

# **Benefits Realisation Management Practices: Are they worthy?**

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**Abstract:** This research provides evidence of the practical application of benefits realisation management in an exemplary organisation. It considers 16 practices identified in the literature and conducts a qualitative deep dive into a single case study to consider which of the 16 practices were undertaken in a complex project and how successful they were in delivering benefits to the organisation.

## **Introduction**

In the delivery of projects there is often a disconnect between the benefits described in the business case that initiates a project, and the realisation of benefits following project delivery. Typically projects have a tendency to focus on the delivery of the outputs of the project while the harvesting of benefits is not undertaken. This may be caused by the common understanding that benefits are mostly realised after project delivery and are therefore not the concern of the project itself but rather fall under program management responsibility (Musawir, Serra, Zwikael, & Ali, 2017). This typical approach leads to large numbers of projects being delivered that do not realise strategy for the organisation. This represents a failure of decision-making in organisations and poor use of available resources to achieve strategic outcomes.

Good project governance and benefits management have a positive effect on project success when tested against three criteria: project management delivery; performance in realising a business case; measuring the value generated by projects (Musawir, Serra, Zwikael, & Ali, 2017). Therefore project governance and benefits management practices should form an essential component of better management practice.

This paper seeks to develop an understanding of how benefits management practices are engaged in an exemplar organisation. Are the benefits management practices described in the literature being introduced in project management in practice and are these effective? Which of the benefits realisation management practices are most effective and aid in delivering the strategic outcomes sought by an organisation? This research will seek to ask these questions through a study of a recent Defence project to develop an outcome-focused, goal-based regulatory system for the Defence maritime community. This case study provides the opportunity to develop an understanding of how benefits management practices were employed throughout the project life cycle and if benefits management practices provide utility in decision-making and delivering a project that contributes benefits to organisational strategic outcomes.

## **Literature review**

### *Project realisation vs. benefits realisation*

Within the field of project management and management more generally, the topic of benefits realisation management is still maturing (Aubry & Sergi, 2017). In recent years organisations have had an increased emphasis on benefits realisation management practices, but continue to inadequately link delivered benefits with the planned benefits from the project business case (Marnewick, 2016). The historical emphasis in project management has been on the well-known triple constraints of scope, schedule and cost (Zwikael & Smyrk, 2012). This continued focus on project management performance has left a vacuum in the important tasks of identifying outcomes that align with organisational goals, developing projects to deliver outputs that will achieve those outcomes, and measuring the successes of these projects against the benefit outcomes stated in the business case. The literature does not provide significant practical guidance on how to form benefits at the initiation of projects or how to appraise and harvest benefits at the conclusion of projects (Chih & Zwikael, 2015).

The approaches to benefits realisation management in the literature differ greatly. While some models suggest that benefits realisation management should be identified

and measured at the portfolio level, others have taken the view that benefits realisation management should be conducted at project level, or even at all levels. There is a lack of consensus in the literature on how benefits realisation management should be undertaken (Aubry & Sergi, 2017). As a result of this ambiguity, interest in benefits realisation management is growing among both professionals and academics. Professionals are looking for benefits realisation management processes that have proven successful.

#### *Why aren't benefits realisation management practices working yet?*

Many organisations are now engaging in some form of business realisation practices, predominantly at the project initiation stage where benefits are being articulated for the purpose of demonstrating the need to initiate projects. In practice, benefits are often overstated in business cases in order to secure project funding (Aubry & Sergi, 2017), the outcomes are typically not assessed at the conclusion of the project (Marnewick, 2016), and the expected benefits are not delivered (Aubry & Sergi, 2017). The literature suggest that this can happen for a number of reasons:

- An assumption that once project outputs are delivered that the benefits will not be realised until sometime after project delivery (Musawir, Serra, Zwikaël, & Ali, 2017)
- Organisations fail to link delivered benefits to the business case (Marnewick, 2016)
- The benefits are not articulated and measured during project execution (Patanakul, Kwak, Zwikaël, & Liu, 2016)
- Projects are often declared successful if the outputs are delivered, even when there are no associated benefits (Zwikaël & Smyrk, 2012).

The literature has not yet reached consensus on a consistent way of forming or appraising target benefits (Zwikaël & Chih, 2014), and where attempts to measure benefits are made at the end of projects, the measures of benefit success are frequently determined after delivery of the project outputs (Aubry & Sergi, 2017). Moving from the academic view to the pragmatic organisational view and understanding how benefits realisation practices are being engaged in a real organisation will contribute to the literature by closing the gap between academic theory and professional practice.

#### *The need to conduct deep research into a case study*

With the overall poor understanding of how to successfully achieve benefits realisation management in practice, and conjecture among researchers on how to conduct benefits realisation management, it is clear that a robust and consistently successful business realisation management practice could provide a significant competitive advantage to organisations. On reviewing the research, the literature lacks focus on ways in which organisations actually practice benefits realisation management (Aubry & Sergi, 2017) and whether they are successful. This gives rise to the research question in this paper: *which of the elements of benefits realisation management practices are actually being utilised for the delivery of a project and program in an exemplar organisation?* A deep dive into a working example of how benefits realisation management has been conducted in practice will serve to test contemporary models and contribute to understanding the utility of the components of these models.

## **Methodology**

A deep dive into a single case study will be undertaken using an explanatory qualitative positivist methodology (Shanks, 2002) that will provide a basis for empirical testability of 16 benefits realisation practices put forward in the literature.

This methodology has a distinct advantage over alternatives such as a survey or experiments because it permits a deep dive into a practical example of benefits governance practices in an experienced government agency. Defence has been chosen for this case study as it is an exemplary organisation, highly experienced in delivering a variety of programs and projects in a government context. Governance practices are well established in Defence and therefore it likely that the research will observe practices that may not be seen in smaller and private organisations.

Evidence was gathered through formal governance documents, interviews and observation of program activities. Interviews were conducted with four interviewees who were involved with the project delivery. The interview question was “what do you understand of the benefits of the seaworthiness management system and how were these described, monitored and measured for success?”

Rigor was maintained through corroborating evidence from multiple sources. This research is guarded against biases by using impartial assessment criteria to minimise subjective analysis during the gathering of evidence. The research sought to confirm through evidence the presence of 16 specific practices of benefits realisation management.

## **Case study**

In response to a number of reviews on the governance of maritime activities, in particular the Rizzo review (2011), Defence initiated a new regulatory and assurance system, the Defence Seaworthiness Management System (DSwMS), to better oversee governance and assurance of Defence maritime objectives and materiel.

DSwMS is an outcome-focused, goal-based regulatory system that establishes 6 regulatory goals with 32 functional objectives ranging from having risk management strategies in place through to having controls for the structural integrity of vessels, navigation and competence of personnel. Where maritime systems are deemed compliant with the functional objectives, Defence has justified confidence that maritime mission systems will maximise operational effect while minimising safety and environmental risks. DSwMS reduces risk and provides a system of due diligence for capability managers in Defence.

The project to define this regulatory system and establish the Office of the Defence Seaworthiness Regulator responsible for compliance and assurance against the system, and representing Defence regulatory and legislative maritime interests, took approximately 4 years at a cost of \$27.8 million dollars. Complex activities included establishing a regulatory manual, training personnel across multiple Groups in Defence, engaging with legislative agencies, delivering information technology, accommodation and recruitment for an office of approximately 70 people. The Office is engaged in ongoing delivery of a program of education, compliance and assurance against DSwMS for all Defence maritime activities. Implementing DSwMS is a significant cultural change in the delivery of Defence maritime capability.

*Table 1 – 16 benefits realisation management practices*

Identify target benefits	Disciplined governance	Project owner – single point of accountability	Continuous improvement
Project outputs integrated into the business	Objective measurable outcomes	Service delivery focus	Stakeholder management
Baseline measures	Know measures collection methods	Strategic fit	Benefits harvested
Benefits tracked	Project plan achieved	Realised business case	Would fund project again?

Analysis of the case study against the 16 benefits realisation practices in table 1 that recent literature champion as making strong contributions to successful project delivery, reveal that target benefits were identified at the outset of project and articulated clearly in a formal business case initiated by the project sponsor, the Chief of Navy. The target benefits were intangible and strategic in nature. The business case clearly described the accountabilities for project participants including the single accountable senior officer responsible for delivery of the strategic project outcomes and the project manager responsible for project outputs as well as significant stakeholders and project committee members.

The project used PRINCE2 management principles and the MIT90 model to determine significant project outputs that aligned with the strategic benefits. Governance practices were engaged significantly at the project level with weekly reporting by the project manager to the senior officer responsible for delivery.

Project delivery was split into two discrete components running concurrently; implementation and transition. The implementation component was responsible for developing the regulatory system including the minutiae of the 32 functional objectives that comprise the regulations, and assisted mission system capability managers developing compliance strategies to adhere to DSWS. Implementation was responsible for developing the complete system including a DSWS operating model. The transition component was responsible for implementing the cultural change across Defence. This included establishing the Office of the Defence Seaworthiness Regulator (ODSwR) to implement the operating model. The transition team achieved success through developing a learning and training initiative known as ‘suitably qualified and experienced personnel’. This learning system developed the skills and knowledge of DSWS amongst stakeholders at all levels in Defence as well as the staff employed in the ODSwR.

Major project milestones were aligned with the capacity for Defence to undertake project outcomes as ongoing activities in core Defence business. A leader-follower model was used whereby the project would lead the development of a capability as a project output until it had matured to a level where it could be transitioned into a sustainable practice in Defence. At that time responsibility would be handed to Defence and the project team would follow providing lag support. Project milestones were established at the outset of the project and were reviewed at the point in time when they were scheduled to be achieved.

To harvest and measure benefits, as a project outcome the ODSwR includes an analysis and continuous improvement team responsible for analysing the enterprise risk to Defence and identifying risk trends uncovered through the implementation of DSWSMS. This analytical team was not expected to be able to produce analysis against the benefits of implementing DSWSMS for approximately 12 months following project closure. It is acknowledged that determining if there are improvements to the cycles of reform in Defence will take 5 to 10 years to uncover.

To measure benefits during the project, a review of the cycles of reform in Defence over the past 30 years was undertaken. This review considered whether the regulatory changes delivered through DSWSMS would have likely achieved a better outcome during those reforms. The project also measured the number of changes to DSWSMS regulatory framework in the first 12 months following its creation reasoning that less change would indicate that a stable and comprehensive framework had been delivered.

During project delivery there were some occasions where stakeholder engagement was low or waning, particularly by senior leaders in Defence. At these times engagement was invigorated by the project sponsor reinforcing the importance of the project outcomes and alignment with Defence strategic outcomes and the accountabilities of key of stakeholders.

At the conclusion of the project a formal handover report was developed and provided to the ODSwR. At that time, while the project was considered closed there were some outstanding implementation deliverables where stakeholders had not fully developed compliance strategies within the project timetable. Responsibility to assist with the development of these deliverables was passed to the Office.

Success of the implementation can be observed throughout the organisation through changes in language used in the maritime community aligning with DSWSMS language and planning activities being mindful of DSWSMS considerations.

## **Results and discussion**

### *Summary of results*

Table 2 provides a summary of results, describing the 16 benefits realisation practices championed in the literature, and identifies which of these were engaged in the case study and at what level in the organisation they were managed (portfolio, program or project level).

Table 2 – Results summary

Management Practice	Was it evident in the case study?	Management layer engaged in practice	Notes	Literature
Identify Target benefits	Yes	Portfolio	Intangible and without measures	(Musawir, Serra, Zwikael, & Ali, 2017) (OGC, 2009) (Chih & Zwikael, 2015)
Disciplined governance	Yes	Project  Program	Prince2 methodology  Formal design processes (MIT090) used to determine some project outputs  Weekly reporting against the project plan	(Musawir, Serra, Zwikael, & Ali, 2017) (Zwikael & Smyrk, 2015)
Project owner - Single point of accountability	Yes	Project Program Portfolio	Clear single accountabilities at all levels. Formally documented	(Musawir, Serra, Zwikael, & Ali, 2017) (Zwikael & Smyrk, 2015) (Chih & Zwikael, 2015)
Continuous review of target outcomes	No	Project	Outcomes once identified were never adjusted or modified. Focused on achieving project milestones on time  Major project milestones were reviewed and adjusted once achieved at the project level	(Musawir, Serra, Zwikael, & Ali, 2017) (Musawir, Serra, Zwikael, & Ali, 2017)
Project outputs integrated into the business	Yes	Project	Well planned and deliberately programmed as project outcomes at the project level  Integration was a major consideration in definition of all major milestones	(Musawir, Serra, Zwikael, & Ali, 2017)
Objective Measureable outcomes	No	Project	Outcomes were clearly described but intangible  No useful quantifiable measures  Project milestones were qualitatively measurable as capability maturity	(Musawir, Serra, Zwikael, & Ali, 2017) (OGC, 2009) (Chih & Zwikael, 2015)
Service delivery focus	Yes	Project	Developed and implemented a formal program to educate project team and stakeholders on the outputs of the project and cultural change	(Zwikael & Smyrk, 2015)

Management Practice	Was it evident in the case study?	Management layer engaged in practice	Notes	Literature
Stakeholder management	Yes	Project Program	Project integration stream primarily focused on stakeholder management  Evidence of project adjusting methods to gain stronger stakeholder engagement with a major stakeholder  Significant attention on education of stakeholders and developing stakeholder buy-in to cultural change	(Zwikael & Smyrk, 2015) (Musawir, Serra, Zwikael, & Ali, 2017) (Mossalam & Mohamad, 2016)
Baseline measures	No	Project	Theoretical efficacy of proposed organisational change was quantitatively assessed against previous major reviews that had occurred in the past 30 years	(OGC, 2009)
Know measures collection methods	No	Project	Project recorded potential measures for the future but did not consider ways of gathering evidence in support	(OGC, 2009)
Strategic fit	Yes	Portfolio	Benefits developed and endorsed by portfolio sponsor in alignment with organisational strategy	(Chih & Zwikael, 2015)
Benefits harvested	No	Project  Program Portfolio	Intangible benefits can be seen across the organisation however have not been formally identified  Acknowledgement at the program/portfolio level that it will take a significant period of time to harvest benefits (5+ years) and an analysis team was designed to measure and harvest	(Musawir, Serra, Zwikael, & Ali, 2017)
Benefits tracked	No	Project	Outcomes of project were tracked against major milestones as a description of project output maturity only	(Musawir, Serra, Zwikael, & Ali, 2017)
Project plan achieved	Yes	Project Program	Formal project closure documented and communicated	(Zwikael & Smyrk, 2012), (Zwikael & Smyrk, 2015)
Realised business case	Yes	Program  Portfolio	ODSwR provide ongoing delivery of DSWMs  Ongoing reporting of change implementation at portfolio level	(Zwikael & Smyrk, 2012), (Zwikael & Smyrk, 2015)
Would Fund project again?	No	Nil	The question of whether this is a good use of resources has not been asked throughout the organisation	(Zwikael & Smyrk, 2012)

### *Discussion*

Overall the results of this case study support many findings of previous research. Of 16 practices, 9 are being engaged meaningfully and predominantly at the earliest stages of the project.

#### *Measuring benefits may not be necessary for projects with intangible benefits*

The project determined during the design phase that measuring benefits would be of little value throughout the project lifecycle. This contrasts with the conventional view of benefits management practice suggesting benefits should be measured in order to link strategic target benefits with project results, but is supported by previous research that found benefits were often not determined till after project delivery (Aubry & Sergi, 2017). This case study demonstrates that where the benefits are intangible, measuring the benefits may be determined to provide little strategic value until well after project delivery. It therefore may be acceptable to lower the priority of benefits measuring practices. This may especially be the case in public sector projects where the strategic benefits are opaque and difficult to assess (Chih & Zwikael, 2015).

In the case study where they attempted to measure benefits (stability of regulations over 12 months, theoretical impact of framework during past 30 years of reform) there appeared to be little strategic decision-making value derived from the conclusions apart from reinforcing the desire to continue delivering the project.

#### *It is crucial for senior managers to consider the strategic value of projects*

In the case study the project sponsor articulated and communicated the benefits they sought through supporting and initiating the project. This shows that senior leaders were concerned with the project creating value that is in strategic alignment with organisational goals (Zwikael & Smyrk, 2012) even when they were not precisely understood and measurable. It was of critical concern for senior leaders to link project benefits to organisational goals despite methods of measuring being unknown (Musawir, Serra, Zwikael, & Ali, 2017). This implies that the project sponsor accepts that benefits may not be apparent until many years after project delivery and had confidence that the delivery of project outcomes would deliver benefits in time.

#### *A single point of accountability at the portfolio level is critical for success*

The confidence described above suggests that having clear single points of accountability to the portfolio level is a critical success factor for the harvesting of benefits over the long term. In the case study, the ability for the senior portfolio leader to reinforce the strategic alignment of the project with the organisation (Musawir, Serra, Zwikael, & Ali, 2017) and commit stakeholders to continued engagement with the project was a decisive factor in keeping the project outputs on track. Therefore, those at the portfolio level need to understand the critical nature of their accountability and role in leading projects and programs and more actively engage with projects and project links to organisational strategy (Young & Jordan, 2008). This is a critical enabler for projects to create value, which should be an ongoing concern for senior leaders (Zwikael & Smyrk, 2012). The case study suggests that continued engagement and governance by those at the portfolio level improves project outcomes and harvesting of benefits for cultural change management and ensure that the benefits continue to be pursued after project closure.

*Integrating outcomes into core business has a strong influence on delivering benefits*  
During the course of the case study some project deliverables were delayed and created risk of delivering the project on time and scope. The practice of integrating project outcomes into the core business through the learning and training program delivered by the transition team enabled the project to hand over responsibility for these deliverables to Defence. This enabled the project to continue delivering on time, scope and cost. The case study suggests that the integration of project outcomes into core business can strongly contribute to delivering benefit for the organisation. The first benefits observable in the case study were the integration of language change in the organisation. It follows that for a change management project with intangible benefits, integration practices should be considered one of the most important practices to undertake and commit resources towards.

*Benefits management practices are not normalised after the project initiation stage*  
Benefits management practices engaged by the case study tended to align with the literature at the earliest stages of the project - identify benefits, disciplined governance, single point of accountability, strategic fit - but were under utilised during the later stages of the project. The implication is that the benefits management methodologies in practice are not normalised as is typically championed in the literature, and that a single benefits management methodology may not be adequate for organisations (Musawir, Serra, Zwikael, & Ali, 2017). Flexibility may be more useful in practice.

## **Conclusion**

This research agrees with previous research showing that benefits practices are not being widely implemented (Musawir, Serra, Zwikael, & Ali, 2017). Overall this research shows that benefits management practices are not yet normalised in a large Australian government organisation. This is likely to be a conscious decision based on the nature of the intangible benefits the organisation is seeking when conducting widespread change management. The organisation is deliberately targeting benefit-harvesting practices to be conducted well after the delivery of the project. The implications suggest that where organisations are engaging in benefits harvesting they are doing so with a long lens. This may contribute to understanding why organisations focus on project outputs over benefits delivery. In the case study there was a strong focus early in the project lifecycle on ensuring that project outputs would deliver outcomes aligned with the organisational strategy to harvest benefits over the long term. Single and clear accountabilities from project delivery to project sponsor enabled this goal and the specific benefits management practices engaged during the project contributed.

## *Limitations and further research*

The findings of this research are constrained significantly by the methodology. The case study chosen may not be indicative of other projects delivered in Defence or throughout government and therefore the benefits realisation management practices may not be typical. The practices in a change management project may differ significantly from other projects such as materiel or information technology.

This research presents evidence suggesting that further study into organisational benefits management practices from a practical perspective is justified. It provides a

comprehensive positivist methodology, but research into a single case study is insufficient to draw strong conclusions.

Further research into the ways in which organisations engage in benefits harvesting and measuring over the long term would be useful; a follow up on this case study in two to five years would uncover if the projects intent to measure benefits in the future were undertaken and successful.

If benefits measures are intentionally being ignored during project delivery, it would be useful to undertake research to understand what the implications of this are, in particular, what information are they missing in strategic decision-making by not engaging benefits harvesting throughout the project life cycle. The obvious implication is that delivering projects over a period of four years (the case study was a four year project) where the strategic value is not revisited during that time may find that the project does not deliver value to the organisation even where senior leaders felt that it would do so at the outset. This may lead to projects only sometimes delivering value at a high material cost to the organisation.

#### *Conflict of interest*

The author Troy Allen began working in the Office of the Defence Seaworthiness Regulator in August 2017 and therefore has an interest in the ongoing program in this case study being delivered successfully. It is not possible to remove all conflicts of interest under this circumstance but the author has followed the methodology presented and was not responsible for any project deliverables in the case study.

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