

# Lesson 5: Program Benefits Management

Based on PMBOK® Guide – Fifth Edition  
and  
The Standard for Program Management – Third Edition

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## Agenda

- ✓ Relationship between Program Lifecycle and Program Benefits Management
- ✓ Benefits Identification
- ✓ Benefits Analysis and Planning
- ✓ Benefits Delivery
- ✓ Benefits Transition
- ✓ Benefits Sustainment

## What is Benefit

- ✓ Benefit: Provision of value, utility, or a positive change to the intended recipient.
  - Could be tangible or intangible.
- ✓ Categories of benefits:
  - Creation of a new product, suite of products, or service.
  - Creation of an alternative.
  - Improvement in some financial parameters.
  - Saving of a valuable resource.
  - Recovering from a calamity, or disaster, etc.
- ✓ Examples of benefits:
  - 20% improvement in profit margin.
  - Improvement in customer satisfaction.
  - Improvement in employee morale.
- ✓ Some benefits may not be realized till the end of the program (e.g., construction of a bridge or a railway line); others can be realized sooner.

# Relationship between Program Life Cycle and Program Benefits Management



- ✓ Identify and qualify benefits

- ✓ Define and prioritize components
- ✓ Derive benefits metrics
- ✓ Establish benefits realization plan and monitoring
- ✓ Map benefits into program plan

- ✓ Monitor components
- ✓ Maintain benefits register
- ✓ Report benefits

- ✓ Consolidate coordinated benefits
- ✓ Transfer ongoing responsibility

- ✓ Monitor performance of benefits
- ✓ Ensure continued realization of benefits

## Benefits Identification

- ✓ Identify and qualify the benefits that program stakeholders expect to realize.
- ✓ Activities are:
  - Defining the objectives and CSF for the program;
  - Identifying and quantifying business benefits;
  - Developing meaningful metrics and KPIs;
  - Establishing processes; and
  - Creation of tracking and communication processes.
- ✓ The business case usually provides pointers about benefits.
- ✓ Benefits should be captured in the form of a benefits register.

## Benefits Register

- ✓ Collects and lists planned benefits:
  - Useful for measurement and communication.
- ✓ Benefits register should include:
  - List of planned benefits;
  - KPIs or thresholds;
  - Method of measuring the benefits;
  - Mapping of planned benefits to program components;
  - Status or progress indicator;
  - Milestones for benefit achievement; and
  - Stakeholder responsible for benefits delivery.

## Benefits Analysis and Planning

- ✓ Establish the program benefits realization plan, benefits metrics, and framework for tracking the benefits.

### Activities:

- ✓ Establishing the benefits realization plan;
- ✓ Defining and prioritizing program components that lead to benefits delivery;
- ✓ Defining KPIs;
- ✓ Setting up a benefit measurement process and establishing the performance baseline;
- ✓ Establishing a connection between benefits realization plan, and program roadmap;
- ✓ Establishing a connection of benefits with component level plans; and
- ✓ Planning for transition and sustainment of benefits.

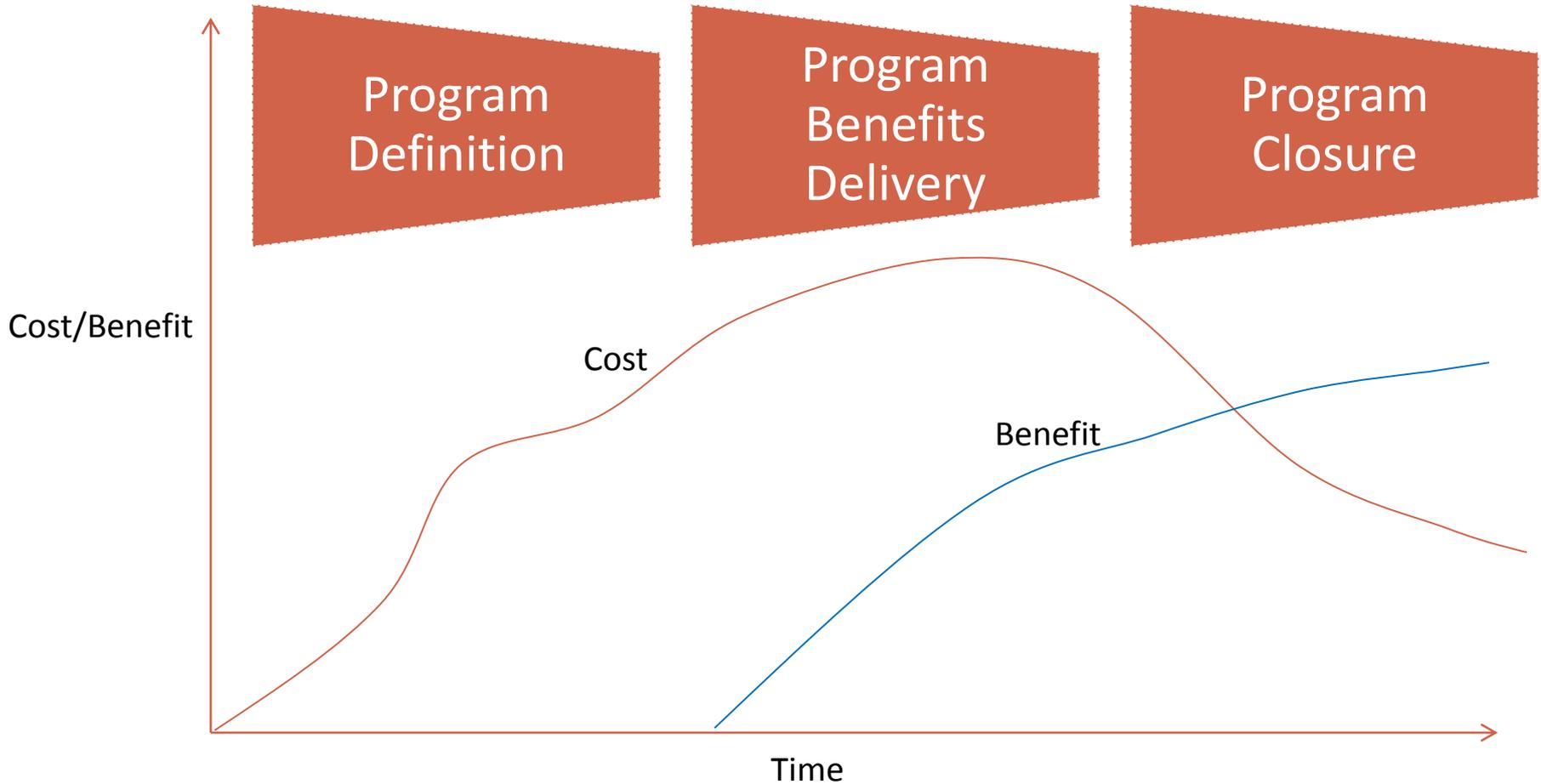
## Benefits Realization Plan

- ✓ The benefits realization plan formally documents the activities necessary to achieve the program's planned benefits.

The plan should achieve the following purposes:

- ✓ Define the benefits and how it will be achieved;
- ✓ Link the component outputs clearly to the program outcomes;
- ✓ Define the metrics for measurement of benefits;
- ✓ Define the roles and responsibilities for benefits management;
- ✓ Define how the benefits will be transitioned and sustained; and
- ✓ Establish a process to monitor the extent to which a program is able to meet the desired benefits.

## A Typical Pattern of Costs and Benefits



## Benefits Delivery

- ✓ Monitoring the organizational environment, program objectives, and benefits.
- ✓ Initiating, performing, transitioning, and closing programs components, and managing interdependencies between them.
- ✓ Evaluating program risks and KPI.
- ✓ Recording program progress in the benefit register, and reporting to stakeholder as per communication plan.
- ✓ Initiating components and integrating output, as per the benefits realization plan.
- ✓ Ensuring that the accrued and realizable benefits are aligned with strategy.

## Balanced Scorecard: Tracking Benefits Delivery

### Learning and Innovation (Examples):

- ✓ New product ideas;
- ✓ Intellectual property, patents;
- ✓ Industry publications;
- ✓ Number of unique inventors, etc.

### Financial (Examples):

- ✓ Profit, margins;
- ✓ Revenue;
- ✓ Operational cost, investment;
- ✓ Return on Investment, etc.

### Internal Process (Examples):

- ✓ Employee productivity;
- ✓ Process cycle efficiency;
- ✓ Energy consumption;
- ✓ Process compliance, etc.

### Customer (Examples):

- ✓ Customer satisfaction ratings;
- ✓ Customer renewal rate;
- ✓ Repeat vs. new customers;
- ✓ Market share, etc.

## Benefits Transition

- ✓ Ensure program benefits are transitioned to operational areas, and can be sustained.
- ✓ Starts long before the program closes, and last until long after the program closes.
- ✓ Evaluate program and component against expected benefits.
- ✓ Ensure successful integration of the benefits.
- ✓ Improving acceptance of resulting changes.
- ✓ Readiness assessment and approval by receiving person, or organization.
- ✓ Disposition of related resources.

## Benefits Sustainment

- ✓ Ensure the ongoing, long-term sustainment of benefits to the organization.
- ✓ Program develops, puts the sustainment plan in place, and hands over regular monitoring and delivery to a receiving organization.
- ✓ Plan for operational, financial, and behavioral changes necessary to continue performance monitoring.
- ✓ Provide the necessary resources (e.g., people, supply of spares, etc.) to ensure sustainment.
- ✓ Monitor the performance of outcome against plan.
- ✓ Monitor continued suitability of the product or service, as the business environment changes.
- ✓ Initiate components (if necessary) to deal with changes.

## Summary

- ✓ Benefit: Value, utility, or positive change for the stakeholders of a program.
- ✓ Five stages in Benefits Management:
  - Benefits Identification;
  - Benefits Analysis and Planning;
  - Benefits Delivery;
  - Benefits Transition; and
  - Benefits Sustainment.
- ✓ Program Manager's role:
  - Identifying benefits, and tying them with the program's roadmap and activities.
  - Integrating the output of the components, and helping the organization realize the benefits.
  - Measuring, tracking, and reporting on the benefits.
  - Ensuring that the benefits are transitioned over to operations, and that they are enabled to sustain them going forward.

## Quiz – 1

A program manager has recently taken over a program, and would like to quickly review the planned benefits and the assumptions. Which document will be most useful for this?

- a) Program management plan
- b) Contracts
- c) Business case
- d) Statement of work

## Quiz – 1

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- b) Contracts
- c) Business case
- d) Statement of work

**Answer:** c. Business case.

**Explanation:** The business case contains the benefits and assumptions implied while undertaking the program. Therefore this is the quickest reference to find out about the program's benefits.

## Quiz – 2

At the half way stage of a long running program, the stakeholders and the program disagreed about the realization of benefits. The program team felt they had delivered the benefits that were planned, but the stakeholders were not convinced they had received them. What is the most likely cause?

- a) The stakeholders may be demanding, and trying to put pressure on the program team.
- b) The stakeholders are not aware of the technical details, and therefore unable to see the benefits they are actually realizing.
- c) The program team is trying to make the numbers look good.
- d) The program team and stakeholders have not agreed on a measurement framework for the benefits.

## Quiz – 2

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- d) The program team and stakeholders have not agreed on a measurement framework for the benefits.

**Answer:** d. The program team and stakeholders have not agreed on a measurement framework for the benefits.

**Explanation:** This situation might arise if the stakeholders and the program team have not agreed on a measurement framework up-front.

## Quiz – 3

An automobile product line that was launched 6 months ago, is facing a serious shortage of spare parts. Which part of the benefits management life-cycle is likely to have had issues?

- a) Benefits identification
- b) Benefits delivery
- c) Benefits sustainment
- d) Benefits transition

## Quiz – 3

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- c) Benefits sustainment
- d) Benefits transition

**Answer:** c. Benefits sustainment.

**Explanation:** Assuring the sustainment of benefits is part of the benefits sustainment stage. It is here that the program needs to make sure that the operations are correctly set up to take care of the maintenance, and continued sustainment of benefits.

## Quiz – 4

Review of acceptance criteria, operational and program documentation, training and maintenance materials, contractual agreements are which part of the program benefits management?

- a) Benefits identification
- b) Benefits delivery
- c) Benefits sustainment
- d) Benefits transition

## Quiz – 4

Review of acceptance criteria, operational and program documentation, training and maintenance materials, contractual agreements are which part of the program benefits management?

- a) Benefits identification
- b) Benefits delivery
- c) Benefits sustainment
- d) Benefits transition

**Answer:** d. Benefits transition.

**Explanation:** It is during the transition phase that the enablement of the operational elements takes place. Therefore this resembles the description of the benefits transition phase.

## Quiz – 5

A project in a program is delivering a component as part of a larger program, which will be integrated with other components, to deliver a benefit to the customer. Who is responsible for documenting the relationship of component delivery with the delivery of the benefit?

- a) Project manager
- b) Program manager
- c) Program sponsor
- d) Customer

## Quiz – 5

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- a) Project manager
- b) Program manager
- c) Program sponsor
- d) Customer

**Answer:** b. Program manager.

**Explanation:** Integrating the various components delivered by the projects, and ensuring that the benefits are delivered to the program, is the responsibility of the program manager.

**Thank You**