



Benefits Realization

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Benefits Realization

What is benefits realization management (BRM)?

The means to ensure that benefits are derived from a project or purchase through expected outcomes.



Benefits Realization

The purpose of benefits realization management.

To ensure that potential (or claimed) benefits from the use of information technology are actually realized.



Benefits Realization

There are two types of benefits:

- Tangible: Quantifiable, typically return on investment (ROI).
- Intangible: Typically not easily quantified or reportable for formal accounting purposes.

Both must be carefully considered and documented.



Benefits Realization

Why is benefits realization management important?

- Project success rates have fallen from the year 2012 to 2016.
- Organizations with benefits realization maturity demonstrate higher rates of project success.
- Benefits realization will help to ensure that projects and programs deliver benefits to the state.

This is because anyone with a plan for benefits realization is paying much closer attention to costs and benefits.



Benefits Realization

Why is benefits realization management important?

Return on investment matters.

- Just because a system is old, outdated, slow and cumbersome does not mean it must be replaced.
- It makes sense to replace the system if specific savings and additional value will exceed the cost of proceeding with the activity.



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Why now?

- The state has historically done a poor job of capturing benefits realization data.
- Much more attention is being focused on the demonstration of the value of investments to the state and citizens.
- The Governor's priority to do a better job at estimation of return on investment (ROI) and total cost of ownership (TCO).
- Continuous improvement.
- Improve Florida's benefits realization maturity.



Benefits Realization

How to achieve benefits realization management?

BRM incorporates the activities of managing benefits throughout the life of the project.

This is accomplished in three steps.



Benefits Realization

How to achieve benefits realization management?

- 1. Identify the baselines:** These are the existing costs of operations against which the benefits will be measured.
- 2. Identify benefits:** This is the estimation of ROI and TCO that determine whether projects, programs, and portfolios can produce the intended business results. This may be where the state requires the most improvement.
- 3. Compare:** Relate post-execution results against baselines.



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Identify the baselines:

- Baselines must be defined at the point of identifying the benefits during the business case development.
- Capture data on current conditions for direct comparisons later. Data are captured on the key performance indicators (KPIs) and quantitative measures used to develop the ROI.
- Although the data are usually available, it is often not captured in a manner to facilitate comparative analysis. But if you say it can be improved, it must be measured.
- Establish the methodology, calculations, and artifacts that will be used for measuring progress.



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Identify the benefits:

- Estimates of quantifiable and non-quantifiable benefits are the most critically important part of the process.
- Carefully document the basis of the estimate for both total costs and total benefits.
- Determines credibility for future claims of costs and benefits arising for requests for funding.



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Compare:

- Monitor whether the project is on course to deliver the expected benefits and then relate post-implementation results to baselines to determine actual benefits and determine original estimation accuracy.
- This occurs on regular basis in order to:
 - 1) trend benefits realization
 - 2) improve estimation accuracy
- Create a communications plan to record measured progress and report to stakeholders (using artifacts previously identified).
- Monitor and measure ongoing benefits performance and provide continuous reporting and lessons-learned in order to continuously improve both cost and benefit estimates.



Benefits Realization

Who is responsible for BRM?

Although most BRM responsibility lies with the project manager and/or project team, estimation and benefits realization is shared responsibility between:

- Project managers (PM)
- Business owners
- Executive sponsors
- Senior leadership

Because everybody's credibility is on the line.



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Who is in charge of BRM?

- Someone (usually the project manager) must be designated as responsible for BRM throughout the project life cycle, including potential impacts of scope change.
- Collaboration with executive leaders and business owners in the identification of benefits as part of business case development is required.

At the end of the day, only leadership can validate the alignment of benefits to organizational strategy and accurate estimation is the key to credibility.



Benefits Realization

Florida’s current BRM vehicles, as part of the Legislative Budget Request (LBR) process:

- Schedule IV-B for projects >\$1 Million

BENEFITS REALIZATION TABLE					
#	Description of Benefit	Who receives the benefit?	How is benefit realized?	How is the realization of the benefit measured?	Realization Date (MM/YY)
1					
2					

- D-3A
- Long Range Program Plans (LRPPs)



Benefits Realization

Conclusion

- BRM is key to validating the achievement of using information technology to realize strategic business goals.
- Organizations using BRM achieve greater success delivering value.
- Benefits realization is a shared responsibility between project managers, business owners, executive sponsors, and leadership.
- Maturity in BRM elevates Florida's position as a national leader in IT .



Questions?

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