Managing Benefits

Optimizing the Return from Investments

A short overview

Oslo – 28th & 29th September 2017

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The Context: The track record (globally) isn't good

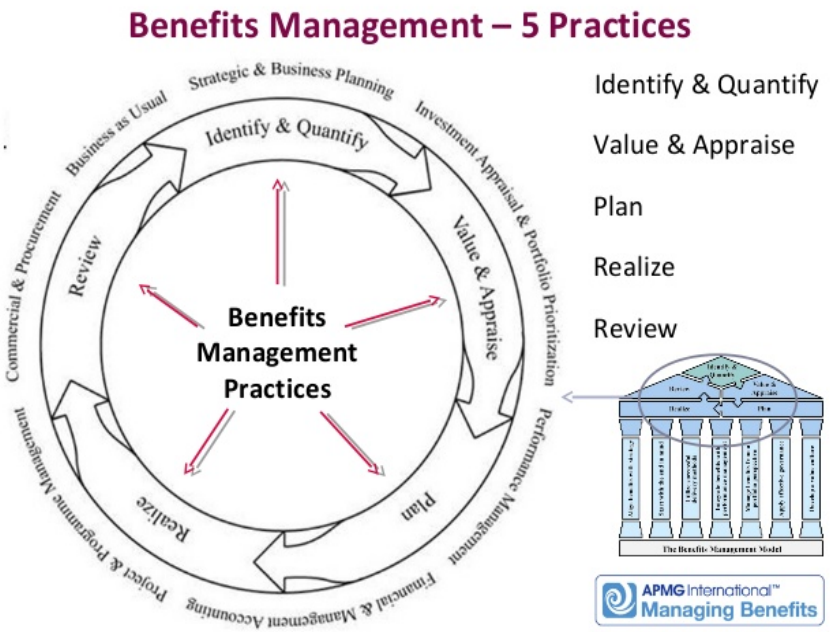
change remains difficult to pull off, and few companies manage the process as well as they would like. Most of their initiatives – installing new technology, downsizing, restructuring, or trying to change corporate culture – have had low success rates. ***The brutal fact is that about 70 per cent of all change initiatives fail***." Beer & Nohria

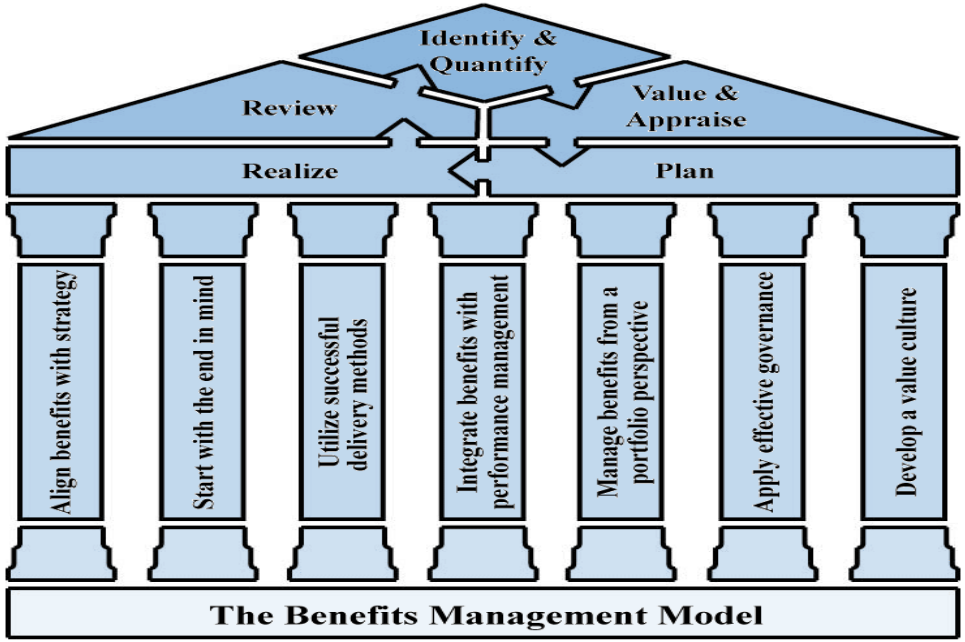
"*even when technically successful, ICT projects do not often deliver the financial and other benefits they promise. It is the remarkable ubiquity of the failure of ICT projects – particularly large ICT projects – and the large sums of money that can disappear as a result that should be of most concern*." Gauld & Goldfinch

"*a large proportion of recent mega-projects fail any reasonable benefit-cost test*" Altschuler & Luberoff

70% to 80% of acquisitions fail, meaning they create no wealth for the shareholders of the acquiring company. ***Most often, in fact, they destroy wealth***" Seldon & Colvin

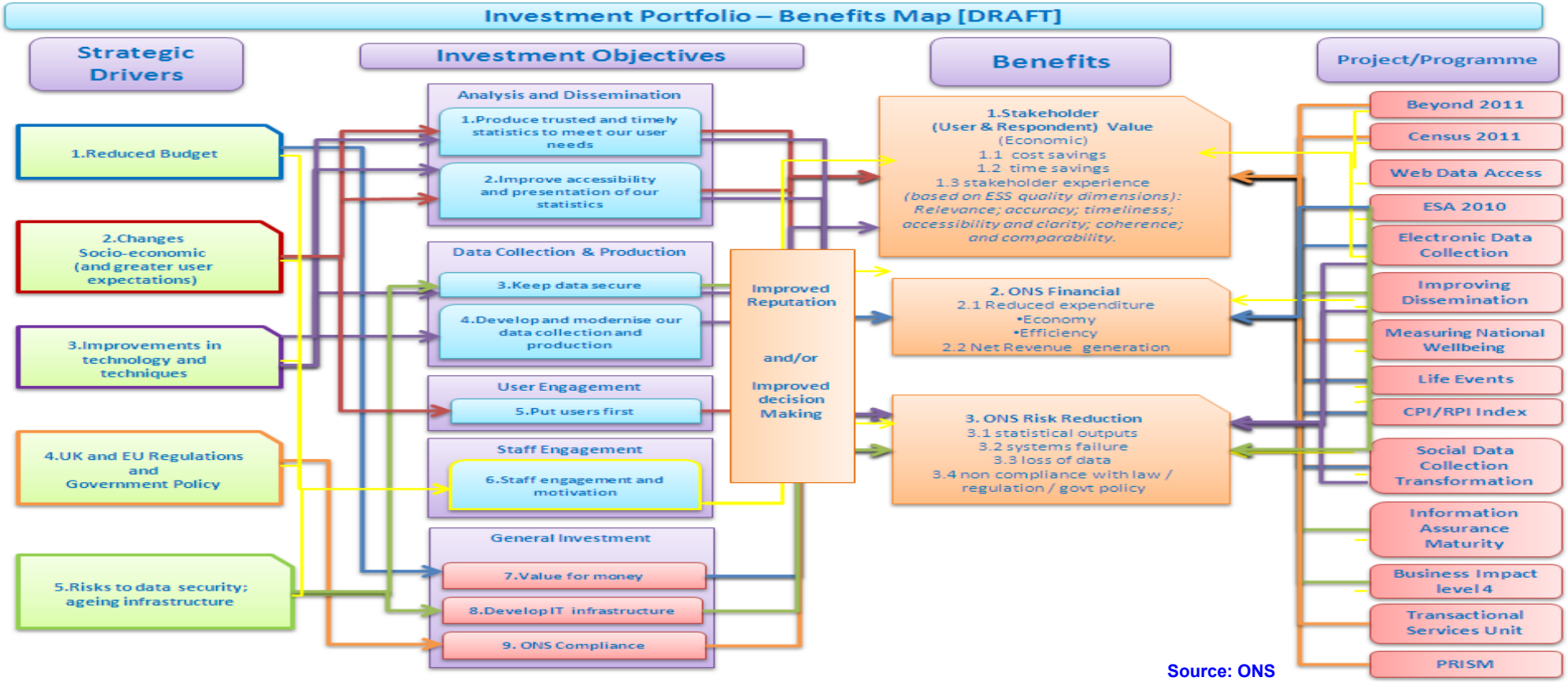
So…Managing Benefits





Based on **Realism** in planning & **Enthusiasm** in delivery

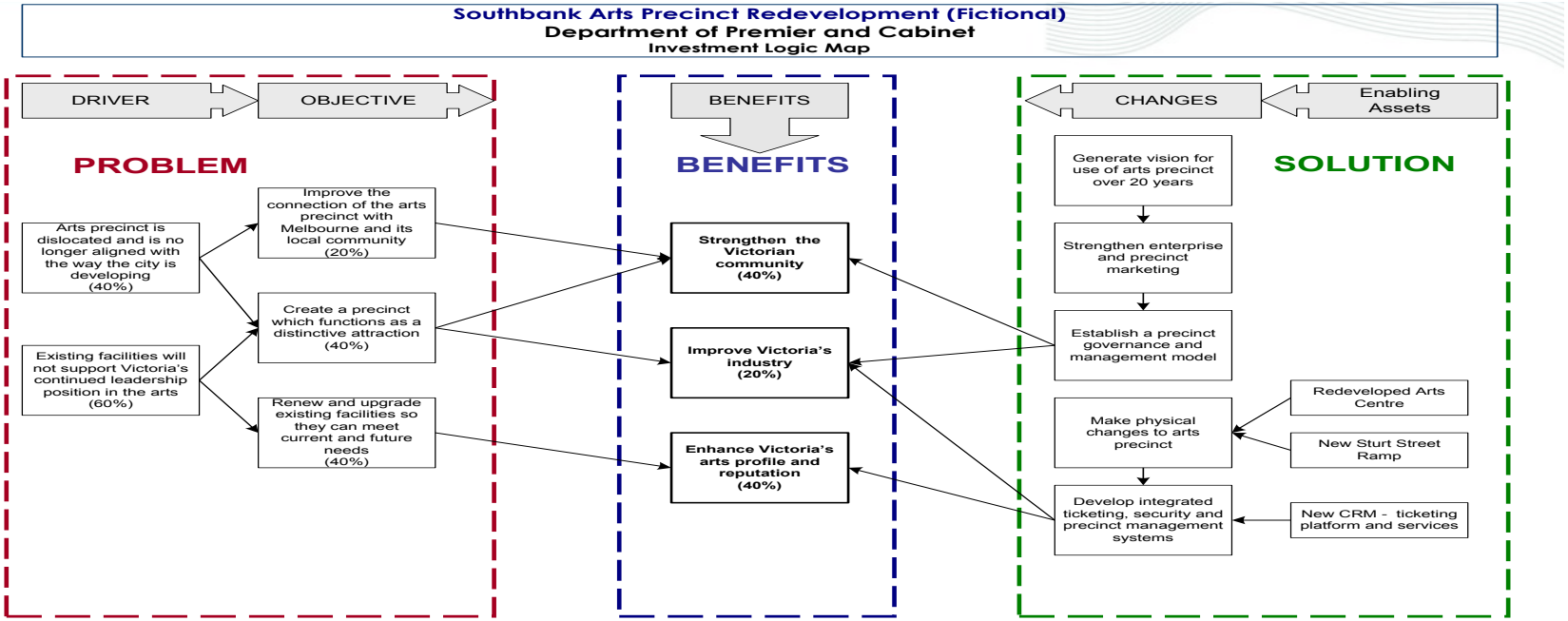
Principle 1. Align Benefits with Strategy



Source: ONS

"Project benefits can be considered synonymous with positive strategic impacts" PMI

Principle 2. Start with the End in Mind



Source: The Victorian Investment Management Standard

Benefits-led rather than Activity-centered change initiatives

With more reliable forecasting – the 'How much' question

- Three point estimating
- Optimism Bias adjustments
- Reference class forecasting
- Challenge

And "*the best collective decisions are the product of disagreement and contest, not consensus and compromise.*" **Surowiecki**

Principle 3. Utilize Successful Delivery Methods

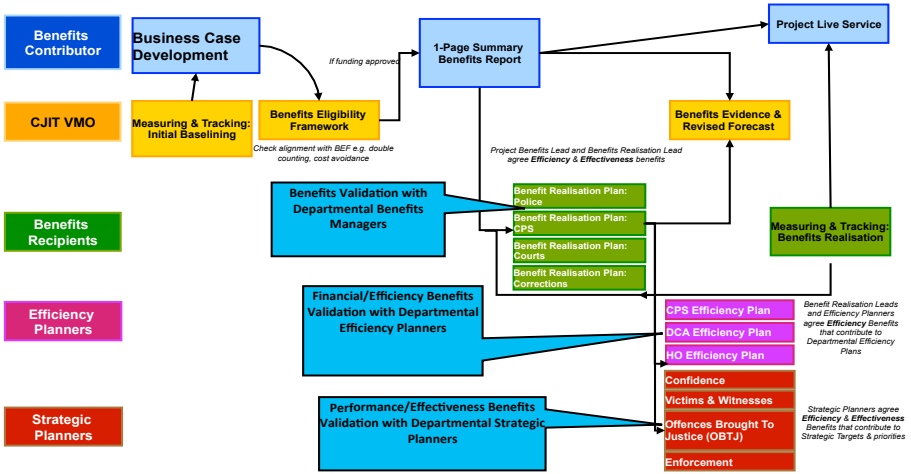
- Agile
- Waterfall
- PMBoK
- OGC
- etc etc

Caveat - With benefits embedded in the approach

Principle 4. Integrate benefits with the performance management regime – ‘booking’ the benefits

Contract sign-off			
Project Executive sign-off:		Date:	
Benefit Owner sign-off:		Date:	
Business Partner sign-off:		Date:	
Business Change Manager sign-off:		Date:	

Source: Bristol City Council



Source: CJS IT

Sufi parable: “*Trust in God, but tether your camel.*”

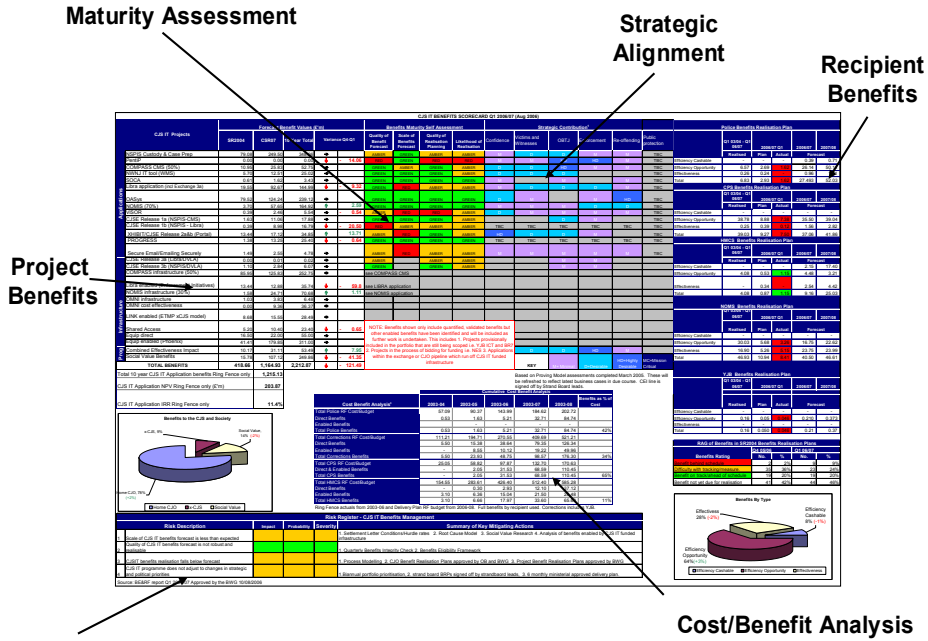
And be clear about the benefits you are buying

Financial Cashable Benefits

Financial Non-Cashable Benefits?

"We were survivors, dwellers forever in the cracks of the vast organisational chart. Disperse us, downsize us, squash us, transfer us, and we will reassemble someday, somewhere, to once again build new layers of redundancy, waste, and glaring irrelevance." **Lerner**

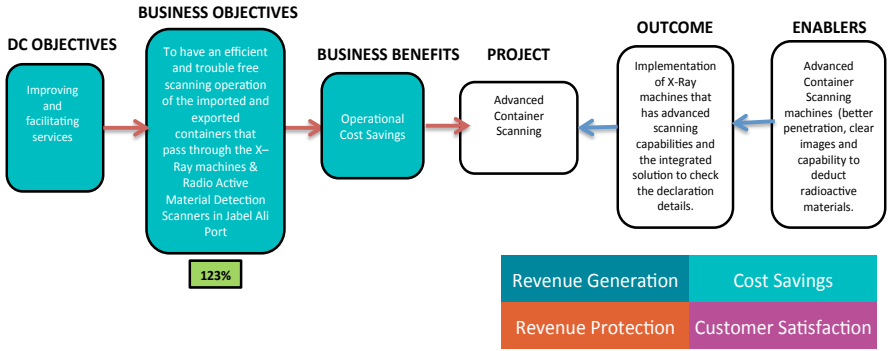
Principle 5. Manage benefits from a Portfolio perspective



Source: CJS IT

Business Unit:	Jabel Ali Customs
Project Name:	Advanced Container Scanning
Project Overview:	Efficient and trouble free scanning operation of the imported and exported containers

Back to Alignment Dashboard

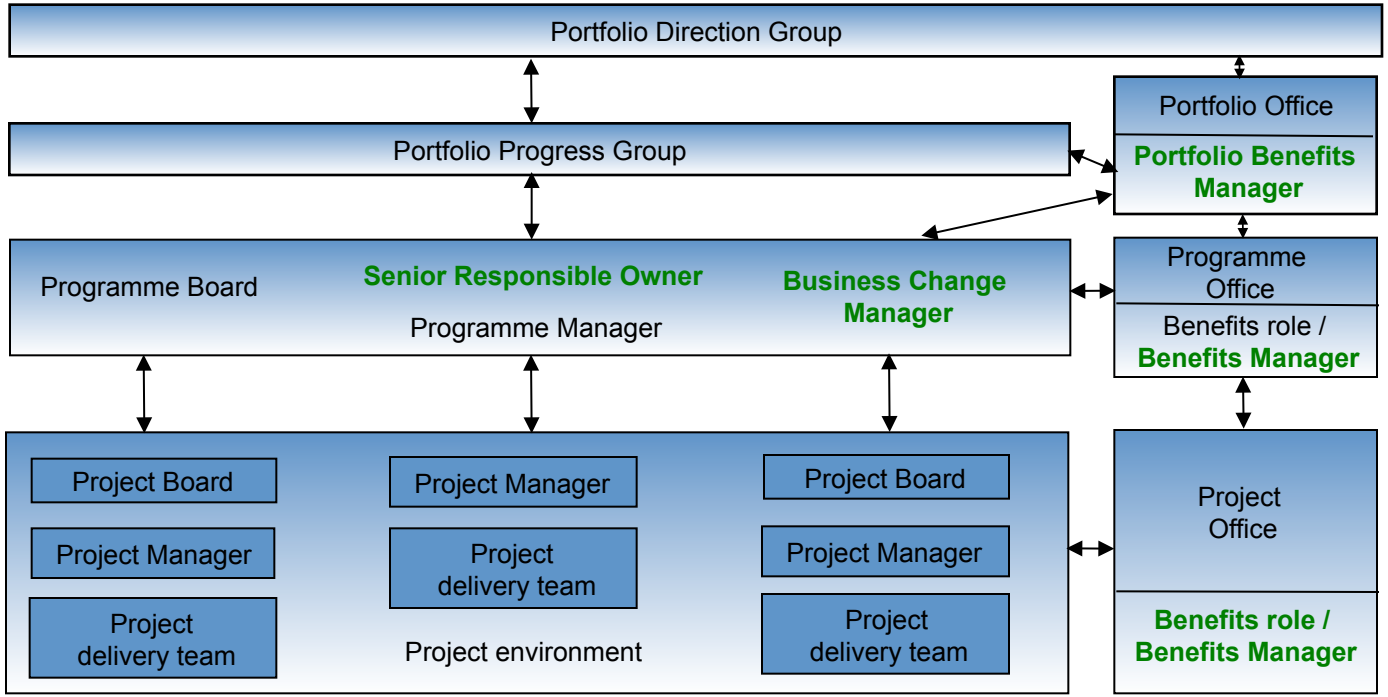


DC Objective	Business Objective	Business Benefit	Project	Outcome	Enablers
the desired end state DC sets out to achieve for Dubai Govt.	the desired end state a business unit sets out to achieve	the benefit to the organisation of the end-state	need to be undertaken to produce outcomes	specific aspects of the end state	used to facilitate projects and programs

Source: Dubai Customs

Is that the best we can do from our accumulated investment in change?

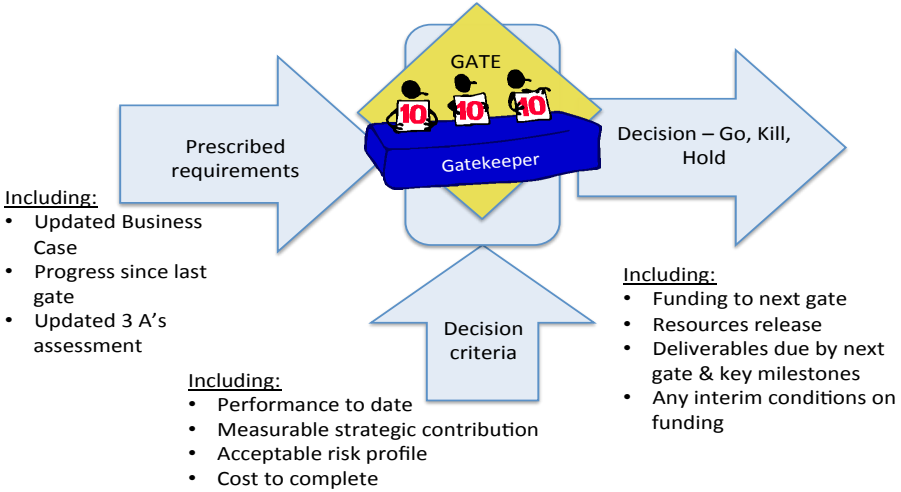
Principle 6. Apply Effective Governance

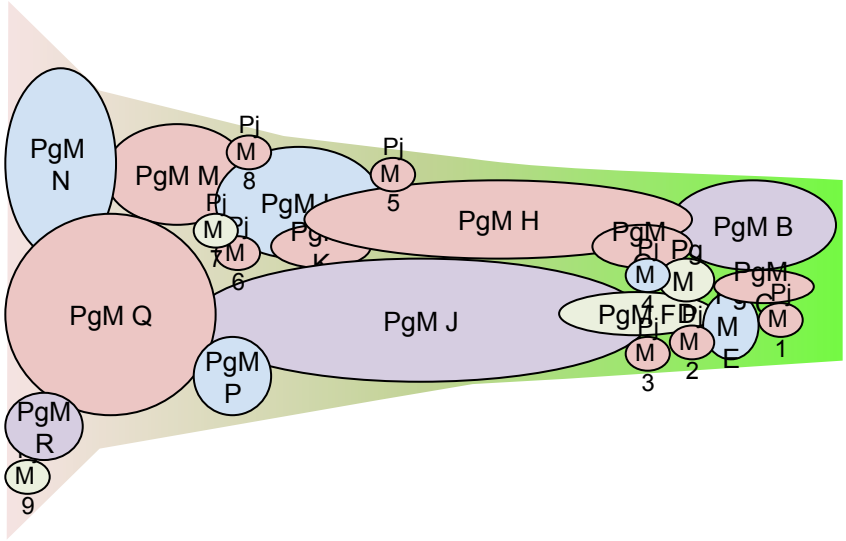


Source: Managing Benefits™

With nominated Benefit Owners

With regular Stage/Phase Gate reviews & staged release of funding



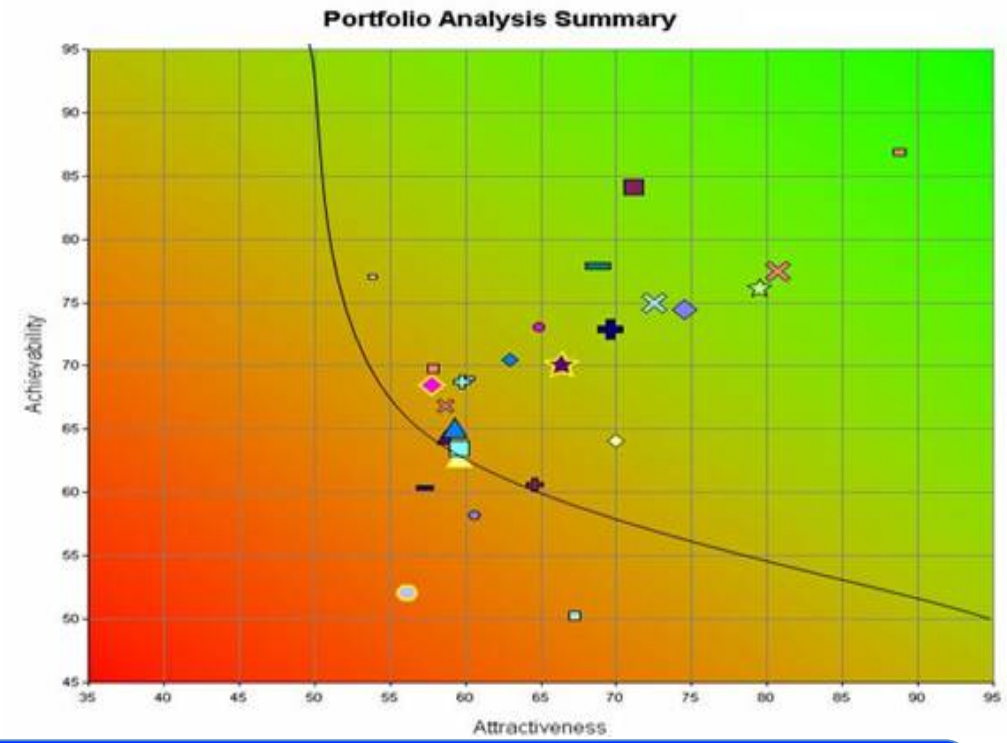


With formal recommitment to the benefits – no 'orphan' benefits

Solutions 7. Develop a Value Culture – expecting improvement

"By applying rigorous Benefits Management, expected benefits can increase from 70% to 85%, with an additional project or programme overhead that should not exceed 5%." **Michael Payne**

San Retna - *"demonstrates how his company applied advanced portfolio management techniques to realize in excess of 80% of expected business benefits from its corporate investments"*



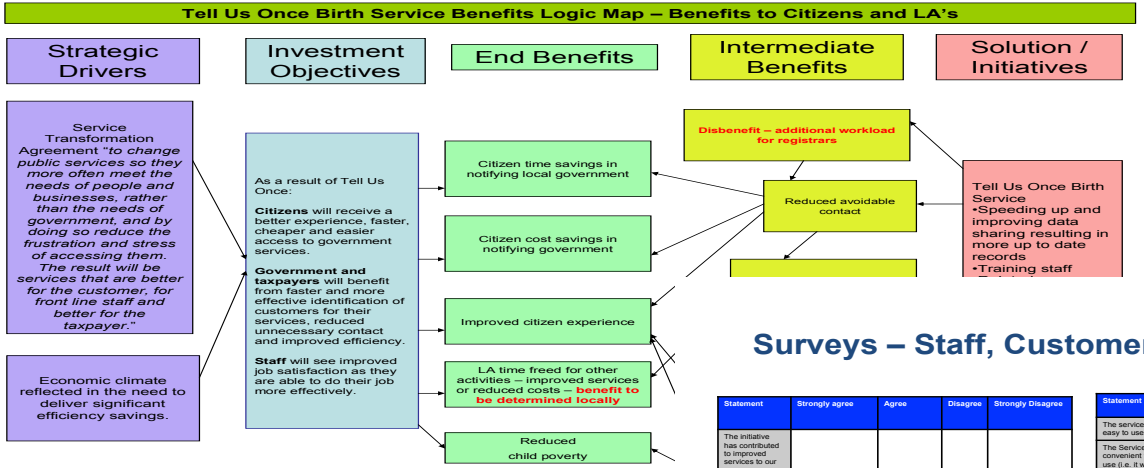
Activist Accountability - *"The buck doesn't stop here, it starts here"* John Thorp

Continuing Participative Stakeholder Engagement - looking beyond tracking against target

- An active forward-looking approach
- Including emergent/unplanned benefits
- Mitigating dis-benefits
- Measures that engage people
- Learning from experience (and collecting reference class data on performance)

Based on **Realism** in planning & **Enthusiasm** in delivery

For example…



Surveys – Staff, Customers & Management

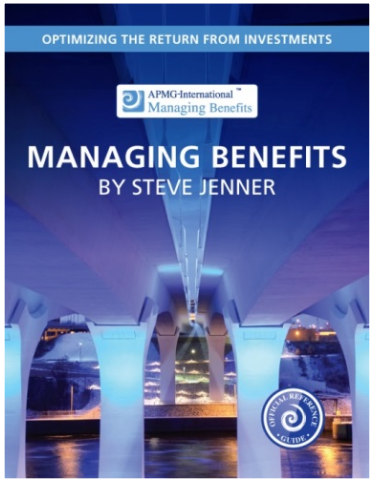
Statement	Strongly agree	Agree	Disagree	Strongly Disagree
The initiative has contributed to improved services to our customers.				
I will recommend The service to our customers.				
The service has improved my job satisfaction.				
Please record below any other comments you would wish to make either positive or negative – including reference to any improvements to the services provided.				

Statement	Strongly agree	Agree	Disagree	Strongly Disagree
The service was easy to use.				
The Service was convenient to use (i.e. it was provided where I wanted it)				
The service was Provided promptly when I needed it.				
I was treated with respect and dignity throughout.				
I trust the Service provided.				
The service provided has saved me time in notifying government.				
Overall I am satisfied with the service provided.				
Please record below any other comments you would wish to make either positive or negative				

Forecast Benefit	Impact locally – please enter scale of impact in boxes below	Assessment by – name and position
Reduced avoidable contact.	Significant Minor None Negative	
Resulting in:		
Citizen time savings in notifying government.		
Citizen cost savings in notifying government.		
Admin time savings to process changes in Council Tax benefit.		
Admin time savings to process changes in housing benefit.		
Earlier referral to FIS and Library Services contributing to LA targets		
Earlier payment of benefits contributing to reduced child poverty.		
Opportunity to interact with hard to reach customers resulting in Improved social inclusion.		

Source: Tell Us Once Programme

Thank you



Questions?

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Free materials at www.stephenjenner.com