Benefits Realization

Adrienne M. DiPaolo

March 26, 2015
Housekeeping Items

- Everyone will be muted throughout the entire presentation
- You are welcome to ask questions at any time using the chat and/or Q&A feature
- We will have a brief Q&A session at the end of the presentation to make sure that we answer your questions
PPMP Mission Statement

• **Mission**: Our mission is to foster our individual member's learning through the sharing of knowledge, best practices, experiences, lessons learned and by engaging with industry experts and thought leaders.

• **Purpose**: Our goals are to enhance the professional capabilities and skills of our individual members and to bring value to the overall project portfolio management industry.

• **Who we are**: PPM Professionals is a Professional Association of project portfolio management working in multiple industries.
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Knowledge Base
• Library of Presentations, Videos, and Recordings
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• Become a Guest Speaker
• Become Author/Blogger/Thought Leader
Our featured speaker today:

Adrienne DiPaolo
Executive Director
Trustmark Companies

- Currently responsible for development and implementation of Portfolio Management & Governance at Trustmark Companies
- More than 25 years of business and information technology experience that spans a number of industries including manufacturing, financial services, insurance and hospitality.
- Proven track record of building PMO’s from the ground up and executing major enterprise programs in dynamic environments.
- As a seasoned senior leader, she is well versed in project and portfolio management, system development lifecycle, strategic and operational planning, lean sigma, organizational change management and compliance and governance frameworks.
Benefits Realization

Completing the Portfolio Management Cycle
Agenda

- Benefits – what they are and are not
- The influence of strategic planning
- Framework and approach
- Pulling it all together
What is a benefit?

• A benefit is . . .
  – “Something” which at least one stakeholder perceives of value based on the delivery of the project – an improvement based on the outcome of the project
  – Can be valued in some form or fashion
  – Is measureable, observable, quantifiable
    • Who is responsible to measure
    • What is being measured
    • Why are we measuring
    • When should we measure it
    • Where should be measure it
    • How to present the measures

• A benefit is not. . .
  – The business case
  – A deliverable – a benefit may result from a deliverable
Strategy – Start with Why
Segmenting the project portfolio(s) to align to various capabilities, goals and/or strategy can facilitate better association in support of benefit articulation.
Portfolio Management – The Big Picture

**Selected the Right Projects**
Selected projects must align with the business strategy and meet other important criteria. The result: the portfolio will contain a higher percentage of winning projects.

**Mature the Portfolio Processes**
Higher portfolio maturity translates into a greater realization of the benefits of project portfolio management.

**The Goal:**
Maximize Value to the Organization

**Optimize the Portfolio**
All the steps necessary to construct an optimal portfolio given current limitations and constraints.

**Protect the Portfolio’s Value**
During the execution of an optimized portfolio, the aggregate project benefits (portfolio value) must be protected. This occurs by monitoring projects, assessing portfolio health, and managing portfolio risk.
Benefits Realization: PfMLC->PMLC->SDLC

Portfolio Management Lifecycle (PfMLC)
- Define
- Evaluate
- Select/Authorize
- Optimize
- Manage/Govern
- Confirm/Verify

Project Management Lifecycle (PMLC)
- Initiation
- Planning
- Execute
- Close

Systems Development Lifecycle (SDLC)
- Systems Concepts
- Planning
- Req
- Design
- Dev
- Integration & Testing
- Impl & Depl
- Go Live

Benefits Realization has a role at each step and intersection along the lifecycle
Benefits Realization

• The benefits management process is based on a team effort and joint commitment from the business and the project team/sponsors to identify and deliver the benefits. It is a continuous process running through the complete lifecycle. The benefits realization process can be thought of as five main stages which are aligned with the project lifecycle phases:
  • Portfolio Intake/Change Preparation Phase – Identify High Level Benefits
  • Portfolio Evaluation Phase – Initial Benefits Planning
  • Portfolio Selection – Benefits should aid in driving the selection process
  • Project Delivery – Detailed Benefits Planning & Start Realizing Benefits
  • Closure Phase – Realize Benefits
• The project lifecycle stages here are generic, they can readily be mapped to most standard waterfall project approaches as well as standards such as PRINCE2, PMBOK, etc.
## Benefits Realization Roles

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
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<tbody>
<tr>
<td>Project Sponsor</td>
<td>A senior manager who will take overall responsibility for ensuring the project produces maximum value for the organisation.</td>
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<tr>
<td>Benefit Owner</td>
<td>An individual who will take overall responsibility for ensuring that a specific benefit is achieved and provide an escalation point for the Project Manager for issues related to that benefit.</td>
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<tr>
<td>Project Manager</td>
<td>A leader who will ensure that the business change management and benefits realization activities and responsibilities have been defined and who will co-ordinate and monitor their execution.</td>
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<tr>
<td>Portfolio Manager</td>
<td>A leader who aggregate’s and monitor’s benefits across a given portfolio and coordinates and facilitates the benefits realization lifecycle.</td>
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Benefits Realization Framework

- **Identify Strategic Drivers**
  - Develop strategic drivers that support organization vision/mission
  - Align specific drivers to given projects

- **Reconcile Business Case Benefits**
  - Participate in business case and benefits development
  - Confirm economic indicators
  - Update business case based on current project scope/direction
  - Clarify and prioritize opportunities

- **Secure Benefit Ownership**
  - Determine benefit owners
  - Engage benefit owners and define roles & accountabilities
  - Confirm business problem to be resolved
  - Identify operational obstacles/risks
  - Define and agree on realization measures & targets

- **Develop Benefits Plan**
  - Incorporate benefit activities into project plan
  - Incorporate communication activities into communication plan - “What’s in it for me”

- **Conduct Baseline Measures**
  - Define benefits measurements
  - Baseline benefits
  - Define reporting requirements
  - Communicate results to owners and obtain sign off
  - Update/Maintain Benefits Register

- **Implement Initiatives**
  - Determine any OCM activities
  - Incorporate any project change impacts to benefits
  - Update/Maintain Benefits Register

- **Go Live**
  - At Go Live – monitor implementation and adoption of new solution
  - Update/Maintain Benefits Register

- **Benefits Tracking**
  - Conduct post-implementation review including benefits
  - Analyze variances and recommend corrective actions
  - Communicate/celebrate progress
  - Establish on-going reporting at select intervals
Benefits Realization: PfMLC->PMLC

Portfolio Management Lifecycle (PfMLC)

Define - Evaluate - Select/Authorize - Optimize - Manage/Govern - Confirm/Verify

- Identify Strategic Drivers
- Reconcile Business Case Benefits
- Secure Benefit Ownership
- Develop Benefits Plan
- Conduct Baseline Measures
- Implement Initiatives
- Go Live
- Benefits Tracking

Project Management Lifecycle (PMLC)

Initiation - Planning - Execute - Close

- Identify Strategic Drivers
- Reconcile Business Case Benefits
- Secure Benefit Ownership
- Develop Benefits Plan
- Conduct Baseline Measures
- Implement Initiatives
- Go Live
- Benefits Tracking
Tools and Vehicles

Project Proposals

Select/Authorize

Capacity Planning

Staging & Pacing

Project Portfolio

Estimates

Evaluation

Benefits Register
Benefits Mapping – Aligning to Strategy

[Diagram depicting a Benefit Map showing the alignment of various project outputs to strategic objectives through benefits such as reduced operating costs, improved customer satisfaction, and improved job satisfaction.]
# Benefits Mapping

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Benefits</th>
<th>Business changes</th>
<th>Enabling changes</th>
<th>System capability</th>
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<tbody>
<tr>
<td><strong>What improvements do we want to achieve?</strong></td>
<td><strong>What tangible benefits will be delivered in the context of the objective?</strong></td>
<td><strong>What needs to change in the organisation to enable the benefits?</strong></td>
<td><strong>Does anything need to happen before business changes can be implemented?</strong></td>
<td><strong>How will the system support these changes?</strong></td>
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<tr>
<td><strong>O1. Better patient safety</strong></td>
<td><strong>B1. Reduced adverse effect incidents due to prescription error</strong></td>
<td><strong>C1. Pharmacist consults patient’s current prescriptions information</strong></td>
<td><strong>E1. Agreement from GP and patient to release information</strong></td>
<td><strong>I1. Portal to GPASS</strong></td>
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**Examples:**

- **O1. Better patient safety**
  - **B1. Reduced adverse effect incidents due to prescription error**
  - **C1. Pharmacist consults patient’s current prescriptions information**
  - **E1. Agreement from GP and patient to release information**
  - **I1. Portal to GPASS**

- **I2. System integration with CHI/SCI Index**

- **E3. Doctor has access to SCI Store (governance)**
## Benefit Types

<table>
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<tr>
<th>Value Type</th>
<th>Definition</th>
<th>Example</th>
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<tbody>
<tr>
<td><strong>Tangible</strong></td>
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<tr>
<td>Definite</td>
<td>Value may be predicted with certainty</td>
<td>Reduced costs</td>
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<tr>
<td>Expected</td>
<td>Value may be predicted on the basis of historical trends and high levels of confidence</td>
<td>Increased sales</td>
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<tr>
<td>Anticipated</td>
<td>The benefit is anticipated but the value is not reliably predictable</td>
<td>Lower insurance premiums</td>
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<tr>
<td>Intangible</td>
<td>May be anticipated but difficult to substantiate. Proxy measurement of other casually related benefits may provide evidence of realization</td>
<td>Improved image (proxy: increased number of positive testimonials)</td>
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</tbody>
</table>
Benefit Classifications

- **Strategic**
  - Benefits which related to future business opportunities- business development, growth

- **Speculative**
  - Benefits with a high achievement risk, but often high reward (R&D related items; major changes to process)

- **Key Operational**
  - Benefits arising from critical findings in support of today’s operations (increased efficiency and effectiveness)

- **Support**
  - Nice to have benefits; organizations survival is not dependent on these; usually derived from improvements to non-critical activities
Obstacles to effective benefits realization

- PM delivery frameworks are often “light” in the area of benefits realization
- PM’s not accountable for benefits – where does that accountability lie
- Contractor/Vendor utilization in the area of project delivery (as PM or solution providers) often do not have a focus on benefits realization – solution centric
- In some organizations, PM’s still lack a business focus/perspective
- “If you build a great project, the benefits will come”; benefits are a “side-effect” and not considered a focus of overall project delivery
- Benefits management is viewed as additional work
- It’s more than just an accounting exercise – sometimes with only a focus on benefits that tie to a financial return rather than a broader picture
- Little correlation between project deliverables and the benefits proposed
- We never look back – accountability
- Business cases are views as a means to the end or a process for requesting funding only
- Lack of defined outcomes – what should the future state really look like
- Project success is still predominantly measured as on time/on budget with “to specification” being used to capture the accommodation of benefits
Common Pitfalls

• Poor definition of what the benefits actually are
• Lack of commitment by key stakeholders to realise the benefits
• Lack of clear ownership of benefits beyond the business case
• Lack of robust processes to manage, monitor and realise benefits
• Failure to update the business case in line with changes in circumstances regarding benefits
Implementation Considerations

- Start Slow
- Training and reinforcement for business case development
- Partner with Finance
- Partner with Organizational Change Management
- Leverage PPM Solution(s) to provide support for Financial components
- A comprehensive benefits register will support tracking benefits outside of a system
- Transparent reporting
  - Demonstrate what is working; which projects are driving benefits
  - Demonstrate what is not working; which projects are falling short
  - Celebrate success
THANK YOU!

Adrienne DiPaolo, Executive Director, Portfolio Management & Governance
Trustmark Companies
847.283.3043  |  adipaolo@trustmarkins.com
Thank You!

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