



Implementing Benefits Management

....can cost management methods improve through-life benefits management?

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AWE plc
February 2012



Agenda

- The context
- Benefits Management Overview
- The burning issue
- Ways forward

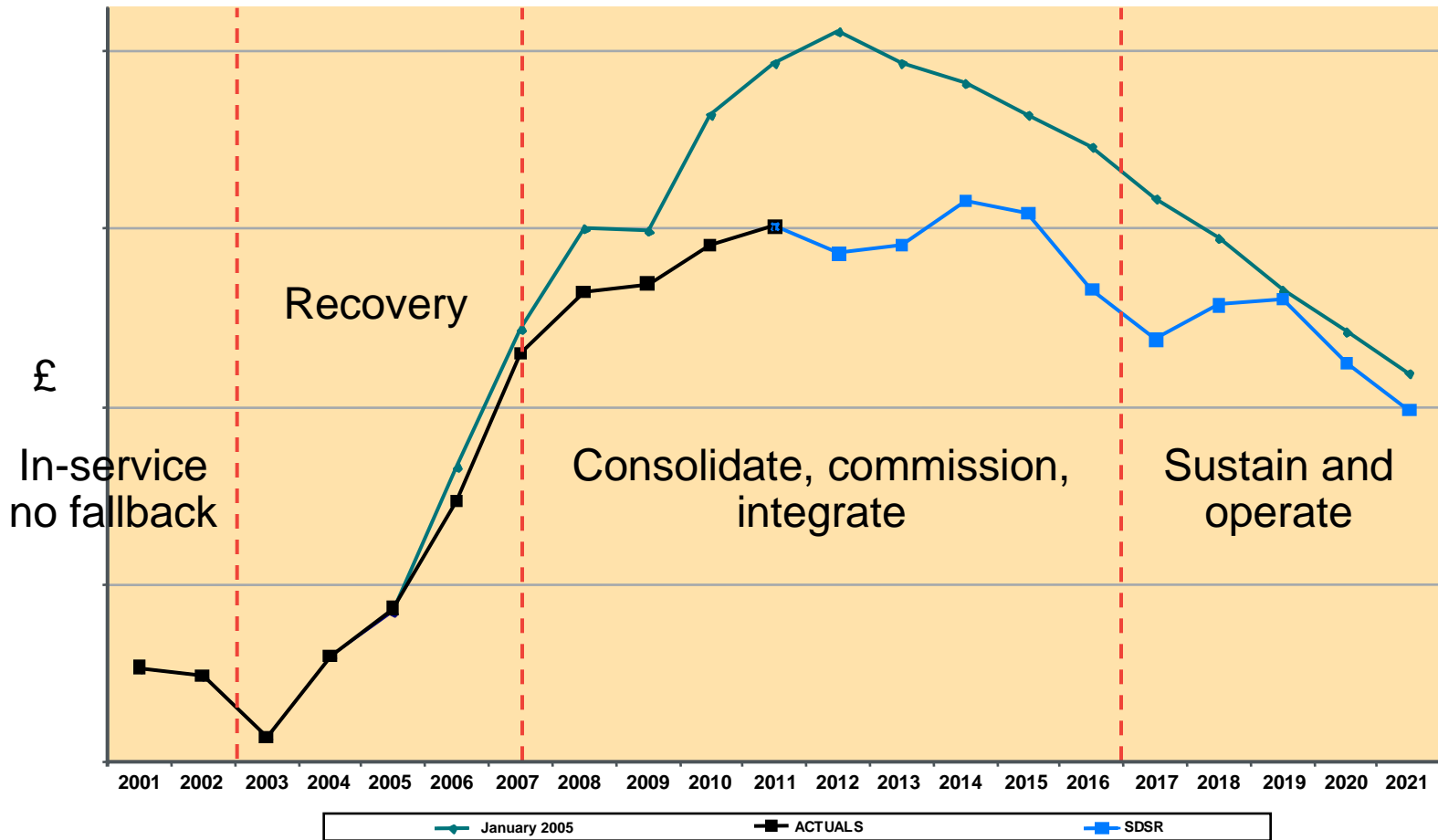
AWE plc.

- A provider of nuclear security products and services to the UK Government.
- Established in 1951; MoD GOCO since 1993.
- Parents: Jacobs; Lockheed Martin; and Serco; MoD has *golden* share.
- Manufacturing, Engineering, Science, Safety, Security, Regulators.
- Large, long term programmes and projects.
- The AWE mission:
 - Maintain safe and secure operations
 - Maintain UK national capability – in an enduring, affordable and sustainable fashion
 - Maintain and certify stockpile (Trident)
 - National Emergency Response arrangements
 - Decommission redundant warheads
 - Decommission redundant facilities and remediate environmental legacy





The Nuclear Weapons Capability Sustainment Programme





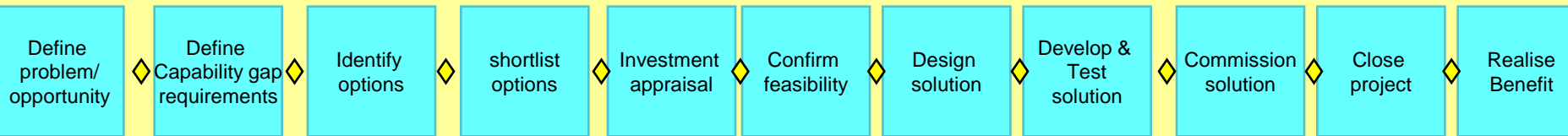
AWE's Investment Sanction Process

AWE's Generic Delivery Process

Choose the right solution

Deliver the solution

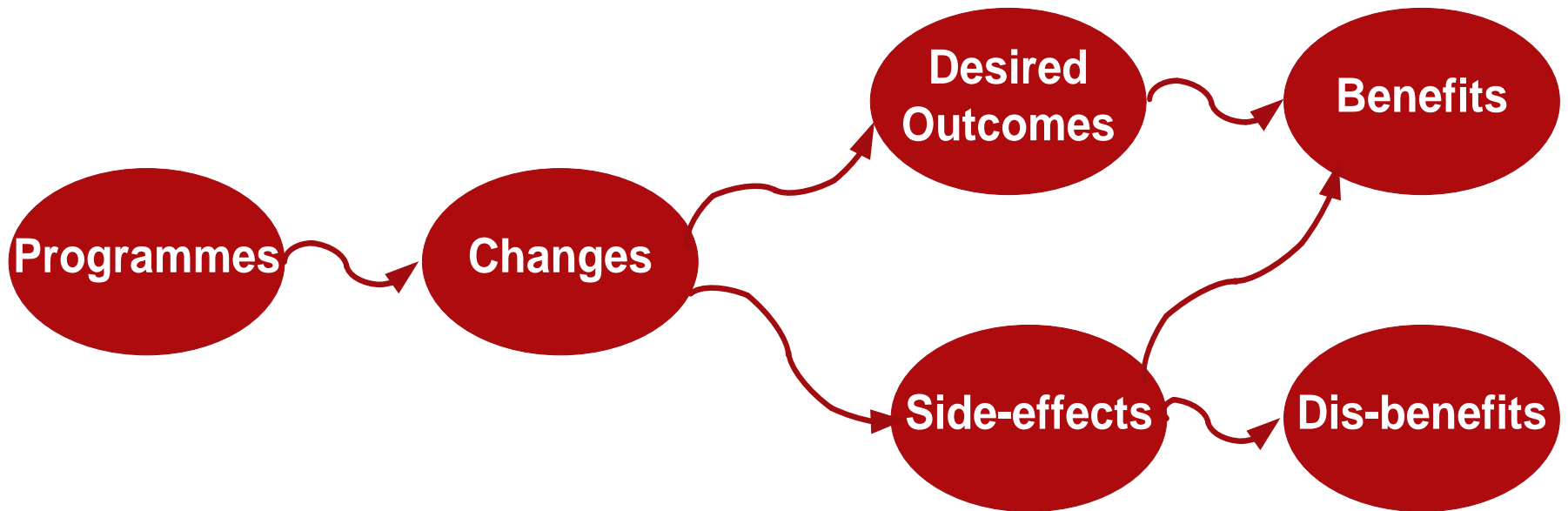
Realise Benefits



Sanctioning



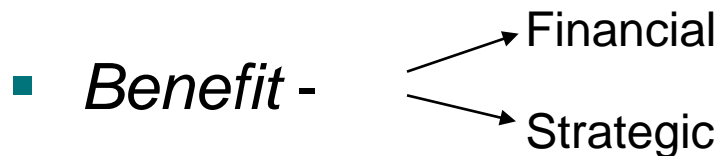
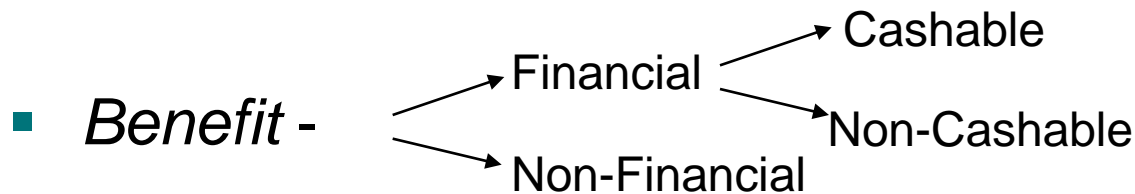
Benefits And The Change Process





What do we mean by benefits?

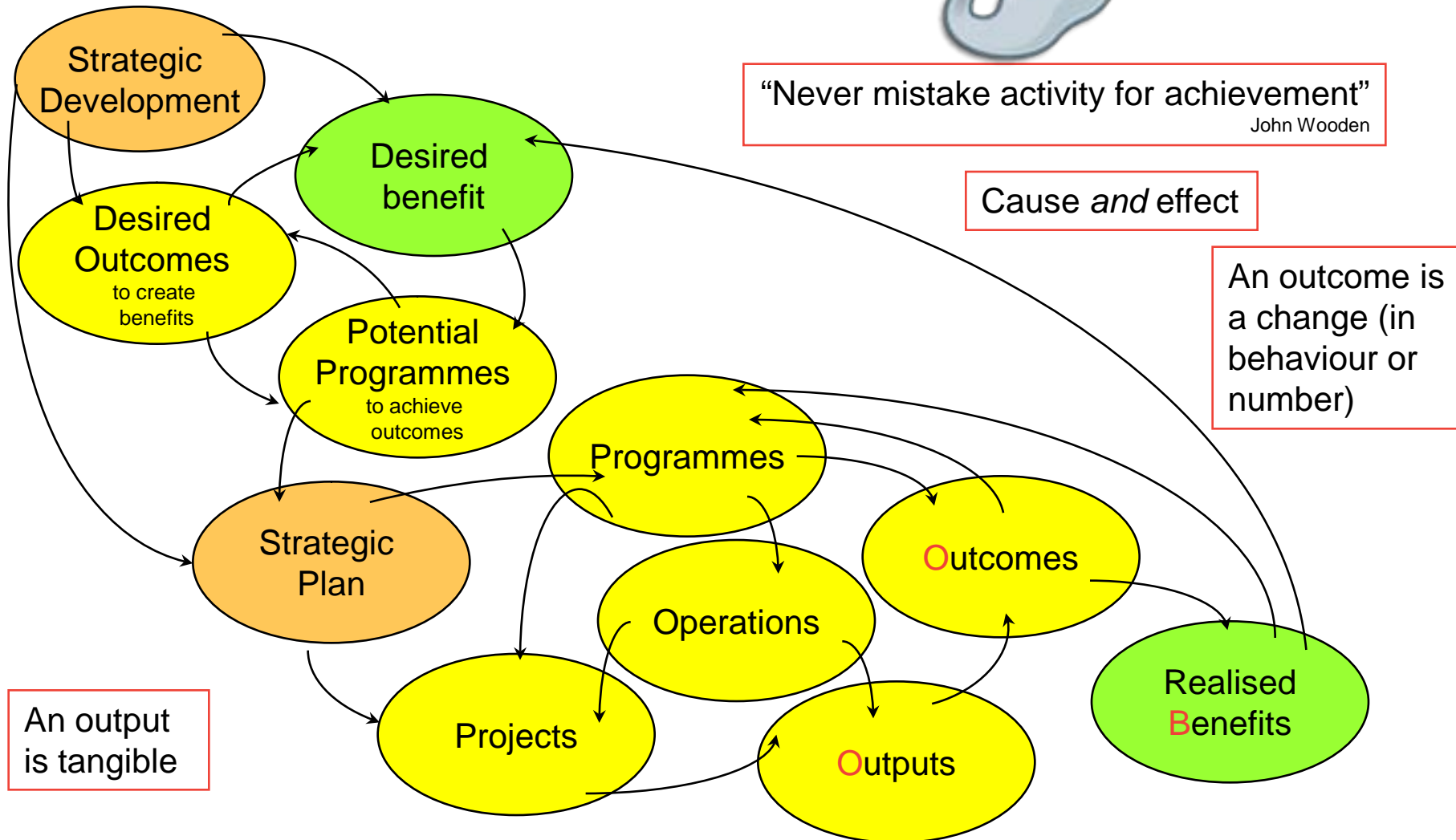
- *Benefit* - the single reason why we undertake change¹
- *Benefit* - a measurable addition of value²
- *Benefit* - an advantage on behalf of a stakeholder
- *Benefit* - an outcome of change considered positive by an interested party¹



1. Gerald Bradley, Benefits Realisation Management, 2010, Gower
2. Citi Limited 2011



Benefits – the strategic context



Benefits roles in AWE



■ Sponsor

- SRO – Executive Champion
- Study Manager
 - Represents the SRO
 - Leads and manages projects/studies to define programmes, projects and problems
 - Leads and manages the identification and appraisal of potential solutions to determine their merits and identify those that offer best value for money
 - Defines and assesses benefits and how they are to be measured and realised
 - Develops business cases and secures sanction for the required investment
- Business Change Manager
 - Represents the organisation that is to receive and deploy the outputs of projects and deliver the benefits
 - Supports the programme manager in ensuring that the organisation is ready to receive and deploy the outputs of projects
 - Owns the business case and establishes and executes the benefits realisation plans and demonstrates and reports on achievements

■ Programme Manager

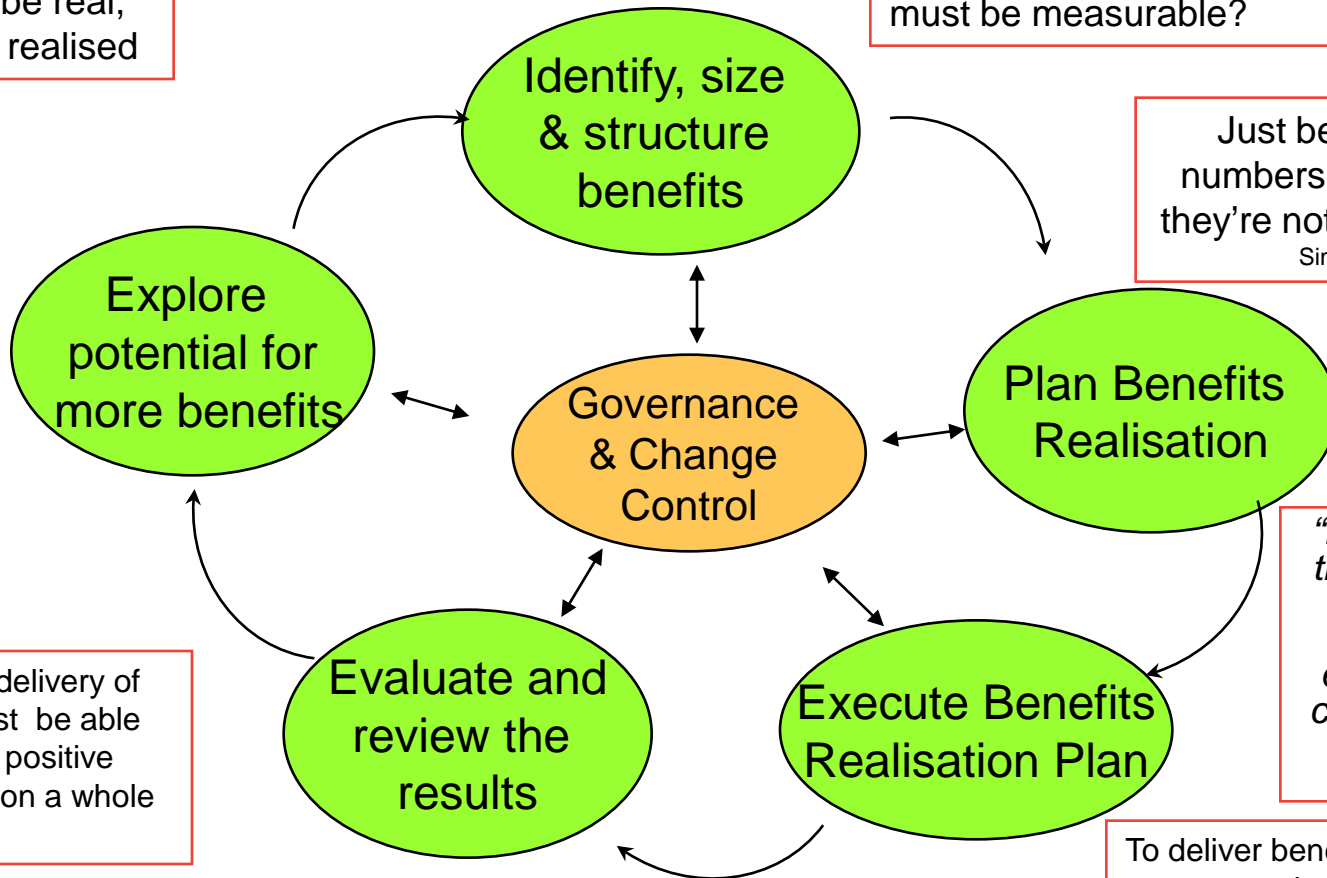
- Responsible for delivery of new capability through the management of projects (managers)
- Enables effective delivery of programme benefits/outcomes
- Ensures adherence to all governance strategies.

Benefits are rarely what you planned.....

Benefits must be real, realisable and realised

For benefits to be realisable they must be measurable?

Just because they're numbers doesn't mean they're not pure fantasy!
Simon Caulkin Jan 2012

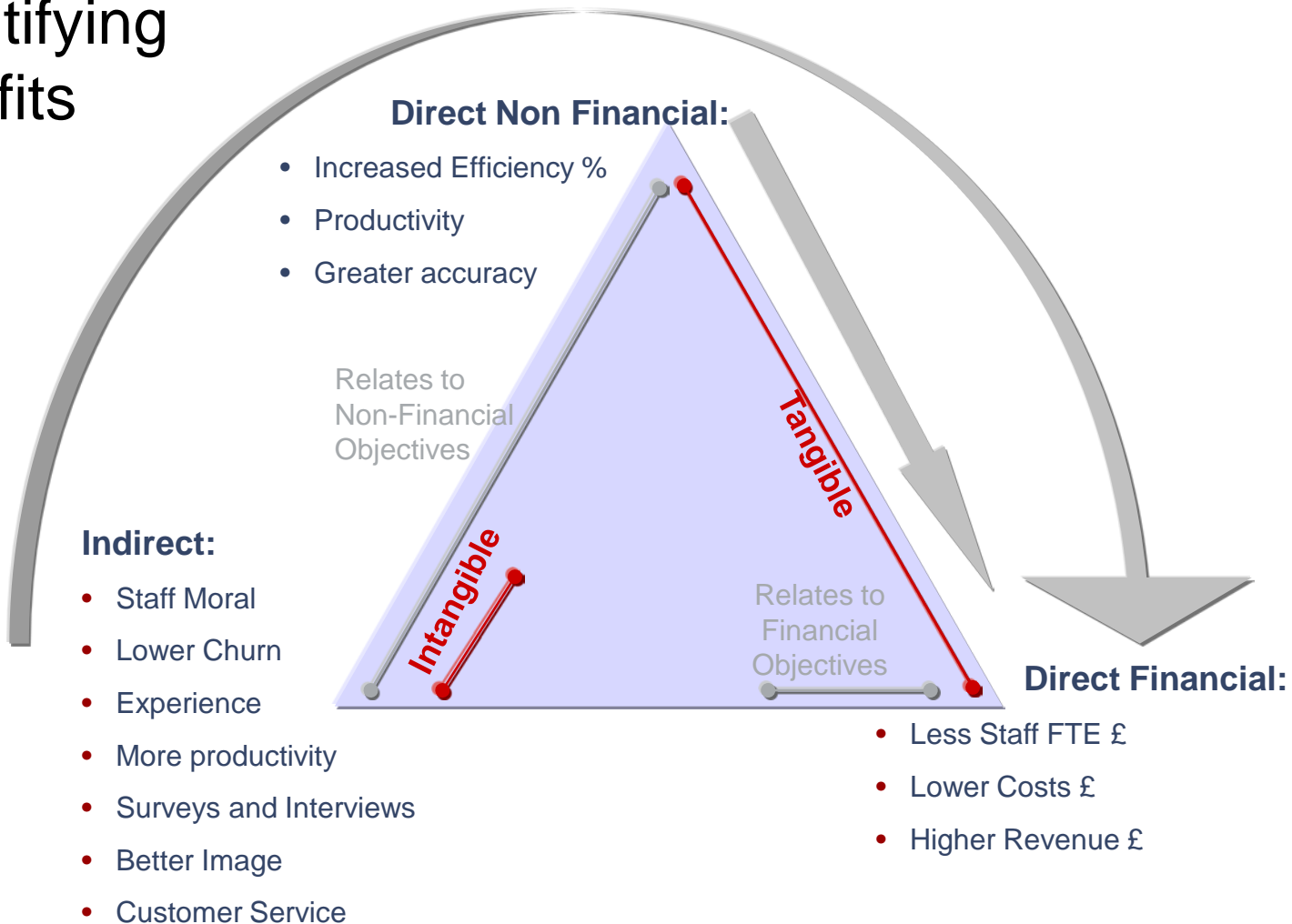


To demonstrate delivery of benefits one must be able to show tangible positive results, typically on a whole life basis.

"Not everything that counts can be counted, and not everything that can be counted counts" Albert Einstein

To deliver benefits one has to manage them actively from beginning to end

Quantifying Benefits



So..... what's the problem?



- Benefits are the single reason why we undertake change, yet so often the race for delivery and other business priorities detract from the reason why change was undertaken in the first place” ¹
- UK plc invests £100Bn annually on change
 - - over 10 years the yield is -40%²
- *Despite the rationale for BRM, (i.e. the need for change to improve or to protect business performance), few investments (<20%)³ meet their objectives and deliver stakeholder value. This is frequently because the dominant focus is on the change to acquire a capability (usually delivered through a project) and not on the change necessary to embed this capability into the working practices of the business.*
- *The art and science of benefits management is far from mature, and the time to realise benefits can be many years after the ‘project’ has ended.*

1: Association for Project Management Special Interest Group, October 2009

2. Professor Chris W Clegg, Sheffield University, 2006

3. Gerald Bradley, Benefits Realisation Management, 2010, Gower .



A way forward?

Just as we consider costs through-life, so can benefits be identified, designed, quantified, planned, owned and monitored, and their risks, opportunities and realisation managed to successful conclusion.

Could our cost and forecasting disciplines and associated professionals help?

For example:

- Benefits 3PE
- Confidence Modelling of benefits – initially and ongoing
- Whole Life Cost estimating and modelling reflecting benefits
- Risk management of benefits
- Earned Value of benefits
- Benefits monitoring



Answers please, on a post card or email!

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Thank you