



# Benefits Realisation Management – ‘Lifting the fog’

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## Change programmes - the rationale

*“The fundamental reason for beginning a programme is to **realise benefits** through change. The change may be to do things differently, to do different things, or to do things that will influence others to change.”*

**Office of Government Commerce (OGC)**

*“It is only possible to be sure that change has worked if we can **measure the delivery of benefits** it is supposed to bring.”*

**Cabinet Office**



**But the track record is not good in  
the public sector...**

*“Implementation of IT systems has resulted in delay, confusion and inconvenience to the citizen and, in many cases poor value for money to the taxpayer.”*

**Public Accounts Committee, 2000**

*“30-40% of systems to support business change deliver no benefits whatsoever.”*

**Office of Government Commerce, 2004**



## Or in the private sector...

*“project success appears to equate to achieving an acceptable level of failure or minimising lost benefits.”*

**KPMG, 2005**

*“Most large capital investments come in late and over budget, never living up to expectations. More than 70% of new manufacturing plants in North America, for example, close within their first decade of operation. Approximately three-quarters of mergers and acquisitions never pay-off...And efforts to enter new markets fare no better”*

**Lovullo and Kahneman, 2003**



## But there's plenty of guidance on what to do

- OGC - MSP (2003) and Benefits Guidance (2005)
- HMT - Green Book (2003)
- Gateway review guidance (2004)
- 5 Case Business Case framework
- Value Management Frameworks e.g. VMM (2003), D&VAM (2004)
- Guidance from Academics (Ward, Remenyi), and Consultants (Thorp, Bradley, Payne etc).



## But little evidence on...

1. The scale of take up of recommended practices (and what there is suggests low/inconsistent take up).
2. The impact of such practices – and what works?
3. Has there been any improvement in performance over the last 5-6 years?



## Phase 1 Research - Survey

- 20 Principles of Benefits Realisation Management
- Plus feedback on obstacles and what works
- Ratings from 1 (little progress) to 4 (BAU)
- 167 returns – 103 ‘cold’ and 64 completed at Masterclasses

# Phase 1 Results

## Areas of relative strength:

- Senior Management commitment
- Validating benefits with 'owners' prior to investment

## Areas of relative weakness:

- Evidence-based forecasting
- Post Implementation reviews
- Going beyond the forecast





## Phase 1 Results – Room for Improvement

- 18/21 scores were lower from those completed at Masterclasses
- No principle had an average rating  $> 2.5$
- In four cases the average rating was less than 2
- Only six returns had an overall rating of  $> 3$
- Fourteen returns had an overall rating of less than 1.5
- Only one in five responded “yes” to the question, ‘*Do you believe your organisation is doing enough to ensure sufficient benefits realisation from its investments in change?*’

# Similar research findings have been reported by...



Change for the Better  
A study on benefits management  
across the UK

March 2009



An APH study supported by

**Deloitte.**



**The Benefits of Organisational Change**

2009 Survey Results

# The Next Steps – Phase 2 of the Research



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## Benefits Realisation Management - 'Lifting the Fog'

Benefits Management is a 'hot topic' in the PPM community (and beyond). The APM recently held an inaugural Benefits Management conference and the recently established Project Portfolio Management Special Interest Group identified benefits management as their number 1 area of concern. Whilst there is plenty of guidance available, there is little definitive information on how widely recommended practices have been adopted, with what results, or what lessons of general applicability have been learned.

The PPM Standards Group has therefore commissioned Stephen Jenner of the Cabinet Office (and a member of the group) to undertake a research programme on this topic, with the aim of ensuring that future discussions and recommendations are based on cross-Government evidence rather than hearsay. This research encompasses:

*Assessing the current 'state of play' (June-July)* - representatives of Departments, and their agencies and NDPBs, are being asked to complete a short 20 question survey that has been derived from a review of recommended practice. This will also enable participating organisations to benchmark themselves against their peers. Additionally, Steve is extending the survey to encompass the wider public sector (NHS, Local Authorities, Police Forces, RDAs etc) and the private sector. This will provide a larger dataset against which to benchmark government organisations. It will also enable identification of examples of good practice that can, with the relevant organisations' agreement, be disseminated to others. It is consequently intended that the initial survey will be followed by more in-depth 'drill down' with organisations that have agreed to continue to participate in the research.



Picture courtesy of the Olympic Delivery Authority.



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## Some emerging thoughts

The 'gap' between the rhetoric and the reality is a chasm – current guidance is **necessary** but not **sufficient**. We also need...

1. Clarity/Transparency about key benefits and the measures used to evidence realisation.
2. Real evidence on whether 'performance matches the promise'.
3. Portfolio-based benefits management.
4. Beyond passive backward-looking tracking against target, to an active forward-looking perspective based on learning and continuous improvement.