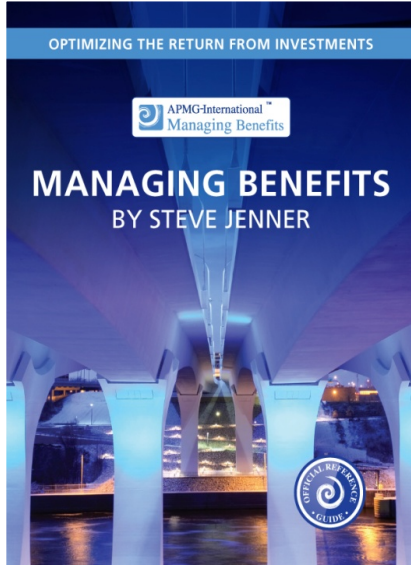


Realizing Benefits from Projects & Programs

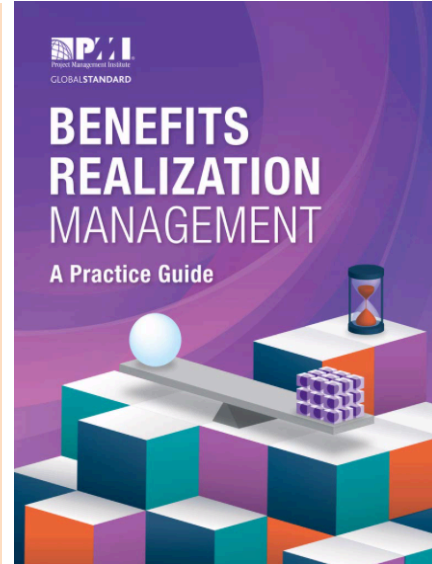
Problems, Causes, Solutions

Copenhagen: 13th November 2019

Benefits – the rationale for investment



Benefits are not just one dimension of portfolio, programme and project management; rather, they are the **rationale** for the investment of taxpayers' and shareholders' funds in change initiatives.



Benefit - The measurable improvement from change, which is perceived as positive by stakeholders, and which contributes towards to organizational including strategic objectives.

Problem: the track record (globally) isn't good

"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" [Lovallo & Kahneman](#)

"it is found with overwhelming statistical significance that the cost estimates...are highly and systematically misleading" and demand forecasts are, "significantly misleading (inflated). The result is large benefit shortfalls". [Bent Flyvbjerg](#)

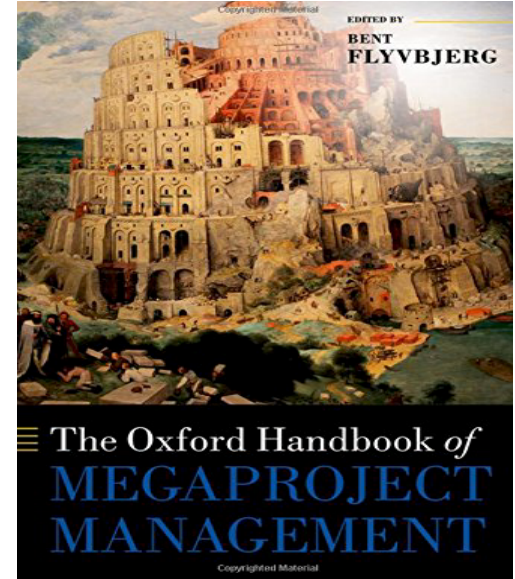
"project success appears to equate to achieving an acceptable level of failure or minimising lost benefits."
[KPMG](#)

"Up to 70% of change initiatives fail to deliver on the benefits that they set out to achieve." [John Kotter](#)

Causes 1: The forecasts in business cases are (very) often (very) unreliable

Optimism Bias *“We overemphasise projects’ potential benefits and underestimate likely costs, spinning success scenarios while ignoring the possibility of mistakes.”* Daniel Kahneman

Strategic Misrepresentation – *“the planned, systematic, deliberate misstatement of costs and benefits to get projects approved.”* In short, *“that is lying”*. Flyvbjerg et al



“The best project selection system in the world is worthless unless the data is sound.” Cooper & Edgett

Causes 2: Benefits Management has not always been applied effectively

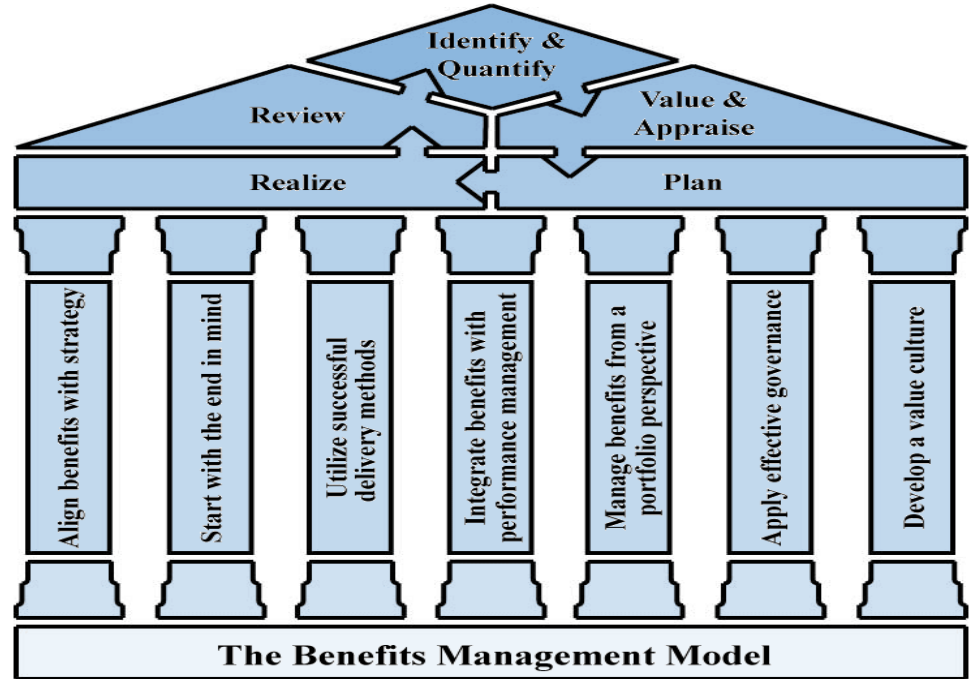
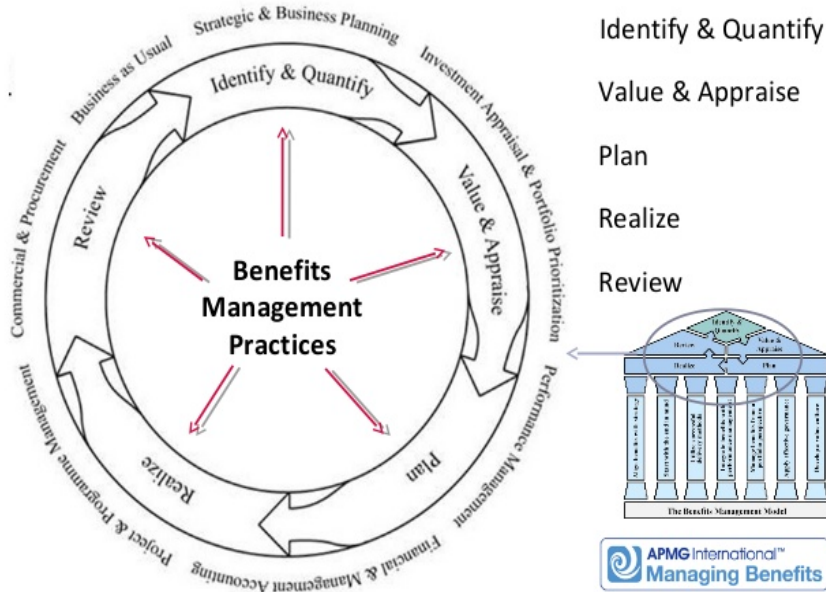
- Activity rather than benefits-led change
- The 'build it and they will come' fallacy
- The 'Knowing-Doing gap'
- 'Box ticking' – when all is said and done more is said than done” John Thorp

*“A good deal of corporate planning ... is like a ritual rain dance. **It has no effect on the weather that follows**, but those who engage in it think it does. ... Moreover, **much of the advice related to corporate planning is directed at improving the dancing, not the weather.**”* Brian Quinn

Benefits Management - *“Interest is high but few are doing it well”* PMI & BCG

Solutions...

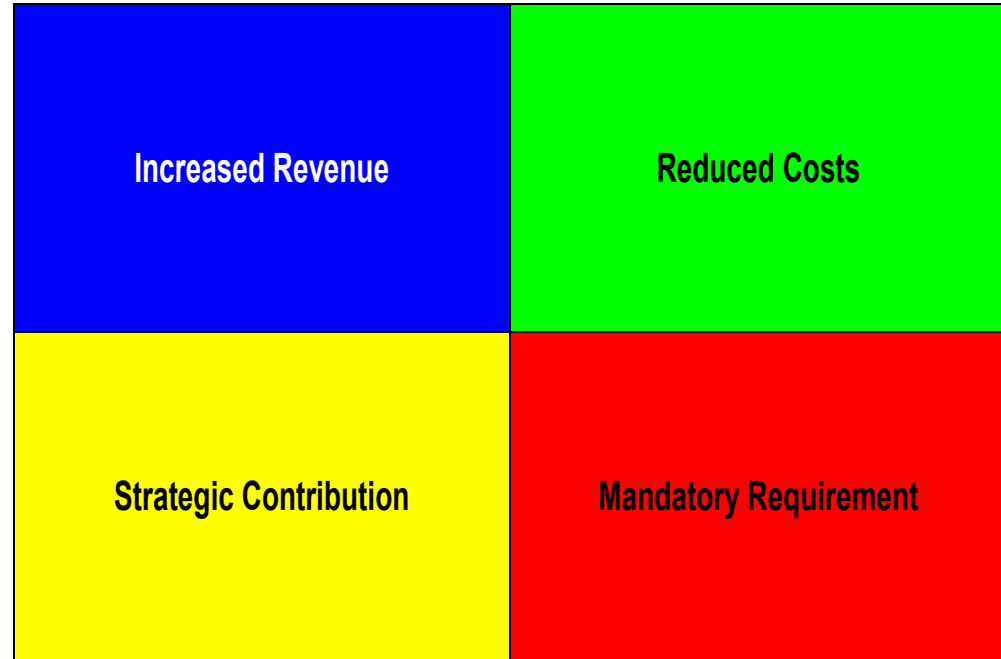
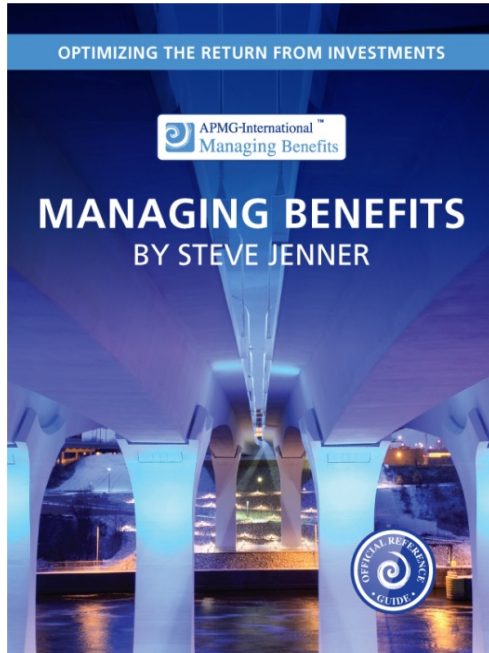
Benefits Management – 5 Practices



Source: Managing Benefits™

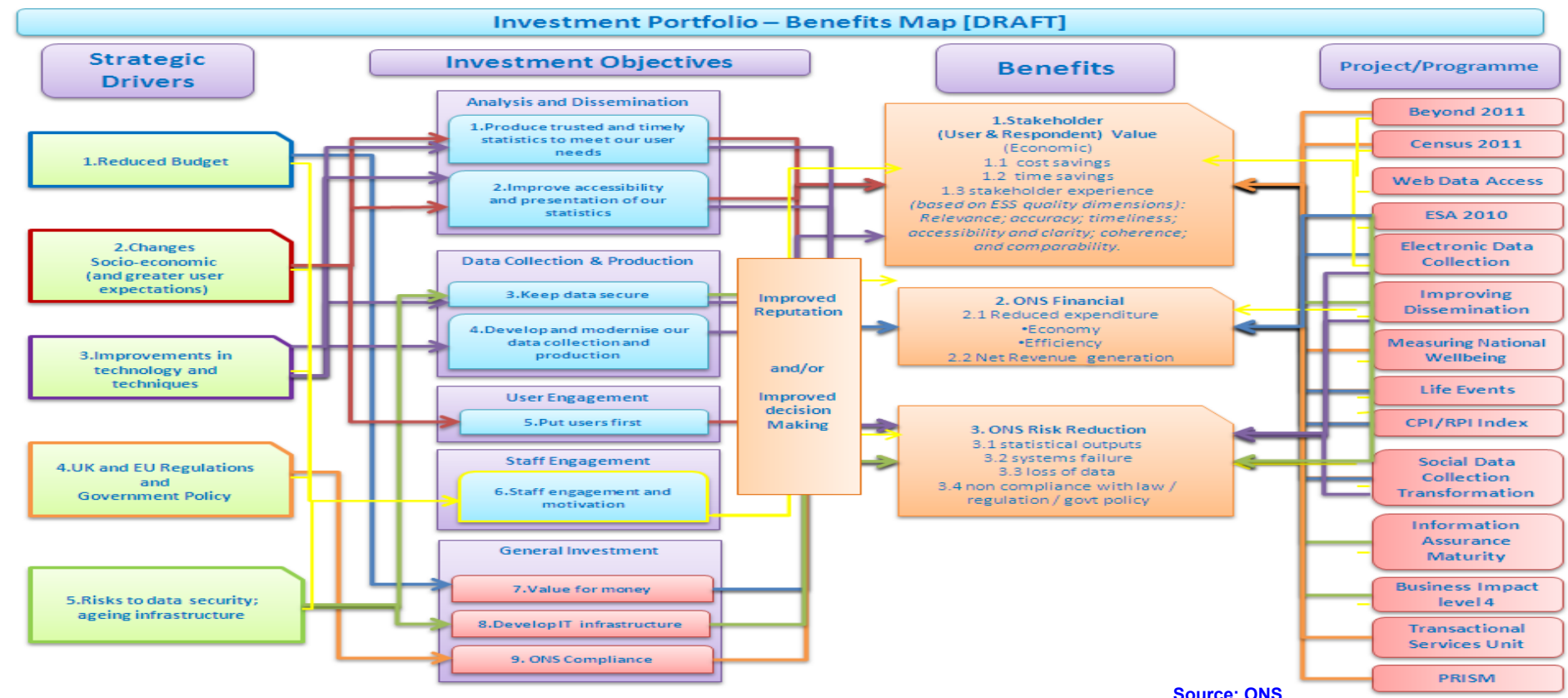
Based on **Realism** in planning & **Enthusiasm** in delivery

Solutions – Treating Projects & Programs as Investments



& tailor the investment criteria

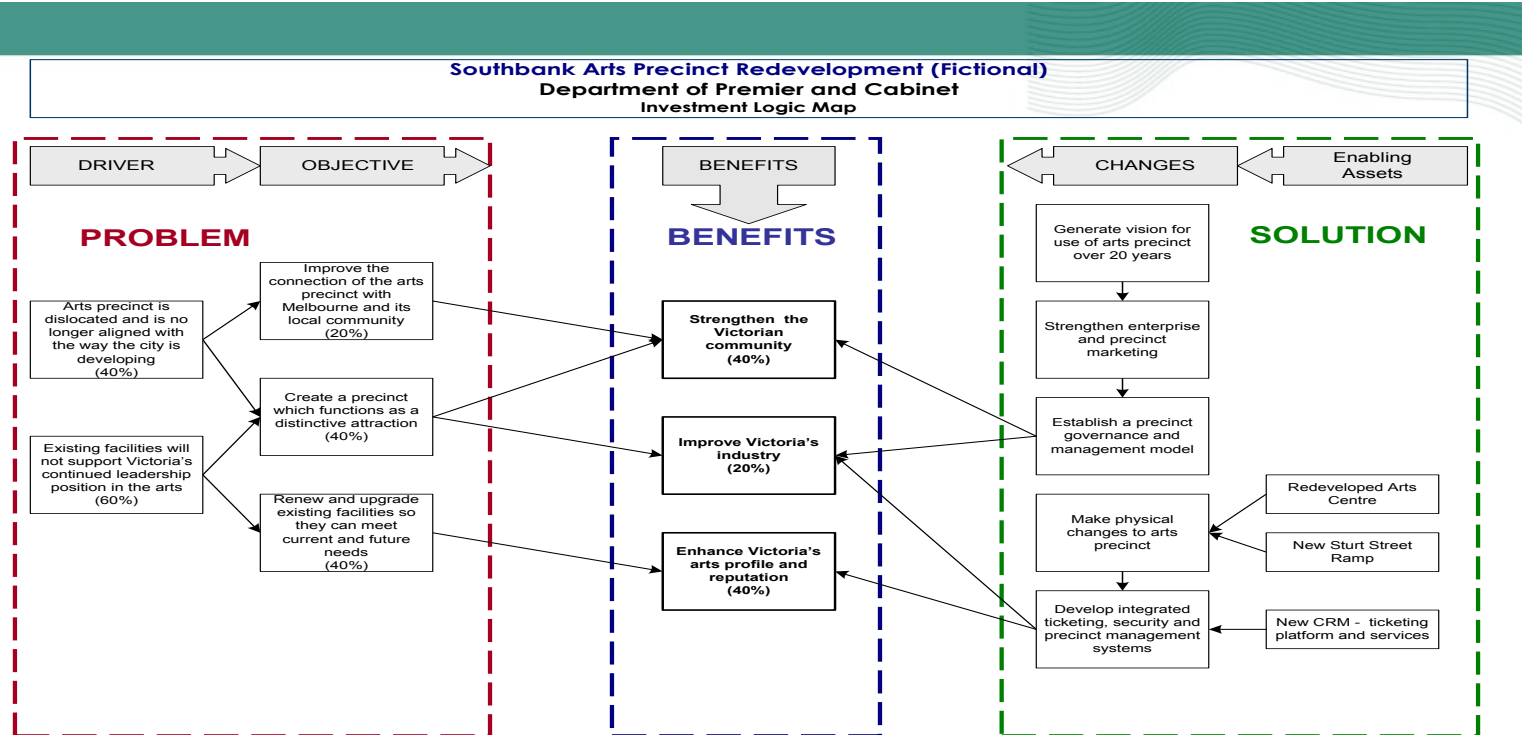
Solutions 1. Align Benefits with Strategy



Source: ONS

“Project benefits can be considered synonymous with positive strategic impacts” **PMI**

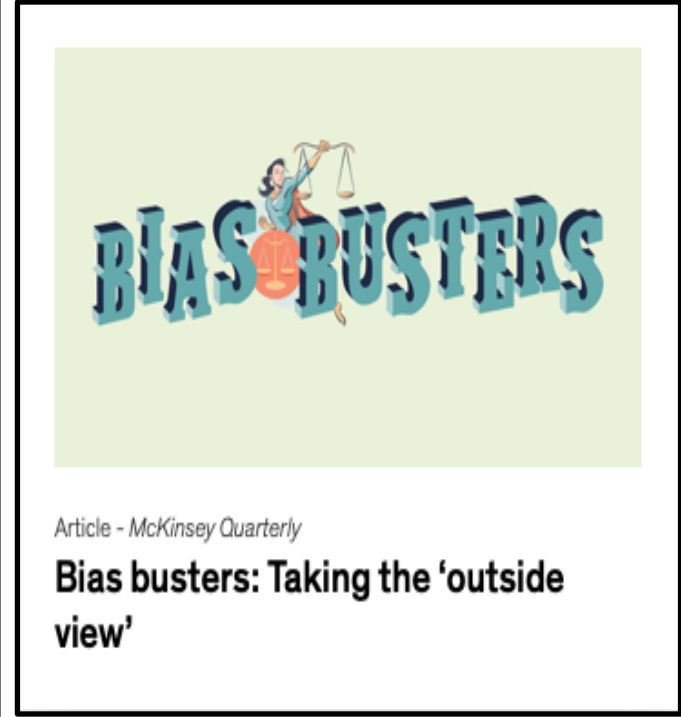
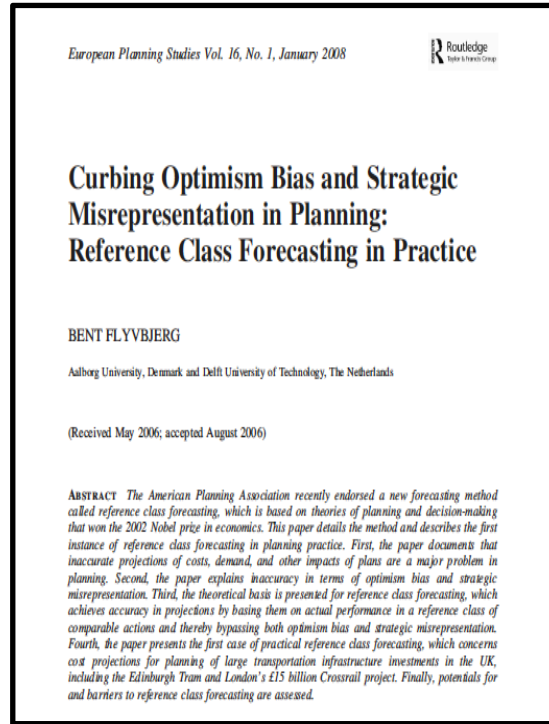
Solutions 2. Start with the End in Mind



Source: Victorian Government Investment Management Standard

"Most corporate change programs mistake means for ends, process for outcome. The solution: focus on results, not activities." Schaffer & Thomson

With more reliable forecasting...



With the Sponsor's & Business Case writer's names on Page 1 and Track Record on Page 2

And be clear about the benefits you are buying...

Financial: Cashable benefits



Financial: Non-Cashable benefits?

Dominos Vouchers

VOUCHERPAGES.IE


Must Order Online
Cannot be used with Meal Deals or Offers
Only Valid at Selected Stores

€10 off Dominos promo code

Click buy button. Get €10 off when you spend €35 or more. Only valid at selected stores only. Cannot be used with deals. Voucher code has limited number of redemptions and is subject to closure without notice.

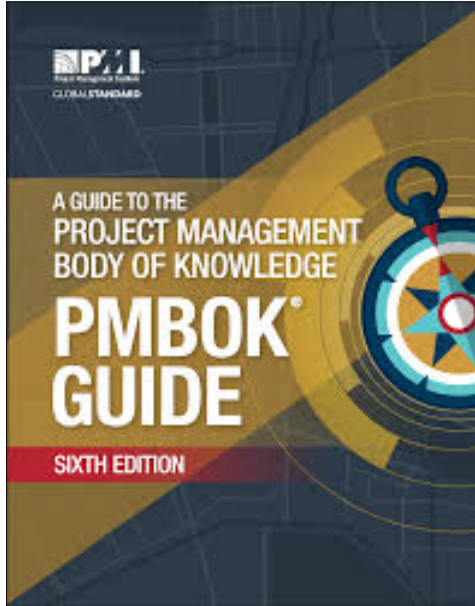
Terms & Conditions Apply
Voucher Code: Reveal Discount Code
Valid: 08/02/2018 to 23/02/2018

Buy



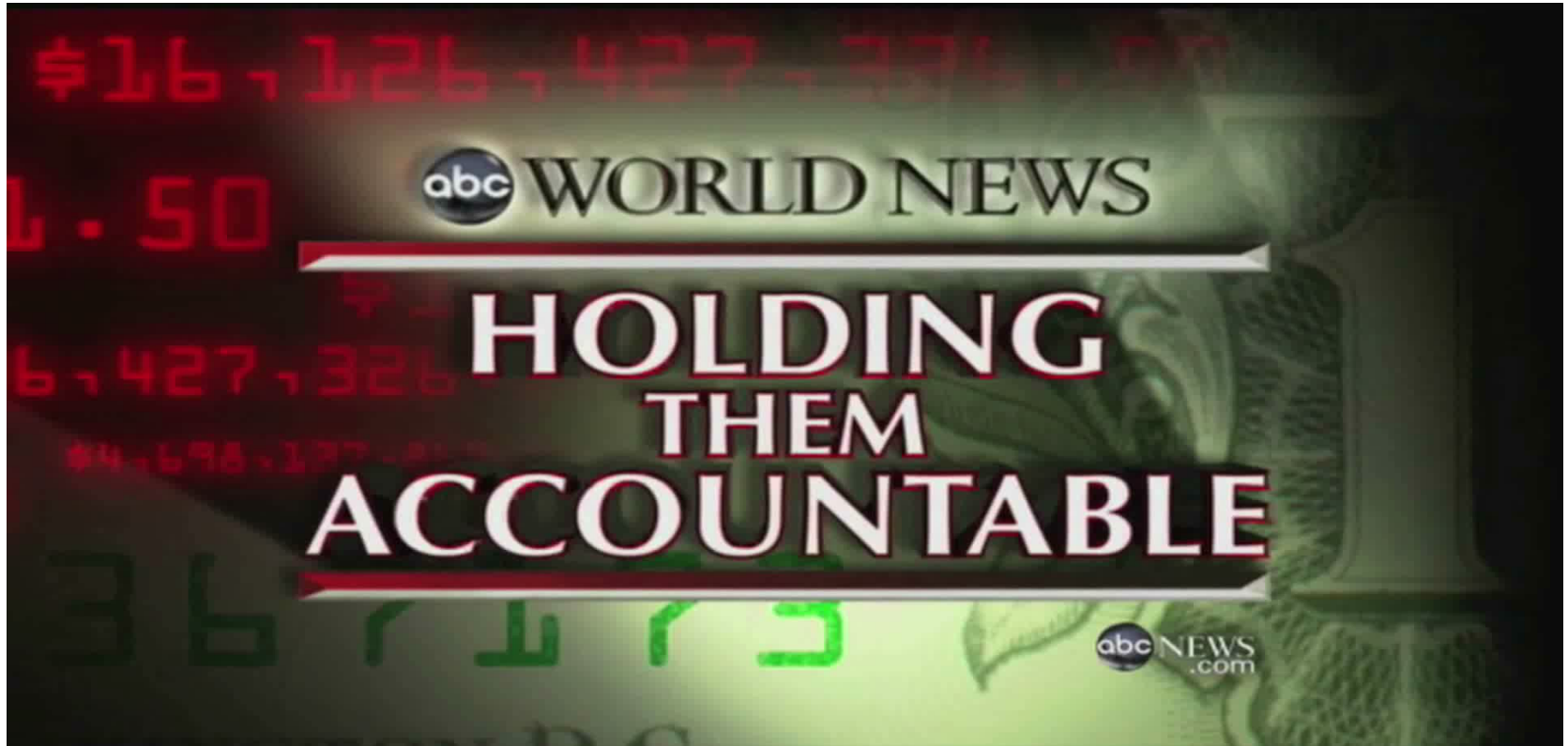
“We were survivors, dwellers forever in the cracks of the vast organisational chart. Disperse us, downsize us, squash us, transfer us, and we will reassemble someday, somewhere, to once again build new layers of redundancy, waste, and glaring irrelevance.” **Jimmy Lerner**

Solutions 3. Utilize Successful Delivery Methods



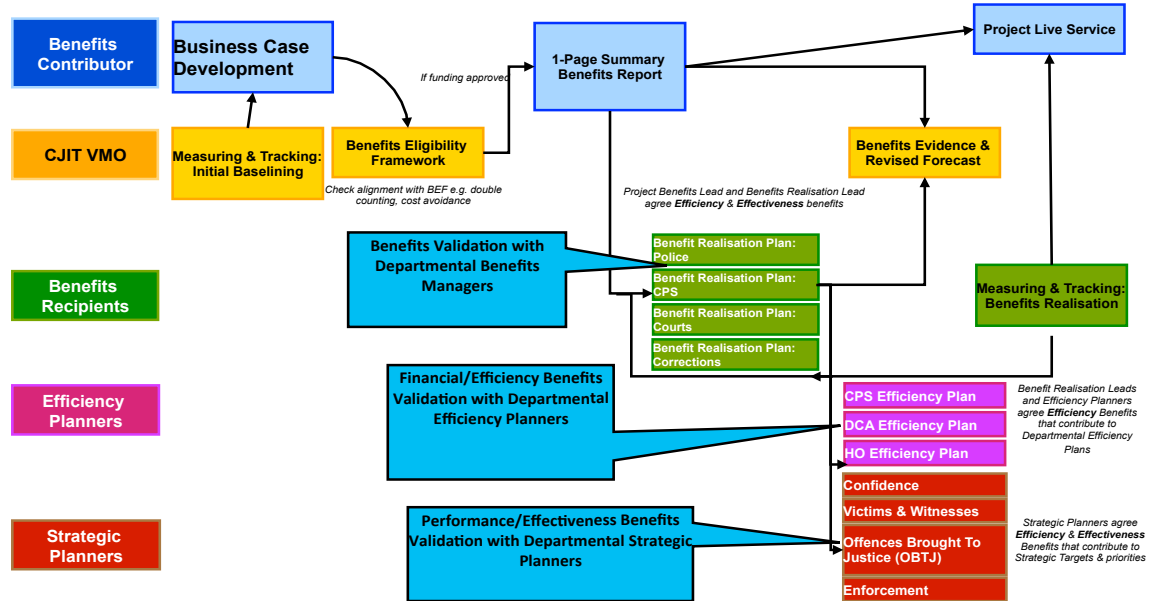
Caveat - With benefits embedded in the project or program...

Because it's not the answer to poorly conceived and implemented initiatives



Solutions 4. Integrate benefits with the performance management regime

Contract sign-off			
Project Executive sign-off:		Date:	
Benefit Owner sign-off:		Date:	
Business Partner sign-off:		Date:	
Business Change Manager sign-off:		Date:	
Source: Bristol City Council			

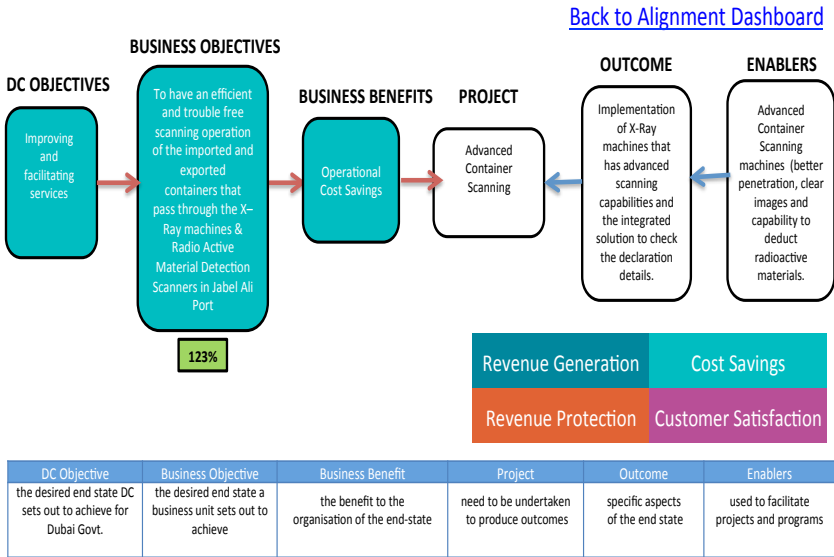


Source: CJS IT

Agreeing benefits with **Benefit Owners** & 'Booking' them in KPIs & Budget baselines

Solutions 5. Manage benefits from a Portfolio perspective

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



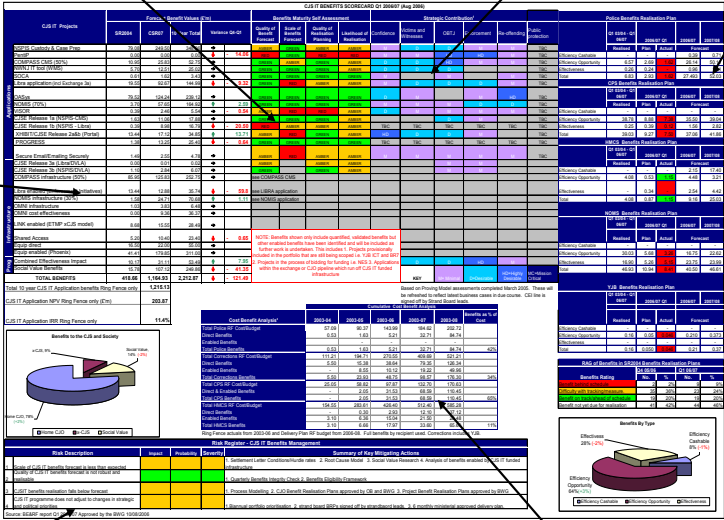
Source: Dubai Customs

Maturity Assessment

Strategic Alignment

Recipient Benefits

Project Benefits

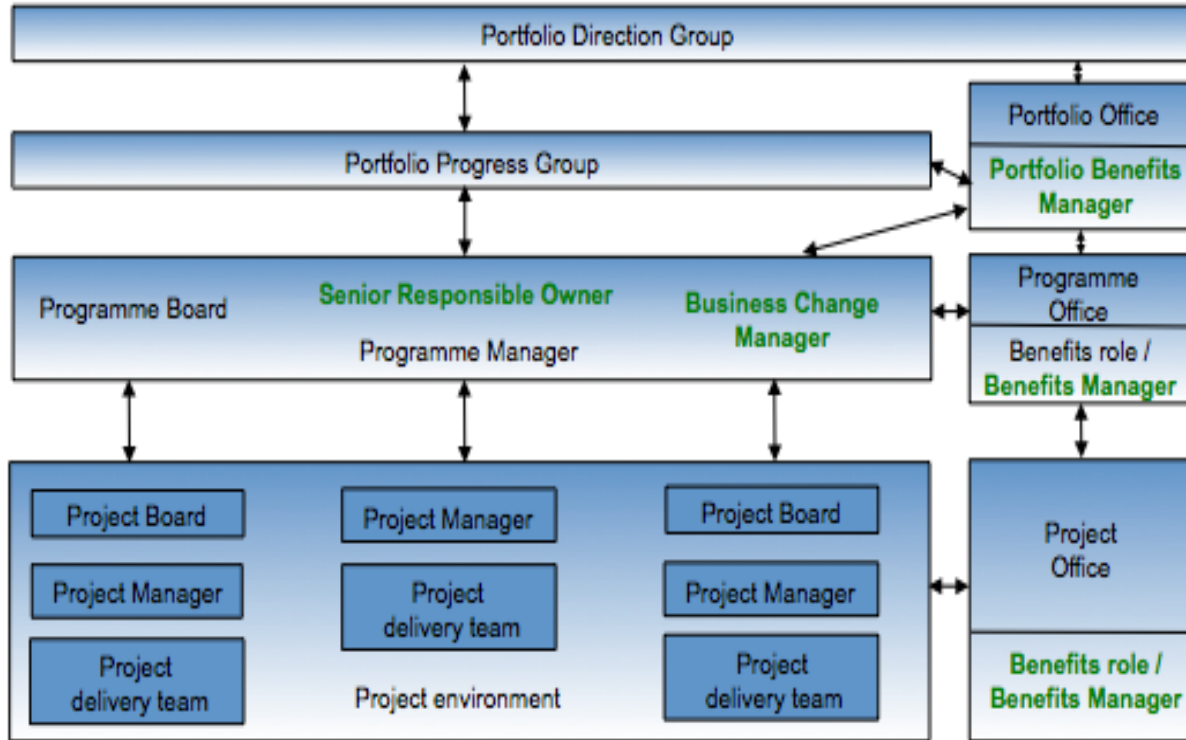


Cost/Benefit Analysis

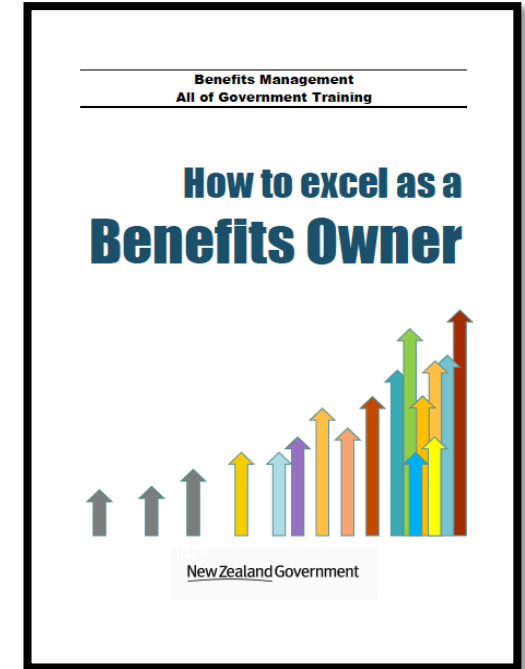
Risk Assessment

An organizationally-specific benefits framework & asking: Is that the best we can do from our accumulated investment in change?

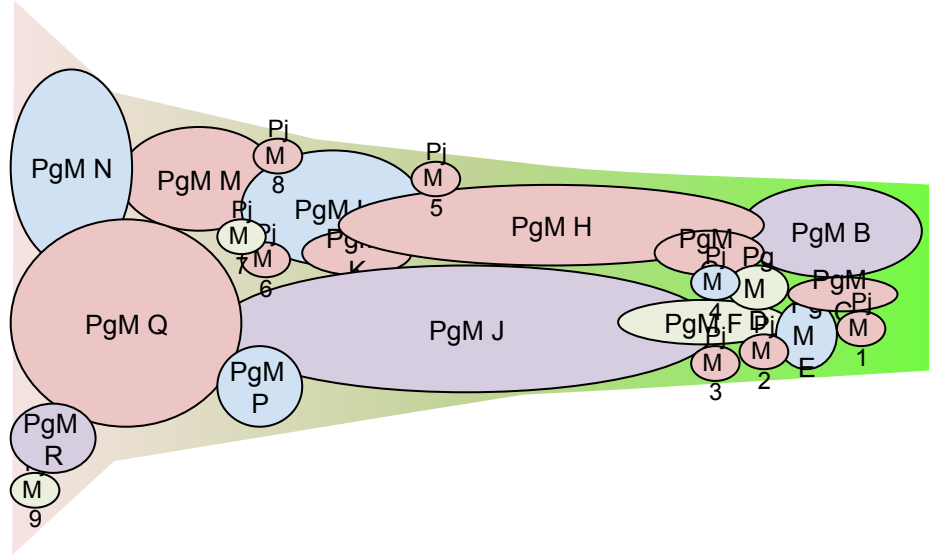
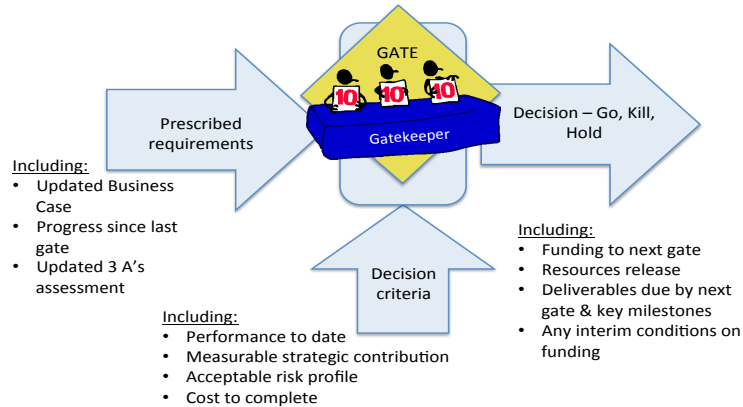
Solutions 6. Apply Effective Governance



Source: Managing Benefits™



With regular review of throughout the project (with formal recommitment to the benefits)



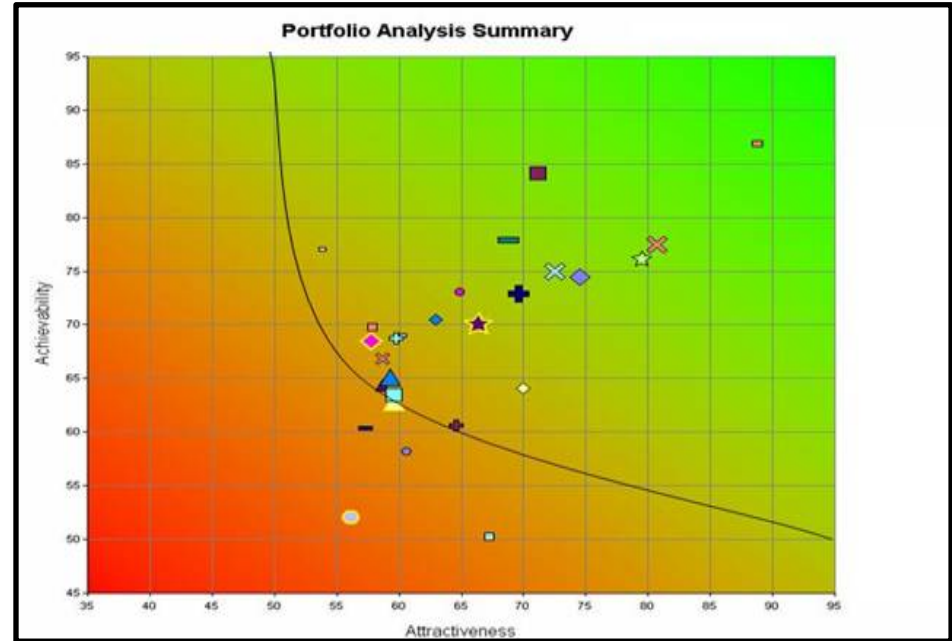
With Staged Release of Funding & no 'orphan' benefits

Solutions 7. Develop a Value Culture - expecting & planning for improvement...

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

Michael Payne

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



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

Solutions 7. Develop a Value Culture – and...



Measures



Indicators (leading & lagging)





STEVE JENNER WELLINGTON BMCOI



Evidence/Recognition Events




Stories & Case studies



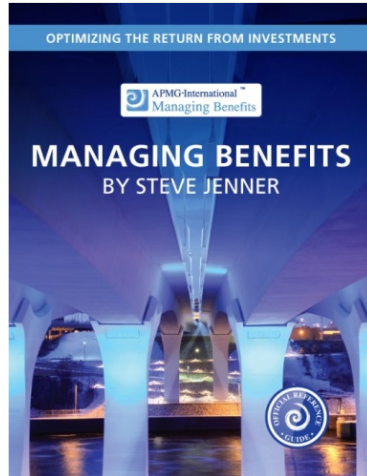
Successful Delivery of Change

How Managing Benefits™ is helping Dubai Customs optimize its return on investment

By Stephen Jenner, Author & Chief Examiner of Managing Benefits™ with Mohammad Rashed Bin Hashim & Ajith Nair (Dubai Customs)



Thank you / Mange tak



Questions?

Email me at stephen.jenner5@btinternet.com

Free materials at www.stephenjenner.com

<http://www.linkedin.com/groups/Managing-Benefits-4493501>