PMI Global Executive Council

Benefits Realisation Management and the Public Sector

20 May 2020

Dr Richard Kirkham, Senior Lecturer in Civil Engineering, Department of Mechanical, Aerospace and Civil Engineering, The University of Manchester

Professor Terry Williams, Hull University Business School

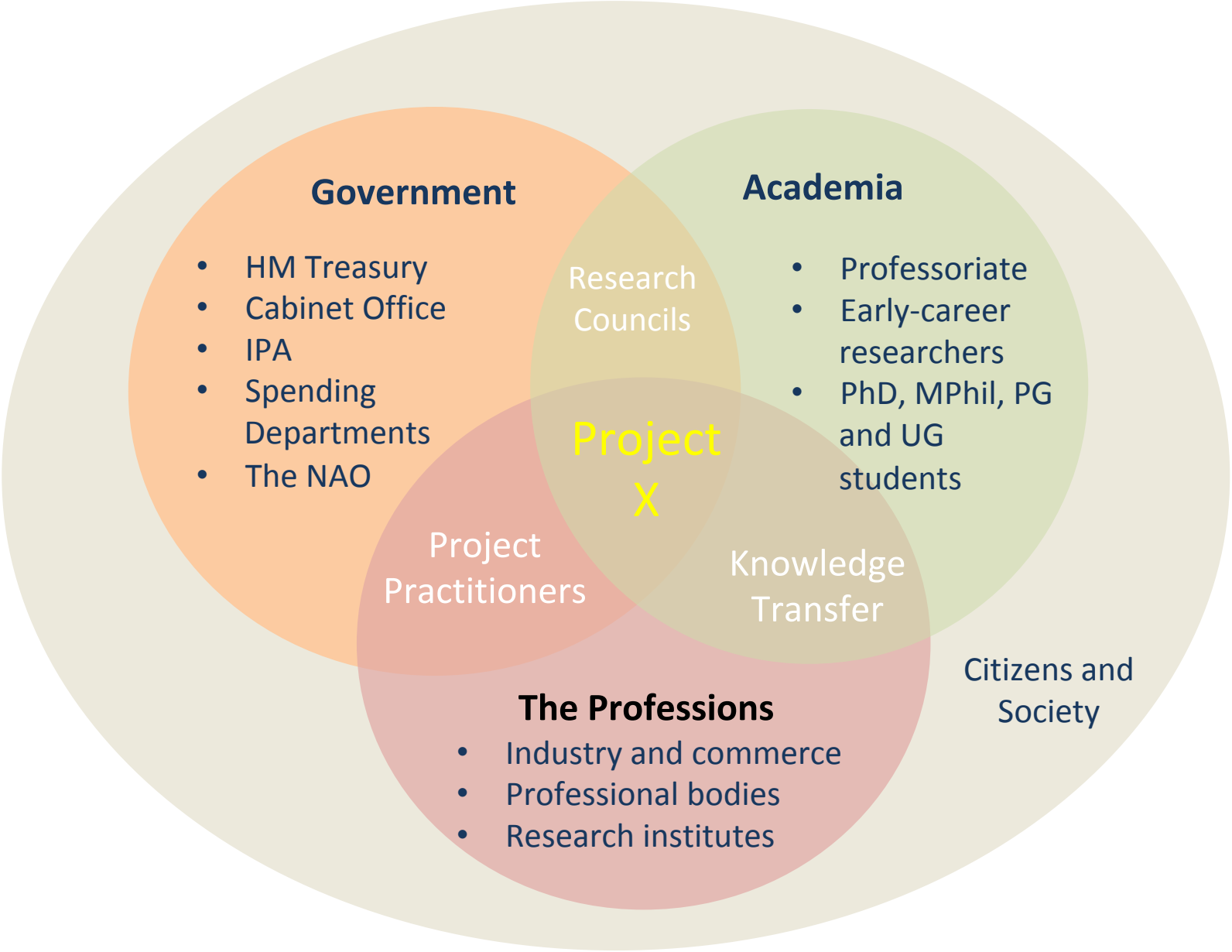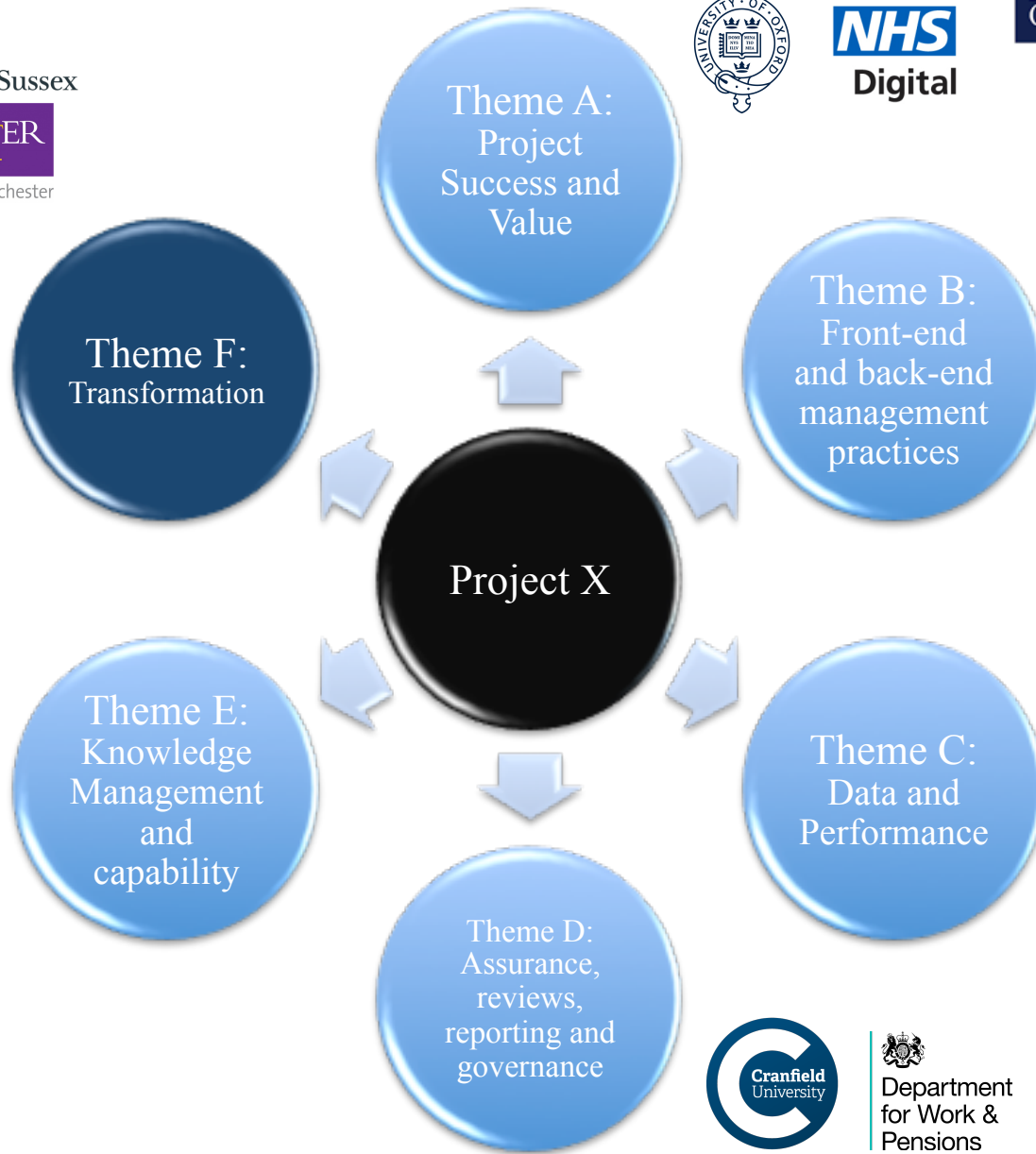Follow us on Twitter @IPAProject X

Project X
@IPAProjectX

@IPAProjectX leadership team Terri Harrington, Prof. Terry Williams and Dr. Richard Kirkham addressing @PMInstitute #PMISynergy at #Westminster #BetterGovProjects (with thanks to Sheila Burnett for the images)

10:09 AM · Nov 22, 2017 · Twitter for iPhone

What is the aim of Project X?

- **Improve the evidence base** – 'Project X' seeks to generate unique insights into the performance of major projects and programmes within and outside of government through world-leading 'co-produced' research.

- **We aim to improve the evidence base by**
  - Fostering distinct communities across disciplines and knowledge areas, united by a common interest in a particular aspect of project and programme management, for example 'transformation'.
  - Attracting collaborative research teams, often from multiple institutions, to address key research questions and derive innovative approaches to answer key questions and challenges.

- **We aim to translate our research into 'useable' outputs that support continuous project and programme management improvement in government and beyond**

Government

- HM Treasury
- Cabinet Office
- IPA
- Spending Departments
- The NAO

Academia

- Professoriate
- Early-career researchers
- PhD, MPhil, PG and UG students

Research Councils

Project X

Project Practitioners

Knowledge Transfer

The Professions

- Industry and commerce
- Professional bodies
- Research institutes

Citizens and Society

University of Sussex

MANCHESTER 1824
The University of Manchester

Ministry of Justice

UCL

University of Brighton

HM Revenue & Customs

highways england

Theme F:
Transformation

Theme A:
Project
Success and
Value

UNIVERSITY OF OXFORD

NHS
Digital

E·S·R·C
Economic
& Social
Research
Council

Infrastructure
and Projects
Authority

Theme B:
Front-end
and back-end
management
practices

UNIVERSITY OF
BATH

UCL

Home Office

Project X

Theme E:
Knowledge
Management
and
capability

Theme C:
Data and
Performance

UNIVERSITY OF Hull

HM Revenue & Customs

THE UNIVERSITY OF EDINBURGH

Theme D:
Assurance,
reviews,
reporting and
governance

Cranfield University

Department for Work & Pensions

MANCHESTER 1824
The University of Manchester

Twitter: @IPAProjectX

Our research findings so far emphasise the asynchronous nature of policy, project delivery and operations – what does mean in reality?

House of Commons
Public Administration and Constitutional Affairs Committee

The Government's Management of Major Projects: An Interim Report

Third Report of Session 2019

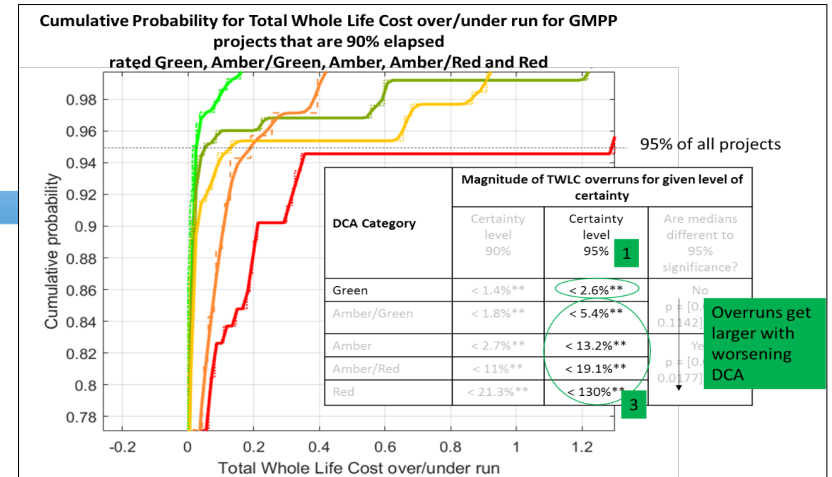Report, together with formal minutes relating to the report

Ordered by the House of Commons to be printed 31 October 2019

HC 303
Published on 5 November 2019
by authority of the House of Commons
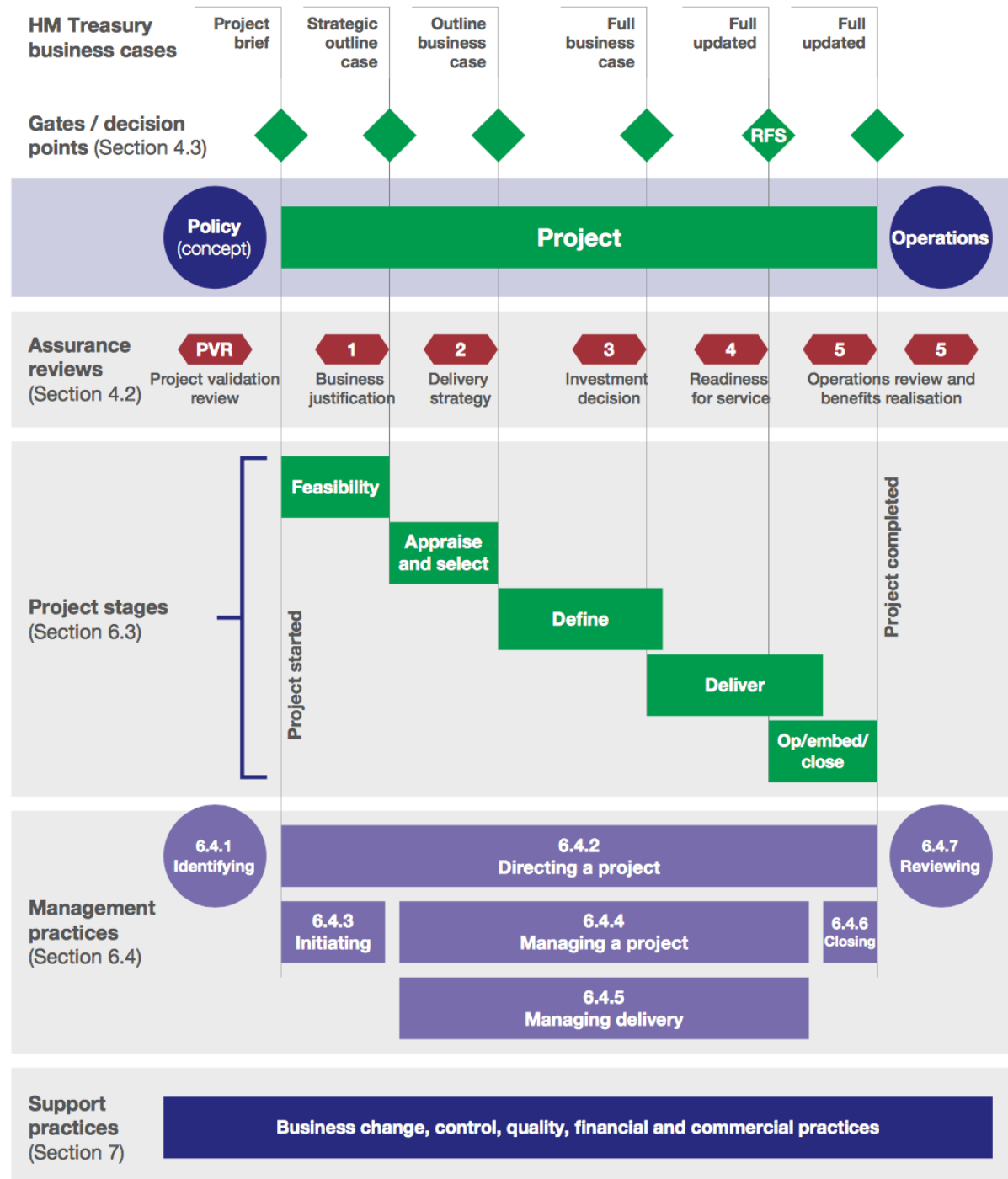
PMI-Project X Research Portfolio

Governance: From Data to Recommendations; to action or inaction

Our recently completed PMI funded research on Government Major Project Governance and Assurance featured in a live Webinar in January, It has now reached out to over 31,500 PMI members. A journal article is in peer review – with a view to publication in late 2020

Governance: From Data to Recommendations; to action or inaction

Figure 8: **Summary by DCA – project number and Whole Life Cost**

Number of projects | Total Whole Life Cost (£bn) including non-government costs

DCA	Number of projects	Total Whole Life Cost (£bn)
Green	4	£30.2bn
Amber/Green	18	£22.1bn
Amber	66	£196.0bn
Amber/Red	38	£157.8bn
Red	4	£15.8bn
Exempt	3	£19.9bn

Figure 9: **DCA analysis AR 2013 – AR 2019**

	Red	Amber/Red	Amber	Amber/Green	Green	Exempt	Reset	No DCA	Total
AR 2013	8	23	58	49	32	21			191
AR 2014	4	37	63	54	17	15	1	8	199
AR 2015	8	40	64	44	28	4			188
AR 2016	6	38	55	29	10	5			143
AR 2017	4	34	71	23	5	5	1		143
AR 2018	8	38	59	22	2	4			133
AR 2019	4	38	66	18	4	3			133

Legend: Red | Amber/Red | Amber | Amber/Green | Green | Exempt | Reset | No DCA
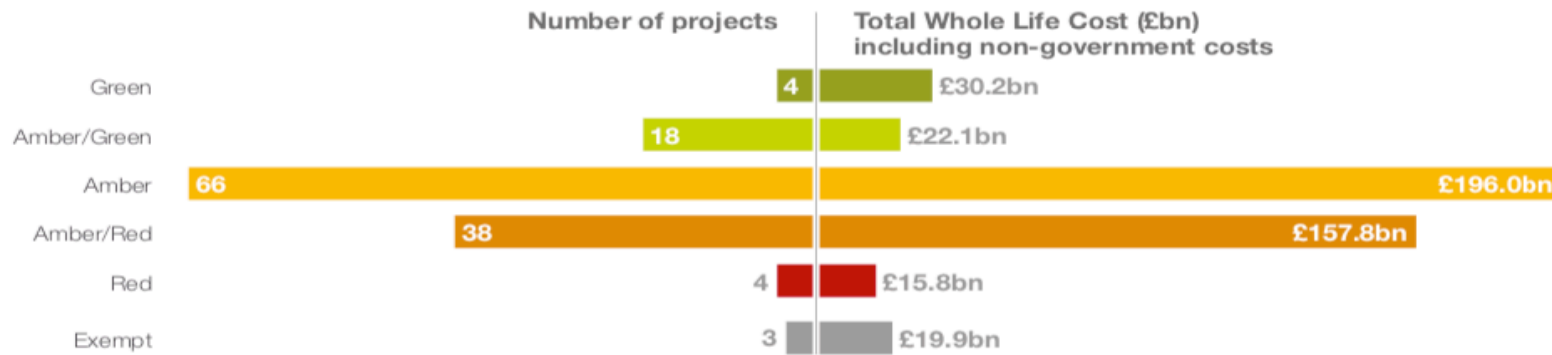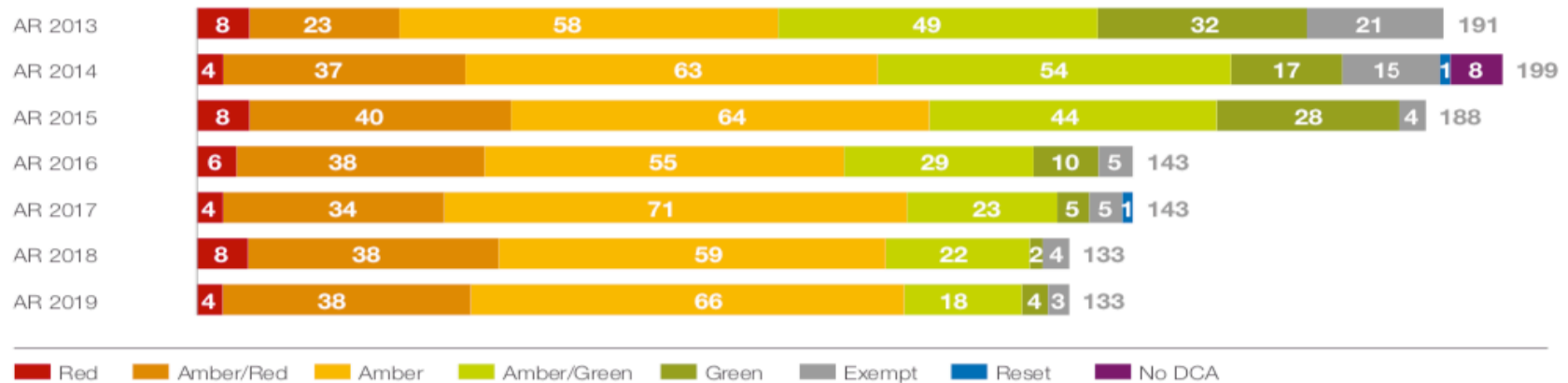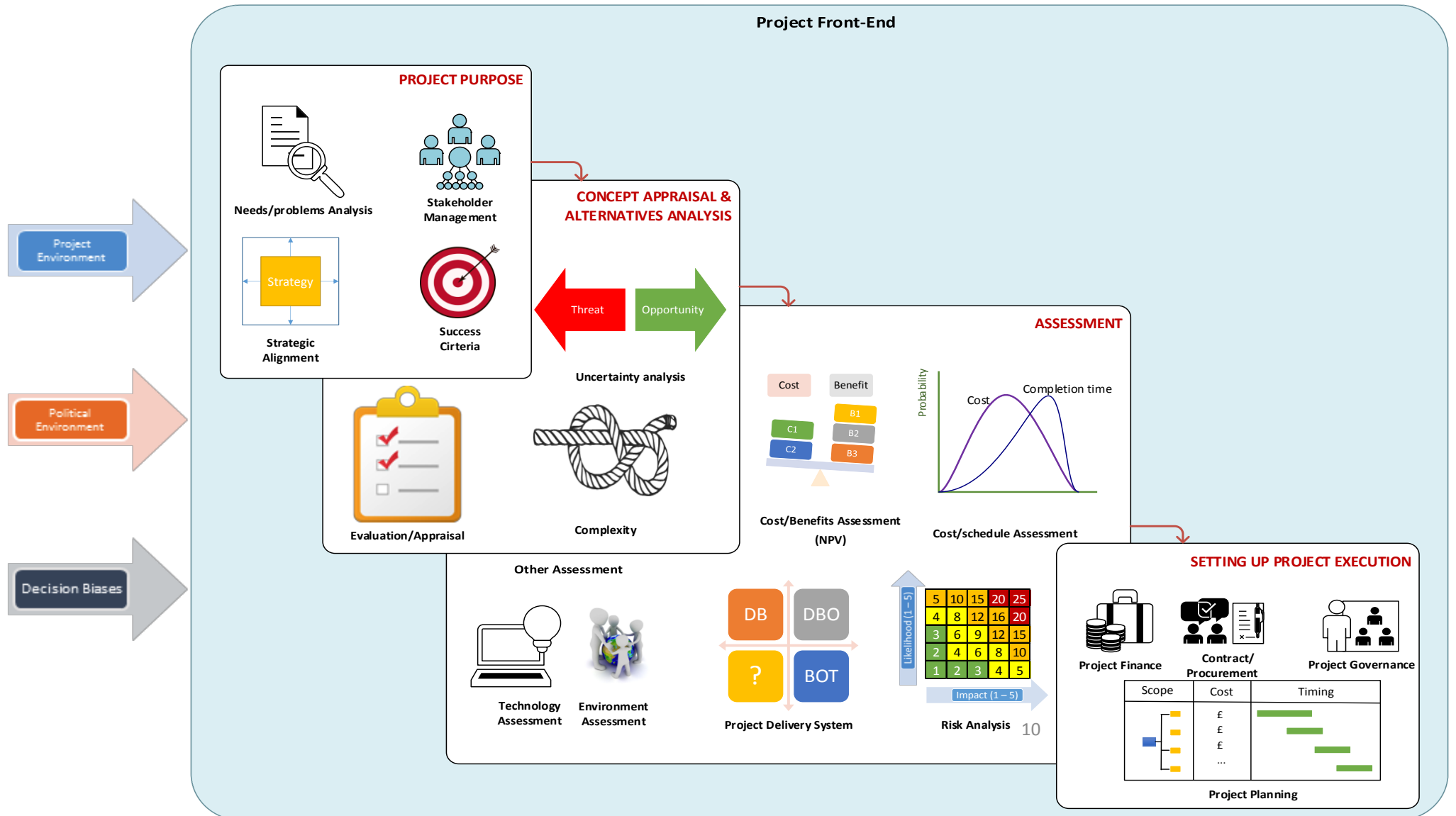
Governance: From Data to Recommendations; to action or inaction - findings

- Ensure the input of the Senior Responsible Owner in the definition of assurance review's terms of reference.
- Explore the potential for appropriate but not excessive continuity of review team membership.
- Ensure that external reviewer training remains accessible and available.
- Ensure that peer review remains confidential.
- Develop guidelines for the project team and the relevant department to aid in optimal selection of materials for the review team.
- Develop guidelines to ensure that benefits receive as much attention as delivery, in the light of evidence that desired benefits are likely to be delivered only if they are managed throughout the project lifecycle.
- Concentrate recommendations on a manageable number of the most critical issues and discourage the coalescence of different issues within a single recommendation.
- Distinguish those parts of the review that are open to discussion from those that are non-negotiable once the review team has completed its review.
- Continually review and improve the "lessons learned" process, encouraging the widest possible involvement. Learning from the assurance reviews should be fed back into education and training.
- Consider responsibility for following up implementation.
- Consider mandating a 'departmental portfolio officer' role, which can ensure that AAP reviews are conducted for all high-risk projects receiving an "Amber-Red"/"Red" DCA rating.

Project front-end management

Project Front-End

Project Environment

Political Environment

Decision Biases

PROJECT PURPOSE

Needs/problems Analysis

Stakeholder Management

Strategy

Strategic Alignment

Success Cirteria

Evaluation/Appraisal

Complexity

CONCEPT APPRAISAL & ALTERNATIVES ANALYSIS

Threat

Opportunity

Uncertainty analysis

ASSESSMENT

Cost

Benefit

B1

C1

B2

C2

B3

Cost/Benefits Assessment (NPV)

Probability

Cost

Completion time

Cost/schedule Assessment

Other Assessment

Technology Assessment

Environment Assessment

DB

DBO

?

BOT

Project Delivery System

Likelihood (1 – 5)

5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

Impact (1 – 5)

Risk Analysis

SETTING UP PROJECT EXECUTION

Project Finance

Contract/ Procurement

Project Governance

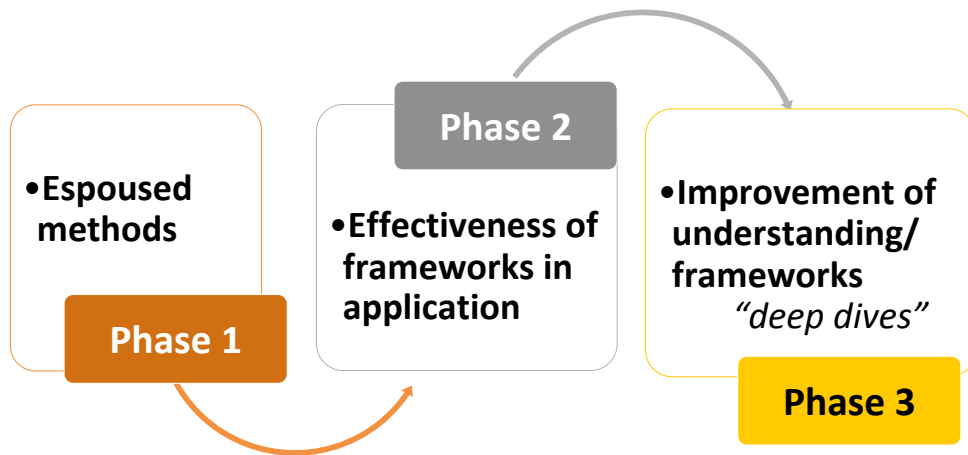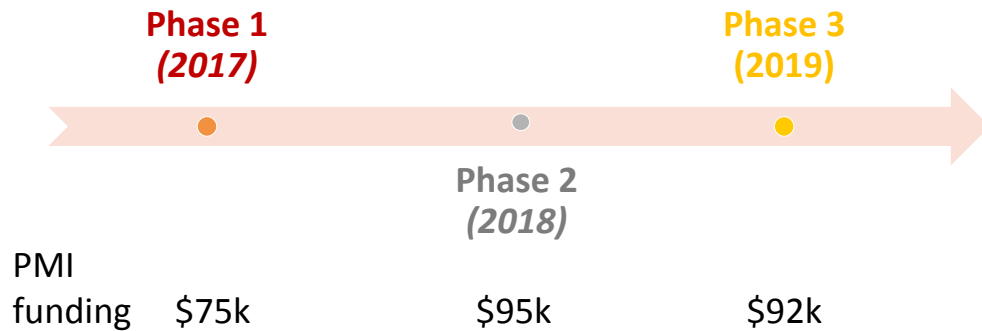| Scope | Cost | Timing |
	£	
	£	
	£	
	...	

Project Planning

10

IDENTIFYING AND REALISING PROJECT BENEFITS

About the Programme

The approach and frameworks to identify and estimate public project benefits / value, through lifecycle to realisation

Phase 1 (2017)   **Phase 3 (2019)**

Phase 2 (2018)

PMI funding $75k $95k $92k

- **Espoused methods** — **Phase 1**
- **Effectiveness of frameworks in application** — **Phase 2**
- **Improvement of understanding/ frameworks** *"deep dives"* — **Phase 3**

Participants

University of Hull	• Prof Terry Williams • Hang Vo
Cranfield University	• Prof Michael Bourne • Pippa Bourne
University of Edinburgh	• Prof Gordon Masterton • Prof Paolo Quattrone • Jason Valette, Carolina Toczycka
University of Manchester	• Dr. Richard Kirkham
Advisor - PMI	• Dr. Terry Cooke-Davies

IDENTIFYING AND REALISING PROJECT BENEFITS

Phase 2: Effectiveness of frameworks in application - how well do these frameworks actually work out in practice?

Cranfield University	•US
University of Edinburgh	•Canada
University of Hull	•Australia
University of Manchester	•UK

Frameworks used in practice
- *Do you follow the official framework in practice for benefits identification, management /realisation and ex-post? Why? What other methods/solutions are used?*

Benefits identification
- *Is the process effective in ensuring real strategic objectives being identified and measured and are different stakeholders covered?*

Benefits management / realisation
- *Is the emphasis less on management than on identification and if so, why? Does the focus on benefits change or evolve during the project? Are Risk and Benefits linked?*

Ex-post evaluation
- *When is it appropriate to assess (and when to whom to report) longer-term benefits? Is the process effective in determining which benefits we observe actually arise from which projects?*

Quantification
- *Is the quantification process effective in helping quantify actual benefits? What are the main issues that influence the effectiveness?*

Effectiveness
- *To what extent are the methods, both espoused and actually used, effective, and why? If it works well, what is it about your organisation that enables that?*

IDENTIFYING AND REALISING PROJECT BENEFITS

Phase 3

What is a benefit? Conceptual study

Deep dives into three different projects

Infrastructure	•**A303 Stonehenge**
Transformation	•**Employee deal extended services transformation**
IT	•**NHS Digital Case Study**

Definitions
•*We would recommend defining processes to define terms*

Tools
• *Recognise the impossibility of capturing "true" permanent representation of a benefit - create a communicative space for discussion recognising the "multiplicity" of benefits and their evolution, combining quantitative and qualitative evaluations.*

Stakeholders
•*Communication with stakeholders and seeing issues from differing perspectives - from consultation about benefits early to working with them at implementation -is important to success*

Reviews
•*There can be value in an independent (maybe embedded) benefits group for the project which keeps benefits in mind but can avoid optimism bias*

Post-project phase
•*Ongoing review / reporting of benefits and changes post implementation by the permanent organisation that takes over the project output and consideration of for how long benefits should be tracked*

Post-project phase - sponsors.
•*When allocating personal responsibilities, such as in SRO letters, consideration of questions such as can a project sponsor be responsible for how the output of that project is used?*

Changes to benefits.
•*Processes need to be developed that recognise changing nature of benefits. Agile approaches can be beneficial. "Test and learn" approaches provide immediate learning.*

Narratives and non-quantitative benefits
•*Use narratives, which provide a useful means of expressing benefits. Take care to avoid the over-reliance on benefits that can be quantified.*

Taylor & Francis
Taylor & Francis Group

Check for updates

A cross-national comparison of public project benefits management practices – the effectiveness of benefits management frameworks in application

Terry Williams[a], Hang Vo[a], Mike Bourne[b*], Pippa Bourne[b*], Terry Cooke-Davies[c], Richard Kirkham[d], Gordon Masterton[e], Paolo Quattrone[f] and Jason Valette[f]

[a]Risk Institute, University of Hull, Hull, UK; [b]School of Management, Cranfield University School of Management, Cranfield, UK; [c]Project Management Institute, Pennsylvania, PA, USA; [d]School of Mechanical, Aerospace & Civil Engineering, The University of Manchester, Manchester, UK; [e]School of Engineering, The University of Edinburgh, Edinburgh, UK; [f]Business School, The University of Edinburgh, Edinburgh, UK

ABSTRACT

Benefits are the principal reason why an organization may seek to enact change through programmes and projects. The discipline of identification, definition, planning, tracking and realization of benefits is recognized to be instrumental in achieving organizational strategy. In this study, we describe the results of a cross-national comparison of public sector benefits management (BM) practices in Australia, Canada, the UK and the USA. It explores 'BM practices in action', considering to what extent 'espoused' or 'mandated' frameworks are actually practised and perceived by their users. Employing qualitative analysis, semi-structured interview data were analysed from 46 participants with experience in sponsoring, managing and/or reviewing government projects. The results expose considerable variation in the adoption and standardization of BM frameworks from inter and intragovernmental perspectives. We evidence a strong focus on benefits identification across the data set, specifically at the outset (the business case stage seeking project approval) and observe deterioration in focus as the project or programme progresses through the authorization (or assurance) approval gates towards close-out and operations. The results further emphasize the prominence of political interest, leadership buy-in, a benefits-driven culture and a transparent benefits reporting mechanism in the implementation of 'effective' BM frameworks.
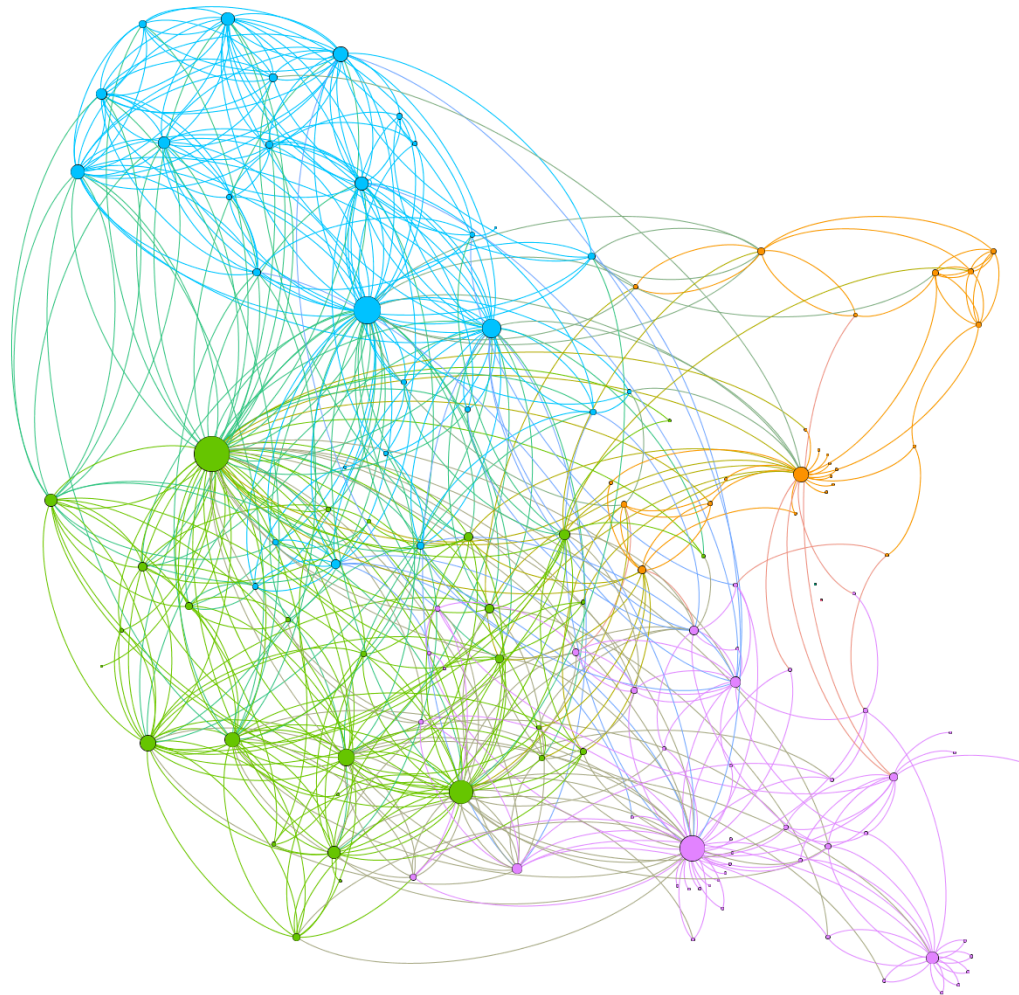
Our Phase 3 PMI Funded 'Benefits' project is using well known methods (eigenvector centrality) to model the complexity of major programmes

This graph shows the degree centrality, closeness centrality and betweeness centrality of a network of actors in a government programme. We can use this graph to inform our understanding of the complexities of delivering 'benefit pathways'. We can also use the graph to inform risk management practices – the network could help identify 'emergent' risks