

Benefit Realisation Management

A Practical Guide for Achieving
Benefits through Change

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GOWER

Overview of Benefit Realisation Management (BRM)

'Benefit realisation management is common sense but not common practice'

(Gerald Bradley)

'It is a process of diverting one's scattered forces into one powerful channel'

(James Allen)

4.1 Definitions and scope

sigma¹ defines benefit realisation management (BRM) as 'the process of organising and managing, so that potential benefits, arising from investment in change, are actually achieved'. MSP refers to this process as *Benefit Management*² and defines it as 'a continuous management process running throughout the programme'.

The OGC definition highlights that BRM is a continuous process running through the complete life cycle. It should be the core process of any change initiative, the backbone of any programme, involving far more than a few benefit events early in the process.

BRM recognises the starting position – external drivers, stakeholders and cultural factors – next through active engagement with the business, articulates and establishes the end point – vision supported by objectives and benefits. Then, and only then, BRM determines the changes required to achieve this goal – enablers and business changes. (See Figure 4.1).

The BRM process can be applied to individual projects and programmes, portfolios of projects and programmes, or to business strategy. When we first started applying BRM, in the late 1980s, it was usually to specific projects, usually at a fairly late stage in their life cycles, often subsequent to the implementation of some technology or a new system. While this remains a worthwhile activity, our involvement has gradually moved to earlier more strategic levels with strong focus on programmes, but embracing the whole spectrum from projects to business strategy.

Application of BRM should prove particularly fruitful in the area of 'mergers and acquisitions', where recent analysis³ has revealed that:

1 **sigma** is the strategic management consultancy organisation founded by the author.

2 MSP Page 125.

3 www.mapartners.net (August 2005).

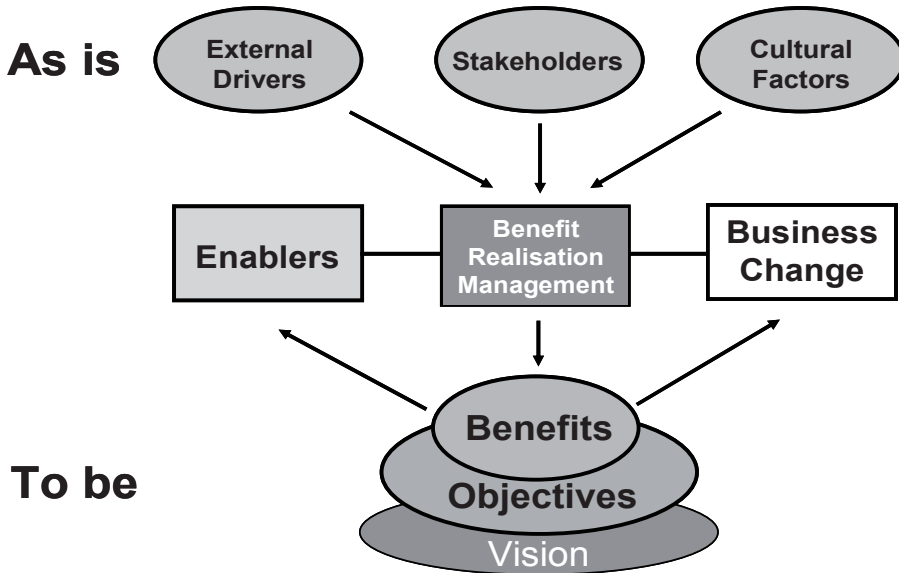


Figure 4.1 Focus on the real goal – the end point

- 83 per cent of mergers fail to achieve announced expectations;
- Nearly a half of all acquisitions are divested within five years.

The only valid reason for investing in change is to generate benefits. Benefits may be of value to the organisation making the investment, its staff, its customers, or even other parties; but without generation of benefits for at least one group of stakeholders, there is no justification for investing in change.

So benefits are the ultimate deliverable and BRM should be the central theme or core of any change initiative. It should lay the foundations for project or programme management rather than being, as so often, the afterthought.

Sometimes people ask whether BRM is yet another new management fad. Their concern arises from the fact that their organisation is already overwhelmed with different approaches, such as EFQM (European Foundation for Quality Management), Balanced Business Scorecard, Prince2™, Best Value, Value Management and Programme Management. Although BRM is relatively new, elements are found in many other management approaches, and it is much more than a mere fad. It is probably the approach for which all the others have been waiting, bringing meaning and purpose to activities such as Change Management, Requirements Analysis, Project Management (for example, Prince2™) and Programme Management (for example, MSP). And as one manager rather succinctly put it, BRM is the glue that binds together all the other management techniques.

BRM is also central to other recognised disciplines connected with change, as illustrated in Figure 4.2.

Once, at the end of an executive briefing on BRM for directors of a UK high street bank, the MD, having asked his colleagues for their reactions, said in his summing up – ‘this isn’t just about projects, it’s about everything that we do’. How right he was.

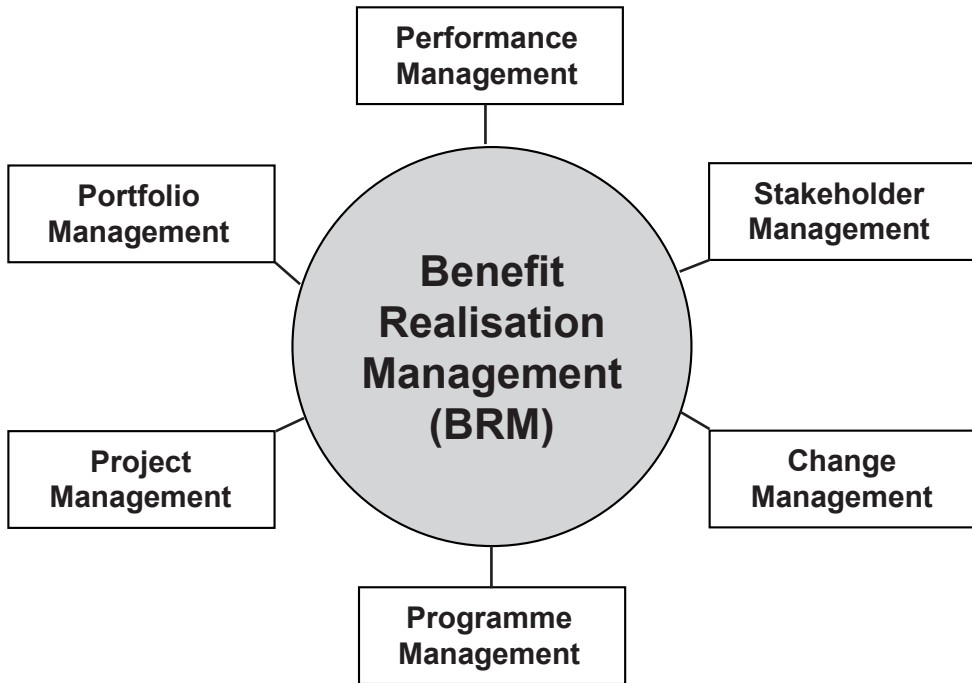


Figure 4.2 The relationship between BRM and other management disciplines

4.2 Why BRM is of increasing importance

There are many reasons why BRM is of increasing importance today. In the last few years there has been a noticeable increase in the attention given to benefit realisation by management at all levels. In particular the UK Government now puts a strong emphasis on benefits, which is being channelled directly to government departments, but also indirectly through the Treasury, the NAO and the OGC. In the private sector chief executives, managing directors and other senior managers are mandating the application of BRM to programmes and projects, demanding increased quality and rigour in business cases – and more meaningful benefit tracking and reporting.

This top level drive has probably arisen as a consequence of two factors:

- In an increasingly competitive global economy, organisations cannot afford to continue wasting costly investment. Organisations must expect benefits from change and ensure that these expectations are fulfilled.
- Business environments, both private and public, are increasingly complex and changing rapidly, making benefit realisation more difficult. This is evident from a historical perspective.

Figure 4.3 traces the development of computing in business over five decades.

	Driven by	Used by	Opportunity	Benefits
1960s	IT	IT	Automation of clerical processes	<div style="display: flex; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Reduced Costs</div> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100%;"></div> <div style="writing-mode: vertical-rl;">Added Value</div> </div>
1970s	IT	Business	Transaction processing	
1980s	Business	Business & third Parties	Management information, systems integration	
1990s	Business & third Parties	Business & third Parties	Executive info. systems, process re-engineering	
2000s	Senior Management	Senior Management	Knowledge management teamworking, eBusiness	

Figure 4.3 How the decades of computing have impacted benefit realisation

Between 1960 and 1980, changes were largely initiated by IT functions, not by business units. This is still true in some organisations today. In the 1960s, benefits were predominantly ‘reduced costs’ from automating clerical processes, such as payroll and accounting, whereas today the majority of benefits are aspects of ‘added value’.

In many cases, the IT project team was made responsible for identifying the benefits, making the business case, and (if the organisation bothered to check whether they had been achieved) for tracking and reporting the benefits. I believe this responsibility was wrongly placed, though in the 1960s it was usually effective for the following reasons:

- the nature of the benefits – reduced costs from automating clerical processes – could be analytically determined and IT people are good at analysis;
- since the majority of benefits were financial, the justification for inclusion in the business case was easy to construct;
- the majority of benefits would have been realised soon after implementation, while the project team was still around to verify their realisation.

This is inadequate for many of the changes undertaken today, for example the move to eBusiness and eCommerce. In these situations:

- benefits will not be fully identified without adequate engagement of the business community;
- business cases will be more complex with justifications often dependent on non-financial benefits;
- the majority of benefits will be realised after the project team has moved on.

In the 1960s and 1970s, projects were frequently sponsored and funded by a single business department, within which the change occurred, and where the benefits would be realised. In contrast, today’s change initiatives, especially the larger ones, involve a wide range of stakeholders, crossing functional and sometimes organisational boundaries.

A further complicating factor is the speed of change. In the 1960s, the internal and external environments would have been similar at the beginning and at the end of a two-year project, the goalposts remaining unmoved. Today these factors will have change even during the life of a six-month project.

4.3 Common issues addressed by BRM

Many problem situations may be solved, or at least alleviated, by BRM. Some may appear to have little to do with benefits, and more to do with change or project management. But since the only meaningful reason for change and for projects is the realisation of benefits, BRM has a much wider impact than many people appreciate.

	Situation	How BRM helps	Section
1	Management are not committed to benefit realisation	BRM is helping to change management attitudes, but it may take time	26
2	It is difficult to get the staff time for BRM activities	BRM can show why this time investment is vital if historic bad performance is to be changed	4.5
3	The vision or end-goal is difficult to define	BRM process includes structured techniques for moving from drivers to vision & objectives	8.6
4	Stakeholders do not own the vision	Use of the workshop process and vision/objective setting techniques	2.6, 8.7
5	Stakeholders are not engaged effectively	The BRM Methodology and the related workshop process facilitates stakeholder engagement	2.5, 2.6
6	Portfolio of programmes not aligned to organisation's mission	BRM is strong on alignment but also prefers to start with the organisation's Mission or Strategy	8, 24
7	The dominant focus is on technology - enablers	BRM is excellent at shifting the focus from technology to business change and benefits	1.3-1.7
8	The life-cycle is long (e.g. greater than 4 years)	BRM's use of maps with intermediate milestones enables progress to be steadily monitored	9.5, 15
9	There are dependencies between projects	Mapping techniques can show dependencies and indicate programme boundaries	8.7
10	There are dependencies between programmes	Benefit Profiles and Maps can register dependencies and create prompts to monitor dependent activity	13
11	Benefits are dependent on several projects	BRM will treat these as programme benefits and manage accordingly	2
12	Business Cases are difficult to write	BRM produces a Benefit Realisation Plan which is often one of the most difficult elements of a case	19
13	There is complexity or large-scale change	BRM ensures that change is identified and managed with the same importance as enablers	5.1, 11, 12.3
14	Resources are scarce	BRM helps to focus available resources on areas of greatest need or impact	14.6
15	Business change is not driven by benefits	BRM's Maps and Investment Assessment Matrices use benefits to drive change	11, 13
16	There is resistance to change	Through Benefit Distribution analysis BRM can help to anticipate and overcome resistance	9.4a, 14.6
17	Communication is poor or difficult	BRM's use of pictures, maps, matrices, charts and use of colour significantly aids communication	13
18	There is lack of trust	BRM's maps make implicit assumptions explicit and so increases transparency and trust	9.6
19	There are many options for rolling-out the solution	Benefits can drive implementation and so maximise the overall investment return	14.5
20	Measuring benefits is difficult	This can be for a variety of reasons but often because BRM has not been applied from the start	4.8
21	Benefits are intangible	The Sigma Value Types framework shows that most benefit are in fact tangible	9.4d
22	It is difficult to attribute the benefits to the change	Monitoring benefit achievement through a Benefits Map increases confidence in respect of attribution	15.2
23	The same benefit is claimed by more than 1 project	Use Benefits Maps to avoid double counting and Measures Dictionary to apportion between projects	9.1
24	Benefits are not adequately tracked or reported	Benefit measurement is an intrinsic part of BRM but BRM first lays the necessary foundations	15
25	Benefits are not being realised	The whole BRM process works towards benefit realisation and can sometimes be applied retrospectively	23

Figure 4.4 How BRM helps in 25 problem situations

Figure 4.4 lists many of the problem situations addressed by BRM with a brief indication of how it helps, and the section/chapter(s) in which the issues are addressed:

4.4 How different stakeholders can benefit from BRM

The many stakeholders are likely to be affected in different ways by BRM. Figure 4.5 shows how the benefits and disbenefits of BRM relate to some of these stakeholders.

Key Benefits and Disbenefits by Stakeholder	Board	Sponsor (e.g. SRO) & Programme Board	Programme Director/Manager	Business Change Manager	Programme Team	Enabler Project Teams	Business Manager	Business User
Benefit								
More optimum programme portfolio								
Earlier recognition of ineffective programmes								
Improved stakeholder engagement								
Clearer sense of direction								
More effective programme management								
Better use of resources								
Improved management of risk								
Reduced Enabler costs								
More financial benefits realised								
More non-financial benefits realised								
Greater visibility of realised benefits								
Improved Programme image								
Disbenefit								
Extra effort by the business								
Slower start to the programme								
Enabler project targets threatened								

Benefit	
Disbenefit	

Figure 4.5 Benefits and disbenefits of BRM by stakeholder

4.5 The ROI from BRM

The Return on Investment (ROI) generated by BRM stems from the following:

- elimination, or reduction in the number, of wasted investments
- earlier realisation of benefits
- increased realisation of benefits
- sustained realisation of benefits.

and has two main components – an improved return from each investment (doing things right), and a contribution from an improved investment portfolio (doing the right things).

IMPROVED RETURN FROM EACH INVESTMENT

Without a structured approach, such as BRM, most organisations probably achieve between 10 and 25 per cent of potential benefits from any significant change initiative.⁴ With BRM these results can usually be trebled. Since the cost of BRM, for a particular investment, is typically between 2.5 and 5 per cent of total investment costs,⁵ the Return on Investment (ROI) from BRM is likely to lie within the range 300–1000 per cent, *provided* it is applied from the earliest possible stage of the investment life cycle. For example, an investment with a maximum potential return of 40 per cent is likely to achieve 10 per cent without BRM and 30 per cent with BRM. If the cost of BRM is 5 per cent then the ROI is 300 per cent; if it is only 2.5 per cent then the ROI from BRM is 700 per cent.

If BRM is introduced late in the change life cycle, the return, though much lower, is usually still good. Figure 4.6 illustrates how the return on investment is likely to vary depending on when BRM is first applied.

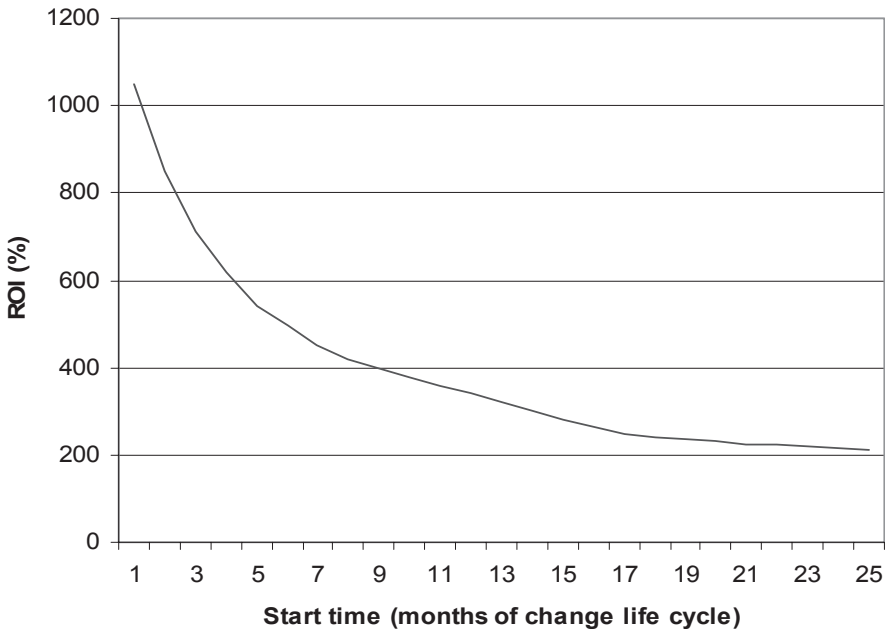


Figure 4.6 ROI of BRM based on start time

Note how the ROI of BRM falls significantly if it is not applied from the earliest point. A common nightmare is being asked to help with BRM in situations where the programme organisation is already set in stone and the poorly expressed vision statement is considered immutable!

4 This cannot be scientifically proved, but is based on **sigma**'s experience over 20 years. It has also been confirmed many times during the past four years, by the views of managers participating in **sigma**'s management seminars on BRM.

5 Based on **sigma**'s experience.

IMPROVED RETURN FROM AN OPTIMISED PORTFOLIO

In addition to improving the return from each investment, BRM can be used to create and continuously refine the complete portfolio of investments in change. In this situation the potential improvement depends on the quality of the starting portfolio and the processes employed to improve and maintain the portfolio. Depending on the organisation's success in these areas, the improvement from the application of BRM will vary, probably between 25 and 100 per cent. Chapter 24 describes how BRM can be used to create and maintain an optimum portfolio.

4.6 The Process for BRM

sigma's approach to BRM puts particular emphasis on:

- 1 identifying and engaging potential stakeholders;
- 2 establishing a clear vision and objectives which are owned by key stakeholders;
- 3 identifying a comprehensive set of realistic benefits, which support the objectives and are owned by the relevant stakeholders;
- 4 relating these benefits in 'cause and effect' Benefits Maps, providing intermediate milestones and ensuring improvements in end benefits are attributed to the programme;
- 5 identifying the details of the required enablers and changes using Benefit Dependency Maps;
- 6 prioritising paths in the maps in order to focus investment, resources and activities;
- 7 determining the most effective way to procure the enablers and implement the changes, either through existing initiatives or by creating new ones;
- 8 justifying and establishing new initiatives such as projects and programmes;
- 9 using Investment Assessment Matrices to check alignment and balance, to manage expectations, and to communicate significant messages;
- 10 using measures to track performance, throughout and beyond the programme life cycle, to demonstrate success, and to take corrective action if intermediate targets are not fully achieved.

This approach can be organised in six consecutive phases as represented in Figure 4.7.

The process is cyclical – it can be entered at any phase – though starting at Phase 1, setting vision, would be the optimum entry point. This flexibility allows for the application of BRM to initiatives which are well under way. Engaging stakeholders throughout the change process is a critical success factor.

It is also iterative, enabling return to a previous point. This is useful since more detailed analysis frequently prompts refinement of earlier definitions and plans. A change in the external environment may also require a return to and re-work of earlier phases.

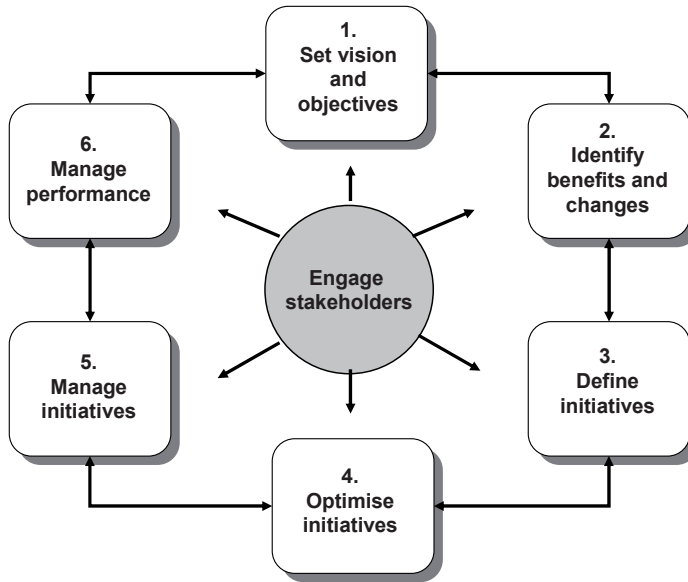


Figure 4.7 The high-level change process

The process is also applicable at any level within an organisation – for example at:

- corporate or group level to determine business direction and strategy;
- divisional level to determine the optimum portfolio of change investments;
- programme level (within a single division or cross-divisional);
- project level.

4.7 Phases within the BRM Process

PHASE 1 – SET VISION AND OBJECTIVES

Initially a vision, followed by supporting objectives, should be established, ideally with no preconceived ideas about solution (enablers and business changes, or delivery mechanisms, such as programmes or projects). In this situation, no programme or project managers having been nominated, the ideal person to facilitate this initial activity is a Benefit Facilitator (if such a role exists – see Chapter 6.13 for a definition), or a Business Change Manager with BRM skills and experience.

With continued stakeholder engagement, supporting objectives are then established, related in an Objectives Map, and then analysed to determine two or three primary objectives. Primary objectives are end objectives for the programme, which bound its scope, and are ideal for communicating programme purpose to a wider audience. They also provide a solid basis for building Benefits Maps.

An example of an Objectives Map with three primary objectives (heavy outlining) is given in Figure 4.8.

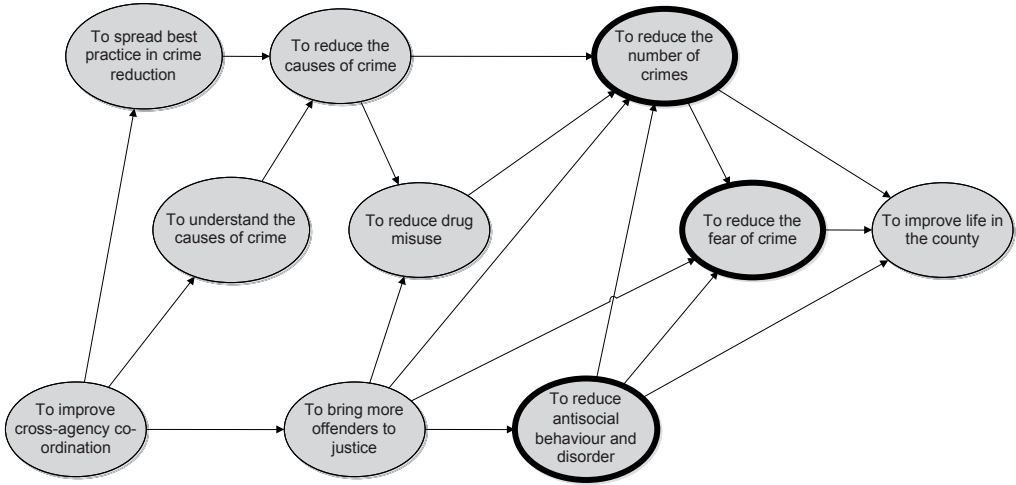


Figure 4.8 Objectives Map with three primary objectives

This phase must achieve four principal aims:

- to clarify and capture the pressures and opportunities (drivers) which have triggered the need for change;
- to determine or clarify a vision for the investment, which will successfully address all the drivers;
- to derive a set of objectives or measurable end goals, which fully support the vision, and then to select a sub-set of these objectives to bound a feasible change initiative;
- to check that senior stakeholders have agreed to the vision and are committed to achieving the selected objectives.

PHASE 2 – IDENTIFY BENEFITS AND CHANGES

Working back from these primary objectives (normally from right to left but in the following three diagrams from bottom to top), deriving routes to reach the agreed destination, first a set of end benefits, and later a whole network of intermediate benefits are determined. This is best undertaken in a workshop involving key stakeholders and facilitated by an experienced BRM practitioner.

The complete network is a *Benefits Map*, which should contain the full set of benefits, all linked to one of the primary objective(s), in cause-and-effect relationships. Sometimes it is helpful to have a separate Benefits Map for each primary objective; sometimes it is more useful to combine them in a single Map.

A Benefits Map for the primary objective, 'To reduce crime', is given in Figure 4.9.

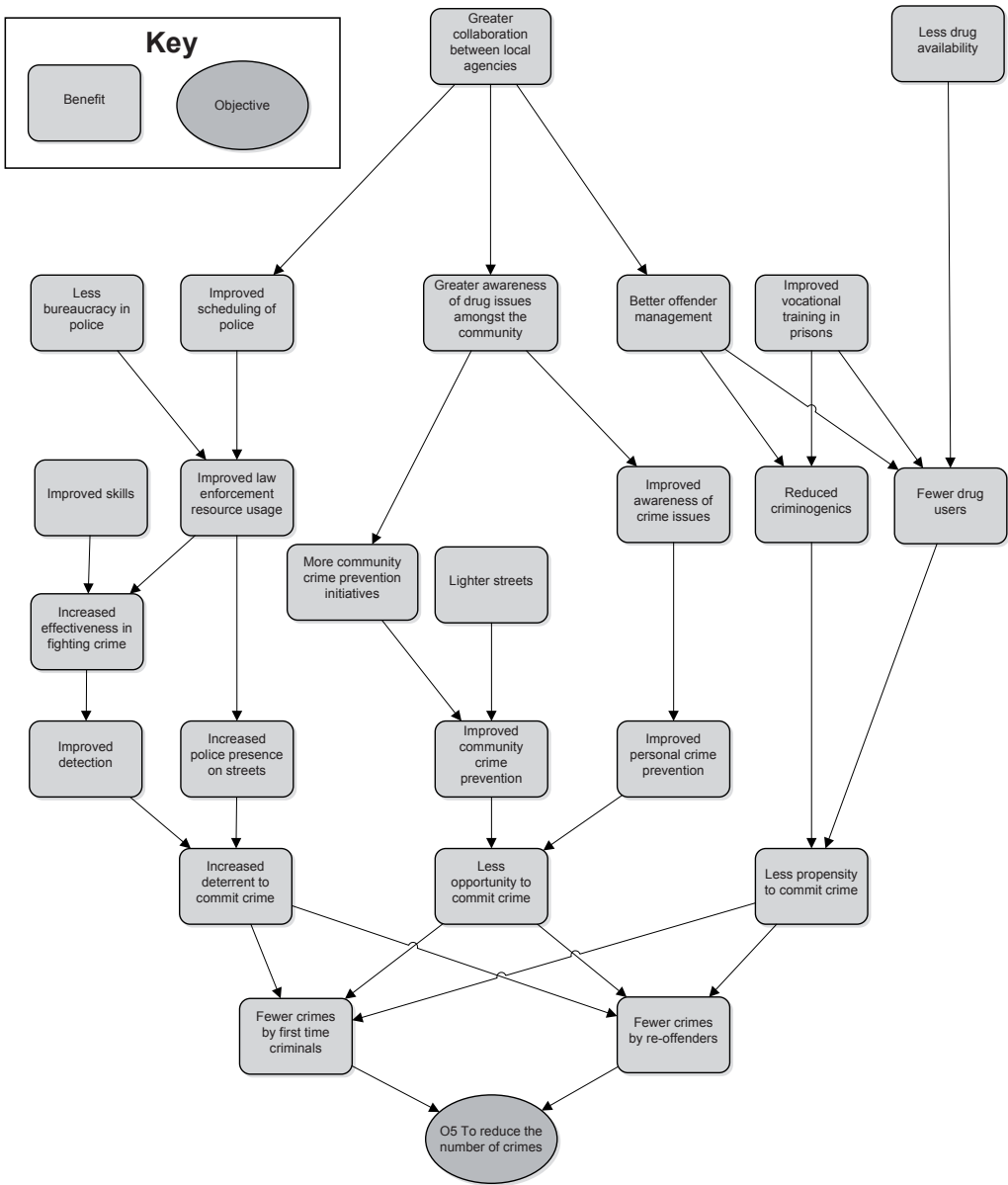


Figure 4.9 Benefits Map for 'To reduce crime'

Once the Benefits Map(s) have been refined and agreed, benefits may be scored using a weighting algorithm, beginning with the primary objectives. Scoring processes are fully described in section 9.7 and provide a structured process for capturing priorities as seen by workshop participants. Subsequently the weighted paths and benefit scores can be used to prioritise investment in enablers and business changes.

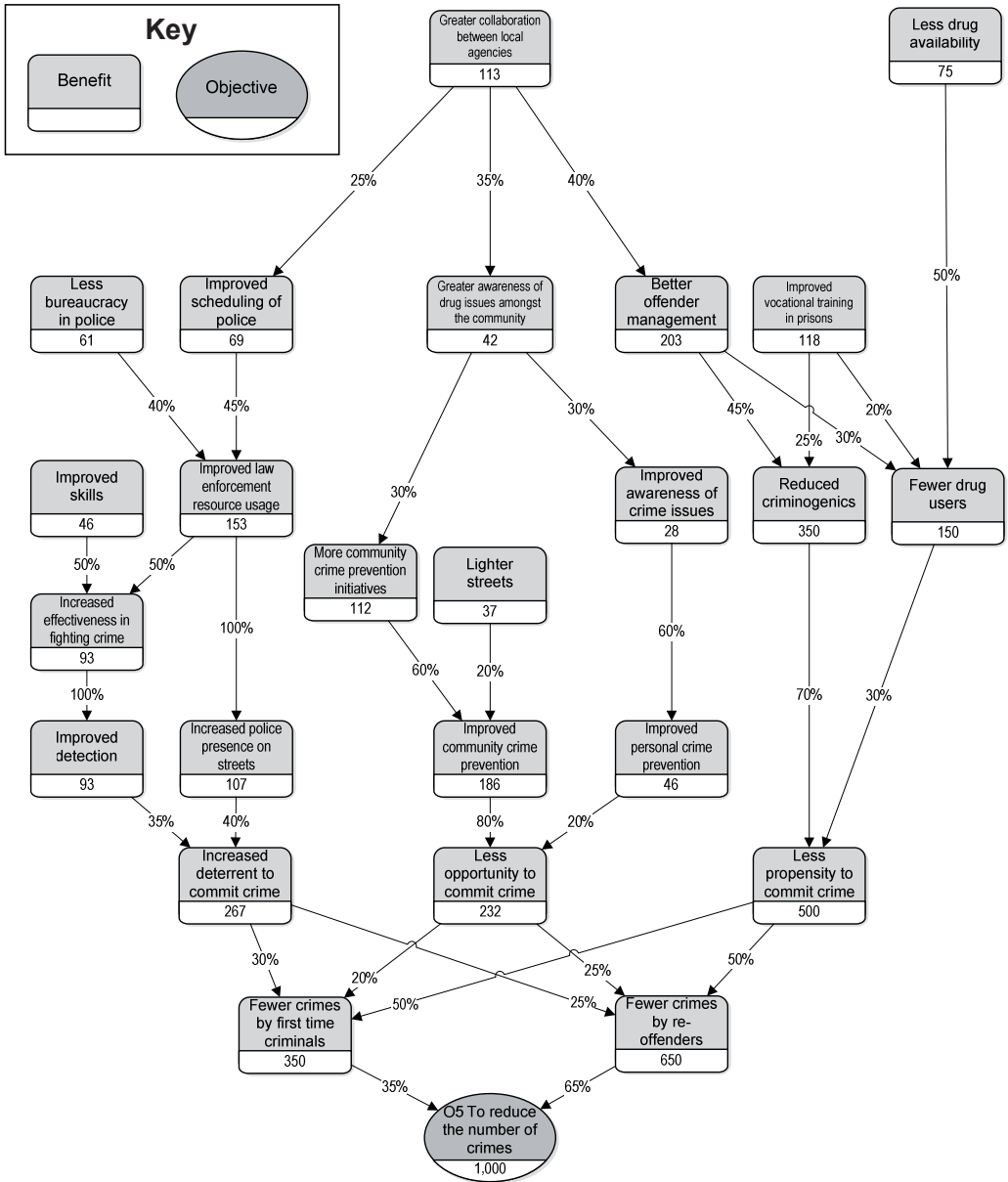


Figure 4.10 Benefits Map for 'To reduce crime' with weighted paths and benefit scores

The result of applying weights and then calculating scores for the Benefits Map in Figure 4.9, is given in Figure 4.10.

The Benefits Map, with or without the benefit scores and path weightings, is then used to identify required enablers and business changes, this time using a top to bottom (normally a left to right) process. The resulting map, referred to as a Benefit Dependency Map (BDM), is in effect the first component of the blueprint for the Vision. Using the above example a partially developed BDM is shown in Figure 4.11.

PHASE 3 – DEFINE INITIATIVES

The required enablers and changes, identified in Phase 2, are then processed and analysed including:

- categorising them to facilitate the identification of duplicate changes, and consolidating those identified;
- checking whether they are already planned as part of an existing project or programme;
- determining likely costs, resource requirements and timescales for any changes not already planned;
- relating these costs to the BDM, preferably with benefit scores and weighted paths, to prioritise and evaluate options and to commission potential change;
- packaging changes together into projects and programmes, and securing the necessary resources and funding;
- establishing the most appropriate organisation, management and governance structures.

PHASE 4 – OPTIMISE INITIATIVES

Irrespective of whether Phase 3 results in a single programme, including projects, a portfolio of projects or a portfolio of programmes, there are usually opportunities to optimise the combination in order to maximise benefit realisation.

One of the tools available to support this optimisation is the Investment Assessment Matrix (see section 13.3). It can also be valuable for checking alignment and balance and to test for serious gaps.

Earlier realisation of the higher value benefits is often achieved by using benefits to plan and drive implementation and roll-out.

PHASE 5 – MANAGE INITIATIVES

Programmes and projects commissioned in Phase 3 are then managed and monitored with particular attention to the management of business change, optimised roll-out and the overcoming of any stakeholder resistance.

The Benefit Dependency Map remains useful for steering the overall activity. Milestones, for a mixture of completed enabler and change activities and the realisation of early benefits, will be used to monitor progress.

PHASE 6 – MANAGE PERFORMANCE

In this phase benefit realisation is monitored and reported, contributions for multiple programmes and projects are consolidated, and appropriate actions to compensate for shortfalls in target achievement are initiated.

Although progress towards the vision is assessed in this phase, measuring and tracking benefits should have begun as soon as the measures were identified.

STARTING POINT

I have already indicated that the optimum entry point into this process is Phase 1 – Set Vision and Objectives. But because the process is flexible and scalable, it is possible to begin with another phase. The brief description given above assumes starting with a clean sheet and some

clear drivers for change or an agreed or embryonic vision. If a programme has already been set up and some projects are already in place, then the starting point may be Phase 3. In this case, some of Phase 1 and 2 activities should be undertaken in Phase 3.

4.8 Managing BRM information – key BRM documents

A considerable amount of information is required to enable the programme team to manage benefit realisation and the dependent changes, some of which will be required by decision-making bodies involved in governance and review. A single repository for all this information is desirable, from which extracts can easily be made to satisfy particular needs; ideally this would be an integrated electronic database with a powerful reporting capacity (for the specification of such a system see Chapter 29). If an electronic system is not available, a set of Benefit Profiles might provide the appropriate repository.

There is a plethora of recommended documents for BRM, which relate either directly to benefit realisation or to the management of dependent changes, including programme, project and stakeholder management. Most methodologies specify as mandatory a large number (sometimes more than 20) of these documents, occasionally including several versions of the same document such as a business case.

Because in these circumstances a programme manager may feel overwhelmed, separation may develop between the documents used for governance and those used for managing the programme, with the consequent risk that governance and management are based on different sets of information. **sigma** has therefore sought to rationalise the number of documents around five themes, as described in Chapters 18–22, resulting in the following key documents:

- Benefit Realisation Plan describing all the benefits with their measures and targets, including how, when and where their realisation is expected;
- Stakeholder Management Plan describing how stakeholders are to be engaged throughout the life cycle;
- Blueprint or business model describing the planned integration of enablers and business changes;
- Business case;
- Programme Management Strategy.

4.9 Is there an alternative to BRM?

Some frequently asked questions:

- Is it important to apply the whole BRM process?
- Can we just use a few of the techniques?
- Is it important to start at the beginning?

For effective benefit realisation, I believe it is essential to apply all steps of the BRM process. But since it is a scalable process, the particular tools and techniques employed at each stage may depend on the size and nature of the proposed change, and on the type and culture of the organisation.

Most organisations already apply some of the suggestions made in this book. But unless these are applied as part of a sequential and comprehensive process, their effects are likely to be limited, possibly even negligible. This is borne out by the fact that many organisations seem dissatisfied with their current benefit realisation performance.

People often say that they particularly want help with the measurement of benefits, as it is this that they find most difficult. Measurement may be difficult and there are many factors to consider (see Chapters 10 and 15), but investigation often reveals that difficulty with measurement is largely a symptom of deeper problems. If solid foundations have been laid, construction of the finishing touches is inevitably easier and potentially more valuable.

When I have probed this particular concern about measurement, the responses have often followed a similar pattern, ultimately leading to the root cause that BRM has been applied either not at all or too late. The diagram below illustrates the pattern of analysis which often emerges.

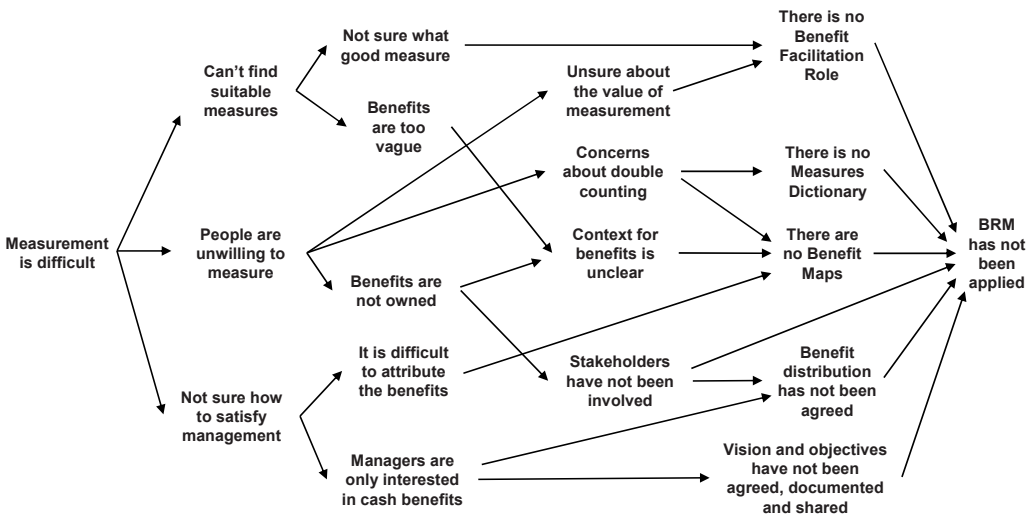


Figure 4.12 Why measurement can be difficult

Therefore there is no sensible alternative to BRM! – a conclusion supported by the diagram’s logic and illustrated by the following benefit management fable, used by **sigma** in its marketing literature for several years:

A farmer once planted a vineyard. He prepared the ground with care, and devoted much time to choosing the best vines, planting and nurturing them lovingly, using the best methods available. As the grapes began to form he worked long and hard trimming the bunches to the most beautiful shapes and sizes. Then he sat back pleased that his work was done.

He made no plan for harvesting or processing his crop. Although a few bunches were picked and eaten and a neighbour made good wine with a few that overhung his fence, most of the grapes rotted on the vines, and disease set in which reduced their fruitfulness next year.

Apply BRM and make common sense common practice. Map a clear path to bridge the gap from where you are to your vision of where you want to be.