



Managing Benefits™ Foundation

Examination Training
Materials

release 1.0.0

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Indicative Timetable

Session	Suggested Coverage
Pre-course preparation	See separate guidance note – at a minimum read the Overview and Summary for all chapters.
Day 1 - Morning	Introduction Syllabus Areas 1 and 2 – Overview & Principles.
Day 1 - Afternoon	Syllabus Areas 3, 4 and 5 – Identify & Quantify; Value & Appraise; and Plan.
Evening	Homework – review coverage of syllabus areas 1-5 and read Overview and Summaries for Chapters 8-11.
Day 2 - Morning	Syllabus Areas 6, 7 and 8 – Realize; Review; and Portfolio-based application.
Day 2 - Afternoon	Syllabus Area 9 – Implement & Sustain Review of all areas covered Sit sample examination
Evening	Homework – review all areas covered.
Day 3 - Morning	Feedback of results from sample examination Revision Sit Live examination

‘Managing Benefits’ : Purpose

To provide managers and practitioners from multiple disciplines, working in a wide variety of organizations, with generally applicable guidance encompassing benefits management principles, practices and techniques.

‘Managing Benefits’ : Scope of the Guide

- An **overview of benefits management** – what it is, the case for doing it, and some common misconceptions that can limit its effectiveness in practice.
- Descriptions of **the seven principles** upon which successful benefits management practices are built, and examples of how they can be/have been applied in practice.
- Details of the **five practices in the Benefits Management Cycle** relating to individual change initiatives, and examples of how they can be/have been applied in practice.
- Guidance on how to apply benefits management at a collective or **portfolio level** encompassing all projects and programmes included in the change portfolio.
- Advice on how to get started in **implementing effective benefits management practices and how to sustain progress.**

Target Audience

- **Change leaders**, e.g. Senior Responsible Owners and Directors of Change.
- **Change initiators**, e.g. Strategic Planners and Policy Leads.
- **Change appraisers and evaluators**, e.g. Business Case Writers and Appraisers.
- **Change implementers/enablers**, e.g. Portfolio, Programme and Project Managers, as well as Business Change Managers.
- **Change support staff**, e.g. Portfolio, Programme and Project Office staff, including Benefits Managers.

Nine Themes Run Throughout the Guide

1. Whilst the approach adopted to meet the seven principles will vary, **the principles themselves are integral to effective benefits management.**
2. **Practices should be tailored** to the local circumstances.
3. The five practices in the Benefits Management Cycle are broadly sequential **but are characterized by iterative feedback loops**, with learnings being applied throughout the cycle.
4. Benefits management should be **coordinated with, and wherever possible integrated into, the wider organizational context** and in particular, the organization's strategic planning, PPM, and performance management systems.
5. **Benefits and value management are mutually supportive disciplines.**

Nine Themes Run Throughout the Guide (Contd.)

6. The focus should be on realism in planning and enthusiasm in delivery/benefits realization.
7. Effective management of benefits realization is aided by the selection of a suite of measures to create a 'rich picture' providing feedback on benefits realization from multiple perspectives.
8. The governance model can vary but it is crucial that:
 - ↳ Someone is responsible and accountable for delivering each of the enabling products/services and business changes upon which benefits realization is dependent
 - ↳ Benefit Owners are identified for each significant benefit
 - ↳ Someone has overall accountability for benefits realization from each change initiative.
9. Effective benefits management is characterized by the following six Key Success Characteristics – Active, Evidence-based, Transparent, Benefits-led, Forward-looking, & Managed across the full business change lifecycle.

The Foundation Examination

- 50 Syllabus topics
- 50 questions
 - ↳ 11 Learning Level 1 'Recall'
 - ↳ 39 Learning Level 2 'Identify'
- Question style: Standard format (42); Negative (5); Missing word/s (3)
- All questions gain one mark for a correct answer. There is no negative marking.
- 40 minutes
- Closed book
- Pass mark – 50% (25 marks)

Purpose of the Foundation Examination

The purpose of the Foundation qualification is to confirm that a candidate has sufficient knowledge and understanding of benefits management principles, practices and techniques to work effectively in a range of benefits management roles.

The Foundation qualification is also a pre-requisite for the Practitioner qualification.

High Level Performance Definition of a Successful Foundation Candidate

The Foundation level aims to measure whether a candidate understands the benefits management principles, practices, techniques, roles, responsibilities, and documents. Specifically to know and understand the:

- definitions, scope and objectives of benefits management, barriers to its effective practice, and the key success characteristics
- principles upon which successful approaches to benefits management are based
- five practices contained within the Benefits Management Cycle and relevant techniques applicable to each practice
- key elements of portfolio-based benefits management
- scope of key roles and responsibilities for benefits management and the typical contents of the main benefits management documentation
- approaches to implementation and the factors to consider in sustaining progress.

Syllabus Topics and Question Distribution

Ref	Syllabus Area	No of Foundation Syllabus Topics			No of questions in a paper		
		1	2	Total	No LL1 per paper	No LL2 per paper	No per paper
OV	Overview	3	2	5	3	2	5
PR	Principles	1	6	7	1	6	7
IQ	Identify & Quantify	1	4	5	1	4	5
QA	Value & Appraise	1	5	6	1	5	6
PL	Plan	1	8	9	1	8	9
RZ	Realize	1	3	4	1	3	4
RW	Review	1	3	4	1	3	4
PF	Portfolio-based Benefits Management	1	6	7	1	6	7
IS	Implement & Sustain	1	2	3	1	2	3
	Total Number of topics	11	39	50	11	39	50

Question Styles - Standard

ID: QID002	Ver By: Stephen Jenner
Syllabus Area: OV0102 – Overview	Ver Date: 03/05/2014
Ver No: 0.3	Master Section Ref: 1.5, 4.2
Status: Draft	Review Status: Draft
Style: Standard	
Use: Sample	
Difficulty: Medium	
Correct Answer: D	
Question	Rationale
Question: Which is a practice in the Benefits Management Cycle?	Test Objective: LL1 – Recall the Benefits Management Model. Specifically the names of the five practices in the Benefits Management Cycle
Option A: Management by exception	Rationale: Incorrect. 'Management by exception' is a benefits management technique. Ref 1.5
Option B: Start with the end in mind	Rationale: Incorrect. 'Start with the end in mind' is a principle of benefits management. Ref 1.5
Option C: Value management	Rationale: Incorrect. Value management is a separate (although mutually supportive) discipline from benefits management. Ref 1.5
Option D: Review	Rationale: Correct. Review is one of the five practices in the Benefits Management Cycle. Ref 1.5

Question Styles - Negative

ID: QID007	Ver By: Stephen Jenner
Syllabus Area: PR0201 – Principles	Ver Date: 03/05/2014
Ver No: 0.3	Master Section Ref: 3.2
Status: Draft	Review Status: Draft
Style: Negative	
Use: Sample	
Difficulty: Medium	
Correct Answer: A	
Question	Rationale
Question: Which is NOT a technique that can be used facilitate assessment of strategic contribution?	Test Objective: LL2 – Identify what is involved in relation to Principle 1: Align benefits with strategy
Option A: Management by exception	Rationale: Correct. 'Management by exception' is a technique applied to the realize practice. It aids management control by focusing attention on variances that exceed tolerance. Ref 1.5
Option B: Root Cause modelling	Rationale: Incorrect. Root Cause modelling can be used to facilitate the assessment of strategic contribution. Ref 3.2.2
Option C: Balanced Scorecard	Rationale: Incorrect. The Balanced Scorecard can be used to facilitate the assessment of strategic contribution. Ref 3.2.2
Option D: Service Profit Chain	Rationale: Incorrect. The Service profit chain is an example of driver-based analysis which can be used to facilitate the assessment of strategic contribution. Ref 3.2.2

Question Styles – Missing Word (s)

ID: QID001	Ver By: Stephen Jenner
Syllabus Area: OV0101 – Overview	Ver Date: 03/05/2014
Ver No: 0.3	Master Section Ref: 2.2, 2.3.2, 2.4-5
Status: Draft	Review Status: Draft
Style: Missing Words	
Use: Sample	
Difficulty: Medium	
Correct Answer: C	
Question	Rationale
<p>Identify the missing words in the definition of a benefit.</p> <p>The measurable improvement from change, which is perceived as positive by one or more [?], and which contributes to organizational (including strategic) objectives</p>	<p>Test Objective: LL1 – Recall the definitions of benefits, benefits management and related terms; and the objectives of benefits management</p>
Option A: shareholders	Rationale: Incorrect. See Rationale C
Option B: users	Rationale: Incorrect. See Rationale C
Option C: stakeholders	Rationale: Correct. The definition of a benefit is the measurable improvement resulting from change, which is perceived as positive by one or more stakeholders. Ref 2.2
Option D: customers	Rationale: Incorrect. See Rationale C



MODULE 01

OVERVIEW



Syllabus Area 1: Overview

Learning Level 1 Recall:

OV0101 – The definitions of benefits, benefits management and related terms; and the objectives of benefits management.

OV0102 – The Benefits Management Model and specifically:

1. The relationship between the principles, practices and relevant techniques.
2. The names of the five practices in the Benefits Management Cycle.
3. The factors that will affect how the practices will be adapted.

OV0103 – How value management relates to benefits management and the main value management techniques available.

Learning Level 2 Identify:

OV0201 – The barriers to efficient and effective benefits management and strategies to overcome them, including the Key Success Characteristics of benefits management.

OV0202 – The organizational context within which benefits management operates and the key functions and activities with which it needs to coordinate its activities.

Definitions of Benefits, Benefits Management & Related Terms

- **Benefits** – the measurable improvement from change, which is perceived as positive by one or more stakeholders, and which contributes to organizational (including strategic) objectives.
- **Benefits management** – the identification, quantification, analysis, planning, tracking, realization and optimization of benefits.

Definitions of Benefits, Benefits Management & Related Terms (Contd.)

Project	Programme	Portfolio
<p>A unique, transient endeavour undertaken to achieve planned objectives. (APM, BoK)</p>	<p>A group of related projects and change management activities that together achieve beneficial change for an organization. (APM, BoK)</p>	<p>A grouping of an organization's projects and programmes. Portfolios can be managed at an organizational or functional level. (APM, BoK)</p>

Definitions of Benefits, Benefits Management & Related Terms (Contd.)

Project Management	Programme Management	Portfolio Management
<p>The application of processes, methods, knowledge, skills and experience to achieve the project objectives. (APM, BoK)</p>	<p>The coordinated management of projects and change management activities to achieve beneficial change. (APM, BoK)</p>	<p>The selection, prioritization and control of an organization's projects and programmes in line with its strategic objectives and capacity to deliver. (APM, BoK)</p>

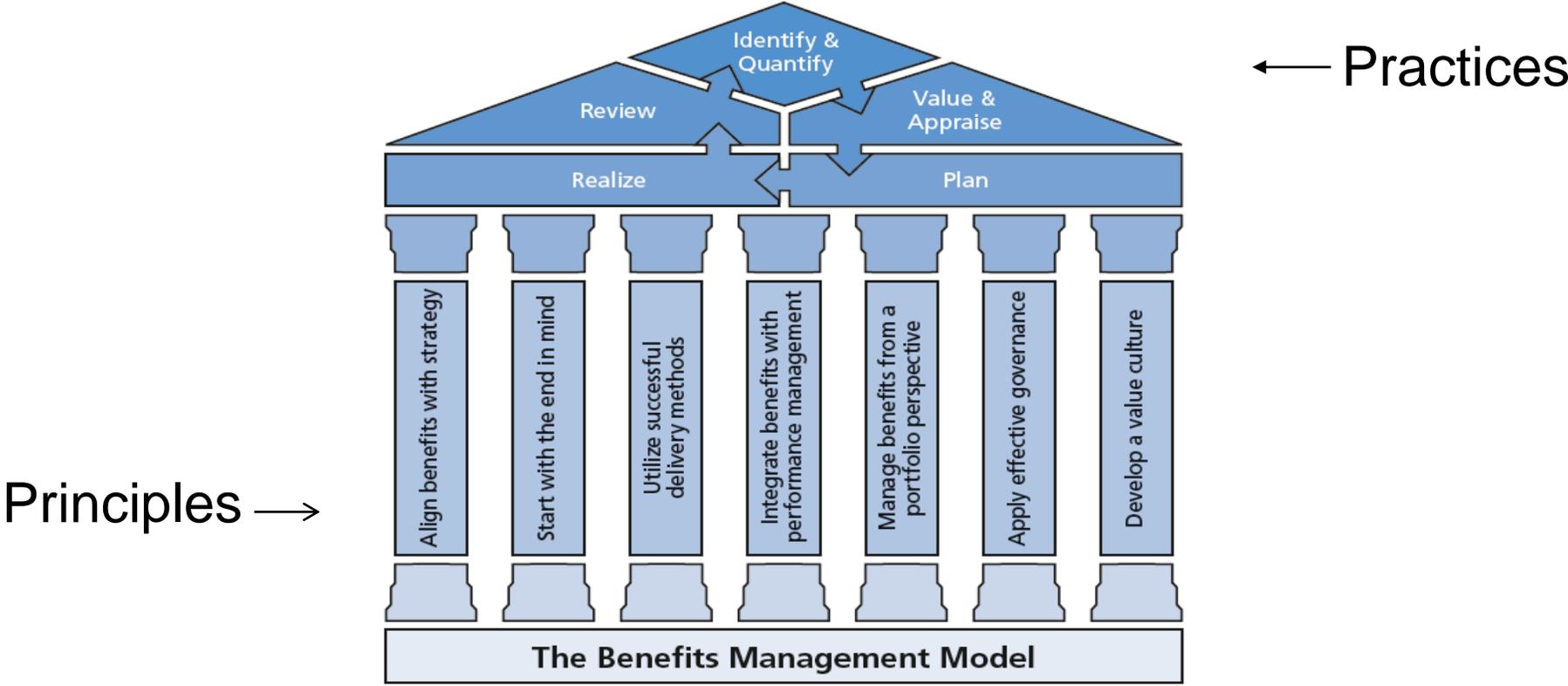
Definitions of Benefits, Benefits Management & Related Terms (Contd.)

- Dis-benefits: the measurable result of a change, perceived as negative by one or more stakeholders, which detracts from one or more organizational (including strategic) objectives.
- ‘Emergent’ benefits i.e. benefits that are unanticipated, but which emerge as the initiative is developed and, most often, as it is deployed or implemented.
- Intermediate and End benefits
- Tangible and Intangible benefits
- Measurable and Observable benefits

Objectives of Benefits Management – to Optimize Benefits Realization by Ensuring...

1. Forecast benefits are complete (all sources of potential value are identified), realizable and represent value for money.
2. Forecast benefits are realized in practice, including by ensuring the required enabling, business and behavioural change take place.
3. Benefits are realized as early as possible and are sustained for as long as possible.
4. Emergent or unplanned benefits are captured and leveraged (and any dis-benefits are minimized) – so we optimize the benefits realized and value for money achieved.
5. We can demonstrate the above – not just as part of the framework of accountability, but also so we learn what works as a basis for continuous improvement.

The Benefits Management Model



The Factors that Influence How the Benefits Management Practices will be Applied

The organization's:

- Strategic objectives
- Scale of investment in change initiatives
- Initiative complexity
- Strategic planning, investment appraisal & portfolio prioritization, project and programme, financial, performance and risk management processes
- Track record in benefits realization
- Governance structure
- Culture

Value & Value Management

- **Value** is the extent to which benefits (financial and non-financial) exceed the resources required to realize them.
- **Value Management** “The concept of Value is based on the relationship between satisfying needs and expectations and the resources required to achieve them. The aim of Value Management is to reconcile all stakeholders’ views and to achieve the best balance between satisfied needs and resources.” IVM

Value and Benefits Management are mutually supportive disciplines

Value Management Techniques

Function analysis

- **Function Analysis System Technique (FAST)**: a diagrammatic representation of functions and their hierarchy
- **Value trees**: a diagram that shows the relationship between, and hierarchy of, value drivers, which can be both financial and non-financial. Can be further enhanced by:
 - ↳ Prioritizing the primary value drivers to create a **Value Profile**.
 - ↳ **Value Index** - to assess the performance of an option or initiative against the organization's Value Profile
 - ↳ **VFM ratio** - the Value Index is divided by the resources/costs required to deliver that value
- **Value Analysis (VA)** is a structured team-based approach that reviews the design and material composition of a product, building or process so that modifications can be made that reduce cost but do not reduce value to the customer.
- **Value Engineering (VE)** is a method of maximizing value within a design. It can be distinguished from VA by when it occurs: VE is concerned with reducing or avoiding costs before the production phase, whereas VA is concerned with reducing or avoiding costs during production.

Value for Money – The Economics Perspective

Purpose – to value costs and benefits in monetary terms to facilitate:

- **Investment Appraisal** - undertaken ‘ex ante’ or **prior to** investment: to determine whether an investment is justified (i.e. whether the benefits are realistic and worth the cost to realize them), taking into account any previous lessons learned, dis-benefits and the risks and consequences of not undertaking the initiative.
- **Investment Evaluation** - undertaken ‘ex post’ or **after** completion): to determine whether value for money was achieved and to ensure new lessons are learned and applied going forward.

Value for Money – The Economics Perspective (Contd.)

VFM and the 3 E' s:

- **Economy**: minimizing the cost of inputs – doing things at lowest cost.
- **Efficiency**: the relationship between outputs and the resources required to produce them – doing things right.
- **Effectiveness**: the relationship between the intended and actual outcomes achieved – doing the right things.

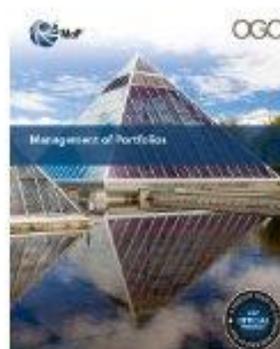
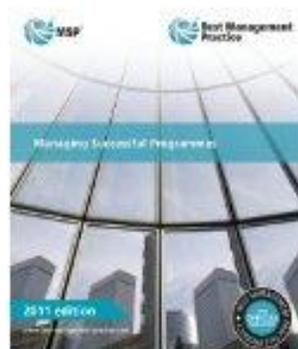
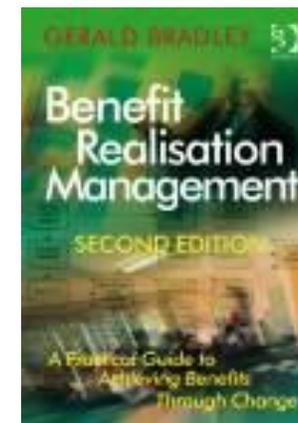
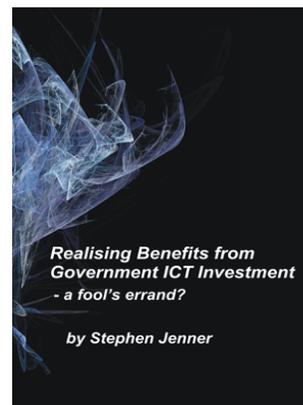
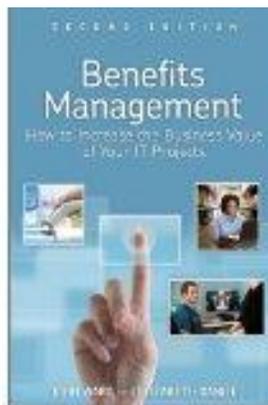
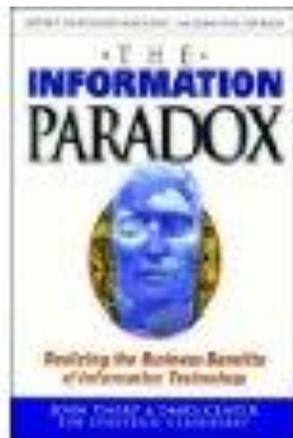
Barriers to Effective Benefits Management – 1. Measurement Difficulties

- Long time lag between initiative planning and benefits realization
- Staff leave
- Failure to collect baseline data
- Benefits measures unrelated to the MIS
- Some benefits are difficult to measure
- Attribution
- Initiative shut down before benefits are fully realized

Barrier 2. Common Misconceptions – Benefits Management is Not...

1. A silver bullet
2. An 'out of the box' solution
3. Used to justify a preferred option
4. Applied only at initiative level
5. A linear/sequential process
6. A specialism
7. An additional bureaucracy
8. Concerned with making the inevitable happen.

Barrier 3. The 'Knowing-Doing Gap'



Barrier 4. Cognitive Biases

- Over-confidence / The Planning Fallacy
- The Illusion of control
- The status quo bias
- The sunk cost effect
- Confirmation bias and being slow to change our minds
- Framing
- Mental accounting
- Ignoring regression to the mean
- The affect heuristic
- The endowment effect

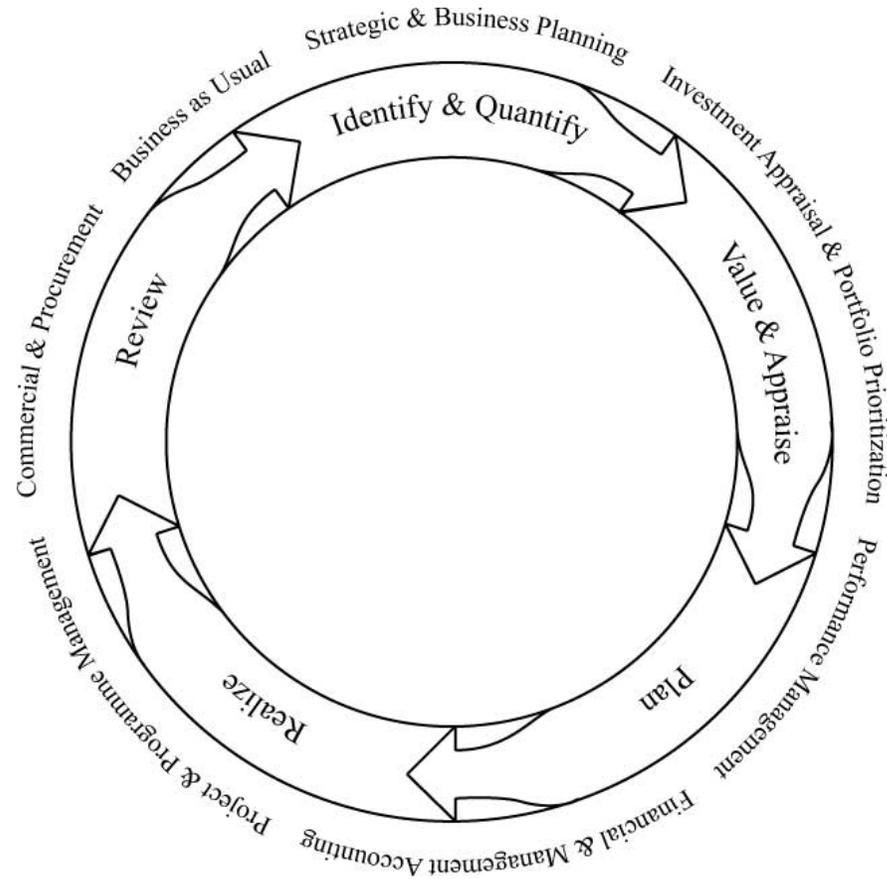
Barriers 3 & 4 The 'Knowing-Doing Gap' & Cognitive Biases: Solutions

- Acceptance of failure
- Review results and their causes
- Independent & regular review
- Training
- Focus on practices & principles
- Apply the Key Success Characteristics of effective benefits management...

KSCs of Effective Benefits Management

- Active
- Evidence-based
- Transparent
- Benefits-led
- Forward-looking
- Managed across the full business change lifecycle

The Organizational Context within which Benefits Management Operates





MODULE 02

PRINCIPLES



Syllabus Area 2: Principles

Learning Level 1 Recall:

PR0101 – The names of the seven principles upon which effective benefits management is based.

Learning Level 2 Identify:

PR0201 – What is involved in relation to Principle 1: Align benefits with strategy.

PR0202 – What is involved in relation to Principle 2: Start with the end in mind.

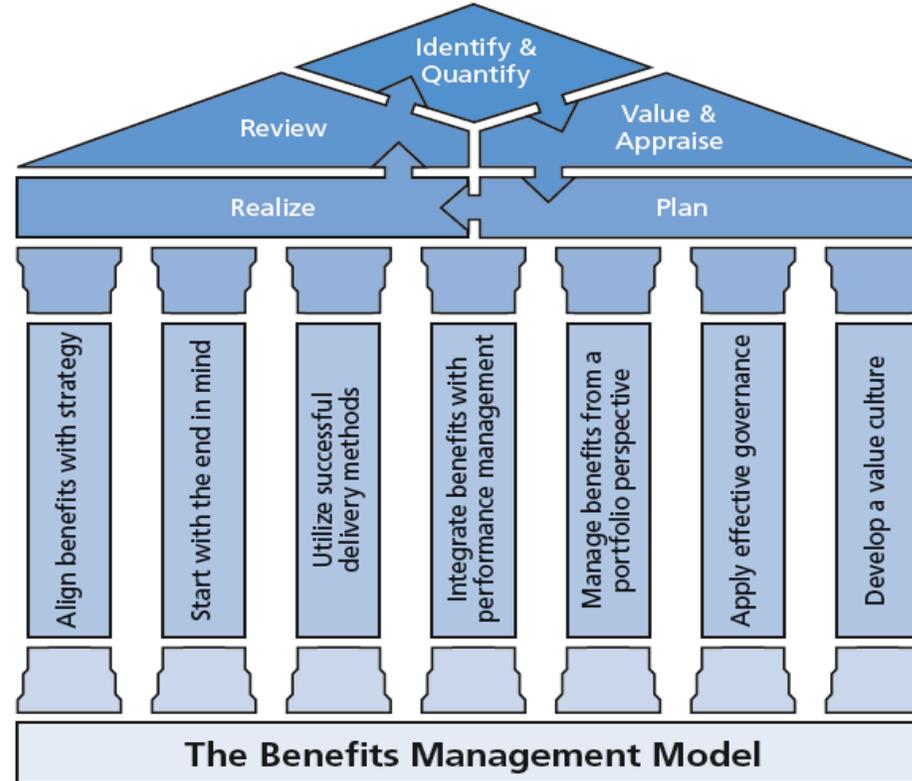
PR0203 – What is involved in relation to Principle 3: Utilize successful delivery methods.

PR0204 – What is involved in relation to Principle 4: Integrate benefits with performance management.

PR0205 – What is involved in relation to Principle 6: Apply effective governance.

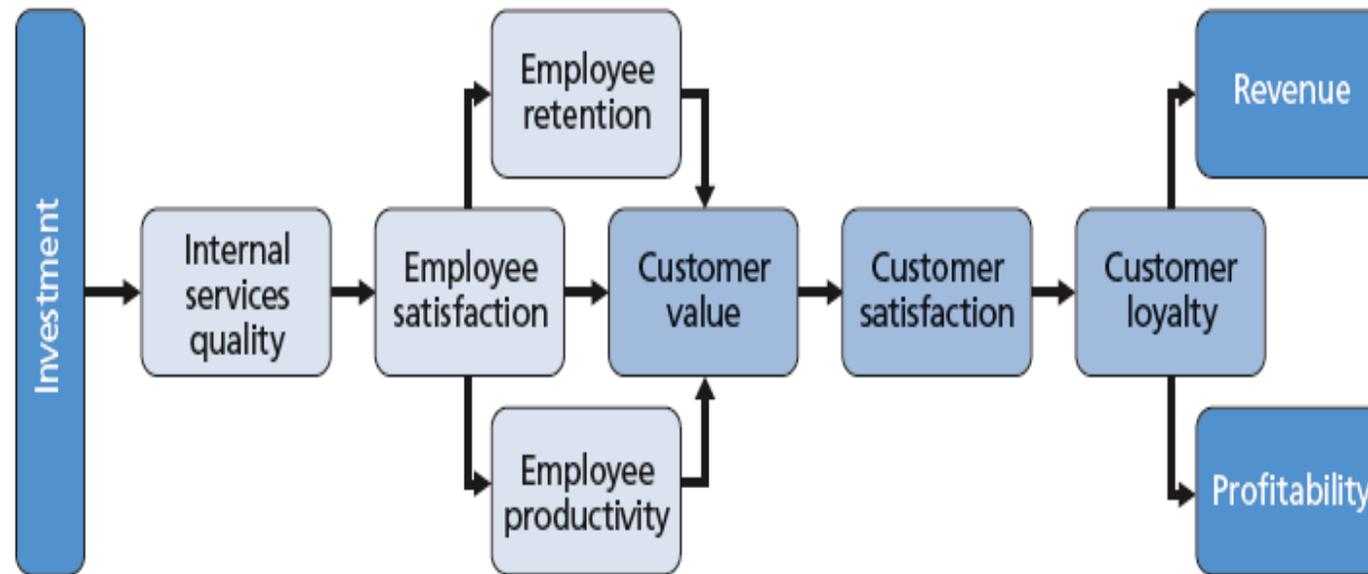
PR0206 – What is involved in relation to Principle 7: Develop a value culture.

The 7 Benefits Management Principles



Principle 1: Align Benefits with Strategy

Driver-Based Analysis

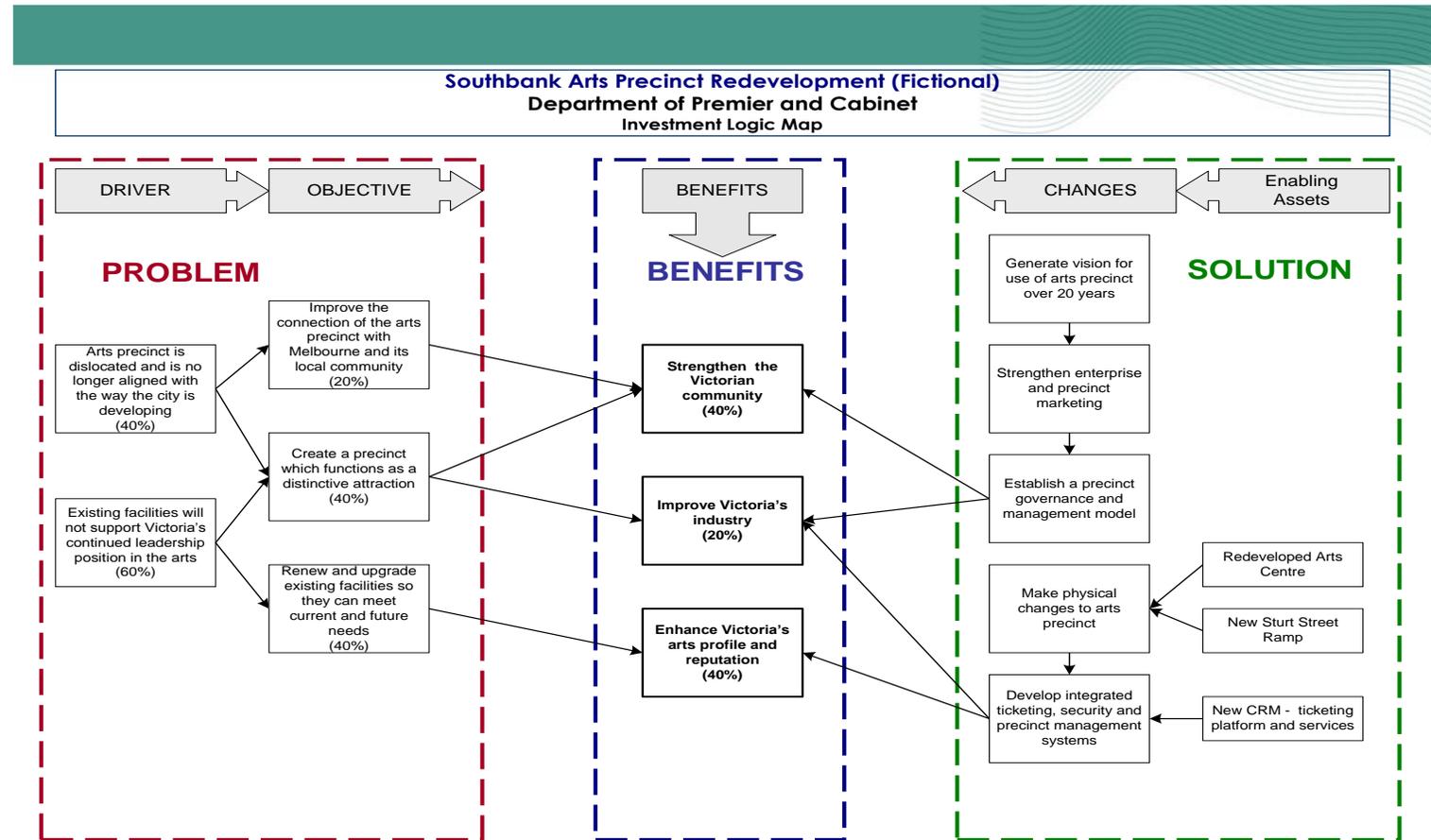


Principle 2: Start with the End in Mind (SWTEIM)

Activity-Centred Change Initiatives	Benefits-led Change Initiatives
1. The initiative is adopted because it is 'the right thing to do' or a 'no-brainer'. Where objectives are set, they are defined mainly in long-term, non-specific or process-based terms, with no clear linkage from the activity to strategic contribution.	1. Benefits are identified and the contribution to organizational objectives is clear; and there are measurable, specific, short-term performance improvement goals even when the change effort is long-term.
2. The initiative's champion urges managers and employees to be patient, take a long term perspective, and 'keep the faith' as the approach will come good in the end.	2. The atmosphere is one of impatience for benefits even when the programme is a long-term change initiative.
3. Progress is measured in terms of measures of activity – people trained, surveys completed etc.	3. Progress is measured in terms of benefits using both leading and lagging indicators.
4. Staff experts and consultants drive the programme.	4. Business managers take the lead with staff experts and consultants helping them to achieve benefits.
5. Substantial investment is required upfront before any significant benefits are seen.	5. Incremental and modular approaches are adopted with quick wins being used to generate enthusiasm for the initiative.
6. The approach is based on advocacy rather than evidence. There is no real learning from experience since the solution promoted is accepted as orthodoxy.	6. The approach is driven by evidence about what works – learnings are fed-back to provide insight into the design and prioritization of the next phase of the initiative.

Principle 2: Start with the End in Mind

e.g. The Investment Logic Mapping Technique



Principle 3: Utilize Successful Delivery Methods

- Tailor formal PPM delivery methods
- Apply agile / modular development approaches
- A rigorous start gate with regular stage/gate reviews throughout the business change lifecycle
- Incremental investment decisions, based on the technique of 'staged release of funding'
- On-going participative stakeholder engagement bringing the 'voice of the customer' into the design & delivery of initiatives via customer insight
- Adopting a forward-looking perspective based on learning, feedback and insight throughout the business change lifecycle
- Encompassing business and behavioural change – including consistent approaches to change management.

Principle 4: Integrate Benefits with Performance Management

Operational Performance Management System	HR Performance Management System
<ul style="list-style-type: none"> → Align benefits measures with the organization's KPI's → Collect benefits measurement data from the MIS 	<ul style="list-style-type: none"> → Reflect responsibility for benefits (and the changes on which benefits realization is dependent) in individuals' performance plans / objectives
<ul style="list-style-type: none"> → 'Book' the benefits in budgets, plans, targets etc 	<ul style="list-style-type: none"> → Aligning responsibilities for benefits management with the reward and recognition processes

Principle 4: Integrate Benefits with Performance Management via the Balanced Scorecard

<p>Financial</p> <p>Measures of financial performance: return on investment/economic value-added; profitability; revenue growth and mix; cost reduction/productivity improvement; and level of working capital required.</p>	<p>Customer</p> <p>Measures of customer/client perception of the organization: Market share; customer acquisition; customer retention; customer profitability; and customer satisfaction.</p>
<p>Internal Business Process</p> <p>Measures of how efficient the organization is: Quality, response time, cost, re-work, bottlenecks, and new product introductions.</p>	<p>Learning and Growth</p> <p>Measures of employee commitment to the organization: Employee satisfaction; employee retention; and employee productivity.</p>

Principle 6: Apply Effective Governance

Governance:

“The set of policies, regulations, functions, processes, procedures and responsibilities that define the establishment, management and control of projects, programmes or portfolios.”

APM, 2013

Principle 6: Key Characteristics of Effective Governance - 1. Clear

- Who is responsible for what, and accountable to whom at both the portfolio level, and individual initiative-level - and that includes clear business-based accountability for the change initiative, all enabling and business changes, as well as the intermediate and end benefits.
- What decisions are made, where, when, by whom, and using what criteria – and that includes:
 - ↳ Clear lines of delegated responsibility
 - ↳ Rules and routes for escalation where variances from plan arise
 - ↳ Regular reviews of progress via initiative reporting, stage/phase gates and portfolio-level reviews
- How benefits are categorized, managed, and how they contribute to the organization's objectives by explicitly describing the assumptions underpinning the organization's business model.
- Documented in the Benefits Management Framework

Principle 6: Key Characteristics of Effective Governance - 2. Aligned

Initiative level

- Senior Responsible Owner
- Programme Manager
- Business Change Manager
- Benefit Owner
- Benefit Manager

Portfolio level

- Portfolio Investment Committee
- Portfolio Delivery Committee
- Portfolio Director
- Benefit Manager

Principle 6: Key Characteristics of Effective Governance - 3. Consistent

- Consistent application of the benefits management practices to effectively:
 - ↳ address the issue of ‘box ticking’ and
 - ↳ prevent by-passing of agreed processes on the pretext of operational necessity.
- Variations from agreed processes should be subject to approval by the appropriate governance body and the rationale for such decisions should be recorded and communicated to all those involved.
- An escalations process and application of the technique of ‘management by exception’

Principle 6: Key Characteristics of Effective Governance - 4. Active

- **On-going engagement** of business managers, staff and users in change initiatives from the start with:
 - ↳ Business ownership of change initiatives and realization of benefits, via the Senior Responsible Owner and Business Change Manager
 - ↳ Agreeing Benefit Owners, and
 - ↳ Bringing the ‘voice of the customer’ into the heart of the development of the initiative via customer insight.
- **Planning for success** rather than detecting failure and attributing blame; with an emphasis on an active search for emergent benefits
- What Thorp (2003) calls **activist accountability** – “which goes beyond traditional notions of passive accountability. It includes the concept of “ownership” – meaning active, continuous involvement in managing a program and, most importantly, clear ownership of each measurable outcome and the associated benefits.”

Principle 7: Develop a Value Culture

- Treating implementation as a business change programme
- Behavioural change can follow governance, roles, and practices. Consider ALL 3 C' s:
 - ↳ **Coordination** – ensuring sufficient attention is given to opportunities for sharing and disseminating lessons learned across the organization. A **Benefits Management Forum** can be useful here.
 - ↳ **Commitment** – to drive, “the effort, initiative and cooperation that coordinated action demands”.
 - ↳ **Competencies** – ensuring sufficient and on-going training to build and enhance the competencies and capabilities within the organization.
- Senior management commitment – inc. a board-level champion; NED support; social proof; relating benefits to business objectives; link BM to the performance mgt system; engage via decision conferencing.



MODULE 03

IDENTIFY & QUANTIFY



Syllabus Area 3: Identify & Quantify

Learning Level 1 Recall:

IQ0101 – The objective and scope of the Identify & Quantify practice.

Learning Level 2 Identify:

IQ0201 – What is involved in identifying strategic drivers, investment objectives and benefits using benefits discovery workshops.

IQ0202 – What is involved in identifying benefits using benefits mapping.

IQ0203 – What is involved in identifying benefits using customer insight.

IQ0204 – What is involved in quantifying/forecasting benefits, and specifically:

→ The main problems faced in developing reliable benefits forecasts

→ Solutions to the above.

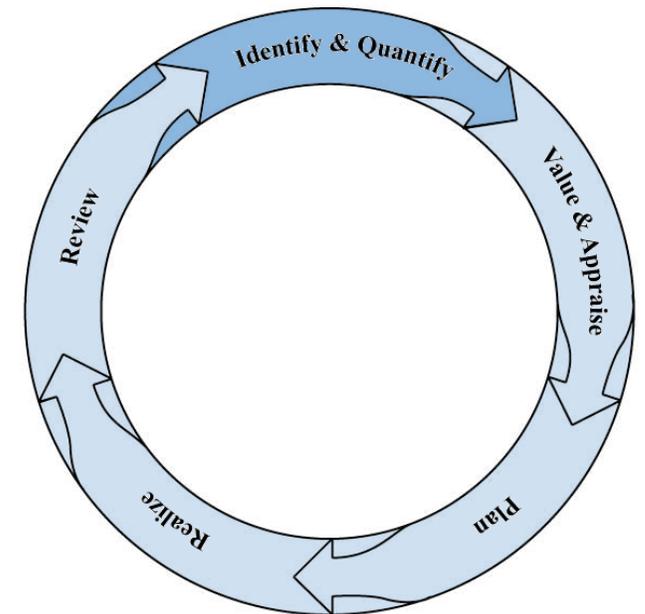
The Objective and Scope of the Identify & Quantify Practice

Objective

To lay the basis for: informed options analysis, investment appraisal, and portfolio prioritization; and the management of benefits realization in due course.

Scope

- Identification of benefits via
 - ↳ Benefits Discovery Workshops
 - ↳ Benefits Mapping
 - ↳ Customer/User insight
- Quantification of benefits
 - ↳ Baselining
 - ↳ Forecasting/estimating and overcoming optimism bias & strategic misrepresentation



Identifying Strategic Drivers & Investment Objectives

Before considering the benefits of an initiative we need to be clear about the problem to be solved or opportunity to be exploited – via:

- Driver-based analysis
- SWOT analysis
- PESTLE analysis
- Benefits discovery workshops e.g. note step 1 in ILM/Benefits Logic Mapping.
- Portfolio-level benefits mapping

Identifying Benefits 1. Benefits Discovery Workshops – Factors to Consider

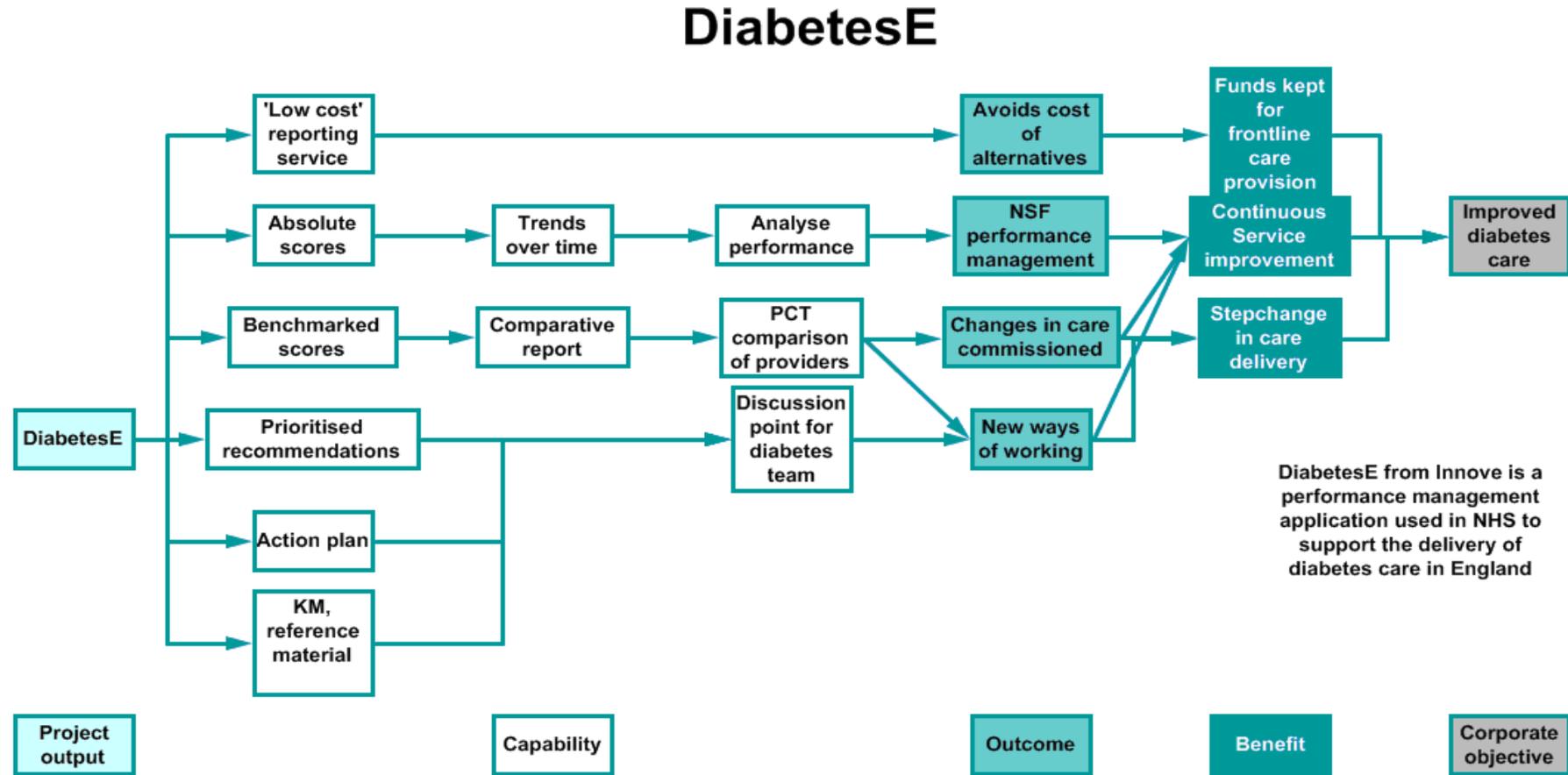
- Membership
- Authority to act
- Duration
- Agenda – including review of the strategic drivers & investment objectives for the initiative
- Facilitator – informed, intelligent, impartial

Identifying Benefits 2. Using Benefits Mapping

Techniques include:

- MSP® Benefits Map
- Results Chain™
- Benefits Dependency Network
- Benefits Logic Map

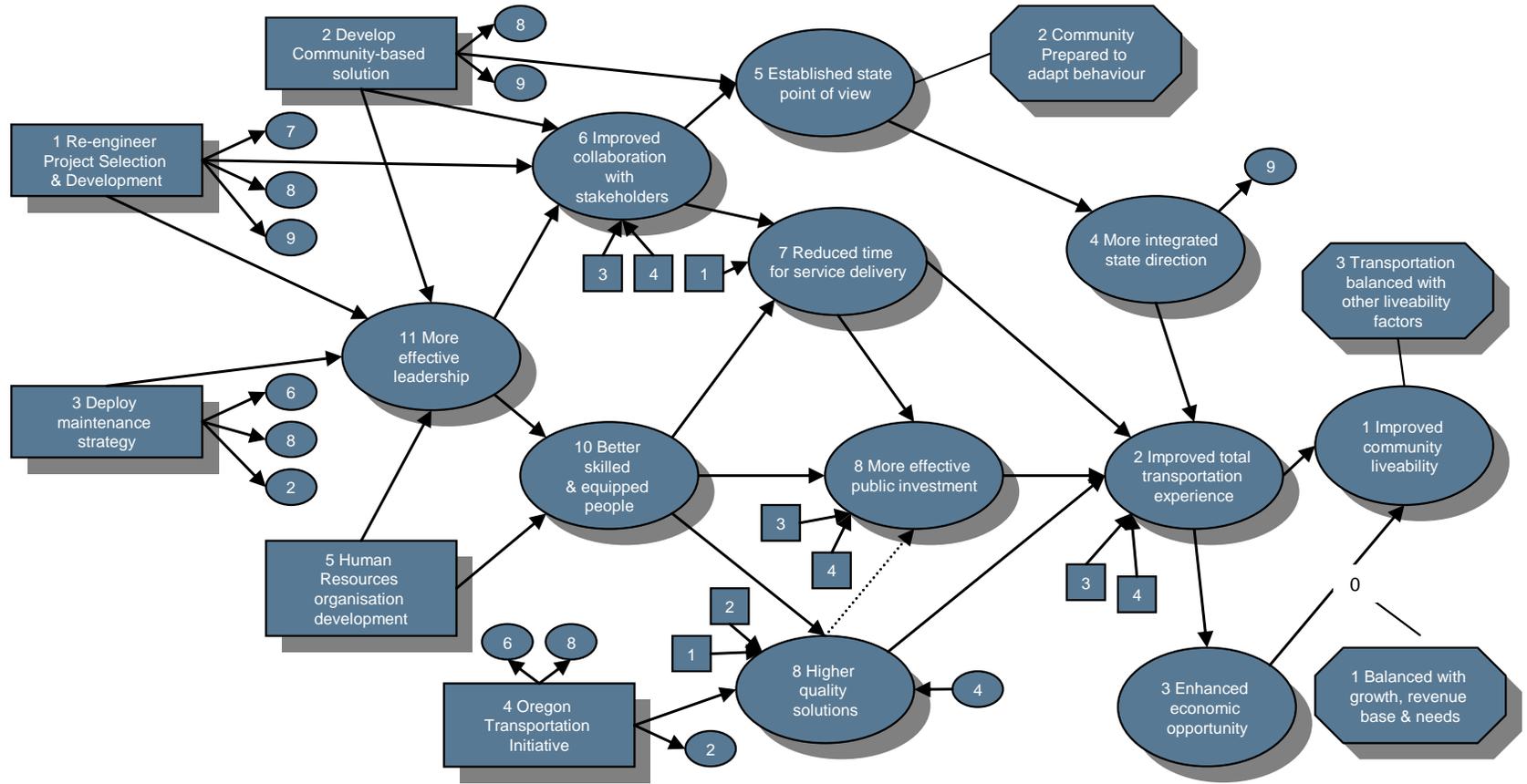
MSP Benefits Map



Benefits Map (Managing Successful Programmes 2011)

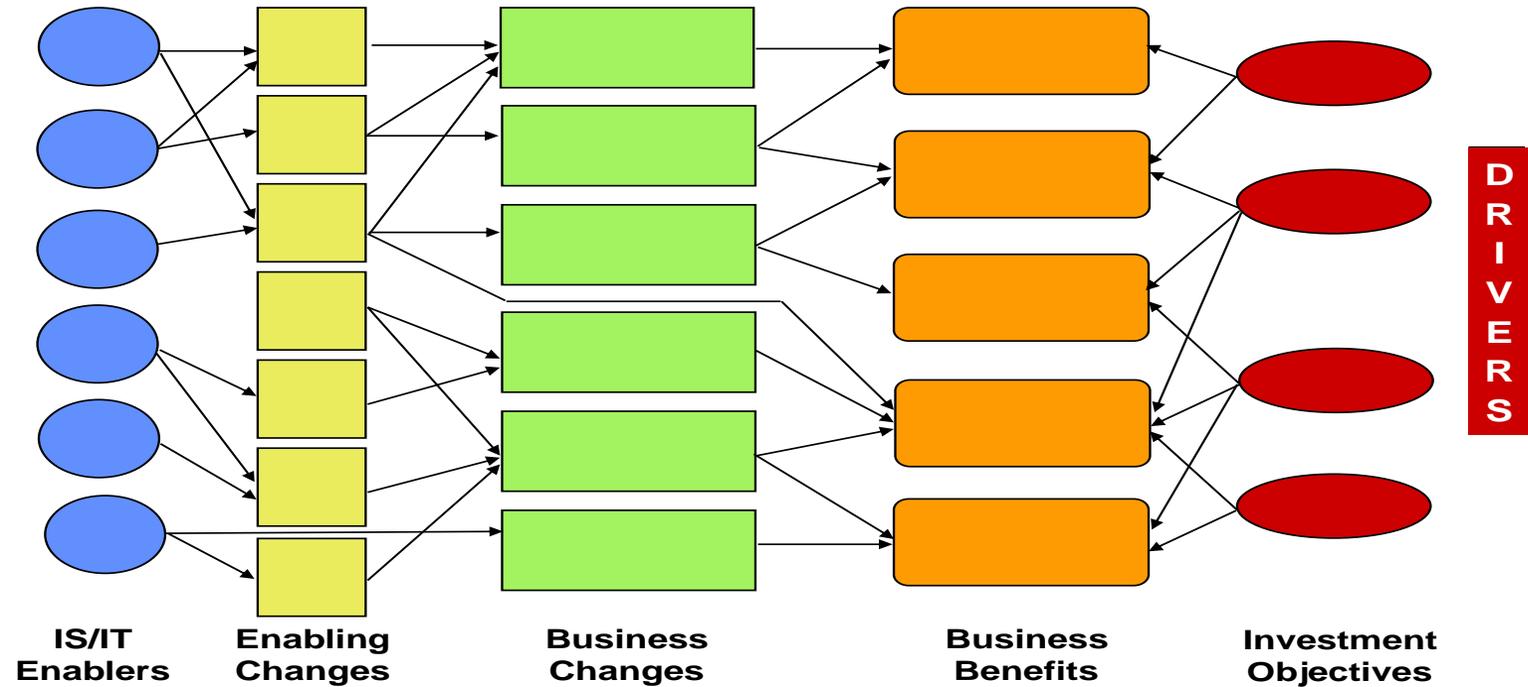
Source: David Waller

Results Chain™ (Source: Thorp)



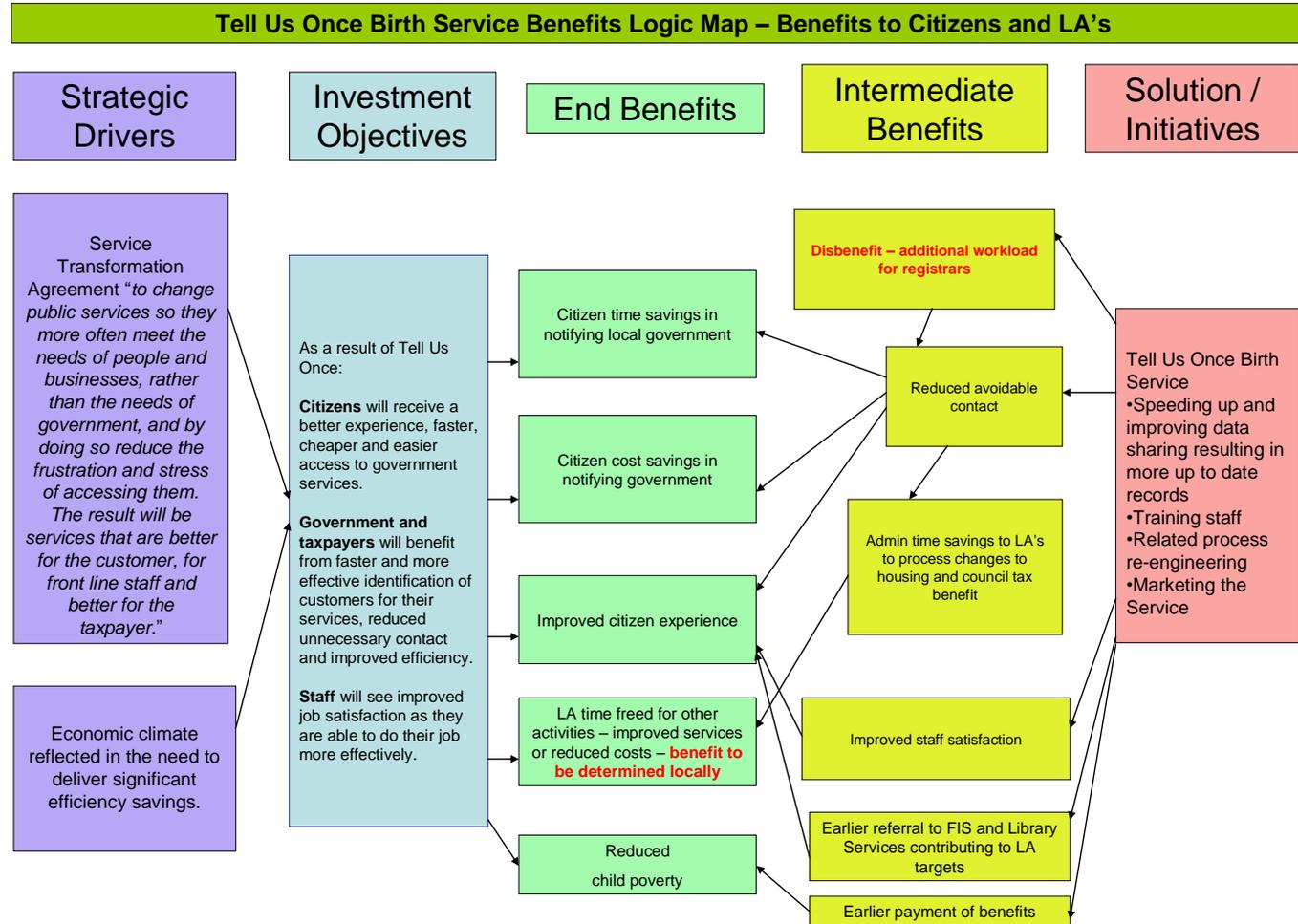
Benefits Dependency Network (Source: Cranfield SoM)

BENEFITS DEPENDENCY NETWORK



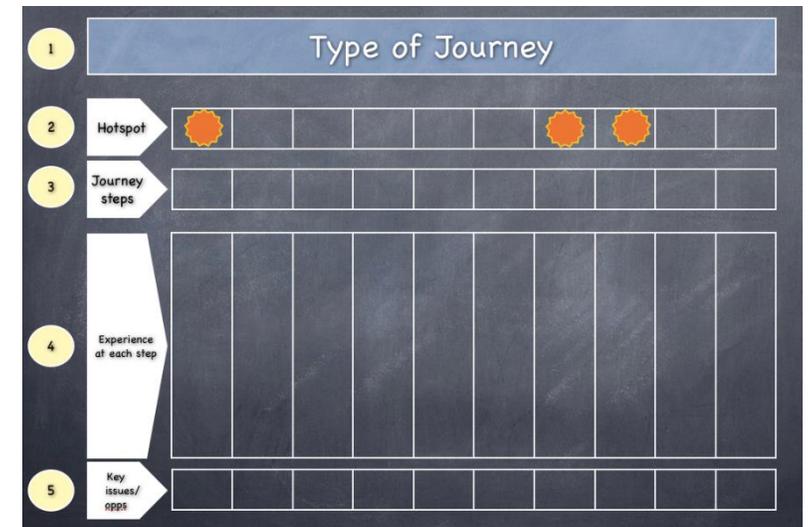
JW113

Benefits Logic Map



Identifying Benefits 3. Using ‘Customer Insight’

- Customer segmentation
- Customer journey mapping
- Focus groups & user experience audits
- Ethnography
- Others – front-line staff, endorsements/complaints, mystery shopping etc



Quantifying Benefits – Problem 1: Cognitive Biases

- Expectation or confirmation bias
- The planning fallacy
- Availability bias
- Groupthink
- WYSIATI (What You See Is All There Is)
- The framing effect and loss aversion
- Anchoring and adjustment
- Biases affecting our ability to handle probability
- Confusing correlation and causation, and assuming the ‘arrow of causation’.

Quantifying Benefits – Problem 2: Strategic Misrepresentation

Flyvbjerg found that forecasts are,

→ *“highly, systematically and significantly misleading (inflated). The result is large benefit shortfalls”.*

The cause is what he terms, “strategic misrepresentation” which is defined as,

→ *“the planned, systematic, deliberate misstatement of costs and benefits to get projects approved.”*

Solutions: More Reliable Forecasting - 1

Organizational and cultural factors

- 'SWTEIM' benefits-led change initiatives
- Stronger leadership
- Accountability
- 'Book the benefits'
- An 'honour code'

Challenge and scrutiny

- Deliberately seek disconfirming evidence
- Independent challenge and scrutiny
- Stage gates & portfolio reviews

Solutions: More Reliable Forecasting - 2

Forecasting techniques

- Evidence-based / reference class forecasting
- Optimism bias adjustments
- A practical approach:
 - ↳ Base-lining current performance
 - ↳ Forecasting future performance
 - Benefits quantification workshops
 - Pilot studies
 - Delphi technique – ‘wisdom of crowds’ effect
 - Watch out for...

Solutions: More Reliable Forecasting – 3 Factors to Consider

- Leakage/spill over
- Attribution
- Deadweight
- Displacement
- Ramp up
- Drop/tail off

Solutions: More Reliable Forecasting – 4 Consider

- Stochastic (probability-based) estimating / Monte Carlo simulation
- Sensitivity analysis
- Confidence/certainty ratings



MODULE 04

VALUE & APPRAISE



Syllabus Area 4: Value & Appraise

Learning Level 1 Recall:

VA0101 – The objective and scope of the value and appraise practice.

Learning Level 2 Identify:

VA0201 – What is involved in valuing:

- Financial benefits
- Efficiency improvements
- Non-financial benefits.

VA0202 – What is involved in undertaking cost-benefit analysis.

VA0203 – What is involved in undertaking real options analysis.

VA0204 – What is involved in undertaking cost-effectiveness analysis.

VA0205 – What is involved in undertaking multi-criteria analysis.

Value & Appraise – Objective & Scope

Objective

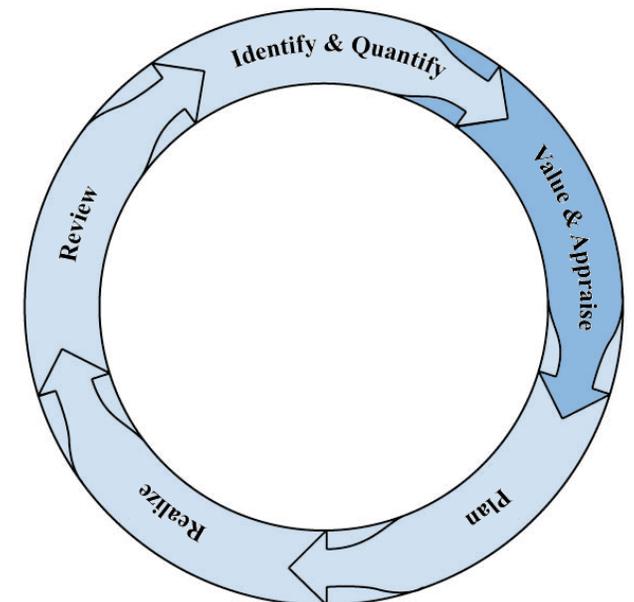
To ensure resources are allocated to those change initiatives that individually and collectively represent best value for money.

Scope

Valuing financial and non-financial benefits in monetary terms to facilitate options analysis, investment appraisal and portfolio prioritization.

Appraisal of options and initiatives via:

- Cost-benefit analysis
- Real options analysis
- Cost-effectiveness analysis
- Multi-criteria analysis.



Valuing Benefits in Monetary Terms

- Financial benefits
 - ↳ Cost avoidance
- Efficiency improvements
 - ↳ Budget savings
 - ↳ Unit cost reductions
 - ↳ The use to which the time saved is put
- Non-financial benefits
 - ↳ Willingness to pay/accept techniques

Valuing Non-Financial Benefits in Monetary Terms

‘Willingness to pay or accept’ may be determined by:

- **Revealed preferences** – where values are inferred from observed behaviour.
- **Stated preferences** – here questionnaires are used to elicit estimates of willingness to pay or accept via:
 - ↳ **Contingent valuation** - where estimates are derived from direct questions
 - ↳ **Choice modelling** - where estimates are based on selecting a preferred option from a range of alternatives.

Cost-Benefit Analysis

- Cost-benefit analysis - quantifies in monetary terms as many of the costs and benefits of an initiative as possible to determine whether the benefits exceed the costs and hence whether investment is justified
- The focus is on incremental costs and benefits i.e. exclude sunk costs and accounting adjustments
- Techniques include: Payback, Accounting Rate of Return, IRR, and NPV
- The Productivity Index' - where there is a constraint, the NPV should be divided by the unit of the constraining or limiting factor
- Discount rate: Pre-set hurdle rate, WACC, CAPM
- Management accountancy approach v economics approach

DCF Calculations

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Costs (£ m)	70	10	10	10	10	10
Benefits (£ m)	0	15	25	35	35	25
Annual net flow (£ m)	-70	5	15	25	25	15
Cumulative net flow (£ m)	-70	-65	-50	-25	0	+15
Discount factor	1	0.9524	0.9070	0.8638	0.8227	0.7835
Annual NPV (£ m)	-70.0	4.762	13.605	21.595	20.5675	11.7525
Cumulative NPV (£ m)	-70.0	-65.238	-51.633	-30.038	-9.4705	2.282
IRR						6%

Adjusting for Risk

- Adjust the discount rate e.g. via the CAPM
- Reference class forecasting/Optimism bias adjustments and 3 point estimating
- Sensitivity/scenario analysis
- Expected NPV
- Standard deviation & the 'Risk Index' or 'Coefficient of Variation'

Real Options Analysis – Types of Real Options

- **Expand** – e.g. a project is built with excess capacity which can be utilized if demand grows.
- **Contract** – e.g. a project is built so that if demand is less than anticipated, output can be reduced.
- **Switch** – e.g. the project is built so that capacity can be expanded or contracted as required.
- **Upgrade** – e.g. this is of particular value in those initiatives with long life cycles and in fields with a high rate of technology development.
- **Defer** – e.g. the start date of a project can be delayed until market conditions change.
- **Abandon** – e.g. to cancel a project during its life.
- **Staging or sequencing** – e.g. the option to deliver a series of initiatives in parallel or in sequence, as the outcome of the earlier projects becomes known.

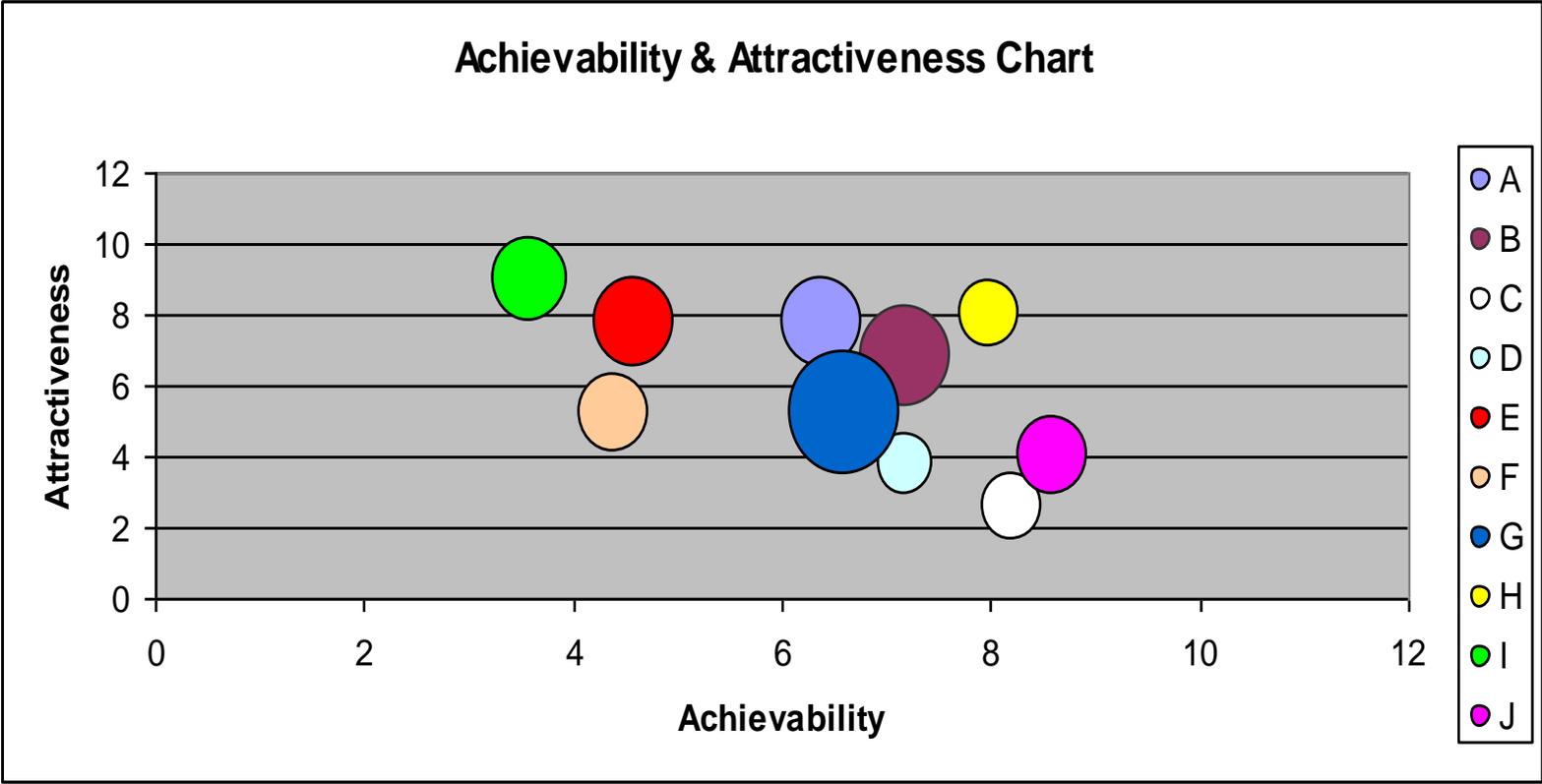
Cost-Effectiveness Analysis

- The costs of alternative ways of realizing the desired benefits are compared
- Lowest NPC decision rule
- Overcomes the problem of valuing benefits in monetary terms
- Can be combined with 'willingness to pay' analysis

Multi-Criteria Analysis

- ¹ Considers initiatives & options under the twin headings of:
 - ↳ Attractiveness e.g. financial return on investment, scale of non-financial benefits, strategic contribution etc
 - ↳ Achievability e.g. factors such as technical challenge, scale of business change required, user commitment etc.
- ¹ Factors under each heading are weighted.
- ¹ Options and initiatives are then scored against the weighted factors to calculate an overall score of 'Attractiveness' and 'Achievability'.
- ¹ These scores can then be combined and divided by the cost to provide a relative strategic 'bang for your buck' assessment.
- ¹ And/Or are presented in the form of a portfolio map...

Multi-Criteria Analysis





MODULE 05

PLAN



Syllabus Area 5: Plan

Learning Level 1 Recall:

PI0101 – The objectives and scope of the Plan practice.

Learning Level 2 Identify:

PL0201 – What is involved in validating the benefits.

PL0202 – What is involved in prioritizing the benefits.

PL0203 – What is involved in managing pre-transition activity.

PL0204 – What is involved in selecting appropriate benefit measures.

PL0205 – What is involved in managing benefits threats and opportunities.

PL0206 – What is involved in planning effective stakeholder engagement.

PL0207 – The main initiative-level benefits management documentation, including the Business Case, and their typical contents.

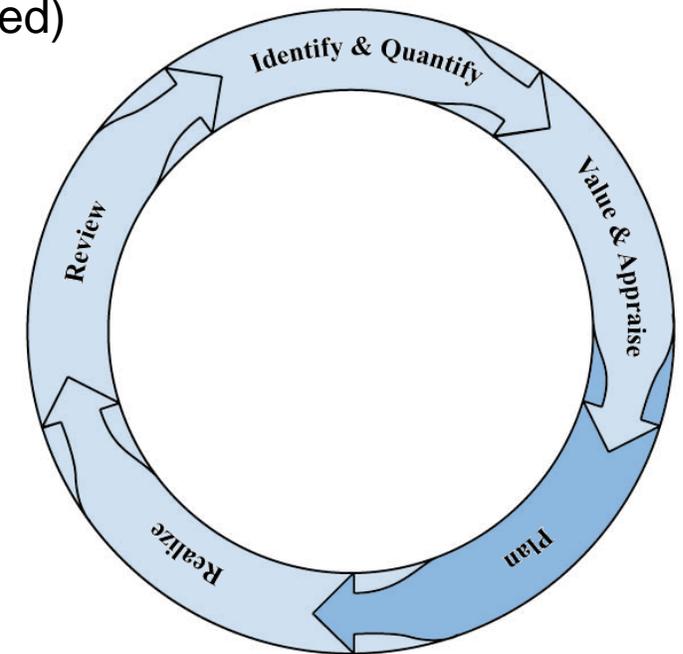
PL0208 – The main initiative-level benefits management roles and their respective responsibilities.

Plan – Objectives

Objectives

Ensuring accountability and transparency for:

- The realization of identified benefits
- The changes on which they are dependent
- Mitigation of dis-benefits (both expected and unexpected)
- Identification and leveraging of emergent benefits.



Plan – Scope: 7 Main Elements

1. Validating the benefits forecast
2. Prioritizing benefits
3. Managing pre-transition activity
4. Selecting appropriate benefit measures
5. Managing benefits threats and opportunities
6. Planning effective stakeholder engagement and communications
7. Preparing benefits documentation – bringing the above together in the main initiative-level benefits management documentation.

Plan – Objectives and Scope: 4 Themes

1. The Plan practice extends across the Benefits Management Cycle – although the focus of activity will vary at the different stages.
2. The focus is more on planning as an activity than plans as documents.
3. Planning extends beyond laying the basis for tracking forecast benefits to encompass mitigating dis-benefits and leveraging emergent benefits.
4. The result should be:
 - ↳ a transparent view on what benefits are envisaged, when they will be realized, how they will be evidenced and who is responsible for their realization; and
 - ↳ clear accountability for the business changes on which the realization of benefits depends, and for benefits realization at the individual and collective levels.

Plan – Element 1: Benefits Validation

1. Checks to ensure benefits claimed are consistent with the organization's benefits eligibility rules
2. Undertaking a 'dog that didn't bark test'
3. Checks for overlaps and dependencies with initiatives elsewhere in the organization's change portfolio
4. Validation of each benefit with the recipient or 'owner'
5. 'Booking the benefits'

Plan – Element 2: Benefits Prioritization - Approaches

- Link benefits to strategic objectives on the benefits map and apply the Pareto rule
- Agree % contribution to strategic objectives on the benefits map
- Determine the primary Investment Objective:
 1. Increase sales turnover/income
 2. Save costs
 3. Meet a legal or regulatory requirement, or maintain BAU
 4. Contribute to the achievement of a strategic objective or business priority
- AHP/pair-wise comparisons (and address Condorcet's paradox).

Plan – Element 3: Managing Pre-Transition Activity

- Benefits planning
- Communication
- Contingency planning
- Allocation of responsibilities and accountability
- Change readiness assessment

Plan – Element 4: Selecting Appropriate Benefit Measures

Characteristics of good measurement systems:

- **Efficient:** e.g. use the organization's Management Information System
- **Effective:**
 - ↳ Avoid negative unintended consequences
 - ↳ Be motivational and drive the required behaviour
 - ↳ Be reliable, i.e. changes in the measure should reliably reflect changes in the underlying performance and be reliably attributable to the initiative.
- **Sufficient:** the measures should provide sufficient assurance that the key underlying benefits have been realized.

Plan – Element 4: Types of Measure

Measure type	Description
Quantitative or qualitative	Quantitative – measures expressed in numerical terms, e.g. hours saved, income generated etc.
	Qualitative – measures expressed in descriptive terms, e.g. satisfaction ratings.
Financial or non-financial	Financial – measures expressed in £/\$/€ terms, e.g. increased revenue, reduced cost etc.
	Non-financial – measures expressed in non-financial terms, e.g. increased production, customer satisfaction etc.
Leading or lagging	Leading – measures that 'lead' to attainment of an outcome or lag measure. Referred to by Kaplan & Norton (1996) as 'performance drivers'.
	Lagging – measures that 'lag' the change and which reflect the impact of something that has already occurred. Referred to by Kaplan and Norton as 'outcome measures'.
Direct or indirect (proxy)	Direct – measures where there is a direct relationship between the measure and the benefit it is seeking to measure.
	Indirect/proxy – a measurement of one physical quantity that is used as an indicator of the value of another. For example, per capita GDP is often used as a proxy measure for the standard of living.

Plan – Element 4: Selecting Appropriate Benefit Measures – Issues to Consider

- Don't confuse the monetary value attributed to a benefit with the underlying benefit – use a benefits measurement taxonomy.
- Measuring the wrong things or reaching unreliable conclusions – so:
 - ↳ Prioritize benefits
 - ↳ Develop a suite of leading & lagging measures to create a 'rich picture'
- Issue of attribution – so:
 - ↳ Benefits mapping to agree the logical chain of cause and effect
 - ↳ Use Leading as well as lagging/outcome measures
 - ↳ Apply confidence ratings...

Plan – Element 4: Confidence/Certainty Ratings

RAG matrix for assessing confidence in Benefits Realization		Possibility that factors outside the initiative impact on benefit realization			
		High	Medium	Low	Nil
Confidence in attributing benefits realization to the initiative	Score	1	2	3	4
Empirical evidence supporting cause and effect.	3	Red 3	Amber 6	Green 9	Green 12
Logical argument for cause and effect supported by some empirical evidence that is testable over time.	2	Red 2	Red 4	Amber 6	Amber 8
Logical argument for cause and effect but with little or no empirical evidence and testing the relationship is problematic.	1	Red 1	Red 2	Red 3	Red 4

Plan – Element 4: Selecting Appropriate Benefit Measures – Issues to Consider

- Measures can have unanticipated consequences:
 - ↳ Unplanned positive impacts: emergent benefits
 - ↳ Unplanned dis-benefits
 - ↳ Gaming the system
 - ↳ Perverse incentives
- Don't confuse forecasts with targets
 - ↳ Forecasts should be accurate and realistic.
 - ↳ Targets should be ambitious and aspirational.

Plan – Element 4: A Suite of Measures

- **Leading and lagging measures** – to evidence benefits realization across the chain identified in the Benefits Map encompassing:
 - ↳ Leading measures of enabling changes, business changes and intermediate benefits.
 - ↳ Lagging measures of end benefits.
- **Proxy indicators** – where direct measures are difficult to obtain.
- **Evidence events** – events that can be observed and which provide evidence that the benefit has been realized.
- **Case studies** – capturing good and bad news and lessons learned.
- **Surveys** – of users, staff and management.
- **Stories** – to provide a living example of the potential benefits.

Plan – Element 5: Managing Benefit Threats & Opportunities

Threats to Benefits optimization - 5 sources of failure:

1. **Forecasting failure:** benefits are not identified or are over-estimated.
2. **Delivery failure:** the failure to deliver the initiative with the planned functionality and on time, so impacting on the scale and timing of benefits realization.
3. **Business and behavioural change failure:** the business and behavioural changes on which benefits realization is dependent don't occur or are poorly scheduled (causing delay in benefits realization).
4. **Benefits management failure:** in relation to capturing and leveraging emergent benefits and mitigating dis-benefits.
5. **Value for money failure:** the benefits are realized but at excessive cost.

Plan – Element 5: Opportunity Management: Capturing Emergent Benefits via...

- 1. Modular / agile approaches to project design and development** - with regular review of insights and lessons learned.
- 2. A ‘scout and beacon’ approach:**
 - ↳ ‘Scouts’ scan the environment for potential opportunities.
 - ↳ ‘Beacons’ are ‘lit’ clearly communicating that ideas are welcomed.
- 3. On-going participative stakeholder engagement** to provide insight via a suite of measures and ‘narrative leadership’.
- 4. An opportunities taxonomy:**
 - ↳ New users/markets for current initiative functionality/components.
 - ↳ New uses/applications for current initiative functionality/components.
 - ↳ Ways in which initiative scope can be changed to meet current user/market needs.
 - ↳ Ways in which initiative scope can be changed to meet unanticipated or emerging user/market needs.
- 5. Taking a portfolio approach** – regularly asking whether emergent benefits are being identified and exploited across the portfolio.

Plan – Element 6: Planning Effective Stakeholder Engagement - 1. Stakeholder Segmentation

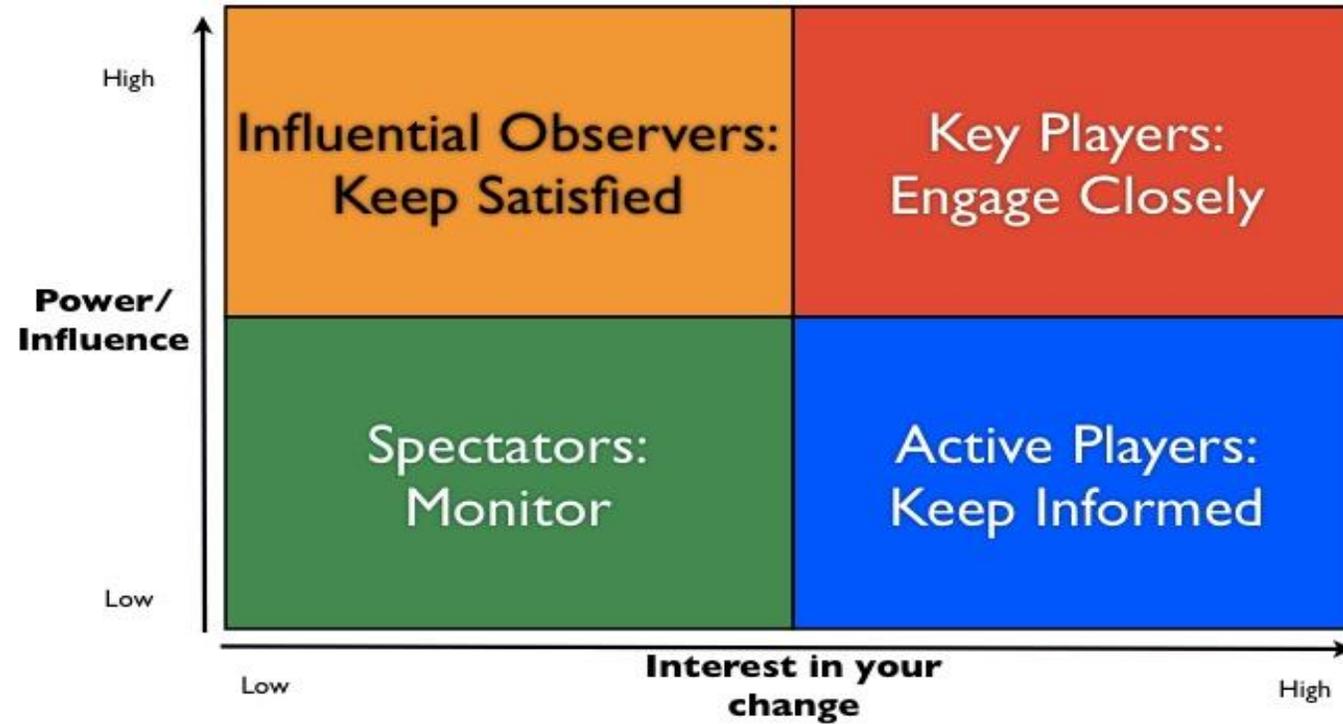
Mayfield

- Customers
- Providers
- Influencers
- Governance

Davies & Davies

- Those with an ownership interest: shareholders and government on behalf of taxpayers.
- Those who buy, use or are affected by the initiative e.g. customers.
- Those who are involved in the initiative in transforming inputs into outputs and outcomes e.g. staff and suppliers.

Plan – Element 6: Planning Effective Stakeholder Engagement - 2. Stakeholder Analysis: Mayfield



Source: Practical People Engagement

Plan – Element 6: Planning Effective Stakeholder Engagement - 2. Stakeholder Analysis: Ward & Daniel

High	NET BENEFITS Should champion the project – but must be aware of implications for others and use their influence.	BENEFITS BUT... Will be positive about benefits but concerned over changes needed – ensure sufficient enabling changes are identified to offset any resistance.
Benefits received	<i>'Collaborators'</i>	<i>'Compromisors'</i>
Low	FEW BENEFITS BUT... Must be kept supportive by removing any inertia/apathy that may influence others.	NET DIS-BENEFIT Likely to resist changes – must ensure all aspects of resistance dealt with by enabling projects.
Low	<i>'Accommodators'</i>	<i>'Resistors'</i>
	Changes required	High

Plan – Element 6: Planning Effective Stakeholder Engagement - 3. Effective Benefit Communications

Consider:

- The purpose of the communication: to inform or to act as a catalyst to action
- The audience
- The presentation
- The medium/channel used

Plan – Element 7: Initiative-Level Benefits Management Documentation

Benefits Management Strategy – Purpose: To define how benefits will be managed on an initiative throughout the business change lifecycle. This document should be consistent with the Portfolio Benefits Management Framework.

Benefits Realization Plan – Purpose to provide:

- A consolidated view of the benefits forecast by type/category and period.
- The baseline against which benefits realization can be monitored and evaluated.

Benefit Profile – Purpose: To record and reach agreement (with the Benefit Owner) on the key details about a benefit (or dis-benefit) including categorization, scale, ramp up and tail off, measures and any dependencies.

* Note – the Benefit Profiles can be combined into a Benefits Register.

Plan – Element 7: Initiative Level Benefits Management Documentation - The 5 Case Business Case

Case – focus	Key benefits perspective
Strategic case – is the initiative supported by a robust case for change?	<ul style="list-style-type: none"> • Do the benefits clearly contribute to the strategic objectives? • Is the planned strategic contribution quantified?
Economic case – does the preferred way forward optimize value for money?	<ul style="list-style-type: none"> • Do the identified benefits exceed the costs and dis-benefits of the initiative and the results of not investing? • Does the preferred option optimize value for money? (demonstrated via an options analysis).
Financial case – is the initiative affordable?	<ul style="list-style-type: none"> • Are there any cashable benefits that can be recycled to help fund the initiative?
Commercial case – is the initiative commercially viable?	<ul style="list-style-type: none"> • Can supplier payments be linked to benefits realization in some form of gain-sharing or reward-sharing arrangement?
Management case – can the initiative be delivered successfully?	<ul style="list-style-type: none"> • Have adequate arrangements been made for benefits management and evaluation? • Have lessons learned from previous initiatives been applied throughout the Business Case? • Has a Benefits Management Strategy been completed and is it consistent with the Portfolio Benefits Management Framework? • Has a Benefits Realization Plan, with supporting Benefit Profiles and Map(s), been completed?

Plan – Element 7: Initiative Level Benefits Management Documentation - Business Case Development

Strategic Outline Case (Indicative Business Case)	Outline Business Case (Detailed Business Case)	Full Business Case (Implementation Business Case)
Phase 1: initial scoping.	Phase 2: planning. Prior to OJEC (pre-procurement).	Phase 3: selection of solution/procurement. Following competition (pre-contract).
Primary purpose:	Primary purpose:	Primary purpose:
<ol style="list-style-type: none"> 1. To establish the case for change and strategic fit with other programmes. 2. To indicate the preferred way forward. 	<ol style="list-style-type: none"> 3. To identify a preferred option. 4. To assess potential value for money, affordability and achievability. 	<ol style="list-style-type: none"> 5. To select the service solution. 6. To finalize post-procurement arrangements.
OJEC – Official Journal of the European Union		

Key (Initiative-Level) Benefits Management Roles

- Senior Responsible Owner
- Programme Manager
- Business Change Manager
- Programme Office including the Benefits Manager
- Benefit Owner.



MODULE 06

REALIZE



Syllabus Area 6: Realize

Learning Level 1 Recall:

RZ0101 – The objective and scope of the Realize practice.

Learning Level 2 Identify:

RZ0201 – What is involved in transition management.

RZ0202 – What is involved in tracking and reporting benefits realization and taking corrective action.

RZ0203 – What is involved in achieving behavioural change by winning hearts as well as minds:

- Align incentives with benefits realization
- Recognize the power of conversations
- Adopt new routines
- Apply learnings from the fields of neuroscience and psychology
- Develop measures that engage
- Utilize ‘narrative leadership’ and storytelling.

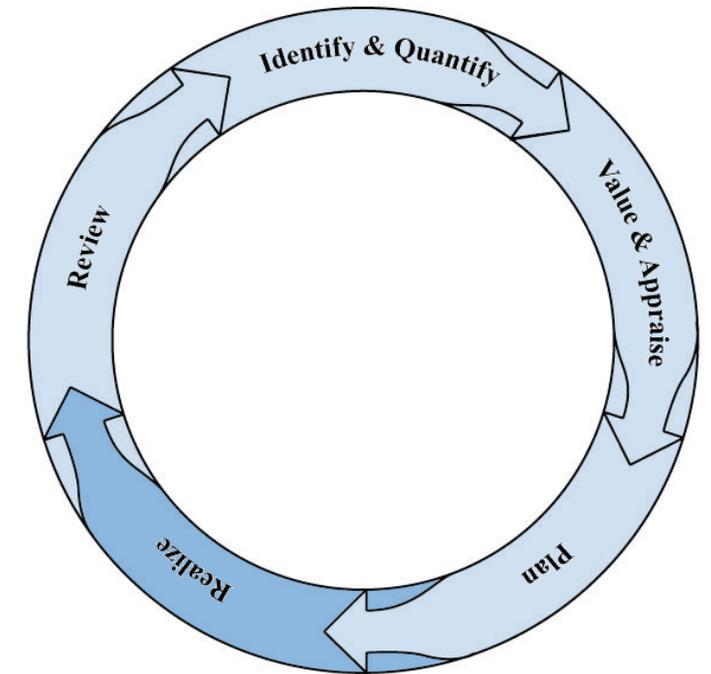
Realize – Objective

Objective

To optimize benefits realization by actively:

- Managing planned benefits through to their realization;
- Capturing and leveraging emergent benefits; and
- Minimizing and mitigating any dis-benefits.

This includes ensuring that the business and behavioural changes on which benefits realization is dependent actually take place.



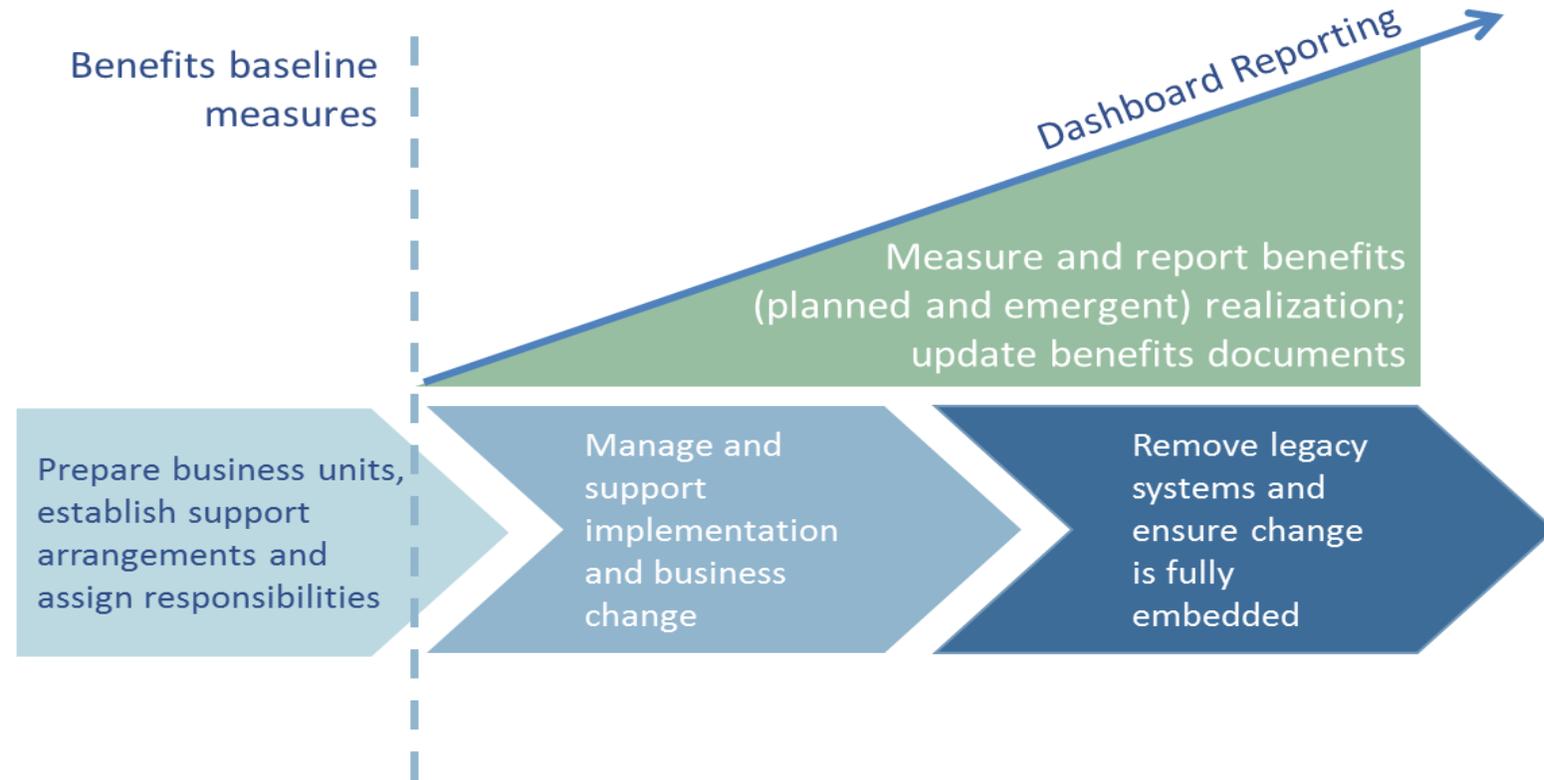
Realize – Scope

1. **Transition Management** - Ensuring that initiative outputs are fit for purpose and can be integrated into business operations.
2. **Tracking and reporting benefits realization at an initiative level** – and taking appropriate action where required.
3. **Winning hearts and minds** - Going beyond processes and practices to consider the softer side of business change, and in particular the people dimension – behavioural change.

Realize – 2 Themes

1. Whilst the focus in investment decision-making should be on realism (to overcome the twin risks of strategic misrepresentation and optimism bias) the **approach in benefits realization should be one based on enthusiasm**. Positive thinking and its motivational effects, play a crucial part in overcoming the obstacles that often arise during implementation and delivery.
2. **Distinguish between forecasts and targets** – the former, as part of the investment appraisal process, should be realistic; **the latter should be motivational and aspirational** – and that requires that they be used less as a means of backward looking accountability, and more as a basis of forward-looking insight and learning.

Realize Element 1: Transition & Post-Transition



Source: David King

Realize Element 1: Transition & Post-Transition (Contd.)

Transition - stages

- Commence transition
- Operationalize support functions
- Ongoing communication
- Monitor business changes
- Manage performance

Post-transition - stages

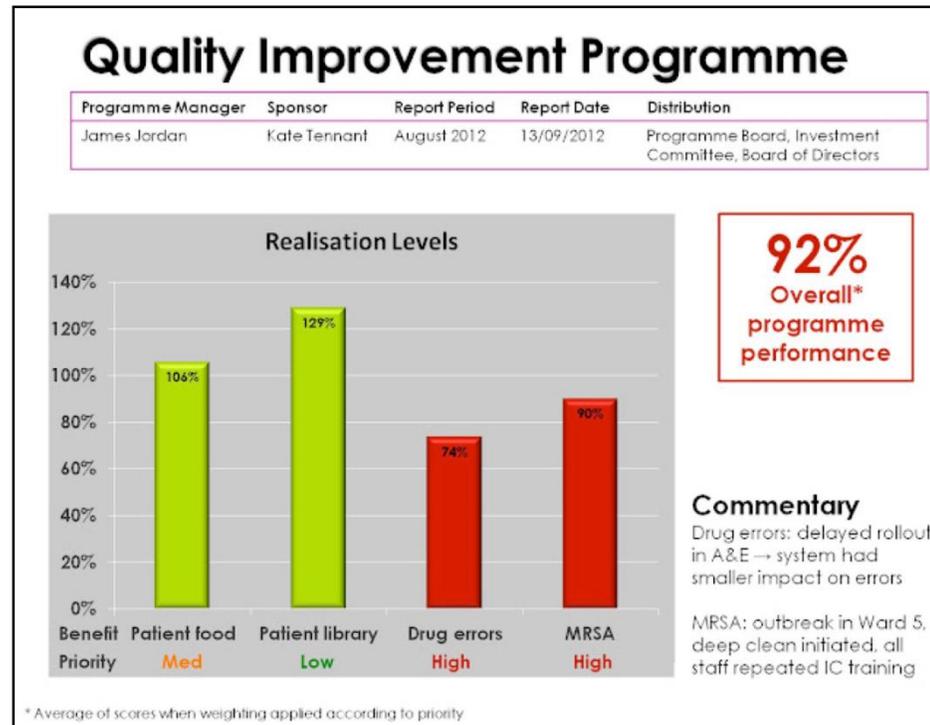
- Measure & report on benefits realization
- Continuing to monitor, manage (and communicate about) performance
- Remove access to legacy systems
- Review transition

Realize Element 2: The Objectives of Tracking & Reporting

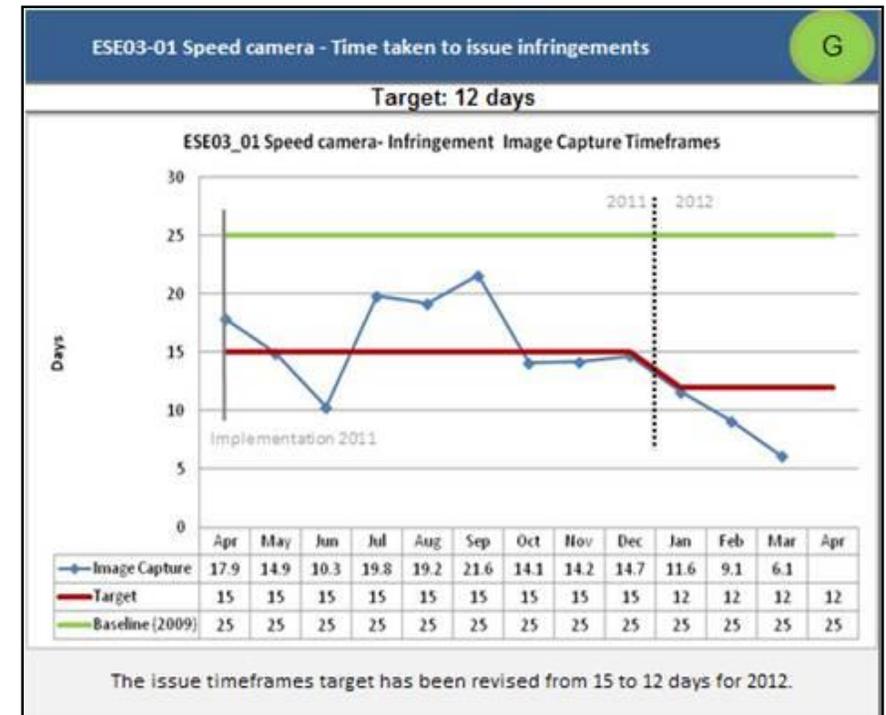
- Understanding what is actually causing changes in performance and so addressing the attribution issue by benefits mapping, tracking leading as well as lagging measures, and using confidence ratings.
- Ensuring that by ‘booking’ cashable benefits we have not created an unfunded pressure
- Addressing the “build it and they will come” assumption. Realization often depends on management action – and this needs to be monitored to ensure that it occurs and is effective.
- Managing the realization of intermediate benefits as a way of maximizing realization of end benefits.
- Capturing and leveraging emergent benefits.
- Mitigating expected and unexpected dis-benefits.
- Validating the assumptions underpinning the organization’s business model.
- Learning about what works, and feeding this back into the design and management of future change initiatives.

Realize Element 2: Tracking & Reporting – Formats

- Dashboard reporting
- Via RAG rating links on the Benefits Map



Reporting on a normalized scale



Graphical formats and applying the Pareto rule

Realize Element 2: Tracking & Reporting – Benefits Status as a Prompt to Action

- By attractiveness and achievability
- By RAG status
- By standard – target, plan, minimum, actual

Attractiveness	High	<i>Action – Address achievability of the benefit</i>	<i>Action – Harvest</i>
	Low	<i>Action – Ignore unless there is some compelling reason</i>	<i>Action – Consider ways to increase the scale/value of the benefit</i>
		Low	High
		Achievability	

Realize Element 2: Tracking & Reporting – Aided by the Following Techniques

- One version of the truth
- Clear line of sight reporting
- The Pareto (80:20) rule
- Management by exception

Realize Element 2: Tracking & Reporting

When to start?

As early as possible to:

- Validate baseline data (and provide such data where it is missing).
- Identify early warnings where corrective action might be required.
- Identify early evidence of/potential for emergent benefits.
- Collect evidence of 'quick wins' which can help to build stakeholder commitment.

When to finish?

- When it is clear that the new ways
- of working and business changes
- are embedded as BAU, that the
- benefits are being realized, and
- that ongoing tracking won't add
- significant additional value

Realize Element 3: Winning Hearts as well as Minds

Strategies to achieve behavioural change:

1. Align incentives with benefits realization.
2. Recognize the power of conversations.
3. Adopt new routines.
4. Apply learnings from neuroscience and psychology.
5. Develop measures that engage and influence.
6. Utilize ‘narrative leadership’ and storytelling.

Realize Element 3: The Power of (Committed) Conversations

Committed = for something ; Uncommitted = about something

- 1. Initiative conversations** – a call to action via an assertion, a request, a promise, or a declaration.
- 2. Conversations for Understanding** – in which people seek to understand the drivers and evidence for the initiative conversations. Two by-products:
 - ↳ the specification of the ‘conditions of satisfaction’
 - ↳ the “involvement, participation and support” of those involved as they understand their role in the change.
- 3. Conversations for Performance** – a network of requests and promises spoken to produce a specific action and result.
- 4. Conversations for Closure** – which are characterized by the use of assertions, expressives and declarations to bring closure to the change.

Realize Element 3: Cialdini's Six Principles of Influence

1. Consistency
2. Reciprocation
3. Social Proof
4. Authority
5. Liking
6. Scarcity

Realize Element 3: Insights from Neuroscience

- **Expectation shapes reality** – we see what we expect to see, so cultivate moments of insight that are generated from within, rather than being presented as conclusions.
- **Focus is Power** – repeated attention to something actually leads to changes in the brain, so get people to focus on solutions not problems and create the conditions in which people remain focused on their insights.

Realize Element 3: Key Features of Effective ‘Stories’

- **Structured** – with a beginning, a middle and an end, and make clear the consequences of failing to take effective action.
- **Memorable** – this is helped by:
 - ↳ Media: Use different media to convey the message using verbal presentations as well as the written word.
 - ↳ Message: Making it memorable via creative presentation.
- **Alive** - making the story ‘live’ by:
 - ↳ Including a physical component.
 - ↳ Incorporating drama.
 - ↳ Allowing the story to adapt as the initiative progresses.
- **Engaging** – the story should be told from a viewpoint with which the audience can associate; and actively involve stakeholders in the ‘story’ , and encourage them to adapt it to the local circumstances.
- **Relevant** - the problem needs to be relevant to the stakeholders in creating ownership and a shared experience.



MODULE 07

REVIEW



Syllabus Area 7: Review

Learning Level 1 Recall:

RW0101 – The objectives and scope of the Review practice.

Learning Level 2 Identify:

RW0201 – What is involved in reviews at start up: start gate and pre-mortems.

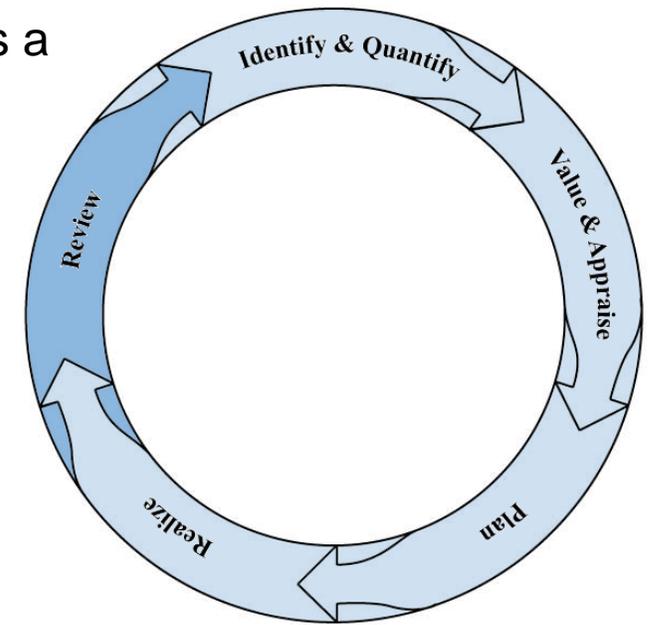
RW0202 – What is involved in ‘in flight’ benefits reviews, stage/phase gate reviews, portfolio-level reviews and Gateway™ reviews.

RW0203 – What is involved in post-implementation and post-investment reviews.

Review – Objectives

The objectives of the Review practice are to ensure and assure, that:

- The benefits to be realized are achievable and continue to represent value for money.
- Appropriate arrangements have been made for benefits monitoring, management and evaluation.
- Benefits realization is being effectively managed.
- Lessons are learned for both the current initiative and as a basis for more effective benefits management practices generally.



Review – Scope

Reviews undertaken:

- At the commencement of an initiative – start gates and pre-mortems.
- During the lifetime of an initiative – ‘in-flight’ reviews including those undertaken at the end of a tranche within a programme, and those at mandated (portfolio) stage/phase gates.
- After implementation – post-implementation and post-investment reviews.

Consideration of:

- Planned benefits i.e. are the forecast benefits still realizable/being realized?
- Emergent benefits i.e. are unplanned benefits identified and leveraged?
- Dis-benefits (both anticipated and unanticipated) i.e. are dis-benefits mitigated effectively?
- Is value for money being maximized?
- Are the practices used to manage benefits efficient and effective?

Practice 5: Review Initiative & Independent Benefit Reviews

Initiative stage	Initiative Benefit Reviews	Independent Reviews
Start up	Pre-mortems.	Start Gate.
'In flight'	End of tranche reviews and other reviews (time or event-driven) undertaken by the initiative.	Stage/Phase gate reviews. OGC Gateway Reviews.
At closure	Post-implementation review undertaken as part of initiative closure.	Post-investment reviews. OGC Gate 5 Review. Closing gate.

Practice 5: Review OGC Gateway™ Reviews

Review	Focus & Purpose	Documentation
Gateway 0: Strategic assessment	Initiative business justification. Ensure stakeholders support and contribution to strategy.	Initiative Brief.
Gateway 1: Business justification	Initiative business justification. Does the Business Case meet the business need, achievable, and represent VFM.	The Strategic Outline Case.
Gateway 2: Procurement strategy	Initiative viability and readiness to invite proposals or tenders from the market.	Outline Business Case and initial BRP
Gateway 3: Investment decision	OK to proceed to contract	Full Business Case, Benefits Management Strategy.
Gateway 4: Readiness for service.	Readiness for transition.	Updated Business Case and BRP.
Gateway 5: Operations review and benefits realization	Benefits realization and value for money	Post-implementation review & Benefits reports

Practice 5: Review

Cognitive Biases Effecting Post-Implementation Review

- **Self serving bias** - the belief that our successes are due to our efforts and abilities, whereas failures are due to external events and bad luck.
- **Hindsight bias** - The tendency to see past events as being more predictable than they actually were.
- **Outcome bias** - the belief that the outcome determines whether a decision was correct, rather than whether it was the right decision given the information available at the time.
- **The Texas Sharpshooter fallacy** - the tendency to assess the success of an initiative (and the appropriateness of the original investment decision) in terms of the actual outcome rather than asking whether the benefits the initiative was designed to deliver were actually realized and whether the outcome represents value for money.

Practice 5: Review Evaluating Performance

Process used to make decision	Outcome	
	Good	Poor
Good	<i>'Deserved success'</i>	<i>'Bad break'</i>
Poor	<i>'Dumb luck'</i>	<i>'Poetic justice'</i>



MODULE 08

PORTFOLIO-BASED APPLICATION



Syllabus Area 8: Portfolio-Based Application

Learning Level 1 Recall:

PF0101 – The objectives and scope of portfolio-based benefits management including the names of the seven key elements in portfolio-based benefits management.

Learning Level 2 Identify:

PF0201 – What is involved with Element 1: Benefits eligibility rules, including a consistent approach to benefits categorization and features of an appropriate benefits categorization system.

PF0202 – What is involved with Element 2: Portfolio-level Benefits Realization Planning including consideration of portfolio-level benefits threats, dependencies and opportunities.

PF0203 – What is involved with Element 4: Effective arrangements to manage benefits post initiative closure.

PF0204 – What is involved with Element 5: Tracking and reporting benefits realization at a portfolio level.

PF0205 – The purpose and typical contents of the main portfolio-level documentation

PF0206 – The responsibilities of the main portfolio management roles in relation to benefits management

Portfolio-Based Application – Objectives

The objectives of portfolio-based benefits management are to ensure the best use of available resources and that the contribution to operational performance and strategic objectives is optimized i.e. the strategic contribution is maximized subject to constraints such as costs and other limited resources.

Portfolio-Based Application – Objectives (Contd.)

It achieves this by ensuring:

- Consistent alignment of change initiatives with the organization's strategic objectives and performance management system.
- Good practice is applied to all initiatives within the change portfolio – with consequent efficiency savings and enhanced effectiveness in terms of benefits realization.
- Double counting is minimized (e.g. by applying dual dimension benefits categorization).
- Lessons are learned and applied more widely.
- Benefits realization and value for money from available resources are optimized.

Portfolio-Based Application – Scope: 7 Main Elements

1. **Benefits eligibility rules**, inc. a consistent approach to benefits categorization.
2. A **portfolio-level Benefits Realization Plan** – inc. consideration of dependencies, threats and opportunities.
3. Inclusion of re-appraisal of benefits at stage/phase gates and portfolio-level reviews.
Covered in the Review syllabus area
4. Effective arrangements to **manage benefits post-initiative closure**.
5. Clear arrangements for **benefits tracking and reporting at a portfolio-level**, including via the Portfolio Dashboard Report.
6. Regular and robust post-implementation reviews and feeding lessons learned back into forecasting and the benefits management practices. *Covered in the Review syllabus area*
7. **Portfolio-level benefits documentation and roles**

Portfolio-Based Application – Element 1: Benefits Eligibility Framework

Benefits eligibility rules define how benefits are categorized, quantified, valued and validated. And so...

- Allow change initiatives to be appraised on a consistent basis.
- Assist in assessing the contribution of benefits to strategic objectives and business priorities.
- Help to prevent double counting by ensuring a consistent approach to categorization and quantification, and by validating these benefits with the relevant business representatives.
- Assist in determining the impact on operational performance including the capacity of different parts of the organization to absorb business change, and so help in the effective scheduling of implementation.
- Help to consolidate benefits data for the purpose of benefits realization tracking and reporting.

Portfolio-Based Application – Element 1: Features of an Appropriate Benefits Categorization System

- **Complete/Fully inclusive** – the system should be flexible enough to accommodate all relevant benefits.
- **Mutually exclusive/Unambiguous** – the categories used should be sufficiently different as to minimize confusion as to what category individual benefits best fit.
- **Wide applicability** – the categorization should apply to all types of initiative facilitating comparisons between investments and over time.
- **Simple** – the categorization used should be easy to understand.
- **Self-checking** - ideally, the system should support the validation of claimed benefits and help deter and detect double counting.

Portfolio-Based Application – Element 1: Examples of Benefits Categories...

- Financial and non-financial benefits.
- Cashable and non-cashable benefits.
- Economy, efficiency and effectiveness benefits.
- By Strategic objective.
- Balanced scorecard category – financial, customer, internal business process, and learning and growth.
- Risk level reflecting the likelihood of benefits realization.
- By Stakeholder group.

Portfolio-Based Application – Element 1: Dual Dimension Benefits Categorization

Value type		Definition	Example	
			Financial/cashable	Non-financial/non-cashable
Tangible	Definite	Value may be predicted with confidence or certainty – not affected by external factors	Reduced costs	Fewer steps in a process
	Expected	Value may be predicted on the basis of someone else's experience or based on historic trends	Increased sales	Quicker performance of tasks
	Logical	Logically a benefit may be anticipated whose value may be measured but not predicted	Improved management of insurance risk	Greater customer satisfaction
Intangible		May be anticipated, but difficult to substantiate	Improved image	

Source: Bradley

Portfolio-Based Application – Element 2: BRP Inc. Portfolio-Level Threats and Opportunities

- **Generic risks** – apply across the change portfolio such as inaccurate forecasting resulting in sub-optimal investment decisions and non-realization of forecast benefits.
- **Aggregated initiative-level risks** – for example:
 - ↳ Double counting
 - ↳ Ineffective dependency management
 - ↳ The negative impact on operational performance and benefits realization of poorly scheduled business change e.g. more than one initiative deploying into the same business area at the same time.

Portfolio-Based Application – Element 2: BRP Inc. Portfolio-Level Threats and Opportunities (Contd.)

Dependencies

- 1. Logical dependencies** – where progress on one initiative is dependent on a deliverable from another initiative.
- 2. Logistical dependencies** – where more than one initiative requires access to a limited resource at the same time.
- 3. Where benefits realization is dependent on actions beyond the scope of the initiative.** Techniques such as Benefits Dependency Networking can be helpful here to ensure all required business and enabling changes are identified and the initiative is appropriately bounded.

Portfolio-Based Application – Element 4: Managing Benefits Post-Initiative Closure

- The **Portfolio Benefits Management Framework** should include a commitment to, and the governance arrangements for, managing benefits post-completion that apply across the change portfolio.
- The individual initiative **Benefits Management Strategy** should specify how the benefits from that initiative will be managed post-initiative completion, and specifically who is responsible for tracking and reporting their realization to the Portfolio Office.
- Including benefits forecasts post-initiative closure in the **Portfolio Benefits Realization Plan**.
- Including benefits realized post-initiative closure in the consolidated data reported in the **Portfolio Dashboard Report**.
- Integrating threats to benefits realization post-initiative closure into **portfolio, operational or corporate risk registers**.

Portfolio-Based Application – Element 5: Tracking and Reporting Benefits Realization at a Portfolio Level

Aided by the following techniques:

- Management by exception
- One version of the truth
- Clear line of sight reporting
- Pareto rule

Portfolio-Based Application – Benefits Documentation

→ **Portfolio Benefits Management Framework – Purpose:**

- ↳ To provide comprehensive guidance that facilitates consistent and effective management of benefits for all initiatives included within the portfolio.

→ **Portfolio Benefits Realization Plan – Purpose:**

- ↳ To provide a consolidated view of the benefits forecast for the forthcoming planning period (usually a year) under the standard benefits categories defined in the Portfolio Benefits Management Framework. This includes benefits from closed as well as ‘live’ initiatives. This enables the Portfolio Investment Committee to assess whether the scale of benefits is acceptable given the organization’s accumulated investment in change, and if not, what needs to be done
- ↳ To provide the baseline against which benefits realization can be monitored and evaluated.

→ **Portfolio Dashboard Report – Purpose:**

- ↳ To provide a succinct overview of progress against plan, including benefits realized compared with forecast.
- ↳ To inform decisions about where and what action is required in response to adverse variances and/or to exploit positive variances from plan.

Portfolio-Based Application – Key Roles

- **Portfolio Investment Committee** – the governance body that decides which initiatives should be included, and continue to be included, in the change portfolio.
- **Portfolio Delivery Committee** – the governance body which monitors change delivery including benefits realization against plan and is responsible for addressing issues that can negatively impact on benefits optimization.
- **Portfolio Director** – the Board member responsible for the successful delivery of change across the organization and for ensuring that benefits realization is optimized from the organization's investment in change.
- **Portfolio Benefits Manager** - reporting to the Portfolio Manager – ensures that effective approaches to benefits management are applied across the portfolio.



MODULE 09

IMPLEMENT & SUSTAIN



Syllabus Area 9: Implement & Sustain

Learning Level 1 Recall:

IS0101 – The three broad approaches to implementing benefits management.

Learning Level 2 Identify:

IS0201 – When each approach to implementation is most relevant, the advantages of planned approaches to implementation, and the first ten steps in implementing benefits management.

IS0202 – The factors to consider in sustaining progress.

3 Broad Approaches to Implementation

Approach	When appropriate
Big bang	<ul style="list-style-type: none">• Strong and widespread senior management commitment• Top-down approaches to strategy• Stable environment• Mature PPM
Incremental	<ul style="list-style-type: none">• Senior management commitment is mixed• Strategy is emergent• Dynamic environment• Improvements in initiative delivery are required
Opportunistic	<ul style="list-style-type: none">• Little senior management commitment

Advantages to Planned Approaches to Implementation

- A planned approach, with confirmed senior management buy-in, will significantly reduce the risk of failure. Ideally, a board-level member should fill the role of SRO for the implementation of benefits management, whether implemented using ‘big bang’ or in more ‘incremental’ manner.
- Planned approaches can be quicker, so the potential benefits are realized earlier.
- Sustaining progress is aided where implementation is managed as a business and behavioural change programme.

First 10 Steps in Implementation

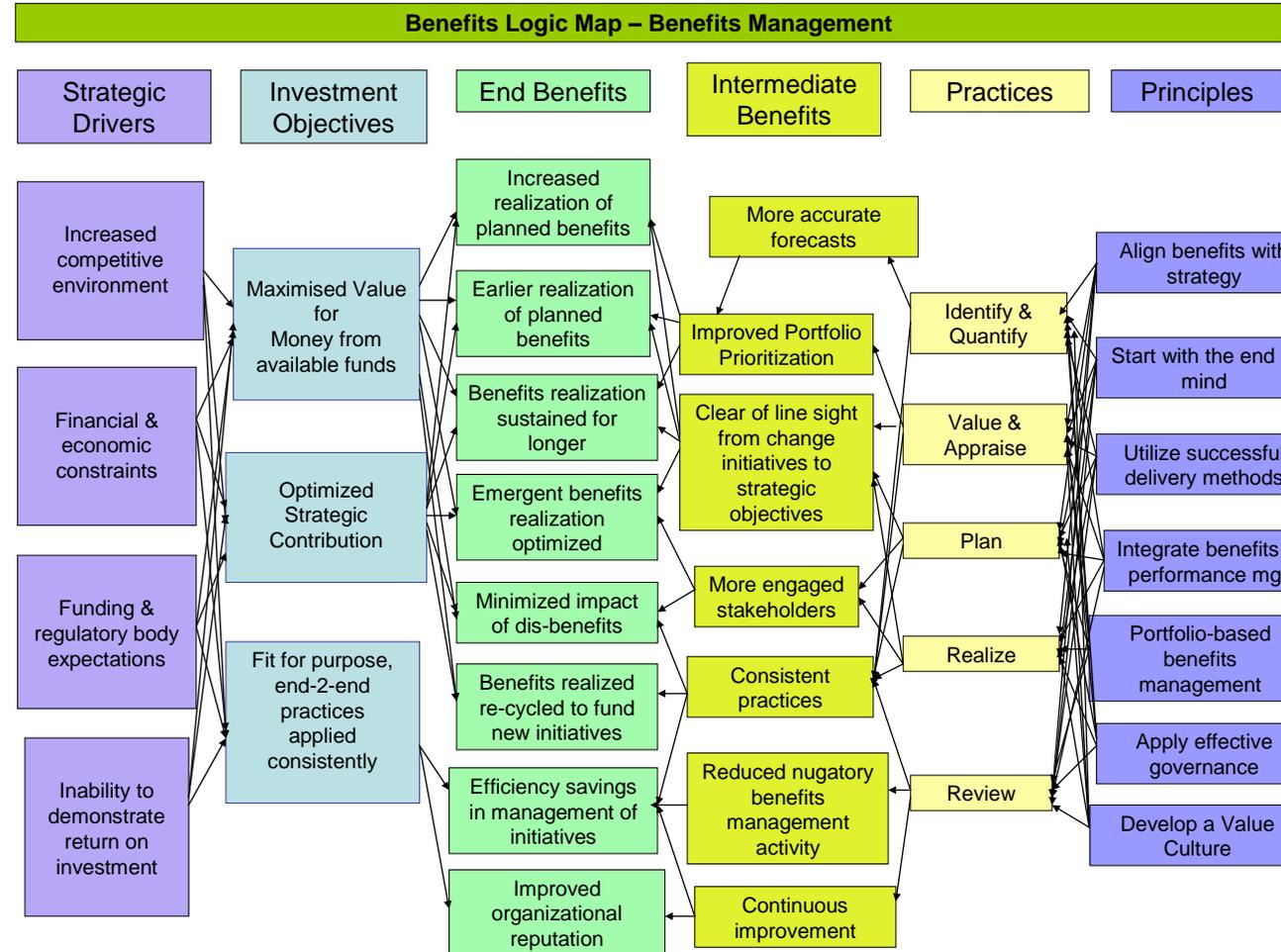
1. Undertake driver-based analysis.
2. Benefits-led, rather than activity-centred, change initiatives.
3. Compile a Portfolio Benefits Management Framework, including benefits eligibility rules.
4. Implement consistent approaches to benefits mapping.
5. Adopt the technique of ‘staged release of funding’ .
6. Ensure clarity about the top five benefits from the major initiatives.
7. Consolidate the information collected above into a Portfolio Benefits Realization Plan.
8. Track and report progress against the Portfolio Benefits Realization Plan on a regular basis (at least quarterly) and apply the techniques of: ‘Management by exception’ and ‘One version of the truth’ .
9. Implement post-implementation review on all change initiatives, with independent post-investment review for those initiatives that warrant it.
10. Organize a series of briefing sessions to raise awareness of the importance of benefits management, explain what is required, and what forms of assistance will be available.

Sustaining Progress

6 Factors...

1. Effective governance
2. Treating the development of benefits management as a (benefits-led) business and behavioural change programme
3. On-going stakeholder engagement in the development of benefits management
4. Measuring progress
5. Appropriate use of software
6. Relevant training and development.

Sustaining Progress - Managed as a Business Change Programme





End of the Presentation