PMI® THOUGHT LEADERSHIP Series

Project Management Institute

Strengthening benefits awareness in the C-suite

BENEFITS REALIZATION MANAGEMENT

Written by The Economist Intelligence Unit.

ABOUT THIS REPORT

This report draws on two main sources for its research and findings:

- A survey of 503 senior executives from a wide range of industries and functions: 52 percent of respondents are C-suite or board members. The others hold senior management positions. Respondents are also globally diverse: 30 percent from Asia-Pacific; 30 percent from North America; 29 percent from Western Europe; and the remainder from the Middle East, Africa, Latin America and Eastern Europe.

- Additional desk research and a series of in-depth interviews were conducted with corporate leaders and academics.

ACKNOWLEDGMENTS

We thank the following individuals for their valuable insights:

Omar Abbosh, *CSO, Accenture*

Dr. Richard Breese, *Sheffield Business School, Sheffield Hallam University*

Bob Collymore, *CEO, Safaricom*

John Cosgriff, *SVP Strategy, UnitedHealth Group*

Claudio Gienal, *CSO, Zurich Insurance Group*

Bob Kermanshahi, *Head of Strategy, Siemens Real Estate Americas*

Martin Kunc, *Associate Professor of Management Science, Warwick Business School*

Dan Paull, *CEO, PSMA Australia*

Carlos Serra, *PMO Lead, Gazprom Marketing & Trading Associate Professor*

Per Svejvig, *Aarhus University*

Professor Ofer Zwikael, *Australian National University*

BENEFITS REALIZATION MANAGEMENT IS DEFINED HERE AS

The collective set of processes and practices for identifying those benefits and aligning them with formal strategy, ensuring that those benefits are realized as project implementation progresses and finishes and that the benefits are sustainable—and sustained—after project implementation is complete.

Foreword:

Elevating the benefits conversation to the strategic level

Much has been written about the difficulties of persuading executives of the strategic importance of project management to their organization. This resistance persists despite research and performance evidence proving that when organizations develop a project management mindset by embracing project, program, and portfolio management practices as strategic competencies, they have better results.

Benefits realization management (BRM) is an essential component of project management. Organizations do projects—upgrade or install IT systems, acquire or divest, develop new products or manufacturing capabilities, enter new markets, or invent new technologies—for a real reason, usually somehow related to achieving or maintaining competitive advantage. These are the initiatives that drive change in an organization and move it toward achievement of its strategic goals. And yet, many organizations completely fail to identify, manage, or fully realize the benefits these projects deliver. They might be good at completing projects on time or on budget, but rarely connect those initiatives back to the business purpose. PMI's *Pulse of the Profession®* in-depth study reports that only 73 percent of organizations identify the benefits they expect at the outset of a project. And worse, only half ever follow up after the project is implemented to find out if it was successful.

I encourage you to share this report, and the others in our 2016 Thought Leadership Series that explore various aspects of BRM, with others in your organization—and especially your executive colleagues. They should know that organizations most adept at managing benefits waste 67 percent less money than organizations that leave their strategy to chance. There is huge opportunity here for executives that can understand and embrace the value project management delivers to their organizations.

Mark A. Langley

Mark A. Langley
PMI President and CEO

Strengthening benefits awareness in the C-suite, written by The Economist Intelligence Unit (EIU), a part of the PMI® 2016 Thought Leadership Series. The other reports in the 2016 Thought Leadership Series are: *Connecting business strategy and project management*, developed in collaboration with The Boston Consulting Group (BCG); *Establishing benefits ownership and accountability*; and *Benefits realization management framework*.

Strengthening benefits awareness in the C-suite

BENEFITS REALIZATION MANAGEMENT

EXECUTIVE SUMMARY

Definitions of success vary. But for strategy implementation, high rates of failure—by any measure—are a constant. An Economist Intelligence Unit (EIU) global survey, sponsored by PMI, of more than 500 executives found that only 61 percent of high-impact projects, those key to putting strategy in place, yielded their intended strategic benefits.

Surprisingly, those implementing strategy frequently aren't aware of what their projects are meant to achieve. Indeed, all survey respondents noted that such ignorance somewhere in the company was impeding the successful completion of strategic projects.

The need to address this knowledge deficit has led to a growing interest in benefits realization management (BRM).[1] This report explores the difficulties in implementing BRM, emerging elements of best practice, and the role of the C-suite in BRM's effective use. Key findings of the report include:

- ### Interest in BRM is growing, but few examples of maturity exist:

  70% of respondents say that increased use of BRM is a "very" or "extremely high priority" at their organization; only 1% say they do not currently engage in any element of BRM. However, the application of BRM to general project implementation—let alone strategy—is only about a decade old and standardized best practice is lacking.

- ### Relative maturity at BRM yields substantial business benefits:

  The EIU compared responses from two subsets of the survey sample—those who say their organizations are very mature at BRM (the very mature) and those who consider their companies immature (the immature). The very mature fare better at project completion and benefits delivery, have much closer alignment between strategy and project portfolios, and enjoy better business outcomes.

  For example, 51% of very mature respondents report well-above-average financial performance against 22% at immature organizations. These differences exist even though the very mature companies have yet to fully embed BRM in strategy implementation processes.

Barriers to effective BRM vary:

For the immature, attitude is the problem; for the very mature, the challenge is working out best practice in a poorly defined field. Immature organizations do not seem particularly interested in the practice and are more likely to report cultural resistance to BRM. For example, only 6% say increased use of BRM is an extremely high priority compared with 50% of very mature organizations. For the very mature, the barriers are more practical. Issues that are particularly challenging are measurement of benefits, especially intangible ones; a lack of BRM skills; and where to assign accountability for benefits realization.

The survey results point to four attributes that distinguish those organizations that benefit from BRM.

Perseverance:

Given the nature of barriers to effective BRM and the value of experience in overcoming them, it is no surprise that long-term effort is critical to success. Very mature organizations are much more likely than immature companies surveyed to call themselves above average at BRM (63% to 35%).

Communication:

BRM requires contributions from different parts of the organization, so communication between them is critical; accordingly, 68% of very mature respondents rank communication within their organization between the C-suite and project leaders as very good; among the immature, the figure is just 13%.

Ongoing monitoring:

Very mature organizations are more likely than immature ones to gather data on benefits realization (63% to 47%). Thus the C-suite at these organizations is twice as likely to have most or all of the benefits-related information necessary to make key project governance decisions.

Embedding BRM in project portfolio governance:

Very mature organizations are more likely to look at expected benefits when considering project selection and resourcing, as well as when balancing project portfolios. Interviewees note that the resulting integration of high-level strategy implementation and portfolio governance is a key benefit of BRM.

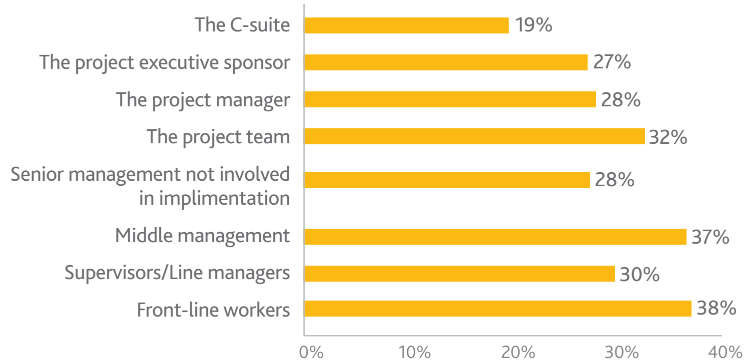
THE COST OF IGNORING THE BIG PICTURE

Far too often, projects launched to implement organizational strategy fall short. Respondents to the EIU's global survey of more than 500 executives from diverse industries report that, on average, only 59 percent of high-impact projects—those that should receive the most attention and resources—deliver their specified outputs on time and on budget. More important, just 61 percent yield the intended strategic benefits.

Surprisingly, as Martin Kunc, Associate Professor of Management Science at Warwick Business School, puts it, "Many times people simply don't understand why they are doing those projects." The findings show how pervasive the problem is: 44 percent of respondents agree that "too often, too many people at our organization do not fully understand the expected business benefits of major projects."

Insufficient knowledge of business benefits at every level of seniority is hindering implementation at a substantial number of organizations (see Figure 1). The most worrying finding is that poor understanding by project executive sponsors and project managers—those who should understand the benefits best—impedes success at more than one in four companies. In aggregate, the impact of ignorance is even worse: Every survey respondent mentioned at least one level of employee seniority where insufficient knowledge of project business benefits hampered successful project implementation.

Figure 1: **Does lack of knowledge of business benefits among the following impede project implementation?**



Too often, strategy implementation processes fail to identify expected benefits for planned projects: Under half of respondents' organizations (45%) do so and only 36 percent create metrics for those benefits. These are basic failings. Claudio Gienal, chief strategy officer of Zurich Insurance Group, believes: "In principle, I would expect that those behind every project can articulate the operational benefits—real things you can count—and the financial benefits." Worse still, notes Professor Ofer

> "Strategies have to evolve quickly. Implementation must reflect that."
>
> **OMAR ABBOSH** | *Chief Strategy Officer, Accenture*

Zwikael of Australian National University, those who identify benefits often put the proverbial cart before the horse. "People say, 'let's try to think of what benefits can come out of an output we have already decided on,'" he notes. "You have people in a room brainstorming the benefits from an information system they have already agreed to create."

Even if the initial benefits identification process is sound, a one-off exercise is insufficient in an era of rolling strategies. Omar Abbosh, Accenture's Chief Strategy Officer, said, "The era of fixed strategy died a long time ago." Yet certain projects extend over several years. As a result, some or all of their originally projected benefits might become irrelevant as strategy changes. Organizations need to be sufficiently agile to adjust any given project so as to pursue currently desired benefits, or shut it down to save resources. "Strategies have to evolve quickly," said Mr. Abbosh. "Implementation must reflect that."

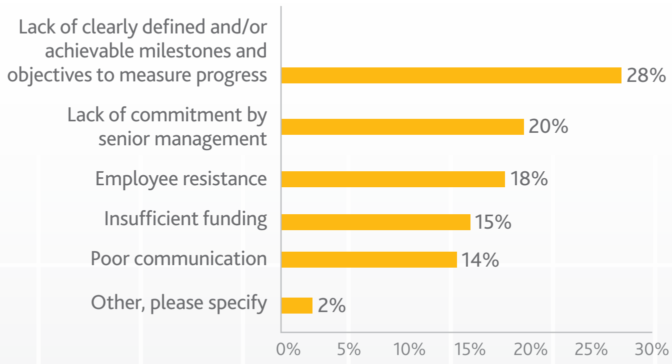
Unless an organization checks projects against wider strategic goals on a regular basis, "it can get lost in the weeds."

BOB COLLYMORE
CEO, Safaricom

The dangers arising from a disconnect between projects and strategy are real. Bob Collymore, CEO of Safaricom, a Kenya-based mobile telecom company, explains that unless an organization checks projects against wider strategic goals on a regular basis, "it can get lost in the weeds."

The survey data bear this out. The biggest cause of failure for change initiatives in the last year, according to respondents, is a lack of clearly defined objectives and milestones to measure progress (cited by 28%, see Figure 2). This should come as no surprise. Identically worded questions in EIU surveys conducted in 2008 and 2010 revealed this as the top cause of failure in both cases (24% and 31%, respectively). [2]

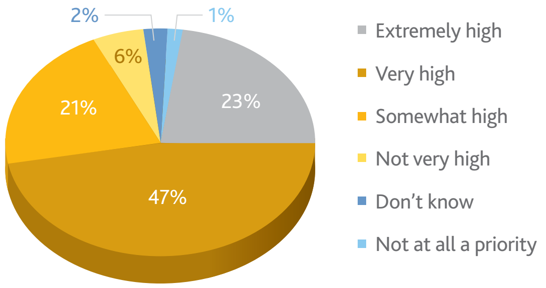
Figure 2: **For the change initiatives in your organization that did not succeed in the past 12 months, what was the single most important factor in determining their failure?**



The growing popularity of a still-undefined tool

As these problems have become too prevalent to ignore, many organizations have begun focusing on benefits while implementing strategy. The most common set of processes used is BRM. In the last five years in particular, Carlos Serra, PMO Lead at Gazprom Marketing & Trading (GM&T), has seen a growing, substantial interest in the practice. "In most conferences I attend, people are talking about how important it [BRM] is in supporting the business. There is a lot of momentum," he says. Similarly, 70 percent of EIU survey respondents say that increased or better use of BRM is a very or extremely high priority at their organizations. Only 2 percent report that their organization does not use BRM to any extent, and just 1 percent say it is not at all a priority (see Figure 3).

Figure 3: **How high a priority is better use of BRM?**



All this activity, however, occurs with relatively weak theoretical support. While the concept underlying BRM—paying attention to the goals of strategy while trying to implement it—is eminently sensible, BRM practice is relatively new and underdeveloped. The idea has been around in information technology circles since the 1990s, but its application to project implementation more generally is only about a decade old. [3]

Even the BRM moniker is in question: Some prefer benefits management; others who wish to emphasize the balance of cost and benefits talk of value management. The nature of the concept is also contested. In this study, we define a project's "business benefits" as the specific, positive strategic impact and value arising from it. In turn, we define BRM as "the collective set of processes and practices for identifying those benefits and aligning them with formal strategy, ensuring that those benefits are realized as project implementation progresses and finishes, and that the benefits are sustainable—and sustained—after project implementation is complete." Other definitions are more diffuse, calling BRM a skill or capability to succeed, or even a mind-set about active value management. [4]

"You have a planned strategy, but then you have an emerging strategy [as events take place]. You have to have the same understanding of benefits."

PER SVEJVIG
Associate Professor, Aarhus University

The common assumption that benefits can all be understood up front and pursued as a purely rational, step-by-step process is overly simplistic, says Associate Professor Per Svejvig of Aarhus University. "We lack a good conceptualization of benefits management and tend to be too reductionist," he said. "You have a planned strategy, but then you have an emerging strategy [as events take place]. You have to have the same understanding of benefits." Some unforeseen gains may emerge, which need to be considered part of BRM.

The practical aspects are as unstandardized as the theoretical. Professor Zwikael says, "Even BRM practitioners are not sure what to do. Compared with other aspects of project management, this is relatively immature. We don't have good methodologies."

Thus for all the interest in BRM, relatively few organizations practice fundamental elements of it. While 99 percent of respondents say their organization engages in at least one BRM-related process, just over half (52%) actually track benefits achievement (see Figure 4). Accordingly, the shape of BRM remains a work in progress.

Figure 4: **Which does your organization do for high-impact projects?**

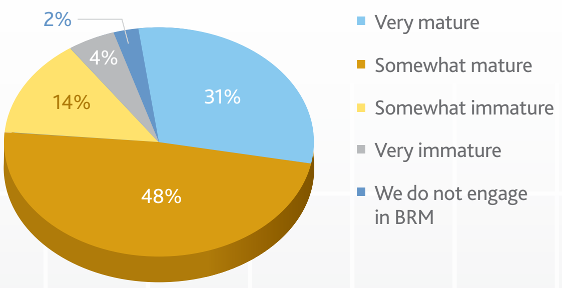
Maturity is valuable but largely relative

Throughout the study, the EIU compares two groups of respondents: Those who say their organizations have very mature BRM (31% of the total) and those who say it is immature or who do not engage in it at all (20%, see Figure 5). This approach, however, requires a caveat.

Several key attributes discussed below differentiate these groups (e.g., communication about benefits and cultural questions relative to them). In other areas, though, "very mature" organizations—as they are called here—have often not progressed much further than immature ones in adopting specific aspects of BRM. Indeed, for certain processes which seem relevant to BRM, neither group is particularly active.

This does not surprise experts interviewed for the study. "There are not many examples of best practice around," said Dr. Richard Breese of Sheffield Business School, Sheffield Hallam University. Mr. Serra agreed: "When I talk to colleagues, people say they are implementing techniques and learning, but far from where they want to be." Maturity at BRM, then, should be understood as a relative advantage.

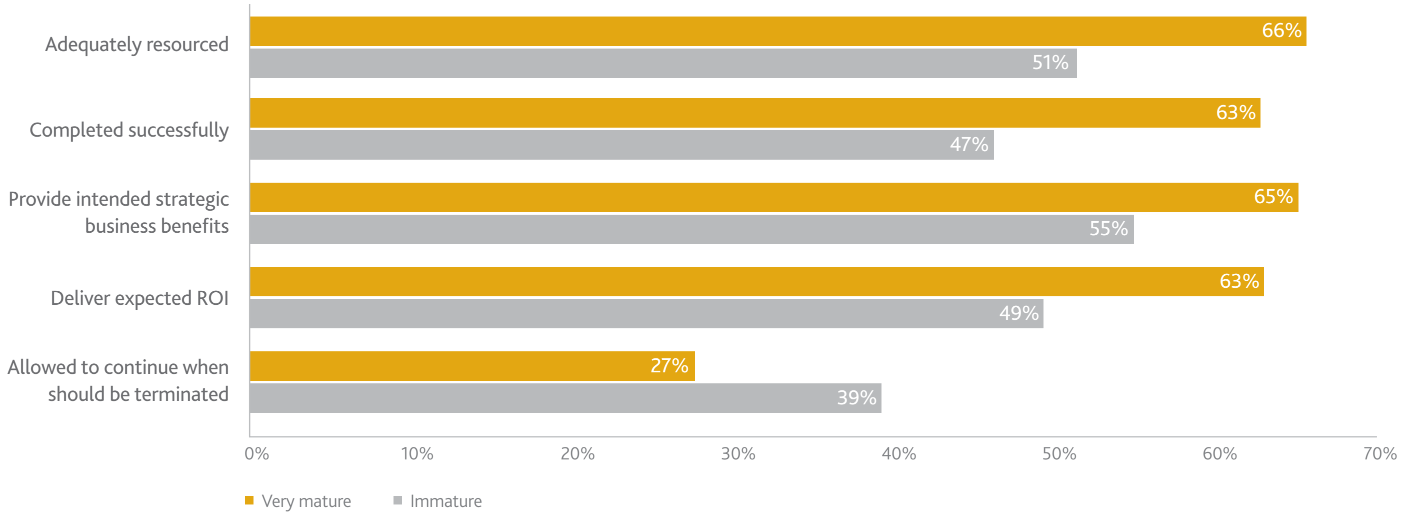
Figure 5: **How mature is BRM at your organization?**



The wider benefits of BRM

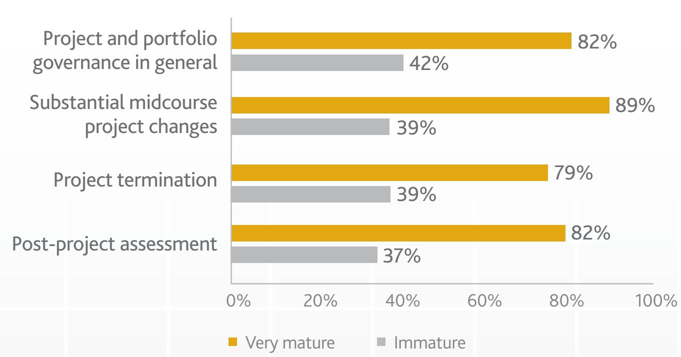
The survey results reveal that very mature organizations are gaining from BRM on several levels. Predictably, this begins with project outcomes. Sixty-five percent of projects at very mature organizations achieve their intended strategic benefits compared with 55 percent at immature organizations (see Figure 6). The more mature group even fares better at the traditional project management measure of success (i.e., delivery to specification, on time, and on budget, 63% to 47%). This finding corresponds with the experience of Mr. Collymore of Safaricom, who noted that the discipline of BRM brings greater rigor to key elements of project management, such as closely examining assumptions about the project environment.

Figure 6: **Which of the following are accurate for projects at your organization?**



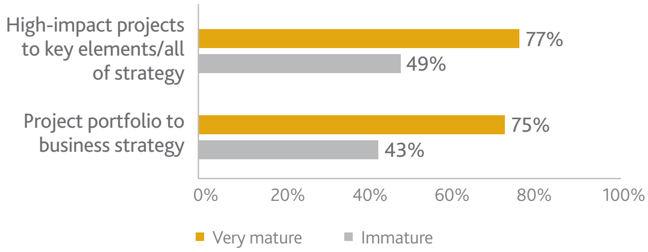
BRM also provides the C-suite with improved benefits-related data for project governance. John Cosgriff, SVP Strategy at UnitedHealth Group, notes that in aggregate, these data are an essential support not just for project management but overall. "At the end of the day," he said, "the CEO takes in a lot of information and makes a judgment call," based more on intuition than a formal process. Here very mature organizations stand out: Their C-suites are twice as likely as immature ones to possess most or all of the information they need to make key project governance decisions (see Figure 7). These information gains do not stop with the C-suite. While 30 percent of the very mature still complain that too often, too many people do not fully understand the expected benefits of major projects; among the immature, the figure is 60 percent.

Figure 7: **Proportion where C-suite receives most or all useful information needed on business benefits to make decisions about the following**



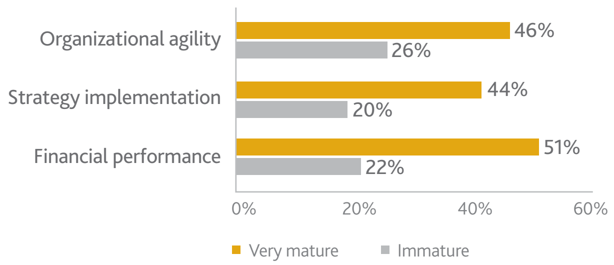
BRM's effect on alignment is significant as well. High-impact projects at very mature organizations are much more likely to be aligned with business strategy than those at immature organizations, as is the project portfolio as a whole. This carries over into operations: 75 percent of very mature respondents report a high degree of alignment between general business activities and strategy, while for immature respondents, the figure is just 43 percent—almost identical to the figures for project alignment (see Figure 8).

Figure 8: **Proportion reporting high-degree of alignment**



The most striking differences between these two groups, however, lie with their broader business outcomes. The proportion of very mature organizations that benchmark themselves as well above average at organizational agility and at strategy implementation are both roughly twice as high as the percentage at immature companies. Perhaps most important, when it comes to financial performance, 51 percent of very mature organizations say their company is well above average against 22 percent at immature ones (see Figure 9).

Figure 9: **Proportion ranking organization well above average**



The smaller differences between the very mature and the immature in areas specific to project management compared with those measuring broader performance may seem counterintuitive. BRM is, after all, integrated into project governance. Academic research, however, has found that BRM practices often have relatively little impact on perceptions of specific project success but much greater effect on overall value for the organization.[5]

PSMA Australia's experience coincides with these findings. "It is absolutely right that these [broader business] benefits come from BRM," said Dan Paull, CEO of PSMA Australia, a company that collects and publishes geospatial data sets. "The value comes from clarity of purpose. People often embark on work because it seems the right thing to do, but they don't make sure the link to strategy is solid and don't understand exactly the value they are pursuing. If you use BRM, you won't put effort into something that won't provide [strategic] outcomes."

Professor Zwikael, meanwhile, believes the effect of BRM goes even beyond project governance: "Once people think about project target benefits strategically, they see other things in the project strategically. It leads to a more focused approach to understanding the clients, for example, which leads to better success. BRM is a more comprehensive way of thinking about what brings success to the clients."

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DAN PAULL | *CEO, PSMA Australia*

BARRIERS TO EFFECTIVE BRM

Very mature organizations differ significantly from their immature counterparts in their perceptions of the impediments to effective BRM. The difference is clearest in the importance each group attaches to BRM.

Half of the very mature group says it is an extremely high priority; among the immature, only 6 percent agree (see Figure 10). Similarly, for the immature two attitudinal issues—lack of C-suite support for BRM and a culture that values visible outcomes over business impact—are near the top of the leading impediments to greater use of BRM. Among the very mature, though, these are the least common barriers (see Figures 11 and 12).

Figure 10: **How high of a priority is BRM?**

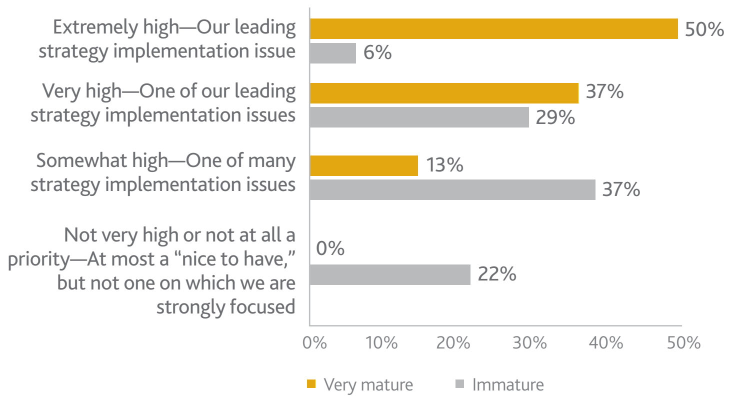


Figure 11: **Leading BRM barriers for immature organizations**

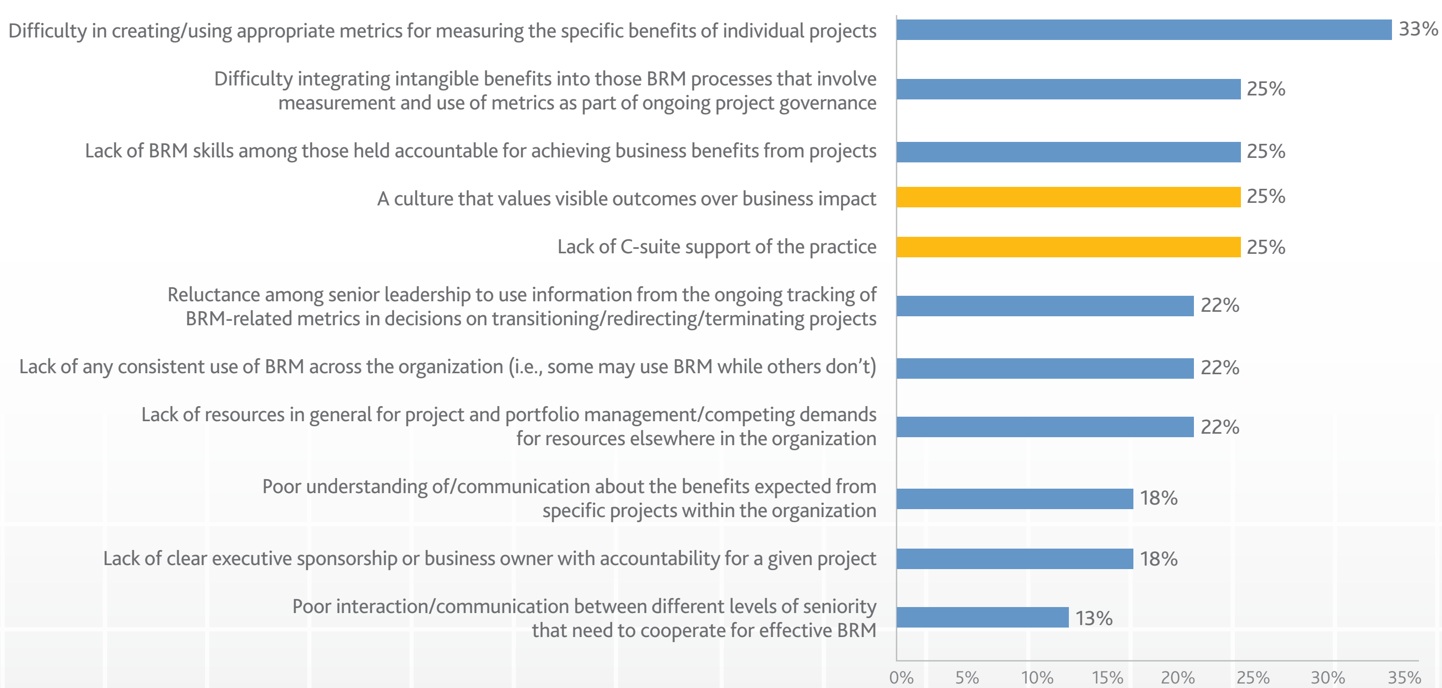
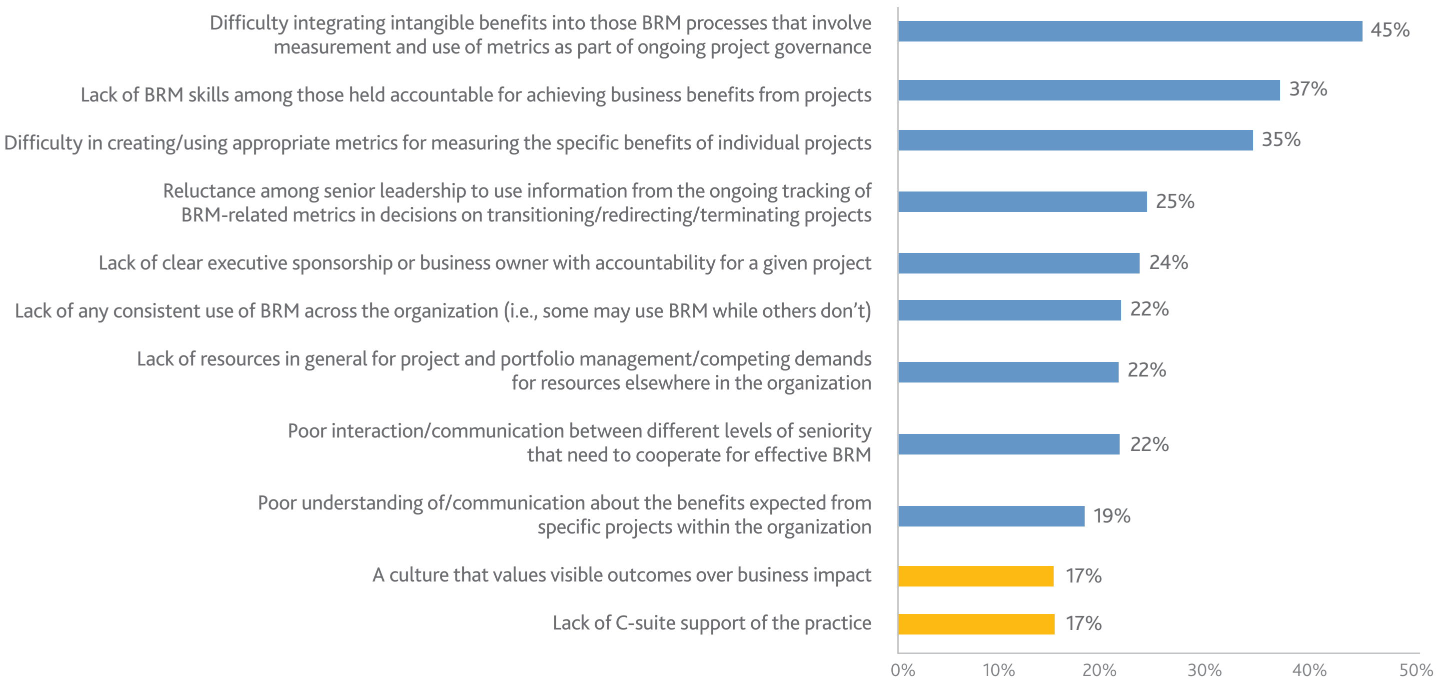


Figure 12: **Leading BRM barriers for very mature organizations**



Mr. Paull recalled that when PSMA began using BRM, "the biggest thing I did not anticipate, which had the most profound impact, was misalignment between organizational culture and this approach." Now, however, he believes the biggest gains of benefits realization stem from transformed attitudes. "To a large extent," he said, "effective BRM is about culture. If everyone asks, 'What is the benefit this activity is supposed to contribute to?' you achieve an incredibly powerful alignment."

Such a focus also produces a more nuanced understanding of strategic benefits that goes beyond the easily quantifiable. At immature organizations, only 34 percent of respondents believe the C-suite pays enough attention to intangible benefits in BRM, compared with 76 percent at very mature organizations. Mr. Collymore has already seen such a change at Safaricom after using BRM for a relatively short time (see next page for more information).

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Safaricom CEO Bob Collymore on Adopting BRM

Safaricom, a Kenyan mobile phone service company, is East Africa's most profitable company. It is probably best known internationally for its pioneering mobile money service, M-Pesa, but it has a longer record of innovation both with products for subscribers and internal operating processes. The latest example of the latter is its use, since the last quarter of 2015, of BRM in project governance.

CEO Bob Collymore explained that the company adopted BRM to address a weakness in strategy implementation (i.e., the failure to learn from experience in a structured way). "Once a project was done," he said, "people would never look back and ask, 'Is it delivering the benefits we said it would?'" Mr. Collymore is not assigning blame, he said, but aims "to pick out the lessons from what happened. Did the business case make the wrong assumptions? How can we avoid that? Are we off on our KPIs? If so, why?"

Initially, the major initial barrier to obtaining these insights was resistance from within the company. "People were reluctant to feed into the BRM team," Mr. Collymore recalled. "In the first few months, it led to a lot of tension. People thought their work was being checked." This is far from unusual. According to the EIU survey, overall 65 percent of respondents say (and only 11% disagree) that, as one respondent said, "The greater ability benefits measurement affords in holding people accountable for delivery of benefits creates cultural opposition among managers at my organization."

Mr. Collymore points to two important factors that helped overcome this opposition. The first is a staple of all change management—strong support from the top. Safaricom's project management office (PMO), from which the BRM team operates, is part of the CEO's office and reports directly to him. "This gives the team the strength to examine any information held in organizations," he said. "If people are not willing to give it, they are seen as defying the CEO."

The other essential part of winning people over has been use of an essential element of BRM itself—communicating clearly throughout the company the benefits of instituting BRM. "It is important to explain why you are doing it, that this is not a witch hunt, to give a sense that this is not about people but about the issues" around better strategy implementation, explained Mr. Collymore. "Otherwise people do hide data or provide false information, which undermines BRM."

Although it is too early to see quantifiable change, less than a year's implementation of BRM has brought noticeable benefits to the company, said Mr. Collymore. The first is that the quality of project business cases has improved: "There is a more robust approach to how you reach conclusions about the possible benefits. People are no longer more or less making it up. This leads to better decisions."

Understanding potential important benefits has also grown more nuanced. "Once you have gone through the process a few times," said Mr. Collymore, "you realize that intangible benefits and costs have to be in the business case. These get more complex."

BRM has also helped Mr. Collymore's own contribution to strategy as CEO. "It is important to constantly examine the strategy and assumptions that you have made so that they can influence your strategy going forward," he said.

The discipline imposed by BRM of looking at how the underlying assumptions of existing strategy have worked out in practice is having a big impact on the contribution he can make, he concluded.

"It is important to constantly examine the strategy and assumptions that you have made so that they can influence your strategy going forward."

BOB COLLYMORE | *CEO*

Just the decision to adopt BRM does not bring cultural change: It takes ongoing effort. Even among the very mature, 72 percent of respondents agree that "the greater ability benefits measurement affords in holding people accountable...creates cultural opposition among managers at my organization." Dr. Breese is not surprised. "BRM requires transparency about decisions that are made," he said. "This does not always fit with how people at senior levels like to operate."

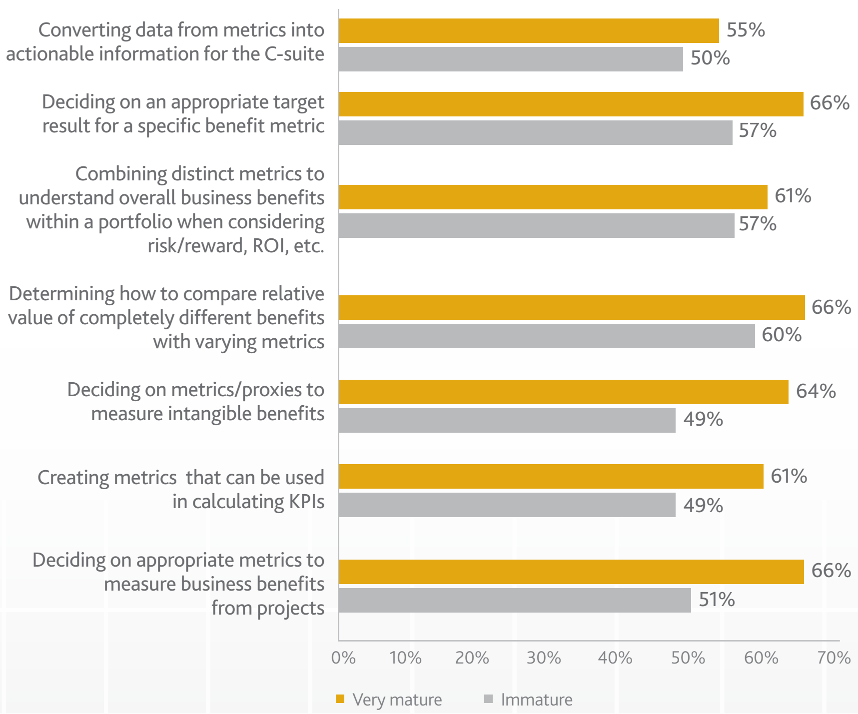
GM&T's Mr. Serra believes senior executives must rise to the challenge. The necessary cultural change "is the most important and difficult piece of the transition to BRM," he said. "It needs the leadership team of the organization to believe in these objectives, because if companies rely just on project managers for BRM, they are highly unlikely to be successful."

The very mature are finding the practicalities difficult

The large majority of very mature organizations are committed to change but often struggle with the practicalities. Their biggest issue is how to measure the benefits that organizations seek to realize.

Bob Kermanshahi, head of strategy at Siemens Real Estate Americas, noted that whether engaging in formal BRM or other types of value assessment, devising measurements around objectives "is critical. You need to know what you are doing is working." Mr. Paull added that the measurements take on an important communication role by providing clarity about the purpose of any given project.

Figure 13: **Which are extremely or very significant challenges?**



Nevertheless, getting metrics right is as difficult as it is fundamental to successful benefits realization. Between 55 percent and 66 percent of very mature respondents describe aspects of benefits measurement covered by the survey as "very" or "extremely challenging." Not surprisingly, benefits measurement comes in third among the very mature group's most commonly cited barriers to BRM use (35%) and the measurement of intangibles registers first (45%).

Just as striking, very mature organizations are more likely than the immature to cite measurement difficulties as barriers to BRM, in particular, those around intangibles (45% to 25%, see Figure 13). This disparity could result from the fact that very mature organizations are more aware of the problems and are struggling more intensely to resolve them.

Certain approaches can help with measurement. For example, Mr. Abbosh noted that some potential metrics are often already at hand. "We are flush with inward financial metrics." Others, he said, may take more research, or require finding an appropriate proxy. As an example of the latter, Mr. Abbosh explained that Accenture might have to wait several years to use financial results as a measure of the benefits arising from projects to implement its growth strategy—a common problem in benefits management. It has found, though, that metrics around how well it is attracting and retaining the right talent to sustain what that project puts in place is a good leading indicator of wider strategic success down the road. Thus HR metrics can help track benefits as they are being realized but before they can be measured in terms of profit growth.

Another way to select appropriate metrics is to align those used to measure project benefits with those metrics already measuring the overall success of the broader strategy. This helps maintain a clear connection among project, strategy, and day-to-day business activities. Professor Zwikael said, "A project KPI can build upon strategic KPIs top-down as well as support operational KPIs." Indeed, Mr. Gienal believes this is crucial to embed projects in strategy implementation and avoid the risk of creating "a project delivery universe, where benefits are defined and measured that are separate from the real operational world." To help with such alignment, Mr. Serra added, strategy development should consider appropriate metrics from its earliest stages.

Although these techniques help, Mr. Paull believes, he warns that getting this right in practice "is quite difficult and takes quite a bit of experience. It always takes more time than you expect to do well, but the bigger the project, the more important it is."

"Developing the capabilities to use BRM techniques means you need to look for specific skills you may not have."

CARLOS SERRA
Associate Professor

Another practical issue that causes more trouble for very mature organizations than for immature ones is lack of relevant BRM skills (37% of the former list it as a leading BRM barrier compared with 25% of the latter). Many of these skills (e.g., an ability to track benefits and create business cases that correctly identify and quantify them) are either new skills or old ones applied in new ways. Executives may also need to be reskilled. For example, said Dr. Kunc, evaluating project success based on benefits rather than traditional measures of cost and time requires "a step change in practice."

As Mr. Serra puts it, "Developing the capabilities to use BRM techniques means you need to look for specific skills you may not have." Acquiring such talent requires time and resources. Hiring in talent is unlikely to meet much of the need.

Other barriers cited less frequently also lack rapid, straightforward solutions. In particular, very mature organizations report a lack of accountability for benefits among executive sponsors or business owners as a secondary barrier. The survey indicates that project leaders are most commonly held accountable here (44% of respondents overall and 50% of the very mature), but Professor Zwikael fears that this is happening by default. Realization of strategic benefits is not a strength nor the role of project managers, he added. Companies "will have to think more strategically about who is accountable," including potentially those creating strategy, project executive sponsors, or executives involved in realizing benefits after a project is complete.

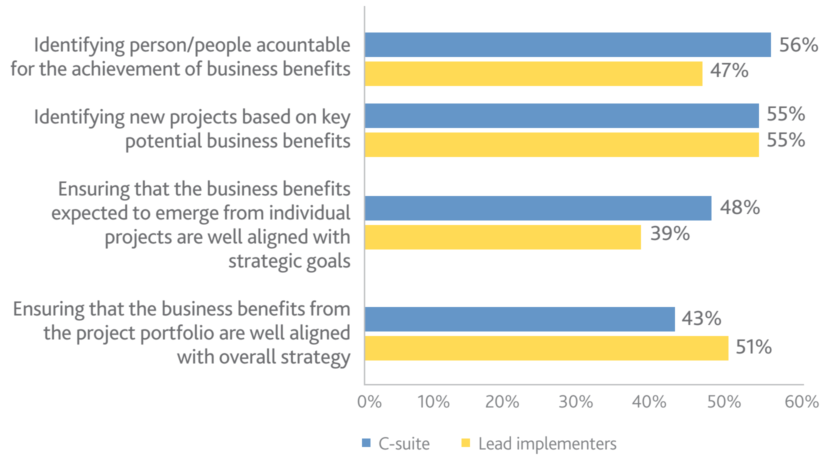
Unfortunately, noted Dr. Breese, an extensive literature review that he recently concluded shows that "there are lots of models, but you can't lay down a rule that will apply across the board about where responsibility should strictly lie." Once again, organizations must discover their own best practice by trial and error in an area that, several interviewees warn, they cannot afford to ignore.

LESSONS FROM THE LEADERS

Although key elements of BRM best practice are still uncertain, others have come into sharper focus.

First is the need for **application.** Longer-term effort has a significant impact. Among very mature respondents, 63 percent rated their organization's BRM as above average; for the immature, the figure was far lower (35%). The willingness of the C-suite to continue to work at benefits realization, despite the difficulties, is essential (see Figure 14). Mr. Paull said, "There are aspects of BRM that go to the heart of corporate culture, communication, and shared experience that are not obvious at first. You get better over time."

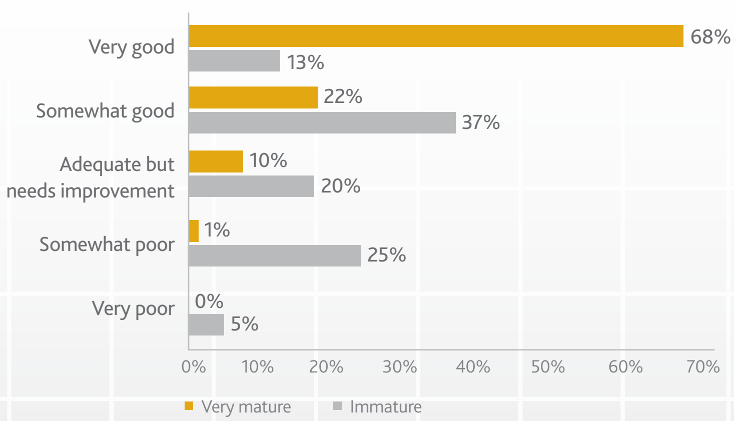
Figure 14: **Who should play a significant role in the following?**



Second is **good communication**—a hallmark of effective BRM. Strategic benefits realization requires the interaction of different parts of the organization. At a minimum, respondents believe, the selection of projects, the alignment of strategy and the project portfolio, and high-level decisions on project governance involve a dialogue in which the C-suite—which sets the strategy—and executives responsible for its implementation both play a significant role.

Not surprisingly, very mature organizations are far more likely than immature ones to have very good communication on benefits and their realization between corporate executives and project leaders (68% versus 13%). Very mature organizations also communicate more throughout the organization. In particular, at 65 percent of these companies, corporate culture enables low-ranking employees to escalate issues pertaining to benefits realization of a project, compared with 42 percent at immature organizations (see Figure 15). According to Accenture's Mr. Abbosh, this is a sign of "a culture of innovation and transparency that allows strategic issues to be flushed out early, which is at the heart of strategic success."

Figure 15: **Communication between C-suite and project leaders on benefits and their realization**

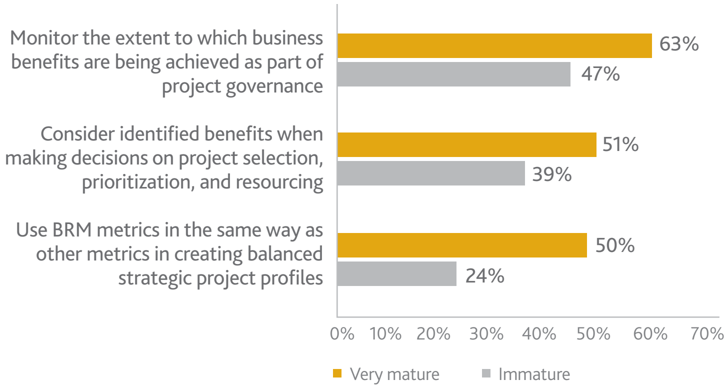


More generally, Mr. Abbosh believes communication addresses the dominant subtext driving the need for benefits management: "When anyone gets caught in the weeds of the detail, it is easy to lose sight of why you are doing this. That is why it is important for the leader to set out a strategic North Star and keep banging on about it." UnitedHealth's Mr. Cosgriff agrees: "Communication needs to be constantly repeated, almost like an election campaign."

Communication should also, said Mr. Gienal, be integrated into strategy. He explains that at any large company, "a key risk is that headquarters can become detached from the national markets where the customers are and where strategy has to come to life." Accordingly, Zurich Insurance Group has brought together 40 talents from those markets as part of its strategy development process. Besides helping to create a more informed and relevant strategy, Mr. Gienal hopes their participation will create "a feedback loop" around implementation and the realization of benefits.

The third attribute of the very mature organization is a significantly higher propensity to **monitor benefits achievement** (63% versus 47%) (see Figure 16). Mr. Paull notes that this is more difficult than creating an appropriate set of metrics. Benefits may not emerge for some time. The C-suite also needs to become involved here. "It comes down to being rigorous," Mr. Paull says. "Monitoring benefits should be driven from the board down. There needs to be recognition that a project is not over until we have made a final assessment of benefit outcomes."

Figure 16: **In managing high-impact projects and portfolios, which do you do in a formal way?**



The final key difference between very mature and immature organizations is the greater likelihood of the former to **embed BRM fully in the initial stages of project portfolio management.** In particular, 50 percent of the very mature use BRM metrics in the same way as other measures when balancing their strategic project portfolios against 24 percent of immature organizations. Similarly, 51 percent of the very mature organizations consider projected benefits when deciding on project selection, prioritization, and resourcing, compared with 39 percent of immature organizations.

Too often, according to Dr. Kunc, discussions of strategy implementation and of projects are conducted by separate groups. "Mature BRM needs to integrate them," he said. The C-suite plays a critical role in BRM here as well. "Their main input would be there, focusing on the broader strategic implications of projects. This is where the C-suite needs to coach project leaders," said Dr. Kunc.

"It comes down to being rigorous. Monitoring benefits should be driven from the board down. There needs to be recognition that a project is not over until we have made a final assessment of benefit outcomes."

DAN PAULL | *CEO, PSMA Australia*

IMPLICATIONS FOR THE C-SUITE

BRM is an increasingly popular way to address the misalignment between strategy implementation and overarching strategic objectives. Although still an immature field, BRM is capable of yielding important business value. This study has uncovered several lessons for effective BRM. One recurring theme is the importance of C-suite leadership to enable organizations to derive competitive benefits from BRM. The C-suite should lead in several key ways:

- ## Aim for cultural, not process, change and be prepared to live with the consequences:

  Cultural impediments hinder immature companies from adopting BRM to any significant degree, and undermine efforts even among those that prioritize BRM. This will not change without active support from the C-suite. Senior executives must also be willing to be subject to greater transparency in their own decision making.

- ## Embed BRM in strategy making and portfolio management from the start:

  BRM is more than a new set of processes for project management professionals. It needs to infuse every aspect of strategy formulation and implementation, in particular, at the beginning of the project. Otherwise strategy implementation can quickly become unmoored. An early focus can help overcome current process difficulties, notably issues around measurement.

- ## Communicate:

  The C-suite has to "keep banging on about" benefits in order to keep them the focus of strategy. This is the only way to overcome the current—all too common, and harmful—ignorance about the business benefits of high-impact projects within organizations and to keep the focus of strategy implementation on the big picture. Just as important—and often more difficult for senior executives—the C-suite has to be prepared to listen, so that problems around BRM become apparent quickly.

- ## Experiment and keep at it:

  There is no road map for achieving effective BRM. Standardized best practice for certain key elements does not even exist. Those organizations that are already seeing business benefits, though, are the ones that persevere. Learning by experience when there are no simple answers is anathema to many organizations because it means accepting experimentation with new approaches and, inevitably, some failures. Only strong C-suite support can provide the needed drive.

References

[1] *BRM is defined here as: The collective set of processes and practices for identifying those benefits and aligning them with formal strategy, ensuring that those benefits are realized as project implementation progresses and finishes and that the benefits are sustainable—and sustained—after project implementation is complete.*

[2] EIU, *Leaders of Change: Companies Prepare for a Stronger Future* (EIU, 2011); EIU, *A Change for the Better: Steps for Successful Business Transformation* (EIU, 2008).

[3] Markus Laursen and Per Svejvig, "Taking Stock of Project Value Creation: A Structured Literature Review with Future Directions for Research and Practice," *International Journal of Project Management* 34 (2016): 736–747. This article, as well as Mr. Serra who studied BRM academically, put the transition around 2007.

[4] Colin Ashurst and Julie Hodges, "Exploring Business Transformation: The Challenges of Developing a Benefits Realization Capability," *Journal of Change Management* 10 (2010); Stephen Jenner, *Realizing Benefits from Government ICT Investment: A Fool's Errand?* For further discussion of different definitions see Richard Breese, "Benefits realisation management: panacea or false dawn?" *International Journal of Project Management* 30 (2012).

[5] Carlos Serra and Martin Kunc, "Benefits Realisation Management and its Influence on Project Success and on the Execution of Business Strategies," *International Journal of Project Management* 33 (2015).

"Effective BRM is about culture.
If everyone asks, 'What is the benefit this activity
is supposed to contribute to?'
you achieve an incredibly powerful alignment."

DAN PAULL | *CEO, PSMA Australia*

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