

## ***Advances in Project Management Series<sup>1</sup>***

### **So where do benefits come from?**

*By Prof Darren Dalcher  
Director, National Centre for Project Management  
University of Hertfordshire, UK*

Benefits are increasingly discussed in the context of project delivery. The sixth edition of the APM Body of Knowledge lists benefits management as one of the core areas addressed under the heading of scope management, thus reflecting the assertion that the planned objectives of projects can 'be defined in terms of outputs, outcomes or benefits' (p. 12).

The APM Body of Knowledge asserts that delivering benefits is the primary reason for organisations to undertake change. Benefits management is therefore defined as 'the identification, definition, planning, tracking and realisation of business benefits' (p. 124). The benefits may be expressed as tangible quantities, often measured in monetary terms, or as intangible qualities (for example, corporate reputation, or capability for rapid change).

However, if project delivery is focused on the handover of outputs, there is a need to identify the interface with the realisation of benefits required to make the change meaningful and attain the business benefits identified at the outset.

#### **The information paradox and the emergence of benefits**

The very concept of benefits has emerged from the information systems domain in an effort to quantify the impact and scale of proposed investment in Information Technology (IT) projects. IT spending is often the largest capital investment for many enterprises. In the 1980s, there was a rush to increase IT spending, however, the ability to justify such investments in terms of real value was seriously lacking.

The inability to prove the value of IT investments galvanised John Thorp and a team of IT consultants and practitioners within Fujitsu to define a set of methods, tools and techniques to improve the effectiveness of IT investment projects. The result was the publication of the Information paradox in 1998 (and subsequent revision and enhancement in 2003).

---

<sup>1</sup>The PMWJ *Advances in Project Management* series includes articles by authors of program and project management books published by Gower in the UK and by Routledge publishers worldwide. Each month an introduction to the current article is provided by series editor **Prof Darren Dalcher**, who is also the editor of the Gower/Routledge *Advances in Project Management* series of books on new and emerging concepts in PM. To see [project management books published by Gower and other Routledge publishers](#), [click here](#). Prof Dalcher's article is an introduction to the invited paper this month in the PMWJ.

The key finding was that new IT, by itself, delivers no discernible value. Value can only be created and sustained through the actual use of the new IT systems. Selection and management of IT-enabled investments in organisational change becomes critical to performance. Realising value from the investment requires action beyond the mere delivery of IT systems; it necessitates real change within the organisation to enable the new systems to be utilised. The change would often impact many other aspects including: the nature of the business itself; business processes; skills and competencies; and the organisation. Such change, which is not IT-specific, or even project related, could often account for up to 80% of the total investment.

In order to advance an approach capable of identifying and delivering clear and significant business results, Thorp identified the need for three fundamental shifts (see Table1):

**Table 1 Fundamental shifts in Business (after Thorp, 2003)**

<b>From:</b>	<b>To:</b>
<b>Project management</b>	Programme management
<b>Free-for-all competition for resources</b>	Strategic portfolio management
<b>Traditional methods of tracking project delivery</b>	Full cycle governance required to turn concepts into realised benefits

The shift to improve and deliver significant business results is underpinned by three necessary preconditions:

- Activist accountability that includes the concept of ownership;
- Relevant measurement linked to contribution to outcomes and lines of accountability; and perhaps, most critically,
- Proactive management of change that is visibly led by senior management

A clear implication of the work is that benefits require improved structures for governance, stakeholder engagement, full life cycle utilisation and strategic consideration and oversight. They also depend on the all-important support from senior management, necessitating active and sustained involvement and visible leadership.

### **Benefits realisation in programmes**

While there are a number of competing methodologies and approaches to addressing benefits in practice, there is little standard practice acknowledged as universally successful in linking benefits, strategy, programmes and success.

The guest article this month focuses on the role of benefits in the management of programmes. The article by Andrew Hudson is extracted from his chapter, *Managing Programme Benefits*, published in the *Gower Handbook of Programme Management*, edited by Dennis Lock and Reinhard Wagner. Hudson emphasises the connections between strategy, operations and change, clearly placing the management and realisation of benefits at the apex of organisational performance. He also identifies the key challenge of maintaining the initial momentum and energy established during the early definitional phases and carrying them throughout the extended life cycle of the programme. The temptation to focus on project constraints, such as time and cost, may often lead to attempts to re-adjust the scope, thereby impacting benefits, and it is therefore essential to plan the full life cycle for utilising, realising and harvesting the benefits. Key activities, such as strategic alignment, play a crucial part in mapping and balancing the delivery of potential benefits.

The *Gower Handbook of Programme Management* offers a definitive guide to the current state of programme management, combining foundation theory and advanced practice, with contextual insights from many sectors and environments. Chapters address the tools, methods, approaches and perspectives needed for improving practice and sharing ideas and concepts. Later content is focused on the development of programme competence and maturity to improve organisational performance.

### **Establishing the benefits mindset**

Thinking about benefits and value requires a new approach to organising programmes and a different perspective for thinking about strategy, management, leadership and change and the inevitable connections between them.

There are multiple lessons that can be taken from the work of John Thorp and his team. Particularly important are their observations regarding the new benefits mindset and the key premises that underpin that perspective:

- *“Benefits do not just happen.* They don’t just automatically appear when a new technology is delivered. A benefits stream flows and evolves over time as people learn to use it. <sup>{1}</sup><sub>{SEP}</sub>
- *Benefits rarely happen according to plan.* A forecast of benefits to support the business case for an investment is just an early estimate. It is unlikely to turn out as expected, much like corporate earnings forecasts.<sup>{1}</sup><sub>{SEP}</sub> You have to keep checking, just as you would with a financial investment that fluctuates in value on the securities market. <sup>{1}</sup><sub>{SEP}</sub>
- *Benefits realization is a continuous process* of envisioning results, implementing, checking intermediate results and dynamically adjusting the path leading from investments to business results. Benefits realization is a process that can and must be managed, just like any other business process. “ (p. 22)

Breese (2012; p. 347) notes that targets for programmes are often set at the bid stage for an unknown future. Inevitably, some programmes encompass key elements that cannot be delivered, and occasionally agreed targets prove unattainable.

The lessons from Thorp's work therefore imply a shift from a project perspective emphasising output delivery towards an active and continuous approach to engaging with the benefits in order to deliver significant and sustained business results. They also point to the need for continuous learning, adjustment and adaptation as we continue to engage with the uncertain, unknown and unknowable. Recognising that the benefits streams evolve, and identifying the need for dynamic adjustments, call for greater connection with other disciplines and management structures and a deeper understanding of strategy, leadership and success.

Similar ideas have been explored by Dan Remenyi and his colleagues (1993; 1997; 2000): Their body of work emphasises the integration of technology with business strategy and corporate culture; continuous evaluation of inevitable change; an increasing focus on the shared responsibility to a group of main stakeholders; and, the delivery of real business value.

### **A new paradigm for benefits management?**

The idea of organising through benefits realisation frameworks has been around for a number of decades. Benefits have the potential to address a wider perspective and engage with a deeper meaning of organisational success, providing added justification for the initial programme decisions. However, Thorp (1996) warned of the inevitable risk of 'silver bullet thinking', assuming that the benefits focus will provide a neatly packaged methodology and approach for managing investments and strategies.

Encompassing benefits is an important step in re-considering the relationship of projects and programmes to the wider organisation; however, it is worth noting that while the consideration of benefits is a relative novelty in some sectors including the PPM community, ways of thinking about benefits are adapting and changing in other arenas. Truax, for example, noted a shift from passive management of benefits to a more proactive and dynamic perspective (see Table 2).

**Table 2: Paradigm shift for benefits realisation (after, Truax, 1997)**

<b>Traditional Benefit Realisation Principles</b>	<b>New Benefits Realisation Principles</b>
<b>Benefits are stable over time</b>	The potential benefits from an investment change over time
<b>The investment determines the nature and scope of benefits</b>	The organisation and its business context determine the benefits
<b>Financial returns represent the most valid justification for an investment</b>	All the outcomes of an investment represent potential sources of value
<b>It is sufficient to manage the investment to generate the benefits</b>	The organisation must be proactive in realising benefits

Truax also noted a number of problems that can arise when organisations are not obtaining the benefits they expect, namely:

- The immediate results of an investment are rarely those expected [or promised]
- Necessary means for benefit realisation are not identified [or understood]
- Benefits do not occur where and when they are planned
- The “right” benefits are difficult to identify up front
- Projects are too narrowly defined for effective delivery of benefits
- Organisation often have limited ability [or experience, or appetite] to manage change

The list of challenges identified by Truax matches many of the concerns encountered by project organisations engaging with benefits. Moreover, one potential manifestation in practice is the amplified tendency to search for ‘additional’ benefits to match the identified problems, rising costs, delayed implementation or under-delivery of strategically misrepresented aspects of the programme in order to continue to justify the business case put forward at the outset.

Advancing the dialogue and developing dynamic capabilities would require recognition of the shifting nature of benefits, the adaptive character of strategy, the dynamic and continuous process required to engage with benefits, and the richer and more varied definition of success that must surely underpin our attempts to make sense of organisational achievement. Allowing for benefits to ‘flow and evolve’, adapt, adjust and grow as envisaged by Thorp and Truax would require an even higher level of learning, engagement and maturity, and a deeper understanding of how to dynamically relate to organisational targets, opportunities and achievements. Critically, it would also depend on our ability to develop an understanding of how programmes evolve and adapt over time, and how we might engage with the systemic and dynamic characteristics of programmes in order to deliver new levels of enduring success.

## References

- APM (2012) *APM Body of Knowledge*, 6th edition, Princes Risborough: Association of Project Management.
- Breese, R. (2012). Benefits realisation management: Panacea or false dawn?. *International Journal of Project Management*, 30(3), 341-351.
- Hudson, A. (2016) Managing Programme Benefits, in Lock, D. and Wagner, R. (Eds.), *Gower Handbook of Programme Management*, Abingdon: Routledge.
- Remenyi, D., Twite, A., & Money, A. (1993). *Guide to measuring and managing IT benefits*. Blackwell Publishers, Inc..
- Remenyi, D., White, T., & Sherwood-Smith, M. (1997). *Achieving maximum value from information systems: a process approach*. Chichester: John Wiley & Sons, Inc..
- Remenyi, D., Money, A. H., & Sherwood-Smith, M. (2000). *The effective measurement and management of IT costs and benefits*, London: Elsevier.
- Thorp, J. (1998/2003/2007). *The information paradox: realizing the business benefits of information technology*, McGraw-Hill Ryerson.
- Truax, J. (1997) Investing with Benefits in Mind: Curing Investment Myopia. *The DMR White Paper*, 1-6.

---

*Editor's note: Editor's note: Prof Darren Dalcher is the editor of the Gower/Routledge Advances in Project Management series of books on new and emerging concepts in PM. The PMWJ Advances in Project Management series includes articles authored by Routledge book authors; the above article is an introduction to the invited paper this month by another Routledge author. [To see recent project management books published by Routledge, click here.](#)*

## About the Author



### **Darren Dalcher, PhD**

Author, Professor, Series Editor

Director, National Centre for Project Management  
University of Hertfordshire, UK



**Darren Dalcher**, Ph.D. HonFAPM, FRSA, FBCS, CITP, FCMI is Professor of Project Management at the University of Hertfordshire, and founder and Director of the National Centre for Project Management (NCPM) in the UK. He has been named by the Association for Project Management (APM) as one of the top 10 “movers and shapers” in project management in 2008 and was voted Project Magazine’s “Academic of the Year” for his contribution in “integrating and weaving academic work with practice”. Following industrial and consultancy experience in managing IT projects, Professor Dalcher gained his PhD in Software Engineering from King’s College, University of London.

Professor Dalcher has written over 150 papers and book chapters on project management and software engineering. He is Editor-in-Chief of *Software Process Improvement and Practice*, an international journal focusing on capability, maturity, growth and improvement. He is the editor of the book series, *Advances in Project Management*, published by Gower Publishing of a new companion series *Fundamentals of Project Management*. Heavily involved in a variety of research projects and subjects, Professor Dalcher has built a reputation as leader and innovator in the areas of practice-based education and reflection in project management. He works with many major industrial and commercial organisations and government bodies in the UK and beyond.

Darren is an Honorary Fellow of the APM, a Chartered Fellow of the British Computer Society, a Fellow of the Chartered Management Institute, and the Royal Society of Arts, and a Member of the Project Management Institute (PMI), the Academy of Management, the Institute for Electrical and Electronics Engineers, and the Association for Computing Machinery. He is a Chartered IT Practitioner. He is a Member of the PMI Advisory Board responsible for the prestigious David I. Cleland project management award and of the APM Professional Development Board. Prof Dalcher is an academic advisor for the *PM World Journal*. He can be contacted at [d.dalcher2@herts.ac.uk](mailto:d.dalcher2@herts.ac.uk).

To view other works by Prof Darren Dalcher, visit his author showcase in the PM World Library at <http://pmworldlibrary.net/authors/darren-dalcher/>.