

CAN PROJECTS ACHIEVE BENEFITS WITHOUT REALLY CONSIDERING VALUE?



Highlights from the Major Projects Association event held on **28th February 2019**

At their outset major projects are designed to deliver benefits that have a value for their sponsors and for society at large. The risk is that during delivery, when attention is focused on containing the cost of the project, the wider benefits are lost and with them the value that the scheme was intended to provide in the first place.

This is a complex conundrum and one that was explored at the latest Major Projects Association event, with speakers answering the question: 'Can projects achieve benefits without really considering value and is there a value to be had without the realisation of benefits?'

'If benefit is what you are chasing, value is how you prioritise the benefits.'

Ben Ganney, Benefits & Value Functional Lead, Transport for London

There was agreement that for the benefits to be realised, they have to be clearly defined at the outset, and continually assessed throughout the various delivery phases to make sure the original ambition does not get lost when day-to-day delivery issues emerge. It is also crucial to evaluate whether the benefits envisaged at the start are actually providing value after the project's completion.

DEFINITIONS

Benefits & Value Functional Lead for Transport for London (TfL), Ben Ganney, offered some definitions of benefits and values to help the debate.

TfL has adopted the Oxford Dictionary description of value which is, 'The worth of something compared to the price paid or asked for it.' But the organisation is aware that value is fundamentally in the mind of the customer and is a perception linked to their expectation.

The Cabinet Office has a definition of benefit: 'A quantifiable and measurable improvement resulting from an outcome which is perceived as positive by a stakeholder and which will normally have a tangible value expressed in monetary or resource terms.' The greater the benefit, the higher the perceived value.

'There is a big difference between benefits and values. There are benefits for our organisation that have to be translated into a value proposition for our customers.'

Jane Simpson, Head of Capital Delivery, Severn Trent Water

When it comes to working out how to spend £1bn of public money there are emotive choices to be made, based on an understanding of benefit and value. For example, £1bn is the price of extending the Northern Line to Battersea, which will help regenerate the area, support 25,000 new jobs and more than 20,000 new homes. Or for the same sum the country could run the NHS for three days, acquire 10 fully equipped RAF jets, pay 147,000 state pensions or build 40 new secondary schools.

'Focusing specific attention on benefits and value allows us to consider the different perspectives of the stakeholders when making significant decisions,' Ganney said.

And as one contributor added: 'Benefits are the unifying currency that allow decisions to be made between hospitals and jets.'

VALUE MANAGEMENT – NOT JUST A TIN OF BEANS

A humble tin of baked beans has much to teach in terms of the relationship between benefit and value, according to Chair of the Institute of Value Management and Network Rail VM expert, Julie Warriner.

There are a variety of beans on the market including cheap beans, curried beans, screw-top beans and leading brand beans. The benefits realised depend on what the purchaser values most – sustenance of life, different flavour, convenience, reliability and not forgetting price.

'Value management is a balance between Satisfaction of Need over the Consumption of Resources,' she said.

This thinking translates to a range of projects, with the key being an early discussion at concept stage of the functional requirements, values, benefits and consumption of resources, with those parameters then revisited throughout the life of the project.

GETTING THE BALANCE RIGHT

There was general consensus that the project community does not have the balance right when it focuses on cost and the optimising of benefits.

Auditors of projects often find that there is focus on the benefits during the appraisal stage when getting approval for a scheme, but the benefits have rarely been costed and nor has detailed work been undertaken to establish how they would be achieved.

At the delivery stage, projects and programmes come under cost pressure and assumptions do not mirror reality. When the scope is subsequently changed, the benefits are often forgotten.

There was also general recognition that the sector does not focus on the post evaluation of benefits.

HS2 Head of Benefits Management, Bridget Jackson, reported that HS2 is trying to shift the balance to keep benefits in mind. The project has established a benefits programme which sets out how it will measure and benchmark benefit delivery, with clear targets for what success means. Programme directors will be responsible for their elements of that success. And to provide oversight, the Department for Transport is establishing how to evaluate what is achieved.

The project has altered the change management process so that likely changes to benefit delivery are highlighted – but getting the balance right between benefit and cost during project delivery will require cultural change. It is clear that more projects need to embed the maintenance of project benefits in standard project disciplines.

AREAS OF FOCUS TO SUSTAIN THE BENEFITS:

- Set up the programme as a long-term business
- Create a clear programme strategy and purpose
- Have clearly defined benefits (direct and indirect)
- Have a clear and visible business case
- Link the outputs back to the business case
- Integrate the functions with a common outcome and purpose

HOW TO SUSTAIN THE BENEFITS

Big projects can last more than a decade, so the challenge is to make sure the benefits identified at the beginning make it through to the end. The solution, it was suggested, is to make the benefits the focus of why the project exists, rather than the project for its own sake.

One example is the rebranding of Heathrow's third runway investment as Heathrow Expansion, thus refocusing minds away from building the infrastructure to the end game of catering for extra passengers.

Establishing clarity of what the project is there to achieve in terms of benefits and values is critical. All the project functions need to understand the ambitions when they procure so that they do so to reflect the benefits, particularly the indirect benefits. Otherwise they will all do it in a different way and the original intention will be lost.

There was recognition that many project people struggle to understand that the point of the project is not the thing that is being built but the problem it is trying to solve.

'We know getting the balance right between benefit and cost during project delivery will require culture change.'

Bridget Jackson, Head of Benefits Management, HS2

POINTS FOR FURTHER DISCUSSION

- How do we make sure project benefits are evaluated after project completion?
- Can we include benefit tracking in project programmes and change management?
- Would greater diversity in our project teams help to shift the focus from delivering 'a thing' to delivering a set of benefits?

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With grateful thanks to Ben Ganney of [Transport for London](#) for his help in organising this seminar.

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