

Managing Benefits: An Overview

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1. What is Benefits Management?

Benefits Management aims to make sure that desired business change or policy outcomes have been clearly defined, are measurable, and provide a compelling case for investment - and ultimately to ensure that the change or policy outcomes are actually achieved.

Any programme of change requires a constant focus on the intended benefits (measurable improvements) if it is to deliver value and remain aligned with business goals and the OGC Gateway Reviews process reflects this focus at each stage.

Delivering value begins with defining the expected high-level outcomes before a programme is approved and continues through the identification, profiling, tracking and embedding of benefits. This also involves assessing risk against the proposed outcome to confirm how value can best be achieved.

2. Who should read this guide?

This guide is intended for those involved in delivering major programmes of change, including leaders in the e-delivery, policy, property, programme and project management communities and their professional advisers. The content draws largely upon existing OGC guidance (Managing Successful Programmes and the Successful Delivery Toolkit) but also contains new practical advice (sourced from departments and industry) about how to gain assurance that a particular approach to Benefits Management is likely to be both effective and consistent with good practice.

3. Why Benefits Management is important

It is more important than ever for those responsible for delivery to be able to measure and optimise outcomes from investment in change. A renewed emphasis on delivery, at a time when there is considerable pressure to achieve new policies and demanding PSA targets, all against an increased drive for efficiency, means that we all have a responsibility to effectively plan for and provide evidence of success.

Effective management of the benefits across several programmes or projects allows management to make strategic adjustments in resources to ensure strategic objectives are being achieved, even when surrounded by change. This control is typically achieved using Portfolio Management – viewing the total set of programmes and projects within an organisation and adjusting the commitment of resources and investment in order to prioritise and deliver the organisation's goals. It can also provide an opportunity to re-deploy resources freed up through the efficiencies being delivered, to derive new benefits in flight and to minimise unwanted side effects (dis-benefits).

By critically comparing the risks, costs and benefits of each programme or project, explicit decisions can be made about which to approve, which to terminate and which to amend. However, while many

are familiar with managing delivery against time, quality and cost, the discipline of identifying and realising the benefits is still relatively new and can at first seem challenging.

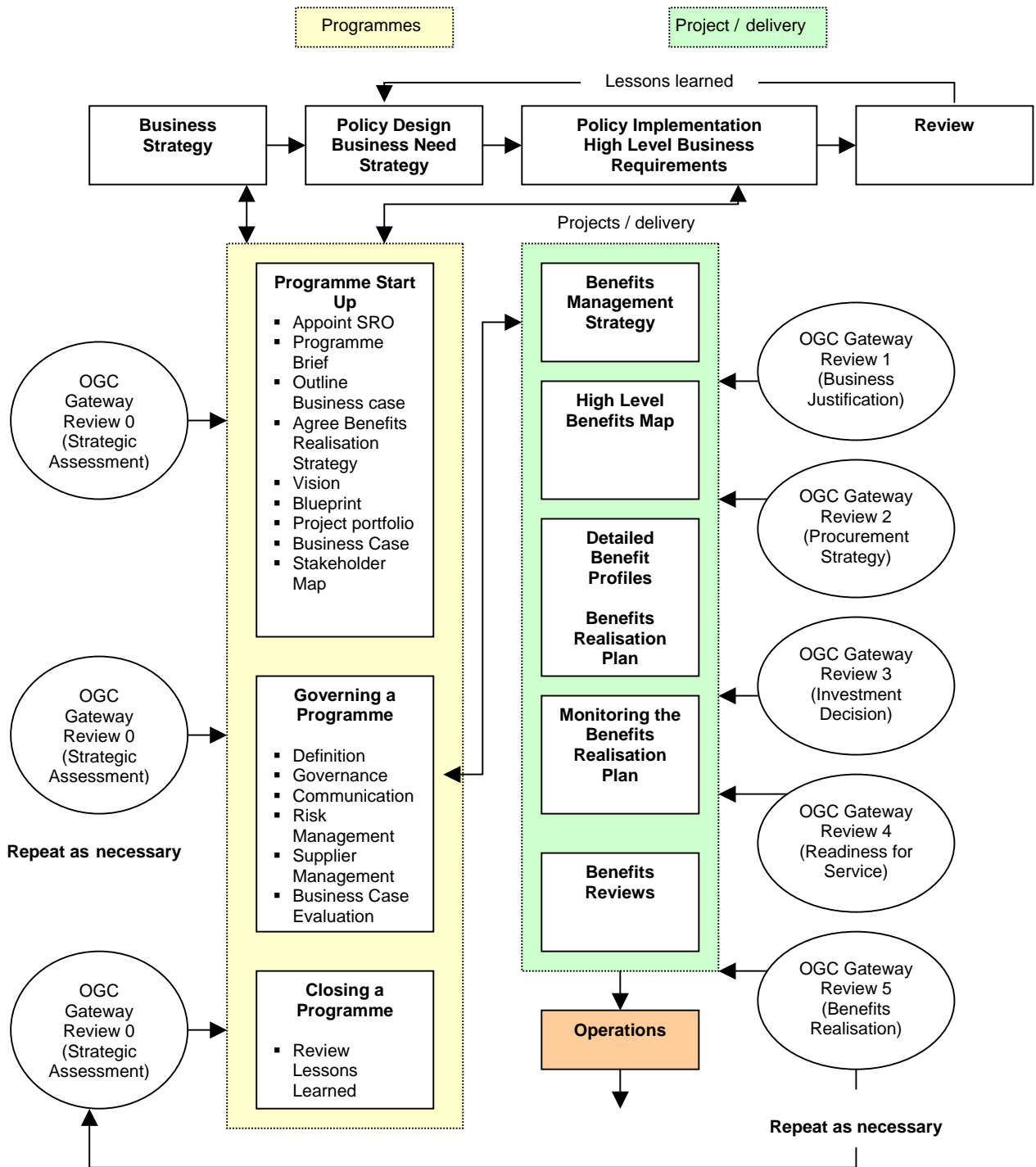
4. When to start

Benefits Management starts before a Project or Programme is accepted onto the Department or Agency's portfolio of change initiatives – only those with properly defined strategic benefits should gain approval. The identification, tracking and realisation of benefits continues throughout the programme and will probably continue after it has formally closed, when managers with responsibility for operations or service delivery increasingly take on the task of ensuring that the planned benefits are being monitored and optimised.

5. A Framework for Benefits Management

The Framework below indicates, at a high level, dependencies between a typical Benefits Management process and the steps for managing a major delivery programme. It also maps the main Benefits Management steps onto the standard delivery stages described in Managing Successful Programmes (MSP) and OGC Gateway Reviews, but the approach can be used for any type of more specialised change initiative, including introducing new policy, procurement projects or meeting e-delivery targets.

Benefits Management Framework



Some departments will have developed their own frameworks or process models to support benefits management and realisation. An (adapted) example of a process model developed by Inland Revenue can be found in Annex 1.

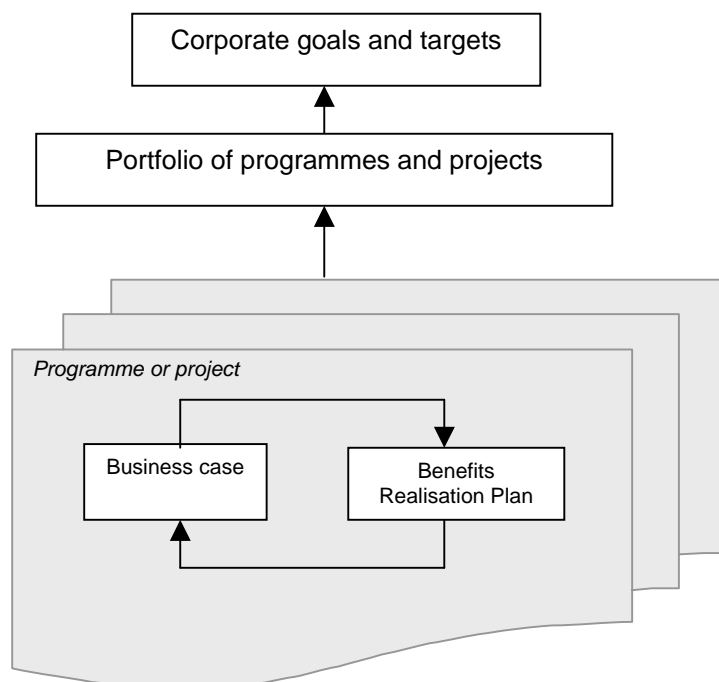
6. Getting started: the Business Case as decision-making tool

The business case sets out a rationale for investment and as such must support robust analysis and realistic decision-making. At its heart, the cost benefit analysis traditionally seeks to establish that the (usually financial) returns justify the preferred option, that costs can be controlled and the risks effectively managed.

In reality, not all benefits can be measured financially: Qualitative or less tangible benefits, which are often more difficult to measure will also need to be identified, scoped and tracked. Similarly, costs, risks and benefits will change over time. For these reasons, a simple snapshot taken at the beginning of the programme may not adequately reflect inter-dependencies or changes in external circumstances consequently, a continuously updated business case must be the key input for reviewing progress towards outcomes and making the almost inevitable necessary adjustments.

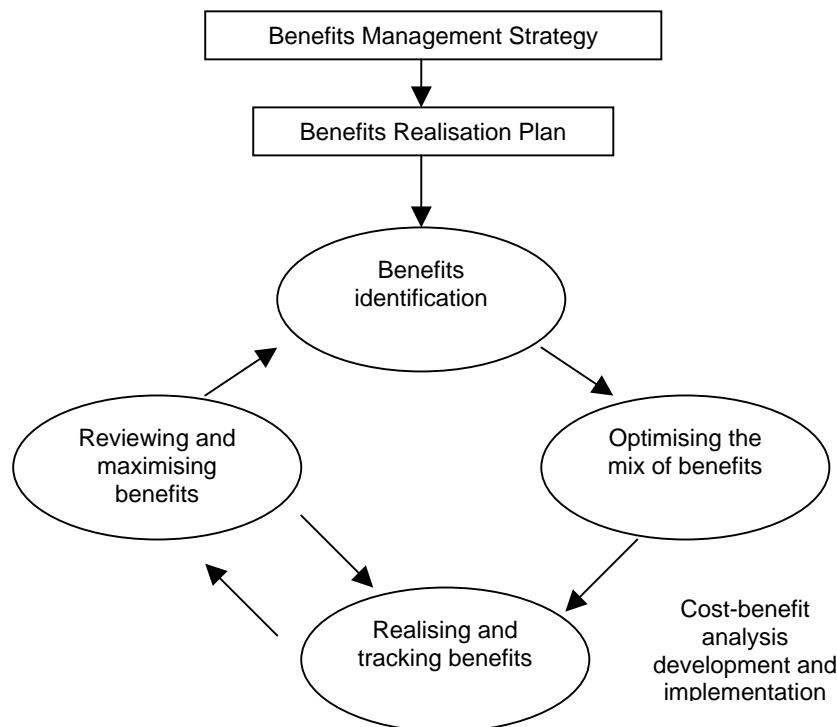
The Benefits Realisation Plan - including key assumptions and sensitivity and risk analysis of those benefits expected to contribute most to outcomes - should be seen as a major component of this decision-making process. Whereas a more complex and mission critical programme may require a separate Benefits Management Strategy and Benefits Realisation Plan they maybe consolidated into the programme level business case in more straightforward cases.

This Plan must be capable of linking directly to the top-level portfolio of programmes and and, through that, to the strategic goals or PSA targets.



7. Benefits Management - Planning and delivery

A generic approach to benefits management is set out below indicating key products and supporting activities.



i. A tailored approach – the Benefits Management Strategy

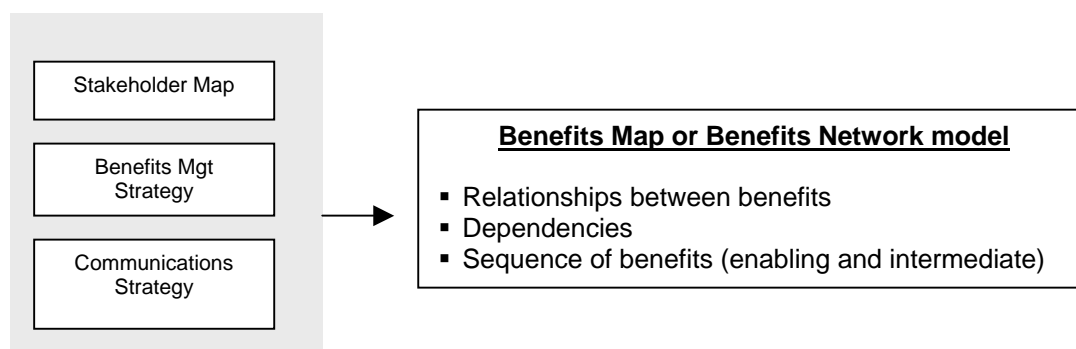
The Benefits Management Strategy describes a structured, continuous process to ensure that benefits are sustained and returns on investment are maximised. In the earliest stages of setting up a Programme or other delivery project, the team will engage with stakeholders to produce a vision statement articulating the purpose and strategic fit (in the case of mandated targets some of this might be “predetermined”). Part of this articulation will involve listing broad objectives and distilling these into perhaps four-to-six key outcomes (what the future improved state will look like). These outcomes are reported against in the organisation’s business plan or as part of achieving its targets (for example under the PSA).

Outcomes are the key to unlocking benefits because they help formulate the answers to the following questions:

- What are the top-level (strategic) benefits and are there any undesirable side effects (sometimes called dis-benefits, an obvious example being any threat to business as usual)?
- What are the main roles and responsibilities in owning, testing out, impacting and delivering these benefits?

- Who else is a stakeholder and therefore needs to be involved in agreeing and communicating benefits?
- What are the sequences and dependencies between benefits?
- What are the likely value, timetable and profile for each benefit?
- What are the assumptions, costs and risks associated with realising each benefit?
- How will all benefits be tracked and measured?

The answers to these questions form the framework for a tailored end-to-end process that should be documented in the Benefits Management Strategy. This will provide the SRO of the programme or project a structured, and quantifiable, articulation of why the programme is being carried out and the outcomes that will be delivered. Because it is usually developed in tandem with the Stakeholder Map and Communications Strategy, much of the work for drafting the Benefits Management Strategy will both cross-reference and help refine a series of parallel analytical and concept-proving activities. At this stage, the main output may be a relatively high-level Benefits Network model or Benefits Map showing the relationship between the end benefits, a series of sequenced intermediate benefits and the enabling benefits that must be achieved first. This output will assist in validating that deliverables (products) have been correctly identified and the dependencies are clearly understood – it may also help in profiling and prioritising resources.



ii. From identification to achievement – the Benefits Realisation Plan

The Benefits Realisation Plan should be developed as a product in its own right although, at a summary level, it may be incorporated within each iterated version of the Business Case, to be revised and refined as the programme develops.

The planning process involves:

- identifying and prioritising tangible and intangible benefits
- generating ownership of and commitment to the benefits from business stakeholders
- developing measures and quantifying benefit opportunities

- building benefits management action plans to identify the activities, timelines, responsibilities, interdependencies and resources required to achieve benefits at an operational level
- implementing an on-going benefits tracking and reporting process.
- agreeing how information on benefits delivered will be acted upon “in-flight” to maximise benefits or inform portfolio/programme decisions

iii. Identifying and prioritising benefits

As a result of the high-level Benefits Network model developed during the strategy formulation phase, a list (also sometimes referred to as a map or register) of benefit opportunities will have been produced. It is important this is reviewed and refreshed at regular intervals, certainly after any critical risk-to-benefit materialises, or following any material change in scope.

Benefits identification can take several forms, most commonly:

- top-down (or back-front) benefits mapping from outcomes to enablers
- addressing the “as-is” issues faced by the business
- stakeholder-based, for example by looking at the impact on key customer segments or on different business units or agencies
- a hybrid of two or more of the above.

For each benefit, a Profile should be built (a template is shown at Annex C). This purpose of a profile is to describe all aspects of the benefit including ownership and measurement. The level of detail should be tailored to requirements. However, it is essential that Profiles are dynamic and updated speedily to reflect changes in external or internal dependencies.

iv. Developing measures and quantifying benefit opportunities

The objective is to concentrate measurement effort on the key benefits – those that deliver the greatest share of financial savings or those that contribute most directly to corporate goals and strategic outcomes and PSA or e-Delivery targets. All benefits should be tracked if feasible, but there are diminishing returns in trying to quantify every benefit at too great a level of detail.

Full sensitivity analysis should be carried out individually for benefits assessed as critical and key assumptions should be tested regularly. Any significant variation in achievement of these critical benefits will be picked up at the Review stage (see below) and will need remedial action.

Benefits from straightforward and predictable types of change (introducing new business or IT functionality into a stable environment) will be relatively easy to estimate and a high level of confidence can be attached to the measures and estimated result. Benefits derived from, for example,

changing people's attitudes and behaviour, will have a far lower degree of probability and will require continual testing throughout the delivery phase. Pragmatic business-based judgements about what and when to measure depend on sound benefit profiles and a clear focus on what matters (outcomes).

We should aim to express benefits in financial terms where at all possible, but in other cases they must be quantifiable in some acceptable way – for example, by tracking trends through a statistically valid survey. Where there is a mix of tangible and less tangible benefits, a Balanced Scorecard approach can be used to give sufficient weight to the overall mix of benefits. If baseline information is missing because the future state cannot be mapped onto the current situation, some form of statistical modelling may be required and expert advice should be sought.

Once the Benefits Realisation Plan has been formally agreed (baselined), measurement may begin. This could take a number of forms, but the key principles are:

- keep measurement systems simple to use and understand
- where practical, use existing information sources or performance measurement systems
- alternatively adapt or add to existing systems
- or, as a last resort, construct new measurement systems being sure to include development and running costs in the business case
- document and revisit working assumptions
- concentrate on key benefits and establish key performance indicators for these

A variety of distinct measurement techniques have been implemented in different parts of government and the private sector each of which may have merit for particular types of change programme. Two tried and tested approaches are set out in Annex 2.

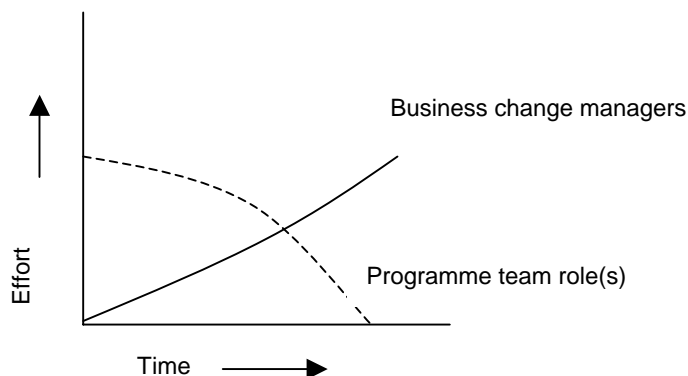
Other models may offer differing levels of analytical rigour, but the underlying purpose is always to ensure that “like is compared with like” across different parts of the change programme. In fact there is no reason why a programme should not develop its own techniques so long as these conform to the metrics used at corporate level or acceptable to financial appraisers. The HM Treasury Green Book provides additional guidance in the context of quantifying policy outcomes.

v. Benefits Management Action Plan and follow-on activity

Emphasis on continuity within the Benefits Management process, almost certainly lasting beyond the closure of the programme, implies that there will be many people involved in working to increase benefits realisation and deal with any dis-benefits or issues. This activity must be co-ordinated with clear accountability, responsibility and commitment from those concerned. A formal Benefits Management Action Plan lists the review points, timelines, responsibilities, interdependencies and resources required to achieve benefits in the operational sphere.

Managing Benefits lies at the heart of effective change leadership and many of the potentially difficult human resource issues will be crystallised here. For example, if the business or operational parts of the organisation(s) are not involved in documenting the benefit profiles from day one, it may prove much more difficult to engage them later.

The process starts with the appointment of the SRO who will “own” the Benefits Realisation Plan and therefore must already have a leadership role within the part of the business most affected by the programme outcomes. The SRO must assign responsibility to named individuals in the business area with a clear statement of the benefits they are to deliver. These Business Change Managers are responsible for making sure benefits happen and so must have the required accountability, responsibility and control functions. Their role may extend beyond programme closure and must allow for succession planning and transition such that their relationship with the programme may look like this:



Finally, gaining commitment to the quantifiable targets for benefits requires both early engagement and formal review in preparation for the eventual handing over of responsibility for realising benefits to the operational sphere. Benefit Reviews are formal sessions where stakeholders meet to check achievement against targets (whether defined through milestones, trajectories or some other means) during and after implementation.

These meetings should be structured so as to answer the following set of questions:

- Which of the planned benefits have been achieved (were the targets right)?
- Which have not been achieved and why? Is there any possible remedial action?
- Is there a logical pattern to the success / failure?
- Where the benefit's assumptions correct?
- Were there any unexpected benefits? If so, can these be capitalised in the future?
- Have all the dis-benefits been managed and minimised?
- Were there any unexpected dis-benefits? If will these going to be managed in the future?
- Are there any further potential benefits?

- Do the measures appear correct? Do they need refining? Is the measures process correct?
- What implications do the measured benefits have for future change or ongoing implementation?
- What interventions need to be made to maximise benefits going forward (e.g. by increasing take-up in key areas)?

8. Key roles and responsibilities

The main roles will change as the delivery life-cycle moves on, the table below describes the major roles and responsibilities for effective Benefits Management:

Role	Responsibilities	Activity
SRO	Owns the Benefits Management Strategy and responsible for Benefits Realisation Plan	Defining the benefits in consultation with stakeholders
Programme Manager	Oversees / prepares the Benefits Realisation Plan and ensures it is aligned with Programme Plan and Business Case	Identifying and defining the benefits in close consultation with stakeholders
Programme Office	Acts as the information hub for tracking and progress-chasing benefits, calling reviews and communicating results	Planning, monitoring and tracking
Business Change Manager	Realising benefits: <ul style="list-style-type: none"> ▪ Agreeing profile ▪ Impact analysis ▪ Quantifying ▪ Risk assessment 	Planning, monitoring and tracking
Project Manager	Defining benefits in PID: Delivery of enablers to time, quality and cost	Planning and tracking.
Assurance / validation	Usually carried out by third party individuals not directly involved in the Business Change Programme	Monitoring and assessment Post Project Review Gateway 5 (repeatable)

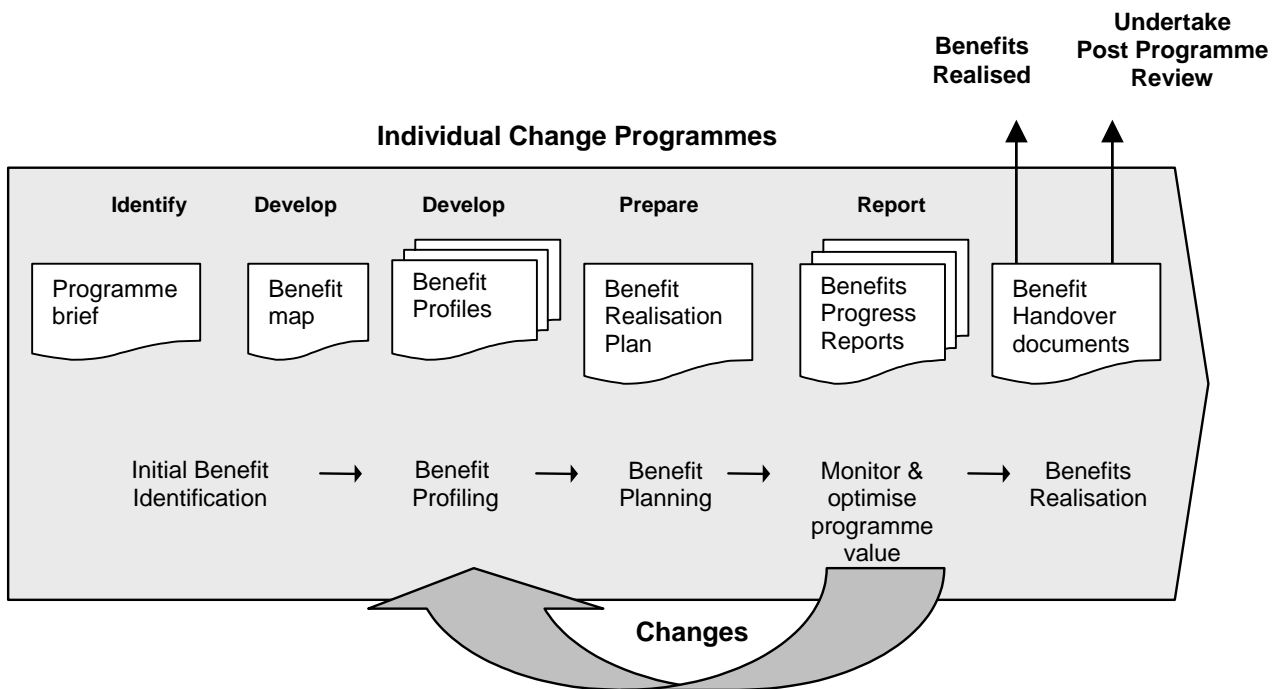
9. Further information

Source	Name	Description / availability
OGC	Benefits Management - Key Principles	Companion guidance for SCS
OGC	Managing Successful Programmes	Definitive programme guidance available via OGC website
OGC	Portfolio Management	Overview for SROs & Programme managers available from OGC website
	Portfolio Management: Aide memoir	SCS guidance available from OGC website
OGC	Successful Delivery Toolkit	Available from OGC web site
OGC	Policy to Successful Delivery	Available from OGC web site
HMT	Green Book - Appraisal and Guidance in Central Government	Links from HM Treasury web site
HMT	Measuring the Expected Benefits of e-Government	Links from HM Treasury web site
HMT	Management of Risk	Risk support home page
HMT & PMDU	Planning and Managing for PSA Delivery	PMDU web site
PMDU	Delivery Toolbox / Trajectories	PMDU web site
COE	Guidance on embedding best practice	Available from OGC web site
e-GU	Benefits Profile templates for 31 key services	e-Government Unit web site

Annex A - Benefits Management process used by Inland Revenue

Commentary

This is a good example of how a department has tailored best practice to develop its own processes to meet the needs of the organisation. The process is aligned with Benefits Management best practice and sets out the key products and activities using slightly different terminology than set out in this guidance - e.g Benefit Progress Reports which are the broad equivalent of Benefit Reviews.



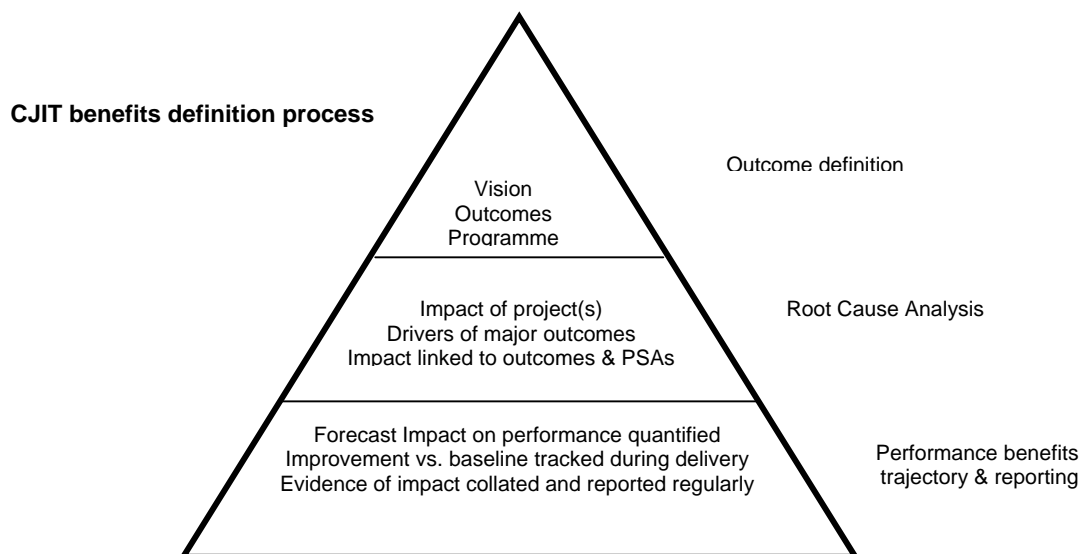
Annex B - Examples of approaches

There are likely to be a number of successful approaches to Benefits Management in the Public and Private sector. OGC is actively seeking to identify and capture more examples to complement its guidance on Benefits Management as part of the drive to help departments improve capability and embed best practice. The examples provided in this section demonstrate the importance of linking benefits to outcomes through a measurement framework and the role of the business case as a decision-making tool.

i. Criminal Justice IT

Collaborating with Capgemini, the Criminal Justice IT project (involving multiple organisations) has drawn up a National Benefits Plan showing a benefits trajectory for quantified benefits and a breakdown for each stakeholder organisation, in turn supported by the *Root Cause Model* that can be used to link a portfolio of initiatives to several, commonly agreed, strategic outcomes, such as reduced re-offending or increased public confidence. The *Root Cause Model* helps identify the impact of projects, drivers of major outcomes and the overall impact linked to business outcomes and PSAs.

The benefits definition process is illustrated below.



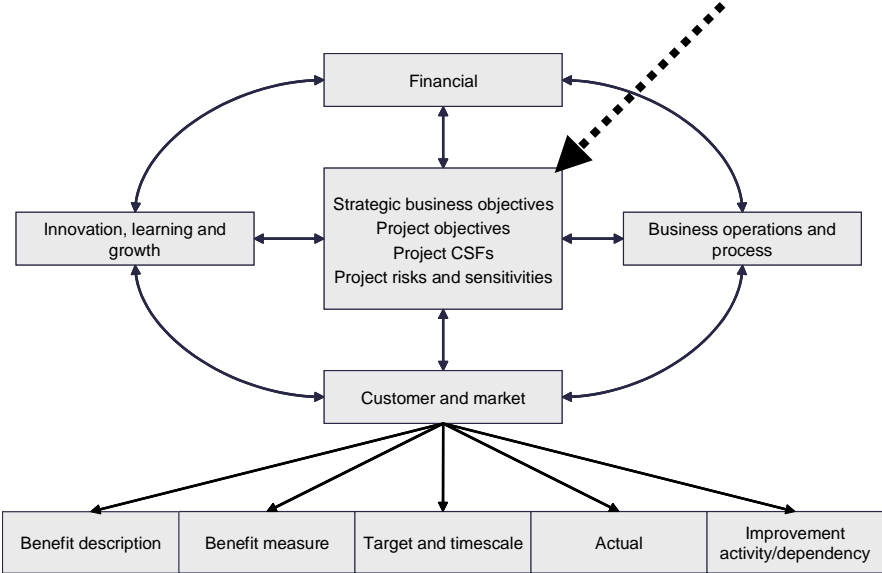
ii. Pi consulting's scorecard approach

The scorecard approach is based on a business case pro-forma which links the programme / project directly to Strategic business objectives. It serves as the core benefits monitoring and management tool for the programme and provides continuity at the point of handover of the change initiative from the programme / project team to the operational business unit / service delivery team.

Business case pro-forma

Category description	Specific description	Assumptions	Dependencies	Business area responsible	Value Year 0			Value Year 1			Discount rate	NPV Year 0			NPV Year 1			NPV For the payback period				
					Worst case	Most likely	Best case	Worst case	Most likely	Best case		Worst case	Most likely	Best case	Worst case	Most likely	Best case	Worst case	Most likely	Best case		
Benefits:																						
Total benefits																						
Costs:																						
Total costs																						
Net case																						

Benefits Management framework



Annex C - Sample Benefit Profile temple

SAMPLE BENEFIT PROFILE TEMPLATE			
No.	<i>Unique number</i>	Owner	<i>Named individual</i>
Profile Agreement Date	<i>Sign-off date</i>	Profile Last Reviewed	<i>Insert date</i>
Benefit Overview		<i>High-level description – link to strategic goal</i>	
Detailed Description:			
<i>Describe the main attributes of the benefit and its relationship with other benefits and the eventual outcomes (e.g. as enabler, intermediate or end benefit). May also be a description of an unexpected side-effect or dis-benefit that must be managed.</i>			
Actions taken:			
<i>List the outcomes of Benefit Review with dates and reasons.</i>			
Stakeholders	<i>Major individuals or groups impacted by the benefit</i>		
Benefits Valuation	<i>Whether tangible/financial</i>		
Key assumptions	<i>Show assumptions about probability or value of benefit</i>		
Risks to benefit	<i>List specific risks or link to risk register</i>		
Costs	<i>Costs associated with measurement or realisation</i>		
Performance Measure(s)	<i>KPIs now - or in the future. If not capable of direct measurement, what trend analysis or other test can be used to track achievement?</i>		
Target Performance	<i>Expected performance at each milestone or trajectory intersect and “end state” performance</i>		
Realisation Date(s)	<i>Profile showing any “lag time”, or changes over time</i>		
Measurement Source	<i>System or information source(s) required for measurement</i>		
Measurement Frequency	<i>Milestone or trajectory period (quarterly, annual, 2-yearly etc)</i>		
Measurement Roles	<i>Information system owners</i>		
Dependencies	<i>Cross- reference to other benefits (number of profile) or list external dependencies (environmental, other projects, technical etc)</i>		

Annex D - Acknowledgements

In developing this guidance, OGC consulted widely and would like to thank the following organisations for their contribution:

Public Sector

CMPS
Companies House
Criminal Justice IT
Department for Constitutional Affairs
Department for Environment Food and Rural Affairs (RPA)
Department for Education and Skills
Department for Work & Pensions
e-Government Unit
Foreign and Commonwealth Office
HM Customs & Excise
Home Office
Inland Revenue
Ministry of Defence
National Assembly for Wales
Police IT Organisation

Academia

Warwick Business School

Private Sector

Capgemini
Catalyze
Great Stave
Hedra
KPMG
Lucidus
Norwich Union
PA Consulting
Pi consulting
Sigma