
Benefits Management and Strategic Journey Mapping SJM™

“A value driven approach to business change”

August 2006

Prepared for New Zealand Business Excellence Foundation

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Objectives of Presentation

The objectives of this presentation are to:

- **Appreciate that project success has evolved from the on Time, within Costs, and to Quality specifications, to delivering on promised Benefits to stakeholders**
- **View the context of Strategic Deployment in terms of the WrappersTM model and its dynamic constructs**
- **Understand the Benefits Management and Strategic Journey Mapping concepts and their importance in delivering value to organisations**

Corporate Governance (1)

Corporate governance concerns

- **High profile scandals and the resulting legislature, including the Sarbanes-Oxley Act, International Financial Reporting Standards, Basel II, and other regulatory requirements**
- **Resulting in renewed focus on corporate governance and new demands on CEOs/CFOs**
- **Corporate governance in the areas of strategic deployment and change programs needs improvement (the area of relatively higher risk)**

Corporate Governance (2)

- The major focus of corporate governance should be on optimizing business value through effectively managing **change** and **risk** in a constantly changing business environment
- Often governance tends to focus on making commitments, but not keeping to those commitments.
 - ☞ For example senior managers are often involved in selecting and approving initiatives, but less likely to be involved in monitoring the delivery of the associated benefits
- The failure of many organisations to deliver measurable value from change initiatives is a symptom of:
 - ☞ The failure of corporate governance to understand and meet the needs of a complex and rapidly changing business environment

Governance Processes

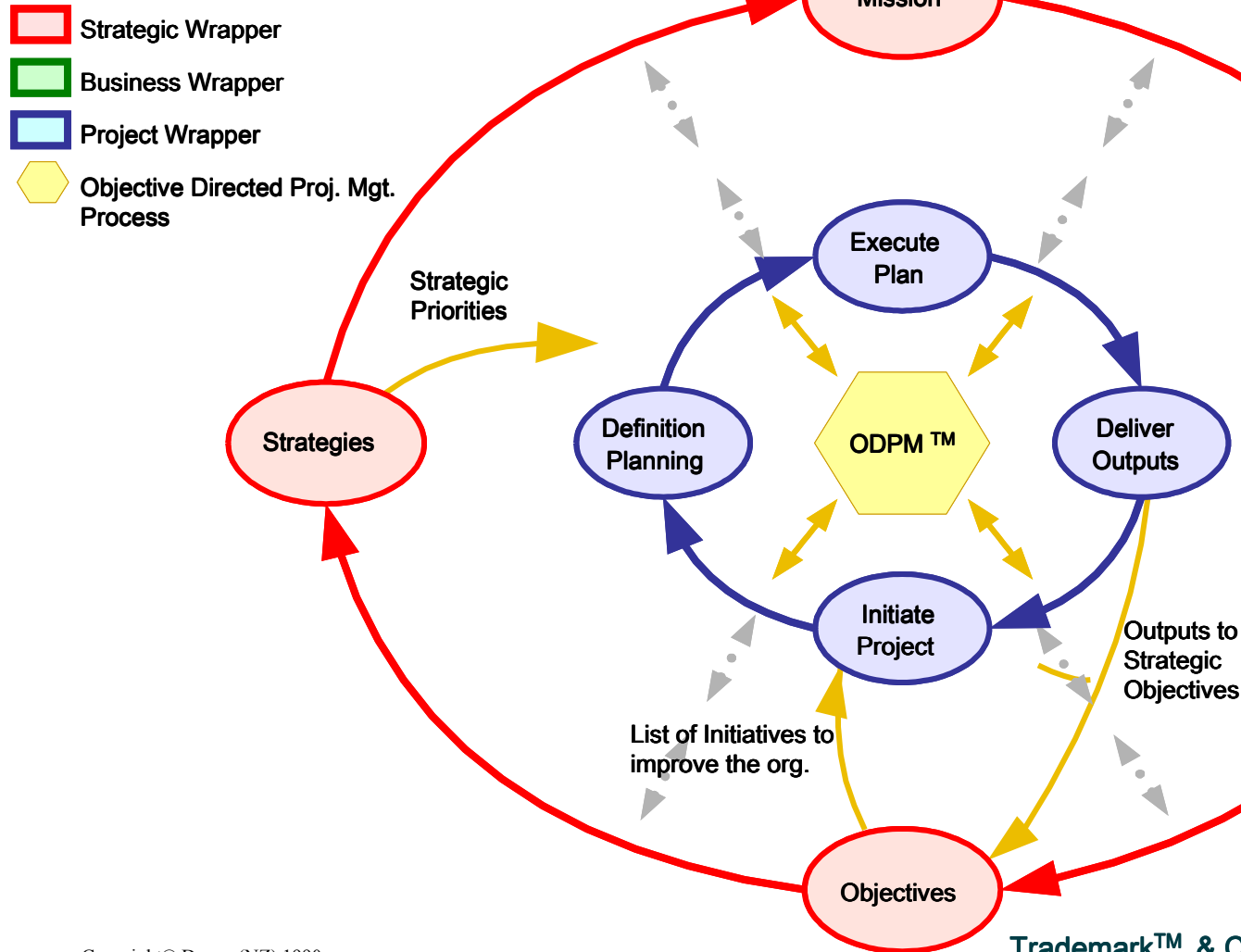
Current governance processes:

- Inadequate to manage a complex change journey to an often evolving destination
- Do not support the changing business environment (external and internal) and emerging clarity of how benefits and value will be delivered
- Need a continuous and dynamic governance process that manages the complete investment cycle from “opportunity to outcome©” i.e. a process that:
 - ☞ Perceives and responds to changes rapidly
 - ☞ Understands what is working and what is not working as planned
 - ☞ Develops and continually reviews assumptions at strategic, business and project levels

The Wrappers™ model below assists organisations to respond to such a changing environment

Linking Strategy, Business Objectives & Projects (Maturity Level 1)

The Wrappers™ Model



Linking Strategy, Business Objectives & Projects (Maturity Level 2)

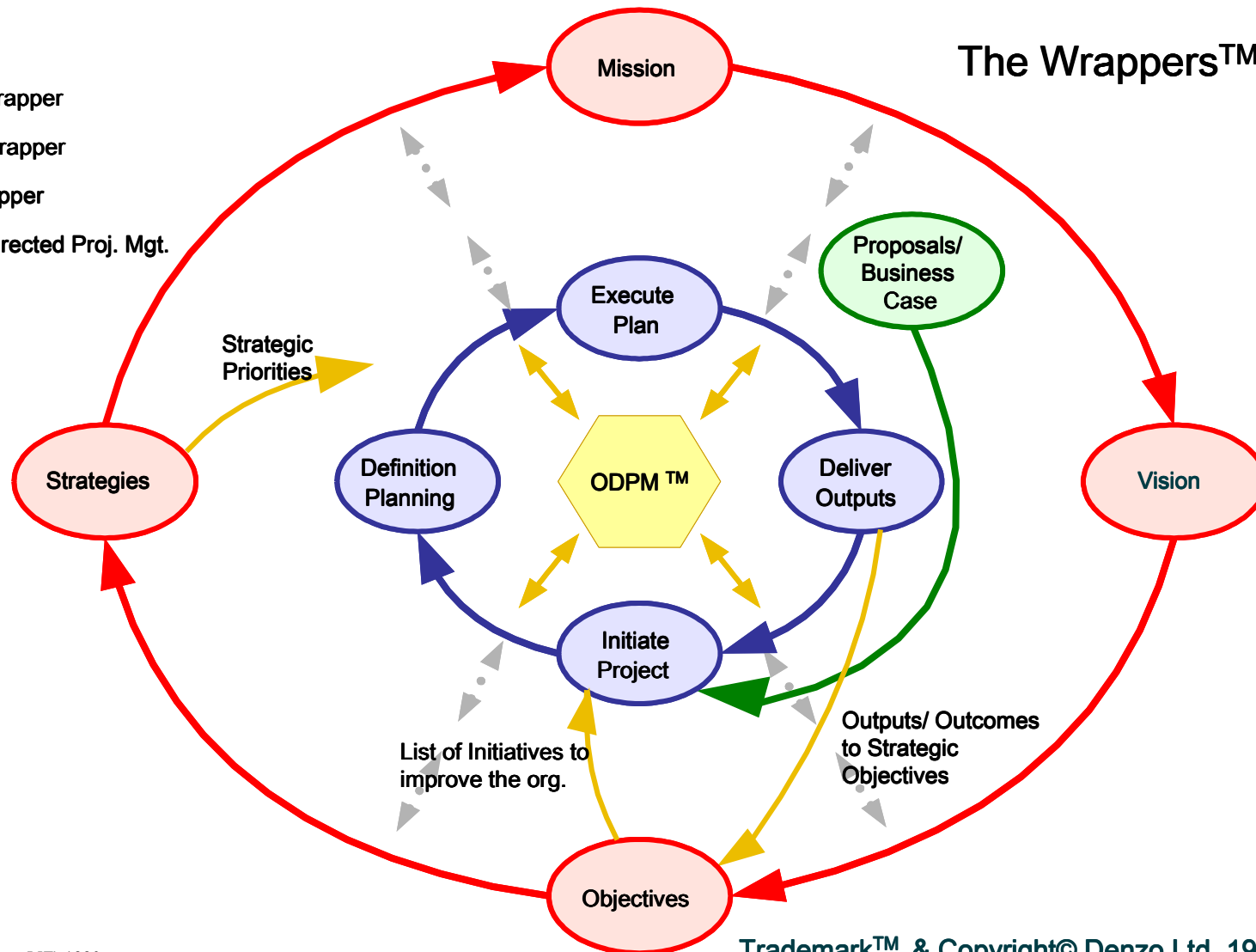
The Wrappers™ Model

 Strategic Wrapper

 Business Wrapper

 Project Wrapper

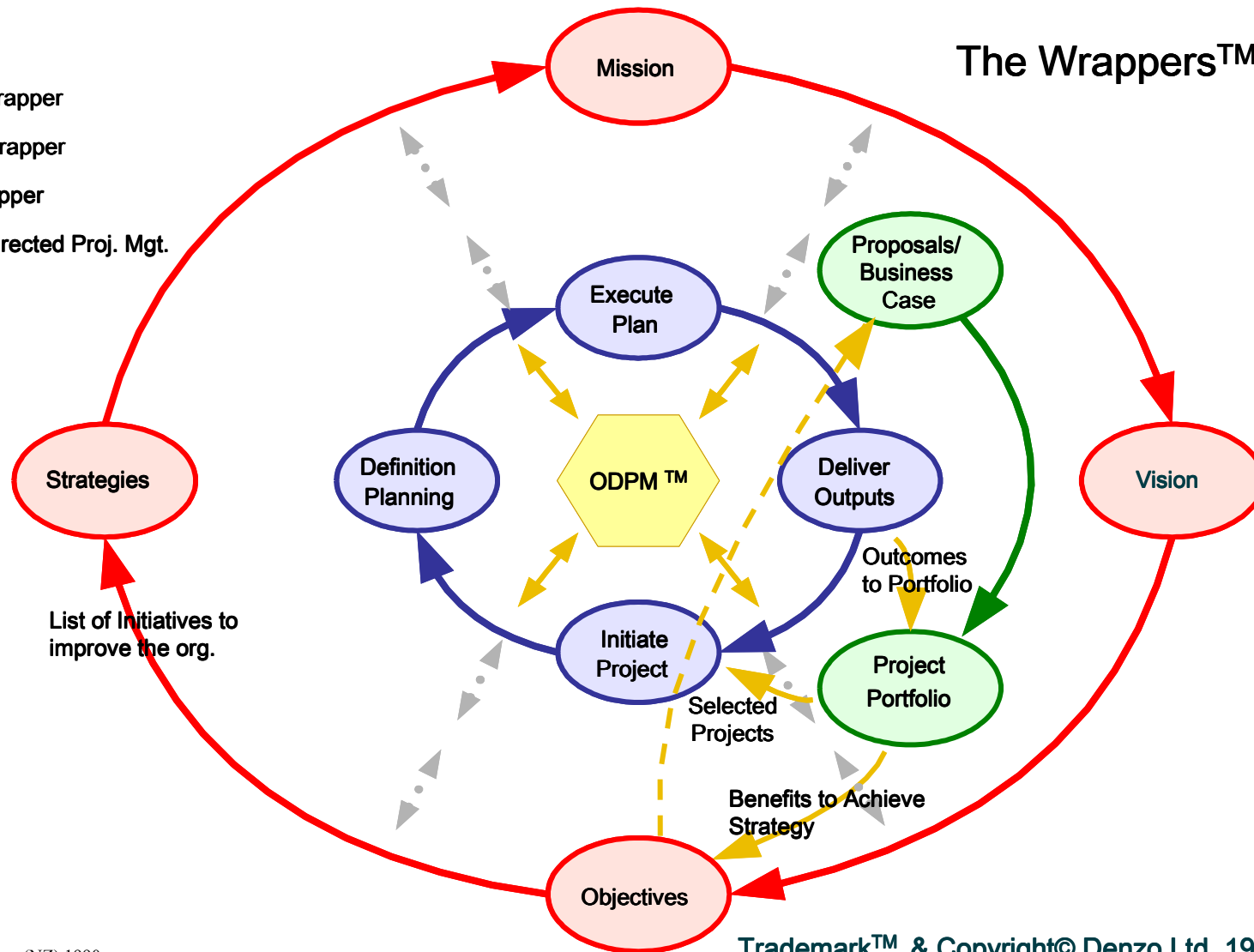
 Objective Directed Proj. Mgt. Process



Linking Strategy, Business Objectives & Projects (Maturity Level3)

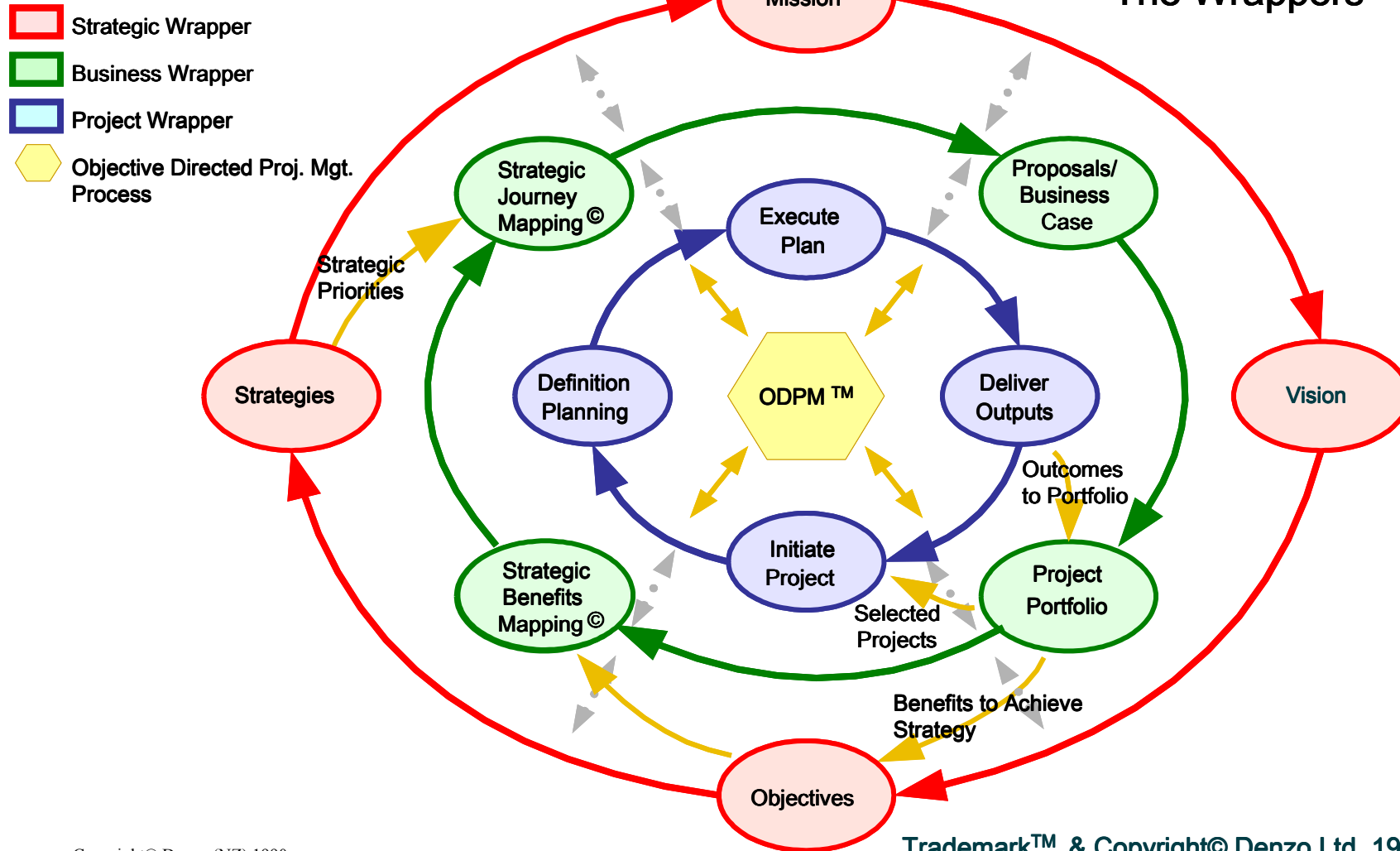
The Wrappers™ Model

- Strategic Wrapper
- Business Wrapper
- Project Wrapper
- Objective Directed Proj. Mgt. Process



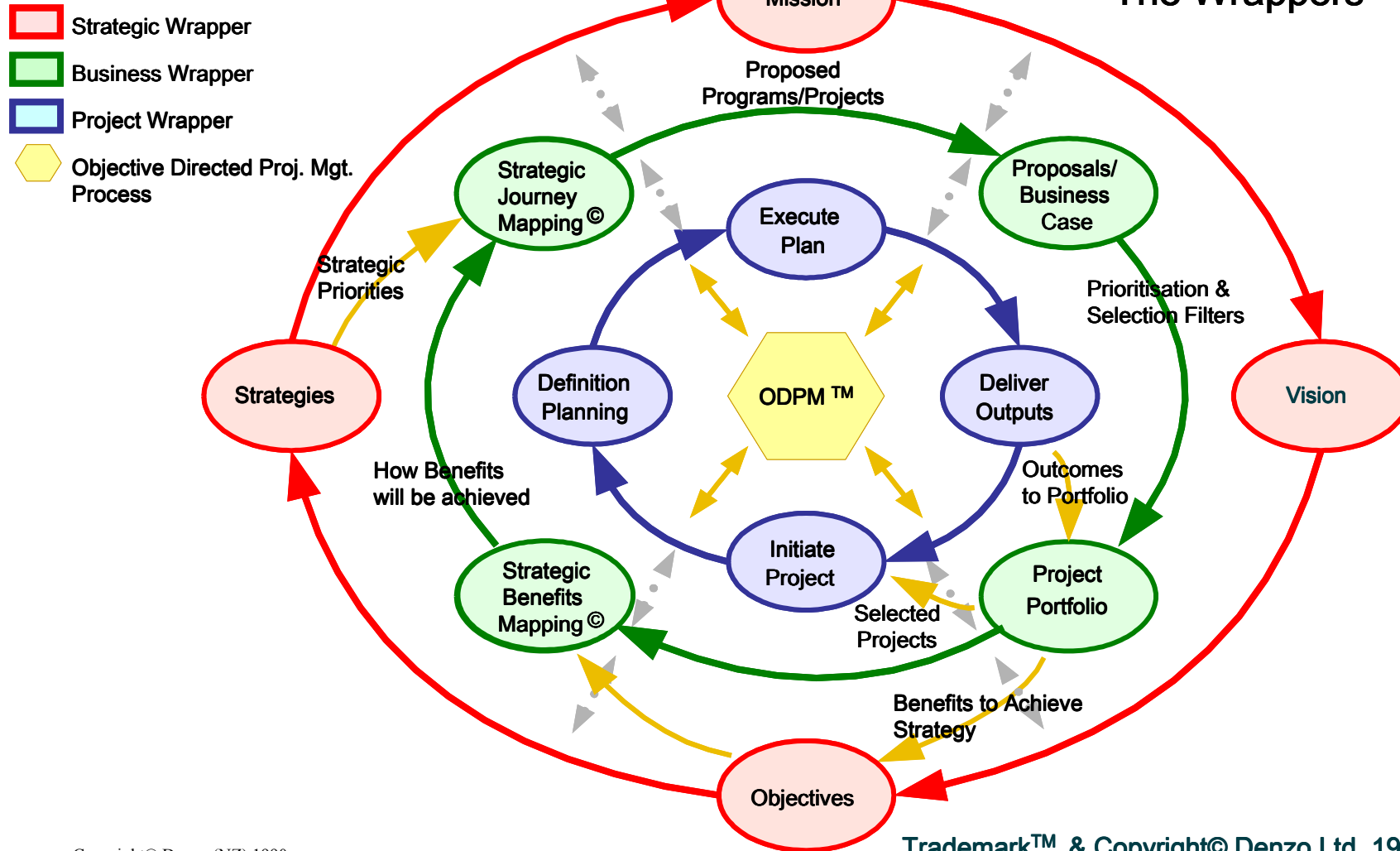
Linking Strategy, Business Objectives & Projects (Maturity Level 4)

The Wrappers™ Model



Linking Strategy, Business Objectives & Project (Maturity Level 4)

The Wrappers™ Model



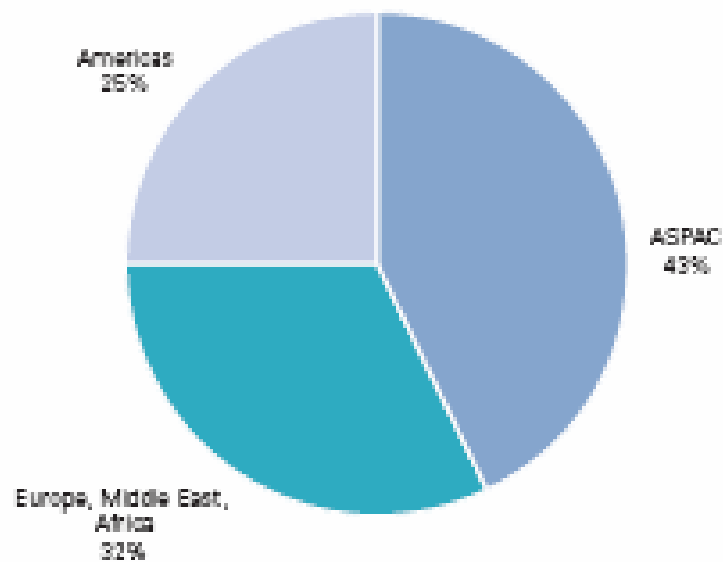
Benefits Management

The absence of benefits management in service organisations has led to the following concerns:

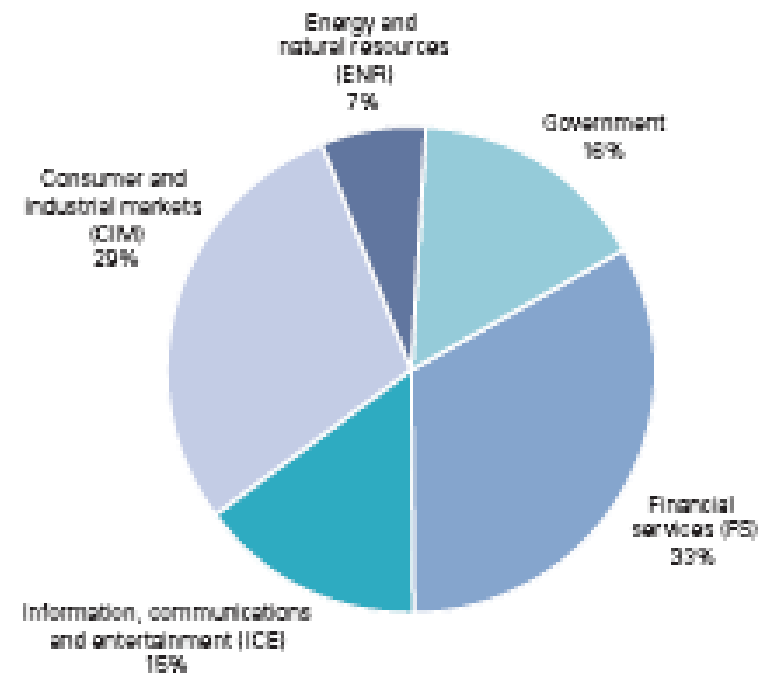
- **multiple initiatives claiming the same benefits (double dipping)**
- **listing of many benefits to justify the investment cases**
- **unidentified benefits and unassigned benefits**
- **strong focus on project management delivery and limited, if any, focus on benefits management**
- **ownership of outcomes/benefits not captured and owners accountability not clear**
- **benefits are not effectively planned, monitored and controlled across the business change life-cycle**

Benefits Management Research Statistics

Participants by region



Participants by industry



**600 Organisations in 22 countries surveyed
Senior and General Managers, Audit Managers,
Programme and Project Managers**

KPMG Global IT Project Management Survey - 2005

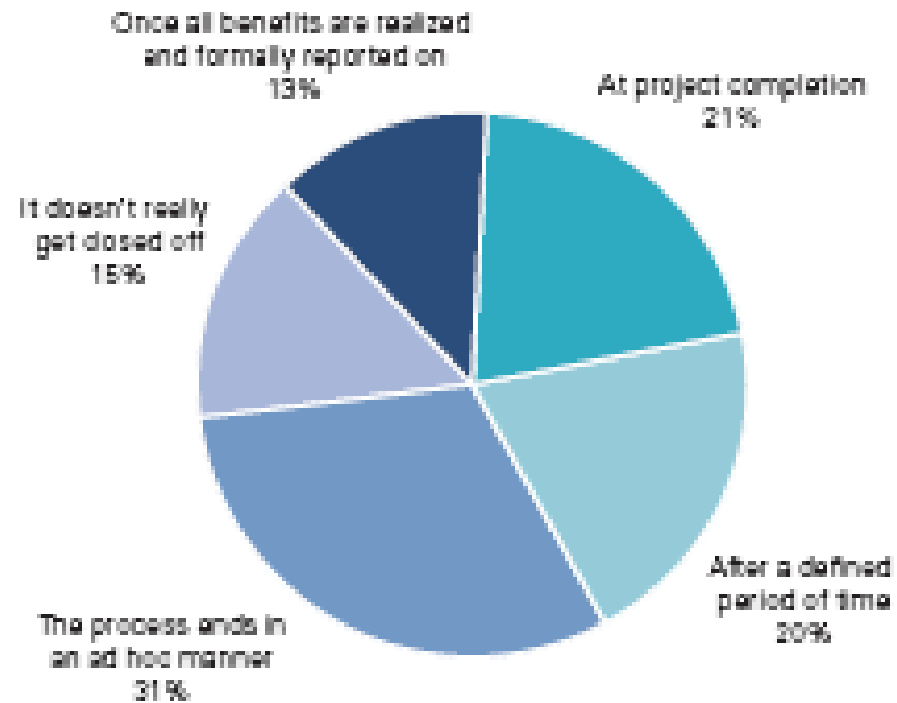
Research Findings

Benefits are poorly defined

- **86% of organisations lost up to 25% of target benefits across their entire portfolio**
- **Only 2% of organisations surveyed achieved targeted benefits all the time**
- **59% of organisations have no or only informal benefits-management process**
- **18% of those who had a formal process stringently enforce it**
- **So, how can 86% claim they only lost 25% of benefits.....The loss may be far greater!**

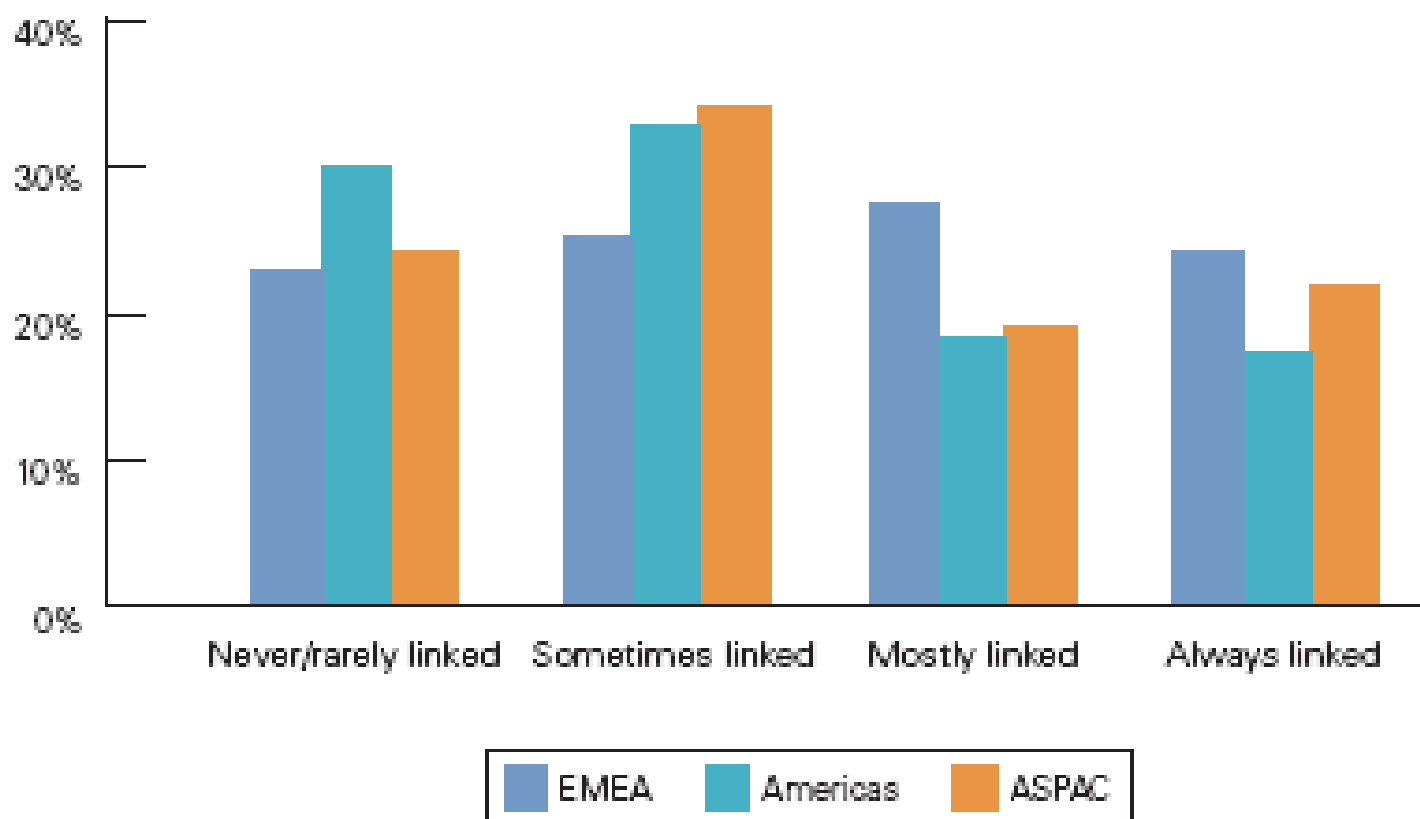
Findings from the Global IT Management Survey

When does the tracking of benefits end?



Benefits and Executive Performance

Project benefits linked to executive performance plans



What is Benefits Management?

A business driven approach:

It consists of an integrated set of principles, processes, tools and techniques for managing realisation of the benefits of the investment in projects and programmes.

Ensuring:

- Investment in change is aligned to the organisational, divisional and business strategy
- Defining explicitly the anticipated benefits and their ownership
- Actively managing towards benefits delivery

It Provides:

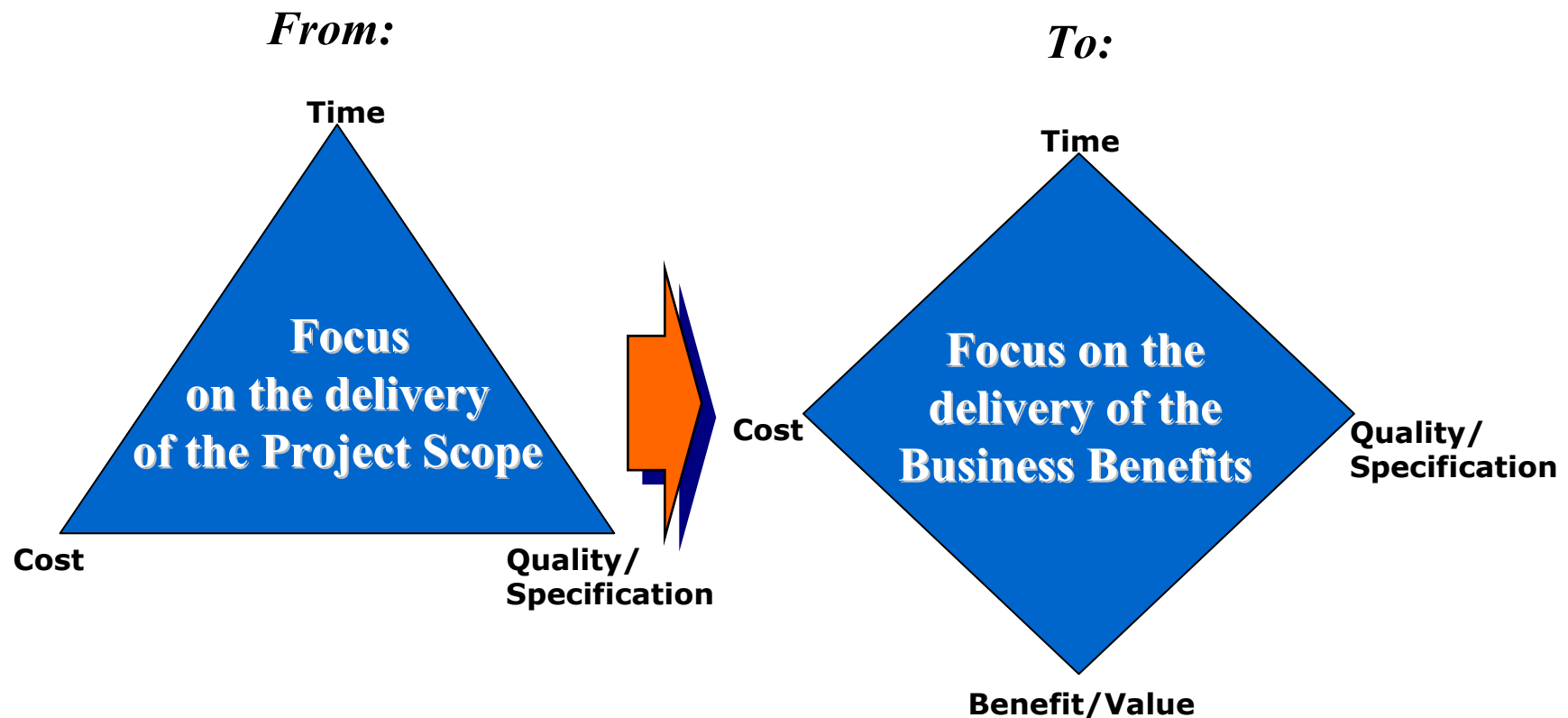
- A consistent method for identifying and assessing the business value from organisational change
- The ability to actively monitor and manage benefits both during and, equally importantly, beyond the project lifecycle
- More robust business cases, i.e. the full scope of the change and benefits / outcomes
- Clear accountabilities for benefits management and realisation
- Realistic measures of benefit and clear relationships with projects

The benefits management processes will supplement and integrate with existing processes for project and portfolio management

Putting a Focus on Value



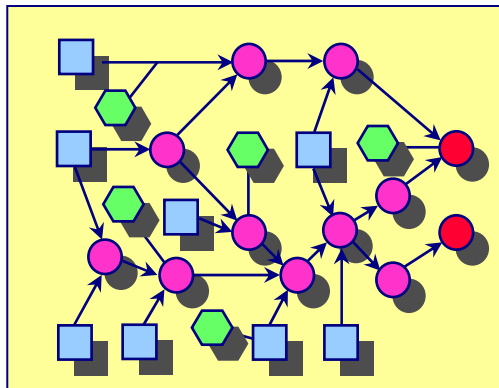
An added dimension to project and programme management - a total life cycle approach based on a new set of principles



Benefits Management Framework

An integrated set of tools and techniques that enable planning, monitoring and control active management of benefits throughout the project lifecycle.

Benefits Map



Benefits Plan

Benefit No 1 :					
Benefit (Outcome) Description	Benefit Owner	Impact of Outcome on approved Business Unit Value Drivers	Value Driver's Impact Per annum	Underlying Assumptions / Risks	
Measurement End		Base Case (starting) value	Benefit Calculation Method	Data Sources for Base Value and for Target Value estimates	Benefit Tracking Mechanism / Frequency
Target Value	Realisation Date				Interim Triggers or Events that will cause the Benefit To be realised
Benefit No 2 :					
Benefit (Outcome) Description	Benefit Owner	Impact of Outcome on approved Business Unit Value Drivers	Value Driver's Impact Per annum	Underlying Assumptions / Risks	
Measurement End		Base Case (starting) value	Benefit Calculation Method	Data Sources for Base Value and for Target Value estimates	Benefit Tracking Mechanism / Frequency
Target Value	Realisation Date				Interim Triggers or Events that will cause the Benefit To be realised

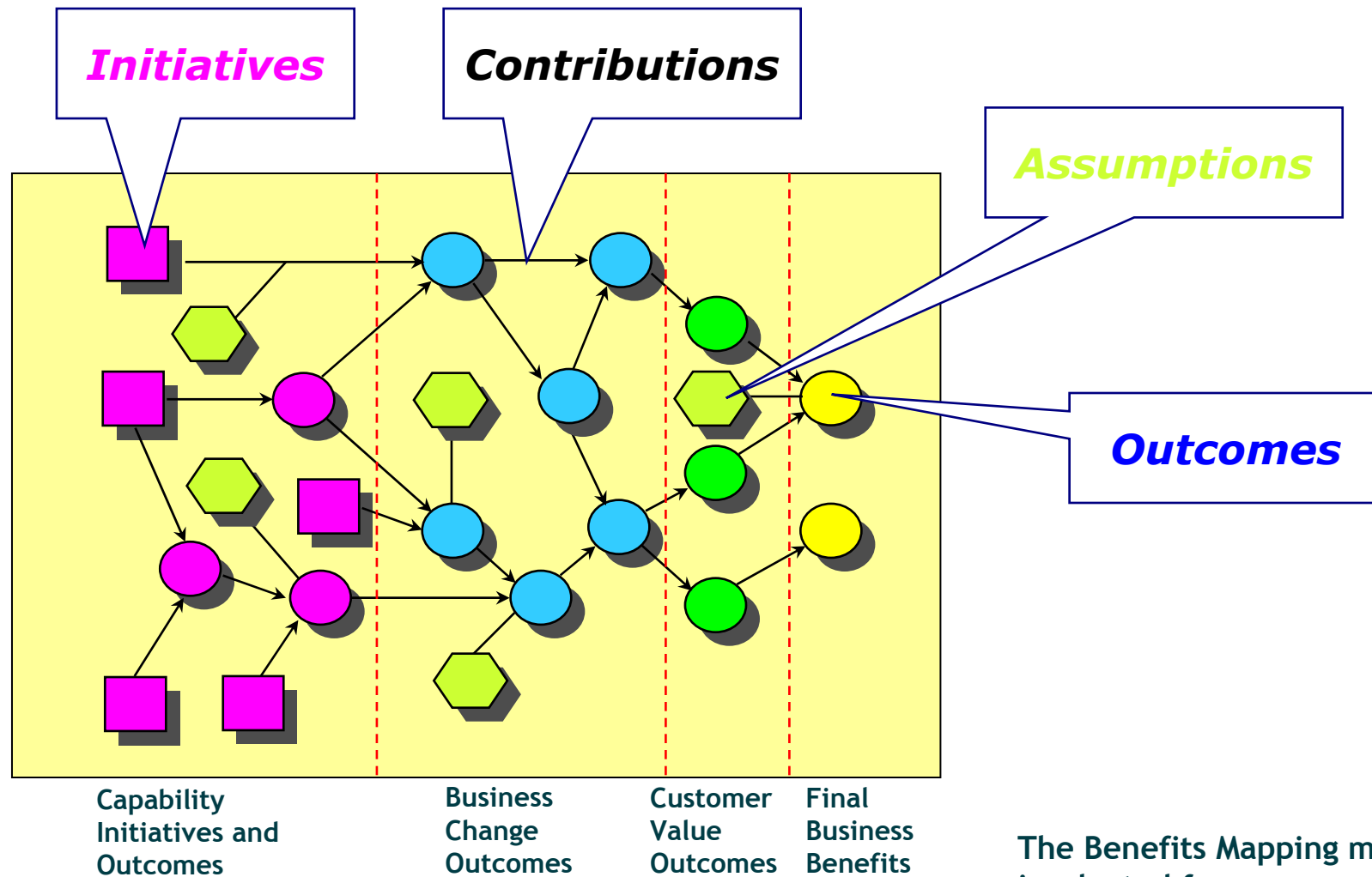
Benefits Report

Benefit (Outcome)	Benefit Owner	Impact of Outcome on approved BU Value Drivers	Financial Year End	Measure End Point	Measure End Date	BSAG Status
1			Baseline Original	2000	2000	Red (Bad Outcome)
			Target	2000	2000	
			Variance	2000	2000	
			2000	2000	2000	
2			Baseline Original	2000	2000	Red (Bad Outcome)
			Target	2000	2000	
			Variance	2000	2000	
			2000	2000	2000	
3			Baseline Original	2000	2000	Red (Bad Outcome)
			Target	2000	2000	
			Variance	2000	2000	
			2000	2000	2000	
4			Baseline Original	2000	2000	Red (Bad Outcome)
			Target	2000	2000	
			Variance	2000	2000	
			2000	2000	2000	

Benefits Register

Benefit No 1 :												
Nature of Benefit / Measure Type	Benefit Owner	Value Driver's Impact Per annum (as per last approved FEM)	Description of Triggers (pre-cursor events) that will cause the Benefit to be realised	Timeline								
				Planned Date	Forecast / Actual Date							
Period	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Baseline												
Original Target												
Revised Target												
Actual / Forecast												
Variance % +/-												
										Variance Approved By / Date		
1)												
2)												
3)												
Benefit No 2:												
Measure Type	Benefit Owner	Value Driver's Impact Per annum (as per last approved FEM)	Description of Triggers (pre-cursor events) that will cause the Benefit to be realised	Timeline								
				Planned Date	Forecast / Actual Date							

Benefits Mapping – Concepts



The Benefits Mapping model is adapted from "The Information Paradox" by John Thorpe

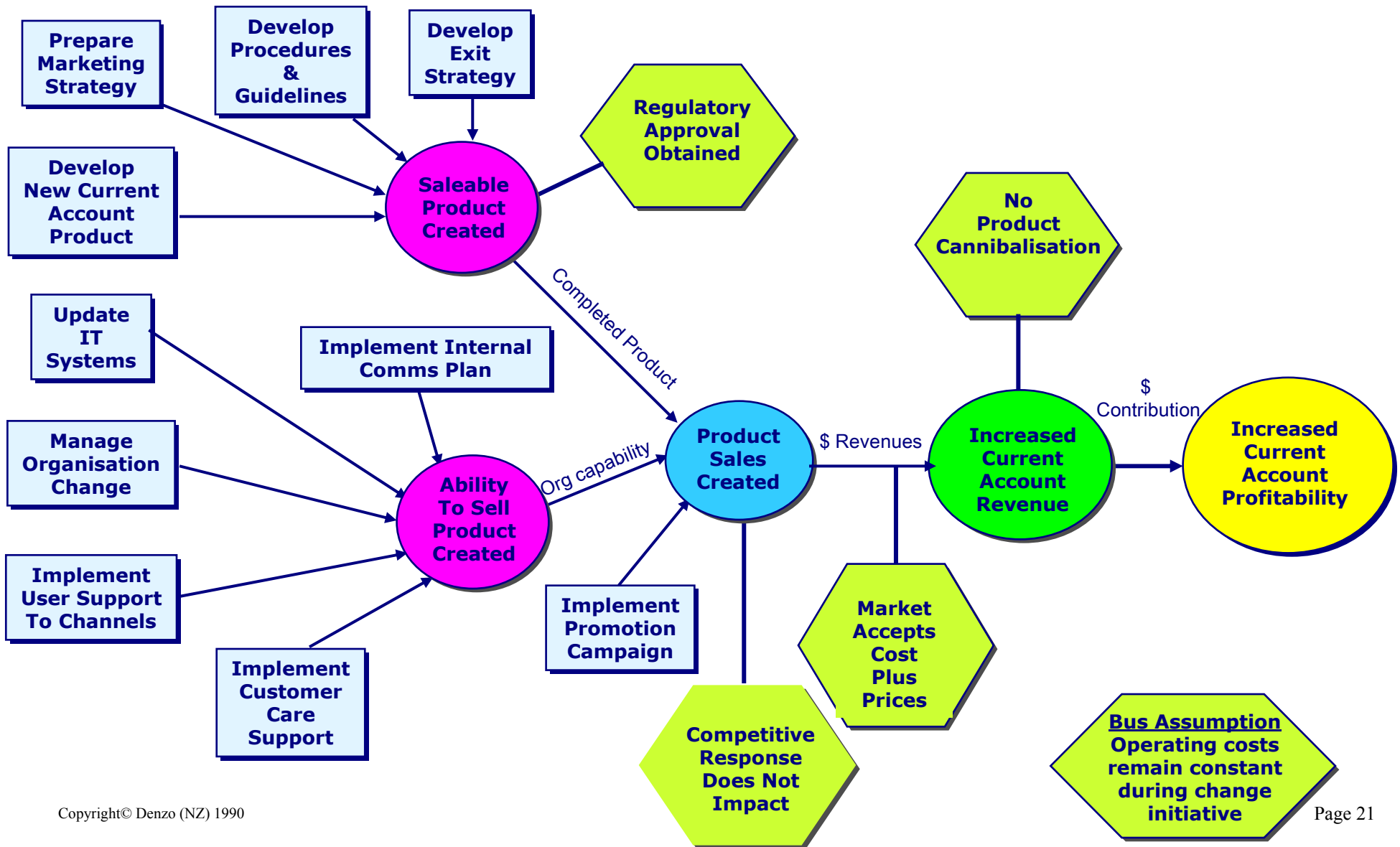
The Benefits Map

- **Explains how benefits happen – the rationale**
- **Helps to identify the initiatives needed to deliver value**
- **Demonstrates strategic alignment**
- **Helps to achieve consensus, commitment and buy-in**
- **Is a powerful communication tool**

The greatest value is in the:

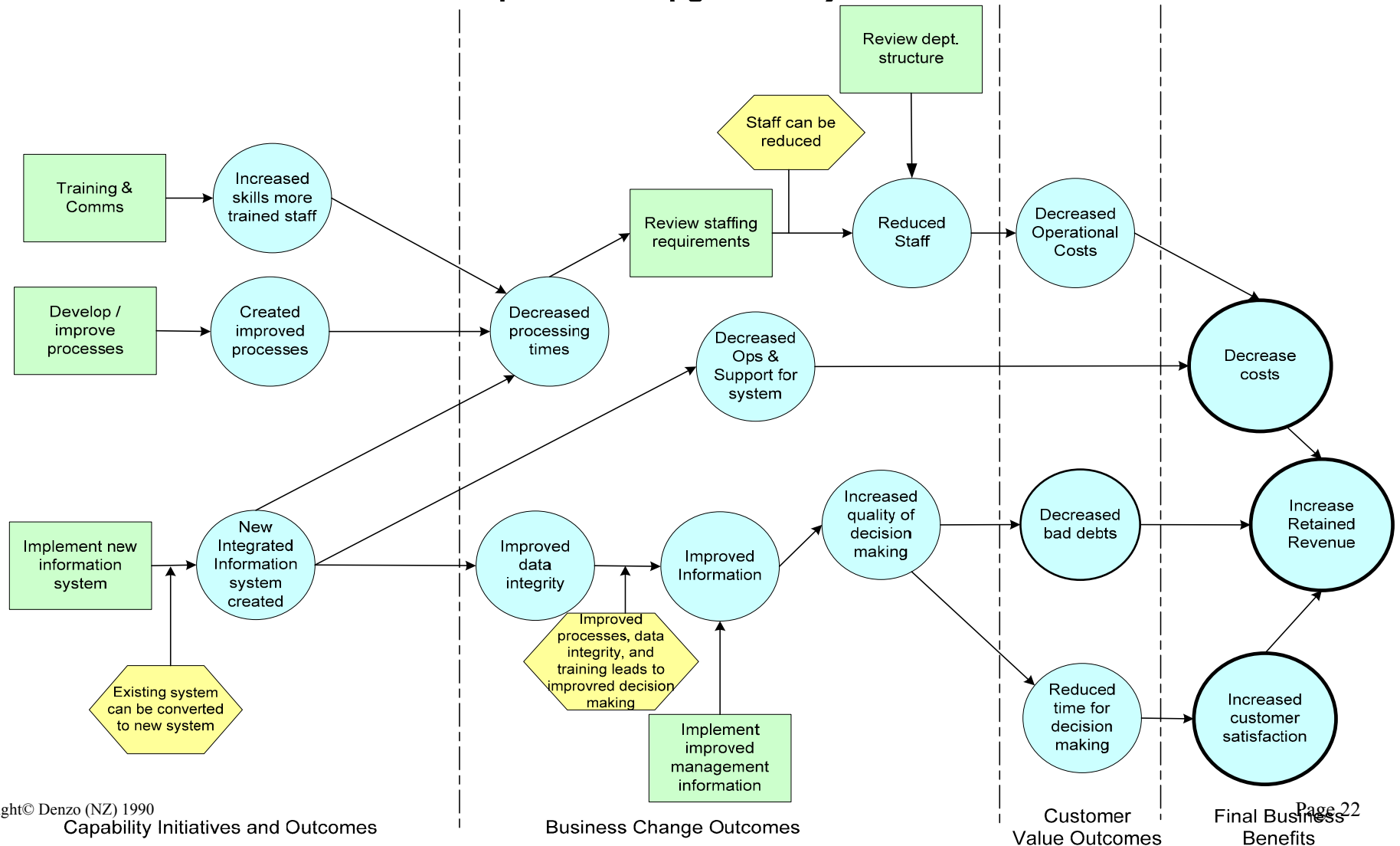
- ☐ **discussion that leads to a common understanding of how value will be delivered, thereby testing the top-down strategic plan**
- ☐ **clear demarcation of what the programme/project boundaries are and what the business changes the business must make to ensure benefits/value is delivered**
- ☐ **clear ownership of a range of outcomes**

A Simple Example



Building a Benefits Map

Benefits Map – Loans Upgrade Project

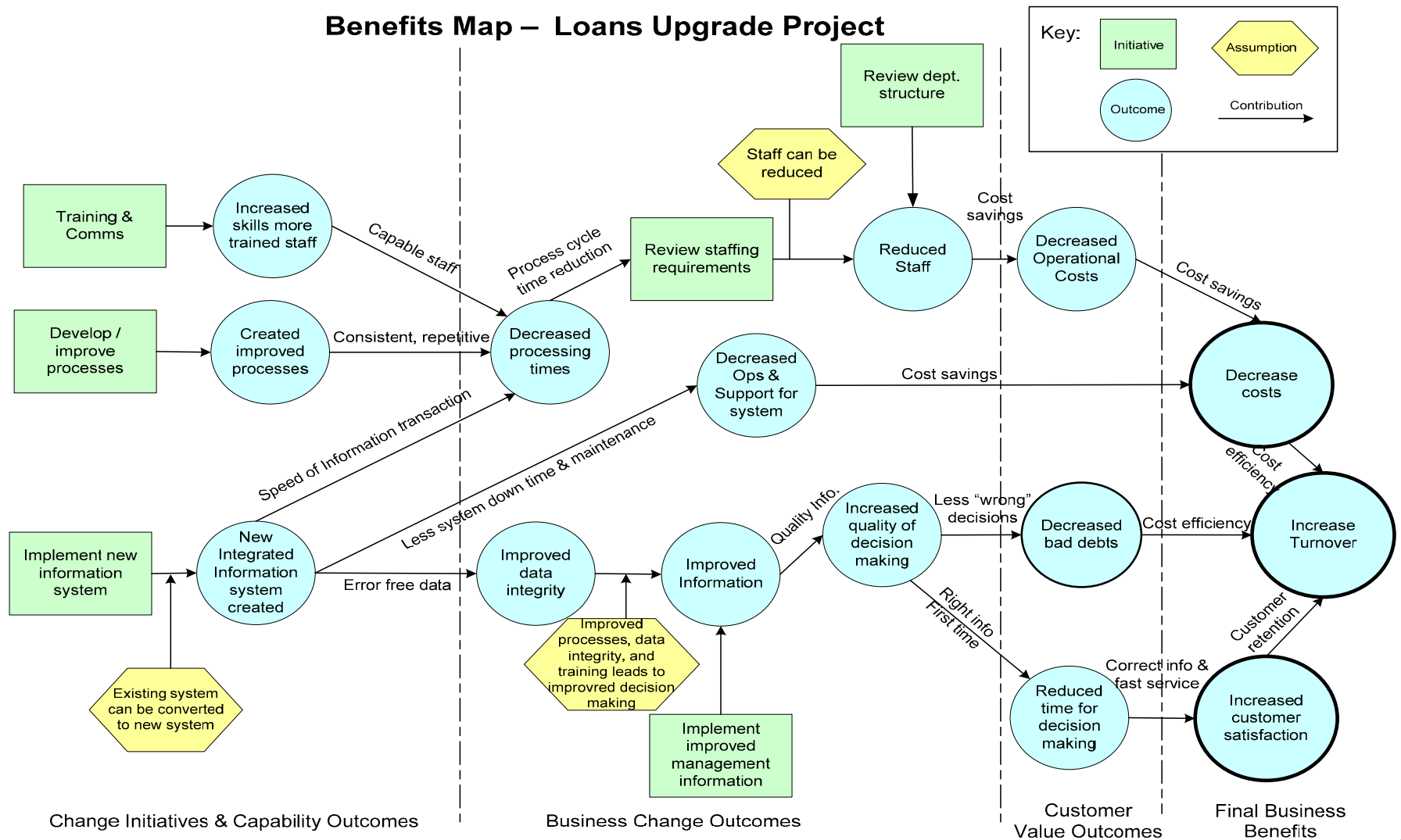


Outcomes Explanation & Examples

Change Initiatives	Capability Outcomes	Business Change Outcomes	Customer Value Outcomes	Final Business Outcomes
Initiatives across people, process, systems, structure, that are required to enable Capabilities Outcomes	Capabilities that are created which on their own do not add business value. Their value is created when incorporated with business functions to create a business capability	Make the changes in process, management, learning, style, approach, orientation, required to achieve desired business outcomes	Achieve objectives intended by the customer value propositions (external and internal customers)	Realise desired position for key business value drivers
<p><i>Example</i></p> <ul style="list-style-type: none"> ■ Build systems to support new business model ■ Build new IT infrastructure ■ Build applications to enable relationship partnering etc... ■ Build skilled people ■ Develop new processes 	<p><i>Example</i></p> <ul style="list-style-type: none"> ■ create business development capability ■ Build converged services bringing system, people, and process change initiatives together ■ Capability to access customer information 	<p><i>Example</i></p> <ul style="list-style-type: none"> ■ Embed customer awareness in organisation culture ■ Market converged services ■ New business model achieved ■ Personalise the customer relationship ■ Achieve mandatory/ regulatory requirements etc 	<p><i>Example</i> Customers believe Organisation is:</p> <ul style="list-style-type: none"> ■ Easy to do business with ■ The best integrator of products and services ■ Most Innovative communications provider ■ Providing value for money ■ Best to meet their overall comms. needs 	<p><i>Example</i></p> <ul style="list-style-type: none"> ■ Achieve leading position in customer services in all markets ■ Maintain organisation market share ■ Increased SME market share ■ Reduced operating costs ■ Achieve sustainable earnings growth

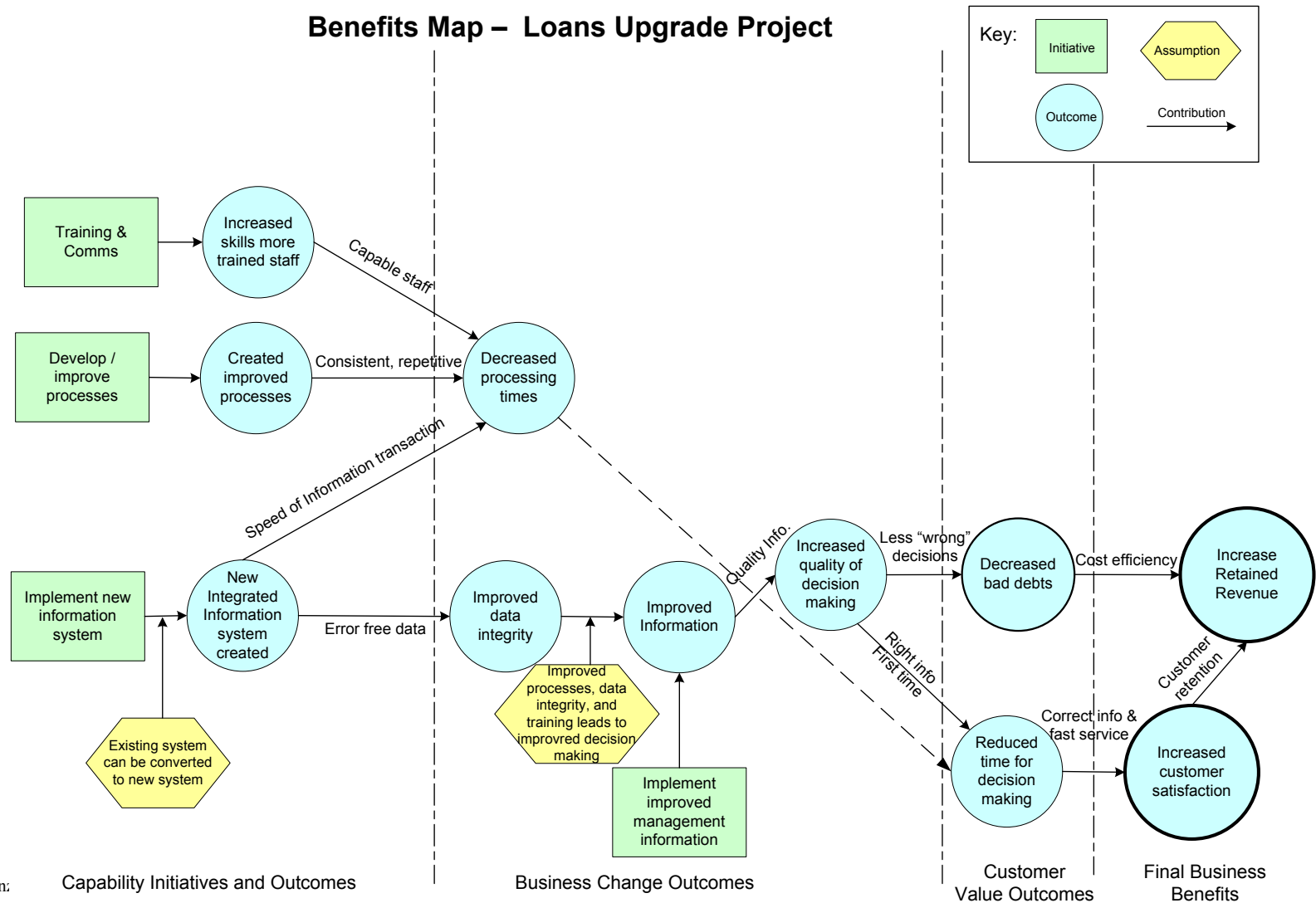
Building a Benefits Map

Benefits Map – Loans Upgrade Project



Building a Benefits Map

Benefits Map – Loans Upgrade Project



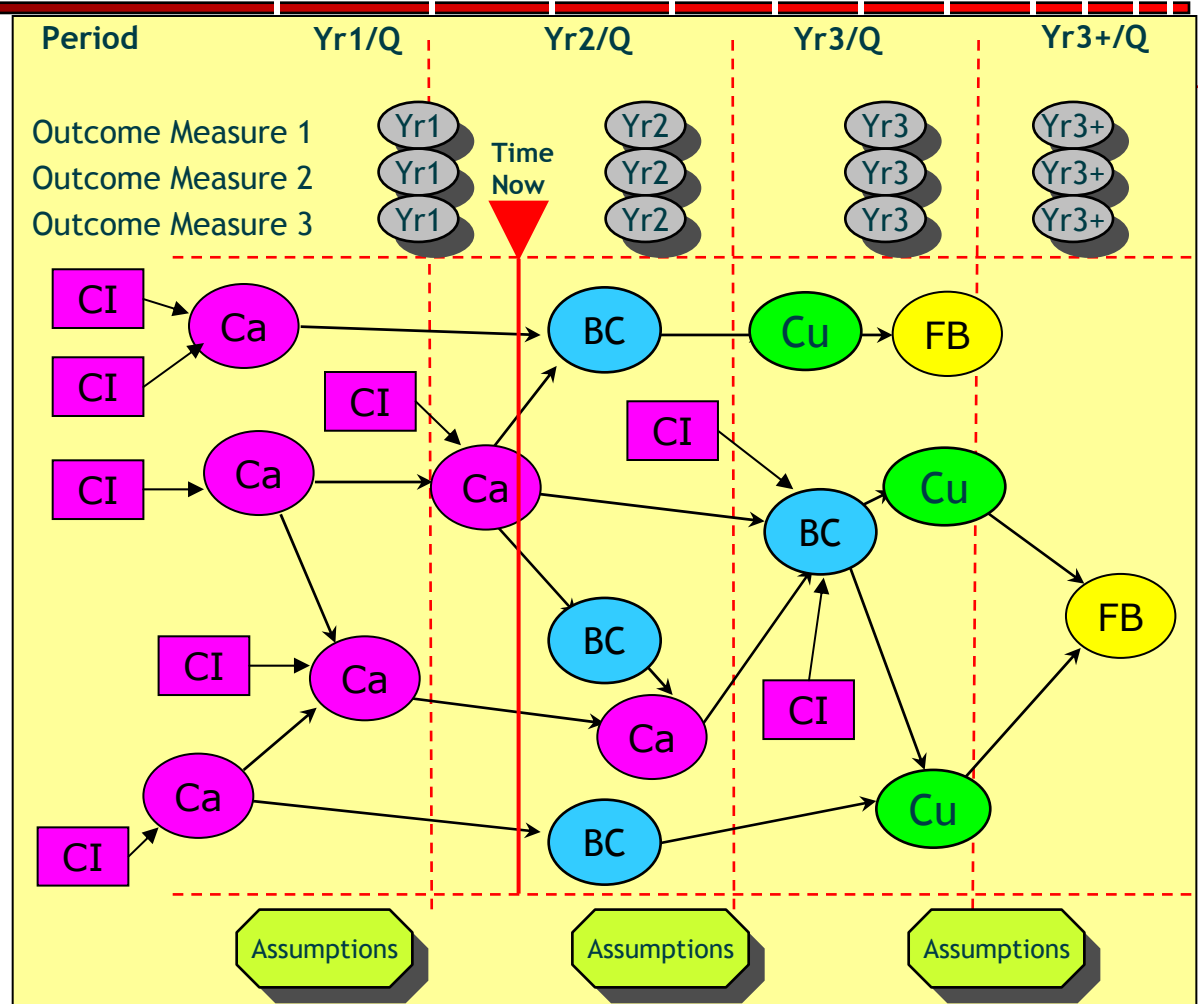
Strategic Deployment

- **The challenge for most organisations is the translation of strategy into a journey providing:**
 - ☞ **Clear understanding of how the strategic objectives will be achieved over time horizons (short, medium and long term)**
 - ☞ **A strategic deployment “line of sight” for the organisation**
 - ☞ **Understanding of the underpinning assumptions critical to delivery of the strategy**
 - ☞ **Clarity on integration of change initiatives and the speed at which they need to deploy to deliver value**

What is a Strategic Journey Map SJM™

A Strategic Journey Map is a visual depiction of the “journey” of unfolding a Benefits Map over time to achieve final Business Outcomes, that:

- Translates time independent outcomes of the Benefits Map into a short, medium and long term journey
- Describes the strategy of how to achieve the Final Business Outcomes
- Indicates progress by articulating the outcome measures to be achieved at time intervals along the journey.
- Provides a basis for communicating the strategic story
- Provides a basis for performance management



CI Capability Initiatives

Ca Capability Outcomes

Cu Customer Outcomes

BC Business Change Outcomes

FB Final Business Outcomes

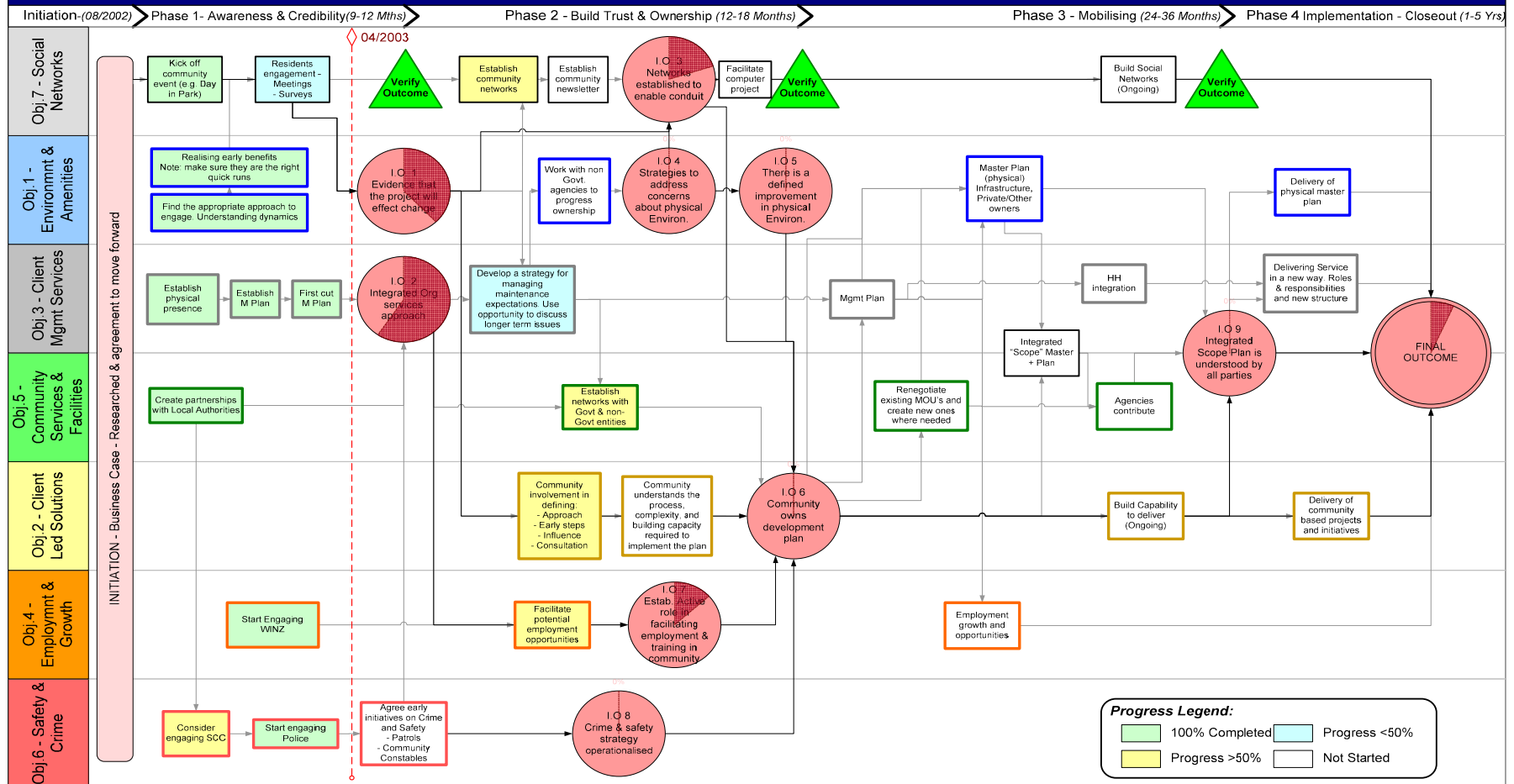
Strategic Journey Mapping SJM©

What are the benefits of a Strategic Journey Map SJM©?

- **powerful way to communicate how benefits will be achieved over time**
- **cross-functional view of the initiatives different business units need to deliver to realize and outcome**
- **top down approach that provides a robust basis for more detailed planning for business change initiatives**
- **accountabilities for delivery of outcomes and initiatives are clearly visible**
- **highlights relationships/dependencies between outcomes and initiatives and assumptions**
- **focuses on measurable outcomes**
- **incorporates assumptions about internal and external conditions of the journey**
- **provides a basis to track high level progress at key measurement points**

Example of a Strategic Journey Map SJM©

Strategic Journey Mapping - Project X: Road Map



Assumption 1
Resources are available to deliver the plan

Assumption 2
Boundaries will have to be flexible in terms of involvement

Assumption 3
Programme will continue to be endorsed by the Sponsor

Assumption 4
Board and CEO will support the Strategy & the SJM Road Map Approach

Assumption 5
Manager will have the authority to influence the speed and direction of both the Re-Development Programme

Assumption 6
Local Authorities align themselves and support the strategy

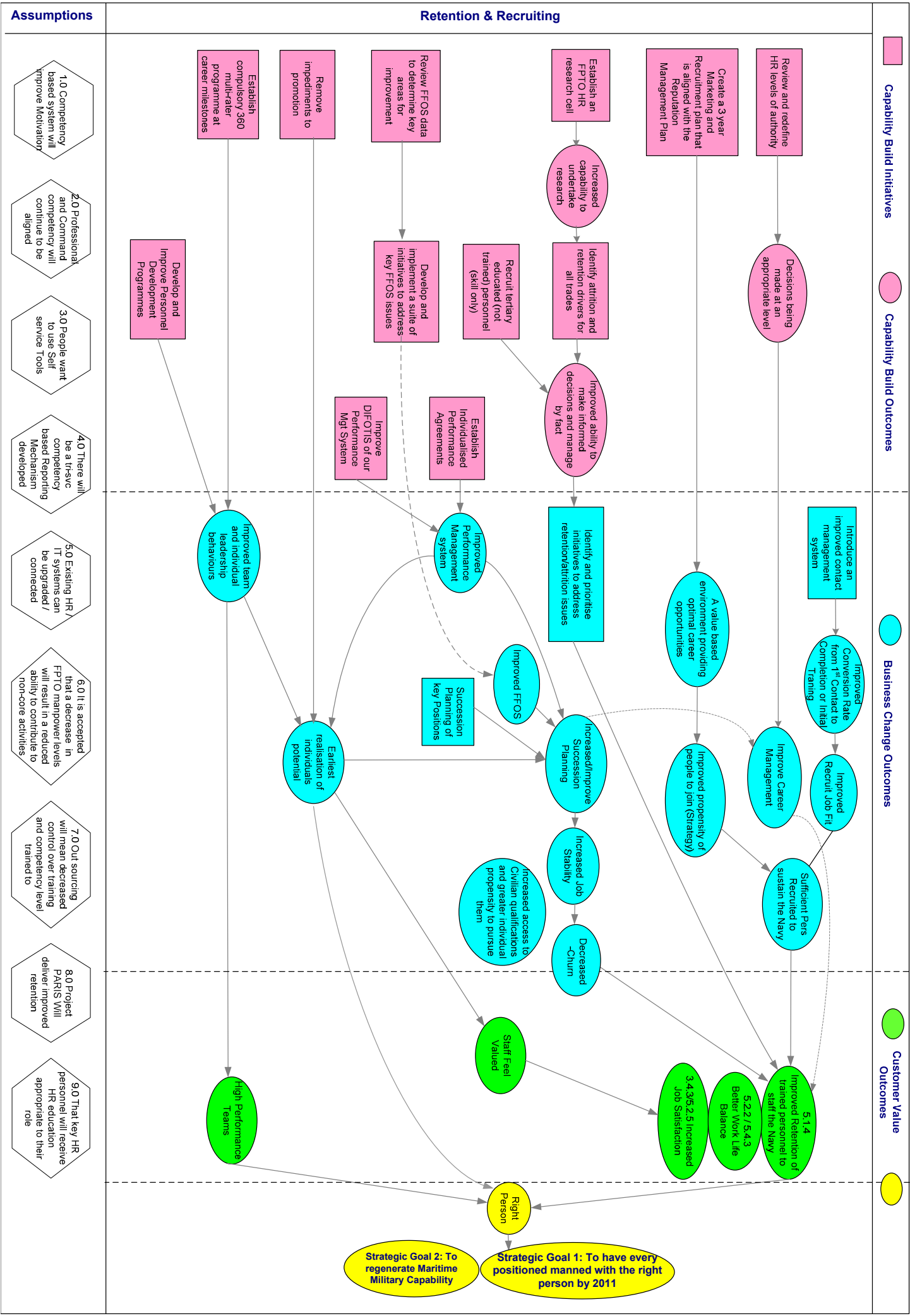
Assumption 7
Business staff are committed and supportive of the business strategy

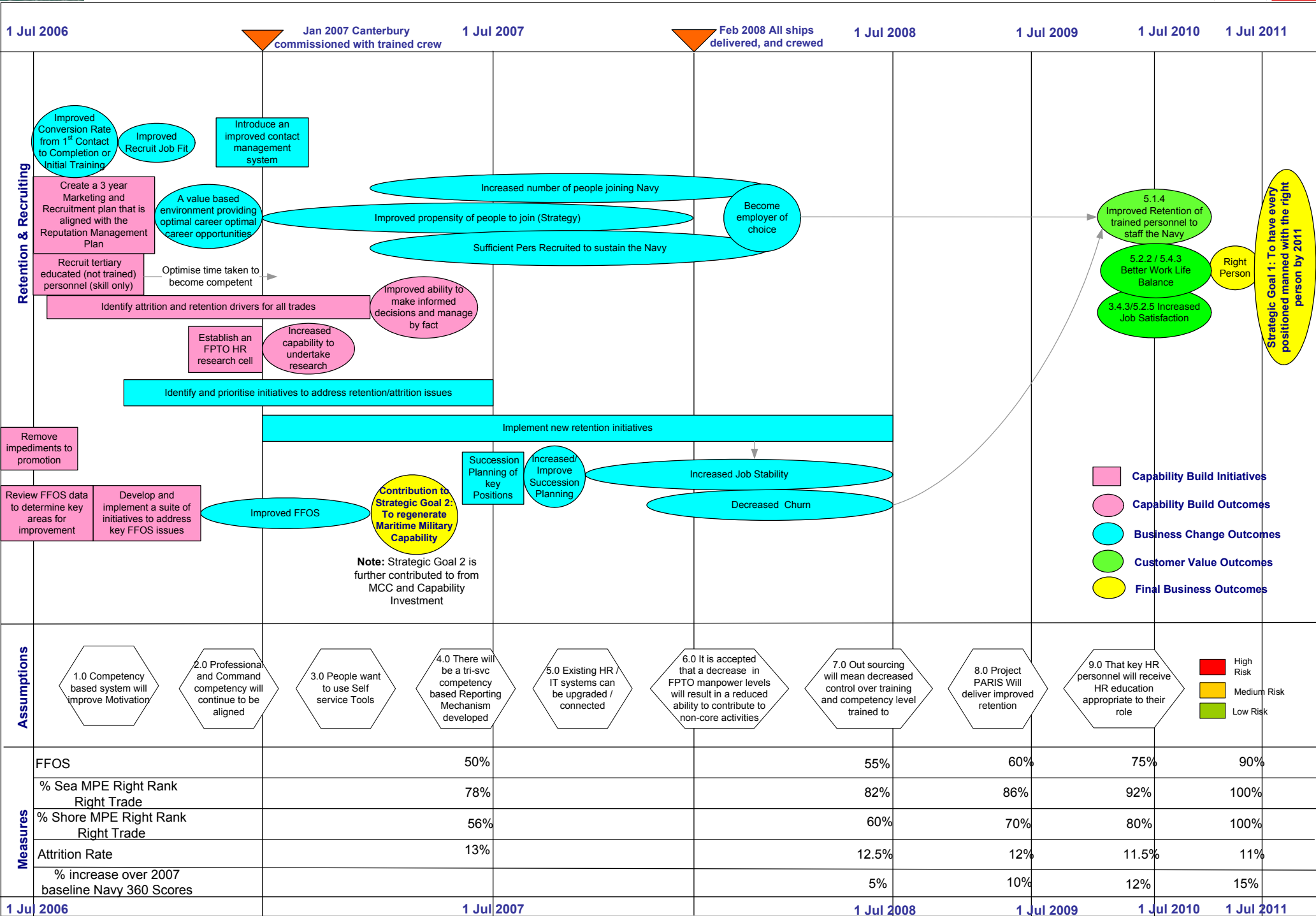
Assumption 8
Funding over and above what is already provided will be made available if required

Assumption 9
Timeframes can be re-negotiated on the basis of client response

Assumption 10
Stakeholder Management strategies can overcome any significant resistance

Assumption 11
Plans are flexible enough to respond to emerging community needs and opportunities in order to maximise project outcomes





Challenges and Success of BM & SJM™ (1)

Observations

- **Executive/Senior Management (Sponsor) level support for Benefits Management is strong – governance and accountability for outcomes/benefits delivery is clear**
- **Business Owner level are more cautious as accountability is sheeted home with benefits measures contracted (Performance Targets)**
- **Programme and Projects managers are cautiously optimistic as they perceive business providing them leadership, but are concerned about being held accountable for managing the benefits management process**
- **Business Analysts are playing Benefits Manager roles in support of Business Owners**

Challenges and Success of BM & SJM™ (2)

■ Challenges around:

- ☞ **Mandatory project benefits (value-add vs no value)**
- ☞ **Impact of other initiative benefits**
- ☞ **Avoidance of double dipping on benefits**
- ☞ **How long should benefits be tracked**
- ☞ **Changes in Sponsors and Business Owners – who is accountable**
- ☞ **Steering committees that disappear when a programme/project is completed – what happens to benefits monitoring**
- ☞ **External impacts on benefits**
- ☞ **Challenges of measuring and attributing non \$ benefits**
- ☞ **Benefits Management requires sound baselines against which promised outcomes/benefits improvement is measured (mechanisms)**
- ☞ **Differences between Business Project Managers and Technical Project Managers**
- ☞ **Strategic infrastructure projects – how are these handled?**



Challenges and Success of BM & SJM™ (3)

■ Success achieved:

- **Mandatory projects benefits are evident**
- **Sponsors report that their understanding of Business Cases in increased considerably and approval process shortened**
- **Sponsors level of confidence in Business Cases is improved**
- **Business Owners are better able to understand how benefits will be achieved in their business areas, and hold others accountable for delivery of outcomes that will lead to the benefits**
- **Stakeholders across the business are more easily engaged around business outcomes through a Benefits Map**
- **BM and SJM© is valued by PMs as it provides them with a holistic picture of the change initiative and how their programme/project fits in**
- **Reporting at Governance level is now focused on “are we doing the right things and are we getting the promised business benefits/value” rather than “how well is the project going”**
- **Stakeholder engagement and communications has improved considerably**

Questions/Discussion

■ **Any Questions on the presented material and concepts?**

■ **Thank you for your attendance!**

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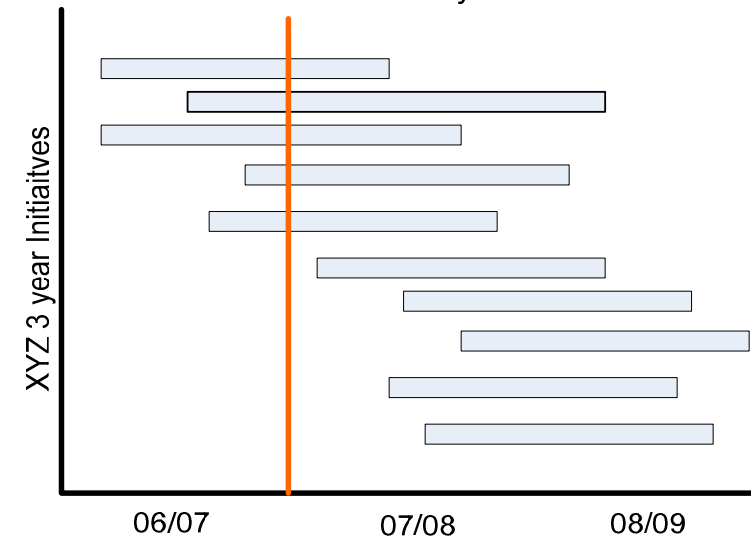
Basic Understanding of Portfolio Mgt

Candidate Initiatives for
next three years

	<u>Capital Spend (3 year)</u>		
	<u>06/07</u>	<u>07/08</u>	<u>08/09</u>
MD	xxxx	yyyy	zzzz
PD	xxxx	yyyy	zzzz
TS	xxxx	yyyy	zzzz
MS	xxxx	yyyy	zzzz
S&O	xxxx	yyyy	zzzz
BD	xxxx	yyyy	zzzz
BS	xxxx	yyyy	zzzz
FS	xxxx	yyyy	zzzz

Capex Spending Prioitisation

CEO's Initiative Bar Chart
- three years



CEO and GM Prioritise Initiatives for Capital Spend 06/07 – 08/08

- Prioritisation influenced by GM 's understanding of priorities
- Lack of clarity around desired outcomes (Strategic End Goals/ Objectives) creates difficulty in determining priorities
- The Must Do mandatory initiatives will be clear
- Priorities around discretionary initiatives will be difficult

Capital Spend 05/06

- Where are we now?
- What will we deliver?
- What will not be delivered?
- What needs to continue (Must Do) in 06/07
- Which initiatives will we continue (Discretionary)
- What will we STOP!

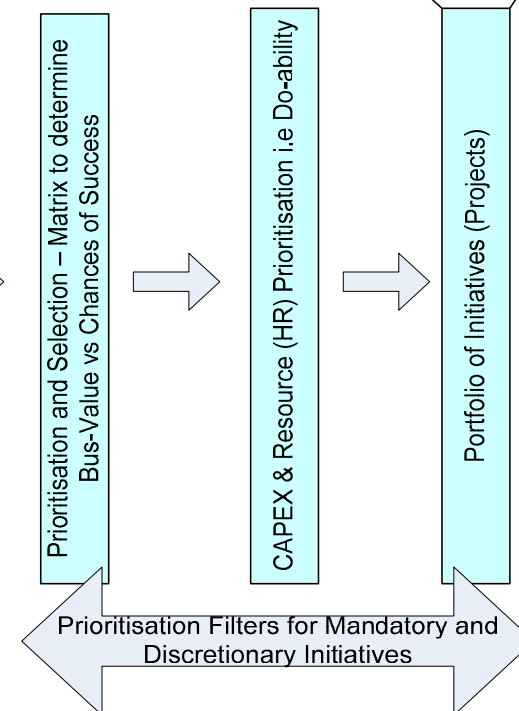
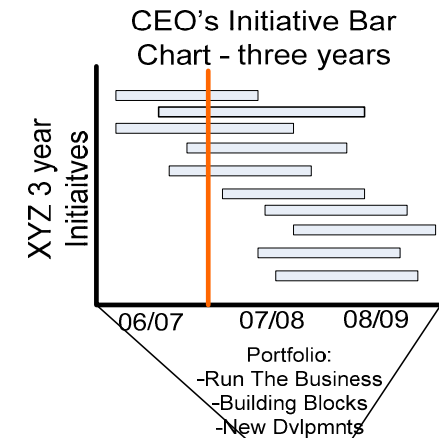
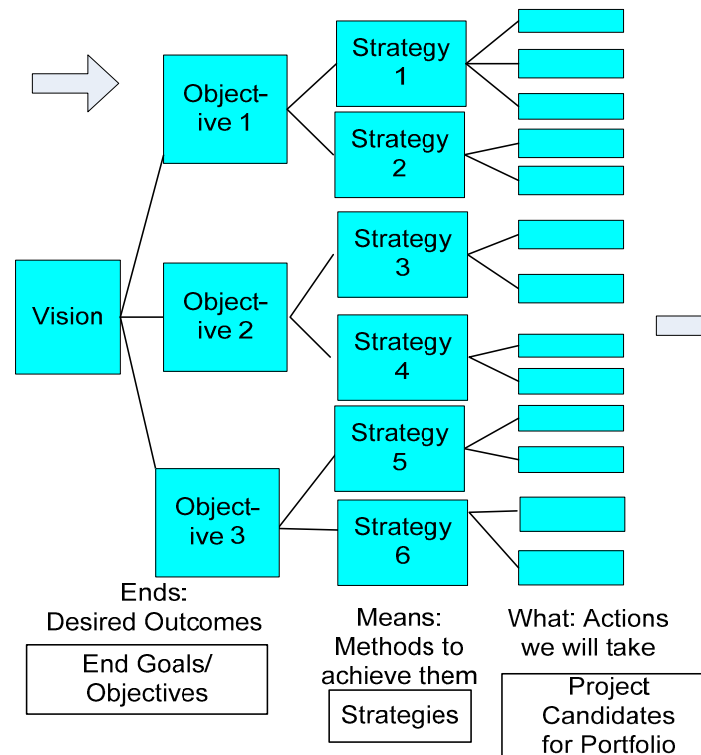
Next Level of Portfolio Mgt. understanding

Candidate Initiatives
for next three years

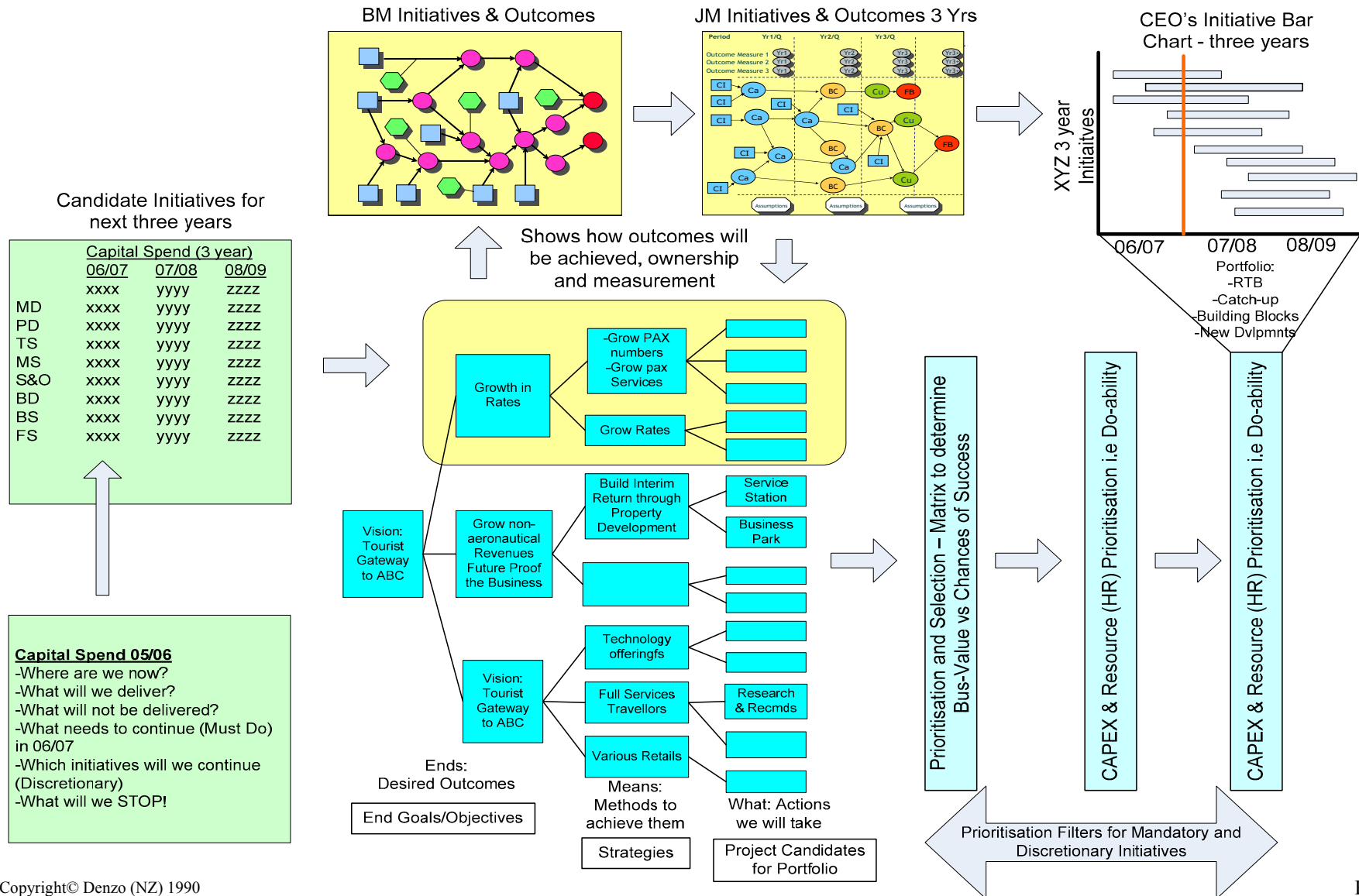
Capital Spend (3 year)			
	06/07	07/08	08/09
	xxxx	yyyy	zzzz
MD	xxxx	yyyy	zzzz
PD	xxxx	yyyy	zzzz
TS	xxxx	yyyy	zzzz
MS	xxxx	yyyy	zzzz
S&O	xxxx	yyyy	zzzz
BD	xxxx	yyyy	zzzz
BS	xxxx	yyyy	zzzz
FS	xxxx	yyyy	zzzz

Capital Spend 05/06

- Where are we now?
- What will we deliver?
- What will not be delivered?
- What needs to continue (Must Do) in 06/07
- Which initiatives will we continue (Discretionary)
- What will we STOP!



Advanced level of Portfolio Understanding



What are organisations doing?

- **Elements of corporate/strategic governance are present**
- **Strategic processes are well established and mature in many organisations**
- **Project management maturity is growing and playing an increasing important role in deployment of strategy**
- **Some organisations have implemented portfolio management, often from a bottom up approach and cost optimization perspective**
- **Value Management is emerging and playing an increasingly important role in corporate governance**



What can Programme/Project Management Contribute (1)



- Understand the business value creation process and how programs and projects contribute to benefits realisation
- Understand the corporate governance process and the interfaces with program and project management
- Assist business owners to actively manage benefits realisation as a continuous process from “opportunity to outcomes©”
- Acquire benefits management process skills to assist sponsors and business owners in developing and delivering rational business cases
- Assist the business by facilitating development of benefits maps, plans, and reports
- Manage the creation of capability outputs and continually verifying if benefits are still valid and achievable

Organisational Challenge Moving Forward

- **Building the Business Wrapper as part of Value/Portfolio Management and Corporate Governance**
- **Understand that the Wrappers requires Dynamic Performance Management underpinned by rolling budget forecasting**
- **Building senior management's understanding around change programs, their roles and accountabilities, and what processes and information will enable sound governance**
- **Developing portfolio, program and project management capability to effectively deploy strategies, harvest benefits, and deliver value**

Business Case category considered

The following graph indicates the percentage of organizations considering each category when developing business cases.

