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Benefits Management and its applicability in practice

A case study of a Benefits Management approach

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Summary

This master thesis treats the subject of Benefits Management, which purpose is to organizing and managing, such that potential benefits arising from the use of IT are actually realized. The purpose with this study has been to clarify some of the existing problems in introducing Benefits Management into an organization. Information systems and technology investments in organizations are substantial and growing, and at the same time there exist a want of showing an actual value of an investment and to improve benefits realization within projects. While formal methodologies and techniques for computing investments are generally used, relatively less formality is applied to managing and realizing their benefits. This, despite that IT evaluation is one of the most researched topics in the IS literature, with an outcome of rigorous and replicable toolset of methods. This study gives answer to what is required for Benefits Management to be applicable in practice. This is done by a comparison between the Benefits Management process and an existing project process within a real organization. In addition an investigation is done regarding how people within this organization experiences and handles benefits throughout projects. Our study shows, that to be able to apply a Benefits Management approach in practice there is a need for adjustments regarding the attitude towards benefits and what an organization put into the concept business benefit. It is also of great importance that there is a clear traceability of each benefit through the whole project regarding where in the business it will occur and who in the organization that should be responsible for its delivery.

Keywords: Benefits Management, business benefits, benefits realization, IS/IT investment

Preface

This has been an exciting project, from the pre-study all the way to the end. We have been spared from sudden and unexpected changes due to our moving target. We have been able to adjust our focus with no need for adjustment regarding the primary scope of our study.

We would like to thank everyone who has been involved and contributed with personal time and knowledge which has made it possible for us to carry through this master thesis:

- ✓ *Our supervisor Elisabeth Frisk, IT-university of Goteborg, for her positive attitude, guidance and good advices throughout the process*
- ✓ *Peter Grönberg, our supervisor at Volvo IT, for his time, guidance and all good advises. By his help we have been able to come in contact with "the right" people for participation in our study.*
- ✓ *Finally, we would like to thank all our respondents for their time. Without your participation we would never have been able to get the "real-world" view of our problem area.*

Gothenburg, May 23rd, 2008
Katarina Viklund and Viveka Tjernström

Gothenburg, 2008

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Introduction

1.1 Background

This essay is the last item within the IT Management programme at the IT University. Our interest in the subject aroused from one of the previous courses; Evaluation of IT investments. The Benefits Management approach was one interesting phenomenon among all different financial evaluation methods, and the course introduced us to researchers that all seem to agree that organizations of today have to improve their benefits realization. Together with our supervisor at Volvo IT and our academic tutor, we stated some possible research questions at an initial level that covered an academic constraint, as well as our area of interest and also Volvo IT as an assigner.

1.2 Problem area

1.2.1 IS/IT evaluation & Benefits realization

IT evaluation is one of the most researched topics in the IS literature, with an outcome of rigorous and replicable toolset of methods (Bannister & Remenyi, 2003).
While formal methodologies and techniques for computing investments are generally used, relatively less formality is applied to managing and realizing their benefits (Lin & Pervan, 2001)

Benefits can be categorized in terms of efficiency and effectiveness (Bennington & Baccarini 2004). IT efficiency encompasses IT enabled activities that allow the organization to meet a pre-determined set of goals with minimal cost. IT effectiveness represents the IT-based capability of an organization to tune its objectives to the changing needs of its business environment. Efficiency is easier to quantify, because pre-defined goals are associated with predefined measures of those goals. Effectiveness tends to be difficult to measure due to its multidimensional and often changing nature (Cameron, 1986; Hamilton & Chervany, 1981, in Kwon et al, 2002).

Many organizations are seeking benefits and value only in monetary terms which have resulted in a lot of wasted energy, time and money. It is much common that organizations lay their focus on the technical aspects such as ‘does it work?’ rather than the social aspects such ‘is this adopted successfully?’ or from a business perspective ‘is this delivering value’? One of the reasons why the realization of benefits does not always succeed is a result of that the social aspects are not taken in consideration (Jones & Hughes, 2001).

Organizations of today seem to have a lack of knowledge and practical skills to deal with benefits realization and evaluation of IT investment. A great amount of research has been made in the last 50 years, without achieving one single evaluation method or generally agreed approach regarding ICT evaluation. The gap between science and practitioners is large, and adaptations of new developed benefits realizations models seem to be scarce. The research activity within ICT evaluation is not finished and will not ever be, and 50 years of scientific research has led to a less naive approach to such investments among practitioners. Benefits are often identified in the early stages to form the business case and to sell the idea to the customer. A follow-up procedure with the purpose of evaluating those benefits is often missing, and problems arise after the system delivery, when it’s time to show if those previous stated benefits have been realized (Remenyi et al, 2007).

Even though the amount of evaluation methods, researchers have found that decision makers describe that their decisions are based to a greater or less extent on instinct. One reason to the gap between theoretical a practical knowledge is the definition of value as a concept (Bannister & Remenyi, 2003).

Benefits realization appears to be a good example of the often substantial gap between management theories and practice (Pfeffer & Sutton, 2002, see Doherty al, 2008). There is little evidence that organizations have been able to translate the academic research prescriptions with respect to the realization of benefits, into effective working practices. Consequently, there is a pressing need for new contributions that present insights into how benefits-oriented practices might best be operationalized and incorporated into systems development projects. One major problem regarding IT-evaluation exercises is the focus on 'what' rather than 'how': the focus of attention is on identifying the benefits that a project team hopes that the system will deliver, rather than to create an understanding of how these outcomes will be realized. Organizational change is a critical role that needs to be recognized since this is entailed to the benefits realization process (Doherty et al, 2008).

> *"Computers add value only if surrounded by appropriate policy, strategy, methods for monitoring results, talented and committed people, sound relationships and well designed information systems" (Strassman, 1990; pp 519, see Doherty, 2008; pp 84).*

Brown (2005), points out a number of factors that tend to work against an adoption of existing models, tools and methodologies. One of the problems is the heavy demand on staff resources, and the requirement for special skills. Another is the problem of change management if existing management process and organizational culture are not capable of applying these techniques. Each organization has their own developed methods and routines for evaluating and making decisions in a standard way. The available tools and methods regarding for example benefits realization will find little support if they are not aligned to existing culture and organizational aims.

Methodologies such as the Benefits Management Approach and Active Benefits Realization Approach form an extensive framework for benefits management and have had a finite success in practice. They consider that the reason explained are their huge extent with a great amount of evaluation factors and users that involves during the whole investment process (Jones & Hughes, 2001).

1.3 Purpose and main question

The purpose of this study is to clarify some of the existing problems in introducing Benefits Management into an organization, which could be one of the reasons for the gap that seems to exist between theory and practice. Many of the existing theoretical approaches seem to be too comprehensive, time-consuming and expensive for an organization to be able to adjust them to existing working routines and processes. Further we want to create an understanding of what main factors are needed to be taken in consideration to be able to adapt a Benefits Management approach and gain higher benefits realization. Our questions are:

What is required for Benefits Management to be applicable in practice?

- *What should be considered as a benefit?*
- *Who should be involved and responsible?*
- *What main activities are required?*

1.4 Delimitation

In this study we will focus on the Benefits Management concept. Benefits Management includes several aspects, and our focus will be on the benefits, the process and responsibilities.

1.5 Central conceptions

The topic of this thesis embraces some concepts that within theory sometimes are explained and interpreted in different ways. Therefore we consider it to be of great importance to clarify some of the most important and central concepts that are used within this study.

Evaluation of IS/IT investments

> *"Taking a management perspective, evaluation is about establishing by quantitative and/or qualitative means the worth of IS/IT to the organization." (Willcocks & Lester, 1996, in Lin & Pervan, 2001; pp 3)*

Business Benefit

> *"...is an advantage on behalf of a particular stakeholder or group of stakeholders." (Ward & Daniel, 2006; pp 384)*

Benefits management

> *"...is the process of organizing and managing such that potential benefits arising from the use of IT are actually realized". (Ward & Daniel, 2006: pp 384)*

1.6 Disposition

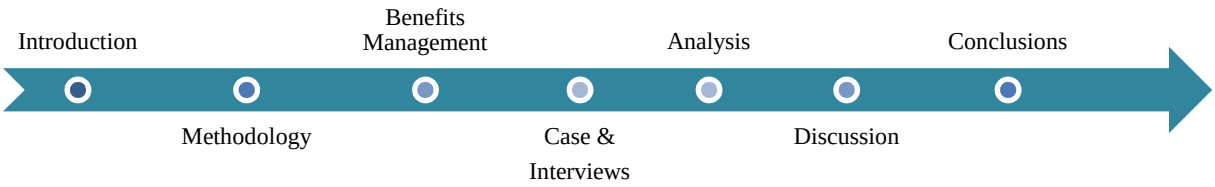

Figure 1: Disposition

- **Introduction**
  The introduction gives a general view of the problem area and background information to motivate our research area. Important conceptions are explained that is necessary to understand from a reader perspective.
- **Methodology**
  This chapter describes our research approach and motivates why we have chosen the present course of action. We also describe how we collected the theoretical and empirical data that was used to form the questions to our interviews.
- **Benefits Management**
  This chapter is our theoretical framework. This chapter starts with a description of important concepts within Benefits Management. Three different approaches are then presented to give the reader an insight into the Benefits Management process theory. This is followed by a more detailed description of a fourth approach with focus on the activities within the process, which will be served as the basis of our analysis. This chapter is concluded with guidelines according to the theory how to implement a Benefits Management process.
- **Empirical study and result**
  A presentation regarding the organizations processes, project model and the way they work with business cases are presented in this chapter. First a presentation of the organization is given followed by an overall description of their existing project model contained of a business case.
  Further this chapter presents the result of the performed interviews held with employees within the organization. The result is structured in a way that gives the reader the possibility to form an opinion of him-or her own before our analysis is presented
- **Analysis**
  A comparison between activities and achievements within the Benefits Management process and Volvos current working routines within projects is made in this chapter. The analysis serves as the basis for our discussion which enables us to draw conclusions that will give answer to the questions of this thesis.
- **Discussion**
  This chapter will discuss the result of the analysis together with the empirical material and the performed interviews. The discussion will serve as the basis to our conclusions that will give answer to the applicability of a Benefits Management process in practice.
- **Conclusions**
  Answers to our questions are presented in a short and concise way; How Benefits Management is applicable in practice – regarding the process, responsibilities and the outcome of such a process.

Methodology

This chapter describes the scientific methods and approaches available, and gives cause for what method and approach is used within this study. This chapter ends with a course of action in order to give the reader an understanding of how we have approached our conclusions to our questions.

2.1 Scientific methods

2.1.1 Positivism and Social Constructionism

There are two contrasting views of how social science research should be conducted that to some extent have become stereotypes; positivism and constructionism. The key idea of *positivism* is that the social world exists externally and its properties should be measured through objective methods rather than being inferred subjectively through sensation, reflection or intuition (Easterby-Smith et al, 2002). According to Patel & Davidsson (1993), a researcher's attitude is logical, analytical and objective in relation to the research activities.

The idea of the social constructionism is that 'reality' is determined by people rather that objective and external factors. Within this method the scientist should not gather facts and measure how often patterns occur. The focus should be on what people, individually and collectively, are thinking and feeling and attention should be paid to the ways they communicate with each other Easterby-Smith et al (2002). Table 1shows some of the differences between the two traditions:

	Positivism	Social Constructionism
Explanations	Must demonstrate causality	Aim to increase general understanding of the situation
Research progress through	Hypothesis and deductions	Gathering rich data from which ideas are inducted
Concepts	Need to be operationalized so that they can be measured	Should incorporate stakeholder perspectives
Units of analysis	Should be reduced to simplest terms	May include the complexity of 'whole' situations
Generalization through	Statistical probability	Theoretical abstraction
Sampling requires	Large numbers selected randomly	Small numbers of cases chosen for specific reasons

Table 1: Positivism and social constructionism (Easterby-Smith et al, 2002)

2.1.2 Inductive and deductive approach

According to Jacobsen (2002) there are different types of strategies to choose among to understand and approach the reality.
The *inductive* way if working, is to start from reality, with no foundation to existing theory and by that new theory is created from the empirical work (Björklund & Paulsson, 2003). According to Jacobsen (2002) a scientist's starting-point is an empirical study that results in a theory. The ideal case is when information is collected nearly without any expectations and in the end the collected data is analyzed in a systematic way. The objective is that nothing should border what information is collected by the individual scientist. This is also called a

‘grounded theory’. Without any preconceived ideas scientist is able to collect data that in the end render the reality in a given context, and from which new theories can be developed.

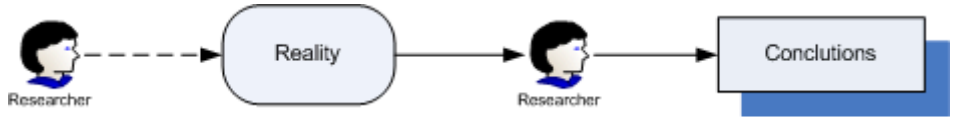

Figure 2: Inductive approach

The deductive way of working, is to start from existing theory and by help from that predictions are made that later are tested in reality. Conclusions can be stated in relation to the existing theories and the empirical study (Björklund & Paulsson, 2003). According to Jacobsen (2002) a scientist’s starting-point is the theoretical study that helps the scientist to understand a certain area or phenomenon. With the theoretical knowledge and expectations the scientist makes an empirical study to explore if those expectations and theories are true.

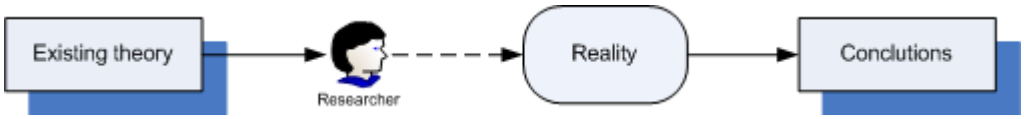

Figure 3: Deductive approach

2.2 Research methods

2.2.1 Quantitative and qualitative method

Quantitative method: The quantitative research approach is suited to give answers to ‘where?’ and ‘why?’ and questioners are commonly used to collect data (Patel & Davidson, 2003). The quantitative approach is based on that the social reality can be measured by help of methods and instrument that gives information in shapes of numbers that in the end gives a more precise answer in a statistic sense. The classical quantitative instrument is questioners with given alternatives to be chosen. Such a method requires and presupposes that the field of study could be captured within those given alternative answers by the scientist, hence the scientist need to have the required knowledge within the research field to be able to make a well structured questionnaire (Jacobsen, 2002).

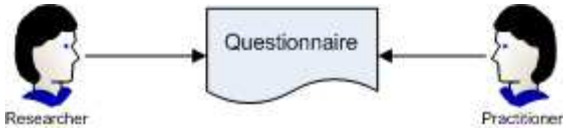

Figure 4: Quantitative approach

Qualitative method: The qualitative research approach is based on verbal analysis and is based on less structured in-depth interviews. These types of interviews are best suited to a more explanatory and interpretive answers (Patel & Davidson, 2003). The qualitative approach can be seen as a scientific way of tackle a social phenomenon. The quantitative approach has been criticized to only measure the scientists own understanding of a phenomenon, since the scientist defines the questions to be answered. To really understand the social phenomenon it is important to identify how people interpret the social reality. One way of doing that is to observe them, and see what is done and what is said. The ideal approach to this is the field work and open interviews. A qualitative approach is best suited when researchers wants to get more clarity of a concept or phenomenon. Further a qualitative approach is best suited when researchers are not fully and complete familiar with the subject and problem area. The lack of knowledge entails the difficulty to formulate reasonable questions in advance for a projected interview. Uncertain approach to the problem conveys a flexible structure for the study which

allows changes along the way (Jacobsen, 2002).

Figure 5: Qualitative approach

2.2.2 Primary and secondary data

Primary data is the knowledge and information collected specific to the actual study. Interviews, questionnaires and different kinds of interrogations handled face to face or by email or telephone is categorized as primary data (Björklund & Paulsson, 2003). Primary data is the sort of information collected for the first time, directly from the source Jacobsen (2002). All literature in form of written material is classified as *secondary data*. The information within this category is often produced for other purposes that the actual study. It is therefore important to be aware of that the information could be biased or not complete (Björklund & Paulsson, 2003). The secondary data is based on information collected by other researchers and often with purpose to illuminate a different problem area than the actual researcher (Jacobsen, 2002).

2.3 Our research approach

The social constructionism is used in this study, since our intention is to understand how and why things are performed in relation to experiences and knowledge. This study has a deductive approach in a sense that our starting-point has been a theoretical study that has helped us to understand the concept of Benefits Management which was essential to the continued work. The obtained theoretical knowledge has helped us to focus on the right things and to structure the empirical study in an efficient way.

This study has applied a qualitative approach to collect data in form of interviews at the field. The purpose has been to obtain a deeper knowledge of how people within our case study experience and manage benefits within projects, and to obtain information about how things could be improved regarding this.

The data used in this study is both primary and secondary. Our primary data is obtained through information meetings and interviews at Volvo IT. The secondary data is obtained through previous research within the Benefits Management field and found in literature and scientific databases. Secondary data can be divided into internal and external data if the study is conducted within, for, or about a company.

Internal secondary data are collected from within the related company for example from the company's business plan, or findings from its customer satisfaction surveys. All other secondary data gathered from sources such as libraries and databases are external. The internal secondary data we have obtained is collected from the Volvo IT Intranet.

2.3.1 Course of action

Figure 6 visualizes our course of action to this study that in the end led us to an answer to our question.

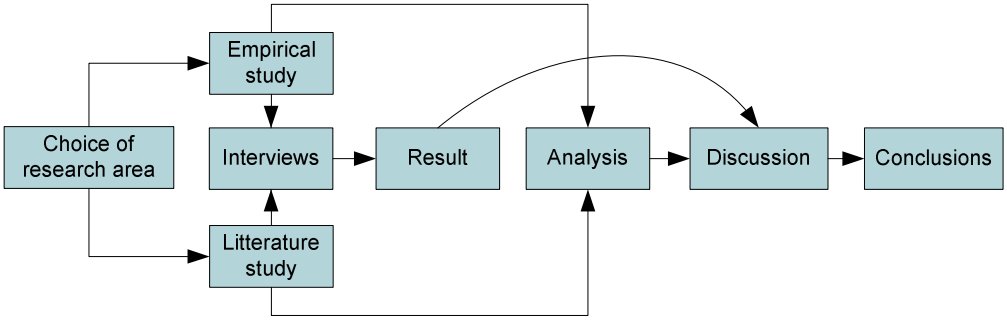

Figure 6: Course of action

Literature study

Our theory is mainly based upon Ward & Daniel's book; 'Benefits Management – Delivering Value from IS & IT Investments'. There are several other approaches available in theory all described with different abstract levels. We experience that The Benefits Management process by Ward & Daniel (2006) describes the process at a comprehensible and understandable way unlike the other approaches that we first had in mind for this thesis. We present a summary of a selection of other approaches in our work to give the reader an impression of their process and focus. This literature is found in scientific articles obtained from the article database of GUNDA Gothenburg University. We have also found articles in different scientific journals like Electronic Journal of Information System Evaluation (EJISE), Journal of Business Strategy and Project Management Journal.
Specific search words: Benefits Management, Benefits Realization, Business Value, IS/IT evaluation, Benefits Management process.
During our literature study it became obvious that some scientists are more referred to than other. We have for that reason chosen to search for articles written by those authors; Remenyi, Brynjolfsson, Bannister, Lin & Pervan and Ward.

Empirical study

The empirical study has been focused around Volvo´s way of working in their investment project. There are a lot of models and tools within this organization, and our main focus has been on two of them; IS-GDP and the Business Case. Since we have had access to Violin, the Volvo Group intranet, this information has been available to us during the writing. In addition we have had information meetings with people with great experience of using these models and frameworks that has given us a deeper understanding of how this shall be applied.

This work will constitute an important part of our study since the usage of models and tools could be one way in theory, and another in practice.

Interviews

To get additional information about the usage of the models and frameworks within projects at Volvo, seven interviews was made at Volvo. We were particularly interested in how the benefits are taken care of throughout the life cycle of an IS/IT investment.

Since our theory is based on the Benefits Management process presented in Ward & Daniel (2006), we choose to distribute the questions according each step in the process with focus on

the benefits handling. Derby we kept the same interview pattern for each respondent. The questions can be found in appendix A.

The purpose with the interviews was to learn how it works out today within projects at Volvo in order answer the question of what is required for Benefits Management to be applicable in practice.

Choice of respondents

To get additional information about the usage of existing methods and frameworks within the organization, seven interviews were made with employees within two business units at Volvo. The respondents represented; Volvo 3P – the customer side and Volvo IT – the supply side. The customer side consists of one area and the supply side consist of three areas; Account Manager, New Development and Maintenance.

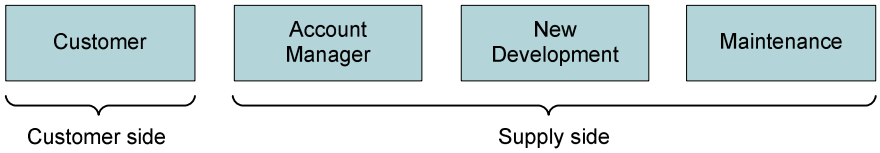

Figure 7: Areas represented by the respondents

The respondents within these areas are in one way or another participating during the life cycle of an IS/IT investment and the different stages of a project. These areas were selected to get a deeper and more comprehensive understanding of how the different stakeholders experience and interpret the management of the benefits within the organization.

Procedure of the interviews

Each interview was held at the respondents working environment, and lasted for approximately one or one and a half hour. The interviews were recorded, with allowance from all respondents. Each of the recorded files was then transcribed and translated. After the transcription the data from all interviews was structured according to our main questions at one place to be able to get an overview and distinguish possible patterns between the different respondents. This serves as the basis of the result in this study which is presented in chapter 4.

Validity and reliability

This is a qualitative research study which involves an interpretative approach to the subject matter. Our study is partly based on the respondent's personal experiences and interpretations of their reality which in turn are interpreted by us. To reduce misinterpretations all interviews was recorded and transcribed. Anyhow, the interviews were held in Swedish, and translations have been necessary since this thesis is written in English. The case study involves one organization, and the empirical material and result is compared to our theory, which is mainly based on one comprehensive theory. That give this study a high validity and at the same time, a high reliability.
Since our case study involves only one organization, our findings are not arbitrary as a generalized result.

Benefits Management

This chapter is our theoretical framework. This chapter starts with a description of important concepts within Benefits Management. Three different approaches are then presented to give the reader an insight into the Benefits Management process theory. This is followed by a more detailed description of a fourth approach with focus on the activities within the process, which will be served as the basis of our analysis. This chapter is concluded with guidelines according to the theory how to implement a Benefits Management process.

3.1 A Description of Benefits Management

According to banister (2001), there is a lack of common definitions regarding benefits and value in existing literature. The meaning of the terms is assumed to be implicitly understood. The absence of a clear conception of value can lead to misconceptions about how useful the measurements used to assets are. Bannister (2001) emphasizes a complicated problem; the lack of a common definition has led to an even more scattered interpretation of these concepts. He points out that value, like beauty and the contact lens, remains in the eye of the beholder and the eye of the beholder in business and management situations needs to be cultivated. By that, there would be far fewer poor or bad business decisions whether IT related or not.
Bannister (2001) has made a distinction between value and benefit in the following way:

- Value is what we perceive; benefit is what we receive
- Benefits can be thought of as an operationalization of the value construct

3.1.1 Benefits

Business Benefit can be described as:

> *"...an advantage on behalf of a particular stakeholder or group of stakeholders." (Ward & Daniel, 2006; pp 384)*

There exist different kinds of categorizations of benefits, one of them is tangible and intangible, and another is efficiency and effectiveness (Bennington & Baccarini 2004).

Tangible benefits are those that can be measured by an objective, quantitative and often financial measure. Such benefits that are quantitative and financial are often termed 'hard'. Example of such benefit would be the cost savings caused by discounting the licenses to certain software packages. There are also benefits that are easy to measure but hard to directly associate to any financial benefit, for example the number of staff that have been participating in a training course (Ward & Daniel, 2006).

Intangible benefits are those that can only be judged subjectively and tend to employ qualitative measures. These are often called 'soft' benefits and examples of such benefits would be an improved ability to make decisions or improved satisfaction. Some organizations work hard to develop suitable measures and some organizations have realized that they cannot derive financial value from them. Instead of, they are recorded in the business case for new investments, where they are viewed as important as more tangible benefits (Ward & Daniel, 2006).

Efficiency benefits are those benefits that seek to reduce costs of performing a particular process by utilizing IT. For example this includes saving money by reducing the work force,

speeding up transactions or shortening product cycles. These kinds of benefits do not change the nature of the objectives that the process or tasks were devised to fulfill (Bennington & Baccarini, 2004).

Effectiveness benefits are ways of doing different things that better achieve the required results, for example providing strategic competitive advantage or developing new products or services that are designed to increase profit (Bennington & Baccarini, 2004).

3.1.2 Benefits Management

Benefits management can be described as:

> *"The process of organizing and managing such that potential benefits arising from the use of IT are actually realized' (Ward & Daniel, 2006; pp 324)*

According to Ward & Peppard (2003) one of the factors that differentiates successful from less successful companies in their deployment of IS/IT, is the management resolve to evaluate IS/IT investments before and after they occurred.

The perception of the continuous unsuccessful regarding IS/IT investments found a new way and approach how projects are undertaken. This new approach; Benefits management encompasses the entire lifecycle of an investment. The focus should be on the realization of the benefits, since that is the organizations main reason to the investment (Ward & Daniel, 2006).

> *"The main differences between the benefits management approach and other traditional approaches are the continued emphasis on the relationship between change and benefit, the importance of benefit ownership and the need to be explicit about benefit measurement" (Ward & Daniel, 2006)*

3.2 Different benefits management approaches

Within science, many different benefit management approaches are presented. There are some differences between them when it comes to characteristics, responsibilities and how the process should be carried out. Below we have summarized three of the existing approaches to give the reader an increased understanding of the existing benefit management approaches and in what ways they could differ regarding levels of abstraction and characteristics. The different approaches will be described below, in accordance to the following structure:

- Roles and responsibilities
- Process and activities
- Characteristics

3.2.1 Active Benefits Realization

The following part regarding the Active Benefits Realization approach is based on Remenyi & Sherwood-Smith (1998). The approach rests on the notion that the ABR project management process is based on the principles of formative or continuous participative evaluation for information systems

Roles and responsibilities

Since the ABR process is based on active participation, the roles and responsibilities must be clearly stated. A benefits realization program needs to be participative and for that, the role of participants must be agreed. One of the critical success factors for the ABR process is that all

the principle stakeholders must be correctly identified. The selected stakeholders should not only be committed to an environment of learning and understanding but also they have to have time for continuously involvement and participation in the project. The purpose of involving various groups of stakeholders has several objectives. A better understanding is achieved through the learning process which enhances the competence of the participations. There are three sets of primary or core stakeholders:

Roles	Responsibilities
Line managers and end users	Responsibility for making the system succeed
Accountants and financial officers	Responsible for ensuring the investment of the organizations resources are controlled in terms of corporate policy
Information systems people	Responsible for bringing technical expertise to information systems development and subsequent management

Table 2: ABR - Roles and responsibilities

The process

ABR is a project management process for managing information systems development, which is based around the idea of continuous evaluation, active participation of the primary stakeholders including line managers and users and a direct focus on benefits realization. One of the main purposes with the way of working, regarding stakeholder's involvement is to remove any potential for the stakeholders to be surprised at the end of the project. The process consists of seven major activities; initialization of project, production of pictures, agreement to continue, system development, evidence collection, review and learning and development of updated pictures.

ABR is a reiterative process based on the evaluation of progress, a review to ensure that the development is on course to realize business benefits. This reiteration continues until the project has been concluded.

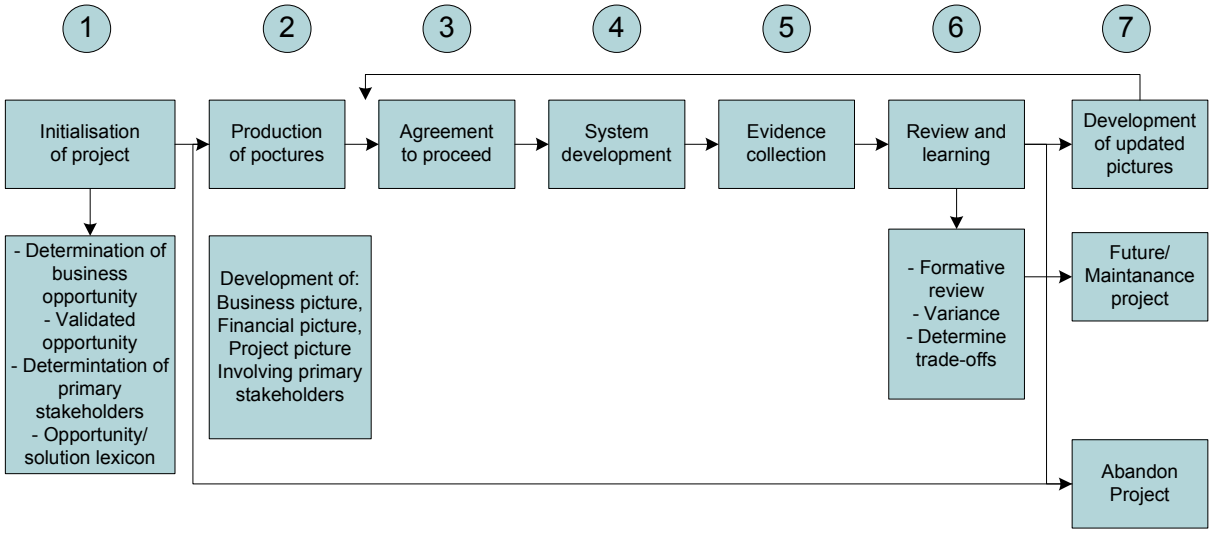

Figure 8: ABR process (Remenyi & Sherwood-Smith, 1998)

The initiator launches the project by identifying a primary business problem or describing a primary business opportunity. The project is initiated and as a part of that, an agreement is reached as to who should be involved in the development of the information system. Once agreement is reached requests to the stakeholders to participate can be issued and the terms of reference for the project stated. Over the life time of the information system the stakeholders will change and evolve.

Characteristics

The ABR process has two key characteristics. First there is the process of active participative evaluation and learning paradigm. The second is the representation of the primary issues to be understood and monitored as pictures. These pictures are to be seen as statements, models in a loose sense, the required benefits and the specification of the appropriate metrics to be used to evaluate, monitor and control benefits realization. Three pictures are used:

- Business Picture (BP)
- Financial Picture (FP)
- Project Picture (PP)

The systematic and holistic use of these pictures enables effective planning, evaluation and control of the systems development progress and thus ensures the appropriate benefits realization from the system investment. The most important picture is BP, also called the corner stone, since the other two pictures are developed upon what is stated in the BP.

3.2.2 OGC Benefits Management

The following part regarding the OGC Benefits Management is based on OGC (2008). The approach rests on the notion that Benefits Management aims to make sure that desired business change or policy outcomes have been clearly defined, are measurable, and provide a compelling case for investment – and ultimately to ensure that the change or policy outcomes are actually achieved.

Roles and responsibilities

The key roles and responsibilities are well defined within this approach. There are six roles:

Roles	Responsibilities
SRO – senior responsible owner	Owns the Benefits Management Strategy and is responsible for Benefits Realization Plan
Program Manager	Oversees / prepares the Benefits Realization Plan and ensures it is aligned with Program Plan and Business Case
Program Office	Acts as the information hub for tracking and progress-chasing benefits, calling reviews and communicating results
Business Change Manager	Realizing benefits; Agreeing profile, impact analysis, quantifying, risk assessment
Project Manager	Defining benefits in PID(project initiation document), delivery of enablers to time, quality and costs
Assurance/validation	Usually carried out by third party individuals not directly involved in the Business Change Program

Table 3: OGC Benefits Management - Roles and responsibilities (OGC, 2008)

The process

Benefits Management starts before a project or program is accepted onto the department or agency's portfolio of change initiatives – only those with properly defined strategic benefits should gain approval. The identification, tracking and realization of benefits continues throughout the program and will probably continue after it has formally closed, when managers with responsibility for operations or service delivery increasingly take on the task of ensuring that the planned benefits are being monitored and optimized.

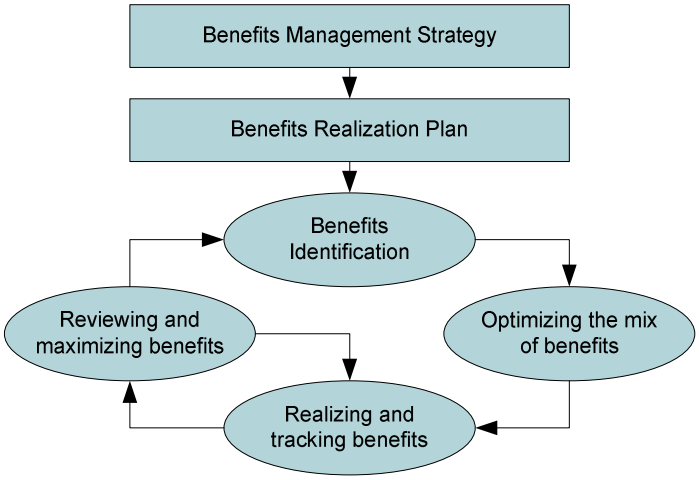

Figure 9: Benefits Management process (OGC, 2008)

The benefits management strategy describes a structured continuous process to ensure that benefits are sustained and returns on investments are maximized. A set of questions need to be answered, for example; what are top-level (strategic) benefits and are there any dis-benefits? What are the main roles and responsibilities? Who else is a stakeholder and therefore need to be involved in agreeing and communicating benefits? What are the sequences and dependencies between benefits? How will all benefits be tracked and measured?

The benefits realization plan should be developed as a product in its own right and may be incorporated within each iterated version of the business case. This process involves identifying and prioritizing tangible and intangible benefits, generating ownership of and commitment to the benefits from business stakeholders, developing measures and quantifying benefit opportunities, implementing an on-going benefits tracking and reporting process etc.

Identifying and prioritizing benefits is worked through based on a list of benefits opportunities that has been produced in strategy formulation phase. Benefits identification can take several forms, and for each benefit a profile should be built. The purpose with the profile is to describe all aspects of the benefits including ownership and measurement. As with the business case, it is important that the benefits profiles are dynamic and updated.

Optimizing the mix of benefits describes as where there is a mix of tangible and intangible benefits efforts are done to give sufficient weight to the overall mix of benefits, often done by using balanced scorecard.

Realizing and tracking benefits and reviewing; the emphasis on continuity within the benefits management process almost certainly last beyond the closure of the program. This implies that there will be many people involved in working to increase benefits realization and deal with any dis-benefits issues. This activity must be co-ordinate with clear accountability, responsibility and commitment. A benefits management action plan lists the review points, timelines, responsibilities, interdependencies and resources required to achieve benefits in the operational sphere.

Characteristics

- A business case is the main tool in this approach, to handle benefits throughout a project. The business case sets out a rationale for investment and must support robust analysis and realistic decision-making.

- Cost benefit analysis traditionally seeks to establish that the financial returns justify the preferred option that costs can be controlled and the risks effectively managed.

All benefits cannot be measured financially, qualitative or less tangible benefits which is more difficult to measure must be identified, scoped and tracked.

Cost, benefits and risks will change over time, which requires a continuously updated business case. Stakeholders are involved and to agree and communicate potential benefits.

3.2.3 Life cycle of ICT investments for added value

The life cycle of ICT investments is based on Swinkels (1999). The approach rests on the notion that for successful application of ICT a combination is needed of content efficacy and a fluent cohesion with the decision making and managerial processes.

Roles and responsibilities

This model state that realization of added value must be seen as a management responsibility. The benefits and burdens of an investment should be divided between and allocated to the responsible managers. Only to concentrate the decision making on the rational aspects such as measurements of objective criteria is not always sufficient. Decisions should be supported by the involved people who will make the decisions more subjective. When involving different people with different backgrounds and knowledge in the decision process a manager must frequently be ready to change his attitude. When too many criteria are involved in the decision process, there is a risk that the decision makers will lose their overview and a detailed analysis takes time and money. The manager responsible for the project has to know what strategic value could mean for the business performance and what range of quantitative measures could be used in assessing this benefit.

The process

The life cycle is described as a sequence of main activities. To control an investment in order to realize expected benefits, five main activities are distinguished which have to be managed in coherence, see figure 10.

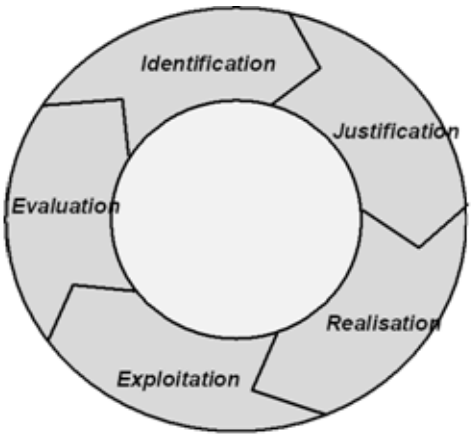

Figure 10: The life cycle of ICT investments (Swinkels, 1999)

Identification - Application systems that might have a positive effect on performance of the organization must be identified.

Justification - Investment proposals are then elaborated and judged to determine if they meet the pre-set criteria. In the event of constraint such as limited budget, the investment proposals are compared to other ICT investment proposals, in order to determine priorities.

Realization - The selected investment proposals are then realized and implemented.

Exploitation - This realization and implementation must be done in order to support business processes.

Evaluation - The performance of the information system and the process involved should be

Characteristics

The main factors in this life cycle are:

- Benefits
- Burdens and
- Uncertainty

The specification of expected benefits and burdens is described as a combination of financial and other criteria. The burdens can be seen as both centralized and de-centralized. Examples of centralized burdens are management planning, decision making, and user participation, software development data centre which will have impact to the de-centralized burdens such as equipment, software personnel, communications and facilities.

Benefits and burdens are often treated as if they are very accurate. This model points out the importance of not make that assessment. Uncertainty is often associated with negativity as in risks. The uncertainty should be incorporated into the benefits and burdens. Uncertainties are not objective and static labels for a project; they can reinforce each other in a way that a combination of a few minor uncertainties can cause the project to lose control. Benefits and burdens are not reliable calculations. If that is accepted within the project, a first step is made to manage uncertainties and their influence on benefits and burdens. The uncertainties must be reassessed a long with the project to be able to relate those to the benefits and burdens. This makes it possible to prevent project managers from aiming at reduced uncertainties and minimized burdens without paying attention to the impact on eventual benefits.

3.2.4 Summary

The above approaches are presented at different levels in and with different characteristics. Common for all three is the phases identifying, realizing, and reviewing. Some of the above approaches are more distinct regarding roles and responsibilities, and others are less clear regarding the characteristics of the different phases in the process.

The community of them all is a clear step by step process that shows an agreement of '*How*' the process should look like, but when it comes to its characteristics and area of responsibility it's getting fuzzy and unclear. All three approaches call attention to how important it is to identify and involve stakeholders that must take an active and participating role within the project. OGC points out the importance of what dependencies there are between benefits, but how this should be accomplished and traced is indistinct.

Another developed approach are Benefits management process by Ward & Daniel (2006), wish gives a more distinct and explicit description of its process and characteristics. This approach is covering the steps of the above presented approaches and the available theory around this approach gives a more detailed and comprehensive elucidation. In the next section a presentation is given of how the process is described, main activities within the process and the different areas of responsibilities

3.3 The Benefits Management process

The following section regarding the benefits management process approach is based on Ward & Daniel (2006). The authors note that the purpose of any IS/IT investment is to deliver improvements to organizational performance, and therefore it would seem logical that the key process around which other should fit is benefit management rather than project management, investment appraisal or systems development approaches. The context of benefits management is illustrated in figure 11.

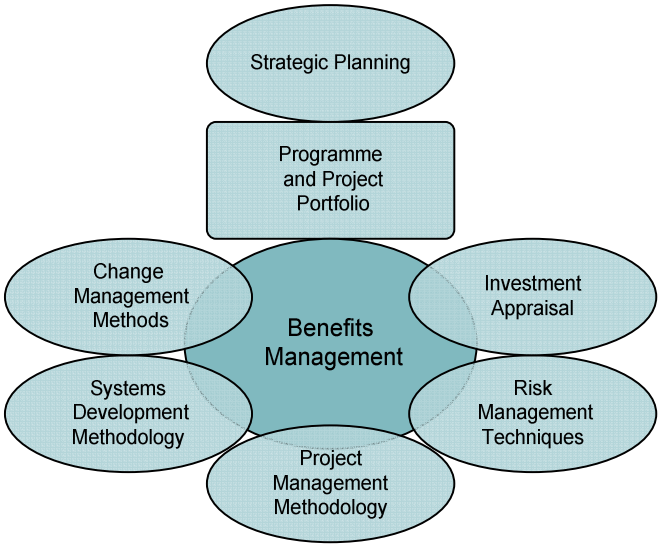

Figure 11: The context of benefits management (Ward & Daniel, 2006)

In the mid-1990s, an extended research program was undertaken by the Information Systems Research Centre (ISRC) at Cranfield School of Management. The program lasted for three years and the purpose was to address the limitations of existing approaches. The resulting process and tools have been extended and refined from further research and experience gained from the many organizations that have adopted the approach. The overall approach was based on a process that is a set of steps to guide the planning and implementation of IS projects, such that the potential benefits from that project are realized.

3.3.1 Roles and responsibilities

Within the benefits management process of Ward & Daniel (2006) the authors propose a number of roles and responsibilities, for example project sponsors, business project manager, IT project manager, key stakeholders and IS/IT specialists. One particular with this approach is the appointment of the roles benefit owner and change owner.

Each benefit should have an owner assigned to it. The owner should ideally be an individual who gains the advantage inherent in the stated benefit and therefore is willing to work with the project team, either personally or through the resources and influence that he or she has, to ensure that the benefits is realized.

The benefit owner cannot necessarily be described as ‘making the benefit happen’ or ‘being responsible for realizing the benefit’, since the changes necessary to deliver the benefit may need to be undertaken by others outside his or her sphere of control or influence. It can be appropriate to have more than one owner but it’s preferable to have an individual owner.
It is also necessary to identify change owners, named individuals or groups who will be responsible for making each of the identified changes happen successfully. The change owners may not be personally responsible for making the changes, but are accountable for the

changes being effected successfully. They must therefore be committed to the project to dedicate sufficient personal time and knowledge to planning and managing the changes and influential enough to ensure the necessary resources are made available to carry out the changes.

Change owners may not have day-to-day involvement in making the change happen and this will be delegated to others. When it comes to the benefit owners, their involvement in the project should be active rather than passive. It is important that all benefit and change owners have their interest and perceived commitment to the project. The roles should be something that the appropriate individuals nominate themselves for, a lack of willingness to take on the responsibilities probably suggest a lack of interest or commitment to the project.

To determine ownership of the benefit and responsibility for its delivery is easier if the system is mainly within one function, but difficult if the system crosses functions. Responsibility may have to be shared, but then this must be made clear. Given that a manager is made accountable for the delivery of each of the intended benefits, any benefits lacking such ownership should be removed from the list.

The benefits identified in a network are those that are expected in the future operations of the organization and should therefore be owned by business managers and staff rather than dedicated project staff. The business changes are those that are required to the processes and practices of the organization and therefore responsibility for achieving those changes must also rest with operational managers.

3.3.2 Process and activities

The process, seen in figure 12, are formulated as interrelated tools or frameworks that can be used to guide and structure the planning and actions needed to implement a project successfully. The process enables organizations to utilize their existing methodologies in conjunction with the benefits management process and toolkit.

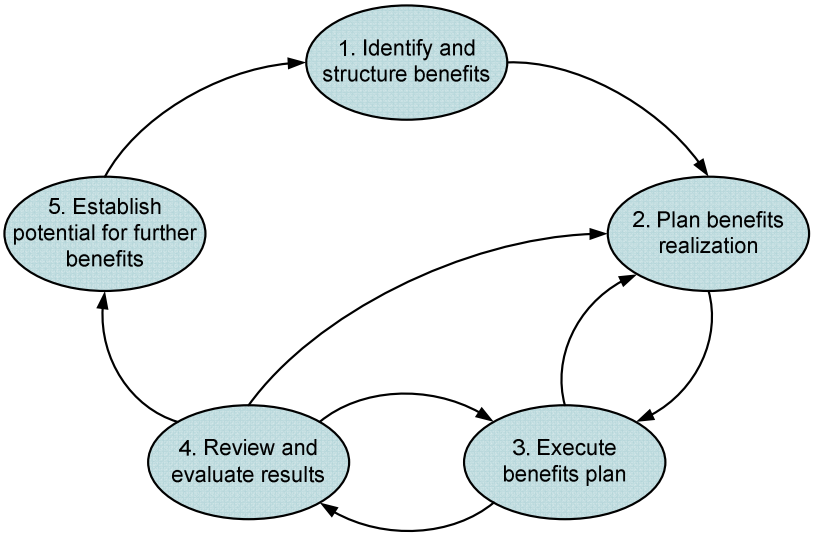

Figure 12: Benefits Management Process (Ward & Daniel, 2006)

Identifying and structuring the benefits

The first step is to understand what the possible benefits are and if they are relevant and achievable. The main activities in this step are:

- Analyze the drivers to determine the investment objectives
- Identify the benefits that will be measured
- Establish ownership of the benefits
- Identify the changes required and stakeholder implications
- Produce first-cut business case

Business and organizational drivers are views held by senior managers as to what is important to the business – in a given timescale – such that they feel changes must occur. Drivers for change can be both external and internal but are specific to the context in which the organization operates. In generating this list of drivers, senior managements perspective of the organization is taken to ensure the identified drivers are actually strategic to the future of the whole enterprise, rather than merely affecting the interests of certain departments or functions

Identifying the potential and achievable benefits involves an iterative process of establishing ***investment objectives*** and the business performance improvements that the technology and associated changes could deliver. Investment objectives are organizational targets for achievement agreed for the investment in relation to the drivers. As a set they are essentially a description of what the situation should be on completion of the investment.

Investment objectives should be a set of statements that define the 'finish line' for the project, or paint a picture of the way things will be if the project is successful. While it is possible to be prescriptive, projects should have a few clearly stated and compelling investment objectives, rather than a long list of incremental and overlapping ones. A project's significance is not dependent on the number of objectives; it is the importance of each of them.

Having identified the drivers, both external and internal, acting on the organization and determined the objectives for the particular initiative of project, it is necessary to bring these together by considering each objective in turn and deciding which of the drivers it addresses.

Having agreed the investment objectives, it is then possible to consider the business benefits that will be realized. Each potential benefit should be as precise as possible about *where* in the business, or in trading partners, it will occur, in order to determine how it can be measured and who in the organization should be responsible for its delivery. The feasibility of achieving each of the benefits needs to be considered. The first step is to determine ownership of the benefit and hence responsibility for its delivery.

A 'first-cut' business case should be prepared to assess whether there are sufficient potential benefits to justify the approximate expected cost and to define the further work needed to produce the full investment justification. If the achievable benefits are clearly insufficient, the project should be stopped. Cancelling project should always be a business decision based on a benefit-cost assessment that gives information about what it is worth spending to get the benefits. Traditionally, the main purpose in developing a business case for and IS/IT project has been to obtain funding for a significant financial investment. One aspect of the business case is to provide information to decide whether or not to make financial investment, but it should also enable the organization to plan and manage the project to a successful conclusion,

such that the benefits which underpin the rationale for both the IS/IT investment and the business changes are achieved.

Achievements of stage 1

- Establish agreed objectives for the investment that ensure it relates to one or more of the drivers for change in the organization
- Identify all the potential benefits that could be obtained by achievement of the investment objectives
- Understand how a combination of IS/IT functionality and business changes can cause the benefits to be realized
- Establish ownership to prove that they have occurred
- Identify any organizational issues or implications for particular stakeholder groups that could hinder or even cause the project to fail
- Produce an outline business case to decide whether to proceed further or stop the investment now.

Planning Benefits Realization

The main purposes of this stage are to develop a comprehensive benefit plan and a business case for the investment, which will be submitted to management for approval. Like any plan it includes activities, responsibilities, timescales, resources and deliverables, but a very important part is a clear description of the relationships and dependencies that are critical to achieving the investment objectives. Key questions in developing a benefit plan can be seen in figure 13. The main activities in this step stage are:

- Finalize measurements of benefits and changes
- Obtain agreement of all stakeholders to responsibilities and accountabilities
- Produce benefits plan and investment case

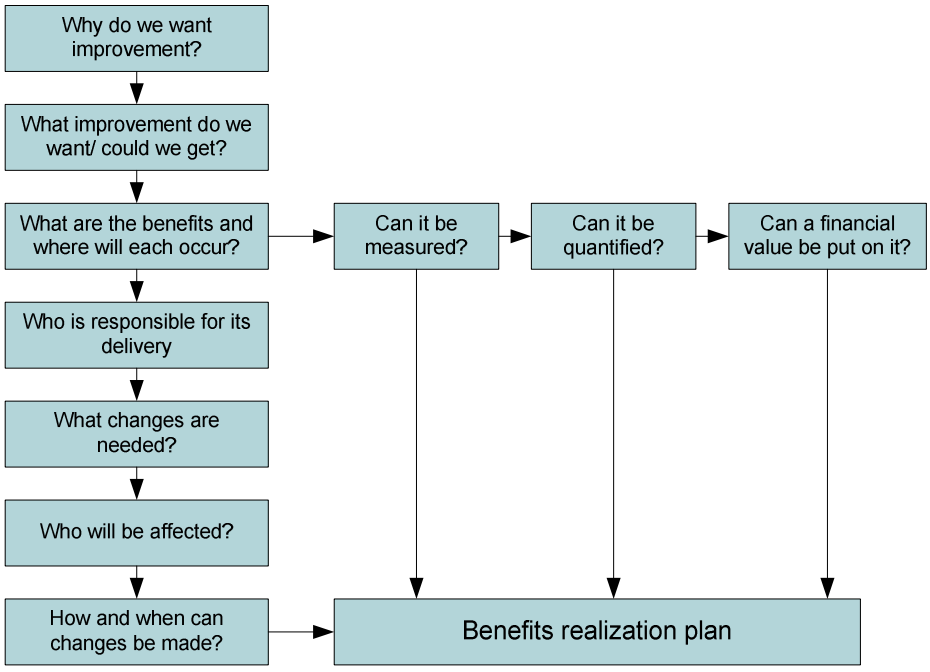

Figure 13: Key questions in developing a benefits plan (Ward & Daniel, 2006)

After the responsibility are identified and allocated to stakeholders, the next step is to determine the changes required for the delivery of each benefit and how the IS/IT development will enable these to occur. The main result from this activity is described as a ***benefits dependency network*** and is the central framework in the benefits management process, see figure 14. It is designed to enable the investment objectives and their resulting benefits to be linked in a structured way to the business, organizational and IS/IT changes required realizing those benefits.

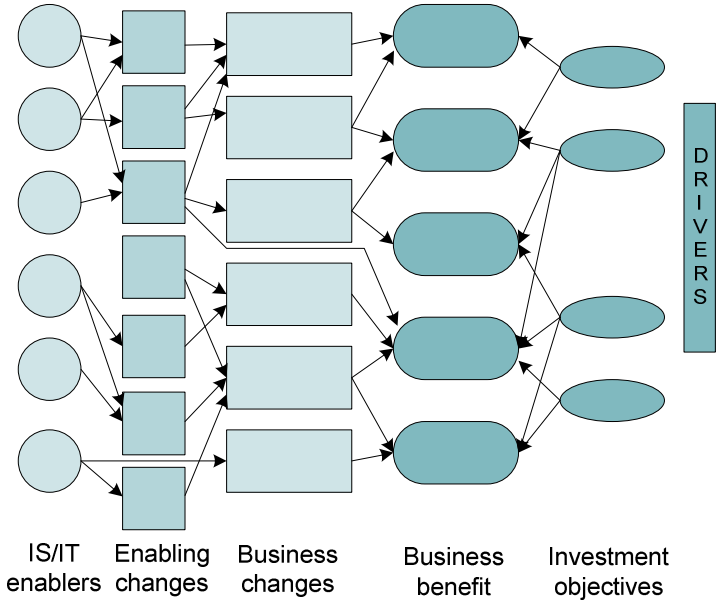

Figure 14: The benefits dependency network (Ward & Daniel, 2006)

The benefits dependency network relates the IS/IT functionality via the business and organizational changes to the benefits identified. It is an iterative process to develop such networks, since as required changes are identified, a network of interrelating changes and benefits will evolve, and the feasibility of achieving some of the benefits will be questioned.

The creation of the network requires knowledge to be shared among business manages, key stakeholders and IS/IT specialists. It is important that they all understand what the benefits are and how realizing each of the benefits depends on specific changes that need to be made. There are essentially two types of change, in addition to introducing new technology, ***business changes*** and ***enabling changes***. Business changes are the new ways of working that are required to ensure that the desired benefits are realized. Enabling changes are changes that are fundamentals for achieving the business changes or that are essential to bring the system into effective operation within the organization.

Before the dependency network and resulting benefits plan can be finalized and a business case proposed a stakeholder analysis should be completed. The purpose is to understand those factors that will affect the organization's ability to implement the required changes and achieve the expected benefits. The main objective is to address the 'what's in it for me?' problem of IS/IT investments. The purpose of assessment is to obtain ownership and buy-in of relevant individuals and groups, and to indentify organizational factors that will enable or frustrate the achievement of the benefits. It is also important to consider aspects of business change outside the particular project and the possible implication on achieving the benefits.

It is necessary to understand how the benefits interrelate with each other and their interdependence with the required set of changes. The business case should correctly reflect those relationships, as defined by the benefits dependency network.

From the network it should be explicitly understood how each benefit relates to one or more of the investment objectives, who owns it and will drive through the realization and whether, and perhaps how, it can be measured. This information and an understanding are the starting points for building and refining the business case.

Achievements of stage 2

- A full description of each of the benefits and changes, with responsibilities for delivery clearly defined and agreed
- Measures for all the benefits and, where appropriate, estimates of the expected 'values' of each benefit at the end of the investment. This assumes that many of the improvements can be quantified in advance and, for some financial values calculated. The basis and rationale for such estimates must also be made clear.
- Measurements to establish the current 'baseline' at the start of the investment, which may require new measurements to be introduced to ensure the benefits resulting from the project are accurately attributed to it
- Agreed ownership of all the changes and actions in place to address all the stakeholder issues that may affect the achievement of the changes
- The evidence or criteria to be used to assess whether each change has been successfully carried out
- A complete and fully documented benefits dependency network to show all the benefit and change relationship.

Executing the benefits Plan

This stage is to carry it out and adjust it as necessary, as issues and events affecting its viability occur. The main activities in this stage are:

- Manage the change programme
- Review progress against the benefits plan

Monitoring progress against the activities and deliverables of the benefits plan is just as important as for the IS/IT development plan. The two plans are components of the overall project plan. It may be necessary to establish interim targets and measures to evaluate progress towards milestones or the final implementation. Further benefits may also be identified and equally it may be apparent that some benefits are no longer feasible or relevant.

One aspect of the role as a business project manager is to be a 'custodian' of the benefits plan on behalf of other business stakeholders and to ensure that each of the stakeholders carries out his or her responsibilities as defined in the plan. It is the business project manager's responsibility to decide, in consultation with the other relevant business managers, what action to take in terms of reviewing the scope and specification of the system or the business and enabling changes.

Achievements of stage 3

- Monitoring progress against benefits plan
- Establishment of interim targets and measures to evaluate progress towards key milestones or final implementation
- Reassessment of benefits plan, due to feasibility of benefits, organizational changes etc.

Reviewing and Evaluating the Results

The purposes of a benefit review involve both assessment of the investment itself and organizational learning. The main activities in this step are:

- Formally assess the benefits achieved or otherwise
- Initiate action to gain outstanding benefits where feasible
- Identify lessons for other projects

There should be a formal review of what has and has not been achieved after the new technology, system and business change has been implemented. The purpose is to maximize the benefits gained from the particular investment and increase the benefits from future investments. The evaluation should focus on what has been achieved, what has not (or not yet) been achieved and why, and identify further action needed to deliver outstanding benefits, if possible. Another aspect is also identifying any unexpected benefits that have arisen and understand how they came out.

The evaluation should involve all key stakeholders and it must be an objective process with future improvements in mind, and not a way of allocating blame for past failures.

Achievements of stage 4

- To determine and conform which planned benefits have been achieved
- To identify which expected benefits have not been achieved and to decide if remedial action can be taken to still obtain them or if they have to be foregone
- To identify any unexpected benefits that have been achieved and any unexpected 'dis-benefits' that have resulted
- To understand the reasons why certain types of benefits were or were not achieved and provide lessons for future projects
- To understand how to improve the organization's benefits management process for all projects.

Establishing the Potential for Further Benefits

It is difficult to predict all of the benefits of a system in advance. Some benefits only become apparent when the system has been implemented (or been running for some time) and all the associated business changes have been made. The main activities in this step are:

- Identify additional improvements through business changes and initiate action
- Identify additional benefits from further IT investment

It is important to consider what further improvement is now possible following the implementation of the system and associated changes and in the light of the new levels of business performance that have been achieved.
This should be a creative process involving the main stakeholders and any others who may be able to contribute, using the increasing knowledge now available to identify new opportunities and the benefits they offer.

3.4 Implementing a Benefits Management process

The following section regarding the benefits management process approach is based on Ward & Daniel (2006). Having new processes, tools and techniques is only *means;* it is how they are used that will determine *whether* the *ends,* of improving the value from investments are realized. The 'mode of engagement', that is the *ways* that IT specialists, business managers, users and executives are involved and contribute to the project, the roles each plays and how decisions are taken, also has to change if these new tools are to be used effectively.

3.4.1 Initiating and managing a benefits-driven investment

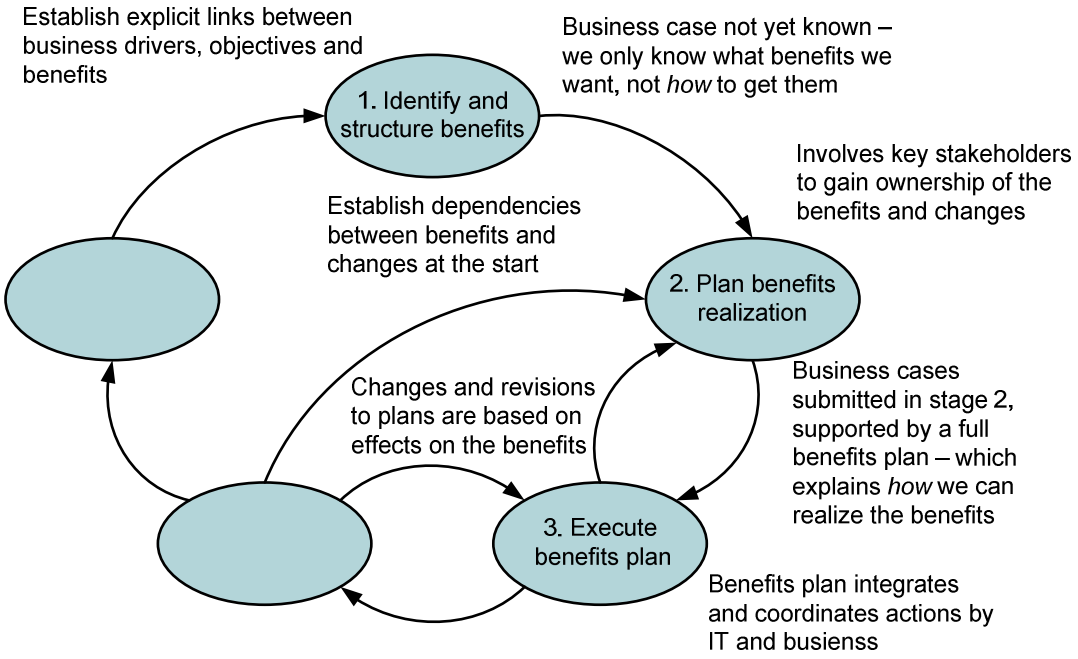

Figure 15: Key differences of the benefits management approach in the project initiation and implementation stages (Ward & Daniel, 2006)

The ability to achieve the maximum benefits from the investment will depend on the degree of certainty of the benefits plan and, during its execution, identifying if and when it needs to be amended and adjusting appropriately. It is therefore, important that all the necessary knowledge is included during the planning stage and that everyone understands the implications of the plan and their role in its execution.

Success in the first two stages of the benefits management process depends on the effective sharing of knowledge between managers and IS/IT specialists, an exchange which is facilitated by conducting workshops rather than holding meetings or one to one discussion. The workshops should ensure that all the necessary links with the business drivers are made and can be sustained ant that the relationship between benefits and changes is made explicit. The ability of all stakeholders to put aside the time and resources required by the project should also be ensured. The outputs from the workshops will form the basis of the business case and benefits plan ad should become integral components of the overall project plan. The numbers of workshops will vary depending on the scale and complexity of the project, but at least two will be necessary. Figure 16 suggests the main activities that are involved in the establishment of a benefits-driven approach.

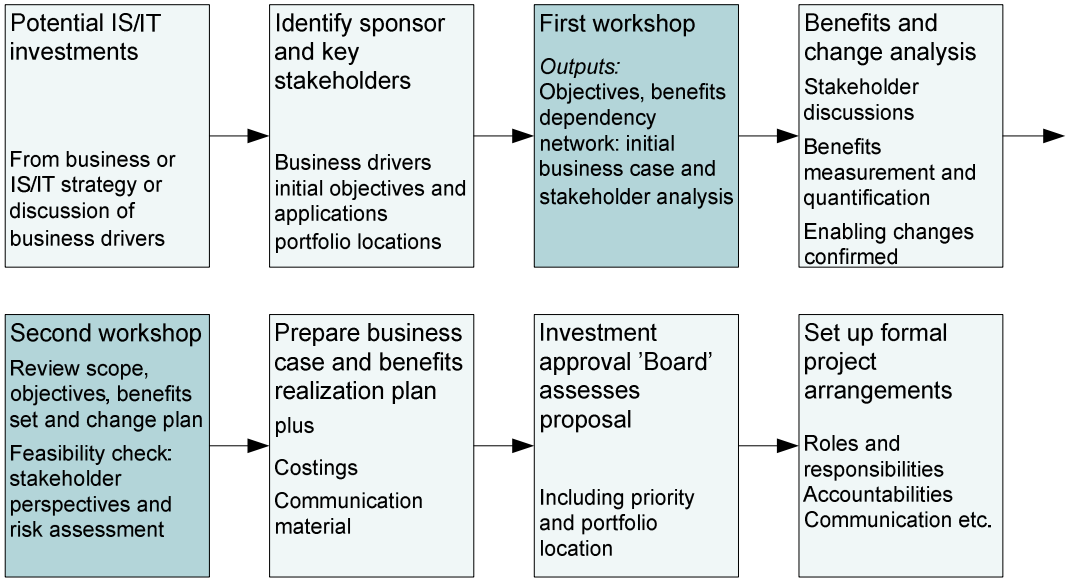

Figure 16: Initial activities in a benefits-driven project (Ward & Daniel, 2006)

3.4.2 Evaluating the Results and Establishing Potential for Further Benefits

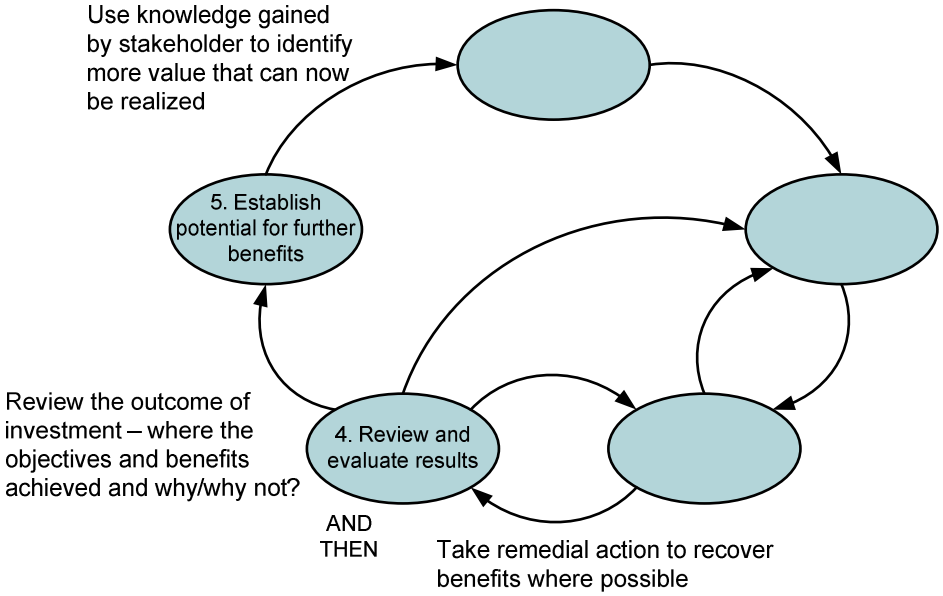

Figure 17: The key activities in the review process (Ward & Daniel, 2006)

The full implementation of the new IS/IT and business changes, the achievement of the business case and benefits plan should be formally reviewed. The key activities in the review process are seen in figure 17. The purposes of the review include a detailed assessment of whether each of the benefits intended have been achieved or not. If they have not been achieved, the reasons for this should be established and any remedial action that could cause them to be realized should be identified. This are purposes of any particular benefit review, the reason for carrying them out systematically for all major projects is to learn how to improve the overall value that the organizations derives from all its IS/IT investments, by learning from success and failure. Those generic lessons should be communicated to the managers of other projects.

It is also important to consider the opportunity for further benefits. New benefits that are now available from further business changes or IS/IT developments should be considered.
Benefits review is *not*:

- A project management review, which focus on variances in time and cost from the project plan.
- A system quality or performance review
- A financial audit
- A "witch hunt" to allocate blame

The review should ideally be clearly identified as a key date or milestone in the project plan, probably about two to three months after implementations complete when it should be possible to determine whether the benefits have occurred or are beginning to be realized. The meeting should be convened by the project sponsor. The business project manager, IT project leader, and all the main stakeholders should be invited to attend. The discussion should be based on what has happened as a result of the investment, with emphasis on the final outcome rather than what happened during the project.

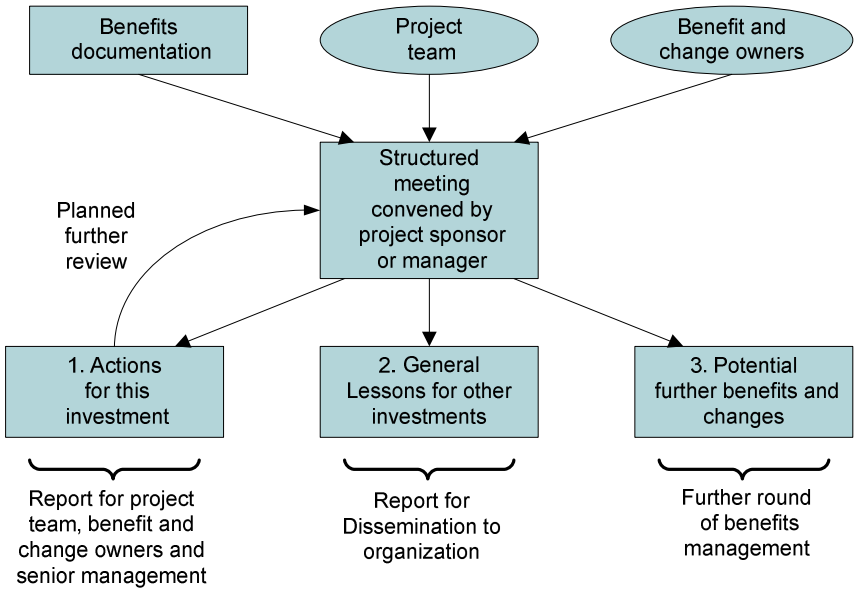

Figure 18: Main elements of the benefits review process (Ward & Daniel, 2006)

The outputs from the review meeting should be three 'reports'. Figure 18 shows the main inputs and expected outputs of the review process.

1. A full review of the investment in terms of benefits realized and any actions still outstanding to achieve the business case. If there are significant actions still to be taken, this report would probably be the basis of a further review meeting to be held when the actions have been carried out.
2. A summary of the lessons learned that may benefit future investments, which should be communicated as soon as possible to all other current project sponsors and managers, and made available through updates to 'best practice guidelines' for future projects.
3. A report describing the further potential benefits now available and actions that have been put in place to examine them. These potential benefits effectively form new projects and should be added to the list of future projects within the organization.

3.4.3 Monitoring the Benefits after Implementation

The benefit review should normally be held as soon after implementation as it is possible to assess, with sufficient evidence, whether the intended benefits have been achieved. This would normally be some two to three months after the system and associated business changes have been made.
Although benefits do occur soon after implementation, they can 'decay' once the changes have become the normal practices and people's enthusiasm for the improvements has decreased. Therefore it is recommended to have a second review some months after the first to determine whether certain, vulnerable benefits have been sustained.

Some organizations also want to be able to prove that their IT investments have been delivered the expected value over an extended period, even after several years. This cannot really be done project by project since, after a year or more has elapsed, other changes have been made that will obscure the benefits realized from any particular investment. Any such assessment therefore is probably best done through an annual review of investments completed during the previous year and the cumulative benefits delivered, verified by the reviews of the individual projects.

3.5 Theoretical summery

This table gives a summary of the four approaches presented in this chapter. The approaches are summarized according to the same structure they were presented; Roles and responsibilities, Process and Characteristics.

	Active Benefits Realization **Remenyi & Sherwood-Smith (1998)**	**OGC Benefits Management** **OGC (2008)**	**Life cycle of ICT investments for added value** **Frits (1999)**	**Benefits Management process** **Ward & Daniel (2006)**
Roles & Responsibilities	Line managers and End users Accountants and financial officers Information systems people	SRO – senior responsible owner Program Manager Program Office Business Change Manager Project Manager Assurance/validation	Manager responsibility	Benefit owner Change owner Project sponsors Business project manager IT project manager Key stakeholders IS/IT specialists
Process	Initialization of project Production of pictures Agreement to proceed System development Evidence collection Review and learning Development of updated pictures.	Benefits Management Strategy Benefits Realization Plan Benefits Identification Optimizing the mix of benefits Realizing and tracking benefits Reviewing and maximizing the benefits	Identification Justification Realization Exploitation Evaluation	Identify and structure benefits Plan benefits realization Execute benefits plan Review and evaluate results Establish potential for further benefits
Characteristics	Business Picture (BP) Financial Picture (FP) Project Picture (PP)	Business Case Cost/benefits/risks	Benefits Burdens Uncertainty	Benefits plan Dependency network

Table 4: Summary of the Benefits Management approaches

We have chosen to study the applicability in practice of the Benefits Management process by Ward & Daniel (2006). Figure 19 summarizes the main activities within this process.

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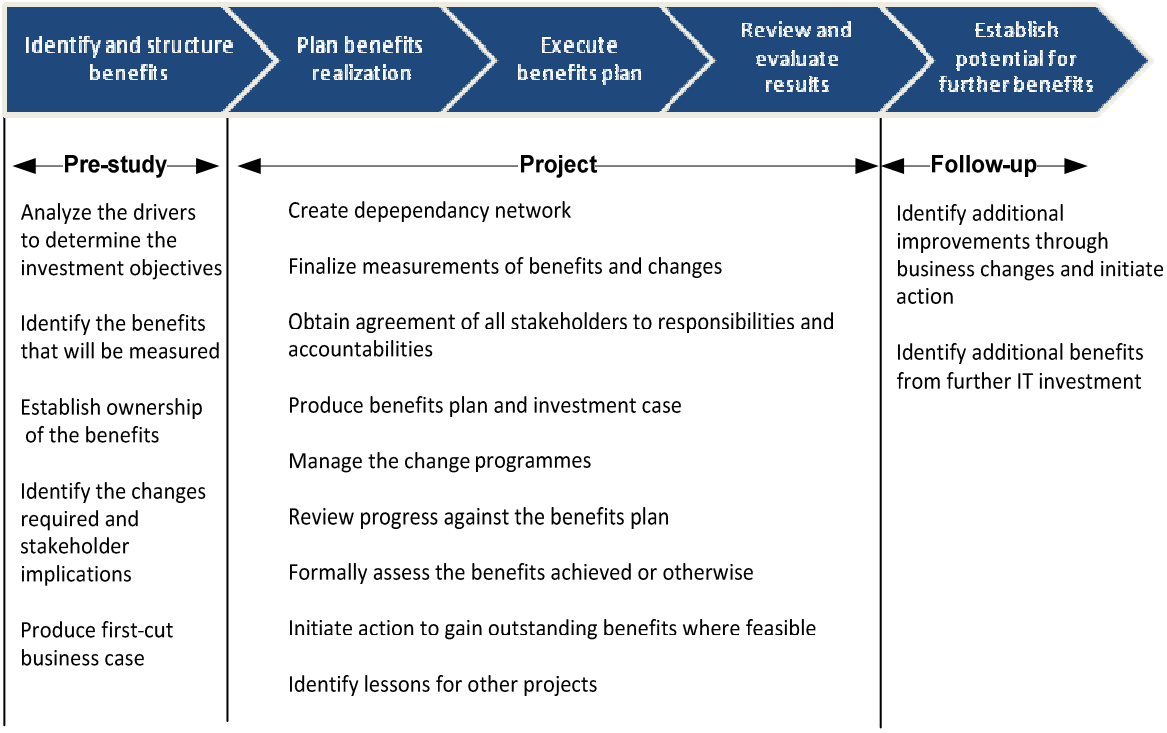


Figure 19: Summery of Benefits Management process and its activities (Ward & Daniel, 2006)

Empirical study and result

This chapter gives a short description of the organization represented in this study. Further, a description is given of how this organization works within IS/IT projects with focus on processes, activities and roles and responsibilities. In the end of this chapter we present the result of the interviews with the respondents at Volvo IT and Volvo 3P

4.1 The organization and business units

The Volvo Group's products are: trucks, buses, construction equipment, engines and drive systems for boats and industrial applications, as well as components for the aviation and space industries. Further their services are: maintenance, training for mechanics and drivers, financing, rentals, insurance and IT systems for communications and transport planning. AB Volvo has eight business areas; Mack Trucks, Renault Trucks, Volvo Trucks, Volvo Buses, Volvo Construction Equipment, Volvo Penta, Volvo Aero and Volvo Financial Services. These business areas are supported by the underlying business units; Volvo 3P, Volvo Powertrain, Volvo Parts, Volvo Logistics, and Volvo Information Technology.

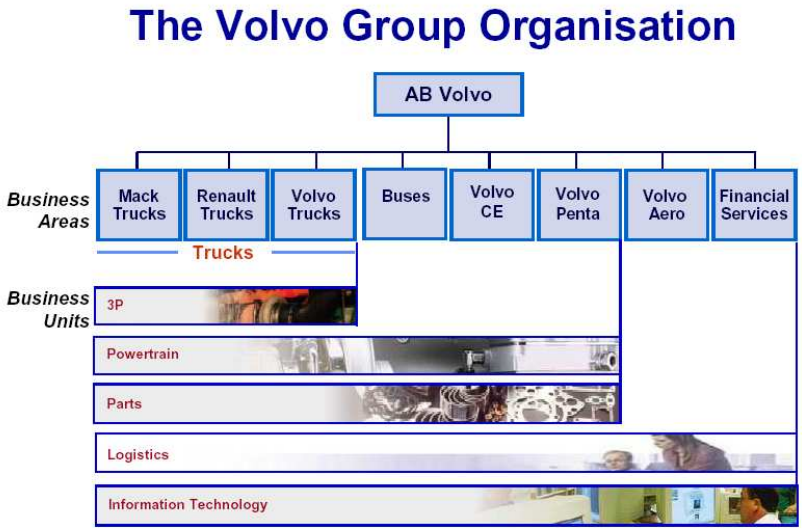


Figure 20: Volvo Group structure (Volvo Violin, 2008)

Our study involves two business units within the Volvo group; Volvo Information Technology and Volvo 3P. The reason for this is to obtain information from both a New Development side which in this case is represented by Volvo IT, and the customer side represented by Volvo 3P.

Volvo IT provides IT solutions for the whole industrial process from product development and manufacturing to sales, the aftermarket and administration including IT operations and infrastructure. In 2007, Volvo IT had 5,000 employees plus 1,900 external contractors in Europe, North America, South America, Australia, Africa and Asia.

Volvo 3P is a business unit within the Volvo Group and serves the truck companies in the areas Product Development, Product Planning, Purchasing and Product Range Management. The truck companies consist of Volvo Trucks, Renault Trucks, Mack Trucks and Nissan Diesel. Volvo 3P has 3000 employees in mainly four locations around the world. Volvo 3P is responsible for several significant areas which are summarized in the three 'P's: Product planning, Product development and Purchasing

4.2 The IS-GDP process

IS-GDP (Information System Global Development Process) is a project steering model mandatory to use for all units within Volvo. IS-GDP is according to Volvo focused on process and business needs, and describes what to do, and when to do, but not how to do. The shape of the model is visualizing the uncertainty of the project, wider – more uncertainty.

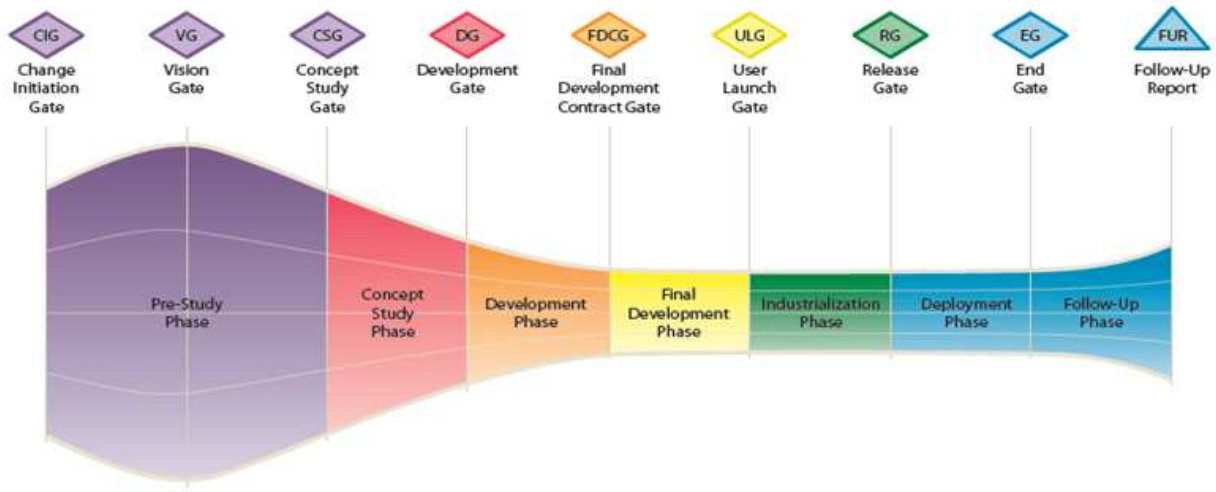


Figure 21: IS-GDP steering model (Volvo Violin, 2008)

There is some current plug-ins to the IS-GDP model, that each and one of them have its own purpose. One of the optional plug-in is the Business Case Framework.

The Business Case Framework has been developed to improve the quality and consistency of the way change initiatives are evaluated and followed up. The Business Case and IS-GDP are aligned in a way that in each gate of the IS-GDP the Business Case has a specific purpose. A Business Case provides a methodology for assessing the *economic/financial, social and environmental impact* of significant projects/proposals. All the impacts associated with a project/proposal are identified and, where possible, *costs and benefits are valued in monetary terms*.

4.2.1 Roles and responsibilities within IS-GDP

The below table describes important roles and responsibilities within the IS-GDP.

Role	Responsibilities
Project sponsor	Executive sponsor accountable for project benefits delivery. Make sure that the line organization performs activities and delivers results that are within agreement. Consider the issues on the agenda before a gate meeting from the customer perspective. Promote the project and decisions to the organization.
The steering committee	Senior manager accountable for securing project goals. Takes responsibility for all decisions made within the project. Ensure that the agreed results and deliverables are achieved. Shows an active interest in the project and supports the project manager. Secure project resources and promote the project and decisions to the organization.
Chief project manager	Full responsibility to secure the success of the project, the business project manager is always the Chief Project Manager and is responsible for operational management to fulfill project goals. Responsibility to identify, plan in time, communicate and to daily drive/push all activities (within the identified project organization and together with the line managers within the line organization) that are needed in order for the project to reach all project targets. In situations of obstacles for the project to reach the targets, the CPM is responsible for reporting to the SC and to propose relevant actions. Reporting to the steering committee, well structured, clear and honest in describing the true project status with emphasis on achieved and/or forecasted results. Establish and work in close cooperation with the IT Delivery Project Manager.
IT delivery project manager	Full responsibility to secure the success of the IT delivery project. Be fully aware of the Business Objectives for the Business Change Project and establish a close cooperation work with the CPM. Responsibility to identify, plan in time, communicate and to daily drive/push all activities (within the identified project organization as well as together with the line managers within the line organization) that are needed in order for the project to reach all project targets. In situations of obstacles for the project to reach the targets, the ITDPM is responsible for reporting to the DC and to propose relevant actions. Reporting to the steering committee, well structured, clear and honest in describing the true project status with emphasis on achieved and/or forecasted results.
Delivery committee chairman	Accountable for securing Volvo IT´s deliveries/goals to the project
Volvo IT account manager	Responsible for the commercial relationship with the customer

Table 5: Roles and responsibilities within IS-GDP

4.2.2 Pre-Study Phase

The pre-study phase includes three gates; *change initiation gate, vision gate* and *concept study gate*. The overall purpose of change initiation gate is to approve the business value of the request and formally start a pre-study. The gate opens the first part of the Pre-Study Phase which aims at developing the project vision and conducting the diagnosis. The vision gate purpose is to approve the project vision and the diagnosis. The gate opens the second part of the Pre-Study Phase which aims at defining possible solutions. Within the concept study gate decisions are made regarding which solutions to investigate further. The gate marks the end of the Pre-Study Phase and starts the project. The gate opens the Concept Study Phase which aims at gathering the detailed arguments to decide the solution to choose and decide ways of working.

Main activities

- Business change imperative
- Fit with Strategic Objectives & Operational plans
- Risk assessment
- Time frame
- Documented Business objective and driver logic
- First rough cost benefit assessment
- Set of committed business KPI's connected to Business objective and driver logic
- Cost benefit analysis

4.2.3 Concept study phase

This phase includes the *development gate* which opens the upcoming *development phase.* The overall purpose of development gate is to choose one solution (in light of its business objective fulfillment), and approve its ways of working in combination with technical concept. Approval regarding how the solution will support the key business drivers and confirm related project KPIs. An approval of preliminary Business Case of selected solution is made and interviews/workshops are held with subject matter experts (Process, Business & IT) and project team. Anchoring meetings with Key stake holders also takes place. The development gate opens the Development Phase which aims at developing all details necessary to freeze the solution and reach the contract.

Main activities

- Approval for preliminary business case
- Technical concept and way of working
- Time frame
- Subject matter experts involvements
- Risk assessment, sensitivity analysis cost benefit assessment
- Reconfirmed business change imperative
- Reconfirmed fit with strategic objectives & operational plans
- Set of committed business KPI's connected to Business objective and driver logic with baseline and targets

4.2.4 Development phase

This phase includes the *final development contract gate* which opens the upcoming *final development phase.* The overall purpose with the final development contract gate is to freeze the solution and sign the contract. An approval of deviations is made to support business drivers, approval of project KPI´s relative to business KPI´s and also approval of final Business Case including operations and maintenance costs.

Main activities

- Routines and responsibilities for review and follow up
- Risk assessment and sensitivity analysis
- Timeframe
- Fit with Strategic Objectives & Operational plans
- KPI's connected to Business objective and driver logic with baseline and targets
- Business change imperative
- Function fulfillment
- Cost-benefit assessment

4.2.5 Final development phase

This phase includes the *user launch gate* which opens the upcoming *industrialization phase.* The overall purpose within this phase is to approve that the solution is ready for user validation tests. Reconfirmation of project KPI's ability to indicate fulfillment of business KPI's is made and reviewing the first measurement of project KPI's and reviewing the fulfillment in key functionality/intended to-be process to secure business objectives.

Main activities

- Review of key functionality
- Review of KPI's
- Review of fulfillment of to-be process to secure business objectives
- Approve the solution is ready for validation tests

4.2.6 Industrialization phase

This phase includes the *release gate* which opens the upcoming *deployment phase*. The overall purpose is to approve that the solution is ready for deployment and the organization is ready to receive it. Further, the purpose with the release gate is to function as a yardstick to be used for reviewing the measured project KPI's and assessment of fulfillment in key functionality/ intended to-be process to secure business objectives.

Main activities

- Review of key functionality
- Review of KPI's
- Review of fulfillment of to-be process to secure business objectives
- Approve that the solution is ready for deployment

4.2.7 Deployment phase

This phase includes the *end gate* which opens the upcoming *follow-up phase*. The overall purpose is to secure that approvals are made regarding that the solution contents and deployment are achieved according to the contract, hand over the responsibility to the maintenance organization, and close the project. As for the release gate, the end gate functions as a yardstick to be used for reviewing the measured project KPI's and assessment of fulfillment in key functionality/ intended to-be process to secure business objectives. Main deliverables is a potential updated Business Case based on corrective actions decided by steering committee and approved by project sponsor and steering committee.

Main activities

- Review of key functionality
- Review of KPI's
- Review of fulfillment of to-be process to secure business objectives
- Approve that contents and deployment are achieved according to the contract, hand over the responsibility to the maintenance organization, and to close the project

4.2.8 Follow-Up phase

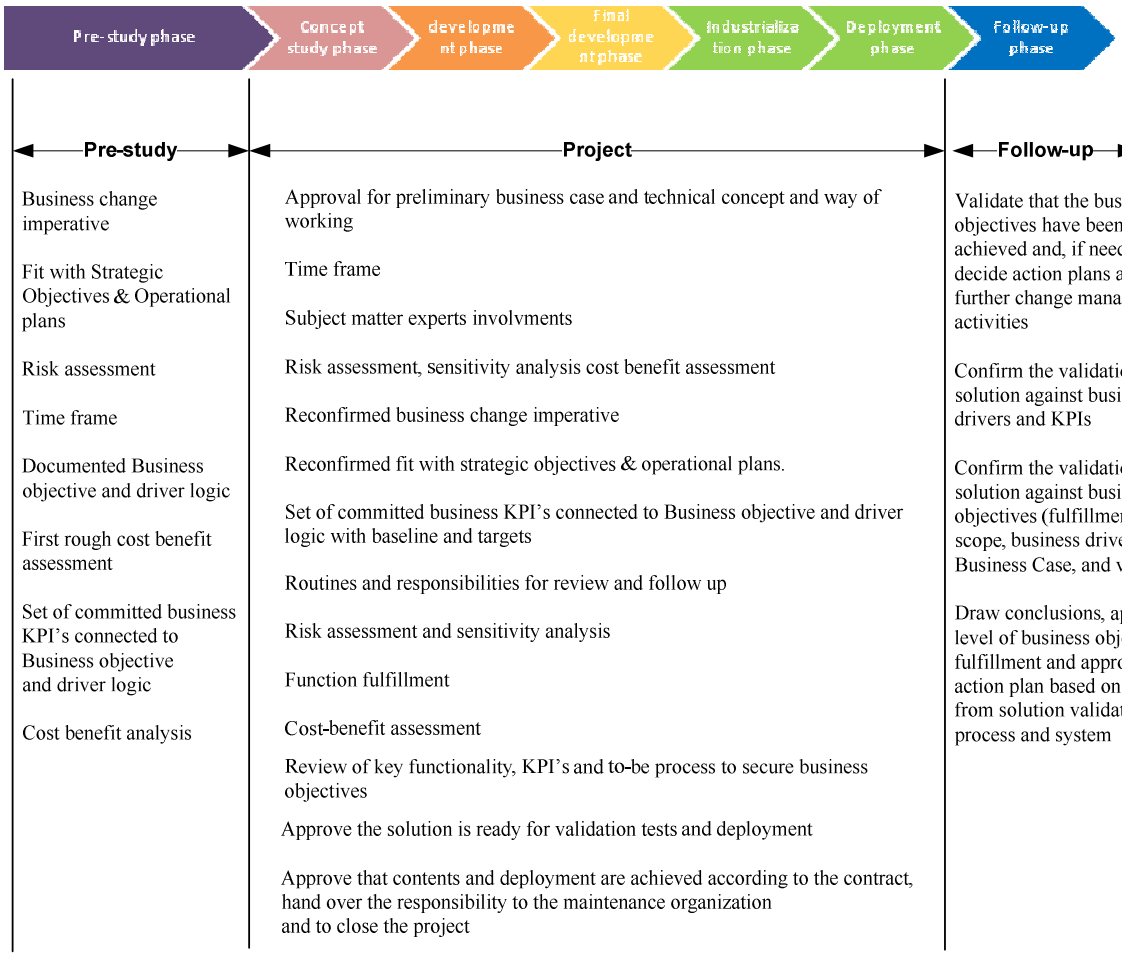
This phase includes a *follow-up report* which is the final activity. The overall purpose of the gate is to validate that the business objectives have been achieved and, if needed, decide action plans and further change management activities. Validation of the solution is made against business drivers and KPI's confirm the validation of solution against business objectives (fulfillment of scope, business drivers, KPIs, Business Case, and vision) and to draw conclusions, approve level of business objectives fulfillment and approve action plan based on results from solution validation, i.e. process and system. A performance report (follow-up report) should be produced within this phase.

Main activities

- Validate that the business objectives have been achieved and, if needed, decide action plans and further change management activities
- Confirm the validation of solution against business drivers and KPIs
- Confirm the validation of solution against business objectives (fulfillment of scope, business drivers, KPIs, Business Case, and vision)
- Draw conclusions, approve level of business objectives fulfillment and approve action plan based on results from solution validation, i.e. process and system

4.2.9 IS-GDP according to a project life cycle

This is a summary of the activities performed within each phase of the IS-GDP process and in relation to the existing business case framework.



4.1 Result

This is a summary of all the interviews. The respondents represent two business units within Volvo; Volvo 3P – the customer and Volvo IT – the supplier. The respondents on the supplier side are divided into three areas; new development, account manager and maintenance. The respondents are represented in table 5.

Respondent	Role & Responsibility
Customer side	
C1– Volvo 3P *Global process & IT Manager*	Global Process & IT Manager for purchasing of all IT- systems and processes within Volvo. He is also roadmap owner for all projects.
C2 – Volvo 3P *Global process & IT Manager*	Global Process IT Manager for business support, that includes finance, HR, product planning, cross applications etc.
Supplier side – new development, account manager and maintenance	
ND1 – Volvo IT *First line manager*	Overall responsible for an organization in terms of develop the business and customer relations together with account manager, reaching targets, support the development of employees, etc.
ND2 – Volvo IT *IT project manager*	The IT project manager is leading a temporary organization, which may cross organizational boundaries, which will deliver a unique final result or end product. The work is limited in time and cost and done within a defined scope. The project can include stakeholders and deliveries in different countries, this type of project is considered a "global project" by Volvo IT.
M1 – Volvo IT *Maintenance Manager*	The Maintenance Manager is responsible for an application; its maintenance, enhancement, quality, economy and lifecycle. Planning, as well as the delivery and support of it.
M2 – Volvo IT *System developer & System analyst*	Programming, analysis, pre-studies, specification of requirements etc.
A1 – Volvo IT *Account Manager*	The Account Manager is responsible for building and managing customer/business relationship for a selected customer or part of customer. The Account Manager shall be the customer's single point of commercial contact and represent the customers' interests in business relationship with Volvo IT. Focus on delivery of existing business agreements and fulfillment of customer expectations.

Table 6: Presentation of the respondents

4.1.1 Business Benefits

Most of the respondents used the word efficiency when they described business benefit. The customers described business benefits as:

> *"… Something that helps the business conducts its daily activities" (C1)*
>
> *"…how efficient we can use our business" (C2)*

C2 thinks of business benefit as the required support that enables the business to deliver their products. C1 says that business benefit shall be an efficient process.

A1 points out the importance of measurability and he is of the opinion that business benefit has to be measureable targets, which clearly show that it either makes something better or more efficient.

> *"Business benefits can be a very fuzzy area but one must be able to show what the outcome is" (A1)*

A1 is aware about that his answer may differs from an answer from a business consultant, but that the purpose of Volvo IT is to sell consultants and to improve.

> *"The most important is more efficient flow and a better finished product, what happens in between does not matter" (A1)*

ND1 considers business benefits as efficiency and quality, to shape up the flow in a business. That is why Volvo IT exists – to provide process support.

> *"We provide benefits when we can speed up and simplify a business process to a lower cost and with higher quality" (ND1)*

Business benefits for ND2 can for instance be what a customer can obtain from an IT-system. What the business case expresses as a benefit shall be benefits to the business, that is, bring something back to the business.

M1 and M2 consider that business benefit is to do as good applications or systems as possible. The system shall facilitate and simplify the work for the business.

4.1.2 Roles & Responsibilities

Pre-study

A common answer from the respondents is that the business project manager is the one that is responsible for all the benefits. No one answered that appointed roles exists in that sense that there is someone who is responsible for each benefit.

C2 answers that the business project manager runs the project and is thereby responsible for the final result; the process owner is the owner of the benefits. C1 would say that the business project manager is the change owner and that the process owner is the benefit owner.

According to ND1, it is rare that the owner or the responsible manager have the role as project manager and that he rather sees a project manager who will not quit after the project is finished.

> *"The person responsible for the process should have a clear idea of what the business changes contributes to in order to understand the process he/ she is responsible for" (ND1)*

There are some different opinions regarding how early Volvo IT shall participate as a supplier in the pre-study gate. All respondents, both from the customer side and supply side seem to agree that Volvo IT do bring value, in one way or another. The opinions differ regarding how much value and if it is worth the cost. One of the customers says that Volvo IT sometimes participates in the pre-study, but that they also wants to be paid for it. Normally they are involved after the CIG gate. C2 is of the opinion that Volvo IT does not need to participate at an earlier stage since the business (customer side) is the one who has to be responsible for the business change. The account manager always participates at an early stage and hears the 'corridor chat'.

> *"It entails an improved delivery if an IT project manager from Volvo IT participates who understands the identified benefits" (C2)*

Volvo IT tries to sell their services at an early stage and sometimes their business consultant gets the role of business project manager who helps the customer with roles and resources. This is according to ND2 the result of 3P being undermanned. He is of the opinion that it is an advantage for everyone if Volvo IT participating at early stages since they know IT in a way that the costumer do not. They are also familiar with the customer's purchasing processes and tools. A1 answer that it is a lot of roles participating from the start, but the focus is on business consultants and business analysts. There are stakeholders involved like himself, CIO for purchasing or reference persons who represent other companies. ND2 do not think there is a need of additional roles as long as everyone is in place and working according the framework.

ND1 wishes for better insight in the benefits identification phase. They would do a better job he thinks, if they were able to improve the understanding of the underlying requirements and needs. There is a clear ambition at Volvo IT and 3P to co-operate as early as possible

Project

As mentioned above, they refer to the project manager as responsible for the benefits during the project. C1 says that the project manager manages the benefits during the project and reports to the steering group. The steering group owns the result and is responsible for the budget.

After Project

ND2 thinks it can be a problem when the project team consists of persons from maintenance side who at the same time is going to maintain the system afterwards. If something comes up at maintenance, those people become unavailable to the project. This is very hard for a project manager who has to puzzle with half-time employees. This leads to lower quality and he wishes for full-time resources.
Maintenance is of a different opinion since they want to participate in the project to get good insight in the system they later are going to maintain. The costumers consider that maintenance should be more proactive and that handshaking should take place earlier in the project, and they should suggest cheaper and more efficient solutions.

4.1.3 Process

Pre-study

The identification starts with a written request from the business with and an approximately estimate. The pre-study focus on defining the present situation 'as-is' in order to map the processes and then define a 'to be' situation. The project leader and the process manager define the 'to be' situation. Volvo IT sometimes assists within the pre-study phase which includes the business case.

C1 says that the to-be discussion is based on their strategy with long-term directions where they want to be in 10 years. They discuss the required methods and activities which result in an activity plan.
According to C2, when planning a new system there is a lot of focus on product cost, how it will be done, what the benefits are and what the demands are for the future. This is done together with the business.

C1 are of the opinion that they are better in measuring efficiency projects than cost projects. He thinks they can be better in measuring the more 'softer' benefits.

"I know what soft benefits I want to measure, but I don't know how" (C1)

The majority of the respondents think it would be easier if they could measure the benefits to a greater extent that they do today. They also points out how hard it is to estimate an outcome of a project. According to C1, it is important to measure the benefits to understand and to motivate why the specific change is required. He asks for an easy tool because of the high personnel turnover.

> *"When you are going to do something, it is always a problem to explain why you should do it." (C1)*

A1 considers that it is important to show that IT brings value to show that IT is not just about complex solutions.

> *"In order to convince a person on management level, you have to be well prepared. If you can't show the actual value, he will never "open a gate" worth several millions" (A1)*

The business case is created of one or several business consultants. A1 thinks that they can improve the preparations and have a clearer business case since those often are done in a slovenly manner.

> *"...it is always speculations; everything depends on how it will be received in the business. Somehow information is required that can influence the decision." (A1)*

ND2 asks for sharper business cases that are measurable since they often are pretty fuzzy.

> *"Above all, we need to go through the business case more often, but there is not enough time. One put something together at the start, makes estimations and then continues in hope that it becomes something good" (ND2)*

It is always hard to do an early estimate of cost and time, and Volvo IT often argues about if they shall give an estimate or not. It is often a rough estimate in combination with a guessing.

> *"In the end, the customer always wants an estimate, but the problem is that the customers takes the first estimate and see that as truth" (ND2)*

Several respondents consider it particularly hard when building a new system. It is difficult when the executive just sees a high cost instead of high value. ND1 says that you know you are going to earn some money but not how much. The projects use to be successful when they succeed with the scoop and anchor it well with the customers.

> *"We need someone who identifies what the real problem is in order to analyze it. When this is made successfully and a lot of energy is putted into the pre-study, the project would mostly have a successful outcome" (C1)*

Project

According to the respondents, they are measuring quality, delivery, cost and feature in the IS-GDP. ND1 points out that these measurements of the project not necessarily are the same as the business benefits. He asks for measure points in the business processes that always are visible in order to constantly be able to monitoring progress and see if it works out as expected. He wants to see a co-operation between the project manager and the main requirement customer.

According to ND2, it is the customer who is responsible for the benefits during the project. They are often overloaded with various projects and ND2 cannot really say how well the follow-up of the benefits works.

At Maintenance they experience that the typical money things are being measured and that is what the customer is concerned about. What they can measure is the requirements to test if these meet what was intended, but this is nothing they often do.

After Project

There is a new gate in the IS-GDP called follow-up report. According to C1, the process owner and process manager shall do a follow-up 6 months after the project has been realized. If the benefits have a longer realization time, C1 owns that plan or program that involves education and activities. C2 says that the steering group chairman shall not leave his or her role before the follow-up report is done. Theoretical he or she is responsible for the report being produced.

According to C2, Follow-ups only is performed in the bigger projects where the outcome has big business impact and there is lot of change management needed. There are calculations in the business case of how one shall get refund after four years but C2 do not think this is followed up.

ND1 knows about the follow-up report but has not seen anything of it this far.

> *"…the way it works for the moment makes it feel like one focus more on costs than benefits and incomes. But there are tendencies indicating that one are going in the right direction and want to see it in a long-term perspective" (ND1)*

According to A1, they rarely follow up a delivery in order to evaluate. What they do is a white book and a project evaluation, but it is rare with feedback unless something is wrong. Volvo IT performs a customer evaluation after 6 months, but A1 thinks this is too early.

> *"I think one should do more in-depth studies maybe after a year or 6 months, in order to see if what you built is working properly. This would make it possible to compare the business case to the actual result. There are few persons today who do such of follow ups - from both sides" (A1)*

> *"I think it is a weakness that one does not follow up the business case. This is only done if something goes wrong, which is a pity. We should become better in this area and conduct interviews with people regarding how they experience it - this softer check" (A1)*

ND2 says that those estimates done in the business case shall be followed up after the project in end gate. There is also a final report of the own business performance. You do look in the white books if you know that someone have accomplished a really good project but it is rare that you in an active way search for the white books. You can do it in the new knowledge database 'lessons learned'. ND2 thinks that the follow-up is poor and that the business project managers should take a comprehensive view in order to see if he or she has reached the business- and IT change that the business case stated.

C1 says that the white books that are written within the end gate are mostly utilized by Governance. C2 considers that the biggest lesson comes from the people. You do not look in the white books that much.
Instead of trying to learn retroactive in order to secure a delivery, you pick some key persons. These people are often informal leaders with lot of experience and power. They work as thermometers who can decide if something will work or not. In old industrial concerns like Volvo, there exist a lot of phenomena that you cannot find in the books.

4.1.4 Reflections from the respondents

C2 is of the opinion that they are good in taking care of the benefits and are improving by measure the outcome.

> *"The awareness can be found but the lack of time and money is so evident that only the well thought-out projects are carried out" C2*

Because of the lack of recourses together wit lot of requests, C2 thinks it would be great if one could choose between those that measure the most business effect.

C2 thinks they in an early stage could be better in establishing the effect of a change in order to decide if it is better to reschedule a project. Sometimes they do not know where in the organization the changes is going to be apparent, which theoretical means that three different projects with three different functions could affect same individuals. Projects can be successful but the effect could be unsuccessful as a result of too many changes in the business. C2 point out that you often forget the adaption time and theoretically you can do a project in two months but in order to get the effect you need do plan activities for six months. It is often hard to motivate that extra time and results in something between.

C2 are satisfied with the relation between them and the account manager and group manager at Volvo IT and thinks it gives a great synergy effect.

A1 sees possibilities in improving and go through how to measure the value of IT systems. IT costs are boring to most people and it can be hard to see what it generates. There are potential improvements in communicating in different ways and to see what the value is and to evaluate more. The solution is sharper business case that really shows the value. Volvo IT has the responsibility to do better inexpensive pre-studies.

> *"It is a pity that you always talk about cost as something negative, it can also be positive as long as it delivers value" (A1)*

> *"IT is a really boring subject to those who do not work with it. How can you express yourself in a way that people will understand?" (A1)*

ND2 wish that the customer participate more active in the pre-study. Both the customer and Volvo IT need more resources. ND2 says that it often is a lack of understanding in what is required to implement IT and why it cost that much. Volvo IT need to be better in producing use cases that the customer can understand.

> *"I think communication is number one; it is always within this area something goes wrong. If it crashes it is often due to the fact that we haven't been able to understand each other" (ND2)*

Analysis

This chapter makes a comparison between activities and achievements within the Benefits Management process and Volvos current working routines within projects. The analysis serves as the basis for our discussion which enables us to draw conclusions that will give answer to the questions of this thesis.

5.1 A comparison between activities within Benefits Management process and Volvo projects

The Benefits Management process developed by Ward & Daniel (2006) could be seen as a learning process, since it is an ongoing iterative process with a concluded phase, see step 5 in figure 22, which serves as the basis for future projects.

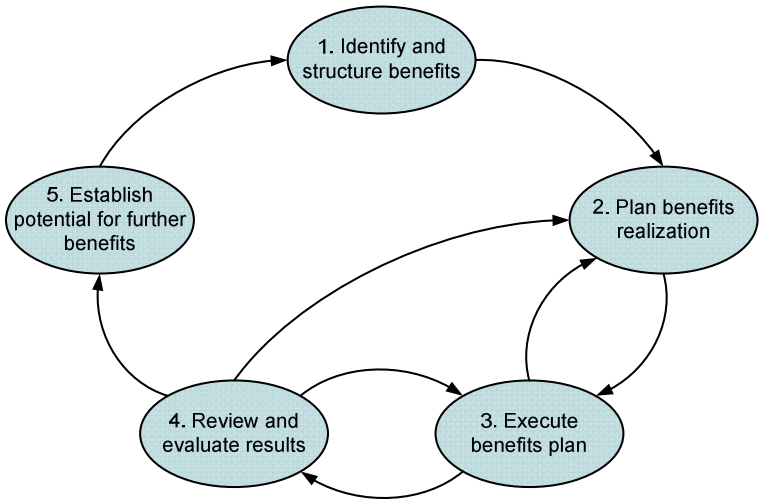


Figure 22: Benefits Management process (Ward & Daniel, 2006)

IS-GDP developed by Volvo could be seen as a sequential process, with a clear starting and end phase. There are seven phases within this model, each with different purposes and deliverables. The deliverables are stated within the Business Case that grows and develops along with the project. The Business Case are an optional plug-in in the IS-GDP and are included in our comparison.

Figure 23: IS-GDP process

To be able to map IS-GDP to the Benefits Management process (Ward & Daniel, 2006), we have studied the main activities within the Business Case which is aligned to IS-GDP and have come up with the below structure. With consideration to the benefits handling throughout a project according to IS-GDP and the adherent Business Case this is a proper mapping, see figure 24.

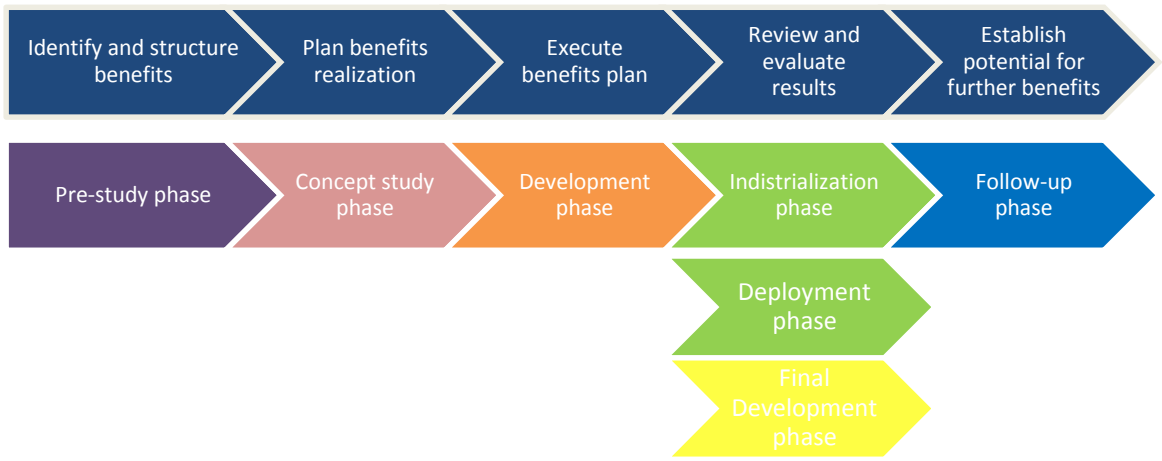


Figure 24: IS-GDP mapped to Benefits Management process

The following sections will give support to our partition made in figure 24. In the following sections similarities and deviations will be highlighted, and in chapter 6 we will discuss to what extent it is possible for Volvo to apply the Benefits Management process as a part of their current working process, based to our findings.

5.1.1 Identify and structure benefits

According to the Benefits Management approach the main activities in this phase is to analyze the drivers to determine the investment objectives, identify the benefits and establish ownership for those benefits. Business and organizational drivers are views held by senior managers as to what is important to the business – in a given timescale – such that they feel changes must occur. Identifying the potential and achievable benefits involves an iterative process of establishing investment objectives and the business performance improvements that the technology and associated changes could deliver. Having agreed the investment objectives, it is then possible to consider the business benefits that will be realized. It is also important to identify any organizational issues or implications for particular stakeholder groups that could hinder or even cause the project to fail. Within this stage a first-cut of a business case is also produced. Cancelling project should always be a business decision based on a benefit-cost assessment that gives information about what it is worth spending to get the benefits (Ward & Daniel, 2006).

Within the pre-study phase in IS-GDP, the first part aims at developing the project vision and conducting the diagnosis. The business case presents business value in terms of business objectives and drivers. It is also within this phase that necessary business changes are stated, and a fit with strategic objectives and operational plans should be delivered. More to deliver are a high level risk assessment, documented business objective and driver logic, and finally a first rough cost benefit assessment. This involves all the indentified stakeholders and the deliverables are produces through interviews or workshops. This is where a project gets approved or disapproved. If the project vision is approved possible solutions to the existing problem is worked through. In addition to the previous deliverables that are updated in this stage, a high level timeframe is stated and also a set of committed business KPI´s [1]should be produced that should be connected to business objective and driver logic[2]. The previous cost

1 Business KPI: A KPI to measure how well the set business targets are/will be met in relation to a base point
Project KPI: A KPI to measure how well the project fulfills its project targets

[2] Driver logic/Driver: Underlying fundamentals that must become an inherent part of daily business operations to reach Business Objectives

benefits assessment is then developed to a rough cost benefits analysis. This involves business representatives and pre-study team participating in interviews and workshops, and an anchoring with key stakeholders are also taking place. Reviews are then made concerning how well the proposed solutions support the key business drivers. Reviews on main assumptions and associated risks that frame the business case per solution are also made. This is the end of the Pre-Study Phase and this is when the project starts. The gate opens the Concept Study Phase which aims at gathering the detailed arguments to decide the solution to choose and decide ways of working (Volvo Violin, 2008).

1. Identify and structure benefits		
Activities and achievements	**Benefits Management process (Ward & Daniel, 2006)**	**Volvo project process (Volvo Violin, 2008)**
	Identified similarities	
Control of actions aligned to strategy	Driver analysis; the main reason for the required changes. Must fit with organizational aims	Present business value in terms of business objectives and drivers Fit with strategic objectives
Project goal	Establish investments objectives (organizational targets)	Business KPI´s connected to business objective
Benefit identification	Identification of potential and achievable benefits	Present business value of the request
Stakeholder identification	Map out stakeholder implications	Key stakeholder identification and involvement
	Identified differences	
Ownership establishment	Establish ownership to benefits	
Benefits assessments		Cost benefit assessment
	Benefit cost assessment	

Table 7: A comparison between theory and practice: Identification and structuring benefits

5.1.2 Plan benefits realization

The main purposes of this stage are to develop a comprehensive benefit plan and a business case for the investment, which will be submitted to management for approval. Like any plan it includes activities, responsibilities, timescales, resources and deliverables, but a very important part is a clear description of the relationships and dependencies that are critical to achieving the investment objectives. This step includes determine the changes required for the delivery of each benefit and how the IS/IT development will enable these to occur. The main result from this activity is the benefits dependency network. It is designed to enable the investment objectives and their resulting benefits to be linked in a structured way to the business, organizational and IS/IT changes required realizing those benefits.

Finalizing the measurements of benefits and changes should be done, and an obtained agreement of all stakeholders to responsibilities and accountabilities, a benefits plan and an investment case should be produced (Ward & Daniel, 2006).

From a Volvo perspective one final solution must be decided upon and technical concept and way´s of working must be approved. Approvals regarding that the current solution will support the key business drivers which in the end of this phase will lead to an approval of a preliminary business case. This is where IT comes in as a part of the project, and together with other subject matter experts regarding process and business they participate in interviews

and workshops. Anchoring with key stakeholders is also taking place. Deliverables from this work is a reconfirmed business change imperative, fit with strategic objectives and operational plans, committed business KPI´s connected to business objective and driver logic, function fulfillment, risk assessment, sensitivity analysis and timeframe (Volvo Violin, 2008).

2. Plan benefits realization		
Activities and achievements	**Benefits Management process (Ward & Daniel, 2006)**	**Volvo project process (Volvo Violin, 2008)**
	Identified similarities	
Activity planning	Planning how to carry out the activities	Technical concept and way of working
Time planning	Timescales	Timeframe
Imperative and eligible measures	Measurements of benefits and changes	Reconfirmed business change imperative. KPI's connected to Business objective and driver logic with baseline and targets
Risk- and dependency planning	Critical relationship and dependencies, which could hinder achievement of the investment objectives	Risk assessment and sensitivity analysis Fit with Strategic Objectives & Operational plans
Specialists involvement	IS/IT specialists involvement, for effective sharing of knowledge to business manager	Subject matter experts involvement
Stakeholders involvement	Obtained agreement of all stakeholders	Anchoring with key stakeholders
	Identified differences	
Structuring benefits	Create dependency network	
Benefits planning	Comprehensive benefits plan	
Responsibility assignment	Clearly defined and agreed responsibilities for delivery of benefits and changes	

Table 8: A comparison between theory and practice: Planning the benefits realization

5.1.3 Execute benefits plan

The main activities in this stage are to manage the change programme and review progress against the benefits plan. Monitoring progress against the activities and deliverables of the benefits plan is just as important as for the IS/IT development plan. It may be necessary to establish interim targets and measures to evaluate progress towards milestones or the final implementation. Further benefits may also be identified and equally it may be apparent that some benefits are no longer feasible or relevant (Ward & Daniel, 2006).

Development and final development phase within Volvo means to freeze the solution and sign the contract. Risk assessment and timeframe are also included in this phase, as well as approval regarding project KPI´s relative to business KPI´s. Within this stage an approval of a final business case should be made that includes operations and maintenance costs, fit with strategic objectives and operational plans should also be delivered. Roles involved in this work are subject matter experts as earlier concerning process, business and IT and also the project team. Anchoring with key stakeholders and a rough cost-benefits assessment are also taking place (Volvo Violin, 2008).

3. Execute benefits plan		
Activities and achievements	**Benefits Management process (Ward & Daniel, 2006)**	**Volvo project process (Volvo Violin, 2008)**
	Identified similarities	
Review	Review against benefits plan. Necessary adjustments, regarding issues and events affecting viability.	Risk assessment and sensitivity analysis. Timeframe
Monitoring	Monitoring progress against activities and deliverables	Fit with Strategic Objectives & Operational plans
Measures	Establish interim targets and measures, to evaluate progress toward key milestones	KPI's connected to Business objective and driver logic with baseline and targets Business change imperative Function fulfillment
	Identified differences	
Assessment		Cost benefit assessment
	Benefit cost assessment	

Table 9: A comparison between theory and practice: Execution of the benefits plan

5.1.4 Review and evaluate results

The purposes of a benefit review involve both assessment of the investment itself and organizational learning. The main activities in this step are to formally assess the benefits achieved or otherwise initiate action to gain outstanding benefits where feasible. The evaluation should involve all key stakeholders and it must be an objective process with future improvements in mind, and not a way of allocating blame for past failures. Identification of lessons for other projects is also part of this stage. A formal review should be made regarding what has and has not been achieved after the new technology, system and business change has been implemented (Ward & Daniel, 2006).

Approval regarding that the solution is ready for user validation tests is made and the Industrialization Phase aims at performing the user validation tests and finalizing the

preparations for deployment. This is where the reconfirmation of project KPI's ability to indicate fulfillment of business KPI's is made, reviewing the first measurement of project KPI's and reviewing the fulfillment in key functionality/intended to-be process to secure business objectives. The work within this phase, function as a yardstick to be used for reviewing the measured project KPI's and assessment of fulfillment in key functionality/ intended to-be process to secure business objectives. Main deliverables is a potential updated Business case based on corrective actions decided by steering committee and approved by project sponsor and steering committee (Volvo Violin, 2008).

4. Reviewing and evaluating results		
Activities and achievements	**Benefits Management process (Ward & Daniel, 2006)**	**Volvo project process (Volvo Violin, 2008)**
	Identified similarities	
Review and evaluation	Evaluation (objective process) with all key-stakeholder, with focus on what benefits has been achieved or has not yet been achieved and why.	Review key functionality Review of KPI´s
Further- and corrective actions	Identify further actions to deliver benefits	Fulfillment control of to-be process to secure business objectives Potential updated business case due to corrective actions as a result of the performed review
	Identified differences	
Organizational learning	Formal review to identify lessons for other future projects	

Table 10: A comparison between theory and practice: Reviewing and evaluating the results

5.1.5 Establish potential for further benefits

As Ward & Daniel (2006) points out, it is difficult to predict all of the benefits of a system in advance. Some benefits may not occur until a certain change within an organization has been made, and then it is very important that this change is managed in a proper and right way. To be able to predict some potential future benefits, it is important to identify additional improvements through business changes. This should be, as mentioned earlier, a creative process, involving the main stakeholders and any others who can contribute, using the increased knowledge now available to identify new opportunities and the benefits they offer.

The follow-up phase within Volvo involves validation of the achieved business objectives and if needed produce action plans and further change management activities. Deliverables at this stage is a performance report that should contain positive and negative results from the project, a validation of solution against business drivers and KPIs, confirm the validation of solution against business objectives (fulfillment of scope, business drivers, KPIs, Business Case, and vision) and to draw conclusions, approve level of business objectives fulfillment and approve action plan based on results from solution validation, i.e. process and system (Volvo Violin, 2008).

5. Establishing the potential for further benefits		
Activities and achievements	**Benefits Management process (Ward & Daniel, 2006)**	**Volvo project process (Volvo Violin, 2008)**
	Identified similarities	
Future improvements	Identify additional improvements and opportunities	Validate that the business objectives have been achieved and, if needed, decide action plans and further change management activities
Additional benefits	Identify additional benefits	
	Identified differences	
Review with stakeholders	Project review with main stakeholders	
Solution validation		Validation of solution against business objectives (fulfillment of scope, business drivers, KPIs, Business Case, and vision)

Table 11: A comparison between theory and practice: Establishing the potential for further benefits

Discussion

In this chapter we will discuss the result of the analysis together with the empirical material and the performed interviews. The discussion will serve as the basis to our conclusions that will give answer to the applicability of a Benefits Management process in practice.

Our main question regarding the applicability of a Benefits Management approach in practice, will be answered by help from the analysis of the different steps and activities, both within the Benefits management process as well as within the Volvos steering model IS-GDP and its aligned business case. To be able to manage benefits throughout a project it requires a clear and accurate definition of the benefit concept and an allocation of responsibilities regarding the identified benefits and the entailed changes. By this we will find out if and how it is possible to apply, integrate or manage a Benefits Management process in practice. The different findings from our analysis are discussed in the following section.

6.1 What is required for Benefit Management to be applicable in practice

Our analyze make awareness of that several activities of the Benefit Management approach not exists within practice. In order to make Benefit Management applicable in practice an adjustment of the benefit concept, roles and responsibilities and activities is required.

Non-existing activities, responsibilities and concept definition found in practice			
	Business benefit	**Roles and responsibilities**	**Main activities and achievements**
1. Identify and structure benefits	Intangible benefits Effective benefits	Benefit ownership Change Ownership Involvement of IS/IT specialists	Dependency network
2. Plan benefit realization		Responsibility establishment	Comprehensive benefits plan
3. Execute benefit plan			Benefits-cost assessment
4. Reviewing and evaluation result			Organizational learning
5. Establish potential for further benefits			Review with stakeholders

Figure 25: Findings from our analysis

Our findings from the analysis will further be discussed together with prior research and theory, the empirical material and the performed interviews. The discussion is divided in the following subsections; Business Benefits, roles and responsibilities, required main activities and implications for research.

6.1.1 Business Benefits

As Bannister (2001) points out, there is a lack of common definitions regarding benefits and value in the existing literature. Therefore we thought it would be of great importance to go over these conceptions with our respondents in this study, but also to clear out these conceptions to be able to accomplish our interviews from the right perspective. Is it like Bannister indicates, regarding "the eye of the beholder", or is there a common view of this within Volvo? In the business case material from Volvo, following definition of benefit can be found:

Benefits must link to the solution but they must also link back to the situational assessment and the key drivers/business target that initiated the project. Benefits from a new project could be identified according to their origins:

- ***Decrease cost,*** *is based on the fact that use of the new solution will have a lower cost than the old one.*
- ***Increase revenue,*** *is based on the principle that the new solution will provide more revenue than the old one.*
- ***Better asset utilization,*** *is based on that the new solution allows a more effective use of existing resources" (Volvo Violin, 2008).*

The respondents answered the following question: ***What is business benefit for you?*** Some of the answers were:

> *"…something that helps the business conducts its daily activities" (C1)*
>
> *"…how efficient we can use our business" (C2)*
>
> *"Business benefit can be a very fuzzy area but one must be able to show what the outcome is" (A1)*
>
> *"The most important is more efficient flow and a better finished product, what happens in between does not matter" (A1)*
>
> *"We provide benefit when we can make a business process go faster, easier, cheaper and with better quality" (ND1)*

All the respondents have a common definition and seem to agree that business benefits are something that ***efficiently supports the business, to a low cost with high quality.***

The respondent's definitions are very similar to the formal definition presented in the business case material. This shows that there is a common view within Volvo, and that Volvo most likely is aware of the conception problem and thereby has stated the above definitions in an attempt to avoid unnecessary misunderstandings.

According to Bennington & Baccarini (2004), benefits can be categorized in tangible and intangible benefits or in terms of efficiency and effectiveness.
Tangible benefits are quantitative and financial benefits and so called 'hard' benefits while intangible are the so called 'soft' benefits that only can be judged subjectively and tend to employ qualitative measures. Efficient benefits are those benefits that seek to reduce costs of performing a particular process by utilizing IT. ***Effectiveness*** benefits are ways of doing different things to better achieve the required results.

The definition of Volvo shows a limited view of business benefits in terms of tangible and efficient benefits. Several of the respondents expressed that they would like being better in measuring 'soft' benefits. Although there is a request for better manages intangible benefits, the definition today does not contain such values.

Traditionally, efficiency-oriented organizations are seen as ones that “do things right”, while effectiveness-oriented organizations are seen as “doing the right things” (Drucker, 1964, in Kwon et al, 2002). Effectiveness is conceptualized in terms of achieving organizational goals, whereas efficiency is conceived of as reducing inputs to produce a given output (Kwon et al, 2002).

To be able to improve potential benefits realization it is important to give space to not only tangible and efficient benefits. But as well as giving space for other benefits there must be a defined concept of the qualitative benefits, the intangible and effectiveness benefits. If those benefits are defined and understood by Volvo, in the same way as the current definition of their quantitative benefits, this would most likely contribute to an improved benefits realization process with an outcome of higher business value.

6.1.2 Roles and responsibilities

Doherty et al (2008) consider it a problem that it is more focus on ‘what’ rather than ‘how’ in practice. We see a little bit of this also in theory. The different approaches points out the importance of someone being responsible for the benefits – but do not always give answer to why and exemplify suitable persons or functions. Realization of added value must be seen as a management responsibility, and that identified benefits and burdens should be divided between the responsible managers (Swinkels, 1999). OGC (2008) advocates that for all benefit a profile should be built with purpose to describe all aspect of the benefits including ownership and measurement. Remenyi & Sherwood-Smith (1998) also advocates active stakeholder participation and that roles and responsibilities must be clearly stated.

According to the material with stated roles and responsibilities within a project at Volvo the project sponsor is accountable for benefits delivery, the steering committee is accountable for securing project goals and the project manager has the full responsibility to secure the success of the project. This could be a question of interpretation. The responsibility areas are allocated to specific roles, and this indicates a similarity of what Doherty et al (2008) points out, that there is more focus on ‘what’ rather than ‘how’.

Ward & Daniel (2006) stated two dominant responsibilities throughout the process - benefit owner and change owner. The benefit owner could be an individual or a group who will gain advantage from a business benefit and who will work with the project team to ensure that the benefit is realized. There is a risk by citing a large group of individuals as benefit owner, since that could slow up or prevent important decisions regarding for example benefits delivery when it comes to “what is in it for me”- situations. The change owner is an individual or group who will ensure that a business or enabling change identified is successfully achieved. The change owners may not be personally responsible for making the changes, but are accountable for the changes to be effected successfully. They therefore must be committed to the project to dedicate sufficient personal time and knowledge to planning and managing the changes, and influential enough to ensure the necessary resources are made available to carry out the change.

When our respondents answered the question regarding who is responsible for the benefits the prevailing answer was the project manager. No one answered that it exists appointed roles in that sense that there is someone who is responsible for each benefit. When we explained the concept of a benefit and change owner to one of the customer, he expressed that it is probably the process owner who can be seen as the benefit owner, and the project manager could be seen as the change owner.

If the project manager is responsible for both realizing the benefits and at the same time make necessary changes that enables a realization of the benefits that could be crucial since the number of benefits within a project could be many – hence the number of changes and affected units could be hard to keep track on.

As Ward & Daniel (2006) clearly express, the two different roles should have their interest and perceived commitment to the project. Since working in projects is very common within Volvo and probably any organization today, it is not unusual that one project member is involved in more than one project at the same time. This results in a competition of resources among projects. This probably becomes more critical when a resource is a key stakeholder or key person in one project and derby is very important to that special project. Such a person should probably not be authorized as a benefit owner since that person is recommended to have an active role in the project. On the other hand, this person may be the right person for being the benefit owner when it comes to personal gains or interests that could lead to a more successful result.
One from new development expressed how hard it is for a project manager who has to puzzle with half-time employees who constantly are pulled at different directions.

Management Control

The business case framework is a plug-in to the IS-GDP steering model and is stated as optional to use within a project. Within the business case framework there is something called Value logic; a description model that helps out to identify and express benefits that are realistic, trust worthy and possible to follow up that is created with purpose to planning and realizing benefits. This model should show *why, how, when* and *where* benefits are realized, and what part of the change delivery that will enable each benefit. All benefits must be connected to this logic, both measurable and non measurable benefits. The value logic has more than one similarity to Ward & Daniels dependency network in that sense of planning and tracking benefits and required changes needed to realize the benefits. Not one of our respondents mentioned Value Logic during our interviews, even if the subject was benefits management – from identification to realization.

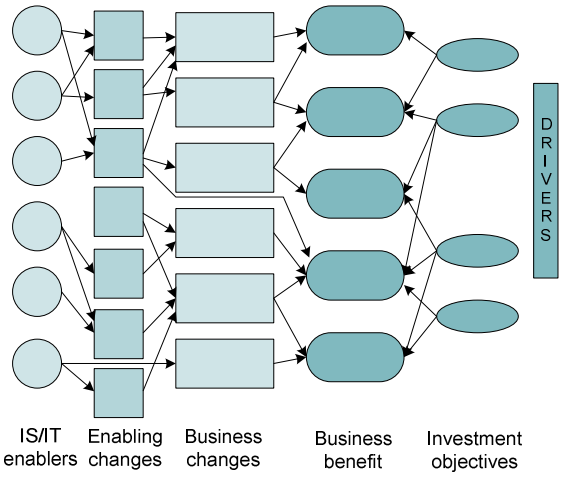
If something is optional to use, and lack of time and resources is on the daily agenda – it is not unexpected that a mandatory activity, will be down prioritized. If it at the same time really exist a want to improve the benefits realization - they have a ‘catch 22’ situation.

6.1.3 Required main activities

There are mainly three activities found in our analysis that we consider to be of great importance to be able to apply a Benefits Management approach at Volvo. These activities are based on main activities and mindset which are advocated by Ward & Daniel (2006). The activities are also justified and based on current working situations and mindset at Volvo according to an as-is situation in combination to a desirable to-be situation experienced and expressed by our respondents.

Structuring benefits

The dependency network within the Benefits management (Ward & Daniel, 2006) helps out to trace the drivers, what is of importance to the business and thereby requires changes. Further on all benefits are stated with connections to changes required to realize those benefits which in turn is connected to what would be the new working routines to realizing those benefits. Then a connection is stated regarding what is required for managing the new way of working.



The benefits dependency network (Ward & Daniel, 2006)

The customer points out the great amount of requests and changes that comes into the organization which results in a great amount of work. At the same time they have limited resources, both financial and timing. This entails that they have to prioritize among all of the requests and thereby it is important to be able to measure the different outcome of all the incoming requests. Another important issue that sometimes is forgotten or overlooked is that an organization does not bear too many changes at the same time. One of the respondents at customer side requests improvements of establishing the effects of a change in order to decide if and when to continue with the project. Further the customer points out that sometimes they do not know where in the organization these effects will turn out, which theoretical means that three different projects with three different functions could have an effect on same individuals. Projects can be successful but the outcome and effect sometimes turns out not as expected as a result of too many changes in the business. Theoretically one can carry through a project in two months but in order to get the desired effect, activities for six months is required. It is often hard to motivate that a project requires these extra months

Several of the respondents point out the difficulty of estimating what the result of the project will be.

> *"Above all, we need to go through the business case more often, but there is not enough time. One put something together at the start, makes estimations and then continues in hope that it becomes something good" (ND2)*

Overall, they seem to agree that more times at the pre-study leads to more successful projects.

> *"We need someone who identifies what the real problem is in order to analyze it. When this is made successfully and a lot of energy is putted into the pre-study, the project would mostly have a successful outcome" (C1)*

According to Ward & Daniel (2006), each potential benefit should be as precise as possible about where in the business, or in trading partners, it will occur, in order to determine how it can be measured and who in the organization should be responsible for its delivery.

This dependency network could be a way for Volvo to structure their benefits and trace the entailed business changes within the organization. This approach could help to prioritize and displace some projects as a result of a better insight of the different affected business function. Since we found that some of the conceptions differ between the dependency network (Ward & Daniel, 2006) and Volvo we have clarified this in table 12. The table shows the activities and contents within the dependency network mapped to what we consider to be the corresponding activities and content within Volvo.

Benefits Management concept		Volvo concept
Drivers What is important to the business such that changes must occur.	Corresponding to →	**Business Target** What is important for the business expressed in measurable business objectives terms.
Investment Objectives What the situation should be on completion of the investment	Corresponding to →	**Business Objectives** Defined targets to the business
Business Changes The new way of working that are required to ensure that the desired benefits are realized	Corresponding to →	**Drivers** Expresses the underlying fundamentals that must become an inherent part of daily business operations to reach business objectives.
Enabling Changes These changes are often 'one-off' changes that are necessary to achieve the required business changes	Corresponding to →	**Key Functionality** A generic definition of the enabling functionality/performance that is needed to realize the future ways-of-working.
IS/IT enablers Information system and technology required to support the realization of identified benefits and to allow the necessary changes to be undertaken		

Table 12: Activities of the dependency network mapped to Volvo's activities and concept

Benefit assessment

There is a vast focus on costs within practice. Of course you need to be well aware of the financial parts, but if that stops an investment that in the end would bring value to the organization – something needs to be clarified. According to the maintenance at Volvo the benefit identification starts out when their customer realize that something need to be changed. When the customer has figured out what they want to change, the customer involves maintenance. This has in most cases to do with saving money. Maintenance experiences that the biggest benefit of a change for the customer is to reduce costs and thereby saving money. If the changes are good or the user becomes happier and more satisfied is this nothing that is prioritized if there is no money to save.

In the pre-study phase within IS-GDP, a *cost*-benefit assessment should be delivered. This is according to Ward & Daniel (2006), the most common way to assess benefits and costs which asks whether enough benefits can be found to justify the expected costs. To apply a benefits management process in practice, Ward & Daniel advocates the reversed assessment so called *benefits*-cost assessment. This assessment gives answer to what it is worth spending to get the benefits.

The Benefits Management process (Ward & Daniel, 2006), offers a sufficient guidance with enough flexibility that makes it possible to an organization to integrate the process with existing methods and tools. Ward & Daniel (2006) advocate an active participation of stakeholders during the process, since it is important that all the stakeholders understand what the benefits are and how to realize each of them. An adoption will require more resource involvement which could imply higher costs. Brown (2005), points out that one of the factors

that tends to work against an adoption of many IS/IT evaluation models, tools and methodologies are heavy demand on staff resources for special skills.

We consider that one cannot see an involved resource only as a cost – one need to look beyond that to be able to see what the outcome and effect would be if the investment takes place. Higher costs as a result of striving towards an improved benefits realization should be seen as an investment rather than a cost that in the end brings value to the organization.
Ward & Daniel (2006) points out that additional management costs often can result in reduction of other costs – particularly IT costs, shown in figure 26.

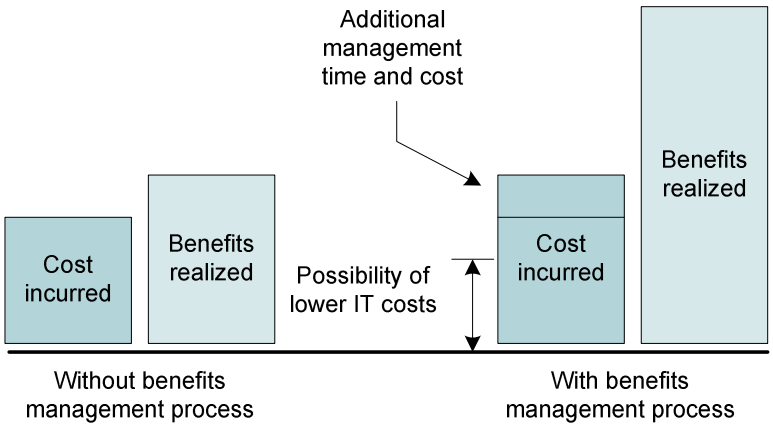


Figure 26: The Value of Benefits Management (Ward & Daniel, 2006)

According to Ward & Daniel (2006), the reduction of other costs can be of three reasons; a robust benefits plan early in the investment cycle identifies projects that do not yield sufficient benefits which imply those projects can be stopped before significant sums are spent. The logic of the network that ensures that all activities in the project are driven by business needs helps to develop new systems that actually deliver value to the organization. The third reason, is that sometimes by adopting this Benefits Management approach investments in new IS/IT systems is not necessary, since the defined benefits is possible to gain only by making changes to working practices.
One can probably not be penny-wise and pound-foolish when it comes to benefits management.

Review and organizational learning

The full implementation of the new IS/IT and business changes, the achievement of the business case and benefits plan should according to Ward & Daniel, (2006) be formally reviewed. This should involve all the stakeholders and the output of the review are three ‘reports’, see figure 27.

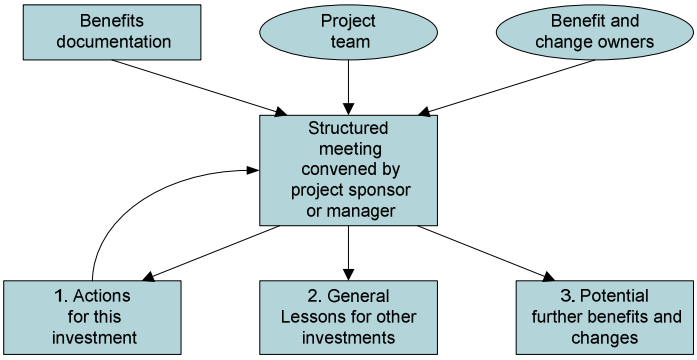


Figure 27: Main elements of the benefits review process (Ward & Daniel, 2006)

1. A full review of the investment in terms of benefits realized and any actions still outstanding to achieve the business case.
2. A summary of the lessons learned that may benefit future investments.
3. A report describing the further potential benefits now available and actions that have been put in place to examine them.

The evaluation of a project within Volvo is based on cost, time and quality. The follow-up report is a new routine within IS-GDP. This report is a performance report that should be produced approximately six month after project delivery. This report should contain information regarding to what extent the changes has met the before stated criteria.

This is not done in every project, only in large scale project with great business impact. A common opinion among the respondents is that there is a need for improvements regarding the follow-up.

> *"...the way it works for the moment makes it feel like one focus more on costs than benefits and incomes. But there are tendencies indicating that one are going in the right direction and want to see it in a long-term perspective" (ND1)*

The estimates done in the business cases should be followed up at the end gate. The respondents indicate that this is something that is not prioritized. One respondent said that the follow-up is poor and that the business project managers should take a comprehensive view in order to see if he or she has reached the business- and IT change that the business case said.

> *"I think it is a weakness that one does not follow up the business case. This is only done if something goes wrong, which is a pity. We should become better in this area and conduct interviews with people regarding how they experience it - this softer check" (A1)*

As mentioned the respondents has a wish for better and clearer business cases. With clearer business cases it would also be easier to do a proper follow-up.

> *"I think one should do more in-depth studies maybe after a year or 6 months, in order to see if what you built is working properly. This would make it possible to compare the business case to the actual result. There are few persons today who do such of follow ups - from both sides" (A1)*

Before the follow-up phase within IS-GDP, a project closure is made. This could imply complications regarding involvement of key-stakeholders to an evaluation and post-implementation review. From a Volvo perspective the project ends when the responsibility is handed over to the customer:

The project closure could imply that some of the involved key-stakeholders are already committed to other projects which could entail that necessary or important knowledge and information will go lost. That knowledge could possibly be of such a character that it in the end would bring value to the organization.

Ward & Daniel (2006) point out that the review and evaluation of the results shall not just be an assessment of the investment itself, it shall also bring organization learning.
The purpose is to:

- Understand the reason why certain types of benefits were or were not achieved and provide lessons for further projects.
- Understand how to improve the organization's benefits management process for all projects.

It is important to learn how to improve the overall value that the organization derives from all its IS/IT investments, by learning from success and failure. Those generic lessons should be communicated to managers of other projects. A summary of the lessons learned that may benefit future investments, which should be communicated as soon as possible to all other current project sponsors and managers, and made available through updates to 'best practice guidelines' for future projects.

Volvo produces white books after the project but several of the respondents said that it is rarely that they make usage of them. One from the supply side pointed out that it sometimes happens if someone has accomplished a really good project, but an active search for white books is rarely. There exists a new database at Volvo called 'lessons learned'. The idea is that project managers by help from this database shall gain useful knowledge to improve work in future projects.

The current situation at Volvo is that there exists information and material to gain knowledge from, but the problem is to make people to read it. This is probably a question of prioritization and a result of not seeing the value beyond the cost. With limited time and resources, this is probably a typical thing that is being dropped. This should be a higher prior in the organization which will improve the overall value from the IS/IT investments. It should be clearer demands from top level management regarding the utilization of the reports from former projects.

6.2 Implications for research

6.2.1 The gap between thinking and acting

Our study has shown that the large gap that according to prior research exists between theory and practice is not that large as presented. There exist models within practice that are developed with purpose to express realistic and trust worthy benefits that are possible to realize and follow up. To realize those benefits this model shows why, how, when and where the benefits are realized, and what part of the change delivery that will enable each benefit. This also implies the stakeholder commitments necessary for the benefits realization process.

We do agree with previous research (Jones & Hughes, 2001) regarding the finite success of such methodologies. But in this case the methodology and tools already exists within the organization, and the adoption and usage is not yet established as a formal routine within projects. Thereby we have found another gap – the gap between thinking and acting within practice. More attention must be put on enabling and managing an adaptation of the existing models, instead of continuously developing new models with same purpose.

6.2.2 Flexibility of existing models and methodologies

Brown (2005) points out that each organization has their own developed methods and routines, and that the available tools and methods in science will find little support in practice if they are not aligned to existing culture and organizational aims.
This is of great importance since it should not come as a surprise to science that organizations of today have their own methods and tools. We generally believe that the theoretical models developed within theory must take this in consideration since large organizations such in this case Volvo, would probably not even consider to exchange or put their existing routines aside. If an adoption or application should be possible or successful, those methods and methodologies need to be flexible and dynamic which allows organization to integrate or apply new routines in a way that suits their existing way of working without risking that the whole business falls apart.

6.2.3 Organizations of today

It is common for organizations of today to function at a global level with business units around the world. In addition to this, business units could function within the same organization, each with their own structure and culture. This study shows an applicability of the Benefits Management approach by Ward & Daniel (2006) among two business units within the same global organization. What is important to take into consideration, is that the existing models and methodologies within practice in this case were common between those units and that they function within the same geographical area, which probably implies no drastic differences regarding their business culture. It would be interesting to study the applicability of a Benefits Management approach with a case study involving two or more organizations with different existing models and methodologies, and with different culture to see if this approach is a practical possibility even to a wider extent.

Conclusions

This chapter presents in a short and concise way the answers to our question; How Benefits Management is applicable in practice – regarding the process, responsibilities and the main activities.

The main purpose of this study has been to examine the applicability of a Benefits management approach in practice, and to illuminate the fundamental factors that are required, both from a practical and theoretical perspective. To be able to give answer to the applicability of a Benefits Management approach three sub questions have been stated. These sub questions are formed according to the following parts; the benefit concept, roles and responsibilities and the process and its activities.

What is required for Benefits Management to be applicable in practice?

The Benefits Management approach is applicable in practice, since it is developed in such a way that it allows free space to existing models to be integrated with the Benefits Management process.

This study shows that there is an awareness of how to improve benefits realization and it exists available guidelines and methods developed with purpose to manage benefits according to why, how, when and where the benefits are to be realized within practice.

The biggest challenge for practice is to take charge of their benefits, make sure that all types of benefits are included and defined. Roles and responsibility allocation is required to be able to communicate decisions and actions throughout the organization in a structured, clear and resolute way. To be able to accomplish this and to improve future benefits management, new activities need to be introduced and managed. Below we will give answer to this in a more detailed level.

What should be considered as a benefit?

- A benefit should be specified with clarity and precision, to be able to create traceability to the entailed changes and other dependant benefits.
- The overall benefits characterization must have multiple qualities

A clear and precise definition of benefits is of great importance, since the expressed benefits makes the foundation of a successful benefits management process. There exists common definitions and understanding regarding the benefits concept within practice in this study. The exemplifying benefits found are of such level that it would meet the requirements of what the Benefits management (Ward & Daniel, 2006) advocates regarding a distinct definition that is understandable to all stakeholders. There are different types of benefits, with different characteristics. It is of great importance not only to focus on the efficiency and tangible benefits, since then an organization could miss out on other types of benefits such as the effective and intangible benefits, also seen as the ‘soft’ benefits that could bring more value to the organization.

- Working hard is a soft job.

Who should be involved and responsible?

- Management interest must be communicated and secured by making new routines mandatory rather than optional.
- There must be someone responsible for each and every identified benefit.
- There must be someone responsible for carrying out possible changes that is necessary to secure the benefits realization.

Regarding the different roles and responsibilities within practice we found some ambiguity. This could be a result of involving two organizations in this study. But even if there is more than one organization working with benefits realization, they still need to handle benefits together in a successful way. There exists a benefits realization model within practice that seems to have a scarce or apparently no penetrating power in the organization. The requirement of using such a model must become mandatory and communicated from a management level. As long as this is optional, it is probably impossible to apply Benefits Management in practice. To be able to apply a Benefits Management approach in practice the following is essential:

It is not enough with a 'management interest' regarding improvements of benefits realization. This management interest must be communicated and secured by making new routines mandatory rather than optional. There must be someone responsible for each and every identified benefit. The one responsible must have a personal gain of the certain benefit and must have an active role and participation before, during and after a project. Further there must be someone responsible for carrying out possible changes that is necessary to secure the benefits realization. The one responsible must be well familiar with the business and the current resources and capacity. The responsible functions need to have a close co-operation, to be able to monitor the progress in successful way.

What main activities are required?

- Structuring benefits
- Benefit assessment
- A follow-up activity

An active relation network or traceability matrix is a very important activity. This could help to decide whether benefits imply value and not only costs. This could also help to identify positive or negative impacts between the identified benefits to be able to predict the business impact in advance. A first-class usage of such a network could result in an improved management of benefits, in other word taking control over the benefits and the entailed changes and costs.
The cost-benefit assessment is one of many activities within practice which is performed during the pre-study of a project. We consider that this assessment regarding benefits could be improved by making the assessment in a reversed way; the benefit-cost assessment which gives answer to what it is worth spending to get the benefits.

The follow-up activity is required regarding to two aspects; to point out the improved business value derived from the realized benefits. This activity is important to be able to visualize and concretize that IS/IT investment not always in the end should be seen as a cost. Within this activity it is important to illuminate those benefits and changes that have resulted in higher profitability for the organization. This activity is also important in view of future projects. It is important to illuminate possible reasons for not have been able to realize some of the identified benefits.

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Appendix

9.1 Appendix 1

This is the questions that formed the interviews with all our respondents. Additional questions sometimes came up during the interviews and those questions are not presented here, but could be found in our result where relevant and important information is presented.

Introduction

Our theory is mainly based on Benefits Management. Are you familiar with that concept?

Benefits Management is a process of organizing and managing such that potential benefits arising from the use of IT are actually realized

Please start to introduce yourself by your name, position and describe what you are working with today.

- What is business benefit for you?

Benefit identification

In the email that was sent to you in advance, we defined benefit as something that is seen as an advantage for a stakeholder or a group of stakeholder. By stakeholder we mean all that somehow is affected of the change an investment entails.

- How would you say, that identification of benefits are carried out before a project start-up?
- Who are involved in this process?
- How do you measure the benefits?
- Is there something in the current routines that you consider or want to adjust?

Benefit identification: Roles and responsibilities

If we focus on the different roles within a project, how would you describe the allocation of roles when it comes to benefits?

Is there an owner to every benefit, someone responsible for monitoring the benefits throughout a project and make sure that the identified benefits are realized?

- Who is responsible for that?
- Would you prefer that this was someone else's responsibility?
- Who is responsible for possible changes that are required to be able to realize benefits?
- Would you prefer that this was someone else's responsibility?

Monitoring benefits

Could you describe the monitoring and follow-up routines that exist regarding the benefits during the project?

How do you consider this should be carried out?

Benefits evaluation

- Could you describe how your evaluation is performed after project delivery?
- What routines exist in your follow-up phase?

- What measures are taken for those benefits that not have been realized according to the plan?
- How do you consider this to be carried out?

It is common that some of the benefits are not realized until after two or maybe three years when it comes to IT-investments.

- What happens with those benefits that has a longer realization time than the actual project?
- How would you describe the hand over process?
- What do you consider is possible to improve regarding hand-over between New Development and customer?
- In what way do you learn in prospect of new projects?

Conclusion

- Do you consider that our questions are of importance?
- Do you consider that there exists incapacity regarding Volvos management of benefits?
    - What do you think is the main reason for that?
- Do you have any ideas of how to improve the benefits management within Volvo?
- Finally, is there something you want to add or is there something important that you consider we have left out?