

Benefits Realisation Management Framework

Part 1: Principles

This document is part of the NSW Government Benefits Realisation Management Framework. The structure of the Framework is as follows:

Part 1: Principles

Part 2: Process

Part 3: Guidelines

Part 4: Implementation

Part 5: Glossary

	Page
Benefits Realisation Management Framework	4
1. Principles	5
2. Principles expanded	6

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“Benefits Realisation Management Framework” Parts 1-5. An electronic version of this document is available at www.nsw.gov.au/customer-service/publications-and-reports/benefits-realisationmanagement-framework

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Benefits Realisation Management Framework

A standard approach for benefits realisation management for anyone not familiar with the subject matter, including program directors and managers, change managers, project managers, business analysts and program management office (PMO) staff across NSW Government.

The purpose of the Benefits Realisation Management Framework is to provide:

- a framework of best practice principles and concepts drawn from latest experiences and proven practice in setting up and managing programs that is transferable across NSW Government agencies
- a standard approach for benefits realisation management for anyone not familiar with the subject matter
- consistent terminology and benefits categorisation
- introduction and guidance for program sponsors and business benefit owners.

The Framework:

- is aimed at those who are interested in benefits realisation within NSW Government agencies, enabling them to adapt and tailor the guidance to their specific needs
- must be accessible by strategy groups, operational business areas and program/ project teams as well as by individual practitioners and benefit owners
- should help PMO practitioners improve their decision making and become better at implementing beneficial change.

1. Principles

1 A benefit is a measurable improvement resulting from an outcome which is perceived as an advantage by a stakeholder.

2 Benefits must be aligned to the organisation's strategic goals.

3 Benefits need to be first understood as outcomes. Benefits are the reason an investment is made.

4 Benefits must be measurable and evidence-based in order to demonstrate that an investment provides value.

5 Benefits can only be realised through change and change can only be sustained by realising benefits.

6 Benefits need to be owned by appropriate sponsors and managers, not by the program/project manager.

7 Intermediate benefits are needed to realise end benefits (and are just as important).

8 Benefits are dynamic; they need to be regularly reviewed and updated.

9 Keep the number of benefits monitored and reported to a sensible, manageable number.

10 Benefits management should be integrated with other organisational processes, including Project Management.

2. Principles expanded

Principle 1

A benefit is a measurable improvement resulting from an outcome which is perceived as an advantage by a stakeholder

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Rationale

Benefits are the primary reason investments are made. Benefit Management starts with defining the problem, required business changes and the intended outcomes.

Implications

- a) A broad approach to the identification and categorisation of benefits is desirable to support a business case.
- b) Benefits should be understood and planned from a user-centric perspective.
- c) Non-financial benefits are not always easy to quantify.
- d) Care should be taken when giving financial values to non-financial benefits see NSW Treasury Guidelines on Cost Benefit Analysis.
- e) Digital capability supports the management of benefits identification, planning, realisation and evaluation.
- f) Dis-benefit can arise when an outcome is perceived as a disadvantage by one or more stakeholders. Dis-benefits should be considered and incorporated to provide a holistic view of the merits of a program.

Principle 2

Benefits must be aligned to the organisation's strategic goals.

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Rationale

The outcomes and benefits realisation delivered by the change help achieve strategic goals.

Strategic goals describe how an organisation wishes to evolve.

Implications

If benefits are not aligned with strategic goals then their overall value must be questioned. Investment decisions must be based upon realisation of benefits that support the delivery of strategic goals. Projects and programs which are not properly aligned with the right strategies should not proceed (unless they are compliance related).

2. Principles expanded (cont.)

Principle 3

Benefits need to be first understood as outcomes. Benefits are the primary reason an investment is made.

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Rationale

Ultimately it is the realisation of benefits which helps achieve one or more program/project outcomes. The benefits management cycle should start by identifying intended outcomes and benefits.

Implications

- a) Creating a benefits map collaboratively with stakeholders will help to identify the intended outcomes and benefits of a program.
- b) Failure to fully identify and understand benefits will result in a weakened business case.
- c) If benefits (and dis-benefits) are not fully identified and quantified within the business case, in alignment with strategic outcomes, then this may impair decision-making and adversely affect resource allocation.

Principle 4

Benefits must be measurable and evidence-based to demonstrate value.

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Rationale

Benefits can either be financial or non-financial.

Financial benefits are readily quantifiable. Where non-financial benefits may not be quantifiable, a qualitative approach may be considered.

For service oriented benefits, user satisfaction could be measured using surveys.

For digital service benefits, enablement measures can be used for more information on benefit categories see Part 3.

Implications

- a) If initial baseline measures are not established then the extent of benefits realisation cannot be demonstrated.
- b) If benefits are not measured, or are not measurable, then insufficient evidence exists to justify the investment in the initiative.
- c) Projects or programs should not be claiming the same benefits. Double counting of benefits impacts the ability of senior management to make informed decisions.

2. Principles expanded (cont.)

Principle 5

Benefits can only be realised through change and change can only be sustained by realising benefits.

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Rationale

Identifying who is impacted by the proposed change and collaborating with these stakeholders will support the implementation of lasting change and benefits realisation.

Implications

- a) Failure to successfully embedded change creates a risk that benefits will not be optimised.
- b) Failure to consider stakeholders change impact on organisational processes and technology may result in a new capability failing.
- c) Benefits management should be a collaborative activity with stakeholders.

Principle 6

Benefits need to be owned by appropriate sponsors and managers, not by the program/project manager.

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Rationale

The benefits owner is the individual accountable to the program sponsor for the realisation of specified benefits within the program. Accountability and responsibility for benefit realisation is key for successful benefits management. It is important that responsibility for benefit realisation remains with those business units affected.

Implications

- a) Failure to formally assign accountability and responsibility for benefits creates a risk that benefits will not be fully realised.
- b) Benefit profiles assist benefit owners in understanding all the parameters of a benefit.
- c) Asking benefit owners to assign a confidence level for each benefit is good practice. The confidence level can be monitored and updated over time, to provide assurance that benefit realisation is on track.

2. Principles expanded (cont.)

Principle 7

Intermediate benefits are needed to realise end benefits (and are just as important).

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Rationale

Monitoring intermediate benefits will give management confidence that benefits realisation is on track.

Implications

- a) There can often be critical dependencies between intermediate benefits and other subsequent benefits. Failure to realise intermediate benefits may indicate a risk to the overall benefits realisation.
- b) Unless intermediate benefits and their measures are monitored and reported upon, there is no opportunity for management to implement corrective actions (if need be).
- c) Non-financial intermediate benefits may lead to the realisation of a financial end benefits.

Principle 8

Benefits are dynamic; they need to be regularly reviewed and updated.

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Rationale

Benefits identified at the commencement of the program life cycle will change over the life of the investment. Benefits register should be regularly reviewed and updated.

Implications

- a) Failure to regularly review and update benefits may lead to benefits being under or overstated.
- b) Any reduction in the overall value of benefits forecast needs to be clearly understood and communicated to senior management.

2. Principles expanded (cont.)

Principle 9

Keep the number of benefits to a practical, manageable number.

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Rationale

Priority should be given to those benefits with the greatest likelihood of being realised.

Implications

- a) Failure to adequately identify benefits measures that provide best business value may lead to an overly complicated and time-consuming reporting.
- b) There is a risk that complex reporting may not be commensurate with the value of the benefits to be realised.

Principle 10

Benefits management needs to be integrated with other organisational processes, including Project Management.

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Rationale

The new capabilities delivered by project and program management need to be understood in terms of their bringing about change and therefore benefits.

Implications

- a) Without active monitoring of benefits, senior management and other stakeholders cannot assure themselves that benefits will be delivered in full, or in a timely manner.
- b) Benefits realisation should be a standing agenda item at each Program Board meeting.
- c) Benefits management is at the heart of Program Evaluation. Identifying benefits early in the lifecycle will inform requirements for the evaluation phase or an independent program evaluation.
- d) Benefits management supports and can be aligned with relevant assurance requirements, including the following NSW Government ICT Assurance Framework, Recurrent Investor Assurance Framework and the Infrastructure Investor Assurance Framework.



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