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Benefits are for Life Not Just the Business Case; Bringing Benefits Management into the Heart of Project and Programme Control

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About the Speaker

David Liversidge has 25 years experience of managing complex projects and programmes in the Defence and Energy sectors

- Experience managing and supporting a range of engineering, IT and business change projects and programmes
- Direct experience of Benefits Management starting in 2000 with MOD Smart Acquisition and Defence Logistics Transformation Programmes
- Currently working in support of the Ofgem Switching Programme and the Maritime Combat Systems team in DE&S
- A current active committee member of the APM Benefits Management Specific Interest Group

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About the Topic

Benefits, defined as an advantage to one or more stakeholders, are the central purpose of any project or programme. Despite this, a focus on benefits is often confined to the business case, and even then only used to justify a solution or approach already determined.

Benefits Management should start as early as possible in the life cycle, to help shape the definition of outputs, outcomes and potential solution options, and then continue through life to ensure the project or programme maximises the advantages to its stakeholders; continually revalidating its relevance in a changing context.

The link between project or programme scope and Benefits is all too often lost in the race to deliver to time, cost and scope, and we must ensure Benefits stay at the forefront of decision-making and control

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Overview

- The problem: what happens?
- The vision: what needs to happen?
- The challenges and solutions:
  - Organisation
  - Process
  - Tools/Techniques
  - Information
- Improving benefits management

“There are two dimensions to measuring success in a project: whether the project was delivered on time, to budget and to scope; and whether the project achieved its objectives, usually expressed as benefits…

Departments often overlook whether the project has realised the intended benefits”

National Audit Office Delivering major projects in government: a briefing for the Committee of Public Accounts - HC 713 SESSION 2015-16 6 JANUARY 2016

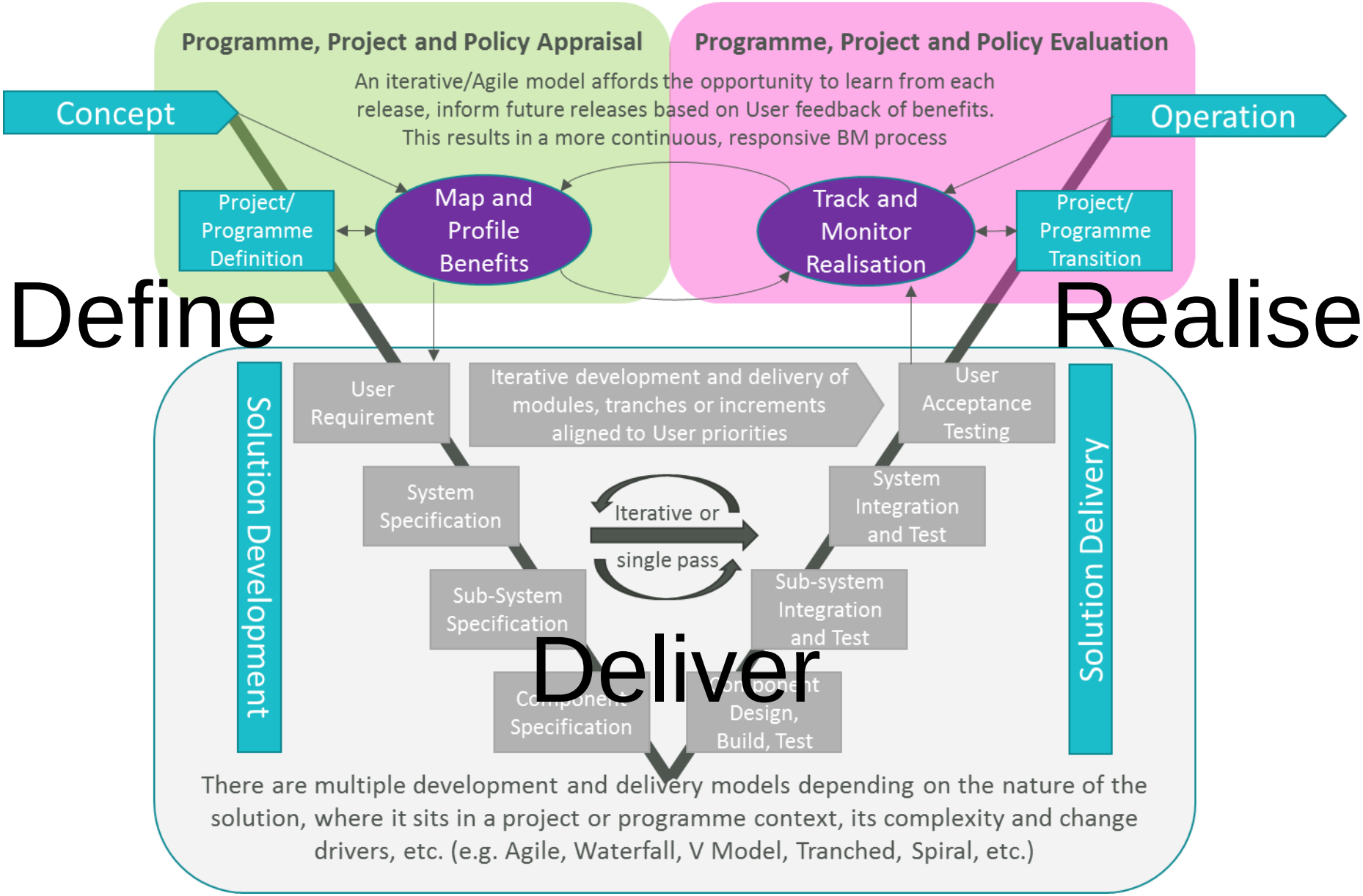
THE PROBLEM

The Problem

- **Over-optimism** at the outset
- Erosion over time due to **change** in context and expectations
- Benefits **not realised** by target stakeholder groups

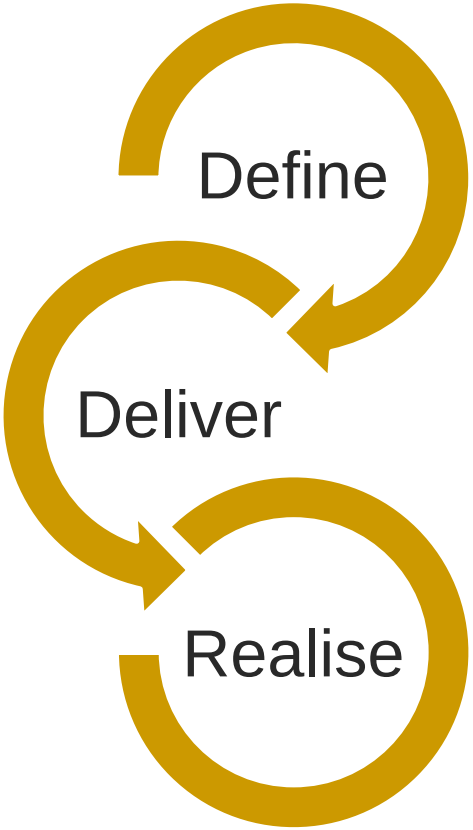
Historically, the majority of major projects in government have not delivered the anticipated benefits within original time and cost expectations.

Over-optimism in government projects, National Audit Office, December 2013


Programme, Project and Policy Appraisal
Programme, Project and Policy Evaluation
An iterative/Agile model affords the opportunity to learn from each release, inform future releases based on User feedback of benefits. This results in a more continuous, responsive BM process
Concept
Operation
Project/ Programme Definition
Map and Profile Benefits
Track and Monitor Realisation
Project/ Programme Transition
Define
Realise
Solution Development
User Requirement
Iterative development and delivery of modules, tranches or increments aligned to User priorities
User Acceptance Testing
Solution Delivery
System Specification
Iterative or
single pass
System Integration and Test
Sub-System Specification
Sub-system Integration and Test
Deliver
Component Specification
Component Design, Build, Test
There are multiple development and delivery models depending on the nature of the solution, where it sits in a project or programme context, its complexity and change drivers, etc. (e.g. Agile, Waterfall, V Model, Tranched, Spiral, etc.)

The Problem

- Long life cycles
- Benefits not:
  - updated
  - verified
  - validated



- Over-optimism
- Over-simplification
- Data paucity
- Disparity in rigour

- Lack of accountability
- Change not embedded
- Poor integration
- Benefits not tracked

Some Definitions

Benefit

"the measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders, which contributes towards one or more organisational objectives"

Managing Successful Programmes
Axelos, 2011 Edition, p75.

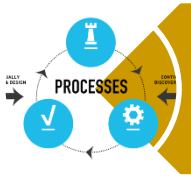
Benefits Management

"the identification, definition, tracking, realisation and optimisation of benefits"

Steve Jenner, "Managing Benefits", (APMG International 2012), p.15.

Capability Framework

Organisation
(Culture, People, Governance)



Process

Tools/Techniques

Information

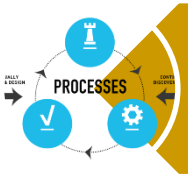
“Benefits management goes to the heart of delivering projects [and programmes] successfully”

Guide for Effective Benefits Management in Major Projects, The Infrastructure and Projects Authority, October 2017. Adapted from Managing Successful Programmes, Axelos, 2011 edition, p75.

THE VISION

Benefits Management Vision

Objective benefits evidence generated by experienced professionals used to support decision making aligned to clear responsibilities and accountabilities for definition, delivery and reallsation of benefits



Fit-for-purpose, embedded processes tailored to the needs of the organisation covering the entire life-cycle at Portfolio, Programme and Project level integrated with other P3 and wider business processes

The ability to identify, analyse, quantify, profile and track benefits throughout the life cycle, dealing with risk, uncertainty and dependencies, at an appropriate level of rigour and complexity

Appropriate and measurable set of benefits metrics aligned to the values of the business and its stakeholders, integrated into the performance management systems of the organisation

"a benefits led approach to project delivery…should ensure decision making, planning and risk consider the impact on benefits realisation throughout the project lifecycle."

IPA Guide to effective Benefits Management in Major Projects, Oct 2017

“Adopting benefits management can help organizations increase the value of their investments. It requires purposeful attention to which projects and programs are approved—and why. It facilitates more effective decision making about investments. In fact, organisations with high benefits realisation maturity waste 67 percent less money than those with low maturity…”

PMI The Strategic Impact of Projects - Identify benefits to drive business 2016

THE CHALLENGES AND SOLUTIONS

IPA Challenges

- Project teams and stakeholders are overly optimistic about benefits (O, I)
- Solution has been decided before benefits have been identified (not adopting a benefits led approach) (O, P)
- Benefits management is seen as bureaucratic and time consuming (O)
- Project is not scoped to deliver the outputs needed to realise the benefits (I)
- Not engaging with stakeholders enough (P, T)
- Benefits are realised after the project has closed leading to difficulties collecting realisation results (O, P, I)
- Lack of benefits management data, or poor quality data (I)
- Not setting aside resource for benefits realisation activities (O)
- Benefits are difficult to measure (I, T)

1. Organisation

Organisation: Common Problems

- Culture (conspiracy vs incompetence theory):
  - It's obvious
  - It's too late
  - It's too big to cancel
  - It's too difficult
- Governance
  - Parity with Costs; not rigorous and embedded
  - Accountability; lack of clarity and incentives
  - Assurance; insufficient to drive objectivity
- People

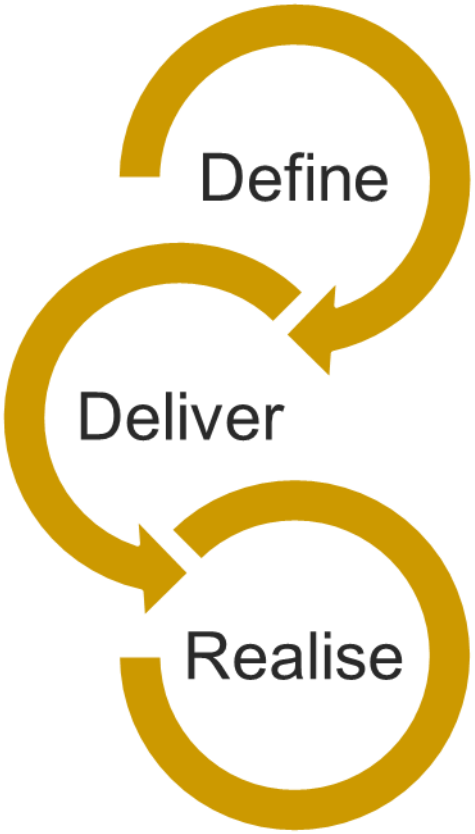
"94% of highly mature organizations always formally identify person(s) accountable for achieving business benefits versus 19% with low maturity."

Establishing Benefits Ownership and Accountability, PMI Report, 2016

Do's and Don'ts

Do…..

- Create the 'pull' for Benefits analysis and information
- Talk with evidence
- Embed BM at all levels in the P3 and P3O stack
- Test and counteract over-optimism
- Embrace Agile principles and behaviours
- Professionalise and recognise BM
- Hold someone to account for realisation



Don't…..

- Avoid questions you might not like the answer to
- Make PMs accountable for Benefits Realisation
- Wait until the Business Case to develop the Benefits profiles
- Finalise the scope without validating against the benefits
- Over-simplify; understand the wider context and the changing environment

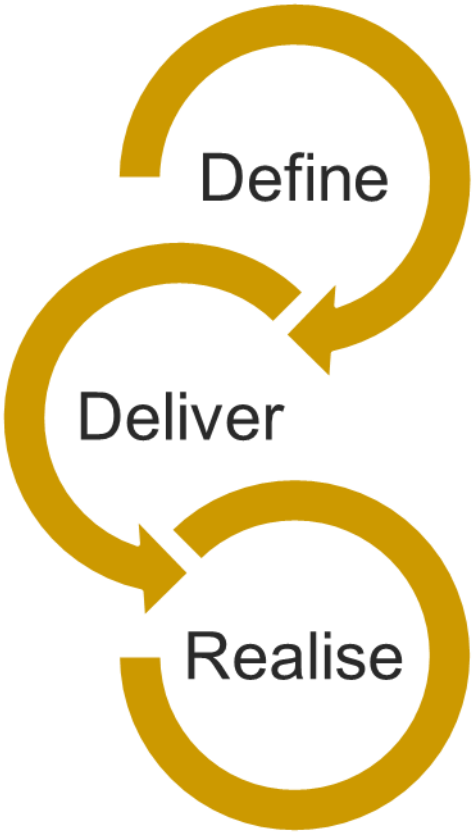
2. Process

CAROL, SCHEDULE A STAFF MEETING.
WHAT'S THE TOPIC?
I PLAN TO FUSE SIX SIGMA WITH LEAN METHODS TO ELIMINATE THE GAP BETWEEN OUR STRATEGY AND OUR OBJECTIVES.
I'LL JUST SAY "WASTE OF TIME."
www.dilbert.com scottadams@aol.com

Do's and Don'ts

Do…..

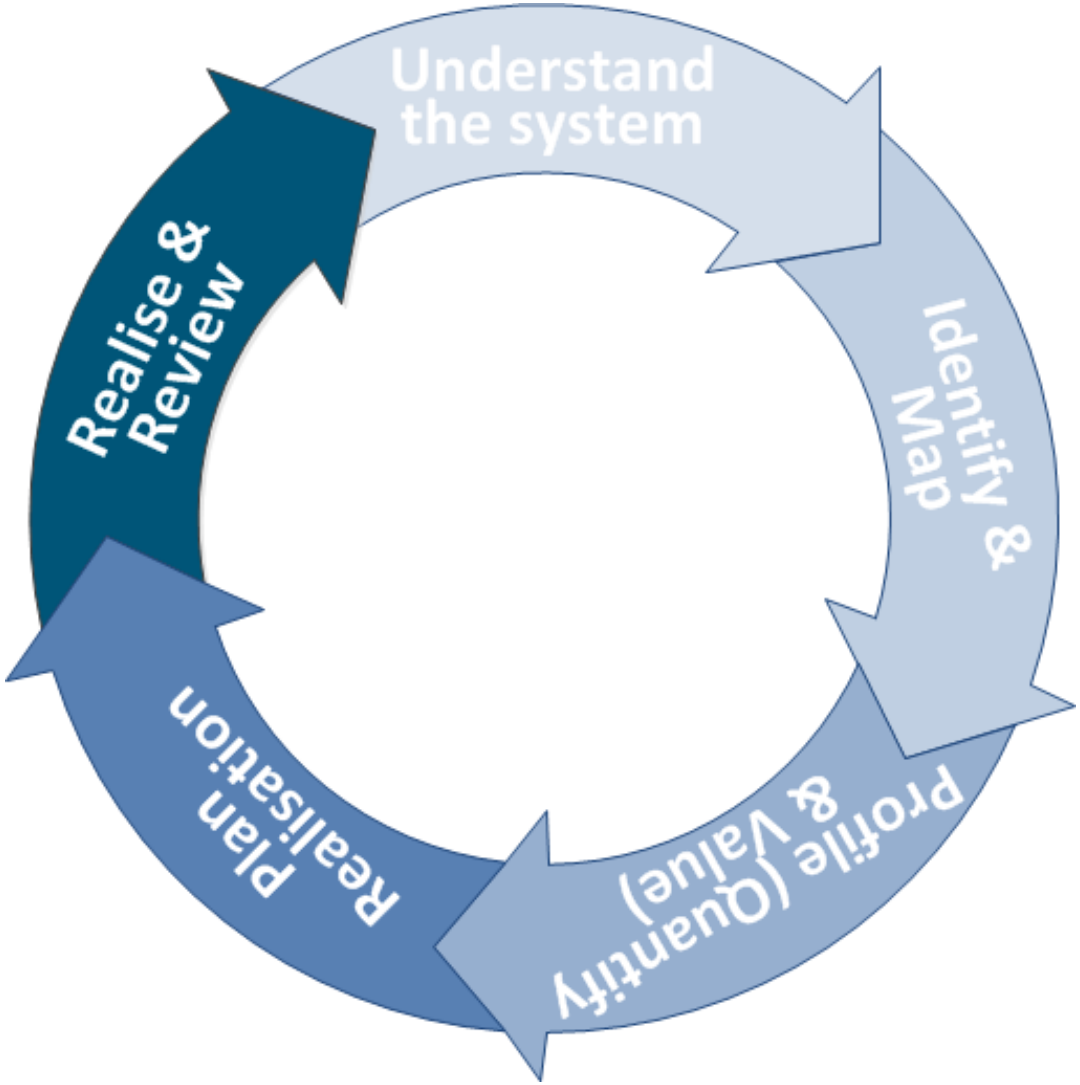
- Have one
- Make sure it is fit for purpose and aligned to the needs of your organisation
- Make sure it is communicated, accessible, transparent and up-to-date
- Make sure it has ownership and buy-in
- Make sure it spans the lifecycle into BAU
- Make sure it is monitored and controlled by the PMO



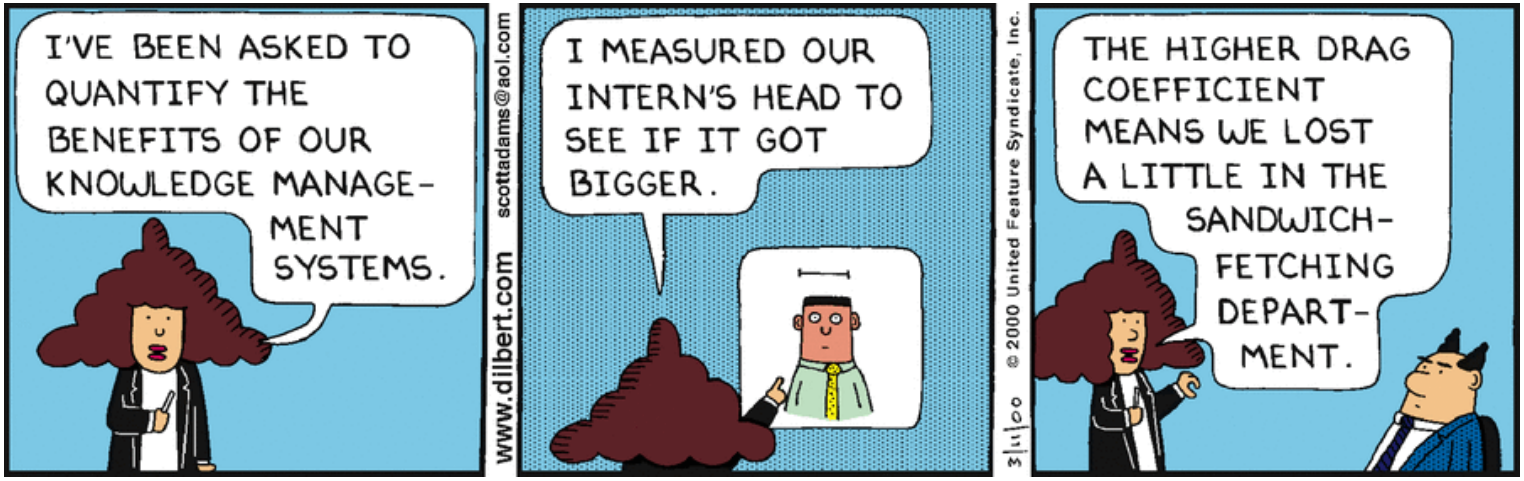
Don't…..

- Believe because it is written down people will read it
- Define it as a stand-alone discipline; integrate it with other processes such as Risk Mgmt, Change Mgmt
- Believe that having a process will solve your problems
- Make it a 'one pass' process; it should be iterative throughout the life cycle and into BAU

The BMT Benefits Cycle



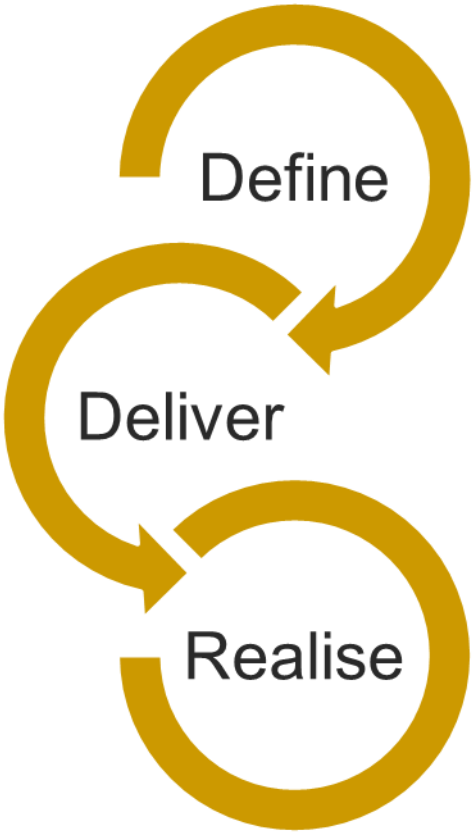
3. Tools/Techniques



Do's and Don'ts

Do…..

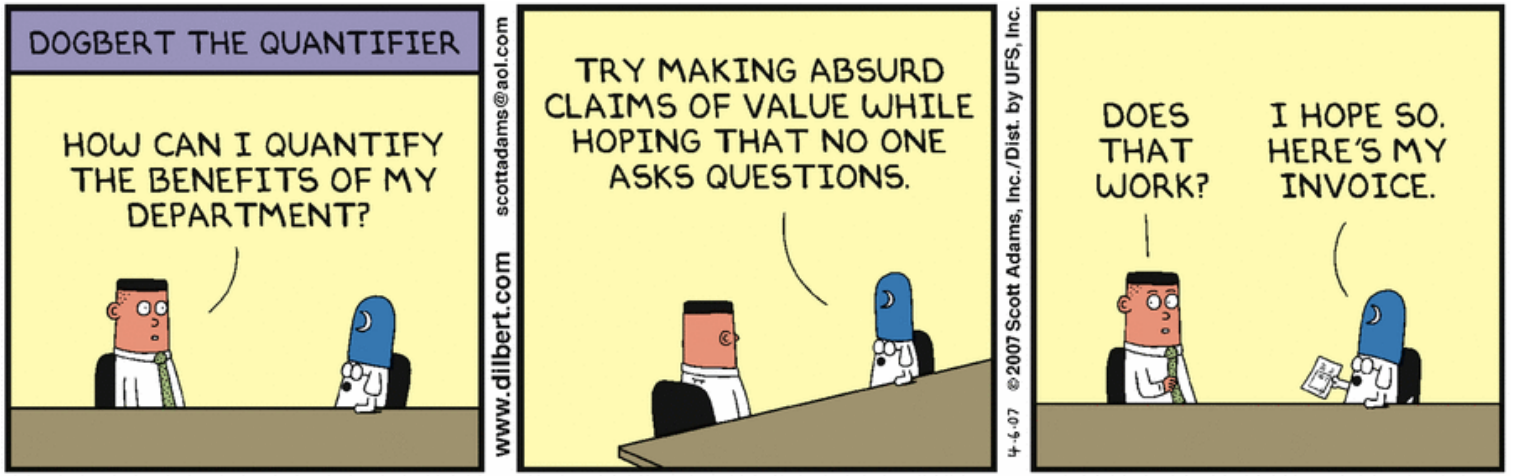
- Always develop and maintain the Benefits Map; this is a powerful tool for capturing & communicating the 'why' of a project or programme
- Engage stakeholders as much as possible; they must 'own' the benefits
- Consider 'standard' applications (Excel, Visio, etc); these are often sufficient



Don't…..

- Be lulled into believing that tools will make up for poor data
- Ignore benefits-based dependencies
- Be put off by complexity; use tools/techniques to deal with that complexity: e.g. Systems approaches; Modelling; Simulation
- Wait until project handover to verify and validate benefits; e.g. test and trial

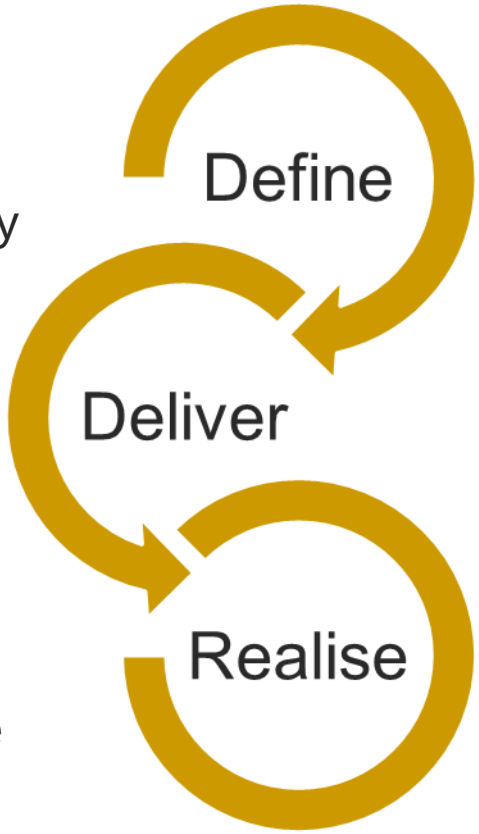
4. Information



Do's and Don'ts

Do…..

- Make sure you understand the baseline
- Quantify risk and uncertainty in benefit forecasts
- Undertake sensitivity and scenario analysis
- Understand and adjust for Optimism Bias
- Using a mixture of leading and lagging indicators
- Align measures to the value of the business and its stakeholders



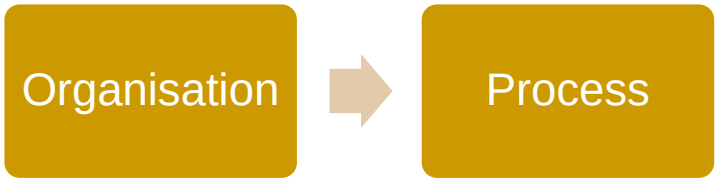
Don't…..

- Waste any effort on things that can't be or won't be measured
- Believe that you baseline today will be your baseline when you come to realise your benefits
- Just forecast benefits for the business case; they should be regularly updated and in response to major changes
- Ignore the dis-benefits

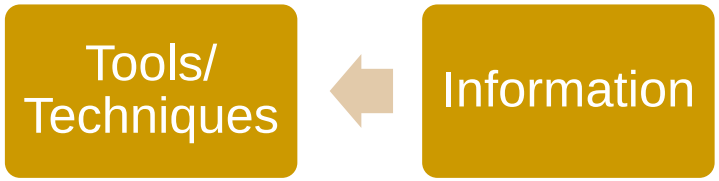
“It must be remembered that there is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than a new system. For the initiator has the enmity of all who would profit by the preservation of the old institution and merely lukewarm defenders in those who gain by the new ones” Niccolò Machiavelli

IMPROVING BENEFITS MANAGEMENT

Implementation



- Start with Organisation:
  - Define roles and responsibilities across the P3 stack and wider business governance
  - Hold to account; create the ‘pull’
  - Recognise and professionalise the discipline
  - Lead from the top; agree and embed the principles
  - Processes can follow



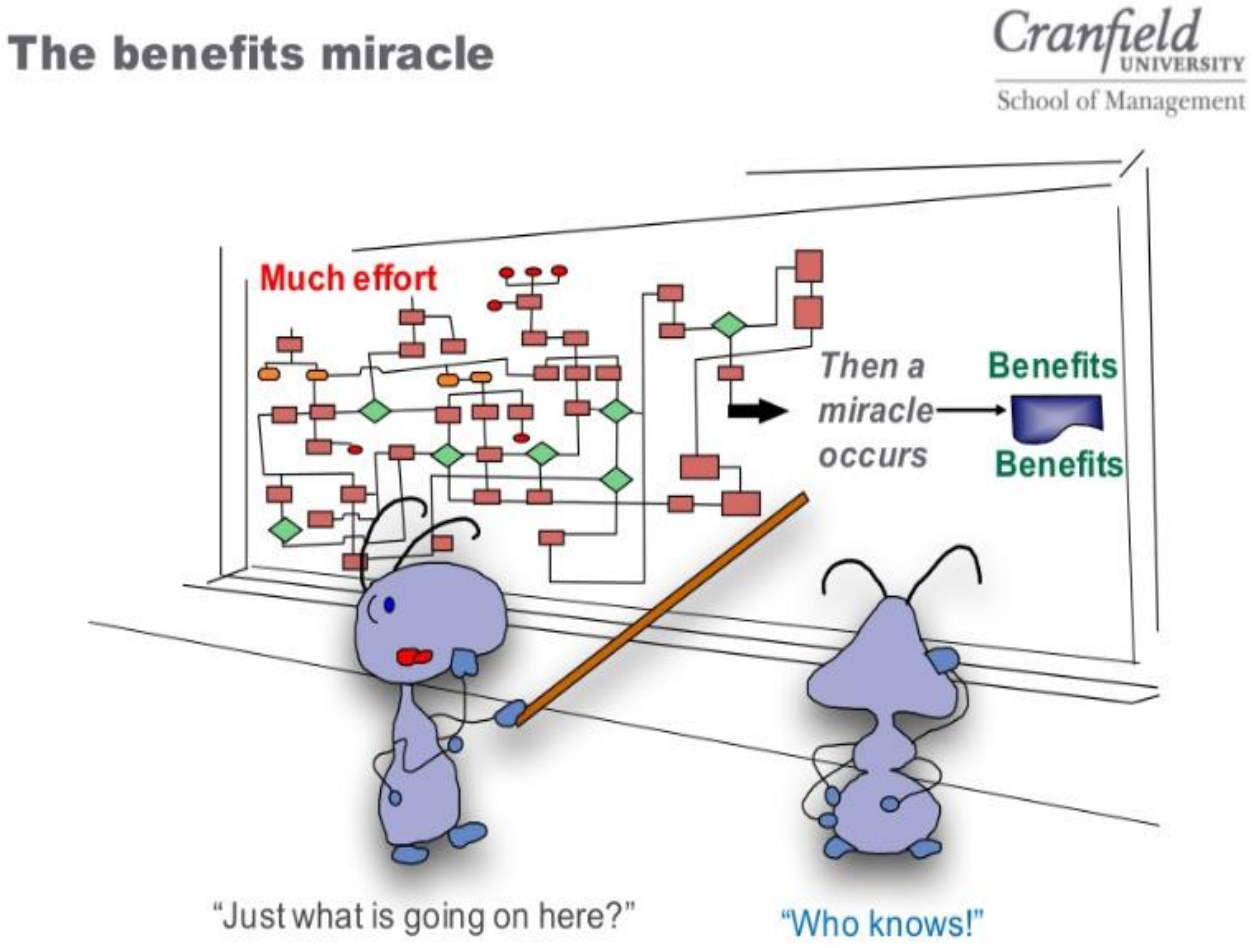
- Start with Information:
  - Demand parity of rigour as for cost analysis and forecasting
  - Drive consistency of metrics and measures down from Portfolio level
  - Identify and manage benefits-based dependencies across the Portfolio
  - Build the knowledge-base – drive Performance reporting/MI systems
  - Tools and techniques help deal with complexity, risk, uncertainty and data paucity, not make up for it

Manage as a Change Project: Make sure you realise the benefits of BM!!

Summary

- Manging Time, Cost and Scope once the business case has been approved is ‘necessary but not sufficient’
- Bring BM into the heart of P3 Decision-Making
- Bring BM to a parity with Cost (and Time) analysis and control
- Demand (and expect) evidence for benefit claims
- Embrace Agile principles if you can; build a bit, test a bit, learn a lot (and involve users and stakeholders)
- Don’t lose the link between scope and benefits; evaluate the benefits impact of internal and external change
- Address the cultural barriers to effective BM; manage Improving BM as a change initiative

Questions?


The benefits miracle
Cranfield UNIVERSITY
School of Management
Much effort
Then a miracle occurs
Benefits
Benefits
"Just what is going on here?"
"Who knows!"

Thank you

For more information please visit us on stand 30 in the Highbury Suite.

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