

# **Soooo, you've identified your benefits . . . now what?**

A guide to benefits profiling



# Your trainers

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# In today's session

We are going to help you take practical steps beyond benefits mapping into benefits profiling, so that you will leave with:

Practical experience of how to get started on benefits profiling using a benefits map to inform us

A deeper understanding of the difference between intermediate and end benefits

Knowledge of different benefit categories and how to deal with 'cost avoidance', 'cost efficiency', 'time saving' and other more complex benefits

Some understanding of how to answer the common question of "should we be measuring all the benefits?"

# Delegate Notes

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# Case Study Scenario

- Our Senior Management have identified the following issues with monthly reporting which has resulted in a loss of confidence in them:
  - Too many reports that take too long to produce; unclear if they are all being viewed
  - Inconsistent data that hasn't always been assured
  - Reports are not always available in a timely manner to support decision making
  - Reports not making clear recommendations to drive decision making
  - Over reliance on specific skill-sets to produce reports manually
- A project has been initiated to investigate the problem and solution(s). A Benefit Map has been produced to identify the benefits of the proposed solution.



# Delegate Notes

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# Exercise

Using the Benefits Map familiarise yourself with the Intermediate and End Benefits

Does the scope of the project match the benefits as you would have expected?

*You have 5 mins before feeding back.*



# Delegate Notes

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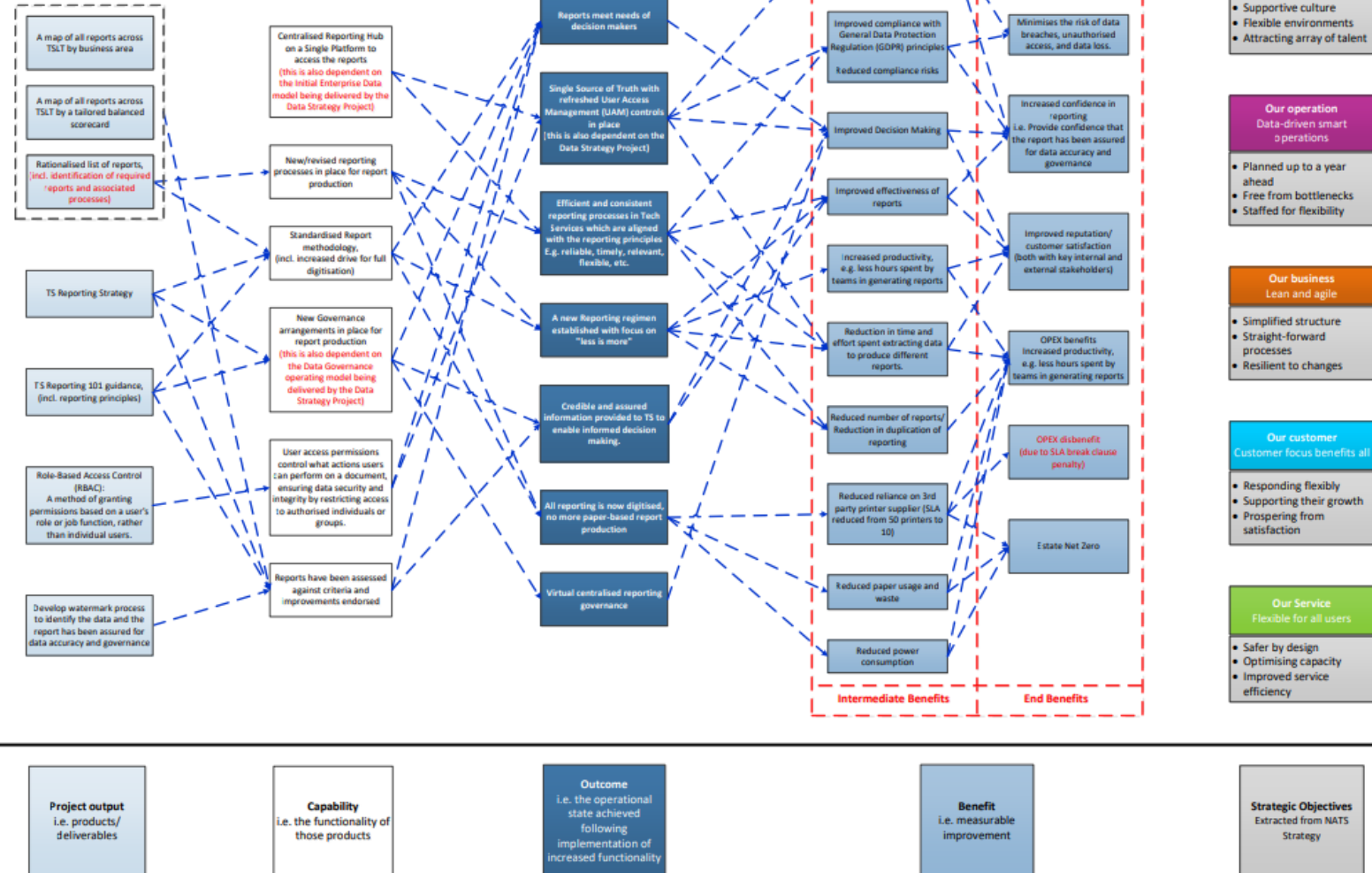


# Benefits Map



## Reporting Simplification Project benefits map – v1.0

**Case study scenario:**  
Within the Technical Services Directorate over 100 reports are produced a month. 117 of these reports end up on the front desk of the Technical Services Director, who only reads 6 of them. This has raised concerns about the usefulness of these reports and why they are being produced.  
There is a perception that the number of reports being produced is "growing like fungus", an over-reliance on template-based approaches to reporting, with minimal tailoring to audience needs.  
There is duplication of effort, issues with report quality, consistency and currency.  
Discrepancies between different reports or across different periods, creating confusion for stakeholders.  
There are accessibility issues where not all viewers can access reports due to poorly designed user access permissions.  
More importantly, decision makers have claimed that reports are not meeting their needs, that they have to seek additional assurance on the information prior to making decisions, which is creating additional work and creating bottlenecks.  
The Technical Services Leadership Team (TSLT) have requested that a project be initiated to simplify and improve the efficiency and effectiveness of reporting and are expecting to see a number of robust benefits in the Business Case



# Delegate Notes

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# Are all Benefits equal?

## Basic Definitions:

Benefit	A measurable outcome of change that is perceived as <u>positive</u> by a stakeholder
Disbenefit	A measurable outcome of change that is perceived as <u>negative</u> by a stakeholder

## Questions

1. How many benefits are shown on this map?
2. Are there any disbenefits on the map?

# Delegate Notes

Handwriting practice lines for notes.

# Are all Benefits equal?

## Additional Definitions:

### Benefit

A measurable outcome of change that is perceived as positive by a stakeholder

### Disbenefit

A measurable outcome of change that is perceived as negative by a stakeholder

### Intermediate Benefits

*Secondary or supporting outcomes* of the change that will help move us closer to the End Benefit.

eg for a fitness tracker:  
*Increased daily steps,  
Improved ability to monitor sleep quality*

### End Benefits

The *ultimate value or strategic outcome* from investing in the change.

eg for a fitness tracker:  
*Improved cardiac fitness*



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# Benefit Categories

## FINANCIAL BENEFITS

- Can be measured in monetary terms
- Will result in actual cashable savings

## NON-FINANCIAL BENEFITS

- Normally measured by non-monetary KPI
- Will not result in actual cashable savings

# Delegate Notes

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# Benefit Categories

## FINANCIAL BENEFITS

- Can be measured in monetary terms
- Will result in actual cashable savings

**Cost Reduction** – tangible cost saving or cost benefit

**Revenue Growth** – improved operating margin from increased price or volume or revenue recovery

**Capital Expense Reduction** – improved working capital (inventory, receivable, payables etc)

## NON-FINANCIAL BENEFITS

- Normally measured by non-monetary KPI
- Will not result in actual cashable savings

**Environmental Impact** eg reduces carbon footprint/ emissions, less energy/ consumption

**Processing Improvements** eg improve speed/ efficiency, reduce errors, eliminate waste

**Customer Experience** eg improved satisfaction, improved perception of value

**Staff Experience** eg improved engagement, satisfaction, improved retention

**Regulatory of Compliance** – project required to comply with changed regulation or legislation

**Risk Mitigation/ Cost Avoidance** – eg improves safety, sustains existing technology or avoids a cost increase

**Image or Reputation** eg improves company's external image or brand reputation



# Delegate Notes

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# Benefits Profiles

The purpose of the benefit profile is to:

- Describe benefits and disbenefits in more detail
- Define the expected change in value
- Articulate how the project/programme will measure and report on its progress.

Each benefit profile will provide **governing bodies** with the following:

- Description of the improvement upon realisation
- Identification of individuals responsible for delivery of the benefit
- How benefits will be measured and reported
- An indication of the change management effort that may be required to support benefit delivery.

# Delegate Notes

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# Exercise

At your table work together to identify the headings that you would expect to see in a Benefits Profile template.

You have 10 minutes before feeding back to the room.



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# Example headings in Benefits Profile Template

Benefit ID	Benefit Title	Benefit Description	Benefit/Disbenefit	Benefit Category	Business Change Manager (BCM)/Business Lead
Benefit Owner	Benefit Recipient	Measure (who, what when & how)	Baseline Start Value	Date Baseline Taken	Benefit Target Value
Forecast Value	Value of Net Impact	Realisation Start Date	Realisation End Date	Assumptions	Dependencies (incl people change readiness)
Strategic Objective Supported		Frequency Benefits will be Reviewed & Date of Next Review	Supporting Evidence (add links to any additional relevant info)		



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# What makes a good Benefit Profile?

- A good **Benefit Profile** will identify, describe and analyse the benefit, confirming the Benefits Map, and allowing the building of a detailed Benefits Realisation Plan.

Benefits Map

Benefits Profile

Benefits Realisation Plan

- A Benefit Profile should pass four critical validation tests:
  1. **Description** – Sets out the precise nature of the benefit
  2. **Observation** – Describes the verifiable differences noticeable between pre- and post-implementation
  3. **Attribution** – Confirms that the benefit is directly attributable to this project, where in the organisation the benefit will arise and who is accountable and responsible for delivering the change
  4. **Measurement** – Describes how and when the achievement of the benefit will be measured
- Disbenefits should be identified, measured and tracked in the same way as a benefit.
- Benefits should be quantified and measurable.

# Delegate Notes

Handwriting practice lines consisting of 15 horizontal dashed lines for note-taking.

# Exercise

In your tables work together to create a Benefit Profile for either the financial or non-financial benefit information shown.

You have 20 mins before feeding back to the room.



# Delegate Notes

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# 'How much money are we going to save?'

Sometimes there is a tendency to 'over monetise benefits'

Some reasons for this are:

- Attempting to assign monetary value to non-financial benefits (eg, 'time saved' in a process, improvement brand value, employee morale)
- Unrealistic assumptions in models – eg high user uptake, low discount rates, fast adoption
- Optimism Bias leads to overestimation of benefits (eg, revenues, cost savings) and underestimation of risks or costs – project supporters may genuinely believe in these best-case scenarios
- External pressure or political influence could push analysts to stretch or embellish expected outcomes to improve chances of investment or other strategic misrepresentation reasons



# Delegate Notes

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# Are all Benefits equal? – Take 2

Value Type		Definition	Examples	
			Financial	Non-Financial
T a n g i b l	Definite	Value may be predicted with confidence	Reduced costs	Fewer steps in a process
	Expected	Value may be predicted on the basis of historic trends	Increased sales	Quicker performance of tasks
	Logical	Logically a change may be anticipated whose value may be measured but not predicted	Improved management of risk	Greater customer satisfaction
Intangible		May be anticipated but difficult to substantiate	Improved image	

# Delegate Notes

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# Are all Benefits equal? – Take 2

Some examples from the Benefits Map.

Value Type		Definition	Example	
			Financial	Non-Financial
Tangible	Definite	Value may be predicted with confidence	Reduced power consumption	Reduction in time spent extracting data
	Expected	Value may be predicted on the basis of historic trends	Reduced paper usage and waste	Increased productivity
	Logical	Logically a change may be anticipated whose value may be measured but not predicted	Reduced reliance on 3 <sup>rd</sup> party printer supplier	Minimises risk of data breaches
Intangible		May be anticipated but difficult to substantiate	Improved confidence in reporting	

# Delegate Notes

Handwriting practice lines for notes.

# Prove it! – the delicate art of measurement

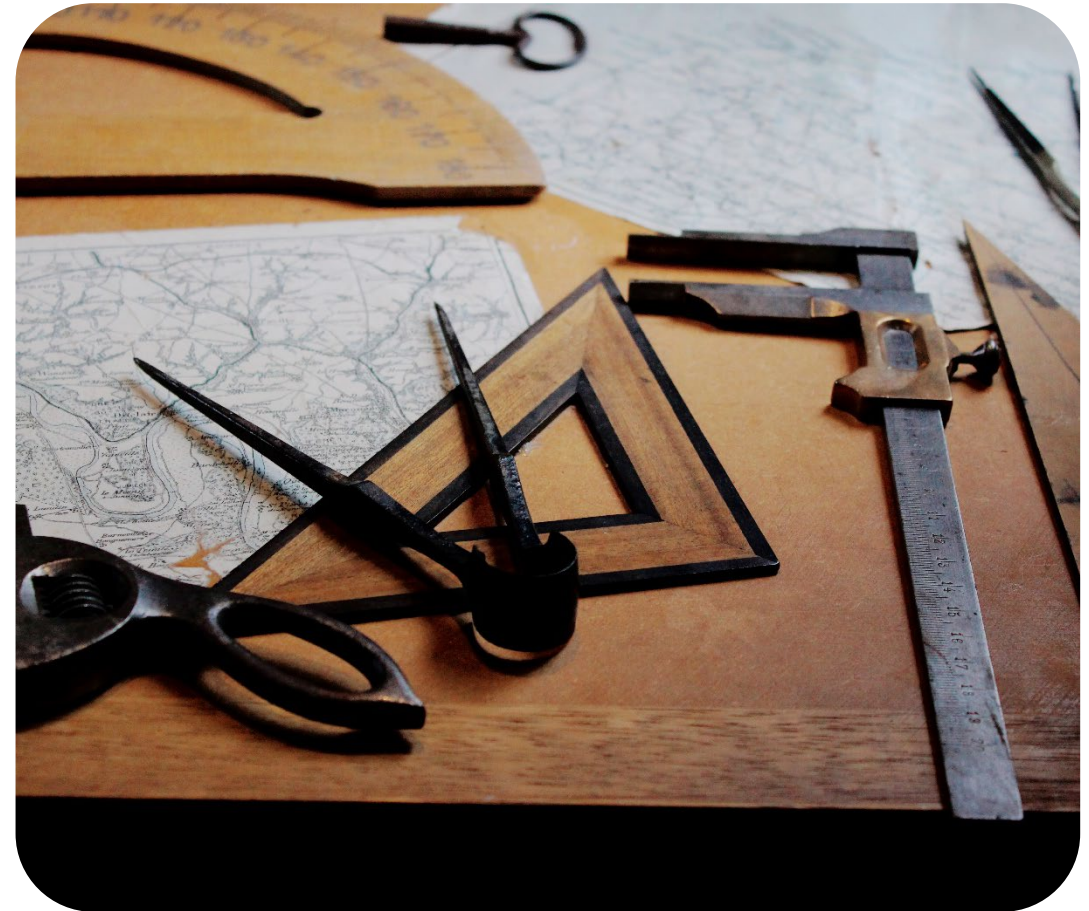
A Benefit Profile should pass four critical validation tests:

**Description** – Sets out the precise nature of the benefit

**Observation** – Describes the verifiable differences noticeable between pre- and post-implementation.

**Attribution** – Confirms where in the organisation the benefit will arise and who is accountable and responsible for delivering the change

**Measurement** – Describes how and when the achievement of the benefit will be measured





# Delegate Notes

Handwriting practice lines consisting of 18 horizontal dashed lines for note-taking.



# Prove it! – the delicate art of measurement

## Financial Measure

- Will use a monetary value
- Will result in actual cashable savings

## Non-Financial Measure

- Normally use a non-monetary KPI
- Will not result in actual cashable savings

## Tangible Measure

- Can usually be measured quantitatively e.g in numerical terms

## Intangible Measure

- Normally measured qualitatively eg expressed in descriptive terms such as satisfaction survey

## Leading Measure

- Indicates that project is on track for achievement of the outcome – performance driver or early warning indicator

## Lagging Measure

- Indicates that the outcome has been achieved

## Direct Measure

- There is a direct relationship between the measure and the benefit it is monitoring

## Indirect Measure

- A measurement of a physical quantity is used as a proxy measure of the benefit

# Delegate Notes

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# What next – beyond Benefit Profiles?



# Delegate Notes

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# Thank you



# Delegate Notes

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# Bonus Content



# Delegate Notes

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# Different ways to categorise benefits

If you work in a Portfolio Management Team, you may want to look at benefits categories in other ways beyond Financial and Non-Financial to help with prioritising, balancing and planning the portfolio:

- Economy, Efficiency and Effectiveness
- Strategic Objective
- Balance scorecard eg Financial, Customer, Internal Business Process, Learning & Growth
- Stakeholder Group

# Delegate Notes

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# Definition of a Measure

**Definition** – a metric whose change in the desired direction would help confirm that the benefit has been realised.

- The measure is not the value – it is the thing that will be measured eg sales. 'More sales' is a benefit, 'sales value' or 'sales volumes' are the measures
- One benefit may have several measures
- Some measures may already be tracked and reported on – others may be new

## Quality Checks

- A measure should start with words like – the number of, the value of, the percentage of etc
- Can the value of the measure be tracked and reported on? Consider how easily the measure can be monitored – practically, mechanism, cost etc
- Ideally it should be possible to establish a baseline and target value for the measure
- Wherever possible the measure should be 'incorruptible' – i.e. its value should be independently verifiable
- A measure should not be written as a question, or a wish, or an action

# Delegate Notes

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