



Why more CEOs are turning to Benefit Realisation Management (BRM) as a method to succeed in an environment where the goal posts keep moving

Each year, UK industry invests around £100bn on change, with the intention of improving business performance. Individually, organisations are usually unsure how much return they receive from this investment. Collectively, if we measure the return based on GDP, the yield is negative, at around -6%; based on shareholder value over a 10 year period, the yield is still negative at around -4%.

Professor Clegg of the University of Sheffield collected data drawing on the experiences of around 14,000 UK companies investing in new information and communications technologies. He found that performance goals were frequently not set and often not carefully evaluated. However his conclusions were that around 10%-20% of such investments can be counted as outright successes – they met their objectives. About 40% were outright failures and a waste of money, time and energy. A further 40% were deemed as partial successes, meeting some but not all of their goals. These conclusions were consistent with other data, for example the report published by the Royal Academy of Engineering and the British Computer Society in 2004.

sigma's¹ extensive experience, with both public and private sector organisations, indicates that, only 10% to 25% of potential benefits are usually achieved from investment in change. This shortfall, or waste (which is what it is), is estimated to cost the UK over £50bn p.a.

The good news is that it does not have to be like this. **sigma** has pioneered, over the past 20 years, the process of Benefit Realisation Management (BRM). This approach, which has been tested in many different environments, works at three levels to identify and oversee the investment in change in order to improve business performance.

At the individual project / programme level BRM enables:

- The determination of a shared vision or end goal which is clear, measurable and aligned to business strategy
- The creation of a Strategy Map of related objectives to optimise and bound the proposed change
- The identification of a comprehensive set of realistic benefits which underpin the objectives

¹ **sigma** is the Strategic Management Consultancy organisation founded by the author

- The mapping of clear paths to achieve the planned outcomes and the predicted benefits
- The identification of the required changes with the ability to prioritise and choose between different solution options
- The identification of meaningful measures which motivate desired behaviours, monitor progress and demonstrate ultimate success
- The engagement of stakeholders throughout the process to capture their ideas, to gain their buy-in and commitment to the required changes, and to secure their ownership of the planned benefits

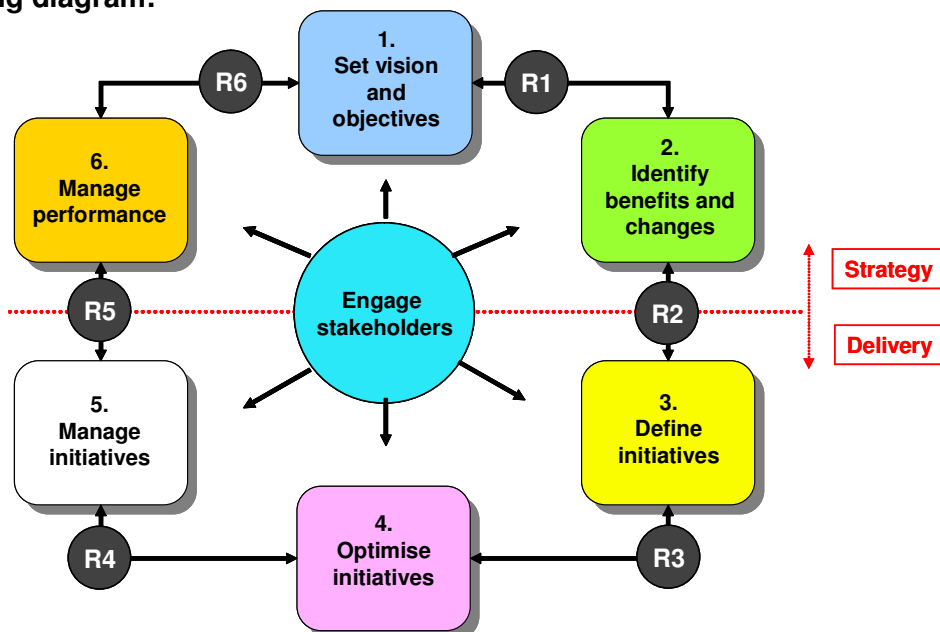
At the portfolio level BRM facilitates:

- Creating a balanced high value portfolio of change initiatives
- Monitoring portfolio performance
- Shutting down projects which are not performing or which are no longer of value as a result of a changed business environment

At the business or organisational level BRM can help to:

- Determine strategies which are realistic and robust
- Ensure the impacts on key stakeholders – customers, suppliers, partners, staff – are properly considered
- Identify and mitigate risks

BRM's lifecycle of change, applicable at all three levels, is illustrated in the following diagram:



The review points between each of the six phases help to ensure:

- Unsuitable or poorly performing initiatives are quickly weeded out.
- Appropriate resources are made available
- The focus on benefit realisation remains the central theme

BRM is structured common sense, not yet common in practice, which makes extensive use of visual tools and techniques.

These visual tools, such as charts, tables and maps, aid communication, reduce misunderstanding and ambiguity, and make the truth more transparent. I am aware that many private sector organisations, including M&S, have suffered severely because their top management has been shielded from bad news. Directors who hear only good news should worry. BRM encourages the communication of quality communication and provides reporting frameworks which will reduce the risk of bad news being hidden.

Scope of BRM

BRM is applicable to all industries, private and public sectors, though gives greatest value where:

- long lead times are involved – pharmaceuticals, oil exploration, aerospace
- large numbers of stakeholders are involved – central government, local government, NHS and MOD
- service is a key differentiator - banking and financial services
- significant organisational and cultural change is required

BRM is also scaleable and so applicable to large and small investments in change.

How does BRM relate to other techniques for managing change such as Value Management, Prince2, MSP, 6 Sigma or EFQM?

Some of our clients who have adopted the BRM approach after applying some of the above methodologies see BRM as the glue which ties everything together or the foundation which underpins and gives purpose to the other techniques.

It certainly should be the foundation, and so ideally be adopted first, as it addresses in a comprehensive manner the rationale for change. Realisation of benefits should be the primary reason for investing in change.

BRM also addresses many of the common pitfalls, including:

- ***‘cart before the horse’ mentality*** where benefits are sought after a solution has been determined, instead of determining the desired benefits and then identifying the required solution
- ***‘forcible extraction of benefits’*** removing claimed benefits from budgets and headcount before the benefits have genuinely been realised. This often leads to increased staff stress, sickness and attrition and a reduction in customer service.

- ***'placing undue emphasis on financials'***. This common pitfall usually:
 - distorts the truth,
 - engenders a lack of motivation to change
 - provides a smokescreen to hide the real issues
 - increases the risk of not achieving the genuine financial outcomes.

I elaborate on this process, and explain with numerous anecdotes and case examples, how organisations can achieve real benefits not just paper targets, in the thirty one chapters of my book, '**Benefit Realisation Management**', recently published by Gower.

Gerald Bradley
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For further information about the process, my book, or how your organisation can implement **Benefit Realisation Management**, call sigma's office on 01372 450272 or visit our website at www.sigma-uk.com