

## *Advances in Project Management*

### Overstating the benefits?

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Benefits have long been associated with the deployment of technology and the use of decision making. Traditional decision making approaches are often focused on the measurement and consideration of the costs and the benefits associated with an undertaking and cost/benefit analysis has evolved as a process for evaluating the desirability of an option, technology or policy. Such calculations are based on the assignment of monetary values to the positive and negative aspects of a decision, or option, enabling a direct comparison.

In the last twenty years the project management literature has come to terms with the idea of benefits realisation through portfolios. The main idea is to ensure that the benefits used to justify an investment can be realised and managed so that the performance of the system or policy matches the promise, and hopefully that the expectations derived from the promise and the business case are fulfilled.

#### **What came first, the project or the benefits?**

More recently the idea of benefits has been linked to individual projects and the satisfaction of stakeholder concerns. Moreover, the success of a project is increasingly linked to engagement, relationship management and expectation management pertaining to disparate stakeholder groups. In order to reach such communities and measure the success of change efforts the idea of managing and realising benefits has gained prominence and is increasingly addressed through established processes.

However, projects are not meant to uncover benefits unless they are exploratory initiatives or prototyping attempts concerned with testing the feasibility or value of a particular approach. Indeed, projects are created and executed in order to deliver lasting and meaningful benefits to the organisation.

#### **Delivering benefits**

Benefits are typically identified during project portfolio management. Indeed, a major shift towards the adoption of portfolio management comes from the need to measure, deliver and appraise benefits in an organised fashion. They provide the reason for

launching individual projects that deliver identified chunks of change, with their associated benefits, which can be addressed as projects.

*Transforming Government and Public Services: realising Benefits through project portfolio management*, by Stephen Jenner, published by Gower, explores project portfolio management as a way of improving delivery capability by focusing on improving business cases, focusing on value and benefits, incorporating stage gates and devises new ways of operating in complex, politicised and confusing environments.

The business cases for many change initiatives, including projects and programmes, appear to overestimate the benefits, whilst underestimating the costs. Upon delivery, such initiatives may be judged as failures. The article by Stephen Jenner attempts to explain some of the failures through the lens of cognitive biases, which play a part in inflating the benefits associated with a programme, or project. Indeed he refers to the delusional optimism of overemphasising the potential benefits during forecasting.

The work in this article is derived from a new guide “Managing Benefits” which Stephen is currently developing for the APM Group. It offers an important glimpse into the need to get a better handle on benefit forecasting.

Ultimately, the decisions we make at the portfolio level, will depend on our ability to correctly identify the costs and benefits. While we continue to overestimate benefits (and underestimate costs), we are destined to continue making flawed decisions resulting in misallocated funds, missed opportunities and insufficient insights. To deliver successfully we need to address the tendency of overstating the benefits and develop a keener understanding of the trade-offs, expectations and potential value of what we offer.

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*Editor's note: Darren Dalcher is the editor of the series of books on Advances in Project Management published by Gower in the UK. Information about the Gower series can be found at <http://www.gowerpublishing.com/advancesinprojectmanagement>. The above article is an introduction to the invited paper in the PM World Journal by Gower author Mr. Stephen Jenner on the subject of “Benefits realization – building on (un) safe foundations or planning for success?” You can find previously published articles by Prof Dalcher and Gower authors in the PM World Library at [www.pmworldlibrary.net](http://www.pmworldlibrary.net).*

## About the Author



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