

Benefits Management Briefing

Introduction

Why is Benefits Management of interest to so many organisations; surely good programme and project management should deliver the required outcomes or benefits? The assertion about good programme and project management is true, but the reality is that many (most) fail to deliver the expected benefits. Why is this? There are naturally many excuses but it usually comes down to the following:

- The expected benefits and how they are to be delivered are poorly defined at the outset.
- The business case, which is usually financially focused, is never reviewed or updated.
- The expected benefits are not widely communicated so only a few people understand the rationale for the programme/project.
- Management attention focuses on the money and tracks the high expenditure elements of the programme/project which is usually only an enabler for the benefits delivery — how often have we come across projects that appear to be about implementing a particular software system with no mention of the benefits that the business is really trying to achieve!
- Programme and Project reviews focus on tasks, milestones, risks and costs; rarely are benefits discussed.

“A Benefit is a positive outcome, quantifiable or unquantifiable, that a Programme/Project has been undertaken to deliver and justify the investment. They are realised as a result of activities undertaken to effect the change, deliver the capabilities and justify the investment of the programme or project.” OGC

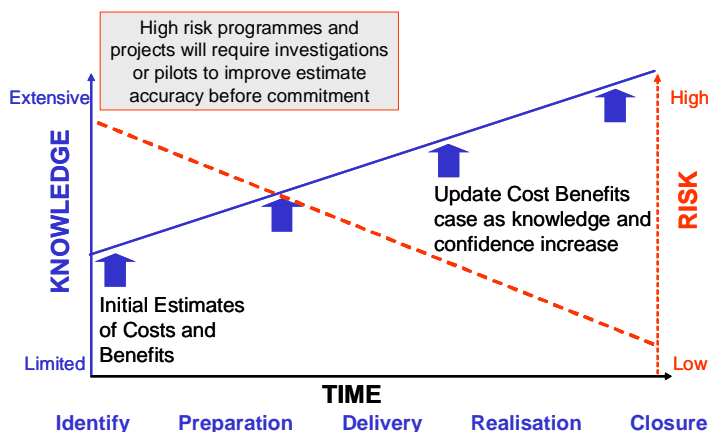
Benefits Management Principles

A number of principles should be used in deploying an effective approach to Benefits Management:

1. There should be a clear, visible picture of what benefits are expected, how and when they will be delivered - we recommend the use of a Benefits Map, see over.
2. The benefits should be measured and targets set against a known baseline of current performance.
3. As well as measuring the outcomes the programme/project should identify and measure, against targets, the driver activities and milestones that are key to delivering the benefits - we recommend, for principles 2 and 3, the use of a Benefits Scorecard, see over.

“I often say that when you can measure what you are speaking about and express it in numbers you know something about it, but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind.”

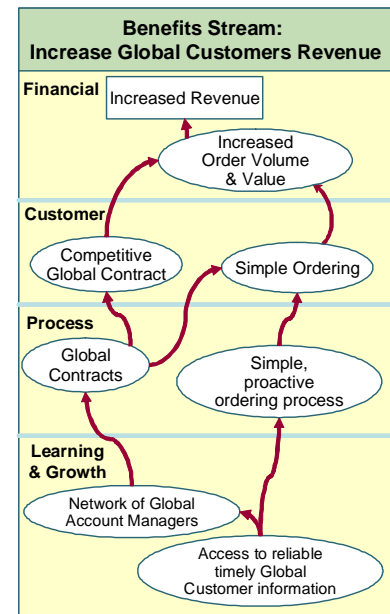
Lord Kelvin



4. The benefits should be regularly updated as your knowledge of what will be achieved improves as the programme/project progresses, see diagram.
5. The programme/project management processes must change to make Benefits Management an integral activity and not another bolt on — the Benefits Scorecard should be the agenda for your review!
6. The process/functional owner should be involved in defining the Benefits Scorecard and take ownership to ensure delivery.

Benefits Map

The example Benefits Map is for a project to “increase revenue from global customers” for a software company. The Benefits Map shows the cause and effect between the desired Financial outcomes and the Customer, Process and Learning and Growth perspectives. The Customer perspective reflects the value proposition — why should customers order more? The Process perspective identifies where the project must excel in order to deliver the desired Customer and Financial Benefits. The final perspective defines how the project must learn and grow — the key skills, knowledge, capabilities and culture required in order to deliver the desired benefits. The Benefits Map clearly shows what has to be done to deliver the benefits. Whilst it is a “simple” picture the derivation often requires lengthy discussions that, ultimately, provide real clarity and understanding for the project team and its stakeholders on what benefits will be delivered and how it will be done. The Benefits Map is the cornerstone for developing the Benefits Scorecard.



Benefits Stream: Increase Global Customers Revenue	Objectives	Measurement	Target	Initiative
Financial Increased Revenue ↑ Increased Order Volume & Value	<ul style="list-style-type: none"> Increased order volume and value 	<ul style="list-style-type: none"> Order value from Global Customers 	<ul style="list-style-type: none"> >15% CAGR 	
Customer Competitive Global Contract ↑ Simple Ordering	<ul style="list-style-type: none"> Provide competitive global pricing and unified discounts Simple & quick ordering process 	<ul style="list-style-type: none"> Take up of contracts Customer satisfaction - ordering 	<ul style="list-style-type: none"> >40% Yr1 >65% Yr2 >80% Yr3 >80% v.good or better 	<ul style="list-style-type: none"> Incentive programme Quality programme
Process Global Contracts ↑ Simple, proactive ordering process	<ul style="list-style-type: none"> Implement quick, simplified ordering process Negotiate global contracts, pricing & discounts with global customers 	<ul style="list-style-type: none"> Time to place order Order accuracy Availability of global contracts 	<ul style="list-style-type: none"> >10 Minutes >99% >60% Customers in Year 1 	<ul style="list-style-type: none"> Process optimisation Global database Global A/C Managers & information
Learning & Growth Network of Global Account Managers ↑ Access to reliable timely Global Customer information	<ul style="list-style-type: none"> Establish Global A/C management network Provide A/C Mgrs with timely, global customer data Provide tools to manage global orders 	<ul style="list-style-type: none"> % Global Customers with A/C managers Completeness of global A/C information Availability of system & database 	<ul style="list-style-type: none"> >75% Yr1 >100% Yr2 >95% Yr1 >99% Yr2 >50% live Yr1 >100% live Yr 2 	<ul style="list-style-type: none"> A/C Manager development programme New order processing system and database

Benefits Scorecard

The “bubbles” from the map are firstly developed into “SMART” objectives. The objectives then have measures and targets identified so that progress can be tracked & monitored. Outcome measures are used for benefits realisation. Driver measures are used to show progress/rate of improvement/etc of critical process and learning and growth activities. Finally, initiatives are identified that are needed to ensure that the benefits are delivered - these maybe sub-projects or critical dependencies on activities outside of the projects remit. The Benefits Scorecard once developed by

the project team can then be used to track progress and show the RAG status.

Development Process

The Project Manager should work with the sponsor and key stakeholders to develop the Benefits Map and Scorecard. We recommend that the Benefits Map is created at the project proposal stage because it clearly communicates what benefits and how they are to be delivered. This can be supplemented by the key costs and risks to support the go/no go decision making process. The Benefits Scorecard should be developed in full at the same time as the PID and Business Case - the Preparation phase. Tracking and monitoring can then be established so that progress towards the desired benefits is visible through delivery and into realisation. Benefits Management starts at the beginning of the project and runs throughout the project lifecycle and beyond.

How can I learn more?

Business Transformation (Training and Coaching) provide training and coaching programmes to help organisations to implementing Benefits Management. Contact Denis Mahoney on +44 1903 784783 or +44 7766 333294 or via email denis.mahoney@business-transform.co.uk for more information.