

# Project Management under the Aspect of Benefits Framework

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**Abstract** The present paper describes project management from the benefits point of view. Project management is highly relevant and frequently implemented management technique in practice. There are the several fields incorporated. One of them is project benefits management. The paper discusses project benefits management as an irreplaceable part of the platform for projects. The focus is further concentrated more closely to the project benefits management process. Benefits identification, realization planning, monitoring and realization are reviewed.

**Key words** Project Management; Benefits; Project Benefits Management; Benefits Identification, Planning, Monitoring, Realization

## 1. INTRODUCTION

Project management (Lappe and Spang, 2014) has improved by passing a number of evolutionary phases and has become extended and frequently applied management technique. Meredith and Mantel (2011) state project management as “a means by which organizations achieve their objectives”. Harrison and Lock (2004) noted that “the purpose of project management, and the principal role of the project manager, is to achieve all the set project objectives in spite of the risks”.

The reasons why project management has become so widespread are multiple. Practice has shown that the advantages from implementation of a project management methodology far exceed possible drawbacks. Personal and functional identification (Kerzner, 2013) in the context of liability for particular tasks is incorporated among manifold project management pluses. Some others are time limits determination for activities planning, the maximal possible reduction in the need for unceasing reporting, appropriate methods identification for trade-off analysis, comparison and evaluation of the results already achieved with planned ones, timely issues indication with opportunity for reparation and improvement or forecasting optimization. Better and more exact understanding the signals which indicate upcoming failure to meet targets or contrariwise their outperforming should be mentioned, too.

Literature as well as various authors distinguishes two basic strategies in project management: output-focused approach and benefit-oriented approach. The first appointed is the traditional one. Considering its limitations, more and more common is the benefit-oriented project management.

## 2. PROJECT BENEFITS MANAGEMENT

Project management (Newton, 2012) does not exist and function in the insulation. It cooperates with numerous management branches. These management disciplines provide proper platform for projects. Moreover, the collaboration among all corresponding management fields contributes to deliver usefulness for specific company. Indispensable conjunction of the project management subsists with benefits management.

Project benefits management reached enormous expansion in recent years (Ika and Hodgson, 2014). Bradley (2012) formulates benefit as follows: “an outcome of change that is perceived as positive by a stakeholder”. Usually quantifiable and worthwhile outcomes are considered. In this connection, Ward and Daniel (2012) define benefits management as “the process of organizing and managing such that the potential benefits arising from the use of IS/IT are actually realized”. Melton and Iles-Smith (2009) determine benefits management as follows: “The management of benefits is a crucial project process which is typically managed by the project manager on behalf of the sponsor.”

It should be made clear (Cooke-Davies, 2002) that positive achievement of the project management cannot be automatically held as positive achievement of the project itself. To eliminate this existing practicality, it is required to combine stakeholders' vision with project expected results - benefits.

Project benefits management may be characterized by these strategic points (Chih and Zwikaël, 2015):

- managerial targets,
- project aims,
- performance assessment,
- project leadership.

Main focus of managers is on the inputs and outputs guidance with the effort to optimize final project benefits realization. The numerous project targets include the most significant plans implementation, reflection to stakeholder priorities and organizational potential refinement in the capacity field. Benefit-oriented strategy relates also to performance evaluation. It is carried out by measuring the success of the complex project as well as the success of the project management. Project leading comprises, as in the other cases mentioned above, manifold orientation. It entails project proprietor management of the benefits realization running and major head manager leading of the output delivery operation.

In the context of IT management (Ashurst et al., 2012), the need to make analyzes and subsequently to use acquired information in practice is particularly necessary. However, IT benefits management sphere is determined by some specifics. It is quite challenging (Schwabe and Bänninger, 2008) to appreciate and reach IT benefits. It should be noted that, in general, investment in IT does not bring benefits straightly. IT investments are especially means for modifications in organization which allow the creation of benefits. Another fact is that just some benefits are financially calculable.

Peppard et al. (2007), due to the mentioned uniqueness of IT, specify a set of statements about the realization process of IT benefits:

- just IT ownership does not mean automatically value creation,
- IT generates benefits only on condition that operative individuals/groups can act in a new working way,
- solely managers and users are in a position to evoke changes in the organization for benefits appearance from the IT investments,
- each IT project reports some results but not every time in the benefits form,
- active benefits' managing is needed even after the realization of the project technical part.

A lot of IT projects (Rodrigues and O'Neill, 2010) assumed to provide benefits do not fulfill required expectations. One of the most frequent causes is disregard of business alteration consequences during the appreciation practice. Other reasons are under efficient process of assessment in connection with capital investments and vague business state comprehension by persons making resolutions. High percentage of projects does not transmit sufficient outturn compared with the funding. Moreover, the majority of managers do not participate enough in evaluation analyzing of IT investment. Other notable reality is that in many instances the manager does not find IT investment estimate as significant element in the organization.

From a global perspective, the most common reasons of benefits non-performance can be summarized to the next frequently emerging matters (Caldeira et al., 2012; Clarke and Doherty, 2004):

- meet the term of finalization,
- fit into the specified financial plan,
- achieve all set objectives,
- complete project at all.

### 3. PROJECT BENEFITS MANAGEMENT PROCESS

Project benefits management is performed in next established steps (Bennington and Baccarini, 2004):

1. Benefits Identification,
2. Benefits Realization Planning,

3. Benefits Monitoring,
4. Benefits Realization.

#### 3.1 Benefits Identification

First action necessary for starting benefits management process is benefits identification. It includes benefits definition and documentation. This applies particularly to benefits that are the most significant to decision makers. Some of the tools to determine benefits are workshops, checklists, centralized databases or published literature and interviews.

In the case of IT projects appreciation has been indicated that benefits identification together with measurement is the most challenging question. Benefits of IS/IT projects are difficult to identify for a numerous reasons arising from their specificities (Remenyi et al., 2000):

- mostly the intangible nature,
- complexity,
- modification during the time.

Declared benefits identification problems have been debated (Love and Irani, 2004) and it has been concluded that there exist some segments with slight, negligible or no benefits at all.

#### 3.2 Benefits Realization Planning

Ashurst, Doherty and Peppard (2008) define the benefits planning competence like "the ability to effectively identify and enumerate the planned outcomes of an IS development project and explicitly stipulate the means by which they will be achieved".

In fact, benefits realization planning is based on development of the benefits realization plan. Mentioned plan constitutes fundamental pillar for effective business benefits implementation in each organization. It is the main reason why is necessary to manage the benefits planning before putting project into practice.

The plan of benefits realization should at least suggest (Bennington and Baccarini, 2004):

- in what way are the benefits associated with the output of the project,
- in which business sphere should the benefits appear,
- guaranteed benefits delivery operation that stakeholders claim for,
- determination of personal responsibility in the organization for the delivery of benefits,
- who in the organization will obtain them,
- in which exact period the benefits will be realized.

#### 3.3 Benefits Monitoring

Active monitoring and evaluation of the IT projects results is one of the abilities that organizations must dispose with. Monitoring should be carried out continuously. Lin and Pervan (2003) identified several reasons of monitoring non fulfillment:

- expensive post realization benefits reviews at the desired level,
- deficient IS/IT adoption practice in organizations,
- difficult consideration about individual benefits after project application,

- objections against excessive benefits delivery supervision in organization culture,
- insufficient attention given to intangible benefits during the decision-making.

### 3.4 Benefits Realization

Benefits realization relates to benefits delivery follow after provision of the project scope and project objectives assessment within the meaning of their achievement and consequent positive transformation in specific benefit metrics caused by the realization (Melton, 2007). The benefits realization process is depicted in Figure 1 below.

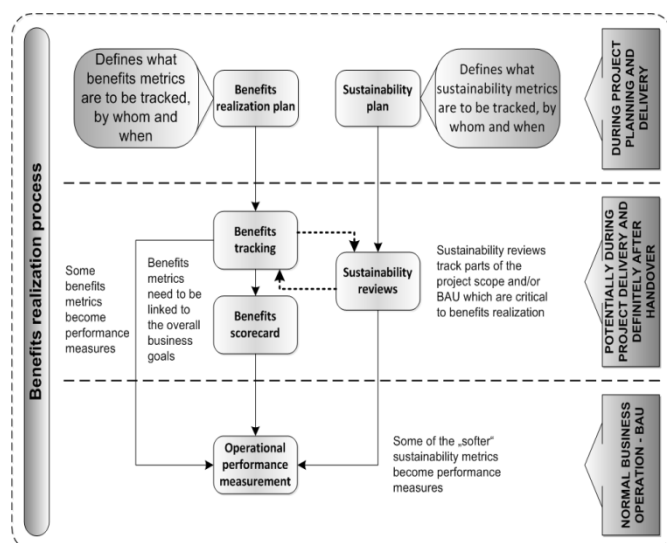


Figure 1 The process of benefits realization  
Source: own adaptation from Melton (2007)

In Figure 1, the term BAU (Carroll, 2016) means "business-as-usual". Benefits metrics, also stated in Figure 1, are one of species of project management metrics. Their effective running is highly important taking into account benefits realization process. Unfortunately, the problems (Kerzner, 2011) occur quite often with their correct construction or usage in practice.

Realization of the benefits is based on the statements specified in previous project stages. "It is the point at which the link between the project deliverables which have been completed and the benefits they have enabled are confirmed." (Melton, Iles-Smith and Yates, 2008)

## 4. CONCLUSION

Project management is declared as a guidance notion for managing various activities with emphasis on resolving intermediate issues. Implementation of the project management concept by the companies has definitely noticed a rising trend. Its usefulness is registered especially regarding on leadership of the complex processes. Well execution of project management has become the strategic question of company success.

Two main project management approaches are standardly realized in practice. These are output-focused procedure and benefit-oriented procedure. The paper was dedicated to the second one.

Discussing the benefits, each company should direct the efforts to achievement benefits for client as well as for itself. Naturally, the costs are needed to be watch out. It should be noted in this connection that many empirical studies showed costs reduction right by investment to the project management. What is more, it was proved that financing the company's project management process development will pay off in the manifold forms, not just in mentioned primary costs saving. Other positive effects arise like increase efficiency of the project managing or new funding sources obtaining.

There exist a several project benefits management methodologies. The most often used by companies are the Cranfield benefits management process model, the DMR model, the Active benefit realization model and the Model of benefits identification. The correctness of the particular model choice depends on, among other factors, the degree of project complexity and uncertainty.

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