



### Integrated Approach To Benefits Realisation

#### Introduction

Benefits realisation was once the sole domain of programme management. However, benefits realisation is now becoming a central plank to the evaluation of project success along with the delivery of planned outcomes, on time and on budget.

That said, where benefits realisation is undertaken it is normally a before and after exercise. At the start a statement of expected benefits is normally included in the business case or similar used to gain approval to undertake the project. Sometime after the project has completed its deliverables a check is done to determine whether the expected benefits have been realised. Not surprisingly, the benefits that can actually be realised are often less than the expect benefits proposed in the business case.

Often this disparity between the expected benefits and the realised benefits is due to:

- (i) an overstatement of the expected benefits;
- (ii) a reduction in the scope midway through the project resulting in reduced benefits;
- (iii) a delay in the completion of the project resulting in a reduced period in which the benefits can be realised; or
- (iv) a blow-out in the cost of the project leading a reduced cost-benefit ratio.

Now whilst there is little that can be done about the former – sometimes there is not a lot a sponsor won't do to get their pet project approved – appropriate project controls will assist in addressing the remainder. This paper suggests, however, that if those project controls also take into account the potential impact on the realisable benefits then the chance of realising a greater proportion of the expected benefits would be the result.

#### Integrating Benefits Realisation into Project Controls

Rather than assessing benefits at the start and end of the project, as is common practice, this paper suggests that the potential impact on realisable benefits should be considered along with costs, schedule and scope considerations whenever:

- ☞ a risk is identified and analysed, and a risk mitigation strategy determined;

- ☞ an issue is evaluated and resolution options considered; and
- ☞ a change request is raise and the impact assessment conducted.

For example, when ranking the risk consequence the following table could be used.

Consequence Rating ↓	Key Performance Indicators			
	Cost Variance	Schedule Delay	Scope Achievement	Benefits Realisable
Severe	> 10%	>10%	Not all <i>Essential</i> requirements met	None of the expected benefits will be realisable
Major	5-10%	5-10%	Not all <i>Very Important</i> requirements met	Realisable benefits reduced by more than 50%
Moderate	2-5%	2-5%	Not all <i>Important</i> requirements met	Realisable benefits reduced by less than 50%
Minor	1-2%	1-2%	Not all <i>Highly Desirable</i> requirements met	Benefits realisation delayed but otherwise unaffected
Insignificant	< 1%	< 1%	Not all <i>Desirable</i> requirements met	No quantifiable change in realisable benefits

Similar tables could be used when rating issue and change impact.

By including the consideration of potential impact on realisable benefits to all project controls one can see that the focus on benefits will not be lost and that there will be a greater likelihood that the realisation of benefits will be maximised despite other factors affecting a project.