Helping Asset Owners effectively de-clutter their programme delivery management

By the Introduction of Programme Orientated Delivery

Why do we need BRM?
Programmes and Projects are Enablers to Deliver Outcomes and Benefits that Achieve Desired Business Objectives

In this context without Benefits Management the effectiveness of a programme of work cannot be measured, therefore the management of benefits is a cornerstone process of programme management.

How does BRM work?
- It sets out the objectives that programme has to achieve.
- It defines the required benefits and outcomes that are needed to achieve the objectives.
- It identifies the specific projects within the programme that provide the necessary outputs and outcomes.
- It measures delivery performance against the benefits needed.

The history of Benefits Management
The concept of Benefits Realisation Management has grown in the UK since its inclusion in 2003 in what was then the Government’s Managing Successful Programmes (MSP).

It is now has wide spread use throughout all the leading business sectors.
How to develop a BRM Capability?

To programmes split into a strategic phase where the scope of the programme is defined and a delivery phase where tranches of work are implemented. The BRM process has to be defined on how it should work in each of the two phases.

In the Strategic phase the emphasis is on identifying and understanding the business objectives, what are the key enablers to bring about the objectives and what are the specific outputs, outcomes and benefits the enabler brings on both an individual and a collective basis:

- Develop a suitable Benefits Management Process
- Carry out Benefits profiling, categorisation, ownership and measurement
- Prepare Benefit realisation plans

In the Delivery Phase the emphasis is on Benefits measurement (against profile), identifying new benefits (minimising dis-benefits) reviews and ensuring the realisation of benefits when closing down the programme:

- Management of activities related to benefit realisation
- Business performance management

Where does BRM fit into the programme cycle and how does it work?

- Benefits Management is at the core of all programmes and programme management.
- As organisations strive to achieve benefits by delivering projects and creating outputs.
- Benefits Management begins at programme conception and continues until after the programme is completed.

BRM is used in the Strategic and Delivery phase of the overall programme lifecycle, the methodology is specifically tailored from the programme down to individual project and allows for regular reviews to ensure Benefits are realised. Benefits realisation is continuously tracked through the lifecycle of the project or programme. If the benefits deteriorate through the lifecycle, the specific project or the programme’s overall business case becomes threatened.

The Programme Management Office (PMO) defines the full benefits management process from mapping to analysis including communication and reporting. It links the investment planning to the programme management by applying a continuous four step cycle to identify, plan, deliver and review the benefits from every project within the programme.
**What Is A Benefit?**

A Benefit can be defined as “A measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders, which contributes towards one or more organisational objectives”.

To achieve outcomes and benefits that support an organisation’s strategic objectives, the business defines the benefits requirements from a top-down management view but delivers from bottom-up perspective.

**What are the Key Steps in BRM?**

Benefits Management includes the following processes:

- Identification
- Categorisation
- Profile
- Measurement

Organisations want to maximise benefits, increase capabilities and minimise disruption during periods of change or transformation, therefore a structured and robust Benefits Management process helps to achieve this.

**Benefits Identification**

The Benefits Management cycle begins early in the programme by identifying the likely benefits and mapping them to corporate objectives; a benefits map in most cases is the outcome of this.

A Benefits map shows the relationship between outputs, capabilities, outcomes, benefits and objectives.

**Benefits Profiling, Categorisation And Ownership And Measurement**

If the realisation of benefits can be defined in a time aspect of the overall capital programme, this will help the Asset Owner’s management in the business challenges that will occur on how the programme is performing towards its goals and intent.

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<table>
<thead>
<tr>
<th>Output</th>
<th>Capability</th>
<th>Outcome</th>
<th>Sub Benefit</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>The deliverable item or output from a project</td>
<td>Project outputs required to deliver an outcome</td>
<td>A new operational state after project delivery</td>
<td>The measurable improvement resulting from an outcome</td>
</tr>
<tr>
<td>Rationale (answers the questions)</td>
<td>What is required to enable the change?</td>
<td>What do we need to have in place to enable the new operating state?</td>
<td>What is the desired operational state of the organisation using the new capability?</td>
<td>Why is this justified?</td>
</tr>
<tr>
<td>Example</td>
<td>A resource management system</td>
<td>A new resource management system tested and staff trained on its use</td>
<td>Increased Productivity / billable time to clients on the proportion of staff available</td>
<td>Reduce Company Overhead ie Direct Time / Indirect Time</td>
</tr>
</tbody>
</table>

Reduces pressure for business to reduce staff numbers
### Benefits Categorisation

**Benefit Categories:** The benefits and outcomes can be categorised by what the HM Treasury Green book refers to the three Es’ and all benefits conform to these categories:

- **Economic Category:** Financial improvement, either a saving or possibly increased income.
- **Effectiveness Category:** Carrying out operations better or to a higher standard.
- **Efficiency Category:** Increasing production for the same effort or the same production with less effort.

**Benefit Types:** These are either Intermediate Sub-Benefit or End-Benefits. They reflect when and how the benefit will be achieved, in the short-term or as an element of a larger or longer term benefit.

**Perspective of Impact:** The Axelos “Management of Risk” manual uses perspectives to describe where the affects will be felt; this approach can also be used in benefit terminology. The perspective will be either “Strategic” or “Tactical” and is a way of showing where the benefit will appear; this helps to generate a more balanced portfolio of benefits.

- **Strategic Perspective:** These will be over a longer time or have a longer lead time to fruition. It also could be that the benefits might be non-cashable. Benefits in the Effective category may also be in the Strategic perspective.
- **Tactical Perspective:** These are usually in the shorter term and may be a sub-benefit contributing to the aggregated value of a strategic benefit; they may also tend to be in the Efficiency category.

**Value Types:**
- **Tangible Value:** implies they are directly measurable
  - Cashable: is an actual financial saving.
  - Non-cashable: is an efficiency that is realised, allowing the business to do something else.
- **Intangible Value:** infers that they are not measurable or there are some sort of proxy measures.

It is critical in benefit management the Cashable / Non-Cashable measure is evaluated to prevent downstream challenges.
**Probability Assessment**

**Confidence levels:** Understanding that a programme of works is an iterative process and is subject to change, the measurement of benefits has to take this into account. The Benefit Confidence levels of achieving these benefits are usually assessed as:

- **Definite**
- **Expected**
- **Anticipated**

There is a clear link between confidence levels and likelihood, i.e. a specific outcome will provide a definite or expected benefit. The likelihood challenges whether the outputs can achieve the outcomes.

**Likelihood:** This is similar to what is applied in risk processes, and the probability of delivering the work which will deliver the benefit has to be considered. This will provide the level of certainty associated with the achievement of the benefit.

The three levels are:

- **High Probability** (90%)
- **Medium Probability** (50%)
- **Low Probability** (10%)

This contributes to an understanding of the overall level of opportunity for the programme. The most effective way to use this classification is to apply a numeric figure with a level of confidence and likelihood, then use this to factor the amount of the benefit that is really achievable. It also highlights when additional approaches are required to be added to the programme scope in order to achieve the original benefit.

By taking all of the above, a process can be developed to suit each specific Asset Owner’s need and allows for effective categorisation, profiling and measurement.

The confidence and likelihood these can be assessed similar to a risk register by using a tolerance / appetite diagram. It is important that a numeric value is applied to levels of confidence and likelihood for each Benefit, as this approach then allows for more effective and realistic categorisation and manages expectations far better.

**Benefits Profile**

A Benefit profile relates to each individual benefit previously identified, it should contain the following pieces of information:

- **Description of Benefit**
- **Outcome(s) Expected**
- **Attribute when and where will the benefit materialise**
- **Method of Measurement and Owner.**

The time based aspect of the benefit information is critical to understanding how the overall programme is performing. An organisation may hold a Benefits register which then can be reviewed by Programme Boards on a regular basis.

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**Information Sequence 1-9 Plus Probability Assessment**

1. Increase cost competitiveness of manufacturing a new car engine
2. New Robotics processes production line
3. Increase product output
4. Increase production without increasing overhead
5. Efficiency
6. Sub Benefit
7. Tactical
8. Tangible
9. Cashable
10. Expected
11. High
12. Probability
Typical Benefit Map

Key Enablers

EN1
Improved programme management capability

EN2
Fit for purpose & consistent processes and toolsets

EN3
Consistent enterprise wide information structures

EN4
Credible and predictable processes for optimising workload

EN5
Timely and Effective programme performance management

Outcomes

- Reduced in the use of business work arounds
- Linkage of time, cost & resource fully understood
- Data translated into business intelligence
- Axelos super Users implemented (Spoke)
- Risk & opportunity managed at project & portfolio
- RACI created to ensure delineation of duties
- Options for data/systems integration evaluated
- Risk & opportunity managed at project & portfolio

Key

- Combined Process & Toolset Outcome
- Resource Outcome
- Process Outcome
- Information Outcome
- Toolset Outcome
The network mapping of benefits is similar to a Pert diagram where all the interdependences need identifying. Subject to the size and complexity of the programme, tools are now available to carry out this process.
Management Of Activities Related To Benefit Realisation
Specific work packages and activities in many cases directly relate to the Asset Owner achieving the benefits required from the programme. The Programme Management Office will manage the progress of these specific activities. In general outcomes can usually be realised at the end of the delivery of a group of projects, but benefits in many cases do not come to fruition until a period of operational time has occurred.

Benefits Measurement And Review
During the Delivery phase of a programme a key focus of Benefit Realisation is the measurement of Benefits, this should have been agreed earlier in the process. The KPI’s for each benefit should be documented and agreed by the stakeholders and used as a regular measure of progress. It is important to have a baseline to measure from before the programme started, it should be noted that some KPI’s may need to be refined as the operation changes, there may also need to be other measures where KPI’s do not assess the benefit being measured.

Reviews can be time or event driven but should be completed for each tranche of work delivered. Benefits should also be a part of the gated review process, to ensure work being done by the project ensures the overall objective of the programme remains on track.

Business Performance Management
The programme will be measured not just in the completion of deliverables being built or installed, but also if the performance specifications have been met.

Closure
Programme closure is a crucial milestone for the BRM process, at this stage all new capabilities are provided however not all the benefits may have materialised, it is important that residual benefits are realised and attributed, this is achieved by identifying an individual who will take responsibility for embedding the operational changes.

Key Benefits
- Consistent benefit process
- Clearly highlights programme benefits
- Improves adoption of new operations
- Clearly identifies management problem areas
- Continuous monitoring ensuring delivery of benefits

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