



Managing Benefits Webinar 20th March 2013 Questions **Presenter: Stephen Jenner**

The following are my first thoughts in response to the questions raised at the webinar. Please forgive me for the brevity of the answers – responding in full to so many questions would require a LOT of time. If you'd like a fuller answer I recommend you post the question on the Managing Benefits community of Interest at <http://www.linkedin.com/groups/Managing-Benefits-4493501> - and invite views from the wider community.

Q1 - Are the slides available afterwards?

Yes – and they are available on the [APM website](#) – if you encounter any difficulties please contact me – Stephen.jenner5@btinternet.com.

Q2 - How can we fight the idea that the project outputs are the focus of management & customers, and not the ROI and benefits?

'Start with the end in mind' and be absolutely clear about the benefits anticipated – and express them in terms that demonstrate what difference it will make to the customer/user.

Q3 - How does 'management by exception' affect benefit realisation...has practice shown that this has had a significant positive impact?

Management by exception is of value in determining when management need to intervene as the variance from plan exceeds an agreed control limit.

Q4 - The guidance is about investment in change, but what about situations where major budget cuts are being made, and services are being reduced, as is the case in much of the public sector. Could this be about 'minimising the dis-benefits of disinvestment, which involves change'?

Partly – but also delivering cost savings is a benefit – the issue is that so many cost saving initiatives don't actually lead to the cost savings originally intended.

Q5. Often benefits are played up and risks played down when presenting a case for the board to decide upon, is benefits management therefore a question of risk and expectation management. The board, after all, must be allowed to make the decision.

Agreed – hence why it is so important that the Board fully understand the intended benefits rather than the scope of the solution.

Q6. How does Management of Benefits work together with Management of Portfolios?

Very closely – which shouldn't be a surprise as I co-authored Management of Portfolios with Craig. The section on Portfolio-based benefits management is based on and expands the coverage of benefits management in MoP.

Q7. We're currently going through a transformation phase, is this the best time to drive a change in culture towards benefits management? Any things to consider during times like this?

It's as good a time as any and better than most! The key factors to consider in achieving a value culture are: establishing effective governance; managing the implementation of benefits management as a business and behavioural change programme; on-going stakeholder engagement; measuring progress (both in process maturity and impact terms); appropriate use of software; and relevant training and development. More on all of this in Chapters 3 and 11.

Q8. How can we better sustain commitment to (and understanding of) benefits in organisations with high management turnover, for example teams with Government and Military personnel

A very real issue and one that is addressed by making benefits management business as usual. See my answer to Q7 above about sustaining progress and building a value culture (also covered in more detail in chapter 11 of the Guide).

Q9. If benefits are frequently 'stretched' beyond reality, could this be people compensating for issues in quantifying intangible benefits, i.e. overegg the things you can measure because it's easier.

The OGC's definition of a benefit is, *'the measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders...'* and the APM definition is *'the quantifiable and measurable improvement resulting from completion of deliverables that is perceived as positive by a stakeholder.'* So in theory there are no such things as 'intangible benefits'. Of course, the reality is somewhat different and no doubt in many cases the

difficulty of measuring the main benefits leads people to overstate others to help 'justify' the investment. But as I said that's where the problems all start from – using benefits to justify an investment is a 'red flag'.

Q10. What evidence have you seen from senior managers that suggests that they really believe a more rigorous approach to benefits management is required?

We are beginning to see greater interest from senior managers – for example I recently visited New Zealand to deliver a Benefits Masterclass and at the same time delivered a breakfast seminar to a C level group in Wellington. In the portfolio space (where I emphasise the importance of a benefits-led approach) only last week I was invited to facilitate a session at Said Business School of top civil servants; and last year a major government department engaged me to deliver training to 225 senior managers in how to get the full benefits from change. The 'Senior Managers' guide to Managing Benefits' also seems to be selling well.

I should also say that when people ask me whether I'm talking to senior managers about this agenda – I say 'yes' and it's all a question of timing – hopefully you PPM guys are the senior managers of the future! I'm playing a long game here.

Q11. Why do so many IT projects fail to deliver the set out benefits?.

In short because they are set up as IT projects (with an activity focus) rather than results-led/benefits-led change initiatives. There's more about this in Chapter 3 – activity-led v benefits-led change.

Q12. The role of a PMO seems to be all things to all people - what role does a typical PMO have to play in ensuring benefits are delivered and how does it achieve that?

The reality is that most PMOs have only a minor focus on benefits – see the recent Hobbs report for example, that found benefits rated 24th out of 27 functions (from memory). That seems odd since the reason we invest in change initiatives is to realise benefits. This failure to focus on benefits might also explain the short lifespan of many PMOs:

- P3O notes that around half P3O's are restructured or closed within 2 years.
- One APM report notes that, "*of fifty portfolio management implementations...fewer than 25% were still in operation 12 months later.*"
- A US survey reports, "*only 30% of portfolio management functions had been in place for more than two years.*"

- And the IJPM 2012 notes, “*solid empirical evidence for the positive impact of multi-project PMOs on performance is still lacking.*”

The Managing Benefits guide identifies the following key elements of the portfolio-level approach to benefits management:

1. Agreeing a portfolio-wide set of benefits eligibility rules
2. Compiling a portfolio-level Benefits Realisation Plan
3. Re-appraisal of benefits at the stage/phase gate and periodic portfolio-level reviews
4. Effective arrangements to manage benefits post-initiative closure
5. Clear arrangements for tracking benefits and reporting at a portfolio-level
6. Regular and robust post-implementation reviews and feeding lessons learned back into forecasting (reference class) and the benefits management practices.

I'd suggest that any PMO that sorts the above is well on the way to success. There's lots more on this in Chapter 10.

Q13. Is there an example of how to run a benefits workshop?

Yes – and I've copied the extract from the Guide to the questioner.

Q14. Is there a relationship between benefit failure and managing by exception.

Don't think so – unless I've misunderstood the question.

Q15. Hi Stephen. Working within the Irish public sector, we've made considerable progress in tracking benefits focused on inputs/outputs and setting of baseline and target values. We want to move towards measurement of outcomes/KPIs. Based on your experience, what are the primary challenges involved and have you advice on how best to overcome these? Thanks

It's a bit difficult to comment without having a little more detail but I'd suggest that there are 2 fundamental challenges to overcome:

1. Firstly – defining your strategy in a sufficiently granular form so that the benefits of your initiatives can be related to the strategic objectives. As I mentioned, driver-based analysis is crucial here – in understanding the drivers of the key elements in your business model. This can be especially challenging in the public sector where the strategic outcomes can be 'contested' and subject to 'political' interpretation.
2. Secondly – relating benefits to these drivers of the elements in the business model – and using measures that incentivise the 'right'

behaviours rather than 'gaming' the system. This is aided where the organisation adopts a consistent and portfolio wide benefits eligibility framework – there are a couple of examples on my website for free download.

Q16. How do you realise benefits in a programme of projects in an organisation where the culture is anti (i.e think its a bad idea) the business case of Globalisation / Regionalisation. The company being an after market service organisation.

I'm not sure there's an easy answer to the picture you paint and to be honest, in my experience trying to establish any interest in benefits realisation after deployment is of doubtful value. But why not post the question on the Managing Benefits Community of Interest at <http://www.linkedin.com/groups/Managing-Benefits-4493501?>

Q17. 2nd pillar of Managing Benefits - 'start with the end in mind'. I notice it is one of the NLP pre-suppositions. Has Steve had NLP training?

Yes indeed – with Bandler himself and I've also trained with Grinder.

Q18. Can you please give the reference again of the book mentioned when coming to the management by exception? (book from 1998..)

The book I referred to from 1998 was the rather good, 'The Information Paradox' by John Thorp.

Q19. Do you think the failure to realise benefits is a result of unrealistic expectations of what benefits can be achieved, or actually as all the stats suggest, a failure of delivery

As I mentioned on the webinar, the guide refers to 5 sources of failure:

1. Forecasting failure – the over-estimation of forecast benefits whether due to optimism bias or strategic misrepresentation
2. Delivery failure
3. Business and behavioural change failure
4. Benefits management failure e.g. failure to mitigate dis-benefits and to fully exploit emergent benefits
5. Value for money failure – where benefits are realized but at excessive cost.

All 5 can play a part in the failure to optimize the realisation of benefits from our investment in change.

Q20. Steve, is the guide available in online format yet?

Very soon I have been told. I've sent another request to TSO this morning.

Q 21. Does the APMG recognise or has it developed a benefits management maturity model?

The Guide incorporates the P3M3 maturity model that includes the benefits management perspective at project, programme and portfolio levels. It also includes a quick health check assessment – this is available for free download from the Managing benefits repository at <http://www.apmg-international.com/en/qualifications/managing-benefits/managing-benefits.aspx> (the link to the repository is on the left hand side of the page).

Q22. In Prince 2 in particular, there's consistent discussion about benefit tracking during projects...how is this really possible, when the true benefits are only realised after the project hand-over?

My personal view is that this is why a portfolio approach is so important - benefits should be tracked and reported by the business units where the benefits are realised and then reported to the portfolio governance. You might want to have a look at the discussion on the Managing Benefits Community of Interest (the address to join is shown below) - Do you think it is better to manage benefit in projects (with start and end date) or as a continuous process and why?

Q23. Does the book cover benefits (management of delivery) when projects are not encapsulated under a Programme or Portfolio? How do we get the structure to obtain the benefits in this type of arena?

It does – the focus in the guide is on realisation of benefits from initiatives – that can be projects or programmes. As to how – well that's the subject of the book!

Q24. What are your thoughts on before defining the problem, ensuring that the governance of project management in the organisation has to be adequate to realise the benefits? The business needs to adapt to doing projects as well as the project aligning with the project.

You're absolutely right – governance is absolutely crucial in setting the environment in which 'starting with the end in mind' becomes business as

usual'. Hence the focus in the guide on effective governance – building on what we put in MoP.

Q25. How can you start with the end in mind in an environment that increasingly subscribes to the notion that working in an Agile way allows us to change our mind and reprioritise as we go through a project?

There's no conflict between effective benefits management and agile methods. Indeed – the guide includes: “*Adapting traditional delivery methods by applying a ‘dolphins not whales’ approach: i.e. applying agile, modular and incremental development approaches, and breaking large initiatives down into smaller ones of shorter duration.*” There is also no real conflict between this approach and starting with the end in mind – what we are saying is that the ultimate destination is clearly defined but exactly how we get there is open to change.

Q26. If a programme should become more attractive over time as we identify more benefits isn't that at odds with the idea of knowing from the start what the end game is and understanding what problem you are trying to solve from the start?

No not really – that's the nature of the world – things change, and we need to be open to the potential to realise unanticipated benefits – whilst at the same time, keeping the 'end game' in sight.

Q27. Do you believe the Govt push for using Agile Methods will increase the success / management of benefits for Govt ICT projects?

It should do – but note that the McCartney review over a decade ago stated that large-scale initiatives had a lower probability of successful delivery and therefore recommended a max timespan of 18 months from business case approval to project closure. I also mentioned Collins and Bicknell's book *Crash* published in 1998 – it identifies most of the causes of failure that I still see too often today. So agile methods are I think a step in the right direction – but will they be applied effectively?

Q28. Couldn't we also interpret Strategic misrepresentation as office politics?

As I said on the call – absolutely right. The guide says, “*The cause is, according to Flyvbjerg et al (2006), either because it is in the economic interests of those making the case, or because it is expected by the project sponsor. In short, benefits are used to help justify the investment in a preferred solution – and so the emphasis is on identifying benefits, not as a*

basis for managing their realization, but in order to justify the costs required. The result is a series of 'tricks of the trade' that are used to maximize the benefits in the Business Case, but with little attention being given to whether these benefits are actually realizable."

Q29. Could this be achieved by peer review - for example where an experienced SIO goes in to challenge / support the Senior Investigating Officer within the first 3 days of a murder investigation

Yes indeed – from whatever source, we need an independent perspective to help overcome 'groupthink' – one of the cognitive biases explored in the guide. Have a look at the PM World Journal article available for download here: <http://www.apmg-international.com/en/qualifications/managing-benefits/managing-benefits.aspx> - the first article in the list on the left hand side of the page.

Q30. It would be really useful if we could have some of these references e.g. Moorhouse study & Daniel Kahneman - I guess these are all available in various books - it might have been worth telling us up front - how this stuff will be made available?

All the sources are referenced in the book but if there are any you would like just let me know – but in relation to the 2 you mention:

Lovullo, D. & Kahneman, D. (2003) Delusions of Success – How Optimism Undermines Executives' Decisions, Harvard Business Review, July 2003. A brilliant article and available on-line for free – just google it.

Moorhouse. Benchmarking SROs' Attitudes – The Quandary of the SRO. Available at: <http://www.moorhouseconsulting.com/news-and-views/publications-and-articles/benchmarking-sros-attitudes-the-quandary-of-the-sro>.

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