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A guide to using a benefits management framework

Improve organisational capability by ensuring the right projects support your strategic objectives

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Acknowledgements and thanks

A book of this nature stands on the shoulders of the giants who have gone before. This work, defining a new term in benefits management, relies heavily on the concepts and thought leadership of the grandfather of benefits management, John Thorp.

The definition of benefits management framework has been hard won. Benefits management needs to be approached differently when applied right across a portfolio. Using a framework brings clarity and rigour, but also puts the benefits management function at the mercy of many other functions within an organisation – functions outside of the project management office. That hasn't sat well with project managers, who are by nature keen to be in control.

We would like to thank the people who have contributed so much to the discussions and the development of this concept and the writing of this book, in particular John Thorp, Tanya Durlen, Neil White and the committee and active volunteers of APM's Benefits and Value Specific Interest Group (SIG).

And we hope practitioners find it a clear explanation and easy to apply in practice.

Dr Hugo Minney and Sarah Parris
Authors

Introduction

Very few people have experience of creating benefits management frameworks at an organisational level from scratch. This guide is written by people who *do* have this experience, with the aim of passing on this information to the people inside and outside the APM community that may need it in the future.

In line with APM guidelines, we have used the term *'project'* to cover projects, programmes and portfolio unless it is necessary to make a clear distinction.

Where the term *'organisation'* is used, it should be taken to mean any of a single organisation, a substantial business unit within an organisation, or an alliance of organisations with a common purpose.

Definitions where available are from the *APM Body of Knowledge 7th edition* (2019).

Value management is a structured approach to defining what value means to the organisation. It is a framework that allows needs, problems or opportunities to be defined and then enables review of whether these can be improved to determine the optimal approach and solution (APM, 2019, p. 211). This is further expanded by the European Commission and Institute for Value Management, describing Value Management as concerned with improving and sustaining a desirable balance between the wants and needs of stakeholders and the resources needed to satisfy them (EC, 1995, p. 5; IVM, 2019)

Portfolio management is the selection, prioritisation and control of an organisation's projects and programmes in line with its strategic objectives and capacity to deliver. The goal is to balance change initiatives and business-as-usual while optimising return on investment (APM, 2019, p. 210).

Stakeholders are at the heart of benefits and value management. Benefits are identified and valued by stakeholders, whether that is the organisation making the investment or one of the many other stakeholders who will be affected by the project. Communication is vital, and the main job of a benefits manager is communication. Identifying, measuring and reporting benefits seems like a difficult task, but ensuring that they are communicated in the right way to the right people, and have the desired effect (i.e. achievement of strategic objectives), is more important and potentially more difficult.

Who should use this guide

This guide assumes familiarity with benefits management processes and is not aimed at those with little or no experience of the subject. It is assumed that readers will already have some experience of managing benefits for an individual *project* or *programme*, perhaps as part of a project, programme management or project/programme management office (PMO) role, or as part of a '*business-as-usual*' (BAU) role.

This is not a guide to benefits management. Further reading on benefits management is suggested in Appendix 2 – Tools.

The primary audience for this guide is those charged with establishing or improving an organisational benefits management capability at an organisational or portfolio level. However, it will also be useful for:

- ***Programme and project teams:*** especially for '*megaprojects*', but also where no existing benefits management framework is evident.
- ***Business case sponsors:*** these are the people accountable for the realisation of benefits and they need to understand what is required at an organisational level to support this.
- **Auditors** and **chief financial officers** (CFOs) will also have an interest in the processes required for realisation of benefits and creation and sustainment of *value*.
- For those with a responsibility for **strategy**, including **business analysts** and **corporate and strategic planners**, this guide will give a good overview of what organisational capability is required to help deliver that strategy.

1

Why do we want a benefits management framework?

Although there is plenty of information now on how to conduct benefits management on individual projects and programmes, there is very little on how to manage benefits at an organisational level. We saw that this would require the creation of a benefits management framework, which will standardise the way in which benefits should be managed on projects and programmes and portfolios.

A **benefits management framework** aligns business unit and project benefits with the key performance indicators (KPIs) or **strategic objectives** of the organisation, so that projects and activities can be prioritised for investment. The framework is supported by a set of processes, techniques and instruments so that benefits are clearly defined, optimised and harvested.

An organisation (or even a group of organisations) has **strategic objectives**, which are often aspirational. The organisation measures progress towards these strategic objectives using KPIs. Organisation KPIs are also used to measure the performance of the existing business, and the strategic objectives need to build on the organisation's existing business if the organisation is going to be successful. For this reason, we've used the term **strategic objectives** to mean the sum total of organisational aims in their most definitive and measurable rendition.

Benefits mapping is often used to illustrate how projects or initiatives contribute to strategic objectives. A straightforward logic chain is illustrated in Figure 1.1 showing one initiative, delivering one intermediate benefit, resulting in one final benefit, which contributes to one strategic objective, although in practice the contributions are much more complicated. A single initiative may deliver multiple intermediate benefits some of which are also dependent on other projects for their realisation. Multiple intermediate benefits may contribute to each final benefit, and typically hundreds of benefits across the portfolio will contribute to between 5 and 20 strategic objectives.

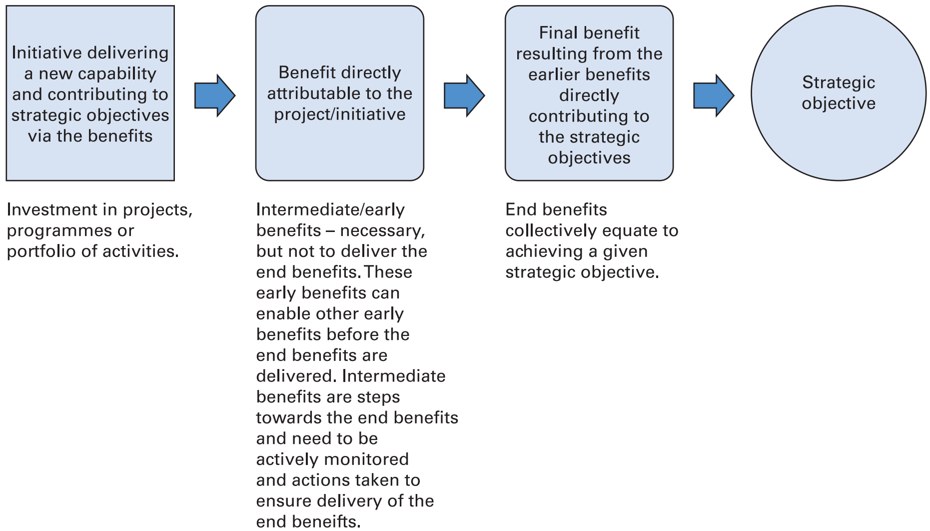


Figure 1.1 Benefits mapping process

1.1 What a benefits management framework is not

A benefits management framework **provides** a structure for categorising the benefits of projects, so that their contribution to the organisation's strategic objectives and KPIs can be understood.

The overview in this chapter gives a brief description of benefits management in individual projects, and how a benefits management framework approach will differ.

It may be helpful to explain what a benefits management framework is not:

- A benefits management framework is not a benefits register. A benefits register records information about each benefit which can include the category, and how that benefit contributes to the organisation's strategic objectives. The framework describes the structure of a benefits register (amongst other things). It provides the categories (based on the organisation's strategic objectives) and sub-categories (which contribute to the categories and therefore the strategic objectives), sub-sub categories and so on. The framework dictates the organisation's policy on how benefits will be measured (and by whom), calculated and reported; how benefits will be attributed to different projects, combined or calculated; and whether they will all be expressed in financial equivalent or what units will be used for which benefits. A benefit profile for each benefit, and by extension the benefits profile, will specify for each individual benefit how that benefit will be measured and calculated, and indicate how they will be combined for dashboard reporting.

- A benefits management framework is not a portfolio. The framework defines and describes how the outcomes of projects and programmes within the portfolio relate to the organisation's strategic objectives, and provides the evidence which is used, within the portfolio, to prioritise projects or dis-invest.
- A benefits management framework is not simply a toolbox. A practitioner would expect to find standard operating procedures and tools described within the framework, but the framework is more than this. The framework forecasts the impact of project success on the success of the organisation, to ensure that decisions are made based on correct information. It provides a framework for assembling information for making decisions within individual projects, and it describes the process for collating actual success or otherwise of projects which allow better decisions in the future.
- A benefits management framework **will** typically include a dashboard which shows the contribution of all projects towards the organisation's strategic objectives, and which a user can drill down into more detail.

Some projects may deliver benefits that fall outside the benefits management framework (i.e. benefits that don't contribute to the strategic objectives of the organisation). These should be in addition to the benefits that contribute to the strategic objectives. Every project needs to deliver sufficient benefits to justify its investment, and the benefits to justify investment should all be within the framework. In other words, if projects are not contributing sufficiently within the framework then they do not justify their investment and should be terminated. More details are given in subsequent chapters.

Before we get into the detail of how to create and utilise a benefits management framework, it is worth spending some time looking at common definitions that will help put the framework into context.

1.2 What are benefits?

Ultimately, organisations invest in change in order to achieve some sort of return on their investment. That return could be tangible (perhaps financial), or less tangible, such as customer experience or a greater intellectual property portfolio. The return on investment is often quantified using the techniques of benefits management and value management.

Benefits may take many forms. Cash-releasing benefits are relatively easy to quantify, but financial benefits that do not immediately release cash may be disputed. Non-financial benefits may need to be converted into financial equivalents in order to quantify the total benefits and produce a ratio. However, this conversion process is sometimes controversial (Nicholls et al., 2012; Minney, 2016), and the databases that are often used to make estimates for conversion to financial equivalent only contain a limited number of examples.

1.3 Benefits management

Benefits management provides the information needed to prioritise allocation of resources, and to decide between different options during delivery of projects. Prioritising allocation of resources is typically managed within a portfolio.

Benefits management is the identification, definition, planning, tracking and realisation of benefits (APM, 2019, p. 209). Stakeholders include those who invest directly in the project, such as the organisation itself, but include others affected and impacted by the project such as customers, staff, the environment and the wider public. Benefits can be positive or negative (sometimes termed dis-benefits), and progress from forecast to actual although there are also emergent benefits which may only be discovered after a project has been delivered.

Projects represent both investment of resources (a cost) and risk. Many organisations use a phase gate approach (which may be called something else in your organisation – stage gate or waterfall are popular names) which has set points in the project lifecycle where its progression to the next phase has to be approved by a project board or portfolio board.

Benefits management contributes by providing a basis for the assessment at each phase gate. A framework, with standards and consistency across all projects, can make benefits and value the key criteria for passing a stage gate.

Organisations undertake change in order to create and realise benefits, or to overcome dis-benefits. Launching a new product to increase sales is an example of a project to achieve a benefit (increased sales). Instituting new health and safety procedures in order to comply with legislation and continue trading is an example of a project to overcome a dis-benefit (restriction from trading).

A benefit is the improvement achieved (whether higher income, lower cost, improved customer retention, higher quality, stronger intellectual property portfolio, or many others); on the converse, a dis-benefit is a negative result of change (additional cost, restriction on activity, increase in support staff). Most projects will deliver some benefits and some dis-benefits – few will deliver only benefits. The aim is to maximise benefits and minimise dis-benefits, within the constraints of the resources for investment and the competing demands for these resources.

Benefits management is a process, often managed by a specific role. In some organisations, different approaches may be taken by individual benefits managers which means that the results are not always comparable.

Having information that isn't comparable can cause difficulties when prioritising investment. In response to this problem, many organisations have standardised the process of benefits management and the way in which benefits are identified, defined, planned, tracked and realised, so that project performance can be compared, and investment decisions made.

Good benefits management supports decisions that increase the benefits realised, and this can apply equally in waterfall and agile project management processes:

- With waterfall project management, benefits are usually realised after delivery of capability, and the focus of project management is often about delivering the capability (or outcome) through an output.
- Agile project management reviews the benefits which are delivered by each sprint, and designs the next sprint around building on these benefits.

1.3.1 Benefits management over the life cycle of the project

Benefits management encompasses project management, and can broadly be aligned to the main stages of project management (Figure 1.2). It can be illustrated using the button symbols from two well-known games controllers. The illustration is developed for waterfall-style project management:

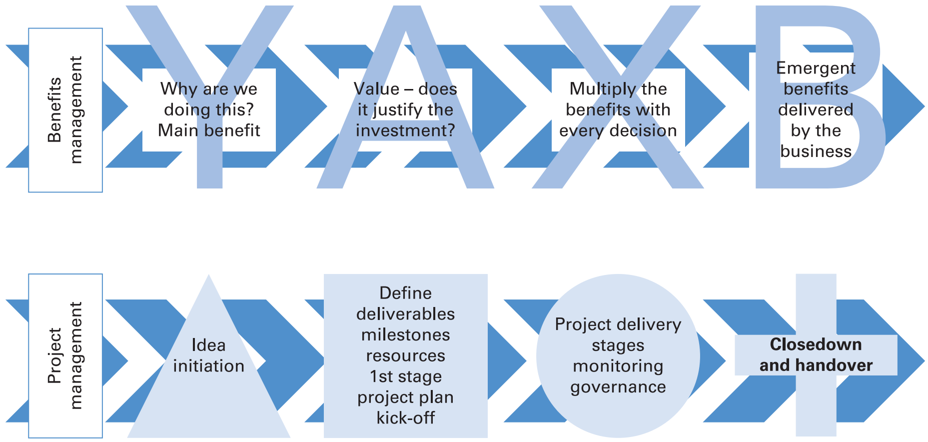


Figure 1.2 Benefits management and project management – life cycle (after Minney, 2012)

Defining the components of Figure 1.2:

1.3.2 Why are we doing this project?

The idea for the project comes from the need – 'Y' (why are we doing this project? What is the problem we are trying to solve?).

An organisation compares where it wants to be (strategic objectives) with where it is, and identifies gaps. These will typically present as a series of benefits needed, and in turn will spark off the idea for new projects. Projects which arise without an identified and defined need should be treated with the heaviest suspicion.

Benefits management applied at this stage will define the nature of the need – for example, whether it's a challenge to overcome (cost savings, regulations which would restrict trading if not addressed) or an opportunity (an additional market for product or service). Some considerations that need to be addressed include: approximate size; alignment to strategic objectives. The benefits assessment will typically take the form of a brief (less than one side of A4) rather than a detailed document, as it precedes the business case.

At this point the project hasn't been defined. Benefits management precedes project initiation because the need to achieve a benefit *is* the '*why?*' for the project.

1.3.3 A solid project foundation – A-list benefits

Before investing in a project, the organisation needs to be sure of its return on investment (value). It's worth noting that although investment includes money, it can also include time (a project sponsor may have more valuable opportunities, e.g. setting up a branch of the business in another country); and reputation (a risky project may represent both positive and negative impacts on the organisation's reputation).

During the development of the full business case and full project plan, the benefits management team is expected to identify additional benefits to the main 'why?' (or 'Y') benefit, which we can term the 'A-list' (or 'A') benefits – the benefits identified in the planning stage. In the business case, the Y and A-list benefits will be compared with costs, with some recognition for risk. A project will not get through the business case gateway unless the benefits outweigh the risks.

A big investment may require more detailed analysis, and a project with many impacts and many dependencies will require a thorough analysis of impacts and dependencies. The organisation has to take a decision to allocate resources to create the full business case. The term 'significant amount of work' will vary by organisation, but it is unlikely that any organisation has spare benefits management capacity. This means taking a benefits manager from a task that they could otherwise do profitably (an opportunity cost) in order to allocate them to writing the business case. Therefore, there may be an approvals process and a gateway before deciding to prepare a business case.

1.3.4 X – making decisions to multiply benefits during the delivery phases

Delivery of a project always encounters problems – obstacles where the project manager has to deviate from the original project plan and make decisions.

In most project management methodologies, projects are delivered in stages. The project manager or stage manager has defined criteria for successful completion of a stage, and tolerances to work within. Traditional project management (i.e. not benefits-led or outcomes-led) defines quality or specification, time and resources. Once a stage is completed, the project board re-assesses the business case, and may make a recommendation to progress to the next project stage. If the project manager forecasts that s/he will not be able to keep within the tolerances of quality, time and/or budget, then the project board re-assesses the business case within a stage of delivery.

Problems occur during the delivery phase of each stage. The traditional project manager is incentivised to make decisions to reach the next milestone within tolerances of quality, time and budget, rather than to seek to optimise value (maximise benefits within the constraints of resources).

An alternative benefits-led approach is to look on each problem and its consequent decision point as an opportunity to multiply benefits (hence the use of 'X' to describe the stages from a benefits management point of view).

In this paradigm, at each decision point, the project manager makes a decision to maximise the forecasted benefits and optimise value.

1.3.5 B-list or emergent benefits during business use

It is impossible to predict all the consequences and impact of a new capability, such as the outcomes from the project delivery. Once the capability (output from the project) is in use, benefits and dis-benefits will emerge – termed '*emergent benefits*'.

For this reason, benefits managers should continue to be involved in the first few months or years after the project is handed over to the business. Benefits managers will be seeking to ensure that planned benefits are realised, but will also look out for unplanned consequences, and manage and mitigate negative consequences (dis-benefits), while at the same time maximising and reporting emergent benefits.

The same benefits management tools and disciplines should be used for monitoring planned benefits (Y and A-list benefits) and identifying emergent benefits (B-list benefits). The benefits manager may be part of the business function, although to ensure consistency they should be supported by the project management office (PMO).

1.4 What is the difference between benefits realisation and benefits management?

- Benefits realisation management appears to be about realising benefits which have been defined by the project, often after the decision to carry out the project has already been made.
- Benefits management:
  - defines which projects should be prioritised;
  - is the basis on which decisions are made throughout project execution;
  - supports the business to most effectively use the capability that the project makes available;
  - and ALSO realises benefits by measuring, reporting, and using these results to make decisions.

The Project Management Institute (PMI) defines a **benefits realisation management (BRM) framework** as "an integrated set of governance and management practices designed to define, develop, deliver, and sustain planned benefits derived from the outputs of portfolios, programs, and projects. It includes a life cycle structure, key activities with associated roles and responsibilities, and depicts their general relationships. The BRM life cycle component of the framework is expressed in the stages of "identify, execute and sustain" (PMI, 2019, p. 25).

The APM benefits management framework definition formalises the benefits management approach, by standardising the approach across a whole portfolio and enabling projects to be compared and decisions taken. It is therefore much broader and applies right from the point that an opportunity or problem is identified and needs a project to resolve it.

In the following chapters, we will focus on a benefits management framework; it's primary purpose, the key components and how to implement and embed a framework successfully into an organisation.

1.5 Who is responsible for benefits management?

As with every other aspect of project management, managing benefits and the development of the benefits framework involves a number of roles. The actual name and description may vary across different organisations. A key tool for defining each role in benefits management is the RACI chart: who is responsible and/or accountable, or needs to be consulted or informed in relation to those activities. An illustration of a RACI chart is given in Table 1.1, which includes some roles for benefits management and benefits management frameworks.

Within this rigid formal structure, there may be some duplication of roles, with the potential for duplication of documentation. The RACI chart illustrates these duplications and enables an individual to play multiple roles in the same project or across the portfolio, and perhaps the same role across a number of projects.

Ideally, a default RACI chart should apply to all projects unless otherwise specified. This sets clear expectations that benefits will be actively managed.

An overriding principle is that accountability cannot be delegated. There should be one person accountable for each area, even though several can be responsible. Therefore, when allocating accountability, it's valuable to ensure that each individual person has the capacity to discharge their accountability properly.

Benefits management resource may be considered an overhead cost on projects and programmes. However, it should pay for itself. If this needs to be proved, the organisation can monitor the performance of programmes with and without the recommended levels of active benefits management and compare their performance.

Sponsor / SRO (Senior Responsible Officer)	A senior-level and influential person who typically makes the case for continued and increased investment in the project or may make the case that it is no longer viable. The sponsor will maintain a focus on benefits (both forecast and achieved), costs and risks (likelihood of cost changes and/or benefits being realised), and as a result the value. The sponsor will often be the most senior business manager for the area of the organisation most affected and may not have direct line management responsibility for the project itself. The sponsor for the organisation's overall strategic objectives will be the chair of the board.
Project manager	Person, persons, or PMO can act in the role of project manager. This role ensures that projects are delivered to the standards required by the organisation. This will include: being compliant with the organisation's project management methodology; recording and reporting project progress; and maintaining the risk and benefits registers. As this guide is aimed at organisations which are intending to implement a framework structure, the authors would expect that one or two defined project management methodologies are used for all projects, and that each project's progress is reviewed regularly and particularly in the light of any changes to the environment which may affect those projects.
Benefits manager	The benefits manager is responsible for defining benefits, ensuring measurement, baselining, recording, and reporting. Many projects do not require a dedicated benefits manager. Rather than giving the task of benefits manager as a part-time role jointly with another role on the project team, the authors believe that better results are obtained using a specialist benefits manager assigned across a number of projects. Within a benefits management framework, all benefits managers should follow the same defined and designated benefits management approach. This is vital to ensure consistency of measurement and reporting, which enables comparisons, prioritisation decisions, and project progression decisions. The risk of '*optimism bias*' is highlighted elsewhere. It is almost inevitable that there will be optimism bias, but by maintaining a small number of more highly trained specialist benefits managers, the organisation can more easily determine what level of optimism bias is likely to be present in the project benefits reports, and adjust for optimism bias when comparing projects for prioritisation and project progression decisions.
Benefits owners	One or more benefits owners may report to the benefits manager and to the change manager. These roles may have line management responsibility within their business area (i.e. they are members of the business rather than the PMO, and don't report permanently to the benefits manager).

Table 1.1 Some roles for benefits management and benefits management frameworks

continued

	Each benefits owner monitors the changes in the business (as a result of the project) that affect the successful delivery and optimisation of their benefit, and trade-off discussions may be needed where the greater good for the organisation is best served by taking actions which 'neglect' one benefit or another. Assigning responsibility for individual benefits greatly increases the likelihood that those benefits will be optimised.
Change manager	According to *Managing Successful Programmes* (Axelos, 2011), day-to-day responsibility for the implementation of changes (the business required to realise benefits) resides with the business change manager (BCM) if one is appointed. Benefits owners will discuss changes in the business which impact on the benefit that they are responsible for, and may identify further change which could impact their benefit, which were not identified by the project team (often because both benefits, and the changes to bring them about, are emergent rather than obvious when planning). Whatever the arrangement, relationships are critical between the change manager, the benefits manager, the business change manager, the business benefit owners, and the programme manager.
Governance function	As well as governance across the whole portfolio of projects, it is necessary to apply governance to benefits management. The purpose is the same – to ensure that benefits management and the benefits realisation itself are compliant with the organisation's policies and are in the best long-term interests of the organisation. Typically, existing governance specialists will be able to apply their skills to benefits management just as easily as to project governance.
Risk management function	Risk management in the context of benefits management is about managing and mitigating the risks specific within the project portfolio: that the costs may increase; key people may be unavailable; benefits may not be realised. A mirror image of risk is where emergent benefits are identified – benefits that were not planned for and yet make a significant impact. Examples of emergent benefits: intellectual property which can be exploited; and the impact of particular project successes on the organisation's reputation leading to opportunities. The risk management function within benefits management is significantly different from risk management across the organisation, and of project management as a whole. Although risk is also within the remit of a benefits manager, it is good practice to ensure that risks are assessed by someone who is independent of the benefits manager allocated to a particular project.

Table 1.1 Some roles for benefits management and benefits management frameworks *continued*

Knowledge management	The knowledge management function within the PMO is responsible for cataloguing project management lessons and experience, and is also responsible for cataloguing benefits. Knowledge management should track the planned and emergent benefits and the actual achievement. Knowledge management will contribute significantly to the risk management and governance functions. Knowledge management is responsible for developing lessons learned (including lessons learned about optimism bias and measuring benefits), and for ensuring that the lessons are applied in future projects. Knowledge management will need the authority to challenge benefits profiles which are incomplete or substandard quality. The organisation will probably develop some expertise in linking the outcomes from projects with organisation strategic objectives, and in determining what projects need to do in order to create the capability that leads to the realisation of the benefit. Organisations that do not use a benefits framework will often find that this information is recorded haphazardly; they may be overly dependent on one or two experienced individuals who hold all the corporate memory about benefits in their heads. By creating structure and process, the benefits framework reduces this risk. A knowledge management function can prepare summaries which collate common lessons from a number of projects, making it easier for future projects to implement them.
Procuring for outcomes	In recent years, a number of government organisations have begun the process of procuring for outcomes (as opposed to procuring for the delivery of a specification). In effect, they are offering suppliers the opportunity to bring their own experience and innovation to the delivery of projects for the benefit of the population covered by that local authority. In this contractual situation, most if not all of the actual work (be it construction or services) will be carried out by contractors, not by the managers of the benefits management framework. A close liaison needs to be maintained between the benefits managers of the buyer and benefits management structure of the supplier. A suitably specialist benefits manager with risk management skills who is responsible solely to the commissioner needs to be appointed to ensure success.

Table 1.1 Some roles for benefits management and benefits management frameworks

2

Purpose of a benefits management framework

A benefits management framework is a structured way to ensure that the right projects get the right investment of resources. A benefits management framework helps the organisation focus on achieving its strategic objectives and get best value from its investment.

A benefits management framework connects up the outcomes from each project with the strategic objectives of the organisation. If a project is contributing (or forecasting to contribute, taking into account risk), then it may justify its investment. The framework allows rapid assessments at each project phase, and focuses the organisation on success. It helps to make sure that 'all projects succeed' (or are closed and any uninvested resources focused on projects that will contribute to success).

Figure 2.1 illustrates how project benefits from many different projects can be combined to contribute to the strategic objectives, although in real life the project benefits may map in different ways to the strategic objectives of the organisation. Benefits may be additive or combine in different ways, as explained in sections 2.5 and 2.6.

Different projects will deliver different business change and different project benefits. The project benefits are likely to contribute directly to strategic objectives, or to benefit the organisation or other stakeholders in other ways.

2.1 Stakeholder perspectives

Stakeholders often have different perspectives on benefits – sometimes seeming to be in direct conflict. Shareholders may seek to improve profitability, whereas operational management may want better integration and lower overall cost, and an employee may want a better work–life balance. A customer may appear to want the exact opposite of profit, although a more nuanced approach may reveal that it's more subtle than that.

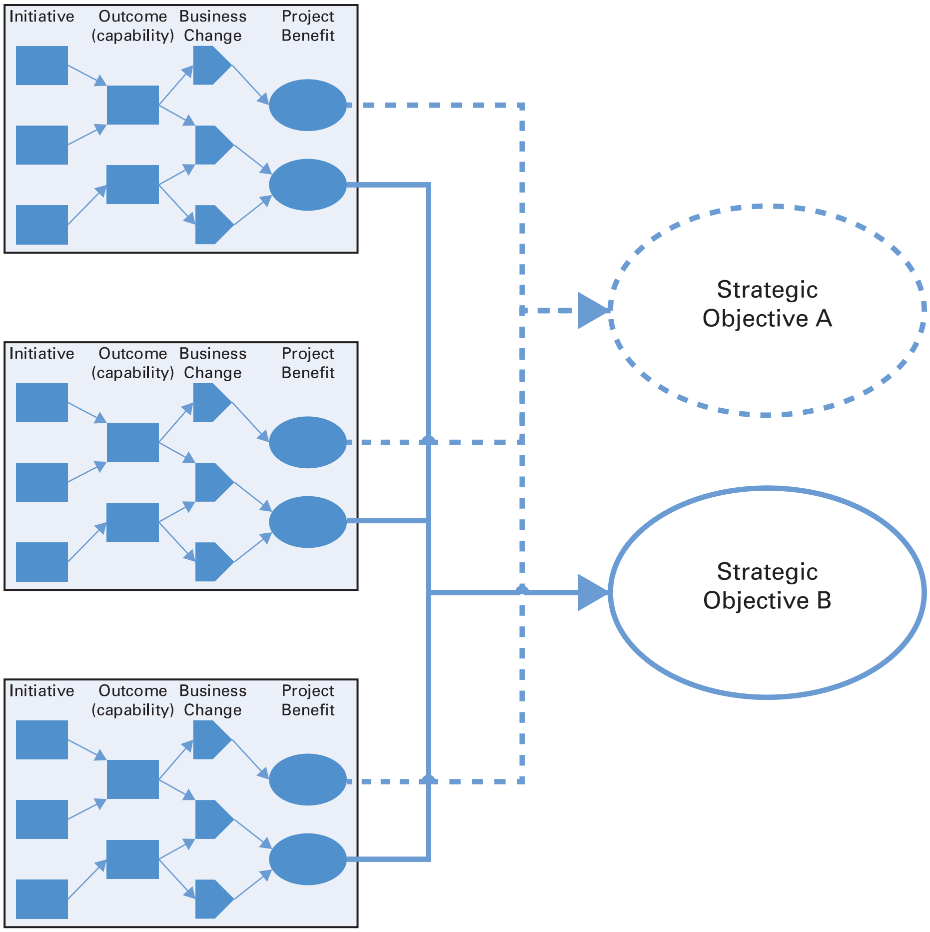


Figure 2.1 Projects within a portfolio should contribute, through their project benefits, to the overall strategic objectives of the organisation. In real life a mapping may not be as simple as this.

A well-designed solution can deliver all of these (and many more for other stakeholders). Some perspectives can seem irreconcilable, for example lower price versus higher profit. A framework helps to put the individual compromises into perspective and helps all parties reach compromises that are acceptable (Figure 2.2).

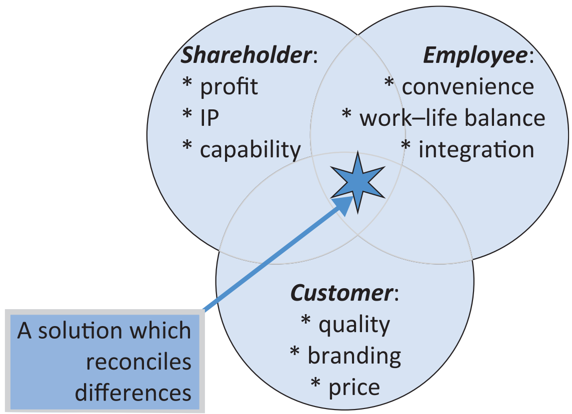


Figure 2.2 A framework which reconciles differences

2.2 Being proactive

Typically, benefits come about as a result of programmes designed to achieve those benefits. It is rare that substantial benefits occur by accident. Benefits-driven change requires proactive management throughout the entire programme life cycle.

Day-to-day responsibility for the implementation of change and realisation of benefits lies with one or more people in a business change manager role. The relationship between the project or programme manager and the business change manager is crucial. The delivery of outputs and the management of change must be closely coordinated.

For most projects, the intention is to deliver value. In other words, the benefits should outweigh the costs and risk.

Emergent benefits should be identified as soon as possible. They can be optimised (taking into account the cost of any actions) if they are identified and understood, and acted upon.

Dis-benefits and emergent dis-benefits (in effect, risks and issues) also need proactive management. Many benefits, dis-benefits, risks, and issues can be the result of more than one project, either through interaction or from any individual project. Therefore, they are difficult to manage within a single project, and should ideally be identified across the whole portfolio, and the management plan decided and enacted once and for all. All of this reinforces the need for a framework.

2.3 Why a framework? A portfolio approach

A framework keeps the focus on the organisation's strategic objectives, whilst breaking down the specific outcome contribution to the level where a project team still feels it can make a difference.

2.3.1 A focus on strategic objectives

Most organisations have performance criteria that they use to determine whether they are successful. A for-profit organisation will measure profit, made up of income minus costs, and future capability. A public sector organisation will have a framework of KPIs based on criteria given by national government for the proper spending of taxpayers' money.

Many organisations, particularly the larger organisations, maintain a **portfolio** of change programmes which between them deliver the improvements required for the organisation to continue to meet its performance criteria, strategic objectives or KPIs (we'll use strategic objectives here to refer to all of these, although technically there are differences).

If a project in the portfolio does not contribute to the strategic objectives, then it does not justify its investment. If the board considers that the project does justify its investment even though it doesn't contribute to the strategic objectives, then the organisation may not (yet) have a complete set of strategic objectives (it's quite common to only remember to include strategic objectives for change, and forget the strategic objectives relating to keeping the organisation running).

If a project is outside the portfolio of change programmes, then you should ask why the project exists. All projects involve an investment (of time, money, resources, reputation) and should be able to justify that investment.

2.3.2 Programmes and projects

Programmes are made up of **projects**, which are activities such as installing a new computer system. The computer system does not deliver an improvement by itself, and by itself cannot justify the investment. A whole programme includes

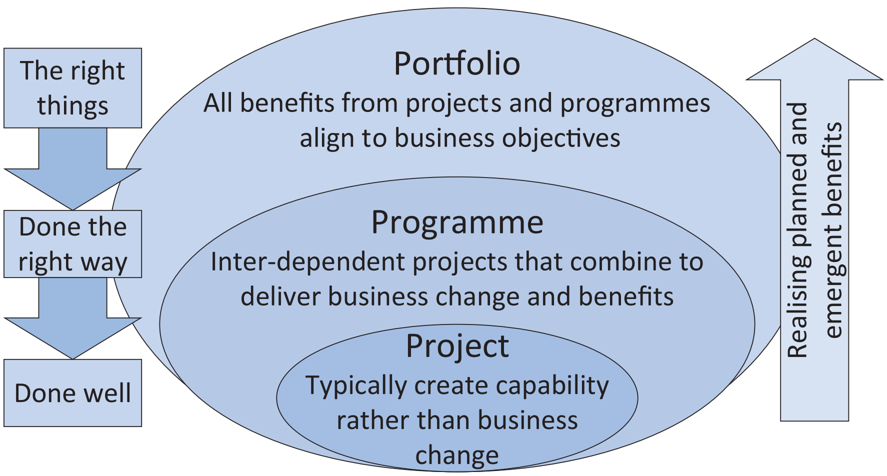


Figure 2.3 How the benefits management framework supports decisions (based on Thorp, J. *The Information Paradox: Realizing the business benefits of information technology* (2nd ed., 2003)

changes to work processes, employee training, marketing and so on. Each individual project cannot deliver benefits but, when combined, the projects do deliver benefits and justify their investment. Projects deliver outputs (new capability), programmes deliver outcomes (a new way of doing something) which in turn deliver benefits (a result for one or more stakeholder that is positive as often as possible). These all contribute to the overall objectives of the portfolio, measured as KPIs (which should be aligned to the overall strategic objectives of the organisation).

Benefits management usually happens at the programme level, supporting decisions on boosting or reducing projects as a result of changing environment, changing priorities, and unforeseen obstacles. At programme and project level, decisions should optimise value (maximise benefits compared with resource) rather than simply get the project manager to the next stage gate within tolerance.

We have used the generic term *'projects'* to include programmes and projects.

2.3.3 Benefits management

Benefits management informs the portfolio and organisation's strategic decisions: which projects to initiate; which to resource; and which not to continue, in the light of changing priorities.

A framework provides a structure to enable this. The framework includes:

- a clear (single) definition of each strategic objective, what it means in terms of benefits, and how this will be measured (KPI).

This ensures individual programmes and projects complement rather than contradict each other. An example from the author's experience is of a public sector body: the estates department was trying to empty buildings of staff and then sell the buildings to reduce maintenance costs and raise money. Meanwhile, the community services department was looking for buildings amongst their clients in which to place staff. Estates might spend many months emptying a building in preparation for disposal, only to find it filled with a new team of staff over a weekend. In this case, the author identified and highlighted the two heads of service and directors and convinced them to talk to each other – the problem may not have arisen if there had been a portfolio of projects.

2.3.4 The business case determines which projects go ahead

In traditional project management, benefits management is brought in to help develop the business case, by creating a description of benefits which justify the investment.

With a benefits management framework, the main benefit ('Y') has already been defined – it is the problem or opportunity that the project aims to solve. Benefits management techniques can help to put a value on the problem or opportunity.

Every project creates change, whether it is change in the organisation's processes, capability, capacity and/or culture. Not all change leads to improvement. The benefits manager should work with expertise and experience from the parts of the business affected by change, to understand and document how the change will affect them. They should consider whether it will lead to net costs (dis-benefits) or advantage (benefits) and by how much (and in what units); and probably, whether this can be expressed in terms of a unit that sits comfortably with reporting against achievement of strategic objectives. The benefits manager needs to engage the skills of risk management to understand (and document) the likelihood of each benefit, and the best/worst/most-likely scenarios for the major benefits and dis-benefits. This enables the value (return in terms of benefits in relation to cost) to be calculated for each project, with an appropriate allowance for risk.

In many cases, projects have an impact on one another. For example, most IT projects do not deliver any benefits on their own. Their contribution is to other projects, such as streamlining customer service, or increasing capacity in the design function of the organisation. These dependencies need to be factored in when determining the value of a project and deciding how to prioritise. A benefits framework makes these linkages much easier to understand. However, there is no easy substitute for understanding the project.

If all project business cases are worked up in the same way, using the same techniques, then it is possible to prioritise projects in terms of investment. If project business cases are not worked up using a consistent process, then the prioritisation process can be dominated by influence and personality, and decisions about investment can be made for the wrong reasons.

2.4 The benefits of increased benefits management capability

Success may be defined differently for each organisation. Some organisations want to make a financial surplus, some to deliver quality of life or high-quality products. Others want to produce intellectual property or increase shareholder value. Most organisations have a variety of criteria for success, and achieving some rather than all of them is sufficient.

The key question is, whether the investment in change (projects) actually helps the organisation to maximise its success.

It's widely quoted that around 70 per cent of projects fail (Nieto-Rodriguez & Evrard, 2004; Hardy-Vallee, 2012; NAO et al., 2014; Threlfall, 2014; PMI, 2016a; NAO, 2017; PMI, 2017, 2018). While this will always depend on one's definition of project failure and success, there is no question that a great deal of the investment in change does not contribute as much as it should.

Benefits management addresses this conundrum. With a focus on benefits, projects will deliver more of what is valuable to the stakeholders (by definition, the benefits). However, as described in the example in 2.3.3, many successful projects may not necessarily combine to bring about as much overall success as might be expected.

A benefits management framework ensures that as much of that contribution as possible aligns to the organisation's strategic objectives, and therefore success. This is especially important to the organisation that is making the investment. Note that other stakeholders, including organisations, may receive benefits as a result of a project resourced by another organisation, e.g. businesses on a business park benefit from investment in transport links.

An effective benefits management capability:

- enables better investment decisions;
- ensures benefits will be delivered/realised;
- ensures governance and reduces waste.

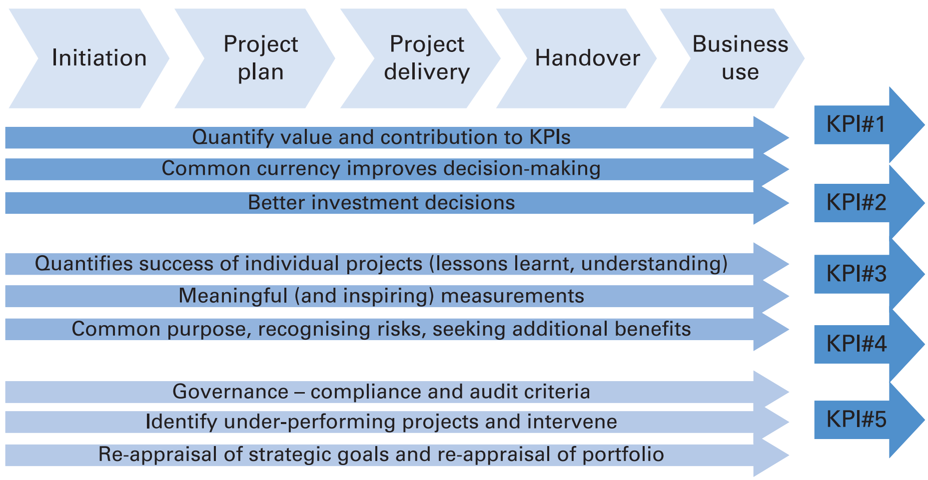


Figure 2.4 How benefits management capability contributes to organisation success

2.4.1 Better investment decisions

Benefits management capability:

1. Enables organisations to quantify the value that each project (and the sum total of projects) adds to the organisation.
2. Ensures that all *investments* are aligned (i.e. contribute optimally) to an organisation's *strategic objectives*.
3. Supports more objective decision making.
4. Provides a common currency for value, enabling different types of investments to be compared side by side.
5. Allows organisations to compare and *prioritise* the potential ROI on new business initiatives side by side.

6. Allows investors across the project, programme, and portfolio management communities to really appreciate why a new initiative is needed and what they will get for their money.

2.4.2 Ensuring benefits will be delivered

1. Quantifies the benefits that will be delivered, to which parts of the business, in what form and when.
2. Allows individuals to better understand the value of their own contributions to the business.
3. Provides meaningful measures to quantify the actual delivery of benefits.
4. Minimises the *risks* to future benefits and maximises the opportunity to gain additional benefits.

2.4.3 Ensures governance and reduces waste by stopping projects that will not deliver benefits

1. Establishes criteria for *compliance* and *audit*.
2. Supports ongoing assessment of below-expected performance. Recognises when post-delivery performance is less than expected and guides *intervention*s to restore expected performance levels.
3. Informs reappraisal of strategic goals and, subsequently, the investments portfolio.

2.5 A benefits dashboard

Benefits across different projects may be added together to give a combined total, a total contribution to the strategic objective.

Some benefits are relatively easy to collate. For example, financial savings from all projects can be added together to understand the total financial savings from the portfolio. Some are not so straightforward. Projects that individually contribute to the organisation's reputation may not be able to simply sum the contribution each one makes – a rise into the top 10 prestigious companies in a particular field (with consequent improvement in bid success) may be the result of a combination of small actions, and the contribution of each project to that 'Top 10' placement may never be fully understood.

2.6 Combining dis-benefits

Combining dis-benefits may be even more difficult than combining benefits. Dis-benefits may only become likely in different scenarios, often mutually exclusive. For example, one construction risk may be particularly likely in the event of very wet weather, and another from very dry weather. Dis-benefits may balance each other out and not sum together to an organisational total negative value against the likely achievement of a strategic objective.

It's worth mentioning that there are some similarities between risks, issues, and dis-benefits. Risks (and by extension, issues) are the result of actions, either planned for or unplanned for (emergent). Issues represent an outcome that is disadvantageous to one or more stakeholder, and risks represent a forecast of a possible issue. Dis-benefits and risks need to be avoided, accepted, managed or mitigated.

However within benefits management, risks can also be applied to the likely realisation of benefits, which are a special case. Not so much a risk to the delivery of the project, but a risk to its cost justification.

3

The components of a benefits management framework

In the previous chapters, the authors have introduced the benefits management framework as a concept, given an overview of some of the terms used, and detailed the purpose of the framework. In this chapter, the component parts of a benefits management framework are explained in more depth.

A framework combines at least two functions:

- linking strategic objectives to individual projects, through the benefits delivered as a result of the outcomes of those projects;
- standardisation; standard processes for managing benefits, standard tools for measuring benefits, and standard reporting, often delivered through a portfolio-wide dashboard.

Certain components are required for a successful benefits management framework:

3.1 Defining the strategic objectives

Fundamental to the framework is a clear definition of the organisation's strategic objectives (and how they are measured, the KPIs). Strategic objectives **for change** (where it tells shareholders and stakeholders how it intends to improve) are often well-defined. Sometimes less well-defined are the organisation's strategic objectives for BAU (business-as-usual).

There are often a few overarching strategic objectives, covering broad areas (such as financial solvency, staff satisfaction, quality), whereas there may be hundreds of individual benefits from projects, such as improving the time taken to arrange an appointment for a customer. The framework defines the components of each strategic objective, so that individual benefits from projects can be aligned and realisation of benefits can be quantified as they contribute to a strategic objective.

An example: the chairman's statement in the annual report of a hospital may say that it is building the new oncology wing (change); but it often won't say that the board closely monitors length of stay and successful discharge to keep bed occupancy below 98 per cent (BAU). The board and senior management team of an organisation will typically be responsible for all strategic objectives, whether explicit (in the chairman's statement) or implicit.

Each strategic objective is dependent on certain things being in place and makes a contribution to one or more of the stakeholders. The above example of the oncology wing is illustrated in Table 3.1:

Strategic Objective	Dependent on	Contributes to
New oncology wing (binary – either it's there or it isn't)	Funding Clearing space Building Equipment Staffing and training	Prestige, and with it, competitive advantage Income Retaining staff A capability to deliver other benefits such as research Risks such as outmoded technology
Bed occupancy below 98 per cent (variable – there will be a relationship between the cost or cost of risk and the bed occupancy down to 70 per cent)	Staffing Infection control Staff training Numbers of wards and beds Converting inpatient to day case Managing emergency admissions, which in turn affects the risk premium	Income Potential fines or withheld payment Staff retention Capacity to take on new services

Table 3.1 Example organisation KPIs (for change and for business-as-usual)

3.2 How the strategic objectives are measured and reported

Just as the strategic objectives are likely to be defined by the business rather than the project managers, so the way they are recorded is likely already to be defined by the business. Particular attention should be paid to new strategic objectives, the aspirations for change. The measurements to confirm achievement need to be both achievable and motivating.

Strategic objectives may be made up of many components. 'Staff satisfaction' (a single numeric measure) may be made up of different engagement methodologies and sources – a staff questionnaire (which may itself contain 100 questions), focus groups, anecdotes, and a collation of staff complaints. There may be more than one project in any given year expected to make a difference to any of these engagement methodologies, and even to individual questions within the staff questionnaire – there may be a project to enable staff to buy bicycles through payroll (tax free and interest-free loans), and the annual staff questionnaire may include a scale (1–5 range) question, 'how much does your employer support you to improve your health?'

Therefore, even a single strategic objective (such as 'staff satisfaction') may need benefits management to report benefits from a number of sources.

At the same time, the project to enable staff to buy bicycles will contribute other benefits. The space freed up in the car park may improve patient access or allow further building, which benefits contribute to different strategic objectives. Figure 2.1 illustrates this.

In order to assist with aligning the benefits from individual projects to the strategic objectives, it is common to categorise benefits.

3.3 Categorising benefits in the portfolio

The purpose of deciding which benefits to include and defining benefit categories in a portfolio is to make it easier to consolidate multiple benefits and to introduce standardised reporting. This enables effective decisions on the balance between conflicting priorities and the optimum use of resources. Defining benefit categories can also aid strategic alignment, as the allocation of resources to individual categories should reflect their relative priorities.

Organisations need to define a set of benefit categories that best serves their needs. There are a number of ways one can categorise benefits. Table 3.2 lists some commonly used benefit categories:

Benefit category	Description
Quantified: cash releasing	Benefits that will directly free up financial savings, or generate increased financial income, e.g. removing a costly stage in a process or putting a new product or service on the market.
Quantified: financial	Benefits where the financial impact can be measured but may not be realised in cash terms. Examples could include where a fixed asset is released by one service so that the potential future project could reassign it to another service; or recording the increase in the value of intellectual property before that value can be realised; or reducing the number of staff hours used by a particular function without reducing the total number of staff.
Quantified: non-financial	Social, environmental, reputational, and similar benefits.

Table 3.2 Categories of benefit within a portfolio

Sometimes it's useful to identify, for each benefit, which strategic objective(s) it will contribute to. This allows a first pass, and the more complicated calculation to show the exact relationship can be developed at a later stage. Note that a single benefit from a single project could contribute to more than one strategic objective, although this is unusual.

The concept of *'benefits eligibility'* is relevant here. In benefits management theory, the term 'benefit eligibility' refers to the process to identify which benefits can be reported against a specific project (Breese et al., 2016). It is similar to the process of *'attribution'* used in SROI.

3.4 A template for benefit profiles and benefits register

An explanation of benefits management can be obtained by following up some of the further reading (see Appendix 2 – Tools: A2.2 Recommended reading for benefits management). Some notes are given here in order to facilitate implementation of a benefits management framework, but benefits policies and standards may differ in your organisation.

In order to categorise benefits, the benefit profile will need to include information as illustrated in Table 3.3:

Section	Benefit title:
General information	■ Benefit description ■ Benefit category ■ Business Impact ■ Measure ■ Target ■ Baseline ■ Dependency on other benefits ■ Required business change ■ Benefit owner ■ Review frequency ■ Benefit risks and mitigation measures.
Scope	What portfolio will it apply to? The whole organisation? Just the capital investments? Just the IT portfolio? Identify the types of programmes, projects and initiatives that are in scope (which will include unformed ideas for change, business improvement, and other types of investment that may still be at the consideration stage and therefore have no complete business cases or have not yet been identified as discrete projects or programmes).
Stakeholders	Identify the relevant *stakeholder*s, which will typically include people responsible for: investment decisions; strategy; allocation of resources; anyone charged with leading projects; *change management* capability. The PMO, if you have one, must be included.
Timeline	At what point in the timeline are the benefits likely to be realised? This could be in relation to the stage and progress of the project, or to a calendar date. Ultimately it will need to be translated into a calendar date, in order to be trackable in the portfolio benefits profile.
Level of risk	Related to confidence in benefits realisation, as opposed to the level of risk attached to delivery of the project.
Resources and training	An effective framework for managing benefits realisation may require benefits management specialists to measure and report in a consistent manner. This may require them to be part of the PMO, rather than aligned with individual departments and projects. A central benefits realisation team may perform a number of functions: ■ assurance; ■ establishing and maintaining the benefits management processes;

Table 3.3 Information to be captured in a benefit profile, to categorise the benefit within the framework

continued

Resources and training (*cont.*)	■ providing specialist benefits management resources expertise to supplement resources staff in project and sponsorship teams (for instance to facilitate benefits mapping workshops); ■ maintaining the tools and templates for project reporting and consolidation with portfolio dashboards; ■ providing expert advice, support and guidance; ■ portfolio or enterprise level benefits reporting, and potentially allocation where benefits are claimed by more than one project; ■ business change managers are often responsible for defining benefits, assessing progress towards realisation of benefits, achieving measurable improvements, and monitoring benefits realisation; ■ sponsors and business managers are accountable for delivery of benefits and will need to understand the application of the benefits management framework.
Business case	Significant benefits may require a substantial benefits plan, which may require a business case in its own right.

Table 3.3 Information to be captured in a benefit profile, to categorise the benefit within the framework

Within the standards section of the benefits management framework, guidance and templates for the production of the profiles will need to be available. Time and resource for the activities of benefits management, and compliance with the framework, needs to be budgeted in each project; and technical facilities need to be available to capture and maintain the relevant data.

A benefits register displays a summary of the individual benefits profiles. A benefits register will often be presented in the form of a table, and may be sorted or filtered by project, or by benefits owner, responsible person, or any other category of benefits including which strategic objective they contribute to. This would be one of the roles of the project benefit manager, if one is allocated.

3.5 Benefits realisation plan (per project)

The purpose of a benefits realisation plan is to ensure that the right resources are in place, and the right dependencies completed, in order to realise planned benefits. It identifies the activities and resources required to realise the planned benefits, and may be updated to include emergent benefits, and the plans to ensure that they are realised to optimum extent. It also provides the guidance and direction needed to assure that the benefits can be tracked, monitored, and reported.

A benefits realisation plan for a portfolio provides an understanding of:

- benefits enabled by projects and programmes; associated assumptions; how each benefit will be achieved and how it contributes to the portfolio objectives;
- the schedule of benefits realisation which includes baseline, forecast and benefit target values;
- benefit dependencies between any contributing projects and other portfolios;
- benefit measures and the expected target values;
- risks that impact the realisation of portfolio objectives;
- benefits reporting requirements including schedule and format;
- roles and responsibilities required to manage benefits;
- how the resulting benefits and capabilities will be transitioned into an operational state to achieve benefits;
- how the resulting capabilities will be transitioned to the individuals, groups, or organisations responsible for sustaining the benefits;
- processes for determining the extent to which each project or programme benefit is achieved prior to formal closure.

Typical sections of a benefits realisation plan are included in Table 3.4:

■ Purpose of the document
■ Benefits ownership and engagement
■ Roles and benefit accountabilities
■ Benefits risk management process
■ How benefit dependencies will be managed
■ Benefits data collection and reporting process
■ Benefits reviews and communication
■ Frequency and duration of benefits measurement
■ Appendix: all benefit profiles

Table 3.4 Benefits realisation plan

3.6 Benefits management strategy per project

A benefits management strategy describes how the benefits will be measured and realised in overview. This is in contrast to the plan which describes the specific actions required for benefits realisation in more detail. Benefits management strategies are typically specific to a project.

A benefits management framework across the whole organisation or across a portfolio may replace multiple benefits management strategies ensuring consistency and reducing administration resource.

3.7 Portfolio of projects

Some organisations do not explicitly have their projects within the structure of a portfolio. To ensure that projects coordinate with each other and contribute to the strategic objectives of the organisation, the benefits management framework will create an implicit portfolio, even where there isn't one. By linking individual projects to the strategic objectives: how projects complement each other, and any interdependencies will become obvious. One of the most quickly identified interdependencies in a portfolio is of key personnel. There may be a 'superstar' project manager who turns out to be the limiting factor as s/he is moved from project to project; this constraint can sometimes be the impetus behind creating a PMO. However, once this dependency is recognised, creating a PMO may not be necessary.

Some principles should guide this:

- Projects should be managed as a portfolio.[1] *Optimising* value[2] requires the ability to evaluate and compare investments, objectively select those with the highest potential, and manage all the investments together to maximise value.

[1] Can a project belong in more than one portfolio? The authors would like to suggest that an organisation or major division of an organisation create a single portfolio to manage all its projects, to ensure they contribute to organisation KPIs. However, an alliance of organisations may have a portfolio independent of each member of the alliance, and a client of a consultancy company will have its own portfolio. So technically, a project may be reported within more than one portfolio, and different benefits may be categorised as contributing to the portfolio KPIs or being extra to the main portfolio KPIs.
[2] Value is the excess of benefits over investment, often expressed as a ratio (but sometimes as an excess, e.g. *value = benefits – investment*). Investment refers to more than just money. It can include investment in time, money, resources that could be committed to something else, and reputation.

- Investments should include the full scope of activities required to achieve business value. Realising value requires more than delivering new products, assets, solutions, and services. It will also require changes to some or all of the following: the nature of the business itself; business processes, skills and competencies; organisation culture; and the structure and hierarchy of the organisation itself. It can include working as part of an alliance or splitting the organisation. The impact on all of these must be considered in the business case for the investment.
- Delivery of benefits should be managed through their full economic life cycle. Business cases must cover the period from initiation of an investment until any resulting asset is *scheduled* for retirement and should ideally be periodically updated throughout this period. This principle recognises that there will always be some degree of uncertainty, which will be greater at the beginning. Changes to costs, risks, benefits, and strategy, as well as organisational and external changes, must be taken into account over time, in determining whether funding should be continued, increased, decreased or stopped.
- Benefits fall into different categories that should be evaluated and managed differently. Such categories might be based on management discretion, magnitude of costs or types of risks, importance of benefits (e.g. achievement of regulatory compliance), types and extent of business change.
- Metrics should be established and regularly monitored for the performance of: (1) the overall portfolio; (2) individual projects, including intermediate (or lead) metrics and end (or lag) metrics; (3) services; (4) assets; and (5) other resources resulting from a project. This will ensure that benefits are created and continue to be created throughout the investment life cycle, and that these benefits represent value.
- All relevant stakeholders should be engaged and assigned appropriate accountability for the delivery of capabilities, the utilisation of these capabilities and the resulting realisation of business benefits.
- Benefits management practices must be continually monitored, evaluated, and improved. As enterprises gain experience with the benefits management practices, learnings can be applied so that the selection of projects for investment and the management of them can continually improve.

Principles are expressed in terms of 'should' or 'must', depending on the criticality of each one. If absolute conformance is required, perhaps for regulatory reasons, then use 'must'. No single set is going to fit an organisation exactly. It is better to consider each one in turn and decide on its applicability and usefulness in your own organisation. MoSCoW terminology (Must have, Should have, Could have, Won't have) can be used if preferred.

A client project may reside in more than one portfolio (the client's portfolio because it is their project, and the organisation's portfolio because it uses resource of this organisation). In this case, benefits may need to be treated differently for the same project in different portfolios, because the different portfolios may contribute to different organisational strategic objectives. A contractor's portfolio may have 'staff development' and 'profitability' as some of its strategic objectives, whereas a client's portfolio containing the same projects may have 'reducing costs' and 'user satisfaction' as its top strategic objectives.

3.7.1 Measurement and reporting capability – dashboards

Fundamental to the function of a benefits management framework is the ability to express the outcomes of individual projects, both in their direct relevance to the delivery of the project, and their contribution towards the portfolio and organisation strategic objectives.

The framework should include links where relevant measurements can be made. Rather than maintaining a separate financial management capability, the project team may choose to use the existing finance department for those measures. Reporting on other aspects of benefits management may be done by a specialist function contributing to the framework, such as human resources (HR).

This measurement and reporting capability will contribute directly to the reporting of contribution to strategic objectives. Many of the organisation's BAU KPIs (measurable progress towards strategic objectives) will be reported by the most suitable department (financial KPIs by a finance department, staff KPIs by an HR department) and this results in a high level of confidence in the reporting. Projects which represent change, and therefore risk, and which involve commitment of resources, often are subject to a high level of scrutiny.

As well as confidence in the results, the Board and some stakeholders will want a comprehensive yet concise way to monitor the realisation of benefits. For many organisations, this is in the form of a dashboard.

Dashboards present key metrics, in the case of benefits management then the successive realisation of benefits (and forecasts towards realisation of benefits for projects that haven't completed). In some organisations, a secretariat to a PMO or to a board compiles a dashboard by manually collating the benefits realised by each project, and putting the total figure into a dashboard. Other organisations have developed automated processes and linked spreadsheets.

A key danger with an automated process occurs if there are poorly enforced standards in benefits management. Where the portfolio contains more than 10 projects, a variation in an individual project, for example zero contribution due to missing data rather than no progress, will only have a small impact on the overall reported figure which may therefore escape attention. Automated processes for combining data and collating dashboards need to include checks and balances to ensure that the information being presented is complete, or any concerns with the data are highlighted in a manner that brings the risks (benefits realisation risks) to the attention of an appropriate role in the organisation, who is empowered and has the knowledge to take action. Some examples for suitable dashboard tools are given in section A2.4.

4

Implementing a benefits management framework

Aligning all project benefits to a framework is as big a culture shock as changing the project management methodology, and should be done as a change project in its own right. Because a framework is a standard that should apply across the whole organisation (or alliance, if this is the operating structure) and potentially impacts US $billions of investment, it is sensible to pilot with some projects (perhaps in some parts of the organisation) and spread the learning from those pilots to the rest of the organisation progressively.

4.1 Specify, develop, implement, sustain

A project to implement a benefits management framework should proceed through the four stages (Figure 4.1).

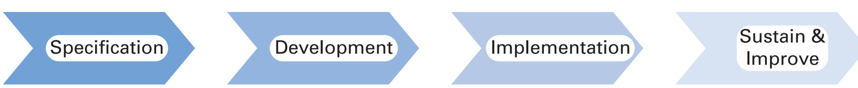


Figure 4.1 Four stages to implement a benefits management framework

The specification for the change project to implement a benefits management framework includes the scope of the framework (whether it is a single portfolio, the whole of the organisation, or at pilot stage one or two projects), whether measurement of benefits (or business parameters) will be reported by corporate functions and the business units or by benefits management specialists, and what aspects of the framework will be mandatory. Whether the framework applies to a waterfall environment, an agile environment or a mixed environment is also part of the specification, and this may differ for the pilot and for the full implementation.

With a good specification, a decision can be made whether the benefits management framework will itself deliver sufficient benefits to justify the investment. For many organisations, a framework is likely to improve the achievement of strategic objectives across the whole portfolio, but the disruption that the change in culture will cause should not be underestimated.

Developing the framework will require considerable stakeholder engagement, and the organisation will need to have benefits management capability in the organisation, preferably consistent across the organisation.

4.2 Higher-level benefits management frameworks

In some situations, especially for a large programme or megaproject, there may be an organisation-level, government department-level or even industry-specific framework already in existence. The organisation may be a member of a larger group that might dictate certain standards. Since the benefits management framework ensures standardisation across an organisation, it should follow or use standards that are widely recognised. Checking for higher level standards will avoid an embarrassing and demoralising change shortly into the project, which could damage an organisation's ability to change and a benefits manager's (and sponsor's) credibility.

Some large organisations establish hierarchical families of benefits frameworks. For instance, the MoD has a high-level benefits management framework from which the individual MoD commanders are expected to develop their own.

The UK Department for Transport (DfT) uses a standard called WEBTAG to size and put a financial value against various types of transport-related benefits, such as time savings. This ensures that all business cases put forward to and approved by DfT that use ROI are using the same ‘currency'.

The UK NHS has various top-level frameworks in place, such as that used by NHS Digital. This means that various industry-relevant reusable tools and standards may be available to those developing a business case related to the health sector, even in the private sector.

All of these frameworks ensure projects can be compared and prioritised according to the benefits or value they forecast to deliver (taking into account the likelihood, which can include both risk and optimism bias), so that limited resources can be invested in the most effective way.

4.3 Life cycle stages: bottom-up or top-down

In principle, a benefits management framework defines its structure at the level of organisational and strategic objectives, and is therefore top-down (Figure 4.2).

By understanding what the organisation aspires to achieve, the framework will provide a structure to identify projects which are counter-productive, projects which are failing to deliver the necessary contribution, and gaps where projects are needed. But it is not all one way.

During the delivery of a project, the project benefits manager may identify unplanned contributions to other projects and to additional organisation strategic objectives. An IT project may free up experienced staff, who could act as ambassadors for the launch of a new and complex product (i.e. a product that could not credibly be launched without experienced ambassadors). The IT

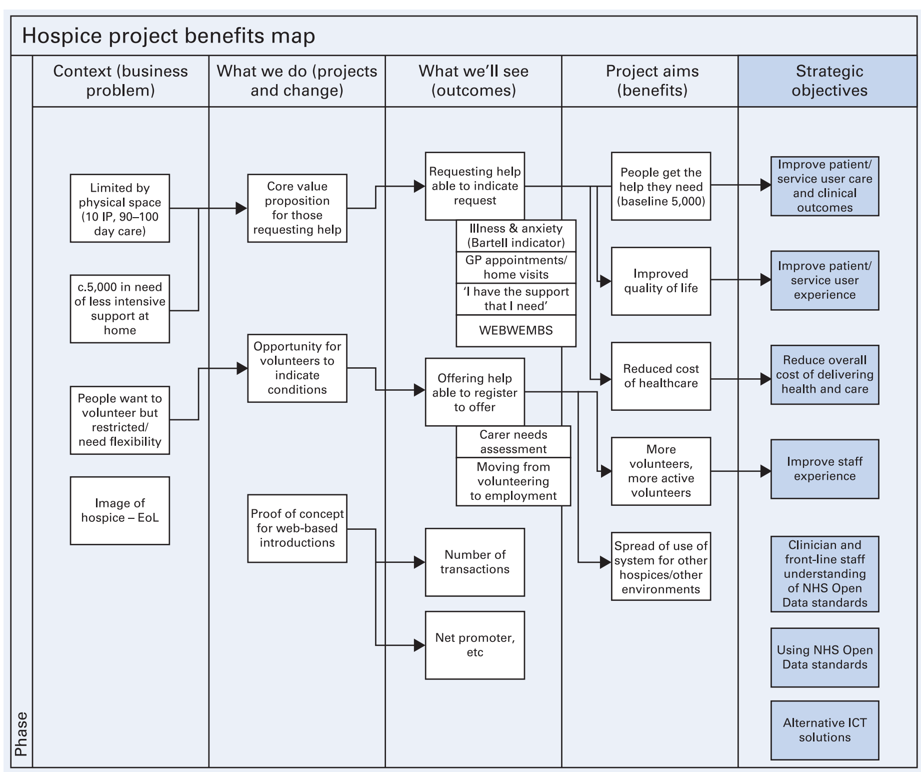


Figure 4.2 A benefits management framework is essentially top-down (read right to left from 'Strategic objectives' to 'What we do')

project may have been designed to contribute to lowering costs, and is now making a contribution in other areas. Similarly, an exemplary project may apply for an award, which raises the profile of the organisation (with a consequent impact on sales and on attracting new staff) and contributes to intellectual property. These are often called 'emergent benefits', or in the X-box model of Figure 1.2: B-list benefits.

Implementing a benefits management framework is therefore dynamic, and the framework needs to include sufficient flexibility to allow for future unexpected benefits to emerge.

4.4 Where do we measure?

A reporting dashboard is generally made up of a combination of measurements from components. The dashboard should be designed to combine the large number of – sometimes complex – measurements into a single display.

Therefore, measurements are usually made within each individual project. Each project will have indicators of risk, both risk to the successful delivery of the individual project, and risk to the organisation. Each project reports its cost profile and should report its refreshed benefits profile as expected benefits change or are recalculated.

A benefits map can be used to illustrate the connections between measurements taken at a project level, and the contributions to organisation strategic objectives.

Some measurements are the result of more than one project, and may need to be measured in terms of organisation (or business unit, or department) performance. These measurements and reports still need to be recorded within the portfolio and framework, and their contribution to strategic objectives reported.

4.5 Combining measurements

If there is a direct linkage between the project benefits and the organisation strategic objectives, then it is possible to add together project benefits from multiple projects, and use the sum to describe the forecast impact on the organisation's strategic objectives. This is illustrated by combining Figure 4.2 and Figure 4.3, and summarised in Figure 2.1.

Some care will need to be taken in situations where a project benefit contributes to more than one organisation strategic objective, and also where project benefits

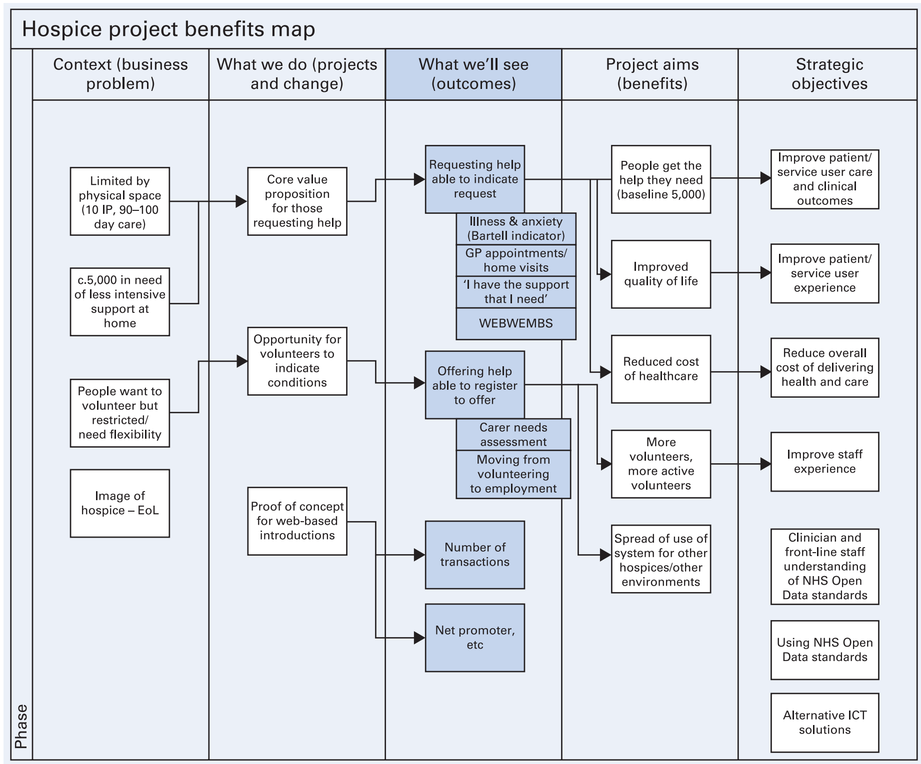


Figure 4.3 Measurements contribute upwards (read left to right from 'What we'll see (outcomes)' to 'Strategic objectives')

contribution is measured in different units. For example: one project may contribute to staff experience in terms of improved recruitment, whereas another may contribute in terms of reduced sickness absence.

Given the variety of possible project benefits and organisation strategic objectives, it is beyond the scope of this guide to offer every possible linkage. A good starting point for understanding benefits that might be considered 'more difficult to measure' would be to understand how social return on investment (SROI) translates supposedly 'intangible' benefits into a financial value – for example, as described in *Social Return on Investment (SROI): A powerful tool for the realisation of benefits* (Minney, 2016) or the practical application to forecasting benefits described in Minney, 2013.

Developing dashboards which summarise organisation strategic objectives is an artform in its own right, and further reading on this topic is listed in Appendix 2 – Tools.

4.6 Handover from the project team to business-as-usual (BAU)

In traditional (non benefits-led) project management, project managers have finished when they hand over the outputs or deliverables from the project. There is a small amount of documentation to write on lessons learnt and project closedown, but otherwise the project manager's work is finished.

In traditional benefits realisation management, this is when the benefits manager starts to get busy. The benefits manager will need to ensure that the benefits described in the business case and emerging afterwards get realised, recorded, and ascribed to the project.

With a benefits management framework, this changes.

For one thing, benefits management has been involved in the process since the first need was identified ('Y'). Benefits are already aligned to the organisation's strategic objectives and the mechanism for measuring and units to be used are already in place. In many cases, it will be core functions of the organisation such as finance, HR, governance and production reporting who are measuring.

Instead of measuring the benefits themselves, the benefits manager now ensures that the business functions affected by the project deliverables are aware of the benefits to be achieved and understand the dashboards of reporting that are being prepared. Most people want to do a good job, and easily accessible, timely reports that show whether front-line staff are delivering better results, or customer satisfaction is rising, can be highly motivational. In the author's experience, where frontline staff are able to see the impacts of small improvements, they will make improvements on a continual basis. This can mean that fewer major projects are needed (with the cost, disruption, and resentment that they often cause).

A benefits framework and corresponding benefits management map will make it easy to identify which changes had which effects and help to determine future investment priorities.

There are other versions of this principle of managing benefits, including *Managing Benefits* (APMG, 2014), *IPA Guide for Effective Benefits Management on Major Projects* (IPA, 2017), and *Benefits Realization Management* (PMI, 2019). (The term 'major projects' here refers to what some project professionals might call very large complex programmes.) Each uses different diagrams with varying levels of complexity. Where an organisation has a requirement to follow a specific benefits management process, then it should use its designated process.

4.7 Orphan projects

It is inevitable that many of the benefits an individual project will create will not map *directly* to organisation strategic objectives. This may be because more thought needs to be put into how they might map, or it may simply be because organisation strategic objectives have only been defined for the major changes an organisation wishes to see, and some of the other benefits being delivered are too specific and too localised to be monitored by the PMO and the board on an ongoing basis. Benefits may also be applicable to another stakeholder.

Where a concern should arise is when it appears that a specific project does not contribute to *any* of the organisation's strategic objectives. It is possible, although it should be considered unlikely, that this project contributes to strategic objectives not previously documented. This would imply that senior staff had not recognised all the dependencies and aspirations of the organisation. If this does turn out to be the case, then any additional strategic objectives, whether aspirational or operational, will need to be documented.

If this is not the case, then the project sponsor and project manager need to look very hard at those projects that do not contribute to the organisation's strategic objectives, and reconsider that investment. An organisation will be most successful if its investments are directed at the projects or functions offering the greatest contribution to its success, and any resources applied anywhere else will take away from the available resources for the purpose of improving success.

A conversation also needs to be had for those projects where the forecast value is less than the investment remaining to be made in that project. Projects that no longer justify their investment (or projects that never justified their investment, but this was not realised initially) need to be stopped, and the available resources applied more gainfully.

The emphasis on strategic objectives that comes about as a result of using a framework is important. Any project can usually justify itself by the sum total of the benefits it can generate across all stakeholders (sometimes this is aided by a bit of imagination!). However, the organisation making the investment needs to consider carefully whether the benefits are of sufficient value to justify the continued investment. With a focus on its strategic objectives, an organisation can distinguish between those benefits that generate an explicit value (i.e. that contribute to the strategic objectives) and those benefits that are 'nice to have' but should not be used to justify the investment. The authors recognise that this is a controversial point. An organisation has defined, through its strategic objectives, what it considers to be benefits, and almost by definition, everything else is 'nice to have' but not necessary.

4.7.1 A note on Corporate Social Responsibility (CSR)

Many organisations have Corporate Social Responsibility (CSR) projects, which engage staff or involve the donation of money to improve a community in the UK or abroad.

Some people would say that these don't contribute to the strategic objectives of the organisation. Does this make them less important? Does it mean that investment in them is not justified and the organisation should stop CSR?

The authors would argue that CSR projects do in fact contribute to strategic objectives (or if they don't, the organisation has chosen the wrong CSR for the wrong reasons).

Many financial institutions and heavy manufacturers engage staff in community projects, to improve the built environment around where they are based (clearing and refurbishing old buildings as community meeting rooms, creating community gardens, etc.). These projects serve two explicit purposes – team building, and public relations.

Team building has a direct impact on recruitment and retention, and may have a lesser impact on sickness/absence. Staff costs have a substantial impact on organisation costs, so this contributes directly to the financial strategic objectives. Team building, and in particular team building through community projects, can attract more talented employees and associates which impact directly on the costs and opportunities of the organisation. CSR can improve the cost position of the organisation through its impact, even if not directly.

Public relations are particularly relevant to those organisations that have a less-than-positive image in the public eye. Financial institutions and polluting industries are seen this way, particularly. A negative image in the public eye can lead to regulations and restrictions that cost much more than the costs of CSR tailored to reduce the risk of these regulations and restrictions.

Many other industries also have a need to attract and retain good staff, and to present themselves positively in the public eye. An organisation seeking planning permission for a new development may run a programme for community benefit, to improve the likelihood that their planning permission will be granted.

On an international scale, the British Council (the United Kingdom's international organisation for cultural relations and education opportunities, founded in 1934) encourages the take-up of British culture abroad. Amongst other things, it offers scholarships and assists able students from developing countries to study in British universities. The consequences of British culture abroad are countries, and influential people within government and industry of those countries, who are favourable to Britain. This pays off in terms of buying goods manufactured in Britain, and favouring Britain diplomatically whether it's votes at the Commonwealth summits or United Nations, or trade deals.

CSR is a long-term position, at odds with much of corporate decision-making today. The above seems to paint CSR as cynical exploitation, however this is a wrong conclusion. Engaging in CSR, investing time and resources by the company, is an investment in the long-term future of the organisation. CSR genuinely does benefit the recipient of the service or action. It's a true win–win situation.

4.7.2 Closing down projects – the best way to improve success

Many organisations, adopting the benefits management framework principles, will use the phase gate process or a local equivalent to stop unproductive projects. Throwing good money after bad (continuing to invest after an investment is found to be detrimental) is bad for the organisation in many ways – as well as the loss of investment and restricting other projects which would make better use of the resources to deliver a more successful result, it sets an example to employees that probity and benefits are not valued by the decision-makers in the company.

Redeploying under-utilised resources, whether it's funding, staff, or equipment, will send out the message that good results are rewarded. It will also ensure that resources are focused on delivering the organisation's strategic objectives, raising the likelihood that these strategic objectives will be realised. Project success is already linked directly to organisation success through the benefits management framework's documented links, and the organisation is likely to achieve considerably higher return on its investment by stopping unproductive investment and optimising productive investment.

4.8 Lead and lag indicators

Measurement of the realisation of benefits, and of indicators that show a high likelihood that benefits will be realised, is a core part of benefits management.

This guide does not describe benefits management as this is better described elsewhere (see Appendix 2 – Tools). For this reason, the concept of lead and lag indicators will probably be understood by many readers. However it's often a misunderstood subject so a brief explanation follows.

Benefits are the outcomes of the capability (output) that a project typically provides. A customer self-service solution may be designed to reduce costs while improving customer experience and customer retention. These benefits depend, though, on the project being successfully implemented (business change) and customers' behaviour changing. If the online interface is not accepted and customers continue to insist on speaking to human customer service personnel, then regardless of the investment, benefits will fall short.

Benefits can only be counted once they are realised. For many projects, this can be some time after the delivery of the capability. However, project management needs to make decisions during delivery, which means that the project team needs to understand whether a project is going in the right direction. To show this, lead indicators (measures of progress in delivering the desired outcomes) are used. In the above example of an online customer self-service solution, customer focus groups and pilots would indicate how likely and to what extent the desired benefits will be realised, by providing information about customer satisfaction and numbers of customers willing to use the new self-service solution. These early indicators are called **lead indicators** because they lead the realisation of benefits although they are not themselves the realisation of benefits. The project may be in its early stages and investment may be continuing to increase whilst the customer focus groups and questionnaires are gathering lead indicators.

Lag indicators are measurable indicators of the achievement of benefits. The actual number of customers who have switched to the new self-service solution, and the resultant savings in staff costs, is a lag indicator for this project as it shows the actual savings achieved. Some lag indicators are not measures of the actual benefit, but may be the nearest measurable proxy. For example, a sample of customer satisfaction after delivery only represents a sample rather than the actual and real satisfaction of the customers, but it is measurable and (if correctly measured) is a good indicator of customer retention and growth when compared with the same information about competitors.

As with many other aspects of a benefits management framework, there are some differences between a project run using the waterfall methodology, and using agile methodology.

Lead indicators may be vital to decision-making where the project uses waterfall methodology and there is still some time (and cost) before the capability of the project is delivered and benefits can begin.

Agile aims to deliver some capability, and therefore some benefits, as a result of each sprint. Therefore, it may be possible to measure actual benefits from each sprint.

4.9 To take into consideration

There are components of a benefits management framework which need to be considered during implementation of a framework. However, there are also project considerations which are crucial to success. Some of these are discussed below.

4.9.1 Culture and people

A simple and often-used definition of culture is 'the way we do things around here'. However, benefits management is not usually included in the 'things organisations do'. Management guru Peter Drucker encapsulated the power of culture, and the challenge of changing it, in the phrase 'culture eats strategy for breakfast' (Drucker, 1979).

Corporate transformations typically encompass strategy, capabilities and culture, and encounter barriers within each. A proposed change needs to address all three at once – designed, aligned, and enabling each other to create true organisational transformation. However, while many studies show there is a direct correlation between a healthy, productive culture and an organisation's bottom line (Flamholtz, 2001; Abdul Rashid et al., 2003), the majority of organisations spend little time thinking, let alone doing anything, about this topic – even when they are spending lots of time thinking about their business strategy.

So, benefits management is both the transformation, and the means of transformation. An organisation has to move from being output focused (ticking boxes, delivering the original specification without taking into account changes in the environment or newer insights into the consequences) to outcome focused (delivering optimum benefit, or where the investment changes, ensuring that the value equation is still positive). This involves significant change to mindset, behaviours, and culture and affects everyone from board to front line. Benefits will not flow unless the new processes are consistently followed.

Change is about 'winning hearts and minds' (Lima, 2009; Coetsee & Flood, 2012). People need a reason to change, and the benefits can be the catalyst for change (Field & Chrusciel, 2006). Different stakeholders will be more interested in different benefits, and for some people there will be dis-benefits which need to be overcome, but benefits management itself can be the tool to deliver its own transformation.

A lot has been written about changing culture. Some key points are identified here:

1. Identify a senior champion and ask them to talk about delivering 'value' and 'benefits' whenever possible.
2. Excite buy-in from the rest of the management. Find innovative ways to engage and develop the commitment of the senior management team.
3. Regularly publicise strategic *objectives*, the plans to achieve them and the progress of those plans.
4. Incentivise value-focused behaviours through recognition and reward. For instance, by including in each individual's performance appraisal their impact on benefits realisation.

Numerous studies, and practical experience, reveal that enterprises that are doing this well, i.e. moving beyond 'business-as-usual' to 'value as usual' – share all or many of the following characteristics (APM & Thorp, 2012):

- a strong executive leadership team with commitment to both communicating strategy and embedding a culture of value – one that focuses on creating and sustaining value from the organisation's investments and assets;
- a highly informed middle management structure used to help coach and embed benefits management practices into the enterprise;
- clearly defined structure and roles for all stakeholders within a value management framework focused on delivering value to the enterprise;
- a value-based reward system for teams and individuals at all levels within the enterprise.

4.9.2 Capacity and capability

Benefits management is not an isolated capability. In order to create the capability to realise benefits, one must consider the wider capability required to create and sustain value.

This is not just about combining the project delivery process and life cycle with the benefits management process and life cycle. Creating a benefits management framework should also be considered as a part of creating a value governance framework.

This was described in the book *The Information Paradox* (Thorp & DMR Consulting, 1998), from which Figure 4.4 is adapted to show how benefits are actually a part of the value equation. In this figure, value is shown as being benefits (financial or non-financial) minus costs and balanced against risk.

In the backdrop to this principle are the fundamental building blocks and processes that need to take place in the organisation for value to be created and sustained.

In order to understand current capacity and capability, a capability maturity model (CMM) may be useful (Winter & The APM Group, 2011; Axelos, 2015a; Gomes & Romão, 2015; Praxis Framework, 2015a). Even if there is no CMM specifically for benefits management, it is likely that the organisation has some function which is tasked with ensuring capability maturity, which could also cover capability maturity for benefits management. It is also worth understanding from the sponsor what level of improvement is expected, the reasons and case for change, and what resources may be available.

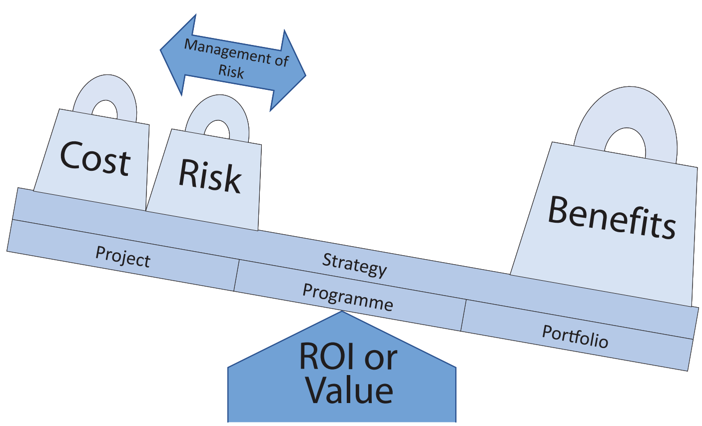


Figure 4.4 Value governance framework – balance between risk and reward

4.9.3 Knowledge management

Benefits management within individual projects does not *require* knowledge management – although it certainly helps. Explaining the benefits with respect to individual stakeholders and their interests, and measuring and calculating benefits in the context of a single instance, can be done without reference to a knowledge library or knowledge structure.

However, a benefits framework requires consistency across the portfolio or organisation. Knowledge management is required to ensure that the definition of benefits is consistent (i.e. that benefits of the same name mean the same thing), and that measurements processing, recording, and reporting are consistent across projects and across the organisation.

If an organisation does not have an existing mechanism for ensuring consistency that crosses projects, then this needs to be put in place *before* implementing a benefits management framework.

4.9.4 Consistent and standardised processes

Does the organisation have consistent project management processes?

Many organisations implement strict project management processes for the delivery of IT projects, and have different processes, sometimes more loosely applied, for delivery of capability in the operational parts of the business.

A benefits management framework, by systematising the recording and reporting of benefits, is likely to drive through the systematisation of project management across the whole organisation. This is a considerable process and cultural change for an organisation and should not be undertaken lightly. However, by implementing it within the context of implementing a benefits management framework, this huge change may not meet the resistance that it would if implemented as a specific project.

In the author's experience, using a benefits-led approach to effect huge organisational and cultural change can be successful, and completed in a compressed timescale. It is almost as if it has been sneaked in under the radar. And since the benefits are explicit, many of those who would otherwise have resisted such a change may ultimately become its biggest proponents.

4.9.5 Ownership

Previously in this guide, the authors explain the need for sponsorship, with a board level (preferably chief executive) owner in charge of the benefits management framework. In this section, the authors explain that ownership of the benefits resulting from the benefits management framework will need to exist at all levels in the organisation.

The most effective way to create sustained change in an organisation, and to implement new processes and new concepts, is to identify influencers (usually well-thought of and influential members of staff) who have plenty to gain from the new way of working. Effective incentives for change will need to appeal to the values of the individuals concerned – money is a crude incentive and may even be counter-productive. Implicit in benefits management is the process for measuring the benefits achieved. Therefore, the sponsor should implement relatively straightforward measures and rewards to ensure influencers are using and promoting the new way of working.

4.9.6 Governance

Implementing a framework, committing the organisation's reporting structure into a specific framework, is a major change. Reporting on benefits, implemented correctly, will drive attitudes to success within an organisation. The framework will change the way information will be passed up and down the organisation: this is a major decision. The people making these decisions need to be both personally invested in the outcome (typically board members), and appropriately informed.

For this reason, the PMO may not be the best part of the organisation to decide on the structure of the benefits management framework. The PMO may recommend the framework and provide information about the options available, but the implications for the organisation mean that it needs to be a board decision.

Once the framework is in place, people with responsibility for the organisation's governance will need to take an active part in reviewing the performance of the framework and whether it continues to serve the organisation, or whether it needs (minor or major) modifications.

4.9.7 Resources

Implementing a benefits management framework does not require a great amount of resources. Typically it will become a small overhead, and because of the volume of reporting work it replaces, will decrease the amount of administration work required.

A benefits management framework needs to be structured, and the structure needs to be implemented at the start. Following this, every project needs to be assessed, and potentially have its benefits plan rewritten, to be compliant with the framework.

- Each project should already have a benefits management function which is responsible for maintaining the benefits plan.
- A reporting structure takes the outcomes (recorded or forecast benefits) from each project and combines them to show how they contribute towards strategic objectives.
- These contributions to strategic objectives, and the process used to combine benefits from individual projects, are then reported as a dashboard to the PMO, to the board, and to stakeholders.

Many organisations will already have a team of people who combine the updated forecasts of outcomes from projects and prepare a dashboard for the board. The same team should be responsible for preparing the dashboard once the benefits framework has been implemented. This is where the big change occurs. Previously, many projects would have been reporting dissimilar benefits and it would have required a certain amount of mental gymnastics to combine the results of multiple projects onto a single dashboard. With a proper framework in place, the resulting reporting is much simpler, more consistent and accurate, and it takes considerably less work to combine the information.

A framework lends itself to an automated software solution, although the authors recommend that initially dashboards are prepared with human intervention. An experienced project manager reviewing the information coming in from multiple projects will quickly detect where different projects have used different definitions, and will highlight where changes need to be made. A computer or cloud software will simply take the numbers given to it, add them together, and present them on the dashboard, which may lead to mistakes. Some suitable tools are listed in Appendix 2 – Tools, section A2.4.

5

The benefits framework: embedding and making it BAU

5.1 Where benefits management fits within the organisation

Figure 5.1 illustrates the most important project performance management factors and drivers that will ultimately have a direct impact on benefits realisation. Any project management methodology or approach will need to include these, in

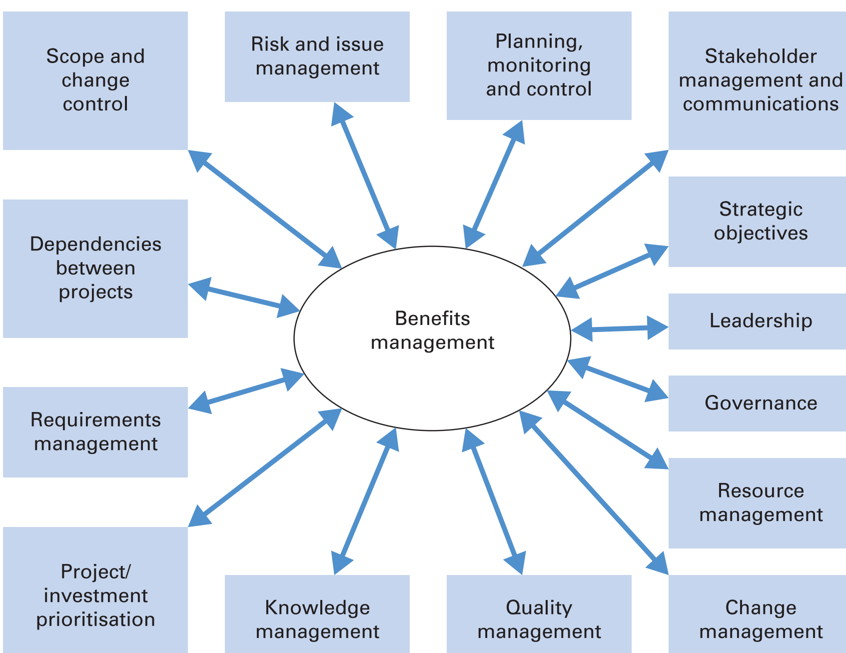


Figure 5.1 How benefits management interfaces with everything else going on

order to ensure the success of the benefits management framework. All of these performance management factors will have a direct or indirect influence on the achievability of the desired business benefits and should be managed with a benefits mindset.

Each of these connections gives rise to a question, regarding how the relevant process impacts benefits management, and how benefits management impacts the process:

- What is the potential impact of risks on the desired benefits (not just time, cost or quality impact)?
- What monitoring, control mechanisms, and measures need to be put in place to make sure change is being managed effectively in order to realise the agreed benefits?
- If the project fails to fully deliver a particular output, feature or requirement, how will this impact the desired benefits?
- If the scope of the project increases (or decreases) will this result in more (or less) benefits realisation and will it delay it? How will change be controlled and impact on benefits be assessed?
- How does either good or poor leadership contribute towards benefits realisation? What is needed from the leadership team to ensure benefits success?
- How well does the project management plan capture and define dependencies, and responsibilities around dependencies? What internal dependencies lie within the boundary of the programme? What interdependencies lie outside the boundary of the programme but within the organisational boundary? What dependencies lie both outside the programme and organisation?
- What are the thresholds for funding potential investments? How are potential investments expected to present their 'case' in terms of benefits expected?
- What quality and assurance activities need to be in place to support acceptable products or outputs that contribute ultimately towards the desired benefits realisation?
- What are the most important benefits across the different stakeholder communities? Do the stakeholders care? Are they interested? Has the benefits manager identified and planned all the deliverables that will be needed for them to effectively exploit the benefits – e.g. communications, user testing, training?
- Is there a structured approach to change management in the organisation? Are change managers routinely assigned to change programmes? Is the

business expected to absorb change without support, which will limit effective embedding of benefits?
- If the project fails to secure the right resources at the right time, how will this affect the timing and scale of planned benefits realisation?

5.2 Working with other functions in the organisation

For benefits management to be credible, the benefits manager needs to develop lines of communication and relationships with a number of other functions within the business.

Building these relationships should not be difficult. Many of the functions in the business will benefit greatly from the benefits manager explaining the benefits being achieved.

5.2.1 Stakeholder management

Perhaps the most obvious example is of those departments engaged with stakeholder management: PR, communications, and marketing (to the public); employee relations; investor relations (to shareholders); the chief executive (to non-executive directors).

It is often a two-way conversation: the benefits manager needs to understand from each group of stakeholders what they put a value on, and therefore what they would describe as benefits. The benefits manager will typically want to carry out semi-structured interviews, focus groups and workshops, and collect the results questionnaires, in order to forecast not only what benefits are valued, but also '*triangulate*' (an estimate based on best-of-three) a forecast value for benefits during the development of a business case, and throughout the implementation of the project.

Subsequently the benefits manager builds an appropriate dashboard with explanatory narrative to support push communication, the communication of benefits to the stakeholders.

5.2.2 Finance and performance management

The benefits manager might wish to avail themselves of the information held, skills, and resources of another function within the business. The finance department and performance management team are prime examples of this. Both teams are collecting information from all around the organisation, including the project management area, on a regular basis. They already have the information available in formats that allow swift comparison and ready calculations. The benefits manager can save themselves a lot of time by accessing this information at source.

This will enable the benefits manager to allocate benefits between a number of projects more accurately. It enables the benefits manager to assess the total benefits calculated by summing the individual projects, against the total reported to the board, to avoid double counting.

It is also time saving because the finance department is much less likely to challenge figures that it has produced itself and understands the source information and calculations used. This means the benefits manager's reports will be widely accepted and the benefit manager saves him/herself re-work and justification where an individual project team wishes to raise a dispute, for example where it feels undervalued and wants more of a benefit attributed to its project.

But both of these departments, and others, have a lot to gain from working with the benefits manager.

- The benefits manager is party to forecasts of both costs and benefits, together with a detailed understanding of how accurate those forecasts are, which could prove invaluable to the finance department, who would normally only be made aware of official decisions to change a forecast.
- It is likely that the benefits manager has a far better relationship with the project team, and is more likely to be party to accurate information, than a financial controller.
- Performance management can gain by having forward information on when tolerances are likely to be breached on the stage of a project, or a stage is likely to end, enabling it to plan resources for quality management/risk management/ other activities.

In the end, benefits management is like everything else: it relies on personal relationships and on people. An organisation should appoint benefits managers who have the most appropriate personality as well as skills for the task they are going to undertake. A review of a person's track record is helpful here.

5.3 Assurance

A benefits framework will typically be added to an existing portfolio structure for the projects. Many organisations with a portfolio structure for their projects include assurance phases: 'gateways' or 'checkpoints'. Business cases need to go through these gateways in order to obtain the investment and resources to progress to the next phase, and projects will typically go through these assurance gateways in order to ensure ongoing resources and investment, to progress through each phase of the project. Gateways will typically be empowered to prevent a project from progressing if it fails either to meet the standard of risk and progress, or to submit sufficient information (or in the correct format) for a decision to be made.

In most organisations that have this assurance structure, the problem is not that the gateways are not powerful enough (the gateways have teeth), but rather that the gateways are not always enforced. Business cases and projects may be able to progress without reporting, and funds or other resources may be allocated without sign-off by the relevant gateway board.

An organisation with benefits management capability (typically the starting point for considering whether to introduce a benefits management framework) will include a benefits assessment, and usually a value assessment, at each gateway. This assurance may be different at each gateway – at the start of a project, all of the benefits are forecasts, and risk may be the most important factor. At a later stage in project delivery, lead indicators are available, which substantially reduces the risk, and with fewer variables and less uncertainty, a more accurate assessment of the value (benefits over cost) can be made and used in the assessment.

A benefits management framework brings standardisation of the methods of recording and reporting benefits. It will also demonstrate a clear distinction between project benefits that contribute to one or more strategic objectives, and those benefits that contribute to other areas that stakeholders consider of value. The gateway can assess the value to the organisation, against the forecast in the business case, either in terms of contribution to strategic objectives or as an overall measure.

Benefits management should be seen as part of the overall assurance process, not as a separate assurance process.

5.4 Getting started – identifying life cycle stages of initiatives and appropriate treatment

When you first gather together into one portfolio or group of portfolios all the initiatives (projects and programmes) for which you are going to be managing benefits, you need to assess what stage in the life cycle each initiative is currently. From there, you can decide for each one what elements of the framework will apply from this point on. Some may be at the idea and planning stage, some having business cases written, some in delivery, and some may be at the point of finishing.

5.5 At what phase will a project be migrated into the benefits management framework?

It is usually beyond the capacity of an organisation to migrate all current projects at the same time, into the new benefits management framework. In order to ensure that the benefits management framework embeds and becomes 'the way we do things around here', it's important to consider how projects at different phases can be migrated most effectively.

5.5.1 Investment selection/annual planning, unapproved business cases

An initiative that is at the idea stage and does not yet have a business case ('Y' stage) can use the benefits-led process from inception. For other projects, it should be possible to apply all the new rules to the next round of annual planning and selection.

For organisations doing portfolio management iteratively, i.e. with regular entry points throughout the year, the new framework can be brought in rapidly as projects come up for gateway review. This ensures a like-for-like comparison for all new investments.

All business cases ('A' stage) should include quantification of their alignment to strategic objectives and at least a high-level estimate of benefits, although detailed measures, *baselines*, and target values may not yet be defined at the point of entry into the portfolio.

5.5.2 Delivery phase

For those projects which are already at delivery phase, the decision whether to apply the framework may depend on the impact of the project. Ideally, since decisions need to be taken about whether to continue investment, compliance with the framework should be imposed at the next gateway, and the decision-making criteria may be imposed on project managers in the course of stage delivery (X – multiplication of benefits by making benefits-led decisions). This may be driven by the financing source – the board giving financial approval to the business case. Explaining the need to do things differently, especially to project managers who are mid-delivery, will always be necessary. Any change during delivery of a complex project will meet with resistance, and time and resource needs to be allocated to show how it ensures greater success for the whole organisation even if it affects an individual project negatively. It should also be noted that if a project manager is aware that his or her project is not delivering the forecasted benefits, then they are *more* likely to resist a move to benefits-led decision-making as it would cause the closure of their project. Incentives need to be in place to address this issue (e.g. recognition of the resource saved by closing a project (at an early stage) that will not meet the benefits needed to justify continued investment).

A lot of the labour involved in introducing a new benefits management framework will be used for playing catch-up to apply it to existing programmes. This will include the benefits management work filling in gaps in already-approved business cases, introducing new rules, deciding on appropriate measures for reporting benefits, identifying appropriate baselines, sometimes back-dating baselines, introducing new requirements for reporting progress, and timetabling dates for post-investment reviews. For each individual project, this will be perceived negatively, and the greater benefit to the organisation needs to be ready to articulate as needed.

It is possible to bring projects which are contracted to external suppliers into the framework, even where they have reached the delivery phase – however, it is more difficult. If a progressive approach to releasing funding for each tranche of the project is used, then it will be easier to change the contract for the next phase of project delivery. However, this change is substantial, and would clearly need the approval of the funding source, e.g. the investment board, and possibly also the *procurement* team. This may mean introducing new checkpoints into projects and new requirements for each checkpoint. Additional resource may need to be offered to the supplier for the assurance element.

5.5.3 Handover to business-as-usual (BAU)

Some projects may be in the process of handing over to the business. In order to maximise benefits realised, it will be necessary to agree with the relevant business owners how benefits monitoring will ensure that benefits documented in the business case are realised. Decisions need to be made about how long the post-delivery (post-handover) monitoring period needs to be, and who will do it. For *infrastructure* programmes, value (often expressed as ROI) is often forecast over long periods, perhaps as much as 60 years.

Assigning a benefits manager from the PMO[3] over this period may not be practical. However, there may be other forms of reporting that assure that the asset is still performing and delivering its intended value. For instance, roads and other infrastructure are regularly assessed using 'state of good repair' (SOGR) scores, which are a lead indicator of the long-term cost of maintenance. The original business case should have included a forecast cost of maintaining the asset in a SOGR for the lifespan of the business case (a road asset may have a forecast life of 15 years). This is sometimes described in the business case as the total cost of ownership (TCO).

For many investments, agreeing time intervals for the final post-investment reviews, e.g. one year and five years after launch, may be sufficient to officially decide on the final investment performance (e.g. ROI) that will be declared. In these cases, the post-delivery reviews will use 'lead' indicators, as they are used to forecast (with a high degree of probability) the actual benefits over the actual lifetime of the project.

Agreeing dates for review for each project post-delivery makes it easier to plan the workload of the PMO over the year. It also ensures that the relevant reviews and checkpoints are timetabled with the relevant assurance teams, boards, and steering groups. Advance dates ensure the information can be requested and analysis done by the project/programme team or PMO at the appropriate time in advance of the review points.

Other forms of reporting (for example, other specialist scores) should be assessed by the relevant agency against the original business case. Problems that emerge during the lifetime of an asset may be systemic to a number of projects, and will need identifying, cross-referencing, and addressing. The benefits

[3] It is assumed, but not necessary, that benefits managers will operate as part of the PMO. This ensures that they follow the same processes and use the same tools, resulting in consistent benefits valuation.

management framework should include provision to include benefits management within contracts and include clauses for redress such as a penalty or fine on the original provider.

5.6 Contracting for outcomes and risk/reward contracting

The typical legacy approach to project management is to contract to deliver a specification. The project team (or contracting organisation(s), if it is a separate organisation) may focus only on the specification and fail to address the benefits, perhaps even failing to deliver value. It puts a huge responsibility on the organisation or team that developed the specification as to whether it is fit for purpose.

This has created a number of problems in the past.

It is extremely unlikely that there will be no changes in the environment during delivery of the project. In many cases, the changes in the environment will be of sufficient scale that they materially affect the cost, or the benefits to be achieved, and so impact on value. A project specification developed at an earlier time is unlikely to deliver the planned value (an excess of benefits more than the cost) if left unchanged, but where changes are requested in the light of subsequent events, many project delivery organisations impose expensive change control, thereby increasing costs. There have even been instances, especially on some large government contracts, where organisations have bid a low price to win the business and then made all of their profit via change control – although none would admit to this.

To address this, many major contract specifications place a high priority on the MoSCoW schematic. MoSCoW (Must have, Should have, Could have, Won't have – the 'o's in the acronym do not stand for anything and only serve to make it more pronounceable) (Wikipedia, 2019) is used to highlight where there is flexibility in the specification, and where there is not. It confirms the priority and importance that stakeholders place on the delivery of each of the requirements. This allows an organisation to place a higher priority on the outcomes or benefits than on the outputs or physical specification, which transfers some risk, and at the same time some flexibility, to the contracting organisation or consortium. It also enables a contractor to bid for a minimum viable product (MVP) which contains all of the *must* haves while avoiding all of the *won't* haves. The organisation making the investment gets what they need, and can assign a value for competitive purposes to the additions and innovations that each contractor or supplying consortium bid.

Some organisations have begun to pass more of the risk and the reward onto the supplier. They allow the supplier to alter the specification of the physical deliverable or service within certain parameters in order to optimise value. This can be combined with MoSCoW.

The organisation letting the contract (the purchaser or commissioner) will find benefits management a great deal easier, because it is no longer trying to second-guess changes in the environment, and as a result attempt to change the contract to take the new specification into account. The supplier reports benefits achieved alongside costs, allowing value to be calculated relatively easily.

For the supplier, this gives an opportunity for innovative organisations to use their knowledge and experience and win contracts with a premium for the risk they take. Organisations that accept these contracts will often know far more about the operating environment than the commissioner. They will be in a position to calculate a cost of risk where the cost is higher to the commissioner than to themselves, and they can 'split the difference'. This means they make a saving for the commissioner at the same time as increasing profit for themselves.

However, these contracts should only be accepted by suppliers who are very familiar with the operating environment and understand the risks implicitly (or at least sufficiently within the funding available). The risk has been passed on to the supplier, for a price premium, and the price premium needs to reflect the cost of the risks. Different levels of experience in the operating environment by different suppliers will determine the level of the price premium that can be accepted.

6

Conclusion

At one level, a benefits management framework incorporates and standardises the templates and processes for benefits management. However, it also plays a far more important role. A benefits management framework aligns the benefits of projects to the strategic objectives and KPIs of the organisation. This facilitates decision making – by understanding the clear linkage (or not) between the project and the organisation's success, a correct decision on the allocation of resources can be made.

However, a benefits management framework does a lot more than this.

1) In the course of implementing a framework, an organisation will become benefits-led. This means that investment decisions will be made on the basis of contribution towards the organisation's strategic objectives, rather than on the basis of persuasion and personality.
2) By standardising the nomenclature, measuring, recording and reporting, a framework will change the culture of an organisation to be more results-focused. Results to be achieved can include creating a community or improving the environment – it does not simply mean a focus on profit.
3) As staff and the organisation understand the skills involved in benefits management, it is likely that the capability to manage benefits will improve. This could have an impact on professionalism in all fields, especially as many organisations will find themselves moving towards a structure where the specialist benefits managers are located within a PMO, supporting people in the business and on project teams who monitor and optimise benefits on a day-to-day basis in their areas of work.

As you will have gathered from this guide, there is a lot more to creating a benefits management capability at an organisational level than producing benefits management deliverables for one or two isolated projects or programmes.

Sponsorship is paramount, as is buy-in from the rest of the executive committee, particularly the investment committee.

Once the benefits manager has assessed the 'as is' situation and agreed the 'to be' target levels of benefits management maturity with the benefits management framework sponsor, with milestones on a timeline for progressive capability and maturity, the benefits manager can plan out and timetable the activities that will help to bring about the changes described in this guide.

The work does not stop once the organisation has reached the desired level of capability. There is work to do to maintain the right behaviours and standards. The authors have provided a number of success measures that a benefits management framework sponsor can use to judge the value of having an increased level of capability. These should be monitored on an ongoing basis to ensure the value is continuing.

All organisations should strive for continual improvement. As with all such guides, this benefits framework guide will be periodically reviewed to ensure its continued fitness for purpose.

Appendix 1 Glossary

Italicised terms that are *not* included in the *APM Body of Knowledge 7th edition* glossary are given below, and describe the context in which they are meant in this guide:

Agile	A family of development methodologies where requirements and solutions are developed iteratively and incrementally throughout the life cycle.
Asset	*Anything tangible or intangible that can be owned or controlled to produce value and that is held by a company to produce positive economic value (Wikipedia def.).*
Assumption	*Acceptance without proof that something will or won't happen. Project assumptions should be listed in a RAID log.*
Attribution	*An assessment of how much of the outcome was caused by the contribution of this or other organisations or projects.*
Audit criteria	*A set of criteria that must be met in order to pass the audit. See 'compliance'.*
Baseline	The reference levels against which a project, programme or portfolio is monitored and controlled.
Benchmarking	*Comparing one's business processes and performance metrics to industry bests and best practices from other companies.*
Benefit	A positive and measurable impact of change.
Benefit profile	*Template that contains all information for a single benefit such as the measure, baseline, target, frequency of measurement, and associated risks. It is often provided to the benefit owner as an 'instruction' for how the benefit will be realised and the change that needs to take place.**

Benefits eligibility	*Those benefits which contribute towards (or for dis-benefits, detract from) the strategic objectives of the organisation(s) making the investment. Eligible to be counted towards the benefits used to justify Return on Investment.*
Benefits management	The identification, definition, planning, tracking, and realisation of benefits.
Benefits management framework	*A collection of components that together supply the inputs necessary to provide an organisation with a benefits management capability. Combined with a structure for the alignment of benefits from projects, with the strategic objectives of the organisation.*
Benefits management strategy	*A document for a project or programme outlining the approach for managing benefits, including a description of how, when and at what level benefits realisation management will be applied. Includes outlining roles and responsibilities, governance and reporting arrangements, and how benefits management aligns with other project and programme management activities.**
Benefits realisation	The practice of ensuring that benefits are derived from outputs and outcomes.
Benefits realisation plan	*A document profiling all of the benefits and how they are forecast to be realised from baseline to target, including baseline and measurement information, dependencies, identified benefit risks, and benefit realisation milestones.**
Benefits register	*Typically a table that includes line items of each benefit, a short description, the objective the benefit links/contributes to, the benefit owner, the beneficiaries, the baseline, target, and measurement methodology.**

Benefits report	*A report produced at an agreed frequency demonstrating the realisation of benefits to date, usually comparing the baseline, target and actuals. It is important that any data provided has sufficient narrative to explain additional context and rationale to explain whether performance is as planned.**
Business-as-usual (BAU)	An organisation's normal day-to-day operations. Also referred to as steady-state.
Capability	*The ability to do something specific. For instance, the ability to realise benefits. To have an organisational capability to do something specific requires certain inputs.*
Capability maturity model	*(CMM) Assesses and grades the organisation's effectiveness levels in a specific capability. Describes a number of evolutionary stages through which an organisation improves its management processes.*
Causal relationship	*Like a dependency, this is a relationship between two events where one causes the other to happen, or at least is a major contributor. Contrast with correlation, where the two events may or may not have a causal relationship, or both may be caused by another event or force.*
CEO	*Chief executive officer.*
CFO	*Chief financial officer.*
CIO	*Chief information officer.*
CXO	*Any chief officer of the company – shorthand for board level directors.*
Change management	The overarching approach taken in an organisation to move from the current to a future desirable state using a coordinated and structured approach in collaboration with stakeholders.

Complex vs complicated	*Complexity relates to the degree of interaction of all the elements that make up a project, programme or portfolio, and is dependent on such factors as the level of uncertainty, interaction between stakeholders and degree of innovation. Complicated refers to projects that have many steps or many sub-projects, which are, however, not always complex (there are few interactions or interdependencies). Complex refers to projects where a change in one element creates changes in other objects, which may in turn affect the first object in predictable or unpredictable ways.*
Compliance	*Confirmation that the organisation meets the requirements dictated by legislation, prescribed rules, regulations, guidance, standards, audit criteria, etc.*
Culture	*Broadly, social heritage of a group (organised community or society). It is a pattern of responses discovered, developed, or invented during the group's history of handling problems which arise from interactions among its members, and between them and their environment. These responses are considered the correct way to perceive, feel, think, and act, and are passed on to the new members through immersion and teaching. Culture determines what is acceptable or unacceptable, important or unimportant, right or wrong, workable or unworkable. It encompasses all learned and shared, explicit or tacit, assumptions, beliefs, knowledge, norms, and values, as well as attitudes, behaviour, dress, and language. http://www.businessdictionary.com/definition/culture.html*
Dashboard	*A type of report that presents live data in an easy-to-review format, often with all relevant metrics on a page. Often used to display the status of projects, programmes and portfolios.*

Dependency	*A requirement that something is in place (e.g. a prior project is completed, or a capability is available) in order for this project to complete.*
Dis-benefit	*Outcome of a project which is perceived as negative rather than positive. A risk or issue could be a dis-benefit if it arises directly as a result of doing the project; a benefit to one stakeholder may be a dis-benefit to another, e.g. fewer staff needed may benefit the employer but dis-benefit the staff.*
Emergent benefits	*Benefits which were not planned for and perhaps not expected, which are noticed (emerge) during or after delivery of the project and can be attributed to the project and count towards the success of the project. Some emergent benefits are negative, i.e. dis-benefits.*
Enterprise	*The whole organisation.*
Framework	*A collection of interlinked items which support a particular approach to a specific objective.*
Infrastructure	*In the context of this guide it refers to projects of a certain type, delivering the physical components essential to enable, sustain, or enhance societal living conditions such as roads, bridges, tunnels, railways, or telecoms networks.*
Initiatives	*In the context of this guide, initiatives include projects (programmes and portfolio), and investment in change in other forms than projects.*
Intervention	*An action taken in order to avoid an undesirable situation.*
Investment	*An allocation of money (or sometimes another resource, such as time) in the expectation of some benefit in the future (see p. 21).*
Linear life cycle (Waterfall)	A life cycle that aims to complete a project within a single pass through a set of distinct phases that are completed serially and span from the development of the initial concept to the deployment of an ultimate output, outcome or benefits.

Maturity model	An approach to understand the current capabilities, processes and behaviours deployed in the management of projects and to identify a structured path to increase the predictability of success. *Also see Capability maturity model.*
Megaproject	*According to the* Oxford Handbook of Megaproject Management, *'Megaprojects are large-scale, complex ventures that typically cost US $1 billion or more, take many years to develop and build, involve multiple public and private stakeholders, are transformational, and impact millions of people.'*
Objective	A generic term for predetermined results towards which effort is directed. Objectives may be defined in terms of outputs, outcomes and/or benefits. *Also see Strategic objective*.
Optimism bias	*The tendency to be too optimistic in appraising the outcomes of projects or options. HM Treasury's* Green Book *guidance to business cases suggests a percentage deduction be made to benefits forecasts to account for the possibility of optimism bias.*
Organisation	*For the purposes of this guide, a company, public sector body or other body corporate, or a group, collaboration or alliance of bodies corporate, which invests resources to deliver a project.*
Portfolio	A collection of projects and/or programmes used to structure and manage investments at an organisational or functional level to optimise strategic benefits or operational efficiency.
Prioritise	*Place more importance on, rank higher when making a decision about which projects or initiatives to fund or not fund. It may also be used to determine which principles or goals will be followed where two or more are in conflict.*

Procurement strategy	The high-level approach for securing the goods and services required from external suppliers to satisfy project, programme, and portfolio needs. See also Strategic sourcing.
Programme	A unique, transient strategic endeavour undertaken to achieve beneficial change and incorporating a group of related projects and business as usual (steadystate) activities.
Project	A unique, transient endeavour undertaken to bring about change and to achieve planned objectives.
RACI	*A list of roles (and sometimes people) who are responsible, accountable, consulted or informed with regard to a project/programme.*
RAID	*A log of risks, assumptions, issues, and dependencies.*
Reference-class forecasting	*A method of predicting the future by looking at similar past situations and their outcomes.*
Relational database	*In the context of this guide, it relates to a database where the relationships between the different items on a benefits map are stored (i.e. what is connected to what), along with the detailed descriptors for each item. In tools that link the benefits map picture to the relational database, when the map is updated, the database is updated also, and vice versa.*
Requirements	The stakeholders' wants and needs clearly defined with acceptance criteria.
Return on Investment (ROI)	An expression of the value of an investment in change based on the gain in benefit relative to the cost.
Risks	The potential of situation or event to impact on the achievement of specific objectives.
Soft benefits	*Benefits that may be more difficult to measure and assign a cash value to, such as public perception, ecological contribution, or user satisfaction.*

Sponsor	A critical role as part of the governance board of any project, programme or portfolio. The sponsor is accountable for ensuring that the work is governed effectively and delivers the objectives that meet identified needs.
Stakeholder	Individuals or groups who have an interest or role in the project, programme or portfolio, or are impacted by it.
Strategic objectives	*These express the planned objectives of the organisation – what they want to achieve in the future; the vision for the company.*
Triangulating benefits/ triangulation	*Obtaining three or more answers to a question, whether the question is a measurement or through interviewing informed stakeholders. The answers are then compared; where a majority are similar and there are outliers then the average may be taken of the ones that are similar, excluding the outliers.*
Value	A standard, principle or quality considered worthwhile or desirable. In value management terms, value is defined as the ratio of 'satisfaction of requirements' over 'use of resources'.
Value management	A structured approach to defining what value means to the organisation. It is a framework that allows needs, problems or opportunities to be defined and then enables review of whether these can be improved to determine the optimal approach and solution.
Whole-life costs	The fixed and variable capital and operational costs required to develop, use and terminate a product or asset.

**Source: IPA Guide for Effective Management of Benefits in Major Projects*

Appendix 2 Tools

The guide has mentioned benefits management and collating reports. In this appendix, the authors offer further reading.

A2.1 Standards for benefits management capability

It is important to recognise that one size does not fit all, and that any approach needs to be scaled and adapted to different contexts. There are putative standards which may be helpful, e.g. P3M3 (Fletcher, 2011; Winter & The APM Group, 2011; Axelos, 2013, 2015b, 2015c; Wikipedia, 2015) and Praxis (Praxis Framework, 2015a, 2015b, 2015c, 2015d).

A2.2 Recommended reading for benefits management

Key authors on the subject of benefits management and their main guides are listed by author. There are subtle differences in their approaches, and once an organisation has gained some maturity with benefits management, it may be worth exploring the differences described by the authors below.

John Thorp could be described as the starting point for benefits management, although many of the early books have been superseded by later editions (Thorp & DMR Consulting, 1998; Thorp & Fujitsu Consulting's Centre for Strategic Leadership, 2003; APM & Thorp, 2011, 2012).

Gerald Bradley and Steve Jenner are Fellows of APM and take a particularly readable approach (Bradley, 2006; Jenner, 2009a; Bradley & Stationery Office, 2010; Jenner, 2014).

A new guide to benefits management is comprehensive and easy to read, and may prove useful (Dolan, 2018).

A number of organisations have also documented their benefits management approaches (in addition to the APM approach described earlier); this includes the Infrastructure Projects Authority (IPA, 2017) and Project Management International (PMI, 2019).

A2.3 Existing framework publications

Some organisations have already developed benefits management frameworks, or white papers with varying levels of maturity. These have proved immensely helpful when preparing this guide.

Examples include:

- UK Environment Agency (EA, 2017);
- UK Highways Agency;
- Strathclyde University (Lawrence & Cairns, 2017);
- PMI (PMI, 2016b);
- New South Wales Government Finance Services and Innovation Department (NSW Finance, 2014).

A2.4 Developing dashboards

Implementing project dashboards can be difficult if there is little standardisation. The 'Project on a Page' is used in many parts of NHS, but inconsistencies in approach can mean that the reported benefits are not comparable (the dashboards are still useful to indicate risks to project delivery, but are not an aid to prioritisation).

With a framework in place showing the clear linkage between the organisation's strategic objectives and the project benefits, a dashboard becomes much more useful.

For some organisations, standardising so that all projects use the same framework for aligning benefits to operational KPIs, and the same desktop tools for measuring, analysing, calculating, and reporting benefits, is quite sufficient.

Many organisations start off by using available desktop applications for benefits management: Word for business cases and benefits management strategy; Visio or PowerPoint for drawing benefits maps; Excel for benefits register, benefits profiles, tracking measures; and Excel and PowerPoint for benefits reports and dashboards.

A detailed explanation of how to programme Microsoft Excel, Visio, Crystal Reports or any of a number of reporting tools is outside of the scope of this guide.

However, some organisations discover the savings to be obtained through automation when they procure or develop a dedicated benefits management tool. There are several available on the market, which may be opitimal in different contexts. Some tools allow the data associated with the various items on a benefits map to create a behind-the-scenes *relational database*, to which data can be added regarding each item's properties. This has the important advantage of keeping each project benefits map and benefits register synchronised, but may also automatically roll up the benefits to programme or portfolio level so as to give dashboards at various levels, including the dashboard of overall organisation strategic objectives summarising all of the projects in one place. This saves a lot of administration time (and possible errors) collating this information and also permits oversight on the performance of the portfolio and identification of problems in between the regular board meetings. Some examples of capable cloud-based or local cloud-based solutions include Amplify™, Wovex (sometimes called Realisor), McKinsey Wave and i-nexus. Since every organisation is different, it may be necessary to develop your own dashboards.

Some tools allow for the comparison of various scenarios which can help with the options analysis required at the business-case stage and with understanding the potential effects on benefits of certain events or risks.

Some tools allow integration through APIs to link with other project and programme management tools, such as MS Project, Excel or Primavera P6 (as input sources), and MS Report Builder, Power BI or Tableau for reporting. This avoids the risks that come from transferring data manually from one system to another.

However, one cannot simply acquire a benefits management tool and expect the organisation to rise up through the ranks of benefits management capability levels automatically. Tools help the project management and benefits management teams to do the same processes faster, but it isn't enough to simply speed up the wrong processes. All tools comply with the 'garbage in, garbage out' (GIGO) principle. Procuring a tool needs to be part of a project to implement a benefits management framework and will have its own business case.

This guide has used examples originally prepared in Amplify™ to illustrate some aspects of the benefits management framework, and this cloud-based tool has every aspect of functionality required for benefits management and a benefits management framework.

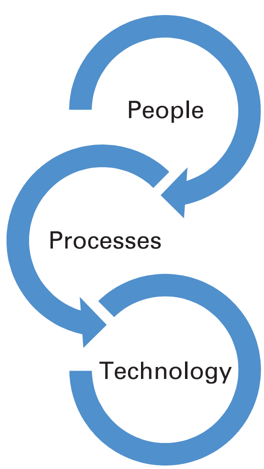
A2.5 Templates and deliverables for a benefits management strategy

There are various 'products' or deliverables that are produced in the course of benefits management on individual projects and programmes.

Some of these, such as the benefits management strategy, may also apply at an organisational level.

If the task is to create or enhance the organisation's overall capability in benefits management, and even if this is not classified as a project or programme in its own right, it would be a good idea to create a benefits management strategy at an organisational level, or at the level at which the framework is being created. This strategy document sets out intentions with regard to the introduction of standards and methods and the reasoning behind the decisions made. It describes how benefits will be managed in the future. Reports and dashboards for the collated benefits picture should also be owned at an organisation level, or at the very least at a portfolio level.

Most of the other deliverables are produced at project/programme level. A typical strategy will include the people, the process and the technology that make up benefits management.



People:

- Which roles have which responsibility (RACI)?
- At which levels of the organisation and level within the portfolio does each role sit?

Process:

- What are the gateway stages that projects have to pass through to continue investment?
- What are the criteria used to determine success for each gateway?
- How is value calculated?

Technology:

- What systems are used, and in what way, to record measurements and to translate those measurements into benefits?
- How are these reported?

Figure A2.1 People, process and technology

Appendix 3
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