Benefits realisation process for healthcare

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Abstract

During the past ten years in the UK, education, housing, community regeneration and healthcare in particular have witnessed a massive programme of capital investment by the government through Public Private Partnerships (PPP). There is now a need to asses and review the degree to which the original benefits have been identified and what have been the unanticipated benefits/ impact. This will also ensure that future planning and policy setting can be adequately informed by evidence and a fuller appreciation of potential outcomes and impacts.

This paper investigates the developments so far in Benefits Realisation Management. The paper focuses on the requirements to manage change and benefits in a joint approach to deliver the necessary outputs on time, to quality and cost without failing to realise the benefits of the change.

Keywords – Benefits Realisation, Continuous Improvement, Change Management, Programme Management, Healthcare capital investment

1. Introduction

Projects and programmes are generally driven by a need to realise specific benefits through structured change. Benefits management and realisation has recently risen as the "new" practice that seeks to move forward from the traditional investment appraisal approach and focus on the active planning of how benefits will be realised and measured (Glynne, 2006).
Reiss et al (2006) describe that a common characteristic of many unsuccessful programmes is the vagueness with which the expected benefits are defined.

Without clearly defined benefits, it is difficult to maintain focus when subsequent problems occur. The costs of undertaking programmes are real and immediate, while the benefits frequently only occur after the programme is completed and implemented. Furthermore the people responsible for actually delivering the benefits are often different from those responsible for directing and managing the programme itself. This is even more evident in the case of Healthcare Capital investment programmes due to the huge diversity of the stakeholders involved and the different levels of activity and decision making that such programmes go through prior to their completion. As a result it is only when the expected benefits fully defined, understood and agreed at the start of the program that the investors and policy makers can be confident that the investment is likely to be fully successful. This understanding must be supported with mechanisms to measure the benefits and with procedures for monitoring, reporting and most importantly responding to their achievement or non-achievement.

This paper is the first step towards achieving a better understanding of the emerging discipline of Benefits realisation and how can this be successfully applied within the Healthcare sector.

1.1. The research project

The Health and Care Infrastructure Research and Innovation Centre (HaCIRIC) has been established to create a unique resource of skills and knowledge to inform the development of policy and practice for the strategic planning and delivery of future healthcare infrastructure. HaCIRIC brings together four acknowledged international centres of excellence (Loughborough, Salford and Reading Universities and Imperial College) to create a capability of national and international significance. The centre has been established at a time of profound change in the UK's health and social care services, and unprecedented investment to renew the built and technical infrastructure. Ensuring the investment in infrastructure is right for the emerging forms of care delivery requires careful planning and innovative approaches, but this has proved a major challenge for policy makers, the care services and industry. The research on Benefits realisation will result into developing a generic process framework which will be used to effectively manage benefits throughout a programme and project lifecycle.

This paper is based on a general literature review within various web search engines and databases including Google, Google Scholar, and the E-library at the University of Salford, Emerald Insight and Science Direct with a mixture of the following words: benefits benefit realisation and management, performance

measurement and evaluation, successful programme and project management. It was observed that there were not a high number of papers on the theory of benefits realisation, and what could be found was generally relayed to the benefits an IT system brings to an organisation. This literature review focuses on the recent developments in Benefits realisation and not how this has been understood in the past e.g. value for money, best practice, benchmarking and continuous improvement. Therefore it was decided that this paper would not only review literature on benefits realisation but also on the afore-named related areas. It was hoped that from this a clearer picture of benefits realisation in the healthcare setting would become apparent.

2. Benefits Realisation

2.1. A Definition

Before looking into the term Benefits realisation, it is necessary to understand the two words that make the term, benefit and realisation. Realisation in the Concise Oxford dictionary is described as being aware of something that is achieved whilst benefit is described in the same publication as 'an advantage or profit gained from something' (2006, pp. 125). Bradley (2006) defines benefit as an outcome of change which is perceived as positive by a stakeholder.

Therefore benefits realisation could be defined as one becoming fully aware of the positive impact as a result of a change. Farbey et al (1999) define it as the process that realises the benefits that are achieved and manages the unexpected ones.

2.2. Why Benefits Realisation is important?

Ashurst and Doherty (2003), Ward and Elvin (1999) and Bradley (2006) argue that the increase of interest in benefits realisation has coincided with the increasing use and complexity of IT. It has been recognised that if an organisation is investing a lot of money into a new system that they want to ensure and see the benefits that they get from the investment. This they define as 'the process of organising and managing, such that the potential benefits arising from the use of IT are actually realised.'
As competition due to globalisation increases it is ever more important that an organisation performs at to its best capabilities. To do this and ensure the success of an organisation some investment has to be made in training, IT systems, more staff etc (Ashurst and Doherty, 2003). Profit making organisations making these investments need to know that these are worthwhile, that they are improving the

performance of the organisation and ultimately leading to increased profits. The latter does not necessarily apply in the public sector where benefits are measured in terms of value for money and service quality. This is where benefits realisation becomes important as this method can be used to realise the benefits from the changes the organisation is making.

Ashurst and Doherty (2003) undertook extensive research into best practice for benefits realisation and from this created a framework as illustrated below:
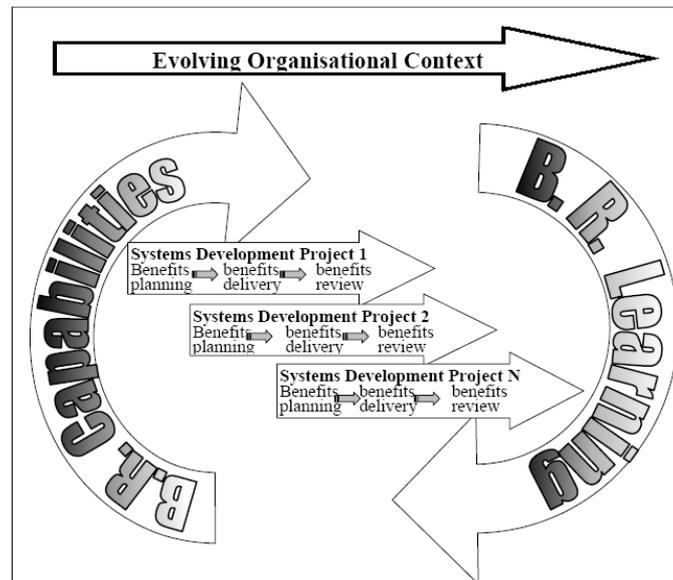

Fig 1: Conceptual model for research (Ashurst, 2003)

It can be seen from Fig 1 that benefits realisation is a continuous process through an evolving organisational context. Although this framework is focusing on IT projects it could be used for any kind of project. However it does not illustrate the influences that external factors may have as previously mentioned.

Bradley (2006) defines the process of benefits realisation in 5 steps as detailed below
- Conceive benefit as real;
- Get more detail on the benefit so it is fully understood;
- The benefit's dependencies are mapped, taking changes required and earlier benefits into consideration so it becomes more realistic;
- The changes are made making the benefit actual;
- Benefit is transformed into money;(not in all cases e.g. public sector)

2.3. Benefits Management, Programmes and Projects.

Benefit management is a process for the optimisation or maximisation of benefits from change programmes. The process involves defining, agreeing, measuring and reporting on the expected benefits. The relationship between projects programmes and benefit management is frequently quite complex. Reiss et al (2006) describe that:

- Projects do not deliver benefits, but create deliverables.
- Programmes themselves rarely deliver benefits directly, but by combining projects and their deliverables they create the capabilities that will enable the desired benefits to be achieved
- The benefit management processes ensure that the capabilities created by programmes are used to deliver the anticipated business benefits.
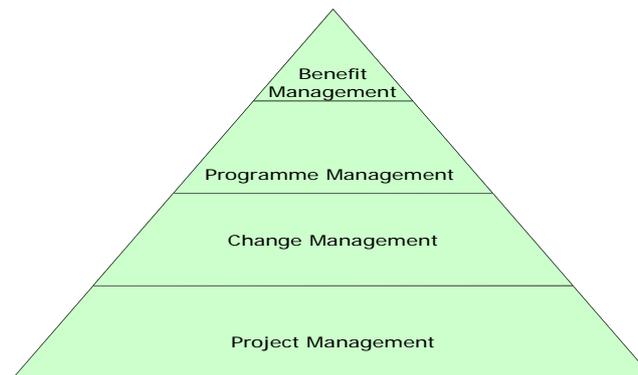

Fig 2: Relating Benefit, Change, Programme and Project Management (Reiss et al 2006)

2.4. Benefits management process

Benefits Management and realising the benefits from investments made especially by those in IT systems became an important area in the late 1980s and early 1990s (Farbey et al 1999). Many models have been developed to illustrate the benefits management process, An Australian Approach to BM by Bennington and Baccarini (2004), Towards best practice to BM by Ashurst and Doherty (2003), Office of Government Commerce OGC by the OGC (2004) However it was Ward et al's 'Cranfield process model of benefits management' developed in 1995 that this paper presents (fig 3). This is because the model illustrates in a simplistic format the interrelations between the main elements for the effective management of benefits as listed bellow:

- Identify any possible benefits,
- Create a plan to realise the benefits when and if they occur,

- Carry out the realisation plan,
- Evaluate and review the findings
- Potential for further benefits.

The model also illustrates the continuous feedback between the different steps within the process.
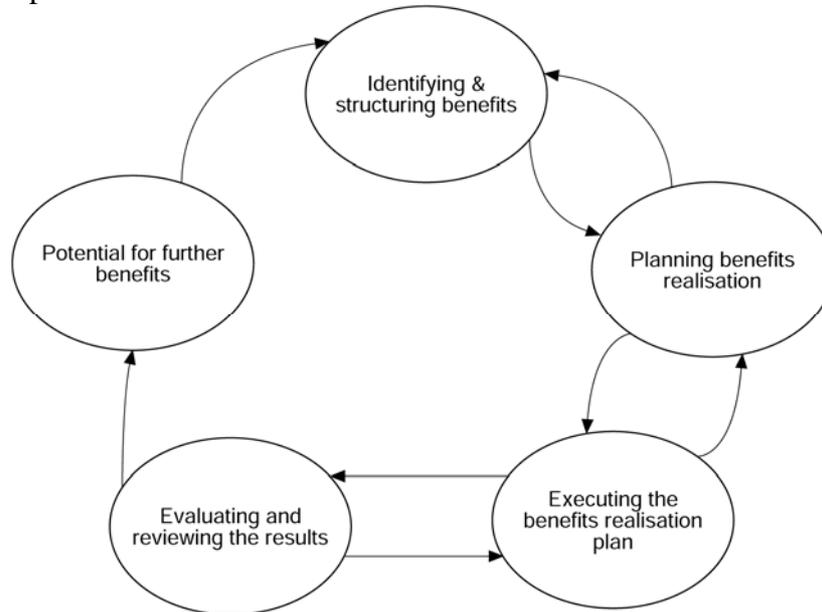

Fig 3: Benefits management process, Ward et al 1996

2.5. Difficulties with Benefits management, measurement and realisation

It is often very difficult to convert a policy vision or a business strategy into detailed and measurable statements of expected benefits. It can be hard to realise and measure all benefits from an investment or change. Firstly, because some of the benefits may be secondary, ones that were not expected and have resulted indirectly from the changes that have been made (Bradley, 2006, Farbey et al 1999). Secondly, some benefits which are called 'intangible' are very difficult to measure. This is when the expected benefits cannot be expressed in terms of their likely impact on the balance sheet or the profit and loss account. Those that can be so expressed, that is, those which have a tangible financial outcome are usually referred to as hard or tangible. Intangible or soft benefits are those that are less easy to express and to measure in terms of cash or objective numbers. Phillips (2003) defines hard benefits as representing the output, quality, cost and time of work related processes. They are characterised by being objective, relatively easy to measure and easy to convert to money values. By contrast, Phillips characterises soft benefits as subjective, often difficult to measure, almost

always difficult to convert to monetary values and frequently behaviourally oriented.

Farbey et al (1999) also point out the added difficulty when measuring the benefits of the investment of an IT system is that IT develops so fast that the evaluation is always a step behind or as they put it 'on a moving staircase'.

Reiss et al (2006) describe that many organisations are often tempted to measure and evaluate the success of a programme or project based only on hard benefits. The drawbacks with this are;

- The most valuable benefits are often largely intangible.
- The easy-to-measure and financially oriented benefits are often the long term results of gaining more immediate soft benefits and
- While risks can be managed effectively within a programme, it is much more difficult to factor the impact of risk and uncertainty into long term financial projection.

Also according to Bartholomew (1999) in Sedara et al (2001) hard measures such as financial figures can very often be confusing and deceptive as the intangible assets of a business can often be worth more than those which are tangible, up to 80%.

Thus although considerable effort can be spent in seeking to present a façade of scientific objectivity, decision makers will in the end have to rely on their judgement, just as they would with soft benefits.

Reiss et al (2006) state that whether relying on hard or soft benefits to justify the success of a programme the analysis must be rigorous, comprehensive and agreed by all key stakeholders. Furthermore it should be possible to express all benefits in such way that their ultimate achievement can be unequivocally established. In practice successful programmes combine a range of hard and soft benefits. The difference between the two types of benefit becomes less important as hard benefits are tempered with provisos about risk and vagaries of human nature and soft benefits are defined in terms of meaningful targets, milestones and measures.

When planning for Benefits realisation management it must be understood that benefits often there are unplanned benefits. These are often a consequence of a change implemented or another benefit gained, and must be included during any kind of assessment of performance on an organisation. 'Incidental impacts should also be identified and proactively managed' (Ashurst and Doherty, 2003,)

Closely related to benefits realisation is performance management, measurement and continuous improvement. Figure 4, demonstrates this link and how

Performance Measurement and management methods can be used to 'help to identify, plan and implement a benefit realisation strategy within an organisation' (Sedra et al pp. 845, 2001)
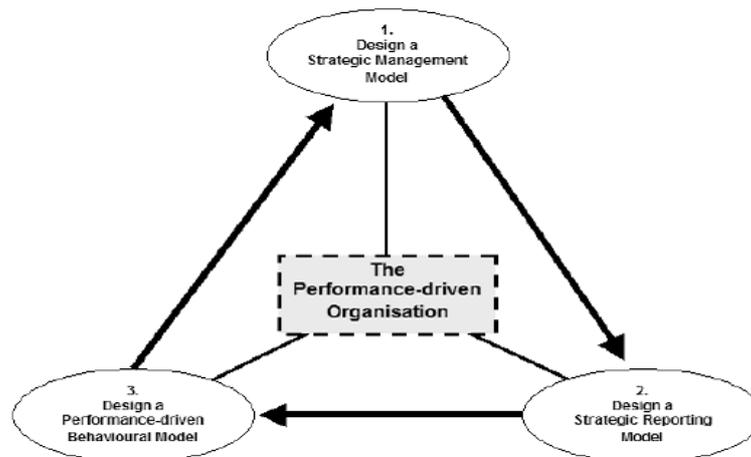

Fig. 4: The strategic performance management development cycle (Wall, 2006)

Benchmarking is another closely related discipline. It is used to help organisations identify the best practices within similar organisations, and adopting these to improve their performance. Globalisation has increased competition in companies within a the same sector which according to Haughton et al (1999) has led to the increased need to recognise process enhancement actions and thus the use of benchmarking.

3.   Change Culture

Benefits realisation is very important, every year in the United Kingdom alone approximately £100 Billion is spent on change programmes. It can be assumed that organizations are hoping that this investment in change will improve their performance, thus resulting long-term in more profits. However there is a big problem, in the fact that the organisations making these investments are unsure of the effect the change is having on their performance. This can be partly blamed on the fact that performance goals are not often made explicit or at all, making it hard to measure ones performance against anything. Also Bradley (2006) points out that although these organizations are investing in change and are willing to change internally, change externally is a continuum and will forever have an effect on the organization. It can therefore be argued that for an organization to ensure that continuous improvement is achieved it should be able to adapt to internal and external change effectively. 'The challenge is to develop an effective and timely method of determining the next set of changes, and to manage them,

so that defined performance goals are achieved.' (Bradley, 2006)Ward et al (1996) point out that it is not the system that is implemented into an organization that results in a benefit, but rather the change culture that the organization has to adopt due to the system.

In healthcare benefits realisation planning for programmes helps local healthcare authorities to design and plan integrated change programmes that deliver the priority objectives identified in their plan (NHS, 2005). It was in 1995 that Leyton developed a framework which looked at the management of benefits in context with the business change. The framework made explicit the relationship between change and benefits, showing that there was a continuous flow between change and benefits see fig 5
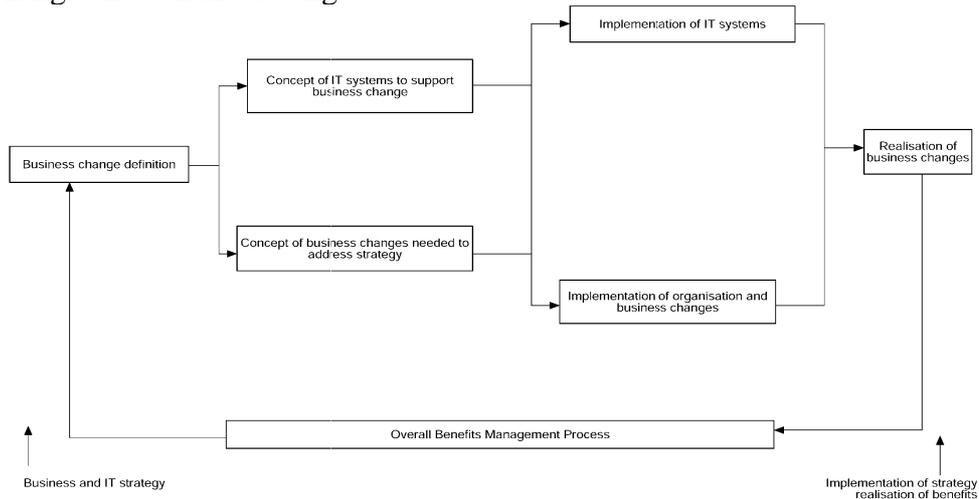
Fig 5: Change and Benefits, Leyton, R. (1995)

Lelmieux-Charles et al (2003,) believe that 'the development and use of performance indicators can be seen as both a quest for legitimacy and a quest for rationality'. However Formoso and Lantelme (2000) point out that performance measure systems are often not used effectively as companies will choose indicators that are only short term or are easy to obtain and therefore do not help in identifying ways to improve performance.

Lemieux-Charles et al (2003) also point out that the value of an indicator depends on its relevance to specific people; different groups need to see the meaning and advantage relative to them.

4. Benefits realisation in the healthcare setting

Benefits Realisation is especially important within a healthcare setting as the process along with the formal appraisal, evaluation and management schemes 'helps to ensure a clear sign posting of who is responsible for the delivery of those benefits' (NHS No delays website, 2007). Within such large and complex environment this is very important in ensuring it runs efficiently and effectively. The process also helps to find out if the intended benefits have been achieved and continued after the project finished.

Changes that have occurred and will continue to occur in the NHS its structure, governance, roles etc have had and will continue to have a huge impact on the ability to evaluate the service. Farbey et al (1999) explain that the shift in responsibility and power between workers due to organisational structure changes, has led to confusion over priorities. With groups now competing with one another for the authority and control over the organisation, its strategy and value system. With this competition within trusts and between them evaluation has become more focused on the cost effectiveness and efficiency.

There are several initiatives within the Department of Health attempting to address benefits realisation. Back in 2005 was the first attempt to bring all such attempts under one umbrella. The Integrated Service Improvement Programme (ISIP) road map for 'Transformation Change' was then introduced to the NHS , its five aims are:

- Delivering a patient-led NHS
- Delivering quality and value
- Local action; national voice
- Spreading best practice
- Integration

It was developed to 'support Local Health Communities (LHCs) with their work on Integrated Service Improvement (ISI)' (NHS Integrated Service Improvement Plan web page, 2007) between the health and social parts of healthcare. It has 4 strands, as illustrated in Figure 6.

ISIP Roadmap for Transformational Change

	Phase I Initiation and strategic planning	Phase II High-level design and benefits planning	Phase III Detailed analysis and design	Phase IV Developing, testing and training	Phase V Implementing, tracking and improving
Governance and Management	Establish LHC governance and approve ISI Plan	Establish programmes and approve Programme Definitions	Establish projects and approve Project Initiation Documents	Manage development and preparation for change	Manage transition and the realisation of benefits
Strategy and Benefits	Create an ISI Plan for the LHC	Plan benefits realisation for programmes	Plan benefits realisation for projects	Baseline and validate benefits	Realise, measure and review benefits
People, Process and Technology Change	Create a high-level model of the LHC	Design and agree options for programme-level future states	Design and specify changes to processes, people, technology and estates	Develop and test all changes and train staff in new workflows	Implement, support and sustain change
Stakeholder Engagement and Communications	Create and communicate the case for new transformational change	Gain programme-level commitment to transformational change	Gain commitment to measurable benefit targets	Prepare stakeholders for implementing change	Communicate and sustain achievements

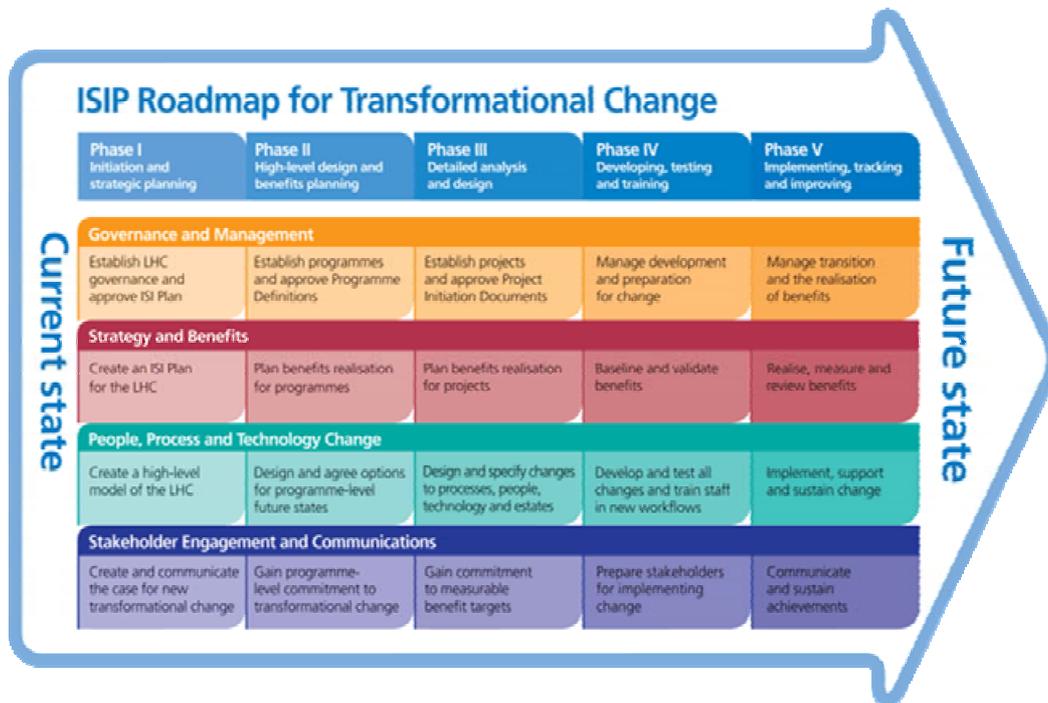*Current state* — *Future state*

Fig 6 ISIP Roadmap for transformational change, (NHS Integrated Service Improvement Plan web page, 2007)

This roadmap itself has been subject to change since it was developed. For example there used to be only 4 steps in the strategy and Benefits strand:
1. Integrated service/Improvement Planning
2. Benefits realisation/Planning for programmes
3. Benefits Realisation/Planning for Projects
4. Measuring and reviewing/Benefits realisation.

Currently the Strategy and Benefits strand goes through the 5 phases to ensure that the planned benefits are realised and reviewed. The process starts from the beginning of the project and does not end at the end of the project but continues beyond this.

In March 2006 all LHCs had to prepare and submit to the DoH, SHA, Healthcare commission and Monitor a Benefits Realisation Plan (BRP) for all of the 'integrated change programmes proposed in their ISI Plan'. The BRP is aligned with the Office of Government Commerce (OGC) Managing Successful Programmes (MSP[2]) and the PRINCE2 project management methodology. The aim of this was to ensure that the LHC was working toward the key aims of the Government in providing a healthcare system which is patient led.

The aim is to integrate and align all policy drivers as they are delivered through different programmes and projects to produce the desired benefits. Figure 7 demonstrates that.
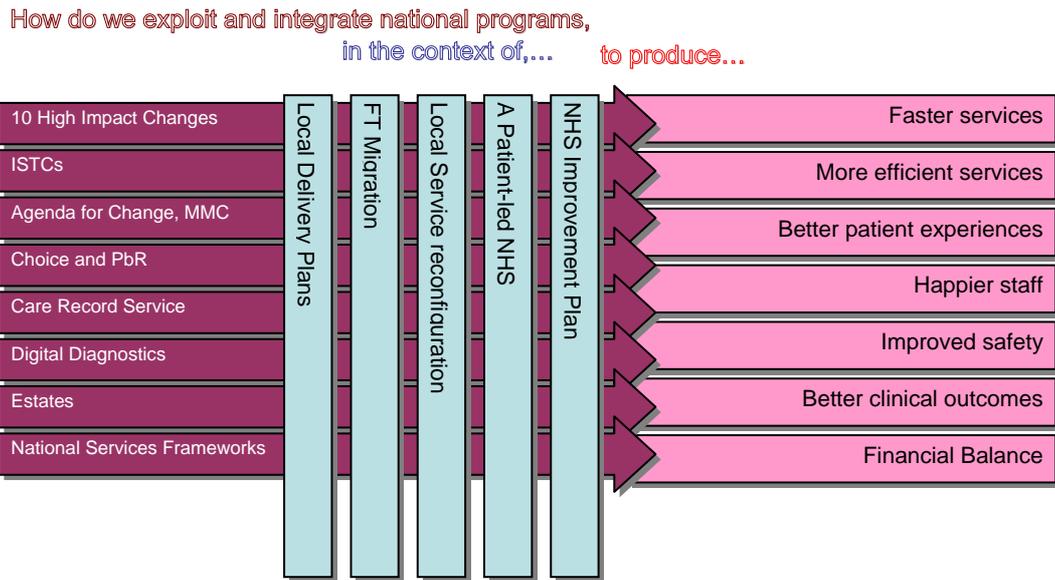

Fig 7 Integrating Change in the NHS, (NHS Integrated Service Improvement Plan web page, 2007)

5.   Conclusion

This paper has given an overview about the emerging discipline of Benefits realisation and its importance both in the private and public sector.

A benefits realisation process should embrace elements from every other discipline such as benchmarking, performance measurement, and operation management. The impact of change should be monitored throughout programmes and projects development and mechanisms should be in place ready to adverse any negative impact implications.

It is important to understand that over the course of a benefits management lifecycle, organisations and government policy drivers especially within a healthcare setting are highly likely to change and this will impact upon agreed benefits. It is essential to have a robust process in place that will accommodate and react to change. The key for successful implementation of Benefits realisation is its integration within the organisation's strategy and culture and taking into account external factors. Programmes and projects should be benefit driven if they are to be considered as successful.

The findings of this paper suggest that there is scope from improvement in the development of a benefits realisation process by integrating that they will be:

- Appropriate for those who operate it and those that use the information produced;
- Balanced in its assessment of all relevant aspects, including those that are hard to quantify;
- Robust enough to withstand change;
- Integrated into business planning;
- Cost effective by producing performance information that realises benefits in proportion to the investment required to collect it;
- Simple to Implement

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