

The background of the slide is a collage of three vertical panels. The left panel shows a close-up of a modern glass skyscraper with a grid of windows. The middle panel features a series of bright, diagonal light streaks against a dark blue background, with small white dots at their ends. The right panel displays a pattern of dark blue, oval-shaped perforations on a lighter blue background.

On Time /On Budget Projects:
Where is the promised value?

Being there to help you manage and grow
your business *is* our business.

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On Time / On Budget Projects: Where is the promised value?

Stockholders, boards and senior executives are increasingly focused on the value of their business investments. Business objectives and bottom line results are often delivered through a series of investments in campaigns and projects. Achieving expected business value from investments has never been more important. Growing regulatory activity and the challenging business environment

today are increasing complexity at a time of decreasing budgets and a focus on immediate payback and cost reduction.

Project approval processes tend to focus on the procedures that approve project investments. However, the processes to measure the actual benefits to the organization and accountability for delivering expected benefits to the bottom line are often less clear and a matter of

interpretation. Even organizations that actively measure benefits achieved versus benefits planned generally only achieve 75% of expected value across their entire portfolio of initiatives. Bringing expected value to the bottom line in addition to being on time and on budget project is critical to your long term success. Remember, in business EPS stands for earnings per share not effort per share.

What is the secret to greater value?

The secret to sustained high performance is the ability to deliver expected benefits from strategic projects and initiatives. Most organizations have great intentions, good project management skills and formal approval processes. However, without ongoing investments in benefit measurement and accountability the full potential is missed. Strong project managers, PMO processes, a collaborative culture, organizations support, and business case disciplines are all fundamental and established elements of good project management practices. However, organizations often deprive themselves of valuable returns from their project investments by not focusing on the ultimate benefits the project was intended to drive. The bottom line is

clear. Without a disciplined approach to benefit measurement and integrated accountability and transparency, organizations leave significant benefits on the table.

Most organizations have a fairly disciplined approach to investing funds in key projects and initiatives. Having made the decision to invest, there is significant variability in organizations ability to deliver the expected value to the business. The challenge for many organizations is the ability to consistently manage and measure the actual benefits achieved throughout the full lifecycle.

An organizational challenge is those responsible for the execution of the project are not always the same as those with the power to realize the full benefits. This can result in a significant "benefit leakage". Most strategic projects are appropriately sponsored by senior executives tasked with the responsibility for achieving project objectives. Yet in practice, the ultimate realized project benefits are only tied to individual performance plans for less than a third of all projects. This disconnect can create a challenge to realizing the planned benefits. For example, a technology initiative may come in on time and on budget and meet or exceed user specifications. However, unless the impacted business units promptly follow through on commitments to change key processes and reallocate resources and process owner responsibilities the full benefit of the initiative can go unrealized. Without appropriate accountability for benefit realization, inertia and competing corporate objectives often result in a leakage of benefits. This is generally a consequence of competing demands on organizational leadership. Once the project is "complete" and a certain level of benefit is achieved the focus of management moves on to the next urgent matter and carving out time to focus on fully realizing the business benefits is a secondary priority. Organizations with formal benefit measurement processes, structured performance accountability and adequate project resources, internal or external, generally realize a significantly higher level of benefit realization and overall project success..

How committed are you?

There are seven actions you will want to consider to fully extract the value of your project

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investments. These actions are organizational rather than project level as they focus on the way organizations oversee project activities.

1. Prioritize to realize greater benefits. Establish an organization wide prioritization process that objectively and continually evaluates projects to help maximize and realize the full value of business investments.
2. Organize to achieve greater results. Establish a management framework, beginning to end, driven by the organizations top management, that starts with the business case and ends with measuring the actual value. A good framework enables informed decision making using a consistent approach.
3. Align with business strategy and adjust regularly. Ensure that all initiatives clearly align with your business strategy. Forcing projects to justify how they contribute to the achievement of business goals increases business alignment, directs funds to essential projects and enables effective prioritization. Where appropriate adjust projects to align with business objectives.
4. Always perform a rigorous risk analysis during the initial planning and business case development. Proactively consider technical, regulatory, organizational and market place risks that could limit the organizations ability to fully realize the expected value. Then develop appropriate risk mitigation strategies.
5. Protect value with formal benefit management plans. Control benefit leakage by clearly defining what value is expected, how and when it will be obtained. Then regularly reassess benefits realized during the life of the project. The process should include regular reporting to executive leadership on the status of benefit capture.
6. Designate clear accountability for benefit realization. Clearly define the individual accountable for realizing benefits including integrating proposed benefits with operational plans and budgets. Define how benefits will be measured, rigorously challenge the expected benefits and have the operational

management impacted by the project also sign off on the proposed benefits.

7. Invest in people, processes and technology. Recognize and reward project management as a core business competency, develop competency framework and the supporting project management infrastructure that suit the organizations maturity level and culture. Buying project management software is not in itself a solution. Often significant business process alignment and a program governance model are necessary to obtain the full value from such investments.

Do we need a formal methodology?

The value of investing in project management is often seen as difficult to measure. Accordingly, a significant number of organizations have informal or ad hoc project management processes. There is a wide variety of methodologies currently in use, from those based on PMI's PMBOK guidance or OGC's Prince 2 to hybrid or home grown methodologies. While each has a strong and vocal camp of true believers, the fundamental business value of a project management methodology used consistently across an organization is clear.

Regardless of the methodology or approach taken, the true power of a methodology is its ability to strengthen the organizations network of project managers by providing a common organization vocabulary, taxonomy and approach. This consistency allows for higher quality training and succession planning, the ability to refine and use a consistent set of tools and templates across the organization and provides a base for building a library of lessons learned. Constancy enables the better practices that align with the organizations project management maturity level and culture to be more easily implemented across the organization. The key metrics to a project are not only being on time and on budget but also meeting promised project benefits. Organizations with formal methodologies and governance process realize significantly better benefit realization than those with less formal processes.

Conclusion

When organizations focus on benefit realization and invest in the processes and accountability structures needed to measure and monitor actual benefits obtained, they have a significantly higher level of project success and return on investment. Without these investments the top line as well as the bottom line can be punished with customers often impacted by project failures. While the discipline of project management is quickly maturing, only a minority of organizations regularly invest in their project management capabilities. Increased project success is achieved by organizations adopting a range of good individual better practices. However, a consistent and systemic approach to project management is required to substantially increase your success rate and minimize benefit leakage. Ultimately accountability and consistent improvement over time is the key to significant and sustainable success in delivering on your commitments.

About Safire

Many consulting firms focus on providing you with templates, tools, and reports instructing you on how to improve your business bottom-line. With an army of professionals billing you to tell you what you already know, those outputs may not translate into real management outcomes that you want.

- We know you want to grow your business.
- We know you want to manage your risk.
- We know you want to innovate and beat your competition.

We know, because our team has decades of experience helping organizations meet demanding goals. We will be there asking the right questions and doing the work that translates into bottom line results. We are Safire Solutions.

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