Benefits Management – a strategic perspective on why benefits management is difficult!

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Speaker Profile - Andy Murray

- Andy Murray is a Chartered Director and PRINCE2 Registered Consultant, having worked in the field of Projects and Programmes for over 15 years.

- He is currently a director of Outperform UK Ltd (www.outperform.co.uk), an Accredited Consultancy Organisation (ACO) licensed to consult in the OGC’s best practice trilogy of PRINCE2™, MSP and M_o_R®.

- Andy was an early adopter of PRINCE2™, back in 1997, and has been helping organisations implement and gain value from PRINCE2™ ever since. He has helped implement PRINCE2™ in numerous organisations in more than a dozen countries.

- Andy has been using maturity models as a consulting aid for more than five years, since they help diagnose an organisation’s strengths and weaknesses, prioritise improvement initiatives and measure progress. Andy has used the OGC’s PRINCE2™ Maturity Model (P2MM) and Portfolio, Programme and Project Management Maturity Model (P3M3) as a means to both benchmark organisations via the APM Group assessment process and to define improvement plans.

- Andy is the co-author the P2MM Guide - published in July 2007 by TSO.

- Andy was the Lead Author for PRINCE2 2009.
About Outperform

- **A specialist consultancy**
  - Helping organisations improve their bid, project and programme management performance through the practical application of best practice methods

- **Accreditations**
  - ISO9001 Certified
  - Accredited Consulting Organisation

- **Professional membership**
  - APM corporate member
  - Best Practice User Group™ member
Where we help - expertise and services

Publications
Outperform’s consultants have written a number of books/white-papers and developed handbooks/templates which are available to purchase or download from our website.

Assessments
Bid, Project and Programme audits or health-checks. Organisational maturity assessments. Portfolio review (inc culling service).

Training Workshops
One and two day workshops and business games delivered by registered consultants showing how to embed best practice. Available as public and on-site.

Facilitation
Structured workshops to help you define, assess risks in, or plan your bid, project or programme.

Coaching
Our buddy services start from half day a month and can be called off in hourly units.

Embedding
Use a maturity model to assess current capability, define an improvement roadmap, develop handbooks/processes/templates and supervise the roadmap implementation.
Reasons

• Reason 1 - Sloppy use of the term 'benefit'.
• Reason 2 - Benefits are subjective.
• Reason 3 - Attribution of what could/did provide the benefit.
• Reason 4 - Poor or zero baseline measures.
• Reason 5 - Measuring what is easy to prove - outputs.
• Reason 6 - Benefits take time to accrue.
• Reason 7 - Measuring benefits holds people to account.

Just because it is difficult doesn’t mean we shouldn’t do it
Reasons

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What is a Benefit?

“A benefit is the measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders” – OGC

Questions:

- What are the outcomes?
  - How do we know the impact of outcomes being over/under delivered or delivered early/late?

- Who are the stakeholders?
  - What do they perceive as an advantage?
  - How do we know if the stakeholders or their perceptions change?
Some more definitions...

Many projects/programmes have outputs, outcome and objectives masquerading as benefits in disguise!

**The Public Sector Programme Management Approach:**

**An output/enabler** is something that a project can create/modify/acquire and deliver to the organisation

**A business change** is the affect of using those outputs. A blueprint should describe the set of business changes required. Business Changes help you identify Business Change Managers.

**A benefit** is a measure of the impact of a business change over a period of time. Some impacts will be instantaneously realised, others will be realised incrementally.

**A programme objective** is a target set by key stakeholders and helps define the point at which a programme has served its purpose. Some benefits may continue to be accrued after the programme has met its targets. The vision statement will typically contain objectives.
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<table>
<thead>
<tr>
<th>Financial</th>
<th>Cashable</th>
<th>Non-cashable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Example: Capital receipts from the disposal of property</td>
<td>Example: An efficiency gain leading to less time to complete a required task</td>
</tr>
<tr>
<td>Non-Financial</td>
<td>Measurable</td>
<td>Non-Measurable</td>
</tr>
<tr>
<td></td>
<td>Example: Greater customer satisfaction, measured using a performance indicator or survey results</td>
<td>Example: Improved innovation</td>
</tr>
</tbody>
</table>
Aligning benefits to Strategic Objectives

- Are the benefits having the intended impact on the business strategy?
- Are the outcomes yielding the desired benefits?
- Are the programmes delivering the desired outcomes?
- Did the project produce the desired output?

- Set strategy
- Identify changes
- Define projects
- Manage portfolio
- Execute projects

- Right direction
- Right investments
- Governed right
- Delivered right
## Example project alignment analysis

<table>
<thead>
<tr>
<th></th>
<th>Financial sustainability</th>
<th>Flexible and responsive services for customers</th>
<th>Efficiency Savings</th>
<th>High performing teams and individuals</th>
<th>Alignment Score</th>
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<tbody>
<tr>
<td>Project 1</td>
<td>3</td>
<td></td>
<td>5</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Project 2</td>
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<td>3</td>
<td>13</td>
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<td>Project 3</td>
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<td>5</td>
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<td>3</td>
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<td>Project 5</td>
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<td>9</td>
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<td>Project 6</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>12</td>
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<td>Project 7</td>
<td>7</td>
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<td>3</td>
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<td>13</td>
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<td>Project 8</td>
<td>7</td>
<td>3</td>
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<td>10</td>
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<tr>
<td>Project 9</td>
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<td>3</td>
</tr>
<tr>
<td>Project 10</td>
<td>5</td>
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<td></td>
<td>6</td>
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<td>Project 11</td>
<td>1</td>
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<td>2</td>
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<td>Project 12</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>Project 13</td>
<td></td>
<td></td>
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<td>7</td>
</tr>
<tr>
<td>Project 14</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Project 15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td><strong>Total contribution</strong></td>
<td><strong>47</strong></td>
<td><strong>34</strong></td>
<td><strong>47</strong></td>
<td><strong>24</strong></td>
<td></td>
</tr>
</tbody>
</table>
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Benefits Map - Step 1
Mapping programme business changes to strategic objectives

- Programme Objectives
- Relevant Strategic Objectives
- Improved customer satisfaction
- Net cost reduction
- Improved job satisfaction
- Improved quality of life for the residents
- Improved service offering
- More service users
- Reduced operating costs
Benefits Map - Step 2
Identifying and mapping benefits to programme objectives

- Reduced staff costs
- Faster check out of books
- Increased staff skill-level
- Increased use of remote access (service user)
- Reduced numbers of lapsed members
- Improved service offering
- More service users
- Reduced operating costs
- Improved customer satisfaction
- Net cost reduction
- Improved job satisfaction
- Improved quality of life for the residents
- Reduced staff morale
Benefits Map - Step 6

Prioritising benefits and business changes

- **Project Output/Enablers**
  - New organisation structure
  - Barcode scanners
  - Structured training programme
  - Member retention process
  - Web development

- **Business Change**
  - Embedded roles, policies and procedures
  - Changed staff: customer relationship
  - Informed service users

- **Benefit**
  - Reduced staff costs
  - Faster check out of books
  - Increased staff skill-level
  - Increased use of remote access (service user)
  - Reduced numbers of lapsed members

- **Disbenefit**
  - Reduced staff morale

- **Programme Objectives**
  - Reduced operating costs
  - More users
  - Improved service offering

- **Relevant Strategic Objectives**
  - Improved customer satisfaction
  - Net cost reduction
  - Improved job satisfaction
  - Improved quality of life for the residents
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Benefit profiles

• Benefits profiles describe benefits in more detail and record important information.

• A benefit profile should be prepared for each defined benefit. This helps to:
  – Define the extent of the improvement that the benefit will deliver
  – Ensure an appropriate person is accountable for delivery of the benefit
  – Prioritise benefits
  – Clarify the tools (project outputs) that are needed to enable the benefit
## Benefit Profiles

<table>
<thead>
<tr>
<th>Heading</th>
<th>Guidance</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Description</td>
<td>Summary of benefit</td>
<td>Greater provision of evening activities open to the wider community at local schools</td>
</tr>
<tr>
<td>Programme Objective</td>
<td>Which programme Objective(s) does this benefit contribute to?</td>
<td>To optimise use of school premises as a community facility</td>
</tr>
<tr>
<td>Baseline</td>
<td>From Programme Brief, if available and still accurate, if not refine/ascertain</td>
<td>School is currently open for use for eight hours a day and by school only</td>
</tr>
<tr>
<td>Target value</td>
<td>From Programme Brief, if available and still accurate, if not refine/ascertain</td>
<td>School open an additional four hours in the evenings for a variety of community uses</td>
</tr>
<tr>
<td>Target Date</td>
<td>From Programme Brief, if available. When will the benefit be realised</td>
<td>The start of the first full academic year after school re-opening</td>
</tr>
<tr>
<td>Financial Cashable</td>
<td>Classifying the benefits allows the balance between cashable, non-cashable and non-financial benefits to be assessed</td>
<td>Non-financial measurable</td>
</tr>
<tr>
<td>or Financial Non-Cashable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>or Non-financial measurable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>or Non-financial non-measurable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outputs contributing to this benefit</td>
<td>Which project outputs are necessary for this benefit?</td>
<td>Building the Operating model for evening community provision</td>
</tr>
<tr>
<td>Benefit Owner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependencies on other programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder beneficiary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased Operational Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constraints</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who will be responsible for making sure that this benefit is realised?</td>
<td></td>
<td>Learning Partnership Manager</td>
</tr>
<tr>
<td>Are there other programmes – or other projects within other programmes – upon which this benefit depends?</td>
<td></td>
<td>Review of the Adult Learning Provision</td>
</tr>
<tr>
<td>Which stakeholder(s) benefit from this improvement (or in the case of a dis-benefit, which will be affected?)</td>
<td></td>
<td>Local Adults</td>
</tr>
<tr>
<td>Are there any increased operational costs associated with the realisation of this benefit?</td>
<td></td>
<td>Local Community Groups Local Strategic Partnership</td>
</tr>
<tr>
<td>Are there any assumptions that have not been verified underpinning the benefit?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are there any constraints that restrict the level of benefit that can be achieved?</td>
<td></td>
<td></td>
</tr>
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The importance of Business Change Managers

- Business / Value Drivers
- Programme Vision
- Programme Blueprint
- Project Outputs
- Business Change
- Benefits
- Strategic Objectives

From Mandate

Is detailed by

Contains implicit

Are satisfied by meeting

Which Contribute to

Enabling

Which builds

Specifies

Is delivered through

Is detailed by

Programme Manager

Outperform making strategy reality
## Corporate Competence for Benefits Management

<table>
<thead>
<tr>
<th>Behavioural competence</th>
<th>Individual perspective</th>
<th>Team perspective</th>
<th>Organisation perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>The personal attributes required for project based working</td>
<td>The temporary team working together</td>
<td>The corporate culture for project working, e.g. matrix management</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technical competence</th>
<th>Individual perspective</th>
<th>Team perspective</th>
<th>Organisation perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project management specific techniques such as planning, estimating</td>
<td>Methods for managing a project</td>
<td>Frameworks for deploying, maintaining, and supporting methods and techniques</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contextual competence</th>
<th>Individual perspective</th>
<th>Team perspective</th>
<th>Organisation perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domain specific knowledge such as finance, legal, HR</td>
<td>Methods specific to the project purpose, e.g. software development lifecycle models</td>
<td>Commissioning and tracking the best set of projects to achieve strategic goals</td>
<td></td>
</tr>
</tbody>
</table>
Summary

• Why is Benefits Management difficult?
  – Reason 1 - sloppy use of the term ‘benefit’
  – Reason 2 - Benefits are subjective
  – Reason 3 - Attribution of what could provide the benefit and what actually provided the benefit
  – Reason 4 - Poor or zero baseline measures
  – Reason 6 - Measuring what is easy to prove - outputs
  – Reason 7 - They take time to accrue
  – Reason 8 - Measuring benefits holds people to account

• Programme Management techniques can help
  – Definitions
  – Benefits Maps - attribution
  – Benefit Profiles - measures (before/after)
  – Stakeholder management - tracking perceptions that matter
  – Reporting - accountability
  – Corporate competence
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Further Information

- Public Sector Programme Management Approach
- http://pspmawiki.londoncouncils.gov.uk/index.php/Main_Page