



PMI's

PULSE *of the*
PROFESSION® In-Depth Report

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

ABOUT THIS REPORT

PMI's *Pulse of the Profession*® in-depth research on identifying benefits was conducted in December 2015 among 1,189 project management practitioners around the world who provide project, program, or portfolio management services on a full-time basis within organizations. Additional in-depth interviews were conducted with senior executives and PMO directors and directors of project management for the purpose of obtaining deeper insights into opinions and examples of situations.





Realize Your Benefits

When benefits are managed well, organizations realize the greatest possible return on their investments. But far too few organizations have effective benefits realization management processes in place. In fact, many have no benefits management approaches at all. And, as our current findings show, they are missing an opportunity to ensure that their projects deliver the expected strategic impact and drive organizational success.

We already know that when organizations embrace project, program, and portfolio management practices, they have better results. Yet even those organizations that are high performers rarely pay enough attention to benefits management. They might be good at completing projects and programs successfully, but rarely connect those projects back to the business purpose—often because they have failed to identify the expected benefits before the start of the project—and that leaves value unrealized.

Organizations that value project management as the strategic capability that drives change already perform better than their counterparts. When benefits realization management is part of a disciplined approach to project management, that performance gets even better.

In this in-depth report, we focus on the essential planning milestone of identifying benefits before the start of a project. This rarely captured activity both ensures alignment to strategy and allows executives to measure intended impact on customer products, services, and delivery. Our research shows that when organizations make benefits management part of a formal and thoughtful project management approach, they achieve significantly better results than those that do not. And they waste less money: Organizations with the best benefits realization practices waste 67 percent less on projects than others.

By the end of 2016, PMI's *Pulse of the Profession*[®] research will include a series of reports that take a deep dive into the world of benefits realization management. We begin this journey by studying benefits identification to help organizations better define and quantify the strategic impact projects and programs should have on business performance. The second report will focus on executing a benefits management program and the third will concentrate on sustaining benefits.

Read on, tell us what you think—and let's do great things together.

Mark A. Langley

A handwritten signature in blue ink that reads "Mark A. Langley".

PMI President and CEO

INTRODUCTION

Identifying Project Benefits: The Space Where Executives and Project Managers Meet

By *Dr. Terry Cooke-Davies*, Strategic Advisor at PMI

The question of a project manager's role in benefits realization management has divided opinion in the profession for over 20 years, to my knowledge. Some organizations hold project managers accountable for the delivery of benefits from the projects they manage; others do not. As we see with this research, which is concerned only with the identification of benefits at the start of a project, fewer than 40 percent of the respondents report that project managers are accountable for the identification of benefits to be delivered. This figure is about the same as those who report that it is the primary responsibility of a functional vice president or director or executive sponsor.

But this research is about much more than a project manager's job—just as the successful management of projects requires much more than a competent and motivated project manager. And the results make a compelling case for three important conclusions that should be of interest to all organizations everywhere:



Over the past decade or two, report after report, has identified the communications gulf that exists between project managers and senior executives. Papers have been written about the difficulties of persuading senior management of the strategic importance of project management to their organization. Yet, what this survey of 1,189 project managers shows is that there is one topic that can and should be of primary concern to both—the benefits delivered by projects.

Whether or not you espouse the view that projects produce deliverables, and that it is the operation of the deliverables that produces benefits, it is the benefits that ultimately justify the expenditure on projects. For organizations that carry out their projects for external customers, this creates its own difficulties. Typically, the contract with the customer is to produce the deliverables, and it will be the customer who obtains the benefits from them. This can lead such organizations to conclude that benefits are the customer's responsibility, not theirs.

This research suggests otherwise. Respondents report that there is no premium by treating customer projects differently than internal projects (72 percent of projects versus 70 percent of projects). Whether the customer is in your own organization or external, the procedures for identifying project benefits and ensuring that they are aligned with the customer's strategy are reported as strongly aligned with the success of the project.

Just over half of respondents report that the process of identifying project benefits has increased the visibility of formalized project management throughout the organization, which suggests that the significance of this report is greater than the data reported by respondents. We have the potential to move the topic of benefits—and how to deliver them through projects—to the very top of the agendas of both executive management and project management.

The importance of this topic is one area where different approaches to how projects are managed are in agreement. The first principle of the *Agile Manifesto* states: "Our highest priority is to satisfy the customer through early and continuous delivery of valuable software." What is this but a statement of the primal importance of delivering benefits to the customer?

At a time when the 2016 *Pulse of the Profession*® report indicates that project results are not only failing to improve, but may even be deteriorating, there is a clear need for significant change. As this report suggests, "changing the conversation" to a shared discussion between executives and project managers on the topic of identifying benefits at the outset of every project is a good place to start.

Dr. Cooke-Davies has been a practitioner of both general and project management since the late 1960s and a consultant to blue-chip organizations for over 20 years. He is the founder of Human Systems International (HSI), a company that provides organizational assessment and benchmarking services to leading businesses and government and part of the PMI family since 2013.

We have the potential to move the topic of benefits—and how to deliver them through projects—to the very top of the agendas of both executive management and project management.

Resources

- Thomas, J., Delisle, C., & Jugdev, K. (2002, January). *Selling project management to senior executives: Framing the moves that matter*. Project Management Institute.
- Cooke-Davies, Terence J., Crawford, Lynn H., and Lechler, Thomas G., "Project management systems: Moving project management from an operational to a strategic discipline." *Project Management Journal*, 40(1), 110–123.
- Principles behind the *Agile Manifesto*. Retrieved on 8 February 2016 from www.agilemanifesto.org/principles.html.

SUMMARY FINDINGS

In our 2016 Global Project Management Survey, the *Pulse of the Profession*[®], we see fewer projects meeting original goals and business intent or being completed within budget. More projects are failing and creating substantial monetary loss for their organizations.

Further discussion is needed to understand why organizations do not fully appreciate that strategic initiatives are projects and programs. We suspect this disconnect may result because so few organizations monitor and measure the benefits that projects and programs deliver across the business. And that is a significant oversight.

When organizations establish procedures for identifying the benefits projects are expected to deliver, they are practicing the essential first step in benefits realization management. This activity enables them to establish a method for monitoring progress toward the desired results.

To better understand how organizations identify project-driven benefits, as well as how they align those benefits with strategic goals, we surveyed 1,189 project management practitioners, and conducted in-depth interviews with senior executives and PMO directors and directors of project management. From that research, organizations that succeed in delivering the intended strategic impact from their projects do the following:

STRENGTHEN THE CONVERSATION AROUND PROJECT MANAGEMENT AND BENEFITS IDENTIFICATION

Project management is how strategy is implemented successfully. Benefits identification is determining whether projects, programs, and portfolios can produce the intended business results. When project benefits are frequently identified before the start of a project—as part of the business case—organizations experience better results: 74 percent of projects meet goals and business intent versus 48 percent in organizations that do not. And when organizations frequently use formal project management to address the benefits identification process, they experience greater gains: 80 percent of their projects meet goals and business intent versus 54 percent in organizations that do not.

POSITION BENEFITS IDENTIFICATION AS A SHARED RESPONSIBILITY BETWEEN LEADERSHIP AND PROJECT TEAMS

Executives typically focus on organizational strategy, whereas project managers focus more on project activities. But they both have a vested interest in ensuring projects deliver the benefits critical to achieving strategic objectives—the necessary change that will advance the business. As a result, benefits identification is ideally a shared responsibility, which should also extend to business owners and executive sponsors. Yet, our research indicates that although 38 percent of project managers are accountable for identifying project benefits, just 27 percent have responsibility for the strategic alignment of those benefits. Meanwhile, only four in ten organizations indicate that a functional area vice president or director is accountable for ensuring that the project benefits are aligned with their organization's strategic goals.

TAKE A STRATEGIC VIEW OF BENEFITS

Managing project benefits underpins all aspects of strategic success. When benefits are delivered, organizations achieve their desired outcomes: customers are satisfied, business owners realize the return on their investment, and project teams see that their job was done well. Yet, only half of organizations report that they frequently identify benefits that are measurable, concrete, or explicit to achieving strategic goals.

We believe it's time for organizations to recognize that benefits realization is a central component of project and program management. It is the means to determine ROI as well as to identify the many intangible benefits that projects and programs deliver, including risk reduction and issues of customer satisfaction.

This is the first in a series of reports on benefits realization management, focused on the following practices central to the discipline:

- **Identify benefits:** to determine whether projects, programs, and portfolios can produce the intended business results.
- **Execute benefits management:** to minimize risks to future benefits and maximize the opportunity to gain additional benefits.
- **Sustain benefits realization:** to ensure that whatever the project or program produces continues to create value.



A STARTING POINT

TO BETTER UNDERSTAND BENEFITS, WE SHARE THE FOLLOWING DEFINITIONS:

- **PROJECT BENEFITS:** Project benefits can be considered synonymous with positive strategic impacts.
- **OBJECTIVES:** Project objectives are the results to be achieved after a project concludes, such as a successful IT conversion, development of a new product or manufacturing process, or construction and staffing of a new facility. Project success measures typically specify project outputs, as opposed to outcomes.
- **BENEFITS:** Project benefits are the value that is created for the project sponsor or beneficiary as a result of the successful completion of a project.
- **BENEFITS REALIZATION:** Benefits realization is the means to ensuring that benefits are derived from outputs.
- **BENEFITS REALIZATION MANAGEMENT:** Benefits realization management incorporates the activities of managing benefits throughout the life of the project: Identify, Execute, and Sustain.

BEGIN WITH A DISCUSSION ABOUT THE END RESULT

Projects and programs deliver benefits and drive strategy. This is a fact not always recognized by organizational leaders who are more focused on issues of cost and ROI than on the execution of projects. Benefits realization is a way to change that thinking, underscore how projects and programs deliver benefits to the business, and enable the necessary change.

“It’s central to use benefits to decide which project ideas to invest in.”

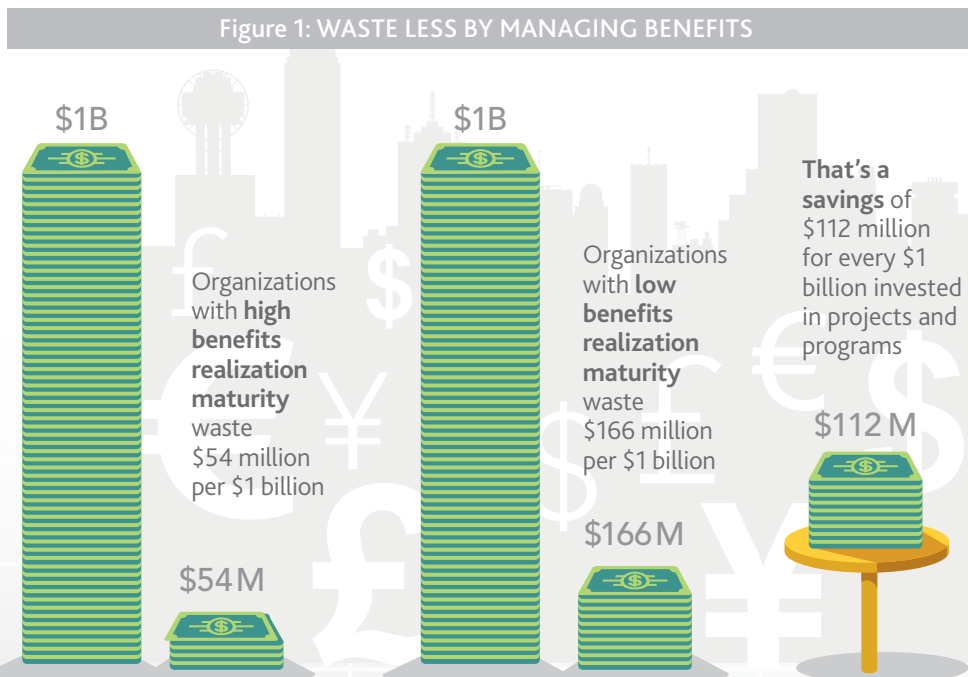
Chris Lawler, PfMP | *Manager, Project Portfolio Office*
Mater Health Care Services

Adopting benefits management can help organizations increase the value of their investments. It requires purposeful attention to which projects and programs are approved—and why. It facilitates more effective decision making about investments. In fact, organizations with high benefits realization maturity waste 67 percent less money than those with low maturity, because they have better project performance.

“It’s central to use benefits to decide which project ideas to invest in,” said Chris Lawler, PfMP, Manager, Project Portfolio Office, Mater Health Services. “They need to be part of the concept brief and business case and, though a temporary project will deliver the outputs, the permanent part of the organization needs to own benefits, be accountable, be measuring, then actively use those measures to make adjustments or to even terminate a project that will not create the desired value.”

Despite the proven value of benefits management, the data from our 2016 *Pulse of the Profession*® reveals that a staggering 83 percent of organizations lack maturity with benefits realization, raising myriad questions about how they understand the business value of projects and programs. Our research further confirms that this lack of maturity may be contributing to projects—including strategic initiatives—failing to achieve their original goals and business intent; and that identifying benefits as part of the business case, even before the start of a project, improves outcomes. Specifically, 45 percent more projects meet original goals and business intent in organizations with high maturity in benefits realization, compared to those with low maturity. This translates to significantly fewer dollars wasted (see Figure 1).

Those front-end discussions also help organizations understand a project’s benefits, even when they are not immediately realized. Some benefits, especially the more intangible, may not come to fruition for several years. So measuring return requires a longer-range view of related business activities.



Figures are U.S. dollar amounts, but represent a percentage difference that applies to any currency.

ESTABLISH THE RIGHT APPROACH

Effective benefits management requires a formal approach, which begins long before the project itself. The initial activity—benefits identification—looks at what a project is intended to deliver to the business. Essentially, this is the “why” of investing in a project.

When identifying benefits, organizations are able to analyze comprehensive information relating to operational and business strategies; internal and external influences; and project, program, and portfolio drivers, in order to identify and qualify the value to stakeholders. The insight gained supports better decisions about which projects to prioritize and the appropriate levels of investment. In many ways, benefits identification is a brainstorming session that allows robust discussion and analysis, setting more realistic expectations about project outcomes.

Perhaps surprisingly, we discovered that nearly three quarters of organizations frequently identify benefits before the start of a project. Yet, 83 percent—the vast majority—still report a lack of maturity with their benefits realization. This suggests that they don’t have a comprehensive approach in place; that they lack effective guidelines; or that they don’t have the right mix of people participating in the process—or a combination of these.

“Sometimes program benefits/business value is lost in the focus on deliverables and dates,” said Delores Stimpson, Director of Enterprise Infrastructure Program Management, at Fidelity Investments. “I think the biggest challenge is consistently leading the team back to the ‘end game’—reminding them that the reason for the effort is not just to complete another program, but that we were adding value to achieving strategic goals. Explaining how and why program team effort affects the organization as a whole is critical to successful outcomes.”

As noted previously, benefits identification is a shared responsibility among an organization’s executive leaders, business owners, and project professionals. Each brings a unique perspective on strategic enablers, and executives can identify which benefits are priorities. So, an effective approach outlines roles and responsibilities and who’s involved.

In addition, the approach requires attention to metrics. Part of the conversation when benefits are identified is how the organization will know whether it’s on track to achieving them. As central components of benefits realization management, metrics and benefits tracking help to define objectives and critical success factors and to determine if—and how—they are achievable.

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Yet, 83 percent—the vast majority—still report a lack of maturity with their benefits realization.

Measuring how well a project is delivering the expected benefits ensures that an organization is investing in the right initiatives as well, according to Haresh Desai, Vice President, Enterprise Project Office at Symcor. “It confirms alignment with strategic goals, allows us to prioritize ideas in the funnel based on ROI or potential ROI, and allows us to improve by looking at the projects retrospectively. Adding to the lessons learned ensures we project better for the future,” he said.

QUESTIONS AND ACTIVITIES

QUESTIONS

to ask during benefits identification:

- ▶ **Why are we doing the project or program—what are the business drivers?**
- ▶ **What are the measurable benefits?**
- ▶ **Who is accountable for the benefits?**
- ▶ **Who ensures the project benefits are aligned with strategic goals?**
- ▶ **Who signs off on the benefits?**

ACTIVITIES

that make up benefits identification can include:

- ▶ **Defining the objectives and critical success factors.**
- ▶ **Recognizing and quantifying business benefits.**
- ▶ **Developing meaningful metrics and key performance indicators to measure the actual delivery of benefits and planned benefits.**
- ▶ **Establishing processes for measuring progress against benefits plan.**
- ▶ **Creating a communications plan necessary to record progress and report to stakeholders.**

Organizations with more mature benefits realization also implement a communications protocol in their process, which addresses how they record and report progress to stakeholders. This protocol requires meetings between all internal stakeholders, including project team representatives and business owners—from the outset of developing the business case until the project ends and beyond.

While there is no single approach to benefits realization management, it typically starts with benefits identification—and should be part of the business case. The identified benefits are both tangible and intangible, despite the difficulty of tracking and measuring the latter. (See the questions and activities in the gray box for more insight into how organizations approach this.)

Measuring how well a project is delivering the expected benefits “allows us to improve by looking at the projects retrospectively.”

Haresh Desai | *Vice President, Enterprise Project Office*
Symcor

Yves-Alexis Vandooren, Global Portfolio Management Director at Ansell, acknowledged the challenges of measuring intangible benefits, but also believes sufficient identification helps draw a clear distinction between tangible and intangible benefits. “Sometimes [benefits realization] takes longer than the project itself and needs to be pursued on the product-or-service life cycle, but in those cases you at least have someone who will own the benefit and optimize it—in the long run.”

Mark Cyphert, Chief Information and Operations Officer at Protective Life Corporation, also sees a number of positive results in the way his organization identifies project benefits. “One is a clear delineation between quantitative and qualitative benefits,” he said. “Two is incorporating a measure of confidence that shows up as a contingency factor. Then, third, is the actual attention in terms of approving a project around the benefit: how that project executes where our benefits are. My CEO often reminds me that I once told him: ‘We can do anything, we just can’t do everything’, and he is an advocate of our formal approach to business cases and prioritization.”

“We can do anything, we just can’t do everything.”

Mark Cyphert | CIO
Protective Life Corporation



CASE STUDY

THE IMPACT OF IDENTIFYING PROJECT BENEFITS

By **Haresh Desai**, Vice President, Enterprise Project Office at Symcor

Our benefits identification process has truly been a cultural shift for us. It has led us to think about projects and their prioritization in a very different manner. We prioritize our projects based on criteria as dictated by our corporate objectives for revenue, cost reductions, efficiencies, and growth, which are captured at the onset and tracked thereafter.

Before the start of the project, the sponsor identifies potential benefits and estimated costs at a very high level in a document we call an “idea charter.” This leads to a statement of work (SOW), outlining requirements and estimates.

The SOW has to be approved before the actual project is initiated. Once initiated, the project team gets seed money, which they then use to refine requirements, solution approach, project plan, and estimates, in addition to project benefits. This information is then captured in our business case analysis

(BCA), which gives the full profit and loss (P&L) inclusive of benefits and allows the business to make an informed decision for a go/no go. The view in the BCA is generally a five-year projection of costs and benefits, and we typically like to break even at three years.

The BCA is monitored throughout the project and is refreshed as scope, schedule, and costs change and evolve. At any time, the sponsor can make a decision to stop the project if he or she feels that the benefits are not being realized or the ROI period is too long.

Overall, this led to a huge project rationalization exercise in 2010–2012, which saved us approximately US\$70 million in those three years and turned the organization around. It also led us to cancel over 80 projects that had poor to no ROI.

KEY RECOMMENDATIONS

As our research shows, many organizations are missing the opportunity to understand what would help them improve business success. We know that having a greater awareness of how strategic objectives are achieved is essential. This calls for a purposeful and formal approach to benefits realization. Identifying benefits is the first step in that direction.

Further, we believe the following actions distinguish organizations that achieve better results:

STRENGTHEN THE CONVERSATION

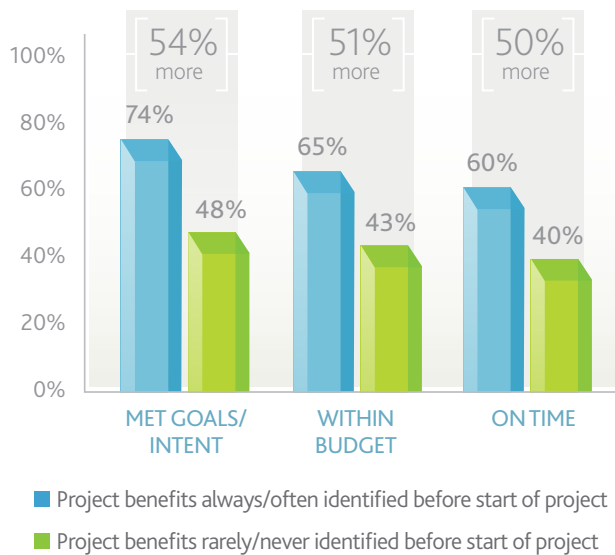
We encourage organizations to talk more about why projects and programs are significant investments and how they are essential to organizational success. Benefits realization, as a discipline, will help them recognize that projects and programs deliver benefits to the business and that they enable the necessary change. So when project and program benefits are identified as integral parts of the business case, and tracked from project initiation through transfer to the business and beyond, organizations can better ensure they're delivering value. As we discovered, when project benefits are identified before the start of a project, 54 percent more projects meet original goals and business intent (see Figure 2).

Benefits identification ultimately gives organizational leaders insight into whether they are making the right investments at the right time.

"We are answering to the high-level officers, telling them the 'who,' the 'why,' the 'how much,' and the 'how,'" said Mr. Vandooren. "Of course, you need to refine the benefits as you move on, especially in the planning stage—and sometimes already in the initiation stage—but you need to have this vetting before you can start the project. There is no way to start without doing that."

"I think there is more of an internal dialog about benefit or value that is resulting in less ideas being pitched in the first place," added Ms. Lawler. "I've also observed projects more closely aligned with strategic intent, and I am seeing a very engaged group of executive sponsors undertaking their governance role with the knowledge that the project outcomes matter to the sustainability of the organization. It is certainly changing how and when they make decisions, especially ones that may mean termination and potential loss of sunk costs or significant variation to design and scope."

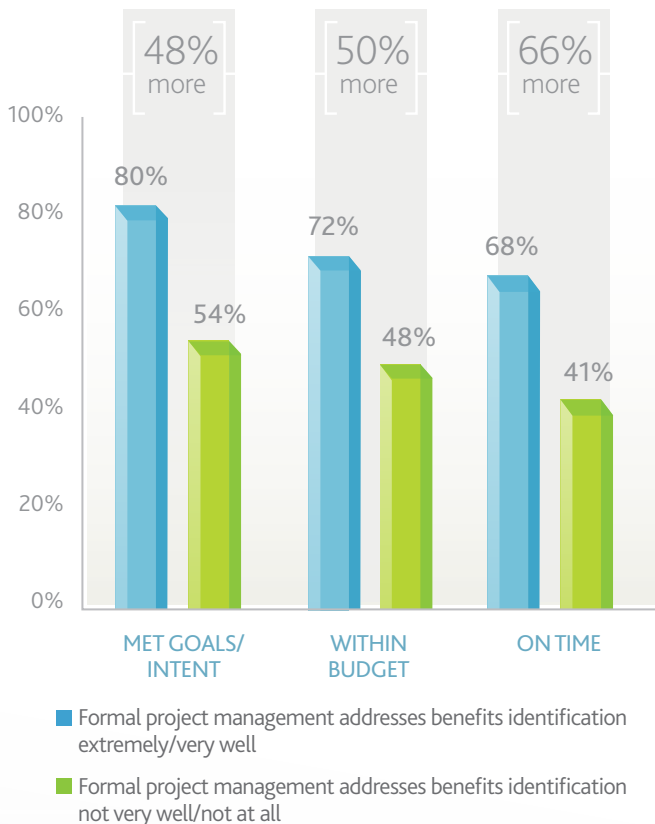
Figure 2: IMPROVE PROJECT OUTCOMES BY IDENTIFYING BENEFITS



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Yves-Alexis Vandooren | *Global Portfolio Management Director*
Ansell

Figure 3: IMPROVE OUTCOMES BY ADDRESSING BENEFITS IDENTIFICATION AS AN ESSENTIAL PART OF PROJECT MANAGEMENT



In addition, when organizations address benefits identification as an essential part of project management, they experience better project performance. In fact, they see 48 percent more projects meeting goals and business intent (see Figure 3), a result that we attribute to a better understanding among project teams about the value they are delivering to the business. This, in turn, has an impact on how individuals execute their responsibilities.

“Disciplined project management is the best way to ensure you get the deliverables or the benefits you thought you would.”

Ted Dosch | *CFO*
Anixter International

WHY BENEFITS IDENTIFICATION MATTERS



CONSIDER THE SHARED INTEREST

Project teams will be better equipped to deliver on business needs—to ensure higher levels of benefits realization—if they are part of a collaborative effort with leadership and business owners from the outset. They can contribute to the benefits identification discussion, helping others understand their needs as well as limitations, so that targeted benefits are more realistic and adequately supported throughout the project life cycle. In turn, the project team will gain a better perspective on how their deliverables support strategic goals, which could factor into how they execute the project.

But it's not easy. Our research confirmed that most organizations don't have a formal benefits identification process, and there is no single approach with a proven success record that they can adopt. This may stem from a lack of clarity about what project benefits are—or are not.

"It is something the organizations struggle with," said Gary McCalden, PMO Director, Environment Protection Authority (EPA) in South Australia. "It does really need a shift of focus by organizations. Both the executives and project managers need to think about benefits as distinct from deliverables."

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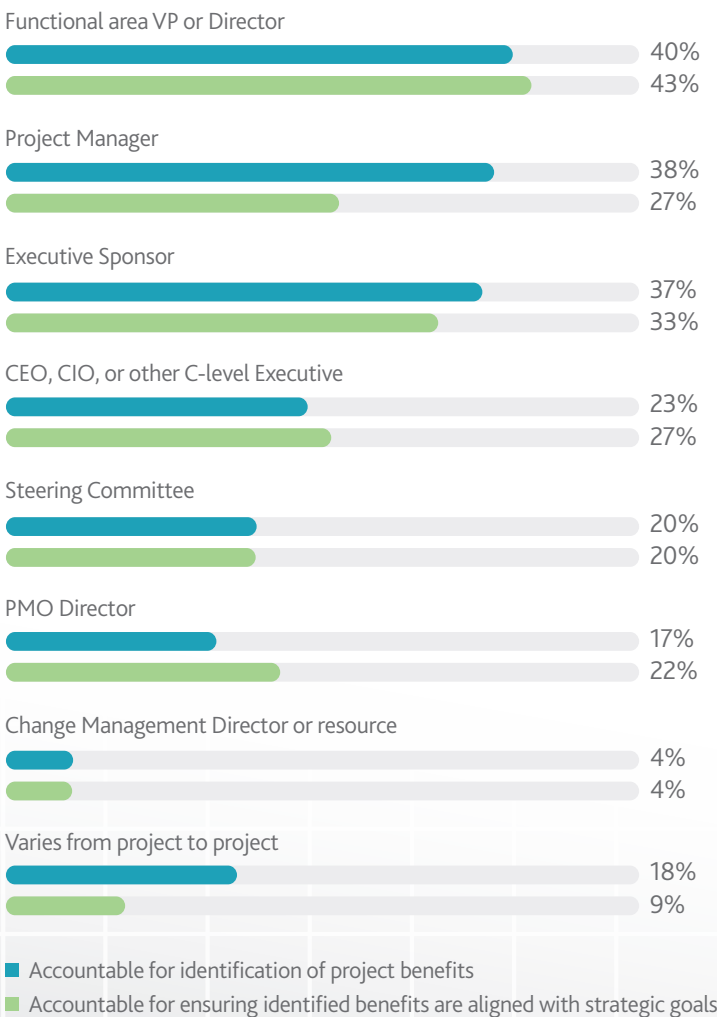
Gary McCalden | *PMO Director*
Environment Protection Authority in
South Australia

Research confirms that organizations often confuse new products and services (project outputs) and new capabilities (project outcomes) as being benefits. But the real benefits result from these deliverables. By bringing all the necessary internal stakeholders to the benefits conversation, this can be clarified and expectations appropriately set.

We recognize that project management is not just operational, it is also strategic. Yet, our research indicates that although 38 percent of project managers are accountable for identifying project benefits, only 27 percent are responsible for the strategic alignment of those identified benefits. Another gap is that only four in ten organizations indicate that a functional area vice president or director or the executive sponsor of a project is accountable for the identification of project benefits. Similarly, four in ten organizations indicate that a functional area vice president or director is accountable for ensuring that the identified project benefits are aligned with the organization’s strategic goals (see Figure 4).

These findings give even more insight into why organizations may struggle with benefits realization. They simply are not including the right people in the process. That further reinforces that, ideally, benefits identification is a shared responsibility between leadership and project teams.

Figure 4: ACCOUNTABILITY FOR IDENTIFICATION OF PROJECT BENEFITS



“The project manager is in a great position to probe the business owner to make sure that the right questions are being asked and everything is taken into consideration in trying to identify those benefits,” said Mr. Dosch. “All of that translates into the all-important part: ‘Did you get what you thought you were going to get?’ because you measure each type of benefit differently depending on whether it is hard/quantifiable savings, soft/productivity, or cost avoidance.”



CASE STUDY

PROJECT BENEFITS VERSUS DELIVERABLES

By **Gary McCalden**, PMO Manager, Environment Protection Authority (EPA) in South Australia

We worked hard to change the view from a deliverable-focused organization to one that looks at benefits. The first step was to ensure focus on the organization's objectives. Now we are starting to categorize the benefits into four basic groups focused on cost savings, overall efficiency gains, technical benefits, and support for intangible benefits.

I work with the project manager and the project sponsor and have a discussion about what they see as the benefits. The process is not rigid, but looks at each project on a case-by-case basis. We have quite a number of smaller projects where the benefits are evident. For a larger project, the executive group is involved in determining what they see as the real benefits against the strategic objectives, and how these benefits fit in with their strategy. This helps them to

prioritize the resources needed for the projects against all other activities across the organization.

One of the projects we are working on at the moment is an improvement to our State of the Environment report. One of the benefits from this project is that important environmental information will be more accessible to the general public. This is going to be difficult to measure in the end but it is something we are targeting.

The distinction between deliverables and benefits has been critical, because the executive group has worked hard to set the strategic direction for the EPA, and we need to focus on delivering the right projects to achieve those objectives.

TAKE A STRATEGIC VIEW

Many organizations are not effective at identifying the benefits that projects deliver, especially the softer or intangible benefits that can't be quantified in monetary value. Only half of organizations report that the identified benefits of projects are specified in a manner that is adequately explicit in terms of achieving strategic goals. This situation exists despite, as Ms. Lawler said, "There is no logic in delivering a great project if it is not the right project for the organization. There is even less logic in delivering one that will fail at its intended outcomes."

Our research shows just how erroneous benefits identification can be if the strategic objectives don't guide the benefits conversation. Only one-third of organizations report that they differentiate between short-term benefits (those expected shortly after project completion) and long-term benefits (those expected months or years later).

"There is no logic in delivering a great project if it is not the right project for the organization. There is even less logic in delivering one that will fail at its intended outcomes."

Chris Lawler, PfMP

Manager, Project Portfolio Office
Mater Health Services

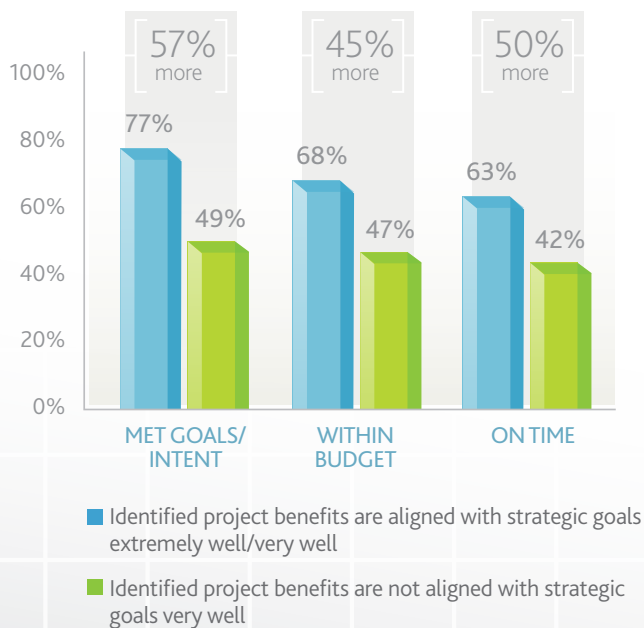
In addition, only about half of organizations indicate that project benefits, as identified, are well aligned with strategic goals. This is an especially problematic shortcoming, considering that nearly two in three organizations report that project benefits are sometimes or more often implemented when they are not closely aligned with the organization's strategy, even further underscoring the critical importance of taking a strategic view of benefits identification.

Considering that strategic objectives can change quickly in an uncertain economy, it is imperative that project teams be kept aware of such shifts and that organizational leaders recognize that project requirements may need to change—as may the anticipated benefits.

"We should be well equipped to take on strategy changes, and adjust our projects and programs appropriately," said Kiran Rudraiah, Group Manager, PMO, T-Mobile. "I was just telling to my team that strategic adjustments are inevitable. Otherwise, we cannot evolve as a company. And these adjustments are normally done to stay competitive in the market."

The value of aligning identified project benefits with strategic goals cannot be overemphasized. Project outcomes improve significantly—57 percent more meet goals and business intent, 45 percent more are within budget, and 50 percent more are on time (see Figure 5).

Figure 5: IMPROVE PROJECT OUTCOMES BY ALIGNING IDENTIFIED PROJECT BENEFITS WITH STRATEGIC GOALS



BETTER ROI

Delivering a project doesn't guarantee realizing the intended benefits and achieving the planned ROI. Benefits management is needed to allow better discussion and measurement about how realistic a project is. It's a way organizations can determine which projects and programs are optimal for achieving strategic goals—essentially a checkpoint, because the benefits discussion gives insight into value and practicality.

"Everybody wants their project prioritized and worked on immediately." Steve Keller | CFO
Rush Enterprises

"Everybody wants their project prioritized and worked on immediately," said Steve Keller, CFO of Rush Enterprises. "This results in getting too many balls in the air and they hang out there for a while instead of managing fewer projects concurrently, finishing them, and moving on to the next one."

When deciding on the criteria for picking projects, it's natural to focus on ROI, but the focus should include the full range of benefits the organization will realize from the project, both tangible and intangible. When benefits are identified before the start of a project, 56 percent more projects meet or exceed forecasted ROI.

In addition, when the identified benefits are aligned with an organization's strategic goals, 80 percent more projects meet or exceed forecasted ROI; and when formal project management is used to address the benefits identification process, 76 percent more projects meet or exceed forecast ROI.

Few executives tolerate applying resources to an activity that doesn't produce. Benefits identification helps the organization align projects to strategy for the greatest impact.

CONCLUSION

Benefits realization ensures the payoff of projects and programs occurs. Managing those benefits is a way organizations can increase their rate of success. As we see from our research, when benefits are identified before the start of a project, more projects meet original goals and business intent and more are completed on time and within budget.

We know that having a greater awareness of how strategic objectives are achieved calls for a more focused and formal benefits realization approach; and that identifying benefits is the initial activity. While many organizations aren't mature with this practice, our research points to the broad lessons that more successful organizations use to harness what—for far too many—remains an untapped opportunity. Those essential practices include:

LINKING benefits identification to both project and program management.

ESTABLISHING benefits identification as a shared responsibility between an organization's executive leaders, business owners, and project professionals.

ALIGNING identified benefits to the organization's strategic goals.

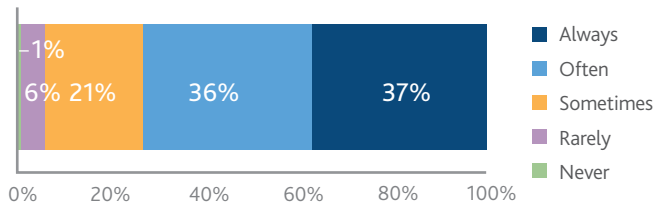
Overriding these practices is one important reality: Simply identifying benefits will not make them happen. Achieving them is directly tied to the execution phase of a project or program, including the team composition, resourcing, risk management, and other critical factors of readiness and performance.

Our next report will focus on these and other execution activities that have a direct bearing on whether or not organizations succeed at benefits realization. Benefits identification, as we've noted in this report, is just the first phase in the entire approach to benefits realization management. And importantly, it is an opportunity for organizations to better determine whether they are directing their project and program investments wisely and in a manner that will achieve strategic goals.

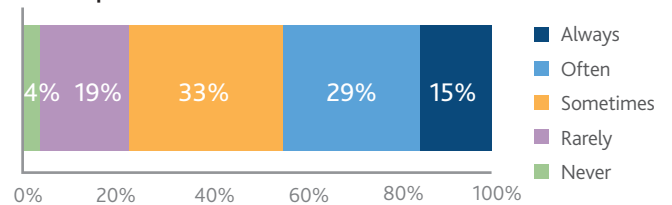


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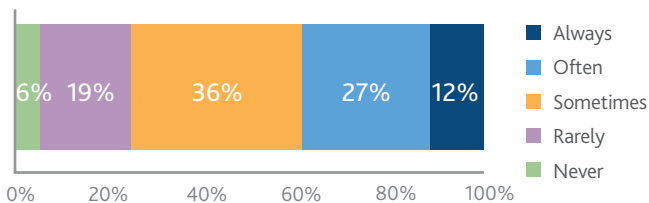
Q: In your organization, how often are project benefits identified before the start of a project?



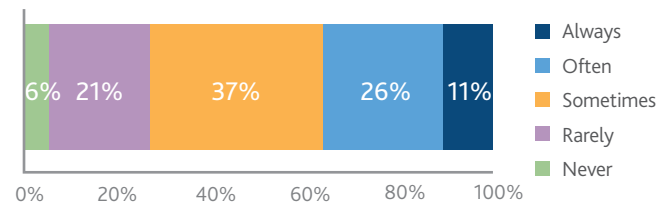
Q: In your organization, how often are anticipated project benefits identified in a manner that differentiates them from project objectives, or outputs?



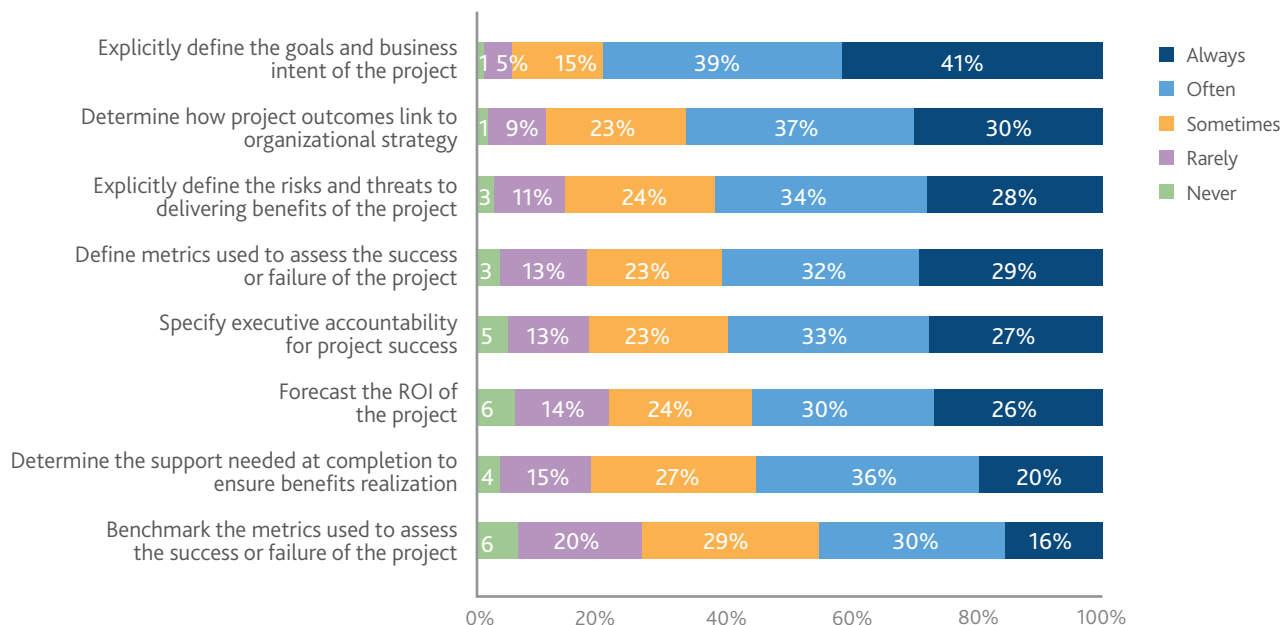
Q: In your organization, how often does consideration of project benefits differ for customer (i.e., external) projects, versus projects done for internal purposes?



Q: In your organization, how often does the identification of project benefits differentiate between benefits that will be evident shortly after project completion (e.g., within six months) as opposed to those expected to be evident months or years later?



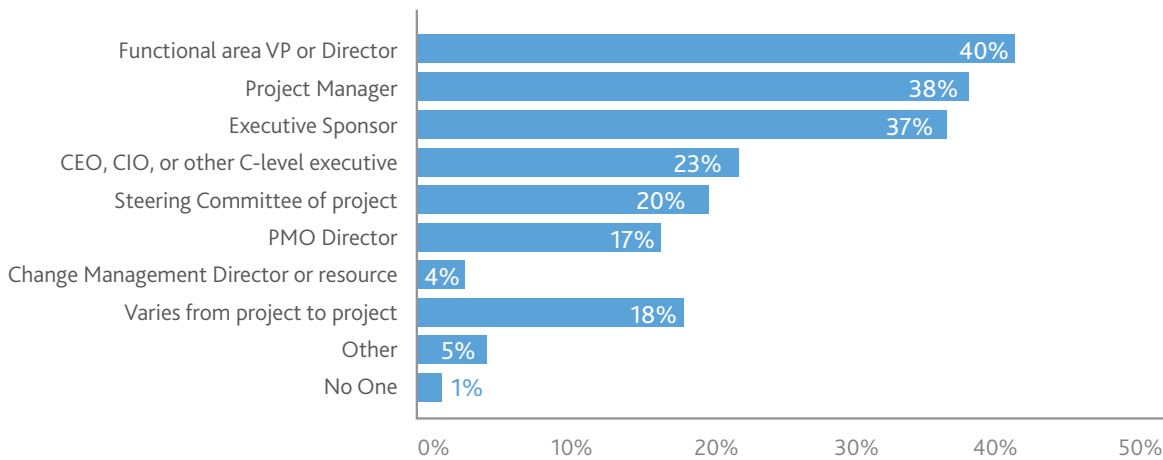
Q: When planning to start a project, how often is each of these processes done by your organization? (select one for each)



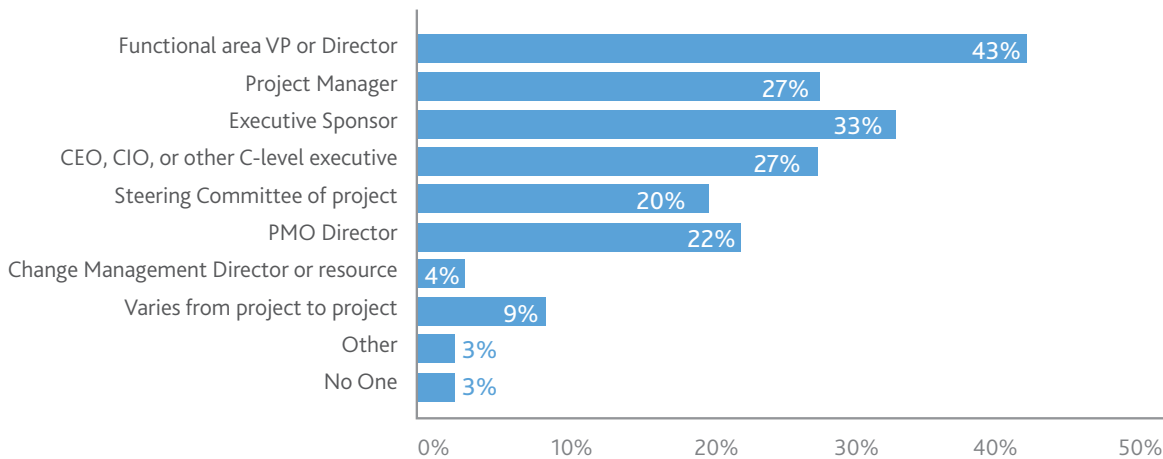
Note: Numbers may not sum to 100% due to rounding

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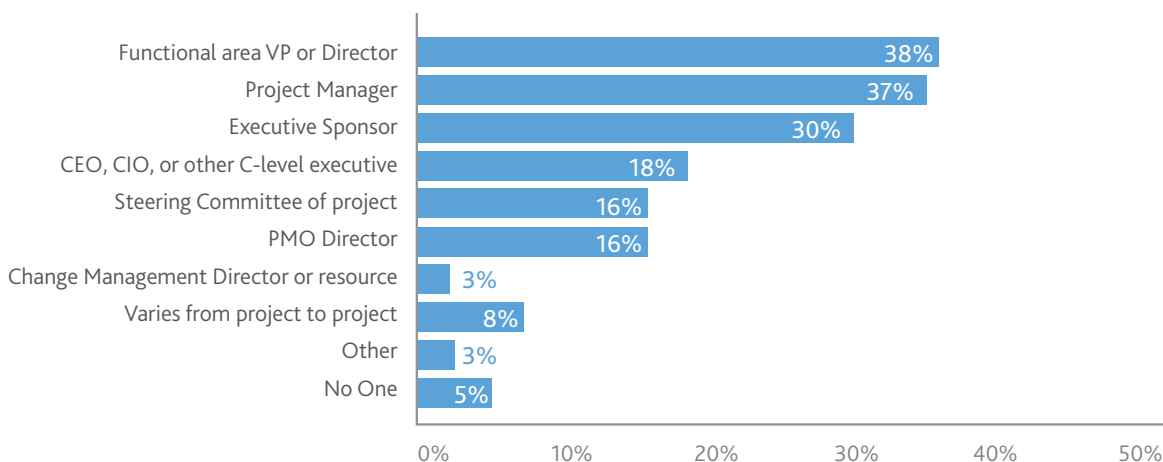
Q: Typically, who in your organization is accountable for the identification of project benefits? (select all that apply)



Q: And who in your organization is typically accountable for ensuring that the identified project benefits are aligned with the strategic goals of the organization? (select all that apply)

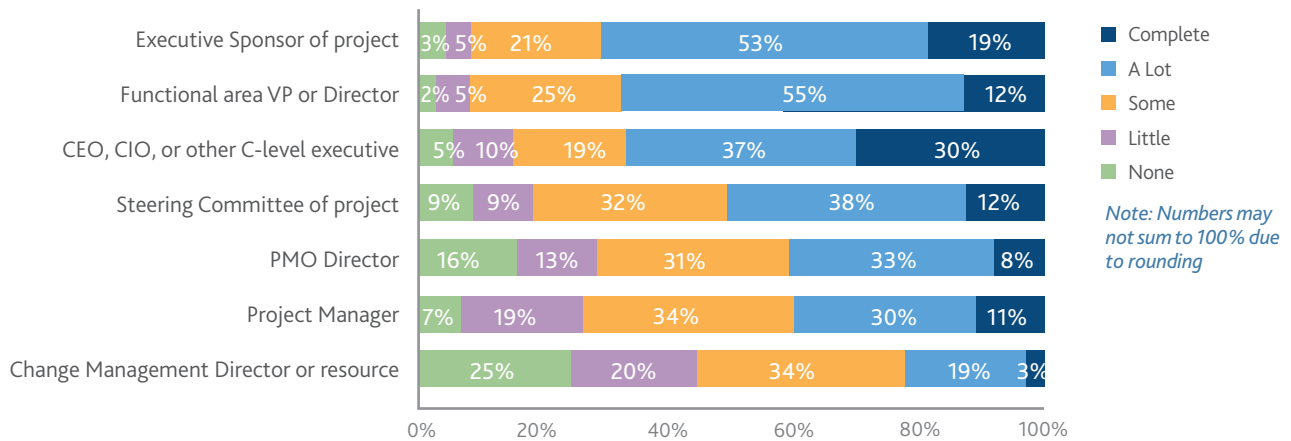


Q: Who signs off on the benefits identified for a proposed project? (select all that apply)

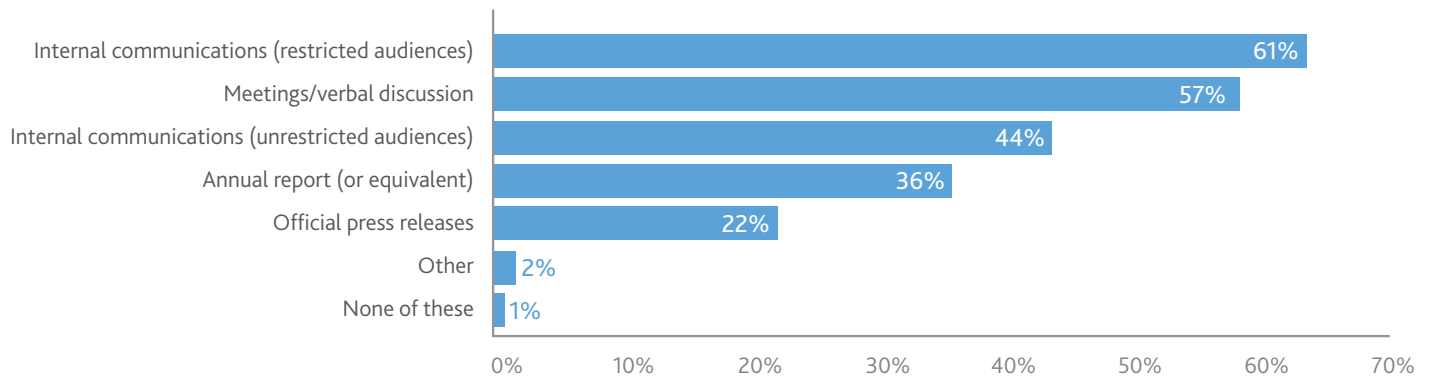


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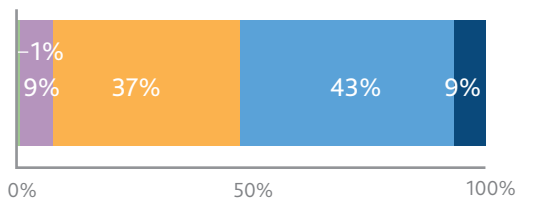
Q: How much influence does each of these forms of governance have in the identification and prioritization of project benefits? (select one for each)



Q: In what form have the strategic objectives of your organization been articulated and publicized? (select all that apply)



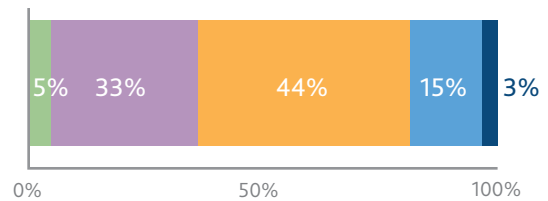
Q: Typically, how well are identified project benefits aligned with the strategic goals of the organization?



Note: Numbers may not sum to 100% due to rounding

- Extremely Well
- Very Well
- Somewhat Well
- Not Very Well
- Not at all

Q: How often are projects with business cases that are not closely aligned with your organization's strategy implemented nevertheless?

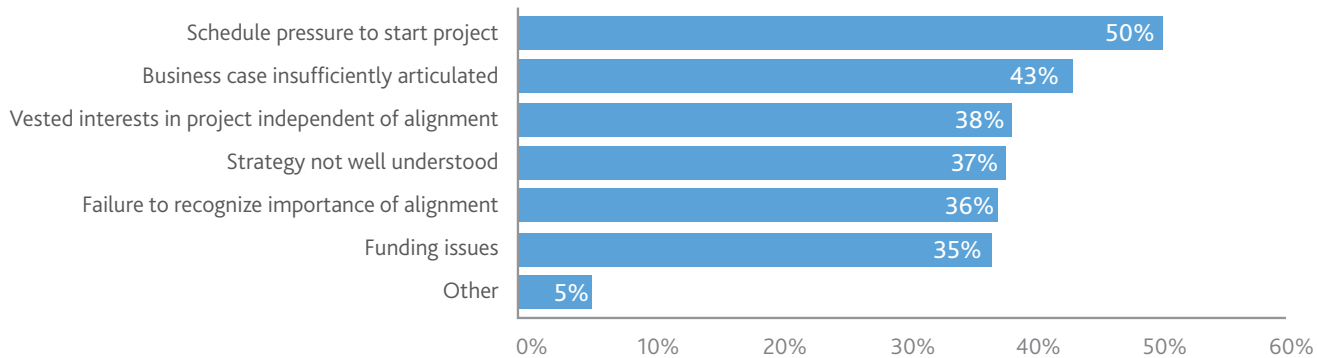


Note: Numbers may not sum to 100% due to rounding

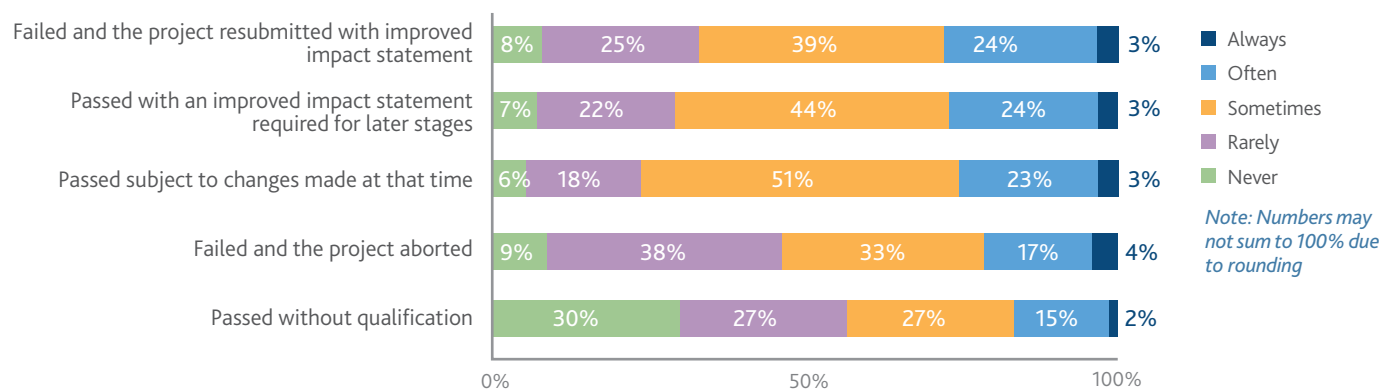
- Always
- Often
- Sometimes
- Rarely
- Never

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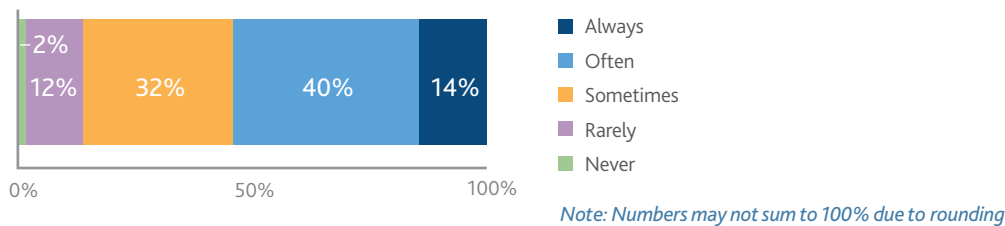
Q: What conditions usually account for inadequate alignment of the business case with the organization’s strategy? (Select all that apply)(Base: Organizations where projects with business cases not closely aligned with organization’s strategy are always/often/sometimes implemented)



Q: When the intended strategic impact statement of a project is insufficiently clear at its outset, how often does each of the following occur? The initial stage gate is... (select one for each)

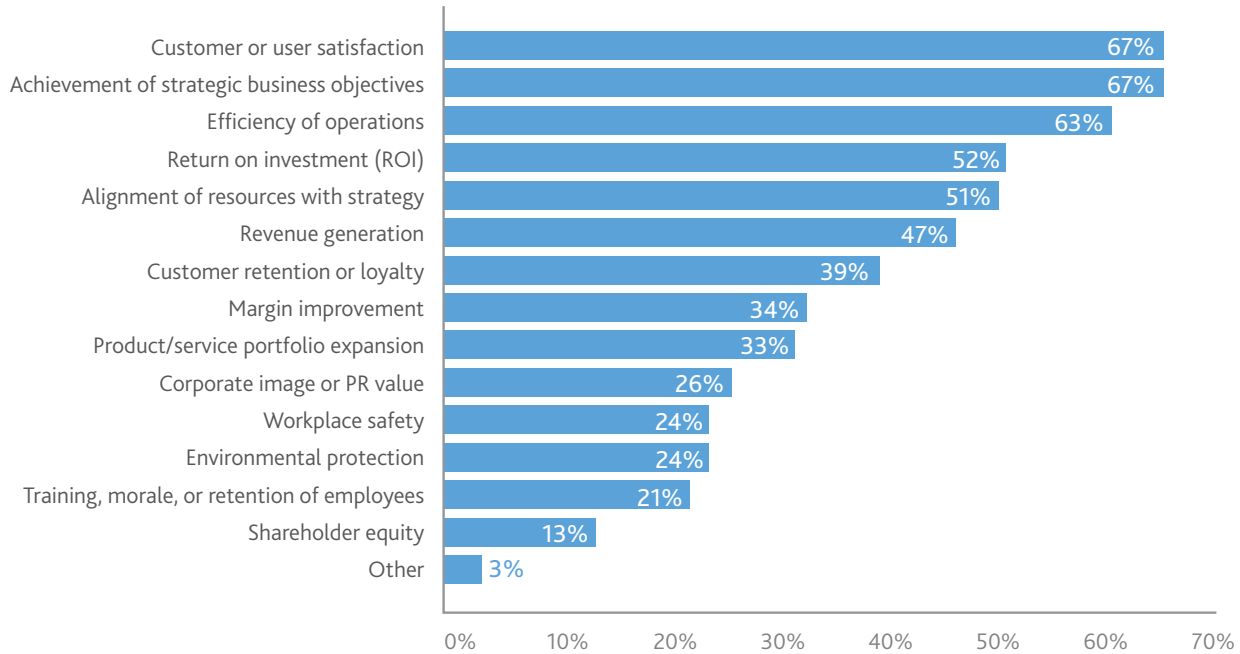


Q: How often are the identified benefits of your projects specified in a manner that is adequately explicit (e.g., measurable, concrete, not vague)?

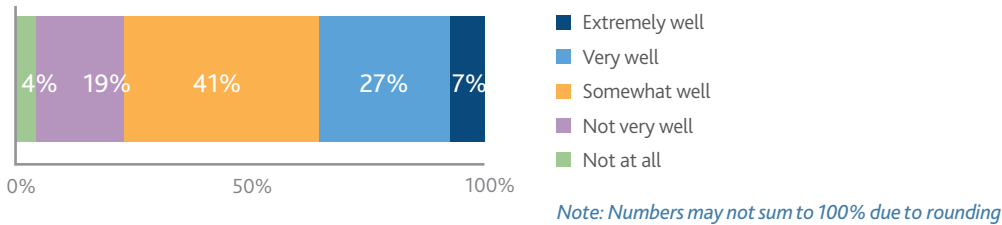


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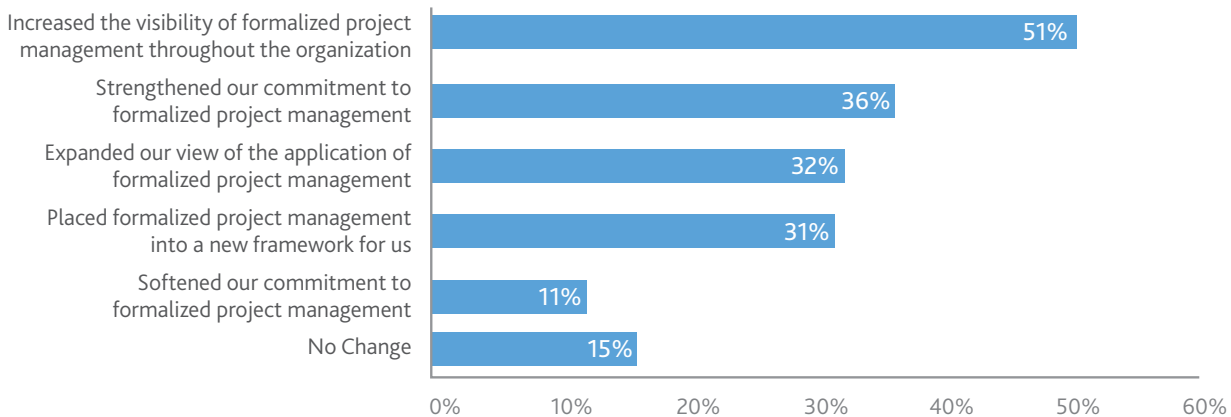
Q: Which of the following benefits does your organization routinely identify in the business case of a potential project? (select all that apply)



Q: How well does formalized project management, as practiced in your organization, sufficiently address the process of project benefits identification?

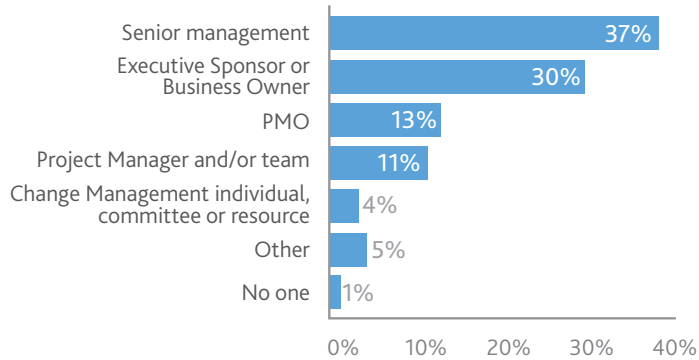


Q: In what ways, if any, has the process of identifying project benefits impacted the way your organization thinks about projects and their management? (select all that apply)

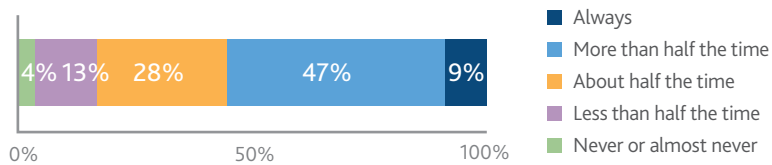


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Q: Who in your organization assesses the soundness of the business case for a proposed project?

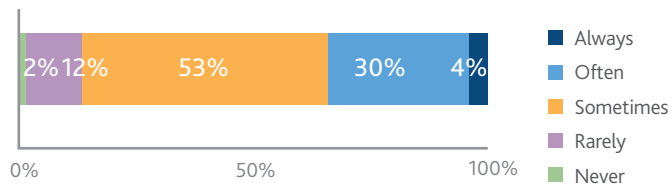


Q: On average, about how often do your organization's projects deliver 95 or more percent of their identified benefits?



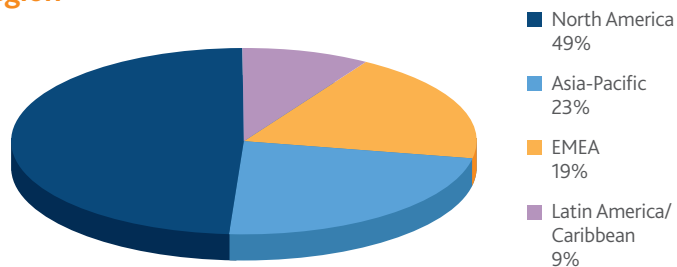
Note: Numbers may not sum to 100% due to rounding

Q: How often are the identified benefits of a project later found to have been overly optimistic?



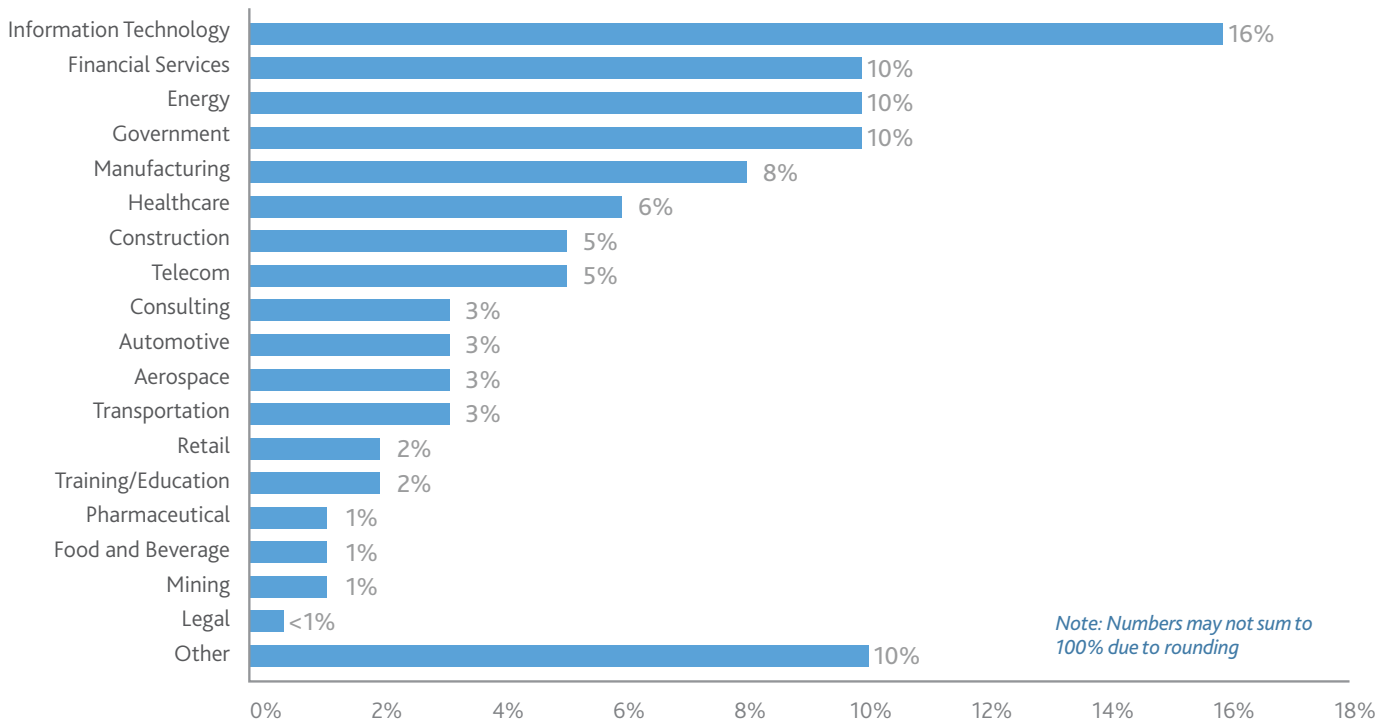
Note: Numbers may not sum to 100% due to rounding

Region

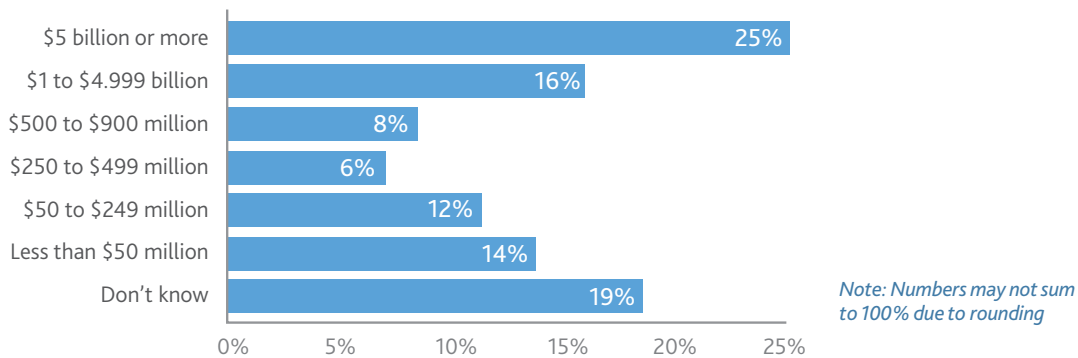


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Q: Please select the term that best describes the primary focus of your organization.



Q: Which of these includes the total annual revenue of your organization (US\$)?



Beijing
Bengaluru
Brussels
Buenos Aires
Dubai
Dundalk
London
Mumbai
New Delhi
Philadelphia
Rio de Janeiro
São Paulo
Shanghai
Shenzhen
Singapore
Sydney
Washington, D.C.



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