PMI® THOUGHT LEADERSHIP Series

Establishing benefits ownership and accountability

BENEFITS REALIZATION MANAGEMENT

Project Management Institute

ABOUT THIS REPORT

PMI's Thought Leadership Series research on establishing benefits ownership and accountability was conducted throughout 2016. In total, 774 respondents completed an online survey to understand the perspectives of those who initiate or commission major projects and are accountable for realizing benefits.

ACKNOWLEDGMENTS

We would like to thank the following individuals for their contributions to this report:

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BENEFITS REALIZATION MANAGEMENT

EXECUTIVE SUMMARY

Benefits realization management (BRM) is the process of ensuring benefits are identified, defined, linked to strategic outcomes, delivered, and fully realized. One of the reasons organizations fail at BRM is because there's no universal view on how to implement the discipline, especially when it comes to establishing the roles and responsibilities necessary for investments to deliver maximum value.

We see from our research that a clear understanding of BRM and identifying who owns the benefits can aid in their effective identification, delivery, and sustainability. Organizations that successfully deliver on strategy have the right tools and processes in place to monitor, measure, and realize benefits. They make an investment in BRM and implement a formal approach that can be replicated across projects and programs. They also establish clear communication lines and encourage robust dialogue among a cross-functional team of project managers, business owners, and executive sponsors and other leaders.

To better understand the specific roles and responsibilities of BRM, we surveyed 774 people with accountability for business results, with titles of director, manager/senior manager, vice president, or head of a business unit/product line. These respondents initiate or commission projects (with budgets of US$250,000 or more), and are accountable for realizing the associated benefits.

From this research, we classified organizations with high BRM maturity and those with low BRM maturity:

High Maturity vs. Low Maturity

"Success" was calculated based on the summed score of how frequently organizations undertake specific practices prior to initiating major projects, during their execution, and upon completion of major projects.

The highest possible score that could be achieved was 64 (across 16 scaled items).

High Maturity = Scored ≥60 | **Low Maturity = Scored <46**

We see that accountability and success are not just critical, but synonymous with a sustained BRM approach and level of maturity. Further, we find that organizations that are highly mature do the following:

Create A Value-Driven Culture

A benefits realization–driven culture, part of an organization-wide culture of alignment, is the key to effective decision making. Mature organizations create a value-driven culture by:

95% Effectively aligning expected business benefits with **strategic goals**

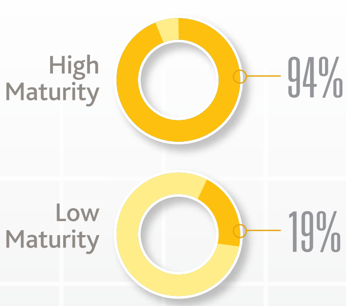
92% Developing a **formal process** for identifying, maintaining, and sustaining business benefits from major projects

95% Efficiently capturing and leveraging **lessons learned** to make improvements in benefits realization

97% Cultivating high levels of organizational **transparency** around the achievement of benefits

Establish Clear Accountability and Responsibility

Because BRM can influence project and strategic success, it's important for organizations to establish ownership for benefits measurement. Those responsible for BRM maintain this focus and confirm benefits are identified, executed, and sustained—essentially ensuring whatever a program or project investment produces continues to create value, as per the business case.



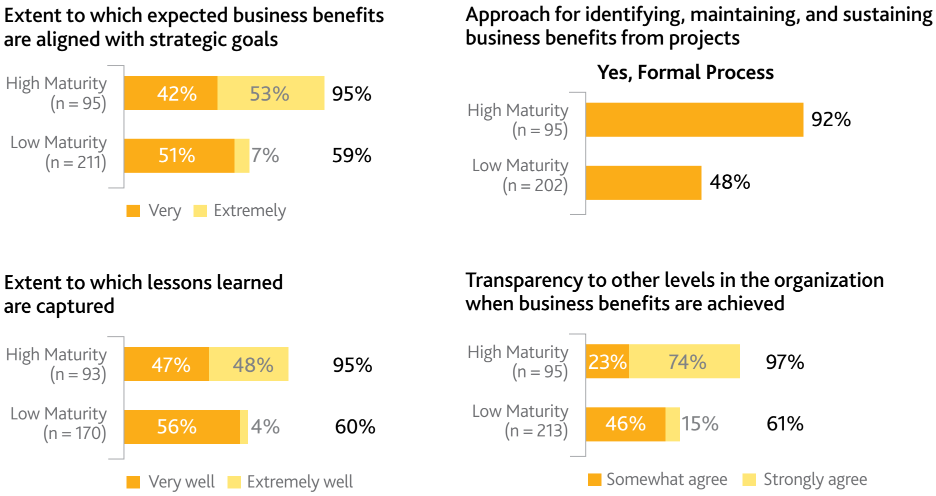
- **94% of highly mature organizations** always formally identify person(s) accountable for achieving business benefits **versus 19% with low maturity.**
- While multiple people are accountable for ensuring benefits across the different stages of BRM, accountability increasingly aligns with related functional responsibilities, rather than organization-wide. And more mature organizations have a single person accountable for managing benefits by each initiative or groups of related initiatives **(24% versus 13% of organizations with low maturity).**

CREATING THE RIGHT CULTURE

The culture of an organization can be a particular challenge when it comes to BRM. Since organizational culture sets the tone that ultimately shapes the experiences of employees, creating the right environment to influence the successful achievement of benefits is important.

Organizations with high BRM maturity create a value-driven culture and align the expected business benefits with strategic goals. They have formal processes for identifying, maintaining, and sustaining benefits; lessons learned are captured and used to make improvements; and organizational transparency is high (see Figure 1).

Figure 1: **Components of a value-driven culture**



A value-driven culture ranks projects on the traditional performance measures of cost, scope, and time, and their overall contribution to business strategy. Ideally, the culture bases project success on outcomes, not just outputs.

Without a value-driven culture that steers business success via BRM, organizations run the risk of wasting time and money. That culture is nurtured by good policy that enables end-to-end thinking; strong ethics that go beyond compliance into proactive behavior; strategic plans that are aligned with actual day-to-day activity to maintain focus; and performance viewpoints that exceed financial measures.

Creating this culture requires a change of mindset to adopt the required new practices. Success is much more likely in organizations that embrace BRM as a discipline and create a value-driven environment. And if the C-suite is not fully committed or does not appreciate that projects deliver business value, project managers and other stakeholders may have to assume more responsibility to encourage benefits management. BRM largely is a group effort under which all in the organization contribute and each team member plays a significant role.

A value-driven culture is nurtured by good policy that:

- Enables end-to-end thinking
- Reinforces strong ethics that go beyond compliance into proactive behavior
- Aligns strategic plans with actual day-to-day activity to maintain focus
- Establishes performance viewpoints that exceed financial measures

ESTABLISHING THE KEY ROLES

Those in key organizational roles, as outlined in the box below, will achieve higher levels of BRM if they are part of a collaborative effort—a cross-functional team that can deliver on business needs. Everyone contributes to the benefits discussion, helping others understand needs and limitations, so that benefits are supported throughout the project life cycle.

BENEFITS REALIZATION ROLES

Executive Sponsor	Ensures the project or program produces maximum value for the organization.
Benefits or Business Owner	Takes overall responsibility for monitoring and measuring benefits and ensuring they are achieved (this role can fall under many names).
Project Manager	Leads the team responsible for achieving the project objectives.
Program Manager	Maintains responsibility for the leadership, conduct, and performance of a program.
Portfolio Manager	Establishes, balances, monitors, and controls portfolio components in order to achieve strategic business objectives.

Typically, we see that various people are involved in the identification, delivery, and sustainment of benefits. So, good oversight by those accountable is essential, as is a supporting framework that clearly states the different areas of responsibility and who is in the best position to perform each phase.

More mature organizations have a single person accountable for BRM for each initiative or group of initiatives—24 percent versus 13 percent of organizations with low maturity. Throughout our research, higher maturity has been shown to increase success, suggesting that having a single person accountable for BRM will further increase maturity. Since many anticipated benefits are not seen until after the project is delivered, having one owner for ongoing benefits measurement and validation is critical. It puts someone in charge of consciously and deliberately monitoring and measuring benefits. This role can fall under many names—business owner, business manager, program director, divisional head, or product manager.

This functional role is responsible for getting the results needed to achieve the targets set in the business case. They oversee the BRM process for sponsors and project, program, and portfolio managers by identifying benefits and determining how each will be realized.

Despite how straightforward this may seem, identifying or allocating the roles in BRM is not always easy. Many factors come into consideration, including organizational capabilities, volume of work, and project or program size. No "one size fits all" exists with these roles—and BRM practices should be customized within each individual organization.

For example, Kevin Korterud, senior manager at Accenture, views benefits as a solution process that requires a dedicated function to be in charge of benefits realization, keeping it separate from delivery (see sidebar, *The Emergence of Benefits Realization Managers*). In another view, Michael R. Wood, independent consultant, creates a case for establishing an office of outcome management with a chief benefits realization officer (see sidebar, *Making Operational Units Accountable for Benefits Realization*).

ROLE OF THE EPMO

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

We see from the 2016 *Pulse of the Profession®* that organizations with high benefits realization maturity are nearly twice as likely to report having an EPMO and that organizational performance tends to track higher. This puts the EPMO in the ideal position to fully embrace value management and the related benefits capturing. As such, EPMOs can be the champions of benefits on behalf of every organization. Embracing the constructing, comparing, confirming, and concluding of benefits from each investment can assist greatly in bringing integrated performance data to the level of the organizational structure that's appropriate. The EPMO is ideally placed to be the conduit for BRM deployment and its sustainability.

— **Iain Fraser,** *PMP, PMI Fellow*

THE EMERGENCE OF BENEFITS REALIZATION MANAGERS

By Kevin Korterud
Senior Manager, Accenture

In the early days of project management, it was typically the project manager who was tasked with determining whether the project was a success. And determining the benefits were straightforward: Did the project finish on time, on budget and, in general, make everybody happy?

Projects now have many complexities as well as new considerations—global deployments, technology integrations, digital devices, and rapidly changing business conditions. As project managers deal with all of these complexities, they have virtually no capacity to assess the benefits from the project. In addition, once a project is completed, they move on to other projects.

This SITUATION has given rise to an emerging role within corporations that aims to preserve project investments. Those with this role participate in the project from the initial formation of a business case through measuring planned project outcomes once the project is completed. More than just an audit role, it is becoming a business results assurance function that both assists and assesses projects in meeting their objectives. This specialized role is also emerging, because the success of many projects is not determined by a cost savings analysis; other factors such as market share, customer satisfaction, and quality are becoming more prominent measures of project success.

Let's examine the role of a benefits realization manager in both influencing and measuring the success of a project:

1. Contemporary Projects Require a Benefits Realization Manager:

Projects today contain a complex convergence of people, process, and technology. The method by which one can ascertain whether a project achieved its desired benefits can be as equally complex. Aside from the physical complexity of measuring benefits, it can be for larger projects, both time consuming and require special skills. For example, business stakeholders on projects typically also run their assigned departmental functions and often do not have the capacity to conduct benefit measurements. In addition, determining benefits can require special skills such as, but not limited to, financial, statistical, process, time, and motion as well as other discrete techniques typically not found with most project managers.

2. Project Manager and Benefits Realization Manager Synergies:

Project managers are primarily responsible for the delivery results (schedule, budget, quality) of a project. Benefits realization managers are primarily responsible for measuring progress and attainment of outcome results (lower costs, more market share) found in the business case of a project. At the start of the project, both the project manager and benefits realization manager mutually review both the project delivery plan and benefits realization plan. This ensures that each party understands the desired outcomes and the delivery path to those outcomes. When a project is complete and the project manager has gone on to lead another project, the benefits realization manager continues to be engaged on the project. This engagement comprises the commencement of the post-project benefit measurement process and readouts to stakeholders and senior leadership. Without the benefits realization manager continuing to engage after the completion of project, it is highly unlikely that stakeholders and senior leadership would know the true results of a project.

3. The Future for Benefits Realization Managers:

With the emergence of the role of benefits realization managers, the question arises of where those with this role will reside within an organization. In addition, organizations need to staff the BRM function with people having the proper capacity and capability to be effective in their mission. In the past, benefits realization managers have typically resided within a finance or audit function, which, for the future, may not be the most optimal organizational location. The most optimal location for a BRM function would be where the greatest project and external visibility would be in an enterprise program management office (EPMO). As an EPMO is typically located at the upper levels of an organization, this would allow the benefits realization manager function to have the necessary visibility it needs to successfully execute the responsibilities.

***Mr. Korterud** is a senior manager in Accenture's technology consulting practice, based in Columbus, Ohio, and currently serves as a subject matter expert in the areas of high-performance project and program management.*

MAKING OPERATIONAL UNITS ACCOUNTABLE FOR BENEFITS REALIZATION

By Michael R. Wood
Business Process Improvement & IT Strategist Independent Consultant

BRM incorporates many well-established principles of other methods and frameworks. It appears to be trying to pull it all together under one umbrella. What this means to the EPMO/PMO is that its role in the project portfolio management process does not end when the project is "turned over" to operations or production. It means that the outcomes the project was designed to enable—and the related ROI—need to be monitored and validated over time.

This added responsibility represents a formidable challenge to most organizations, as it requires the EPMO/PMO (or some other empowered group) to stay engaged with deployed projects for a significant amount of time (perhaps years).

And while it does not necessarily fall on project managers to perform the tracking, analysis, and reporting processes needed to ensure that projects actually deliver their intended results, it does seem to be imperative for sustainable success that the benefits realized from project efforts be consciously and deliberately monitored and measured.

Some might argue that the overseers of benefits realization need to be distinct and separate from those within the project management ranks. It is a fair argument. After all, it isn't the wedding planner's role or responsibility to ensure that the married couple stays happy throughout their marriage. However, it is the wedding planner's responsibility to ensure that the actual wedding ceremony and reception delivered what was promised to the bride and groom.

Imagine, in the wedding planner example, what their life would be like after a hundred or a thousand weddings, if they were tasked with monitoring the successes of the marriages they helped kick start. Clearly, project managers need to keep themselves focused on the projects they are currently assigned to deploy and those in the queue. So, why not make operational units accountable for benefits realization?

While in part they should be, the challenge with holding operational units accountable for benefits realization is their tendency to be organized into command-and-control silos, while organizational goals and objectives tend to be cross-functional in nature—and, thus, cut across many silos.

Perhaps there needs to be a paradigm shift that creates an Office of Outcome Management (OOM) from which change initiatives are identified, subsequently spawn projects specifically designed to achieve those outcomes, and then be monitored over time to ensure the outcomes were achieved.

This organization would need to have a chief who had a seat at the organization's executive leadership table. Perhaps this person would be a C-level executive, the Chief Benefits Realization Officer (CBRO). Of course, some might submit that this is the primary job of the CEO. For smaller organizations, I would agree, but for the multinational conglomerates, this would need a person or a number of persons (one for each line of business) in charge at a more granular and hands-on level than the CEO.

Either way, the sole focus and mission should be to ensure that all initiatives, programs, and projects:

- ***Are measurably aligned and traceable to organizational strategies, goals, and objectives.***
- ***Have mechanisms in place for measuring, monitoring, and recalibrating organizational changes to ensure benefits are sustainably achieved.***

__Mr. Wood__ is a former CPA and subject matter expert on IT strategy and business process improvement.

Accountability and Realizing Benefits

By Craig Curran-Morton, PMP

As the research points out, accountability is critical to benefits realization. It would be nice, but naive to think that people would always proactively work to deliver the expected results that were laid out in the business case, and that those results would always be achieved. But it takes a great deal of effort, follow up, and oversight to ensure that the organization realizes the expected benefits—and this is where accountability offers its hand.

Mr. Curran-Morton is in mining project management, is based in Edmonton, Alberta, Canada, and has worked with ProjectManagement.com for the last six years, developing the various HEADWAY processes (project, change, and portfolio).

The following are fundamental characteristics of accountability that can aid an organization in BRM:

OWNERSHIP

It is critical to identify early in the project who actually owns the expected benefits. Who is responsible for ensuring the benefits are realized? If no one owns them, then no one will care about achieving the results. Far too often, benefits ownership is assumed. When this occurs, no one has ownership—and no one then cares for it.

EXPECTATIONS

It is important to set expectations for achieving benefits. When will the benefits be achieved? How will the achievement be measured? What specific metrics will be used? What are the specific benefits requirements and the associated details that go with them? Much like SMART goals, are the benefits specific, measurable, attainable, realistic, and time-bound? There needs to be clarity on these up front to ensure the benefits can actually be attained.

COMMITMENT

Ownership and expectations can be set, but once this is done, commitment is required. The benefits owner needs to clearly take ownership and negotiate the expectations in advance. Do you agree to what you have been asked to take on? Are there additional expectations or requirements that you might have to ensure that you are able to take ownership of the benefits and achieve the expected results?

LEADERSHIP

All of this accountability requires leadership. Leaders at all levels of an organization need to step forward to take ownership of the benefits and be held accountable for achieving them (or overseeing their achievement).

Accountability increases the likelihood of realizing the full benefits of a project. By bringing some clarity to ownership, expectations, and commitment—and by showing leadership—key people in the organization can have a much greater impact on the project results. While not guaranteeing full results, it will help organizations move further along the benefits realization path.

CONCLUSION

Maximizing the benefits realized from a project or program is not a solo effort. As we see in our *Pulse of the Profession®* in-depth reports, organizations that more fully realize benefits engage cross-functional teams. The makeup of these teams may differ, and knowing who does what—and when—is often challenging. But, as we see with this research, organizations with mature BRM practices have a single person accountable for managing benefits by each initiative or groups of related initiatives.

We also see from our yearlong research on benefits that organizations with highly mature BRM have more successful project outcomes and a greater proportion of their projects realize the business benefits they set out to achieve. Yet, no single approach is upheld as the ideal.

Despite that, our research shows that organizations with high BRM maturity create a value-driven culture and align the expected business benefits with strategic objectives. They have formal processes for identifying, maintaining, and sustaining benefits; lessons learned are captured and used to make improvements; and organizational transparency is high.

We also see that BRM requires effective cooperation, defined roles and responsibilities, and ownership and accountability. The role of a benefits owner can help organizations oversee the BRM process. That person works with sponsors and project, program, and portfolio managers by identifying benefits and determining how each will be realized. They also develop procedures to measure benefits and determine how they will transition operationally.

But, the benefits owners cannot fully execute BRM on their own. Clear oversight and organizational support for the following are the keys to effective BRM:

CULTURE THAT EVALUATES ON OUTPUTS AND OUTCOMES

ROLE RECOGNITION AND CONFIRMATION

RESPONSIBILITY FOR MEASURING AND VALIDATING BENEFITS

Already, more organizational leaders see the need for and advantage of having a focus on benefits realization. Success stories are emerging from different parts of the world and our latest research validates them. However, more needs to be done to strengthen and maintain the benefits this focus. The key to successful ownership and accountability is wrapped up in how well leaders define the key roles around outputs, outcomes, and especially the ongoing legacy to the organization once the benefits period is closed.

The research shows a compelling desire by many to pursue, adopt, and refine a BRM approach that will elevate organizational performance. This is a good thing—but success over the longer term will only be achieved if organizational culture and BRM roles are thought out well.

We ask you to join us to "Strengthen the Conversation" around benefits and the value of project management. Our research on benefits realization management includes:

Pulse of the Profession® In-Depth Reports

The Strategic Impact of Projects: Identify benefits to drive business results

Delivering Value: Focus on benefits during project execution

Beyond the Project: Sustain benefits to optimize business value

Thought Leadership Series

Strengthening benefits awareness in the C-suite
Written by the Economist Intelligence Unit (EIU)

Connecting business strategy and project management
Developed in collaboration with The Boston Consulting Group (BCG)

Establishing benefits ownership and accountability

Benefits realization management framework

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