RASMUS RYTTER

BENEFITS
REALISATION

THE
CHANGE-DRIVEN
APPROACH TO
PROJECT
SUCCESS

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The Change-Driven Approach to Project Success

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Preface

Every day, I get to work with something I genuinely love. My passion is to enable companies and public organisations to realise the full benefit potential of their business change projects. It is my hope that this book will inspire people to create the change needed to increase the value of the investments put into business change projects.

The purpose of the book is twofold:

- To provide a practical and case-based guide on how to get more value out of your business change projects.
- To make the benefit realisation method an integral part of your way of working with business change projects.

In 2015, I authored a book in Danish called *Gevinstrealisering* (*Benefits Realisation*) with my good colleague Jesper Krøyer Lind and Per Svejvig from Aarhus University. Together we defined what would prove to be a great stepping stone for the benefits realisation method, namely the benefit map. Since then, the way we use the benefit map has been refined and expanded to cover all parts of the project lifecycle. Furthermore, it has been adapted to accommodate new delivery methods such as SAFe (scaled agile framework). During this time, it became clear that if we wanted to realise the full benefit potential of business change projects we would need the same type of practical and hands-on approach to behavioural change as we had developed for benefits realisation. Succeeding with behavioural change is the key driver for benefits realisation, and too often we saw the work we put

into defining and following up on benefits was in vain, as we did not succeed in changing our colleagues' ways of working, hence the benefits realisation method had to include a practical approach to behavioural change.

To really create value within organisations, it is not enough to apply the benefits realisation method on one or two projects. It needs to be used on every single business change project in the portfolio.

With the help of Jesper Krøyer Lind and colleagues from Implement Consulting Group, since 2015 I have gained a great deal of experience on the implementation of the benefits realisation method. While there is no one way to implement the benefits realisation method, the most successful implementations share a set of common features I will share with you in this book.

If you are responsible for realising the benefits of a business change project, either as a project manager or as a person with managerial responsibility, this book should be on your reading list. If you are looking for inspiration on how to create more value in your business change projects and increase your organisation's competitiveness and efficiency, this book is highly recommended for you. Read on and be inspired to design a project organisation that will create value no matter the delivery method.

Writing this book, I set out to make it as useful and practical as possible, ensuring that the content would be easy to understand and apply in the real world. I have therefore chosen to limit the number of tools and approaches for working with benefits and change. This also means that a lot of tools and recommendations for ways of working with benefits and change did not make it into the book.

Please reach out to me if you disagree with my selection of tools and ways of working with benefits and change, if you want to share some alternatives, or if you have used the book successfully to realise more benefits. I look forward to these conversations.

If you are about to embark on the benefits realisation journey and need some advice, I would love to hear from you. This book is hardly the end of the line for our knowledge on how to best to create value in projects, and the sooner we share our experience, the faster we can take the next steps on the journey.

Whatever you do, do something! If you only read the book and do not change your behaviour, you will not benefit from your reading.

Rasmus Rytter
Copenhagen, April 2022

Part I

Introduction

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Introduction to the Book

Benefits realisation is a method for creating the greatest possible value from a change project. It is a new way of looking at and working with business change projects and other efforts needed to develop an organisation.

> *The current focus within both public and private sectors on implementing enablers, rather than on realising benefits and achieving the vision or end goal, is so widespread and deep rooted that it needs a clear process and sustained effort to change.*
>
> Gerald Bradley, author of
> *Benefit Realisation Management* (2010)

Benefits realisation is about focusing on the purpose and benefits we want to achieve and the behavioural change it will require of our colleagues. The method enables us to initiate our projects by designing business change projects (which will from this point on be referred to as 'projects') to create the prerequisites for realising our desired purpose and benefits.

New Behaviour Creates Benefits

The benefits realisation method prioritises behavioural change as the decisive and triggering factor for creating value. The method shows how our colleagues' new way of working creates the desired value. This ability to couple benefits and new behaviours is key to the success of a project. Changing our colleagues' behaviour often requires help. This help is what projects are all about. It could be helping colleagues to continue working in a new way or to overcome their resistance to change. But it could also be helping to support our colleagues in attaining new competencies or create new technical deliverables in the form of processes, IT systems, or products available. The processes, the IT system, and the products are essential but are only part of the means – not the goal. The goal is benefits realisation. In addition to the technical deliverables, we must also build competencies and anchor the new behaviour before reaching our goal.

Among companies and public organisations, there is an ever-growing awareness that value creation is about more than just producing deliverables. Words such as 'value', 'effect', and 'benefits' have found their way into our language when we talk about topics such as projects, creating a greater focus on what value we need to create for our organisation, our customers, or the citizens we want to help. And yet, the practical approach to projects is still characterised by Gerald Bradley's quote above: we focus far too much on deliverables and far too little on change and benefits. There is a growing awareness among project practitioners of the importance of benefits realisation, and a common language for it is steadily developing. However, most organisations still need to define what a focus on value means and integrate a practical approach to benefits realisation and change as

part of the way we develop our organisations.[1] That is what this book aims to do.

The Structure of the Book

The book consists of five parts. Each part details how to get more out of your projects. You are already well on your way with Part 1, which gives you an overview of key concepts, roles, and introduces the benefit-driven change model that visualises what it takes to create value during a project's lifetime.

The first purpose of the book is to provide a practical and case-based guide on how your organisation can get more value out of your projects. This is detailed in Part 2 and Part 3 of the book. To make it easy for you to apply the content of the book to your project or organisation's project model, the structure of the book reflects the main phases of most projects: an analysis phase (Part 2 of the book) and an execution phase (Part 3 of the book). The book's points are elaborated on through two cases from Nykredit (a large Danish financial company) and the University of Copenhagen, respectively, and detailed descriptions of the most important workshops and activities. Whether your organisation's approach to producing technical deliverables is agile, waterfall, PRINCE2, scrum, or SAFe (scaled agile framework), the way we work with benefits realisation and change management does not change significantly. Nevertheless, as it turns out, the combination with SAFe requires a little extra attention. I will go into this in Part 3.

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[1] University of Oxford, Saïd Business School, and Implement Consulting Group (2015–2020). This study shows that most organisations today formulate targets for the desired outcomes of their projects. However, only one in four organisations puts figures on what the project should achieve, and less than one-fifth follow up on whether the benefit targets are achieved.

While Parts 2 and 3 illustrate what it takes to realise more benefits at the project level, Part 4 of the book shows how the benefit-driven portfolio management office (PMO) function can ensure benefits realisation across the portfolio. As soon as we broaden the use of a practical and structured approach to benefits realisation and behavioural change, we get new data on both benefits and the change effort. This enables us to manage and prioritise our portfolio in order to make decisions at the portfolio level that will maximise our benefits realisation.

Part 5 details the book's second purpose: making the benefits realisation method a part of your way of working with projects. There is more than one way of doing that, but the most successful approaches to implementing the benefits realisation method are similar in several ways. One of the organisations that have been successful in implementing the benefits realisation method is Ørsted. Ørsted is a large international renewable energy company, and the company is used as a case study on how to implement the benefits realisation method successfully. But first, you will get a brief introduction to what benefits are and a presentation of the benefit-driven change model, which sets the overall framework for benefits realisation and behavioural change. Additionally, I will introduce a number of the concepts I use along the way in the book.

The Benefit-driven Change Model

The benefits realisation method is an addition to our current technically focused (business change) projects. An additional layer that contains a practical approach to benefits realisation and behavioural change, building on an often well-established and good practice of producing technical deliverables.

In most projects, technical deliverables are just as important as changing behaviour and realising benefits to create the desired

value. I will leave it to others to describe the most efficient way of producing technical deliverables and instead focus on how technical deliverables contribute to creating value.

We will use the benefit-driven change model shown in Figure 1.1 to illustrate the tasks a project should include to realise the potential benefits. The benefit-driven change model shows the project from the time its analysis phase is kicked off to after it has been completed. In the analysis phase, we design the project to create value, and the most important step in creating the benefit-driven project design is a benefits realisation workshop. Here we outline the desired benefits and what it takes to realise them. The model shows the three tracks that illustrate the main tasks of the projects, namely the benefit track, the change track, and the technical track.

The Interaction Between the Tracks

The benefit-driven project design is the starting point for the analysis phase (Part 2 of the book), where the content of the three tracks is detailed. Based on that, we will be able to create a business case and decide whether the project should proceed or not. If the project proceeds, the execution phase will require work to be done in all three project tracks as well (Part 3 of the book). Changes in the project's environment and new knowledge make it necessary to continually adjust and optimise all three tracks to maximise the project's benefits realisation. Once the last technical deliverable is produced and the desired behavioural change in the organisation is attained, the project is completed.

The only task in the realisation phase is to follow up on the realisation of the project's benefits. The follow-up on benefits realisation continues until we are confident that value creation is firmly anchored in the business (follow-up on benefits realisation takes place at the portfolio level and is described in Part 4 of the book). In projects with more than one launch, that is more

Figure 1.1 The benefit-driven change model.

Benefit track

Benefit estimation

Continual update of benefits – follow-up on early indicators of benefits realisation

Continual update of benefits – follow-up on benefits realisation – analysis of new opportunities for benefits realisation

Follow-up on benefits realisation

Continual collaboration between the three tracks

Change track

Benefit-driven project design

High-level design and estimation of the change effort

Field studies, design, and testing of the change effort

Change activities to ensure new behaviour

The change has been implemented, and the project is completed

Continual collaboration between the three tracks

Technical track

High-level design and estimation of the technical deliverables

Delivery of tech no. 1

Delivery of tech no. n

Analysis
(Part 2 of the book)

Execution
(Part 3 of the book)

Realisation
(Part 4 of the book)

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than one effort to anchor a new way of working in the organisation, the follow-up on benefits realisation starts after the first launch when the project is still in the execution phase.

The Definition of a Benefit

At this point, I have already mentioned the word 'benefit' many times. So, before we go any further, it is important to define what a benefit is.

Definition of a Benefit

A benefit is the result of a change that is considered positive by one or more stakeholders.

These benefits may, for example, include increased revenue or savings in either time or money. Or they may consist of increased job satisfaction, more subject matter expertise, or a better image. They are typically quantifiable, although the task of quantifying them can be so extensive that it is not feasible in practice. Benefits can be both intentional and unintentional. If one or more stakeholders considers the result of a change as negative, it is a negative benefit.

Definition of a Negative Benefit

A negative benefit is the result of a change that is considered negative by one or more stakeholders.

Indirect Benefits

The benefits that are most often included in a business case are those directly derived from the change implemented by the project. In many cases, projects also create indirect benefits. These are benefits that strengthen the organisation's ability to change, i.e. to create change and realise benefits in the future, although these benefits are often not quantifiable. When an organisation decides to carry out a major project without having the capabilities to succeed, building that capability for change can be unbelievably valuable. In some cases, it may even have greater value than the direct, measurable benefits of the project.

The indirect benefits are typically greatest in large-scale projects or, for example, projects where we also change the organisation's ability to carry out future projects using new methods. Here we should identify and include the indirect benefits in our business case, even though we may not be able to quantify them. In most other projects, the indirect benefits are of minor importance.

The Roles in Benefits Realisation

Before we delve into the practice of realising benefits, it is important to understand the consequences of introducing the benefits realisation method to the various roles in projects.

The book takes an offset in the project organisation and the roles many organisations are already using.

The introduction of the benefits realisation method gives project managers and leaders in the steering committee significantly more responsibility. A practical approach to benefits realisation and change as an additional layer to our projects also impacts the PMO function that facilitates portfolio management.

Many organisations that have already implemented a structured approach to benefits realisation and change have method specialists supporting project managers and steering committee

members in performing the new tasks related to realising benefits and change efforts. The method specialist role can be inside or outside the PMO. When the benefits realisation method is fully implemented, there is typically a close coupling of the finance department and the PMO, creating a direct link between realised benefits and the organisation's budgets if the benefits are of a financial nature.

The traditional project organisation has proven to be highly effective at ensuring the production of technical deliverables. Thus, the goal is to expand the roles and responsibilities in the project organisation to make it just as skilled in ensuring organisational change and benefits realisation as when ensuring the production of technical deliverables. The key roles in the project organisation are illustrated in Figure 1.2.

The Role of the PMO Function

A project is either formally or informally part of a portfolio. The role of the PMO is to ensure that the portfolio's benefit potential

**Figure 1.2** Key roles in the project organisation.
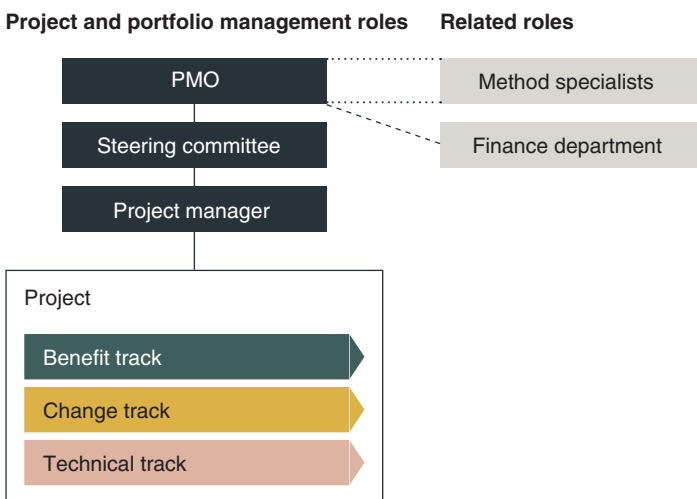
is realised. To succeed in this, the PMO undertakes several tasks. First, the PMO must facilitate management's prioritisation of the portfolio. It includes establishing a basis for decision-making for prioritisation, which should be based on project data. To do so effectively, it is necessary to govern how decisions are made at the project and portfolio level and balance the capacity available to develop projects. In cases where the PMO is also responsible for providing support to the projects, the responsibility may include providing training and practical assistance to the projects so that project managers and managers can receive coaching, facilitation support, or other project-related services.

The Steering Committee and the Role of the Benefit Owner

The definition of a benefit as 'a result of a change that is considered positive by one or more stakeholders' indicates an owner of the benefits. A person who is prepared to take ownership for realising a benefit on behalf of themselves or a group of stakeholders. That person is called a benefit owner.

The benefit-driven steering committee has two roles, as illustrated in Figure 1.3: the benefit owner role and the supplier role. There can be more than one benefit owner in the steering

Figure 1.3 The benefit-driven steering committee.

Project owner
Primary benefit owner

Secondary benefit
owner(s) (if needed)

Supplier
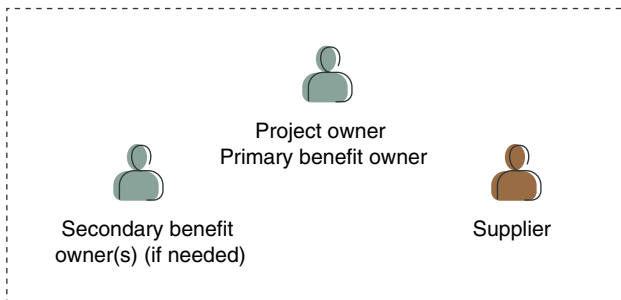
committee, and the leader of the steering committee is called a project owner. The project owner is the primary benefit owner, i.e. the benefit owner who has the most at stake. This person is also responsible for the overall business case in addition to the responsibility for benefits realisation.

The benefit owner role is new and, at the same time, essential. The benefit owner is a person or representative of the people owning the project benefits. Thus, the benefit owner defines the desired benefits, follows up on whether they can still be realised, looks for new opportunities for realising benefits, and reports on the benefits to the PMO after the project is completed.

> In the benefit-driven steering committee, all benefits must be owned by one of the steering committee members. If we allow benefits without owners, the risk that the benefits will never be realised is far too great.

The benefit owner has the overall responsibility for ensuring that the change driving the benefits realisation process will occur. The benefit owner also acts as a promoter of the change and is thus highly active in the project.

In projects or programmes where benefits are realised across organisations, sharing the benefit ownership with sub-benefit owners makes good sense. It anchors the change efforts and benefits locally and eases the workload of the steering committee. The number of participants in the steering committee can thus be kept at a level that makes it possible to get together and make decisions at short notice. Figure 1.4 outlines the delegation of benefit ownership.

Additionally, the benefit owner usually supplies resources to the benefit track and change track coming from their part of the organisation.

Figure 1.4   Delegation of benefit ownership.
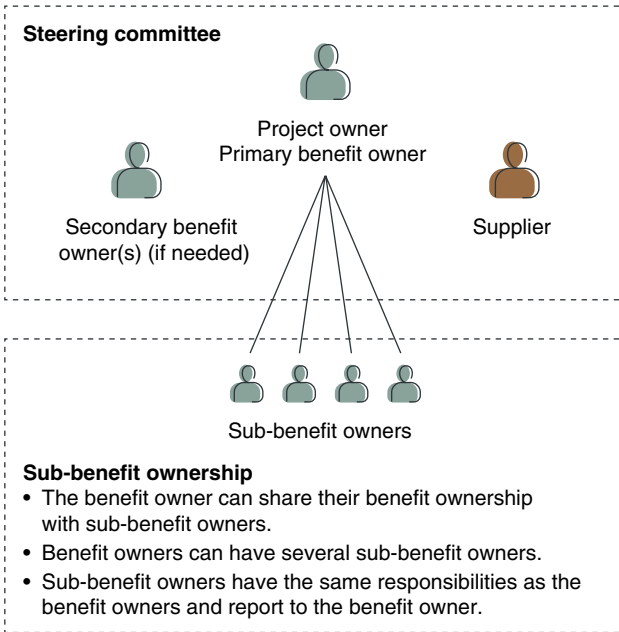
Large-scale projects often require IT or technical deliverables from internal or external suppliers. It is important to maintain the traditional supplier role for the steering committee to ensure the efficient production of technical deliverables. The responsibility of a supplier in the steering committee is to make sure that the technical deliverables meet the agreed requirements for time, quality, and cost.[2]

The Project Manager Role

Project managers face changes that alter what a project contains and the criteria for doing well in the project manager role.

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[2] The traditional supplier role is described in PRINCE2 (Office of Government Commerce 2009).