The Fundamentals of Managing Benefits

Optimizing the Return from Investments

Milvio DiBartolomeo

FEBRUARY 2022

CONTENTS

Milvio Di-Bartolomeo

This work is licensed under the Creative Commons Attribution 4.0 International License. To view a copy of this license, click here.

1. INTRODUCTION 4

2. THE BURNING PLATFORM 5

2.1 What get measured gets managed 5
2.2 Where are we now? 6

3. UNDERSTANDING AND WRITING A BENEFIT 7

3.1 The path to benefits and value 7
3.2 What is a benefit? 8
3.3 Non-financial benefits 9
3.4 Writing a benefit statement 11

4. ACTIVIST ACCOUNTABILITY 13

4.1 Deliberate management action 13
4.2 Accountability 13
4.3 Knowledge into action 14
4.4 Culture and mindset 15

5. BENEFITS INTEGRATION 16

5.1 Investment 16
5.2 Strategy 16
5.3 Business change 17
5.4 Value 18

6. OPTIONS ANALYSIS, INVESTMENT APPRAISAL AND PORTFOLIO PRIORITISATION 19

6.1 Cost-benefit fallacy 19
6.2 Praxis Framework 21
6.3 Better Business Cases 23
6.4 Five Case Model and Benefits 25
6.5 Financial analysis 26

7. DECISION SUPPORT FUNCTION 27

7.1 Value Management Office 27
7.2 Gated Assurance and Decision Gate Process 28
7.3 Staged Release of Funding 29

8. BEST PRACTICE TECHNIQUES AND TAILORING 30

8.1 Three-Column Analysis 30
8.2 Projects, Results, Users and Benefits (PRUB) 31
8.3 Project Canvas 31
8.4 Investment Logic Mapping 32
8.5 Benefits distribution matrix 32
8.6 Balanced Scorecards 33
8.7 The Victorian Government's Sixteen Question Decision Makers Checklist 35
8.8 Tailoring the benefits management artefacts 36

9. SUMMARY 37

9.1 Fortune Favours the Brave 37

10. AUTHOR 38

11. REFERENCES 39

FOREWARD

"The project economy is both a reality and a response to a world characterized by systemic challenges, digital disruption, and existential threats. There's never a better, or more challenging, time to be a member of the project, programme and portfolio management profession; and yet we face something of a paradox in that strategy execution remains problematic for many organizations, and many struggle to demonstrate a return on their investment in projects and programmes.

The good news is that we're not short of solutions - the challenge we face is implementing them successfully. It's becoming increasingly clear that we need to go beyond piecemeal responses with an integrated strategy. This is why this white paper is so welcome and so timely - integrating insights and best practices from four related perspectives - Strategy Implementation, Better Business Cases, Praxis Framework and Managing Benefits.

The choice for all of us is clear - are we part of the problem or part of the solution? It's time for all of us to choose."

Steve Jenner, Benefits Management Guru

Steve Jenner is one of the world's leading project, portfolio and benefits realization management subject matter experts, and dubbed by friends and colleagues as the 'Rottweiler' of benefits management. Steve is a regular speaker at international conferences, author of several books in the field, and Chief Examiner for the APMG Managing Benefits training and certification program.

In a world of scarce resources and greater uncertainty, several writers and influencers are proposing that portfolios of programmes, projects and other work should move from a focus on deliverables to a focus on benefits and business impact. Defining meaningful benefits is hard, much harder than defining deliverables, but the value this change of focus can bring is huge.

Defining benefits should always start with a robust and realistic business case and ensuring they are delivered requires management action throughout the project life cycle. This white paper is an excellent summary of both the need for, and practical approaches, to delivering benefit focused portfolios, programs and projects.

If your program or project isn't delivering business benefits, what is its purpose?."

Richard Pharro, CEO, APMG International

Richard Pharro is the Founder and CEO of APMG International, one of the few privately-owned international accreditation and certification bodies in the world. Richard hosts a regular podcast with subject matter experts and is an author of "The Relationship Manager – The Next Generation of Project Management".

1. INTRODUCTION

Do we all interpret and understand the portfolio, programme and project management concepts in the same way? The simple answer would be 'No'. Two people can read the same thing yet have two totally different interpretations of what they just read. As such, benefits management is one discipline where the concepts are better understood if broken down to their core parts to enable practical application. Albert Einstein is attributed as saying *'If you can't explain it simply, you don't understand it well enough'*. This sage advice is particularly true for managing and realizing both forecast and emergent benefits and being able to consistently apply this specialized knowledge.

> Many organizations still struggle to demonstrate that the forecast benefits used to justify investment are realized in practice.

Many organizations still struggle to demonstrate that the forecast benefits used to justify investment are realized in practice. For example, Dr Cecily Macdougall CPA, founder and CEO of Building4Business found in her Doctor of Philosophy (PhD) thesis on software project failure that in Australia alone, A$5.4 billion is wasted each year on projects that do not result in benefits realization (Head, B & Walker, D, 2016). This is largely due to a lack of understanding of what constitutes benefits management and that it actively involves the practices of 'identification, quantification, analysis, planning, tracking, realization and optimization of benefits' (Jenner, S and APMG International, 2014).

When one or more of these crucial benefits management practices are not undertaken, or undertaken after an investment decision has been made, the forecast benefits that justify investment can appear, and sometimes are, strategically misrepresented. Distinct from optimism bias or even simple miscalculation, strategic misrepresentation is the tendency for those presenting projects and programmes' business cases for approval to deliberately and knowingly understate both the costs and risks and overstate the benefits that will be realized. Some justify it as an expected part of the negotiation 'game' and argue that many worthwhile spending proposals would never get approval if the true costs were revealed at the start (Oxford Reference, n.d.). This can lead to what Tim Banfield (Director, National Audit Office, UK) calls the 'conspiracy of continuation', where initiatives are rarely stopped once they are started, particularly where sunk costs are incurred and true costs are known (Jenner, S and APMG International, 2014).

Organizations that do focus on benefits realization understand how to optimize the return from their investment because they capture the evidence needed to clearly demonstrate contribution of new strategy objectives. The most successful organizations will be those that 'identify a set of benefits categories that demonstrate the strategic contribution of projects and programmes' as a vital part to their competitive advantage (Jenner, S, 2022, pers. comm., 7 January).

1.1 CONTENTS OF THIS WHITE PAPER

- In this white paper, we will explore the burning platform regarding benefits realization to help people see the dire consequences of not changing.
- Furthermore, we will examine the fundamentals of the benefits management discipline to help improve individual capability and organizational maturity. It is not intended to be a summary of Steve Jenner's *Managing Benefits: Optimizing the Return from Investment* guidance.
- Next, we will define and explore what a benefit is, both forecast and emergent, in relation to strategic objectives, business change and value management amongst other concepts. In addition, we will explain how to write a measurable benefit in a consistent manner.
- We will subsequently discuss the salient points to be aware of particularly regarding options analysis, investment appraisal and portfolio prioritization to ensure that the discipline of benefits management is successfully implemented and sustained.
- Finally, we will describe several leading-edge techniques and how to tailor the benefits management documents to make it easier to implement and sustain the discipline of benefits management.

2. THE BURNING PLATFORM

> Organizations need to spend time clearly defining the purpose and expected benefits of spending proposals and to make any strategy and investment as measurable as possible.

In 1995, Martin Cobb (Treasury Board of Canada Secretariat, Ottawa, Canada) outlined his paradox: *'We know why projects fail, we know how to prevent their failure - so why do they still fail?'* particularly in terms of benefits realization. Pfeffer, J and Sutton, R (1999) also highlight another paradox *'Why are there so many gaps between what organizations know they should do and what they actually do? Why do so many organizations fail to implement the experience and insight they've worked so hard to acquire?'* As we question our current understanding, we should become curious about what information we're missing. That search leads us to new discoveries, which in turn reinforces how much we still have to learn – particularly about benefits management. If knowledge is power, knowing what we don't know is wisdom (Grant, A, 2021).

Breese et al. (2015) explained that the concept of benefits management was initially developed as a management idea in the early 1990s, largely to redress the failure of far too many Information and Communication Technology (ICT) projects and programmes to deliver business value. It was pioneered and initially adopted in the United Kingdom, Canada and Australia, in the context of the wider development of best practice project management to also include programme and portfolio management. In the 30 years that have passed, evidence shows that the adoption of a sustainable benefits management practice across the project portfolio management community has been hampered. An underlying factor for this is the lack of accountability for benefits realization from benefits owners. Benefit owners are often at the executive management level within organizations, and members of the main investment board. Breese et al. (2015) also found less evidence that the mindset which optimizes benefits (i.e. linking benefits and costs to arrive at the overall value of an investment in change) is an organizational priority.

Management expert, Ken Blanchard said *'When you're interested in doing something, you only do it when it's convenient. When you're committed to something, you accept no excuses; only results.'* In the context of benefits management, organizations need to spend time clearly defining the purpose and expected benefits of spending proposals and to make any strategy and investment as measurable as possible. This is to ensure forecast benefits from the investment are actually realized, reported and budgeted for in the financial management system. Nieto-Rodriguez, A (2021) highlights that organizations need to recognize that 'programmes and projects are designed to deliver benefits; that's the whole point!' To enable this, Jenner, S (2015) advocates for organizations to take a portfolio investment management approach based on discipline with 'fast and frugal' decision-making, supported by gated assurance and a decision gate process.

2.1 WHAT GET MEASURED GETS MANAGED

Success and failure are contestable notions that often depend on the criticality of what is being delivered and when it is required, for example, hosting a major sporting event (Jenner, S, 2015). Every year, an estimated $48 trillion is invested in projects worldwide. Yet, according to the Standish Group's 2021 Chaos Report, only 16.1% percent of ICT projects are considered successful by being completed on time and on budget, with all the promised functionality. Sadly, however, benefits realization is not used as a measure of programme or project success. The wasted people resources and budgets and unrealized benefits of the other 83.9% is significant by any measure.

Nieto-Rodriguez, A (2021) states *'imagine a world in which most projects deliver the expected benefits that are intended from the investment. Or imagine if we could just improve the success ratio by 25 percent. This improvement would equate to trillions of dollars of value and benefits to organizations, and individuals'*.

Success criteria are the standards by which any initiative will be judged at closure and operational handover to decide whether or not it has been successful in the eyes of stakeholders (Harrin, E, 2021). As such, the Project Management Institute (PMI) recognizes that one of the most common challenges in project management is determining whether or not a project is successful. Sadly, there is no common or mutually agreed industry measure to consistently determine portfolio, programme or project success particularly regarding benefits realization. It is often easier to identify the costs associated with a project than the benefits or value it will yield. The emphasis on financial value to justify investments also results in the use of financial measures to monitor the progress of projects. It is relatively easy to monitor the expenditure incurred on a project as it progresses, but it gives no information on the progress towards achieving the benefits required from the project, the real reason for the investment (Ward, J & Daniel, E, 2012).

There is a tendency to assess the success of an initiative in terms of desired outcomes (result from change) rather than asking whether the benefits the initiative was designed to deliver were actually realized.

The key question to ask is whether the investment in change through the portfolio of programmes, projects and other work actually helps the organization to optimize its success and competitive advantage in terms of demonstrated benefits realization (Minney, H, Parris, S, APM Benefits and Value SIG, 2020). Like management consultant, Peter Druker once said *'what gets measured gets managed'* particularly in terms of benefits realization. As such, Thorp, J (2012) advises that to build powerful measurement systems organizations must:

- Make sure strategic, portfolio, programme, project, product and operational measures exist
- Measure the right things
- Measure things the right way
- Make sure measurement systems guide investment decision making and action.

This is to ensure active monitoring of benefits realization and performance across the entire organization that permeates across the functional silos. If not, there is the challenge that the organization may fall prey to the Texan Sharpshooter Fallacy. That is, a cognitive bias derived from a joke about a Texan who fires gunshots at the side of a barn, then paints a target centered on the tightest cluster of hits and claims to be a sharpshooter (Jenner, S and APMG International, 2014).

There is a tendency to assess the success of an initiative in terms of desired outcomes (result from change) rather than asking whether the benefits the initiative was designed to deliver were actually realized, and whether the outcomes truly represented best value for money and return on investment. This is similar to deciding on the desired target to be achieved after project performance has been measured and calling that a success.

2.2 WHERE ARE WE NOW

Winston Churchill once said *'Success is all about going from failure to failure without losing enthusiasm'*. Industry and organizations use a variety of different measures and metrics to determine whether organizational (including strategic) objectives have been successfully implemented. For example, a 2006 survey by PricewaterhouseCoopers in the United Kingdom, with participation from 213 respondents representing companies from 26 countries found that 20% determine project success based on the subjective measure of satisfaction of their stakeholders, 19% on on-time delivery, 18% on budget, 15% on quality, 9% on acceptable return on investment, and 2% on other factors. Only 17% report on benefits realization.

Oxford Global Projects, world leading experts in megaproject management, analyzed 14,000 project performance data points undertaken across the world as part of a study into the Iron Law of Project Management (Garavaglia, A, 2021, pers. comm., 30 December). The results showed a telling problem:

- 48% of projects are on budget
- 8% are both on budget AND on time
- 0.5% are on budget AND on time AND on benefits.

It's important to remember that, in managing a successful portfolio, the investment costs are a constraint while benefits are the rationale and driver for any investment (Jenner, S and APMG International, 2014). Leading organizations determine whether a programme or project is successful based on whether it achieved its forecast benefits. It also establishes mechanisms to link benefits with their performance management system to consistently track progress to demonstrate clear line of sight. This ensures two-way traceability between strategy and benefits. As such, benefits form a critical part of continued business justification throughout all stages of project delivery which spans the whole lifecycle, from conception to evaluation post-implementation.

> Investment costs are a constraint while benefits are the rationale and driver for any investment.

It is perhaps to be expected that organizations strive, but often struggle, to improve their commitment to benefits management and realization. This is why organizations should ensure that benefits planning is considered ex ante (i.e. before the event) as part of the investment decision, applied during project implementation (in terms of realizing an outcome) and then used to assess delivered benefits after the end of the project through an independent post implementation review. Success therefore should be based and focused on benefits realized from the investment and less on subjective measures (Ward, J & Daniel, E, 2012).

3. UNDERSTANDING AND WRITING A BENEFIT

3.1 THE PATH TO BENEFITS AND VALUE

There is often misunderstanding or conjecture about what constitutes an output, capability, outcome, benefit and/or value. An **output** (also known as a deliverable) is typically an individual component of an ICT system, application, hardware or business process. While new **capability** occurs when the outputs have been fully tested, are ready for operational use and people have been trained to optimize the use of those tested products. An **outcome** is therefore a change in process, the working practices of individuals and groups, the roles of individuals and even the culture of the organization that results from using a new capability as part of achieving a future state design. An outcome should lead to measurable benefits as it becomes part of operational service and business as usual (Dooley, A, 2014).

Once transition is complete and the outcomes have been achieved, **benefits** realization begins by actively managing the agreed forecast benefits through to their realization; capturing and leveraging emergent benefits; and minimizing and mitigating any dis-benefits. This includes ensuring that the business and behavioural changes on which benefits realization is dependent actually take place. However, the path to **value** only occurs when the benefits (financial and non-financial) exceed the resources (people and costs) to realize them and where funds are considered fungible.

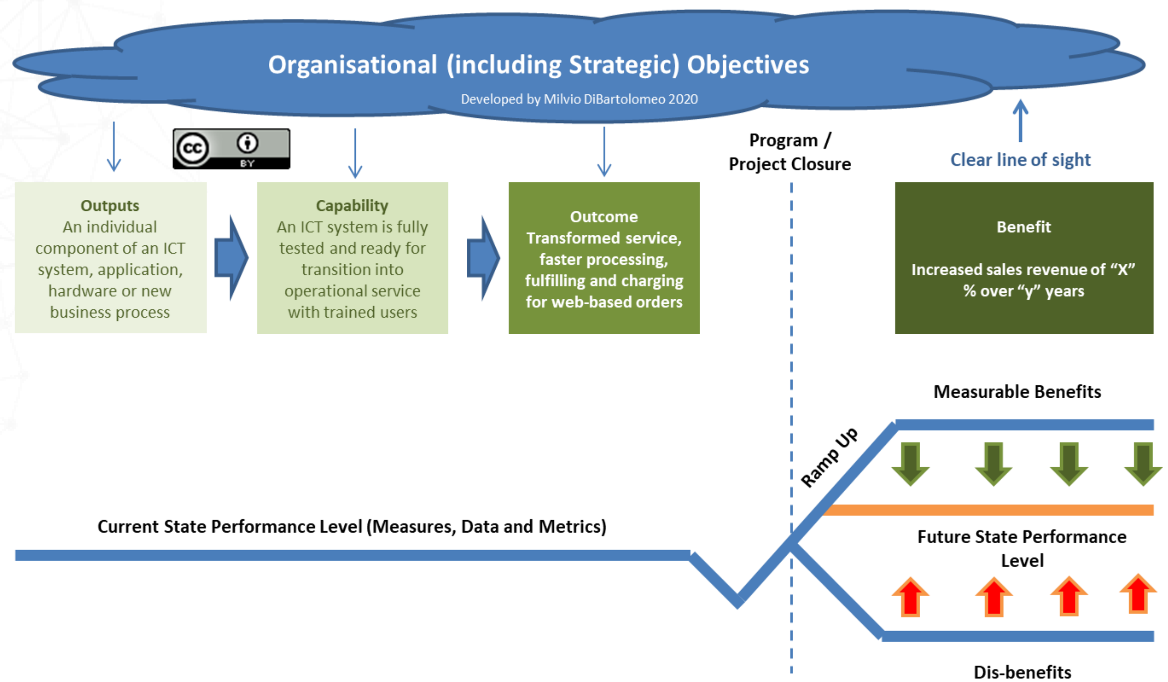


Figure 1: Realizing Benefits

> Benefits management seeks to *optimize* rather than *maximize* benefits realization.

It is therefore important that programmes and projects define measurable targets and leading performance indicators so that the successful delivery of their benefits can be proactively tracked throughout their lifecycle (National Audit Office, 2016). The criticality of any spending proposal setting out the forecast benefits at the outset before investment and before the current performance measures and metrics are captured cannot be understated. Where forecast benefits cannot be initially identified and quantified, and later evaluated and appraised, commissioning organizations should consider investing in the next prioritized spending proposal in the portfolio pipeline that does have measurable benefits.

3.2 WHAT IS A BENEFIT?

Before we define what a benefit is, it's important to take note of renowned English physicist and mathematician, Sir Isaac Newton, particularly his Laws of Motion that states *'to every action there is an equal and opposite reaction'*. This understanding equally applies to the benefits definition. Based on the *Managing Benefits* guide, a **benefit** is defined as a 'measurable improvement from [investment in] change[1] perceived as positive by one or more stakeholders that contributes to organizational (including strategic) objectives'. While, a **dis-benefit**, on the other hand, is a measurable result from [investment in] change, perceived as negative by one or more stakeholders, which detracts from one or more organizational (including strategic) objectives.

Forecast benefits are the rationale and driver for capital investment and should be defined as tangible and expressed in monetary or resource terms that are expected to be realized in the future. **Emergent benefits** are unanticipated and emerge as the initiative is developed and, most often, as it is deployed and implemented. Benefits management seeks to optimize rather than maximize benefits realization. The difference is maximization seeks the most benefits irrespective of constraints and optimization is about doing the best that can be achieved within constraints (Jenner, S and APMG International, 2014). This is why business cases need to demonstrate planned value in measurable benefits, to show **Value = [(Benefits – Dis-Benefits) – Costs]** so 100% of the known or identified benefits are assessed during the investment appraisal process (Philips, B, 2022, pers. comm., 22 January).

[1] Change referring to programmes, projects, products and/or services

Non-financial benefits can be as important, if not more so, than financial benefits, depending on the desired outcomes or the result from change.

The above definitions reveal six important and self-validating insights about benefits. They are:

1. A benefit or a dis-benefit is both measurable by definition and evidenced-based to demonstrate value. It requires a benefit owner, measure, metric and data source to be formally agreed. It also needs commitment that forecast benefits are not only reported in the performance management system and realized, but optimized to identify additional emergent benefits.
2. Benefits should be the primary driver and rationale for any investment (Jenner, S and APMG International, 2014). It should form the basis for the iterative development of any programme or project business case through options analysis, investment appraisal and finally portfolio prioritization prior to full funding allocation.
3. Stakeholders are engaged prior to investment and are committed to ensure that required outcomes that enable benefits realization are delivered. The stakeholders should typically be operational managers in the relevant business unit for financial benefits, or alternatively, strategic planners or policy leads in relation to non-financial benefits that contribute to a strategic objective (Jenner, S and APMG International, 2014).
4. Organizations should always align benefits to new organizational (including strategic) objectives so clear line of sight can be established and direct contribution can be consistently measured. The strategy must state what will actually be done and support these actions with a sound, evidence-based rationale (Driver, P, 2014).
5. The change should be clearly attributable to the spending proposal using a form of driver-based analysis, for example, a benefits map to show cause and effect of how the desired outcomes that enable benefits realization will be explicitly achieved. A good logic chain includes all the influences or investment drivers that may impact the proposed spending proposal. This may include the effects of other interventions, adverse outcomes and, importantly, what behaviours are required to realize the benefits.
6. The number of forecast benefits being monitored and reported on needs to be manageable, simple and not overly time-consuming. The timescales of the measurement or how often the organization assesses benefits helps to establish the timeline that tends to govern behaviour and mindset regarding benefits realization in the organization.

3.3 NON-FINANCIAL BENEFITS

In optimizing benefits and the return from investment, it's crucial to capture the non-financial (or non-monetary) benefits for any programme or project. The same level of rigour applied to financial benefits should also be applied to non-financial benefits. Non-financial benefits can be as important, if not more so, than financial benefits, depending on the desired outcomes or the result from change (New Zealand Government, 2019). To reiterate, the importance is based on the criticality of what is being delivered and when it is required regardless if it is a financial or non-financial benefit; for example the development of a new vaccine in response to a pandemic.

Financial and non-financial benefits should be equally appraised in the programme or project business case as part of iterative options analysis, investment appraisal and finally, the portfolio prioritization process. This can be achieved by separating non-financial benefits into quantitative and qualitative benefits. **Quantitative** benefits can be objectively measured using a numerical value, whilst **qualitative** benefits are those that are either difficult to measure or can be measured using a numerical value but are subjective, such as measuring customer satisfaction or staff morale using surveys (New Zealand Government, 2019).

According to Thorp, J (2012), it is common practice, for example, to measure customer or staff satisfaction with a questionnaire which might contain, say, 10 questions, each of which asks the customer or staff to rank some dimension of a service on a five-point scale such as 'strongly disagree' to 'strongly agree'. Then an overall numeric total is calculated. The danger of this approach is that you might forget the vague, subjective nature of the underlying components being 'quantified.' You might then begin to think of the numeric score as being somehow more accurate than it really is. Then, measurement myopia may set in, leading to distorted business judgment known as confirmation bias, whereby we tend to recognize evidence that supports our beliefs and ignores evidence that counters them (Jenner, S and APMG International, 2014).

According to the New Zealand Government, the key to identifying an appropriate non-financial metric is to ask:

'What is the change the project will initiate, and how will we observe the benefits (both financial and non-financial) and measure the impact of this change?'

The table below uses an example of a project comparing four different options against weighted non-financial qualitative benefits. Agreement of benefits weighting and scoring of the options should take place in a facilitated benefits quantification workshop. The success of the workshop is heavily dependent on having a skilled, experienced and motivated benefits management facilitator. This allows the non-financial benefits, which may be of equal importance to the project, to be appraised against each option fairly (Infrastructure and Projects Authority, 2017).

Benefit	Reputation	Customer Satisfaction	Staff Satisfaction	Supporting Growth	Value For Money Score
Benefit importance (or Weighting out of 100)	25	50	15	10	100
Option 1 – Business as Usual	1	5	7	5	430
Option 2 – Do Minimum	5	3	7	9	470
Option 3 – Do Intermediate	7x25 = 175	7x50 = 350	8x15 = 120	8x10 = 80	725
Option 4 – Do Maximum	6	7	7	5	655

As with all benefits, whether financial or non-financial, there are limits as to what can be measured. It is not always cost effective or worthwhile to track every benefit of a project or programme. As such, understanding the baseline position and the measures to evidence performance improvement is important for both financial and non-financial benefits. If monitoring a benefit requires the creation of a recording system that out-weighs the benefit expected, then the programme/project needs to be transparent regarding viability. It should be explicit about its inability to measure, or to measure with any level of accuracy, particularly where the benefit impacts on continued business justification and investment. Effective benefits management is focused less on the activities undertaken to realize benefits and more on the actual realization of those benefits, that is, just as we expect change initiatives to be benefits-led, so too should benefits management be focused on what difference it is making.

A commissioning organization should not allow any programme or project to persevere with delivering a forecast or emergent benefit that will never be monitored or realized particularly as this act could be perceived as strategic misrepresentation. This is why simple measurement proxies can be useful, but a sound knowledge of the measurement context is needed (New Zealand Government, 2019). As such, benefits - financial and non-financial - should be identified early and weighed against costs and risks to justify the investment on economic grounds to select the most appropriate delivery option. Once the full business case is approved, forecast benefits are set and full funding is released and the spending proposal moves inexorably into delivery of the agreed objectives (Wyeth, M, 2021).

Simple measurement proxies can be useful, but a sound knowledge of the measurement context is needed.

3.4 WRITING A BENEFIT STATEMENT

According to Jenner, S and APMG International (2014), understanding what a benefit is forms a crucial part of the initial ‘Identify and Quantify’ practice (see Figure 2) of the benefits management cycle that lays a solid foundation for:

1. **Informed options analysis** in the progressive development of the programme/project business case from cradle to the grave in terms of viability (risks), affordability (costs) and most importantly, desirability (benefits). That is, starting with a long list of options (including a ‘do nothing’ option) in the strategic outline case, to a short list of options in the outline business case to the preferred way forward in the full business case.

2. **Investment appraisal** of the preferred way forward in the full business case to compare total whole of life costs (both capital and operational expenditure) versus return on investment through forecast benefits to be realized.

3. **Portfolio prioritization** using the full business case which ought to result in optimized benefits contribution against strategic objectives for the organization. It is used to rank potential investment in priority order where resources are limited.

4. **Management of benefits realization** in operational service and business as usual to actualize those new strategic objectives.

Figure 2: The Managing Benefits Process (adapted from Infrastructure and Projects Authority, 2016)

Financial and non-financial benefits should be equally appraised in the programme or project business case as part of iterative options analysis, investment appraisal and finally, the portfolio prioritization process.

This is why benefits ought to be the primary rationale for any capital investment decision-making. When initially identifying a forecast benefit as part of strategic driver analysis, it's important to consistently articulate the measurable improvement from investment in change in a structured manner. This enables progressive, objective assessment of the benefits profiles against the full business case. The benefits stated in the full business case used for continued business justification make more sense if both baseline documents remain aligned and approved at the same time.

To set benefits on a solid foundation, the benefit type ought to refer to the benefit categories communicated in the organization's benefits management framework and these benefit categories are in turn used in the portfolio management framework to categorize investments against new strategic objectives. For example, an 'efficiency - cashable' benefit category would typically be written as [increased cost saving of 'X'% over 'Y' years]. That is, [measurable improvement using a verb] by [benefit type] of [amount as a percentage or data range] over [time period].

As such, the benefit sought should articulate the initial concept of what the strategy aims to achieve (i.e. the benefits to the commissioning organization that are to be delivered as a result of the capital investment). The benefits sought should include the potential to deliver increased value (where possible), while successfully executing strategy. Benefits and value management are mutually supportive disciplines concerned with delivering value for money. As such, a simple rule is that each benefit must be described in a way that forces measurement, using a phrase containing precise language. The MEDIC acronym can be used to great effect for this purpose (Thorp, J, 2012). That is:

- **M**aintain a level of service or support, for example, asset condition
- **E**liminate a function, service or activity
- **D**ecrease turnaround time or reduce something in quantity, for example, decrease the cost of a service
- **I**ncreased revenue or something in quantity, for example, increase the output of a service.
- **C**reate a new capability, for example, start a new service or provision of a new asset.

According to (Thorp, J, 2012), the MEDIC terms are preferable to the more vague 'improved, better and enhanced' — the famed weasel words of performance management. If the benefit is not measurable or attributable, then you cannot objectively assess if it has been achieved. The essential point about measurement is that, by definition, it involves quantification in some form. There are, however, levels of quantification. There are simple binary measures (0/1, present/absent). There are ordinal measures, which allow you to rank outcomes from bad to good. Finally, there are more precise numeric measures of relative quantities (for example, how much profit was made last month).

4. ACTIVIST ACCOUNTABILITY

4.1 DELIBERATE MANAGEMENT ACTION

Benefits realization is largely dependent on deliberate management action, particularly for non-financial benefits.

When your organization sets new strategy objectives and begins strategy implementation, does the commissioning organization and the main investment board ask if everyone is truly committed? Do all initiatives report their forecast benefits and emergent benefits to be realized from the investment, both financial and non-financial, in the performance management system from cradle to the grave? Interestingly, Thorp, J (2012) found that organizations are often prepared to live with, or even embrace, unquantified and vague strategic objectives, where a more tough-minded approach would force accountability for results.

Make no mistake; benefits realization is largely dependent on deliberate management action particularly for non-financial benefits. An outcome of a change initiative, for example, might be a reduction in required headcount from a programme encompassing implementation of a new IT system and business process redesign. The benefits therefore depend on what management action is taken to redeploy or re-use the resulting spare people capacity. This could be reduced budgets, reduced unit costs, or being able to undertake some other value-adding activity (Jenner, S and APMG International, 2014). As such, one of the objectives of benefits realization is to ensure that this management action happens in practice, particularly once the programme or project has transitioned into operational service and business as usual.

In addition, some benefits can be automatic particularly where a new contract provides the same service but at lower cost. However, with automatic benefits, organizations should still actively seek to optimize benefits by exploring opportunities for further emergent benefits. For example, continuing to use procurement strategies to realize financial benefits by creating new supply arrangements, better use of existing supply arrangements, reducing processing costs and managing demand for goods and services. The Queensland Audit Office in Australia found in 2016 that a well negotiated supply arrangement enables procurement savings based on expected throughput, unlike off-contract spend which a vendor may price as a one-off procurement. Further benefits can also be realized if organizations can better manage demand for ICT to ensure that impulsive decisions to spend budget allocations at the end of every financial year are reduced. This will ensure finite funds are not spent unnecessarily or off contract, particularly where it does not directly contribute to strategy implementation and benefits realization.

4.2 ACCOUNTABILITY

Accountability lies at the heart of effective benefits management and relates to how an individual takes ownership of what happens as a result of their choices and actions. However, there is a limitation to be aware of; accountability is primarily a personal choice (Culture Crossing, 2016). You need to want to be held accountable for benefits realization to shine a light on what's broken within the organization and how to fix it. Simply, accountability for benefits realization is based on the willingness of the benefit owner to accept and own that 'the buck starts here!' (Jenner, S, 2019). As such, identifying and seeking agreement of who owns the forecast benefits is paramount to both the benefits management and portfolio management processes, where both should be integrated and aligned. This is to ensure that the investment using finite organizational funds results in effective delivery and actual benefits realization (New Zealand Government, 2017).

In other words, accountability for the realization of forecast benefits must be appropriately positioned and actively governed in the organization. Meaning the benefits owner would normally be the primary recipient supporting the beneficiary of the benefit (New Zealand Government, 2017). However, the challenge with holding benefits owners and their operational units accountable for benefits realization is their tendency to be organized into command-and-control silos, while organizational (particularly strategic) objectives tend to be cross-functional in nature - and, thus, cut across many silos. It would be nice, but naive to think that people will always proactively and collectively work together to deliver the forecast benefits stated in the business case, and that those expected performance results would always be achieved. Notwithstanding that it takes a great deal of effort, follow up, and oversight to ensure that the organization realizes the forecast benefits and this is where accountability offers its hand (Project Management Institute, 2016).

> It would be nice, but naive to think that people will always proactively and collectively work together to deliver the forecast benefits stated in the business case.

Thorp, J (2012) calls the above **activist accountability** 'which goes beyond traditional notions of passive accountability. It includes the concept of 'ownership' - meaning active, continuous involvement in governing a portfolio of programmes, projects, products and services and, most importantly, clear ownership for each measurable outcome and the associated benefits'. As such, each benefit should be assigned to an owner who has accountability for forecasting and monitoring it. Benefits should be continually reassessed throughout the duration of the work as new benefits might emerge as the work progresses and stakeholder expectations might change.

What accountability provides is the increased likelihood of optimizing benefits or the return from the investment. By bringing some clarity to ownership, expectations, commitment and by showing leadership, key people in the organization, particularly C-level executives, can have a much greater impact on benefits realization and will help organizations improve their benefits management maturity (Project Management Institute (PMI), 2016).

Programme and project implementation should not be perceived or treated as simply exercises in ICT deployment. To be successful, implementation should also be accompanied by complementary changes in processes, the working practices of individuals and groups, the roles of individuals and even the culture of the organization. It is the investment, and the lack of accountability, in these organizational factors that is often missing, and this is why benefits are not being realized (Ward, J and Daniel, E, 2012).

4.3 KNOWLEDGE INTO ACTION

According to Pfeffer, J & Sutton, R, (2000) knowing comes from doing and teaching others how. Like 19th century philosopher and psychologist, William James who noted, *"Thinking is for doing"*, meaning that the purpose of knowing things is to act in accordance with that knowledge (Kane et al, 2019). As such, the Department of Finance and Deregulation (2012) has found that organizations are more likely to optimize the realization of benefits if:

- Benefits are managed strategically and dynamically from pre-project, throughout project delivery and beyond post project
- Benefits are used in the decision-making process allowing the portfolio prioritization of investment decisions, and indicating when a project may be off track
- Benefits are a key focus of any programme or project business case
- Spending proposals clearly articulate the benefits expected from the investment

- Benefits are measured routinely and are part of perpetual planning and reporting functions — not regarded as an optional and standalone exercise; and
- Benefits are agreed and championed by all stakeholders.

Additionally, experience demonstrates that there is significant added value to an organization subjecting its programmes and projects to rigorous gated assurance and separate decision gate processes, since the effort and resources saved by refocusing or cancelling a spending proposal that is no longer needed far outweighs its continued cost (Department of Finance and Deregulation, 2012).

4.4 CULTURE AND MINDSET

Effective benefits management is facilitated by the transition from a delivery-centric culture, where success is focused on delivering to time, cost and quality standards to a value culture, where the primary focus is on delivering benefits and value simultaneously. In short, we need a culture and mindset that takes benefits and benefits realization seriously, that focuses on creating and sustaining value from an organization's investments that extends beyond programme or project closure (Jenner, S and APMG International, 2014).

Confucius, a Chinese philosopher and politician of the Spring and Autumn period in Chinese history (770–476 BCE), considered the paragon of Chinese sages said *'I hear and I forgot, I read and I remember, I do and I understand'*. The challenge for many organizations is that they often hear and read about benefits management but fail to follow through and therefore forget. Clear, J (2018) advises *'every habit is initiated by a cue, and we are more likely to notice cues that stand out'*.

Unfortunately, organizational cultures (those we collectively create intentionally or not), often enable certain actions not to be undertaken because there is no obvious cue to trigger the behaviour. For example, ensuring programmes and projects undertake a post implementation review to learn from the experience or more importantly, a Gate 5 – Operational Service and Benefits Realization Review to assess return from the investment.

However, developing a value culture and mindset is a senior management commitment – not curiosity or interest, but visible commitment to improve benefits management within the portfolio management process. This is because there is nothing more effective in demonstrating to everyone that benefits realization is taken seriously and helping to redress the obstacles that arise at some point. In many ways, helping employees shift their mindset that benefits management is important can be the first step towards successful value culture and mindset change (Cardero, R & Slaughter, M, 2019).

To realize benefits, programme and projects that implement technology should be accompanied by complementary changes in processes, the working practices of individuals and groups, the roles of individuals and even the culture of the organization.

5. BENEFITS INTEGRATION

Ultimately an organization's approach to benefits realization needs to be integrated with investment, strategy, business change and value to ensure a strong portfolio, programme and project management focus beyond implementation and delivery.

5.1 INVESTMENT

> Understanding the contribution of the portfolio to organizational (including strategic) objectives is at the very heart of effective benefits management.

Any organization that invests to impart change to their business model, or part thereof, particularly regarding strategy, structure, process, reward and people (Galbraith, J, 2016) does so to realize benefits based on the investment they make. According to Jenner, S (2010), the investment rule is as always, be clear about what benefits you are buying. By treating programmes, projects, products and/or services as investments, focus is placed on the fact that success does not require delivery of the spending proposal (i.e. the product or service) but the realization of the benefits from that investment. Jenner, S (2010) says that benefits management ensures three things: firstly, benefits forecasts are realistic, secondly all forecast and emergent benefits are recognized and thirdly, benefits realization is optimized in practice.

5.2 STRATEGY

The relationship between strategy and benefits is symbiotic. As such, the two complementary disciplines should not operate or exist in isolation particularly as the first principle of the *Managing Benefits* guide is to align benefits with strategy. Similar to the ancient Chinese philosophy of yin and yang that denotes a concept of dualism, the seemingly dissonant forces such as 'strategy' and 'benefits' may actually be interconnected and interdependent. Understanding the contribution of the portfolio to organizational (including strategic) objectives is consequently at the very heart of effective benefits management.

Unfortunately, this is not always present in practice as noted by the National Audit Office (NAO) and the Office of Government Commerce (OGC) in their List of Common Causes of Project Failure (Pearce, S, 2003). On the strategy side, the common cause includes a 'lack of clear link between the project and the organization's key strategic priorities, including agreed measures of success'. While, on the benefits side, the common cause includes 'evaluation of spending proposals driven by initial cost rather than long term value for money (particularly securing delivery of business benefits).' To reiterate, the forecast benefits should be the primary driver and rationale for investment while costs are the constraint. The Strategy Implementation Institute has also found at all too often leaders are asked to implement strategy but are not provided a road map to do so. As such, it developed the Strategy Implementation Road Map© (SIR), as part of its body of knowledge which can be downloaded here.

Similar to benefits, organizational (including strategic objectives) must be expressed in meaningful, quantifiable terms, or by making clear to everyone the implicit assumptions underpinning the logic chain leading to achievement of these objectives through forecast benefits. To align benefits with strategy, a logic chain or model is a diagram and the only artefact that demonstrates how the proposed spending proposal will achieve desired outcomes and benefits i.e. the target state results (GLA Economics, 2017). It is the logic chain or model that provides the consistent basis for assessing the specific contribution of each investment to the organization's objectives, and this assessment can be used to inform the iterative development of the programme and project business case through options analysis, investment appraisal and finally portfolio prioritization.

Donald Sull from MIT Sloan School of Management and Charles Sull, Co-Founder of CultureX advise that to execute strategy successfully, leaders must set ambitious targets, translate them into specific metrics and milestones, make them transparent throughout the organization, and discuss progress frequently. They argue that according to conventional wisdom, organizational (including strategic) objectives should be specific, measurable, achievable, realistic, and time-bound. But SMART objectives undervalue ambition, focus narrowly on individual performance, and ignore the importance of continually discussing objectives throughout the year. To drive successful strategy implementation, leaders should instead set organizational (including strategic) objectives that are FAST — frequently discussed, ambitious, specific, and transparent to everyone (Sull, D & Sull, C, 2018).

To drive successful strategy implementation, leaders should set organizational (including strategic) objectives that are **FAST** — **F**requently discussed, **A**mbitious, **S**pecific and **T**ransparent.

The speed at which an organization executes its strategy or value proposition is called its **strategy cadence**. When crafting the strategy, organizational leaders tend to decide the best cadence relative to their industry or sector. For example:

1. **Slow** – is more than five years. If you intentionally select a "slow" strategy cadence, it may be because the sense of urgency for digital execution is not urgent.
2. **Medium** – is less than five years and more than three years. During the medium strategy cadence, leaders have only a few years to execute a new strategy. They are forced to drive the new strategy forward before products and/or services become obsolete and revenue streams diminish.
3. **Fast** – is less than three years. For some organizations, the pressure from disruption or losing market share, revenue and/or customers, requires immediate corrective action. These organizations have an extremely high sense of urgency and a need for benefits realization.

Establishing the right cadence for successful strategy implementation is an important practice for any organization. However, the selection needs to form a synergy with benefits realization to assess the strategy contribution of individual change initiatives in a meaningful and consistent manner (Nieto-Rodriguez, A. & Speculand, R, 2021) Depending on the selection, benefits realization will be bound by the organization's strategic choices compared to those of its competitors, for example, think Netflix (Fast) vs Blockbuster (Slow).

5.3 BUSINESS CHANGE

Unfortunately, business change and to a greater extent, benefits realization, does not happen automatically no matter how much an organization wills it. Successfully delivering digital, ICT and ICT-enabled programmes and projects without business change simply results in an output – a product unwrapped from its box.

As Dave Snowden, former head of Knowledge Management at IBM and founder of Cognitive Edge once famously said, *'Consider what happens in an organization when a rumour of reorganization surfaces: the complex human system starts to mutate and change in unfathomable ways; new patterns form in anticipation of the event. On the other hand, if you walk up to an aircraft with a box of tools in your hand, nothing changes'* (Smith, R and APMG International, 2015). So we need to consider strategies to achieve the required behavioural change, including ongoing participative stakeholder engagement with measures that engage and narrative leadership, so that we win hearts as well as minds.

Consider the measures set, and ask whether they motivate and change behaviours, personalities and mindset that are consistent with the benefits being sought. If not, review the organizational performance mechanisms to ensure that measures have the anticipated effect. The hardest part is getting organizations to change or more specifically, recognizing the need for change and defining that change (Smith, R and APMG International, 2015). Like Agile Leader, Dave Dame said *'change is scary, but complacency is deadly'*.

Simply, change management provides the structure for effective benefits management and realization. Change management, when executed well, is a continual, evolutionary and all-encompassing activity that is embedded across the organization to sustain transformational or business change. As such, change should never be perceived or used as a single, occasional or supplementary process. Every change, no matter how insignificant, will have some level of impact on the organization.

People are likely to embrace change more readily when they understand that the change is not something out of their control or imposed upon their work but is simply another part of their role. Everyone, to a greater or lesser extent is an agent of change, and is involved to an extent with identifying, progressing, enabling and achieving change in parallel with their business-as-usual work. If benefits are the measurable improvement resulting from investment in change then by extension, everyone is also responsible for benefits realization.

> The management of benefits is delivered as cost-effectively as possible. That is, value is determined by the benefits delivered in proportion to the resources used in acquiring them.

5.4 VALUE

Value is subjective, with different people applying different criteria to assess whether they are realizing value from a product or service in terms of outcomes and benefits. It is this subjectivity that makes it so essential to manage value deliberately, instead of leaving it as a by-product of any other management activity. Something not often recognized is that benefits and value management are mutually supportive disciplines where both are concerned with delivering value for money. Best value for money is defined as the optimal mix of cost (affordability), risk (achievability) and benefits (desirability). As such, each spending proposal – and the portfolio as a whole – represents the optimum use of available funds. The management of benefits is delivered as cost-effectively as possible. That is, value is determined by the benefits delivered in proportion to the resources used into acquiring them (Jenner, S and APMG International, 2014).

Thorp, J (2012) says there are many questions that need to be asked to properly assess the relative value of investments in change, particularly when using ICT. What you need is a structured framework to organize the questions and instruments to provide more objectivity and comparable measurement of the answers. The four 'ares' provide a rich framework for assessing value. To be truly useful in the benefits management process, we have to drive these questions down to a greater level of detail and incorporate them into measurement instruments that are practical, easy to apply and that allow some degree of consistent — and therefore comparable — measurement of performance.

The four basic questions (or the four 'ares') that determine the value proposition for the investment are:

- **Question 1: Are we doing the right things?** This question addresses the definition (or redefinition) of business, of organizational direction and the alignment of programmes and projects and the overall business investment portfolio with that direction.

- **Question 2: Are we doing them the right way?** This question addresses organizational structure and process, and the integration of programmes and projects within that structure and process.
- **Question 3: Are we getting them done well?** This question addresses organizational capability, the people resources available and supporting infrastructure required to get work done efficiently.
- **Question 4: Are we getting the benefits?** This question addresses the proactive management of the benefits realization process as a whole.

6. OPTIONS ANALYSIS, INVESTMENT APPRAISAL AND PORTFOLIO PRIORITIZATION

> Each time there is a need to consider a new investment there is also an opportunity to substantially improve the way things will be done in the future.

One of the principles promoted within the *Managing Benefits* guide is 'start with the end in mind' where effectively any spending proposal is benefits-led rather than activity driven. That is, initiatives are established and driven to realize the required benefits from the investment, rather than benefits being used to justify a pre-selected solution or cost either unintentionally or not.

The latter is what Professor Bent Flyvbjerg at Saïd Business School, Oxford University calls 'strategic misrepresentation', defined as 'the planned, systematic, deliberate misstatement of costs and benefits to get programmes and projects approved'. It is where cost forecasts are 'highly, systematically and significantly misleading (inflated) resulting in large benefit shortfalls' which leads to what Flyvbjerg calls the **cost-benefits fallacy**.

According to the Department of Treasury and Finance (2012), each time there is a need to consider a new investment there is also an opportunity to substantially improve the way things will be done in the future. Instead of just solving business and/or customers' problems the way they have always been solved, innovative approaches that are better and cheaper should be explored by default. Most business case templates contain a section titled 'options analysis', which is intended to show what strategic options were explored in arriving at the proposed solution with the optimal benefits. However, in the past, few proposals have used it for this purpose.

More often it is used for project options ('Should the hospital have 350 or 500 beds?') or procurement options ('What acquisition model should be adopted?'). The business cases that are weakest in this area often propose just three options that are prone to the framing effect (i.e. do nothing or do something that are clearly sub-optimal or do what the business case is proposing). Noting that merit selection of any option should be based on a balance of five factors - benefits, cost, timelines, risks and dis-benefits (Department of Treasury and Finance, 2012).

6.1 COST-BENEFITS FALLACY

According to Flyvbjerg, B & Bester, D (2021) cost-benefit fallacy is defined as the situation where individuals behave as if cost-benefit estimates (used in business cases) are largely accurate and unbiased, when in fact they are highly inaccurate and biased. They also advise that costs and benefits should be measured over the full programme or project life-cycle or the end-to-end investment process incorporating both capital and operational costs since funds are fungible.

However, such data is rarely, if ever, available. Typically, estimated costs and benefits are the estimates made at the time of decision to build (sometimes also called the 'final investment decision,' based on the full business case), which is the baseline in time from which cost and benefit overrun are measured. Inaccuracy is accelerated by the fact that the average investment is hampered by a combination of cost overrun and benefit shortfall, undermining investment viability on two fronts, i.e., for both costs and benefits.

> Costs and benefits should be measured and validated over the full life-cycle of an investment from cradle to grave – not just at the final investment decision based on the full business case.

For cost-benefit analysis to become useful particularly in public investment policy and strategic planning, the following needs to happen:

1. Systematic and effective de-biasing of cost-benefit forecasts
2. Introduction of skin-in-the-game for cost-benefit forecasters
3. Independent audits or assurance of cost-benefit forecasts, and
4. Adaption of cost-benefit forecasting to the messy, non-expert character of democratic decision making.

As such, Flyvbjerg, B (2017) has developed a recipe to improve the forecast estimate of a given cost or benefit:

1. Identification and description of the business case or forecast to be evaluated.
2. Establishing a benchmark or a reference class forecast of past or similar programmes and projects that represents the outside view, against which performance can be measured.
3. Using the benchmark or a reference class forecast to evaluate the unknown unknowns and performance in the forecast in question.
4. Checking the forecaster's track record from other, similar, forecasts.
5. Identifying further costs and benefit risks.
6. Establishing the expected outcome.
7. Soliciting comments from the forecaster.
8. Concluding as to whether the forecast is overestimated or underestimated, and by how much.

Usually ICT delivery becomes the raison d'être (reason for being) of the programme or project at the expense of the benefits the proposed business solution will deliver to the users and the organization (Ward, J & Daniel, E, 2012). It is why costs and benefits should be measured and validated over the full life-cycle of an investment from cradle to grave – not just at the final investment decision based on the full business case.

The adoption of benefits realization enables organizations to make better decisions and to drive greater value and return from their investments (Thorp, J, 2012). Without an understanding of the full capital, maintenance and support costs involved in a programme or project, it is impossible to be clear on the overall financial and non-financial value of undertaking the spending proposal (Ward, J & Daniel, E, 2012). It is therefore imperative to understand how benefits should be used to inform iterative options analysis, investment appraisal and portfolio prioritization of a programme or project business case using the Praxis Framework and Better Business Cases.

6.2 PRAXIS FRAMEWORK

The Praxis Framework defines portfolio management as the **selection, categorization, prioritization and optimization** of an organization's programmes and projects, in line with its strategic objectives and people resource capacity to deliver benefits realization (Dooley, A, 2014). When **selecting** new spending proposals for the portfolio, the investment decision must be based on rigorous testing of the long list of options stated in the strategic outline case. It should be objectively and independently assessed for its ability to deliver the forecast benefits (before funding allocation) rather than emergent benefits (after deployment) that are consistent with the strategic objectives.

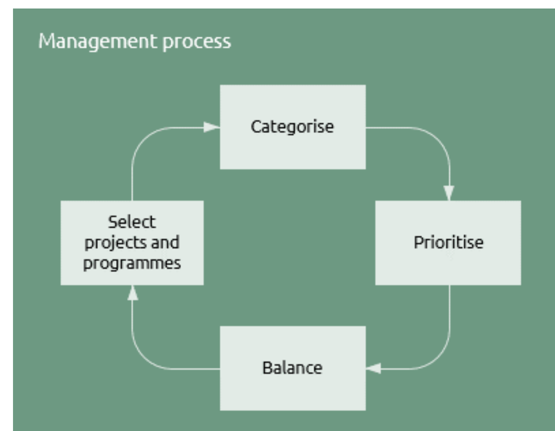


Figure 3: Praxis Portfolio Management Process

Categoriszation is the portfolio management practice of classifying any new spending proposal into funding groups, segments or sub-portfolios to make it easier for the main investment board to understand what initiatives are part of the portfolio. It also defines how they individually contribute and deliver the organizational (including strategic) objectives through actual benefits realization.

Prioritization helps organizations make the right investment choices based on return from investment in terms of benefits realization.

Typical categories might align with specific strategic objectives, but mature organizations align their portfolio categories with the benefit categories defined in the benefits management framework.

Ensuring the portfolio categories and benefits categories are one and same helps in the identification of benefits and facilitates a 'level playing field' for options analysis, investment appraisal and portfolio prioritization of any programme or project business case. The portfolio categories, particularly the benefit categories should be easy to understand and self-validating. This is also helpful when considering the optimization of the portfolio as a whole.

Example of Self-Validating Benefits Categories

1. **Economic** – Doing things cheaper
2. **Efficiency** – Doing more things with the same resources or doing the same things with less resources
3. **Effectiveness** – Doing things better or to a higher standard.

Each benefit should be further categorized into one of the following two sub-categories:

A. **Cashable** – Where there is a direct favourable impact on revenue or expenditure budget

B. **Non-Cashable** – Where benefits many have an attributed financial value, but there is no direct budgetary impact.

Prioritization, on the other hand, is about ranking the new spending proposals in ascending order by strategic importance against available funding and people resources. Prioritization helps organizations make the right investment choices based on return from investment in terms of benefits realization.

By mapping resources to their prioritized portfolio, organizations can identify capacity and capability gaps to delivering the benefits.

The first priority of any organization is to continue to exist particularly in a growing digital economy and resultant disruption. Naturally, for example, any programme or project that is designed to comply with new legislation without which an organization would be unable to continue trading will be given high priority.

When multiple initiatives compete for finite resources, conflicts will occur and hard choices will need to be made. As such, leading organizations are moving beyond an annual, once only exercise to conduct a more regular, objective, rules-based prioritization of their programmes and projects aligned to strategic goals. By mapping resources to their prioritized portfolio, these organizations can identify capacity and capability gaps to delivering the benefits and can develop an action plan to improve resource allocation (Aboagye et al, 2017).

According to the Infrastructure and Projects Authority (2016), benefits management goes to the heart of delivering the portfolio successfully. However, given prioritization criteria used varies by organization, industry or sector, consideration should be given to the:

1. **Contribution to organizational (including strategic) objectives** – if any benefits do not directly map onto the programme or project objectives are they still worthwhile?
2. **Stakeholder perception** – during benefits identification and quantification workshops were certain benefits deemed more important by any key stakeholders?
3. **Reach of realization** – which benefits have the greatest impact in terms of stakeholder volume, geographical reach, economic or public impact?
4. **Scale of realization** – where can the biggest performance improvements be made?

In short, spending proposals should be prioritized based on measures for the required forecast benefits. This should be both in terms of the value of benefits, the timescale and ramp up in which actual benefits will be realized and the associated certainty including costs involved with realizing the forecast benefits.

Zero-based prioritization (also known as zero-based budgeting) is an alternative and/or supplementary technique that places all spending proposals and existing programmes, projects and other work (e.g. products or services) on hold and brings spending conceptually down to zero. The main investment board no longer needs to justify or defend why a pipeline or existing investment is being stopped. Instead, with the portfolio now empty, sponsors justify why a spending proposal should be allowed re-entry into the portfolio. When implemented throughout the organization, zero-based prioritization can not only create a fit-for-purpose portfolio aligned to strategic objectives and benefits but also make funding available to invest in other pipeline strategic growth initiatives (Schoen, M & Weldon, L, 2020).

The key to spending efficiency through benefits realization is greater transparency of financial cash releasing benefits, which enables the main investment board to track impact and intelligently redirect funds. It also creates a fundamental change in mindset, where forecast benefits become the primary rationale or driver for investment. As such, it is important to help stakeholders understand what the ultimate goals are – that is, actual benefits realization and how strategy execution will be tracked and measured. When successful, zero-based prioritization produces radical savings and brings together broader collaboration across the organization. When unsuccessful, however the costs to an organization can be considerable (Deloitte, 2015). Even as a purely theoretical exercise, the technique has merit as it can clearly demonstrate to the main investment board those investments aligned with strategy and benefits.

The practice of categorization and prioritization in the portfolio management process are to help the main investment board understand the dynamic nature of the portfolio. That is, a set of projects and/or programmes that are united by a set of common strategic objectives. This, in turn, should help with balancing the portfolio with the available people resources. For example, categorization may identify that too many initiatives are in the 'non-cash releasing' benefit sub-category. Prioritization may identify the high priority strategic objectives, but the categorization practice may show that these are receiving a disproportionate amount of the available investment. Whereas categorization and prioritization can be relatively objective, finding the right balance, or optimal portfolio, can be more subjective.

Ultimately, every organization must adjust their portfolio of programmes, projects, products and/service improvements to have a balance of factors to enable successful delivery. Even in a portfolio that is carefully balanced at the outset, it is possible that it can become unbalanced over time. This should conceivably lead to premature closure of a project or programme. However, organizations can sometimes be persuaded by the **Sunk Cost Fallacy** which describes our tendency to follow through on an endeavour if we have already invested time, effort, or money into it, whether or not the current costs outweigh the benefits (The Decision Lab, 2022). If aspects of the business case remain justifiable, then ways should be sought to retain the most valuable benefits while restoring the balance of the portfolio.

Organizations can sometimes be persuaded by the Sunk Cost Fallacy which describes our tendency to follow through on an endeavour if we have already invested time, effort, or money into it, whether or not the current costs outweigh the benefits.

In **balancing** a portfolio, a great deal of effort can be wasted on futile attempts to plan beyond a sensible planning horizon. This is why the Strategy Implementation Institute advises to use *'the magic of 90 days'* to ensure new strategic objectives through projects are successfully executed. Taking action in 90-day timeframes makes the strategy objective realistic to the people responsible for implementing it and creates quick wins that the commissioning organization can see. This can help to overcome what Pfeffer, J & Sutton, R, (2000) have found in their extensive research into knowledge management that people often do not follow through. That is, doing planning and having a plan is one thing, while implementing (whilst continually learning) is quite another.

According to Jenner, S (2015) portfolio planning is *'not simply form filling, but a mindset that drives accountability for portfolio delivery'* as the focus is more on planning as an activity than plans as documents. Having an end date is one thing; how accurate and realistic it is can often be something quite different! Hence why, planning to the horizon or to what you can see is so important. Generally speaking, portfolio planning should ideally only be done to a level of detail that is manageable and foreseeable. It is seldom possible to plan the portfolio with any degree of accuracy, particularly time and costs beyond the planning horizon.

6.3 BETTER BUSINESS CASES

The value of a programme or project can be seriously undermined if the business case overestimates both the costs and value of the benefits and/or the likelihood of delivering them. While there is a recognition that investments in technology are made to yield benefits to the organization, traditionally business cases have not been explicitly stated in these terms (Ward, J & Daniel, E, 2012). This is why when developing the strategic outline case, that focus should be targeted on the 20% of the benefits which are likely to provide 80% of the project's value.

The Guide to Developing the Project Business Case offers three useful questions for assessing the value of a programme or project:

1. By how much can we allow forecast benefits to fall short of expectations, if the proposal is to remain worthwhile? How likely is this?
2. By how much can operating costs increase, if the spending proposal is to remain worthwhile? How likely is this to happen?
3. What will be the impact on forecast benefits if operating costs are constrained?

Whilst bringing together a variety of information on costs, benefits and risks to aid investment decision making, option analysis and investment appraisal should not be seen as unequivocally providing the 'right' answer. The goal is 'optimal': we are seeking to identify the option which best balances the expected costs (affordability) in relation to the benefits (desirability) and risks (achievability) against the 'do-nothing' option. Nick Smallwood, Chief Executive Officer of the Infrastructure and Projects Authority and Head of UK Government's Project Delivery Function advises that success or failure of a programme or project is often determined in the early stages of a business case prior to investment. Whilst successful programme or project initiation can take more time at the start, this will be repaid many times over during delivery - so we must get it right from the start (Infrastructure and Projects Authority, 2016). Based on the Principles for Project Success, commissioning organizations should:

Success or failure of a programme or project is often determined in the early stages of a business case prior to investment.

- Be clear about the benefits to be achieved before starting the project, and who commissioned them.
- Translate strategy into tangible deliverables and realistic measurable benefits and use these to inform decisions on project scope, time, cost, risk and design priorities.
- Set out a clear project business case for investment of funding and people resource allocation, needed to deliver these benefits in the most efficient and effective way.
- Be clear how success will be measured and focus on delivery of benefits throughout the project. If these no longer appear deliverable or affordable, the project should be stopped.

It is for this reason that the production of the programme or project business case should be the central spine of the overall portfolio management process, taking account of advice and guidance from key stakeholders involved in the spending proposal and should not be treated as a mere governance hurdle to be jumped for funding and expenditure approval purposes (HM Treasury, 2013). As such, *Better Business Cases for Better Outcomes* advises that the business case in support of a new programme or project must always demonstrate:

1. A compelling case for change and holistic fit with wider organization - the "strategic case"
2. Best value for money in terms of benefits versus costs and risks – the "economic case"
3. An attractive deal to the market, that can be procured and commercially viable – the "commercial case"
4. Affordability with a confirmed funding source – the "financial case"
5. Achievability in terms of program, project, risk, benefits, contract and change management as well as arrangements for independent assurance – "the management case".

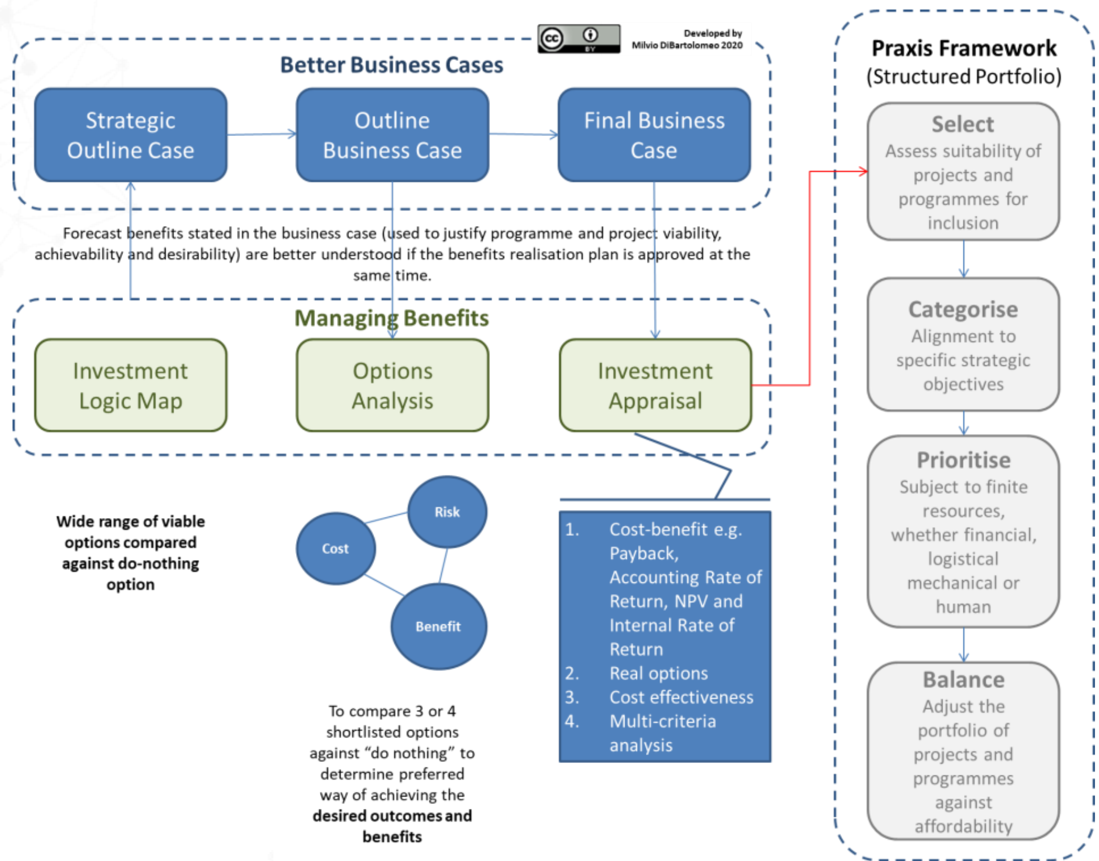


Figure 4: APMG International's Integrated Portfolio Management Practices

> Spending proposals will only deliver their forecast benefits if they are properly scoped, planned and cost justified from the outset.

6.4 FIVE CASE MODEL AND BENEFITS

The programme and project business case is important because spending proposals will only deliver their forecast benefits if they are properly scoped, planned and cost justified from the outset prior to full investment and funding allocation. As such, the Five Case Model focuses on benefits management and realization at each stage of the programme or project business case from the strategic outline case, outline business case, full business case and its continual review during implementation and transition into operational service.

Five Case Model	Benefits Focus
Strategic case – is the initiative supported by a robust case for change?	❑ Do the benefits clearly contribute to the organizational (and strategic) objectives? ❑ Is the planned strategic contribution quantified?
Economic case – does the preferred way forward optimize value for money?	Do the identified benefits exceed the costs and dis-benefits of the initiative and the results of not investing?
Financial case – is the initiative affordable?	Are there any cashable benefits that can be recycled to help the initiative?
Commercial case – is the initiative commercially viable?	Can supplier payments be linked to benefits realization in some form of gain-sharing or reward-sharing arrangements?
Management case – can the initiative be successfully delivered?	❑ Have adequate arrangements been made for benefits management and evaluation? ❑ Have lessons learned from previous initiatives been applied throughout the business case? ❑ Has a benefits realization plan, with supporting benefits profiles and maps, been completed?

6.5 FINANCIAL ANALYSIS

Financial analysis is an input to the investment decision which is the decision made by the commissioning organization and accountable officer that justifies the investment in a project, programme or portfolio (Association of Project Management, 2021). It provides the rationale and justification for spending finite resources during options analysis, investment appraisal and portfolio prioritization.

According to Jenner, S (2014), below are the three main appraisal approaches used however they should be used in combination to overcome inaccurate forecasting of costs, risks and benefits:

1. **Cost-Benefit Analysis.** This quantifies in monetary terms as many of the initiative costs and benefits as possible to determine whether the benefits exceed the costs and hence whether investment is justified. This approach is most appropriate when the primary investment objective relates to increasing revenue or reducing costs.
2. **Cost-Effectiveness Analysis.** This compares the costs of alternative ways of realizing the desired outcomes and benefits. The decision rule is, all other things being equal, to accept the option with the lowest Net Present Value (NPV). This approach is most appropriate when the primary investment objective relates to meeting a legal or regulatory requirement or to maintain business as usual.
3. **Multi-Criteria Analysis.** This seeks to overcome the problems of unreliable forecasts and difficulties in expressing non-financial benefits in monetary terms, by examining an option or initiative from more than one perspective. It does this by:
    a) Identifying the factors to consider in making a decision. Typically, these factors will be listed under the headings of ‘attractiveness’ and ‘achievability’.
    b) Weighting these factors to reflect their relative importance.
    c) Scoring options and initiatives against the weighted factors to calculate an overall score for ‘attractiveness’ and ‘achievability’. These scores can then be combined and divided by the cost to provide a relative strategic ‘bang for your buck’ assessment.

By ensuring the portfolio categories and benefits categories are one and same helps in the identification of benefits and facilitates a 'level playing field' for options analysis, investment appraisal and portfolio prioritization of any programme or project business case.

Factor	Factor Weight	Low	Low-Medium	Medium	Medium -High	High	Weighted Score
Attractiveness	**50%**	**1**	**2**	**3**	**4**	**5**	
Financial Return							
Strategic Fit							
Exploits Capacity and Capability							
Flexibility							
Meets Specified User Needs							
Attractiveness Score							
Achievability	**50%**	**1**	**2**	**3**	**4**	**5**	
Simplicity							
Planning Quality							
Capacity to Drive Progress							
Achievability Score							

Figure 5: Multi-Criteria Analysis Template

7. DECISION SUPPORT FUNCTION

A decision support function aids the main investment board in decision-making activities that require judgement, determination and a sequence of actions to optimize the return from investment.

A decision support function within any organization aids the main investment board in decision making activities that require judgement, determination and a sequence of actions to optimize the return from investment. The three elements critical to any decision support function are outlined below.

7.1 VALUE MANAGEMENT OFFICE

Effective portfolio management of programmes, projects, products and/or services typically does not happen in isolation without the involvement of a Portfolio, Programme and/or Project Management Office that provides the necessary investment decision and support business model function for all business change within an organization.

In 2015, Robert Kaplan discussed the concept of Value Management Office (VMO) noting that organizations today are striving to deliver benefits at a lower cost and to be rewarded for accomplishing both. Simply, a VMO is about putting knowledge into action while measuring the tangible forecast benefits. A Portfolio, Programme and/or Project Office (PMO) may provide this service, but the change of title signifies to everyone in the organization, particularly to executive management that benefits realization, not initiative delivery, is what really matters (Jenner, S and APMG International, 2014).

Like Thorp, J (2003) says, it *'acts as an advocate of change in the organizational mindset in the way people think about both benefits and value'*. It makes much more economic and operational sense to create and leverage a centralized cadre of benefits management professionals than to ask each business or functional unit, on its own, to acquire such expertise particularly to optimize return on investment.

As Nieto-Rodriguez, R (2021) advises, a Strategy Execution Office (or a VMO for that matter) should help answer the following questions:

1. What are the strategic goals of our organization? Given these goals, how are we going to achieve them—through programmes, projects, products and/services?
2. Which spending proposals should we invest in for the long-term interest of our organization?
3. What is the best use of our existing and future financial and operational capacities?
4. Do we have the right people resources to lead these spending proposals?
5. Are there any initiatives we can stop, suspend, or delay if there is a sudden economic downturn?
6. Is the timing right? What if any of the initiatives fail? Do we have a plan B? And are we learning from failures?
7. What value and benefits are we capturing from each project?

A VMO monitors every organizational activity and clearly articulates why it is being done, who it is being done for, what value it provides, and whether it is necessary. That is, the ‘‘what’’ an organization does can change with the times, but the ‘‘why’’ an organization undertakes and invests in business change never changes (Sinek, S, 2009). Explaining the ‘why’ demonstrates the benefits and value of change to the organization and most importantly, its people.

According to Hodes, D (2019), a critical part of the VMO is the idea of benefits tracking - that is, ensuring that what was promised as an improvement is actually delivered; and if not, then why not? In a fundamental way, the VMO is an instrument of organizational learning and systems thinking that continuously innovates existing ways of working to realize the benefits and value from investment.

7.2 GATED ASSURANCE AND DECISION GATE PROCESS

> The Gate Review process is not a substitute for a rigorous governance and decision gate framework that manages an organization's key processes.

Nobel Prize winner Dr. Daniel Kahneman states in *Thinking, Fast and Slow, 'It is much easier to identify a minefield when you observe others wandering into it than when you are about to do so* [yourself]'. What the Gate Review process by the Infrastructure and Projects Authority provides is independent and impartial confirmation that the programme or project or any of its planned activities, particularly benefits realization, is on track. Simply, it provides an objective and unbiased assessment that the programme or project's spending objectives can be delivered successfully and improves the prospects of actually realizing the forecast benefits from the investment.

The Gate Review process facilitates progressive investment decision making at five critical points throughout the programme or project's lifecycle to ensure that it is well positioned to enter its next phase or stage. At this critical point, it's important to recognize that assurance is not the decision at the gate but it provides the single point of accountability with insight from a critical friend about both the positive or the negative programme or project management practices in place. The challenge arises when the Gate Review to be undertaken is cherry picked as each review serves a specific purpose in the development of the business case and the return from investment.

When undertaken, prior to a key decision point, it supports the commissioning organization and the accountable person to decide whether to continue, discontinue or vary the scope for implementing the investment. That is, successful organizations have effective decision gate processes in place separate to gated assurance to ensure the organization is delivering the right projects and programmes in the right way. When a decision is made to continue, the benefit to the organization does not come from simply undertaking the Gate Review - but through the timely and actual resolution of any report recommendations, particularly those related to benefits realization. Similar to the advice imparted by Tyrian Lannister from Game of Thrones, 'I'm the hand, not the head!'

It's important to emphasize that the Gate Review process is not a substitute for a rigorous governance and decision gate framework that manages an organization's key processes including:

- strategic planning
- investment appraisal and business case management (including benefits management)
- programme and project management
- risk management
- procurement and acquisition
- service and contract management.

The Gate Review process provides a snapshot view of progress at a point in time and, therefore, should be seen as complementary to the above internal processes, and not a replacement for them, particularly separate decision gates.

Simply, the Gate Review process gives independent guidance to those who commission work on how best to ensure that their programmes and projects are successful in terms of benefits realization (Infrastructure and Projects Authority, 2021). Decision gates make decisions to stop, go or change direction based on strategic alignment and benefits realization. As such, these are not mutually exclusive approaches as both are required. The Gate Review (including health check reviews) help to provide clarity of thought and expertise for the decision-making authorities at the decision gate.

Good management and control of programmes and projects is essential to the successful delivery of government objectives and protecting value for money.

It should be noted that a post implementation review should ideally be undertaken to independently evaluate whether the programme or project objectives were met, how effectively the investment was run, learn lessons for the future, and ensure that the organization gets the greatest possible benefit from the project (MindTools, 2017). It supports the Gate 5 – Operational Service and Benefits Realization review by providing a basis for identifying improvements to the benefits management practices and the collection of a reference class of benefits data to inform future forecasting (Jenner, S and APMG International, 2014).

The most important, and the least undertaken is the Gate 5 Review, which confirms that the benefits set out in the updated full business case are being achieved and that the operational service (or facility) is running smoothly and the agreed organizational (including strategic) objectives are being met. This gate review should be repeated throughout the life of the service, with the first gate review typically occurring when the project is about to hand over to business as usual (BAU) operation and then 6-12 months after handover to the new owner and a final gate review shortly before the end of a service contract.

7.3 STAGED RELEASE OF FUNDING

According to the Infrastructure and Projects Authority, good management and control of programmes and projects is essential to the successful delivery of government objectives and protecting value for money. The Gate Review and Decision Gate process is designed to provide a realistic view on a programme and project's ability to deliver agreed outcomes to time; cost; quality and most importantly benefits.

Successful organizations adopt the proven technique of staged release of funding by Gated Review process where continued funding for spending proposals is dependent upon incremental benefits exceeding the costs required to realize them, and continuing stakeholder commitment for benefits realization. This is why initiatives are benefits-led rather than activity centered.

A change of title from Portfolio, Programme or Project Management Office to Value Management Office signifies to everyone in the organization, particularly to executive management and key stakeholders that benefits realization, not initiative delivery, is what really matters.

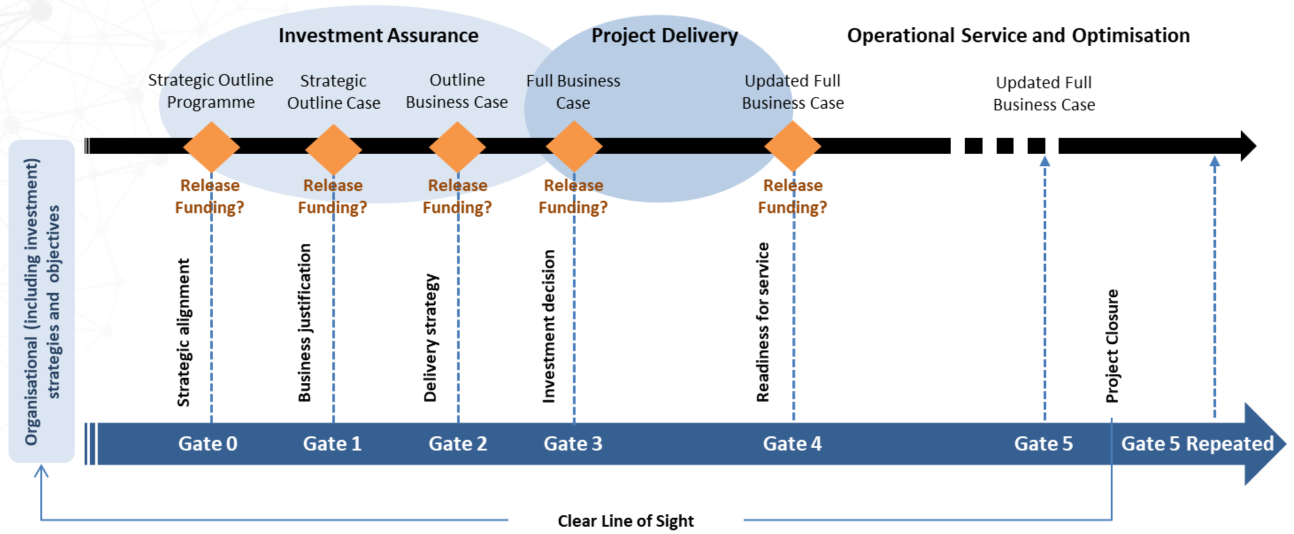


Figure 6: Staged Release of Funding by Gated Review and Gate Decision Process

Much of the value lies in the process of completing the benefits map (regardless of technique used), rather than in the benefits map itself.

8. BEST PRACTICE TECHNIQUES AND TAILORING

There are number of driver-based analysis techniques (such as Benefits Dependency Network, Results Chain®, and Benefits Map) to explicitly link and demonstrate benefits alignment with strategy objectives. That is, the implicit logic underpinning the strategic objectives that is made explicit by the clear articulation of the beliefs and assumptions that underlie the cause-and-effect relationships between (and the drivers of) the elements in the organization's business model. The point to bear in mind is that much of the value lies in the process of completing the benefits map (regardless of technique used), rather than in the benefits map itself. It also helps to avoid double counting of benefits, ensuring benefits are attributed to the correct programme or project.

Below are some leading-edge techniques that are best used sequentially.

8.1 THREE-COLUMN ANALYSIS

Three Column Analysis was developed by the New South Wales Government in Australia as a simple technique to help stakeholders understand and agree what the current business problem is, what has to change (and what must be stopped) to start to identify benefits. This three-column analysis technique involves brainstorming answers to each of the four sections shown below. This technique involves asking key stakeholders and the project sponsor three simple questions and using the answers to graphically develop a benefits pathway on a single A4 page, providing a representation of how current business problems can be redressed to achieve the desired benefits.

Current business problems	+	What has to change?	+	What must be stopped?	=	Benefits

Figure 7: Three-Column Analysis

8.2 PROJECTS, RESULTS, USERS AND BENEFITS (PRUB)

According to Dr Phil Driver from Open Strategies, organizations need to create strategies that work with the reasons for their continued existence. That is, they inevitably exist to provide a service, that in turn achieves results for the customers and/or stakeholders that then changes something. Simply, organizations run projects to produce results that enables people to use them to create benefits. Everything that organizations wish to achieve can be described in this sequence so every strategy should be designed to optimize this sequence. The use of PRUB guides the rapid and effective development, validation, implementation and performance management of strategies.

The use of PRUB guides the rapid and effective development, validation, implementation and performance management of strategies.

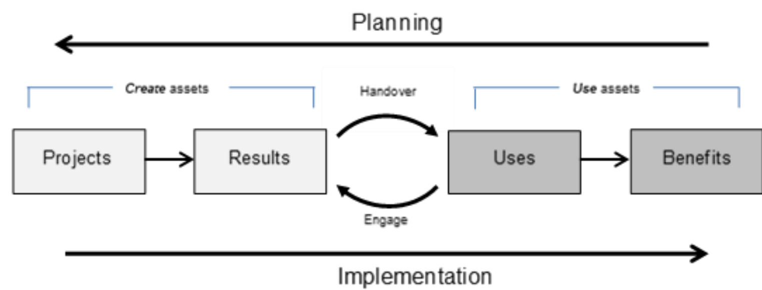


Figure 8: Projects, Results, Users and Benefits (PRUB) sequence

8.3 PROJECT CANVAS

The Project Canvas was developed by Antonio Nieto-Rodriguez to ensure that every project has a clear purpose that aligns with the organizational (including strategic) objectives. It is a living document that is used to inform any significant investment decision or to assess any proposed changes to scope. It's a simple one-page strategic template composed of just three domains: foundation, people, and creation. Each domain is vital to the success of any project that focuses on value and benefits rather than processes and controls, and it encourages you to focus on how to quickly deliver the elements of greatest value (Nieto-Rodriguez, A, 2021).

It is used before the project begins, to assess how well it has been defined and whether it is ready to go. It is used throughout the project to track progress and ensure that critical elements and assumptions remain valid. It is used near the end, to assess whether the project is delivering its intended benefits, and after the project is over, to capture lessons learned and build up competencies found to be lacking.

Foundation	People			Creation		
Purpose Why are we doing the project?	**Sponsorship** Who is accountable for the project?	**Stakeholders** Who will benefit from and be affected by the project?	**Resources** Who will manage the project, and which skills are needed to deliver it?	**Deliverables** What will the project produce, build, or deliver?	**Plan** How and when will the work be carried out?	**Change** How will we engage stakeholders and manage the risks?
Investment How much will the project cost?			**Benefits** What benefits and impact will the project generate, and how will we know the project is successful?			

Figure 9: Project Canvas

8.4 INVESTMENT LOGIC MAPPING

Investment Logic Mapping (ILM) is part of the Investment Management Standard developed by the Department of Treasury and Finance (Victoria, Australia) in 2017. The technique has evolved as a reaction to investment practices that demand compliance with complex processes but fail to articulate the need for the investment or the benefits that the investment will deliver. ILM ensures that robust discussion and thinking is done up-front about benefits, resulting in a fully defined business problem, before solutions are even identified and before any investment decision is made without benefits consideration. Furthermore, it is also supported by a 16-question decision maker's checklist (refer to section 8.7) that should be used at key investment decision points across both the programme or project lifecycle.

> ILM ensures that robust discussion and thinking is done up-front about benefits, resulting in a fully defined business problem.

The Investment Logic Map follows the structure of the 'line of enquiry', which links business or customer problems to benefits to responses and then finally to solutions. It does this in terms of the business change and physical asset to be developed or purchased drawn on a single A4 page, with an internal logic that tells tell a powerful and cogent investment story to stakeholders (shown below).Unlike other driver-based analysis techniques, ILM also supports the organization's issue and change control process as the problem, benefits, and response columns are each individually ranked with each response scored a percentage based on importance equaling 100%. If there is a request for change, particularly where an intervention, business change and/or physical asset is descoped, the commissioning organization can immediately assess the impact to benefits and ongoing investment in the programme or project.

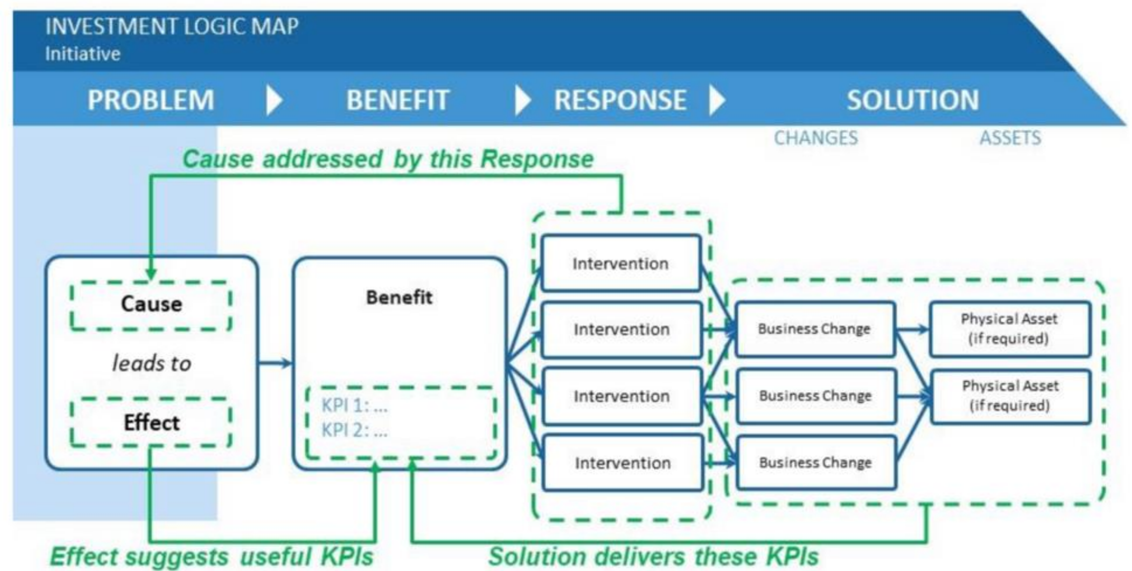


Figure 10: Investment Logic Map Template

8.5 BENEFITS DISTRIBUTION MATRIX

The benefits distribution matrix identifies how the benefits and potential dis-benefits are distributed between the stakeholders for the programme, project, product and/or service. It not only helps with stakeholder engagement and communication but also to understand what should be expected from the investment in change to raise awareness of any perceived or real impacts. The example below is based on the work of author and benefits management pioneer, Gerald Bradley (2010). As such, a benefits distribution matrix should therefore be included alongside any benefits map to clearly demonstrate how the key benefits and dis-benefits are distributed amongst key stakeholders.

	Main Investment Board	Value Management Office (VMO)	Program / Project Boards	PM	Benefit Owners
Key Benefits					
Creating and maintaining optimum project portfolio	■	■			
Increase return on investment	■	■	■		■
Key dis-benefits					
Extra effort required				■	■

Figure 11: Benefits distribution matrix

The Balanced Scorecard and Strategy Map facilitate successful strategy implementation and benefits management maturity by placing organizational strategy and vision - not control - at the centre of investment decision making.

The benefits distribution matrix can be easily created, often facilitated by an experienced benefits subject matter expert during a benefits identification and quantification workshop and shows the distribution of benefits across the various stakeholder groups. It enables those accountable for the business change to identify potential areas of concern and to plan mitigating actions. The benefits distribution matrix can be used to identify appropriate benefit owners within the organization or review the scope of the initiative to ensure that benefits are more evenly distributed.

8.6 BALANCED SCORECARDS

Balanced Scorecards and Strategy Maps were first introduced by Dr. Robert Kaplan and Dr. David Norton in 1992 as a framework for measuring and communicating organizational performance using a more balanced set of performance measures focused on financial, customer, internal business process, and learning and growth. Its use serves two primary purposes. It demonstrates and communicates strategic contribution, but it also links benefits with the organizational performance management system where benefit measures are reported. Ideally it should be cascaded down and used across the organization - so benefits can be explicitly mapped to the measures used at a unit or functional level. Specifically, it should also be noted that the four perspectives below and their measures are integrated given the cause-and-effect relationship (Kaplan, R & Norton, D, 1992).

- How do customers see us? (customer perspective)
- What must we excel at? (internal perspective)
- Can we continue to improve and create value? (innovation and learning perspective)
- How do we look to stakeholders? (financial perspective)

The Balanced Scorecard and Strategy Map facilitates successful strategy implementation and benefits management maturity by placing organizational (including unit or functional) strategy and vision, not control, at the centre of investment decision making. It establishes ambitious but achievable goals but expects that people will adopt whatever behaviours and take whatever actions are necessary to achieve those goals over a set period of time. Typically, the measures are designed to encourage people towards achieving the organizational (including strategy) objectives.

According to Kaplan, R & Norton, D (1992), organizational leaders may know what the end result should be, but may not be able tell employees exactly how to achieve that result, if only because the digital economy and technology in which employees operate is constantly changing. Canadian President, Justin Trudeau once said *'the pace of change has never been this fast, yet it will never be this slow again'*.

There is also a wonderful thing about adopting technology, particularly in a digital environment: it changes everything! Strategy now drives the culture in many successful organizations and that drives the way leaders must achieve benefits realization from their investment.

Organizational (including strategic) objectives can drive strategy execution but only when they are aligned with strategic priorities, account for critical interdependencies across functional silos, and enable course corrections as circumstances change. If these conditions aren't met, every employee could still achieve their individual goals, but the organization as a whole will still fail to execute its strategy (Sull, D & Sull, C, 2018). As such, Robin Speculand, Global Pioneer and Specialist in Strategy and Digital Implementation explained by email (2021) that a key component of successful strategy implementation is what measures and targets organizations use to define success for their strategy.

The critical question is 'in the time you set to implement your strategy what percentage of your measures have you actually achieved?' To reiterate, the Strategy Implementation Institute found in 2020 that 48% of all strategy implementations fail (Speculand, R, 2020). However, Forbes found in the same year that 84% of all digital transformation projects fail due to the failed adoption of technology (Silverstorm, 2020) - a fundamental aspect to enable realization of the forecast benefits.

8.7 THE VICTORIAN GOVERNMENT'S SIXTEEN QUESTION DECISION MAKERS CHECKLIST

Below has been adapted from the Victorian Government's Investment Management Standard to suit both private and public sector investment.

PROBLEM	BENEFITS	RESPONSE	SOLUTION
1. Is it clear what the business and customer problem is that needs to be redressed – both the *cause* and *effect*?	5. Have the forecast benefits that will result from fixing the business and/or customer problem been adequately defined?	9. Has a reasonable spread of *interventions* been identified and packaged into sensible response options?	13. Consistent with the preferred response option, has a reasonable *spread of project* options been analyzed against a do-nothing option?
Yes / Partial / No	Yes / Partial / No	Yes / Partial / No	Yes / Partial / No
2. Is there *sufficient evidence* to confirm both the cause and effect of the business and/or customer problem?	6. Are the benefits of high value to the organization?	10. Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	14. Is the recommended solution the *best value for money* action, and have opportunities for building flexibility to deal with uncertainty been considered?
Yes / Partial / No	Yes / Partial / No	Yes / Partial / No	Yes / Partial / No
3. Does the problem need to be redressed *now* and by this organization?	7. Are the KPIs FAST and will they provide strong evidence that the benefits have been delivered?	11. Were the options *evaluated fairly* to reflect their ability to respond to the business and/or customer problem, deliver the forecast benefits?	15. Is the solution *specified clearly and fully* and have opportunities for adding value been identified and costed? (all business changes and assets)
Yes / Partial / No	Yes / Partial / No	Yes / Partial / No	Yes / Partial / No
4. Does the defined business and/or customer problem capture its full extent/scope including sources of future uncertainty?	8. Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	12. Is the *preferred response option* the most effective way to redress the business and/or customer problem and deliver the forecast benefits?	16. Can the solution really be successfully delivered (cost, risk, timescale, quality criteria, risks and prioritized benefits)?

8.8 TAILORING THE BENEFITS MANAGEMENT ARTEFACTS

The typical benefits management process highlights the business need to develop a standard set of templates particularly for the benefits management strategy, benefits realization plan, benefits profile, benefits map, and benefits realization report. However, what if there was a better way utilizing available project portfolio management toolsets already in use in many organizations.

> The Balanced Scorecard and Strategy Map facilitates successful strategy implementation and benefits management maturity by placing organizational (including unit and functional) strategy and vision, not control, at the center of investment decision making.

To simplify the process, organizations should explore the use of web-based collaborative platforms like Microsoft SharePoint to develop a benefits register that encapsulates and captures the benefit profile information set. That is, the details associated with each benefit (and dis-benefit) including: when it will be realized, the measures that will be used and who is accountable for its realization - the benefit 'owner'. This register in turn then becomes the benefits plan not only for the project, or programme but also for the portfolio as a whole by providing a baseline against which performance in terms of benefits realization can be tracked at each individual level. The information and any benefits realization dashboard reports extracted using PowerBI from the PPM toolset becomes the single source of truth rather than the document itself that can be better relied upon for investment decision making regardless of data quality.

The main investment board can then visualize at-a-glance what benefits information exists across the portfolio and assess if the forecast benefits and indicators designed to demonstrate benefits are ‘real’, measurable and reportable (as opposed to simply aspirational). As such, a spending proposal’s importance or criticality should not be the deciding factor about how the organization proceeds prior to full allocation but rather the benefits to be realized from the investment. Organizations should think carefully about whether the required benefits arrangements are in place from the outset, and not left until after the programme or project is nearing completion or transitioned into business as usual.

The only benefit management template any programme or project would need to complete is the driver-based analysis (i.e. benefit map) and benefits distribution matrix to show how project outputs combine to create capabilities, which transition into outcomes, and which in turn enable the realization of benefits, which contribute to organizational (including strategic) objectives. Once approved, this should be stored in the project portfolio management tool and continually used by the portfolio, programme or project boards to assess the impact of any requests for change to an agreed baseline particularly related to benefits used to justify the investment.

To enable consistent benefits management practices, the organization should set the benefits management strategy at the portfolio level to detail how and by whom benefits will be managed throughout the benefits management cycle utilizing the VMO. Where individual capability and organizational maturity is low particularly regarding benefits realization, then the above approach is better than having each programme or project develop its own benefits management strategy. The VMO will ensure the benefits management strategy for the organization is consistent with the Portfolio Benefits Management Framework. They will also act as facilitators for the end-to-end benefits management process, working with each spending proposal within the portfolio to ensure initiatives are benefits-driven and what difference it plans to make to the organization and its customers.

9. SUMMARY

Jim Carrey said in his Alpha Leaders speech *'It's our intention. Our intention is everything. Nothing happens on this planet without it. Not one single thing has ever been achieved without intention'* (Alpha Leaders, 2021).

9.1 FORTUNE FAVOURS THE BRAVE

> In an increasingly competitive digital economy, organizations can ill afford to continue wasting costly investment simply delivering technology through programmes and projects.

There is a Latin proverb by Roman comic dramatist, Publius Terentius (161 B.C.) called Fortis Fortuna Adiuvat or 'Fortunes Favour the Bold' or the more common translation 'Fortunes Favour the Brave'. In any organization, operating in any industry or sector, managing benefits should result in optimizing the return on investment. This should be the guiding obligation that applies continually, from the investment decision to achieve an organizational (or strategic objective) through to the measurable benefits realization of that objective.

As such, to thrive in a growing digital environment, organizations will need to be both bold and brave to reinvent themselves where benefits and value simultaneously become the primary driver and rationale for any investment in change using a portfolio of programmes, projects, products and/or services. In an increasingly competitive digital economy, organizations can ill afford to continue wasting costly investment simply delivering technology through programmes and projects. That is, technology must be accompanied by complementary changes in processes, the working practices of individuals and groups, the roles of individuals and even the culture and mindset of the organization and its people. It is the investment, and the lack of accountability, in these organizational factors that is often missing, and this is why benefits are not being realized or more importantly, optimized. Organizations must expect benefits from any investment and ensure that these expectations are fulfilled (Bradley, G. 2010).

Reaching a point of alignment and optimizing benefits realization through programmes, projects, products and services is critical to successfully executing the organizational (including investment) strategies your organization has prioritized to successfully deliver. When applied correctly, it creates an environment and culture that transforms the way organizations think, lead and execute investment in change. As we question our current understanding about benefits management and realization, we should become curious about what information the organization is missing. That search should lead us to new discoveries, which in turn maintain our humility by reinforcing how much we still have to learn about benefits management and realization. If knowledge is power, knowing what we don't know is wisdom (Grant, A, 2021).

It's important to emphasize that there is no single right way to implement and sustain benefits management. It all depends on the organization's circumstances, culture and mindset of its people and their openness and ability to change. According to Nieto-Rodriguez, A (2021), 'if you believe that projects, programmes and portfolios are the key to personal development and sustainable value creation and are the only way for organizations to cope with and flourish in today's changing world, the time to act is now'. For those who hesitate, take heed of American professional bicycle rider, Jamie Paolinetti who said *'Limitations live only in our minds. But if we use our imaginations, our possibilities become limitless'*.

10. ABOUT THE AUTHOR

Milvio DiBartolomeo is a Delivery Office Manager in the Queensland Public Sector providing assurance, benefits, governance and risk management advice to a delivery portfolio. Over his project portfolio management career, he has worked on a number of transformational change ICT initiatives across the entire programme and project lifecycle as a business and process analyst, software tester and project manager. He spent the past 10 years in a hub and spoke PMO model in various roles as a Portfolio Manager, Capability Support Manager and a Workforce Planning Manager. His specialist areas include portfolio, programme and project management methodology, PMO model re-design, gated assurance, governance, benefits, risk management, procurement and strategy implementation.

With a lifelong passion for learning, Milvio is the first person in the world to simultaneously become a Strategy Implementation Institute Professional, registered Better Business Cases Practitioner (at trainer level) and Managing Benefits (at trainer level). Other notable achievements include successfully implementing the Managing Benefit's staged funding release by gated review technique to protect public sector investment and redesigning the project governance structure to minimize senior management time commitment for a Queensland Government department.

He frequently shares his knowledge on social media forums helping individuals across the globe and has written a whitepaper called *Project Optimism Bias in Capital Investment Decision Making* published exclusively through APMG International as well as many other related articles. Milvio has also recently contributed to the development of a new P3G Handbook about portfolio, programme and project governance for the IPMO in Switzerland.

His credentials also include a Bachelor of Commerce (Industrial Relations, Organizational Change and Human Resource Management) including Management of Risk v4, Management of Portfolios (MoP®), Portfolio, Programme and Project Office (P3O®), Managing Successful Programmes (MSP®), PRINCE2®, PRINCE2 Agile®, AgileSHIFT®, ICAgile, International Software Testing Qualifications Board (ISTQB) software testing and ITIL®.

RELATED ARTILES FROM MILVIO....

1. **Project Optimism Bias in Capital Investment Decision Making**. The whitepaper includes techniques to overcome optimism bias including reference class forecasting, data trusts and confidence levels which can all be used to effectively improve benefits realization as benefits and costs should be managed with the same level of focus. Available here.
2. **Protecting capital investment using staged release**. By releasing required funds incrementally by stage supported by an independent and objective gateway review report, organizations can be confident of continued business justification and delivery of strategic investment objectives and agreed forecast benefits. Available here.
3. **What is strategy?** A critical element of strategy is also the integrated relationship with benefits management to achieve what is known as clear line of sight in the successful delivery of strategic objectives through benefits realization. Available here.

11. REFERENCES

References are listed in alphabetical order.

1. Alpha Leaders, 2021, Jim Carrey's Eye-Opening Speech - Best Motivation Ever 2021, YouTube, 3 February, viewed 10 January 2022, https://www.youtube.com/watch?v=Fo_IDTDSO-M Jim Carry
2. Association of Project Management (APM), 2021, What is Portfolio Management, viewed 10 January 2022, https://www.apm.org.uk/resources/what-is-project-management/what-is-portfolio-management/
3. Black, P & Forbes Coaches Council, 2021, Are you committed or are you just interested?, Forbes, viewed 10 January 2022, https://www.forbes.com/sites/forbescoachescouncil/2021/04/16/are-you-committed-or-are-you-just-interested/?sh=17c4e51673a4
4. Bradley, G. 2010. An Overview of Benefit Realization Management, viewed 10 January 2022,http://www.eis.mdx.ac.uk/ncpm/An%20Overview%20of%20Benefit%20Realization%20Management.pdf
5. Breese, R, Jenner, S, Serra, C & Thorp, J, 2015, Benefits management: Lost or found in translation, International Journal of Project Management, Vol. 33, Issue 7, Pages 1438-1451.
6. Cardero, R & Slaughter, M, 2019, The First Step Toward Culture Change is a Shift in Mindset, NeuroLeadership Institute, viewed 10 January 2022, https://neuroleadership.com/your-brain-at-work/shift-mindset-for-culture-change
7. Clear, J. 2018. Atomic Habits: Tiny Changes, Remarkable Results, Random House Business Books, London.
8. Culture Crossing, 2016, Creating a Culture of Accountability, YouTube, 29 Oct, viewed 10 January 2022, https://youtu.be/Qe323dmrJ0g
9. Deloitte, 2015, Zero-Based Budgeting: Zero or Hero?, viewed 10 January 2022, https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Process-and-Operations/gx-us-operations-cons-zero-based-budgeting.pdf
10. Department of Finance and Deregulation, 2012, Assurance Review Process - Lessons Learned Benefits Realization Management, Australian Government, viewed 10 January 2022, https://www.finance.gov.au/sites/default/files/2019-11/Benefits_Lessons_Learned_flyer.doc
11. Department of Treasury and Finance, 2012, Investment Management Standard: A guide for Victorian government departments and agencies
12. Dooley, A, 2014, Praxis Framework: An integrated guide to the management of projects, programmes and portfolios. Association of Project Management, Buckinghamshire
13. Flyvbjerg, B & Bester, D, 2021, The Cost-Benefit Fallacy: Why Cost-Benefit Analysis Is Broken and How to Fix It, Journal of Benefit-Cost Analysis, viewed 10 January 2022, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3918328
14. Flyvbjerg, B, 2017, The Oxford Handbook of Megaproject Management, Oxford University Press, Oxford.
15. Galbraith, J, 2016, The Star Model, Galbraith Management Consultants Limited, viewed 10 January 2022, https://www.jaygalbraith.com/services/star-model
16. GLA Economics, 2017, Appraisal and evaluation guidance: Logic Chains, viewed 10 January 2022,https://www.london.gov.uk/sites/default/files/4._gla_logic_model_guidance.pdf
17. Grant, A, 2021, Think Again: The Power of Knowing What You Don't Know, Penguin Random House, United Kingdom.
18. Harrin, E, 2021, The Definitive Guide to Project Success Criteria, The Rebel's Guide To Project Management, viewed 10 January 2022, https://www.girlsguidetopm.com/the-definitive-guide-to-project-success-criteria/
19. Head, B & Walker, D, 2016, The enormous cost of IT project failure, In The Black, viewed 10 January 2022, https://www.intheblack.com/articles/2016/11/01/enormous-cost-it-project-failure
20. HM Treasury, 2013, Public sector business cases using the five case model: Green book supplementary guidance on delivering public value from spending proposals, viewed 10 January 2022, http://www.ampres.com.mx/assets/green_book_guidance_public_sector_business_cases_2015_update.pdf
21. HM Treasury, 2018, Guide to developing the project business case, viewed 10 January 2022, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749086/Project_Business_Case_2018.pdf
22. Hodes, D, 2019, The Value Management Office (VMO), Ensemble Consulting Group, viewed 10 January 2022, https://ensembleconsultinggroup.com/the-value-management-office/
23. Infrastructure and Projects Authority, 2016, Assurance of Benefits Realization in Major Projects: Supplementary Guidance, UK Government, viewed 10 January 2022, https://www.gov.uk/government/publications/assurance-of-benefits-realization-in-major-projects

11. REFERENCES

References are listed in alphabetical order.

24. Infrastructure and Projects Authority, 2017, Guide for Effective Benefits Management in Major Projects, viewed 10 January 2022, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/671452/Guide_for_Effective_Benefits_Management_in_Major_Projects.pdf
25. Infrastructure and Projects Authority, 2020, Principles for Project Success, viewed 10 January 2022, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901126/IPA_Principles_for_Project_Success.pdf
26. Infrastructure and Projects Authority, 2021, Gate Review Process: Gate 0: Strategic Assessment, v1.0, viewed 10 January 2022, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002663/1174-APS-0-CCS0521656666-001_IPA_Gateway_Web.pdf>
27. Jenner, S and APMG International, 2014, Managing Benefits: Optimizing the Return from Investment, 2nd Edition. The Stationery Office, Norwich.
28. Jenner, S, 2010, Transforming government and Public Services: Realising Benefits through Project Portfolio Management, Gower Publishing Limited, Surrey.
29. Jenner, S, 2015, Why do projects 'fail' and more to the point what can we do about it? The case for disciplined, 'fast and frugal' decision-making, PM World Journal, Vol. IV, Issue III, pages 1-18, viewed 10 January 2022, https://pmworldlibrary.net/wp-content/uploads/2015/03/pmwj32-mar2015-Jenner-why-do-projects-fail-Featured-Paper.pdf
30. Jenner, S, 2019, Bang for your Buck: Why Benefits Management is Essential for Project Success, Queensland University of Technology, viewed 10 January 2022, https://blogs.qut.edu.au/qutex/2019/07/31/bang-for-your-buck-why-benefits-management-is-essential-for-project-success/
31. Kane, G, Phillips, A, Copulsky, J & Andrus, G, 2019, The Technology Fallacy: How People Are the Real Key to Digital Transformation, The MIT Press, London.
32. Kaplan, R & Norton, D, 1992, The Balanced Scorecard Measures that Drive Performance, Harvard Business Review, viewed 10 January 2022, https://hbr.org/amp/1992/01/the-balanced-scorecard-measures-that-drive-performance-2
33. MindTools, 2017, Post-Implementation Reviews: Making Sure That What You Delivered Actually Works, viewed 10 January 2022, https://www.mindtools.com/pages/article/newPPM_74.htm
34. Minney, H, Parris, S, APM Benefits & Value SIG, 2020, A guide to using a benefits management framework: Improve organizational capability by ensuring the right projects support your strategic objectives, Association of Project Management (APM), Buckinghamshire.
35. National Audit Office, 2016, Management of British Broadcast Corporation (BBC) Critical Projects, BBC Trust, viewed 10 January 2022, https://www.nao.org.uk/wp-content/uploads/2016/05/Management-of-the-BBCs-critical-project.pdf
36. New Zealand Government, 2017, How to excel as a Benefits Owner, viewed 10 January 2022, https://www.treasury.govt.nz/sites/default/files/2016-05/benefitsowner-training.pdf
37. Nieto-Rodriguez, A, 2021, Project Management Handbook: How to launch, Lead, and Sponsor Successful Projects, Harvard Business School Publishing Corporation, Massachusetts.
38. Nieto-Rodriguez, A, 2021, The Project Economy Has Arrived, Harvard Business Review, viewed 10 January 2022, https://hbr.org/2021/11/the-project-economy-has-arrived
39. Nieto-Rodriguez, A. & Speculand, R, 2021, Strategy Implementation Body of Knowledge, Strategy Implementation Institute, Singapore.
40. OpenDoor Technology, 2021, The Standish Group Reports 83.9% of IT Projects Fail – How to Save Yours, viewed 10 January 2022, https://www.opendoorerp.com/the-standish-group-report-83-9-of-it-projects-partially-or-completely-fail/
41. Oxford Global Projects Academy, 2021, Iron Law of Project Management, viewed 10 January 2022, https://academy.oxfordglobalprojects.com/bundles/rcf
42. Oxford Reference, n.d., Strategic Misrepresentation, viewed 10 January 2022, https://www.oxfordreference.com/view/10.1093/oi/authority.20110803100536187
43. Pearce, S, 2003, Government IT projects, Report 200, Parliamentary Office of Science and Technology, viewed 10 January 2022, https://www.parliament.uk/globalassets/documents/post/pr200.pdf
44. Pfeffer, J & Sutton, R, 2000, The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action, Harvard Business Review Press, Massachusetts.

11. REFERENCES

References are listed in alphabetical order.

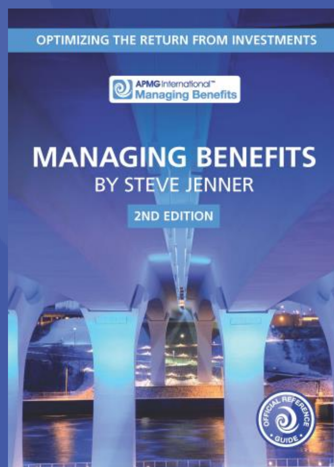
45. PriceWaterhouseCoopers, 2007, Insights and Trends: Current Programme and Project Management Practices: The second global survey on the current state of project management maturity in organizations across the world, viewed 10 January 2022, https://www.pwc.com/cl/es/publicaciones/assets/insighttrends.pdf
46. Project Management Institute (PMI), 2016, Establishing Benefits Ownership and Accountability, viewed 10 January 2022, https://www.pmi.org/learning/thought-leadership/series/benefits-realization/establishing-benefits-realization-ownership-accountability
47. Project Management Institute (PMI), 2017, A guide to the Project Management Body of Knowledge (PMBOK guide), 6th edn, Project Management Institute (PMI), Pennsylvania.
48. Queensland Audit Office, 2016, Strategic procurement Report 1: 2016–17, State of Queensland, viewed 10 January 2022, https://www.qao.qld.gov.au/sites/default/files/reports/strategic_procurement_report_1_2016-17.pdf
49. Queensland Treasury, 2021, Gateway Review Guidebook for Project Owners and Review Teams, State of Queensland, viewed 10 January 2022, https://s3.treasury.qld.gov.au/files/Gateway-Review-Guidebook_20201.pdf
50. Schoen, M & Weldon, L, 2020, Use Zero-Based Prioritization to Refocus Portfolios on Strategic Business Initiatives, Gartner, viewed 10 January 2022, https://www.gartner.com/en/documents/3982977/use-zero-based-prioritization-to-refocus-portfolios-on-s
51. Silverstorm, 2020, 84% of Digital Transformation projects fall through due to failed adoption of technology, Blog, viewed 10 January 2022, https://blog.silver-storm.com/projects-digital-transformation-walkme
52. Sinek, S, 2009, Start with Why: How great leaders inspire everyone to take action, Portfolio/ Penguin Group, New York.
53. Smith, R and APMG International, 2015, The Effective Change Manager's Handbook: Essential guidance to the change management body of knowledge, Kogan Page Limited, London.
54. Sowden, R, 2016, Decision Gates – The Ultimate Challenge, Aspire Europe Ltd, viewed 10 January 2022, https://aspireeurope.com/documents/Decision%20Gates%20-%20the%20ultimate%20improvement%20challenge%20v3.pdf
55. Speculand, R, 2020, 20-Year Results From Surveying Strategy Implementation, Bridges Business Consultancy International, viewed 10 January 2022, http://www.bridgesconsultancy.com/research-case-study/research/
56. Sull, D & Sull, C, 2018, With Goals, FAST Beats SMART, MIT Sloan Management Review, viewed 10 January 2022, https://sloanreview.mit.edu/article/with-goals-fast-beats-smart/
57. The Decision Lab, 2022, Why are we likely to continue with an investment even if it would be rational to give it up?, viewed 10 January 2022, https://thedecisionlab.com/biases/the-sunk-cost-fallacy/
58. The New Zealand Government, 2019, Managing Benefits from Projects and Programmes: Guide for Practitioners, viewed 10 January 2022, https://www.treasury.govt.nz/sites/default/files/2019-11/TSY-managing-benefits-guidance-nov2019.pdf
59. Thorp, J, 2012, The Information Paradox: Realizing the Business Benefits of Information Technology, 2nd Edition, McGraw-Hill Education, viewed 10 January 2022, https://www.fujitsu.com/us/about/resources/publications/information-paradox/
60. Ward, J & Daniel, E, 2012, Benefits Management: How to Increase the Business Value of Your IT Projects, 2nd Edn, John Wiley & Sons Inc, New York.
61. Wyeth, M, 2021, From Business Case to Benefits Realization: Theory and Practice in UK Government Projects, viewed 10 January 2022, https://www.apm.org.uk/resources/find-a-resource/from-business-case-to-benefits-realization/

FIND OUT MORE

apmg-international.com

linkedin.com/company/apmg-international

@APMG_Inter



apmg-international.com/managing-benefits