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Benefits Management and the New Science?

Stephen Jenner, Author and Chief Examiner of 'Managing Benefits'

This is the first in a series of articles examining themes identified in Managing Benefits[1] from APMG-International. Whilst covering relevant material from the Guide, these articles also seek to set the debate in a wider context – drawing on experience from practitioners and thinkers from related fields (just as the Managing Benefits guide itself draws on insights from a wide range of disciplines beyond project and programme management, including behavioural finance, psychology, systems thinking and neuroscience).

This article explores the Key Success Characteristics of effective benefits management, specifically it being an active and forward-looking practice, in the context of Margaret Wheatley's ground-breaking work on '*Leadership and the New Science*'[2]. I am happy to record my thanks to Patrick Mayfield for bringing Margaret Wheatley's work to my attention.

If you have experiences and examples you are able to share and are interested in contributing to a future article, please contact me via the address shown at the end of this article.

Managing Benefits argues that the fundamental rationale for benefits management is the poor track record of change initiatives in realizing the benefits they are established to deliver. This is a picture recognized by Margaret Wheatley who asks, "Why do projects take so long, develop ever-greater complexity, yet too often fail to achieve any truly significant results? The causes of this failure are according to Wheatley, based in linear thinking and a mechanistic view of organisations which are rooted in a mindset derived from the traditions of Newtonian physics. The solutions are to learn from the insights of quantum physics, self-organizing systems, field and chaos theory. In her book 'Leadership and the New Science', Wheatley explores the wide-ranging implications for leadership in organizations today – implications that reflect many of the arguments in Managing Benefits. I explore this further by focusing on four of the implications for benefits management that arise from Wheatley's analysis.

Implication 1 – we need to recognise traditional approaches are not working and adjust our methods accordingly.

Wheatley notes that, "Like bewildered shamans, we perform rituals passed down to us, hoping they will perform miracles". This brings to mind Bryan Quinn's comment that[3],

> "A good deal of corporate planning … is like a ritual rain dance. It has no effect on the weather that follows, but those who engage in it think it does. … Moreover, much of the advice related to corporate planning is directed at improving the dancing, not the weather."

The results can be seen in recent research[4] which finds that whilst just under a half of respondents described their organization's approach to benefits management as 'formal/structured', only 3% indicated that the approach provides value all the time. Consequently, we need to look beyond 'box ticking' approaches based on an activity-led mindset, and instead focus on benefits-led change, where what we do is driven by a clear understanding of what benefits we want to realise. The problem identified by psychologists is that as a species we tend to identify what we want and then work out why we want it. In the world of project and programme management this has the real world implication that benefits are used as a means of justifying the costs of an initiative rather than representing the rationale for investment. Borrowing from Stephen Covey, we need to 'start with the end in mind' (Principle 2 in Managing Benefits). One technique that can help in this regard is Investment Logic Mapping from Victoria in Australia. Here, before work commences on the business case, workshops are held to determine – what is the problem we are trying to solve (or opportunity to be exploited) and what would the benefits be if we were to solve it? Only then is the scope of the required solution considered.

Implication 2 – The focus should be on planning as an on-going activity with a focus on feedback, insight and exploration.

Wheatley says, "we engage in complex planning for a world that we keep expecting to be predictable, and we search continually for better methods of objectively measuring and perceiving the world." But as Wheatley says, the world is rarely like that – "Why does progress, when it appears, so often come from unexpected places, or as a result of surprises or synchronistic events that planning had not considered?" The consequences are that benefits management needs to look beyond passive, backward looking tracking to see if the benefits forecast in the business case have been realized. Instead we need to adopt forward-looking approaches based on insight and learning that, in addition to ensuring the realization of planned benefits, include an active search for:

- **Emergent or unplanned benefits** – by, for example, following the 'scout and beacon' approach advocated by Andrew and Sirkin[5] in which:
  -'Scouts' scan the environment for potential opportunities; and
  -'Beacons' are 'lit' clearly communicating that ideas are welcomed.
- **Disconfirmatory evidence** – Wheatley says, "An organization that wants to learn has to be willing to look at information that disconfirms its past beliefs and practices." Managing Benefits notes that the effectiveness of benefits management is hindered by a series of cognitive biases, including what is termed expectation or confirmation bias. This can be addressed by deliberately seeking evidence that challenges our assumptions – by, for example, including a section in our benefits realization reports for things that are not working and things that we could do better.
- **Dis-benefits** - both those that have been identified and those that were not anticipated, so that we can take action to mitigate and minimize them in practice.
- **Learnings** - about what works and which can be applied to not only the current initiative, but also to other change initiatives, and the way in which benefits are managed more generally.

Implication 3 – measurement is not passive.

Wheatley emphasises that,

"Every time we go to measure something, we interfere… no form of measurement is neutral".

But as Managing Benefits notes, such consequences can be both negative and positive. For example:

Negative impacts

The term 'Cobra effect' is derived from an anecdote from the time of British rule in colonial India. The British Government wanted to decrease the population of venomous cobra snakes, and so they offered a reward for every dead snake. At first this policy was successful as the resourceful locals set about killing the snakes. However, in due course, some realized there was an income to be made from breeding cobras. When the Government realized this, the reward was cancelled, and many of the breeders set the snakes free. The snakes subsequently multiplied, and increased the cobra population. The result – the situation the policy was designed to address was made worse by that very policy.

Positive impacts

'Managing Benefits' quotes examples where measurement is used to engage people's creativity and commitment and so overcome the unintended consequences referred to above. Here is another example that illustrates the potential to turn measurement to positive ends[6], "When working with a crisp factory in the North East of England we noticed the production line waste figures were represented using graphs showing % good product produced by shift by line proudly pinned up on the notice board at the end of each production line. The performance had hovered between 98.0 and 98.5% good production for the past few months. I asked a line operator what these figures actually meant. She said she did not really know as she never really got to grips with percentages at school but it was clear to her that 98.5% good production was better than 98%. We watched the line manager dutifully post the figures for yesterday at the start of each shift on the notice board and watched the operators never give them a second glance. This was a classic habitual ritual that you can see being acted out up and down the country in any production area or indeed most offices each week.

We tackled this by getting the performance measures to actually mean something to the target audience they were aimed at – the crisp line operators. We first discovered what they cared about and found along with many hailing from the Geordie nation they were all passionate members of the 'Toon Army' – (this means they support Newcastle United football club). We calculated how many bags of crisps 1.5 – 2% production waste actually amounted to (a very large number indeed) and then got a seating plan for Sunderland's football stadium (Newcastle's fiercest rivals). We changed the measure to represent how many Sunderland supporters we could supply with free bags of crisps each week if we continued at current performance levels. We represented this by shading in the number of seats awarded a free bag of crisps in the Sunderland stadium graphic.

This sparked the operators imagination and in no time at all production lines were operating at 99.5% good production on the basis that 'the crisps we make are simply too good for the poor Mackems' (the derogative name Geordies give to their North East neighbours). Now in consultancy and scientific parlance this is known as the Hawthorne effect - we however simply called it the 'free crisps to the enemy effect'!"

Benefits management activity therefore needs to include regular review to check that measurement is having the intended effect. Additionally, we need to seek evidence of benefits realization from multiple perspectives – as Wheatley says, "Information must be sought from everywhere, from places and sources people never thought to look before". So we need a 'rich picture' providing feedback on benefits realization from multiple perspectives via a suite of: leading and lagging measures, proxy indicators, evidence events, case studies, surveys and stories. More on this last point below.

Implication 4 – achieving the behavioural change upon which benefits realization is dependent, requires on-going participative stakeholder engagement. David Snowden, former head of Knowledge Management at IBM, points out, "Consider what happens in an organization when a rumour of reorganization surfaces: the complex human system starts to mutate and change in unfathomable ways; new patterns form in anticipation of the event. On the other hand, if you walk up to an aircraft with a box of tools in your hand, nothing changes." So in many business change initiatives, we need to consider strategies to achieve the required behavioural change. Key to this is ongoing participative stakeholder engagement – because, as Wheatley says,

"it is impossible to expect any plan or idea to be real to people if they do not have the opportunity to personally interact with it

…it is the participation process that makes the plan come alive as a personal reality." This 'coming alive' requires that we look beyond the 'carrot and stick' paradigm based on the (flawed) assumptions of rational economic man, to approaches that recognise that, as Wheatley says, "participation is such an effective organisational strategy". Strategies that enable on-going participative stakeholder engagement include:

- Customer insight - to bring the 'voice of the customer' into the design and development of an initiative. This includes ethnography, which observes users in real-life situations to understand their behaviour;
- 'Measures that engage' the user as outlined above; and
- 'Narrative leadership'. As Wheatley says, "We are great weavers of tales, listening intently around the campfire to see which stories best capture our imagination and the experience of our lives." This can help win hearts as well as well as minds - as Dearing, Dilts & Russell (2002) say, "We shy away from forceful demands for loyalty and commitment, but we flock to and swarm round focal points where 'cool stuff' seems either to be happening or about to happen. Good leaders work with our hunger to involve ourselves, with others, in interesting work and exciting projects." Stories can provide an incredibly effective way of engaging a wide range of stakeholders at an emotional level – as is illustrated by the examples in Managing Benefits from Tetra Pak, Parcelforce and NASA.

This illustrates why benefits management can be so exciting – but only if we shift the emphasis from optimism in planning and pessimism in implementation, to realism in planning and enthusiasm in implementation. Enthusiasm based on a recognition that as Wheatley says, "Innovation is fostered by information gathered from new connections; from insights gained by journeys into other disciplines and places… Knowledge grows inside relationships, from ongoing circles of exchange where information is not just accumulated by individuals, but is willingly shared." One way in which this sharing of knowledge can be facilitated is via relevant communities of interest – including the Managing Benefits Community of Interest at the address shown below. I'd encourage all those with experiences to share to sign up and contribute to the debate.

Steve Jenner can be contacted at stephen.jenner5@btinternet.com or via the Managing Benefits Community of Interest at www.linkedin.com/groups/Managing-Benefits-4493501 - particularly if you share Steve's excitement at the potential to really make a difference.

1.Jenner, S (2012) Managing Benefits, TSO. This guide also provides the basis for accredited examinations from APMG-International – see: http://www.apmg-international.com/home/Qualifications/ManagingBenefitsQuals.aspx.

2.Wheatley, M (1999) Leadership and the New Science: Discovering Order in a Chaotic World, Berrett-Koehler.

3.See - http://www.hpmd.com/hpmd/wquotes.nsf/8525625300698704852556 2f001195f6/2573bfd50105108a8525625400158694!OpenDocument.

4.APM & CIMA (May, 2012). Delivering the Prize – A Joint All-Ireland Study on Change Leadership and Benefits Realisation.

5.Andrew, J.P. & Sirkin, H.L. (2006) Payback, Harvard Business School Press, Boston, Mass.

6.Source: Malcolm Follos of the Bowman Group, from Jenner, S (2011) Realising Benefits from Government ICT Investment – a fool's errand? Academic Publishing.

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APMG-International Accrediting Professionals

APMG-International Head Office, Sword House, Totteridge Road High Wycombe, Buckinghamshire HP13 6DG

Tel: +44 (0) 1494 452 450

Email: servicedesk@apmg-international.com

Web: www.apmg-international.com