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

Seven Deadly Sins of benefits management (what organizations do that doesn't work for them)[2]

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Benefits are why we do projects. One of many benefits of benefits management is to "keep you off the rocks" – protect the organization from jeopardy (see **Error! Reference source not found.**). By making decisions to optimize benefits [1], whether that's which projects we prioritize, or what decisions we take during project delivery, the organization should enjoy greater success.

Figure 1 The lighthouse shows you the way and keeps you off the rocks

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[2] How to cite this work: Minney, H. (2024). Seven Deadly Sins of benefits management (what organizations do that doesn't work for them), Implementing BS202002: Benefits management on portfolios, programmes and projects, series article, *PM World Journal*, Volume XIII, Issue VIII, August.

There are well-established processes for effective benefits management, as described in the British standard BS202002[2]. However, many organizations and practitioners create their own processes and approaches, and not all lead to success – some might even lead an organization into a false sense of security. This article explores the "seven deadly sins of benefits management" – common practices that, if left unchecked, can lead to significant problems in realizing the true value of projects and programs, and even expose an organization to risk.

As we explore each of them, consider whether you've encountered them in your own professional experience. By recognizing these pitfalls, we can work towards more effective benefits management practices that drive real value for organizations.

Deadly Sin number 1. Shoot first, then name your target

One of the most pervasive issues in benefits management is the tendency to commit to projects before clearly defining their objectives and expected benefits. It's almost as though projects are initiated – not because of a need – but because a visiting salesperson needs to sell you something (and yes, it feels the same for some of the nation's megaprojects too!).

There are many arguments about why such a high proportion of projects "fail" [3]. Most relevant to this deadly sin is the complaint that many projects lack clear alignment with organizational strategy at the outset[4]. The project doesn't happen in isolation, it happens in context, and the benefits express how each project aligns to its context (and in particular, how it contributes to achieving the organization's objectives). Zwikael *et al* [4] emphasized the importance of establishing a "target benefit" as a key success factor for projects.

What is the benefits manager's response to this sin?

As a benefits manager faced with this situation, your primary task is to uncover the real motivations behind the project, document them, and report them so the steering board or the organization's investment board can consider if the project can justify its allocation of resources. This involves:

1. Analyze how the project aligns with organizational strategy and objectives. If you aren't convinced that there's a clear alignment, then follow your instinct and ask questions. Of course, you need to be diplomatic at this point because you might not be right.
2. Apply your experience to consider the documented benefits – are they sufficient, and are they complete, or does it feel as though there are glaring gaps and mistruths?
3. Conduct stakeholder interviews to identify the original driving objective(s) and understand the perceived value and expected outcomes that each stakeholder has. The stakeholder interviews might identify the individual who actually initiated the project, who might or might not be the same person as the current sponsor, and this person will have a much better understanding of why the project was started.
4. Develop a clear benefits statement that articulates the project's purpose and expected impact. If you are concerned that some of the "benefits" might be embarrassing, then

discuss your findings with the sponsor or project management professional lead – your responsibility is to discover the truth and inform those who can make the most appropriate decisions, not to go out of your way to embarrass people and make enemies.

This process of benefits identification and structuring is crucial for ensuring that projects deliver value to the organization [5].

Deadly Sin number 2. And then a miracle occurs

This sin manifests as a disconnect between the activities of a project and the benefits it claims to deliver, sometimes termed the "benefits realization gap" [6](see Figure 2).

This is one of the easiest sins to identify. A business case offers all sorts of alignment and benefits realization that the organization wants and will be highly motivated to invest, and lists the investment needed, but the actions (workstreams, projects, tasks, synergies between them) don't appear to have a logical way in which they could actually bring about the benefits claimed. The linkage between activities and benefits is variously called causal link[7], logic chain[8, 9] or variations on these terms[10], and there's also a technique called investment logic mapping [11]which does the same thing the other way around (see also bi-directional benefits map in Appendix B of the British Standard[2])

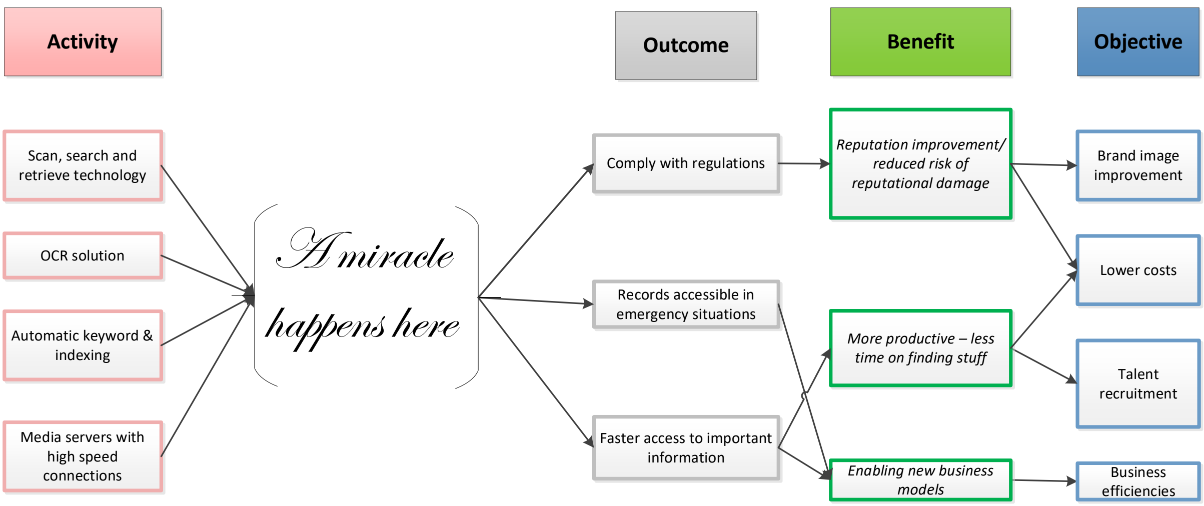

Figure 2 Miracles in project management

As a benefits manager, your role in combating this sin is crucial:

1. **Develop comprehensive benefits maps**: Create visual representations that clearly show the logical connections between project activities, outputs, outcomes, and ultimate benefits. This helps identify gaps in the causal chain and areas where additional interventions may be necessary.

2. **Challenge assumptions**: follow through the causal chain, both using your own experience, and if possible, with a number of stakeholders who might be expected to understand. Question how each activity or output is expected to contribute to the desired benefits. Encourage stakeholders to articulate the specific changes or improvements that will lead to benefit realization.
3. **Establish intermediate measures**: Define leading indicators and intermediate outcomes that can be monitored to track progress towards benefit realization. Measurement and reporting (using benefits management practices) makes organizations more likely to achieve their intended benefits[12].

Deadly Sin number 3. "Mandatory" programmes don't need benefits

The third deadly sin revolves around the misconception that projects or programs deemed "mandatory" are exempt from benefits management. The team assumes "we have to do it anyway".

This isn't the case – the organization has three choices with respect to regulatory compliance: a) take the action necessary to comply; b) fail to comply and pay the penalty; or c) cease the regulated activity. The choice selected will depend on the cost of compliance or paying the penalty versus the benefits gained from continuing with the activity.

It's also important to understand which activities relate to compliance and are there additional activities being added to the worklist under the guise of "mandatory" when they are actually gold plating (something the project team wants to do or the salesperson wants to sell).

Therefore "Mandatory" programmes will still benefit from benefits management to decide whether to do them at all and to what extent, and even compliance-driven projects can benefit from a focus on value creation and benefits realization[13] that can be realized as a result of the changes brought about in order to comply.

As a benefits manager confronted with this sin, your approach should be twofold:

Firstly, put a number on "mandatory":

1. Quantify the consequences of non-compliance: Assess the potential costs of fines, legal action, reputational damage, or lost business opportunities that could result from failing to meet regulatory requirements.
2. Conduct cost-benefit analysis: Compare the costs of compliance against the potential consequences of non-compliance to inform decision-making about the level of investment and approach to implementation.

Secondly, use benefits mapping to refine the scope:

1. Create a benefits map that clearly shows which activities contribute directly to meeting mandatory requirements and which go beyond compliance – although these might have other benefits and be worth pursuing.
2. Identify any additional benefits that could be realized from the mandatory changes, such as process improvements or enhanced data capabilities.

Regulatory compliance projects can be leveraged to deliver broader organizational benefits [14].

Deadly Sin number 4. Count every benefit, forever

The fourth deadly sin in benefits management is the temptation to overstate or exaggerate benefits. This can be done in a number of ways, which all fall under the general concept "optimism bias"[15].

Amongst methods typically used to overstate the benefits, these are probably the most common:

- to count every benefit (and there might be hundreds), even though some might be mutually exclusive and others only likely to realize a tiny portion of their maximum possible under likely conditions; and
- to sum up the value of a benefit (per year or many benefits) over many years. Benefits can be reliably attributed to the project itself for a fairly short period before so much else has changed that it would be unsafe to attribute it to the project[16]; or the change is likely to be replaced by another change; for example:
    - ICT will often be replaced by a new version or a new product; or
    - the UK motorway system which is a little over 60 years old is so different from the original motorway system (additional lanes, motorways that cross the ones that radiate out from London, some have actually moved the road to a different route) that the benefits are completely different. Many other projects are like this.

To combat this sin, benefits managers should adhere to the principles outlined in the British standard and other best practices:

1. **Contextualize benefits within the portfolio:**
    - Evaluate benefits in relation to overall portfolio goals and targets – avoid double-counting from different projects by understanding the total benefit and then allocating it by % to the projects that contribute materially.
    - Recognize that overperformance of one portfolio benefit doesn't always compensate for underperformance in another, especially if they are different types of return on investment (eg reputation vs financial savings).

2. **Set a time guillotine:**
    - Establish a clear date when you assume a particular change will be replaced, eg 5G to replace WiFi; and ensure the benefits for the WiFi roll-out don't continue past that date (and if the WiFi is late being rolled out, then you lose the benefits completely for the delay period), or
    - Decide the rate of drop-off for benefit realization, when benefit values have diminished to be negligible and should no longer be counted.
3. **Focus on key benefits:**
    - Identify and prioritize a small number of material benefits that justify the investment.

These practices align with recommendations from the Project Management Institute's Benefits Realization Management Framework (PMI, 2019) [17], which emphasizes the importance of clear benefit ownership and realistic timelines for benefit realization.

Deadly Sin number 5. No Consequences

The fifth deadly sin in benefits management is the failure to establish and enforce accountability for benefit realization. Effective governance and accountability are critical factors in successful benefits realization[18]; but just having a name on the form doesn't mean anything unless there are consequences.

- Climbing the career ladder usually involves getting known, which means putting one's name on a lot of positive things. In many organizations, being a "benefits owner" carries no risk if benefits don't happen but does carry positive credibility. So there's often no difficulty getting a name on the form, but that person neither advocates to ensure the project gets the resources it needs, not puts themselves out to ensure that their department changes behaviours and processes to realize benefits;
- Where the benefit owner has some responsibility for the Profit and Loss of their (operations) department, and can see how this change would impact on that, they are more likely to do something to ensure that the project happens and the benefits are realized;
- Where the organization holds people to account for benefits delivery, even if it's only a carrot (they get a bonus with success, which means they don't get a bonus without success), the changes in operations necessary for benefits realization are more likely to occur.

To address this sin, benefits managers should focus on creating a culture of accountability:

1. **Establish clear ownership:**
    - Assign specific individuals as benefit owners, ensuring they have the authority and influence to drive the necessary changes (and usually would have line management responsibility at least one of the relevant target departments).

2. **Implement robust measurement:**
    - Develop lead and lag measures for each major benefit.
    - Ensure that measurement methodologies are clear, consistent, and agreed upon by all stakeholders.
    - Guidelines for measurement for both lead and lag measures should be described in governance documentation such as a Benefits Management Strategy applicable to the whole organization.
3. **Integrate with performance management:**
    - Include benefit realization targets in individual and team performance objectives.
    - Make them meaningful, with recognition and corporate memory (ie someone's track record can be assessed).

These practices emphasize the importance of clear accountability structures in benefits realization[19].

Deadly Sin number 6. Money is the top priority

The sixth deadly sin in benefits management is the excessive focus on short term financial returns at the expense of other outcomes such as talent retention, brand image, and maintenance debt.

- Research by Martinsuo and Killen [20] has shown that a narrow focus on financial metrics can lead to suboptimal project selection and portfolio management decisions.
- Pursuing short-term goals can also create substantial long-term challenges. Examples include delaying maintenance to save costs; reducing spend on Research and Development; and failure to retain talent.
- Conversely, ethical values and activity, whilst costly in the short term, can permit premium pricing [21] and enable talent recruitment and retention with the many benefits this brings[22].

To combat this sin, benefits managers should take a more holistic approach to valuing and measuring benefits:

1. **Embrace non-financial benefits:**
    - Educate stakeholders on the importance of non-financial outcomes and their impact on long-term organizational success.
    - Use frameworks like the Balanced Scorecard to ensure a comprehensive view of organizational performance [23].
2. **Quantify non-financial benefits:**
    - Utilize techniques from the British Standard BS8950 [24] on Social Value to assign financial equivalents to non-financial benefits.
3. **Consider non-cashable benefits:**

- Recognize and account for benefits that improve efficiency or effectiveness but may not directly result in cost savings or revenue increases in the short term[25].

Deadly Sin number 7. My project is the only thing that matters

Figure 3 blinkered view - can't see the impact on the whole organization

The final (that we discuss) deadly sin in benefits management is the myopic focus on individual project success at the expense of overall portfolio and organizational outcomes (see **Error! Reference source not found.**, where risks lurk in the background).

Portfolio management is a different mindset. The success of individual projects might not result in organizational success – projects can take the organization in diametrically opposite directions, dissipating resources and making no progress towards the organization's objectives.

Effective portfolio management (using projects, typically in concert, to progress the mission) requires a shift from a project-centric to an organization-centric perspective[26]. However, the rewards include a reduction in internal conflict for resources, reduced duplication, and fewer emergencies to make good an objective that has been neglected.

> To address this sin, benefits managers should focus on fostering a portfolio-level perspective:

1. **Emphasize portfolio benefits:**
    - Regularly communicate the importance of overall portfolio success rather than just individual project outcomes.
    - Emphasize that benefits can only be realized when the operations of the business change (behaviours and processes), which means that change and operations (and the steps in between – run plus and incremental change) need to understand each others' contribution. Operations ensure that the organization has the funds to keep going, and change is speculation for the future with different levels of certainty and reward.
2. **Implement portfolio governance:**
    - Establish clear processes for resource allocation and prioritization across the project portfolio and balance with resource allocation to operations activities.
3. **Encourage cross-project collaboration:**
    - Create forums for project managers to share information and identify opportunities for cooperation.

Thiry [27] emphasizes the importance of aligning project and portfolio management with organizational strategy, and the seven deadly sins emphasise the ways things go wrong when this principle is ignored.

Conclusion

The seven deadly sins of benefits management represent common pitfalls that can significantly hinder an organization's ability to realize value from its projects and programmes. By recognizing these sins and implementing the suggested remedies, benefits managers can help their organizations move towards more effective benefits realization practices. This, in turn, will lead to better alignment between project outcomes and organizational strategy, driving greater value creation.

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Minney has analysed the benefits of change, and weighed them up against the need for effective operations to keep the lights on, since 1990 when he started supplying high ticket computer systems and specialist software for workforce planning; he has built business cases of all types and is acutely aware of the pressures to make a single project a success at the expense of the organization's objectives until he was a board director in National Health Service and could take a portfolio overview. Minney 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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