Benefits Management in an Agile World

Part 1 of a two-part series

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In a global economy characterised by rapid, sometimes unforeseen and disruptive change, organisations are forced to adapt quickly to mitigate the risks of such volatility. Just as importantly, change is typically accompanied by the opportunity to strengthen an organisation. Examples include the implementation of new technology, lean techniques and, adopting an organisational structure that can consistently and efficiently deliver strategic business objectives.

The ongoing success of an organisation in an agile world will likely require changes in the underlying strategy and processes that have been used in the past. The uncertainty that often accompanies change has to be recognised and carefully managed over a period of time, if a shift to high performing business culture is to be either retained or attained. Business transformation is typically facilitated via the delivery of major programs, which support strategic level change initiatives.

“It is not the strongest species that survive, nor the most intelligent, it is the one most adaptable to change.”
-Charles Darwin

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The world’s biggest retailer

Amazon

Operates no bricks and mortar stores

The world’s biggest hotel style accommodation provider

Airbnb

Operates no hotels

The world’s biggest taxi service

Uber

Does not operate a fleet of taxis

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In a report published on 6th January 2016 by the Comptroller and Auditor General, UK National Audit Office (“the NAO Report”) titled “Delivering major projects in government: a briefing for the Committee of Public Accounts”, it was stated that “There are two dimensions to measuring success in a project: whether the project was delivered on time, to budget and to scope; and whether the project achieved its objectives, usually expressed as benefits. Departments do not report against these measures consistently. Where departments measure performance, they generally emphasise how efficiently they delivered the output to time and cost and even then this is problematic as performance is often measured against early estimates, which are not robust and based on an incomplete understanding of the scope of the project. Departments often overlook whether the project has realised the intended benefits.”

Traditional project management techniques typically employ a step-by-step approach or are sequential in nature. In the current global economic climate, these techniques are not always compatible with the organisations that are being challenged to adapt quickly to evolving technology, disruptive innovation and a fluid corporate landscape. To confront these challenges, organisations will need to provide an increasing capability development velocity whilst at the same time, maintaining a focus on cost optimisation, and promoting effective stakeholder alignment in support of a well-defined and communicated corporate strategy.

A well-developed business case should unambiguously state the ROI. This may be a combination of financial and non-financial benefits but irrespective of type, a methodical approach to measuring benefit delivery performance must be clearly defined. It is essential that a benefit is assigned an owner for the duration of the business case. The ongoing feedback from benefit owners, when combined with progress data from project delivery teams, should allow a range of insightful lead indicators of benefit delivery performance to be produced.

Agility is adapting to new opportunities and leveraging them to create business value

The conventional role of project managers has been to produce deliverables, for which proven processes, techniques and tools are in use. However, the second measure of project success as identified by the NAO Report, remains a work in progress. Whilst most organisations recognise that projects are undertaken to deliver benefits and drive increased business value, the responsibility for doing so is not always well-defined and understood. Therefore, executive sponsors and project managers need to work collaboratively to ensure that project deliverables are deployed in a manner which produces benefits that align with business strategy. There is an increasing awareness that benefits realisation needs to be an integral component of program management.
The trend across industries is to seek project management methodologies that provide greater flexibility in meeting continuously changing stakeholder demands, and a competitive landscape. Agile Project Management (“Agile”) had its genesis within the IT industry, who found that an iterative and incremental approach to managing software delivery projects, consistently produced better outcomes when compared to traditional management techniques. As a result, Agile is now arguably the leading IT project development methodology in use today.

The use of an Agile approach has been adapted to many non-IT applications and therefore has potential applicability across all organisational units, in a diverse range of industries and Government agencies. Its use facilitates early and incremental delivery of business value, as opposed to all of the value identified in a business being realised at the conclusion of a program, as is ordinarily the situation.

In the case of the latter, not only is value being delivered later, there is also limited opportunity for stakeholder evaluation of interim deliverables during the program lifecycle. As a result, sponsors may be denied critical insight into the likelihood of a program delivering the projected ROI.

Using an Agile approach will allow sponsors the option to:

1. Regularly review benefits delivery performance to date, relative to the forecast delivery identified in the business case.

2. Assess the program’s course and projected end state, to determine whether it remains appropriate, relative to market needs, as well as confirm that its value will not be negatively impacted by disruptive change.

3. Analyse whether the program remains viable; if additional investment may deliver a greater overall return or, if the funds being invested will produce a better ROI, if redeployed to other programs. These considerations are typically the province of Portfolio Optimisation.

“The first principle of the Agile Manifesto states:

Our highest priority is to satisfy the customer through early and continuous delivery of valuable software. [1]

What is this but a statement of the primal importance of delivering benefits to the customer?” [2]


Traditional project management techniques are not always compatible with organisations that are being challenged to adapt to an agile world
Traditional project management techniques and business culture, may make the adoption of a pure Agile approach problematic. The iterative and incremental delivery on which Agile processes are based, may not be appropriate for all project types.

However, irrespective of the approach taken, the need to define how capability is being delivered, how results are being measured, as well as the need to focus on the realisation of stakeholder benefits and business value remains fundamental, as stated in the NAO Report.

The traditional view that the benefits of a program or transformational change initiative are not able to be realised until after a program is complete, will deprive stakeholders of the opportunity to provide continuous feedback throughout the program lifecycle. Additionally, it may not be possible to provide sponsors and executive management with ongoing and accurate forecasts of ROI. This may lead to the delivered scope not being consistent with the benefits expected by stakeholders, as well as shortfall in the return on investment (ROI) to the organisation.

Since the use of Agile techniques deliver incremental capability, benefit owners are able to continuously focus on the value of project deliverables, relative to the business case which supported the investment.

The 'try it, measure it, learn and try again' culture of Agile is consistent with the need to satisfy continuously changing stakeholder demands and changes to business strategy, required to deal with the challenges posed by a fluid corporate landscape. This approach is the keystone of Benefits Management in an Agile World.

Connexion Systems

Connexion Systems is a provider of innovative systems that enable organisations to realise maximum business value from their project investments, by helping them to:

- Deliver business outcomes consistent with corporate strategy.
- Optimise business process efficiency.
- Improve cost effectiveness.

The company provides best of breed software solutions in the following areas:

- Benefits Realisation Management
- Portfolio, Programme and Project Management
- Scheduling and Cost Management
- Governance, Risk and Compliance

Our business philosophy is based on working cooperatively with our clients, to generate better business outcomes. Speak to us soon to learn how we can help.