



White Paper

The Need for a formal Approach to Risk Management in the delivery of Project Benefits

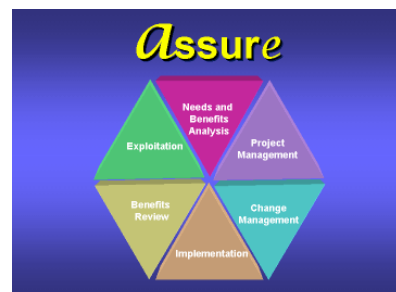
Research into the key reasons for project failure and non-delivery of benefits demonstrates that key contributory factors relate to the management of change and associated risk, rather than selection of the technical solution. This paper sets out to show how a formal approach to benefits delivery can increase the ROI of ICT investments

This is one of a series of Business and Management Consulting white papers published by Interchange Group Consulting based upon its Assure™ methodology for guaranteeing the delivery of quantifiable business benefits from investments in Information and Communications Technology (ICT) For more details on how Interchange Group can help you to identify and deliver the full potential from your investments, visit our website at www.consulting.interchange.co.uk

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Introduction

In today's fast-moving world organisations must undergo constant business change to increase efficiency or build the business.

It is a necessity to survive, to grow the business, and ultimately improve the bottom line. Implementing a new ICT or Remote Working strategy across the business enterprise is no different. It is not purely the implementation of an IT solution alone that can underpin that business change, but a subtle blend of people, processes and technology.

When faced with implementing large-scale change within the business, an organisation will often focus on the "harder" cost items, such as capital expenditure, overlooking or underestimating the increasing "soft" costs associated with change. This is further compounded by the continual decline in internal staff resources experienced in managing these types of change.

The impact of these factors, coupled with the importance of the organisational change, results in a corresponding increase in the risk of a failure to deliver the full benefits anticipated for such a project. In the worst case the project may fail completely and the planned return on investment never realised.



Research into the key reasons for project failure and non-delivery of benefits further demonstrate that the key contributory factors relate to the management of change and associated risk, rather than selection of the technical solution.

Many years of experience provide Interchange with a unique insight into ICT, CRM, the Service business, solutions implementation, systems integration, and performance contracting. We understand that a formal approach to understanding and implementing a comprehensive set of risk management tools will provide the best approach to the realisation of desired benefits through controlled best practice processes using the following key components:

- **Needs and Benefits Analysis**
- **Project Management**
- **Change Management**
- **Implementation**
- **Benefits Review**
- **Exploitation**



Needs and Benefits Analysis

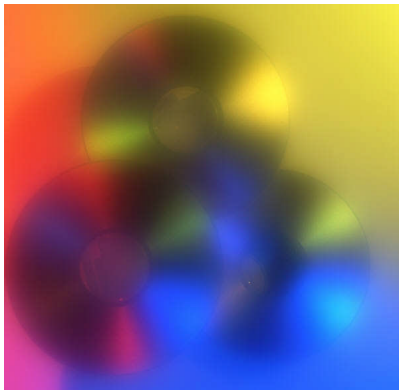
Needs and Benefits Analysis helps senior executives establish business priorities to maximise the potential of CRM solutions. As highlighted earlier, the reason for undergoing change is to improve the business. It is therefore essential that senior executives identify both the return on investment and the delivery of benefits from potential projects and thus focus on those that provide strategic advantage.



Needs and Benefits Analysis is designed to clarify the strategic role and potential of the investment e.g. in ICT or Mobility Solutions, in line with the organisations plans for the business. By refining and understanding current objectives, the current and future business processes, evaluating organisational and technical readiness, identifying and planning for the delivery of benefits, and prioritisation of needs, it delivers a roadmap for the future. This provides a valuable information feed into the preparation of detailed requirement specifications and the business case required for obtaining approval for the investment, and provides a vital reference point for the whole change project, and ensures that a strategic business focus is maintained in even the most technical projects.

Project Management

Project failures are all too common – some make the news headlines, whilst the vast majority are quickly forgotten. The reasons for failure are wide and varied and many studies have been undertaken. The findings of a report (Computing in the 21st Century) published by the British Computer Society in 2001 identified Project Management, Scope Management, Monitoring and Control and Risk Management amongst the key reasons for project failure.



Analysis of the way projects are managed illustrates a number of common causes. These include lack of co-ordination and inadequate planning of resources, activities and scheduling; poor estimation of duration and costs, leading to projects taking more time and costing more money than expected; and lack of control over progress - projects do not reveal their exact status until too late.

Without a formal project management method (such as PRINCE), those who commission a project, those who manage it and those who work on it will have different ideas about how things should be organised and when the different aspects of the project will be completed. Those involved will not be clear about how much responsibility, authority and accountability they have and, as a result, there will often be confusion surrounding the project. Without a project management method, projects are rarely completed on time and within acceptable cost – this is especially true of larger projects.

Interchange's best practice method will guide the project through a controlled, well-managed, visible set of activities to achieve the desired results.

Change Management

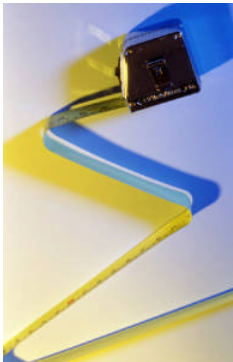
Success or failure in overcoming resistance to change is generally agreed to be the most significant factor in determining project success.

Change Management, an approach that aims to involve the people affected and improve the communication of change, is therefore an essential element for success. It's not just a case of installing the software and leaving it to the Customer to find his way through a confusing maze of changes.

A formal Change Management approach is a disciplined system of analysing, planning, monitoring, controlling and reporting/recording to minimise the risks associated with change. Using appropriate tools and techniques, such as Assumption Questioning, Stakeholder Analysis and Force Field Analysis, this management process helps staff adapt successfully to change. Individuals are the organisation and change affects individuals' perception of their environment – usually negatively.

The importance of effectively and proactively managing the people element, even in IT implementations, is increasingly being recognised because, if people are not motivated to change then change will not occur and the profitable and long lasting improvements and benefits may be lost. On the bright side, successful change is much more likely to occur if the staff are won over and motivated. Raising staff satisfaction levels also increases the chances of obtaining additional unexpected benefits, as staff participate and contribute suggestions that add value.

Implementation



Turning a company strategy into a tactical plan and then a living reality is the chief mission for any business. Implementing business-critical solutions is a complex and highly challenging part of this process. As a leading supplier of ICT and mobile working solutions, Interchange Group has many years' experience of helping its customers through this process.

Research shows that to successfully implement business solutions, then organisations must embrace a proven structured method to guide the implementation, manage the risks and avoid unnecessary costs. The implementation is divided into a number of phases, and the key activities include:

- Planning
- Procedure Development
- Interfaces and Integration between Systems
- Reporting and Management Information
- Education
- Business Process Alignment and Modelling
- Deployment of the Application and Technical Architecture
- Data Conversion
- Business Systems Testing
- Production Migration

Benefits Review

A business case or Cost Benefit Analysis is commonly used to justify the investment in new systems technologies or other changes. Yet how many CEO's, when asked whether they have achieved the return on investment after implementing new business systems, are able to prove that this has been achieved?



Undertaking a Benefits Review, a structured evaluation and review of progress towards delivery of benefits, will provide the project stakeholders with the “big-picture” view of the success of the project to date.

Benefits Review incorporates the investigation and measurement of benefits achieved, comparing these against the baseline Business Case produced in the Needs and Benefits Analysis phase. This provides a clear view of successes as well as areas for improvement, and facilitates the quantification of benefits realised. The Benefits Review also promotes organisational learning by reviewing the project in a structured way. Lessons learned can be documented and shared so that future projects will benefit from the skill, expertise and know how retained during the review.

Exploitation

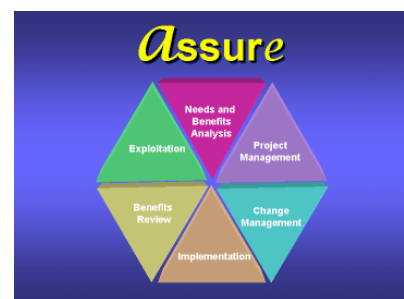
All too often, a system goes into production, the teething problems are resolved, and the project team subsequently disbanded. In doing so, those with the greatest understanding of the solution, its capabilities and the business processes are lost. The potential to leverage further business benefit out of the investment is therefore significantly reduced.



Through Exploitation Workshops, this phase focuses on the identification and planning of further benefits to be gained, taking its feed from the deliverables of the Benefits Review. This in turn invokes the next cycle starting again with Needs and Benefits Analysis.

Exploitation can take many forms. For example, further operational improvements may be obtained through procedure development and tuning and new business opportunities can be spotted and developed through the implementation of further new technologies and business systems, enabled by the initial solution platform. Exploitation must be considered an essential and ongoing activity if an organisation is to maintain a competitive advantage, increase the return on knowledge, talent and expertise and maximise the return on investment

To find out how an Assure™ programme can generate greater returns, faster; and guarantee delivery of your business benefits, call us on 08700 716400 or visit our web site at www.consulting.interchange.co.uk



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