



PMI's

**PULSE** *of the*  
**PROFESSION**<sup>®</sup>

In-Depth Report

Delivering Value  
Focus on  
benefits  
during project  
execution

## ABOUT THIS REPORT

PMI's *Pulse of the Profession*® research on maintaining a focus on benefits during project execution was conducted in April 2016 among 717 project management practitioners. Additional in-depth interviews were conducted with senior executives to gain deeper insight into how various roles and responsibilities align with benefits realization management during project execution.





## Delivering Your Benefits

A project is truly successful only if it delivers the benefits an organization envisions. This comprehensive view of success has become increasingly important as executives sharpen their focus on maximizing investments in increasingly competitive, complex, and changing business environments. This has many executives asking: “Why aren’t all of our projects delivering the expected benefits?”

At a time when the 2016 *Pulse of the Profession*® report indicates that project results are not only failing to improve, but may even be deteriorating, there is a clear need to help answer that question for executives.

We want to help them see that projects are not stand-alone efforts. They are aligned with corporate goals, and deliver benefits to the entire organization and its customers. So by shifting the understanding of project success to a more strategic perspective—and adopting benefits realization management—organizations can better ensure the delivery of what is really valuable to their business and align deliverables to their strategy.

We also see that organizations don’t know how to approach benefits realization management. The process is hard, due to a lack of defined governance around benefits, unrealistic business cases, unverifiable benefits, and missing accountability for, and ownership of, benefits realization.

In an effort to understand how organizations view and approach benefits—and the projects that support their delivery—we are taking a year-long look at benefits realization management. Our journey began earlier this year with our report on benefits identification. We now take a look at maintaining a focus on expected benefits during project execution. The third report will concentrate on sustaining benefits. And we will conclude 2016 with our annual Thought Leadership Series, which will look at benefits realization across all levels of the organization, from the executive suite through to business operations.

We see from our research that when project and program benefits are identified as integral parts of the business case and tracked from project initiation through execution and beyond, organizations can better ensure they’re delivering business value.

We believe the ability of projects to deliver *what* they set out to do (as envisioned in the business case) is just as important as whether they come in on time and on budget—it is what makes projects strategic to business success. As we focus on benefits realization management, we will continue to ask and find answers to the question about whether we can make the *what* of projects as important as the *how*.

Let’s do great things together!

A handwritten signature in blue ink that reads "Mark A. Langley".

**Mark A. Langley**

PMI President and CEO

## FOREWORD

# Benefits Realization Management: A Trigger for Success

By Isabel Aguilera, *Strategic, Innovation, and Operations Consultant*



*Ms. Aguilera is an expert consultant in competitive, sustainable leadership and creation of unique business models. She is the former CEO of Google Iberia (Spain and Portugal from 2006-2007) and former president of General Electric Spain and Portugal.*

This report is much more than just another research study: It is a trigger to make us think about increasing the value of our investments by revealing the major opportunities monitoring and measuring benefits delivers to a business.

The nature, the meaning, and the criticality of projects makes us think of including additional metrics and indicators that should measure progress on resilience against newcomers, on understanding emerging new customers' needs, and on new and improved ways of collaborating to succeed—apart from market share and profit gains. This way, we are getting to the conclusion that leadership, by itself, is another project activity.

Nevertheless, it is going to be harder than ever as transformational projects require organizations to face important challenges—such as digitalization, data disruption, attracting, and engaging internal and external talent—causing them to work together in a sharp and compelling execution while being flexible enough to confront uncertainty. As we work through this continuous transformation, we face unceasing trade-offs between vision and action; short- and long-term planning and execution; investments and results; failures (but trying and learning) and success. All at the pace of our time: Faster than ever.

This pace is the usual atmosphere for project management. It is the blood within its veins. A profile that suits the discipline—same pressures, competencies, attitudes, and experiences.

As such, project management should be empowered to identify, approach, and fix as many areas as possible—including strategic ones—which includes taking a role in monitoring and measuring the benefits those projects deliver to the business.

The moment is now for project management to help generate the right atmosphere for organizations to realize their full potential—while making it simple.

This report is a call for action and food for thought on adding metrics that will be relevant for the immediate future: perhaps return on invested time, attraction for talent index, time to market for new ideas, innovation ratio, or ecosystem acceptance index.

This report is worth reading more than once. *Enjoy it!*

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# INTRODUCTION

## Maintaining a Benefits Focus: The Ongoing Interplay Between Executives and Project Managers

Organizations spend millions of dollars on projects that never meet expectations to deliver intended benefits to the business. The paradox? Many of these projects are still considered a success. They come in on time, on budget, and meet original goals and business intent. But, too often, the “business intent” focuses on outputs and outcomes, and not the benefits that advance the business over time.

The reason seems clear both in our research and in that of many others: there is an ongoing disconnect in the minds of executive leaders about the strategic value of projects. Too few recognize that all strategic initiatives are projects and programs, and that the benefits they deliver justify their cost. So how can project teams, along with business owners, help leadership recognize—and appreciate—this critical connection?

We believe the answers are found in benefits realization management. This requires aligning definitions of success, enabling project and program management to deliver on that success, and measuring and adjusting project benefits.

In this report, we continue to explore the role project managers play in this discipline, specifically during project execution. While opinions remain divided on this role, few can dispute that project managers are in the best position to monitor whether a project is on course to deliver the expected benefits. During the life cycle of a project, they have a first-hand opportunity to track metrics, flag and manage emerging risks, and deliver the type of information executive leaders need. All this helps executives decide the future of a project and the business if targeted benefits—both tangible and intangible—are in jeopardy or no longer relevant.

Our research reinforces the value-add role of project managers in benefits realization management; however, it also shows that the levels of responsibility and accountability vary, especially for monitoring and reporting metrics and other critical information. Perhaps, not surprisingly, fewer than half of organizations identify a role for project managers to ensure project benefits stay aligned with strategic objectives.

There is an ongoing disconnect in the minds of executive leaders about the strategic value of projects.

While this finding may further illustrate how many executive leaders fail to connect project management with achieving strategic goals, it also highlights that benefits realization management is a shared responsibility between project managers, business owners, executive sponsors, and senior leaders—as our report explores.

In addition, our research reveals that compared to a year ago, fewer projects are meeting original goals and business intent or are being completed within budget. In fact, an average of US\$122 million per US\$1 billion spent on projects is wasted because of poor project performance. These findings, which further reveal a trend in declining project success rates, led us to believe that it's time to strengthen the conversation around the benefits of project management and the discipline of benefits realization management.

The report also looks at the spectrum of maturity in benefits realization management. The improvement needs are significant and well worth the required investment, as shown in our 2016 *Pulse of the Profession*® research. That research reveals that organizations with high benefits realization maturity waste 67 percent less of the money invested in projects and programs than those with low maturity. High benefits realization maturity also leads to better project performance and higher rates of delivering benefits to the business.

This report is the second in our series on benefits realization management that we will deliver this year to highlight the following practices central to the discipline:

**Identify benefits:** to determine whether projects, programs, and portfolios can produce the intended business results (*The Strategic Impact of Projects: Identify Benefits to Drive Business Results*).

**Execute benefits management:** to minimize risks to future benefits and maximize the opportunity to gain additional benefits.

**Sustain benefits:** to ensure that whatever the project or program produces continues to create value.

## SUMMARY FINDINGS

Our research confirms a role for project managers in ensuring an organization's expected benefits are delivered when a project is complete. That role is especially important during project execution, where benefits can be derailed due to changes in the business, resource challenges, or even external forces, such as sudden shifts in customer demands, which no longer align with the project's original goals.

Such scenarios require careful attention—and monitoring, measuring, and reporting are key components of benefits realization management. They produce the data and insight necessary to inform leadership about ROI and other financial metrics, as well as the many intangible benefits that projects and programs deliver. To better understand how organizations are maintaining a focus on benefits during project execution, we surveyed 717 project management practitioners and conducted in-depth interviews with senior executives. From that research, we learned the following:

1



### Organizations that invest in benefits realization identify a significant role for project managers, especially during project execution.

While responsibilities vary, they largely focus on monitoring expected benefits and communicating key indicators to business owners and leadership. More specifically, organizations in our research say their project managers are primarily responsible for:

- Revisiting expected benefits [46%]
- Communicating with business owners and keeping them informed about benefits-related issues [63%]
- Ensuring project benefits stay aligned to the organization's strategic objectives [38%]

2



### Organizations that more fully realize benefits engage cross-functional teams.

The makeup of these teams may differ and knowing who does what—and when—is often challenging. But commonly, the business owner, also known as the “benefits owner” in some organizations, works closely with the project manager. Among our survey respondents, we see the team dynamics that can ensure benefits are realized are:

- Project manager expertise [22%]
- Business owner involvement [22%]
- Executive management involvement [20%]

## 3

## Organizations that successfully deliver on strategy have the right tools and processes in place to monitor and measure benefits.



They make an investment in benefits realization management and implement a formal approach that can be replicated across projects. More specifically, our research confirms that organizations with the following practices in place are more profitable and efficient:

- Prescribed process: Those that have a fully prescribed process for reporting benefits realization report an average of 38 percent more projects that meet or exceed forecasted ROI [61% versus 44%]
- Standardized documentation: Those that have fully standardized documentation for reporting benefits realization metrics report an average of 19 percent more projects that meet or exceed forecasted ROI [56% versus 47%]
- Routine reporting: Those that fully receive information about project performance against identified metrics report an average of 28 percent more projects that meet or exceed forecasted ROI [60% versus 47%]



### A STARTING POINT

#### TO BETTER UNDERSTAND BENEFITS, WE SHARE THE FOLLOWING DEFINITIONS:

- **OBJECTIVES:** Project objectives are the results to be achieved after a project concludes, such as a successful IT conversion, development of a new product or manufacturing process, or construction and staffing of a new facility.
- **BENEFITS:** Project benefits are the value that is created for the project sponsor or beneficiary as a result of the successful completion of a project.
- **BENEFITS REALIZATION:** Benefits realization is the means to ensure that benefits are derived from outputs.
- **BENEFITS REALIZATION MANAGEMENT:** Benefits realization management incorporates the activities of managing benefits throughout the life of the project: Identify, Execute, and Sustain.

# FOCUS ON BENEFITS TO PROVE BUSINESS VALUE

Benefits realization management practices help organizations reduce project failure rates and the related financial losses. They also support better decision making about which projects to fund, because organizations that manage benefits devote time to identifying benefits as part of the business case that guides project investments.

Throughout the project life cycle, benefits management includes monitoring activities and key performance indicators (KPIs) to measure progress against those benefits. Such insight helps leadership determine whether a project is on track to deliver value to course correct to accommodate risks or other changes in the business that might threaten investments and benefits realization.

83%

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Despite the proven value of benefits management, our *Pulse* data reveals that a staggering 83 percent of organizations lack maturity with benefits realization.

Yet, despite this proven value of benefits management, our *Pulse* data also reveals that a staggering 83 percent of organizations lack maturity with benefits realization. Countless reasons are behind this. Many organizations simply find the discipline difficult. They struggle with the fact that project-driven benefits are not fully realized for weeks, months, or even years after a project ends, so they don't always know who's responsible for managing the benefits.

Leadership, especially, doesn't always connect project execution with sustainable business benefits. Instead, they often see projects as an end unto themselves, and their organizations measure a project's success by whether it comes in on time and on budget. That practice continues, even though volumes of research show a distinct disconnect between traditional measures of project success and benefits realization.

That's why benefits realization is an added focus for project managers. It's perhaps logical, even if some organizations haven't yet made the connection, because projects deliver outputs and outcomes—the products, services, and change factors—which, in turn, deliver benefits to the organization and its customers.

But this all doesn't come together by chance.

Effective benefits management requires a formal approach, which begins long before the project itself. As noted, the initial activity is identifying the benefits a project is expected to deliver. That step, an essential part of developing the business case for a project, was the focus of our first report on benefits realization, *The Strategic Impact of Projects: Identify Benefits to Drive Business Results*. The report advocated that the project manager should take part in the benefits conversation from the start to understand how the project supports strategic goals—insight that could impact project execution.

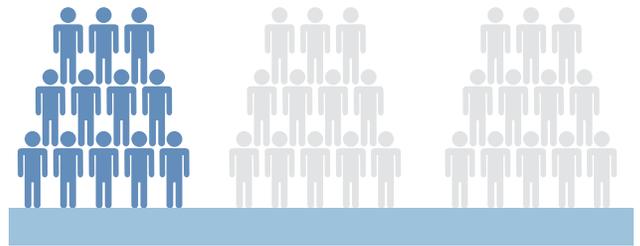
During project execution, regular monitoring is required to determine whether the project is progressing as expected. That effort has to begin at the outset, so that information can be used to guide ongoing resource allocation, risk management, and other decisions that will keep the project on track. Organizations often struggle in this phase. According to our research, only one in three organizations has a formal, statistical methodology to assess the contribution of project execution success once the project is completed.

Overcoming this challenge includes careful planning about what to measure and which methods of data collection to use. Organizations with more mature benefits realization practices do the following to better-inform executive leaders of progress against benefits and strategic goals:

- Establish benchmarks for acceptable levels of performance
- Avoid capturing too much data
- Focus on key indicators

Those benefits and goals are both tangible and intangible, which requires both quantitative and qualitative assessments. The intangible or soft benefits—and how to measure them—is yet another reason why organizations find benefits realization so difficult. But ignoring the softer benefits is risky, as more organizations are finding an essential focus in the increasingly complex business environment is on customers and how they differentiate an organization.

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# MEASURING INTANGIBLE BENEFITS

An assessment of project success is incomplete without monitoring the full spectrum of the value projects deliver—which includes intangible benefits, especially those that speak directly to subjective factors, such as customer satisfaction, brand image, reputation, or risk profile.

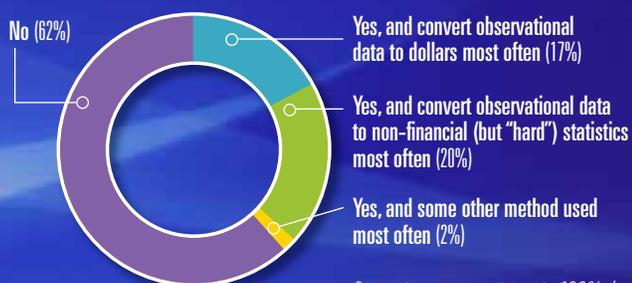
The importance of intangible benefits cannot be overemphasized, especially in today's complex business environment when more organizations are finding competitive advantage through relationships and reputations. In fact, more than 25 percent of an organization's value is now based on intangible assets, according to economists.

Intangible benefits are on the radars of organizations that have embraced benefits realization, such as the Axiall Corporation, a chemical products manufacturer and marketer. The company says that, although not mandated, it makes a cognizant effort to focus on intangible benefits—the positive or negative insight that surfaces during project execution. The company captures and records such insights or lessons learned, so it can use the information to improve future projects, according to Dwain Wilcox, CIO. He explained, "We try to dig deeper into 'Okay, we heard something, how do we extract the value from what we just heard, and use that to our benefit?'"

When intangible benefits are identified and tracked, questions commonly arise about whether they need to be quantified, or even monetized, before reporting results to executive leaders. That, in itself, is a major challenge of benefits realization. Quantifying intangible or soft benefits is not pure science, but depends on skillful use of analytical tools, such as comparative or scenario analyses. Some organizations use cost-benefit or value analysis to quantify the impact of intangible benefits.

The challenges of intangible metrics are evident in our research, which shows that just over a third, or 38 percent of organizations, routinely quantify intangible project benefits.

## Does the organization routinely quantify intangible project benefits?



Percentages may not sum to 100% due to rounding

Reference: Jack Keen, "Intangible Benefits Can Play Key Role in Business Case," CIO, September 1, 2003, retrieved from <http://www.cio.com/article/2442083/it-organization/intangible-benefits-can-play-key-role-in-business-case.html>.

## THE BENEFITS REALIZATION PLAN

A BENEFITS REALIZATION PLAN OUTLINES THE ACTIVITIES NECESSARY FOR ACHIEVING THE PLANNED BENEFITS. IT IDENTIFIES A TIME LINE AND THE TOOLS AND RESOURCES NECESSARY TO ENSURE THE BENEFITS ARE FULLY REALIZED OVER TIME.

### > GETTING STARTED

The plan identifies the associated activities, processes, and systems needed to manage change factors driven by the expected benefits; the required changes to existing processes and systems; and how and when the transition to an operational state will occur.

### > HOW TO USE IT

A benefits realization plan defines:

- Benefits and associated assumptions, and how each benefit will be achieved.
- Metrics, including KPIs, and procedures to measure progress against benefits.
- 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 organizations responsible for sustaining the benefits.
- Processes for determining the extent to which each project or program benefit is achieved prior to formal closure.

Source: Project Management Institute. *The Standard for Program Management – Third Edition*. Newtown Square, PA: Project Management Institute, 2013.

# THE BENEFITS MANAGEMENT JOURNEY

By Dave Davis, PMP, PgMP, Project Manager, GE Brilliant Factory

Benefits management helps ensure an organization’s projects are successful beyond the common metrics of time, scope, and budget. By making benefits management a formal part of project and program management processes, an organization’s leaders can be sure that projects and programs align with their strategic goals and will deliver distinct benefits based on the expected results of the organization’s most important strategic initiatives. But where does an organization begin on the road to benefits realization maturity?

While there is no single approach, the example below provides insight into how one company implemented benefits realization management practices. > See the questions and activities on next page for more insight into how organizations approach this.

When a large financial services company was challenged to implement benefits management practices, it discovered that by taking a more methodical approach and using change management techniques, the organization could raise awareness of why the practices were needed and achieve greater adoption. Jerry Whittaker a Managing Partner - Benefits Advisory Consulting shared his experiences on implementing benefits practices with this corporation.

Successful implementation required a long and sustained effort. The organization rewarded good behavior and took an iterative “learn as we go” approach. It created a solid foundation of proper documentation, which helped raise awareness among all stakeholders. In addition, enthusiastic and professional benefits management professionals were engaged to help the organization navigate the challenges of achieving success. How the benefits practices evolved within this organization is summarized below.

**ISSUE:** Implement effective and repeatable benefits management practices to create a more disciplined process that was used consistently.

**ACTION:** Establish a three-phase life cycle for benefits management, using a customized integrated decision-making model developed specifically for this process.

Within these three major domains is a series of gates and deliverables that provide repeatable structure for all programs within the portfolio, as outlined below:



## 1. Plan/Model the Benefits

The organization based its benefits practices on defining benefits in the beginning and incorporating them as an objective throughout the planning cycle. This phase involves much more than just forecasting the benefits a project will deliver; notably, it requires: a detailed elicitation session with key stakeholders to align benefits with strategic intent, the associated outcomes and capabilities that need to be delivered in order to realize the benefits, and a road map that would be used to monitor and control the delivery of the benefits.

## 2. Align the Benefits Plan with Stakeholders

The second phase is about accountability—who ultimately owns delivery of the benefits—and is an important component of the decision model. A planning group models benefits with outcomes and capabilities. It also secures a commitment from the appropriate stakeholders to deliver the benefits. This translates into a governance/decision-making model for making the hard decisions of committing to certain benefit amounts (dollars) and aligning them with specific outcomes and capabilities.

A critical deliverable in this phase was establishing a road map/monitor and control plan that allows the organization to track actual results against expectations. This was an evolutionary model, and the overall intent was to improve the organization's ability to forecast benefits and better understand when they would be realized. Communicating this information is an important component of the change management needed to ensure the success of the benefits management practices.

## 3. Realize the Benefits

Once the model had been established to align benefits with outcomes and capabilities, and a road map had been established to determine when the expected outcomes would be delivered, the program evolved into a monitor and control phase to report actual results against the plan. Throughout the life cycle, adherence to strict governance/change control was essential to maintain good benefits management practices.

**OUTCOMES:** Three years into the adoption of benefits management practices, the organization has realized both success and setbacks.

- One of the core lessons learned is the importance of persistence in achieving the benefits goal. The model is simple, but the key to succeeding with it is the organization's commitment to making the benefits-centric decision-making model the foundation for determining the success of their objectives. There have been several programs that have come through this model and the organization is getting a better handle on forecasting for future programs.
- Another lesson learned is the success met by an iterative approach to implementing benefits practices. This iteration included development of documentation and processes for all stakeholders in the organization. The documentation was then used for training stakeholders. A benefits management professional was assigned to the program team to assist in defining the benefits model, the program road map, and the monitor and control plan.

**NEXT STEPS:** The benefits realization specialist at this organization wants to bring benefits modeling into the portfolio planning phase. This would support decision making about program investments, and a high-level benefits plan—modeled with outcomes and capabilities at the program level—would be handed off to the program manager. Expanding the benefits practices both vertically and horizontally across the organization is the next iteration in implementing the benefits-centric decision-making process. The sustainability phase will focus on end-to-end benefits tracking and a seamless handoff to operations.

*Mr. Davis is an active member of PMI, and has published multiple articles in professional journals and frequently speaks on various topics in project management.*

## QUESTIONS AND ACTIVITIES

### QUESTIONS

to ask during the delivery phase:

- ▶ Have benefits been developed and agreed upon?
- ▶ Have key stakeholders been consulted?
- ▶ Are report structures and benefits monitoring processes in place?
- ▶ Have the benefits been reviewed and updated?
- ▶ Are benefits aligned to the organization's strategic objectives?

### ACTIVITIES

that make up benefits delivery include:

- ▶ Establishing the benefits realization plan that will guide the work through the remainder of the project or program.
- ▶ Defining the key performance indicators and associated quantitative measures required to effectively monitor the delivery of benefits.
- ▶ Establishing the performance baseline for the project or program and communicating performance metrics to key stakeholders.
- ▶ Monitoring the organizational environment (including external and internal factors), objectives, and benefits realization to ensure the project or program remains aligned with the organization's strategic objectives.
- ▶ Initiating, performing, transitioning, and closing component projects and subprograms, and managing their interdependencies.
- ▶ Evaluating risks and KPIs related to financials, compliance, quality, safety, and stakeholder satisfaction to monitor the delivery of benefits.
- ▶ Recording project and program progress and reporting to key stakeholders as directed in the communication plan.

# RESPONSIBILITY FOR BENEFITS MANAGEMENT

One of the reasons organizations fail at—or simply ignore—benefits realization is because they don’t assign, or know to whom they should assign, oversight. Roles and responsibilities become clearer when an organization fully understands the benefits journey throughout the project life cycle and afterward, when outcomes and outputs and the benefits they deliver transfer to the business. (For more information, see Benefits Realization Roles on page 13.)

Almost half of the organizations in our study (46%) said the project manager is primarily responsible during project execution for revisiting the benefits identified in the business case. Nearly two in three organizations (63%) report that project managers are also responsible for communicating with business owners about any benefits-related issues. And, nearly two in five organizations (38%) report that the project manager is primarily responsible for ensuring that project benefits stay aligned to strategic objectives (see Figure 1).

“I think benefits management is so hard to codify because project managers don’t really know if it falls to them or the senior managers or operational teams or someone else, so it disappears through the cracks and isn’t given the attention it deserves,” said Elizabeth Harrin, Director, Otobos Consultants Ltd and creator of *A Girl’s Guide to Project Management*.

Figure 1. RESPONSIBILITY FOR PROJECT BENEFITS MANAGEMENT

Role	Revisiting expected benefits	Communicating benefits-related issues with business owners	Ensuring project benefits stay aligned to organization’s strategic objectives
Project manager	46%	63%	38%
Business owner	14%	n/a	13%
Executive sponsor	14%	9%	19%
Other senior management designee	9%	12%	11%
PMO staff	8%	9%	8%
PMO director	4%	5%	7%
Other	<1%	<1%	<1%
Not done in the organization	5%	2%	3%

Note: Percentages reflect organizations that indicated role is primarily responsible for each activity. Column percentages may not sum to 100% due to rounding.

While the responsibility for tracking, analyzing, and reporting whether projects and programs deliver the intended results doesn't fall on project managers alone, these findings show they have a distinct role in benefits realization management. But the fact that so few organizations hold the project manager responsible for ensuring benefits stay aligned to strategic objectives also suggests a lack of appreciation or understanding that projects are strategic drivers of business success.

"It seems intuitively obvious that the project manager should completely understand the goal of the project in terms of how it will add value to the organization," said Michael R. Wood, Business Process Improvement & IT Strategist Independent Consultant. "In that context, the project manager should be vigilant throughout the project process, continuously evaluating whether the project is on track to deliver to those goals. This goes way beyond *on time* and *on budget*; it speaks to *on purpose*. Project managers should be the primary whistleblowers on projects that they believe will no longer achieve their promised intention, regardless of the money, resources, and time that have been invested to date."

“Project managers should be the primary whistleblowers on projects that they believe will no longer achieve their promised intention, regardless of the money, resources, and time that have been invested to date.”

**Michael R. Wood**

*Business Process Improvement & IT Strategist Independent Consultant*

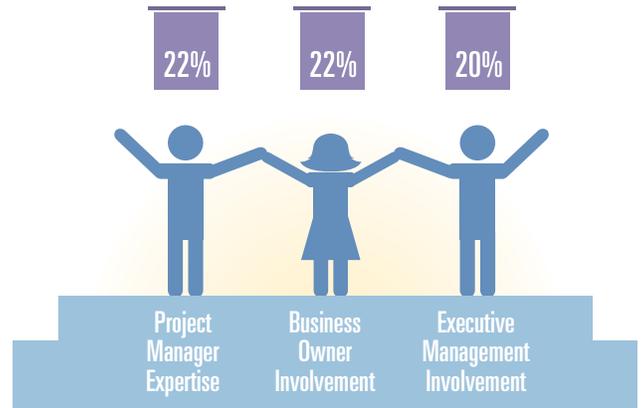
Since many anticipated benefits will not be seen until after the project has been delivered, it's critical to have an owner for ongoing benefits measurement. Assigning an owner puts someone in charge of consciously and deliberately monitoring and measuring benefits. Kevin Korterud, Senior Manager at Accenture, views benefits as a solution process that requires a dedicated function in charge of benefits realization, keeping it separate from delivery. That "owner" works directly with the project manager, and their relationship bridges the responsibility for benefits management, from project execution to operations.

BENEFITS REALIZATION ROLES	
Executive Sponsor	Ensures the project or program produces maximum value for the organization.
Benefits or Business Owner	Takes overall responsibility for monitoring and measuring benefits and ensuring they are achieved.
Project Manager	Leads the team responsible for achieving the project objectives.
Program Manager	Maintains responsibility for the leadership, conduct, and performance of a program.
Portfolio Manager	Establishes, balances, monitors, and controls portfolio components in order to achieve strategic business objectives.

It's this cross-functional team that is better equipped to deliver on business needs—to enable higher levels of benefits realization—as part of a collaborative effort with leadership and business owners from the outset. Everyone contributes to the benefits discussion, helping others understand needs and limitations, so that benefits are supported throughout the project life cycle.

A cross-functional project team that combines skills and leadership levels may be the best assurance that benefits identified in a business case will be realized, but our research didn't elevate any one role or function as being more critical. Instead, opinions were almost evenly split among project manager expertise (22%), business owner involvement (22%), and executive management involvement (20%).

Cultural factors also impact whether benefits realization succeeds—and whether project teams feel empowered to address what needs to change when obstacles exist. Those can include a lack of governance, unrealistic business cases, uncertain or improvable benefits, and no real accountability for benefits management.



“Some view accountability as a control point; however, I feel that accountability is more than that and is part of one’s cultural values or norms. Accountability defines the approach an organization takes to hold people or groups responsible for their performance and their results,” said Craig Curran-Morton, PMP, Mining Project Manager.

“Benefits are not realized simply by using the honor system. It takes a great deal of leadership, effort, follow-up and oversight from all levels to ensure that the organization realizes the expected benefits—and this is where accountability offers its hand.”

Without a value-driven culture, benefits realization is more challenging. And if the C-suite isn't fully committed to the discipline or doesn't appreciate that projects deliver business value, project managers and other stakeholders may have to assume more responsibility to encourage benefits management.

“It would be nice but naive to think that people would always proactively work to deliver on the results that were laid out in the business case and that those results would always be achieved,” added Mr. Curran-Morton. “Benefits are not realized simply by using the honor system. It takes a great deal of leadership, effort, follow-up, and oversight from all levels to ensure that the organization realizes the expected benefits—and this is where accountability offers its hand.”

**Craig Curran-Morton, PMP**  
Mining Project Manager

# TOOLS AND PROCESSES DURING PROJECT EXECUTION

In addition to a supportive culture, successful benefits realization management requires tools and processes to identify benefits, manage them during project execution, transfer them to the business, and track achievements against the business plan. Organizations with high levels of benefits realization maturity make the necessary investments. They have prescribed processes, standardized documentation, and routine reporting requirements, all of which contribute to higher returns on investments, according to our research, which revealed the following:

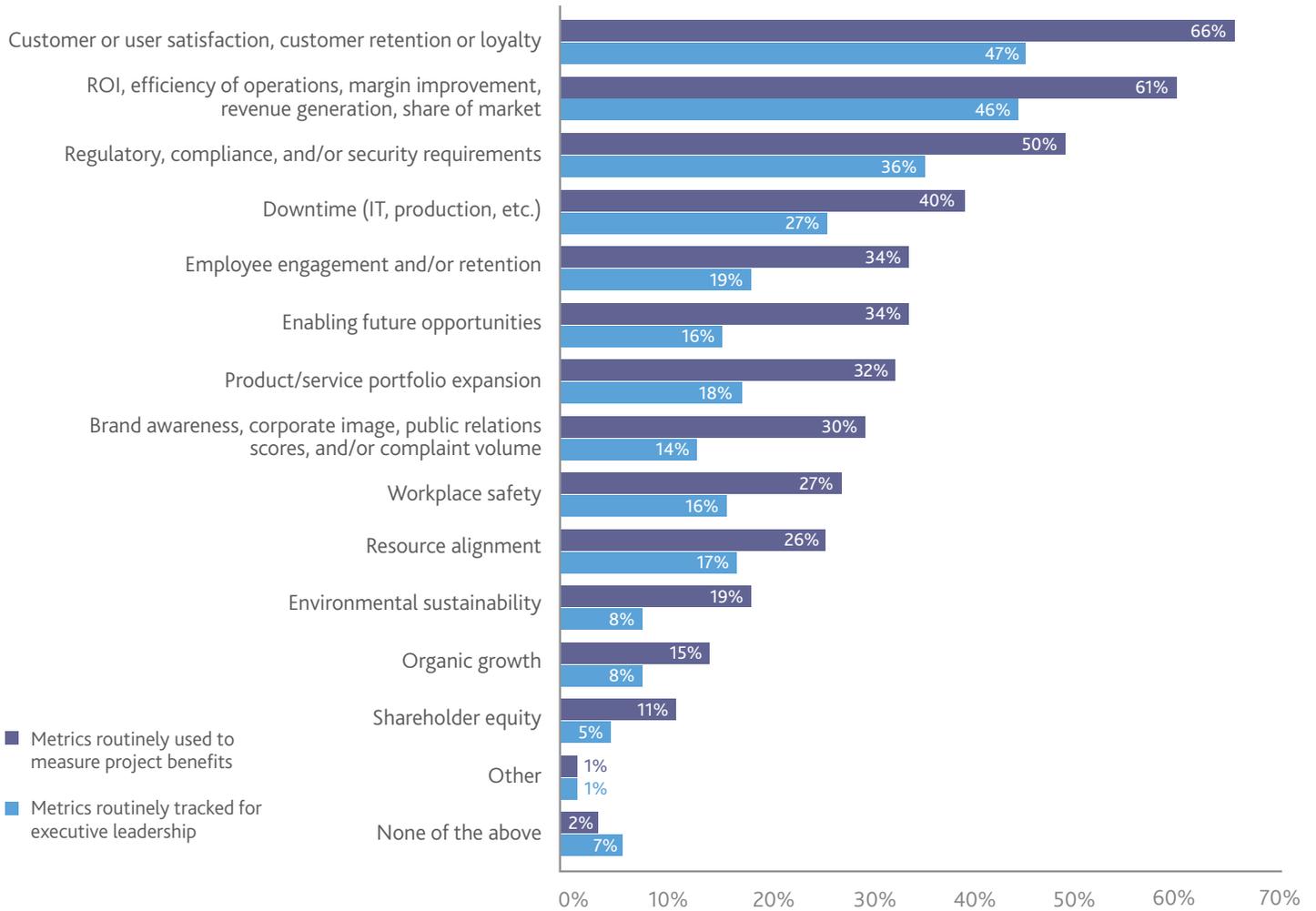
- When organizations have fully prescribed processes, an average of 38 percent more projects meet or exceed forecasted ROI (61% versus 44%).
- When organizations have fully standardized documentation for reporting benefits realization metrics, an average of 19 percent more projects meet or exceed forecasted ROI (56% versus 47%).
- When organizations fully receive information about project performance against identified metrics, an average of 28 percent more projects meet or exceed forecasted ROI (60% versus 47%).

The need to identify and track benefits-specific metrics throughout the project life cycle cannot be overemphasized. The right metrics produce real-time insight into whether a project is on course, enabling corrective action when necessary. Certain metrics also provide executive leaders with the data they need to assess KPIs, which, in turn, help determine whether strategic goals will be achieved. If not, leadership has an opportunity to redirect investments or even kill a project.

But too few organizations recognize that benefits-related metrics data is a decision-making tool for leadership. Our research finds gaps between the percentage of organizations that use metrics to measure benefits and the percentage that routinely track metrics for executive leaders (see Figure 2). This divide likely factors into why leadership doesn't always fully appreciate that projects deliver on strategy—and why we continue to see declining project success rates.

The right metrics  
produce real-time  
insight into whether  
a project is on course,  
enabling corrective  
action when necessary.

Figure 2. METRICS USED TO MEASURE AND TRACK PROGRESS



Measuring the progress of benefits throughout the project life cycle can also guard against scope creep. Any deviation from the original plan can be factored into benefits assessments—especially if changes threaten benefits realization. Benefits management helps organizations to stay focused on why the project was initiated in the first place. And it doesn't stop after the project ends, like traditional project management—it continues until all benefits are clearly achieved. Organizations can use the same project planning framework, but build in benefit-specific milestones, establish accountability, and set up appropriate communications systems. Done this way, benefits management can be a smart addition to a comprehensive project management plan.

The Axiell Corporation is managing the scope of a US\$40 million project by clearly defining benefits and establishing accountability for achieving them, according to CIO Dwain Wilcox. He explained that shifts in design and execution are being managed, because even the smallest deviation can affect benefits. "As we see elements that would contribute to scope creep, we address them in the risk management profile, because scope creep is affecting the outcome of the project or the budget or resources; it is truly a risk that has to be managed," Wilcox said, adding that he believes organizations have to find a way to classify projects by size or scope to determine the right benefits realization tracking and outcomes to pursue.

# CONCLUSION

Benefits realization management can help close the gap between strategic planning and execution by ensuring the implementation of an organization's most valuable initiatives. Since all strategic change is delivered through projects and programs, we see that having a greater awareness about the benefits they deliver is paramount.

As we see in this report, the key components of benefits realization management during project execution are monitoring, measuring, and reporting. Once a project or program moves into the execution phase, the team and the necessary resources need to be in place and ready to perform with the intended benefits in mind. To fully execute benefits management, the organization must minimize risks to future benefits, while maximizing opportunities to gain additional benefits. While we continue to see that many organizations aren't mature with those activities, our research offers a number of insights to help them capture the expectations of their investments:

**SUPPORT the role of project managers** in benefits realization management.

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**ENGAGE cross-functional teams** to fully realize benefits.

---

**PROVIDE the right tools and processes** to monitor and measure benefits.

Maintaining a clear focus on expected benefits and the responsibilities that exist before, during, and after project execution is essential. And, because benefits realization management can influence project and strategic success, we believe it's time for organizations to establish an owner for ongoing benefits measurement. That person maintains the focus while ensuring the benefits are sustained and that whatever the project or program produces continues to create value.

That ongoing sustainment will be the focus of our next report, which will include monitoring the performance of benefits and ensuring continued realization of the benefits. This view of benefits realization managing is aimed at helping organizations better determine whether they are directing their project and program investments wisely and in a manner that will achieve strategic goals.

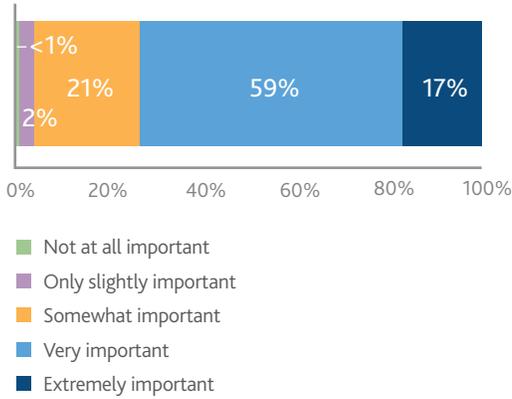


FOCUS ON BENEFITS DURING PROJECT EXECUTION

# APPENDIX

# APPENDIX

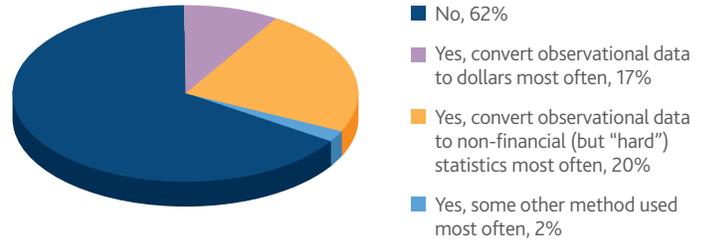
**Q: How important do you feel it is to attempt to quantify intangible project benefits?**



*Note: Percentages may not sum to 100% due to rounding*

**Q: Does your organization routinely quantify intangible project benefits?**

**Q: If yes, which method of quantification is most often used?**



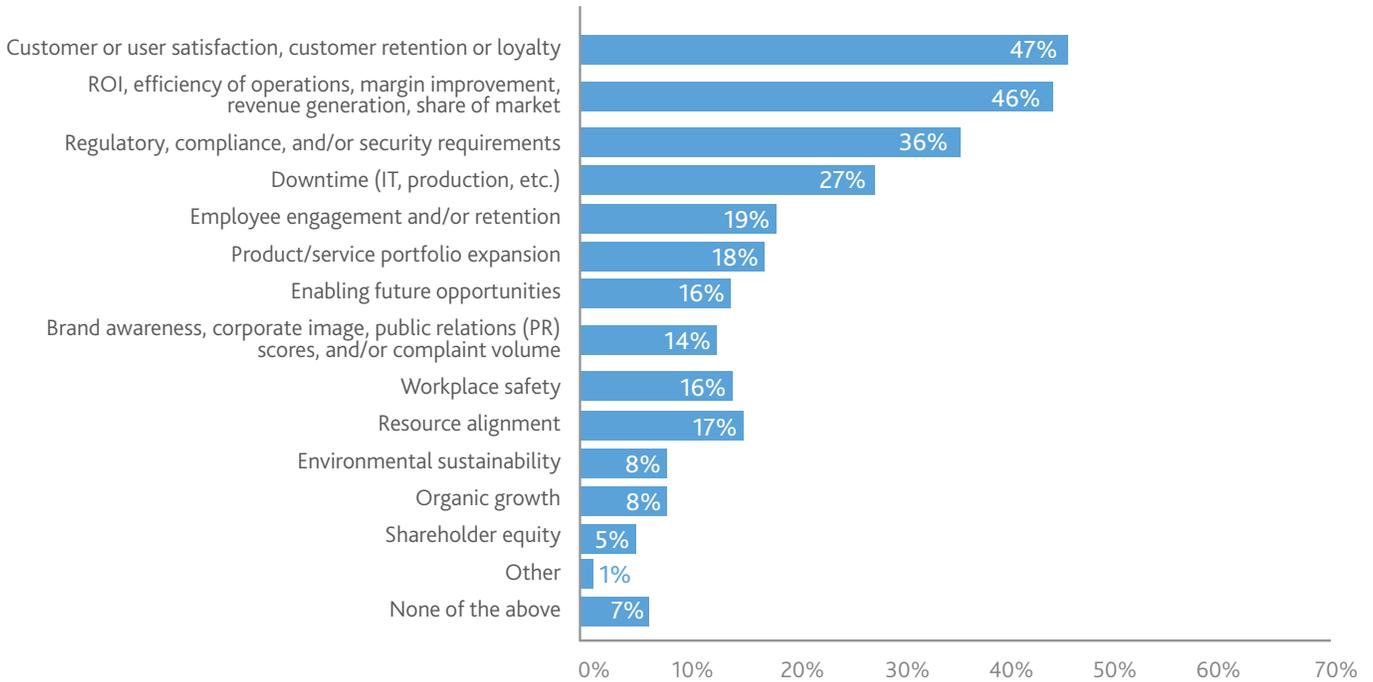
*Note: Percentages may not sum to 100% due to rounding*

**Q: During project execution, which of the following metrics are routinely used to measure project benefits in your organization?**

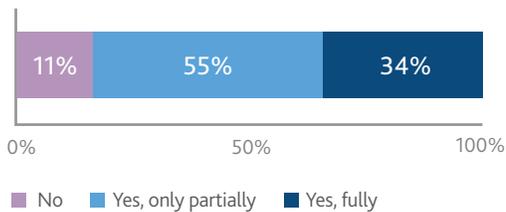


# APPENDIX

**Q: During project execution, which of these metrics do you routinely track for your organization's executive leadership?** (Base: Any metric is routinely used to measure project benefits.)

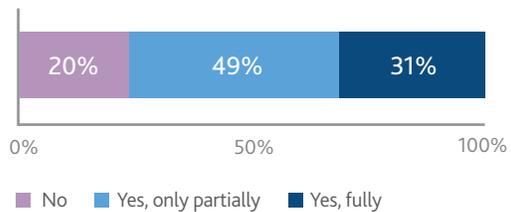


**Q: During project execution, do you routinely receive information about project performance against the identified metrics?**



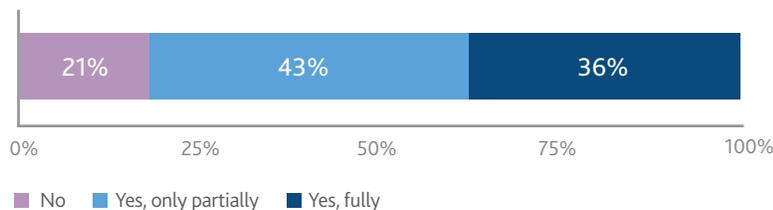
*Note: Numbers may not sum to 100% due to rounding*

**Q: During project execution, do you have a prescribed process for reporting project benefits realization?**



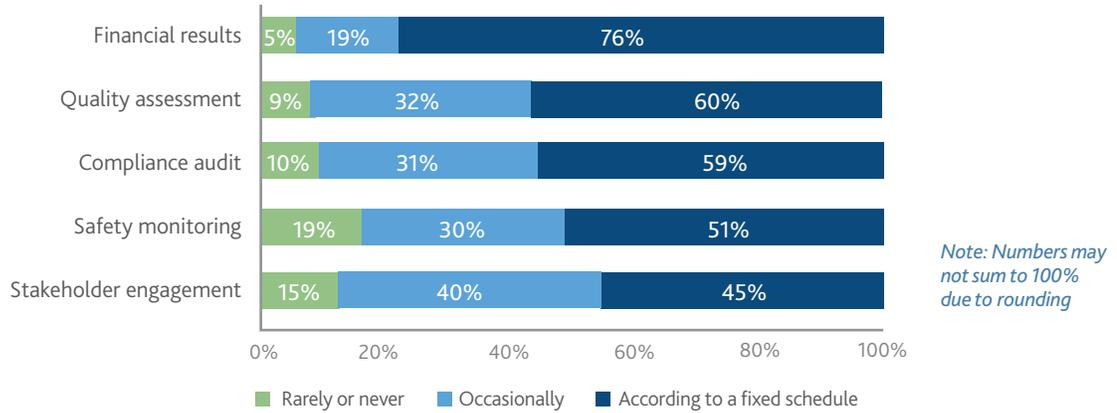
*Note: Numbers may not sum to 100% due to rounding*

**Q: During project execution, do you have standardized documentation (for example, report templates) for reporting project benefits realization metrics?**

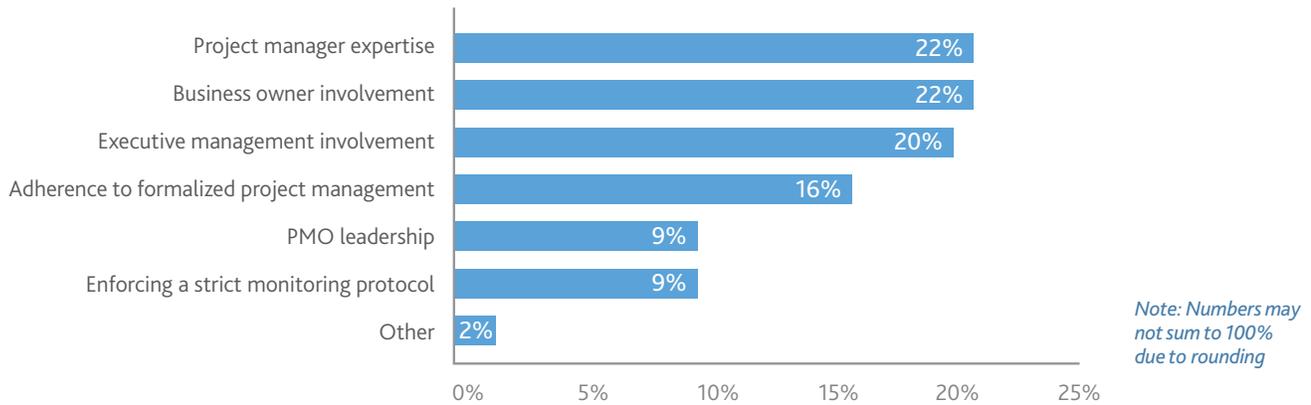


*Note: Numbers may not sum to 100% due to rounding*

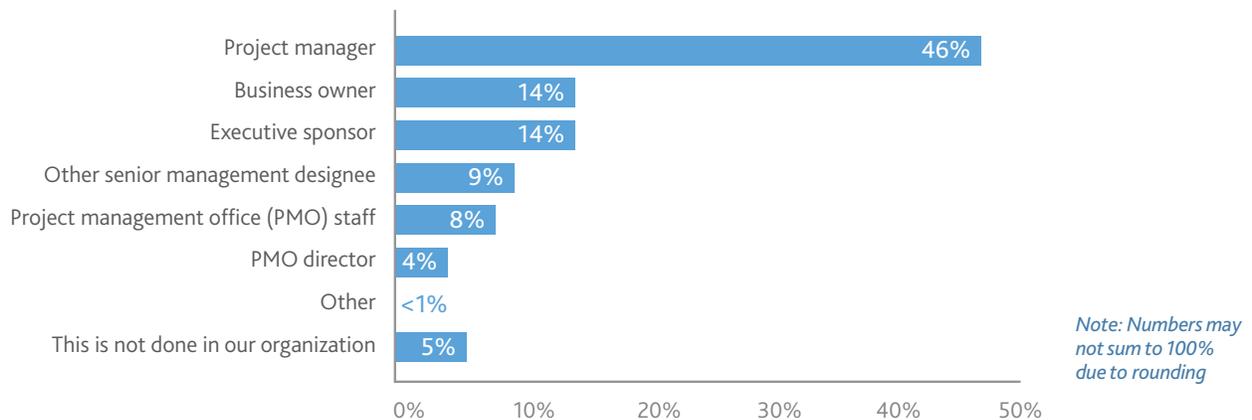
**Q:** For projects of US\$1 million or more, with what frequency is each of the following types of benefits monitoring conducted within your organization? (Base: Organizations that have projects with budgets of US\$1 million or more.)



**Q:** During project execution, what do you consider to be the most effective factor ensuring that the benefits described in the business case of a project or program are actually realized?

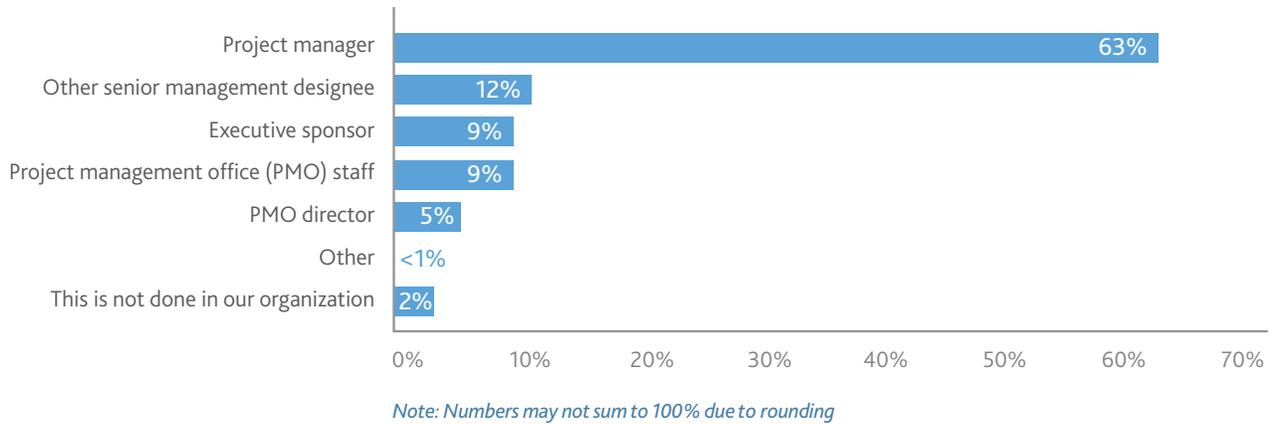


**Q:** In your organization, who is primarily responsible for revisiting the expected benefits during the execution of the project?

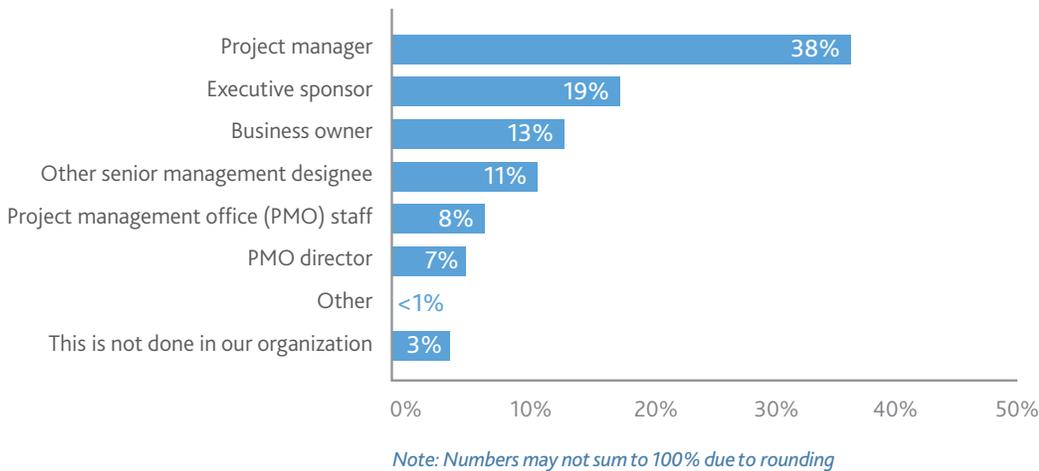


# APPENDIX

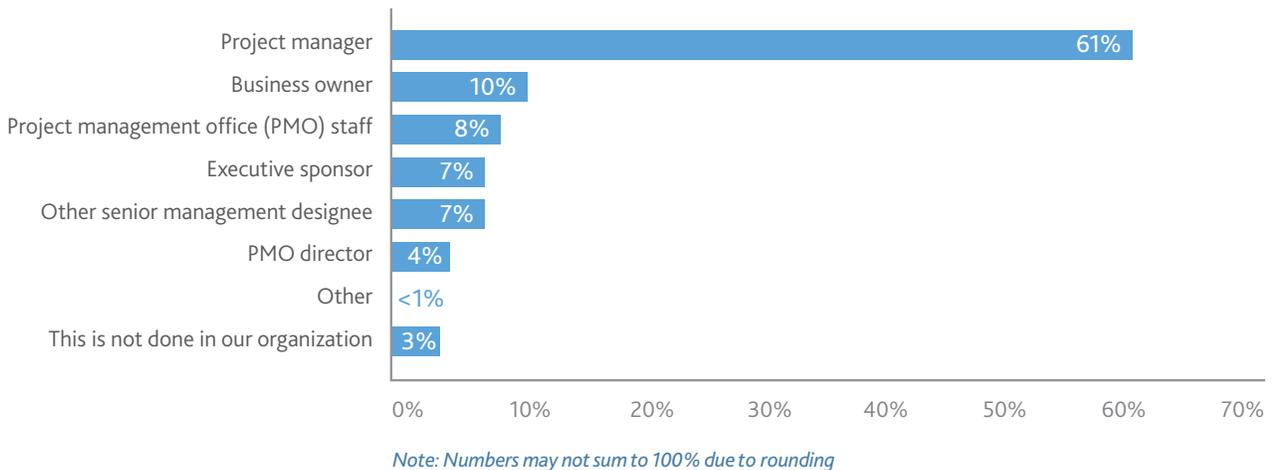
**Q: Who is primarily responsible for communicating with business owners and keeping them informed about benefits-related issues during project execution?**



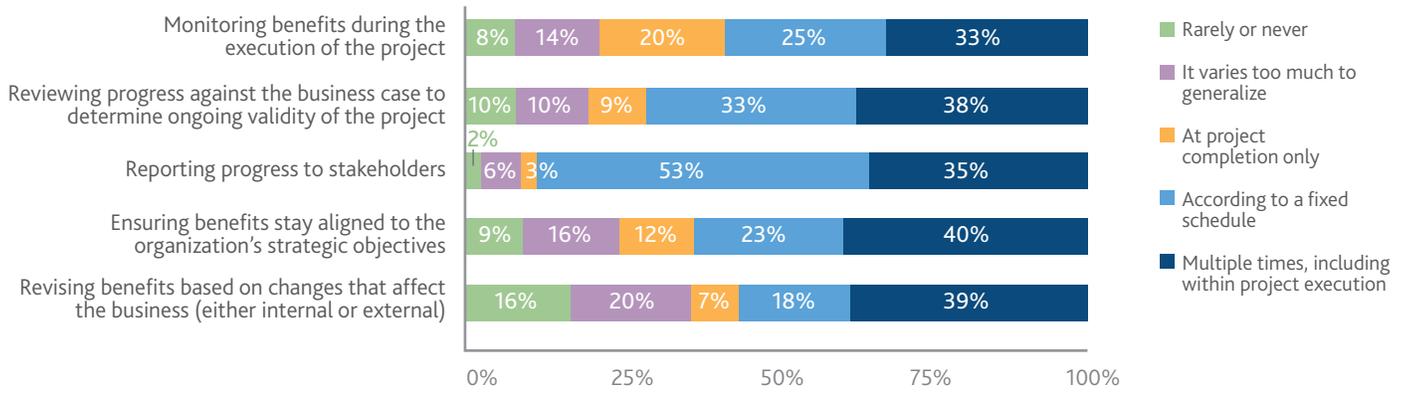
**Q: Who is primarily responsible for ensuring that project benefits stay aligned to the organization's strategic objectives during project execution?**



**Q: Who is primarily responsible for reviewing progress against the business case during project execution?**

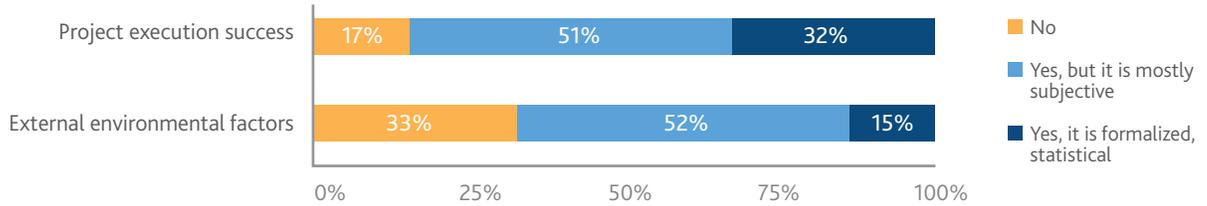


**Q: How frequently is each of the following done during project execution?**



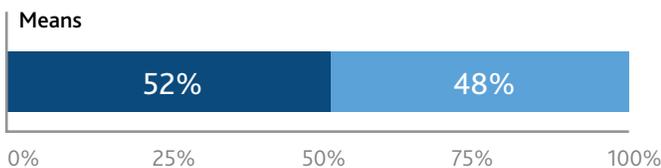
Note: Numbers may not sum to 100% due to rounding

**Q: Once the project is completed, does your organization have a methodology for assessing the relative contributions of (a) project execution success and (b) external environmental factors, such as a spike in demand?**

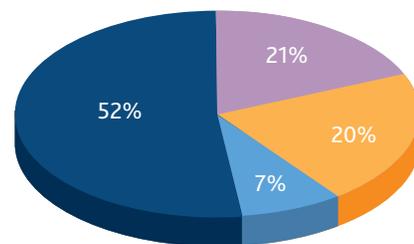


Note: Numbers may not sum to 100% due to rounding

**Q: What do you believe is the relative importance of these two factors in determining project success, overall?**



**Region**



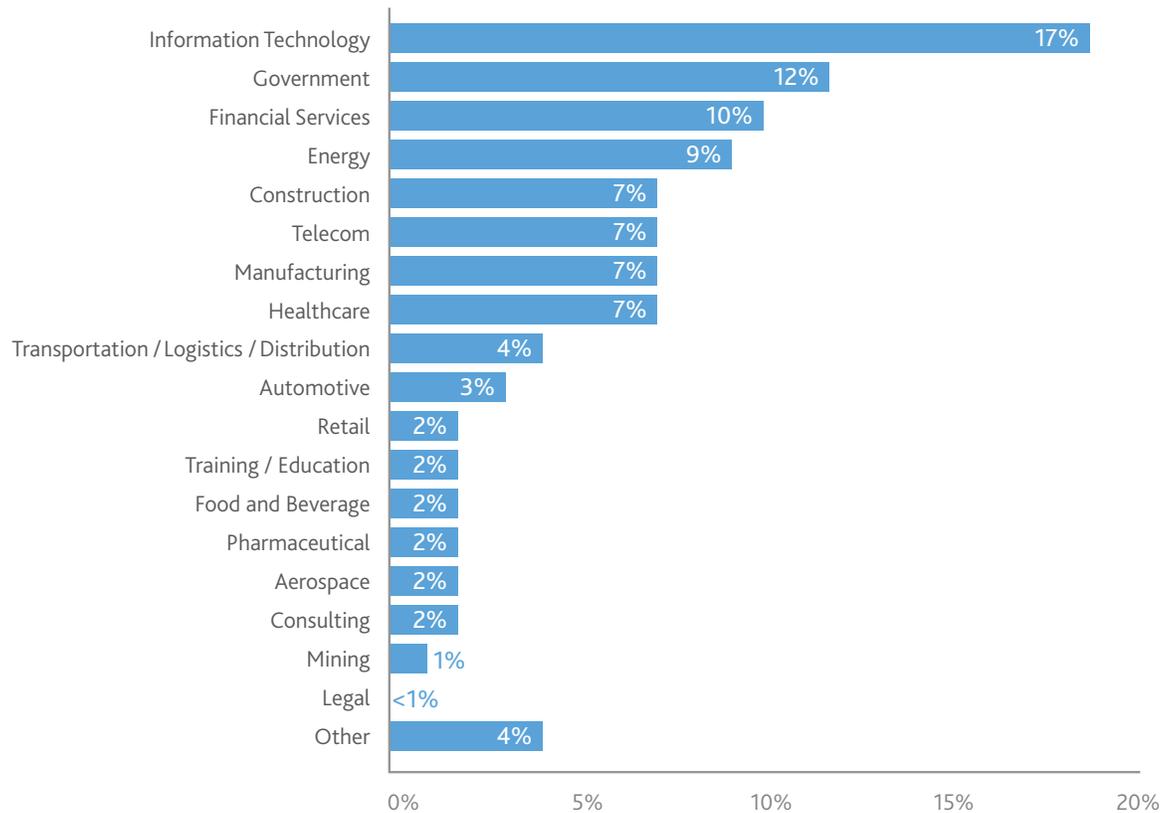
- Delivering the project as specified within estimated time and budget (i.e., project outputs)
- Delivering project benefits as envisioned in the business case (i.e., project outcomes)

- North America
- EMEA
- Asia Pacific
- Latin America and Caribbean

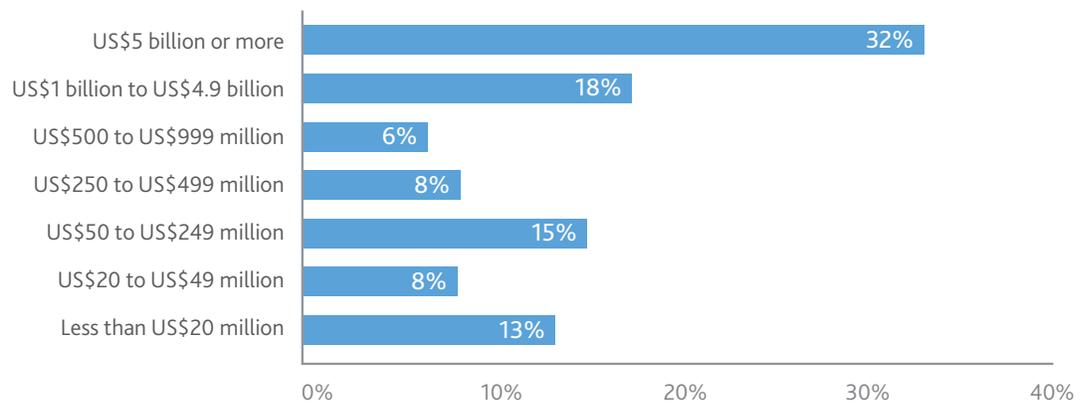
Note: Percentages may not sum to 100% due to rounding

# APPENDIX

Q: Please select the term that best describes the primary focus of your organization.



Q: Which of these includes the total annual revenue of your organization (US\$)?



## Resources

- Curran-Morton, Craig. *Accountability: A Key to Benefits Realization*. ProjectManagement.com., October 2015.
- Harrin, Elizabeth. *Tools and Roles for Benefits Realisation Management*. ProjectManagement.com, June 2015.
- Wood, Michael. *Benefits Realization: Something to Think About*. ProjectManagement.com, October 2015.
- Capturing the Value of Project Management through Decision Making*. Newtown Square, PA: Project Management Institute, 2015.
- Pulse of the Profession®: The High Cost of Low Performance*. Newtown Square, PA: Project Management Institute, 2016.
- The Standard for Program Management—Third Edition*. Newtown Square, PA: Project Management Institute, 2016.
- The Strategic Impact of Projects: Identify Benefits to Drive Business Results*. Newtown Square, PA: Project Management Institute, 2016.



We ask you to join us to “Strengthen the Conversation” around the benefits and value of project and program management. As we continue our year-long journey on benefits realization management, our final in-depth report and Thought Leadership Series will provide insights into the following critical questions:

- How can organizations sustain benefits after delivery?
- What practices are used to monitor performance of benefits and ensure continued realization of the benefits?
- Who is responsible and accountable for managing benefit?
- How can organizations better link benefits to strategy?



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