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PROJECT X

IDENTIFYING AND REALISING PROJECT BENEFITS - A CROSS-NATIONAL COMPARISON OF BENEFITS MANAGEMENT PRACTICES

PHASE 3: RECOMMENDATIONS FOR IMPROVEMENT

A Project Funded by the Project Management Institute

White Paper

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Introduction

Government policy is, in the main, delivered through projects and programmes; their successful delivery is an essential ingredient in achieving strategic objectives such as military capability, sustainable economic growth, new infrastructure, and improving the efficiency of public services. Despite the strategic importance of major government projects and programmes, there are significant variations in the levels of success.

Scholars and practitioners who argue that a more holistic assessment of the benefits upon which projects are predicated are increasingly challenging traditional views of “success” in the form of the iron-triangle variables of cost, time and quality. The theoretical discourse on benefits in the context of major projects and programmes is relatively new and underdeveloped in terms of sophistication and recognition of complexity, yet many governments and sub-national public bodies are transitioning to a strong benefits-led culture.

In late 2016, a programme of research into the identification and realisation of project benefits was launched, with funding from the Project Management Institute (PMI). The proposed programme comprised three distinct phases, as follows:

- **Phase 1 - Espoused Methods:** a collation of information on official benefits realisation management (BRM) methods, supported by a systematic review of the literature.
- **Phase 2 - Effectiveness of BRM Frameworks in Application:** considering how well these frameworks actually work out in practice.
- **Phase 3 - Recommendations for Improvement:** considering the basis of the espoused and used BRM methods and drawing conclusions about how effective they should be, with recommendations on how to improve them.

Only “64% of projects successfully met their original goals and business intent.”

Source: PMI’s 2012 Pulse of the Profession® - Driving Success in Challenging Times.

Phase 1 of this study presented a summary of BRM literature and a comparative study of the BRM frameworks promulgated in eight governments or supra-national bodies (Australia, Canada, the European Union, Norway, UAE, UK, USA, and the World Bank). It also raised some areas of research for later phases.

Phase 2 (Williams et al 2020) compared and contrasted implementation of the espoused frameworks in four of the Phase 1 countries: Australia, Canada, the UK, and the USA. This considered how well the BRM systems outlined in Phase 1 really work out in practice: to what extent ‘espoused’ or ‘required’ frameworks are actually used, and considered by their users to be beneficial. It also made some suggestions for research in Phase 3.

We found an understanding of evolving benefits but a lack of practices that would capture that evolution. Benefits seem to fluctuate as a concern throughout the project timeline. We were left with questions: Why does the emphasis on benefits management decline after project approval? How can we manage and capture evolving benefits in complex environments and how do we recognise and accept complexity while the environment changes? And what is a benefit and how good are we at defining benefits and beneficiaries?

This White Paper reports on Phase 3. We describe the ‘actuality’ of Benefits Management through three in-depth UK case studies. We explore the changing nature and meanings of “benefits” and discuss the design of tools to support benefit realisation and change management. We discuss stakeholders, the “outside view”, the realisation of benefits in “Business as Usual”. We examine the role of sponsors, changes to benefits and their emergence during the project and the use of narratives. We conclude by giving a number of recommendations.

The ideas behind the study and the methods we used

The project began with a conceptual study of “What makes a benefit?”, covering:

Changes in nominal, recorded value across time

Benefits change due to direct triggers to value revisions: changes in scope, economic factors or methodology of measurement. But once accounting is accepted as a social and organisational practice and a process of creating knowledge, benefits figures can be studied not as objective snapshots of reality but as constructs formed by the practices of a complex network of participants. What counts as benefit is therefore built in to the network of relationships that also involves the socially accepted calculation practice that defines and measures what a benefit is.

The relational nature of benefit

A benefit depends on spatial and temporal relations. There is a long history of Actor-Network Theory (ANT) being used in studying and theorising objects based on semiotics, i.e. viewing them as ‘an effect of relations with other entities’. This accords strong agency to materiality, but the agency does not reside solely with humans or objects, but rather in the relationships (the network) between them. What was understood as a simple accounting object becomes a forum, a place of discussion, dispute and debate – a “matter of concern” (Latour’s term). Sociology of Worth theory offers an explanation of the disputes arising around benefits relative to the system of values espoused by given stakeholders. The impact will be multiple and equivocal from the outset, since it is valued in different (and often conflicting) orders of worth, hence qualifying (or not) as a benefit. By showing how actors make judgements on the value of something, Sociology of Worth allows us to recognise empirically the multiple, unfolding and fluctuating nature of benefits.

The multifaceted and dynamic meaning of benefit.

The multiplicity of benefits is not solely the result of epistemological differences. The object is itself multiple and created through an enactment of practices in multiple times and spaces. “Science, Technology & Society” theory posits the idea that an object’s state is known only at each instance of observation. The difference in perceived benefits may be due to the nature of the object itself as enacted in various practices. This prompts us to consider the ontology, leading us to consider the fluidity and ambiguity of benefits as enacted in different practices over time.

An interview protocol was designed to study empirically the differences and changes in states of benefits through the practices of change management and disputes around project benefits. Recognition of the multiple nature of a benefit is especially important practically as the desire for better benefit measurement and realisation is on the agenda of clients, delivery teams and institutions supporting the delivery of major projects, such as the IPA in the UK.

A well-developed protocol was developed, including semi-structured interview questions, with the objective of capturing rich insights. This was used to capture examples of benefit trajectory, explore the network of relationships, practices and material artefacts that contribute to the construction and malleability of benefits, and to interrogate the role of benefits (whether they were present or absent) during the management of projects. The theory informed four themes that were covered by the protocol:

- i) **Meanings of benefit** Because we did not assume that individuals had a common understanding of definitions, care was taken to interrogate their understanding of the five terms related to benefits (output, outcome, benefit, legacy, impact), which then allowed a more nuanced approach to defining types of benefits.
- ii) **Typology of benefit changes** Participants had to reflect on the magnitude of changes across time, changes in relation to strategic objectives and changes across different levels and situations. Participants also reflected on why these changes occurred.
- iii) **Effects of changes** Our theoretical perspective avoided reifying social reality, viewing a benefit as an accounting measure which does not only order and shape reality, but also allows for ambiguity and flux. Therefore participants were asked to identify periods of high and low engagement with benefits, with an explicit focus on times during which benefits were less visible.
- iv) **Tools for capturing change** The focus was on accounting objects and instruments as used in practice enabling us to move beyond a discursive managerialist account.

An additional study looked into the work of the UK National Audit Office (NAO), which enabled some of the ideas to be tested and whose results supported the conclusions of the case studies.

Case study 1: Infrastructure: A303 Stonehenge

Highways England (HE) is the government agency charged with operating, maintaining and improving England's motorways and other trunk roads, which total around 4,300 miles and carry 1/3 of all UK traffic by mileage and 2/3 of all heavy goods traffic. Within HE, the Senior Responsible Owner responsible for a project delegates to two Directors: a Project Director (ensuring the project is delivered to budget, time, quality) and a Sponsorship Director (ensuring the benefits case is clearly defined and benefits are realised), with a constructive tension between their roles.

The case study was of a £1.5bn controversial project to improve the A303 road by building a tunnel within 200m of the iconic prehistoric monument "Stonehenge", a World Heritage Site. The project was at the very beginning of the project lifecycle. "Core" benefits were supplemented by a large variety of wider benefits, including legacy activities to be delivered through collaboration with stakeholders.

Key insights generated from the case study included

- **Stakeholders benefited in a wide variety of ways.** The project created a large spectrum of opportunity for both human and non-human actors. While the project cannot deliver benefits for all, on balance, the project produced an overall positive benefit for a wide range of stakeholders.
- **The definition of benefits is very wide.** The project delivered a combination of transport, economic and heritage benefits. Although the benefit to cost ratio might be apparently low, the wider benefits to the UK are significant given the importance of the site.
- **There were many occasions planned for communicating benefits,** from the start (business cases) through pre-construction (public consultations, impact analyses), construction (stage gate reviews, change controls, "baking" core benefits into contracts, meeting different groups of stakeholders) and post-construction (the Post Opening Project Evaluation)
- **There was a considerable emphasis on benefits** throughout the project duration and across the project management due to the leadership of the sponsorship team
- **Benefits change over time** because: understanding of what can be achieved evolves; opportunities open up; perception of benefits (especially wider benefits) changes; benefits are affected strongly by culture and technology.
- **Core benefits will not change,** or might change incrementally; however, it is challenging to model the wider benefits/opportunities and some of the smaller, local, more community-related benefits that should be built in to the business case.
This raises the question of how tools capturing changing benefits capture these changes?
- **More study is needed into designing a control system for monitoring change and tension in benefits as part of the core set of project controls,** which captures the fluidity of benefits across time (and presence vs absence), and the tension between objectives
- **Responsibility.** Questions were raised about whose responsibility it was to realise the wider benefits (eg "improving the life of the community"), requiring re-thinking of the roles of stakeholders in benefit definition, evaluation, and realisation.
- **Various suggestions for improvement** were made from interviewees, also drawing on their wider experience. These included carrying out BRM earlier, better post-evaluation practice, ensuring benefits are not treated as an add-on but are integral to the business cases; better techniques for measuring benefits; improving the UK Government formal guidance on benefits; clear governance in place around benefits; additional review points during the project lifecycle to maintain the focus on benefits.

Case study 2: Transformation: Extended services transformation

The UK Department for Work & Pensions (DWP) is responsible for the delivery of the UK government's policies on work, welfare, pensions and child maintenance. The programme business case is based on a strategic vision that is designed to deliver transformational changes to services, and significant improvements in productivity.

The case study, the Extended Transformation Programme, is comprised of several projects at various stages of development and implementation with multiple stakeholder interfaces across government. The programme worked with stakeholders to develop and implement a new service operating model; manage dependencies between the programme and the future footprint of estate (i.e. buildings); facilitate the development of delivery plans to support specific transformations; manage commercial arrangements and direct delivery of arrangements.

Initial critical success factors were defined, covering service transformation, skills and capability, service levels, and commercial impacts.

Study of this programme showed that

- Benefits were in focus and the assumptions are regularly checked at the various stages through which, the business case progresses.
- There appeared to be a strong focus on the monetisable benefits necessary for justification and in releasing money, however, non-financial, societal benefits are just as important and may have been undervalued in the past.
- The Strategic Outline Business Case's emphasis on the crucial role of good risk and stakeholder management was played out through consultation on benefits at the research and discovery stage through to working with them during implementation.
- There was a strong emphasis on service transformation, recognising that customers do not have a choice in where to access the services of the department and that developing commercial approaches within a public sector environment are key.

Key insights generated from the case study included

- The importance of working effectively with stakeholders to ensure the needs of customers were central to decision-making was emphasised by the participants, particularly at project level. There was a recognition that the programme would have an impact on fellow civil servant colleagues and citizens, thus requiring a careful benefits-identification 'balancing act'.
- Whilst the department operated within a highly politicised environment, the team were tolerant of risk, recognising that the department was in 'the public service'. A 'test-and-learn' approach was described by some participants as an appropriate method for creating 'safe-spaces' for innovation and risk taking whilst being mindful of the demands of the business case.
- Criticality of the interface between project delivery and the transition to business as usual (operations) was apparent. Transitioning a department that has historically operated within a well-established and accepted time frame of operation introduced a number of challenges. "Test and learn" and the lessons learned from other departments attempting to enact behaviour change were useful.

Case study 3. IT: NHS Digital

NHS Digital is an executive public body, sponsored by the UK Department of Health & Social Care, supporting health & social care through use of information and technology. It is responsible for the NHS Spine, which supports IT infrastructure, joining together over 23,000 health and care IT systems in 20,500 organisations. We focus on two programmes, both comprising several projects at various stages of development.

- **Integrating Pharmacy across Care Settings (IPaCS).** This focusses on enabling the capture and sharing of appropriate information with other care settings, in order to: reduce demand on urgent care such as emergency departments as patients are directed to local pharmacy or other care provider; release time by reducing administration; reduce medicines waste; and ensure the right services are commissioned.
- **Digitising Community Pharmacy and Medicines (DCPM),** which aims to accelerate digital maturity across the community pharmacy sector to drive efficiency and innovation whilst increasing patient digital interaction and visibility of their care. This will give benefits in terms of cost savings, time reductions, usability improvements, enhanced progress tracking, and improved safety and convenience for patients.

Key insights generated from the case study included

- **Stakeholders.** Communication with stakeholders plays an important part in success, from consultation about benefits at the research and discovery stage through to working with them at implementation, in particular seeing issues from their differing perspectives. Without buy-in from people, systems will not work. Examples of this included not assuming that someone will do something in a certain way; the importance of reaching people and communicating according to their interests; and presenting a case in a style appropriate to the stakeholder.
- **Attitude to benefits and risk.** Working for the benefit of the patient is core to this group and is one aspect of the focus on benefits: every pound spent must lead ultimately to better patient outcome. Because public money was being spent and the organisation was in the public eye and subject to close scrutiny the appetite for risk might have been reduced; however, this was balanced by the realisation of the need for leadership and vision.
- **Implementation.** Implementation is critical for success: a product or service may seem ideal but benefits cannot be fully realised if users cannot or do not want to make full use of it. Leadership and willingness to change are important. Uptake in hospitals with good leadership was better than in those where it was weaker. Also, case studies and stories are as important as numbers. People are more likely to relate to real life examples.
- **Leadership.** Benefits were in focus throughout the lifecycle of the project, partly as a result of leaders emphasising their importance.
- **Continuing the focus on benefits.** There is a need to continue to shine a light on benefits that were realised once a project has been delivered: partly to demonstrate continued value from the work but also to ensure momentum is not lost.
- **Non-financial benefits.** There is understanding that financial benefits are necessary for justification and in releasing money, however, non-financial, societal benefits are just as important and may have been undervalued in the past.
- **Managing expectations.** Benefits may be harder to stack up in the future, because the biggest gains from transferring to digital have already been made.

Synthesis and conclusions

For transparent public scrutiny, benefits should be regarded as of equal importance as cost and schedule; public announcements of cost overruns should always be accompanied with the impact on benefits – quantified and narrative. We have tried to outline the nature of what is commonly thought of as a “benefit”, its changing nature and the difficulty of establishing a single, common and stable value of a benefit. The idea of “benefits” is difficult to pin down, and “benefits” unfold in time and have multiple meanings.

Definitions

There was a practical desire that discourse used commonly understood terms.

We recommend defining processes to define terms. Rather than PMI (for example) defining benefits for all kinds of circumstances, it could specify policies to define processes to identify and continuously assess the validity of temporarily agreed definitions.

Tools

We looked at indications to help design tools to support benefit realisation / change management.

We recommend that tools for benefit management should recognise the impossibility of capturing a “true” permanent representation of a benefit, rather create a communicative space for discussion recognising the “multiplicity” of benefits and their evolution, combining quantitative and qualitative evaluations. Practices should continuously monitor the change in project scope and benefit definition.

Stakeholders

Communication with stakeholders and seeing issues from differing perspectives is important to success - from consultation about benefits early to working with them at implementation.

We recommend communicating with stakeholders in terms to which they relate, often those non-financial, societal benefits, without which the project may have no enduring value to them. Non-financial benefits may have been undervalued in the past.

Reviews

The “outside view” is important.

We recommend that there can be value in an independent (maybe embedded) benefits group for the project which keeps benefits in mind but can avoid optimism bias.

Post-project phase

Benefits are often delivered not by the project but by the “Business as Usual” operational phase using the project’s output products/services. This depends upon behaviours during implementation, the interface between project delivery and operations, and subsequent take-up of services.

We recommend ongoing review and reporting of benefits and benefit changes post implementation by the permanent organisation that takes over the project output (possibly for larger projects, by independent oversight bodies) and consideration of for how long benefits should be tracked.

Post-project phase - sponsors

This raises questions about the sponsor.

We recommend when allocating personal responsibilities, such as in SRO letters, consideration of questions such as: Can a project sponsor be responsible for how the output of that project is used? If not, who can be, and what processes are required to transfer responsibilities? Or are we choosing the wrong project sponsors?

Changes to benefits

Changes to benefits happen throughout a project. Some arise because different lenses are used to look at a project- changing perceptions of benefits while not affecting the project itself. For all sectors, but perhaps particularly IT and Transformation (where benefits are less precisely defined up-front), change will occur in the context of the project and in societal perceptions and political imperatives, so the definition of benefits needs to evolve.

We recommend that processes be developed that recognise this. Agile approaches can be beneficial. “Test and learn” approaches provide immediate learning.

Narratives and non-quantitative benefits

Narratives are useful to describe hoped-for benefits and needs at the outset as the project evolves, and benefits ex-post. Quantitative descriptions of benefits can be used to generate narratives, and as in every narrative, this can mean different things to people, and can be rewritten.

We recommend the use of narratives, which provide a useful means of expressing benefits, and that care is taken to avoid the over-reliance on benefits that can be quantified.

Final note

As academics and practitioners converge on the “multiple” nature of benefits, the design of tools and practices should *reflect the rejection of a positivistic search seeking to represent and measure benefits and therefore embrace their fluidity, change and need for continuous scrutiny of what a benefit is and could become in different contexts* (e.g. different interested parties, phases of the projects etc.).

These implications might appear academic, but the implications are increasingly recognised by practice, such as the *Daily Telegraph* (2020) calling for the implications to be reflected in the UK Treasury Green Book.

Researchers

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