“Benefits Realisation: The Essence of Lean Thinking”

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Present the results of a research project
• What is the actual problem and problem area
• How can lean thinking provide a potential solution through Benefits Realisation
• Explain the BeReal (Benefits Realisation) process, case study material and how it relates to Lean
• Conclude
• Programmes and projects are driven by a need to satisfy a set of benefits for different groups of stakeholders where benefits and outputs can be different e.g. delivering a building is not the same as delivering a benefit.

• Underlying theories of project management have been subjected to criticism since the 1980’s. It has been argued that such traditional approaches are too narrowly focused on managing cost, time and quality (Thorpe, 1998), and are based on simplistic models that are insufficient to deal with practical problems (Koskela and Howell, 2001).

• Current practices lack in considering more soft issues, such as stakeholder management, communication and benefits. A more multi-disciplinary view is needed.
The problem: Major reasons for failing programmes / projects

- The vagueness with which the expected benefits are defined and further difficulties to maintain focus when subsequent problems occur (Reiss et al., 2006) as well as a consequent uncertainty in allocating responsibility for managing and delivering benefits (Lin and Pervan, 2001);
- The non-consideration of some stakeholders and how they can influence projects’ results (Ward & Daniel, 2006);
- The long periods of a project’s life cycle, leading to a disconnection between benefits planning and delivery due to changes in personnel (Reiss et al., 2006);
- The non-consideration of necessary interconnected issues that might influence the project’s success (Thorp, 1998); and
- Poor identification of necessary means to achieve benefits and poor ability to manage change (Truax, 1997).
The Challenge

• How do we develop projects and programmes that deliver ultimate benefits, not just project outputs?

• In particular, how do we achieve this at the large scale when dealing with large complex programmes, in many cases around the city-scale and/or multiple site implementation and over a long period of time?
NAO report in May 2005, Innovation in the NHS: Local Improvement Finance. recognised that there was not ‘… a consistent performance and measurement framework to evaluate the schemes’.

House of Commons Committee of Public Accounts in July 2006, published a report highlighting that ‘... the Department and CHP have not yet developed a mechanism for evaluating the impact of LIFT ... the aim is to assess the cost of providing facilities, the benefits to patients and the impact on longer term health outcomes’.
Scale of investigations

What do we want?

Policy

Investment

Infrastructure portfolio

Sectors - Health, Housing, Education

Projects and Schemes

How will we deliver it?

Inspiring tomorrow’s professionals
Traditional approach to project/programme development

Traditional Approach

Needs Approach

High-level objectives

Requirements (& Constrains)

Specifications

Activities

Projects

Programmes

Resources

Change Strategy

Inspiring tomorrow’s professionals
Benefits-based approach to project/programme development

Benefits Approach

- High-level objectives
- Benefits
- Projects
- Programs

Needs Approach

- Requirements (& Constrains)
- Specifications
- Activities
- Resources

Change Strategy

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Benefit, change, and programme and project management (Reiss et al., 2006)
Transformation-Flow-Value (Lean Thinking) and Benefits realisation

9a. Design is a transformation and its hierarchical decomposition.

9c. Design is a flow.

9b. Design is generating of value.

Koskela

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‘Lean’ at a Programme level

- Multi-client organisations
- Separation between clients and users
- Multi client and multi-users
- Multi-stakeholder
- Multi-project
- Long duration
Benefits & learning loop

- Planned Benefits
- Policy
- Investment
- Infrastructure portfolio
- Sectors - Health, Housing, Education
- Projects and Schemes

Benefits flow down
Learning feedback

Actual planned and unanticipated impacts

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**Strategic Intentions**
Builds a series of benefit opportunities and interdependencies across emerging planning alternatives.

**Integrated Business Plan**
Generates a holistic view of benefits performance against "5 case".

**Strategic Business Case**
Translates insight into strategic benefits. Generates a holistic view of benefits performance against "5 case". Sets culture and stakeholder engagement. Optimises resources (placement and allocation).

**Portfolio level**
Planning alternatives converted into options and opportunities to deliver Strategic Benefits.

**Strategic Outline Programme**
Elicited benefits from the Business Case evaluation and assessment platform for project design and procurement decisions.

**Programme / project level**
Shapes benefits realisation activities within the governance documents and maintains stakeholder benefits commitment through the deliver phases.

**Knowledge Flow Down**
Literature review synthesis

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<td>Track and report realisation of benefits and other achievements</td>
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<td>Translate objectives into measurable benefits that can be tracked</td>
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How benefits realisation fit with other processes

- **Gateway 0**: Strategic assessment
- **Gateway 1**: Business justification
- **Gateway 2**: Procurement strategy
- **Gateway 3**: Investment decision
- **Gateway 4**: Readiness for service
- **Gateway 5**: Benefits evaluation

- **Decision point**
  - Define business need
  - Prepare business case
  - Define procurement strategy
  - Invite, evaluate and refine tenders
  - Manage implementation of contract
  - Manage and operate contract

- **Procurement lifecycle**
  - Gateway 0: Strategic assessment
  - Gateway 1: Business justification
  - Gateway 2: Procurement strategy
  - Gateway 3: Investment decision
  - Gateway 4: Readiness for service
  - Gateway 5: Benefits evaluation

- **CIM/PFI Investment appraisal**
  - Strategic context SOC
  - Outline business case OBC
  - Full business case FBC
  - Design, Tender contract
  - Construction, Technical Handover
  - Post project evaluation

- **LIFT stages**
  - 0: STRATEGY
  - 1: SCOPE
  - 2: FEASIBILITY
  - 3: £ CLOSE
  - 4: DESIGN
  - 5: BUILD
  - 6: COMMISSION
  - 7: OPERATION
  - 8: BENEFITS

- **BeReal**
  - Benefits management strategy
  - Benefits characterisation
  - Benefits mapping
  - Benefits realisation plan
  - Evaluation & Review

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From concept to final

Benefits management strategy
Benefits characterisation
Benefits mapping
Benefits realisation plan
Evaluation & Review

Case Study 1
Case Study 2
Case Study 3

Strategy Alignment
Elicitation
Optioneering
Pathway
Assessment

Benefits Strategy
Need Characterisation
Elicitation Segmentation
Options Characterisation
Benefits and Change Pathway
Implementation & Controlling

Benefits Performance
Need Justification
Direction of Change
Option Selection
Implementation Plan
Benefits and Change Evaluation Review

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BeReal Process

Strategy Alignment
- Plan stakeholder involvement
- Strategic Benefits Elicitation

Elicitation
- Sub and End Benefits Elicitation
- Undertake benefits profiling

Optioneering
- Benefits & Options Ranking
- Optioneering Workshop

Pathway
- Align project plan to Pathway
- Stakeholders to agree BeReal Pathway

Assessment
- Stakeholders to assess level of realisation
- Post Occupancy Evaluation Plan & lessons learnt

Benefits Profile and Segmentation
Outline BeReal Case
BeReal Case
Benefits Evaluation Review

Dynamic Knowledge Database

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Strategy Alignment

Plan stakeholder involvement
Strategic Benefit Elicitation

Characterisation of the need
- Set up BeReal Project Working Group
- Build Stakeholder Management Plan
- Initiate Strategic Benefits Profile with Stakeholders
- Review programme / project need
- Identify project Strategic Benefits
- Align Strategic Benefits with need
- Identify Dis-benefits
- Align with Strategic Outline Case

Strategic Benefits

- Ø
- Set up BeReal Project Working Group
- Ø
- Build Stakeholder Management Plan
- Ø
- Initiate Strategic Benefits Profile with Stakeholders
- Ø
- Review programme / project need
- Ø
- Identify project Strategic Benefits
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- Align Strategic Benefits with need
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- Align with Strategic Outline Case

Set up BeReal Project Working Group
Build Stakeholder Management Plan
Initiate Strategic Benefits Profile with Stakeholders
Review programme / project need
Identify project Strategic Benefits
Align Strategic Benefits with need
Identify Dis-benefits
Align with Strategic Outline Case

Strategic BeReal Case
The dependencies are inputted into the profile in the tool, automatically creating a map.
Direction and Scope - BeReal Toolkit
Elicitation Support

BeReal database
(illustrative, not exhaustive)
Assessment

Lessons Learnt and Overview of Selected Case Studies

**Case Study: MaST LIFT**

**A. Elicitation and Assessment – Development and Validation**
- Elicit benefits and validate suitable methods for Post Occupancy Evaluation (POE) benefits assessment.

**Methods**
- Benefits Elicitation Workshops.
- Benefits Segmentation & Profiling Workshops.
- Patient, User and Staff Questionnaires.

**Outcomes**
- Questionnaires and interview protocol used to link outcomes and customer satisfaction to planned benefits for MaST LIFT 75% Patient/User/Staff Satisfaction.
- Validated benefits profiles (structure and segmentation).

**Highlighting aspect:**
- Benefits segmentation highly contributes to transform fragmented data (that emerges from field surveying (dis-)benefits elicitation initiatives) into information, according to similarity and dissimilarity criteria.

**X-references (high contribution, only):** LL.01, LL.02, LL.04, LL.05
Benefits Elicitation & Relative Weighting

Downstream

6. Summary of work developed (up-to-date).
5. Benefits quantification
4. Cash Flow & KPIs
3. Cross (or Business Case) View
2. Resources (or Efficiency) View
1. Benefits (or Efficacy) View

Strategic Benefits & Sub-Benefits

d)

Ease of implementation
Accessibility
Appropriated built environment
Stakeholders involvement
Project negative impact
System overall integration
Appropriate location (and access to the site)
Greater privacy & comfort
Facilities flexibility and future proofing
Use / capacity fit (for purpose building & infrastructure)
Synergy of services (e.g. secondary care)
Co-location / distribution

Strategic benefits (number)

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BeReal

BeReal efficacy oriented approach, related with cross analysis of “as-is”, “to-be” and “emergent” organizational and build environment related results.

BeReal efficacy and efficacy mixed approach, under a cross analysis of “as-is”, “to-be” and “emergent” valuation states.

BeReal efficacy oriented approach, related with cross analysis of “as-is”, “to-be” and “emergent” use of a resources mix to perform results.

BeReal Performance Measurement & Controlling Structure

Consider both an upstream and downstream approach to benefits valorization (validated through feedback loop and consequent complementing techniques).

Covers inflow and outflow analysis, considering timings and discount rate (and risk premium) over time.

Benefits linked resources, and supported thought Gant and Earned Value Management techniques.

Benefits Management

Benefits Elicitation & Relative Weighting

Upstream and Downstream Quantification

Benefits quantification

Direct quantification and costs redistribution, based on relative importance (and survey validated).

Investment Analysis

Cash Flow & Risk Analysis

Efficiency and efficacy mixed approach, under a cross analysis of “as-is”, “to-be” and “emergent” valuation states.

Project Management

Benefits Linked up to Resources

Earned Value Management

Gant

Life cycle Controlling

KPIs – Key Performance

NPV
MCDM
RISK
VFM
CSF

EVM
Appraisal

1. Economic (cash flow analysis)
   - Directly Assign Value
   - Indirectly Assign Value

2. Optioneering might mix cash flow analysis (above) and weighted score Method (below).
   Note: this might be used for large scale and small scale optioneering.

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<tr>
<th>Dimension</th>
<th>Weight</th>
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<td>Ranking</td>
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Benefits measurement should be done “as-is” (actual), “should-be” (planned) and “to-be” (emerged).
benefits
change
management

benefits
change
management

benefits
change
management

benefits
change
management
Strategic benefits elicitation workshops & surveys

Set-up BeReal™ project working group

Review needs

Develop stakeholder management and communication plan

Strategic benefits elicitation workshops & surveys

Strategic business case development

Change consultation

Communications strategy and stakeholder management plan

Organisation chart

Strategic benefits

Change brief document

Progress reports

Strategic business case

Risk register
Controlling Fine-tuning

Breakdown structure dependencies
Benefits breakdown structure  \(\leftrightarrow\) Change breakdown structure

as-is (baseline)  \(\leftrightarrow\) to-be (target)  \(\leftrightarrow\) as-is (actual)

Controlling Structure

Progress review and lessons learned

Communicate, agree and implement corrective actions

Context information

Control of deviations

Remedial Action plan

Business case evaluation

Change consultation

Controlling process:

Remedial action plan

as-is (baseline),
to-be (target),
as-is (actual)

Full business case evaluation

Field benefits measurement (and elicitation)

Field change measurement

Field benefits measurement (and elicitation)
Resource View

Change Strategy

- Built Environment
- Technology
- People
- Organisation

Change Performance

- Location
- Equipment
- Culture
- Facility
- Process
- Competency

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Planned

Actual

“Actual” (actual)

Benefits-Change Optimisation

Status-Quo Characterization

Benefits-Change Justification

Investment Analysis

Controlling Analysis

“Actual” (baseline)

Resources & Benefits

Benefits Management

“As-Is” (baseline)

Resources & Benefits

Change Management

“To-Be” (target)

Resources & Benefits

“To-Be” (target)

Resources & Benefits

Benefits Management

“As-Is” (baseline)

Resources & Benefits

Benefits Management

“To-Be” (target)

Resources & Benefits

Benefits Management

“Actual” (actual)

Resources & Benefits

Benefits Management

Resources & Benefits:
“To-Be” Versus “Emerged”
“Quantities” (SV) Versus “Costs” and “Values” (CV)

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<td>Ahead</td>
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<td>CV = BCP - ACP</td>
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Performance
As planned | Poor | Good
Directly Assign Value

Indirectly Assign Value

Risk Modelling

Inflows

Risk Free Rate

Premium Risk Rate

Outflows

Assign (Direct) Resources Cost

Non-Assigned Costs

Assign (Indirect) Resources Cost

Investment Analysis
Dimension: Economic

Change Management
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<th>Dimension</th>
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Dimension: Mixed
Process key aspects (common in BR and Lean)

- Decision making support based on a benefits driven approach;
- Performance optimisation;
- Control and accountability;
- Assurance;
- Stakeholder management and communication; and
- Knowledge management enabler.
Performance optimisation

• For benefits to be achieved they have to linked directly with the activities and resources on the project plan that drives the infrastructure development.
• The research has strongly indicated that achievement of sustainable good performance should emerge from proper identification and allocation of resources to elicited benefits.
• A benefits driven approach (such as BeReal) on project management has positive influence in
  – reducing friction,
  – breaking down silos and,
  – focusing the team on optimising project outcomes, and as a consequence have a positive effect on the organisation’s performance.
• The process offers a means of turning fragmented data into useful information, as introduced when described the benefits segmentation and profiling techniques. BeReal in project knowledge management terms is about getting the right information related to benefits, in the right form, to the right people at the right time.
• Ensure that relevant customer requirements are available in all phases of design solutions, production plans and products; BeReal progresses the use of stakeholder elicited and structured benefits through all phases of the process and in particular when selecting options and generating the final project plans. BeReal’s dataset allows those involved understanding the ambitions and the achievements of a project to date. It ensures that relevant stakeholder requirements (translated into benefits) are available in all phases of production (the BeReal phases);

• ‘Ensure by measurement that value is generated for the customer’; BeReal controlling structure of benefits and their measurement on the Assessment phase aims to determine their level of realisation in terms of capturing the stakeholders perception of it.
• **Ensure all customer requirements, both explicit and latent have been captured**; in BeReal terms that can be seen as the identification and elicitation of all desired benefits;

• ‘**Ensure that customer requirements have bearing on all deliverables for all customers**’; in BeReal terms this is the link of benefits identified, by the stakeholders involved, with planned project outcomes during the optioneering and pathway

• **Ensure the capability of the production system to produce products required**; BeReal adopts this in the pathway phase were the dependency between benefits, resources and project plan activities is achieved;
“Benefits Realisation: The Essence of Lean Thinking”

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Thank you