

Management Briefing No. 6

Benefits Management

Overview of management briefings

Management briefings are designed to highlight and summarise key issues about information and IT-related matters likely to be of importance to strategic managers and leaders in the NHS. Wherever possible, they will include action points for follow up and pointers to contacts and further sources of information.

Topic summary

The purpose behind any Benefits Management methodology is to identify, quantify, prioritise, select and manage business benefits. In essence it is choosing the right things to do, for the right reasons and then doing them.

Benefits Management provides a rational framework to enable better decisions to be made and benefits to be delivered.

Topic explained

Cranfield University started researching the management of business benefits from IT projects in 1995. They started out by looking at single projects to see why some succeeded and others (most) failed. They have since expanded the methodology to cover portfolio selection and business strategy. It was a logical progression from choosing the right things to do in a project to choosing the right projects for your portfolio to choosing the right business strategy

A benefits driven approach focuses on measuring and tracking the progress of benefits realised, rather than project activity, to ensure that projects achieve what they set out to do.

Cranfield's definition of Benefits Management is:

- A process of organising and managing such that potential benefits are actually realised.

If we are going to manage our benefits, we first have to be clear on what a benefit actually is. Too often we concentrate on features, functionality and measurable outcomes without appreciating why they are important to us.

Here's a silly example to show the difference between features, outcomes

and benefits:

- Feature - my car is painted 'Police Car' white
- Outcome - people move over for me on the motorway so I get home for 6 pm
- Benefit - I get to watch The Simpsons on TV

The benefit is what I choose to do with the outcome, the value I take from it, the "What's in it for me".

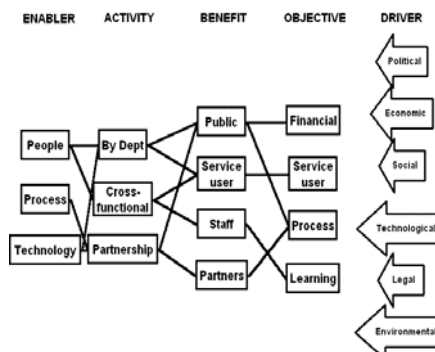
A benefit is a result that a stakeholder perceives to be of value

Make sure there is a clear statement of the benefit, i.e. what makes it worthwhile. We should talk about improving patient health, reducing waiting lists, stopping unnecessary procedures. We should not limit ourselves to improving network performance, reducing down-time and stopping legacy systems.

The Benefits Dependency Network

The benefits dependency network is one of the key elements of the benefits management method. It is a tool that shows the chains of cause and effect between:

- Driver – What makes you act
- Objective – What you want
- Benefit – What you gain
- Activity – What you do
- Enabler – What you use



It confirms that the system you intend to introduce will actually

Key Messages

A benefit is a result that a stakeholder perceives to be of value

The Benefits Dependency Network shows chains of cause and effect between the enablers you use and the objectives you want



provide the results you are seeking. Any item in the network that isn't linked to a benefit is obviously of doubtful value. Items with many or vital links can be picked out for special attention

Starting on the left, you ask tactical questions, 'Why?' to make the connections, 'Why use this tool?'

Starting from the right, ask strategic questions, 'How?' 'How will I meet my objective?'

How to build it

We need teamwork to make the most of this, the right people with the right knowledge and experience to build the networks objectively. A lot of the preliminary study can be done individually and the results passed around between colleagues. The network is best created in a group workshop though where everyone can talk and build the network with Post-its on a wall.

Implications and issues

Experience so far has shown that people need practice in using the benefits management tools.

There's a recurring theme that people only get as far as outcomes without following through to the benefits. The new system may be faster but so what? Why is this a good thing, who is it good for and just how good is it?

It is right to have measurable objectives but applying the SMART principle to the objectives has encouraged people to narrow them down to tactical outcomes. Just because something should be measurable and timely doesn't mean it should be a short-term cost saving.

Other teams have tried to use the method to justify their existing plans, drawing doubtful links in the network diagram. However, a great strength in the network is that in asking how and why, you test the connections and weak arguments of "Buy kit, reap rewards", are exposed.

Sometimes a limiting factor gets turned round into a benefit. A workshop on working hours had a factor that there should be no detriment to patient care. In two sentences this had become a new benefit of improving patient care.

This extra benefit risked adding unnecessary effort to the project.

Examples of good practice

A great strength of the BDN is that it shows just how much change effort is going to be needed to deliver the selected benefits. The more benefits you want, the much more effort you have to put into the project.

It has provided evidence to stop the projects which didn't link into priority objectives and indeed programmes have had benefits which did not link into their original objectives. This was a very powerful message to the programme sponsors about what they thought they were hoping to achieve.

Related research and reading

Benefits Management draws on a number of other management methods, tools and techniques.

This list is by no means definitive but serves as a suggestion of areas to consider:

Benefits Management Delivering Value from IS & IT Investments, Ward & Daniel 2006

Performance Management – Total Organisational Excellence, Oakland 2001, The Performance Prism, Neely, Adams & Kennerley 2002

Business Policy and Strategy models – PESTLE, SWOT, Porter's competition model

Modernisation Agency Model for Improvement – PDSA cycle

Change Management – various models, stakeholder management

Group Dynamics – Adair, Belbin, Cyert & March

Facilitation skills – various tools and techniques

Office of Government Commerce (www.ogc.gov.uk) – Managing Successful Programmes,

Successful Delivery Toolkit –

Benefits Management

Contact

[Ian McGovern](#) for further information on this on any other Faculty events

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Author Biography

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Disclaimer – the content of this paper is the opinion of the author and does not represent policy or strategy of the NHS in general or NHS Connecting for Health in particular.

Published 1st August 2007

