don't seem to be doing much better

## E-Health: Australia's \$5bn black hole

Australia's health sector has made only "marginal" progress towards being able to exchange information electronically, despite governments investing more than \$5 billion in the field over the last 10 years, according to a report released late last week.

By Renai LeMay, ZDNet.com.au, December 15th, 2008

## EHealth scandal a \$1B waste: auditor

A scathing report on the eHealth Ontario spending scandal charges that successive governments wasted \$1 billion in taxpayer money.

October 7, 2009

CBC News

## Gartner: firms waste \$351bn each year on ill-conceived IT projects

**Wick Huber**  
THE average company wastes 20% of its IT budget on misguided and inefficient spending, the analyst firm Gartner has claimed. This amounts to \$500bn (\$351.8bn) of corporate IT investment worldwide – about \$140bn of this in Europe. Over-specified hardware, inconsistent licensing policies for software, and projects that never see the light of day are the main precipita-

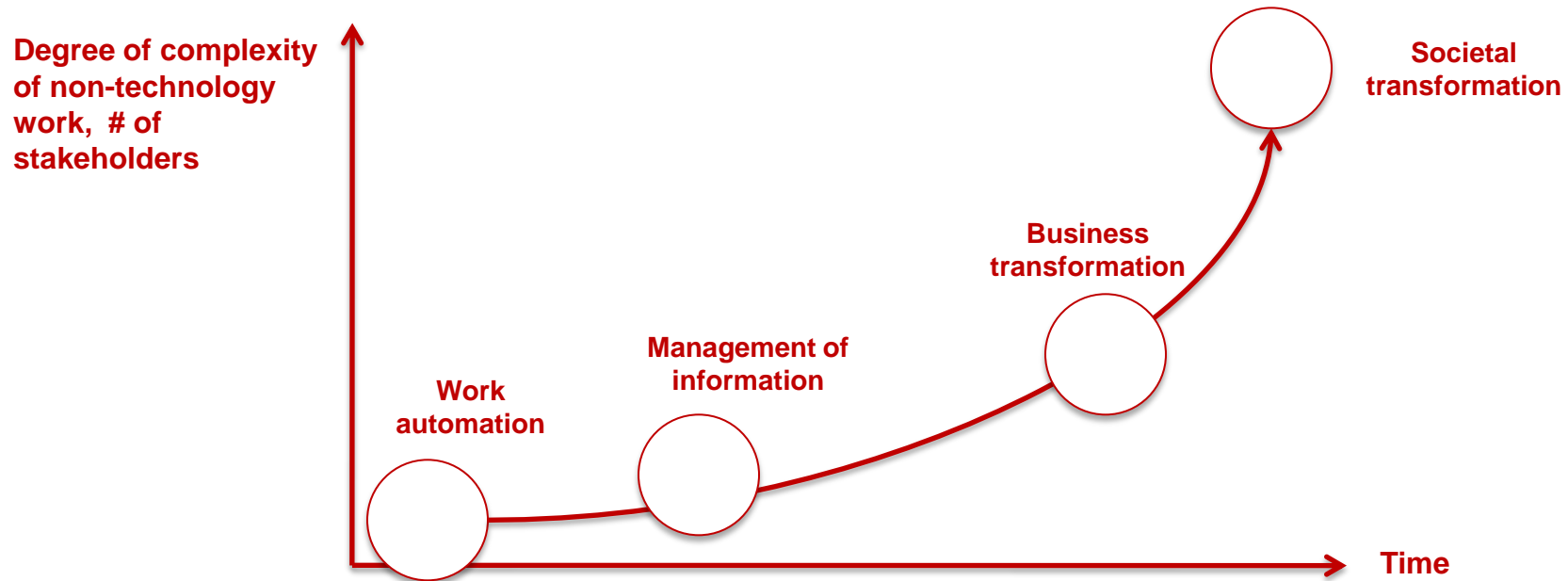
tor. "They are being asked to cut costs to the business and do more with less. But at the same time they are being asked to implement changes to the IT systems, for example a new supply chain management system for the logistics manager. This will be spent from the IT department budget." However, not all companies are throwing away large chunks of their IT budgets. According to Gartner, mid-sized organisations tend to be more efficient by focusing

on how to get most benefit from your spend

- Use the 80/20 rule to pause for breath and adjust inappropriate IT investment behaviour and practices acquired during the years of e-business hype
- Kill projects early and often. Instill a culture of rewarding managers for recognizing projects that are not going to deliver business benefits
- Strictly prioritise IT investment on line with current business goals
- Restructure the IT investment processes to continuously re-evaluate the viability and value of IT projects.

they have a common licensing agreement," said Kite. IT managers and company boards also need to be more ruthless when taking decisions about when to pull the plug on a troubled IT project, Gartner added. In the long run this will save time, money and professional reputations. IT managers should bite the bullet. "In most organisations it is regarded as a badge of shame to terminate a project but we believe that killing projects is a sign of maturity," said Kite.

# Though the technology elements may be easier, our initiatives are getting more complex



- As Thomas Homer-Dixon suggests in his book “The Ingenuity Gap”, we are at a point where we have the technology that leads us to opportunities that we can’t meet other than working together coherently and cooperatively – and that’s what BR is about!

# So why didn't BR take root?

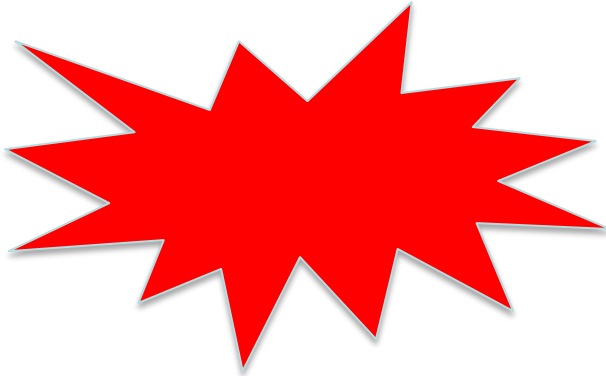
- A lack of recognition of the degree of change required in people's thinking, and of the timeframe for seeing certain results
- There is always resistance to change, and where there's a way to avoid or defer it, as humans, we will often do so
- We underestimated the scale of change involved!

# Some Pre-Conditions for BR Success

- A “Burning Platform”
- Showing value quickly to build momentum
- A focus on the desired outcome, not the artifacts
- High-level, committed business sponsorship
- Mature project management practices and governance

# **BENEFITS REALIZATION:** **Implementing BR**

# A Big Bang Approach...



- ... will typically sink the idea, unless the organization is waiting for the prophet to appear
- So need to approach with care, to build perceived value and credibility

# Some BR elements are easier as “appetizers”

**Portfolio management**

**Value Risk Assessment**

**Outcome mapping**

**Benefits case**

**Benefits tracking**

Requires new governance after the project is finished, and little to show as value for some time

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## Outcome mapping

Can quickly both demonstrate insight and begin to instill benefits mindset in organization

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# To grow commitment ...

- **Need to focus effort**
  - On those parts of BR that can demonstrate value quickly
  - In business area that has a “problem” and are inclined towards BR thinking
  - On projects that can demonstrate the most value from BR
  - With people who are viewed as influential within the organization
- **Set up and trial elements of greater scope implementation**
  - Value Risk Assessment
  - Other elements where these can be derived as by-products of primary exercise
  - Benefits-enhanced business case
  - Benefits tracking matrix
- **Communicate value widely**
- **Establish broad management ownership**

# Question and Answer

