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Guiding Principles of Benefits Management

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During our work to support organisations deliver benefits driven change, maturity assessments and adopting programme management, we have become aware of a number of underpinning principles that are common amongst organisations that are successful.

Our work on P3M3 maturity assessments has given us a big insight into the trends and to be honest, 2 years ago there wasn't much life in the benefits beast, but our recent reviews have been showing that organisations are really beginning to lead their investments based on genuine benefits rather than the artificial gloss that existed before (within Business Case documents). We'd like to say we were the stimulus behind this but we can't take the credit, it is down to their hard work and commitment.

This has largely been driven by the recession in the UK which is where we are often seeing organisations getting near or achieving Level 3 maturity in Benefits Management. This was unimaginable 3 years ago; it just goes to show what can be achieved when an organisation (in any sector) puts their minds to it.

These principles are underpinning the improvements we have seen and we'd like to share them with you in this article, we hope they prove useful to you.

1 Establish the Guiding Mind

There must be a single point of focus in the organisation for benefits delivery. This can be an individual at the top of the organisation (in the same way that there is a Finance Director) that is taking personal responsibility for the delivery of the change.

An alternative approach is to establish a Benefit Delivery Board, which is a subset of the portfolio board (or possibly the programme board on a big initiative), which focuses solely on benefits delivery.

Too often reports on benefits are over optimistic and not based on the reality of the change, when a group only has one focus, such as benefits, it will be very single minded .

In one of our clients projects and programmes report they only had to report by exception; they only reported if there were not going to deliver the benefits, which put the onus on them to be transparent about the reality of the situation a reverse psychology was in action.

Those that didn't report were assumed to be on schedule but were often subject to audits, so it was easier to report concerns than hide them away and certainly better for their career potential.

This "guiding mind" can then also deal with double counting of benefits or where programmes and/or projects are affecting the same performance indicators to help with primary ownership and resolve any conflicts that may arise.

2 Transparent and Tangible Evidence Base

Benefits forecasts must be evidence based rather than guesswork. This will include measurement of current performance to establish a baseline and the metrics to assess improvements. The relevant metrics will be monitored to validate any projections, opportunities and threats that may develop.

Each change must clearly define how a benefit's achievement can be audited and viewed once the change has been delivered, with evidence to support that claim of achievement.

There must be a clear transparent linkage between the investment in the project, the outputs it creates, the changes that are delivered and the activities to release the benefit.

To achieve this, programmes or projects will need to have an "as is" and "future state" definition on which to develop this calculation.

The benefit value must be measurable at the point of change, not just in an aggregated form.

3 Attribution of Ownership

There will be clear ownership of each benefit and elements of that benefit will be signed up to by the appropriate department representative.

The responsibilities and activities for delivering the business changes that will realise the benefits will be clearly defined in the benefits documentation and used for tracking and auditing the delivery.

The delivery of a benefit should be allocated to a range of individuals, with most importantly, a single point of accountability. The expectations and responsibilities for these individuals will be clearly defined and will form the basis of the "Benefits Commitment".

Individuals will commit to making the change and this will form the contract that is established between the change initiative and the business operation, captured within the business case.

4 Risk Based Management Plan

No benefit is certain; it will most likely be dependent on a number of inputs which will need to be effectively managed to achieve the values that have been forecast.

To achieve this, each benefit must have a coherent plan which will be reported on and tracked through the lifecycle of the change initiatives and all projects and programmes will report on their benefits achievement monthly, not just planned at the start.

The starting point for the benefits plan will be benefits driven; from the benefits requirements, the specification for the programme or project can be developed and designed to meet these business benefits. Historically, benefits have been looked for once the requirements have been defined; this is a fundamental change as the requirements are defined from the planned benefits.

The definition of benefits must recognise the ambiguity around delivery, with forecasts reflecting optimistic, realistic and pessimistic aspirations based on the effect of identified sensitivities and dependencies. The higher the level of sensitivity and dependency, the more the pessimistic bias should be.

5 Control of Change

A major threat to any benefit realisation is the failure to control organisational changes or reflect changing market conditions. Failure to realise a benefit can be caused inadvertently by programme, project boards or operations making scope or process changes without realising the impact.

A programme without a blueprint or detailed target operating model will be too volatile to deliver benefits.

Once a benefit has been identified, none of the elements that contribute to the value can be changed, re-invested or re-utilised without change control being applied and formal approval. The "guiding mind" is crucial to maintaining focus and resolving conflicts.

To maintain control of the benefits, changes to any aspect of a programme or project delivery must be undertaken only after an impact assessment on the ability to achieve benefits, changes to scope, time, specifications or budgets may all have an impact in this area.

Any benefit will have a number of dependencies associated it with, these must be tracked by the project or programme team to ensure that dependencies that may be external are tracked as well as changes within scope.

6 To maintain focus, all programme and project boards must have Benefits as a standing item on their agenda.

Benefits will be a critical factor in the Gate Review process, where the decision to proceed will be based on the ability to achieve the planned and agreed benefits. Consistent Valuations

To enable consistent and effective comparison of proposals for change, and to enable a common "currency" for approving, reporting and releasing benefits it is essential that there is consistency of valuations.

There needs to be a framework that defines what are acceptable valuations and criteria, these are the only ones that will be accepted when the change is proposed. This will enable consistent accounting for benefits against these criteria.

Ideally, all calculations will be financially valued, but clarity will be sought as to whether this is cashable or not, the use of monetary value enables the lowest common denominator for comparison.

The cost of achieving the benefit must be included in the calculation; a profile of anticipated costs will be used as part of the benefits profile, and be tracked to ensure the balance between cost and return is maintained.

Each benefit will have its sensitivity to change and probability valued. The impact of this sensitivity will be reflected in the profile and help to focus resources to minimise the impact on the benefit. Only tangible benefits should be accepted, if it can't be measured using a hard value, then it will not be accepted as part of the justification for the change.

All benefits must be proved against credible indicators that are proven and available, no proxy indicators should be used unless in exceptional circumstances. However, indicators must have a holistic range of measures that show impact and effect.

Indicators should illustrate current performance, forecast performance during the change and the post change performance.

Wouldn't it be great if as much time was spent debating benefits as organisations debate costs?

We hope these ideas are thought provoking and useful; if you use them don't forget to mention where you got your ideas from.

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