

منتدى دبي العالمي
لإدارة المشاريع

DUBAI INTERNATIONAL
PROJECT MANAGEMENT FORUM

5th EDITION الدورة الخامسة

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PARALLEL SESSION STREAM 5

Benefits Management

Show me the Benefits!

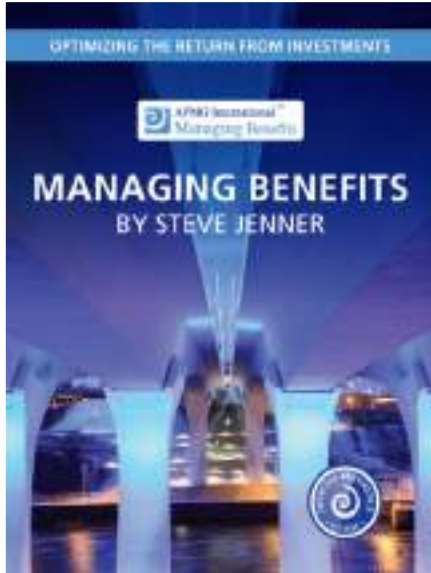
Optimizing the Return on Investment in Projects & Programs

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BUILDING NATIONS

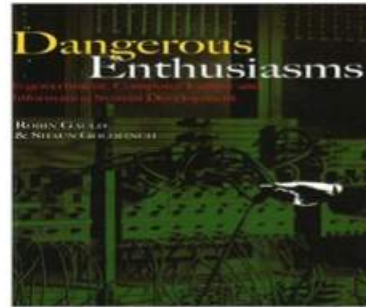
Benefits – the rationale for investment



Benefits are not just one dimension of portfolio, program 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.

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



“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...

- Overly optimistic forecasting
- Activity rather than benefits-led change
- The ‘build it and they will come’ fallacy
- The ‘Knowing-Doing gap’
- ‘Box ticking’

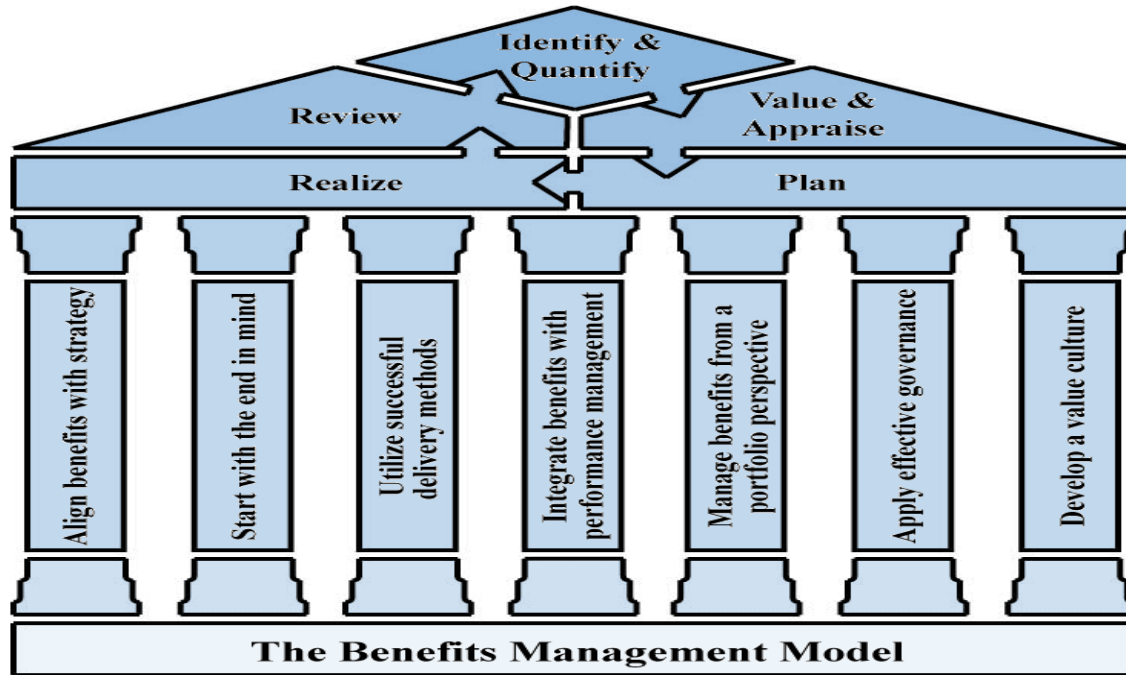
“we over-emphasise projects’ potential benefits and underestimate likely costs, spinning success scenarios while ignoring the possibility of mistakes.”

Daniel Kahneman

“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

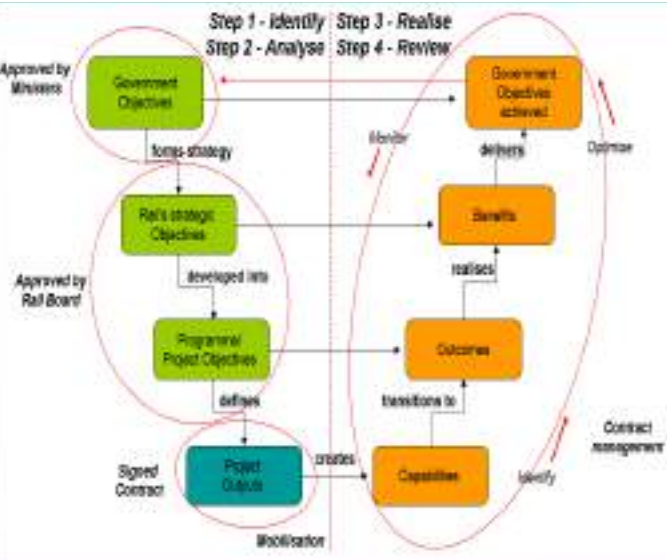
Solutions...



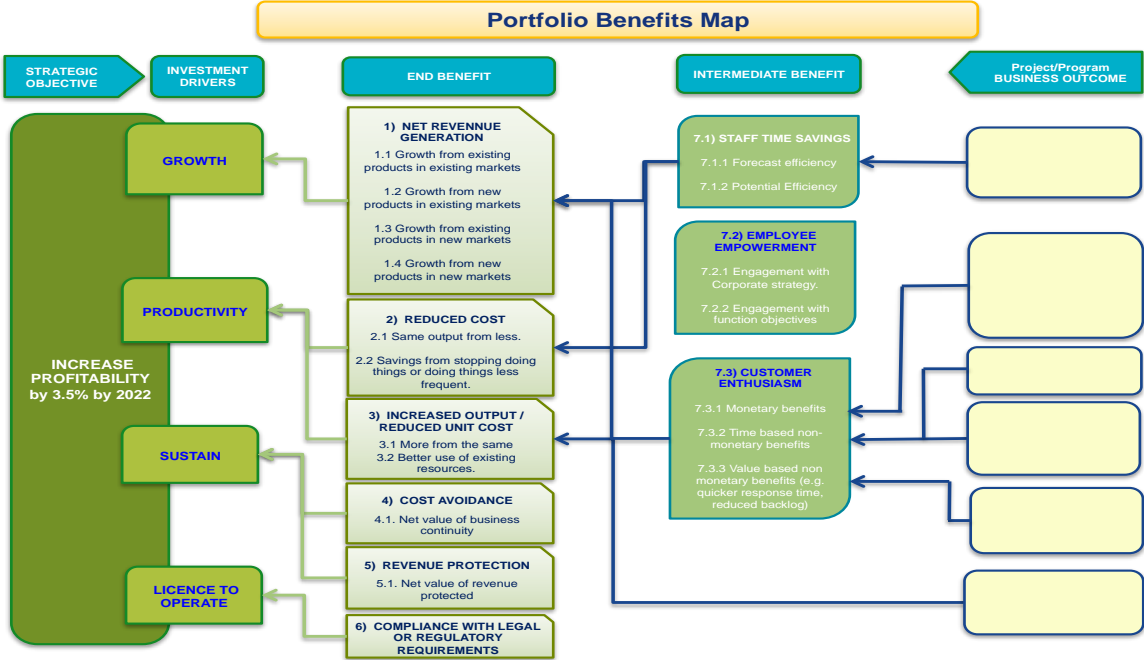
Based on **Realism** in planning & **Enthusiasm** in delivery



Solutions 1. Align Benefits with Strategy

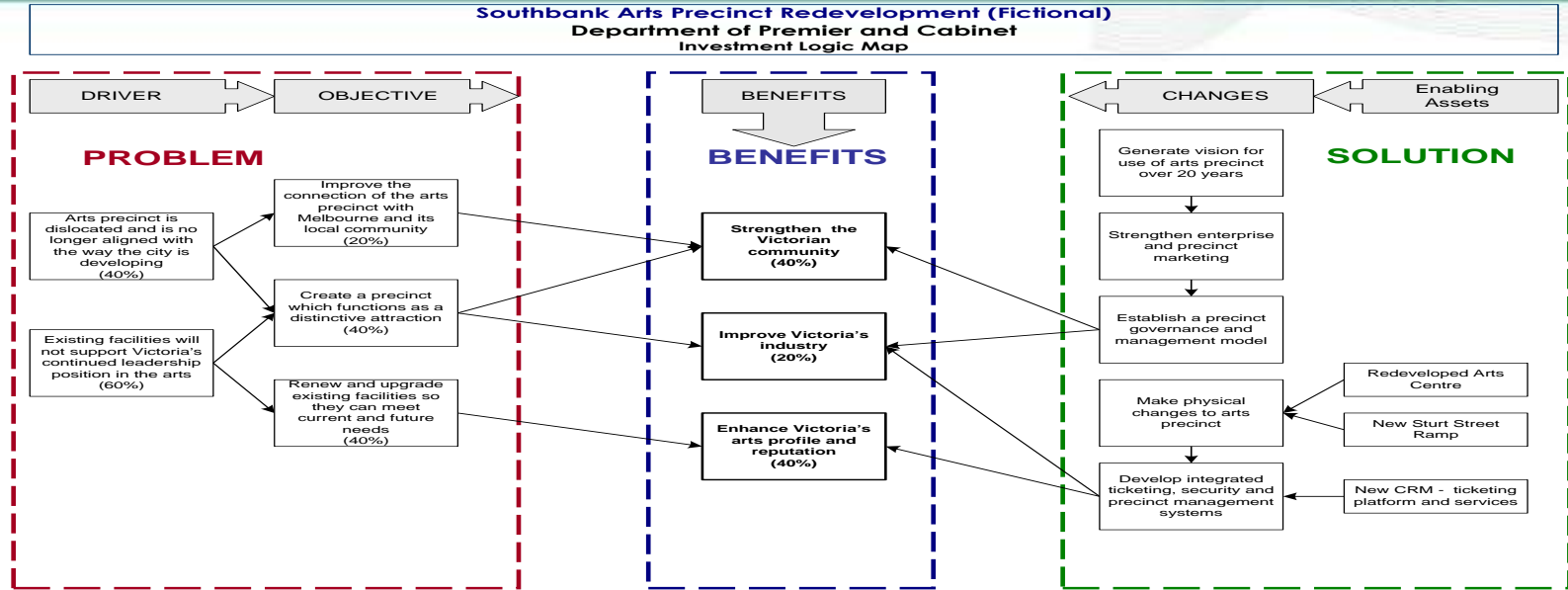


Source: Dft



“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



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

Financial: Cashable benefits



Financial: Non-Cashable benefits?



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



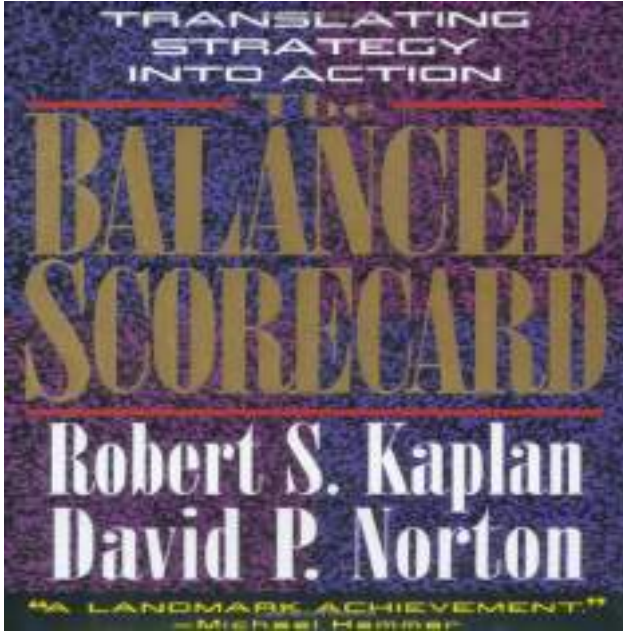
Solutions 3. Utilize Successful Delivery Methods



Caveat - With benefits embedded in the project or program

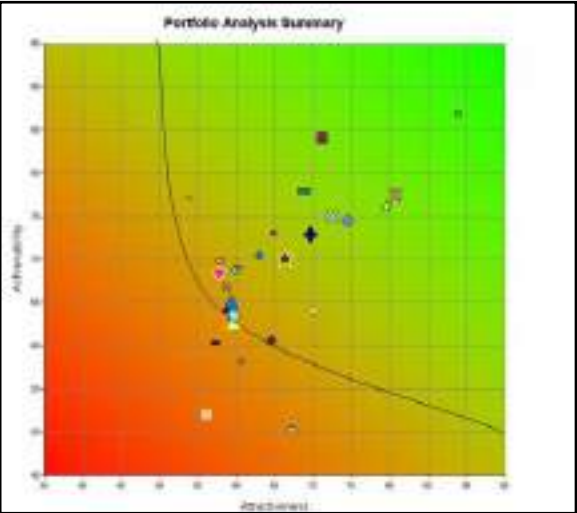
Solutions 4. Integrate benefits with the performance management regime

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			



Where possible - 'Booking' the benefits in KPIs & Budgets

Solutions 5. Manage benefits from a Portfolio perspective



5	Major critical enabler to one or more strategic objectives	Validated annual financial benefits of >£20m	Significant behavioural change required across the organisation	New corporate system affecting multiple SBUs and with interfaces to other corporate systems
4	Key enabler to one or more strategic objectives	Validated financial benefits of £15m-£20m	Significant behavioural change required in >1 SBU's	New stand-alone corporate system affecting multiple SBUs
3	Enabler to one or more strategic objectives	Validated financial benefits of £10m-£15m	Significant behavioural change required in a single SBU's	New system in one business unit
2	Consistent with strategy and impacts several business units	Validated financial benefits of £5m-£10m	Minimal behavioural change required in multiple SBUs	Upgrade to existing system affecting multiple SBUs
1	Consistent with strategy and impacts a single business unit	Validated financial benefits of up to £5m	Minimal or no behavioural change in a single SBU	Upgrade to existing system affecting a single SBU
	Strategic Importance	Financial Benefits	Behavioural change	Business change

Using a consistent benefits categorisation framework

- User value**
- Monetary
 - Time-based non-monetary
 - Value-based non-monetary (such as less frustration from reduced unnecessary contact)

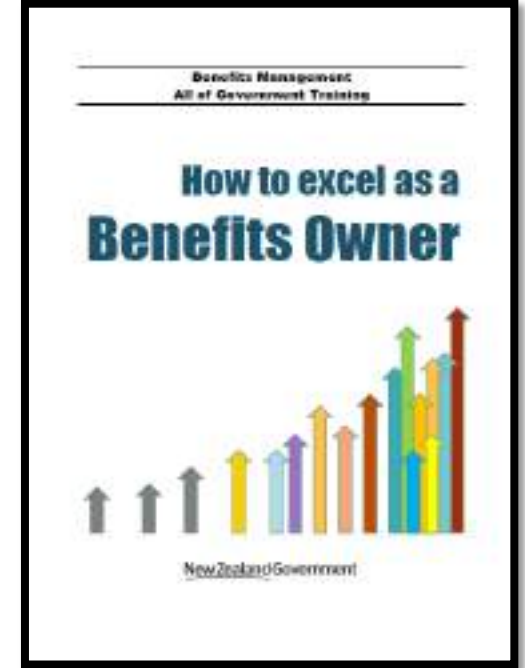
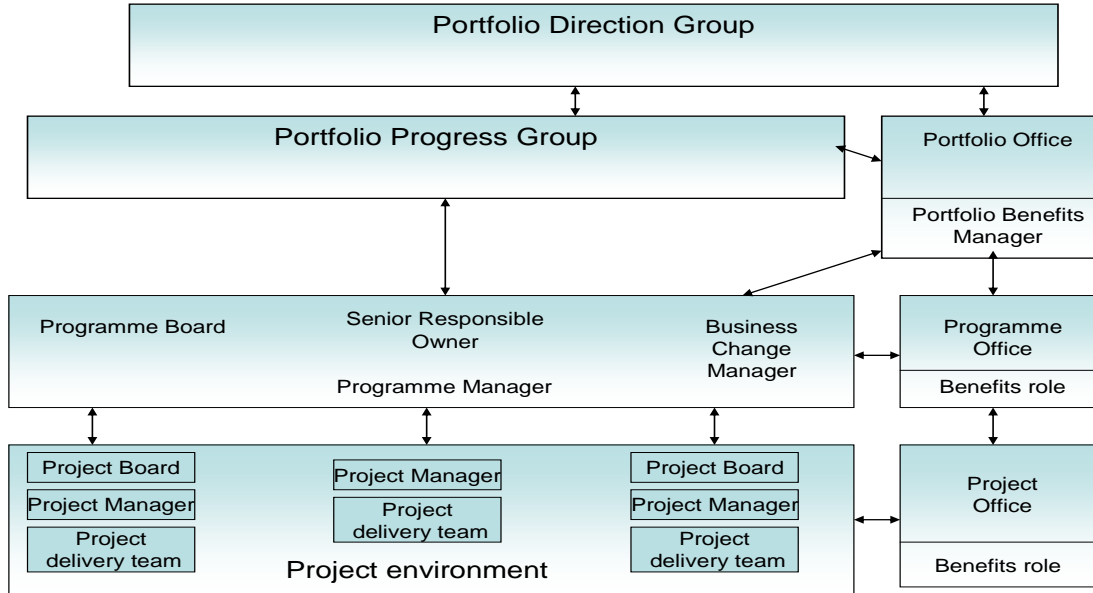
- Departmental efficiency**
- Contributions to departmental efficiency plans/targets (from website rationalisation, channel shift, shared infrastructure, removal of duplicate processes)

- Departmental effectiveness**
- Improved policy impact
 - Increased regulatory compliance, etc

- Wider Public Value**
- Trust
 - Reputation
 - Inclusion, etc

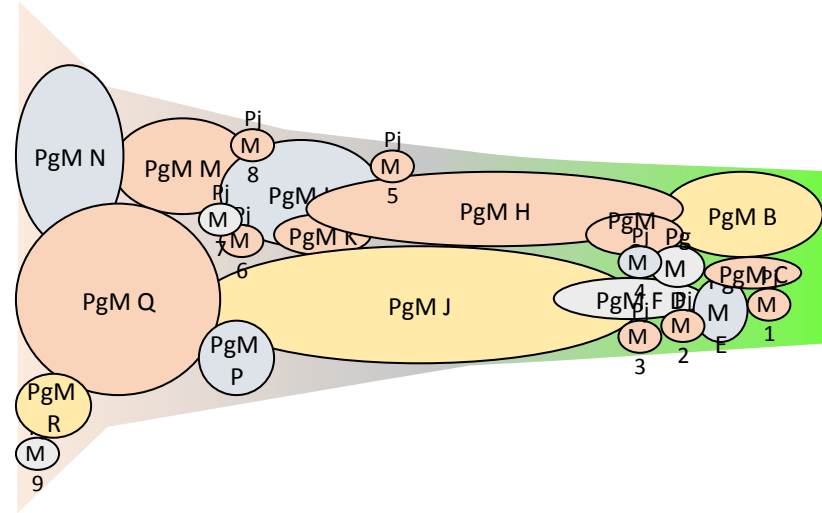
Asking: Is that the best we can do from our accumulated investment in change?

Solutions 6. Apply Effective Governance



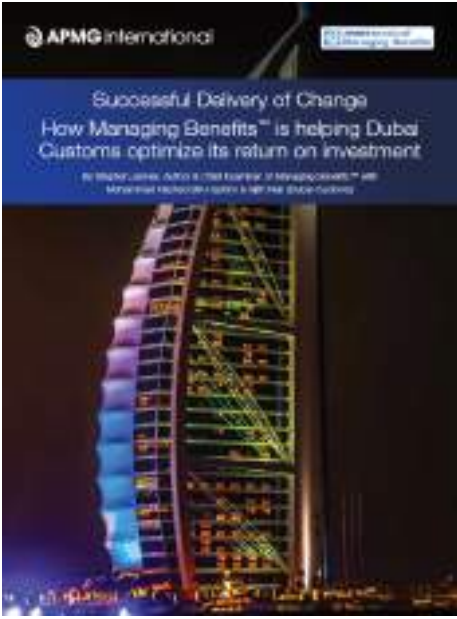
Activist Accountability - *"The buck doesn't stop here, it starts here"* John Thorp

With Regular Phase Gate Reviews & Staged Release of Funding



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

Solutions 7. Develop a Value Culture – Expecting Continuous Improvement



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Curbing Optimism Bias and Strategic Misrepresentation in Planning: Reference Class Forecasting in Practice

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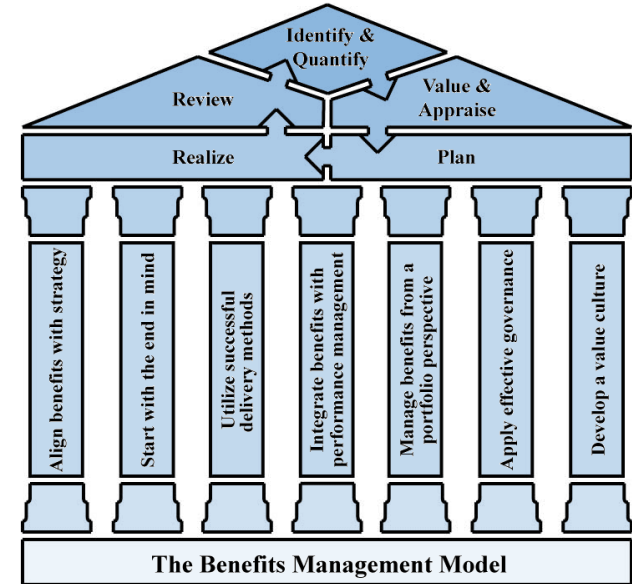
Received July 2016; accepted August 2016

ABSTRACT The American Planning Association recently published a new forecasting method called reference class forecasting, which is based on delivery of planning and accountability and not on the usual focus on economics. This paper shows the method and discusses the benefits of reference class forecasting in planning practice. First, the paper discusses the common problems of optimism bias and strategic misrepresentation of costs, benefits and other impacts of plans and policy programs in planning. Second, the paper explains reference class forecasting and identifies its benefits. Finally, the paper presents the first case of practice of reference class forecasting, which concerns the program for planning of large transportation infrastructure investments in the U.S. including the Baltimore Port and Eastern Choptank Channel project. Finally, guidelines for and factors in reference class forecasting are outlined.

Common transportation planning	Steps	Goals	Benefits	Barriers	Common planning practices
1. Benefits become an abstract, intangible, and hard-to-quantify concept that is often ignored or downplayed.	1. Identify the benefits to be realized from the project.	1. Identify the benefits to be realized from the project.	1. Identify the benefits to be realized from the project.	1. Identify the benefits to be realized from the project.	1. Identify the benefits to be realized from the project.
2. Benefits are often overstated or understated.	2. Quantify the benefits in terms of costs and benefits.	2. Quantify the benefits in terms of costs and benefits.	2. Quantify the benefits in terms of costs and benefits.	2. Quantify the benefits in terms of costs and benefits.	2. Quantify the benefits in terms of costs and benefits.
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5. Benefits are often overstated or understated.	5. Identify the benefits to be realized from the project.	5. Identify the benefits to be realized from the project.	5. Identify the benefits to be realized from the project.	5. Identify the benefits to be realized from the project.	5. Identify the benefits to be realized from the project.
6. Benefits are often overstated or understated.	6. Identify the benefits to be realized from the project.	6. Identify the benefits to be realized from the project.	6. Identify the benefits to be realized from the project.	6. Identify the benefits to be realized from the project.	6. Identify the benefits to be realized from the project.
7. Benefits are often overstated or understated.	7. Identify the benefits to be realized from the project.	7. Identify the benefits to be realized from the project.	7. Identify the benefits to be realized from the project.	7. Identify the benefits to be realized from the project.	7. Identify the benefits to be realized from the project.
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9. Benefits are often overstated or understated.	9. Identify the benefits to be realized from the project.	9. Identify the benefits to be realized from the project.	9. Identify the benefits to be realized from the project.	9. Identify the benefits to be realized from the project.	9. Identify the benefits to be realized from the project.
10. Benefits are often overstated or understated.	10. Identify the benefits to be realized from the project.	10. Identify the benefits to be realized from the project.	10. Identify the benefits to be realized from the project.	10. Identify the benefits to be realized from the project.	10. Identify the benefits to be realized from the project.

Thank you

Questions?



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Free materials at www.stephenjenner.com