



Delivering benefits from  
investment in change  
An essential part of  
everyday business

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FOREWORD

I'm delighted to introduce the third in a series of thought leadership reports discussing how organisations can truly embed the capability necessary to realise benefits from investment in change. This report builds on the first two in the series, challenging senior leaders of change to reflect on their own context and consider how benefits realisation becomes an essential part of everyday business activity.

Clearly, we are in uncertain times with change being the only certainty that we can count on. Recent volatility in financial markets, including uncertainty with the Euro currency and the impact of public sector cuts, is changing business models across the UK and bringing about new ways of working. Consequently, the realisation of benefits from investment in change can no longer be an optional add-on to the tail-end of project delivery. It must be an integral part of how organisations bring together change and everyday operational activity.

Your feedback highlights that a significant number of

organisations across all sectors fail to implement and embed benefits realisation successfully. Clearly, this is a highly emotive area cutting across functional boundaries, placing a spotlight of focus on accountability and driving sustainable achievement of targets. It is no surprise that good benefits realisation practice can be challenging to embed, particularly when working on a matrix basis across the entire organisation, often with functional managers who were not directly involved in delivering the original change. These factors create the challenge, yet too often they are used as the reason for failure.

This report outlines five essential strategies for success. I do hope you find it useful and I look forward to your reaction and thoughts.

**Peter Glynne**  
Co-Chairman  
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## EXECUTIVE SUMMARY

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The need for effective benefits realisation has never been greater and this has been widely acknowledged across the business community in the UK, crossing all professional boundaries. Within this context, the key questions are firstly: why do organisations keep on investing in change if they do not have sufficient confidence that benefits will be realised? Secondly, how can organisations truly embed benefits realisation as part of everyday business activity?

In recent years, there has been significant publicity about the need for successful benefits realisation with few organisations arguing that it is not a necessity. Consequently, there has been a considerable amount of effort invested in benefits realisation activity with many organisations experiencing mixed results. The time is right now, for organisations to focus on truly embedding this capability across their entire management team. The prize is not optional, it is an absolute necessity for organisations, particularly in the current economic climate. This journey takes time and there will be many challenges to overcome, some behavioural.

Many organisations have repeatedly tried to implement benefits realisation practices and the feedback is that it didn't work or it is too challenging. It is important to distinguish between what may not have been implemented effectively from what simply will never work. Too often, the former gets confused with the latter. This report outlines five essential strategies for success to embed a strong benefits management capability as an essential part of everyday business activity.

They are:

1. Embed a strong focus on ownership and accountability through good governance, including proactive leadership at every level in the organisation;
2. Stop repeating the same mistakes;
3. Seize the window of opportunity to embed benefits realisation – it doesn't last forever;
4. Bring together the right people across the organisation; and
5. Focus on bottom line business results.

The remainder of this report discusses the five interdependent strategies in more detail.

**Tanya Durlen and  
Peter Glynne**

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## THE FIVE STRATEGIES FOR SUCCESS

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### 1. Embed a strong focus on ownership and accountability through good governance, including proactive leadership at every level in the organisation

Traditionally, establishing a culture of effective ownership and accountability for benefits realisation has had mixed results across most organisations. In many cases, this factor has been the Achilles heel of embedding a benefits driven culture. There are many, largely behavioural, reasons for this including:

- Fear of failure to realise the benefits and the resultant impact;
- Unwelcome media attention for the organisation or the individual manager;
- The "not wanting to stake my career on this" factor; and
- Misalignment between ownership of benefits, organisational governance and/or governance of change.

In recent years, there has been significant focus on the effectiveness of corporate governance in organisations through a number of high-profile reports and reviews<sup>1</sup>. In addition, the APM Governance SIG has striven to increase focus on the importance of governance in effective leadership of change. Their publication 'a guide to the governance aspects of project sponsorship' highlights the importance of effective governance in successful benefits realisation. Clearly, the ever increasing focus on corporate governance is increasing professionalism in the boardroom and cascading good practice across the organisation.

Overall, organisations are increasingly investing in the development of effective governance and leadership. In particular, the development of effective leadership skills is a primary focus for the talent agenda in most organisations. The integration

of ownership and accountability for benefits realisation must be an integral part of this focus. In support of this, the Chartered Institute of Personnel and Development (CIPD) has been promoting Organisational Development as an approach to integrating organisational performance, people leadership and the management of change.

The following actions are proven to increase the effectiveness of ownership and accountability for benefits realisation:

- Chief Executive or equivalent commitment to lead and own the benefits agenda across the organisation as an integrated element of the organisation's core governance;
- Senior management commitment to drive ownership and accountability for benefits within their own business areas;
- Utilise non-executive board members to provide appropriate challenge to the effectiveness of benefits realisation. Their independence should avoid any boardroom issues that impact transparency.
- Ensure ownership and accountability for benefits delivery is reflected in the relevant individuals' performance framework and total reward package; and management and leadership development programmes also need to focus on how to deliver benefits from investments in change.

<sup>1</sup> Including the 'UK Corporate Governance Code' (formerly the Combined Code) and the 2003 Higgs Report Review of the Role and Effectiveness of Non-Executive Directors.



## 2. Stop repeating the same mistakes

Many organisations have repeatedly tried to implement benefits management and the feedback is that it didn't work or it is too challenging. It is important to distinguish between what may not have been implemented effectively from what will simply never work. Too often, the former gets confused with the latter.

It is important to identify that organisations can learn from their mistakes more through meaningful trend analysis over time than from a one-off process orientated post implementation review. One of the most common mistakes made by organisations is repeatedly implementing benefits management using a silo-based approach in isolation of the wider organisation. This can result in other key players across the organisation not being engaged at the right time, particularly those who were not directly involved in delivering the change. Another example is where unrealistic expectations, over-confidence or optimism-bias can have a detrimental impact on benefits realisation. To deliver organisation-wide benefits realisation, it must be made an integral part of the organisation's governance.

Experience has proven that the following actions greatly increase the effectiveness of organisational learning in benefits realisation:

- Establish appropriate support channels to guide the organisation through the benefits journey e.g. communities of practice, change champions, coaches and mentors;
- Identify lessons learned on the approach to benefits realisation through meaningful trend analysis over a sufficient period of time. Look for common themes rather than one-off personal judgements; and implement an effective knowledge management strategy for benefits realisation and avoid simply pushing process around the organisation.

## 3. Seize the window of opportunity to embed Benefits Management– it doesn't last forever

In most organisations, process and practice improvement initiatives are given a limited window of opportunity by the senior management team to deliver sustainable results. In most cases, this constraint is not written down or communicated. It may only be verbally discussed or even assumed as an unspoken objective. The drive to embed successful benefits realisation across the organisation will run out of steam if it does not show sustainable value within a specific time-period. Clearly, confidence will begin to dissipate leading to erosion of sponsorship and stakeholder support. The period of this window of opportunity will vary from organisation to organisation depending on contextual factors.

The current focus on efficiency and cost reduction within organisations leaves little room for experimenting with new management initiatives in the absence of a water-tight business case. The luxury of the boom venture years in the early 'noughties' has long since disappeared.

Traditionally, project management professionals have focused strongly on process in the belief that value or benefits will automatically result from following the methodology. There is now an ever increasing focus on professionalism within project and programme management, highlighting that benefits must be at the forefront of delivery. The focus for embedding benefits realisation needs to be on publishing quick win results, and proving the value before key people lose confidence. Ignore this factor at your peril – many have learned the hard way.

Clearly, it is important to know your audience and understand their expectations. Whilst this may appear an obvious statement, do not assume that sponsorship will continue on the back of a few successes when expectations are far greater. Within this context, it is critical to build strong relationships



with key influencers across the organisation and have benefits understood as a fundamental element of organisational governance.

The successes that result from embedding benefits management should be captured and used to further sell and reinforce the importance of benefits realisation. Early results should be utilised to communicate the value that good benefits management practice creates. Building early recognition across the organisation will result in a snowball effect which in turn contributes to building out the network of influencers and champions.

#### 4. Bring together the right people across the organisation

Benefits realisation is much more than just a part of project and programme management however unlikely to ever be a professional discipline in its own right. It is closely related to strategy and business operations, requiring a specific role or function ideally, to provide oversight and coordination of benefits realisation, thereby supporting the governance of the organisation. The absence of such a role will only increase the risk of disparate approaches to benefits realisation being introduced.

Benefits realisation is a complex and emotive topic, requiring significant partnership working across the organisation. It concerns many diverse professional groups, all with a vested interest in the approach to benefits realisation. It is critical not to underestimate the fact that benefits realisation may be seen as touching on "other people's turf" and consequently, may be perceived as an unwelcome threat. Successful benefits realisation therefore depends on bringing together the key stakeholders and professionals across the organisation, at the appropriate points in the change journey.

These groups include:

- Policy makers/strategists;
- Business change managers;
- Organisation's board/senior management team;
- External relations professionals;
- Project/programme/portfolio managers;
- Internal audit professionals;
- Operational managers;
- Product managers;
- Suppliers/partner organisations;
- Sales/Marketing managers;
- Procurement and contract managers;
- Finance professionals and
- Human resources professionals.

The above list of professional groups highlights the extent of necessary partnership working across the organisation and emphasises the need to avoid deploying a silo-based approach; especially one which only focuses on project and programme management. A silo-based approach can result in those managing and leading benefits realisation becoming frustrated and ineffective in their roles. Clearly effective stakeholder management and successful partnership working across the organisation are critical to success.



Clearly, benefits realisation requires a strong focus on business context rather than the benefits management process itself:

- Get the senior management team to buy-in to partnership working on benefits realisation across the organisation, and see it as an integral part of governance. Typically, this is more difficult than it appears as vested interests are often to the fore;
- Integrate benefits realisation with 'business as usual' operational performance management to ensure that benefits apply to new investments as well as existing assets. Avoid parallel industries<sup>2</sup>;
- Focus on the priorities of the organisation's senior management team and structure the plan for embedding benefits realisation around it;
- Focus on continually developing the leadership skills of those leading benefits realisation;
- Respect professional boundaries and recognise where an approach might be overstepping the mark e.g. benefits realisation should not attempt to replace the role of the other functions across the organisation; and
- When engaging stakeholders and developing professional relationships across the organisation, focus on the 'what's in it for them' factor and find the synergies.

## 5. Focus on bottom line business results

In recent years, there has been a plethora of benefits management methods and processes introduced into organisations, yet there is still a question over the contribution this has made to bottom line business performance. Traditionally, project and programme management has had a strong focus on process and handing over 'the reins' to other functions shortly after go-live. In many cases, this has resulted in a tick-box approach to

delivering change with some project and programme managers not getting directly involved in the results of what they're delivering. Clearly, benefits realisation requires a strong focus on business context rather than the benefits management process itself.

The current focus on cost reduction is resulting in organisations placing an even greater focus on operational performance management to identify underperformance or potential savings. This is clearly evident in the Public Sector. Consequently, organisations are investing in business analytics to gain detailed insight into operational performance and to drive business improvement planning. In response, ICT vendors are investing in new products that continually push the boundaries of business analytics.

However, evidence suggests that the majority of organisations have not yet grasped the opportunity to integrate operational performance management, change management and benefits realisation. Clearly, successful partnership working between those delivering change and those running 'business as usual' is critical to achieving this. Experience has proven that the following actions greatly increase the effectiveness of the focus on bottom line results:

- Integrate benefits realisation and operational performance management into a common approach to avoid parallel or competing industries;
- Align the approach to benefits realisation with strategic planning and strategy execution to ensure that there is continuity from the start to the end of the change journey; and
- Ensure that professionals involved in managing and leading benefits realisation also have significant experience outside of project and programme management, ideally operational experience within the organisation.

<sup>2</sup> The next report in this series discusses in more detail the need to ensure benefits and value management is also applied to existing assets.



## THE WAY FORWARD: A NECESSITY

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The current uncertainty in financial markets and public sector spending cuts means that organisations can no longer continue to invest in change without a greater level of certainty that the benefits will be realised.

In recent years, there has been considerable publicity about the need for successful benefits realisation with few organisations arguing that it is not a necessity. Consequently, there has been a considerable amount of effort invested in benefits realisation activities with many organisations experiencing mixed results. The right time is now, for organisations to focus on truly embedding this new capability across their entire management team, so that it becomes part of everyday business activity. This takes time and there will be challenges to overcome, many of them related to behaviours and culture. The prize is not optional, it is an absolute necessity.

The APM Benefits SIG is committed to supporting APM members and the wider community to embed benefits realisation within organisations. Clearly, this is a key element of vision for the APM's 2020 strategy - a world in which all projects succeed.

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