

Preface

Supermarket admits IT systems are flawed and goes back to manual systems – company writes off millions of pounds.

Computing, 19 October 2004

£456m child support IT fiasco – system was badly designed, badly tested and badly implemented.

silicon.com, 18 November 2004

Reports in the press continue to recount the stories of failed IS and IT investments. Indeed, despite over almost four decades' experience of using and investing in information systems, it might appear that organizations have made little progress, with project failure rates doggedly sticking to around 70%.

While the statistics suggest that organizations have not learned how to implement new IS and IT successfully, they conceal more than they reveal. Early failures were often about system capability and reliability. Improvements in the underlying technology and systems development and design methods have reduced the number of failures due to technical or 'supply-side' issues. Significant delays and cost overruns were other reasons why IS and IT investments were often judged to be unsuccessful. However, once again, the falling cost of technology and the increasing adoption of standardized packages have done much to ensure more projects are delivered on time and on budget. But even when projects hit budget and time, many still fail to deliver the business benefits that were expected.

So why does this continue to occur? It is partly because the uses of IS and IT are becoming increasingly more complex, often impacting large areas of the organization and affecting many different people both inside the organization and, increasingly, external parties, such as customers and suppliers. Also the pace of change, including the personal use of IT and the Internet, combined with the uncertainties of the business environment, and continuing developments in IT, make decisions about investments in new systems and technology increasingly difficult. Failure is more likely to occur if uninformed or hasty decisions are made.

It is also partly due to the way that organizations manage the investments. Until recently the improvements in management techniques were mainly supply side driven, to improve the certainty of delivering a working technical solution. Little attention was paid to managing the 'demand side' more effectively – the activities required to identify and manage the benefits intended from the investment. This requires a greater understanding of the nature of the benefits that can be achieved, what needs to be done to cause them to occur and the role of business managers in the realization of the benefits. As argued in this book, existing methods and processes do not directly or adequately deal with the issues at the core of benefits delivery. Therefore, what is required is a new way of working that enables experienced individuals to combine their business and technology knowledge, to increase the benefits achieved from IS/IT investments.

This book describes a process and practical tools and frameworks that organizations can employ to enable them to improve the realization of value from their investments. The single most important tenet of the approach presented is the dependency of business benefits, not only on the implementation of IS and IT, but also on changing organizational processes and relationships and the roles and working practices of individuals and teams inside and, in some cases, outside the organization. Indeed we have found that within many organizations, the benefits they are seeking do not always require investment in additional IS and IT, but can be realized with existing systems and technology, if only they could achieve the appropriate changes in the ways their staff work. This inherent interdependency of *benefits* realization and change *management* is the reason why we refer to the process presented in this book as '*benefits management*'.

The process and the underlying tools and frameworks presented in this book were derived from extensive research undertaken by the Information Systems Research Centre (ISRC) at Cranfield School of

Management in the mid-1990s. The original research programme, which was carried out in collaboration with a range of organizations, from both the private and public sectors, lasted three years. Since then, the tools and frameworks have been further developed and refined, in conjunction with other major organizations. Over the last 10 years, key elements of the benefits management approach have been adopted by over 100 organizations based in the UK, Europe, USA and even in locations as remote as China. Its use by so many and such varied organizations has shown how effectively it can be applied in practice. The widespread application has also provided us with significant real-world insights into the use of the approach, much of which is captured in this book.

John Ward is also one of the authors of another book in this series, *Strategic Planning for Information Systems*, which provides a comprehensive discussion of how organizations can develop a coherent and appropriate IS/IT strategy. For those who are not familiar with the strategic planning book, Chapter 2 of this book discusses the development of an IS/IT strategy and presents an overview of the key tools and frameworks that can assist in the formulation of such a strategy.

We would argue that, even when an organization has a well-defined strategy, another set of challenges remain, which affect the organization's ability to successfully implement the investments that are essential to realizing the value intended from the strategy. The benefits management approach provides the means by which organizations can address many of those increasingly critical implementation challenges.

Structure of the Book

In order to help the reader, the structure of the book is illustrated in Figure 0.1. The book considers activities needed to effectively realize benefits at two levels: the organizational level and the level of the individual project or investment.

Chapter 1 traces the use of IS and IT within organizations, including the high expectations caused by the arrival of e-commerce and e-business, and introduces the different types of benefit that can be realized. The chapter also considers the issues and challenges organizations have to understand, and address effectively, if they are to select the most appropriate investments to make and then manage

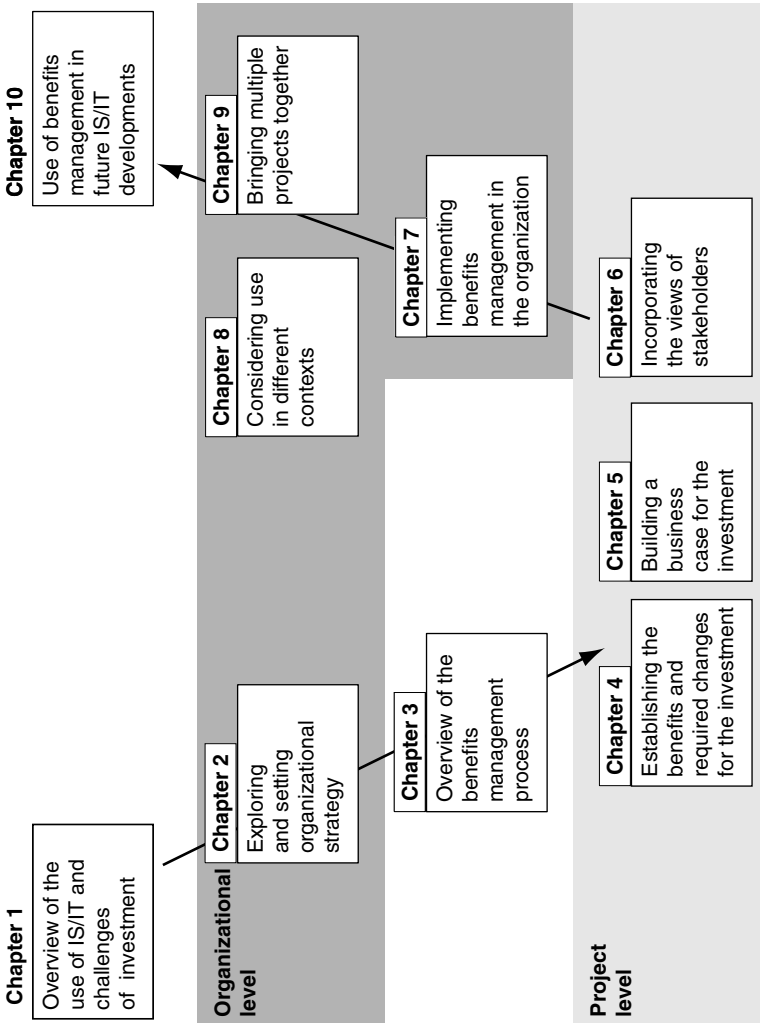


Figure 0.1 Structure of the book

them successfully. The problems with current investment management approaches, most of which are dominated by financial appraisal and justification, are discussed. While such activities are important, we argue that not only are these often poorly done, they are not sufficient to ensure that the benefits of investments are adequately understood or actually realized.

To be able to identify and manage the benefits, organizations need a clear understanding of the strategic rationale or business reasons for IS and IT investments. Chapter 2, therefore, presents tools and frameworks that allow an exploration and determination of organizational, IS and IT strategy.

Chapter 3 discusses why a new approach is needed to address the limitations of existing methods and describes how benefits management both differs from, but also complements, other proven ways of improving the results from IS/IT investments. The chapter then presents an overview of the entire benefits management process, from the initiation of an investment, through planning and implementation to final review.

Chapters 4, 5 and 6 consider use of the process at the level of individual projects or investments. The tools and frameworks that underpin the approach are presented and their use discussed. Examples of the application of the tools are given, including an extended example of their use in a major enterprise-wide IS/IT investment in a food processing company. This example is begun in Chapter 4 and is built on in the subsequent two chapters, such that a complete benefits plan is presented.

Chapter 7 considers how organizations can introduce the benefits management approach, the practicalities of adopting the process, tools and frameworks and how they can be used in conjunction with other established investment and project management methodologies and best practices.

A premise of the benefits management approach is that the nature of the benefits that can be realized depends on the specific context of the organization. Chapter 8 considers the use of the approach in a variety of contexts, including distinct types of organisation and different application types that are commonly being deployed.

As organizations are undertaking more complex and far reaching change initiatives, they increasingly have to manage both major

change programmes that are, at least in part, enabled by IT and also a range of individual IS/IT projects. Chapter 9 discusses the application of the benefits management approach in change programmes and how it can be used to improve the governance of the organization's portfolio of IS/IT investments.

Finally, Chapter 10 considers expected future developments in IS and IT and, in particular, how the benefits management approach can help with the new challenges they may present. The chapter also discusses and exemplifies how the approach can be used to help in the formulation and implementation of business strategies, thereby providing closer links between what an organization intends to achieve and how its investments in IS/IT and change programmes will produce the benefits inherent in those intentions.