

The development of a Benefits Realisation Management Process to drive successful programmes and projects

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Abstract

Traditionally major capital investment programmes and projects are measured on their success in relation to cost, quality and time of delivery, and not in relation to the benefits or impact that they have delivered. Benefits Realisation is emerging as one of the methods to assist organisations to manage the whole life cycle of programmes and projects.

The Health and Care Infrastructure Research and Innovation Centre (HaCIRIC) based in the UK is undertaking a research project in Benefits Realisation aiming to develop a process/framework that will meet the demands above in conjunction with promoting continuous improvement and organisational learning. The methodology used is based on an action research approach; combining findings from a literature review and case studies within UK's primary healthcare sector. This paper investigates the developments so far in Benefits Realisation Management and focuses on the requirements to manage change and benefits in a joint approach to deliver the necessary outputs on time, to quality and cost without failing to realise the benefits of the change. The aim of the paper is to demonstrate the need for benefits driven programme/project management and the importance of identifying the level of involvement, contribution and manage expectations of all stakeholders throughout the process.

Keywords

Benefits Realisation Management, Change Management, Programme and Project management, Stakeholders Requirements Management, Continuous improvement

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1. Introduction

The expectation from organisations such as the NHS that invest in long term projects in order to deliver complex health care infrastructure facilities, is to have maximum return on their investment that can only be justified by realising the benefits of such initiatives. However changes to policy during the life of a project mean that the final outcomes rarely match the initial vision. Organisations themselves will also change. Following project or programme completions much time and effort is spent trying to justify the investment and trying to realign the anticipated benefits. Fulfilling these is often costly and usually outdated. The delivery and realisation of the original planned benefits become the responsibility of the operational teams that usually have not been involved at any previous planning or decision making project stages.

In many large organisations and complex public interest sector programmes and projects failure to identify and achieve planned benefits through change initiatives appears to be common. In general the question is one of the difficulty of managing highly complex programmes, portfolios or projects rather than lack of performance of infrastructures. Lack of benefits management is often a root cause of programme failure, but equally damaging is poor benefits management, which attempts to manage benefits, without recognition of the contributors to success. The task is, therefore, complex, and demands a wide span of control (Bartlett 2006).

This paper identifies the issues in why major programme and projects are failing to fulfil expectations and identifies the need for a framework of proactive management of benefits realisation and change where the spotlight is continually focused on the benefit outcomes from the early conceptual stages and goes beyond project delivery.

2. Research Methodology

The overarching research philosophy adopted for this research project is an actor based research philosophy used in the development of the Generic Design and Construction Process Protocol (Kagioglou et al 2000) and it consists of the preunderstanding – understanding hermeneutic spiral (Odman 1985), grounded in actor research philosophy (Berger & Luckmann 1966, Sandywell 1975).

The main channel of communication flows used currently for the refinement and development of a benefits realisation management process are workshops between HaCIRIC researchers and the industrial partners. Although crucial preunderstanding/understanding is transferred and developed through an ongoing dialogue both prior and between the workshops.

The first phase of the research project is focusing on the healthcare sector in England and in particular at primary care infrastructure facilities and services as those are delivered through the Local Improvement Financial Trusts (LIFT). LIFT is a vehicle used by the National Health Service (NHS) in England for improving and developing new investments through a Public-Private Partnership (PPP).

An action learning dimension (Susman and Evered 1978) is taken to enhance the research vision. Action research is an interactive approach and provides the platform where HaCIRIC's research team and the industrial partners can agree on the issues, monitor the present situation, analyse data, identify improvements on the BRMP and subsequently reflect and evaluate upon impact that these improvements may have.

One of the deciding factors on taking that approach was the emergence through the research workshops of a BRMP user community consisting mainly of the project's industrial partners. Workshop participation encourages industrial partner members to generatively learn as they discover how to make sense of the BRMP in terms of their own language and organisational settings (Kagioglou et al 2000). Research techniques used in this research include, pilot case study, case studies, questionnaire surveys, workshops and interviews, more descriptive details on these are included in a forthcoming accepted paper (Harris et al 2008).

2.1. Literature review

The concept of benefits realisation was conceived in the late 1980s and early 1990s. A literature review is undertaken that investigates the latest developments in benefits realisation and management. Early signs indicated that the main body of literature on benefits realisation consists of practical guides and frameworks around IS/IT investments mainly in the private sector (Ward and Bond 1995, Leyton 1995, Thorp 1998, Bradley 2006, Bartlett 2006, Payne 2007). The literature review shows that benefits realisation and management has for many years been the Cinderella of the project management profession (Payne 2007), it is only in the recent times that is emerging as an important factor for successful programme and project delivery both in the private and public sector (OGC 2007, Reiss et al 2006, Ward and Daniel 2006, NHS 2004). It seemed appropriate that in order to identify key principles and to further develop the BRMP a literature review needs to be undertaken in areas that not immediately fall under the benefits realisation umbrella. Such areas include decision making and optioneering, performance management, impact assessment, value flow and generation, stakeholder requirements capture, change management and continuous improvement (Sapountzis et al 2007).

3. Key issues to consider in the development of the BRMP

As a result of the initial literature review and several workshops with the industry partners there are some key issues emerging that form the basis for the development of the Benefits Realisation Management Process. These key issues are as follows.

3.1. Traditional Project management thinking

Project management as we know it today started to develop from the middle of the twentieth century to meet the challenges of an emerging complex world including the growth in use of computers in commerce and in public services. For decades there were increasing instances of projects going dramatically wrong, with costs and timescales spiralling out of control or final deliverables failing to meet user requirements subsequently project management became seen as the ability to

deliver a defined project to each clients within agreed timescales and fully fit for purpose. All these have tended to direct attention away from what happens to a project after it has been handed over to its clients (Payne 2007)

3.2. Programme Management, Change and Organisational Culture

Benefits management in programme management terms is defined as the process for the optimisation or maximisation of benefits from organisation change programmes while programme management is simply defined as the orchestration of organisational change (Reiss et al 2006). The practical management of benefits seems to be difficult for many programmes, and may be due to the lack of understanding of the contributors to benefits achievement and the techniques available to manage benefits (Bartlett 2006). The impact of change should be monitored throughout programmes and projects development and mechanisms should be in place ready to adverse any negative impact implications (Sapountzis et al 2007). Benefits are achieved during the life of a programme, as completing projects are decommissioned and new ones commissioned. In a project, benefits only usually accrue once the project has completed, and after the project team has been disbanded, few organisations seriously put into practice a benefits management regime. A programme however is an ideal vehicle for monitoring the achievement of benefits (Reiss 2006)

Many of the things which can go wrong in a programme in terms of benefits are to do with expectations management; this is a common source of programme risk. A key hindrance to the achievement of benefits is organizational culture. The culture of a company and its existing business base are powerful influences for or against the successful achievement of benefits. Culture is a particular challenge, especially since it is unusual for company culture to be taken into consideration when deciding the potential benefits at programme inception. Benefits are, therefore, often assumed to be achievable in spite of a particular c.ompany culture. More commonly benefits are victims of programme longevity, and their perception changes within the business. This is very much the result of inadequate expectations management. (Bartlett 2006).

3.3. Complexity and management blind spots

It is important to pay attention to management blind spots which in turn they form the four critical dimensions of complexity (Thorp 1998). These blind spots are: linkage, reach, people and time. Linkage is the necessary links that need to be made between the expected results from a project or programme and the overall strategy of the organisation. Reach refers to the breadth and depth of change required within the organisation for the benefits to be realised as well as understanding the areas of impact and to what extend stakeholders will be affected. People; a large number of people must be motivated and prepared to change. A clear understanding is needed as to which people are involved at what stage, what interventions will be required to effect the change how these interventions will be managed for people with different starting points, attitudes and motivations. Time; in any transformation process time is always of the essence. We need to ask –and ask again and again- what the realistic length of time is for all the necessary changes to occur and for the full benefits to be realised. Estimations of time must be based on understanding the three previous

dimensions. There must also be recognition that the other three dimensions will change themselves over time.

3.4. Level of involvement, contribution and expectations management of all stakeholders throughout the process

Achieving successful change is much easier if all stakeholders are committed and the earlier this commitment is accomplished, the smoother the path to a successful outcome (Bradley 2006). In order to engage and involve stakeholders you first need to identify them. At the early stages of a programme, project or a change process the stakeholder population maybe a little fluid. The process therefore of identifying them needs to be iterative. To ensure that all stakeholders become committed it is important to engage them effectively, throughout the complete change lifecycle.

The concept of managing benefits in order to ensure their delivery is usually new within a sector or organisation. The various stakeholders will need educating in how benefits are to be identified, modelled and subsequently delivered (Reiss 2006). It would be risky to assume that all stakeholders will understand the implications of benefits identification and planning. Kagioglou et al (2000) highlights that project success relies on the right people having the right information at the right time stating that the active involvement of all participants, especially in the early phase of a project, may subsequently help to foster a team environment and encourage appropriate communication and decision making.

Summarising on the key issues above and taking into account findings of a previous paper (Sapountzis et al 2007) the key principles of BRMP should be; its appropriateness for those who operate it and those that use the information produced; The way its assessment of all relevant aspects is balanced, including those that are hard to quantify; How robust it is to withstand change; the careful integration into business planning; Cost effective by producing performance information that realises benefits in proportion to the investment required to collect it; Simple to Implement.

4. Benefits Realisation Management Process introduction and final thoughts

It is important to understand that over the course of a benefits management lifecycle, organisations and government policy drivers especially within a healthcare setting are highly likely to change and this will impact upon agreed benefits. It is essential to have a robust process in place that will accommodate and react to change. The key for successful implementation of Benefits realisation is its integration within the organisation's strategy and culture and taking into account external factors. Programmes and projects should be benefit driven if they are to be considered as successful. The essence of benefits realisation is "not to make good forecasts but to make them come true ..." (Ward et al. 1995)

Projects and programmes are generally driven by a need to realise specific benefits through structured change. Benefits management and realisation has recently risen as the "new" practice that seeks to move forward from the traditional investment

appraisal approach and focus on the active planning of how benefits will be realised and measured (Glynn, 2006).

The BRMP, briefly introduced in this paper aims to accommodate the issues and concerns raised above and at its current development phase consists of five main stages. These stages are:

- Benefits Strategy
- Benefits Profile
- High Level Benefits Map
- Benefits Realisation Plan
- Evaluation and Review of Change and Benefits

The whole process is overarched by the continuous improvement principle resulting into a continuum of benefits realisation and organisational learning.

An illustration on how the BRMP is aligned within HaCIRIC with traditional development approaches is given in fig 2.

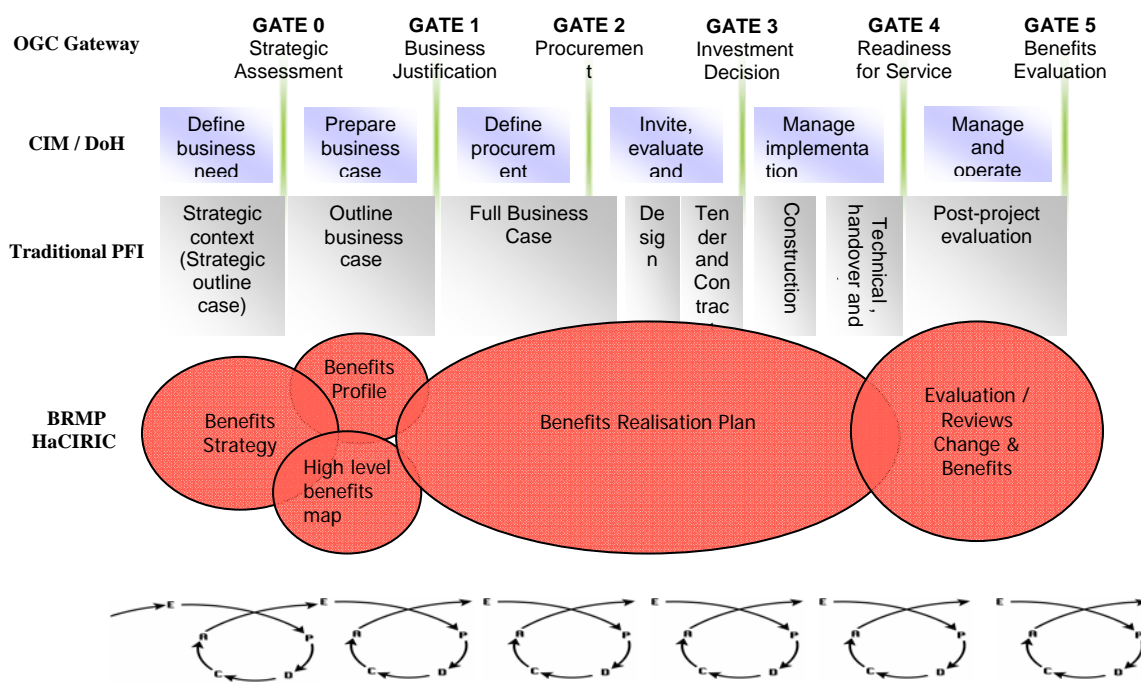


Fig 1: Benefits Realisation Management Process alignment with investment processes (Sapountzis et al 2007)

OGC (MSP 2007) agrees that best practice programme management aligns everything towards satisfying strategic objectives by realising the end benefits. The ultimate success of a programme should be judged by its ability to realise these benefits and the continuing relevance of these benefits to the strategic context. As illustrated in fig. 2 benefits realisation lies in the heart of a programme's control. Benefits realisation is a continuous process of envisioning results, implementing, checking intermediate results and dynamically adjusting the path leading from investment to results (Thorp 1998). Benefits Realisation is not just a process that can and must be managed just like any other business process but should be the driving force behind any business justification decision.

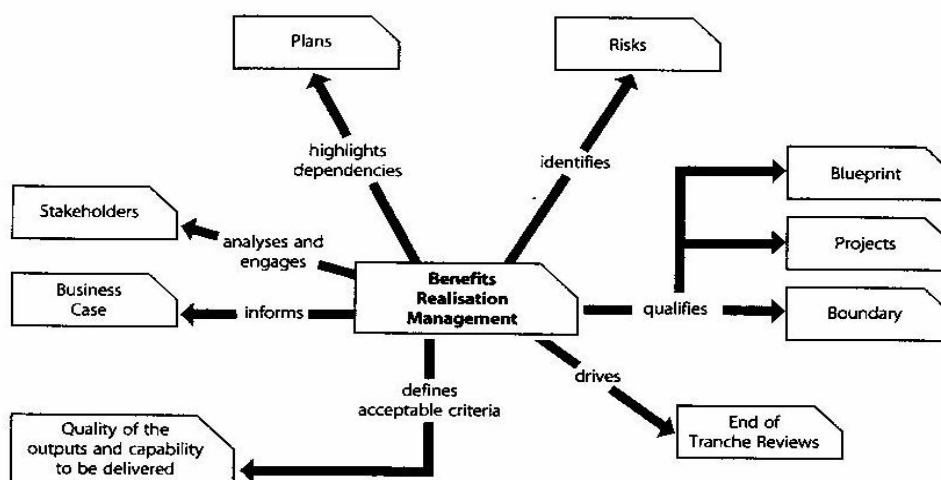


Fig 2: Benefits realisation management as the key driver (OGC / MSP 2007)

Typically expected benefits are summarised within a business case, which is one of the key project initiating documents of any programme. Within the business case the general objectives of the programme will need to be expressed, as far as possible, in terms of specific benefit expectation or targets (Reiss et al 2006). The authors view is that a business case should not be static document but in contrast a live document throughout the life of a programme; it should evolve overtime as new understanding and insight is gained into the issues affecting the programme. Therefore the business case needs to be reviewed and adjusted in the light of changing circumstances. It is often that programmes and projects are initiated before an attempt is made to define their benefits, which is usually left until business case is first needed for a project stage approval (Payne 2007).

The growing belief following the literature review and interactive workshops between the researchers and industrialist groups is that a programme's or project's justification should be initiated and controlled throughout its lifecycle by a 'benefits realisation case'. The traditional business case should be part of the overall benefits strategy and delivery plan of a programme. A benefits realisation case can be more realistic, reflecting the ability of the organisation to realise as well as identify the benefits. It should be based on evidence that shows how the 'value' of each benefit was derived. As not all investments will be able to be justified financially (Ward 2006) the need for a 'benefits realisation case' that will emphasise the focus of the importance into real outcomes, becomes more apparent. However, the ability to explicitly weight and measure the benefits is essential to their delivery. Further work (already initiated within this research project) will focus on the identification of a 'benefits common currency' that will enable to weigh, prioritise and measure benefits so decision making throughout the BRMP will be appropriately facilitated and better justified.

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