



PMI's

PULSE *of the*
PROFESSION[®]

In-Depth Report

Beyond the Project
Sustain benefits
to optimize
business value

ABOUT THIS REPORT

PMI's *Pulse of the Profession*® research on benefits sustainment was conducted in late May and early June 2016 among 1,112 project management professionals. Additional in-depth interviews were conducted with senior executives and PMO leaders to gain deeper insight into how various roles and responsibilities align with benefits realization management to sustain benefits.





Realizing Project Benefits

We don't do projects just because we can. We do projects because they are supposed to add value to our organizations—they advance our strategies and make us more competitive.

But how much value they add depends on whether our projects deliver their intended benefits. In fact, even if projects are completed on time and on budget, some of them still do not deliver benefits that the business can sustain beyond the project close. When that happens, organizations are left asking: What was the real value of our investment? Did we just waste too much time and money?

As part of a comprehensive project management practice, focusing on benefits realization ensures that projects and programs add lasting value to the enterprise. Mature capabilities help organizations reduce project failure rates and related financial losses. If we think of projects as the vehicles that deliver benefits, then benefits realization management is the chauffeur—ensuring that projects stay on the right route to the expected destination.

With only 17 percent of organizations reporting high benefits realization maturity in our research, we are left wondering how executives determine the business value of their projects and programs. Are they truly just assuming they got what they expected? If so, it is time to focus on benefits realization management as a central component of project and program management—otherwise, organizations are leaving their strategy to chance.

Over the past year, PMI has been researching benefits realization management, beginning with two *Pulse of the Profession*[®] in-depth reports that look at the importance of identifying benefits at the start of a project and monitoring benefits throughout the project's life cycle.

In this third report in our benefits realization series, we turn our attention to sustaining benefits after a project's transition to operations. While too few organizations do it, those that do report a greater return on their investments. They have proof that their investment in projects and programs has delivered the benefits that will advance their organization's strategy. Read on to find out how you can get that proof for your own organization.

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

Measurement Versus Accountability: Understanding the Balance

By Robert Phillips, *Expert in Communications, Public Leadership, and Trust*



Mr. Phillips is the co-founder of Jericho Chambers, the author of *Trust Me, PR is Dead* (Unbound, 2015) and a visiting professor at Cass Business School, London

A tendency to focus on narrow goals has impeded accountability to the greater good. In an era of globalization and great political fragility, now is the time to concentrate on outcomes rather than outputs, and on benefits for society as a whole.

Long-term benefits for all should trump the competitive individual or organization. Better accountability models need to speak to the networks of the new normal, not prop up old, crumbling hierarchies—bastions of command and control. This is as applicable to a single organization as it is to a nation-state.

An obsession with measuring everything has squeezed the life out of leadership and imposed unhealthy managerialism upon the world. As author Margaret Heffernan notes, “We measure everything except what counts.” We all seek more meaningful lives, yet in the workplace we increasingly risk being judged as little more than “bad robots” if we don’t measure up to a certain set of standards. At the same time, technology and automation march on with unstoppable momentum. The better robots will most likely win, unless we re-think and re-set the goals and objectives along more human lines.

The world’s measurement obsession is not, therefore, a healthy one. It fosters a culture of rules and compliance, not values and ideas. It enforces control rather than liberates people to collaborate and innovate.

Sensible, pragmatic management is, of course, essential to the smooth running of any organization but, as Professor John Kotter points out, management is still not leadership. Measurement may support short-term order and near-horizon objectives and delivery, but leadership allows the freedom for people to envision and then negotiate change over the longer term.

To realize and better communicate benefits, we must first better understand to whom we are accountable and why. CEOs would do better to work with all levels of the organization to focus on this, rather than obsess about the measures of profit maximization and shareholder value. Benefits should be articulated accordingly—with human understanding and empathy and a focus on values and the human organization.

So what does this all mean to the conversation about benefits realization management (BRM)? It is essential to stay focused—but on outcomes, not just outputs. While companies measure their success—their ROI—they will be well-served by putting even more emphasis on the less tangible-benefits of customer and human value. Consider what those measures mean to customers and the greater contributions—or detriments—business delivers to the community.

That is why PMI can lead the charge on BRM. Communicating honestly and openly around purpose and ambition will help shift the world from one of blind measurement to one of accountability.

It will be worth the effort, for sure.

Communicating honestly and openly around purpose and ambition will help shift the world from one of blind measurement to one of accountability.

INTRODUCTION

Benefits Management Enables and Sustains Business Performance

By **Iain Fraser**, *PMP, PMI Fellow*

Organizations have been wrestling with the notion of benefits management for almost two decades. Despite this, there is neither a universal view on benefits management nor an ideal path to ensuring that investments deliver the maximum value. However, research such as this helps us see that benefits management can be a sustainable path toward reaching and maintaining a higher level of organizational performance.

The integration of planning, measuring, and reporting is vital to the achievement of ongoing success. We already are aware that all initiatives need to have approved business and project objectives, commitment from all involved, good communication and information flow, the right resources at the right time, and an effective framework and methodology. But we need to do more.

It's critical for organizations to continue to focus on aligning their strategic goals and objectives toward better outputs from programs of work, related projects, and other projects. These outputs, in turn, are the catalysts for deriving outcomes—or the benefits that are captured, confirmed, and sustained.

This research should encourage organizations to sustain those benefits beyond project close and presents some fantastic opportunities for the project, program, and portfolio management profession to:



The profession has a marvelous opportunity to advance and sustain the notion of benefits management on behalf of the organization and drive higher value returns against planned and aligned investments.



The profession must collaborate and form partnerships with executives, line managers, and others as necessary to make sure that the ongoing sustainability of benefits management maintains a level of value to the organization that each person can relate to. To achieve this, though, requires the right people with the right skill sets and a supportive culture.

Let's help organizational leaders shift their thinking to a higher and more sustainable level of performance. And, let's not miss this golden opportunity to add tremendous value to our respective organizations by embracing, leading, and sustaining a higher value contribution via benefits management.

Remember to keep it relatively simple though!

Mr. Fraser has over 30 years of global business experience from a variety of sectors, including banking/finance, defense, government, oil and gas, power, telecommunications, and technology. He is globally known for his expertise and insights on leveraging benefits from project management for business advantage. A past chair of the PMI Board of Directors and recently retired as a CEO, he is now a consultant, author, and international speaker.



This report is the third in our series on benefits realization management that we have delivered this year to highlight the following practices central to this 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 opportunities to gain additional benefits
[\(Delivering Value: Focus on Benefits During Project Execution\)](#)

SUSTAIN BENEFITS:

to ensure that whatever the project or program produces continues to create value
(Beyond the Project: Sustain Benefits to Optimize Business Value)

We will conclude 2016 with our annual [Thought Leadership Series](#), which will look at benefits realization across all levels of the organization—from the C-suite to the business owner.

KEY RECOMMENDATIONS

Benefits sustainment—the post-project phase of the benefits realization cycle—ensures that whatever the project produces continues to create value once those outputs and outcomes transition back to the business. It's a way for organizations to realize a greater return on their investments, but it doesn't happen by chance.

Organizations that invest in benefits realization management (BRM)—from benefits identification to project execution to benefits sustainment—approach it as a discipline. It requires tools and resources; cross-functional teams and leadership; and a commitment to monitoring and measuring whether an organization is on track to achieve the intended benefits and realize the highest possible return on its investment.

To better understand how organizations approach benefits sustainment, we surveyed 1,112 project management professionals, and conducted in-depth interviews with senior executives and PMO leaders. The research reveals that organizations with more mature BRM practices carry out distinct activities for project transition and benefits sustainment. This leads us to recommend the following:



Invest in BRM—*it's worth the effort.*

Organizations with high BRM maturity invest in the discipline and establish its value organization-wide. They build a strong foundation of tools, resources, and cross-functional teaming to achieve and sustain benefits. They also target benefits that align with strategic goals and monitor and measure progress against the benefits during project execution and beyond. As a result, these organizations:

- Waste significantly less money due to poor performance; specifically, US\$112 million less for every US\$1 billion invested in projects and programs
- Achieve better project performance and realize the expected benefits at higher rates; on average, **50% more** of their projects meet original goals and business intent



Stay focused on benefits — *it's essential.*

Organizations that commit to the transition and sustainment activities highlighted in this report perform better. The activities are key to maintaining a benefits focus from project inception to project close, and have a measurable impact:

- Organizations that commit to carrying out the activities exhibit higher benefits realization management maturity than other organizations, and experience **69% more** projects that meet or exceed forecasted ROI



Communicate cross-functionally—*it's vital to success.*

Organizations that are more mature with BRM ensure they sustain benefits over time by establishing clear communication and encouraging robust dialogue among project managers, project teams, business owners, and executive sponsors and other leaders. These organizations also establish a benefits-driven culture to ensure benefits are realized and sustained over time. In addition, among organizations more mature with BRM:

- **92%** make project teams aware of the success or failure of benefits after the project ends and outputs and outcomes are delivered to the business
- **77%** make their project teams aware of unanticipated benefits



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.

INVEST IN BRM TO ENSURE CONTINUOUS GAINS

The ability of projects to deliver what they set out to do—to produce the outputs and outcomes that enable business benefits—is just as important as whether they come in on time and on budget. In fact, it may be more important, because the ability to support benefits realization is what makes projects strategic to business success and reinforces that all strategic initiatives are projects and programs.

Organizations with high BRM maturity see an average of **50% more** projects meeting original goals and business intent

The work *after* the project—the benefits sustainment phase—is just as vital as the work during the project. It requires the same attention, including leadership support, as project-level activity. It also requires a commitment to monitoring and measuring progress—and responding to any problems that interfere with benefits realization.

THE BENEFITS SUSTAINMENT PLAN



GETTING STARTED

The benefits sustainment plan defines how the responsibility for sustaining the benefits passes within the organization.



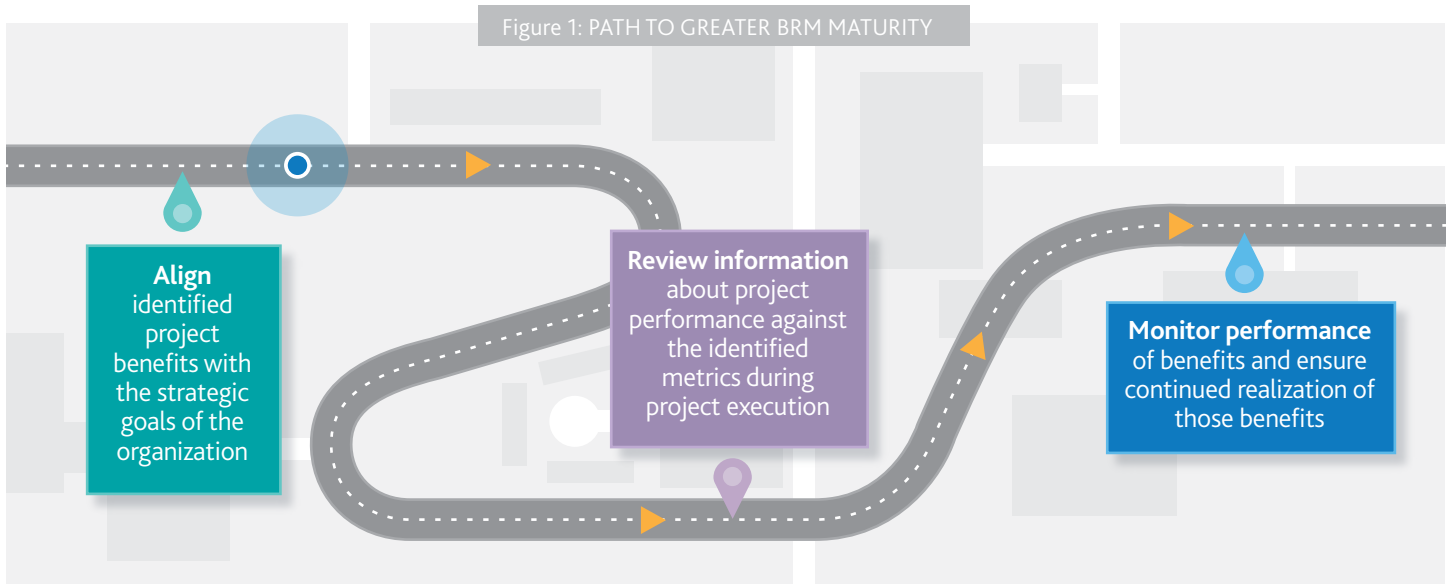
HOW TO USE IT

Benefits sustainment identifies the processes, measures, metrics, and tools necessary to ensure the continued realization of the intended benefits.

Proactively sustaining benefits ensures that whatever is produced continues to create value long after the project close—it's an essential part of benefits realization management. In fact, according to our research, organizations with high BRM maturity see an average of 50 percent more projects meeting original goals and business intent, compared to those with low maturity.

Thus, BRM is a way to confirm that projects and programs deliver strategic value to the business. The discipline helps organizations invest in the right projects at the right time with the right resources, effectively closing the gap between strategy and execution. As noted earlier, organizations with mature BRM practices waste US\$112 million less for every US\$1 billion invested in projects and programs.

These organizations follow a path to greater benefits realization maturity, which includes aligning identified project benefits with the strategic goals of the organization, measuring project performance against the identified benefits during project execution, and ensuring the continued realization of benefits post-project (see Figure 1).



Importantly, BRM gives insight into whether or not the project is worthwhile. “It’s one of our key measures of success,” said Vivienne Mitchell, Program Director at Australia and New Zealand Banking Group Limited (ANZ Bank). “It helps us understand what the benefits are and then, track against them. We can prove the track record and we can prove the investment that we have in the project is valuable. It keeps us honest.”

And there’s a growing interest in the discipline, which has been a topic of conversation—and often frustration—as no single approach is upheld as the ideal. Despite that, our research shows that a majority of organizations (69%) consider it important to invest in resources to advance their BRM maturity. They recognize the connection to achieving their strategic goals.

BRM ensures a higher level of benefits are realized, which, in turn, justifies project investments. This dependency reinforces the need for organizations to implement BRM and the specific activities that can establish it as a discipline—and a valued management approach. Those who do it well prioritize investments in supporting tools and resources and establish metrics and monitoring protocols, especially during the sustainment phase where benefits management often declines. They also recognize that even though benefits are realized on the business/operations side of the organization, benefits sustainment is a shared responsibility that should include the project team.

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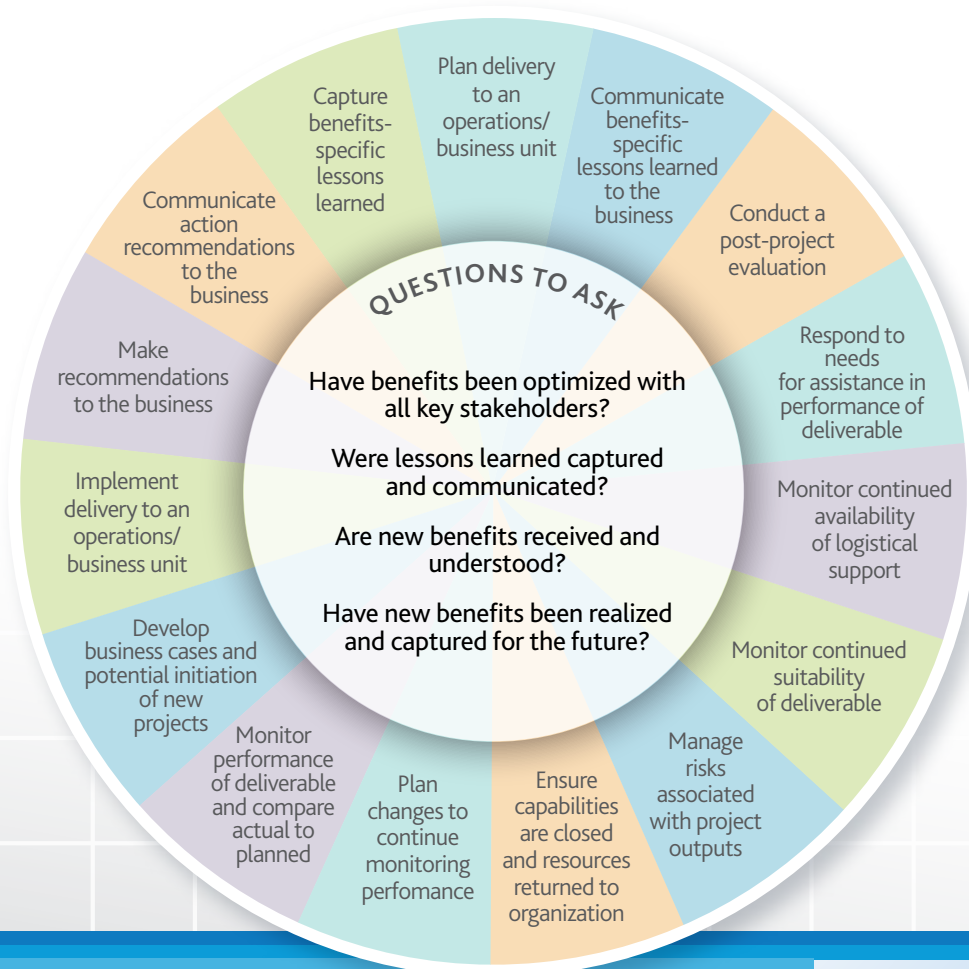
STAY FOCUSED ON BENEFITS BEYOND THE PROJECT

Once a project ends, its outputs and outcomes enter the transition and sustainment phases, which is an especially challenging part of benefits realization management. During that time, the project team hands off its deliverables to the business owner and operations team, who have the responsibility to stay focused on the associated benefits over time—often for a considerable period.

Organizations with more mature BRM practices prepare for benefits sustainment long before it happens. From the start of a project, according to our research, they follow the path to greater BRM maturity and ensure key transition and sustainment activities are performed.

The essential activities in the sustainment phase, as outlined in Figure 2, often require organizations to redefine and reorder benefits roles and responsibilities after the formal transition when benefits sustainment is largely an operations responsibility. The activities also require a commitment to ongoing communications; monitoring and measuring benefits progress; managing risk; and identifying—and acting on—product or service shortcomings and future improvements.

Figure 2: THE ACTIVITIES OF BRM MANAGEMENT

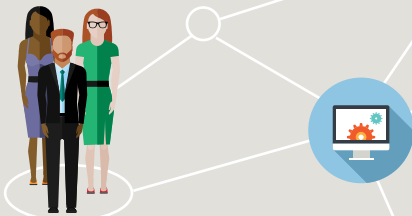


The transition of project deliverables to the business owner and operations is especially important. This is when project teams have an opportunity to share information about how the deliverables can reach full operational status. They can—and should—share any information that could impact the user experience and potential business value of the relative products, services, or change factors. That typically includes information captured during project execution, such as changes in requirements, potential user challenges (for example, with new software), and issues that should be elevated for immediate attention so they don't impede future benefits. Such insight will help business owners monitor progress or identify why they aren't achieving expected results and make revisions as needed.

The transition also establishes a two-way dialogue around benefits sustainment, regardless of when the benefits will be realized. The goal is to facilitate ongoing knowledge sharing as well as knowledge transfer, including those lessons learned that could impact future deliverables.

THE EFFECTIVE TRANSITION OF PROJECT DELIVERABLES TO BUSINESS OWNER AND OPERATIONS

- Provides project teams the opportunity to share information about how the deliverables can reach full operational status
- Establishes two-way dialogue around benefits sustainment, regardless of when the benefits will be realized
- Facilitates ongoing knowledge sharing as well as knowledge transfer, including lessons learned that could impact future deliverables



And while the transition and sustainment activities may seem extensive, it's important to note that they are examples of good business practices across any part of an organization. They do not pertain to any one project management methodology or approach and allow a great deal of flexibility in how organizations implement them.

The good news, according to our research, is that a significant percentage of organizations are willing to invest in these activities and are already doing some of them well. Notably, 80 percent and 74 percent of survey respondents, respectively, indicate that they formally plan and implement the delivery of outputs to an operations or business unit. In addition, 64 percent monitor performance of deliverables, and 62 percent respond to needs for assistance with or improvements to deliverables.

But more work is needed, as almost half of organizations fall short of other crucial project transition and sustainment activities, as outlined in Figures 3 and 4 (see following page). Without greater commitment and investment, the organizations will fall short of realizing their potential to reach a high level of BRM maturity.

Those that make the investment and carry out all of the recommended activities experience an average of 69 percent more projects that meet or exceed forecasted ROI. And while that return reflects monetary investments, it is bolstered by numerous intangibles in efficiency and effectiveness, especially customer satisfaction.

Figure 3: TRANSITION ACTIVITIES: DELIVERING COMPLETED PROJECTS TO THE BUSINESS

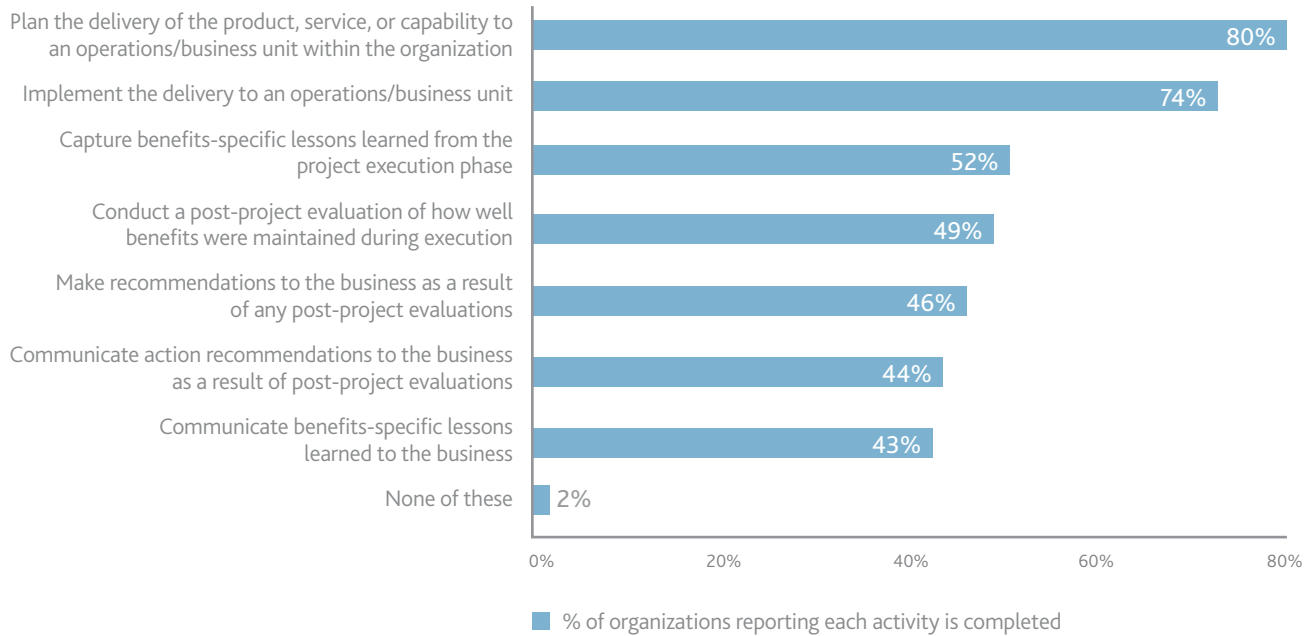
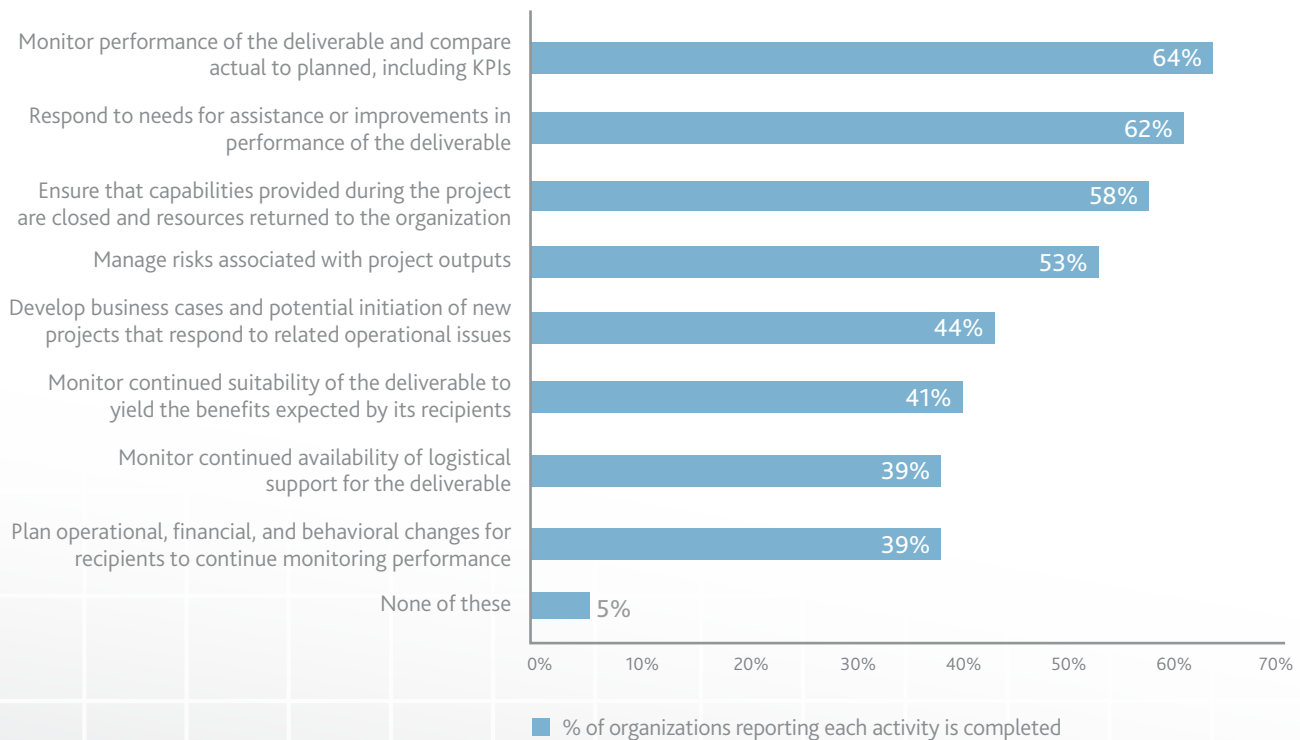


Figure 4: SUSTAINING ACTIVITIES: SUSTAINING BENEFITS AFTER DELIVERY OF THE PRODUCT, SERVICE, OR CAPABILITY



The importance of these transition and benefits sustainment activities is acknowledged by organizations that are committed to BRM. Mary Joseph, PMO Director at Harman International Industries, Inc., said the activities help her project teams become the user's partner and "get a seat at the table with the decision maker. Without that, we are going to be order takers," she said. "We have to show the value of what we do and that we are not just some enabler."

The Role of the EPMO with BRM

The role of the enterprise-wide PMO (EPMO) in organizations continues to be a topic of great interest to project management professionals. As organizations mature their project, program, and portfolio management practices to better align work with strategic goals and to place a focus on confirming and realizing value from organizational investments through effective benefits realization management, the EPMO has many opportunities to capitalize on as a leader and significant contributor to advancing critical topics, such as the notion of value management.

We see from the 2016 *Pulse* report that organizations with high benefits realization maturity are nearly twice as likely to report having an EPMO and that organizational performance tends to track higher. This puts the EPMO in the ideal position to fully embrace value management and the related benefits capturing. The data from this research points to the opportunity for the EPMO to mature the role of helping organizations align their strategic goals and objectives to better outputs from programs of work and related projects. These outputs, in turn, are the catalysts for deriving outcomes—benefits that are captured and confirmed. This is a fantastic opportunity for EPMOs and for the profession, as currently there is confusion around responsibility and even authority.

EPMOs can be the champions of benefits on behalf of every organization. Embracing the constructing, comparing, confirming, and concluding of benefits from each investment can assist greatly in bringing integrated performance data to the level of the organization's structure that's appropriate. Thereby, EPMOs can add much more value to the organization.

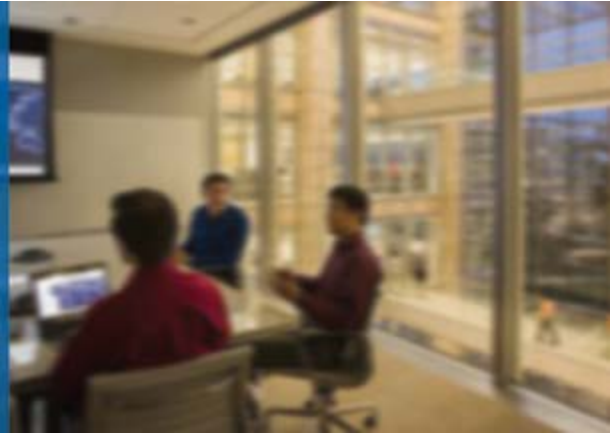
– Iain Fraser, PMP, PMI Fellow

"It is a central tenet of the Benefits Realization Approach that benefits come only with change and, equally, change must be sustained by benefits. People must change how they think, manage and act in order to implement the Benefits Realization Approach."

The Information Paradox
written by John Thorp and Fujitsu Consulting

At ExxonMobil Global Services Company,

responsibility for benefits sustainment begins at the project level. The company engages project and operations employees throughout the phases of BRM, because of the unique knowledge and insight each group can share to ensure higher levels of benefits realization. Throughout the process, knowledge transfer is a value the company promotes. (See Case Study below.)



Benefits Sustainment is a Cross-Functional Responsibility

By **Michel Renard**, Senior Executive, EMIT Projects at ExxonMobil Global Services Company

Good project managers are focused on the successful execution of their projects. Excellent project managers are good project managers who understand how their project fits into the life cycle of strategy, and make decisions that ensure benefits realization.

A program or project is typically a business strategy implementation. The strategy development work that precedes it is often handled by a team other than the strategy implementation team. So, knowledge transfer between these teams is crucial. The project manager must actively seek to understand all aspects of the strategy by asking, even challenging it, to ensure continuity of purpose and that future project decisions are consistent with the strategy.

The strategy sustainment activity that follows the program or project is also most often in the hands of another team. Here again, knowledge transfer is of extreme importance. But, in addition, the project manager should proactively reach out to that other team to understand their “operational reality” and what will matter to them: operability, maintainability, total cost of ownership, uptake, and so forth.

Why is this important? The three phases of strategy development, implementation, and sustainment all carry a cost, which typically grows higher from the first to the third phase. Only the third phase, strategy sustainment or operations, also carries benefits. These benefits were envisaged during strategy development, were made possible by the strategy implementation (i.e., the project), and will, hopefully, be harvested during strategy sustainment. The discontinuities among these three phases are all potential breakpoints where some degree of misalignment could develop, leading to the erosion of the ultimate benefits, and potentially, even their complete destruction.

So, how can an organization avoid this most undesirable outcome? By maximizing the clarity, consistency, continuity, and collaboration among the three phases and their respective teams. Practical ways to do this include:

- **Communication among teams:** *The frequency of dialogue matters more than the volume of documentation*
- **Interdisciplinary teams:** *Put someone from the strategy development team on the project team to ensure knowledge transfer; assign operations folks key roles on the project team so that “operational reality” will be considered*
- **Continuity of resources:** *Transition some key project team members into operational roles upon completion of the project (let them know well in advance)*
- **Diversity of experience in individuals:** *In some large organizations with a strong career development focus, the most experienced individuals have “tasted” all three phases; get some on your project team if you can*

We strongly encourage our project managers to “widen their aperture” to fully comprehend the strategy that hatched their project, and to fully understand the reality of operations that will sustain the benefits made possible by their project.

At Atlanta-based consulting firm Aspirent

project and program transition is the start of a continuous improvement process. The firm established foundational steps that enable not only the delivery of projects and programs, but also support benefits sustainment. (See Case Study below.)



CASE STUDY

Continuous Improvement Starts with Project and Program Transition

By **Ronald Stacey**, PMP, Senior Manager of Projects, Programs, and Portfolios at Aspirent, LLC

The foundational steps that underlie all our projects include both ongoing processes to better engage the internal customers/meet organizational needs, and steps specific to individual projects and programs. These are followed by the project life cycle, and then by the benefits sustainment/continuous improvement cycle.

Our steps for transitioning project and program deliverables to operations are designed to capture continuous feedback from stakeholders and users. We then leverage that feedback not only to ensure we're sustaining benefits with our most current products, but also to capture insights into how to improve future products and maintain an ongoing high level of benefits realization.

The steps start with a lessons learned or a post-mortem covering serious issues that we discovered during project delivery, such as avoidable schedule delays or incomplete requirements analyses. Those lessons are driven back into the process to minimize future occurrences. We also compare our original estimate of delivery time with the actual delivery time and drive that back into refining estimates.

To sustain the benefits that the project delivered, we follow delivery with an enterprise release management program. We have a fixed schedule for going back to stakeholders and users on a regular basis, typically quarterly, to review products, applications, and software. This allows us to plan for and refine incremental releases continually over time.

We also examine the comparisons between what users expected or would like versus the actual product. We catalogue any significant differences, which then go into a management process where we set high-level goals for additional product releases. After that, we revisit stakeholders and again look at a comparison of the original requirements to the product delivered.

Our focus in this cycle is really two-fold: 1. To improve the process itself, drive estimates closer to observed reality, or refine the preparation steps to prevent observed issues; 2. To improve results of the project for the customer and sustain benefits/lead into future cycles of delivery, use the ERM or release management program.

This ERM focus includes an ongoing engagement with the internal departments consuming the project's end results, in an effort to understand the broader context of their needs, business drivers, metrics, etc., so we're delivering not only a tactical product or single project, but a broader strategic result that integrates with and supports their business goals over the medium term (1-2 years).

While we haven't recorded quantitative results because this program is in its first iteration, we have seen a number of qualitative improvements. We have received written praise from internal business customers for improving the alignment with their business needs and expectations. Those kudos have given particular direction to the business-oriented requirements mapping process, frequent demos of intermediate products, and allowance for re-prioritization of requirements as the stakeholders get a better understanding of what they can do as a result of those incremental demos. We've also seen reductions in product dissatisfactions and rework.

On a similar program I directed a number of years ago, we saw an average 25 percent cycle-time reduction in project delivery and a 30 percent increase in customer satisfaction scores, as well as a measurable increase in follow-on sales and up-sells of additional services (approximately 13-15 percent).

Overall, we believe these steps, which are geared toward continual improvement while sustaining benefits, are helping our company realize more fully the intended benefits of our projects.

COMMUNICATE CROSS-FUNCTIONALLY

An organization's success with BRM requires clear communication to ensure everyone is working toward the same goals and expectations. Regular dialogue between those most vested in ensuring that projects deliver the benefits that support strategic objectives is essential and includes the project manager, project teams, business owners, executive sponsors, and leadership.

Organizations that are more mature with BRM establish clear communication between these roles to ensure the support, delivery, and sustainment of benefits. In fact, 92 percent of mature organizations make their project teams aware of the success or failure of benefits after the project has been closed and delivered to the business, and 77 percent make their project teams aware of unanticipated benefits.

The invested parties establish clear needs and expectations by ensuring critical benefits information is communicated, including:

- How and in what form information is shared
- When and where the communication is made
- Who is responsible for communicating what type of information

Communication helps ensure benefits are sustained, but the message is most effective when it starts at the top and the awareness of benefits realization—the associated responsibilities—is embedded in an organization's culture. "If benefits management is not taken seriously at the highest levels in the organization, then

92% of mature organizations make their project teams aware of the success or failure of benefits

the project manager, or even a senior project manager, doesn't have a chance at being able to adopt good practices on his or her projects," said Elizabeth Harrin, Director, Otobos Consultants Ltd., and creator of *A Girl's Guide to Project Management*.

Creating that benefits-driven culture enables partnerships and drives the type of ongoing communication that can foster greater success.

The responsibility is on project managers, project teams, and business owners to talk more openly about how BRM and the important step of sustaining benefits, so they can better ensure they're delivering strategic value.

METRICS: Keep it simple

Monitoring and measuring progress against benefits is the only way an organization can know for certain whether it is realizing a robust return on its investment—long after the project close.

What is measured—and how—depends on the products, services, or change enablers in play, as well as their relationship to an organization's strategic goals. That relationship provides insight into the performance information executive leaders will need to measure the ultimate KPI: return on investment. But within the ROI landscape, other quantitative and qualitative metrics are essential to track whether expected benefits are being fully realized.

As with any performance measurement effort, several good practices apply to metrics and KPIs:

- Identify those that are realistic, relevant, repeatable, and reliable—they have to be manageable and meaningful to the business.
- Select the fewest possible number—too many complicate tracking, analysis, and reporting, leading organizations to abandon the effort.
- Forge stakeholder agreement around what to measure—there's no purpose in reporting results that don't support knowledge needs and decision making.
- Change the approach if performance insight is insufficient—replace the measures quickly to maintain momentum.
- Measure both tangible* and intangible benefits**—both provide insight into long-term business success.

**Tangible benefits are easily measured and quantified—and are most commonly associated with revenue and ROI. They also reflect cost savings, productivity, and process improvements.*

***Intangible benefits cannot be easily quantified or measured, if at all. They typically give insight into stakeholder relationships and factors that can impact revenue and ROI indirectly. They include measures of customer satisfaction, risk mitigation, organizational reputation, compliance, and brand equity or market share.*

Benefits Ownership

Organizations take many different approaches to oversight and management of benefits realization, but, for most, it is a shared, cross-functional responsibility—even when a formal benefits manager role is created. The goals are:

- Assign responsibility to ensure benefits align with strategic goals
- Ensure business owners are committed to achieving benefits
- Confirm protocols are in place for measuring progress
- Deliver benefits data to stakeholders, including leadership

Those responsibilities illustrate the importance of having more than one person or department involved with benefits sustainment. For example, at Wipro, Ltd., a global information technology, consulting and outsourcing company, a “chain of people” are involved in monitoring benefits, according to Samirkumar Hasmukhbhai

At Wipro, Ltd., a global information technology, consulting and outsourcing company, everyone is part of a chain that sits under a higher-level operations team and the “chain” holds monthly feedback and reporting sessions to review any issues with project deliverables and the related benefits.

sessions to review any issues with project deliverables and the related benefits. “We are aware of what the facility management group is finding,” he said. “My team is who will institute any changes for improving metrics.”

Those metrics are fairly simple, according to Mr. Shah, and relate to issues of efficiency in each building, such as energy and water use.

Shah, Head of Contracts and PMO Leader for India. Mr. Shah explained that his department is primarily responsible for delivering projects that help construct buildings other facilities, but it also works closely with those who are directly responsible for benefits management: facility management groups at each building.

Everyone is part of a chain that sits under a higher-level operations team and the “chain” holds monthly feedback and reporting

During the monthly feedback and review sessions, the cross-functional team analyzes the metrics data and determines whether there are improvement issues. The meetings and benefits oversight is carried out during the entire life cycle of a building. The added bonus is the lessons learned for the future. “The feedback helps us look into aspects of design for the next project, when things are required to improve,” he said.

At Volvo Group Truck Technology, responsibility for benefits sustainment is also a cross-functional responsibility, but it starts with the project office during project execution. Charlie Pannell, PMP, Director, Project Office North America, said his role is stronger when benefits are associated with a product-related or environmental project that his team initiated. The team reports their progress and deliverables to a steering committee, which includes Mr. Pannell.

“Our job on a product project is to deliver in a way that meets the features that have been requested,” Mr. Pannell explained. “If it is pure corporate social responsibility, if it is something we initiated, we are doing the approval of, ‘Yes, what was delivered is meeting our expectations.’”

After project execution, primary responsibility for benefits sustainment is transitioned to the brand, quality, and customer satisfaction areas of the business. But a feedback loop to the project office ensures Mr. Pannell and his team receive benefits information and the insight needed to drive prerequisites for future projects and, as he said, “continue to build on the positive trend.”

At Volvo Group Truck Technology, responsibility for benefits sustainment is also a cross-functional responsibility, but it starts with the project office during project execution.



TEAM work

CONCLUSION

Benefits realization management is a challenging discipline because of the uncertainties that surround its execution. That is, perhaps, most true when organizations reach the benefits sustainment phase—the period after the project closes, when deliverables and the associated benefits are handed off to operations. This is a time when attention to benefits can wane as business owners and project teams are pulled in myriad directions. That’s why a focused commitment to BRM is critical to its success. Benefits realization does not happen by chance.

Organizations with higher levels of BRM maturity demonstrate that commitment—but it’s not easy. It requires attention to the numerous transition and sustainment activities that reflect good practices for efficiency and effectiveness in any area of business. It also requires an investment in tools and resources that will support these activities. Most notably, the activities include:

- **CARRYING OUT** post-project evaluations
- **CAPTURING and SHARING** of lessons learned
- **MAINTAINING** strong cross-functional communications and engagement
- **MONITORING and MEASURING** benefits performance and reporting results to key stakeholders
- **SUPPORTING** evolving user needs and product improvements
- **DEVELOPING** business cases for future initiatives to address operational needs

The list of beneficial activities goes on, but BRM is the way for organizations to understand whether their investments in projects and programs are delivering the desired results. Focused attention, purposeful activities, and fast responses to issues are the only ways to ensure that the benefits a project enables—both the tangible and intangible—are being realized.

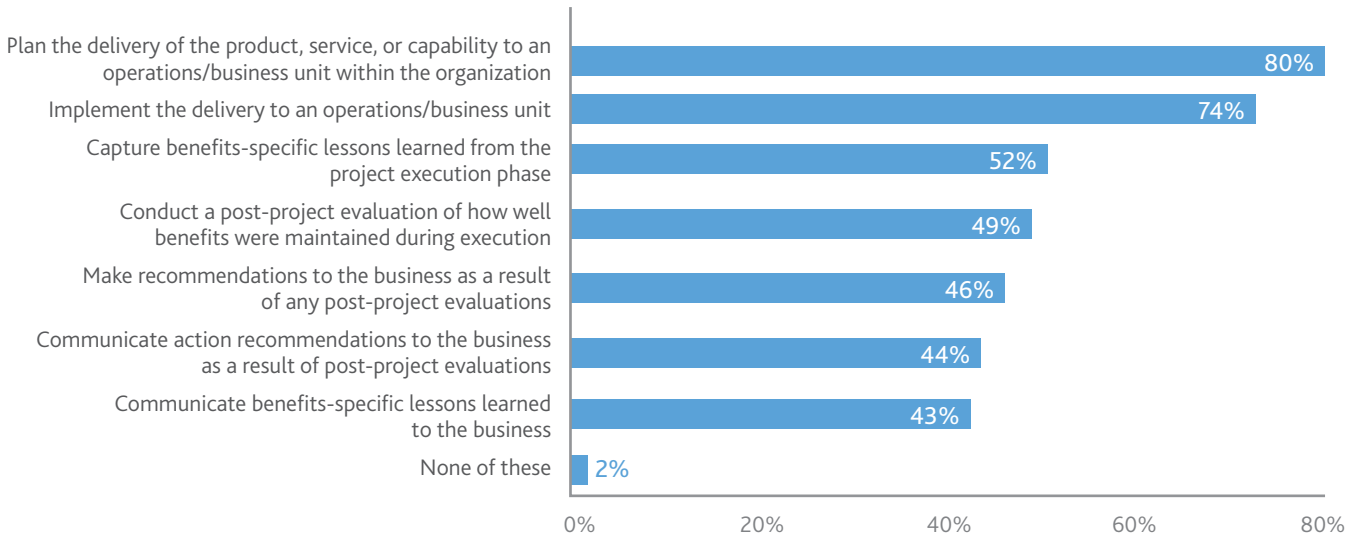
In addition to the transition and sustainment activities, leadership remains a critical factor in creating a successful benefits management culture. Executive leaders set the tone at the top, indicating the value they place on BRM—and why. They embed that value into the organization’s culture and assign responsibility for benefits management to leaders and their teams—on both the project and operations sides of their businesses.

Our next group of reports, the Thought Leadership Series, will look at benefits realization across all levels of the organization, from the executive suite through to business operations. The reports are being developed in collaboration with the Economist Intelligence Unit (EIU) and The Boston Consulting Group (BCG).

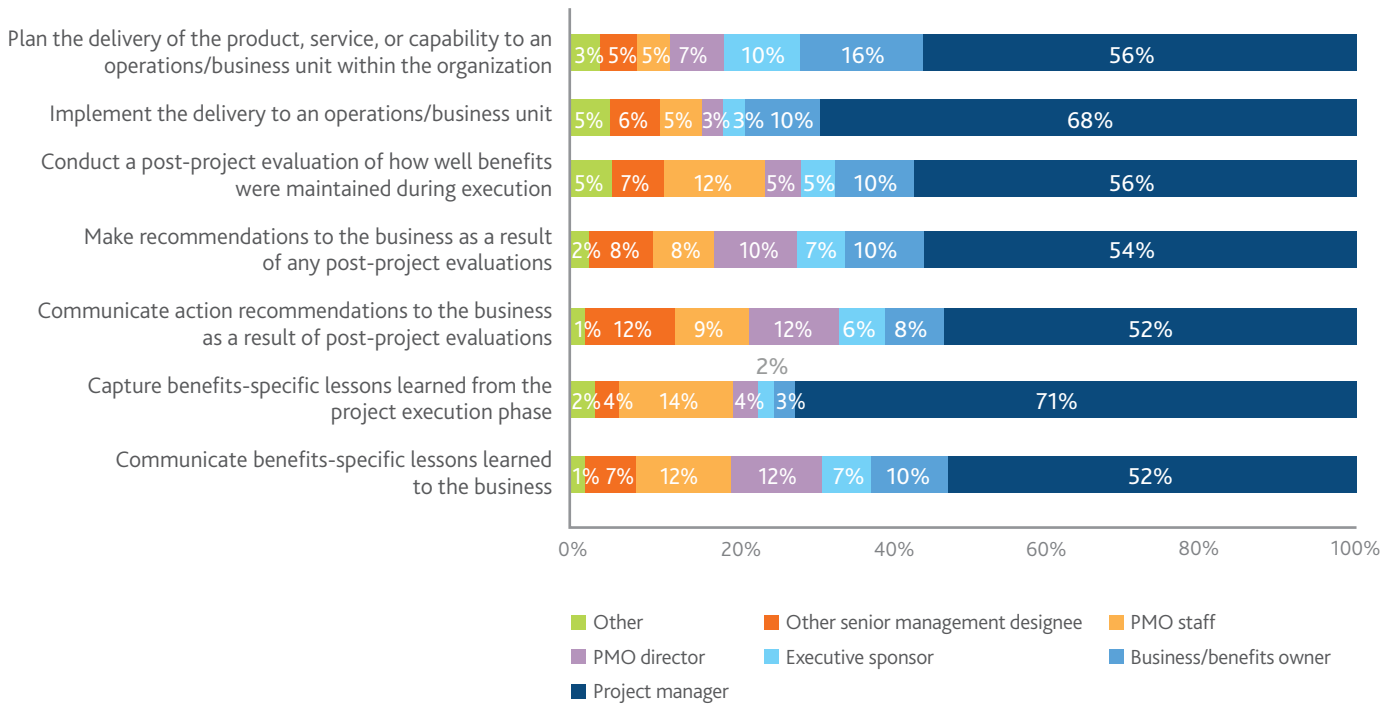


APPENDIX

Q: Which of the following are done by your organization at the point when the project has been, or is about to be, completed? *Select all that apply* (Base: Organizations with project budgets of US\$1 million or more)

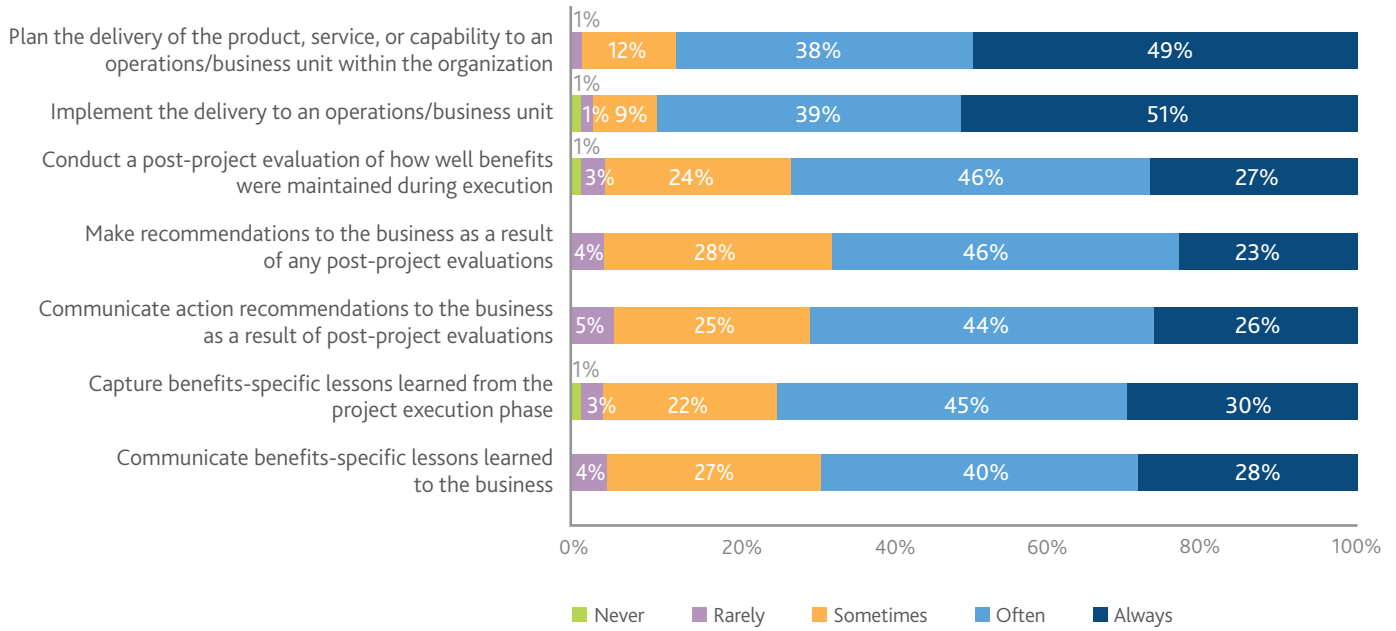


Q: Generally, who is primarily responsible for <activity>? (Base: Activity is done at the organization)



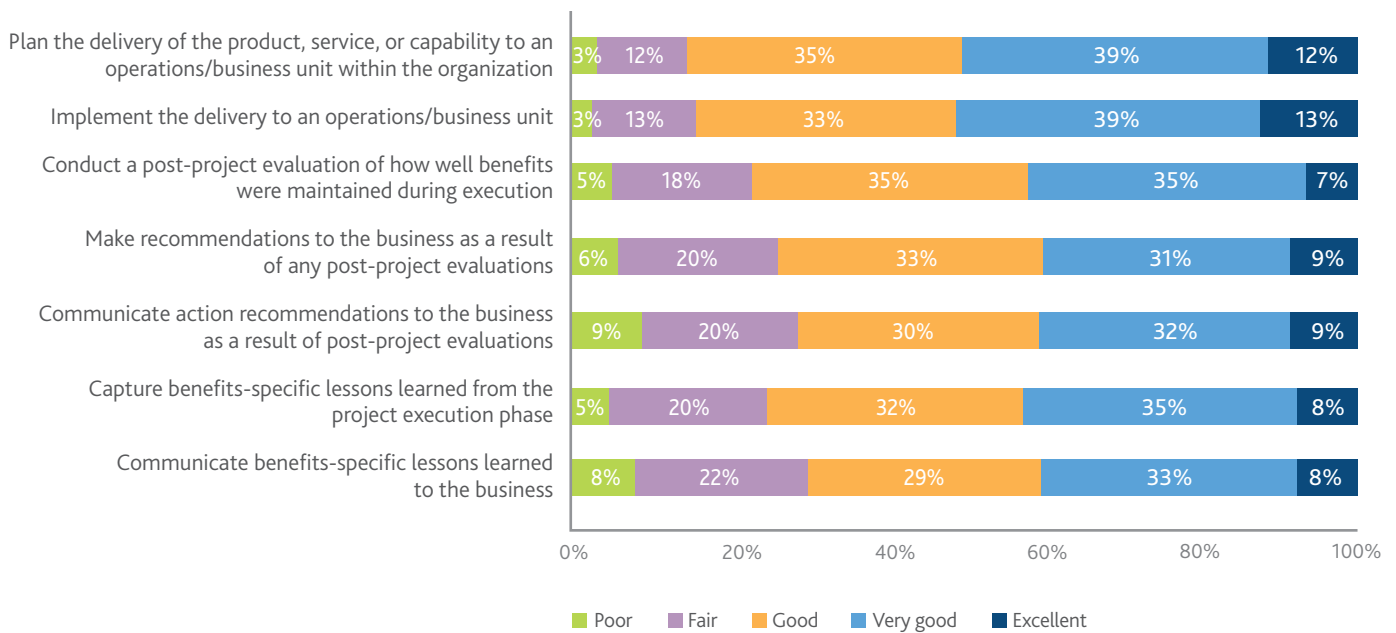
Note: Numbers may not sum to 100% due to rounding

Q: How often is <activity> done? (Base: Activity is done at the organization)



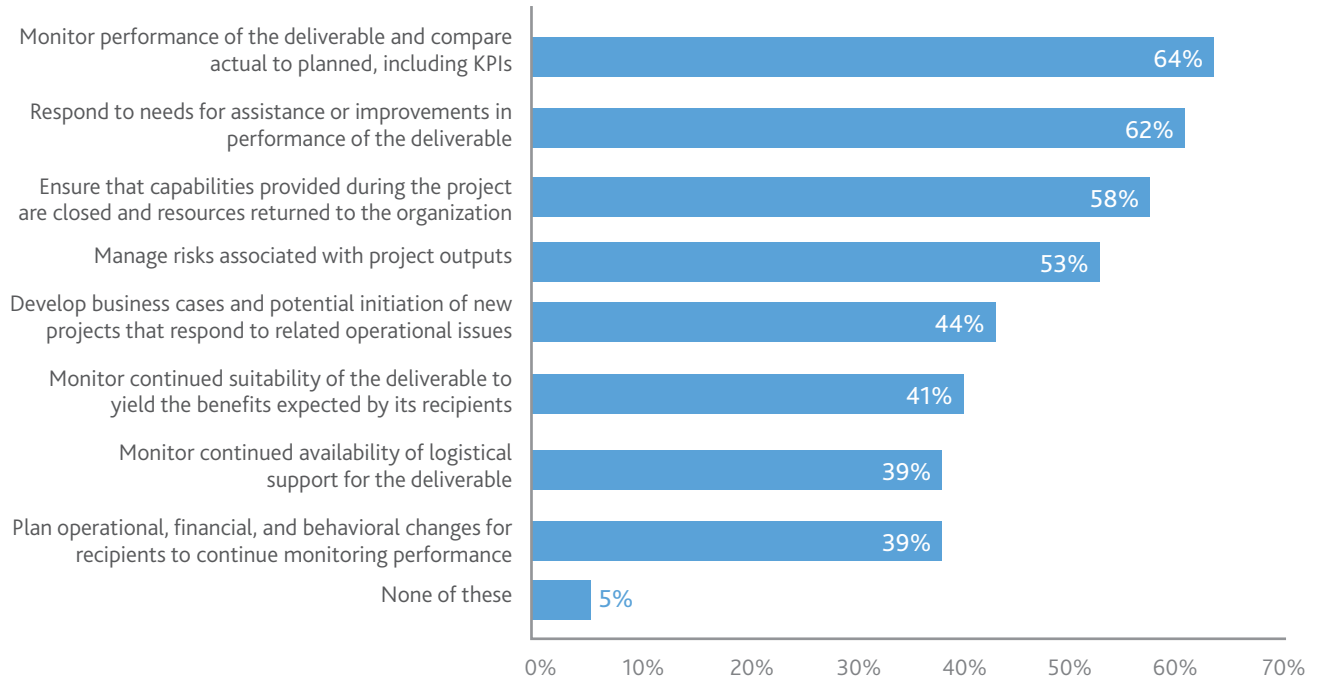
Note: Numbers may not sum to 100% due to rounding

Q: How would you rate your organization's performance on <activity>? (Base: Activity is done at the organization)

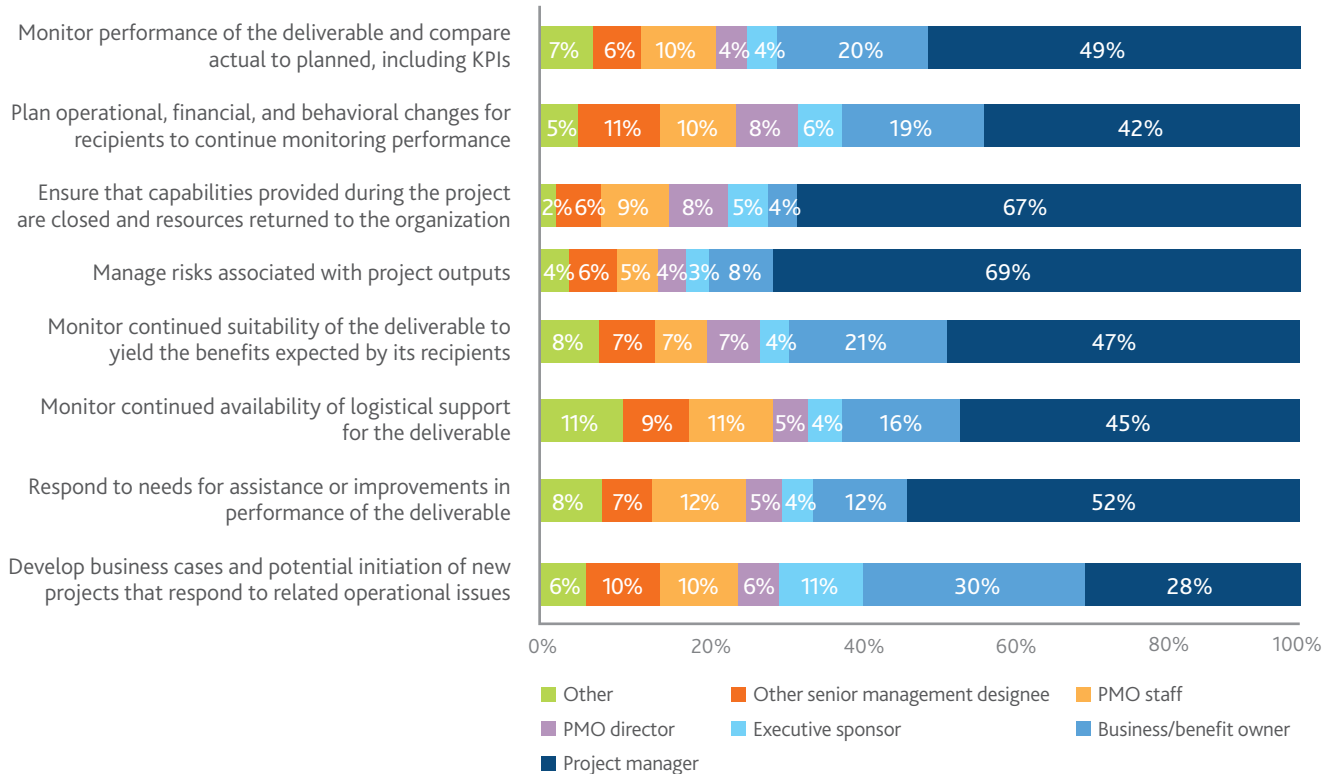


Note: Numbers may not sum to 100% due to rounding

Q: Which of the following are done after delivery of the product, service, or capability to an operations/business unit within the organization? *Select all that apply* (Base: Organizations with project budgets of US\$1 million or more)

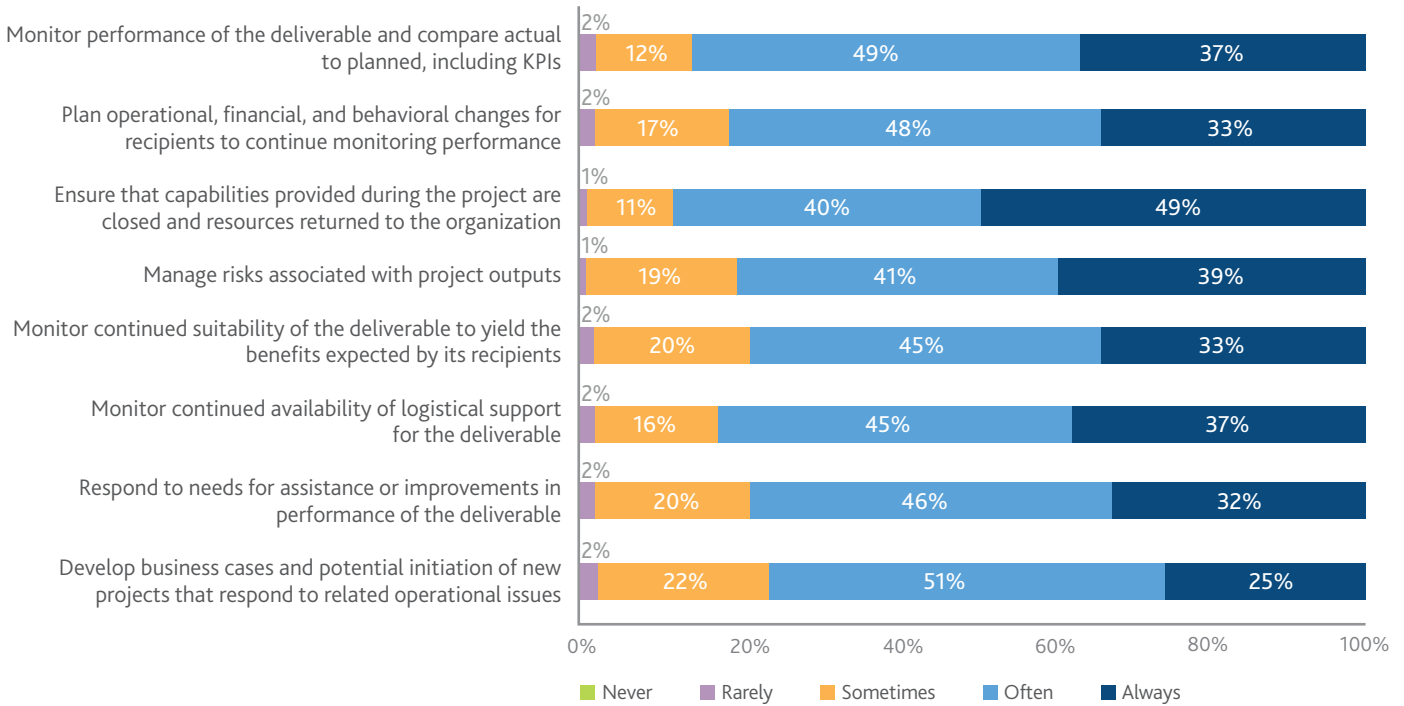


Q: Generally, who is primarily responsible for <activity>? (Base: Activity is done at the organization)



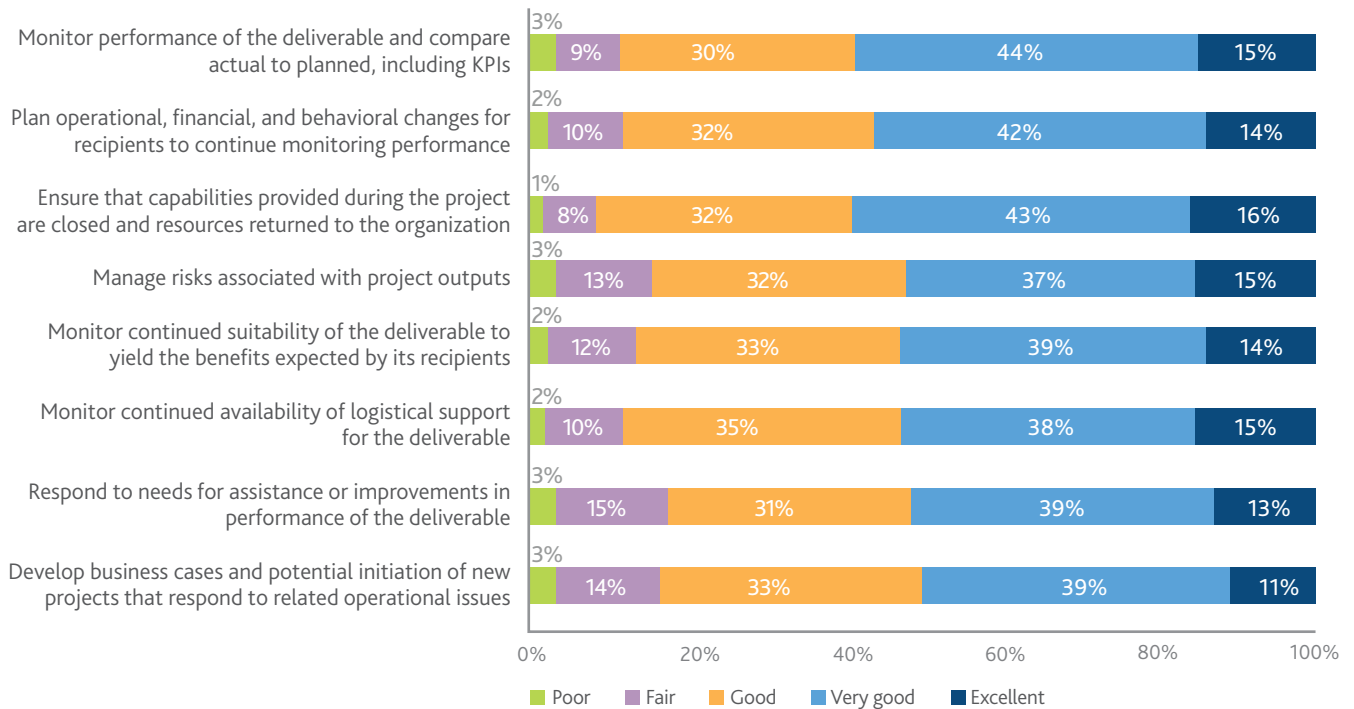
Note: Numbers may not sum to 100% due to rounding

Q: How often is <activity> done? (Base: Activity is done at the organization)



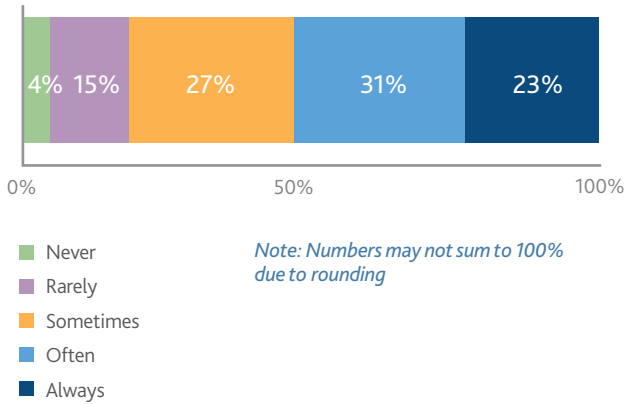
Note: Numbers may not sum to 100% due to rounding

Q: How would you rate your organization's performance on <activity>? (Base: Activity is done at the organization)

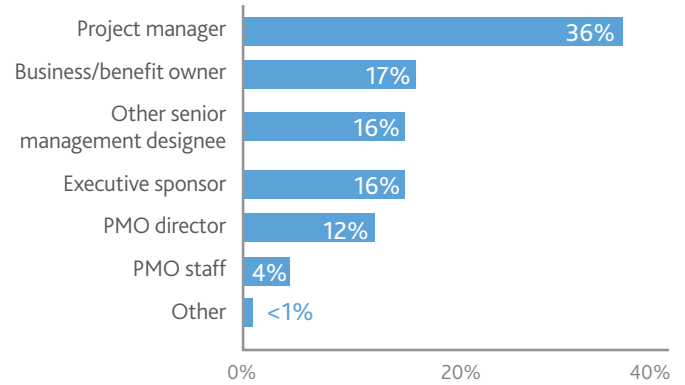


Note: Numbers may not sum to 100% due to rounding

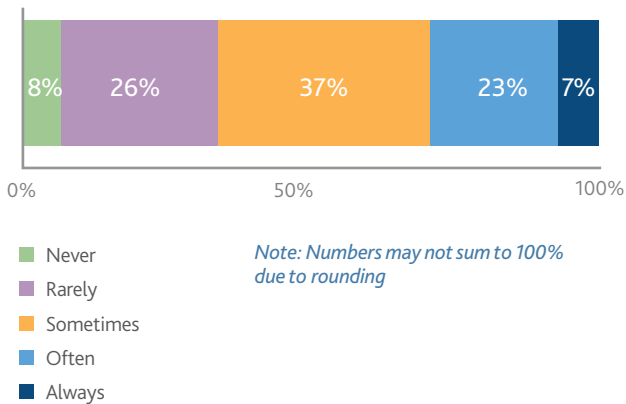
Q: How often are project teams made aware of the success or failure of benefits after the project has been closed and delivered to the business?



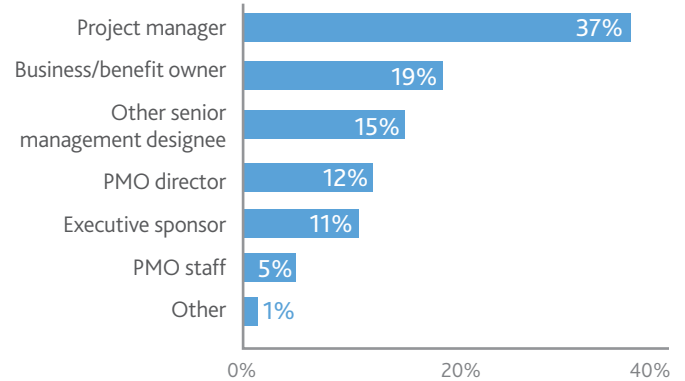
Q: Who in the organization typically makes project teams aware of the success or failure of benefits? (Base: Project teams are made aware of success or failure of benefits)



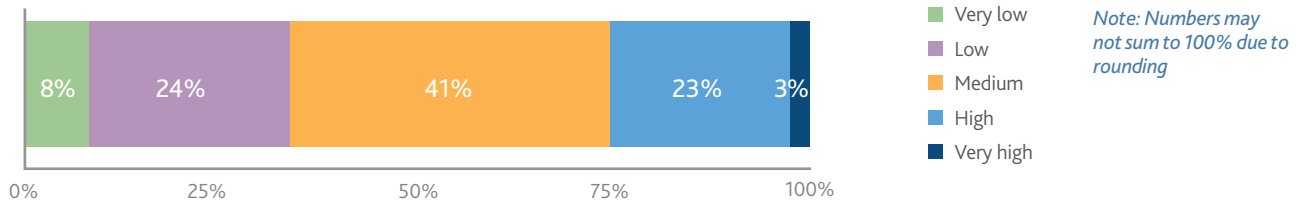
Q: How often are project teams made aware of any unanticipated benefits that have been realized as a result of the deliverable?



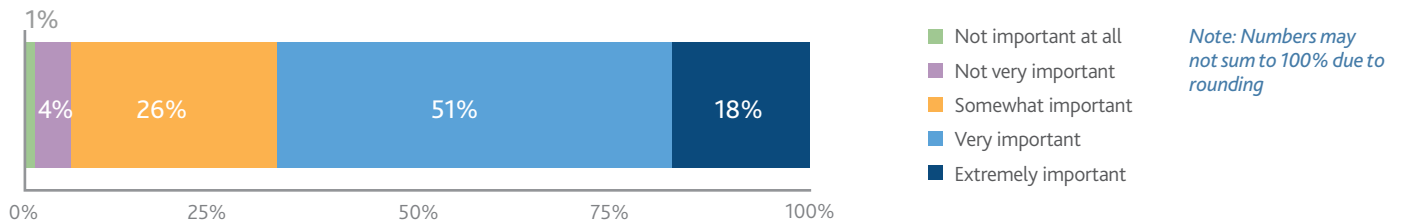
Q: Who in the organization typically makes project teams aware of any unanticipated benefits realized? (Base: Project teams are made aware of unanticipated benefits realized)



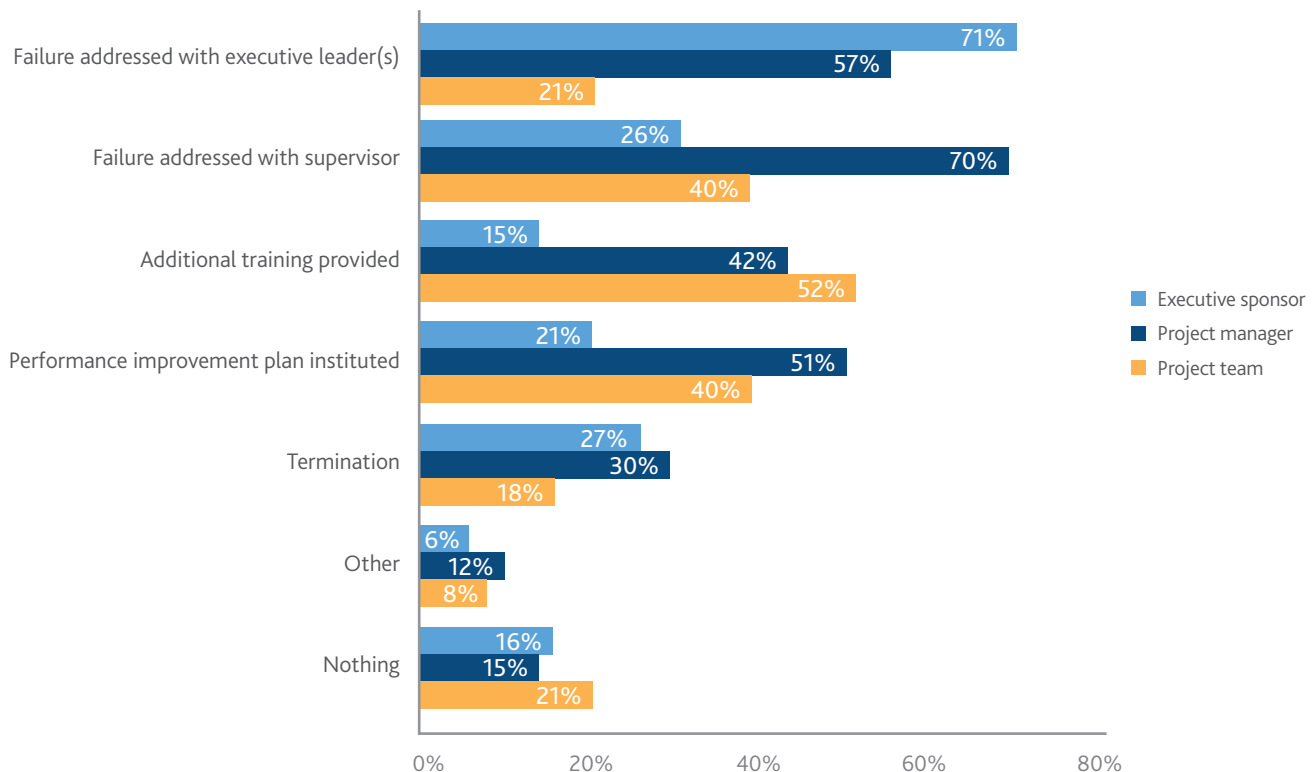
Q: Overall, how would you characterize your organization’s benefits realization management maturity level? Please consider all three stages—identification, management during execution, and post-delivery feedback and sustainment.



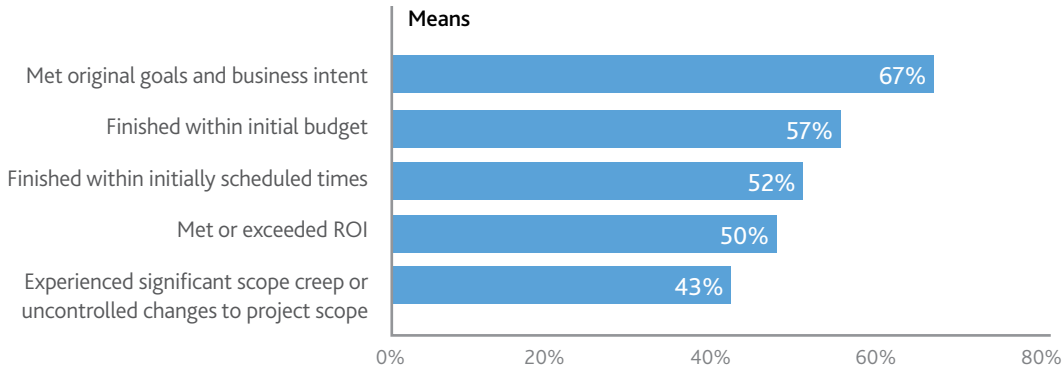
Q: How important do you feel it is for your organization to invest in the resources needed to become more mature with benefits realization management?



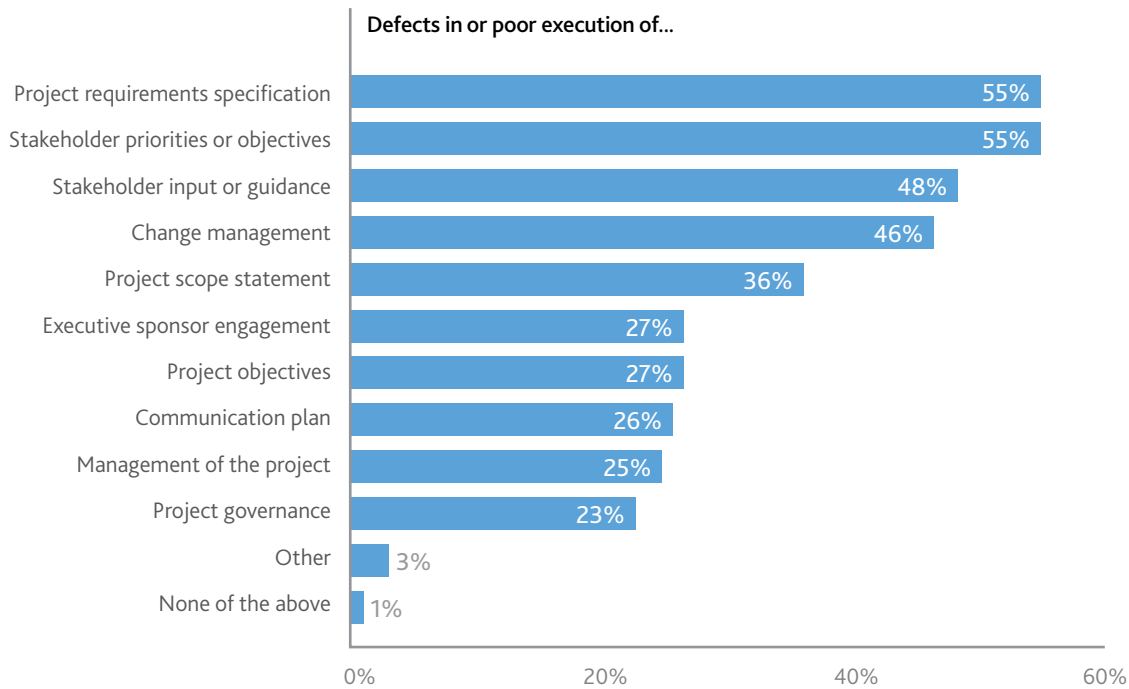
Q: In the event of a project failing to achieve its intended benefits, what are the likely consequences, if any, for these parties? (Select all that apply for each)



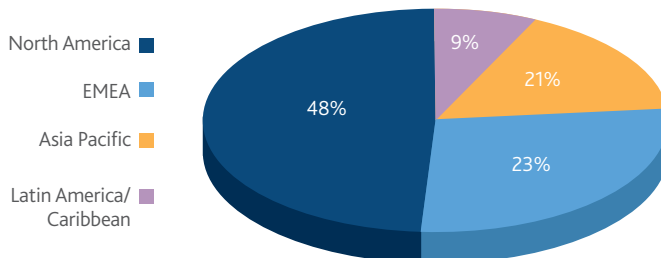
Project outcomes—study averages



Q: What were the most obvious causes of any scope creep you have witnessed over the past 12 months? (Select up to five)

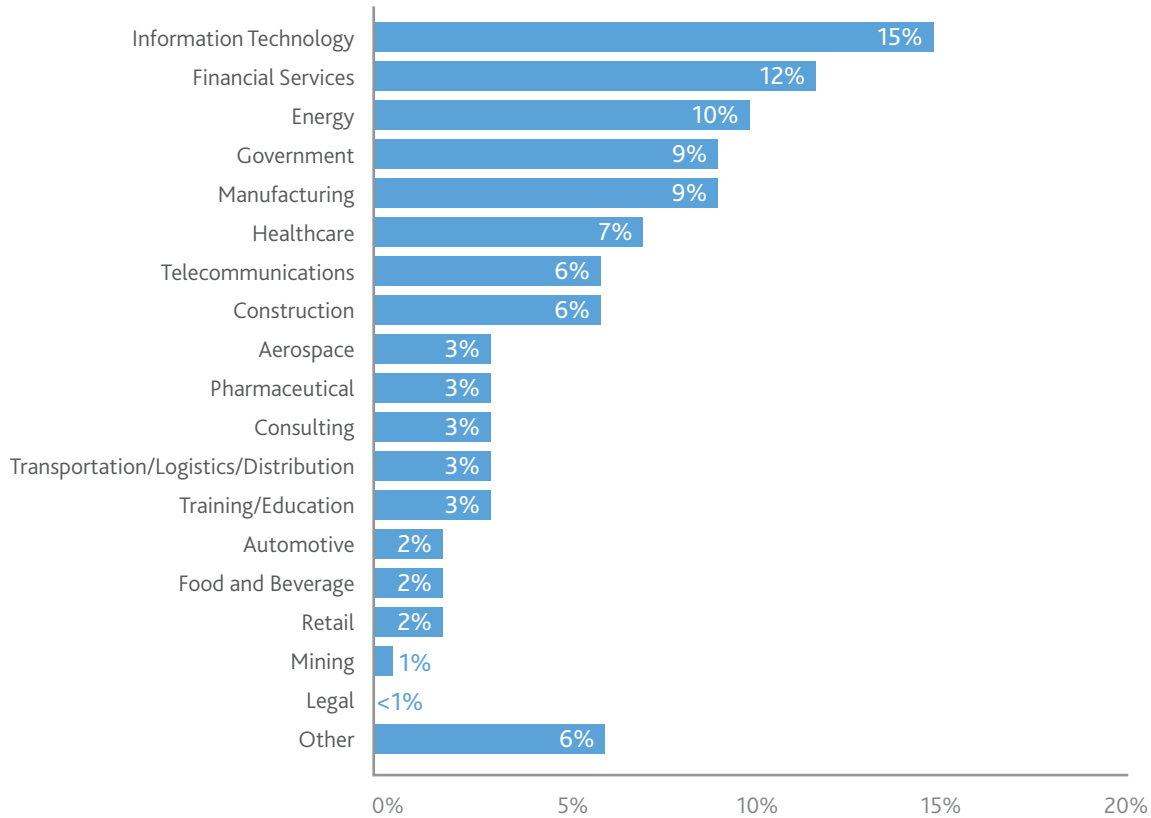


Region



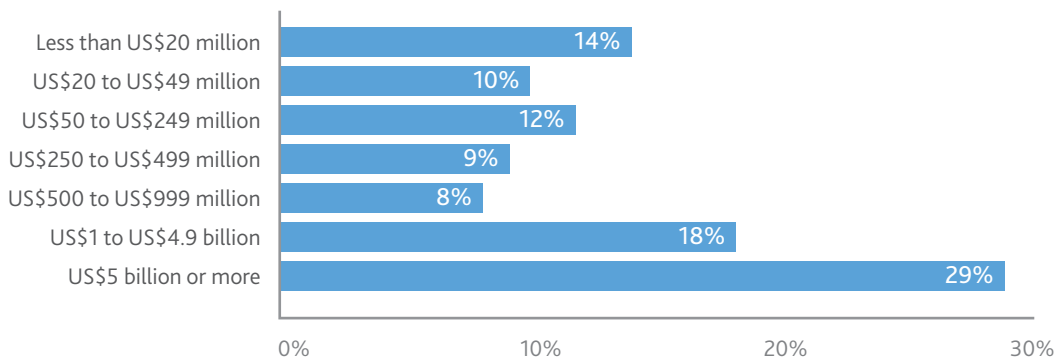
Note: Numbers may not sum to 100% due to rounding

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



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

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



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

Beijing
Bengaluru
Brussels
Buenos Aires
Dubai
Dundalk
London
Mumbai
New Delhi
Philadelphia
Rio de Janeiro
São Paulo
Shanghai
Shenzhen
Singapore
Sydney
Washington, D.C.



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