Implementing BS202002: Benefits management on portfolios, programmes and projects [1]

Doing the right things – prioritising using benefits management [2]

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Benefits management is the process of: understanding what you are trying to achieve, focusing your efforts on achieving those objectives, and adjusting your approach as either the external circumstances change or the project hits obstacles, to optimise your benefits realization.
There are enormous advantages in applying benefits management to an existing requirement – putting together a business case; motivating the team and the stakeholders to remove obstacles and proceed at pace; and choosing the best option when faced with the decision.

However, the really big benefits come from not doing the wrong things, rather focusing your efforts on those most likely to help your organization succeed. This can be characterised as portfolio management.

Portfolios

Most organizations have at least one portfolio, even if they don't call it a portfolio. The portfolio is the collection of projects, which together help the organization make progress towards its objectives. Typically, all the projects in a portfolio draw from the same pool of resources, whether investment funding, skilled staff, or other constrained resources. The portfolio has a set of objectives, which might change over time, and it is more important to reach a minimum acceptable level on all objectives than to over perform dramatically on one or two, leaving others neglected.

However, and it's a big however, many of the projects within a portfolio contribute to only one or two of those objectives, so we need a combination of projects to realize all of them.

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The challenge for any portfolio's investment board (which could be the senior management team or executive board of the organization) is to resist the call for another highly successful project that contributes to an already over delivered objective, leaving shortfalls in the other objectives.

Benefits management across the portfolio

At their very simplest, realizing benefits can be considered as the quantifiable and progressive achievement of objectives. Since a portfolio has objectives, a portfolio also has benefits. These have amounts of benefits (for each stakeholder group): and we expect to realize each of the benefits at specific milestones. What's probably missing in many portfolios are measures or forecasts about how well those portfolio-wide benefits are doing, based on the current mix of projects.

BS 202002: the British standard for benefits management across portfolios programmes and projects illustrates the process for benefits management across the portfolio (clause 7 of the standard).

Each assessment (each meeting of the investment board) should review the current and future position of benefits and objectives across the portfolio. Of course, this means that every project in the portfolio should report its current position on benefits – and for benefits not yet realized: when; how much; and how likely. Many of the benefits from individual projects are likely to contribute to the portfolio's benefits, and the reports on contributions to the portfolio's benefits from all the different projects collate into a portfolio position on benefits.

From this, the investment board can review whether the current and forecasted position meets what's required. And if not, the investment board can decide what needs to change.

Of course, if an investment board invests in something new (or changes the specification of an existing project), then that new investment has to come from somewhere, typically an existing project. Deferrals, delays, cancellations, and the new proposals, need to go back to the assessment stage to review the benefits position. In a 90-minute meeting, this cycle (assessment, gap analysis against needs, propose changes) might repeat 90 times to adjust the projects and resources and reach an optimum position - where we optimize the available resources and realize portfolio-level benefits.

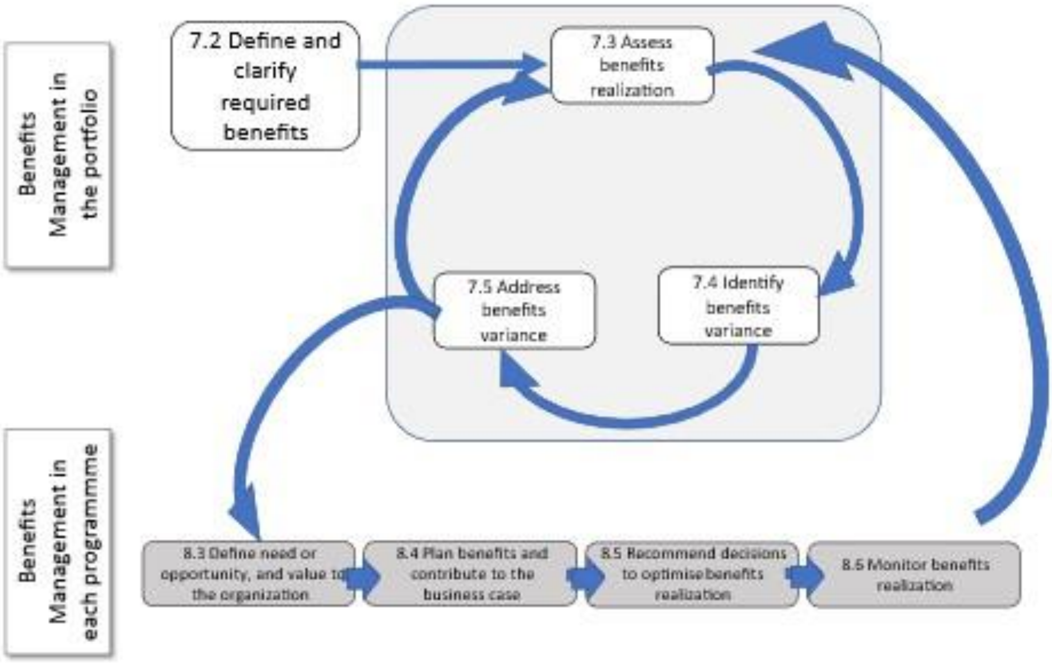

Figure 1 Benefits Management in the portfolio - and how it relates to projects. Clause numbers refer to BS202002

Choosing which projects to do next when resources are constrained

I often wonder: where do the ideas for projects come from? I gave a presentation recently proposing that most projects come from salespeople trying to sell something – I thought would raise a laugh, but instead it evoked knowing nods! So where do your projects come from?

The place they should come from is based on need. New projects *should* be initiated as a result of the gap between the current forecast of benefits realized across the portfolio, and the requirement (see figure 1, arrow between 7.5 address benefit variance and 8.3 define need or opportunity). This is true just as much – perhaps even more so – when the objectives and benefits of the portfolio have changed because of additional requirements (opportunities, threats) identified. The additional requirements should feed in at portfolio level, and be considered in the context of the existing projects.

Retrofitting – we already have a lot in the funnel

Project managers reading this probably manage projects in well established organizations. There is probably already a queue of named projects, many of which haven't even started yet because of limited resources. It's politically difficult to throw everything out and start again, we have to retrofit benefits management.

However, we can review the benefits of the existing project *in the context of the benefits across the portfolio*, and use that as a basis for deciding what gets funded and resourced and what doesn't. There are quick and approximate ways to attribute benefits to existing projects, and you can refine the values of the benefits more accurately later.

But deciding what gets resourced isn't quite as simple as coming up with a benefits score for every project, putting the list in order, and drawing a line where the budget runs out. This is often a massive improvement over the "Dragon's Den" approach.

The Dragon's Den approach

The Dragon's Den approach is the way that many investment boards prioritise investment. Each project manager makes wilder and wilder promises about the benefits of their project, and the decision-makers decide who they believe: it takes a lot of time, a lot of emotion and stress, and nobody is satisfied with the final decisions.

Tetris – the art of putting it together

The correct approach fits projects together like an enormous game of Tetris. All of the activities that deliver a specific outcome (for example: an app + server, process changes, culture changes and training) get the same score for their contribution to each of the portfolio's benefits. Foundational or enabling projects (for example: the hardware and operating system that enables a number of virtual app servers) gets the highest score (on each portfolio benefit) of any of the subsequent projects that it enables. Many projects take years to roll out, and it is unrealistic to guarantee funding and resources over many years when unexpected changes might come up, so this scoring approach provides stability through dynamism.

And so the game of Tetris begins. Starting with projects (or collections of projects that deliver specific outcomes, which might or might not combine into programs) that are in flight (have already done most of their work – and the outcome is still useful) – the investment board begins to commit investment and resources. With the first few projects in place, we assess progress on the portfolio benefits. Are any of the portfolio benefits complete (or forecast to be)? If so, any contribution to this particular portfolio benefit is not relevant to decisions on which project is next to include.

The aim is to meet at least the minimum acceptable level of each of the portfolio's benefits. Extra benefits realization is welcome, as a bonus, but only counted once all benefits are reaching their minimum.

The time dimension

As described earlier, most outcomes take some time, which could be years. We need to ensure that the enablers (which might not have direct benefits of their own) are started and completed in a timely fashion to enable the main project. That's why the scoring process takes account of what enabling projects enable when scoring.

There is a cost when projects are deferred or delayed. The next big thing is coming along when it comes along, regardless of when you deliver the current big thing. An example of this is private 5G. It will replace Wi-Fi in many situations, it won't wait until our Wi-Fi has been in place for five years – if our Wi-Fi goes in two years late, then we only get three years' worth of benefits from Wi-Fi (assuming private 5G arrives in five years). Therefore, when totting up the benefits of each of our projects or collections of projects, take into account how long before it's likely they will be replaced (by solutions which might not even be known now), set a guillotine after which you no longer attribute benefits, and if you plan to start something late, consider if it's better to cancel altogether.

Conclusion – doing the right things

We – all of us – need a good reason for investing: time, money, skilled personnel, other scarce resources. Rather than prioritising each investment independently and by the size of its individual benefits, we should invest to realize the whole organization's objectives as a minimum, and exceed one or more of those objectives as a bonus.

This is a radically different way to make decisions. It means that projects have to know how the project benefits contribute to the organization's and portfolio's benefits; forecast likely realization based on their current and expected resourcing over time; and report these forecasts. It means the organization's or portfolio's investment board has to make its decisions in context: contribution to the organization or portfolio, rather than each project in isolation. And it will often mean that instead of starting new projects, and potentially delaying existing projects and wasting their investment, the correct solution will be nudges and small adjustments to the specification of existing projects.

This approach also monitors projects in a much more meaningful way – whether they are achieving what is necessary and realizing benefits, or simply spending money and ticking off milestones. It can be scary for the project manager who refuses to take any responsibility realizing benefits – but is much more likely to ensure that the organization is successful.

About the Author

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Dr. Hugo Minney is a Fellow of APM (Association for Project Management), a Member of PMI and PMI UK, Co-Chair of APM's Benefits and Value SIG and committee member of PMI UK's Sustainability Community of Action (none of which are paid).

Minney set out to become a farmer but was defeated by bureaucracy. He sold high ticket computer systems and specialist software for workforce planning; joined the National Health Service for 18 years (and as a Chief Executive for the last 7 of these) and is now a project management consultant with a sideline chairing a charity restoring the sense of community for young people.

Minney works in project management, and in particular benefits management, motivating team members by reporting what they are achieving together and changing the community and culture to want to achieve – together. At present he's more involved on the governance side, accredited as a Social Value practitioner and Chartered Project Professional, and reviewing the balance of projects and contribution to objectives and benefits across portfolios.

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