

Benefits Realization Management for Enterprise Success

By Alessandro Bolloni, PMP

1 Introduction

Any investment in a change is a response to a business need related to Corporate Strategic Planning, and Programs are usually initiated to deliver such organizational transformations aimed at achieving the expected business objectives. *Benefit Realization Management (BRM)* is the process of managing an investment in a change, so that the probability of achieving the expected benefits is increased. It is a continuous process running through the complete life cycle of an organization, and it should be the core process of any change initiative, the backbone and driver for all the change in any program.

Although benefits are the ultimate deliverables of a Program, BRM should lay the foundations for the program management rather than being the afterthought. Benefits cannot be relied upon to happen, success depends on the identification and management of the right set of changes which should generate the desired outcomes, requiring constant follow up for refinements and for remediation in case benefits are not delivered as expected.

It's not uncommon for a project or program to release a deliverable (a product, a process, or any other produce) of high quality, i.e. compliant with the stated Business Requirements, but the end users are still unhappy and unwilling to benefit of the deliverable. Expressing a business need in the form of structured Business Requirement is a hard work, requiring expertise from both the project team and the business stakeholders, abstraction skills and willingness to spend time on an iterative explanation of day-by-day user experience and objectives that may result in becoming annoying, and perceived as a waste of time. Focusing on the business deliverable more than on the technical ones, BRM helps increasing user satisfaction by identifying and delivering services that users want and will use, engaging the business stakeholders by giving them a sense of ownership from the outset and through the entire lifecycle of the change initiative.

It is paramount to recognize that the same outcome can be perceived differently by different stakeholders, and their commitment to the change initiative is closely related to the degree of understanding why the change is happening and what's the benefit they are going to get.

The BRM can help mitigating these risks, compelling the project team to focus on project objectives and benefits, and on end users expectations, rather than on the technicalities. The focus of each team member (both technical and business) is

funneled by the actual program objectives to identify dependencies and by prioritizing the investment, talking the language of the business and focusing on the day-by-day users experience.

BRM provides a mechanism to lead the program always to be focusing on the business benefits to be realized, on the influencing factors and possible dependencies, on the required capabilities to achieve the stated objectives, and only at the end the technical solution is elaborated as a natural consequence of this progressive shift of thinking from the strategic objectives to the program deliverables.

2 Program Management and BRM

Any change initiative requires wide business engagement to focus on business benefits, but unfortunately there are no comprehensive guidelines on the mechanics for establishing an effective business relationship. Business literature provides countless of enlightening references, nevertheless the rules of the game remain fuzzy.

Before facing the customer, a project manager should have demonstrated special skills that usually are found in other business profiles, such as strategic consulting. This is particularly true in the case of highly visible and politically sensitive endeavors. Project and Program Management career path usually start with technical roles, then evolve in project management with progressive exposure from technical to customer facing, and finally with increased responsibilities managing multi million change initiatives, the so called Programs. Managing technical initiatives for years allows the manager to acquire business skills as well, but having the required expertise to think like a business stakeholder is another matter. Geeks are not usually good project managers, and technical project managers are not usually good business partners.

The hindrance is on the ultimate objectives each one (including the business partner) is aiming for, and on the language they speak, and not focusing on these aspects leave sensible risks to the success of the endeavor unmanaged. In fact, if the ultimate objective is to deliver a tangible end product, then the project will have most probably a technical drive and business stakeholders will be engaged in a kind of "sale" process, therefore he'll not develop a sense of ownership, whereas when the ultimate objective is a re-engineered business process, or implementation of new business functions, then the endeavor will have a business drive and the technical team will be more engaged as supporting function, usually without much say on the solution and its integration within the existing infrastructure.

It is my opinion that these very different perspectives may have a reasonable chance of success when the nature of the change initiative clearly cuts the scope of work into business and technical components. But most of the cases are not like that, business and technical components are so intertwined requiring the project/program manager to have very special skills, a mix of both technical and business knowledge. This is the situation that in my opinion refines the definition of project and program, the first focusing on delivering technical capabilities, the second focusing in delivering a

business vision (figure 1). In fact, it is crucial for the program manager to have a sound understanding of business objectives and benefits, and how these will be delivered by the program deliverables (i.e. the enablers) once embedded into the organization. It is also vital to have political wisdom to grasp how the program initiative fits in the corporate strategy and vision, whether it is a strategic initiative, which divisions or business units have a stake on it (either direct or indirect), who are the most influential people in the organization, who is friend of whom, and what's the expected level of support it will receive from senior management.

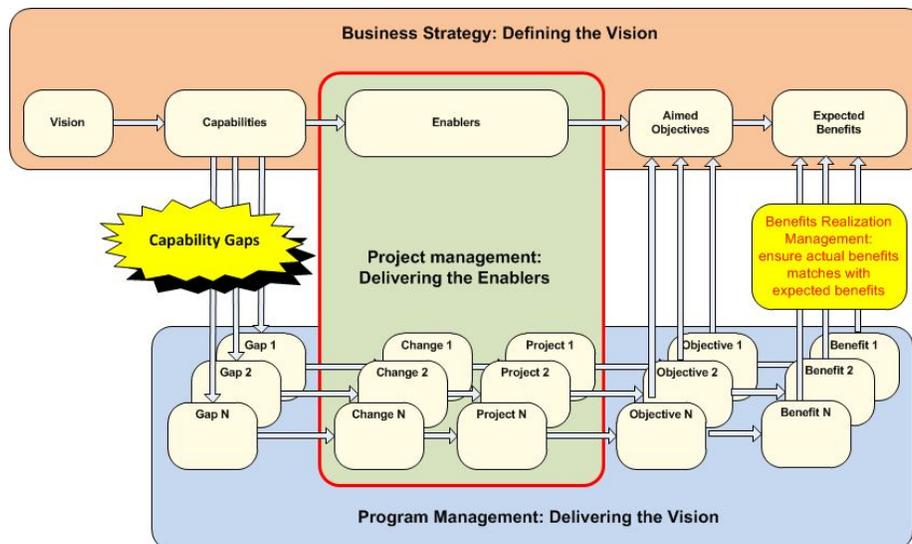


Figure 1

3 The 5 phases of BRM

The common approach to BRM puts particular emphasis on:

- identifying and engaging potential stakeholders;
- establishing a clear vision and objectives which are owned by key stakeholders;
- identifying a comprehensive set of realistic benefits, which support the objectives owned by the relevant stakeholders;
- establish the cause and effect pathways from objectives to benefits, including intermediate or secondary objectives and benefits;
- prioritizing the identified pathways in order to focus investment and assign resources to the change initiatives;
- determining the most effective way to procure the enablers to implement the changes;
- performance ownership, measurement and reporting, throughout and beyond the program life cycle, to demonstrate success, and to take corrective action if intermediate targets are not fully achieved.

This approach is logically structured in five consecutive phases repeating themselves as the objectives are achieved partially or unsatisfactorily, or as a result of vision redefinition as part of the normal enterprise lifecycle:

1. Set Vision and objectives

The vision statement is usually conceived for organizations, but it's very useful for program and project as well, for it defines in a short message why the change initiative exists. It should be carefully elaborated, since it's the basis for the communication plan as well as for "elevator speeches", and it must be derived from the mandate and strategic objectives to be pursued. With no preconceived ideas about the solution, shared vision and objectives among the business stakeholders set the boundary for the project scope and summarize the main purpose of the project.

With continued stakeholder engagement, strategic objectives are broken down into more operational ones, ideally at divisional and functional level. All together, they form an *Objectives Map*, a network of primary and secondary objectives lined in a cause and effect relationship.

This phase must achieve four principal aims:

- to define or clarify the vision for the investment;
- to clarify and capture the objectives and needs which have triggered the change;
- to derive a set of measurable end goals which fully support the vision;
- to check that senior stakeholders have agreed to the vision and are committed to achieving the selected objectives;
- to prioritize objectives, clarifying their dependencies and those that are more critical to deliver the stated vision and expected benefits.

2. Identify benefits and changes

Benefits are then associated to objectives, both qualitative or quantitative (the latter are the preferred ones, in the end any "improvement" can be associated to financial benefits or to a risk mitigation still quantifiable). Then, the Objective Map is used to associate benefits to stakeholders, to rationalize the dependency among strategic and operational objectives, to identify any other influence either internal or external to the organization. The complete network is a *Benefits Realization Map*, which is then used to identify the required enablers and business changes through a business capabilities analysis. An enabler could be a tool (e.g. IT system) or a policy (e.g. information management policy), or a new business process. The complete Benefit Realization Maps is a network of interlinked objectives, benefits (with target values), changes and enablers, whose dependencies informs to prioritize investment in the most critical enablers/capabilities and business changes.

The resulting Benefits Realization Map is the first component of the Program Transformation Plan, i.e. the document which translates the program vision into a

detailed description of the transformative endeavor which is required to enable the desired outcomes (more on this in paragraph 4).

3. Define Initiatives

The required enablers and changes, identified in Phase 2, are analyzed to commission the individual projects required to deliver the Benefits Realization Map. This phase includes:

- categorizing enablers and changes to facilitate the identification of duplicates, as well as consolidation to maximize benefit realization.
- checking whether they are already planned as part of an existing project or program;
- for the identified initiatives, conduct all relevant analysis to determine costs, plan and deliverable to be aligned with the meant objectives;
- relate these costs to the Benefits Realization Map to prioritize and evaluate options and to commission potential change;
- securing the necessary resources and funding.

4. Manage Initiatives

Initiatives commissioned in Phase 3 are then implemented, managed and monitored as per any project implementation

5. Manage Performance and Benefits assessment

Measurement of benefits usually happens after project closure but needs to be planned in advance. In this phase benefit realization is monitored and reported, contributions from multiple projects are consolidated, and appropriate actions to compensate for shortfalls in target achievement are initiated.

Such purpose is achieved by defining, in the initial phases of the initiative, suitable Benefits tracking and monitoring tools, to periodically reports the measures of Key Performance Indicators in the areas of system operations, compliance, quality and process efficiency.

4 A practical approach

The process discussed in paragraphs 2 and 3 may be implemented in many different ways, depending mostly on the program manager experience in benefits realization, but also on the program complexity as well as on the organization maturity. Some of the stated principles may be formalized in formal program deliverables, or being more implicitly stated, ultimately any program must produce at least the following deliverables:

- program mandate and business objectives;
- program solution architecture (both technical and organizational);
- implementation plan, implementation costs, operational costs;

- business benefits;
- business case.

These documents form together an interlinked set of stakeholder expectations and program management commitments, requiring iterations and ad hoc practices, but in general the flow can be sketched as per Figure 2, below.

Strategic documents defining the corporate objectives are mandatory input, in particular Corporate/Divisional Vision and Objectives, Program Objectives and mandate.

In big organization is not uncommon to face the phenomena of "silos thinking", especially among business functions. Politics, organizational complexity, geographical distribution, competing initiatives, are all factors that influence the program lifecycle, and the program manager should apply his independent judgement from the outset, integrating the mandate he receives with additional information to understand how the program fits in the bigger picture, who are the major players, which planned or ongoing initiatives may influence the program.

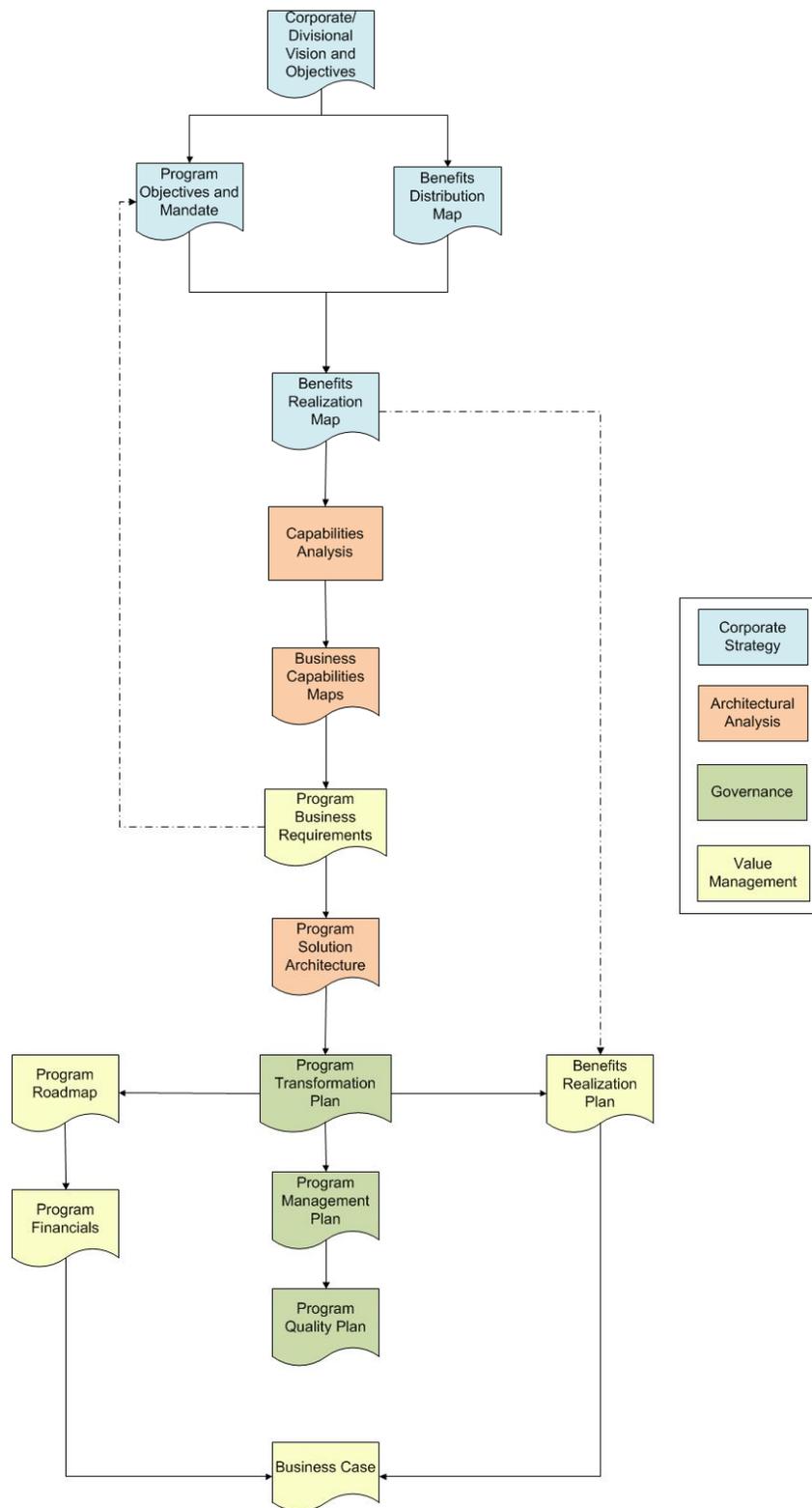


Figure 2

Other than benefits, it is a good practice to qualify any "disbenefit" the program may deliver, in order to identify who in the organization may be negatively impacted and, as such, may represent an obstacle to success. As such, the key deliverable of this phase is the so called *Benefits Distribution Map*, showing which objectives and benefits (and disbenefits) are expected by the individual stakeholders. Jointly, the program mandate, the network of Program Objectives and benefits (with target value), and the associated stakeholders, form together the *Benefits Realization Map*.

The Benefits Realization Map is the basis for the subsequent *Capability Analysis*, aimed at figuring out which capability the organization is missing to achieve the stated objectives. The identification of the required capabilities (technical, functional, organizational) is useful to decompose the original program in independent or loosely dependant subprograms to be managed in more agile way (but still under clear governance). This approach can be fully tailored to the needs, system prototyping or Kaizen events are common approaches to further refine the program scope, the requirements, and the possible solution architecture.

It's worth stressing that, although these steps are described sequentially, they may be operated recursively, where iteration cycles progressively refine and correct objectives, benefits, capabilities. This process is ultimately aimed at documenting and formalizing the *Program Business Requirements* (PBR), whose scope is to describe what's the purpose of the program, the meant objectives and how these should to fit into the corporate organization. The PBR is a business document, as such its business contribution is paramount in all the preceding phase to give a sense of ownership as well as to progressively help non technical people toward the more technical dimension of the *Program Solution Architecture* (PSA), to be fully integrated in the Benefits Map in order to achieve the Program vision.

At this stage, the PSA documents the workstreams and individual projects to be kicked off, their dependencies and sequence, which technology is required, which organizational changes have to be executed (including training), and how all these components are interlinked. It's the basic and crucial document, since it's required to elaborate:

- Program Transformation Plan.
- Program Roadmap and Plan.
- Benefits Realization Plan.
- Program Financial and Business Case.

Two documents deserve some explanation. The *Program Transformation Plan* (PTP, also known as blueprint) is a document that describes how and when all the program deliverables will be delivered and which benefits are expected to be realized. This plan outlines for benefit of the program:

- Baseline and target measurements to be achieved for each benefit;
- A description of how each benefit will be measured;

- The expected delivery schedule for each benefit;
- An overview of the monitoring capabilities required to measure each specified benefit, along with details explaining how each capability will be delivered;
- An explanation of the risks that may threaten the achievement of each benefit and how the threat will be handled.

The other document is the Benefits Realization Plan (BRP), which is used to define the benefits of the overall program, the responsibilities for their realization, measurement and reporting.

The objective of the both PTP and BRP is to ensure those involved in the implementation (and a wider audience as required) have:

- A common understanding of the expected strategic outcomes of the program;
- Identified the key implementation outcomes and secondary/intermediate outcomes, who will be accountable for the outcomes' benefits and how they will be measured;
- Record which initiatives will be required to ensure the delivery of the expected outcomes, who will be accountable for their implementation and their completion timeframe;
- Captured the detail of the overall program outcomes that can be referenced and broken into more detail in the individual project business cases; and
- Identified key assumptions and risks around the delivery of the expected outcomes, the strategies that will be implemented to mitigate them and who will be accountable to implement those strategies.

The Benefits Realization Plan includes high level information about the proposed types of benefits applicable for the key outcomes and where possible, it will also include detailed metrics, including targets, baselines and timelines for the benefits to be measured.

All this deliverables, and the progressive mental process followed to produce them, should ultimately help developing a sort of "team intelligence", i.e. a common understanding about why the program exists and why it is going to be delivered in a certain way, forming a solid foundation based on a sense of purpose, ownership and team spirit, all key success factors required to overcome any obstacle the program will face along his life cycle.

5 Conclusions and Acknowledgement

In my personal experience Benefit Realization Management does not look like a fully recognized discipline yet; as such it's hard to find it as a well established best practice in most of organizations. And publications on this topic are not as abundant as for other strategy-related or Program Management-related disciplines. Nevertheless I found three references very useful in my professional development, a constant source for inspiration and reference.

The first is the *Managing Successful Programmes* Manual published by The Stationery Office. This book defines the guidelines of the Managing Successful Programmes (MSP) best practice for Program Management, and it is an integral part of the Best Practice Management framework (including PRINCE2 as well, besides others).

The second reference is the PMI Standard for Program Management. It provides another framework for benefit realization management. It is my opinion that PMI and MSP form together a powerful set of complementary methodologies.

The third reference is *Benefit Realisation Management* by Gerald Bradley. It is the result of 30+ years of experience in the field, and I definitely consider this very informative book as the major reference for the discipline. It provides both the theory and practical examples, moving into action is straightforward and immediate in any program or strategic planning activity.

A fourth source of reference is certainly experience. Every Program (like every project) is a unique endeavor that requires bespoke approaches tailored to the program objectives and stakeholders, as well as to the maturity of the organization.

As such, this paper is the summa of all this personal learning that certainly will further evolve. It is my hope that other Program Managers will be inspired to develop themselves in this area and to share their best practices to contribute in the maturation of a holistic and well established Program Management methodology.

About the Author



Alessandro Bolloni, PMP



Alessandro Bolloni is a Global Program Manager in a leading Pharmaceutical organization. Alessandro gained his experience in large international, multi-ethnic organizations in telecom, energy and pharmaceutical sectors. He managed transformation projects, including organizational transformation via outsourcing/offshoring. In these various contexts he gained his reputation as inspirational leader motivated by excellence and result-orientation in achieving challenging objectives. Alessandro published a number of papers and articles on Project and Program Management-related topics such as Risk Management, People Management and Leadership. He is PMP since 2005 and is a fellow of PMI Switzerland Chapter. Alessandro Bolloni can be contacted at alessandro.bolloni@gmail.com.