



PROJECT **PERFECT**
Pty Ltd

Benefit Management User Guide

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Document Origin

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Change History

Version	Date	Changes
1.0	1 Feb 09	Initial Version

Overview

Purpose of this Document The purpose of this document is to outline how the benefits from a project should be tracked and validated

Benefit definition Benefits are the favorable outcomes from a project detailed in the Business Case. The project is justified through a cost benefit analysis using the identified benefits.

Scope of this document This document covers the identification of benefits and the verification that the benefits were delivered.

Benefit Definition

Quantification Benefits need to be quantified if they are to be validated. There is very little chance of validating benefits if they are qualitative (e.g. "improve customer service").

Establish measure During the development of the business case, benefits should be quantified. Attached to the business case should be a "Benefit Identification Form". An example is included as an appendix.

Measures not established If benefits are not quantified, when it comes to validation, the person doing the validation may need to seek clarification of the benefit and look for measures that can be applied.

Benchmark In some cases, in order to check the benefit, there may be the need to establish a benchmark. This needs to be done prior to the deliverable being implemented. The project team is responsible for ensuring benchmarks are established.

Responsibility for achievement It is also important to have someone responsible for achieving the benefits. Not only that, there should also be a date by when the benefits will be realized.

Typical Measurable Benefits

Overview

Listed below are typical benefits and the measures that might be used. Whilst this is not a comprehensive list, it does provide some guidance for typical benefits delivered by a project.

Business improvement

The following relate to improvements in the business area.

Benefit	Measure
Reduced staff	<ul style="list-style-type: none"> Headcount
Reduction in skills required	<ul style="list-style-type: none"> Salary bill Employee classification
Improved productivity	<ul style="list-style-type: none"> Transactions per day/hour Staff required to complete transactions
Reduced problems	<ul style="list-style-type: none"> Number of errors/complaints Number of phone inquiries
Simplified processing	<ul style="list-style-type: none"> Reduced steps in processing Reduced error rate Number of manual processes that are automated
Expand services	<ul style="list-style-type: none"> Net profit from new services Number of new clients
Reduced errors	<ul style="list-style-type: none"> (Number of errors) x (cost of each error)
Achieve best practice	<ul style="list-style-type: none"> Current cost v best practice cost Productivity

IT Improvement

The following relate to improvements in the IT area

Benefit	Measure
Faster response time	<ul style="list-style-type: none"> Response time (Number of times accessed) x (average time saved) x (Cost)
Better availability	<ul style="list-style-type: none"> System availability Cost of downtime

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Typical Measurable Benefits, Continued

IT Improvement (continued)

Benefit	Measure
Improved reliability	<ul style="list-style-type: none"> • Number of bugs • Time to fix bugs • Help desk calls
Reduced time to process	<ul style="list-style-type: none"> • Batch run times
Hardware replacement	<ul style="list-style-type: none"> • Total cost of ownership

Information access

The following relate to the benefits derived from better information access

Benefit	Measure
Information available	<ul style="list-style-type: none"> • Ability to deliver new benefits eg reduce time to resolve inquiries • Previous cost of collating information
Information sooner	<ul style="list-style-type: none"> • Impact of receiving information sooner
Reliability of information	<ul style="list-style-type: none"> • Number of errors now v previously

Staff benefits

The following relate to the benefits derived from staff improvements

Benefits	Measure
Better staff satisfaction	<ul style="list-style-type: none"> • Staff survey • Reduced sick leave
Easier training	<ul style="list-style-type: none"> • Reduction on training time • Less need to seek expert advice • Higher percentage of standard transactions

Customer benefits

The following relate to the benefits to customers. These may, or may not result in financial benefits to the company however it may have been an influence on the justification of the project.

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Typical Measurable Benefits, Continued

Benefits	Measure
Improve customer service	<ul style="list-style-type: none">• Turnaround time• Inquiries/complaints• Accuracy of information• Additional or more detailed information• Call waiting times, drop out rate, numbers
Changed customer habits	<ul style="list-style-type: none">• Measure of the desired response eg Reduce water consumption• Financial impact of the change
Change customer attitudes	<ul style="list-style-type: none">• Customer survey results• Inquiries for new/changed services

Benefit Validation

Overview Benefit validation is the evaluation of the benefits delivered by a project. It is confirmation that the benefits in the business case have been delivered.

Timing of delivery The benefit realization timing should have been identified in the business case.

Responsibility The benefit checking should be undertaken by a senior person. In order to do this, the Sponsor needs to monitor business cases and, as part of the project closure, identify when the review of benefit delivery will take place.

Reporting As part of the business case, a "Benefit Identification Form" will have been completed. This is the basis for the review.
The person undertaking the review will complete a "Benefit Realization Form" to identify which if the benefits have been achieved. An example is attached.

Distribution The person undertaking the review will forward a copy of their review to:

- The Managing Partner
- The Project Sponsor

Follow up The Managing Partner will arrange any follow up if benefits were either not realized, or there was a delay in achieving the target.

Appendix A - Example - Benefit Identification Form

XYZ Project

Business Case appendix

This form is included as an appendix with the Business Case.

Overview

The benefits listed below have been identified as part of the business case development. A nominated person will carry out validation of the benefits after the project is completed and report back to:

- The Sponsor
 - The Managing Partner
 - Internal Audit
-

Benefits Summary**Instructions:**

The following benefits have been identified. The person responsible for delivering the benefit is also identified and the due date for delivery of the benefit.

Example:

Benefit	Responsible	Due Date
Improvement in transaction processing from 20 per hour to 25 per hour. Annual saving estimated at \$40k	J. Smith	01.11.03
Reduction in staff numbers by 1. Annual savings estimated at \$50k	J. Smith	01.01.04
Accuracy increases by 10%. Measure will be the number of phone inquiries drop from current rate of 100 per month to 90 per month. Annual saving estimated at \$10k	J. Brown	01.11.03
Reduction in staff turnover from 15% to 10% over the year.	J. Brown	01.11.04

Benefit 1

Description Describe the benefit
Example:
Increased transaction rate for stock orders processed

Responsible Identify the person accountable for delivering the benefit

Delivery Date When will the benefit be delivered?

Value What is the value of the benefit
Example:
The benefit will deliver staff savings of \$25k per annum based on current transaction numbers
Year 1: 15k (part year)
Year 2: 25k
Year 3: 27k

How Calculated Explain how the benefit is calculated.
Example: Current transaction rates are 20 per person hour. We currently process 40 per hour which means we need two people full time to process the transactions.
If we lift transactions to 30 per hour we can reduce the requirement to 1.5 people which means we can move one of the people to part time. The person is currently paid \$50k so by reducing their hours by half we can save \$25k per annum.

Measurement Explain how the benefit will be measured.
Example: We will produce a report of the number of transactions per month and monitor cost of the processing staff. This will give us the information we need.

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Benefit 1, Continued

Need for benchmarking

If there is any action to be taken to set a baseline for measurement before the project is implemented, make note of it in this section.

Example: We need to produce reports to verify the current transaction rates and costs. All calculations at this point are from manual counting.

Validation date

Identify a date when the delivery of benefit can be validated.

Example: The benefit can be validated six months after go live.

Appendix B - Example - Benefit Realisation Form

Project Name: XYZ

Date: 02.02.04

Benefit Identified in Business Case	Proposed Delivery Date	Outcome	Achieved Y/N
Improvement in transaction processing from 20 per hour to 25 per hour. Annual saving estimated at \$40k	01.11.03	Transactions improved to average of 26	Y
Reduction in staff numbers by 1. Annual savings estimated at \$50k	01.01.04	Staff reduction has not occurred at this stage. Now scheduled for 2nd quarter	N
Accuracy increases by 10%. Measure will be the number of phone inquiries drop from current rate of 100 per month to 90 per month. Annual saving estimated at \$10k	01.11.03	Last three months have been 98, 90, 82	Y
Reduction in staff turnover from 15% to 10% over the year.	01.11.04	To be checked in November 04	N

Benefits not Delivered

Benefit not Delivered	Proposed Action	Revised Delivery Date
Reduction in staff numbers by 1. Annual savings estimated at \$50k	Check again to see if benefit has been delivered by the new date	30.06.04
Reduction in staff turnover from 15% to 10% over the year.	Due for delivery by November 04. Will be checked at that date.	No change