



Change for the Better

A study on benefits management across the UK

March 2009



An APM study supported by

Deloitte.

Foreword

I would like to thank everybody who contributed to the success of our recent survey on benefits management. I am delighted with the level of interest. Traditionally, benefits management has been one of the more challenging aspects of project and programme management. More recently, it has become one of the most important issues on the project professionalism agenda. The current economic situation highlights the need to maximise the return on our investment in change across all sectors.



One of the missions of this survey is to gain an insight into the challenges faced by managers and their organisations. The results confirm the myriad of challenges you face, the range of activities you undertake and the responsibilities you embrace. The APM is committed to promoting good practice in benefits management and to provide you with the opportunity to exchange ideas and thoughts with your peers. The survey is a prelude to establishing an APM Specific Interest Group in benefits management.

Andrew Bragg
Chief Executive APM

Executive Summary

We surveyed a broad cross section of project and programme management professionals across the UK to understand their attitudes on benefits management. The survey indicates the importance of benefits management to the success of your projects and programmes. It also emphasises the need for greater availability of skills and more targeted training to support the PPM professionalism agenda. One of the challenges evident from the survey is that benefits management goes beyond the successful delivery of projects and programmes. It is a partnership approach between those delivering the change and wider business professionals engaged in everyday business operations.



Our survey reveals that benefits management is important to all industry sectors. Surprisingly, the construction sector is one of the largest categories representing 17% of all respondents. The overall response rate was encouragingly high and this demonstrates the importance of benefits management.

Overall, our survey raises an important issue for the future of project and programme management. Traditionally the focus has been on delivery whilst the benefits are normally realised post-implementation. Much work has been undertaken in recent years to change the focus to realisation of the benefits. The survey reveals that more work is needed to embed a strong culture of outcome based project, programme and change management.

I look forward to your reactions and thoughts.

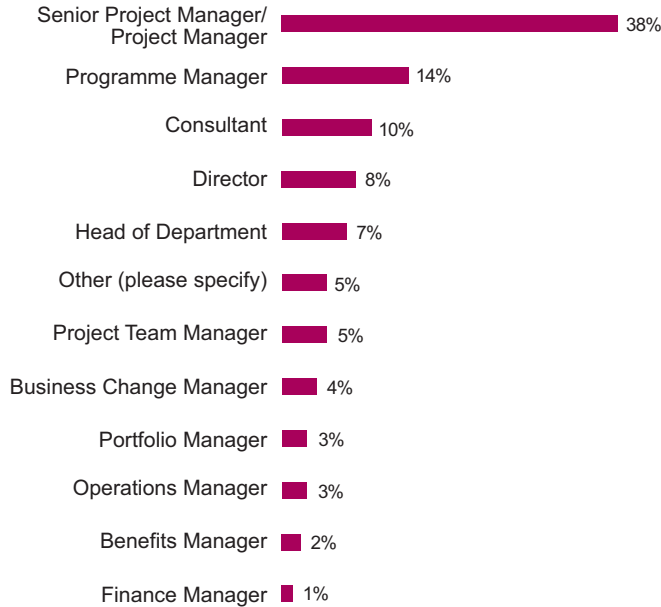
Peter Glynne
Chair – APM working group on benefits management

Section 1 – Your role

Introduction

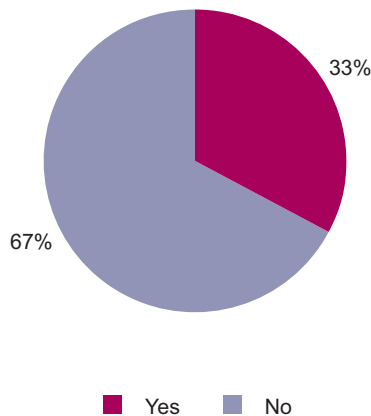
Our survey reveals the profile of the types of business professionals with a strong interest in benefits management. We asked professionals about their role, their responsibility for projects/programmes, their relevant qualifications, membership of the APM and their specific responsibility for benefits management.

Question 1: Which best describes your main role?



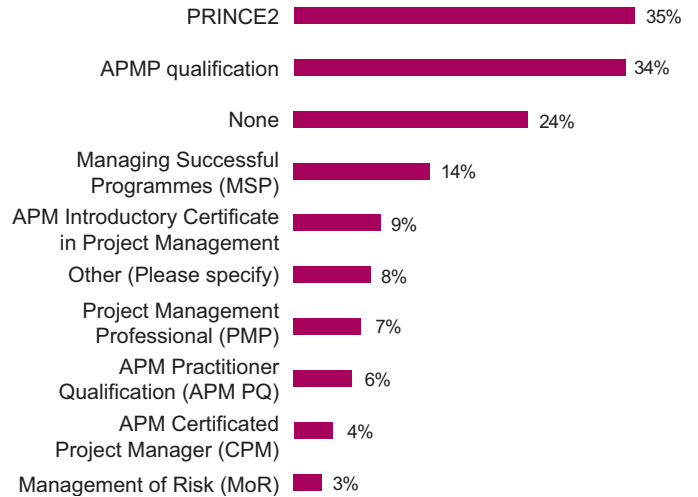
There is no surprise that the largest group of respondents, 38% describe themselves as a senior project manager or a project manager. This indicates that project managers are more closely involved in the realisation of benefits than ever before. It is encouraging to see that professionals from a non project/programme background are starting to take a close interest in benefits management e.g. operations managers.

Question 2: Are you currently a Sponsor/Senior Responsible Owner (SRO) with responsibility for any projects/programmes?



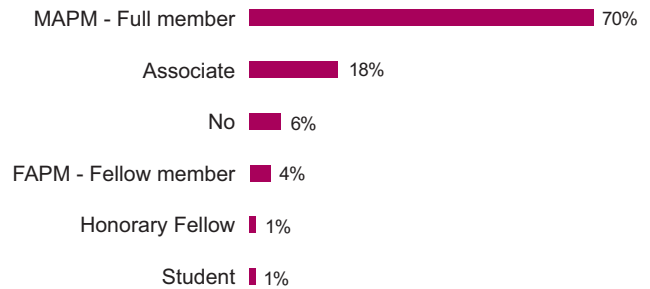
Interestingly, 33% of all respondents describe themselves as Sponsors or SROs. This high response rate emphasises the importance of realising benefits to the success of their leadership role. In many organisations, the sponsor or SRO is ultimately responsible for realising the benefits of their project/programme.

Question 3: Do you have any specific qualifications in Project or Programme Management?



The majority of respondents, 69% hold at least one of the listed project or programme management qualifications. Almost a third of respondents either do not hold a project related qualification or hold another qualification to those listed above. This reflects the broad nature of project management and the importance of benefits management to wider business professionals.

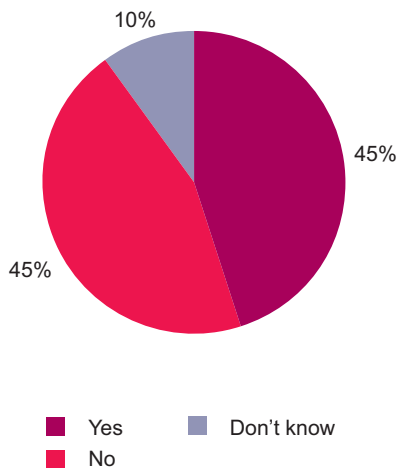
Question 4: Are you currently a member of the APM?



The majority of respondents, almost 90% are either associate or full members of the APM. This broadly reflects the overall split of membership. Only 6% of respondents are non members.

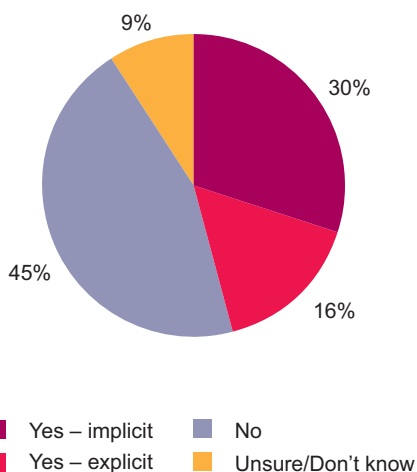
33% of all respondents describe themselves as a Sponsor or Senior Responsible Owner indicating the importance of realising benefits to the success of their leadership role.

Question 5: Is your organisation currently a corporate member of the APM?



The results illustrate that there is an even split between respondents' organisations being APM corporate members and not.

Question 6: Do you have a specific responsibility for benefits management?



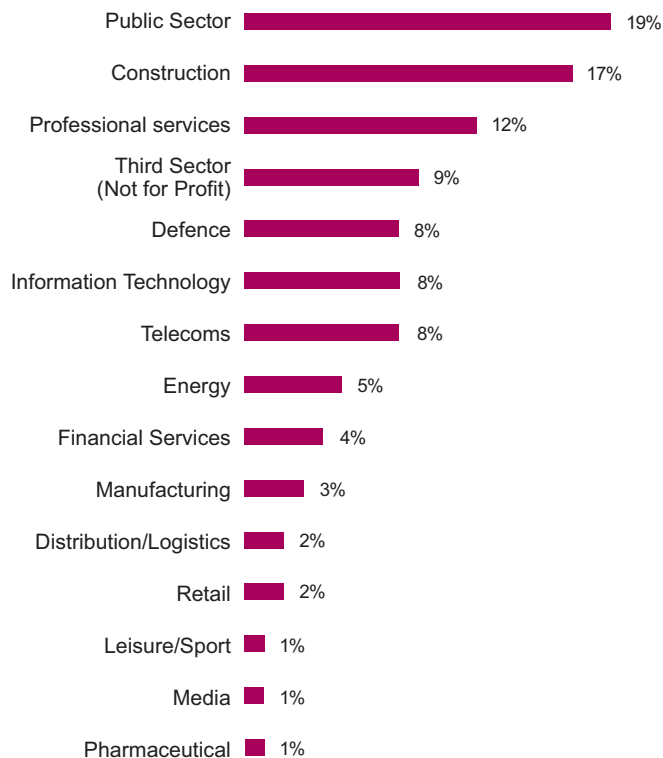
Interestingly, 46% of respondents have a specific responsibility for benefits management. It is encouraging to see a substantial percentage of project/programme professionals within this category. This supports the APM's commitment to ensure that benefits are placed at the forefront of driving change.

Section 2 – Your change environment

Introduction

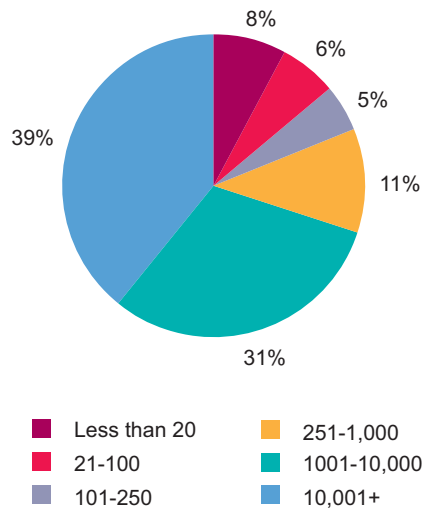
We asked respondents about the industry sector, the number of employees in their organisation, how many projects/programmes they are responsible for. We also asked for their views on the effectiveness of benefits management within their organisation.

Question 7: Which sector does your organisation belong to?



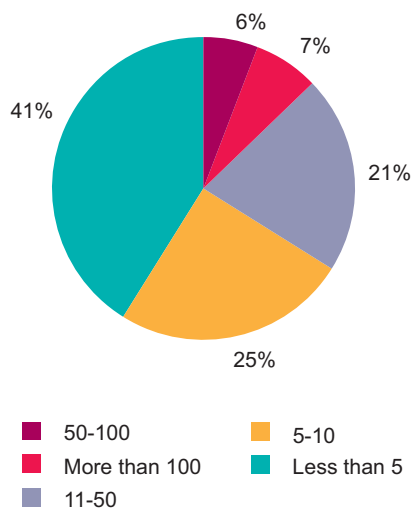
Our survey is reflective of a broad range of industry sectors. This is encouraging as it highlights the importance of benefits management to all projects and programmes irrespective of the sector. Surprisingly, 17% of respondents are from the construction sector. Traditionally formal benefits management is more widely used on non-construction projects/programmes. The public sector represents 19% of respondents reflecting the significance of projects and programmes in this area.

Question 8: How many employees are in your organisation?



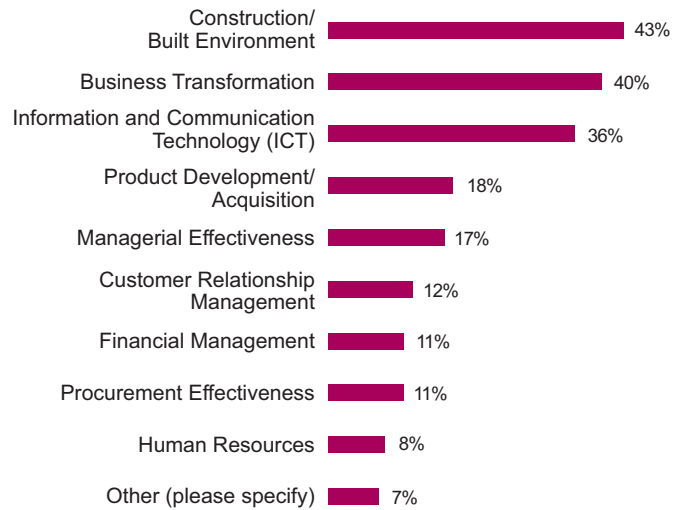
Over 80% of respondents work for organisations that employ 250 or more people. The largest group of respondents, 39% work for organisations employing more than 10,000 people while the Small to Medium Enterprise (SME) sector, employing 250 or less people, accounts for less than 20%. This suggests that a formal approach to benefits management is more widely used in large corporate organisations.

Question 9: How many projects are currently underway within your domain/responsibility?



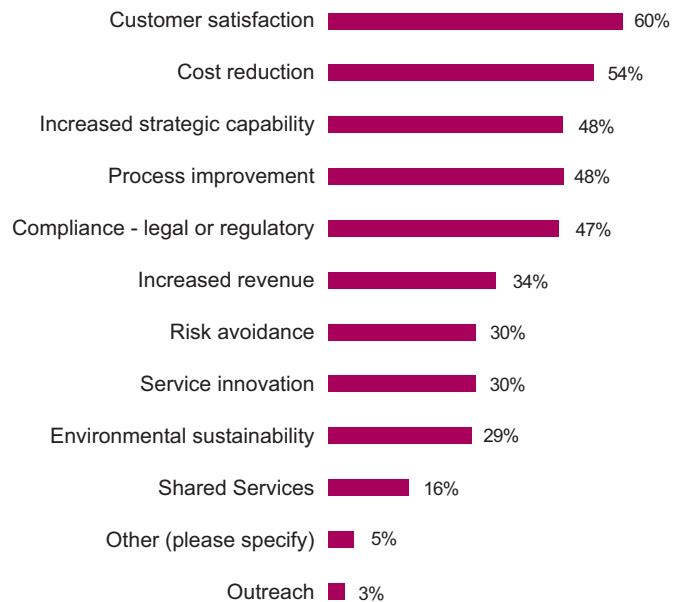
The largest group of respondents, 41% are responsible for 5 or less projects indicating a strong interest in benefits management from individual project managers. Thirty-four percent of respondents are responsible for more than 10 projects suggesting a strong interest from more senior managers. This response is closely aligned to Question 2, where 33% of respondents describe themselves as a sponsor/SRO.

Question 10: Which of the following categories best describe the above projects/programmes?



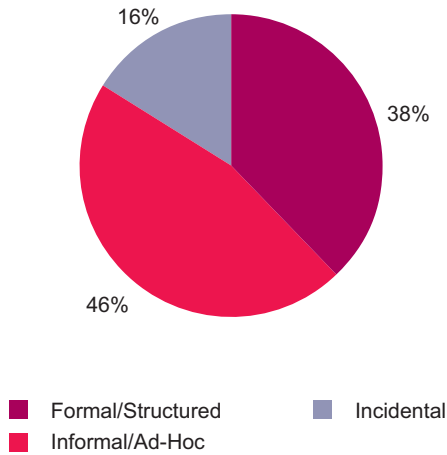
As we would have anticipated, Construction/Built Environment, Business Transformation and ICT represent areas strongly associated with formal project or programme management. The Business Transformation category was selected by 40% of respondents. This suggests that the current economic downturn is creating a strong need for these types of projects and programmes.

Question 11: What are the strategic drivers for the projects/programmes currently underway within your organisation?



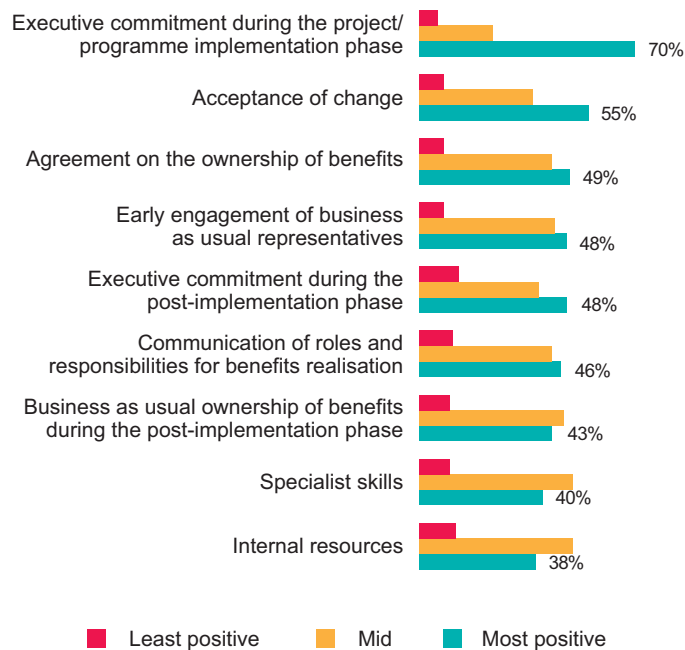
Customer satisfaction at 60% is the highest classification indicating the importance of benefits management to achieving customer service strategy. Unsurprisingly, cost reduction at 54% is the second highest classification indicating that the economic downturn is driving the need for change across many organisations. The response for outreach is only 3% suggesting that in the current economic climate organisations are prioritising investment in more business critical projects or programmes.

Question 12: How would you describe the approach benefits management within your organisation?



Over 60% of respondents describe their organisation's approach to benefits management as either informal or incidental. This suggests that the majority of respondents' organisations have a lower level of maturity in their approach to benefits management. It also reflects the need to develop and share best practice in benefits management to support the PPM professionalism agenda.

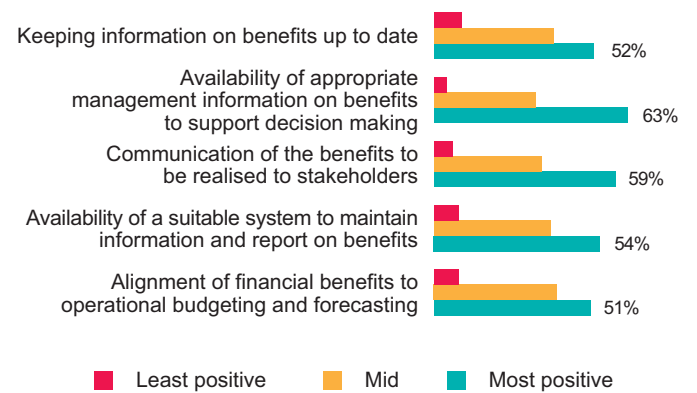
Question 13: Based on your experience, please rate the following *people* factors that most positively support the realisation of benefits within your organisation.



Executive commitment during the project/programme implementation phase is the most positive factor with 70% of respondents selecting the most positive rating. Executive commitment during the post-implementation phase is lower with 48% of respondents selecting the equivalent rating. This indicates that organisations place less emphasis on benefits realisation following closure of the project/programme. Added to this, only 43% of respondents selected the most positive rating for business as usual ownership of benefits during the post implementation phase. This suggests that organisations need to develop more partnership working between projects/programmes and business as usual who are usually the intended recipients of the benefits.

The availability of internal resources is the least positive factor with only 38% of respondents selecting the most positive rating.

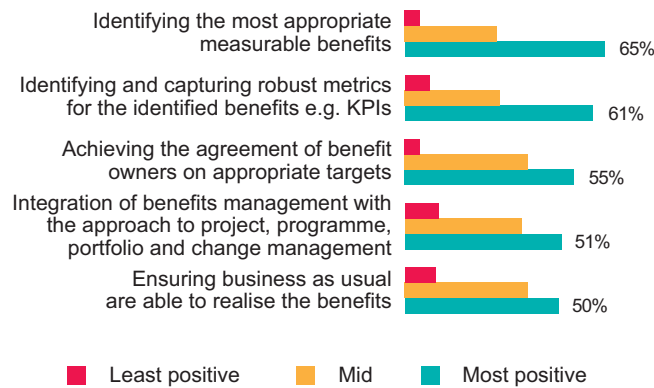
Question 14: Based on your experience, please rate the following *management information* factors that most positively support the realisation of benefits within your organisation.



Surprisingly, almost 60% of respondents selected the most positive rating for communication of benefits to be realised to stakeholders. Added to this, 63% selected the availability of appropriate management information to support decision making as equivalent ratings. This suggests that the majority of organisations have reasonable management information on benefits available to them.

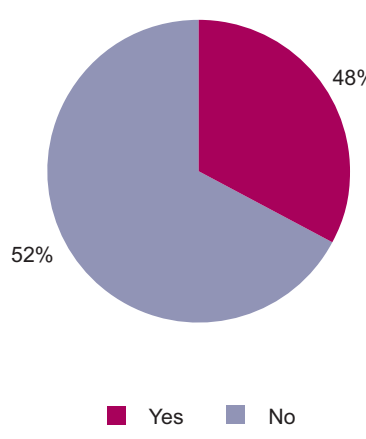
Interestingly, the least positive were the availability of a database system to maintain information and report on benefits and keeping benefits information up to date. This suggests a lack of maturity in the PPM systems marketplace to provide an integrated benefits management solution.

Question 15: Based on your experience, please rate the following methodology factors that most positively support the realisation of benefits within your organisation.



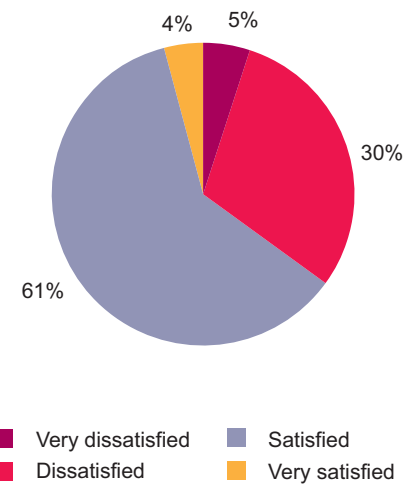
Surprisingly, identifying the most appropriate measurable benefits is the most positive factor with 65% of respondents selecting the most positive rating. There were 51% of respondents who identified the integration of benefits management with project, programme, portfolio and change management as the most positive. This indicates that there is still a need for greater integration with benefits management. The result also supports a perceived viewpoint that benefits management is a specialism separate from project and programme management. This is also linked to the availability of specialist skills and internal resources in Question 13. Evidence suggests that there is a need for greater integration of benefits management training within mainstream project and programme management training.

Question 16: Does your organisation have a Project, Programme or Portfolio Management Office to support the realisation of benefits?



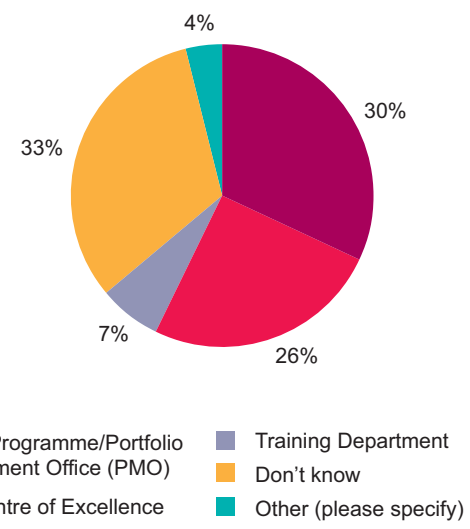
Interestingly, just over 50% of respondent's organisations do not have a PMO to support the realisation of benefits. This suggests a lower level of maturity in benefits management within many organisations particularly around the oversight of benefits.

Question 17: How satisfied are you that the PMO is effective in supporting the delivery of the benefits?



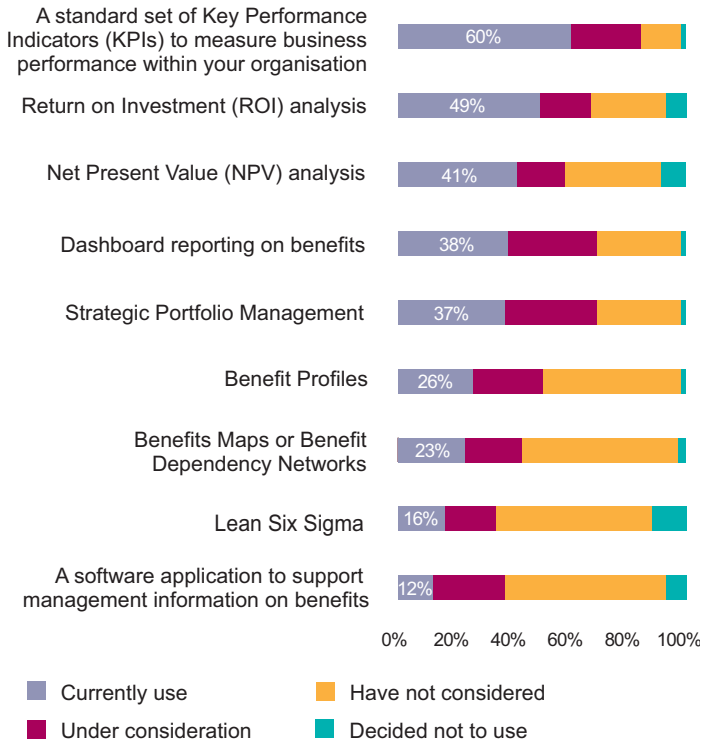
The largest group of respondents, 61% indicated that they are satisfied with the role of the organisation's PMO in delivering benefits. There were 35% of respondents who indicated that they are either dissatisfied or very dissatisfied with the role of the PMO. This indicates a need to develop and share best practice to drive continuous improvement in benefits management.

Question 18: Which function is responsible for providing best practice or guidance on benefits management within your organisation?



Surprisingly, the largest group of respondents, 33% indicated that they don't know which function is responsible for providing best practice or guidance on benefits management. Again, this suggests the need to develop and share best practice to support the PPM professionalism agenda.

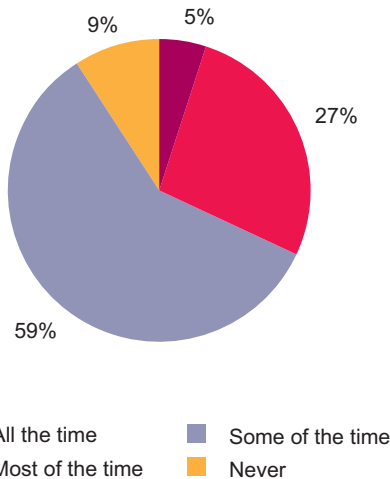
Question 19: Have you considered any of the following to improve benefits management?



Our survey reveals that the most widely used techniques for benefits management are a standard set of KPIs to measure business performance, return on investment (ROI) and net present value (NPV) analysis. This suggests a strong emphasis on financial benefits and also reflects strong link between benefits and the project/programme business case.

Only 12% of respondents currently use a software application to support management information on benefits. Surprisingly, 56% of respondents have not considered using benefit maps and 50% have not considered using benefits profiles. Strategic portfolio management is currently used by 37% of respondents. This reflects a growing commitment to successful benefits management at board level within organisations. Surprisingly, 56% of respondents either have not considered or decided not to use Lean Six Sigma to improve the realisation of benefits.

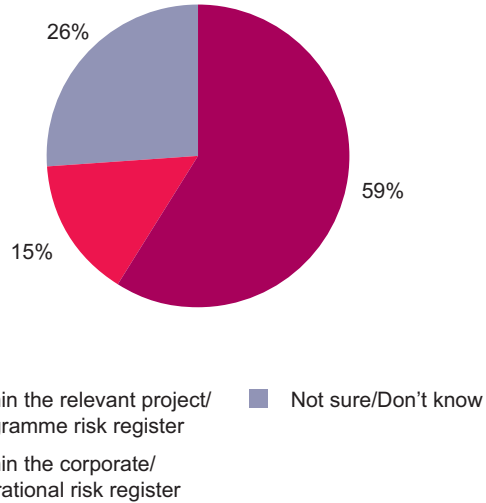
Question 20: In your view, does the current approach to benefits management within your organisation provide value?



Almost 70% of respondents indicated that the current approach to benefits management within their organisation only provides value some of the time or never. Again, this indicates a lower level of maturity and the need to develop and share best practice to drive continuous improvement.

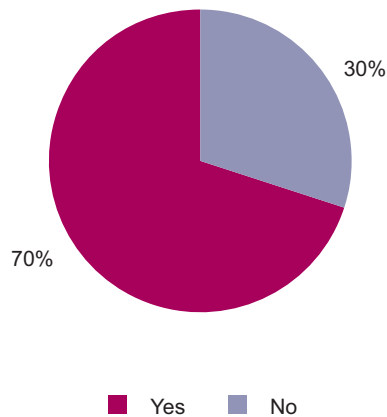
“Almost 70% of respondents indicated that their organisation’s current approach to benefits management only provides value some of the time or never.”

Question 21: How does your organisation manage the risk relating to the realisation of benefits?



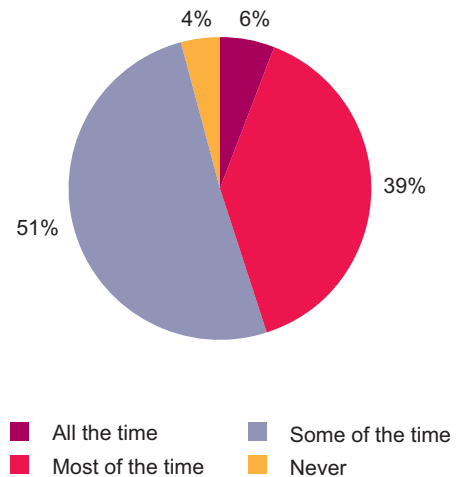
The largest group of respondents, almost 60% manage risks within the relevant project/programme risk register. Interestingly, only 15% manage the risks through a corporate or operational risk register. This indicates the need for closer alignment of corporate risk management and the realisation of benefits from projects/programmes, particularly following closure of a project/programme.

Question 22: Does your organisation undertake a post implementation or similar review for projects/programmes which includes an assessment of the benefits that have been realised?



The majority of respondent's organisations, 70% undertake a post implementation review of a project/programme to assess the benefits. This reflects the guidance contained within the various project and programme standards e.g. APM body of knowledge, PRINCE2 etc.

Question 23: In your opinion, does the formal review above contribute to ensuring that the intended benefits have been realised?



The largest group of respondents, 55% indicate that the post implementation review only provides value some of the time or never. Only 6% of respondents claim that it provides value all of the time. This response is aligned to the response in Question 13 which indicated that executive commitment during the post-implementation phase was one of the least positive factors in benefits management. This suggests that organisations need to reassess their approach to post-implementation benefit reviews to ensure that they provide tangible value.

Glossary of Terms

Benefit Map – A graphical model illustrating the benefits from a project or programme.

Benefit Profile – A document containing the detail behind each measurable benefit. It is normally a standard template with details such as ownership, metrics, dependencies and key dates.

Business as Usual – Normal day to day activities within an organisation that are non-project or change related.

FAPM – Fellow of the APM – membership grade.

KPI – Key Performance Indicator. A set of quantifiable measures that an organisation or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals. KPIs vary between companies and industries, depending on their priorities or performance criteria.

Lean Six Sigma – Lean Six Sigma is a business improvement framework which combines tools from both Lean Manufacturing and Six Sigma. Lean manufacturing focuses on speed and traditional Six Sigma focuses on quality. By combining the two, the result is better quality faster.

MAPM – Full Member of the APM – membership grade.

MSP – Managing Successful Programmes. Office of Government Commerce (OGC) standard for programme management. The de facto standard in the UK Public Sector.

Net Present Value (NPV) – NPV is the difference between the value of cash inflows e.g. savings and the value of cash outflows e.g. expenditure on a project or programme.

PRINCE2 – PRojects IN a Controlled Environment. Office of Government (OGC) standard for project management. The de facto standard in the UK Public Sector.

Programme Management – The co-ordinated organisation, direction and implementation of a multiple projects and activities that together achieve outcomes and realise benefits of strategic importance.

SIG – Specific Interest Group within the APM. Peer network to develop knowledge leadership and share best practice in a specific area of project or programme management.

Sponsor – The Sponsor is the senior individual who is ultimately accountable for a project or programme ensuring that it meets its objectives. They also provide leadership to the project/ programme team.

SRO – Senior Responsible Owner. The SRO is the senior individual ultimately accountable for a project or programme ensuring that it meets its objectives. They also provide leadership to the project/programme team.

Strategic Portfolio Management – The continual process of creating, evaluating and managing an overall set of projects and programmes ensuring they are aligned with business strategy. e.g. the portfolio of projects and programmes across an organisation.

Return on Investment – ROI is a financial ratio that compares the amount of income or savings derived from a project with its cost. It is usually expressed as a % of the cost of the project. For example, a project costing £1000 and generating a saving of £100 would have an ROI of 10%.

About the APM

The Association for Project Management (APM) is the largest independent professional body of its kind in Europe and a UK registered charity. We have over 17,000 individual and 500 corporate members throughout the UK and abroad. Our aim is to develop and promote project and programme management across all sectors of industry and beyond.

Our Commitment to Best Practice

This survey is a prelude to establishing an APM Specific Interest Group (SIG) in benefits management. The APM operate a number of SIGs across the following areas:

- Contracts & procurement
- Earned value
- Governance
- People
- Planning
- Programme management
- Project & programme assurance
- Risk management
- Value management
- Women in project management

These groups share best practice through providing thought leadership, a programme of targeted events and publications in their respective areas. They also provide the opportunity to network with peers and contribute to the latest thinking across project and programme management.

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